

REPORT AND ACCOUNTS

31 DECEMBER 2014

SUBJECT TO THE APPROVAL OF SHAREHOLDERS
IN THE ANNUAL GENERAL MEETING



SONAE CAPITAL

REPORT AND ACCOUNTS 2014

Report of the Board of Directors

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PART I

**REPORT OF THE BOARD OF
DIRECTORS**

31 DECEMBER 2014



SONAE CAPITAL

1. CEO MESSAGE

"2014 marked the beginning of a new cycle in the still short history of Sonae Capital. After the corporate strategy redefinition initiated in 2013, this year we've launched the basis for a new cycle aiming for a sustainable growth in each business and lower levels of debt. As such, Group's Corporate Strategy is based on 3 strategic lines: (i) grow with profitability; (ii) privilege capital light strategies or with short-term paybacks and assured revenues; and (iii) configure the portfolio to assure the coexistence of different businesses maturities in different sectors. The materialization of such strategy also assumes our commitment with lower levels of debt and to do so we are focused in releasing capital from the non-strategic businesses, which is also supposed to leverage the growth of both current strategic businesses and new businesses opportunities.

The implementation of current strategy allowed us to consolidate the positive trend registered last year; Consolidated Top Line grew 38.7% and consolidated EBITDA amounted to 11.8M€, a growth of 61.4% when compared to last year, registering a margin of 6.7% with the majority of businesses presenting favourably evolutions. The increased number of deeds at troiaresort, the improved occupation rates in Hospitality, the enlarged number of Fitness active members and, mainly, the acquisition of the cogeneration operations during the 1Q14, were the main growth drivers. The Refrigeration & HVAC business presented a very tough year, mainly in the international front. During the year we remained focused in the implementation of a deep restructuring process covering various aspects as the strategy reformulation and segments of action, reformulation of the organizational structure and, consequently, headcount and the redesign and implementation of new internal processes. This is a process that is not yet fully accomplished but we are confident that it will produce results in the short term.

We maintain our focus in releasing cash from the non strategic assets, on one hand, to reinforce the capital structure and, on the other hand, to finance and support both the growth of current strategic businesses and the Group's portfolio development. Despite the absence of significant material sales during the year, the bases to achieve such aim in the short term were launched. The quality of some of our assets was again evidenced in the real estate evaluation report prepared by the reference entity, Cushman & Wakefield, that evaluated Group's real estate portfolio in 546.3M€ and, specifically the non strategic assets available for sale in 180.1M€.

The improved Group and the majority of its businesses, economic and financial indicators, have allowed for increased cash flow levels, despite the acquisition of the above mentioned cogeneration operations. The level of Net Debt, at the end of the year, stood at 234.5M€, the lowest level since the Group spin-off, back in 2007.

2014 results reinforce our confidence in the implementation of current strategy. The growth and the improved competitive position of each one of our businesses, alongside with our focus in releasing cash from non strategic businesses to support new businesses opportunities and, mainly, to reduce debt levels, will continue to be our focus."

Cláudia Azevedo, CEO

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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 recently promoted 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.

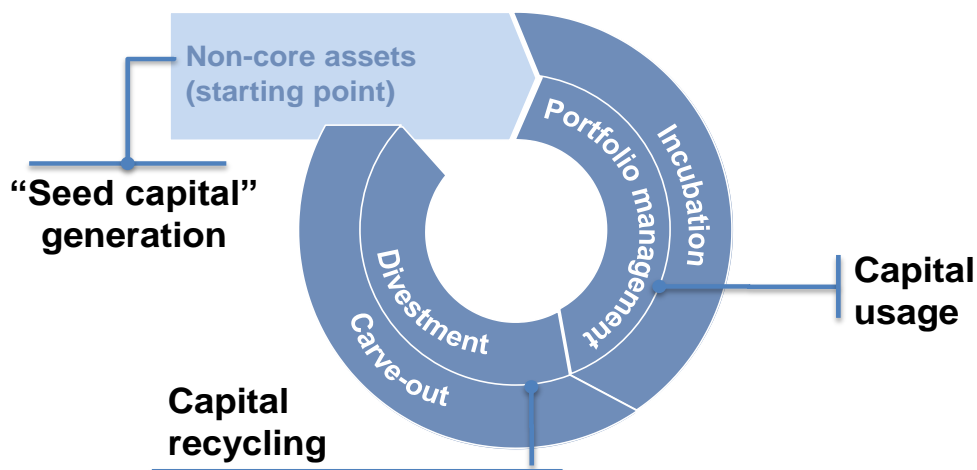
MISSION:

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
- 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.



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

- TOURISM
 - Development and Management of touristic resorts (troiaresort);
 - Hospitality Management and integrated services (Porto Palácio Hotel, Aqualuz Troia, Aqualuz Lagos and The Artist);
 - Health Clubs Management (Solinca).

- ENERGY
 - Development and Management of highly efficiency production facilities;
 - Energy services supply focused in Industry (Cogeneration and Photovoltaic).

- REFRIGERATION & HVAC
 - Design, Installation and Maintenance of Commercial and Industrial Cold and Air Conditioning facilities through engineering technics which allow customers to optimize its investments by offering the right and adequate systems.

- OTHER ASSETS
 - Real Estate Assets
 - Financial Assets

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.

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3. HIGHLIGHTS

2014 RESULTS CONFIRM THE PERFORMANCE TREND CHANGE INITIATED IN 2013, REGISTERING A POSITIVE EVOLUTION ACROSS ALL MAJOR ECONOMIC AND FINANCIAL INDICATORS...

...Consolidated TOP LINE GREW 38.7%, to 176.6M€, based on:

- The 33.9M€ growth to 47.3M€ of the Energy segment, driven by the consolidation of the operations acquired during the 1Q14 and the fully deployment of the Martim Longo photovoltaic park;
- A positive performance of real estate sales at troiaresort having grown 14.8M€ to 38.2M€ based on 52 deeds signed during the year, more 13 than last year. On top of this, we should also add a stock of 16 promissory purchase and reserve agreements, totalling 66 commercialized units during the year; and
- The growth of 19.6% and 9.0% in the Fitness and Hospitality top line, respectively.

... Consolidated EBITDA¹ amounted to 15.5M€, a significant improvement of 72.1% or 6.5M€ when compared to 2013, with the majority of the businesses presenting favourably progresses:

- In line with the increased Top Line, EBITDA at Energy improved 6.2M€ to 9.6M€, registering a margin of 20.2%;
- Driven by the higher number of deeds and benefiting from a more favourable mix, Resorts improved EBITDA by 61.0% to 6.8M€, reaching a margin of 17.7%;
- Hospitality and Fitness segments have also registered improved levels of profitability. EBITDAR at Hospitality and EBITDA at Fitness improved by 2.8pp and 4.6pp, respectively; and
- Including the provision related to the estimated present value of potential costs for the period of the guaranteed income in real estate sales in troiaresort, consolidated EBITDA reached 11.8M€, correspondent to a margin of 6.7%, registering a growth of 61.4% and 0.9pp, respectively when compared to 2013.

... NET RESULTS improved 52.5%, registering a loss of 6.3M€ (compared to the loss of 13.3M€ registered in 2013) to which, besides the improved level of EBITDA, contributed the growth of 2.1M€ to 11.3M€ in Results from Investments and Associated companies, mainly driven by NORSCUT. It should be highlighted that EBT, despite having reached a negative value of 1.8M€, registered an improvement of 9.0M€ compared to last year...

... FREE CASH FLOW, already including the acquisition of the Energy operations, amounted to 11.7M€, an improvement of 17% when compared to LY, benefiting from a better operational performance across the majority of the businesses and, particularly the growth in the real estate sales at troiaresort...

... Mainly driven by the FCF performance, NET DEBT continued decreasing, totalling at the end of 2014, 234.5M€, 11.6M€ below the level achieved at the end of 2013.

- It should be noted that the NET DEBT at the end of 2014 represents the lowest level since the Group spin-off in 2007; and
- Excluding the Energy segment where we concentrated the main Group investments during 2014, Net Debt presented a reduction of 18.9M€ compared to the end of 2013, in line with our strategic commitment towards lower levels of Debt.

¹ EBITDA not including the estimated present value of potential costs for the full period of the guaranteed income in real estate sales at troiaresort

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4. OVERALL PERFORMANCE

The 2014 financial and operational performance was globally positive, with growth across all major financial indicators, namely: 38.7% in the consolidated Top Line, 61.4% in EBITDA and 52.5% in Net Results. Maintaining Capex under control, the positive impact from the business operations has also positively impacted FCF and the consequent reduction of Net Debt levels.

4.1. PROFIT AND LOSS ACCOUNT

Consolidated Profit and Loss Million euro			
	2014	2013	Δ 14/13
Total Operational Income	183.80	134.06	+37.1%
Turnover	176.57	127.29	+38.7%
Tourism	66.79	48.49	+37.7%
Resorts	38.23	23.41	+63.3%
Hospitality	14.87	13.64	+9.0%
Fitness	13.68	11.44	+19.6%
Energy	47.27	13.38	>100%
Refrigeration & HVAC	58.12	62.15	-6.5%
Others & Eliminations	4.40	3.27	+34.5%
Other Operational Income	7.23	6.76	+6.9%
EBITDA, excluding Guaranteed Income Provisions ⁽¹⁾	15.53	9.02	+72.1%
Tourism	3.68	-0.25	-
Resorts	6.78	4.21	+61.0%
Hospitality	-4.72	-5.38	+12.4%
Fitness	1.37	0.61	>100%
Energy	9.55	3.34	>100%
Refrigeration & HVAC	0.88	4.17	-78.8%
Others & Eliminations	1.42	1.77	-19.6%
Provisions for Guaranteed Income	-3.71	-1.70	<-100%
EBITDA	11.82	7.32	+61.4%
Amortization & Depreciation	-14.79	-12.66	-16.9%
Provisions & Impairment Losses	1.83	-0.25	-
Non-recurrent costs/income ⁽²⁾	-0.15	-1.43	+89.8%
Discontinued Operations ⁽³⁾	-0.29	-1.53	+81.3%
EBIT	-1.57	-8.54	+81.6%
Net Financial Expenses	-11.52	-11.49	-0.3%
Investment Income and Results from Assoc. Undertakings	11.29	9.18	+23.1%
EBT	-1.80	-10.85	+83.5%
Taxation	-4.50	-2.39	-88.0%
Net Profit	-6.30	-13.25	+52.5%
Attributable to Equity Holders of Sonae Capital	-6.83	-13.20	+48.2%
Attributable to Non-Controlling Interests	0.54	-0.05	-

(1) EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at

(2) Non-recurrent items mainly related to restructuring costs and one-off

(3) Includes discontinued businesses in the reported period (2013/14)

2014 consolidated Top Line amounted to 176.57M€, registering a growth of 38.7% compared to 2013, with the majority of the segments presenting favourable evolutions, namely: (i) Energy (+3.5x, +33.89M€) driven mainly by the consolidation of the new cogeneration operations and by the fully deployment, in 3Q14, of Martim Longo photovoltaic project; (ii) Resorts (+63.3%, +14.82M€) motivated by the growth of the real estate deeds at troiaresort; (iii) Fitness (+19.6%, +2.24M€) as result from the 30% average number of active members growth; and (iv) Hospitality (+9.0%, +1.23M€) resulting from the increased occupation rates and from the new Hotel contribution that entered in operation in the 2Q14. It should be noted that Refrigeration & HVAC segment penalised, mainly, from the international operations, registered a decrease of 6.5% or 4.03M€, despite the improvements registered in the last two quarters of the year.

As for the "Others" segment, the positive evolution of 34.5% translates our effort and commitment in releasing cash from non-strategic assets, namely, real estate assets.

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Consolidated EBITDA in 2014, not including Guaranteed Income Provisions, amounted to 15.53M€, correspondent to a margin of 8.8%, registered a growth of 72.1% or 6.51M€ with positive evolutions across all major segments with the exception of Refrigeration & HVAC driven by the lower level of Revenues and the recognition of a non recurrent operational cost during the 3Q14.

Including, for conservative reasons, the estimated present value of the potential costs for the full period of the guaranteed income in real estate sales at troiaresort, consolidated EBITDA amounted to 11.82M€, registering a growth of 61.4% or 4.5M€ when compared to last year. For a better judgement of the real performance, excluding the above-mentioned non-recurrent operational cost recognised at Refrigeration & HVAC, EBITDA would have reached 13.0M€ correspondent to a margin of 7.4% and a growth of 5.68M€ compared to last year.

Net Results remained negative in 2014, reaching 6.3M€, despite the improvement of 52.5% or 6.95M€ compared to 2013. Contributing to this improvement it should be highlighted the already mentioned EBITDA growth, the 23.1% growth registered in Results from Investments and Associated Companies driven by the enlarged contribution from Norscut and by the two acquired cogeneration operations where the Group does not own the majority shareholding. On the negative side, it should be noted the 4.5M€ cost accounted for as Tax, motivated by movements in Deferred Tax Assets driven mainly by impairment reversions and changes to the tax rate.

4.2. CAPEX

CAPEX (excluding the investment related to the acquisition of the new cogeneration operations) in the period amounted to 7.96M€, correspondent to a Capex/Sales ratio of 4.5%, below the 6.1% registered in 2013. Resorts and Hospitality, driven by the opening of the new concept hotel in Porto, a partnership with "Escola de Hotelaria e Turismo do Porto", drove the bulk of Capex. Fitness has also registered an increase driven by the opening of new and refurbishment of existent clubs. Regarding the Energy business, Capex was mainly driven by the fully deployment of "Martim Longo" operation (photovoltaic park - 2MW).

4.3. FINANCIAL STRUCTURE

At the end of 2014, Net Debt stood at 234.45M€, 11.6M€ below the level registered at the end of 2013 and as already mentioned, the lowest level since the group spin-off in 2007. This result was achieved mainly driven by FCF performance that also incorporates the sale of a 5.0M€ Imosede fund stake and notwithstanding the acquisition of the cogeneration operations during the 1Q14.

During the year, the placement of Bonds with investors as well as the renegotiation of current debt conditions, has allowed for a reduction of the average spreads of 82bps. This fact, alongside with lower levels of Net Debt will permit to reduce the net financial costs.

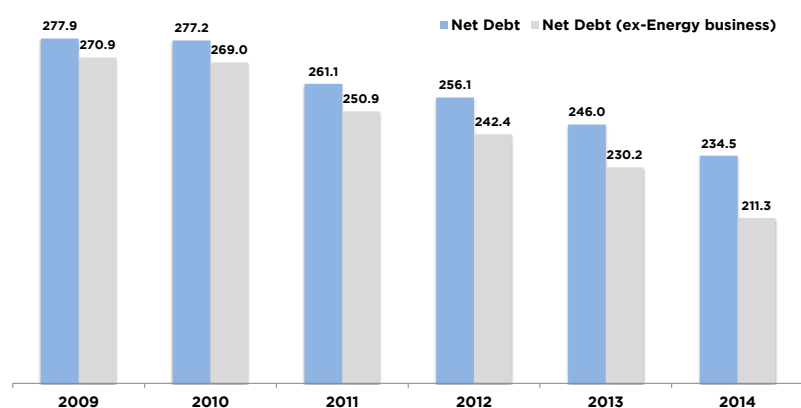
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Consolidated Balance Sheet

Million euro

	Dec 2014	Dec 2013	Δ Dec14/Dec13
Total Assets	636.0	633.4	+0.4%
Tangible and Intangible Assets	248.7	246.3	+1.0%
Goodwill	61.0	61.0	+0.0%
Non-Current Investments	54.8	52.0	+5.4%
Other Non-Current Assets	44.4	45.8	-3.0%
Stocks	157.6	178.9	-11.9%
Trade Debtors and Other Current Assets	60.2	46.5	+29.5%
Cash and Cash Equivalents	9.3	3.0	>100%
Total Equity	307.3	313.2	-1.9%
Total Equity attributable to Equity Holders of Sonae Capital	298.0	304.3	-2.1%
Total Equity attributable to Non-Controlling Interests	9.4	8.9	+5.9%
Total Liabilities	328.7	320.3	+2.6%
Non-Current Liabilities	217.4	171.9	+26.5%
Non-Current Borrowings	199.6	153.0	+30.5%
Deferred Tax Liabilities	11.7	12.6	-6.9%
Other Non-Current Liabilities	6.2	6.3	-2.9%
Current Liabilities	111.2	148.4	-25.0%
Current Borrowings	44.2	96.1	-54.0%
Trade Creditors and Other Current Liabilities	67.0	52.3	+28.0%
Total Equity and Liabilities	636.0	633.4	+0.4%
Net Capital Employed	541.8	559.2	-3.1%
Fixed Assets	309.7	307.3	+0.8%
Non-Current Investments (net)	81.3	78.8	+3.2%
Working Capital	150.8	173.1	-12.9%
Capex (9M period)	8.0	7.7	+3.3%
% Fixed Assets	2.6%	2.5%	
Net Debt	234.5	246.0	-4.7%
% Net Capital Employed	43.3%	44.0%	
Gearing	76.3%	78.6%	
Net Debt excluding Energy	211.3	230.2	-8.2%



Net Capital Employed reduced 3.1% compared to 2013, despite the contribution from the new cogeneration operations acquired during the 1Q14. This performance resulted, mainly from the working capital reduction of 22.3M€.

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5. SEGMENT PERFORMANCE

5.1. TOURISM

Profit and Loss Account Million euro			
Tourism	2014	2013	Δ 14/13
Total Operational Income	61.89	44.72	+38.4%
Turnover	66.79	48.49	+37.7%
Resorts	38.23	23.41	+63.3%
Hospitality	14.87	13.64	+9.0%
Fitness	13.68	11.44	+19.6%
Other Operational Income	-4.89	-3.77	-29.7%
Total Operational Costs	-58.21	-44.97	-29.4%
Cost of Goods Sold	-3.50	-3.54	+1.3%
Change in Stocks of Finished Goods	-15.04	-8.14	-84.9%
External Supplies and Services	-26.26	-20.46	-28.3%
Staff Costs	-12.44	-11.83	-5.2%
Other Operational Expenses	-0.97	-1.00	+3.0%
EBITDA excluding Guaranteed Income Provisions *	3.68	-0.25	-
Resorts	6.78	4.21	+61.0%
Hospitality	-4.72	-5.38	+12.4%
Fitness	1.37	0.61	>100%
Provisions for Guaranteed Income	-3.71	-1.70	<-100%
EBITDA	-0.03	-1.95	+98.7%
Capex	3.56	1.38	>100%
Resorts	1.80	0.66	>100%
Hospitality	0.48	0.17	>100%
Fitness	1.29	0.55	>100%
EBITDA-Capex	-3.59	-3.33	-7.7%
Resorts	1.28	1.85	-31.0%
Hospitality	-5.20	-5.56	+6.5%
Fitness	0.08	0.07	+21.4%

* EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at troiaresort

A. RESORTS

During the year were signed 52 deeds regarding residential units in troiaresort (21 in 1Q14, 6 in 2Q14, 13 in 3Q14 and 12 in 4Q14), 13 above the 39 registered in 2013. In addition, up to the end of the year still remained in backlog 12 promissory purchase agreement and 4 reservation agreements with advanced payment. As at 31st December 2014 there were 319 sales deeds signed on troiaresort residential units.

Due to the number of deeds signed in the year and an important benefit at sales mix level, turnover reached 38.23M€, one of the highest ever, registering a 63.3% growth when compared to last year.

At the same time, benefiting from the positive sales mix, EBITDA before Guaranteed Income Provisions reached 6.78M€ in 2014 corresponding to a 17.7% margin, registering a 61.0% growth when compared to the same period last year.

For prudence reasons and following the traditional conservative approach that should govern the accounting principles, it is accounted as provisions, at the time of the sale, the present value of potential costs for the entire period of the guaranteed income from troiaresort real estate sales (the difference between the guaranteed rate of return and the expected commercial operation). Driven by the sales deeds registered during 2014, the value amounted to 3.71M€ (+2.0M€ compared to 2013), reflecting a level of EBITDA of 3.07M€, 0.56M€ above the level registered last year.

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B. HOSPITALITY

In 2014, Hospitality turnover showed an increase of 9.0% to 14.87M€ when compared to last year, achieving one of the highest performances of the last years. This performance was mainly driven by the 6pp occupancy rate growth. During the year, the number of nights sold rose 18.1% in the total Group's hotel properties and RevPar revealed an improvement of 11.1%.

Due to the increased Top Line level and the optimization and rationalization cost measures implemented over the past years, 2014 EBITDA increased 12.4% compared to 2013, despite the negative figure of 4.72M€.

Excluding rents, it should be highlighted that the Hospitality segment EBITDAR in 2014 ascended to positive 0.90M€, registering a margin of 6.0%, an improvement of 100.4% when compared to the positive 0.45M€ achieved last year.

It should also be noted that, despite the capex increase in this business segment, EBITDA-Capex improved by 0.36M€ and EBITDAR-Capex reached positive 0.42M€, 52% above last year.

In April 2014, following a capital light approach, it was launched a new hotel in partnership with the "Escola de Hotelaria e Turismo do Porto". This is an unit with 17 rooms, restaurant, bar and meeting rooms, where students of the "Escola de Hotelaria e Turismo do Porto" will be able to apply their knowledge. Inspired by the arts and appreciation of beauty, The Artist Porto Hotel & Bistro offers a contemporary and comfortable atmosphere, where every detail transports us to a creative and unique environment with a strong motivational environment, inspiring and helping to grow (personally and professionally) students of the "Escola de Hotelaria e Turismo do Porto".

C. FITNESS

Fitness segment consolidated, in 2014, the turnaround initiated in 2013, showing continued improving trend in both turnover and profitability observed since the end of 2013. During 2014 the average number of active members registered a 30% growth when compared to last year figure.

In 2014, turnover grew 19.6% to 13.68M€ due to the above-mentioned increase in the number of active members notwithstanding the lower market average monthly fees.

As a result of the Top Line performance on one hand, and the optimization and rationalization cost measures implemented, on the other hand, EBITDA amounted to 1.37M€, an increase of 0.75M€ when compared to last year. EBITDA margin reached 10.0% an improvement of 4.6pp when compared to 5.4% registered in 2013.

Despite the growth in Capex compared to last year, due to a new club opening and several improvements in current units, EBITDA-Capex remained positive and stable when compared to last year.

2014 ended with 12 units operating nationwide, considering the opening in Cascais of a new concept club - crossfit. During the year, were launched the pillars to implement the expansion plan, being currently foreseen a new club in Alfragide.

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5.2. ENERGY

Profit and Loss Account Million euro			
Energy	2014	2013	Δ 14/13
Total Operational Income	48.57	13.68	>100%
Turnover	47.27	13.38	>100%
Other Operational Income	1.30	0.30	>100%
Total Operational Costs	-39.02	-10.34	<-100%
Cost of Goods Sold	-32.64	-8.01	<-100%
Change in Stocks of Finished Goods	0.00	0.00	-
External Supplies and Services	-3.67	-1.50	<-100%
Staff Costs	-1.82	-0.82	<-100%
Other Operational Expenses	-0.89	-0.01	<-100%
EBITDA	9.55	3.34	>100%
Capex	1.63	4.54	-64.2%
EBITDA-Capex	7.92	-1.20	-

During the 1Q14 it was announced the acquisition of a set of shareholdings and interests held by subsidiaries of Enel Green Power, S.p.A. in cogeneration plants located in Portugal. This acquisition of 44 MW (10 units, 8 majority held) is part of the expansion plan for the Energy segment, one of the strategic pillars of the growth and development of Sonae Capital's portfolio, allowing the Group to: (i) Speed up the planned Portuguese Portfolio growth; (ii) Internalize a backlog of repowering projects in Portugal; and (iii) Reinforce the Energy segment team with experienced and valuable new members, required to implement the outlined development roadmap.

Energy segment Top Line in 2014 grew 3.5x to 47.27M€, including the contribution of the new cogeneration operations acquired at the end of 1Q14. Excluding that contribution (32.66M€), Top Line would have grown 9.1%. EBITDA in the period has also shown a significant growth of 2.9x to 9.55M€, achieving an EBITDA margin of 20.2%. Excluding the contribution of the acquired operations, (4.89M€), EBITDA would have grown 39.5% when compared to last year.

Capex (excluding the cogeneration acquisitions) remained in controlled levels and contributed, besides EBITDA, for the improvement of the operational cash flow.

With the fully operationally photovoltaic project since June and the start of a new operation, the capacity under management ascends to 55.4 MW (52.4MW Cogeneration and 3MW Photovoltaic) or 65.7 MW, considering the non-fully held operations, a growth of 3.2 times when compared to the end of 2013.

5.3. REFRIGERATION & HVAC

During 2014, Top Line amounted to 58.12M€, representing a decrease of 6.5% compared to last year. Backlog² at the end of the period amounted to, approximately, 20.7M€, a decrease of 10.3% compared to last year, representing circa 5.5 months of Turnover.

International Top Line of Refrigeration and HVAC (consolidating exports and direct sales abroad), driven by the lower level of international activity following some delays in the launch of some projects, represented 22.7% of the consolidated Turnover.

² Backlog in Portuguese operations

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Profit and Loss Account			
Million euro			
Refrigeration & HVAC	2014	2013	Δ 14/13
Total Operational Income	59.45	61.13	-2.8%
Turnover	58.12	62.15	-6.5%
Total Operational Costs	-58.56	-56.96	-2.8%
Cost of Goods Sold	-22.48	-22.76	+1.2%
Change in Stocks of Finished Goods	-1.97	1.74	-
External Supplies and Services	-18.84	-19.93	+5.5%
Staff Costs	-14.56	-15.10	+3.6%
Other Operational Expenses/Income	-0.72	-0.90	+20.6%
EBITDA	0.88	4.17	-78.8%
Capex	0.29	0.17	+70.3%
EBITDA-Capex	0.59	4.00	-85.1%

It is important to highlight that during the year the team remained focused in the implementation of a deep restructuring process, covering various aspects as the strategy reformulation and segments of action, reformulation the organizational structure and, consequently, headcount and the redesign and implementation of new internal processes.

In 3Q14, under the restructuring process that is being implemented, there were recognized a bulk of non-recurrent operational costs amounting to 1.19M€ that have penalized, in the quarter and full year both the Refrigeration and HVAC segment and overall Sonae Capital Group figures.

Despite of the on-going implementation of measures leading to rationalize and variable the cost structure to the new benchmark, and excluding the above non-recurrent operational cost, due to revenues performance, FY14 EBITDA amounted to 1.89M€, registering a significant reduction when compared to the 4.17M€ registered last year.

