

**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**

**30 June 2014**

# Management Report

## Management Report

### Sonae Investimentos – S.G.P.S., S.A.

In accordance with Portuguese Law and the company's articles of association, we hereby present the management report of Sonae Investimentos - S.G.P.S., S.A. for the first six months of 2014.

#### Activity evolution for the period

During the course of the first six months of 2014, the consolidated turnover of Sonae Investimentos totalled 2,231 million euro, which corresponds to an increase of 4.9% compared to the same period in the previous year.

In the same period, the Company's operating cash-flow (EBITDA) reached 142 million euro, broadly in line with last year (-0.3% or -0.5 million euro). This includes a reduction of the contribution of Sonae MC, negatively affected by the highly competitive market environment in food retail, which was offset by the improved contribution of Sonae SR – specialised retail businesses continue to improve sales and operational productivity. Note that this performance includes the results of equity method investments (-1.6 million euro, a 25% improvements on the comparable period in 2013) and the negative impact of -2 million euro of non-recurrent items (0 in 2013), without which EBITDA would present a positive evolution. Overall EBITDA margin stood at 6.4% of sales (-0.3 pp below the first six months of 2013).

In terms of operating results (EBIT), these amounted to 61 million euro in the period (equivalent to 2.7% of sales, and 0.3pp above last year), which compares with a 51 million euro result for the first six months of 2013.

Sonae Investimentos consolidated net result in the first six months of 2014 totalled 23.4 million euro, 10.5 million Euro above the amount realised in the same period of 2013.

At the end of June, Sonae Investimentos detained an overall portfolio of 1,179 stores<sup>1</sup>, corresponding to a sales area of 1,072 thousand m<sup>2</sup><sup>1</sup>. During the period, the company continued the consolidation of Sonae SR's own store network in international markets. As at the end of June 2014, Sonae SR's formats had a total of 171 stores outside of Portugal, including 53 under franchising agreements.

In Portugal, the company materialized a selective opening of new retail stores, including 1 Continente Bom Dia and 21 Meu Super Stores under franchise agreements.

In parallel to the expansion effort, the company carried out a Refurbishment Programme in a number of retail units so as to ensure they remain as a reference in their respective catchment areas. Total investment amounted to 74 million euro during the first six months of the year.

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<sup>1</sup> Excludes Geostar

## Outlook

Sonae Investimentos strategic guidelines privilege growth and the strengthening of the value proposition based on a continued investment in efficiency and innovation. This positioning, consistently adopted by the Company, has allowed for the combination of strong growth rhythms with strong profitability benchmarks, and once again will be at the basis of the Company's performance during the course of the next months.

## Methodological note

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

Maia, 18 of August 2014

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

## Glossary

### Turnover (t)

sale of articles + services rendered.

### Operating Cash-flow (EBITDA)

turnover + other income - negative goodwill - reversal of impairment losses - operational costs + gains / losses on sales of assets - provision for extensions of guarantees + results of companies consolidated via equity method.

### Operating results (EBIT)

EBITDA – amortisations and impairment losses.

### Net Investment

increase in gross fixed assets (tangible and intangible) + changes in perimeter (as a result of acquisitions and disposals) - disposals in gross fixed assets (tangible and intangible) + increases in goodwill.

### Net debt

current borrowings + noncurrent borrowings + financial leasing creditors – cash and cash equivalents – other current financial investments

### Gearing

ratio between net financial debt and shareholders' funds

### Net Capital Employed

gross fixed assets (tangible and intangible) + other gross real estate assets (including goodwill) - amortisations and impairment losses + financial investments + working capital

## Appendix

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

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

Maia, 18 of August 2014

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

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

	Date	Additions		Reductions		Balance as of
		Quantity	Aver. Price €	Quantity	Aver. Price €	30.06.2014
						Quantity
<b>Ângelo Gabriel Ribeirinho dos Santos Paupério (*) (**)</b>						
Sonae, SGPS, SA (3)						1,270,426 (a)
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	02.05.2014	507,276	0.068			
Continente Bonds - 7% -2015						700,000 (b)
<b>Duarte Paulo Teixeira de Azevedo (*) (**) (***) (****) (*****)</b>						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (8)						1,999,996
Sonae, SGPS, SA (3)						750,617 (c)
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	28.04.2014	262,087	0.068			
<b>Arlindo Dias Duarte Silva (*****)</b>						
Continente Bonds - 7% -2015						5,000 (d)
	Date	Additions		Reductions		Balance as of
		Quantity	Aver. Price €	Quantity	Aver. Price €	30.06.2014
						Quantity
<b>(1) Efanor Investimentos, SGPS, SA</b>						
Sonae, SGPS, SA (3)						200,100,000
Pareuro, BV (2)						5,583,100
<b>(2) Pareuro, BV</b>						
Sonae, SGPS, SA (3)						849,533,095
<b>(3) Sonae, SGPS, SA</b>						
Sonae, SGPS, SA (treasury shares)						6,102,021
Purchase	24.03.2014	1,885,000	1.325			
Purchase	14.04.2014	630,000	1.305			
Purchase	15.04.2014	465,000	1.296			
Purchase	16.04.2014	530,000	1.315			
Purchase	17.04.2014	450,000	1.333			
Sale	28.04.2014			3,585,251	1.358	
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive	28.04.2014			262,087	0.068	
Sale	05.05.2014			62,198	1.358	
Purchase	15.05.2014	755,000	1.213			
Purchase	16.05.2014	1,532,973	1.211			
Purchase	19.05.2014	970,000	1.222			
Sale	19.05.2014			11,509	1.238	
Purchase	20.05.2014	710,000	1.226			
Purchase	21.05.2014	750,000	1.247			
Purchase	22.05.2014	809,700	1.261			
Purchase	23.05.2014	535,393	1.274			
Sonae Investimentos, BV (5)						2,894,000
Sonae Investimentos, SGPS, SA (4)						768,555,810
<b>(4) Sonae Investimentos, SGPS, SA</b>						
Sonae MC - Modelo Continente, SGPS, SA (7)						362,937,063
<b>(5) Sonae Investments BV</b>						
Sonae Investimentos, SGPS, SA (4)						131,419,190
Libra Serviços, Sociedade Unipessoal, Lda (6)						5,000
<b>(6) Libra Serviços, Sociedade Unipessoal, Lda</b>						
Sonae Investimentos, SGPS, SA (4)						25,000
<b>(7) Sonae MC - Modelo Continente, SGPS, SA</b>						
Sonae Investimentos, SGPS, SA (4)						100,000,000
<b>(8) Migracom, SGPS, SA</b>						
Sonae, SGPS, SA (3)						1,536,683
Sale	13.06.2014			435,000	1.278	
Sale	17.06.2014			500,000	1.257	
Sale	18.06.2014			465,000	1.264	
Imparfin, SGPS, SA (9)						150,000
<b>(9) Imparfin, SGPS, SA</b>						
Sonae, SGPS, SA (3)						4,105,280
Continente Bonds - 7% -2015						590,000
Purchase	28.01.2014	222,000	1.050			
Purchase	09.04.2014	411,000	1.050			
Sale	26.05.2014			48,000	1.050	

(\*) 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 (9)

(\*\*\*\*\*) 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

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

(d) co-held with the respective spouse



## Qualified holdings

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

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

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

(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.

**Condensed consolidated  
financial statements**

## SONAE INVESTIMENTOS, SGPS, SA

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT  
30 JUNE 2014 AND 2013 AND AT 31 DECEMBER 2013*(Translation of condensed consolidated financial statements originally issued in Portuguese.  
In case of discrepancy the Portuguese version prevails.)**(Amounts expressed in euro)*

ASSETS	Notes	30 June 2014	30 June 2013	31 December 2013
<b>NON-CURRENT ASSETS:</b>				
Tangible assets	8	1,791,952,118	1,981,769,379	1,820,583,824
Intangible assets	9	174,069,238	155,339,446	163,731,471
Goodwill		498,186,402	499,234,487	498,186,402
Investments in joint ventures and associates	5	51,110,144	53,435,695	51,797,067
Other investments	6	13,535,016	13,401,697	13,401,237
Deferred tax assets	12	123,973,370	131,452,948	117,412,133
Other non-current assets	10	23,022,281	24,032,069	23,103,739
<b>Total Non-Current Assets</b>		<b>2,675,848,569</b>	<b>2,858,665,721</b>	<b>2,688,215,873</b>
<b>CURRENT ASSETS:</b>				
Inventories		535,864,051	505,208,813	588,396,336
Trade accounts receivable and other current assets	11	332,239,903	223,815,465	255,867,053
Investments		534,419	343,620	42,105
Cash and cash equivalents	13	59,790,311	107,489,944	71,510,332
<b>Total Current Assets</b>		<b>928,428,684</b>	<b>836,857,842</b>	<b>915,815,826</b>
Assets available for sale		-	720,338	-
<b>TOTAL ASSETS</b>		<b>3,604,277,253</b>	<b>3,696,243,901</b>	<b>3,604,031,699</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY:</b>				
Share capital	14	1,000,000,000	1,000,000,000	1,000,000,000
Own shares		(320,000,000)	(320,000,000)	(320,000,000)
Reserves and retained earnings		(96,203,009)	27,392,313	26,266,804
Profit/(Loss) for the period attributable to the equity holders of the parent company		22,941,852	12,515,648	(84,265,323)
Equity attributable to the equity holders of the parent company		606,738,843	719,907,961	622,001,481
Equity attributable to non-controlling interests	15	85,563,400	86,357,539	84,312,167
<b>TOTAL EQUITY</b>		<b>692,302,243</b>	<b>806,265,500</b>	<b>706,313,648</b>
<b>LIABILITIES:</b>				
<b>NON-CURRENT LIABILITIES:</b>				
Loans	16	870,322,052	865,042,998	768,686,701
Other non-current liabilities	18	450,608,351	434,974,717	444,708,892
Deferred tax liabilities	12	129,624,995	133,022,951	116,937,919
Provisions	21	26,783,330	23,838,598	29,588,227
<b>Total Non-Current Liabilities</b>		<b>1,477,338,728</b>	<b>1,456,879,264</b>	<b>1,359,921,739</b>
<b>CURRENT LIABILITIES:</b>				
Loans	16	140,059,677	213,324,350	72,398,602
Trade creditors and other current liabilities	20	1,291,862,866	1,214,346,457	1,462,679,721
Provisions	21	2,713,739	5,428,330	2,717,989
<b>Total Current Liabilities</b>		<b>1,434,636,282</b>	<b>1,433,099,137</b>	<b>1,537,796,312</b>
<b>TOTAL LIABILITIES</b>		<b>2,911,975,010</b>	<b>2,889,978,401</b>	<b>2,897,718,051</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,604,277,253</b>	<b>3,696,243,901</b>	<b>3,604,031,699</b>

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

The Board of Directors

## SONAE INVESTIMENTOS, SGPS, SA

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIODS  
ENDED 31 JUNE 2014 AND 2013*(Translation of condensed consolidated financial statements originally issued in Portuguese.  
In case of discrepancy the Portuguese version prevails.)**(Amounts expressed in euro)*

