

SONAE INVESTIMENTOS, SGPS, SA

**Head Office: Rua João Mendonça, 529 –
4464-501 Senhora da Hora**

Share Capital 1,000,000,000 Euro

Porto Commercial Registry and Fiscal Number 501 532 927

REPORT AND ACCOUNTS

31 DECEMBER 2013

Management Report

SONAE INVESTIMENTOS, SGPS, SA

MANAGEMENT REPORT 2013

Sonae Investimentos, SGPS, SA is the company within the Sonae Group which aggregates the core activity of the group, retail.

1 MAIN HIGHLIGHTS

During the course of 2013, Sonae Investimentos, SGPS, SA delivered a consolidated turnover of 4,671 million Euro - which represents a 3% increase when compared to the previous year. In this same period, the Company's consolidated operating cash-flow reached 357 million Euro. This figure represents a ratio over total net sales of 7.6%, 0.5 p.p. less than the previous year.

Focusing on the evolution of the Company's activity, we highlight the following aspects:

The **food based businesses** returned to growth with a turnover increase of 4% to 3,415 million Euro, not only the selective expansion of its sales area (including 17 new Continente stores), but also the 1.4% growth in sales on a "Lfl" basis. This growth is even more remarkable if we take into account the macroeconomic environment and the adjustment process which Portugal is still exposed to, with GDP falling by 1.4%. In 4Q13, Sonae MC sales on a "Lfl" basis increased by 1.1%, which combined with the opening of 7 Continente stores, led to a turnover increase of 5.5% compared to 4Q12.

Thus, during this period, Sonae MC is estimated to have continued strengthening its leading market share in the Portuguese food retail sector¹ on the back of:

- i) Continuous improvement of the quality of products, with Continente being voted in 2013 for the 11th consecutive year, as a brand of confidence. In 2014, we have already received the same recognition for the 12th consecutive year.
- ii) The strategy of having a high variety of products available to consumers, which enables us to react quickly to changes in customer habits (in both phases of trading down and trading up). This was achieved by having the highest variety of private label references as well as other supplier brands. The portfolio of Continente own brands was kept in 2013 at approximately 31% of the turnover of FMCG categories.
- iii) 8% yoy growth in online sales, supported by the new e-commerce platform.
- iv) Selective opening of stores as detailed in the following pages of this document.

¹ For example, A.C.Nielsen's Homescan survey YTD up until 29th December: +0.4pp market share for Sonae MC

In 2013 Sonae MC increase the “Underlying” EBITDA to 258 million Euro and reached an EBITDA margin of 7.6%, despite the highly competitive environment that led us to a strong promotional effort, particularly in the last quarter of the year, causing an internal deflation of 0.8% and a negative effect on the EBITDA. This promotional activity continued to be supported by the Continente loyalty card (which was the basis of more than 90% of sales in the period). This profitability is only possible with a strict cost control and additional productivity gains, sustained by the success of continuous improvement programmes implemented with the unique dedication of our teams.

With regards to the **specialised retail** formats, Sonae SR reached 1,210 million Euro turnover. Despite the reduction of 13 thousand m² and the impact of the negative macroeconomic evolution on the levels of consumption, particularly for the more discretionary products, sales performance ended up slightly above last year. Private consumption levels in Portugal and Spain continued to be negatively impacted by economic adjustment processes. Nevertheless, in the case of Portugal, it is estimated that the decline of consumption pace was slower, when compared to 2012². In 4Q13, Sonae SR turnover in Portugal grew by 9% yoy (and 5% LfL), which was the result of some combined factors: 1) better signs from the GDP evolution in the 2nd half of the year; 2) the refund of holiday allowance to civil workers; 3) measures taken to reposition Sonae SR 4 main brands and 4) the strengthening of Worten³ and Sport Zone leadership position together with a double digit growth from MO turnover.

Internationally, turnover increased 5% on a LfL basis. The positive performance of the international market was driven by 1) wholesale and franchising businesses evolution and, 2) the fine tuning in businesses models and value proposals of all brands, with a special focus in the Spanish market (4Q13 was the 3rd quarter in a row of positive LfL growth for Sport Zone in Spain). These results can be perceived as the reversal of the negative market trend for the most discretionary categories.

This business segment witnessed an “Underlying” EBITDA increase of 24 million Euro to 1 million Euro, which is remarkable particularly if we consider the prevailing crisis in the Iberian Peninsula. In the 4Q13, compared to the 4Q12 EBITDA recovered by 17 million Euro, and reached 16 million Euro. This was the result of the stronger sales evolution combined with the turnaround measures implemented, particularly the new Worten and Sport Zone concepts in Spain, the rebranding of MO with a completely new collection, as well as the product improvement of Zippy. It is also worth highlighting the successful implementation of the Omni-channel strategy at Worten, where we are integrating online and store businesses. This include the possibility of having a kiosk in the store to access the online range or to use the (reserve and) pick up service in the store.

The **retail properties** profitability particularly reflects internal rents, defined in accordance with the returns on the underlying investments, which are broadly in line with market capitalisation rates. The “Underlying” EBITDA reached 115 million Euro.

During the course of the year in question, Sonae Investimentos, SGPS, SA consolidated direct profit totalled 88 million Euro. This includes the evolution of Financial results, which went from -76 million Euro in 2012 to -67 million Euro in 2013, with the lower amount of average debt more than compensating the increase in interest costs.

Indirect results included other non-cash movements, namely those impairments related to revaluations of retail properties registered in 3Q13, as well as identification of new concepts in the specialised retail formats that required strong investments and accelerated depreciations.

² Source Bank of Portugal: Boletim Económico - winter 2013

³ Source: GfK, YTD evolution until the end of November 2013 – estimated market share gain of 1pp

Consolidated Net Result for the period, attributable to Shareholders of the Holding Company, amounted to -84 million Euro, compared to 9 million Euro in the previous year.

2 INVESTMENT

During the course of 2013, Sonae Investimentos carried out an overall investment of 153 million Euro. This figure was mainly directed towards maintenance and refurbishment of store networks and the execution of the Company's expansion plan, allowing it to end the year with a portfolio of 1,016 stores and a sales area of 1,034 thousand m² (+1% on 2012 year end portfolio).

- The investment in the **food based retail** businesses reached 103 million Euro. The amount invested was directed towards the opening of 1 Continente, 11 Continente Modelo (including the purchase of 8 Sá stores in Madeira) and 5 Continente Bom Dia stores as well as refurbishing works at selected retail units in order to keep them as references in their catchment areas.
- The investment in **specialised retail** reached 32 million Euro, including the consolidation of Sonae SR's store network in international markets. At the end of 2013, Sonae SR's formats had a total of 167 stores outside of Portugal, including 47 under franchising agreements.
- The amount invested by the **retail properties** segment reached 19 million Euro, 3 million Euro above the figure for 2012, as the capital light strategy continues on track (operational leasing instead of tenure) for new retail sales area.

3 OUTLOOK

The global economic outlook is more auspicious for 2014, with an expected growth of 3.7%⁴, the highest rate of growth since 2011. The growth is mostly based on improved expectations across all economic areas, especially in developed economies and, particularly in the Eurozone that after two years of recession is expected to return to growth next year, albeit tenuously (approximately 1%⁷) in emerging economies, growth will mainly be determined by external demand from developed markets, but internal weaknesses remain a concern.

In Portugal, the economic outlook has been revised upwards, following the performance which was above expectations in 2013, with an estimated expansion of economic activity of 0.7% and 1.5% for 2014 and 2015, respectively⁵. As in recent years, exports are expected to be the main determinant of growth, but domestic demand should return to a positive contribution.

The risk factors of recent years will continue to prevail in 2014, including the external economic environment, the evolution of the Eurozone debt crisis and the degree of commitment of the Portuguese authorities with the Programme for Economic and Financial Assistance. In this context, many uncertainties remain, namely concerning the actual commitment of the authorities to fulfil budgetary targets, their ability to implement the planned measures and the financing autonomy of the Republic.

⁴ IMF, World Economic Outlook, January 2014

⁵ Evaluation of the 10th IMF Economic and Financial Adjustment Programme (EFAP), February 2014

The forecasts for the Spanish economy predict a moderate economic growth in the coming years (0.7% and 1.0% in 2014 and 2015, respectively⁶), mostly because of the need to continue to address the economic imbalances that will limit the growth of domestic demand. Nevertheless, we expect a slight rebound in consumption reflecting the increasing confidence of families and their private consumer spending, as a result of the stabilisation of the labour market, the positive inflation scenario and maintenance of low interest rates. The external sector is expected to remain the main growth driver, with a dragging effect on investment especially in industrial equipment. Concerning the coming months, despite the reform efforts and the results already achieved, challenges remain high, particularly in the financial system and public finances.

In short, growth expectations in Iberian countries are based on a recovery, albeit that there is limited domestic demand, which is dependent on the success of adjustments and reforms. The external sector will continue to undoubtedly be the main driver of these economies and, therefore, its performance depends largely on the recovery of global economic activity and, in particular, on the consolidation of the recovery in the Eurozone.

4 FINANCIAL RISK MANAGEMENT

The general financial risk management principles of the Company are found in detail in Note 3 of the Appendix to the Income Statement.

5 REMUNERATION OF CORPORATE BODIES

Remuneration of the Board of Directors

Remuneration paid and attributed

The members of the Board are not remunerated by the Company or by Group companies.

Remuneration of Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is composed of a set annual amount, based on the Company's financial situation and market practices. The set annual amount for the members of this committee were as follows:

Member of Statutory Audit Board	2012	2013
UHY & Associados represented by António Francisco Barbosa dos Santos	8,000	8,000
Óscar José Alçada da Quinta	7,800	7,010
Arlindo Dias Duarte da Silva	7,800	7,010
Total	23,600	22,020

⁶ Economist Intelligence Unit, February 2014

Statutory External Auditor Fees

Sonae Investimentos Statutory Auditor and audit firm is Deloitte. The figures invoiced to Sonae Investimentos in 2012 and 2013, including subsidiaries, are as follows:

Statutory External Auditor	2012		2013	
Audit and Statutory Audit	294,907	65%	291,570	57%
Tax consultancy	35,216	8%	44,748	9%
Other services	125,883	28%	178,409	34%
Total	456,006	100%	514,727	100%

The fees relative to auditing services and other compliance and assurance services decreased by 7pp in 2013, representing 66% of total fees. The other services represented 34% of total fees and were assessed by the Statutory Audit Board.

In 2013, the fees for other services included: consulting services provided to several subsidiaries of Sonae Investimentos.

In 2013, fees paid by Sonae Investimentos, in Portugal, to companies within the Deloitte network, represented less than 1% of Deloitte's annual turnover in Portugal.

The External Auditor quality system controls and monitors the potential risks of loss of independence or possible conflict of interests with Sonae.

Under the terms of article 62^o-B of Law Decree n^o 487/99 dated 16th November (altered by Decree Law n^o 224/2008, 20th November), on an annual basis, the Statutory Audit Board receives a declaration of independence from the auditor, where services rendered by them and other entities within the same network are described, in addition to respective remuneration paid, eventual threats to independence and measures to safeguard against them.

Remuneration of the Board of Shareholder's General Meeting

The remuneration of the Board of Shareholder's General Meeting is constituted by a set figure, as detailed below:

Board of Shareholder's General Meeting	2012	2013
President	3,750	3,750
Secretary	1,500	1,500
Total	5,250	5,250

6 OWN SHARES

During 2013 Sonae - Specialized Retail, SGPS, SA sold the entire investment held of Sonae Investimentos, in a total of 100,000,000 shares, to Sonae MC - Modelo Continente, SGPS, SA, at unit price of 3.20 Euro.

As of December 31st Sonae Investimentos, SGPS, SA, held, through Sonae MC – Modelo Continente, SGPS, SA, 100.000.000 shares representative of its share capital.

7 PROPOSAL FOR PROFIT DISTRIBUTION FOR THE COMPANY SONAE INVESTIMENTOS, SGPS, SA

Sonae Investimentos, SGPS, S.A. net profit for the year, as a standalone company, totalled 11,906,939.26 Euro, for which the Board of Directors propose the following distribution:

Legal Reserve	595,346.96 Euro
Dividends	11,311,592.30 Euro
Total	11,906,939.26 Euro

Additionally, the Board of Directors proposes to Sonae Investimentos, SGPS, S.A. Shareholder's General Meeting the distribution of 40.000.000 Euro as dividends, for which effect, 28,688,407.70 Euro of Free Reserves would be allocated. The dividend distribution excludes the shares that, at the date of the distribution are held by the company or any other companies under its control.

8 ACKNOWLEDGEMENTS

We thank all of our customers, suppliers, financial institutions and shareholders for their support and preferences demonstrated. To the external auditors and statutory auditors we also owe our gratitude for their cooperation throughout the year. Finally, a special word of thanks to all of Sonae Investimentos employees for their enthusiasm, dedication and competence demonstrated once again.

Maia, 17th March 2014

The Board of Directors

Duarte Paulo Teixeira de Azevedo (President)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Glossary

Turnover (t)

Sale of articles + services rendered;

EBITDA

total direct income - total direct expenses - reversal of direct impairment losses + Share of results in joint ventures and associated undertakings;

“Underlying” EBITDA

total direct income - total expenses - reversal of impairment losses;

Direct EBIT

Direct EBT - financial results;

Direct EBT

Direct results before non-controlling interests and taxes;

Direct income

Results excluding contributions to indirect income;

Indirect income

Includes arising from: (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.

Investments (CAPEX)

Investments in tangible and intangible assets and investments in acquisitions;

Working Capital

customer debts (receivables derived from the normal course of the Group's activities) – suppliers (amount payable resulting from purchases derived from the normal course of the Group's activities) + inventories (goods booked at acquisition cost, less quantity discounts and impairment losses) + other assets and liabilities (State and other public entities + associated companies + accruals and prepayments + deferred taxes + provisions for risks and charges + fixed asset suppliers + sundry debtors and creditors)

Net Invested capital

Total net debt + total shareholder funds

APPENDIX

Statement under the terms of Article 245 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, the legal certification of the Statements and other accounting documents required by law or regulation were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, giving a truthful and appropriate image of the assets and liabilities, the financial situation and the results of the issuer and the companies included in the consolidation perimeter and that the Management Report faithfully describes the evolution of the businesses, the performance and position of the issuer and companies included in the consolidation perimeter and contains a description of the main risks and uncertainties with which they are faced.

Maia, 17th March 2014

The Board of Directors

Duarte Paulo Teixeira de Azevedo (President)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Article 447 of the Portuguese Companies Act and Article 14, paragraph 7 of Portuguese Securities Regulator (CMVM) Regulation nº 05/2008

Disclosure of the number of held shares and other securities issued by the Company and of the transactions executed over such securities, during the financial year in analysis: by the members of the statutory governing and auditing bodies and by people discharging managerial responsibilities ("dirigentes"), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

	Date	Additions		Reductions		Balance as of
		Quantity	Aver. Price €	Quantity	Aver. Price €	31.12.2013
Ángelo Gabriel Ribeirinho dos Santos Paupério (*) (**)						
Sonae, SGPS, SA (3)						763,150 (a)
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	08.03.2013	178,588	0.000			
Continente Bonds - 7% -2015						700,000 (b)
Duarte Paulo Teixeira de Azevedo (*) (**) (***) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (9)						1,969,996
Sonae, SGPS, SA (3)						488,530 (c)
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	25.06.2013	28,479	0.000			
Sale	26.06.2013			28,479	0.699	
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	04.12.2013	485,707	0.000			
Arlindo Dias Duarte Silva (****)						
Continente Bonds - 7% -2015						5,000 (d)

	Date	Additions		Reductions		Balance as of
		Quantity	Aver. Price €	Quantity	Aver. Price €	31.12.2013
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA (3)						200,100,000
Pareuro, BV (2)						5,583,100
(2) Pareuro, BV						
Sonae, SGPS, SA (3)						849,533,095
(3) Sonae, SGPS, SA						
Sonae Investments, BV (5)						2,894,000
Sonae Investimentos, SGPS, SA (4)						768,555,810
(4) Sonae Investimentos, SGPS, SA						
Sonae MC - Modelo Continente, SGPS, SA (8)						362,937,063
Sonae-Specialized Retail, SGPS, SA (7)						210,000,000
(5) Sonae Investments BV						
Sonae Investimentos, SGPS, SA (4)						131,419,190
Libra Serviços, Sociedade Unipessoal, Lda (6)						5,000
(6) Libra Serviços, Sociedade Unipessoal, Lda						
Sonae Investimentos, SGPS, SA (4)						25,000
(7) Sonae-Specialized Retail, SGPS, SA						
Sonae Investimentos, SGPS, SA (4)						0
Sale	05.12.2013			100,000,000	3.200	
Sonae MC - Modelo Continente, SGPS, SA (8)						502,062,937
(8) Sonae MC - Modelo Continente, SGPS, SA						
Sonae Investimentos, SGPS, SA (4)						100,000,000
Purchase	05.12.2013	100,000,000	3.200			
(9) Migracom, SGPS, SA						
Sonae, SGPS, SA (3)						2,936,683
Purchase	26.06.2013	28,479	0.699			
Imparfin, SGPS, SA (10)						150,000
(10) Imparfin, SGPS, SA						
Sonae, SGPS, SA (3)						4,105,280
Continente Bonds - 7% -2015						5,000

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

(**) Member of the Board of Directors of Sonae SGPS, SA (directly and indirectly dominant company) (3)

(***) Member of the Board of Directors of Efanor Investimentos, SGPS, SA (1)

(****) Member of the Board of Directors of Imparfin, SGPS, SA (10)

(*****) 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) co-held with the respective spouse

Article 448 of the Portuguese Companies Act

Number of shares held by shareholders owning more than 10%, 33% and 50% of the company's share capital.

Number of shares held as of 31.December.2013

Sonae, SGPS, SA	768,555,810
Sonae Investments, BV	131,419,190
Libra Serviços, Sociedade Unipessoal, Lda	25,000
Sonae MC - Modelo Continente, SGPS, SA	100,000,000

Qualified shareholding

Shares held and voting rights of companies owning more than 2% of the share capital of the company, as required by article 8 nr.1 b) of Securities Market Regulation Board (CMVM) regulation 05/2008:

Shareholder	Nr. of shares	% share capital	% of voting rights
Efanor Investimentos, SGPS, SA (i)			
By Sonae, SGPS, SA	768,555,810	76.8556%	85.3951%
By Sonae Investments, BV	131,419,190	13.1419%	14.6021%
By Libra Serviços, Sociedade Unipessoal, Lda	25,000	0.0025%	0.0028%
By MC - Modelo Continente, SGPS, SA (ii)	100,000,000	10.0000%	-
Total attributable to Efanor Investimentos, SGPS, SA	1,000,000,000	100.0000%	100.0000%

(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.

(ii) Considered treasury shares in accordance with Commercial Companies Code as Sonae MC - Modelo Continente, SGPS, SA is directly and indirectly owned by Sonae Investimentos, SGPS, SA.

SONAE INVESTIMENTOS, SGPS, SA

Corporate Governance

Sonae Investimentos, SGPS, S.A. Corporate Governance practices annual report, pursuant to the terms of regulation number 4 of article 245 A of the Portuguese Securities Code and pursuant to the terms of article 2 and article 3 of the Law 28/2009 of 19th of June.

Chapter 1 – Qualified Shareholdings

Shareholder	Nr. of shares	% share capital	% of voting rights
Efanor Investimentos, SGPS, SA (i)			
By Sonae, SGPS, SA	768,555,810	76.8556%	85.3951%
By Sonae Investments, BV	131,419,190	13.1419%	14.6021%
By Libra Serviços, Sociedade Unipessoal, Lda	25,000	0.0025%	0.0028%
By MC - Modelo Continente, SGPS, SA (ii)	100,000,000	10.0000%	-
Total attributable to Efanor Investimentos, SGPS, SA	1,000,000,000	100.0000%	100.0000%

(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.

(ii) Considered treasury shares in accordance with Commercial Companies Code as Sonae MC - Modelo Continente, SGPS, SA is directly and indirectly owned by Sonae Investimentos, SGPS, SA.

Chapter 2 – Identification of shareholders that hold special rights and description of those rights

There are no shareholders who hold special rights.

Chapter 3 – Restrictions on voting rights

As set in the company's Articles of Association (if nothing is stated, the guidelines shall be those of the governing law):

The Shareholders General Meeting is made up of shareholders with voting rights, holders of shares or securities for subscription, that until 5 business days prior to the Assembly taking place, present prove of their shareholding, under the terms established by Law. The presence of shareholders who have preferential shares without voting rights in the Shareholders General Meeting, and their taking part in the discussion of matters regarding order of the day, depends on the General Assembly Authorisation.

One share corresponds to one vote.

Shareholders who are private individuals can be represented at the Shareholders' General Meetings by sending a letter to the Chairman of the Board of the Shareholders General Meeting, stating the name and address of the representative and date of the meeting. Legal

entities may be represented by a person designated by them in writing, whose designation authenticity will be verified by the Chairman of the Board of the Shareholders General Meeting.

If the Company is listed as a publicly quoted company, shareholders can vote by mail, but only in relation to changes to the Articles of Association and Company Governing Bodies election.

Postal votes will only be considered when received at the Company's registered office by registered mail, receipt delivery, addressed to the Chairman of the Board of the Shareholders' General Meeting at least 3 days prior to the date of the General Meeting, notwithstanding the requirement of proof of shareholding.

The voting declaration must be signed by the shareholder or by his/hers legal representative. In the case of a private individual, it should be accompanied by a certified copy of his/her identity card. In case of a legal entity, the signature should be notarised and should specify that the signatory is authorised and mandated for that purpose.

Voting declarations will only be considered valid when they clearly and unequivocally set out:

- a) The item or items of the agenda they refer to;
- b) The specific proposal to which they relate to with an indication of the respective proposer or proposers;
- c) The precise and unconditional voting intention on each proposal.

Notwithstanding, what is set in section b) herein above, a shareholder is allowed to include in a written voting declaration, regarding an identified proposal, the intention to vote against all alternative proposals, in relation to the same item on the agenda, without further specification.

The shareholders who send their voting declaration by mail shall be deemed to have abstained from voting on any proposals that are not specifically included in their written voting declarations.

Postal votes count as negative votes regarding resolution proposals presented after the date on which the same votes were issued.

It is the Chairman of the Board of the Shareholders' General Meeting responsibility, or the person replacing him, to verify voting declarations sent by mail, disregarding any votes relating to declarations that have not been accepted.

It is the Company's responsibility to guarantee the confidentiality of votes sent by mail, until voting takes place.

The Shareholders General Meeting may deliberate at first call so long as there are present or represented shareholders whom represent more than 50% of the issued share capital.

Chapter 4 – Rules applicable to the nomination and replacement of the Statutory Governing Bodies members and changes to the Company’s Articles of Association

The Board of Directors is made up of an even or odd number of members. A minimum of 2 and maximum of 11, elected at the Shareholders General Meeting.

In case of death, resignation or temporary or permanent incapacity of any member, the Board of Directors will provide a substitute.

In the case of the company being a publicly quoted company, concessionaire of the State or equivalent entity, the definitive lack of a Director elected under the provision of article 392 of the Portuguese Companies Act (special election rules apply), results in new elections.

Notwithstanding, governing law does not prevent that the substitution may be decided by the Shareholders General Meeting.

As set forth in governing law, changes to the Articles of Association depend on the Shareholders General Meeting Resolution.

Required quorum for amendment to the Articles of Association:

a) The Articles of Association state that at first call to deliberate on any matter, shareholders whom represent more than 50% of the share capital must be present or represented;

b) In accordance with chapter 3, article 383 of the Portuguese Companies Act, the Assembly, on a second call, can deliberate regardless of the number of shareholders present, represented or the share capital by them represented.

Under the terms of chapter 3 article 386 of the Portuguese Companies Act, the resolution regarding a change to the articles of association, must be approved by 2/3 of votes, regardless of the Assembly meeting during a first or a second call.

Chapter 5 – Powers of the Board of Directors, namely with regards to share capital increase resolutions

Article 5, chapter 2 of the Articles of Association states that the Company’s share capital can be increased, through new entries in cash, of up to five thousand million Euro, in one or more stages, by resolution of the Boards of Directors, which will determine, in accordance with the law, the conditions of subscription and the categories of shares to be issued, based on those already existing at the time”.

This authorisation was renewed by the Shareholders General Meeting which took place on 27th of April 2012 and remains valid for a period of 5 years under the terms of chapter 2 b) of article 456 of the Portuguese Companies Act.

Chapter 6 – Main elements of internal control systems and risk management implemented in the company regarding the process of disclosing financial information

The existence of an effective internal control environment, particularly in the process of financial reporting, is a commitment Sonae Investimentos Board of Directors has. It aims to identify and improve most relevant process in terms of preparation and disclosure of financial information, with the aims of transparency, consistency, simplicity, reliability and relevance.

The objective of the internal control system is to ensure a reasonable guarantee in relation to the preparation of financial statements in accordance with the accounting principles adopted, and quality of financial reporting.

The reliability of the financial information is guaranteed not only by the clear separation between who prepares it and the users, but also by the implementation of various control procedures during the process of preparation and disclosure of financial information.

