REPORT AND ACCOUNTS

31 DECEMBER 2013

SONAE CAPITAL

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REPORT OF THE BOARD OF DIRECTORS

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SONAE CAPITAL

1. HIGHLIGHTS

THE YEAR'S RESULTS SHOW A SIGNIFICANT SHIFT TOWARDS THE OPERATIONAL PATH OF PREVIOUS YEARS. ON A LIKE FOR LIKE[1] BASIS…

… Consolidated **TURNOVER GREW 25%**, driven by:

- real estate sales pick up to pre-crisis level at **troia**resort (+12.6 M.€, to 15.1 M.€). During 2013, sales deeds totaled 39 units (one of which regarding a promissory purchase agreement which had already been signed in 2012), and promissory purchase agreements and reservation agreements added up 17 and 12 units, respectively, to a total of 67 units sold. In 2014, and up to the date of this report, sales efforts translated into 11 units, including 1 deed, 3 promissory purchase agreements and 7 reservation agreements

- increase in the activity level of the Refrigeration, HVAC and Maintenance business (+21%), mostly explained by international markets (including direct local sales in Brazil and Angola, and exports from Portugal)

- growth in all other business units (+3.1 M.€), although with little individual significance

… Consolidated **RECURRENT EBITDA**[2] rose to **positive 6.6 M.€** (-2.1 M.€ in 2012):

- reflecting the overall growth in activity levels and the result of structure optimization plans implemented

- signaling a turnaround from the path that had been observed since the beginning of the global financial crisis

… **POSITIVE 22 M.€ FREE CASH FLOW BEFORE DEBT LEVEL** in the year

… Consolidated **NET PROFIT**[2] with an expressive improvement, to negative 10.9 M.€ (comparable negative 21.5 M. in 2012).

SUSTAINED DECREASE IN NET DEBT, to **246 M.€** (down 10 M.€), consistent with the Group's commitment to undertake a reduction of its financial leverage.

[1] Including comparable perimeter in 2013 and 2012
[2] Excluding restructuring costs arising from cost optimisation plans (already implemented and ongoing), and the 2012 adjustment arising from the value update of Imosede Fund's participation

2. THE SONAE CAPITAL GROUP

Since its incorporation, in 14 December 2007, Sonae Capital has adopted a review policy of its business portfolio aimed at implementing a focus strategy on businesses identified as priority, trying to optimize its corporate and business structures so as to ensure profitability levels which are consistent with the Group's sustainability and with the continued going concern management assumptions.

Based on this premises, the Group has promoted, during 2013, a deep strategic review assignment, in order to define and validate its future options. Now that the process is concluded, the vision and mission of the Sonae Capital Group are clearly defined, as well as the key variables of its strategic plan.

VISION

Recurrently identify new business opportunities and provide resources to enable their growth, aiming to create international companies in strategic sectors, delivering economic and social value.

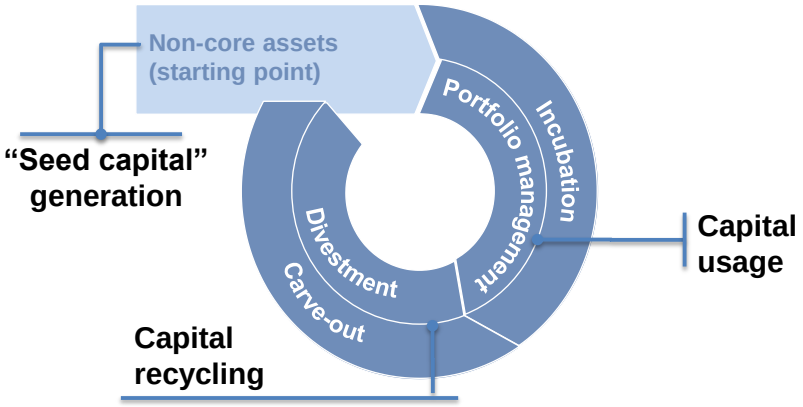
MISSION

Using a Venture Capital approach, incubate new high growth business segments with high potential for international exposure, allocating resources to enable growth and develop long-term presence in strategic sectors until they achieve sufficient scale to become autonomous, enabling a self-sustained financial cycle to re-invest in new opportunities, with a solid financial structure and a balanced risk profile portfolio.

The Group's guidelines are thus clear, and set in 4 strategic pillars:

- Grow with profitability
- Focus in international expansion
- Privilege capital light strategies or capital intensive strategies with short paybacks
- Portfolio configuration that ensures the coexistence of diverse business stages, in different sectors.

The chosen strategic matrix assumes that the current business portfolio releases cash flow, in order to support new investment opportunities and enhance the Group's portfolio growth, which is being attained with significant success.



In face of the growing importance of the business and of resources engaged in the Energy business, the Group reorganized its structure, with Spred lacking its past reporting status, which historically comprised the Refrigeration, HVAC and Maintenance and the Energy business areas.

Sonae Capital's portfolio, as at the date of this report, is as follows:

SONAE TURISMO	ENERGY	REFRIGERATION, HVAC and MANTENANCE	OTHER ASSETS
RESORTS	COGENERATION	HVAC	REAL ESTATE ASSETS
HOTELS	PHOTOVOLTAIC	REFRIGERATION	FINANCIAL SHAREHOLDINGS
FITNESS		MAINTENANCE	

Future management efforts should translate this new strategic framework, fostering growth and profitability of current business areas and sale of non-strategic assets, which are of critical importance to the business rotation cycle and self-sustained financing implicit in the model.

3. MACROECONOMIC ENVIRONMENT

The year of 2013 may represent the turning point in the slowdown track which has been characterizing the global economy since 2009. The last half of the year already shows some improvement signs, driven by demand recovery in advanced economies and exports growth in emerging economies.

The growth level in World Economy should be globally in line with the previous year, although evidencing diverse trends at each of the different economic blocks. Growth has been slowing down in the United States, BRICs have been recovering (on the back of Brazil and India, with Russia underperforming) as well as Japan, and recession is still haunting the Euro Area although to a lesser extent compared to the previous year. In this context, World GDP is expected to growth 3.0% in 2013 (3.1% in 2012), frustrating expectations of a more expressive recovery (mostly supported by BRICs performance, particularly China) which were anticipated in the beginning of 2013. Last IMF projections assume a 3.7% growth in 2014, with a stabilization scenario in 2015.

In the United States, economic growth slowdown in 2013 (+1.9%, compared to +2.8% in 2012) still reflected some instability in financial markets, particularly in the debt market, and increased tax burden and cuts on government spending. In the last half of the year, industrial production and transformation industry levels showed significant growth, together with increasing exports and private consumption, which should turn out as main growth driver for 2014 expected United States performance (+2.8%).

With the exception of Russia, remaining BRIC countries continued to evidence growth rates above the developed economies country block, although with an obvious slowdown trend in the year. Investment continues to drive growth in China (+7.7%, in line with 2012), with expectation being of a slight drawback in 2014 due to political pressure on deleveraging and increase in the cost of capital. India evidenced a +4.4% increase in 2013 (+3.2% in 2012), led by exports growth, and should benefit from structural policies aimed at supporting investment in 2014 (+5.4% estimated growth in 2014). The +2.3% growth projected for 2013 in the Brazilian economy should remain below average estimated growth for Latin America, as a result of the exposure of the country to the United States and European economies. Investment shall continue to be a crucial development driver, with stabilization foreseen in 2014 with a +2.3% growth. Russian evidenced clear slowdown signs compared to 2012 (+3.4%), growing 1.5% in 2013, as a result of major drops in private consumption and investment. Additionally, the high dependence of that economy to oil and natural gas exports, is an additional factor leading to lower economic activity in the dropping prices scenario affecting those commodities in 2013. Forecasts regarding the Russian economy have been systematically revised on the downside (+2.0% in 2014), as a result of the potential failure of the economic growth model adopted (mostly based on internal demand performance).

According to most recent estimates from major reference institutions, real GDP growth in the **Euro Area** shall remain at -0.4% in 2013 (-0.7% in 2012), reflecting a slowdown from the recessive scenario which turned out real in the recent past. Projections for 2014 already signal a reversion scenario, with a +1% projected growth, assuming more modest contributions from South European countries, which have a longer recovery path. The weight of the debt crisis, both public and private, will continue to mark political and financial (towards austerity) options, necessarily impact internal demand levels. Under this scenario, exports shall play a determinant role in the recovery efforts of the Euro Area economies. Uncertainties regarding the Euro Area performance, namely in what respects the sustainability of ongoing reforms and of the governance model, are still implicit and extremely critical in any projection exercise. In the Euro Area, inflation shall remain at low levels throughout 2014 (around 1.5% according to IMF's Autumn World Economic Outlook from FMI) and average unemployment shall be of circa 12% (according to the same source), reflecting a set of very diverse realities by country and rates that range from 5% to 27%.

The banking sector deleveraging process should spread over the coming years, entailing continued restrictions in credit access. The scenario of historically interbank low **interest rates** shall persist, with no foreseen trend inversion in the short term. A gradual recovery can lead to a slight decrease in the gap of bank lending rates towards the reference rate (currently at 0.25%).

The evolution of **oil prices** during the year showed its already know volatility, continuing far from 2008 maximum levels. Brent finished the year at 110.8 dollars per barrel, with the last forecasts envisaging a short term downward trend, pointing to an average price per barrel of 102,9 dollars per barrel in 2014, as a result of the demand decrease in China and improved stability in MENA countries (Middle East and North Africa), which will lead to a recovery to historical offer figures.

The performance of the **Portuguese Economy** in 2013 was undoubtedly impacted by the implementation of measures included in the economic adjustment project (PAEF). According to the most recent economic forecasts included in the Winter Bulletin of Banco de Portugal, GDP shall fall by 1.4% in 2013, compared to a 3.2% decrease in 2012. As in the Euro Area, the projected performance for the portuguese economy lies in a decrease of internal demand (-2.7% in 2013 versus -6,9% in 2012), partially offset by an increase in net exports (1.1% in 2013 and 3.7% in 2012). In the last quarter of 2013, change towards the comparable GDP figure shall represent around 1.6% growth, with a positive contribution from internal demand, signaling a growth that was not achieved since the last quarter of 2010. On a cumulated basis, internal demand reduction in the 2009-2013 period shall have reached around 17%. Inflation should have remained at 0.5% in 2013 (2.8% in 2012), and unemployment rate shall have remained high, closing the year at 15.3% (16.5% in 2012).

Estimates for 2014 point out to a recovery in economic growth – although still shy at about 0.8% from GDP – keeping up with the trend evidenced in the last quarters of 2013 (deviation of +0.3% in the third quarter and +0.5% in the fourth quarter, compared to the previous ones).

Within the ongoing Portuguese Economic and Financial Assistance Program, the 10th regular examination performed at the end of 2013, made a positive evaluation of the fulfillment of budget consolidation measures endorsed by the program and confirmed the alignment of the 2014 Portuguese Government Budget, approved on 26 November 2013 with votes against from all the opposition parties, with the budgetary consolidation efforts foreseen in the program.

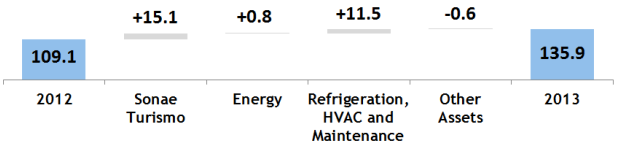
At the end of 2013, the political, social and economic challenges facing Portugal are unquestionable. In this scenario, and in spite of the most recent signs towards the inversion into a recovery cycle, there is still high uncertainty regarding the extent of change of the main economic aggregates, for which macroeconomic and prospective scenarios should be analyzed with significant caution.

4. OVERALL PERFORMANCE

Consolidated Profit and Loss Million euro	FY13	FY12	Δ 13/12
Total Operational Income	**145.5**	**123.8**	+17.5%
Turnover	135.9	112.3	+21.0%
Other Operational Income	9.6	11.5	-16.9%
Total Operational Costs	**-137.8**	**-124.5**	-10.7%
Cost of Goods Sold	-40.8	-36.6	-11.6%
Change in Stocks of Finished Goods	-7.6	-2.3	<-100%
External Supplies and Services	-50.6	-44.8	-13.1%
Staff Costs	-35.9	-37.2	+3.4%
Other Operational Expenses	-2.8	-3.6	+22.6%
Recurrent EBITDA	**6.6**	**-2.1**	-
EBITDA	**4.7**	**-2.9**	-
EBIT	**-8.5**	**-19.2**	+55.6%
Net Financial Expenses	-11.5	-11.0	-4.8%
Investment Income and Results from Assoc. Undertakings	9.2	20.1	-54.3%
EBT	**-10.9**	**-10.1**	-7.5%
Taxation	-2.4	-1.6	-47.3%
Net Profit	**-13.2**	**-11.7**	-13.0%
Attributable to Equity Holders of Sonae Capital	-13.2	-11.1	-19.0%
Attributable to Non-Controlling Interests	0.0	-0.6	+92.2%

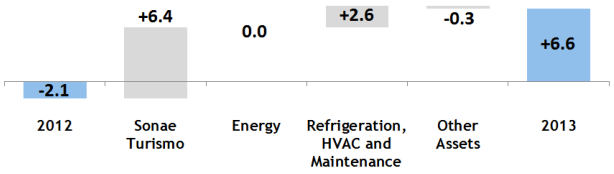
Consolidated Balance Sheet Million euro	2013	2012	Δ 13/12
Total Assets	**633.4**	**657.4**	**-3.6%**
Tangible and Intangible Assets	246.3	253.9	-3.0%
Goodwill	61.0	61.0	-0.0%
Non-Current Investments	52.0	55.0	-5.4%
Other Non-Current Assets	45.8	48.3	-5.3%
Stocks	178.9	187.8	
Trade Debtors and Other Current Asset	46.5	48.1	-3.4%
Cash and Cash Equivalents	3.0	3.2	-7.6%
Total Equity	**313.2**	**324.0**	**-3.3%**
Total Equity attributable to Equity Holders of Sonae Capital	304.3	315.2	-3.5%
Total Equity attributable to Non-Controlling Interests	8.9	8.7	+1.6%
Total Liabilities	**320.3**	**333.5**	**-4.0%**
Non-Current Liabilities	**171.9**	**180.1**	**-4.6%**
Non-Current Borrowings	153.0	158.7	-3.6%
Deferred Tax Liabilities	12.6	14.3	-12.3%
Other Non-Current Liabilities	6.3	7.1	-10.5%
Current Liabilities	**148.4**	**153.4**	**-3.2%**
Current Borrowings	96.1	100.6	-4.6%
Trade Creditors and Other Current Liabilities	52.3	52.7	-0.7%
Total Equity and Liabilities	**633.4**	**657.4**	**-3.6%**

Consolidated **turnover** reached 135.9 M.€, evidencing a 25% increase (on a like for like basis) towards the previous year,



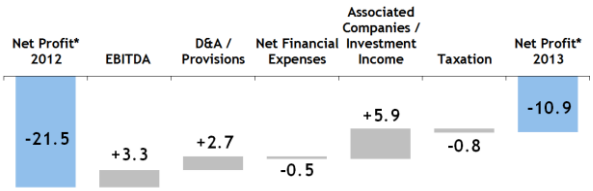
with significant contributions from Sonae Turismo (mostly through sales of **troia**resort real estate) and from the Refrigeration, HVAC and Maintenance business (significantly driven by international markets).

Recurrent EBITDA performance, at the consolidated level, conveys a totally different reality from that of the last three years, reaching positive 6.6 million euro (-2.1 million euro in 2012, on a like for like basis),



comprising an overall improvement across all business units, and positive contributions from the Energy business (3.3 million euro), Refrigeration, HVAC and Maintenance (3.1 million euro), Resorts (2.5 million euro) and Fitness (0.5 million euro).

Net profit for the year was negative 13.2 million euro, with change towards the previous year being mostly explained by the non-recurrent one off impact from the change in the accounting method of Imosede Fund participation units which was accounted for in the third quarter of 2012 (totaling positive 17.1 million euro.



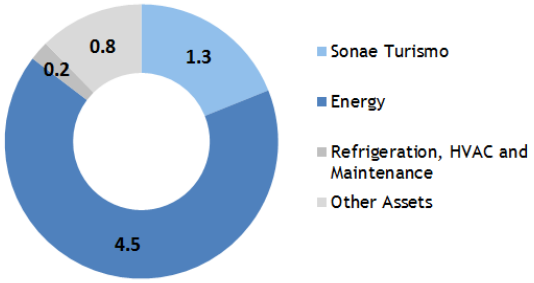
*Recurrent

On a recurrent basis (excluding restructuring costs and the above mentioned impact), the year's net profit improved 10.6 million euro, to negative 10.9 million euro.

The 5.9 million euro increase in the share of results from associated undertakings / investment income stands out amongst the recurrent contributions to net profit, and is mostly explained by Norscut's contribution and by Imosede Fund income distribution.

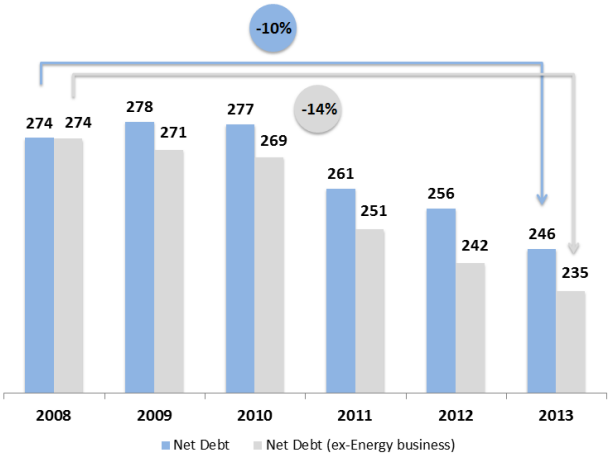
Net Capital Employed Million euro	2013	2012	2011
Net Capital Employed	**559.2**	**580.0**	**598.0**
Capex in the Period	6.8	12.1	11.0
Working Capital	173.1	183.2	208.8
Equity	**313.2**	**324.0**	**336.9**
Net Debt	**246.0**	**256.1**	**261.1**
Net Debt / Capital Emplo	44.0%	44.1%	43.7%
Gearing	78.6%	79.0%	77.5%

Capex amounted to 6.8 million euro in the year, remaining significantly below historical figures, and mostly focused in the Energy business expansion plan,



including a 4.2 million euro investment in the photovoltaic park which should be operating at full output by the end of the first quarter of 2014.

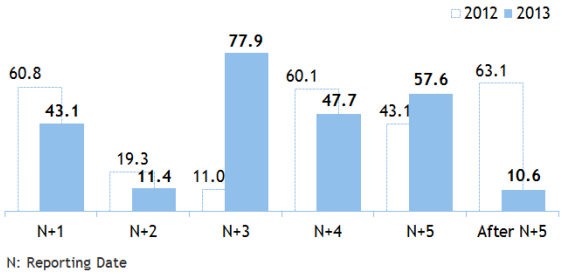
As at 31 December 2013, **Net Debt** amounted to 246.0 million euro (235.4 million euro excluding debt from the Energy business),



representing a 10 million euro decrease (4%) compared to the end of the previous year.

The evolution of historical levels, validates the Group's effort towards the reduction of the structural debt level and the commitment with the deleveraging strategic guideline.

The forecasted repayment schedule of borrowings (in million euro) as at 31 December 2013, taking into consideration commitment periods in relation to each financing operation, was as follows:



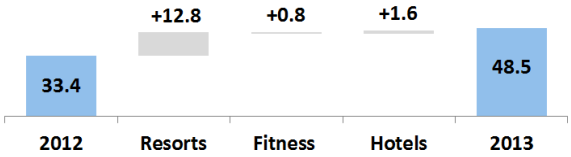
Value presented in N+1 (43.1 million euro) includes commercial paper taken under short term lines of credit with automatic renewals.

Following the policies and measures implemented to manage liquidity and bank relationship risks, the Group does not foresee any risks which may affect businesses as a going concern.

5. SEGMENT PERFORMANCE

SONAE TURISMO

On a like or like basis, Sonae Turismo's **turnover** amounted to 48.5 million euro in the year, representing a significant 45% growth compared to 2012,

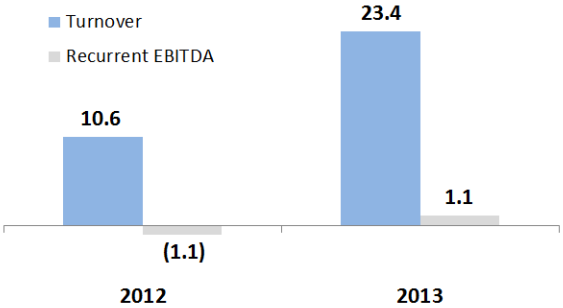


with an expressive contribution from troiaresort's real estate deeds, and improvement in the remaining Sonae Turismo's business areas.

Recurrent EBITDA, of negative 2.1 million euro, grew 6.4 million euro compared to the previous year, comprising evident improvements throughout the year in all operational segments.

▪ RESORTS

As at 31 December 2013, real estate contracts signed regarding residential units in **troia**resort include 39 sales deeds (one of which regarding a promissory purchase agreement signed in 2012),



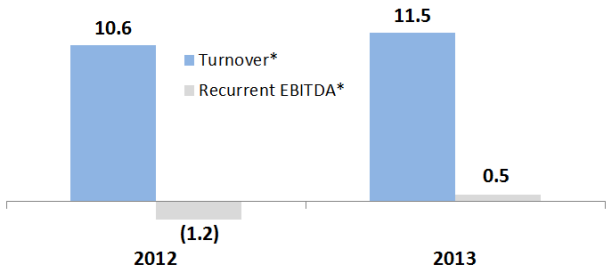
17 promissory purchase agreements, and 12 reservation agreements (the latter including the payment of a reservation fee).

In 2014, and up to the date of this report, sales efforts translated into an additional 11 units sold, comprising one deed, 3 promissory purchase agreements and 7 reservation agreements.

▪ FITNESS

Set within the strategic objectives of increasing the scale of operation, following a capital light strategy, and growing average profitability, the business has been managing a third party owned fitness center since August 2013 (still with marginal contribution to the year's results).

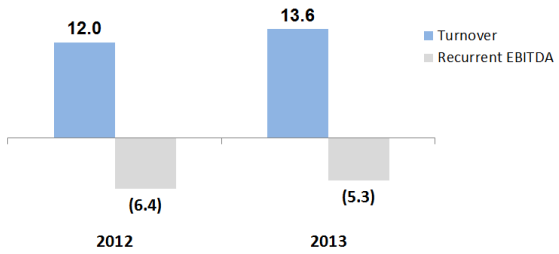
Turnover grew 8% (0.9 million euro) on a like for like basis, due to the increase in the active membership basis, leading, together with increased operational efficiency, to a positive **recurrent EBITDA** of 0.5 million euro (negative 1.2 million euro in the previous year).



*Excluding the contribution from the discontinued fitness operation in Spain.

▪ HOTELS

Turnover from the Hotels segment delivered two digit growth in 2013 (+14% compared to the previous year), reaching 13.6 million euro, largely driven by Summer season's good performance (mainly visible in Troia's units) and by occupancy growth in occupation from MICE and corporate segments in Porto Palácio Hotel.
The year's turnover has also profited from higher tourism occupancy from foreign visitors in Tróia (golf and group segment). The total number of room nights sold grew 11% in the Group's hotel units.

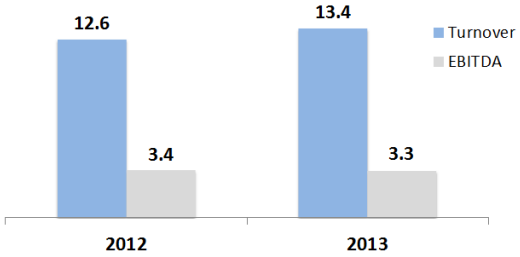


In spite of the 17% improvement (1.1 million euro) in the **recurrent EBITDA**, the Hotel business has not yet reached operational breakeven in the year.

ENERGY

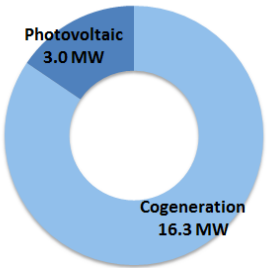
The results of the Energy business show the steady turnover an EBITDA profile of the corresponding portfolio.

The 2013 performance of the Energy business indicators, compared to the previous year, is solely explained by the contribution of the new cogeneration facility in Vale de Cambra, which started operating in the course of the second half of 2012.



Comparing the set of assets under management with the significant weight in the Group's consolidated **EBITDA** (delivering the highest contribution in the year), signals the significant impact of any growth effort in this business segment.

Once the new photovoltaic park starts its full operation, the power under management will rise to 19.3 MW,

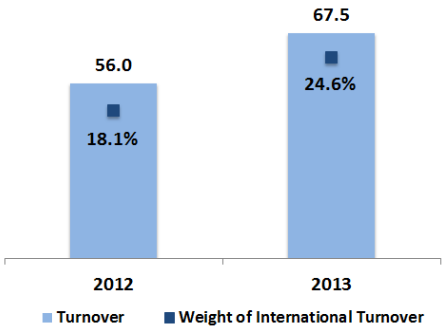


with a potential accrual of 37 MW in the short term, within the transaction for the acquisition

of shareholdings and interest in cogeneration plants, already announced to the market (transaction still pending approval).

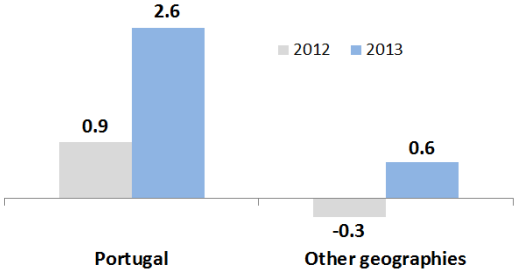
REFRIGERATION, HVAC AND MAINTENANCE

International turnover from Refrigeration, HVAC and Maintenance (consolidating exports from and direct sales abroad) grew steadily in the course of the year, reaching 16.6 million euro in the twelve months (+64%).



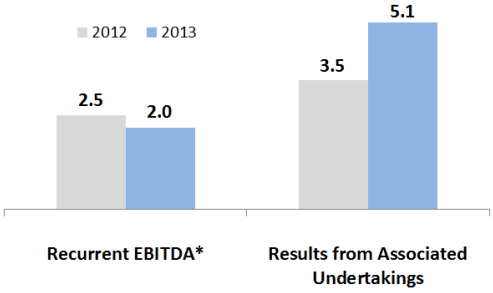
In Portugal, turnover increased 11%, to 50.9 million euro, driven by new commercial refrigeration projects.

Recurrent EBITDA from the Portuguese operation reflects growth in the activity level and improved efficiency through the adjustment of business structures to the new market referential.



Internationally, the operation in Brazil was the sole contributor to EBITDA growth, mostly via increased volumes.

OTHER ASSETS



*Arising from rentals and sale of non-strategic real estate assets.

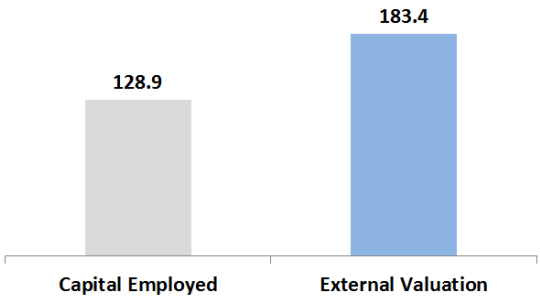
Non-strategic assets held by the Sonae Capital Group, which are available for sale, include:

- ## REAL ESTATE ASSETS (excluding Sonae Turismo)

During 2013, and consistent with the sale guideline agreed for this set of assets, sales deeds amounted to 2.1 million euro, comprising multiple assets with diverse individual values.

Addressing current market trends and the demand profile for such type of assets, 74 rental contracts regarding City Flats were signed up to the end of the year (with 33 apartments remaining available for sale/rental).

As at 31 December, capital employed in this group of assets amounted to 128.9 million euro:



(note: external valuation reported at 31 December 2011- Cushman & Wakefield)

▪ FINANCIAL SHAREHOLDINGS

Major assets as at 31 December 2013:

Asset	% Shareholding
Norscut	36.00%
Imosede Fund	25.85%
Lidergraf	24.50%

In the reporting period, main change in this segment regards the sale of a 6.51% stake in Imosede Real Estate Investment Fund, which occurred in March 2013, generating a 10 million euro cash inflow.

6. OUTLOOK

At the end of 2013, the Sonae Capital Group strategic pillars and guidelines, which support its venture capital like profile, are clearly defined.

In Sonae Turismo, and now that the restructuring and business structure optimization processes are concluded, 2014 will be filled with actions aimed at maximizing topline, enhancing volume growth through capital light strategies, recover/ensure positive profitability levels, and clarify management models and positioning models.

In the Refrigeration, HVAC and Maintenance business, there is still potential for additional efficiency gains. A deep restructuring plan is underway, aiming to speed up margin recovery. In this context, the business is exiting the local operation in Spain. Growth in this business area, based on the existing market perspectives for Portugal, will have to be driven by international markets (maximizing volumes and margins), widening the scope of markets besides those in which the business is already operating (Brazil, Angola and Mozambique) and assessing growth scenarios through partnerships.

The Group will continue with systematic market screening efforts, regarding assets which fit its ambition regarding the Energy business expansion plan (focused, in the short term, in cogeneration and photovoltaic projects located in Portugal).

During the year of 2014, and within the current Sonae Capital's business portfolio refocus plan, finding an option to business areas identified as non-strategic will remain as an important management objective.

Additionally, the financial discipline and Group's deleveraging, inevitable under a going concern premise and liquidity risk management, will continue to bias the assumptions and objectives to be defined by each business area.

7. SHARE PRICE PERFORMANCE

Sonae Capital's share information:

Name: Sonae Capital, SGPS, SA

Security's issuer: Sonae Capital, SGPS, SA

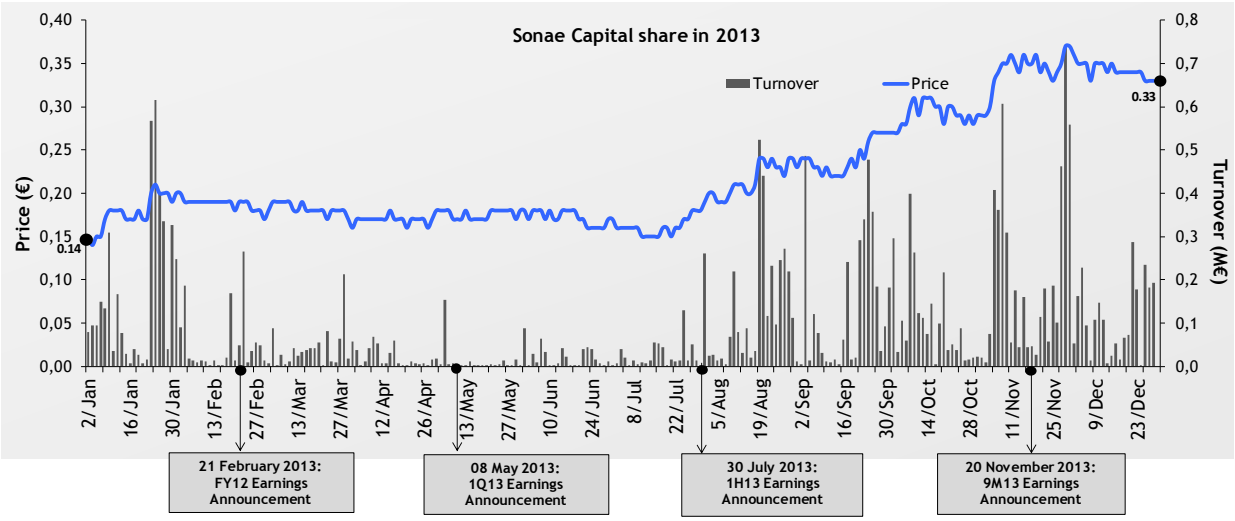
Listing date: 28 January 2008

Share capital: 250,000,000 €

Listed amount: 250,000,000 shares

ISIN Code: PTSNP0AE0008
NYSE Euronext: SONC
Reuters: SONAC LS
Bloomberg: SONC.PL

Treasury stock: As at 31 December 2013, the company owns 5,119,562 own shares.



During 2013, Sonae Capital's share price rose by an expressive 136%, closing the year at 0.33 euro. This rise significantly outperformed the comparable 16% increase in the Portuguese Stock Market reference index (PSI20).

The following table and chart summarizes the most relevant information on the Sonae Capital shares traded in Euronext Lisbon.

Euronext Lisbon	2013	2012
Closing price N-1	**0.14 €**	**0.27 €**
Maximum price	**0.37 € (28 Nov.13)**	**0.26 € (2 Jan.12)**
Minimum price	**0.14 € (3 Jan. 13)**	**0.12 € (27 Nov. 12)**
31 December N	**0.33 €**	**0.14 €**
Transactions		
Average daily quantity	**373,837**	**150,053**
Total shares traded	**95,328,426**	**38,413,635**
Total volume (million euro)	**22.7**	**6.1**
Average daily volume (million euro)	**0.08**	**0.03**
Market capitalization 31.12.N (a)	**82,500,000€**	**35,000,000 €**

[(a)] Market capitalization calculated using the total number of shares.

Relevant events announced to the market in 2013 include:

- Appointment of Maria Cláudia Teixeira de Azevedo as Chief Executive Officer of Sonae Capital, SGPS, SA. (18 Mar.13)
- Decrease in CAIXAGEST shareholding, to a percentage below the 2% threshold of the share capital and voting rights of Sonae Capital, SGPS, SA. (02 Dec.13)
- Agreement over the terms for the acquisition, for a total consideration of 11.5 million euro, of a group of shareholdings and equity interests held by subsidiaries of Enel Green Power S.p.A, in 10 cogeneration plants located in Portugal. (23 Dec.13)
  The completion of this transaction is subject to preliminary consents, and therefore will only become effective after the referred authorizations have been obtained.

8. OTHER INFORMATION

INDIVIDUAL FINANCIAL STATEMENTS

Sonae Capital, SGPS, SA, the Group's holding company, posted a positive 6,081,764 euro net profit, including a material 12.4 million euro impact from dividends paid by subsidiaries. Last year's result, a 995,091 euro net loss, was negatively impacted by around 1.0 million euro regarding an impairment loss over Sonae Capital, SGPS, SA shareholding in WTC Fund.

The year's result already includes 310,045 euro euro, intended for the executive directors' variable remuneration, through the year's net profit appropriation, under the terms of number 2 of article 31 of the Articles of Association and following a proposal by the Remuneration Committee, which is responsible for the enforcement of the remuneration policy approved in the Shareholders' General Meeting held on 18 March 2013.

OWN SHARES

As a result of Sonae Capital's share performance during the year, and in accordance with the approval given at the last Shareholders' General Meeting, Sonae Capital acquired, during 2013, 3,519,252 own shares, on NYSE Euronext Lisbon Stock Exchange, at an average transaction price of 0.243 euro per share.

As a result of the abovementioned transactions, as at 31 December 2013 Sonae Capital held 5,119,562 own shares, representing 2.048% of its share capital.

ACTIVITY CARRIED OUT BY NON-EXECUTIVE BOARD MEMBERS

During the year of 2013, and in the course of the strategic review assignment performed within the Group, Non-Executive Board Members provided significant insights in the discussion of the several options, keeping, as in previous years, close contact with the corporate directors and management teams (namely in the Energy business, given its development stage and the challenges it presents). During the year, Non-Executive Board Members have effectively played their role as Board of Directors members and members of the Board Audit and Finance Committee and of the Nomination and Remuneration Committee (with only one of the Non-Executive Directors being a member of the latter).

Additional information on the activities of the above mentioned bodies is available in paragraph 29 of the Company's Corporate Governance Report, complementing the information on activities performed by Non-Executive Board Members described in this section of the report.

PROFIT APPROPRIATION PROPOSAL

Sonae Capital, SGPS, SA, as the holding company of the Group, posted a net profit of 6,081,764.35 euro in 2013. The Board of Directors proposes to the Shareholders' General Meeting that this amount should be transferred to Legal Reserve (304,088.22 euro) and to Free Reserves (5,777,676.13 euro).

ACKNOWLEDGMENTS

The Board of Directors would like to thank all Sonae Capital's stakeholders for their support and trust during the year, emphasizing the Fiscal Board and Statutory Auditor's cooperation and work.

We would also like to express our thanks to our employees for their commitment and valuable contribution to the significant improvement in operational results, and to shared effort in the pursuit of goals outlined.

More than ever, we believe that the basis for the Group's growth is stronger, trusting in the success and sustainability of the chosen strategy.

Maia, 19 February 2014

The Board of Directors

GLOSSARY

- Capex = Investment in Tangible and Intangible Assets.
- Gearing = Net Debt / Equity.
- HVAC = Heating, Ventilation and Air Conditioning.
- (EBITDA) = Operational Profit (EBIT) + Amortization and Depreciation + Provisions and Impairment Losses + Impairment Losses of Real Estate Assets in Stocks (included in Cost of Goods Sold) – Reversal of Impairment Losses and Provisions (including in Other Operation Income).
- Net Debt = Non-Current Loans + Current Loans – Cash and Cash Equivalents – Current Investments.

APPENDIX TO THE REPORT OF THE BOARD OF DIRECTORS

31 DECEMBER 2013

SONAE CAPITAL

STATEMENT

Under the terms of Article 245, paragraph 1, c) of the Portuguese Securities Code

(Translation of a Statement originally issued in Portuguese)

The signatories individually declare that, to their knowledge, the Report of the Board of Directors, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared in accordance with applicable International Financial Reporting Standards, and give a true and fair view, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of Sonae Capital, SGPS, SA, and of the companies included in the consolidation perimeter, where appropriate, and that the Report of the Board of Directors faithfully describes major events that occurred during the year 2013 and their impacts, if any, in the business performance and financial position of Sonae Capital, SGPS, SA and of the companies included in the consolidation perimeter, and contains an appropriate description of the major risks and uncertainties that they face.

Maia, 19 February 2014

Belmiro Mendes de Azevedo Chairman of the Board of Directors	Ivone Pinho Teixeira Member of the Board of Directors
Maria Cláudia Teixeira de Azevedo Member of the Board of Directors	Francisco de La Fuente Sánchez Member of the Board of Directors
Álvaro Carmona e Costa Portela Member of the Board of Directors	Paulo José Jubilado Soares de Pinho Member of the Board of Directors

GOVERNING BODIES

(Article 447 of the Portuguese Companies Act and nr. 7 of Article 14 of CMVM's 5/2008 Regulation)

Disclosure of shares and other securities held by Members of the Board of Directors and Fiscal Board and of transactions during 2013 involving shares and other securities:

	Date	Purchases		Sales		Balance as at 31.12.2013
		Quantity	Av. Price €	Quantity	Av. Price €	Quantity
Belmiro Mendes de Azevedo						
Efanor Investimentos, SGPS, SA (1)						49,999,997
(includes 1 share owned by the spouse)						
Sonae Capital, SGPS, SA [(a)]						838,862
Maria Cláudia Teixeira de Azevedo						
Efanor Investimentos, SGPS, SA **(1)**						1
Linhacom, SGPS, SA **(2)**						99,996
Álvaro Carmona e Costa Portela						
Sonae Capital, SGPS, SA						3,242
Paulo José Jubilado Soares de Pinho						
Sonae Capital, SGPS, SA [(b)]						20,775

	Date	Purchases		Sales		Balance as at 31.12.2013
		Quantity	Av. Price €	Quantity	Av. Price €	Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae Capital, SGPS, SA						88,859,200
Pareuro, BV **(3)**						5,583,100
(2) Linhacom, SGPS, SA						
Sonae Capital, SGPS, SA						43,912
Imparfin, SGPS, SA **(4)**						150,000
(3) Pareuro, BV						
Sonae Capital, SGPS, SA						66,600,000
(4) Imparfin, SGPS, SA						
Sonae Capital, SGPS, SA						513,160

[(a)] Includes 1,862 shares owned by the spouse.

[(b)] Includes 8,125 shares owned by Change Partners, SCR, SA, company where Paulo José Jubilado Soares de Pinho is member of the Board of Directors.