	Notes	2 <sup>nd</sup> Quarter 2014	2 <sup>nd</sup> Quarter 2013	30 June 2014	30 June 2013
Sales		1,130,870,824	1,068,902,600	2,208,218,461	2,106,902,976
Services rendered		11,554,882	10,215,572	22,715,957	19,263,780
Investment income		281	92,000	571,836	79,000
Financial income		1,465,339	1,117,146	3,073,309	2,740,075
Other income		143,590,753	119,285,552	257,034,669	210,495,161
Cost of goods sold and materials consumed		(898,960,874)	(835,668,802)	(1,760,772,374)	(1,638,875,240)
Changes in stocks of finished goods and work in progress		(12,954)	114,897	91,830	138,910
External supplies and services		(139,831,949)	(129,286,417)	(268,654,052)	(257,486,663)
Staff costs		(149,947,048)	(135,961,092)	(294,141,388)	(273,210,360)
Depreciation and amortisation	8 and 9	(39,691,152)	(41,139,806)	(78,980,784)	(87,685,708)
Provisions and impairment losses		(833,773)	(3,331,457)	(1,359,275)	(8,571,181)
Financial expenses		(19,124,134)	(18,465,834)	(37,294,462)	(38,551,116)
Other expenses		(11,078,803)	(9,628,941)	(22,028,673)	(18,268,269)
Share of results of joint ventures and associated undertakings	5	(280,388)	(144,642)	(1,639,226)	(2,181,943)
Profit/(Loss) before taxation		27,721,004	26,100,776	26,835,828	14,789,422
Taxation	24	(3,355,694)	(4,073,315)	(3,441,825)	(1,919,063)
Profit/(Loss) after taxation		24,365,310	22,027,461	23,394,003	12,870,359
Attributable to:					
Equity holders of the parent company		24,239,570	21,930,677	22,941,852	12,515,648
Non-controlling interests	15	125,740	96,784	452,151	354,711
Profit/(Loss) per share					
Basic	25	0.026933	0.024367	0.025491	0.013906
Diluted	25	0.026933	0.024367	0.025491	0.013906

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

The Board of Directors

## SONAE INVESTIMENTOS, SGPS, SA

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS  
ENDED 30 JUNE 2014 AND 2013*(Translation of condensed consolidated financial statements originally issued in Portuguese.**In case of discrepancy the Portuguese version prevails.)**(Amounts expressed in euro)*

	2nd Quarter 2014	2nd Quarter 2013	30 June 2014	30 June 2013
Net Profit / (Loss) for the period	24,365,310	22,027,461	23,394,003	12,870,359
Items that maybe reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	125,411	(44,593)	(110,049)	7,240
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method (Note 5)	478,623	(2,552,263)	968,748	(5,187,882)
Changes in hedge and fair value reserves	397,215	(1,449,291)	1,125,804	325,972
Deferred tax related to changes in fair value reserves	(118,549)	447,478	(339,052)	(63,295)
Other comprehensive income for the period	882,701	(3,598,669)	1,645,451	(4,917,965)
Total comprehensive income for the period	<u>25,248,011</u>	<u>18,428,792</u>	<u>25,039,454</u>	<u>7,952,394</u>
Attributable to:				
Equity holders of parent company	25,126,266	18,342,415	24,594,658	7,576,465
Non controlling interests	<u>121,745</u>	<u>86,377</u>	<u>444,796</u>	<u>375,929</u>

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

The Board of Directors

## SONAE INVESTIMENTOS, SGPS, SA

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIODS ENDED 30 JUNE 2014 AND 2013

(Translation of condensed 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											
	Reserves and Retained Earnings							Total	Net Profit/(Loss)	Total	Non-controlling interests (Note 15)	Total equity
Share capital	Own shares	Legal reserve	Currency translation reserve	Hedging reserve	Legal reserves in accordance with article 342º CSC	Other reserves and retained earnings						
Balance as at 1 January 2013	1,000,000,000	(320,000,000)	140,357,809	336,811	1,595,204	320,000,000	(399,348,960)	62,940,864	9,310,582	752,251,446	85,691,823	837,943,269
Total comprehensive income for the period	-	-	-	7,240	241,459	-	(5,187,882)	(4,939,183)	12,515,648	7,576,465	375,929	7,952,394
Appropriation of profit of 2012:												
Transfer to legal reserves and retained earnings	-	-	284,660	-	-	-	9,025,922	9,310,582	(9,310,582)	-	-	-
Dividends distributed	-	-	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)	-	(40,000,000)
Other reserves	-	-	-	-	-	-	80,050	80,050	-	80,050	289,787	369,837
Balance as at 30 June 2013	1,000,000,000	(320,000,000)	140,642,469	344,051	1,836,663	320,000,000	(435,430,870)	27,392,313	12,515,648	719,907,961	86,357,539	806,265,500
Balance as at 1 January 2014	1,000,000,000	(320,000,000)	140,642,469	628,573	(439,433)	320,000,000	(434,564,805)	26,266,804	(84,265,323)	622,001,481	84,312,167	706,313,648
Total comprehensive income for the period	-	-	-	(102,694)	786,752	-	968,748	1,652,806	22,941,852	24,594,658	444,796	25,039,454
Appropriation of profit of 2013:												
Transfer to legal reserves and retained earnings	-	-	595,347	-	-	-	(84,860,670)	(84,265,323)	84,265,323	-	-	-
Dividends distributed	-	-	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)	-	(40,000,000)
Others	-	-	-	-	-	-	142,704	142,704	-	142,704	806,437	949,141
Balance as at 30 June 2014	1,000,000,000	(320,000,000)	141,237,816	525,879	347,319	320,000,000	(558,314,023)	(96,203,009)	22,941,852	606,738,843	85,563,400	692,302,243

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

The Board of Directors

## SONAE INVESTIMENTOS, SGPS, SA

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR  
THE PERIODS ENDED 30 JUNE 2014 AND 2013*(Translation of condensed consolidated financial statements originally issued in Portuguese.  
In case of discrepancy the Portuguese version prevails.)**(Amounts expressed in euro)*

	Notes	2nd Quarter 2014	2nd Quarter 2013	30 June 2014	30 June 2013
<b>OPERATING ACTIVITIES</b>					
Net cash flow from operating activities (1)		<u>123,200,433</u>	<u>170,880,117</u>	<u>(91,590,707)</u>	<u>(64,420,420)</u>
<b>INVESTMENT ACTIVITIES</b>					
Cash receipts arising from:					
Investments		589,361	98,092	4,061,905	1,434,846
Tangible and intangible assets		6,362,711	932,380	6,381,403	1,249,637
Interest and similar income		265,164	523,038	631,953	1,113,761
Loans granted		3,750,000	4,350,000	489,550,939	16,252,000
Dividends		166,727	106,332	166,727	106,332
		<u>11,133,963</u>	<u>6,009,842</u>	<u>500,792,927</u>	<u>20,156,576</u>
Cash payments arising from:					
Investments		(40)	-	(40)	-
Tangible and intangible assets		(38,518,440)	(22,171,141)	(85,352,143)	(74,582,768)
Loans granted		(3,761,621)	(4,846,722)	(488,812,559)	(5,396,722)
Others		30	(7)	-	(30)
		<u>(42,280,071)</u>	<u>(27,017,870)</u>	<u>(574,164,742)</u>	<u>(79,979,520)</u>
Net cash used in investment activities (2)		<u>(31,146,108)</u>	<u>(21,008,028)</u>	<u>(73,371,816)</u>	<u>(59,822,944)</u>
<b>FINANCING ACTIVITIES</b>					
Cash receipts arising from:					
Loans obtained		<u>823,000,000</u>	<u>802,962,000</u>	<u>1,276,003,329</u>	<u>1,816,492,126</u>
		<u>823,000,000</u>	<u>802,962,000</u>	<u>1,276,003,329</u>	<u>1,816,492,126</u>
Cash payments arising from:					
Loans obtained		(866,161,433)	(982,964,621)	(1,107,963,797)	(1,714,743,780)
Interest and similar charges		(11,161,506)	(9,896,435)	(17,454,179)	(18,159,882)
Dividends		(132,874)	(190,743)	(132,874)	(190,743)
Others		(380,271)	(223,191)	(1,018,705)	(773,565)
		<u>(877,836,084)</u>	<u>(993,274,990)</u>	<u>(1,126,569,555)</u>	<u>(1,733,867,970)</u>
Net cash used in financing activities (3)		<u>(54,836,084)</u>	<u>(190,312,990)</u>	<u>149,433,774</u>	<u>82,624,156</u>
Net increase/(decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		<u>37,218,242</u>	<u>(40,440,901)</u>	<u>(15,528,748)</u>	<u>(41,619,208)</u>
Effect of foreign exchange rate		<u>(33,437)</u>	<u>225,944</u>	<u>(56,327)</u>	<u>175,586</u>
Cash and cash equivalents at the beginning of the period	13	<u>18,383,690</u>	<u>147,854,493</u>	<u>71,107,790</u>	<u>148,982,442</u>
Cash and cash equivalents at the end of the period	13	<u>55,635,369</u>	<u>107,187,648</u>	<u>55,635,369</u>	<u>107,187,648</u>

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

The Board of Directors

# SONAE INVESTIMENTOS, SGPS, S.A.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

*(Amounts expressed in euro)*

*(Translation of condensed consolidated financial statements originally issued in Portuguese.*

*In case of discrepancies the Portuguese version prevails.)*

### 1 INTRODUCTION

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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 26.

### 2 PRINCIPAL ACCOUNTING POLICIES

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The accounting policies adopted are consistent with those used in the preparation of the consolidated financial statements for the period ended as at 31 December 2013.

#### **Basis of preparation**

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

Interim financial statements are presented quarterly, in accordance with IAS 34- “Interim Financial Reporting”.

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

With mandatory application from 1 January 2014: Effective Date (for financial years beginning on/after)

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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
IFRIC 21 - (Levies)	01 Jan 2014
Amendments to IAS 39 (Reformulation of Derivatives and continuation of Hedge Accounting)	01 Jan 2014

There were no significant impacts 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.

The following standards, interpretations, amendments and revisions were not endorsed by the European Union and have mandatory application is mandatory in future financial years:

With mandatory application from 1 January 2014 onwards: Effective Date (for financial years beginning on/after)

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IFRS 9 - (Financial instruments – classification and measurement)	01 Jan 2018
IFRS 11 (Amendment) – (Accounting for Acquisitions of Interests in Joint Operations)	01 Jan 2016
IFRS 7 and 9 (Amendment) – (Financial instruments)	At a date to be appointed

IAS 16 and IAS 38 (Amendment) – (Clarification of Acceptable Methods of Depreciation and Amortisation)	01 Jan 2016
IFRS 14 – (Regulatory Deferral Accounts)	01 Jan 2016
IFRS 15 – (Revenues from Contracts with Customers )	01 Jan 2017
IAS 19 (Amendment) – (Employee Benefits)	01 Jul 2014
Improvements of international financial reporting standards (2010-2012 cycle and 2011-2013 cycle)	01 Jul 2014

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

### 3 CHANGES IN ACCOUNTING POLICIES

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

### 4 GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The subsidiaries included in the consolidated financial statements, its head offices and percentage of capital held as at 30 June 2014 and 31 December 2013 are as follows:

COMPANY	Head Office	Percentage of capital held			
		30 June 2014		31 December 2013	
		Direct	Total*	Direct	Total*
<b>Sonae Investimentos, SGPS, SA</b>	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%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%

Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Contibomba - Comércio e Distribuição de Combustíveis, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Continente Hipermercados, SA	a)	Lisbon	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Discovery Sports, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Farmácia 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%
1) Fozmassimo - Sociedade Imobiliária, SA	a)	Matosinhos	-	-	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosede	a)	Maia	54.55%	54.55%	54.55%	54.55%
Fundo de Investimento Imobiliário Fechado Imosonae Dois	a)	Maia	98.91%	98.91%	99.48%	99.48%
Igimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoconti - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Infocfield - Informática, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
MJLF - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modalfa - Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modalloop – Vestuário e Calçado, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Modelo - 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%
	Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmaconcept – Actividades em Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Predicomercial - Promoção Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
2)	Predilugar - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	-	-
	SDSR – Sports Division SR, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	SDSR – Sports Division 2, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Selifa - Empreendimentos Imobiliários de Fafe, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Socijofra - Sociedade Imobiliária, SA	a)	Gondomar	100.00%	100.00%	100.00%	100.00%
	Sociloures - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Soflorin, BV	a)	Amesterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
2)	Sonae Financial Services, SA	a)	Maia	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%
3)	Sonae SR – Serviços e Logística, SA	a)	Matosinhos	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 España - 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)	Amesterdam (The 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 Artículos de Deporte, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Sport Zone Sport Malz.Per.Satis Ith.Ve Tic Ltd Sti	a)	Istanbul (Turkey)	100.00%	100.00%	100.00%	100.00%
Têxtil do Marco, SA	a)	Marco de Canaveses	92.76%	92.76%	92.76%	92.76%
Tlantic, BV	a)	Amesterdam (The Netherlands)	77,66%	77,66%	77,66%	77,66%
Tlantic Portugal - Sistemas de Informação, SA	a)	Matosinhos	77,66%	77,66%	77,66%	77,66%
Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	77,66%	77,66%	77,66%	77,66%
Valor N, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Worten Canarias , SL	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, SL	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%
Zippy Cocuk Malz.Dag.Ith.Ve Tic Ltd.Sti	a)	Istanbul (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) Company sold during the period;
- 2) Company created during the period;
- 3) Ex SDSR2- Sports Division 2, SA

These entities are 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 30 June 2014 and 31 December 2013 are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position		
		30 June 2014		31 December 2013		30 June 2014	31 December 2013	
		Direct	Total*	Direct	Total*			
Raso SGPS, SA (consolidated)	Lisbon	50.00%	50.00%	50.00%	50.00%	10,018,682	10,150,202	
<b>Investments in joint ventures</b>							10,018,682	10,150,202
MDS SGPS, SA (consolidated)	Maia	46.92%	46.92%	46.92%	46.92%	40,129,525	40,746,920	
1) Mundo Vip	Lisbon	-	-	33.34%	33.34%	-	-	
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	961,937	899,945	
<b>Investments in associated companies</b>							41,091,462	41,646,865
<b>Total</b>							51,110,144	51,797,067

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

1) Company liquidated during the period.

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

During the periods ended at 30 June 2014 and 2013, movements of Investments in jointly controlled companies and associated companies are made up as follows:

	30 June 2014			30 June 2013		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
<b>Joint ventures and associated companies</b>						
Initial balance as at January,1	9,066,357	42,730,710	51,797,067	17,400,725	44,520,464	61,921,189
Equity method:						
Effect in gain or losses in joint controlled and associated companies	(1,639,226)	-	(1,639,226)	(2,181,943)	-	(2,181,943)
Distributed dividends	(16,446)	-	(16,446)	(14,332)	-	(14,332)
Other effects on reserves	968,748	-	968,748	(5,187,882)	-	(5,187,882)
	8,379,434	42,730,710	51,110,144	10,016,568	44,520,464	54,537,032
Accumulated impairment losses (Note 21)	-	-	-	688,417	(1,789,754)	(1,101,337)
	8,379,434	42,730,710	51,110,144	10,704,985	42,730,710	53,435,695

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

	30 June 2014			30 June 2013		
	Income	Expenses	Profit/ (Loss)	Income	Expenses	Profit/ (Loss)
Traveling	20,957,869	21,224,001	(266,133)	21,036,584	22,138,986	(1,102,402)
Insurance	20,755,434	23,082,541	(2,327,108)	22,411,259	24,923,053	(2,511,794)
Others	25,240,923	24,927,175	313,748	23,144,686	23,745,412	(600,726)
<b>TOTAL</b>	<b>66,954,225</b>	<b>69,233,718</b>	<b>(2,279,493)</b>	<b>66,592,529</b>	<b>70,807,451</b>	<b>(4,214,922)</b>

	30 June 2014			31 December 2013		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
Traveling	74,750,673	46,312,326	28,438,346	67,413,721	38,709,241	28,704,479
Insurance	101,785,410	75,722,116	26,063,294	100,288,792	73,867,578	26,421,214
Others	9,845,721	5,997,975	3,847,745	12,140,682	11,125,907	1,014,775
<b>TOTAL</b>	<b>186,381,804</b>	<b>128,032,417</b>	<b>58,349,385</b>	<b>179,843,195</b>	<b>123,702,727</b>	<b>56,140,468</b>

## 6 OTHER NON-CURRENT INVESTMENTS

Other non-current investments, their head offices, proportion of capital held and their book value as at 30 June 2014 and 31 December 2013 are as follows:

Company	Head Office	Percentage of capital held				Statement of financial position	
		30 June 2014		31 December 2013		30 June 2014	31 December 2013
		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
Solferias- Operadores Turísticos, SA	Lisbon	11.11%	11.11%	-	-	133,162	-
Other investments						12,643,681	12,643,064
						<b>13,535,016</b>	<b>13,401,237</b>

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

Under the caption other non-current investments there is an amount of 12,513,275 euro (12,512,681 euro as at 31 December 2013) 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 21).

Although in accordance with the deadlines contractually established, the Escrow Account should have already been released by the buyer. That didn't happen as there are some points of disagreement on the use of the Escrow Account, namely as to whether or not, to retain the Escrow Account for ongoing fiscal procedures that have not yet been decided (Note 21). 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.

All investments are recorded at acquisition cost less impairment losses, given the fact that these are investments in unlisted shares and whose fair value was not estimated because is not reliable.

## 7 CHANGES IN CONSOLIDATION PERIMETER

In January 2014, the Group sold its subsidiary Fozmassimo - Real Estate Company SA to an external entity. The impact on the financial statements can be analyzed as follows:

	<u>On the date of disposal</u>
Net assets	
Tangible and intangible assets (Note 8 and 9)	2,777,380
Other assets	23,820
Cash and cash equivalents	14,771
Deferred tax liabilities	(77,521)
Other liabilities	<u>(62,509)</u>
	<u>2,675,941</u>
Profit in disposal	<u>297,373</u>
Consideration received	<u>2,973,313</u>
Effective cash payment received	<u>2,973,313</u>
	<u>2,973,313</u>
Net cash-flow arising from disposal	
Effective cash payment received	2,973,313
Cash and cash equivalents disposed	<u>(14,771)</u>
	<u>2,958,542</u>
	<u>On the date of disposal</u>
Sales	200,406
Other income	2,329
Other expenses	(109,011)
Net financial expenses	<u>61,418</u>
Profit/(Loss) before taxation	155,142
Profit/(Loss) before taxation	<u>(35,122)</u>
Profit/(Loss) after taxation	<u>120,020</u>

## 8 TANGIBLE ASSETS

During the six months period ended at 30 June 2014 and 2013, movements in Tangible assets as well as depreciation and accumulated impairment losses, are made up as follows:



	Tangible assets				Total tangible assets
	Land and buildings	Plant and machinery	Others	Tangible assets in progress	
<b>Gross assets:</b>					
<b>Opening balance as at 1 January 2014</b>	1,657,183,620	1,234,317,728	161,976,772	30,494,978	3,083,973,098
Acquisitions	4,091,131	856,061	145,504	45,782,640	50,875,336
Disposals of subsidiaries (Note 7)	(2,758,249)	(397,643)	(3,492)	-	(3,159,384)
Disposals	(2,578,970)	(19,209,506)	(3,021,881)	(3,912,900)	(28,723,257)
Exchange rate effect	-	82,510	63,256	-	145,766
Transfers	8,912,032	32,767,184	5,778,418	(45,927,670)	1,529,964
<b>Closing balance as at 30 June 2014</b>	<b>1,664,849,564</b>	<b>1,248,416,334</b>	<b>164,938,577</b>	<b>26,437,048</b>	<b>3,104,641,523</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Opening balance as at 1 January 2014</b>	409,051,726	725,545,159	128,792,389	-	1,263,389,274
Depreciation of the period	12,603,183	50,302,426	6,453,962	-	69,359,571
Disposals of subsidiaries (Note 7)	(210,643)	(168,610)	(3,492)	-	(382,745)
Disposals	(529,614)	(15,736,967)	(2,899,230)	-	(19,165,811)
Exchange rate effect	-	76,102	36,603	-	112,705
Transfers	(3,081,579)	3,378,823	(920,833)	-	(623,589)
<b>Closing balance as at 30 June 2014</b>	<b>417,833,073</b>	<b>763,396,933</b>	<b>131,459,399</b>	<b>-</b>	<b>1,312,689,405</b>
<b>Carrying amount as at 30 June 2014</b>	<b>1,247,016,491</b>	<b>485,019,401</b>	<b>33,479,178</b>	<b>26,437,048</b>	<b>1,791,952,118</b>
	Tangible assets				Total tangible assets
	Land and buildings	Plant and machinery	Others	Tangible assets in progress	
<b>Gross assets:</b>					
<b>Opening balance as at 1 January 2013</b>	1,653,111,333	1,194,405,982	164,829,261	31,807,125	3,044,153,701
Acquisitions	949,255	552,034	102,662	35,905,643	37,509,594
Disposals	(361,212)	(14,575,418)	(5,320,012)	(1,741,673)	(21,998,315)
Exchange rate effect	-	(74,716)	(79,396)	-	(154,112)
Transfers	2,265,110	29,517,422	3,575,080	(38,031,273)	(2,673,661)
<b>Closing balance as at 30 June 2013</b>	<b>1,655,964,486</b>	<b>1,209,825,304</b>	<b>163,107,595</b>	<b>27,939,822</b>	<b>3,056,837,207</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Opening balance as at 1 January 2013</b>	282,468,140	606,760,985	129,139,719	-	1,018,368,844
Depreciation of the period	13,370,251	57,713,530	6,935,876	-	78,019,657
Disposals	(67,895)	(13,976,448)	(5,269,068)	-	(19,313,411)
Exchange rate effect	-	(52,893)	(37,897)	-	(90,790)
Transfers	(427,872)	(650,856)	(837,744)	-	(1,916,472)
<b>Closing balance as at 30 June 2013</b>	<b>295,342,624</b>	<b>649,794,318</b>	<b>129,930,886</b>	<b>-</b>	<b>1,075,067,828</b>
<b>Carrying amount as at 30 June 2013</b>	<b>1,360,621,862</b>	<b>560,030,986</b>	<b>33,176,709</b>	<b>27,939,822</b>	<b>1,981,769,379</b>

The most significant values included in the caption "Tangible assets in progress" refer to the following projects:

	30 June 2014	30 June 2013
Refurbishment and expansion of stores located in Portugal	16,695,807	18,836,583
Refurbishment and expansion of stores located in Spain	900,988	621,323
Projects of stores for which advance payments were made	8,639,900	8,304,617
Others	200,353	177,299
	<b>26,437,048</b>	<b>27,939,822</b>

## 9 INTANGIBLE ASSETS

During the six months period ended at 30 June 2014 and 2013, movements in Intangible assets as well as depreciation and accumulated impairment losses, are made up as follows:

	Intangible assets			Total intangible assets
	Patents and other similar rights	Others	Intangible assets in progress	
<b>Gross assets</b>				
Opening balance as at 1 January 2014	103,163,864	204,395,830	27,711,325	335,271,019
Acquisitions	3,741	-	20,240,394	20,244,135
Disposals of subsidiaries (Note 7)	(741)	-	-	(741)
Disposals	(272,851)	(775,092)	(81,870)	(1,129,813)
Exchange rate effect	6,996	62,088	-	69,084
Transfers	155,535	12,845,418	(13,248,784)	(247,831)
<b>Closing balance as at 30 June 2014</b>	<b>103,056,544</b>	<b>216,528,244</b>	<b>34,621,065</b>	<b>354,205,853</b>
<b>Accumulated depreciation and impairment losses</b>				
Opening balance as at 1 January 2014	24,647,476	146,892,072	-	171,539,548
Depreciation of the period	928,846	8,692,367	-	9,621,213
Disposals of subsidiaries (Note 7)	-	-	-	-
Disposals	(271,731)	(773,078)	-	(1,044,809)
Exchange rate effect	4,118	23,254	-	27,372
Transfers	(137)	(6,572)	-	(6,709)
<b>Closing balance as at 30 June 2014</b>	<b>25,308,572</b>	<b>154,828,043</b>	<b>-</b>	<b>180,136,615</b>
<b>Carrying amount as at 30 June 2014</b>	<b>77,747,972</b>	<b>61,700,201</b>	<b>34,621,065</b>	<b>174,069,238</b>
	Intangible assets			Total intangible assets
	Patents and other similar rights	Others	Intangible assets in progress	
<b>Gross assets</b>				
Opening balance as at 1 January 2013	102,405,406	183,726,252	21,301,926	307,433,584
Acquisitions	6,914	400	10,771,843	10,779,157
Disposals	(434)	(170,387)	(251,406)	(422,227)
Exchange rate effect	(27,506)	(41,499)	-	(69,005)
Transfers	157,547	5,311,541	(5,614,292)	(145,204)
<b>Closing balance as at 30 June 2013</b>	<b>102,541,927</b>	<b>188,826,307</b>	<b>26,208,071</b>	<b>317,576,305</b>
<b>Accumulated depreciation and impairment losses</b>				
Opening balance as at 1 January 2013	22,254,148	130,556,813	-	152,810,961
Depreciation of the period	1,386,601	8,279,450	-	9,666,051
Disposals	(434)	(170,387)	-	(170,821)
Exchange rate effect	(31,293)	(20,800)	-	(52,093)
Transfers	(14,663)	(2,576)	-	(17,239)
<b>Closing balance as at 30 June 2013</b>	<b>23,594,359</b>	<b>138,642,500</b>	<b>-</b>	<b>162,236,859</b>
<b>Carrying amount as at 30 June 2013</b>	<b>78,947,568</b>	<b>50,183,807</b>	<b>26,208,071</b>	<b>155,339,446</b>

The value of "Intangible assets in progress" relates mainly to IT projects and computer software development.

Additionally, this heading also includes the fair value attributed to a group of brands with indefinite useful lives, among which the "Continente" brand, 75,000,000 euro (the same amount as at 2013).

## 10 OTHER NON-CURRENT ASSETS

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

	30 June 2014	31 December 2013
<b>Loans granted to related parties</b>	8,868,720	8,665,429
<b>Trade accounts receivable and other debtors</b>		
Bails (a)	4,724,424	5,725,333
Legal deposits (b)	883,536	818,011
Recognition of the value to be received Wall Mart (c)	8,532,328	7,858,057
Amount receivable for selling the Modelo Cont.Seguros	2,450,000	2,423,530
	25,459,008	25,490,360
Accumulated impairment losses in other debtors (Note 21)	(2,450,000)	(2,423,530)
	23,009,008	23,066,830
Other non-current assets	13,273	36,909
	23,022,281	23,103,739

"Loans granted to associated companies" refer to MDS SGPS, SA 8,868,720 euro (8,665,429 euro as at 31 December 2013). This loan bears interests at usual market rates and do not have a defined maturity.

Most significant values included in "Trade accounts receivable and other debtors" refers to:

- a) Amounts related with guarantees of lease contracts in group stores located in Spain, which have not matured until 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 18), with no defined maturity;
- c) As a result of agreements signed in 2005 by former subsidiary - Sonae Distribuição Brasil, SA (sold to Wal-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 8.5 million euro) for alleged expenses incurred with the mentioned stores and that allegedly, arose from the need to remedy deficiencies cited by competent authorities for the licensing process. However no evidence of those expenses was presented to Sonae, or proof of necessity of carrying out such costs for the licensing process as established on the mentioned agreement.

It is the understanding of the Board of Directors and the Group attorneys that the amount paid will be recovered. The company has already started the legal proceedings against Carrefour Comércio e Indústria, Ltda. to recover the above mentioned amount. It's the Board of Directors and the Group attorneys understanding that the 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 earn interests at the SELIC rate, and it is expected that the legal process will last up to 7 years, since its beginning in 2011.

## 11 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 30 June 2014 and 31 December 2013, "Trade accounts receivable and other current assets" are made up as follows:

	30 June 2014	31 December 2013
Trade accounts receivable	50,806,662	46,174,574
Taxes recoverable	60,859,942	63,196,961
Granted loans to related companies	28,841,362	8,802,720
Other debtors		
Trade suppliers - debtor balances	47,639,269	34,253,806
Special regime for settlement of tax and social security debts	22,327,147	22,327,147
Deposit in favour of Cosec	-	11,798,127
VAT recoverable on real estate assets	1,424,198	2,905,723
Accounts receivable from the disposal of tangible fixed assets	232,607	194,142
Other debtors	21,415,126	24,326,595
	<u>93,038,347</u>	<u>95,805,540</u>
Other current assets		
Commercial discounts	81,515,410	30,436,429
Interests to be received	1,574,563	1,585,231
Commissions to be received	1,729,517	2,627,215
Prepayments - Rents	5,664,841	6,019,706
Condominiums management fee's	1,520,209	1,461,240
Insurance premiums paid in advance	7,005,255	5,778,700
Insurance indemnities	6,529,700	2,430,736
Software licenses	1,569,482	1,725,531
Other current assets	9,037,186	6,848,095
	<u>116,146,163</u>	<u>58,912,883</u>
Accumulated impairment losses (Note 21)	<u>(17,452,573)</u>	<u>(17,025,625)</u>
	<u>332,239,903</u>	<u>255,867,053</u>

## 12 DEFERRED TAX

Deferred tax assets and liabilities as at 30 June 2014 and 31 December 2013 are as follows, taking into consideration its temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Difference between fair value and acquisition cost	5,896,033	5,911,741	21,056,677	21,229,003
Amortisation and depreciation	1,670,639	1,371,758	73,340,809	65,095,329
Provisions and impairment losses not accepted for tax purposes	41,032,895	37,206,940	-	-
Write off of tangible and intangible assets	877,998	1,661,602	-	-
Valuation of hedging derivatives	25,901	210,756	214,449	60,252
Amortisation of goodwill for tax purposes	-	-	25,826,060	25,128,058
Revaluation of tangible assets	-	-	1,468,057	1,534,310
Tax losses carried forward	66,132,404	61,353,838	-	-
Reinvested capital gains/(losses)	-	-	1,446,506	1,512,257
Tax benefits	3,072,759	3,204,661	-	-
Others	5,264,741	6,490,837	6,272,437	2,378,710
	<u>123,973,370</u>	<u>117,412,133</u>	<u>129,624,995</u>	<u>116,937,919</u>

As at 30 June 2014 and 31 December 2013, and in accordance with 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:

	30 June 2014			31 December 2013		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
<b>With limited time use</b>						
Generated in 2008	1,218,630	280,285	2014	1,219,236	280,424	2014
Generated in 2009	-	-	2015	2,739	630	2015
Generated in 2010	-	-	2014	99,670	22,924	2014
Generated in 2011	65,786	15,131	2015	271,308	62,401	2015
Generated in 2012	-	-	2017	87,055	20,023	2017
Generated in 2013	-	-	2018	-	-	-
Generated in 2014	-	-	2026	-	-	-
	<u>1,284,416</u>	<u>295,416</u>		<u>1,680,008</u>	<u>386,402</u>	
<b>With a time limit different from the above mentioned (a)</b>	219,456,627	65,836,988		203,224,787	60,967,436	
	<u>220,741,043</u>	<u>66,132,404</u>		<u>204,904,795</u>	<u>61,353,838</u>	

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

As at 30 June 2014 and 31 December 2013, deferred tax assets resulting from tax losses were assessed and only recognized to the extent it was probable that sufficient taxable profits will be available in the future against which the deferred tax assets can be used, or when taxable temporary differences are recognized by the same entity and expected to reverse in the same period. This assessment was based on business plans of Sonae Investimentos companies, which are periodically reviewed and updated, and on identified and available tax planning opportunities.

As at 30 June 2014, there were tax losses carried forward, amounting to 186.5 million euro (175.9 million euro as at 31 December 2013) for which no deferred tax assets were recognized due to uncertainties of their future use. These may be summarised as follows:

	30 June 2014			31 December 2013		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
<b>With limited time use</b>						
Generated in 2008	2,088,835	480,432	2014	2,017,121	463,938	2014
Generated in 2009	4,984,738	1,146,490	2015	4,531,833	1,042,321	2015
Generated in 2010	5,055,557	1,162,778	2014	5,386,907	1,238,989	2014
Generated in 2011	4,623,613	1,063,431	2015	4,292,265	987,221	2015
Generated in 2012	3,495,558	803,978	2017	3,495,558	803,978	2017
Generated in 2013	809,338	186,148	2018	98,018	22,544	2018
Generated in 2014	999,863	229,968	2026	-	-	-
	<u>22,057,502</u>	<u>5,073,225</u>		<u>19,821,702</u>	<u>4,558,991</u>	
<b>Without limited time use</b>	14,760,549	5,018,587		12,858,928	4,372,036	
<b>With a time limit different from the above mentioned</b>	149,642,507	44,890,434		143,265,248	42,977,312	
	<u>186,460,558</u>	<u>54,982,246</u>		<u>175,945,878</u>	<u>51,908,339</u>	

## 13 CASH AND CASH EQUIVALENTS

As at 30 June 2014 and 31 December 2013 “Cash and cash equivalents” can be detailed as follows:

	30 June 2014	31 December 2013
Cash at hand	7,320,837	7,497,968
Bank deposits	52,453,845	64,012,364
Treasury applications	15,629	-
Cash and cash equivalents on the statement of financial position	59,790,311	71,510,332
Bank overdrafts (Note 16)	(4,154,942)	(402,542)
Cash and cash equivalents on the statement of cash flows	55,635,369	71,107,790

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

## 14 SHARE CAPITAL

As at 30 June 2014, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares which do not hold right to any fixed income, with a nominal value of 1 Euro each.

As at 30 June 2014, the subscribed share capital was held as follows:

Entity	%
Sonae, SGPS, S.A.	76.856%
Sonae Investments, BV	13.142%
Sonae MC – Modelo Continente, SGPS, S.A.	10.000%
Libra Serviços, Lda	0.002%

As at 30 June 2014, Efanor Investimentos S.G.P.S., S.A. and its subsidiaries held 52.48% of the share capital of Sonae, SGPS, S.A.

