

MANAGEMENT REPORT AND ACCOUNTS 1H14



The consolidated financial information disclosed in this report is based on unaudited financial statements, prepared in accordance with the International Financial Reporting Standards (IAS/IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the European Union.



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# 1. Sonaecom Consolidated Results

#### *Introductory notes*

Until 26 August 2013, Optimus – SGPS, S.A. (Optimus) was fully owned by Sonaecom, SGPS, S.A. (Sonaecom). Following the completion of the merger between Optimus and Zon - Serviços de Telecomunicações e Multimédia, SGPS, S.A. (Zon), Sonaecom has held, since 27 August 2013, a 50% stake in ZOPT, SGPS, S.A., (ZOPT), which in turn holds a 50.01% shareholding in NOS, SGPS, S.A. (NOS, previously Zon Optimus, SGPS,S.A.).

Additionally, Sonaecom also had, until 25 February 2014, a direct holding of 7.28% in the capital of NOS. Since that date, following the tender offer for the general and voluntary acquisition of treasury shares launched by Sonaecom, the Company's direct participation in NOS was reduced to 2.14%.

Sonaecom's portfolio also comprises 100% of the Software and Systems Information division (SSI) and Público, which are fully consolidated and some Media businesses which are consolidated through equity method.

Sonaecom adjusted the 2013 profit and loss statements on a pro forma basis, assuming that the ZON OPTIMUS merger occurred on 1 January 2013, with some consolidation effects in our co-controlled vehicle company. This criterion, besides assuring an easier and fairer comparability between 2013 and 2014 results, is in line with the current pro forma reporting method adopted by NOS, and market expectations.

Additionally, the direct holding in NOS is recorded as an 'Investment at fair value through profit or loss'.

#### Turnover

Consolidated turnover in 1H14 reached 65.6 million euros, increasing 0.3% when compared to 1H13. This rise was fuelled by an increase of 17.6% in product sales, which more than offset the decrease of 4.9% in service revenues, to 47.7 million euros. However, it is important to note the 5.7% increase in Service Revenues from 1Q14 to 2Q14.

# Operating costs

Operating costs amounted to 63.2 million euros, 3.1% above the same period of 2013. The level of personnel costs increased 2.7% between the two periods mainly driven by the headcount. Commercial costs grew 23.4%, to 16.6 million euros, driven by SSI increase in cost of goods sold, aligned with product sales evolution. As for other operating costs, the decline is mainly explained by lower level of provisions and G&A costs.

#### **EBITDA**

Total EBITDA stood at 12.1 million euros, down 38.4% when compared to 1H13, primarily as a result of equity results line, mostly impacted by ZOPT contribution, which in turn is linked to NOS net income. On what concerns the underlying EBITDA evolution, it stood at 3.1 million euros, 36.1% down versus the 1H13. The underlying EBITDA margin reached 4.8%, a value that compares with 7.5% in 1H13. This evolution is mainly driven by the higher weight of equipment sales which generates lower margins.

#### Net results

Sonaecom's EBIT decreased 47.8% y.o.y. to 8.7 million euros mainly explained by both a higher level of depreciation and amortization (D&A) and a lower EBITDA.

Net financial results stood negative at 6.3 million euros in 1H14, with the adjustment of NOS fair value, based on market price, contributing with a negative 7.9 million euros, despite the 1.3 million euros of dividends received from the 2.14% direct stake on NOS.

Sonaecom's earnings before tax (EBT) decreased 19.9 million euros to 2.3 million euros.

Net results, group share, stood at 2.6 million euros, which compares with 20.3 million euros in 1H13.

# Operating CAPEX

Sonaecom's underlying operating CAPEX decreased from 3.0 million euros to 2.9 million euros, reflecting the operating CAPEX trend at SSI division.

# Capital structure

Gross debt totalled 17.6 million euros, versus 381.7 million euros in 1H13. Net debt reached a very comfortable negative 157.0 million euros – a positive cash position. In 1H13, net debt totalled 265.4 million euros, a significantly higher level, primarily because it included Optimus subsidiary.



# 1.1. NOS

TOTAL RGUS CONVERGENT RGUS % 3P & 4P Subscribers IRIS Subscribers

7,295.6 thousands 1,007.7 thousands 69.2% 561.3 thousands

# 1.1.1 Financial indicators

| Million euros            |       |       |        |       |        |       |       |        |
|--------------------------|-------|-------|--------|-------|--------|-------|-------|--------|
| NOS PRO-FORMA HIGHLIGHTS | 2Q13  | 2Q14  | Δ14/13 | 1Q14  | q.o.q. | 1H13  | 1H14  | Δ14/13 |
| Operating Revenues       | 357.1 | 345.0 | -3.4%  | 337.3 | 2.3%   | 708.9 | 682.3 | -3.8%  |
| EBITDA                   | 140.3 | 133.6 | -4.8%  | 129.9 | 2.9%   | 278.3 | 263.5 | -5.3%  |
| EBITDA margin (%)        | 39.3% | 38.7% | -0.6pp | 38.5% | 0.2pp  | 39.3% | 38.6% | -0.6pp |
| Net Income               | 30.6  | 18.4  | -39.8% | 25.3  | -27.1% | 58.1  | 43.7  | -24.8% |
| CAPEX                    | 66.7  | 88.6  | 33.0%  | 56.7  | 56.4%  | 127.2 | 145.3 | 14.2%  |
| EBITDA-CAPEX             | 73.7  | 45.0  | -38.9% | 73.2  | -38.5% | 151.1 | 118.2 | -21.8% |
| RECURRENT CAPEX          | 65.6  | 71.8  | 9.5%   | 52.7  | 36.2%  | 124.2 | 124.6 | 0.3%   |
| EBITDA-RECURRENT CAPEX   | 74.7  | 61.8  | -17.3% | 77.1  | -19.9% | 154.2 | 138.9 | -9.9%  |

NOS operating revenues stood at 682.3 million euros in 1H14, decreasing 3.8% y.o.y..

EBITDA reached 263.5 million euros, decreasing 5.3% when compared to 1H13.

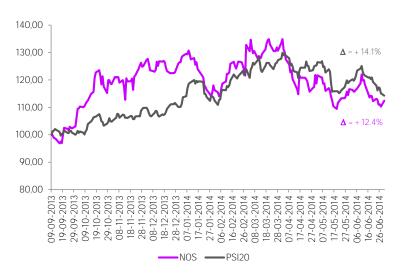
Recurrent CAPEX stood stable y.o.y., reaching 124.6 million euros in 1H14. As a consequence of EBITDA evolution, EBITDA-Recurrent CAPEX decreased 9.9%.

Net Financial Debt to EBITDA stood at 1.9x at the end of 1H14.

The average maturity of its Net Financial Debt is now 2.1 years.

NOS published its 1H14 results on 30<sup>th</sup> July, 2014, which are available at www.nos.pt.

# 1.1.2 Market performance



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



# 1.2. Software and Systems Information (SSI)

Having achieved consistent growth since its launch at the end of 2002 by following a dynamic approach to portfolio management, Sonaecom's SSI division currently comprises four companies in the IT/IS sector focused on international expansion.

WeDo Technologies, a worldwide market leader in enterprise business assurance market, continued to expand its international footprint. The Company, which works with some of the world's leading blue chip companies from the retail, energy and finance industries, as well as more than 180 telecommunications operators from more than 90 countries, ended the 1H14 with international revenues representing 75% of its turnover. Continuously focused in the improvement of its services and software products, WeDo Technologies announced in February 2014 the successful release of the fraud management software suite, RAID:FMS 7, a new release that enables service providers to handle risk threats associated with new products and services in a single platform.

Also, it should be highlighted that during 2014, the company has won new customers in Pakistan, Morocco, Bahrain, Oman, Switzerland, Hungary, Germany, Mexico (a major retailer), Madagascar, Bangladesh, Malaysia and Portugal (an energy company) which clearly reflect the company's growth in enterprise business assurance market, both in Portugal and abroad.

The 1H14 was also marked by another successful edition of WeDo's User Group event with more than 240 attendees and 18 customer speakers, industry experts and peers.

Saphety continues to strengthen its position in purchase-to-pay solutions, optimisation of business processes and data synchronization information and multimedia for GS1 worldwide organisations. Saphety's customer base has now over 8,100 customers and 100,000 users in about 20 countries worldwide. During the 1H14, Saphety has won 4 new contracts including Wal-Mart in México, the largest retailer and public corporation in the world, GS1 Greece and GS1 Mexico, two important players for synchronization solutions, and Yazaki in Brazil, with the SaphetyDoc implementation in more than 76 suppliers in the automotive sector. Also, it's important to note that external markets represented 35% of total orders.

Mainroad has an extensive offer portfolio, which includes IT Outsourcing, Information Security Solutions, Data Center Services, Cloud Computing Solutions, IT Service Management Solutions and SAP & Database Management. Mainroad focused on its Information Security Solutions offer, creating a new Security Services Business Unit integrating existing offer and Praesidium's Network Security Division. Praesidium, with more than 130 customers in 85 countries, has already contributed to boost Mainroad's international dimension and orders, which improved circa 33% y.o.y.. On what regards Mainroad' infrastructure, with Data Centers in Lisbon and Oporto, there was a technological investment to implement better energy efficient solutions and expand the Infrastructure as a Service platform that supports the organization's Cloud solutions.

On what concerns Bizdirect, in 2Q14, the Competence Center launched in Viseu during the 1Q14 counted with its first customers. This center was created to respond to the growing demand for projects in the areas of CRM (Customer Relationship Management) and ECM (Enterprise Content Management), investing in the training of professionals and focusing in the international market. The investment in IT hardware and software has been registering some improvements, which enabled Bizdirect to increase its turnover by 2 4.4% in 1H14 when compared to same period of 2013.

# 1.2.1 Operating indicators

| MAIN OPERATING KPI's                                 | 2Q13  | 2Q14  | ∆14/13 | 1Q14  | q.o.q. | 1H13  | 1H14  | ∆14/13 |
|--|-------|-------|--------|-------|--------|-------|-------|--------|
| IT Service Revenues/Employee(1) (1000 euros)         | 36.5  | 33.5  | -8.2%  | 33.5  | 0.1%   | 72.4  | 67.0  | -7.5%  |
| Equipment Sales as % Turnover                        | 20.7% | 24.6% | 3.9pp  | 20.0% | 4.6pp  | 18.6% | 22.5% | 3.9pp  |
| Equipment Sales/Employee <sup>(2)</sup> ('000 euros) | 188.1 | 327.8 | 74.3%  | 151.7 | 116.1% | 328.2 | 440.7 | 34.3%  |
| EBITDA/Employee ('000 euros)                         | 5.0   | 3.7   | -25.5% | 4.5   | -18.5% | 10.3  | 8.2   | -20.0% |
| Employees  | 664   | 712   | 7.2%   | 687   | 3.6%   | 664   | 712   | 7.2%   |

(1) Excluding employees dedicated to Equipment Sales; (2) Bizdirect.

IT service revenues per employee reached 67.0 thousand euros in 1H14, 7.5% below 1H13, driven by the 7.2% headcount increase effect. The EBITDA per employee reached 8.2 thousand euros, less 20.0% y.o.y, driven by the EBITDA evolution, coupled with the higher headcount level.



Equipment sales as percentage of turnover increased y.o.y. from 18.6% to 22.5%, driven by Bizdirect's equipment sales.

# 1.2.2 Financial indicators

#### Million euros

| SSI CONSOLIDATED INCOME STATEMENT    | 2Q13  | 2Q14 | △14/13 | 1Q14  | q.o.q. | 1H13  | 1H14 | ∆14/13 |
|--------------------------------------|-------|------|--------|-------|--------|-------|------|--------|
| Turnover                             | 29.1  | 30.6 | 5.3%   | 27.3  | 12.4%  | 55.6  | 57.9 | 4.1%   |
| Service Revenues                     | 23.1  | 23.1 | 0.1%   | 21.8  | 5.9%   | 45.3  | 44.9 | -0.8%  |
| Equipment Sales                      | 6.0   | 7.5  | 25.2%  | 5.5   | 38.1%  | 10.3  | 13.0 | 25.7%  |
| Other Revenues                       | 0.2   | 0.0  | -81.7% | 0.2   | -78.0% | 0.5   | 0.3  | -49.4% |
| Operating Costs                      | 26.0  | 28.0 | 7.7%   | 24.3  | 15.2%  | 49.4  | 52.4 | 6.1%   |
| Personnel Costs                      | 8.6   | 8.8  | 2.6%   | 8.8   | 0.8%   | 17.6  | 17.6 | 0.3%   |
| Commercial Costs <sup>(1)</sup>      | 6.2   | 8.3  | 34.6%  | 5.6   | 47.5%  | 10.7  | 14.0 | 30.2%  |
| Other Operating Costs <sup>(2)</sup> | 11.2  | 10.9 | -3.3%  | 9.9   | 9.5%   | 21.1  | 20.8 | -1.3%  |
| EBITDA                               | 3.3   | 2.6  | -20.1% | 3.1   | -15.6% | 6.7   | 5.7  | -14.8% |
| EBITDA Margin (%)                    | 11.3% | 8.6% | -2.7pp | 11.4% | -2.8pp | 12.1% | 9.9% | -2.2pp |
|                                      |       |      |        |       |        |       |      |        |
| Operating CAPEX <sup>(3)</sup>       | 1.8   | 1.2  | -31.5% | 1.5   | -16.0% | 2.8   | 2.7  | -4.0%  |
| Operating CAPEX as % of Turnover     | 6.1%  | 4.0% | -2.1pp | 5.3%  | -1.3pp | 5.0%  | 4.6% | -0.4pp |
| EBITDA - Operating CAPEX             | 1.5   | 1.4  | -6.7%  | 1.7   | -15.2% | 4.0   | 3.1  | -22.3% |
| Total CAPEX                          | 1.8   | 1.2  | -31.6% | 1.5   | -16.0% | 3.2   | 2.7  | -16.5% |

<sup>(1)</sup> Commercial Costs = COGS + Mktlg & Sales; (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others; (3) Operating CAPEX excludes Financial Investments.

#### Turnover

Turnover continued to benefit from the international expansion of SSI companies, growing 4.1% y.o.y., to 57.9 million euros. However, it should be noted that Service Revenues decreased 0.8% to 44.9 million euros, whilst Equipment sales increased by 25.7% between 1H13 and 1H14, to 13.0 million euros. The IT infrastructure market, where Bizdirect is positioned, has been giving signs of recovery in 2014. It should be noted that Service Revenues increased 5.9% from 1Q14 to 2Q14.

# Operating costs

Operating costs increased 6.1% between 1H13 and 1H14, reaching 52.4 million euros, impacted mostly by higher commercial costs. Commercial costs increased 30.2% when compared to 1H13, to 14.0 million euros, driven by higher a cost of goods sold, aligned with the higher level of equipment sales. Other operating costs decreased 1.3% in 1H14, to 20.8 million euros, mainly due to lower level of provisions and G&A costs.

#### **EBITDA**

When it comes to operating profitability, as the higher turnover level comes from equipment sales, which generates lower margins, it was not sufficient to offset the increase in operating costs, decreasing the EBITDA 14.8%, to 5.7 million euros.

As a result, the EBITDA margin stood at 9.9% in 1H14, decreasing 2.2 p.p..

# **EBITDA-operating CAPEX**

EBITDA-operating CAPEX stood at 3.1 million euros, decreasing 22.3% when compared to 1H13, fully explained by the lower level of EBITDA.



# 2. Sonaecom SGPS individual results

# 2.1 Operational data

Sonaecom SGPS's individual results for the semesters ended 30 June 2014 and 2013 are summarised as follows:

| Million euros           | 2013  | 2014  | Difference | %     |
|-------------------------|-------|-------|------------|-------|
| Service Revenues        | 1.8   | 0.2   | (1.6)      | -91%  |
| Operating Costs (1)     | (2.3) | (1.4) | 0.9        | -41%  |
| EBITDA                  | (0.6) | (1.1) | (0.6)      | 93%   |
| EBIT                    | (0.6) | (1.2) | (0.5)      | 84%   |
| Dividend Received       | 24.7  | 1.3   | (23.4)     | -     |
| Net Financial Activity  | 6.3   | 1.2   | (5.1)      | -81%  |
| Other Financial Results | (2.6) | (7.3) | (4.7)      | 182%  |
| EBT                     | 27.6  | (6.0) | (33.5)     | -122% |
| NetIncome               | 27.0  | (5.9) | (33.0)     | -122% |

<sup>(1)</sup> Excludes Amortization, Depreciation and Provisions

On 30 June 2014, Sonaecom SGPS's Executive Board of Directors was composed of three directors, what compares with four in the same period of 2013.

#### Service revenues

This line totalled 0.2 million euros, which compares to 1.8 million in 1H13. It essentially comprises management services provided to its subsidiaries and the decrease was driven by the reduction of services rendered to Optimus, SGPS, SA after the merger with Zon (occurred on August  $27^{th}$ , 2013).

# Total operational costs

Total operating costs exclude depreciation, amortisation charges and provisions. This line amounted to 1.4 million euros, which compares with 2.3 million euros in 1H13.

#### EBITD/

EBITDA was negative 1.1 million euros (negative 0.6 million in 1H13) and the evolution versus last year was mainly driven by the lower level Revenues.

#### Dividends received

 $In 1H14, Sonaecom\,SGPS, SA\,received\,1.3\,million\,of\,dividends\,from\,NOS\,direct\,stake, whilst\,in\,1H13\,Sonaecom\,received\,24.7\,million\,euros\,from\,Optimus,\,SGPS,SA.$ 

# Net financial activity

The net financial activity (interest income less interest expenses) was positive by 1.2 million euros, below the level recorded in 1H13 mainly driven by the lower level of loans placed at subsidiaries.

#### Other financial results

Other financial results were a negative 7.3 million euros, almost entirely driven by market value adjustments related to the direct stake on NOS SGPS, SA (shares recorded at fair value through profit and loss).

#### Net income

Net results for the semester were negative by 5.9 million euros, mainly driven by the market value adjustments.



# 2.2 Financial data

The following table summarises the major cash movements during the first half of 2014:

|  | million euros |
|--|---------------|
| Sonaecom SGPS stand-alone liquidity as at 31 December 2013 | 185.9         |
| Cash and Bank  | 26.3          |
| Treasury Applications                                      | 159.7         |
| Bank   | 156.5         |
| Subsidiaries   | 3.2           |
| Changes in Nominal Gross Debt                              | (29.9)        |
| External Debt  | (20.0)        |
| Treasury applications from subsidiaries                    | (9.9)         |
| Shareholder Loans granted                                  | (2.5)         |
| Free Cash Flow   | 15.6          |
| Interest paid  | (2.7)         |
| Interest received  | 5.5           |
| Disposals of Investments (net of acquisitions)             | 10.9          |
| Dividend received  | 1.3           |
| Operational Free Cash Flow and others                      | 0.5           |
| Sonaecom SGPS stand-alone liquidity as at 30 June 2014     | 174.1         |
| Cash and Bank  | 0.1           |
| Treasury Applications                                      | 174.0         |
| Bank   | 169.9         |
| Subsidiaries   | 4.1           |

<sup>\*</sup> Net of transfers to Supplementary Capital

During 1H14, Sonaecom's stand-alone liquidity decreased 11.8 million euros to 174.1 million euros due to the following movements:

- (i) FCF was positive by 15.6 million euros
- (ii) Loans granted to subsidiaries decreased 2.5 million euros;

# However:

- (i) Treasury applications from subsidiaries in Sonaecom SGPS decreased 9.9 million euros; and
- (ii) External debt decreased 20.0 million euros.

At the end of June 2014, Sonaecom SGPS's net debt was negative by 162.3 million euros, comprising:

- (i) Liquidity of 174.1 million euros; and
- (ii) Treasury applications by the subsidiaries and ZOPT of 11.9 million euros.



# 3. Main Corporate Developments in 2Q14

# Shareholders' Annual General Meeting

On 24 April 2014, Sonaecom's shareholders decided, at the company's Annual General Meeting, to approve all the proposals of the agenda, namely:

1. To decide on the appointment of members to fulfil the vacant seats that may exist in the corporate bodies

- on the date of the General Meeting;
- 2. Discuss and approve the Company's Annual Report, and the Individual and Consolidated Accounts for the year ended 31 December 2013;
- 3. Decide on the proposed appropriation of the Net Results for year ended 31 December 2013;
- 4. Assess the management and audit of the Company;
- 5. Discuss and approve the document setting out the proposed remuneration policy to be applied to the Company's management and auditing bodies and to persons discharging managerial responsibilities, as well as on the plan to grantshares and its respective regulation (the "Medium Term Incentive Plan" or "MTIP") to be applied by the Shareholders' Remuneration Committee;
- 6. Authorise the purchase and sale of own shares up to the limit of 10%, as permitted by Portuguese Company
- 7. Authorise both purchasing or holding of shares of the Company by affiliated companies, under the terms of Article 325-B of Portuguese Company Law.

# Composition of Sonaecom's Board of Directors

Following a resolution taken at the Shareholders' Annual General Meeting on 24 April 2014, the composition of Sonaecom's Board of Directors was reduced from 11 to 3 members, remaining in office Ângelo Gabriel Ribeirinho dos Santos Paupério (Sonaecom's Chairman and CEO), Maria Cláudia Teixeira de Azevedo and António Bernardo Aranha da Gama Lobo Xavier.

# **Director's Transactions**

Sonae-SGPS, S.A. informed Sonaecom on several acquisitions, from 24 February to 5 May 2014, of shares representing the share capital and voting rights of Sonaecom. After the completion of these transactions, Sonae is the direct holder of 80,822,964 shares of Sonaecom, being the 194.063.119 voting rights corresponding to the shares held by its subsidiary Sonae Investiments, B.V. also attributable to it.



# 4. Subsequent events

Sonae-SGPS, S.A., from 14 to 17 July 2014, purchased 200,000 shares representing the share capital and voting rights of Sonaecom. After the completion of these transactions, Sonae is the direct holder of 81,022,964 shares of Sonaecom.

On July, 18th, Sonaecom acquired a 60% share capital stake on S21Sec, one more bet in the growing IT Security market.

S21Sec is a multinational, with headquarters in Madrid, specialized in Cyber Security services and technologies with the purpose of protecting the organizations' more critical and high-value digital assets: data, operations and corporate image. With own products/platforms the company acts with a special focus on antifraud and e-crime in various segments like government, energy and other critical infrastructures, financial entities and telecommunications.



# 5. Other Indicators

# 5.1. Sonaecom consolidated income statement

| A ALL | lion | OUROC |  |
|-------|------|-------|--|

| _                   |   |   |  |  |   |   |  |
|---------------------|---|---|--|--|---|---|--|
| 2Q13 <sup>(R)</sup> | 2Q14  | Δ14/13  | 1Q14   | q.o.q.   | 1H13 <sup>(R)</sup>   | 1H14  | Δ14/13   |
| 34.4                | 34.5  | 0.2%  | 31.1   | 10.8%  | 65.4  | 65.6  | 0.3%   |
| 25.7                | 24.5  | -4.5%   | 23.2   | 5.7%   | 50.2  | 47.7  | -4.9%  |
| 8.7                 | 10.0  | 14.1%   | 7.9  | 26.0%  | 15.2  | 17.9  | 17.6%  |
| 0.5                 | 0.4   | -14.9%  | 0.3  | 15.2%  | 0.8   | 0.7   | -13.7%   |
| 32.1                | 33.5  | 4.3%  | 29.7   | 12.8%  | 61.3  | 63.2  | 3.1%   |
| 11.1                | 11.5  | 2.8%  | 11.6   | -1.3%  | 22.5  | 23.1  | 2.7%   |
| 7.8                 | 9.7   | 24.5%   | 6.9  | 40.0%  | 13.4  | 16.6  | 23.4%  |
| 13.2                | 12.4  | -6.4%   | 11.2   | 10.6%  | 25.4  | 23.6  | -7.3%  |
| 10.5                | 5.3   | -49.2%  | 6.8  | -21.8%   | 19.7  | 12.1  | -38.4%   |
| 2.8                 | 1.4   | -49.8%  | 1.7  | -20.8%   | 4.9   | 3.1   | -36.1%   |
| 7.7                 | 3.9   | -49.0%  | 5.0  | -22.1%   | 14.8  | 9.0   | -39.2%   |
| 8.0%                | 4.0%  | -4.0pp  | 5.6%   | -1.6pp   | 7.5%  | 4.8%  | -2.7pp   |
| 1.0                 | 2.0   | 98.9%   | 1.4  | 43.1%  | 3.1   | 3.5   | 11.8%  |
| 9.4                 | 3.3   | -65.2%  | 5.4  | -38.9%   | 16.6  | 8.7   | -47.8%   |
| 2.6                 | -8.5  | -   | 2.2  | -  | 5.6   | -6.3  | -  |
| 6.1                 | 0.3   | -95.5%  | 2.9  | -90.4%   | 12.7  | 3.2   | -74.9%   |
| 3.5                 | 8.8   | 150.4%  | 0.7  | -  | 7.1   | 9.5   | 33.9%  |
| 12.1                | -5.3  | -   | 7.6  | -  | 22.2  | 2.3   | -89.5%   |
| -1.1                | 0.7   | -   | -0.4   | -  | -1.9  | 0.2   | -  |
| 11.0                | -4.6  | -   | 7.2  | -  | 20.3  | 2.6   | -87.4%   |
| 11.0                | -4.6  | -   | 7.2  | -  | 20.3  | 2.6   | -87.4%   |
| 0.0                 | 0.0   | -   | 0.0  | -  | 0.0   | 0.0   | 13.6%  |
|                     | 34.4<br>25.7<br>8.7<br>0.5<br>32.1<br>11.1<br>7.8<br>13.2<br>10.5<br>2.8<br>7.7<br>8.0%<br>10<br>9.4<br>2.6<br>6.1<br>3.5<br>12.1<br>-1.1<br>11.0 | 34.4 34.5 25.7 24.5 8.7 10.0 0.5 0.4 32.1 33.5 11.1 11.5 7.8 9.7 13.2 12.4 10.5 5.3 2.8 1.4 7.7 3.9 8.0% 4.0% 1.0 2.0 9.4 3.3 2.6 -8.5 6.1 0.3 3.5 8.8 12.1 -5.3 -1.1 0.7 11.0 -4.6 | 34.4 34.5 0.2% 25.7 24.5 -4.5% 8.7 10.0 14.1% 0.5 0.4 -14.9% 32.1 33.5 4.3% 11.1 11.5 2.8% 7.8 9.7 24.5% 13.2 12.4 -6.4% 10.5 5.3 -49.2% 2.8 1.4 -49.8% 7.7 3.9 -49.0% 8.0% 4.0% -4.0pp 1.0 2.0 98.9% 9.4 3.3 -65.2% 2.6 -8.5 - 6.1 0.3 -95.5% 3.5 8.8 150.4% 12.1 -5.3 - 11.1 0.7 - 11.0 -4.6 - | 34.4         34.5         0.2%         31.1           25.7         24.5         -4.5%         23.2           8.7         10.0         14.1%         7.9           0.5         0.4         -14.9%         0.3           32.1         33.5         4.3%         29.7           11.1         11.5         2.8%         11.6           7.8         9.7         24.5%         6.9           13.2         12.4         -6.4%         11.2           10.5         5.3         -49.2%         6.8           2.8         1.4         -49.8%         1.7           7.7         3.9         -49.0%         5.0           8.0%         4.0%         -4.0pp         5.6%           1.0         2.0         98.9%         1.4           9.4         3.3         -65.2%         5.4           2.6         -8.5         -         2.2           6.1         0.3         -95.5%         2.9           3.5         8.8         150.4%         0.7           12.1         -5.3         -         7.6           -1.1         0.7         -         -0.4           11.0 | 34.4         34.5         0.2%         31.1         10.8%           25.7         24.5         -4.5%         23.2         5.7%           8.7         10.0         14.1%         7.9         26.0%           0.5         0.4         -14.9%         0.3         15.2%           32.1         33.5         4.3%         29.7         12.8%           11.1         11.5         2.8%         11.6         -1.3%           7.8         9.7         24.5%         6.9         40.0%           13.2         12.4         -6.4%         11.2         10.6%           10.5         5.3         -49.2%         6.8         -21.8%           2.8         1.4         -49.8%         1.7         -20.8%           7.7         3.9         -49.0%         5.0         -22.1%           80%         4.0%         -4.0pp         5.6%         -1.6pp           10         2.0         98.9%         1.4         43.1%           9.4         3.3         -65.2%         5.4         -38.9%           2.6         -8.5         -         2.2         -           6.1         0.3         -95.5%         2.9 <t< td=""><td>34.4         34.5         0.2%         31.1         10.8%         65.4           25.7         24.5         -4.5%         23.2         5.7%         50.2           8.7         10.0         14.1%         7.9         26.0%         15.2           0.5         0.4         -14.9%         0.3         15.2%         0.8           32.1         33.5         4.3%         29.7         12.8%         61.3           11.1         11.5         2.8%         11.6         -1.3%         22.5           7.8         9.7         24.5%         6.9         40.0%         13.4           13.2         12.4         -6.4%         11.2         10.6%         25.4           10.5         5.3         -49.2%         6.8         -21.8%         19.7           2.8         1.4         -49.8%         1.7         -20.8%         4.9           7.7         3.9         -49.0%         5.0         -22.1%         14.8           80%         4.0%         -4.0pp         5.6%         -1.6pp         7.5%           10         2.0         98.9%         1.4         43.1%         3.1           9.4         3.3         -65.2%</td><td>34.4         34.5         0.2%         31.1         10.8%         65.4         65.6           25.7         24.5         -4.5%         23.2         5.7%         50.2         47.7           8.7         10.0         14.1%         7.9         26.0%         15.2         17.9           0.5         0.4         -14.9%         0.3         15.2%         0.8         0.7           32.1         33.5         4.3%         29.7         12.8%         61.3         63.2           11.1         11.5         2.8%         11.6         -1.3%         22.5         23.1           7.8         9.7         24.5%         6.9         40.0%         13.4         16.6           13.2         12.4         -6.4%         11.2         10.6%         25.4         23.6           10.5         5.3         -49.2%         6.8         -21.8%         19.7         12.1           2.8         1.4         -49.8%         1.7         -20.8%         4.9         3.1           7.7         3.9         -49.0%         5.0         -221%         14.8         9.0           8.0%         4.0%         -4.0pp         5.6%         -1.6pp         7.5</td></t<> | 34.4         34.5         0.2%         31.1         10.8%         65.4           25.7         24.5         -4.5%         23.2         5.7%         50.2           8.7         10.0         14.1%         7.9         26.0%         15.2           0.5         0.4         -14.9%         0.3         15.2%         0.8           32.1         33.5         4.3%         29.7         12.8%         61.3           11.1         11.5         2.8%         11.6         -1.3%         22.5           7.8         9.7         24.5%         6.9         40.0%         13.4           13.2         12.4         -6.4%         11.2         10.6%         25.4           10.5         5.3         -49.2%         6.8         -21.8%         19.7           2.8         1.4         -49.8%         1.7         -20.8%         4.9           7.7         3.9         -49.0%         5.0         -22.1%         14.8           80%         4.0%         -4.0pp         5.6%         -1.6pp         7.5%           10         2.0         98.9%         1.4         43.1%         3.1           9.4         3.3         -65.2% | 34.4         34.5         0.2%         31.1         10.8%         65.4         65.6           25.7         24.5         -4.5%         23.2         5.7%         50.2         47.7           8.7         10.0         14.1%         7.9         26.0%         15.2         17.9           0.5         0.4         -14.9%         0.3         15.2%         0.8         0.7           32.1         33.5         4.3%         29.7         12.8%         61.3         63.2           11.1         11.5         2.8%         11.6         -1.3%         22.5         23.1           7.8         9.7         24.5%         6.9         40.0%         13.4         16.6           13.2         12.4         -6.4%         11.2         10.6%         25.4         23.6           10.5         5.3         -49.2%         6.8         -21.8%         19.7         12.1           2.8         1.4         -49.8%         1.7         -20.8%         4.9         3.1           7.7         3.9         -49.0%         5.0         -221%         14.8         9.0           8.0%         4.0%         -4.0pp         5.6%         -1.6pp         7.5 |

(1) Commercial Costs = COGS + Mktg & Sales Costs: (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others: (3) Includes the businesses fully consolidated by Sonaecom: (4) Includes the 50% holding in Unipress, the 50% holding in Infosystems, the 45% holding in SIRS and the 50% holding in ZOPT: (R) The values were adjusted in order to reflect, from 1 January 2013, Sonaecomstructure following the merger between Optimus and Zon



# 5.2. Sonaecom consolidated balance sheet

| Mil | lion | eur | OS |
|-----|------|-----|----|
|     |      |     |    |

| CONSOLIDATED BALANCE SHEET                   | 2013    | 2014    | Δ14/13 | 1Q14    | q.o.q. | 1H13    | 1H14    | Δ14/13 |
|--|---------|---------|--------|---------|--------|---------|---------|--------|
| Total Net Assets                             | 1,853.1 | 1,057.3 | -42.9% | 1,077.8 | -1.9%  | 1,853.1 | 1,057.3 | -42.9% |
| Non Current Assets                           | 1,556.5 | 759.9   | -51.2% | 768.9   | -1.2%  | 1,556.5 | 759.9   | -51.2% |
| Tangible and Intangible Assets               | 939.5   | 21.7    | -97.7% | 22.4    | -2.9%  | 939.5   | 21.7    | -97.7% |
| Goodwill                                     | 518.4   | 28.6    | -94.5% | 28.4    | 0.5%   | 518.4   | 28.6    | -94.5% |
| Investments                                  | 1.3     | 703.6   | -      | 713.0   | -1.3%  | 1.3     | 703.6   | -      |
| Deferred Tax Assets                          | 95.2    | 5.9     | -93.8% | 5.0     | 17.0%  | 95.2    | 5.9     | -93.8% |
| Others                                       | 2.1     | 0.0     | -97.9% | 0.0     | 0.2%   | 2.1     | 0.0     | -97.9% |
| Current Assets                               | 296.6   | 297.5   | 0.3%   | 308.9   | -3.7%  | 296.6   | 297.5   | 0.3%   |
| Trade Debtors                                | 150.8   | 42.3    | -72.0% | 35.9    | 17.8%  | 150.8   | 42.3    | -72.0% |
| Liquidity                                    | 18.2    | 174.6   | -      | 184.5   | -5.4%  | 18.2    | 174.6   | -      |
| Others                                       | 127.6   | 80.6    | -36.8% | 88.6    | -9.0%  | 127.6   | 80.6    | -36.8% |
| Shareholders' Funds                          | 1,079.1 | 978.7   | -9.3%  | 997.5   | -1.9%  | 1,079.1 | 978.7   | -9.3%  |
| Group Share                                  | 1,078.7 | 978.5   | -9.3%  | 997.3   | -1.9%  | 1,078.7 | 978.5   | -9.3%  |
| Non-Controlling Interests                    | 0.4     | 0.2     | -39.1% | 0.2     | 6.4%   | 0.4     | 0.2     | -39.1% |
| Total Liabilities                            | 774.0   | 78.6    | -89.8% | 80.3    | -2.1%  | 774.0   | 78.6    | -89.8% |
| Non Current Liabilities                      | 337.0   | 8.9     | -97.4% | 8.9     | 0.0%   | 337.0   | 8.9     | -97.4% |
| Bank Loans                                   | 246.0   | 4.4     | -98.2% | 4.9     | -10.1% | 246.0   | 4.4     | -98.2% |
| Provisions for Other Liabilities and Charges | 39.8    | 3.1     | -92.3% | 2.9     | 5.5%   | 39.8    | 3.1     | -92.3% |
| Others                                       | 51.2    | 1.4     | -97.2% | 1.1     | 29.2%  | 51.2    | 1.4     | -97.2% |
| Current Liabilities                          | 437.0   | 69.7    | -84.0% | 71.4    | -2.4%  | 437.0   | 69.7    | -84.0% |
| Loans  | 139.1   | 12.7    | -90.9% | 21.3    | -40.4% | 139.1   | 12.7    | -90.9% |
| Trade Creditors                              | 146.2   | 24.8    | -83.0% | 19.2    | 29.5%  | 146.2   | 24.8    | -83.0% |
| Others                                       | 151.7   | 32.2    | -78.8% | 31.0    | 4.0%   | 151.7   | 32.2    | -78.8% |
| Operating CAPEX <sup>(1)</sup>               | 1.9     | 1.3     | -31.1% | 1.6     | -16.9% | 3.0     | 2.9     | -2.8%  |
| Operating CAPEX as % of Turnover             | 5.6%    | 3.8%    | -1.7pp | 5.1%    | -1.3pp | 4.6%    | 4.4%    | -0.1pp |
| Total CAPEX                                  | 1.9     | 4.3     | 122.5% | 4.2     | 2.3%   | 3.4     | 8.4     | 146.4% |
| Underlying EBITDA - Operating CAPEX          | 0.8     | 0.1     | -92.1% | 0.2     | -58.6% | 1.9     | 0.2     | -88.1% |
| Gross Debt                                   | 381.7   | 17.6    | -95.4% | 26.7    | -34.2% | 381.7   | 17.6    | -95.4% |
| Net Debt                                     | 265.4   | -157.0  | -      | -157.7  | 0.5%   | 265.4   | -157.0  | _      |

<sup>(1)</sup> Operating CAPEX excludes Financial Investments.

# 5.3. Sonaecom consolidated levered FCF

Million euros

| Willion Curos                     |                     |      |        |      |        |                     |      |        |
|-----------------------------------|---------------------|------|--------|------|--------|---------------------|------|--------|
| LEVERED FREE CASH FLOW            | 2Q13 <sup>(R)</sup> | 2Q14 | Δ14/13 | 1Q14 | q.o.q. | 1H13 <sup>(R)</sup> | 1H14 | Δ14/13 |
| Underlying EBITDA-Operating CAPEX | 0.8                 | 0.1  | -92.1% | 0.2  | -58.6% | 1.9                 | 0.2  | -88.1% |
| Change in WC                      | -0.2                | -3.3 | -      | 0.3  | -      | 2.0                 | -3.1 | -      |
| Non Cash Items & Other            | 0.6                 | 4.3  | -      | 0.4  | -      | 0.3                 | 4.7  | -      |
| Operating Cash Flow               | 1.2                 | 1.1  | -13.8% | 0.8  | 32.5%  | 4.3                 | 1.9  | -56.7% |
| Investments                       | -0.2                | -3.7 | -      | -2.6 | -42.6% | -1.2                | -6.3 | -      |
| Own shares                        | -1.2                | 0.0  | 100.0% | 0.0  | -      | -2.5                | 0.0  | 100.0% |
| Financial results                 | 3.4                 | 0.1  | -95.8% | -1.5 | -      | 5.3                 | -1.3 | -      |
| Income taxes                      | -0.8                | 1.1  | -      | -0.3 | -      | -1.2                | 0.8  | -      |
| FCF <sup>(1)</sup>                | 2.6                 | -1.4 | -      | -3.5 | 61.6%  | 4.6                 | -4.9 | -      |

<sup>(1)</sup> FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs. (R) The values were adjusted in order to reflect, from 1 January 2013, Sonæcom structure following the merger between Optimus and Zon.



# 6. Corporate Governance

Sonaecom's detailed annual Corporate Governance Report is an integral part of Sonaecom's 2013 Annual Report and Accounts and is disclosure on the Company's website (www.sonae.com).

The company's website also contains a section on Corporate Governance.



# 7. Article 447, 448 and Qualified Holdings

# Article 447

In accordance with article 447 of the Portuguese Company Law and CMVM Regulation no. 5/2008 shares held by the Board of Directors and Management and respective transactions during the first half 2014:

# Board of Directors

| DOGITO DI PECTOIS  |            |           |                   |            |                   |                            |
|--|------------|-----------|-------------------|------------|-------------------|----------------------------|
|  |            | Additions |                   | Reductions |                   | Balance at<br>30 June 2014 |
|  | Date       | Quantity  | Market price<br>€ | Quantity   | Market Price<br>€ | Quantity                   |
| Ângelo Gabriel Ribeirinho dos Santos<br>Paupério           |            |           |                   |            |                   |                            |
| Sonae- SGPS, S.A. <sup>(6)</sup>                           |            |           |                   |            |                   | 1,270,426                  |
| Shares attributed under the Medium<br>Term Incentive Plan  | 02.05.2014 | 507,276   | 0.07              |            |                   |                            |
| Sonaecom, SGPS, S.A. <sup>(9)</sup>                        |            |           |                   |            |                   | -                          |
| Sale   | 23.01.2014 |           |                   | 552,837    | 2.58              |                            |
| Maria Cláudia Teixeira de Azevedo                          |            |           |                   |            |                   |                            |
| Efanor Investimentos, SGPS, S.A. <sup>(1)</sup>            |            |           |                   |            |                   | 1                          |
| Linhacom, SGPS, S.A. <sup>(4)</sup>                        |            |           |                   |            |                   | 99,996                     |
| Sonae- SGPS, S.A. <sup>(6)</sup>                           |            |           |                   |            |                   | 204,678                    |
| Shares attributed under the Medium                         | 02.05.2014 | 163,551   | 0.07              |            |                   |                            |
| Term Incentive Plan<br>Sonaecom, SGPS, S.A. <sup>(9)</sup> |            |           |                   |            |                   |                            |
| Sale   | 23.01.2014 |           |                   | 40,566     | 2.58              | _                          |
| António Bernardo Aranha da Gama                            | 25.01.2014 |           |                   | +0,500     | 2.50              |                            |
| Lobo Xavier  |            |           |                   |            |                   |                            |
| Sonae- SGPS, S.A. <sup>(6)</sup>                           |            |           |                   |            |                   | 178,229                    |
| Sonaecom, SGPS, S.A. <sup>(9)</sup>                        |            |           |                   |            |                   | -                          |
| Sale   | 23.01.2014 |           |                   | 2,603      | 2.58              |                            |
| Sale   | 24.01.2014 |           |                   | 83,207     | 2.58              |                            |
|  |            |           |                   |            |                   |                            |



# Management

|   |            |          | Additions         |          | Reductions        | Balance at<br>30 June 2014 |
|---|------------|----------|-------------------|----------|-------------------|----------------------------|
|   | Date       | Quantity | Market price<br>€ | Quantity | Market price<br>€ | Quantity                   |
| David Graham Shenton Bain                                 |            |          |                   |          |                   |                            |
| Sonae-SGPS, S.A. <sup>(6)</sup>                           |            |          |                   |          |                   | 20,000                     |
| Sonaecom, SGPS, S.A. <sup>(9)</sup>                       |            |          |                   |          |                   | 15,000                     |
| Rui José Gonçalves Paiva                                  |            |          |                   |          | ,                 |                            |
| Sonae-SGPS, S.A. <sup>(6)</sup>                           |            |          |                   |          |                   | 48,793                     |
| Shares attributed under the company's remuneration policy | 05.05.2014 | 48,793   | 0.14              |          |                   |                            |
| Sonaecom, SGPS, S.A. <sup>(9)</sup>                       | 03.01.2014 |          |                   | 105,754  | 2.60              | -                          |
| Carlos Alberto Rodrigues Silva                            |            |          |                   |          |                   |                            |
| Sonae- SGPS, S.A. <sup>(9)</sup>                          |            |          |                   |          |                   | 30,486                     |
| Fernando José Lobo Pimentel<br>Macareno Videira           |            |          |                   |          |                   |                            |
| Sonae- SGPS, S.A. <sup>(9)</sup>                          |            |          |                   |          |                   | 28,126                     |
| Ana Cristina Dinis da Silva Fanha<br>Vicente Soares       |            |          |                   |          |                   |                            |
| Sonae- SGPS, S.A. <sup>(6)</sup>                          |            |          |                   |          |                   | 41,697                     |
| Shares attributed under the Medium<br>Term Incentive Plan | 28.03.2014 | 41,697   | 1.33              |          |                   |                            |
| Sonaecom, SGPS, S.A.(9)                                   |            |          |                   |          |                   | -                          |

# Notes

| Notes  |            |           | Additions      |           | Reductions     | Balance at<br>30 June 2014 |
|--|------------|-----------|----------------|-----------|----------------|----------------------------|
|  | Date       | Quantity  | Market price € | Quantity  | Market price € | Quantity                   |
| (1) Efanor Investimentos, SGPS, S.A.                                     |            |           |                |           |                |                            |
| Sonae - SGPS, S.A. <sup>(6)</sup>  |            |           |                |           |                | 200,100,000                |
| Pareuro, BV <sup>(2)</sup>   |            |           |                |           |                | 5,583,100                  |
| Sonaecom, SGPS, S.A. <sup>(9)</sup>                                      |            |           |                |           |                | =                          |
| Sale   | 23.01.2014 |           |                | 1,000     | 2.58           |                            |
| (2) Pareuro, BV  |            |           |                |           |                |                            |
| Sonae - SGPS, S.A. <sup>(6)</sup>  |            |           |                |           |                | 849,533,095                |
| (3) Migracom, SGPS, S.A.   |            |           |                |           |                |                            |
| Imparfin, SGPS, S.A. <sup>(5)</sup><br>Sonae - SGPS, S.A. <sup>(6)</sup> |            |           |                |           |                | 150,000                    |
| Sonae - SGPS, S.A. (9)   | h /1 A     |           |                | 1 400 000 | 107            | 1,536,683                  |
| Sonaecom, SGPS, S.A. <sup>(9)</sup>                                      | jun/14     |           |                | 1,400,000 | 1.27           |                            |
| Sale   | 22.01.2014 |           |                | 207.242   | 2.58           |                            |
| (4) Linhacom, SGPS, S.A.   | 23.01.2014 |           |                | 387,342   | 2.58           |                            |
| Imparfin, SGPS, S.A. <sup>(5)</sup>                                      |            |           |                |           |                | 150,000                    |
| Sonae - SGPS, S.A. <sup>(6)</sup>  |            |           |                |           |                | 439,314                    |
| Sonaecom, SGPS, S.A. (9)   |            |           |                |           |                |                            |
| Sale   | 23.01.2014 |           |                | 120,300   | 2.58           |                            |
| (5) Imparfin, SGPS, S.A.   |            |           |                | .==,===   |                |                            |
| Sonae - SGPS, S.A. <sup>(6)</sup>  |            |           |                |           |                | 4,105,280                  |
| (6) Sonae - SGPS, S.A.   |            |           |                |           |                |                            |
| Sonaecom, SGPS, S.A. <sup>(9)</sup>                                      |            |           |                |           |                | 80,822,964                 |
| Acquisition  | jan/14     | 1,454,134 | 2.58           |           |                |                            |
|  | feb-14     | 785,660   | 2.07           |           |                |                            |
|  | mar/14     | 371,589   | 2.16           |           |                |                            |
|  | apr-14     | 1,399,759 | 2.21           |           |                |                            |
|  | may-14     | 132,448   | 2.30           |           |                |                            |
| Sonae Investments BV <sup>(7)</sup> Sontel BV <sup>(8)</sup>             |            |           |                |           |                | 2,894,000<br>32,745        |
| (7) Sonae Investments BV   |            |           |                |           |                | 32,740                     |
| Sontel BV <sup>(8)</sup>   |            |           |                |           |                | 58,555                     |
| (8) Sontel BV  |            |           |                |           |                |                            |
| Sonaecom, SGPS, S.A. <sup>(9)</sup>                                      |            |           |                |           |                | 194,063,119                |
| (9) Sonaecom, SGPS, S.A.   |            |           |                |           |                | 5,571,014                  |
| (.,  |            |           |                |           |                | 5,577,011                  |



In accordance with article 448 of the Portuguese Company Law:

|                                      | Number of shares as of 30 June 2014 |
|--------------------------------------|-------------------------------------|
| Efanor Investimentos, SGPS, S.A. (1) |                                     |
| Sonae- SGPS, S.A.                    | 200,100,000                         |
| Pareuro, BV                          | 5,583,100                           |
| Sonaecom, SGPS, S.A.                 | -                                   |
| Pareuro, BV                          |                                     |
| Sonae- SGPS, S.A.                    | 849,533,095                         |
| Sonae- SGPS, S.A.                    |                                     |
| Sonaecom, SGPS, S.A.                 | 80,822,964                          |
| Sonae Investments BV                 | 2,894,000                           |
| Sontel BV                            | 32,745                              |
| Sonae Investments BV                 |                                     |
| Sontel BV                            | 58,555                              |
| Sontel BV                            |                                     |
| Sonaecom, SGPS, S.A.                 | 194,063,119                         |

<sup>(1)</sup> The representative shares of about 99,99% of the share capital and the voting rights of Efanor Investimentos, SGPS, S.A. belong to Belmiro Mendes de Azevedo.

Oualified holdings In compliance with sub-paragraph c), number 1, of the article of the CMVM Regulation no. 06/2008, we declare the qualifying holdings at 30 June 2014:

| 1 3 6 6                |                  |                    |                 |                    |
|------------------------|------------------|--------------------|-----------------|--------------------|
|                        |                  |                    |                 | % of voting rights |
|                        |                  |                    |                 | Without own        |
| Shareholder            | Number of shares | % of Share capital | With own shares | shares             |
| Sontel BV              | 194,063,119      | 62.33%             | 62.33%          | 63.47%             |
| Sonae- SGPS, S.A.      | 80,822,964       | 25.96%             | 25.96%          | 26.43%             |
| Total attributable (1) | 274,886,083      | 88.29%             | 88.29%          | 89.90%             |

<sup>(1)</sup> The corresponding qualified holding is attributable to Efanor which representative shares of about 99,99% of the share capital and the voting rights of Efanor Investimentos, SGPS, S.A. belong to Belmiro Mendes de Azevedo.



# 8. Declaration for the purpose of Article 245 of CVM (Portuguese Securities Code)

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the interim Management Report faithfully describes the most relevant events occurred during the first half of 2014 and the respective impacts, when applicable, over the financial statements, containing an appropriate description of the majorrisks and uncertainties within the subsequent six month period.

#### The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



# 9. Financial Information

# 9.1. Sonaecom consolidated financial statements

# Consolidated balance sheets

For the periods ended at 30 June 2014 and 2013 (restated – note 1) and for the year ended at 31 December 2013

| (Amounts expressed in Euro)  | Notes                   | June 2014<br>(not audited) | June 2013<br>(not audited and<br>restated) | December 2013 |
|--|-------------------------|----------------------------|--|---------------|
| Assets   |                         |                            |  |               |
| Non-current assets   |                         |                            |  |               |
| Tangible assets  | 1.c, 1.h and 5          | 5,157,655                  | 570,423,294                                | 5,530,098     |
| Intangible assets  | 1.d, 1.e and 6          | 16,566,111                 | 369,083,039                                | 16,647,260    |
| Goodwill   | 1.f, 1.w and 7          | 28,580,800                 | 518,419,061                                | 28,434,416    |
| Investments in associated companies and companies jointly controlled | 1.b and 8               | 702,309,279                | 1,078,421                                  | 710,434,285   |
| Financial assets at fair value through profit or loss                | 1.g, 4 and 9            | 1,192,926                  | ≘  | ≘             |
| Investments available for sale                                       | 1.g, 4 and 10           | 115,448                    | 215,448                                    | 115,448       |
| Other non-current assets   | 1.g, 1.r, 1.x, 4 and 22 | 47,685                     | 2,111,443                                  | 922,434       |
| Deferred tax assets  | 1.p, 1.s and 11         | 5,888,181                  | 95,217,846                                 | 5,199,886     |
| Total non-current assets   |                         | 759,858,085                | 1,556,548,552                              | 767,283,827   |
| Current assets   |                         |                            |  |               |
| Financial assets at fair value through profit or loss                | 1.g, 4 and 9            | 54,364,924                 | =  | 202,442,350   |
| Inventories  | 1.i                     | 360,330                    | 19,771,693                                 | 553,525       |
| Trade debtors  | 1.g, 1.j, 4 and 22      | 42,254,985                 | 150,775,401                                | 36,416,353    |
| Other current debtors  | 1.g, 1.j, 4 and 22      | 13,323,924                 | 26,260,432                                 | 23,040,766    |
| Other current assets   | 1.r, 1.x, 4 and 22      | 12,580,848                 | 81,561,266                                 | 9,298,406     |
| Cash and cash equivalents  | 1.g, 1.k, 4, 12 and 22  | 174,572,865                | 18,199,490                                 | 188,014,923   |
| Total current assets   |                         | 297,457,876                | 296,568,282                                | 459,766,323   |
| Total assets   |                         | 1,057,315,961              | 1,853,116,834                              | 1,227,050,150 |
| Shareholders' funds and liabilities                                  |                         |                            |  |               |
| Shareholders' funds  |                         |                            |  |               |
| Share capital  | 13                      | 230,391,627                | 366,246,868                                | 366,246,868   |
| Own shares   | 1.u and 14              | (7,686,952)                | (7,686,952)                                | (7,686,952)   |
| Reserves   | 1.t                     | 753,207,691                | 680,315,843                                | 674,091,313   |
| Consolidated net income/(loss) for the period                        |                         | 2,569,737                  | 39,853,924                                 | 103,838,479   |
|  |                         | 978,482,103                | 1,078,729,683                              | 1,136,489,708 |
| Non-controlling interests  |                         | 218,544                    | 358,579                                    | 269,824       |
| Total Shareholders' funds  |                         | 978,700,647                | 1,079,088,262                              | 1,136,759,532 |
| Liabilities  |                         |                            |  |               |
| Non-current liabilities  |                         |                            |  |               |
| Medium and long-term loans – net of short-term portion               | 1.l, 1.m, 4 and 15.a    | 4,375,094                  | 246,037,304                                | 24,810,079    |
| Other non-current financial liabilities                              | 1.h, 4 and 16           | 352,681                    | 17,282,397                                 | 67,937        |
| Provisions for other liabilities and charges                         | 1.o, 1.s and 17         | 3,076,852                  | 39,777,609                                 | 3,060,986     |
| Deferred tax liabilities   | 1.p, 1.s and 11         | -                          | 1,112,167                                  | 89,522        |
| Other non-current liabilities  | 1.r, 1.x, 4 and 22      | 1,094,492                  | 32,787,964                                 | 1,277,304     |
| Total non-current liabilities  |                         | 8,899,119                  | 336,997,441                                | 29,305,828    |
| Current liabilities  |                         |                            |  |               |
| Short-term loans and other loans                                     | 1.l, 1.m, 4 and 15.b    | 12,672,500                 | 139,136,098                                | 998,996       |
| Trade creditors  | 4 and 22                | 24,828,548                 | 146,197,402                                | 21,768,279    |
| Other current financial liabilities                                  | 1.h, 4 and 18           | 167,487                    | 3,207,197                                  | 70,728        |
| Other creditors  | 4 and 22                | 5,321,907                  | 27,151,955                                 | 10,439,327    |
| Other current liabilities  | 1.r, 1.x, 4 and 22      | 26,725,753                 | 121,338,479                                | 27,707,460    |
| Total current liabilities  |                         | 69,716,195                 | 437,031,131                                | 60,984,790    |
| Total Shareholders' funds and liabilities                            |                         | 1,057,315,961              | 1,853,116,834                              | 1,227,050,150 |

The notes are an integral part of the consolidated financial statements at 30 June 2014 and 2013 (restated – note 1).

# The Chief Accountant

Ricardo André Fraga Costa

# The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



# Consolidated profit and loss account by nature

For the periods ended at 30 June 2014 and 2013 (restated - note 1), and for the year ended at 31 December 2013

| (Amounts expressed in Euro)   | Notes                         | June 2014<br>(not audited) | April to June 2014<br>(not audited) | June 2013<br>(not audited and<br>restated) | April to June 2013<br>(not audited and<br>restated) | December 2013 |
|---|-------------------------------|----------------------------|-------------------------------------|--|---|---------------|
| Sales   | 1.r and 22                    | 17,885,571                 | 9,970,534                           | 16,452,517                                 | 8,633,333   | 33,057,911    |
| Services rendered   | 1.r and 22                    | 47,735,166                 | 24,526,795                          | 41,053,605                                 | 20,968,417  | 83,916,841    |
| Other operating revenues  | 1.q and 22                    | 725,814                    | 388,532                             | 750,615                                    | 412,320   | 3,475,123     |
|   |                               | 66,346,551                 | 34,885,861                          | 58,256,737                                 | 30,014,070  | 120,449,875   |
| Cost of sales   | 1.i and 17                    | (14,868,053)               | (8,617,023)                         | (11,060,492)                               | (5,332,732)   | (24,753,054)  |
| External supplies and services  | 1.h, 19 and 22                | (25,047,955)               | (13,251,795)                        | (23,896,822)                               | (12,993,198)  | (44,474,432)  |
| Staff expenses  | 1.x and 27                    | (23,064,581)               | (11,454,691)                        | (21,549,166)                               | (10,575,760)  | (43,318,213)  |
| Depreciation and amortisation   | 1.c, 1.d, 1.f, 5, 6 and 7     | (3,455,648)                | (2,033,998)                         | (3,089,541)                                | (1,022,374)   | (6,641,792)   |
| Provisions and impairment losses  | 1.j, 1.o, 1.w and 17          | -                          | -                                   | (574,433)                                  | (293,358)   | (1,708,710)   |
| Other operating costs   | •                             | (230,136)                  | (176,017)                           | (140,993)                                  | (73,470)  | (283,057)     |
|   |                               | (66,666,373)               | (35,533,524)                        | (60,311,447)                               | (30,290,892)  | (121,179,258) |
| Gains and losses in associated companies and companies jointly controlled | 1.b, 8 and 20                 | 8,973,641                  | 3,929,351                           | 229,422                                    | 54,175  | (490,365)     |
| Gains and losses on financial assets at fair value through profit or loss | 1.g, 9 and 20                 | (6,592,422)                | (8,623,684)                         | -  | -   | 46,636,719    |
| Other financial expenses  | 1.h, 1.m, 1.v, 1.w, 20 and 22 | (1,615,427)                | (906,277)                           | (7,116,209)                                | (3,521,558)   | (11,998,760)  |
| Other financial income  | 1.v, 20 and 22                | 1,884,911                  | 992,069                             | 576,308                                    | (66,310)  | 7,977,160     |
| Current income / (loss)   |                               | 2,330,881                  | (5,256,204)                         | (8,365,189)                                | (3,810,515)   | 41,395,371    |
| Income taxation   | 1.p, 11 and 21                | 234,478                    | 656,953                             | (1,870,625)                                | (1,071,607)   | (3,873,144)   |
| Consolidated net income/(loss) for the period of continued operations     |                               | 2,565,359                  | (4,599,251)                         | (10,235,814)                               | (4,882,122)   | 37,522,227    |
| Consolidated net income/(loss) for the period of discontinued operations  | 25                            | -                          | -                                   | 50,084,670                                 | 26,296,519  | 66,244,220    |
| Consolidated net income/(loss) for the period                             |                               | 2,565,359                  | (4,599,251)                         | 39,848,856                                 | 21,414,397  | 103,766,447   |
| Attributed to:  |                               |                            |                                     |  |   |               |
| Shareholders of parent company  | 26                            | 2,569,737                  | (4,614,115)                         | 39,853,924                                 | 21,427,055  | 103,838,479   |
| Non-controlling interests   |                               | (4,378)                    | 14,864                              | (5,068)                                    | (12,658)  | (72,032)      |
| Earnings per share  | 26                            |                            |                                     | ·  |   |               |
| Including discontinued operations:  |                               |                            |                                     |  |   |               |
| Basic   |                               | 0.01                       | (0.01)                              | 0.11                                       | 0.06  | 0.29          |
| Diluted   |                               | 0.01                       | (0.01)                              | 0.11                                       | 0.06  | 0.29          |
| Excluding discontinued operations:  |                               |                            |                                     |  |   |               |
| Basic   |                               | 0.01                       | (0.01)                              | (0.03)                                     | (0.01)  | 0.10          |
| Diluted   |                               | 0.01                       | (0.01)                              | (0.03)                                     | (0.01)  | 0.10          |
|   |                               | 0.01                       | (5.5.)                              | (====)                                     | (5.5.)  |               |

The notes are an integral part of the consolidated financial statements at 30 June 2014 and 2013 (restated – note 1).

