

SONAE  
1ST HALF  
RESULTS  
2014



IMPROVING LIFE

# 1 HIGHLIGHTS

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## Further consolidation of leadership across key retail formats

Sonae MC:

- 2.6% turnover growth with further market share gains
- 2<sup>nd</sup> quarter underlying EBITDA margin reached 7.7%

Sonae SR:

- 12% turnover growth with market share increases in key formats
- 20% increase in sales per m<sup>2</sup> in Spain
- 2<sup>nd</sup> quarter underlying EBITDA close to breakeven

Sonae Sierra LfL occupancy and tenant sales returned to growth. Compression of real estate yields led to strong indirect net result.

NOS successfully launched the new brand and achieved record growth of 450 thousand RGUs leveraged on the convergent offer.

Sonae further reinforced its capital structure with another quarter of debt reduction.

## 2 CEO MESSAGE

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“Our second quarter consolidated performance registered a 6% turnover growth and a 22% growth in direct results, as well as an inversion of indirect results, allowing us to post total results more than doubling last year’s value. Operational performance of our consolidated companies increased slightly to 94M€ underlying EBITDA, as a result of improved performance at SONAE SR and a decline at SONAE MC.

The **food retail market** in Portugal has been extremely competitive since the 3<sup>rd</sup> quarter of last year leading to a strong price deflation and a situation where the weakest players are in great difficulties. We do not welcome this situation but as the largest player with the most efficient operations, lowest market prices and best financial performance, we will of course maintain our strategy of leading in price, range, and promotional offers. In the quarter we continued to grow our food retail market share, increasing our turnover by 3.5%.

At **Sonae SR** we have been continuing the path towards breakeven, further increasing market share in almost all our businesses and reaching 11% LfL sales growth in 2Q14, one of the highest ever achieved. I would like to highlight the success of the store concepts implemented at MO in Portugal, Sport Zone and Worten in Spain, all reaching double digit additional sales growth per sq meter. Moreover, we have continued a gradual restructuring of our store network and the total effect has resulted in a 20% in sales/m<sup>2</sup> (vs. 2Q13). Our financial performance does not fully capture this positive evolution as improvements in our stock provisioning rules have anticipated 3 M€ of provisions vs. last year – this effect will be reversed in the 3<sup>rd</sup> quarter comparison versus last year.

**Sonae Sierra** was able to further improve its LfL tenant sales growth and benefited from the contraction of real estate yields in Europe which led to a positive impact in the results, inverting the negative tendency faced over the last years. We expect rental income to gradually improve, as a result of better tenant sales and improved occupancy.

**NOS** is progressing well in the two key drivers of value creation – extracting merger synergies and conquering leadership in the growth of convergent offers. Progress in the corporate segment has also been significant.

**Sonae Investment Management** has also improved performance and has made two investments in technologies that are important to our business – cybersecurity and indoor location.”

Paulo Azevedo, CEO

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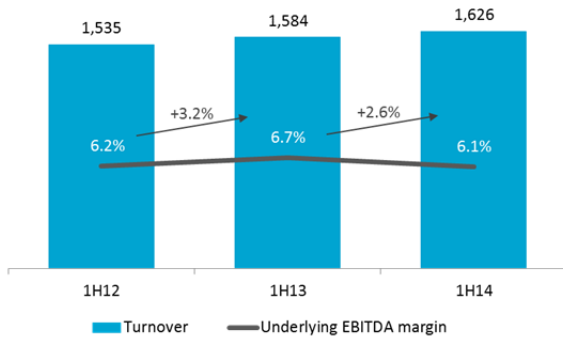
Following the merger between Zon and Optimus and its report using the equity method, we decided to change the way we report our results to the market by separating each business, in order to obtain more transparency between the segments: 1) Sonae Retail: Sonae MC, SR and RP; 2) Investment Management, including Software and Systems Information, and Público businesses from Sonaecom; 3) Sonae Sierra and 4) NOS. Moreover, Sonae adjusted the 2013 profit and loss statements on a pro forma basis (2Q13 PF and 1H13 PF), assuming that the merger between ZON and Optimus occurred in January 1<sup>st</sup> 2013, with some consolidation effects in our co-controlled vehicle company. This criterion, besides assuring an easier and fairer comparability between 2013 and 2014 results, is in line with the current reporting pro forma method adopted by Sonaecom, NOS and market expectations.

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# 3 SONAE RETAIL RESULTS

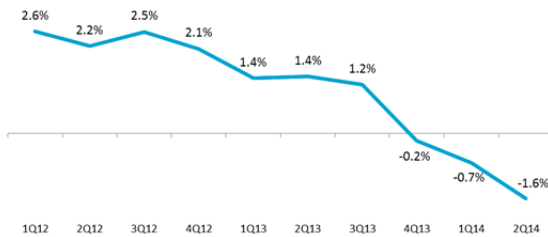
## Sonae MC

Turnover and underlying EBITDA margin



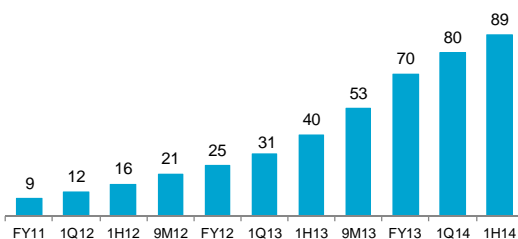
## Inflation rate evolution

Quarterly Inflation rate  
(Retail sale of food, beverages and tobacco)



Note: Data provided by Eurostat as of July 25<sup>th</sup> 2014. 2Q14 information until May 2014.

## Number of Meu Super Stores



In 1H14 **Sonae MC turnover** reached 1,626 M€, 42 M€ and 2.6% above 1H13, and 28 M€ and 3.5% above the same quarter of the previous year. This increase in the 1<sup>st</sup> half reflects approximately 5% growth in volume sales supported by the opening of 11 Continente Modelo stores and 4 Continente Bom Dia stores over the last 12 months. **Sonae MC** strategy of having a high variety of products available to consumers, a very effective promotion activity in stores recognized by their modernity, and with focus in continuous improvement of the quality of products, allowed **Sonae MC** to strengthen its leading market share in the Portuguese food retail sector<sup>1</sup>. Should be noted that the portfolio of Continente own brands was kept in 1H14 at approximately 31% of the turnover of FMCG categories.

In 1H14 **Sonae MC** reached an **underlying EBITDA** of 100 M€ corresponding to a **margin** of 6.1% (65M€ and 7.7% for the 2Q14, respectively). These results were achieved despite the highly competitive environment that led us to a strong promotional effort, causing an internal deflation of 2.2% in the 1H14 (and 2.9% in the 2Q14) and a negative effect on the **turnover** and on the **EBITDA**. This promotional activity continued to be supported by the Continente loyalty card which was used for more than 90% of sales in the period.

**Sonae MC CAPEX** reached 40 M€ in 1H14, 7 M€ above the same period last year. The investments carried out by Sonae MC in 1H14 included the opening of one Continente Bom Dia store in Alvalade (Lisbon) and the preparation of new store openings including Continente Modelo store of Ilhavo, and Continente Bom Dia stores of Tondela and Palmela, already opened in July.

During the 1H14 **Sonae MC** opened 21 Meu Super stores under franchising agreements finalizing the first half of the year with 89 stores of this format. Until the end of 2014 we are expecting to have 120 Meu Super stores.

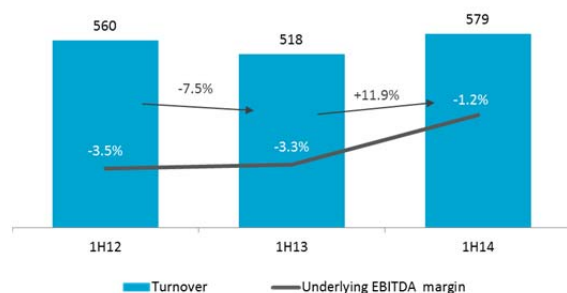
On June 26<sup>th</sup> 2014, Sonae announced the rebranding of book.it, now note! and opened the business to franchising. The first store under franchising agreement opened on June 27<sup>th</sup> in Braga. This measure contributes to the modernization of the retail stationery sector in Portugal.

<sup>1</sup> For example, A. C. Nielsen's Homescan survey YTD up until 15<sup>th</sup> June: +0.6 p.p. market share for Continente.

# 3 SONAE RETAIL RESULTS (cont.)

## Sonae SR

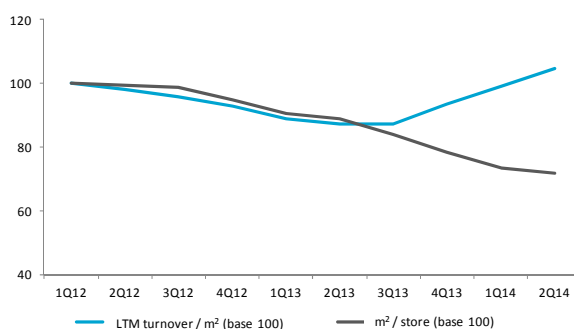
Turnover and underlying EBITDA margin



Turnover and underlying EBITDA per geography

Sonae SR per country						
	1H13	1H14	y.o.y	2Q13	2Q14	y.o.y
<b>Turnover (million €)</b>	518	579	11.9%	253	288	13.8%
Portugal	369	409	10.9%	183	208	13.8%
International	148	170	14.5%	70	79	13.8%
<b>EBITDA (million €)</b>	-17	-7	60.5%	-6	-2	59.6%
Portugal	4	10	170.1%	4	7	77.5%
International	-21	-17	18.0%	-10	-9	6.0%
<b>EBITDA margin</b>	-3.3%	-1.2%	2.1 p.p.	-2.4%	-0.8%	1.5 p.p.
Portugal	1.1%	2.6%	1.5 p.p.	2.1%	3.3%	1.2 p.p.
International	-14.2%	-10.2%	4.0 p.p.	-14.0%	-11.6%	2.4 p.p.

SR International - m<sup>2</sup>/store evolution



In 1H14, **Sonae SR turnover** reached 579 M€, 11.9% above the same period last year corresponding to 8.5% growth on a like-for-like (Lfl) basis (and 11% in 2Q14).

**Sonae SR underlying EBITDA** recovered from negative 17 M€ to negative 7 M€ which correspond to an improvement in the **underlying EBITDA margin** of 2.1 p.p. y.o.y. reaching negative 1.2%. The 2Q14 **underlying EBITDA** of minus 2M€ is negatively impacted by the anticipation of provision of 3M€, resulting from a new inventory depreciation monthly agenda. Sonae SR performance is the result of the stronger sales evolution combined with the turnaround measures implemented over the last years which also led to an increase in its market share in almost all formats both in the Portuguese and in the Spanish market. The recent evolution of the majority of the businesses in the geographies we are present, coupled with the 'tailwinds' from the economic environment being witnessed, give us the confidence to continue with the strategic plan we're implementing, in order to deliver very positive figures shortly. It is worth highlighting that this significant improvement in the results was only possible thanks to:

- a remarkable performance by **MO** achieved through the new value proposition which includes brand, store and product improvement. The stores that have already implemented the new concept had an increase in sales around 20%;
- the two digit growth on a Lfl basis of **Worten, Zippy** and **MO** in Portugal;
- the ca. 20% increase of sales per m<sup>2</sup> at **Worten** and **Sport Zone** in Spain as a result of the new concept implemented, in which the size of the store are reduced; and
- the market share increase in both Portuguese and Spanish electronics market<sup>2</sup>.

**Sonae SR CAPEX** amounted 26 M€, 16M€ above 1H13 which includes the opening of a **Sport Zone** store in Tenerife (Spain). Until the end of September, **Sonae SR** will refurbish 10 more **MO** stores. In 1H14, **Sonae SR** strengthened its international expansion by opening 6 new Zippy stores namely in Armenia, Malta, Saudi Arabia, and Lebanon, 1 MO store also in Malta and 1 Sport Zone in Spain. The Sport Zone store was opened in the autonomous Spanish city of Ceuta on Africa's northern coast and is the format's first franchise store.

<sup>2</sup> For example, GFK survey YTD: +2.6 p.p. (until May) market share for Worten Portugal and +0.2 p.p. (until June) market share for Worten Spain.

## 3 SONAE RETAIL RESULTS (cont.)

Sonae RP						
Million euros	1H13	1H14	y.o.y.	2Q13	2Q14	y.o.y.
Turnover	62	63	2.1%	31	31	1.1%
Underlying EBITDA	55	57	2.3%	28	28	1.0%
Underlying EBITDA margin	89.9%	90.1%	0.2 p.p.	90.6%	90.5%	-0.1 p.p.

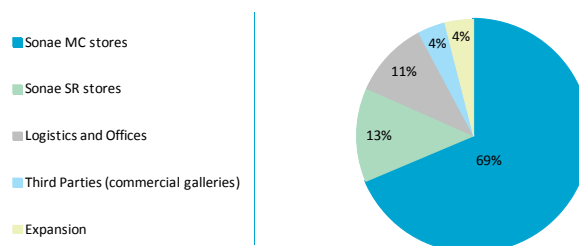
In 1H14, **Sonae RP turnover** increased 1 M€ to 63 M€, reaching an **underlying EBITDA** of 57 M€, 2M€ above the value reached in the previous year, which translates into an **underlying EBITDA margin** of 90.1% and a LTM EBIT ROCE of 7.1%.

The **net book value of the capital invested** in retail real estate assets amounted, at the end of 1H14, 1.23 bn€, corresponding to a portfolio of 33 Continente stores, 80 Continente Modelo stores and 16 Continente Bom Dia stores. Sonae currently maintains a freehold level of approximately 73% of its food retail selling area and 28% of its non-food retail space.

**Sonae RP CAPEX** stood at 7 M€, 8 M€ below the same period in 2013.

During 1H14 there were two sale and leaseback transactions, in the total amount of 5.7 M€ and a third one of 5.8 M€ was completed in July.

### Sonae RP Portfolio



## 4 INVESTMENT MANAGEMENT

**Investment Management** unit includes the businesses from MDS, Maxmat<sup>3</sup>, GeoStar<sup>4</sup> and Tlantic<sup>3</sup>, as well as the Software and Systems Information (SSI) and Online & Media units from Sonaeom: WeDo Technologies, Saphety, Mainroad, Bizdirect and Público. This business unit also has the responsibility of supporting management on M&A activities as well as E-ventures, a new initiative launched in 2013.

Investment Management						
Million euros	1H13	1H14	y.o.y.	2Q13	2Q14	y.o.y.
Turnover	107	118	10.1%	56	63	13.5%
Underlying EBITDA	3	5	52.1%	3	3	9.5%
Underlying EBITDA margin	3.0%	4.1%	1.1 p.p.	4.6%	4.4%	-0.2 p.p.

**Investment Management turnover**, stood at 118 M€, 10.1% above 1H13, also benefitting from the increase of 4.1% of the SSI business, which totalled 57.9 M€ in 1H14.

Investment Management **underlying EBITDA margin** reached 4.1% corresponding to an **underlying EBITDA** of 5 M€, 2 M€ above 1H13.

These results were mainly supported by the contributions of MDS, Maxmat and WeDo Technologies.

**MDS** is the leader in the Portuguese insurance brokerage market and a top-3 player in Brazilian market. The company offers a fully integrated service and provides customized and state of the art solutions to its customers.

**WeDo Technologies** is the worldwide market leader in revenue and business assurance software and works with some of the world's leading blue chip companies from the retail, energy and finance industries, as well as more than 180 telecommunications operators from more than 90 countries, through more than 500 highly-skilled professionals.

With a wide range of DIY products, construction, bathroom and garden, **Maxmat** offers an adequate selection to different needs, from private to major projects of small and medium enterprises. **Maxmat** is a Discount company guided by a Low Cost philosophy.

During July the **Investment Management** portfolio had some changes. A security software specialist company in Spain – S21 sec - as well as a part of an indoor location company - Movvo (ex-Around Knowledge) - were acquired.

<sup>3</sup> Sonae holds 50% of Maxmat and 77.7% of Tlantic and adopts the full consolidation method to report its results.

<sup>4</sup> GeoStar is reported using the equity method.

# 5 SONAE SIERRA RESULTS

## Sonae Sierra - Operational data

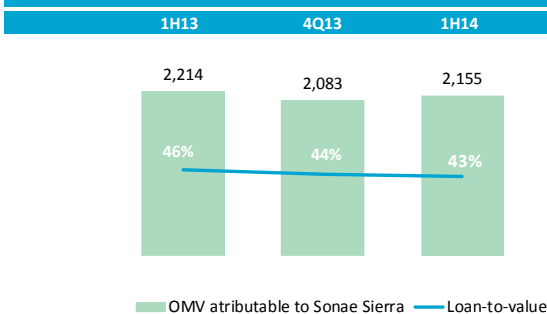
	1H13	1H14	y.o.y.
<b>Footfall (million visitors)</b>	<b>191</b>	<b>200</b>	<b>4.7%</b>
Europe	144	147	2.6%
Brazil	47	53	11.1%
<b>Occupancy rate (%)</b>	<b>93.6%</b>	<b>94.7%</b>	<b>1.0 p.p.</b>
Europe	93.4%	95.4%	2.0 p.p.
Brazil	94.7%	92.4%	-2.2 p.p.
<b>"Like-for-Like" (Lfl) Tenant sales</b>			
Europe	-3.5%	3.5%	7.0 p.p.
Brazil (local currency)	4.2%	7.8%	3.6 p.p.
<b>Tenant sales (million euros)</b>	<b>2,099</b>	<b>2,044</b>	<b>-2.6%</b>
Europe (million euros)	1,439	1,382	-3.9%
Brazil (million euros)	660	661	0.3%
Brazil (million reais)	1,757	2,081	18.5%
<b>Nº of shopping centres owned/co-owned (EOP)</b>	<b>48</b>	<b>47</b>	<b>-1</b>
Europe	39	37	-2
Brazil	9	10	1
<b>GLA owned in operating centres ('000m2)</b>	<b>1,944</b>	<b>1,900</b>	<b>-2.3%</b>
Europe	1,555	1,433	-7.9%
Brazil	389	467	19.9%

## Sonae Sierra - Financial indicators

Million euros	1H13	1H14	y.o.y.	2Q13	2Q14	y.o.y.
<b>Turnover</b>	<b>111</b>	<b>109</b>	<b>-1.8%</b>	<b>56</b>	<b>55</b>	<b>-0.6%</b>
<b>EBITDA</b>	<b>56</b>	<b>51</b>	<b>-9.2%</b>	<b>28</b>	<b>26</b>	<b>-6.9%</b>
<b>EBITDA margin</b>	<b>50.9%</b>	<b>47.1%</b>	<b>-3.8 p.p.</b>	<b>49.3%</b>	<b>46.2%</b>	<b>-3.1 p.p.</b>
Direct result	29	22	-25.6%	15	10	-29.7%
Indirect result	-34	26	-	-32	26	-
<b>Net results</b>	<b>-5</b>	<b>48</b>	<b>-</b>	<b>-17</b>	<b>36</b>	<b>-</b>
... attributable to Sonae	-2	24	-	-9	18	-
<b>OMV</b>	<b>2,214</b>	<b>2,155</b>	<b>-2.7%</b>			
<b>NAV</b>	<b>1,040</b>	<b>1,092</b>	<b>5.0%</b>			

## Sonae Sierra

### Open Market Value (OMV) and leverage



The **occupancy rate** of Sonae Sierra improved to 94.7% growing 1.0 p.p. when compared to the previous year which continues proving the benchmark quality of its assets. In Europe, this rate increased to 95.4%, 2.0 p.p. above 1H13 and in Brazil it decreased 2.2 p.p. to 92.4% impacted by the opening of Passeio das Águas on October 30<sup>th</sup> 2013. Excluding the effect of asset portfolio changes, this rate would have reached 95.1% in Brazil.

**Lfl tenant sales** in Europe in 1H14 increased to 3.5%, a significantly recovery when compared to 1H13, which shows very positive signs of the sector evolution. Nevertheless, **tenant sales** in Europe decreased by 3.9% y.o.y. due to the sale of Parque Principado in Spain in October 7<sup>th</sup> 2013, ValeCenter and Airone in Italy in December 20<sup>th</sup> 2013. In Brazil **Lfl tenant sales** totalled 7.8% and tenant sales in local currency improved by 18.5% y.o.y..

In 1H14 **Turnover** stood at 109 M€, 2 M€ below the same period last year. This result was mainly impacted by the sale of assets in 2013 and to the adverse FX change effect. This lower turnover led to an **EBITDA** of 51 M€, 9.2% below 1H13.

The **direct results** recorded 22 M€, 8 M€ below 1H13. The lower direct results were impacted by the sale of assets already mentioned, and the adverse FX change effect. Moreover, the **indirect result** had a remarkable recovery amounting 26 M€ that compares with a loss of 34 M€ in 1H13. This strong set of results was particularly influenced by the yields recovery in Portugal and Spain but also by the positive evolution of the tenant sales. These effects resulted in a significant recovery of the **net results** from loss of 5 M€ to a gain of 48 M€.

On June 30<sup>th</sup> 2014 the **OMV (Open Market Value)** attributable to Sonae Sierra was 2.155 bn€, 72 M€ above December 31<sup>st</sup> 2013, as a result of the real estate yields recovery and the real appreciation. **NAV (Net Asset Value)** was positively impacted for the same reasons as OMV, reaching at 1H14 1.092 bn€, 91 M€ above December 2013.

At the end of June 2014 the **Loan-to-value** ratio remains at a conservative level of 43%.



# 6 NOS RESULTS

## Launch of “NOS”

Launch of “NOS” on May, 16<sup>th</sup>, a single brand for all segments and for all services, replacing ZON OPTIMUS. Results have beaten all expectations – in just 7 weeks after launch, total awareness was more than 90%.