The internal control system regarding accounting, preparation and disclosure of financial information, includes the following key controls:

- The process of disclosing financial information is formalised, the risks and associated controls are identified. The criteria for preparation and disclosure are duly established and approved and are reviewed periodically;
- There are three main kinds of control: high level controls (control at the entity level), information system controls and processing controls. These controls include a number of procedures related to the execution, supervision, monitoring and process improvement, with the aim of preparing the financial statement of the company;
- The use of accounting principles which are explained in the notes to financial statements (see Consolidated Financial Statements chapter 2), constitute one of the fundamental pillars of the control system;
- The plans, procedures and registers of the Group's companies enable a reasonable guarantee that the transactions are only executed with the general or specific management authorisation, and that these transactions are registered to permit that the financial statements comply with the main accounting principles widely accepted. It also ensures that the companies maintain an up-to-date registers of their assets and that the register of the assets is always checked against existing assets. Appropriate measures are always adopted whenever differences occur;
- The financial information is systematically and regularly checked by business unit management and by those responsible for the results departments, guaranteeing a constant monitoring and respective budget control;
- During the process of preparing and checking the financial information, a timetable is previously established and shared with the different departments involved, and all of the documents are reviewed in detail. This includes the revision of the principles used, checking the precision of information produced and the consistency with the principles and policies defined and used in previous periods;
- In terms of individual companies, the accounting registry's and preparation of financial statements are assured by the different roles within the administrative and accounting services, who guarantee the control of registering the transactions of business processes and the balance of the assets, liabilities and own shares. The financial statements are prepared by External Auditors for each one of the companies and examined by the management control and fiscal departments;
- The consolidated financial statements are prepared on a quarterly basis by the department of accounts consolidation of the administrative services within Sonae Investimentos Corporate Centre. This process constitutes an additional level of control and accuracy of financial information, namely guaranteeing the application of the accounting principles across the board, of the cutting operations procedures and the control of balances and transactions between companies of the Sonae Investimentos Group and remaining companies within the Sonae Group;
- The Management Report and the Corporate Governance Report are prepared with contributes from multidisciplinary teams;

- The various documents which constitute the annual report are reviewed and approved by Sonae Investimentos Board of Directors. After the approval, the documents are sent to the External Auditor, who provides the Legal Accounts Certification and External Auditing Report;
- The process of preparing individual and consolidated financial information and the Management Report is supervised by the Fiscal Committee. On a quarterly basis, this committee gathers and reviews the individual and consolidated statements and the Management Report. Every year, the Statutory Auditor presents, directly to the Fiscal Committee, a summary of the main conclusions reached having examined the financial information;
- All of those involved in the Company's financial analysis process compose the list of people with access to privileged information, and are informed about the content of their obligations and about their penalties resulting from the undue use of the referred information;
- The internal rules applicable to the disclosure of financial information aim to guarantee its timing and avoid leaking information to the market.

Amongst the risk causes which may materially affect the accounting and financial reporting, we note the following:

- Accounting estimates – The most significant accounting estimates are described in the appendix to the Consolidated Financial Statements chapter 2.19, and in other chapters. The estimates were based on the best information available during the preparation of the financial statements, and best knowledge and experience of past and/or present events;
- Balances and transactions with related parties – The most significant balances and transactions with related parties are detailed in the annexes to financial statements. These are particularly associated with operating activities of the Group, as well as to the concession and attainment of loans, carried out at market value.

More specific information on how these, and other risk causes were mitigated, can be consulted during the course of notes to the financial statements.

Sonae Investments adopts various actions related to the continuous improvement of the Financial Risk Control System, including:

- Improvement in control documentation – Following work carried out in the past, during 2013 Sonae Investimentos continued to improve the documentation and systemisation of risks and the internal control system related to the concern for financial information. These actions include the identification of the causes of risks (inherent risk), the identification of processes with greater materiality, the control of documentation and the final analysis (residual risk) after the implementation of potential improvements in controls;
- Fulfilment Review – The Legal team in cooperation with the Administrative, Internal Auditing and Risk Management departments, and in accordance with other necessary departments, coordinates a periodic review of the compliance with legal and regulatory requirements regarding the processes of underlying government and corresponding financial information, which are disclosed in the Management Report and Corporate Governance Report.

Chapter 7 – Governing Bodies Remuneration Policy

The statutory Governing Bodies Remuneration Policy was approved at the Annual General Meeting held on 24th April 2013 based on the following principles:

A. Principles of the Remuneration and Performance Bonus Policy:

The Remuneration and Performance Bonus Policy applicable to the statutory Governing Bodies and Officers, adheres to the basic outline and main principles of the Remuneration and Performance Bonus Policy approved by Sonae, SGPS, S.A. competent bodies. It is based upon the premise that initiative, competence and commitment are essential factors to perform well, and this should be in line with the medium and long-term interests of our society, with a view to its sustainability.

The Remuneration Policy is determined by carrying out a comparative study between market references as supplied by the various studies made available in Portugal and other European Markets.

The remuneration packages are defined based upon market studies carried out on Top Executives in Portugal and Europe, and fall in-line with market average in terms of fixed remuneration, and in-line with the third quartile in terms of total remuneration on a comparable basis.

The lower and upper limits of fixed remuneration are aligned with market standards which are in turn measured by the equivalent practices in comparable societies.

The Performance Bonus component which is determined on a case-by-case basis and is non-binding to corporate entities, is subject to maximum percentage limits and follows pre-established and measurable performance criteria – performance indicators – agreed upon with each potential beneficiary every fiscal year.

B. In achieving the formulated principles, remuneration and compensation for the statutory Governing Bodies and Officers at Sonae Investimentos and respective controlled companies will follow the rules defined below, and will be applied on an individual basis considering the governance structure of each company:

Executive Directors

The individual reward schemes are defined in accordance with each ED's responsibility levels and are reviewed on an annual basis. Each ED is attributed a classification which internally is referred to as Functional Group. The ED's are classified into functional groups "Senior Executive Group" (G1) and "Senior Executive" (G2). The structure of the functional classifications are based upon Hay's International Model of classifying corporate functions, with the objective of facilitating market comparisons and promoting internal equality.

More specifically the policy is composed of (i) a fixed remuneration paid in monthly instalments covering a calendar year period and (ii) short and medium-term Performance Bonus the award of which does not constitute an obligation on part of the controlled companies and must follow the following rules:

- i) The Short-Term Performance Bonus aims to compensate the achievement of objectives defined on an annual basis which are associated with Key Performance

Indicators of Business Activity (Business KPIs) and Personal Key Performance Indicators (Individual KPIs). The Business KPIs represent 70% and are determined by the business, economic and financial KPIs. They encompass unambiguous indicators which are divided into Group Business and departmental KPIs. The Group Business KPIs are based on economic and financial indicators which are defined in accordance with the budget, the performance of each business unit as well as Sonae's overall consolidated performance. The remaining 30% are derived from Individual KPIs which combine ambiguous and unambiguous indicators. The final figures are a result of the actual performance (business results/individual contributions) and may vary between 0% and 140% of the previously defined compensation package. This Performance Bonus will be determined in accordance with the performance during the year immediately preceding it, and will be paid in full during the first quarter of the calendar year in which it is assigned. This payment will be carried out in strict compliance with the legal and regulatory arrangements that best correspond to each entity, namely via profit sharing when deliberated at the General Meeting.

- ii) The Medium-Term Variable Performance Bonus aims to strengthen the ED's relationship with the performance of the respective companies, aligning their interests with that of the shareholders and increasing awareness regarding the importance of their performance for the overall success of the organisation. The amount pertaining to the Medium-Term Performance Bonus is defined on an annual basis. For the ED's, this figure represents the equivalent of 100% of the Short-Term Performance Bonus. The value paid in Euros shall be divided by the quoted share price for the determination of the number of shares it corresponds to. The value converted into shares will be adjusted to include any variations occurring in the share capital or dividends (Total Share Returns) during a deferring period of three years. At the vesting date, the shares shall be delivered without cost, and the Company will keep the alternative option of delivering the corresponding amount in cash. The Medium-Term Performance Bonus will be determined until April of the year following that in which the performance evaluation is applicable, and will be paid in full three years following the date on which it is attributed in the form of free disposal or discount on acquiring allocated shares. In the event of the latter, the principle of neutrality pertaining to impacts on society and for the beneficiary of the plan in accordance with the Share Allocation Plan and respective Regulation in effect for the group of companies denominated Sonae SGPS, S.A. shall be respected.

Non-Executive Directors

No variable remuneration or Performance Bonus of any kind is paid to Non-Executive Directors.

Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is based exclusively on fixed annual amounts, which includes an Annual Responsibility Allowance established in accordance with comparable market practices.

Statutory External Auditor

The Statutory External Auditor is remunerated in accordance with the applicable Standard Fee Table as per market practice under the supervision of our Statutory Audit Board.

Officers

The same principles as per that of the Executive Directors Remuneration and Performance Bonus apply to Officers where applicable and with the respective adjustments.

C. Moreover pertaining to Sonae Investimentos it has been deliberated that:

- i) Sonae Investimentos Non-Executive Directors shall not be attributed any fixed remuneration or incentives.
- ii) The remuneration for the members of the Board of the General Meeting of this society is composed of a fixed amount that was determined based on the characteristics of this society and market practices.

Maia, 17th March 2014

The Board of Directors

Duarte Paulo Teixeira de Azevedo (President)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Consolidated Financial Statements

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT
31 DECEMBER 2013 AND 2012

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

ASSETS	Notes	31 December 2013	31 December 2012
NON-CURRENT ASSETS:			
Tangible assets	8	1,820,583,824	2,025,784,857
Intangible assets	9	163,731,471	154,622,623
Goodwill	10	498,186,402	499,234,487
Investments in joint ventures and associates	5	51,797,067	60,819,852
Other investments	6 and 7	13,401,237	34,605,498
Deferred tax assets	18	117,412,133	123,115,350
Other non-current assets	7 and 12	23,103,739	34,429,814
Total Non-Current Assets		2,688,215,873	2,932,612,481
CURRENT ASSETS:			
Inventories	13	588,396,336	524,684,028
Trade account receivables	7 and 14	43,070,196	31,088,175
Other debtors	7 and 15	90,687,013	51,947,177
Taxes recoverable	16	63,196,961	63,826,930
Other current assets	17	58,912,883	64,165,275
Investments	7 and 11	42,105	892,728
Cash and cash equivalents	7 and 19	71,510,332	162,194,406
Total Current Assets		915,815,826	898,798,719
Assets available for sale		-	720,338
TOTAL ASSETS		3,604,031,699	3,832,131,538
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	20	1,000,000,000	1,000,000,000
Own shares	20	(320,000,000)	(320,000,000)
Legal reserve		140,642,469	140,357,809
Reserves and retained earnings		(114,375,665)	(77,416,945)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		(84,265,323)	9,310,582
Equity attributable to the equity holders of the Parent Company		622,001,481	752,251,446
Equity attributable to non-controlling interests	21	84,312,167	85,691,823
TOTAL EQUITY		706,313,648	837,943,269
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	7 and 22	114,694,578	218,458,349
Bonds	7 and 22	646,307,863	532,738,392
Obligation under finance leases	7, 22 and 23	7,630,324	9,942,240
Other loans	7 and 22	53,936	90,166
Other non-current liabilities	7 and 25	444,708,892	429,509,652
Deferred tax liabilities	18	116,937,919	130,113,975
Provisions	30	29,588,227	46,471,233
Total Non-Current Liabilities		1,359,921,739	1,367,324,007
CURRENT LIABILITIES:			
Loans	7 and 22	56,774,364	55,175,849
Bonds	7 and 22	9,990,122	170,900,782
Obligation under finance leases	7, 22 and 23	4,185,507	3,383,796
Other loans	7 and 22	1,448,609	986,997
Trade creditors	7 and 27	1,143,639,351	1,090,451,413
Other creditors	7 and 28	90,860,537	92,477,002
Taxes and contributions payable	16	49,720,914	47,866,681
Other current liabilities	29	178,458,919	163,393,412
Provisions	30	2,717,989	2,228,330
Total Current Liabilities		1,537,796,312	1,626,864,262
TOTAL LIABILITIES		2,897,718,051	2,994,188,269
TOTAL EQUITY AND LIABILITIES		3,604,031,699	3,832,131,538

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED INCOME STATEMENTS
 FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012
*(Translation of consolidated financial statements originally issued in Portuguese.
 In case of discrepancy the Portuguese version prevails.)*
(Amounts expressed in euro)

	Notes	31 December 2013	31 December 2012
Sales	33	4,627,967,634	4,496,799,850
Services rendered	33	42,578,232	34,866,216
Investment income	34	83,036	(896,208)
Financial income	35	5,865,448	6,268,194
Other income	36	442,428,755	428,589,697
Cost of goods sold and materials consumed	13	(3,583,196,593)	(3,499,250,155)
Changes in stocks of finished goods and work in progress		181,680	(666,354)
External supplies and services	37	(559,554,581)	(568,055,578)
Staff costs	38	(552,778,429)	(539,382,172)
Depreciation and amortisation	8 and 9	(176,833,990)	(183,719,428)
Provisions and impairment losses	30	(182,585,781)	(25,663,160)
Financial expenses	35	(73,240,790)	(82,586,817)
Other expenses	39	(59,610,246)	(34,281,691)
Share of results of joint ventures and associated undertakings	5	(2,894,152)	1,014,532
Profit/(Loss) before taxation		(71,589,777)	33,036,926
Taxation	40	(10,841,985)	(23,750,914)
Profit/(Loss) after taxation		(82,431,762)	9,286,012
Attributable to:			
Equity holders of the Parent Company		(84,265,323)	9,310,582
Non-controlling interests	21	1,833,561	(24,570)
Profit/(Loss) per share			
Basic	42	(0.093628)	0.010345
Diluted	42	(0.093628)	0.010345

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS
ENDED 31 DECEMBER 2013 AND 2012*(Translation of consolidated financial statements originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails.)**(Amounts expressed in euro)*

	31 December 2013	31 December 2012
Net Profit / (Loss) for the period	(82,431,762)	9,286,012
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	392,504	(125,867)
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method (Note 5)	(6,114,301)	2,324,633
Changes in hedge and fair value reserves	(185,434)	(2,681,189)
Deferred taxes related with other components of comprehensive income	74,162	706,717
Other comprehensive income for the period	(5,833,069)	224,294
Total comprehensive income for the period	<u>(88,264,831)</u>	<u>9,510,306</u>
Attributable to:		
Equity holders of Parent Company	(90,090,326)	9,603,041
Non controlling interests	<u>1,825,495</u>	<u>(92,735)</u>

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012

(Translation of consolidated financial statements originally issued in Portuguese.

In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)

	Attributable to Equity Holders of Parent Company							Net Profit/(Loss)	Total	Non-controlling interests (Note 21)	Total Equity	
	Share Capital	Own Shares	Legal Reserve	Currency Translation Reserve	Hedging Reserve	Legal reserves in accordance with article 324 ^o CSC	Other Reserves and Retained Earnings					
Balance as at 1 January 2012	1,000,000,000	(320,000,000)	139,614,881	336,811	1,595,205	320,000,000	(443,083,227)	(121,151,211)	63,798,214	762,261,884	75,700,031	837,961,915
Total comprehensive income for the period	-	-	-	(125,867)	(1,906,307)	-	2,324,633	292,459	9,310,582	9,603,041	(92,735)	9,510,306
Appropriation of profit of 2011:												
Transfer to legal reserves and retained earnings	-	-	742,928	-	-	-	63,055,286	63,055,286	(63,798,214)	-	-	-
Dividends distributed	-	-	-	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)	(157,074)	(20,157,074)
Income distribution	-	-	-	-	-	-	-	-	-	-	(6,015,675)	(6,015,675)
Others	-	-	-	-	-	-	386,521	386,521	-	386,521	16,257,276	16,643,797
Balance as at 31 December 2012	1,000,000,000	(320,000,000)	140,357,809	210,944	(311,102)	320,000,000	(397,316,787)	(77,416,945)	9,310,582	752,251,446	85,691,823	837,943,269
Balance as at 1 January 2013	1,000,000,000	(320,000,000)	140,357,809	210,944	(311,102)	320,000,000	(397,316,787)	(77,416,945)	9,310,582	752,251,446	85,691,823	837,943,269
Total comprehensive income for the period	-	-	-	417,629	(128,331)	-	(6,114,301)	(5,825,003)	(84,265,323)	(90,090,326)	1,825,495	(88,264,831)
Appropriation of profit of 2012:												
Transfer to legal reserves and retained earnings	-	-	284,660	-	-	-	9,025,922	9,025,922	(9,310,582)	-	-	-
Dividends distributed	-	-	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)	(190,744)	(40,190,744)
Income distribution	-	-	-	-	-	-	-	-	-	-	(4,620,415)	(4,620,415)
Others	-	-	-	-	-	-	(159,639)	(159,639)	-	(159,639)	1,606,008	1,446,369
Balance as at 31 December 2013	1,000,000,000	(320,000,000)	140,642,469	628,573	(439,433)	320,000,000	(434,564,805)	(114,375,665)	(84,265,323)	622,001,481	84,312,167	706,313,648

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR
THE PERIODS ENDED 31 DECEMBER 2013 AND 2012*(Translation of consolidated financial statements originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails.)**(Amounts expressed in euro)*

	Notes	31 December 2013	31 December 2012
OPERATING ACTIVITIES			
Cash receipts from trade debtors		4,648,133,068	4,534,683,803
Cash paid to trade creditors		(3,748,317,814)	(3,548,977,855)
Cash paid to employees		(544,956,191)	(540,060,743)
Cash flow generated by operations		<u>354,859,063</u>	<u>445,645,205</u>
Income taxes (paid) / received		(18,078,144)	(23,696,065)
Other cash receipts and (payments) relating to operating activities	15	(21,243,312)	4,304,369
Net cash flow from operating activities (1)		<u>315,537,607</u>	<u>426,253,509</u>
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	43	1,695,498	2,294,971
Tangible assets		9,234,977	1,711,291
Intangible assets		625	43,796
Interests and similar income		2,631,213	2,801,012
Loans granted		19,448,722	12,703,190
Dividends		110,867	304,131
		<u>33,121,902</u>	<u>19,858,391</u>
Cash Payments arising from:			
Investments		(14,938)	(13,094)
Tangible assets		(127,609,002)	(92,916,312)
Intangible assets		(36,252,775)	(19,919,041)
Loans granted		(10,096,722)	(16,203,189)
		<u>(173,973,437)</u>	<u>(129,051,636)</u>
Net cash flow used in investment activities (2)		<u>(140,851,535)</u>	<u>(109,193,245)</u>
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		3,703,291,238	4,271,692,904
Capital increases, shareholder's loans and share premiums		254,886	15,882,000
Coverage of losses		399,810	-
Others		127,782	-
		<u>3,704,073,716</u>	<u>4,287,574,904</u>
Cash Payments arising from:			
Loans obtained		(3,838,865,755)	(4,592,221,541)
Interests and similar charges		(71,284,854)	(84,100,080)
Dividends		(44,800,915)	(26,104,565)
Others		(1,543,204)	(2,527,668)
		<u>(3,956,494,728)</u>	<u>(4,704,953,854)</u>
Net cash flow used in financing activities (3)		<u>(252,421,012)</u>	<u>(417,378,950)</u>
Net increase/(decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		<u>(77,734,940)</u>	<u>(100,318,686)</u>
Effect of foreign exchange rate		139,712	(213,901)
Cash and cash equivalents at the beginning of the period	19	148,982,442	249,087,227
Cash and cash equivalents at the end of the period	19	<u>71,107,790</u>	<u>148,982,442</u>

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2013

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

(Amounts expressed in euro)

1 INTRODUCTION

Sonae Investimentos, SGPS, S.A., has its head-office at Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Portugal, and is the parent company of a group of companies, as detailed in Notes 4 to 6 the Sonae Investimentos Group ("Sonae Investimentos"). Sonae Investimentos operations and operating segments are described in the management report and in Note 44.

2 PRINCIPAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union applicable to economic period beginning on 1 January 2013, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as at the consolidated financial statements issuance date.

The accompanying consolidated financial statements have been prepared from the books and accounting records of the Company, subsidiaries and joint ventures, adjusted in the consolidation process, on a going concern basis and under the historical cost convention, except for some financial instruments 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, amendments and revisions some of which become mandatory during the year 2013, have been endorsed by the European Union:

With mandatory application on 1 January 2013:	Effective Date(for financial years beginning on/after)
IFRS 13 - (Fair Value Measurement)	01 Jan 2013
IAS 19 - Amendments (Employee Benefits)	01 Jan 2013
IAS 1 - Amendments (Presentation of Items of Other Comprehensive Income)	01 Jul 2012
IFRS 7 - Admendments (Disclosures of Financial Instruments)	01 Jan 2013
IFRIC 20 - Interpretation (Stripping Costs in the Production Phase of a Surface Mine)	01 Jan 2013
IFRS 1 - Amendments (Government Loans)	01 Jan 2013
Improvements of some IFRS (2009-2011)	01 Jan 2013

The application of these standards and interpretations had no material effect on the financial statements of the Group.

The following standards, interpretations, amendments and revisions have been at 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 2013:	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

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

The Group did not proceed to earlier adoption of any of these standards on the financial statements for the year ended on the 31 December 2013, since their application is not yet mandatory. No significant impacts are expected in the financial statements resulting from the adoption of these standards, namely because the Group has amended the measurement of investments in jointly controlled entities by applying the equity method.

2.2 Consolidation principles

The main accounting policies adopted by Sonae Investimentos are as follows:

a) Investments in Sonae Investimentos companies (subsidiaries)

Investments in companies in which Sonae Investimentos owns, directly or indirectly, more than 50% of the voting rights at Shareholders' General Meetings or is able to establish financial and operational policies so as to benefit from its activities (definition of control normally used by Sonae), are included in the consolidated financial statements using the full consolidation method. Equity and net profit attributable to minority shareholders are shown separately, under the caption Non-controlling interests, in the consolidated statement of financial position and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 4.

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

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

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

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

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

b) Investments in jointly controlled companies and associated companies

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

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

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

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

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

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

Sonae Investimentos's share in unrealised gains arising from transactions with jointly controlled and associated companies is eliminated in proportion to Sonae Investimentos's interest in the above mentioned entities against the investment on the same entity. Unrealised losses are as well eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

Investments in jointly controlled and associated companies are disclosed in Note 5.

c) Goodwill

The excess of consideration transferred in the acquisition of investments in subsidiaries, jointly controlled and associated companies plus the amount of any non-controlling interests (in the case of affiliated companies) over Sonae Investimentos share in the fair value of the identifiable assets, liabilities and contingent liabilities of those companies at the date of acquisition, when positive, is shown as goodwill (Note 10) or as Investments in jointly controlled and associated entities (Note 5). The excess of the consideration transferred in the acquisition of investments in foreign companies the amounts of any non-controlling interests (in the case of affiliated companies) over the fair value of their identifiable assets, liabilities and contingent liabilities at the date of acquisition is calculated using the functional currency of

each of those companies. Translation to Sonae Investimentos functional currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are recorded and disclosed in "Currency translation reserves".

Future contingent consideration is recognised as a liability, at the acquisition-date, according to its fair value, and any changes to its value are recorded as a change in the 'Goodwill', but only as long as they occur during the 'measurement period' (until 12 months after the acquisition-date) and as long as they relate to facts and circumstances prior to that existed at the acquisition date, otherwise these changes must be recorded in profit or loss on the income statement.

Transactions regarding the acquisition of additional interests in a subsidiary after control is obtained, or the partial disposal of an investment in a subsidiary while control is retained, are accounted for as equity transactions impacting the shareholders' funds captions, and without giving rise to any additional Goodwill and without any gain or loss recognised.

The moment a sales transaction generates a loss of control, assets and liabilities of the entity are derecognised, any interest retained in the entity sold is measured at fair value and any gain or loss calculated on the sale is recorded in results.

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

Impairment losses related with goodwill will not be reversed.

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

d) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the financial statements of foreign companies are translated to euro using exchange rates at date of the statement of financial position. Profit and loss and cash flows are converted to euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under Translation reserves in "Other Reserves and retained earnings". Exchange rate differences that were originated prior to 1 January 2004 (date of transition to IFRS) were written-off through "Retained earnings".

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

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

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

	31 December 2013		31 December 2012	
	End of period	Average of period	End of period	Average of period
Brazilian Real	0.30697	0.35076	0.36988	0.39996
Turquish Lira	0.33778	0.39651	0.42461	0.43242

2.3 Tangible assets

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

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

Depreciation is calculated on a straight line basis, according to the estimated life cycle for each group of goods, starting from the date the asset is available for use in the necessary conditions to operate as intended by the management, and recorded against the income statement caption "Depreciation and amortisation".

Impairment losses identified in the recoverable amounts of tangible assets are recorded in the year in which they arise, by a corresponding charge against, the caption 'Depreciation and amortisation' in the profit and loss statement.

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

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

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

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

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

2.4 Intangible assets

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

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

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

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

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

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

Amortisation is calculated on a straight-line basis, as from the date the asset is first used, over the expected useful life which usually is between 3 and 7 years. It is recorded in the caption of "Amortizations and depreciations", in the income statement.

2.5 Accounting for leases

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

The analysis of the transfer of risks and rewards of ownership of the asset takes into account several factors, including whether or not ownership is contractually conditioned to assume ownership of the asset, the value of minimum future payments over the contract, nature of the leased asset and the duration of the contract taking into consideration the possibility of renewal.

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

a) Accounting for leases where Sonae Investimentos is the lessee

Tangible assets acquired under finance lease contracts and the related liabilities, are recorded in accordance with the financial method. Under this method, the tangible assets, the correspondent accumulated depreciation and the related liability are recorded in accordance with the contractual financial plan at fair value or, if less, at the present value of payments. In addition, interests included in lease payments and the depreciation of the tangible assets are recorded as expenses in the profit and loss statement for the period to which they relate.

The existing situations where the Group is the lessee are operating leases and as such the lease payments are recognized as an expense on a straight line basis over the lease term.

b) Accounting for leases where Sonae Investimentos is the lessor

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

2.6 Government grants

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

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

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

2.7 Impairment of non-current assets, except for Goodwill

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

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

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

In situations where the use of the asset will be expectedly discontinued (stores to be closed on the remodelling processes) the Group performs a review of the asset's useful life after considering its impact on the value of use of that asset for terms of impairment analysis, particularly on the net book value of the assets to derecognise.