APPENDIX REQUIRED BY ARTICLE 448 OF THE PORTUGUESE COMPANIES ACT

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

	Number of shares as at 31.12.2013
Efanor Investimentos, SGPS, SA (1)	
Sonae Capital, SGPS, SA	88,859,200
Pareuro, BV	5,583,100
Pareuro, BV	
Sonae Capital, SGPS, SA	66,600,000

(1) Belmiro Mendes de Azevedo is, under the terms of paragraph b number 1 of Article 20 and number 1 of Article 21 of the Portuguese Securities Code, the ultimate beneficial owner, as he holds around 99% of the share capital and voting rights of Efanor Investimentos SGPS, SA, which entirely controls Pareuro BV.

QUALIFIED SHAREHOLDINGS

As required by number 1, c) of Article 9 of CMVM Regulation Nr. 5/2008, the following shareholders held more than 2% of the company's share capital as at 31 December 2013:

Shareholder	Nr. of Shares	% of Share Capital	% of Voting Rights
Efanor Investimentos, SGPS, S.A. (1)			
Directly Owned	88,859,200	35.544%	35.544%
Through Pareuro, BV (controlled by Efanor)	66,600,000	26.640%	26.640%
Through Belmiro Mendes de Azevedo (Chairman of the Board of Directors of Efanor)	837,000	0.335%	0.335%
Through Maria Margarida Carvalhais Teixeira de Azevedo (Member of the Board of Directors of Efanor)	1,862	0.001%	0.001%
Through Linhacom, SGPS, S.A. (controlled by the Member of the Board of Directors of Efanor Maria Cláudia Teixeira de Azevedo)	43,912	0.018%	0.018%
Through Migracom, SGPS, S.A. (controlled by the Member of the Board of Directors of Efanor Duarte Paulo Teixeira de Azevedo)	161,250	0.065%	0.065%
Through descendents of Duarte Paulo Teixeira de Azevedo (Member of the Board of Directors of Efanor)	411	0.000%	0.000%
Through descendents of Nuno Miguel Teixeira de Azevedo (Member of the Board of Directors of Efanor)	1,312	0.001%	0.001%
Total attributable	156,504,947	62.602%	62.602%
Santander Asset Management - Sociedade Gestora de Fundos de Investimento Mobiliários, SA			
Through Santander Acções Portugal Fund (managed by Santander Asset Management)	5,214,974	2.086%	2.086%
Through Santander PPA Fund (managed by Santander Asset Management)	484,869	0.194%	0.194%
Total attributable	5,699,843	2.280%	2.280%
Blueshore Global Equity Fund	5,000,000	2.000%	2.000%
Total attributable	5,000,000	2.000%	2.000%

(1) Belmiro Mendes de Azevedo is, under the terms of paragraph b number 1 of Article 20 and number 1 of Article 21 of the Portuguese Securities Code, the ultimate beneficial owner, as he holds around 99% of the share capital and voting rights of Efanor Investimentos SGPS, SA, which entirely controls Pareuro BV.

CORPORATE GOVERNANCE REPORT

31 DECEMBER 2013

Sonae Capital, SGPS, SA
Sociedade Aberta

Lugar do Espido, Via Norte
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Portugal

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www.sonaecapital.pt

Capital Social 250.000.000 euros
CRC Maia (matrícula nº 508 276 756)
Pessoa colectiva nº 508 276 756

CORPORATE GOVERNANCE REPORT

(Translation from the Portuguese Original)

PART I – SHAREHODING STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHODING STRUCTURE

I. Share Capital structure

1. Share Capital structure

Sonae Capital share capital of 250,000,000 euro, made up of 250,000,000 ordinary shares, bearer and nontitled, each with a nominal value of 1 euro.

All shares of Sonae Capital were admitted to trading on Euronext Lisbon regulated market on 28 January 2008.

2. Share transmission and ownership restrictions

There are no limitation to transmission and ownership of Sonae Capital shares.

3. Own Shares

As at 31 December 2013, the company held 5,119,562 own shares, representing 2.048% of share capital and respective voting rights.

4. Impact of change in shareholder control of the company in significant agreements

There are no agreements incorporating clauses with the aim of setting up defensive measures to a change in shareholder control or that cease in case of a change company's control following a takeover bid. The majority of the share capital of the Company is owned by one shareholder.

5. Defensive measures in case of change in shareholding control

No defensive measures were adopted.

6. Shareholder agreements

The existence of any shareholders' agreements concerning the society is unknown.

II. Qualifying shareholdings and Bonds held

7. Qualifying Shareholdings

As at 31 December 2013, those shareholders, who in accordance with article 20 of the Securities Code, held qualifying shareholdings representing at least 2% of the share capital of Sonae Capital, were the following:

Shareholder	Nr Shares Held	% Share Capital	% Voting Rights
Efanor Investimentos, SGPS, S.A.[1]	156,504,947	62.602%	62.602%
Santander Asset Management	5,699,843	2.280%	2.280%
BlueShore Equity Fund	5,000,000	2.000%	2.000%

[1] *Belmiro Mendes de Azevedo is, under the terms of paragraph b number 1 of Article 20 and number 1 of Article 21 of the Portuguese Securities Code, the ultimate beneficial owner, as he holds around 99% of the share capital and voting rights of Efanor Investimento SGPS, SA, which in entirely controls Pareuro BV.*

8. Shares held by members of Governing Bodies, in accordance with number 5, article 447 of the Portuguese Company Law

Shares, of the Company or of any group company, held by members of governing bodies of the Company, directly or through related parties, are disclosed in the appendix to the report of the Board of Directors in accordance with and for the purposes of article 447 of the Portuguese Company Law and in accordance with number 6, article 14 of CMVM's Regulation 5/2008.

9. Board of Directors qualification due to share capital increase

The Articles of Association confers this competence uniquely to the General Meeting of Shareholders since December 2012.

10. Related Party Transactions

Business dealings or transactions with members of the Board of Directors or holders of qualified shareholdings, are part of the day to day activity of Sonae Capital affiliated companies and made on an arm's length basis. The amounts involved, essentially from rents charged, are not material.

B. GOVERNING BODIES AND COMMITTEES

I. General Meeting

a) Board of the Shareholders' General Meeting

11. Name, function and mandate of the General Meeting Boards members

As at 31 December 2013, the Board of the Shareholders' General Meeting had the following members, mandated for the 2013-2014 period:

- António Agostinho Cardoso da Conceição Guedes (Chairman);
- Maria Daniela Farto Baptista Passos (Secretary).

b) Exercise of the voting rights

12. Possible restrictions on voting rights

The Company's Articles of Association do not establish any percentage or maximum limit to the exercise of voting rights for any shareholder, corresponding to each share one vote.

The Company has not issued non-voting preference shares.

For the presence in the General Meeting there is no need for blocking period, but should be accomplished the legal rules that define the "Record Date" as the relevant moment to be registered as a valid shareholder and to exercise the corresponding presence and voting rights for the Shareholders' General Meeting, as well as the arrangements for participation and voting of shareholders who professionally hold shares in their own name but on behalf of clients.

Shareholders may be represented at the Meeting by means of a written representation letter addressed to the Chairman of the Board of the Shareholders' General Meeting and delivered up to the beginning of the meeting, indicating the name and address of the representative nominated, as well as the date of the meeting. That written communication can be made using e-mail in accordance with instructions of the meeting's notice.

A shareholder may appoint several representatives related to owned shares held through different share accounts, without undermining the principle of vote unity and the ability of professional shareholders to vote differently according with representation of different shareholders.

The Company makes available, within timings comprised in the law, adequate information, so that shareholders take seat in the Shareholders' General Meeting directly or through representatives, as well as a minute of representation letter in its website (www.sonaecapital.pt).

Shareholders may vote using written voting papers in all matters subject to the approval of the Shareholders' General Meeting. Votes may be cast using electronic means, if these are made available to shareholders and mentioned in the meetings' notice.

The Company makes available to shareholders minutes of written voting papers on the Company's website (www.sonaecapital.pt) at the same time with the notice given to the Shareholders' General Meeting.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or shareholders which have with the Company any relations of n. 1 of Article 20

There is no limitation on the number of votes that may be held or exercised by a single shareholder or group of shareholders.

14. Resolutions which only may be taken by qualified majority

Under the terms of the Company's Articles of Association, resolutions at the Shareholders' General Meeting shall be taken by simple majority, unless otherwise determined by law.

II. Management and Supervision

a) Composition

15. Identification of model of governance adopted

Sonae Capital adopts the monist model of governance (composed by Board of Directors, a Fiscal Board and a Statutory Auditor).

The Board of Directors has the responsibility of management, strategic guidance and appointment and general supervision of the Executive Committee activities and the specialized committees.
The remaining two bodies have supervisory responsibility.

Details of the structure adopted, the bodies that compose and corresponding roles and responsibilities are presented in the following sections.

16. Statutory rules for procedural and material requirements applicable to appointment and replacement of members of the Board of Directors

In accordance with Law and the Company's Articles of Association, members of Board of Directors are elected under the terms of proposal approved at the Shareholders' General Meeting.

The election of one member of the Board of Directors takes place independently from the remaining elections, under the terms of the law, among persons listed in proposals subscribed by groups of shareholders, provided that such groups of shareholders hold shares that represent more than ten and less than twenty percent of the share capital. The same shareholder cannot subscribe to more than one proposal. Each proposal must contain the identification of at least two persons eligible for each of the positions to be filled. If proposals are presented by more than one group of shareholders, voting will be based on all of these proposals.

The Board of Directors appoints a substitute in case of death, resignation or temporary or permanent incapacity or unavailability of any member, except the administrator elected under rule of minorities. This appointment shall be subjected to ratification by shareholders at the first Annual General Meeting to be held following the cooptation.
A substitute is elected to the Board of Directors in the case of permanent unavailability of the member of the Board elected under the provisions set in the previous paragraph.

17. Composition of the Board of Directors

Under the Company's Articles of Association, the Board of Directors can be made up of an odd or even number of members, with a minimum of three members and a maximum of seven members, elected at the Shareholders' General Meeting.

The Board's term of office is of two years, and members can be reelected for one or more times. The current term of the Board of Directors corresponds to the 2013-2014 period. The Board of Directors elects, under the Articles of Association, its Chairman.

As at 31 December 2013, the Board of Directors was made up of six members, three executive and three non executive. Two of non executive members are independent:

Name	First Appointment on	Term of Office
Belmiro Mendes de Azevedo	December 2007	31 December 2014
Álvaro Carmona e Costa Portela	March 2011	31 December 2014
Maria Cláudia Teixeira de Azevedo	March 2011	31 December 2014
Ivone Pinho Teixeira	March 2013	31 December 2014
Francisco de La Fuente Sánchez	April 2008	31 December 2014
Paulo José Jubilado Soares de Pinho	April 2008	31 December 2014

18. Distinction between executive and non-executive members

Belmiro Mendes de Azevedo	Chairman – Non executive
Álvaro Carmona e Costa Portela	Executive
Maria Cláudia Teixeira de Azevedo	Executive
Ivone Pinho Teixeira	Executive
Francisco de La Fuente Sánchez	Non Executive (Independent)
Paulo José Jubilado Soares de Pinho	Non Executive (Independent)

Non executive members were appointed based on their reputation in business, finance, academia and consultancy areas, to strengthen the skills of the Board of Directors, namely in relation to the approval of the portfolio configuration strategy and of the annual business plan and any significant changes to it.

Non executive members of the Board of Directors, Francisco de La Fuente Sánchez and Paulo José Jubilado Soares de Pinho, are considered independent under the terms of independence criteria established at 18.1 of the appendix I of the Regulation 4/2013 of CMVM and the recommendation II.1.7 of CMVM (2013).

Independent Non Executive Directors have to disclose immediately to the Company any event that, in the course of their mandate, might lead to conflicts of interest or loss of independence under the terms of legal requirements.

The current composition of the Board of Directors, especially the number of Non Executive and independent members (2 from a total of 5 members), ensure the necessary supervision of the activities performed by Executive Directors. The Report of the Board of Directors contains a section with a description of the activities carried out by Non Executive board members.

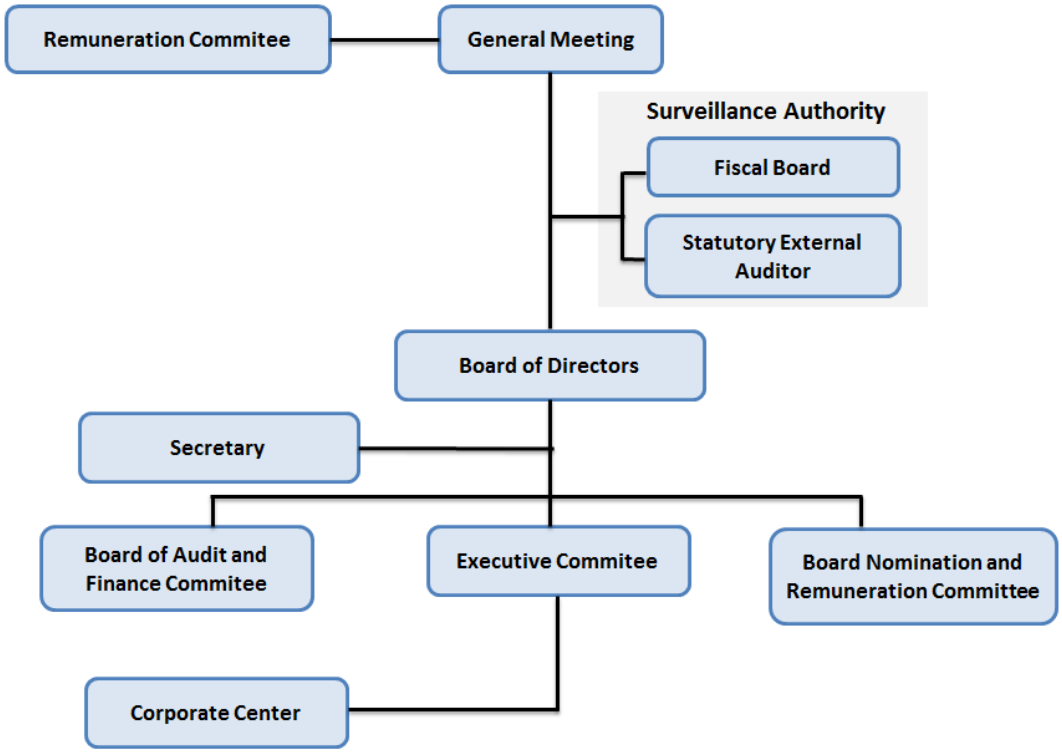
19. Professional qualifications of the members of the Board of Directors

Professional qualifications and other relevant *curricula* elements of the members of the Board of Directors are detailed in the appendix of this document.

20. Significant relationships between members of Board of Directors and qualified shareholders

The Chairman of the Board of Directors, Belmiro Mendes de Azevedo, holds the majority of the share capital and voting rights of the shareholder Efanor Investimentos, SGPS, SA, to which is attributed the domain of the capital and voting rights of the Company. The Chief Executive Officer, Maria Cláudia Teixeira de Azevedo, daughter of Belmiro de Azevedo, is a shareholder and member of the Board of Directors of Efanor Investimentos, SA.

21. Division of powers between the different boards, committees and / or departments within the company, including information on delegating responsibilities, particularly with regard to the delegation of powers, in particular with regard to the delegation of daily management of the Company



Under the current governance structure, the Board of Directors is responsible for business portfolio strategic decisions and respective implementation.
The Board of Directors delegates to the Executive Committee the powers to manage the day-to-day operations of the Company and, regulates how the Executive Committee operates and how the delegated powers can be exercised. The Board of Directors does not delegate the following powers:

- To appoint the Chairman of the Board;
- To co-opt a member to the Board;
- To convene Shareholders' General Meetings;
- To approve the Annual Report and Accounts;
- To grant any pledges, guarantees or charges over the assets of the Company;
- To decide to change the Company's registered office or to approve any share capital increases;
- To decide on mergers, de-mergers, modifications to the corporate structure of the Company;
- To approve the portfolio management strategy;
- To approve the financial plan and any significant changes thereto.

The Corporate Centre is instrumental in supporting the Executive Committee and the Board of Directors in defining and executing major strategies, policies and objectives and is composed of seven sovereign functions and three shared services functions which provide services to all Group companies.

Those functions are the following:

Sovereign functions	Shared services functions
Corporate Finance	Financial Services
Legal	Accounting, Tax and Reporting
Corporate Planning and Control	Administrative Human Resources
Corporate Human Resources	
Internal Audit & Risk Management	
Corporate Development	
Information Systems	

The Corporate Finance function has the responsibility to define and implement financial strategies and policies to ensure an integrated and across the board view of the Group's needs as well as ensuring the liaison with capital, debt and banking markets. This department is also responsible for financial risk management at Group level and for the preparation and follow-up of the Group's financial plan.

The Legal function provides legal support in all domains, ensuring the safeguard of the Groups' interests and promoting the strategy defined by the Board of Directors.

The Planning and Control function plays a role in supporting the strategic planning of the Group, in defining management information policies and in ensuring consolidated management reporting. This function includes the Investor Relations Office which has as main responsibilities external reporting and ensuring a permanent contact with institutional investors, shareholders and analysts.

Corporate Human Resources have the responsibility of defining and implementing the strategy and policy of Human Resources of the Group as well as the planning and management of talent and careers of senior managers.

Corporate Development has the main role of assisting the Board of Directors of Sonae Capital in projects of organic growth and in the management of Group's businesses, as well as in projects of portfolio optimization including the analysis and negotiation of investment or divestment opportunities.

The Internal Audit & Risks Management function defines and executes internal audit activities and evaluates systematically and independently Group's activities, with the objective of ensuring the efficacy of management systems and processes and internal control. Simultaneously, it supports the Board of Directors in identifying, modelling and accompanying Group's risks with the objective of controlling and mitigating those risks and also to include risk assessment in strategic and operational decision making.

Information Systems function has the role of ensuring the alignment of information systems with Group's strategy, creating value by providing solutions that promote efficacy, efficiency and innovation in processes.

Sovereign functions report to the Executive Committee of Sonae Capital.

Financial Services have the mission of optimizing Group's financial flows by efficiently coordinating external partners, namely clients, suppliers and banks. The function is coordinated by a manager at the Corporate Centre level.

Accounting & Consolidation has the purpose of maintaining the accounting organization to guarantees the availability and integrity of financial and accounting information and assets of the whole organization through an integrated information system. The function is coordinated by a manager at the Corporate Centre level.

Administrative Human Resources ensure the coordination of administrative management activities of human resources and alignment with businesses. The function is coordinated by the sovereign function of Corporate Human Resources.

b) Functioning

22. Location where the regulations governing the functioning of the Board of Directors can be found

Regulations are available at the site of the Company (www.sonaecapital.pt).

23. Number of meetings held and attendance level of each member, as applicable, of the Board, the General and Supervisory Board and Executive Board of Directors

According to the Company's Articles of Association, the Board of Directors meets at least once every quarter and, in addition, whenever the Chairman or two Board Directors convene a meeting. During 2013, the Board of Directors held eight meetings and the respective attendance, personally or by representation, was as follows:

Belmiro Mendes de Azevedo	100%
Maria Cláudia Teixeira de Azevedo	100%
Álvaro Carmona e Costa Portela	100%
Ivone Pinho Teixeira	100%
Francisco de La Fuente Sánchez	100%
Paulo José Jubilado Soares de Pinho	100%

The functioning and other logistic issues are dealt with by the Board's Secretary, which also ensures that records of decisions taken are kept in minutes of meetings and provides Board members with support information for the proposed agenda at least five days in advance and always leaving a weekend between distribution and the respective meeting.

24. Competent Bodies of the Company to appraise the performance of executive directors

Sonae Capital's Remunerations Committee is responsible for the performance appraisal, approval of remuneration, and other compensations of the Board of Directors, Fiscal Board and members of the Board of the Shareholders' General Meeting.

The Board Nomination and Remuneration Committee (BNRC), is fully composed by non executive members and support the Shareholders' Remuneration Committee in its duties.

25. Predetermined criteria for evaluating the performance of executive directors

The performance evaluation of executive directors is based on predetermined criteria, consisting of objective performance indicators established for each period and aligned with the Group strategy of growth and the business performance.
The named consist in business, economic and financial KPI´s (Key Performance Indicators) and are divided into company, department and individual KPI's.
The company's business KPIs include economic and financial indicators based on the budget, on the performance of each business unit, as well as on the consolidated performance of the Company. Meanwhile, the department business KPIs are similar in nature to the previous ones, being directly influenced by the performance of the Executive Director. The personal KPIs, which may include subjective and objective indicators, are determined by the compliance of individual obligations and commitments.

26. Availability of each member of the Board of Directors indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities by members of these bodies during the financial year

Information on other offices held by members of the Board of Directors can be found in the curricula vitae included in an appendix to this report. Members of the Board of Directors consistently demonstrated availability for the proper exercise of their duties.

c) Committees within the board of directors and delegates

27. Identification of committees created within the board of directors and where can be found the Regulations on the functioning

In addition to the Executive Committee, the Board has also appointed especialised advisory committees, namely the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee.

The Regulations on the functioning of these committees can be found at the website of the Company (www.sonaecapital.pt).

28. Executive Committee

Name	Position
Maria Cláudia Teixeira de Azevedo	Chief Executive Officer
Álvaro Carmona e Costa Portela	Vice-President
Ivone Pinho Teixeira	Chief Financial Officer

29. Competence of each committee created and synthesis of activities in exercise of those competence

Executive Committee

The Executive Committee has the ability to manage the day-to-day operations of the Company.

In accordance with the adopted policy, all Executive Committee members, including the CEO, share responsibilities in more than one area, with responsibilities being attributed according to the profile and experience of each member.

The Board of Directors may only deliberate if a majority of their members is present or represented, and decisions will be taken by a majority of votes cast by members present, represented or voting in writing.

The Executive Committee meetings may also be attended by members of the corporate team, at a Director's request, for assistance and advice on specific issues

The functioning and other logistic issues are dealt with by the Board's Secretary, which also ensures that records of decisions taken are kept in minutes of meetings and provides Board members with support information for the proposed agenda at least five days in advance and always leaving a weekend between distribution and the respective meeting.
The existence of a common Secretary to both governing bodies, ensuring information flows between them, contributes to the timely supply of information and reduces misinterpretation of information requests, thus leading to more efficiency and effectiveness in the process.

During the year 2013, the approved minutes of the Executive Committee meetings were made available to Non Executive Board members and Fiscal Board members. Members of the Executive Committee provide timely and adequate information whenever requested by members of other statutory bodies.

Board Audit and Finance Committee

The Board Audit and Finance Committee (BAFC) operate based on the terms approved by the Board of Directors.

As at 31 de December 2013, the BAFC is composed by Non Executive independent members, Francisco de La Fuente Sánchez (President) and Paulo José Jubilado Soares de Pinho.

The BAFC reviews Company's reports, financial information and financial statements, before they are approved by the Board, advises the Board on reports to shareholders and financial markets, on the adequacy and appropriateness of internal information provided by the Executive Committee, including internal business controls, and on compliance with best practices in corporate governance, and reviews, on behalf of the Board, the internal audit and risk management activities and assesses processes and procedures in order to ensure monitoring of internal control and the efficient management of risks. The BAFC meets directly the Statutory External Auditors and the Internal Audit team.
Regarding risk issues and the respective control please see numbers 50 and following on this report.

The BAFC shall meet at least six times a year before the disclosure of the annual and interim results, once before the approval of the annual consolidated budget, once to evaluate the effectiveness of corporate governance policies and practices of the Company and whenever it is convened by its Chairman, or the Board's Chairman or the Chief Executive Officer.

The Secretary of the BAFC circulates required agendas and support documents to the members of the BAFC at least five days in advance and always leaving a weekend between distribution and the respective meeting, also ensuring records of decisions taken are kept in minutes of the meetings.

Board Nomination and Remunerations Committee

The Board Nomination and Remunerations Committee (BNRC) is composed by the Chairman Belmiro Mendes de Azevedo (President) and the Independent Non Executive Member Francisco de La Fuente Sánchez.

BNRC operates under terms of reference approved by the Board of Directors and is responsible for identifying potential candidates for the position of Director or Senior Management positions within the Sonae Capital Group. It is also responsible for overseeing the preparation of proposals on remuneration and other compensation on behalf of the Board of Directors, for the succession planning, monitoring of talent management processes and the contingency plans. The BNRC reports to the Board of Directors, in writing, whenever necessary, and operates in coordination with the Remuneration Committee in obtaining approval for remuneration and other compensations of members of the Board of Directors and other corporate bodies. The BNRC may receive assistance from external entities, which should guarantee absolute confidentiality.

The BNRC meets at least once a year, before the annual meeting of the Shareholders' Remuneration Committee.

III. Supervision

d) Composition

30. Identification of the Fiscal Board

The Fiscal Board and the Statutory Auditor are the Supervision bodies of the Company.

31. Composition

In accordance with the Company's Articles of Association, the Fiscal Board shall be made of an odd or even number of members, with a minimum number of three members and a maximum number of five members, being the number of members decided upon by the Shareholders' General Meeting of the Company. One or two substitutes shall be appointed if the Fiscal Board is made up of three or more members, respectively.

The Fiscal Board appoints it's Chairman if the Shareholders' General Meeting has not made such an appointment. If the Chairman ceases his/her functions before the end of his/her mandate, the remaining members shall choose amongst themselves who will perform those duties until the end of the mandate. Substitute member(s) shall replace effective member(s) who are unable or have ceased to exercise their functions, and shall remain member(s) until the next Shareholders' General Meeting which will appoint new members to fill any vacancy(ies). If there are no substitute members available, the Shareholders' General Meeting shall appoint new members.

The members appointed for the current mandate (2013-2014) are:

Name	Position	First Appointment on
Manuel Heleno Sismeiro	Chairman	April 2009
Armando Luís Vieira de Magalhães	Member	December 2007
Jorge Manuel Felizes Morgado	Member	December 2007
Carlos Manuel Pereira da Silva	Substitute	December 2007

For further information about the Statutory Auditor please see below point 39 to 41.

32. Independence of the Fiscal board members

The members of the Fiscal Board are of the opinion that they can all be considered independent under the terms of number five article 414 of the Portuguese Company Law and that they comply with all incompatibility rules mentioned in number 1 article 414-A of the Portuguese Company Law.

In accordance by Law, the members of the Fiscal board have the obligation to immediately inform to the Company any change that can harm their independence.

33. Professional Qualifications

Professional qualifications and other relevant *curricula* elements of the members of the Fiscal Board are detailed in the appendix of this document.

e) Functioning

34. Location where the regulations governing the functioning of the Fiscal Board can be found

Regulations are available at the site of the Company (www.sonaecapital.pt).

35. Meeting of the Fiscal Board

Fiscal Board has at least one meeting in every three months. During 2013, the Fiscal Board held four meetings and the respective attendance, personally or by representation, was as follows:

Manuel Heleno Sismeiro	100%
Armando Magalhães	100%
Jorge Morgado	100%

The resolutions of the Fiscal Board shall be taken by a simple majority.

36. Availability of each member with description of positions held in other companies inside and outside the group and other relevant activities carried out

The members of the Fiscal Board performed their functions effectively and expressed total availability for the holding such position.

Professional qualifications and other relevant *curricula* elements of the members of the Fiscal Board are detailed in the appendix of this document.

f) Competences and functions

37. Description of the procedures and criteria for intervention by the Fiscal Board for the purpose of hiring additional services to the Statutory Auditor

The Fiscal Board is the responsible to approve the provision of additional audit services to the external auditor.

The Fiscal Board establishes, in the first meeting of each year, a work plan and timetable for the year, comprising among other subjects, the coordination of tasks with the Statutory Auditor including:

- Approval of the annual work plan of the Statutory Auditor;
- Follow-up of work performed and review of conclusions of the audit work and of interim and annual statutory audits;
- Overseeing the independence of the Statutory Auditor;
- Joint meeting with the Board Audit and Finance Committee (BAFC) for the review of
- matters regarding Internal and External Audit;
- Analysis of supply of services other than audit services in compliance with CMVM recommendation IV.2.

In the assessment of criteria that support the hiring of additional works to the External Auditor, the Audit Committee verifies the presence of the following:

- the hiring of additional services does not affect the independence of the External Auditor;
- such services should not be greater than 30% of the total value of services rendered to the company;
- tax advisory services and other services are provided with high quality, autonomy and independence from the executed under the audit process;
- are fulfilled the necessary criteria to guarantee the independence and impartiality.

38. Other functions

The duties of the Fiscal Board are those determined by law, which include amongst others:

(i) Overseeing the Company's Board of Directors;
(ii) Overseeing compliance with legal and regulatory requirements and the Company's Articles of Association;
(iii) Overseeing the preparation, disclosure and accuracy of financial information;
(iv) Prepare, annually, a report on its enforcement activity to the shareholders, including therein the description on the supervisory activity, detected any constraints and give an opinion on the financial statements and proposals made by the administration;

(v) Monitoring the effectiveness of the risk management system, internal control system and internal audit system;
(vi) Receive reports of irregularities presented by shareholders, employees or others;
(vii) Represent the Company and the Statutory Auditor, and to propose to the General Meeting its appointment and dismissal as well as the assessment of the activity performed, ensuring that are provided, within the Company, the appropriate conditions for the provision of their services, and the point of contact and the first recipient of the reports;
(viii) Monitoring the independence of the statutory auditor;
(ix) Approving the additional supply of services to be provided to the audit by the Statutory auditor;
(x) Submit specific opinion based on the fact that the rotation of auditors does not occur under the recommendations, considering the conditions of auditor independence that circumstance and the benefits and costs of replacement;
(xi) Oversee the internal auditor;
(xii) Issue prior opinion on transactions significantly relevant with qualifying shareholders or entities with which are in any respect under Article 20 of the Portuguese Securities Code, in accordance with procedures and criteria defined.

To carry out its duties, the Fiscal Board:

- Obtains from the Board of Directors, namely through the Board Audit and Finance Committee, all the necessary information to carry out its duties, namely relating to the operational and financial performance of the Company, changes to its business portfolio, the terms of any transactions that have occurred and the details of decisions taken;
- Reviews and monitors, during the year, the work of the internal and external auditors, and informs the Board of Directors of its recommendations;
- Monitors the risk management system, and, if there are any material issues, prepares an annual report of its assessment and recommendations to the Board of Directors;
- Receives from the Board of Directors, at least two days before the date of the meeting, the annual consolidated and individual financial statements and the Report of the Board of Directors and reviews in particular the main changes, relevant transactions and the corresponding accounting treatment applied;
- Receives from the Statutory Auditor, the statutory audit report on the financial statements, and reports its opinions and decisions taken;
- Records in writing communications of alleged irregularities that have been addressed to it, requesting information and clarification through the Board of Directors, and internal and/or external auditors, and prepares a report on its conclusions;
- Informs the Board of Directors about the procedures and checks carried out and the results thereof;
- Attends Shareholders' General Meetings;
- Carries out any other supervisory duties required by law.

To support the Fiscal Board's activity, the Company provides human and technical resources needed for scheduling meetings, preparing agendas, minutes and support documents and ensuring their timely distribution. Additionally, internal staff deemed relevant for matters in the agenda, is also present in the meetings, to present and explain the main questions raised

by the Fiscal Board. Items in the agenda regarding External Audit issues are discussed, at the request of the Fiscal Board, without the presence of other department's staff.

The Fiscal Board issues an annual report on the supervisory work performed including the annual assessment of the Statutory External Auditor, as well as an opinion on the report of the Board of Directors, consolidated and individual financial statements and corporate governance report presented by the Board of Directors, in order to meet the legal deadlines for presentation of those documents to the annual Shareholders' General Meeting. The Fiscal Board's report on annual activity is included in the annual reports made available on the Company's website (www.sonaecapital.pt).

The Statutory Auditor is the supervisory body responsible for legal certification of financial information of the Company, with the competence of:

(i) Verify the correctness of all the books, accounting records and supporting documents;
(ii) Verify the extent of cash and stock of any assets or securities belonging to the Company by or received as collateral, deposit or other purpose;
(iii) Verify the accuracy of financial statements and express their opinion thereon in the Legal Certification of Accounts and the Audit Report;
(iv) Verify that the accounting policies and valuation criteria adopted by the Company result in the correct valuation of assets and results;
(v) Carry out any examinations and necessary tests for audit and legal certification of accounts and carry out all the procedures determined by law;
(vi) Verify the implementation of remuneration policies and systems and the effectiveness and operation of internal control mechanisms reporting any deficiencies to the Audit Committee, pursuant under and within the limits of its statutory competence and procedural;
(vii) Confirming that the Corporate Governance Report includes the information listed in Article 245-A of the Securities Code.

IV. Statutory External Auditor

39. Statutory External Auditor identification and the representing partner

The Statutory Auditor of the Company for 2013-2014 is PricewaterhouseCoopers & Associados, SROC, represented by Hermínio António Paulos Afonso or by António Joaquim Brochado Correia.

40. Permanence of Functions

The Statutory Auditor is in its second term of two years, having been re-elected for another term, under proposal of the Fiscal Board, at the General Meeting of March 18, 2013. The Company's auditor is the same auditor since 2011 in almost all participating companies.

41. Other services provided to the Company

The Statutory Auditors additionally provides to the Company audit services as described below.

V. External Auditor

42. Identification

The Company's Statutory External Auditor for the term ended in 2013 was PricewaterhouseCoopers & Associados, SROC, registered with nr.9077 in Commission for Securities Market, represented by Hermínio António Paulos Afonso or by António Joaquim Brochado Correia.

43. Permanence of Functions

The Statutory External Auditor was elected by the Shareholders' General Meeting, by proposal of the Fiscal Board for the first time in 2011, to the 2011-2012 term of office and is in its second one. The representing partner prosecutes his functions since then.

44. Policy and frequency of rotation of the external auditor and its partner

The Company has not defined and implemented a rotation policy for the Statutory External Auditor once it only been working with the Company since 2011.

45. External Auditor assessment

According to the Corporate Governance model, the election or removal of the Statutory External Auditor is decided at the General Meeting upon the proposal of the Fiscal Board.
Additionally, the Fiscal Board oversees the performance of the External Auditor and the work during each exercise, considers and approves the additional work to provide and, annually, preprare an assessment of the External Auditor, which includes an assessment of their independence.

46. Additional work

In order to ensure External Auditor independence, tax consultancy services and other services (mostly related with management consulting) were provided by different teams than those involved in audit services. The Board Audit and Finance Committee and the Fiscal Board reviewed the scope of other services and concluded they did not affect the independence of Auditors.

The services provided by the external auditor, other than audit services, were approved by the Fiscal Board within the recommended principles. The percentage of those services in total services provided by PricewaterhouseCoopers & Associados, SROC (PwC) to the Company

amounts to 48%. From this, 25.1% correspond to a due diligence process, exceptional and non-recurring, which was carried out for the purpose of acquisition to subsidiaries of Enel Green Power SpA (Enel), a set of holdings and interests in cogeneration plants located in Portugal. This operation was disclosed to the market by the Company on 23 December 2013. The proposal submitted by PwC was selected because it was considered that this entity had better knowledge of the sector and best price. Given the amount involved and the fact that the services are provided by a completely different team from the entity that provides audit services, was preserved the auditor independence and impartiality.

As part of its work plan, the external auditor confirmed the application of policies and remuneration systems, as well as the effectiveness and performance of internal control mechanisms, and has not identified any material issues that should be reported to the Company's Fiscal Board.

47. Annual remuneration

During 2013, the total remuneration paid to the Company's external auditors was 170,866 euro, corresponding to the following services provided:

Values in Euro

	2013	%	2012	%	2011	%
Statutory Audit [1]	88,286	51.7	98,796	90.8	90,436	100.0
Other Assurance[2]	42,970	25.1	0	0.0	0	0.0
Tax Consultancy[2]	38,772	22.7	10,000	9.2	0	0.0
Other Services[2]	838	0.5	0	0.0	0	0.0
Total	**170,866**	**100.0**	**108,796**	**100.0**	**90,436**	**100.0**

[1] *Fees* agreed for the year.
[2] Amounts invoiced.

C. INTERNAL ORGANIZATION

I. Articles of Association

48. Rules about changes in Statutes

Amendments to the Articles of Association follow the terms of the Commercial Companies Code, requiring a two-thirds majority of votes cast for approval of such resolution.
To initialize the General Meeting on first call, the Articles of Association requires that a minimum of 50% of the issued capital is present or represented at the General Meeting.

II. Whistle Blowing Policy

49. Whistle Blowing Policy

The main features of the whistle blowing policy currently in place are:

- The definition of irregularities, which for the purpose of the Company's Policies and Procedures for the Communication of Irregularities are facts that infringe or severely damage:
    - Compliance with legal, regulatory or ethical principles by members of the Company's statutory bodies and staff or of its affiliated companies, in the course of their professional activity;
    - Assets of the Company and of its affiliated companies, as well as assets of clients, shareholders, suppliers and commercial partners of the Company or any of its affiliated companies;
    - Good management practices and the image or reputation of the Company or of any of its affiliated companies.

- The procedures for communicating irregularities, namely the envisaged means to address the Chairman of the Fiscal Board, the procedures to ensure that communication reaches the recipient without being breached or read in advance and the need for the explicit and clear identification of the whistle blower (even if his/her identity is to be kept confidential and only known to the Chairman of the Fiscal Board).

- To ensure a thorough, rigorous and impartial review process, means the access of the Fiscal Board to all the relevant documentation that can be provided by the Company to fully investigate the reported irregularities and the prevention from access to the

review process of any individual who, even indirectly, may have a conflict of interest with the disclosure of the review process.

- The handling of irregularities, particularly the fast and effective treatment of such communications, the implementation of corrective measures when necessary and the need to inform the whistle blower of such facts.

- The proposal of the Fiscal Board to the statutory bodies of the Company or to the statutory bodies of any affiliated company, when deemed necessary, for the adoption of measures considered necessary to solve the irregularities investigated.

- Prevent the potential occurrence of reprisals as a consequence of the whistle blowing activity as long as the whistle blower has not shown bad faith or participated in any irregularity.

The Company's Policy and Procedures, the main features of which are summarized above, are available for consultation on the Company's website (www.sonaecapital.pt).

During 2012, the Fiscal Board has not received, through the available means, any communication that falls under the ruling of this policy.

III. Internal Control and Risk Management

50. Individuals, bodies or committees responsible for internal audit and / or implementation of internal control systems

Sonae Capital assigns prime importance to the implementation of appropriate internal control and risk management principles. Market visibility, exposure and diversification of the businesses' risks and the increasing speed of information transmission, makes the implementation of these principles crucial to value creation and compliance with ethical and social responsibility values.

Risk management materializes with coordinated plans and systems aimed at managing and controlling opportunities and threats which may affect business objectives and Group companies, preventing errors and irregularities from occurring, minimizing their consequences and maximizing the organisation's performance and the reliability of its information on a going concern basis.

Risk management, as a support to Sonae Capital's corporate culture and objectives, is inherent in all management processes and is a continued concern for all Group managers and employees. Risk management aims to create value and is one of the main components of the sustainable development of companies through the identification, understanding,

management and mitigation of uncertainties and threats that may affect their different businesses, in order to increase the probability of their success and reduce the likelihood of failure.

BOARDS AND COMMITtEEES RESPONSIBLE FOR RISK MANAGEMENT AND INTERNAL CONTROL

- Board of Directors
- Executive Committee
- BAFC
- Statutory External Auditor
- Internal Auditor and Risk Management
- Corporate Center

51. Disclosure of the relationship to other committees of the Society in hierarchical dependence and / or functional relation

The **Board of Directors** is the responsible for the Risk Management Policy definition for the Company and its subsidiaries.

The **Executive Committee** is the resposible for the ongoing assessment of risks that affect the organization and the approval of measures, models and mechanisms for the asessment, control and mitigation of those risks.

The **Board Audit and Finance Committee** informs the Board of Directors about the suitability of internal information provided by the Executive Committee and of the systems and internal control principles and for compliance with the best practices in corporate governance. In addition, The Board Audit and Finance Committee advises the Fiscal Board on the appointment of the Statutory Auditor and to define the scope and remuneration for their work.

External Audit evaluates and reports the risks of reliability and integrity of accounting and financial information, thereby validating the internal control system set up for that purpose at Sonae Capital.