## NOS financial highlights

NOS Indicators - Pro-forma Results						
Million euros	1H13 PF	1H14	y.o.y.	2Q13 PF	2Q14	y.o.y.
Operating revenues	709	682	-3.8%	357	345	-3.4%
EBITDA	278	264	-5.3%	140	134	-4.8%
EBITDA margin	39.3%	38.6%	-0.6 p.p.	39.3%	38.7%	-0.6 p.p.
Net results	58	44	-24.8%	31	18	-39.8%
CAPEX	127	145	14.2%	67	89	33.0%
EBITDA-CAPEX	151	118	-21.8%	74	45	-38.9%
Recurrent CAPEX	124	125	0.3%	66	72	9.5%
EBITDA-Recurrent CAPEX	154	139	-9.9%	75	62	-17.3%

NOS **operating revenues** stood at 682.3 M€ in 1H14, decreasing 3.8% y.o.y..

**EBITDA** reached 263.5 M€, decreasing 5.3% when compared to 1H13.

**Recurrent CAPEX** stood stable y.o.y., reaching 124.6 M€ in 1H14. As a consequence of EBITDA evolution, EBITDA-Recurrent CAPEX decreased 9.9%.

**Net financial debt to EBITDA** stood at 1.9x at the end of 1H14.

The average **maturity** of its **net financial debt** is now 2.1 years.

NOS published its 1H14 results on July 30<sup>th</sup> 2014 which are available at [www.nos.pt](http://www.nos.pt).

## NOS operational highlights

NOS Operational Indicators			
	2Q13	1Q14	2Q14
Total RGUs	7,241	7,215	7,296
Convergent RGUs	34	556	1,008
Mobile	3,204	3,288	3,397
% 3P&4P Subscribers	65.3%	68.0%	69.2%
IRIS Subscribers	339	499	561

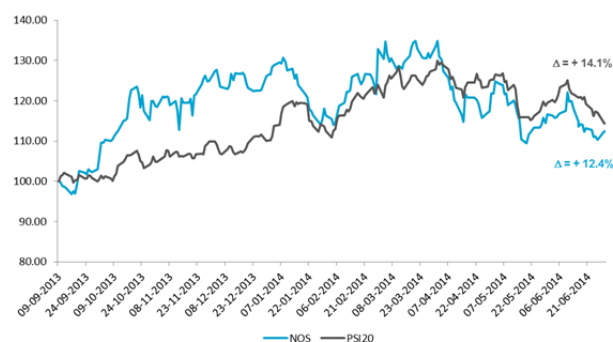
Over 1.007 million **convergent RGUs** at the end of 2Q14, representing net adds of 451.9 thousand.

**Mobile** net adds of 108.7 thousand in 2Q14.

**IRIS** achieved another record quarter with additional 62.7 thousand subscribers, reaching 69.2% as a **percentage of the 3&4P subscriber base**.

## NOS market performance

Subsequent to the merger between Optimus and Zon (currently NOS), and since the day in which new shares issued were listed on September 9<sup>th</sup> 2013, and until June 30<sup>th</sup> 2014, the company's market capitalisation grew 12.4%, corresponding to a share price increase from 4.27€ to 4.80€. The PSI20, the main Portuguese index, grew its market capitalisation 14.1% in the same period.



# 7 OVERALL PERFORMANCE

Consolidated results						
Million euros	1H13 PF	1H14	y.o.y.	2Q13 PF	2Q14	y.o.y.
Sonae MC	1,584	1,626	2.6%	810	839	3.5%
Sonae SR	518	579	11.9%	253	288	13.8%
Sonae RP	62	63	2.1%	31	31	1.1%
Investment manag.	107	118	10.1%	56	63	13.5%
E&A <sup>(1)</sup>	-68	-80	-17.4%	-33	-41	-27.1%
<b>Turnover</b>	<b>2,203</b>	<b>2,306</b>	<b>4.7%</b>	<b>1,118</b>	<b>1,180</b>	<b>5.6%</b>
Sonae MC	106	100	-6.2%	66	65	-1.9%
Sonae SR	-17	-7	60.5%	-6	-2	59.6%
Sonae RP	55	57	2.3%	28	28	1.0%
Investment manag.	3	5	52.1%	3	3	9.5%
E&A <sup>(1)</sup>	5	-1	-	0	0	-96.0%
<b>Underlying EBITDA</b>	<b>153</b>	<b>154</b>	<b>0.4%</b>	<b>91</b>	<b>94</b>	<b>2.9%</b>
Underlying EBITDA margin	6.9%	6.7%	-0.3 p.p	8.1%	7.9%	-0.2 p.p
Equity method results <sup>(2)</sup>	29	20	-31.0%	15	9	-37.9%
o.w. Sonae Sierra (diret income)	15	11	-25.6%	7	5	-29.7%
o.w. NOS	15	9	-38.5%	8	4	-48.5%
Non-recurrent items	0	-2	-	0	-2	-
<b>EBITDA</b>	<b>182</b>	<b>172</b>	<b>-5.7%</b>	<b>106</b>	<b>101</b>	<b>-4.8%</b>
EBITDA margin	8.3%	7.4%	-0.8 p.p	9.5%	8.5%	-0.9 p.p
D&A <sup>(3)</sup>	-100	-87	13.1%	-47	-44	5.7%
<b>EBIT</b>	<b>82</b>	<b>85</b>	<b>3.3%</b>	<b>59</b>	<b>57</b>	<b>-4.0%</b>
Net financial activity	-45	-38	16.5%	-24	-18	24.5%
<b>EBT</b>	<b>37</b>	<b>47</b>	<b>28.1%</b>	<b>35</b>	<b>39</b>	<b>9.6%</b>
Taxes	-4	-1	62.9%	-5	-2	68.4%
<b>Direct Results <sup>(4)</sup></b>	<b>33</b>	<b>45</b>	<b>39.1%</b>	<b>30</b>	<b>37</b>	<b>22.4%</b>
<b>Indirect Results</b>	<b>-17</b>	<b>6</b>	<b>-</b>	<b>-16</b>	<b>4</b>	<b>-</b>
<b>Net income</b>	<b>16</b>	<b>52</b>	<b>-</b>	<b>14</b>	<b>41</b>	<b>186.2%</b>
Non-controlling interests	0	1	-	0	1	-
<b>Net income group share</b>	<b>15</b>	<b>52</b>	<b>-</b>	<b>15</b>	<b>42</b>	<b>188.6%</b>

(1) Eliminations & adjustments;

(2) Equity method results: includes direct income related to investments consolidated by the equity method (mainly Sonae Sierra and NOS);

(3) Depreciations & amortizations including provisions & impairments;

(4) Direct results before non-controlling interests.

In 1H14, **consolidated turnover** grew 4.7% to 2,306 M€, mainly impacted by the 5.6% increase in the 2Q14 consolidated turnover. This improvement is particularly driven by the strong performance of Sonae SR which turnover grew 11.9% in 1H14.

The **underlying EBITDA** amounted 154 M€, 1 M€ above the same period of the previous year. Despite the strong improvement in Sonae SR underlying EBITDA, Sonae MC underlying EBITDA was negatively impacted by the highly competitive environment among the Portuguese food retail industry leading to a decrease of 7 M€ y.o.y..

In 1H14, **EBITDA** reached 172 M€ and includes the contributions of the:

- (i) before mentioned underlying EBITDA of 154 M€; and
- (ii) equity method results of 20 M€ (from Sonae Sierra direct results, NOS and GeoStar).

**Net financial results** related to Retail and Investment Management businesses reached negative 38 M€ in 1H14, backed by the lower level of net debt. The average interest rate of outstanding credit facilities at the end of 1H14 was slightly above 3%.

**Direct results** reached 45 M€, 13 M€ above the figure registered in the same period of the previous year, mostly driven by the lower D&A (-13 M€ vs. 1H13), and the improvement in net financial activity (-7 M€ vs. 1H13), more than compensating the decrease in the equity method results (-9 M€ vs. 1H13).

**Indirect results** had a strong improvement passing from negative 17 M€ in 1H13, to positive 6 M€ in 1H14, mainly impacted by Sonae Sierra non cash movements related with revaluations of real estate properties.

**Net income attributable to the Group** improved 37 M€ when compared to 1H13, reaching 52 M€ in 1H14. This improvement was impacted by both direct and indirect results.

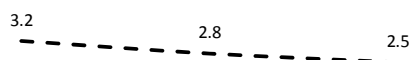
# 8 CAPITAL STRUCTURE

Net invested capital			
Million euros	1H13	1H14	y.o.y.
<b>Net invested capital</b>	<b>3.563</b>	<b>3.239</b>	<b>-9,1%</b>
Technical investment	3.100	2.012	-35,1%
Financial investment	464	1.245	168,4%
Goodwill	657	612	-6,8%
Working capital	-658	-630	4,2%
<b>Total shareholders funds</b>	<b>1.515</b>	<b>1.752</b>	<b>15,6%</b>
<b>Total net debt<sup>(1)</sup></b>	<b>2.048</b>	<b>1.487</b>	<b>-27,4%</b>
Net debt / Invested capital	57,5%	45,9%	-11,6 p.p

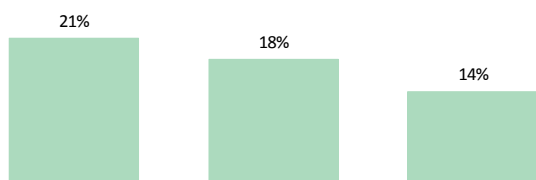
(1) Financial net debt + net shareholder loans.

Net debt			
Million euros	1H13	1H14	y.o.y.
<b>Net financial debt</b>	<b>2,041</b>	<b>1,470</b>	<b>-28.0%</b>
Retail units	963	945	-1.8%
Sonaecom Group	395	-	-
Investment management	19	42	121.0%
Holding & other	664	483	-27.3%
<b>Total net debt</b>	<b>2,048</b>	<b>1,487</b>	<b>-27.4%</b>

Capital Structure - Retail			
Net debt to EBITDA			
	1H12	1H13	1H14



Capital Structure			
Loan-to-value (%) - Holding			
	1H12	1H13	1H14



In 1H14 **total shareholders' funds** totalled 1,752 M€, 15.6% above the same period of last year.

Until June 30<sup>th</sup> 2014, **total net debt** was reduced to 1,487 M€, 560 M€ below the same date in 2013, driven not only by the deconsolidation of Optimus, but also due to sustainable cash flow generation over the last 12 months. The company thus continued to strengthen its capital structure, with total net debt reaching 46% of invested capital in 1H14.

In relation to the **debt maturity profile**, it is important to note that a series of transactions were concluded, which enabled Sonae to increase the average maturity of debt whilst optimizing its cost of funding, strengthening its capital structure and diversifying its financing sources.

In 1H14, Sonae entered the capital market with an offer of 210 M€ **convertible bonds**, issued through a fully owned subsidiary. The bonds were issued at par, with a maturity of 5 years, and will pay a fixed coupon of 1.625%.

Additionally Sonae and its subsidiaries issued additional 185 M€ of long term financing operations, with maturities between 4 and 7 years with national and international banks, lengthening its maturity profile and ensuring it refinancing needs until the beginning of the 3<sup>rd</sup> quarter of 2015. Already in July and August and additional 80 M€ of long term financing were closed.

In 1H14 **retail net debt** totalled 945 M€, reducing 18 M€ when compared to 1H13, driven by sustainable cash flow generation over the last 12 months. The company thus continued to strengthen its capital structure, with total net debt to EBITDA reaching 2.5x in 1H14.

The **holding net debt** was reduced to 483 M€ at the end of June 2014. The "loan-to-value" ratio of the holding remains at conservative levels and registered a strong improvement from 18% in 1H13 to 14% in 1H14.

# 9 CORPORATE INFORMATION

## Main corporate events in 2Q14

On **April 22<sup>nd</sup> 2014**, Sonae Sierra announced the launching of a joint venture with CITIC Capital Holdings Limited for the provision of property management and leasing services to shopping centres in China. CITIC Capital Holdings Limited has a strong foothold in the Chinese market, which will allow SONAE SIERRA to quickly gain an in-depth knowledge and unique connections to create new business opportunities in the fast-growing Chinese retail market.

In the Annual General Meeting which took place on **April 30<sup>th</sup> 2014**, shareholders approved, amongst other items, the distribution of a gross dividend per share, relative to the 2013 financial year, in the amount of 0.0348 Euros, around 5% above the dividend distributed in the previous year. This dividend corresponds to a dividend yield of 3.3%, based on the closing price as at December 31<sup>st</sup> 2013, and to a payout ratio of 46% of the consolidated direct income attributable to equity holders of Sonae.

On **May 19<sup>th</sup> 2014**, Sonae Sierra signed a partnership with Marjane, Al Futtaim and Société d'Aménagement de Zenata (Groupe CDG), to develop Zenata shopping centre, a 100 M€ investment located in Mohammedia, Casablanca (Morocco). Furthermore, Sonae Sierra will be responsible to provide development, leasing and property management services for the shopping centre.

On **June 4<sup>th</sup> 2014**, Sonae launched an offering of convertible bonds due 2019 in a principal amount of EUR 210,500,000. The Bonds were issued at par in a nominal amount of EUR 100,000 per Bond, with a maturity of 5 years, and pay a fixed coupon of 1.625% per annum, payable semi-annually in arrears. The initial conversion price has been set at EUR 1.726, representing a premium of 35% above the volume weighted average price of the Shares on the Lisbon Stock Exchange between launch and pricing of the Offering.

## Subsequent information

On **July 2<sup>nd</sup> 2014**, Sonae Sierra and ING, the global financial institution, sold 90% of its ownership in Le Terrazze Shopping centre to Union Investment, the international real estate investment manager. Sonae Sierra will continue to be responsible for the shopping centre's management service and will be a joint venture partner of Union Investment by remaining owner of a 10% share of Le Terrazze.

Sonae provides additional operating and financial information in Excel format.  
Click here to be taken to the information directly  
[www.sonae.pt](http://www.sonae.pt)

# 10 ADDITIONAL INFORMATION

## Methodological notes

The consolidated financial information contained in this report was prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union. The financial information regarding quarterly and semi-annual figures was not subject to audit procedures.

## Glossary

<b>CAPEX</b>	Investments in tangible and intangible assets and investments in acquisitions.
<b>Direct income</b>	Results excluding contributions to indirect income.
<b>(Direct) EBIT</b>	Direct EBT - financial results.
<b>EBITDA</b>	Total direct income - total direct expenses - reversal of direct impairment losses + share of results in joint ventures and associated undertakings (Sonae Sierra direct results, NOS and GeoStar).
<b>EBITDA margin</b>	EBITDA / Turnover.
<b>(Direct) EBT</b>	Direct results before non-controlling interests and taxes.
<b>Eliminations &amp; adjustments</b>	Intra-groups + consolidation adjustments + contributions from other companies not included in the identified segments.
<b>EoP</b>	End of period.
<b>Free Cash Flow (FCF)</b>	EBITDA - operating CAPEX - change in working capital - financial investments - financial results - income taxes.
<b>Financial net debt</b>	Total net debt excluding shareholders loans.
<b>FMCG</b>	Fast-moving Consumer Goods.
<b>GLAs</b>	Gross Lettable Area: equivalent to the total area available to be rented in the shopping centres.
<b>Indirect income</b>	Includes Sonae Sierra's results, 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 of non-current assets (including goodwill) and (iv) provision for assets at risk. Additionally and concerning Sonae's portfolio, it incorporates: (i) impairments in retail real estate properties; (ii) reductions in goodwill; (iii) provisions (net of taxes) for possible future liabilities and impairments related with non-core financial investments, businesses, assets that were discontinued (or in a process of being discontinued/repositioned); (iv) results from "mark to market" methodology of other current investments that will be sold or exchanged in the near future; and (v) other non-relevant issues.
<b>Investment properties</b>	Shopping centres in operation owned by Sonae Sierra.
<b>Liquidity</b>	Cash & equivalents + current investments, excluding the 2.14% participation at NOS.
<b>Like for Like sales (Lfl)</b>	Sales made by stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods.

<b>Loan to value (LTV) - Holding</b>	Holding Net debt / Investment Portfolio Gross Asset Value; gross asset value based on Market multiples, real estate NAV and market capitalization for listed companies.
<b>Loan to value (LTV) - Shopping Centres</b>	Net debt / (investment properties + properties under development).
<b>LTM</b>	Last twelve months.
<b>Net asset value (NAV)</b>	Open market value attributable to Sonae Sierra - net debt - minorities + deferred tax liabilities.
<b>Net debt</b>	Bonds + bank loans + other loans + financial leases + shareholder loans - cash, bank deposits, current investments, excluding the 2.14% participation at NOS, and other long term financial applications.
<b>Net Invested capital</b>	Total net debt + total shareholders' funds.
<b>Other income</b>	Dividends.
<b>Other loans</b>	Bonds, leasing and derivatives.
<b>Open market value (OMV)</b>	Fair value of properties in operation and under development (100%), provided by independent international entities.
<b>Return on invested capital (RoIC)</b>	EBIT (12 months) / Net invested capital.
<b>Return on equity (ROE)</b>	Total net income n (equity holders) / Shareholders' Funds n-1 (equity holders).
<b>RGU</b>	Revenue generating unit
<b>Technical investment</b>	Tangible assets + intangible assets + other fixed assets - depreciations and amortizations.
<b>Underlying EBITDA</b>	EBITDA – share of results in joint ventures and associated undertakings (Sonae Sierra direct results, NOS and GeoStar) – non recurrent items

## Consolidated Profit and Loss Account

Consolidated profit and loss account						
Million euros	1H13 PF	1H14	y.o.y.	2Q13 PF	2Q14	y.o.y.
<b>Turnover</b>	<b>2,203</b>	<b>2,306</b>	<b>4.7%</b>	<b>1,118</b>	<b>1,180</b>	<b>5.6%</b>
<b>Underlying EBITDA</b>	<b>153</b>	<b>154</b>	<b>0.4%</b>	<b>91</b>	<b>94</b>	<b>2.9%</b>
<b>Underlying EBITDA margin</b>	<b>6.9%</b>	<b>6.7%</b>	<b>-0.3 p.p.</b>	<b>8.1%</b>	<b>7.9%</b>	<b>-0.2 p.p.</b>
<b>EBITDA</b>	<b>182</b>	<b>172</b>	<b>-5.7%</b>	<b>106</b>	<b>101</b>	<b>-4.8%</b>
<b>EBITDA margin</b>	<b>8.3%</b>	<b>7.4%</b>	<b>-0.8 p.p.</b>	<b>9.5%</b>	<b>8.5%</b>	<b>-0.9 p.p.</b>
Depreciations & amortizations <sup>(1)</sup>	-100	-87	13.1%	-47	-44	5.7%
<b>EBIT</b>	<b>82</b>	<b>85</b>	<b>3.3%</b>	<b>59</b>	<b>57</b>	<b>-4.0%</b>
Net financial Activity	-45	-38	16.5%	-24	-18	24.5%
Other items <sup>(2)</sup>	0	0	63.0%	0	0	-100.0%
<b>EBT</b>	<b>37</b>	<b>47</b>	<b>28.1%</b>	<b>35</b>	<b>39</b>	<b>9.6%</b>
Taxes	-4	-1	62.9%	-5	-2	68.4%
<b>Direct results</b>	<b>33</b>	<b>45</b>	<b>39.1%</b>	<b>30</b>	<b>37</b>	<b>22.4%</b>
<b>Indirect results</b> <sup>(3)</sup>	<b>-17</b>	<b>6</b>	<b>-</b>	<b>-16</b>	<b>4</b>	<b>-</b>
<b>Net income</b>	<b>16</b>	<b>52</b>	<b>-</b>	<b>14</b>	<b>41</b>	<b>186.2%</b>
Minority interests	0	1	-	0	1	-
<b>Net income group share</b>	<b>15</b>	<b>52</b>	<b>-</b>	<b>15</b>	<b>42</b>	<b>188.6%</b>

(1) Includes provisions, impairments, reversion of impairments and negative goodwill; (2) dividends; (3) Includes: (i) Sonae's Sierra indirect income contribution; (ii) the capital gain with NOS merger; (iii) other asset provisions for possible future liabilities in non-core and/or discontinued operations and (iv) non-cash impairments for operational assets.