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

2.8 Financial expenses relating to loans obtained

Financial expenses relating to loans obtained are generally recognised as expenses on an accruals basis.

Financial expenses related to loans obtained for the acquisition, construction or production of fixed assets are capitalised as part of the cost of the assets. These expenses are capitalised starting from the time of preparation for the construction or development of the asset and are interrupted when the assets are ready to operate, at the end of the production or construction phases or when the associated project is suspended. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the financial expenses that qualify for capitalisation.

2.9 Inventories

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

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

2.10 Provisions

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

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

2.11 Financial Instruments

Sonae Investimentos classifies the financial instruments in the categories presented and conciliated with the Consolidated Statement of financial position disclosed in Note 7.

a) Investments

Investments are classified into the following categories:

- Held to maturity;
- Investments measured at fair value through profit or loss;
- Available for sale.

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

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

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

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

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

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

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

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

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

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

b) Loans and non-current accounts receivable

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

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

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

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the statement of financial position date, when they are classified as non-current assets. Loans and receivables are included in the captions presented in Note 7.

c) Trade accounts receivable and other accounts receivable

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

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

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

d) Classification as Equity or Liability

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

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

e) Loans

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

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

f) Trade accounts payable

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

g) Derivatives

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

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

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

- the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured;
- there is adequate documentation of the hedging relationships at the inception of the hedge;
- the transaction being hedged is highly probable.

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

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

equity if there is a high probability that the hedge transaction will occur. Subsequent changes in the revaluations are recorded in the income statement.

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

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

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

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

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

h) Treasury shares

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

i) Cash and cash equivalents

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

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

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

2.12 Non-current assets held for sale

The non-current assets (or disposal group) are recorded as held for sale if it is expected that the book value will be recovered through the sale and not through the use in the operations. This condition is achieved only if the sale is highly probable and the asset (or disposal group) is available for the immediate sale in the actual conditions. Additionally, there must be in progress actions that should allow concluding

the sale within 12 months counting from the classification's date in this caption. The non-current assets (or disposal group) recorded as held for sale are booked at the lower amount of the historical cost or the fair value deducted from costs, not being depreciated after being classified as held for sale.

2.13 Share-based payments

Share-based payments result from Deferred Performance Bonus Plans which were attributed by Sonae Investimentos, and are indexed to the evolution of Sonae SGPS, S.A. shares' price (Parent Company of Sonae Investimentos, SGPS, S.A.) and vest within a period of 3 years after being granted.

Share based payment liabilities are measured at fair value on the date they are granted (usually in April of each year) and are subsequently re-measured at the end of each reporting period based on the number of shares granted and the corresponding fair value at the closing date. These obligations are stated as staff costs and other current and non-current liabilities, and are recorded on a straight line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates when referring to shares as call options which can be net settled through down payment. In the case of equity-settled share-based payment transactions, these obligations are recognized as staff costs and stated in Reserves and are recorded on a straight line basis between the date the shares are granted and their vesting date.

2.14 Contingent assets and liabilities

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

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

2.15 Income tax

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

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

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

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

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

2.16 Revenue recognition and accrual basis

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

Revenue associated with extended warranties operations, which are granted for a period of 1 to 3 years, after the legally binding warranty of 2 years, by the Retail Segment, is recognized rateably over the warranty lifetime period. The revenue associated with warranties sold but for which the legal binding warranty hasn't yet expired is accounted under the captions of the Statement of Financial Position "Other non-current liabilities" and "other current liabilities" (Notes 25 and 29).

The deferral of revenue related with customer loyalty plans, awarding discounts on future purchases, by retail operating segments, is quantified taking into account the probability of exercising the above mentioned discounts and are deducted from revenue when they are generated. The corresponding liability is presented under the caption "Other creditors".

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

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

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

2.17 Balances and transactions expressed in foreign currencies

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

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

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

When Sonae wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.11.g)).

2.18 Subsequent Events

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

2.19 Judgements and estimates

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

- a) Useful lives of the tangible and intangible assets;
- b) Impairment analysis of goodwill in investments in associated companies and jointly controlled entities and of tangible and intangible assets;
- c) Recognition of adjustments on assets, provisions and contingent liabilities;
- d) Determining the fair value of investment properties and derivative financial instruments;
- e) Recoverability of deferred tax assets;
- f) Valuation at fair value of assets, liabilities and contingent liabilities in business combination transactions.

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

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

2.20 Segment information

Information regarding operating segments identified is included in Note 44.

2.21 Legal reserves, other reserves and transited results

Legal reserves:

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

Hedging Reserves:

The Hedging reserve reflects the changes in fair value of “cash flow” hedging derivatives that are considered as effective (Note 2.11.g)) and is not distributable or used to cover losses.

Currency translation reserve:

The currency translation reserve corresponds to exchange differences relating to the translation from the functional currencies of Sonae Investimentos foreign subsidiaries and joint ventures into euro, in accordance with the accounting policy described in Note 2.17.

Legal reserve in accordance with article 324 of CSC:

The reserves constituted according to Art. 324 of ("CSC"), reflect the value of treasury shares acquired in the period and comply with commercial legislation relating with legal reserves.

According to Portuguese commercial legislation the amount of distributable reserves is computed considering the Company's individual financial statements presented in accordance with International Financial Reporting Standards as adopted by the European Union.

3 FINANCIAL RISK MANAGEMENT

Risk management general principles are approved by the Board of Directors, and its implementation is supervised by the Group's finance department.

3.1 Market risk

The interest and exchange rate risk have a decisive importance in what concerns market risk management.

Derivatives are used to hedge certain exposures related to Sonae Investimentos market risk and, Sonae Investimentos does not enter into derivatives or other financial instruments for trading or speculative purposes.

3.1.1 Interest rate risk

Sonae Investimentos exposure to interest rates arises mainly from long term loans which bear interests at Euribor plus spread.

Sensitivity analysis:

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

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

- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortized cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity;
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;
- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under these assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the consolidated net profit before tax for the period ended as at 31 December 2013 would decrease by approximately 6.8 million euro (7.9 million euro as at 31 December 2012), considering the contractual fixing dates and excluding other effects arising from the company operations.

3.1.2 Exchange rate risks

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

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

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

As at 31 December 2013 and 2012 the assets and liabilities denominated in a currency different from the subsidiary functional currency where the following:

	Assets		Liabilities	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Euro	574,420	549,489	168,821	80,603
Brazilian Real	8,792,907	12,040,467	5,628,270	7,032,050
British Pound	-	-	13,478	152,474
US Dollar	1,455,138	761,504	17,608,887	9,196,314
Other Currencies	1,197	7,407	-	2,578

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

3.2 Liquidity risk

The purpose of liquidity risk management is to ensure, at all times, that the group has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy, through the management of the trade-off cost and maturity of debt.

Sonae Investimentos follows an active policy of re-financing its debts by maintaining a high level of unused and available on demand resources to face short term needs and by increasing or maintaining an adequate debt maturity, according to the estimated cash-flows, and to the capability of leveraging its statement of financial position. At the end of 2013, Sonae Investimentos's average debt maturity was approximately 2.4 years (2.5 years as at December 2012).

Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination is also considered as an important mean of managing liquidity risk. The group also assures, in its relationship with financial institutions, a high level of diversification of financing sources and counterparties, in order to ease the ability of entering new loan agreements and to minimize the effects of any relationship discontinuance.

A liquidity reserve in form of credit lines with its relationship banks is maintained by Sonae, to ensure the ability to meet its commitments without having to refinance itself in unfavorable terms. The value of loans maturing in 2014 is of 71 million euro (230 million euro maturing in 2013) and as at 31 December 2013 Sonae Investimentos had undrawn committed credit facilities of 328 million euro (189 million euro in 2012) cancellable within a previous notice of less than one year and 310 million euro (400 million euro in 2012) cancellable with a previous notice of no less than one year. Additionally, Sonae Investimentos held, as at 31 December 2013, cash and cash equivalents and current investments amounting to 72 million euro (163 million euro as at 31 December 2012). Consequentially, Sonae Investimentos expects to meet all its obligations by means of its operating cash flows and its financial assets as well as from drawing existing available credit lines, if needed.

The liquidity analysis of each class of financial liabilities is presented in the corresponding notes.

3.3 Credit Risk

Sonae Investimentos is exposed to the credit risk in its current operational activity. The credit risk in the scope of its current operational activity is managed through a system of gathering financial and qualitative information from independent entities that supply risk information, in order to allow the assessment of credit risk from debtors. The credit risk from suppliers arises from advances made to or discounts billed to suppliers and are mitigated by the expectation of maintaining the commercial relationship. The amounts presented in the statement of financial position are net of impairment losses, thus reflect its fair value.

Sonae Investimentos is also exposed to the credit risk in its relationship with financial institutions, in result of bank deposits, debt instruments available facilities, derivatives, among others.

The credit risk is limited to financial institutions, by risk concentration management and by a selection of counterparties, which have a high national and international prestige and based on their respective rating notations taking into account the nature, maturity and size of the operations.

4 GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by Sonae as at 31 December 2013 and 31 December 2012 are as follows:

Company	Head Office	Percentage of capital held			
		31 December 2013		31 December 2012	
		Direct	Total*	Direct	Total*
Sonae Investimentos- SGPS, S.A.	Matosinhos	HOLDING	HOLDING	HOLDING	HOLDING
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%
1) Carnes do Continente - Industria e Distribuição Carnes, SA	a) Santarém	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%

Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Contibomba - Comércio e Distribuição de Combustíveis, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Continente Hipermercados, SA	a)	Lisbon	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Discovery Sports, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
1) Edições Book.it, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
1) Estevão Neves - Hipermercados da Madeira, SA	a)	Funchal	100.00%	100.00%	100.00%	100.00%
Farmácia Selecção, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Fashion Division, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fashion Division Canárias , SL	a)	Tenerife (Spain)	100.00%	100.00%	100.00%	100.00%
Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fozmassimo - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosede	a)	Maia	54.55%	54.55%	54.55%	54.55%
Fundo de Investimento Imobiliário Imosonae Dois	a)	Maia	99.48%	99.48%	99.89%	99.89%
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 (Hungry)	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 - Distribuição de Materiais de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
	Modelo Continente Hipermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo Continente International Trade, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modelo.com - Vendas p/Correspond., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1)	Peixes do Continente - Indústria e Distribuição de Peixes, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmaconcept – Atividades em Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Predicomercial - Promoção Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	SDSR – Sports Division SR, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2)	SDSR – Sports Division 2, SA	a)	Matosinhos	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%
	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 MC – Modelo Continente, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonaecenter Serviços II, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sonaegest- Sociedade Gestora de Fundos de Investimento, SA	a)	Maia	60.00%	60.00%	60.00%	60.00%
	Sonaerp – Retail Properties, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Sonae Specialized Retail, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae Retalho Espanha - Servicios Generales, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	SIAL Participações, Ltda	a)	São Paulo (Brazil)	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 Canarias, SL	a)	Tenerife (Spain)	51.00%	51.00%	51.00%	51.00%
Sport Zone España - Comércio de Articulos de Deporte, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Sport Zone Sport Maiz.Per.Satis lth.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%
2) Tlantic BV	a)	Amsterdam (Netherlands)	77.66%	77.66%	-	-
Tlantic Portugal - Sistemas de Informação, SA	a)	Matosinhos	77.76%	77.76%	100.00%	100.00%
Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	77.66%	77.66%	100.00%	100.00%
1) Todos os Dias - Com. Ret. Expl. C. Comer., SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Valor N, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Worten Canarias, S.L.	a)	Tenerife (Spain)	51.00%	51.00%	51.00%	51.00%
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%
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%
Zíppy Cocuk Maiz.Dag.Satis lth.Ve Tic Ltd Sti	a)	Istambul (Turkey)	100.00%	100.00%	100.00%	100.00%
ZYEvolution – Investig.e Desenvolvimento, SA	a)	Matosinhos	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) Companies merged into Modelo Continente Hipermercados, SA, at 1 January 2013;

2) Company created during the period;

These entities were consolidated using the full consolidation method, considering that they are controlled by Sonae Investimentos SGPS, S.A.

5 JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES

Jointly controlled entities and associated companies included in the consolidated financial statements, their head offices and the percentage of share capital held by Sonae as at 31 December 2013 and 31 December 2012 are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position	
		31 December 2013		31 December 2012		31 December 2013	31 December 2012
		Direct	Total*	Direct	Total*		
Raso SGPS, SA (consolidated)	Lisbon	50.00%	50.00%	50.00%	50.00%	10,150,202	10,716,070
<i>Investments in joint ventures</i>						10,150,202	10,716,070
MDS SGPS, SA (consolidated)	Maia	46.92%	46.92%	46.92%	46.92%	40,746,920	49,205,951
Mundo VIP	Lisbon	33.34%	33.34%	33.34%	33.34%	-	-
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	899,945	897,831
<i>Investments in associated companies</i>						41,646,865	50,103,782
Total						51,797,067	60,819,852

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

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

During the periods ended as at 31 December 2013 and 2012 movements of Investments in jointly controlled companies and associated companies are made up as follows:

	31 December 2013			31 December 2012		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Joint ventures and associated companies						
Initial balance as at January,1	17,400,725	44,520,464	61,921,189	14,160,562	44,520,464	58,681,026
Acquisitions during the period	1,000,000	-	1,000,000	-	-	-
Equity method:						
Effect in gain or losses in joint controlled and associated companies	(2,894,152)	-	(2,894,152)	1,014,532	-	1,014,532
Distributed dividends	(14,332)	-	(14,332)	(99,002)	-	(99,002)
Other effects on reserves	(6,114,301)	-	(6,114,301)	2,324,633	-	2,324,633
Accumulated impairment losses (Note 30)	9,377,940	44,520,464	53,898,404	17,400,725	44,520,464	61,921,189
	(311,583)	(1,789,754)	(2,101,337)	688,417	(1,789,754)	(1,101,337)
	9,066,357	42,730,710	51,797,067	18,089,142	42,730,710	60,819,852

The amount under the caption "Other effects on reserves", results mainly from currency translation figures of companies with functional currency different from euro and the re-measurement at fair value of the financial investment in Cooper Gay Sweet Crawford, Ltd. included in the subsidiary MDS, SGPS, SA. The valuation of this investment was performed based on a binding acquisition proposal received from an unrelated 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 (Level 3).

The impairment analysis of these financial investments is based on the fair value estimate, based on discounted cash flows or based on its net asset value as applicable. Such estimate is based on the fair value computation of the value in use of its holdings by means of discounted cash flow models, whenever there is an indication that the asset might be impaired, namely from the distribution of dividends by the mentioned entities.

The aggregated values of main financial indicators of these companies are as follows:

31 December 2013						
	Assets	Liabilities	Equity	Income	Expenses	Profit/ (Loss)
Traveling	67,413,721	38,709,241	28,704,479	42,891,148	44,041,371	(1,150,223)
Insurance	100,288,792	73,867,578	26,421,214	47,057,243	51,369,849	(4,312,606)
Others	12,140,682	11,125,907	1,014,775	59,239,099	59,374,124	(135,025)
TOTAL	179,843,195	123,702,727	56,140,468	149,187,490	154,785,344	(5,597,854)

31 December 2012						
	Assets	Liabilities	Equity	Income	Expenses	Profit/ (Loss)
Traveling	65,247,647	35,392,945	29,854,702	42,764,046	48,411,033	(5,646,987)
Insurance	146,292,791	103,131,981	43,160,809	62,813,621	53,557,529	9,256,092
Others	12,966,266	11,959,946	1,006,320	63,374,796	63,518,277	(143,481)
TOTAL	224,506,704	150,484,873	74,021,831	168,952,463	165,486,840	3,465,624

6 OTHER NON-CURRENT INVESTMENTS

Other non-current investments, their head offices, percentage of share capital held and book value as at 31 December 2013 and 2012 are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position	
		31 December 2013		31 December 2012		31 December 2013	31 December 2012
		Direct	Total	Direct	Total		
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	14.28%	14.28%	14.28%	14.28%	9,976	9,976
Inscó - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	748,197	748,197
Other investments						12,643,064	33,847,325
						13,401,237	34,605,498

Under the caption other non-current investments there is an amount of 12,512,681 euro (33,716,476 euro as at 31 December 2012) related to amounts on an Escrow Account invested in superior rating funds and guarantees contractual liabilities assumed by Sonae Investimentos in the disposal of Sonae Distribuição Brasil, S.A. and for which provisions were recorded in the applicable situations (Note 30 and 31). The decrease in the amount of "Other Investments" from 2012 to 2013 is related to the use of the Escrow Account for payments related to contractual liabilities related with subsidiaries included in the above mentioned business (Note 30).

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 31). It is the understanding of the Board of Directors, based on legal opinions of Brazilian and Portuguese lawyers, that the reason attends to Sonae Investimentos.

Other investments include investments in non-listed companies which fair values cannot be reliably measured. As so, these investments are recorded at cost net of any impairment losses.

7 FINANCIAL INSTRUMENTS

The financial instruments classification according to the policies disclosed in Note 2.11 is as follows:

Financial assets	Notes	Loans and accounts receivable	Available for sale	Hedging derivatives (Note 24)	Sub-total	Assets not within the scope of IFRS 7	Total
As at 31 December 2013							
Non-current assets							
Other investments	6	12,512,681	888,556	-	13,401,237	-	13,401,237
Other non-current assets	12	23,066,830	-	-	23,066,830	36,909	23,103,739
		<u>35,579,511</u>	<u>888,556</u>	<u>-</u>	<u>36,468,067</u>	<u>36,909</u>	<u>36,504,976</u>
Current assets							
Trade receivables	14	43,070,196	-	-	43,070,196	-	43,070,196
Other debtors	15	90,687,013	-	-	90,687,013	-	90,687,013
Other investments	11 and 24	6,106	-	35,999	42,105	-	42,105
Cash and cash equivalents	19	71,510,332	-	-	71,510,332	-	71,510,332
		<u>205,273,647</u>	<u>-</u>	<u>35,999</u>	<u>205,309,646</u>	<u>-</u>	<u>205,309,646</u>
		<u>240,853,158</u>	<u>888,556</u>	<u>35,999</u>	<u>241,777,713</u>	<u>36,909</u>	<u>241,814,621</u>
As at 31 December 2012							
Non-current assets							
Other investments	6	33,717,673	889,022	-	34,605,498	-	34,605,498
Other non-current assets	12	34,338,152	-	-	34,338,152	91,662	34,429,814
		<u>68,055,825</u>	<u>889,022</u>	<u>-</u>	<u>68,943,650</u>	<u>91,662</u>	<u>69,035,312</u>
Current assets							
Trade receivables	14	31,088,175	-	-	31,088,175	-	31,088,175
Other debtors	15	51,947,177	-	-	51,947,177	-	51,947,177
Other investments	11 and 24	862,387	-	30,341	892,728	-	892,728
Cash and cash equivalents	19	162,194,406	-	-	162,194,406	-	162,194,406
		<u>246,092,145</u>	<u>-</u>	<u>30,341</u>	<u>246,122,486</u>	<u>-</u>	<u>246,122,486</u>
		<u>314,147,970</u>	<u>889,022</u>	<u>30,341</u>	<u>315,066,136</u>	<u>91,662</u>	<u>315,157,798</u>
Financial liabilities							
Financial liabilities	Notes	Financial liabilities recorded at amortised cost	Hedging derivatives (Note 24)	Sub-total	Liabilities not within the scope of IFRS 7	Total	
As at 31 December 2013							
Non-current liabilities							
Loans	22	114,694,578	-	114,694,578	-	114,694,578	
Bonds	22	646,307,863	-	646,307,863	-	646,307,863	
Obligations under finance leases	22 and 23	7,630,324	-	7,630,324	-	7,630,324	
Other loans	22	53,936	-	53,936	-	53,936	
Other non-current liabilities	25	408,093,722	-	408,093,722	36,615,170	444,708,892	
		<u>1,176,780,423</u>	<u>-</u>	<u>1,176,780,423</u>	<u>36,615,170</u>	<u>1,213,395,593</u>	
Current liabilities							
Loans	22	56,774,364	-	56,774,364	-	56,774,364	
Bonds	22	9,990,122	-	9,990,122	-	9,990,122	
Obligations under finance leases	22 and 23	4,185,507	-	4,185,507	-	4,185,507	
Other loans	22 and 24	33,466	1,415,143	1,448,609	-	1,448,609	
Trade creditors	27	1,143,639,351	-	1,143,639,351	-	1,143,639,351	
Other creditors	28	90,860,537	-	90,860,537	-	90,860,537	
		<u>1,305,483,347</u>	<u>1,415,143</u>	<u>1,306,898,490</u>	<u>-</u>	<u>1,306,898,490</u>	
		<u>2,482,263,770</u>	<u>1,415,143</u>	<u>2,483,678,913</u>	<u>36,615,170</u>	<u>2,520,294,083</u>	
As at 31 December 2012							
Non-current liabilities							
Loans	22	218,458,349	-	218,458,349	-	218,458,349	
Bonds	22	532,738,392	-	532,738,392	-	532,738,392	
Obligations under finance leases	22 and 23	9,942,240	-	9,942,240	-	9,942,240	
Other loans	22	90,166	-	90,166	-	90,166	
Other non-current liabilities	25	408,345,653	-	408,345,653	21,163,999	429,509,652	
		<u>1,169,574,800</u>	<u>-</u>	<u>1,169,574,800</u>	<u>21,163,999</u>	<u>1,190,738,799</u>	
Current liabilities							
Loans	22	55,175,849	-	55,175,849	-	55,175,849	
Bonds	22	170,900,782	-	170,900,782	-	170,900,782	
Obligations under finance leases	22 and 23	3,383,796	-	3,383,796	-	3,383,796	
Other loans	22 and 24	33,466	953,531	986,997	-	986,997	
Trade creditors	27	1,090,451,413	-	1,090,451,413	-	1,090,451,413	
Other creditors	28	92,477,002	-	92,477,002	-	92,477,002	
		<u>1,412,422,308</u>	<u>953,531</u>	<u>1,413,375,839</u>	<u>-</u>	<u>1,413,375,839</u>	
		<u>2,581,997,108</u>	<u>953,531</u>	<u>2,582,950,639</u>	<u>21,163,999</u>	<u>2,604,114,638</u>	

Financial instruments recognized at fair value

In 2013 the Group applied for the first time IFRS 13 - Fair Value Measurement. This standard requires that the fair value is disclosed in accordance with the following hierarchy:

Level 1: fair value is determined based on active market prices for identical assets and liabilities;

Level 2: the fair value is determined based on other data, other than market prices identified in level 1 but they are possible to be observable, and

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

	31 December 2013			31 December 2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Derivatives (Note 24)	-	35,999	-	-	30,341	-
	-	35,999	-	-	30,341	-
Financial liabilities measured at fair value						
Derivatives (Note 24)	-	1,415,143	-	-	953,531	-
	-	1,415,143	-	-	953,531	-

8 TANGIBLE ASSETS

During the periods ended as at 31 December 2013 and 2012 movements in tangible assets as well as depreciation and accumulated impairment losses are made up as follows:

	Tangible assets						Tangible Assets
	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Other Tangible Assets	Tangible assets in progress	
Gross assets:							
Opening balance as at 1 January 2012	1,651,284,310	1,156,118,956	20,908,117	108,073,700	38,430,751	28,062,620	3,002,878,454
Capital Expenditure	3,411,111	2,456,323	43,208	276,516	35,897	95,767,211	101,990,266
Disposals	(2,886,204)	(41,197,931)	(917,616)	(7,331,067)	(1,329,376)	(2,834,690)	(56,496,884)
Exchange rate effect	-	(134,837)	(5,821)	(67,925)	-	-	(208,583)
Transfers	1,302,116	77,163,471	696,854	4,421,017	1,595,006	(89,188,016)	(4,009,552)
Opening balance as at 1 January 2013	1,653,111,333	1,194,405,982	20,724,742	105,372,241	38,732,278	31,807,125	3,044,153,701
Capital Expenditure	2,974,773	1,577,629	59,666	161,116	50,404	115,008,893	119,832,481
Disposals	(7,179,448)	(55,174,279)	(1,161,950)	(10,471,441)	(1,827,394)	(778,607)	(76,593,119)
Exchange rate effect	-	(197,046)	(7,334)	(218,736)	-	-	(423,116)
Transfers	8,276,962	93,705,442	1,181,774	6,814,306	2,567,100	(115,542,433)	(2,996,849)
Closing balance as at 31 December 2013	1,657,183,620	1,234,317,728	20,796,898	101,657,486	39,522,388	30,494,978	3,083,973,098
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2012	256,086,860	527,857,301	16,793,593	76,578,812	31,463,571	-	908,780,137
Depreciation and impairment losses	27,691,694	118,021,424	1,309,049	11,443,732	3,550,371	-	162,016,270
Disposals	(1,310,414)	(38,370,781)	(895,176)	(7,128,956)	(1,283,639)	-	(48,988,966)
Exchange rate effect	-	(85,103)	(2,563)	(46,388)	-	-	(134,054)
Transfers	-	(661,856)	(322,631)	(2,239,707)	(80,349)	-	(3,304,543)
Opening balance as at 1 January 2013	282,468,140	606,760,985	16,882,272	78,607,493	33,649,954	-	1,018,368,844
Depreciation	26,439,759	117,295,490	1,217,849	10,073,745	2,657,388	-	157,684,231
Impairment losses (Note 30)	100,465,106	53,244,344	32,556	525,201	117,297	-	154,384,504
Disposals	(136,883)	(50,654,616)	(1,126,655)	(9,992,770)	(1,793,518)	-	(63,704,442)
Exchange rate effect	-	(163,239)	(1,402)	(106,247)	-	-	(270,888)
Transfers	(184,396)	(937,805)	(40,397)	(1,883,043)	(27,334)	-	(3,072,975)
Closing balance as at 31 December 2013	409,051,726	725,545,159	16,964,223	77,224,379	34,603,787	-	1,263,389,274
Carrying amount							
As at 31 December 2012	1,370,643,193	587,644,997	3,842,470	26,764,748	5,082,324	31,807,125	2,025,784,857
As at 31 December 2013	1,248,131,894	508,772,569	3,832,675	24,433,107	4,918,601	30,494,978	1,820,583,824

Investment in 2013 includes:

- Approximately 99.6 million euro of assets acquisition primarily associated with the opening and remodelling of stores; and
- and 6 million euro related to the business combination detailed in Note 10.