## 15 NON-CONTROLLING INTERESTS

Movements in “Non-controlling interests” during the periods ended as at 30 June 2014 and 31 December 2013 are as follows:

	30 June 2014	31 December 2013
Opening balance as at 1 January	84,312,167	85,691,823
Dividends	(132,874)	(190,744)
Income distribution from investment funds	-	(4,620,415)
Increased shareholding by acquisitions	899,197	1,209,335
Others	32,759	388,607
Profit for the period attributable to non-controlling interests	452,151	1,833,561
Closing balance as at 30 June	85,563,400	84,312,167

## 16 LOANS

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

	30 June 2014		31 December 2013	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Investimentos, SGPS, S.A. - commercial paper	107,500,000	180,000,000	32,500,000	65,000,000
Subsidiary of Sonae Investimentos 2011/2016	20,000,000	35,000,000	20,000,000	45,000,000
Others	3,992,998	2,977,531	3,936,459	4,979,752
	<u>131,492,998</u>	<u>217,977,531</u>	<u>56,436,459</u>	<u>114,979,752</u>
Bank overdrafts (Note 13)	4,154,942	-	402,542	-
Up-front fees beared with the issuance of loans	(60,485)	(192,277)	(64,637)	(285,174)
Bank loans	<u>135,587,455</u>	<u>217,785,254</u>	<u>56,774,364</u>	<u>114,694,578</u>
Bonds				
Bonds Sonae SGPS / 2007 / 2015	-	200,000,000	-	200,000,000
Bonds Sonae Investimentos / 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 / 2013/ 2018	-	50,000,000	-	50,000,000
Bonds Sonae Investimentos/ 2013- Eur 75M Floating R.Notes- 2018	-	75,000,000	-	75,000,000
Up-front fees beared with the issuance of loans	-	(3,119,673)	(9,878)	(3,692,137)
Bonds	<u>-</u>	<u>646,880,327</u>	<u>9,990,122</u>	<u>646,307,863</u>
Other loans	15,351	53,936	33,466	53,936
Derivative instruments (Note 17)	134,790	-	1,415,143	-
Other loans	<u>150,141</u>	<u>53,936</u>	<u>1,448,609</u>	<u>53,936</u>
Obligations under finance leases	4,322,081	5,602,535	4,185,507	7,630,324
	<u>140,059,677</u>	<u>870,322,052</u>	<u>72,398,602</u>	<u>768,686,701</u>

At 30 June 2014, Sonae Investimentos has agreed lines of credit and commercial paper amounting to 815 million euro, of which 220 million euro with firm commitments with maturity not exceeding one year and 495 million euro with firm commitments with maturity over 1 year.

Under the above mentioned lines of credit and commercial paper programs with firm commitments, the Group has 424 million euro credit facilities available to meet its liquidity requirements.

The average interest rate at 30 June 2014 of bonds and loans was 2.66% (2.83% on 31 December 2013). These bonds and bank loans bear interests at variable interest rates indexed to Euribor.

The derivative instruments are recorded at fair value (Note 17).

The repayment schedule of the nominal value of borrowings (including bank loans and obligations under finance leases) is summarized as follows:

	30 June 2014	31 December 2013
N+1	139,985,372	71,057,974
N+2	440,752,062	418,773,255
N+3	234,968,281	130,598,965
N+4	71,584,200	96,377,254
N+5	125,607,691	125,975,817
After N+5	721,767	938,721
	<u>1,013,619,374</u>	<u>843,721,986</u>

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

## 17 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.

As at 30 June 2014, the fair value of the exchange rate derivatives, calculated taking into consideration the present market value of equivalent financial instruments, is estimated as follows:

	<u>30 June 2014</u>	<u>31 December 2013</u>
Assets	528,297	35,999
Liabilities (Note 16)	<u>(134,790)</u>	<u>(1,415,143)</u>
	<u>393,507</u>	<u>(1,379,144)</u>

Gains and losses for the period 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".

### Interest rate derivatives

As at 30 June 2014, the Group had no financial instrument derivative on the interest rate.

## 18 OTHER NON-CURRENT LIABILITIES

As at 30 June 2014 and 31 December 2013, the caption "Other non-current liabilities" was made up as follows:

	<u>30 June 2014</u>	<u>31 December 2013</u>
Shareholders loans	404,680,473	404,677,144
Fixed assets suppliers	1,062,500	1,087,500
Other non-current liabilities	1,849,355	2,329,078
Share based payments (Note 19)	3,296,829	4,529,203
Deferred of revenue from the sale of warranties extention	36,310,282	25,679,570
Accruals and deferrals	<u>3,408,911</u>	<u>6,406,397</u>
Other non-current liabilities	<u>450,608,351</u>	<u>444,708,892</u>

The caption "Shareholders loans" includes:

-a subordinate bond loan, with a fixed interest rate, repayable after 10 years issued by Sonae Investimentos, SGPS, SA fully subscribed. This loan was fully subscribed and paid for by Sonae SGPS, SA 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 30 June 2014 is 41,943 euro (41,495 euro as at 31 December 2013) per obligation having been determined based on discounted cash flows method;



-an amount payable to participating companies related to a 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 30 June 2014, the caption "Other non-current liabilities" includes 718,782 euro (661,980 euro as at 31 December 2013) mainly refers to 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 10).

The caption "Accruals and deferrals", includes an amount of approximately 3.4 million euro (3.4 million euro as at 31 December 2013), associated with the linearization of rents on operating leases of specialized retail stores.

## 19 SHARE BASED PAYMENT PLANS

In 2014 and in previous years, Sonae Investimentos Group granted deferred performance bonuses to its directors and eligible employees. These are based on shares to be acquired at nil cost or with discount, three years after they were attributed to the employee. The purchase can be exercised during the period between the third anniversary of the grant date and the end of that year. The company has the choice to settle its responsibilities in cash instead of shares. The option can only be exercised if the employee still works for Sonae Group on the vesting date.

Liabilities arising from deferred performance bonuses as at 30 June 2014 and 31 December 2013 are made up as follows:

	Grant year	Vesting year	Number of participants	Number of shares		Fair Value	
				30 June 2014	31 December 2013	30 June 2014	31 December 2013
<b>Shares</b>							
	2011	2014	-	-	3,147,700	-	3,301,937
	2012	2015	69	5,062,780	5,062,780	7,871,535	5,310,856
	2013	2016	71	2,631,763	2,631,763	4,914,962	2,760,720
	2014	2017	63	2,524,364	-	2,923,395	-
<b>Total</b>				<b>10,218,907</b>	<b>10,842,243</b>	<b>15,709,892</b>	<b>11,373,513</b>

As at 30 June 2014 and 31 December 2013 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	30 June 2014	31 December 2013
Staff costs	5,642,975	5,255,333
Recorded in previous years	5,470,503	2,645,955
	<b>11,113,478</b>	<b>7,901,288</b>
Other non-current liabilities (Note 18)	3,296,829	4,529,203
Other current liabilities (Note 20)	7,816,649	3,372,085
	<b>11,113,478</b>	<b>7,901,288</b>

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

## 20 TRADE CREDITORS AND OTHER CURRENT LIABILITIES

As at 30 June 2014 and 31 December 2013 the caption “Trade creditors and other current liabilities” can be detailed as follows:

	30 June 2014	31 December 2013
Trade creditors	892,149,610	1,143,639,351
Taxes payable	58,005,969	49,720,914
Other creditors		
Tangible asset suppliers	26,236,809	36,876,535
Related undertakings	52,430,137	84,704
Other debts	56,626,195	53,899,298
	<u>135,293,141</u>	<u>90,860,537</u>
Other current liabilities		
Holiday pay and bonuses	108,497,005	93,231,418
Interest payable	20,183,486	3,645,639
Marketing expenses	13,834,640	16,922,857
Other external supplies and services	43,299,924	44,092,252
Accrued income - rents	5,595,852	4,165,598
Real Estate Municipality tax	2,934,266	2,507,148
Deferred of revenue from the sale of warranties extention	2,575,985	3,532,918
Share based payments (Note 19)	7,816,649	3,372,085
Others	1,676,339	6,989,005
	<u>206,414,146</u>	<u>178,458,919</u>
	<u>1,291,862,866</u>	<u>1,462,679,721</u>

The caption “Other debts” includes:

- 26,728,932 euro (24,881,013 euro as at 31 December 2013), of attributed discounts not yet redeemed related to loyalty card “Cartão Cliente”;
- 16,031,095 euro (13,229,762 euro as at 31 December 2013) related to means of payments owned by clients as vouchers, gift cards and discount tickets owned by clients; and
- 4,690,955 euro (4,320,249 euro as at 31 December 2013) related to amounts payable to Sonae Distribuição Brasil, SA buyer as a result of responsibilities assumed with that entity.

## 21 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in “Provisions and impairment losses”, for the six months period ended as at 30 June 2014 and 2013, were as follows:

Caption	Balance as at 1 January 2014	Increase	Decrease	Balance as at 30 June 2014
Accumulated impairment losses on investments (Note 5)	2,101,337	-	(2,101,337)	-
Accumulated impairment losses on tangible assets	153,320,202	-	(4,099,640)	149,220,562
Accumulated impairment losses on intangible assets	1,497,119	-	-	1,497,119
Accumulated impairment losses on other non current assets (Note 10)	2,423,530	26,470	-	2,450,000
Accumulated impairment losses on trade accounts receivable and other debtors (Note 11)	17,025,625	1,332,733	(905,785)	17,452,573
Accumulated impairment losses on inventories	32,642,082	-	(917,766)	31,724,316
Non current provisions	29,588,227	-	(2,804,897)	26,783,330
Current provisions	2,717,989	-	(4,250)	2,713,739
	<u>241,316,111</u>	<u>1,359,203</u>	<u>(10,833,675)</u>	<u>231,841,639</u>

Caption	Balance as at 1 January 2013	Increase	Decrease	Balance as at 30 June 2013
Accumulated impairment losses on investments (Note 5)	1,101,337	-	-	1,101,337
Accumulated impairment losses on intangible assets	1,496,933	-	-	1,496,933
Accumulated impairment losses on other non current assets	3,344,124	39,703	-	3,383,827
Accumulated impairment losses on trade accounts receivable and other debtors	17,827,303	3,222,943	(4,217,707)	16,832,539
Accumulated impairment losses on inventories	43,160,752	-	(4,056,847)	39,103,905
Non current provisions	46,471,233	38,560	(22,671,195)	23,838,598
Current provisions	2,228,330	3,900,000	(700,000)	5,428,330
	<u>115,630,012</u>	<u>7,201,206</u>	<u>(31,645,749)</u>	<u>91,185,469</u>

The caption non-current provisions includes 14,625,998 euro (13,470,170 euro as at 31 December 2013) relating to non-current contingencies assumed by the company, when selling its subsidiary Sonae Distribuição Brasil, S.A. in 2005. This provision is being used as costs are incurred and its 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.

The caption non-current provisions 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 10,004,751 euro (15,126,215 euro as at 31 December 2013). These extensions are granted for a period of one to three years after the end of the legal mandatory warranty provided by the manufacturers.

## 22 CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2014 and 31 December 2013, the major “Contingent liabilities” were guarantees given, which can be detailed as follows:

### - Guarantees and sureties given

	<u>30 June 2014</u>	<u>31 December 2013</u>
on tax claims	815,331,517	757,936,484
on judicial claims	285,654	140,502
on municipal claims	6,312,639	6,284,639
for proper agreement fulfillment	15,614,627	15,880,490
other guarantees	5,260,903	5,365,571

#### 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 MC and Sonae SR, granted guarantees or sureties in favour of the Portuguese Tax Administration, associated with tax claims for additional VAT payment amounting to 433.1 million euro (375 million euro as at 31 December 2013) related to the period from 2004 to 2010, which the Company has presented, or has the intention of presenting, a tax appeal. Portuguese tax authorities claim that the Company should have invoiced VAT related to promotional discounts invoiced to suppliers which depend on the purchases made by the Group during the year, as it considers that the discounts correspond to services rendered by the company. Tax authorities also claim that the company should not have deducted VAT from discount vouchers used by its non-corporate clients.

- 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, 21.9 million euro (65.6 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 42.6 million euro (127.9 million Brazilian real). The difference between the value of the contingency and the value of the guarantee relates with the update of the related responsibility.

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

Within the framework of regularization of tax debts to Tax Authorities, (Outstanding Debts Settlement of Tax and Social Security - Decree of Law 151-A/2013 e Decree of Law 248-A), the Group made tax payments in the amount of, approximately, 22 million euro, having the respective guarantees been eliminated. The related tax

appeals continue in courts, having the maximum contingencies been reduced through the elimination of fines and interests related with these tax assessments.