# The Chief Accountant

Ricardo André Fraga Costa

# The Board of Director

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



# Consolidated statement of profit or loss and other comprehensive income

For the periods ended at 30 June 2014 and 2013 (restated – note 1), and for the year ended at 31 December 2013.

| (Amounts expressed in Euro)   | Notes    | June 2014<br>(not audited) | April to June 2014<br>(not audited) | June 2013<br>(not audited and<br>restated) | April to June 2013<br>(not audited and<br>restated) | December 2013              |
|---|----------|----------------------------|-------------------------------------|--|---|----------------------------|
| Consolidated net income / (loss) for the period   |          | 2,565,359                  | (4,599,251)                         | 39,848,856                                 | 21,414,397  | 103,766,447                |
| Components of other consolidated comprehensive income, net of tax, that will be reclassified subsequently to profit or loss:  Changes in reserves resulting from the application of equity method Changes in currency translation reserve and other | 8<br>1.v | (17,055,437)<br>360,483    | (14,474,664)<br>241,381             | 229<br>(342,488)                           | (3,844)<br>(359,708)                                | (2,536,500)<br>(1,155,064) |
| Consolidated comprehensive income for the period  |          | (14,129,595)               | (18,832,534)                        | 39,506,597                                 | 21,050,845  | 100,074,883                |
| Attributed to:  |          |                            |                                     |  |   |                            |
| Shareholders of parent company  |          | (14,125,217)               | (18,847,398)                        | 39,511,665                                 | 21,063,503  | 100,146,915                |
| Non-controlling interests   |          | (4,378)                    | 14,864                              | (5,068)                                    | (12,658)  | (72,032)                   |

The notes are an integral part of the consolidated financial statements at 30 June 2014 and 2013 (restated – note 1).

# The Chief Accountant

Ricardo André Fraga Costa

# The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



# Consolidated movements in shareholders' funds

For the periods ended at 30 June 2014 and 2013 (restated – note 1)

|   |               |                         |               |                   |  |                        |                | D              |                                   |                     |               |
|---|---------------|-------------------------|---------------|-------------------|--|------------------------|----------------|----------------|-----------------------------------|---------------------|---------------|
|   |               |                         |               |                   |  |                        |                | Reserves       |                                   |                     |               |
| (Amounts expressed in Euro)   | Share capital | Own shares<br>(note 14) | Share premium | Legal<br>reserves | Reserves for Medium<br>Term Incentive<br>Plans (note 27) | Reserves of own shares | Other reserves | Total reserves | Non-<br>-controlling<br>interests | Net income / (loss) | Total         |
| 2014 Balance at 31 December 2013 Appropriation of the consolidated net result of 2013                                   | 366,246,868   | (7,686,952)             | 775,290,377   | 13,152,684        | 1,077,258  | 7,686,952              | (123,115,958)  | 674,091,313    | -                                 | 103,838,479         | 1,136,489,708 |
| Transfers to other reserves Consolidated comprehensive income for the period ended at                                   | -             | -                       | -             | -                 | -  | -                      | 103,838,479    | 103,838,479    | -                                 | (103,838,479)       | -             |
| 30 June 2014 Reduction of the share capital following the result of the   | -             | -                       | -             | -                 | -  | -                      | (16,694,954)   | (16,694,954)   | -                                 | 2,569,737           | (14,125,217)  |
| general and voluntary acquisition of own shares (note 13)  Effect of the recognition of the Medium Term Incentive Plans | (135,855,241) |                         | -             | -                 |  | -                      | (5,815,229)    | (5,815,229)    |                                   | -                   | (141,670,470) |
| (notes 1.x and 27)<br>Effect of the conversion of the Medium Term Incentive Plans                                       | -             | -                       | -             | -                 | 105,935  | -                      | -              | 105,935        | -                                 | -                   | 105,935       |
| (notes 1.x and 27)  | -             | -                       |               | -                 | (1,183,193)  | -                      | (1,134,660)    | (2,317,853)    | -                                 | -                   | (2,317,853)   |
| Balance at 30 June 2014   | 230,391,627   | (7,686,952)             | 775,290,377   | 13,152,684        | -  | 7,686,952              | (42,922,322)   | 753,207,691    | -                                 | 2,569,737           | 978,482,103   |
| Non-controlling interests Balance at 31 December 2013   |               |                         |               |                   |  |                        |                |                | 269.824                           |                     | 269.824       |
| Non-controlling interests in comprehensive income   | _             | _                       |               | _                 |  | _                      | _              | _              | (4,378)                           | _                   | (4,378)       |
| Dividend distribution   | -             | -                       | -             | -                 | -  | -                      | -              | -              | (19,920)                          | -                   | (19,920)      |
| Other changes   | -             |                         | -             | -                 | -  | -                      | -              | -              | (26,982)                          | -                   | (26,982)      |
| Balance at 30 June 2014   | -             | -                       | -             | -                 | -  | -                      | -              | -              | 218,544                           | -                   | 218,544       |
| Total   | 230,391,627   | (7,686,952)             | 775,290,377   | 13,152,684        | -  | 7,686,952              | (42,922,322)   | 753,207,691    | 218,544                           | 2,569,737           | 978,700,647   |

 $The \ notes are \ an integral \ part \ of the \ consolidated \ financial \ statements \ at \ 30 \ June \ 2014 \ and \ 2013 \ (restated - note \ 1).$ 

# The Chief Accountant

Ricardo André Fraga Costa

# The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



# Consolidated movements in shareholders' funds (continued)

For the periods ended at 30 June 2014 and 2013 (restated – note 1)

|  |               |                         |               |                   |           |                        |                          | Reserves      |                                   |                     |                           |
|--|---------------|-------------------------|---------------|-------------------|-----------|------------------------|--------------------------|---------------|-----------------------------------|---------------------|---------------------------|
| (Amounts expressed in Euro)  | Share capital | Own shares<br>(note 14) | Share premium | Legal<br>reserves |           | Reserves of own shares | Other reserves           | Totalreserves | Non-<br>-controlling<br>interests | Net income / (loss) | Total                     |
| 2013   |               | <i>(</i>                |               |                   |           |                        | ·                        |               |                                   |                     |                           |
| Balance at 31 December 2012  Appropriation of the consolidated net result of 2012  | 366,246,868   | (5,544,847)             | 775,290,377   | 7,991,192         | 3,650,779 | 5,544,847              | (145,743,071)            | 646,734,124   | -                                 | 75,419,377          | 1,082,855,522             |
| Transfers to other reserves  | _             |                         | _             | 5,161,492         | -         | _                      | 70,257,885               | 75,419,377    |                                   | (75,419,377)        |                           |
| Dividends distribution   |               |                         |               |                   |           |                        | (43,281,102)             | (43,281,102)  | -                                 | -                   | (43,281,102)              |
| Consolidated comprehensive income for the period ended at 30 June 2013  Acquisition of own shares  | -             | (2,500,042)             | -             | -                 | -         | 2,500,042              | (342,259)<br>(2,500,042) | (342,259)     | -                                 | 39,853,924          | 39,511,665<br>(2,500,042) |
| Delivery of own shares under the Medium Term Incentive Plans (notes 1.x and 27) Effect of the recognition of the Medium Term Incentive Plans | -             | 357,937                 | -             |                   | (425,568) | (357,937)              | 430,292                  | (353,213)     | -                                 | -                   | 4,724                     |
| (notes 1x and 27)  | -             |                         | -             | -                 | 2,138,916 | -                      | -                        | 2,138,916     | -                                 | -                   | 2,138,916                 |
| Balance at 30 June 2013  | 366,246,868   | (7,686,952)             | 775,290,377   | 13,152,684        | 5,364,127 | 7,686,952              | (121,178,297)            | 680,315,843   | -                                 | 39,853,924          | 1,078,729,683             |
| Non-controlling interests  |               |                         |               |                   |           |                        |                          |               |                                   |                     |                           |
| Balance at 31 December 2012  | -             | -                       | -             |                   | -         | -                      | -                        | -             | 387,479                           | -                   | 387,479                   |
| Non-controlling interests in comprehensive income  | -             | -                       | -             |                   | -         | -                      | -                        | -             | (5,068)                           | -                   | (5,068)                   |
| Dividend distribution  | -             | -                       | -             | -                 | -         | -                      | -                        | -             | (29,880)                          | -                   | (29,880)                  |
| Otherchanges   | -             | -                       | -             |                   | -         | -                      | -                        | -             | 6,048                             | -                   | 6,048                     |
| Balance at 30 June 2013  | -             | -                       | -             | -                 | -         | -                      | -                        | -             | 358,579                           | -                   | 358,579                   |
| Total  | 366,246,868   | (7,686,952)             | 775,290,377   | 13,152,684        | 5,364,127 | 7,686,952              | (121,178,297)            | 680,315,843   | 358,579                           | 39,853,924          | 1,079,088,262             |

The notes are an integral part of the consolidated financial statements at 30 June 2014 and 2013 (restated – note 1).

# The Chief Accountant

Ricardo André Fraga Costa

# The Board of Directors

Angelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



# Consolidated cash flow statements

For the periods ended at 30 June 2014 and 2013 (restated – note 1)

| (Amounts expressed in Euro)                                     |              | June 2014<br>(not audited) |               | June 2013<br>(not audited and restated) |
|---|--------------|----------------------------|---------------|---|
| Operating activities  |              | (not addited)              |               | (not addited and restated)              |
| Receipts from trade debtors                                     | 54,376,707   |                            | 374,153,344   |   |
| Payments to trade creditors                                     | (32,362,093) |                            | (236,478,177) |   |
| Payments to employees   | (27,739,256) |                            | (55,460,958)  |   |
| Cash flows from operating activities                            | (5,724,642)  | _                          | 82,214,209    |   |
| Payments / receipts relating to income taxes, net               | (803,500)    |                            | (1,537,182)   |   |
| Other receipts / payments relating to operating activities, net | 5,384,387    |                            | 6,121,730     |   |
| Cash flows from operating activities (1)                        |              | (1,143,755)                |               | 86,798,757                              |
| Investing activities  |              |                            |               |   |
| Receipts from:  |              |                            |               |   |
| Financial investments   | -            |                            | 9,375         |   |
| Tangible assets   | 7,749        |                            | 1,645,444     |   |
| Intangible assets   | -            |                            | 2,412         |   |
| Dividends   | 1,392,154    |                            | -             |   |
| Interest and similar income                                     | 5,376,786    |                            | 1,712,446     |   |
| Payments for:   |              |                            |               |   |
| Financial investments   | (5,522,188)  |                            | (1,286,808)   |   |
| Tangible assets   | (946,170)    |                            | (46,698,549)  |   |
| Intangible assets   | (788,475)    |                            | (22,036,020)  |   |
| Cash flows from investing activities (2)                        |              | (480,144)                  |               | (66,651,700)                            |
| Financing activities  |              |                            |               |   |
| Receipts from:  |              |                            |               |   |
| Loans obtained  | 11,557,500   |                            | 3,805,000     |   |
| Payments for:   |              |                            |               |   |
| Leasing   | (14,372)     |                            | (1,986,336)   |   |
| Interest and similar expenses                                   | (3,053,682)  |                            | (7,361,807)   |   |
| Dividends   | (19,920)     |                            | (43,310,982)  |   |
| Acquisition of own shares                                       | -            |                            | (2,500,042)   |   |
| Loans obtained  | (20,497,478) |                            | (17,000,000)  |   |
| Cash flows from financing activities (3)                        |              | (12,027,952)               |               | (68,354,167)                            |
| Net cash flows (4)=(1)+(2)+(3)                                  |              | (13,651,851)               | _             | (48,207,110)                            |
| Effect of the foreign exchanges                                 |              | 117,729                    |               | (98,418)                                |
| Cash and cash equivalents at the beginning of the period        |              | 188,004,715                | _             | 61,685,720                              |
| Cash and cash equivalents at the end of the period              |              | 174,470,593                |               | 13,380,192                              |

The notes are an integral part of the consolidated financial statements at 30 June 2014 and 2013 (restated – note 1)

# **Chief Accountant**

Ricardo André Fraga Costa

# The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



# Notes to the consolidated cash flow statements

For the periods ended at 30 June 2014 and 2013 (restated – note 1)

# 1. Acquisition or sale of subsidiaries or other businesses

|   | June 2014 | June 2013<br>(restated) |
|---|-----------|-------------------------|
| a) Amounts received of sales                |           |                         |
| Distrinews, S.A.                            | -         | 9,375                   |
|   | -         | 9,375                   |
| b) Amounts paid of acquisitions             |           |                         |
| Sonae SGPS shares acquisition               | 5,522,188 | =                       |
| Connectiv Solutions, Inc                    | -         | 1,217,404               |
| Saphety Brasil Transações Eletrônicas Ltda. | -         | 56,904                  |
| Distrinews, S.A.                            | -         | 12,500                  |
|   | 5,522,188 | 1,286,808               |

# 2. Details of cash and cash equivalents

|                           | Notes     | June 2014   | June 2013<br>(restated) |
|---------------------------|-----------|-------------|-------------------------|
| Cash in hand              | 12        | 25,626      | 175,251                 |
| Cash at bank              | 12        | 2,801,184   | 3,937,140               |
| Treasury applications     | 12        | 171,746,055 | 14,087,099              |
| Overdrafts                | 12 and 15 | (102,272)   | (4,819,298)             |
| Cash and cash equivalents |           | 174,470,593 | 13,380,192              |
| Overdrafts                |           | 102,272     | 4,819,298               |
| Cash assets               |           | 174,572,865 | 18,199,490              |

# 3. Description of non-monetary financing activities

|  | Notes | June 2014      | June 2013<br>(restated) |
|--|-------|----------------|-------------------------|
| a) Bank credit obtained and not used               | 15    | 1,000,000      | 34,021,761              |
| b) Purchase of company through the issue of shares |       | Not applicable | Not applicable          |
| c) Conversion of loans into shares                 |       | Not applicable | Not applicable          |



# 4. Cash flow breakdown by activity

| Activity            | Cash flow from operating activities | Cash flow from investing activities | financing    | Net cash flows |
|---------------------|-------------------------------------|-------------------------------------|--------------|----------------|
| 2014                |                                     |                                     |              |                |
| Multimedia          | (1,621,400)                         | (157,610)                           | (19,489)     | (1,798,499)    |
| Information Systems | (742,308)                           | (1,269,476)                         | (778,436)    | (2,790,220)    |
| Holding             | 1,219,953                           | 946,942                             | (11,230,027) | (9,063,132)    |
|                     | (1,143,755)                         | (480,144)                           | (12,027,952) | (13,651,851)   |

| Activity            | Cash flow from operating activities | Cash flow from investing activities | Cash flow from financing activities | Net cash flows |
|---------------------|-------------------------------------|-------------------------------------|-------------------------------------|----------------|
| 2013 (restated)     |                                     |                                     |                                     |                |
| Telecommunication   | 86,295,481                          | (63,972,305)                        | (19,778,121)                        | 2,545,055      |
| Multimedia          | (1,577,640)                         | (493,511)                           | (14,929)                            | (2,086,080)    |
| Information Systems | 1,922,619                           | (2,205,587)                         | (335,198)                           | (618,166)      |
| Holding             | 158,297                             | 19,703                              | (48,225,919)                        | (48,047,919)   |
|                     | 86,798,757                          | (66,651,700)                        | (68,354,167)                        | (48,207,110)   |

The notes are an integral part of the consolidated financial statements at 30 June 2014 and 2013 (restated – note 1).

# **Chief Accountant**

Ricardo André Fraga Costa

# The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



# 9.2. Notes to the consolidated financial statements

SONAECOM, SGPS, S.A. (hereinafter referred to as 'the Company' or 'Sonaecom') was established on 6 June 1988, under the name Sonae – Tecnologias de Informação, S.A. and has its head office at Lugar de Espido, Via Norte, Maia – Portugal. It is the parent company of the Group of companies listed in notes 2 and 3 ('the Group').

Pargeste, SGPS, S.A.'s subsidiaries in the communications and information technology area were transferred to the Company through a demerger-merger process, executed by public deed dated 30 September 1997.

On 3 November 1999 the Company's share capital was increased, its Articles of Association were modified and its name was changed to Sonae.com, SGPS, S.A.. Since then the Company's corporate object has been the management of investments in other companies. Also on 3 November 1999, the Company's share capital was re-denominated to Euro, being represented by one hundred and fifty million shares with a nominal value of 1 Euro each.

On 1 June 2000, the Company carried out a Combined Share Offer, involving the following:

- A Retail Share Offer of 5,430,000 shares, representing 3.62% of the share capital, made in the domestic market and aimed at: (i) employees of the Sonae Group; (ii) customers of the companies controlled by Sonaecom; and (iii) the general public;
- An Institutional Offering for sale of 26,048,261 shares, representing 17.37% of the share capital, aimed at domestic and foreign institutional investors.

In addition to the Combined Share Offer, the Company's share capital was increased under the terms explained below. The new shares were fully subscribed for and paid up by Sonae, SGPS, S.A. (a Shareholder of Sonaecom, hereinafter referred to as 'Sonae'). The capital increase was subscribed for and paid up on the date the price of the Combined Share Offer was determined, and paid up in cash, 31,000,000 new ordinary shares of 1 Euro each being issued. The subscription price for the new shares was the same as that fixed for the sale of shares in the aforementioned Combined Share Offer, which was Euro 10.

In addition, in this year, Sonae sold 4,721,739 Sonaecom shares under an option granted to the banks leading the Institutional Offer for Sale and 1,507,865 shares to Sonae Group managers and to the former owners of the companies acquired by Sonaecom.

By decision of the Shareholders' General Meeting held on 17 June 2002, Sonaecom's share capital was increased from Euro 181,000,000 to Euro 226,250,000 by public subscription reserved for the existing Shareholders, 45,250,000 new shares of 1 euro each having been fully subscribed for and paid up at the price of Euro 2.25 per share.

On 30 April 2003, the Company's name was changed by public deed to Sonaecom, SGPS, S.A..

By decision of the Shareholders' General Meeting held on 12 September 2005, Sonaecom's share capital was increased by Euro 70,276,868, from Euro 226,250,000 to Euro 296,526,868, by the issuance of 70,276,868 new shares of 1 euro each and with a share premium of Euro 242,455,195, fully subscribed by France Télécom. The corresponding public deed was executed on 15 November 2005.

By decision of the Shareholders General Meeting held on 18 September 2006, Sonaecom's share capital was increased by Euro 69,720,000, from Euro 296,526,868 to Euro 366,246,868, by the issuance of 69,720,000 new shares of 1 euro each and with a share premium of Euro 275,657,217, subscribed by 093X – Telecomunicações Celulares, S.A. ('EDP') and Parpública – Participações Públicas, SGPS, S.A. ('Parpública'). The corresponding public deed was executed on 18 October 2006.

By decision of the Shareholders General Meeting held on 16 April 2008, bearer shares were converted into registered shares.

During the year ended at 31 December 2013, the merger between Zon Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. ('Zon') and Optimus SGPS, SA (note 3.d) was closed. Accordingly, the telecommunications segment was classified, for presentation purposes, as a discontinued operation and the Group's business became of:

- · Multimedia:
- Information systems consultancy.

Additionally, since the merger mentioned above, the telecommunications segment became jointly controlled (note 8).

On 5 February 2014, Sonaecom made public the decision to launch a general and voluntary tender offer for the acquisition of shares representing the share capital of Sonaecom. The offer was general and voluntary, with the offered obliged to acquire all the shares that were the object of the offer and



were, until the end of the respective period, subject to valid acceptance by the recipients.

The period of the offer, during which sales orders were received, ran for two weeks, beginning on 6 February and ending on 19 February 2014. On 20 February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares (Note 9 and 13).

In 2014 Sonaecom reduced its share capital to 230,391,627 euros

Euronext Lisbon announced Sonaecom exclusion from the PSI-20 from 24 February 2014.

The Group operates in Portugal and has subsidiaries (from the information systems consultancy segment) operating in about 16 countries.

Since 1 January 2001, all Group companies based in the Euro zone have adopted the Euro as their base currency for processing, systems and accounting.

The consolidated financial statements are also presented in euro, rounded at unit, and the transactions in foreign currencies are included in accordance with the accounting policies detailed below.

# 1. Basis of presentation

The accompanying financial statements relate to the consolidated financial statements of the Sonaecom Group and have been prepared on a going concern basis, based on the accounting records of the companies included in the consolidation through full consolidation method (note 2) in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and taking into account the IAS 34 - 'Interim Financial Reporting'. These financial statements were prepared based on the acquisition cost, except for the revaluation of some financial instruments.

For Sonaecom, there are no differences between IFRS as adopted by European Union and IFRS published by the International Accounting Standards Board, with the exception of the start dates of the adoption of the standards indicated below.

Sonaecom adopted IFRS for the first time according to SIC 8 (First-time adoption of IAS) on 1 January 2003.

The following standards, interpretations, amendments and revisions have been approved (endorsed) by the European Union, and have mandatory application to financial years beginning on or after 1 January 2014 and were first adopted in the period ended at 30 June 2014:

# IFRS 10 (Consolidated Financial Statements)

1-Jan-13(\*)

Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

#### IFRS 11 (Companies jointly controlled)

Provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.

# IERS 12 (Disclosures of Interests in Other

1-Jan-13(\*)

New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet

# IAS 27 (Separate Financial Statements)

1-Jan-13(\*)

Consolidation requirements previously forming part of IAS 27 have been revised and are now contained in IFRS 10 Consolidated Financial Statements.

# IAS 28 (Investments in Associates and Joint Ventures)

1-Jan-13(\*)

The objective of IAS 28 (as amended in 2011) is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

# Amendments to IFRS 10, IFRS 12 and IAS 27 (Investment Entities);

1-Jan-14

The amendments apply to a particular class of business that qualify as investment entities. The admendments provide an exception to the consolidation requirements in IFRS 10.

# IAS 32- Admendments (Offsetting Financial

1-Jan-14

Assets and Financial Liabilities)

IAS 32 is amended to refer to the disclosure requirements in respect of offsetting arrangements.

# Amendments to IAS 36 (Recoverable amount

disclosures for Non-Financial Assets)

The amendments introduce additional disclosures and clarify the disclosures required when an asset is impaired and the recoverable amount of assets was based on Fair Value Less Cost of Disposal.

# Amendments to IAS 39 (Novation of

1-Jan-14

Derivatives and Continuation of Hedge

Accounting)

The objective of the proposed amendments is to provide an exception to the requirement for the discontinuation of hedge accounting in IAS 39 and IFRS 9 in circumstances when a hedging instrument is required to be novated as a result of laws or regulations.

(\*) In accordance with the EU Regulation which approves the adoption of IFRS 10, 11 and 12 and the amendments to IAS 27 and IAS 28, an entity shall adopt these standards in the periods beginning on or after January 1, 2014. The early adoption was however permitted.



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

The following standards, interpretations, amendments and revisions have been at the date of approval of these financial statements, approved (endorsed) by the European Union:

| Standard/Interpretation |  |
|-------------------------|--|
|                         |  |
|                         |  |

IFRIC 21 Levies (Levies Charged by Public Authorities on Entities that Operate in a Specific Market)

This interpretation clarifies on when a liability to pay a levy imposed by a government (does not include income taxes - see IAS 12 Income taxes) should be recognised by an entity. IFRIC 21 identifies that the obligating event that gives rise to a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation.

These standards, although approved ('endorse') by the European Union, were not adopted by the company for the period ended at 30 June 2014, because its applications is not yet mandatory. No significant impacts are expected in the financial statements resulting from the adoption of the standards.

The following standards, interpretations, amendments and revisions have not been approved ('endorsed'), by the European Union, at the date of approval of these financial statements:

| Standard / Interpretation | Effective date (annual |
|---------------------------|------------------------|
|                           |                        |
|                           |                        |

IFRS 9 (Financial Instruments)

1- lan-18

1-Jan-14

This standard introduces new requirements for classifying and measuring financial assets.

#### IFRS 11 - Amendments (Accounting for

1-Jan-16

Acquisitions of Interests in Joint

Operations)

The objective was to add new guidance on the accounting for the acquisition of an interest in a joint operation that constitutes a business. The IASB decided that acquirers of such interests shall apply all of the principles on business combinations accounting in IFRS 3 Business Combinations, and other IFRSs, that do not conflict with the quidance in IFRS 11.

IFRS 14 (Regulatory Deferral Accounts)

1-Jan-16

Permits an entity which is a first-time adopter of IFRS to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

# Standari / Interpretation Effective date (annual periods beginning on or after)

IFRS 15 (Revenue from Contracts with Customers)

1-Jan-17

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

#### IAS 16 and IAS 38 - Amendments

1-Jan-16

(Clarification of Acceptable Methods of

Depreciation and Amortisation)

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

# IAS 16 and IAS 41 - Amendments

1-Jan-16

(Agriculture: Bearer Plants)

The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

IAS 19 - Amendments (Defined Benefit

1-Jul-14

Plans: Employee Contributions)

The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service.

# Annual Improvements to IFRSs 2010–2012

1-Jul-14

Cycle

Annual Improvements to IFRSs 2010–2012 Cycle is a collection of amendments to IFRSs in response to eight issues addressed during the 2010–2012 cycle for annual improvements to IFRSs.

# Annual Improvements to IFRSs 2011–2013

1-Jul-14

Cycle

Annual Improvements to IFRSs 2011–2013 Cycle is a collection of amendments to IFRSs in response to four issues addressed during the 2011–2013 cycle for annual improvements to IFRSs.

These standards have not yet been approved ('endorsed') by the European Union and, as such, were not adopted by the Group for the period ended at 30 June 2014. Their application is not yet mandatory.

The application of these standards and interpretations, when applicable, will have no material effect on future consolidated financial statements.

The IFRS 11 - Joint arrangements is issued by IASB and endorsed by the European Union with mandatory application only in future periods or financial years after 1 January 2014. During the year ended at 31 December 2013, in order to anticipate possible future impacts of the standard abovementioned, improving the future comparability of the financial statements, the Group decided to report all companies jointly controlled (Sirs, Unipress, Zopt, Infosystems and SSI Angola) according to the equity method, under the



IAS 31 - Joint ventures, which is similar to the arrangements laid down in IFRS 11.

As set forth by the standards, this change has been applied retrospectively and therefore the consolidated balances sheets and the consolidated profit and loss statements at 30 June 2013 were changed.

The effects of these changes in balances sheets at 30 June 2013 and in profit and loss statements for the period ended at 30 June 2013 are as follow:

| D 1     |         |       |      | 001 | , |
|---------|---------|-------|------|-----|---|
| Balance | e sneet | at 30 | June | 201 | d |

| (Amounts expressed in Euro)                                   | Before the<br>change | Effects of the change<br>of the consolidation<br>method of the<br>companies jointly<br>controlled | Balance sheet<br>restated |
|---|----------------------|---|---------------------------|
| Assets  |                      |   |                           |
| Tangible assets   | 572,047,309          | (1,624,015)   | 570,423,294               |
| Intangible assets   | 369,086,233          | (3,194)   | 369,083,039               |
| Goodwill  | 518,740,759          | (321,698)   | 518,419,061               |
| Investments in associated companies and companies             |                      |   |                           |
| jointly controlled  | -                    | 1,078,421   | 1,078,421                 |
| Other non-current assets                                      | 2,326,891            | -   | 2,326,891                 |
| Deferred tax assets   | 95,217,846           | -   | 95,217,846                |
| Non-current assets  | 1,557,419,038        | (870,486)   | 1,556,548,552             |
| Trade debtors   | 150,973,184          | (197,783)   | 150,775,401               |
| Cash and cash equivalents                                     | 18,722,114           | (522,624)   | 18,199,490                |
| Other current assets  | 127,327,523          | 265,868   | 127,593,391               |
| Current assets  | 297,022,821          | (454,539)   | 296,568,282               |
| Totalassets   | 1,854,441,859        | (1,325,025)   | 1,853,116,834             |
| Liabilities<br>Medium and long-term loans – net of short-term |                      |   |                           |
| portion   | 246,137,304          | (100,000)   | 246,037,304               |
| Other non-current financial liabilities                       | 18,542,712           | (1,260,315)   | 17,282,397                |
| Provisions for other liabilities and charges                  | 39,676,912           | 100,697   | 39,777,609                |
| Other non-current liabilities                                 | 33,900,131           | -   | 33,900,131                |
| Non-current liabilities                                       | 338,257,059          | (1,259,618)   | 336,997,441               |
| Short-term loans and other loans                              | 139,149,229          | (13,131)  | 139,136,098               |
| Trade creditors   | 146,242,621          | (45,219)  | 146,197,402               |
| Other current liabilities                                     | 151,704,688          | (7,057)   | 151,697,631               |
| Current liabilities   | 437,096,538          | (65,407)  | 437,031,131               |
| Total liabilities   | 775,353,597          | (1,325,025)   | 774,028,572               |
| Shareholders' funds excluding non-controlling interests       | 1,078,729,683        | -   | 1,078,729,683             |
| Non-controlling interests                                     | 358,579              | -   | 358,579                   |
| Total Shareholders' funds                                     | 1,079,088,262        | -   | 1,079,088,262             |
| Total Shareholders' funds and liabilities                     | 1,854,441,859        | (1,325,025)   | 1,853,116,834             |

# Merger operation of Optimus SGPS and Zon

Also, during the year ended at 31 December 2013, the telecommunications segment (Optimus SA (now NOS Comunicações S.A. (hereinafter 'NOS Comunicações')), Be Artis, Be Towering, Sontária and Permar) was classified, for presentation purposes, as a discontinued operation, as a result of a merger by the incorporation of Optimus SGPS in Zon (note 3.d). As set forth by IFRS 5, changes were made in the consolidated profit and loss statements for the periods ended at 30 June 2013, in order to disclose a single caption in profit and loss statements ('Net income/(loss) for the period of discontinued operations') related to net income/(loss) of discontinued operations.

| Profit and loss statement at 30 June 2013                                |                   |   |  |  |
|--|-------------------|---|--|--|
| (Amounts expressed in Euro)  | Before the change | Effects of the change<br>of the consolidation<br>method of the<br>companies jointly<br>controlled | Restatement of the telecommunications' contribution to discontinued operations | Profit and loss<br>statement<br>restated |
| Total revenue  | 403,696,237       | 539,739   | (345,979,239)  | 58,256,737                               |
| Costs and losses   |                   |   |  |  |
| External supplies and services   | (192,306,083)     | (1,127,170)   | 169,536,431  | (23,896,822)                             |
| Depreciation and amortisation  | (72,198,077)      | 214,027   | 68,894,509   | (3,089,541)                              |
| Other operating costs  | (84,829,967)      | 459,952   | 51,044,931   | (33,325,084)                             |
|  | (349,334,127)     | (453,191)   | 289,475,871  | (60,311,447)                             |
| Financial results  | (6,322,999)       | (76,270)  | 88,790   | (6,310,479)                              |
| Income taxation  | (8,190,255)       | (10,278)  | 6,329,908  | (1,870,625)                              |
| Consolidated net income/(loss) for the period of<br>continued operations | 39,848,856        |   | (50,084,670)   | (10,235,814)                             |
| Consolidated net income/(loss) for the period of discontinued operations |                   |   | 50.084.670   | 50.084.670                               |
| Consolidated net income/(loss) for the period of discontinued operations | 39.848.856        | _   |  | 39.848.856                               |
| Attributed to non-controlling interests                                  | (5.068)           |   |  | (5,068)                                  |
| Attributed to shareholders of parent company                             | 39,853,924        | -   | -  | 39,853,924                               |
| Earnings per share<br>Including discontinued operations:                 |                   |   |  |  |
| Basic  | 0.11              | 0.00  | 0.00   | 0.11                                     |
| Diluted  | 0.11              | 0.00  | 0.00   | 0.11                                     |
| Excluding discontinued operations:                                       |                   |   |  |  |
| Basic  | 0.11              | 0.00  | (0.14)   | (0.03)                                   |
| Diluted  | 0.11              | 0.00  | (0.14)   | (0.03)                                   |

The accounting policies and measurement criteria adopted by the Group on 30 June 2014 are comparable with those used in the preparation of 31 December 2013 financial statements.

# Main accounting policies

The main accounting policies used in the preparation of the accompanying consolidated financial statements are as follows:

a) Investments in Group companies Investments in companies in which the Group has direct or indirect voting rights at Shareholders' General Meetings, in excess of 50%, or in which it has control over the financial and operating policies (definition of control used by the Group) were fully consolidated in the accompanying consolidated financial statements. Third party participations in the Shareholders' equity and net results of those companies are recorded separately in the consolidated balance sheet and in the consolidated profit and loss statement, respectively, under the caption 'Non-controlling interests'.

Total comprehensive income is attributed to the owners of the Shareholders of parent company and the non-controlling interests even if this results in a deficit balance of non-controlling interests.

In the acquisition of subsidiaries, the purchase method is applied. The results of subsidiaries bought or sold during the year are included in the profit and loss statement as from the date of acquisition (or of control acquisition) or up to the date of sale (or of control cession). Intra-Group transactions, balances and dividends are eliminated.

The expenses incurred with the acquisition of investments in Group companies are recorded as cost when they are incurred.

The fully consolidated companies are listed in note 2.



b) Investments in associated companies and companies jointly controlled

Investments in associated companies correspond to investments in which the Group has significant influence (generally investments representing between 20% and 50% of a company's share capital) and are recorded using the equity method.

The investments in companies jointly controlled are also recorded using the equity method. The classification of these investments is determinated based on Shareholders Agreements, which regulate the shared control.

In accordance with the equity method, investments are adjusted annually by the amount corresponding to the Group's share of the net results of associated companies, against a corresponding entry to gain or loss for the year, and by the amount of dividends received, as well as by other changes in the equity of the associated companies, which are recorded by a corresponding entry under the caption 'Other reserves'. An assessment of the investments in associated companies and companies jointly controlled is performed annually, with the aim of detecting possible impairment situations.

When the Group's share of accumulated losses of an associated company or a company jointly controlled exceeds the book value of the investment, the investment is recorded at nil value, except when the Group has assumed commitments to the associated company or a company jointly controlled, a situation when a provision is recorded under the caption 'Provisions for other liabilities and charges'.

The difference between the acquisition price of the investments in associated companies and companies jointly controlled and the fair value of identifiable assets and liabilities at the time of their acquisition, when positive, is recorded as Goodwill, included in the investment value and, when negative, after a reassessment, is recorded, directly, in the profit and loss statement under the caption 'Gains and losses in companies in associated companies and companies jointly controlled'.

A description of the associated companies and companies jointly controlled is disclosed in note 8.

#### c) Tangible assets

Tangible assets are recorded at their acquisition cost less accumulated depreciation and less estimated accumulated impairment losses.

Depreciations are calculated on a straight-line monthly basis as from the date the assets are available for use in the necessary conditions to operate as intended by the

management, by a corresponding charge under the profit and loss statement caption 'Depreciation and amortisation'.

Impairment losses detected in the realisation value of tangible assets are recorded in the year in which they arise, by a corresponding charge under the caption 'Depreciation and amortisation' in the profit and loss statement.

The annual depreciation rates used correspond to the estimated useful life of the assets, which are as follows:

|                                   | Years of<br>useful life |
|-----------------------------------|-------------------------|
| Buildings and other constructions | 1 - 20                  |
| Plant and machinery               | 4 - 20                  |
| Vehicles                          | 1 - 4                   |
| Fixtures and fittings             | 1 - 15                  |
| Other tangible assets             | 4 - 20                  |

Current maintenance and repair costs of tangible assets are recorded as costs in the year in which they occur. Improvements of significant amount, which increase the estimated useful life of the assets, are capitalised and depreciated in accordance with the remaining estimated useful life of the corresponding assets.

The estimated costs related with the mandatory dismantling and removal of tangible assets, incurred by the Group, are capitalised and depreciated in accordance with the estimated useful life of the corresponding assets.

Work in progress corresponds to tangible assets still in the construction/development stage which are recorded at their acquisition cost. These assets are depreciated as from the moment they are in condition to be used and when they are ready to start operating as intended by the management.

# d) Intangible assets

Intangible assets are recorded at their acquisition cost less accumulated amortisation and less estimated accumulated impairment losses. Intangible assets are only recognised if it is likely that they will bring future economic benefits to the Group, if the Group controls them and if their cost can be reasonably measured.

Intangible assets comprise, essentially, software, brands, patents, costs incurred with the acquisition of customers' portfolios (value attributed under the purchase price allocation in business combinations) and know-how.

Amortisations of intangible assets are calculated on a straight-line monthly basis, over the estimated useful life of the assets (one to nineteen years), as from the month in which the corresponding expenses are incurred. The amortisation of the customer's portfolios is provided on a straight-line basis over



the estimated average retention period of the customers (six years).

Expenditures with internally-generated intangible assets, namely research and development expenditures, are recognised in the profit and loss statement when incurred.

Development expenditures can only be recognised as an intangible asset if the Group demonstrates the ability to complete the project and is able to put it in use or available for sale.

Amortisation for the period is recorded in the profit and loss statement under the caption 'Depreciation and amortisation'.

#### e) Brands and patents

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

Sonaecom Group does not hold any brands or patents with undetermined useful life, therefore the second half of the above referred paragraph is not applicable.

# f) Goodwill

The differences between the price of investments in subsidiaries added the value of non-controlling interests, and the amount attributed to the fair value of the identifiable assets and liabilities at the time of their acquisition, when positive, are recorded under the caption 'Goodwill', and, when negative, after a reappreciation of its calculation, are recorded directly in the profit and loss statement. The Group will choose, on an acquisition-by-acquisition basis, to measure non-controlling interests either at their proportionate interest on the fair value of the assets and liabilities acquired, or at the fair value of the non-controlling interests themselves. Until 1 January 2010, non-controlling interests were always measured at their proportionate interest on the fair value of the acquired assets and liabilities.

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

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

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

Until 1 January 2004, 'Goodwill' was amortised over the estimated period of recovery of the investments, usually 10 years, and the annual amortisation was recorded in the profit and loss statement under the caption 'Depreciation and amortisation'. Since 1 January 2004 and in accordance with the IFRS 3 – 'Business Combinations', the Group has ceased the amortisation of the 'Goodwill', subjecting them to impairment tests (paragraph w). Impairment losses of Goodwill are recorded in the profit and loss statement for the period under the caption 'Depreciation and amortisation'.

# g) Financial instruments

The Group classifies its financial instruments in the following categories: 'financial assets at fair value through profit or loss', 'loans and receivables', 'held-to-maturity investments', and 'available-for-sale financial assets'. The classification depends on the purpose for which the investments were acquired.

The classification of the investments is determined at the initial recognition and re-evaluated every quarter.

# (i) 'Financial assets at fair value through profit or loss'

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if it has been acquired mainly with the purpose of selling it in the short term or if the adoption of this method allows reducing or eliminating an accounting mismatch. Derivatives are also registered as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to mature within 12 months of the balance sheet date.

# (ii) 'Loans and receivables'

Loans and receivables are non-derivative financial assets with fixed or variable payments that are not quoted in an active market. These financial investments arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are carried at amortised cost using the effective interest method, deducted from any impairment losses.

Loans and receivables are recorded as current assets, except when their maturity is greater than 12 months from the balance sheet date, a situation in which they are classified as



non-current assets. Loans and receivables are included in the captions 'Trade debtors' and 'Other current debtors' in the balance sheet.

# (iii) 'Held-to-maturity investments'

Held-to-maturity investments are non-derivative financial assets with fixed or variable payments and with fixed maturities that the Group's management has the positive intention and ability to hold until their maturity.

At 30 June 2014 the Group did not hold any 'Held-to-maturity investment'.

# (iv) 'Available-for-sale financial assets'

Available-for-sale financial assets are non-derivative investments that are either designated in this category or not classified in any of the other above referred categories. They are included in non-current assets unless management intends to dispose them within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on tradedate – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. The 'Financial assets at fair value through profit or loss' are initially recognised at fair value and the transaction costs are recorded in the profit and loss statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or all substantial risks and rewards of their ownership have been transferred.

'Available-for-sale financial assets' and 'Financial assets at fair value through profit or loss' are subsequently carried at fair value.

'Loans and receivables' and 'Held-to-maturity investments' are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets classified at fair value through profit or loss are recognised in the profit and loss statement. Realised and unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss statement as gains or losses from investment securities.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using

other valuation techniques. These include the use of recent arm's length transactions, reference to similar instruments, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. If none of these techniques can be used, the Group values those investments at cost net of any identified impairment losses. The fair value of listed investments is determined based on the closing Euronext share price at the balance sheet date.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In case of equity securities classified as available-for-sale, a significant (above 25%) or prolonged (in two consecutive quarters) decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit and loss statement.

# h) Financial and operational leases

Lease contracts are classified as financial leases, if, in substance, all risks and rewards associated with the detention of the leased asset are transferred by the lease contract or as operational leases, if, in substance, there is no transfer of risks and rewards associated with the detention of the leased assets. The lease contracts are classified as financial or operational in accordance with the substance and not with the form of the respective contracts.

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

Assets under long-term rental contracts are recorded in accordance with the operational lease method. In accordance with this method, the rents paid are recognised as an expense, over the rental period.

# i) Inventories

Inventories are stated at their acquisition cost, net of any impairment losses, which reflects their estimated net realisable value.

Accumulated inventory impairment losses reflect the difference between the acquisition cost and the realisable



amount of inventories, as well as the estimated impairment losses due to low turnover, obsolescence and deterioration, and are registered in profit and loss statement, in 'Cost of sales'

j) Trade and other current debtors
Trade and other current debtors are recorded at their net realisable value and do not include interests, since the discount effect is not significant.

These financial instruments arise when the Group provides money, supplies goods or provides services directly to a debtor with no intention of trading the receivable.

The amounts of these captions are presented net of any impairment losses and are registered in profit and loss statement in heading 'Provisions and impairment losses'. Future reversals of impairment losses are recorded in the profit and loss statement under the caption 'Provisions and impairment losses'.

# k) Cash and cash equivalents

Amounts included under the caption 'Cash and cash equivalents' correspond to amounts held in cash and term bank deposits and other treasury applications where the risk of change in value is insignificant.

The consolidated cash flow statement has been prepared in accordance with IAS 7, using the direct method. The Group classifies, under the caption 'Cash and cash equivalents', investments that mature in less than three months, for which the risk of change in value is insignificant. The caption 'Cash and cash equivalents' in the cash flow statement also includes bank overdrafts, which are reflected in the balance sheet caption 'Short-term loans and other loans'.

The cash flow statement is classified by operating, financing and investing activities. Operating activities include collections from customers, payments to suppliers, payments to personnel and other flows related to operating activities. Cash flows from investing activities include the acquisition and sale of investments in associated, subsidiary companies and companies jointly controlled as well as receipts and payments resulting from the purchase and sale of fixed assets. Cash flows from financing activities include payments and receipts relating to loans obtained and finance lease contracts.

All amounts included under this caption are likely to be realised in the short term and there are no amounts given or pledged as guarantee.

#### I) Loans

Loans are recorded as liabilities by the 'amortised cost'. Any expenses incurred in setting up loans are recorded as a

deduction to the nominal debt and recognised during the period of the loan, based on the effective interest rate method. The interests incurred but not yet due are added to the loans caption until their payment.

m) Financial expenses relating to loans obtained Financial expenses relating to loans obtained are generally recognised as expenses at the time they are incurred. Financial expenses related to loans obtained for the acquisition, construction or production of fixed assets are capitalised as part of the cost of the assets. These expenses are capitalised starting from the time of preparation for the construction or development of the asset and are interrupted when the assets are ready to operate, at the end of the production or construction phases or when the associated project is suspended.

# n) Derivatives

The Group only uses derivatives in the management of its financial risks to hedge against such risks. The Group does not use derivatives for trading purposes.

The cash flow hedges used by the Group are related to:

- (i) Interest rate swap operations to hedge against interest rate risks on loans obtained. The amounts, interest payment dates and repayment dates of the underlying interest rate swaps are similar in all respects to the conditions established for the contracted loans. Changes in the fair value of cash flow hedges are recorded in assets or liabilities, against a corresponding entry under the caption 'Hedging reserve' in Shareholders' funds;
- (ii) Forward's exchange rate for hedging foreign exchange risk, particularly from receipts from customers of subsidiary Wedo Consulting. The values and times periods involved are identical to the amounts invoiced and their maturities.

In cases where the hedge instrument is not effective, the amounts that arise from the adjustments to fair value are recorded directly in the profit and loss statement.

At 30 June 2014, the Group had foreign exchange forwards to hedge the foreign currency risk related to account receivables in dollars (note 1.v), in addition to those mentioned in note 1.x).

# o) Provisions and contingencies

Provisions are recognised when, and only when, the Group has a present obligation (either legal or implicit) resulting from a past event, the resolution of which is likely to involve the disbursement of funds by an amount that can be reasonably estimated. Provisions are reviewed at the balance sheet date and adjusted to reflect the best estimate at that date.



Provisions for restructurings are only registered if the Group has a detailed plan and if that plan has already been communicated to the parties involved.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes, if the possibility of a cash outflow affecting future economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements but are disclosed in the notes when future economic benefits are likely to occur.

#### p) Income tax

'Income tax' expense represents the sum of the tax currently payable and deferred tax. Income tax is recognised in accordance with IAS 12 – 'Income Taxes'.

Sonaecom has adopted, since January 2008, the special regime for the taxation of groups of companies, under which, the provision for income tax is determined on the basis of the estimated taxable income of all the companies covered by that regime, in accordance with such rules. The special regime for the taxation of groups of companies covers all direct or indirect subsidiaries, and even through companies resident in another Member State of the European Union or the European Economic Area, only if, in the last case, there is an obligation of administrative cooperation, on which the Group holds at least 75% of their share capital, where such participation confers more than 50% of voting rights, if meet certain requirements. The remaining Group companies not covered by the special regime for the taxation of groups of companies are taxed individually based on their respective taxable income, in accordance with the tax rules in force in the location of the headquarters of each company.

Deferred taxes are calculated using the liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the respective amounts for tax purposes.

Deferred tax assets are only recognised when there is reasonable expectation that sufficient taxable profits shall arise in the future to allow such deferred tax assets to be used. At the end of each year the recorded and unrecorded deferred tax assets are revised and they are reduced whenever their realisation ceases to be probable, or increased if future taxable profits are, likely, enabling the recovery of such assets (note 11).

Deferred taxes are calculated with the tax rate that is expected to be in force at the time the asset or liability will be used based on decreed tax rate or substantially decreed tax rate at balance sheet date.

Whenever deferred taxes derive from assets or liabilities directly registered in Shareholders' funds, its recording is also made under the Shareholders' funds caption. In all other situations, deferred taxes are always recorded in the profit and loss statement.

#### g) Government subsidies

Subsidies awarded to finance personnel costs are recognised as less cost during the period in which the Group incurs the associated costs and are included in the profit and loss statement under the caption 'Staff expenses'.

Subsidies awarded to finance investments are recorded as deferred income on the Balance Sheet and are included in the profit and loss statement under the caption 'Other operating revenues'. Subsidies are recognized during the estimated useful life of the corresponding assets.

r) Accrual basis and revenue recognition
Expenses and income are recorded in the period to which they relate, regardless of their date of payment or receipt.
Estimated amounts are used when actual amounts are not known

The captions of 'Other non-current assets', 'Other current assets', 'Other non-current liabilities' and 'Other current liabilities' include expenses and income relating to the current period, where payment and receipt will occur in future periods, as well as payments and receipts in the current period but which relate to future periods. The latter shall be included by the corresponding amounts in the results of the periods that they relate to.

The costs attributable to current year and whose expenses will only occur in future years are estimated and recorded under the caption 'Other current liabilities' and 'Other non-current liabilities', when it is possible to estimate reliably the amount and the timing of occurrence of the expense. If there is uncertainty regarding both the date of disbursement of funds, and the amount of the obligation, the value is classified as Provisions (note 1.0).

Sales revenues are recognised in the consolidated profit and loss statement when the significant risks and rewards associated with the ownership of the assets are transferred to the buyer and the amount of the corresponding revenue can be reasonably quantified. Sales are recognised before taxes and net of discounts. The revenues and costs of the consultancy projects developed in the information systems consultancy segment are recognised in each period, according to the percentage of completion method.

Non-current financial assets and liabilities are recorded at fair value and, in each period, the financial actualisation of the fair value is recorded in the profit and loss statement under the



captions 'Other financial expenses' and 'Other financial income'.

Dividends are recognised when the Shareholders' rights to receive such amounts are appropriately established and communicated.

#### s) Balance sheet classification

Assets and liabilities due in more than one year from the date of the balance sheet are classified, respectively, as non-current assets and non-current liabilities.

In addition, considering their nature, the 'Deferred taxes' and the 'Provisions for other liabilities and charges', are classified as non-current assets and liabilities (notes 11 and 17).

### t) Reserves

#### Legal reserve

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

### Share premiums

The share premiums relate to premiums generated in the issuance of capital or in capital increases. According to Portuguese Commercial law, share premiums follow the same requirements of 'Legal reserves', i.e., they are not distributable, except in case of liquidation, but they can be used to absorb losses, after all the other reserves are exhausted or to increase share capital.

### Medium Term Incentive Plans Reserves

According to IFRS 2 – 'Share-based Payment', the responsibility related with the Medium Term Incentive Plans is registered under the heading of 'Reserves for Medium Term Incentive Plans', which are not distributable and which cannot be used to absorb losses.

### Hedging reserve

Hedging reserve reflects the changes in fair value of 'cashflow' hedges derivatives that are considered effective (note 1.n) and it is non-distributable nor can it be used to absorb losses.

#### Own shares reserve

The own shares reserve reflects the acquisition value of the own shares and follows the same requirements of legal reserve.

Under Portuguese law, the amount of distributable reserves is determined in accordance with the individual financial

statements of the Company, presented in accordance with IFRS. Additionally, the increments resulting from the application of fair value through equity components, including its implementation through net results, shall be distributed only when the elements that gave rise to them are sold, liquidated or exercised or when they finish their use, in the case of tangible or intangible assets. Therefore, at 30 June 2014, Sonaecom, SGPS, S.A. have free reserves distributable amounting approximately Euro 19.7 million. To this effect were considered as distributable increments resulting from the application of fair value through equity components already exercised during the period ended 30 June 2014.

### u) Own shares

Own shares are recorded as a deduction of Shareholders' funds. Gains or losses arising from the sale of own shares are recorded under the heading 'Other reserves'.

## v) Foreign currency

All assets and liabilities expressed in foreign currency were translated into euro using the exchange rates in force at the balance sheet date.

Favorable and unfavorable foreign exchange differences resulting from changes in the rates in force at transaction date and those in force at the date of collection, payment or at the balance sheet date are recorded as income and expenses in the consolidated profit and loss statement of the year, in financial results.

Entities operating abroad with organisational, economic and financial autonomy are treated as foreign entities.

Assets and liabilities of the financial statements of foreign entities are translated into Euro using the exchange rates in force at the balance sheet date, while expenses and income in such financial statements are translated into euro using the average exchange rate for the period. The resulting exchange differences are recorded under the Shareholders' funds caption 'Other reserves'.

Goodwill and adjustments to fair value generated in the acquisitions of foreign entities reporting in a functional currency other than Euro are translated into Euro using the exchange rates prevailing at the balance sheet date.



The following rates were used to translate into Euro the financial statements of foreign subsidiaries and the balances in foreign currency:

|                    |         | 2014    |         |         |
|--------------------|---------|---------|---------|---------|
|                    | 30 June | Average | 30 June | Average |
| Pounds Sterling    | 1.2477  | 1.2175  | 1.1666  | 1.1758  |
| Brazilian Real     | 0.3333  | 0.3178  | 0.3460  | 0.3755  |
| American Dollar    | 0.7322  | 0.7296  | 0.7645  | 0.7619  |
| Polish Zloti       | 0.2406  | 0.2395  | 0.2305  | 0.2395  |
| Australian Dollar  | 0.6879  | 0.6675  | 0.7057  | 0.7736  |
| Mexican Peso       | 0.0565  | 0.0556  | 0.0587  | 0.0607  |
| Egyptian Pound     | 0.1021  | 0.1039  | 0.1093  | 0.1117  |
| Malaysian Ringgit  | 0.2280  | 0.2234  | 0.2419  | 0.2478  |
| Chilean Peso       | 0.0013  | 0.0013  | 0.0015  | 0.0016  |
| Singapore Dollar   | 0.5866  | 0.5787  | 0.6044  | 0.6129  |
| Swiss Franc        | 0.8226  | 0.8187  | 0.8105  | 0.8132  |
| Swedish Krona      | 0.1090  | 0.1117  | 0.1139  | 0.1173  |
| South African Rand | 0.0692  | 0.0682  | 0.0765  | 0.0828  |
| Angolan Kwanza     | 0.0075  | 0.0075  | 0.0079  | 0.0079  |
| Moroccan Dirham    | 0.0892  | 0.0891  | 0.0900  | 0.0898  |

At 30 June 2014, the Group had foreign exchange forwards amount to USD 4,797,000, fixing the exchange rate for EUR, which have an average maturity of 2 months.

#### w) Assets impairment

Impairment tests are performed at the date of each balance sheet and whenever an event or change of circumstances indicates that the recorded amount of an asset may not be recoverable. Whenever the book value of an asset is greater than the amount recoverable, an impairment loss is recognised and recorded in the profit and loss statement under the caption 'Depreciation and amortisation' in the case of fixed assets and goodwill, under the caption 'Other financial expenses' in the case of financial investments or under the caption 'Provisions and impairment losses', in relation to the other assets. The recoverable amount is the greater of the net selling price and the value in use. Net selling price is the amount obtainable upon the sale of an asset in a transaction within the capability of the parties involved, less the costs directly related to the sale. The value in use is the present value of the estimated future cash flows expected to result from the continued use of the asset and of its sale at the end of its useful life. The recoverable amount is estimated for each asset individually or, if this is not possible, for the cashgenerating unit to which the asset belongs.

Evidence of the existence of impairment in accounts receivables appears when:

• The counterparty presents significant financial difficulties;

- There are significant delays in interest payments and in other leading payments from the counterparty;
- It is probable that the debtor goes into liquidation or into a financial restructuring.

For certain categories of financial assets for which it is not possible to determine the impairment for each asset individually, the analysis is made for a group of assets. Evidence of an impairment loss in a portfolio of accounts receivable may include past experience in terms of collections increasing number of delays in collections, as well as changes in national or local economic conditions that are related with the collections capacity.

For goodwill and financial investments in associated companies, the recoverable amount, calculated in terms of value in use, is determined based on the most recent business plans duly approved by the Group's Board of Directors. For goodwill and financial investments in companies jointly controlled the recoverable amount is determinated taking into account with several information as business plans approved by the Board of Directors and the average ratings of external reviewers (researches).

For Accounts receivables, the Group uses historical and statistical information to estimate the amounts in impairment. For Inventories, the impairment is calculated based on market evidence and several indicators of stock rotation.

x) Medium Term Incentive Plans
The accounting treatment of Medium Term Incentive Plans is based on IFRS 2 – 'Share-based Payments'.

Under IFRS 2, when the settlement of plans established by the Group involves the delivery of Sonaecom's own shares, the estimated responsibility is recorded, as a credit entry, under the caption 'Medium Term Incentive Plans Reserve', within the heading 'Shareholders' funds' and is charged as an expense under the caption 'Staff expenses' in the profit and loss statement.

The quantification of this responsibility is based on fair value and is recognised over the vesting period of each plan (from the award date of the plan until its vesting or settlement date). The total responsibility, at any point of time, is calculated based on the proportion of the vesting period that has 'elapsed' up to the respective accounting date.

When the responsibilities associated with any plan are covered by a hedging contract, i.e., when those responsibilities are replaced by a fixed amount payable to a third party and when Sonaecom is no longer the party that will deliver the Sonaecom shares, at the settlement date of each plan, the



above accounting treatment is subject to the following changes:

- (i) The total gross fixed amount payable to third parties is recorded in the balance sheet as either 'Other non-current liabilities' or 'Other current liabilities':
- (ii) The part of this responsibility that has not yet been recognised in the profit and loss statement (the 'unelapsed' proportion of the cost of each plan) is deferred and is recorded, in the balance sheet as either 'Other noncurrent assets' or 'Other current assets':
- (iii) The net effect of the entries in (i) and (ii) above eliminate the original entry to 'Shareholders' funds';
- (iv) In the profit and loss statement, the 'elapsed' proportion continues to be charged as an expense under the caption 'Staff expenses'.

For plans settled in cash, the estimated liability is recorded under the balance sheet captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry under the profit and loss statement caption 'Staff expenses', for the cost relating to the vesting period that has 'elapsed' up to the respective accounting date. The liability is quantified based on the fair value of the shares as of each balance sheet date.

When the liability is covered by a hedging contract, recognition is made in the same way as described above, but with the liability being quantified based on the contractually fixed amount.

Equity-settled plans to be liquidated through the delivery of shares of the parent company are recorded as if they were settled in cash, which means that the estimated liability is recorded under the balance sheet captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry under the profit and loss statement caption 'Staff expenses', for the cost relating to the deferred period elapsed. The liability is quantified based on the fair value of the shares as of each balance sheet date.

For Sonaecom share plans, the company converted all plans into shares of Sonae SGPS. The impact associated with share plans for medium-term incentive referred, is recognized in the balance under the caption 'Other current liabilities' and 'Other non-current liabilities'. In the income statement, the cost is recognized under the caption 'Staff expenses' (Note 27).