The Internal Audit function, acting as an independent entity of internal counselling, identifies and evaluates the efficacy and efficiency of management and control of risks of business processes and information systems, as well as risks of non conformity with legislation, contracts, policies and procedures of companies. The Risk Management and Internal Audit functions are coordinated by a single manager at Sonae Capital's Corporate Centre level, and its activities are reported and followed up by the Board Audit and Finance Committee of the Board of Directors.

The Board Audit and Finance Committee advises the Board of Directors about the quality and independence of the Internal Auditor and must be consulted by management regarding the appointment of the internal audit team.

Regarding the relationship between the two Audit committees, the Board Audit and Finance Committee reviews the scope of work of Internal Audit and its relation to the scope of work of the External Auditor and analyses with the external auditor and with the head of Internal Audit their reports on the review of the annual and interim financial information and the review of internal control, reporting the conclusions to the Board of Directors. These reports are issued to the Fiscal Board and to the Audit and Finance Committee simultaneously.

52. Existence of other functional areas regarding competences in risk control

The **Corporate Center**, reporting to Executive Committee, promotes, supports, ease and supports the procedure development of Risk Management, promoting the inclusion of risk level in strategic and operational decisions, and this function as well as the Internal Audit function are coordinated by a single manager at Sonae Capital's Corporate Centre level, and its activities are reported and followed up by the Board Audit and Finance Committee of the Board of Directors.

Like the Internal Audit and Risk Management functions, the management of financial and legal risks is also coordinated by two managers, at the Corporate Centre level of Sonae Capital and its activities are reported and followed up by the Audit and Finance Committee and by the Fiscal Board.

53. Main Risks to which the Company and its Affiliates are exposed

- **General Risks**

Financial Risks: Sonae Capital is exposed to a variety of financial risks namely interest rates, transaction and translation foreign currency exchange, liquidity and debt and equity financial market fluctuations, counterpart and credit risk (especially relevant in scenarios of economic downturn), commodity and raw material prices.

Sonae Capital's financial risk management policy seeks to minimize potential adverse effects of the volatility of financial markets, and with that end in mind, a coherent set of systems and processes are implemented at Sonae Capital allowing the identification, monitoring and management by the Corporate Finance function, on a timely basis.

The current situation of financial markets places liquidity risk, credit risk and fluctuations in capital and debt markets assume a forefront position in companies concerns due to potential impact in the continuity and development of businesses. In fact, the development of businesses of some companies held by Sonae Capital may require additional investment from Sonae Capital in its affiliates or Sonae Capital may intend to expand its businesses through organic growth or acquisitions and also business continuity demands the maintenance of appropriate liquidity reserves to face company's activities. The additional investment and the maintenance of liquidity reserves may be raised through shareholders' equity or external debt.

Sonae Capital cannot guarantee whether these funds, if necessary, will be obtained or that they will be obtained under the desired conditions in which case plans for business expansion may have to be altered or postponed.

In this context, the abovementioned systems and processes of financial risks management, which are centralized in the Company's Corporate Centre, are set out in order to mitigate those risks and to ensure liquidity management through:

(i) short, medium and long term financial planning based on cash flow forecasts;

(ii) treasury and cash management control instruments;

(iii) rigorous credit policies towards customers and follow up of risk evolution;

(iv) a variety of sources of and counterparts to funding;

(v) the adjustment of debt maturity profiles to cash flow generation; and

(vi) maintenance of an adequate level of liquidity through contractual arrangements relationship banks for short term credit facilities.

Additionally, Sonae Capital's attitude towards financial market risk management is conservative and cautious, sometimes using derivative instruments to hedge certain exposures related to its operating businesses or the arrangement of insurance credit whenever adequate. The Company does not therefore enter into derivatives or other financial instruments that are unrelated to its operating businesses.

Legal Risks: Sonae Capital and its businesses have a legal and tax function permanently dedicated to its activities, which are closely carried out with the remaining sovereign functions and businesses, in order to ensure, preventively, the protection of Sonae Capital's interests while complying with legal obligations and applying best practices. Legal and tax function is also guaranteed, on a national and international level, by external professionals, selected from reputed firms and based on criteria of competence, ethics and experience.

Information Systems risks: Information systems of Sonae Capital are characterized by being comprehensive, wide-ranging and spread. From an information security stand point, several actions to mitigate risks of compromising confidentiality, availability and integrity of business data have been carried out. Among those actions are off site backups, implementation of high availability systems, network redundancies, control and quality check of flows between software, management of accesses and profiles and implementation of antivirus. On a recurrent basis, the Internal Audit function carries out audit assignments in several domains: software, servers and networks with the purpose to identify and correct potential vulnerabilities that may have a negative impact in the business as well as to ensure the protection of confidentiality, availability and integrity of information.

People Risks: Sonae Capital's ability to successfully implement its strategy depends on the ability to recruit and retain the most qualified and competent employees for each function. Despite Sonae Capital's human resources policy being oriented towards attaining those goals, it is not possible to guarantee that there will be no limitations in this area in the future.

Insurable Risks: In relation to the transfer of insurable risks (technical and operational), Group companies negotiate insurance coverage with the objective of rationalizing these types of risk

by searching to establish a sound insurance capital structure for the capital values at risk, based on the constant changes in the businesses involved. On another level, insurance coverage and retention levels have also been optimized in accordance with the needs of each business, ensuring internally effective insurance management.

- **Company's Risks**

Sonae Capital's main assets, as an investment holding company, are shareholdings. Sonae Capital is therefore dependent upon the possible distribution of dividends by its affiliated companies, the payment of interest, the repayment of loans granted and other cash flows distributed by those companies. The ability of affiliated companies to make funds available to Sonae Capital will depend in part on their capacity to generate positive cash flows. The ability of those companies to, on the one hand, distribute dividends, and on the other, pay interest and repay loans granted by Sonae Capital, is subject to, in particular, statutory and tax restrictions, their financial results, available reserves, financial structure and compliance with any contractual obligations duly undertaken.

- **Affiliates Risks**

Sonae Capital has a diversified portfolio, hence major risks to which its affiliates are exposed may be sector specific. Most relevant risks are identified below.

I. SONAE TURISMO

a. **Sonae Turismo**'s businesses are subject to economic cycles and dependent on the growth of tourism activity and real estate in Portugal. Its tourism operations are dependent on tourist demand which, in turn, is linked to economic trends, both nationally and internationally. Any negative developments in the Portuguese economy or in the main countries feeding tourist visitors to the Portuguese market can have an adverse impact on its business performance. Similarly, leisure activity (health clubs) can be affected by the economy's behavior, notably, through a drop in consumer confidence and the consequent impact on household disposable income.

b. The successful marketing of high-quality tourism and residential property developments depends on the state of the real estate sector in Portugal and in major European countries (in view of the fact that a significant part of the tourism property developments is targeted at foreign investors) at the time that properties are put on the market. A less favorable economic environment than expected can put at risk current business expectations, namely in relation to selling prices and marketing periods, with a potentially negative impact on the Company's financial position.

c. The business carried on by Sonae Turismo as **tourism and hotel operator** is subject to supervision by the Directorate-General for Tourism and compliance with specific legislation for this activity. Any breach, or any alteration to the broad ranging legal framework applicable to the sector, could entail major risks for the business and for its operating performance.

d. The activity carried out by **Atlantic Ferries** and by the **Tróia Marina** is subject to the terms and periods referred to in the concessionary contracts signed, as follows: (i) Atlantic Ferries entered into, with APSS (Associação dos Portos de Setúbal e Sesimbra), in 2005, a concessionary contract for the river crossing public transport service of passenger, light and heavy vehicles between Setúbal and the Tróia Peninsula. The concession was granted for a period of 15 years extendable for successive periods of 5 years, if both parties agree; (ii) the Tróia Marina entered into, with the APSS, in 2001, a concessionary contract for the operation of the Tróia Marina for a period of 50 years. Any breach of the contractual obligations could entail major risks for the activity and have an impact on the companies' earnings.

e. The level of Sonae Turismo's business can depend on the intensity of competition – both regional and global – from the tourism destinations in which they operate. As a consequence of growth in demand, massive use of air transport and the emergence of new destinations, competition between tourism destinations is becoming increasingly more aggressive. However, over and above the convenience of the location, the brand's widespread awareness and the quality of the property development, in particular the offer of complementary facilities (restaurants, golf, SPA and other leisure activities), are important competitive advantages in this sector. As far as the Tróia Peninsula is concerned, tourism real estate developments may also be affected by competition from other developments, in particular, on the Alentejo coast, the Algarve and southern Spain. However, it is important to point out that the **troia**resort project is being developed in an area where the existing biodiversity and cultural heritage are considered to be the factors which differentiate the project, and can be capitalized on with new tourism services and products with a positive impact on the project.

f. In the leisure sector, namely in the Fitness segment where Sonae Turismo operates through Solinca Health & Fitness (health clubs), competition is based on the price and quality of the services provided. The response to increased competition both as a result of the entry of new operators into the market, from their increased size due to mergers and acquisitions, and the decision to try to increase the number of customers/members, could force a reduction in prices charged or the application of promotional discounts.

g. Some of the businesses carried out by Sonae Turismo are seasonal, with the result that abnormally adverse conditions during these periods could negatively affect the level of activity and operating results. These activities are subject to fluctuations in demand associated with natural disasters, as well as to factors of a social or political nature which could have an impact on the inflow of tourists and consequently on occupancy rates.

h. The possibility of the occurrence of risks to public health in the restaurant and health club activities and of accidents that may put at risk the safety and health of customers at the respective premises, may result in Sonae Turismo being held liable for damages, which could have an adverse effect on the Company's earnings and financial position. However, any possible risks for the restaurant and other businesses, arising from situations that could lead to public health risks are minimized by the implementation of a rigorous quality control and food safety system for processes and products, which is regularly audited by external companies with a view to continuous improvement. In this respect, Sonae Turismo uses tools such as HACCP (Hazard Analysis and Critical Control Points) defined in the "Codex Alimentarius" – Appendix to CAC/RCP 1-1969, Rev. 4 (2003), undertaking to comply with the requirements

specified therein, as well as with prevailing legislation, namely with Regulation (EC) nr. 852/2004 of the European Parliament and Council of 29 April 2004, relating to food hygiene.

II. REFRIGERATION, AIR CONDITIONING AND RELATED MAINTENANCE SERVICES

Activities related to refrigeration, air conditioning and related maintenance services have specific risks, the majority of which are related to competition from other companies operating in the same markets and to the economic situation. The following major risks have been identified:

a. Retail of equipment growth may be limited by pressure from Spanish rivals which are beginning to start up business in Portugal;

b. Engineering services in the refrigeration area may suffer a slowdown in their growth and profitability rates due to cuts in capital expenditure by the large food retailers and in the property sector, although new opportunities exist in alternative energies which could compensate for this reduction;

c. Maintenance, technical assistance and planning services in the electricity, electromechanical and air conditioning and ventilation areas are dependent on a limited number of customers, as a result of which cancellation of a contract may lead to excess capacity which must be managed, not only by increasing the customer base, but also by diversifying the range of services provided, allowing staff to be relocated if one of these contracts is lost.

III. ENERGY PRODUCTION

The area of Energy and Environment carries out its activity mainly in the development and management of cogeneration projects. Although this form of electric power production is a more efficient alternative and "environmental friendly", it nonetheless entails certain risks that could have an impact on the earnings of the companies concerned:

a. Cogeneration is a form of rationalizing the consumption of energy, given that the production of electric energy based on the energy released at the moment of combustion, is synonymous with the most efficient use of fuel (natural gas in the case of projects of Sonae Capital). A cogeneration power plant uses less fuel compared to that used in separate production of the same quantities of thermal and electric power. Related risks concern the award of CO2 emission licenses. Up to 2012, licences for the emission of CO2 were issued free of charge, but after that date nothing has yet been defined regarding new licenses to be attributed. However, it is important that the limits on greenhouse gas emissions that Portugal has committed to under the Kyoto Protocol are not exceeded;

b. Cogeneration has predefined tariffs defined by the State, hereby encouraging the production of this alternative form of electric power generation, more efficient and less polluting. The risks relating to the selling price of energy are minimized. In cogeneration projects, thermal energy is sold for industrial use, with the relevant price indexed to the price

of fuel. Electric power is sold at the price defined by the State for a protracted period of time. The introduction of austerity measures within the carry out of the economic austerity programme signed with European Union, European Central Bank and the International Monetary fund may bring additional barriers to the development of new projects;

c. The production of energy in cogeneration facilities, is subject to supervision by the Directorate-General for Geology and Energy (DGGE) and by the Energy Services Regulator (ERSE) - the entities responsible for regulating the electricity sector in Portugal, and to the compliance with specific legislation dealing with this sector. Any non-compliance, as well as any alteration to this wide ranging legal regime applicable to the sector could imply major risks for the activity and for its operating performance.

IV. OTHER ASSETS

Norscut holds the concession for the operation and maintenance under the shadow toll regime (*portagem sem cobrança aos utilizadores - SCUT*) of the A24 motorway and associated roads (motorway which links Viseu to the Chaves border). The concession is operated under a contract signed with the State on 30 December 2000 for a period of 30 years. Any breach of the contract's conditions could entail major risks for Norscut's activity and its operating performance. This contract may be changed as a result of ongoing negotiations endorsed by the Portuguese government, which intends to change the operating model, paying the concessionary for the availability of the infrastructure and not for its use. These contractual changes have not yet been agreed and may have a significant impact in the Company's activity.

54. Description of the identification, assessment, monitoring, control and risk management process

As a structured and disciplined approach that aligns strategy, processes, people, technology and knowledge, Risk Management is integrated throughout the planning process of Sonae Capital, aiming to identify, assess and manage the opportunities and threats that the business of Sonae Capital face in pursuing their goals of creating value.

The management and monitoring by Sonae Capital of its main risks is completed through several approaches and agents, among which are:

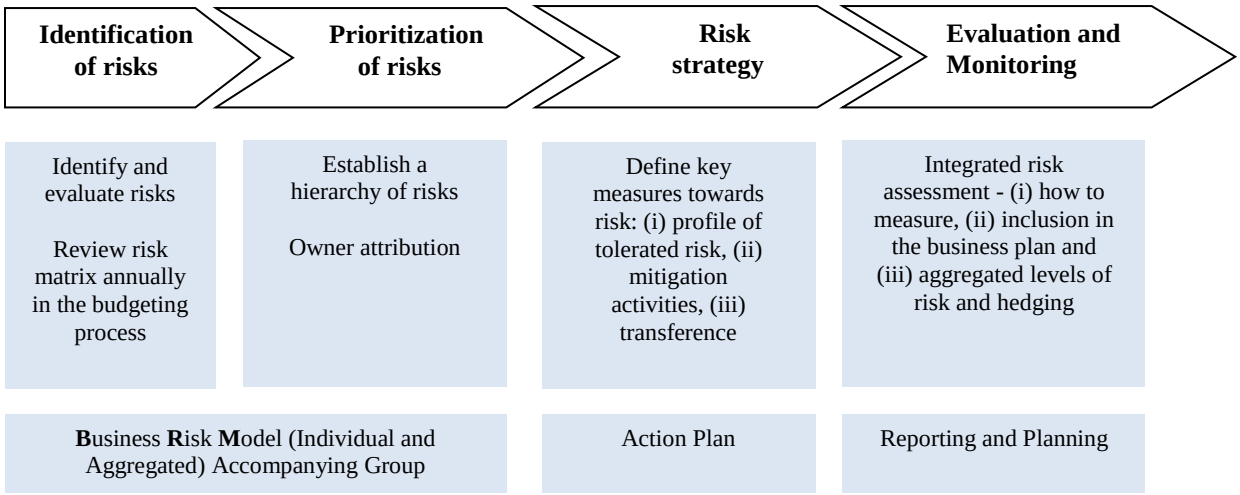
Policies and procedures of internal control set at both corporate and business levels, with the goal of ensuring:

- Adequate segregation of functions and duties;
- Definition of authority and responsibility limits;
- Safeguarding the Group's assets;
- Control, legal compliance and appropriateness of operations;
- Execution of corporate plans and policies;
- Integrity and accuracy of accounting records;
- Effectiveness of management and quality of information produced.

The Internal Audit team regularly carries out audit assignments with the objective of complying at all times with implemented policies and procedures.

Risk management process relying on an uniform and systematic methodology based on the international model of Enterprise Risk Management – Integrated Framework of COSO (The Committee of Sponsoring Organizations of the Treadway Commission), which includes, amongst others, the following:

- Identification and classification of risks that affect the organization (common language);
- Definition and grouping of risks (dictionary and risk matrix);
- Evaluation and attribution of the significance and priority of risks, according to the impact on businesses objectives and probability of occurrence;
- Identification of the causes of the most important risks (critical);
- Evaluation of risk management's strategies (options);
- Development of risk management's plan of actions and integration into the planning and management processes of each business unit and functions;



This process consists of the following steps:

(i) Within the Strategic planning, are identified and assessed risks to the portfolio of existing business and the development of new business and relevant projects, and defined strategies to manage those risks;

(ii) At the operational level, are identified and assessed risks of management of the business objectives and planned actions to manage those risks, which are monitored and included within the plans of the business units and functional units;

(iii) For general risks, such as large scale organizational change, structured risk management programs are developed with the participation of heads of units and functions involved;
(iv) Regarding safety risks of physical assets and human resources (risks "technical-operational"), audits and corrective measures are implemented. Regularly is reassessed the financial coverage of insurable risks;
(v) Financial risk management is carried out and monitored within the financial functions of the Company and business centralized in the Corporate Center whose work is reported, coordinated and followed up by the Finance Committee of Sonae and the Board Audit and Finance Committee;
(vi) The management of legal, tax and regulatory risks is carried out and monitored within the legal and tax function in the Corporate Centre;
(vii) The Internal Audit develops annual work plans which comprise audits on critical business processes, compliance audits, financial audits and audits of information systems.

Sonae Capital encourages continuous education and the adoption of best international methodologies and practices in Risk Management and Internal Audit. To that end, the Group supports attendance to training and knowledge update programmes, which include the international professional certification in Internal Audit promoted by the IIA – The Institute of Internal Auditors – the Certified Internal Auditor (CIA). The Internal Audit team members are Certified Internal Auditors.

External Audit evaluates and reports the risks of reliability and integrity of accounting and financial information, thereby validating the internal control system set up for that purpose at Sonae Capital and that materialize in the clear distinction between producers and users of such information and by performing several validation procedures throughout the process of its production and disclosure.

The Board of Audit and Finance Committee analyzes the risks of the Company, the models and the mechanisms adopted by the Executive Committee, assessing the suitability of these and propose to the Board possible needs for amendment of the company's risk management policy.

55. Main elements of the internal control systems and risk management implemented by the company regarding the financial disclosure process

The existence of an effective internal control environment, particularly in the financial reporting process, is a commitment of the Board of Directors of the Company, seeking to identify and improve the most important processes for the preparation and disclosure of financial information, with the objectives of transparency, consistency, simplicity, reliability and relevance. The purpose of the internal control system is to ensure a reasonable assurance regarding the preparation of financial statements in accordance with accounting principles, and the quality of financial reporting.

The reliability and integrity of accounting and financial information is guaranteed either by the clear distinction between producers and users, and the performing of several validation procedures throughout the process of its production and disclosure.

The internal control system with regard to accounting and preparation and dissemination of financial information includes the following key controls:

- The process of disclosure of financial information is formalized, the risks and controls are identified, being properly established and approved the criteria for the preparation and disclosure, which are periodically reviewed;
- There are three main types of controls: high-level (controls at the entity level), controls on information systems and procedural controls. These controls include a set of procedures related to the implementation, supervision, monitoring and improvement of processes, with the aim of preparing the company's financial reporting;
- The use of accounting standards, which are explained in the notes of the financial statements, constitutes one of the fundamental pillars of the control system;
- Plans, procedures and records of the Group companies enable reasonable assurance that transactions are executed only with a general or specific authorization of management and that these transactions are recorded to allow that the financial statements comply with and that these transactions are recorded to allow the financial statements comply with generally accepted accounting standards. It also ensures that companies hold updated records of assets and the asset record is checked against the existing assets, appropriate measures being adopted where differences occur;
- The financial information is analyzed in a systematic and regular basis by the management and heads of business units, ensuring ongoing monitoring and control the respective budget;
- During the process of preparing and reviewing financial information, is established a schedule, which is shared with the different areas involved, and all documents are reviewed in detail. This procedure includes a review of the principles used to verify the accuracy of the information produced and the consistency with the principles and policies defined and used in prior periods;
- The accounting books and the preparation of financial statements are provided by the Accounting and Reporting area, which ensure the control of the recording of transactions and balances of assets, liabilities and equity;
- The consolidated financial statements are prepared quarterly by the central function of Accounting and Reporting;
- The Report is prepared by the Corporate Planning and Control department, with input and further review of several areas of business and support. The Statutory Auditors also review the contents of this report (in its annual and semiannual versions) and its compliance with the financial support information;
- The Corporate Governance Report is prepared by the Corporate Legal department, in conjunction with the Planning and Control department;
- The financial statements are prepared under the supervision of the Executive Committee. The group of documents that constitute the semester and annually report shall be submitted for review and approval of the Board of Directors of Sonae Capital. After approval, the documents are sent its Statutory External Auditor, which discloses the Legal Certification of Accounts and the Report of the External Audit;

- The Statutory Auditor performs an annual audit and half year limited review of individual and consolidated financial statements. In performing their examination, in accordance with the Auditing Standards issued by the Portuguese Institute of Statutory Auditors, they are required to obtain a reasonable assurance, in the annual audit, and a moderate assurance, in the half year limited review, that financial statements are free from material misstatement. Such examination includes verifying, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Significant estimates and judgments made by management in their preparation are also assessed. Verification is also made of whether the accounting policies are appropriate, are consistently applied and adequately disclosed;
- In addition, in relation to the preparation of consolidated financial information and the Report of the Board of Directors, the whole process is overseen by the Fiscal Board and the Board Audit and Finance Committee. On a quarterly basis, these Bodies meet and review the consolidated financial statements and Report of the Board of Directors. The Statutory Auditors also present to the Fiscal Board and the Board Audit and Finance Committee, a summary of the main findings resulting from their examination of the Company's financial information;
- All those who are involved in the financial analysis of the Company are on the list of people with access to inside information, especially being informed about the content of their obligations and the sanctions resulting from the misuse of inside information;
- The internal rules for the disclosure of financial information aim to assure their timing and simultaneous disclosure to the entire market.

Among the causes of risk that may materially affect the accounting and financial reporting, we noted the following:

- Accounting Estimates – The most significant accounting estimates are described in the appendix to financial statements. Estimates were based on the best information available during the preparation of the financial statements, and the best knowledge and experience;
- Balances and transactions with related parties – The most significant balances and transactions with related parties are disclosed in the notes to the financial statements. These are mainly related to operating activities of the Group, as well as the granting and obtaining loans, made at market prices.

More specific information about how these and other risks were mitigated is available in the appendix to the financial statements.

IV. Investor Relations Office

56. Department responsible for investor relations, composition, functions, information provided by these services and elements for contact

Sonae Capital, SGPS, SA, via its Investor Relations Office maintains constant contact with investors and analysts by providing up to date information. In addition, on request, it provides clarification of relevant facts about the Company's activities, as already disclosed under the terms of law.

The objective of the Investor Relations Office of Sonae Capital, SGPS, SA is to ensure adequate relations with shareholders, investors, analysts, as well as with financial markets, particularly, with Euronext Lisbon and with the Portuguese Securities Market Commission (CMVM).

The Investor Relations Office of Sonae Capital, SGPS, SA, supplies, whenever necessary, all relevant information related to material events and answers queries from shareholders, investors, analysts and general public about financial indicators and different business areas' information available to the public.

In strict compliance with law and regulations, the Company informs expeditiously its shareholders and the capital markets in general of all relevant facts concerning its activities, avoiding delays between their occurrence and disclosure.

Information is made publicly available through the Information Disclosure System of the Portuguese Securities Market Commission (www.cmvm.pt) and on the Company's own website (www.sonaecapital.pt).

The Investor Relations Office can be contacted at: Telephone: +351 22 010 79 03; Fax: +351 22 010 79 35; e-mail: ir@sonaecapital.pt; Address: Lugar do Espido, Via Norte, Apartado 3053, 4471-909 Maia. The Investor Relations Manager is Bárbara Almeida, who can be contacted using the above numbers and address.

57. Legal Representative for Capital Market Relations

The Legal Representative for Capital Market Relations is Anabela Nogueira Matos (Telephone: +351 22 010 79 25; Fax: +351 22 010 79 35; e-mail: anm@sonaecapital.pt).

58. Information about the volume and response time for information request at the year or outstanding from previous years

Sonae Capital, SGPS, SA, via its Investor Relations Office maintains constant contact with investors and analysts by providing up to date information. In addition, on request, it provides clarification of relevant facts about the Company's activities, as already disclosed under the terms of law. All information requests are analyzed and answered within five working days.

V. Website

59. Address

The Company has a website for disclosure of information. Its address is: http://www.sonaecapital.pt.

60. Location of the information mentioned in Article 171 of the Commercial Companies Code

Specific information can be found at the following website:
http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=682&exmenuid=698

61. Location where the Articles od Regulation for the committees can be found

Specific information can be found at the following website:
http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=683&exmenuid=682

62. Location where is provided information about the identity of the governing bodies, the representative for market relations, the Investor Relations Office, functions and means of access

Specific information can be found at the following website:
http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=685&exmenuid=683

63. Location where is provided the documents of accounting, calendar of corporate events

Specific information can be found at the following website:
http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=688&exmenuid=685

64. Location where is provided the notice to General Meeting and related information

Specific information can be found at the following website:
http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=794&exmenuid=689

65. Location where the historical archives are available with resolutions adopted at general meetings of the company, the represented share capital and the voting results, with reference to the previous 3 years

Specific information can be found at the following website:
http://www.sonaecapital.pt/PresentationLayer/conteudostextoslistagem.aspx?menuid=689&exmenuid=794

D. REMUNERATIONS

I. Competence for definition

66. Competence for determining the remuneration of governing bodies of the executive committee members and managers of the Company

Based on the remuneration and compensation policy approved by the shareholders in the General Meeting, Sonae Capital's Remunerations Committee is responsible for the approval of remuneration and other compensations of the Board of Directors, Fiscal Board and members of the Board of the Shareholders' General Meeting.

Regarding the remuneration of Executive directors, the Nomination and Remunerations Committee liaises with the Shareholders' Remuneration Committee, contributing with proposals before a decision is taken.

II. Remuneration Committee

67. Composition of the Remuneration Committee, including the identification of other independent commission hired to support the committee

The Board of Directors appointed the members of the Board Nomination and Remuneration Committee (BNRC). The BNRC is composed of Belmiro Mendes de Azevedo (Chairman of the Board of Directors) and Francisco de La Fuente Sánchez (Non Executive Independent Director).

The Board Nomination and Remuneration Committee is composed by Non Executive Members and support the Remuneration Committee on its duties.

Independence
The members of the Remuneration Committee are independent of the board of directors, with the explanation contained in the following paragraph.
Belmiro Mendes de Azevedo, Chairman and Non executive member of the Board of Directors, is member of the Shareholders' Remuneration Committee, by representation the company Efanor Investimentos, SGPS, SA (majority shareholder of Sonae Capital), acting as a the shareholder's representative in the Remuneration Committee. To ensure the independence in the exercise of such functions, this member does not take part in the discussion nor votes on any decision from which a conflict of interest may arise.

68. Experience and professional qualifications of the members of the Shareholders' Remuneration Committee

The experience and professional qualifications of the members of the Shareholders' Remuneration Committee allows them to carry out their duties in a rigorous and competent manner in safeguard of the interests of the Company.

III. Remuneration Structure

69. Remuneration policy and performance assessment

The remuneration of members of the statutory bodies of the Company is fixed by the Shareholders' General Meeting. The Shareholders' General Meeting fulfilled in 18 March 2013 has appointed the current Shareholders' Remuneration Committee to set and propose the compensation and performance assessment policies and respective guidelines.

The proposals for the remuneration of members of statutory bodies are formulated, taking into account:

- General market benchmark;
- Practices of comparable companies, including other segments of Sonae Capital with comparable situations;
- Establishment a fixed remuneration for the members of the General Meeting, Fiscal Board and non-executive directors;
- Establishment of a fixed remuneration and, in some cases, variable for executive directors.

The remuneration policy for board members and executives of Sonae Capital, SGPS, SA in the current reporting period is available at www.sonaecapital.pt (General Meeting section).

70. Information about remuneration structure in order to align the interests of members of the board with the long-term interests of the Company as well as about the Company assess and discourage excessive risk assumption

The proposals regarding remuneration and other compensations of the Executive Directors are prepared considering market benchmarks, other internal comparisons and individual assessment of each executive director, based on the performance against defined objectives. Under the approved policy, the compensation package should promote the alignment between the management team and the interests of shareholders, with the variable component being dependent on both individual and Company's performance and, preventing behaviors which may lead to excessive risk assumption. This objective is also ensured by setting a maximum limit to each Key Performance Indicator (KPI).
The structure of remuneration with as set out, and the deferral of at least half the value corresponding to the variable remuneration dependent on fluctuations in the share price, guarantees, in the opinion of the Company, the alignment of the interests of Executive

Directors with those of all shareholders. This approach promotes management orientation towards long term interests of the company and the adoption of risk weighting approaches.

71. Reference, if applicable, of the existence of a variable remuneration component and information about likely impact of performance appraisal in this component

As described before in 69., remuneration and compensation policy for Executive Directors (ED) may include (i) a fixed remuneration, including a Base Salary and an annual responsibility allowance (ii) a variable remuneration, paid in the first half of the following year to which it relates and conditional to the fulfilment of the objectives set in the previous year, divided in two components, (a) a Short Term Variable Bonus, payable immediately after the granting date, and b) a Medium Term Variable Bonus, which will be payable on the third anniversary of the granting date.

(i) Fixed remuneration of the Executive Director is defined according to individual skills and the responsibility level of each Executive Director, and will be reviewed annually.

(ii) The variable remuneration aims at rewarding Directors for the achievement of predefined objectives, based on key performance indicators of business activity, of teams under his/her responsibility and on his/her individual performance and is attributed after the Company's earnings are known and performance appraisal has been done. Variable remuneration is set annually, and the value of the pre-defined objective varies between 30% and 60% of total annual remuneration (fixed remuneration and target for variable remuneration), depending on circa 70% from business KPI's which comprise a significant share of economic and financial indicators. These are objective indicators which are divided into Company and department KPIs. The company's business KPIs include economic and financial indicators based on the budget, on the performance of each business unit, as well as on the consolidated performance of the Company. These KPIs take into consideration not only the real growth of the Company and value effectively delivered to shareholders, as well as its long-term sustainability and the limits on risk assumptions. Meanwhile, the department business KPIs are similar in nature to the previous ones, being directly influenced by the performance of the Executive Director.
The remaining 30% are determined by the compliance of personal KPIs, which may include subjective and objective indicators.

72. Deferring payment of the variable remuneration component, specifying the period of deferral

As described before, at least 50% of variable remuneration is deffered for a three year period. The payment is carried out according to the following paragraph.

73. Criteria that underlie the allocation of variable remuneration in shares and the maintenance of these shares by Executive Directors

According to the plan approved by the Shareholders' General Meeting, eligible members are granted the right to acquire, at nil cost, a number of shares corresponding to the division between the amount of the medium term variable bonus granted and the lower of the following closing share prices, in the Portuguese stock market: i) closing share price of the first

business day after the Shareholders' General Meeting, or ii) the average closing share price of the thirty-day period of trading prior to the Shareholders' General Meeting.

If dividends are distributed, changes in the nominal value of shares or in the share capital if the Company occur or any other change in equity with impact in the economic value of attributed rights, after the granting date and before its exercise, the amount converted in shares will be adjusted to an equivalent figure considering the effect of the mentioned changes.

To ensure effectiveness and transparency of objectives of the Remuneration and Compensation Policy was established that the executive directors:

- have not signed contracts with the company or third parties aimed at mitigating the risk inherent to changes in the remuneration that was set by the company;
- shall not sell during the new mandate, shares of the company that were attributed as variable remuneration, up to the limit of two times the value of the total annual remuneration, except those which need to be sold to cover tax payments which may arise following the attribution of those same shares

In 2013 the variable component of total remuneration was of 10%.

74. Criteria that underlie the allocation of variable remuneration in options and indication of the deferral period and the exercise price and the members of the Company

The Company did not establish any variable remuneration in options.

75. Main parameters and reasoning for any scheme of annual bonuses and any other non-cash benefits

Main parameters and reasoning about variable remuneration are detailed at the remuneration policy approved in March 2013 General Meeting and is available at: http://www.sonaecapital.pt/.

76. Main characteristics of complementary pension or early retirement schemes for the Administrators

The Company does not have any complementary pension or early retirement schemes for Directors.

IV. Disclosure of remuneration

77. Statement of the annual amount of remuneration received by the board members including fixed and variable remuneration, and for this, mentioning the different components that gave rise

The remuneration policy includes a relationship between the fixed and variable components to the appropriated profile of the company as well as the ceilings are consistent with practices of comparable companies, and as such was approval of the Shareholders' General Meeting.

During 2013, members of the Board of Directors of Sonae Capital, SGPS, SA were paid the following remuneration and other compensation:

Values in Euro

Name	Fixed Remuneration	Performance Bonus Paid	Deffered Performance Bonus Paid	Total
Board of Directors in office				
Belmiro Mendes de Azevedo	211,800	49,900	31,609	293,309
Álvaro Carmona e Costa Portela	72,300	0	0	72,300
Maria Cláudia Teixeira de Azevedo	103,979	17,958	0	121,937
Ivone Pinho Teixeira	106,332	0	0	106,332
Sub-total Executive Directors	**494,411**	**67,858**	**31,609**	**593,878**
Francisco de La Fuente Sánchez	34,600	0	0	34,600
Paulo José Jubilado Soares de Pinho	24,800	0	0	24,800
Sub-total Non executive Directors	**59,400**	**0**	**0**	**59,400**
Full Total	**553,811**	**67,858**	**31,609**	**653,278**

78. Any amounts paid by other companies in a control or group or that they are subject to the same domain

The values described above, 82,127 euros were paid by a company in a control because Ivone Pinho Teixeira have assumed executive functions during the year 2013.

79. Compensation paid in the form of profit sharing and / or bonus payments and the reasons why such bonuses and / or profit sharing were granted

Amounts were paid as described above and were granted based on the degree of achievement of objectives.

80. Compensation paid or owed to former executive directors following the termination of their duties during the year

The Company neither paid nor has due compensations to any former executive director.

81. Indication of the annual remuneration earned in aggregate and individually, by the members of the Fiscal Board of the Company

During 2013, members of the Fiscal Board of Sonae Capital, SGPS, SA were paid the following fixed remuneration (no other remuneration was paid):

Values in Euro

	Fixed Remuneration
Manuel Heleno Sismeiro	7,560
Armando Luís Vieira de Magalhães	6,100
Jorge Manuel Felizes Morgado	6,200
Total	**19,860**

Remuneration paid to Statutory Auditor was previously described in item 47.

82. Indication of the annual remuneration earned by the Chairman of the Shareholders' General Meeting

The remuneration of the Chairman of the Shareholders' General Meeting was the fixed remuneration of 3,000 euro.

V. Agreements with remuneration implications

83. Contractual limitations provided for compensation payable for unfair dismissal Managers and its relationship with the variable remuneration component

The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance.

Members of the Board of Directors receive no additional compensation, applying the same criteria as all employees. There are not yet any individual contracts with administrators to define the methodology of calculation of any compensation. Moreover, Sonae Capital never assigned or assign any compensation plans in the event of dismissal or termination of service by inadequate performance.

84. Reference to the existence and description, stating the sums involved, of the agreements between the company and members of the Board of Directors, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the company

There are no agreements due to this specific matter.

VI. Share Plans and Stock Option Plans

85. Identification of the plan and recipients

The plan for allocations of shares includes the medium-term variable remuneration (MTVR) and their recipients executive directors in terms detailed above in paragraph 69. to 76. as well even as employees of group companies, in terms to define by the respective Board.

86. Plans functioning

The current plan was approved by the Shareholders' General Meeting as at 18 March 2013, under proposal of the Remuneration Committee in establishment of article 2 of the Law 29/2009 of 19 June and the Recommendation II.1.5.4 CMVM (2010), currently Recomendation II.3.4 CMVM (2013), and can be found at www.sonaecapital.pt (General Meeting section).

The MTVR is one of the components of remuneration policy, integrating the share of the variable remuneration of executive directors whose payment is deferred in time. This remuneration component allows the recipient to share with shareholders the value generated by their involvement in the strategy and management of Sonae Capital Business.

Under the approved plan, are eligible for the allocation of the MTVR executive directors of Sonae Capital Group. The Board of Directors may also extend the MTVR to employees whom, by this policy, the Plan is applicable.

Elegible members	Value of reference of the variable medium term remuneration component (% of total variable remuneration objective)
Executive Directors Sonae Capital	At least 50%
Executive Directors businesses	At least 50%
Employees	Terms to be set up by the Board of each Company

The MTVR is set annually for three years periods. From the beginning of the third consecutive plan overlapping three-year plans will occur at every moment.

The MTVR is valued at the date of attributing to representative prices in the share price considering the effect corresponding to the closing of the first business day following the General Meeting or the average price more favorable value (considering for the purpose of determining the average price, the closing price in the 30 trading days prior to the date of the General Meeting).

Is assigned to members covered the right to purchase a number of shares determined by dividing the value of the variable remuneration awarded and medium-term share price at the grant date calculated in accordance with the preceding paragraph, such right may be exercised after three years of the grant.

The executive directors covered by the plan, acquire the shares without payment of compensation. Other employees who have been assigned that right can acquire shares under the conditions established by the Board of each Company.

If dividends are distributed, changes in the nominal value of shares or in the share capital if the Company occur or any other change in equity with impact in the economic value of attributed rights, after the granting date and before its exercise, the amount converted in shares will be adjusted to an equivalent figure considering the effect of the mentioned changes.

On the vesting date, the Company reserves the right to settle in cash, equivalent to the market value of shares. The right to exercise is dependent on the maintenance of a contractual link between the Director and the Company three years after the grant date.

The right to purchase the shares allocated by MTVB matures expired three years after being granted.

The exercise of the right to acquire the shares granted at the end of the Plan expires if occurs the termination of the bond between the member and the company without prejudice in the following paragraphs.

The right will remain in force if permanent disability or death of the member, in which case, the payment to own or the inheritors at the date of the respective maturity.

In case of retirement of the member which was granted the right, it may be exercised on its expiration date.

The plans of the MTVR of the executive members of the Board of Directors and Executive Directors of the Company ongoing in 2013 can be summarized as follows:

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Year of Grant	Vesting Year	Number of participants[1]	Fair value		
			31. Dec.13	31. Dec.12	31 Dec.11
2009	2012	-	-	-	75,054
2010	2013	-	-	24,585	77,011
2011	2014	2	106,579	42,203	132,017
2012	2015	8	467,581	195,897	-
2013	2016	8	535,181	-	-
Total			**1,109,342**	**262,685**	**284,082**

[1] As at 31 December 2013

87. Option rights granted to acquire shares (stock options) where the beneficiaries are company employees

During 2013, the Company did not approve any plan to acquire share by employees.

88. Control mechanisms in any system of employee participation in the capital

There are any control mechanisms to control employee participation in the capital.

E- RELATED PARTY TRANSACTIONS

I. Control procedures and mechanisms

89. Mechanisms implemented by the Company for purposes of monitoring of transactions with related parties (for this purpose refers to the concept resulting from IAS 24)

The Company defines the execution of transactions with related parties by principles of stringency, transparency and strict compliance with the competitive market rules. Such transactions are subjected to specific administrative procedures arising from regulatory constraints, including those relating to transfer pricing rules, or voluntary adoption of internal systems of checks and balances, in particular reporting processes or formal validation, depending on the value of transaction at issue. Transactions with holders of qualifying holdings

or entities in any relation under Article 20 of the Portuguese Securities Code are formally submitted to the prior opinion of the Board of Finance and Audit Committee if the amount is materially significant.