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

c) 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 as at 30 June 2014. Furthermore, there are other tax assessments totalling 61.3 million euro 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.

## 23 RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Parent company	658,046	574,384	1,599,839	1,427,507
Jointly controlled companies	634,122	806,337	2,855,214	2,248,714
Associated companies	16,839,123	15,115,167	109,973	69,774
Other related parties <sup>(1)</sup>	29,276,275	29,024,389	35,429,353	29,605,904
	<u>47,407,566</u>	<u>45,520,277</u>	<u>39,994,379</u>	<u>33,351,899</u>

Transactions	Interest income		Interest expenses	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Parent company	-	-	16,018,032	15,705,256
Jointly controlled companies	219,205	205,728	-	-
Associated companies	171,810	272,292	-	-
Other related parties <sup>(1)</sup>	-	167	2,221,146	2,198,524
	<u>391,015</u>	<u>478,187</u>	<u>18,239,178</u>	<u>17,903,780</u>

Balances	Accounts receivable		Accounts payable	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Parent company	21,191,965	316,058	64,425,379	3,416,512
Jointly controlled companies	451,441	245,146	543,820	401,443
Associated companies	5,194,181	8,316,882	438,647	440,164
Other related parties <sup>(1)</sup>	16,965,282	19,270,829	26,902,416	16,666,471
	<u>43,802,869</u>	<u>28,148,915</u>	<u>92,310,262</u>	<u>20,924,590</u>

Balances	Loans			
	Obtained		Granted	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Parent company (Note 18)	400,000,000	400,000,000	-	-
Jointly controlled companies	-	-	7,821,248	8,591,454
Associated companies	-	-	9,014,061	8,868,720
Other related parties <sup>(1)</sup>	4,700,902	4,700,993	-	-
	<u>404,700,902</u>	<u>404,700,993</u>	<u>16,835,309</u>	<u>17,460,174</u>

<sup>(1)</sup> 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 and affiliates of the Group.

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

Granted loans to associated companies, refer to values of loans granted to associate MDS, SGPS, SA 9,014,061 euro (8,868,720 euro as at 31 December 2013).

## 24 INCOME TAX

Income tax for the six months period ended on 30 June 2014 and 2013 is detailed as follows:

	30 June 2014	30 June 2013
Current tax	(1,206,970)	7,407,087
Deferred tax	4,648,795	(5,488,024)
	<u>3,441,825</u>	<u>1,919,063</u>

## 25 EARNINGS PER SHARE

Earnings per share for the six months period ended on 30 June 2014 and 2013 were calculated taking into consideration the following amounts:

	30 June 2014	30 June 2013
<b>Net profit</b>		
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	22,941,852	12,515,648
Net profit taken into consideration to calculate diluted earnings per share	<u>22,941,852</u>	<u>12,515,648</u>
<b>Number of shares</b>		
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	<u>900,000,000</u>	<u>900,000,000</u>
<b>Earnings per share (basic and diluted)</b>	<u>0.025491</u>	<u>0.013906</u>

On 30 June 2014 and 2013 there is no dilutive effect on the number of shares outstanding.

## 26 SEGMENT INFORMATION

In retail, the group has three segments:

- Sonae MC is our food retail unit, operating 465 stores and 103 stores operated under franchise and joint venture agreements under Continente, Continente Modelo, Continente Bom Dia, Meu Super business concepts and even some adjacent business concepts Bom Bocado, note! and Wells.
- Sonae SR is our specialised retail unit, with a presence in the electronics, sports and fashion market operating 517 stores and 64 stores operated under franchise agreements under the Worten, Sport Zone, MO and Zippy business concepts.
- Sonae RP is 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 30 June 2014 and 2013 can be detailed as follows:

Turnover	30 June 2014	Inter-segment income	30 June 2013	Inter-segment income
Sonae MC	1,625,714,784	(3,117,789)	1,584,188,898	(1,863,381)
Sonae SR	579,347,087	(14,246,778)	517,512,988	(12,769,414)
Sonae RP	62,913,561	(51,758,562)	61,645,792	(52,590,831)
Others, eliminations and adjustments	(37,041,014)	-	(37,180,922)	-
<b>Total consolidated</b>	<b>2,230,934,418</b>	<b>(69,123,128)</b>	<b>2,126,166,756</b>	<b>(67,223,625)</b>

	Depreciation and amortisation		Provisions and impairment losses		EBIT	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Sonae MC	41,943,348	41,103,463	925,619	1,118,580	54,136,888	65,167,504
Sonae SR	21,386,744	29,071,893	401,716	7,406,273	(33,265,137)	(55,840,013)
Sonae RP	14,499,854	15,266,021	-	-	42,967,428	40,137,714
Others, eliminations and adjustments	1,150,837	2,244,332	31,940	46,328	(2,932,477)	1,043,256
<b>Total consolidated</b>	<b>78,980,784</b>	<b>87,685,708</b>	<b>1,359,275</b>	<b>8,571,181</b>	<b>60,906,702</b>	<b>50,508,463</b>

	Investment (CAPEX)		Invested capital	
	30 June 2014	30 June 2013	30 June 2014	31 December 2013
Sonae MC	39,781,360	32,371,196	507,295,189	409,505,851
Sonae SR	26,232,340	10,038,144	235,340,154	100,910,578
Sonae RP	7,363,365	15,038,445	1,230,792,777	1,253,629,991
Others, eliminations and adjustments	493,856	840,968	53,115,485	95,243,365
<b>Total consolidated</b>	<b>73,870,921</b>	<b>58,288,753</b>	<b>2,026,543,605</b>	<b>1,859,289,785</b>

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

	Turnover		EBIT	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Inter-segment income	(69,123,128)	(67,223,625)	-	-
Equity method	-	-	(1,639,226)	(2,181,943)
Others	32,082,114	30,042,703	(1,293,251)	3,225,199
Others, eliminations and adjustments	(37,041,014)	(37,180,922)	(2,932,477)	1,043,256

  

	Investment (Capex)		Invested capital	
	30 June 2014	30 June 2013	30 June 2014	31 December 2013
Investments and loans granted	-	-	59,978,864	60,462,496
Others	493,856	840,968	(6,863,379)	34,780,869
Others, eliminations and adjustments	493,856	840,968	53,115,485	95,243,365

#### 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;

## 27 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 18 August 2014.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério



## **Condensed individual financial statements**

## SONAE INVESTIMENTOS, SGPS, SA

CONDENSED INDIVIDUAL STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014 AND 2013 AND 31 DECEMBER 2013

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

ASSETS	Notes	30.June.2014	30.June.2013	31.December.2013
<b>NON-CURRENT ASSETS:</b>				
Tangible assets		19	41	30
Intangible assets		341	567	455
Investments	4	2,386,398,106	2,654,028,614	2,388,661,291
Deferred tax assets		-	8,464,150	6,485
Other non-current assets	5	1,164,770,390	1,108,807,115	1,186,256,030
Total non-current assets		<u>3,551,168,856</u>	<u>3,771,300,487</u>	<u>3,574,924,291</u>
<b>CURRENT ASSETS:</b>				
Trade account receivables and other current assets	6	324,144,441	335,292,343	204,491,865
Cash and cash equivalents	7	1,643,696	8,077,039	6,623,141
Total current assets		<u>325,788,137</u>	<u>343,369,382</u>	<u>211,115,006</u>
<b>TOTAL ASSETS</b>		<u>3,876,956,993</u>	<u>4,114,669,869</u>	<u>3,786,039,297</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY:</b>				
Share capital	8	1,000,000,000	1,000,000,000	1,000,000,000
Reserves and retained earnings		1,266,982,965	1,295,076,026	1,295,076,026
Profit for the period		5,640,631	12,782,379	11,906,939
<b>TOTAL EQUITY</b>		<u>2,272,623,596</u>	<u>2,307,858,405</u>	<u>2,306,982,965</u>
<b>LIABILITIES:</b>				
<b>NON-CURRENT LIABILITIES:</b>				
Loans	9	826,880,327	800,673,247	712,974,210
Other non-current liabilities	10	400,000,000	400,000,000	400,000,000
Total non-current liabilities		<u>1,226,880,327</u>	<u>1,200,673,247</u>	<u>1,112,974,210</u>
<b>CURRENT LIABILITIES:</b>				
Loans	9	114,829,125	188,785,859	45,815,788
Trade creditors and other current liabilities	11	262,623,945	417,352,358	320,266,334
Total current liabilities		<u>377,453,070</u>	<u>606,138,217</u>	<u>366,082,122</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,876,956,993</u>	<u>4,114,669,869</u>	<u>3,786,039,297</u>

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

The Board of Directors

## SONAE INVESTIMENTOS, SGPS, SA

## CONDENSED INDIVIDUAL INCOME STATEMENT FOR THE PERIODS ENDED 30 JUNE 2014 AND 2013

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

(Amounts expressed in euro)

	Notes	2 <sup>nd</sup> quarter 2014	2 <sup>nd</sup> quarter 2013	30.June.2014	30.June.2013
Services rendered		111,923	449,333	293,268	899,333
Gains or losses on investments	14	-	190,743	17,060,008	20,111,854
Financial income	15	12,963,573	24,724,692	24,256,255	30,721,948
Other income		184,697	213,989	374,316	381,793
External supplies and services		(1,097,985)	(1,055,909)	(2,241,644)	(2,074,343)
Staff costs		(4,169)	(6,814)	(9,558)	(18,053)
Depreciation and amortisation		(62)	(62)	(124)	(669)
Provisions and impairment losses		(6,618)	(19,851)	(26,470)	(39,703)
Financial expenses	15	(17,543,715)	(21,150,771)	(35,373,215)	(39,261,813)
Other expenses		(36,134)	(11,790)	(47,560)	(234,012)
Profit/(Loss) before taxation		<u>(5,428,490)</u>	<u>3,333,560</u>	<u>4,285,276</u>	<u>10,486,335</u>
Taxation		(294,023)	(775,540)	1,355,355	2,296,044
Profit/(Loss) after taxation		<u>(5,722,513)</u>	<u>2,558,020</u>	<u>5,640,631</u>	<u>12,782,379</u>
Profit/(Loss) per share	16	<u>(0.0064)</u>	<u>0.0028</u>	<u>0.0063</u>	<u>0.0142</u>

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

The Board of Directors

## SONAE INVESTIMENTOS, SGPS, SA

CONDENSED INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 JUNE 2014 AND 2013

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

*(Amounts expressed in euro)*

	<u>2<sup>nd</sup> quarter 2014</u>	<u>2<sup>nd</sup> quarter 2013</u>	<u>30.June.2014</u>	<u>30.June.2013</u>
Net Profit / (Loss) for the period	<u>(5,722,513)</u>	<u>2,558,020</u>	<u>5,640,631</u>	<u>12,782,379</u>
Total comprehensive income for the period	<u>(5,722,513)</u>	<u>2,558,020</u>	<u>5,640,631</u>	<u>12,782,379</u>