Regarding the plans originally liquidated through the delivery of shares of the parent company, the company entered into hedging contracts with an external entity under which the acquisition price of those shares was fixed. Therefore, the responsibility is recorded based on that fixed price, proportionally to the period of time elapsed since the award

date until the date of record, under the captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognised on the income statement under the caption 'Staff expenses'.

## y) Subsequent events

Events occurring after the date of the balance sheet which provide additional information about conditions prevailing at the time of the balance sheet (adjusting events) are reflected in the consolidated financial statements. Events occurring after the balance sheet date that provide information on postbalance sheet conditions (non-adjusting events), when material, are disclosed in the notes to the consolidated financial statements.

## z) Judgements and estimates

The most significant accounting estimates reflected in the consolidated financial statements of the period ended at 30 June 2014 and 2013, are as follows:

- (i) Useful lives of tangible and intangible assets;
- (ii) Impairment analysis of goodwill and of other tangible and intangible assets; and
- (iii) Recognition of impairment losses on assets (Trade debtors and Inventories) and provisions.

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

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

### aa) Financial risk management

Due to its activities, the Group is exposed to a variety of financial risks such as market risk, liquidity risk and credit risk.

These risks arise from the unpredictability of financial markets, which affect the capacity of project cash flows and profits. The Group financial risk management, subject to a long-term ongoing perspective, seeks to minimise potential adverse effects that derive from that uncertainty, using,



whenever it is possible and advisable, derivative financial instruments to hedge the exposure to such risks (note 1.n).

The Group is also exposed to equity price risks arising from equity investments, although they are usually maintained for strategic purposes.

### Market risk

## a) Foreign exchange risk

The Group operates internationally, having subsidiaries that operate in countries with a different currency than Euro namely Brazil, United Kingdom, Poland, United States of America, Mexico, Australia, Egypt, Colombia, Panama, Singapore and Malaysia (branch) and so it is exposed to foreign exchange rate risk.

Foreign exchange risk management seeks to minimise the volatility of investments and transactions made in foreign currencies and contributes to reduce the sensitivity of Group results to changes in foreign exchange rates.

Whenever possible, the Group uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such a procedure is not possible, the Group adopts derivative financial hedging instruments (note 1.n).

The Group's exposure to foreign exchange rate risk, results essentially from the fact that some of its subsidiaries report in a currency different from euro, making the risk of operational activity immaterial.

## b) Interest rate risk

Sonaecom's total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group results or on its Shareholders' funds is mitigated by the effect of the following factors (i) relatively low level of financial leverage; (ii) possibility to use derivative financial instruments that hedge the interest rate risk, as mentioned below; (iii) possible correlation between the level of market interest rates and economic growth having the latter a positive effect in other lines of the Group's consolidated results (particularly operational), and in this way partially offsetting the increase of financial costs ('natural hedge'); and (iv) the existence of stand-alone or consolidated liquidity which is also bearing interest at a variable rate.

The Group only uses derivatives or similar transactions to hedge interest rate risks considered significant. Three main principles are followed in all instruments selected and used to hedge interest rate risk:

- For each derivative or instrument used to hedge a specific loan, the interest payment dates on the loans subject to hedging must equalise the settlement dates defined under the hedging instrument;
- Perfect match between the base rates: the base rate used in the derivative or hedging instrument should be the same as that of the facility/transaction which is being hedged;
- As from the start of the transaction, the maximum cost of the debt, resulting from the hedging operation is known and limited, even in scenarios of extreme changes in market interest rates, so that the resulting rates are within the cost of the funds considered in the Group's business plan.

As all Sonaecom's borrowings (note 15) are at variable rates, interest rate swaps and other derivatives are used, when it is deemed necessary, to hedge future changes in cash flow relating to interest payments. Interest rate swaps have the financial effect of converting the respective borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with third parties (banks) to exchange, in predetermined periods, the difference between the amount of interest calculated at the fixed contract rate and the floating rate at the time of re-fixing, by reference to the respective agreed notional amounts.

The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, being the Group's policy, when contracting such instruments, to give preference to financial institutions that form part of its financing transactions. In order to select the counterparty for occasional operations, Sonaecom requests proposals and indicative prices from a representative number of banks in order to ensure adequate competitiveness of these operations.

In determining the fair value of hedging operations, the Group uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates prevailing at the balance sheet date.

Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the valuation.

The fair value of the derivatives contracted, that are considered as fair value hedges or the ones that are considered not sufficiently effective for cash flow hedge (in accordance with the provisions established in IAS 39), are recognised under borrowings captions and changes in the fair value of such derivatives are recognised directly in the profit and loss statement for the year. The fair value of derivatives of cash flow hedge, that are considered effective according to



IAS 39, are recognised under borrowing captions and changes in the fair value are recognised in equity.

Sonaecom's Board of Directors approves the terms and conditions of the financing with significant impact in the Group, based on the analysis of the debt structure, the risks and the different options in the market, particularly as to the type of interest rate (fixed / variable). Under the policy defined above, the Executive Committee is responsible for the decision on the occasional interest rate hedging contracts, through the monitoring of the conditions and alternatives existing in the market.

## Liquidity risk

The existence of liquidity in the Group requires the definition of some policies for an efficient and secure management of the liquidity, allowing us to maximise the profitability and to minimise the opportunity costs related to that liquidity.

The liquidity risk management has a threefold objective: (i) Liquidity, i.e., to ensure the permanent access in the most efficient way to obtain sufficient funds to settle current payments within the respective dates of maturity as well as any eventual not forecasted requests for funds, within the deadlines set for this; (ii) Safety, i.e. to minimise the probability of default in any reimbursement of application of funds; and (iii) Financial Efficiency, i.e., to ensure that the Group maximises the value / minimises the opportunity cost of holding excess liquidity in the short term.

The main underlying policies correspond to the variety of instruments allowed, the maximum acceptable level of risk, the maximum amount of exposure by counterparty and the maximum periods for investments.

The existing liquidity in the Group should be applied to the alternatives and by the order described below:

- (i) Amortisation of short-term debt after comparing the opportunity cost of amortisation and the opportunity cost related to alternative investments:
- (ii) Consolidated management of liquidity the existing liquidity in Group companies, should mainly be applied in Group companies, to reduce the use of bank debt at a consolidated level; and
- (iii) Applications in the market.

The applications in the market are limited to eligible counterparties, with ratings previously established by the Board and limited to certain maximum amounts by counterparty.

The definition of maximum amounts intends to ensure that the application of liquidity in excess is made in a prudent way and taking into consideration the best practices in terms of bank relationships.

The maturity of applications should equal the forecasted payments (or the applications should be easily convertible, in the case of asset investments, to allow urgent and not estimated payments), considering a threshold for eventual deviations on the estimates. The threshold depends on the accuracy level of treasury estimates and would be determined by the business. The accuracy of the estimates is an important variable to quantify the amounts and the maturity of the applications in the market.

The maturity analysis for the loans obtained is presented in note 15.

#### Credit risk

The Group's exposure to credit risk is mainly associated with the accounts receivable related to current operational activities. The credit risk associated to financial operations is mitigated by the fact that the Group only negotiates with entities with high credit quality.

The management of this risk seeks to guarantee that the amounts owing are effectively collected within the periods negotiated without affecting the financial health of the Group. The Group uses credit rating agencies and has specific departments responsible for risk control, collections and management of processes in litigation, as well as credit insurances, which all contribute to the mitigation of credit risk.

The amounts included in the financial statements related to trade debtors and other debtors, net of impairment losses, represent the maximum exposure of the Group to credit risk.



# $2.\ Companies\ included\ in\ the\ consolidation$

Group companies included in the consolidation through full consolidation method, their head offices, main activities, Shareholders and percentage of share capital held at 30 June 2014 and 2013, are as follows:

|   |             |   |   |           | Percenta<br>2014 | ge of share o | capital held<br>2013 |
|---|-------------|---|---|-----------|------------------|---------------|----------------------|
|   |             |   |   |           | 2014             |               | 201                  |
| Company (Commercial brand)  | Head office | Main activity   | Shareholder   | Direct    | Effective*       | Direct        | Effective            |
| Parent company<br>SONAECOM, S.G.P.S., S.A. ('Sonaecom')   | Maia        | Management of shareholdings.  |   |           | -                | _             | -                    |
| Subsidiaries<br>Be Artis - Concepção, Construção e Gestão de<br>Redes de Comunicações, S.A. ('Artis') (a) | Maia        | Design, construction, management and exploitation of electronic communications networks and their equipment and infrastructure, management of technologic assets and rendering of related services.   | Optimus SGPS  | -         | -                | 100%          | 100%                 |
| Be Towering-Gestão de Torres de<br>Telecomunicações, S.A. ('Be Towering') (a)                             | Maia        | Implementation, installation and exploitation of towers and other sites for the instalment of telecommunications equipment.   | Optimus SGPS  | -         | -                | 100%          | 100%                 |
| Cape Technologies Limited ('Cape<br>Technologies')  | Dublin      | Rendering of consultancy services in the area of information systems.   | We Do   | 100%      | 100%             | 100%          | 100%                 |
| Digitmarket – Sistemas de Informação, S.A.<br>('Digitmarket' – using the brand 'Bizdirect')               | Maia        | Development of management platforms and commercialisation of products, services and information, with Sonae com SI the internet as its main support.  |   | 75.10%    | 75.10%           | 75.10%        | 75.10%               |
| Lugares Virtuais, S.A.<br>('Lugares Virtuais') (b)  | Maia        | Organisation and management of electronic online portals, content acquisition, management of electronic auctions, acquisition and deployment of products and services electronically and any related activities.  |   | Disso     | lved             | 100%          | 100%                 |
| Mainroad – Serviços em Tecnologias de<br>Informação, S.A. ('Mainroad')                                    | Maia        | Rendering of consultancy services in IT areas.  |   |           | 100%             | 100%          | 100%                 |
| Miauger – Organização e Gestão de Leilões<br>Electrónicos, S.A. ('Miauger') (c)                           | Maia        | Organisation and management of electronic auctions of products and services on-line.  Sonaecom  |   | Dissolved |                  | 100%          | 100%                 |
| Optimus - Comunicações, S.A.<br>('Optimus') (a)   | Maia        | Implementation, operation, exploitation and offer of networks and rendering services of electronic comunications and related resources; offer and commercialisation of products and equipments of electronic communications.  |   | -         | -                | 100%          | 100%                 |
| Optimus, S.G.P.S., S.A. ('Optimus SGPS') (a)  | Maia        | Management of shareholdings in the area of telecommunications.  | Sonaecom  | -         | -                | 100%          | 100%                 |
| PCJ - Público, Comunicação e Jornalismo, S.A. ('PCJ')   | Maia        | Editing, composition and publication of periodical and non-<br>periodical material and the exploration of radio and TV stations<br>and studios.   | Sonaecom  | 100%      | 100%             | 100%          | 100%                 |
| Per-Mar – Sociedade de Construções, S.A. ('Per-<br>Mar') (a)  | Maia        | Purchase, sale, renting and operation of property and commercial establishments.  | Optimus SGPS  | -         | -                | 100%          | 100%                 |
| Praesidium Services Limited ('Praesidium<br>Services')  | Berkshire   | Rendering of consultancy services in the area of information systems.   | Sonae com SI<br>We Do UK  | 100%      | 100%             | 100%          | 100%                 |
| Público – Comunicação Social, S.A. ('Público')  | Oporto      | Editing, composition and publication of periodical and non-<br>periodical material.   | Sonaecom  | 100%      | 100%             | 100%          | 100%                 |
| Saphety Level – Trusted Services, S.A.<br>('Saphety')   | Maia        | Rendering services, training, consultancy services in the area of communication, process and electronic certification of data; trade, development and representation of software.   | Rendering services, training, consultancy services in the area of communication, process and electronic certification of data:  Sonae com St. 86.99 |           | 86.995%          | 86.995%       | 86.995%              |
| Saphety Brasil Transações Eletrônicas Ltda.<br>('Saphety Brasil')   | São Paulo   | Rendering services, training, consultancy services in the area of communication, process and electronic certification of data; electronic identification, storage and availability of databases and electronic payments; trade, development and representation of software related with these services. | Saphety   | 99.8%     | 86.821%          | 99.8%         | 86.821%              |
| Saphety – Transacciones Electronicas SAS<br>('Saphety Colòmbia')  | Bogotá      | Rendering services, training, consultancy services in the area of communication, process and electronic certification of data; electronic identification, storage and availability of databases and electronic payments; trade, development and representation of software related with these services. | Saphety   | 100%      | 86.995%          | 100%          | 86.995%              |



|   |                |  |  |        | Percentaç<br>2014 | ge of share o   | apital held     |
|---|----------------|--|--|--------|-------------------|-----------------|-----------------|
| Company (Commercial brand)  | Head office    | Main activity  | Shareholder  | Direct | Effective*        | Direct          | Effective*      |
| Sonaecom - Serviços Partilhados, S.A.<br>('Sonaecom SP')                      | Maia           | Support, management consulting and administration, particularly in the areas of accounting, taxation, administrative procedures, logistics, human resources and training.                              | Sonaecom   | 100%   | 100%              | 100%            | 100%            |
| Sonae com – Sistemas de Informação, S.G.P.S.,<br>S.A. ('Sonae com SI')        | Maia           | Management of shareholdings in the area of corporate ventures and joint ventures.  | Sonaecom   | 100%   | 100%              | 100%            | 100%            |
| Sonaecom - Sistemas de Información Espanā,<br>S.L. ('SSI Espanā')             | Madrid         | Rendering of consultancy services in the area of information systems.  | Sonae com SI   | 100%   | 100%              | 100%            | 100%            |
| Sonaecom BV   | Amsterdam      | Management of shareholdings.   | Sonaecom   | 100%   | 100%              | 100%            | 100%            |
| Sonaecom - Cyber Security and Intelligence,<br>SGPS, S.A. ('Sonaecom CSI')(d) | Maia           | Management of shareholdings.   | Sonae com SI   | 100%   | 100%              | =               | -               |
| Sonaetelecom BV   | Amsterdam      | Management of shareholdings.   | Sonaecom   | 100%   | 100%              | 100%            | 100%            |
| Sontária - Empreendimentos Imobiliários, S.A.<br>('Sontária') (a)             | Maia           | Realisation of urbanisation and building construction, planning, urban management, studies, construction and property management, buy and sale of properties and resale of purchased for that purpose. | nanagement, buy and sale of properties and resale of   |        | -                 | 100%            | 100%            |
| Tecnológica Telecomunicações, LTDA.<br>('Tecnológica')                        | Rio de Janeiro | Rendering of consultancy and technical assistance in the area of IT systems and telecommunications.  | We Do Brasil   | 99.99% | 99.90%            | 99.99%          | 99.90%          |
| We Do Consulting – Sistemas de Informação,<br>S.A. ('We Do')                  | Maia           | Rendering of consultancy services in the area of information systems.  Sonae com SI  |  | 100%   | 100%              | 100%            | 100%            |
| Wedo do Brasil Soluções Informáticas, Ltda.<br>('We Do Brasil')               | Rio de Janeiro | Commercialisation of software and hardware; rendering of consultancy and technical assistance related to information technology and data processing.   | We Do  | 99.91% | 99.91%            | 99.91%          | 99.91%          |
| We Do Poland Sp. Z.o.o. ('We Do Poland')                                      | Poznan         | Rendering of consultancy services in the area of information systems.  | Cape Technologies                                      | 100%   | 100%              | 100%            | 100%            |
| We Do Technologies Americas, Inc ('We Do<br>USA')                             | Delaware       | Rendering of consultancy services in the area of information systems.  | Cape Technologies                                      | 100%   | 100%              | 100%            | 100%            |
| We Do Technologies Australia PTY Limited ('We<br>Do Asia')                    | Sydney         | Rendering of consultancy services in the area of information systems.  | Cape Technologies                                      | 100%   | 100%              | 100%            | 100%            |
| We Do Technologies BV ('We Do BV')  | Amsterdam      | Management of shareholdings.   | We Do  | 100%   | 100%              | 100%            | 100%            |
| We Do Technologies BV – Malaysian Branch<br>('We Do Malásia')                 | Kuala Lumpur   | Rendering of consultancy services in the area of information systems.  | We Do BV   | 100%   | 100%              | 100%            | 100%            |
| We Do Technologies Egypt LLC ('We Do Egypt')                                  | Cairo          | Rendering of consultancy services in the area of information systems.  | information We Do BV<br>Sonaecom BV<br>Sonaetelecom BV |        | 90%<br>5%<br>5%   | 90%<br>5%<br>5% | 90%<br>5%<br>5% |
| We Do Technologies (UK) Limited ('We Do UK')                                  | Berkshire      | Management of shareholdings.   | We Do  | 100%   | 100%              | 100%            | 100%            |
| We Do Technologies Mexico, S de R.L. ('We Do<br>Mexico')                      | Mexico City    | Rendering of consultancy services in the area of information systems.  | Sonaecom BV<br>We Do BV                                | 0.001% | 0.001%            | 0.001%          | 0.001%          |
| We Do Technologies Panamá S.A. ('We Do<br>Panamá')                            | Panamá City    | Rendering of consultancy services in the area of information systems.  | We Do BV   | 100%   | 100%              | 100%            | 100%            |
| We Do Technologies Singapore PTE. LTD. ('We Do Singapura')                    | Singapore      | Rendering of consultancy services in the area of information systems.  | We Do BV   | 100%   | 100%              | 100%            | 100%            |
| * Consessor offestive participation   |                |  |  |        |                   |                 |                 |

<sup>\*</sup> Sonaecom effective participation

All the above companies were included in the consolidation in accordance with the full consolidation method under the terms of IAS 27 – 'Consolidated and Separate Financial Statements' (majority of voting rights, through the ownership of shares in the companies).

## 3. Changes in the Group

During the periods ended at 30 June 2014 and 2013, the following changes occurred in the composition of the Group:

## a) Acquisitions

| Purchaser | Subsidiary     | Date   | % acquired | Current % shareholding |
|-----------|----------------|--------|------------|------------------------|
| 2013      |                |        |            |                        |
| Saphety   | Saphety Brasil | Feb-13 | 99.8%      | 99.8%                  |

<sup>(</sup>a) Companies included in Group Zopt consolidation perimeter, following the merger between Optimus SGPS and Zon (note 3.d) in August 2013 and 2012 and 2012 are consolidation perimeter.

<sup>(</sup>b) Company dissolved in February 2014

<sup>(</sup>c) Company dissolved in May 2014

<sup>(</sup>d) Company established in May 2014



## At 1 January 2013, the merger of Connectivat WeDo USA occurred.

#### b) Constitutions

| Shareholder  | Subsidiary       | Date   | Share capital   | Current % shareholding |
|--------------|------------------|--------|-----------------|------------------------|
| 2014         |                  |        |                 |                        |
| Sonae com SI | Sonaecom CSI     | May-14 | 50,000 EUR      | 100%                   |
| 2013         |                  |        |                 |                        |
| Saphety      | Saphety Colômbia | Apr-13 | 50,000,000 COP* | 100%                   |

<sup>\*</sup> Corresponds to circa 19,500 EUR (at 30 June 2014 rate)

#### c) Dissolutions

| Shareholder | Subsidiary       | Date   | Share capital |
|-------------|------------------|--------|---------------|
| 2014        |                  |        |               |
| Miaguer     | Lugares Virtuais | Feb-14 | 100%          |
| Sonaecom    | Miauger          | May-14 | 100%          |
| 2013        |                  |        |               |
| We Do BV    | We Do Chile      | May-13 | 100%          |

### d) Others

Following the announcement made, on 14 December 2012, between Sonaecom, SGPS, S.A., Kento Holding Limited and Jadeium BV (currently named Unitel International Holdings, BV, collectively referred to as 'Kento/Jadeium'), of having reached an agreement to recommend to the Boards of Zon Multimédia – Serviços de Telecomunicaçõese Multimédia, SGPS, S.A. ('Zon') and Optimus SGPS, SA a merger between the two companies, on 11 January 2013, Sonaecom, SGPS, S.A. ('Sonaecom') carried out a capital increase in kind, transferring 81.807% of its financial participation in Optimus SGPS, S.A. to ZOPT, SGPS, S.A.('Zopt') (vehicle used for this purpose), conditional upon completion of the merger.

Thus, following the above mentioned agreement, on 27 August 2013, and after fulfilling all the remedies required to the operation, the merger was closed. Sonaecom considers this to be the date on which Zopt took control of Zon Optimus (now NOS SGPS, SA (hereinafter 'NOS'), following the amendment of its name in June 2014), having 50.01% of its share capital. Accordingly, in the same day, it was registered the capital increase in kind with the transference of 81.807% Sonaecom's financial participation in Optimus SGPS, S.A. to Zopt. As a consequence, Sonaecom held a 50% stake in Zopt, as well as shareholder loans to be received from Zopt amounting to Euro 230 million (note 8), which would later be converted on supplementary capital and reduced to Euro 115 million. Additionally, the remaining stake of 18.193% in Optimus SGPS, was converted into a minority stake of 7.28% in NOS (note 9). Resulting from a 'Shareholders Agreement' between the parties involved in the merger, Sonacom and Kento/Jadeium Group agreed not to acquire any shares of NOS, with the exception of the shares acquired by Sonaecom as a result of the operation. For this reason, the 'Shareholders Agreement' also foresees that after 2 years from the date of the formal closing of the merger, and for a period of three months, the Group Kento / Jadeium may exercise a call option over half of the shares of NOS that Sonaecom holds at the date of the exercise of call option, at a price equal to the weighted average price of the previous month.

After the share capital increase of Zopt and the closing of the merger between Optimus SGPS and Zon, Sonaecom derecognised in consolidated accounts, the assets and liabilities fully consolidated of Optimus SGPS and its subsidiaries amounting to Euro 992 million. Sonaecom has also recognized an investment in Zopt amounting to Euro 598 million <sup>1</sup>, loans to be received from Zopt amounting Euro 230 million (note 8) and an investment registered at fair value through NOS shares (the conversion of 20,921,650 Optimus SGPS

The Zopt participation of 598 million euros (598 = ((2,850 X 50.01%)-230) X 50%) results from the valuation of NOS, amounting to 2,850 million euros. This corresponds to the sum of the valuation of the capital increase in Zopt made by Zon and Optimus in 1,500 million euros and 1,000 million euros, respectively (the valuation was made by entities involved in the capital increase and the merger project), and the minimum synergies estimated, disclosed in the merger project in the amount of 350 million euros, deducted from loans totaling 230 million euros (level 3 of inputs in the hierarchy of fair value). It was decided that Zon market price at the date of the closing of the merger didn't reflected the fair value of NOS (the argument for not using the Zon share price at the date of the close of the merger, as abovementioned, is proven by the positive evolution of NOS share price since the date of the merger until 31 December 2013 (2,782 million euros versus 2,141, million price at 27 August 2013, merger date)). For this reason, the market capitalization of Zon was not considered as a reference for valuing the Zopt investment. The valuation of Zon and Optimus was based on internally and analysts' projections, regarding the main economic indicators, including operating results and investment. For this purpose, was used a weighted average cost of capital of 9.5% and growth rate of 3%.



shares, representing 18.193% of the share capital, to 37,489,324 NOS shares, representing 7.28% of the share capital), at the market price of 27 August 2013 (date of the closing of the merger), amounting to Euro 156 million (note 9).

Following the merger, was performed on Zopt a preliminary assessment of the fair value of assets acquired and assumed liabilities through this operation. The allocation of the acquisition price is still subject to changes until the conclusion of a period of one year from the date of acquisition, in accordance with IFRS 3 - Business Combinations. In 30 June 2014, as a result of a reassessment of tax claims and deferred taxes, contingent liabilities and deferred taxes has been changed, and an adjustment has been made to the goodwill, amounting to Euro 2.015 thousand in accordance with IFRS 3 - Business Combinations. The detail of Zon Group's net assets and Goodwill identified under this transaction are as follows:

| (Amounts expressed in thousand Euro)   | Values before<br>acquisition | Adjustments to fair value | Fair value |
|--|------------------------------|---------------------------|------------|
| Acquired assets                        |                              |                           |            |
| Tangible assets                        | 598,675                      | 57,301                    | 655,976    |
| Intangible assets                      | 137,644                      | 170,575                   | 308,219    |
| Investments in group companies         | 33,646                       | 284,807                   | 318,453    |
| Deferred tax assets                    | 55,972                       | 8,366                     | 64,338     |
| Inventories                            | 18,034                       | -                         | 18,034     |
| Accounts receivable and other assets   | 169,888                      | 1,861                     | 171,749    |
| Cash and cash equivalents              | 157,914                      |                           | 157,914    |
|  | 1,171,773                    | 522,910                   | 1,694,683  |
| Acquired liabilities                   |                              |                           |            |
| Borrowings                             | 817,435                      | 7,634                     | 825,069    |
| Provisions                             | 25,948                       | 7,798                     | 33,746     |
| Deferred tax liabilities               | 7,450                        | 68,591                    | 76,041     |
| Share plan                             | 3,694                        | -                         | 3,694      |
| Accounts payable and other liabilities | 296,169                      | 2,062                     | 298,231    |
| Minorities                             | 9,662                        |                           | 9,662      |
|  | 1,160,358                    | 86,085                    | 1,246,443  |
| Net assets and liabilities             | 11,415                       | 436,825                   | 448,240    |
| Goodwill                               |                              |                           | 1,051,760  |
| Acquisition price                      |                              |                           | 1,500,000  |

The fair value of net assets acquired was determined through various valuation methodologies for each type of asset or liability based on the best information available. The main fair value adjustments made in this process were: (i) valuation of Cines TV and TV Series channels (EUR +99.3 million), which will be amortised straight-line over a period of 10 years, (ii) portfolio customers (EUR +71.3 million), which will be amortised straight-line over the estimated average period of customer retention, (iii) financial investments (EUR +304 million) including EUR +267 million in estimated future economic benefits ('goodwill') of subsidiaries, valuations of channels in the amount of EUR +29 million, valuation of client portfolios in the amount of EUR +17 million, among others, and their respective associated deferred taxes, (iv) increase of EUR +57.3 million in the book value of basic equipment, (v) changes in the fair value of borrowings in the amount of EUR -7.6 million, and (vi) Contingent liabilities relating to present obligations amounting to EUR -16.7 million.



The detail of the previous Optimus Group's net assets and Goodwill identified under this transaction are as follows:

| (Amounts expressed in thousand Euro)   | Values before<br>acquisition | Adjustments to fair value | Fair value |
|--|------------------------------|---------------------------|------------|
| Acquired assets                        |                              |                           |            |
| Tangible assets                        | 569,441                      | (62,616)                  | 506,825    |
| Intangible assets                      | 353,331                      | 45,480                    | 398,811    |
| Deferred tax assets                    | 100,976                      | 27,626                    | 128,602    |
| Inventories                            | 19,125                       | (1,384)                   | 17,741     |
| Accounts receivable and other assets   | 224,165                      | -                         | 224,165    |
| Cash and cash equivalents              | 17,987                       | -                         | 17,987     |
|  | 1,285,025                    | 9,106                     | 1,294,131  |
| Acquired liabilities                   |                              |                           |            |
| Borrowings                             | 452,362                      | -                         | 452,362    |
| Provisions                             | 35,224                       | 30,091                    | 65,315     |
| Deferred tax liabilities               | 1,142                        | 10,997                    | 12,139     |
| Share plan                             | 6,469                        | 3,144                     | 9,613      |
| Accounts payable and other liabilities | 287,368                      | 15,326                    | 302,694    |
|  | 782,565                      | 59,558                    | 842,123    |
| Net assets and liabilities             | 502,460                      | (50,452)                  | 452,008    |
| Goodwill                               |                              |                           | 547,992    |
| Acquisition price                      |                              |                           | 1,000,000  |

The fair value of net assets acquired was determined through several valuation methodologies for each type of asset or liability, based on the best information available. The main fair value adjustments made in this process were: (i) customer portfolio (+23.4 million euros), which will be amortised linearly based on the estimated average time of customer retention; (ii) telecom licenses (+12.7 million euros), which will be amortised over their the estimated useful life; (iii) infrastructure reconstruction and replacement equipment costs and other adjustments on basic equipment in the amount of -22.7 million euros; (iv) adjustment of -27.7 million euros to carrying amount of the assets falling within by the commitments made to the Competition Authority, under the merger operation, in particular, the agreement on an option to acquire the fiber network of NOS Comunicações; (v) contingent liabilities related to present obligations in the amount of -30.0 million euros, as permitted by IFRS 3, and (vi) contractual obligations in the amount of -15.3 million euros related to long-term contracts whose prices are different from market prices.

The methodologies used in the main fair value adjustments were Discounted cash flows (Level 3) with the exception to Rooftops and Towers that was used the Rebuilding costs (Level 2), to Basic Equipment that was used the Replacement costs (Level 2) and to Contractual obligations that was used the Comparison with today fees charged (Level 2).

In identifying the fair value of acquired assets and liabilities the Group's management make estimates, assumptions and judgments such as: (i) the average period of retention of NOS Comunicações' customers used in the valuation of the customer portfolio; (ii) the average time of use of existing 2G/3G and LTE technologies and revenue growth as a result of the emergence of other new technologies, used in the valuation of the telecom licenses, among others. Although these estimates were based on the best information available at the date of preparation of the consolidated financial statements, current and future results may differ from these estimates.

Several scenarios have been considered in the valuations. The sensitivity analyzes performed have not led to significant changes in the allocation of the fair value of assets and liabilities. For the remaining assets and liabilities were not identified significant differences between the fair value and their book value.

As usual on mergers and acquisitions, also in this operation, there was a part of the acquisition price which was not possible to allocate to the fair value of some identified assets and liabilities that was considered as Goodwill and recorded in "Intangible Assets". This Goodwill is related to a number of different elements, which cannot be individually quantified and isolated in a viable way and include, for example, synergies, qualified workforce and technical skills.



Thus, as a result of the derecognition of the investment in Optimus SGPS and its subsidiaries, the recognition of the investments in Zopt, NOS, and the loans to be received from Zopt, it was registered a capital loss of 9 million euros, as follows:

| (Amounts expressed in Euro)                       | 27 August 2013 |
|---|----------------|
|   |                |
| Assets and liabilities derecognized               | (992,397,240)  |
| Compensation received                             | 983,447,575    |
| Gain/(Loss) resulting from the disposal (note 37) | (8,949,665)    |

The compensation received can be detailed as follows:

| (Amounts expressed in Euro)    | 27 August 2013 |
|--------------------------------|----------------|
|                                |                |
| Participation in Zopt (note 8) | 597,641,944    |
| Loans Zopt (note 8)            | 230,000,000    |
| NOS shares (note 9)            | 155,805,631    |
|                                | 983,447,575    |

The impacts in balance sheet of the output of the telecommunications sector companies in August 2013 resulted of this operation, are detailed as follows:

| (Amounts expressed in Euro)                            | Notes | 27 August 2013                          |
|--|-------|---|
| Assets   |       |   |
| Non-current assets                                     |       |   |
| Tangible assets  | 5     | (562,475,126)                           |
| Intangible assets                                      | 6     | (353,993,403)                           |
| Goodwill   | 7     | (485,150,340)                           |
| Other non-current assets                               | •     | 312,080,798                             |
| Deferred tax assets                                    | 11    | (98,625,767)                            |
| Total non-current assets                               |       | (1,188,163,838)                         |
| Current assets   |       | ( , , , , , , , , , , , , , , , , , , , |
| Inventories  |       | (19,124,520)                            |
| Trade debtors  |       | (127,955,743)                           |
| Other current assets                                   |       | (82,942,364)                            |
| Cash and cash equivalents                              |       | (17,986,673)                            |
| Total current assets                                   |       | (248,009,300)                           |
| Shareholders' funds and liabilities                    |       | (= := ====)                             |
| Medium term incentive plans reserves                   |       | 6,468,582                               |
| Others   |       | 5,464                                   |
| Total Shareholders' funds                              |       | 6,474,046                               |
| Liabilities  |       | 9711 17010                              |
| Non-current liabilities                                |       |   |
| Medium and long-term loans – net of short-term portion |       | (813,080)                               |
| Other non-current financial liabilities                |       | 17,879,658                              |
| Provisions for other liabilities and charges           | 17    | 35,247,971                              |
| Deferred tax liabilities                               |       | 259,753                                 |
| Other non-current liabilities                          |       | 31,672,299                              |
| Total non-current liabilities                          |       | 84,246,601                              |
| Current liabilities                                    |       |   |
| Short-term loans and other loans                       |       | 115,535,594                             |
| Trade creditors  |       | 119,124,642                             |
| Other current financial liabilities                    |       | 2,660,326                               |
| Other creditors  |       | 15,254,142                              |
| Other current liabilities                              |       | 100,480,547                             |
| Total current liabilities                              |       | 353,055,251                             |
| Total assets and liabilities derecognized              |       | (992,397,240)                           |



## 4. Breakdown of financial instruments

At 30 June 2014 and 2013, the breakdown of financial instruments was as follows:

|   |             |                    |                          |                 |                            |                    | 2014                       |
|---|-------------|--------------------|--------------------------|-----------------|----------------------------|--------------------|----------------------------|
|   |             |                    |                          |                 |                            |                    | 2014                       |
|   |             |                    | Financial assets at fair |                 |                            |                    |                            |
|   | Loans and   | Investments        | value through profit or  | Other financial |                            | Others not covered |                            |
|   | receivables | available for sale | loss                     | assets          | Subtotal                   | by IFRS 7          | Total                      |
| Non-current assets Financial assets at fair value through profit or |             |                    |                          |                 |                            |                    |                            |
| loss (note 9)   | -           | -                  | 1,192,926                | -               | 1,192,926                  | -                  | 1,192,926                  |
| Investments available for sale (note 10)                            | -           | 115,448            | -                        | -               | 115,448                    | -                  | 115,448                    |
| Other non-current assets  | 47,685      | -                  | -                        | -               | 47,685                     | -                  | 47,685                     |
|   | 47,685      | 115,448            | 1,192,926                | -               | 1,356,059                  | -                  | 1,356,059                  |
| Current assets  |             |                    |                          |                 |                            |                    |                            |
| Financial assets at fair value through profit or                    |             |                    |                          |                 |                            |                    |                            |
| loss (note 9) Trade debtors   | 40.054.005  | =                  | 54,364,924               | -               | 54,364,924                 | =                  | 54,364,924                 |
| Other current debtors   | 42,254,985  | -                  | -                        | -               | 42,254,985                 | - ( 212 ( 25       | 42,254,985                 |
| Other current assets  | 7,010,289   | -                  | -                        | 10.055.000      | 7,010,289                  | 6,313,635          | 13,323,924                 |
| Cash and cash equivalents (note 12)                                 | 174.572.865 | -                  | -                        | 10,355,883      | 10,355,883                 | 2,224,965          | 12,580,848                 |
| casif and casif equivalents (note 12)                               | 223,838,139 |                    | 54,364,924               | 10,355,883      | 174,572,865<br>288,558,946 | 8,538,600          | 174,572,865<br>297,097,546 |
|   | 223,030,139 |                    | 54,564,924               | 10,300,003      | 200,000,940                | 0,330,000          | 297,097,340                |
|   |             |                    |                          |                 |                            |                    | 2013                       |
|   |             |                    |                          |                 |                            |                    | (restated)                 |
|   |             |                    | Financial assets at fair |                 |                            |                    |                            |
|   | Loans and   | Investments        | value through profit or  | Other financial |                            | Others not covered |                            |
|   | receivables |                    | loss                     | assets          | Subtotal                   | by IFRS 7          | Total                      |
| Non-current assets  |             |                    |                          |                 |                            | ,                  |                            |
| Investments available for sale (note 10)                            | -           | 215,448            | -                        | -               | 215,448                    | -                  | 215,448                    |
| Other non-current assets  | 2,111,443   |                    | -                        | _               | 2,111,443                  | -                  | 2,111,443                  |
|   | 2,111,443   | 215,448            | -                        | -               | 2,326,891                  | -                  | 2,326,891                  |
| Current assets  |             |                    |                          |                 |                            |                    |                            |
| Trade debtors   | 150,775,401 | -                  | -                        | -               | 150,775,401                | -                  | 150,775,401                |
| Other current debtors   | 19,694,191  | =                  | -                        | -               | 19,694,191                 | 6,566,241          | 26,260,432                 |
| Other current assets  | =           | =                  | -                        | 61,432,312      | 61,432,312                 | 20,128,954         | 81,561,266                 |
| Cash and cash equivalents (note 12)                                 | 18,199,490  |                    | -                        |                 | 18,199,490                 |                    | 18,199,490                 |
|   | 188,669,082 |                    | <u> </u>                 | 61,432,312      | 250,101,394                | 26,695,195         | 276,796,589                |
|   |             |                    |                          |                 |                            |                    |                            |

|  |  |                             |            |                              | 2014       |
|--|--|-----------------------------|------------|------------------------------|------------|
|  | Liabilities recorded at amortised cost | Other financial liabilities | Subtotal   | Others not covered by IFRS 7 | Total      |
| Non-current liabilities  |  |                             |            |                              |            |
| Medium and long-term loans net of short-term portion (note 15) | 4,375,094                              | -                           | 4,375,094  | -                            | 4,375,094  |
| Other non-current financial liabilities (note 16)              | -                                      | 352,681                     | 352,681    | -                            | 352,681    |
| Other non-current liabilities                                  | -                                      | 158,716                     | 158,716    | 935,776                      | 1,094,492  |
|  | 4,375,094                              | 511,397                     | 4,886,491  | 935,776                      | 5,822,267  |
| Current liabilities Short-term loans and other loans           |  |                             |            |                              |            |
| (note 15)  | 12,672,500                             | -                           | 12,672,500 | -                            | 12,672,500 |
| Trade creditors  | -                                      | 24,828,548                  | 24,828,548 | -                            | 24,828,548 |
| Other current financial liabilities (note 18)                  | -                                      | 167,487                     | 167,487    | -                            | 167,487    |
| Other creditors  | -                                      | 417,810                     | 417,810    | 4,904,097                    | 5,321,907  |
| Other current liabilities                                      | -                                      | 18,353,034                  | 18,353,034 | 8,372,719                    | 26,725,753 |
|  | 12,672,500                             | 43,766,879                  | 56,439,379 | 13,276,816                   | 69,716,195 |



|  |  |                             |             |                              | 2013<br>(restated) |
|--|--|-----------------------------|-------------|------------------------------|--------------------|
|  | Liabilities recorded at amortised cost | Other financial liabilities | Subtotal    | Others not covered by IFRS 7 | Total              |
| Non-current liabilities                              |  |                             |             |                              |                    |
| Medium and long-term loans net of short-term portion | 0.47.007.004                           |                             | 044,007,004 |                              | 044 007 004        |
| (note 15)  | 246,037,304                            | 17 202 207                  | 246,037,304 | -                            | 246,037,304        |
| Other non-current financial liabilities (note 16)    | -                                      | 17,282,397                  | 17,282,397  | 470.407                      | 17,282,397         |
| Other non-current liabilities                        |  | 32,609,277                  | 32,609,277  | 178,687                      | 32,787,964         |
| ·  | 246,037,304                            | 49,891,674                  | 295,928,978 | 178,687                      | 296,107,665        |
| Current liabilities                                  |  |                             |             |                              |                    |
| Short-term loans and other loans                     |  |                             |             |                              |                    |
| (note 15)  | 139,136,098                            | -                           | 139,136,098 | -                            | 139,136,098        |
| Trade creditors                                      | -                                      | 146,197,402                 | 146,197,402 | -                            | 146,197,402        |
| Other current financial liabilities (note 18)        |  | 3,207,197                   | 3,207,197   | -                            | 3,207,197          |
| Other creditors                                      |  | 11,930,208                  | 11,930,208  | 15,221,747                   | 27,151,955         |
| Other current liabilities                            |  | 96,465,246                  | 96,465,246  | 24,873,233                   | 121,338,479        |
|  | 139,136,098                            | 257,800,053                 | 396,936,151 | 40,094,980                   | 437,031,131        |

Considering the nature of the balances, the amounts to be paid and received to/from 'State and other public entities' as well as specialized costs related to the share based plans were considered outside the scope of IFRS 7. On the other hand, the deferred costs/profits recorded in the captions 'Other current assets', 'Other non-current assets', 'Other current liabilities' and 'Other non-current liabilities' were considered non-financial instruments.

The Board of Directors believes that, the fair value of the breakdown of financial instruments recorded at amortised cost or registered at the present value of the payments does not differ significantly from their book value. This decision is based in the contractual terms of each financial instrument.

## 5. Tangible assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in the periods ended at 30 June 2014 and 2013 was as follows:

|  |   |                     |          |                       |                       |                  | 2014       |
|--|---|---------------------|----------|-----------------------|-----------------------|------------------|------------|
|  | Land, Buildings and other constructions | Plant and machinery | Vehicles | Fixtures and fittings | Other tangible assets | Work in progress | Total      |
| Gross assets Balance at 31 December 2013                                   | 7,444,000                               | 11,448,857          | 36,094   | 7,013,597             | 251,073               | 1,302,572        | 27,496,193 |
| Additions  | 19,510                                  | 4,041               | -        | 63,326                | -                     | 250,059          | 336,936    |
| Disposals  | (65)                                    | (203,518)           | (3,669)  | (19,795)              | -                     | -                | (227,047)  |
| Transfers and write-offs   | 828,615                                 | 16,922              | 22       | 481,101               | 564                   | (1,444,171)      | (116,947)  |
| Balance at 30 June 2014  | 8,292,060                               | 11,266,302          | 32,447   | 7,538,229             | 251,637               | 108,460          | 27,489,135 |
| Accumulated depreciation and impairment losses Balance at 31 December 2013 | 4,614,466                               | 11,042,578          | 12,625   | 6,061,365             | 235,061               | -                | 21,966,095 |
| Depreciation for the period  | 342,985                                 | 69,075              | 3,222    | 264,478               | 3,589                 | -                | 683,349    |
| Disposals  | (8)                                     | (203,518)           | (408)    | (19,715)              | -                     | -                | (223,649)  |
| Transfers and write-offs   | 13,656                                  | (75,408)            | 2        | (32,573)              | 8                     | -                | (94,315)   |
| Balance at 30 June 2014  | 4,971,099                               | 10,832,727          | 15,441   | 6,273,555             | 238,658               | -                | 22,331,480 |
| Net value  | 3,320,961                               | 433,575             | 17,006   | 1,264,674             | 12,979                | 108,460          | 5,157,655  |



|   |   |                     |          |                       |                       |                  | 2013<br>(restated) |
|---|---|---------------------|----------|-----------------------|-----------------------|------------------|--------------------|
|   | Land, Buildings and other constructions | Plant and machinery | Vehicles | Fixtures and fittings | Other tangible assets | Work in progress | Total              |
| Gross assets                                    |   |                     |          |                       |                       |                  |                    |
| Balance at 31 December 2012 (restated - note 1) | 301,133,284                             | 1,072,287,146       | 171,736  | 213,226,929           | 6,715,058             | 20,665,640       | 1,614,199,793      |
| Additions                                       | 21,716                                  | 2,173,047           | -        | 8,482,240             | -                     | 20,239,251       | 30,916,254         |
| Disposals                                       | (173,822)                               | (2,408,267)         | (6,440)  | (261,514)             | (793)                 | -                | (2,850,836)        |
| Transfers and write-offs                        | 3,885,602                               | 25,732,219          |          | (1,053,162)           | 81,630                | (28,465,261)     | 181,028            |
| Balance at 30 June 2013                         | 304,866,780                             | 1,097,784,145       | 165,296  | 220,394,493           | 6,795,895             | 12,439,630       | 1,642,446,239      |
| Accumulated depreciation and impairment losses  |   |                     |          |                       |                       |                  |                    |
| Balance at 31 December 2012 (restated - note 1) | 168,923,346                             | 666,298,617         | 151,192  | 191,742,065           | 6,127,629             | =                | 1,033,242,849      |
| Depreciation for the period                     | 4,061,580                               | 28,115,364          | 11,504   | 9,228,797             | 132,722               | -                | 41,549,967         |
| Disposals                                       | (89,930)                                | (1,865,299)         | (5,635)  | (191,816)             | (793)                 | -                | (2,153,473)        |
| Transfers and write-offs                        | (15,931)                                | (424,915)           | _        | (187,201)             | 11,649                | _                | (616,398)          |
| Balance at 30 June 2013                         | 172,879,065                             | 692,123,767         | 157,061  | 200,591,845           | 6,271,207             |                  | 1,072,022,945      |
| Net value                                       | 131,987,715                             | 405,660,378         | 8,235    | 19,802,648            | 524,688               | 12,439,630       | 570,423,294        |

The additions that occurred during the periods ended at 30 June 2013 included: assets associated with the UMTS operation (Universal Mobile Telecommunications Service), HSDPA (Kanguru Express), GSM (Global Standard for Mobile Communications), GPRS (General Packet Radio Service), FTTH (Fibre-to-the-Home) and LTE (Long Term Evolution). Following the merger between Optimus SGPS and Zon and the consequent derecognition of the assets of the telecommunications segment (note 3.d) during the year of 2013, the assets above mentioned were no longer part of the initial and final balance at 30 June 2014 (note 3.d).

At 30 June 2013, the depreciations of the period were Euro 41,549,967 that include an amount of Euro 39,942,069 related to the depreciations of assets of discontinued operations (notes 3.d and 25) and an amount of Euro 1,607,898 related to continued operations, so that the reconciliation to 'Profit and loss statement' is as follows:

|                            |                      | Discontinued |            |
|----------------------------|----------------------|--------------|------------|
|                            |                      | operations   |            |
|                            | Continued operations | (note 25)    | Total      |
| Tangible assets            | 1,607,898            | 39,942,069   | 41,549,967 |
| Intangible assets (note 6) | 1,481,643            | 28,952,440   | 30,434,083 |
|                            | 3,089,541            | 68,894,509   | 71,984,050 |

At 30 June 2013, additions include about Euro 3.9 million of capitalizations of personnel costs related to own work, mainly related to network development projects.

The acquisition cost of 'Tangible assets' and 'Intangible assets' held by the Group under finance lease contracts, amounted to Euro 1,385,250 and Euro 38,453,411 as of 30 June 2014 and 2013, and their net book value as of those dates amounted to Euro 489,045 and Euro 19,229,970, respectively. During the year ended at 31 December 2013, the finance lease contracts of NOS Comunicações and Be Artis, were derecognised (note 3.d), therefore, the finance lease contracts were no longer part of the initial and final balance on 30 June 2014.

At 30 June 2013, the heading 'Tangible assets' included an amount of Euro 26.3 million, related to the net book value of the telecommunications equipment delivered to customers, under free lease agreements with a pre-defined period, which are being amortised over the duration of their contracts. During the year ended at 31 December 2013, the entire amount was derecognised (note 3.d), therefore the assets above mentioned were no longer a part of the initial and final balance of 'tangible assets'.

At 30 June 2014 and 2013, the heading 'Tangible assets' does not include any asset pledged or given as a guarantee for loans obtained, except for the assets acquired under financial lease contracts.

'Tangible assets in progress' at 30 June 2014 and 2013 were made up as follows:

|                                     | 2014    | 2013       |
|-------------------------------------|---------|------------|
| Development of mobile/fixed network | -       | 8,649,784  |
| Information systems / IT equipment  | 95,304  | 544,080    |
| Other projects in progress          | 13,156  | 3,245,766  |
|                                     | 108,460 | 12,439,630 |



The variation in 'Tangible assets in progress' is due to the derecognition of the telecommunications' assets in august of 2013 (note 3.d).

At 30 June 2014 and 2013, the amounts of commitments to third parties relating to investments to be made were as follows:

|                            | 2014 | 2013      |
|----------------------------|------|-----------|
| Network                    | -    | 6,957,298 |
| <u>Information systems</u> | -    | 1,568,562 |
|                            | -    | 8,525,860 |

During the period ended at 30 June 2014, there are no commitments to third parties relating to investments to be made, because, all of them were related to telecommunications companies (note 3.d).

## 6. Intangible assets

In the periods ended at 30 June 2014 and 2013, the movement occurred in Intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

|  |              |                           |                   | 2014                       |
|--|--------------|---------------------------|-------------------|----------------------------|
|  | Brandsand    |                           |                   | 2014                       |
|  | patentsand   |                           | Intangible assets |                            |
|  | other rights | Software                  | in progress       | Total                      |
| Grossassets  |              |                           |                   |                            |
| Balance at 31 December 2013  | 10,348,140   | 30,539,349                | 4,561,408         | 45,448,897                 |
| Additions  | 5,940        | 365,793                   | 2,198,695         | 2,570,428                  |
| Transfers and write-offs   | 61,482       | 2,245,110                 | (2,097,349)       | 209,243                    |
| Balance at 30 June 2014  | 10,415,562   | 33,150,252                | 4,662,754         | 48,228,568                 |
| Accumulated amortisation and impairment losses   |              |                           |                   |                            |
| Balance at 31 December 2013  | 7,141,359    | 21,660,278                | -                 | 28,801,637                 |
| Amortisation for the period  | 1,701,400    | 1,070,899                 | -                 | 2,772,299                  |
| Transfers and write-offs   | 57,249       | 31,272                    | -                 | 88,521                     |
| Balance at 30 June 2014  | 8,900,008    | 22,762,449                | -                 | 31,662,457                 |
| Net value  | 1,515,554    | 10,387,803                | 4,662,754         | 16,566,111                 |
|  |              |                           |                   | 2012                       |
|  |              |                           |                   | 2013 (restated)            |
|  | Brandsand    |                           |                   |                            |
|  | patentsand   |                           | Intangible assets |                            |
|  | other rights | Software                  | in progress       | Total                      |
| Gross assets   | 474 70 4 504 | 004740040                 | 00/04/40          | 040 470 000                |
| Balance at 31 December 2012 (restated - note 1)  | 471,734,531  | 324,743,860               | 22,694,448        | 819,172,839                |
| Additions  | 11,362,563   | 469,875                   | 9,069,537         | 20,901,975                 |
| Disposals  | -            | (2,868)                   | -                 | (2,868)                    |
| <u>Transfers and write-offs</u>  | 71,217       | 3,752,927                 | (6,057,012)       | (2,232,868)                |
| Balance at 30 June 2013  | 483,168,311  | 328,963,794               | 25,706,973        | 837,839,078                |
| Accumulated amortisation and impairment losses Balance at 31 December 2012 (restated - note 1) | 184,502,817  | 255,141,914               |                   | 439.644.731                |
| ·  | 20,609,293   | 9,824,790                 | -                 | 30,434,083                 |
| Amortisation for the period  | 20,009,293   |                           | -                 | 30,434,083                 |
| Disposals Transfers and write-offs   | (0.47)       | (641)                     | -                 | , ,                        |
| Balance at 30 June 2013  | 205.111.263  | (1,321,287)               |                   | (1,322,134)                |
| Net value  | 278,057,048  | 263,644,776<br>65,319,018 | 25.706.973        | 468,756,039<br>369,083,039 |
| net value  | 210,031,040  | 05,517,010                | 25,700,973        | 307,003,037                |

Under the agreed terms resulting from the grant of the UMTS License, NOS Comunicações, committed, in previous years, to contribute to the promotion and development of an 'Information Society' in Portugal. The total amount of the obligations assumed arose to Euro 274 million which will have to be realised until the end of 2015. In accordance with the Agreement established on 5 June 2007 with the Ministry of Public Works, Transportation and Communications (MOPTC), part of these commitments, up to Euro 159 million, would be realised through own projects eligible as contributions to the 'Information Society' which will be incurred under the normal course of NOS Comunicações's business (investments in network and technology, if not directly related with the



accomplishment of other obligations inherent to the attribution of the UMTS License, and activities of research, development and promotion of services, contents and applications). These own projects must be recognised by the MOPTC and by entities created specifically for this purpose. The total amount was already incurred and validated by the above referred entities, so, at this date, there are no additional responsibilities related to these commitments. These charges were recorded in the financial statements at the moment the projects were carried out and the estimated costs became known.

The remaining commitments, up to Euro 116 million, has been realised, as agreed between NOS Comunicações and MOPTC, through contributions to the 'Iniciativas E' project (modem offers, discounts on tariffs, cash contributions, among others, assigned to the widespread use of broadband internet for students and teachers). These contributions are made through the 'Fund for the Information Society', now known as the 'Fundação para as Comunicações Móveis' (Foundation for Mobile Communications), established by the three mobile operators with businesses in Portugal. All responsibility was recognised as an additional cost of UMTS license, against an entry in the captions 'Other non-current liabilities' and 'Other current liabilities'. In the year ended at 31 December 2013, all the responsibilities with such commitments were derecognized from the consolidated financial statements, following the merger between Optimus SGPS and Zon and, subsequently, the derecognition of the assets and liabilities of the telecommunications segment (note 3.d).

Intangible assets in the period ended at 30 June 2013, include an amount of approximately Euro 110 million, corresponding to the current value of future payments related with the acquisition of rights of use for frequency (spectrum) bands of 800 MHz, 1800 MHz and 2600 MHz, which will be used to develop 4th generation services (LTE - Long Term Evolution). During the year ended 31 December 2012, considering the availability of LTE (Long Term Evolution) technology (although still subject to restrictions in some areas of the country) and the subsequent launching the commercial operation, a fraction of the present value of future payments related to the acquisition of rights of use for 4th generation frequencies services was transferred from work in progress (Euro 92.9 million) and the amortisation was started, for an estimated period until 2041. In the year ended at 31 December 2013, this asset was derecognized, following the merger between Optimus SGPS and Zon and, subsequently, the derecognition of the assets and liabilities of the telecommunications segment (note 3.d).

At 30 June 2013, the amortisation of the period of Euro 30,434,083 include an amount of Euro 28,952,440 related to the amortisation of assets of discontinued operations (notes 3.d and 25) and an amount of Euro 1,481,643 related to continued operations.

At 30 June 2013, the Group kept recorded under the heading 'Intangible assets – brands and contents' the amounts of Euro 166,347,297, that correspond to the investments net of depreciations made in the development of the UMTS network, including: (i) Euro 52,505,042 related to the license; (ii) Euro 17,573,859 related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal; (iii) Euro 5,338,249 related to a contribution to the 'Fundação para as Comunicações Móveis', established in 2007, under an agreement entered with 'MOPCT' and the three mobile telecommunication operators in Portugal; and (iv) Euro 86,424,087 related with the programme 'Initiatives E', these last two associated to the commitments assumed by the Group in relation to the 'Information Society'. In the year ended at 31 December 2013, these assets were derecognized, following the merger between Optimus SGPS and Zon and, subsequently, the derecognition of the assets and liabilities of the telecommunications segment (note 3.d).

The caption 'Brands and patents and other rights' includes also, in the period ended at 30 June 2013, an amount of about Euro 9.6 million net of amortisation that corresponds to the costs incurred for customers' loyalty contracts of NOS Comunicações. In the year ended at 31 December 2013, this asset was derecognized, following the merger between Optimus SGPS and Zon and, subsequently, the derecognition of the assets and liabilities of the telecommunications segment (note 3.d).

Intangible and tangible assets include interest and other financial expenses incurred, directly related to the construction of certain items of work in progress. At 30 June 2013, the total net amount of financial expenses capitalization amounted to Euro 9,627,653. The amount capitalised in the period ended at 30 June 2013 was Euro 307,869. An interest capitalisation rate of 2.83%, which corresponded to the average interest rate supported by the Group. In the year ended at 31 December 2013, these assets were derecognized, following the merger between Optimus SGPS and Zon and, subsequently, the derecognition of the assets and liabilities of the telecommunications segment (note 3.d).

At 30 June 2014, additions include about Euro 2.2 million of capitalizations of personnel costs related to own work (about Euro 5.0 million at 30 June 2013), mainly related to IT software and RAID and NetClarus products development projects.

The assessment of impairment for the main tangible and intangible assets, in the various segments, is carried out as described in note 7 ('Goodwill'), to the extent that such assets are closely related to the overall activity of the segment and consequently cannot be analysed separately.



## 7. Goodwill

For the periods ended at 30 June 2014 and 2013, the movements occurred in Goodwill were as follows:

|                                  | 2014       | 2013<br>(restated - note 1) |
|----------------------------------|------------|-----------------------------|
| Opening balance                  | 28,434,416 | 517,985,506                 |
| Goodwill adjustment of Connectiv | -          | 412,703                     |
| Other movements of the period    | 146,384    | 20,852                      |
| Closing balance                  | 28,580,800 | 518,419,061                 |

For the periods ended at 30 June 2014 and 2013, the caption 'Other movements of the period' includes, mainly, the effects of the exchange rate update of the Goodwill.

The variation occurred between the periods of 30 June 2014 and 2013, are related, essentially, to the merger between Optimus SGPS and Zon and, subsequently, the derecognition of the assets and liabilities of the telecommunications segment (note 3.d).

Thus, Goodwill at 30 June 2014 and 2013 was made up as follows:

|                 | Information Systems | Multimedia | Telecommunications |
|-----------------|---------------------|------------|--------------------|
| 2014            |                     |            |                    |
| Goodwill        | 22,550,800          | 6,030,000  | =                  |
|                 |                     |            |                    |
|                 | Information Systems | Multimedia | Telecommunications |
| 2013 (restated) |                     |            |                    |
| Goodwill        | 26,268,720          | 7,000,000  | 485,150,341        |

At 30 April 2012, the group acquired the entire share capital of Connectiv Solutions. Following that, the company started from 1 May 2012 to consolidate the financial statements using the full consolidation method.

Connectiv main activity is the rendering of consulting services in the area of information systems. The acquisition price was allocated as following:

| (Amounts expressed in Euro)  | Values before<br>acquisition | Adjustments to fair value | Fair value  |
|------------------------------|------------------------------|---------------------------|-------------|
| Acquired assets              |                              |                           |             |
| Tangible assets              | 576,455                      | -                         | 576,455     |
| Intangible assets            | 49,303                       | 3,190,109                 | 3,239,412   |
| Other current debtors        | 1,155,221                    | -                         | 1,155,221   |
| Other assets                 | 116,744                      | -                         | 116,744     |
| Cash and cash equivalents    | 315,304                      | -                         | 315,304     |
|                              | 2,213,027                    | 3,190,109                 | 5,403,136   |
| Acquired liabilities         |                              |                           |             |
| Other creditors              | 184,608                      | -                         | 184,608     |
| Other liabilities            | 1,144,459                    | -                         | 1,144,459   |
|                              | 1,329,067                    | -                         | 1,329,067   |
| Net assets and liabilities   | 883,960                      | 3,190,109                 | 4,074,069   |
| Acquisition price            |                              |                           | 9,241,844   |
| Goodwill initialy estimated  |                              |                           | 5,167,775   |
| Adjustments to initial price |                              |                           | 412,703     |
| Know-how allocation          |                              |                           | (3,478,853) |
| Final Goodwill               |                              |                           | 2,101,625   |
|                              |                              |                           |             |



Following the acquisition of Connectiv Solutions, the company has made a preliminary assessment of the fair value of acquired assets and assumed liabilities, of which result the recognition of software and clients portfolio in the amount of Euro 3,190,109.