However, it should be highlighted that EBITDA in the domestic operation amounted to 2.45M€, registering a slight decrease of 0.15M€ when compared to last year, showing that the large majority of the profitability decrease is due to lower activity in international operations, mainly Brazil. Regarding this, it should be noted that backlog in Brazil grew 7.2x compared to last year and represents, approximately, 7 months of the annual turnover.

Capex remained at low levels and the main decrease in operating cash flow was driven by the EBITDA deviation.

5.4. OTHER ASSETS

Sonae Capital Group owns a set of non-strategic assets and thus available for sale, including Real Estate assets (excluding Tourism assets) and Financial Shareholdings.

During the period it was sold a stake of the Imosede Fund for 5.0M€ and there were no other material operations to highlight with respect to financial assets.

Regarding Real Estate assets, during 2014, there were celebrated sales deeds over a disperse set of assets amounting to 1.45M€.

Regarding our commitment to provide to the market the best financial information possible, we updated the Sonae Capital's property portfolio valuation report prepared by the reference entity Cushman & Wakefield (the Valuation Report is available on the website of the Company www.sonaecapital.pt). As at 30 September 2014, Sonae Capital's real estate portfolio (excluding assets located in Boavista Complex and Sonae businesses Headquarters held by real estate investment funds in which the Group owns shares) was estimated at 546.3M€. The current assessment, when compared to previous one as at 31

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December 2011, discloses a decrease of only 1.2% (on a comparable basis), showing the resilience of our real estate portfolio.

It should be noted that troiaresort assets were evaluated in 293.4M€, an increase of 1.6% compared to previous report. For a better understanding of our assets, we individualized the operating assets (beyond resort assets), which among Hotels and Fitness clubs, are estimated at 72.8M€. The remaining assets, characteristically and geographically disperse, were evaluated at 180.1M€ representing a 5.3% reduction when compared to the previous report, on a comparable basis.

It should be emphasized that, concerning Other Assets available for sale, the Capital Employed in this set of assets amounted to 123.5M€.

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Report of the Board of Directors

6. OUTLOOK

Having ended 2014 with consolidated orientations and strategic pillars setup in 2013, Sonae Capital achieved results give confidence in proceeding with the implementation of the defined strategy.

Important steps were taken on the sustainability and on the improvement of the competitive position of each business segment. Such path should continue being implemented over the course of current year.

On the Resorts business, we will remain committed in selling available stock, and will continue improving all resort operations aimed at achieving break-even at each one of them. At the same time, we will not neglect the investment needed in troiaresort brand and on the continuous improvement of current infrastructures. The development of real estate touristic projects for the areas not yet developed, to be commercialized with specialized investors, will also be one of our main focuses.

Regarding Hospitality, after the conclusion of Hotel Aqualuz Lagos refurbishment aimed at increasing occupation rates, new development projects for Hotel Porto Palácio are also under analysis. The portfolio development in this segment, as occurred in 2014, will continue favouring a capital light investment type approach.

Also, the Fitness segment, although with an expansion plan already defined, will follow a capital light approach.

In the Refrigeration & HVAC business we will continue with the implementation of the restructuring and the strategic repositioning process in course, aiming for additional efficiency and profitability gains. Regarding this process, we will evaluate the maintenance of specific business areas that may be considered as non-strategic and without fit with the level of ambition we set ourselves. A greater approach on the international operations, namely at the top line level, supported in robust and uniform processes along all Group operations, will be one of our core focus throughout 2015.

On the Energy front, the Group will remain watchful to new business opportunities both in Portugal and abroad, subject to the accomplishment of pre-defined criteria. If 2014 was mainly focused on the consolidation and integration of the operations acquired in the beginning of the year and to the analysis and study of new potential markets, 2015 will be marked by greater focus on the internationalization process not forgetting the domestic operations and the remaining identifiable opportunities.

With the expectable improvement of country economic and financial conditions, we will remain concentrated and, probably, with increased efforts on the sale of non-strategic assets, one of the fundamental aspects to the effective implementation of Group's Corporate Strategy. This is of particular relevance as the financial discipline and the necessary reduction of net debt levels will continue to dominate the assumptions and goals to be defined by each business unit.

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7. SHARE PRICE PERFORMANCE

Sonae Capital's share information

Name: Sonae Capital, SGPS, SA

ISIN Code: PTSNPOAE0008

Security's Issuer: Sonae Capital, SGPS, SA

NYSE Euronext: SONC

Listing date: 28 January 2008

Reuters: SONAC LS

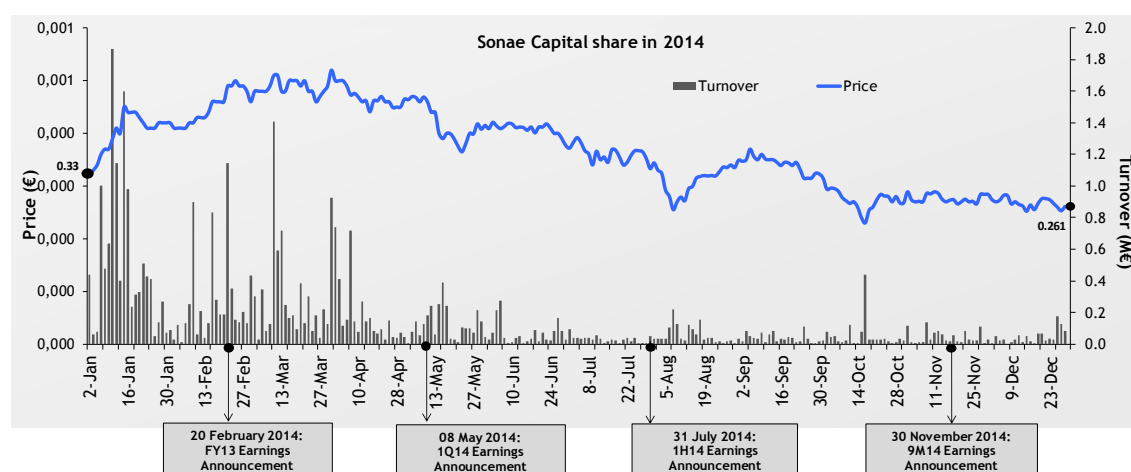
Share Capital: 250,000,000 euro

Bloomberg: SONC.PL

Listed amount: 250,000,000 shares

Treasury stock: As at 31 December 2014, the Company owns 6,068,850 own shares

During 2014, Sonae Capital's share price declined 20.9%, closing the year at 0.261 euro. Nevertheless Sonae Capital outperformed the Portuguese Stock Market Index (PSI20) which dropped by 26.8% during the same period.



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

Euronext Lisbon	2014	2013
Closing Price N-1	0.330	0.14
Maximum Price	0.520 (01.04.2014)	0.37 (28.11.2013)
Minimum Price	0.230 (16.10.2014)	0.14 (03.01.2013)
31 December N	0.261	0.33
Transactions		
Average daily quantity	360,632	373,837
Total shares traded	91,961,263	95,328,426
Total volume (million euro)	37.3	22.7
Average daily volume (million euro)	0.15	0.08
Market capitalization 31.12.N (million euro) ^(a)	65.25	82.50

^(a) Market capitalization calculated using the total number of shares

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Relevant events announced to the market in 2014 include:

- The effectiveness of the acquisition of a group of shareholdings and equity interests held by subsidiaries of Enel Green Power S. p. A. (Enel), in 10 cogeneration plants located in Portugal (of which 8 majority held by Sonae Capital), with remaining feed-in tariff periods of up to 6 years (weighted average of 3 years) and concerning a 44 MW increase of installed electric power capacity. (6 Mar.14)

The acquisition lies within the expansion plan of the Energy segment, one of the strategic pillars of the growth and development of Sonae Capital's portfolio.

- The closing of the conditions for a Bond issue of €42,500,000 (forty two million five hundred thousand euros), led by Caixa - Banco de Investimento and subscribed by institutional investors, without any guarantees and with a 5 year term, maturing in May 2019.

REPORT AND ACCOUNTS 2014

Report of the Board of Directors

8. OTHER INFORMATION

8.1. INDIVIDUAL FINANCIAL STATEMENTS

Sonae Capital, SGPS, SA, the Group's holding company, posted a positive 17,035,205.49 euro net profit, including the material impact of 10,914,428 euro from Results from Associated Undertakings and 6,766,620 euro from taxes, driven by tax perimeter efficiency. Last year's result, a 6,081,764 euro net profit, was positively impacted by around 12.4 million euro regarding dividends paid by subsidiaries.

The year's result already includes 405,073 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 17 March 2014.

8.2. 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 2014, 1,034,500 own shares, on NYSE Euronext Lisbon Stock Exchange, at an average transaction price of 0.3909 euro per share.

As a result of the above mentioned transactions and the alienation of 85,212 shares for the global amount of 42,606 euro related to share distribution in terms detailed in the medium-term variable remuneration, as at 31 December 2014 Sonae Capital held 6,068,850 own shares, representing 2.428% of its share capital.

8.3. ACTIVITY CARRIED OUT BY NON-EXECUTIVE BOARD MEMBERS

During the year of 2014, 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.

8.4. PROFIT APPROPRIATION PROPOSAL

Sonae Capital, SGPS, SA, as the holding company of the Group, posted a net profit of 17,035,205.49 euro in 2014. The Board of Directors proposes to the Shareholders' General Meeting that this amount should be transferred to Legal Reserve (851,760.27 euro) and to Free Reserves (16,183,445.22 euro).

8.5. SUBSEQUENT CORPORATE EVENTS

There were no subsequent corporate events to register.

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Report of the Board of Directors

8.6. 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.

To our employees we thank the sense of commitment and valuable contribution to the significant improvement in operational results, and to shared effort in the pursuit of goals outlined.

We reiterate the belief that the basis for the Group's growth is stronger, trusting in the success and sustainability of the chosen strategy.

Maia, 3 March 2015

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

REPORT AND ACCOUNTS 2014

Report of the Board of Directors

METHODOLOGICAL NOTES

The consolidated financial statements presented in this report are audited. All financial information have been prepared in accordance with International Financial Reporting Standards ("IAS/IFRS"), issued by International Accounting Standards Board ("IASB"), as adopted by European Union.

GLOSSARY

- HVAC = Heating, Ventilation and Air Conditioning.
- Operational Cash Flow = EBITDA - Capex.
- EBITDA = Operational Profit (EBIT) + Amortization and Depreciation + Provisions and Impairment Losses + Impairment Losses of Real Estate Assets in Stocks (included in Costs of Goods Sold) - Reversal of Impairment Losses and Provisions (included in Other Operational Income).
- EBITDA, excluding Guaranteed Income Provisions = EBITDA + Provisions related to the estimated present value of potential costs for the full period of the Guaranteed Income from real estate sales at troiaresort
- EBITDAR = EBITDA + Rents for buildings.
- Net Debt = Non-Current Loans + Current Loans - Cash and Cash Equivalents - Current Investments.
- Capex = Investment in Tangible and Intangible Assets.
- Gearing = Net Debt / Equity

PART II
**APPENDIX TO THE REPORT
OF THE BOARD OF
DIRECTORS**

31 DECEMBER 2014



SONAE CAPITAL

REPORT AND ACCOUNTS 2014

Appendix to the Report of the Board of Directors

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, and that the Report of the Board of Directors faithfully describes major events that occurred during 2014 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, 3 March 2015

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

REPORT AND ACCOUNTS 2014

Appendix to the Report 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 2014 involving shares and other securities:

	Date	Purchases		Sales		Balance as at 31.12.2014
		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	20.02.2014	21,700	0.46		24,942	
Obrigações Sonae Capital/2014-2019	17.10.2014	1	50,250		1	
Paulo José Jubilado Soares de Pinho						
Sonae Capital, SGPS, SA ^(b)					20,775	

	Date	Purchases		Sales		Balance as at 31.12.2014
		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.

REPORT AND ACCOUNTS 2014

Appendix to the Report 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:

	<u>Number of shares as at 31.12.2014</u>
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.

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Appendix to the Report of the Board of Directors

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 2014:

Shareholder	Nr. of Shares	% of Share Capital	% of Voting Rights
Efanor Investimentos, SGPS, S.A. (1)			
Directly Owned	88,859,200	35.544%	36.428%
Through Pareuro, BV (controlled by Efanor)	66,600,000	26.640%	27.303%
Through Belmiro Mendes de Azevedo (Chairman of the Board of Directors of Efanor)	837,000	0.335%	0.343%
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%	0.066%
Through descendents of Duarte Paulo Teixeira de Azevedo (Member of the Board of Directors of Efanor)	411	0.000%	0.000%
Total attributable	<u>156,503,635</u>	<u>62.601%</u>	<u>64.159%</u>
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%	2.138%
Through Santander PPA Fund (managed by Santander Asset Management)	484,869	0.194%	0.199%
Total attributable	<u>5,699,843</u>	<u>2.280%</u>	<u>2.337%</u>
Blueshore Global Equity Fund			
Total attributable	<u>5,000,000</u>	<u>2.000%</u>	<u>2.050%</u>

(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; 1312 shares are no longer attributed to Nuno Miguel Teixeira de Azevedo due to be held by descendant and ceased the legal basis of imputation arising from paragraph a) number 4 of Article 248-B of the Portuguese Securities Code.

CORPORATE GOVERNANCE REPORT

2014



SONAE CAPITAL

[This translation into English of the Portuguese document was made only for the convenience of non-Portuguese speaking shareholders. For all intents and purposes, the Portuguese version shall prevail.]

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 (hereinafter referred to as “Company” or “Sonae Capital”) share capital of 250,000,000 euro fully subscribed and paid up, made up of 250,000,000 ordinary shares, bearer and nontitle, each with a nominal value of 1 (one) 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, nor shareholders holding special rights. Consequently, all shares admitted to trading on the stock exchange are freely transmissible in accordance with the normal regulations applicable.

3. Own Shares

As at 31 December 2014, the Company held 6,068,850 own shares, representing 2.428% of share capital and respective voting rights.

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

The Company neither has celebrated nor is it part of any important agreement that comes into effect, is amended or terminates in the event of a change in shareholder control over the Company due to a takeover bid.

Similarly, the Company has not adopted, via the approval of any statutory provisions or other measures adopted by the Company, rules or regulations designed to prevent the success of takeover bids.

5. Defensive measures in case of change in shareholding control

During the year of 2014 no defensive measures were adopted.

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The majority of the share capital of the Company is owned by one shareholder. Likewise, there are no statutory provisions limiting the number of votes that can be held or exercised by a single shareholder, individually or in conjunction with other shareholders.

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 2014, 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 ²
Efanor Investimentos, SGPS, S.A.1	156,503,635	62.601%	64.159%
Santander Asset Management	5,699,843	2.280%	2.337%
BlueShore Equity Fund	5,000,000	2.000%	2.050%

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.

² Voting rights = Nr. Shares Held / (Nr. Total Shares - Own Shares)

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

The Company's or of any group Company's number of shares and bonds held by members of its governing bodies, 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 7, article 14 of CMVM's Regulation 5/2008.

9. Board of Directors qualification due to share capital increase

The Articles of Association grants this competence uniquely to the General Meeting of Shareholders since December 2012 according to the legal terms.

10. Related Party Transactions

During the 2014 financial period, no significant business or commercial transactions occurred between the Company and the holders of qualifying holdings in the Company.

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.

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Corporate Governance Report

B. GOVERNING BODIES AND COMMITTEES

I) Shareholders' General Meeting

a) Board of the Shareholders' General Meeting

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

As at 31 December 2014, 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 own 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 the legal deadlines, appropriate information - call general meetings, voting exercise forms and procedures to be followed for voting by correspondence or by proxy, as well as draft representation letter, in Portuguese and English language in its website (www.sonaecapital.pt) to ensure, promote and encourage the participation of shareholders in general meetings, directly or through representatives.

In addition to the Company's website, the referred documentation is also available to the shareholders for consultation at the Company's headquarters during office hours as well as on the Comissão Mercado dos Valores Mobiliários ("CMVM") Information Disclosure System (www.cmvm.pt) in the date of disclosure of the notice.

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 in Portuguese and English language, on the Company's website (www.sonaecapital.pt) at the same time with the notice given to the Shareholders' General Meeting, as well as the corresponding preparatory documentation relating to the items on the agenda, both in Portuguese and English language.

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Corporate Governance Report

13. Maximum percentage of voting rights that may be exercised by a single shareholder or shareholders who 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 made by qualified majority

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

II) Administration & 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), set out in articles 278.^o, paragraph 1, point a) and 413.^o, paragraph 1, point b), both from the Portuguese companies code (CSC), complemented by a delegation of management powers to the Executive Committee.

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 Executive Committee exercises the powers delegated by the Board of Directors on current matters of the Company and corporate services.

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, and the Chairman has a casting vote.

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 co-optation.

In the definitive absence of an elected Board member under the provisions set in the previous paragraph, the election of a new Board member may only occur through a General Meeting.

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Corporate Governance Report

In the event a director misses two consecutive or interpolated meetings, without providing acceptable justification to the Board of Directors, it shall be deemed as a definitive absence of such director.

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 re-elected 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 2014, the Board of Directors was made up of six members, three executive and three non-executives. Two of non-executive members are independent:

The current members of the Board of Directors elected for the mandate 2013-2014 are the following:

Name	First Appointment	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	Vice-Chairman - 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.

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The current composition of the Board of Directors, especially the number of Non-Executive and independent members (2 from a total of 6 members), ensure the necessary supervision of the activities performed by Executive Directors, taking into account the governance model adopted, the Company's dimension and its free float. The Report of the Board of Directors contains a section with a description of the activities carried out by Non-Executive board members.

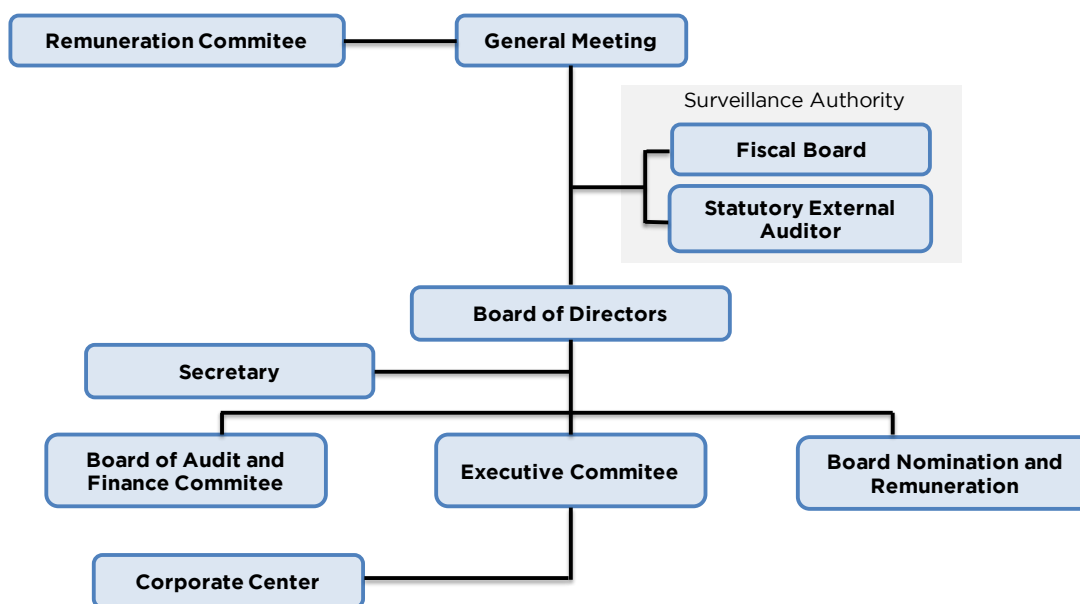
19. Professional qualifications of the members of the Board of Directors

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, pursuant the information provided in section 26 of this chapter.

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;

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- 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, in an integrated manner, ensuring the safeguard of the Groups' interests and promoting the strategy defined by the Board of Directors, ensuring legal compliance, litigation management and corporate secretarial matters.

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 process innovation.

Sovereign functions report to the Executive Committee of Sonae Capital.

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With respect to the Shared Services functions, 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 guarantee 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

Terms of Reference are available at the site of the Company (www.sonaecapital.pt) (Tab: Investors, Section: Corporate Governance/Terms of Reference).

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 2014, the Board of Directors held seven 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 made 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.

Furthermore, the non-executive members, as part of its oversight function, track the performance of executive directors in particular.

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

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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.

General growth business indicators, economic and financial KPI's (Key Performance Indicators) 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.

Additional information may be consulted in points 71-75.

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 specialised 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) (Tab: Investors, Section: Corporate Governance/Terms of Reference).

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. Competences of each committee created and synthesis of activities in exercise of those competences

Executive Committee

The Executive Committee has the ability to manage the day-to-day operations of the Company, following the strategic guidelines set by the Board of Directors and under the powers delegated to it by this governing body.

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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 Executive Committee meets monthly and also every time the Chief Executive Officer or the majority of its members convenes a meeting, in writing, at least 3 days in advance. Notwithstanding the regular contacts between the members of the Executive Committee in the periods between meetings, during the year 2014, the Executive Committee held 14 meetings.

The Board of Directors may only deliberate if a majority of their members is present or represented, and decisions will be made 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 centre 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 made 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 2014, 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 2014, 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 revert to Chapter III of 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 made are kept in minutes of the meetings.

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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.

The BNRC members are appointed for a term of two years.

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

a) 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 members are elected for a two years term, along with members of other corporate bodies.

The Fiscal Board appoints its 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.

32. Details of the independent members of the Supervisory Board

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

Name	Position	First Appointment
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

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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 CSC and that they comply with all incompatibility rules mentioned in number 1 article 414-A of the CSC.

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

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

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.

b) Functioning

34. Availability and place where the rules on the functioning of the Supervisory Board may be viewed

Regulations are available at the site of the Company (www.sonaecapital.pt) (Tab: Investors, Section: Corporate Governance/Terms of Reference).

35. Meeting of the Fiscal Board

Fiscal Board has at least one meeting in every three months. During 2014, the Fiscal Board held five 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 made 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 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.

c) 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;

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- 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;
- 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. Supervising the preparation, disclosure and accuracy of financial information;
- iv. Verify the accuracy of accounting reports;
- v. 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;
- vi. Monitoring the effectiveness of the risk management system, internal control system and internal audit system;
- vii. Receive reports of irregularities presented by shareholders, employees or others;
- viii. 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;
- ix. Monitoring the accounting documents revision;
- x. Monitoring the independence of the statutory auditor, namely, approving the additional supply of services to be provided to the audit by the Statutory auditor;
- 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 made;

- 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 made;
- 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;

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- 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 represents the company with the External Auditor and proposes to the General Shareholders meeting its appointment as well as its dismissal. It also proposes an evaluation of the performance work, assuring adequate conditions to do so and is the first recipient of their reports.

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 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.

In 2014 the Statutory Auditor was represented by Herminio António Paulos Afonso.

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 subsidiary companies.

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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 2014 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.

In 2014 the Statutory Auditor was represented by Herminio António Paulos Afonso.

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 Statutory External Auditor and the Certified Public Accountant's partner that represents the external auditor in the fluffiness of these functions, is only serving his second term, therefore, the Company complies fully with the recommendations currently in force. The rotation policy and schedule of the external auditor and the respective partner that represents said auditor shall be determined in the light of best practice in corporate governance at the date of expiry of that term, where and when relevant.

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, prepare 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 17.7%. 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.

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47. Annual remuneration

During 2014, the total remuneration paid to the Company's external auditors was € 214,135 (two hundred and fourteen thousand one hundred and thirty five euros), corresponding to the following services provided:

Services	Total 2014	%	Sonae Capital SGPS	%	Other Group entities	%
Statutory Audit ¹	176,335	82.3	35,707	100.0	140,628	78.8
Other Assurance ²	1,000	0.5	0	0.0	1,000	0.6
Tax Consultancy ²	6,000	2.8	0	0.0	6,000	3.4
Other Services ²	30,800	14.4	0	0.0	30,800	17.3
Total	214,135	100	35,707	100	178,428	100

Values in Euro

¹ Fees agreed for the year

² Amounts invoiced

C. INTERNAL ORGANIZATION

I. Articles of Association

48. Rules governing amendment to the Articles of Association (Article 245-A/1/h))

Amendments to the Articles of Association follow the terms of the CSC, requiring a two-thirds majority of votes cast for approval of such resolution.

At a first meeting for a General Meeting to pass resolutions on amendments to the Company's Memorandum and Articles of Association, it is required 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 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 main features of the reporting of irregularities policy currently in place are:

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- Setting up appropriate procedures for reporting irregularities, including the provision of a mail box with exclusive access by the Chairman of the Fiscal Board, together with receipt by regular mail, to ensure to all employees, shareholders or stakeholders that all communications or complaints connected to the reporting of irregularities arrive tamper-proof to the recipient. Although there is the need for explicit and clear identification of the complainant, their identity will be kept confidential and only known to the Chairman of the Fiscal Board, whenever requested.
- To ensure, following the reporting of irregularities or the knowledge of a potential irregular situation, by giving access to the Fiscal Board to all the relevant documentation that can be provided by the Company to fully investigate, thorough a rigorous and impartial review process, 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.

According to the best corporate governance practices in the he Company's reporting of irregularities policy, the main features of which are summarized above, are available for consultation on the Company's website (www.sonaecapital.pt), and are applicable to all the Group subsidiaries.

During 2014, 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

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.

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

BOARDS AND COMMITTEES RESPONSIBLE FOR RISK MANAGEMENT AND INTERNAL CONTROL

- Board of Directors
- Executive Committee
- BAFC (Board Audit & Finance Committee)
- Statutory External Auditor
- Internal Auditor and Risk Management
- Corporate Centre

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

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

The Executive Committee is responsible for the ongoing assessment of risks that affect the organization and the approval of measures, models and mechanisms for the assessment, 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 supports 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 reports to 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 Centre, reporting to the Executive Committee, promotes, coordinates, 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.

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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 (Economic, financial and legal) to which the Company and its Affiliates are exposed

53.1 General Risks

Cyclical Risks: The majority of Sonae Capital subsidiaries activity is developed in Portugal therefore is largely exposed to Portuguese economy, which in turn is strongly conditioned by the developments in the Eurozone.

In May 2011, Portugal has formalized a Memorandum of Understanding with the Troika regarding Economic and Financial Stabilization Program, which included a Eur 78 billion financing to Portugal, disbursed over a period of three years and subject to the implementation of a set of fiscal and structural measures. With the end of this program in May 2014, and despite of all the adjustments implemented, there are some doubts regarding Portuguese economy. In particular over recent years, despite of the improved quarterly variations, there has been a contraction in GDP, influenced by the restrictive fiscal policies, public spending and private sector cuts.