## Consolidated Statement of Financial Position

Consolidated statement of financial position			
Million euros	1H13	1H14	y.o.y.
<b>TOTAL ASSETS</b>	<b>5,673</b>	<b>5,395</b>	<b>-4.9%</b>
<b>Non current assets</b>	<b>4,500</b>	<b>3,995</b>	<b>-11.2%</b>
Tangible and intangible assets	3,099	2,011	-35.1%
Goodwill	657	612	-6.8%
Investment properties	0	1	159.0%
Other investments	478	1,206	152.5%
Deferred tax assets	227	143	-36.9%
Others	39	21	-45.1%
<b>Current assets</b>	<b>1,173</b>	<b>1,400</b>	<b>19.3%</b>
Stocks	525	536	2.1%
Trade debtors	183	84	-54.1%
Liquidity	138	409	197.1%
Others	328	370	13.0%
<b>SHAREHOLDERS' FUNDS</b>	<b>1,515</b>	<b>1,752</b>	<b>15.6%</b>
Equity holders	1,303	1,588	21.8%
Attributable to minority interests	212	164	-22.6%
<b>LIABILITIES</b>	<b>4,158</b>	<b>3,643</b>	<b>-12.4%</b>
<b>Non-current liabilities</b>	<b>2,083</b>	<b>1,651</b>	<b>-20.8%</b>
Bank loans	455	386	-15.2%
Other loans	1,225	1,035	-15.5%
Deferred tax liabilities	139	134	-4.0%
Provisions	87	38	-56.2%
Others	177	58	-67.0%
<b>Current liabilities</b>	<b>2,075</b>	<b>1,993</b>	<b>-3.9%</b>
Bank loans	178	219	23.3%
Other loans	335	254	-24.0%
Trade creditors	1,012	914	-9.7%
Others	550	606	10.1%
<b>SHAREHOLDERS' FUNDS + LIABILITIES</b>	<b>5,673</b>	<b>5,395</b>	<b>-4.9%</b>



The Board of Directors

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Álvaro Cuervo Garcia

Bernd Bothe

Christine Cross

Michel Marie Bon

José Neves Adelino

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

## Appendix

Statement under the terms of Article 246, paragraph 1, c) of the Portuguese Securities Code

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the Management Report faithfully describes the progress of the business and position of the issuer and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Maia, 19 of August 2014

The Board of Directors,

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Álvaro Cuervo Garcia

Bernd Bothe

Christine Cross

Michel Marie Bon

José Neves Adelino

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

## Appendix required by articles 9 nr. 1, a) and 14, nr. 7 of CMVM Regulation nr. 05/2008

	Date	Additions		Reductions		Balance as of
		Quantity	Aver. Price €	Quantity	Aver. Price €	30.06.2014
						Quantity
<b>Belmiro Mendes de Azevedo (*) (**)</b>						
Efanor Investimentos, SGPS, SA (1)						49,999,996
Sonaecom, SGPS, SA (9)						0
Sale	23.01.2014			75,537	2.580	
Continente Bonds - 7% -2015						876,990
Purchase	20.03.2014	117,000	1.053			
Purchase	21.03.2014	90,000	1.053			
Purchase	24.03.2014	2,705	1.053			
Purchase	27.03.2014	99,500	1.053			
Purchase	31.03.2014	61,000	1.053			
Purchase	01.04.2014	5,000	1.053			
Purchase	02.04.2014	58,500	1.053			
Purchase	04.04.2014	10,000	1.053			
Purchase	08.04.2014	30,000	1.053			
Purchase	09.04.2014	55,000	1.053			
Purchase	10.04.2014	19,000	1.054			
Purchase	11.04.2014	21,468	1.054			
Purchase	14.04.2014	25,000	1.054			
Purchase	15.04.2014	65,000	1.054			
Purchase	16.04.2014	15,000	1.055			
Purchase	21.04.2014	202,817	1.059			
<b>Álvaro Carmona e Costa Portela (*)</b>						
Sonae, SGPS, SA (3)						125,934
Sonaecom, SGPS, SA (9)						0
Sale	24.01.2014			5,000	2.580	
<b>Ângelo Gabriel Ribeirinho dos Santos Paupério (*)</b>						
Sonae, SGPS, SA (3)						1,270,426 (a)
Performance Bonus Plan and Medium Term Incentive Plans	02.05.2014	507,276	0.068			
Sonaecom, SGPS, SA (9)						0
Sale	23.01.2014			552,837	2.580	
Continente Bonds - 7% -2015						700,000 (b)
<b>Duarte Paulo Teixeira de Azevedo (*) (**) (****)</b>						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (4)						1,999,996
Sonae, SGPS, SA (3)						750,617 (c)
Performance Bonus Plan and Medium Term Incentive Plans	28.04.2014	262,087	0.068			
<b>Michel Marie Bon (*)</b>						
Sonae, SGPS, SA (3)						321,000
<b>Maria Margarida Carvalhais Teixeira de Azevedo (*) (**) (****)</b>						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						14,901
<b>Maria Cláudia Teixeira de Azevedo (*) (**) (****)</b>						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						204,678
Performance Bonus Plan and Medium Term Incentive Plans	02.05.2014	163,551	0.068			
Linhacom, SGPS, SA (6)						99,996
Sonaecom, SGPS, SA (9)						0
Sale	23.01.2014			40,566	2.580	
						(d)
<b>Nuno Miguel Teixeira de Azevedo (*) (**) (****)</b>						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						0 (e)
<b>Arlindo Dias Duarte Silva (*****)</b>						
Continente Bonds - 7% -2015						5,000 (f)

	Date	Additions		Reductions		Balance as of
		Quantity	Aver. Price €	Quantity	Aver. Price €	30.06.2014
						Quantity
<b>(1) Efanor Investimentos, SGPS, SA</b>						
Sonae, SGPS, SA (3)						200,100,000
Pareuro, BV (2)						5,583,100
Sonae, SGPS, SA (9)						0
Sale	23.01.2014			1,000	2.580	
<b>(2) Pareuro, BV</b>						
Sonae, SGPS, SA (3)						849,533,095
<b>(3) Sonae, SGPS, SA</b>						
Sonae, SGPS, SA (treasury shares)						
Purchase	24.03.2014	1,885,000	1.325			
Purchase	14.04.2014	630,000	1.305			
Purchase	15.04.2014	465,000	1.296			
Purchase	16.04.2014	530,000	1.315			
Purchase	17.04.2014	450,000	1.333			
Sale	28.04.2014	0	0.000	3,585,251	1.358	
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	28.04.2014			262,087	0.068	
Sale	05.05.2014	0	0.000	62,198	1.358	
Purchase	15.05.2014	755,000	1.213			
Purchase	16.05.2014	1,532,973	1.211			
Purchase	19.05.2014	970,000	1.222			
Sale	19.05.2014			11,509	1.238	
Purchase	20.05.2014	710,000	1.226			
Purchase	21.05.2014	750,000	1.247			
Purchase	22.05.2014	809,700	1.261			
Purchase	23.05.2014	535,393	1.274			
Sonae Investments, BV (7)						2,894,000
Sontel, BV (8)						32,745
Sonae, SGPS, SA (9)						80,822,964
Purchase	23.01.2014	1,365,837	2.580			
Purchase	24.01.2014	88,297	2.580			
Purchase	24.02.2014	80,000	2.152			
Purchase	25.02.2014	205,412	2.123			
Purchase	26.02.2014	133,248	2.078			
Purchase	27.02.2014	100,000	2.045			
Purchase	28.02.2014	267,000	2.012			
Purchase	03.03.2014	70,000	1.964			
Purchase	04.03.2014	41,966	1.954			
Purchase	05.03.2014	20,620	1.963			
Purchase	07.03.2014	46,064	2.204			
Purchase	13.03.2014	34,500	2.296			
Purchase	14.03.2014	33,038	2.266			
Purchase	17.03.2014	9,291	2.258			
Purchase	18.03.2014	3,000	2.253			
Purchase	19.03.2014	26,000	2.280			
Purchase	20.03.2014	27,317	2.286			
Purchase	21.03.2014	31,483	2.287			
Purchase	24.03.2014	27,310	2.273			
Purchase	25.03.2014	1,000	2.260			
Purchase	15.04.2014	59,336	1.902			
Purchase	16.04.2014	179,685	1.990			
Purchase	17.04.2014	134,291	2.083			
Purchase	22.04.2014	76,332	2.182			
Purchase	23.04.2014	367,000	2.291			
Purchase	24.04.2014	325,132	2.287			
Purchase	25.04.2014	15,582	2.283			
Purchase	28.04.2014	145,104	2.291			
Purchase	29.04.2014	74,084	2.300			
Purchase	30.04.2014	23,213	2.300			
Purchase	02.05.2014	57,031	2.300			
Purchase	05.05.2014	75,417	2.300			

	Date	Additions		Reductions		Balance as of
		Quantity	Aver. Price €	Quantity	Aver. Price €	30.06.2014
						Quantity
<b>(4) Migracom, SGPS, SA</b>						
Sonae, SGPS, SA (3)						1,536,683
Sale	13.06.2014			435,000	1.278	
Sale	17.06.2014			500,000	1.257	
Sale	18.06.2014			465,000	1.264	
Sonaecom, SGPS, SA (9)						0
Sale	23.01.2014			387,342	2.580	
Imparfin, SGPS, SA (5)						150,000
<b>(5) Imparfin, SGPS, SA</b>						
Sonae, SGPS, SA (3)						4,105,280
Continente Bonds - 7% -2015						590,000
Purchase	28.01.2014	222,000	1.050			
Purchase	09.04.2014	411,000	1.050			
Sale	26.05.2014			48,000	1.050	
<b>(6) Linhacom, SGPS, SA</b>						
Sonae, SGPS, SA (3)						439,314
Sonaecom, SGPS, SA (9)						0
Sale	23.01.2014			120,300	2.580	
Imparfin, SGPS, SA (5)						150,000
<b>(7) Sonae Investments BV</b>						
Sontel BV (8)						58,555
<b>(8) Sontel BV</b>						
Sonaecom, SGPS, SA (9)						194,063,119
<b>(9) Sonaecom SGPS, SA</b>						
Sonae, SGPS, SA (treasury shares)						
Purchase	20.03.2014	920,000	1.317			
Purchase	21.03.2014	1,030,000	1.327			
Sale	28.03.2014			646,614	1.333	
Purchase	14.04.2014	160,000	1.303			
Sale	17.04.2014			696,641	1.298	
Sale	30.04.2014			3,393	1.298	
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	02.05.2014			670,827	0.068	
Sale	05.05.2014			5,794	1.298	
Sale	07.05.2014			48,793	1.298	
Sale	09.05.2014			14,586	1.298	
Purchase	15.05.2014	2,228,985	1.227			
Sale	30.05.2014			2,382	1.294	
Sonaecom, SGPS, SA (treasury shares)						5,571,014

(\*) Member of the Board of Directors of Sonae, SGPS, SA

(\*\*) Member of the Board of Directors of Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)

(\*\*\*) People closely connected with the President of the Board of Directors of Sonae Holding, Belmiro de Azevedo

(\*\*\*\*) Member of the Board of Directors of Imparfin, SGPS, SA (5)

(\*\*\*\*\*) Member of the Statutory Audit Board

(a) of which 125,000 shares held by spouse

(b) of which 150,000 bonds held by spouse and 400,000 are held by company in which this person discharging managerial responsibilities ("dirigente") is the sole director

(c) of which 530 shares held by descendants under his charge

(d) 170 shares held by spouse

(e) 10,500 shares are no longer imputed to Nuno Miguel Teixeira de Azevedo because they are owned by a descendant and the legal base for allocation have ended according al .a) of paragraph 4 of article 248-B of the Securities Code

(f) co-held with the respective spouse

## Qualified holdings

As required by article 9, nr.1, c), of the Securities Market Commission (CMVM) Regulation nr. 05/2008, the qualified shareholdings as at 30th June 2014 are as follows:

Shareholder	Nr. of shares	% share capital	% of voting rights
Efanor Investimentos, SGPS, SA (i)			
Directly	200,100,000	10.0050%	10.0470%
By Pareuro, BV (controlled by Efanor)	849,533,095	42.4767%	42.6548%
By Maria Margarida CarvalhaisTeixeira de Azevedo (Director of Efanor)	14,901	0.0007%	0.0007%
By Duarte Paulo Teixeira de Azevedo (Director of Efanor )	750,617	0.0375%	0.0377%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor )	204,678	0.0102%	0.0103%
By Migracom, SGPS, SA (company controlled by Efanor's Director Duarte Paulo Teixeira de Azevedo)	1,536,683	0.0768%	0.0772%
By Linhacom, SGPS, SA (company controlled by Efanor's Director Maria Cláudia Teixeira de Azevedo)	439,314	0.0220%	0.0221%
<b>Total attributable to Efanor Investimentos, SGPS, SA</b>	<b>1,052,579,288</b>	<b>52.6289%</b>	<b>52.8498%</b>
Banco BPI, SA	132,851,868	6.6426%	6.6704%
Banco Português de Investimento, SA	365,199	0.0183%	0.0183%
Fundos de Pensões do Banco BPI	40,071,372	2.0036%	2.0120%
BPI Vida - Companhia de Seguros de Vida, SA	4,751,416	0.2376%	0.2386%
<b>Total attributable to Banco BPI, SA</b>	<b>178,039,855</b>	<b>8.9020%</b>	<b>8.9393%</b>
Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.4925%	2.5029%
<b>Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social</b>	<b>49,849,514</b>	<b>2.4925%</b>	<b>2.5029%</b>
Bestinver Gestión, S.A. SGIIC			
Bestinver Bolsa, F.I.	26,842,197	1.3421%	1.3477%
Bestinfond, F.I.M.	24,648,288	1.2324%	1.2376%
Bestinver Hedge Value Fund Fil	11,556,421	0.5778%	0.5802%
Bestinver Global, FP	7,154,263	0.3577%	0.3592%
Bestvalue, FI	6,161,372	0.3081%	0.3094%
Soixa Sicav, SA	4,387,528	0.2194%	0.2203%
Bestinver Ahorro, Fondo de Pensiones	3,068,989	0.1534%	0.1541%
Bestinver Mixto, F.I.M.	2,398,104	0.1199%	0.1204%
Bestinver Sicav - Bestifund	3,234,455	0.1617%	0.1624%
Bestinver Sicav - Iberian	8,757,641	0.4379%	0.4397%
Bestinver Renta, F.I.M.	756,150	0.0378%	0.0380%
Bestinver Prevision, FP	216,988	0.0108%	0.0109%
Divalsa de Inversiones Sicav	154,747	0.0077%	0.0078%
Bestinver Empleo, FP	151,085	0.0076%	0.0076%
Linker Inversiones, Sicav	100,279	0.0050%	0.0050%
Bestinver Futuro EPSV	83,569	0.0042%	0.0042%
Bestinver Empleo III, FONDE de Pensiones	34,135	0.0017%	0.0017%
Bestinver Empleo II, FP	55,323	0.0028%	0.0028%
<b>Total attributable to Bestinver Gestión, S.A. SGIIC</b>	<b>99,761,534</b>	<b>4.9881%</b>	<b>5.0090%</b>
Norges Bank	40,100,985	2.0050%	2.0135%
<b>Total attributable to Norges Bank</b>	<b>40,100,985</b>	<b>2.0050%</b>	<b>2.0135%</b>

(i) Belmiro Mendes de Azevedo is, according to article 20 paragraph 1, subparagraph b), and article 21, paragraph 1, both of the Portuguese Securities Code, the ultimate beneficial owner, as it holds circa 99% of the share capital and voting rights in Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV.

## Condensed consolidated financial statements



## Condensed Consolidated Statement of Financial Position at 30 June 2014 and 2013 and at 31 December 2013

(Amounts expressed in euro)

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

ASSETS	Notes	30 June 2014	30 June 2013	31 December 2013
<b>NON-CURRENT ASSETS:</b>				
Tangible assets	9	1,798,178,380	2,549,256,182	1,827,164,403
Intangible assets	10	213,019,136	550,033,849	202,854,156
Investment properties		989,284	382,035	1,001,735
Goodwill	11	612,273,914	656,695,739	610,187,858
Investments in joint ventures and associates	6	1,175,194,245	446,395,368	1,144,792,015
Other investments	7 and 12	31,249,465	31,340,760	31,991,837
Deferred tax assets	15	143,347,935	227,121,566	123,159,864
Other non-current assets	13	21,210,136	38,615,031	31,970,613
<b>Total Non-Current Assets</b>		<b>3,995,462,495</b>	<b>4,499,840,530</b>	<b>3,973,122,481</b>
<b>CURRENT ASSETS:</b>				
Inventories		536,224,380	524,980,507	588,949,862
Trade accounts receivable and other current assets	14	401,415,431	510,034,121	345,671,874
Investments	12	53,545,336	377,911	202,484,454
Cash and cash equivalents	16	408,416,074	137,255,592	366,308,918
<b>Total Current Assets</b>		<b>1,399,601,221</b>	<b>1,172,648,131</b>	<b>1,503,415,108</b>
Assets available for sale		-	720,338	-
<b>TOTAL ASSETS</b>		<b>5,395,063,716</b>	<b>5,673,208,999</b>	<b>5,476,537,589</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY:</b>				
Share capital	17	2,000,000,000	2,000,000,000	2,000,000,000
Own shares		(137,196,145)	(127,450,450)	(126,945,388)
Reserves and retained earnings		(327,459,531)	(609,262,878)	(628,248,537)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		52,342,242	39,845,039	318,979,514
Equity attributable to the equity holders of the Parent Company		1,587,686,566	1,303,131,711	1,563,785,589
Equity attributable to non-controlling interests	18	164,032,356	212,009,385	344,325,829
<b>TOTAL EQUITY</b>		<b>1,751,718,922</b>	<b>1,515,141,096</b>	<b>1,908,111,418</b>
<b>LIABILITIES:</b>				
<b>NON-CURRENT LIABILITIES:</b>				
Loans	19	1,420,396,446	1,680,076,181	1,362,598,165
Other non-current liabilities	21	58,429,770	177,262,968	51,247,881
Deferred tax liabilities	15	133,749,783	139,284,400	121,095,969
Provisions	24	37,998,201	86,800,914	50,659,919
<b>Total Non-Current Liabilities</b>		<b>1,650,574,200</b>	<b>2,083,424,463</b>	<b>1,585,601,934</b>
<b>CURRENT LIABILITIES:</b>				
Loans	19	473,627,860	512,565,031	233,938,741
Trade creditors and other current liabilities	23	1,516,308,994	1,556,525,497	1,746,056,989
Provisions	24	2,833,740	5,552,912	2,828,507
<b>Total Current Liabilities</b>		<b>1,992,770,594</b>	<b>2,074,643,440</b>	<b>1,982,824,237</b>
<b>TOTAL LIABILITIES</b>		<b>3,643,344,794</b>	<b>4,158,067,903</b>	<b>3,568,426,171</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,395,063,716</b>	<b>5,673,208,999</b>	<b>5,476,537,589</b>

The accompanying notes are part of these condensed consolidated financial statements.

The Board of Directors

## Condensed Consolidated Income Statements for the periods ended 30 June 2014 and 2013

(Amounts expressed in euro)

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

	Notes	2 <sup>nd</sup> Quarter 2014	2 <sup>nd</sup> Quarter 2013 Restated (Note 4)	30 June 2014	30 June 2013 Restated (Note 4)
Sales		1,137,388,516	1,076,681,632	2,221,469,071	2,122,098,997
Services rendered		42,528,882	40,978,712	84,917,555	80,646,384
Investment income		1,321,885	92,000	1,893,440	79,000
Gains and losses on investments carried at fair value through profit		(9,911,278)	-	(7,931,359)	-
Financial income		4,459,893	487,278	6,493,758	5,699,730
Other income		145,191,992	120,788,599	259,541,071	212,733,536
Cost of goods sold and materials consumed		(904,332,393)	(840,021,695)	(1,771,818,912)	(1,648,117,936)
Changes in stocks of finished goods and work in progress		(12,954)	114,897	91,830	138,910
External supplies and services		(154,380,044)	(144,358,064)	(298,351,945)	(287,176,018)
Staff costs		(163,467,851)	(150,602,178)	(322,462,137)	(304,139,194)
Depreciation and amortisation	9 and 10	(42,773,367)	(45,815,803)	(84,483,365)	(94,716,270)
Provisions and impairment losses		(875,750)	(3,717,084)	(1,419,826)	(9,200,168)
Financial expense		(22,534,612)	(24,481,235)	(44,421,964)	(51,160,631)
Other expenses		(11,765,784)	(9,846,750)	(23,283,274)	(19,327,315)
Share of results of joint ventures and associated undertakings	6	22,174,338	(8,500,825)	32,895,032	(2,619,889)
Profit/(Loss) from continuing operations, before taxation		43,011,473	11,799,484	53,128,975	4,939,136
Taxation	27	(1,572,157)	(4,971,280)	(1,465,218)	(3,949,196)
Profit/(Loss) from continuing operations, after taxation		41,439,316	6,828,204	51,663,757	989,940
Profit/(Loss) from discontinuing operations, after taxation	4	-	25,111,658	-	47,357,721
Consolidated profit/(Loss) for the period		41,439,316	31,939,862	51,663,757	48,347,661
Attributable to equity holders of the Parent Company:					
Continuing operations		42,213,252	7,629,794	52,342,242	4,295,824
Discontinuing operation		-	23,323,091	-	35,549,215
		42,213,252	30,952,885	52,342,242	39,845,039
Attributable to non-controlling interests					
Continuing operations		(773,936)	(801,590)	(678,485)	(3,305,884)
Discontinuing operation		-	1,788,567	-	11,808,506
	18	(773,936)	986,977	(678,485)	8,502,622
Profit/(Loss) per share					
From continuing operations					
Basic	28	0.022491	0.004037	0.027885	0.002293
Diluted	28	0.022288	0.004017	0.027650	0.002282
From discontinuing operations					
Basic	28	-	0.012485	-	0.018976
Diluted	28	-	0.012423	-	0.018882

The accompanying notes are part of these condensed consolidated financial statements.

The Board of Directors

## Condensed Consolidated Statements of Comprehensive Income for the periods ended 30 June 2014 and 2013

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

	2 <sup>nd</sup> Quarter 2014	2 <sup>nd</sup> Quarter 2013	30 June 2014	30 June 2013
Net Profit / (Loss) for the period	41,439,316	31,939,861	51,663,757	48,347,661
Items that maybe reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	1,026,885	(3,728,134)	1,913,721	(2,083,412)
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method (Note 6)	(7,022,238)	4,433,062	(2,405,707)	(7,272,829)
Changes on fair value of available-for-sale financial assets	(2,359,647)	(2,203,795)	(1,163,254)	(8,573,927)
Changes in hedge and fair value reserves	96,929	(402,022)	822,158	1,596,229
Deferred tax related to changes in fair values reserves	(116,163)	443,726	(336,666)	(67,047)
Others	606,320	(22,833)	575,731	33,293
Other comprehensive income for the period	(7,767,915)	(1,479,996)	(594,017)	(16,367,693)
Total comprehensive income for the period	33,671,401	30,459,865	51,069,740	31,979,968
Attributable to:				
Equity holders of parent company	35,379,914	31,816,652	52,475,748	28,169,473
Non controlling interests	(1,708,513)	(1,356,787)	(1,406,008)	3,810,495

The accompanying notes are part of these condensed consolidated financial statements.