As usual on mergers and acquisitions, also in the acquisition of Connectiv, there was a part of the acquisition price which was not possible to be allocated to the fair value of some identified assets and liabilities, that was considered as Goodwill. This Goodwill is related to a number of different elements, which cannot be individually quantified and isolated in a viable way and include, for example, synergies, qualified workforce, technical skills and market power. The total amount of this Goodwill will be considered as fi scal cost in Connectiv accounts, for a period of 15 years, according with the United States of America law.

The acquisition price includes a deferred amount of USD 2 million (1 million paid in 2013 and 1 million paid in 2014) and a contingent amount to be paid annually, during 4 years, depending on the performance of the company in terms of revenue, which was estimated in about USD 2 million (USD 658 thousand have already been paid in the year ended at 31 December 2013). For the year ended at 31 December 2013, the contingent amount payable was adjusted in USD 547,579 (Euro 412,703) and an amount of USD 4,547,579 (Euro 3,478,653), which is being amortised over a period of 28 months was allocated to know-how, which generated an adjustment to initial Goodwill, in accordance with IFRS 3 Business Combinations, as this adjustment occur in the period permitted by IFRS 3 to goodwill allocation.

At 1 January 2013, Connectiv was incorporated, by merger, in WeDo USA.

The evaluation of the existence of impairment losses in Goodwill is made by taking into account the cash-generating units, based on the most recent business plans duly approved by the Group's Board of Directors, which are made on an annual basis unless there is evidence of impairment and prepared according to cash flow projections for periods of five years. In the area of information systems, the assumptions used are essentially based on the various businesses of the Group and the growth of the several geographic areas where the Group operates. The discount rates used were based on the estimated weighted average cost of capital, which depends on the business segment of each subsidiary, as indicated in the table below. In perpetuity, the Group considered a growth rate of 3% in the area of information systems and 0% in Multimedia area. In situations where the measurement of the existence, or not, of impairment is made based on the net selling price, values of similar transactions and other proposals made are used. Regarding the area of telecommunications (Zopt), the assessment of whether or not the impairment is determinated taking into account with several information as business plans approved by the Board of Directors and the average ratings of external reviewers (researches).

|                             | Information Systems | Multimedia   | Telecommunications |
|-----------------------------|---------------------|--------------|--------------------|
| Assumptions                 |                     |              |                    |
| Basis of recoverable amount | Value in use        | Value in use | Value in use       |
| Discount rate               | 13.0%               | 12.0%        | 9.0%               |
| Growth rate in perpetuity   | 3.0%                | 0.0%         | 2.0%               |

Due to the worsening of the financial crisis, which caused a significant deterioration of the Portugal's macroeconomic scenario in the last years, the advertising market suffered a sharp decline. This situation along with, the bearish forecasts for the next years, aggravated the outlook for future developments. Sales of newspapers and related products have been declining, affecting the projections of cash flows of the multimedia segment, leading the record of a loss in the amount of Euro 970 thousand in the year of 2013, under the caption 'Depreciation and amortisation' of the Income Statement, in accordance with the policy described in note 1.w).

The evidence of impairment analysis, the revision of the projections and impairment tests did not lead to clearance of losses, in the periods ended at 30 June 2014 and 2013. In the Information Systems and Multimedia segment, the sensitivity analysis performed, as required by IAS 36 - Impairment of Assets, did not lead to material changes in the recoverable amounts and therefore did not result in additional losses.



## 8. Investments in associated companies and companies jointly controlled

The associated companies and the companies jointly controlled, their head offices, percentage of ownership and value in profit and loss statement on 30 June 2014 and 2013, are as follows:

|  |                   |                  |                 | Value in profit and loss statement |                 |              |                                     |
|--|-------------------|------------------|-----------------|------------------------------------|-----------------|--------------|-------------------------------------|
|  | Head Office       | 30 Jun<br>Direct | e 2014<br>Total | 30 Jun<br>Direct                   | e 2013<br>Total | 30 June 2014 | 30 June 2013<br>(restated - note 1) |
| ZOPT (a)   | Oporto            | 50%              | 50%             | 50%                                | 50%             | 8,934,020    | (18,358)                            |
| Unipress – Centro Gráfico, Lda. ('Unipress')   | Vila Nova de Gaia | 50%              | 50%             | 50%                                | 50%             | 67,061       | 110,501                             |
| Sociedade Independente de Radiodifusão Sonora, S.A. ('S.I.R.S.' – using the brand name 'Rádio Nova') | Oporto            | 45%              | 45%             | 45%                                | 45%             | (27,440)     | (39,558)                            |
| Infosystems (a)  | Luanda            | So               | ld              | 50%                                | 50%             | -            | 176,837                             |
| Total (note 20)  |                   |                  |                 |                                    |                 | 8,973,641    | 229,422                             |

<sup>(</sup>a) Includes the results of the subsidiaries, proportionally to capital held

The associated companies and companies jointly controlled have been consolidated by the equity method.

At 30 June 2014 the group only heldjointly controlled companies.

During the periods ended at 30 June 2014 and 2013, the movement occurred in investments in associated companies and companies jointly controlled, were as follows:

|  |                    |            | 30 June 2014        |                    | 13 (restated - note 1) |                  |
|--|--------------------|------------|---------------------|--------------------|------------------------|------------------|
|  | Ownership Goodwill |            | Total<br>investment | Ownership<br>value | Goodwill               | Total investment |
| Investments in associated companies and companies      |                    |            |                     |                    |                        |                  |
| jointly controlled                                     |                    |            |                     |                    |                        |                  |
| Balance at 1 January                                   | 622,585,085        | 87,849,200 | 710,434,285         | 631,382            | 321,700                | 953,082          |
| Equity method  |                    |            |                     |                    |                        |                  |
| Effect on gains and losses (note 20)                   | 9,001,081          | -          | 9,001,081           | 268,980            | =                      | 268,980          |
| Effect on reserves                                     | (17,055,437)       | -          | (17,055,437)        | 229                | -                      | 229              |
| Dividends  | (70,650)           | -          | (70,650)            | (143,870)          | -                      | (143,870)        |
| Total investment in associated companies and companies |                    |            |                     |                    |                        |                  |
| jointly controlled                                     | 614,460,079        | 87,849,200 | 702,309,279         | 756,721            | 321,700                | 1,078,421        |
| Impairment losses (note 17)                            | (132,824)          | _          | (132,824)           | (100,697)          | =                      | (100,697)        |
| Net value  | 614,327,255        | 87,849,200 | 702,176,455         | 656,024            | 321,700                | 977,724          |

The variation occurred between the periods ended at 30 June 2014 and 2013, in Investments in associated companies and companies jointly controlled corresponds essentially to the increase on Zopt according to the following:

|  | 2013          |
|--|---------------|
| Zopt   |               |
| Participation in Zopt (note 3.d)                 | 597,641,944   |
| Supplementary capital in Zopt (note 3.d)         | 230,000,000   |
| Sold of supplementary capital of Zopt (note 3.d) | (115,000,000) |
| Total  | 712,641,944   |

The Goodwill amount, additional to the amount existing on financial statements of Zopt, amounting to Euro 87,527,500 results from the difference between the value of the investment (Euro 712,641,944) and the ownership on Zopt value (Euro 625,114,444), once was not identified any additional assets and liabilities allocation for being already recorded at fair value on financial statements of Zopt on the date of the merger between Optimus SGPS and ZON (note3.d).



The breakdown, by company, of the Investments in associated companies and companies jointly controlled, is as follows:

|   |                    |            | 30 June 2014        |                    | 013 (restated - note 1) |                  |
|---|--------------------|------------|---------------------|--------------------|-------------------------|------------------|
|   | Ownership<br>value | Goodwill   | Total<br>investment | Ownership<br>value | Goodwill                | Total investment |
| Investments in associated companies and companies |                    |            |                     |                    |                         |                  |
| jointly controlled                                |                    |            |                     |                    |                         |                  |
| Zopt  | 613,958,027        | 87,527,500 | 701,485,527         | 6,642              | -                       | 6,642            |
| Unipress  | 502,052            | 321,700    | 823,752             | 571,175            | 321,700                 | 892,875          |
| SIRS  | (132,824)          | -          | (132,824)           | (100,697)          | =                       | (100,697)        |
| Infosystems                                       | -                  | -          | -                   | 178,904            | -                       | 178,904          |
| Total   | 614,327,255        | 87,849,200 | 702,176,455         | 656,024            | 321,700                 | 977,724          |

The key financial indicators of the entities above mentioned, can be summarized as follows:

| (Amounts expressed in thounsand Euro) |           |           |           |           |         |             |            |
|---------------------------------------|-----------|-----------|-----------|-----------|---------|-------------|------------|
|                                       |           |           |           |           |         | Operational |            |
| Empresa                               | % holding | Asset     | Liability | Equity    | Revenue | results     | Net result |
| ZOPT*                                 | 50%       | 4,419,596 | 1,910,939 | 2,508,657 | 682,319 | 67,178      | 35,191     |
| Unipress                              | 50%       | 4,213     | 3,209     | 1,004     | 1,553   | 518         | 134        |
| SIRS                                  | 45%       | 376       | 671       | (295)     | 440     | (31)        | (61)       |

<sup>\*</sup> Consolidated accounts of Zopt Group, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The equity includes non-controlling interests.

The value on the income statement related to Zopt results from net income/(loss) of NOS, the net income/(loss) of Zopt, the impact on results of the process of allocating the fair value to the assets and liabilities acquired by Zopt and removing the effect of minority interests.

## Legal actions and contingent assets and liabilities of Zopt Group

## 1. Municipal wayleave tax (TMDP) proceedings

In February 2004, pursuant to Article 13 of the Authorisation Directive (Directive 2002/20/EC of 7 June), Law 5/2004 of 10 Fe bruary (Electronic Communications Law) established in its Article 106 the Municipal Wayleave Tax (TMDP) as consideration for the 'rights and costs of the installation, passage and crossing, in a determined area, of the public and private municipal domain' by the systems, equipment and other resources of companies offering public electronic communications networks and services.

The TMDP charge is levied on 'each invoice issued by the companies offering public electronic communications networks and services at a fixed location to all end customers within the respective municipality', and is calculated as a maximum percentage of 0.25% of the amount of each invoice. Some municipalities, despite approving the TMDP, have continued to collect Occupancy Taxes, while others have opted to maintain the latter taxes rather than approving the TMDP.

In the light of legal advice on the matter, the Group believes that the TMDP is the only tax that should be collected as consideration for the above mentioned rights, namely the right of installation, for which reason it has challenged the public highway Occupancy Taxes charged to it by municipalities, since it deems such taxes illegal. It must also be highlighted that under the scope of an administrative complaint, a decision has been made by some municipalities, which have either subscribed to the Group's interpretation or decided that they may only opt for one rate or the other, as it is not possible for the TMDP and public road Occupancy Rates to overlap.

Meanwhile, various judicial judgments have been issued on the substantive issue, including by the Supreme Administrative Court (two appeals are pending to the Constitutional Court presented in two proceedings by the C.M. Lisboa) that uphold the position and understanding of NOS SA, with the result that there are good prospects that this dispute will be definitively resolved in favour of NOS SA by the majority of municipalities. Two appeals have been entered on the constitutional court related to two proceedings of Lisbon City Hall, which have not been decided.

With the entry into force of Decree-Law 123/2009, this matter has been definitively resolved for the future. This law clearly states (in line with Group's interpretation of the previous legislation) that the TMDP is payable for the use and usufruct of property in the public or private municipal domain which involves the construction or installation, by companies that offer public electronic communications networks and services, of infrastructures for housing electronic communications in accordance with the terms of the Electronic Communications Law, and that no other taxes, official fees or consideration are due.



## 2. Legal actions with regulators

- On 8 July 2009, NOS SA (named ZON TV Cabo), was notified by the Competition Authority (AdC) in connection with infringement proceeding relating to triple-play offer, requesting NOS SA to comment on the content of the notification, which it did in good time. The case is currently at the fact-finding stage in AdC and various information has been requested, to which NOS has responded. If it is concluded that an infringement has occurred, the AdC may levy a fine not exceeding 10% of the company's turnover in last year of infringement.
- ICP-ANACOM instituted regulatory infringement proceedings against the Group companies, as it did against the majority of Portuguese electronic communications operators, for infringement of the portability regulations. NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of decisions by ICP- ANACOM ordering them to pay a fine. In 2014 court decisions confirmed five sanctions to NOS SA, NOS Acores and NOS Madeira amounting to 72 thousand euros. Are still processes of previous years pending decision. NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of ICP-ANACOM's decisions in respect of the payment of the Annual Fee (for 2009, 2010, 2011 and 2012) for carrying on the business of Electronic Communications Services Networks Supplier in the amounts, respectively, of (i) 1,087 thousand euros, 2,325 thousand euros, 3,580 thousand euros and 3,447 thousand euros; (ii) 42 thousand euros, 79 thousand euros, 123 thousand euros and 113 thousand euros; (iii) 55 thousand euros, 109 thousand euros, 169 thousand euros and 156 thousand euros, and seeking reimbursement of the amounts meanwhile paid in connection with the enforcement proceedings. This fee is a percentage decided annually by ICP-ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. The scheme is being introduced gradually: 1/3 in the first year, 1/3 in the second year and 100% in the third year. NOS SA, NOS Açores and NOS Madeira claim, in addition to defects of unconstitutionality and illegality, that only revenues from the electronic communications business per se, subject to regulation by ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded. On 18 December 2012 a ruling was passed on the proceedings instigated by NOS SA for 2009, for which the appeal was upheld, with no prior hearing, condemning ICP-ANACOM to pay the costs. ICP-ANACOM appealed and by decision of July 2013 was not upheld. The remaining proceedings are awaiting trial and decision.
- NOS SA tendered in an auction for licences for a nationwide freeview generalist programme service, to be broadcast via terrestrial television. The Regulator of Social Communication decided on 23 March 2009 to disqualify NOS bid, along with that of another bidder. NOS has applied for judicial review of the decision. Meanwhile, in 2014, NOS gave up for the appeal and ended the action.
- Infringement proceedings due to an alleged failure, by NOS SA, to apply the resolutions taken by ANACOM on 26 October 2005, concerning termination rates for fixed calls. Following a deliberation of Board of Directors of the regulator, in April 2012, a fine of approximately 6.5 million euros was applied to NOS SA; NOS SA has applied for the judicial review of the decision and the court declared the nullity of the proceedings (violation of NOS SA's right of defence). ANACOM has notified NOS SA of a new judicial process.

## 3. Tax Authorities

During the course of the 2003 to 2013 financial years, certain companies of the NOS Group were the subject of tax inspections for the 2001 to 2011 financial years. Following these inspections, NOS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Group's tax losses, to VAT and stamp tax and to make the payments related to the corrections made to the above exercises. The total amount of the notifications is about 28.9 million euros. Note that the Group considered that the corrections were unfounded, and contested the amounts mentioned. The Group provided the bank guarantees demanded by the Tax Authorities in connection with these proceedings.

At end of year 2013 and taking advantage of the extraordinary settlement scheme of tax debts, the Group settled 7.7 million euros (corresponding to notifications in the amount of 17.3 million euros less accrued interests). This amount was recorded as 'taxes receivable' non-current net of the provision recorded in the amount of 3.5 million euros.

As belief of the Board of Directors of the Group, supported by our lawyers and tax advisors, the risk of loss of these proceedings is not likely and the outcome thereof will not affect materially the consolidated position.

## 4. Actions by Portugal Telecom against NOS Madeira and NOS Açores

• PT brought an action in Funchal Judicial Court against NOS Madeira, claiming payment of 1,608 thousand euros, plus accrued interest until the date of full settlement, for the alleged use of ducts, supply of the MID service, supply of video and audio channels, operating, maintenance and management costs of the Madeira/Porto Santo undersea cable and the use of two fibre optic circuits. The company contested the action, in particular the prices concerned, the services and PT's legal capacity



in respect of the ducts. At the end of July 2013, a favourable decision was given to NOS Madeira, which, however, PT appealed. The case is pending normal development.

• In April 2012, following the decision made on 19 July 2011 in which NOS Açores was acquitted, PT brought two new actions against NOS Açores one relating to the MID service and the other to the supply of video and audio channels, claiming payment of 222 thousand euros and 316 thousand euros respectively, plus interest. They are awaiting decision. A sentence, without impacting interests, reduced the amount payable by NOS Açores to about 97 thousand euro.

## 5. Action against NOS SA

Already in 2014, a NOS SA providers of marketing services has brought a civil lawsuit seeking a payment of about 1,243 thousands euros, by the alleged early termination of contract and for compensation. It is belief of the Board that the arguments used are not correct, so the outcome of the proceeding will not result in significant impact on the financial statements of the Group. The action awaits trial.

#### 6. Actions against SPORT TV

SPORT TV Portugal, S.A. was fined by the Competition Authority to the value of 3,730 thousand euros for the alleged abuse of its dominant position in the domestic market of subscription channels with premium sport content. SPORT TV is not in agreement with the decision and has therefore decided to appeal against the same to the competent judicial authorities. Meanwhile, the Court of Competition, Regulation and Supervision altered the value to 2,700 thousand euros. Sport TV has appealed to the 'Tribunal da Relação' (Court of Appeal).

#### 7. Contractual penalties

The general conditions that affect the agreement and termination of this contract between NOS and its clients, establish that if the products and services provided by the client can no longer be used prior to the end of the binding period, the client is obliged to immediately pay damages.

At June 2014, damages charged but not received by NOS SA, NOS Madeira and NOS Açores amount to a total of 107,872 thousand euros. In the six months ended 30 June 2014, were received and recorded in the income statement 3,145 thousand euros.

## 8. Interconnection tariffs

At 30 June 2014, accounts receivable and accounts payable include 37,139,253 euros and 29,913,608 euros, respectively, resulting from a dispute between NOS SA and, essentially, the operator MEO – Serviços de Comunicação e Multimedia, S.A. (previously named TMN-Telecomunicações Moveis Nacionais, S.A.), in relation to the indefinition of interconnection tariffs, recorded in the year ended at 31 December 2001. In the lower court, the decision was favourable to NOS SA. The 'Tribunal da Relação' (Court of Appeal), on appeal, rejected the intentions of MEO. However, MEO again appealed to the 'Supremo Tribunal de Justiça' (Supreme Court), for final and permanent decision, who upheld the decision of the 'Tribunal da Relação' (Court of Appeal), thus concluding that the interconnection prices for 2001 were not defined. The settlement of outstanding amounts will depend on the price that will be established.

## 9. National Commission for Data Protection ('CNDP')

There is recorded a provision to cover the infringement proceedings in the amount of approximately 4.5 million euros, established by the National Commission for Data Protection ('CNDP') against NOS SA subsidiary, for alleged violations of rules relating to legal protection of data. During the project phase of decision, NOS SA argued, firstly, a set of procedural irregularities and, secondly, a set of fact and law arguments that the Board understood to impose a final decision to dismiss the case. However, on 16 January 2014, NOS SA received a settlement notice regarding the fine imposed by the CNPD, against which appealed to the courts. The Board of Directors believes to obtain a favourable decision.

## 10. Supplementary Capital

The fiscal authorities are of the opinion that NOS SA has broken the principle of full competition under the terms of (1) of article 58 of the Corporate Tax Code (CIRC), by granting supplementary capital to its subsidiary. Be Towering, without having been remunerated at a market interest rate. In consequence, it has been notified, with regard to the years 2004, 2005, 2006 and 2007, of corrections to the determination of its taxable income in the total amount of 20.5 million euros. NOS SA contested the decision with regard to all the above mentioned years. As for the year 2007, the Fiscal and Administrative Court of Oporto has already decided unfavourably, and the company has initiated the corresponding appeal.



#### 11. Future credits transferred

For the year ended at 31 December 2010, NOS SA was notified of the Report of Tax Inspection, where it is considered that the increase, when calculating the taxable profit for the year 2008, of the amount of 100 million euros, with respect to initial price of future credits transferred to securitization, is inappropriate. Given the principle of periodisation of taxable income, NOS SA was subsequently notified of the improper deduction of the amount of 20 million euros in the calculation of taxable income for the years 2009 (Report of the Tax Inspection and tax settlement notice received in December 2011 and January 2012, respectively), 2010 (Report of the Tax Inspection and the tax settlement notice received in January and May 2013, respectively) and 2011 (Report of the Tax Inspection received in January 2014). Given that the increase made in 2008 was not accepted due to not complying with Article 18 of the CIRC, also in the years following, the deduction corresponding to credits generated in that year, will eliminate the calculation of taxable income, to meet the annual amortisation hired as part of the operation (20 million per year during 5 years). NOS SA challenged the decisions regarding 2008, 2009 and 2010 fiscal years and will challenge, in time, the decision regarding 2011 fiscal year. Regarding the year 2008, the Administrative and Fiscal Court of Porto has already decided unfavourably, in March 2014, and the company has initiated the corresponding appeal.

## 9. Financial assets at fair value through profit or loss

In August 2013, Sonaecom Group began to hold NOS shares recorded at fair value through profit or loss, as a result of the merger between Optimus SGPS and Zon (note 3.d), since it is the initial classification of an asset held for a sale purpose in a short-time. In accordance with the 'Shareholders Agreement', these shares neither concedes any additional vote right or affect the shared control situation with NOS.

In the period ended 30 June 2014 were acquired Sonae shares in accordance with the movement described below.

The movements occurred in financial assets at fair value through profit or loss, in 30 June 2014 were as follows:

|   |                 |           |               |  |          | 2014            |
|---|-----------------|-----------|---------------|--|----------|-----------------|
| Financial assets at fair value through profit or loss | Opening balance | Increases | Decreases     | Fair value<br>adjustments<br>(note 20) |          | Closing balance |
| NOS   | 202,442,350     | -         | (141,650,837) | (7,931,359)                            | -        | 52,860,154      |
| Sonae SGPS  |                 | 5,522,188 | (2,804,200)   | 17,433                                 | (37,725) | 2,697,696       |
|   | 202,442,350     | 5,522,188 | (144,455,037) | (7,913,926)                            | (37,725) | 55,557,850      |
| Recorded under the caption non current assets         |                 |           |               |  |          | 1,192,926       |
| Recorded under the caption current assets             |                 |           |               |  |          | 54,364,924      |

The fair value adjustments are recorded under the caption 'Gains and losses on Group companies' in Profit and Loss Statement (note 20), with the exception of increases and decreases in the fair value of shares intended to cover incentive plans, which is recorded in other captions of the income statement.

Decreases at 30 June 2014 represent the counterpart in NOS shares provided for the terms of trade of the General Public and Voluntary Offer for acquisition of own shares. As a result of this offering Sonaecom reduced its investment in NOS shares in 26,476,792 shares (EUR 141,650,837) (Note 13) and now holds 11,012,532 shares representing the share capital of NOS, corresponding to a share of 2.14%.

The evaluation of fair value of the investment is detail as follows:

|  | NOS                  | Sonae SGPS       |  |  |  |
|--|----------------------|------------------|--|--|--|
| Shares   | 11,012,532 2,249,955 |                  |  |  |  |
| Level of inputs in the hierarchy of fair value | Level1               |                  |  |  |  |
| Valuation method                               | Quoted price on th   | e stock exchange |  |  |  |
| Quoted price*                                  | 4.8                  | 1.199            |  |  |  |
| Fair value                                     | 52,860,154           | 2,697,696        |  |  |  |

 $<sup>^{\</sup>star}$  Used the share price of 30 June 2014 in the determination of the fair value.



## 10. Investments available for sale

At 30 June 2014 and 2013, this caption included investments classified as available-for-sale and was made up as follows:

|  | %      | 2014      | 2013    |
|--|--------|-----------|---------|
| Lusa – Agência de Notícias de Portugal, S.A.   | 1.38%  | 197,344   | 197,344 |
| VISAPRESS - Gestão de Conteúdos dos Média, CRL | 10.00% | 5,000     | 5,000   |
| Others   | =      | 13,104    | 13,104  |
| Impairment losses                              |        | (100,000) |         |
|  |        | 115,448   | 215,448 |

The variation that occurred on the heading 'Investments available for sale', corresponded to the constitution of an impairment loss amount to Euro 100,000 related to investment in Lusa, registered in 'Other financial expenses' in profit and loss statement on the year ended at 31 December 2013.

At 30 June 2014, these investments correspond to shareholdings of immaterial amount, in unquoted companies, in which the Group has no significant influence, and in which the acquisition cost of such investments is a reasonable estimation of their fair value, adjusted where applicable, by the respective impairment losses.

The assessment of impairment in the investments described above is performed through comparisons with the value of the percentage of share capital detained by the Group and with multiples of sales and EBITDA of companies of the same sector.

The financial information regarding these investments is detailed below (in thousands of euro):

|  | Assets | Shareholders'<br>funds | Gross debt | Turnover | Operational results | Net income |
|--|--------|------------------------|------------|----------|---------------------|------------|
| Lusa – Agência de Notícias de Portugal, S.A. (1)   | 13,630 | 6,201                  | 1,020      | 14,311   | (626)               | (1,018)    |
| VISAPRESS - Gestão de Conteúdos dos Média, CRL (1) | 110    | 10                     |            | 58       | 8                   | 8          |

<sup>(1)</sup> Amounts expressed in thousands euro at 31 December 2013.

## 11. Deferred taxes

Deferred tax assets at 30 June 2014 and 2013, amounted to Euro 5,888,181 and Euro 95,217,846, respectively, and arose, mainly, from tax losses carried forward, tax benefits from differences between the accounting and tax amount of some fixed assets and from others temporary differences. The movements in deferred tax assets in the periods ended at 30 June 2014 and 2013 were as follows:

|   |               |                 |                |                    | 2014          |
|---|---------------|-----------------|----------------|--------------------|---------------|
|   |               | Movements in    |                | Record/(reverse)   |               |
|   | Balance at 31 | deferred tax of | Utilization of | of deferred tax of | Balance at 30 |
|   | December 2013 | period          | deferred tax   | previous years     | June 2014     |
| Tax losses  | 848,995       | 369,624         | -              | -                  | 1,218,619     |
| Tax provisions not accepted and other temporary differences | 1,510,903     | (62,113)        | =              | (15,721)           | 1,433,069     |
| Tax benefits (SIFIDE and RFAI)                              | 946,535       | =               | -              | 378,826            | 1,325,361     |
| Adjustments in the conversion to IAS/IFRS                   | 227           | =               | =              | (130)              | 97            |
| Differences between the tax and accounting amount           |               |                 |                |                    |               |
| of certain fixed assets and others                          | 1,997,545     | =               | =              | (126,098)          | 1,871,447     |
| Sub-total effect on results (note 21)                       | 5,304,205     | 307,511         | =              | 236,877            | 5,848,593     |
| Others  | (104,319)     | 116,420         | =              | =                  | 39,588        |
| Closing balance   | 5,199,886     | 423,931         | -              | 236,877            | 5,888,181     |



|  |               |                 |                |                    | 2013          |
|--|---------------|-----------------|----------------|--------------------|---------------|
|  |               | Movements in    |                | Record/(reverse)   |               |
|  | Balance at 31 | deferred tax of | Utilization of | of deferred tax of | Balance at 30 |
|  | December 2012 | period          | deferred tax   | previous years     | June 2013     |
| Tax losses   | 6,172,973     | 1,010,556       | -              | 192,695            | 7,376,224     |
| Tax provisions not accepted and other temporary differences  | 36,302,876    | (1,399,071)     | =              | 29,596             | 34,933,401    |
| Tax benefits (SIFIDE and RFAI)   | 9,709,216     | -               | -              | 1,898,443          | 11,607,659    |
| Adjustments in the conversion to IAS/IFRS Temporary differences arising from the securitisation of | 13,249,801    | (3,312,450)     | -              | -                  | 9,937,351     |
| receivables  | 3,220,000     | =               | (1,610,000)    | =                  | 1,610,000     |
| Differences between the tax and accounting amount  |               |                 |                |                    |               |
| of certain fixed assets and others   | 32,510,701    | (3,201,982)     | -              | 482,626            | 29,791,345    |
| Sub-total effect on results  | 101,165,567   | (6,902,947)     | (1,610,000)    | 2,603,360          | 95,255,980    |
| Others   | (30,786)      | (7,348)         | =              | =                  | (38,134)      |
| Closing balance  | 101,134,781   | (6,910,295)     | (1,610,000)    | 2,603,360          | 95,217,846    |

At 30 June 2013, 'Tax provisions not accepted and other temporary differences' include temporary differences related to the value of the UMTS license, of the NOS Comunicações. In consolidated financial statements and in accordance with IAS / IFRS, the license was amortised linearly, by the estimated period of useful life. For tax purposes, until the year 2009, the UMTS license was amort ised using, on the first five years of commercial operation, from 2004 to 2008, incremental monthly basis depending of the capacity of the network installed, which would be applied after the straight-line monthly basis until the term of the license. Thus, the group recorded deferred tax assets relating to the temporary differences between the value of the license for tax purposes and the value recorded in the consolidated financial statements. In 30 June 2014, these assets are no longer part of the initial and final balance, following the merger between Optimus SGPS and Zon at August of 2013 and, subsequently, the derecognition of the assets and liabilities of the telecommunications segment (note 3.d).

Deferred taxes related to the IAS / IFRS conversion adjustments correspond to the temporary differences generated in the companies included in consolidation and result from the fact that IAS / IFRS conversion adjustments, recorded in these companies at 31 December 2009, already considered in consolidated financial statements under IAS / IFRS, from previous years, only be considered for tax purposes, linearly, for a period of five years between 2010 and 2014.

At 31 December 2008, deferred tax assets were recognised in the amount of Euro 16.1 million with regard to the securitisation of future receivables completed in December 2008. As a result of that operation, and in accordance with the provisions of *Decreto-Lei* n° 219/2001 (Decree-Law) of 4 August, an amount of Euro 100 million was generated from that operation and it was added for purposes of determining the taxable income for the year 2008, thereby generating a temporary difference between accounting and taxable income result, which led to the recognition of a deferred tax asset to the extent, that its use was, with reasonable safety, probable at that date. Until 27 August 2013, an amount of Euro 15 million was reversed corresponding to the reversal of the above referred temporary difference. In August 2013, following the merger between Optimus SGPS and Zon and, the assets and liabilities of the telecommunications segment has been desrecognised (note 3.d), and so they are no longer part of the initial balance at 30 June 2014 (note 3.d).

At 30 June 2014 and 2013, assessments of the deferred tax assets to be recovered and recognised were made. Potencial deferred tax assets were recorded to the extent that future taxable profits were expected to be generated against which the tax losses and deductible tax differences could be used. These assessments were made based on the most recent business plans duly approved by the Board of Directors of the Group companies, which are periodically reviewed and updated. The main criteria used in those business plans are described in note 7.

The rate used at 30 June 2014, in Portuguese companies, to calculate the deferred tax assets relating to tax losses carried forward was 23% (25% in 2013), as a consequence of the IRC rate change from 25% to 23% from 2014 onwards. The rate used to calculate the temporary differences in Portuguese companies, including provisions not accepted and impairment losses, was 24.5%. It wasn't considered the state surcharge, as it was understood to be unlikely the taxation of temporary differences during the estimated period when the referred rate will be applicable. Tax benefits, related to deductions from taxable income, are considered at 100%, and in some cases, their full acceptance is dependent on the approval of the authorities that concede such tax benefits. For foreign companies was used the rate in force in each country.



In accordance with the tax returns and other information prepared by the companies that have registered deferred tax assets, the detail of such deferred tax assets, by nature, at 30 June 2014 was as follows:

|   |                                      |              |           |   |              |                   |           | 2014                    |
|---|--------------------------------------|--------------|-----------|---|--------------|-------------------|-----------|-------------------------|
| Nature  | Companies included in the tax group* | We Do Brasil | We Do USA | Sonecom<br>Sistemas de<br>Informação<br>Espanha | We Do Mexico | Saphety<br>Brasil | Total     | Total<br>Sonaecom Group |
| Tax losses:   |                                      |              |           |   |              |                   |           |                         |
| To be used until 2021                                       | -                                    | -            | -         | -   | 153,061      | -                 | 153,061   | 153,061                 |
| To be used until 2022                                       | -                                    | -            | -         | -   | 28,236       | -                 | 28,236    | 28,236                  |
| To be used until 2023                                       | -                                    | -            | -         | -   | 188,701      | -                 | 188,701   | 188,701                 |
| To be used until 2025                                       | -                                    | -            | -         | 151,545   | 46,499       | -                 | 198,044   | 198,044                 |
| To be used until 2030                                       | -                                    | -            | 123,739   | 7,393   | -            | -                 | 131,132   | 131,132                 |
| To be used until 2033                                       | -                                    | -            | 196,320   | -   | -            | -                 | 196,320   | 196,320                 |
| To be used until 2034                                       | -                                    | -            | 323,125   | -   | -            | -                 | 323,125   | 323,125                 |
| Tax losses  | -                                    | -            | 643,184   | 158,938   | 416,497      | _                 | 1,218,619 | 1,218,619               |
| Tax provisions not accepted and other temporary differences | 913,501                              | 205,850      | 219,414   | -   | 88,872       | 5,432             | 519,568   | 1,433,069               |
| Tax benefits (SIFIDE and RFAI)                              | 1,309,480                            | -            | 15,881    | -   | -            | -                 | 15,881    | 1,325,361               |
| Adjustments in the conversion to IAS/IFRS                   | 97                                   | -            | -         | -   | -            | -                 | -         | 97                      |
| of certain fixed assets and others                          | -                                    | -            | -         | -   | -            | -                 | -         | 1,871,447               |
| Others  | -                                    | 23,621       | 5,770     | -   | 9,832        | 365               | 39,588    | 39,588                  |
| Total   | 2,223,078                            | 229,471      | 884,249   | 158,938   | 515,201      | 5,797             | 1,793,656 | 5,888,181               |

 $<sup>^{\</sup>star}$  In 2014, Digitmarket was included in tax group, following the changes occured in the aplicable legislation.

At 30 June 2014 and 2013, the Group has other situations where potential deferred tax assets could be recognised, but since it is not expected that sufficient taxable profits will be generated in the future to cover those losses, such deferred tax assets were not recorded:

|  | 2014       | 2013       |
|--|------------|------------|
| Tax losses   | 7,576,923  | 19,777,113 |
| Temporary differences (provisions not accepted for tax purposes and other temporary differences) | 32,499,868 | 36,347,308 |
| Others   | 1,408,084  | 4,955,642  |
|  | 41,484,875 | 61,080,063 |

At 30 June 2014 and 2013, tax losses for which deferred tax assets were not recognised have the following due dates:

| Due date  | 2014      | 2013       |
|-----------|-----------|------------|
| 2013      | -         | 12,852,794 |
| 2014      | 306,564   | 454,377    |
| 2015      | 1,224,436 | 2,328,841  |
| 2016      | 301,931   | 398,852    |
| 2017      | 209,230   | 215,945    |
| 2018      | 223,290   | 63,041     |
| 2019      | 338,987   | 331,156    |
| 2020      | 28,467    | 28,260     |
| 2021      | 68,536    | 53,860     |
| 2022      | 53,174    | 22,594     |
| 2023      | 11,311    |            |
| 2026      | 1,344,197 |            |
| 2030      | 84,942    | 84,675     |
| 2031      | 105,369   | 78,338     |
| 2032      | 64,001    |            |
| Unlimited | 3,212,488 | 2,864,380  |
|           | 7,576,923 | 19,777,113 |

The years 2030 and following are applicable to the subsidiaries incorporated in countries in which the reporting period of tax losses is greater than 12 years.



The deferred tax liabilities at 30 June 2013 amounting to Euro 1,112,167, result mainly from temporary differences between tax and accounting results of intangible assets.

The movement that occurred in deferred tax liabilities in the periods ended at 30 June 2014 and 2013 were as follows:

|   | 2014     | 2013        |
|---|----------|-------------|
| Opening balance   | (89,522) | (1,089,637) |
| Temporary differences between accounting and tax result | 88,971   | (22,530)    |
| Sub-total effect on results (note 21)                   | 88,971   | (22,530)    |
| Others  | 551      | -           |
| Closing balance   | -        | (1,112,167) |

The reconciliation between the earnings before taxes and the taxes recorded for the periods ended at 30 June 2014 and 2013 is as follows:

|   | 2014                 | 2013<br>(restated - note 1) |
|---|----------------------|-----------------------------|
| Earnings before taxes   | 2,330,881            | (8,365,189)                 |
| Income tax rate   | (536,103)            | 2,091,297                   |
| Deferred tax assets not recognised in the individual accounts and / or resulting from consolidation adjustments and other adjustments to taxable income  Record/(reverse) of deferred tax assets related to previous years and tax benefits | (943,164)<br>236.877 | (3,740,115)<br>274.794      |
| Use of tax losses and tax benefits without record of deferred tax asset in previous years Temporary differences for the period without record of deferred tax assets  | 78,745<br>1,398,123  | 679,729<br>(826,260)        |
| Record of deferred tax liabilities  | -                    | (350,070)                   |
| Income taxation recorded in the period (note 21)  | 234,478              | (1,870,625)                 |

The tax rate used to reconcile the tax expense and the accounting profit was 23% (25% in 2013) because it is the standard rate of the corporate income tax in Portugal in 2014, country where almost the entire income of Sonaecom Group are taxed.

Portuguese Tax Authorities can review the income tax returns of the Company and of its subsidiaries with head office in Portugal for a period of four years (five years for Social Security), except when tax losses have been generated, tax benefits have been granted or when any review, claim or impugnation is in course, in which circumstances, the periods are extended or suspended. Consequently, tax returns of each year, since the year 2010 (inclusive) are still subject to such review. The Board of Directors believes that any correction that may arise as a result of such review would not have a significant impact on the accompanying consolidated financial statements.

Supported by the Company's lawyers and Tax consultants, the Board of Directors believes that there are no liabilities not provisioned in the consolidated financial statements, associated to probable tax contingencies that should have been registered or disclosed in the accompanying financial statements, at 30 June 2014.

## 12. Cash and cash equivalents

At 30 June 2014 and 2013, the detail of cash and cash equivalents was as follows:

|                                   | 2014        | 2013<br>(restated - note 1) |
|-----------------------------------|-------------|-----------------------------|
| Cash                              | 25,626      | 175,251                     |
| Bank deposits repayable on demand | 2,801,184   | 3,937,140                   |
| Treasury applications             | 171,746,055 | 14,087,099                  |
| Cash and cash equivalents         | 174,572,865 | 18,199,490                  |
| Bank overdrafts (note 15)         | (102,272)   | (4,819,298)                 |
|                                   | 174,470,593 | 13,380,192                  |



At 30 June 2014 and 2013, the 'Treasury applications' had the following breakdown:

|                      | 2014        | 2013       |
|----------------------|-------------|------------|
| Sonae Investments BV | -           | 6,810,000  |
| Bank applications    | 171,746,055 | 7,277,099  |
|                      | 171,746,055 | 14,087,099 |

During the period ended at 30 June 2014, the above mentioned treasury applications bear interests at an average rate of 0.70% (1.90% in 2013).

## 13. Share capital

At 30 June 2014 and 2013, the share capital of Sonaecomwas comprised by 311,340,037 and 366,246,868, respectively, ordinary registered shares of 0.74 and 1 Euro each, respectively. At those dates, the Shareholder structure was as follows:

|   |             | 2014    |                  | 2013    |
|---|-------------|---------|------------------|---------|
|   | Number of   |         |                  |         |
|   | shares      | %       | Number of shares | %       |
| Sontel BV   | 194,063,119 | 62.33%  | 194,063,119      | 52.99%  |
| Sonae SGPS  | 80,822,964  | 25.96%  | 3,430,000        | 0.94%   |
| Shares traded on the Portuguese Stock Exchange ('Free Float') | 30,882,940  | 9.92%   | 89,932,361       | 24.56%  |
| Own shares (note 14)  | 5,571,014   | 1.79%   | 5,571,014        | 1.52%   |
| Atlas Service Belgium**                                       | -           | -       | 73,249,374       | 20.00%  |
| Efanor Investimentos, S.G.P.S., S.A.*                         | -           | -       | 1,000            | 0.00%   |
|   | 311,340,037 | 100.00% | 366,246,868      | 100.00% |

<sup>\*</sup> In the period ended at 30 June 2014, following the completion of Public Offer of own shares, Efanor has no longer a direct participation in the capital of Sonaecom.

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

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

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

On 20 February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares. During the 2014 Sonaecom reduced its share capital by Euro 136 million as a result of the extinction of the own shares acquired (54,906,831 shares) and reduction of the nominal value of the remaining shares of capital of Sonaecom from Euro 1 to Euro 0.74 per share. Following this result, the Euronext Lisbon announced the exclusion of Sonaecom PSI-20 from 24 February 2014.

As a return for the own shares acquired in this General Public Offer and Voluntary process Sonaecom delivered 26,476,792 shares representing the share capital of NOS which were recorded in the balance sheet by Euro 141,650,837 (Note 9) and the amount of 19,632 euros in cash, so as a result of this General Public and Voluntary Offer, assets and equity Sonaecom decreased by Euro 141,670,470.

All shares that comprise the share capital of Sonaecom, are authorised, subscribed and paid. All shares have the same rights and each share corresponds to one vote.

<sup>\*\*</sup>At 15 February 2013, Sonae and France Télécom ('FT-Orange') have concluded an agreement, which consisted in the assignment of a call and a put option, respectively, of the 20% stake in Sonaecom, held at that date by a subsidiary of FT-Orange. At 9 September 2013, the abovementioned option was exercised by Sonae and FT-Orange respectively.



## 14. Own shares

During the period ended 30 June 2014, Sonaecom did not acquire, sold or delivered own actions, in addition the own shares purchased under the General Public Offer and Voluntary process described in Note 13, whereby the amount held to date, is of 5,571,014 own shares representing 1.79% of its share capital, at an average price of Euro 1,380.

## 15. Loans

At 30 June 2014 and 2013, the caption Loans had the following breakdown:

## a) Medium and long-term loans net of short-term portion

|          |  |             |                      |                       |           | Amount outstanding          |
|----------|--|-------------|----------------------|-----------------------|-----------|-----------------------------|
| Company  | Issue denomination   | Limit       | Maturity             | Type of reimbursement | 2014      | 2013<br>(restated - note 1) |
| Sonaecom | 'Obrigações Sonaecom SGPS 2011'  | 100,000,000 | Mar-15               | Final                 | -         | 100,000,000                 |
| SGPS     | 'Obrigações Sonaecom SGPS 2010'  | 40,000,000  | Mar-15               | Final                 | -         | 40,000,000                  |
|          | 'Obrigações Sonaecom SGPS 2012'  | 20,000,000  | Jul-14/Jan-15/Jul-15 | Parcel                | -         | 20,000,000                  |
|          | 'Obrigações Sonaecom SGPS 2013'  | 20,000,000  | Jun-16               | Final                 | -         | 20,000,000                  |
|          | Costs associated with financing set-up                                       | -           | -                    | -                     | -         | (1,355,060)                 |
|          | Interests incurred but not yet due   | -           | -                    | -                     | -         | 1,711,194                   |
|          |  |             |                      |                       | -         | 180,356,134                 |
| Sonaecom | Commercial paper   | 30,000,000  | Jul-15               | -                     | -         | 30,000,000                  |
| SGPS     | Commercial paper   | 30,000,000  | Nov-14               | -                     | -         | 30,000,000                  |
|          | Costs associated with financing set-up<br>Interests incurred but not yet due | -           | -                    | -                     | -         | (116,238)<br>252,470        |
|          |  |             |                      |                       |           | 60,136,232                  |
| WeDo USA | Bank loan  | -           | Apr-19               | Parcel                | 3,993,656 | 5,212,705                   |
| Saphety  | Minority Shareholder loans   | -           | -                    | -                     | 451,322   | 451,322                     |
|          | Costs associated with financing set-up                                       | -           | -                    | -                     | (101,407) | (148,895)                   |
|          | Interests incurred but not yet due   | -           | -                    | -                     | 31,523    | 29,806                      |
|          |  |             |                      |                       | 4,375,094 | 5,544,938                   |
|          |  |             |                      |                       | 4,375,094 | 246,037,304                 |



#### b) Short-term loans and other loans

| -/            |  |             |                      |               |            |                     |
|---------------|--|-------------|----------------------|---------------|------------|---------------------|
|               |  |             |                      |               |            | Amount              |
|               |  |             |                      |               |            | outstanding         |
|               |  |             |                      | Type of       |            | 2013                |
| Company       | Issue denomination                           | Limit       | Maturity             | reimbursement | 2014       | (restated - note 1) |
| Sonaecom SGPS | Treasury applications obtained (note 22)     | -           | -                    | -             | 11,557,500 | -                   |
|               | Interests incurred but not yet due (note 22) |             | -                    |               | 14,314     | -                   |
|               |  |             |                      |               | 11,571,814 | -                   |
| Sonaecom SGPS | Commercial paper                             | 100,000,000 | Jun-14               | -             | -          | 100,000,000         |
|               | Commercial paper                             | 25,000,000  | Jul-13               | -             | -          | 25,000,000          |
|               | Costs associated with financing set-up       | -           | -                    | -             | -          | (17,842)            |
|               | Interests incurred but not yet due           |             | -                    |               |            | 8,372               |
|               |  |             |                      |               | -          | 124,990,530         |
| Sonaecom SGPS | Overdraft facilities                         | 16,500,000  | Jul-13               | -             | -          | 8,805,000           |
| Sonaecom SGPS | Authorized Bank overdrafts (note 12)         | 2,500,000   | Oct-13               | -             | -          | 1,173,239           |
| WeDo USA      | Bank loan                                    | -           | Apr-14/Oct-14/Apr-15 | -             | 998,414    | 521,270             |
| Several       | Bank overdrafts (note 12)                    | -           | -                    | -             | 102,272    | 3,646,059           |
|               |  |             |                      |               | 1,100,686  | 14,145,568          |
|               |  |             |                      |               | 12,672,500 | 139,136,098         |
|               |  |             |                      |               |            |                     |

#### Bond Loan

In March 2010, Sonaecom signed other Bond Loan, privately placed, in the amount of Euro 40 million, without guarantees and maturity of 5 years. The loan bear interest at floating rate indexed to Euribor, and paid semiannually. The issues was organised and mounted by Caixa - Banco de Investimento. These bond issues was traded on Euronext Lisbon market. During the year ended at 31 December 2013, following the merger, the Bond Loan of Euro was transferred to NOS.

In September 2011, Sonaecom signed a Bond Loan, privately placed, amounting to Euro 100 million without guarantees and with a maturity of three and half years. The bonds bear interest at floating rate, indexed to Euribor and paid semi-annually. This issue was organised and mounted by BNP Paribas, ING Belgium SA/NV and West LB AG. During the year ended at 31 December 2013, Portigon AG (previously named West LB AG), transferred an amount of Euro 33.300.000 (corresponding to its entire participation in the loan) to Erste Abwicklungsanstalt ('EAA'), a state entity in German. During the year ended at 31 December 2013, following the merger between Optimus SGPS and ZON, the Bond Loan of Euro 100 million was transferred to NOS.

In July 2012, Sonaecom signed a Bond Loan, privately placed, amounting to Euro 20 million without guarantees and with the maturity of three years. The bonds bear interest at floating rate, indexed to Euribor and paid semiannually. This issue was organised and mounted by Banco BPI. During the year ended at 31 December 2013, following the merger between Optimus SGPS and ZON, the Boan Loan of Euro 20 million was fully reimbursed and, subsequently, transferred to NOS the capacity to use this facility, in the form of commercial paper by the same amount.

In May 2013, Sonaecom signed a Boan Loan, privately placed, amounting to Euro 20 million, without guarantees and with a maturity date of three years. The bond bear interest at floating rate indexed to Euribor and paid semiannually. This issue was organized and mounted by Caixa Económica Montepio Geral. This loan was repaid early in June 2014.

All the loans above are unsecured and the fulfilment of the obligations under these loans is exclusively guaranteed by the underlying activities and the indebted company cash flows generation capacity.

The average interest rate of the bond loans, in the period 2014, was 4.83% (2.48% in 2013).

## Commercial Paper

In June 2010, Sonaecom contracted a Commercial Paper Programme Issuance with maximum amount of Euro 15 million with subscription grant and maturity of three years, organised by Caixa Económica Montepio Geral. In June 2013 an addition was made to the contract that lasted for one year, automatically renewable for equal periods up to a maximum of 5 years. In March 2014, this credit line was transferred to Sonae SGPS.

In July 2012, Sonaecom contracted a Commercial Paper Programme Issuance with a maximum amount of Euro 30 million with subscription grant and maturity of tree years, organised by Caixa – Banco de Investimento and Caixa Geral de Depósitos.



Additionally, in the same period, Sonaecom contracted a Commercial Paper Programmes with a maximum of Euro 25 million with subscription grant and effective for a period of one year, organised by Banco Santander Totta. During the year ended at 31 December 2013, following the merger between Optimus SGPS and ZON, the two Commercial Paper Programme were fully reimbursed and, subsequently, transferred to NOS the capacity to use this facility.

In May 2013, Sonaecom contracted a Commercial Paper Programme Issuance with maximum amounts of 30 million with subscription grant and maturity of eighteen months, organised by Banco Espírito Santo de Investimento and Banco Espírito Santo. During the year ended at 31 December 2013, following the merger between Optimus SGPS and ZON, the Commercial Paper Programme of Euro 30 million was fully reimbursed and, subsequently, transferred to NOS the capacity to use this facility.

In June 2013, Sonaecom contracted a Commercial Paper Programme Issuance with a maximum amounts of 100 million with subscription grant and maturity of one year, organised by Banco Comercial Português. During the year ended at 31 December 2013, following the merger between Optimus SGPS and ZON, the Commercial Paper Programme of Euro 100 million was fully reimbursed and, subsequently, transferred to NOS the capacity to use this facility.

The average interest rate of the commercial papers, in the period of 2013, was 4.03%.

All the loans above are unsecured and the fulfilment of the obligations under these loans is exclusively guaranteed by the underlying activities and the indebted company cash flows generation capacity.

In April 2012, WeDo Americas contracted a long term loan, amounted to USD 7.5 million with the maturity of seven years, organised by Espirito Santo Bank. Repayment of this loan is due in 11 equal semi-annual payments, with the first made in April 2014.

On 30 June 2014, the main financial constraints (covenants) included in debt contracts are related with pledge clauses, which impose certain restrictions on the mortgaging or pledging of the material subsidiaries' tangible assets and require the upholding of control over Wedo USA (regarding this company bank loan). The penalties applicable in the event of default in these covenants are generally the early payment of the loans obtained.

On 30 June 2014 and at present date, Sonaecomwas fully compliant with all the financial constraints above mentioned.

### Bank credit lines of short-term portion

Sonaecom has also a short term bank credit line, in the form of current or overdraft account commitment, in the amount of Euro 1 million. These credit lines, usually, have maturities up to one year, automatically renewable, except in case of termination by either party, with some periods of notice. During the year ended at 31 December 2013, following the merger between Optimus SGPS and ZON, the bank credit line of short-term portion amounting Euro 10 million of Banco Popular was transferred to NOS.

All these loans and bank credit lines bear interest at market rates, indexed to the Euribor for the respective term, and were all contracted in Euro.



At 30 June 2014 and 2013, the repayment schedule of medium and long-term loans and of interests (nominal values), for bonds, commercial paper and for WeDo Americas bank loan were as follows (values based on the latest interest rate established for each type of loan):

|                   | Within 12<br>months | Between 12 and<br>24 months | Between 24 and<br>36 months | Between 36 and<br>48 months | Between 48 and<br>60 months | Between 60 and<br>72 months |
|-------------------|---------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 2014              |                     |                             |                             |                             |                             |                             |
| Bond loan:        |                     |                             |                             |                             |                             |                             |
| Reimbursements    | -                   | -                           | -                           | -                           | -                           | -                           |
| Interests         | -                   | -                           | -                           | -                           | -                           | -                           |
| Commercial paper: |                     |                             |                             |                             |                             |                             |
| Reimbursements    | -                   | -                           | -                           | -                           | -                           | -                           |
| Interests         | -                   | -                           | -                           | -                           | -                           | -                           |
| Other loans:      |                     |                             |                             |                             |                             |                             |
| Reimbursements    | -                   | 998,414                     | 998,414                     | 998,414                     | 998,414                     | -                           |
| Interests         | 103,750             | 92,853                      | 66,737                      | 40,907                      | 15,041                      | -                           |
|                   | 103,750             | 1,091,267                   | 1,065,151                   | 1,039,321                   | 1,013,455                   | -                           |
| 2013              |                     |                             |                             |                             |                             |                             |
| Bond loan:        |                     |                             |                             |                             |                             |                             |
| Reimbursements    | -                   | 150,000,000                 | 30,000,000                  | -                           | -                           | -                           |
| Interests         | 6,569,186           | 4,984,174                   | 956,318                     | -                           | -                           | -                           |
| Commercial paper: |                     |                             |                             | -                           | -                           | -                           |
| Reimbursements    | -                   | 30,000,000                  | 30,000,000                  | -                           | -                           | -                           |
| Interests         | 2,690,353           | 1,712,233                   | 95,725                      | -                           | -                           | -                           |
| Other loans:      |                     |                             |                             |                             |                             |                             |
| Reimbursements    | -                   | 1,042,541                   | 1,042,541                   | 1,042,541                   | 1,042,541                   | 1,042,541                   |
| Interests         | 150,057             | 139,640                     | 110,001                     | 79,824                      | 49,854                      | 17,403                      |
|                   | 9,409,596           | 187,878,588                 | 62,204,585                  | 1,122,365                   | 1,092,395                   | 1,059,944                   |

Although the maturity of commercial paper issuance is between one week to six months, the counterparties assumed the placement and the maintenance of those limits for a period of one to three years. As so, such liabilities are recorded in the medium and long term in the period ended at 30 June 2013.

Minority Shareholder loans have no maturity defined.

At 30 June 2014 and 2013, the available bank credit lines of the Group were as follows:

|                          |                        |             |             |                  |                 | Maturity     |
|--------------------------|------------------------|-------------|-------------|------------------|-----------------|--------------|
|                          |                        |             | Amount      |                  |                 | More than 12 |
| Company                  | Credit                 | Limit       | outstanding | Amount available | Until 12 months | months       |
| 2014                     |                        |             | _           |                  |                 |              |
| Sonaecom                 | Authorised overdrafts  | 1,000,000   | -           | 1,000,000        | Χ               |              |
| WeDo USA                 | Bank Ioan              | 4,992,070   | 4,992,070   | -                | Х               | Х            |
| Others                   | Several                | -           | 102,272     | -                | Х               |              |
|                          |                        | 5,992,070   | 5,094,342   | 1,000,000        |                 |              |
| 2013 (restated - note 1) |                        |             |             |                  |                 |              |
| Sonaecom                 | Commercial paper       | 100,000,000 | 100,000,000 | -                | Х               |              |
| Sonaecom                 | Commercial paper       | 30,000,000  | 30,000,000  | -                |                 | Х            |
| Sonaecom                 | Commercial paper       | 30,000,000  | 30,000,000  | -                |                 | Х            |
| Sonaecom                 | Commercial paper       | 25,000,000  | 25,000,000  | -                | X               |              |
| Sonaecom                 | Commercial paper       | 15,000,000  | -           | 15,000,000       | X               |              |
| Sonaecom                 | Bond loan              | 100,000,000 | 100,000,000 | -                |                 | X            |
| Sonaecom                 | Bond loan              | 40,000,000  | 40,000,000  | -                |                 | X            |
| Sonaecom                 | Bond loan              | 20,000,000  | 20,000,000  | -                |                 | X            |
| Sonaecom                 | Bond loan              | 20,000,000  | 20,000,000  | -                |                 | X            |
| Sonaecom                 | Overdraft facilities   | 16,500,000  | 8,805,000   | 7,695,000        | X               |              |
| Sonaecom                 | Authorised overdrafts* | 10,000,000  | -           | 10,000,000       | X               |              |
| Sonaecom                 | Authorised overdrafts  | 2,500,000   | 1,173,239   | 1,326,761        | X               |              |
| WeDo USA                 | Bank loan              | 5,733,975   | 5,733,975   | -                | X               | X            |
| Others                   | Several                |             | 3,646,059   |                  | X               |              |
|                          | <u> </u>               | 414,733,975 | 384,358,273 | 34,021,761       |                 |              |
|                          |                        |             |             |                  |                 |              |

 $<sup>^{\</sup>star}$  Can also be used in the form of commercial paper



At 30 June 2014 and 2013, there are no interest rate hedging instruments therefore the total gross debit is exposed to changes in market interest rates.

### 16. Other non-current financial liabilities

At 30 June 2014 and 2013, this caption was made up of accounts payable to tangible and intangible assets suppliers related to lease contracts which are due in more than one year in the amount of Euro 352,681 and Euro 17,282,397, respectively. This variation is due to the derecognition of the financial liabilities of the telecommunications segment (note 3.d), in the year ended at 31 December 2013.