The caption "impairment losses" at 2013 can be detailed as follows:

Impairments	31 December 2013
Layout change and rebranding of:	
Sonae SR stores	43,746,620
Sonae MC stores	9,988,367
Real estate impairment	100,465,106
Others	184,411
	154,384,504

The impairment losses recorded for real estate assets were based in external valuations made by an independent and specialized entity (Jones Lang LaSalle). These valuations were performed using the income method. For this purpose it was considered yields between 7.40% and 9.50%, For IFRS 13 purposes, this is a "Level 3" fair value measurement.

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

	31 December 2013	31 December 2012
Refurbishment and expansion of stores in Portugal	17,595,991	22,221,243
Refurbishment and expansion of stores in Spain	1,297,219	842,420
Projects "Modelo" and "Continente" stores for which advance payments were made	11,532,400	8,274,617
Others	69,369	468,845
	30,494,978	31,807,125

9 INTANGIBLE ASSETS

During the periods ended as at 31 December 2013 and 2012, movements in intangible assets as well as depreciation and accumulated impairment losses are made up as follows:

	Intangible assets					
	Industrial property	Software	Premium paid for property occupation	Others intangible assets	Intangible assets in progress	Total Intangible Assets
Gross cost:						
Opening balance as at 1 January 2012	101,358,773	154,550,982	14,779,372	3,478,973	15,500,704	289,668,804
Capital expenditure	247,675	13,633	-	49,581	23,290,911	23,601,800
Disposals	(222,932)	(853,427)	(746,047)	(49,581)	(718,959)	(2,590,946)
Exchange rate effect	(3,083)	(57,944)	-	26,199	-	(34,828)
Transfers	1,024,973	15,289,988	-	(2,755,477)	(16,770,730)	(3,211,246)
Opening balance as at 1 January 2013	102,405,406	168,943,232	14,033,325	749,695	21,301,926	307,433,584
Capital expenditure	171,850	327,244	-	-	29,228,159	29,727,253
Disposals	(140,436)	(171,600)	-	-	(243,556)	(555,592)
Exchange rate effect	(68,840)	(124,299)	-	(30,611)	-	(223,750)
Transfers	795,884	20,668,844	-	-	(22,575,204)	(1,110,476)
Closing balance as at 31 December 2013	103,163,864	189,643,421	14,033,325	719,084	27,711,325	335,271,019
						-
Accumulated depreciation and impairment losses						
Opening balance as at 1 January 2012	19,148,056	99,332,708	14,375,028	455,346	-	133,311,138
Depreciation of the period	3,305,394	18,337,274	-	60,490	-	21,703,158
Disposals	(217,696)	(799,481)	(746,047)	(49,581)	-	(1,812,805)
Exchange rate effect	(2,101)	(25,092)	-	1,922	-	(25,271)
Transfers	20,495	(13,240)	-	(372,514)	-	(365,259)
Opening balance as at 1 January 2013	22,254,148	116,832,169	13,628,981	95,663	-	152,810,961
Depreciation of the period	2,581,436	16,510,365	-	57,958	-	19,149,759
Impairment losses (Note 30)	-	186	-	-	-	186
Disposals	(139,194)	(171,600)	-	-	-	(310,794)
Exchange rate effect	(34,884)	(45,084)	-	(13,990)	-	(93,958)
Transfers	(14,030)	(2,576)	-	-	-	(16,606)
Closing balance as at 31 December 2013	24,647,476	133,123,460	13,628,981	139,631	-	171,539,548
						-
Carrying amount						
As at 31 December 2012	80,151,258	52,111,063	404,344	654,032	21,301,926	154,622,623
As at 31 December 2013	78,516,388	56,519,961	404,344	579,453	27,711,325	163,731,471

As at 31 December 2013 and 2012 intangible assets in progress were mainly related with software and software development projects.

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 as at December 2012).

Sonae performs annual impairment tests on the value of brands, calculating for this purpose the recoverable amount of Sonae MC, which is determined, based on value in use, using for this purpose the latest business plans which are prepared through projected cash flows for periods of 5 years. The assumptions used are disclosed in Note 10.

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

10 GOODWILL

Goodwill is allocated to each of the operating segments and within to each homogeneous group of cash generating units.

Goodwill is allocated to each operating segment, Food based retail (Sonae MC) and Specialized retail in Portugal (Sonae SR), being afterwards distributed by each homogenous group of cash generating units, namely to each insignia within each segment, and each of the properties in case of Retail real estate operating segment (Sonae RP).

At 31 December 2013 and 2012, the caption “Goodwill” can be detailed as follows:

	31 December 2013	31 December 2012
Sonae MC	433,813,034	429,826,294
Sonae SR	60,704,202	62,030,352
Sonae RP	3,669,166	4,281,767
Investment management	-	3,096,074
	<u>498,186,402</u>	<u>499,234,487</u>

During the years ended 31 December 2013 and 2012, movements in the caption Goodwill as well as in the corresponding impairment losses, are as follows:

	31 December 2013	31 December 2012
Gross value:		
Opening balance	501,821,164	501,821,164
Goodwill generated in the period	3,986,740	-
Closing balance	<u>505,807,904</u>	<u>501,821,164</u>
Accumulated impairment losses:		
Opening balance	2,586,677	2,586,677
Increases	5,034,825	-
Closing balance	<u>7,621,502</u>	<u>2,586,677</u>
Carrying amount	<u>498,186,402</u>	<u>499,234,487</u>

In 2013 a business combination took place involving the acquisition of 8 food retail stores in Madeira (Região Autónoma da Madeira), previously held by Jorge Sá Group. The impact on the financial statements can be presented as follows:

	At acquisition date
Tangible Assets (Note 10)	6,013,260
Goodwill	3,986,740
Acquisition Value	10,000,000
Cash paid	5,798,180
Amount paid in income	3,298,216
Amount in debt	<u>903,604</u>

Impairment tests on Goodwill are performed on an annual basis and whenever there are indications of Goodwill impairment. During the periods ended at 31 December 2013 and 2012, Sonae Investimentos tested for goodwill impairment, having as a result of that analysis, recorded impairment losses as follows:

	31 December 2013	31 December 2012
Sonae SR	1,326,150	-
Sonae RP	612,601	-
Investment management	3,096,074	-
	<u>5,034,825</u>	<u>-</u>

The impairment of goodwill of Sonae SR results mainly of goodwill allocated to stores that closed during the period ended at 31 December 2013.

The impairment losses recorded on goodwill in Investment Management follows the outcome of impairment testing of a Retail insignia included in Investment Management segment, which led to the impairment of the entire goodwill allocated to this insignia in the amount of approximately 3 million euro.

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

For this purpose the Food Retail (Sonae MC) and Specialized Retail (Sonae SR) operating segments in Portugal use internal valuation of its business concepts, using annual planning methodologies, supported in business plans that consider cash flow projections for each unit which depend on detailed and properly supported assumptions. These plans take into consideration the impact of the main actions that will be carried out by each business concept as well as a study of the resources allocation of the company.

The recoverable value of cash generating units is determined based on its value in use, which is calculated taking into consideration the last approved business plans which are prepared using cash flow projections for periods of 5 years.

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

	31 December 2013			31 December 2012		
	Weighted average capital cost	Growth rate in perpetuity	Compound growth rate sales	Weighted average capital cost	Growth rate in perpetuity	Compound growth rate sales
Sonae MC	9% to 10%	<= 1%	4%	9% to 10%	<= 1%	3%
Sonae SR- Portugal	9% to 11%	<= 1%	6%	9% to 11%	<= 1%	4%
Investment management	8% to 10%	<= 1,5%	6%	8% to 10%	<= 1,5%	5%

The recoverable value of cash generating units on the specialized retail formats in Spain, is determined based on its value in use, which is calculated taking into consideration the approved business plans for periods of 10 years. Assuming this is the most realistic and appropriate deadline for the implementation of the strategy of internationalization of Sonae in specialized retail segment, taking into consideration not only the nature of the products in question (more discretionary character) but also the current macroeconomic conditions and restrictions on access to new financing, which limit an internationalization accelerated process. The analysis described above aims to demonstrate the recovery of non-current assets and deferred tax assets of Sonae SR in Spain, since it does not have any value of goodwill allocated.

11 OTHER INVESTMENTS

As at 31 December 2013 and 2012 this caption is made up as follows:

	31 December 2013	31 December 2012
Other investments:		
Opening balance as at 1 January	862,387	3,059,199
Increases in the period	157	189
Decreases in the period	(856,438)	(2,197,001)
Closing balance as at 31 December	6,106	862,387
Accumulated impairment losses	-	-
Closing balance as at 31 December	6,106	862,387
Derivative financial instruments		
Fair value as at 1 January	30,341	2,797,070
Acquisitions in the period	26,398	-
Increase/(Decrease) in fair value	(20,740)	(2,766,729)
Fair value as at 31 December (Note 24)	35,999	30,341
Total of Other Investments (Note 7)	42,105	892,728

12 OTHER NON-CURRENT ASSETS

As at 31 December 2013 and 2012, "Other non-current assets" are detailed as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Loans granted to related parties	8,665,429	18,976,002
Accumulated impairment losses in loans granted to related parties (Note 30)	-	(1,000,000)
	<u>8,665,429</u>	<u>17,976,002</u>
Trade accounts receivable and other debtors		
Bails (a)	5,725,333	5,919,711
Legal deposits (b)	818,011	973,963
Recognition of the value to be received Wall Mart (c)	7,858,057	9,468,476
Amount receivable for selling the Modelo Cont.Seguros	2,423,530	2,344,124
	<u>25,490,360</u>	<u>36,682,276</u>
Accumulated impairment losses in other debtors (Note 30)	(2,423,530)	(2,344,124)
	<u>23,066,830</u>	<u>34,338,152</u>
Total financial instruments (Note 7)		
Other non-current assets	36,909	91,662
	<u>23,103,739</u>	<u>34,429,814</u>

Loans granted to related parties mainly refer to MDS SGPS, SA 8,665,429 euro (17,971,002 euro as at 31 December 2012). These loans bear interests at market rates and do not have a defined maturity. The fair value of these loans is estimated to be similar to its carrying amount.

Most significant values included in non-current "Trade accounts receivable and other debtors" refer to:

- a) Amounts related with guarantees of lease contracts in group stores located in Spain, which aren't due at this date;
- b) Amounts related to legal deposits made by a Brazilian subsidiary, for which are recorded the correspondent liabilities in the caption "Other non-current liabilities" (Note 25), with no defined maturity;
- c) As a result of the agreements signed in 2005 by the former subsidiary - Sonae Distribuição Brasil, SA (sold to Wall-Mart in 2005) with Carrefour Comércio e Indústria Ltda, Sonae Investimentos assumed the responsibility to compensate Carrefour for the expenses that would arise from the 10 stores licensing process in the Brazilian state of São Paulo that were sold to that entity. During 2010, Carrefour triggered a bank warranty "on first demand" amounting to 25,340,145.80 Brazilian real (approximately 7.9 million euro) for alleged expenses incurred with the mentioned stores that allegedly, arose from the need to remedy deficiencies cited by competent authorities for the licensing process. However no evidence of those expenses was presented to Sonae, or proof of the necessity of carrying out such costs for the licensing process as established on the mentioned agreements. 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 Comércio e Indústria, Ltda., through society Wms – Supermarkets in Brazil (formerly Sonae Distribuição Brasil, S.A, sold to Wall Mart Group, as mentioned above) to recover the above mentioned amount (for Sonae Investimentos, 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 with Brazilian law).

According to 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 proceedings will last up to 7 years, since its beginning in 2011.

13 INVENTORIES

As at 31 December 2013 and 2012, Inventories are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Raw materials and consumables	698,111	831,499
Goods for sale	619,624,215	566,507,747
Finished and intermediate goods	478,877	318,157
Work in progress	237,215	187,377
	<u>621,038,418</u>	<u>567,844,780</u>
Accumulated impairment losses on Inventories (Note 30)	<u>(32,642,082)</u>	<u>(43,160,752)</u>
	<u>588,396,336</u>	<u>524,684,028</u>

Cost of goods sold as at 31 December 2013 and 2012 may be detailed as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Opening balance	567,339,246	676,197,262
Exchange rate effect	(94,251)	7,956
Purchases	3,656,218,555	3,390,646,639
Adjustments	(9,394,346)	(9,441,668)
Closing balance	<u>620,322,326</u>	<u>567,339,246</u>
	3,593,746,878	3,490,070,943
Impairment losses (Note 30)	<u>(10,550,285)</u>	<u>9,179,212</u>
	<u>3,583,196,593</u>	<u>3,499,250,155</u>

The amounts recorded under the caption "Adjustments" for the years ended 31 December 2013 and 2012 relate mainly to donations to social welfare institutions.

14 TRADE ACCOUNTS RECEIVABLE

As at 31 December 2013 and 2012, trade accounts receivable are detailed as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Trade accounts receivable	43,121,487	31,787,666
Doubtful receivables	<u>3,053,087</u>	<u>2,693,857</u>
	46,174,574	34,481,523
Accumulated impairment losses on Trade accounts receivable (Note 30)	<u>(3,104,378)</u>	<u>(3,393,348)</u>
	<u>43,070,196</u>	<u>31,088,175</u>

Current trade accounts receivable caption includes 14,606,205 euro (13,773,931 euro as at 31 December 2012), related to gross sales to related companies.

Sonae Investimentos exposure to credit risk is mainly related to accounts receivable arising from its operational activity. The amounts presented on the statement of financial position are net of impairment

losses that were estimated based on Sonae Investimentos past experience and on the assessment of current economic conditions. It's Sonae Investimentos understanding that the book value of these accounts receivable does not differ significantly from its fair value.

As at 31 December 2013 there is no indication that the debtors of trade accounts receivable not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognized.

As at 31 December 2013 and 2012, the ageing of the trade receivables is as follows:

	Trade Receivables	
	31 December 2013	31 December 2012
Not due	17,558,563	11,931,338
Due but not impaired		
0 - 90 days	23,537,170	17,055,767
+ 90 days	1,974,464	1,618,094
Total	25,511,634	18,673,861
Due and impaired		
0 - 90 days	10,777	504,507
90 - 180 days	47,502	13,690
180 - 360 days	102,871	87,786
+ 360 days	2,943,228	3,270,341
Total	3,104,378	3,876,324
	46,174,574	34,481,523

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

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

15 OTHER DEBTORS

As at 31 December 2013 and 2012, "Other debtors" are as follows:

	31 December 2013	31 December 2012
Granted loans to related companies	8,802,720	8,423,538
Other debtors		
Trade creditors - debtor balances	34,253,806	30,578,619
Special regime for settlement of tax and social security debts	22,327,147	12,047,569
Deposit in favor of Cosec (a)	11,798,127	-
VAT recoverable on real estate assets	2,905,723	1,143,779
Accounts receivable from the disposal of tangible fixed assets	194,142	915,522
Other current assets	24,326,595	13,272,105
	95,805,540	57,957,594
Accumulated impairment losses in receivables (Note 30)	(13,921,247)	(14,433,955)
Total of Financial Instruments (Note 7)	90,687,013	51,947,177

a) Deposit in favour of COSEC during 2013, received in January 2014

Granted loans to related companies (mainly refers to the loan granted to Raso, SGPS, SA for 8,450,000 euro, 7,800,000 euro as at 31 December 2012) bear interests at market rates, do not have defined maturity but are deemed to be received within twelve months.

As at 31 December 2013, the amounts disclosed as 'Trade creditors - debtor balances' relates to commercial discounts billed to suppliers to be net settled with future purchases.

The amount disclosed as 'Special regime for payment of tax and social security debts' corresponds to taxes paid which were previously disputed and subject to reimbursement claims. The tax litigations are still in progress, although following the payment the guarantees previously given were cancelled. No impairment loss was recorded since it's the Board of Directors understanding that the decisions over the appeals will be in favour of Sonae. Since 31 December 2012, the caption "Other debtors" increased, following the Group decision to benefit from the newly approved Special regime for payment of tax and social security debts, and the payment of approximately 17 million euro (Note 31).

As at 31 December 2013 and 2012, the "Other debtors" ageing, without impairment losses, is as follows:

	Other Debtors	
	31 December 2013	31 December 2012
Not due	47,965,374	24,551,147
Due but not impaired		
0 - 90 days	40,522,421	25,600,136
+ 90 days	2,199,218	2,133,647
Total	42,721,639	27,733,783
Due and impaired		
0 - 180 days	434,163	1,371,983
180 - 360 days	751,445	850,540
+ 360 days	12,735,639	11,873,679
Total	13,921,247	14,096,202
	104,608,260	66,381,132

There is no indication that the debtors not due will not fulfill their obligations. The carrying amount of "Other debtors" is estimated to be approximately its fair value.

16 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2013 and 2012, Taxes recoverable and taxes and contributions payable are made up as follows:

	31 December 2013	31 December 2012
Tax recoverable		
Income taxation	35,097,105	31,515,112
VAT	26,691,231	30,716,891
Other taxes	1,408,625	1,594,927
	63,196,961	63,826,930
Taxes and contributions payable		
Income taxation	11,006,318	7,187,745
VAT	23,694,870	25,994,486
Staff income taxes withheld	4,516,646	4,443,734
Social security contributions	10,408,718	10,139,559
Other taxes	94,362	101,157
	49,720,914	47,866,681

17 OTHER CURRENT ASSETS

As at 31 December 2013 and 2012, "Other current assets" are made up as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Commercial discounts	30,436,429	30,490,883
Interests to be received	1,585,231	1,141,142
Commissions to be received	2,627,215	1,926,548
Rents	6,019,706	6,687,441
Condominium management fee's	1,461,240	1,490,358
Insurance premiums paid in advance	5,778,700	5,076,606
Insurance indemnities	2,430,736	7,423,141
Software licenses	1,725,531	1,460,671
Other current assets	6,848,095	8,468,485
	<u>58,912,883</u>	<u>64,165,275</u>

The caption "Commercial discounts" refers to promotional campaigns carried out in the Group stores and reimbursed by Sonae Investimentos suppliers.

The caption "Insurance indemnities" reflects the best estimate of Sonae, of the amount to be recovered from insurance institutions regarding a fire at one of "Continente" stores in Portimão. The decrease since 2012 is related with the partial payment of the above mentioned indemnity by the insurance institution in 2013.

18 DEFERRED TAX

Deferred tax assets and liabilities as at 31 December 2013 and 2012 are as follows, split between the different types of temporary differences:

	<u>Deferred tax assets</u>		<u>Deferred tax liabilities</u>	
	<u>31 December 2013</u>	<u>31 December 2012</u>	<u>31 December 2013</u>	<u>31 December 2012</u>
Difference between fair value and acquisition cost	5,911,741	3,779,408	21,229,003	30,285,857
Amortisation and depreciation	1,371,758	117,928	65,095,329	71,619,715
Provisions and impairment losses not accepted for tax purposes	37,206,940	19,872,171	-	-
Write off of tangible and intangible assets	1,661,602	3,340,298	-	-
Valuation of hedging derivatives	210,756	107,198	60,252	48,946
Amortisation of goodwill for tax purposes	-	-	25,128,058	23,732,055
Revaluation of tangible assets	-	-	1,534,310	1,727,983
Tax losses carried forward	61,353,838	93,593,647	-	-
Reinvested capital gains/(losses)	-	-	1,512,257	1,000,609
Tax Benefits	3,204,661	-	-	-
Others	6,490,837	2,304,700	2,378,710	1,698,810
	<u>117,412,133</u>	<u>123,115,350</u>	<u>116,937,919</u>	<u>130,113,975</u>

During the periods ended 31 December 2013 and 2012, movements in "Deferred tax assets and liabilities" are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Opening balance	123,115,350	117,767,016	130,113,975	119,911,312
Effects in net income (Note 40):				
Difference between fair value and acquisition cost	2,293,557	376,452	(8,097,209)	(747,757)
Amortisation and depreciation	1,247,614	14,459	(878,387)	5,531,889
Provisions and impairment losses not accepted for tax purposes	19,373,016	1,142,804	463,067	-
Write-off of tangible and intangible assets	(1,605,719)	(1,610,592)	-	-
Write-off of deferred costs	-	-	(1,159,359)	1,146,785
Revaluation of tangible assets	-	-	(143,045)	(142,945)
Tax losses carried forward	(32,206,209)	4,221,118	-	-
Amortisation of goodwill for tax purposes	-	-	1,333,298	1,396,003
Reinvested capital gains/(losses)	-	-	581,432	(205,410)
Changes in tax rates	(3,198,398)	734,663	(6,786,085)	3,640,629
Tax Benefits	3,204,661	-	-	-
Others	5,084,705	336,943	1,490,902	166,392
	(5,806,774)	5,215,847	(13,195,386)	10,785,586
Effects in equity:				
Valuation of hedging derivatives	104,962	130,612	28,341	(574,230)
Exchange rate effect	-	-	(10,065)	(8,693)
Others	(1,404)	1,875	1,053	-
	103,558	132,487	19,329	(582,923)
Closing balance	117,412,133	123,115,350	116,937,919	130,113,975

The caption "Tax losses carried forward" includes the reversal of deferred tax assets related to tax losses that have been recorded in previous periods in Worten Spain and Sport Zone Spain amounting 32.5 million euro, considering the existent risk in the recovery of those tax credits within a relevant time horizon. The deferred tax assets in question could only be recovered in the individual sphere of each company. Following the revision of these insignias business plans, as well as its rebranding and the change in expectations of the group for the development of these business's in Spain, the group decided on their annulment.

The rate used at 31 December 2013, in Portuguese companies, to calculate the deferred tax assets relating to tax losses carried forward was 23%, as a consequence of the IRC rate change from 25% to 23% from 2014 onwards. The rate used to calculate deferred taxes in temporary differences in Portuguese companies is 24.5% increased by the state surcharge in companies in which the expected reversal of those deferred taxes will occur when those rates will be applicable. For companies or branches located in other countries, were used rates applicable in each jurisdiction.

As at 31 December 2013 and 2012, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	31 December 2013			31 December 2012		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2007	-	-	2013	1,223,112	305,778	2013
Generated in 2008	1,219,236	280,424	2014	1,219,236	304,808	2014
Generated in 2009	2,739	630	2015	3,523	881	2015
Generated in 2010	99,670	22,924	2014	99,670	24,918	2014
Generated in 2011	271,308	62,401	2015	286,255	71,564	2015
Generated in 2012	87,055	20,023	2017	87,055	21,764	2017
Generated in 2013	-	-	2018	-	-	-
	1,680,008	386,402		2,918,851	729,713	
With a time limit different from the above mentioned (a)	203,224,787	60,967,436		309,546,450	92,863,934	
	204,904,795	61,353,838		312,465,301	93,593,647	

- (a) Includes, as at 31 December 2013, approximately 58 million euro (76 million euro as at 31 December 2012) related to deferred tax assets for which the carry forward period count hasn't started. The decrease compared to the year ended 31 December 2012, is associated with the reversal of deferred tax assets in retail operations, in Spain.

As at 31 December 2013 and 2012, deferred tax assets resulting from tax losses carried forward were assessed against each company's business plans, which are regularly updated, and available tax planning opportunities. Deferred tax assets have only been recorded to the extent that future taxable profits will arise which might be offset against available tax losses or against deductible temporary differences.

As at 31 December 2013 deferred tax assets related to tax losses generated in current and previous years, by Modelo Continente Hipermercados, S.A. Spanish Branch of Retail operating segment, amount to 57.9 million euro (57.7 million euro as at 31 December 2012). The mentioned tax losses can be recovered within the Income Tax Group established in Spain, according to Spanish law. Modelo Continente Hipermercados, S.A. Spanish Branch, as at 31 December 2013 and 2012, 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.

The recoverability of the deferred tax assets mentioned above, regarding Sonae operations in Spain, is conditioned by the fulfilment of the 10 year business plans, approved by the Board of Directors, for those markets and businesses that are part of the fiscal perimeter in Spain. These business plans were also used in the impairment analysis of other non-current assets.

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

In 2010 and 2011, Spanish Tax authorities notified Modelo Continente S.A. Spanish Branch of a decrease in 2008 and 2009 tax losses incurred, amounting to approximately 23.3 million euro, challenging the deduction of Goodwill depreciation, generated on the acquisition of Continente Hipermercados for each of the mentioned years. That branch appealed to the proper Spanish Authorities (Tribunal Económico - Administrativo Central de Madrid) in 2010 and 2011 respectively, and it is the Board of Directors understanding that the decision will be favourable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities related with Goodwill. In 2012 the Company interposed an appeal to the National Court in Spain ("Audiência Nacional Espanha"), due to a decision opposite to the claims and estimates of the Company, by the Economic and Administrative Central Court of Madrid, for the notification for fiscal year of 2008. As at 31 December 2013, tax losses arising from the depreciation of Goodwill, including 2008, amount to 83.7 million euro (79.1 million euro as at 31 December 2012). The company maintains recorded, related to this subject, deferred tax assets and deferred tax liabilities amounting to 25.1 million euro (23.7 million euro in December 2012).