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

The Board of Directors

## SONAE INVESTIMENTOS, SGPS, SA

## CONDENSED INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED AS AT 30 JUNE 2014 AND 2013

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

*(Amounts expressed in euro)*

	Share capital	Legal reserve	Other reserves	Total reserves and retained earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2013	1,000,000,000	140,357,809	1,189,025,023	1,329,382,832	5,693,194	2,335,076,026
Total comprehensive income for the period	-	-	-	-	12,782,379	12,782,379
Appropriation of profit of 2012:						
Transfer to legal reserves and other reserves	-	284,660	-	284,660	(284,660)	-
Dividends distributed	-	-	(34,591,466)	(34,591,466)	(5,408,534)	(40,000,000)
Balance as at 30 June 2013	<u>1,000,000,000</u>	<u>140,642,469</u>	<u>1,154,433,557</u>	<u>1,295,076,026</u>	<u>12,782,379</u>	<u>2,307,858,405</u>
Balance as at 1 January 2014	1,000,000,000	140,642,469	1,154,433,557	1,295,076,026	11,906,939	2,306,982,965
Total comprehensive income for the period	-	-	-	-	5,640,631	5,640,631
Appropriation of profit of 2013:						
Transfer to legal reserves and other reserves	-	595,347	-	595,347	(595,347)	-
Dividends distributed	-	-	(28,688,408)	(28,688,408)	(11,311,592)	(40,000,000)
Balance as at 30 June 2014	<u>1,000,000,000</u>	<u>141,237,816</u>	<u>1,125,745,149</u>	<u>1,266,982,965</u>	<u>5,640,631</u>	<u>2,272,623,596</u>

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

The Board of Directors

## SONAE INVESTIMENTOS, SGPS, SA

## CONDENSED INDIVIDUAL STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 30 JUNE 2014 AND 2013

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

(Amounts expressed in euro)

	Notes	2 <sup>nd</sup> quarter 2014	2 <sup>nd</sup> quarter 2013	30.June.2014	30.June.2013
<b>OPERATING ACTIVITIES</b>					
Net cash flow from operating activities (1)		4,052,981	(509,328)	2,166,181	(585,309)
<b>INVESTMENT ACTIVITIES</b>					
Cash receipts arising from:					
Investments		-	-	2,973,314	21
Interest and similar income		122,131	344,731	17,743,005	18,279,152
Dividends		16,758,860	20,111,854	16,758,860	20,111,854
Loans granted		375,050,033	313,378,532	1,229,454,938	616,646,516
		391,931,024	333,835,117	1,266,930,117	655,037,543
Cash payments arising from:					
Investments		(350,000)	(400,000)	(400,000)	(400,000)
Loans granted		(383,070,087)	(315,252,401)	(1,318,650,053)	(733,626,792)
		(383,420,087)	(315,652,401)	(1,319,050,053)	(734,026,792)
Net cash used in investment activities (2)		8,510,937	18,182,716	(52,119,936)	(78,989,249)
<b>FINANCING ACTIVITIES</b>					
Cash receipts arising from:					
Loans obtained		2,078,968,531	1,329,437,450	2,982,768,987	2,764,250,427
		2,078,968,531	1,329,437,450	2,982,768,987	2,764,250,427
Cash payments arising from:					
Loans obtained		(2,047,692,533)	(1,392,403,353)	(2,926,219,230)	(2,756,987,429)
Interest and similar charges		(10,400,045)	(8,215,407)	(15,574,753)	(14,112,181)
		(2,058,092,578)	(1,400,618,760)	(2,941,793,983)	(2,771,099,610)
Net cash used in financing activities (3)		20,875,953	(71,181,310)	40,975,004	(6,849,183)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		33,439,871	(53,507,922)	(8,978,751)	(86,423,741)
Cash and cash equivalents at the beginning of the period	7	(35,795,481)	61,584,818	6,623,141	94,500,637
Cash and cash equivalents at the end of the period	7	(2,355,610)	8,076,896	(2,355,610)	8,076,896

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

The Board of Directors

# SONAE INVESTIMENTOS, SGPS, SA

## NOTES TO THE CONDENSED INDIVIDUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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

*(Amounts expressed in euro)*

### 1 INTRODUCTION

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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 4).

### 2 BASIS OF PREPARATION

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Interim Financial Statements are presented quarterly, in accordance with IAS 34 – “Interim Financial Reporting”.

### 3 PRINCIPAL ACCOUNTING POLICIES

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

## 4 INVESTMENTS

As at 30 June 2014 and 31 December 2013, the investments caption is made up as follows:

	30.June.2014		31.December.2013	
	% held	Final balance	% held	Final balance
Azulino - Imobiliária, SA	100.00%	498,025	100.00%	498,025
Bertimóvel - Sociedade Imobiliária, SA	100.00%	1,565,000	100.00%	1,565,000
Canasta - Empreendimentos Imobiliários, SA	100.00%	112,000	100.00%	112,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	100.00%	-	100.00%	-
Citorres - Sociedade Imobiliária, SA	100.00%	477,848	100.00%	477,848
Contimobe - Imobiliária do Castelo de Paiva, SA	100.00%	201,500,000	100.00%	201,500,000
Cumulativa - Sociedade Imobiliária, SA	100.00%	1,445,000	100.00%	1,445,000
Fozimo - Sociedade Imobiliária, SA	100.00%	24,940	100.00%	24,940
Fozmassimo - Sociedade Imobiliária, SA	-	-	100.00%	2,796,348
Fundo de Investimento Imobiliário Fechado Imosedo	54.55%	64,415,021	54.55%	64,415,021
Fundo de Investimento Imobiliário Imosonae Dois	74.94%	108,760,470	74.94%	108,760,470
Igimo - Sociedade Imobiliária, SA	100.00%	150,662	100.00%	150,662
Iginha - Sociedade Imobiliária, SA	100.00%	1,359,000	100.00%	1,359,000
Imoconti - Sociedade Imobiliária, SA	100.00%	380,000	100.00%	380,000
Imoestrutura - Sociedade Imobiliária,SA	100.00%	24,940	100.00%	24,940
Imomuro - Sociedade Imobiliária, SA	100.00%	923,885	100.00%	923,885
Imoresultado - Sociedade Imobiliária, SA	100.00%	109,736	100.00%	109,736
Imosistema - Sociedade Imobiliária, SA	100.00%	280,000	100.00%	280,000
MDS, SGPS, SA	46.92%	51,000,000	46.92%	51,000,000
MJLF - Empreendimentos Imobiliários, SA	100.00%	190,000	100.00%	190,000
Modelo - Distribuição de Materiais de Construção, SA	50.00%	21,510,614	50.00%	21,510,614
Modelo Hiper Imobiliária, SA	100.00%	10,012,648	100.00%	10,012,648
Modelo.Com - Vendas por Correspondência, SA	100.00%	12,637,016	100.00%	12,637,016
Mundo Vip - Operadores Turísticos, SA	-	-	33.34%	-
Predicomercial - Promoção Imobiliária, SA	100.00%	6,372,293	100.00%	6,372,293
Predilugar - Sociedade Imobiliária, SA	100.00%	50,000	-	-
Raso, SGPS, SA	50.00%	15,474,000	50.00%	15,474,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	100.00%	565,000	100.00%	565,000
Sempre à Mão - Sociedade Imobiliária, SA	100.00%	3,732,401	100.00%	3,732,401
Sesagest - Projectos e Gestão Imobiliária, SA	100.00%	36,677,088	100.00%	36,677,088
Socijofra - Sociedade Imobiliária, SA	100.00%	550,000	100.00%	550,000
Sociloures - Sociedade Imobiliária, SA	100.00%	2,350,000	100.00%	2,350,000
Soliférias - Operadores Turísticos, SA	11.12%	133,162	-	-
Soflorin, BV	100.00%	188,729,037	100.00%	188,729,037
Sonae - Specialized Retail, SGPS, SA	100.00%	1,050,000,000	100.00%	1,050,000,000
Sonae Capital Brasil, Ltda	37.00%	1,865,770	37.00%	1,865,770
Sonae Center Serviços II, SA	100.00%	58,032,319	100.00%	58,032,319
Sonae MC - Modelo Continente, SGPS, SA	41.96%	423,698,275	41.96%	423,698,275
Sonae Financial Services, SA	100.00%	350,000	-	-
Sonaegest - Soc. Gest. de Fundos de Investimentos, SA	40.00%	384,351	40.00%	384,351
Sonaerp - Retail Properties, SA	100.00%	114,495,350	100.00%	114,495,350
Sondis Imobiliária, SA	100.00%	474,940	100.00%	474,940
Sonvecap, BV	100.00%	3,000,000	100.00%	3,000,000
Valor N, SA	100.00%	2,087,315	100.00%	2,087,315
Total		<u>2,386,398,106</u>		<u>2,388,661,291</u>



## 5 OTHER NON-CURRENT ASSETS

As at 30 June 2014 and 31 December 2013 the non-current assets were as follows:

	<u>30.June.2014</u>	<u>31.December.2013</u>
Loans granted	1,164,770,390	1,186,256,030
	<u>1,164,770,390</u>	<u>1,186,256,030</u>

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.

As at 30 June 2014 and 31 December 2013 the loans granted are no past due or impaired.

## 6 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at 30 June 2014 and 31 December 2013 the current assets were as follows:

	<u>30.June.2014</u>	<u>31.December.2013</u>
Clients	97,710	394,432
Group company:		
Short term loans	220,869,297	109,909,849
Interests charged but not received	339,381	17,840,280
Taxes - Special Regime for taxation of groups of companies	24,591,082	23,264,933
Special regime for payment of tax and social security debts (DL 248-A/2002, 14 November)	4,373,135	4,373,135
Special regime for payment of tax and social security debts (DL 151-A/2013, 31 October)	2,988,618	2,988,618
Others	7,248,715	7,236,740
Taxes recoverable	36,623,120	34,066,038
Other current asset	27,013,383	4,417,840
	<u>324,144,441</u>	<u>204,491,865</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 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.

The caption other current assets includes mainly receivables relating to interest, from loans granted to group companies.

## 7 CASH AND CASH EQUIVALENTS

As at 30 June 2014 and 31 December 2013, cash and cash equivalents can be detailed as follows:

	<u>30.June.2014</u>	<u>31.December.2013</u>
Cash in hand	550	550
Bank deposits	1,643,146	6,622,591
Cash and cash equivalents on the balance sheet	<u>1,643,696</u>	<u>6,623,141</u>
Bank overdrafts	<u>(3,999,306)</u>	-
Cash and cash equivalents on the cash flow statement	<u>(2,355,610)</u>	<u>6,623,141</u>

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

## 8 SHARE CAPITAL

As at 30 June 2014 and 31 December 2013, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares, with a nominal value of 1 euro each.

A subsidiary company Sonae MC – Modelo Continente, SGPS, SA owns 100,000,000 shares of Sonae Investimentos. These shares are considered as treasury shares under the Commercial Companies Code, reason why the underlying rights to these shares are suspended.

As at 30 June 2014 and 31 December 2013, the subscribed share capital was held as follows:

	<u>30.June.2014</u>	<u>31.December.2013</u>
Sonae, SGPS, SA	76.8556%	76.8556%
Sonae Investments BV	13.1419%	13.1419%
Sonae MC - Modelo Continente, SGPS, SA	10.0000%	10.0000%
Libra Serviços, Sociedade Unipessoal, Lda	0.0025%	0.0025%

## 9 BORROWINGS

As at 30 June 2014 and 31 December 2013, this caption included the following loans:

	<u>30.June.2014</u>	<u>31.December.2013</u>
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 / 2012/2017	170,000,000	170,000,000
Bonds Sonae Investimentos / junho 2013/2018	50,000,000	50,000,000
Bonds Sonae Investimentos / dezembro 2013/2018	75,000,000	75,000,000
Up-front fees not yet charged to income statement	<u>(3,119,673)</u>	<u>(3,692,137)</u>
Bond loans	<u>646,880,327</u>	<u>646,307,863</u>
Commercial paper	180,000,000	65,000,000
Other bank loans	-	1,666,667
Up-front fees not yet charged to income statement	-	(320)
Bank loans	<u>180,000,000</u>	<u>66,666,347</u>
<b>Non-current loans</b>	<u>826,880,327</u>	<u>712,974,210</u>
	<u>30.June.2014</u>	<u>31.December.2013</u>
Bonds Sonae Investimentos / 2009/2014	-	10,000,000
Up-front fees not yet charged to income statement	-	(9,878)
Bond loans	-	9,990,122
Commercial paper	107,500,000	32,500,000
Other bank loans	3,333,333	3,333,333
Up-front fees not yet charged to income statement	(3,514)	(7,667)
Bank overdrafts	3,999,306	-
Bank loans	<u>114,829,125</u>	<u>35,825,666</u>
<b>Current loans</b>	<u>114,829,125</u>	<u>45,815,788</u>

As at 30 June 2014 Sonae Investimentos has agreed lines of credit and commercial paper programs amounting 808 million euro, out of which 213 million with firm commitments with maturity not exceeding one year and 495 million euro with firm commitments with maturity over one year.