Given the above, the activity, business, operating results, financial situation, and Sonae Capital future perspectives, or its ability to achieve its goals, can be potentially adversely affected by a negative evolution in the Portuguese or Eurozone situation.

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 above-mentioned 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

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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 affiliated companies are subject to extensive and often complex regulation. As a result the performance of the activities and its compliance represents an important investment in terms of time spent and other resources, having therefore legal and fiscal advice. In fact 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 supported, on a national and international level, by external professionals, selected from reputed firms and based on criteria of competence, ethics and experience. However, Sonae Capital and its affiliated companies may be affected by legal and tax changes in Portugal, Eurozone, or other countries where it develops its activity. Sonae Capital does not control these changes, or changes regarding laws interpretation by any authority. Potential changes in Portugal laws, Eurozone or other countries where it operates may have an adverse impact on Sonae Capital business or its affiliated companies or in their results

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.

53.2 Company's Risks

Sonae Capital, as an investment holding Company (SGPS), promotes direct and indirectly the power to manage its affiliated companies, therefore the fulfilment of all obligations undertaken, are dependent on cash flows generated by those affiliated companies. Sonae Capital is therefore dependent upon the distribution of dividends by its affiliated companies, the payment of interest, the repayment of loans granted and other cash flows generated by those companies. The ability of affiliated companies to make funds available/repay to Sonae Capital will depend in part on their capacity to generate positive cash flows, in connection to its operational activities, as well as the legal, tax and statutory framework applicable to dividends distribution, and other forms of delivering or repayment shareholder's funds.

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53.3 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.

53.3.1 RESORTS

a. The activities carried out by Resorts business are subject to economic cycles and dependent on the growth of tourism activity and real estate in Portugal. Therefore the tourism operations of this business 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 that contribute with tourists to the Portuguese market can have an adverse impact on its business performance, due to a shrinkage on the number of tourist.

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 may impact the business, namely in relation to selling prices and marketing periods.

c. The business carried on by Resorts as tourism operator is subject to the supervision of the Directorate-General for Tourism and compliance with specific legislation for this activity. A less favourable economic framework than the one expected, may put at risk current business expectations, namely in relation to selling prices and marketing periods, with potentially negative impact on the financial performance of this business.

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 significant risks for the activity and have an impact on these earnings.

e. In Tróia Peninsula the tourism real estate developments may be affected by competition from other developments, in particular, on the Alentejo coast, the Algarve and southern Spain. However, it is Sonae Capital opinion that the troiaresort 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. The Resorts business may be subjected to seasonality, with the result that abnormally adverse conditions during these periods could negatively affect the level of activity and operating results.

53.3.2 HOSPITALITY

a. The activities carried out by the hospitality business are dependent on the growth of tourism activity in Portugal. Therefore the tourism operations of this business 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, due to a shrinkage on the number of tourist

b. This activity is 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.

c. The activity carried out by the hospitality business is subject to supervision by the Directorate-General for Tourism and compliance with specific legislation for this activity.

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d. The level of activity 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.

e. 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 Capital subsidiaries 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 capital subsidiaries 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.

53.3.3 FITNESS

a. In the leisure sector, namely in the Fitness segment where Sonae Capital Group operates through Solinca Health & Fitness (health clubs), competition is based on the diversity and quality of the services provided and prices policies. 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. 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 possibility of the occurrence of risks to public health in health clubs and of accidents may put at risk the safety and health of costumers at the respective premises may result in Solinca Health & Fitness being held liable for damages, which could have an adverse effect on the companie's earnings and reputation.

53.3.4 REFRIGERATION AND AIR CONDITIONING

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 are related to:

a. Equipment retail businesses growth being limited by pressure from Spanish rival companies which are beginning to start up business in Portugal;

b. A slowdown in growth and profitability rates in engineering services in the refrigeration and HVAC area, as a result of cuts in capital expenditure by the large food retailers and in the property sector;

Considering the market environment that currently exist in Portugal, as previously mentioned, the development of this business area, is based on the business international growth, therefore developments in the global economy, specific risks from targeted countries and the ability to conquer new markets may have an impact on the activity performance of this business.

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53.3.5 ENERGY PRODUCTION

The area of Energy 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. The scheme for greenhouse gas emission allowance trading within the Community (ETS), introduced for the period starting 2013, significant changes in allocation plans for CO₂ emission allowances, being the total quantity of emission allowances determined at a Community level and allocated by auction. Allocation of free emission allowances is marginally performed using Community benchmarks. The free allocation of allowances follows a downward trend for the next years aiming to its termination in 2027. The cogeneration units that are under this legislation (terminal nominal power above 20MW) will have an increasing need to obtain those CO₂ emission allowances on the trading market, therefore being exposed to prices fluctuations.

b. Cogeneration has predefined tariffs defined by the Portuguese State, has a way to encouraging the production of this alternative form of electric power generation, more efficient and less polluting. Therefore the risks relating to the selling price of energy are presently 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 Portuguese State for a protracted period of time. However, profitability rates are dependent on the short, medium and long term stability of regulation and policies that supports energetic efficiency. In the current economic environment Portugal is in, with the restrictive measures still in force, barriers to the development of new projects can be added. 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 subjected 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 alteration to this wide ranging legal regime applicable to the sector could imply major risks for this business activity.

53.3.6 OTHER ASSETS

a. Norscut, a Company in which Sonae Capital holds a 36% stake through its affiliated Company, Contacto Concessões, SGPA, SA, 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 other shareholders of Norscut are Eiffage and its affiliated companies (current stake of 36%), CNCE, SA (15% stake) and Egis Projects a French group Egis Company (10%). The concession is operated under a contract signed with the State on 30 December 2000 for a period of 30 years, starting 2001. 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, regarding changes in the operating model, but no final conclusions have been reached. These potential contractual changes to be established may have a significant impact in Norscut's activity. Accordingly to the relevant concession agreement, all the assets directly related to Norscut activity will revert in favour of the Portuguese State at the end of the concession contract (30 December 2030), without any compensation.

b. Additionally, Sonae Capital Group, as at 31 December 2014, holds an investment in an investment fund (Fundo Fechado Imosede II), representative of 22.57% of this

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investment fund. The strategic guideline for this asset is its divestment, depending on the occurrence of a proposal considered as suitable. The termination of this investment fund occurs in 2016 unless if extended under the terms set down by law. If at the investment fund termination date Sonae Capital still holds any unit in this investment fund its value maybe lower than the one registered in Sonae Capital accounts.

c. Still in the Other Asset framework, Sonae Capital Group has a diversified group of real estate assets. The sale of these assets, at an acceptable proposal is the Group's strategic guideline aim. However, this goal achievement is not certain. This real estate portfolio (excluding Resorts) includes a diversified group of assets with different licensing and construction stages, including land plots with or without construction viability, residential units, construction projects, offices, industrial premises and commercial areas with a widespread geographical dispersion. As at 30 September 2014, the date of the most recent appraisal by an independent specialised entity Cushman & Wakefield of Sonae Capital real estate portfolio, these assets evaluation stood at 180.1 M.€. As at 31 December 2014, the Capital Employed in this set of assets stood at 123.5 M.€.

Sonae Capital Group holds a wide range of business in several areas and therefore is exposed to different economic cycles, as tourism activity, hospitality, fitness, energy, refrigeration and HVAC and financial and real estate assets. Some of these markets are in addition very competitive through national and international companies, therefore Sonae Capital affiliate companies are exposed to intensive competition. The ability of Sonae Capital affiliates to establish an adequate market position in the areas they operate may have a significant impact in Sonae Capital business or in their operating results.

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 at identifying, assess and managing 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 for ensuring:

- Adequate segregation of functions and duties;
- Definition of authority and responsibility limits;
- Safeguarding 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.

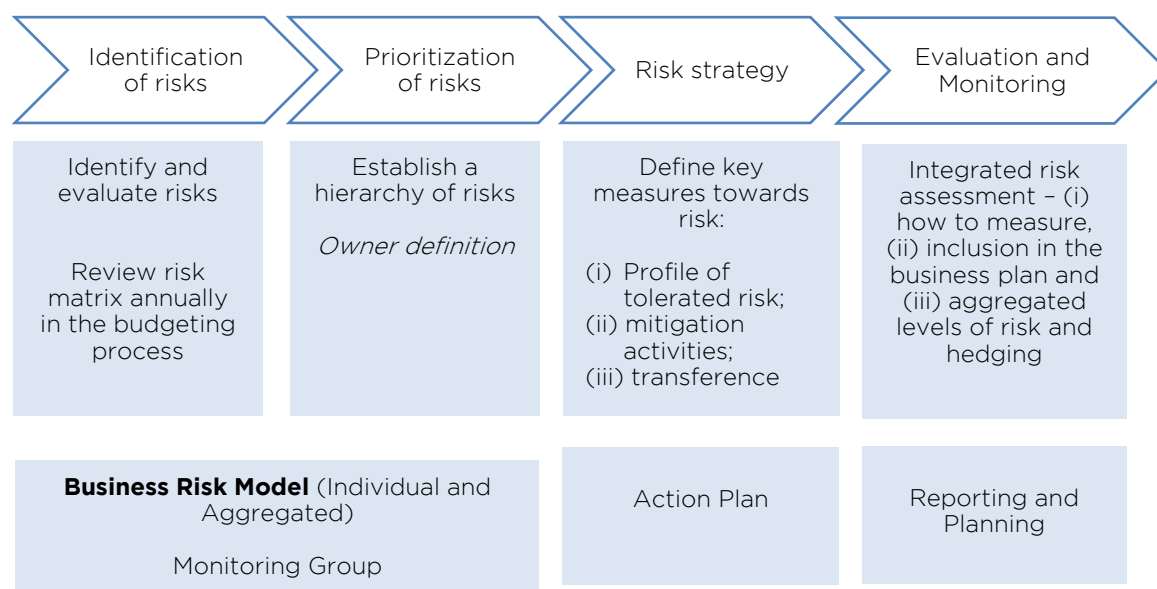
The Internal Audit team regularly carries out audit assignments with the objective of complying at all times with implemented policies and procedures.

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 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;

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This process consists of the following:

- 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. The reassessment of the financial coverage of insurable risks is done on a regular basis;
- 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 respect 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 to 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 for 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 and appropriate measures are adopted when 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 of the respective budget;
- A schedule is established during the process of preparing and reviewing financial information, 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 on a quarterly basis by the central function, Accounting and Reporting;
- The Board Directors Report is prepared by the Corporate Planning and Control department, with input and further review of several business and support areas. 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 are submitted for review and approval to the Board of Directors of Sonae Capital. Once approved, the documents are sent to the 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. When performing their examination, in accordance with the Auditing Standards issued by the Portuguese Institute of Statutory Auditors, they are required to obtain a

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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 the financial statements. Estimates are 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 loans granted and obtained, 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, in order to allow reasonable judgment about the evolution of the Company activity.

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).

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The Investor Relations Office can be contacted by: 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 Officer is Nuno Parreiro, 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

The Investor Relations Office received in 2014 a regular number of information requests taking into account the size of the Company in the capital market.

Sonae Capital, SGPS, SA, through 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 analysed and answered in the shortest possible by email, letter, or phone, as deemed most appropriate.

V. Web Site

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=712&exmenuid=683>

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

Specific information can be found at the following website:

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=712&exmenuid=711>

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=763&exmenuid=713>

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=762&exmenuid=763>

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=715&exmenuid=715>

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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=738&exmenuid=715>

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=742&exmenuid=689>

D. REMUNERATIONS

I. Competence

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 made.

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), for the 2013-2014 term.

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

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, as a representative

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of Efanor Investimentos, SGPS, SA (majority shareholder of Sonae Capital), acting as a the shareholder's representative in the Remuneration Committee. To ensure the independence during the performance of his duties, 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 is included in the appendix to this report and allows them to carry out their duties in a rigorous and competent manner.

III. Remuneration Structure

69. Remuneration policy and performance assessment

The remuneration of members of the statutory bodies of the Company is determined by the Shareholders' General Meeting. The Shareholders' General Meeting fulfilled in 17 March 2014 has appointed the current Shareholders' Remuneration Committee to set and propose the compensation and performance assessment policies and respective guidelines, pursuant to Article 2 of Law No. 28/2009 of 19th June.

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 in Annex to this Report

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 how the Company assesses and discourages excessive risk assumption

The proposals regarding remuneration and other compensations of the Executive Directors are prepared considering i) market benchmarks, ii) other internal comparisons and iii) individual assessment of each executive director, based on the performance against predefined 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 behaviours 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 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 point 69, remuneration and compensation policy for Executive Directors (ED) may include (i) a fixed remuneration, including a Base Salary and an

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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.

It should also be noted that:

- i. Fixed remuneration of the Executive Director is determined according to individual skills and the responsibility level of each Executive Director, and is reviewed on an annual basis.
- 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 predefined 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 deferred 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 of 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 it 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

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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 2014 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. Remuneration Disclosure

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

During 2014, members of the Board of Directors of Sonae Capital, SGPS, SA were paid the following remuneration and other compensation:

Name	Fixed Remuneration	Performance Bonus Paid	Deffered Performance Bonus Paid	Total
Board of Directors in office				
Maria Cláudia Teixeira de Azevedo	116,958	32,730	0	149,688
Álvaro Carmona e Costa Portela	72,300	0	0	72,300
Ivone Pinho Teixeira	129,294	13,366	0	142,660
Subtotal Executive Directors	318,551	46,096	0	364,647
Belmiro Mendes de Azevedo	212,300	0	110,250	322,550
Francisco de La Fuente Sánchez	37,300	0	0	37,300
Paulo José Jubilado Soares de Pinho	19,800	0	0	19,800
Subtotal Non Executive Directors	269,400	0	110,250	379,650
Total	587,951	46,096	110,250	744,297

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

No other values than those described above, were paid to any the board members by other companies in a control or group domain.

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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 – point 77, and were granted based on the degree of achievement of objectives, on account of achievement of pre-established objectives, according to the remuneration and compensation policy approved by the Shareholders' General Meeting of March 17, 2014.

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 2014, members of the Fiscal Board of Sonae Capital, SGPS, SA were paid the following fixed remuneration (no other remuneration was paid):

Name	Values in Euro Fixed Remuneration
Manuel Heleno Sismeiro	7,800
Armando Luís Vieira de Magalhães	6,300
Jorge Manuel Felizes Morgado	6,300
Total	20,400

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

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

The fixed remuneration of the Chairman of the Shareholders' General Meeting was of 3,000 euro in 2014.

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 be paid. It can be negotiated a different value if it is considered as reasonable for both parties.

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 assigns 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 individual agreements with any of the directors in order to establish a calculation method for any potential compensation to be paid in the event of unfair

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dismissal or termination of the employment relationship, following a change in Company control. Moreover, Sonae Capital has never assigned or plans to assign any compensation in case of dismissal or termination of service by inadequate performance.

VI. Plans in place to attribute shares or Stock Options

85. Identification of the plan and recipients

The current plan was approved by the Shareholders' General Meeting as at 17 March 2014, 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 Recommendation II.3.4 CMVM (2014), and can be found at www.sonaecapital.pt (General Meeting section).

The MTRV is one of the components of remuneration policy, integrating the share of the variable remuneration of executive directors whose payment is deferred in time. Under the approved plan, are eligible for the allocation of the MTRV executive directors of Sonae Capital Group. The Board of Directors may also extend the MTRV to employees whom, by this policy, the Plan is applicable.

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

86. Plans functioning (assignment conditions, non-transfer share clauses, criteria on share and options valuation, exercising period for options, characteristics of shares or options to be granted, the existence of incentives for share acquisition and/or exercise of options)

The MTRV 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 MTRV is valued at the date of attributing at a representative price of the share price considering the effect corresponding to the closing of the first business day following the General Meeting or the average price more favourable 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).

To the members covered by the Plan is assigned 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 of 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.

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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 MTRV of the executive members of the Board of Directors and Executive Directors of the Company active in 2014 can be summarized as follows:

Granting Year	Vesting Year	Number of Participants ¹	# shares granted	Granting Date		31.12.2014	
				Share Price	Value	Share Price	Value
2012	2015	3	770,316	0.19 €	146,360 €	0.261 €	201,052 €
2013	2016	3	818,428	0.18 €	147,317 €	0.261 €	213,610 €
2014	2017	2	177,860	0.50 €	88,930 €	0.261 €	46,421 €
Total			1,766,604		382,607 €		461,084 €

¹ As at 31 December 2014

Under the approved remuneration policy, the Executive Directors may not alienate in the financial year and up to the term of office for which they were appointed the allotted Company's shares through the allocation of the variable remuneration, up to a limit of twice the amount of total annual remuneration, other than those that must be sold to withstand tax payments on the gains of said shares.

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

During 2014, the Company did not approve any plan to attribute share options.

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. Mechanisms and Controls Procedures

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.

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In 2010, the Fiscal Board approved the regulation regarding transactions between the Company and qualified shareholders (under the terms of the Securities Code, article 16 and 20) and its related parties (definition of the Securities Code, article 20 paragraph 1), which defines the applicable transactions values from which the Executive Board must notify the Board of Audit and Finance Committee and the Fiscal Board.

Under these rules, and jointly with the transaction notification, the Executive Board shall submit the procedures adopted to the BAFC and the Fiscal Board to ensure that the transaction is executed at regular market conditions and is free from any potential conflicts of interest. Consequently, the Fiscal Board shall issue its opinion on those transactions.

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 (www.sonaecapital.pt) (Tab: Investors, Section: Corporate Governance/Report and Accounts).

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. 4/2014, 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 (2014).

This section should be read together with and as a complement to the 2014 Management Report and Individual and Consolidated Accounts.

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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 2014.

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

Sonae Capital has been promoting the implementation and adoption of best practices of corporate governance, basing its policy for high standards of conduct of ethics and social responsibility.

It is an objective the Board of Directors to implement an integrated and effective management of the Group, which allows the creation of value by the Company, promoting and ensuring the legitimate interests of shareholders, employees and stakeholders, always bringing transparency in the relationship with investors and the market.

Therefore, taking into account the forty recommendations contained in the new Corporate Governance Code 2013 CMVM, thirty-five were adopted in full by the Company and five were not applicable for the reasons set out below. The degree of adoption of the recommendations is complete and thorough.

Pursuant to and for the purposes of that laid down in paragraph o) of no. 1 of Article 245-A of the Securities Code, the recommendations included in the CMVM's Corporate Governance Code are listed below.

I. VOTING AND COMPANY CONTROL

1.1 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.

1.2 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.

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1.3 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.

1.4 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.

1.5 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 by default may have any restrictions listed in this recommendation. The contracts concluded by the Company reflect the defence 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 made that must be considered strategic due to the amounts, risk and particular characteristics involved.

RECOMMENDATION FULLY ADOPTED - CHAPTERS 21 OF THIS REPORT

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

II.1.3 The General 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 the Company, 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 does not include the General Supervisory 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 Board, 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 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 an appropriated number of independent members, 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 unbiased 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;

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b. Have provided services or established significant business relationship with the Company or with which it is found in a control or group, either directly or as a partner, director, manager or agent, in the past three years;

c. Being in favour of compensation paid by Company or by a Company with which it is found in a control or group relation, in addition to 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 Directors 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 Governing Bodies to provide information, the former shall do so in a timely manner and the information provided must be adequate to 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 Governing Bodies, 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 Fiscal 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 Fiscal Board 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 make 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 SUPERVISION

II.2.1 The Chairman of the Fiscal Board, the Audit Committee or the Committee for Financial Affairs (as the applicable model) 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

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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 414 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 Board annually assesses the External Auditor, stating that evaluation on its annual report and opinions, available along with other required accounting documents at www.sonaecapital.pt (Investors tab, General Meeting's section).

II.2.4 The Supervisory 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 its opinion on the annual report and accounts.

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 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 there are concerned matters related to accounting, 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 DEFINITION

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

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Belmiro Mendes 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 made 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 itself 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. This activity may be supported by independent and reference consultants autonomous from the Board of Directors, administrative and supervision Bodies.

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 17 MARCH 2014.

A statement on the remuneration policy was presented to the Shareholders' General Meeting on 17 March 2014, 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 Governing Bodies 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 17 March 2014 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.

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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 17 MARCH 2014.

The remuneration of the members of the Board of Directors who perform executive functions is based on the performance of those Directors, 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 17 MARCH 2014

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 17 MARCH 2014

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 17 March 2014, 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 to the variability of the remuneration established by the Company.

RECOMMENDATION FULLY ADOPTED - CHAPTER 73 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 17 MARCH 2014

The remuneration policy approved at the Shareholders' General Meeting held on 17 March 2014 addresses the principle defined in 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.

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RECOMMENDATION FULLY ADOPTED - CHAPTER 73 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 17 MARCH 2014

The remuneration policy approved at the Shareholders' General Meeting held on 17 March 2014 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 17 MARCH 2014

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 17,7%.

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 Supervisory 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 External Auditor and the representative certified public accountant are still in their second mandate in 2014. 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.

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V. CONFLICTS OF 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 to the definition 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 semi-annual reporting to those two Boards.

VI. INFORMATION

VI.1 Companies shall provide, through their website, in Portuguese and English, access to information to enable knowledge about their evolution and 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 information

There is no further information.

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Maia, 3 March 2015

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 and Remuneration Policy

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Belmiro Mendes de Azevedo

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

Age: 77

Nationality: Portuguese

Education:	<ul style="list-style-type: none">▪ 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)
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Positions held in Group Companies:	Chairman of the Board of Directors of the following companies: <ul style="list-style-type: none">▪ SC, SGPS, SA
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Positions held in Other Companies:	<ul style="list-style-type: none">▪ 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 Manufature Portugal (2005)▪ Member of European Advisory Board da Harvard Business School (Since 2005)▪ Chairman of the General Board of EGP-UPBS (2008-2011)
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Main Professional activities in the last five years:	<ul style="list-style-type: none">▪ 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
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- 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,
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Corporate Governance Report

Álvaro Carmona e Costa Portela

Executive Director of Sonae Capital, SGPS, SA

Age: 63

Nationality: Portuguese

Education:	<ul style="list-style-type: none">▪ 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:	<p>Member of the Board of Directors of the following companies:</p> <ul style="list-style-type: none">▪ SC, SGPS, SA▪ Sonae Turismo, SGPS, SA▪ Sonae Capital, SGPS, SA <p>Non-Executive Chairman of the Board of Directors of the following companies:</p> <ul style="list-style-type: none">▪ 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:	<p>Non-Executive Director of the following companies:</p> <ul style="list-style-type: none">▪ 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 <p>Non-Executive Chairman of MAF Properties (EAU)</p> <p>Member of Investment Committee do European Prime Shopping Centre Fund (Germany)</p> <p>Member of Representative Council of da Faculdade de Economia da UP</p> <p>Manager of Portela & Portela, Lda</p>

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Corporate Governance Report

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
- 2010-2014 - Trustee of Urban Land Institute
- Since 2011 - Director of Sonae Capital, SGPS, SA
- 2011-2014 - Member of Investment Advisory Committee do PanEuropean Property Limited Partnership

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Corporate Governance Report

Maria Cláudia Teixeira de Azevedo

Chief Executive Officer of Sonae Capital, SGPS, SA

Age: 45

Nationality: Portuguese

Education:

- Graduation in Business Administration - Universidade Católica Portuguesa
- MBA by INSEAD (Fontainebleau)

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 Imoareaia - 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
- Foundation 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
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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
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Ivone Pinho Teixeira

Age: 42

Nationality: Portuguese

Education:	<ul style="list-style-type: none">▪ Graduation in Economics - Faculdade de Economia do Porto (1995)▪ Pos-Graduation in Credit Analysis - Instituto Superior de Gestão Bancária (1996)▪ Pos-Graduation in International Tax - Universidade Católica (2004)
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Positions held in Group Companies:	Member of the Board / Manager of the following companies: <ul style="list-style-type: none">▪ 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
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- 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 Centre 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

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Francisco de La Fuente Sánchez

Non-Executive Director of Sonae Capital, SGPS, SA

Age: 73

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
- 2007-2014 - Chairman of the General Council of PROFORUM and Chairman of the National Council of the Electro technical Engineering

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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
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Corporate Governance Report

Paulo José Jubilado Soares de Pinho

Non-Executive Director of Sonae Capital, SGPS, SA

Age: 52

Nationality: Portuguese

Education:	<ul style="list-style-type: none">▪ 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)
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Positions held in Group Companies:	-
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Positions held in Other Companies:	<ul style="list-style-type: none">▪ Member of the Board of Directors of Change Partners, SCR, SA▪ Member of the Board of Directors of Biotecnol, SA
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Main Professional activities in the last five years:	<ul style="list-style-type: none">▪ 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
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Corporate Governance Report

Manuel Heleno Sismeiro

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

Education:	<ul style="list-style-type: none">▪ 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: <ul style="list-style-type: none">▪ 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:	<ul style="list-style-type: none">▪ 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:	<ul style="list-style-type: none">▪ 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: <ul style="list-style-type: none">▪ 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:	<ul style="list-style-type: none">▪ 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

REPORT AND ACCOUNTS 2014

Corporate Governance Report

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 the 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
-

REPORT AND ACCOUNTS 2014

Corporate Governance Report

(Translation from a Portuguese Original)

Declaration of the Remuneration Committee about the Remuneration and Compensation Policy for statutory governing bodies and to key management staff (“dirigentes”) of the Company

ATTRIBUTION PLAN OF SONAE CAPITAL SHARES

(Medium term variable bonus – MTVB)

Characteristics and Regulation

1. Characteristics of MTVB

MTVB is one of the components of Sonae Capital’s Remuneration and Compensation Policy. This component is distinct from others due to its restrictive and volunteer nature, with attribution conditional to the eligibility rules described in this document.

MTVB allows participants to share with shareholders value created, through their direct intervention in strategy definition and business management, based on the result of the annual performance evaluation.

2. Scope of MTVB

MTVB aims to align executive directors’ interests with the objectives of the organisation, strengthening their commitment and the perception of the importance of their performance to Sonae Capital’s success, reflected in the market capitalisation of the share.

3. Eligibility

Executive directors of Sonae Capital, SGPS, SA and companies in domain relationship are eligible for the attribution of the MTVB.

In accordance with the remuneration policy approved by the Board of Directors, employees who, through that policy, are entitled to the Plan, are also eligible to the attribution of MTVB.