The Board of Directors

# 1ST HALF RESULTS 2014

## Condensed Consolidated Statements of Changes in Equity for the periods ended 30 June 2014 and 2013

(Amounts expressed in euro)

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

	Attributable to Equity Holders of Parent Company							Total	Net Profit/(Loss)	Total	Non controlling Interests (Note 18)	Total Equity
	Share Capital	Own Shares	Legal Reserve	Currency Translation Reserve	Investments Fair Value Reserve	Hedging Reserve	Other Reserves and Retained Earnings					
Balance as at 1 January 2013	2,000,000,000	(128,149,614)	187,137,648	4,836,944	1,920,608	(2,694,394)	(776,965,651)	(585,764,845)	32,572,259	1,318,657,800	349,901,121	1,668,558,921
Total comprehensive income for the period	-	-	-	(1,040,789)	(4,287,821)	1,507,964	(7,854,920)	(11,675,566)	39,845,039	28,169,473	3,810,495	31,979,968
Appropriation of profit of 2012:												
Transfer to legal reserves and retained earnings	-	-	1,148,216	-	-	-	31,424,043	32,572,259	(32,572,259)	-	-	-
Dividends distributed	-	-	-	-	-	-	(62,143,058)	(62,143,058)	-	(62,143,058)	(10,845,508)	(72,988,566)
Disposal of own shares/ attribution to employees	-	699,164	-	-	-	-	224,042	224,042	-	923,206	(510,991)	412,215
Partial disposal or acquisitions of affiliated companies	-	-	-	-	-	-	14,629,536	14,629,536	-	14,629,536	(130,345,732)	(115,716,196)
Others	-	-	-	-	-	-	2,894,754	2,894,754	-	2,894,754	-	2,894,754
Balance as at 30 June 2013	2,000,000,000	(127,450,450)	188,285,864	3,796,155	(2,367,213)	(1,186,430)	(797,791,254)	(609,262,878)	39,845,039	1,303,131,711	212,009,385	1,515,141,096
Balance as at 1 January 2014	2,000,000,000	(126,945,388)	188,285,864	2,759,902	(1,773,499)	723,822	(818,244,626)	(628,248,537)	318,979,514	1,563,785,589	344,325,829	1,908,111,418
Total comprehensive income for the period	-	-	-	975,186	(1,163,254)	786,752	(465,178)	133,506	52,342,242	52,475,748	(1,406,008)	51,069,740
Appropriation of profit of 2013:												
Transfer to legal reserves and retained earnings	-	-	7,974,526	-	-	-	311,004,988	318,979,514	(318,979,514)	-	-	-
Dividends distributed	-	-	-	-	-	-	(65,351,598)	(65,351,598)	-	(65,351,598)	(160,414)	(65,512,012)
Acquisition of own shares	-	(18,208,035)	-	-	-	-	-	-	-	(18,208,035)	-	(18,208,035)
Obligation fulfilled by share attribution to employees	-	7,957,278	-	-	-	-	(3,089,359)	(3,089,359)	-	4,867,919	(832,621)	4,035,298
Partial disposal or acquisitions of affiliated companies	-	-	-	-	-	-	28,096,091	28,096,091	-	28,096,091	(177,894,430)	(149,798,339)
Valuation of the option of convertible bonds into shares Sonae	-	-	-	-	22,004,385	-	-	22,004,385	-	22,004,385	-	22,004,385
Others	-	-	-	-	-	-	16,467	16,467	-	16,467	-	16,467
Balance as at 30 June 2014	2,000,000,000	(137,196,145)	196,260,390	3,735,088	19,067,632	1,510,574	(548,033,215)	(327,459,531)	52,342,242	1,587,686,566	164,032,356	1,751,718,922

The accompanying notes are part of these condensed consolidated financial statements.

The Board of Directors

## Condensed Consolidated Statements of Cash Flows for the periods ended 30 June 2014 and 2013

(Amounts expressed in euro)

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

	Notes	2nd Quarter 2014	2nd Quarter 2013	30 June 2014	30 June 2013
<b>OPERATING ACTIVITIES</b>					
Net cash flow from operating activities (1)		123,228,133	218,680,871	(89,065,753)	37,972,323
<b>INVESTMENT ACTIVITIES</b>					
Cash receipts arising from:					
Investments		589,361	98,093	4,061,905	1,173,572
Tangible and intangible assets		6,370,116	1,585,062	6,390,409	2,899,972
Others		10,065,044	18,676,133	16,999,740	48,745,833
		17,024,521	20,359,288	27,452,054	52,819,377
Cash payments arising from:					
Investments		(868,511)	(2,125,178)	(9,641,449)	(15,670,149)
Tangible and intangible assets		(38,609,566)	(55,902,273)	(88,103,716)	(143,772,277)
Others		(4,468,324)	(6,897,251)	(5,932,904)	(10,707,629)
		(43,946,401)	(64,924,702)	(103,678,069)	(170,150,055)
Net cash used in investment activities (2)		(26,921,880)	(44,565,414)	(76,226,015)	(117,330,678)
<b>FINANCING ACTIVITIES</b>					
Cash receipts arising from:					
Loans obtained		1,490,257,500	732,863,734	2,119,660,829	1,620,762,860
		1,490,257,500	732,863,734	2,119,660,829	1,620,762,860
Cash payments arising from:					
Loans obtained		(1,483,615,895)	(900,396,585)	(1,787,899,306)	(1,638,009,801)
Interest and similar charges		(21,797,354)	(19,384,082)	(40,078,889)	(45,877,357)
Dividends		(69,668,610)	(85,875,904)	(69,668,610)	(85,905,784)
Purchase of own shares		(15,711,066)	-	(18,208,035)	-
Others		(387,512)	(765,642)	(1,033,078)	(2,759,900)
		(1,591,180,437)	(1,006,422,213)	(1,916,887,918)	(1,772,552,842)
Net cash used in financing activities (3)		(100,922,937)	(273,558,479)	202,772,911	(151,789,981)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(4,616,684)	(99,443,022)	37,481,143	(231,148,336)
Effect of foreign exchange rate		(500,225)	1,119,346	(708,661)	828,275
Cash and cash equivalents at the beginning of the period	16	408,175,719	231,953,666	365,869,456	363,367,909
Cash and cash equivalents at the end of the period	16	404,059,260	131,391,298	404,059,260	131,391,298

The accompanying notes are part of these condensed consolidated financial statements.

The Board of Directors

# SONAE, SGPS, SA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED ON THE 30<sup>TH</sup> JUNE 2014

*(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 30.

On the 27<sup>th</sup> August 2013, the merger between Optimus, SGPS, SA in Zon Multimédia – Serviços de Telecomunicações and Multimédia, SGPS, SA (Note 4) was completed. Accordingly, the telecommunications segment was classified, for disclosure purposes, as a discontinued operation in June 2013.

#### 2 PRINCIPAL ACCOUNTING POLICIES

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The accounting policies adopted are consistent with those described in the file of annual financial statements for the year ended 31<sup>st</sup> December 2013.

##### 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 from the consolidated financial statements issuance date.

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

The accompanying condensed consolidated financial statements have been prepared from the books and accounting records of the Company and subsidiaries, adjusted in the consolidation process, on a going concern basis and under the historical cost convention, except for some financial instruments and properties investments 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 interpretations, some of which become mandatory during 2014, have been endorsed by the European Union:

With mandatory application in 2014:	Effective date (for financial years beginning on/after)
IFRS 10 - (Consolidated Financial Statements)	01 jan 2014
IFRS 11 - (Joint Arrangements)	01 jan 2014
IFRS 12 - (Disclosures of Interests in Other Entities)	01 jan 2014
IAS 27 - (Separate Financial Statements – revised in 2011)	01 jan 2014
IAS 28 - (Investments in Associates and Joint Ventures)	01 jan 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 (Investments Entities)	01 jan 2014
IAS 32 - Amendments (Offsetting Financial Assets and Financial Liabilities)	01 jan 2014
Amendments to IAS 36 (Recoverable amount disclosures for Non-Financial Assets)	01 jan 2014
Amendments to IAS 39 (Reformulation of Derivatives and continuation of Hedge Accounting)	01 jan 2014
IFRIC 21 - (Levies)	01 jan 2014

No significant impacts are expected in the financial statements resulting from the adoption of these standards during 2014, namely because the Group has amended the measurement of investments in jointly controlled entities by applying the equity method.

The following standards, interpretations, amendments and revisions haven't been until the date of approval of these financial statements, approved (endorsed) by the European Union, whose application is mandatory in future financial years:

With mandatory application after 2014:	Effective date (for financial years beginning on/after)
IFRS 9 - (Financial Instruments – classification and measurement)	01 jan 2018
IFRS 7 and 9 (Amendment) – (Disclosures of Financial Instruments)	To be assigned
IFRS 11 (Amendment) – (Accounting for Acquisitions of Interests in Joint Operations)	01 jan 2016
IFRS 14 – (Regulatory Deferral Accounts)	01 jan 2016
IFRS 15 – (Revenues from Contracts with Customers)	01 jan 2017

IAS 16 e IAS 19 - (Amendment) – (Clarification of Acceptable Methods of Depreciation and Amortisation) 01 jan 2016

IAS 19 (Amendment) – (Employee Benefits) 01 jul 2014

Improvements to International Financial Reporting Standards (2010-2012 cycle and 2011-2013 cycle) 01 jul 2014

The Group is to assess the impact of these changes and will apply these standards in the year in which they become effective.

### 3 CHANGES IN ACCOUNTING POLICIES

During the period was adopted a set of accounting standards, interpretations, amendments and revisions issued in previous periods and whose implementation became mandatory after the 1<sup>st</sup> January 2014 as disclosed in Note 2 and which didn't have any significant impacts on the financial statements as at 30<sup>th</sup> June 2014.

### 4 DISCONTINUED OPERATIONS

On the 27<sup>th</sup> August 2013, as a result of the incorporation by merger of Optimus SGPS in Zon, the telecommunications segment (Optimus SGPS, Optimus SA, Be Artis, Be Towering, Sontária and Permar) was classified, for presentation purposes, as a discontinued operation. As set by IFRS 5, changes were made in the consolidated profit and loss statements for the period ended on the 30<sup>th</sup> June 2013, in order to disclose a single caption ('Net income/(loss) for the year of discontinued operations') related to net income/(loss) of discontinued operations.

The discontinued operations details in the income statement can be analyzed as follows:

(Amounts expressed in euro)	30 June 2013 Restated		
	Published	Discontinuing operations	Restated
Sales	2,134,794,547	12,695,550	2,122,098,997
Services rendered	404,788,627	324,142,243	80,646,384
Investment income	79,000	-	79,000
Financial income	7,534,188	1,834,458	5,699,730
Other income	216,349,608	3,616,072	212,733,536
Cost of goods sold and materials consumed	(1,663,207,858)	(15,089,922)	(1,648,117,936)
Changes in stocks of finished goods and work in progress	138,910	-	138,910
External supplies and services	(454,560,452)	(167,384,434)	(287,176,018)
Staff costs	(327,277,161)	(23,137,967)	(304,139,194)
Depreciation and amortisation	(163,158,541)	(68,442,271)	(94,716,270)
Provisions and impairment losses	(14,023,397)	(4,823,229)	(9,200,168)
Financial expense	(52,763,697)	(1,603,066)	(51,160,631)
Other expenses	(27,447,120)	(8,119,805)	(19,327,315)
Share of results of joint ventures and associated undertakings	(2,619,889)	-	(2,619,889)
Profit/(Loss) from continuing operations, before taxation	58,626,765	53,687,629	4,939,136
Taxation	(10,279,104)	(6,329,908)	(3,949,196)
Profit/(Loss) from continuing operations, after taxation	48,347,661	47,357,721	989,940
Profit/(Loss) from discontinuing operations, after taxation	-	(47,357,721)	47,357,721
Consolidated profit/(Loss) for the period	48,347,661	-	48,347,661
Attributable to equity holders of the Parent Company:	39,845,039	-	39,845,039
Attributable to non-controlling interests	8,502,622	-	8,502,622



## 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 on the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013 are as follows:

COMPANY	Head Office	Percentage of capital held			
		30 June 2014		31 December 2013	
		Direct	Total*	Direct	Total*
Sonae - SGPS, S.A.	Maia	MÃE	MÃE	MÃE	MÃE
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%
Bom Momento - Restauração, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Canasta - Empreendimentos Imobiliários, SA	a) Maia	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%
Discovery Sports, SA	a) Matosinhos	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%
1) Fozmassimo - Sociedade Imobiliária, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosede	a) Maia	74.15%	74.15%	74.15%	74.15%
Fundo de Investimento Imobiliário Imosonae Dois	a) Maia	98.91%	98.91%	99.48%	99.48%
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 Hiper Imobiliária, SA	a)	Maia	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.com - Vendas p/Correspond., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Pharmaconcept - Actividades 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%
2) Predilugar - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	-	-
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)	Amsterdam (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%
2) Sonae Financial Services, S.A.	a)	Maia	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%
3) SONAESR - Serviços e logística, SA	a)	Matosinhos	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)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sport Zone España - Comércio de Artículos 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, BV	a)	Amsterdam (Netherlands)	77.66%	77.66%	77.66%	77.66%
Tlantic Portugal - Sistemas de Informação, SA	a)	Maia	77.66%	77.66%	77.66%	77.66%
Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	77.66%	77.66%	77.66%	77.66%
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%
<b>Investment Management</b>						
ADD Avaliações Engenharia de Avaliações e Perícias, Ltda	a)	Brazil	100.00%	50.00%	100.00%	50.00%
Cape Technologies Limited	a)	Dublin (Ireland)	100.00%	89.90%	100.00%	75.07%
Digitmarket - Sistemas de Informação, SA	a)	Maia	75.10%	67.52%	75.10%	56.37%
Herco Consultoria de Risco e Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
Herco Consultoria de Risco, SA	a)	Maia	100.00%	50.01%	100.00%	50.01%
HighDome PCC Limited	a)	Malta	100.00%	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%
4) Lugares Virtuais, SA	a)	Maia	100.00%	89.90%	100.00%	75.07%
Mainroad - Serviços em Tecnologias de Informação, S.A.	a)	Maia	100.00%	89.90%	100.00%	75.07%
MDS - Corretor de Seguros, SA	a)	Porto	100.00%	50.01%	100.00%	50.01%
MDS Affinity-Sociedade de Mediação Lda	a)	Porto	100.00%	50.01%	100.00%	50.01%
MDS África, SGPS, SA	a)	Porto	100.00%	50.01%	100.00%	50.01%
MDS Auto - Mediação de Seguros, SA	a)	Porto	50.01%	25.01%	50.01%	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%
4) Miauger - Org. Gestão Leilões Electrónicos, SA	a)	Maia	100.00%	89.90%	100.00%	75.07%

Modelo - Distribuição de Materiais de Construção, SA	a)	Maia	50.00%	50.00%	50.00%	50.00%
PCJ-Público, Comunicação e Jornalismo, SA	a)	Maia	100.00%	89.90%	100.00%	75.07%
Praesidium Services Limited	a)	Berkshire (U.K.)	100.00%	89.90%	100.00%	75.07%
Público - Comunicação Social, SA	a)	Porto	100.00%	89.90%	100.00%	75.07%
RSI Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
Saphety - Transacciones Electronicas SAS	a)	Bogota (Colombia)	86.99%	78.21%	86.99%	65.30%
Saphety Brasil Transações Eletrônicas Lda	a)	São Paulo (Brazil)	86.99%	78.21%	86.99%	65.30%
Saphety Level - Trusted Services, SA	a)	Maia	86.99%	78.21%	86.99%	65.30%
Sonaecom - Serviços Partilhados, SGPS, SA	a)	Maia	100.00%	89.90%	100.00%	75.07%
Sonaecom - Sistemas de Informação, SGPS, SA	a)	Maia	100.00%	89.90%	100.00%	75.07%
Sonaecom - Sistemas de Información España, SL	a)	Madrid (Spain)	100.00%	89.90%	100.00%	75.07%
Sonaecom BV	a)	Amsterdam (Netherlands)	100.00%	89.90%	100.00%	75.07%
Sonaecom, SGPS, SA	a)	Maia	90.08%	89.90%	75.44%	75.07%
Sonaetelecom, BV	a)	Amsterdam (Netherlands)	100.00%	89.90%	100.00%	75.07%
Tecnológica Telecomunicações, Ltda	a)	Rio de Janeiro (Brazil)	99.99%	89.81%	99.99%	74.99%
We Do Brasil Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.91%	89.82%	99.91%	74.99%
We Do Consulting - Sistemas de Informação, SA	a)	Maia	100.00%	89.90%	100.00%	75.07%
We Do Poland Sp.Z.o.o.	a)	Posnan (Poland)	100.00%	89.90%	100.00%	75.07%
We Do Technologies (UK) Limited	a)	Berkshire (U.K.)	100.00%	89.90%	100.00%	75.07%
We Do Tecnologies Americas, Inc.	a)	Delaware (USA)	100.00%	89.90%	100.00%	75.07%
We Do Technologies Australia PTY Limited	a)	Sidney (Australia)	100.00%	89.90%	100.00%	75.07%
We Do Technologies Egypt Limited Liability Company	a)	Cairo (Egypt)	100.00%	89.90%	100.00%	75.07%
We Do Technologies Mexico S. de RL	a)	México City	100.00%	89.90%	100.00%	75.07%
We Do Technologies Panamá SA	a)	Panamá City	100.00%	89.90%	100.00%	75.07%
We Do Technologies Singapore PTE. LDT	a)	Singapore	100.00%	89.90%	100.00%	75.07%
We Do Tecnologies BV	a)	Amsterdam (Netherlands)	100.00%	89.90%	100.00%	75.07%
Others						
Libra Serviços, Lda	a)	Funchal	100.00%	100.00%	100.00%	100.00%
Sonae Investments, BV	a)	Amsterdam (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)	Maia	100.00%	100.00%	100.00%	100.00%

\*the percentage of ownership total represents the total direct and indirect percentage on the share capital held by the Group.

a) Control held by majority of voting rights;

b) Control held by Management control;

1) Company disposal during the period;

2) Company created during the period;

3) Ex-SDSR – Sports Division 2, SA;

4) Company liquidated during the period.

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 on the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013 are as follows:

### 6.1 Jointly Controlled Entities

COMPANY	Head Office	Percentage of share capital held			
		30 June 2014		31 December 2013	
		Direct	Total*	Direct	Total*
<b>Shopping Centres</b>					
3shoppings - Holding, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
8ª avenida Centro Comercial, SA	Maia	100.00%	23.75%	100.00%	23.75%
Adlands BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
Aegean Park, SA	Athens(Greece)	100.00%	25.00%	100.00%	25.00%
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 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	100.00%	50.00%	50.00%	25.00%
Arrábidasshopping - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%

Avenida M-40, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
Beralands BV	Amsterdam (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%	28.62%	50.00%	28.62%
Cascaishopping Holding I, SGPS, SA	Maia	100.00%	28.62%	100.00%	28.62%
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 (Netherlands)	50.00%	25.00%	50.00%	25.00%
Craiova Mall BV	Amsterdam (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	Amsterdam (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%
Fundo de Investimento Imobiliário Parque Dom Pedro Shopping Center (FundII)	São Paulo (Brazil)	50.00%	10.34%	50.00%	10.34%
Fundo de Investimento Imobiliário Shopping Parque Dom Pedro Shopping	São Paulo (Brazil)	87.61%	15.78%	87.61%	15.78%
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%	12.47%
1) 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%
Land Retail, BV	Amsterdam (Netherlands)	100.00%	32.19%	100.00%	32.19%
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	Amsterdam (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	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
Norte Shopping Retail and Leisure Centre, BV	Amsterdam (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	Amsterdam (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%
Parklake Shopping, Srl	Bucharest (Romania)	50.00%	25.00%	50.00%	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%
Pátio Boavista Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
Pátio Campinas 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 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 Mayor Parque de Ócio, BV	Amsterdam (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	Amsterdam (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 SC 1, BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
Project Sierra 10 BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 11, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 12, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 2, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 6, BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
Project Sierra 8 BV	Amsterdam (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 4 (four), Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 1, BV	Amsterdam (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%
1)	Project Sierra Spain 2, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 3, BV	Amsterdam (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	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	River Plaza Mall, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	S.C. Microcom Doi Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	SC Aegean, BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
	SC Mediterranean Cosmos, BV	Amsterdam (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	Amsterdam (Netherlands)	50.00%	12.53%	50.00%	12.53%
	Shopping Centre Parque Principado, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Sierra Asia Limited	Hong Kong	100.00%	50.00%	100.00%	50.00%
	Sierra Berlin Holding BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Brazil 1, BV	Amsterdam (Netherlands)	100.00%	25.00%	100.00%	25.00%
	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	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Holding, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra European Retail Real Estate Assets Holdings, BV	Amsterdam (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 Greece, SA	Athens (Greece)	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	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%



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	Sierra Investments (Holland) 2, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments Holding, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
1)	Sierra Italy Holding, BV	Amsterdam (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 Project Nürnberg BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Property Management Greece, SA	Athens(Greece)	100.00%	50.00%	100.00%	50.00%
	Sierra Real Estate Greece BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Reval Gayrimenkul Yönetim Pazarlama ve Danışmanlık A.Ş.	Istanbul (Turkey)	50.00%	25.00%	50.00%	25.00%
	Sierra Services Holland 2 BV	Amsterdam (Netherlands)	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%
	Sierra Spain 2 Services, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Sierra Zenata Project B.V	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Solingen Shopping Center GmbH	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
	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 Consultoria Imobiliária, Ltda	São Paulo (Brazil)	99.98%	16.66%	99.98%	16.66%
	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%
	Weierstadt Shopping BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Zubiarte Inversiones Inmobiliarias, SA	Madrid (Spain)	49.83%	12.48%	49.83%	12.48%
	Telecommunications					
	ZOPT, SGPS, SA	Porto	50.00%	44.70%	50.00%	37.54%

## Investment Management

Equador & Mendes - Agência de Viagens e Turismo, Lda	Lisbon	50.00%	37.50%	50.00%	37.50%
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%	50.00%
Nova Equador P.C.O. e Eventos, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
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%
SIRS - Sociedade Independente de Radiodifusão Sonora, SA	Porto	45.00%	40.23%	45.00%	33.78%
Unipress - Centro Gráfico, Lda	Vila Nova de Gaia	50.00%	44.70%	50.00%	37.54%
Viagens y Turismo de Geotur España, S.L.	Madrid (Spain)	50.00%	50.00%	50.00%	50.00%

\* the percentage of total ownership represents the total direct and indirect percentage on the share capital held by the Group.

1) Company liquidated during the period.

## 6.2 Associated Companies

COMPANY	Head Office	Percentage of share capital held			
		30 June 2014		31 December 2013	
		Direct	Total*	Direct	Total*
<b>Retail</b>					
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%
1) Mundo Vip - Operadores Turísticos, SA	Lisbon	-	-	33.34%	33.34%

\* the percentage of ownership total represents the total direct and indirect percentage on the share capital held by the Group.