As at 31 December 2013, there were tax losses carried forward, amounting to 175.9 million euro (54.7 million euro in 2012) for which no deferred tax assets were recognized due to uncertainties of their future use. These may be summarised as follows:

	31 December 2013			31 December 2012		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use						
Generated in 2007	-	-	2013	60,805	15,202	2013
Generated in 2008	2,017,121	463,938	2014	3,135,429	783,858	2014
Generated in 2009	4,531,833	1,042,321	2015	5,302,815	1,325,703	2015
Generated in 2010	5,386,907	1,238,989	2014	5,386,907	1,346,727	2014
Generated in 2011	4,292,265	987,221	2015	4,292,265	1,073,066	2015
Generated in 2012	3,495,558	803,978	2017	3,557,841	889,460	2017
Generated in 2013	98,018	22,544	2018	-	-	
	<u>19,821,702</u>	<u>4,558,991</u>		<u>21,736,062</u>	<u>5,434,016</u>	
Without limited time use	12,858,928	4,372,036		11,625,306	3,952,604	
With a time limit different from the above mentioned a)	143,265,248	42,977,312		21,316,027	6,394,808	
	<u>175,945,878</u>	<u>51,908,339</u>		<u>54,677,395</u>	<u>15,781,428</u>	

- (a) The increase over the prior period is primarily associated with the reverse of deferred tax assets in the retail operations in Spain.

19 CASH AND CASH EQUIVALENTS

As at 31 December 2013 and 2012, cash and cash equivalents are as follows:

	31 December 2013	31 December 2012
Cash at hand	7,497,968	6,964,521
Bank deposits	64,012,364	115,130,218
Treasury applications	-	40,099,667
Cash and cash equivalents on the statement of financial position (Note 7)	<u>71,510,332</u>	<u>162,194,406</u>
Bank overdrafts (Note 22)	<u>(402,542)</u>	<u>(13,211,964)</u>
Cash and cash equivalents on the statement of cash flows	<u>71,107,790</u>	<u>148,982,442</u>

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

20 CAPITAL

As at 31 December 2013, the share capital, which is fully subscribed and paid for, is made up of 1,000,000,000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

As at 31 December 2013 and 2012, the company's subscribed share capital are held as follows:

Company	31 December 2013	31 December 2012
Sonae, SGPS, S.A.	76.856%	76.856%
Sonae Investments, BV	13.142%	13.142%
Sonae MC-Modelo Continente, SGPS, SA	10.000%	-
Sonae Specialized Retail, SGPS, SA	-	10.000%
Libra Serviços, Lda	0.002%	0.002%

As at 31 December 2013, Efanor Investimentos, SGPS, S.A. and its subsidiaries held 52.48% of the share capital of Sonae, SGPS, S.A.

As at 31 December 2013, Sonae Investimentos holds 10% of treasury shares. Following the mentioned acquisition free reserves amounting to the cost of the above mentioned shares were made unavailable, in accordance with commercial legislation (Art. 324 of "CSC"). The distribution of this reserve depends on the termination or disposal of the treasury shares.

21 NON-CONTROLLING INTERESTS

Movements in non-controlling interests during the periods ended as at 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Opening balance as at 1 January	85,691,823	75,700,031
Dividends	(190,744)	(157,074)
Income distribution from investment funds	(4,620,415)	(6,015,675)
Increase of capital and premium on subsidiaries	-	1,166,629
Increased shareholding by acquisitions	1,209,335	-
Additional paid in capital	-	15,000,000
Others	388,607	22,482
Profit for the period attributable to non-controlling interests	1,833,561	(24,570)
Closing balance as at 31 December	<u>84,312,167</u>	<u>85,691,823</u>

22 LOANS

As at 31 December 2013 and 2012, Loans are made up as follows:

	31 December 2013		31 December 2012	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Investimentos, SGPS, S.A. - commercial paper	32,500,000	65,000,000	28,500,000	147,500,000
Subsidiary of Sonae Investimentos 2011/2016	20,000,000	45,000,000	10,000,000	65,000,000
Others	3,936,459	4,979,752	3,500,038	6,500,345
	<u>56,436,459</u>	<u>114,979,752</u>	<u>42,000,038</u>	<u>219,000,345</u>
Bank overdrafts (Note 19)	402,542	-	13,211,964	-
Up-front fees borne with the issuance of loans	(64,637)	(285,174)	(36,153)	(541,996)
Bank loans	<u>56,774,364</u>	<u>114,694,578</u>	<u>55,175,849</u>	<u>218,458,349</u>
Bonds				
Bonds Sonae SGPS / 2007 / 2015	-	200,000,000	-	200,000,000
Bonds Sonae Investimentos / 2007 / 2015	-	155,000,000	155,000,000	155,000,000
Bonds Sonae Investimentos / 2009 / 2014	10,000,000	-	16,000,000	10,000,000
Bonds Sonae Investimentos / 2012 / 2017	-	170,000,000	-	170,000,000
Bonds Sonae Investimentos / 2013 / 2018	-	50,000,000	-	-
Bonds Sonae Investimentos / 2013- Eur 75M Floating R.Notes- 2018	-	75,000,000	-	-
Up-front fees borne with the issuance of loans	(9,878)	(3,692,137)	(99,218)	(2,261,608)
Bonds	<u>9,990,122</u>	<u>646,307,863</u>	<u>170,900,782</u>	<u>532,738,392</u>
Other loans				
Derivative instruments (Note 24)	33,466	53,936	33,466	90,166
Other loans	1,415,143	-	953,531	-
Other loans	<u>1,448,609</u>	<u>53,936</u>	<u>986,997</u>	<u>90,166</u>
Obligations under finance leases (Note 23)	4,185,507	7,630,324	3,383,796	9,942,240
	<u>72,398,602</u>	<u>768,686,701</u>	<u>230,447,424</u>	<u>761,229,147</u>

The interest rate as at 31 December 2013 of bonds and loans was on average 2.83% (2.50% as at 31 December 2012). These bonds and bank loans bear interests at variable interest rates indexed to Euribor.

It's estimated that the carrying amount of the above mentioned loans does not differ significantly from its fair value. The loans fair value was determined by discounting estimated future cash flows.

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

	31 December 2013		31 December 2012	
	Capital	Interests	Capital	Interests
N+1	71,057,974	23,774,491	229,629,264	23,864,734
N+2	418,773,255	21,761,877	58,633,624	20,402,608
N+3	130,598,965	14,990,797	417,084,216	18,556,579
N+4	96,377,254	7,773,445	190,541,370	11,241,470
N+5	125,975,817	3,775,753	96,149,353	3,045,007
After N+5	938,721	12,980	1,624,188	36,717
	<u>843,721,986</u>	<u>72,089,343</u>	<u>993,662,015</u>	<u>77,147,115</u>

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

As at 31 December 2013 there are financial covenants included in borrowing agreements at market conditions. As at 31 December 2013 none of the mentioned covenants have been breached and it is the Board of Directors expectation that such covenants will not be breached.

As at 31 December 2013 and 2012, the available credit facilities are as follows:

	31 December 2013		31 December 2012	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities	327,760,000	310,000,000	188,763,449	400,000,000
Agreed credit facilities	360,260,000	375,000,000	230,260,000	547,500,000

23 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2013 and 2012, Obligations under finance leases are as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Amounts under finance leases:				
N+1	4,693,546	4,086,651	4,185,507	3,383,796
N+2	2,759,092	2,353,514	2,649,286	2,068,705
N+3	2,702,487	2,810,048	2,641,513	2,573,476
N+4	829,578	2,811,104	793,402	2,684,923
N+5	562,935	829,448	540,951	793,402
After N+5	1,025,969	1,588,707	1,005,172	1,821,734
	<u>12,573,607</u>	<u>14,479,472</u>	<u>11,815,831</u>	<u>13,326,036</u>
Interests	<u>(757,776)</u>	<u>(1,153,436)</u>		
	<u>11,815,831</u>	<u>13,326,036</u>		
Current obligations under finance leases			4,185,507	3,383,796
Non-current obligations under finance leases			7,630,324	9,942,240

Finance leases contracts are agreed at market interest rates, have defined periods and generally include an option for the acquisition of the related assets at the end of the period of the agreement.

As at 31 December 2013 and 2012, the fair value of financial obligations under financial lease contracts is similar to its book value.

Obligations under finance leases are guaranteed by related assets.

As at 31 December 2013 and 2012, the book value of assets acquired under finance leases can be detailed as follows:

	31 December 2013	31 December 2012
Assets acquired under finance leases		
Lands and buildings	11,220,585	17,150,194
Plant and Machinery	776,317	937,117
Fixture and Fittings	2,660,688	5,425,716
Total tangible assets	<u>14,657,589</u>	<u>23,513,027</u>

As at 31 December 2013 the acquisition cost of these tangible assets amounted to 32,750,187 euro (36,552,269 euro as at 31 December 2012).

24 DERIVATIVES

Exchange rate derivatives

In what concerns financial risk management policy, Sonae Investimentos essentially uses exchange rate derivatives to hedge future cash flows that occur in the next 12 months.

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

As at 31 December 2013 there are no exchange rate derivatives which haven't been considered hedging instruments. The fair value of exchange rate derivatives hedging instruments, calculated based on present market value of equivalent financial instruments of exchange rate, is 1,415,143 euro as liabilities and 35,999 euro as assets (953,531 euro as liabilities and 30,341 euro as assets at 31 December 2012).

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

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

Gains and losses for the year associated with the change in market value of derivative instruments 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 Expenses".

Interest rate derivatives

As at 31 December 2013, the Group had no interest rate derivatives.

25 OTHER NON-CURRENT LIABILITIES

As at 31 December 2013 and 2012 "Other non-current liabilities" are made up as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Shareholders loans	404,677,144	404,631,259
Fixed assets suppliers	1,087,500	1,137,500
Other non-current liabilities	<u>2,329,078</u>	<u>2,576,894</u>
Total of financial instruments (Note 7)	408,093,722	408,345,653
Share based payments (Note 26)	4,529,203	2,655,169
Deferred of revenue from the sale of warranties extension (2.16)	25,679,570	14,550,263
Accruals and deferrals	<u>6,406,397</u>	<u>3,958,567</u>
Other non-current liabilities	<u>444,708,892</u>	<u>429,509,652</u>

The caption "Shareholders loans" includes:

- A subordinate bond loan, with a fixed interest rate, repayable after 10 years issued by Sonae Investimentos at market conditions on 28 December 2010 amounting to 400 million euro corresponding to 8,000 bonds with a nominal value of 50,000 euro each. The fair value of this loan on 31 December 2013 is 41,495 euro (42,606 euro as at 31 December 2012) per obligation having been determined based on discounted cash flows method;
- Shareholders' loan granted by a minority shareholder to a subsidiary that bears interest at usual market rate. The fair value of this loan is similar to its book value, with no defined maturity.

As at 31 December 2013, the caption "Other non-current liabilities" includes 661,980 euro (797,645 euro as at 31 December 2012) relating the estimated amounts to fulfil the legal and tax obligations of a Brazilian subsidiary which were considered appropriate to face up to future losses on lawsuits and for which legal deposits exist, which are recorded under the caption "Other non-current assets" (Note 12), with no defined maturity.

The caption "Accruals and deferrals", includes an amount of approximately 3.4 million euro, associated with the linearization of rents on operating leases of specialized retail stores.

26 SHARE BASED PAYMENTS

In 2013 and in previous years, in accordance with the remuneration policy described in the corporate governance report, Sonae Investimentos granted deferred performance bonuses to its directors and eligible employees based on shares to be acquired at nil cost or discounted, three years after they were attributed to the employee. The acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. Sonae Investimentos has the right to deliver, instead of shares, the equivalent in cash. These rights only exist if the employee is employed by a company of Sonae Group at maturity date.

As at 31 December 2013 and 2012, the number of attributed shares and their fair value may be summarised as follows:

	Grant year	Vesting year	Number of participants	Number of shares		Fair Value	
				31 December 2013	31 December 2012	31 December 2013	31 December 2012
Shares							
	2010	2013	-	-	729,799	-	501,372
	2011	2014	50	3,147,700	3,131,398	3,301,937	2,151,270
	2012	2015	56	5,062,780	5,079,345	5,310,856	3,489,510
		2016	59	2,631,763	-	2,760,720	-
Total				10,842,243	8,940,542	11,373,513	6,142,152

As at 31 December 2013 and 2012 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:

	31 December 2013	31 December 2012
Staff costs	5,255,333	3,417,392
Recorded in previous years	2,645,955	-260,851
	7,901,288	3,156,541
Other non-current liabilities (Note 25)	4,529,203	2,655,169
Other current liabilities (Note 29)	3,372,085	501,372
	7,901,288	3,156,541

The share based payment plan costs are recognized during the years between the grant and vesting date as staff costs.

27 TRADE CREDITORS

As at 31 December 2013 and 2012, Trade creditors are as follows:

	31 December 2013	Payable to	
		Up to 90 days	More than 90 days
Trade creditors - current account	1,018,758,065	1,018,611,420	146,645
Trade creditors - invoice accruals	124,881,286	124,881,286	-
	1,143,639,351	1,143,492,706	146,645

	31 December 2012	Payable to	
		Up to 90 days	More than 90 days
Trade creditors - current account	992,543,104	991,172,382	1,370,722
Trade creditors - invoice accruals	97,908,309	97,908,309	-
	1,090,451,413	1,089,080,691	1,370,722

As at 31 December 2013 and 2012 this account includes amounts payable to suppliers resulting from Sonae Investimentos operating activity. The Board of Directors believes that the fair value of these balances does not differ significantly from its book value and the effect of discounting these amounts is not material.

Since the year 2010, a “confirming” program payments system was made available to a very limited number of suppliers enabling them to discount these payments in an early date. As at 31 December 2013 the “confirming” amounts to 79,077,211 euro (71,680,001 euro as at 31 December 2012).

28 OTHER CREDITORS

As at 31 December 2013 and 2012, "Other creditors" are as follows:

	31 December 2013	Payable to		
		Up to 90 days	90 to 180 days	More than 180 days
Fixed asset suppliers	36,876,535	35,553,010	265,659	1,057,866
Other debtors	53,899,298	48,806,541	3,305	5,089,452
	90,775,833	84,359,551	268,964	6,147,318
Related undertakings	84,704			
	90,860,537			

	31 December 2012	Payable to		
		Up to 90 days	90 to 180 days	More than 180 days
Fixed asset suppliers	49,507,973	48,289,734	770,919	447,319
Other debtors	42,591,281	36,464,908	34,687	6,091,686
	92,099,254	84,754,642	805,606	6,539,005
Related undertakings	377,748			
	92,477,002			

The caption "Other debtors" includes:

- 24,881,013 euro (22,632,350 euro as at 31 December 2012) of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente";
- 13,229,762 euro (8,690,788 euro as at 31 December 2012) related to vouchers, gift cards and discount tickets not yet redeemed;
- 4,320,249 (5,208,150 euro as at 31 December 2012) related to amounts payable to Sonae Distribuição Brasil. S.A. buyer as result of responsibilities assumed with that entity (Note 31).

As at 31 December 2013 and 2012, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interests. The Board of Directors believes that the fair value of these payables is similar to its book value and the result of discounting these amounts is immaterial.

29 OTHER CURRENT LIABILITIES

As at 31 December 2013 and 2012, "Other current liabilities" are made up as follows:

	31 December 2013	31 December 2012
Staff costs	93,231,418	88,329,450
Interests payable	3,645,639	4,934,351
Marketing expenses	16,922,857	13,825,089
Other external supplies and services	44,092,252	40,786,512
Accrued income - rents	4,165,598	2,643,727
Real estate municipality tax	2,507,148	3,276,643
Deferred of revenue from the sale of warranties extension (Note 2.16)	3,532,918	-
Share based payments (Note 26)	3,372,085	501,372
Others	6,989,005	9,096,268
	178,458,919	163,393,412

The caption "Staff costs" refers mainly to payroll amounts to be paid during the next year as holiday and holiday pay.

30 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the period ended 31 December 2013 and 2012 are as follows:

Caption	Balance as at 1 January 2013	Increase	Decrease	Balance as at 31 December 2013
Accumulated impairment losses on investments (Note 5)	1,101,337	1,000,000	-	2,101,337
Accumulated impairment losses on tangible assets (Note 8)	-	154,384,504	(1,064,302)	153,320,202
Accumulated impairment losses on intangible assets (Note 9)	1,496,933	186	-	1,497,119
Accumulated impairment losses on other non current assets (Note 12)	3,344,124	79,406	(1,000,000)	2,423,530
Accumulated impairment losses on trade accounts receivable (Note 14)	3,393,348	610,185	(899,155)	3,104,378
Accumulated impairment losses on other debtors (Note 15)	14,433,955	5,211,385	(5,724,093)	13,921,247
Accumulated impairment losses on inventories (Note 13)	43,160,752	-	(10,518,670)	32,642,082
Non current provisions	46,471,233	11,414,278	(28,297,284)	29,588,227
Current provisions	2,228,330	1,236,000	(746,341)	2,717,989
	<u>115,630,012</u>	<u>173,935,944</u>	<u>(48,249,845)</u>	<u>241,316,111</u>

Caption	Balance as at 1 January 2012	Increase	Decrease	Balance as at 31 December 2012
Accumulated impairment losses on investments (Note 5)	-	1,101,337	-	1,101,337
Accumulated impairment losses on intangible assets (Note 9)	1,496,933	-	-	1,496,933
Accumulated impairment losses on other non current assets (Note 12)	1,450,000	1,894,124	-	3,344,124
Accumulated impairment losses on trade accounts receivable (Note 14)	4,294,755	1,097,614	(1,999,021)	3,393,348
Accumulated impairment losses on other debtors (Note 15)	20,041,011	7,594,587	(13,201,643)	14,433,955
Accumulated impairment losses on inventories (Note 13)	33,972,326	9,188,426	-	43,160,752
Non current provisions	35,325,262	16,295,100	(5,149,129)	46,471,233
Current provisions	2,249,330	-	(21,000)	2,228,330
	<u>98,829,617</u>	<u>37,171,188</u>	<u>(20,370,793)</u>	<u>115,630,012</u>

As at 31 December 2013 and 2012 increases in provisions and impairment losses are as follows:

	31 December 2013	31 December 2012
Provisions and impairment losses	182,585,781	25,663,160
Provisions for financial investments (Note 12) (a)	1,000,000	1,101,337
Goodwill (Note 10)	(5,034,825)	-
Recorded in cost of goods sold (Note 13)	-	9,188,426
Others	<u>(4,615,012)</u>	<u>1,218,265</u>
	<u>173,935,944</u>	<u>37,171,188</u>

(a) Transfer of impairment losses of "Other non-current assets".

As at 31 December 2013 and 2012 the value of decreases in provisions and impairment losses can be detailed as follows:

	31 December 2013	31 December 2012
Provisions and impairment losses reversal (Note 36)	(11,359,391)	(10,455,344)
Direct use of impairments to accounts receivable	(1,157,319)	(7,479,661)
Direct use of Brazil provisions	(19,183,612)	-
Direct use and reversals recorded in inventories	(10,550,285)	-
Provisions for financial investments	(1,000,000)	-
Direct use and reversals recorded in fixed assets tangible	(1,064,302)	-
Other responsibilities	(3,934,936)	(2,435,788)
	<u>(48,249,845)</u>	<u>(20,370,793)</u>

The caption non-current provisions includes 13,470,170 euro (24,423,571 euro as at 31 December 2012) relating to non-current contingencies assumed by the company, when selling the subsidiary Sonae Distribuição Brasil, S.A. in 2005. This provision is being used as costs are incurred, and it is recorded taking into account the best estimate of costs to be incurred which results from a significant number of civil and labour lawsuits of reduced amount. During the period Sonae Investimentos updated its estimate, following the results of the last conference process conducted with the buyer of the former subsidiary in Brazil.

The caption non-current provisions and the movement in the period in this caption, also includes the estimated liabilities incurred by the Group on the sale of warranty extension programs on products traded by the Specialized Retail operating segment in the amount of 15,126,215 euro (19,316,820 euro as at 31 December 2012). These extensions are granted for a period of one to three years after the end of the legal mandatory warranty provided by the manufacturers.

31 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2013 and 2012, contingent liabilities to which Sonae Investimentos is exposed can be detailed as follows:

- Guarantees and sureties given

	31 December 2013	31 December 2012
Guarantees and securities given:		
on tax claims	757,936,484	473,475,718
on judicial claims	140,502	219,222
on municipal claims	6,284,639	6,095,992
for proper agreement fulfillment	15,880,490	13,884,084
other guarantees	5,365,571	12,323,171

a) Tax claims

The main tax claims, for which bank guarantees or sureties were provided, can be detailed as follows:

- Retail operating segment subsidiaries of the Company, Sonae MV and Sonae SR, granted guarantees or sureties in favour of the Portuguese Tax Administration, associated with tax claims for additional VAT payment amounting to 375 million euro (193.9 million euro as at 31 December 2012) related to the period from 2004 to 2009, which the Company has presented, or has the intention of presenting, a tax appeal. The increase in the value of guarantees and securities provided in relation to the previous year, mainly result from additional tax assessments over 2008 and 2009. 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.

- 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 December 2005, following the correction of taxable income for that period as Tax authorities did not accept the recognition of tax losses incurred after the liquidation of a subsidiary of Sonae Investimentos, since it considered that the cover of losses in that subsidiary should not be part of its acquisition cost, which is not in accordance with previous assessments of Tax Authorities.

- 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 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, 22.4 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 37.5 million euro (122 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, 22 million euro (12 million euro to 31 December 2012), 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) 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 unfavourable decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euro. As at 31 December 2013, 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 programmes for the Brazilian State of tax recovery, amount to near 37.8 million euro (39.3 million euro at 31 December 2012). Furthermore, there are other tax assessments totalling 61.3 million euro (61.3 million euro at 31 December 2012) for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary.

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

32 OPERATIONAL LEASES

As at 31 December 2013 an amount of 96,087,877 euro (92,526,430 euro as at 31 December 2012) was recorded as cost for the period concerning rents due to operational lease contacts, mainly referring to leased real estate. These values do not include contingent rents, as considered immaterial.

Additionally, as at 31 December 2013, Sonae Investimentos had operational lease contracts, as lessee, whose minimum lease payments had the following payment schedule:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Due in:		
N+1 automatically renewal	8,896,084	10,661,090
N+1	85,576,411	87,479,783
N+2	76,320,112	83,108,629
N+3	69,037,970	71,299,599
N+4	62,317,838	63,980,933
N+5	57,119,616	56,466,720
After N+5	<u>501,777,848</u>	<u>507,626,299</u>
	<u>861,045,879</u>	<u>880,623,053</u>

During 2013, it was recognized as profit the amount of 7,669,678 euro (6,439,742 euro as at 31 December 2012) related to rents received from operational leases, mainly related with commercial galleries explored by others in stores property of Sonae Investimentos.

Additionally, as at 31 December 2013, Sonae Investimentos had operational lease contracts, as lessor, who's minimum lease payments had the following payment schedule:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Due in:		
N+1 automatically renewal	3,465,641	2,896,976
N+1	3,674,722	3,592,921
N+2	3,136,169	3,006,610
N+3	2,524,155	2,159,609
N+4	2,178,600	1,627,963
N+5	1,649,953	1,226,365
After N+5	<u>2,214,665</u>	<u>1,075,010</u>
	<u>18,843,905</u>	<u>15,585,454</u>

33 TURNOVER

As at 31 December 2013 and 2012, turnover is made up as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Sale of goods	4,627,967,634	4,496,799,850
Services rendered	<u>42,578,232</u>	<u>34,866,216</u>
	<u>4,670,545,866</u>	<u>4,531,666,066</u>

34 GAINS AND LOSSES ON FINANCIAL INVESTMENTS

As at 31 December 2013 and 2012, gains and losses on financial investments are made up as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Dividends	96,536	205,129
Others	(13,500)	-
Gains / (losses) on the sale of investments in subsidiaries	-	-
Impairment losses on investments in associated companies	-	(1,101,337)
Impairment losses on investments available for sale	-	-
Impairment of reversal/(losses) on investments	-	(1,101,337)
	<u>83,036</u>	<u>(896,208)</u>

35 NET FINANCIAL EXPENSES

As at 31 December 2013 and 2012, Net financial expenses are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Expenses		
Interests payable		
related with bank loans and overdrafts	(9,044,515)	(11,812,611)
related with non convertible bonds	(16,535,181)	(21,134,856)
related with other loans	(32,444,444)	(32,533,333)
related with financial leases	(345,473)	(246,159)
others	(2,675,636)	(3,313,635)
	<u>(61,045,249)</u>	<u>(69,040,594)</u>
Exchange losses	(2,489,988)	(1,815,255)
Up front fees and commissions related to loans	(6,200,119)	(5,710,473)
Others	(3,505,434)	(6,020,495)
	<u>(73,240,790)</u>	<u>(82,586,817)</u>
Income		
Interests receivable		
related with bank deposits	694,486	1,375,738
others	1,866,270	2,006,981
	<u>2,560,756</u>	<u>3,382,719</u>
Exchange gains	3,085,587	2,388,112
Other financial income	219,105	497,363
	<u>5,865,448</u>	<u>6,268,194</u>
Net financial expenses	<u>(67,375,342)</u>	<u>(76,318,623)</u>

36 OTHER OPERATIONAL INCOME

As at 31 December 2013 and 2012, "Other operational income" is as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Supplementary income	380,781,217	370,860,267
Prompt payment discounts received	26,352,964	26,106,600
Exchange differences	14,969,078	9,114,717
Own work capitalised	4,856,027	4,289,211
Gains on sales of assets	1,141,123	2,652,795
Impairment losses and provisions reversals	11,359,391	10,455,344
Benefits from contractual penalties	118,769	147,015
Subsidies	419,044	271,687
Others	2,431,140	4,692,060
	<u>442,428,755</u>	<u>428,589,697</u>

Supplementary income relates mainly to promotional campaigns carried out in Sonae Investimentos stores reimbursed by its suppliers; ii) receipts from suppliers regarding product placement in preferred locations, and iii) discounts for prompt payment obtained.