Eligible Members	Reference Value of medium term variable bonus (% of total variable remuneration set as objective)
Sonae Capital’s Executive Directors	At least 50%
Businesses’ Executive Directors	At least 50%
Employees	Terms to be defined by each Company’s Board of Directors

4. Duration of MTVB

MTVB is set on an annual basis, for a period of three years. From the beginning of the third consecutive plan, in each moment, three plans with three year duration will coexist.

5. MTVB reference amount

The MTVB is valued at the date of attribution using prices which represent the price of the share, in the Portuguese stock market, considering for this effect the most favourable of the following: closing share price of the first day of trading after the General Meeting of Shareholders or the average closing share price (regarding the thirty-day period of trading prior to the General Meeting of Shareholders).

Members entitled to MTVB have the right to acquire a number of shares corresponding to the division between the amount of MTVB granted and the price of the share at the date of attribution calculated under the terms of the previous paragraph. Such right can be exercised three years after attribution, which will be adjusted, through the deferral period by the completion level of long term KPIs, in order to ensure the continued alignment with the long term business sustainability objectives.

Aiming to ensure a policy that strengthens the alignment of executive directors with the company's long term objectives, the Remuneration Committee can, at its sole discretion, determine an executive director's co-payment in the acquisition of shares, which will correspond to a percentage of the share price, up to 5% of its share price at the date of the share transmission.

If dividends are distributed, changes in the nominal value of shares or in the share capital of 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.

6. Delivery by the Company

On the vesting date of the MTVB plan, the company reserves the right to settle in cash, equivalent to the market value as at the date of the respective delivery, instead of shares.

7. Due date of MTVB

The right to acquire shares granted via MTVB expires three years after its attribution.

8. Conditions to exercise acquisition rights

The right to exercise acquisition rights of shares granted under MTVB plans expires if the contractual link between the member and the company ceases before the three year period subsequent to its attribution, notwithstanding situations included in the following paragraphs.

The right will remain valid in case of permanent incapacity or death of the member, in which case payment is made to the member himself or to his/her heirs on the vesting date.

In case of retirement of the member, the attributed right can be exercised in the respective vesting date.

The current policy is extensive to all active plans regarding which shares have not yet been transmitted.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014



SONAE CAPITAL

REPORT AND ACCOUNTS 2014

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014 AND 31 DECEMBER 2013

(Amounts expressed in euro)

ASSETS	Notes	31.12.2014	31.12.2013
NON-CURRENT ASSETS:			
Tangible assets	10	240,710,716	238,552,228
Intangible assets	11	8,024,620	7,745,826
Goodwill	12	60,990,244	60,982,213
Investments in associated companies	6	20,730,694	12,458,452
Other investments	7, 9 and 13	34,081,492	39,540,098
Deferred tax assets	20	23,718,439	26,186,529
Other non-current assets	9 and 14	20,653,819	19,570,690
Total non-current assets		<u>408,910,024</u>	<u>405,036,036</u>
CURRENT ASSETS:			
Stocks	15	157,562,294	178,930,013
Trade account receivables	9 and 16	25,980,899	20,872,540
Other Debtors	9 and 17	10,904,150	8,951,082
Taxes recoverable	18	16,676,255	12,841,371
Other current assets	19	6,630,593	3,807,413
Cash and cash equivalents	9 and 21	9,327,550	2,997,963
Total Current Assets		<u>227,081,741</u>	<u>228,400,382</u>
TOTAL ASSETS	48	<u>635,991,765</u>	<u>633,436,418</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	22	250,000,000	250,000,000
Own Shares	22	(1,486,301)	(1,124,125)
Reserves and retained earnings	22	56,279,740	68,634,546
Profit/(Loss) for the year attributable to the equity holders of Sonae Capital		(6,832,009)	(13,200,373)
Equity attributable to the equity holders of Sonae Capital		<u>297,961,430</u>	<u>304,310,048</u>
Equity attributable to non-controlling interests	23	<u>9,375,864</u>	<u>8,850,291</u>
TOTAL EQUITY		<u>307,337,294</u>	<u>313,160,339</u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank Loans	9 and 24	78,223,573	68,961,416
Bonds	9 and 24	101,891,291	59,773,468
Obligation under finance leases	9, 24 and 25	18,846,111	21,683,572
Other loans	9 and 24	609,258	2,550,245
Other non-current liabilities	9 and 27	3,073,863	3,256,871
Deferred tax liabilities	20	11,709,284	12,581,859
Provisions	32	3,079,824	3,079,824
Total Non-Current Liabilities		<u>217,433,204</u>	<u>171,887,255</u>
CURRENT LIABILITIES:			
Bank Loans	9 and 24	39,992,932	92,405,686
Obligation under finance leases	9, 24 and 25	2,851,514	2,856,743
Other loans	9 and 24	1,374,127	788,511
Trade creditors	9 and 29	17,028,403	15,756,800
Other creditors	9 and 30	7,975,667	7,003,528
Taxes and contribution payables	18	9,567,955	7,007,231
Other current liabilities	31	26,788,468	19,612,612
Provisions	32	5,642,201	2,957,713
Total Current Liabilities		<u>111,221,267</u>	<u>148,388,824</u>
TOTAL LIABILITIES	48	<u>328,654,471</u>	<u>320,276,079</u>
TOTAL EQUITY AND LIABILITIES		<u>635,991,765</u>	<u>633,436,418</u>

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS 2014

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE TWELVE MONTHS PERIODS ENDED 31 DECEMBER 2014 AND 2013

(Amounts expressed in euro)

	Notes	31.12.2014	31.12.2013
Sales	35	113,979,183	68,664,509
Services rendered	35	63,986,078	67,203,120
Other operating income	36	8,067,594	8,261,906
Cost of sales	15	(63,129,092)	(40,829,087)
Changes in stocks of finished goods and work in progress	37	(18,040,703)	(7,580,828)
External supplies and services	38	(54,582,889)	(50,634,526)
Staff costs	39	(33,918,201)	(35,942,980)
Depreciation and amortisation	10 and 11	(14,791,562)	(12,798,510)
Provisions and impairment losses (Increases/Decreases)	32	820,033	(2,067,907)
Other operating expenses	40	(3,963,861)	(2,820,257)
Operational profit/(loss)		<u>(1,573,420)</u>	<u>(8,544,560)</u>
Financial Expenses	41	(12,945,280)	(12,607,566)
Financial Income	41	1,428,851	1,120,397
Profit/(Loss) in associated and jointly controlled companies	6	8,585,816	5,060,825
Investment income	42	<u>2,708,643</u>	<u>4,116,081</u>
Profit/(Loss) before taxation		<u>(1,795,390)</u>	<u>(10,854,823)</u>
Taxation	43	<u>(4,501,600)</u>	<u>(2,394,830)</u>
Profit/(Loss) for the year	44	<u><u>(6,296,990)</u></u>	<u><u>(13,249,653)</u></u>
Attributable to:			
Equity holders of Sonae Capital		(6,832,009)	(13,200,373)
Non-controlling interests	23	<u>535,019</u>	<u>(49,280)</u>
Profit/(Loss) per share			
Basic	46	(0.027749)	(0.053403)
Diluted	46	<u>(0.027749)</u>	<u>(0.053403)</u>

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS 2014

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE 4th QUARTERS OF 2014 AND 2013

(Amounts expressed in euro)

	Notes	4 th Quarter 14 ¹	4 th Quarter 13 ¹
Sales		48,347,937	25,046,258
Services rendered		(2,293,099)	13,094,163
Other operating income		2,963,292	3,004,257
Cost of sales		(20,964,994)	(10,191,170)
Changes in stocks of finished goods and work in progress		(3,607,026)	(5,996,440)
External supplies and services		(14,636,405)	(13,636,818)
Staff costs		(8,468,769)	(9,296,618)
Depreciation and amortization (Increases/Decreases)		(3,888,597)	(2,796,481)
Provisions and impairment losses		1,417,707	(984,169)
Other operating expenses		882,036	(1,260,520)
Operational profit/(loss)		(247,918)	(3,017,538)
Financial Expenses		(2,878,235)	(3,365,410)
Financial Income		424,540	300,128
Profit/(Loss) in associated and jointly controlled companies		4,036,293	1,388,964
Investment income		2,138,744	3,540,423
Profit/(Loss) before taxation		3,473,424	(1,153,433)
Taxation		(1,977,496)	2,059,974
Profit/(Loss) for the period		1,495,928	906,541
Attributable to:			
Equity holders of Sonae Capital		1,098,738	1,254,886
Non-controlling interests		397,190	(348,345)
Profit/(Loss) per share			
Basic		0.004464	0.004966
Diluted		0.004464	0.004966

The accompanying notes are part of these financial statements.

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

The Board of Directors

REPORT AND ACCOUNTS 2014

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS PERIODS ENDED 31 DECEMBER 2014 AND 2013

(Amounts expressed in euro)

	31.12.2014	31.12.2013
Consolidated net profit/(loss) for the period	(6,296,990)	(13,249,653)
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences	78,858	(246,683)
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	(65,531)	2,694,592
Change in the fair value of assets available for sale	(160,105)	(743,938)
Change in the fair value of cash flow hedging derivatives	940,277	1,186,537
Tax related to other comprehensive income captions	119,119	178,282
Other comprehensive income for the period	<u>912,618</u>	<u>3,068,790</u>
Total comprehensive income for the period	<u>(5,384,372)</u>	<u>(10,180,863)</u>
Attributable to:		
Equity holders of Sonae Capital	(5,952,208)	(10,079,251)
Non-controlling interests	<u>567,836</u>	<u>(101,612)</u>

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS 2014

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 4th QUARTERS OF 2014 AND 2013

(Amounts expressed in euro)

	4 th Quarter 14 ¹	4 th Quarter 13 ¹
Consolidated net profit/(loss) for the period	1,495,928	906,541
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences	(9,428)	(96,570)
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	226,754	501,185
Change in the fair value of assets available for sale	(1,064,321)	(1,996,712)
Change in the fair value of cash flow hedging derivatives	305,084	280,036
Tax related to other comprehensive income captions	248,387	499,178
Other comprehensive income for the period	(293,524)	(812,883)
Total comprehensive income for the period	<u>1,202,404</u>	<u>93,658</u>
Attributable to:		
Equity holders of Sonae Capital	802,190	464,349
Non-controlling interests	<u>400,214</u>	<u>(370,691)</u>

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

REPORT AND ACCOUNTS 2014

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014 AND 2013

(Amounts expressed in Euro)

	Attributable to Equity Holders of Sonae Capital							Net Profit/(Loss)	Total	Non-Controlling Interests	Total Equity	
	Share Capital	Own Shares	Demerger Reserve (Note 22)	Translation Reserves	Fair Value Reserves	Hedging Reserves	Other Reserves and Retained Earnings					
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 companies	-	-	-	-	-	-	(742)	(742)	-	(742)	548,518	547,776
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2013	<u>250,000,000</u>	<u>(1,124,125)</u>	<u>132,638,253</u>	<u>(189,622)</u>	<u>(590,856)</u>	<u>(1,166,854)</u>	<u>(62,056,375)</u>	<u>68,634,546</u>	<u>(13,200,373)</u>	<u>304,310,048</u>	<u>8,850,291</u>	<u>313,160,339</u>
Balance as at 1 January 2014	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
Total consolidated comprehensive income for the period	-	-	-	58,740	(160,105)	927,578	53,588	879,801	(6,832,009)	(5,952,208)	567,836	(5,384,372)
Appropriation of profit of 2013:												
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	(13,200,373)	(13,200,373)	13,200,373	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(721,525)	(721,525)
Acquisition of own shares	-	(362,176)	-	-	-	-	-	-	-	(362,176)	-	(362,176)
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	-	-	-	-	679,088	679,088
Other changes	-	-	-	-	-	-	(34,234)	(34,234)	-	(34,234)	174	(34,060)
Balance as at 31 December 2014	<u>250,000,000</u>	<u>(1,486,301)</u>	<u>132,638,253</u>	<u>(130,882)</u>	<u>(750,961)</u>	<u>(239,276)</u>	<u>(75,237,394)</u>	<u>56,279,740</u>	<u>(6,832,009)</u>	<u>297,961,430</u>	<u>9,375,864</u>	<u>307,337,294</u>

The accompanying notes are part of these financial statements.

The Board of Directors

REPORT AND ACCOUNTS 2014

Consolidated Financial Statements

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014 AND 2013

(Amounts expressed in Euro)

	Notes	31.12.2014	31.12.2013	4 Quarter 14 ¹	4 Quarter 13 ¹
OPERATING ACTIVITIES:					
Cash receipts from trade debtors		179,986,235	134,476,350	45,175,491	35,246,969
Cash receipts from trade creditors		(111,665,349)	(86,603,132)	(31,097,416)	(22,795,751)
Cash paid to employees		(33,612,749)	(35,239,523)	(8,882,928)	(9,551,637)
Cash flow generated by operations		<u>34,708,137</u>	<u>12,633,695</u>	<u>5,195,147</u>	<u>2,899,581</u>
Income taxes (paid) / received		(4,640,344)	(2,492,777)	(774,236)	(1,009,550)
Other cash receipts and (payments) relating to operating activities		(233,323)	(1,005,464)	4,941,328	1,156,165
Net cash flow from operating activities (1)	48	<u>29,834,470</u>	<u>9,135,454</u>	<u>9,362,239</u>	<u>3,046,196</u>
INVESTMENT ACTIVITIES:					
Cash receipts arising from:					
Investments	47	9,885,905	16,079,307	1,760,722	3,218,903
Tangible assets		2,932,591	3,088,787	1,848,665	1,996,431
Intangible assets		-	9,417	-	-
Interest and similar income		1,411,822	224,683	168,772	17,601
Dividends		<u>950,610</u>	<u>220,681</u>	<u>81,923</u>	<u>-</u>
		<u>15,180,928</u>	<u>19,622,875</u>	<u>3,860,082</u>	<u>5,232,935</u>
Cash Payments arising from:					
Investments	47	(5,401,226)	(69,448)	(2,060,223)	(123)
Tangible assets		(7,293,515)	(5,207,162)	(2,096,875)	(656,564)
Intangible assets		(1,101,166)	(128,877)	(250,045)	(6,027)
Loans granted		(971,509)	(476,203)	(2,000)	-
		<u>(14,767,416)</u>	<u>(5,881,690)</u>	<u>(4,409,143)</u>	<u>(662,714)</u>
Net cash used in investment activities (2)	48	<u>413,512</u>	<u>13,741,185</u>	<u>(549,061)</u>	<u>4,570,221</u>
FINANCING ACTIVITIES:					
Cash receipts arising from:					
Loans obtained		88,950,000	24,373,209	17,799,000	666,930
Capital increases, additional paid in capital and share premiums		25,768	-	375	-
Sale of own shares		<u>42,606</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>89,018,374</u>	<u>24,373,209</u>	<u>17,799,375</u>	<u>666,930</u>
Cash Payments arising from:					
Loans obtained		(96,714,957)	(33,152,716)	(19,107,488)	(6,267,616)
Interest and similar charges		(14,602,662)	(12,566,639)	(3,091,689)	(1,913,692)
Reimbursement of capital and paid in capital		(28,385)	-	-	-
Dividends		(2,303,987)	(304,254)	(706,617)	(4,254)
Purchase of own shares		<u>(404,783)</u>	<u>(859,420)</u>	<u>-</u>	<u>(358,072)</u>
		<u>(114,054,774)</u>	<u>(46,883,029)</u>	<u>(22,905,794)</u>	<u>(8,543,634)</u>
Net cash used in financing activities (3)	48	<u>(25,036,400)</u>	<u>(22,509,820)</u>	<u>(5,106,419)</u>	<u>(7,876,704)</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	48	<u>5,211,582</u>	<u>366,819</u>	<u>3,706,759</u>	<u>(260,287)</u>
Effect of foreign exchange rate		<u>(14,987)</u>	<u>53,664</u>	<u>17,774</u>	<u>5,202</u>
Cash and cash equivalents at the beginning of the period	21	<u>2,922,307</u>	<u>2,609,152</u>	<u>4,459,891</u>	<u>3,187,796</u>
Cash and cash equivalents at the end of the period	21	<u>8,148,876</u>	<u>2,922,307</u>	<u>8,148,876</u>	<u>2,922,307</u>

The accompanying notes are part of these financial statements.

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 2014 and 2013

(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:

- Tourism, includes businesses in tourism:
 - through the development and management of tourism resorts;
 - in hotels, through management of hotels and services;
 - 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 2014.

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.

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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 2014 and with no material impact on the consolidated financial statements at 31 December 2014:

	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

b) In force for periods subsequent to 31 December 2014:

	Date of endorsement by the EU	Effective Date (Started on or after)
IFRIC 21 - Levies	13-06-2014	17-06-2014
Annual Improvements to International Financial Reporting Standards - 2010-2012	17-12-2014	01-07-2014
Annual Improvements to International Financial Reporting Standards - 2011-2013	18-12-2014	01-01-2015

There will be no material impacts on future financial statements of the Group from adopting these standards.

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

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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.

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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:

	31.12.2014		31.12.2013	
	End of the Period	Average of Period	End of the Period	Average of Period
Mozambican Metical	0.02429	0.02405	0.02418	0.02498
Brazilian Real	0.31049	0.32063	0.30697	0.35076
Angolan kwanza	0.00801	0.00766	0.00743	0.00780

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:

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	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).

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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 in provisions and impairment losses (increases/decreases). 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

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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.

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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.

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Loans and accounts receivable are classified as current assets, except 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:

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- 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

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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.

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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:

- Useful lives of tangible and intangible assets;
- Analysis of the impairment of goodwill and other tangible and intangible assets;
- Adjustments to the values of assets and provisions;
- Estimates of future income tax;
- 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.

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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 2014 would have been higher/lower by 946,577 euro (as at 31 December 2013 they would have been higher/lower by 1,073,964 euro). The impact in equity (excluding the impact on net profit) of the interest rate sensitivity analysis as at 31 December 2014 would have been lower/higher by around 0 euro (as at 31 December 2014 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.

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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;

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- 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 in international accounting standards that took effect on or after 1 January 2014 (note 2.1), had no significant impact on the financial statements at 31 December 2014.

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 2014 and 2013, are as follows:

Company	Head Office	Percentage of capital held			
		31 December 2014		31 December 2013	
		Direct	Total	Direct	Total
Sonae Capital SGPS, SA	Maia	Holding	Holding	Holding	Holding
Tourism					
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%
Golf Time - Golfe e Inv.Turisticos, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Imoarea 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%
SII - Soberana Investimentos Imobiliários, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Solinca - Health & Fitness, SA	a) Maia	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	100.00%	100.00%	100.00%	100.00%
7) 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) Maia	100.00%	100.00%	100.00%	100.00%
Sontur, BV	a) Amsterdam	100.00%	100.00%	100.00%	100.00%
1) The Artist Hotel & Bistro - Actividades Hotelaria, SA	a) Maia	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%
Troiareort - 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%

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Energy							
2)	Atelgen - Produção de Energia, ACE	a)	Barcelos	51.00%	51.00%	-	-
10)	CAPWATT - Brainpower, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
3)	CAPWATT, SGPS, S.A.	a)	Maia	100.00%	100.00%	-	-
2)	Carvemagere - Manutenção e Energias Renováveis, Lda	a)	Barcelos	65.00%	65.00%	-	-
2)	Companhia Térmica Hectare ACE	a)	Alcochete	100.00%	100.00%	-	-
9)	Companhia Térmica SERRADO, ACE	a)	Maia	70.00%	70.00%	-	-
2)	Companhia Térmica Tagol Lda	a)	Oeiras	100.00%	100.00%	-	-
2)	C.T.E. - Central Termoelétrica, Lda	a)	Maia	100.00%	100.00%	-	-
	Ecociclo II - Energias, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
2)	Enerlousado - Recursos Energéticos, Lda	a)	Maia	100.00%	100.00%	-	-
3)	Integrum ACE, SA	a)	Maia	100.00%	100.00%	-	-
	Integrum Colombo - Energia, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
3)	Integrum - Engenho Novo - Energia, SA	a)	Maia	100.00%	100.00%	-	-
3)	Integrum II- Energia, SA	a)	Maia	100.00%	100.00%	-	-
3)	Integrum III- Energia, SA	a)	Maia	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%
	Integrum Vale do Tejo - Energia, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
2)	Ronfegen - Recursos Energéticos, Lda	a)	Maia	100.00%	100.00%	-	-
2)	Soternix - Produção de Energia ACE	a)	Barcelos	51.00%	51.00%	-	-
Refrigeration and HVAC							
7)	PJP - Equipamento de Refrigeração, Lda	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
4)	SC - Central de Distribuição para Refrigeração e Climatização, SA	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
7)	Sistavac Sistemas HVAC-R do Brasil, Lda	a)	São Paulo	100.00%	70.00%	100.00%	70.00%
	Sistavac, SA	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
	Sistavac, SGPS, SA	a)	Matosinhos	70.00%	70.00%	70.00%	70.00%
	Sopair, SA	a)	Madrid	100.00%	70.00%	100.00%	70.00%
8)	Spinaraq-Moçambique, Lda	a)	Maputo	70.00%	70.00%	100.00%	100.00%
8)	Spinaraq-Engenharia, Energia e Ambiente,SA	a)	Luanda	99.90%	99.90%	99.90%	99.90%
Other Assets							
	Bloco Q-Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
5)	Casa da Ribeira - Sociedade Imobiliária, SA	a)	Maia	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-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Empreend.Imob.Quinta da Azenha, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Fundo Especial de Investimento Imobiliário Fechado WTC	a)	Maia	99.82%	99.82%	99.82%	99.82%
	Imobeauty, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
7)	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%
	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%
	Martimope - Empreendimentos Turísticos, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Porturbe-Edifícios 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%
	SC Assets, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	SC - Eng. e Promo Imobiliária,SGPS,SA	a)	Maia	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	100.00%	100.00%	100.00%	100.00%
	Soconstrução, BV	a)	Amsterdam	100.00%	100.00%	100.00%	100.00%
	Soira-Soc.Imobiliária de Ramalde, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%

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Sótaqua - Soc. de Empreendimentos Turísticos, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Spinveste - Promoção Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Spinveste-Gestão Imobiliária SGI, 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)	Maia	100.00%	100.00%	100.00%	100.00%
7) 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)	Maia	100.00%	100.00%	100.00%	100.00%
SC Finance, BV	a)	Amsterdam	100.00%	100.00%	100.00%	100.00%
6) SC FOR - Ser.Formação e Desenvolvimento de Recursos Humanos, Unipessoal, Lda.	a)	Maia	100.00%	100.00%	100.00%	100.00%
SC-SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
a) Majority of voting rights.						
1) Ex-Casa da Ribeira - Hotelaria e Turismo, SA;						
2) Company acquired in March 2014;						
3) Company incorporated in the period;						
4) Ex-SKK- Central de Distr., SA;						
5) Ex-Bloco W - Sociedade Imobiliária, SA;						
6) Ex-SKKFOR - Ser.For.e Desen.de Recursos, SA;						
7) Company dissolved in the period;						
8) Company included in the Other Assets segment in 2013;						
9) Company acquired in September 2014;						
10) Ex-Integrum Energia, S.A.						

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 2014 and 2013 are as follows:

Company	Head Office	Percentage of capital held				Book Value	
		31 December 2014		31 December 2013		31 December 2014	31 December 2013
		Direct	Total	Direct	Total		
Other Assets							
Andar - Sociedade Imobiliária, SA	Maia	50.00%	50.00%	50.00%	50.00%	53,344	357,859
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%	891,317	690,582
Norscut - Concessionária de Scut Interior Norte, SA	Lisbon	36.00%	36.00%	36.00%	36.00%	19,654,903	11,386,011
Operscut - Operação e Manutenção de Auto-estradas, SA	Lisbon	15.00%	15.00%	15.00%	15.00%	24,000	24,000
Energy							
2) Feneralt - Produção de Energia, ACE	Barcelos	25.00%	25.00%	-	-	107,130	-
2) Powercer - Sociedade de Cogeração da Vialonga, SA	Lisbon	30.00%	30.00%	-	-	-	-
3) Vialonga, SA	Lisbon	30.00%	30.00%	-	-	-	-
Total						20,730,694	12,458,452

- 1) Null investment values result from the adoption of the equity method in Andar - Sociedade Imobiliária, SA, holder of all of these investments.
2) Company acquired in March 2014;
3) Company liquidated in December 2014

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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 2014 and 2013, aggregate values of main financial indicators of associated and jointly controlled companies can be analysed as follows:

	31 December 2014	31 December 2013
Total Assets	688,065,258	668,902,549
Total Liabilities	583,955,642	590,182,432
Income	115,284,242	128,281,701
Expenses	88,388,616	112,365,691

During the periods ended 31 December 2014 and 2013, movements in investments of associated and jointly controlled companies may be summarized as follows:

	31 December 2014	31 December 2013
Opening balance as at 1 January	12,490,395	4,697,978
Acquisitions in the period	1,249,300	37,000
Disposals in the period	(1,108,498)	-
Equity method	8,157,927	7,755,417
Dividends received	(26,486)	-
Change in the consolidation method	-	-
Closing balance as at 31 December	20,762,638	12,490,395
Accumulated impairment losses (Note 32)	(31,944)	(31,943)
	<u>20,730,694</u>	<u>12,458,452</u>

The use of the equity method had the following impacts: 8,223,458 euro recorded on share of results of associated undertakings (5,060,825 euro at 31 December 2013), and -65,531 euro in changes in reserves (2,694,592 euro at 31 December 2013).

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 2014 and 2013 are made up as follows:

Company	Head Office	Percentage of capital held				31 December 2014	31 December 2013
		31 December 2014		31 December 2013			
		Direct	Total	Direct	Total		
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 Imosedo	Maia	22.57%	22.57%	25.85%	25.85%	33,493,884	38,654,123
Fundo de Investimento Imobiliário Imosonae Dois	Maia	0.06%	0.06%	0.06%	0.06%	124,892	124,892
Net, SA	Lisbon	2.80%	2.80%	2.80%	2.80%	23,034	11,132
Fundo de Capital de Risco F-HITEC	Lisbon	6.48%	6.48%	6.48%	6.48%	250,950	250,000
Other investments						123,985	435,204
Total (Note 9)						<u>34,081,492</u>	<u>39,540,098</u>

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Sonae Capital sold in 2014 a total of 6,237 units of the Imosede Real Estate Investment Fund in the amount of 5,000,134 euro

On 31 December 2014, the unit value of the Imosede Real Estate Investment Fund units amounts to 779.9796 euro (785.9884 euro on 31 December 2013).