90. Statement of the transactions that were subject to control in the reference year

Business dealings or transactions with members of the Board of Directors or holders of qualified shareholdings, are part of the day to day activity of Sonae Capital affiliated companies and made on an arm's length basis. The amounts involved, essentially from rents charged, are not material.

There were no business dealings with Fiscal Board members.

Transactions with the Statutory Auditor were solely those related to his official duties, and the fees paid are described in section 47. of the current report.

Transactions with holding companies, affiliates or group companies were not material and were made on an arm's length basis as part of the normal business activity of the Company and, as such, do not require further disclosure.

91. Description of the procedures and criteria for intervention by the Authority for the purpose of preliminary assessment of the business carried out between the company and holders of qualifying holdings or entities that are in a relationship with them, under Article 20. of the CVM

Criteria and procedures defined in paragraph 89. above.

II. Elements related to transactions

92. Location where the financial statements and the information about transactions with subsidiaries can be found (in accordance of IAS 24)

Specific information can be found at the Company's website.

PART II – GOVERNANCE MODEL EVALUATION

1. Identification of adopted Corporate Governance Code

The Corporate Governance Report provides a description of the Corporate Governance structure and practices followed by the Company under the terms of article 245-A of the Portuguese Securities Code and information duties required by CMVM Relation no. 4/2013, of 1 August. The Report additionally discloses, in light with the principle of comply or explain, the terms of compliance by the Company with the CMVM Recommendations contained in the CMVM Corporate Governance Code (2013).

This section should be read together with and as a complement to the 2013 Management Report and Individual and Consolidated Accounts.

The information requirements of article 3 of Law no. 28/2009, of 19 June, articles 447 and 448 of the Portuguese Companies Act, article 245-A of the Portuguese Securities Code and CMVM Regulation no. 5/2008 has been fulfilled.

The Company has adopted the Corporate Governance Code issued by the CMVM in July 2013. All of the rules and regulations mentioned in this Report are publicly available at www.cmvm.pt.

2. Analysis of compliance with the adopted Corporate Governance Code

I. VOTING AND COMPANY CONTROL

I.1 Companies should encourage their shareholders to participate and vote in general meetings, in particular by not setting an excessively high number of shares required to be entitled to one vote and implementing essential means to the exercise of voting rights by electronic means.

RECOMMENDATION FULLY ADOPTED - CHAPTER 12 OF THIS REPORT

The company encourages its shareholders to participate in general meetings, in particular by assigning to each share one vote, not limiting the number of votes that may be held or exercised by each shareholder and making available to shareholders the means necessary to exercise voting by correspondence (postal vote) or electronically.

Additionally, the company publishes on its website, from the date of notice of each General Meeting, standard documents to facilitate access to information necessary for issuing the notifications required by shareholders to ensure their presence at the meeting, and also provides an e-mail address to clarify all doubts and for the reception of all communications to participate in the General Meeting.

I.2 Companies should not adopt mechanisms that hinder the passing of resolutions by shareholders, including setting a deliberative quorum greater than foreseen in the law.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 12, 13 AND 14 OF THIS REPORT

The Company's Articles of Association do not establish deliberative quorum greater than the legally prescribed.

I.3 Companies shall not establish mechanisms which therefore cause the mismatch between the right to receive dividends or subscription of new securities and the voting rights of each ordinary share, unless duly justified according to the long-term interests of shareholders.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 12 AND 13 OF THIS REPORT

Any mechanism of this nature is established.

I.4 Corporate articles of association that provide a limitation to the number of votes that may be held or exercised by a single shareholder, individually or in agreement with other shareholders, shall also establish that, at least every five years, the maintenance of such articles shall be subject to a resolution at the Shareholders' General Meeting – with no requirements for an aggravated quorum as compared to the legal one – and that upon such resolution all votes cast shall be counted without the operation of such limitation.

RECOMMENDATION NOT APPLICABLE

The Company's Articles of Association do not establish any limitation on the number of votes that may be issued by a shareholder.

I.5 Measures that have the effect of requiring payments or assumption of charge by the Company in the case of change of control or composition of the Board of Directors, thus hindering the shares' free transferability and shareholders' free evaluation of the performance of members of the Board of Directors, shall not be adopted.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 4 AND 84 OF THIS REPORT

The Company does not adopt, unilaterally, policies that have the effect of any restrictions listed in this recommendation. The contracts concluded by the Company reflect the defense of their social interest in order to achieve business sustainability in the long term within market conditions framework.

II. SUPERVISION, ADMINISTRATION AND SURVEILLANCE

II.1 SUPERVISION AND ADMINISTRATION

II.1.1 Within the limits established by law, and unless the company is of a reduced size, the Board of Directors shall delegate the daily management of the company and the delegated duties should be identified in the Annual Corporate Governance Report.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 28 AND 29 OF THIS REPORT

The Board of Directors has delegated the daily management of the company to the Executive Committee.

II.1.2 The Board of Directors shall ensure that the activity of the Company is in accordance with its ends, and should not delegate its duties, namely in what concerns: i) definition of the Company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 21 OF THIS REPORT

The powers not delegated by the Board comply with the rules contained in this recommendation.

II.1.3 The General and Supervisory Board, in addition to the exercise of supervisory powers that are entrusted to them, must assume full responsibility at corporate governance level. So by the statutory provision or by equivalent means, should be given the obligation to this body to decide on the strategy and major policies of society, the definition of the corporate structure of the group and the decisions that must be considered strategic due to the amounts or risk. This body should also assess compliance with the strategic plan and the implementation of major policies of the company.

RECOMMENDATION NOT APPLICABLE

The adopted Corporate Governance model doesn´t include the General and Fiscal Board.

II.1.4 Unless the Company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvement.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 27 AND 29 OF THIS REPORT

The Board of Directors has appointed two specialized committees composed of non-executive members, for the purpose of assisting and enhancing the quality of its work. The Board of Audit and Finance Committee and the Board of Nomination and Remuneration Committee are in place.

II.1.5 The Board of Directors or the General and Supervisory Board, depending on the model adopted, should set goals in terms of risk-taking and create systems for their control in order to ensure that the risks actually incurred are consistent with those goals.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 29 AND 51 OF THIS REPORT

The Board of Directors has established internal risk control systems with appropriate components.

II.1.6 The board of directors shall include a sufficient number of non-executive directors whose role is to ensure an actual ability to audit, supervise and assess the activity of its executive members.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 18 AND 29 OF THIS REPORT

The Board of Directors consists of a total of six members, three of whom are non-executive.

II.1.7 The Non-Executive Members shall include a number of independent members as appropriate, taking into account the adopted governance model, the size of the company and its shareholder structure and the respective free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee is assessed in accordance with applicable law, and as to the other members of the Board are considered independent the person who is not associated with any group of specific interests on the company, nor under any circumstance likely to affect their impartiality of analysis or decision, particularly in relation to: a. Have been an employee of the company or with which it is found in a control or group situation in the past three years; b. Have provided services or established significant business relationship with the company or with which it is in a control or group, either directly or as a partner, director, manager or agent, in the past three years; c. Being in favor of compensation paid by company or by a company with which it is found in a control or group than the remuneration resulting from the exercise of the duties of a director; d. Living in consensual union, or be a spouse, relative or other kind of relation directly to the 3rd degree, even in the collateral line, of administrators or individuals directly or indirectly qualifying shareholders; e. Be qualified shareholder or a representative of a qualified shareholder.

RECOMMENDATION FULLY ADOPTED - CHAPTER 18 OF THIS REPORT

The Board of Directors is composed of two independent non-executive directors who meet the independence criteria set out in this recommendation.

II.1.8 When Directors that perform executive functions are requested by other Board Members to provide information, the former shall do so in a timely manner and the information provided must adequately suffice the request made.

RECOMMENDATION FULLY ADOPTED - CHAPTER 29 OF THIS REPORT

The Executive Committee provides in a timely manner to the Board of Directors the contents of all the resolutions it has adopted during the year. The executive members provide to non-executive members, as well as to the other board members, all explanations necessary for the exercise of their powers, either at members´ request or on their own initiative.

II.1.9 The Chairman of the Board of executive directors or Executive Committee shall send, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Commission for Financial Affairs, the convening notices and minutes of its meetings.

RECOMMENDATION FULLY ADOPTED - CHAPTER 29 OF THIS REPORT

The Chief Executive Officer provided to the Chairman of the Board of Directors and Chairman of the Audit Committee all the information regarding the meetings held.

II.1.10 If the Chairman of the Board of Directors has an executive role, this body shall appoint, amongst its members, an independent trustee to ensure the coordination of the work of other non-executive members and they take decisions in an independent and informed manner or find an equivalent mechanism to ensure such coordination.

RECOMMENDATION NOT APPLICABLE

The Chairman of the Board of Directors does not perform executive functions.

II.2 SURVEILLANCE

II.2.1 The Chairman of the Supervisory Board, the Audit Committee or the Committee for Financial Affairs (as the applicable model may be) shall be independent, according to the applicable legal standard, and have adequate skills to carry out his duties.

RECOMMENDATION FULLY ADOPTED - CHAPTER 32 AND APPENDIX OF THIS REPORT

The Chairman of the Fiscal Board, as all the others board members, are independent according to the criteria set out in nr. 5 of article 447 of the Portuguese Companies Act and have the skills and experience needed to carry out their functions.

II.2.2 The Supervisory Board should be the main interlocutor of the external auditor and the first recipient of their respective reports, and also responsible for propose the respective remuneration and to ensure that are provided the appropriate conditions for the provision of services within the company.

RECOMMENDATION FULLY ADOPTED - CHAPTER 38 OF THIS REPORT

The Fiscal Board is responsible for the supervision of the Statutory External Auditor activity and independence, interacting directly with him the terms of their competencies and performance standards contained in Regulation of the Fiscal Board, and receive and approve their reports. The company believes that the fact that the Statutory External Auditor simultaneously sends reports to the Board of Directors does not threaten compliance with this recommendation.

II.2.3 The Supervisory Board shall assess the Statutory External Auditor on an annual basis and propose the removal of the same or the termination of the contract for the provision of their services whenever justifiable grounds are present.

RECOMMENDATION FULLY ADOPTED – CHAPTER 28 OF THIS REPORT, ANNUAL REPORT AND FISCAL BOARD REPORT

The Fiscal Committee annually assesses the External Auditor, stating that evaluation on its annual report and opinions, available along with other documents of accountability at www.sonaecapital.pt (Investors tab, General Meetings section).

II.2.4 The Fiscal Board shall evaluate the internal control and risk management systems and propose adjustments that may be required.

RECOMMENDATION FULLY ADOPTED – CHAPTER 38 OF THIS REPORT

The Board of Directors proactively ensures internal control and risk management systems. The Fiscal Board assesses the effectiveness of those systems, proposing necessary measures to optimize it and stating his opinion on its annual report and opinions.

II.2.5 The Audit Committee, the General and Supervisory Board and the Fiscal Board shall decide on the work plans and resources allocated to internal audit services and to the services that ensure compliance with the rules applicable to the Company (compliance services), and should be addressed to the reports from these services at least when they are concerned matters related to accountability, identification or resolution of conflicts of interest and the detention of potential illegalities.

RECOMMENDATION FULLY ADOPTED – CHAPTER 38 AND 51 OF THIS REPORT

The Fiscal Board establishes the action plan with the internal audit, supervises their activities, receives regular reporting on activities undertaken, assesses the results achieved, assesses the existence of irregularities and issues guidelines as are deemed convenient.

II.3 REMUNERATION FIXING

II.3.1 Members of the Remuneration Committee or similar, shall be independent from the executive members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.

RECOMMENDATION FULLY ADOPTED – CHAPTER 67 OF THIS REPORT

Belmiro de Azevedo, Chairman of the Board of Directors and non-executive member of this board, integrates the Remuneration Committee, having been elected to such committee by the General Meeting on the proposal of the majority shareholder, Efanor Investimentos, SGPS, SA. Belmiro de Azevedo represents shareholder interest and intervenes in this quality and not as Chairman of the Board of Directors.
To ensure the independence in the exercise of such functions, this member does not take part in the discussion nor votes on any decision from which a conflict of interest may arise, ensuring with this procedure the conditions of independence in its member's actions and decisions taken by this body.

II.3.2 Any individual or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, or the Board it self or that has current relationship as consultant with the company shall not be recruited to assist the Remuneration Committee. This recommendation also applies to any individual or legal person who has an employment contract or provides services.

RECOMMENDATION FULLY ADOPTED - CHAPTER 67 OF THIS REPORT

The Board Nomination and Remuneration Committee is entirely composed by non-executive directors and supports the Remuneration Committee in carrying out its responsibilities.

II.3.3 The statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of 19 June, shall contain in addition: a) Identification and clarification of the criteria for determining the remuneration to be paid to members of governing bodies; b) Information on the maximum potential amount, individually, and the maximum potential amount, aggregated, to be paid to members of governing bodies, and identification of the circumstances under which these maximum amounts may be payable; c) Information regarding the liability or not of payments for the dismissal or termination of appointment of administrators.

RECOMMENDATION FULLY ADOPTED – CHAPTER 69 AND 80 OF THIS REPORT AS WELL AS REMUNERATION POLICY APPROVED IN 18 MARCH 2013.

A statement on the remuneration policy was presented to the Shareholders' General Meeting on 18 March 2013 which includes the information referred to in this recommendation. Payments for the dismissal or termination of appointment of directors are not required, subject to the applicable legal provisions.
A statement on the remuneration policy is available at www.sonaecapital.pt.

II.3.4 Proposals relative to approval of share attribution plans and/or share acquisition options, or based on share price variations, to board members should be submitted to the General Meeting of Shareholders. Proposals should include all necessary elements for correct plan evaluation.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 85 AND 86 OF THIS REPORT

The variable compensation plan for the medium term and its implementation was approved at the Annual General Meeting held on 18 March 2013 and is available at www.sonaecapital.pt.

II.3.5 Proposals relative to approval of any system of retirement benefits established for members of governing bodies must be submitted to the Shareholders' General Meeting. Proposals should include all necessary elements for correct system evaluation.

RECOMMENDATION NOT APPLICABLE

The approved remuneration policy does not establish any system of retirement benefits.

III. REMUNERATION

III.1 Remuneration of executive members of the Board of Directors shall be based on actual performance and discourage excessive risk-taking.

RECOMMENDATION FULLY ADOPTED - CHAPTER 70 OF THIS REPORT AND REMUNERATION POLICY APPROVED IN 18 MARCH 2013.

The remuneration of the members of the Board of Directors who perform executive functions is based on the performance of those managers, measured according to predetermined criteria and is built to align their activities with the company's sustainability and shareholder interests. Excessive risk taking is discouraged.

III.2 The remuneration of non-executive members of the Board of Directors and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or of its value.

RECOMMENDATION FULLY ADOPTED - CHAPTER 69 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 18 MARCH 2013

The remuneration of non-executive members of the Board of Directors consists solely of a fixed amount, without any connection with the company performance or of its value.

III.3 The variable component of remuneration should be reasonable in relation to the fixed component of remuneration and maximum limits should be set for all components.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 77 AND 78 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 18 MARCH 2013

The remuneration policy provides a solid relationship between the fixed and variable component of the remuneration which is suitable to the company and group profile. It also sets maximum limits in accordance with the practices of comparable companies. Such measures were considered by shareholders and annually approved on the Shareholder´s General Meeting.

III.4 A significant portion of variable remuneration should be deferred for a period not less than three years, and the right to receive should depend on the positive performance of the company during that period.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 71, 72 AND 86 OF THIS REPORT

In accordance with the remuneration policy approved at the Annual General Meeting held on 18 March 2013, a portion of not less than fifty per cent of variable remuneration is deferred for a period of three years and its value depends on the performance of the company over that period.

III.5 The members of the Board of Directors shall not enter into contracts with the Company or with third parties, which have the effect of mitigating the risk inherent variability of the remuneration established by the company.

RECOMMENDATION FULLY ADOPTED - CHAPTER 73 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 18 MARCH 2013

The remuneration policy approved at the Shareholders' General Meeting held on 18 March 2013 addresses the principle definedin this recommendation.

III.6 Until the end of his mandate, executive directors shall hold their Company shares which were allotted by benefit of variable remuneration schemes, up to twice the value of total annual remuneration, except those which need to be sold for to pay taxes on the gains of the same actions.

RECOMMENDATION FULLY ADOPTED - CHAPTER 73 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 18 MARCH 2013

The remuneration policy approved at the Shareholders' General Meeting held on 18 March 2013 addresses the principle laid down in this recommendation.

III.7 When the variable remuneration includes stock options, the early exercise period shall be deferred for a period not less than three years

RECOMMENDATION NOT APPLICABLE

The approved remuneration policy doesn´t include stock options.

III.8 When the removal of an administrator is not due to serious breach of its duties or their unfitness for the normal exercise of their functions, but still is due a poor performance, the Company should have the appropriate and necessary legal instruments to deal with any damages or compensation, beyond the legally owed, not required.

RECOMMENDATION FULLY ADOPTED - CHAPTER 83 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 18 MARCH 2013

The company fully complies with this recommendation in its policy.

IV. AUDIT

IV.1 The external auditor must, within its responsibilities, verify the implementation of remuneration policies and systems of governing bodies, the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the company´s supervisory board.

RECOMMENDATION FULLY ADOPTED - CHAPTER 46 OF THIS REPORT

The Statutory Auditor pronounced on the activity carried out in its annual audit report, which is subject to approval at the Annual Shareholders´ General Meeting, and is available in www.sonaecapital.pt.

IV.2 The Company or any entities with which it has a controlling relationship with shall not recruit the external auditor for services other than audit services, nor any entities with which takes part or incorporates the same network. If there are reasons for hiring such services - which must be approved by the Supervisory Board and explained in its Annual Corporate Governance Report - they should not exceed 30% of the total value of services rendered to the Company.

RECOMMENDATION ADOPTED WITH CLARIFICATIONS - CHAPTER 46 AND 47 OF THIS REPORT

The services provided by the external auditor, other than audit services, were approved by the Fiscal Board within the recommended principles. The percentage of those services in total services provided by PricewaterhouseCoopers & Associados, SROC (PwC) to the Company amounts to 48%. From this, 25.1% correspond to a due diligence process, exceptional and non-recurring, which was carried out for the purpose of acquisition to subsidiaries of Enel Green Power SpA (Enel), a set of holdings and interests in cogeneration plants located in

Portugal. This operation was disclosed to the market by the Company on 23 December 2013. The proposal submitted by PwC was selected because it was considered that this entity had better knowledge of the sector and best price. Given the amount involved and the fact that the services are provided by a completely different team from the entity that provides audit services, was preserved the auditor independence and impartiality.

IV.3 Companies shall advocate the rotation of auditors after two or three terms of office in accordance with four or three years respectively. Their extension beyond this period must be based on a specific opinion for the Fiscal Board to formally consider the conditions of auditor independence and the benefits and costs of replacement.

RECOMMENDATION FULLY ADOPTED - CHAPTER 44 OF THIS REPORT

The Statutory Auditor began his second biannual mandate in 2013. The competent board hasn´t yet defined any policy about this matter. The periodicity of rotation of the External Auditor shall be assessed in relation to the best practices in corporate governance at the expiry of that term of office.

V. CONFLICTS OD INTEREST AND TRANSACTIONS WITH RELATED PARTIES

V.1 Where deals are concluded between the Company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 10, 89 AND 90 OF THIS REPORT

Transactions with holding companies, affiliates or group companies are conducted by principles of rigor, transparency and strict compliance with the competitive market rules. Such transactions are subject to specific administrative procedures arising from normative regulation, including those related with transfer pricing rules, or the voluntary adoption of internal checks and balances systems, in particular reporting processes or formal validation, depending on the value of transaction in question.

V.2 The supervisory board shall establish the required procedures and criteria to define the relevant significance level of business with holders of qualifying holdings or entities in any relationship situation referred to in no. 1 of article 20 of the Portuguese Securities Code. Conducting business of significant importance is dependent on prior opinion of this board.

RECOMMENDATION FULLY ADOPTED - CHAPTER 38 OF THIS REPORT

The Company has adopted and implemented a formal internal procedure in order to obtain the opinion of the Fiscal Board and the Board of Audit and Finance Commission prior to the conducting of business by Executive Committee with holders of qualifying holdings or entities and related parties (according the definition of no. 1 of article 20 of the Portuguese Securities Code), when such transactions involve an interest higher than five million euro. All transactions in excess of one million euro are still subject to semiannual reporting to those two Boards.

VI. INFORMATION

VI.1 Companies shall provide, through its website, in Portuguese and English, access to information to enable the knowledge about its evolution and its current reality in economic, financial and governance terms.

RECOMMENDATION FULLY ADOPTED

All the recommended information is available in Portuguese and English versions on the Company's website – www.sonaecapital.pt.

VI.2 Companies should ensure the existence of an Investor Relations Office and the permanent contact with the market to timely respond to investor requests and a register of applications submitted and the treatment that was given should be maintained.

RECOMMENDATION FULLY ADOPTED - CHAPTER 56 OF THIS REPORT

The Company has an Investor Relations Office that provides to investors and financial community, regular and relevant information, making registration of relevant dialogues in order to optimize the quality of its performance.

3. Other informations

There are no further informations.

Maia, 19 February 2014

The Board of Directors

Belmiro Mendes de Azevedo

Maria Cláudia Teixeira de Azevedo

Álvaro Carmona e Costa Portela

Ivone Pinho Teixeira

Francisco de La Fuente Sánchez

Paulo José Jubilado Soares de Pinho

Appendix to the Corporate Governance Report

Curricula Vitae of the Members of the Governing Bodies

Belmiro Mendes de Azevedo

Chairman of the Board of Directors of Sonae Capital, SGPS, SA

Age: 76

Nationality: Portuguese

Education:	▪ Graduation in Chemical Engineering - Porto University (1964) ▪ PMD (Programme for Management Development) - Harvard Business School (1973) ▪ Financial Management Programme - Stanford University (1985) ▪ Strategic Management - Wharton University (1987) ▪ Global Strategy – University of California (1995)
Positions held in Group Companies:	Chairman of the Board of Directors of the following companies: ▪ SC, SGPS, SA
Positions held in Other Companies:	▪ Chairman of APGEI - Associação Portuguesa de Gestão e Engenharia Industrial ▪ Member of Consulting Council of Faculdade de Economia da Universidade Nova de Lisboa – Business School ▪ Founding Member of Instituto Superior de Estudos Empresariais (ISEE), current EGP-UPBS (University of Porto Business School) (1989) ▪ Member of Consulting Council of IPATIMUP – Instituto de Patologia e Imunologia Molecular da Universidade do Porto (1990) ▪ Member of WBCSD – Order of Outstanding Contributors to Sustainable Development ▪ Member of European Union Hong-Kong Business Cooperation Committee ▪ Member of INSEAD Portuguese Council (1998 – 2009) ▪ Member of International Advisory Board da Allianz AG (2000-2012) ▪ Member of Regional Advisory Board da London Business School (2001 – 2005 ▪ Member of the Board of COTEC Portugal (2002 – 2009) ▪ Member of European Round Table of Industrialists (2004 – 2008) ▪ Founding member of Founding Council of Forum Manufuture Portugal (2005) ▪ Member of European Advisory Board da Harvard Business School (Since 2005) ▪ Chairman of the General Board of EGP-UPBS (2008-2011)
Main Professional activities in the last five years:	▪ Since 2012 - Chairman of the Executive Committee of Sonae Indústria, SGPS, SA ▪ Since July 2011 - Chairman of the Board of Directors of EGP-UPBS ▪ Since 2005 – Chairman of the Board of Directors of Sonae Indústria, SGPS, SA ▪ Since 2007 - Chairman of the Board of Directors of Sonae, SGPS, SA Chairman of the Board of Directors of Sonae Capital SGPS, SA Chairman of the Board of Directors of SC, SGPS, SA ▪ Chairman of the Board of Directors of Alpessego – Sociedade Agrícola, SA ▪ Chairman of the Board of Directors of Águas Furtadas – Sociedade Agrícola, SA ▪ Chairman of the Board of Directors of Casa Agrícola de Ambrães, SA ▪ Chairman of the Board of Directors of Efanor Investimentos, SGPS, SA ▪ Chairman of the Board of Directors of Imoassets – Sociedade Imobiliária, SA ▪ Chairman of the Board of Directors of Prosa - Produtos e Serviços Agrícolas, SA ▪ Single Director of BA - Business Angels, SGPS, SA
Sonae Capital shares:	▪ 837,000 shares held directly or by relatives ▪ 155,667,947 shares held through Efanor Investimentos, SGPS,

Álvaro Carmona e Costa Portela

Executive Director of Sonae Capital, SGPS, SA

Age: 62

Nationality: Portuguese

Education:	▪ Graduation in Mechanical Engineering – FEUP (1974) ▪ Master in Business Administration – MBA (Universidade Nova de Lisboa – 1983) ▪ AMP / ISMP – Harvard Business School - 1997
Positions held in Group Companies:	Member of the Board of Directors of the following companies: ▪ SC, SGPS, SA ▪ Sonae Turismo, SGPS, SA ▪ Sonae Capital, SGPS, SA Non Executive Chairman of the Board of Directors of the following companies: ▪ Contacto Concessões, SGPS, SA ▪ Ecociclo II - Energias, SA ▪ Integrum Energia, SA ▪ Integrum Colombo - Energia, SA ▪ Integrum Martim Longo - Energia, SA ▪ Integrum Vale do Caima - Energia, SA ▪ Integrum Vale do Tejo - Energia, SA ▪ SC - Eng. Promoção Imobiliária, SA ▪ Sistavac SGPS, SA ▪ Sistavac, SA ▪ Spred SGPS, SA
Positions held in Other Companies:	Non-Executive Director of the following companies: ▪ COPAM – Companhia Portuguesa de Amidos, SA ▪ Casa Agrícola HMR, SA ▪ Sonae, SGPS, SA ▪ Foundation Victor e Graça Carmona e Costa ▪ Foundation Belmiro de Azevedo ▪ SPDI-Secure Property Development & Investment plc Non Executive Chairman of MAF Properties (EAU) Member of Investment Committee do European Prime Shopping Centre Fund (Germany) Member of Representative Council of da Faculdade de Economia da UP Manager of Portela & Portela, Lda
Main Professional activities in the last five years:	▪ 1990-2010 – Chairman of Sonae Sierra SGPS ▪ 2006-2010 – Non executive Chairman of Sonae Investimentos, SGPS, SA ▪ 2004-2009 – Trustee of ESCT – European Shopping Centre Trust (UK) ▪ 2004-2009 – Member of International Advisory Board of Eurohypo (Germany) ▪ 2005-2008 – Trustee of International Advisory Board of ICSC – International Council of Shopping Centres ▪ Since 2008 - Fellow do Royal Institute of Chartered Surveyors ▪ 2010-2013 – Trustee of Urban Land Institute ▪ Since 2011 – Director of Sonae Capital, SGPS, SA ▪ 2011-2013 - Member of Investment Advisory Committee do PanEuropean Property Limited Partnership

Maria Cláudia Teixeira de Azevedo

Chief Executive Officer of Sonae Capital, SGPS, SA

Age: 44

Nationality: Portuguese

Education:	▪ Graduation in Business Administration - Universidade Católica Portuguesa ▪ MBA by INSEAD (Fointainebleau)
Positions held in Group Companies:	▪ CEO of Sonae Capital, SGPS, SA ▪ Chairman of the Board of Directors and CEO of Sonae Turismo, SGPS, SA Chairman of the Board of Directors of Imoareia - Investimentos Turísticos, SGPS, SA ▪ Member of the Board of Directors of SC, SGPS, SA
Positions held in Other Companies:	Chairman of the Board of Directors of the following companies: ▪ Efanor – Serviços de Apoio à Gestão, SA ▪ Digitmarket – Sistemas de Informação, SA ▪ Imparfin, SGPS, SA ▪ Linhacom, SGPS, SA ▪ Lugares Virtuais, SA ▪ Mairoad – Serviços de Tecnologias de Informação, SA ▪ Miauger – Organização e Gestão de Leilões Electrónicos, SA ▪ Saphety Level – Trusted Services, SA ▪ WeDo Technologies Americas, INC ▪ WeDo Technologies Panamá, SA Member of the Board of Directors of the following companies: ▪ Efanor Investimentos, SGPS, SA ▪ Fundation Belmiro de Azevedo ▪ PCJ – Público, Comunicação e Jornalismo, S.A. ▪ Público Comunicação Social, SA ▪ Praesidium Services Limited ▪ Sonaecom, SGPS, SA ▪ Sonaecom Sistemas de Informação, SGPS, SA ▪ Sonaecom - Serviços Partilhados, SA ▪ Cape Tehnologies Limited (Ireland) ▪ WeDo Consulting, Sistemas de Informação, SA ▪ WeDo Technologies Australia PTY Limited ▪ WeDo Technologies (UK) Limited ▪ Zon Optimus, SGPS, SA ▪ ZOPT, SGPS, S.A. Director of the following company: ▪ Sonaecom – Sistemas de Información España, SL Manager of the following companies: ▪ WeDo Poland SP. Z.o.o.

	▪ WeDo Technologies Egypt ▪ WeDo Technologies Mexico, S. De R.L. de C.V
Main Professional activities in the last five years:	▪ Executive Director of Sonaecom, SGPS, SA ▪ Executive Director of Zon Optimus, SGPS, SA Member of the Board of Directors of the following companies: ▪ Sonaecom Sistemas de Informação, SGPS, SA ▪ Sonae Matrix Multimédia ▪ WeDo Consulting, Sistemas de Informação, SA ▪ Profimetrics ▪ Efanor Investimentos, SGPS, SA ▪ ZOPT, SGPS, SA

Ivone Pinho Teixeira

Age: 41

Nacionality: Portuguese

Education:

- Graduation in Economics – Faculdade de Economia do Porto (1995)
- Pos-Graduation in Credit Analisys – Instituto Superior de Gestão Bancária (1996)
- Pos-Graduation in International Tax – Universidade Católica (2004)

Positions held in Group Companies:

Member of the Board / Manager of the following companies:

- Aqualuz – Turismo e Lazer, SA
- Atlantic Ferries – Tráfego Local, Fluvial e Marítimo, SA
- Bloco Q – Sociedade Imobiliária, SA
- Bloco W – Sociedade Imobiliária, SA
- Casa da Ribeira – Hotelaria e Turismo, SA
- Centro Residencial da Maia – Urbanismo, SA
- Cinclus Imobiliária, SA
- Contacto Concessões, SGPS, SA
- Country Club da Maia – Imobiliária, SA
- Ecociclo II – Energias, SA
- Empreendimentos Imobiliários Quinta da Azenha, SA
- Golfe Time – Golfe e Investimentos Turísticos, SA
- Imoareia – Investimentos Turísticos, SA
- Imobiliária da Cacela, SA
- Imoclub – Serviços Imobiliários, SA
- Imodivor – Sociedade Imobiliária, SA
- Imobeauty, SA
- Imohotel – Empreendimentos Turísticos, SA
- Imopenínsula – Imobiliária, SA
- Imoponte – Sociedade Imobiliária, SA
- Imoresort – Sociedade Imobiliária, SA
- Imosedas – Imobiliária e Serviços, SA
- Implantação – Imobiliária, SA
- Marina de Tróia, SA
- Marmagno – Exploração Hoteleira e Imobiliária, SA
- Martimope - Empreendimentos Turísticos, SA
- Marvero – Exploração Hoteleira e Imobiliária, SA
- Norscut – Concessionária de Auto-Estradas, SA
- Paulo Jorge Pacheco – Equipamentos de Refrigeração, Unipessoal, Lda
- Porturbe – Edifícios e Urbanizações, SA
- Praedium – Serviços, SA
- Praedium – SGPS, SA
- Praedium II – Imobiliária, SA
- Prédios Privados – Imobiliária, SA
- Predisedas – Predial das Sedas, SA
- Promessa – Sociedade Imobiliária, SA
- S.I.I. – Soberana – Investimentos Imobiliários, SA
- SC – Engenharia e Promoção Imobiliária, SGPS, SA
- SC – Sociedade de Consultadoria, SA

- SC Assets, SGPS, SA
- SC Finance, BV
- SC, SGPS, SA
- Sistavac, SGPS, SA
- Sistavac, SA
- Sete e Meio Herdades – Investimentos Agrícolas e Turismo, SA
- SKK – Central de Distribuição para a Refrigeração e Climatização, SA
- SKKFor – Serviços de Formação e desenvolvimento de Recursos Humanos, Unipessoal, SA
- Soconstrução, BV
- Soira – Sociedade Imobiliária de Ramalde, SA
- Solinca – Health and Fitness, SA
- Solinca – Investimentos Turísticos, SA
- Solswin – Gestão e Exploração de Equipamentos Aquáticos, SA
- Soltróia – Sociedade Imobiliária de Urbanização e Turismo de Tróia, SA
- Sonae Turismo - SGPS, SA
- Sontur, BV
- Sopair, SA
- Sotáqua – Sociedade de Empreendimentos Turísticos de Quarteira, SA
- Spinarq – Engenharia, Energia e Ambiente, SA
- Spinveste – Gestão Imobiliária, SGII, SA
- Spinveste – Promoção Imobiliária, SA
- Spred, SGPS, SA
- Torre São Gabriel, Imobiliária, SA
- Tróia Market – Supermercados, SA
- Troiaresort – Investimentos Turísticos, SA
- Troiaverde – Exploração Hoteleira e Imobiliária, SA
- Tulipamar – Exploração Hoteleira e Imobiliária, SA
- Urbisedas – Imobiliária das Sedas, SA
- Vistas do Freixo – Empreendimentos Turísticos, SA
- World Trade Center Porto, SA

Main Professional activities in the last five years:	▪ Chief Financial Officer, Grupo Sonae Capital – SInce 2012 ▪ Head of Corporate Finance, Sonae Capital Group – 2007-2012

Francisco de La Fuente Sánchez

Non Executive Director of Sonae Capital, SGPS, SA

Age: 72

Nationality: Portuguese

Education:	▪ Graduation in Electro technical Engineering - Instituto Superior Técnico (1965)
Positions held in Group Companies:	-
Positions held in Other Companies:	▪ Chairman of the Board of the Shareholders' General Meeting of Iberwind – Desenvolvimento e Projectos, SA ▪ Chairman of the Board of the Shareholders' General Meeting of APEDS – Associação Portuguesa de Engenheiros para o Desenvolvimento Social ▪ Member of the Remuneration Committee of Sonae SGPS and Sonaecom ▪ Co-option Member of the School Council of Instituto Superior Técnico ▪ Non Executive Vice-President of the Board of Directors of EFACEC Capital ▪ Chairman of AAAIST – Associação de Antigos Alunos do Instituto Superior Técnico ▪ Member of the Patronage of Fundação Hidroeléctrica del Cantábrico ▪ Member of the Consulting Council of Fórum para a Competitividade ▪ Honorary Chairman of Hidroeléctrica del Cantábrico, SA ▪ Member of the Curators Council of Fundação Luso-Brasileira ▪ Member of Fórum Ibero América ▪ Member of the Curators Council of Fundação Luso-Espanhola
Main Professional activities in the last five years:	▪ 2005 - 2009 - President of EDP Foundation ▪ Since 2010 - Chairman of the Board of the Shareholders' General Meeting of Iberwind – Desenvolvimento e Projectos, SA ▪ Since 2009 - Co-option member of Instituto Superior Técnico School Council ▪ Since 2005 – Member of Patronage of Fundação Hidroeléctrica del Cantábrico ▪ Since 2005 – Member of Consulting Council of Fórum para a Competitividade ▪ Since 2004 - Member of the Curators Council of the Luso-Brazilian Foundation ▪ Since 2003 - Member of the Ibero American Forum ▪ Since 2002 - Member of the Curators Council of the Luso-Spanish Foundation ▪ 2007-2013 - Chairman of the General Council of PROFORUM and Chairman of the National Council of the Electro technical Engineering Board of the Engineers Institute ▪ 2007-2012 – Invited member of Conselho Nacional da Água ▪ 2007-2012 – Chairman and Non-Executive Vice President of the Board of Directors of EFACEC Capital ▪ 2007-2009 – Chairman of the General Board for Corporate Governance of Millennium BCP – Banco Comercial Português ▪ 2006-2009 - Member of the Supervisory Board of Millennium BCP – Banco Comercial Português ▪ 2004-2010 – Member of Consulting Council of Instituto Português de Corporate Governance ▪ 2000-2010 – Non Executive Director of Portugal-Africa Foundation

Paulo José Jubilado Soares de Pinho

Non Executive Director of Sonae Capital, SGPS, SA

Age: 51

Nationality: Portuguese

Education:	▪ Graduation in Economics - Faculdade de Economia da Universidade Nova de Lisboa) ▪ MBA - Master in Business Administration - Faculdade de Economia da Universidade Nova de Lisboa (1989) ▪ PhD in Banking and Finance - City University Business School, London (1994) ▪ Negotiation Analysis - Amsterdam Institute of Finance (2005) ▪ Advanced Course - European Venture Capital and Private Equity Association (2006) ▪ Valuation Guidelines Masterclass - European Venture Capital and Private Equity Association (2007) ▪ Private Equity and Venture Capital Programme - Harvard Business School (2007)
Positions held in Group Companies:	-
Positions held in Other Companies:	▪ Member of the Board of Directors of Change Partners, SCR, SA Member of the Board of Directors of Biotecnol, SA
Main Professional activities in the last five years:	▪ 2004-2007 - Executive Director and Member of the Board of Directors of REN - Redes Eléctricas Nacionais, SA ▪ Since 2003 – Chairman of the General Council of Venture Capital Syndication Fund PME-IAPMEI ▪ Since 2005 - Member of the Advisory and Strategic Board of Fundo Fast Change Venture Capital ▪ 2007-2008 – Chairman of the Board of Directors of Xis Vending - Serviços de Vending, SA ▪ 2007 – 2010 –Senior Advisor for Iberia of Profit Technologies, EUA ▪ Since 2007 - Senior Advisor of New Next Moves Consultants, Portugal ▪ Since 2007 - Director of Venture Valuation, Switzerland (Representative for Portugal ▪ Since 2008 - Visiting Professor at Cass Business School, London ▪ 2007-2012 - Associate Dean of Universidade Nova de Lisboa ▪ Associate Professor of Faculty of Economics of Universidade Nova of Lisboa

Manuel Heleno Sismeiro

Chairman of the Fiscal Board of Sonae Capital, SGPS, SA

Education:	▪ Bachelor degree in Accounting - ICL, Lisbon (1964) ▪ Graduation in Finance - ISCEF, Lisbon (1971)
Positions held in Group Companies:	-
Positions held in Other Companies:	Member of the Fiscal Board of the following companies: ▪ OCP Portugal Produtos Farmacêuticos, SA ▪ Sonae Indústria, SGPS, SA Chairman of the Board of the Shareholders' General Meeting of Segafredo Zanetti (Portugal), SA
Main Professional activities in the last five years:	▪ 1980 - 2008 - Partner of Coopers & Lybrand and of Bernardes, Sismeiro & Associados ▪ Since 2008 - Advisor, namely on matters of internal audit and internal control

Armando Luís Vieira de Magalhães

Member of the Fiscal Board of Sonae Capital, SGPS, SA

Education:	▪ Bachelor degree in Accounting, ISCAP (1972) ▪ Graduation in Economics - Faculdade de Economia, Porto University (1978) ▪ Executive MBA - European Management, IESF/IFG (1996)
Positions held in Group Companies:	-
Positions held in Other Companies:	Member of the Fiscal Board of the following companies: ▪ Sonaecom, SGPS, SA ▪ Sonae Indústria, SGPS, SA ▪ Futebol Clube do Porto - Futebol SAD ▪ Real Vida Seguros ▪ Fundação Eça de Queiroz ▪ Associação Sénior de Golfe do Norte de Portugal
Main Professional activities in the last five years:	▪ 1989 - 2010 - Statutory Auditor and Managing Partner of Santos Carvalho & Associados, SROC, SA ▪ Since 2010 – Statutory Auditor and Partner of Armando Magalhães, Carlos Silva & Associados, SROC, Lda