1) Associated Company liquidated during the period.

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

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

COMPANY	30 June 2014	31 December 2013
<b>Shopping Centres</b>		
Sonae Sierra SGPS, SA (consolidated)	465,709,538	427,254,900
<b>Telecommunications</b>		
ZOPT, SGPS, S.A. (consolidated)	701,485,527	709,606,944
<b>Investment Management</b>		
Raso SGPS, SA (consolidated)	6,015,847	6,147,367
Unipress - Centro Gráfico, Lda	1,021,396	882,859
SIRS - Sociedade Independente de Radiodifusão Sonora, SA	-	-
<b>Investments in joint ventures</b>	<b>1,174,232,308</b>	<b>1,143,892,070</b>
<b>Retail</b>		
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	961,937	899,945
Mundo Vip - Operadores Turísticos, SA	-	-
<b>Investment in associated companies</b>	<b>961,937</b>	<b>899,945</b>
<b>Total</b>	<b>1,175,194,245</b>	<b>1,144,792,015</b>

The aggregated values of main financial indicators of joint controlled companies can be summarized as follows:

Joint ventures	30 June 2014			31 December 2013		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
Investment Management	79,340,343	50,193,053	29,147,290	72,460,580	42,979,002	29,481,578
Shopping Centres b)	2,083,656,783	854,219,806	1,229,436,977	1,990,317,894	863,421,393	1,126,896,501
Telecommunications b)	4,419,596,000	1,910,939,000	2,508,657,000	4,413,649,000	1,902,694,000	2,510,955,000
<b>TOTAL</b>	<b>6,582,593,126</b>	<b>2,815,351,859</b>	<b>3,767,241,267</b>	<b>6,476,427,474</b>	<b>2,809,094,395</b>	<b>3,667,333,079</b>

Joint ventures	30 June 2014			30 June 2013		
	Income	Expenses	Net Profit	Income	Expenses	Net Profit
Investment Management	22,953,661	23,146,650	(192,989)	23,153,594	24,126,968	(973,374)
Shopping Centres b)	179,778,435	98,838,218	80,940,218	71,470,269	97,202,870	(25,732,601)
Telecommunications a)b)	691,041,040	655,849,910	35,191,130	-	-	-
<b>TOTAL</b>	<b>893,773,136</b>	<b>777,834,778</b>	<b>115,938,359</b>	<b>94,623,863</b>	<b>121,329,838</b>	<b>(26,705,975)</b>

a) The variation from 2013 to 2014 arise from the inclusion of Zopt group;

b) Disclosed values are relative to the consolidated accounts of Sonae Sierra and Zopt.

The aggregated values of main financial indicators of associated companies can be summarized as follows:

Associated companies	30 June 2014			31 December 2013		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
Retail	9,845,721	5,997,975	3,847,746	12,140,682	11,125,907	1,014,775
<b>TOTAL</b>	<b>9,845,721</b>	<b>5,997,975</b>	<b>3,847,746</b>	<b>12,140,682</b>	<b>11,125,907</b>	<b>1,014,775</b>

Associated companies	30 June 2014			30 June 2013		
	Income	Expenses	Net Profit	Income	Expenses	Net Profit
Retail	25,240,923	24,927,175	313,748	23,144,686	23,745,412	(600,726)
<b>TOTAL</b>	<b>25,240,923</b>	<b>24,927,175</b>	<b>313,748</b>	<b>23,144,686</b>	<b>23,745,412</b>	<b>(600,726)</b>

During the period ended at 30<sup>th</sup> June 2014 and 2013, movements in investments in joint ventures and associated companies are as follows:

Joinr ventures and associated companies	30 June 2014			30 June 2013		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Initial balance as at January,1	1,067,537,011	77,255,004	1,144,792,015	379,191,284	77,255,004	456,446,288
Gains or losses in joint controlled and associated companies	32,895,032	-	32,895,032	(2,619,889)	-	(2,619,889)
Distributed dividends	(87,095)	-	(87,095)	(158,202)	-	(158,202)
Effect in equity capital and non-controlling interests	(2,405,707)	-	(2,405,707)	(7,272,829)	-	(7,272,829)
	<u>1,097,939,241</u>	<u>77,255,004</u>	<u>1,175,194,245</u>	<u>369,140,364</u>	<u>77,255,004</u>	<u>446,395,368</u>

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

## 7 OTHER NON - CURRENT INVESTMENTS

The caption other non-current investments, their head offices, percentage of share capital held and book value on the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, are as follows:

Company	Head Office	Percentage of share capital held				Statement of financial position	
		30 June 2014		31 December 2013		30 June 2014	31 December 2013
		Direct	Total	Direct	Total		
<b>Retail</b>							
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	7.14%	7.14%	7.14%	7.14%	9,976	9,976
Inscó - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	748,197	748,197
Inscó - Insular de Hipermerc., SA	Ponta Delgada	11.11%	11.11%	-	-	133,162	-
<b>Investment Management</b>							
Lusa - Agên. de Notícias de Portugal, SA	Lisbon	1.38%	1.24%	1.38%	0.75%	197,344	97,344
Cooper Gay Swett & Crawford Ltd	London	9.72%	4.86%	9.72%	4.86%	15,468,095	15,468,095
Other investments						14,692,691	15,668,225
Total (Note 12)						<u>31,249,465</u>	<u>31,991,837</u>

On the 30<sup>th</sup> June 2014, are included in "Other Investments", among others 12,513,275 euro (12,512,681 euro on the 31<sup>st</sup> December 2013) related to deposited amounts on an Escrow Account which is invested in investment funds with superior rating and contractual liability guarantees assumed in the disposal of a Brazil Retail business and for which provisions were recorded in the applicable situations (Note 24).

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 whether or not, to retain the Escrow Account for on-going fiscal procedures that have not yet been decided (Note 25). It is the understanding of the Board of Directors, based on legal opinions of Brazilian and Portuguese lawyers that the reason attends to Sonae.

Financial investment in Cooper Gay Sweet & Crawford Ltd maintained its fair value on the 31<sup>st</sup> December 2013. The valuation of this investment was performed on a binding acquisition proposal received from an unrelated entity and knowledgeable entity of the sector in the last quarter of 2013, which was not considered appropriate by the board of directors of the company.

## 8 CHANGES IN CONSOLIDATION PERIMETER

On January 2014, the Group sold its subsidiary Fozmassimo – Sociedade Imobiliária, SA to an external entity. The impact on the financial statements can be analyzed as follows:

	On the date of disposal
Net assets	
Tangible and intangible assets (Note 9 and 10)	2,777,380
Other assets	23,820
Cash and cash equivalents	14,771
Deferred tax liabilities	(77,521)
Other liabilities	(62,509)
	<u>2,675,941</u>
Profit in disposal	297,373
Consideration received	<u>2,973,313</u>
Effective cash payment received	2,973,313
Future cash receivements	-
	<u>2,973,313</u>
Net cash-flow arising from disposal	
Effective cash payment received	2,973,313
Cash and cash equivalents disposed	(14,771)
	<u>2,958,542</u>
	On the date of disposal
Sales	200,406
Other income	2,329
Other expenses	(109,011)
Net financial expenses	61,418
Profit/(Loss) before taxation	<u>155,142</u>
Profit/(Loss) before taxation	(35,122)
Profit/(Loss) after taxation	<u>120,020</u>

During the six month period ended on the 30<sup>th</sup> June 2014 and 2013, movements in tangible assets as well as depreciation and accumulated impairment losses are made up as follows:

	Tangible assets				Total Tangible Assets
	Land and Buildings	Plant and Machinery	Others	Tangible Assets in progress	
<b>Gross assets:</b>					
Opening balance as at 1 January 2014	1,659,329,823	1,248,692,623	176,539,371	31,848,923	3,116,410,740
Investment	4,110,640	865,184	324,585	48,807,315	54,107,724
Disposals	(1,454,856)	(19,489,717)	(3,118,526)	(3,914,286)	(27,977,385)
Disposals of subsidiaries (Note 8)	(2,758,249)	(397,643)	(3,492)	-	(3,159,384)
Exchange rate effect	32,452	119,127	328,560	896	481,035
Transfers	9,712,129	32,858,424	6,274,809	(50,139,995)	(1,294,633)
Closing balance as at 30 June 2014	1,668,971,939	1,262,647,998	180,345,307	26,602,853	3,138,568,097
<b>Accumulated depreciation and impairment losses</b>					
Opening balance as at 1 January 2014	409,943,585	737,980,900	141,321,852	-	1,289,246,337
Depreciation of the period	12,770,815	50,553,792	6,911,904	-	70,236,511
Disposals	595,269	(16,017,179)	(2,992,267)	-	(18,414,177)
Disposals of subsidiaries (Note 8)	(210,643)	(168,610)	(3,492)	-	(382,745)
Exchange rate effect	16,878	96,941	225,638	-	339,457
Transfers	297,244	(533,650)	(399,260)	-	(635,666)
Closing balance as at 30 June 2014	423,413,148	771,912,194	145,064,375	-	1,340,389,717
Carrying amount as at 30 June 2014	1,245,558,791	490,735,804	35,280,932	26,602,853	1,798,178,380
<b>Gross assets:</b>					
Opening balance as at 1 January 2013	1,944,250,596	2,269,285,934	392,604,946	52,690,950	4,658,832,426
Investment	970,971	2,726,451	8,598,777	56,146,618	68,442,817
Disposals	(565,186)	(17,119,744)	(5,685,478)	(1,741,672)	(25,112,080)
Exchange rate effect	(25,543)	(109,616)	(290,191)	(5,978)	(431,328)
Transfers	6,451,869	55,540,472	2,765,841	(66,708,744)	(1,950,562)
Closing balance as at 30 June 2013	1,951,082,707	2,310,323,497	397,993,895	40,381,174	4,699,781,273
<b>Accumulated depreciation and impairment losses</b>					
Opening balance as at 1 January 2013	448,370,593	1,274,180,207	333,171,848	-	2,055,722,648
Depreciation of the period	17,174,866	87,356,209	16,649,097	-	121,180,172
Disposals	(176,999)	(15,921,341)	(5,561,963)	-	(21,660,303)
Exchange rate effect	(10,206)	(68,891)	(182,212)	-	(261,309)
Transfers	(168,960)	(3,350,621)	(936,536)	-	(4,456,117)
Closing balance as at 30 June 2013	465,189,294	1,342,195,563	343,140,234	-	2,150,525,091
Carrying amount as at 30 June 2013	1,485,893,413	968,127,934	54,853,661	40,381,174	2,549,256,182

The investment during the period ended on the 30<sup>th</sup> June 2014 and 2013 includes:

- approximately 46 million euro (38 million euro in 2013) of assets acquisition primarily associated with the opening and remodelling of stores of Sonae retail operating segments;

- approximately 19.6 million euro in 2013 of assets acquisition 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). On the 27<sup>th</sup> August 2013, following the merger of Zon Optimus, the telecommunications business, including the above assets, was not recognizable (Note 4).

Major amounts included under the caption "Tangible assets in progress" refer to the following projects:

	30 June 2014	30 June 2013
Refurbishment and expansion of stores in the retail businesses located in Portugal	16,695,807	18,836,583
Refurbishment and expansion of stores in the retail businesses located in Spain	900,988	621,332
Projects of "Continente" stores for which advance payments were made	8,639,900	8,304,617
Deployment of fixed and mobile network	-	8,649,784
Others	366,158	3,968,858
	<u>26,602,853</u>	<u>40,381,174</u>

The variation observed in caption "Development of fixed and mobile network" due to the derecognition of assets related to the telecommunications sector in 2013.

The caption "depreciation and impairment losses of the period" in June 2013 included approximately 68.4 million euro that were reclassified to discontinued operations in the income statement (Note 4).

## 10 INTANGIBLE ASSETS

During the six month period ended on the 30<sup>th</sup> June 2014 and 2013, movements in intangible assets as well as depreciation and accumulated impairment losses, are made up as follows:

	Intangible assets			Total Intangible Assets
	Patents and other similar rights	Others	Intangible assets in progress	
<b>Gross assets:</b>				
Opening balance as at 1 January 2014	115,657,930	273,625,596	29,084,967	418,368,493
Investment	9,680	414,419	22,794,334	23,218,433
Disposals	(276,277)	(894,004)	(81,870)	(1,252,151)
Disposals of subsidiaries (Note 8)	(741)	-	-	(741)
Exchange rate effect	67,258	2,488,055	10,639	2,565,952
Transfers	160,349	15,247,908	(15,594,686)	(186,429)
Closing balance as at 30 June 2014	<u>115,618,199</u>	<u>290,881,974</u>	<u>36,213,384</u>	<u>442,713,557</u>
<b>Accumulated depreciation and impairment losses</b>				
Opening balance as at 1 January 2014	32,462,492	183,051,845	-	215,514,337
Depreciation of the period	2,718,052	11,516,315	-	14,234,367
Disposals	(275,121)	(870,281)	-	(1,145,402)
Disposals of subsidiaries (Note 8)	-	-	-	-
Exchange rate effect	30,712	1,088,061	-	1,118,773
Transfers	32,207	(59,861)	-	(27,654)
Closing balance as at 30 June 2014	<u>34,968,342</u>	<u>194,726,079</u>	<u>-</u>	<u>229,694,421</u>
Carrying amount as at 30 June 2014	<u>80,649,857</u>	<u>96,155,895</u>	<u>36,213,384</u>	<u>213,019,136</u>

	Intangible assets			Total Intangible Assets
	Patents and other similar rights	Others	Intangible assets in progress	
<b>Gross assets:</b>				
Opening balance as at 1 January 2013	574,470,896	548,119,686	44,117,440	1,166,708,022
Investment	11,369,477	549,169	20,284,984	32,203,630
Disposals	(434)	(173,256)	(251,407)	(425,097)
Exchange rate effect	(42,110)	(2,214,142)	(4)	(2,256,256)
Transfers	243,216	9,221,939	(11,679,157)	(2,214,002)
Closing balance as at 30 June 2013	586,041,045	555,503,396	52,471,856	1,194,016,297
<b>Accumulated depreciation and impairment losses</b>				
Opening balance as at 1 January 2013	205,977,682	398,275,118	-	604,252,800
Depreciation of the period	21,915,900	20,058,503	-	41,974,403
Disposals	(434)	(171,029)	-	(171,463)
Exchange rate effect	(10,622)	(862,949)	-	(873,571)
Transfers	(36,181)	(1,163,540)	-	(1,199,721)
Closing balance as at 30 June 2013	227,846,345	416,136,103	-	643,982,448
Carrying amount as at 30 June 2013	358,194,700	139,367,293	52,471,856	550,033,849

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

In accordance with the Agreement established on the 5<sup>th</sup> June 2007 with the Ministério das Obras Públicas, Transportes e Comunicações ('MOPTC') part of these commitments, up to 159 million euro, would be realized 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 recognized by the MOPTC and by entities created specifically for this purpose. 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 realized, 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 was recognized as an additional cost of UMTS license, against an entry in the captions 'Other non-current liabilities' and 'Other current liabilities'. Thus, on the 31<sup>st</sup> December 2013, all the responsibilities with such commitments were derecognized from consolidated financial statements following the merger between Optimus SGPS and Zon following derecognition of assets and liabilities of the telecommunications business (Note 4).

Intangible assets on the 30<sup>th</sup> June 2013, 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). During the year ended 31<sup>st</sup> 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. This asset was derecognized, on the 31<sup>st</sup> December 2013, following the merger between Optimus SGPS and Zon and consequent derecognition of assets and liabilities of the telecommunications segment (Note 4).



On the 30<sup>th</sup> June 2013, the Group kept recorded under the heading 'Intangible assets – brands and contents' the amount of 166,347,297 euro that correspond to the investments net of depreciations made in the development of the UMTS network, including: (i) 53,505,042 euro related to the license; (ii) 17,573,859 euro related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal; (iii) 5,338,249 euro related to a contribution, established in 2007, under an agreement entered with 'MOPCT' and the three mobile telecommunication operators in Portugal; and (iv) 86,424,087 euro related with the programme 'Initiatives E', these last two associated to the commitments assumed by the Group in relation to the 'Information Society'. These assets were derecognized, on the 31<sup>st</sup> December 2013, following the merger between Optimus SGPS and Zon and consequent derecognition of assets and liabilities of the telecommunications segment (Note 4).

Additionally the caption "Patents and other similar rights" includes the acquisition cost of a group of brands with indefinite useful lives among which the "Continente" brand, acquired in previous years, amounting to 75,000,000 euro (the same amount on 2013).

## 11 GOODWILL

During the six month period ended on the 30<sup>th</sup> June 2014 and 2013 movements in goodwill, as well as in corresponding impairment losses, were made up as follows:

	30 June 2014	30 June 2013
Opening balance	624,540,640	664,502,705
Increases	-	348,808
Currency translation	2,088,381	(1,881,119)
Write-off	(2,325)	-
Closing balance	<u>626,626,696</u>	<u>662,970,394</u>
Accumulated impairment losses		
Opening balance	14,352,782	6,274,655
Increases	-	-
Closing balance	<u>14,352,782</u>	<u>6,274,655</u>
Carrying amount:	<u>612,273,914</u>	<u>656,695,739</u>

## 12 OTHERS INVESTMENTS

On the 30<sup>th</sup> June 2014 and 2013 the movements in caption "Other Investments" can be detailed as follows:

	30 June 2014		30 June 2013	
	Non current	Current	Non current	Current
Other investments:				
Fair value (net of impairment losses) as at 1 January	31,991,837	202,448,454	59,877,723	881,581
Acquisitions in the period	24	17	1,651,791	23,093
Disposals in the period	(729,570)	(141,650,837)	(21,614,827)	(864,405)
Increase/(Decrease) in fair value	5,389	(7,931,358)	(8,573,927)	-
Transfers	(18,215)	150,763	-	-
Fair value (net of impairment losses) as at 30 June	<u>31,249,465</u>	<u>53,017,039</u>	<u>31,340,760</u>	<u>40,269</u>
Derivative financial instruments (Note 20)				
Fair value as at 1 January	-	35,999	-	30,341
Acquisitions in the period	-	468,601	-	-
Increase/(Decrease) in fair value	-	23,697	-	307,301
Fair value as at 30 June	<u>-</u>	<u>528,297</u>	<u>-</u>	<u>337,642</u>
	<u>31,249,465</u>	<u>53,545,336</u>	<u>31,340,760</u>	<u>377,911</u>

Under the caption other non-current financial investments an amount of 12,513,275 euro (12,512,674 euro on the 30<sup>th</sup> June 2013) is recorded related to deposited amounts on an Escrow Account (Note 7). The caption of the "decreases" during 2013 results from the use of the Escrow Account for payment concerning civil and labor cases mentioned in Note 24.

In "Other Investments Currents" are recorded 52,860,154 euro of shares NOS, that resulted from the merger process between Optimus SGPS and ZON (Note 4). This investment is recorded at fair value through profit and loss accounts, since it is an asset for the purpose of selling in the short term. As stated in the shareholder agreement, these shares do not confer any additional voting or interfere in the situation of shared control in Zon Optimus. In June 2014 Zon Optimus, SGPS, SA changed its name to NOS, SGPS, SA.

The decreases on the 30<sup>th</sup> June 2014 represent the counterpart in shares NOS provided for under the terms of the exchange General Public and Voluntary Offer purchase of shares Sonaecom SGPS, SA. As a result of this offer the Sonaecom has reduced its investment in shares NOS in 26,476,792 shares (141,650,837 euros) (Note 18), and now holds 11,012,532 shares representing 2,14% of the share capital of NOS.

The increase in fair value under the caption "Other current Investments" includes 7,931,359 euro on the recording of the fair value of the participation of NOS. The fair value of the investment is determined based on the price of NOS shares and the respective changes are recorded in the consolidated income statement.

The Other non-current Investments are recorded at acquisition cost net of impairment losses. It is Sonae understanding that no reliable fair value estimate can be made as there is no market data available for these investments. The heading of "Other non-current Investments" includes 3,268,062 euro (3,142,027 euro on the 30<sup>th</sup> June 2013) of investments recorded at acquisition cost net of impairment losses for the same reasons.

The Other non-current Investments are net of impairment losses (Note 24) amounting to 258,070 euro (86,196 euro on the 30<sup>th</sup> June 2013).

### 13 OTHER NON - CURRENT ASSETS

On the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, other non- current assets are detailed as follows:

	30 June 2014			31 December 2013		
	Gross Value	Accumulated impairment losses (Note 24)	Carrying Amount	Gross Value	Accumulated impairment losses (Note 24)	Carrying Amount
Loans granted to related parties	3,570	-	3,570	3,570	-	3,570
Trade accounts receivable and other debtors						
Legal deposits	883,536	-	883,536	818,011	-	818,011
Recognition of the value to be received from Wall Mart	8,532,328	-	8,532,328	7,858,057	-	7,858,057
Cautions	4,724,424	-	4,724,424	5,725,333	-	5,725,333
Others	266,918	-	266,918	276,249	-	276,249
	<u>14,407,206</u>	<u>-</u>	<u>14,407,206</u>	<u>14,677,650</u>	<u>-</u>	<u>14,677,650</u>
Reinsurer's' share of technical provisions	6,458,811	-	6,458,811	16,789,943	-	16,789,943
Other non-current assets	340,549	-	340,549	499,450	-	499,450
	<u>21,210,136</u>	<u>-</u>	<u>21,210,136</u>	<u>31,970,613</u>	<u>-</u>	<u>31,970,613</u>

As a result of the agreements signed in 2005 by the former subsidiary - Sonae Distribuição Brazil, SA (sold to Wal-Mart in 2005) with Carrefour Comércio e Indústria Ltda, Sonae assumed 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 8.5 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 were presented to Sonae, or proof of the necessity of carrying out such costs for the licensing process as established on the mentioned agreements. The variation in the period is explained by the evolution of the exchange rate of the real against the euro.

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 Comercio e Industria, Ltda., through society Wms - Supermarkets in Brazil, SA (formerly Sonae Distribution Brazil, SA, sold to Wal-Mart Group, as mentioned above) to recover the above mentioned amount (for Sonae, by right of claim on the Wms). 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. It is expected that the legal proceeding will exist for a period up to 7 years, since its beginning in 2011.