At 30 June 2014 and 2013, the payment of these amounts was due as follows:

|                                | 2014           |                  | 2013           | 13 (restated - note 1) |  |
|--------------------------------|----------------|------------------|----------------|------------------------|--|
|                                |                | Present value of |                | Present value of       |  |
|                                | Lease payments | lease payments   | Lease payments | lease payments         |  |
| 2013                           | -              | -                | 2,244,357      | 1,714,995              |  |
| 2014                           | 104,793        | 92,937           | 3,942,138      | 3,012,109              |  |
| 2015                           | 169,641        | 152,797          | 3,800,462      | 3,031,424              |  |
| 2016                           | 154,380        | 144,529          | 3,013,661      | 2,400,318              |  |
| 2017 onwards                   | 133,420        | 129,905          | 12,493,165     | 10,330,748             |  |
|                                | 562,234        | 520,168          | 25,493,783     | 20,489,594             |  |
| Interests                      | (42,065)       | <u>-</u>         | (5,004,188)    |                        |  |
|                                | 520,169        | 520,168          | 20,489,595     | 20,489,594             |  |
| Short-term liability (note 18) |                | (167,487)        | <u> </u>       | (3,207,197)            |  |
|                                | 520,169        | 352,681          | 20,489,595     | 17,282,397             |  |

## 17. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the periods ended at 30 June 2014 and 2013 (restated – note 1) were as follows:

|   |                 |            |              | Utilisations and |                 |
|---|-----------------|------------|--------------|------------------|-----------------|
|   | Opening balance | Increases  | Decreases    | Transfers        | Closing balance |
| 2014  |                 |            |              |                  |                 |
| Accumulated impairment losses on accounts receivables | 3,999,525       | =          | (153,500)    | =                | 3,846,025       |
| Accumulated impairment losses on inventories          | 25,000          | =          | =            | =                | 25,000          |
| Provisions for other liabilities and charges          | 3,060,986       | 274,633    | (5,923)      | (252,844)        | 3,076,852       |
|   | 7,085,511       | 274,633    | (159,423)    | (252,844)        | 6,947,877       |
| 2013 (restated - note 1)                              |                 |            |              |                  |                 |
| Accumulated impairment losses on accounts receivables | 82,895,444      | 13,351,071 | (5,135,307)  | (17,076,374)     | 74,034,834      |
| Accumulated impairment losses on inventories          | 4,377,789       | 349,998    | (1,970,000)  | (412,964)        | 2,344,823       |
| Provisions for other liabilities and charges          | 43,673,340      | 1,963,927  | (3,937,549)  | (1,922,109)      | 39,777,609      |
|   | 130,946,573     | 15,664,996 | (11,042,856) | (19,411,447)     | 116,157,266     |

At 30 June 2014 the increase of 'Provisions for other liabilities and charges' includes the amount of Euro 243,400 recorded in the profit and loss statement, under the caption 'Income taxation' (note 21), the amount of Euro 3,793 recorded in the profit and loss statement under the caption 'Other financial expenses' related to the financial actualization of the provisions for dismantling, as foreseen in IAS 16 – Fixed Assets (note 1.c), and also the amount of Euro 27,440 recorded in the income statement in 'Gains and losses of associates and jointly controlled entities' related to the registration of the provision resulting from the application of the equity method of SIRS (note 8).

At 30 June 2013, the reinforcement of provisions and impairment losses in the amount of Euro 15,664,996, include the amount of Euro 14,570,981 on the reinforcement of provisions and impairment losses of discontinued operations and the amount of Euro 1,094,015 concerning continuing units. The increase of 'Provisions for other liabilities and charges' includes an amount of EUR



1,234,838 on the reinforcement of provisions and impairment losses of discontinued operations (Euro 33,580 are recorded in the income statement in 'Income Tax ' (note 21) and Euro 322,034 related to the dismantling as foreseen in IAS 16 - 'tangible assets' (note 1.c), the amount of Euro 466,574 recorded in the income statement under the caption 'Income Tax' (note 21), the amount of Euro 13,450 recorded in the income statement under the caption 'Other financial expenses' relating to the restatement of the provision for dismantling as foreseen in IAS 16 - 'tangible assets' (note 1.c), and also the amount of Euro 39,558 recorded in the income statement under the caption 'Gains and losses of associates and jointly controlled entities' on the registration of the provision resulting from the application of the equity method of SIRS (note 8).

At 30 June 2014, the decrease of 'Provisions for other liabilities and charges' includes the amount of Euro 5,923 recorded in the income statement under the caption 'Income Tax' (note 21).

At 30 June 2013, the decrease in provisions and impairment losses in the amount of Euro 11,042,856, include the amount of Euro 10,981,680 for the discontinued operations and the amount of Euro 61,176 concerning continuing units.

The heading 'Utilisations and Transfers' refers, essentially, to the utilisation of provisions for indemnity.

At 30 June 2014 and 2013, the breakdown of the provisions for other liabilities and charges is as follows:

|   | 2014      | 2013<br>(restated - note 1) |
|---|-----------|-----------------------------|
| Several contingencies Several contingencies | 1,907,283 | 5,022,139                   |
| Legal processes in progress                 | 245,865   | 3,102,463                   |
| Dismantling                                 | 158,358   | 14,319,433                  |
| Indemnities                                 | -         | 540,277                     |
| Other responsibilities                      | 765,346   | 16,793,297                  |
|   | 3,076,852 | 39,777,609                  |

At 30 June 2014, the value of provisions for the dismantling is recorded at its present value, accordingly with the dates of its utilization (in accordance with IAS 37 – 'Provisions, Contingent Liabilities and Contigent Assets'). The deviation includes the effect of the derecognition of the provisions associated to discontinued operations (note 3 d).

The heading 'Several contingencies' relates to contingent liabilities arising from transactions carried out in previous years and for which an outflow of funds is probable.

In relation to the provisions recorded for legal processes in progress and other responsibilities, given the uncertainty of such proceedings, the Board of Directors is unable to estimate, with reliability, the moment when such provisions will be used and therefore no financial actualisation was carried out.

The heading 'Other responsibilities' corresponds to the value of costs charged to the current period or previous years, for which it is not possible to estimate reliably the time of occurrence of the expense (note 1.r), in the amount of circa Euro 441 thousand (circa 14.7 million in 2013). The variation is due to the derecognition of provisions related to NOS Comunicações, Be Artis and Be Towering (note 3.d).

#### 18. Other current financial liabilities

At 30 June 2014, this caption includes the amount of Euro 167,487 (2013: Euro 3,207,197) related to the short term portion of lease contracts (note 16).



## 19. External supplies and services

'External supplies and services' for the period ended at 30 June 2014 and 2013 had the following composition:

|                           | 2014       | 2013<br>(restated - note 1) |
|---------------------------|------------|-----------------------------|
| Subcontracts              | 12,361,773 | 12,271,167                  |
| Specialised works         | 2,783,637  | 2,387,582                   |
| Rents                     | 2,706,940  | 2,908,691                   |
| Travelling costs          | 2,305,102  | 2,312,977                   |
| Advertising and promotion | 1,489,279  | 1,511,736                   |
| Communications            | 726,725    | 244,383                     |
| Energy                    | 667,907    | 117,480                     |
| Fees                      | 624,800    | 631,469                     |
| Maintenance and repairs   | 327,191    | 105,143                     |
| Commissions               | 206,250    | 828,560                     |
| Others                    | 848,351    | 577,634                     |
|                           | 25,047,955 | 23,896,822                  |

The commitments assumed by the Group at 30 June 2014 and 2013 related to operational leases are as follows:

|   | 2014       | 2013<br>(restated - note 1) |
|---|------------|-----------------------------|
| Minimum payments of operational leases: |            |                             |
| 2013                                    | -          | 1,988,677                   |
| 2014                                    | 2,185,757  | 2,322,092                   |
| 2015                                    | 2,509,598  | 1,694,113                   |
| 2016                                    | 2,029,632  | 1,223,886                   |
| 2017                                    | 1,621,238  | 688,581                     |
| 2018                                    | 1,096,198  | 455,673                     |
| 2019 onwards                            | 107,562    | 175,444                     |
| Renewable by periods of one year        | 1,428,193  | 820,435                     |
|   | 10,978,178 | 9,368,901                   |

During the period ended at 30 June 2014, an amount of Euro 1,971,049 was recorded in the heading 'External supplies and services' related with operational leasing rents, recorded essentially in 'Rents'.



## 20. Financial results

Net financial results for the periods ended at 30 June 2014 and 2013 were made up as follows ((costs) / gains):

| Net initialician esalts for the periods chaca at 30 Julie 2014 and 2015 were made up | ras ronows ((costs) r gairis). |             |
|--|--------------------------------|-------------|
|  | 2014                           |             |
| Financial results of associates and jointly controlled companies:                    | ·                              |             |
| Gains and losses related with the aplication of the equity method (note 8)           | 8,973,641                      | 229,422     |
|  | 8,973,641                      | 229,422     |
| Gains and losses on financial assets at fair value through profit or loss:           |                                |             |
| Gains and losses on financial assets at fair value through profit or loss (note 9)   | (7,913,926)                    | -           |
| <u>Dividends obtained</u>  | 1,321,504                      | -           |
|  | (6,592,422)                    | -           |
| Financial expenses:  |                                |             |
| Interest expenses:   | (662,337)                      | (6,342,490) |
| Bank loans   | (508,482)                      | (6,116,373) |
| Leasing  | (12,750)                       | (2,864)     |
| Other interests  | (141,105)                      | (223,253)   |
| Foreign exchange losses  | (564,167)                      | (544,520)   |
| Other financial expenses   | (388,923)                      | (229,199)   |
|  | (1,615,427)                    | (7,116,209) |
| Financial income:  |                                |             |
| Interest income  | 1,251,360                      | 39,347      |
| Foreign exchange gains   | 475,763                        | 533,586     |
| Others financial gains   | 157,788                        | 3,375       |
|  | 1,884,911                      | 576,308     |
|  |                                |             |

During the periods ended at 30 June 2014 and 2013, the caption 'Financial income: Interest income' includes, mainly, interests earned on treasury applications.

## 21. Income taxation

Income taxes recognised during the periods ended at 30 June 2014 and 2013 were made up as follows ((costs) / gains):

|  | 2014      | 2013<br>(restated - note 1) |
|--|-----------|-----------------------------|
| Current tax                              | (161,404) | (757,826)                   |
| Tax provision net of reduction (note 17) | (237,477) | (466,573)                   |
| Deferred tax assets (note 11)            | 544,388   | 16,706                      |
| Deferred tax liabilities (note 11)       | 88,971    | (662,932)                   |
|  | 234,478   | (1,870,625)                 |

## 22. Related parties

During the periods ended at 30 June 2014 and 2013, the balances and transactions maintained with related parties were mainly associated with the normal operational activity of the Group and to the concession and obtainment of loans.



The most significant balances and transactions with related parties, which are listed in the appendix to this report, during the periods ended at 30 June 2014 and 2013 were as follows:

|                                       |                     | Balances at 30 June 2014 |  |                                 |  |  |  |  |  |
|---------------------------------------|---------------------|--------------------------|--|---------------------------------|--|--|--|--|--|
|                                       | Accounts receivable | Accounts payable         | Treasury applications<br>granted / (obtained)<br>(notes 12 and 15) | Other assets /<br>(liabilities) |  |  |  |  |  |
| Holding company                       |                     |                          |  |                                 |  |  |  |  |  |
| Sonae SGPS                            | (9,888)             | _                        | _  | (14,844)                        |  |  |  |  |  |
| Other related companies               |                     |                          |  |                                 |  |  |  |  |  |
| Artis                                 | 1,306,180           | (8,962)                  | -  | (1,620,674)                     |  |  |  |  |  |
| ZOPT                                  | 92,000              | _                        | (11,571,814)   | 49,514                          |  |  |  |  |  |
| Modelo Continente Hipermercados, S.A. | 461,146             | 94,030                   | -  | (376,700)                       |  |  |  |  |  |
| NOS Comunicações                      | 1,341,417           | 587,422                  | -  | (258,683)                       |  |  |  |  |  |
| Raso Viagens                          | 28,330              | 302,492                  | _  | (10,293)                        |  |  |  |  |  |
| SC-Sociedade de Consultadoria         | 324,581             | -                        | -  | (183,250)                       |  |  |  |  |  |
| Sierra Portugal                       | 368,652             | 2,145                    | -  | 279,320                         |  |  |  |  |  |
| Sonae Indústria PCDM                  | 266,027             | _                        | _  | _                               |  |  |  |  |  |
| Sonaecenter II                        | 4,886,257           | 68,466                   | -  | (763,705)                       |  |  |  |  |  |
| Worten                                | 37,510              | (2,256)                  |  |                                 |  |  |  |  |  |
|                                       | 9,102,212           | 1,043,337                | (11,571,814)   | (2,899,315)                     |  |  |  |  |  |

|                                       |                     |                  |  | Balances at 30 June 2013 |
|---------------------------------------|---------------------|------------------|--|--------------------------|
|                                       | Accounts receivable | Accounts payable | Treasury applications<br>granted / (obtained)<br>(notes 12 and 15) | Other assets /           |
| Holding company                       |                     | · -              |  |                          |
| Sonae SGPS                            | 2,539               | _                | -  | (12,999)                 |
| Other related companies               |                     |                  |  |                          |
| Modelo Continente Hipermercados, S.A. | 677,670             | 153,614          | _  | 185,292                  |
| Worten                                | 1,884,191           | 90,081           | _  | (936,236)                |
| SonaecenterII                         | 1,391,531           | 132,230          | -  | 27,086                   |
| Sierra Portugal                       | 1,064,916           | -                | -  | 102,305                  |
| Raso Viagens                          | 70,253              | 565,171          | -  | 13,602                   |
| SC-Sociedade de Consultadoria         | 167,131             | 111              | -  | (120,111)                |
| Sonae Indústria PCDM                  | 518,390             | -                | -  | 29,022                   |
| Sonae Investments BV                  | _                   | 3,352            | 6,810,000  | 3,367                    |
| France Telecom                        | 3,030,219           | 5,705,104        | _  | (2,145,473)              |
|                                       | 8,806,840           | 6,649,663        | 6,810,000  | (2,854,145)              |



|                                       |                             |  |   | tions at 30 June 2014   |
|---------------------------------------|-----------------------------|--|---|-------------------------|
|                                       | Sales and services rendered | Supplies and services received (note 19) | Interest and similar income / (expense) (note 20) | Supplementary<br>income |
| Holding company                       |                             |  |   |                         |
| Sonae SGPS Other related companies    | 1,806                       | (771)                                    | 1,001,287   | -                       |
| Modelo Continente Hipermercados, S.A. | 424,121                     | 88,420                                   | _   | 19,418                  |
| Worten                                | 81,561                      | 710                                      | -   | _                       |
| Sonaecenter II                        | 7,505,478                   | 134,949                                  | -   | -                       |
| Sierra Portugal                       | 2,467,077                   | 7,696                                    | _   | _                       |
| Raso Viagens                          | 55,124                      | 717,451                                  | _   | _                       |
| SC-Sociedade de Consultadoria         | 945,906                     | -  | _   | _                       |
| Sonae Indústria PCDM                  | 536,760                     | -  | _   | -                       |
| Sonae Investments BV                  | -                           | -  | _   | _                       |
|                                       | 12,017,833                  | 948,455                                  | 1,001,287   | 19,418                  |

|  |                             |                   | Transactions at 30   | June 2013 (restated) |
|--|-----------------------------|-------------------|----------------------|----------------------|
|  | Calaaandaandaa              | Supplies and      | Interest and similar | Cuanlamantam         |
|  | Sales and services rendered | services received | income / (expense)   | Supplementary        |
| Holding company  | Teridered                   | (note 19)         | (note 20)            | income               |
| Sonae SGPS   | 11,672                      | -                 | -                    | -                    |
| Other related companies  Modelo Continente Hipermercados, S.A. | 1,952,583                   | 515,526           | -                    | 78,538               |
| Worten   | 1,463,003                   | 734,843           | _                    | 7                    |
| SonaecenterII  | 3,632,040                   | 468,366           | _                    | -                    |
| Sierra Portugal  | 3,416,578                   | 492,082           | _                    | -                    |
| Raso Viagens   | 143,313                     | 1,356,998         | -                    | -                    |
| SC-Sociedade de Consultadoria                                  | 684,591                     | -                 | _                    | -                    |
| Sonae Indústria PCDM   | 924,899                     | -                 | _                    | -                    |
| Sonae Investments BV   | -                           | -                 | 5,774                | -                    |
| France Telecom   | 7,453,416                   | 10,257,952        | _                    | =                    |
|  | 19,682,095                  | 13,825,767        | 5,774                | 78,545               |

During 2012, the Group signed an agreement with Sonae SGPS, under which Sonae compromise to transfer to employees and board members of Sonaecom, Sonaecom SGPS shares, at the price of 1.184 euros, until 2016, as requested by Sonaecom and under the MTIP of Sonaecom. Under this contract, Sonaecom paid in advance to Sonae SGPS, SA the amount of Euro 3,291,520.

During 2013, Sonaecom partially anticipated the maturity of the contract, receiving the amount of Euro 4,444,207. At 11 July 2014 the company terminated this contract so, Sonae SGPS, SA will repay the remaining amount in debt.

The transactions between Group companies were eliminated in consolidation, and therefore are not disclosed in this note.

All the above transactions were made at market prices.

Accounts receivable and payable to related companies will be settled in cash and are not covered by guarantees. During the periods ended at 30 June 2014 and 2013, no impairment losses referring to account receivables from related parties were recognised.

A complete list of the Sonaecom Group's related parties is presented in the appendix to this report.



## 23. Guarantees provided to third parties

Guarantees provided to third parties at 30 June 2014 and 2013 were as follows:

| Company  | Beneficiary   | Description  | 2014      | 2013       |
|--|---|--|-----------|------------|
| WeDo   | Caixa Geral de Depósitos  | Bank loan (note 15)                                | 5,615,436 | 5,835,245  |
| Sonaecom   | Direção de Contribuições e Impostos<br>(Portuguese tax authorities)   | VAT Reimbursements                                 | 1,435,379 | 5,955,731  |
| We Do, WeDo Brazil and WeDo Egypt                | Digi Tecommunications; Emirates Telecom.<br>Corp.; Group Etisalat; Scotia Leasing Panama;<br>Pak Telecom Mobile; Asiacell<br>Communications                               | Completion of work to be done                      | 1,115,135 | 1,451,319  |
| We Do and Saphety                                | IAPMEI  | HERMES' project and 'Value4cuopons' project - QREN | 392,707   | 392,707    |
| NOS Comunicações, Sontária, Sonaecom and Público | Direção de Contribuições e Impostos<br>(Portuguese tax authorities)   | IRC, IS, IVA, RF – Tax assessment                  | 240,622   | 9,015,764  |
| NOS Comunicações                                 | ICP - ANACOM  | Acquisition of Spectrum for 4th generation         | -         | 24,000,000 |
| NOS Comunicações                                 | Câmara Municipal de Barcelos, Chaves,<br>Coimbra, Elvas, Lisboa, Mealhada and Oeiras<br>(Barcelos, Chaves, Coimbra, Elvas, Lisboa,<br>Mealhada and Oeiras Municipalities) | Completion of work to be done                      | -         | 83,823     |
| Several  | Others  |  | 326,228   | 1,072,629  |
|  |   |  | 9,125,507 | 47,807,218 |

The deviation verified on guarantees is referred to the guarantees provided to third parties of telecommunications sector that are not part of the balance at 30 June 2014 (note3.d).

In addition to these guarantees were set up sureties for the current fiscal processes. The Sonae SGPS consisted of Sonaecom SGPS surety to the amount of Euro 2,844,270 and Sonaecom SGPS consisted of NOS Comunicações surety for the amount of Euro 10,503,072.

At 30 June 2014, the Board of Directors of the Group believes that the decision of the court proceedings and ongoing tax assessments in progress will not have significant impacts on the consolidated financial statements.

## 24. Information by business segment

Following the classification of the Telecommunications segment as a discontinued operation (note 3.d), were identified for the periods ended at 30 June 2014 and 2013 the following business segments:

- Multimedia:
- Information systems;
- Holding activities.

These segments were identified taking into consideration the following criteria/conditions: the fact of being group units that develop activities where we can separately identify revenues and expenses, for which financial information is separately developed and their operating results are regularly reviewed by management and over which decisions are made. For example, decisions about allocation of resources, for having similar products/services and also taking into consideration the quantitative threshold (in accordance with IFRS 7).

The segment 'Holding activities' includes the operations of the Group companies that have as their main activity the management of shareholdings.

Excluding the ones mentioned above, the remaining activities of the Group have been classified as unallocated.



Inter-segment transactions during the periods ended at 30 June 2014 and 2013 were eliminated in the consolidation process. All these transactions were made at market prices.

Inter-segment transfers or transactions were entered under the normal commercial terms and conditions that would also be available to unrelated third parties and were mainly related to interest on treasury applications and management fees.

During the year ended at 31 December 2013, the segment of telecommunications was classified as a discontinued operation, as a result of a merger, by the incorporation of Optimus SGPS in Zon (note 3.d). As set forth by IFRS 5, changes were made in the consolidated profit and loss statements for the period ended at 30 June 2014, in order to disclose a single amount in profit and loss statements related to net income/(loss) of discontinued operations (note 25).

Overall information by business segment at 30 June 2014 and 2013, prepared in accordance with the same accounting policies and measurement criteria adopted in the preparation of the consolidated financial statements, can be summarised as follows:



|   | Tele         | communications                 |             | Multimedia                       | Info        | ormation Systems                 |             | Holding Activities               |             | Subtotal                         | Elimi         | nations and others               |             | Total                            |
|---|--------------|--------------------------------|-------------|----------------------------------|-------------|----------------------------------|-------------|----------------------------------|-------------|----------------------------------|---------------|----------------------------------|-------------|----------------------------------|
|   | June 2014 (r | June 2013<br>estated - note 1) | June 2014   | June 2013<br>(restated - note 1) | June 2014   | June 2013<br>(restated - note 1) | June 2014   | June 2013<br>(restated - note 1) | June 2014 ( | June 2013<br>(restated - note 1) | June 2014     | June 2013<br>(restated - note 1) | June 2014   | June 2013<br>(restated - note 1) |
| Revenues:                                     |              |                                |             |                                  |             |                                  |             |                                  |             |                                  |               |                                  |             |                                  |
| Sales and services rendered                   | -            | -                              | 7,728,420   | 9,311,275                        | 57,885,551  | 55,599,423                       | 161,661     | 1,762,911                        | 65,775,632  | 66,673,609                       | (154,895)     | (9,167,487)                      | 65,620,737  | 57,506,122                       |
| Reversal of provisions                        | -            | -                              | 153,500     | 44,000                           | -           | 16,470                           | -           | 706                              | 153,500     | 61,176                           | -             | -                                | 153,500     | 61,176                           |
| Other operating revenues                      | -            | -                              | 263,999     | 112,324                          | 255,216     | 484,797                          | 54,842      | 52,540                           | 574,057     | 649,661                          | (1,743)       | 39,778                           | 572,314     | 689,439                          |
| Total revenues                                | -            | -                              | 8,145,919   | 9,467,599                        | 58,140,767  | 56,100,690                       | 216,503     | 1,816,157                        | 66,503,189  | 67,384,446                       | (156,638)     | (9,127,709)                      | 66,346,551  | 58,256,737                       |
| Depreciation and amortisation                 | -            | -                              | (256,090)   | (455,454)                        | (3,183,742) | (1,843,572)                      | (8,276)     | (34,859)                         | (3,448,108) | (2,333,885)                      | (7,540)       | (755,656)                        | (3,455,648) | (3,089,541)                      |
| Provisions and impairment losses              | -            | -                              | -           | -                                | -           | (472,168)                        | -           | (102,265)                        | -           | (574,433)                        | -             | -                                | -           | (574,433)                        |
| Net operating income / (loss) for the segment | -            | -                              | (1,587,196) | (1,173,612)                      | 2,567,543   | 4,902,001                        | (1,190,189) | (668,093)                        | (209,842)   | 3,060,296                        | (109,980)     | (5,115,006)                      | (319,822)   | (2,054,710)                      |
| Interest income                               | -            | -                              | 3,486       | 15,364                           | 110,439     | 655,302                          | 1,876,751   | 12,798,231                       | 1,990,676   | 13,468,897                       | (739,316)     | (13,429,550)                     | 1,251,360   | 39,347                           |
| Interest expenses                             | -            | -                              | (247,776)   | (213,361)                        | (618,480)   | (1,099,579)                      | (529,926)   | (6,296,151)                      | (1,396,182) | (7,609,091)                      | 733,845       | 1,266,601                        | (662,337)   | (6,342,490)                      |
| Gains and losses in associated companies      | -            | -                              | 89,581      | -                                | -           | -                                | 8,934,020   | =                                | 9,023,601   | -                                | (49,960)      | 229,422                          | 8,973,641   | 229,422                          |
| Gains and losses on financial assets at fair  |              |                                |             |                                  |             |                                  |             |                                  |             |                                  |               |                                  |             |                                  |
| value through profit or loss                  | -            | -                              | -           | -                                | -           | -                                | (6,592,422) | -                                | (6,592,422) | -                                | -             | -                                | (6,592,422) | -                                |
| Other financial results                       | -            | -                              | (1,587)     | (2,664)                          | (222,820)   | (38,075)                         | (1,254,432) | 21,924,597                       | (1,478,839) | 21,883,858                       | 1,159,300     | (22,120,616)                     | (319,539)   | (236,758)                        |
| Income taxation                               | -            | -                              | 463,417     | 544,826                          | (273,172)   | (1,488,926)                      | 38,738      | (570,486)                        | 228,983     | (1,514,586)                      | 5,495         | (356,039)                        | 234,478     | (1,870,625)                      |
| Consolidated net income/(loss) for the period |              |                                |             |                                  |             |                                  |             |                                  |             |                                  |               |                                  |             |                                  |
| excluding discontinued operations             | -            | -                              | (1,280,075) | (829,447)                        | 1,563,510   | 2,930,723                        | 1,282,540   | 27,188,098                       | 1,565,975   | 29,289,374                       | 999,384       | (39,525,188)                     | 2,565,359   | (10,235,814)                     |
| Consolidated net income/(loss) for the period |              |                                |             |                                  |             |                                  |             |                                  |             |                                  |               |                                  |             |                                  |
| of discontinued operations                    | -            | 50,084,670                     | -           | -                                | -           | -                                | -           | =                                | -           | 50,084,670                       | -             | -                                | -           | 50,084,670                       |
| Attributable to:                              |              |                                |             |                                  |             |                                  |             |                                  |             |                                  |               |                                  |             |                                  |
| Shareholders of parent company                | -            | 50,084,670                     | (1,280,075) | (829,447)                        | 1,566,074   | 2,920,079                        | 1,282,540   | 27,188,098                       | 1,568,539   | 79,363,400                       | 1,001,198     | (39,509,476)                     | 2,569,737   | 39,853,924                       |
| Non-controlling interests                     | -            | -                              | -           | -                                | (2,564)     | 10,644                           | -           | -                                | (2,564)     | 10,644                           | (1,814)       | (15,712)                         | (4,378)     | (5,068)                          |
| Assets:                                       |              |                                |             |                                  |             |                                  |             |                                  |             |                                  |               |                                  |             |                                  |
| Tangible and intangible assets and goodwill   | -            | 1,493,918,684                  | 860,718     | 3,713,948                        | 77,751,139  | 77,979,897                       | 51,526      | 273,870                          | 78,663,383  | 1,575,886,399                    | (28,358,817)  | (117,961,005)                    | 50,304,566  | 1,457,925,394                    |
| Inventories                                   | -            | 19,115,457                     | 316,268     | 444,848                          | 44,062      | 246,418                          | -           | -                                | 360,330     | 19,806,723                       | -             | (35,030)                         | 360,330     | 19,771,693                       |
| Financial investments                         | -            | -                              | 950,636     | 212,954                          | 2,494       | 1,240,435                        | 651,058,276 | 1,058,901,760                    | 652,011,406 | 1,060,355,149                    | 51,606,247    | (1,059,061,280)                  | 703,617,653 | 1,293,869                        |
| Other non-current assets                      | -            | 91,698,329                     | 3,570       | 3,570                            | 6,218,495   | 6,412,210                        | 173,333,642 | 514,571,506                      | 179,555,707 | 612,685,615                      | (173,619,841) | (515,356,326)                    | 5,935,866   | 97,329,289                       |
| Other current assets of the segment           | -            | 223,495,843                    | 6,580,531   | 8,010,449                        | 57,971,908  | 51,786,867                       | 240,193,767 | 131,914,784                      | 304,746,206 | 415,207,943                      | (7,648,660)   | (138,411,354)                    | 297,097,546 | 276,796,589                      |
| Liabilities:                                  |              |                                |             |                                  |             |                                  |             |                                  |             |                                  |               |                                  |             |                                  |
| Liabilities of the segment                    | -            | 771,540,437                    | 15,469,399  | 17,087,675                       | 74,356,076  | 73,270,368                       | 15,575,287  | 387,353,776                      | 105,400,762 | 1,249,252,256                    | (26,785,448)  | (475,223,684)                    | 78,615,314  | 774,028,572                      |
| CAPEX   | -            | 49,353,085                     | 215,951     | 226,989                          | 2,670,865   | 3,198,678                        | 7,023,078   | 15,263,199                       | 9,909,894   | 68,041,951                       | (1,479,810)   | (43,443,827)                     | 8,430,084   | 24,598,124                       |



During the periods ended at 30 June 2014 and 2013, the inter-segments sales and services were as follows:

|                          | Multimedia | Information<br>Systems | Holding Activities |
|--------------------------|------------|------------------------|--------------------|
| 2014                     |            |                        |                    |
| Multimedia               | -          | 62,016                 | (4,444)            |
| Information Systems      | 294        | -                      | 166,104            |
| Holding Activities       | -          | 16,484                 | -                  |
| External trade debtors   | 7,728,126  | 57,807,051             | 1                  |
|                          | 7,728,420  | 57,885,551             | 161,661            |
| 2013 (restated - note 1) |            |                        |                    |
| Telecommunications       | -          | 6,545,027              | 1,558,469          |
| Multimedia               | -          | 22,880                 | 70,407             |
| Information Systems      | 294        | -                      | 143,952            |
| Holding Activities       | 1,800      | 3,924                  | -                  |
| External trade debtors   | 9,309,181  | 49,027,592             | (9,917)            |
|                          | 9,311,275  | 55,599,423             | 1,762,911          |

During the periods ended 30 June 2014 and 2013, sales and services rendered of the several segments were obtained predominantly in the Portuguese market, this market represents more than 90% of revenue for the segments of Multimedia and Activities Holding.

During the period ended 30 June 2014, also for the Information Systems segment the Portuguese market is dominant, accounting for 57% of revenue (52.2% in 2013) followed by the Brazilian and American markets, representing 6.4% and 4.9% of revenue (8.7% and 7.2% in 2013), respectively.

The financial statements of NOS at 30 June 2014 and 31 December 2013 incorporated in the consolidated financial statements of Sonaecom through ZOPT by the equity method (Notes 3.d and 8), can be summarized as follows:

## Condensed consolidated balance sheets

| Assets         1.084,70         1.096,828           Tangble assets         1.123,040         1.136,433           Deferred assets         134,99         149,431           Other non-current assets         57,855         61,143           Non-current assets         2,400,524         2,433,030           debtors         30,67         276,630           Cash and cash equivalents         42,799         74,836           Other current assets         117,335         103,830           Current assets         470,800         454,840           Ottal assets         470,800         454,840           Ottal assets         705,748         928,239           Provisions for other liabilities and charges         101,770           Other non-current liabilities         95,820         101,770           Other non-current liabilities         852,573         107,623           Short-term loans and other loans         424,918         213,431           Trade creditors         284,534         296,823           Other current liabilities         281,534         296,823           Other current liabilities         1,033,648         1,030,848           Short-term loans and other loans         2,855,64         2,855,84   | (Amounts expressed in thousands of Euro)                | June 2014 | December 2013<br>(restated) |
|---|---|-----------|-----------------------------|
| Intangible assets         1,123,040         1,136,433           Defered tax assets         134,919         149,431           Other non-current assets         2400,524         24,338           Kon-current assets         2400,524         24,338           Trade debtors         310,672         276,630           Cash and cash equivalents         42,799         74,380           Other current assets         117,335         103,830           Current assets         470,800         454,840           Total assets         470,800         454,840           Total assets         705,748         928,239           Provisions for other liabilities and charges         101,770         928,239           Provisions for other liabilities and charges         95,820         101,770           Other non-current liabilities         55,733         1,776           Short-term loans and other loans         85,2573         1,766           Short-term loans and other loans         424,918         243,343           Trade creditors         284,534         296,823           Other current liabilities         285,573         1,762,227           Current liabilities         985,113         762,227           Total liabilities         1,837,688 </td <td></td> <td></td> <td></td> |   |           |                             |
| Defered tax assets         134,919         149,431           Other non-current assets         57,855         61,143           Non-current assets         2,400,524         2,443,830           Trade debtors         310,672         276,630           Cash and cash equivalents         42,799         74,380           Other current assets         117,335         103,830           Other current assets         470,806         454,840           Total assets         2,871,330         2,898,670           Unitablitities         705,748         928,239           Provisions for other liabilities and charges         95,820         101,775           Other non-current liabilities         50,055         46,222           Non-current liabilities         585,573         1,076,231           Short-term loans and other loans         424,918         213,431           Trade creditors         284,534         296,823           Other current liabilities         285,513         1,076,231           Current liabilities         285,513         1,076,231           Current liabilities         285,513         2,075,661         251,973           Current liabilities         1,033,644         2,083,033         2,083,033         2,083,033                                       | Tangible assets   | 1,084,710 | 1,096,823                   |
| Other non-current assets         57,855         61,148           Non-current assets         2,400,524         2,443,830           Trade debtors         310,672         276,630           Cash and cash equivalents         42,799         74,806           Other current assets         117,335         103,808           Current assets         470,806         454,840           Current assets         2,871,330         2,896,670           Itabilities         705,748         928,239           Provisions for other liabilities and charges         95,820         101,770           Other non-current liabilities         51,005         46,222           Non-current liabilities         55,2573         1,076,231           Short-term loans and other loans         424,918         213,431           Trade creditors         284,534         296,823           Other current liabilities         275,661         251,973           Current liabilities         985,113         762,221           Current liabilities         985,113         762,221           Current liabilities         1,837,669         1,838,457           Current liabilities         1,837,669         1,838,457           Current liabilities         1,050,58  | Intangible assets                                       | 1,123,040 | 1,136,433                   |
| Non-current assets         2,400,524         2,443,80           Trade debtors         310,672         276,630           Cash and cash equivalents         42,799         74,380           Other current assets         117,335         103,830           Current assets         470,806         454,840           Total assets         2,871,330         2,898,670           Liabilities         80,500         101,770           Wedium and long-term loans - net of short-term portion         705,748         928,239           Provisions for other liabilities and charges         95,820         101,770           Other non-current liabilities         51,005         46,222           Non-current liabilities         852,573         1,076,231           Short-term loans and other loans         424,918         213,431           Trade creditors         284,534         296,823           Other current liabilities         284,534         296,823           Other current liabilities         985,113         762,227           Total liabilities         1,837,686         1,838,687           Total liabilities         1,837,686         1,838,687           Shareholders funds excluding non-controlling interests         9,855         9,615           Sh                         | Deferred tax assets                                     | 134,919   | 149,431                     |
| Trade debtors         310,672         276,630           Cash and cash equivalents         42,799         74,380           Other current assets         117,335         103,830           Current assets         470,806         454,840           Total assets         2,871,330         2,898,670           Liabilities         861,005         4,002           Medium and long-term loans - net of short-term portion         705,748         928,239           Provisions for other liabilities and charges         51,005         46,222           Non-current liabilities         51,005         46,222           Non-current liabilities         852,573         1,076,231           Short-term loans and other loans         424,918         213,431           Trade creditors         284,534         296,823           Other current liabilities         257,561         251,973           Other current liabilities         985,113         762,227           Total liabilities         1,833,686         1,838,457           Shareholders funds excluding non-controlling interests         1,023,789         1,050,598           Non-controlling interests         9,855         9,615           Total Shareholders funds         1,033,644         1,060,213                               | Other non-current assets                                | 57,855    | 61,143                      |
| Cash and cash equivalents         42,799         74,380           Other current assets         117,335         103,830           Current assets         470,806         454,840           Total assets         2,871,330         2,898,670           Liabilities         We dium and long-term loans - net of short-term portion         705,748         928,239           Provisions for other liabilities and charges         95,820         101,770           Other non-current liabilities         51,005         46,222           Non-current liabilities         852,573         1,076,231           Short-term loans and other loans         424,918         213,431           Trade creditors         284,534         296,823           Other current liabilities         284,534         296,823           Other current liabilities         985,113         762,227           Total liabilities         1,837,686         1,838,457           Shareholders' funds excluding non-controlling interests         9,855         9,615           Non-controlling interests         9,855         9,615           Total Shareholders' funds         1,033,644         1,060,213   | Non-current assets                                      | 2,400,524 | 2,443,830                   |
| Other current assets       117,335       103,836         Current assets       470,806       454,840         Total assets       2,871,330       2,898,670         Liabilities       80,000       40,223         Medium and long-term loans – net of short-term portion       705,748       928,239         Provisions for other liabilities and charges       95,820       101,770         Other non-current liabilities       51,005       46,222         Non-current liabilities       852,573       1,076,231         Short-term loans and other loans       424,918       213,431         Trade creditors       284,534       296,823         Other current liabilities       275,661       251,973         Current liabilities       985,113       762,227         Total liabilities       1,837,686       1,838,457         Shareholders' funds excluding non-controlling interests       9,855       9,615         Non-controlling interests       9,855       9,615         Total Shareholders' funds       1,003,644       1,060,213  | Trade debtors   | 310,672   | 276,630                     |
| Current assets       470,806       454,840         Total assets       2,871,330       2,898,670         Liabilities       705,748       928,239         Medium and long-term loans – net of short-term portion       705,748       928,239         Provisions for other liabilities and charges       95,820       101,770         Other non-current liabilities       51,005       46,222         Non-current liabilities       852,573       1,076,231         Short-term loans and other loans       424,918       213,431         Trade creditors       284,534       296,823         Other current liabilities       275,661       251,973         Current liabilities       985,113       762,227         Total liabilities       1,837,686       1,838,457         Shareholders funds excluding non-controlling interests       1,023,789       1,050,598         Non-controlling interests       9,855       9,615         Total Shareholders funds       1,033,644       1,060,213   | Cash and cash equivalents                               | 42,799    | 74,380                      |
| Total assets         2,871,330         2,898,670           Liabilities         Medium and long-term loans – net of short-term portion         705,748         928,239           Provisions for other liabilities and charges         95,820         101,770           Other non-current liabilities         51,0005         46,222           Non-current liabilities         852,573         1,076,231           Short-term loans and other loans         424,918         213,431           Trade creditors         284,534         296,823           Other current liabilities         275,661         251,973           Current liabilities         985,113         762,227           Total liabilities         1,837,686         1,838,457           Shareholders funds excluding non-controlling interests         1,023,789         1,050,598           Non-controlling interests         9,855         9,615           Total Shareholders funds         1,033,644         1,060,213   | Other current assets                                    | 117,335   | 103,830                     |
| Liabilities         Hedium and long-term loans – net of short-term portion         705,748         928,239           Provisions for other liabilities and charges         95,820         101,770           Other non-current liabilities         51,005         46,222           Non-current liabilities         852,573         1,076,231           Short-term loans and other loans         424,918         213,431           Trade creditors         284,534         296,823           Other current liabilities         275,661         251,973           Current liabilities         985,113         762,227           Total liabilities         1,837,686         1,838,457           Shareholders' funds excluding non-controlling interests         1,023,789         1,050,598           Non-controlling interests         9,855         9,615           Total Shareholders' funds         1,033,644         1,060,213   | Current assets  | 470,806   | 454,840                     |
| Medium and long-term loans – net of short-term portion         705,748         928,239           Provisions for other liabilities and charges         95,820         101,770           Other non-current liabilities         51,005         46,222           Non-current liabilities         852,573         1,076,231           Short-term loans and other loans         424,918         213,431           Trade creditors         284,534         296,823           Other current liabilities         275,661         251,973           Current liabilities         985,113         762,227           Total liabilities         1,837,686         1,838,457           Shareholders' funds excluding non-controlling interests         1,023,789         1,050,598           Non-controlling interests         9,855         9,615           Total Shareholders' funds         1,033,644         1,060,213   | Total assets  | 2,871,330 | 2,898,670                   |
| Provisions for other liabilities and charges         95,820         101,770           Other non-current liabilities         51,005         46,222           Non-current liabilities         852,573         1,076,231           Short-term loans and other loans         424,918         213,431           Trade creditors         284,534         296,823           Other current liabilities         275,661         251,973           Current liabilities         985,113         762,227           Total liabilities         1,837,686         1,838,457           Shareholders' funds excluding non-controlling interests         1,023,789         1,050,598           Non-controlling interests         9,855         9,615           Total Shareholders' funds         1,033,644         1,060,213  | Liabilities   |           |                             |
| Other non-current liabilities         51,005         46,222           Non-current liabilities         852,573         1,076,231           Short-term loans and other loans         424,918         213,431           Trade creditors         284,534         296,823           Other current liabilities         275,661         251,973           Current liabilities         985,113         762,227           Total liabilities         1,837,686         1,838,457           Shareholders' funds excluding non-controlling interests         1,023,789         1,050,598           Non-controlling interests         9,855         9,615           Total Shareholders' funds         1,033,644         1,060,213  | Medium and long-term loans – net of short-term portion  | 705,748   | 928,239                     |
| Non-current liabilities         852,573         1,076,231           Short-term loans and other loans         424,918         213,431           Trade creditors         284,534         296,823           Other current liabilities         275,661         251,973           Current liabilities         985,113         762,227           Total liabilities         1,837,686         1,838,457           Shareholders' funds excluding non-controlling interests         1,023,789         1,050,598           Non-controlling interests         9,855         9,615           Total Shareholders' funds         1,033,644         1,060,213  | Provisions for other liabilities and charges            | 95,820    | 101,770                     |
| Short-term loans and other loans         424,918         213,431           Trade creditors         284,534         296,823           Other current liabilities         275,661         251,973           Current liabilities         985,113         762,227           Total liabilities         1,837,686         1,838,457           Shareholders' funds excluding non-controlling interests         1,023,789         1,050,598           Non-controlling interests         9,855         9,615           Total Shareholders' funds         1,033,644         1,060,213  | Other non-current liabilities                           | 51,005    | 46,222                      |
| Trade creditors         284,534         296,823           Other current liabilities         275,661         251,973           Current liabilities         985,113         762,227           Total liabilities         1,837,686         1,838,457           Shareholders' funds excluding non-controlling interests         1,023,789         1,050,598           Non-controlling interests         9,855         9,615           Total Shareholders' funds         1,033,644         1,060,213   | Non-current liabilities                                 | 852,573   | 1,076,231                   |
| Other current liabilities         275,661         251,973           Current liabilities         985,113         762,227           Total liabilities         1,837,686         1,838,457           Shareholders' funds excluding non-controlling interests         1,023,789         1,050,598           Non-controlling interests         9,855         9,615           Total Shareholders' funds         1,033,644         1,060,213   | Short-term loans and other loans                        | 424,918   | 213,431                     |
| Current liabilities         985,113         762,227           Total liabilities         1,837,686         1,838,457           Shareholders' funds excluding non-controlling interests         1,023,789         1,050,598           Non-controlling interests         9,855         9,615           Total Shareholders' funds         1,033,644         1,060,213   | Trade creditors   | 284,534   | 296,823                     |
| Total liabilities         1,837,686         1,838,457           Shareholders' funds excluding non-controlling interests         1,023,789         1,050,598           Non-controlling interests         9,855         9,615           Total Shareholders' funds         1,033,644         1,060,213   | Other current liabilities                               | 275,661   | 251,973                     |
| Shareholders' funds excluding non-controlling interests         1,023,789         1,050,598           Non-controlling interests         9,855         9,615           Total Shareholders' funds         1,033,644         1,060,213   | Current liabilities                                     | 985,113   | 762,227                     |
| Non-controlling interests         9,855         9,615           Total Shareholders' funds         1,033,644         1,060,213   | Total liabilities                                       | 1,837,686 | 1,838,457                   |
| Total Shareholders' funds         1,033,644         1,060,213   | Shareholders' funds excluding non-controlling interests | 1,023,789 | 1,050,598                   |
| 1,000,011   | Non-controlling interests                               | 9,855     | 9,615                       |
| Total Shareholders' funds and liabilities 2,871,330 2,898,670   | Total Shareholders' funds                               | 1,033,644 | 1,060,213                   |
|   | Total Shareholders' funds and liabilities               | 2,871,330 | 2,898,670                   |



## Condensed consolidated statements of income by nature

|   | June 2014 | December 2013 (restated) |
|---|-----------|--------------------------|
| Total revenue   | 682,319   | 990,259                  |
| Costs and losses  |           |                          |
| Direct costs and External supplies and services                                       | (290,499) | (413,817)                |
| Depreciation and amortisation   | (170,103) | (243,070)                |
| Other operating costs   | (136,156) | (254,869)                |
|   | (596,758) | (911,756)                |
| Financial results   | (29,354)  | (50,811)                 |
| Income taxation   | (12,121)  | (16,433)                 |
| Consolidated net income/(loss) for the period   | 44,086    | 11,259                   |
| Consolidated net income/(loss) for the period attributed to non-controlling interests | 410       | 449                      |
| Attributed to shareholders of parent company  | 43,676    | 10,810                   |

## 25. Discontinued operations

The net income (loss) for the period of discontinued operations are detailed as follows:

|   | 27 August 2013 | 30 June 2013  |
|---|----------------|---------------|
| Sales   | 18,822,654     | 13,567,578    |
| Services rendered   | 440,084,032    | 327,956,766   |
| Other operating revenues                                    | 6,045,835      | 4,454,895     |
|   | 464,952,521    | 345,979,239   |
| Cost of sales   | (21,479,154)   | (15,027,926)  |
| External supplies and services                              | (229,074,114)  | (169,536,431) |
| Staff expenses Staff expenses                               | (30,726,186)   | (23,073,970)  |
| Depreciation and amortisation                               | (93,347,815)   | (68,894,509)  |
| Provisions and impairment losses                            | (8,852,793)    | (3,233,687)   |
| Other operating costs                                       | (9,723,657)    | (9,709,348)   |
|   | (393,203,719)  | (289,475,871) |
| Other financial expenses                                    | (2,092,284)    | (1,923,248)   |
| Other financial income                                      | 2,697,674      | 1,834,458     |
| Current income / (loss)                                     | 72,354,192     | 56,414,578    |
| Income taxation   | 2,839,693      | (6,329,908)   |
|   | 75,193,885     | 50,084,670    |
| Gain/(Loss) resulting from the disposal (note 3.d)          | (8,949,665)    | -             |
| Net income/(loss) for the period of discontinued operations | 66,244,220     | 50,084,670    |

The net income/(loss) from discontinued operations in column of 27 August 2013 consists on net income generated by companies associated with the telecommunications segment until the date of merger of Optimus SGPS with ZON (note 3 d) in the amount of Euro 75,193,885 and loss calculated with the operation in the amount of Euro 8,949,665.

## 26. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the consolidated net income attributable to the Group (Euro 2,569,737 in 2014 and Euro 39,853,924 in 2013) by the average number of shares outstanding during the periods ended at 30 June 2014 and 2013, net of own shares (324,071,300 in 2014 and 361,206,812 in 2013).



## 27. Medium Term Incentive Plans

In June 2000, Sonaecom Group created a discretionary Medium Term Incentive Plan, for more senior employees, based on Sonaecom options and shares and Sonae-SGPS, S.A. shares. The vesting occurs three years after the award of each plan, assuming that the employees are still employed in the Group, during that period.

The Sonaecomplans outstanding at 31 December 2013 can be summarised as follows:

|                   |                      |            | Vesting period | 31[               | December 2013 |
|-------------------|----------------------|------------|----------------|-------------------|---------------|
|                   | Share price at award | A          | Marilla dala   | Aggregate number  | Number of     |
|                   | date*                | Award date | Vesting date   | of participations | shares        |
| Sonaecom shares   |                      |            |                |                   |               |
| 2010 Plan         | 1.399                | 10-Mar-11  | 10-Mar-14      | 44                | 477,778       |
| 2011 Plan         | 1.256                | 09-Mar-12  | 10-Mar-15      | 45                | 540,805       |
| 2012 Plan         | 1.505                | 08-Mar-13  | 10-Mar-16      | 46                | 406,903       |
| Sonae SGPS shares |                      |            |                |                   |               |
| 2010 Plan         | 0.811                | 10-Mar-11  | 10-Mar-14      | 2                 | 214,640       |
| 2011 Plan         | 0.401                | 09-Mar-12  | 10-Mar-15      | 2                 | 419,985       |
| 2012 Plan         | 0.701                | 08-Mar-13  | 10-Mar-16      | 2                 | 163,966       |

<sup>\*</sup>Average share price in the month prior to the award date for Sonaecom shares and the lower of the average share price for the month prior to the Annual General Meeting and the share price on the day after the Annual General Meeting, for Sonae SGPS shares.

At 10 March 2014, Sonaecom shares plans were fully converted into Sonae SGPS shares. This conversion was based on the terms set out in Tender offer for the general and voluntary acquisition of own shares at 20 February 2014, referred to in Note 13 to determine the fair value of Sonaecom plans, and based on the price of shares Sonae SGPS.

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

After conversion, at 10 March 2014, the converted plans can be detailed as follows:

|  |                            |            | Vesting period |                                    | 10 March 2014    |
|--|----------------------------|------------|----------------|------------------------------------|------------------|
|  | Share price at 20.02.2014* | Award date | Vesting date   | Aggregate number of participations | Number of shares |
| Sonae SGPS shares ( Arising from the conversion of |                            |            |                |                                    |                  |
| Sonaecom plans)                                    |                            |            |                |                                    |                  |
| 2010 Plan  | 1.258                      | 10-Mar-11  | 10-Mar-14      | 46                                 | 1,003,507        |
| 2011 Plan  | 1.258                      | 09-Mar-12  | 10-Mar-15      | 48                                 | 1,132,008        |
| 2012 Plan  | 1.258                      | 08-Mar-13  | 10-Mar-16      | 50                                 | 863,405          |

<sup>\*</sup>Share price of the day of publication of the results of the Tender Offer

The 2010 plan was delivered in March 2014 for all companies except for Sonaecom SGPS, SA, whose delivery was in May 2014. Accordingly, the outstanding plans at 30 June 2014 are as follows:

|   |                        |            | Vesting period |                   | 30 June 2014 |
|---|------------------------|------------|----------------|-------------------|--------------|
|   | Share price at 30 June |            |                | Aggregate number  | Number of    |
|   | 2014/ Award date       | Award date | Vesting date   | of participations | shares       |
| Sonae SGPS shares (Arising from the conversion of |                        |            |                |                   |              |
| Sonaecom plans)                                   |                        |            |                |                   |              |
| 2011 Plan   | 1.199                  | 09-Mar-12  | 10-Mar-15      | 46                | 1,154,078    |
| 2012 Plan   | 1.199                  | 08-Mar-13  | 10-Mar-16      | 48                | 877,848      |
| Sonae SGPS shares                                 |                        |            |                |                   |              |
| 2011 Plan   | 0.401                  | 09-Mar-12  | 10-Mar-15      | 2                 | 431,413      |
| 2012 Plan   | 0.701                  | 08-Mar-13  | 10-Mar-16      | 2                 | 168,427      |
| 2013 Plan   | 1.199                  | 10-Mar-14  | 10-Mar-17      | 219               | 1,813,240    |

The 2013 Plan includes 167 employees of WeDo Group following the adoption by these companies of the same medium term incentives plans that the rest of the group.



During the periods ended at 30 June 2014, the movements that occurred in the plans, can be summarised as follows:

|   |                                    | Sonaecom shares  | Sonae SGPS<br>shares               |                  |  |  |
|---|------------------------------------|------------------|------------------------------------|------------------|--|--|
|   | Aggregate number of participations | Number of shares | Aggregate number of participations | Number of shares |  |  |
| Outstanding at 31 December 2013:                |                                    |                  |                                    |                  |  |  |
| Unvested  | 135                                | 1,425,486        | 6                                  | 798,591          |  |  |
| Total   | 135                                | 1,425,486        | 6                                  | 798,591          |  |  |
| Movements in the period:                        |                                    |                  |                                    |                  |  |  |
| Awarded   | -                                  | -                | 219                                | 1,765,212        |  |  |
| Converted                                       | (135)                              | (1,425,486)      | 135                                | 2,923,738        |  |  |
| Vested  | =                                  | =                | (48)                               | (1,218,147)      |  |  |
| Cancelled / elapsed / corrected / transfers (1) | -                                  | -                | 5                                  | 175,612          |  |  |
| Outstanding at 30 June 2014:                    |                                    |                  |                                    |                  |  |  |
| Unvested  | _                                  | -                | 317                                | 4,445,006        |  |  |
| Total   | -                                  | -                | 317                                | 4,445,006        |  |  |

<sup>(1)</sup> Corrections are made for dividends paid and changes to capital and other adjustments including those resulting from changes in the maturity of the MTIP, which may now be made through shares at a discount.

The responsibility of the plans was recognized under the caption 'Other current liabilities' and 'Other non-current liabilities'. Sonae SGPS shares plans (excluding the Sonaecom shares plans converted into Sonae SGPS shares plans), the group entered into hedging contracts with external entities, and the liabilities are calculated based on the agreed price. The contracts mentioned the above can be summarized as follows:

|  | Sonae SGPS               | shares    | Sonaecom shares | Total     |  |  |
|--|--------------------------|-----------|-----------------|-----------|--|--|
|  | 2011 Plan                | 2012 Plan | 2011 Plan       |           |  |  |
| Notional value                                 | 323,727                  | 268,451   | 492,439         | 1,084,617 |  |  |
| Maturity                                       | Mar-15                   | Mar-16    | Dec-16          |           |  |  |
| Level of inputs in the hierarchy of fair value |                          | Level 2   |                 |           |  |  |
| Valuation method                               | Current replacement cost |           |                 |           |  |  |
| Fair value*                                    | 632,845                  | 192,551   | 281,929         | 1,107,325 |  |  |

<sup>\*</sup> Used the share price of 30 June 2014 in the determination of the fair value.

In 11 July 2014 Sonaecom ceased the contract that has with Sonae SGPS, SA, for 2011 Plan in which it undertook to make the transfer of shares to employees Sonaecom SGPS group by indication Sonaecom and under the incentive plans medium term.



Share plans costs are recognised in the accounts over the year between the award and the vesting date of those shares. The costs recognised in previous years and in the period ended at 30 June 2014, were as follows:

|   | Sonaecom shares | Sonae SGPS<br>shares | NOS SGPS shares | Total        |
|---|-----------------|----------------------|-----------------|--------------|
| Costs recognised in previous years          | 29,602,457      | 4,310,802            | 279,519         | 34,192,778   |
| Costs recognised in the period              | 167,711         | 580,238              | 20,039          | 767,988      |
| Impact of conversion                        | (1,251,767)     | 2,386,427            | -               | 1,134,660    |
| Costs of plans vested in previous years     | (28,518,401)    | (4,047,509)          | -               | (32,565,910) |
| Costs of plans vested in the period         | =               | (1,279,208)          | =               | (1,279,208)  |
| Total cost of the plans                     | -               | 1,950,750            | 299,558         | 2,250,308    |
| Responsability of plans                     | 281,929         | 2,776,146            | 299,558         | 3,357,633    |
| Fair value of hedging contracts             | (281,929)       | (825,396)            | =               | (1,107,325)  |
| Recorded in 'Cash ans cash equivalents' (1) | -               | -                    | (43,048)        | (43,048)     |
| Recorded in 'Other current liabilities'     | -               | 1,184,594            | 172,986         | 1,357,580    |
| Recorded in 'Other non-current liabilities' | -               | 766,156              | 169,620         | 935,776      |
| Recorded in reserves                        |                 |                      |                 |              |

<sup>(1)</sup> Sonaecom partially anticipated maturity of the hedge contract with Sonae SGPS, which caused a refund for the current market value of the shares Sonaecom.

At 10 March 2014, Sonaecom shares plans were fully converted into Sonae SGPS shares. This conversion was based on the terms of trade set out in the Tender Offer, at 20 February 2014, referred to in Note 13 to determine the fair value of the plans and, based on the share prices Sonae SGPS. Thus, the number of Sonae SGPS shares to be delivered to the company employees was determined. As set forth by IFRS 2, the responsibility of each plan over the period between the award date and the conversion date, amounted to Euro 2,317,853 was recognised under the caption 'Other current liabilities' and' Other non-current liabilities' with a corresponding entry in the equity.

In 27 August 2013, part of the Sonaecom and Sonae SGPS plans outstanding were converted to NOS plans. The conversion of the Sonaecom plans was made according to the merger ratio, but the conversion of Sonae SGPS plans was made according to the fair value of the shares. This decision was duly approved by the Board Nominations and Remunerations Committee. The cost of NOS plans was recognized until 30 September 2013, date on which NOS started to take responsibility for them. The responsibility of these plans was calculated based on share price of 30 September 2013 and was recorded under the headings of 'Other current liabilities' and 'Other non-current liabilities'.

## 28. Subsequent events

On 18 July, Sonaecom Group acquired a 60% share capital stake on S21Sec, a multinational, with headquarters in Madrid, specialized in Cyber Security services and technologies with the purpose of protecting data, operations and corporate image.

These consolidated financial statements were approved by the Board of Directors on 5 August 2014.

These financial statements are a translation of financial statements originally issued in Portuguese in acc ordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union and the format and disclosures required by those Standards, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.