Jorge Manuel Felizes Morgado

Member of the Fiscal Board of Sonae Capital, SGPS, SA

Education:	▪ Graduation in Management - ISEG, Universidade Técnica de Lisboa ▪ MBA in Finance - IEDE, Madrid ▪ MBA in Management and Information Systems - Faculdade de Economia e Gestão, Universidade Católica
Positions held in Group Companies:	-
Positions held in Other Companies:	Member of the Fiscal Board of rhe following Companies: ▪ Sonae, SGPS, SA ▪ Sonae Indústria, SGPS, SA ▪ Sonae Sierra, SGPS, SA Manager of Horwath Parsus – Soluções de Gestão, Lda
Main Professional activities in the last five years:	▪ Since 2004 - Statutory Auditor ▪ Since 2006 -Partner of Econotopia - Consultoria e Gestão, SA

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2013

SONAE CAPITAL

SONAE CAPITAL, SGPS, SA

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013 AND 31 DECEMBER 2012

(Amounts expressed in euro)

ASSETS	Notes	31.12.2013	31.12.2012
NON-CURRENT ASSETS:			
Tangible assets	10	238,552,228	246,117,450
Intangible assets	11	7,745,826	7,831,062
Goodwill	12	60,982,213	60,988,643
Investments in associated companies	6	12,458,452	4,666,035
Other investments	7, 9 and 13	39,540,098	50,325,207
Deferred tax assets	20	26,186,529	27,849,077
Other non-current assets	9 and 14	19,570,690	20,481,928
Total non-current assets		405,036,036	418,259,402
CURRENT ASSETS:			
Inventories	15	178,930,013	187,800,644
Trade account receivables	9 and 16	20,872,540	23,475,283
Other Debtors	9 and 17	8,951,082	7,703,322
Taxes recoverable	18	12,841,371	12,380,617
Other current assets	19	3,807,413	4,550,336
Cash and cash equivalents	9 and 21	2,997,963	3,244,695
Total Current Assets		228,400,382	239,154,897
TOTAL ASSETS		633,436,418	657,414,299
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	22	250,000,000	250,000,000
Own Shares	22	(1,124,125)	(264,705)
Reserves and retained earnings		68,634,546	76,606,169
Profit/(Loss) for the year attributable to the equity holders of Sonae Capital		(13,200,373)	(11,092,003)
Equity attributable to the equity holders of Sonae Capital		304,310,048	315,249,461
Equity attributable to non-controlling interests	23	8,850,291	8,707,639
TOTAL EQUITY		313,160,339	323,957,100
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank Loans	9 and 24	68,961,416	70,140,254
Bonds	9 and 24	59,773,468	59,655,971
Obligation under finance leases	9, 24 and 25	21,683,572	24,543,588
Other loans	9 and 24	2,550,245	4,335,860
Other non-current liabilities	9 and 27	3,256,871	3,997,310
Deferred tax liabilities	20	12,581,859	14,344,526
Provisions	32	3,079,824	3,079,824
Total Non-Current Liabilities		171,887,255	180,097,333
CURRENT LIABILITIES:			
Bank Loans	9 and 24	92,405,686	96,937,328
Obligation under finance leases	9, 24 and 25	2,856,743	2,813,237
Other loans	9 and 24	788,511	888,683
Trade creditors	9 and 29	15,756,800	17,589,482
Other creditors	9 and 30	7,003,528	4,449,870
Taxes and contribution payables	18	7,007,231	6,727,194
Other current liabilities	31	19,612,612	22,798,965
Provisions	32	2,957,713	1,155,107
Total Current Liabilities		148,388,824	153,359,866
TOTAL LIABILITIES		320,276,079	333,457,199
TOTAL EQUITY AND LIABILITIES		633,436,418	657,414,299

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE TWELVE MONTHS PERIODS ENDED 31 DECEMBER 2013 AND 2012

(Amounts expressed in euro)

	Notes	31.12.2013	31.12.2012
Sales	35	68,664,509	51,916,061
Services rendered	35	67,203,120	60,372,417
Other operating income	36	9,590,083	11,542,232
Cost of sales	15	(40,829,087)	(36,584,661)
Changes in Inventories of finished goods and work in progress	37	(7,580,828)	(2,258,161)
External supplies and services	38	(50,634,526)	(44,753,524)
Staff costs	39	(35,942,980)	(37,216,180)
Depreciation and amortisation	10 and 11	(12,798,510)	(13,478,980)
Provisions and impairment losses	32	(3,396,083)	(5,128,480)
Other operating expenses	40	(2,820,258)	(3,644,018)
Operational profit/(loss)		(8,544,560)	(19,233,294)
Financial Expenses	41	(12,607,566)	(12,682,142)
Financial Income	41	1,120,397	1,716,396
Profit/(Loss) in associated undertakings	6	5,060,825	3,501,150
Investment income	42	4,116,081	16,597,379
Profit/(Loss) before taxation		(10,854,823)	(10,100,511)
Taxation	43	(2,394,830)	(1,626,308)
Profit/(Loss) for the year	44	(13,249,653)	(11,726,819)
Attributable to:			
Equity holders of Sonae Capital		(13,200,373)	(11,092,003)
Non-controlling interests	23	(49,280)	(634,816)
Profit/(Loss) per share			
Basic	46	(0.053403)	(0.044494)
Diluted	46	(0.053403)	(0.044494)

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE 4th QUARTERS OF 2013 AND 2012

(Amounts expressed in euro)

	Notes	4th Quarter 13 [1]	4th Quarter 12 [1]
Sales		25,046,258	15,118,246
Services rendered		13,094,163	13,447,330
Other operating income		3,838,686	2,634,400
Cost of sales		(10,191,170)	(10,651,939)
Changes in Inventories of finished goods and work in		(5,996,440)	(1,340,849)
External supplies and services		(13,636,818)	(12,011,198)
Staff costs		(9,296,618)	(9,247,269)
Depreciation and amortisation		(2,796,481)	(3,325,742)
Provisions and impairment losses		(1,818,598)	(4,623,665)
Other operating expenses		(1,260,520)	(1,017,247)
Operational profit/(loss)		(3,017,538)	(11,017,933)
Financial Expenses		(3,365,410)	(2,848,492)
Financial Income		300,128	460,650
Profit/(Loss) in associated undertakings		1,388,964	(1,395,660)
Investment income		3,540,423	837,161
Profit/(Loss) before taxation		(1,153,433)	(13,964,274)
Taxation		2,059,974	169,571
Profit/(Loss) for the period		906,541	(13,794,703)
Attributable to:			
Equity holders of Sonae Capital		1,254,886	(13,329,701)
Non-controlling interests		(348,345)	(465,002)
Profit/(Loss) per share			
Basic		0.004966	(0.053460)
Diluted		0.004966	(0.053460)

The accompanying notes are part of these financial statements.

[1] Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS PERIODS ENDED 31 DECEMBER 2013 AND 2012

(Amounts expressed in euro)

	31.12.2013	12.12.2012
Consolidated net profit/(loss) for the period	(13,249,653)	(11,726,819)
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences	(246,683)	(99,523)
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	2,694,592	(128,605)
Change in the fair value of assets available for sale	(743,938)	153,082
Change in the fair value of cash flow hedging derivatives	1,186,537	(589,966)
Tax related to other comprehensive income captions	178,282	-
Others	-	(365,685)
Other comprehensive income for the period	3,068,790	(1,030,697)
Total comprehensive income for the period	(10,180,863)	(12,757,516)
Attributable to:		
Equity holders of Sonae Capital	(10,079,251)	(12,108,253)
Non-controlling interests	(101,612)	(649,263)

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 4th QUARTERS OF 2013 AND 2012

(Amounts expressed in euro)

	4th Quarter 13 [1]	4th Quarter 12 [1]
Consolidated net profit/(loss) for the period	906,541	(13,794,704)
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences	(96,570)	(1,265,906)
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	501,185	196,247
Change in the fair value of assets available for sale	(1,996,712)	153,082
Change in the fair value of cash flow hedging derivatives	280,036	183,988
Tax related to other comprehensive income captions	499,178	-
Others	-	(365,685)
Other comprehensive income for the period	(812,883)	(1,098,274)
Total comprehensive income for the period	93,658	(14,892,978)
Attributable to:		
Equity holders of Sonae Capital	464,349	(14,445,124)
Non-controlling interests	(370,691)	(447,854)

The accompanying notes are part of these financial statements.

[1] Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2013 AND 2012

(Amounts expressed in Euro)

	Attributable to Equity Holders of Sonae Capital											
	Share Capital	Own Shares	Demerger Reserve (Note 16)	Translation Reserves	Fair Value Reserves	Hedging Reserves	Other Reserves and Retained Earnings	Sub total	Net Profit/(Loss)	Total	Non-Controlling Interests	Total Equity
Balance as at 1 January 2012	250,000,000	(36,143)	132,638,253	(1,179,502)	-	(1,737,980)	(55,049,957)	74,670,814	2,994,272	327,628,943	9,241,777	336,870,720
Total consolidated comprehensive income for the period	-	-	-	1,168,016	153,082	(599,196)	(1,738,152)	(1,016,250)	(11,092,003)	(12,108,253)	(649,263)	(12,757,516)
Appropriation of profit of 2011:												
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	2,994,272	2,994,272	(2,994,272)	-	-	-
Acquisition of own shares	-	(228,562)	-	-	-	-	-	-	-	(228,562)	-	(228,562)
Changes in the percentage of capital held in affiliated	-	-	-	-	-	-	-	-	-	-	119,556	119,556
Other changes	-	-	-	-	-	-	(42,667)	(42,667)	-	(42,667)	(4,431)	(47,098)
Balance as at 31 December 2012	250,000,000	(264,705)	132,638,253	(11,486)	153,082	(2,337,176)	(53,836,504)	76,606,169	(11,092,003)	315,249,461	8,707,639	323,957,100
Balance as at 1 January 2013	250,000,000	(264,705)	132,638,253	(11,486)	153,082	(2,337,176)	(53,836,504)	76,606,169	(11,092,003)	315,249,461	8,707,639	323,957,100
Total consolidated comprehensive income for the period	-	-	-	(178,136)	(743,938)	1,170,322	2,872,874	3,121,122	(13,200,373)	(10,079,251)	(101,612)	(10,180,863)
Appropriation of profit of 2012:												
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	(11,092,003)	(11,092,003)	11,092,003	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(304,254)	(304,254)
Acquisition of own shares	-	(859,420)	-	-	-	-	-	-	-	(859,420)	-	(859,420)
Changes in the percentage of capital held in affiliated	-	-	-	-	-	-	(742)	(742)	-	(742)	548,518	547,776
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2013	250,000,000	(1,124,125)	132,638,253	(189,622)	(590,856)	(1,166,854)	(62,056,375)	68,634,546	(13,200,373)	304,310,048	8,850,291	313,160,339

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS AND THREE MONTHS ENDED 31 DECEMBER 2013 AND 2012

(Amounts expressed in Euro)

	Notes	31.12.2013	31.12.2012	4th Quarter 13 [1]	4th Quarter 12 [1]
OPERATING ACTIVITIES:					
Cash receipts from trade debtors		134,476,350	112,795,703	35,246,969	29,537,878
Cash receipts from trade creditors		(86,603,132)	(73,538,547)	(22,795,751)	(20,274,362)
Cash paid to employees		(35,239,523)	(38,581,231)	(9,551,637)	(10,378,990)
Cash flow generated by operations		12,633,695	675,925	2,899,581	(1,115,474)
Income taxes (paid) / received		(2,492,777)	(1,359,996)	(1,009,550)	(1,298,533)
Other cash receipts and (payments) relating to operating activities		(1,005,464)	2,202,975	1,156,165	(110,012)
Net cash flow from operating activities (1)		9,135,454	1,518,904	3,046,196	(2,524,019)
INVESTMENT ACTIVITIES:					
Cash receipts arising from:					
Investments	47	16,079,307	29,223,861	3,218,903	20,018,958
Tangible assets		3,088,787	312,100	1,996,431	106,019
Intangible assets		9,417	-	-	-
Interest and similar income		224,683	649,850	17,601	163,142
Dividends		220,681	214,698	-	-
		19,622,875	30,400,509	5,232,935	20,288,119
Cash Payments arising from:					
Investments	47	(69,448)	(292,060)	(123)	32,658
Tangible assets		(5,207,162)	(12,047,596)	(656,564)	(4,216,597)
Intangible assets		(128,877)	(838,845)	(6,027)	(421,405)
Loans granted		(476,203)	(10,387)	-	(10,387)
		(5,881,690)	(13,188,888)	(662,714)	(4,615,731)
Net cash used in investment activities (2)		13,741,185	17,211,621	4,570,221	15,672,388
FINANCING ACTIVITIES:					
Cash receipts arising from:					
Loans obtained		24,373,209	38,418,299	666,930	(12,905,235)
Capital increases, additional paid in capital and share premiums		-	75,985	-	75,985
		24,373,209	38,494,284	666,930	(12,829,250)
Cash Payments arising from:					
Loans obtained		(33,152,716)	(44,895,257)	(6,267,616)	762,834
Interest and similar charges		(12,566,639)	(12,456,940)	(1,913,692)	(1,581,467)
Dividends		(305,254)	-	(4,254)	-
Purchase of own shares		(859,420)	(228,562)	(358,072)	(163,705)
		(46,883,029)	(57,580,759)	(8,543,634)	(982,338)
Net cash used in financing activities (3)		(22,509,820)	(19,086,475)	(7,876,704)	(13,811,588)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		366,819	(355,950)	(260,287)	(663,219)
Effect of foreign exchange rate		53,664	20,968	5,202	8,855
Cash and cash equivalents at the beginning of the period	21	2,609,152	2,986,070	3,187,796	3,281,226
Cash and cash equivalents at the end of the period	21	2,922,307	2,609,152	2,922,307	2,609,152

The accompanying notes are part of these financial statements.

[1] Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited.

The Board of Directors

SONAE CAPITAL, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2013 and 2012

(Translation from the Portuguese Original)

(Amounts expressed in Euro)

1. INTRODUCTION

SONAE CAPITAL, SGPS, SA ("Company", "Group" or "Sonae Capital") whose head-office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, is the parent company of a group of companies, as detailed in Notes 5 to 7 ("Sonae Capital Group") and was set up on 14 December 2007 as a result of the demerger of the shareholding in SC, SGPS, SA (previously named Sonae Capital, SGPS, SA) from Sonae, SGPS, SA, which was approved by the Board of Directors on 8 November 2007 and by the Shareholder's General Meeting held on 14 December 2007.

Reflecting the current management structure, the reporting segments were revised, addressing the three strategic business areas identified in the Group:

- Sonae Turismo, includes businesses in tourism, through the development and management of tourism resorts, in hotels, through management of hotels and services, and in health and fitness, through management of health clubs;

- Energy, includes energy services in the areas of cogeneration, solar thermal and photovoltaic;

- Refrigeration and HVAC.

The non-strategic assets (including non-tourism real estate assets and financial shareholdings) are included in the segment "Other assets".

2. MAIN ACCOUNTING POLICIES

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

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" – previously named International Accounting Standards – "IAS"), issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the "International Financial Reporting Interpretations Committee" ("IFRIC"), previously named "Standing Interpretations Committee" ("SIC"), beginning on 1 January 2013.

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

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

As at the date of the approval of these consolidated financial statements, the following standards have been endorsed by the European Union

a) In force for fiscal year 2013 and with no material impact on the consolidated financial statements at 31 December 2013:

	Date of endorsement by the EU	Effective Date (Started on or after)
Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income	05-06-2012	01-07-2012
Amendments to IAS 19 - Employee Benefits	05-06-2012	01-01-2013
IFRS 1 - First-time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	11-12-2012	01-01-2013
IAS 12 - Income Taxes - Deferred Tax: Recovery of Underlying Assets	11-12-2012	01-01-2013
IFRS 13 - Fair Value Measurement	11-12-2012	01-01-2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	11-12-2012	01-01-2013
Amendments to IFRS 7 Financial Instruments - Disclosure - Offsetting Financial Assets and Financial Liabilities	13-12-2012	01-01-2013
IFRS 1 - First-time Adoption of International Financial Reporting Standards – Government loans	04-03-2013	01-01-2013
Annual Amendments – IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34	27-03-2013	01-01-2013

b) In force for periods subsequent to 31 December 2013:

	Date of endorsement by the EU	Effective Date (Started on or after)
IFRS 10 - Consolidated Financial Statements	11-12-2012	01-01-2014
IFRS 11 - Joint Arrangements	11-12-2012	01-01-2014
IFRS 12 - Disclosure of Interests in Other Entities	11-12-2012	01-01-2014
IAS 27 - Separate Financial Statements	11-12-2012	01-01-2014
IAS 28 - Investments in Associates and Joint Ventures	11-12-2012	01-01-2014
Amendments to IAS 32 Financial Instruments - Presentation - Offsetting Financial Assets and Financial Liabilities	13-12-2012	01-01-2014
Amendments to IFRS 10, IFRS 11 and IFRS 12	04-04-2013	01-01-2014
Amendments to IFRS 10, IFRS 12 and IAS 27	20-11-2013	01-01-2014
Amendments to IAS 39 – Financial Instruments: Recognition and Measurement	19-12-2013	01-01-2014
Amendments to IAS 36 – Impairment of Assets	19-12-2013	01-01-2014

The adoption of the above mentioned standards has not led to material impacts on the consolidated financial statements of Sonae Capital at 31 December 2013.

2.2 Consolidation principles

The consolidation methods adopted by the Group are as follows:

a) Investments in Group companies

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

Comprehensive income and other components of equity are attributable to non-controlling interests, even if these captions show negative values.

Assets and liabilities of each Group company are measured at their fair value at the date of acquisition and this measurement may be adjusted within 12 months from the date of acquisition. Any excess of the cost of acquisition over the Group's interest in the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2.2.c)). Any excess of the Group's share in the fair value of the identifiable net assets acquired over cost is recognized as income in profit or loss for the period of acquisition, after reassessment of the estimated fair value of net assets acquired. Non-controlling interests include their proportion of the fair value of net identifiable assets and liabilities recognised on acquisition of Group companies.

The results of affiliated companies acquired/sold during the period are included in the income statement since the date of acquisition or until the date of sale.

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

Financial investments in companies excluded from consolidation are recorded at acquisition cost net of impairment losses (Note 7).

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

b) Investments in associated and in jointly controlled companies

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

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to the Group's share of changes in equity (including net profit) of associated and jointly controlled companies and by dividends received.

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2.2.c)), which is included in the caption Investment in associated and jointly controlled companies. Any excess of the Group's share in the fair value of the identifiable net assets acquired over cost is recognised as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired.

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

When the Group's share of losses exceeds the carrying amount of the investment, this is reported at nil value and recognition of losses is discontinued, unless the Group is committed beyond the value of its investment.

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

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

c) Goodwill

The excess of the cost of acquisition of investments in group, jointly controlled and associated companies over the Group's share in the fair value of the assets and liabilities of those companies at the date of acquisition is shown as Goodwill (Note 12) or as Investments in associated and jointly controlled companies (Note 6).

The excess of the cost of acquisition of investments in foreign companies over the fair value of their identifiable assets and liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Group's currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are disclosed in Currency Translation Reserves.

Goodwill is not amortised, but is subject to impairment tests on an annual basis. The recoverable amount is determined based on the business plans used in the management of the Group or on valuation reports prepared by independent entities.

Impairment losses identified in the period are disclosed in the income statement under Provisions and impairment losses, and may not be reversed.

Any excess of the Group's share in the fair value of identifiable assets and liabilities in Group, jointly controlled and associated companies over costs, is recognised as income in the profit and loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets and liabilities acquired.

d) Translation of financial statements of foreign companies

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

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

Whenever a foreign company is sold (in whole or in part), the share of the corresponding accumulated exchange rate differences is recorded in the income statement as a gain or loss on the disposal, in the caption Investment income.

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

	31.12.2013		31.12.2012	
	End of the Period	Average of Period	End of the Period	Average of Period
Mozambican Metical	0.02418	0.02498	-	-
Brazilian Real	0.30697	0.35076	0.36988	0.39996
Angolan kwanza	0.00743	0.00780	0.00791	0.00817

Source: Bloomberg

2.3 Tangible assets

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

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

Depreciation is calculated on a straight line basis, once the asset is available for use, over the expected useful life for each class of assets and disclosed in Amortisation and depreciation in the consolidated profit and loss account.

Impairment losses in tangible assets are accounted for in the year when they are estimated, and are disclosed in Impairment losses in the consolidated profit and loss account, except for those relating to Inventories whose impairment is recorded in Cost of goods sold and materials consumed.

Depreciation rates used correspond to the following estimated useful lives:

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

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

Tangible assets in progress represent fixed assets still under construction/development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or start being used.

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

2.4 Intangible assets

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

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

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

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

The Group adopted IFRIC 12 – Service Concession Arrangements from 2009 onwards whenever an affiliated undertaking enters into a service concession arrangement with a public sector entity to provide services to the public. The Troia Marina is the sole service concession arrangement to which this interpretation is applicable. In this case, costs incurred with building the infrastructure for the marina were recorded as an intangible asset which is amortised, on a straight line, over the period of the arrangement, because the affiliated undertaking was given rights to charge users of the public service but has no unconditional contractual right to receive cash from the grantor.

Amortisation is calculated on a straight line basis, once the asset is available for use, over the expected useful life which normally is between 3 and 6 years, and are disclosed in Amortisation and Depreciation in the consolidated profit and loss account, except for Troia Marina assets, recorded as Intangible assets under IFRIC 12 - Service Concession Arrangements, which are amortised over the period of the arrangement (50 years).

2.5 Accounting for leases

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

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

Accounting for leases where the Group is the lessee

Tangible assets acquired through finance lease contracts are recorded as assets and corresponding obligations as liabilities in the balance sheet. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability, at the lower of fair value and present value of minimum lease payments up to the end of the lease. Both the finance charge and the depreciation expense for depreciable assets are taken to the income statement in the period in which they are incurred.

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

Accounting for leases where the Group is lessor

Where the Group acts as a lessor in operating leases, the value of assets leased is maintained in the Group's balance sheet and related rents are taken to the profit and loss account on a straight line basis over the period of the lease.

2.6 Government grants

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

Investment subsidies related to the acquisition of fixed assets are recognised as deferred income under other current liabilities that are taken to the income statement, under other operating profit, on a systematic basis over the estimated useful life of the asset.

2.7 Impairment of non-current assets, except goodwill

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

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

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

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

2.8 Borrowing costs

Borrowing costs are normally recognised as an expense in the period in which they are incurred.

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

2.9 Non-current assets held for sale

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

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

2.10 Inventories

Goods for sale and raw materials are stated at the lower of cost, net of discounts obtained or estimated, and net realisable value. Cost is determined on a weighted average basis. Goods for sale include mostly land for real estate developments.

Finished goods and work in progress are stated at the lower of the weighted average production cost or net realisable value. Production cost includes cost of raw materials, labour costs and overheads (including depreciation of production equipment based on normal levels of activity). Work in progress includes mostly resorts and real estate developments for sale in the normal course of business.

Net realisable value is the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale.

Differences between cost and net realisable value, if negative, are shown as operating expenses under Cost of sales or Changes in Inventories of finished goods and work in progress, depending on whether they refer to goods for sale and raw materials or finished goods and work in progress.

2.11 Provisions

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

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

2.12 Financial instruments

Financial instruments were classified in the categories presented in the consolidated balance sheet as detailed in Note 9.

a) Investments

Investments are classified into the following categories:

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

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

Investments measured at fair value through profit or loss includes investments held for negotiation, which the Group acquires with a view to their disposal within a short time period. They are shown in the consolidated balance sheet as Current Investments.

The Group classifies as investments available for sale, those which are not considered as investments measured at fair value through profit or loss nor as investments held to maturity. These assets are classified as noncurrent assets, unless there is an intention to dispose of them in a period of less than 12 months from the balance sheet date.

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

Investments are initially measured at cost, which is the fair value of the consideration paid for them, including transaction costs.

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

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

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

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

b) Non-current loans and accounts receivable

Loans and accounts receivable are booked at amortised cost using the effective interest method less any impairment losses.

Financial income is calculated using the effective interest rate, except for amounts receivable within a very short time period, for which the income receivable is immaterial.

These financial investments arise when the Group supplies money, goods or services directly to a debtor without the intention to negotiate the debt involved.

Loans and accounts receivable are classified as current assets, expect in cases where the maturity date is more than 12 months from the date of the balance sheet, when they are classified as non-current assets. These financial investments are included in the classes identified in Note 9.

c) Customers and other third party debts

Amounts owing from Customers and other third party debts are booked at their nominal value and shown in the consolidated balance sheet less any impairment losses, recognised in the caption Losses due to impairment in receivables in order to reflect their net realisable value. These captions, when current, do not include interest, since the discount impact is considered immaterial.

Impairment losses are booked following the events that have taken place, which indicate objectively and in a quantifiable manner that the whole or a part of the debt will not be received. For this, each Group company takes into consideration market information which demonstrates that:

- The entity involved has significant financial difficulties;
- Significant delays have taken place in payments by the entity involved;
- There is a probability that the debtor will go into liquidation or financial restructuring.

Recognised impairment losses equal the difference between the amount receivable in the accounts and the related present value of future estimated cash flows, discounted at the initial effective interest rate, which is considered to be zero, since the discount impact is considered immaterial, in those cases where a receipt is expected within less than a year.

d) Classification as equity or liability

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

e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.16. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

f) Trade accounts payable

Accounts payable are stated at their nominal value, since they do not bear interest and the discount impact is considered immaterial.

g) Derivatives

The Group uses derivatives in the management of its financial risks, only to hedge such risks and/or to optimise funding costs.

Derivatives classified as cash flow hedge instruments are used by the Group mainly to hedge interest rate risks on loans obtained. Conditions established for these cash flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. Inefficiencies that may exist are shown in the caption Net Financial Income/Expenses in the consolidated income statement.

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

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

Cash-flow hedge instruments used by the Group to hedge the exposure to changes in interest rate of its loans are initially accounted for at cost and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, and then recognised in net financial income/expenses in the income statement over the same period in which the hedged instrument affects income statement.

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

In those cases in which derivative instruments, in spite of having been negotiated with the abovementioned objectives (essentially derivatives in the form of interest rate options), in relation to which the company did not apply hedge accounting, are initially recorded at cost, if any, and subsequently measured at fair value. The changes in value resulting from the measurement at fair value, calculated using especially designed software tools are included in Net financial charges in the consolidated income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host contract, and this is not stated at fair value, and unrealised gains or losses recorded in the consolidated income statement.

In specific situations, the Group may use interest rate derivatives with the goal of obtaining fair value cover. In these situations, derivatives are booked at their fair value in the consolidated financial statements. In situations in which the derivative involved is not measured at fair value (in particular borrowings that are measured at amortised cost), the effective share of cover will be adjusted to the accounting value of the derivative covered through the profit and loss account.

h) Equity instruments

Equity instruments are those that represent a residual interest on the Group's net assets and are recorded at the amount received, net of costs incurred with their issuance.

i) Cash and cash equivalents

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

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

2.13 Share-based payments

Share-based payments result from Deferred Performance Bonus Plans that are referenced to the Sonae Capital, SGPS, SA share price and vest within a period of 3 years after being granted.

Share-based payment liabilities are measured at fair value on the date they are granted (normally in March of each year) and are subsequently remeasured at the end of each reporting period, based on the number of shares or share options granted and the corresponding fair value at the closing date. These obligations are stated as Staff costs and other liabilities, and are recorded on a straight-line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates, when the Group has the choice to settle the transaction in cash.

2.14 Contingent assets and liabilities

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

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

2.15 Income tax

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

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

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

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

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

2.16 Revenue recognition and accrual basis

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

Revenue from services rendered is recognised in the income statement taking into consideration the stage of completion of the transaction at the balance sheet date.

Revenue associated with work in progress is recognized at the end of each year as follows: when total amounts invoiced are higher than corresponding costs, the excess is recorded in other current liabilities; and when costs are higher than corresponding amounts invoiced the excess is recorded in Work in progress.

Revenue arising from contract variations, claims and completion premiums is recorded when these are agreed with the customer, or when negotiations are at an advanced stage and it is probable that these will be favourable to the Group.

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

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

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

2.17 Balances and transactions expressed in foreign currencies

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

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

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

2.18 Subsequent events

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

2.19 Judgements and estimates

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

a) Useful lives of tangible and intangible assets;
b) Analysis of the impairment of goodwill and other tangible and intangible assets;
c) Adjustments to the values of assets and provisions;
d) Estimates of future income tax;
e) Calculation of the fair value of derivatives.

Estimates were based on the best information available at the date of the preparation of the financial statements and on the best knowledge and experience of past and/or current events. These estimates may, however, be affected by subsequent events which are not foreseeable at the present date. Changes to these estimates, which take place after the date of the financial statements, will be recognised prospectively in the income statement, in accordance with IAS 8.

The main estimates and assumptions used relating to future events included in the consolidated financial statements are described in the corresponding notes attached.

2.20 Segment information

Financial information regarding business segments is included in Note 48.

3. FINANCIAL RISK MANAGEMENT

3.1 Market risks

a) Interest rate risk - POLICY

As a result of maintaining its debt in the consolidated balance sheet at variable rates, and the resulting cash flows from interest payments, the Group is exposed to a Euro interest rate risk.

In view of the fact that:

- The volatility of Group results does not depend only on the volatility of its financial results linked to the volatility of interest rates;

- Under normal market conditions, there is a correlation between the levels of interest rates and economic growth, with the expectation being that the impact of movements in interest rates (and the respective volatility of cash flows to service the debt) can to some extent be compensated by movements in the remaining lines of the profit and loss account, in particular by operational profits or losses;

- The setting up of any form of risk cover structure has an implicit opportunity cost associated with it, the Group policy concerning the mitigation of this risk does not establish the maintenance of any minimum proportion of fixed interest rate debt

(converted to fixed rate through use of derivatives), but rather has opted for a dynamic approach to monitoring exposure, which aligns market conditions to the real exposure of the Group, in order to avoid the possibility of exposure that could have a real impact on the consolidated results of the Group.

In view of the above, the Group policy concerning this issue defines a case by case review of each potential transaction, such that any contract for derivatives must follow the following principles:

- Derivatives are not used for trading or speculation;
- Derivatives to be contracted must match exactly the underlying exposures in relation to indices to be used, refixing dates for interest rates and dates for payment of interest, and the amortisation profile of the underlying debt;
- The maximum financial cost of the entire derivative and underlying exposure must always be known and limited from the date of the derivative contract, with the aim that the resulting level of costs are within the cost of funds considered in the business plans;
- Derivative contracts are only agreed with authorised entities, specifically Financial Institutions with a minimum Investment Grade rating, giving preference to Banking Relationship Institutions of the Group;
- All transactions must be the object of competitive bids, involving at least two financial institutions;
- All transactions are entered into by using market standard contracts (ISDA - International Swaps and Derivatives Association), with schedules negotiated with each one of the Institutions;
- To determine the fair value of the hedging transactions, the Group uses a range of methods in accordance with market practices, namely option valuation models and discounted future cash flow models, with specific market assumptions (interest and exchange rates, volatilities, etc.) prevailing at the Balance Sheet date. Comparative quotes provided by financial institutions are also used as a valuation benchmark;
- Any transaction that does not comply with all of the above principles must be individually approved by the Board of Directors.

b) Interest rate risk – SENSITIVITY ANALYSIS

Interest rate sensitivity is based on the following assumptions:

- Changes in interest rates affect interest receivable and payable of financial instruments indexed to variable rates (interest payments, related to financial instruments not defined as hedging instruments for interest rate cash flow hedges). As a result, these instruments are included in the calculation of financial results sensitivity analysis;
- Changes in market interest rates affect income and expenses related to fixed interest rate financial instruments, in cases in which these are recognised at fair value. As such, all financial instruments with fixed interest rates booked at amortised cost, are not subject to interest rate risk, as defined in IFRS 7;

- In the case of instruments designated as fair value hedges of interest rate risk, when changes to the fair value of the hedging instrument, which are attributable to movements in interest rates, are almost completely compensated in the financial results in the same period, these financial instruments are also considered not to be exposed to interest rate risks;

- Changes in market interest rates of financial instruments which were designated as cash flow hedging instruments to cover fluctuations in payments resulting from changes in interest rates, are recorded in reserves, and are thus included in the sensitivity analysis calculation of shareholders' funds (other reserves);

- Changes in market interest rates of interest rate derivatives, which are specified as being part of hedging relationships as defined in IAS 39, affect the results of the company (net gain/loss resulting from the revaluation of the fair value of financial instruments), and are thus included in the calculation of profit and loss sensitivity;

- Changes in the fair value of derivatives and other financial assets and liabilities are estimated by calculating the discounted present value of future cash flows at existing market interest rates at the end of each year, and assuming a parallel variation in interest rate trends;

- The sensitivity analysis is applied to all financial instruments existing at the end of the period.

Given the above mentioned assumptions, if interest rates of financial instruments denominated in euro had been 0.75 percentage points higher/lower, the consolidated net profit before tax of the Group as at 31 December 2013 would have been higher/lower by 1,073,964 euro (as at 31 December 2012 they would have been lower by 1,141,051 euro and higher by 1,147,308 euro). The impact in equity (excluding the impact on net profit) of the interest rate sensitivity analysis as at 31 December 2013 would have been lower/higher by around 0 euro (as at 31 December 2012 the impact would have been lower/higher by around 0 euro).

c) Exchange rate risk

The Sonae Capital Group, as a Group mainly operating in the Iberian Peninsula, has an immaterial exposure to exchange rate risk.

In relation to translation risks, given that almost all of shareholders' funds and loans to affiliates are denominated in euro, there is no significant exposure to this risk.

In relation to transaction a risk, whenever exposure arises in this area, the risk is mainly managed through forward exchange rate contracts, in order to eliminate the volatility of forward exchange rate fluctuations, and thus increase cash flow certainty. From time to time, and if the amounts involved and degree of uncertainty are relevant, the Company, with approval from the Board of Directors, may use options.

In view of the low volume of balances in foreign currency, no exchange rate sensitivity analysis was carried out.

d) Other price risks

The Group is exposed to risks arising from the value of investments made in financial shareholdings. However, these investments are in general made with strategic objectives in mind and not for current trading.

3.2 Credit Risk

Credit risks at Sonae Capital arise mainly from (i) debts from customers relating to operational activity, (ii) its relationships with financial institutions in the course of its day to day business activity, and (iii) the risk of noncompliance by business counterparts in portfolio transactions.

Customer Credit: The management of credit risk at Sonae Capital is structured to the specific needs of the businesses of the Group, always taking into consideration:

- The specific profiles of customers of each business;
- The careful determination of appropriate credit limits, based on the one hand on the customer's profile and on the other on the nature of business, avoiding excessive concentration of credit, and thus minimising its exposure to this risk;
- Regular follow up of customers' accounts;
- The setting up of devolved processes of granting credit, and the segregation of administrative procedures from decision making processes;
- The use of legal means necessary to recover debts.

Financial Institutions: The credit risk is linked to possible noncompliance by financial institutions, to which the Group is contractually bound, in its normal operational activity, term deposits, cash balances and derivatives.

To mitigate this risk, the Group:

- Only executes transactions with counterparts with an Investment Grade minimum grading;
- Diversifies its counterparts, in order to avoid an excessive concentration of credit risk;
- Defines a restricted range of chosen instruments (aimed at not contracting complex instruments, the structure of which is not entirely known), requiring authorization from the Board of Directors to use alternative instruments;
- Regularly monitors total exposures with each counterpart, in order to guarantee compliance with the policy established.

Shareholding Buy/Sale transactions: In the course of its business, the Group is exposed to the credit risk of counterparts with whom it agrees transactions concerning investments in shareholdings. In these cases, the means used to mitigate risks are determined on a one on one basis, in order to take into account the specifics of the transaction, with the constant supervision of the Board of Directors. Despite the variability of the means used, there exists always the possibility of using normal market methods, namely carrying out due diligences,

obtaining financial information concerning the counterpart in question, or the pledging of an asset which is released when the financial transaction has been completed, requesting bank guarantees, setting up escrow accounts, obtaining collateral, among others.

3.3 Liquidity Risk

The objective of liquidity risk management is to ensure at any given moment that the Group has the financial capability under favourable market conditions to: (i) comply with its payment obligations when these fall due and (ii) ensure in a timely manner the appropriate financing for the development of its businesses and strategy.

To that end, the Group aims at maintaining a flexible financial structure, so that the process of managing liquidity within the Group includes the following key aspects:

- Centralised liquidity management (cash surpluses and needs) at the holding company level, seeking to optimise the finance function in the Group;
- Financial planning based on cash flow forecasts, both at an individual company and consolidated levels, and for different time periods (weekly, monthly, annual and multiyear);
- Short and long term financial control systems (based on Treasury and Cash Management systems), which allow in a timely manner to identify variances, anticipate financing needs and identify refinancing opportunities;
- Diversification of sources of financing and counterparts;
- Spread of debt maturity dates, aiming at avoiding excessive concentration, at specific points in time, of debt repayments;
- Contracts with relationship Banks, of committed credit lines (of at least six months) and commercial paper programmes, with cancellation clauses which are sufficiently comfortable and prudent, seeking to obtain an appropriate level of liquidity while optimising the amount of commitment commissions payable.
- Negotiation of contract terms which reduce the possibility of early termination of loans.

4. CHANGES IN ACCOUNTING POLICIES

Changes to international accounting standards that came into force on or after 1 January 2013, did not have material impacts in the financial statements as at 31 December 2013.

5. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

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

				Percentage of capital held			
				31 December 2013		31 December 2012	
	Company		Head Office	Direct	Total	Direct	Total
	Sonae Capital SGPS, SA		Maia	Holding	Holding	Holding	Holding
	Sonae Turismo						
	Aqualuz - Turismo e Lazer, Lda	a)	Lagos	100.00%	100.00%	100.00%	100.00%
	Atlantic Ferries - Traf.Loc.Flu.e Marit., SA	a)	Grândola	83.41%	83.41%	83.41%	83.41%
	Casa da Ribeira - Hotelaria e Turismo, SA	a)	Marco de Canaveses	100.00%	100.00%	100.00%	100.00%
	Golf Time - Golfe e Inv.Turisticos, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Imoareia Investimentos Turísticos,SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imopenínsula - Sociedade Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Imoresort - Sociedade Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Marina de Tróia, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Marmagno-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Marvero-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
4)	Sete e Meio-Investimentos e Consultadoria,SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	SII - Soberana Investimentos Imobiliários, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Solinca - Health & Fitness, SA	a)	Lisbon	100.00%	100.00%	100.00%	100.00%
	Solinca-Investimentos Turísticos, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Solinfitness - Club Málaga, SL	a)	Malaga (Spain)	100.00%	100.00%	100.00%	100.00%
	Solswim – Gestão e Expl.de Equip. Aquáticos, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Soltroia-Imob.de Urb.Turismo de Tróia, SA	a)	Lisbon	100.00%	100.00%	100.00%	100.00%
	Sonae Turismo - SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Sontur, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Tróia Market, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Tróia Natura, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Troiaresort - Investimentos Turísticos, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Troiaverde-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Tulipamar-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%

	Energy						
	Ecociclo II – Energias, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Integrum Colombo – Energia, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Integrum-Energia, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Integrum Martim Longo - Energia, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Integrum Vale do Caima- Energia, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
3)	Integrum Vale do Tejo – Energia, SA	a)	Maia	100.00%	100.00%	-	-
	Refrigeration and HVAC						
7)	Sistavac Sistemas HVAC-R do Brasil, Lda	a)	São Paulo (Brazil)	100.00%	70.00%	100.00%	70.00%
	PJP - Equipamento de Refrigeração, Lda	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
	Sistavac, SGPS, SA	a)	Matosinhos	70.00%	70.00%	70.00%	70.00%
	Sistavac, SA	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
	SKK-Central de Distr., SA	a)	Porto	100.00%	70.00%	100.00%	70.00%
	Sopair, SA	a)	Madrid (Spain)	100.00%	70.00%	100.00%	70.00%
	Other Assets						
	Bloco Q-Sociedade Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Bloco W-Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Centro Residencial da Maia,Urban., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Cinclus Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Contacto Concessões, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Country Club da Maia-Imobiliaria, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
5)	Cronosaúde – Gestão Hospitalar, SA	a)	Porto	100.00%	50.00%	100.00%	50.00%
	Empreend.Imob.Quinta da Azenha, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1)	Fundo Especial de Investimento Imobiliário Fechado WTC	a)	Maia	99.82%	99.82%	99.82%	99.82%
	Imobiliária da Cacela, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imoclub-Serviços Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imodivor - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1) 6)	Imobeauty, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imohotel-Emp.Turist.Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imoponte-Soc.Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imosedas-Imobiliária e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Implantação – Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Inparvi SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
5)	Invesaude – Gestão Hospitalar, SA	a)	Maia	100.00%	50.00%	100.00%	50.00%
	Martimope – Empreendimentos Turisticos, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Porturbe-Edificios e Urbanizações, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Praedium – Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Praedium II-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Praedium-SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Prédios Privados Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Predisedas-Predial das Sedas, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%

	Promessa Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
5)	Saúde Atlântica - Gestão Hospitalar, SA	a)	Maia	50.00%	50.00%	50.00%	50.00%
	SC Assets, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	SC – Eng. e Promo Imobiliária,SGPS,SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Sete e Meio Herdades - Investimentos Agrícolas e Turismo, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Société de Tranchage Isoroy SAS	a)	Honfleur (France)	100.00%	100.00%	100.00%	100.00%
	Soconstrução, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Soira-Soc.Imobiliária de Ramalde, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sótaqua - Soc. de Empreendimentos Turísticos, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Spinarq-Engenharia, Energia e Ambiente,SA	a)	Luanda (Angola)	99.90%	99.90%	99.90%	99.90%
3)	Spinarq-Moçambique, Lda	a)	Maputo (Mozambique)	100.00%	100.00%	-	-
	Spinveste - Promoção Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Spinveste-Gestão Imobiliária SGII, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Spred SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Torre São Gabriel-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Urbisedas-Imobiliária das Sedas, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Vistas do Freixo-Emp.Tur.imobiliários,SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
1)	World Trade Center Porto, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Others						
	Interlog-SGPS, SA	a)	Lisbon	98.98%	98.98%	98.98%	98.98%
	SC – Sociedade de Consultadoria, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	SC-SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	SC Finance, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
2)	SKKFOR - Ser.For.e Desen. de Recursos, SA	a)	Maia	100.00%	100.00%	100.00%	70.00%

a) Majority of voting rights.