#### 14 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

On the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, trade account receivable and other current assets are detailed as follows:

	30 June 2014	31 December 2013
Trade accounts receivable	91,162,664	85,286,518
Taxes recoverable	69,954,112	72,447,501
Granted loans to related companies	7,829,223	8,599,429
Other debtors		
Trade creditors - debtor balances	47,426,775	34,270,501
Special regime for payment of tax and social security debts	28,361,908	28,354,934
Dividends to be received of jointly controlled companies	10,567,050	10,567,050
Vouchers and gift cards	4,009,014	3,289,808
VAT recoverable on real estate assets	1,424,198	2,905,724
Advances to suppliers	455,763	665,532
Reinsurance operations	5,562,716	2,102,625
Deposit in favor of Cosec	-	11,798,127
TRS related to own shares	-	410,944
Interests and accounts receivable from discontinued activities <sup>a)</sup>	-	10,936,329
Other current assets	24,211,155	23,985,624
	<u>122,018,579</u>	<u>129,287,198</u>
Other current assets		
Invoices to be issued	9,600,905	6,251,905
Commercial discounts	81,430,107	30,455,235
Prepayments of external supplies and services	13,855,722	12,077,662
Prepayments - Rents	5,855,015	6,210,168
Commissions to be received	1,729,517	2,627,215
Insurance indemnities	6,872,700	2,430,736
Other current assets	12,866,425	11,484,397
	<u>132,210,391</u>	<u>71,537,318</u>
Accumulated impairment losses in receivables accounts (Note 24)	<u>(21,759,538)</u>	<u>(21,486,090)</u>
	<u>401,415,431</u>	<u>345,671,874</u>

<sup>c)</sup> The most significant variations under this caption result from the merger referred to in Note 4.

Deferred tax assets and liabilities on the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Difference between fair value and acquisition cost	5,896,033	5,911,741	27,379,272	27,533,300
Amortisation and Depreciation	1,670,639	1,371,758	70,481,876	62,855,081
Provisions and impairment losses not accepted for tax purposes	42,679,351	38,828,805	639,053	-
Write off of tangible and intangible assets	2,749,373	3,663,000	-	-
Valuation of hedging derivatives	25,901	210,756	214,449	60,252
Amortisation of Goodwill for tax purposes	-	-	25,826,060	25,128,058
Revaluation of tangible assets	-	-	1,477,521	1,543,774
Tax losses carried forward	80,040,576	62,456,417	-	-
Reinvested capital gains/(losses)	-	-	1,446,506	1,512,257
Tax Benefits	4,155,146	4,464,928	-	-
Financing costs	545,817	-	-	-
Others	5,585,099	6,252,459	6,285,046	2,463,247
	<u>143,347,935</u>	<u>123,159,864</u>	<u>133,749,783</u>	<u>121,095,969</u>

In accordance with the tax statements and tax estimates presented by companies that recorded deferred tax assets arising from tax losses carried forward, on the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	30 June 2014			31 December 2013		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2008	1,252,423	288,057	2014	1,296,239	298,135	2014
Generated in 2009	142,501	32,775	2015	145,240	33,405	2015
Generated in 2010	-	-	2014	99,670	22,924	2014
Generated in 2011	994,069	247,202	2015	1,199,591	294,472	2015
Generated in 2012	-	-	2017	87,055	20,023	2017
Generated in 2013	-	-	2018	-	-	-
Generated in 2014	53,932,978	12,404,585	2026	-	-	-
	<u>56,321,971</u>	<u>12,972,619</u>		<u>2,827,795</u>	<u>668,959</u>	
With a time limit different from the above mentioned (a)	223,061,881	67,067,957		205,722,563	61,787,458	
	<u>279,383,852</u>	<u>80,040,576</u>		<u>208,550,358</u>	<u>62,456,417</u>	

- (a) Includes, on the 30<sup>th</sup> June 2014, 65 million euro (58 million euro as at 31 December 2013) related to deferred tax assets for which the carry forward period count hasn't started.

On the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, 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 may be offset against available tax losses or against deductible temporary differences. This evaluation centered on the business plan of Sonae entities, which were reviewed and updated periodically, and on the available and identified fiscal opportunities.

On the 30<sup>th</sup> June 2014 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 65 million euro (57.9 million euro on the 31<sup>st</sup> December 2013). 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, on the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, 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, that the mentioned deferred tax assets are fully recoverable.

On the 30<sup>th</sup> June 2014 there was tax losses carried forward, for which no deferred tax assets were recognized due to uncertainties of their future use. These may be summarized as follows:

	30 June 2014			31 December 2013		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use						
Generated in 2008	8,367,620	1,924,553	2014	8,723,778	2,120,486	2014
Generated in 2009	10,679,256	2,456,229	2015	10,226,350	2,404,541	2015
Generated in 2010	10,856,223	2,496,931	2014	11,187,572	2,624,821	2014
Generated in 2011	7,851,820	1,805,919	2015	7,520,472	1,784,165	2015
Generated in 2012	11,599,478	2,667,880	2017	11,599,479	2,756,301	2017
Generated in 2013	18,073,518	4,156,909	2018	17,313,620	4,036,044	2018
Generated in 2014	8,166,952	1,878,399	2026	-	-	
	<u>75,594,867</u>	<u>17,386,820</u>		<u>66,571,271</u>	<u>15,726,358</u>	
Without limited time use	40,243,201	11,246,554		36,681,986	7,303,523	
With a time limit different from the above mentioned	259,223,885	72,267,764		253,301,226	70,394,923	
	<u>375,061,953</u>	<u>100,901,138</u>		<u>356,554,483</u>	<u>93,424,804</u>	

## 16 CASH AND CASH EQUIVALENTS

On the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, Cash and cash equivalents can be detailed as follows:

	30 June 2014	31 December 2013
Cash at hand	7,394,967	7,547,903
Bank deposits	226,501,879	197,242,711
Treasury applications	174,519,228	161,518,304
Cash and cash equivalents on the statement of financial position	<u>408,416,074</u>	<u>366,308,918</u>
Bank overdrafts (Note 19)	<u>(4,356,814)</u>	<u>(439,462)</u>
Cash and cash equivalents on the statement of cash flows	<u>404,059,260</u>	<u>365,869,456</u>

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

## 17 CAPITAL SOCIAL

On the 30<sup>th</sup> June 2014, 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 the 15<sup>th</sup> 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 share capital.

This transaction has a 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 Investments BV 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 23), 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 Sonae 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, on the 4<sup>th</sup> January 2008, demerger rights attributable to the 132,800,000 Sonae SGPS, SA shares subject to the above mentioned agreement, Sonae recognized an asset measured at its' fair value . This asset has not been derecognized as Sonae also entered into a Cash Settled Equity Swap over the Sonae Capital SGPS, SA shares, and therefore a liability was recognized.

From 2009 to 2013 Sonae Investments BV requested a partial cancellation of the Cash Settled Equity Swap for 10,719,496 Sonae Holding shares. Thereafter, the derivative financial instrument focused on 122,080,504 Sonae Holding shares.

On the 19<sup>th</sup> 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 3 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<sup>st</sup> December 2012 Sonae Capital shares were disposed. In November 2013 was carried further renewal for a further period of one year, keeping the other conditions unchanged.

Considering the operations mentioned above, the amount of the liability recorded amounts to 103,720,530 euro (Note 23) (103,289,056 euro on the 31<sup>st</sup> December 2013) reflecting the market value of Sonae Holding shares.

These liabilities are adjusted at the end of each month by the effect in Sonae Holding 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.

Additionally, the costs related to the "floating amount" based on Euribor 1 month are recognized 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 number of shares taken into account to calculate earnings per share includes the shares referred to above as a deduction to the shares issued by the Company (Note 28).

On the 30<sup>th</sup> June 2014, the following entities held more than 20% of the subscribed share capital:

Entity	%
Efanor Investimentos, SGPS, SA and affiliated	52.48

## 18 NON - CONTROLLING INTEREST

The Movements in non-controlling interests during the periods ended on the 30<sup>th</sup> June 2014 and 2013 are as follows:

	30 June 2014	30 June 2013
Opening balance as at 1 January	344,325,829	349,901,121
Dividends	(160,414)	(10,845,508)
Increased shareholding by acquisitions	(178,793,548)	(130,826,182)
Change in currency translation reserve	938,535	(1,017,998)
Obligation fulfilled by share attribution to employees	(832,621)	-
Change in the fair value of investments available for sale	-	(4,286,106)
Changes in hedge and fair value reserves	7,355	21,148
Decreased shareholding by disposals	899,117	-
Others	(1,673,412)	560,288
Profit for the period attributable to non-controlling interests	(678,485)	8,502,622
Closing balance	164,032,356	212,009,385

On the 5<sup>th</sup> February 2014, Sonaecom made public the decision to launch a general and voluntary tender offer for the acquisition of shares representing the share capital of Sonaecom.

The offer was general and voluntary, with the offered obliged to acquire all the shares that were the object of the offer and were, until the end of the respective period, subject to valid acceptance by the recipients.

The period of the offer, during which sales orders were received, ran for two weeks, beginning on the 6<sup>th</sup> February and ending on the 19<sup>th</sup> February 2014.

On the 20<sup>th</sup> February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares. During 2014 Sonaecom reduced its capital by 136 million as a result of the extinction of the own shares acquired (54,906,831 shares) and reduction of the nominal value of the remaining shares of capital stock of the of Sonaecom 1 euro to 0.74 euro per share, resulting in an increase in the percentage of ownership of the Group and consequently a significant reduction of non-controlling interest, as explained in the above table in the caption " Increased shareholding by acquisitions " in the period ending 30<sup>th</sup> June 2014.

As a return for the own shares acquired in this General Public Offer and Voluntary process Sonaecom delivered 26,476,792 shares representing the share capital of NOS which were recorded in the balance sheet by 141,650,837 euro (Note 12) and the amount of 19,632 euro in cash.

On the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, Loans are made up as follows:

	30 June 2014		31 December 2013	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae, SGPS, SA / 2012	1,502,486	-	1,961,683	-
Sonae, SGPS, SA / 2012/2015	75,000,000	-	-	75,000,000
Sonae, SGPS, SA - commercial paper	-	135,000,000	-	20,000,000
Sonae Investimentos, SGPS, SA - commercial paper	107,500,000	180,000,000	32,500,000	65,000,000
Sonae Investimentos affiliated /2011/2026	20,000,000	35,000,000	20,000,000	45,000,000
MDS, SGPS, SA - commercial paper	2,500,000	15,750,000	2,500,000	15,700,000
MDS SGPS, SA affiliated / 2011/2016	3,843,159	13,155,709	3,530,206	12,125,491
Others	4,981,318	6,981,222	4,925,194	9,429,115
	215,326,963	385,886,931	65,417,083	242,254,606
Bank overdrafts (Note 16)	4,356,814	-	439,462	-
Up-front fees beard with the issuance of borrowings	(442,235)	(376,406)	(64,638)	(1,090,766)
Bank loans	219,241,542	385,510,525	65,791,907	241,163,840
Bonds				
Bonds Sonae SGPS / 2007/2014	-	-	150,000,000	-
Bonds Sonae SGPS / 2007/2015	250,000,000	-	-	250,000,000
Bonds Continente -7% /2012/2015	-	197,571,166	-	200,000,000
Bonds Sonae Investments BV/ 2014/2019	-	188,187,000	-	-
Bonds Sonae Investimentos SGPS / 2007/2015	-	200,000,000	-	200,000,000
Bonds Sonae Investimentos SGPS / 2007/2015	-	155,000,000	-	155,000,000
Bonds Sonae Investimentos SGPS / 2009/2014	-	-	10,000,000	-
Bonds Sonae Investimentos SGPS/ 2012/2017	-	170,000,000	-	170,000,000
Bonds Sonae Investimentos SGPS/ 2013/2018	-	50,000,000	-	50,000,000
Sonae Investimentos SGPS/2013-EUR 75 M.Floating R.Notes-2018	-	75,000,000	-	75,000,000
Bonds Sonaecom SGPS/ 2013/2016	-	-	-	20,000,000
Up-front fees beard with the issuance of borrowings	(311,999)	(7,129,575)	(37,642)	(6,600,100)
Bonds	249,688,001	1,028,628,591	159,962,358	1,113,399,900
Other loans	15,351	53,936	33,466	53,936
Derivative instruments (Note 20)	134,790	-	3,836,167	-
Other loans	150,141	53,936	3,869,633	53,936
Obligations under finance leases	4,548,176	6,203,394	4,314,843	7,980,489
	473,627,860	1,420,396,446	233,938,741	1,362,598,165

In June 2014 a subsidiary of Sonae SGPS, SA issued bonds that are convertible into Sonae shares already issued and fully subscribed or to be the subject of further issue.

The bonds were issued at par in a nominal amount of EUR 100,000 per bond, with a maturity of 5 years, and will pay a fixed coupon of 1.625% per annum, payable semi-annually in arrears.

The bonds will be redeemable at par at maturity. The Issuer will have the right to redeem all outstanding bonds at par plus accrued interest on or after the third anniversary following the issue of the bonds if the aggregate value of the shares per bond for a specified period of time exceeds 130% of the nominal amount of the bonds or if 85% or more of the bonds initially issued shall have been converted, redeemed or purchased and cancelled.

In this context Sonae registered the convertible bond for the amount of 188,187,000 euro, deducted by the fair value of the conversion option into Sonae SGPS shares, in the amount of 22,313,000 euro. This amount is recorded in the caption "Fair value reserve" in equity.

The average interest rate on the 30<sup>th</sup> June 2014 of bonds and loans was of 3.09% (3.19% on the 31<sup>st</sup> December 2013). Most bonds and bank loans bear interests at variable interest rates indexed to Euribor.



On the 30<sup>th</sup> June 2014, Sonae has agreed lines of credit and commercial paper amounting to 1,326 million euro, out of which 377 million euro with firm commitments with maturity not exceeding one year and 646 million euro with firm commitments with maturity over 1 year.

Under the above mentioned lines of credit and commercial paper programs with firm commitments, Group had 548 million euro credit facilities available to meet its liquidity requirements.

The derivative instruments are recorded at fair value (Note 20).

The loans nominal value has the following maturities:

	30 June 2014	31 December 2013
N+1 <sup>a)</sup>	474,247,304	230,204,854
N+2	655,412,518	953,858,993
N+3	240,335,662	159,231,129
N+4	75,240,154	99,897,102
N+5	407,317,225	149,488,617
After N+5	49,596,868	7,813,190
	<u>1,902,149,731</u>	<u>1,600,493,885</u>

a) Includes the amounts drawn under commercial paper programs.

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.

## 20 DERIVATIVES

### Exchange rate derivatives

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

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

On the 30<sup>th</sup> June 2014, there are no exchange rate derivatives which haven't been considered heading instruments. The fair value of exchange rate derivatives hedging instruments, calculated based on present market value of equivalent financial instruments of exchange rate, is 134,790 euro as liabilities and assets as 528,297 euro (1,415,143 euro as liabilities and 35,999 euro as assets on the 31<sup>st</sup> December 2013).

The determination of the fair value of these financial instruments was made taking into account 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 are recorded under the caption "Hedging reserve" when considered cash flow hedging and when considered as fair value hedging are recorded under the caption "Financial income" or "Financial expenses". The change in fair value of derivative instruments when considered speculation is recorded in the income statement under "Other Costs".

### Interest rate derivatives

On the 30<sup>th</sup> June 2014, Sonae has not hired hedging instruments that refer to swaps and interest rate options ("cash flow hedges"). These were negotiated to hedge the interest rate risk of loans. On the 31<sup>st</sup> December 2013 the covered amount by this type of financial derivatives was 150,000,000 euro. The net fair value of these derivatives amounts to -2,421,024 euro.

The derivatives were valued 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 flow of these instruments, as confirmed during 2014.

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 of 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

On the 30<sup>th</sup> June 2014 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	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Hedging derivatives				
Exchange rate	528,297	35,999	134,790	1,415,143
Interest rate	-	-	-	2,421,024
	<u>528,297</u>	<u>35,999</u>	<u>134,790</u>	<u>3,836,167</u>

## 21 OTHER NON - CURRENT LIABILITIES

On the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, "Other non-current liabilities" are detailed as follows:

	30 June 2014	31 December 2013
Shareholders loans	13,471,827	13,298,924
Fixed assets suppliers	1,601,708	1,626,708
Deferral of the disposal of the extended warranties	33,470,386	25,679,570
Other non-current liabilities	2,794,564	3,210,995
Accruals and deferrals	7,091,285	7,431,684
Other non-current liabilities	<u>58,429,770</u>	<u>51,247,881</u>

The caption "Shareholders 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.

## 22 SHARE BASED PAYMENTS

In 2014 and previous years, Sonae in accordance with the remuneration policy described in the corporate governance report of 2013, 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 year of the grant date and the end of that year.

On the 30<sup>th</sup> June 2014, all Sonae SGPS 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 2014, 2013 and 31<sup>st</sup> December 2012. Share-based payments costs are recognized on a straight line basis between the grant and the settlement date.

On the 10<sup>th</sup> March 2014, Sonaecom shares plans were fully converted into Sonae SGPS shares. This conversion was based on the terms set out in tender offer for the general and voluntary acquisition of own shares on the 20<sup>th</sup> February 2014, referred to in Note 18 to determinate the fair value of Sonaecom plans, and based on the price of shares Sonae SGPS. In this way, each Sonaecom share corresponded to 0.48228346 shares NOS.

The conversion of the plans was based Sonaecom / Sonae SGPS implied ratio arising from the tender offer (1 Sonaecom Share – approximately 2.05 Sonae SGPS shares).

On the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, 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:

	Grant year	Vesting year	Number of shares						
			Number of participants		Share price on date of assignment		30 June 2014	31 December 2013	
			Sonae SGPS	Sonaecom	Sonae SGPS	Sonaecom	Sonae SGPS	Sonae SGPS	Sonaecom
Shares	2011	2014	55	44	0.811	1.399	-	3,984,562	477,778
	2012	2015	74	46	0.401	1.256	9,124,613	6,648,312	540,805
	2013	2016	77	48	0.701	1.505	5,805,629	3,471,375	406,903
	2014	2017	286	-	1.199	1.258	4,770,001	-	-
Total							19,700,243	14,104,249	1,425,486

During the period ending on the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, the movements on the above mentioned share based plans were the following:

	Sonae Shares		Sonaecom Shares	
	Aggregate number of participants	Number of Shares	Aggregate number of participants	Number of Shares
Closig balance as at 31 December	181	14,104,249	135	1,425,486
Grant	283	4,639,842	-	-
Vesting	(117)	(4,516,138)	-	-
Converted	135	2,923,738	(135)	(1,425,486)
Canceled / extinct / corrected / transferred <sup>(1)</sup>	49	2,548,552	-	-
Closig balance as at 30 June 2014	531	19,700,243	-	-

(1) Corrections are made on the basis of the dividend paid and the changes of share capital and other equity adjustments.

On the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, the fair value of total liabilities on the date of allocation arising from share-based payments, which have not yet vested, may be summarized as follows:

Grant year	Vesting year	Fair value *		
		30 June 2014	31 December 2013	
		Sonae SGPS	Sonae SGPS	Sonaecom
2011	2014	-	3,831,488	212,649
2012	2015	9,004,296	3,487,040	269,234
2013	2016	3,383,033	606,912	47,778
2014	2017	953,205	-	-
Total		13,340,534	7,925,440	529,661

\* Share market value as of the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013.

On the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013 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:

	30 June 2014	31 December 2013
Recorded in staff costs	2,692,557	3,547,677
Recorded in previous years	4,033,486	2,928,998
	6,726,043	6,476,675
Recorded in other liabilities	1,950,751	592,658
Recorded value in Other reserves	4,775,292	5,884,017
	6,726,043	6,476,675

## 23 TRADE CREDITORS AND OTHER CURRENT LIABILITIES

On the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, "Trade creditors and other current liabilities" were made up as follows:

	30 June 2014	31 December 2013
Trade creditors	913,600,001	1,162,317,682
Taxes payable	67,533,243	55,757,125
Other creditors		
Fixed asset suppliers	128,735,993	140,215,384
Related undertakings	96,397	-
Other debts	184,162,178	173,098,204
	312,994,568	313,313,588
Other current liabilities		
Tangible assets accrued costs	7,232,499	5,090,656
Holiday pay and bonuses	110,646,718	106,440,174
Interests payable	14,787,940	15,321,429
Invoices to be issued	3,340,166	2,252,529
Marketing expenses	13,376,931	14,853,351
Other external supplies and services	40,475,203	41,371,260
Advance receipts from trade receivables	8,505,871	10,813,245
Accrued income - rents	6,160,733	4,207,271
Others	17,655,121	14,318,679
	222,181,182	214,668,594
	1,516,308,994	1,746,056,989

The caption "Other debts" includes the amount of 103,720,530 euro (103,289,056 euro on the 31<sup>st</sup> December 2013) concerning at fair value of shares Sonae Holding covered by financial derivative referred to in Note 17.

The caption "Suppliers of fixed assets" includes the amount of 104,203,785 euro (102,095,077 euro on the 31<sup>st</sup> December 2013) relating to an agreement with a subsidiary of France Telecom ("FT - Orange") on the transfer of 20% of equity of Sonaecom SGPS, SA to Sonae SGPS, SA. Taking into account that under this agreement, the rights related with these shares were transferred to Sonae, the Company recorded this asset acquisition through a deferred payment. The value, by which this asset was accounted for, corresponds to the agreed price in the case of the existence of a consolidation operation in the telecommunications sector in Portugal (a fact that was confirmed later) discounted to the time of the acquisition. This account payable is accounted for at its discounted amount (to be paid on August 2014).