# Appendix

| Key management personnel - Sonaecom           |                                   |  |  |  |  |  |  |
|---|-----------------------------------|--|--|--|--|--|--|
| Ângelo Gabriel Ribeirinho dos Santos Paupério | Maria Cláudia Teixeira de Azevedo |  |  |  |  |  |  |
| António Bernardo Aranha da Gama Lobo Xavier   |                                   |  |  |  |  |  |  |

| Key management personnel - Sonae SGPS |                                  |  |  |  |  |  |  |
|---------------------------------------|----------------------------------|--|--|--|--|--|--|
| Álvaro Carmona e Costa Portela        | Christine Cross                  |  |  |  |  |  |  |
| Álvaro Cuervo Garcia                  | Duarte Paulo Teixeira de Azevedo |  |  |  |  |  |  |
| Belmiro de Azevedo                    | José Manuel Neves Adelino        |  |  |  |  |  |  |
| Bernd Hubert Joachim Bothe            | Michel Marie Bon                 |  |  |  |  |  |  |

| Sonae/Efanor/N                           | OS Group Companies                       |
|--|--|
| 3shoppings - Holding,SGPS, S.A           | BIG Picture 2 Films                      |
| ADD Avaliações Eng. A.e Pericias, Ltda   | Bloco Q-Sociedade Imobiliária,SA         |
| Adlands B.V.                             | Bloco W-Sociedade Imobiliária,SA         |
| Aegean Park,SA                           | BOM MOMENTO - Restauração, S.A.          |
| Agepan Eiweiler Management GmbH          | Canasta-Empreendimentos Imobiliários,SA  |
| Agepan Tarket Laminate Park GmbH Co. KG  | Cape Technologies Limited                |
| Agloma Investimentos, Sgps, S.A.         | Carnes do Continente-Ind.Distr.Carnes,SA |
| Agloma-Soc.Ind.Madeiras e Aglom.,SA      | Carvemagere-Manut.e Energias Renov., Lda |
| Airone - Shopping Centre, Srl            | Casa da Ribeira - Hotelaria e Turismo,SA |
| ALEXA Administration GmbH                | Casa da Ribeira-Sociedade Imobiliária,SA |
| ALEXA Holding GmbH                       | Cascaishopping-Centro Comercial, S.A.    |
| ALEXA Shopping Centre GmbH               | Cascaishopping Holding I, SGPS, S.A.     |
| Algarveshopping-Centro Comercial, S.A.   | CCCB Caldas da Rainha-Centro Com., SA    |
| Aqualuz - Turismo e Lazer, Lda           | Centro Colombo- Centro Comercial, S.A.   |
| Arat Inmuebles, S.A.                     | Centro Residencial da Maia,Urban.,SA     |
| ARP Alverca Retail Park, SA              | Centro Vasco da Gama-Centro Comercial,SA |
| Arrábidashopping-Centro Comercial, S.A.  | Chão Verde-Soc.Gestora Imobiliária,SA    |
| Aserraderos de Cuellar,SA                | Cinclus Imobiliária,SA                   |
| Atelgen-Produção Energia, ACE            | Citorres-Sociedade Imobiliária, SA       |
| Atlantic Ferries-Tráf.Loc,Flu.e Marít,SA | Coimbrashopping-Centro Comercial, S.A.   |
| Avenida M-40 B.V.                        | Colombo Towers Holding, BV               |
| Azulino Imobiliária, S.A.                | Companhia Térmica Hectare, ACE           |
| BA Business Angels, SGPS, SA             | Companhia Térmica Tagol, Lda.            |
| BA Capital, SGPS                         | Contacto Concessões, SGPS, S.A.          |
| BB Food Service, SA                      | Contibomba-Comérc.Distr.Combustiveis,SA  |
| Be Artis-Conc.,Const.e Gest.Redes Com,SA | Contimobe-Imobil.Castelo Paiva,SA        |
| Be Towering-Gestão de Torres de Telec,SA | Continente Hipermercados, S.A.           |
| Beeskow Holzwerkstoffe                   | Country Club da Maia-Imobiliaria,SA      |
| Beralands BV                             | Craiova Mall BV                          |
| Bertimóvel - Sociedade Imobiliária, S.A. | Cronosaúde - Gestão Hospitalar, S.A.     |



CTE-Central Termoeléct. do Estuário, Lda Cumulativa - Sociedade Imobiliária, S.A.

Darbo SAS

Digitmarket – Sistemas de Informação, S.A.

Discovery Sports, SA

Distodo Distribui e Logist, Lda

Dortmund Tower GmbH

Dos Mares - Shopping Centre B.V.

Dos Mares-Shopping Centre, S.A.

Dreamia, B.V

Dreamia, Serv de Televisão, SA

Ecociclo - Energia e Ambiente, SA

Ecociclo II

Edições Book.it, S.A.

Efanor Investimentos, SGPS, S.A.

Efanor Serviços de Apoio à Gestão, S.A.

Empracine-E.Pro.Act. Cinem,Lda

Empreend.Imob.Quinta da Azenha,SA

Enerlousado-Recursos Energéticos, Lda.

Equador & Mendes,Lda

Estação Viana - Centro Comercial, S.A.

Estêvão Neves-Hipermercados Madeira, SA

Euroresinas-Indústrias Quimicas, SA

Farmácia Selecção, SA

Fashion Division Canárias, SL

Fashion Division, S.A.

Feneralt-Produção de Enercia, ACE

FINSTAR-Socied.Investim.Par SA

Fozimo-Sociedade Imobiliária, SA

Fozmassimo - Sociedade Imobiliária, SA

Freccia Rossa - Shopping Centre S.r.l.

Fundo de Invest. Imobiliário Imosede

Fundo Esp.Inv.Imo.Fec. WTC

Fundo I.I. Parque Dom Pedro Shop.Center

Fundo Invest. Imobiliário Imosonae Dois

Fundo Invest.Imob.Shopp. Parque D.Pedro

Gaiashopping I- Centro Comercial, S.A.

Gaiashopping II- Centro Comercial, S.A.

GHP Gmbh

Gli Orsi Shopping Centre 1 Srl

Glunz AG

Glunz Service GmbH

Glunz UK Holdings Ltd

Glunz Uka Gmbh

Golf Time-Golfe e Invest. Turísticos, SA

Guimarãeshopping-Centro Comercial, S.A.

Harvey Dos Iberica, S.L.

Herco Consul. Riscos Corret. Seguros, Ltda

Herco, Consultoria de Risco, S.A.

HighDome PCC Limited

Iberian Assets, SA

Igimo-Sociedade Imobiliária, SA

Iginha-Sociedade Imobiliária, SA.

Imoareia - Invest. Turísticos, SGPS, SA

IMOBEAUTY, S.A.

Imobiliária da Cacela, S.A.

Imoclub-Serviços Imobilários, SA

Imoconti- Soc.Imobiliária.SA

Imodivor - Sociedade Imobiliária, S.A.

Imoestrutura-Soc.Imobiliária,SA

Imohotel-Emp.Turist.Imobiliários,SA

Imomuro-Sociedade Imobiliária,SA

Imopenínsula - Sociedade Imobiliária, SA

Imoplamac Gestão de Imóveis, SA

Imoponte-Soc.Imobiliaria,SA

Imoresort - Sociedade Imobiliária, S.A.

Imoresultado-Soc.Imobiliaria.SA

Imosedas-Imobiliária e Seviços,SA

Imosistema-Sociedade Imobiliária, SA

Impaper Europe GmbH

Implantação - Imobiliária, S.A.

Infofield-Informática,SA

Inparsa - Gestão Galeria Comercial, SA

Inparvi SGPS, SA

Integrum - Energia, SA

Integrum ACE, SA

Integrum Colombo Energia, SA

Integrum Engenho Novo - Energia, S.A.

INTEGRUM II - ENERGIA, S.A.

INTEGRUM III - ENERGIA, S.A.

Integrum Martim Longo - Energia, S.A.

Integrum Vale do Caima - Energia, SA

Integrum Vale do Tejo - Energia, SA

Interlog-SGPS,SA

Invesaude - Gestão Hospitalar S.A.

Ioannina Develop. of Shopping Centers SA



Isoroy SAS

La Farga - Shopping Center, SL

Land Retail B.V.

Larim Corretora de Resseguros, Ltda Larissa Develop. of Shopping Centers, SA Lazam MDS Corretora e Adm. Seguros, SA Le Terrazze - Shopping Centre 1 Srl

Libra Serviços, Lda.

Loop 5 - Shopping Centre, GmbH

Lusomundo España, SL Lusomundo Imobiliária 2, SA Lusomundo Moçambique, Lda Lusomundo Soc. Inv. Imob. SA Luz del Tajo - Centro Comercial S.A.

Luz del Tajo B.V.

Madeirashopping- Centro Comercial, S.A. Maiashopping- Centro Comercial, S.A. Maieguipa-Gestão Florestal,SA

Mainroad – Serviços em Tecnologias de Informação, S.A.

Marcas do Mundo-Viag. e Turismo Unip,Lda

Marcas MC, ZRT Marina de Tróia S.A.

Marinamagic-Expl.Cent.Lúdicos Marít,Lda Marmagno-Expl.Hoteleira Imob.,SA

Martimope-Empreendimentos Turísticos, SA

Marvero-Expl.Hoteleira Imob.,SA

MDS Affinity-Sociedade de Mediação Lda

MDS Africa SGPS, S.A.

MDS Auto - Mediação de Seguros, SA MDS Corretor de Seguros, SA

Mds Knowledge Centre, Unipessoal, Lda

MDS Malta Holding Limited

MDS, SGPS, SA Megantic BV

Miral Administração Corretagem Seg, Ltda MJLF-Empreendimentos Imobiliários, SA Modalfa-Comércio e Serviços, SA MODALLOOP - Vestuário e Calçado, SA Modelo - Dist.de Mat. de Construção, S.A. Modelo Continente Hipermercados, SA Modelo Continente International Trade, SA

Modelo Hiper Imobiliária,SA

Modelo.com-Vendas p/Correspond.,SA Movelpartes-Comp.para Ind.Mobiliária,SA Movimento Viagens-Viag. e Turismo U.Lda

MSTAR, SA

Münster Arkaden BV

Norte Shop. Retail and Leisure Centre BV Norteshopping-Centro Comercial, S.A. NOS AÇORES COMUNICAÇÕES, S.A.

NOS Comunicações, S.A.

NOS Lusomundo Audiovisuais, S.A. NOS Lusomundo Cinemas, SA NOS Lusomundo TV, S.A.

NOS MADEIRA COMUNICAÇÕES, S.A. NOS PUB. Publicidade e Conteúdos. S.A.

NOS, SGPS, S.A.

Nova Equador Internacional, Ag. Viag. T, Ld

Nova Equador P.C.O. e Eventos

Novobord (PTY) Ltd. Novodecor (PTY), LTD OSB Deustchland Gmbh Pantheon Plaza BV

Paracentro - Gest.de Galerias Com., S.A.

Pareuro, BV

Park Avenue Develop. of Shop. Centers SA

Parklake Shopping Srl

Parque Atlântico Shopping - C.C., SA

Parque D. Pedro 1 B.V.

Parque de Famalicão - Empr. Imob., S.A.

Parque Principado SL Pátio Boavista Shopping Ltda. Pátio Campinas Shopping Ltda Pátio Goiânia Shopping Ltda

Pátio Londrina Empreend.e Particip.Ltda

Pátio Penha Shopping Ltda. Pátio São Bernardo Shopping Ltda Pátio Sertório Shopping Ltda Pátio Uberlândia Shopping Ltda

PCJ - Público, Comunicação e Jornalismo, S.A. Peixes do Continente-Ind.Dist.Peixes,SA Per-Mar-Sociedade de Construções,SA Pharmaconcept - Actividades em Saúde, SA PHARMACONTINENTE - Saúde e Higiene, S.A. PJP - Equipamento de Refrigeração, Lda

Plaza Eboli B.V.

Plaza Eboli - Centro Comercial S.A. Plaza Mayor Holding, SGPS, S.A.



Plaza Mayor Parque de Ócio B.V. Plaza Mayor Parque de Ocio, SA Plaza Mayor Shopping B.V. Plaza Mayor Shopping, SA Poliface North America

Porturbe-Edificios e Urbanizações, SA Powercer-Soc.de Cogeração da Vialonga, SA

Praedium - Serviços, SA Praedium II-Imobiliária.SA Praedium SGPS, SA Praesidium Services Limited

Predicomercial-Promoção Imobiliária, SA Predilugar - Sociedade Imobiliária, SA Prédios Privados Imobiliária.SA Predisedas-Predial das Sedas, SA

Proj. Sierra Germany 4 (four)-Sh.C.GmbH Proj. Sierra Italy 2 - Dev.of Sh.C. Srl Proj.Sierra Germany 2 (two)-Sh.C.GmbH

Project 4, Srl Project SC 1 BV Project SC 2 BV Project Sierra 10 BV Project Sierra 11 BV Project Sierra 12 BV Project Sierra 2 B.V. Project Sierra 6 BV Project Sierra 8 BV

Project Sierra Spain 1 B.V. Project Sierra Spain 2 B.V.

Project Sierra Spain 2-Centro Comer. SA

Project Sierra Spain 3 B.V.

Project Sierra Spain 3-Centro Comer. SA

Project Sierra Two Srl

Project Sierra Four Srl

Promessa Sociedade Imobiliária, S.A. Público – Comunicação Social, S.A. Quorum Corretores de Seguros Ltda Racionaliz. y Manufact. Florestales, SA Raso - Viagens e Turismo, S.A.

Raso, SGPS, SA River Plaza BV River Plaza Mall, Srl Rochester Real Estate.Limited Ronfegen-Recursos Energéticos, Lda. RSI Corretora de Seguros, Ltda

S.C. Microcom Doi Srl

Saphetu – Transacciones Electronicas SAS Saphety Brasil Transações Eletrônicas Ltda.

Saphety Level - Trusted Services, S.A. Saúde Atlântica - Gestão Hospitalar, SA

SC Aegean B.V. SC Assets SGPS, SA SC Finance BV

SC For-Serv.Form.e Desenv.R.H.,Unip.,Lda

SC Mediterranean Cosmos B.V.

SC SGPS SA SC-Consultadoria,SA

SC-Eng. e promoção imobiliária, SGPS, S.A.

SCS Beheer.BV

SDSR - Sports Division 2, S.A. SDSR - Sports Division SR, S.A.

Selifa-Empreendimentos Imobiliários, SA Sempre à Mão - Sociedade Imobiliária, SA Sesagest-Proj. Gestão Imobiliária, SA Sete e Meio - Invest. Consultadoria, SA Sete e Meio Herdades-Inv. Agr. e Tur., SA Shopping Centre Colombo Holding, BV Shopping Centre Parque Principado B.V.

SIAL Participações, Lda Sierra Asia Limited Sierra Berlin Holding BV Sierra Brazil 1 B.V. Sierra Central S.A.S.

Sierra Developments Holding B.V. Sierra Developments, SGPS, S.A.

Sierra Enplanta Ltda

Sierra European R.R.E. Assets Hold. B.V.

Sierra Germany GmbH Sierra GP Limited Sierra Greece, S.A. Sierra Investimentos Brasil Ltda

Sierra Investments (Holland) 1 B.V. Sierra Investments (Holland) 2 B.V. Sierra Investments Holding B.V. Sierra Investments SGPS, S.A. Sierra Italy Holding B.V.



Sierra Italy Srl

Sierra Management Germany GmbH

Sierra Management Italy S.r.l.

Sierra Management Romania, Srl

Sierra Management Spain - Gestión C.Com.S.A.

Sierra Management, SGPS, S.A.

Sierra Portugal, S.A. Sierra Portugal, SA

Sierra Project Nürnberg BV

Sierra Property Management Greece, SA

Sierra RE Greece BV

Sierra Reval-PM Mark. and Consult., Inc Sierra Romania Sh. Centers Services Srl.

Sierra Services Holland 2 BV Sierra Services Holland B.V. Sierra Solingen Holding GmbH Sierra Spain 2 Services, S.A.

Sierra Spain, Shop. Centers Serv., S.A.U. Sierra Spain, Shop. Centers Services, SL

Sierra Zenata Project B.V.

SII – Soberana Invest. Imobiliários, S.A. SII - Soberana Invest. Imobiliários, SA

SIRS - Sociedade Independente de Radiodifusão Sonora, S.A.

SISTAVAC, S.A. SISTAVAC, SGPS, S.A.

SISTAVAC-Sistemas HVAC-R do Brasil, Ltda

SKK - Central de Distr., S.A.

SKK SRL

SKK-Central de Distr.,SA

SKKFOR - Ser. For. e Desen. de Recursos SKKFOR - Ser. For. e Desen. de Recursos Soc.Inic.Aproveit.Florest.-Energias,SA Sociedade de Construções do Chile, S.A.

Sociedade Independente de Radiodifusão Sonora, S.A.

Société de Tranchage Isoroy S.A.S. Société de Tranchage Isoroy SAS. Socijofra – Sociedade Imobiliária, S.A. Socijofra-Sociedade Imobiliária, S.A. Sociloures – Soc.Imobiliária, S.A.

Sociloures-Soc.Imobiliária,SA

Soconstrução BV Sodesa, S.A. Soflorin, BV Soflorin, BV

Soira – Soc.Imobiliária de Ramalde, S.A.

Soira-Soc.Imobiliária de Ramalde.SA

Solinca - Eventos e Catering, SA

Solinca - Health & Fitness, SA

Solinca - Health and Fitness, SA

Solinca – Investimentos Turísticos, S.A.

Solinca-Investimentos Turísticos, SA

Solinfitness - Club Malaga, S.L.

Solinfitness – Club Malaga, S.L.

Solingen Shopping Center GmbH

SOLSWIM-Gestão e Expl.Equip.Aquáticos,SA

Soltroia – Imob.de Urb.Turismo de Tróia, S.A. Soltroia-Imob.de Urb.Turismo de Tróia.SA

Sonitola-imob.de utb. i urismo de Somit Imobiliária

Somit Imobiliária,SA

SONAE - Specialized Retail, SGPS, SA

Sonae Capital Brasil, Lda Sonae Capital, SGPS, SA Sonae Capital, SGPS, S.A. Sonae Center II S.A.

Sonae Center Serviços II, SA Sonae Center Serviços, S.A.

Sonae com – Sistemas Informação, SGPS, S.A.

Sonae Financial Services, S.A.

Sonae Ind., Prod. e Com.Deriv.Madeira, S.A. Sonae Ind., Prod. e Com.Deriv.Madeira, S.A. Sonae Indústria - Management Services, S.A.

Sonae Indústria – SGPS, S.A. Sonae Industria (UK),Ltd

Sonae Industria de Revestimentos, S.A. Sonae Industria de Revestimentos, SA Sonae Indústria Manag. Serv, SA Sonae Indústria-SGPS, SA Sonae Investimentos, SGPS, SA

Sonae Investments, BV

Sonae MC - Modelo Continente, SGPS, SA

Sonae Novobord (PTY) Ltd

Sonae RE, S.A.

Sonae Retalho Espana-Servicios Gen., SA

Sonae SGPS, SA Sonae Sierra Brazil B.V. Sonae Sierra, SGPS, S.A. Sonae Tafibra Benelux, BV Sonae Turismo-SGPS, SA SONAECENTER SERVICOS, SA



Sonaecom - Cyber security and intelligence, SGPS, S.A.

Sonaecom - Serviços Partilhados, S.A.

Sonaecom – Sistemas de Información España, S.L.

Sonaecom BV

Sonaecom, SGPS, S.A.

Sonaegest-Soc.Gest.Fundos Investimentos

Sonaerp - Retail Properties, SA SONAESR - Serviços e logistica, SA

Sonaetelecom BV Sondis Imobiliária,SA

Sontaria-Empreend.Imobiliários,SA

Sontel BV Sontur BV Sonvecap BV Sopair, S.A.

Sótaqua - Soc. de Empreendimentos Turist

Soternix-Produção de Energia, ACE

Spanboard Products,Ltd SPF- Sierra Portugal Spinarq Moçambique, Lda

Spinarq-Engenharia,Energia e Ambiente,SA Spinveste - Promoção Imobiliária, SA Spinveste-Gestão Imobiliária SGII,SA

Sport TV Portugal, SA Sport Zone Canárias

Sport Zone España-Com.Art.de Deporte,SA

Sport Zone Turquia Spred, SGPS, SA Tableros Tradema,S.L.

Tafiber, Tableros de Fibras Ibéricas, SL

Tafibra Suisse, SA

Tafisa Canadá Societé en Commandite

Tafisa Développement Tafisa France, SA Tafisa Investissement Tafisa Participation Tafisa UK,Ltd

Tafisa-Tableros de Fibras, SA

Taiber, Tableros Aglomerados Ibéricos, SL Tecmasa Reciclados de Andalucia, S.L. Tecnológica Telecomunicações LTDA. Teconologias del Medio Ambiente, SA

Teliz Holding B.V. Textil do Marco,SA

The Artist Porto Hot.&Bistrô-Act.Hot.,SA

TLANTIC B.V.

Tlantic Portugal-Sist. de Informação, SA Tlantic Sistemas de Informação Ltd<sup>a</sup> Todos os Dias-Com.Ret.Expl.C.Comer.,S.A. Tool Gmbh

Torre Ocidente, Imobiliária, SA Torre São Gabriel-Imobiliária, SA Troia Market-Supermercados, S.A.

Troia Natura, S.A.

Troiaresort-Investimentos Turísticos, SA Troiaverde-Expl.Hoteleira Imob.,SA Tulipamar-Expl.Hoteleira Imob.,SA Unipress – Centro Gráfico, Lda Unishopping Administradora Ltda. Unishopping Consultoria Imob. Ltda.

Upstar Comunicações SA

Urbisedas-Imobiliária das Sedas,SA

Valecenter Srl VALOR N, S.A.

Via Catarina- Centro Comercial, S.A. Viajens y Turismo de Geotur España, S.L. Vistas do Freixo-Emp.Tur.Imobiliários,SA

Vuelta Omega, S.L.

We Do Technologies Panamá S.A.

We Do Technologies Singapore PTE. LTD.

WeDo Consulting – Sistemas de Informação, S.A. WeDo do Brasil – Soluções Informáticas, Ltda

WeDo Poland Sp. Z.o.o.

WeDo Technologies (UK) Limited WeDo Technologies Americas, Inc.

WeDo Technologies Australia PTY Limited

WeDo Technologies BV

WeDo Technologies BV - Sucursal Malaysia

WeDo Technologies Egypt LLC WeDo Technologies Mexico, S de R.L.

Weiterstadt Shopping BV World Trade Center Porto, S.A.

Worten Canárias

Worten España Distribución, SL Worten-Equipamento para o Lar,SA ZIPPY - Comercio y Distribución, S.A. ZIPPY - Comércio e Distribuição, SA

Zippy Turquia

Zon Audiovisuais, SGPS Zon Cinemas, SGPS ZON Finance BV

ZON III-COMUNICAÇ ELETRÓN SA ZON II-SERVIÇOS TELEVISÃO,SA

Zon TV Cabo SGPS SA Zon TV Cabo, SA

Zubiarte Inversiones Inmob,SA ZYEVOLUTION-Invest.Desenv..SA



## 9.3. Sonaecom individual financial statements

## Balance sheets

For the periods ended at 30 June 2014 and 2013 and for the year ended at 31 December 2013

| (Amounts expressed in Euro)                            | Notes                         | June 2014     | June 2013     | December 2013  |
|--|-------------------------------|---------------|---------------|----------------|
|  |                               | (not audited) | (not audited) |                |
| Assets Non-augment assets                              |                               |               |               |                |
| Non-current assets Taggible sees to                    | 1 o 1 f and 0                 | 45.007        | 2/ 5 002      | F2.710         |
| Tangible assets  | 1.a, 1.f and 2                | 45,207        | 265,893       | 52,710         |
| Intangible assets                                      | 1.b and 3                     | 6,319         | 7,976         | 7,092          |
| Investments in Group companies                         | 1.c and 5                     | 52,612,142    | 1,073,289,642 | 66,580,286     |
| Investments in joint ventures                          | 1.d and 6                     | 597,666,944   | 25,000        | 597,666,944    |
| Financial assets at fair value through profit or loss  | 1.e, 4 and 7                  | 1,192,926     | -             | -              |
| Other non-current assets                               | 1.c, 1.e,1.n, 4, 8 and 20     | 171,151,237   | 513,890,246   | 175,735,246    |
| Total non-current assets                               |                               | 822,674,775   | 1,587,478,757 | 840,042,278    |
| Current assets   |                               |               |               |                |
| Financial assets at fair value through profit or loss  | 1.e, 4 and 7                  | 54,364,924    | =             | 202,442,350    |
| Other current debtors                                  | 1.e, 1.g, 4, 10 and 20        | 11,192,405    | 8,122,967     | 19,763,330     |
| Other current assets                                   | 1.e, 1.n, 4, and 20           | 451,750       | 3,679,009     | 515,229        |
| Cash and cash equivalents                              | 1.e, 1.h, 4, 11 and 20        | 174,126,091   | 110,235,715   | 185,918,581    |
| Total current assets                                   |                               | 240,135,170   | 122,037,691   | 408,639,490    |
| Total assets   |                               | 1,062,809,945 | 1,709,516,448 | 1,248,681,768  |
| Shareholder' funds and liabilities                     |                               |               |               |                |
| Shareholders' funds                                    |                               |               |               |                |
| Share capital  | 12                            | 230,391,627   | 366,246,868   | 366,246,868    |
| Own shares   | 1.q and 13                    | (8,441,804)   | (8,441,804)   | (8,441,804)    |
| Reserves   | 1.p                           | 830,730,534   | 930,041,556   | 928,723,768    |
| Net income / (loss) for the year                       |                               | (5,949,600)   | 27,002,027    | (90,569,383)   |
| Total Shareholders' funds                              | <u> </u>                      | 1,046,730,757 | 1,314,848,647 | 1,195,959,449  |
| Liabilities  | <del></del>                   |               |               |                |
| Non-current liabilities                                |                               |               |               |                |
| Medium and long-term loans – net of short-term portion | 1.i, 1.j, 4, 14.a and 20      | _             | 240,492,366   | 20,003,496     |
| Provisions for other liabilities and charges           | 1.I, 1.o and 15               | 345,903       | 177,389       | 332,469        |
| Other non-current liabilities                          | 1.n, 1.t, 4 and 23            | 552,669       | 127,381       | 370,948        |
| Total non-current liabilities                          | <del></del>                   | 898,572       | 240,797,136   | 20,706,913     |
| Current liabilities                                    |                               | 0.0,0.2       |               | -, -, -        |
| Short-term loans and other loans                       | 1.h, 1.i, 1.j, 4, 14.b and 20 | 11,859,062    | 152,203,296   | 21,660,813     |
| Other creditors  | 4, 16 and 20                  | 1,564,931     | 1,084,551     | 7,308,273      |
| Other current liabilities                              | 1.n, 1.t, 4, 20 and 23        | 1,756,623     | 582,818       | 3,046,320      |
| Total current liabilities                              |                               | 15,180,616    | 153,870,665   | 32,015,406     |
| Total Shareholders' funds and liabilities              |                               | 1,062,809,945 | 1,709,516,448 | 1.248.681.768  |
| Total Shareholders idilusahid Habilities               |                               | 1,002,007,740 | 1,707,010,110 | 1,2 10,001,700 |

The notes are an integral part of the financial statements at 30 June 2014 and 2013.

## The Chief Accountant

Ricardo André Fraga Costa

## The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



## Profit and Loss account by nature

For the periods and quarters ended at 30 June 2014 and 2013 and for the year ended at 31 December 2013

| (Amounts expressed in Euro)                                | Notes  | June 2014<br>(not audited) | April to June 2014<br>(not audited) | June 2013<br>(not audited) | April to June 2013<br>(not audited) | December 2013 |
|--|--|----------------------------|-------------------------------------|----------------------------|-------------------------------------|---------------|
| Services rendered  | 20   | 161,661                    | 56,003                              | 1,762,911                  | 886,414                             | 2,627,835     |
| Other operating revenues                                   | 20   | 54,841                     | 511                                 | 53,243                     | 26,503                              | 113,879       |
|  |  | 216,502                    | 56,514                              | 1,816,154                  | 912,917                             | 2,741,714     |
| External supplies and services                             | 1.f, 17 and 20                                 | (477,382)                  | (236,508)                           | (1,173,749)                | (496,452)                           | (2,142,911)   |
| Staff expenses   | 1.t and 23                                     | (748,808)                  | (328,958)                           | (1,115,397)                | (587,581)                           | (2,307,890)   |
| Depreciation and amortisation                              | 1.a, 1.b, 2 and 3                              | (8,276)                    | (3,915)                             | (34,859)                   | (17,517)                            | (65,561)      |
| Provisions and impairment losses                           | 1.I and 15                                     | -                          | -                                   | (100,465)                  | -                                   | (90,138)      |
| Other operating costs                                      |  | (135,646)                  | (119,480)                           | (19,271)                   | (9,564)                             | (39,962)      |
|  | ·  | (1,370,112)                | (688,861)                           | (2,443,741)                | (1,111,114)                         | (4,646,462)   |
| Gains and losses on Group companies                        | 5 and 18                                       | 677,750                    | 2,959,254                           | 22,100,000                 | (775,000)                           | (147,101,781) |
| Gains and losses on financial assets at fair value through |  |                            |                                     |                            |                                     |               |
| profit or loss   | 5, 7 and 18                                    | (6,592,422)                | (9,120,619)                         | -                          | -                                   | 46,636,719    |
| Other financial expenses                                   | 1.c, 1.f, 1.i, 1.j, 1.r, 1.s, 8, 14, 18 and 20 | (953,299)                  | (348,850)                           | (6,729,954)                | (3,433,475)                         | (11,211,267)  |
| Other financial income                                     | 1.r, 8, 11, 18 and 20                          | 2,033,243                  | (273,018)                           | 12,818,435                 | 6,557,344                           | 24,502,045    |
| Current income / (loss)                                    |  | (5,988,338)                | (7,415,580)                         | 27,560,894                 | 2,150,672                           | (89,079,032)  |
| Income taxation  | 1.m, 9 and 19                                  | 38,738                     | 1,376,766                           | (558,867)                  | (376,310)                           | (1,490,351)   |
| Net income / (loss) for the year                           |  | (5,949,600)                | (6,038,814)                         | 27,002,027                 | 1,774,362                           | (90,569,383)  |
| Earnings per share<br>Including discontinued operations:   | 22   |                            |                                     |                            |                                     |               |
| Basic  |  | (0.02)                     | (0.02)                              | 0.07                       | 0.00                                | (0.25)        |
| Diluted  |  | (0.02)                     | (0.02)                              | 0.07                       | 0.00                                | (0.25)        |
| Excluding discontinued operations:                         |  |                            |                                     |                            |                                     |               |
| Basic  |  | (0.02)                     | (0.02)                              | 0.07                       | 0.00                                | (0.25)        |
| Diluted  |  | (0.02)                     | (0.02)                              | 0.07                       | 0.00                                | (0.25)        |

The notes are an integral part of the financial statements at 30 June 2014 and 2013.

## The Chief Accountant

Ricardo André Fraga Costa

## The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



## Statement of profit and loss and other comprehensive income

For the periods and quarters ended at 30 June 2014 and 2013 and for the year ended at 31 December 2013

| (Amounts expressed in Euro)                          | Notes | June 2014<br>(not audited) | April to June 2014<br>(not audited) | June 2013<br>(not audited) | April to June<br>2013<br>(not audited) | December 2013 |
|--|-------|----------------------------|-------------------------------------|----------------------------|--|---------------|
| Net income / (loss) for the year                     |       | (5,949,600)                | (6,038,814)                         | 27,002,027                 | 1,774,362                              | (90,569,383)  |
| Components of other comprehensive income, net of tax |       | -                          | -                                   | -                          | -                                      | -             |
| Comprehensive income for the year                    |       | (5,949,600)                | (6,038,814)                         | 27,002,027                 | 1,774,362                              | (90,569,383)  |

The notes are an integral part of the financial statements at 30 June 2014 and 2013.

## The Chief Accountant

Ricardo André Fraga Costa

## The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



## Movements in Shareholders' funds

For the periods ended at 30 June 2014 and 2013

| (Amounts expressed in Euro)   |               |                         |               |                |   |                     |               | Reserves       |                     |               |
|---|---------------|-------------------------|---------------|----------------|---|---------------------|---------------|----------------|---------------------|---------------|
|   | Share capital | Own shares<br>(note 13) | Share premium | Legal reserves | Medium Term<br>Incentive Plans<br>reserves<br>(note 23) | Own shares reserves | Otherreserves | Total reserves | Net income / (loss) | Total         |
| 2014  |               |                         |               |                |   |                     |               |                |                     |               |
| Balance at 31 December 2013   | 366,246,868   | (8,441,804)             | 775,290,377   | 13,152,684     | 473,962   | 8,441,804           | 131,364,941   | 928,723,768    | (90,569,383)        | 1,195,959,449 |
| Appropriation of result of 2013                                       |               |                         |               |                |   |                     |               |                |                     |               |
| Transfer to legal reserves and other reserves                         | -             | -                       | -             | -              | -   | -                   | (90,569,383)  | (90,569,383)   | 90,569,383          | -             |
| Comprehensive income for the year ended at 30 June 2014               | -             | -                       | -             | -              | -   | -                   | -             | -              | (5,949,600)         | (5,949,600)   |
| Reduction of the share capital following the result of                |               |                         |               |                |   |                     |               |                |                     |               |
| the general and voluntary acquisition of own shares (note 13)         | (135,855,241) | -                       | -             | -              | -   | -                   | (5,815,229)   | (5,815,229)    | -                   | (141,670,470) |
| Effect of the recognition of the Medium Term                          |               |                         |               |                |   |                     |               |                |                     |               |
| Incentive Plans (note 23)   | -             | -                       | -             | -              | (57,543)  | -                   | -             | (57,543)       | -                   | (57,543)      |
| Effect of the conversion of the Medium Term Incentive Plans (note 23) | -             | -                       | -             | -              | (416,419)   | -                   | (1,134,659)   | (1,551,079)    |                     | (1,551,079)   |
| Balance at 30 June 2014   | 230,391,627   | (8,441,804)             | 775,290,377   | 13,152,684     | -   | 8,441,804           | 33,845,670    | 830,730,534    | (5,949,600)         | 1,046,730,757 |

## The Chief Accountant

Ricardo André Fraga Costa

## The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



## For the periods ended at 30 June 2014 and 2013

| (Amounts expressed in Euro)  |               |                         |               |                |   |                     |                            | Reserves                    |                                  |                            |
|--|---------------|-------------------------|---------------|----------------|---|---------------------|----------------------------|-----------------------------|----------------------------------|----------------------------|
|  | Share capital | Own shares<br>(note 14) | Share premium | Legal reserves | Medium Term<br>Incentive Plans<br>reserves<br>(note 23) | Own shares reserves | Otherreserves              | Totalreserves               | Net income / (loss)              | Total                      |
| 2013   |               |                         |               |                |   |                     |                            |                             |                                  |                            |
| Balance at 31 December 2012  | 366,246,868   | (6,299,699)             | 775,290,377   | 7,991,192      | 650,156   | 6,299,699           | 79,961,643                 | 870,193,067                 | 103,229,835                      | 1,333,370,071              |
| Appropriation of result of 2012 Transfer to legal reserves and other reserves Dividends distribution Comprehensive income for the period ended at 30 June 2013 | -             | -                       | -             | 5,161,492<br>- | -   | -                   | 98,068,343<br>(43,281,102) | 103,229,835<br>(43,281,102) | (103,229,835)<br>-<br>27,002,027 | (43,281,102)<br>27,002,027 |
| Delivery of own shares under the Medium Term<br>Incentive Plans  | -             | 354,213                 | -             | -              | (406,268)   | (354,213)           | 425,568                    | (334,913)                   | -                                | 19,300                     |
| Sale of own shares to subsidiaries under the Short<br>Term Incentive Plans   |               | 3,724                   | -             | -              | -   | (3,724)             | 4,723                      | 999                         | -                                | 4,723                      |
| Effect of the recognition of the Medium Term Incentive Plans   | -             | -                       | -             | -              | 233,670   | -                   | -                          | 233,670                     | -                                | 233,670                    |
| Acquisition of own shares  | -             | (2,500,042)             | _             | -              | _   | 2,500,042           | (2,500,042)                |                             |                                  | (2,500,042)                |
| Balance at 30 June 2013  | 366,246,868   | (8,441,804)             | 775,290,377   | 13,152,684     | 477,558   | 8,441,804           | 132,679,133                | 930,041,556                 | 27,002,027                       | 1,314,848,647              |

The notes are an integral part of the financial statements at 30 June 2014 and 2013.

## The Chief Accountant

Ricardo André Fraga Costa

## The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



## Cash Flow statements

For the periods ended at 30 June 2014 and 2013

|   |              | June 2014<br>(not audited) |              |              |
|---|--------------|----------------------------|--------------|--------------|
| Operating activities  |              | (                          |              | ,            |
| Payments to employees   | (2,112,671)  |                            | (1,264,003)  |              |
| Cash flows from operating activities                            | (2,112,671)  |                            | (1,264,003)  |              |
| Payments / receipts relating to income taxes, net               | (210,980)    |                            | 543,614      |              |
| Other payments / receipts relating to operating activities, net | 2,803,458    |                            | 5,395,635    |              |
| Cash flows from operating activities (1)                        |              | 479,807                    |              | 4,675,246    |
| Investing activities  |              |                            |              |              |
| Receipts from:  |              |                            |              |              |
| Financial Investments   | 17,932,148   |                            | 15,260,284   |              |
| Interest and similar income                                     | 5,515,601    |                            | 9,164,221    |              |
| Loans granted   | 2,495,000    |                            | 4,490,000    |              |
| Dividends   | 1,321,504    | 27,264,253                 | 24,700,000   | 53,614,505   |
| Payments for:   |              |                            |              |              |
| Financial Investments   | (7,023,078)  |                            | (15,260,284) |              |
| Tangible assets   | -            |                            | (2,915)      |              |
| Loans granted   | -            | (7,023,078)                | -            | (15,263,199) |
| Cash flows from investing activities (2)                        |              | 20,241,175                 |              | 38,351,306   |
| Financing activities  |              |                            |              |              |
| Receipts from:  |              |                            |              |              |
| Loans obtained  | -            | -                          | 14,551,000   | 14,551,000   |
| Payments for:   |              |                            |              |              |
| Interest and similar expenses                                   | (2,661,688)  |                            | (6,460,591)  |              |
| Acquisition of own shares                                       | -            |                            | (2,500,042)  |              |
| Loans obtained  | (29,851,784) |                            | -            |              |
| Dividends   | -            | (32,513,472)               | (43,281,102) | (52,241,735) |
| Cash flows from financing activities (3)                        |              | (32,513,472)               |              | (37,690,735) |
| Net cash flows $(4)=(1)+(2)+(3)$                                |              | (11,792,490)               |              | 5,335,817    |
| Cash and cash equivalents at the beginning of the period        |              | 185,918,581                | _            | 103,717,414  |
| Cash and cash equivalents at period end                         |              | 174,126,091                | _            | 109,053,231  |

The notes are an integral part of the financial statements at 30 June 2014 and 2013.

## The Chief Accountant

Ricardo André Fraga Costa

## The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo



#### Notes to the cash flow statements

For the periods ended at 30 June 2014 and 2013

|  | June 2014<br>(not audited) |               |
|--|----------------------------|---------------|
| 1. Acquisition or sale of subsidiaries or other businesses   |                            |               |
| a) Other business activities   |                            |               |
| Reimburse of investments from Sonaecom BV  | 14,720,000                 | -             |
| Reimburse of investments from Sonaetelecom BV  | 1,549,284                  | -             |
| Reimburse of supplementary capital from Miauger - Organização e Gestão de Leilões Electrónicos, S.A. | 988,854                    | 1,146,146     |
| Reimburse of supplementary capital from PCJ - Público, Comunicação e Jornalismo, S.A.                | 674,010                    | 7,624,773     |
| Reimburse of supplementary capital from Público - Comunicação Social, S.A.                           | -                          | 6,489,365     |
|  | 17,932,148                 | 15,260,284    |
| b) Other business activities   |                            |               |
| Purchase of shares Sonae SGPS  | 5,522,188                  | -             |
| Loss cover from Miauger - Organização e Gestão de Leilões Electónicos, S.A.                          | 826,880                    | -             |
| Loss cover from PCJ - Público, Comunicação e Jornalismo, S.A.  | 674,010                    | -             |
| Share capital increase of PCJ - Público, Comunicação e Jornalismo, S.A.                              | -                          | 7,624,773     |
| Share capital increase of Público - Comunicação Social, S.A.   | -                          | 6,489,365     |
| Share capital increase of Miauger - Organização e Gestão de Leilões Electrónicos, S.A.               |                            | 1,146,146     |
|  | 7,023,078                  | 15,260,284    |
| c) Dividends received  | 1001504                    |               |
| NOS, SGPS, S.A.* Optimus, SGPS, S.A.   | 1,321,504                  | 24,700,000    |
| Ορειπας, 301-3, 3.Α.   |                            | 24,700,000    |
| * This company changed name from ZonOptimus, SGPS, SA to NOS, SGPS, SA in June 2014.                 | 1,321,304                  | 24,700,000    |
| This company change than Emon Zonoptimus, sor 3, 5A to No.3, 301 3, 5A insune 2014.                  |                            |               |
|  | June 2014                  |               |
|  | (not audited)              | (not audited) |
| 2. Details of cash and cash equivalents  |                            |               |
| Cash in hand   | 474                        | 1,042         |
| Cash at bank   | 145,117                    | 41,673        |
| Treasury applications  | 173,980,500                | 110,193,000   |
| Overdrafts   |                            | (1,182,484)   |
| Cash and cash equivalents  | 174,126,091                | 109,053,231   |
| Overdrafts   | -                          | 1,182,484     |
| Cash assets  | 174,126,091                | 110,235,715   |
|  |                            |               |

34,021,761

Not applicable

Not applicable

1,000,000

Not applicable

Not applicable

The notes are an integral part of the financial statements at 30 June 2014 and 2013.

## The Chief Accountant

Ricardo André Fraga Costa

a) Bank credit obtained and not used

c) Conversion of loans into shares

## The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

António Bernardo Aranha da Gama Lobo Xavier

3. Description of non-monetary financing activities

b) Purchase of company through the issue of shares



## 9.4. Notes to the individual financial statements

SONAECOM, SGPS, S.A., (hereinafter referred to as 'the Company' or 'Sonaecom') was established on 6 June 1988, under the name Sonae – Tecnologias de Informação, S.A. and has its head office at Lugar de Espido, Via Norte, Maia – Portugal.

Pargeste, SGPS, S.A.'s subsidiaries in the communications and information technology area were transferred to the Company through a demerger-merger process, executed by public deed dated 30 September 1997.

On 3 November 1999, the Company's share capital was increased, its Articles of Association were modified and its name was changed to Sonae.com, SGPS, S.A.. Since then the Company's corporate object has been the management of investments in other companies. Also on 3 November 1999, the Company's share capital was re-denominated to euro, being represented by one hundred and fifty million shares with a nominal value of 1 Euro each.

On 1 June 2000, the Company carried out a Combined Share Offer, involving the following:

- A Retail Share Offer of 5,430,000 shares, representing 3.62% of the share capital, made in the domestic market and aimed at: (i) employees of the Sonae Group; (ii) customers of the companies controlled by Sonaecom; and (iii) the general public;
- An Institutional Offering for sale of 26,048,261 shares, representing 17.37% of the share capital, aimed at domestic and foreign institutional investors.

In addition to the Combined Share Offer, the Company's share capital was increased under the terms explained below. The new shares were fully subscribed for and paid up by Sonae-, SGPS, S.A. (a Shareholder of Sonaecom, hereinafter referred to as 'Sonae'). The capital increase was subscribed for and paid up on the date the price of the Combined Share Offer was determined, and paid up in cash, 31,000,000 new ordinary shares of 1 Euro each being issued. The subscription price for the new shares was the same as that fixed for the sale of shares in the aforementioned Combined Share Offer, which was Euro 10.

In addition, Sonae sold, in that year, 4,721,739 Sonaecom shares under an option granted to the banks leading the Institutional Offer for Sale and 1,507,865 shares to Sonae Group managers and to the former owners of the companies acquired by Sonaecom.

By decision of the Shareholders' General Meeting held on 17 June 2002, Sonaecom's share capital was increased from Euro

181,000,000 to Euro 226,250,000 by public subscription reserved for the existing Shareholders, 45,250,000 new shares of 1 Euro each having been fully subscribed for and paid up at the price of Euro 2.25 per share.

On 30 April 2003, the company's name was changed by public deed to Sonaecom, SGPS, S.A..

By decision of the Shareholders' General Meeting held on 12 September 2005, Sonaecom's share capital was increased by Euro 70,276,868, from Euro 226,250,000 to Euro 296,526,868, by the issuance of 70,276,868 new shares of 1 Euro each and with a share premium of Euro 242,455,195, fully subscribed by France Telecom. The corresponding public deed was executed on 15 November 2005.

By decision of the Shareholders' General Meeting held on 18 September 2006, Sonaecom's share capital was increased by Euro 69,720,000, to Euro 366,246,868, by the issuance of 69,720,000 new shares of 1 Euro each and with a share premium of Euro 275,657,217, subscribed by 093X – Telecomunicações Celulares, S.A. (EDP) and Parpública – Participações Públicas, SGPS, S.A. (Parpública). The corresponding public deed was executed on 18 October 2006.

By decision of the Shareholders General Meeting held on 16 April 2008, bearer shares were converted into registered shares.

On 5 February 2014, Sonaecom made public the decision to launch a general and voluntary tender offer for the acquisition of shares representing the share capital of Sonaecom. The offer was general and voluntary, with the offered obliged to acquire all the shares that were the object of the offer and were, until the end of the respective period, subject to valid acceptance by the recipients.

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

On 20 February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares (Note 7 and 12). In 2014 Sonaecom reduced its share capital to 230,391,627

Euronext announced Sonaecom exclusion from the PSI-20 from 24 February 2014.

The financial statements are presented in euro, rounded at unit.



## 1. Basis of presentation

The accompanying financial statements have been prepared on a going concern basis, based on the Company's accounting records in accordance with International Financial Reporting Standards (IFRS).

The adoption of the International Financial Reporting Standards (IFRS) as adopted by the European Union occurred for the first time in 2007 and as defined by IFRS1 – 'First time adoption of International Financial Reporting Standards and taking into account the IAS 34 - 'Interim Financial Reporting', 1 January 2006 was the date of transition from generally accepted accounting principles in Portugal to those standards.

For Sonaecom, there are no differences between IFRS as adopted by European Union and IFRS published by the *International Accounting Standards Board*, with the exception of the start dates of the adoption of the standards indicated below.

The following standards, interpretations, amendments and revisions have been approved (endorsed) by the European Union and have mandatory application to financial years beginning on or after 1 January 2014 and were first adopted in the year ended at 30 June 2014:

#### Standard/Interpretation

Effective date (annual periods beginning on or after)

## IFRS 10 (Consolidated Financial Statements)

1-Jan-13(\*\*)

Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

#### IFRS 11 (Companies jointly controlled)

1-Jan-13(\*\*)

Provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.

## IFRS 12 (Disclosures of Interests in Other

1-Jan-13(\*\*)

Entities)

New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

#### IAS 27 (Separate Financial Statements)

1-Jan-13(\*\*)

Consolidation requirements previously forming part of IAS 27 have been revised and are now contained in IFRS 10 Consolidated Financial Statements.

Standard / Interpretation Effective date (periods beginning

## IAS 28 (Investments in Associates and Joint Ventures)

1-Jan-13(\*\*)

The objective of IAS 28 (as amended in 2011) is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

## Amendments to IFRS 10, IFRS 12 and IAS 27

1-Jan-14

(Investment Entities);

The amendments apply to a particular class of business that qualify as investment entities. The admendments provide an exception to the consolidation requirements in IFRS 10.

# IAS 32- Admendments (Offsetting Financial Assets and Financial Liabilities)

1-Jan-14

IAS 32 is amended to refer to the disclosure requirements in respect of

offsetting arrangements.

## $Amendments \,to\,IAS\,36\,(Recoverable\,amount$

1-Jan-14

disclosures for Non-Financial Assets)

The amendments introduce additional disclosures and clarify the disclosures required when an asset is impaired and the recoverable amount of assets was based on Fair Value Less Cost of Disposal.

# Amendments to IAS 39 (Novation of Derivatives and Continuation of Hedge

1-Jan-14

Accounting)

The objective of the proposed amendments is to provide an exception to the requirement for the discontinuation of hedge accounting in IAS 39 and IFRS 9 in circumstances when a hedging instrument is required to be novated as a result of laws or regulations.

(\*\*) In accordance with the EU Regulation which approves the adoption of IFRS 10, 11 and 12 and the amendments to IAS 27 and IAS 28, an entity shall adopt these standards in the periods beginning on or after January 1, 2014. The early adoption was however permitted.

Implementation of these standards had no impact on the financial statements of the company.

The following standards, interpretations, amendments and revisions have not yet been approved (endorsed) by the European Union, at the date of approval of these financial statements:

tandard/hterpretation

Effective date (annual periods beginning on or after)

IFRIC 21 Levies (Levies Charged by Public Authorities on Entities that Operate in a Specific Market)

1-Jan-14

This interpretation clarifies on when a liability to pay a levy imposed by a government (does not include income taxes - see IAS 12 Income taxes) should be recognised by an entity. IFRIC 21 identifies that the obligating event that gives rise to a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation.



These standards, although approved ('endorsed') by the European Union, were not adopted by the company for the period ended June 30, 2014, because its application is not yet mandatory. No significant impacts are expected in the financial statements resulting from the adoption of the standards.

| Standard / Interpretation |  |
|---------------------------|--|
|                           |  |
|                           |  |

IFRS 9 (Financial Instruments) and subsequent amendments

1-Jan-15

This standard introduces new requirements for classifying and measuring financial assets.

IFRS 11 - Amendments (Accounting for Acquisitions of Interests in Joint

1-Jan-16

Operations)

The objective was to add new guidance on the accounting for the acquisition of an interest in a joint operation that constitutes a business. The IASB decided that acquirers of such interests shall apply all of the principles on business combinations accounting in IFRS 3 Business Combinations, and other IFRSs, that do not conflict with the quidance in IFRS 11.

### IFRS 14 (Regulatory Deferral Accounts)

1-Jan-16

Permits an entity which is a first-time adopter of IFRS to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

## IFRS 15 (Revenue from Contracts with

1-Jan-17

Customers)

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

#### IAS 16 and IAS 38 - Amendments

1-Jan-16

(Clarification of Acceptable Methods of

Depreciation and Amortisation)

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

## IAS 16 and IAS 41 - Amendments

1-Jan-16

(Agriculture: Bearer Plants)

The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

# IAS 19 - Amendments (Defined Benefit 1-Jul-14 Plans: Employee Contributions)

The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service.

## Annual Improvements to IFRSs 2010–2012 1-Jul-14

Cycle

Annual Improvements to IFRSs 2010–2012 Cycle is a collection of amendments to IFRSs in response to eight issues addressed during the 2010–2012 cycle for annual improvements to IFRSs.

| Standard/Interpretation | E ffective date (annual |
|-------------------------|-------------------------|
|                         |                         |
|                         |                         |

## Annual Improvements to IFRSs 2011-2013

1-Jul-14

Cycle Annual Improvements to IFRSs 2011–2013 Cycle is a collection of

Annual Improvements to IFRSS 2011–2013 Lycle is a collection of amendments to IFRSs in response to four issues addressed during the 2011–2013 cycle for annual improvements to IFRSs.

These standards have not yet been approved ('endorsed') by the European Union and, as such, were not adopted by the Company for the period ended at 30 June 2014. Their application is not yet mandatory.

It is predicted that the application of these standards and interpretations, as applicable to the Company will have no material effect on future financial statements of the Company.

The accounting policies and measurement criteria adopted by the Company at 30 June 2014 are comparable with those used in the preparation of the individual financial statements at 31 December 2013.

## Main accounting policies

The main accounting policies used in the preparation of the accompanying financial statements are as follows:

## a) Tangible assets

Tangible assets are recorded at their acquisition cost less accumulated depreciation and less estimated accumulated impairment losses.

Depreciations are calculated on a straight-line monthly basis as from the date the assets are available for use in the necessary conditions to operate as intended by the management, by a corresponding charge to the profit and loss statement caption 'Depreciation and amortisation'.

Impairment losses detected in the realisation value of tangible assets are recorded in the period in which they arise, by a corresponding charge to the caption 'Depreciation and amortisation' of the profit and loss statement.

The annual depreciation rates used correspond to the estimated useful life of the assets, which are as follows:

|  | Years of useful life |
|--|----------------------|
| Buildings and others constructions –             |                      |
| improvements in buildings owned by third parties | 4-20                 |
| Plant and machinery                              | 5                    |
| Vehicles   | 4                    |
| Fixtures and fittings                            | 4-8                  |

Current maintenance and repair costs of tangible assets are recorded as costs in the period in which they occur.



Improvements of significant amount, which increase the estimated useful life of the assets, are capitalised and depreciated in accordance with the estimated useful life of the corresponding assets.

#### b) Intangible assets

Intangible assets are recorded at their acquisition cost less accumulated amortisation and less estimated accumulated impairment losses. Intangible assets are only recognised, if it is likely that they will bring future economic benefits to the Company, if the Company controls them and if their cost can be reliably measured.

Intangible assets correspond, essentially, to software and industrial property.

Amortisations are calculated on a straight-line monthly basis, over the estimated useful life of the assets (three to six years) as from the month in which the corresponding expenses are incurred.

Amortisation for the period is recorded in the profit and loss statement under the caption 'Depreciation and amortisation'.

c) Investments in Group companies and other non-current assets

Investments in companies in which the Company has direct or indirect voting rights at Shareholders' General Meetings in excess of 50% or in which it has control over the financial and operating policies are recorded under the caption 'Investments in Group companies', at their acquisition cost, in accordance with IAS 27, as Sonaecom presents, separately, consolidated financial statements in accordance with IAS / IFRS.

Loans and supplementary capital granted to affiliated companies with maturities, estimated or defined contractually, greater than one year, are recorded, at their nominal value, under the caption 'Other non-current assets'.

Investments and loans granted to Group companies are evaluated whenever an event or change of circumstances indicates that the recorded amount may not be recoverable or impairment losses recorded in previous years no longer exist.

Impairment losses estimated for investments and loans granted to Group companies are recorded, in the period that they are estimated, under the caption 'Other financial expenses' in the profit and loss statement.

The expenses incurred with the acquisition of investments in Group companies are recorded as cost when they are incurred.

d) Investments in Joint Ventures Investments in Joint Ventures (companies in which the Company has, direct or indirect, 50% of the voting rights in the Shareholders' General Meeting of or in which it has the control over the financial and operating policies), are recorded under the caption 'Investments in joint ventures', at acquisition cost in accordance with IAS 27, as such, Sonaecom presents, separately, consolidated financial statements in accordance with IAS / IFRS.

Loans and supplementary capital granted to companies jointly controlled, with maturities, estimated or defined contractually, greater than one year, are recorded, at their nominal value, under the caption 'Other non-current assets'.

Investments and loans granted to joint ventures are evaluated whenever an event or change of circumstances indicates that the recorded amount may not be recoverable or impairment losses recorded in previous years no longer exist.

Impairment losses estimated for investments and loans granted to joint ventures are recorded, in the period that they are estimated, under the caption 'Other financial expenses' in the profit and loss statement.

The expenses incurred with the acquisition of investments in joint ventures are recorded as cost when they are incurred.

#### e) Financial instruments

The Company classifies its financial instruments in the following categories: 'financial assets at fair value through profit or loss', 'loans and receivables', 'held-to-maturity investments', and 'available-for-sale financial assets'. The classification depends on the purpose for which the investments were acquired.

The classification of the investments is determined at the initial recognition and re-evaluated every quarter.

(i) 'Financial assets at fair value through profit or loss'

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term or if the adoption of this method allows reducing or eliminating an accounting mismatch. Derivatives are also registered as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to mature within 12 months of the balance sheet date.

#### (ii) 'Loans and receivables'

Loans and receivables are non-derivative financial assets with fixed or variable payments that are not quoted in an active market. These financial investments arise when the Company provides money or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are carried at amortised cost using the effective interest method, deducted from any impairment losses.



Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the balance sheet date, a situation in which they are classified as non-current assets.

#### (iii) 'Held-to-maturity investments'

Held-to-maturity investments are non-derivative financial assets with fixed or variable payments and with fixed maturities that the Company's management has the positive intention and ability to hold until their maturity.

### (iv) 'Available-for-sale financial assets'

Available-for-sale financial assets are non-derivative investments that are either designated in this category or not classified in any of the other above referred categories. They are included in non-current assets unless management intends to dispose them within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on tradedate – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. The 'Financial assets at fair value through profit or loss' are initially recognised at fair value and the transaction costs are recorded in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or transferred, and consequently all substantial risks and rewards of their ownership have been transferred.

'Available-for-sale financial assets' and 'Financial assets at fair value through profit or loss' are subsequently carried at fair value.

'Loans and receivables' and 'Held-to-maturity investments' are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets classified at fair value through profit or loss are recognised in the income statement. Realised and unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss statement as gains or losses from investment securities.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to similar instruments, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. If none of these valuation techniques can be used, the Company values

these investments at acquisition cost net of any identified impairment losses. The fair value of listed investments is determined based on the closing Euronext share price at the balance sheet date.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In case of equity securities classified as available-for-sale, a significant decline (above 25%) or prolonged decline (during two consecutive quarters) in the fair value of the security below its cost is considered in determining whether the securities are impaired. If such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset previously recognised in the profit or loss statement - is removed from equity and recognised in the profit and loss statement. Impairment losses recognised in the profit and loss statement on equity securities are not reversed through the profit and loss statement.

f) Financial and operational leases Lease contracts are classified as financial leases, if, in substance, all risks and rewards associated with the detention of the leased asset are transferred by the lease contract or as operational leases, if, in substance, there is no transfer of risks and rewards associated with the detention of the leased assets.

The lease contracts are classified as financial or operational in accordance with the substance and not with the form of the respective contracts.

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

Assets under long-term rental contracts are recorded in accordance with the operational lease method. In accordance with this method, the rents paid are recognised as an expense, over the rental period.

## g) Other current debtors

Other current debtors are recorded at their net realisable value, and do not include interest, because the financial updated effect is not significant.



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

The amount relating to this caption is presented net of any impairment losses, which are recorded in the profit and loss statement under the caption 'Provisions and impairment losses'. Future reversals of impairment losses are recorded in the profit and loss statement under the caption 'Provisions and impairment losses'.

## h) Cash and cash equivalents

Amounts included under the caption 'Cash and cash equivalents' correspond to amounts held in cash and term bank deposits and other treasury applications where the risk of any change in value is insignificant.

The cash flow statement has been prepared in accordance with IAS 7 –'Statement of Cash Flow', using the direct method. The Company classifies, under the caption 'Cash and cash equivalents', investments that mature in less than three months, for which the risk of change in value is insignificant. The caption 'Cash and cash equivalents' in the cash flow statement also includes bank overdrafts, which are reflected in the balance sheet caption 'Short-term loans and other loans'.

The cash flow statement is classified by operating, financing and investing activities. Operating activities include payments to personnel and other captions relating to operating activities.

Cash flows from investing activities include the acquisition and sale of investments in associated and subsidiary companies and receipts and payments resulting from the purchase and sale of tangible assets.

Cash flows from financing activities include payments and receipts relating to loans obtained and finance lease contracts.

All amounts included under this caption are likely to be realised in the short term and there are no amounts given or pledged as guarantee.

#### i) Loans

Loans are recorded as liabilities by the 'amortised cost'. Any expenses incurred in setting up loans are recorded as a deduction to the nominal debt and recognised during the period of the financing, based on the effective interest rate method. The interests incurred but not yet due are added to the loans caption until their payment.

j) Financial expenses relating to loans obtained Financial expenses relating to loans obtained are generally recognised as expenses at the time they are incurred. Financial expenses related to loans obtained for the acquisition, construction or production of fixed assets are capitalised as part of the cost of the assets. These expenses

are capitalised starting from the time of preparation for the construction or development of the asset and are interrupted when the assets are ready to operate, at the end of the production or construction phases or when the associated project is suspended.

## k) Derivatives

The Company only uses derivatives in the management of its financial risks to hedge against such risks. The Company does not use derivatives for trading purposes.