Sonae Capital has no representative on the Board of Directors of the fund manager (Sonaegest - Soc.Gest.Fundos Investimentos), thus have no management influence in Imosede Real Estate Investment Fund, which is why this investment is recorded at fair value in equity.

8. CHANGES TO THE CONSOLIDATION PERIMETER

Main changes to the consolidation perimeter over the twelve months period ended 31 December 2014 are as follows:

Additions

Company	Head Office	Percentage of capital held	
		At the date of acquisition	
		Direct	Total
Atelgen - Produção de Energia, ACE	Barcelos	51,00%	51,00%
Carvemagere - Manutenção e Energias Renováveis, Lda	Barcelos	65,00%	65,00%
Companhia Térmica Hectare ACE	Alcochete	100,00%	100,00%
Companhia Térmica do Serrado, ACE	Maia	70,00%	70,00%
Companhia Térmica Tagol Lda	Oeiras	95,00%	95,00%
C.T.E. - Central Termoeléctrica, Lda	Maia	100,00%	100,00%
Enerlousado - Recursos Energéticos, Lda	Maia	100,00%	100,00%
Ronfegen - Recursos Energéticos, Lda	Maia	100,00%	100,00%
Soternix - Produção de Energia ACE	Barcelos	51,00%	51,00%

Impacts in the consolidated financial statements at the acquisition date and 31 December 2014, were as follows:

	Acquisition Date	31 December 2014
Net assets acquired		
Tangible and intangible assets	6,315,082	5,075,408
Other assets	10,235,315	9,775,415
Cash and cash equivalents	6,318,519	287,497
Other liabilities	(14,326,852)	(10,853,047)
	<u>8,542,064</u>	<u>4,285,273</u>
Goodwill (Note 12)	8,031	
Gain/(loss) on acquisition	<u>279,690</u>	
Acquisition price	<u>8,270,405</u>	
Payments made	<u>8,270,405</u>	
Net cash flow from the acquisition		
Payments made	8,270,405	
Cash and equivalents acquired	(6,318,519)	
	<u>1,951,886</u>	

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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 2014							
Non-Current Assets							
Other Investments	13	-	34,081,492	-	34,081,492	-	34,081,492
Other non-current assets	14	20,653,819	-	-	20,653,819	-	20,653,819
		<u>20,653,819</u>	<u>34,081,492</u>	<u>-</u>	<u>54,735,311</u>	<u>-</u>	<u>54,735,311</u>
Current Assets							
Trade account receivables	16	25,980,899	-	-	25,980,899	-	25,980,899
Other debtors	17	10,904,150	-	-	10,904,150	-	10,904,150
Cash and cash equivalents	21	9,327,550	-	-	9,327,550	-	9,327,550
		<u>46,212,599</u>	<u>-</u>	<u>-</u>	<u>46,212,599</u>	<u>-</u>	<u>46,212,599</u>
		<u>66,866,418</u>	<u>34,081,492</u>	<u>-</u>	<u>100,947,910</u>	<u>-</u>	<u>100,947,910</u>
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
		<u>19,570,690</u>	<u>39,540,098</u>	<u>-</u>	<u>59,110,788</u>	<u>-</u>	<u>59,110,788</u>
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
		<u>32,821,585</u>	<u>-</u>	<u>-</u>	<u>32,821,585</u>	<u>-</u>	<u>32,821,585</u>
		<u>52,392,275</u>	<u>39,540,098</u>	<u>-</u>	<u>91,932,373</u>	<u>-</u>	<u>91,932,373</u>
Financial Liabilities							
	Note		Financial liabilities recorded at amortised cost		Liabilities not covered by IFRS 7		Total
As at 31 de December 2014							
Non-Current Liabilities							
Bank Loans	24		78,223,573		-		78,223,573
Bonds	24		101,891,291		-		101,891,291
Other loans	24		19,455,369		-		19,455,369
Other non-current liabilities	27		2,740,634		333,229		3,073,863
			<u>202,310,867</u>		<u>333,229</u>		<u>202,644,096</u>
Current Liabilities							
Bank Loans	21 and 24		39,992,932		-		39,992,932
Other loans	24		4,225,641		-		4,225,641
Trade Creditors	29		17,028,403		-		17,028,403
Other current liabilities	30		3,517,225		4,458,443		7,975,668
			<u>64,764,201</u>		<u>4,458,443</u>		<u>69,222,644</u>
			<u>267,075,068</u>		<u>4,791,672</u>		<u>271,866,740</u>
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
			<u>155,733,516</u>		<u>492,056</u>		<u>156,225,572</u>
Current Liabilities							
Bank Loans	21 and 24		92,405,686		-		92,405,686
Other loans	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
			<u>115,499,549</u>		<u>3,311,719</u>		<u>118,811,268</u>
			<u>271,233,065</u>		<u>3,803,775</u>		<u>275,036,840</u>

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10. TANGIBLE ASSETS

During the periods ended 31 December 2014 and 2013, 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 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)
Opening balance as at 1 January 2014	224,681,479	140,291,840	1,587,638	4,835,130	1,916,702	16,042,362	389,355,151
Changes in consolidation perimeter (companies in)	1,640,691	23,267,301	-	88,429	248,629	36,043	25,281,093
Capital expenditure	469,457	138,143	149,422	7,472	4,603	7,469,510	8,238,607
Disposals	(4,648,543)	(1,864,164)	(278,491)	(227,287)	(59,360)	(1,285)	(7,079,130)
Exchange rate effect	-	7,179	30,832	3,111	1,600	-	42,722
Transfers	146,364	11,101,616	3,938	299,174	85,603	(11,666,444)	(29,749)
Closing balance as at 31 December 2014	222,289,448	172,941,915	1,493,339	5,006,029	2,197,777	11,880,186	415,808,694
Accumulated depreciation and impairment losses							
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)
Opening balance as at 1 January 2014	86,377,115	57,387,623	1,290,654	4,204,938	1,542,592	-	150,802,923
Changes in consolidation perimeter (companies in)	1,419,542	18,540,649	-	87,484	178,843	-	20,226,518
Charges for the period 1)	5,779,261	11,180,186	214,094	208,818	83,977	-	17,466,336
Disposals 2)	(11,534,915)	(1,192,951)	(263,419)	(219,410)	(49,123)	-	(13,259,818)
Exchange rate effect	-	1,646	19,427	1,406	617	-	23,096
Transfers	(80,619)	(10,842)	-	(64,207)	(5,409)	-	(161,077)
Closing balance as at 31 December 2014	81,960,384	85,906,311	1,260,756	4,219,029	1,751,497	-	175,097,978
Carrying amount							
As at 31 December 2013	138,304,364	82,904,217	296,984	630,192	374,110	16,042,362	238,552,228
As at 31 December 2014	140,329,064	87,035,604	232,583	787,000	446,280	11,880,186	240,710,716

1) Includes impairment losses amounting to 3.384.666 euro (299,832 euro at December 2013)

2) Includes reversal of impairment losses amounting to 10,730,690 (136,248 euro at December 2013). These reversals recognized in net income for the year are not based on fixed assets revalued previously.

Impairment losses and reversals of impairment losses for the year 2014 are calculated from the assessments of the property assets of Sonae Capital Group, carried out by "Cushman & Wakefield - Consultoria Imobiliária, Unipessoal, Lda."

The acquisition cost of Tangible assets held by the Group under finance lease contracts amounted as at 31 December 2014 to 37,202,293 euro (37,383,648 euro at 31 December 2013) and their net book value as of those dates amounted to 24,763,859 euro and 26,818,349 euro, respectively (Note 25).

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

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	31 December 2014	31 December 2013
Tróia	7,624,730	7,322,147
Cogeneration Project	1,555,061	-
Photovoltaic Project	-	7,412,790
Others	2,700,395	1,307,425
	<u>11,880,186</u>	<u>16,042,362</u>

11. INTANGIBLE ASSETS

During the periods ended 31 December 2014 and 2013, 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 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
Opening balance as at 1 January 2014	<u>7,834,037</u>	<u>2,211,797</u>	<u>9,422</u>	<u>435,656</u>	<u>10,490,912</u>
Changes in consolidation perimeter (companies in)	-	-	109,750	-	109,750
Capital expenditure	-	9,429	171,855	530,218	711,502
Disposals	-	(45,916)	(163,541)	-	(209,457)
Exchange rate effect	-	463	-	-	463
Transfers	12,721	701,816	339,372	(748,377)	305,533
Closing balance as at 31 December 2014	<u>7,846,758</u>	<u>2,877,589</u>	<u>466,858</u>	<u>217,498</u>	<u>11,408,703</u>
Accumulated depreciation and impairment losses					
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)	-	-	(13,059)
Exchange rate effect	-	(2,261)	-	-	(2,261)
Transfers	-	-	-	-	-
Opening balance as at 1 January 2014	<u>1,207,452</u>	<u>1,528,846</u>	<u>8,788</u>	<u>-</u>	<u>2,745,086</u>
Charges for the period	196,565	511,066	633	-	708,264
Disposals	-	(45,914)	-	-	(45,914)
Exchange rate effect	-	302	-	-	302
Transfers	(23,654)	-	-	-	(23,654)
Closing balance as at 31 December 2014	<u>1,380,363</u>	<u>1,994,300</u>	<u>9,421</u>	<u>-</u>	<u>3,384,083</u>
Carrying amount					
As at 31 December 2013	<u>6,626,585</u>	<u>682,951</u>	<u>634</u>	<u>435,656</u>	<u>7,745,826</u>
As at 31 December 2014	<u>6,466,396</u>	<u>883,290</u>	<u>457,437</u>	<u>217,498</u>	<u>8,024,620</u>

As at December 2014 net assets of Marina de Troia amount to 5,994,383 euro (6,141,720 euro at December 2013).

“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.

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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 2014 and 2013, movements in goodwill, as well as in corresponding impairment losses, are as follows:

	31 December 2014	31 December 2013
Gross amount:		
Opening balance	62,283,809	62,290,239
Increases - acquisition of affiliated companies	8,031	-
Decreases - disposals of affiliated companies	-	(6,430)
Closing balance	<u>62,291,840</u>	<u>62,283,809</u>
Accumulated impairment losses:		
Opening balance	<u>1,301,596</u>	<u>1,301,596</u>
Closing balance	<u>1,301,596</u>	<u>1,301,596</u>
		-
Total	<u><u>60,990,244</u></u>	<u><u>60,982,213</u></u>

Impairment tests on Goodwill, as at 31 December 2014, 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 Other Assets, 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 2014 and 2013, Goodwill may be split as follows:

	31 December 2014	31 December 2013
Tourism	24,393,763	24,393,763
Energy	622,829	614,798
Refrigeration and HVAC	9,622,339	9,622,339
Other Assets	12,299,160	12,299,160
Holding and Others	14,052,153	14,052,153
	<u><u>60,990,244</u></u>	<u><u>60,982,213</u></u>

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13. OTHER INVESTMENTS

As at 31 December 2014 and 2013, movements in investments were as follows:

	31 December 2014		31 December 2013	
	Non-current	Current	Non-current	Current
Investments at acquisition cost				
Opening balance as at 1 January	8,071,101	-	8,223,418	-
Acquisitions in the period	17,742	-	122	-
Disposals in the period	(7,652,356)	-	(152,525)	-
Transfers	442,959	-	86	-
Closing balance as at 31 December	879,446	-	8,071,101	-
Accumulated impairment losses (Note 32)	(291,838)	-	(7,707,935)	-
	<u>587,608</u>	<u>-</u>	<u>363,166</u>	<u>-</u>
Investments held for sale				
Fair value as at 1 January	39,305,931	-	49,938,723	-
Disposals in the period	(5,221,742)	-	(9,919,661)	-
Transfers	(430,200)	-	-	-
Increase/(decrease) in fair value	(160,105)	-	(713,131)	-
Fair value as at 31 December	<u>33,493,884</u>	<u>-</u>	<u>39,305,931</u>	<u>-</u>
Accumulated impairment losses (Note 32)	-	-	(128,999)	-
Fair value (net of impairment losses) as at 31 December	<u>33,493,884</u>	<u>-</u>	<u>39,176,932</u>	<u>-</u>
	<u><u>34,081,492</u></u>	<u><u>-</u></u>	<u><u>39,540,098</u></u>	<u><u>-</u></u>

The amounts shown under fair value related to the Imosede Fund (note 7).

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.

In 2014 Delphinus - Soc.Turism.Div.Tróia, SA was dissolved, the company had a gross value of shareholding of € 7,336,726 and an impairment loss of the same amount.

14. OTHER NON-CURRENT ASSETS

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

	31 December 2014	31 December 2013
Loans granted to related parties		
Norscut - Concessionária de Scut Interior Norte, SA	18,647,695	17,740,756
Others	<u>756,075</u>	<u>691,505</u>
	19,403,770	18,432,261
Impairment losses (Note 32)	<u>(34,916)</u>	<u>(34,916)</u>
	<u>19,368,855</u>	<u>18,397,345</u>
Trade accounts receivable and other debtors		
Others	1,284,964	1,173,345
	<u>1,284,964</u>	<u>1,173,345</u>
Other non-current assets		
	<u>20,653,818</u>	<u>19,570,690</u>

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.

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As at 31 December 2014 and 2013, the ageing of Trade accounts receivable and other debtors can be detailed as follows:

	Trade accounts receivable and other debtors	
	31 December 2014	31 December 2013
Not due	139,634	28,015
Due but not impaired		
< 6 months	-	-
6 - 12 months	-	-
> 1 year	1,145,330	1,145,330
	<u>1,145,330</u>	<u>1,145,330</u>
Due and impaired		
> 1 year	-	-
	<u>1,284,964</u>	<u>1,173,345</u>

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 2014 and 2013 can be detailed as follows, highlighting the value attributable to real estate developments:

	31 December 2014		31 December 2013	
	Total	of which Real Estate Developments	Total	of which Real Estate Developments
Raw materials, by-products and consumables	1,022,596	-	1,162,725	-
Goods for sale	31,110,475	29,736,226	32,155,488	30,045,640
Finished goods	53,463,323	53,463,323	68,373,552	68,373,552
Work in progress	78,258,356	76,373,416	80,964,110	77,147,748
	<u>163,854,750</u>	<u>159,572,965</u>	<u>182,655,875</u>	<u>175,566,940</u>
Accumulated impairment losses on stocks (Note 32)	<u>(6,292,456)</u>	<u>(6,242,656)</u>	<u>(3,725,862)</u>	<u>(3,434,621)</u>
	<u>157,562,294</u>	<u>153,330,309</u>	<u>178,930,013</u>	<u>172,132,319</u>

Cost of goods sold as at 31 December 2014 and 2013 amounted to 63,129,092 euro and 40,829,087 euro, respectively, and may be detailed as follows:

	31 December 2014	31 December 2013
Opening Stocks	33,318,213	34,308,043
Exchange rate effect	60,429	(67,939)
Changes in consolidation perimeter	32,496	-
Purchases	59,054,547	39,877,917
Adjustments	444,945	(250,061)
Closing Stocks	<u>32,133,071</u>	<u>33,318,213</u>
	<u>60,777,559</u>	<u>40,549,747</u>
Impairment losses (Note 32)	2,945,370	280,072
Reversion of impairment losses	<u>(593,837)</u>	<u>(732)</u>
Total Operations	<u>63,129,092</u>	<u>40,829,087</u>

Impairment losses and reversals of impairment losses for the year 2014 are calculated from the assessments of the property assets of Sonae Capital Group, carried out by "Cushman & Wakefield - Consultoria Imobiliária, Unipessoal, Lda."

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16. TRADE ACCOUNTS RECEIVABLE

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

	31 December 2014	31 December 2013
Trade accounts receivable		
Tourism	2,571,593	2,792,872
Energy	7,690,350	2,654,448
Refrigeration and HVAC	18,103,985	17,433,576
Other Assets	57,861	230,406
Holding and Others	27,555	79,601
	<u>28,451,345</u>	<u>23,190,903</u>
Trade Debtors, bills receivable	-	191,545
Doubtful debtors	<u>1,886,033</u>	<u>3,529,097</u>
	<u>30,337,378</u>	<u>26,911,545</u>
Accumulated impairment losses on Trade Debtors (Note 32)	<u>(4,356,479)</u>	<u>(6,039,005)</u>
Total Operations	<u><u>25,980,899</u></u>	<u><u>20,872,540</u></u>

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 2014 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 2014 and 2013, the ageing of Trade Accounts Receivables can be detailed as follows:

31 December 2014	Trade Accounts Receivable					Total
	Tourism	Energy	Refrigeration and HVAC	Other Assets	Holding and Others	
Not Due	549,517	5,982,653	11,162,845	6,182	11,014	17,712,211
Due but not impaired						
0 - 30 days	157,725	496,339	3,069,202	23,400	1,218	3,747,884
30 - 90 days	320,230	209,254	1,268,984	2,179	4,661	1,805,308
+ 90 days	332,899	1,002,105	1,358,426	5,361	10,662	2,709,453
Total	<u>810,854</u>	<u>1,707,698</u>	<u>5,696,612</u>	<u>30,940</u>	<u>16,541</u>	<u>8,262,645</u>
Due and impaired						
0 - 90 days	76,650	-	73,069	3,195	-	152,914
90 - 180 days	96,085	-	19,998	3,344	-	119,427
180 - 360 days	60,189	-	52,112	77,930	-	190,231
+ 360 days	1,327,962	-	2,171,511	306,969	93,508	3,899,950
Total	<u>1,560,886</u>	<u>-</u>	<u>2,316,690</u>	<u>391,438</u>	<u>93,508</u>	<u>4,362,522</u>
Total accumulated before impairments	<u><u>2,921,257</u></u>	<u><u>7,690,351</u></u>	<u><u>19,176,147</u></u>	<u><u>428,560</u></u>	<u><u>121,063</u></u>	<u><u>30,337,378</u></u>
31 December 2013						
Not Due	644,249	1,480,506	11,426,115	102,448	49,644	13,702,962
Due but not impaired						
0 - 30 days	363,748	1,142,080	2,171,268	65,263	-	3,742,359
30 - 90 days	197,535	9,290	1,188,466	3,540	23,740	1,422,571
+ 90 days	273,143	22,573	1,245,968	55,840	6,217	1,603,741
Total	<u>834,426</u>	<u>1,173,943</u>	<u>4,605,702</u>	<u>124,643</u>	<u>29,957</u>	<u>6,768,671</u>
Due and impaired						
0 - 90 days	88,515	-	188,491	1,814	-	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	<u>2,921,303</u>	<u>-</u>	<u>3,040,013</u>	<u>385,088</u>	<u>93,508</u>	<u>6,439,912</u>
Total accumulated before impairments	<u><u>4,399,978</u></u>	<u><u>2,654,449</u></u>	<u><u>19,071,830</u></u>	<u><u>612,179</u></u>	<u><u>173,109</u></u>	<u><u>26,911,545</u></u>

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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.

17. OTHER DEBTORS

As at 31 December 2014 and 2013, other debtors are made up as follows:

	31 December 2014	31 December 2013
Loans granted to and other amounts to be received from related parties		
Others	167,444	70,058
	<u>167,444</u>	<u>70,058</u>
Other Debtors		
Suppliers with a debtor balance	610,343	850,602
Sale of assets	10,659	9,678
Sale of financial investments	5,394,384	4,804,214
Others	11,077,668	10,923,538
	<u>17,093,054</u>	<u>16,588,032</u>
Other Debtors	17,260,498	16,658,090
Accumulated impairment losses on Other Debtors (Note 32)	(6,356,348)	(7,707,008)
Total financial instruments (Note 9)	<u>10,904,150</u>	<u>8,951,082</u>
Total Operations	<u>10,904,150</u>	<u>8,951,082</u>

Loans granted to related parties bear interest at market rates.

As at 31 December 2014 and 2013, ageing of other debtors can be summarised as follows:

	Other Debtors	
	31 December 2014	31 December 2013
Not Due	2,499,776	3,910,621
Due but not impaired		
0 - 30 days	891,355	460,772
30 - 90 days	3,029,580	2,055,552
+ 90 days	4,345,635	2,551,783
Total	<u>8,266,570</u>	<u>5,068,107</u>
Due and impaired		
0 - 90 days	70,140	-
90 - 180 days	-	9,723
180 - 360 days	-	-
+ 360 days	6,256,567	7,599,581
Total	<u>6,326,707</u>	<u>7,609,304</u>
Total accumulated before impairments	<u>17,093,053</u>	<u>16,588,032</u>

As at 31 December 2014 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.

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18. TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2014 and 2013, taxes recoverable and taxes and contributions payable are made up as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Tax recoverable		
Income taxation - payments on account and amounts withheld	10,270,836	5,462,166
VAT	5,474,207	6,610,330
Other taxes	931,212	768,875
Total Operations	<u>16,676,255</u>	<u>12,841,371</u>
Taxes and contributions payable		
Income taxation	6,495,689	3,684,314
VAT	1,740,445	1,340,955
Income taxation - amounts withheld	727,284	1,189,808
Social security contributions	533,850	625,393
Other taxes	70,687	166,761
Total Operations	<u>9,567,955</u>	<u>7,007,231</u>

19. OTHER CURRENT ASSETS

As at 31 December 2014 and 2013, other current assets are made up as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Interest receivable	988,617	965,460
Invoices to be issued for services rendered	2,265,426	147,497
Deferred costs - External supplies and services	1,419,585	895,653
Deferred costs - Rents	282,514	264,345
Other current assets	1,674,451	1,534,458
Total Accumulated	<u>6,630,593</u>	<u>3,807,413</u>

20. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2014 and 2013 can be detailed as follows, split between the different types of temporary differences:

	<u>Deferred tax assets</u>		<u>Deferred tax liabilities</u>	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Amortisation and Depreciation harmonisation adjustments	767,399	884,314	3,145,808	2,783,003
Provisions and impairment losses of non-tax deductible	6,762,992	8,934,857	-	-
Write off of tangible and intangible assets	71,250	325,774	-	-
Write off of accruals	-	126,853	-	-
Revaluation of tangible assets	-	-	94,169	103,166
Tax losses carried forward	16,063,686	15,843,605	-	-
Financial instruments	-	-	1,066,862	1,276,624
Write off of stocks	-	-	906,974	931,724
Taxable temporary differences arising from the fair value of non-current liabilities	-	-	7,141,626	7,150,724
Others	53,111	71,126	(646,156)	336,618
	<u>23,718,438</u>	<u>26,186,529</u>	<u>11,709,283</u>	<u>12,581,859</u>

During the periods ended 31 December 2014 and 2013, movements in deferred tax are as follows:

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	Deferred tax assets		Deferred tax liabilities	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Opening balance	26,186,529	27,849,077	12,581,859	14,344,526
Effect in results (Note 43):	-	-	-	-
Amortisation and Depreciation harmonisation adjustments	(48,701)	(69,339)	642,432	568,272
Provisions and impairment losses of non-tax deductible	-	(243,412)	-	(40,234)
Write off of tangible and intangible assets	(248,190)	(267,100)	-	-
Write off of accruals	(126,853)	(136,385)	-	-
Revaluation of tangible assets	-	-	(10,450)	-
Tax losses carried forward	1,035,957	1,495,475	-	-
Impairment of Assets	(1,446,718)	-	-	-
Financial Instruments	-	-	-	(1,024,386)
Changes in tax rates	(1,619,022)	(2,033,518)	(1,036,795)	(1,035,190)
Others	(24,975)	(150,185)	(358,075)	(51,787)
	<u>(2,478,502)</u>	<u>(1,404,464)</u>	<u>(762,888)</u>	<u>(1,583,325)</u>
Effect in reserves:				
Financial Instruments	-	-	(108,707)	(178,282)
Others	(11,384)	-	(626)	(1,060)
	<u>(11,384)</u>	<u>-</u>	<u>(109,333)</u>	<u>(179,342)</u>
Changes in consolidation perimeter	21,796	(258,084)	-	-
Others	-	-	(354)	-
Closing balance	<u>23,718,438</u>	<u>26,186,529</u>	<u>11,709,284</u>	<u>12,581,859</u>

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 31 December 2014 and 2013, and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	30 December 2014			31 December 2013		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2008	-	-	2014	1,105,341	254,228	2014
Generated in 2009	3,853,149	809,161	2015	6,379,907	1,467,379	2015
Generated in 2010	-	-	2014	18,328,751	4,215,613	2014
Generated in 2011	16,629,456	3,492,186	2015	17,938,869	4,125,940	2015
Generated in 2012	19,769,442	4,151,583	2017	16,006,259	3,681,440	2017
Generated in 2013	18,088,306	3,798,544	2018	9,126,112	2,099,006	2018
Generated in 2014	18,153,387	3,812,212	2026	-	-	
	<u>76,493,740</u>	<u>16,063,686</u>		<u>68,885,239</u>	<u>15,843,605</u>	
With a time limit different from the above mentioned	-	-		-	-	
	<u>76,493,740</u>	<u>16,063,686</u>		<u>68,885,239</u>	<u>15,843,605</u>	

As at 31 December 2014 and 2013, 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 2014, tax losses carried forward amounting to 109,866,615 euro (175,288,767 euro as at 31 December 2013), have not originated deferred tax assets for prudential reasons and are detailed as follows:

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	31 December 2014			31 December 2013		
	Tax losses carried forward	Tax Credit	Time limit	Tax losses carried forward	Tax Credit	Time limit
With limited time use						
Generated in 2008	-	-	2014	33,053,902	7,602,397	2014
Generated in 2009	37,739,388	7,925,271	2015	35,694,882	8,209,823	2015
Generated in 2010	-	-	2014	16,443,812	3,782,077	2014
Generated in 2011	16,920,254	3,553,253	2015	18,024,594	4,145,657	2015
Generated in 2012	14,136,576	2,968,681	2017	19,508,597	4,486,977	2017
Generated in 2013	22,115,430	4,644,240	2018	36,378,392	8,367,030	2018
Generated in 2014	70,534	14,812	2026	-	-	
	<u>90,982,182</u>	<u>19,106,258</u>		<u>159,104,179</u>	<u>36,593,961</u>	
Without limited time use	-	-		1,186,715	395,532	
With a time limit different from the above mentioned	18,884,433	4,819,618		14,997,872	4,318,664	
	<u>18,884,433</u>	<u>4,819,618</u>		<u>16,184,587</u>	<u>4,714,196</u>	
	<u>109,866,615</u>	<u>23,925,876</u>		<u>175,288,767</u>	<u>41,308,157</u>	

21. CASH AND CASH EQUIVALENTS

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

	31 December 2014	31 December 2013
Cash at hand	132,458	84,252
Bank deposits	9,184,154	2,901,739
Treasury applications	10,938	11,972
Cash and cash equivalents on the balance sheet	<u>9,327,550</u>	<u>2,997,963</u>
Bank overdrafts - (Note 24)	(1,178,675)	(75,657)
Cash and cash equivalents in the statement of cash-flows	<u>8,148,875</u>	<u>2,922,307</u>

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.