The caption "Own work capitalized" includes 4,856,027 euro (4,289,211 euro as at 31 December 2012), relating to software development conducted by a Brazilian subsidiary.

The caption "Gains on disposals of assets" includes about 2.5 million euro in 2012, related with the estimated indemnity by the insurance company for the fire on a "Continente" store in Portimão (Note 17).

37 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2013 and 2012, External supplies and services are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Advertising expenses	102,321,626	109,225,866
Rents	130,485,134	133,040,282
Transports	52,597,162	50,288,673
Electricity	53,032,476	58,799,425
Services	40,138,050	38,364,365
Maintenance	22,939,926	21,998,991
Costs with automatic payment terminals	22,901,030	23,644,296
Subcontracts	5,019,217	5,315,718
Security	20,538,218	22,785,493
Cleaning up services	19,615,624	20,687,014
Communications	9,507,847	9,438,144
Travel expenses	8,147,496	6,657,384
Insurances	6,871,198	5,398,722
Consumables	16,430,752	15,660,106
Home delivery	5,395,933	5,749,667
Others	43,612,891	41,001,433
	<u>559,554,581</u>	<u>568,055,578</u>

38 STAFF COSTS

As at 31 December 2013 and 2012, Staff costs are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Salaries	438,114,311	424,294,919
Social security contributions	90,504,839	87,878,020
Insurance	8,629,118	8,014,640
Welfare	3,933,479	3,354,114
Other staff costs	11,596,681	15,840,479
	<u>552,778,429</u>	<u>539,382,172</u>

39 OTHER OPERATIONAL EXPENSES

As at 31 December 2013 and 2012, "Other operational expenses" are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Exchange differences	14,760,438	9,134,218
Donations	7,690,640	8,446,725
Losses on the disposal of assets	4,423,142	1,260,463
Municipal property tax	2,262,676	2,686,479
Other taxes	7,992,050	6,749,067
Doubtful debts written-off	168,938	1,013,780
Others	22,312,362	4,990,959
	<u>59,610,246</u>	<u>34,281,691</u>

The caption "Others", for the year ended as at 31 December 2013, includes approximately 12 million euro relating Sonae Investimentos participation in Galp/Cartão Continente promotional program.

40 INCOME TAX

As at 31 December 2013 and 2012, Income tax is as follows:

	<u>31 dezembro 2013</u>	<u>31 dezembro 2012</u>
Imposto corrente	18,230,597	18,181,176
Imposto diferido (Nota 18)	(7,388,612)	5,569,738
	<u>10,841,985</u>	<u>23,750,914</u>

The reconciliation between the profit before income tax and the tax charge for the years ended 31 December 2013 and 2012 is as follows:

	31 December 2013	31 December 2012
Profit before income tax	(71,589,777)	33,036,926
Difference between capital (losses)/gains for accounting and tax purposes	(286,478)	(1,195,456)
Gains or losses in jointly controlled and associated companies (Note 5)	2,894,152	(1,014,532)
Donations unforeseen or beyond the legal limits	1,750,209	-
Impairment of goodwill	5,034,825	-
Provisions and impairment losses not accepted for tax purposes	21,947,499	17,995,461
Taxable Profit	<u>(40,249,570)</u>	<u>48,822,399</u>
Use of tax losses that have not originated deferred tax assets	-	-
Recognition of tax losses that have not originated deferred tax assets	26,001,210	28,846,279
	<u>(14,248,360)</u>	<u>77,668,678</u>
Income tax rate in Portugal	25.00%	25.00%
	<u>(3,562,090)</u>	<u>19,417,169</u>
Effect of different income tax rates in other countries	(13,035,729)	(7,553,320)
Effect of the write-off of deferred taxes (Note 18)	32,850,671	-
Effect of increases or decreases in deferred taxes	-	1,529,317
Use of tax benefits	(7,694,392)	(2,669,211)
Under/(over) Income tax estimates	(2,708,169)	1,717,240
Effect of change in tax income rate in the calculation of deferred taxes	(3,587,687)	-
Autonomous taxes and tax benefits	1,771,029	1,512,099
Municipality surcharge	3,925,743	7,249,321
Others	2,882,609	2,548,299
Income tax	<u>10,841,985</u>	<u>23,750,914</u>

41 RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2013 and 2012 are as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Parent company	1,158,871	1,037,410	3,018,919	1,783,059
Jointly controlled companies	1,448,942	1,405,041	5,119,483	3,757,299
Associated companies	33,867,669	33,596,428	375,137	359,998
Other related parties ⁽¹⁾	64,181,251	60,837,478	61,971,666	71,548,720
	<u>100,656,733</u>	<u>96,876,357</u>	<u>70,485,205</u>	<u>77,449,076</u>
	Interest income		Interest expenses	
Transactions	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Parent company	6,862	30,671	30,523,295	30,608,959
Jointly controlled companies	420,342	357,634	-	-
Associated companies	509,156	1,097,928	-	-
Other related parties ⁽¹⁾	640	78,254	4,465,421	5,118,327
	<u>937,000</u>	<u>1,564,487</u>	<u>34,988,716</u>	<u>35,727,286</u>
	Accounts receivable		Accounts payable	
Balances	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Parent company	316,058	404,416	3,416,512	2,306,676
Jointly controlled companies	245,146	315,594	401,443	405,529
Associated companies	8,316,882	6,039,723	440,164	412,093
Other related parties ⁽¹⁾	19,270,829	18,464,066	16,666,471	22,117,155
	<u>28,148,915</u>	<u>25,223,799</u>	<u>20,924,590</u>	<u>25,241,453</u>

Balances	Loans			
	Obtained		Granted	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Parent company (Note 25)	400,000,000	400,000,000	-	-
Jointly controlled companies	-	-	8,591,454	7,939,822
Associated companies	-	-	8,868,720	19,451,742
Other related parties ⁽¹⁾	4,700,993	4,616,289	-	-
	<u>404,700,993</u>	<u>404,616,289</u>	<u>17,460,174</u>	<u>27,391,564</u>

1) "Other related parties" are considered to be related party affiliates or companies under joint control of Efanor SGPS, SA that are not included in Sonae Investimentos, including companies belonging to the Sonae Group, Sonae Indústria and Sonae Capital, and minority shareholders of subsidiaries of the Group.

The amounts recorded as loans granted from other related parties represent borrowings from shareholders of subsidiary companies which bear interests at market rates.

Granted loans to associated companies, refer to loans granted to associates Mundo VIP (1,000,000 euro as at 31 December 2012) and MDS, SGPS, SA (8,868,720 euro as at 31 December 2013, 18,451,742 euro as at 31 December 2012).

Members of the Board of Directors and strategic direction remuneration, in all companies within Sonae Investimentos perimeter, in the years ended 31 December 2013 and 2012, can be detailed as follows:

	31 December 2013		31 December 2012	
	Board of Directors	Strategic direction ^(a)	Board of Directors	Strategic direction ^(a)
Short-term employee benefits	-	7,332,621	-	6,610,085
Share-based payments	-	2,780,400	-	1,775,224
	<u>-</u>	<u>10,113,021</u>	<u>-</u>	<u>8,385,309</u>

(a) Includes personnel responsible for the strategic management of Sonae Investimentos main companies (excluding members of the Board of Directors of Sonae Investimentos).

42 EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2013 and 2012, were calculated taking into consideration the following amounts:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Net profit		
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	(84,265,323)	9,310,582
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	<u>(84,265,323)</u>	<u>9,310,582</u>
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	900,000,000	900,000,000
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Weighted average number of shares used to calculated diluted earnings per share	<u>900,000,000</u>	<u>900,000,000</u>
Earnings per share (basic and diluted)	<u>(0.093628)</u>	<u>0.010345</u>

As at 31 December 2013 and 2012 there are no dilutive effects on the number of outstanding shares.

43 CASH RECEIPTS RELATED TO INVESTMENTS

As at 31 December 2013 and 2012, cash receipts related to investments are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Receipts		
Funding application in Bradesco and Citybank	887,022	2,182,230
Disposal of Imosonae II fund units	808,476	-
Others	-	112,741
	<u>1,695,498</u>	<u>2,294,971</u>

44 SEGMENT INFORMATION

In retail, the group has three segments:

- Sonae MC is our food retail unit, operating 465 stores and 83 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, Book.it and Wells.
- Sonae SR is our specialised retail unit, with a presence in the electronics, sports and fashion market operating 521 stores and 51 stores operated under franchise agreements under the Worten, Sport Zone, MO and Zippy business concepts.
- Sonae RP is our retail real estate unit which actively manages retail real estate 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), nevertheless the Group decided to include this operating segment in "Others, eliminations and adjustments".

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

The main operating segment information for the periods ended 31 December 2013 and 2012 can be detailed as follows:

Turnover	31 December 2013	Inter-segment income	31 December 2012	Inter-segment income
Sonae MC	3,415,473,893	(4,566,804)	3,281,052,311	(3,296,830)
Sonae SR	1,210,380,000	(29,775,266)	1,209,409,361	(29,172,960)
Sonae RP	123,971,896	(109,508,732)	119,889,493	(108,478,175)
Others, eliminations and adjustments	(79,279,923)	-	(78,685,099)	-
Total consolidated	4,670,545,866	(143,850,802)	4,531,666,066	(140,947,965)

	Depreciation and amortisation		Provisions and impairment losses		EBIT	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Sonae MC	84,247,677	85,667,321	1,913,099	5,815,517	174,072,149	160,701,736
Sonae SR	58,035,246	63,353,286	3,875,180	2,836,009	(70,078,091)	(106,822,684)
Sonae RP	29,978,301	31,152,308	338,359	35,070	84,631,674	75,988,596
Others, eliminations and adjustments	4,572,766	3,546,513	5,587,044	1,976,565	(8,519,562)	(3,615,891)
Total direct consolidated	176,833,990	183,719,428	11,713,682	10,663,160	180,106,170	126,251,757

	Investment (CAPEX)		Invested capital	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Sonae MC	103,121,235	77,516,635	409,505,851	325,940,419
Sonae SR	32,386,892	33,558,073	100,910,578	258,068,203
Sonae RP	18,582,717	15,507,647	1,253,629,991	1,334,747,641
Others, eliminations and adjustments	(708,647)	(990,287)	95,243,365	110,644,711
Total consolidated	153,382,198	125,592,068	1,859,289,785	2,029,400,975

The caption "Others, eliminations and adjustments" can be analysed as follows:

	Turnover		EBIT	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Inter-segment income	(143,850,802)	(140,947,965)	-	-
Equity method	-	-	(2,894,152)	1,014,532
Others	64,570,879	62,262,866	(5,625,410)	(4,630,423)
Others, eliminations and adjustments	(79,279,923)	(78,685,099)	(8,519,562)	(3,615,891)

	Investment (Capex)		Invested capital	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Investments and loans granted	-	-	60,462,496	78,795,854
Others	(708,647)	(990,287)	34,780,869	31,848,857
Others, eliminations and adjustments	(708,647)	(990,287)	95,243,365	110,644,711

Glossary:

Net Invested capital = Total net debt + total shareholder funds

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.

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

45 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: (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 non-core 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 31 December 2013 and 2012 can be summarised as follows:

	31 December 2013			31 December 2012		
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Indirect income	Direct income
Turnover	4,670,545,866	-	4,670,545,866	4,531,666,066	-	4,531,666,066
Investment income						
Dividends and other adjustments	96,536	96,536	-	205,129	205,129	-
Impairment losses	-	-	-	(1,101,337)	(1,101,337)	-
Others	(13,500)	-	(13,500)	-	(1,000,000)	1,000,000
Other income						
Impairment losses reversal	11,446,018	-	11,446,018	10,455,344	-	10,455,344
Others	430,982,737	(2,296,855)	433,279,592	418,134,353	-	418,134,353
Total income	5,113,057,657	(2,200,319)	5,115,257,976	4,959,359,555	(1,896,208)	4,961,255,763
Total expenses	(4,754,958,169)	(11,248,187)	(4,743,709,982)	(4,627,826,200)	-	(4,627,826,200)
Depreciation and amortisation	(176,833,990)	-	(176,833,990)	(183,719,428)	-	(183,719,428)
Non-recurring impairment losses over inventories	-	-	-	(13,809,750)	-	(13,809,750)
Provisions and impairment						
Provisions for warranty extensions	-	-	-	(75,245)	-	(75,245)
Goodwill impairment (Note 10)	(5,034,825)	(5,034,825)	-	-	-	-
Unusual provisions and impairments	(155,025,977)	(155,025,977)	-	(906,000)	-	(906,000)
Others	(22,524,979)	(10,811,297)	(11,713,682)	(24,681,915)	(15,000,000)	(9,681,915)
Profit before financial results and share of results in associated companies	(1,320,283)	(184,320,605)	183,000,322	108,341,017	(16,896,208)	125,237,225
Financial profit/(loss)	(67,375,342)	(96,536)	(67,278,806)	(76,318,623)	(205,129)	(76,113,494)
Share of results in joint ventures and associated undertakings						
MDS	(2,344,730)	-	(2,344,730)	3,813,283	-	3,813,283
Raso	(565,868)	-	(565,868)	(2,813,084)	-	(2,813,084)
Others	16,446	-	16,446	14,333	-	14,333
Profit before taxation	(71,589,777)	(184,417,141)	112,827,364	33,036,926	(17,101,337)	50,138,263
Income tax	(10,841,985)	13,653,705	(24,495,690)	(23,750,914)	-	(23,750,914)
Profit/(Loss) after taxation	(82,431,762)	(170,763,436)	88,331,674	9,286,012	(17,101,337)	26,387,349
Attributable to equity holders of Sonae	(84,265,323)	(170,763,436)	86,498,113	9,310,582	(17,101,337)	26,411,919
Non-controlling interests	1,833,561	-	1,833,561	(24,570)	-	(24,570)
"Underlying" EBITDA (a)			361,911,327			323,947,261
EBITDA (b)			357,221,324			322,988,751
Direct EBIT (c)			180,106,170			126,251,757

(a) EBITDA = total direct income - total direct expenses - reversal of direct impairment losses + Share of results in joint ventures and associated undertakings

- (b) "Underlying" EBITDA = total direct income - total expenses - reversal of impairment losses;
- (c) Direct EBIT = Direct EBT - financial results;
- (d) Direct EBT = Direct results before non-controlling interests and taxes;
- (e) Direct income = Results excluding contributions to indirect income;
- (f) Indirect income = Includes results arising from: (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.

Indirect income can be analysed as follows:

Indirect income	31 December 2013	31 December 2012
Provision for contingencies in Brazil (Note 30)	(11,414,278)	(15,000,000)
Change of "layout" and "rebranding" (Note 8):		
Specialized retail stores	(43,746,620)	-
Food based retail stores	(9,988,367)	-
Impairment of Real Estate (Note 8)	(100,465,106)	-
Impairment of goodwill	(5,034,825)	-
Impairment of financial investments and loans granted to associates	-	(2,101,337)
Others	(114,240)	-
Total	<u>(170,763,436)</u>	<u>(17,101,337)</u>

46 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 17 March 2014 nevertheless they are still subject to approval at the Shareholders Annual General Meeting.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo (Presidente)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Individual financial statements

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 AND 2012

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

(Amounts expressed in euro)

ASSETS	Notes	31.December.2013	31.December.2012
NON-CURRENT ASSETS:			
Tangible assets	6	30	60
Intangible assets	6	455	1,225
Investments	5	2,388,661,291	2,653,628,614
Deferred tax	7	6,485	28,070
Other non-current assets	4, 8	1,186,256,030	1,092,008,435
Total non-current assets		<u>3,574,924,291</u>	<u>3,745,666,404</u>
CURRENT ASSETS:			
Trade account receivables	4, 9	394,432	1,688,043
Other debtors	4, 10	165,613,555	179,156,814
Taxes recoverable	11	34,066,038	30,428,987
Other current assets	4, 12	4,417,840	3,353,995
Cash and cash equivalents	4, 13	6,623,141	94,502,364
Total current assets		<u>211,115,006</u>	<u>309,130,203</u>
TOTAL ASSETS		<u>3,786,039,297</u>	<u>4,054,796,607</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	14	1,000,000,000	1,000,000,000
Legal reserves	15	140,642,469	140,357,809
Hedging reserve, fair value reserve and other reserves	16	1,154,433,557	1,189,025,023
Profit for the year		11,906,939	5,693,194
TOTAL EQUITY		<u>2,306,982,965</u>	<u>2,335,076,026</u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bonds	4, 17	646,307,863	532,738,392
Bank loans	4, 17	66,666,347	152,484,985
Other non-current liabilities	4, 18	400,000,000	400,000,000
Deferred tax	7	-	237
Total non-current liabilities		<u>1,112,974,210</u>	<u>1,085,223,614</u>
CURRENT LIABILITIES:			
Bonds	4, 17	9,990,122	170,900,782
Bank loans	4, 17	35,825,666	31,827,393
Trade accounts payable	4, 19	34,775	37,634
Other creditors	4, 20	309,433,073	421,462,150
Taxes and contributions payable	11	2,579,178	2,831,463
Other current liabilities	4, 21	8,219,308	7,437,545
Total current liabilities		<u>366,082,122</u>	<u>634,496,967</u>
TOTAL EQUITY AND LIABILITIES		<u>3,786,039,297</u>	<u>4,054,796,607</u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

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

(Amounts expressed in euro)

	Notes	31.December.2013	31.December.2012
Services rendered	25	870,539	2,018,202
Gains or losses on investments	22, 26	43,924,710	39,372,600
Financial income	27	45,939,541	50,252,857
Other income	28	762,164	497,634
External supplies and services	29	(4,187,083)	(2,759,408)
Staff costs		(33,190)	(178,141)
Depreciation and amortisation	6	(793)	(2,457)
Provisions and impairment losses	22	(88,387)	(1,894,124)
Financial expense	27	(78,912,820)	(82,595,663)
Other expenses	30	(340,039)	(441,410)
Profit/(Loss) before taxation		<u>7,934,642</u>	<u>4,270,090</u>
Taxation	31	<u>3,972,297</u>	<u>1,423,104</u>
Profit/(Loss) after taxation		<u>11,906,939</u>	<u>5,693,194</u>
Profit/(Loss) per share	32	<u>0.0132</u>	<u>0.0063</u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SAINDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

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

(Amounts expressed in euro)

	<u>31.December.2013</u>	<u>31.December.2012</u>
Net Profit / (Loss) for the year	<u>11,906,939</u>	<u>5,693,194</u>
Total comprehensive income for the year	<u>11,906,939</u>	<u>5,693,194</u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED AS AT 31 DECEMBER 2013 AND 2012

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

(Amounts expressed in euro)

	Notes	Share capital	Legal reserve	Other reserves and retained earnings		Net Profit/(Loss)	Total	
				Legal reserves in accordance with article 324 of Commercial Companies Code	Other reserves			Total other reserves and retained earnings
Balance as at 1 January 2012		1,000,000,000	139,614,881	320,000,000	874,909,392	1,194,909,392	14,858,559	2,349,382,832
Total comprehensive income for the year		-	-	-	-	-	5,693,194	5,693,194
Appropriation of profit of 2011:								
Transfer to legal reserves and other reserves	15	-	742,928	-	-	-	(742,928)	-
Dividends distributed		-	-	-	(5,884,369)	(5,884,369)	(14,115,631)	(20,000,000)
Balance as at 31 December 2012		<u>1,000,000,000</u>	<u>140,357,809</u>	<u>320,000,000</u>	<u>869,025,023</u>	<u>1,189,025,023</u>	<u>5,693,194</u>	<u>2,335,076,026</u>
Balance as at 1 January 2013		1,000,000,000	140,357,809	320,000,000	869,025,023	1,189,025,023	5,693,194	2,335,076,026
Total comprehensive income for the year		-	-	-	-	-	11,906,939	11,906,939
Appropriation of profit of 2012:								
Transfer to legal reserves and other reserves	14, 15	-	284,660	-	-	-	(284,660)	-
Dividends distributed	14	-	-	-	(34,591,466)	(34,591,466)	(5,408,534)	(40,000,000)
Balance as at 31 December 2013		<u>1,000,000,000</u>	<u>140,642,469</u>	<u>320,000,000</u>	<u>834,433,557</u>	<u>1,154,433,557</u>	<u>11,906,939</u>	<u>2,306,982,965</u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Translation of the individual financial statements originally issued in Portuguese.

(Amounts expressed in euro)

	Notes	31.December.2013	31.December.2012
OPERATING ACTIVITIES			
Cash receipts from trade debtors		2,088,593	(736,289)
Cash paid to trade creditors		(3,043,718)	(2,658,154)
Cash paid to employees		(341,006)	(325,962)
Cash flow generated by operations		<u>(1,296,131)</u>	<u>(3,720,405)</u>
Income taxes (paid) / received		3,199,888	2,567,625
Other cash receipts and (payments) relating to operating activities		<u>(9,966,044)</u>	<u>646,653</u>
Net cash flow from operating activities (1)		<u>(8,062,287)</u>	<u>(506,127)</u>
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	33	191,445,350	-
Tangible assets		20	-
Interest and similar income		44,709,903	60,366,445
Dividends	26	125,286,679	24,646,376
Others	26	17,368,661	26,827,561
Loans granted		<u>2,403,140,710</u>	<u>1,937,115,766</u>
		<u>2,781,951,323</u>	<u>2,048,956,148</u>
Cash payments arising from:			
Investments	33	(25,208,658)	(15,610,000)
Tangible assets		-	(492)
Loans granted		<u>(2,476,871,261)</u>	<u>(1,456,599,516)</u>
		<u>(2,502,079,919)</u>	<u>(1,472,210,008)</u>
Net cash used in investment activities (2)		<u>279,871,404</u>	<u>576,746,140</u>
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		<u>6,393,115,811</u>	<u>7,493,285,369</u>
		<u>6,393,115,811</u>	<u>7,493,285,369</u>
Cash payments arising from:			
Loans obtained		(6,632,599,171)	(8,001,157,977)
Interest and similar charges		(80,203,253)	(86,025,081)
Dividends	14	<u>(40,000,000)</u>	<u>(20,000,000)</u>
		<u>(6,752,802,424)</u>	<u>(8,107,183,058)</u>
Net cash used in financing activities (3)		<u>(359,686,613)</u>	<u>(613,897,689)</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(87,877,496)	(37,657,676)
Cash and cash equivalents at the beginning of the year	13	<u>94,500,637</u>	<u>132,158,313</u>
Cash and cash equivalents at the end of the year	13	<u>6,623,141</u>	<u>94,500,637</u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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

(Amounts expressed in euro)

1 INTRODUCTION

SONAE INVESTIMENTOS, SGPS, SA, “the Company” or “Sonae Investimentos” it’s a Portuguese Corporation, with head-office in Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Matosinhos, Portugal.

The Company’s main activity is the management of shareholdings (Note 5).

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1. Basis of presentation

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

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

New accounting standards and their impact in the financial statements

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

Additionally there are standards that have been approved for adoption in the periods started at or after 1 January 2013, which were not adopted by the Company in advance. No material impacts in the individual financial statements of the company will arise from the adoption of these standards.

2.2. Tangible assets

Tangible assets are recorded at acquisition cost net of depreciation and accumulated impairment losses.

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

The impairment losses in the realisable value of tangible assets are recorded in the year they arise in the caption of the Income Statement - "Provisions and impairment losses".

2.3. Intangible assets

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

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

2.4. Borrowing costs

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

2.5. Financial instruments

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

a) Investments in subsidiaries and associates

Equity investments in subsidiaries and associates are accounted for accordingly with IAS 27, at acquisition cost net of impairment losses.

b) Investments

Investments are classified into the following categories:

- Held to maturity
- Investments measured at fair value through profit or loss
- Available for sale

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

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

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

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

Investments are initially recorded at acquisition cost, which is the fair value of the consideration paid for them. In the case of Investments held to maturity or available for sale investments, transaction costs are included in the acquisition costs.

After its initial recording, investments measured at fair value through profit or loss and available for sale investments are subsequently carried at fair values, by reference to their quoted market value at statement of financial position date, without any deduction for transaction costs which may be incurred on sale. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are stated at cost, less impairment losses.

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

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

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

c) Loans and accounts receivable

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

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

These financial instruments emerge when the Company provides money or services to its subsidiaries and associates with no intention of trading those assets.

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

d) Trade accounts receivable

Receivables are stated at net realisable value corresponding to their nominal value less impairment losses, recorded under the caption "Provisions and impairment losses" in accounts receivable.

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

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

rate. If the receipt of the full amount is expected to be within one year the effect of the discount will be considered immaterial.

e) Classification as equity or liability

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

f) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.7. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

g) Trade accounts payable

Trade accounts payable are stated at their nominal value. There is no discount, as it is immaterial.

h) Derivatives

The Company uses derivatives in the management of its financial risks to hedge such risks. Derivatives are not used for trading purposes.

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

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

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured;
- There is adequate documentation of the hedging relationships at the inception of the hedge;
- The transaction being hedged is highly probable.

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

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

The fair value of these instruments is estimated by the Company using specific software 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, through the use of interest rate curves taken from Bloomberg.