1) Company included in the Sonae Turismo segment in 2012;
2) Company moved from the segment "Refrigeration and HVAC" to the segment "Others";
3) Company incorporated in the period;
4) Company dissolved in the period;
5) Company sold in 28 October 2013;
6) Ex-Imoferro – Soc. Imobiliária, SA;
7) Ex-Friengineering, SA.

These group companies are consolidated using the full consolidation method as described in Note 2.2.a).

6. INVESTMENTS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

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

			Percentage of capital held				Book Value	
			31 December 2013		31 December 2012			
	Company	Head Office	Direct	Total	Direct	Total	30 December 2013	31 December 2012
	Other Assets							
	Andar - Sociedade Imobiliária, SA	Maia	50.00%	50.00%	50.00%	50.00%	357,859	637,735
1)	Sociedade de Construções do Chile, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
1)	Vastgoed One - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
1)	Vastgoed Sun - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
	Lidergraf - Artes Gráficas, Lda	Vila do Conde	24.50%	24.50%	24.50%	24.50%	690,582	510,194
	Norscut - Concessionária de Scut Interior Norte, SA	Lisbon	36.00%	36.00%	36.00%	36.00%	11,386,011	3,494,106
	Operscut - Operação e Manutenção de Auto-estradas, SA	Lisbon	15.00%	15.00%	15.00%	15.00%	24,000	24,000
	Total						12,458,452	4,666,035

1) Null investment values result from the adoption of the equity method in Andar – Sociedade Imobiliária, SA, holder of all of these investments.

Associated and jointly controlled companies are consolidated using the equity method.

Nil balances shown result from the reduction to acquisition cost of amounts determined by the equity method, discontinuing the recognition of its part of additional losses under the terms of IAS 28.

As at 31 December 2013 and 31 December 2012, aggregate values of main financial indicators of associated and jointly controlled companies can be analysed as follows:

	31 December 2013	31 December 2012
Total Assets	668,902,549	684,639,926
Total Liabilities	590,182,432	628,141,343
Income	128,281,701	123,046,279
Expenses	112,365,691	114,807,275

During the periods ended 31 December 2013 and 2012, movements in investments of associated and jointly controlled companies may be summarized as follows:

	31 December 2013	31 December 2012
Opening balance as at 1 January	4,697,978	60,092,179
Acquisitions in the period	37,000	195,600
Disposals in the period	-	-
Equity method	7,755,417	3,372,545
Change in the consolidation method	-	(58,962,346)
Closing balance as at 31 December	12,490,395	4,697,978
Accumulated impairment losses (Note 22)	(31,943)	(31,943)
	12,458,452	4,666,035

The use of the equity method had the following impacts: 5,060,825 euro recorded on share of results of associated undertakings (3,501,150 euro at 31 December 2012), and 2,694,592 euro in changes in reserves (-128,605 euro at 31 December 2012).

7. OTHER INVESTMENTS

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, percentage of share capital held and book value as at 31 December 2013 and 31 December 2012 are made up as follows:

			Percentage of capital held					
			31 December 2013		31 December 2012			
	Company	Head Office	Direct	Total	Direct	Total	31 December 2013	31 December 2012
	Tourism							
	Infratroia – Emp. de Infraest. de Troia, E.N.	Grândola	25,90%	25,90%	25,90%	25,90%	64,747	64,747
	Other Assets							
	Fundo de Investimento Imobiliário Fechado Imosede	Maia	25,85%	25,85%	32,36%	32,36%	38,654,123	49,286,915
	Fundo de Investimento Imobiliário Imosonae Dois	Maia	0,06%	0,06%	0,06%	0,06%	124,892	124,934
	Net, SA	Lisbon	2,80%	2,80%	2,80%	2,80%	11,132	11,132
1)	Sear - Sociedade Europeia de Arroz, SA	Santiago do Cacém	-	-	15,00%	15,00%	-	150,031
	Fundo de Capital de Risco F-HITEC	Lisbon	7,14%	7,14%	7,14%	7,14%	250,000	250,000
	Other investments						435,204	437,448
	Total (Note 9)						39,540,098	50,325,207

1) Company disposed in the period.

Null balances shown above result from deduction of impairment losses from related investments.

8. CHANGES TO THE CONSOLIDATION PERIMETER

During the year, Saúde Atlântica - Gestão Hospitalar, SA and its affiliates were sold:

Company	Head Office	Percentage of capital held At the date of disposal Direct	Total
Saúde Atlântica – Gestão Hospitalar, SA	Maia	50,00%	50,00%
Cronosaúde – Gestão Hospitalar, SA	Porto	100,00%	50,00%
Invesaúde – Gestão Hospitalar, SA	Porto	100,00%	50,00%

Impacts in the consolidated financial statements at the exclusion date were as follows:

	Date of disposal of shareholding	31 December 2012
Net assets excluded		
Tangible and intangible assets (Notes 10 and 11)	1,215,490	1,215,490
Inventories	-	-
Other assets	4,312,803	3,322
Cash and cash equivalents	63,185	64,274
Other liabilities	(5,022,214)	(2,431,476)
	569,264	(1,148,390)
Goodwill (Note 12)	6,430	-
	575,694	(1,148,390)
Gain/(Loss) on exclusion	521,621	-
	1,097,315	(1,148,390)

	Date of disposal of shareholding	31 December 2012
Sales and services rendered	2,340,616	3,109,033
Other operational income	99,581	187,470
Other operational expenses	(2,227,531)	(3,139,230)
Net financial expenses	(121,067)	(212,273)
Investment income	62,788	-
Profit/(Loss) before taxation	154,387	(55,000)
Taxation	(41,747)	(68,171)
Profit/(Loss) for the period	112,640	(123,171)

9. FINANCIAL INSTRUMENTS

Financial Instruments, in accordance with the policies described in Note 2.1, were classified as follows:

		Financial Instruments					
Financial Assets	Note	Borrowings and accounts receivable	Available for sale	Investments held to maturity	Sub-total	Assets not covered by IFRS 7	Total
As at 31 de December 2013							
Non-Current Assets							
Other Investments	13	-	39,540,098	-	39,540,098	-	39,540,098
Other non-current assets	14	19,570,690	-	-	19,570,690	-	19,570,690
		19,570,690	39,540,098	-	59,110,788	-	59,110,788
Current Assets							
Trade account receivables	16	20,872,540	-	-	20,872,540	-	20,872,540
Other debtors	17	8,951,082	-	-	8,951,082	-	8,951,082
Cash and cash equivalents	21	2,997,963	-	-	2,997,963	-	2,997,963
		32,821,585	-	-	32,821,585	-	32,821,585
		52,392,275	39,540,098	-	91,932,373	-	91,932,373
As at 31 de December 2012							
Non-Current Assets							
Other Investments	13	-	50,325,207	-	50,325,207	-	50,325,207
Other non-current assets	14	20,481,928	-	-	20,481,928	-	20,481,928
		20,481,928	50,325,207	-	70,807,135	-	70,807,135
Current Assets							
Trade account receivables	16	23,475,283	-	-	23,475,283	-	23,475,283
Other debtors	17	7,703,322	-	-	7,703,322	-	7,703,322
Cash and cash equivalents	21	3,244,695	-	-	3,244,695	-	3,244,695
		34,423,300	-	-	34,423,300	-	34,423,300
		54,905,228	50,325,207	-	105,230,435	-	105,230,435

Financial Liabilities	Note	Financial liabilities recorded at amortised cost	Liabilities not covered by IFRS 7	Total
As at 31 de December 2013				
Non-Current Liabilities				
Bank Loans	24	68,961,416	-	68,961,416
Bonds	24	59,773,468	-	59,773,468
Other loans	24 and 25	24,233,817	-	24,233,817
Other non-current liabilities	27	2,764,815	492,056	3,256,871
		155,733,516	492,056	156,225,572
Current Liabilities				
Bank Loans	21 and 24	92,405,686	-	92,405,686
Bonds	24 and 25	3,645,254	-	3,645,254
Trade Creditors	29	15,756,800	-	15,756,800
Other current liabilities	30	3,691,809	3,311,719	7,003,528
		115,499,549	3,311,719	118,811,268
		271,233,065	3,803,775	275,036,840

Financial Liabilities	Note	Financial liabilities recorded at amortised cost	Liabilities not covered by IFRS 7	Total
As at 31 de December 2012				
Non-Current Liabilities				
Bank Loans	24	70,140,254	-	70,140,254
Bonds	24	59,655,971	-	59,655,971
Other loans	24 and 25	28,879,450	-	28,879,450
Other non-current liabilities	27	3,879,350	117,960	3,997,310
		162,555,024	117,960	162,672,984
Current Liabilities				
Bank Loans	21 and 24	96,937,328	-	96,937,328
Other loans	24 and 25	3,701,920	-	3,701,920
Trade Creditors	29	17,589,482	-	17,589,482
Other current liabilities	30	2,363,836	2,086,034	4,449,870
		120,592,567	2,086,034	122,678,601
		283,147,591	2,203,994	285,351,585

10. TANGIBLE ASSETS

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

	Tangible Assets						
	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others	Tangible Assets in progress	Total Tangible Assets
Gross Cost:							
Opening balance as at 1 January 2012	215,045,171	131,774,808	1,608,033	5,674,826	2,407,224	9,358,098	365,868,160
Changes in consolidation perimeter (companies out)	-	(133,284)	-	(31,868)	(54,335)	-	(219,487)
Capital expenditure	90,973	91,274	181,565	26,407	29,641	10,822,810	11,242,670
Disposals	(617,236)	(1,979,838)	(100,136)	(395,263)	(26,479)	(2,325)	(3,121,277)
Exchange rate effect	-	(5,039)	(7,615)	(5,985)	(6,692)	-	(25,331)
Transfers	9,748,793	13,642,690	(106,145)	10,935	66,748	(8,072,751)	15,290,270
Opening balance as at 1 January 2013	224,267,701	143,390,611	1,575,702	5,279,052	2,416,107	12,105,832	389,035,005
Changes in consolidation perimeter (companies out)	-	(2,734,013)	-	(160,156)	(8,259)	(75)	(2,902,503)
Capital expenditure	346,148	31,992	105,907	7,028	22,897	5,889,511	6,403,483
Disposals	(686,162)	(1,975,372)	(71,012)	(315,868)	(41,255)	-	(3,089,669)
Exchange rate effect	-	(8,506)	(19,543)	(9,629)	(11,926)	-	(49,604)
Transfers	753,792	1,587,128	(3,416)	34,703	(460,862)	(1,952,906)	(41,561)
Closing balance as at 31 December 2013	224,681,479	140,291,840	1,587,638	4,835,130	1,916,702	16,042,362	389,355,151
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2012	78,891,380	43,361,489	1,179,817	4,376,803	1,970,452	-	129,779,941
Changes in consolidation perimeter (companies out)	-	(103,218)	-	(29,796)	(51,634)	-	(184,648)
Charges for the period 1)	5,272,414	10,203,351	208,641	360,136	81,350	-	16,125,892
Disposals 2)	(662,479)	(1,947,009)	(97,074)	(254,151)	(9,470)	-	(2,970,183)
Exchange rate effect	-	(1,702)	(3,301)	(4,237)	(3,994)	-	(13,234)
Transfers	209,697	95,199	(115,215)	(39,927)	30,033	-	179,787
Opening balance as at 1 January 2013	83,711,012	51,608,110	1,172,868	4,408,828	2,016,737	-	142,917,555
Changes in consolidation perimeter (companies out)	-	(1,554,946)	-	(125,065)	(8,255)	-	(1,688,266)
Charges for the period 1)	2,710,298	9,225,383	219,520	279,858	68,930	-	12,503,989
Disposals 2)	(44,056)	(1,634,102)	(70,494)	(299,818)	(41,283)	-	(2,089,753)
Exchange rate effect	-	(3,001)	(10,554)	(6,915)	(6,850)	-	(27,320)
Transfers	(139)	(253,821)	(20,686)	(51,950)	(486,687)	-	(813,282)
Closing balance as at 31 December 2013	86,377,115	57,387,623	1,290,654	4,204,938	1,542,592	-	150,802,923
Carrying amount							
As at 31 December 2012	140,556,689	91,782,501	402,834	870,224	399,370	12,105,832	246,117,450
As at 31 December 2013	138,304,364	82,904,217	296,984	630,192	374,110	16,042,362	238,552,228

1) Includes impairment losses amounting to 229,832 euro (2,992,249 euro at December 2012)
2) Includes reversal of impairment losses amounting to 136,248 (336,242 euro at December 2012).

The acquisition cost of Tangible assets held by the Group under finance lease contracts amounted as at December 2013 to 37,383,648 euro (37,426,837 euro at December 2012) and their net book value as of those dates amounted to 26,818,349 euro and 28,859,002 euro, respectively (Note 25).

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

	31 December 2013	31 December 2012
Troiaresort	7,322,147	7,316,889
Photovoltaic Project	7,412,790	3,260,000
Others	1,307,425	1,528,943
	16,042,362	12,105,832

11. INTANGIBLE ASSETS

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

	Intangible Assets				
	Patents and other similar rights	Software	Others	Intangible Assets in progress	Total Intangible Assets
Gross Cost:					
Opening balance as at 1 January 2012	7,805,800	2,586,420	174,822	66,927	10,633,969
Changes in consolidation perimeter (companies out)	-	(22,464)	-	-	(22,464)
Capital expenditure	184,500	17,884	-	695,744	898,128
Disposals	(13,072)	(1,106,588)	(167,300)	-	(1,286,960)
Exchange rate effect	-	(2,360)	-	-	(2,360)
Transfers	11,029	134,386	1,900	(117,231)	30,084
Opening balance as at 1 January 2013	7,988,257	1,607,278	9,422	645,440	10,250,397
Changes in consolidation perimeter (companies out)	(153,528)	(31,007)	-	-	(184,535)
Capital expenditure	-	2,266	-	434,583	436,849
Disposals	(15,868)	(11,639)	-	-	(27,507)
Exchange rate effect	-	(3,761)	-	-	(3,761)
Transfers	15,176	648,660	-	(644,367)	19,469
Closing balance as at 31 December 2013	7,834,037	2,211,797	9,422	435,656	10,490,912
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2012	1,013,594	2,107,323	34,274	-	3,155,191
Changes in consolidation perimeter (companies out)	-	(21,988)	-	-	(21,988)
Charges for the period	180,656	164,048	633	-	345,337
Disposals	(13,072)	(1,018,006)	(26,752)	-	(1,057,830)
Exchange rate effect	-	(1,374)	-	-	(1,374)
Transfers	(8,917)	8,917	-	-	-
Opening balance as at 1 January 2013	1,172,261	1,238,919	8,155	-	2,419,335
Changes in consolidation perimeter (companies out)	(153,528)	(29,755)	-	-	(183,283)
Charges for the period	195,388	328,333	633	-	524,354
Disposals	(6,669)	(6,390)	-	-	(13,060)
Exchange rate effect	-	(2,261)	-	-	(2,261)
Transfers	-	-	-	-	-
Closing balance as at 31 December 2013	1,207,452	1,528,846	8,788	-	2,745,086
Carrying amount					
As at 31 December 2012	6,815,996	368,359	1,267	645,440	7,831,062
As at 31 December 2013	6,626,585	682,951	634	435,656	7,745,826

As at December 2013 net assets of Marina de Troia amount to 6,141,720 euro (6,290,007 euro at 31 December 2012).

APSS – Administração dos Portos de Setúbal e Sesimbra, SA (APSS) signed in 2007 with an affiliated company a service concession arrangement to build and operate, in the public interest, a marina and support services in Troia, during a period of 50 years from the date of entry into operation. This period may be extended a maximum of 10 years if agreed between the parties. At the end of the service concession arrangement the concession will revert to APSS at no consideration, with some exceptions in the arrangement.

The Group has the right to charge fees for services to be provided under the concession. Maximum fee limits must be approved by the grantor based on a proposal submitted by the Group.

During the concession period the Group has a contractual obligation to maintain the infrastructure in a specific level of serviceability and pays the grantor a fixed fee and a variable fee, the latter based on revenues charged for the service provided.

The grantor may cancel the service concession arrangement whenever public interest is affected, provided that at least the contractual period is over and with at least 1 year notice, in which case the Group is entitled to compensation equal to the net book value of the infrastructure plus lost revenue calculated in accordance with the terms of the contract.

12. GOODWILL

During the periods ended 31 December 2013 and 31 December 2012, movements in goodwill, as well as in corresponding impairment losses, are as follows:

	31 December 2013	31 December 2012
Gross amount:		
Opening balance	62,290,239	62,330,108
Decreases - disposals of affiliated companies	(6,430)	(39,869)
Closing balance	62,283,809	62,290,239
Accumulated impairment losses:		
Opening balance	1,301,596	1,301,596
Closing balance	1,301,596	1,301,596
		-
Total	60,982,213	60,988,643

Impairment tests on Goodwill, as at 31 December 2013, consisted in calculating the fair value minus costs to sell each cash generating unit.

Regarding Goodwill of the Tourism business segment, projections of the sales value of units were used (discounted to present value).

As for the remaining Goodwill, which mostly regards Spred, discounted cash flows, for a five year period, were used, calculating a perpetuity and discounting cash flows up to the date of the present consolidated financial statements. Discount rates used correspond to the weighted average cost of capital (WACC). WACC's used range from 10,4% and 12.2% and the growth rate in perpetuity was zero.

As at 31 December 2013 and 2012, Goodwill may be split as follows:

	31 December 2013	31 December 2012
Tourism	24,393,763	24,393,763
Energy	614,798	614,798
Refrigeration and HVAC	9,622,339	9,622,339
Other Assets	12,299,160	12,305,590
Holding and Others	14,052,153	14,052,153
	60,982,213	60,988,643

13. OTHER INVESTMENTS

As at 31 December 2013, movements in investments were as follows:

	31 December 2013		31 December 2012	
	Non current	Current	Non current	Current
Investments at acquisition cost				
Opening balance as at 1 January	8,223,418	-	8,200,508	-
Acquisitions in the period	122	-	22,910	-
Disposals in the period	(152,525)	-	-	-
Transfers	86	-	-	-
Changes in consolidation perimeter	-	-	-	-
Closing balance as at 31 December	8,071,101	-	8,223,418	-
Accumulated impairment losses (Note 32)	(7,707,935)	-	(7,707,935)	-
	363,166	-	515,483	-
Investments held for sale				
Fair value as at 1 January	49,938,723	-	651,807	-
Disposals in the period	(9,919,661)	-	(19,874,257)	-
Increase/(Decrease) in fair value	(713,131)	-	16,605,709	-
Transfers	-	-	52,555,464	-
Fair value as at 31 December	39,305,931	-	49,938,723	-
Accumulated impairment losses (Note 32)	(128,999)	-	(128,999)	-
Fair value (net of impairment losses) as at 31 December	39,176,932	-	49,809,724	-
Other Investments (Note 13)	39,540,098	-	50,325,207	-

The amounts shown under fair value related to the Imosede Fund.

The Imosede Fund is accounted as an available for sale asset, measured at fair value. For the remaining investment under this heading, the Group considers that it is not reasonable to estimate a fair value, as there is no observable market data.

These investments are recorded at acquisition cost less impairment losses.

14. OTHER NON-CURRENT ASSETS

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

	31 December 2013	31 December 2012
Loans granted to related parties		
Norscut - Concessionária de Scut Interior Norte, SA	17,740,756	16,646,298
Others	691,505	215,303
	18,432,261	16,861,601
Impairment losses (Note 32)	(34,916)	(34,916)
	18,397,345	16,826,685
Trade accounts receivable and other debtors		
Sale of financial investments	-	2,457,493
Others	1,173,345	1,197,750
Impairment losses (Note 32)	-	-
	1,173,345	3,655,243
Other non-current assets	19,570,690	20,481,928

Generally, values included in other non-current assets bear interest at market rates, and it is estimated that their fair value does not significantly differ from amounts in the balance sheet.

As at 31 December 2013 and 2012, the ageing of Trade accounts receivable and other debtors can be detailed as follows:

	Trade accounts receivable and other debtors	
	31 December 2013	31 December 2012
Not due	28,015	2,484,521
Due but not impaired		
< 6 months	-	26,019
6 - 12 months	-	-
> 1 year	1,145,330	1,144,703
	1,145,330	1,170,722
Due and impaired		
> 1 year	-	-
	1,173,345	3,655,243

Loans granted to related parties do not have a defined maturity, and therefore are not due. These loans bear interests.

15. INVENTORIES

Inventories as at 31 December 2013 and 31 December 2012 can be detailed as follows, highlighting the value attributable to real estate developments:

	31 December 2013		31 December 2012	
	Total	of which Real Estate Developments	Total	of which Real Estate Developments
Raw materials, by-products and consumables	1,162,725	-	1,268,569	-
Goods for sale	32,155,488	30,045,640	33,039,474	30,781,226
Finished goods	68,373,552	68,373,552	76,347,355	76,347,355
Work in progress	80,964,110	77,147,748	80,592,327	78,222,630
Payments on account	-	-	68,459	-
	182,655,875	175,566,940	191,316,184	185,351,211
Accumulated impairment losses on Inventories (Note 32)	(3,725,862)	(3,434,621)	(3,515,540)	(3,434,621)
	178,930,013	172,132,319	187,800,644	181,916,590

Cost of goods sold as at 31 December 2013 and 2012 amounted to 40,829,087 euro and 36,584,661 euro, respectively, and may be detailed as follows:

	31 December 2012	31 December 2012
Opening Inventories	34,308,043	35,797,138
Exchange rate effect	(67,939)	(44,021)
Purchases	39,877,917	36,102,963
Adjustments	(250,061)	(976,139)
Closing Inventories	33,318,213	34,308,043
	40,549,747	36,571,898
Impairment losses (Note 32)	280,072	12,762
Reversion of impairment losses	(732)	-
Total Operations	40,829,087	36,584,661

16. TRADE ACCOUNTS RECEIVABLE

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

	31 December 2013	31 December 2012
Trade accounts receivable		
Tourism	2,792,872	2,923,324
Energy	2,654,448	522,915
Refrigeration and HVAC	15,844,788	19,863,945
Other Assets	1,819,194	1,872,830
Holding and Others	79,601	71,065
	23,190,903	25,254,079
Trade Debtors, bills receivable	191,545	131,485
Doubtful debtors	3,529,097	3,530,814
	26,911,545	28,916,378
Accumulated impairment losses on Trade Debtors (Note 32)	(6,039,005)	(5,441,095)
Total Operations	20,872,540	23,475,283

In the normal course of activity collection risk may arise in Trade debtors. The amounts presented on the face of the balance sheet are net of impairment losses, which were estimated based on the Group's experience and on the assessment of present economic conditions. As a result, amounts disclosed in Trade debtors reflect their fair value.

As at 31 December 2013 we do not have any reason to believe that normal collection times regarding trade accounts receivable not due for which there are no impairment losses will not be met.

As at 31 December 2013 and 2012, the ageing of Trade Accounts Receivables can be detailed as follows:

	Trade Accounts Receivable					
31 December 2013	Tourism	Energy	Refrigeration and HVAC	Other Assets	Holding and Others	Total
Not Due	644,249	1,480,506	10,850,256	678,307	49,644	13,702,962
Due but not impaired						
0 - 30 days	363,748	1,142,080	1,698,538	537,995	-	3,742,360
30 - 90 days	197,535	9,290	915,038	276,968	23,740	1,422,571
+ 90 days	273,143	22,573	997,957	303,850	6,217	1,603,741
Total	834,426	1,173,943	3,611,533	1,118,813	29,957	6,768,672
Due and impaired						
0 - 90 days	88,515	-	169,731	20,574	-	278,820
90 - 180 days	53,503	-	13,084	-	-	66,587
180 - 360 days	178,960	-	16,329	-	-	195,289
+ 360 days	2,600,325	-	2,822,109	383,274	93,508	5,899,216
Total	2,921,303	-	3,021,253	403,848	93,508	6,439,912
Total Operations before impairments	4,399,978	2,654,449	17,483,042	2,200,968	173,109	26,911,545

31 December 2012	Tourism	Energy	Refrigeration and HVAC	Other Assets	Holding and Others	Total
Not Due	569,226	226,938	14,996,724	749,319	-	16,542,207
Due but not impaired						
0 - 30 days	325,152	125,443	1,190,320	742,360	24,600	2,407,875
30 - 90 days	322,933	74,272	1,565,965	89,969	367	2,053,506
+ 90 days	447,843	96,262	1,469,187	268,994	46,099	2,328,385
Total	1,095,928	295,977	4,225,472	1,101,323	71,066	6,789,766
Due and impaired						
0 - 90 days	27,204	-	-	22,298	-	49,502
90 - 180 days	134,333	-	-	3,464	-	137,797
180 - 360 days	95,124	-	-	8,352	-	103,476
+ 360 days	2,614,344	-	2,229,749	356,030	93,508	5,293,631
Total	2,871,005	-	2,229,749	390,144	93,508	5,584,406
Total Operations before impairments	4,536,159	522,915	21,451,945	2,240,786	164,574	28,916,378

To determine the recoverability of Trade accounts receivable, the Group reviews all changes to the credit quality of its counterparties since the date of the credit to the date of reporting consolidated financial statements. Credit risk is not concentrated because of the significant number of trade debtors. The Group thus believes that credit risk does not exceed recorded impairment losses for trade accounts receivable doubtful accounts.

In addition, the Group considers that maximum exposure to credit risk corresponds to the total of trade accounts receivable disclosed in the consolidated balance sheet.

17. OTHER DEBTORS

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

	31 December 2013	31 December 2012
Loans granted to and other amounts to be received from related parties		
Others	70,058	68,102
	70,058	68,102
Other Debtors		
Suppliers with a debtor balance	850,602	1,240,239
Sale of assets	9,678	14,720
Sale of financial investments	4,804,214	24,203,831
Others	10,923,538	10,042,786
	16,588,032	35,501,576
Other Debtors	16,658,090	35,569,678
Accumulated impairment losses on Other Debtors (Note 32)	(7,707,008)	(27,866,356)
Total financial instruments (Note 9)	8,951,082	7,703,322
Total Operations	8,951,082	7,703,322

Loans granted to related parties bear interest at market rates.

As at 31 December 2013 and 2012, ageing of other debtors can be summarised as follows:

	Other Debtors	
	31 December 2013	31 December 2012
Not Due	3,910,621	3,118,973
Due but not impaired		
0 - 30 days	460,772	302,391
30 - 90 days	2,055,552	282,396
+ 90 days	2,551,783	3,967,334
Total	5,068,107	4,552,121
Due and impaired		
0 - 90 days	-	1,451
90 - 180 days	9,723	197
180 - 360 days	-	1,451
+ 360 days	7,599,581	27,827,383
Total	7,609,304	27,830,482
Total Operations before impairments	16,588,032	35,501,576

As at 31 December 2013 we do not have any reason to believe that normal collection times regarding other debtors not due, and for which there are no impairment losses, will not be met.

Values included in other debtors are close to their fair value.

18. TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

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

	31 December 2013	31 December 2012
Tax recoverable		
Income taxation - payments on account and amounts withheld	5,462,166	5,860,952
VAT	6,610,330	6,166,066
Other taxes	768,875	353,599
Total Operations	12,841,371	12,380,617

Taxes and contributions payable		
Income taxation	3,684,314	3,946,103
VAT	1,340,955	891,767
Income taxation - amounts withheld	1,189,808	1,202,554
Social security contributions	625,393	564,911
Other taxes	166,761	121,859
Total Operations	7,007,231	6,727,194

19. OTHER CURRENT ASSETS

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

	31 December 2013	31 December 2012
Interest receivable	965,460	1,195,981
Deferred costs - External supplies and services	895,653	756,891
Deferred costs - Rents	264,345	292,513
Other current assets	1,681,955	2,304,951
Total Operations	3,807,413	4,550,336

20. DEFERRED TAXES

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

	Deferred tax assets		Deferred tax liabilities	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Amortisation and Depreciation harmonisation adjustments	884,314	1,019,814	2,783,003	2,440,744
Provisions and impairment losses of non-tax deductible	8,934,857	9,907,502	-	40,234
Write off of tangible and intangible assets	325,774	620,196	-	-
Write off of accruals	126,853	273,593	-	-
Revaluation of tangible assets	-	-	103,166	113,359
Tax losses carried forward	15,843,605	15,800,521	-	-
Financial instruments	-	-	1,276,624	2,590,303
Write off of Inventories	-	-	931,724	1,020,906
Taxable temporary differences arising from the fair value of non-current liabilities	-	-	7,150,724	7,746,432
Others	71,126	227,451	336,618	392,548
	26,186,529	27,849,077	12,581,859	14,344,526

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

	Deferred tax assets		Deferred tax liabilities	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Opening balance	27,849,077	23,563,437	14,344,526	11,535,355
Effect in results (Note 43):	-	-	-	-
Amortisation and Depreciation harmonisation adjustments	(69,340)	55,972	568,272	363,397
Provisions and impairment losses of non-tax deductible	(243,412)	(229,744)	(40,234)	40,234
Write off of tangible and intangible assets	(267,100)	(268,237)	-	-
Write off of accruals	(136,385)	(136,797)	-	-
Tax losses carried forward	1,495,475	4,878,055	-	-
Financial Instruments	-	-	(1,024,386)	2,590,303
Changes in tax rates	(2,033,518)	-	(1,035,190)	-
Others	(150,185)	(13,609)	(51,787)	(124,717)
	(1,404,464)	4,285,640	(1,583,325)	2,869,217
Effect in reserves:				
Financial Instruments	-	-	(178,282)	-
Others	-	-	(1,060)	(60,046)
	-	-	(179,342)	(60,046)
Changes in consolidation perimeter	(258,084)	-	-	-
Closing balance	26,186,529	27,849,077	12,581,859	14,344,526

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

	31 December 2013			31 December 2012		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2007	-	-	2013	1,416,550	354,137	2013
Generated in 2008	1,105,341	254,228	2014	1,426,557	356,639	2014
Generated in 2009	6,379,907	1,467,379	2015	6,448,363	1,612,091	2015
Generated in 2010	18,328,751	4,215,613	2014	18,343,706	4,585,927	2014
Generated in 2011	17,938,869	4,125,940	2015	18,076,637	4,519,159	2015
Generated in 2012	16,006,259	3,681,440	2017	16,718,251	4,179,563	2017
Generated in 2013	9,126,112	2,099,006	2018	-	-	
	68,885,239	15,843,605		62,430,063	15,607,516	
With a time limit different from the above mentioned	-	-		569,640	193,005	
	68,885,239	15,843,605		62,999,704	15,800,521	

As at 31 December 2013 and 31 December 2012, deferred tax assets resulting from tax losses carried forward were re-assessed. Deferred tax assets have only been recorded to the extent that future profits will arise which may be offset against available tax losses or against deductible temporary differences.

As at 31 December 2013, tax losses carried forward amounting to 175,288,767 euro (177,450,385 euro as at 31 December 2012), have not originated deferred tax assets for prudential reasons and are detailed as follows:

	31 December 2013			31 December 2012		
	Tax losses carried forward	Tax Credit	Time limit	Tax losses carried forward	Tax Credit	Time limit
With limited time use						
Generated in 2007	-	-	2013	17,895,099	4,473,774	2013
Generated in 2008	33,053,902	7,602,397	2014	37,294,794	9,323,699	2014
Generated in 2009	35,694,882	8,209,823	2015	42,270,653	10,567,664	2015
Generated in 2010	16,443,812	3,782,077	2014	17,922,419	4,480,605	2014
Generated in 2011	18,024,594	4,145,657	2015	19,698,860	4,924,715	2015
Generated in 2012	19,508,597	4,486,977	2017	22,854,282	5,713,579	2017
Generated in 2013	36,378,392	8,367,030	2018	-	-	
	159,104,179	36,593,961		157,936,107	39,484,036	
Without limited time use	1,186,715	395,532		1,186,715	395,532	
With a time limit different from the above mentioned	14,997,872	4,318,664		18,327,563	5,427,546	
	16,184,587	4,714,196		19,514,278	5,823,079	
	175,288,767	41,308,157		177,450,385	45,307,115	

21. CASH AND CASH EQUIVALENTS

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

	31 December 2013	31 December 2012
Cash at hand	84,252	161,516
Bank deposits	2,901,739	3,083,179
Treasury applications	11,972	-
Cash and cash equivalents on the balance sheet	2,997,963	3,244,695
Bank overdrafts - (Note 24)	(75,657)	(135,542)
Guarantee deposit	-	(500,000)
Cash and cash equivalents in the statement of cash-flows	2,922,307	2,609,152

Bank overdrafts include creditor balances of current accounts in financial institutions, and are disclosed in the balance sheet under current bank loans (Note 24).

22. EQUITY

The share capital of Sonae Capital SGPS, SA is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each.

The demerger originated a reserve in the amount of 132,638,253 euro, which has a treatment similar to that of a Legal Reserve. According to Company Law, it cannot be distributed to shareholders, unless the company is liquidated, but can be used to make good prior year losses, once other reserves have been used fully, or for capital increases.

As at 31 December 2013, Sonae Capital SGPS, S.A. owns 5,119,562 own shares (1,600,310 own shares at 31 December 2012) booked for 1,124,125 euro (264,705 euro at 31 December 2012).

23. NON CONTROLLING INTERESTS

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

	31 December 2013	31 December 2012
Opening balance as at 1 January	8,707,639	9,241,777
Changes in hedging reserves	16,215	9,230
Changes in the percentage of capital held in affiliated companies	548,518	119,556
Changes resulting from currency translation	(68,547)	(23,677)
Dividends paid	(304,254)	-
Others	-	(4,431)
Profit for the period attributable to minority interests	(49,280)	(634,816)
Closing balance	8,850,291	8,707,639

24. BORROWINGS

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

	31 December 2013		31 December 2012		
	Outstanding amount		Outstanding amount		Repayable on
	Current	Non Current	Current	Non Current	
Bank loans					
Sonae Capital SGPS - commercial paper [a)]	-	-	10,000,000	-	Mar/2013
Sonae Capital SGPS - commercial paper [b)]	75,000,000	-	58,450,000	-	Mar/2018
Sonae Capital SGPS - commercial paper [e)]	8,250,000	-	-	8,250,000	Jan/2014
Sonae Capital SGPS - commercial paper [c)]	-	12,650,000	23,950,000	-	Aug/2016
Sonae Capital SGPS - commercial paper [f)]	-	-	2,000,000	-	Feb/2016
Sonae Capital SGPS - commercial paper [d)]	-	30,000,000	-	30,000,000	Dec/2017
Sonae Capital SGPS [g)]	7,000,000	24,000,000	2,000,000	31,000,000	Jun/2017
Up-front fees	-	(552,029)	-	(317,336)	
Others	2,080,029	2,863,444	401,786	1,207,589	
	92,330,029	68,961,416	96,801,786	70,140,254	
Bank overdrafts (Note 21)	75,657	-	135,542	-	
Bank loans	92,405,686	68,961,416	96,937,328	70,140,254	
Bond Loans					
Sonae Capital 2011/2016 Bonds	-	10,000,000	-	10,000,000	Jan/2016
SC, SGPS, S.A. 2008/2018 Bonds	-	50,000,000	-	50,000,000	Mar/2018
Up-front fees	-	(226,532)	-	(344,029)	
Bond Loans	-	59,773,468	-	59,655,971	
Other loans	686,968	1,116,336	689,568	1,803,305	
Derivatives (Note 26)	101,543	1,433,909	199,115	2,532,557	
Obligations under finance leases (Note 25)	2,856,743	21,785,159	2,813,237	24,657,747	
Up-front fees on finance leases (Note25)	-	(101,587)	-	(114,159)	
	96,050,940	152,968,701	100,639,248	158,675,674	

a) Commercial paper programme, with subscription guarantee, issued on 14 March 2008 and valid for a 5 year period.
b) Short term commercial paper programme, issued on 28 March 2008 and valid for a 10 year period, which may be extended at the option of Sonae Capital. Placed in investors or financial institutions and guaranteed by credit lines, with commitment of at least six months to a year, placed in relationship banks.
c) Commercial paper programme, with subscription guarantee, issued on 31 March 2011 and valid up to August 2018, except if the reimbursement is anticipated under the contracted terms of the call/put option, in August 2016. This loan is guaranteed by a mortgage on real estate assets
d) Commercial paper programme, with subscription guarantee, issued on 27 December 2012 and valid up to December 2017.
e) Commercial paper programme, with subscription guarantee, issued on 31 December 2013, with annual renewals up to 3 years.
f) Short term commercial paper programme, with subscription guarantee, issued on 17 February 2011, with annual renewals up to a maximum of 5 years.
g) Bank loan guarantee by a mortgage on real estate, started on 2 June 2011 and valid for a 6 year period, with annual payments.

As at 31 December 2013, borrowings of the Group were as follows:

- SC, SGPS, SA, 2008/2018 bond loan in the amount of 50,000,000 euro, with a 10 year maturity, and a sole reimbursement on 3 March 2018, except if the reimbursement is anticipated, fully or partially, which can happen on 3 March 2016. This bond loan bears interest every six months.

- Sonae Capital SGPS - 2011/2016 bond loan in the amount of 10,000,000 euro, with a 5 year maturity, and a sole reimbursement on 17 January 2016, except if the reimbursement is anticipated, fully or partially, which can happen on 17 January 2014. This bond loan bears interest every six months.

The interest rate on bonds in force on 31 December 2013 was on average 3.46%.

Bank loans pay interest rates that are indexed to the Euribor market rates of the period, and its fair value is considered close to its book value.

Other non-current loans include reimbursable grants to affiliated undertakings, which do not bear interest.

Other current loans include letters of credit not yet due.