The cash flow hedges used by the Company are related to:

- (i) Interest rate swaps operations to hedge against interest rate risks on loans obtained. The amounts, interest payment dates and repayment dates of the underlying interest rate swaps are similar in all respects to the conditions established for the contracted loans. Changes in the fair value of cash flow hedges are recorded in assets or liabilities, against a corresponding entry under the caption 'Hedging reserves' in Shareholders' funds.
- (ii) Forward's exchange rate for hedging foreign exchange risk. The values and times periods involved are identical to the amounts invoiced and their maturities.

In cases where the hedge instrument is not effective, the amounts that arise from the adjustments to fair value are recorded directly in the profit and loss statement.

At 30 of June 2014 and 2013, the Company did not have any derivative, beyond those mentioned in note 1.t).

## I) Provisions and contingencies

Provisions are recognised when, and only when, the Company has a present obligation (either legal or implicit) resulting from a past event, the resolution of which is likely to involve the disbursement of funds by an amount that can be reasonably estimated.

Provisions are reviewed at the balance sheet date and adjusted to reflect the best estimate at that date.

Provisions for restructurings are only registered if the Company has a detailed plan and if that plan has already been communicated to the parties involved.

Contingent liabilities are not recognised in the financial statements but are disclosed in the notes, except if the possibility of a cash outflow affecting future economic benefits is remote.

Contingent assets are not recognised in the financial statements but are disclosed in the notes when future economic benefits are likely to occur.



#### m) Income Tax

'Income tax' expense represents the sum of the tax currently payable and deferred tax. Income tax is recognised in accordance with IAS 12 – 'Income Tax'.

Sonaecom has adopted, since 1 January 2008, the special regime for the taxation of groups of companies, under which, the provision for income tax is determined on the basis of the estimated taxable income of all the companies covered by that regime, in accordance with such rules. The special regime for the taxation of groups of companies covers all direct or indirect subsidiaries, and even through companies resident in another Member State of the European Union or the European Economic Area, only if, in the last case, there is an obligation of administrative cooperation, on which the Group holds at least 75% of their share capital, where such participation confers more than 50% of voting rights, if meet certain requirements.

Deferred taxes are calculated using the liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the respective amounts for tax purposes.

Deferred tax assets are only recognised when there is reasonable expectation that sufficient taxable profits shall arise in the future to allow such deferred tax assets to be used. At the end of each period, the recorded and unrecorded deferred tax assets are revised and they are reduced whenever their realisation ceases to be probable, or increased if future taxable profits are likely enabling the recovery of such assets (note 9).

Deferred taxes are calculated with the tax rate that is expected to be in effect at the time the asset or liability is realized, based on the rates that have been enacted or substantially enacted at the balance sheet date.

Whenever deferred taxes derive from assets or liabilities directly registered in Shareholders' funds, its recording is also made under the Shareholders' funds caption. In all other situations, deferred taxes are always registered in the profit and loss statement.

n) Accrual basis and revenue recognition Expenses and income are recorded in the period to which they relate, regardless of their date of payment or receipt. Estimated amounts are used when actual amounts are not known.

The captions 'Other non-current assets', 'Other current assets', 'Other non-current liabilities' and 'Other current liabilities' include expenses and income relating to the current period, where payment and receipt will occur in future periods, as well as payments and receipts in the current period but which relate to future periods. The latter shall be included by the corresponding amount in the results of the periods to which they relate to.

The costs attributable to current period and whose expenses will only occur in future periods are estimated and recorded under the caption 'Other current liabilities' and 'Other non-current liabilities', when it is possible to estimate reliably the amount and the timing of occurrence of the expense. If there is uncertainty regarding both the date of disbursement of funds, and the amount of the obligation, the value is classified as Provisions (note 1.1)).

Non-current financial assets and liabilities are recorded at fair value and, in each period, the financial actualisation of the fair value is recorded in the profit and loss statement under the captions 'Other financial expenses' and 'Other financial income'.

Dividends are recognised when the Shareholders' rights to receive such amounts are appropriately established and communicated.

o) Balance sheet classification Assets and liabilities due in more than one year from the date of the balance sheet are classified, respectively, as noncurrent assets and non-current liabilities.

In addition, considering their nature, the deferred taxes and the provisions for other liabilities and charges, are classified as non-current assets and liabilities (notes 9 and 15).

## p) Reserves

## Legal reserve

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

#### Share premiums

The share premiums relate to premiums generated in the issuance of capital or in capital increases. According to Portuguese law, share premiums follow the same requirements of 'Legal reserves', i.e., they are not distributable, except in case of liquidation, but they can be used to absorb losses, after all the other reserves are exhausted or to increase share capital.

Medium-term incentive plans reserves
According to IFRS 2 – 'Share based payment', the responsibility related with the equity settled plans is registered, as a credit, under the caption of Medium Term Incentive Plan Reserves, which are not distributable and which cannot be used to absorb losses.



### Hedging reserve

Hedging reserve reflects the changes in fair value of 'cash flow' hedges derivatives that are considered effective (note 1.k) and it is non-distributable nor can it be used to absorb losses.

#### Own shares reserve

The own shares reserve reflects the acquisition value of the own shares and follows the same requirements of legal reserves.

Additionally, the increments resulting from the application of fair value through equity components, including its implementation through the net results, shall be distributed only when the elements that gave rise to them are sold, liquidated or exercised when they finish their use, in the case of tangible or intangible assets.

Therefore, at 30 June 2014, Sonaecom, SGPS, S.A., had free distributable reserves amounting to approximately EUR 19.7 million. To this effect were considered distributable increments resulting from the application of fair value through equity components already exercised during the period ended at 30 June 2014.

#### q) Own shares

Own shares are recorded as a deduction of Shareholders' funds. Gains or losses related to the sale of own shares are recorded under the caption 'Other reserves'.

### r) Foreign currency

All assets and liabilities expressed in foreign currency were translated into Euro using the exchange rates in force at the balance sheet.

Favorable and unfavourable foreign exchange differences resulting from changes in the rates in force at transaction date and those in force at the date of collection, payment or at the balance sheet date are recorded as income and expenses in the profit and loss statement of the period, in financial results.

The following rates were used for the translation into Euro:

|                 |         | 2014    |         | 2013    |
|-----------------|---------|---------|---------|---------|
|                 | 30 June | Average | 30 June | Average |
| Pounds Sterling | 1.2477  | 1.2175  | 1.1666  | 1.1758  |
| Swiss franc     | 0.8226  | 0.8187  | 0.8105  | 0.8132  |
| Swedish krona   | 0.1090  | 0.1117  | 0.1139  | 0.1173  |
| American Dollar | 0.7322  | 0.7296  | 0.7645  | 0.7619  |

#### s) Assets impairment

Impairment tests are performed at the date of each balance sheet and whenever an event or change of circumstances indicates that the recorded amount of an asset may not be recoverable.

Whenever the book value of an asset is greater than the amount recoverable, an impairment loss is recognised and recorded in the profit and loss statement under the caption 'Depreciation and amortisation' in the case of fixed assets. under the caption 'Other financial expenses' in the case of financial investments or under the caption 'Provisions and impairment losses', in relation to the other assets. The amount recoverable is the greater of the net selling price and the value of use. Net selling price is the amount obtained upon the sale of an asset in a transaction within the capability of the parties involved, less the costs directly related to the sale. The value of use is the present amount of the estimated future cash flows expected to result from the continued use of the asset and of its sale at the end of its useful life. The recoverable amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

For financial investments in Group companies, the recoverable amount, calculated in terms of value in use, is determined based on last business plans duly approved by the Board of Directors of the Company.

For financial investments in joint ventures, the recoverable amount is determinate taking into account with several information as business plans approved by the Board of Directors and the average ratings of external reviewers (researches).

Evidence of the existence of impairment in accounts receivables appears when:

- the counterparty presents significant financial difficulties;
- there are significant delays in interest payments and in other leading payments from the counterparty;
- it is possible that the debtor goes into liquidation or into a financial restructuring.

## t) Medium-term incentive plans The accounting treatment of Medium Term Incentive Plans is based on IFRS 2 – 'Share-based Payments'.

Under IFRS 2, when the settlement of plans established by the Company involves the delivery of Sonaecom's own shares, the estimated responsibility is recorded, as a credit entry, under the caption 'Reserves – Medium Term Incentive Plans', within the caption 'Shareholders' funds' and is charged as an expense under the caption 'Staff expenses' in the profit and loss statement

The quantification of this responsibility is based on its fair value at the attribution date and is recognised over the vesting period of each plan (from the award date of the plan until its vesting or settlement date). The total responsibility, at any point in time, is calculated based on the proportion of



the vesting period that has 'elapsed' up to the respective accounting date.

When the responsibilities associated with any plan are covered by a hedging contract, i.e., when those responsibilities are replaced by a fixed amount payable to a third party and when Sonaecom is no longer the party that will deliver the Sonaecom shares, at the settlement date of each plan, the above accounting treatment is subject to the following changes:

- (i) The total gross fixed amount payable to third parties is recorded in the balance sheet as either 'Other non-current liabilities' or 'Other current liabilities':
- (ii) The part of this responsibility that has not yet been recognised in the profit and loss statement (the 'unelapsed' proportion of the cost of each plan) is deferred and is recorded, in the balance sheet as either 'Other noncurrent assets' or 'Other current assets':
- (iii) The net effect of the entries in (i) and (ii) above eliminate the original entry to 'Shareholders' funds';
- (iv) In the profit and loss statement, the 'elapsed' proportion continues to be charged as an expense under the caption 'Staff expenses'.

For plans settled in cash, the estimated liability is recorded under the balance sheet captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry to the income statement caption 'Staff expenses', for the cost relating to the vesting period that has 'elapsed' up to the respective accounting date. The liability is quantified based on the fair value of the shares as of each balance sheet date.

When the liability is covered by a hedging contract, recognition is made in the same way as described above, but with the liability being quantified based on the contractually fixed amount.

Equity-settled plans to be liquidated through the delivery of shares of the parent company are recorded as if they were settled in cash, which means that the estimated liability is recorded under the balance sheet captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry to the income statement caption 'Staff expenses', for the cost relating to the deferred period elapsed. The liability is quantified based on the fair value of the shares as of each balance sheet date.

For Sonaecom shares plans, the company converted all such plans into shares of Sonae SGPS. The impacts associated to the Medium Term Incentive Plans are registered, in the balance sheet, under the caption 'Other current liabilities' and 'Other non-current liabilities'. The cost is recognized under the profit and loss statement caption 'Staff expenses' (note 23).

Regarding the plans originally liquidated through the delivery of shares of the parent company, the company entered into hedging contracts with an external entity under which the acquisition price of those shares was fixed. Therefore, the responsibility is recorded based on that fixed price, proportionally to the period of time elapsed since the award date until the date of record, under the captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognized on the income statement under the caption 'Staff expenses'.

## u) Subsequent events

Events occurring after the date of the balance sheet which provide additional information about conditions prevailing at the time of the balance sheet (adjusting events) are reflected in the financial statements. Events occurring after the balance sheet date that provide information on post-balance sheet conditions (non-adjusting events), when material, are disclosed in the notes to the financial statements.

## v) Judgments and estimates

The most significant accounting estimates reflected in the financial statements of the periods ended at 30 June 2014 and 2013 include mainly impairment analysis of assets, particularly financial investments in Group companies.

Estimates used are based on the best information available during the preparation of financial statements and are based on the best knowledge of past and present events. Although future events are not controlled by the Company neither foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by the management that occur after the approval date of these financial statements, will be recognised in net income, in accordance with IAS 8 – 'Accounting Policies, Changes in Accounting Estimates and Errors', using a prospective methodology.

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

## x) Financial risk management

The Company's activities expose it to a variety of financial risks such as market risk, liquidity risk and credit risk.

These risks arise from the unpredictability of financial markets, which affect the capacity to project cash flows and profits. The Company's financial risk management, subject to a long-term ongoing perspective, seeks to minimise potential adverse effects that derive from that uncertainty, using, every time it is possible and advisable, derivative financial instruments to hedge the exposure to such risks (note 1.k)).



The Company is also exposed to equity price risks arising from equity investments, although they are usually maintained for strategic purposes.

## Market risk

a) Foreign exchange risk

Foreign exchange risk management seeks to minimise the volatility of investments and transactions made in foreign currency and contributes to reduce the sensitivity of results to changes in foreign exchange rates.

Whenever possible, the Company uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such procedure is not possible, the Company adopts derivative financial hedging instruments (note 1. k).

Considering the reduced values of assets and liabilities in foreign currency, the impact of a change in exchange rate will not have significant impacts on the financial statements.

#### b) Interest rate risk

Sonaecom's total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility in the Company results or in its Shareholders' funds is mitigated by the effect of the following factors: (i) relatively low level of financial leverage; (ii) possibility to use derivative instruments that hedge the interest rate risk, as mentioned below; (iii) possible correlation between the level of market interest rates and economic growth the latter having a positive effect in other lines of the Company's results, and in this way partially offsetting the increase of financial costs ('natural hedge'); and (iv) the existence of stand-alone or consolidated liquidity which is also bearing interest at a variable rate.

The Company only uses derivatives or similar transactions to hedge interest rate risks considered significant. Three main principles are followed in all instruments selected and used to hedge interest rate risk:

- For each derivative or instrument used to hedge a specific loan, the interest payment dates on the loans subject to hedging must equalise the settlement dates defined under the hedging instrument;
- Perfect match between the base rates: the base rate used in the derivative or hedging instrument should be the same as that of the facility / transaction which is being hedged;
- As from the start of the transaction, the maximum cost of the debt, resulting from the hedging operation is known and limited, even in scenarios of extreme changes in market

interest rates, so that the resulting rates are within the cost of the funds considered in the Company's business plan.

As all Sonaecom's borrowings (note 14) are at variable rates, interest rate swaps and other derivatives are used to hedge future changes in cash flow relating to interest payments, when it is considered necessary. Interest rate swaps have the financial effect of converting the respective borrowings from floating rates to fixed rates. Under the interest rate swaps, the Company agrees with third parties (banks) to exchange, in predetermined periods, the difference between the amount of interest calculated at the fixed contract rate and the floating rate at the time of re-fixing, by reference to the respective agreed notional amounts.

The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, being the Company's policy, when contracting such instruments, to give preference to financial institutions that form part of its financing transactions.

In order to select the counterparty for occasional operations, Sonaecom requests proposals and indicative prices from a representative number of banks in order to ensure adequate competitiveness of these operations.

In determining the fair value of hedging operations, the Company uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates prevailing at the balance sheet date. Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the valuation.

The fair value of the derivatives contracted, that are considered as fair value hedges or the ones that are considered not sufficiently effective for cash flow hedge (in accordance with the provisions established in IAS 39 – 'Financial Instruments'), are recognised under borrowings captions and changes in the fair value of such derivatives are recognised directly in the profit and loss statement for the period. The fair value of derivatives of cash flow hedge, that are considered effective according to IAS 39 – 'Financial Instruments', are recognised under borrowing captions and changes in the fair value are recognised in equity.

Sonaecom's Board of Directors approves the terms and conditions of the financing with significant impact in the Company, based on the analysis of the debt structure, the risks and the different options in the market, particularly as to the type of interest rate (fixed / variable). Under the policy defined above, the Executive Committee is responsible for the decision on the occasional interest rate hedging contracts, through the monitoring of the conditions and alternatives existing in the market.



## Liquidity risk

The existence of liquidity in the Company requires the definition of some policies for an efficient and secure management of the liquidity, allowing us to maximise the profitability and to minimise the opportunity costs related with that liquidity.

The liquidity risk management has a threefold objective: (i) Liquidity, i.e., to ensure the permanent access in the most efficient way to obtain sufficient funds to settle current payments in the respective dates of maturity as well as any eventual not forecasted requests for funds, in the deadlines set for this; (ii) Safety, i.e., to minimise the probability of default in any reimbursement of application of funds; and (iii) Financial efficiency, i.e., to ensure that the Company maximises the value / minimise the opportunity cost of holding excess liquidity in the short term.

The main underlying policies correspond to the variety of instruments allowed, the maximum acceptable level of risk, the maximum amount of exposure by counterparty and the maximum periods for investments.

The existing liquidity should be applied to the alternatives and by the order described below:

- (i) Amortisation of short-term debt after comparing the opportunity cost of amortisation and the opportunity cost related to alternative investments;
- (ii) Consolidated management of liquidity the existing liquidity in Group companies, should mainly be applied in Group companies, to reduce the use of bank debt at a consolidated level:
- (iii) Applications in the market.

The applications in the market are limited to eligible counterparties, with ratings previously established by the

Board and limited to certain maximum amounts by counterparty.

The definition of maximum amounts intends to assure that the application of liquidity in excess is made in a prudent way and taking into consideration the best practices in terms of bank relationships.

The maturity of applications should equalise the forecasted payments (or the applications should be easily convertible, in case of asset investments, to allow urgent and not estimated payments), considering a threshold for eventual deviations on the estimates. The threshold depends on the accuracy level of treasury estimates and would be determined by the business. The accuracy of the treasury estimates is an important variable to quantify the amounts and the maturity of the applications in the market.

The maturity of each class of financial liabilities is presented in note 14.

#### Credit risk

The Company's exposure to credit risk is mainly associated with the accounts receivable related to current operational activities. The credit risk associated to financial operations is mitigated by the fact that the Company only negotiates with entities with high credit quality.

The management of this risk seeks to guarantee that the amounts owing are effectively collected within the periods negotiated without affecting the financial health of the Company.

The amounts included in the financial statements related to other current debtors, net of impairment losses, represent the maximum exposure of the Company to credit risk.



## 2. Tangible assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in the periods ended at 30 June 2014 and 2013 was as follows:

|  |                           |          |                      | 2014    |
|--|---------------------------|----------|----------------------|---------|
|  | Brands, patents and other |          | Intangible assets in |         |
|  | rights                    | Software | progress             | Total   |
| Grossassets                                    |                           |          |                      |         |
| Balance at 31 December 2013                    | 9,719                     | 192,404  |                      | 202,123 |
| Balance at 30 June 2014                        | 9,719                     | 192,404  | <u> </u>             | 202,123 |
| Accumulated amortisation and impairment losses |                           |          |                      |         |
| Balance at 31 December 2013                    | 9,719                     | 185,312  | -                    | 195,031 |
| Amortisation for the year                      | -                         | 773      | -                    | 773     |
| Balance at 30 June 2014                        | 9,719                     | 186,085  | -                    | 195,804 |
| Net value                                      | -                         | 6,319    | -                    | 6,319   |
|  |                           |          | '                    |         |
|  |                           |          |                      | 2013    |
|  | Brands, patents and other |          | Intangible assets in |         |
|  | rights                    | Software | progress             | Total   |
| Grossassets                                    |                           |          |                      |         |
| Balance at 31 December 2012                    | 9,719                     | 190,031  | 2,373                | 202,123 |
| Transfers                                      | <u> </u>                  | 2,373    | (2,373)              | -       |
| Balance at 30 June 2013                        | 9,719                     | 192,404  | -                    | 202,123 |
| Accumulated amortisation and impairment losses |                           |          | •                    |         |
| Balance at 31 December 2012                    | 9,339                     | 183,474  | =                    | 192,813 |
| Amortisation for the year                      | 380                       | 954      | <u>-</u> _           | 1,334   |
| Balance at 30 June 2013                        | 9,719                     | 184,428  | =                    | 194,147 |
| Net value                                      | -                         | 7,976    | -                    | 7,976   |



## 3. Intangible assets

The movement in intangible assets and in the corresponding accumulated amortisation and impairment losses in the periods ended at 30 June 2014 and 2013, was as follows:

|  |                                  |          |                               | 2014    |
|--|----------------------------------|----------|-------------------------------|---------|
|  | Brands, patents                  |          | Intangible assets             |         |
|  | and other rights                 | Software | in progress                   | Total   |
| Gross assets                                   |                                  |          |                               |         |
| Balance at 31 December 2013                    | 9,719                            | 192,404  | -                             | 202,123 |
| Balance at 30 June 2014                        | 9,719                            | 192,404  | -                             | 202,123 |
| Accumulated amortisation and impairment losses |                                  |          |                               |         |
| Balance at 31 December 2013                    | 9,719                            | 185,312  | -                             | 195,031 |
| Amortisation for the year                      | -                                | 773      | -                             | 773     |
| Balance at 30 June 2014                        | 9,719                            | 186,085  | -                             | 195,804 |
| Net value                                      | -                                | 6,319    | -                             | 6,319   |
|  |                                  |          |                               |         |
|  |                                  |          |                               | 2013    |
|  | Dranda natanta                   |          | Intensible cosets             |         |
|  | Brands, patents and other rights | Software | Intangible assets in progress | Total   |
| Gross assets                                   | and other rights                 | Software | III progress                  | Total   |
|  | 0.710                            | 100.021  | 2.272                         | 202 122 |
| Balance at 31 December 2012<br>Transfers       | 9,719                            | 190,031  | 2,373                         | 202,123 |
| Balance at 30 June 2013                        |                                  | 2,373    | (2,373)                       | 202.122 |
|  | 9,719                            | 192,404  |                               | 202,123 |
| Accumulated amortisation and impairment losses |                                  |          |                               |         |
| Balance at 31 December 2012                    | 9,339                            | 183,474  | -                             | 192,813 |
| Amortisation for the year                      | 380                              | 954      |                               | 1,334   |
| Balance at 30 June 2013                        | 9,719                            | 184,428  |                               | 194,147 |
| Net value                                      | -                                | 7,976    | -                             | 7,976   |



## 4. Breakdown of financial instruments

At 30 June 2014 and 2013, the breakdown of financial instruments was as follows:

|   |                       |              |                    |                 |                        |                      | 2014                   |
|---|-----------------------|--------------|--------------------|-----------------|------------------------|----------------------|------------------------|
|   |                       |              |                    |                 |                        |                      |                        |
|   |                       |              | sets at fair value | Other financial |                        | Others not covered   | <b>-</b>               |
| Non-current assets  | Loans and receivables | thro         | ugh profit or loss | assets          | Subtotal               | by IFRS 7            | Total                  |
| Financial assets at fair value through profit or loss (note 7)                                | -                     |              | 1,192,926          | -               | 1,192,926              | -                    | 1,192,926              |
| Other non-current assets (note 8)   | 171,151,237           |              | -                  |                 | 171,151,237            |                      | 171,151,237            |
| Comment   | 171,151,237           |              | 1,192,926          | -               | 172,344,163            | -                    | 172,344,163            |
| Current assets Financial assets at fair value through profit or loss (note 7)                 | -                     |              | 54,364,924         | _               | 54,364,924             | _                    | 54,364,924             |
| Other trade debtors (note 10)   | 7,837,095             |              | -                  | -               | 7,837,095              | 3,355,310            | 11,192,405             |
| Other current assets  | -                     |              | -                  | 362,408         | 362,408                | 89,342               | 451,750                |
| Cash and cash equivalents (note 11)   | 174,126,091           |              | -<br>-             | - 2/2 400       | 174,126,091            | 2.444./52            | 174,126,091            |
|   | 181,963,186           |              | 54,364,924         | 362,408         | 236,690,518            | 3,444,652            | 240,135,170            |
|   |                       |              |                    |                 |                        |                      | 2013                   |
|   |                       |              |                    |                 |                        |                      |                        |
|   |                       |              | sets at fair value | Other financial | 0.1.1.1                | Others not covered   | Ŧ                      |
| Non-current assets  | Loans and receivables | luto         | ugh profit or loss | assets          | Subtotal               | by IFRS 7            | Total                  |
| Other-non current assets (note 8)   | 513,890,246           |              | -                  |                 | 513,890,246            |                      | 513,890,246            |
|   | 513,890,246           |              | -                  |                 | 513,890,246            |                      | 513,890,246            |
| Current assets  | ( 010 ( 05            |              |                    |                 | ( 010 ( 05             | 1.010.070            | 0.100.047              |
| Other trade debtors (note 10) Other current assets  | 6,312,695             |              | -                  | 3,516,284       | 6,312,695<br>3,516,284 | 1,810,272<br>162,725 | 8,122,967<br>3,679,009 |
| Cash and cash equivalents (note 11)   | 110,235,715           |              | -                  | 5,510,204       | 110,235,715            | 102,725              | 110,235,715            |
|   | 116,548,410           |              | -                  | 3,516,284       | 120,064,694            | 1,972,997            | 122,037,691            |
|   |                       |              |                    |                 |                        |                      |                        |
|   |                       |              |                    |                 |                        |                      |                        |
|   |                       | Liabilities  |                    |                 |                        |                      |                        |
|   | r                     | ecorded at   | Other finan        | cial            | Others                 | s not covered by     |                        |
|   | amo                   | ortised cost | liabili            | ties Su         | ubtotal                | IFRS 7               | Total                  |
| Non-current liabilities   | 24)                   |              |                    |                 |                        |                      |                        |
| Medium and long-term loans – net of short-term portion (note                                  | 14)                   | -            |                    | -               | -                      | -                    | -                      |
| Other non-current liabilities   |                       | -            |                    | -               | <u>-</u>               | 552,669              | 552,669                |
| Current liabilities   | <del></del> -         |              |                    | -               | -                      | 552,669              | 552,669                |
| Short-term loans and other loans (note 14)  |                       | 11,859,062   |                    | - 11.8          | 59,062                 | _                    | 11,859,062             |
| Other creditors (note 16)   |                       | -            | 1,561              |                 | 561,871                | 3,060                | 1,564,931              |
| Other current liabilities   |                       | -            | 668,               |                 | 68,225                 | 1,088,398            | 1,756,623              |
|   |                       | 11,859,062   | 2,230,             | 096 14,0        | 089,158                | 1,091,458            | 15,180,616             |
|   |                       |              |                    |                 |                        |                      |                        |
|   |                       |              |                    |                 |                        |                      |                        |
|   |                       | Liabilities  |                    |                 |                        |                      |                        |
|   | r                     | ecorded at   | Other finan        | cial            | Others                 | s not covered by     |                        |
|   |                       | ortised cost | liabili            |                 | ubtotal                | IFRS 7               | Total                  |
| Non-current liabilities   |                       |              |                    |                 |                        |                      |                        |
| Medium and long-term loans – net of short-term portion (note<br>Other non-current liabilities | 14) 2                 | 40,492,366   |                    | - 240,4         | 92,366                 | 107 201              | 240,492,366            |
| Other Horr-current liabilities  |                       | 40,492,366   |                    | - 240.4         | 92,366                 | 127,381<br>127,381   | 127,381<br>240,619,747 |
| Current liabilities   |                       |              |                    | 2.0,1           |                        | .2.,00.              |                        |
| Short-term loans and other loans (note 14)  | 1                     | 52,203,296   |                    |                 | 03,296                 | <u>-</u>             | 152,203,296            |
| Other current liabilities   |                       | -            | 944                |                 | 944,158                | 140,393              | 1,084,551              |
| Other current liabilities   |                       | 52,203,296   | 440,<br>1,384      |                 | 40,633<br>88,087       | 142,185<br>282,578   | 582,818<br>153,870,665 |
| -   |                       | 02,200,270   | 1,504              | 100,0           | 00,001                 | 202,010              | 133,070,003            |



Considering the nature of the balances, the amounts to be paid and received to / from 'State and other public entities', as well as the specialized costs with share plans were considered outside the scope of IFRS 7. Also, the deferred income and deferred costs under the captions 'Other current assets', 'Other current liabilities', Other non-current assets' and 'Other non-current liabilities' were considered as non-financial instrument.

The Sonaecom's Board of Directors believes that, the fair value of the breakdown of financial instruments recorded at amortised cost or registered at the present value of the payments does not differ significantly from their book value. This decision is based in the contractual terms of each financial instrument.

## 5. Investments in Group companies

At 30 June 2014 and 2013, this caption included the following investments in Group companies:

| Company   | 2014          | 2013          |
|---|---------------|---------------|
| Sonaetelecom BV   | 73,460,618    | 75,009,902    |
| Sonae com – Sistemas de Informação, SGPS, S.A. ('Sonae com SI')           | 52,241,587    | 52,241,587    |
| PCJ - Público, Comunicação e Jornalismo, S.A. ('PCJ')                     | 11,850,557    | 11,176,546    |
| Sonaecom BV   | 10,300,000    | 25,020,000    |
| Público - Comunicação Social, S.A. ('Público')                            | 10,227,595    | 10,227,595    |
| Sonaecom - Serviços Partilhados, S.A. ('Sonaecom SP')                     | 50,000        | 50,000        |
| Miauger – Organização e Gestão de Leilões Electrónicos, S.A. ('Miauger')* | -             | 5,714,245     |
| OPTIMUS, SGPS, S.A. ('Optimus SGPS')                                      | -             | 1,005,866,218 |
|   | 158,130,357   | 1,185,306,093 |
| Impairment losses (note 15)   | (105,518,215) | (112,016,451) |
| Total investments in Group companies                                      | 52,612,142    | 1,073,289,642 |
| +0  |               |               |

<sup>\*</sup> Company dissolved in May 2014.

The movements that occurred in investments in this caption during the years ended at 30 June 2014 and 2013 were as follows:

| Company                     | Balance at<br>31 December 2013 | Additions | Disposals    | Transfers and write-offs | Balance at 30<br>June 2014 |
|-----------------------------|--------------------------------|-----------|--------------|--------------------------|----------------------------|
| Sonaetelecom BV             | 75,009,902                     | -         | (1,549,284)  | -                        | 73,460,618                 |
| Sonaecom SI                 | 52,241,587                     | -         | -            | -                        | 52,241,587                 |
| Sonaecom BV                 | 25,020,000                     | -         | (14,720,000) | -                        | 10,300,000                 |
| Miauger                     | 5,714,245                      | 826,880   | -            | (6,541,125)              | -                          |
| Público                     | 10,227,595                     | -         | -            | -                        | 10,227,595                 |
| PCJ                         | 11,176,547                     | 674,010   | -            | -                        | 11,850,557                 |
| Sonaecom Sp                 | 50,000                         |           |              | -                        | 50,000                     |
|                             | 179,439,876                    | 1,500,890 | (16,269,284) | (6,541,125)              | 158,130,357                |
| Impairment losses (note 15) | (112,859,590)                  | (441,856) | 2,230,959    | 5,552,272                | (105,518,215)              |
|                             | 66,580,286                     | 1,059,034 | (14,038,325) | (988,853)                | 52,612,142                 |



| Company                     | Balance at<br>31 December 2012 | Additions  | Disposals | Transfers and write-offs | Balance at<br>30 June 2013 |
|-----------------------------|--------------------------------|------------|-----------|--------------------------|----------------------------|
| Optimus SGPS                | 1,005,866,218                  | -          | -         | -                        | 1,005,866,218              |
| Sonaetelecom BV             | 75,009,902                     | -          | -         | -                        | 75,009,902                 |
| Sonae com SI                | 52,241,587                     | -          | -         | -                        | 52,241,587                 |
| Sonaecom BV                 | 25,020,000                     | -          | -         | -                        | 25,020,000                 |
| PCJ                         | 3,551,772                      | 7,624,774  | -         | -                        | 11,176,546                 |
| Público                     | 3,738,230                      | 6,489,365  | -         | -                        | 10,227,595                 |
| Miauger                     | 4,568,100                      | 1,146,145  | -         | -                        | 5,714,245                  |
| Sonaecom SP                 | 50,000                         | -          | -         | -                        | 50,000                     |
|                             | 1,170,070,809                  | 15,260,284 | -         | -                        | 1,185,306,093              |
| Impairment losses (note 15) | (97,197,713)                   | -          | 20,000    | (14,838,738)             | (112,016,451)              |
|                             | 1,072,873,096                  | 15,260,284 | 20,000    | (14,838,738)             | 1,073,289,642              |

Following the announcement made, on 14 December 2012, between Sonaecom, SGPS, S.A., Kento Holding Limited and Jadeium BV (currently named Unitel International Holdings, BV, collectively referred to as 'Kento/Jadeium'), of having reached an agreement to recommend to the Boards of Zon Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. ('Zon') and Optimus SGPS, SA a merger between the two companies, on 11 January 2013, Sonaecom, SGPS, S.A. ('Sonaecom') carried out a capital increase in kind, transferring 81.807% of its financial participation in Optimus SGPS, S.A. to ZOPT, SGPS, S.A. (vehicle used for this purpose), conditional upon completion of the merger.

Thus, following the above mentioned agreement, on 27 August 2013, and after fulfilling all the remedies required to the operation, the merger was closed. Sonaecom considers this to be the date on which Zopt took control of Zon Optimus (Presently NOS, SGPS, S.A. ('NOS'), after the company changed the name in June 2014). Accordingly, in the same day, it was registered the capital increase in kind with the transference of 81.807% Sonaecom's financial participation in Optimus SGPS, S.A. to ZOPT, SGPS, S.A. ('Zopt') (note 6). As a consequence, Sonaecom held a 50% stake in Zopt, as well as shareholder loans to be received from Zopt amounting to Euro 230 million (note 8), which would later be converted on supplementary capital and reduced to Euro 115 million. Additionally, the remaining stake of 18.193% in Optimus SGPS, was converted into a minority stake of 7.28% in NOS (note 7).

Resulting from a 'Shareholders Agreement' between the parties involved in the merger, Sonacom and Kento/Jadeium Group agreed not to acquire any shares of NOS, with the exception of the shares acquired by Sonaecom as a result of the operation. For this reason, the 'Shareholders Agreement' also foresees that after 2 years from the date of the formal closing of the merger, and for a period of three months, the Group Kento / Jadeium may exercise a call option over half of the shares of NOS that Sonaecom holds at the date of the exercise of call option, at a price equal to the weighted average price of the previous month.

After the share capital increase of Zopt and the closing of the merger between Optimus SGPS and Zon, Sonaecom derecognised an investment in Optimus SGPS amounting to Euro 1,006 million and the supplementary capital amounting to Euro 144.6 million (note 8). Sonaecom has also recognized an investment in Zopt amounting to Euro 598 million <sup>1</sup> (note 6), loans to be received from Zopt amounting Euro 230 million and an investment registered at fair value through NOS shares (the conversion of 20,921,650 Optimus SGPS shares, representing 18.193% of the share capital, to 37,489,324 NOS shares, representing 7.28% of the share capital), at the market price of 27 August 2013 (date of the closing of the merger), amounting to Euro 156 million (note 7).

Thus, as a result of the derecognition of the financial investment in Optimus SGPS, the recognition of the investments in Zopt and NOS, and the loans to be received from Zopt, it was registered a capital loss of 167 million euros.

<sup>&</sup>lt;sup>1</sup> The Zopt participation of 598 million euros (598 = ((2.850 X 50.01%)-230) X 50%) results from the valuation of NOS, amounting to 2,850 million euros. This corresponds to the sum of the valuation of the capital increase in Zopt by Zon and Optimus in 1,500 million euros and 1,000 million euros, respectively (the valuation was made by the entities involved in the capital increase and the merger project) and the minimum synergies estimated, disclosed in the merger project in the amount of 350 million euros, deducted from loans totaling 230 million euros (level 3 of inputs in the hierarchy of fair value). It was decided that Zon market price at the date of the closing of the merger didn'treflected the fair value of NOS (the argument for not using the Zon share price at the date of the close of the merger, as abovementioned, is proven by the positive evolution of Zon Optimus share price since the date of the merger until the date of this document (2,782 million euros versus 2,141, price at 27 August 2013, merger date). For this reason, the market capitalization of Zon was not considered as a reference for valuing the Zopt investment. The valuation of Zon and Optimus was based on internally and analysts' projections, regarding the main economic indicators, including operating results and investment. For this purpose, was used a weighted average cost of capital of 9.5% and growth rate of 3%.



In the period ended at 30 June 2014, the amounts of Euro 826,880 and Euro 674.010, under the caption increases 'Additions' in Miauger and PCJ, respectively, correspond to increases in capital to cover losses.

In the period ended at 30 June 2014, the amounts of Euro 1,549,284 and Euro 14,720,000 decreases in Sonaetelecom BV and Sonaecom BV, correspond to discards from shares. 'Transfers and uses' correspond to derecognition of the investment in Miauger, dissolved on May 2014.

In the period ended at 30 June 2013, the amounts of Euro 7,624,774, and Euro 6,489,365 under the caption 'Additions' in PCJ, Público respectively, relates to increases of share capital and the amount of Euro 1,146,145 increase in Miauger corresponds to an increase in capital to cover losses.

The Company presents separate consolidated financial statements at 30 June 2014, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which presents total consolidated assets of Euro 1,071,460,960 total consolidated liabilities of Euro 78,615,314, consolidated operational revenues of Euro 66,346,551 and consolidated Shareholders' funds of Euro 992,835,646 including a consolidated net profit (attributable to the Shareholders of the parent company – Sonaecom, SGPS, S.A.) for the period ended at 30 June 2014 of Euro 2,240,072.

At 30 June 2014 and 2013, the main financial information regarding the subsidiaries and joint ventures directly owned by the company is, as follows (values in accordance with IFRS):

|                 |             | 2014      |               |                     |           |               | 2013                |
|-----------------|-------------|-----------|---------------|---------------------|-----------|---------------|---------------------|
|                 |             |           | Shareholders' |                     |           | Shareholders' |                     |
| Company         | Head office | % holding | funds         | Net profit / (loss) | % holding | funds         | Net profit / (loss) |
| ZOPT (note 6)   | Matosinhos  | 50%       | 1,280,860,857 | 30,923,065          | 50%       | 13,284        | (36,592)            |
| Sonae com SI    | Maia        | 100%      | 85,950,226    | (51,072)            | 100%      | 86,014,037    | 1,457,389           |
| PCJ             | Maia        | 100%      | 1,314,239     | 74,794              | 100%      | 2,013,334     | 99,879              |
| Sonaecom BV     | Amsterdam   | 100%      | 377,255       | 135,854             | 100%      | 14,765,934    | 186,091             |
| Sonaetelecom BV | Amsterdam   | 100%      | 66,346        | (1,800)             | 100%      | 1,615,854     | (19)                |
| Sonaecom SP     | Maia        | 100%      | (26,904)      | (110,220)           | 100%      | 48,450        | (1,585)             |
| Público         | Maia        | 100%      | (1,216,955)   | (1,386,190)         | 100%      | 396,875       | (995,530)           |
| Miauger (a)     | Maia        | -         | -             | -                   | 100%      | 142,760       | (76,094)            |
| Optimus SGPS    | Maia        | -         | -             | -                   | 100%      | 996,019,685   | 43,219,594          |

(a) Company dissolved in May 2014

The evaluation of the existence of impairment losses for the main investments in the Group companies in joint ventures is made by taking into account the cash-generating units, based on most up-to-date business plans duly approved by their Board of Directors, which are made on an annual basis unless there is evidence of impairment and prepared according to projected cash flows for periods of five years. In the area of information systems, the assumptions used are essentially based on the various businesses of the Group and the growth of the several geographic areas where the Group operates. The discount rates used were based on the estimated weighted average cost of capital, which depends on the business segment of each subsidiary, and are as indicated in the table below. In perpetuity, is considered a growth rate of circa 3% in the area of information systems. In situations where the measurement of the existence, or not, of impairment is made based on the net selling price, values of similar transactions and other proposals made are used. Regarding the area of telecommunications (Zopt), the assessment of whether or not the impairment is determinate taking into account with several information as business plans approved by the Board of Directors and the average ratings of external reviewers (researches).

|                             | Information Systems | Multimedia   | Telecommunications |
|-----------------------------|---------------------|--------------|--------------------|
| Assumptions                 |                     |              |                    |
| Basis of recoverable amount | Value in use        | Value in use | Value in use       |
| Discount rate               | 13.0%               | 12.0%        | 9.0%               |
| Growth rate in perpetuity   | 3.0%                | 0.0%         | 2.0%               |



## 6. Investments in joint ventures

At 30 June 2014 e 2013, this caption included the following investments in joint ventures:

| Company   |   |   |                            | 2014                                       | 2013   |
|---|---|---|----------------------------|--|--------|
| ZOPT, SGPS, S.A. ('ZOPT')                                   |   |   |                            | 597,666,944                                | 25,000 |
| The movements that occurred in this caption of Company ZOPT | luring the years end<br>Balance at<br>31 December 2013<br>597,666,944 | ed at 30 June 20<br>Additions<br>(note 5) | 14 and 2013 were Disposals | as follows:<br>Transfers and<br>write-offs |        |
| Empresa<br>ZOPT   | Balance at<br>31 December 2012<br>25,000                              | Additions<br>(note 5)                     | Disposals                  | Transfers and<br>write-offs                |        |



## 7. Financial assets at fair value through profit or loss

In August 2013, Sonaecom Group began to hold NOS shares recorded at fair value through profit or loss, as a result of the merger between Optimus SGPS and Zon (note 5), since it is the initial classification of an asset held for a sale purpose in a short-time. In accordance with the 'Shareholders Agreement', these shares neither concedes any additional vote right or affect the shared control situation with NOS.

In the period ended at 30 June 2014 were still Sonae acquired shares in accordance with the movement described below.

The movements occurred in this caption during the period ended at 30 June 2014, were as follows:

|   |                 |           |               |                                  |          | 2014            |
|---|-----------------|-----------|---------------|----------------------------------|----------|-----------------|
| Financial assets at fair value through profit or loss | Opening balance | Increases | Decreases     | Fair value adjustments (note 20) |          | Closing balance |
| NOS   | 202,442,350     | -         | (141,650,837) | (7,931,359)                      |          | 52,860,154      |
| Sonae SGPS  | -               | 5,522,188 | (2,804,200)   | 17,433                           | (37,725) | 2,697,696       |
|   | 202,442,350     | 5,522,188 | (144,455,037) | (7,913,926)                      | (37,725) | 55,557,850      |
| Recorded under the caption non current assets         |                 |           |               |                                  |          | 1,192,926       |
| Recorded under the caption current assets             |                 |           |               |                                  |          | 54,364,924      |

The fair value adjustments are recorded under the caption 'Gains and losses on Group companies' in Profit and Loss Statement (note 18). With the exception of increases and decreases in the fair value of shares intended to cover incentive plans medium term which value is recorded in other captions of the income statement.

The decreases in investments of NOS in 30 June 2014, corresponds to the expected return on stocks trading under the General Public and Voluntary Offer for acquisition of own shares NOS. As a result of this offering Sonaecom reduced its investment in shares in NOS 26,476,792 shares (EUR 141,650,837) (note 12) and now holds 11,012,532 shares representing the share capital of NOS, corresponding to a share of 2.14%.

The evaluation of fair value of the investment is detail as follows:

|  | NOS                | Sonae SGPS        |
|--|--------------------|-------------------|
| Shares   | 11,012,532         | 2,249,955         |
| Level of inputs in the hierarchy of fair value | Lev                | vel1              |
| Valuation method                               | Quoted price on th | ne stock exchange |
| Quoted price*                                  | 4.8                | 1.199             |
| Fair value                                     | 52,860,154         | 2,697,696         |

<sup>\*</sup> Used the share price of 30 June 2014 in the determination of the fair value.



## 8. Other non-current assets

At 30 June 2014 and 2013, this caption was made up as follows:

| Financial assets  Medium and long-term loans granted:  Sonae com SI | 13,370,000  | 12,590,000  |
|---|-------------|-------------|
|   |             | 12 590 000  |
| Sonae com SI  |             | 12 500 000  |
|   |             | 12,370,000  |
| PCJ   | 4,400,000   | 4,690,000   |
| Público   | 1,780,000   | -           |
| Optimus SGPS  | =           | 312,850,000 |
| Sonaecom BV   | =           | 810,000     |
|   | 19,550,000  | 330,940,000 |
| Supplementary capital:  |             |             |
| Zopt  | 115,000,000 | -           |
| Sonae com SI  | 39,951,792  | 39,951,792  |
| Público   | 2,182,405   | 1,332,405   |
| PCJ   | 1,189,445   | 1,863,455   |
| Miauger   | =           | 158,854     |
| Optimus SGPS  | =           | 144,630,000 |
|   | 158,323,642 | 187,936,506 |
|   | 177,873,642 | 518,876,506 |
| Accumulated impairment losses (note 15)                             | (6,722,405) | (4,986,260) |
|   | 171,151,237 | 513,890,246 |

During the periods ended at 30 June 2014 and 2013, the movements that occurred in 'Medium and long-term loans granted' to Group companies and joint ventures were as follows:

|              |                 |           |             |           | 2014            |
|--------------|-----------------|-----------|-------------|-----------|-----------------|
| Company      | Opening balance | Increases | Decreases   | Transfers | Closing balance |
| Sonae com SI | 15,655,000      | -         | (2,285,000) | -         | 13,370,000      |
| PCJ          | 4,610,000       | -         | (210,000)   | -         | 4,400,000       |
| Público      | 1,780,000       |           |             |           | 1,780,000       |
|              | 22,045,000      | -         | (2,495,000) | -         | 19,550,000      |
|              |                 |           |             |           |                 |
|              |                 |           |             |           | 2013            |
| Company      | Opening balance | Increases | Decreases   | Transfers | Closing balance |
| Optimus SGPS | 312,850,000     | -         | -           | -         | 312,850,000     |
| Sonae com SI | 15,815,000      | -         | (3,225,000) | -         | 12,590,000      |
| PCJ          | 4,690,000       | -         | -           | -         | 4,690,000       |
| Sonaecom BV  | 2,075,000       |           | (1,265,000) |           | 810,000         |
|              | 335,430,000     | -         | (4,490,000) | -         | 330,940,000     |
|              |                 |           |             |           |                 |



During the periods ended at 30 June 2014 and 2013, the movements in 'Supplementary capital' were as follows:

|              |                 |           |             |           | 2014            |
|--------------|-----------------|-----------|-------------|-----------|-----------------|
| Company      | Opening balance | Increases | Decreases   | Transfers | Closing balance |
| ZOPT         | 115,000,000     | -         |             | -         | 115,000,000     |
| Sonae com SI | 39,951,792      | -         |             | -         | 39,951,792      |
| Público      | 2,182,405       | -         | -           | -         | 2,182,405       |
| PCJ          | 1,863,455       | -         | (674,010)   | -         | 1,189,445       |
| Miauger      | 988,853         | -         | (988,853)   | -         | -               |
| Optimus SGPS | -               | -         | -           | -         | -               |
|              | 159,986,505     | -         | (1,662,863) | -         | 158,323,642     |

|              |                 |           |              |           | 2013            |
|--------------|-----------------|-----------|--------------|-----------|-----------------|
| Company      | Opening balance | Increases | Decreases    | Transfers | Closing balance |
| Optimus SGPS | 144,630,000     | -         | -            | -         | 144,630,000     |
| Sonae com SI | 39,951,792      | -         | -            | -         | 39,951,792      |
| PCJ          | 9,488,228       | -         | (7,624,773)  | -         | 1,863,455       |
| Público      | 7,821,770       | -         | (6,489,365)  | -         | 1,332,405       |
| Miauger      | 1,305,000       |           | (1,146,146)  |           | 158,854         |
|              | 203,196,790     | <u>-</u>  | (15,260,284) |           | 187,936,506     |

During the period ended at 30 June 2014 and 2013, the loans granted to Group companies and joint ventures earned interest at market rates with an average interest rate of 5.73% and 5.62%, respectively. Supplementary capital is non-interest bearing.

Loans granted to Group companies and Supplementary capital, do not have a defined maturity, therefore no information about the aging of these loans is presented.

The evaluation of the existence of impairment losses for the loans made to Group companies was based on the most up-to-date business plans duly approved by the Group's Board of Directors, which include projected cash flows for periods of five years. The discount rates used and the perpetuity growth considered are presented in the previous note (note 5).

## 9. Deferred taxes

At 30 June 2014 and 2013 the value of deferred tax assets not recorded where it is not expected that sufficient taxable profits will be generated in the future to cover those losses, have the following detail:

|  | 2014       | 2013       |
|--|------------|------------|
| Tax losses   | 1,233,585  | 12,649,648 |
| Provisions not acceptable for tax purposes, impairment losses and others | 27,957,268 | 31,255,818 |
| Total  | 29,190,853 | 43,905,466 |

At 30 June 2014 and 2013, the deferred tax assets relating to tax losses carried forward have the following origin dates:

| Year of origin | 2014      | 2013       |
|----------------|-----------|------------|
| 2007           | -         | 12,649,648 |
| 2014           | 1,233,585 | =          |
|                | 1,233,585 | 12,649,648 |



For the period ended at 30 June 2014 the rate used to calculate the deferred tax assets/liabilities was of 23% relating to tax losses carried forward, and of 24.5% for remaining deferred tax assets and liabilities, as a consequence of the IRC rate change from 25% to 23% from 2014 onwards. For the period ended at 30 June 2013, the rate used to calculate the deferred tax assets/liabilities was of 25% relating to tax losses carried forward, and of 26.5% for remaining deferred tax assets and liabilities. Tax benefits, related to deductions from taxable income, are considered at 100%, and in some cases, their full acceptance is dependent on the approval of the aut horities that concede such tax benefits.

It wasn't considered the state surcharge, as it was understood to be unlikely the taxation of temporary differences during the estimated period when the referred rate will be applicable.

The reconciliation between the earnings before tax and the tax recorded for the periods ended at 30 June 2014 and 2013 is as follows:

|   | 2014        | 2013        |
|---|-------------|-------------|
| Earnings before tax   | (5,988,338) | 27,560,894  |
| Income tax rate (2014: 23% /2013: 25%)                                | 1,377,318   | (6,890,224) |
| Correction of the tax of the previous year and other related taxes    | (1,971)     | (225,874)   |
| Tax provision (notes 16 and 24)                                       | =           | (2,575)     |
| Movements in provisions not accepted for tax purposes                 | 1,472,605   | (596,713)   |
| Adjustments to the taxable income                                     | (1,524,002) | 6,165,266   |
| Deferred taxes not registed   | (1,285,212) | -           |
| Use of losses carried forward, which deferred taxes were not recorded | -           | 991,253     |
| Income taxation recorded in the year (note 19)                        | 38,738      | (558,867)   |

The tax rate used to reconcile the tax expense and the accounting profit was 23% in the year of 2014 and 25% in 2013 because it are the standards rates of the corporate income tax in Portugal in 2014 and 2013.

The adjustments to the taxable income in 2014 and 2013 relates, mainly, to losses and gains in financial investments and dividends received (note 18), which do not contribute to the calculation of the taxable profit for the year.

Portuguese Tax Authorities can review the income tax returns of the Company for a period of four years (five years for Social Security), except when tax losses have been generated, tax benefits have been granted or when any review, claim or impugnation is in progress, in which circumstances, the periods are extended or suspended. Consequently, tax returns of each year, since the year 2010 (inclusive) are still subject to such review. The Board of Directors believes that any correction that may arise as a result of such review would not produce a significant impact in the accompanying financial statements.

Supported by the Company's lawyers and tax consultants, the Board of Directors believes that there are no liabilities not provisioned in the financial statements, associated to probable tax contingencies that should have been recorded or disclosed in the accompanying financial statements, at 30 June 2014.

#### 10. Other current debtors

At 30 June 2014 and 2013, this caption was made up as follows:

|                                 | 2014       | 2013      |
|---------------------------------|------------|-----------|
| State and other public entities | 3,355,310  | 1,810,272 |
| Trade debtors                   | 7,837,095  | 6,312,695 |
|                                 | 11,192,405 | 8,122,967 |

At 30 June 2014 and 2013, the caption 'Other current debtors' included amounts to be received from Group companies related to interests receivable from subsidiaries on Shareholders' loans, interest on treasury applications and services rendered (notes 18 and 20).

The caption 'State and other public entities', at 30 June 2014 and 2013, includes the special advanced payment, retentions and taxes to be recovered.



## 11. Cash and cash equivalents

At 30 June 2014 and 2013, the breakdown of cash and cash equivalents was as follows:

|                                   | 2014        | 2013        |
|-----------------------------------|-------------|-------------|
| Cash                              | 474         | 1,042       |
| Bank deposits repayable on demand | 145,117     | 41,673      |
| Treasury applications             | 173,980,500 | 110,193,000 |
|                                   | 174,126,091 | 110,235,715 |
| Bank overdrafts (note 14)         | -           | (1,182,484) |
|                                   | 174,126,091 | 109,053,231 |

At 30 June 2014 and 2013, the caption 'Treasury applications' had the following breakdown:

|                   | 2014        | 2013        |
|-------------------|-------------|-------------|
| Bank applications | 169,850,500 | =           |
| Público           | 2,760,000   | 2,655,000   |
| Sonaecom SI       | 1,100,000   | =           |
| Sonaecom SP       | 130,000     | =           |
| PCJ               | 120,000     | 5,000       |
| Sonaecom BV       | 20,000      | -           |
| We Do             | -           | 858,000     |
| Mainroad          | =           | 470,000     |
| Saphety           | -           | 40,000      |
| Lugares Vistuais  | -           | 840,000     |
| Optimus SGPS      | <u>-</u>    | 105,325,000 |
|                   | 173,980,500 | 110,193,000 |

During the period ended at 30 June 2014, the above mentioned treasury applications bear interests at an average rate of 1.42% (5.57% in 2013).

## 12. Share capital

At 30 June 2014 and 2013, the share capital of Sonaecom was comprised by 311,340,037 and 366,246,868 ordinary registered shares of 0.74 and 1 Euro each. At those dates, the Shareholder structure was as follows:

|   |             | 2014    |                  | 2013    |
|---|-------------|---------|------------------|---------|
|   | Number of   |         |                  |         |
|   | shares      | %       | Number of shares | %       |
| Sontel BV   | 194,063,119 | 62.33%  | 194,063,119      | 52.99%  |
| Sonae SGPS  | 80,822,964  | 25.96%  | 3,430,000        | 0.94%   |
| Shares traded on the Portuguese Stock Exchange ('Free Float') | 30,882,940  | 9.92%   | 89,932,361       | 24.56%  |
| Own shares (note 13)  | 5,571,014   | 1.79%   | 5,571,014        | 1.52%   |
| Atlas Service Belgium**                                       | -           | -       | 73,249,374       | 20.00%  |
| Efanor Investimentos, S.G.P.S., S.A.*                         | -           | -       | 1,000            | 0.00%   |
|   | 311,340,037 | 100.00% | 366,246,868      | 100.00% |

<sup>\*</sup> In the period ended at 30 June 2014, following the completion of Public Offer of own shares, Efanor has no longer a direct participation in the capital of Sonaecom

<sup>\*\*</sup>At 15 February 2013, Sonae and France Télécom ('FT-Orange') have concluded an agreement, which consisted in the assignment of a call and a put option, respectively, of the 20% stake in Sonaecom, held at that date by a subsidiary of FT-Orange. At 9 September 2013, the abovementioned option was exercised by Sonae and FT-Orange respectively.



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

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

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

On 20 February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares.

In 2014 Sonaecom reduced its capital by  $\\\in$  136 million as a result of the extinction of the own shares acquired (54,906,831 shares) and reduction of the nominal value of the remaining shares of capital stock of the of Sonaecom 1 euro to 0.74 euro per share. Following this result, the Euronext announced the exclusion of Sonaecom PSI-20 from February 24, 2014.

As a return for the own shares acquired in this General Public Offer and Voluntary process Sonaecom delivered 26,476,792 shares representing the share capital of NOS which were recorded in the balance sheet by EUR 141,650,837 (Note 7) and the amount of 19,632 euros in cash, so as a result of this General Public and Voluntary Offer, assets and equity Sonaecom decreased by EUR 141,670,470.

All shares that comprise the share capital of Sonaecom, are authorised, subscribed and paid. All shares have the same rights and each share corresponds to one vote.

#### 13. Own shares

During the period ended 30 June 2014, Sonaecom did not acquire, sold or delivered own actions, in addition the own shares purchased under the General Public Offer and Voluntary process described in Note 12, whereby the amount held to date, is of 5,571,014 own shares representing 1.79% of its share capital, at an average price of 1.515 euros

## 14. Loans

At 30 June 2014 and 2013, the caption 'Loans' had the following breakdown:

a) Medium and long-term loans net of short-term portion

|  |             |               |               | ,    | Amount outstanding |
|--|-------------|---------------|---------------|------|--------------------|
|  |             |               | Type of       |      |                    |
| Issue denomination                     | Limit       | Maturity      | reimbursement | 2014 | 2013               |
| 'Obrigações Sonaecom SGPS 2011'        | 100,000,000 | Mar-15        | Final         | -    | 100,000,000        |
| 'Obrigações Sonaecom SGPS 2010'        | 40,000,000  | Mar-15        | Final         | -    | 40,000,000         |
| 'Obrigações Sonaecom SGPS 2012'        | 20,000,000  | Jan-15/Jul-15 | Parcel        | -    | 20,000,000         |
| 'Obrigações Sonaecom SGPS 2013'        | 20,000,000  | Jun-16        | Final         | -    | 20,000,000         |
| Costs associated with financing set-up | -           | -             | =             | -    | (1,355,060)        |
| Interests incurred but not yet due     | -           | -             | -             | -    | 1,711,194          |
|  |             |               |               | -    | 180,356,134        |
| Commercial paper                       | 30,000,000  | Jul-15        | -             | -    | 30,000,000         |
| Commercial paper                       | 30,000,000  | Nov-14        | -             | -    | 30,000,000         |
| Costs associated with financing set-up | =           | =             | =             | =    | (116,238)          |
| Interests incurred but not yet due     | -           | -             | -             | -    | 252,470            |
|  |             |               |               | -    | 60,136,232         |
|  |             |               |               | -    | 240,492,366        |



#### ) Short-term loans and other loans

|  |             |          |               |            | Amount outstanding |
|--|-------------|----------|---------------|------------|--------------------|
|  |             |          | Type of       |            |                    |
| Issue denomination                     | Limit       | Maturity | reimbursement | 2014       | 2013               |
| Treasury applications                  | -           | -        | -             | 11,802,216 | 17,044,000         |
| Interests incurred but not yet due     |             |          |               | 56,846     | 181,282            |
|  |             |          |               | 11,859,062 | 17,225,282         |
| Commercial paper                       | 25,000,000  | Jul-13   | -             | -          | 25,000,000         |
| Commercial paper                       | 100,000,000 | Jun-14   | -             | -          | 100,000,000        |
| Costs associated with financing set-up | -           | -        | -             | -          | (17,842)           |
| Interests incurred but not yet due     | -           | -        | -             | -          | 8,372              |
|  |             |          |               | -          | 124,990,530        |
| Overdraft facilities                   | 16,500,000  | Jul-13   | -             | -          | 8,805,000          |
| Authorised overdrafts (note 11)        | 2,500,000   | Oct-13   | -             | -          | 1,173,239          |
| Bank overdrafts (note 11)              |             |          | -             | -          | 9,245              |
|  |             |          |               | -          | 9,987,484          |
|  |             |          |               | 11,859,062 | 152,203,296        |

#### Bond Loan

In March 2010, Sonaecom signed other Bond Loan, privately placed, in the amount of Euro 40 million, without guarantees and maturity of 5 years. The loan bear interest at floating rate indexed to Euribor, and paid semiannually. The issues was organised and mounted by Caixa - Banco de Investimento. These bond issues was traded on Euronext Lisbon market. During the year ended at 31 December 2013, following the merger, the Bond Loan of Euro was transferred to NOS.