## 24 PROVISION AND ACCUMULATED IMPAIRMENT LOSSES

The movement in "Provisions and impairment losses" during six month period ended on the 30<sup>th</sup> June 2014 and 2013 were as follows:

Caption	Balance as at 1 January 2014	Increase	Decrease	Balance as at 30 June 2014
Accumulated impairment losses on investments (Note 12)	2,358,392	-	(2,100,322)	258,070
Impairment losses on fixed tangible assets	152,883,610	-	(4,099,640)	148,783,970
Impairment losses on intangible assets	1,497,119	-	-	1,497,119
Accumulated impairment losses on trade account receivables and other debtors (Note 14)	21,486,090	1,332,733	(1,059,285)	21,759,538
Accumulated impairment losses on inventories	32,667,082	-	(917,766)	31,749,316
Non current provisions	50,659,919	262,872	(12,924,590)	37,998,201
Current provisions	2,828,507	9,483	(4,250)	2,833,740
	<u>264,380,719</u>	<u>1,605,088</u>	<u>(21,105,853)</u>	<u>244,879,954</u>

Caption	Balance as at 1 January 2013	Increase	Decrease	Balance as at 30 June 2013
Accumulated impairment losses on investments	1,187,115	-	(919)	1,186,196
Accumulated impairment losses on other non-current assets	1,000,000	-	-	1,000,000
Accumulated impairment losses on trade account receivables and other debtors	101,205,188	16,574,014	(26,429,388)	91,349,814
Accumulated impairment losses on inventories	47,538,542	-	(6,089,812)	41,448,730
Non current provisions	114,470,445	1,930,057	(29,599,588)	86,800,914
Current provisions	2,426,809	3,892,169	(766,066)	5,552,912
	<u>267,828,099</u>	<u>22,396,240</u>	<u>(62,885,773)</u>	<u>227,338,566</u>

On the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, provision's details can be analyzed as follows:

	30 June 2014	31 December 2013
Technical provisions on reinsurance	8,270,843	18,116,091
Future liabilities relating to subsidiaries of retail in Brazil sold	14,625,998	13,470,170
Clients guarantees	11,240,751	13,890,215
Judicial claims	4,596,778	2,592,579
Others	2,097,571	5,419,371
	<u>40,831,941</u>	<u>53,488,426</u>

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

On the 30<sup>th</sup> June 2014 and 31<sup>st</sup> December 2013, major contingent liabilities were guarantees given and can be detailed as follows:

- Guarantees and sureties given

	30 June 2014	31 December 2013
Guarantees given:		
on tax claims	916,169,244	853,320,334
on judicial claims	356,420	211,268
on municipal claims	6,312,639	6,284,639
contract by proper compliments	19,409,143	19,829,236
other guarantees	4,039,481	3,531,287

a) Tax claims

The main tax claims were bank guarantees given or sureties as follows:

- Sonae MC and Sonae SR retail operating segment subsidiaries of the Company granted guarantees or securities in favor of the Portuguese Tax Administration, associated with tax claims for additional VAT payment amounting to 433.1 million euro (375 million euro on the 31<sup>st</sup> December 2013) related from 2004 to 2010, 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 caption guarantees given on tax claims include guarantees granted, in the amount of 83.9 million euro, in favor of Tax authorities regarding 2007, 2008, 2009 and 2010. 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, as well as to the disregard of the reinvestment concerning capital gains in share disposal, and the fact that demerger operations must be disregarded for income tax purposes. 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;
- Sureties in the amount of, approximately, 60 million euro as a result of a tax appeal presented by the Company concerning an additional tax assessment by Tax authorities, relating to 31<sup>th</sup> December 2005, following the correction of taxable income for corresponding to a prior cover tax losses accumulated by the subsidiary, which has been brought to the cost of participation, moreover, as is understanding already signed by the Tax Administration itself, and now understood that in this case should not consider the amount of the cost of participation, thus including cover losses upon liquidation of the subsidiary company;
- Sureties in the amount of, approximately 50 million euro, following a tax appeal presented by the Company concerning additional tax assessments made by Tax authorities, relating to 31<sup>th</sup> 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;
- Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 21.9 million euro (65.6 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 42.6 million euro (127.9 million Brazilian real). The difference between the value of the contingency and the value of the guarantee relates with the update of the related responsibility.

## b) Contingent liabilities related to tax claims paid under regularization programs of tax debts

Within the framework of regularization of tax debts to Tax Authorities, (Outstanding Debts Settlement of Tax and Social Security - Decree of Law 151-A/2013 e Decree of Law 248-A), the Group made tax payments in the amount of, approximately, 28 million euro, having the respective guarantees been eliminated. The related tax appeals continue in courts, having the maximum contingencies been reduced through the elimination of fines and interests related with these tax assessments.

As permitted by law, the Group maintains the legal proceedings, in order to establish the recovery of those amounts.

## c) Other contingent liabilities

- Contingent liabilities related to discontinued activities in subsidiaries in Brazil

In addition to the previously disclosed guarantees, as a consequence of the sale of a subsidiary in Brazil, Sonae guaranteed to the buyer of the subsidiary 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 (on the 13<sup>rd</sup> December 2005) and that exceed 40 million euro. On the 30th June 2014, 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 (28.3 million euro) related to programs for the Brazilian State of tax recovery, amount to near 37.8 million euro (37.8 million euro on the 31<sup>st</sup> December 2013). Furthermore, there are other tax assessments totaling 61.3 million euro (61.3 million euro on the 31<sup>st</sup> December 2013) for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary;

It was not created any provision to cover possible risks related to events/disputes for which guarantees were given for being understanding of the Board of Directors that the resolution of these events / disputes without loss to Sonae.

## 26 RELATED PARTIES:

Balances and transactions with related parties are detailed as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	30 June 2014	30 June 2013 Restated (Note 4)	30 June 2014	30 June 2013 Restated (Note 4)
Parent Company	78,159	77,850	355,652	302,696
Jointly controlled companies	9,901,256	5,751,618	24,251,057	18,189,526
Associated companies	14,602,243	14,075,909	532,131	629,110
Other related parties	31,716,887	30,408,044	10,742,783	8,791,534
	<u>56,298,545</u>	<u>50,313,421</u>	<u>35,881,623</u>	<u>27,912,866</u>

Transactions	Interest income		Interest expenses	
	30 June 2014	30 June 2013 Restated (Note 4)	30 June 2014	30 June 2013 Restated (Note 4)
Parent Company	-	-	21,043	-
Jointly controlled companies	169,691	205,728	14,314	-
Associated companies	-	16,902	-	-
Other related parties	-	16,953	216,651	291,773
	<u>169,691</u>	<u>239,583</u>	<u>252,008</u>	<u>291,773</u>

Balances	Accounts receivable		Accounts payable	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Parent Company	148,616	51,445	412,824	767,433
Jointly controlled companies	20,866,263	32,554,816	10,543,285	17,795,118
Associated companies	3,009,584	6,612,647	55,811	364,066
Other related parties	13,682,000	14,510,202	7,023,585	7,475,633
	<u>37,706,463</u>	<u>53,729,110</u>	<u>18,035,505</u>	<u>26,402,250</u>

Balances	Loans			
	Obtained		Granted	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Jointly controlled companies	11,571,814	-	7,821,248	8,599,429
Other related parties	13,031,800	13,383,628	-	3,570
	<u>24,603,614</u>	<u>13,383,628</u>	<u>7,821,248</u>	<u>8,602,999</u>

The caption other related parties includes, 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.

## 27 INCOME TAX

The "Income Taxes" recognized in the periods ended on the 30<sup>th</sup> June 2014 and 2013, are detailed as follows:

	30 June 2014	30 June 2013 Restated (Note 4)
Current tax	10,891,070	8,917,783
Deferred tax	(9,425,852)	(4,968,587)
	<u>1,465,218</u>	<u>3,949,196</u>



Earnings per share for the period were calculated taking into consideration the following amounts:

	30 June 2014	30 June 2013 Restated (Note 4)	
	Continuing Operations	Continuing Operations	Discontinued Operations
<b>Net profit</b>			
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	52,342,242	4,295,824	35,549,215
Effect of dilutive potential shares	-	-	-
Interest related to convertible bonds (net of tax)	-	-	-
Net profit taken into consideration to calculate diluted earnings per share	52,342,242	4,295,824	35,549,215
<b>Number of shares</b>			
Weighted average number of shares used to calculate basic earnings per share	1,877,084,010	1,873,392,761	1,873,392,761
Effect of dilutive potential ordinary shares from convertible bonds	-	-	-
Outstanding shares related with share based payments	19,700,243	13,473,073	13,473,073
Shares related to performance bonus that can be bought at market price	(3,754,711)	(4,169,551)	(4,169,551)
Weighted average number of shares used to calculate diluted earnings per share	1,893,029,542	1,882,696,283	1,882,696,283
<b>Earnings per share</b>			
Basic	0.027885	0.002293	0.018976
Diluted	0.027650	0.002282	0.018882

## 29 DIVIDENDS

In the Shareholders Annual General Meeting held on the 30<sup>th</sup> April 2014, the payment of a gross dividend of 0.0348 euro per share (0.0331 euro per share in 2013) corresponding to a total value of 69,600,000 euro (66,200,000 euro in 2013) was approved.

## 30 SEGMENT INFORMATION

Sonae is mostly a retail company with two major partnerships in the areas of Shopping Centres (Sierra) and Telecommunications (NOS). The following operating segments were identified:

In retail, the group has three segments:

- Sonae MC is a food retail unit, operating 465 stores and 103 stores operated under franchise and joint venture agreements under Continente, Continente Modelo, Continente Bom Dia, Meu Super business concepts and even some adjacent business concepts Bom Bocado, note! and Wells
- Sonae SR is a specialised retail unit, with a presence in the electronics, sports and fashion market operating 517 stores and 64 stores operated under franchise agreements under the Worten, Sport Zone, MO and Zippy business concepts.
- Sonae RP is a retail real estate unit which actively manages properties of Sonae, composed principally of stores operating under the brand Continente and under other brands of Sonae SR.

The Investment Management operating segment includes a company that operates in the retail DIY products, building and garden (Maxmat), a travel agency (Geostar), insurance brokers (MDS) as well as companies of software and information systems (WedoTechnologies, Saphety, Mainroad and Bizdirect) and a newspaper (Publico).

These operating segments have been identified taking into consideration that each of these segments have separate identifiable revenues and costs, separate financial information is produced, and its operating results are reviewed by management on which it makes decisions.

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

Turnover	30 June 2014	Inter-segment income	30 June 2013 Restated (Note 4)	Inter-segment income
	Sonae MC	1,625,714,784	(3,117,789)	1,584,188,898
Sonae SR	579,347,087	(14,246,778)	517,512,988	(12,769,413)
Sonae RP	62,913,561	(51,758,562)	61,645,792	(52,590,831)
Investment management	118,226,636	(8,527,123)	107,404,288	(4,868,934)
Other, eliminations and adjustments	(79,815,442)	(783,000)	(68,006,585)	(80,000)
Total consolidated	2,306,386,626	(78,433,252)	2,202,745,381	(72,172,559)

	Depreciation and amortisation		Provisions and impairment losses		EBIT	
	30 June 2014	30 June 2013 Restated (Note 4)	30 June 2014	30 June 2013 Restated (Note 4)	30 June 2014	30 June 2013 Restated (Note 4)
Sonae MC	41,943,348	41,103,463	925,619	1,118,580	54,136,888	65,167,504
Sonae SR	21,386,744	29,071,893	401,716	7,406,273	(33,265,137)	(55,840,013)
Sonae RP	14,499,854	15,266,021	-	-	42,967,428	40,137,714
Investment management	6,506,435	6,629,507	66,022	675,315	(1,875,989)	(4,290,386)
Other, eliminations and adjustments <sup>(1)</sup>	146,983	2,645,386	26,469	-	22,624,965	36,790,218
Total direct consolidated	84,483,365	94,716,270	1,419,826	9,200,168	84,588,155	81,965,037

	Net financial expenses <sup>(2)</sup>		Income tax <sup>(2)</sup>	
	30 June 2014	30 June 2013 Restated (Note 4)	30 June 2014	30 June 2013 Restated (Note 4)
Retail businesses	(34,231,440)	(35,834,538)	3,459,741	1,946,988
Investment management	(1,233,189)	(8,178,570)	(475,888)	1,652,028
Holding <sup>(1)</sup>	(2,463,577)	(1,447,793)	(1,518,635)	350,180
Total consolidated	(37,928,206)	(45,460,901)	1,465,218	3,949,196

	Investment (CAPEX)		Net invested capital	
	30 June 2014	30 June 2013 Restated (Note 4)	30 June 2014	31 December 2013
Sonae MC	39,781,360	32,371,196	574,204,446	476,722,790
Sonae SR	26,232,340	10,038,144	235,340,154	100,910,578
Sonae RP	7,363,365	15,038,445	1,230,792,777	1,253,629,991
Investment management	9,469,130	4,468,465	153,444,663	148,105,153
Other, eliminations and adjustments <sup>(1)</sup>	144,101,483	2,955,176	1,045,427,312	1,148,007,447
Total consolidated	226,947,678	64,871,426	3,239,209,352	3,127,375,959

	Total net debt <sup>(2)(3)</sup>	
	30 June 2014	31 December 2013
Retail businesses	932,635,147	749,628,495
Investment management	68,881,760	56,363,559
Holding <sup>(1)</sup>	485,973,507	413,272,470
Total consolidated	1,487,490,414	1,219,264,524

- (1) Includes Sonae Individual accounts;
- (2) These captions are accompanied by management in a more aggregated form, and not allocated to individual operating segments identified above;
- (3) Includes shareholder loans and excluding inter-segment securitized debt.

The caption "Eliminations Adjustments and Others" can be analyzed as follows:

	Turnover		EBIT	
	30 June 2014	30 June 2013 Restated (Note 4)	30 June 2014	30 June 2013 Restated (Note 4)
Inter-segment income	(78,433,252)	(72,172,559)	-	-
Equity method	-	-	19,966,351	28,955,111
Others	(1,382,190)	4,165,974	1,249,683	5,966,352
Other, eliminations and adjustments	(79,815,442)	(68,006,585)	22,624,965	36,790,218

	Investment		Invested capital	
	30 June 2014	30 June 2013 Restated (Note 4)	30 June 2014	31 December 2013
Inter-segment balances	(47)	-	27,485,358	14,233,065
Increase of participation in Sonaecom (Note 18)	144,101,530	2,955,176	-	-
Investment in associated companies and joint ventures (Note 6)	-	-	1,175,194,245	1,144,792,015
Cash settled equity swap <sup>(4)</sup>	-	-	(103,720,530)	(103,289,056)
Debt to France Télécom-Orange (Note 23)	-	-	(104,203,785)	(102,095,077)
Dividends	-	-	50,565,939	10,567,050
Others eliminations and adjustments	-	-	106,085	(18,642,900)
Other, eliminations and adjustments	144,101,483	2,955,176	1,045,427,312	945,565,097

- (4) Financial Instrument reported in Note 23.

All performance measures are reconciled to the financial statements in Note 31.

#### Glossary:

Net Invested capital = Total net debt + total shareholder funds;

Net debt = Bonds + bank loans + other loans + shareholder loans + financial leases - cash, bank deposits, current investments, excluding the participation of 2.14% in NOS, and other long term financial applications;

Other eliminations and adjustments = Intra-groups + consolidation adjustments + contributions from other companies not included in the disclosed segments by do not fit in any reportable segment, ie are included in addition to Sonae SGPS companies identified as "Others" in Note 5.

Investments (CAPEX) = Investments in tangible and intangible assets and investments in acquisitions.

## 31 PRESENTATION OF CONSOLIDATED INCOME STATEMENT

In the Management Report, and for the purposes of calculating financial indicators as EBIT, EBITDA and underlying EBITDA the consolidated income statement is divided between Direct Income and Indirect Income.

The Indirect Income includes the contribution of Sonae Sierra, 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 relating to non-current assets (including goodwill) and (iv) provisions for assets at risk. Additionally and with regard to the portfolio of Sonae: (i) impairment of real estate assets for retail, (ii) decreases in goodwill, (iii) provisions (net of tax) for possible future liabilities, and impairments related to

noncore investments, businesses and discontinued assets (or to be discontinued / repositioned), (iv) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (v) other irrelevant issues. The value of EBITDA is only calculated in the direct income component, excluding the indirect contributions.

The reconciliation between consolidated income and direct-indirect income for the periods ended on the 30<sup>th</sup> June 2014 and 2013 can be summarised as follows:

	30 June 2014			30 June 2013 Restated (Note 4)			
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Adjustments Pro forma basis (g)	Indirect income	Direct income
Turnover	2,306,386,626	-	2,306,386,626	2,202,745,381	-	-	2,202,745,381
Investment income							
Dividends	1,471,885	1,321,885	150,000	92,000	-	92,000	-
Others	421,555	-	421,555	(13,000)	-	-	(13,000)
Other income							
Impairment losses reversal	1,120,307	-	1,120,307	3,846,422	-	-	3,846,422
Others	257,912,764	-	257,912,764	208,887,114	-	-	208,887,114
Total income	2,567,313,137	1,321,885	2,565,991,252	2,415,557,917	-	92,000	2,415,465,917
Total expenses	(2,411,132,981)	-	(2,411,132,981)	(2,258,621,553)	-	-	(2,258,621,553)
Depreciation and amortisation	(84,483,365)	-	(84,483,365)	(94,716,270)	-	-	(94,716,270)
Non-recurring impairment losses over inventories	(2,203,457)	-	(2,203,457)	-	-	-	-
Provisions and impairment							
Others	(1,419,826)	-	(1,419,826)	(9,200,168)	-	-	(9,200,168)
<b>Profit before financial results and share of results in associated companies</b>	<b>68,073,508</b>	<b>1,321,885</b>	<b>66,751,623</b>	<b>53,019,926</b>	<b>-</b>	<b>92,000</b>	<b>52,927,926</b>
Non-recurring Profit/(Loss)	(1,980,000)	-	(1,980,000)	-	-	-	-
Gains and losses on investments recorded at fair value through results	(7,931,359)	(7,931,359)	-	-	-	-	-
Financial profit/(loss)	(37,928,206)	-	(37,928,206)	(45,460,901)	-	-	(45,460,901)
Share of results in joint ventures and associated undertakings							
Sonae Sierra	23,894,192	12,928,681	10,965,511	(2,308,619)	-	(17,040,000)	14,731,381
ZOPT	8,934,020	-	8,934,020	-	14,525,000	-	14,525,000
Others	66,820	-	66,820	(311,270)	-	(92,000)	(219,270)
<b>Profit before income tax</b>	<b>53,128,975</b>	<b>6,319,207</b>	<b>46,809,768</b>	<b>4,939,136</b>	<b>14,525,000</b>	<b>(17,040,000)</b>	<b>36,504,136</b>
Income tax	(1,465,218)	-	(1,465,218)	(3,949,196)	-	-	(3,949,196)
<b>Profit/(Loss) from continuing operations</b>	<b>51,663,757</b>	<b>6,319,207</b>	<b>45,344,550</b>	<b>989,940</b>	<b>14,525,000</b>	<b>(17,040,000)</b>	<b>32,554,940</b>
<b>Profit/(Loss) from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,357,721</b>	<b>(47,357,721)</b>	<b>-</b>	<b>-</b>
<b>Net profit for the period</b>	<b>51,663,757</b>	<b>6,319,207</b>	<b>45,344,550</b>	<b>48,347,661</b>	<b>(32,832,721)</b>	<b>(17,040,000)</b>	<b>32,554,940</b>
Attributable to equity holders of Sonae	52,342,242	6,319,207	46,023,035	39,845,039	(24,645,981)	(17,040,000)	32,239,058
Non-controlling interests	(678,485)	-	(678,485)	8,502,622	(8,186,740)	-	315,882
<b>*Underlying* EBITDA (a)</b>			<b>153,587,964</b>				<b>152,997,942</b>
EBITDA (b)			<b>171,574,315</b>				<b>182,035,053</b>
EBIT (c)			<b>84,587,974</b>				<b>81,965,037</b>

- (a) (a) EBITDA = total direct income - total direct expenses - reversal of direct impairment losses + Share of results in joint ventures and associated undertakings (Sonae Sierra direct results, and ZOPT and Geostar) + the impact of discontinued operations of Optimus;
- (b) "Underlying" EBITDA = total direct income - total expenses - reversal of impairment losses (see reconciliation);
- (c) Direct EBIT = Direct EBT - financial results + discontinued operations of Optimus;
- (d) Direct EBT = Direct results before non-controlling interests and taxes;
- (e) Direct income = Results excluding contributions to indirect income;
- (f) Indirect income = Includes Sonae Sierra's results, net of taxes, arising from: (i) investment properties valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses for noncurrent assets (including goodwill) and; (iv) provision for assets at risk.

Additionally and with regard to the portfolio of Sonae: (i) impairment of real estate assets for retail, (ii) decrease in goodwill, (iii) provisions (net of tax) for possible future liabilities and impairments related with non-core financial investments, businesses, discontinued assets (or be discontinued / repositioned), (iv) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (v) other irrelevant issues;

- (g) The figures of NOS related to 2013 were adjusted in the profit and loss statements on a pro forma basis for the 1<sup>st</sup> half year results, assuming that the NOS merger occurred on the 1<sup>st</sup> January 2013, with some consolidation effects in our co-controlled vehicle company. This criterion, besides assuring an easy and fair comparability between 2013 and 2014 results.

## 32 APPROVAL OF THE FINANCIAL STATEMENTS

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The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on the 19<sup>th</sup> August 2014.