The repayment schedule of the nominal value of borrowings may be summarised as follows:

	31 December 2013		31 December 2012	
	Nominal value	Interest	Nominal value	Interest
N+1 [a)]	95,949,397	8,582,090	100,440,133	8,393,490
N+2	11,417,824	6,548,639	19,279,012	7,208,617
N+3	25,082,672	4,290,860	11,002,099	5,941,516
N+4	47,689,566	2,861,554	20,447,129	3,713,646
N+5	57,636,739	2,140,898	43,053,564	2,875,583
After N+5	10,588,138	415,871	63,136,837	1,010,080
	248,364,336	24,839,912	257,358,774	29,142,932

a) Includes amounts drawn under commercial paper programmes. Of the total amount maturing in N+1, 55% concerns to commercial paper taken under lines of credit with commitment exceeding one year. Taking into account the policies and measures to manage liquidity risk, no risks that could jeopardize the continuity of operations are anticipated.

As at 31 December 2012 and 2011, available credit lines may be summarised as follows:

	31 December 2013		31 December 2012	
	Commitments < 1 year	Commitments > 1 year	Commitments < 1 year	Commitments > 1 year
Value of available lines				
Tourism	-	-	-	-
Energy	-	-	-	-
Refrigeration and HVAC	2,709,583	-	8,186,317	-
Other Assets	-	-	-	-
Holding and Others	39,599,398	23,950,000	48,899,398	15,650,000
	42,308,981	23,950,000	57,085,715	15,650,000
Value of contracted lines				
Tourism	-	-	-	-
Energy	-	-	-	-
Refrigeration and HVAC	3,165,417	-	8,236,978	-
Other Assets	-	-	-	-
Holding and Others	47,849,398	66,600,000	61,599,398	79,850,000
	51,014,815	66,600,000	69,836,376	79,850,000

25. OBLIGATIONS UNDER FINANCE LEASES

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

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
Amounts under finances leases:	31 December 2013	31 December 2012	31 December 2013	31 December 2012
N+1	3,332,892	3,352,546	2,856,743	2,813,237
N+2	3,255,296	3,340,653	2,838,808	2,865,496
N+3	3,228,553	3,257,165	2,874,044	2,842,437
N+4	3,228,553	3,228,744	2,936,666	2,874,544
N+5	3,228,553	3,228,742	3,001,239	2,936,733
After N+5	10,532,705	13,771,082	10,134,402	13,138,537
	26,806,552	30,178,933	24,641,902	27,470,984
Future Interest	(2,164,650)	(2,707,949)		
	24,641,902	27,470,984		
Up-front fees			(101,587)	(114,159)
Current obligations under finance leases			2,856,743	2,813,237
Obligations under finance leases - net of current obligations			21,683,572	24,543,588

Finance leases are contracted at market interest rates, have defined useful lives and include an option for the acquisition of the related assets at the end of the period of the contract.

As at 31 December 2013 and 2012, the fair value of finance leases is close to their book value.

Obligations under finance leases are guaranteed by related assets.

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

	31 December 2013	31 December 2012
Assets acquired under finance leases		
Land and Buildings	-	-
Plant and machinery	26,813,876	28,851,465
Vehicles	58	230
Tools	18	594
Fixtures and Fittings	4,398	6,713
Total tangible assets	26,818,350	28,859,002

26. DERIVATIVES

Interest rate derivatives

Hedging instruments used by the Group as at 31 December 2013 were mainly interest rate options (cash-flow hedges) contracted with the goal of hedging interest rate risks on loans in the amount of 55,000,000 euro, whose fair value of 1,535,452 euro (2,731,672 euro at 31 December 2012) is recorded as liabilities. As at 31 December 2013 and 31 December 2012, all derivatives are hedging derivatives.

These interest rate hedging instruments are valued at fair value as at the balance sheet date, determined by valuations made by the Group using derivative valuation calculation schedules and external valuations when these schedules do not permit the valuation of certain instruments. For options, fair value is determined using the Black-Scholes model and its variants.

The fair value of derivatives is calculated using valuation models based on assumptions which are confirmed by market benchmarks, thus complying with level 2 requirements set on the IFRS 7.

Risk coverage guidelines generally used by the Group in contractually arranged hedging instruments are as follows:

- Matching between cash-flows received and paid, i.e., there is a perfect match between the dates of the re-fixing of interest rates on financing contracted with the bank and the dates of the re-fixing of interest rates on the derivative;

- Perfect matching between indices: the reference index for the hedging instrument and that for the financing to which the underlying derivative relates are the same;

- In the case of extreme rises in interest rates, the maximum cost of financing is limited.

Counterparts for derivatives are selected based on their financial strength and credit risk profile, with this profile being generally measured by a rating note attributed by rating agencies of recognized merit. Counterparts for derivatives are top level, highly prestigious financial institutions which are recognized nationally and internationally.

Fair value of derivatives

The fair value of derivatives is as follows:

	Assets		Liabilities	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Non-Hedge accounting derivatives				
Interest rate	-	-	-	-
Hedge accounting derivatives				
Interest rate (Note 24)	-	-	1,535,452	2,731,672
Other derivatives	-	-	-	-
	-	-	1,535,452	2,731,672

27. OTHER NON-CURRENT LIABILITIES

As at 31 December 2013 and 31 December 2012 other current liabilities can be detailed as follows:

	31 December 2013	31 December 2012
Loans and other amounts payable to related parties		
Plaza Mayor Parque de Ocio, SA	2,092,131	2,153,861
Others	216,645	1,314,645
	2,308,680	3,468,506
Other creditors		
Creditors in the restructuring process of Torralta	456,039	410,844
	456,039	410,844
Deferred income		
Obligations by share-based payments (Note 28)	492,056	117,960
	492,056	117,960
Other non-current liabilities	3,256,871	3,997,310

As at 31 December 2013 and 2012, other creditor's balances maturity can be detailed as follows:

31 December 2013	N+1	N+2	N+3	N+4	N+5	Total
Fixed assets suppliers	-	-	-	-	-	-
Other non-current creditors	-	-	-	-	456,039	456,039
Total Operations	-	-	-	-	456,039	456,039

31 December 2012	N+1	N+2	N+3	N+4	N+5	Total
Fixed assets suppliers	-	-	-	-	-	-
Other non-current creditors	-	-	-	-	410,844	410,844
Total Operations	-	-	-	-	410,844	410,844

28. SHARE-BASED PAYMENTS

In 2012 and in previous years, the Sonae Capital Group granted deferred performance bonuses to employees, based on shares of Sonae Capital SGPS, SA to be acquired at nil cost, three years after they were attributed to the employee. In any case, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the choice to settle in cash instead of shares. The option can only be exercised if the employee still works for the Sonae Capital Group on the vesting date.

As at 31 December 2013 and 31 December 2012, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

	Year of grant	Vesting year	Number of participants	Fair Value	
				31 December 2013	31 December 2012
Shares					
	2010	2013	-	-	24,585
	2011	2014	2	106,579	42,203
	2012	2015	8	467,581	195,897
	2013	2016	8	535,181	-
Total				1,109,341	262,685

As at 31 December 2013 and 31 December 2012, the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which have not yet vested:

	31 December 2013	31 December 2012
Other non-current liabilities (Note 27)	492,056	117,960
Other current liabilities	106,579	30,794
Reserves	110,935	129,184
Staff Costs	487,700	19,570

29. TRADE ACCOUNTS PAYABLE

As at 31 December 2013 and 31 December 2012 trade accounts payable can be detailed as follows:

		Payable		
	31 December 2013	Less than 90 days	90 to 180 days	More than 180 days
Trade creditors current account				
Tourism	3,125,599	2,778,075	164,545	182,979
Energy	2,564,585	2,560,507	426	3,652
Refrigeration and HVAC	8,261,782	8,036,932	87,195	137,655
Other Assets	248,393	242,881	5,512	-
Holding and Others	638,883	622,503	9,296	7,084
	14,839,242	14,240,898	266,974	331,370
Trade creditors - Invoices Accruals	917,558	879,603	21,849	16,106
Total Operations	15,756,800	15,120,501	288,823	347,476

		Payable		
	31 December 2012	Less than 90 days	90 to 180 days	More than 180 days
Trade creditors current account				
Tourism	2,891,073	2,226,361	196,922	467,790
Energy	2,535,172	2,531,997	1,243	1,932
Refrigeration and HVAC	10,133,565	9,946,854	128,521	58,190
Other Assets	1,035,350	545,017	236,315	254,018
Holding and Others	361,804	350,674	4,357	6,774
	16,956,963	15,600,903	567,357	788,704
Trade creditors - Invoices Accruals	632,519	603,694	10,219	18,606
Total Operations	17,589,482	16,204,597	577,576	807,310

As at 31 December 2013 and 2012, this caption relates only to trade payables due in the normal course of Group companies activities. The Board of Directors believes that the fair

market value of these payables is approximately their book value, and that the effect of discounting these balances is immaterial.

30. OTHER CREDITORS

As at 31 December 2013 and 2012 other creditors can be detailed as follows:

		Payable		
	31 December 2013	Less than 90 days	90 to 180 days	More than 180 days
Other creditors				
Fixed assets suppliers	2,494,318	2,376,025	31,951	86,342
Others	1,197,491	793,301	82,235	321,955
	3,691,809	3,169,326	114,186	408,297
Advances from customers and down payments	3,203,979			
	6,895,788			
Related parties	107,740			
Total Operations	7,003,528			

		Payable		
	31 December 2012	Less than 90 days	90 to 180 days	More than 180 days
Other creditors				
Fixed assets suppliers	1,096,072	979,266	33,149	83,657
Others	1,267,764	643,189	14,840	609,735
	2,363,836	1,622,455	47,989	693,392
Advances from customers and down payments	1,968,241			
	4,332,077			
Related parties	117,793			
Total Operations	4,449,870			

As at 31 December 2013 and 2012, this caption includes balances payable to other creditors and fixed assets suppliers that do not include interest. The caption includes also advances from customers on promissory sales of Inventories and tangible assets and down payments from financial institutions regarding the discount of letters of credit over customers. The Board of Directors believes that the fair market value of these payables is approximately their book value, and that effects of discounting these balances are immaterial.

31. OTHER CURRENT LIABILITIES

As at 31 December 2013 and 2012 other current liabilities can be detailed as follows:

	31 December 2013	31 December 2012
Staff Costs	5,610,334	5,256,361
Amounts invoiced for works not yet completed	2,777,135	5,632,274
Other external supplies and services	-	-
Interest payable	1,339,963	1,009,851
Expenses with construction contracts	429,108	401,198
Investment aid	1,604,523	1,664,142
Others	7,851,549	8,835,139
Total Operations	19,612,612	22,798,965

32. PROVISIONS AND ACUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses over the period ended 31 December 2013 were as follows:

Captions	Balance as at 1 January 2013	Increases	Decreases	Utilisations	Balance as at 31 December 2013
Accumulated impairment losses on:					
Other Investments (Notes 6 and 13)	7,868,877	-	-	-	7,868,877
Other non-current assets (Note 14)	34,916	-	-	-	34,916
Trade accounts receivable (Note 16)	5,441,095	1,383,903	(752,246)	(33,747)	6,039,005
Other current debtors (Note 17)	27,866,356	68,459	(433,327)	(19,794,479)	7,707,008
Inventories (Note 15)	3,515,540	211,612	(1,290)	-	3,725,862
Non-current provisions	3,079,824	-	-	-	3,079,824
Current provisions	1,155,107	2,007,347	(11,785)	(192,956)	2,957,713
	48,961,714	3,671,321	(1,198,648)	(20,021,182)	31,413,205

Captions	Balance as at 1 January 2012	Increases	Decreases	Utilisations	Balance as at 31 December 2012
Accumulated impairment losses on:					
Other Investments (Notes 6 and 13)	7,868,877	-	-	-	7,868,877
Other non-current assets (Note 14)	34,916	-	-	-	34,916
Trade accounts receivable (Note 16)	4,435,511	1,706,324	(438,815)	(261,926)	5,441,095
Other current debtors (Note 17)	27,732,750	152,775	(14,100)	(5,070)	27,866,356
Inventories (Note 15)	3,505,580	12,460	(2,500)	-	3,515,540
Non-current provisions	3,185,974	-	(106,150)	-	3,079,824
Current provisions	1,055,216	276,423	(162,532)	(14,000)	1,155,107
	47,818,824	2,147,982	(724,097)	(280,996)	48,961,714

As at 31 December 2013 and 2012 increases in provisions and impairment losses can be detailed as follows:

	31 December 2013	31 December 2012
Provisions and impairment losses	3,396,083	5,128,480
Impairment losses not included in this note		
Tangible assets	(229,832)	(2,992,249)
Provisions and impairment losses recorded in cost of goods sold (Note 15)	280,072	12,762
Impairment losses on financial Investments	-	-
Others	224,998	(1,011)
	3,671,321	2,147,982

As at 31 December 2013 and 31 December 2012 detail of other provisions was as follows:

	31 December 2013	31 December 2012
Judicial claims	1,824,313	1,792,273
Others	4,213,223	2,442,657
	6,037,537	4,234,930

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

33. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2013 and 31 December 2012 the most important contingent liabilities referred to guarantees given and were made up as follows:

	31 December 2013	31 December 2012
Guarantees given:		
on VAT reimbursements	5,065,159	4,988,723
on tax claims	4,015,535	4,126,605
on municipal claims	2,884,505	3,100,248
Others	14,905,311	16,964,193

Others include the following guarantees:

- 7,862,436 euro as at 31 December 2013 (5,658,660 euro as at 31 December 2012) of guarantees on construction works given to clients;

- 5,581,280 euro as at 31 December 2013 and as at 31 December 2012 of guarantees given concerning building permits in the Tourism business.

The Group has not registered provisions for the events/disagreements for which these guarantees were given since the Group believes that the above mentioned events will not result in a loss for the Group.

34. OPERATIONAL LEASES

Minimum lease payments (fixed income) arising from operational leases, in which the Group acts as a lessor, recognized as income during the period ended 31 December 2013 and 2012 amounted to 2,915,295 euro and 3,016,190 euro, respectively.

Additionally, as at 31 December 2013 and 2012, the Group had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

	31 December 2013	31 December 2012
Due in:		
N+1 automatically renewed	2,373,081	2,376,046
N+1	260,476	668,634
N+2	181,556	307,543
N+3	139,642	277,945
N+4	48,214	145,044
N+5	25,891	112,006
After N+5	67,506	51,546
	3,096,366	3,938,763

Lease payments arising from operational leases, in which the Group acts as a lessee, recognized as an expense during the period ended 31 December 2013 and 2012 amounted to 3,001,109 euro and 3,578,504 euro, respectively.

Additionally, as at 31 December 2013 and 2012, the Group had operational lease contracts, as a lessee, whose minimum lease payments (fixed income) had the following payment schedule:

	31 December 2013	31 December 2012
Due in:		
N+1 automatically renewed	1,779,864	2,033,542
N+1	1,028,475	1,097,824
N+2	656,311	591,733
N+3	438,898	434,442
N+4	375,648	340,345
N+5	347,797	290,710
After N+5	1,445,132	1,287,494
	6,072,125	6,076,091

35. TURNOVER

Turnover for the year ended 31 December 2013 and 2012 was as follows:

	31 December 2013	31 December 2012
Sale of goods	54,373,523	27,459,675
Sale of products	14,290,986	24,456,386
	68,664,509	51,916,061
Services Rendered	67,203,120	60,372,417
Total Operations	135,867,629	112,288,478

36. OTHER OPERATIONAL INCOME

Other operational income for the year ended 31 December 2013 and 2012 was as follows:

	31 December 2013	31 December 2012
Own work capitalised	2,931,101	3,303,515
Gains on sales of assets	2,132,932	3,238,047
Reversal of impairment losses	1,328,176	720,061
Supplementary income	1,416,982	1,581,314
Others	1,780,892	2,699,296
Total Operations	9,590,083	11,542,233

37. CHANGES IN INVENTORIES

Changes in Inventories for the years ended 31 December 2013 and 2012 was as follows:

	31 December 2013	31 December 2012
Finished goods	(8,136,473)	(1,824,808)
Work in progress	555,644	(435,853)
Impairment Gains / (Losses) on goods and work in progress	-	2,500
Total Operations	(7,580,828)	(2,258,161)

Changes in Inventories were calculated as follows:

	31 December 2013	31 December 2012
Opening Inventories	156,939,682	176,853,327
Stock adjustments	(21,191)	(17,652,984)
Closing Inventories (Note 15)	149,337,662	156,939,682
	(7,580,828)	(2,260,661)
Impairment losses	-	-
Reversion of impairment losses	-	2,500
Total Operations	(7,580,828)	(2,258,161)

38. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2013 and 2012, external supplies and services were made up as follows:

	31 December 2013	31 December 2012
Subcontracts	15,661,525	9,940,356
Services	6,277,633	5,116,197
Rents	6,018,738	6,815,016
Fees	1,178,176	2,307,648
Maintenance	2,953,120	2,783,117
Cleaning, health and safety	2,509,273	2,779,690
Electricity	2,286,840	2,797,031
Travelling expenses	1,025,151	906,485
Publicity	3,157,567	1,010,799
Fuel	905,108	1,055,778
Security	583,859	749,726
Communication	759,914	1,048,528
Commissions	1,527,139	928,759
Other fluids	1,514,557	1,936,918
Insurance	864,074	916,189
Others	3,411,852	3,661,287
Total Operations	50,634,526	44,753,524

39. STAFF COSTS

As at 31 December 2013 and 2012, staff costs were made up as follows:

	31 December 2013	31 December 2012
Salaries	27,140,840	29,205,134
Social security contributions	5,172,559	5,499,232
Insurance	596,170	619,919
Welfare	166,069	63,973
Other staff costs	2,867,342	1,827,922
Total Operations	35,942,980	37,216,180

40. OTHER OPERATIONAL EXPENSES

As at 31 December 2013 and 2012, other operational expenses were made up as follows:

	31 December 2013	31 December 2012
Losses on sales of assets	81,870	584,818
Other taxes	413,969	725,486
Property tax	713,211	767,906
Doubtful debts written-off	165	205,344
Others	1,611,043	1,360,465
Total Operations	2,820,258	3,644,019

41. NET FINANCIAL EXPENSES

As at 31 December 2013 and 2012, net financial expenses were made up as follows:

	31 December 2013	31 December 2012
Expenses:		
Interest payable		
Related with bank loans and overdrafts	7,516,990	6,153,061
Related with bank non-convertible bonds	1,090,878	2,243,344
Related with finance leases	528,106	817,232
Related with hedge accounting derivatives	976,836	689,551
Others	334,970	356,496
	10,447,780	10,259,684
Exchange Losses	103	-
Payment discounts given	2,967	36,189
Up-front fees	1,777,010	2,226,029
Other financial expenses	379,706	160,240
	12,607,566	12,682,142
Income:		
Interest receivable	1,030,763	1,424,726
Other financial income	89,634	291,670
	1,120,397	1,716,396
Net financial expenses	(11,487,169)	(10,965,746)

42. INVESTMENT INCOME

As at 31 December 2013 and 2012, Investment income was made up as follows:

	31 December 2013		31 December 2012	
Dividends		**220,681**		**214,698**
Sale of Saúde Atlantica - Gestão Hospitalar, SA and its affiliates	521,621			
Sale of Edifícios Saudáveis Consultores - Ambiente e Energia em Edifícios, SA	-		(14,134)	
Dissolution of Rochester Real Estate Ltd	-		13,365	
Dissolution of Marina Magic - Exploração de Centros Lúd., SA	-		2,609	
Dissolution of SKK Distribuction de Refrigeración, S.R.L.	-		2,608	
Gains on disposal of investments in group companies		**521,621**		**4,448**
Sale of Sear - Sociedade Europeia de Arroz, SA	234,969		-	
Price adjustment of Sodesa, SA	8,431		-	
Dissolution of Sodesa , SA	-		2,347	
Gains on disposal in associated and in jointly controlled companies		**243,400**		**2,347**
Change in accounting method of Fundo de Investimento Imosede to assets held for sale	-		16,773,670	
Sale of investment units from Fundo de Investimento Imosede	111,688		125,746	
Income from Fundo de Investimento Imosede	3,010,570		-	
Income from Fundo de Investimento Imobiliário Imosonae Dois Investment Units	8,224		12,490	
Sale of Solinca Eventos e Catering	-		(536,000)	
Gains/(Losses) on sale of investments in assets available for sale		**3,130,482**		**16,375,906**
Others		**(103)**		**(20)**
Investment Income		**4,116,081**		**16,597,379**

43. TAXATION

As at 31 December 2013 and 2012, Taxation was made up as follows:

	31 December 2013	31 December 2012
Current tax	2,679,436	3,042,730
Deferred tax	(284,606)	(1,416,422)
Taxation	2,394,830	1,626,308

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

	31 December 2013	31 December 2012
Profit before income tax	(10,854,823)	(10,100,511)
Difference between accounting and tax treatment of capital gains/(losses)	(6,533,793)	(1,432,759)
Share of gains/(losses) of associated undertakings (Note 6)	(5,060,825)	(3,501,150)
Provisions and impairment losses not accepted for tax purposes	(17,798,712)	559,535
Other permanent differences	2,159,940	(1,817,562)
Taxable Profit	(38,088,213)	(16,292,447)
Use of tax losses carried forward	315,321	(9,396,285)
Recognition of tax losses that have not originated deferred tax assets	37,363,215	29,585,123
	(409,677)	3,896,391
Income tax rate in Portugal	25.00%	25.00%
	(102,419)	974,098
Effect of different income tax rates in other countries	(6,701)	(193,266)
Effect of increases or decreases in deferred taxes	1,982,547	278,172
Municipality tax	238,253	412,839
Under / (over) taxation estimates	129,020	(76,362)
Autonomous taxes and tax benefits	154,130	230,828
Taxation	2,394,830	1,626,308

44. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 31 December 2013 and 2012, the reconciliation of consolidated net profit can be analysed as follows:

	31 December 2013	31 December 2012
Aggregate net profit	(11,233,149)	(18,947,339)
Harmonisation adjustments	(1,655,042)	490,119
Elimination of intragroup dividends	(18,814,395)	(7,683,714)
Share of gains/(losses) of associated undertakings	5,060,825	3,501,150
Elimination of intragroup capital gains/(losses)	(4,257)	-
Elimination of intragroup impairment	8,690,306	356,506
Adjustments of gains/(losses) on assets disposals	-	3,003,042
Adjustments of gains/(losses) of financial shareholdings sale	4,706,059	7,554,033
Others	-	(616)
Consolidated net profit for the year	(13,249,653)	(11,726,819)

45. RELATED PARTIES

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

	Sales and services rendered		Purchases and services obtained	
Transactions	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Parent company (a)	-	-	-	-
Associated companies	-	-	24,367	21,452
Other partners and Group companies (b)	33,689,532	31,869,881	6,724,575	7,626,230
	33,689,532	31,869,881	6,748,942	7,647,682

	Interest income		Interest expenses	
Transactions	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Parent company (a)	-	-	-	-
Associated companies	947,243	1,111,565	-	-
Other partners and Group companies (b)	-	-	139,610	142,163
	947,243	1,111,565	139,610	142,163

	Accounts receivable		Accounts payable	
Balances	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Parent company (a)	-	-	-	-
Associated companies	937,076	1,101,343	1,812	4,932
Other partners and Group companies (b)	8,463,343	13,671,174	2,415,720	2,673,449
	9,400,419	14,772,517	2,417,532	2,678,381

	Loans obtained		Loans granted	
Balances	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Parent company (a)	-	-	-	-
Associated companies	-	2,153,861	18,397,346	16,826,685
Other partners and Group companies (b)	2,092,131	-	-	-
	2,092,131	2,153,861	18,397,346	16,826,685

a) The parent company is Efanor Investimentos, SGPS, SA;
b) Balances and transactions with Sonae, SGPS, SA and Sonae Indústria, SGPS, SA are included under Other partners in Group companies.

Remunerations attributed in 2013 to key management staff of main companies of the Sonae Capital Group (excluding members of the Board of Directors of Sonae Capital, SGPS, SA) amounted to 653,278 euro (497,980 euro in 2012), of which 553,811 euro (383,520 euro in 2012) are fixed remunerations and 99,467 euro (114,460 euro in 2012) are performance bonuses.

46. EARNINGS PER SHARE

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

	31 December 2013	31 December 2012
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	(13,200,373)	(11,092,003)
Net profit taken into consideration to calculate diluted earnings per share	(13,200,373)	(11,092,003)
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	247,182,143	249,290,870
Weighted average number of shares used to calculated diluted earnings per share	247,182,143	249,290,870
Earnings per share (basic and diluted)	(0.053403)	(0.044494)

There are no convertible instruments included in Sonae Capital, SGPS, SA's shares, hence there is no dilutive effect.

47. CASH RECEIPTS/PAYMENTS RELATED TO INVESTMENTS

As at 31 December 2013 and 2012, cash receipts and cash payments related to investments can be analysed as follows:

	31 December 2013		31 December 2012	
	Amount received	Amount paid	Amount received	Amount paid
Sale of investment units from Fundo de Investimento Imobiliário Fechado Imosede	10,000,541	-	20,000,000	-
Income from Fundo de Investimento Imobiliário Fechado Imosede Investment Units	3,010,570	-	6,727,926	-
Sale of Sociedade Imobiliária Tróia B3, SA	2,457,492	-	2,457,492	-
Sale of Sear - Sociedade Europeia de Arroz, SA	385,000	-	-	-
Sale of Saúde Atlantica - Gestão Hospitalar, SA and its affiliates	200,000	-	-	-
Other	25,704	69,448	38,443	292,060
Total Operations	16,079,307	69,448	29,223,861	292,060

48. SEGMENT INFORMATION

In 31 December 2013 and 31 December 2012, the following were identified as segments:

- Sonae Turismo:
    - Resorts
    - Hotels
    - Fitness
    - Other
- Energy
- Refrigeration and HVAC
- Other Assets
    - Real Estate Assets
    - Financial Assets
- Holding and Others

The contribution of the business segments to the income statement of the periods ended 31 December 2013 and 2012 can be detailed as follows:

31 December 2013

Profit & Loss Account	Sales	Services rendered	Other operational income	**Total operational income**	Operational cash-flow (EBITDA)
Resorts	16,764,476	8,777,473	3,820,736	**29,362,685**	2,407,176
Hotels	55,863	13,833,018	746,416	**14,635,297**	(5,384,116)
Fitness	162,626	11,354,290	813,573	**12,330,489**	477,849
Other	-	1,173,733	303,766	**1,477,499**	221,661
Intersegment Adjustments	(941)	(3,586,859)	(989,249)	(4,577,049)	(4,090)
Sonae Turismo	**16,982,024**	**31,551,655**	**4,695,242**	**53,228,921**	**(2,281,520)**
Energy	**13,339,683**	**184,943**	**361,743**	**13,886,369**	**3,338,763**
Refrigeration and HVAC	**39,495,314**	**26,916,137**	**1,069,763**	**67,481,214**	**1,580,633**
Real Estate Assets	1,300,690	7,341,827	1,150,123	**9,792,640**	4,008,374
Financial Assets	744	8,140,798	927,524	**9,069,066**	367,287
Intersegment Adjustments	-	-	-	-	-
Total Other Assets	**1,301,434**	**15,482,625**	**2,077,647**	**18,861,706**	**4,375,661**
Holding & Others	**-**	**5,556,097**	**257,753**	**5,813,850**	**(2,337,725)**
Intersegment Adjustments	(2,453,946)	(12,488,337)	1,127,935	(13,814,348)	(16,793)
Consolidated	**68,664,509**	**67,203,120**	**9,590,083**	**145,457,712**	**4,659,019**

31 December 2012

Profit & Loss Account	Sales	Services rendered	Other operational income	**Total operational income**	Operational cash-flow (EBITDA)
Resorts	4,024,285	8,590,603	2,517,413	**15,132,301**	(1,742,320)
Hotels	63,429	12,037,664	1,253,573	**13,354,666**	(6,644,691)
Fitness	47,917	11,752,848	568,454	**12,369,219**	(2,283,977)
Other	-	1,670,794	880,281	**2,551,075**	330,370
Intersegment Adjustments	(769)	(3,525,257)	(1,271,566)	(4,797,592)	1,442
Sonae Turismo	**4,134,862**	**30,526,652**	**3,948,155**	**38,609,669**	**(10,339,176)**
Energy	**12,674,154**	**494,299**	**551,391**	**13,719,844**	**3,307,555**
Refrigeration and HVAC	**38,792,852**	**18,839,558**	**371,226**	**58,003,636**	**(1,269,530)**
Real Estate Assets	331,820	8,290,445	3,640,022	**12,262,287**	6,712,588
Financial Assets	65,955	8,068,474	554,359	**8,688,788**	83,011
Intersegment Adjustments	-	-	-	**-**	-
Total Other Assets	**397,775**	**16,358,919**	**4,194,381**	**20,951,075**	**6,795,599**
Holding & Others	**-**	**4,679,245**	**539,688**	**5,218,933**	**(1,435,230)**
Intersegment Adjustments	(4,083,582)	(10,526,256)	1,937,392	(12,672,446)	(4,111)
Consolidated	**51,916,061**	**60,372,417**	**11,542,232**	**123,830,710**	**(2,944,893)**

The contribution of the business segments to the Balance sheets as at 31 December 2013 and 31 December 2012 can be detailed as follows:

31 December 2013

Balance Sheet	Fixed Assets Tangible and Intangible	Investments	Other Assets	Total Assets	Total Liabilities	Technical investment	Gross Debt	Net Debt
Resorts	105,481,311	162,441	154,102,824	259,746,575	156,927,406	617,795	18,335,737	18,238,655
Hotels	1,075,954	7,647	11,789,571	12,873,172	24,015,098	173,498	277	(56,961)
Fitness	9,404,573	20,098	1,768,000	11,192,671	18,637,298	502,800	1,240,792	1,164,515
Other	4,489	341,450	123,672,141	124,018,080	243,598,480	-	24,296	(6,689)
Intersegment Adjustments	-	-	(138,863,336)	(138,863,336)	(145,227,101)	-	-	-
Sonae Turismo	**115,966,327**	**531,637**	**152,469,199**	**268,967,163**	**297,951,181**	**1,294,093**	**19,601,101**	**19,339,520**
Energy	**21,611,730**	**2,546**	**7,349,632**	**28,963,908**	**25,241,374**	**4,541,284**	**10,539,415**	**10,535,939**
Refrigeration and HVAC	**374,001**	**13**	**51,577,202**	**51,951,216**	**17,781,413**	**40,013**	**768,024**	**116,194**
Real Estate Assets	107,375,160	20,084,089	103,648,103	231,107,352	159,783,318	371,489	50,035	(1,066,022)
Financial Assets	234,843	12,366,945	50,785,700	63,387,488	22,995,450	159,677	455,459	283,541
Intersegment Adjustments	-	-	4,164,013	4,164,013	-	-	-	-
Total Other Assets	**107,610,004**	**32,451,034**	**158,597,815**	**298,658,853**	**182,778,768**	**531,166**	**505,494**	**(782,481)**
Holding & Others	**735,993**	**19,013,320**	**416,120,995**	**435,870,308**	**243,563,946**	**433,778**	**217,605,606**	**216,812,506**
Intersegment Adjustments	-	-	(450,975,029)	(450,975,029)	(447,040,605)	-	-	-
Consolidated	**246,298,054**	**51,998,550**	**335,139,814**	**633,436,418**	**320,276,079**	**6,840,333**	**249,019,641**	**246,021,678**

31 December 2012

Balance Sheet	Fixed Assets Tangible and Intangible	Investments	Other Assets	Total Assets	Total Liabilities	Technical investment	Gross Debt	Net Debt
Resorts	110,809,406	162,390	168,873,899	279,845,695	165,814,832	535,657	20,814,543	20,697,005
Hotels	2,131,901	7,638	21,182,410	23,321,949	31,558,815	159,574	-	(118,405)
Fitness	10,434,643	20,066	2,339,189	12,793,898	22,393,451	1,162,601	1,686,456	1,596,722
Other	5,946	341,450	137,595,825	137,943,221	245,193,579	-	17,575	3,508
Intersegment Adjustments	-	-	(154,981,577)	(154,981,577)	(160,763,217)	-	-	-
Sonae Turismo	**123,381,897**	**531,544**	**175,009,745**	**298,923,187**	**304,197,460**	**1,857,832**	**22,518,574**	**22,178,831**
Energy	**18,363,784**	**2,546**	**6,189,031**	**24,555,361**	**21,811,393**	**8,632,381**	**9,154,806**	**9,137,748**
Refrigeration and HVAC	**566,282**	**-**	**54,027,362**	**54,593,644**	**20,256,144**	**397,830**	**5,651**	**(501,072)**
Real Estate Assets	109,518,113	20,726,524	107,734,693	237,979,330	157,143,663	664,626	58,946	(1,539,993)
Financial Assets	1,662,998	4,447,050	51,084,792	57,194,840	26,694,523	156,437	54,771	(345,778)
Intersegment Adjustments	-	-	-	-	-	-	-	-
Total Other Assets	**111,181,111**	**25,173,574**	**158,819,485**	**295,174,170**	**183,838,186**	**821,063**	**113,717**	**(1,885,771)**
Holding & Others	**455,437**	**29,283,577**	**403,934,943**	**433,673,957**	**256,268,090**	**431,691**	**227,522,174**	**227,140,491**
Intersegment Adjustments	**-**	**-**	**(449,506,019)**	**(449,506,019)**	**(452,914,074)**	**-**	**-**	**-**
Consolidated	**253,948,512**	**54,991,242**	**348,474,545**	**657,414,299**	**333,457,199**	**12,140,798**	**259,314,922**	**256,070,226**

Contribution of the main business segments to the cash-flow statement for the periods ended 31 December 2013 and 2012 can be detailed as follows:

31 December 2013

	Tourism	Energy	Refrigeration and HVAC	Other Assets	Holding & Others	Consolidated
Operating activities	16,413,796	1,798,476	(779,582)	456,083	(8,753,319)	9,135,454
Investment activities	3,998,144	(3,326,692)	(24,147)	1,601,012	11,492,868	13,741,185
Financing activities	(3,522,815)	1,029,241	527,443	200,748	(20,744,437)	(22,509,820)
Change in cash and cash equivalents	16,889,125	(498,975)	(276,286)	2,257,843	(18,004,888)	366,819

31 December 2012

	Tourism	Energy	Refrigeration and HVAC	Other Assets	Holding & Others	Consolidated
Operating activities	773,243	5,133,982	1,345,860	1,328,211	(7,062,392)	1,518,904
Investment activities	539,334	(8,566,822)	(282,656)	1,111,057	24,410,708	17,211,621
Financing activities	(2,049,450)	(1,352,818)	(758,943)	26,502	(14,951,766)	(19,086,475)
Change in cash and cash equivalents	(736,873)	(4,785,658)	304,261	2,465,770	2,396,550	(355,950)

Net debt of the Holding can be analysed as follows:

	31 December 2013
Inflows	
Gross bank debt	217,605,606
Cash and cash equivalents	787,426
Net bank debt	216,818,180
Other Assets	40,737,150
Intercompany ST Loans Obtained	40,737,150
Total Inflows	257,555,330
Outflows	
Other Assets	23,672,122
Intercompany Loans Granted	23,672,122

Sonae Capital's average headcount can be detailed as follows:

	31 December 2013	31 December 2012
Tourism	520	464
Energy	19	19
Refrigeration and HVAC	578	661
Other Assets	94	128
Holding and Others	95	94
	1,306	1,366

49. COMPLIANCE WITH LEGAL REQUIREMENTS

Decree Law Nr. 185/09 article 11

During the years ended 31 December 2013 and 31 December 2012, the following amounts have been paid to the company's external auditor:

	31 December 2013	31 December 2012
Audit and Statutory Audit [1]	88,286	98,023
Other Assurance [2]	42,970	-
Tax Consultancy [2]	38,772	5,000
Other Services [2]	838	5,000
Total	170,866	108,023

[1] Fees agreed for the year.
[2] Amounts already paid.

50. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 31 December 2013.

51. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 19 February 2014.