As at 31 December 2014, Sonae Capital SGPS, S.A. owns 6,068,850 own shares (5,119,562 own shares at 31 December 2013) booked for 1,486,301 euro (1,124,125 euro at 31 December 2013).

The in non-controlling interests in the periods ended 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Demerger reserve	132.638.253	132.638.253
Translation reserves	(130.882)	(189.622)
Fair value reserves	(750.961)	(590.856)
Hedging reserves	(239.276)	(1.166.854)
Other reserves and retained earnings	(75.237.394)	(62.056.375)
Reserves and retained earnings	<u>56.279.740</u>	<u>68.634.546</u>

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Demerger reserve

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.

Translation reserves

The reserve is made up by the conversion into euro of the financial statements of the subsidiaries that have other functional currency.

Fair Value Reserves

This reserve reflects the fair value of assets available for sale.

Hedging Reserve

This reserve is made up by the fair value of hedging derivatives and the respective accrued interest.

23. NON CONTROLLING INTERESTS

Movements in non-controlling interests in the periods ended 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Opening balance as at 1 January	8,850,291	8,707,639
Changes in hedging reserves	12,699	16,215
Changes in the percentage of capital held in affiliated companies	679,088	548,518
Changes resulting from currency translation	20,118	(68,547)
Dividends paid	(721,525)	(304,254)
Others	174	-
Profit for the period attributable to minority interests	535,019	(49,280)
Closing balance	9,375,864	8,850,291

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As at 31 December 2014 and 2013, Borrowings are made up as follows:

	31 December 2014		31 December 2013		Repayable on
	Outstanding amount		Outstanding amount		
	Current	Non-Current	Current	Non-Current	
Bank loans					
Sonae Capital SGPS - commercial paper a)	17,250,000	-	75,000,000	-	Mar/2018
Sonae Capital SGPS - commercial paper d)	8,250,000	-	8,250,000	-	Dec/2015
Sonae Capital SGPS - commercial paper b)	-	28,900,000	-	12,650,000	Aug/2016
Sonae Capital SGPS - commercial paper c)	-	30,000,000	-	30,000,000	Dec/2017
Sonae Capital SGPS - commercial paper f)	3,500,000	4,750,000	-	-	Mai/2017
Sonae Capital SGPS - commercial paper g)	4,000,000	-	-	-	Feb/2016
Sonae Capital SGPS e)	3,290,000	12,337,500	7,000,000	24,000,000	Set/2019
Up-front fees	-	(415,978)	-	(552,029)	
Others	2,524,257	2,652,051	2,080,029	2,863,444	
	<u>38,814,257</u>	<u>78,223,573</u>	<u>92,330,029</u>	<u>68,961,416</u>	
Bank overdrafts (Note 21)	1,178,675	-	75,657	-	
Bank loans	<u>39,992,932</u>	<u>78,223,573</u>	<u>92,405,686</u>	<u>68,961,416</u>	
Bond Loans					
Sonae Capital 2011/2016 Bonds	-	10,000,000	-	10,000,000	Jan/2016
Sonae Capital 2014/2019 Bonds	-	42,500,000	-	50,000,000	Jun/2019
SC, SGPS, S.A. 2008/2018 Bonds	-	50,000,000	-	-	Mar/2018
Up-front fees	-	(608,709)	-	(226,532)	
Bond Loans	<u>-</u>	<u>101,891,291</u>	<u>-</u>	<u>59,773,468</u>	
Other loans	752,665	609,258	686,968	1,116,336	
Derivatives (Note 26)	621,462	-	101,543	1,433,909	
Obligations under finance leases	2,851,514	18,935,072	2,856,743	21,785,159	
Up-front fees on finance leases	-	(88,961)	-	(101,587)	
	<u>44,218,573</u>	<u>199,570,233</u>	<u>96,050,940</u>	<u>152,968,701</u>	

- 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.
- 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
- Commercial paper programme, with subscription guarantee, issued on 27 December 2012 and valid up to December 2017.
- Commercial paper programme, with subscription guarantee, issued on 31 December 2013, with annual renewals up to 3 years.
- Bank loan guarantee by a mortgage on real estate, started on 2 June 2011 and valid up to September 2019, with quarterly payments.
- Commercial paper programme, with subscription guarantee, issued on 7 May 2014 and valid for a 3 year period, with semi-annual payments.
- Short term commercial paper programme, with subscription guarantee, issued on 17 February 2011, with annual renewals up to a maximum of 5 years.

As at 31 December 2014, 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.
- SC, SGPS, SA, 2014/2019 bond loan in the amount of 42,500,000 euro, with a 5 year maturity, and a sole reimbursement on 28 May 2019. This bond loan bears interest every six months.

The interest rate on bonds in force on 31 December 2014 was on average 2.87% (3.46% in December 2013)

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 government reimbursable grants to group companies, which do not bear interest.

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The repayment schedule of the nominal value of borrowings may be summarised as follows:

	31 December 2014		31 December 2013	
	Nominal value	Interest	Nominal value	Interest
N+1 a)	43,597,111	6,730,136	95,949,397	8,582,090
N+2	30,417,502	5,187,358	11,417,824	6,548,639
N+3	48,102,235	4,615,274	25,082,672	4,290,860
N+4	66,438,849	2,795,451	47,689,566	2,861,554
N+5	48,576,622	1,110,569	57,636,739	2,140,898
After N+5	7,148,672	216,245	10,588,138	415,871
	<u>244,280,992</u>	<u>20,655,033</u>	<u>248,364,336</u>	<u>24,839,912</u>

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 2014 and 2013, the credit lines available and the amount of contracted lines, can be summarized as follows:

	31 December 2014		31 December 2013	
	Commitments < 1 year	Commitments > 1 year	Commitments < 1 year	Commitments > 1 year
Value of available lines				
Tourism	-	-	-	-
Energy	-	-	-	-
Refrigeration and HVAC	-	-	2,709,583	-
Other Assets	-	-	-	-
Holding and Others	30,099,398	7,700,000	39,599,398	23,950,000
	<u>30,099,398</u>	<u>7,700,000</u>	<u>42,308,981</u>	<u>23,950,000</u>
Value of contracted lines				
Tourism	-	-	-	-
Energy	-	-	-	-
Refrigeration and HVAC	3,255,008	-	3,165,417	-
Other Assets	-	-	-	-
Holding and Others	47,849,398	66,600,000	47,849,398	66,600,000
	<u>51,104,406</u>	<u>66,600,000</u>	<u>51,014,815</u>	<u>66,600,000</u>

24. OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2014 and 2013, Obligations under finance leases are made up as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Amounts under finances leases:				
N+1	3,234,557	3,332,892	2,851,514	2,856,743
N+2	3,207,191	3,255,296	2,882,415	2,838,808
N+3	3,209,191	3,228,553	2,940,516	2,874,044
N+4	3,209,191	3,228,553	3,000,372	2,936,666
N+5	3,212,442	3,228,553	3,064,756	3,001,239
After N+5	7,263,078	10,532,705	7,047,014	10,134,402
	<u>23,335,650</u>	<u>26,806,552</u>	<u>21,786,587</u>	<u>24,641,902</u>
Future Interest	(1,549,063)	(2,164,650)		
	<u>21,786,587</u>	<u>24,641,902</u>		
Up-front fees			(88,961)	(101,587)
Current obligations under finance leases			<u>2,851,515</u>	<u>2,856,743</u>
Obligations under finance leases - net of current obligations			<u>18,846,111</u>	<u>21,683,572</u>

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. The interest rate of these contracts was on average 1.86%.

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As at 31 December 2014 and 2013, 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 2014 and 2013, the book value of assets acquired under finance leases can be detailed as follows:

	31 December 2014	31 December 2013
Assets acquired under finance leases		
Land and Buildings	-	-
Plant and machinery	24,760,139	26,813,876
Vehicles	-	58
Tools	-	18
Fixtures and Fittings	3,720	4,398
Total tangible assets	<u>24,763,859</u>	<u>26,818,350</u>

25. DERIVATIVES

Interest rate derivatives

Hedging instruments used by the Group as at 31 December 2014 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 621,462 euro (1,535,452 euro at 31 December 2013) is recorded as liabilities in other loans. As at 31 December 2014 and 31 December 2013, 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:

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	Assets		Liabilities	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Non-Hedge accounting derivatives				
Interest rate	-	-	-	-
Hedge accounting derivatives				
Interest rate (Note 24)	-	-	621,462	1,535,452
Other derivatives	-	-	-	-
	<u>-</u>	<u>-</u>	<u>621,462</u>	<u>1,535,452</u>

26. OTHER NON-CURRENT LIABILITIES

As at 31 December 2014 and 2013 other current liabilities can be detailed as follows:

	31 December 2014	31 December 2013
Loans and other amounts payable to related parties		
Plaza Mayor Parque de Ocio, SA	2,017,783	2,092,131
Others	216,645	216,645
	<u>2,234,428</u>	<u>2,308,776</u>
Other creditors		
Creditors in the restructuring process of Torralta	506,206	456,039
	<u>506,206</u>	<u>456,039</u>
Deferred income	-	-
Obligations by share-based payments (Note 28)	333,229	492,056
	<u>333,229</u>	<u>492,056</u>
Other non-current liabilities	<u>3,073,863</u>	<u>3,256,871</u>

As at 31 December 2014 and 2013, other creditor's balances maturity can be detailed as follows:

31 December 2014	N+1	N+2	N+3	N+4	N+5	Total
Fixed assets suppliers	-	-	-	-	-	-
Other non-current creditors	-	-	-	-	506,206	506,206
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>506,206</u>	<u>506,206</u>
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
Continued Operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>456,039</u>	<u>456,039</u>

27. 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 2014 and 2013, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

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Year of grant	Vesting year	Number of participants	Fair Value	
			31 December 2014	31 December 2013
Shares				
2011	2014	2	-	106,579
2012	2015	7	341,223	467,581
2013	2016	8	423,280	535,181
2014	2017	7	153,131	-
Total			917,634	1,109,341

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

	31 December 2014	31 December 2013
Other non-current liabilities (Note 27)	333,229	492,056
Other current liabilities	341,223	106,579
Reserves	391,028	110,935
Staff Costs	283,425	487,700

28. TRADE ACCOUNTS PAYABLE

As at 31 December 2014 and 2013 trade accounts payable can be detailed as follows:

	31 December 2014	Payable		
		Less than 90 days	90 to 180 days	More than 180 days
Trade creditors current account				
Tourism	2,899,929	2,691,490	53,106	155,334
Energy	3,722,598	3,595,628	117,218	9,752
Refrigeration and HVAC	8,525,155	8,164,241	177,183	183,732
Other Assets	104,362	77,547	9,765	17,050
Holding and Others	786,435	501,712	124,587	160,136
	16,038,479	15,030,617	481,859	526,003
Trade creditors - Invoices Accruals	989,924	743,642	70,582	175,700
Total Operations	17,028,403	15,774,259	552,441	701,703

	31 December 2013	Payable		
		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	8,295,988	8,065,875	92,459	137,655
Other Assets	214,187	213,939	248	-
Holding and Others	638,883	622,503	9,296	7,084
	14,839,242	14,240,899	266,974	331,370
Trade creditors - Invoices Accruals	917,558	879,603	21,849	16,106
Total Operations	15,756,800	15,120,502	288,823	347,476

As at 31 December 2014 and 2013, 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.

29. OTHER CREDITORS

As at 31 December 2014 and 2013 other creditors can be detailed as follows:

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	31 December 2014	Payable		
		Less than 90 days	90 to 180 days	More than 180 days
Other creditors				
Fixed assets suppliers	1,296,713	325,800	332,871	638,042
Others	2,220,512	1,185,889	218,525	816,098
	3,517,225	1,511,689	551,396	1,454,140
Advances from customers and down payments	4,350,703			
	7,867,928			
Related parties	107,740			
Total	7,975,668			

	31 December 2013	Payable		
		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	7,003,528			

As at 31 December 2014 and 2013, 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.

30. OTHER CURRENT LIABILITIES

As at 31 December 2014 and 2013 other current liabilities can be detailed as follows:

	31 December 2014	31 December 2013
Staff Costs	5,987,039	5,610,334
Amounts invoiced for works not yet completed	4,667,245	2,777,135
Accrued expenses with purchases - Energy Segment	4,126,642	-
Interest payable	821,515	1,339,963
Expenses with construction contracts	-	429,108
Investment aid	1,601,914	1,604,523
Others	9,584,113	7,851,549
Total Operations	26,788,468	19,612,612

Refrigeration and HVAC is the segment with the most significant contribution to works not yet completed, totalling 3.4 million euros as at 31 December 2014 (2.5 million euros at 31 December 2013)

31. PROVISIONS AND ACUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses over the period ended 31 December 2014 were as follows:

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Captions	Balance as at 1 January 2014	Increases	Decreases	Utilisations	Balance as at 31 December 2014
Accumulated impairment losses on:					
Other Investments (Notes 6 and 13)	7,868,877	-	-	(7,545,095)	323,782
Other non-current assets (Note 14)	34,916	-	-	-	34,916
Trade accounts receivable (Note 16)	6,039,005	896,543	(837,707)	(1,741,361)	4,356,479
Other current assets (Note 17)	7,707,008	196,303	(122,838)	(1,424,127)	6,356,348
Stocks (Note 15)	3,725,862	3,162,695	(596,100)	-	6,292,456
Non-current provisions	3,079,824	-	-	-	3,079,824
Current provisions	2,957,713	4,041,823	(126,656)	(1,230,679)	5,642,201
	<u>31,413,205</u>	<u>8,297,364</u>	<u>(1,683,301)</u>	<u>(11,941,262)</u>	<u>26,086,006</u>

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
Stocks (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
	<u>48,961,715</u>	<u>3,671,321</u>	<u>(1,198,648)</u>	<u>(20,021,182)</u>	<u>31,413,205</u>

As at 31 December 2014 and 2013 increases in provisions and impairment losses can be detailed as follows:

	31 December 2014	31 December 2013
Provisions and impairment losses (Increases\Decreases)	(820,033)	2,067,907
Decreases of provisions and impairment losses	9,331,872	1,328,177
Provisions and impairment losses - Increases	8,511,839	3,396,084
Provisions and impairment losses recorded in cost of goods sold (note 15) and changes in inventories (note 37)	3,162,695	280,072
Impairment losses not included in this note		
Tangible assets (note 10)	(3,384,666)	(229,832)
Others	7,496	224,997
	<u>8,297,364</u>	<u>3,671,321</u>

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

As at 31 December 2014 and 2013 detail of other provisions was as follows:

	31 December 2014	31 December 2013
Judicial claims	1,802,697	1,824,313
Provision for guaranteed income	4,350,846	1,623,104
Others	2,568,482	2,590,120
	<u>8,722,025</u>	<u>6,037,537</u>

The amount considered in provision for guaranteed income, corresponds to the estimate of the difference between the amount to be charged through the properties sold in "Tróia" and the guaranteed income to property owners. The amount to be charged through the marketing of real estate, is estimated based on the average of the values obtained in previous years.

32. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2014 and 2013 the most important contingent liabilities referred to guarantees given and were made up as follows:

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	<u>31 December 2014</u>	<u>31 December 2013</u>
Guarantees given:		
on VAT reimbursements	5,064,574	5,065,159
on tax claims	5,729,805	4,015,535
on municipal claims	1,134,224	2,884,505
Others	14,418,892	14,905,311

Others include the following guarantees:

- 7,507,705 euro as at 31 December 2014 (7,862,436 euro as at 31 December 2013) of guarantees on construction works given to clients;
- 5,581,280 euro as at 31 December 2014 and as at 31 December 2013 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.

33. 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 2014 and 2013 amounted to 2,949,018 euro and 2,915,295 euro, respectively.

Additionally, as at 31 December 2014 and 2013, the Group had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Due in:		
N+1 automatically renewed	2,284,206	2,373,081
N+1	180,548	260,476
N+2	178,888	181,556
N+3	96,245	139,642
N+4	26,195	48,214
N+5	26,195	25,891
After N+5	68,185	67,506
	<u>2,860,462</u>	<u>3,096,366</u>

Lease payments arising from operational leases, in which the Group acts as a lessee, recognized as an expense during the period ended 31 December 2014 and 2013 amounted to 3,296,974 euro and 3,011,109 euro, respectively.

Additionally, as at 31 December 2014 and 2013, the Group had operational lease contracts, as a lessee, whose minimum lease payments (fixed income) had the following payment schedule:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Due in:		
N+1 automatically renewed	1,796,942	1,779,864
N+1	1,107,046	1,028,475
N+2	729,388	656,311
N+3	560,439	438,898
N+4	508,802	375,648
N+5	398,362	347,797
After N+5	1,017,697	1,445,132
	<u>6,118,676</u>	<u>6,072,125</u>

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34. TURNOVER

Turnover for the year ended 31 December 2014 and 2013 was as follows:

	31 December 2014	31 December 2013
Sale of goods	83,277,861	54,373,523
Sale of products	30,701,322	14,290,986
	<u>113,979,183</u>	<u>68,664,509</u>
Services Rendered	63,986,078	67,203,120
Total Operations	<u><u>177,965,261</u></u>	<u><u>135,867,629</u></u>

The increase in the sale of goods is caused mainly by the acquisition in 2014 of several companies of the Energy segment, totalling 32,868,218 euro from March to December 2014.

The sale of products includes amounts related to the sale of real estate, totalling 28.2 million euro as at 31 December 2014 (13.9 million euro at 31 December 2013)

35. OTHER OPERATIONAL INCOME

Other operational income for the year ended 31 December 2014 and 2013 was as follows:

	31 December 2014	31 December 2013
Own work capitalised	2,766,356	2,931,101
Gains on sales of assets	1,558,189	2,132,932
Supplementary income	745,506	1,416,982
Others	2,997,546	1,780,891
Total Operations	<u><u>8,067,597</u></u>	<u><u>8,261,906</u></u>

36. CHANGES IN INVENTORIES

Changes in Inventories for the years ended 31 December 2014 and 2013 was as follows:

	31 December 2014	31 December 2013
Finished goods	(15,045,655)	(8,136,473)
Work in progress	(2,779,601)	555,644
	<u>(17,825,256)</u>	<u>(7,580,828)</u>
	(215,447)	-
Total Operations	<u><u>(18,040,703)</u></u>	<u><u>(7,580,828)</u></u>

Changes in Inventories were calculated as follows:

	31 December 2014	31 December 2013
Opening stocks	149,337,662	156,939,682
Stock adjustments	209,274	(21,192)
Closing stocks (note 15)	131,721,679	149,337,662
	<u>(17,825,257)</u>	<u>(7,580,828)</u>
Impairment losses (note 37)	(217,325)	-
Reversion of impairment losses	1,879	-
Total Operations	<u><u>(18,040,703)</u></u>	<u><u>(7,580,828)</u></u>

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37. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2014 and 2013, external supplies and services were made up as follows:

	31 December 2014	31 December 2013
Subcontracts	14,566,854	15,661,525
Services	6,511,821	6,277,633
Rents	6,114,912	6,018,738
Fees	784,261	1,178,176
Maintenance	3,816,731	2,953,120
Cleaning, health and safety	2,568,759	2,509,273
Electricity	2,417,071	2,286,840
Travelling expenses	1,007,408	1,025,151
Publicity	5,515,646	3,157,567
Fuel	809,790	905,108
Security	575,579	583,859
Communication	894,122	759,914
Commissions	3,063,689	1,527,139
Other fluids	1,379,039	1,514,557
Insurance	774,757	864,074
Others	3,782,450	3,411,852
Total Operations	54,582,889	50,634,526

Refrigeration and HVAC is the segment with the most significant contribution to subcontracts, totalling 13.4 million euros as at 31 December 2014 (14.1 million euros at 31 December 2013)

38. STAFF COSTS

As at 31 December 2014 and 2013, staff costs were made up as follows:

	31 December 2014	31 December 2013
Salaries	27,074,976	27,140,840
Social security contributions	4,842,005	5,172,559
Insurance	582,486	596,170
Welfare	201,379	166,069
Other staff costs	1,217,355	2,867,342
Total Operations	33,918,201	35,942,980

39. OTHER OPERATIONAL EXPENSES

As at 31 December 2014 and 2013, other operational expenses were made up as follows:

	31 December 2014	31 December 2013
Losses on sales of assets	59,350	81,870
Other taxes	937,843	413,969
Property tax	895,013	713,211
Doubtful debts written-off	98,135	165
Others	1,973,520	1,611,043
Total Operations	3,963,861	2,820,258

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40. NET FINANCIAL EXPENSES

As at 31 December 2014 and 2013, net financial expenses were made up as follows:

	31 December 2014	31 December 2013
Expenses:		
Interest payable		
Related with bank loans and overdrafts	5,792,179	7,516,990
Related with bank non-convertible bonds	2,256,930	1,090,878
Related with finance leases	478,630	528,106
Related with hedge accounting derivatives	1,178,311	976,836
Others	373,055	334,970
	<u>10,079,106</u>	<u>10,447,780</u>
Exchange Losses	1,208	103
Payment discounts given	1,984	2,967
Up-front fees	1,000	1,777,010
Other financial expenses	2,861,982	379,706
	<u>12,945,280</u>	<u>12,607,566</u>
Income:		
Interest receivable	1,393,628	1,030,763
Other financial income	35,223	89,634
	<u>1,428,851</u>	<u>1,120,397</u>
Net financial expenses	<u>(11,516,429)</u>	<u>(11,487,169)</u>

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41. INVESTMENT INCOME

As at 31 December 2014 and 2013, Investment income was made up as follows:

	31 December 2014	31 December 2013
Dividends	235,135	220,681
Equity settlement of group companies	(1,108)	-
Gain on acquisition of companies in the Energy segment	37,985	-
Adjustment to the selling price of "Contacto-Sociedade de Construções, S.A."	(2,150,000)	-
Adjustment to the selling price of "Box Lines Navegação"	2,660,262	-
Capital increase of "Spinaraq - Moçambique" with reduction of shareholding percentage	30,031	-
Sale of "Saúde Atlantica - Gestão Hospitalar", S.A. and its affiliates	-	521,621
Gains on disposal of investments in group companies	577,170	521,621
Sale of "Sear - Sociedade Europeia de Arroz, S.A."	-	234,969
Price adjustment of "Sodesa, S.A."	-	8,431
Gains on disposal in associated and in jointly controlled companies	-	243,400
Equity settlement in other investments	(106,220)	-
Sale of "APOR - Agência para a modernização do Porto, S.A."	78,392	-
Sale of units from "Fundo de Investimento Imobiliário Fechado Imosede"	-	111,688
Income from "Fundo de Investimento Imobiliário Fechado Imosede"	1,916,178	3,010,570
Income from "Fundo de Investimento Imobiliário Imosona Dois"	8,100	8,224
Gains/(Losses) on sale of other investments	1,896,450	3,130,482
Others	(112)	(103)
Investment Income	2,708,643	4,116,081

42. TAXATION

As at 31 December 2014 and 2013, Taxation was made up as follows:

	31 December 2014	31 December 2013
Current tax	2,785,985	2,679,436
Deferred tax	1,715,615	(284,606)
Taxation	4,501,600	2,394,830

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2014 and 2013 may be summarised as follows:

	31 December 2014	31 December 2013
Profit before income tax	(1,795,390)	(10,854,823)
Difference between accounting and tax treatment of capital gains/(losses)	(9,772,048)	(6,533,793)
Share of gains/(losses) of associated undertakings (note 6)	(8,223,458)	(5,060,825)
Provisions and impairment losses not accepted for tax purposes	(14,761,860)	(17,798,712)
Other permanent differences	7,994,840	2,159,940
Taxable Profit	(26,557,916)	(38,088,213)
Use of tax losses carried forward	(14,012,138)	315,321
Recognition of tax losses that have not originated deferred tax assets	48,549,024	37,363,215
	7,978,970	(409,677)
Income tax rate in Portugal	23.00%	25.00%
	1,835,163	(102,419)
Effect of different income tax rates in other countries	28,067	(6,701)
Effect of increases or decreases in deferred taxes	1,715,615	1,982,547
Municipality tax	859,931	238,253
Under / (over) taxation estimates	(125,732)	129,020
Autonomous taxes and tax benefits	188,556	154,130
Taxation	4,501,600	2,394,830

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43. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 31 December 2014 and 2013, the reconciliation of consolidated net profit can be analysed as follows:

	31 December 2014	31 December 2013
Aggregate net profit	61,698,212	(11,233,149)
Harmonisation adjustments	2,180,994	(1,655,042)
Elimination of intragroup dividends	(173,282,508)	(18,814,395)
Share of gains/(losses) of associated undertakings	8,223,458	5,060,825
Elimination of intragroup capital gains/(losses)	59,681,362	(4,257)
Elimination of intragroup impairment	33,104,534	8,690,306
Adjustments of gains/(losses) of financial shareholdings sale	1,817,268	4,706,059
Others	279,690	-
Consolidated net profit for the year	(6,296,990)	(13,249,653)

44. RELATED PARTIES

Balances and transactions during the periods ended 31 December 2014 and 2013 with related parties are detailed as follows:

	Sales and services rendered		Purchases and services obtained	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Transactions				
Parent company (a)	-	-	-	-
Associated companies	288,195	-	24,019	24,367
Other partners and Group companies (b)	34,227,763	33,689,532	5,392,659	6,724,575
	<u>34,515,958</u>	<u>33,689,532</u>	<u>5,416,678</u>	<u>6,748,942</u>
	Interest income		Interest expenses	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Transactions				
Parent company (a)	-	-	-	-
Associated companies	1,020,380	947,243	-	-
Other partners and Group companies (b)	-	-	127,689	139,610
	<u>1,020,380</u>	<u>947,243</u>	<u>127,689</u>	<u>139,610</u>
	Accounts receivable		Accounts payable	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Balances				
Parent company (a)	-	-	-	-
Associated companies	1,599,727	937,076	18,980	1,812
Other partners and Group companies (b)	11,254,391	8,463,343	2,243,084	2,415,720
	<u>12,854,118</u>	<u>9,400,419</u>	<u>2,262,064</u>	<u>2,417,532</u>
	Loans obtained		Loans granted	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Balances				
Parent company (a)	-	-	-	-
Associated companies	-	-	19,368,854	18,397,346
Other partners and Group companies (b)	2,017,783	2,092,131	-	-
	<u>2,017,783</u>	<u>2,092,131</u>	<u>19,368,854</u>	<u>18,397,346</u>

a) The parent company is Efanor Investimentos, SGPS, SA;

b) Balances and transactions with Group Sonae, SGPS and Group Sonae Indústria, SGPS, SA are included under Other partners in Group companies.