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

In specific situations, the Company hires exchange rate derivatives. In these circumstances, and although these derivatives are hired to hedge the risk associated with the variation of future cash flows, these derivatives are usually measured at fair value through the income statement.

i) Treasury shares

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

j) Cash and cash equivalents

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

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

k) Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense until the maturity of the financial instrument.

l) Impairment

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

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

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

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

For investments in subsidiaries (equity investments and loans granted to subsidiaries, jointly controlled companies and associated companies) the impairment analysis is based on the fair value estimate, based on discounted cash flows or based on its net asset value as applicable.

The above mentioned estimate is based on the fair value computation of the value in use of its holdings by means of discounted cash flow models, whenever there is an indication that the asset might be impaired, namely from the distribution of dividends by the mentioned entities.

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

If, in a subsequent period, the amount of the impairment loss decreases and that decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit

or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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

2.6. Contingent assets and liabilities

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

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

2.7. Revenue recognition and accrual basis

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

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

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

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

2.8. Subsequent events

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

2.9. Judgements and estimates

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

- a) Record of adjustments to the value of assets and provisions;
- b) Impairment analysis of financial investments and loans granted to affiliated, jointly controlled companies and associated companies;

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

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

2.10. Share-based payments

Share-based payments result from deferred performance bonus plans that are referenced to the evolution of the Sonae, SGPS, SA shares' price (parent company of Sonae Investimentos, SGPS, SA).

The value of these responsibilities is determined at the time of assignment (usually in March of each year) and subsequently updated at the end of each reporting period depending on the number of shares allotted and the fair value of

the reporting date. The responsibility is recorded on staff costs and other current liabilities, linearly between the attribution date and the vesting date, in proportion to the time between those dates.

2.11. Income tax

Sonae Investimentos is taxed in accordance with Special Regime of Taxing Groups of Companies (Parent company). Each company included in this regime records income tax for the year in its individual accounts in the caption "Group companies". When a subsidiary contributes with a tax loss, it reflects, in its individual accounts, the amount of tax corresponding to the loss to be compensated by the profits of the other companies covered by this regime.

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

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

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

3 FINANCIAL RISK MANAGEMENT

Risk management general principles are approved by the Board of Directors, and its implementation is supervised by the Group's finance department.

3.1 Market risk

The interest and exchange rate risk have a decisive importance in what concerns market risk management.

3.1.1 Interest rate risk

Sonae Investimentos exposure to the interest rate risk arises mainly from the long term loans which bear interests indexed to Euribor.

Sensitivity analysis:

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

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, they are included in the calculation of income-related sensitivities;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;

- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity calculation with impact in equity (other reserves);
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;
- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under these assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the net profit before tax for the period ended as at 31 December 2013 would increase by approximately 1.4 million euro (1.8 million euro as at 31 December 2012), considering the contractual fixing dates and excluding other effects arising from the company operations.

3.1.2 Exchange rate risk

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

3.1.3 Liquidity risk

The purpose of liquidity risk management is to ensure, at all times, that the group has the financial capacity to fulfill its commitments as they become due and to carry on its business activities and strategy, through the management of the trade off cost and maturity of debt.

3.2 Credit risk

Sonae Investimentos is primarily exposed to credit risk in its dealings with financing companies in which it participates.

Sonae Investimentos is also exposed to the credit risk in its relationship with financial institutions, in result of bank deposits, debt instruments available facilities, derivatives, among others.

The credit risk is limited to financial institutions, by risk concentration management and by a selection of counterparties, which have a high national and international prestige and based on their respective rating notations taking into account the nature, maturity and size of the operations.

4 FINANCIAL INSTRUMENTS BY CLASS AND FAIR VALUE

The accounting policies disclosed in Note 2.5 as at 31 December 2013, have been applied to the line items below:

		31.December.2013				
		Notes	Loans and accounts receivable	Sub Total	Assets not within scope of IFRS 7	Total
Financial Assets						
Non-current assets						
	Other non-current assets	8	1,186,256,030	1,186,256,030	-	1,186,256,030
			1,186,256,030	1,186,256,030	-	1,186,256,030
Current assets						
	Trade accounts receivables	9	394,432	394,432	-	394,432
	Other debtors	10	165,613,555	165,613,555	-	165,613,555
	Other current assets	12	2,353,427	2,353,427	2,064,413	4,417,840
	Cash and cash equivalents	13	6,623,141	6,623,141	-	6,623,141
			174,984,555	174,984,555	2,064,413	177,048,968
			1,361,240,585	1,361,240,585	2,064,413	1,363,304,998
Financial Liabilities						
Non-current liabilities						
	Bonds	17	646,307,863	646,307,863	-	646,307,863
	Bank loans	17	66,666,347	66,666,347	-	66,666,347
	Other non-current liabilities	18	400,000,000	400,000,000	-	400,000,000
			1,112,974,210	1,112,974,210	-	1,112,974,210
Current liabilities						
	Bonds	17	9,990,122	9,990,122	-	9,990,122
	Bank loans	17	35,825,666	35,825,666	-	35,825,666
	Trade accounts payable	19	34,775	34,775	-	34,775
	Other payables accounts	20	309,433,073	309,433,073	-	309,433,073
	Other current liabilities	21	8,219,308	8,219,308	-	8,219,308
			363,502,944	363,502,944	-	363,502,944
			1,476,477,154	1,476,477,154	-	1,476,477,154

The accounting policies disclosed in note 2.5 as at 31 December 2012, have been applied to the items below classified as follows:

Financial Assets

		31.December.2012			
Notes	Loans and accounts receivable	Sub Total	Assets not within scope of IFRS 7	Total	
Non-current assets					
Other non-current assets	8	1,092,008,435	-	1,092,008,435	
		<u>1,092,008,435</u>	<u>-</u>	<u>1,092,008,435</u>	
Current assets					
Trade accounts receivables	9	1,688,043	-	1,688,043	
Other debtors	10	179,156,814	-	179,156,814	
Other current assets	12	1,213,320	2,140,675	3,353,995	
Cash and cash equivalents	13	94,502,364	-	94,502,364	
		<u>276,560,541</u>	<u>2,140,675</u>	<u>278,701,216</u>	
		<u>1,368,568,976</u>	<u>2,140,675</u>	<u>1,370,709,651</u>	

Financial Liabilities

		31.December.2012			
Notes	Other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total	
Non-current liabilities					
Bonds	17	532,738,392	-	532,738,392	
Bank loans	17	152,484,985	-	152,484,985	
Other non-current liabilities	18	400,000,000	-	400,000,000	
		<u>1,085,223,377</u>	<u>-</u>	<u>1,085,223,377</u>	
Current liabilities					
Bonds	17	170,900,782	-	170,900,782	
Bank loans	17	31,827,393	-	31,827,393	
Trade accounts payable	19	37,634	-	37,634	
Other payables accounts	20	421,462,150	-	421,462,150	
Other current liabilities	21	7,128,369	309,176	7,437,545	
		<u>631,356,328</u>	<u>309,176</u>	<u>631,665,504</u>	
		<u>1,716,579,705</u>	<u>309,176</u>	<u>1,716,888,881</u>	

5 INVESTMENTS

As at 31 December 2013 and 2012, the investments caption is made up as follows:

Companies	% held	31.December.2013				Accumulated impairment	Amount of statement of financial position
		Acquisition cost			Final balance		
		Opening balance	Increases	Decreases			
Azulino - Imobiliária, SA	100.00%	498,025	-	-	498,025	-	498,025
Bertimóvel - Sociedade Imobiliária, SA	100.00%	2,265,000	-	-	2,265,000	700,000	1,565,000
Canasta - Empreendimentos Imobiliários, SA	100.00%	1,669,375	-	-	1,669,375	1,557,375	112,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	100.00%	2,394,591	-	-	2,394,591	2,394,591	-
Citorres - Sociedade Imobiliária, SA	100.00%	477,848	-	-	477,848	-	477,848
Contimobe - Imobiliária do Castelo de Paiva, SA	100.00%	231,318,722	-	-	231,318,722	29,818,722	201,500,000
Cumulativa - Sociedade Imobiliária, SA	100.00%	2,390,191	-	-	2,390,191	945,191	1,445,000
Fozimo - Sociedade Imobiliária, SA	100.00%	24,940	-	-	24,940	-	24,940
Fozmassimo - Sociedade Imobiliária, SA	100.00%	6,264,902	-	1,220,000 (4)	5,044,902	2,248,554	2,796,348
Fundo de Investimento Imobiliário Fechado Imosedo	54.55%	64,415,021	-	-	64,415,021	-	64,415,021
Fundo de Investimento Imobiliário Imosonae Dois	74.94%	108,755,437	5,033 (1)	-	108,760,470	-	108,760,470
Igímo - Sociedade Imobiliária, SA	100.00%	220,000	-	-	220,000	69,338	150,662
Iginha - Sociedade Imobiliária, SA	100.00%	1,359,000	-	-	1,359,000	-	1,359,000
Imoconti - Sociedade Imobiliária, SA	100.00%	380,000	-	-	380,000	-	380,000
Imoestrutura - Sociedade Imobiliária, SA	100.00%	24,940	-	-	24,940	-	24,940
Imomuro - Sociedade Imobiliária, SA	100.00%	1,099,940	330,000 (2)	-	1,429,940	506,055	923,885
Imoresultado - Sociedade Imobiliária, SA	100.00%	109,736	-	-	109,736	-	109,736
Imosistema - Sociedade Imobiliária, SA	100.00%	280,000	-	-	280,000	-	280,000
MDS, SGPS, SA	46.92%	51,000,000	-	-	51,000,000	-	51,000,000
MJLF - Empreendimentos Imobiliários, SA	100.00%	1,809,397	-	-	1,809,397	1,619,397	190,000
Modelo - Distribuição de Materiais de Construção, SA	50.00%	24,790,614	-	-	24,790,614	3,280,000	21,510,614
Modelo Hiper Imobiliária, SA	100.00%	10,655,164	-	-	10,655,164	642,516	10,012,648
Modelo.Com - Vendas por Correspondência, SA	100.00%	12,637,016	-	-	12,637,016	-	12,637,016
Mundo Vip - Operadores Turísticos, SA	33.34%	1,101,337	1,000,000 (2)	-	2,101,337	2,101,337	-
Predicomercial - Promoção Imobiliária, SA	100.00%	6,372,293	-	-	6,372,293	-	6,372,293
Raso, SGPS, SA	50.00%	24,500,000	-	-	24,500,000	9,026,000	15,474,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	100.00%	1,513,379	-	-	1,513,379	948,379	565,000
Sempre à Mão - Sociedade Imobiliária, SA	100.00%	2,130,558	8,500,000 (2)	-	10,630,558	6,898,157	3,732,401
Sesagest - Projectos e Gestão Imobiliária, SA	100.00%	36,677,088	-	-	36,677,088	-	36,677,088
Socijofra - Sociedade Imobiliária, SA	100.00%	550,000	-	-	550,000	-	550,000
Socioures - Sociedade Imobiliária, SA	100.00%	10,000,000	2,350,000 (2)	-	12,350,000	10,000,000	2,350,000
Soflorin, BV	100.00%	257,309,037	-	-	257,309,037	68,580,000	188,729,037
Sonae - Specialized Retail, SGPS, SA	100.00%	1,050,000,000	-	-	1,050,000,000	-	1,050,000,000
Sonae Capital Brasil, SA	37.00%	19,600,307	-	-	19,600,307	17,734,537	1,865,770
Sonae Center Serviços II, SA	100.00%	58,032,319	-	-	58,032,319	-	58,032,319
Sonae MC - Modelo Continente, SGPS, SA	41.96%	600,000,000	13,348,625 (2)	189,650,350 (4)	423,698,275	-	423,698,275
Sonaegeest - Soc. Gest. de Fundos de Investimentos, SA	40.00%	384,351	-	-	384,351	-	384,351
Sonaerp - Retail Properties, SA	100.00%	114,495,350	-	-	114,495,350	-	114,495,350
Sondis Imobiliária, SA	100.00%	474,940	-	-	474,940	-	474,940
Sonvecap, BV	100.00%	3,000,000	-	-	3,000,000	-	3,000,000
Tiantic Portugal - Sistemas de Informação, SA	-	1,068,316	675,000 (2)	1,743,316 (3) (5)	-	-	-
Valor N, SA	100.00%	2,087,315	-	-	2,087,315	-	2,087,315
Total		2,714,136,448	26,208,658	192,613,666	2,547,731,440	159,070,149	2,388,661,291

- (1) Acquisition;
- (2) Capital contribution in order to cover losses;
- (3) Disposal to related party;
- (4) Capital decrease;
- (5) Refund supplementary capital contribution;

During 2013 the company recorded impairments on investments as described on note 26.

Companies	% held	31. December.2012				Accumulated impairment	Amount of statement of financial position
		Acquisition cost			Final balance		
		Opening balance	Increases	Decreases			
Azulino - Imobiliária, SA	100.00%	498,025	-	-	498,025	-	498,025
Bertimóvel - Sociedade Imobiliária, SA	100.00%	2,115,000	150,000 (1)	-	2,265,000	700,000	1,565,000
Canasta - Empreendimentos Imobiliários, SA	100.00%	1,669,375	-	-	1,669,375	1,557,375	112,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	100.00%	2,244,591	150,000 (2)	-	2,394,591	1,094,591	1,300,000
Citorres - Sociedade Imobiliária, SA	100.00%	477,848	-	-	477,848	-	477,848
Contimobe - Imobiliária do Castelo de Paiva, SA	100.00%	231,318,722	-	-	231,318,722	29,818,722	201,500,000
Cumulativa - Sociedade Imobiliária, SA	100.00%	2,355,191	35,000 (1)	-	2,390,191	945,191	1,445,000
Fozimo - Sociedade Imobiliária, SA	100.00%	24,940	-	-	24,940	-	24,940
Fozmassimo - Sociedade Imobiliária, SA	100.00%	6,264,902	-	-	6,264,902	964,902	5,300,000
Fundo de Investimento Imobiliário Fechado Imosede	54.55%	64,415,021	-	-	64,415,021	-	64,415,021
Fundo de Investimento Imobiliário Imosonae Dois	74.94%	108,755,437	-	-	108,755,437	-	108,755,437
Igimo - Sociedade Imobiliária, SA	100.00%	220,000	-	-	220,000	-	220,000
Iginha - Sociedade Imobiliária, SA	100.00%	1,359,000	-	-	1,359,000	-	1,359,000
Imoconti - Sociedade Imobiliária, SA	100.00%	380,000	-	-	380,000	-	380,000
Imoestrutura - Sociedade Imobiliária, SA	100.00%	24,940	-	-	24,940	-	24,940
Imomuro - Sociedade Imobiliária, SA	100.00%	999,940	100,000 (1)	-	1,099,940	439,940	660,000
Imoresultado - Sociedade Imobiliária, SA	100.00%	109,736	-	-	109,736	-	109,736
Imosistema - Sociedade Imobiliária, SA	100.00%	280,000	-	-	280,000	-	280,000
MDS, SGPS, SA	46.92%	51,000,000	-	-	51,000,000	-	51,000,000
MULF - Empreendimentos Imobiliários, SA	100.00%	1,809,397	-	-	1,809,397	1,619,397	190,000
Modelo - Distribuição de Materiais de Construção, SA	50.00%	9,790,614	15,000,000 (2)	-	24,790,614	-	24,790,614
Modelo Hiper Imobiliária, SA	100.00%	10,655,164	-	-	10,655,164	-	10,655,164
Modelo.Com - Vendas por Correspondência, SA	100.00%	12,637,016	-	-	12,637,016	-	12,637,016
Mundo Vip - Operadores Turísticos, SA	33.34%	1,101,337	-	-	1,101,337	1,101,337	-
Predicomercial - Promoção Imobiliária, SA	100.00%	6,372,293	-	-	6,372,293	-	6,372,293
Raso, SGPS, SA	50.00%	24,500,000	-	-	24,500,000	9,026,000	15,474,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	100.00%	1,513,379	-	-	1,513,379	948,379	565,000
Sempre à Mão - Sociedade Imobiliária, SA	100.00%	2,130,558	-	-	2,130,558	-	2,130,558
Sesagest - Projectos e Gestão Imobiliária, SA	100.00%	36,677,088	-	-	36,677,088	-	36,677,088
Socjofra - Sociedade Imobiliária, SA	100.00%	550,000	-	-	550,000	-	550,000
Socioures - Sociedade Imobiliária, SA	100.00%	10,000,000	-	-	10,000,000	-	10,000,000
Soflorin, BV	100.00%	257,309,037	-	-	257,309,037	-	257,309,037
Sonae - Specialized Retail, SGPS, SA	100.00%	1,050,000,000	-	-	1,050,000,000	-	1,050,000,000
Sonae Capital Brasil, SA	37.00%	19,600,307	-	-	19,600,307	12,292,000	7,308,307
Sonae Center Serviços II, SA	100.00%	58,032,319	-	-	58,032,319	-	58,032,319
Sonae MC - Modelo Continente, SGPS, SA	41.96%	600,000,000	-	-	600,000,000	-	600,000,000
Sonaegeest - Soc. Gest. de Fundos de Investimentos, SA	40.00%	384,351	-	-	384,351	-	384,351
Sonaerp - Retail Properties, SA	100.00%	114,495,350	-	-	114,495,350	-	114,495,350
Sondis Imobiliária, SA	100.00%	474,940	-	-	474,940	-	474,940
Sonvecap, BV	100.00%	3,000,000	-	-	3,000,000	-	3,000,000
Tiantic Portugal - Sistemas de Informação, SA	100.00%	893,316	175,000 (1)	-	1,068,316	-	1,068,316
Valor N, SA	100.00%	2,087,315	-	-	2,087,315	-	2,087,315
Total		2,698,526,448	15,610,000	-	2,714,136,448	60,507,834	2,653,628,614

(1) Capital contribution in order to cover losses;

(2) Supplementary capital contribution

During 2012 the company recorded impairments on investments as described on note 26.

6 TANGIBLE AND INTANGIBLE ASSETS

During the years ended 31 December 2013 and 2012, movements in tangible assets as well as depreciation and accumulated impairment losses, are as follows:

	Vehicles	Fixtures and fittings	Others	In progress	Total
Gross cost					
Opening balance as at 1 January 2012	19,062	24,455	679	-	44,196
Decrease	-	(1,600)	-	-	(1,600)
Opening balance as at 1 January 2013	19,062	22,855	679	-	42,596
Decrease	-	(71)	-	-	(71)
Closing balance as at 31 December 2013	19,062	22,784	679	-	42,525
Accumulated depreciation					
Opening balance as at 1 January 2012	19,062	24,369	679	-	44,110
Increase	-	26	-	-	26
Decrease	-	(1,600)	-	-	(1,600)
Opening balance as at 1 January 2013	19,062	22,795	679	-	42,536
Increase	-	23	-	-	23
Decrease	-	(64)	-	-	(64)
Closing balance as at 31 December 2013	19,062	22,754	679	-	42,495
Carrying amount					
As at 31 December 2012	-	60	-	-	60
As at 31 December 2013	-	30	-	-	30

During the periods ended 31 December 2013 and 2012, movements in intangible assets as well as depreciation and accumulated impairment losses, are as follows:

	Patents and other similar rights	Software	Total intangible assets
Gross cost			
Opening balance as at 1 January 2012	1,413,704	479	1,414,183
Transfers and write-offs	-	(479)	(479)
Opening balance as at 1 January 2013	1,413,704	-	1,413,704
Closing balance as at 31 December 2013	1,413,704	-	1,413,704
Accumulated depreciation			
Opening balance as at 1 January 2012	1,410,048	479	1,410,527
Increase	2,431	-	2,431
Transfers and write-offs	-	(479)	(479)
Opening balance as at 1 January 2013	1,412,479	-	1,412,479
Increase	770	-	770
Closing balance as at 31 December 2013	1,413,249	-	1,413,249
Carrying amount			
As at 31 December 2012	1,225	-	1,225
As at 31 December 2013	455	-	455

7 DEFERRED TAX

Deferred tax assets and liabilities as at 31 December 2013 and 2012 are as follows, split between the different types of temporary differences:

	Assets	
	31.December.2013	31.December.2012
Others	6,485	28,070
	6,485	28,070
Liabilities		
	31.December.2013	31.December.2012
Differences between amortisations for accounting and	-	237
	-	237

During the periods ended 31 December 2013 and 2012, movements in deferred tax assets and liabilities are as follows:

	Assets		Liabilities	
	31.December.2013	31.December.2012	31.December.2013	31.December.2012
Opening balance	28,070	82,690	237	784
Effects on income:				
Others	(21,585)	(54,620)	(237)	(547)
	(21,585)	(54,620)	(237)	(547)
Final balance	6,485	28,070	-	237

8 OTHER NON-CURRENT ASSETS

As at 31 December 2013 and 2012 the non-current assets were as follows:

	31.December.2013	31.December.2012
Loans granted (Note 35)	1,186,256,030	1,092,008,435
Other debtors	-	-
	1,186,256,030	1,092,008,435

The loans granted have a long term maturity, bear interests at market rates indexed to Euribor and their fair value is similar to their carrying amount.

The impairment of loans granted to group companies is assessed in accordance with note 2.5.I.

During 2012 an impairment over the loan granted to the associated Mundo Vip – Operadores Turísticos, SA was recognised amounting to 1,000,000 euro. According shareholders resolution of Mundo VIP- Operadores Turísticos, SA was made to cover losses by incorporating loan, the impairment was annulled during 2013.

As at 31 December 2013 and 2012 the other loans granted are no past due or impaired.

The caption “Other debtors” includes an receivable amount related to the sale of a subsidiary, for which an additional impairment amounting to 79,406 euro was recorded (894,124 euro in 2012), the total amounting of the impairment is 2,423,530 euro (Nota 22).

9 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable amounted to 394,432 euro and 1,688,043 euro as at 31 December 2013 and 2012 respectively, and include balances arising solely from services rendered to group companies.

Up to the statement of financial position date there are no due accounts receivable and there were no impairment losses recorded, as there are no indications that clients will not fulfill their obligations.

10 OTHER DEBTORS

As at 31 December 2013 and 2012, this caption is as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Short term loans (Note 35)	109,909,849	129,359,208
Interests charged but not received	17,840,280	18,415,191
Taxes - Special Regime for taxation of groups	23,264,933	26,447,000
Special regime for payment of tax and social security debts (DL 248-A/2002, of 14th	4,373,135	4,778,747
Special regime for payment of tax and social security debts (DL 151-A/2013, of 31 October)	2,988,618	-
Others	7,236,740	156,668
	<u>165,613,555</u>	<u>179,156,814</u>

Loans granted to group companies return interest at variable market rates indexed to Euribor and have a maturity less than one year.

The amount of 23,264,933 euro recorded in the caption "Taxes - Special Regime for taxation of groups of companies", 21,651,461 euro (26,447,000 euro as at 31 December 2012) are related to income tax for the period relates to amounts to be received from subsidiaries (included in the above mentioned taxation regime).

The amount disclosed as 'Special regime for payment of tax and social security debts' (DL 248-A/2002, of 14 November and DL 151-A/2013, of 31 October) relates to taxes paid which were previously disputed and subject to reimbursement claims. The tax litigations are still in progress, although, following the payment, the guarantees previously given were canceled. No impairment loss was recorded since it is Sonae Investimentos understanding that the decisions over the appeals will be favorable to the Company.

The caption "Others" includes the amount of 6,679,649 euro, related to a payment on behalf of a subsidiary.

There were no past due assets thus no impairment loss was recognized as at 31 December 2013 and 2012. The fair value of loans granted is similar to its carrying amount.

11 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2013 and 2012, taxes recoverable and taxes and contributions payable are made up as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Income tax	34,066,038	30,428,987
Assets	<u>34,066,038</u>	<u>30,428,987</u>
	<u>31.December.2013</u>	<u>31.December.2012</u>
Income tax	1,893,202	1,893,202
Value added tax	16,794	280,567
Social security	886	397
Withholding tax	593,297	588,319
Others	74,999	68,978
Liabilities	<u>2,579,178</u>	<u>2,831,463</u>

The amount recorded under the caption "Assets" relates to income tax receivables, still not reimbursed.

12 OTHER CURRENT ASSETS

As at 31 December 2013 and 2012, the caption other current assets can be detailed as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Interests receivable	779,196	130,719
Indemnity interests	765,605	765,605
Guarantees	688,069	271,996
Management fees	120,557	45,000
Accrued income	<u>2,353,427</u>	<u>1,213,320</u>
Insurances	209,874	229,343
Costs with credit facilities	1,854,539	1,905,427
Others	-	5,905
Prepayments	<u>2,064,413</u>	<u>2,140,675</u>
	<u>4,417,840</u>	<u>3,353,995</u>

13 CASH AND CASH EQUIVALENTS

As at 31 December 2013 and 2012, cash and cash equivalents can be detailed as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Cash in hand	550	550
Bank deposits	6,622,591	54,402,147
Other treasury applications	-	40,099,667
Cash and cash equivalents on the balance sheet	<u>6,623,141</u>	<u>94,502,364</u>
Bank overdrafts (Note 17)	-	(1,727)
Cash and cash equivalents on the cash flow statement	<u>6,623,141</u>	<u>94,500,637</u>

Bank overdrafts are disclosed in the statement of financial position under the caption short term bank loans.

14 SHARE CAPITAL

As at 31 December 2013, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares (1,000,000,000 as at 31 December 2012), with a nominal value of 1 euro each.

During 2013 a subsidiary company, Sonae – Specialized Retail, SGPS, SA, disposal all 100,000,000 shares of Sonae Investimentos to other subsidiary company, Sonae MC – Modelo Continente, SGPS, SA . These shares are considered as treasury shares under the Commercial Companies Code, reason why the underlying rights to these shares are suspended.