The Board of Directors

INDIVIDUAL FINANCIAL STATEMENTS

31 DECEMBER 2013

SONAE CAPITAL

Sonae Capital, SGPS, SA
Sociedade Aberta

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Capital Social 250.000.000 euros
CRC Maia (matrícula nº 508 276 756)
Pessoa colectiva nº 508 276 756

SONAE CAPITAL, SGPS, SA

INDIVIDUAL BALANCE SHEETS AS AT 31 DECEMBER 2013 AND 31 DECEMBER 2012

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

(Amounts expressed in euro)

ASSETS	Notes	31 December 2013	31 December 2012
NON CURRENT ASSETS:			
Tangible assets		4,668	
Investments	4	576,779,243	582,772,362
Deferred tax assets	7	407,059	429,213
Other non current assets	5	153,051,695	133,517,946
Total Non Current Assets		730,242,665	716,719,521
CURRENT ASSETS:			
Other current assets	6	6,970,428	26,036,184
Cash and cash equivalents	8	786,250	374,001
Total Current Assets		7,756,678	26,410,185
TOTAL ASSETS		737,999,343	743,129,706
EQUITY AND LIABILITIES			
EQUITY:			
Share Capital	9	250,000,000	250,000,000
Own shares	9	(1,124,125)	(264,705)
Legal reserve	10	8,307,376	8,307,376
Other reserves	10	287,715,325	288,710,416
Profit / (Loss) for the period		6,081,764	(995,091)
TOTAL EQUITY		550,980,341	545,757,996
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans	11	66,148,229	68,932,664
Bonds	11	9,999,265	9,985,411
Other non current liabilities		167,556	52,605
Deferred tax liabilities	7	-	778
Total Non Current Liabilities		76,315,050	78,971,458
CURRENT LIABILITIES			
Suppliers		229,793	68,784
Bank loans	11	90,250,000	96,400,981
	11	-	-
Other creditors	12	18,798,082	20,748,477
Other current liabilities	13	1,426,077	1,182,010
Total Current Liabilities		110,703,952	118,400,252
TOTAL EQUITY AND LIABILITIES		737,999,343	743,129,706

The accompanying notes are an integral part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENTS BY NATURE

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2013 AND 2012

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

(Amounts expressed in euro)

	Notes	31 December 2013	31 December 2012
Operational income			
Other operational income		84,890	30,892
Total operational income		14,246	9,132
Operational expenses			
External supplies and services	14	(1,438,340)	(1,060,454)
Staff costs	16	(826,656)	(461,579)
Depreciation and amortisation		(2,333)	-
Other operational expenses		(38,057)	(7,519)
Total operational expenses		(2,305,386)	(1,529,552)
Operational profit/(loss)		(2,220,497)	(1,498,660)
Financial income	17	9,849,467	11,418,111
Financial expenses	17	(9,903,016)	(9,846,148)
Net financial income/(expenses)		(53,549)	1,571,963
Investment income	17	8,385,687	(1,043,989)
Profit/(loss) before taxation		6,111,641	(970,686)
Taxation	18	(29,877)	(24,405)
Profit/(loss) for the period		6,081,764	(995,091)
Profit/(loss) per share			
Basic and diluted	18	0.024604	(0.003992)

The accompanying notes are an integral part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENT BY NATURE

FOR THE THREE MONTHS ENDED 31 DECEMBER 2013 AND 2012

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

(Amounts expressed in euro)

	4th Quarter 2013 (Unaudited)	4th Quarter 2012 (Unaudited)
Operational income:		
Other operational income	70,644	21,760
Total operational income	70,644	21,760
Operational expenses:		
External supplies and services	(278,650)	(343,297)
Staff costs	(210,725)	(72,918)
Depreciation and amortisation	(875)	-
Other operational expenses	23,618	(7,445)
Total operational expenses	(466,632)	(423,660)
Operational profit/(loss)	(395,989)	(401,900)
Financial income	2,780,405	2,647,544
Financial expenses	(2,643,826)	(2,133,874)
Net financial income/(expenses)	136,579	513,670
Investment income	(5,096,619)	(1,426,910)
Profit/(loss) before taxation	(5,356,029)	(1,315,140)
Taxation	(527,369)	(26,824)
Profit/(loss) for the period	(5,883,398)	(1,341,964)
Profit/(loss) per share		
Basic and diluted	(0.023802)	(0.005383)

The accompanying notes are part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2013 AND 2012

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

(Amounts expressed in euro)

	31 December 2013	31 December 2012
Net profit for the period	6,081,764	(995,091)
Items that may subsequently be reclassified to net income:		
Change in currency translation reserve	-	-
Share of other comprehensive income of associated undertakings and joint ventures accounted for by the equity method	-	-
Change in the fair value of assets available for sale	-	-
Change in the fair value of cash flow hedging derivatives	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period	-	-
Total comprehensive income for the period	6,081,764	(995,091)

The accompanying notes are an integral part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 DECEMBER 2013 AND 2012

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

(Amounts expressed in euro)

	4th Quarter 2013 (Unaudited)	4th Quarter 2012 (Unaudited)
Net profit for the period	(5,883,398)	(1,341,964)
Exchange differences on translating foreign operations	-	-
Share of other comprehensive income of associates and joint ventures accounted by the equity method	-	-
Change in the fair value of assets available for sale	-	-
Change in the fair value of cash flow hedging derivatives	-	-
Gains on property revaluation	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period	-	-
Total comprehensive income for the period	(5,883,398)	(1,341,964)

The accompanying notes are part of these financial statements

The Board of Directors

SONAE CAPITAL SGPS, SA

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2013 AND 2012

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

(Amounts expressed in euro)

	Share Capital	Own Shares	Legal Reserve	Fair Value Reserve	Hedging Reserve	Other Reserves	Retained Earnings	Sub total	Net profit / (loss)	Total Equity
Balance as at 1 January 2012	250,000,000	(36,144)	8,307,376	-	-	289,628,622	-	297,935,998	(918,206)	546,981,648
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(995,091)	(995,091)
Appropriation of profits:										
Transfer to legal reserve and retained earnings	-	-	-	-	-	(918,206)	-	(918,206)	918,206	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-
Acquisition/(disposal) of own shares	-	(228,562)	-	-	-	-	-	-	-	(228,562)
Others	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2012	250,000,000	(264,706)	8,307,376	-	-	288,710,416	-	297,017,792	(995,091)	545,757,996
Balance as at 1 January 2013	250,000,000	(264,706)	8,307,376	-	-	288,710,416	-	297,017,792	(995,091)	545,757,995
Total comprehensive income for the period	-	-	-	-	-	-	-	-	6,081,764	6,081,764
Appropriation of profits:										
Transfer to legal reserve and retained earnings	-	-	-	-	-	(995,091)	-	(995,091)	995,091	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-
Acquisition/(disposal) of own shares	-	(859,420)	-	-	-	-	-	-	-	(859,420)
Others	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2013	250,000,000	(1,124,125)	8,307,376	-	-	287,715,325	-	296,022,701	6,081,764	550,980,341

The accompanying notes are an integral part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL CASH FLOW STATEMENTS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2013 AND 2012

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

(Amounts expressed in euro)

		31 December 2013	31 December 2012
OPERATING ACTIVITIES			
Cash paid to trade creditors		1,441,952	2,512,421
Cash paid to employees		819,131	593,928
Cash flow generated by operations		(2,261,083)	(3,106,349)
Income taxes (paid)/received		671,543	(95,646)
Other cash receipts/(payments) relating to operating activities		(377,713)	(15,133)
Net cash flow from operating activities [1]		(3,310,339)	(3,025,836)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments		188	0
Interest and similar income		9,972,687	11,439,257
Dividends		12,355,245	382,921
Others		2,023,374	-
Loans obtained		48,207,348	95,998,597
		72,558,842	107,820,775
Cash payments arising from:			
Investments		-	42,057,274
Tangible assets		7,000	-
Loans granted		47,595,400	69,831,543
		47,602,400	111,888,817
Net cash flow from investment activities [2]		24,956,442	(4,068,042)
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		20,300,000	86,946,600
		20,300,000	86,946,600
Cash Payments arising from:			
Interest and similar costs		9,673,022	10,001,774
Acquisition of own shares		859,420	228,562
Loans obtained		31,000,430	69,600,000
		41,532,872	79,830,336
Net cash flow from financing activities [3]		(21,232,872)	7,116,264
Net increase/(decrease) in cash and cash equivalents [4] = [1]+[2]+[3]		413,231	22,386
Cash and cash equivalents at the beginning of the period	8	373,019	350,634
Cash and cash equivalents at the end of the period	8	786,250	373,019

The accompanying notes are an integral part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED 31 DECEMBER 2013 AND 2012

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

(Amounts expressed in euro)

	4th Quarter 2013 (Unaudited)	4th Quarter 2012 (Unaudited)
OPERATING ACTIVITIES		
Cash paid to trade creditors	222,654	661,465
Cash paid to employees	266,667	147,422
Cash flow generated by operations	(489,321)	(808,887)
Income taxes (paid)/received	846,945	169,319
Other cash receipts/(payments) relating to operating activities	282,782	10,510
Net cash flow from operating activities [1]	(1,053,484)	(967,696)
INVESTMENT ACTIVITIES		
Cash receipts arising from:		
Investments	188	-
Interest and similar income	1,009,777	675,340
Dividends	-	-
Others	2,023,374	-
Loans granted	35,663,561	95,998,597
	38,696,900	96,673,937
Cash payments arising from:		
Investments	-	42,057,274
Tangible assets	-	-
Loans granted	27,995,900	40,354,097
	27,995,900	82,411,371
Net cash flow from investment activities [2]	10,701,000	14,262,566
FINANCING ACTIVITIES		
Cash receipts arising from:		
Loans obtained	700,000	38,864,600
	700,000	38,864,600
Cash Payments arising from:		
Interest and similar costs	2,356,539	2,447,111
Acquisition of own shares	358,072	163,705
Loans obtained	7,195,630	49,300,000
	9,910,241	51,910,816
Net cash from financing activities [3]	(9,210,241)	(13,046,216)
Net increase/(decrease) in cash and cash equivalents [4] = [1]+[2]+[3]	437,275	248,654
Cash and cash equivalents at the beginning of the period	348,975	124,366
Cash and cash equivalents at the end of the period	786,250	373,019

The Board of Directors

SONAE CAPITAL, SGPS, SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED 31 December 2013 AND 2012

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

(Amounts expressed in euro)

1. INTRODUCTION

Sonae Capital, SGPS, SA ("the Company" or "Sonae Capital") whose registered office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, was set up on 14 December 2007 by public deed, following the demerger from Sonae, SGPS, SA of the whole of the shareholding in the company formerly named Sonae Capital, SGPS, SA, now named SC, SGPS, SA, in compliance with paragraph a) of article 118 of the Commercial Companies Code.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), 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"), applicable to financial years beginning on 1 January 2012.

As at the date of the approval of these financial statements, the following standards have been endorsed by the European Union.

a) In force for fiscal year 2013 and with no material impact on the Company financial statements at 31 December 2013:

	Date of endorsement by the EU	Effective Date (Started on or after)
Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income	05/06/2012	01/07/2012
Amendments to IAS 19 - Employee Benefits	05/06/2012	01/01/2013
IFRS 1 - First-time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	11/12/2012	01/01/2013
IAS 12 - Income Taxes - Deferred Tax: Recovery of Underlying Assets	11/12/2012	01/01/2013
IFRS 13 - Fair Value Measurement	11/12/2012	01/01/2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	11/12/2012	01/01/2013
Amendments to IFRS 7 Financial Instruments - Disclosure - Offsetting Financial Assets and Financial Liabilities	13/12/2012	01/01/2013
IFRS 1 - First-time Adoption of International Financial Reporting Standards – Government loans	04/03/2013	01/01/2013
Annual Amendments – IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34	27/03/2013	01/01/2013

b) In force for periods subsequent to 31 December 2013:

	Date of endorsement by the EU	Effective Date (Started on or after)
IFRS 10 - Consolidated Financial Statements	11/12/2012	01/01/2014
IFRS 11 - Joint Arrangements	11/12/2012	01/01/2014
IFRS 12 - Disclosure of Interests in Other Entities	11/12/2012	01/01/2014
IAS 27 - Separate Financial Statements	11/12/2012	01/01/2014
IAS 28 - Investments in Associates and Joint Ventures	11/12/2012	01/01/2014
Amendments to IAS 32 Financial Instruments - Presentation - Offsetting Financial Assets and Financial Liabilities	13/12/2012	01/01/2014
Amendments to IFRS 10, IFRS 11 and IFRS 12	04/04/2013	01/01/2014
Amendments to IFRS 10, IFRS 12 and IAS 27	20/11/2013	01/01/2014
Amendments to IAS 39 – Financial Instruments: Recognition and Measurement	19/12/2013	01/01/2014
Amendments to IAS 36 – Impairment of Assets	19/12/2013	01/01/2014

No significant impacts are expected to arise from the application of these standards.

The accompanying financial statements have been prepared from the books and accounting records on a going concern basis and under the historical cost convention, except for financial instruments which are stated at fair value (Note 2.3).

2.2 Borrowing costs

Financial charges connected with loans contracted are generally recognised as a cost in accordance with the accruals principle, using for this purpose the effective interest rate method.

2.3 Financial instruments

a) Investments

Investments are classified into the following categories:

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

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

Investments measured at fair value through profit and loss include investments held for negotiation which the company acquires with a view to disposal within a reasonable period of time and are classified in the balance sheet as current investments.

The Company classifies as available for sale investments those which are not classified as investments measured at fair value through profit and loss nor as investments held to maturity. These investments are classified as non current assets, unless there is an intention to dispose of them within 12 months of the balance sheet date.

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

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

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

Gains and losses arising from a change in fair value of available-for-sale investments are recognised directly in equity, under Fair value reserve, until the investment is sold or otherwise disposed of, or until its fair value is lower than its carrying amount and that corresponds to an impairment loss, at which time the cumulative gain or loss previously recognised in equity is transferred to net profit or loss for the period.

Gains and losses resulting from changes to the fair value of derivatives valued at fair value are shown in the financial statements in the caption net financial charges/income.

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

In accordance with IAS 27, investments in affiliated and associated undertakings are stated at acquisition cost, less impairment losses.

b) Classification as Equity or Liability

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

c) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.4. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

d) Trade accounts payable

Trade accounts payable are stated at their nominal value.

e) Derivatives

The Company uses derivatives in the management of its financial risks only to hedge such risks, and/or to optimize funding costs, in accordance with the interest rate risk policy stated in Note 3.1.

The derivatives used by the Company defined as cash-flow hedge instruments relate mainly to interest rate hedge instruments on loans contracted. The indices, calculation methods, dates for re-fixing interest rates and the reimbursement plans for the interest rate hedge instruments are all identical to the conditions established for the underlying contracted loans, and thus qualify as perfect hedges. Inefficiencies that may exist are shown in the caption Net financial income/expenses in the income statement.

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

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

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

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

In cases in which derivative instruments, in spite of having been negotiated in accordance with the interest rate risk policy stated in Note 3.1, in relation to which the Company did not apply hedge accounting, are initially recorded at cost, if any, and subsequently measured at fair value. Changes in value resulting from the measurement at fair value, calculated using especially designed software tools, are included in Net financial charges in the income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and characteristics are not closely related to economic risks and characteristics of the host contract, and this is not stated at fair value, and unrealized gains or losses arising from these derivatives recorded in the income statement.

In specific situations, the Company may use interest rate derivatives with the goal of obtaining fair value hedging. In these situations, derivatives are booked at their fair value in the profit and loss account. In situations in which the derivative involved is not measured at fair value (in particular borrowings measured at amortised cost), the effective share of hedging will be adjusted to the accounting value of the derivative hedged through the profit and loss account.

f) Cash and cash equivalents

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

In the cash-flow statement, cash and cash equivalents also include bank overdrafts, which are included in the balance sheet caption current bank loans.

2.4 Revenue recognition and accrual basis

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

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

2.5 Subsequent events

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

2.6 Judgements and estimates

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

a) Useful lives of tangible and intangible assets;

b) Adjustments to the values of assets and provisions;

c) Analysis of the impairment of loans and investments;

d) Calculation of the fair value of derivatives.

Estimates were based on the best information available at the date of the preparation of the financial statements and on the best knowledge and experience of past and/or current events. These estimates may, however, be affected by subsequent events which are not foreseeable at the present day. Changes to these estimates, which take place after the date of the financial statements, will be recognized prospectively in the income statement, in accordance with IAS 8.

The main estimates and assumptions concerning future events included in the financial statements are described in the corresponding notes to the accounts, when applicable.

2.7 Income tax

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

Deferred taxes are calculated using the balance sheet liability method. Deferred tax assets are recognised only when their use is probable.

3. FINANCIAL RISK MANAGEMENT

3.1 Market risks

a) Interest Rate risk - POLICY

As a result of maintaining its variable rate debt in the balance sheet, and the resulting cash flows from interest payments, the Company is exposed to the Euro interest rate risk.

In view of the fact that:

- the volatility of Company's results does not depend only on the volatility of its financial results linked to the volatility of interest rates;

- under normal market conditions, there is a correlation between the levels of interest rates and economic growth, with the expectation being that the impact of movements in interest rates (and the respective volatility of cash flows to service the debt) can to

some extent be compensated by movements in the remaining lines of the profit and loss account, in particular by operational profits or losses;

- the setting up of any form of risk hedging structure has an implicit opportunity cost associated with it,

the Company policy concerning the mitigation of this risk does not establish the maintenance of any minimum proportion of fixed interest rate debt (converted to fixed rate through use of derivatives), but rather has opted for a dynamic approach to monitoring exposure, which aligns market conditions to the real exposure of the Company, in order to avoid the possibility of exposure that could have a real impact on the Company's results.

In view of the above, the Company policy concerning this issue defines a case by case review of each potential transaction, such that any contract for derivatives must follow the following principles:

- derivatives are not used for trading, profit making or speculation;

- derivatives to be contracted must match exactly the underlying exposures in relation to indices to be used, refixing dates for interest rates and dates for payment of interest, and the amortisation profile of the underlying debt;

- the maximum financial cost of the entire derivative and underlying exposure must always be known and limited from the date of the derivative contract, with the aim that the resulting level of costs are within the cost of funds considered in the business plans;

- derivative contracts are only agreed with authorised entities, specifically Financial Institutions with a minimum Investment Grade rating, giving preference to Banking Relationship Institutions of the Company;

- all transactions must be the object of competitive bids, involving at least two financial institutions;

- all transactions are entered into by using market standard contracts (ISDA), with schedules negotiated with each of the Institutions;

- to determine the fair value of hedging transactions, the Company uses a range of methods in accordance with market practices, namely option valuation models and discounted future cash flow models, with specific market assumptions (interest and exchange rates, volatilities, etc.) prevailing at the Balance Sheet date. Comparative quotes provided by financial institutions are also used as a valuation benchmark;

- any transaction that does not comply with all of the above principles must be individually approved by the Board of Directors.

b) Interest Rate Risk - SENSITIVITY ANALYSIS

Interest rate sensitivity is based on the following assumptions:

- changes in interest rates affect interest receivable and payable of financial instruments indexed to variable rates (interest payments, related to financial instruments not defined as hedging instruments for interest rate cash-flow hedges). As a result, these instruments are included in the calculation of financial results sensitivity analysis;

- changes in market interest rates affect income and expenses related to fixed interest rate financial instruments, in cases in which these are recognised at fair value. As such, all financial instruments with fixed interest rates booked at amortised cost, are not subject to interest rate risk, as defined in IFRS 7;
- in the case of instruments designated as fair value hedges of interest rate risk, when changes to the fair value of the hedging instrument, which are attributable to movements in interest rates, are almost completely compensated in the financial results in the same period, these financial instruments are also considered not to be exposed to interest rate risk;

- changes in market interest rates of financial instruments which were designated as cash-flow hedging instruments to hedge fluctuations in payments resulting from changes in interest rates, are recorded in reserves, and are thus included in the sensitivity analysis calculation of shareholders' funds (other reserves);

- changes in market interest rates of interest rate derivatives, which are not specified as being part of hedging relationships as defined in IAS 39, affect the results of the company (net gain/loss resulting from the revaluation of the fair value of financial instruments), and are thus included in the calculation of profit and loss sensitivity;

- changes in the fair value of derivatives and other financial assets and liabilities are estimated by calculating the discounted present value of future cash flows at existing market interest rates at the end of each year, and assuming a parallel variation in interest rate trends;

- the sensitivity analysis is applied to all financial instruments existing at the end of the period.

Given the above assumptions, if interest rates of financial instruments denominated in euro had been 0.75 percentage points higher/lower, the net profit before tax of the Company as at 31 December 2013 would have been lower or higher by 141,658.31 euro, respectively. As at 31 December 2012 they would have been lower or higher by 289,539.84 euro.

c) Exchange Rate Risk

The Company has no exposure to exchange rate risk.

d) Other Price Risks

The Company is exposed to risks arising from the value of investments made in financial shareholdings. However, these investments are in general made with strategic objectives in mind and not for current trading.

3.2 Credit Risk

Credit risks at Sonae Capital arises mainly from (i) its relationships with financial institutions in the course of its day to day business activity, and (ii) the risk of non compliance by business counterparts in portfolio transactions.

- Financial Institutions: The credit risk is linked to possible non compliance by Financial Institutions, from which the Company, in its normal operational activity, contracted term deposits, cash balances and derivatives.

To mitigate this risk, the Company:

a) Only executes transactions with counterparts with Investment Grade minimum rating and/or financial institutions with high credit quality, giving preference to banking institutions with which the Company already works;
b) Diversifies its counterparts, in order to avoid an excessive concentration of credit risk;
c) Defines a limited range of eligible instruments (aimed at not contracting complex instruments, whose structure is not entirely known), requiring proper authorization from the Board of Directors for use of other alternative instruments;
d) Regularly monitors total exposures with each counterpart, in order to guarantee compliance with the policy established.

- Shareholding Buy/Sale transactions: In the course of its business, the Company is exposed to the credit risk of counterparts with whom it agrees transactions concerning investments in shareholdings. In these cases, the means used to mitigate risks are determined on a one on one basis, in order to take into account the specifics of the transaction, with the constant supervision of the Board of Directors. Despite the wide range of means used, there exists always the possibility of using normal market methods, namely carrying out due diligence, obtaining financial information concerning the counterpart in question, or the pledging of an asset which is released when the financial transaction has been completed.

3.3 Liquidity Risks

The objective of liquidity risk management is to ensure at any given moment that the Company has the financial capability under favourable market conditions to: (i) comply with its payment obligations when these fall due and (ii) ensure in a timely manner the appropriate financing for the development of its businesses and strategy.

To that end, the Company aims at maintaining a flexible financial structure, so that the process of managing liquidity within the Company includes the following key aspects:

- Financial planning based on cash flow forecasts and for different time periods (weekly, monthly, annual and multi year);

- Short and long term financial control systems (based on Treasury and Cash Management systems), which allow in a timely manner to identify variances, anticipate financing needs and identify refinancing opportunities;

- Diversification of sources of financing and counterparts;

- Spread of debt maturity dates, aiming at avoiding excessive concentration, at specific points in time, of debt repayments;

- Contracts with relationship Banks, of committed credit lines (of at least one year) and Commercial Paper Programmes, with cancellation clauses which are sufficiently comfortable and prudent, seeking to obtain an appropriate level of liquidity while optimising the amount of commitment commissions payable.
- Negotiation of contract terms which reduce the possibility of early termination of loans.

4. INVESTMENTS

As at 31 December 2013 and 31 December 2012 Investments are detailed as follows:

	31 December 2013	31 December 2012
Investments in affiliated and associated undertakings	584,195,526	584,195,526
Investments in other companies		
Sonae RE - (0,04%)	1,200	1,200
Fundo Invest. Imob. Imosonae Dois - (0,001%)	2,546	2,546
	584,199,272	584,199,272
Impairment	(7,420,029)	(1,426,910)
	576,779,243	582,772,362

4.1 Investments in affiliated and associated undertakings

As at 31 December 2013 and 31 December 2012, the detail of Investments in Affiliated and Associated Companies is as shown in the table below.

Company	31 December 2013				31 December 2012			
	% Held	Fair Value	Book Value	Fair Value Reserve	% Held	Fair Value	Book Value	Fair Value Reserve
SC, SGPS, SA	100.00%	-	382,638,253	-	100.00%	-	382,638,253	-
Spred, SGPS, SA	54,05	-	40,000,000	-	54,05	-	40,000,000	-
SC Assets, SGPS, SA	76,64	-	82,000,000	-	76,64	-	82,000,000	-
Sonae Turismo, SGPS, SA	23,08	-	37,500,000	-	23,08	-	37,500,000	-
Fundo Esp.Inv.Imo.Fec. WTC	59,57	-	42,057,273	-	59,57	-	42,057,273	-
Total		-	584,195,526	-		-	584,195,526	-

Investments carried at cost correspond to those in unlisted companies and for which a fair value cannot be reliably estimated.

Impairment tests on financial investments were performed, based on external valuations of the real estate of group companies, to assess the fair value of such investments

As at 31 December 2013 and 31 December 2012, the detail of Impairments on Investments in Affiliated and Associated Companies is as shown in the table below.

	31 December 2013	31 December 2012
Fundo Esp.Inv.Imo.Fec. WTC	(920,029)	(1,426,910)
Sonae Turismo, SGPS, SA	(6,500,000)	-
	(7,420,029)	(1,426,910)

5. OTHER NON CURRENT ASSETS

As at 31 December 2013 and 31 December 2012 Other Non Current Assets are detailed as follows:

	31 December 2013	31 December 2012
Loans granted to group companies:		
SC, SGPS, SA	121,338,653	111,341,743
SC Assets, SGPS, SA	31,713,043	22,176,203
	153,051,695	133,517,946

These assets were not due or impaired as at 31 December 2013. The fair value of loans granted to Group companies is basically the same as their book value.

Loans to group companies interest at market rates and are repayable within a period exceeding one year.

6. OTHER CURRENT ASSETS

As at 31 December 2013 and 31 December 2012 Other Current Assets can be detailed as follows:

	31 December 2013	31 December 2012
Group companies - Short term loans:		
SC, SGPS, SA	232,300	20,450,367
SC Assets SGPS, SA	327,500.00	255,130
Suppliers	-	5,213
Income tax withheld	847,476	189,194
Other Debtors	81,727	5,500
Accrued income	4,984,735	5,107,967
Deferred costs	496,690	22,812
	6,970,428	26,036,184

Loans granted to group companies bear interest at market rates and are repayable within one year.

The amount recorded as accrued income includes EUR 4,980,391.79 for interest on loans granted to group companies.

Under the heading deferred costs include EUR 468,036.67 relating to bank charges.

7. DEFERRED TAXES

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

	Deferred tax assets		Deferred tax liabilities	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Tax losses carried forward	407,059	429,213	-	-
Others	-	-	-	778

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

	Activos por impostos diferidos		Passivo por impostos diferidos	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Opening balance	429,213	451,247	778	11,699
Effect in results (Nota 17):				
Tax losses carried forward	12,108	(22,034)	-	-
Others	(34,262)	-	(778)	(10,921)
	407,059	429,213	-	778
Effect in reserves:	-	-	-	-
Closing balance	407,059	429,213	-	778

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

	31 December 2013			31 December 2012		
	Prejuízo fiscal	Deferred tax assets	To be used until	Prejuízo fiscal	Deferred tax assets	To be used until
Generated in 2010	552,093	126,981	2014	551,761	137,940	2014
Generated in 2011	1,165,089	267,970	2015	1,165,089	291,272	2015
Generated in 2013	52,641	12,107	2018	-	-	
	1,769,823	407,059		1,716,850	429,213	

8. CASH AND CASH EQUIVALENTS

As at 31 December 2013 and 31 December 2012 Cash and Cash Equivalents can be detailed as follows:

	31 December 2013	31 December 2012
Cash	1,004	1,004
Bank deposits	785,247	372,997
Cash and cash equivalents in the balance sheet	786,250	374,001
Bank overdrafts	-	981
Cash and cash equivalents in the cash flow statement	786,250	373,019

9. SHARE CAPITAL

As at 31 December 2013 Share Capital consisted of 250,000,000 ordinary shares of 1 euro each.

In 2013, Sonae Capital SGPS, S.A. bought 3,519,252 own shares on the stock market, representing 1.4077% of its share capital, for a total consideration of 859,419.53 euro. As at 31 December 2013, the total of own shares bought by the company is 5,119,962, representing 0,640% of its share capital.

10. RESERVES

As at 31 December 2013, and 31 December 2012 the caption Other Reserves can be detailed as follows:

	31 December 2013	31 December 2012
Free reserves	153,952,948	155,807,458
Demerger reserve	132,638,252	132,638,252
Own shares reserve	1,124,125	264,705
	287,715,325	288,710,416

The demerger reserve (Note 1), corresponds to the difference between the book value of the shareholding in SC, SGPS, SA (382,638,252 euro) which was spun off from Sonae, SGPS, SA to the Company, and the value of the share capital of the Company (250,000,000 euro). This reserve, which has a treatment similar to that of a Legal Reserve, according to Company Law, it cannot be distributed to shareholders, unless the company is liquidated, but can be used to make good prior year losses, once other reserves have been used fully, or for capital increases.

Legal Reserve: According to the Company Law, at least 5% of the annual net profit must be transferred to the legal reserve until it represents 20% of share capital. This reserve cannot be distributed to shareholders, unless the company is liquidated, but can be used to cover prior year losses, once other reserves have been used fully, or for capital increases. As at 31 December 2013 the value of this caption is 8,307,376 euro.

11. LOANS

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

	31 December 2013	31 December 2012
Bank loans - Commercial paper	42,650,000	38,250,000
Bank loans - Term loan	24,000,000	31,000,000
Up-front fees not yet charged to income statement	(501,771)	(317,336)
Bank loans - non current	66,148,229	68,932,664
Nominal value of bonds	10,000,000	10,000,000
Up-front fees not yet charged to income statement	(735)	(14,589)
Bond Loans	9,999,265	9,985,411
Non-current loans	76,147,494	78,918,075
Bank loans - Commercial paper	83,250,000	94,400,000
Bank loans - Term loan	7,000,000	2,000,000
Bond Loans	-	-
Up-front fees not yet charged to income statement	-	-
Bank overdrafts	-	981
Current bank loans	90,250,000	96,400,981

Non Current Bank Loans

The caption Non Current Bank Loans relates to amounts issued detailed as follows:

i) Bank loan started on 2 June 2011 valid for six years and repayable in six annual instalments. This loan is guaranteed by a mortgage of investment properties and pays interest every three months;

ii) Commercial Paper Programme issued on 27 December 2012 with subscription guarantee and valid for a period of 5 years;

iii) Commercial Paper Programme issued on 31 March 2011 with subscription guarantee and valid till August 2018 for a period of 5 years. Early repayment can occur under the terms of the Call / Put Option on August 2016. This loan is guaranteed by a mortgage of investment properties.

iv) Sonae Capital, SGPS 2011/2016, amounting to 10,000,000 euro, repayable after 5 years, in one instalment, on 17 January 2016. This bond issue pays interest every six months;

The bank loans mentioned above bear interest at market rates, indexed to the Euribor of each issue period.

The average interest rate of these bond loans as at 31 December 2013 was 4.559%.

Current Bank Loans

The caption Current Bank Loans relates to amounts issued, detailed as follows:

i. Commercial Paper Programme issued on 28 March 2008 without subscription guarantee, valid for a period of 10 years, which may be extended at the option of the Company;

ii. Commercial Paper Programme issued on 17 February 2011 with subscription guarantee, valid for a period of 1 year, automatically renewable for equal periods to a maximum of five years.

iii. Commercial Paper Programme issued on 31 December 2013 with subscription guarantee, valid for a period of 3 years;

The above loans are not guaranteed, and their fair value is considered to be close to their book value, in view of the fact that interest payable on them is at variable market rates.

There are no Derivatives.

The nominal value of loans and the estimated nominal values of interest to be paid on them have the following maturity dates:

	31 December 2013		31 December 2012	
	Capital	Interest	Capital	Interest
N+1	90,250,000	(6,032,370)	96,400,981	(7,025,683)
N+2	7,000,000	(4,115,231)	15,250,000	(5,929,592)
N+3	21,216,667	(3,171,801)	7,000,000	(4,743,816)
N+4	44,216,667	(1,845,410)	17,000,000	(2,589,950)
N+5	4,216,667	(1,542,885)	40,000,000	(1,828,362)
After N+5	-	-	-	-
	166,900,000	(16,707,697)	175,650,981	(22,117,403)

As at 31 December 2013 and 31 December 2012, available credit lines may be summarised as follows:

	31 December 2013		31 December 2012	
	Commitments		Commitments	
	less than 1Y	over 1 Y	less than 1Y	over 1 Y
Amounts of credit lines available	39,599,398	23,950,000	48,899,398	15,650,000
Amounts of credit lines contracted	47,849,398	66,600,000	61,599,398	79,850,000

12. OTHER CREDITORS

As at 31 December 2013 and 31 December 2012, these captions were made up as follows:

	31 December 2013	31 December 2012
Other creditors		
Group companies - Short term loans:		
Spred, SGPS, SA	18,796,170	20,746,600
Other creditors	1,912	1,877
	18,798,082	20,748,477

Loans obtained from group companies bear interest at market rates and are repayable within one year.

13. OTHER CURRENT LIABILITIES

As at 31 December 2013 and 31 December 2012, these captions were made up as follows:

	31 December 2013	31 December 2012
Other current liabilities		
Taxes payable	80,830	140,913
Accruals:		
Staff costs	235,119	235,216
Interest payable	1,101,139	637,782
Other accruals	4,410	164,029
Deferred income	4,578	4,070
	1,426,077	1,182,010

14. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2013 and 31 December 2012, External Supplies and Services can be detailed as follows:

	31 December 2013	31 December 2012
Operational rents	35,463	33,999
Insurance costs	45,319	49,615
Travelling expenses	30,177	20,064
Services obtained	1,313,257	944,024
Other services	14,123	12,751
	1,438,340	1,060,454

15. OPERATIONAL LEASES

As at 31 December 2013 and 31 December 2012, the Company had Operational Lease contracts, as a lessee, whose minimum lease payments (fixed income) had the following payment schedule:

	31 December 2013	31 December 2012
N+1	25,870	25,870
N+2	15,091	25,870
N+3	-	25,870
N+4	-	-
N+5	-	-
	40,961	77,610

16. STAFF COSTS

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

	31 December 2013	31 December 2012
Governing bodies' remunerations	737,243	388,574
Social security contributions	49,939	49,925
Other staff costs	39,475	23,080
	826,656	461,579

17. NET FINANCIAL EXPENSES AND INVESTMENT INCOME

As at 31 December 2013 and 31 December 2012, Net Financial Expenses and Investment Income can be detailed as follows:

	31 December 2013	31 December 2012
Interest payable and similar expenses		
Interest arising from:		
Bank loans	(7,281,771)	(6,083,044)
Bonds	(479,623)	(1,134,868)
Other	(103,892)	(358,524)
Other financial expenses	(2,037,730)	(2,269,712)
	(9,903,016)	(9,846,148)
Interest receivable and similar income		
Interest income	9,849,467	11,418,111
	9,849,467	11,418,111
Net financial expenses	(53,549)	1,571,963
Reversal of Impairment losses (Note 4.1)	(5,993,119)	(1,426,910)
Dividends received	12,355,245	382,921
Other income	2,023,561	-
Investment income	8,385,687	(1,043,989)

As at 31 December 2013, the amount of dividends received from affiliated companies was as follows:

SC ASSETS, SGPS, SA	2,221,944
SC, SGPS, SA	9,500,000
SPRED, SGPS, SA	633,300
	12,355,245

18. TAXATION

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

	31 December 2013	31 December 2012
Current tax	(8,502)	(13,292)
Deferred tax	(21,375)	(11,113)
	(29,877)	(24,405)

18.1 Reconciliation of the effective income tax

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

	31 December 2013	31 December 2012
	Total	Total
Profit before income tax	6,111,641	(970,686)
Difference between accounting and tax of capital gains/(losses)	(6,164,282)	1,088,420
Taxable Profit	(52,641)	117,734
Recognition of tax losses originating deferred taxes	52,641	(88,301)
Taxable Income	-	29,433
Tax Charge (25%)	-	(7,358)
Under/Over taxation estimates	32	2
Municipal surcharge	-	(1,177)
Autonomous taxes	(8,534)	(4,758)
Effect of increases or decreases in deferred taxes	(21,375)	(11,113)
Taxation	(29,877)	(24,405)

19. EARNINGS PER SHARE

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

	31 December 2013	31 December 2012
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	6,081,764	(995,091)
Effect of dilutive potential shares	-	-
Net profit taken into consideration to calculate diluted earnings per share	6,081,764	(995,091)
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	247,182,143	249,290,870
Weighted average number of shares used to calculate diluted earnings per share	247,182,143	249,290,870
Earnings per share (basic and diluted)	0.024604	(0.003992)

20. RELATED PARTIES

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

	Expenses		Income	
Transactions	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Parent company	-	-	-	-
Group and associated companies	650,112	1,077,260	9,853,678	11,787,105
	650,112	1,077,260	9,853,678	11,787,105

	Accounts payable		Accounts receivable	
Balances	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Parent company	-	-	-	-
Group and associated companies	171,441	178,646	4,984,735	5,103,612
	171,441	178,646	4,984,735	5,103,612

	Loans obtained		Loans granted	
Balances	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Parent company	-	-	-	-
Group and associated companies	18,796,170	20,748,477	153,611,495	154,223,443
	18,796,170	20,748,477	153,611,495	154,223,443

21. INFORMATION REQUIRED BY LAW

Art 5 nr 4 of Decree-Law nr 495/88 of 30 December changed by art 1 of Decree-Law nr 318/94 of 24 December

In the period ended 31 December 2013 shareholders' loan contracts were entered into with the companies SC, SGPS, SA and SC Assets, SGPS, SA.

In the period ended 31 December 2013 short-term loan contracts were entered with the companies Spred, SGPS, SA.

As at 31 December 2013 amounts due by affiliated companies can be summarized as follows:

Loans and Short term loans granted

Companies	Closing Balance
SC, SGPS, SA	121,570,953
SC Assets, SGPS, SA	32,040,543
	153,611,495

As at 31 December 2013 amounts due to affiliated companies can be summarized as follows:

Short term loans obtained

Companies	Closing Balance
Spred, SGPS, SA	18,796,170
	18,796,170

Decree-Law nr 185/09 art 11

In the 12 months ended 31 December 2013 and 31 December 2012, the following remunerations were paid to the external auditor of the company:

	31 December 2013	31 December 2012
Audit and Statutory Audit[1]	12,928	13,361
Tax Consultancy	-	-
	12,928	13,361

1 Annual fees agreed.

22. APPROVAL OF THE FINANCIAL STATEMENTS

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

The Board of Directors

REPORT AND OPINION OF THE FISCAL BOARD

31 DECEMBER 2013

SONAE CAPITAL

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SONAE CAPITAL

Report and Opinion of the Fiscal Board

(Translation of a report originally issued in Portuguese)

To the Shareholders of
Sonae Capital, S.G.P.S., S.A.

In accordance with applicable legislation and the mandate given to the Fiscal Board, we hereby submit our Report and Opinion which covers the report of the Board of Directors and the consolidated and individual financial statements of Sonae Capital, S.G.P.S., SA for the year ended 31 December 2013, which are the responsibility of the Company's Board of Directors.

Supervisory activities

During the year, we have monitored the management of the Company, reviewed the development of the operations of the Company and of its main affiliates, and held meetings whenever considered necessary and with the appropriate scope. In face of the subject under review, these meetings were attended by key staff of the finance department, namely the Chief Financial Officer, of the planning and control department and of internal audit and risk management. We have also followed up closely the work of the statutory auditor and external auditor of the Company who kept us informed of the scope and conclusions of the audit work performed. In performing these tasks, the Fiscal Board has obtained from the Board of Directors, Company staff and affiliated companies' staff and from the statutory auditor all the necessary information and explanations, for a proper understanding and assessment of business developments, financial performance and position, as well as of risk management and internal control systems.

We have also reviewed the preparation and disclosure of financial information, as well as the statutory audit performed on the individual and consolidated accounts of the Company, having obtained from the statutory auditor all information and explanations requested. Additionally, within the scope of the mandate given to the Fiscal Board, we examined the individual and consolidated balance sheets as at 31 December 2013, the individual and consolidated statements of profit and loss by nature, statements of cash flows, statements of comprehensive income and statements of changes in equity for the year ended on that date and related notes.

We have also reviewed the report of the Board of Directors and the Corporate Governance Report for the year 2013, issued by the Board of Directors, and the Statutory Auditor's Report issued by the External Auditor of the Company, whose content we agree with.

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Considering the above, we are of the opinion that the consolidated and individual financial statements referred to above were prepared in accordance with applicable accounting, legal and statutory standards and give a true and fair view of the assets and liabilities, financial position and results of Sonae Capital, S.G.P.S., SA and of its main affiliates, and that the report of the Board of Directors faithfully describes business developments, performance and financial position of the Company and of its affiliates and the main risks and uncertainties they face. We hereby inform that the Corporate Governance report issued complies with article 245-A of the Portuguese Securities Code.

The Fiscal Board would like to express its gratitude to the Company's Board of Directors and staff for their cooperation.

Opinion

In face of the above mentioned, we are of the opinion that the Shareholders' General Meeting can approve:

a) The report of the Board of Directors, the individual and consolidated balance sheets as at 31 December 2013, the individual and consolidated financial statements of profit and loss by nature, of cash flows, of comprehensive income and of changes in equity for the year ended on that date and related notes;

b) The profit appropriation proposal of the Board of Directors.

Statement under the terms of Article 245, paragraph 1, c) of the Portuguese Securities Code

Under the terms of Article 245, paragraph 1, c) of the Portuguese Securities Code, the members of the Fiscal Board hereby declare that, to their knowledge, the information disclosed in the Report of the Board of Directors and other accounting documents, was prepared in accordance with applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and results of the Company and of its affiliates.

Moreover, members of the Fiscal Board consider that the Report of the Board of Directors faithfully describes business developments, the performance and the position of the Company and of its affiliates and the main risks and uncertainties they face.

Maia, 19 February 2014

The Fiscal Board,

Manuel Heleno Sismeiro

Armando Luís Vieira de Magalhães

Jorge Manuel Felizes Morgado

STATUTORY AUDIT AND AUDITORS' REPORT

31 DECEMBER 2013

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Audit Report for Stock Exchange Regulatory Purposes in respect of the Consolidated and Individual Financial Information

(Free translation from the original version in Portuguese)

Introduction

1 As required by the Portuguese Securities Market Code, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached Consolidated and Individual Financial Statements of Sonae Capital, S.G.P.S., S.A., comprising the consolidated and individual statement of financial position as at 31 December 2013, (which shows total assets of 633.436.418 Euros and 737.999.343 Euros, respectively, a total consolidated equity of 313.160.339 Euros, which includes non-controlling interests of 8.850.291 Euros and individual of 550.980.341 Euros, a net consolidated loss of 13.249.653 Euros and a net individual profit of 6.081.764 Euros) the consolidated and individual statement of income by nature, the consolidated and individual Comprehensive Income, the consolidated and individual statements of changes in equity and the consolidated and individual cash flow statements for the year then ended and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and Consolidated and Individual Financial Statements that present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated and individual changes in equity, the consolidated and individual result of their operations, the consolidated and individual comprehensive income and their consolidated and individual cash flows; (ii) to prepare historical financial information in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU that is complete, true, timeliness, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) to adopt adequate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, the financial position or results of the company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

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Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and individual financial statements are free from material misstatement. Accordingly, our audit included: (i) verification that the company and its subsidiaries' financial statements have been properly examined and for the cases where such an audit was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of Management used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations and the utilization of the equity method; (iii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated and individual financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated and individual financial information.

5 Our audit also covered the verification that the financial information included in the Board of Director's report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the consolidated and individual financial statements referred to above, present fairly in all material respects, the consolidated and individual financial position of Sonae Capital, S.G.P.S, S.A. as at 31 December 2013, the consolidated and individual results of their operations, the consolidated and individual comprehensive income, the consolidated and individual statements of changes in equity and their consolidated and individual cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the information included is complete, true, timely, clear, objective and licit.

Report on other legal requirements

8 Based on our work, nothing has come to our attention that leads us to conclude that the information included in the management report is not consistent with the consolidated and individual financial information for the period and the corporate governance report includes all the elements required by article nº 245-A of the Securities Market Commission Code.

19 February 2014

PricewaterhouseCoopers & Associados
– Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Hermínio António Paulos Afonso, R.O.C.