Remunerations attributed in 2014 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 744,297 euro (653,278 euro in 2013), of which

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587,951 euro (553,811 euro in 2013) are fixed remunerations and 156,346 euro (99,467 euro in 2013) are performance bonuses.

45. EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2014 and 2013 were calculated taking into consideration the following amounts:

	31 December 2014	31 December 2013
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	(6,832,009)	(13,200,373)
Net profit taken into consideration to calculate diluted earnings per share	(6,832,009)	(13,200,373)
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	246,211,552	247,182,143
Weighted average number of shares used to calculated diluted earnings per share	246,211,552	247,182,143
Earnings per share (basic and diluted)	<u>(0.027749)</u>	<u>(0.053403)</u>

There are no convertible instruments included in Sonae Capital, SGPS, SA's shares, hence there is no dilutive effect.

46. CASH RECEIPTS/PAYMENTS RELATED TO INVESTMENTS

As at 31 December 2014 and 2013, cash receipts and cash payments related to investments can be analysed as follows:

	31 December 2014		31 December 2013	
	Amount received	Amount paid	Amount received	Amount paid
Sale of units from "Fundo de Investimento Imobiliário Fechado Imosede"	5,000,134	-	10,000,541	-
Income from "Fundo de Investimento Imobiliário Fechado Imosede"	1,916,178	-	3,010,570	-
Sale of "Sociedade Imobiliária Tróia B3, S.A."	2,457,492	-	2,457,492	-
Sale of "APOR - Agência para a modernização do Porto, S.A."	300,000	-	-	-
Acquisition of companies in the Energy segment	-	3,228,529	-	-
Adjustment to the selling price of "Contacto-Sociedade de Constr., SA"	-	2,150,000	-	-
Sale of "Sear - Sociedade Europeia de Arroz, S.A."	-	-	385,000	-
Sale of "Saúde Atlantica - Gestão Hospitalar", S.A. and its affiliates	99,129	-	200,000	-
Other	112,972	22,697	25,704	69,448
Total Operations	<u>9,885,905</u>	<u>5,401,226</u>	<u>16,079,307</u>	<u>69,448</u>

47. SEGMENT INFORMATION

In 31 December 2014 and 2013, the following were identified as segments:

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- Sonae Turismo:
 - Resorts
 - Hotels
 - Fitness
 - Other
- Energy
- Refrigeration and HVAC
- Other Assets:
 - Real Estate Assets
 - Financial Assets
- Holding and Others

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The contribution of the business segments to the income statement of the periods ended 31 December 2014 and 2013 can be detailed as follows:

31 December 2014					
Profit & Loss Account	Sales	Services rendered	Other operational income	Total operational income	Operational cash-flow (EBITDA)
Resorts	30,679,663	9,678,593	2,391,057	42,749,313	3,076,324
Hotels	51,028	15,058,010	546,880	15,655,918	-4,755,340
Fitness	197,491	13,539,522	283,602	14,020,615	1,207,252
Other	0	898,250	583,110	1,481,360	576,198
Intersegment Adjustments	-830	-3,299,895	-976,534	-4,277,259	13,134
Tourism	30,927,352	35,874,480	2,828,115	69,629,947	117,568
Energy	46,939,353	470,525	1,808,821	49,218,699	9,546,638
Refrigeration and HVAC	33,945,782	27,096,746	594,554	61,637,082	698,096
Real Estate Assets	1,206,686	7,280,928	286,180	8,773,794	3,570,446
Financial Assets	0	0	12,963	12,963	-388,555
Intersegment Adjustments	0	0	0	0	0
Total Other Assets	1,206,686	7,280,928	299,143	8,786,757	3,181,891
Holding & Others	0	6,031,717	75,544	6,107,261	-1,835,322
Discontinued Operations	1,630,287	232,812	183,251	2,046,350	-286,454
Intersegment Adjustments	-670,277	-13,001,130	2,278,165	-11,393,238	-30,591
Consolidated	113,979,183	63,986,078	8,067,593	186,032,854	11,391,826

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	3,326,601	28,868,550	2,407,176
Hotels	55,863	13,833,018	609,484	14,498,365	-5,384,116
Fitness	162,626	11,342,308	551,238	12,056,172	600,190
Other	0	1,173,733	299,523	1,473,256	218,927
Intersegment Adjustments	-941	-3,586,859	-989,221	-4,577,021	-3,890
Tourism	16,982,024	31,539,673	3,797,625	52,319,322	-2,161,713
Energy	13,339,683	184,943	361,743	13,886,369	3,338,763
Refrigeration and HVAC	33,534,769	30,452,093	690,023	64,676,885	3,408,609
Real Estate Assets	544,450	7,333,562	254,778	8,132,790	3,851,348
Financial Assets	744	25,332	721,236	747,312	-194,396
Intersegment Adjustments	0	0	0	0	0
Total Other Assets	545,194	7,358,894	976,014	8,880,102	3,656,952
Holding & Others	0	5,556,097	257,753	5,813,850	-2,337,724
Discontinued Operations	7,314,364	4,326,972	383,129	12,024,465	-1,233,513
Intersegment Adjustments	-3,051,525	-12,215,552	1,795,619	-13,471,458	-12,355
Consolidated	68,664,509	67,203,120	8,261,906	144,129,535	4,659,019

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The contribution of the business segments to the Balance sheets as at 31 December 2014 and 2013 can be detailed as follows:

31 December 2014								
Balance Sheet	Fixed Assets Tangible and Intangible	Investments	Other Assets	Total Assets	Total Liabilities	Technical investment	Gross Debt	Net Debt
Resorts	105,991,385	57,234	135,627,149	241,675,768	194,191,918	1,776,183	16,056,102	15,870,956
Hotels	1,318,938	10,910	12,884,373	14,214,221	25,605,656	470,708	0	-115,806
Fitness	9,301,498	21,978	2,854,314	12,177,790	8,905,387	1,285,193	734,375	683,804
Other	1,502	119,842	285,012,874	285,134,218	187,943,736	0	0	-9,754
Intersegment Adjustments	0	0	-170,345,128	-170,345,128	-170,342,712	0	0	0
Tourism	116,613,323	209,964	266,033,582	382,856,869	246,303,985	3,532,084	16,790,477	16,429,199
Energy	25,857,718	109,856	12,489,510	38,457,084	38,162,518	2,637,973	11,382,132	10,986,752
Refrigeration and HVAC	557,181	611	52,021,780	52,579,572	19,694,972	311,956	1,283,258	35,021
Real Estate Assets	104,860,837	14,764,821	133,939,509	253,565,168	209,499,167	1,740,295	0	-2,117,259
Financial Assets	0	19,692,552	61,475,175	81,167,727	13,667,762	0	0	-16,334
Intersegment Adjustments	0	0	3,806,937	3,806,937	0	0	0	0
Total Other Assets	104,860,837	34,457,373	199,221,621	338,539,831	223,166,929	1,740,295	0	-2,133,592
Holding & Others	846,277	20,034,382	451,099,409	471,980,068	447,130,099	743,862	214,332,940	209,212,362
Discontinued Operations	0	0	217,277	217,277	10,784,063	0	0	-68,485
Intersegment Adjustments	0	0	-648,638,936	-648,638,936	-656,588,094	0	0	0
Consolidated	248,735,336	54,812,186	332,444,244	635,991,765	328,654,472	8,966,171	243,788,807	234,461,257

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	259,746,576	156,927,406	617,794	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	1,761,853	11,186,524	9,887,446	502,800	1,240,792	1,198,570
Other	4,489	341,450	123,672,141	124,018,080	243,598,480	0	24,296	-6,689
Intersegment Adjustments	0	0	-138,720,005	-138,720,005	-138,712,020	0	0	0
Tourism	115,966,327	531,637	152,606,384	269,104,348	295,716,410	1,294,092	19,601,101	19,373,576
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	46,312,512	46,686,526	15,481,189	38,657	767,756	430,279
Real Estate Assets	107,375,160	20,084,089	103,624,966	231,084,215	160,459,401	371,489	50,035	-1,062,597
Financial Assets	234,843	12,366,945	50,785,054	63,386,842	20,803,840	159,677	455,459	283,541
Intersegment Adjustments	0	0	4,164,013	4,164,013	0	0	0	0
Total Other Assets	107,610,003	32,451,034	158,574,033	298,635,070	181,263,241	531,166	505,494	-779,056
Holding & Others	735,993	19,013,320	416,120,995	435,870,308	243,563,946	433,778	217,605,606	216,812,506
Discontinued Operations	0	0	4,638,546	4,638,546	13,108,607	1,355	268	-351,566
Intersegment Adjustments	0	0	-450,462,288	-450,462,288	-454,098,688	0	0	0
Consolidated	246,298,054	51,998,550	335,139,814	633,436,418	320,276,079	6,840,332	249,019,641	246,021,678

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Contribution of the main business segments to the cash-flow statement for the periods ended 31 December 2014 and 2013 can be detailed as follows:

31 December 2014						
	Tourism	Energy	Refrigeration and HVAC	Other Assets	Holding and Others	Consolidated
Operating activities	23,226,324	9,668,090	3,329,596	144,261	(6,533,801)	29,834,470
Investment activities	2,376,522	3,533,136	(254,268)	(5,023,062)	(218,816)	413,512
Financing activities	(3,485,238)	(5,660,374)	(707,315)	(9,063)	(15,174,410)	(25,036,400)
Change in cash and cash equivalents	22,117,608	7,540,852	2,368,013	(4,887,864)	(21,927,027)	5,211,582

31 December 2013						
	Tourism	Energy	Refrigeration and HVAC	Other Assets	Holding and 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

Net debt of the Holding can be analysed as follows:

	31 December 2014
Inflows	
Gross Bank Debt	214,332,940
Cash and Cash Equivalents	5,113,202
Net bank debt	209,219,738
Tourism - Resorts	9,000
Tourism - Hotels	3,610,000
Refrigeration and HVAC	14,301,000
Other Assets	199,715,431
Intercompany ST Loans Obtained	217,635,431
Total Inflows	426,855,168
Outflows	
Tourism - Resorts	455,000
Tourism - Fitness	4,026,968
Energy	12,982,500
Other Assets	387,355,663
Intercompany Loans Granted	404,820,131

Sonae Capital's average headcount can be detailed as follows:

	31 December 2014	31 December 2013
Tourism	570	520
Energy	40	19
Refrigeration and HVAC	572	578
Other Assets	13	94
Holding and Others	93	95
Total Operations	1,288	1,306

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Consolidated Financial Statements

48. COMPLIANCE WITH LEGAL REQUIREMENTS

Decree Law Nr. 185/09 article 11

During the years ended 31 December 2014 and 2013, the following amounts have been paid to the company's external auditor:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Audit and Statutory Audit ¹	176,336	88,286
Other Assurance ²	1,000	42,970
Tax Consultancy ²	6,000	38,772
Other Services ²	30,800	838
Total	<u><u>214,136</u></u>	<u><u>170,866</u></u>

¹ Fees agreed for the year.

² Amounts already paid.

49. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 31 December 2014.

50. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 03 March 2015.

The Board of Directors

INDIVIDUAL FINANCIAL STATEMENTS

31 DECEMBER 2014



SONAE CAPITAL

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Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL BALANCE SHEETS AS AT 31 DECEMBER 2014 AND 31 DECEMBER 2013

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

(Amounts expressed in euro)

ASSETS	Notes	31 December 2014	31 December 2013
NON CURRENT ASSETS:			
Tangible assets		28,987	4,668
Investments	4	434,115,996	576,779,243
Deferred tax assets	7	4,069,727	407,059
Other non current assets	5	197,085,531	153,051,695
Total Non Current Assets		<u>635,300,241</u>	<u>730,242,665</u>
CURRENT ASSETS:			
Other current assets	6	573,184,059	6,970,428
Cash and cash equivalents	8	5,112,291	786,250
Total Current Assets		<u>578,296,350</u>	<u>7,756,678</u>
TOTAL ASSETS		<u>1,213,596,591</u>	<u>737,999,343</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share Capital	9	250,000,000	250,000,000
Own shares	9	(1,486,301)	(1,124,125)
Legal reserve	10	8,611,464	8,307,376
Other reserves	10	293,493,001	287,715,325
Profit / (Loss) for the period		17,035,205	6,081,764
TOTAL EQUITY		<u>567,653,369</u>	<u>550,980,341</u>
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans	11	75,613,439	66,148,229
Bonds	11	52,013,159	9,999,265
Other non current liabilities		157,880	167,556
Total Non Current Liabilities		<u>127,784,478</u>	<u>76,315,050</u>
CURRENT LIABILITIES			
Suppliers		107,498	229,793
Bank loans	11	36,293,800	90,250,000
Other creditors	12	476,548,040	18,798,082
Other current liabilities	13	5,209,406	1,426,077
Total Current Liabilities		<u>518,158,744</u>	<u>110,703,952</u>
TOTAL EQUITY AND LIABILITIES		<u>1,213,596,591</u>	<u>737,999,343</u>

The accompanying notes are an integral part of these financial statements

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Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENTS BY NATURE

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014 AND 2013

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

(Amounts expressed in euro)

	<u>Notes</u>	<u>31 December 2014</u>	<u>31 December 2013</u>
Operational income			
Other operational income		22,614	84,890
Total operational income		<u>22,614</u>	<u>84,890</u>
Operational expenses			
External supplies and services	14	(439,162)	(1,438,340)
Staff costs	16	(1,029,244)	(826,656)
Depreciation and amortisation		(3,769)	(2,333)
Other operational expenses		(53,465)	(38,057)
Total operational expenses		<u>(1,525,640)</u>	<u>(2,305,386)</u>
Operational profit/(loss)		<u>(1,503,026)</u>	<u>(2,220,497)</u>
Financial income	17	10,795,440	9,849,467
Financial expenses	17	<u>(9,938,257)</u>	<u>(9,903,016)</u>
Net financial income/(expenses)		857,183	(53,549)
Investment income	17	<u>10,914,428</u>	<u>8,385,687</u>
Profit/(loss) before taxation		<u>10,268,585</u>	<u>6,111,641</u>
Taxation	18	6,766,620	(29,877)
Profit/(loss) for the period		<u>17,035,205</u>	<u>6,081,764</u>
Profit/(loss) per share			
Basic and diluted	19	0.069189	0.024604

The accompanying notes are an integral part of these financial statements

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SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENT BY NATURE

FOR THE THREE MONTHS ENDED 31 DECEMBER 2014 AND 2013

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

(Amounts expressed in euro)

	4 th Quarter 2014 (Unaudited)	4 th Quarter 2013 (Unaudited)
Operational income:		
Other operational income	1,139	70,644
Total operational income	<u>1,139</u>	<u>70,644</u>
Operational expenses:		
External supplies and services	(108,017)	(278,650)
Staff costs	(169,602)	(210,725)
Depreciation and amortisation	(1,009)	(875)
Other operational expenses	(38,059)	23,618
Total operational expenses	<u>(316,687)</u>	<u>(466,632)</u>
Operational profit/(loss)	<u>(315,548)</u>	<u>(395,989)</u>
Financial income	2,969,279	2,780,405
Financial expenses	<u>(2,182,261)</u>	<u>(2,643,826)</u>
Net financial income/(expenses)	787,018	136,579
Investment income	<u>(4,876,387)</u>	<u>(5,096,619)</u>
Profit/(loss) before taxation	<u>(4,404,917)</u>	<u>(5,356,029)</u>
Taxation	1,030,934	(527,369)
Profit/(loss) for the period	<u>(3,373,983)</u>	<u>(5,883,398)</u>
Profit/(loss) per share		
Basic and diluted	(0.013704)	(0.023802)

The accompanying notes are part of these financial statements

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SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014 AND 2013

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

(Amounts expressed in euro)

	<u>31 December 2014</u>	<u>31 December 2013</u>
Net profit for the period	17,035,205	6,081,764
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	<u>17,035,205</u>	<u>6,081,764</u>

The accompanying notes are an integral part of these financial statements

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SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 DECEMBER 2014 AND 2013

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

(Amounts expressed in euro)

	<u>4th Quarter 2014 (Unaudited)</u>	<u>4th Quarter 2013 (Unaudited)</u>
Net profit for the period	(3,373,983)	(5,883,398)
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	<u>(3,373,983)</u>	<u>(5,883,398)</u>

The accompanying notes are part of these financial statements

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Individual Financial Statements

SONAE CAPITAL SGPS, SA

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014 AND 2013

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

(Amounts expressed in euro)

	Share Capital	Own Shares	Legal Reserve	Other Reserves	Sub total	Net profit / (loss)	Total Equity
Balance as at 1 January 2013	250,000,000	(264,705)	8,307,376	288,710,416	297,017,792	(995,091)	545,757,996
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	<u>250,000,000</u>	<u>(1,124,125)</u>	<u>8,307,376</u>	<u>287,715,325</u>	<u>296,022,701</u>	<u>6,081,764</u>	<u>550,980,341</u>
Balance as at 1 January 2014	250,000,000	(1,124,125)	8,307,376	287,715,325	296,022,701	6,081,764	550,980,341
Total comprehensive income for the period	-	-	-	-	-	17,035,205	17,035,205
Appropriation of profits:							
Transfer to legal reserve and retained earnings	-	-	304,088	5,777,676	6,081,764	(6,081,764)	-
Dividends distributed	-	-	-	-	-	-	-
Acquisition/(disposal) of own shares	-	(362,177)	-	-	-	-	(362,177)
Others	-	-	-	-	-	-	-
Balance as at 31 December 2014	<u>250,000,000</u>	<u>(1,486,301)</u>	<u>8,611,464</u>	<u>293,493,001</u>	<u>302,104,465</u>	<u>17,035,205</u>	<u>567,653,369</u>

The accompanying notes are an integral part of these financial statements

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Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL CASH FLOW STATEMENTS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014 AND 2013

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

(Amounts expressed in euro)

	Notes	31 December 2014	31 December 2013
<u>OPERATING ACTIVITIES</u>			
Cash paid to trade creditors		552,793	1,441,952
Cash paid to employees		753,043	819,131
Cash flow generated by operations		<u>(1,305,836)</u>	<u>(2,261,083)</u>
Income taxes (paid)/received		(623,877)	671,543
Other cash receipts/(payments) relating to operating activities		<u>(167,454)</u>	<u>(377,713)</u>
Net cash flow from operating activities [1]		<u><u>(849,413)</u></u>	<u><u>(3,310,339)</u></u>
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments	21	32,597,559	188
Interest and similar income		9,528,735	9,972,687
Dividends		125,805,486	12,355,245
Others		746,313	2,023,374
Loans obtained		<u>191,422,949</u>	<u>48,207,348</u>
		<u>360,101,042</u>	<u>72,558,842</u>
Cash payments arising from:			
Investments	21	330,699,459	-
Tangible assets		18,574	7,000
Loans granted		<u>464,521,489</u>	<u>47,595,400</u>
		<u>795,239,522</u>	<u>47,602,400</u>
Net cash flow from investment activities [2]		<u><u>(435,138,480)</u></u>	<u><u>24,956,442</u></u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Sale of own shares		42,606	-
Loans obtained		<u>505,402,128</u>	<u>20,300,000</u>
		<u>505,444,734</u>	<u>20,300,000</u>
Cash Payments arising from:			
Interest and similar costs		10,766,017	9,673,022
Acquisition of own shares		404,783	859,420
Loans obtained		<u>53,960,000</u>	<u>31,000,430</u>
		<u>65,130,800</u>	<u>41,532,872</u>
Net cash flow from financing activities [3]		<u><u>440,313,934</u></u>	<u><u>(21,232,872)</u></u>
Net increase/(decrease) in cash and cash equivalents [4] = [1]+[2]+[3]		<u>4,326,041</u>	<u>413,231</u>
Cash and cash equivalents at the beginning of the period	8	<u>786,250</u>	<u>373,019</u>
Cash and cash equivalents at the end of the period	8	<u><u>5,112,291</u></u>	<u><u>786,250</u></u>

The accompanying notes are an integral part of these financial statements

REPORT AND ACCOUNTS 2014

Individual Financial Statements

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED 31 DECEMBER 2014 AND 2013

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

(Amounts expressed in euro)

	4 th Quarter 2014 (Unaudited)	4th Quarter 2013 (Unaudited)
<u>OPERATING ACTIVITIES</u>		
Cash paid to trade creditors	149,699	222,654
Cash paid to employees	211,232	266,667
Cash flow generated by operations	<u>(360,931)</u>	<u>(489,321)</u>
Income taxes (paid)/received	212,632	846,945
Other cash receipts/(payments) relating to operating activities	<u>199,786</u>	<u>282,782</u>
Net cash flow from operating activities [1]	<u><u>(373,777)</u></u>	<u><u>(1,053,484)</u></u>
<u>INVESTMENT ACTIVITIES</u>		
Cash receipts arising from:		
Investments	32,597,559	188
Interest and similar income	(583,347)	1,009,777
Dividends	110,934,700	-
Others	746,313	2,023,374
Loans granted	<u>149,054,315</u>	<u>35,663,561</u>
	<u>292,749,540</u>	<u>38,696,900</u>
Cash payments arising from:		
Investments	330,699,459	-
Tangible assets	16,960	-
Loans granted	<u>417,763,080</u>	<u>27,995,900</u>
	<u>748,479,499</u>	<u>27,995,900</u>
Net cash flow from investment activities [2]	<u><u>(455,729,959)</u></u>	<u><u>10,701,000</u></u>
<u>FINANCING ACTIVITIES</u>		
Cash receipts arising from:		
Loans obtained	<u>434,402,128</u>	<u>700,000</u>
	<u>434,402,128</u>	<u>700,000</u>
Cash Payments arising from:		
Interest and similar costs	2,887,524	2,356,539
Acquisition of own shares	-	358,072
Loans obtained	<u>(29,309,806)</u>	<u>7,195,630</u>
	<u>(26,422,282)</u>	<u>9,910,241</u>
Net cash from financing activities [3]	<u><u>460,824,410</u></u>	<u><u>(9,210,241)</u></u>
Net increase/(decrease) in cash and cash equivalents [4] = [1]+[2]+[3]	<u>4,720,674</u>	<u>437,275</u>
Cash and cash equivalents at the beginning of the period	<u>15,242</u>	<u>348,975</u>
Cash and cash equivalents at the end of the period	<u><u>301,335</u></u>	<u><u>786,250</u></u>

The accompanying notes are an integral part of these financial statements

SONAE CAPITAL, SGPS, SA

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014 and 2013
(Translation from the Portuguese Original)
(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. MAIN ACCOUNTING POLICIES

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

2.1 Basis of preparation

The accompanying individual 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 2014.

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

c) In force for fiscal year 2014 and with no material impact on the consolidated financial statements at 31 December 2014:

	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

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d) In force for periods subsequent to 31 December 2014:

	Date of endorsement by the EU	Effective Date (Started on or after)
IFRIC 21 - Levies	13-06-2014	17-06-2014
Annual Improvements to International Financial Reporting Standards - 2010-2012	17-12-2014	01-07-2014
Annual Improvements to International Financial Reporting Standards - 2011-2013	18-12-2014	01-01-2015

There will be no material impacts on future financial statements of the Group from adopting 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

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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.

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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;

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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.

The Company is subject to a special fiscal regime applicable to Group companies, according article 69 and next of the IRC code (RETGS), being part of a fiscal perimeter whose mother company is Sonae Capital SGPS, SA. Companies being part of the perimeter of the Group of companies subject to this regime calculate and account for Tax Income as on a stand-alone basis. The tax savings attributed to the RETGS is accounted for at the mother company.

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

e) 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;

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- 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.

f) 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.

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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 2014 would have been higher/lower by 174,092.4 euro (as at 31 December 2013 they would have been higher/lower by 141,658.31 euro).

g) Exchange rate risk

Sonae Capital is not exposed to a exchange risk.

h) 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 Risk

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);

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- 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. FINANCIAL INVESTMENTS

As at 31 December 2014 and 31 December 2013 Investments are detailed as follows:

	31 December 2014	31 December 2013
Investments in affiliated and associated undertakings	494,491,377	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
Matadouro Alto Alentejo, SA - (0,89%)	1	-
NET Novas Tecnologias, SA - (2,80%)	23,034	-
Saúde Atlântica - Gestão Hospitalar, SA (0,01%)	34	-
Fundo F HITEC - (6,46%)	250,950	-
	<u>494,769,143</u>	<u>584,199,272</u>
Impairment	<u>(60,653,147)</u>	<u>(7,420,029)</u>
	<u>434,115,996</u>	<u>576,779,243</u>

4.1 Investments in affiliated and associated undertakings

As at 31 December 2014 and 31 December 2013, the detail of Investments in Affiliated and Associated Companies is as shown in the table below

Company		31 December 2014					(Loss) for the period
		% Held	Fair Value	Book Value	Fair Value Reserve	Equity	
CAPWATT, S.G.P.S., S.A.	a)	100.00%	-	2,725,000	-	2,705,388	(19,612)
Fundo Esp de Invest. Imob Fechado WTC		59.57%	-	42,057,274	-	70,328,267	2,177,577
Imoareaia - Invest. Turísticos, S.G.P.S., S.A.	b)	100.00%	-	167,132,793	-	82,812,376	(428,587)
Interlog - SGPS, S.A.	b)	98.938%	-	21,658,210	-	21,753,654	84,688
Lidergraf - Artes Gráficas, SA.	b)	24.50%	-	1,125,301	-	5,315,674	927,549
Praedium SGPS, S.A.	b)	100.00%	-	25,577,659	-	20,264,008	(2,512,717)
Sonae Turismo, S.G.P.S., S.A.	d)	100.00%	-	93,714,351	-	53,056,218	(23,739,606)
SC Finance B.V.	b)	100.00%	-	263,698	-	294,502	16,205
SC, S.G.P.S., S.A.	c)	-	-	-	-	-	-
SC-Eng. e Promoção imobiliária, S.G.P.S., S.A.	b)	100.00%	-	34,575,100	-	27,117,565	(865,317)
Sistavac, SGPS, S.A.	b)	70.00%	-	32,492,436	-	41,148,204	448,657
Solinca - Health & Fitness, S.A.	b)	100.00%	-	13,553,639	-	1,220,444	(279,556)
SC Hospitality, SGPS, S.A.	c),e)	-	-	-	-	161,881,455	80,590,255
Spred, S.G.P.S., S.A.		100.00%	-	59,615,917	-	40,939,316	23,292,661
Total				494,491,377			

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Company	31 December 2013					(Loss) for the period
	% Held	Fair Value	Book Value	Fair Value Reserve	Equity	
CAPWATT, S.G.P.S., S.A.	-	-	-	-	-	-
Fundo Esp de Invest. Imob Fechado WTC	59.57%	-	42,057,274	-	69,051,803	3,254,971
Imoareia - Invest. Turísticos, S.G.P.S., S.A.	-	-	-	-	-	-
Interlog - SGPS, S.A.	-	-	-	-	-	-
Lidergraf - Artes Gráficas, SA.	-	-	-	-	-	-
Praedium SGPS, S.A.	-	-	-	-	-	-
Sonae Turismo, S.G.P.S., S.A.	74.64%	-	82,000,000	-	115,085,736	3,000,406
SC Finance B.V.	-	-	-	-	-	-
SC, S.G.P.S., S.A.	100.00%	-	382,638,253	-	396,003,917	12,186,260
SC-Eng. e Promoção imobiliária, S.G.P.S., S.A.	-	-	-	-	-	-
Sistavac, SGPS, S.A.	-	-	-	-	-	-
Solinca - Health & Fitness, S.A.	-	-	-	-	-	-
SC Hospitality, SGPS, S.A	23.08%	-	37,500,000	-	81,291,201	(6,014,815)
Spred, S.G.P.S., S.A.	54.05%	-	40,000,000	-	74,699,021	2,160,385
Total			584,195,526			

- a) company establish in 2014
- b) company acquired in 2014
- c) company sold in 2014
- d) company previously SC Assets SGPS, SA
- e) company previously Sonae Turismo SGPS, SA

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 or DCF methodology, to assess the fair value of such investments

As at 31 December 2014 and 31 December 2013, the detail of Impairments on Investments in Affiliated and Associated Companies is as shown in the table below.