In September 2011, Sonaecom signed a Bond Loan, privately placed, amounting to Euro 100 million without guarantees and with a maturity of three and half years. The bonds bear interest at floating rate indexed to Euribor and paid semi-annually. This issue was organized and mounted by BNP Paribas, ING Belgium SA / NV and West LB AG. During the year ended at 31 December 2013, Portigon AG (previously named West LB AG), transferred an amount of Euro 33.300.000 (corresponding to its entire participation in the loan) to Erste Abwicklungsanstalt ('EAA'), a state entity in German. During the year ended at 31 December 2013, following the merger (note 5), the Bond Loan of Euro 100 million was transferred to NOS.

In July 2012, Sonaecom signed a Bond Loan, privately placed, amounting to Euro 20 million without guarantees and with the mat urity of three years. The bonds bear interest at floating rate, indexed to Euribor and paid semiannually. This issue was organised and mounted by Banco BPI. During the year ended at 31 December 2013, following the merger (note 5), the Bond Loan of Euro 20 million was fully reimbursed and, subsequently, transferred to NOS the capacity to use this facility, in the form of commercial paper by the same amount.

In May 2013, Sonaecom signed a Bond Loan, privately placed, amounting to Euro 20 million, without guarantees and with a maturity date of three years. The bonds bear interest at floating rate indexed to Euribor and paid semiannually. This issue was organized and mounted by Caixa Económica Montepio Geral. This loan was repaid early in June 2014.

The loan above is unsecured and the fulfillment of the obligations under this loan is exclusively guaranteed by the underlying activities and the indebted company cash flows generation capacity.

The average interest rate of the bond loans, in the period 2014, was 4.83% (2.48% in 2013).

#### Commercial Paper

In June 2010, Sonaecom contracted a Commercial Paper Programme Issuance with maximum amount of Euro 15 million with subscription grant and maturity of three years, organised by Caixa Económica Montepio Geral. In June 2013 an addition was made to



the contract that lasted for one year, automatically renewable for equal periods up to a maximum of 5 years. In 31 March 2014, this credit line was transferred to Sonae SGPS.

In July 2012, Sonaecom contracted a Commercial Paper Programme Issuance with maximum amount of Euro 30 million with subscription grant and maturity of tree years, organised by Caixa – Banco de Investimento and Caixa Geral de Depósitos. Additionally, in the same period, Sonaecom contracted a Commercial Paper Programme Issuance with a maximum amount of Euro 25 million with subscription grant and maturity of one year, organised by Banco Santander Totta. During the year ended at 31 December 2013, following the merger (note 5), the two Commercial Paper Programmes were fully reimbursed and, subsequently, transferred to NOS the capacity to use this facility.

In May 2013, Sonaecom contracted a Commercial Paper Programme Issuance with maximum amount of Euro 30 million with subscription grant and maturity of eighteen months, organised by Banco Espírito Santo de Investimento and Banco Espírito Santo. During the year ended at 31 December 2013, following the merger (note 5), the Commercial Paper Programme of Euro 30 million was fully reimbursed and, subsequently, transferred to NOS the capacity to use this facility.

In June 2013, Sonaecom contracted a Commercial Paper Programme Issuance with maximum amount of Euro 100 million with subscription grant and maturity of one year, organised by Banco Comercial Português. During the year ended at 31 December 2013, following the merger (note 5), the Commercial Paper Programme of Euro 100 million was fully reimbursed and, subsequently, transferred to NOS the capacity to use this facility.

The average interest rate of the commercial papers, in the period of 2013, was 4.03%.

All the loans above are unsecured and the fulfillment of the obligations under these loans is exclusively guaranteed by the underlying activities and the indebted company cash flows generation capacity.

#### Bank credit lines of short-term portion

Sonaecom has also short term bank credit lines, in the form of current or overdraft account commitments, in the amount of Euro 1 million. These credit lines have maturities up to one year, automatically renewable, except in case of termination by either party, with some periods of notice.

During the year ended at 31 December 2013, following the merger (note 5), bank credit line of short-term portion amounting Euro 10 million of Banco Popular was transferred to NOS.

All these loans and bank credit lines bear interest at market rates, indexed to the Euribor for the respective term, and were all contracted in euro.

During the periods ended at 30 June 2014 and 2013, the detail of 'Treasury applications' received from subsidiaries was as follows:

|                 | 2014       | 2013       |
|-----------------|------------|------------|
| Zopt            | 11,557,500 | -          |
| Sonaecom SP     | 235,000    | 45,000     |
| Sonaetelecom BV | 9,716      | 1,599,000  |
| Sonaecom BV     | -          | 8,715,000  |
| Digitmarket     | -          | 4,955,000  |
| Miauger         | -          | 145,000    |
| Sonae com SI    | _          | 1,585,000  |
|                 | 11,802,216 | 17,044,000 |

The treasury applications received from Group companies are payable in less than one year and earn interests at market rates. During the periods ended at 30 June 2014 and 2013, the treasury applications earned an average interest rate of 2.01% and 3.12%, respectively.



At 30 June 2014 and 2013, the repayment schedule of medium and long-term loans and of interests (nominal values), for both bonds and commercial paper were as follows (values based on the latest interest rate established for each type of loan):

|                   | Within 12<br>months | Between 12 and 24 months | Between 24 and<br>36 months | Between 36 and<br>48 months | Between 48 and<br>60 months | Between 60 and 72 months |
|-------------------|---------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------|
| 2014              |                     |                          |                             |                             |                             |                          |
| Bond loan:        |                     |                          |                             |                             |                             |                          |
| Reimbursements    | -                   | -                        | -                           | -                           | -                           | -                        |
| Interests         | -                   | -                        | -                           | -                           | -                           | -                        |
| Commercial paper: |                     |                          |                             |                             |                             |                          |
| Reimbursements    | -                   | -                        | -                           | -                           | -                           | -                        |
| Interests         | -                   | -                        | -                           | -                           | -                           | -                        |
|                   | -                   | -                        | -                           | -                           | -                           | -                        |
| 2013              |                     |                          |                             |                             |                             |                          |
| Bond loan:        |                     |                          |                             |                             |                             |                          |
| Reimbursements    | -                   | 150,000,000              | 30,000,000                  | -                           | -                           | -                        |
| Interests         | 6,569,186           | 4,984,174                | 956,318                     | -                           | -                           | -                        |
| Commercial paper: |                     |                          |                             | -                           | -                           | -                        |
| Reimbursements    | -                   | 30,000,000               | 30,000,000                  | -                           | -                           | -                        |
| Interests         | 2,690,353           | 1,712,233                | 95,725                      | -                           | -                           | -                        |
|                   | 9,259,539           | 186,696,407              | 61,052,043                  | -                           | -                           | -                        |

Although the maturity of commercial paper issuance is between one week and six months, the counterparties assumed the placement and the maintenance of those limits for a period of one to three years. As so, such liabilities are recorded in the medium and long term in the period ended at 30 June 2013.

At 30 June 2014 and 2013, the available bank credit lines of the Company are as follows:

|                        |             |             |                  |                 | Maturity     |
|------------------------|-------------|-------------|------------------|-----------------|--------------|
|                        |             | Amount      |                  |                 | More than 12 |
| Credit                 | Limit       | outstanding | Amount available | Until 12 months | months       |
| 2014                   |             |             |                  |                 |              |
| Authorised overdrafts  | 1,000,000   | -           | 1,000,000        | Х               |              |
|                        | 1,000,000   | -           | 1,000,000        |                 |              |
| 2013                   |             |             |                  |                 |              |
| Commercial paper       | 100,000,000 | 100,000,000 | -                | Х               |              |
| Commercial paper       | 30,000,000  | 30,000,000  | =                |                 | Х            |
| Commercial paper       | 30,000,000  | 30,000,000  | =                |                 | Х            |
| Commercial paper       | 25,000,000  | 25,000,000  | =                | Χ               |              |
| Commercial paper       | 15,000,000  | =           | 15,000,000       | Χ               |              |
| Bond loan              | 100,000,000 | 100,000,000 | =                |                 | X            |
| Bond loan              | 40,000,000  | 40,000,000  | =                |                 | X            |
| Bond loan              | 20,000,000  | 20,000,000  | =                |                 | Х            |
| Bond loan              | 20,000,000  | 20,000,000  | =                |                 | Х            |
| Overdraft facilities   | 16,500,000  | 8,805,000   | 7,695,000        | Х               |              |
| Authorised overdrafts* | 10,000,000  | =           | 10,000,000       | Х               |              |
| Authorised overdrafts  | 2,500,000   | 1,173,239   | 1,326,761        | Х               |              |
| Several                | <u> </u>    | 9,245       | =                | Х               |              |
|                        | 409,000,000 | 374,987,484 | 34,021,761       |                 |              |

 $<sup>^{\</sup>star}$  Can also be used in the form of commercial paper

At 30 June 2014 and 2013, there are no interest rate hedging instruments.



## 15. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the years ended 30 June 2014 and 2013 were as follows:

|  | Opening<br>balance | Increases | Reductions  | Transfers and utilizations | Closing<br>balance |
|--|--------------------|-----------|-------------|----------------------------|--------------------|
| 2014   |                    |           |             |                            |                    |
| Accumulated impairment losses on investments in Group companies (notes 5 and 18) | 112,859,590        | 17,154    | (1,806,258) | (5,552,273)                | 105,518,213        |
| Accumulated impairment losses on other non-current assets (notes 8 and 18)       | 6,296,259          | 1,415,000 | -           | (988,854)                  | 6,722,405          |
| Provisions for other liabilities and charges                                     | 332,469            | 28        | -           | 13,406                     | 345,903            |
|  | 119,488,318        | 1,432,182 | (1,806,258) | (6,527,721)                | 112,586,521        |
| 2013   |                    |           |             |                            |                    |
| Accumulated impairment losses on investments in Group companies (notes 5 and 18) | 97,197,713         | =         | (20,000)    | 14,838,738                 | 112,016,451        |
| Accumulated impairment losses on other non-current assets (notes 8 and 18)       | 17,204,998         | 2,620,000 | -           | (14,838,738)               | 4,986,260          |
| Provisions for other liabilities and charges                                     | 74,959             | 103,136   | (706)       |                            | 177,389            |
|  | 114,477,670        | 2,723,136 | (20,706)    | -                          | 117,180,100        |

The increases in provisions and impairment losses are recorded under the caption 'Provisions and impairment losses' in the profit and loss statement with the exception of the impairment losses in investments in Group companies and other non-current assets, which, due to their nature, are recorded as a financial expense under the caption 'Gains and losses on Group companies' (note 18).

At 30 June 2013, the increase of 'Provisions for other liabilities and charges' includes the amount of Euro 2,575 registered in the financial statements, under the caption 'Income taxation', due to its' nature (note 19). At 30 June 2014 and 2013 the amount of 28 and 96 euros recorded in the income statement in 'Other financial costs', concerns the update of the provision for decommissioning of sites as provided for in IAS 16 - 'Tangible assets' (Note 1.a). Additionally, in 30 June 2013, the increase of 'Provisions for other liabilities and charges' include the amount of Euro 100,465 to cover several contingencies related to probable liabilities resulting from several transactions which cash outflow is probable.

#### 16. Other creditors

At 30 June 2014 and 2013, this caption was made up as follows:

|                                 | 2014      | 2013      |
|---------------------------------|-----------|-----------|
| Other creditors                 | 1,561,871 | 944,158   |
| State and other public entities | 3,060     | 140,393   |
|                                 | 1,564,931 | 1,084,551 |



## 17. External supplies and services

At 30 June 2014 and 2013, this caption was made up as follows:

|                                      | 2014    | 2013      |
|--------------------------------------|---------|-----------|
| Specialised work                     | 337,905 | 969,375   |
| Travel and accommodation             | 47,432  | 57,407    |
| Insurance                            | 23,003  | 24,916    |
| Communications                       | 22,422  | 27,632    |
| Rents                                | 17,059  | 56,278    |
| Other external supplies and services | 29,561  | 38,141    |
|                                      | 477,382 | 1,173,749 |

## 18. Financial results

Net financial results for the periods ended 30 June 2014 and 2013 are made up as follows ((costs)/gains):

|  | 2014        | 2013        |
|--|-------------|-------------|
| Gains and losses on investments in Group companies                                 |             |             |
| Losses related to Group companies (notes 5, 8 and 15)                              | (1,432,154) | (2,600,000) |
| Gains related to Group companies   | 2,109,904   | 24,700,000  |
|  | 677,750     | 22,100,000  |
| Gains and losses on financial assets at fair value through profit or loss          |             |             |
| Gains and losses on financial assets at fair value through profit or loss (note 7) | (7,913,926) | -           |
| Dividends obtained   | 1,321,504   |             |
|  | (6,592,422) | -           |
| Other financial expenses   |             |             |
| Interest expenses:   |             |             |
| Bank loans   | (487,346)   | (2,391,394) |
| Other loans  | (214,174)   | (4,151,784) |
|  | (701,520)   | (6,543,178) |
| Other financial expenses   | (251,779)   | (186,776)   |
|  | (251,779)   | (186,776)   |
|  | (953,299)   | (6,729,954) |
| Other financial income   |             |             |
| Interest income  | 1,876,901   | 12,818,304  |
| Foreign currency exchange gains  | 245         | 131         |
| Other financial income   | 156,097     | -           |
|  | 2,033,243   | 12,818,435  |

At 30 June 2014, the losses on the Group companies include the reinforcement of impairment losses on other non-current assets (Note 13), in the amount of 1,415,000 euros and the reinforcement of impairment losses on investments in companies group in the amount of 17,154 euros (Note 13).

At 30 June 2014, gains relate to Group companies include the reversal of impairment losses on investments in group companies in other non-current assets in the amount of 1,806,258 euros and the gain resulting from the liquidation of the subsidiary Miauger, in the amount of 303,646 euros.



At 30 June 2013, the losses on the Group companies include reinforcement of impairment losses on other non-current assets (note 13), in the amount of 2,620,000 euros and the decrease in impairment losses on investments in companies group (note 13), in the amount of 20,000 euros.

At 30 June 2013, gains relating to group companies relate to dividends received from subsidiary Optimus SGPS.

## 19. Income Taxation

Income taxes recognized during the periods ended at 30 June 2014 and 2013 were made up as follows ((costs) / gains):

|                                | 2014   | 2013      |
|--------------------------------|--------|-----------|
| Current tax                    | 38,738 | (556,292) |
| Tax provision (notes 9 and 15) | -      | (2,575)   |
| Closing balance                | 38,738 | (558,867) |

## 20. Related parties

The most significant balances and transactions with related parties (which are detailed in the appendix) at 30 June 2014 and 2013 were as follows:

|  |                               |                            |                                 |                                | Balances at 30 June<br>2014                      |
|--|-------------------------------|----------------------------|---------------------------------|--------------------------------|--|
|  | Accounts receivable (note 10) | Accounts payable (note 16) | Treasury applications (note 11) | Otherassets /<br>(liabilities) | Loans granted /<br>(obtained)<br>(note 8 and 14) |
| Parent Company<br>Sonae SGPS<br>Subsidiaries | (9,890)                       | -                          | -                               | (14,844)                       | -  |
| PCJ<br>Público                               | 165,558<br>71,389             | -<br>1,143,767             | 120,000<br>2,760,000            | 22,334<br>(22,448)             | 4,400,000<br>1,780,000                           |
| Sonae com SI<br>Sonaecom BV                  | 634,020<br>1,910              | 5,409<br>357,408           | 1,100,000                       | 83,346<br>150                  | 13,370,000 (38,360)                              |
| Sonae Telecom BV<br>Sonaecom SP              | 13,359                        | 37,883<br>55,325           | 130,000                         | 200                            | (13,833)<br>(235,055)                            |
| Othersrelated parties Digitmarket            | 2,984                         | 19,715                     | -                               |                                | (===;===)  |
| Mainroad<br>Saphety                          | 31,177<br>15,981              | 32,451<br>6,479            | -                               | 199<br>60                      | -  |
| Sonaecenter II<br>Wedo                       | 26,958<br>1,903,540           | -                          | -                               | (141,390)<br>563               | -  |
| ZOPT<br>Others                               | 92,000                        | -<br>29,971                | -                               | 49,514<br>(13,230)             | 11,571,814                                       |
|  | 2,948,986                     | 1,688,408                  | 4,130,000                       | (35,546)                       | 30,834,566                                       |



|                        |                     |                  |                       |                | Balances at 30 June<br>2013 |
|------------------------|---------------------|------------------|-----------------------|----------------|-----------------------------|
|                        |                     |                  |                       |                | Loans granted /             |
|                        | Accounts receivable | Accounts payable | Treasury applications | Other assets / | (obtained)                  |
|                        | (note 10)           | (note 16)        | (note 11)             | (liabilities)  | (note 8 and 14)             |
| Parent Companies       |                     |                  |                       |                |                             |
| Sonae SGPS             | -                   | -                | -                     | (14,844)       | -                           |
| Subsidiaries           |                     |                  |                       |                |                             |
| Miauger                | (7,481)             | -                | -                     | -              | (146,429)                   |
| Optimus SGPS           | 5,581,764           | -                | 105,325,000           | 3,237,197      | 312,850,000                 |
| PCJ                    | 205,796             | -                | 5,000                 | 22,907         | 4,690,000                   |
| Público                | (2,241,009)         | -                | 2,655,000             | 33,989         | -                           |
| Sonae com SI           | 196,756             | -                | -                     | 58,890         | 10,993,512                  |
| Sonaecom BV            | 72,881              | -                | -                     | 3,789          | (8,024,235)                 |
| Sonaetelecom BV        | -                   | -                | -                     | -              | (1,611,592)                 |
| Sonaecom SP            | 12                  | -                | -                     | -              | (45,370)                    |
| Others related parties |                     |                  |                       |                |                             |
| Be Artis               | (1,450,105)         | 3,382            | -                     | -              | -                           |
| Be Towering            | (17,688)            | -                | -                     | -              | -                           |
| Digitmarket            | 4,784               | 1,505            | -                     | -              | (4,989,600)                 |
| Lugares Virtuais       | (152,035)           | -                | 840,000               | 11,146         | -                           |
| Mainroad               | 185,279             | 4,269            | 470,000               | 13,948         | -                           |
| NOS Comunicações       | 3,687,494           | 153,703          | -                     | 45,787         | -                           |
| Saphety                | 8,726               | 5,433            | 40,000                | 50,421         | (1,568)                     |
| Sontária               | (5,628)             | 3,055            | -                     | 1,783          |                             |
| Wedo                   | 184,588             | -                | 858,000               | 25,920         | -                           |
| Others                 | (307)               | 103,905          | -                     | (59,480)       | -                           |
|                        | 6,253,827           | 275,252          | 110,193,000           | 3,431,453      | 313,714,718                 |

|                          |                    |                       |                      | Transactions at 30<br>June 2014 |
|--------------------------|--------------------|-----------------------|----------------------|---------------------------------|
|                          |                    | Supplies and services | Interest and similar |                                 |
|                          | Sales and services | received              | income / (expense)   | Supplementary                   |
|                          | rendered           | (note 17)             | (note 18)            | income                          |
| Parent Company           |                    |                       |                      |                                 |
| Sonae SGPS               | -                  | (771)                 | 1,001,287            | -                               |
| Subsidiaries             |                    |                       |                      |                                 |
| Miauger                  | -                  | -                     | (1,573)              | -                               |
| PCJ                      | -                  | -                     | 130,327              | -                               |
| Público                  | (4,444)            | 367                   | 113,493              | 1                               |
| Sonae com SI             | -                  | 15,466                | 426,465              | -                               |
| Sonaecom BV              | -                  | -                     | (154,777)            | -                               |
| Sonaetelecom BV          | -                  | -                     | (16,665)             | -                               |
| Sonaecom SP              | -                  | 146,826               | 4,378                | -                               |
| Wedo                     | 87,945             | -                     | 24,646               | -                               |
| Others related parties   |                    |                       |                      |                                 |
| Digitmarket              | 24,053             | 1,329                 | (18,361)             | -                               |
| Mainroad                 | 30,053             | -                     | 6,137                | -                               |
| Saphety                  | 24,053             | 1,546                 | 6,482                | -                               |
| SonaecenterII            | _                  | 53,191                | -                    | -                               |
| Raso - Viagens e turismo | -                  | 40,004                | -                    | -                               |
| Others                   | -                  | 659                   | -                    | -                               |
|                          | 161,660            | 258,617               | 1,521,839            | 1                               |



|                          |                    |                       |                      | Transactions at 30 June<br>2013 |
|--------------------------|--------------------|-----------------------|----------------------|---------------------------------|
|                          |                    | Supplies and services | Interest and similar |                                 |
|                          | Sales and services | received              | income / (expense)   |                                 |
|                          | rendered           | (note 17)             | (note 18)            | Supplementary income            |
| Parent Company           |                    |                       |                      |                                 |
| Sonae SGPS               | -                  | -                     | (14,844)             | -                               |
| Subsidiaries             |                    |                       |                      |                                 |
| Miauger                  | -                  | -                     | (3,175)              | -                               |
| Optimus SGPS             | -                  | -                     | 12,163,749           | -                               |
| PCJ                      | -                  | -                     | 135,103              | -                               |
| Público                  | 59,695             | (39,503)              | 52,236               | -                               |
| Sonae com SI             | 2,313              | -                     | 341,441              | -                               |
| Sonaecom BV              | -                  | -                     | (208,394)            | -                               |
| Sonaetelecom BV          | -                  | -                     | (25,068)             | -                               |
| Sonaecom SP              | -                  | -                     | (752)                | -                               |
| Others related parties   |                    |                       |                      |                                 |
| Be Artis                 | -                  | 14,266                | -                    | -                               |
| Be Towering              | -                  | (22,420)              | -                    | -                               |
| Digitmarket              | 23,336             | (2,193)               | (67,941)             | -                               |
| Lugares Virtuais         | 10,712             | 1,500                 | 19,465               | -                               |
| Mainroad                 | 35,003             | (600)                 | 19,713               | -                               |
| NOS Comunicações         | 1,558,469          | 366,875               | -                    | 52,537                          |
| Saphety                  | 21,423             | (71,889)              | (5,062)              |                                 |
| Sonae Center Serviços II | (9,917)            | 394,717               | =                    | -                               |
| Sontária                 | -                  | 11,469                | -                    | -                               |
| Wedo                     | 61,877             | 3,410                 | 30,726               | -                               |
| Others                   | -                  | 45,359                | -                    |                                 |
|                          | 1,762,911          | 700,991               | 12,437,197           | 52,537                          |

During 2012, the Group signed an agreement with Sonae SGPS, under which Sonae compromise to transfer to employees and board members of Sonaecom, Sonaecom SGPS shares, at the price of 1.184 euros, until 2016, as requested by Sonaecom and under the MTIP of Sonaecom. The average price of this contract was 1.184 euros per share and it was prepaid to Sonae SGPS S.A. by the amount of EUR 3,291,520.

During the year ended at 31 December 2013, Sonaecom partially anticipated the maturity of the contract, receiving the amount of Euro 4,444,207. At 11 July 2014 the company terminated this contract so, Sonae SGPS, SA will repay the remaining amount in debt.

All the above transactions were made at market prices.

Accounts receivable and payable to related companies will be settled in cash and are not covered by guarantees.

A complete list of the Sonaecom Group's related parties is presented in the appendix to this report.

## 21. Guarantees provided to third parties

Guarantees provided to third parties at 30 June 2014 and 2013 were as follows:

| Beneficiary  | Description  | 2014      | 2013      |
|--|--|-----------|-----------|
| Direção de Contribuições e Impostos (Portuguese tax authorities) | VAT reimbursements                                     | 1,435,379 | 5,955,731 |
| Direção de Contribuições e Impostos (Portuguese tax authorities) | Additional tax assessments (VAT, Stamp and Income tax) | 222,622   | 2,696,853 |
| Direção de Contribuições e Impostos (Portuguese tax authorities) | Others   |           | 16,795    |
|  |  | 1,658,001 | 8,669,379 |

In addition to these guarantees were set up sureties for the current fiscal processes. The Sonae SGPS consisted of Sonaecom SGPS surety to the amount of Euro 2,844,270 and Sonaecom SGPS consisted of NOS Comunicações surety for the amount of Euro 10.503.072.



At 30 June 2014, the Board of Directors of the Company believes that the decision of the court proceedings and ongoing tax assessments in progress will not have significant impacts on the financial statements.

## 22. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the net income of the year (Euro 5,949,600 in 2014 and Euro 27,002,027 in 2013) by the average number of shares outstanding during the periods ended at 30 June 2014 and 2013, net of own shares (324,071,300 in 2014 and 361,206,812 in 2013).

#### 23. Medium Term Incentive Plans

In June 2000, the Company created a discretionary Medium Term Incentive Plan for more senior employees, based on Sonaecom options and shares and Sonae-SGPS, S.A. shares. The vesting occurs three years after the award of each plan, assuming that the employees are still employed in the Company.

The Sonaecomplans outstanding at 31 December 2013 were summarized as follows:

|                   |                            | Vesting period |              | 3                                  | 1 December 2013  |
|-------------------|----------------------------|----------------|--------------|------------------------------------|------------------|
|                   | Share price at award date* | Award date     | Vesting date | Aggregate number of participations | Number of shares |
| Sonaecom shares   |                            |                |              |                                    |                  |
| 2010 Plan         | 1.399                      | 10-Mar-11      | 10-Mar-14    | 2                                  | 206,064          |
| 2011 Plan         | 1.256                      | 09-Mar-12      | 10-Mar-15    | 2                                  | 221,505          |
| 2012 Plan         | 1.505                      | 08-Mar-13      | 10-Mar-16    | 2                                  | 129,694          |
| Sonae SGPS shares |                            |                |              |                                    |                  |
| 2010 Plan         | 0.811                      | 10-Mar-11      | 10-Mar-14    | 2                                  | 214,640          |
| 2011 Plan         | 0.401                      | 09-Mar-12      | 10-Mar-15    | 2                                  | 419,985          |
| 2012 Plan         | 0.701                      | 08-Mar-13      | 10-Mar-16    | 2                                  | 163,966          |

\*Average share price in the month prior to the award date, for Sonaecom shares and the lower of the average share price for the month prior to the Annual General Meeting and the share price on the day after the Annual General Meeting, for Sonae SGPS shares.

At 10 March 2014, Sonaecom shares plans were converted in full for shares Sonae SGPS. This conversion was based on the terms set out in exchange takeover bid at 20 February 2014, referred to in Note 12 to determine the fair value of Sonaecom plans, and based on the price of shares Sonae SGPS.

Therefore, the conversion of the plans was based Sonaecom/Sonae SGPS implied ratio under fixed the takeover bid (1 Sonaecom Action - Sonae SGPS shares approximately 2.05).

After conversion at 10 March 2014, the converted plans can be detailed as follows:

|                   |                                     |            | Vesting period |                                    | 10 March 2014    |
|-------------------|-------------------------------------|------------|----------------|------------------------------------|------------------|
|                   | Share price at 20<br>Februaru 2014* | Award date | Vesting date   | Aggregate number of participations | Number of shares |
| Sonae SGPS shares |                                     |            |                |                                    |                  |
| 2010 Plan         | 1.258                               | 10-Mar-11  | 10-Mar-14      | 2                                  | 422,647          |
| 2011 Plan         | 1.258                               | 09-Mar-12  | 10-Mar-15      | 2                                  | 454,317          |
| 2012 Plan         | 1.258                               | 08-Mar-13  | 10-Mar-16      | 2                                  | 266,008          |

<sup>\*</sup>Quotation of the day of publication of the results of the Tender Offer

By the Board Nomination and Remuneration Decision, the delivery of the 2010 Plan was prosecute in May 2014.



Therefore, the plans still open at 30 June 2014 are as follows:

|  |   |            | Vesting period |                                    | 30 June 2014     |
|--|---|------------|----------------|------------------------------------|------------------|
|  | Share price at 30 June 2014/ Award date | Award date | Vesting date   | Aggregate number of participations | Number of shares |
| Sonae SGPS shares ( Arising from the conversion of |   |            |                |                                    |                  |
| Sonaecom plans)                                    |   |            |                |                                    |                  |
| 2011 Plan  | 1.199                                   | 09-Mar-12  | 10-Mar-15      | 2                                  | 466,679          |
| 2012 Plan  | 1.199                                   | 08-Mar-13  | 10-Mar-16      | 2                                  | 273,247          |
| Sonae SGPS shares                                  |   |            |                |                                    |                  |
| 2011 Plan  | 0.401                                   | 09-Mar-12  | 10-Mar-15      | 2                                  | 431,413          |
| 2012 Plan  | 0.701                                   | 08-Mar-13  | 10-Mar-16      | 2                                  | 168,427          |
| 2013 Plan  | 1.199                                   | 10-Mar-14  | 10-Mar-17      | 2                                  | 273,247          |

During the period ended at 30 June 2014, the movements that occurred in the plans can be summarized as follows:

|                                  |                                    | Sonaecom shares  |                                    | Sonae SGPS shares |
|----------------------------------|------------------------------------|------------------|------------------------------------|-------------------|
|                                  | Aggregate number of participations | Number of shares | Aggregate number of participations | Number of shares  |
| Outstanding at 31 December 2013: |                                    |                  |                                    |                   |
| Unvested                         | 6                                  | 557,263          | 6                                  | 798,591           |
| Total                            | 6                                  | 557,263          | 6                                  | 798,591           |
| Movements in year:               |                                    |                  |                                    |                   |
| Awarded                          | -                                  | -                | 2                                  | 266,008           |
| Vested                           | -                                  | -                | (4)                                | (637,287)         |
| Converted                        | (6)                                | (557,263)        | 6                                  | 1,142,972         |
| Cancelled / lapsed / corrected*  | -                                  | -                | -                                  | 42,729            |
| Outstanding at 30 June 2014:     |                                    |                  |                                    |                   |
| Unvested                         | -                                  | -                | 10                                 | 1,613,013         |
| Total                            |                                    | -                | 10                                 | 1,613,013         |

<sup>\*</sup>The adjustments are made for dividends paid and for share capital changes and others adjustments, namely, resulting from a change in the vesting of the MTIP, which may now be made through the purchase of shares with a discount.

The responsibility for all plans was recognized under 'Other current liabilities' and 'Other non-current liabilities'. For originally plans of Sonae SGPS shares, the Group entered into hedging contract with external entities, and the responsibilities are calculated based on the prices agreed on those contracts.

The detail of the hedging contracts is as follows:

| The detail of the neaging contracts is as follows: | Sonae SGPS snares        | ecom<br>shares           |  |  |
|--|--------------------------|--------------------------|--|--|
|  | 2011 Plan 2012 Plan 201  | 11 Plan                  |  |  |
| Notional value                                     | 323,727 268,451 492      | 2,439                    |  |  |
| Maturity   | Mar-15 Mar-16 D          | ec-16                    |  |  |
| Level of inputs in the hierarchy of fair value     | Nível 2                  |                          |  |  |
| Valuation method                                   | Current replacement cost | Current replacement cost |  |  |
| Fair value*  | 632,845 192,551 28       | 31,929                   |  |  |

 $<sup>^{\</sup>star}$  Used the share price of 30 June 2014 in the determination of the fair value.

During the year 2012, Sonaecom signed a contract with Sonae SGPS, SA, in which it undertook to make, by the end of year 2016 the transfer of shares to employees Sonaecom SGPS group by indication Sonaecom and under the incentive plans medium term. During



the year ended at 31 December 2013, Sonaecom partially anticipated the maturity of the contract and at 11 July 2014 the company ceased it.

Share plan costs are recognised in the accounts over the period between the award and the vesting date of those plans. The costs recognised in previous years and in the period ended at 30 June 2014, were as follows:

|   | Sonaecom<br>shares | Sonae SGPS<br>shares | Zon Optimus<br>SGPS shares | Total       |
|---|--------------------|----------------------|----------------------------|-------------|
| Costs recognised in previous years        | 2,905,435          | 3,376,254            | 399,083                    | 6,680,772   |
| Costs recognised in the period            | 57,543             | 232,547              | 20,039                     | 310,129     |
| Impact of conversion of Sonaecom Plans    | (531,505)          | 1,666,165            | -                          | 1,134,660   |
| Costs of plans vested in previous years   | (2,431,473)        | (3,112,960)          | -                          | (5,544,433) |
| Costs of plans vested in the period       |                    | (992,675)            | -                          | (992,675)   |
|   |                    | 1,169,331            | 419,122                    | 1,588,453   |
| Responsability of plans                   | 281,929            | 1,994,727            | 419,122                    | 2,695,778   |
| Fair value of hedging contracts (1)       | (281,929)          | (825,396)            | -                          | (1,107,325) |
| Recorded in cash and cash equivalents (2) | -                  | -                    | (43,048)                   | (43,048)    |
| Recorded in other current liabilities     | -                  | 859,877              | 218,955                    | 1,078,832   |
| Recorded in other non current liabilities | -                  | 309,454              | 243,215                    | 552,669     |
| Recorded in reserves                      | -                  | _                    | =                          | _           |

(1)Sonaecom has signed hedging contracts to cover its responsibilities related with the medium and long-term group' incentive plans, later transferring, through contracts, the responsibility for each company of the group. The fair value of the hedging contracts, considered in the table above, corresponds to the amount that covers Sonaecom employees' responsibility.

(2)Sonaecom partially anticipated the maturity of the hedging contract with Sonae SGPS, receiving an amount equivalent to the present market value of Sonaecom shares.

At 10 March 2014, Sonaecom shares plans were fully converted into shares Sonae SGPS. This conversion was based on the terms of trade set out in the Tender Offer at 20 February 2014, referred to in Note 12, to determine the fair value of the plans and, based on the share prices Sonae SGPS. Therefore, it was determined the number of shares to be delivered to Sonae SGPS employees. The liability relating to the period of each plan on the date of conversion (EUR 1,551,080) was recognized under 'Other current liabilities' and' Other non current liabilities' by hand 'equity in accordance with the provisions of IFRS 2.

In 27 August 2013, part of the Sonaecom and Sonae SGPS plans outstanding were converted to NOS plans. The conversion of the Sonaecom plans was made according to the merger ratio, but the conversion of Sonae SGPS plans was made according to the fair value of the shares. This decision was duly approved by the Board Nominations and Remunerations Committee. The cost of NOS plans was recognized until 30 September 2013, date on which NOS started to take responsibility for them. The responsibility of these plans was calculated based on share price of 30 September 2013 and was recorded under the headings of 'Other current liabilities' and 'Other non-current liabilities'.

These financial statements were approved by the Board of Directors on 5 August 2014.

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union and the format and disclosures required by those Standards, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.



# Appendix

At 30 June 2014, the related parties of Sonaecom, SGPS, S.A. are as follows

| Key management personnel - Sonaecom           |                                   |  |  |
|---|-----------------------------------|--|--|
| Ângelo Gabriel Ribeirinho dos Santos Paupério | Maria Cláudia Teixeira de Azevedo |  |  |
| António Bernardo Aranha da Gama Lobo Xavier   |                                   |  |  |

| Key management personnel - Sonae SGPS |                                  |  |
|---------------------------------------|----------------------------------|--|
| Álvaro Carmona e Costa Portela        | Christine Cross                  |  |
| Álvaro Cuervo Garcia                  | Duarte Paulo Teixeira de Azevedo |  |
| Belmiro de Azevedo                    | José Manuel Neves Adelino        |  |
| Bernd Hubert Joachim Bothe            | Michel Marie Bon                 |  |

| Sonaecom Group Companies                               |  |  |  |  |
|--|--|--|--|--|
| Cape Technologies Limited                              | Sonaetelecom BV                                |  |  |  |
| Digitmarket – Sistemas de Informação, S.A.             | Tecnológica Telecomunicações LTDA.             |  |  |  |
| Mainroad – Serviços em Tecnologias de Informação, S.A. | WeDo do Brasil – Soluções Informáticas, Ltda   |  |  |  |
| PCJ - Público, Comunicação e Jornalismo, S.A.          | WeDo Consulting – Sistemas de Informação, S.A. |  |  |  |
| Praesidium Services Limited                            | WeDo Technologies Mexico, S de R.L.            |  |  |  |
| Público – Comunicação Social, S.A.                     | We Do Technologies Panamá S.A.                 |  |  |  |
| Saphety Brasil Transações Eletrônicas Ltda.            | WeDo Poland Sp. Z.o.o.                         |  |  |  |
| Saphety – Transacciones Electronicas SAS               | We Do Technologies Singapore PTE. LTD.         |  |  |  |
| Saphety Level - Trusted Services, S.A.                 | WeDo Technologies Australia PTY Limited        |  |  |  |
| Sonae com – Sistemas Informação, SGPS, S.A.            | WeDo Technologies Egypt LLC                    |  |  |  |
| Sonaecom – Sistemas de Información España, S.L.        | WeDo Technologies (UK) Limited                 |  |  |  |
| Sonaecom BV  | WeDo Technologies Americas, Inc.               |  |  |  |
| Sonaecom - Cyber security and intelligence, SGPS, S.A. | WeDo Technologies BV                           |  |  |  |
| Sonaecom, SGPS, S.A.                                   | WeDo Technologies BV – Sucursal Malaysia       |  |  |  |
| Sonaecom - Serviços Partilhados, S.A.                  |  |  |  |  |



3shoppings - Holding,SGPS, S.A ADD Avaliações Eng. A.e Pericias, Ltda

Adlands B.V. Aegean Park,SA

Agepan Eiweiler Management GmbH

Agepan Tarket Laminate Park GmbH Co. KG

Agloma Investimentos, Sgps, S.A. Agloma-Soc.Ind.Madeiras e Aglom.,SA

Airone - Shopping Centre, SrI ALEXA Administration GmbH ALEXA Holding GmbH

ALEXA Shopping Centre GmbH

Algarveshopping-Centro Comercial, S.A.

Aqualuz - Turismo e Lazer, Lda

Arat Inmuebles, S.A. ARP Alverca Retail Park, SA

Arrábidashopping-Centro Comercial, S.A.

Aserraderos de Cuellar,SA Atelgen-Produção Energia, ACE Atlantic Ferries-Tráf.Loc,Flu.e Marít,SA

Avenida M-40 B.V. Azulino Imobiliária, S.A. BA Business Angels, SGPS, SA

BA Capital, SGPS BB Food Service, SA

Be Artis-Conc., Const.e Gest. Redes Com, SA Be Towering-Gestão de Torres de Telec, SA

Beeskow Holzwerkstoffe

Beralands BV

Bertimóvel - Sociedade Imobiliária, S.A.

BIG Picture 2 Films

Bloco Q-Sociedade Imobiliária,SA Bloco W-Sociedade Imobiliária,SA BOM MOMENTO - Restauração, S.A.

BOM MOMEN I O - Restauração, S.A.
Canasta-Empreendimentos Imobiliários,SA
Carnes do Continente-Ind.Distr.Carnes,SA
Carvemagere-Manut.e Energias Renov., Lda
Casa da Ribeira - Hotelaria e Turismo,SA
Casa da Ribeira-Sociedade Imobiliária,SA
Cascaishopping-Centro Comercial, S.A.
Cascaishopping Holding I, SGPS, S.A.
CCCB Caldas da Rainha-Centro Com., SA
Centro Colombo-Centro Comercial, S.A.

Centro Residencial da Maia, Urban., SA Centro Vasco da Gama-Centro Comercial, SA Chão Verde-Soc. Gestora Imobiliária, SA

Cinclus Imobiliária, SA

Citorres-Sociedade Imobiliária, SA Coimbrashopping-Centro Comercial, S.A.

Colombo Towers Holding, BV Companhia Térmica Hectare, ACE Companhia Térmica Tagol, Lda. Contacto Concessões, SGPS, S.A.

Contibomba-Comérc.Distr.Combustiveis,SA

Contimobe-Imobil.Castelo Paiva,SA Continente Hipermercados, S.A. Country Club da Maia-Imobiliaria,SA

Craiova Mall BV

Cronosaúde - Gestão Hospitalar, S.A. CTE-Central Termoeléct. do Estuário, Lda



Cumulativa - Sociedade Imobiliária, S.A.

Darbo SAS

Discovery Sports, SA Distodo Distribui e Logist, Lda Dortmund Tower GmbH

Dos Mares - Shopping Centre B.V. Dos Mares-Shopping Centre, S.A.

Dreamia, B.V

Dreamia, Serv de Televisão, SA Ecociclo - Energia e Ambiente, SA

Ecociclo II

Edições Book.it, S.A.

Efanor Investimentos, SGPS, S.A. Efanor Serviços de Apoio à Gestão, S.A. Empracine-E.Pro.Act. Cinem,Lda Empreend.Imob.Quinta da Azenha,SA Enerlousado-Recursos Energéticos, Lda.

Equador & Mendes,Lda

Estação Viana - Centro Comercial, S.A. Estêvão Neves-Hipermercados Madeira, SA

Euroresinas-Indústrias Quimicas,SA

Farmácia Selecção, SA Fashion Division Canárias, SL Fashion Division, S.A.

Feneralt-Produção de Enercia, ACE FINSTAR-Socied.Investim.Par SA Fozimo-Sociedade Imobiliária, SA Fozmassimo - Sociedade Imobiliária, SA Freccia Rossa-Shopping Centre S.r.l. Fundo de Invest. Imobiliário Imosede

Fundo Esp.Inv.Imo.Fec. WTC

Fundo I.I. Parque Dom Pedro Shop.Center Fundo Invest. Imobiliário Imosonae Dois Fundo Invest. Imob. Shopp. Parque D.Pedro Gaiashopping I- Centro Comercial, S.A. Gaiashopping II- Centro Comercial, S.A.

GHP Gmbh

Gli Orsi Shopping Centre 1 Srl

Glunz AG

Glunz Service GmbH Glunz UK Holdings Ltd Glunz Uka Gmbh

Golf Time-Golfe e Invest. Turísticos, SA

Guimarãeshopping-Centro Comercial, S.A.

Harvey Dos Iberica, S.L.

Herco Consul.Riscos Corret.Seguros, Ltda

Herco, Consultoria de Risco, S.A.

HighDome PCC Limited

Iberian Assets, SA

Igimo-Sociedade Imobiliária,SA Iginha-Sociedade Imobiliária,SA. Imoareia - Invest. Turísticos, SGPS, SA

IMOBEAUTY, S.A. Imobiliária da Cacela, S.A.

Imoclub-Serviços Imobilários,SA Imoconti-Soc.Imobiliária,SA

Imocorti- Soc.imobiliaria, SA Imodivor - Sociedade Imobiliária, S.A. Imoestrutura-Soc.Imobiliária, SA Imohotel-Emp.Turist.Imobiliários, SA

Imomuro-Sociedade Imobiliária, SA Imopenínsula - Sociedade Imobiliária, SA Imoplamac Gestão de Imóveis, SA

Imopiamac Gestao de imoveis Imoponte-Soc.Imobiliaria,SA

Imoresort - Sociedade Imobiliária, S.A. Imoresultado-Soc.Imobiliaria, SA Imosedas-Imobiliária e Seviços, SA Imosistema-Sociedade Imobiliária, SA

Impaper Europe GmbH Implantação - Imobiliária, S.A. Infofield-Informática, SA

Inparsa - Gestão Galeria Comercial, SA

Inparvi SGPS, SA Integrum - Energia, SA Integrum ACE, SA

Integrum Colombo Energia, SA
Integrum Engenho Novo - Energia, S.A.
INTEGRUM II - ENERGIA, S.A.

INTEGRUM III - ENERGIA, S.A. Integrum Martim Longo - Energia, S.A. Integrum Vale do Caima - Energia, SA Integrum Vale do Tejo - Energia, SA

Interlog-SGPS,SA

Invesaude - Gestão Hospitalar S.A. Ioannina Develop. of Shopping Centers SA

Isoroy SAS

La Farga - Shopping Center, SL



Land Retail B.V.

Larim Corretora de Resseguros, Ltda Larissa Develop. of Shopping Centers, SA Lazam MDS Corretora e Adm. Seguros, SA

Le Terrazze - Shopping Centre 1 Srl

Libra Serviços, Lda.

Loop 5 - Shopping Centre, GmbH

Lusomundo España, SL Lusomundo Imobiliária 2, SA Lusomundo Moçambique, Lda Lusomundo Soc. Inv. Imob. SA Luz del Tajo - Centro Comercial S.A.

Luz del Tajo B.V.

Madeirashopping-Centro Comercial, S.A. Maiashopping-Centro Comercial, S.A. Maiequipa-Gestão Florestal, SA

Marcas do Mundo-Viag. e Turismo Unip,Lda

Marcas MC, ZRT Marina de Tróia S.A.

Marinamagic-Expl.Cent.Lúdicos Marít,Lda Marmagno-Expl.Hoteleira Imob.,SA

Martimope-Empreendimentos Turísticos, SA

Marvero-Expl.Hoteleira Imob.,SA

MDS Affinity-Sociedade de Mediação Lda

MDS Africa SGPS, S.A.

MDS Auto - Mediação de Seguros, SA MDS Corretor de Seguros, SA

Mds Knowledge Centre, Unipessoal, Lda

MDS Malta Holding Limited

MDS, SGPS, SA Megantic BV

Miral Administração Corretagem Seg, Ltda MJLF-Empreendimentos Imobiliários, SA Modalfa-Comércio e Serviços,SA

MODALLOOP - Vestuário e Calçado, SA Modelo - Dist.de Mat. de Construção, S.A. Modelo Continente Hipermercados, SA Modelo Continente International Trade, SA

Modelo Hiper Imobiliária, SA

Modelo.com-Vendas p/Correspond.,SA Movelpartes-Comp.para Ind.Mobiliária,SA Movimento Viagens-Viag. e Turismo U.Lda

MSTAR, SA

Münster Arkaden BV

Norte Shop. Retail and Leisure Centre BV

Norteshopping-Centro Comercial, S.A.

NOS Açores Comunicações, SA

NOS Comunicações, S.A.

NOS Lusomundo Audiovisuais, SA

NOS Lusomundo Cinemas, SA

NOS Lusomundo TV Lda

NOS Madeira Comunicações, SA

NOS, SGPS, S.A.

NOSPUB, Publicidade e Conteúdos, S.A. Nova Equador Internacional, Ag. Viag. T, Ld

Nova Equador P.C.O. e Eventos

Novobord (PTY) Ltd. Novodecor (PTY), LTD OSB Deustchland Gmbh Pantheon Plaza BV

Paracentro - Gest.de Galerias Com., S.A.

Pareuro, BV

Park Avenue Develop. of Shop. Centers SA

Parklake Shopping Srl

 $Parque\ Atlântico\ Shopping\ -\ C.C.,\ SA$ 

Parque D. Pedro 1 B.V.

Parque de Famalicão - Empr. Imob., S.A.

Parque Principado SL

Pátio Boavista Shopping Ltda. Pátio Campinas Shopping Ltda Pátio Goiânia Shopping Ltda

Pátio Londrina Empreend.e Particip.Ltda

Pátio Penha Shopping Ltda. Pátio São Bernardo Shopping Ltda Pátio Sertório Shopping Ltda Pátio Uberlândia Shopping Ltda

Peixes do Continente-Ind.Dist.Peixes,SA Per-Mar-Sociedade de Construções,SA Pharmaconcept - Actividades em Saúde, SA PHARMACONTINENTE - Saúde e Higiene, S.A. PJP - Equipamento de Refrigeração, Lda

Plaza Eboli B.V.

Plaza Eboli - Centro Comercial S.A. Plaza Mayor Holding, SGPS, S.A. Plaza Mayor Parque de Ócio B.V. Plaza Mayor Parque de Ocio,SA Plaza Mayor Shopping B.V. Plaza Mayor Shopping, SA



Poliface North America

Porturbe-Edificios e Urbanizações,SA Powercer-Soc.de Cogeração da Vialonga,SA

Praedium - Serviços, SA Praedium II-Imobiliária,SA Praedium SGPS, SA

Predicomercial-Promoção Imobiliária,SA Predilugar - Sociedade Imobiliária, SA Prédios Privados Imobiliária,SA Predisedas-Predial das Sedas,SA

Proj. Sierra Germany 4 (four)-Sh.C.GmbH Proj. Sierra Italy 2 - Dev.of Sh.C. Srl Proj.Sierra Germany 2 (two)-Sh.C.GmbH

Project 4, SrI
Project SC 1 BV
Project SC 2 BV
Project Sierra 10 BV
Project Sierra 11 BV
Project Sierra 12 BV
Project Sierra 2 B.V.
Project Sierra 6 BV
Project Sierra 8 BV

Project Sierra Four Srl Project Sierra Spain 1 B.V. Project Sierra Spain 2 B.V.

Project Sierra Spain 2-Centro Comer. SA

Project Sierra Spain 3 B.V.

Project Sierra Spain 3-Centro Comer. SA

Project Sierra Two Srl

Promessa Sociedade Imobiliária, S.A. Quorum Corretores de Seguros Ltda Racionaliz. y Manufact.Florestales, SA Raso - Viagens e Turismo, S.A.

Raso, SGPS, SA River Plaza BV River Plaza Mall, Srl

Rochester Real Estate, Limited Ronfegen-Recursos Energéticos, Lda. RSI Corretora de Seguros, Ltda

S.C. Microcom Doi Srl

Saúde Atlântica - Gestão Hospitalar, SA

SC Aegean B.V. SC Assets SGPS, SA SC Finance BV

SC For-Serv.Form.e Desenv.R.H.,Unip.,Lda

SC Mediterranean Cosmos B.V.

SC, SGPS, SA SC-Consultadoria, SA

SC-Eng. e promoção imobiliária, SGPS, S.A.

SCS Beheer, BV

SDSR - Sports Division 2, S.A. SDSR - Sports Division SR, S.A.

Selifa-Empreendimentos Imobiliários, SA Sempre à Mão - Sociedade Imobiliária, SA Sesagest-Proj. Gestão Imobiliária, SA Sete e Meio - Invest. Consultadoria, SA Sete e Meio Herdades-Inv. Agr. e Tur., SA Shopping Centre Colombo Holding, BV Shopping Centre Parque Principado B.V.

SIAL Participações, Lda Sierra Asia Limited Sierra Berlin Holding BV Sierra Brazil 1 B.V. Sierra Central S.A.S.

Sierra Developments Holding B.V. Sierra Developments, SGPS, S.A.

Sierra Enplanta Ltda

Sierra European R.R.E. Assets Hold. B.V.

Sierra Germany GmbH Sierra GP Limited Sierra Greece, S.A.

Sierra Investimentos Brasil Ltda Sierra Investments (Holland) 1 B.V. Sierra Investments (Holland) 1 B.V. Sierra Investments (Holland) 2 B.V. Sierra Investments (Holland) 2 B.V. Sierra Investments Holding B.V. Sierra Investments Holding B.V. Sierra Investments SGPS, S.A. Sierra Investments SGPS, S.A. Sierra Italy Holding B.V.

Sierra Italy Srl

Sierra Italy Holding B.V.

Sierra Management Germany GmbH Sierra Management Italy S.r.l. Sierra Management Romania, Srl



Sierra Management Spain – Gestión C.Com.S.A.

Sierra Management, SGPS, S.A. Sierra Management, SGPS, S.A.

Sierra Portugal, S.A. Sierra Portugal, SA Sierra Project Nürnberg BV

Sierra Property Management Greece, SA

Sierra RE Greece BV

Sierra Reval-PM Mark. and Consult., Inc Sierra Romania Sh. Centers Services Srl

Sierra Services Holland 2 BV Sierra Services Holland B.V. Sierra Solingen Holding GmbH Sierra Spain 2 Services, S.A.

Sierra Spain, Shop. Centers Serv., S.A.U. Sierra Spain, Shop. Centers Services, SL

Sierra Zenata Project B.V.

SII – Soberana Invest. Imobiliários, S.A. SII - Soberana Invest. Imobiliários, SA

SIRS - Sociedade Independente de Radiodifusão Sonora, S.A.

SISTAVAC, S.A. SISTAVAC, S.A. SISTAVAC, SGPS, S.A.

SISTAVAC-Sistemas HVAC-R do Brasil, Ltda

SKK - Central de Distr., S.A.

SKK SRL SKK SRL

SKK-Central de Distr., SA

SKKFOR - Ser. For. e Desen. de Recursos SKKFOR - Ser. For. e Desen. de Recursos Soc.Inic.Aproveit.Florest.-Energias,SA Sociedade de Construcões do Chile, S.A.

Sociedade Independente de Radiodifusão Sonora, S.A.

Société de Tranchage Isoroy S.A.S. Société de Tranchage Isoroy SAS. Socijofra – Sociedade Imobiliária, S.A. Socijofra-Sociedade Imobiliária, S.A. Sociloures – Soc.Imobiliária, S.A. Sociloures-Soc.Imobiliária, S.A.

Soconstrução BV Soconstrução BV Sodesa, S.A. Soflorin, BV

Soflorin, BV

Soira – Soc.Imobiliária de Ramalde, S.A.

Soira-Soc.Imobiliária de Ramalde,SA

Solinca - Eventos e Catering, SA Solinca - Health & Fitness, SA Solinca - Health and Fitness, SA Solinca - Investimentos Turísticos, S.A.

Solinca – Investimentos Turísticos, S.A Solinca-Investimentos Turísticos, S.A Solinfitness - Club Malaga, S.L.

Solinfitness – Club Malaga, S.L. Solingen Shopping Center GmbH Solingen Shopping Center GmbH

SOLSWIM-Gestão e Expl.Equip.Aquáticos,SA SOLSWIM-Gestão e Expl.Equip.Aquáticos,SA Soltroia – Imob.de Urb.Turismo de Tróia, S.A. Soltroia-Imob.de Urb.Turismo de Tróia.SA

Somit Imobiliária Somit Imobiliária,SA

SONAE - Specialized Retail, SGPS, SA Sonae - Specialized Retail, SGPS, SA

Sonae Capital Brasil, Lda Sonae Capital Brasil, Lda Sonae Capital, SGPS, SA Sonae Capital, SGPS, S.A. Sonae Center II S.A.

Sonae Center Serviços II, SA Sonae Center Serviços, S.A. Sonae Financial Services, S.A.

Sonae Ind., Prod. e Com.Deriv.Madeira, S.A. Sonae Ind., Prod. e Com.Deriv.Madeira, SA Sonae Indústria - Management Services, SA

**Sonae Indústria – SGPS, S.A.** Sonae Industria (UK),Ltd

Sonae Industria de Revestimentos, S.A. Sonae Industria de Revestimentos, SA Sonae Indústria Manag. Serv, SA Sonae Indústria-SGPS, SA Sonae Investimentos, SGPS, SA Sonae Investimentos, SGPS, SA

Sonae Investments, BV

Sonae MC - Modelo Continente, SGPS, SA

Sonae Novobord (PTY) Ltd Sonae Novobord (PTY) Ltd

Sonae RE, S.A. Sonae RE, S.A.

Sonae Retalho Espana-Servicios Gen., SA

Sonae SGPS, SA



Sonae Sierra Brasil SA

Sonae Sierra Brazil B.V.

Sonae Sierra, SGPS, S.A. Sonae Tafibra Benelux, BV

Sonae Turismo-SGPS,SA

SONAECENTER SERVIÇOS, SA

Sonaegest-Soc.Gest.Fundos Investimentos

Sonaerp - Retail Properties, SA SONAESR - Serviços e logistica, SA

Sondis Imobiliária, SA

Sontaria-Empreend.Imobiliários,SA

Sontel BV Sontur BV Sonvecap BV Sopair, S.A.

Sótaqua - Soc. de Empreendimentos Turist

Soternix-Produção de Energia, ACE

Spanboard Products,Ltd SPF- Sierra Portugal Spinarq Moçambique, Lda

Spinarq-Engenharia,Energia e Ambiente,SA

Spinveste - Promoção Imobiliária, SA Spinveste-Gestão Imobiliária SGII,SA

Sport TV Portugal, SA Sport Zone Canárias

Sport Zone España-Com.Art.de Deporte,SA

Sport Zone Turquia Spred, SGPS, SA Tableros Tradema,S.L.

Tafiber, Tableros de Fibras Ibéricas, SL

Tafibra Suisse, SA

Tafisa Canadá Societé en Commandite

Tafisa Développement Tafisa France, SA Tafisa Investissement Tafisa Participation Tafisa UK,Ltd

Tafisa-Tableros de Fibras, SA

Taiber, Tableros Aglomerados Ibéricos, SL Tecmasa Reciclados de Andalucia, S.L.

Teconologias del Medio Ambiente, SA Teliz Holding B.V. Textil do Marco, SA

The Artist Porto Hot.&Bistrô-Act.Hot.,SA

TLANTIC B.V.

Tlantic Portugal-Sist. de Informação, SA Tlantic Sistemas de Informação Ltd<sup>a</sup> Todos os Dias-Com.Ret.Expl.C.Comer.,S.A.

Tool Gmbh

Torre Ocidente, Imobiliária, SA Torre São Gabriel-Imobiliária, SA Troia Market-Supermercados, S.A.

Troia Natura, S.A.

Troiaresort-Investimentos Turísticos, SA Troiaverde-Expl.Hoteleira Imob.,SA Tulipamar-Expl.Hoteleira Imob.,SA Unipress – Centro Gráfico, Lda Unishopping Administradora Ltda.

Unishopping Consultoria Imob. Ltda. Upstar Comunicações SA

Urbisedas-Imobiliária das Sedas, SA

Valecenter Srl VALOR N, S.A.

Via Catarina- Centro Comercial, S.A. Viajens y Turismo de Geotur España, S.L. Vistas do Freixo-Emp.Tur.Imobiliários,SA

Vuelta Omega, S.L. Weiterstadt Shopping BV World Trade Center Porto, S.A.

Worten Canárias

Worten España Distribución, SL Worten-Equipamento para o Lar, SA ZIPPY - Comercio y Distribución, S.A. ZIPPY - Comércio e Distribuição, SA

Zippy Turquia

Zon Audiovisuais, SGPS Zon Cinemas, SGPS ZON Finance BV

ZON III-COMUNICAÇ ELETRÓN SA ZON II-SERVIÇOS TELEVISÃO,SA

Zon TV Cabo SGPS SA

Zon TV Cabo, SA

Zubiarte Inversiones Inmob,SA ZYEVOLUTION-Invest.Desenv.,SA Sonaecom SGPS is listed on the Euronext Stock Exchange. Information is available on Reuters under the symbol SNC.LS and on Bloomberg under the symbol SNC:PL.

#### SAFE HARBOUR

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Report available on Sonaecom's corporate website www.sonae.com

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