The Board of Directors

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Álvaro Cuervo Garcia

Bernd Bothe

Christine Cross

Michel Marie Bon

José Neves Adelino

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

# Condensed individual financial statements

**Condensed Individual Statements of Financial Position as at 30 June 2014 and 2013 and as at 31 December 2013**

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

(Amounts expressed in euro)

ASSETS	Notes	30.June.2014	30.June.2013	31.December.2013
<b>NON-CURRENT ASSETS:</b>				
Tangible assets		128,288	161,160	144,778
Intangible assets		8,100	9,767	13,245
Investments in affiliated companies	4	3,629,676,515	3,613,160,269	3,638,337,796
Other investments	5	29,949,012	39,883,897	29,367,435
Deferred taxes		12,950,402	-	-
Other non-current assets	6	462,400,000	357,086,551	472,066,551
Total non-current assets		<u>4,135,112,317</u>	<u>4,010,301,644</u>	<u>4,139,929,805</u>
<b>CURRENT ASSETS:</b>				
Trade account receivables and other current assets	7	80,956,995	64,563,573	17,553,530
Cash and cash equivalents	8	164,013,123	9,279,015	96,239,237
Total current assets		<u>244,970,118</u>	<u>73,842,588</u>	<u>113,792,767</u>
<b>TOTAL ASSETS</b>		<u>4,380,082,435</u>	<u>4,084,144,232</u>	<u>4,253,722,572</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY:</b>				
Share capital	9	2,000,000,000	2,000,000,000	2,000,000,000
Treasury shares		(7,518,409)	-	-
Reserves and retained earnings		1,342,676,365	1,213,784,609	1,271,218,283
Profit for the period		33,480,299	30,764,609	159,490,511
<b>TOTAL EQUITY</b>		<u>3,368,638,255</u>	<u>3,244,549,218</u>	<u>3,430,708,794</u>
<b>LIABILITIES:</b>				
<b>NON-CURRENT LIABILITIES:</b>				
Loans	10	330,934,904	520,385,290	541,508,790
Other non-current liabilities		774,364	103,092,005	1,127,105
Total non-current liabilities		<u>331,709,268</u>	<u>623,477,295</u>	<u>542,635,895</u>
<b>CURRENT LIABILITIES:</b>				
Loans	10	325,908,337	156,099,962	154,354,943
Trade creditors and other current liabilities	11	353,826,575	60,017,757	126,022,940
Total current liabilities		<u>679,734,912</u>	<u>216,117,719</u>	<u>280,377,883</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,380,082,435</u>	<u>4,084,144,232</u>	<u>4,253,722,572</u>

The accompanying notes are part of these condensed individual financial statements.

The Board of Directors

**Condensed Individual Income Statements for the periods ended 30 June 2014 and 2013**

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

	Notes	2 <sup>nd</sup> Quarter 2014	2 <sup>nd</sup> Quarter 2013	30.June.2014	30.June.2013
Services rendered		119,094	119,180	238,188	238,360
Gains or losses on investments	14	-	506,972	34,224,473	34,665,008
Financial income		11,771,948	7,511,340	21,086,716	18,579,215
Other income		849,248	723,052	1,629,248	1,546,179
External supplies and services		(965,016)	(857,958)	(1,778,605)	(1,725,175)
Staff costs		(703,029)	(600,229)	(1,249,062)	(1,134,943)
Depreciation and amortisation		(10,974)	(15,816)	(22,159)	(38,971)
Financial expense		(10,806,117)	(10,505,545)	(21,950,180)	(20,954,517)
Other expenses		(164,053)	(78,352)	(248,385)	(405,248)
Profit/(Loss) before taxation		91,101	(3,197,356)	31,930,234	30,769,908
Taxation		1,024,606	(5,299)	1,550,065	(5,299)
Profit/(Loss) after taxation		1,115,707	(3,202,655)	33,480,299	30,764,609
Profit/(Loss) per share					
Basic	15	0.000579	(0.001602)	0.016764	0.015382
Diluted	15	0.000580	(0.001601)	0.016757	0.015372

The accompanying notes are part of these condensed individual financial statements.

The Board of Directors



**Condensed Individual Statements of Comprehensive Income for the periods ended at 30 June 2014 and 2013**

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

	<u>2<sup>nd</sup> Quarter 2014</u>	<u>2<sup>nd</sup> Quarter 2013</u>	<u>30.June.2014</u>	<u>30.June.2013</u>
Net Profit / (Loss) for the period	1,115,707	(3,202,655)	33,480,299	30,764,609
Changes on fair value of available-for-sale financial assets	(326,250)	(16,941,677)	(17,304,534)	12,437,623
Changes in hedge and fair value reserves	<u>(2,359,647)</u>	<u>1,043,517</u>	<u>(1,163,254)</u>	<u>1,266,505</u>
Other comprehensive income for the period	<u>(2,685,897)</u>	<u>(15,898,160)</u>	<u>(18,467,788)</u>	<u>13,704,128</u>
Total comprehensive income for the period	<u>(1,570,190)</u>	<u>(19,100,815)</u>	<u>15,012,511</u>	<u>44,468,737</u>

The accompanying notes are part of these condensed individual financial statements.

The Board of Directors

## Condensed Individual Statements of Changes in Equity for the periods ended at 30 June 2014 and 2013

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

(Amounts expressed in euro)

	Share capital	Treasury shares	Reserves and retained earnings				Total reserves and retained earnings	Net profit/(loss)	Total
			Legal reserve	Fair value reserve	Hedging reserve	Other reserves and retained earnings			
Balance as at 1 January 2013	2,000,000,000	-	187,137,648	512,403,476	(2,383,292)	545,977,500	1,243,135,332	22,964,317	3,266,099,649
Total comprehensive income for the period	-	-	-	12,437,623	1,266,505	-	13,704,128	30,764,609	44,468,737
Appropriation of profit of 2012:									
Transfer to legal reserves and retained earnings	-	-	1,148,216	-	-	21,816,101	22,964,317	(22,964,317)	-
Dividends distributed	-	-	-	-	-	(66,200,000)	(66,200,000)	-	(66,200,000)
Share based payments	-	-	-	-	-	180,832	180,832	-	180,832
Balance as at 30 June 2013	2,000,000,000	-	188,285,864	524,841,099	(1,116,787)	501,774,433	1,213,784,609	30,764,609	3,244,549,218
Balance as at 1 January 2014	2,000,000,000	-	188,285,864	580,329,718	1,163,254	501,439,447	1,271,218,283	159,490,511	3,430,708,794
Total comprehensive income for the period	-	-	-	(17,304,534)	(1,163,254)	-	(18,467,788)	33,480,299	15,012,511
Appropriation of profit of 2013:									
Transfer to legal reserves and retained earnings	-	-	7,974,526	-	-	81,915,985	89,890,511	(89,890,511)	-
Dividends distributed	-	-	-	-	-	2,569	2,569	(69,600,000)	(69,597,431)
Purchase of treasury shares	-	(12,685,847)	-	-	-	-	-	-	(12,685,847)
Sale of treasury shares	-	4,817,457	-	-	-	151,408	151,408	-	4,968,865
Share based payments	-	349,981	-	-	-	(118,618)	(118,618)	-	231,363
Balance as at 30 June 2014	2,000,000,000	(7,518,409)	196,260,390	563,025,184	-	583,390,791	1,342,676,365	33,480,299	3,368,638,255

The accompanying notes are part of these condensed individual financial statements.

The Board of Directors

**Condensed Individual Cash Flow Statements for the periods ended 30 June 2014 and 2013**

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

(Amounts expressed in euro)

	Notes	2 <sup>nd</sup> Quarter 2014	2 <sup>nd</sup> Quarter 2013	30.June.2014	30.June.2013
<b>OPERATING ACTIVITIES</b>					
Net cash flow from operating activities (1)		(594,512)	(1,648,587)	772,601	(1,662,032)
<b>INVESTMENT ACTIVITIES</b>					
Cash receipts arising from:					
Investments		-	4,660,000	-	9,320,000
Tangible and intangible assets		50	-	1,450	-
Interest and similar income		950,325	148,389	2,476,707	584,390
Dividends		66,437	506,972	66,437	506,972
Loans granted		756,677,999	178,962,000	1,241,064,938	472,436,000
		<u>757,694,811</u>	<u>184,277,361</u>	<u>1,243,609,532</u>	<u>482,847,362</u>
Cash Payments arising from:					
Investments		(3,397,271)	-	(9,577,571)	(10,000,541)
Tangible and intangible assets		(2,220)	(3,084)	(2,314)	(3,084)
Loans granted		(747,011,448)	(178,962,000)	(1,231,398,387)	(476,699,551)
		<u>(750,410,939)</u>	<u>(178,965,084)</u>	<u>(1,240,978,272)</u>	<u>(486,703,176)</u>
Net cash used in investment activities (2)		<u>7,283,872</u>	<u>5,312,277</u>	<u>2,631,260</u>	<u>(3,855,814)</u>
<b>FINANCING ACTIVITIES</b>					
Cash receipts arising from:					
Loans obtained		831,743,500	126,670,000	1,282,030,500	298,709,000
Sale of own shares		1,910,459	74,514	1,910,459	255,144
		<u>833,653,959</u>	<u>126,744,514</u>	<u>1,283,940,959</u>	<u>298,964,144</u>
Cash Payments arising from:					
Loans obtained		(782,575,484)	(106,259,966)	(1,119,125,531)	(357,518,422)
Interest and similar charges		(8,011,577)	(6,588,895)	(18,277,395)	(19,117,880)
Dividends		(69,581,761)	(66,198,604)	(69,581,761)	(66,198,604)
Purchase of treasury shares		(10,188,878)	-	(12,685,847)	-
		<u>(870,357,700)</u>	<u>(179,047,465)</u>	<u>(1,219,670,534)</u>	<u>(442,834,906)</u>
Net cash used in financing activities (3)		<u>(36,703,741)</u>	<u>(52,302,951)</u>	<u>64,270,425</u>	<u>(143,870,762)</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>(30,014,381)</u>	<u>(48,639,261)</u>	<u>67,674,286</u>	<u>(149,388,608)</u>
Cash and cash equivalents at the beginning of the period		193,927,904	57,918,276	96,239,237	158,667,623
Cash and cash equivalents at the end of the period	8	<u>163,913,523</u>	<u>9,279,015</u>	<u>163,913,523</u>	<u>9,279,015</u>

The accompanying notes are part of these condensed individual financial statements.

The Board of Directors

# SONAE, SGPS, SA

## NOTES TO THE CONDENSED INDIVIDUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

(Translation of the condensed individual financial statements originally issued in Portuguese.  
In case of discrepancies 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.

### 2 BASIS OF PREPARATION

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

### 3 PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those described in the file of annual financial statements for the year ended 31 December 2013.

### 4 INVESTMENTS IN AFFILIATED COMPANIES

As at 30 June 2014 and 31 December 2013 the company held investments in the following affiliated companies:

Companies	% Held	30 June 2014				Closing balance
		Opening balance	Increase	Decrease	Changes in fair value	
Interlog, SGPS, SA	1.02%	106,686	-	-	-	106,686
Sonae Investimentos, SGPS, SA (a)	76.86%	1,893,219,480	-	-	-	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%	500,118,000	-	-	45,675,500	545,793,500
Sonaecom, SGPS, SA	25.96%	196,989,312	9,577,571	-	(63,914,352)	142,652,531
Sonaegest, SA	20.00%	159,615	-	-	-	159,615
Sonaecenter Serviços, SA	100.00%	731,545	-	-	-	731,545
Sontel, BV	35.87%	405,641,099	-	-	-	405,641,099
Total		3,836,337,796	9,577,571	-	(18,238,852)	3,827,676,515
Impairment		198,000,000	-	-	-	198,000,000
Total		3,638,337,796	9,577,571	-	(18,238,852)	3,629,676,515

31.December.2013

Companies	% 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%	1,893,219,480	-	-	-	1,893,219,480
Sonae Investimentos, 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%	524,986,000	-	-	(24,868,000)	500,118,000
Sonaecom, SGPS, SA	20.94%	5,079,830	97,289,802	-	94,619,680	196,989,312
Sonaegest, SA	20.00%	159,615	-	-	-	159,615
Sonaecenter Serviços, SA	100.00%	731,545	-	-	-	731,545
Sontel, BV	35.87%	405,641,099	-	-	-	405,641,099
Total		3,669,296,314	97,289,802	-	69,751,680	3,836,337,796
Impairment		165,500,000	32,500,000	-	-	198,000,000
Total		3,503,796,314	64,789,802	-	69,751,680	3,638,337,796

- (a) The value of this investment is the price paid in the public tender offer for the 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 for the period of assets held by this affiliated company, after deduction of associated net debt and of the share attributable to non-controlling interests.

During the first half 2014 the Company acquired 4,143,590 of Sonaecom, SGPS, SA capital shares.

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. The change in the fair value of the above mentioned shares and liability was recognized in the income statement.

During the 1st half of 2013, Sonae entered into an agreement with a subsidiary of France Telecom ("FT-Orange") to transfer 20% of the capital of Sonaecom, SGPS, SA to Sonae, SGPS, SA. Sonae recorded this asset as an acquisition with deferred payment, since the shares rights under this agreement are attributed to Sonae. The carrying amount corresponded to the agreed price considering the consolidation of the telecommunications sector in Portugal, discounted to the acquisition date (97,289,802 euro).

The accumulated impairment loss on subsidiaries recorded in previous year's amounts to 198,000,000 euro and relates to financial investment held in Sontel BV (165,500,000 euro) and Sonae Investimentos, BV (32,500,000 euro).

## 5 OTHER INVESTMENTS

As at 30 June 2014 and 31 December 2013 other investments are as follows:

Companies	30.June.2014				
	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 Imosedede	29,315,009	-	-	581,577	29,896,586
Total	29,367,435	-	-	581,577	29,949,012

Companies	31.December.2013				
	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 Imosedede	19,936,181	10,000,541	-	(621,713)	29,315,009
Magma No. 1 Securitisation Notes	18,640,000	-	(18,640,000)	-	-
Total	38,628,607	10,000,541	(18,640,000)	(621,713)	29,367,435

## 6 OTHER NON-CURRENT ASSETS

As at 30 June 2014 and 31 December 2013 other non-current assets are detailed as follows:

	30.June.2014	31.December.2013
Loans granted to group companies:		
Sonae Investments, BV	115,000,000	124,666,551
Sonae Investimentos, SGPS, SA	347,400,000	347,400,000
	<u>462,400,000</u>	<u>472,066,551</u>

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 30 June 2014, is 41,943 euro (41,495 euro as at 31 December 2013) 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.

## 7 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 30 June 2014 and 31 December 2013 trade accounts receivable and other current assets are detailed as follows:

	30.June.2014	31.December.2013
Trade accounts receivable	213,259	468,059
Group companies	59,703,714	10,955,441
Taxes and contributions receivable	1,698,723	2,589,020
Accrued income and prepayments	16,050,835	3,302,072
Others	3,290,464	238,938
Total	<u>80,956,995</u>	<u>17,553,530</u>

The caption "Accrued income and prepayments" mainly includes receivables relating to interests from loans granted to group companies (Note 6).

## 8 CASH AND CASH EQUIVALENTS

As at 30 June 2014 and 31 December 2013 cash and cash equivalents are detailed as follows:

	30.June.2014	31.December.2013
Cash at hand	89	89
Bank deposits	164,013,034	96,239,148
Cash and cash equivalents on the balance sheet	<u>164,013,123</u>	<u>96,239,237</u>
Bank overdrafts	99,600	-
Cash and cash equivalents on the cash flow statement	<u>163,913,523</u>	<u>96,239,237</u>

## 9 SHARE CAPITAL

As at 30 June 2014 and 31 December 2013 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

## 10 LOANS

As at 30 June 2014 and 31 December 2013, loans are made up as follows:

	30.June.2014	31.December.2013
Bonds Sonae 2010/2015	-	250,000,000
Bonds Continente - 7% - 2015	197,571,166	200,000,000
Up-front fees not yet charged to income statement	(1,636,262)	(2,911,460)
Bonds	<u>195,934,904</u>	<u>447,088,540</u>
Nominal value of bank loans	135,000,000	95,000,000
Up-front fees not yet charged to income statement	-	(579,750)
Bank loans	<u>135,000,000</u>	<u>94,420,250</u>
Non-current loans	<u>330,934,904</u>	<u>541,508,790</u>
Bonds Sonae 2007/2014	250,000,000	150,000,000
Up-front fees not yet charged to income statement	(693,749)	(27,764)
Bonds	<u>249,306,251</u>	<u>149,972,236</u>
Bank overdrafts	99,600	-
Derivatives	-	2,421,024
Other bank loans	76,502,486	1,961,683
Current loans	<u>325,908,337</u>	<u>154,354,943</u>

As at 30 June 2014 Sonae, SGPS has agreed lines of credit and commercial paper programs amounting to 520 million euro, out of which 181.5 million euro with firm commitments with maturity not exceeding one year and 135 million euro with firm commitments with maturity over one year.

Under the above mentioned lines of credit and commercial paper programs with firm commitments, Sonae, SGPS had 146.4 million euro credit facilities available to meet its liquidity requirements.

The interest rate as at 30 June 2014 of the bonds and bank loans was, in average, 4.20% (3.58% as at 31 December 2013).

### Maturity of Borrowings

As at 30 June 2014 and 31 December 2013 the analysis of maturity of loans excluding the derived instruments having in consideration its nominal value is as follows:

	30.June.2014	31.December.2013
N+1	326,602,086	-
N+2	197,571,166	151,961,683
N+3	-	525,000,000
N+4	-	-
N+5	90,000,000	-
after N+5	45,000,000	20,000,000

## 11 TRADE CREDITORS AND OTHER CURRENT LIABILITIES

As at 30 June 2014 and 31 December 2013, trade creditors and other current liabilities are detailed as follows:

	30.June.2014	31.December.2013
Trade creditors	257,869	189,969
Group companies	213,323,000	12,530,000
Taxes and contributions payable	3,309,350	454,452
Accrued expenses	11,492,626	10,535,690
Others	125,443,730	102,312,829
Total	<u>353,826,575</u>	<u>126,022,940</u>

The amount recorded under the caption "other creditors" includes 104.203.785 euro (discounted to 30 June 2014 which will be paid in August 2014) relating the acquisition of 20% share capital of Sonaecom, SGPS, SA.

## 12 CONTINGENT LIABILITIES

As at 30 June 2014 and 31 December 2013, contingent liabilities are detailed as follows:

	30.June.2014	31.December.2013
Guarantees given:		
on tax claims	83,913,842	71,421,912
on judicial claims	70,766	70,766
Guarantees given in favour of subsidiaries	a) 277,170,778	272,612,454

(a) Guarantees given to Tax Authorities in favour of subsidiaries to suspend claims from tax authorities.

## 13 RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

	30.June.2014	31.December.2013
Balance		
Group companies	67,231,105	3,836,846
Jointly controlled companies	11,735,042	10,780,435
Other partners in group companies	50,005	98,005
Accounts receivable	79,016,152	14,715,286
Parent company	412,824	767,423
Group companies	22,999,713	1,462,346
Jointly controlled companies	11,761	2,098
Other partners in group companies	7,781	4,712
Accounts payable	23,432,079	2,236,579
Group companies	462,400,000	472,066,551
Loans granted	462,400,000	472,066,551
Group companies	213,323,000	12,530,000
Loans obtained	213,323,000	12,530,000
Transactions	30.June.2014	30.June.2013
Group companies	1,692,864	1,613,976
Jointly controlled companies	108,188	108,360
Other partners in group companies	50,000	50,406
Services rendered and other income	1,851,052	1,772,742
Parent company	355,652	302,696
Group companies	685,093	636,810
Jointly controlled companies	25,301	38,300
Other partners in group companies	3,758	8,621
Purchases and services obtained	1,069,804	986,427
Group companies	18,531,530	15,899,789
Interest income	18,531,530	15,899,789
Group companies	1,922,046	647,451
Interest expenses	1,922,046	647,451
Group companies	34,224,473	34,665,008
Dividend income (Note 14)	34,224,473	34,665,008
Parent company	2,580	-
Other partners in group companies	3,035,835	10,000,541
Acquisition of investments	3,038,415	10,000,541
Group companies	4,041,416	-
Jointly controlled companies	927,449	-
Sale of treasury shares	4,968,865	-

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.



## 14 INVESTMENTS INCOME

As at 30 June 2014 and 2013, investment income can be detailed as follows:

	<u>30.June.2014</u>	<u>30.June.2013</u>
Dividends	34,224,473	34,665,008
	<u>34,224,473</u>	<u>34,665,008</u>

Dividends were distributed from Sonae Investimentos, SGPS, SA (34,158,036 euro) and Sonaegest, SA (66,437 euro).

## 15 EARNINGS PER SHARE

Earnings per share for the period were calculated taking into consideration the following amounts:

	<u>30.June.2014</u>	<u>30.June.2013</u>
<b>Net profit</b>		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	33,480,299	30,764,609
Effect of dilutive potential shares	-	-
Interests related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share:	<u>33,480,299</u>	<u>30,764,609</u>
<b>Number of shares</b>		
Weighted average number of shares used to calculate basic earnings	1,997,180,105	2,000,000,000
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Outstanding shares related with deferred performance bonus	1,413,584	2,250,549
Number of shares that could be acquired at average market price	<u>(658,643)</u>	<u>(892,052)</u>
Weighted average number of shares used to calculate diluted earnings per share	<u>1,997,935,046</u>	<u>2,001,358,497</u>
<b>Profit/(Loss) per share</b>		
Basic	0.016764	0.015382
Diluted	<u>0.016757</u>	<u>0.015372</u>

## 16 APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 19 August 2014.

## 17 INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

During the period ended 30 June 2014 short-term loan contracts were entered into with the following companies:

Sonae Investimentos, SGPS, SA

Sonaecenter Serviços, SA

Sonaecom, SGPS, SA

Sontel, BV

## 1ST HALF RESULTS 2014

As at 30 June 2014 amounts owed by subsidiaries can be summarized as follows:

	<u>Closing Balance</u>
Sonae Investments, BV	115,000,000
Total	<u>115,000,000</u>

As at 30 June 2014 amounts owed to subsidiaries can be summarized as follows:

	<u>Closing Balance</u>
Sonaecenter Serviços, SA	341,000
Sontel, BV	212,982,000
Total	<u>213,323,000</u>

The Board of Directors

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Álvaro Cuervo Garcia

Bernd Bothe

Christine Cross

Michel Marie Bon

José Neves Adelino

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

## SAFE HARBOUR

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that should not be regarded as historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes," "expects," "anticipates," "projects," "intends," "should," "seeks," "estimates," "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors and analysts, and generally all recipients of this document, are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

Report available at Sonae's institutional website  
[www.sonae.pt](http://www.sonae.pt)

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Information may also be accessed on Reuters  
under the symbol **SONP.IN** and on Bloomberg  
under the symbol **SONPL**

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