	31 December 2014	31 December 2013
Fundo Esp.Inv.Imo.Fec. WTC	(159,628)	(920,029)
SC Hospitality, SGPS, S.A	-	(6,500,000)
Spred, SGPS, SA	(16,926,218)	-
Sonae Turismo, SGPS, SA	(43,567,301)	-
	<u>(60,653,147)</u>	<u>(7,420,029)</u>

5. OTHER NON-CURRENT ASSETS

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

	31 December 2013	31 December 2013
Loans granted to group companies:		
SC, SGPS, SA	-	121,338,653
Sonae Turismo, SGPS, SA	11,703,934	31,713,043
Praedium, SGPS, SA	85,134,991	-
Imoareia - Invest. Turísticos, S.G.P.S., SA	94,593,637	-
SC-Eng. e Promoção imobiliária, S.G.P.S., SA	2,788,000	-
Solinca - Health & Fitness, SA	2,864,968	-
	<u>197,085,531</u>	<u>153,051,695</u>

These assets were not due or impaired as at 31 December 2014. 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. The interest rate as at 31 December 2014 stood, in average, at approximately 4.821%.

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6. OTHER CURRENT ASSETS

As at 31 December 2014 and 2013, other current assets are made up as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Other Debtors - Group	4,077,753	-
Loans granted	207,734,600	559,800
Other Debtors	347,371,160	81,727
Income tax withheld	7,519,432	847,476
Accrued income	5,948,878	4,984,735
Deferred costs	532,236	496,690
	<u>573,184,059</u>	<u>6,970,428</u>

The balance registered at Shareholding, other Operations is related to the values transferred from subsidiaries under the IRC regime (RETGS).

As at 31 December 2014 and 2013, the item Loans Granted is related to financial operations with the following subsidiaries:

	<u>31 December 2014</u>	<u>31 December 2013</u>
SC, SGPS, SA	-	232,300
SC Assets SGPS, SA	-	327,500
Aqualuz - Turismo e Lazer, Lda	139,000	-
Bloco Q-Soc.Imobil.SA	310,000	-
Casa da Ribeira-Sociedade Imobiliária, S.A.	8,000	-
The Artist Porto Hotel & Bistrô - Activ. Hotel., S.A.	316,000	-
Contacto Concessões, SGPS, S.A.	1,041,000	-
Imoareaia - Invest. Turísticos, SGPS, SA	87,537,900	-
Inparvi SGPS, SA	118,000	-
Martimope-Empreendimentos Turísticos, SA	214,000	-
Praedium SGPS, SA	100,050,000	-
Praedium II-Imobiliária,SA	5,000	-
SC-Eng. e promoção imobiliária,SGPS,S.A.	2,890,200	-
Sete e Meio Herdades-Inv. Agr. e Tur.,SA	1,000	-
Solinca - Health & Fitness, SA	1,162,000	-
Sótaqua - Soc. de Empreend. Turisticos	6,000	-
Spinveste-Gestão Imobiliária SGII,SA	952,000	-
Spinveste - Promoção Imobiliária, SA	2,000	-
CAPWATT, SGPS, S.A.	12,982,500	-
	<u>207,734,600</u>	<u>559,800</u>

Loans to group companies interest at market rates and are repayable within a period inferior to one year. The interest rate as at 31 December 2014 stood, in average, at approximately 6.229%.

The item Other Debtors includes as at 31 December 2014 the amount 346,559,973 euro relative to a debt from SC Finance BV relative to the sale of SC SGPS, SA in December 2014. The effective payment was due to February 2015.

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As at 31 December 2014 and 2013, the item State & Other public Entities are made up as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Income tax withheld	2,359,147	846,476
Income tax (advanced payment)	2,028,682	1,000
Income tax	<u>3,131,602</u>	<u>-</u>
	<u>7,519,431</u>	<u>847,476</u>

The value registered for as Tax Income (IRC) refers to the tax saving driven by the RETGS.

The amount registered in Accrued Income includes 5,944,535 euro relative to interest o loan granted to subsidiaries.

Deferred Costs includes 489,423 euros relative to bank commissions that are deferred for the loan period.

7. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2014 and 2013 can be detailed as follows, split between the different types of temporary differences:

	<u>Deferred tax assets</u>		<u>Deferred tax liabilities</u>	
	<u>31 December 2014</u>	<u>31 December 2013</u>	<u>31 December 2014</u>	<u>31 December 2013</u>
Tax losses carried forward	4,069,727	407,059	-	-

During the periods ended 31 December 2014 and 2013, movements in deferred tax are as follows:

	<u>Activos por impuestos diferidos</u>		<u>Passivo por impuestos diferidos</u>	
	<u>31 December 2014</u>	<u>31 December 2013</u>	<u>31 December 2014</u>	<u>31 December 2013</u>
Opening balance	407,059	429,213	-	778
Effect in results (Nota 17):				
Tax losses carried forward	3,687,193	12,108	-	-
Others	(24,525)	(34,262)	-	(778)
	<u>4,069,727</u>	<u>407,059</u>	<u>-</u>	<u>-</u>
Effect in reserves:	-	-	-	-
Closing balance	<u>4,069,727</u>	<u>407,059</u>	<u>-</u>	<u>-</u>

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 31 December 2014 and 2013, tax losses carried forward can be summarized as follows:

	<u>31 December 2014</u>			<u>31 December 2013</u>		
	<u>Prejuízo fiscal</u>	<u>Deferred tax assets</u>	<u>To be used until</u>	<u>Prejuízo fiscal</u>	<u>Deferred tax assets</u>	<u>To be used until</u>
Generated in 2010	-	-	2014	552,093	126,981	2014
Generated in 2011	1,165,089	244,669	2015	1,165,089	267,970	2015
Generated in 2013	61,175	12,847	2018	52,641	12,107	2018
Generated in 2014	<u>18,153,387</u>	<u>3,813,211</u>	2018	-	-	
	<u>19,379,651</u>	<u>4,070,727</u>		<u>1,769,823</u>	<u>407,059</u>	

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8. CASH AND CASH EQUIVALENTS

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

	<u>31 December 2014</u>	<u>31 December 2013</u>
Cash	4	1,004
Bank deposits	<u>5,112,287</u>	<u>785,247</u>
Cash and cash equivalents in the balance sheet	<u><u>5,112,291</u></u>	<u><u>786,250</u></u>
Bank overdrafts	<u>-</u>	<u>-</u>
Cash and cash equivalents in the cash flow statement	<u>5,112,291</u>	<u>786,250</u>

9. EQUITY

The share capital of Sonae Capital SGPS, SA both in December 2014 and 2013 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.

During 2014 the Company has acquired in the stock exchange market 1,034,500 own shares, representing 0.4138% of its share capital, for a global amount of 404,782.67 euros and has sold 85,212 shares for a total amount of 42,606 euros. As at 31 December 2014, Sonae Capital SGPS, S.A. owns 6,068,850 own shares representing 2.428% of its share capital.

10. RESERVES

As at 31 December 2014, and 31 December 2013 the caption Other Reserves can be detailed as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Free reserves	159,368,447	153,952,948
Demerger reserve	132,638,252	132,638,252
Own shares reserve	<u>1,486,301</u>	<u>1,124,125</u>
	<u><u>293,493,001</u></u>	<u><u>287,715,325</u></u>

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11. LOANS

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

	31 December 2014		31 December 2013	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Capital SGPS - commercial paper a)	11,750,000	-	75,000,000	-
Sonae Capital SGPS - commercial paper d)	8,250,000	-	8,250,000	-
Sonae Capital SGPS - commercial paper b)	-	28,900,000	-	12,650,000
Sonae Capital SGPS - commercial paper c)	-	30,000,000	-	30,000,000
Sonae Capital SGPS e)	3,290,000	12,337,500	7,000,000	24,000,000
Sonae Capital SGPS - commercial paper g)	3,500,000	4,750,000	-	-
Sonae Capital SGPS - commercial paper i)	4,000,000	-	-	-
Sonae Capital SGPS - commercial paper j)	3,000,000	-	-	-
Sonae Capital SGPS - commercial paper k)	2,500,000	-	-	-
Up-front fees not yet charged to income statement	-	(374,061)	-	(501,771)
	<u>36,290,000</u>	<u>75,613,439</u>	<u>90,250,000</u>	<u>66,148,229</u>
Bank overdrafts (Nota 8)	-	-	-	-
	<u>36,290,000</u>	<u>75,613,439</u>	<u>90,250,000</u>	<u>66,148,229</u>
Bond Loans				
Obrigações Sonae Capital 2011/2016 f)	-	10,000,000	-	10,000,000
Obrigações Sonae Capital 2014/2019 h)	-	42,500,000	-	-
Up-front fees not yet charged to income statement	-	(486,841)	-	(735)
	-	<u>52,013,159</u>	-	<u>9,999,265</u>
	<u>36,290,000</u>	<u>127,626,597</u>	<u>90,250,000</u>	<u>76,147,494</u>

- h) 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.
- i) 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
- j) Commercial paper programme, with subscription guarantee, issued on 27 December 2012 and valid up to December 2017.
- k) Commercial paper programme, with subscription guarantee, issued on 31 December 2013, with annual renewals up to 3 years.
- l) Bank loan guarantee by a mortgage on real estate, started on 2 June 2011 and valid up to September 2019, with quarterly payments.
- m) Bond loan Sonae Capital, SGPS 2011/2016, repayable after 5 years, in one instalment, on 17 January 2016. This bond issue pays interest every six months.
- n) Commercial paper programme, with subscription guarantee, issued on 7 May 2014 and valid for a 3 year period, with semi-annual payments.
- o) Bond loan Sonae Capital, SGPS 2014/2019, repayable after 5 years, in one instalment, on 28 May 2019. This bond issue pays interest every six months.
- p) Short term commercial paper programme, with subscription guarantee, issued on 17 February 2011, with annual renewals up to a maximum of 5 years.

The interest rate on bank loans and bonds in force on 31 December 2014 was on average 3.400%

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 government reimbursable grants to group companies, which do not bear interest.

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In the case any Bank institution or commercial paper investor do not renew, at the maturity date, its respective loans, the Group has credit lines available to overcome such renewables

The repayment schedule of the nominal value of borrowings may be summarised as follows:

	31 December 2014		31 December 2013	
	Capital	Interest	Capital	Interest
N+1	36,293,800	(5,009,570)	90,250,000	(6,032,370)
N+2	26,173,333	(4,133,292)	7,000,000	(4,115,231)
N+3	44,423,333	(3,661,382)	21,216,667	(3,171,801)
N+4	12,923,333	(2,234,577)	44,216,667	(1,845,410)
N+5	44,967,500	(944,533)	4,216,667	(1,542,885)
After N+5	-	-	-	-
	<u>164,781,300</u>	<u>(15,983,355)</u>	<u>166,900,000</u>	<u>(16,707,697)</u>

As at 31 December 2014 and 31 December 2013, available credit lines may be summarised as follows:

	31 December 2014		31 December 2013	
	Commitments		Commitments	
	less than 1Y	over 1 Y	less than 1Y	over 1 Y
Amounts of credit lines available	30,099,398	7,700,000	39,599,398	23,950,000
Amounts of credit lines contracted	47,849,398	66,600,000	47,849,398	66,600,000

12. OTHER CREDITORS

As at 31 December 2014 and 2013 other creditors can be detailed as follows:

	31 December 2014	31 December 2013
<u>Other creditors</u>		
Group companies - Short term loans	472,356,998	18,796,170
Other creditors	4,191,042	1,912
	<u>476,548,040</u>	<u>18,798,082</u>

As at 31 December 2014 and 2013 the caption loans granted is relative to financial operations granted to the following subsidiaries:

	31 December 2014	31 December 2013
Group companies - Short term loans:		
Imobeauty, S.A.	12,513,000	-
Interlog-SGPS,SA	21,774,000	-
Porturbe-Edifícios e Urbanizações,SA	13,000	-
SC Finance BV	263,000	-
Sonae Turismo, S.G.P.S., S.A.	16,030,513	-
SC, SGPS, SA	232,684,567	-
Sistavac, SGPS, S.A.	14,301,000	-
Solinca-Investimentos Turísticos,SA	3,610,000	-
Soltroia-Imob.de Urb.Turismo de Tróia,SA	9,000	-
SC Hospitality, SGPS, S.A	135,685,517	-
Spred, SGPS, SA	35,473,400	18,796,170
	<u>472,356,998</u>	<u>18,796,170</u>

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Loans obtained from group companies bear interest at market rates and are repayable within one year. The interest rate as at 31 December 2014 was, in average, approximately 0.329%.

The item Other Creditors - other, there are included 4,172,764 euros relative transfers from subsidiaries of tax estimates under the special regime RETGS.

13. OTHER CURRENT LIABILITIES

As at 31 December 2014 and 2013 other current liabilities can be detailed as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
<u>Other current liabilities</u>		
Taxes payable	4,170,928	80,830
Accruals:		
Staff costs	339,294	235,119
Interest payable	657,638	1,101,139
Other accruals	37,253	4,410
Deferred income	4,292	4,578
	<u>5,209,406</u>	<u>1,426,077</u>

As at 31 December 2014 and 2013 the item state and Other public Entities can be detailed as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Income taxation	4,105,403	8,534
Income taxation - amounts withheld	42,766	60,834
VAT	69	69
Social security contributions	22,690	11,394
	<u>4,170,928</u>	<u>80,830</u>

14. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2014 and 2013 External Supplies and services can be detailed as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Operational rents	44,738	35,463
Insurance costs	48,952	45,319
Travelling expenses	26,560	30,177
Services obtained	302,962	1,313,257
Other services	15,951	14,123
	<u>439,162</u>	<u>1,438,340</u>

The item Specialized Work included, in 2013, 468 thousand euro of consultant services that have not occur in 2014. On the other hand, the shared services fee was, in 2014, 605 thousand euro below 2013.

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15. OPERATIONAL LEASES

As at 31 December 2014 and 2013, the Group had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

	<u>31 December 2014</u>	<u>31 December 2013</u>
N+1	11,680	25,870
N+2	8,892	15,091
N+3	8,892	-
N+4	-	-
N+5	-	-
	<u>29,464</u>	<u>40,961</u>

16. STAFF COSTS

As at 31 December 2014 and 2013, staff costs were made up as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Governing bodies' remunerations	892,903	737,243
Social security contributions	108,211	49,939
Other staff costs	28,130	39,475
	<u>1,029,244</u>	<u>826,656</u>

17. NET FINANCIAL EXPENSES AND INVESTMENT INCOME

As at 31 December 2014 and 31 December 2013, Net Financial Expenses and Investment Income can be detailed as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Interest payable and similar expenses		
Interest arising from:		
Bank loans	(5,547,709)	(7,281,771)
Bonds	(1,604,973)	(479,623)
Other	(107,896)	(103,892)
Other financial expenses	(2,677,679)	(2,037,730)
	<u>(9,938,257)</u>	<u>(9,903,016)</u>
Interest receivable and similar income		
Interest income	10,795,440	9,849,467
	<u>10,795,440</u>	<u>9,849,467</u>
	<u>857,183</u>	
Net financial expenses		<u>(53,549)</u>
Reversal of Impairment losses (Note 4.1)	(53,233,118)	
Dividends received	125,805,486	(5,993,119)
losses on Financial investments	(62,404,442)	12,355,245
Other income	746,502	2,023,561
Investment income	<u>10,914,428</u>	<u>8,385,687</u>

As at 31 December 2014, the amount of dividends received from affiliated companies was as follows

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Sonae Turismo SGPS, SA	29,391,735
SC, SGPS, SA	65,576,947
Spred SGPS, SA	<u>30,836,804</u>
	<u>125,805,486</u>

As at 31 December 2014, the amount registered as losses on Financial investments is related to the capital loss driven by the sale of subsidiaries as follows:

SC, SGPS, SA	57,502,001
Sonae Turismo,SGPS, SA	<u>4,902,441</u>
	<u>62,404,442</u>

18. TAXATION

As at 31 December 2014 and 2013, Taxation was made up as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Current tax	3,103,952	(8,502)
Deferred tax	<u>3,662,668</u>	<u>(21,375)</u>
	<u>6,766,620</u>	<u>(29,877)</u>

18.1 Reconciliation of the effective income tax

The reconciliation between profit before income tax and taxation for the periods ended 31 December 2014 and 31 December 2013 is made up as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
	<u>Total</u>	<u>Total</u>
Profit before income tax	10,268,585	6,111,641
Increases or (decreases) in taxable profit:		
Reversal of Impairment losses	(7,420,029)	(506,881)
Dividends received	(125,805,486)	(12,355,245)
Payment based on shares	(110,250)	-
Impairment losses	60,653,147	6,500,000
Taxable Profit	62,404,442	197,843
Taxable Income	(9,591)	(52,641)
Tax Charge (23%)	-	-
tax savings (RETGS)	3,131,602	-
Under/Over taxation estimates	-	32
Autonomous taxes	(27,650)	(8,534)
Effect of increases or decreases in deferred taxes	<u>3,662,668</u>	<u>(21,375)</u>
Taxation	<u>6,766,620</u>	<u>(29,877)</u>

As stated in Note 2.7, the Company is taxable according to the RETGS.

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19. EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2014 and 2013 were calculated taking into consideration the following amounts:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	17,035,205	6,081,764
Effect of dilutive potential shares	-	-
Net profit taken into consideration to calculate diluted earnings per share	<u>17,035,205</u>	<u>6,081,764</u>
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	246,211,552	247,182,143
Weighted average number of shares used to calculate diluted earnings per share	<u>246,211,552</u>	<u>247,182,143</u>
Earnings per share (basic and diluted)	<u>0.06919</u>	<u>0.02460</u>

20. RELATED PARTIES

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

Transactions	<u>Expenses</u>		<u>Income</u>	
	<u>31 December 2014</u>	<u>31 December 2013</u>	<u>31 December 2014</u>	<u>31 December 2013</u>
Parent company	-	-	-	-
Group and associated companies	62,643,992	650,112	136,590,016	9,853,678
	<u>62,643,992</u>	<u>650,112</u>	<u>136,590,016</u>	<u>9,853,678</u>
Balances	<u>Accounts payable</u>		<u>Accounts receivable</u>	
	<u>31 December 2014</u>	<u>31 December 2013</u>	<u>31 December 2014</u>	<u>31 December 2013</u>
Parent company	-	-	-	-
Group and associated companies	4,274,417	171,441	356,586,604	4,984,735
	<u>4,274,417</u>	<u>171,441</u>	<u>356,586,604</u>	<u>4,984,735</u>
Balances	<u>Loans obtained</u>		<u>Loans granted</u>	
	<u>31 December 2014</u>	<u>31 December 2013</u>	<u>31 December 2014</u>	<u>31 December 2013</u>
Parent company	-	-	-	-
Group and associated companies	472,356,998	18,796,170	404,820,131	153,611,495
	<u>472,356,998</u>	<u>18,796,170</u>	<u>404,820,131</u>	<u>153,611,495</u>

21. COMPLIANCE WITH LEGAL REQUIREMENTS

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 2014 shareholders' loan contracts were entered into with the companies Sonae Turismo SGPS, SA e SC SGPS, SA.

In the period ended 31 December 2013 short-term loan contracts were entered with the companies Aqualuz, Lda, The Artist Porto Hotel, SA, Bloco Q, SA, Capwatt SGPS, Casa da Ribeira, SA, Contacto Concessões, SGPS, SA, Imoaria SGPS, SA, Imobeauty, SA, Inparvi, SGPS, SA, Interlog SGPS, SA, Martimope, SA, Porturbe, SA, Praedium II, SA, Praedium SGPS, SA, SC Assets SGPS SA, SC Eng. Prom. Imob.

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SGPS, SA, SC Finance BV, SC SGPS, SA, Sete e Meio Herdades, SA, Sistavac SGPS, SA, Solinca Health andFitness, SA, Solinca Invest.Turísticos, SA, Soltroia, SA, Sotaqua, SA, Spinveste Prom. Imob, SA, Spinveste SGII, SA, Spred SGPS SA and Sonae Turismo SGPS, SA

As at 31 December 2014 amounts due by affiliated companies can be summarized as follows:

Loans and Short term loans granted

Companies	Closing Balance
Aqualuz - Turismo e Lazer, Lda	139,000
Bloco Q-Soc.Imobil.SA	310,000
CAPWATT, SGPS, SA	12,982,500
Casa da Ribeira-Sociedade Imobiliária, SA	8,000
Contacto Concessões, SGPS, SA	1,041,000
Imoareaia - Invest. Turísticos, SGPS, SA	182,131,537
Inparvi SGPS, SA	118,000
Martimope-Empreendimentos Turísticos, SA	214,000
Praedium II-Imobiliária,SA	5,000
Praedium SGPS, SA	185,184,991
SC-Eng. e Promoção imobiliária, S.G.P.S., SA	5,678,200
Sete e Meio Herdades-Inv. Agr. e Tur.,SA	1,000
Solinca - Health & Fitness, SA	4,026,968
Sonae Turismo, SGPS, SA	11,703,934
Sótaqua - Soc. de Empreend. Turisticos, SA	6,000
Spinveste - Promoção Imobiliária, SA	2,000
Spinveste-Gestão Imobiliária SGII,SA	952,000
The Artist Porto Hotel & Bistrô - Activ. Hotel., SA	316,000
	<u>404,820,131</u>

As at 31 December 2014 amounts due to affiliated companies can be summarized as follows:

Short term loans obtained

Companies	Closing Balance
Imobeauty, SA	12,513,000
Interlog-SGPS,SA	21,774,000
Porturbe-Edifícios e Urbanizações,SA	13,000
SC Finance BV	263,000
Sonae Turismo, S.G.P.S., SA	16,030,513
SC, SGPS, SA	232,684,567
Sistavac, SGPS, SA	14,301,000
Solinca-Investimentos Turísticos,SA	3,610,000
Soltroia-Imob.de Urb.Turismo de Tróia,SA	9,000
SC Hospitality, SGPS, SA	135,685,517
Spred, SGPS, SA	35,473,400
	<u>472,356,998</u>

22. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 31 December 2014.

23. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on 03 March 2015.

Board of Directors

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 2014, 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 2014, 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 2014, 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.

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 2014, 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, 3 March 2015

The Fiscal Board,

Manuel Heleno Sismeiro

Armando Luís Vieira de Magalhães

Jorge Manuel Felizes Morgado



Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Consolidated Financial Information

(Free translation from the original in Portuguese)

Introduction

1 As required by law, 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 financial statements of Sonae Capital, S.G.P.S., S.A., comprising the consolidated balance sheet as at 31 December 2014 (which shows total assets of Euro 635,991,765 and total shareholder's equity of Euro 307,337,294 including non-controlling interests of Euro 9,375,864 and a net loss of Euro 6,296,990), the consolidated statement of income by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 the consolidated financial statements which present fairly, in all material respects, the financial position of the Company and its subsidiaries, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, 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.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Accordingly, our audit included: (i) verification that the Company and its subsidiaries' financial statements have been appropriately 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 the Board of Directors 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 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 financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated financial information.

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451^o of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of Sonae Capital, S.G.P.S., S.A. as at 31 December 2014, the consolidated results and the consolidated comprehensive income of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is consistent with the consolidated financial statements for the year and that the Corporate Governance Report includes the information required under Article 245^o-A of the Portuguese Securities Market Code.

March 3, 2015

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077
represented by:

Hermínio António Paulos Afonso, R.O.C.

(This is a translation, not to be signed)

Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Individual Financial Information

(Free translation from the original in Portuguese)

Introduction

1 As required by law, 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 financial statements of Sonae Capital, S.G.P.S., S.A., comprising the balance sheet as at 31 December 2014 (which shows total assets of Euro 1,213,596,591 and total shareholder's equity of Euro 567,653,369 including a net profit of Euro 17,035,205), the statement of income by nature, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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 the financial statements which present fairly, in all material respects, the financial position of the Company, the results and the comprehensive income of its operations, the changes in equity and the cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain an appropriate system of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company.

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.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Accordingly, our audit included: (i) verification, on a sample basis, of the evidence supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the financial statements; (ii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) assessing the overall presentation of the financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the financial information.

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451^o of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of Sonae Capital, S.G.P.S., S.A. as at 31 December 2014, the results and the comprehensive income of its operations, the changes in equity and the cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is consistent with the financial statements for the year and that the Corporate Governance Report includes the information required under Article 245^o-A of the Portuguese Securities Market Code.

March 3, 2015

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- Sociedade de Revisores Oficiais de Contas, Lda
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represented by:

Hermínio António Paulos Afonso, R.O.C.

(This is a translation, not to be signed)