As deliberated in the Shareholders Annual General Meeting held on 24th April 2013, the net income for the year ended 31st December 2012, in the amount of 5,693,194 euro, was transferred to legal reserves (284,660 euro) and the remaining amount paid in dividends (5,408,534 euro). In this General Meeting the distribution of free reserves amounting to 34,591,466 euro was also approved.

As at 31 December 2013 and 2012, the subscribed share capital was held as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Sonae, SGPS, SA	76.8556%	76.8556%
Sonae Investments BV	13.1419%	13.1419%
Sonae MC - Modelo Continente, SGPS, SA	10.0000%	-
Sonae - Specialized Retail, SGPS, SA	-	10.0000%
Libra Serviços, Sociedade Unipessoal, Lda	0.0025%	0.0025%

As at 31 December 2013 Efanor Investimentos, SGPS, SA and affiliated companies held 52.48% of Sonae's share capital.

15 LEGAL RESERVE

The company has set up legal reserves in accordance with Commercial Companies Code. In 2013 and 2012, respectively, 284,660 euro and 742,928 euro was transferred from profit for the year to legal reserves.

16 HEDGING RESERVES, FAIR VALUE RESERVES AND OTHER RESERVES

As at 31 December 2013 and 2012, the other reserves detail is as follows:

	31.December.2013	31.December.2012
Legal Reserves in accordance with article 324 of Commercial Companies Code	320,000,000	320,000,000
Supplementary capital	372,000,000	372,000,000
Other reserves	462,433,557	497,025,023
	<u>1,154,433,557</u>	<u>1,189,025,023</u>

Following the acquisition of Sonae Investimentos SGPS, SA shares by a subsidiary company, free reserves amounting to the cost of the above mentioned shares were made unavailable, under article 324 of the Commercial Companies Code. The distribution of this reserve depends on the termination or disposal of the treasury shares.

17 BORROWINGS

As at 31 December 2013 and 2012, this caption included the following loans:

	31.December.2013	31.December.2012
Bonds Sonae Investimentos / agosto 2007/2015	200,000,000	200,000,000
Bonds Sonae Investimentos / setembro 2007/2015	155,000,000	155,000,000
Bonds Sonae Investimentos / 2009/2014	-	10,000,000
Bonds Sonae Investimentos / 2012/2017	170,000,000	170,000,000
Bonds Sonae Investimentos / junho 2013/2018	50,000,000	-
Bonds Sonae Investimentos / dezembro 2013/2018	75,000,000	-
Up-front fees not yet charged to income statement	(3,692,137)	(2,261,608)
Bond loans	<u>646,307,863</u>	<u>532,738,392</u>
Commercial paper	65,000,000	147,500,000
Other bank loans	1,666,667	5,000,000
Up-front fees not yet charged to income statement	(320)	(15,015)
Bank loans	<u>66,666,347</u>	<u>152,484,985</u>
Non-current loans	<u>712,974,210</u>	<u>685,223,377</u>
	<u>31.December.2013</u>	<u>31.December.2012</u>
Bonds Sonae Investimentos / 2009/2014	10,000,000	16,000,000
Bonds Sonae Investimentos / setembro 2007/2015	-	155,000,000
Up-front fees not yet charged to income statement	(9,878)	(99,218)
Bond loans	<u>9,990,122</u>	<u>170,900,782</u>
Commercial paper	32,500,000	28,500,000
Other bank loans	3,333,333	3,333,333
Up-front fees not yet charged to income statement	(7,667)	(7,667)
Bank overdrafts (note 13)	-	1,727
Bank loans	<u>35,825,666</u>	<u>31,827,393</u>
Current loans	<u>45,815,788</u>	<u>202,728,175</u>

The carrying value from all the loans does not differ significantly from its fair value. The calculation method used for estimating the fair value of loans is based on the discounted cash flows model. All loans mentioned bear interest at variable rates indexed to market benchmarks.

Loans and interests shall be reimbursed as follows:

	31.December.2013		31.December.2012	
	Capital	Interests	Capital	Interests
2013	-	-	202,835,060	20,550,643
2014	45,833,333	21,343,193	35,833,333	17,210,696
2015	394,166,667	20,131,098	394,166,667	16,417,350
2016	102,500,000	14,152,177	162,500,000	10,158,633
2017	95,000,000	7,703,485	95,000,000	2,999,815
After 2017	125,000,000	3,745,160	-	-
	<u>762,500,000</u>	<u>67,075,113</u>	<u>890,335,060</u>	<u>67,337,137</u>

As at 31 December 2013 and 2012 the amount of the available credit facilities in order to manage liquidity risk, can be summarized as follows:

	31.December.2013		31.December.2012	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Agreed credit facilities amounts	338,000,000	375,000,000	202,000,000	547,500,000
Available credit facilities amounts	305,500,000	310,000,000	173,500,000	400,000,000

The interest rate as at 31 December 2013 of the bonds and bank loans was, on average, 2.79% (2.40% as at 31 December 2012).

18 OTHER NON-CURRENTS LIABILITIES

As at 31 December 2013 and 2012 this caption includes a subordinate bond loan, repayable in 10 years issued by Sonae Investimentos at market conditions. On 28 December 2010 amounting to 400,000,000 euro, relating 8,000 bonds with nominal value of 50,000 euro each, bearing fixed interest rates, with full reimbursement in the end of the loan period.

As at 31 December 2013 the fair value of this bond loan is 41,495 euro (42,606 euro as at 31 December 2012) per bond, and was determined based on discounted cash flows method.

19 TRADE ACCOUNTS PAYABLE

As at 31 December 2013 and 2012 the trade accounts payable caption presents amounts payable within 90 days, arising on the normal course of activity.

20 OTHER CREDITORS

As at 31 December 2013 and 2012, this caption is as follows:

	31.December.2013	31.December.2012
Short term loans (Note 35)	290,898,588	402,548,615
Taxes - Special Regime for taxation of groups of companies	18,534,082	18,872,865
Others	403	40,670
	<u>309,433,073</u>	<u>421,462,150</u>

The amount of 18,534,082 euro recorded in the caption "Taxes-Special Regime for taxation of groups of companies", 15,377,695 euro (18,872,865 euro as at 31 December 2012) relates to the amounts to be paid to subsidiaries, included in the mentioned taxation regime, for the calculated income tax of the period.

21 OTHER CURRENT LIABILITIES

As at 31 December 2013 and 2012 other current liabilities were made up as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Deferred performance bonuses	-	309,176
Accrued interests	5,682,153	5,643,276
Guarantees	2,243,020	1,130,783
Others	294,135	354,310
Accruals	<u>8,219,308</u>	<u>7,437,545</u>

22 ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses for the year ended as at 31 December 2013 are as follows:

	<u>Opening balance</u>	<u>Increases</u>	<u>Transfer</u>	<u>Closing balance</u>
Investments impairment (Notes 5 and 26)	60,507,834	97,562,315	1,000,000	159,070,149
Other non-current assets impairment (Notes 8 and 26)	3,344,124	79,406	(1,000,000)	2,423,530
Other current assets impairment	-	8,981	-	8,981

The increase in the caption investments impairment was recorded in income statement in the caption investments income / losses.

23 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2013 and 2012 the contingent liabilities were detailed as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Guarantees rendered:		
related to tax claims awaiting outcome		
Guarantees provided by financial institutions	90,476,241	95,349,401
Guarantees provided by parent company	215,016,937	172,973,984
related to local and municipal claims awaiting outcome	28,938	28,938
others	10,633,113	10,883,112
Guarantees given in favour of subsidiaries	(a) 62,961,055	62,641,328

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

The caption Guarantees provided on tax claims includes guarantees granted to Tax Authorities regarding income tax. The most significant amounts relate to an additional tax assessment made by Tax Authorities, relating the taxable period ending 2005, regarding the covering of losses made by the Company in a subsidiary, having Tax Authorities not considered the usage of taxable losses on this operation and subsequent liquidation of the Company's subsidiary, which is not in accordance with previous assessments made by Tax Authorities. The Company has presented an appeal against this tax claim, being the Board of Directors understanding, based on its advisors assessment, that such appeal will be favorable.

No provision has been recorded for these additional tax assessments, to which some guarantees were provided, as the Board of Directors considers that their outcome will be favorable, therefore with no additional liabilities to the Company.

Within the framework of regularization of tax debts to Tax Authorities (Outstanding Debts Settlement of Tax and Social Security - Decree of Law Decree of Law 248-A and 151-A/2013), the Company made tax payments in the amount of 7,361,753 euro (4,778,747 euro to 31 December 2012), having the respective guarantees been canceled and the related tax appeals continued in courts.

Following the disposal of a Brazilian subsidiary company, the group guaranteed to that subsidiary company buyer all the losses it will have as consequence of tax additional assessments as it is described in the Note of Contingent assets and liabilities in the Consolidated financial statements.

24 RELATED PARTIES

Main transactions and balances with related parties as at 31 December 2013 and 2012 are detailed as follows:

	31.December.2013	31.December.2012
Transactions:		
Subsidiaries	-	1,000,000
Associated companies	870,539	1,018,202
Services rendered	870,539	2,018,202
Parent company	2,289,592	1,162,677
Subsidiaries	47	54
Jointly controlled companies	2,332	-
Associated companies	42,331	37,498
Other related parties	4,010	870
Purchases and services obtained	2,338,312	1,201,099
Parent company	149,604	186,336
Subsidiaries	574,228	300,731
Associated companies	240	240
Other income	724,072	487,307
Subsidiaries	44,355,931	47,929,276
Jointly controlled companies	420,342	357,634
Associated companies	509,156	1,097,928
Interest income	45,285,429	49,384,838
Parent company	30,516,353	30,608,475
Subsidiaries	15,316,713	12,416,437
Other related parties	4,297,883	4,278,133
Interest expenses	50,130,949	47,303,045
Subsidiaries	125,286,679	24,646,376
Dividend income	125,286,679	24,646,376
Associated companies	300,000	-
Investments disposal	300,000	-
Subsidiaries	17,368,661	26,827,561
Income from Investment Fund Participation Units	17,368,661	26,827,561
	31.December.2013	31.December.2012
Balance:		
Parent company	137,119	72,094
Subsidiaries	49,319,490	45,931,390
Jointly controlled companies	141,454	139,822
Associated companies	615,673	962,875
Other related parties	-	9,155
Accounts receivable	50,213,736	47,115,336
Parent company	2,551,820	1,439,583
Subsidiaries	20,687,545	19,805,085
Jointly controlled companies	2,332	-
Associated companies	4	-
Other related parties	43,403	46,827
Accounts payable	23,285,104	21,291,495
Subsidiaries	1,279,050,450	1,195,591,641
Jointly controlled companies	8,450,000	7,800,000
Associated companies	8,665,429	18,976,002
Loans granted	1,296,165,879	1,222,367,643
Parent company	347,400,000	347,400,000
Subsidiaries	290,898,588	402,548,615
Other related parties	52,600,000	52,600,000
Loans obtained	690,898,588	802,548,615

All Sonae, SGPS, SA and Efanor Investimentos SGPS, SA subsidiaries, associates and joint ventures are considered related parties and are identified in Consolidated Financial Statements.

During the period, the Company obtained loans from Sonae, SGPS, SA amounting to 859,966,172 euro (624,453,000 euro as at 31 December 2012) was repaid 859,966,172 euro during the year (624,453,000 euro as at 31 December 2012).

In 2013 and 2012 did not occur any transactions including granted loans with the Company's Directors.

During 2013 and 2012 no remuneration was attributed to Board of Directors by the company.

As at 31 December 2013 and 2012 there were no balances with Company's Directors.

25 SERVICES RENDERED

Services rendered amounted to 870,539 euro and 2,018,202 euro, in 31 December 2013 and 2012, respectively. Services rendered include management fees over subsidiaries in accordance with Holding companies law.

26 INVESTMENT INCOME / LOSSES

As at 31 December 2013 and 2012 investment income is as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Dividends:		
Azulino - Imobiliária, SA	43,448	-
Citorres - Sociedade Imobiliária, SA	52,353	-
Contimobe - Imobiliária do Castelo de Paiva, SA	7,449,929	5,252,433
Fozimo - Sociedade Imobiliária, SA	25,321	-
Iginha - Sociedade Imobiliária, SA	520,619	-
Imoconti - Sociedade Imobiliária, SA	464,803	-
Imoestrutura - Sociedade Imobiliária, SA	63,255	-
Imosistema - Sociedade Imobiliária, SA	109,281	-
Modelo.Com - Vendas por Correspondência, SA	975,036	963,357
Modelo Hiper Imobiliária, SA	664,658	788,104
Predicomercial - Promoção Imobiliária, SA	554,118	-
Sesagest - Projectos e Gestão Imobiliária, SA	2,247,787	14,735,408
Socijofra - Sociedade Imobiliária, SA	313,017	-
Sondis Imobiliária, SA	824,807	-
Soflorin, BV	80,000,000	-
Sonae Center Serviços II, SA	5,612,678	-
Sonaegest - Soc. Gest. de Fundos de Investimentos, SA	190,744	157,074
Sonae MC - Modelo Continente, SGPS, SA	25,174,825	-
Sonvecap, BV	-	2,750,000
	<u>125,286,679</u>	<u>24,646,376</u>
Income of financial investments:		
Fundo de Investimento Imobiliário Fechado Imosede	6,352,140	8,073,496
Fundo de Investimento Imobiliário Imosonae Dois	11,016,521	18,754,065
	<u>17,368,661</u>	<u>26,827,561</u>
Impairment losses:		
Chão Verde - Sociedade de Gestão Imobiliária, SA	(1,300,000)	-
Fozmassimo - Sociedade Imobiliária, SA	(1,283,652)	-
Igimo - Sociedade Imobiliária, SA	(69,338)	-
Imomuro - Sociedade Imobiliária, SA	(66,115)	-
Modelo - Distribuição de Materiais de Construção, SA	(3,280,000)	-
Modelo Hiper Imobiliária, SA	(642,516)	-
Mundo Vip - Operadores Turísticos, SA	-	(1,101,337)
Raso, SGPS, SA	-	(5,500,000)
Sempre à Mão - Sociedade Imobiliária, SA	(6,898,157)	-
Sociloures - Sociedade Imobiliária, SA	(10,000,000)	-
Soflorin, BV	(68,580,000)	-
Sonae Capital Brasil, SA	(5,442,537)	(5,500,000)
	<u>(97,562,315)</u>	<u>(12,101,337)</u>
Investments disposal losses:		
Tlantic Portugal - Sistemas de Informação, SA	(1,168,315)	-
	<u>43,924,710</u>	<u>39,372,600</u>

27 FINANCIAL INCOME / EXPENSES

As at 31 December 2013 and 2012, net financial expenses are as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Interest receivable		
related to bank deposits	348,576	732,906
related to loans granted	45,206,023	49,305,432
Others	384,942	179,073
Others financial income	-	35,446
Financial income	<u>45,939,541</u>	<u>50,252,857</u>
Interest payable		
related to bank deposits and overdrafts	(5,750,245)	(8,146,413)
related to non convertible bonds	(16,535,181)	(21,134,856)
related to loans obtained	(50,130,949)	(47,303,046)
Other	(59)	-
Others financial expenses		
Up front fees on the issuance of debt	(6,473,402)	(5,983,853)
Other	(22,984)	(27,495)
Financial expenses	<u>(78,912,820)</u>	<u>(82,595,663)</u>

28 OTHER INCOME

As at 31 December 2013 and 2012, other income is as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Recovery os charges (a)	23,298	211,474
Guarantees	706,552	282,565
Other income	32,314	3,595
	<u>762,164</u>	<u>497,634</u>

a) Income related to costs assumed by the Company, which were re-charged to participated companies.

29 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2013 and 2012, external supplies and services are as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Specialized services	182,726	262,872
Advertising	19,077	36,838
Bank services	929,355	613,165
Insurance	584,065	659,440
Legal support	173,951	23,212
Guarantees	2,289,646	1,162,677
Others services	8,263	1,204
	<u>4,187,083</u>	<u>2,759,408</u>

30 OTHER EXPENSES

As at 31 December 2013 and 2012, other expenses are as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Indirect tax	327,706	440,797
Others expenses	12,333	613
	<u>340,039</u>	<u>441,410</u>

31 INCOME TAX

Income tax charge for the year ended 31 December 2013 and 2012 is made up as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Current tax	(593,415)	(110,377)
Deferred tax	<u>4,565,712</u>	<u>1,533,481</u>
Total	<u>3,972,297</u>	<u>1,423,104</u>

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2013 and 2012 is as follows:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Profit before income tax	7,934,642	4,270,090
Income tax rate	<u>25.00%</u>	<u>25.00%</u>
	1,983,661	1,067,523
Impairment losses not accepted for tax purposes	24,662,676	3,498,865
Reversal of impairment losses not accepted for tax purp	(250,000)	-
Under/(over) taxation estimates	593,415	110,378
Difference between capital (losses)/gains for	292,079	-
Effect of non-tributable dividends	(31,321,670)	(6,161,594)
Effect of deferred tax	21,347	-
Others	46,196	61,724
Income tax	<u>(3,972,297)</u>	<u>(1,423,104)</u>

32 EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2013 and 2012 were calculated taking into consideration the following amounts:

	<u>31.December.2013</u>	<u>31.December.2012</u>
Net Profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	11,906,939	5,693,194
Net profit taken into consideration to calculate diluted earnings per share	11,906,939	5,693,194
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	900,000,000	900,000,000
Weighted average number of shares used to calculate diluted earnings per share	900,000,000	900,000,000
Earnings per share (basic and diluted)	<u>0.0132</u>	<u>0.0063</u>

33 CASH RECEIPTS / PAYMENTS ARISING INVESTMENTS

During 2013 and 2012, the following receipts and payments occurred:

Companies	31.December.2013			
	Receipts		Payments	
	Total	Amount received	Total	Amount paid
Fozmassimo - Sociedade Imobiliária, SA	1,220,000	1,220,000	-	-
Fundo de Investimento Imobiliário Imosonae Dois	-	-	5,033	5,033
Imomuro - Sociedade Imobiliária, SA	-	-	330,000	330,000
Sempre à Mão - Sociedade Imobiliária, SA	-	-	8,500,000	8,500,000
Sociloures - Sociedade Imobiliária, SA	-	-	2,350,000	2,350,000
Sonae MC - Modelo Continente, SGPS, SA	189,650,350	189,650,350	13,348,625	13,348,625
Tlantic Portugal - Sistemas de Informação, SA	575,000	575,000	675,000	675,000
	<u>191,445,350</u>	<u>191,445,350</u>	<u>25,208,658</u>	<u>25,208,658</u>

Companies	31.December.2012			
	Receipts		Payments	
	Total	Amount received	Total	Amount paid
Bertimóvel - Sociedade Imobiliária, SA	-	-	150,000	150,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	-	-	150,000	150,000
Cumulativa - Sociedade Imobiliária, SA	-	-	35,000	35,000
Imomuro - Sociedade Imobiliária, SA	-	-	100,000	100,000
Modelo - Distribuição de Materiais de Construção, SA	-	-	15,000,000	15,000,000
Tlantic Portugal - Sistemas de Informação, SA	-	-	175,000	175,000
	<u>-</u>	<u>-</u>	<u>15,610,000</u>	<u>15,610,000</u>

34 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 17th March 2014. These financial statements will be presented to the Shareholders' General Meeting for final approval.

35 INFORMATION REQUIRED BY LAW

Decree-Law n^{er} 318/94 art. 5th n^{er} 4th

During the period ended as at 31 December 2013 shareholders' loan contracts were signed with the following companies:

Canasta - Empreendimentos Imobiliários, SA

Citorres - Sociedade Imobiliária, SA

Contimobe – Imobiliária do Castelo de Paiva, SA

Cumulativa - Sociedade Imobiliária, SA

Iginha – Sociedade Imobiliária, SA

Imoconti – Sociedade Imobiliária, SA

Imoestrutura – Sociedade Imobiliária, SA

Imoresultado – Sociedade Imobiliária, SA

Imosistema – Sociedade Imobiliária, SA

MJLF – Empreendimentos Imobiliários, SA

Predicomercial – Promoção Imobiliária, SA

Selifa - Sociedade de Empreendimentos Imobiliários, SA

Socijofra – Sociedade Imobiliária, SA

Soflorin, BV

Sonae Capital Brasil, SA

Sonae MC – Modelo Continente, SGPS, SA

Valor N, SA

During the period ended as at 31 December 2013, treasury application agreements were signed with the following companies:

Azulino Imobiliária, SA

BB Food Service, SA

Bertimóvel – Sociedade Imobiliária, SA

Bom Momento - Restauração, SA

Chão Verde - Sociedade de Gestão Imobiliária, SA

Citorres – Sociedade Imobiliária, SA

Contibomba - Comércio e Distribuição de Combustíveis, SA

Contimobe – Imobiliária do Castelo de Paiva, SA

Continente Hipermercados, SA

Cumulativa - Sociedade Imobiliária, SA

Discovery Sports, SA

Efanor Investimentos, SGPS, SA

Farmácia Selecção, SA

Fashion Division, S.A.

Fozimo – Sociedade Imobiliária, SA

Fozmassimo - Sociedade Imobiliária, SA

Igimo – Sociedade Imobiliária, SA

Iginha – Sociedade Imobiliária, SA

Imoconti – Sociedade Imobiliária, SA

Imoestrutura – Sociedade Imobiliária, SA

Imomuro - Sociedade Imobiliária, SA

Imoresultado – Sociedade Imobiliária, SA

Imosistema – Sociedade Imobiliária, SA

Modalfa - Comércio e Serviços, S.A.

Modelo.Com - Vendas por Correspondência, SA

Modelo Continente Hipermercados, SA

Modelo Hiper - Imobiliária, SA

Pharmaconcept Actividades em Saúde, SA

Pharmacontinente – Saúde e Higiene, SA

Predicomercial – Promoção Imobiliária, SA

Raso Viagens e Turismo, SA

Raso, SGPS, SA

Sempre à Mão – Sociedade Imobiliária, SA

Sesagest – Projectos e Gestão Imobiliária, SA

Socijofra – Sociedade Imobiliária, SA

Sociloures – Sociedade Imobiliária, SA

Sonae, SGPS, SA

Sonae MC – Modelo Continente, SGPS, SA

Sonaerp - Retail Properties, SA

Sonae - Specialized Retail, SGPS, SA

Sonae Center Serviços II, SA

Sondis Imobiliária, SA

Sonvecap, BV

Têxtil do Marco, SA

Tlantic Portugal - Sistemas de Informação, SA

Valor N, SA

Worten - Equipamentos para o Lar, S A.

Zyevolution Investigação e Desenvolvimento, SA

The amounts due to group companies as at 31 December 2013 related to the mentioned contracts were the following:

Company	31.December.2013
BB Food Service, SA	1,641,257
Contibomba - Comércio e Distribuição de Combustíveis, SA	771,257
Chão Verde - Sociedade de Gestão Imobiliária, SA	244,257
Fashion Division, SA	3,791,257
Modelo Continente Hipermercados, SA	222,873,608
Modelo Hiper Imobiliária, SA	2,802,258
Modelo.Com - Vendas por Correspondência, SA	7,837,258
Pharmaconcept - Actividades em Saúde, SA	47,257
Sesagest - Projectos e Gestão Imobiliária, SA	6,274,258
Sonae - Specialized Retail, SGPS, SA	13,557,921
Sonvecap, B.V.	29,988,000
Tlantic Portugal - Sistemas de Informação, SA	1,070,000
	<u>290,898,588</u>

As at 31 December 2013 amounts owed by subsidiaries can be detailed as follows:

Company	31.December.2013
Azulino - Imobiliária, SA	3,753,916
Bom Momento - Comércio Retalhista, SA	158,743
Bertimóvel - Sociedade Imobiliária, SA	21,718,724
Canasta - Empreendimentos Imobiliários, SA	1,667,607
Citorres - Sociedade Imobiliária, SA	2,574,448
Contimobe - Imobiliária do Castelo de Paiva, SA	29,279,151
Continente Hipermercados, SA	9,074,743
Cumulativa - Sociedade Imobiliária, SA	1,695,731
Farmácia Seleção, SA	900,743
Fozimo – Sociedade Imobiliária, SA	1,542,700
Igímo – Sociedade Imobiliária, SA	7,206,743
Igíinha – Sociedade Imobiliária, SA	17,138,331
Imoconti – Sociedade Imobiliária, SA	11,113,123
Imoestrutura - Sociedade Imobiliária, SA	183,448
Imomuro - Sociedade Imobiliária, SA	15,574,346
Imoresultado – Sociedade Imobiliária, SA	475,398
Imosistema - Sociedade Imobiliária, SA	3,713,385
MJLF - Empreendimentos Imobiliários, SA	2,683,585
Modelo - Distribuição de Materiais de Construção, SA	4,544,964
MDS SGPS, SA	8,665,429
Pharmacontinente - Saúde e Higiene, SA	6,487,743
Predicomercial - Promoção Imobiliária, SA	5,048,709
Raso, SGPS, SA	8,450,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	2,634,374
Sempre à Mão - Sociedade Imobiliária, SA	37,161,466
Socijofra - Sociedade Imobiliária, SA	5,508,851
Sociloures - Sociedade Imobiliária, SA	15,006,641
Soflorin, BV	201,883,415
Sonae Capital Brasil, SA	665,000
Sonae Center Serviços II, SA	2,242,163
Sonae MC - Modelo Continente, SGPS, SA	671,738,743
Sonaerp - Retail Properties, SA	173,239,925
Sondis Imobiliária, SA	19,382,676
Valor N, SA	3,050,915
	<u>1,296,165,879</u>

Article 66 A of Commercial Companies Code

The information regarding the Statutory Auditor Fees' is disclosed on the Management Report.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo (President)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Statutory Audit and Auditors' Report

Report and Opinion of The Statutory Audit Board