Under the above mentioned lines of credit and commercial paper programs with firm commitments, the company had 421 million euro credit facilities available to meet its liquidity requirements.

The interest rate as at 30 June 2014 of the bonds and bank loans was, on average, 2.64% (2.79% as at 31 December 2013).

## 10 OTHER NON-CURRENTS LIABILITIES

As at 30 June 2014 and 31 December 2013 this caption includes a subordinate bond loan, repayable in 10 years issued by Sonae Investimentos at market conditions. This loan was fully subscribed and paid for Sonae SGPS, SA on 28 December 2010 amounting to 400,000,000 euro, relating 8,000 bonds with nominal value of 50,000 euro each.

At 30 June 2014 the fair value of this bond loan is 41,943 euro (41,495 euro on 31 December 2013) per bond, and was determined based on discounted cash flows method.

## 11 TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

As at 30 June 2014 and 31 December 2013, this heading is made up as follows:

	<u>30.June.2014</u>	<u>31.December.2013</u>
Suppliers	28,765	34,775
Group companies:		
Short term loans	169,115,013	290,898,588
Taxes - Special Regime for taxation	21,042,656	18,534,082
Dividends payable	40,000,000	-
Others	4,159,077	403
Taxes and contributions payable	1,899,951	2,579,178
Other current liabilities	<u>26,378,483</u>	<u>8,219,308</u>
	<u>262,623,945</u>	<u>320,266,334</u>

The caption other current liabilities includes mainly accrued interests not yet due relating to loans obtained.

## 12 CONTINGENT LIABILITIES

As at 30 June 2014 and 31 December 2013 the contingent liabilities were detailed as follows:

	<u>30.June.2014</u>	<u>31.December.2013</u>
Guarantees rendered:		
related to tax claims awaiting outcome		
Guarantees provided by financial institutions	90,476,241	90,476,241
Guarantees provided by parent company	219,575,261	215,016,937
related to local and municipal claims awaiting outcome	28,938	28,938
others	10,633,113	10,633,113
Guarantees given in favour of subsidiaries	(a) 62,958,017	62,961,055

- 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 248-A/2002 and 151-A/2013), the Company made tax payments in the amount of 7,361,753 euro (7,361,753 euro to 31 December 2013), 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.

### 13 RELATED PARTIES

Main balances and transactions with related parties are detailed as follows:

	30.June.2014	30.June.2013
<b>Balance:</b>		
Parent company	2,992,457	137,119
Subsidiaries	53,651,045	49,319,490
Jointly controlled companies	112,059	141,454
Associated companies	330,434	615,673
Other related parties	27	-
<b>Accounts receivable</b>	<u>57,086,022</u>	<u>50,213,736</u>
Parent company	49,581,851	2,551,820
Subsidiaries	29,911,623	20,687,545
Jointly controlled companies	1,426	2,332
Associated companies	3,383	4
Other related parties	8,004,588	43,403
<b>Accounts payable</b>	<u>87,502,870</u>	<u>23,285,104</u>
Subsidiaries	1,364,443,057	1,279,050,450
Jointly controlled companies	7,711,621	8,450,000
Associated companies	13,485,009	8,665,429
<b>Loans granted</b>	<u>1,385,639,687</u>	<u>1,296,165,879</u>
Parent company	347,400,000	347,400,000
Subsidiaries	169,115,013	290,898,588
Other related parties	52,600,000	52,600,000
<b>Loans obtained</b>	<u>569,115,013</u>	<u>690,898,588</u>
	<u>30.June.2014</u>	<u>30.June.2013</u>
<b>Transactions:</b>		
Subsidiaries	-	499,998
Associated companies	293,268	399,335
<b>Services rendered</b>	<u>293,268</u>	<u>899,333</u>
Parent company	1,224,309	1,068,238
Subsidiaries	375	18
Jointly controlled companies	5,692	-
Associated companies	17,545	20,875
Other related parties	70	124
<b>Purchases and services obtained</b>	<u>1,247,991</u>	<u>1,089,255</u>
Parent company	65,540	67,377
Subsidiaries	290,407	277,848
Associated companies	467	118
<b>Other income</b>	<u>356,414</u>	<u>345,343</u>
Subsidiaries	23,707,729	29,519,388
Jointly controlled companies	219,205	205,728
Associated companies	256,224	353,847
<b>Interest income</b>	<u>24,183,158</u>	<u>30,078,963</u>
Parent company	16,018,032	15,705,256
Subsidiaries	2,566,935	8,721,661
Other related parties	2,136,732	-
<b>Interest expenses</b>	<u>20,721,699</u>	<u>24,426,917</u>
Subsidiaries	16,758,860	20,111,854
<b>Dividend income</b>	<u>16,758,860</u>	<u>20,111,854</u>

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

During 1st half 2014 and 2013 did not occurred any transactions including granted loans with the Company's Directors.

## 14 INVESTMENT INCOME

As at 30 June 2014 and 2013 investment income is as follows:

	30.June.2014	30.June.2013
Dividends received	16,758,860	20,111,854
Reverse of impairment losses	4,349,891	-
Losses on investments sales	(4,048,743)	-
	<u>17,060,008</u>	<u>20,111,854</u>

## 15 FINANCIAL INCOME / EXPENSES

As at 30 June 2014 and 2013, net financial expenses are as follows:

	30.June.2014	30.June.2013
Interest receivable		
related to bank deposits	73,097	336,355
related to lans granted	24,156,688	30,040,354
Others	26,470	345,239
<b>Financial income</b>	<u>24,256,255</u>	<u>30,721,948</u>
Interest payable		
related to bank deposits and overdrafts	(1,695,766)	(3,426,412)
related to non convertible bonds	(9,307,273)	(8,136,766)
related to loans obtained	(20,721,699)	(24,426,918)
Others	-	(59)
Others financial expenses		
Up front fees on the issuance of debt	(3,238,906)	(3,060,558)
Others	(409,571)	(211,100)
<b>Financial expenses</b>	<u>(35,373,215)</u>	<u>(39,261,813)</u>

## 16 EARNINGS PER SHARE

Earnings per share for the periods ended 30 June 2014 and 2013 were calculated taking into consideration the following amounts:

	30.June.2014	30.June.2013
<b>Net Profit</b>		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	5,640,631	12,782,379
Net profit taken into consideration to calculate diluted earnings per share	5,640,631	12,782,379
<b>Number of shares</b>		
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>0.0063</u>	<u>0.0142</u>

**17 APPROVAL OF THE FINANCIAL STATEMENTS**

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The accompanying financial statements were approved by the Board of Directors and authorized for issue on 18 August 2014.

**18 INFORMATION REQUIRED BY LAW**

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**Decree-Law n<sup>er</sup> 318/94 art. 5<sup>th</sup> n<sup>er</sup> 4<sup>th</sup>**

During the period ended as at 30 June 2014 shareholders' loan contracts were signed with the following companies:

MDS, SGPS, SA

Soflorin, BV

Sonae Capital Brasil Ltda

During the period ended as at 30 June 2014, treasury application agreements were signed with the following companies:

Bom Momento - Restauração, SA

Canasta - Empreendimentos Imobiliários, SA

Chão Verde - Sociedade de Gestão Imobiliária, SA

Efanor Investimentos, SGPS, SA

Modelo Continente Hipermercados, SA

MJLF – Empreendimentos Imobiliários, SA

Imomuro - Sociedade Imobiliária, SA

Predilugar – Sociedade Imobiliária, SA

Raso - Viagens e Turismo, SA

Raso, SGPS, SA

Selifa - Sociedade de Empreendimentos Imobiliários, SA

Sonae, SGPS, SA

The amounts due to group companies as at 30 June 2014 related to the mentioned contracts were the following:

Company	30.June.2014
BB Food Service, SA	3,424,196
Bom Momento - Comercio Retalhista, SA	342,196
Continente Hipermercados, S.A.	6,925,196
Contibomba - Comércio e Distribuição de Combustíveis, SA	923,196
Imomuro - Sociedade Imobiliária, SA	159,654
Modelo Continente Hipermercados, SA	103,848,669
Modelo Hiper Imobiliária, SA	3,128,257
Modelo.Com - Vendas por Correspondência, SA	8,266,257
Pharmaconcept - Actividades em Saúde, SA	13,196
Sesagest - Projectos e Gestão Imobiliária, SA	6,606,257
Sonvecap, B.V.	35,225,000
Tlantic Portugal - Sistemas de Informação, SA	252,939
	<u>169,115,013</u>

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

Company	30.June.2014
Azulino - Imobiliária, SA	3,700,917
Bertimóvel - Sociedade Imobiliária, SA	21,522,724
Canasta - Empreendimentos Imobiliários, SA	1,468,607
Chão Verde - Sociedade de Gestão Imobiliária, SA	4,893,743
Citorres - Sociedade Imobiliária, SA	2,364,449
Contimobe - Imobiliária do Castelo de Paiva, SA	26,804,151
Cumulativa - Sociedade Imobiliária, SA	1,488,732
Farmácia Seleção, SA	909,804
Fashion Division, SA	138,804
Fozimo – Sociedade Imobiliária, SA	1,385,700
Igímo – Sociedade Imobiliária, SA	7,273,743
Iginha – Sociedade Imobiliária, SA	17,014,331
Imoconti – Sociedade Imobiliária, SA	10,374,123
Imoestrutura - Sociedade Imobiliária, SA	194,449
Imomuro - Sociedade Imobiliária, SA	4,000,000
Imoresultado – Sociedade Imobiliária, SA	492,399
Imosistema - Sociedade Imobiliária, SA	3,643,385
MJLF - Empreendimentos Imobiliários, SA	2,592,585
Modelo - Distribuição de Materiais de Construção, SA	4,616,289
MDS SGPS, SA	8,868,720
Pharmacontinente - Saúde e Higiene, SA	6,143,804
Predicomercial - Promoção Imobiliária, SA	4,139,709
Pedilugar - Sociedade Imobiliária, SA	2,612,000
Raso - Viagens e Turismo, SA	261,621
Raso, SGPS, SA	7,450,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	2,487,374
Sempre à Mão - Sociedade Imobiliária, SA	37,387,466
Socijofra - Sociedade Imobiliária, SA	5,167,850
Sociloures - Sociedade Imobiliária, SA	16,875,641
Soflorin, BV	211,981,759
Sonae Capital Brasil, Ltda	1,394,077
Sonae Center Serviços II, SA	18,827,224
Sonae MC - Modelo Continente, SGPS, SA	674,088,804
Sonae - Specialized Retail, SGPS, SA	95,416,632
Sonaerp - Retail Properties, SA	155,417,986
Sondis Imobiliária, SA	19,285,171
Valor N, SA	2,954,914
	<u>1,385,639,687</u>

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério