



First Half 2014 REPORT & ACCOUNTS

SDC Investimentos, SGPS, S.A.
Company with open equity to public investment
Rua de Santos Pousada, 220 4000-478 Porto
Share Capital: 160.000.000 Euros
Corporate body and register number (at the Oporto commercial registry office): 500 265 763



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FIRST HALF OF 2014 MANAGEMENT REPORT

(Non audited accounts)

1. FIRST HALF OF 2014 CONSOLIDATED EARNINGS

HIGHLIGHTS

- Consolidated net earnings attributable to the Group by the end of the first half of 2014 was -6.5 million Euros, better than the restated figure of the same period of the previous year (-9.2 million Euros);
- Gains and losses in associated companies and jointly managed investments (consolidated by the equity method) had a positive contribution of 5.0 million Euros, although less expressive than in the previous year (+8.0 million Euros in the first half of 2013);
- EBITDA reached -0.3 million Euros (5.4 million Euros in the first half of 2013, set by the real estate sales in Angola, not repeated in 2014);
- Financial result of -8.1 million Euros (-6.4 million Euros in the first half of 2013), including an improvement in the net financing cost (from -7.1 to -6.1 million Euros), though not benefiting from the capital gains contribution registered in the previous year (related with the sale of concessions in Costa Rica);
- Prince Contracting, LLC (USA) sale was concluded on May 15, by 18 million Dollars; an agreement to the sale of the participation held in the concessionaire *Estradas do Zambeze* (Zambezi Roads) and in its operational company, in Mozambique, by a total of 4.8 million Euros, was signed in May (awaiting approval from external entities to the parties);
- Conclusion on February 12 of the capitalization operation of the construction business area and beginning of the effectiveness the Strategic Partnership and Shareholder Agreement with GAM Holdings, SA.

Key Financial Indicators

| (thousand Euros) | 1H 2014 | 1H 2013 ^(*) | Change |
|--|----------|------------------------|---------|
| Turnover | 6,543.1 | 29,578.0 | -77.9% |
| of which turnover from the real estate business area | 2,631.1 | 21,559.6 | -87.8% |
| EBITDA | -321.8 | 5,427.7 | -105.9% |
| Operational result (EBIT) from the continued activities | -2,390.9 | 2,559.3 | -193.4% |
| Gains and losses in associated companies and jointly managed investments | 4,956.5 | 7,973.7 | -37.8% |
| Financial result | -8,113.0 | -6,355.6 | -27.7% |
| Earnings before taxes | -5,547.5 | 4,177.4 | - |
| Net earnings from continued activities | -5,975.6 | 4,015.8 | - |
| Net earnings from discontinued activities | -989.7 | -13,281.3 | - |
| Consolidated net earnings attributable to the Group | -6,518.4 | -9,237.6 | 29.4% |

(*) Restated

Notes:

1. Continuing operations: includes fully consolidated companies (real estate, concessions, parking facilities, energy and companies in the United States, except Prince);
2. Associated companies and jointly managed investments with participations between 20% and 50% accounted for by the equity method (essentially subsidiaries of roads and water concessions);
3. Discontinued activities: construction area – Soares da Costa Construção SGPS, SA and its subsidiaries (2013) and Prince (2013 and 2014);

Please see organization chart with participations and accounting policies and notes to the financial statements.



ACTIVITY ANALYSIS

Activity during the first half of this year run under a macroeconomic environment of moderate recovery, confirming the reversal from the continuous declining trend of the economic activity observed since 2010 initiated in the second quarter of 2013 onwards.

Also to be highlighted is the conclusion of the Financial and Economic Help Program, which constituted an important milestone of the Portuguese economy adjustment process. During the execution of this program, there has been significant progress in correcting the major macroeconomic imbalances, preserving financial stability and regaining access to the international debt markets by the Portuguese Republic. There remain, however, several weaknesses, particularly in terms of investment, the companies' financial structure and structural unemployment, which resolution, ensuring the consolidation of progress achieved, will enable the country to resume a process of real convergence with European partners.

In its Economic Bulletin in June, the Bank of Portugal traces projections for an activity recovery in 2014-2016, with average growth rates of 1.1% in 2014, 1.5% in 2015 and 1.7% in 2016, reflecting the prospect of gradual recovery in domestic demand and maintaining a robust export growth.

By sector, in the construction business, we emphasize the continuation of falling trend that has been invariably recorded in the latest years although lately at a slower pace, with the index of production in construction to record in May 2014, an annual decrease of 11.1% (13.1% in March) as a result of a combination of an annual decrease of 9.2% in the "buildings" segment and a more severe variation of 13.9% in the "civil engineering" segment. The total average change over the last twelve months of the index of production in construction, measured in May, rose to -13.7% (15.9% in December 2013)¹.

At the group level, the main highlight is the full execution of the capitalization of Soares da Costa Construção, SGPS, SA, occurred during the first quarter of the year, specifically on February 12, under the strategic partnership established through the shareholders' agreements with GAM Holdings, SA, as stressed in full-year 2013's report & accounts, which already reflected its main accounting consequences/ effects.

It should also be noted, during the semester, the completion of the disposal of the Prince, in the United States, following its announcement in 2013's annual report & accounts, and also the conclusion of a promissory contract for the sale of the 40% that the Group has in concessionaire *Estradas do Zambeze* (Zambezi Roads) and in its operator, in Mozambique, which conclusion is still pending authorization by external parties.

It should also be stressed that the adoption by the European Union of several amendments to the Accounting Standards² to be applied no later than on the first financial year starting on or after January 1, 2014, namely IFRS 11 referring to the financial reporting of jointly managed projects, implied a change concerning the accounting of the Group's participations in several jointly managed projects, in particular in the road concessions segment, which are now reflected in the financial statements using the equity method rather than being proportionally consolidated. This fact has also led to the restatement of 2013's financial statements for comparison purposes.

RELEVANT FACTS OF THE SEMESTER

- Award of works in Mozambique: on January 16 the company informed that its subsidiary Sociedade de Construções Soares da Costa, SA was awarded by CDN - Corridor of Northern Development, a new project in Nacala's Railway Corridor in northern Mozambique. This award follows the contract with the same authority announced on April 12, 2013; the works include the strengthening of four bridges and the construction of eight new railway bridges, with a value of 30.5 million Dollars (22.4 million Euros);
- Conclusion on February 12, 2014, of the capitalization operation of the construction business area. In this context, capital was increased from 20,335,895.42 Euros to 90,335,895.42 Euros by contribution in cash of 70 million Euros subscribed and paid in full by the Luxembourg law company GAM Holdings, SA, following which this company now holds 66.7% of

¹ Production, Employment and Staff Wages in the Construction sector – May 2014 – INE, July 10, 2014.

² EU Regulation number 313/ 2013 of the April 4, 2013's commission.



the share capital of Soares da Costa Construção, SGPS, SA, and SDC Investimentos SGPS, SA (then still called Grupo Soares da Costa SGPS, SA) the remaining 33.3%;

- In April 2014 the subsidiary Soares da Costa America, Inc. established an agreement with a subsidiary of the Dragados Group to the disposal of the entire share capital of the U.S. law company "Prince Contracting LLC", by 18 million Dollars (about 13.1 million Euros); this sale follows the Group's strategy to concentrate its construction activity in the partnership agreement with GAM Holdings. This agreement was announced as material information on April 22, 2014; the sale, once the necessary approvals from entities external to the parties were obtained, was completed on May 15, 2014;
- Release of 2013's full-year earnings on April 29, 2014;
- In May 2014 the subsidiary Soares da Costa Concessões, SGPS, SA signed an agreement with a company of Mota-Engil Group to the sale of the 40% participation the Group has in the concessionaire company of *Estradas do Zambeze* (Zambezi Roads) and its operator, in Mozambique, by a total amount of 4.8 million Euros. This transaction, which is still subject to the approval of the parties external entities, does not involve any change in the constructor group of companies of the concession works;
- Was held on May 27, 2014 the general meeting of shareholders, in which, among other resolutions, approved the management report, the annual accounts and consolidated accounts for the financial year 2013, the application of individual net earnings, authorized the acquisition and disposal of own shares and the change of the designation of the company, with the consequent amendment of its bylaws, to SDC Investimentos, SGPS, SA.

CONSOLIDATED ECONOMIC AND FINANCIAL RESULTS

Key forming components of the results for the period ended June 30, 2014 and for the same period of last year:

Income Statement

| (thousand Euros) | 1H 2014 | % O.I. | 1H 2013 * | %O.I. | Change |
|---|-----------------|---------------|------------------|---------------|----------------|
| Continued Activities: | | | | | |
| Turnover | 6,543.1 | 100.4% | 29,578.0 | - | -77.9% |
| Change in production | -149.5 | -2.3% | -15,214.4 | - | - |
| Other operational gains ** | 123.6 | 1.9% | 1,902.4 | 11.7% | - |
| Operational gains and income (O.I.) | 6,517.3 | 100.0% | 16,265.9 | 100.0% | -59.9% |
| Cost of goods sold | 17.8 | 0.3% | 97.4 | 0.6% | -81.7% |
| External supplies | 4,026.0 | 61.8% | 3,770.9 | 23.2% | 6.8% |
| Staff costs | 1,613.2 | 24.8% | 5,187.1 | 31.9% | -68.9% |
| Other operational costs | 1,182.1 | 18.1% | 1,782.9 | 11.0% | -33.7% |
| EBITDA | -321.8 | -4.9% | 5,427.7 | 33.4% | -105.9% |
| Depreciations, provisions and adjustments | 2,069.1 | 31.7% | 2,868.4 | 17.6% | -27.9% |
| Operational results from continued activities (EBIT) | -2,390.9 | -36.7% | 2,559.3 | 15.7% | -193.4% |
| Gains and losses on associated companies | 4,956.5 | | 7,973.7 | | -37.8% |
| Financial results | -8,113.0 | | -6,355.6 | | 27.7% |
| Earnings before taxes | -5,547.5 | | 4,177.4 | | - |
| Income tax | 428.2 | | 161.6 | | - |
| Net earnings from continued activities | -5,975.6 | | 4,015.8 | | - |
| Net earnings from discontinued activities | -989.7 | | -13,281.3 | | - |
| Consolidated net earnings | -6,965.3 | | -9,265.6 | | -24.8% |
| Attributable to the Group | -6,518.4 | | -9,237.6 | | -29.4% |

* Restated figures

** No reversals of adjustments accounted for below this line



Turnover

Adding to the effects of the change in financial statements mentioned above, the fact that the company's interests in the construction area are expressed, since the end of 2013, by the participations' fair value, the turnover is practically limited to the recognition of the fully consolidated real estate, car parks concessions and energy activities.

Turnover by Business Area

| (thousand Euros) | 1H 2014 | % | 1H 2013 * | % | Change% |
|------------------------------|----------------|---------------|-----------------|---------------|---------------|
| Concessions | 3,072.0 | 46.9% | 2,999.9 | 10.1% | 2.4% |
| Real Estate | 2,631.1 | 40.2% | 21,559.6 | 72.9% | -87.8% |
| Energy | 357.2 | 5.5% | 693.2 | 2.3% | -48.5% |
| SDC Investimentos and others | 697.6 | 10.7% | 5,389.7 | 18.2% | -87.1% |
| Consolidation eliminations | -214.8 | -3.3% | -1,064.3 | -3.6% | -79.8% |
| Total | 6,543.1 | 100.0% | 29,578.0 | 100.0% | -77.9% |

(*) Restated

By the end of the first half, turnover reached 6.5 million Euros (3.4 million Euros by the end of the first quarter of the year), compared with 29.6 million Euros in the same period of the previous year, significantly reflecting real estate sales in Angola (of the Talatona project), amounting to 19.2 million Euros. It is also noteworthy that the shared services and the corporate staff that in the first half of 2013 were included in the company's consolidation perimeter, do no longer integrate it in 2014, justifying the turnover's reduction in the caption "SDC Investimentos and others" and, simultaneously, the declined of the amount of "Staff costs" in the income statement. This same fact explains the reduction on the consolidation eliminations.

EBITDA/ EBIT

The following table shows the EBITDA and EBIT breakdown by business area.

EBITDA and EBIT by Business Area

| (thousand Euros) | 1H 2014 | % | Margin | 1H 2013 * | % | Margin | Change |
|------------------------------|-----------------|---------------|---------------|----------------|---------------|--------------|----------------|
| EBITDA | -321.8 | 100.0% | -4.9% | 5,427.7 | 100.0% | 18.4% | -105.9% |
| Concessions | 672.3 | - | 21.9% | 648.5 | 11.9% | 21.6% | 3.7% |
| Real Estate | 1,054.6 | - | 40.1% | 4,944.2 | 91.1% | 22.9% | -78.7% |
| Energia Própria | -251.4 | - | -70.4% | -398.4 | -7.3% | -57.5% | -36.9% |
| SDC Investimentos and others | -1,716.3 | - | -246.0% | -631.9 | -11.6% | -11.7% | 171.6% |
| Consolidation eliminations | -80.9 | - | - | 865.4 | - | - | - |
| EBIT | -2,390.9 | 100.0% | -36.5% | 2,559.3 | 100.0% | 8.7% | -193.4% |
| Concessions | -720.9 | 30.2% | -23.5% | -955.7 | -37.3% | -31.9% | -24.6% |
| Real Estate | 469.0 | -19.6% | 17.8% | 4,246.4 | 165.9% | 19.7% | -89.0% |
| Energia Própria | -341.7 | 14.3% | -95.6% | -529.6 | -20.7% | -76.4% | -35.5% |
| SDC Investimentos and others | -1,721.0 | 72.0% | -246.7% | -1,076.5 | -42.1% | -20.0% | 59.9% |
| Consolidation eliminations | -76.4 | - | - | 874.8 | - | - | - |

(*) Restated

During the first half of 2014 EBITDA stood at -0.3 million Euros, below the 5.4 million Euros obtained in the same period of the previous year. On the other hand, taking into consideration the caption depreciations, provisions and value adjustments, EBIT amounted to -2.4 million Euros, compared with +2.6 million Euros in the same period of the previous year.



As was already mentioned in relation to turnover, EBITDA and EBIT figures in the first half of the previous year, were strongly positively influenced by the recognition of sales in Talatona project in Angola.

Gains and losses in associated companies and jointly managed investments

The caption “gains and losses in associated companies and jointly managed investments”, due to the already mentioned accounting change, increased its weight in total income as it includes the recognition of the proportion of the company’s participation in the jointly controlled entities, which were previously accounted by the proportional consolidation method.

Therefore, this caption had a positive contribution of 5.0 million Euros in the first half of 2014 (versus 8.0 million Euros in the restated account of the first half of 2013). The table below breakdowns these figures by participated companies:

Gains and losses in associated companies and jointly managed investments

| (thousand Euros) | 1H 2014 | 1H 2013 |
|--|----------------|----------------|
| Scutvias - Autoestradas da Beira Interior, S.A. | 4,393.2 | 5,118.8 |
| MRN - Manutenção de Rodovias Nacionais, S.A. | 906.7 | 1,412.5 |
| Auto-Estradas XXI - Subconcessionária Transmontana, S.A. | -790.0 | 771.1 |
| Operestradas XXI S.A. | 255.5 | 513.5 |
| Other | 191.2 | 157.8 |
| Total | 4,956.5 | 7,973.7 |

Financial result

Consolidated financial result during the first half of the year amounted to -8.1 million Euros, compared with -6.4 million Euros by the end of the first half of 2013.

Net financing cost decreased to -6.1 million Euros from 7.1 million Euros in the first six months of last year, although in that period, capital gains had a relevant contribution of 2.4 million Euros³ which did not repeat in 2014.

The cost of banking services and guarantees increased (2.2 million Euros in the first half of 2014 versus 1.9 million Euros in 2013), while foreign exchange difference in both periods had a positive effect of circa 0.2 million Euros.

Discontinued activities result

Following the capital increase of Soares da Costa Construção SGPS, SA’s the Company ceased to exercise control over the subsidiaries of the construction area, in which it now holds a stake 33.3%. In turn, Prince - a subsidiary of the construction sector in the United States - has been sold this year.

Discontinued activities result recorded in the first half, amounting to -1.0 million Euros, is related with Prince. Discontinued activities result in the first half of 2013 corresponds to the result of the whole construction area, by that time fully owned by the Company.

Consolidated result

From the combination of the results analysed above and also taking into consideration the income tax, net earnings in this period reached -7.0 million Euros, of which -6.5 million Euros attributable to the Group (-0.4 million Euros attributable to minorities), an improvement against the net earnings recorded in the same period of the previous year of -9.3 million Euros (-9.2 million Euros attributable to the Group).

³ Mainly from the disposal of the participation in the San José - San Ramón concession in Costa Rica that occurred in the first half of 2013.



Net debt

Net debt as of June 30, 2014 amounted to 313.0 million Euros, corresponding to a reduction compared with the restated figure as of December 31, 2013 of 323.1 million Euros. This evolution is related with the repayment of debt of the subsidiary SDC America, Inc., associated with Prince' sale.

Nominal value of the debt contracted by the holding company, SDC Investimentos, SGPS, SA, as of June 30, 2014, was 163.3 million Euros. The board of directors intends to subject it to appropriate restructuring.

Shareholders' equity

Shareholders' equity, which reached 34.2 million Euros as of December 31, 2013, was significantly reduced to 12.3 million Euros as of June 30, 2014. Besides the recognition of the consolidated net earnings for this period, of -7.0 million Euros, shareholders' equity was influenced by -1.4 million Euros related with the devaluation of the hedging instruments of subsidiaries (Intevias and CPE) and by -13.5 million Euros in capital adjustments of companies consolidated by the equity method whose origin was essentially the same, i.e., the revaluation of interest rate swaps of the participated companies of the roads concessions segment.

BUSINESS AREAS

CONCESSIONS

In the car parking sub segment, which participated companies are fully consolidated, turnover reached 2.7 million Euros in line with the previous year figure, generating a positive EBITDA of 1.2 million Euros, which is to be compared with 1.3 million Euros in the previous year. However, debt servicing decisively affects the final profitability that continues to be negative.

In the roads concessions area in Portugal it is worth mentioning the negotiations of contracts with the grantor. In the case of Scutvias, concessionaire of the A23 motorway, the "Final Drafts of Negotiation" and its annexes were signed near the end of the semester; the (pre-final) financial model is presently under review by the grantor, financial institutions and other entities. In the case of sub-concession Transmontana motorway (Autoestradas XXI) the negotiation process with Estradas de Portugal is still at an early stage.

Concerning traffic, the A23 has gone through a slight recovery in recent months reflecting more encouraging economic indicators. In cumulative terms, by the end of the first half, there was a 2.6% growth over the same period last year, relevantly weighing in this evolution traffic of heavy vehicle which grew 8.9%.

The Transmontana motorway has also recorded an increasing trend in traffic in recent months allowing to estimate a full-year growth of circa 7% compared with the traffic in the stretches open to public in 2013; however, real traffic continues to be below the figures estimated in the traffic studies. 2014, corresponding to the first full year of the operation phase, presents a negative result, as was budgeted for.

Regarding the water and sanitation concessions (Indáqua Group) the activity developed normally during the first half of the year which is reflected in an EBITDA and result slightly over the figures achieved in the same period of 2013; it should also be mentioned the start of the exploitation of Oliveira de Azeméis concession in March 2014. As for the roads concessions, it should be highlighted that these indicators only impact the Group's accounts through the recognition of share of income *via* equity consolidation method.

REAL ESTATE

During the first half of 2014 the real estate area sold three fractions of the "Houses of Gaia Project", by the subsidiary Cais da Fontinha, and a fraction of the "Alcântara project", by Soarta, totalling 814 thousand Euros, while in the same period last year was only recorded the sale of a fraction in Portugal. Anyway the very relevant proportion of sales that occurred during the first half of 2013 related to Talatona project in Angola (without parallel in 2014) dominates the comparative analysis of turnover.



This business segment also includes the operational management of the real estate allocated to the Group's premises, namely the head offices in Porto and the delegation in Lisboa.

ENERGY

Activity of Energia Própria, during the first half, focused on consulting services, more specifically audits, energy certifications and preparation of projects to implement measures to rationalize consumption, with higher incidence in the public sector, municipalities, but also for private sector clients. Most of these projects took place based on support from the "Quadro de Referência Estratégica Nacional (QREN)" (National Strategic Reference Framework) which applications were started in 2010 and received "green light" in 2013 only.

The "Programa Portugal 2020" (Portugal 2020 Program), which will frame European Union' structural support between 2014 and 2020, brings a positive outlook for business in the area of sustainability and the efficient use of resources including energy efficiency. The company still presents operational and net losses, although lower than in 2013.

CONSTRUCTION

With the full realization of the disposal of Prince in the United States, the Group's interests in the construction area are represented by the 33.3% stake it holds in the capital of Soares da Costa Construção, SGPS, SA, accounted in the balance sheet under the caption "Other financial assets", in the amount of 38.5 million Euros.

The construction sector continues to face a difficult scenario in Portugal, with the general shortage of newly launched projects resulting from lack of both public and private investment; the industry does not yet benefit from the moderate general economic recovery.

In Angola after an outbreak of the real estate sector in the early years of the decade, particularly in Luanda, a relative slowdown occurred in recent years. However it is generally expected that the ambitious program of public investment in infrastructures will effectively lead to improved levels of construction activity. It is worth mentioning the recent award to the Sociedade de Construções Soares da Costa, SA, of a project to build a complex of five buildings located in the renovated Luanda Bay. The complex includes four office buildings structures composed of 9 floors and a residential building of 13 floors. The project also includes an underground parking area and technical areas, totalling 126,000 sqm of gross construction area; the work, with a value of 53 million Euros and a 19 month-execution period, comprises the designing and building of peripheral containment, foundations and structures of the complex.

In the Mozambican market activity has evolved positively confirming the trend observed in recent years both in terms of volume and geographic scope of operations, currently being extended to Swaziland.

The Soares da Costa Construção, SGPS, SA, through its subsidiaries and jointly managed investments, maintains an active presence in several other international markets including São Tomé and Príncipe, Brazil and the Sultanate of Oman.

In this context, the Company is strongly committed to contribute to the fruitfulness of the strategic partnership established with GAM Holdings.

2. ORGANIZATION STRUCTURE

Showed below is the composition of the governing bodies, the organization of the Company, changes during the semester in the Group's consolidation perimeter and the structure of shareholdings and consolidation methods adopted allowing observing the scope and composition of the SDC Investimentos. The lists of all direct or indirect subsidiaries are presented in notes 6 to 9 of the Accounting Policies and Explanatory Notes annexed to the accounts, where other information is also disclosed.



Governing Bodies

The current composition of the governing bodies following the decisions of the general shareholders' meeting of April 30, 2013 and the subsequent meeting of the board of directors is as follows:

Board of the General Meeting of Shareholders:

Chairman: Júlio de Lemos Castro Caldas

Secretary: João Pessoa e Costa

Board of Directors:

Chairman: António Sarmento Gomes Mota

Members: António Manuel Pereira Caldas Castro Henriques (CEO)

Pedro Gonçalo de Sotto-Mayor de Andrade Santos (CFO)

Jorge Domingues Grade Mendes (COO)

Investifino, SGPS, Limited, NIPC MT 20993621 appointing to hold office in his own name José Manuel Baptista Fino

Parinama – Participações e Investimentos, S.A. NIPC 509016987, appointing to hold office in his own name Jorge Armindo de Carvalho Teixeira

Manuel Fernando de Macedo Alves Monteiro

Supervisory Board:

Chairman: António Pereira da Silva Neves

Members: Carlos Pedro Machado de Sousa Góis and Jorge Bento Martins Ledo

Chartered Accountant:

Effective: Deloitte & Associados, SROC S.A., NIPC 501 776 311, number 43 of OROC, represented by António Manuel Martins Amaral, ROC number 1130

Alternate: Paulo Alexandre Rocha Silva Gaspar, ROC number 1300

Remuneration Committee:

Chairman: João Vieira de Almeida

Members: Martim Salema de Sande e Castro Fino and João Pessoa e Costa

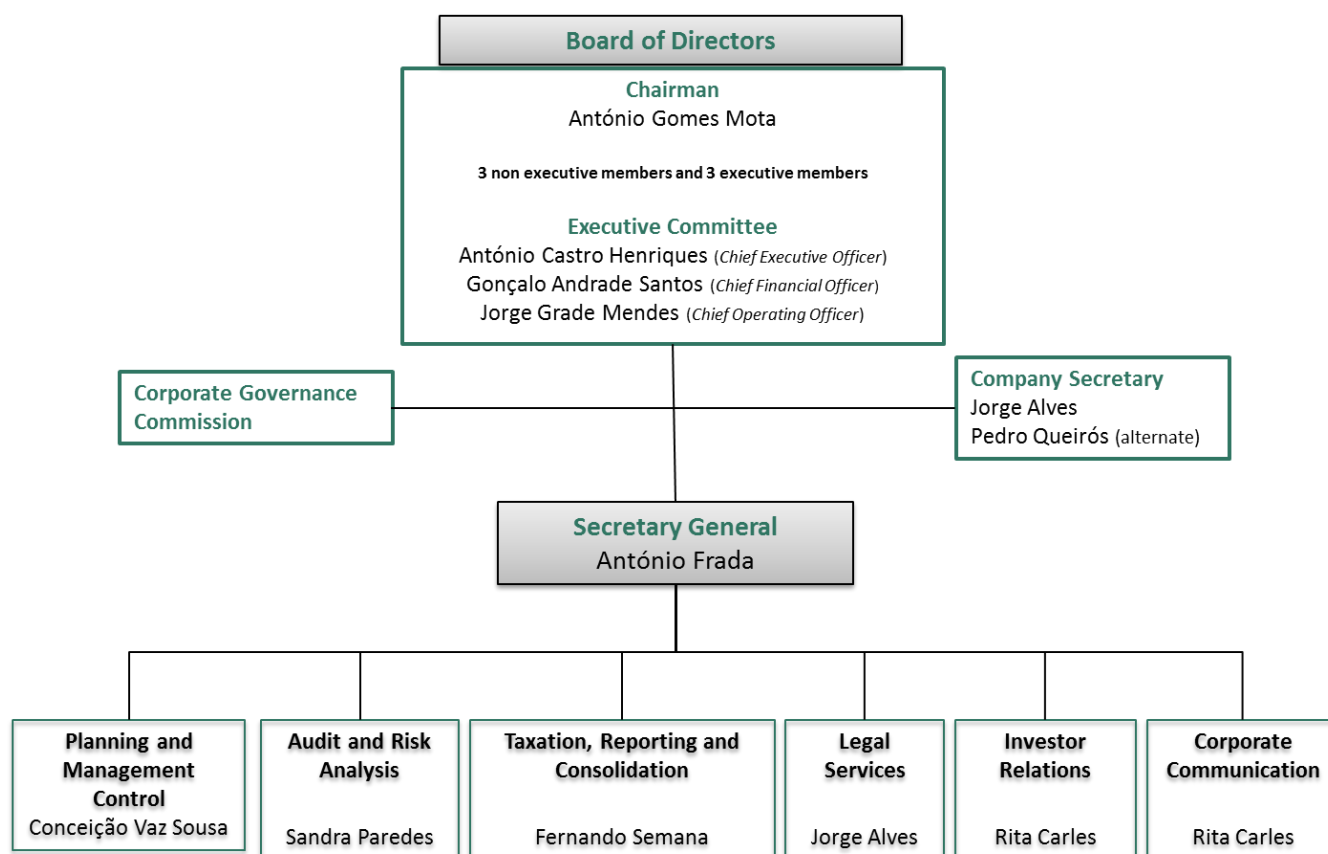
Company Secretary:

Jorge Manuel de Oliveira Alves

Pedro Miguel Tigre Falcão Queirós (alternate)



Organizational Chart



The officers mentioned in the organizational chart are subsidiaries of the construction area.

Changes in the consolidation perimeter during the first half of 2014

- Alienation, completed on May 15, 2014, of the total participation held on the American company "Prince Contracting, LLC", by 18 million Dollars;
- Alienation of the total participation held in the company "Sustentável Desafio, Lda." By the company "Energia Própria, S.A.";
- Already after the end of the first half, the American company "SDC Concessions, USA, Inc." was dissolved.

Other facts:

- Change of the name of the company "Grupo Soares da Costa, SGPS, SA" to "SDC - Investimentos, SGPS, SA", by resolution of the general meeting of shareholders dated May 27.

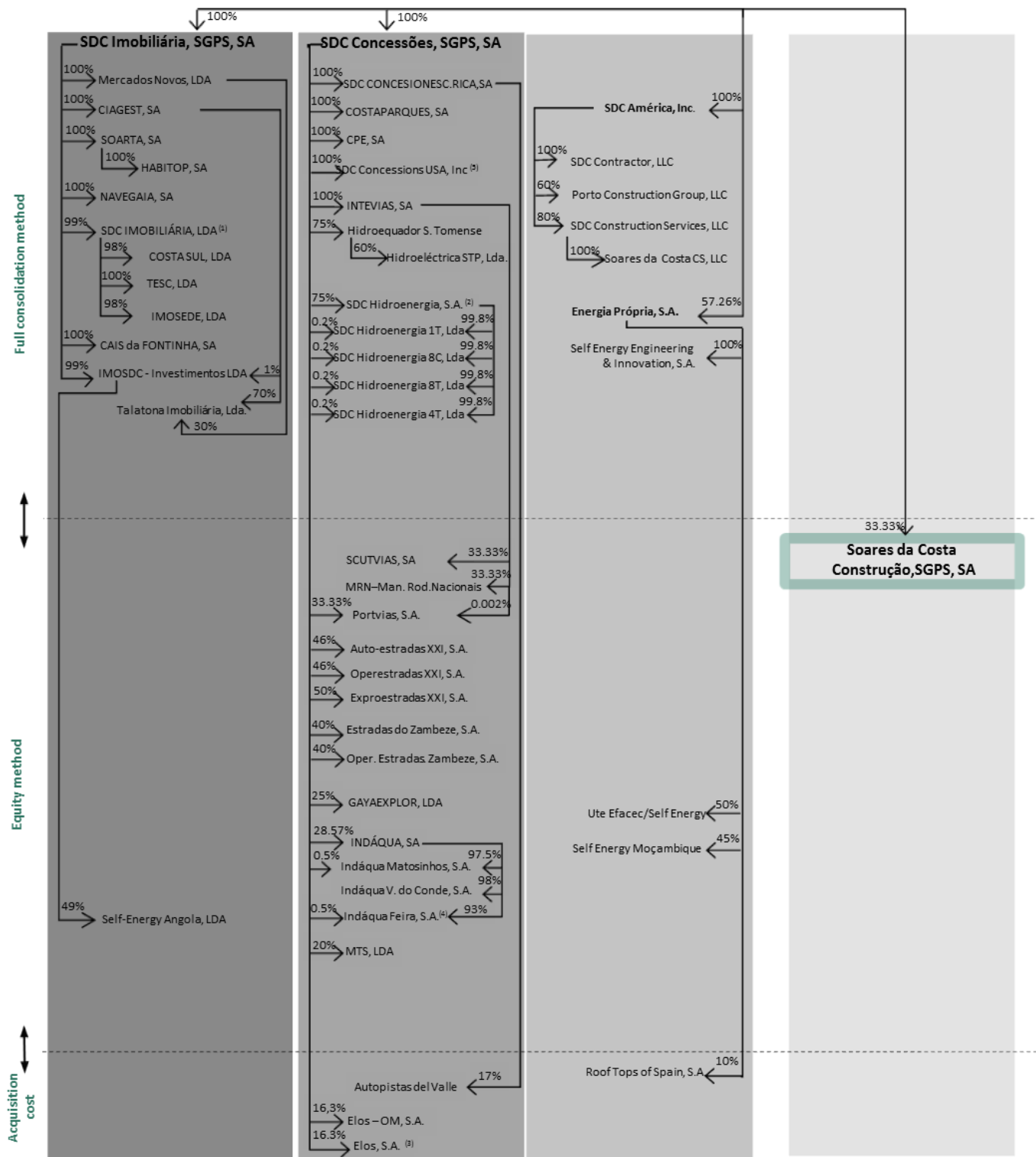


SDC - INVESTIMENTOS, SGPS, SA

Consolidated Accounts – 30 June 2014

Perimeter and consolidation methods

SDC - INVESTIMENTOS, SGPS, SA



⁽¹⁾ Ciaggest, S.A. holds a 1% stake in SDC Imobiliária, Lda.

⁽²⁾ SDC Concessões, SGPS and Hidroequador Santomense hold a 0.002% participation each in SDC Hidroenergia, S.A..

⁽³⁾ Soares da Costa Concessões, SGPS, S.A. holds a 16.302% stake in this company.

⁽⁴⁾ SDC - Investimentos, SGPS, S.A. holds a 0.5% participation in Indáqua Feira, S.A..

⁽⁵⁾ Company dissolved after the semester (July 10).



3. MAIN RISKS AND UNCERTAINTIES

SDC Investimentos SGPS, SA and the group that leads, as the various parts that comprise this Report & Accounts attest, carries out its activity in various business segments and in various geographical areas. In this context the Group is naturally exposed to several risks that might be breakdown as follows:

- **Business risks:**
 - Operational risks: those that can affect the effectiveness and efficiency of operational processes, service delivery, customer satisfaction and the reputation of the Company;
 - Integrity risks: those related to internal and external fraud that may be subject to the Company;
 - Management and human resources risks: risks related, among others items with management, leadership, authority limits, relocation and local integration of human resources;
 - Financial risks: exchange rate risk, interest rate risk, liquidity risk and credit risk.
- **Information risks:**
 - Risks associated with operational, financial and strategic assessment information.
- **Background risks:**
 - Risks arising from the competitive environment;
 - Risks related to the political, economic, legal and fiscal environment;
 - Risks arising from regulatory and industry changes.

SDC Investimentos has, with transversal application throughout the Group, an Analysis and Risk Management unit was set up with the objective of guaranteeing the efficiency and effectiveness of the Group's operations, the safeguarding of its assets, the reliability of the financial data and the compliance with the law and applicable norms.

The Analysis and Risk Management unit has goal to support management through the identification and monitoring of the main risk to which the Group is exposed, to guarantee its control and mitigation, therefore allowing the inclusion of a risk dimension on the strategic and operational decisions of the Group.

The risk analysis is undertaken by the various corporative units of the Group. Work is carried out to identify and prioritize up-front the risks classified as more critical (determined through the combination of the probability of occurrence with the potential impact) and Risk Management strategies are defined so as to implement the control procedures that will reduce these to an acceptable level. This way the Group has been implementing control activities that permit the mitigation of these risks. The objective is to maximize the trade-off between the risks and the business margins so as to attain, in a sustained manner, the strategic objectives.

This matrix is based on the general lines of the strategic plan in force, the goals that are to be met, the type of activity carried out and the countries that constitute the preferred areas for a stable intervention. Subsequently, and in obedience to these guidelines, a set of parameters are defined that guide the strategic objectives covering the assumption of risk and all the monitoring actions carried out to guarantee the conformity of the risks actually incurred with those objectives.

The several management areas of the Company identify and evaluate the risks that their decisions, in their respective areas of intervention and competence, involve and list the measures that may prevent or minimize these. In function of that analysis, critically monitored by the central unit, decisions are taken relating to the business, country or project in question, namely the decision to contract or not to contract or of the contracting conditions.

The analysis and management system is an interactive process that extends throughout all the phases of the project, from the original potential set-up, at a moment of pure prospecting, right through to its epilogue, when all the responsibilities connected to it are extinguished. Naturally, during its evolution, some fundamental milestones requiring a wider scope in terms of decision making are set-up, both to evaluate if the potential risks and the forms in which best to broach these fit the strategic profile defined, as well as to ensure that the control mechanisms and procedures are being complied with and are proving to be adequate. For their thorough management, detailed information procedures are created, with the content adequate to each



phase, which will permit the timely monitoring of the various vicissitudes and the taking of action at the exact moment of an occurrence. The full process is open to contributions from reviews and to the improvements that any structure wishes to propose, and is the object of periodic reflection and evaluation involving both the supporting services as well as the operational areas.

The goal of the capital's risk management is to safeguard the continuity of operations of the Group and thus provide returns for shareholders and benefits for other stakeholders, maintain a solid capital structure to support business development. The Group has thus strengthened its political risk analysis in order to be more prepared to respond to events that result from adapting its activity to the changes in its corporate perimeter and to the new orientation this will entail.

4. SHARE CAPITAL, OWN SHARES AND STOCK PERFORMANCE IN THE FIRST HALF

Share Capital Representation

Pursuant to article 4, no. 3, of the by-laws, the company's share capital is represented by one hundred and sixty million scriptural bearer shares, without par value, divided into two categories of shares, reciprocally convertible through a general meeting deliberation:

- a) one hundred and fifty-nine million nine hundred and ninety-four thousand four hundred and eighty-two (159,994,482) ordinary shares;
- b) five thousand five hundred and eighteen (5,518) preferred non-voting share, but with a preferential right to a dividend and to the reimbursement of the respective nominal amount in the event of the liquidation of the company.

Own Shares

As of June 30, 2014 the Company held no treasury stock, a situation unchanged compared to March 31, 2014 and December 31, 2013.

It should be noted, however, that at general meeting of shareholders of May 27, 2014 was approved the authorization for the acquisition and disposal of own shares for a period of eighteen months.

Performance in the Stock Exchange

Reversing the upward trend recorded in the first quarter, in the second quarter of 2014 the share price of SDC Investimentos fell 55%, cumulating a devaluation of 44% in 2014. The share price closed the semester at its lower value: 0.185 Euros per share, after reaching a maximum of 0.59 Euros in the first quarter and 0.41 Euros per share in the second quarter.

In comparative terms, the main index of Euronext Lisbon, PSI 20, also recorded in the second quarter a decrease, even though more moderate, of around 11%. By the end of June, PSI 20's cumulative decline was marginal (-0.7%).

Although with values below those recorded in the first quarter, the stock's liquidity continued to be on the spotlight in the second quarter, in particular if excluding the price effect (which disfavours the second quarter taking into consideration the price decrease recorded) and analysing the number of shares transacted, the average per session remained significantly above that reported in 2013 (786 thousand shares traded on average in the second quarter versus 341 thousand shares traded on average in full-year 2013).



Stock's Key Performance Indicators

| | 2014 | | | 2013 | | | | |
|--|--------|--------|---------------|--------|--------|--------|--------|---------------|
| | 2Q | 1Q | FY 2013 | 4Q | 3Q | 2Q | 1Q | FY 2012 |
| Stock Price, beginning of the period (Euro) | 0.41 | 0.33 | 0.13 | 0.25 | 0.21 | 0.19 | 0.13 | 0.37 |
| Stock Price, end of the period (Euro) | 0.185 | 0.41 | 0.33 | 0.33 | 0.25 | 0.21 | 0.19 | 0.13 |
| Higher Stock Price (Euro) | 0.41 | 0.59 | 0.39 | 0.39 | 0.29 | 0.25 | 0.29 | 0.44 |
| Lower Stock Price (Euro) | 0.185 | 0.34 | 0.13 | 0.25 | 0.19 | 0.16 | 0.13 | 0.13 |
| Traded shares (thousand shares) | 48,730 | 87,673 | 87,075 | 22,947 | 18,932 | 16,647 | 28,549 | 12,902 |
| Turnover (million Euros) | 14.1 | 43.3 | 21.9 | 7.5 | 4.8 | 3.5 | 6.1 | 2.6 |
| Average traded shares (average; thousand shares) | 786 | 1.392 | 341 | 359 | 287 | 264 | 460 | 50 |
| Average turnover (average; thousand Euros) | 226.8 | 687.2 | 85.8 | 117.9 | 72.7 | 55.1 | 97.7 | 10.3 |

Source: NYSE Euronext

Stock Price Evolution and Number of Shares Traded per Session (thousand shares) in 1H 2014



Source: NYSE Euronext

5. MAJOR EVENTS OCCURRING SUBSEQUENTLY TO THE END OF FIRST HALF

Subsequent to June 30, 2014 and until the closing date of this report, no relevant facts - that may materially affect the financial position and future results of SDC Investimentos and its subsidiaries included in the consolidation perimeter - occurred.

6. OUTLOOK

No relevant context changes are expected to take place during the second half of the year. Under the selective divestment strategy pursued it is expected to fully conclude the announced sale of the participation in the concessionaire company "Estradas do Zambeze" (Zambezi Roads) and in its operator, in Mozambique, after authorizations from external entities.

The board of directors remains committed towards the intensification of the negotiations with creditors aimed at restructuring the holding company's debt, a key process for creating conditions that promote the financial sustainability of



the Group which, simultaneously with a more active portfolio management, will enhance value creation in the medium and long term for all stakeholders involved.

7. PARTICIPATIONS AND TRANSACTIONS OF MEMBERS OF THE CORPORATE BODIES AND MANAGEMENT

(in accordance with Article 9. Paragraph a) and 14 no. 7 of CMVM's Regulation 5/2008)

By 30.6.2014 the chairman of the supervisory board (António Pereira da Silva Neves) held 13,220 shares of the Company, an unchanged position to 31.12.2013.

The remaining members of the management and supervisory, by 30.6.2014, did not hold any shares or bonds of the Company and did not executed any transactions involving stocks or bonds of the Company during the first half of 2014.

8. QUALIFIED SHAREHOLDINGS

By 30.6.2014 shareholders with qualifying holdings in the company were as follows:

| Manuel Fino, SGPS, SA | Number of shares | % Capital | % Voting Rights ⁽¹⁾ |
|--|-------------------|-----------------|--------------------------------|
| Indirectly through Investifino SGPS. Limited | 95,458,542 | 59.6616% | 59.6636% |
| Total | 95,458,542 | 59.6616% | 59.6636% |

| PARINAMA – Participações e Investimentos, SGPS, SA | Number of shares | % Capital | % Voting Rights ⁽¹⁾ |
|--|-------------------|----------------|--------------------------------|
| Directly | 10,789,000 | 6.7431% | 6.7334% |
| Total ⁽²⁾ | 10,789,000 | 6.7431% | 6.7334% |

(1) Includes the effect of 5,518 preferred shares without voting rights.

(2) Attributable to Ana Maria Martins Caetano.

9. DECLARATION OF CONFORMITY

In terms of paragraph c) of no. 1 of article 246 of the Securities Code, the members of the board of directors declare that to the best of their knowledge:

a) The consolidated financial statements, of the first half were prepared in conformity with the accounting standards applicable, presenting a true and fair view of the assets and liabilities, of the financial situation and results of SDC Investimentos, SGPS, SA and the companies included in its consolidation perimeter;

b) The management report accurately discloses the evolution of the business, the performance and the financial position both of the issuer and of the companies included in the consolidation perimeter and contains a description of the principal risks and uncertainties faced.

Porto, August 11, 2014

The board of directors,

António Sarmento Gomes Mota, António Manuel Pereira Caldas Castro Henriques, Pedro Gonçalo de Sotto-Mayor de Andrade Santos, Jorge Domingues Grade Mendes, José Manuel Baptista Fino, Jorge Armindo de Carvalho Teixeira, Manuel Fernando de Macedo Alves Monteiro



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL POSITION STATEMENT AS OF 30 JUNE 2014 and 31 DECEMBER 2013

(Euro)

| ASSETS | Notes | 30.6.2014 | 31.12.2013 restated | 31.12.2013 |
|---------------------------------|----------|--------------------|------------------------|--------------------|
| NON CURRENT | | | | |
| Goodwill | | - | - | 28,128,844 |
| Intangible assets | 10 | 40,280,298 | 40,988,969 | 216,957,192 |
| | 8 | 40,280,298 | 40,988,969 | 245,086,036 |
| Fixed tangible assets: | | | | |
| Land and buildings | 11 | 66,173,832 | 66,886,366 | 66,886,366 |
| Basic equipment | 11 | 1,366,181 | 1,645,756 | 1,736,062 |
| Other fixed tangible assets | 11 | 466,902 | 514,715 | 1,038,515 |
| | 8 | 68,006,915 | 69,046,837 | 69,660,943 |
| Investment properties | 12 | 26,241,165 | 26,349,207 | 26,349,207 |
| Associated companies: | | | | |
| Financial investments | 7 and 8 | 82,893,657 | 79,152,056 | 9,401,069 |
| Loans | 7 and 8 | 50,212,540 | 64,183,207 | 18,772,421 |
| | | 133,106,197 | 143,335,264 | 28,173,490 |
| Other financial investments | 8 and 13 | 3,647,819 | 3,647,819 | 3,647,819 |
| Other financial assets | 8 and 14 | 38,500,000 | 38,500,001 | 38,500,001 |
| Deferred taxes (assets) | 8 and 29 | 19,506,315 | 20,025,420 | 31,247,787 |
| Accounts receivable | | - | - | 346,841,971 |
| Other non current assets | 8 and 17 | 7,866,000 | 7,866,000 | 7,866,000 |
| Total non current assets | | 337,154,709 | 349,759,516 | 797,373,255 |
| CURRENT | | | | |
| Inventories | 8 and 15 | 26,607,589 | 27,087,363 | 27,087,363 |
| Accounts receivable: | | | | |
| Customers | 16 | 32,030,166 | 32,299,260 | 32,400,623 |
| Income tax | | 401,981 | 851,483 | 3,597,830 |
| Other accounts receivable | 16 | 26,675,919 | 22,652,900 | 15,365,114 |
| | 8 | 59,108,066 | 55,803,643 | 51,363,568 |
| Other current assets | 8 and 17 | 8,856,440 | 8,843,780 | 13,845,723 |
| Cash, deposits and securities | 8 and 18 | 5,766,916 | 2,212,173 | 51,504,023 |
| Total current assets | | 100,339,012 | 93,946,960 | 143,800,677 |
| Assets held for sale (Prince) | 8 | - | 36,804,379 | 36,804,379 |
| TOTAL ASSETS | 8 | 437,493,721 | 480,510,855 | 977,978,311 |



CONSOLIDATED FINANCIAL POSITION STATEMENT AS OF 30 JUNE 2014 and 31 DECEMBER 2013

(Euro)

| SHAREHOLDERS' EQUITY & LIABILITIES | Notes | 30.6.2014 | 31.12.2013 restated | 31.12.2013 |
|--|----------|--------------------|------------------------|--------------------|
| SHAREHOLDERS' EQUITY | | | | |
| Share capital | 19 | 160,000,000 | 160,000,000 | 160,000,000 |
| Adjustment of parts of capital in subsidiaries, associated companies and jointly managed investments | 2 and 7 | (19,352,997) | (5,874,060) | 1,416,183 |
| Reserves and retained earnings from the continued activities | | (121,362,076) | (69,965,429) | (77,255,671) |
| Reserves from conversion and fair value of assets held for sale (Prince) | | - | 767,526 | 767,526 |
| Net earnings | | (6,518,450) | (50,725,951) | (50,725,951) |
| Equity attributable to the Group | | 12,766,477 | 34,202,087 | 34,202,087 |
| Minorities | | (485,518) | 8,849 | 8,849 |
| TOTAL SHAREHOLDERS' EQUITY | | 12,280,960 | 34,210,935 | 34,210,935 |
| LIABILITIES | | | | |
| NON CURRENT | | | | |
| Provisions | 8 and 24 | 1,006,916 | 1,001,387 | 110,197 |
| Loans: | | | | |
| Bonds | 20 | 98,544,034 | 98,303,502 | 98,303,502 |
| Bank loans | 20 | 153,315,500 | 162,374,270 | 543,683,670 |
| Other loans | | - | - | 23,184,000 |
| | 8 | 251,859,534 | 260,677,773 | 665,171,173 |
| Accounts payable | 8 and 22 | 12,800,686 | 12,848,361 | 10,314,862 |
| Derivatives | 8 and 21 | 7,283,487 | 5,446,063 | 32,515,465 |
| Deferred assets (liabilities) | 8 and 29 | 5,211,016 | 6,291,306 | 10,648,895 |
| Total non current liabilities | | 278,161,639 | 286,264,889 | 718,760,592 |
| CURRENT | | | | |
| Loans: | | | | |
| Bank loans | 20 | 66,313,346 | 64,107,474 | 91,938,956 |
| | 8 | 66,313,346 | 64,107,474 | 91,938,956 |
| Accounts payable: | | | | |
| Trade creditors | | 21,364,598 | 22,779,527 | 34,091,165 |
| Tangible asstes trade creditors | | 755,927 | 801,419 | 812,043 |
| Advances on sales | | 1,996 | 1,996 | 3,229 |
| Income tax | | 6,408,931 | 8,046,801 | 8,173,097 |
| Other accounts payable | 22 | 27,203,309 | 20,261,894 | 21,549,530 |
| | 8 | 55,734,761 | 51,891,638 | 64,629,064 |
| Derivatives | 8 and 21 | 2,007,065 | 1,974,023 | 11,896,671 |
| Other current liabilities | 8 and 23 | 22,995,950 | 19,077,033 | 33,557,230 |
| Total current liabilities | | 147,051,122 | 137,050,168 | 202,021,921 |
| Liabilities held for sale (Prince) | 8 | - | 22,984,863 | 22,984,863 |
| TOTAL LIABILITIES | 8 | 425,212,761 | 446,299,920 | 943,767,375 |
| TOTAL SHAREHOLDERS' EQUITY + LIABILITIES | | 437,493,721 | 480,510,855 | 977,978,311 |



SEPARATE CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDING IN JUNE 30, 2014 and 2013

(Euro)

| INCOME STATEMENT | Notes | 30.6.2014 | 30.6.2013 restated |
|--|-----------------|--------------------|-----------------------|
| Continued activities: | | | |
| Turnover | 8 | 6,543,109 | 29,577,971 |
| Change in production | | (149,462) | (15,214,435) |
| Other operating income | 26 | 147,820 | 1,913,565 |
| Operating income | 8 | 6,541,466 | 16,277,100 |
| Cost of goods sold | | (17,791) | (97,381) |
| Third party supplies & services | | (4,025,962) | (3,770,892) |
| Staff costs | | (1,613,175) | (5,187,059) |
| Depreciation, amortisation and impairment losses | 8 | (2,062,244) | (2,671,220) |
| Provisions and value adjustments | 8 | (31,087) | (208,306) |
| Other operating costs | 26 | (1,182,122) | (1,782,896) |
| Operating costs | 8 | (8,932,381) | (13,717,754) |
| Operating results from continued activities | | (2,390,915) | 2,559,346 |
| Gains in associated companies | 27 | 5,778,312 | 8,072,424 |
| Losses in associated companies | 27 | (821,851) | (98,741) |
| Gains and losses in associated companies | 8 | 4,956,462 | 7,973,682 |
| Interest received | 8 and 28 | 1,203,165 | 3,823,557 |
| Interest paid | 8 and 28 | (7,279,395) | (10,885,926) |
| Net financing costs | | (6,076,229) | (7,062,369) |
| Income and capital gains in stakes held | 28 | 37,212 | 2,385,227 |
| Other financial income | 28 | 485,186 | 394,955 |
| Other financial costs | 28 | (2,559,179) | (2,073,453) |
| Other financial income & costs | | (2,036,782) | 706,729 |
| Financial results | 8 and 28 | (8,113,011) | (6,355,640) |
| Earnings before taxes | | (5,547,465) | 4,177,389 |
| Income tax | 8 and 29 | (428,170) | (161,611) |
| Net earnings from continued activities | 8 | (5,975,635) | 4,015,777 |
| Net earnings from discontinued activities | 8 | (989,711) | (13,281,343) |
| Net earnings | | (6,965,346) | (9,265,565) |
| Attributable to the Group | 8 and 30 | (6,518,450) | (9,237,635) |
| Minorities | 8 | (446,896) | (27,931) |
| Earnings per share of the continued activities: | | | |
| Basic | | (0.035) | 0.025 |
| Diluted | | (0.035) | 0.025 |
| Earnings per share : | | | |
| Basic | | (0.041) | (0.058) |
| Diluted | | (0.041) | (0.058) |



SEPARATE CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 APRIL TO 30 JUNE 2014 AND 2013

(Euro)

| | 2nd Quarter 2014 | 2nd Quarter 2013 |
|--|---------------------|---------------------|
| Continued activities: | | |
| Turnover | 3,161,700 | 6,842,492 |
| Change in production | (126,207) | (63,855) |
| Other operating income | 113,824 | 219,972 |
| Operating income | 3,149,317 | 6,998,609 |
| Cost of goods sold | (11,438) | (33,204) |
| Third party supplies & services | (2,325,774) | (3,385,879) |
| Staff costs | (613,976) | (2,285,061) |
| Depreciation, amortisation and impairment losses | (919,119) | (1,382,442) |
| Provisions and value adjustments | (23,256) | (130,497) |
| Other operating costs | (1,016,784) | (592,921) |
| Operating costs | (4,910,347) | (7,810,004) |
| Operating results from continued activities | (1,761,030) | (811,395) |
| Gains in associated companies | 2,937,426 | 4,358,794 |
| Losses in associated companies | (505,201) | (55,174) |
| Gains and losses in associated companies | 2,432,225 | 4,303,620 |
| Interest received | 302,066 | 2,821,930 |
| Interest paid | (4,289,060) | (5,365,620) |
| Net financing costs | (3,986,994) | (2,543,690) |
| Income and capital gains in stakes held | 1 | 235,882 |
| Other financial income | 474,458 | (754,953) |
| Other financial costs | (1,333,549) | (742,058) |
| Other financial income & costs | (859,090) | (1,261,129) |
| Financial results | (4,846,084) | (3,804,819) |
| Earnings before taxes | (4,174,889) | (312,594) |
| Income tax | (533,159) | 778,975 |
| Net earnings from continued activities | (4,708,048) | 466,381 |
| Net earnings from discontinued activities | (989,711) | (7,844,107) |
| Net earnings | (5,697,759) | (7,377,726) |
| Attributable to the Group | (5,469,190) | (7,261,864) |
| Minorities | (228,569) | (115,862) |
| Earnings per share | (0.036) | (0.046) |



STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD ENDING IN 30 JUNE, 2014 and 2013

(Euro)

| | Notes | 30.6.2014 | 30.6.2013 restated | 30.6.2013 |
|---|-------|---------------------|-----------------------|------------------|
| Consolidated net earnings for the period | | (6,965,346) | (9,265,565) | (9,265,565) |
| Other comprehensive income: | | | | |
| Exchange difference stemming from transposition of financial statements expressed in foreign currencies | | (79,341) | 77,238 | 84,640 |
| Transfer of reserves of foreign exchange deviation by transfer to results from discontinued activities and held for sale (Prince) | | - | - | - |
| Change on fair value of derivatives | | (1,870,466) | 3,637,382 | 18,216,306 |
| Change on deferred taxes of derivatives | 19 | 441,839 | (925,038) | (4,865,914) |
| Adjustments in investment consolidated by equity method | | (13,478,937) | 10,645,883 | 432 |
| Other variations | | (158) | (14,208) | (14,208) |
| Total comprehensive income for the period | | (21,952,409) | 4,155,692 | 4,155,692 |
| Attributable: | | | | |
| to minorities | | (493,697) | (13,875) | (13,875) |
| to the Group | | (21,458,712) | 4,169,566 | 4,169,566 |

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 APRIL TO 30 JUNE 2014 AND 2013

(Euro)

| | 2nd Quarter 2014 | 2nd Quarter 2013 |
|---|---------------------|---------------------|
| Consolidated net earnings for the period | (5,697,759) | (7,377,725) |
| Other comprehensive income: | | |
| Exchange difference stemming from transposition of financial statements expressed in foreign currencies | (81,492) | (1,144,188) |
| Change on fair value of derivatives | (958,892) | 17,271,691 |
| Change on deferred taxes of derivatives | 226,745 | (4,627,708) |
| Adjustments in investment consolidated by equity method | (6,278,815) | (1,999,466) |
| Other variations | - | - |
| Total comprehensive income for the period | (12,790,213) | 2,122,603 |
| Attributable: | | |
| to minorities | (280,028) | (146,438) |
| to the Group | (12,510,185) | 2,269,041 |

First Half 2014 REPORT & ACCOUNTS



STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDING IN 30 JUNE, 2014 and 2013

(Euro)

| | Equity capital | Reserves and retained earnings | Reserves for foreign exchange | Reserves from hedging derivatives | Capital adjustments in associated companies | Other | Equity attributable to shareholders | Minorities | Total equity |
|----------------------------------|--------------------|--------------------------------|-------------------------------|-----------------------------------|---|----------------|-------------------------------------|------------------|-------------------|
| Balance as of 1.1.2014 | 160,000,000 | (105,533,176) | 2,275,332 | (24,076,833) | 1,416,183 | 120,580 | 34,202,086 | 8,849 | 34,210,935 |
| Effects from 2013's restatement | - | (11,256,129) | 122,127 | 18,424,244 | (7,290,242) | - | - | - | - |
| Dividends | - | - | - | - | - | - | - | - | - |
| Own shares | - | - | - | - | - | - | - | - | - |
| Other | - | 1,643,172 | (1,620,069) | - | - | - | 23,103 | (669) | 22,434 |
| Integrated consolidated earnings | - | (6,518,450) | (32,541) | (1,428,627) | (13,478,937) | (158) | (21,458,712) | (493,697) | (21,952,409) |
| Balance as of 30.6.2014 | 160,000,000 | (121,664,582) | 744,850 | (7,081,217) | (19,352,997) | 120,422 | 12,766,476 | (485,517) | 12,280,960 |

| | Equity capital | Reserves and retained earnings | Reserves for foreign exchange | Reserves from hedging derivatives | Capital adjustments in associated companies | Other | Equity attributable to shareholders | Minorities | Total equity |
|---|--------------------|--------------------------------|-------------------------------|-----------------------------------|---|------------------|-------------------------------------|------------------|-------------------|
| Balance as of 1.1.2013 | 160,000,000 | (54,644,827) | (1,887,152) | (52,598,724) | 344,730 | (109,422) | 50,932,079 | 2,276,539 | 53,208,618 |
| Restatement effects as of 1.1.2013 | - | (8,927,247) | 67,425 | 41,039,023 | (32,179,200) | - | - | - | - |
| Dividends | - | - | - | - | - | - | - | - | - |
| Own shares | - | (91,359) | - | - | - | - | 81,167 | - | 81,167 |
| Other | - | (71,039) | 49,306 | - | - | - | (21,733) | (726,437) | (748,170) |
| Integrated consolidated earnings | - | (9,237,635) | 63,182 | 2,712,344 | 10,645,883 | (14,208) | 4,169,566 | (13,875) | 4,155,692 |
| Balance as of 30.6.2013 restated | 160,000,000 | (72,972,107) | (1,707,239) | (8,847,357) | (21,188,587) | (123,631) | 55,161,079 | 1,536,228 | 56,697,307 |

| | Equity capital | Reserves and retained earnings | Reserves for foreign exchange | Reserves from hedging derivatives | Capital adjustments in associated companies | Other | Equity attributable to shareholders | Minorities | Total equity |
|----------------------------------|--------------------|--------------------------------|-------------------------------|-----------------------------------|---|------------------|-------------------------------------|------------------|-------------------|
| Balance as of 1.1.2013 | 160,000,000 | (54,644,827) | (1,887,152) | (52,598,724) | 344,730 | (109,422) | 50,932,079 | 2,276,539 | 53,208,618 |
| Dividends | - | - | - | - | - | - | - | - | - |
| Own shares | - | (91,359) | - | - | - | - | 81,167 | - | 81,167 |
| Other | - | (71,039) | 49,306 | - | - | - | (21,733) | (726,437) | (748,170) |
| Integrated consolidated earnings | - | (9,237,635) | 70,585 | 13,350,392 | 432 | (14,208) | 4,169,566 | (13,875) | 4,155,692 |
| Balance as of 30.6.2013 | 160,000,000 | (64,044,860) | (1,767,261) | (39,248,331) | 345,162 | (123,631) | 55,161,079 | 1,536,228 | 56,697,307 |



CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDING IN 30 JUNE 2014 and 2013

(Euro)

| | 30.6.2014 | 30.6.2013 restated | 2nd Quarter 2014 |
|---|---------------------|---------------------|---------------------|
| Operating activities: | | | |
| Receipts from customers | 8,327,995 | 27,374,455 | 4,145,182 |
| Payments to suppliers | (6,221,700) | (4,701,001) | (3,922,514) |
| Payments to staff | (1,283,898) | (4,620,018) | (679,685) |
| | 822,397 | 18,053,436 | (457,017) |
| Payments/ receipts of income tax | (1,084,685) | (1,773,245) | (1,053,310) |
| Other payments/ receipts related with oper. activities | 2,785,287 | (3,123,718) | 4,009,766 |
| | 1,700,602 | (4,896,963) | 2,956,456 |
| Cash flow from operational activities | 2,522,999 | 13,156,473 | 2,499,439 |
| Investment activities: | | | |
| Receipts from: | | | |
| Financial investments | 12,076,024 | 2,291,747 | 11,954,764 |
| Loans granted | - | 1,998,608 | - |
| Fixed tangible assets | 5,125 | 448 | 3,914 |
| Dividends | 36,989 | 2,388,188 | - |
| | 12,118,137 | 6,678,992 | 11,958,677 |
| Payments related with: | | | |
| Financial investments | 480,063 | 6,651,128 | 280,063 |
| Loans granted | - | 3,464,802 | - |
| Fixed tangible assets | 145,382 | 12,798 | 28,011 |
| Intangible assets | - | - | - |
| | 625,445 | 10,128,729 | 308,074 |
| Cash flow from investment activities | 11,492,692 | (3,449,737) | 11,650,603 |
| Financing activities: | | | |
| Receipts from: | | | |
| Loans | 5,610,233 | 219,689,461 | 3,077,722 |
| Sale of own shares | - | 81,167 | - |
| Interest received | 628 | 1,426,697 | 438 |
| | 5,610,861 | 221,197,325 | 3,078,161 |
| Payments related with: | | | |
| Loans | 14,068,912 | 221,711,957 | 13,042,449 |
| Amortisations of financial leasing contracts | 75,369 | 177,484 | 17,251 |
| Interest paid | 1,956,759 | 9,998,964 | 1,393,791 |
| Acquisition of own shares | - | - | - |
| | 16,101,039 | 231,888,406 | 14,453,491 |
| Cash flow from financing activities | (10,490,179) | (10,691,081) | (11,375,331) |
| Change in cash and cash equivalents | 3,525,513 | (984,344) | 2,774,711 |
| Effect of foreign exchange differences | 29,230 | (25,874) | 32,308 |
| Effect of changes in participations | - | 360,001 | - |
| Cash and cash equivalents at the beginning of the period | 2,212,173 | 73,336,937 | 2,959,897 |
| Effect from the discontinued activities | - | (69,615,279) | - |
| Cash and cash equivalents at the end of the period | 5,766,916 | 3,071,441 | 5,766,916 |



ANNEX TO THE CONSOLIDATED CASH FLOWS STATEMENTS

Acquisition, subscription, capital increase and changes to participations

- Receipt by cash and equivalents of 11,421,877 Euros from the sale of the Group's stake in the company "Prince";
- Receipt by cash and equivalents of 559,839 Euros from the sale of the Group's stake in the company "Hotti-Angola Hoteis, S.A.";
- Receipt by cash and equivalents of 94,307 Euros from the sale of the Group's stake in the company "Sustentável Desafio - Produção de Energia, Lda";
- Payment by cash and equivalents of 300,063 Euros of a capital injection in the company "Estradas do Zambeze, S.A.";
- Payment by cash and equivalents of 180,000 Euros of a capital injection in the company "Metropolitan Transportation Solutions, Ltd.".

| Cash flow from investment activities | 30.6.2014 | 30.6.2013 |
|--|-------------------|-------------------|
| Proceeds from sale of the stake in the company "Prince Contracting, LLC." | 11,421,877 | |
| Proceeds from sale of the stake in the company "Hotti-Angola Hoteis, S.A." | 559,839 | |
| Proceeds from sale of the stake in the company "Sustentável Desafio - Produção de Energia, Lda." | 94,307 | |
| Proceeds from sale of the stake in the company "Global Azoague, S.L." | | 401,800 |
| Return of "extraordinary capital contributions" in the company "Autopistas Del Valle, S.A." | | 1,889,947 |
| Receipt of loans granted to the company "Soares da Costa Construção, SGPS S.A." | | 1,487,264 |
| Receipt of loans granted to the company "Clear - Instalações Electromecânicas, S.A." | | 511,344 |
| Proceeds from financial investments and loans granted | 12,076,023 | 4,290,355 |
| Shareholders' loans to the company "Estradas do Zambeze, SA." | 300,063 | |
| Shareholders' loans to the company "Metropolitan Transportation Solutions, Ltd." | 180,000 | 4,398,000 |
| Supplementary capital in the company "Elos - Ligações de Alta Velocidade, S.A." | | 2,156,157 |
| Equity in the company "Self Energy Angola, Lda" | | 38,883 |
| Shareholders' loans to the company "Sustentável Desafio - Produção de Energia, Lda." | | 54,924 |
| Loans granted to the company "Soares da Costa Construção, SGPS S.A." | | 1,760,481 |
| Loans granted to the company "Clear - Instalações Electromecânicas, S.A." | | 1,704,120 |
| Other | | 3,364 |
| Payments from financial investments and loans granted | 480,063 | 10,115,930 |

Breakdown of cash and equivalents

| | 30.6.2014 | 31.12.2013 |
|--------------------------------------|------------------|------------------|
| Cash | 47,182 | 40,755 |
| Bank deposits, immediately available | 5,719,734 | 2,171,418 |
| Cash and equivalents | 5,766,916 | 2,212,173 |
| Cash in balance sheet | 5,766,916 | 2,212,173 |

Other operations

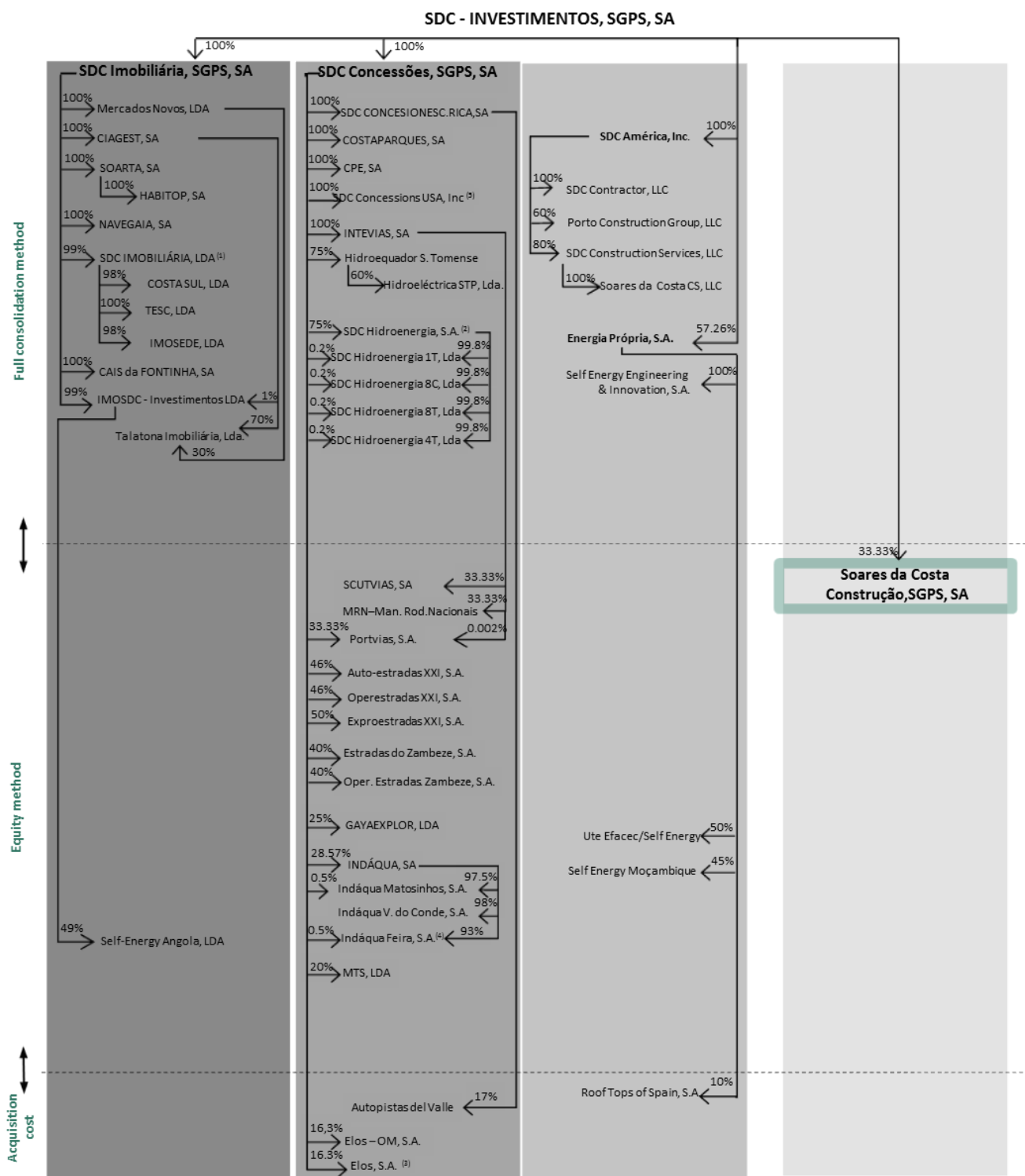
- Receipt by cash and equivalents of 36,989 Euros of dividends paid by the company "Autopistas Del Valle, S.A." to "SDC Concesiones Costa Rica"



SDC - INVESTIMENTOS, SGPS, SA

Consolidated Accounts – 30 June 2014

Perimeter and consolidation methods



⁽¹⁾ Ciagest, S.A. holds a 1% stake in SDC Imobiliária, Lda.

⁽²⁾ SDC Concessões, SGPS and Hidroequador Santomense hold a 0.002% participation each in SDC Hidroenergia, S.A..

⁽³⁾ Soares da Costa Concessões, SGPS, S.A. holds a 16.302% stake in this company.

⁽⁴⁾ SDC - Investimentos, SGPS, S.A. holds a 0.5% participation in Indáqua Feira, S.A..

⁽⁵⁾ Company dissolved after the semester (July 10).



ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED ACCOUNTS AS OF JUNE 30, 2014

1. INTRODUCTORY NOTE

The company currently named GRUPO SOARES DA COSTA, SGPS, SA ("Company") was incorporated on 2 June 1944, under the name "Soares da Costa, Lda.", a limited company that has been changed into a public company by deed of 1 May 1968, also changing its denomination to "Sociedade de Construções Soares da Costa, S.A.".

As of 30 December 2002, after a Group re-organisation process, the company assumed its current name and changed its mission into the "management of shareholdings as an indirect way to develop economic activities", developing its activity in the construction, real estate and concessions of infrastructures (transport, parking, water and energy) areas.

As concluded by February 12, 2014 the capitalization operation of the construction business area, announced on 13 August 13 2013 and 26 November 26 2013, under the terms releases on those dates, and completed a capital increase of the subsidiary Soares da Costa Construção amounting to 70 million Euros by the investor GAM Holdings, SA. On that date, started the strategic partnership and the shareholders' agreement between SDC- Investimentos, SGPS, SA (prior Grupo Soares da Costa, SGPS, SA) and GAM Holdings, SA. The participation of SDC investimentos Group on Soares da Costa Construção, SGPS, SA (33.33%) is accounted as a financial investment measured at its fair value (please see note 14).

In addition, the activity of the company Prince Contracting, LLC (construction business segment in the US market) was also considered in 2013 as a discontinued operational unit, as a consequence of the sale process that was completed in May 15, 2014, and under the terms announced on 22 April 22 2014.

By deliberation of the ordinary general meeting of shareholders held on 27 May 27 2014, the Company designation was changed to SDC – Investimentos, SGPS, SA

The current share structure of the Group is represented in the annexed diagram, including this structure the so called "SDC Investimentos Group".

The full list of the companies included in the Group's consolidation perimeter and the consolidation methods applied are detailed in the following notes.

In the business areas in which Soares da Costa Group operated there are no seasonality effects.

Figures mentioned in the Notes are in Euros, unless otherwise indicated.

The financial statements were not audited.

2. PRESENTATION BASIS

The interim consolidated financial statements for the six months ended 30 June 30 2014 were prepared in accordance with the provisions of International Accounting Standard 34 - Interim Financial Reporting.

The consolidated financial statements assume the Company's continuity and were compiled from the accounting records of the companies included in consolidation, which were kept according to the accounting principles accepted in Portugal, and adjusted in the consolidation process to ensure that the consolidated financial statements comply with International Standards on Financial Reporting as adopted in the European Union, in force for the financial year starting at 1 January 2005, from which date the Company began applying IAS/IFRS.

We highlights the effects of the IFRS11 – referring to the financial report of the jointly managed investments – that led to the restatement of the first half 2013 financial statements, reflecting the accounting of the Group's participations in jointly managed entities, namely from the motorway concessions segment, by the equity method, instead of the proportional consolidation method. The key impacts in the consolidated financial statements in 2013 can be summarised as follows:



| ASSETS | 2013 restated | Equity consolidation method effects | 2013 disclosed |
|--|--------------------|---|--------------------|
| NON CURRENT | | | |
| Goodwill | - | 28,128,844 | 28,128,844 |
| Intangible assets | 40,988,969 | 175,968,223 | 216,957,192 |
| | 40,988,969 | 204,097,067 | 245,086,036 |
| Fixed tangible assets | | | |
| Land and buildings | 66,886,366 | - | 66,886,366 |
| Basic equipment | 1,645,756 | 90,306 | 1,736,062 |
| Other fixed tangible assets | 514,715 | 523,800 | 1,038,515 |
| | 69,046,837 | 614,106 | 69,660,943 |
| Investment properties | 26,349,207 | - | 26,349,207 |
| Associated companies and jointly managed investments | | | |
| Financial investments | 79,152,055 | (69,750,986) | 9,401,069 |
| Loans | 64,183,207 | (45,410,787) | 18,772,421 |
| | 143,335,263 | (115,161,773) | 28,173,490 |
| Other financial investments | 3,647,819 | - | 3,647,819 |
| Other financial assets | 38,500,001 | - | 38,500,001 |
| Deferred tax assets | 20,025,420 | 11,222,367 | 31,247,787 |
| Accounts receivable | - | 346,841,971 | 346,841,971 |
| Other non current assets | 7,866,000 | - | 7,866,000 |
| Total non current assets | 349,759,516 | 447,613,739 | 797,373,255 |
| CURRENT | | | |
| Inventories | 27,087,363 | - | 27,087,363 |
| Accounts receivable | | | |
| Customers | 32,299,260 | 101,363 | 32,400,623 |
| Income tax | 851,483 | 2,746,347 | 3,597,830 |
| Other accounts receivable | 22,652,900 | (7,287,786) | 15,365,114 |
| | 55,803,643 | (4,440,076) | 51,363,568 |
| Other current assets | 8,843,780 | 5,001,943 | 13,845,723 |
| Cash and equivalents | 2,212,173 | 49,291,850 | 51,504,023 |
| Total current assets | 93,946,960 | 49,853,717 | 143,800,677 |
| Assets held for sale (Prince) | 36,804,379 | - | 36,804,379 |
| Total assets | 480,510,855 | 497,467,456 | 977,978,311 |



| SHAREHOLDERS EQUITY AND LIABILITIES | 2013 restated | Equity consolidation method effects | 2013 disclosed |
|--|--------------------|---|--------------------|
| SHAREHOLDERS EQUITY | | | |
| Share capital | 160,000,000 | - | 160,000,000 |
| Adjustment of parts of capital in subsidiaries, associated companies and jointly managed investments | (5,874,060) | (7,290,242) | 1,416,183 |
| Reserves and retained earnings from the continued activities | (69,965,429) | 7,290,242 | (77,255,671) |
| Reserves from conversion and fair value of assets held for sale (Prince) | 767,526 | - | 767,526 |
| Net earnings | (50,725,951) | - | (50,725,951) |
| Equity attributable to the Group | 34,202,087 | - | 34,202,087 |
| Minorities | 8,849 | - | 8,849 |
| Total shareholders equity | 34,234,038 | (23,103) | 34,210,935 |
| LIABILITIES | | | |
| NON CURRENT | | | |
| Provisions | 1,001,387 | (891,190) | 110,197 |
| Loans | | | |
| Bonds | 98,303,502 | - | 98,303,502 |
| Bank loans | 162,374,270 | 381,309,400 | 543,683,670 |
| Other loans | - | 23,184,000 | 23,184,000 |
| | 260,677,773 | 404,493,400 | 665,171,173 |
| Accounts payable | 12,848,361 | (2,533,500) | 10,314,862 |
| Derivatives | 5,446,063 | 27,069,402 | 32,515,465 |
| Deferred tax liabilities | 6,291,306 | 4,357,590 | 10,648,895 |
| Total non current liabilities | 286,264,889 | 432,495,702 | 718,760,592 |
| CURRENT | | | |
| Loans | | | |
| Bank loans | 64,107,474 | 27,831,482 | 91,938,956 |
| | 64,107,474 | 27,831,482 | 91,938,956 |
| Accounts payable | | | |
| Suppliers | 22,779,527 | 11,311,638 | 34,091,165 |
| Fixed tangible assets suppliers | 801,419 | 10,623 | 812,043 |
| Advancers from customers | 1,996 | 1,233 | 3,229 |
| Income tax | 8,046,801 | 126,296 | 8,173,097 |
| Other accounts payable | 20,261,894 | 1,287,636 | 21,549,530 |
| | 51,891,638 | 12,737,426 | 64,629,064 |
| Derivatives | 1,974,023 | 9,922,648 | 11,896,671 |
| Other current liabilities | 19,077,033 | 14,480,198 | 33,557,230 |
| Total current liabilities | 137,050,168 | 64,971,753 | 202,021,921 |
| Liabilities held for sale (Prince) | 22,984,863 | - | 22,984,863 |
| Total liabilities | 446,299,920 | 497,467,456 | 943,767,375 |
| Total shareholders equity and liabilities | 480,510,855 | 497,467,456 | 977,978,311 |



The notes which follow were selected to contribute to understanding the most significant changes of the Group's consolidated financial position and performance against the latest date for annual reporting at 31 December 2013.

3. MAIN ACCOUNTING POLICIES

The accounting policies applied in the preparation of these consolidated financial statements are consistent with those used in preparing the financial statements for the year ended December 31, 2013, except for changes introduced by IFRS11, as described in the previous note. Thus, the note 2.2 - Basis of consolidation, b), shall have the following wording:

"b) Jointly controlled companies - Equity method :

From 2014 onwards, the investments in jointly controlled entities are now recognized in the consolidated financial statements under the equity method. Under this method, investments are recorded at their acquisition cost, adjusted for the share of the Group's comprehensive income value (including net income) of these companies for consideration of comprehensive income of the Group or the profit or loss for the year , as applicable, and dividends received, net of any accumulated impairment losses .

The excess of the cost of acquisition over the fair value of identifiable assets and liabilities at the date of acquisition is recognized as "Goodwill" (Note 2.2.d) and maintained in the amount of the investment. If the difference between the acquisition cost and the fair value of assets and liabilities acquired is negative, it is recognized as income for the year after reassessment of the fair value acquired.

An assessment of investments in jointly controlled companies is performed when there are indications that the asset may be impaired, and recorded as an expense in the income statement impairment losses that can be shown to exist. When the impairment losses recognized in prior years no longer exist are subject to reversal.

When the Group's share of losses of the jointly controlled company exceeds the value of the investment is registered, the investment is reported at nil value, unless the Group has assumed commitments to the subsidiary.

Unrealised gains on transactions with jointly controlled entities are eliminated in proportion to the Group's interest in those entities against the investment in the same entity. Unrealised losses are eliminated similarly but only to the extent that the loss does not show that the transferred asset is impaired. "

4. JUDGEMENTS AND ESTIMATES

In preparing the attached financial statements, judgments, estimates and various assumptions have been made which affect the amounts shown for assets and liabilities, as well as those for income and expenses of the period. All the estimates and assumptions made by the board of directors are determined based on the best information available as at the date of approval of the consolidated financial statements and the ongoing transactions.

The board of directors believes that the consolidated and appended the following notes statements give a fair presentation of the consolidated financial information.

5. CONVERSION OF THE FINANCIAL STATEMENTS OF FOREIGN ENTITIES

The exchange rates used to convert the accounts of foreign Group companies, jointly controlled companies or associated companies to Euros were the following:

| | | FX rate as at 30.6.2014 | Average FX First Half 2013 | FX rate as at 30.6.2013 | Average FX First Half 2013 |
|----------------------------|---------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| US Dollar | EUR/USD | 1.3658 | 1.3705 | 1.3791 | 1.3107 |
| Mozambique Metical | EUR/MZN | 43.065 | 43.098 | 41.355 | 39.608 |
| S. Tomé and Príncipe Dobra | EUR/STD | 24,500 | 24,500 | 24,500 | 24,500 |
| Angola Kwanza | EUR/AOA | 133.20 | 133.84 | 134.51 | 125.96 |
| Israel Shekel | EUR/ILS | 4.6960 | 4.7681 | 4.7880 | 4.8041 |



6. GROUP COMPANIES AND ENTITIES INCLUDED IN THE CONSOLIDATION

Group companies and entities included in the consolidation using the full consolidation method, their head offices and percentage of share capital held as at 30 June 2014 and 31 December 2013 were as follows:

| Company | Head offices | 30.6.2014 | | | 31.12.2013 | | |
|---|--|-------------------|----------|---------|-------------------|----------|---------|
| | | % of capital held | | | % of capital held | | |
| | | Direct | Indirect | Total | Direct | Indirect | Total |
| SDC - INVESTIMENTOS, SGPS, S.A. | Rua Santos Pousada, nº 220 4000-478 Porto | Holding company | - | - | Holding company | - | - |
| Soares da Costa América, Inc. | 7270 N.W. 12 TH Street, Suite PH3 - Miami - Florida - 33126 US | 100.00% | - | 100.00% | 100.00% | - | 100.00% |
| Prince Contracting, LLC ^{1 e 2} | 10210 Highland Manor Dr - Suite 110, Tampa, Florida 33610 – US | - | - | - | - | 100.00% | 100.00% |
| Porto Construction Group, LLC | 7270 N.W. 12 TH Street, Suite #207 - Miami - Florida - 33126 US | - | 60.00% | 60.00% | - | 60.00% | 60.00% |
| Soares da Costa Construction Services, LLC | 751 Park of Comm. Drive, Suite #108 - Boca Raton - Florida - 33487 US | - | 80.00% | 80.00% | - | 80.00% | 80.00% |
| Soares da Costa CS, LLC | 6205 Blue Lagoon Drive, Suite 310 - Miami - Florida - 33126 US | - | 80.00% | 80.00% | - | 80.00% | 80.00% |
| Soares da Costa Contractor, LLC | 7270 N.W. 12 TH Street, Suite PH3 - Miami - Florida - 33126 US | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| Energia Própria | | | | | | | |
| Energia Própria, S.A. | Estrada de Talaíde, lote 27, Talaíde 2785-734 S. Domingos de Rana | 57.26% | - | 57.26% | 57.26% | - | 57.26% |
| Ventos do Horizonte, S.A. | Edifício Ninho de Empresas, Edifício Ninho de Empresas, Avenida do Mercado Abastecedor, nº 4, 5400-673 Outeiro Seco – Chaves | - | - | - | - | - | - |
| Self Energy Uk ³ | Southbank Technopark, 90 London Road, London, SE1 6LN | - | - | - | - | 78.10% | 78.10% |
| Self Energy Engineering & Innovation, S.A. | Rua de Fundões 151 Centro Empresarial e Tecnológico 3700-121 São João da Madeira | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| Construction ^{1 e 4} | | | | | | | |
| Soares da Costa Construção SGPS, S.A. | Rua Santos Pousada, nº 220 4000-478 Porto | 33.33% | - | 33.33% | 100.00% | - | 100.00% |
| Real Estate | | | | | | | |
| SDC IMOBILIÁRIA, SGPS, S.A. | Rua Santos Pousada, nº 220 4000-478 Porto | 100.00% | - | 100.00% | 100.00% | - | 100.00% |
| CIAGEST - Imobiliária e Gestão, S.A. | Rua Santos Pousada, nº 220 4000-478 Porto | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| Mercados Novos - Imóveis Comerciais, Lda. | Rua Santos Pousada, nº 220 4000-478 Porto | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| SOARTA - SOCIEDADE IMOBILIÁRIA, S.A | Rua Santos Pousada, nº 220 4000-478 Porto | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| HABITOP - Sociedade Imobiliária, S.A. | Rua Santos Pousada, nº 220 4000-478 Porto | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| Soares da Costa Imobiliária, Lda. | Estrada Farol das Lagostas Município da Sambízanga, C. do N'Golakilunge - Luanda | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| Cais da Fontinha - Investimentos Imobiliários, S.A. | Rua Santos Pousada, nº 220 4000-478 Porto | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| NAVEGAIA - Instalações Industriais, S.A. | Rua Santos Pousada, nº 220 4000-478 Porto | - | 100.00% | 100.00% | - | 100.00% | 100.00% |



| Company | Head offices | 30.6.2014 | | | 31.12.2013 | | |
|---|--|-------------------|----------|---------|-------------------|----------|---------|
| | | % of capital held | | | % of capital held | | |
| | | Direct | Indirect | Total | Direct | Indirect | Total |
| IMOSEDE, Lda | Rua Conego Manuel das Neves Casa nº 19 - Luanda | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| Costa Sul Sociedade de Promoção Imobiliária, Lda | Rua Conego Manuel das Neves Casa nº 19 - Luanda | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| IMOSDC - Investimentos, Lda | Rua Cónego Manuel das Neves, 19 Luanda | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| TESC - Produtos Tecnológicos, Lda | Rua Cónego Manuel das Neves, 19 Luanda | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| Talatona Imobiliária, Lda | Rua Cónego Manuel das Neves, 19 Luanda - Angola | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| Concessions | | | | | | | |
| SDC - CONCESSÕES, SGPS, S.A. | Rua Santos Pousada, nº 220 4000-478 Porto | 100.00% | - | 100.00% | 100.00% | - | 100.00% |
| Soares da Costa Concesiones - Costa Rica, S.A. | 100 Est,200 Sul, 50 Oest - H. de La Mujer - San José - Costa Rica | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| COSTAPARQUES - Estacionamentos, S.A. | Rua Santos Pousada, nº 220 4000-478 Porto | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| C.P.E. - Companhia de Parque de Estacionamento, S.A. | Rua Julieta Ferrão, nº 12, 14º 1649 Lisboa | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| Intevias - Serviços e Gestão, S.A. | Rua Santos Pousada, nº 220 4000-478 Porto | - | 100.00% | 100.00% | - | 100.00% | 100.00% |
| Hidroequador Santomense - Exploração de Centrais Hidroelétricas, Lda. | Av. Repatriamento dos Poveiros, nº 67, Edifício Cecominsa, Póvoa de Varzim | - | 75.00% | 75.00% | - | 75.00% | 75.00% |
| Hidroelétrica STP, Limitada | Avenida Água Grande, São Tomé - S. Tomé and Príncipe | - | 45.00% | 45.00% | - | 45.00% | 45.00% |
| Soares da Costa Hidroenergia, S.A. | Rua Santos Pousada, nº 220 4000-478 Porto | - | 75.00% | 75.00% | - | 75.00% | 75.00% |
| Soares da Costa Hidroenergia 1T, Lda. | Rua Santos Pousada, nº 220 4000-478 Porto | - | 75.05% | 75.05% | - | 75.05% | 75.05% |
| Soares da Costa Hidroenergia 4T, Lda. | Rua Santos Pousada, nº 220 4000-478 Porto | - | 75.05% | 75.05% | - | 75.05% | 75.05% |
| Soares da Costa Hidroenergia 8C, Lda. | Rua Santos Pousada, nº 220 4000-478 Porto | - | 75.05% | 75.05% | - | 75.05% | 75.05% |
| Soares da Costa Hidroenergia 8T, Lda. | Rua Santos Pousada, nº 220 4000-478 Porto | - | 75.05% | 75.05% | - | 75.05% | 75.05% |
| Soares da Costa Concessions USA, Inc. ⁵ | 7270 NW 12 Street, Suite 860, Miami, Florida 33126 US | - | 100.00% | 100.00% | - | 100.00% | 100.00% |

¹ Discontinued in 2013; ² Sale completed in the 2Q 2014; ³ Sale completed in the 1Q 2014; ⁴ Financial investments measured at fair value (Note 14);

⁵ Company dissolved after the first half, as at 10 July

During the period ended 30 June 30 2014 the following changes occurred in the companies included in the consolidation by the full consolidation method:

- Completion of the selling process of the company Self Energy UK and the subsequent disposal of asset held for sale;
- Completion by 15 May 2014 of the sale of the full participation held in the US company Prince Contracting LLC by 18 million Dollars.



7. JOINTLY CONTROLLED COMPANIES AND ENTITIES

The jointly controlled companies and entities included in the consolidation using the proportional method, their head offices and percentage of share capital owned as at 30 June 2014 and 31 December 2013, were as follows:

| Company | Head offices | 30.6.2014 | | | 31.12.2013 | | |
|---|--|-------------------|--------------|--------------|-------------------|----------|----------|
| | | % of capital held | | | % of capital held | | |
| | | Direct | Indirect | Total | Direct | Indirect | Total |
| Energia Própria | | | | | | | |
| Self Energy Moçambique, S.A. | Avenida Kenneth Kaunda, nº 403 Maputo – Moçambique | - | 45.00% | 45.00% | - | 45.00% | 45.00% |
| UTE Efaced – Self Energy, Ley 18/1982 | Avenida de la Industria 4, Edf. 1, 2- 2C 28108 Alcobendas - Madrid | - | 50.00% | 50.00% | - | 50.00% | 50.00% |
| Sustentável Desafio - Produção de Energia LDA. | Avenida do Forte, nº 8, fracção P1, Carnaxide - Oeiras | - | - | - | - | 35.00% | 35.00% |
| Real Estate | | | | | | | |
| Self-Energy Angola, Lda | Rua Cônego Manuel das Neves, casa 19, Bairro Patrice Lumumba - Angola | - | 49.00% | 49.00% | - | 49.00% | 49.00% |
| Concessions | | | | | | | |
| <u>companies and investments jointly managed</u> | | | | | | | |
| SCUTVIAS - Autoestradas da Beira Interior, S.A. | Praça de Alvalade nº 6 7º Andar Lisboa | - | 33.33% | 33.33% | - | 33.33% | 33.33% |
| OPERESTRADAS XXI, S.A. | Rua Santos Pousada, nº 220 4000- 478 Porto | - | 46.00% | 46.00% | - | 46.00% | 46.00% |
| Exproestradas XXI - AE Transmontana, S.A. | Rua Santos Pousada, nº 220 4000- 478 Porto | - | 49.9996 % | 49.9996 % | - | 49.9996% | 49.9996% |
| Auto-Estradas XXI - Subconcessionária, S.A. | Rua Santos Pousada, nº 220 4000- 478 Porto | - | 46.00% | 46.00% | - | 46.00% | 46.00% |
| Estradas do Zambeze, S.A. | Distrito Urbano 1, Bairro Central, Av. Ho Chi Min nº 1178, 2º andar, Maputo – Mozambique | - | 40.00% | 40.00% | - | 40.00% | 40.00% |
| Operadora das Estradas do Zambeze, S.A. | Distrito Urbano 1, Bairro Central, Av. Ho Chi Min nº 1178, 2º andar, Maputo - Mozambique | - | 40.00% | 40.00% | - | 40.00% | 40.00% |
| MRN - Manutenção de Rodovias Nacionais, S.A. | Av. 12 de Novembro, nº 42, 1º Direito 6005-001 Alcains - Castelo Branco | - | 33.33% | 33.33% | - | 33.33% | 33.33% |
| Portvias - Portagem de Vias, S.A. | Avenida 12 de Novembro, 42, 1º Dto, 6005 001 Alcains - Castelo Branco | - | 33.33% | 33.33% | - | 33.33% | 33.33% |
| <u>associated companies</u> | | | | | | | |
| Metropolitan Transportation Solutions, Ltd. | 14 Hamelecha Street, Park Afek, Rosh Haya'in Israel | - | 20.00% | 20.00% | - | 20.00% | 20.00% |
| GAYAEXPLOR - Construção e Exploração de Parques de Estacionamento, Lda. | Rua Santos Pousada, nº 220 4000- 478 Porto | - | 25.00% | 25.00% | - | 25.00% | 25.00% |
| INDÁQUA - Indústria e Gestão de Águas, S.A. | Rua Antero de Quental, 221-3º Sala 303 - 4455-586 Perafita | - | 28.57% | 28.57% | - | 28.57% | 28.57% |
| INDÁQUA MATOSINHOS - Gestão de Águas de Matosinhos, S.A. | Rua 1º de Maio, nº 273 4451-956 Matosinhos | - | 28.14% | 28.14% | - | 28.14% | 28.14% |
| Indáqua Vila do Conde - Gestão de Águas de Vila do Conde, S.A. | Praça Luís de Camões, 9, 3º 1480- 719 Vila do Conde | - | 28.00% | 28.00% | - | 28.00% | 28.00% |
| Indáqua Feira - Indústria de Águas de Santa Maria da Feira, S.A. | Rua Dr. Elísio de Castro, nº 37 - Santa Maria da Feira | - | 27.07% | 27.07% | - | 27.07% | 27.07% |



During the year ended 30 June 2014, the following changes took place in the consolidation perimeter using the equity method:

- With the entry into force of IFRS11, companies and jointly controlled entities will be consolidated by the equity method and the financial statements for the previous year have been restated accordingly;
- By 9 May 2014 SDC Investimentos, SGPS, SA informed that had reached an agreement to the sale of the 40% stake held in the concessionaire Estradas do Zambeze (Zambezi Roads) and its operator, in Mozambique, for a total amount of 4.8 million Euros, which is still pending from approval from external parties;
- Sales during the second quarter of the total participation held in the company “Sustentável Desafio – Produção de Energia, Lda.”, in which Energia Própria, SA held a 35% stake.

During the years ended 30 June 2014 and 31 December 2013, the movement that took place in the value of companies included using the equity method was as follows:

| Company | 30.6.2014 | | 31.12.2013 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Investment | Loans | Investment | Loans |
| Opening balance | 79,152,056 | 64,183,207 | 75,234,017 | 44,220,089 |
| Discontinued activity (Construction business area) | - | - | (3,334,505) | (4,337) |
| Loans granted in the period | - | 600,314 | - | 4,904,339 |
| Constituted in the period | - | - | 39,169 | - |
| Alienations in the period | - | (57,924) | - | (1,107,959) |
| Liquidations in the period | - | - | (403) | (78,984) |
| Impact on net earnings | 5,730,120 | (790,042) | 7,662,132 | (2,876,257) |
| Impact on reserves | 244,079 | (13,723,016) | 4,690,376 | 19,126,316 |
| Dividends distributed | (2,231,073) | - | (4,990,809) | - |
| Foreign exchange impact | - | - | (147,921) | - |
| Transfers | (1,526) | - | - | - |
| Closing balance | 82,893,657 | 50,212,540 | 79,152,056 | 64,183,207 |

The caption “Alienation in the period” is related with the sale of the associate company Sustentável Desafio - Produção de Energia, Lda.

The heading "Impact on reserves" reflects changes in the derivatives of the jointly controlled entities Autoestradas XXI - Subconcessionária Transmontana, S.A. and Scutvias - Autoestradas da Beira Interior, S.A., as well as the impact of currency translation of financial statements of the associates with reporting in foreign currency.

The caption “Dividends distributed” reflect the dividends distributed by the jointly managed controlled companies MRN - Manutenção de Rodovias Nacionais, S.A., Portvias - Portagem de Vias, S.A. and Operestradas XXI, S.A..



As at 30 June 2014 and 31 December 2013, the value of shareholdings in companies included in the consolidation using the equity method was as follows:

| Companies | 30.6.2014 | | 31.12.2013 | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Investment | Loans | Investment | Loans |
| Concessions | | | | |
| Auto-Estradas XXI - Subconcessionária Transmontana, S.A. | - | 22,364,277 | - | 36,877,336 |
| Estradas do Zambeze, S.A. | 779,582 | 940,063 | 843,166 | 640,000 |
| GAYAEXPLOR - Const. Exploração de Parques de Estacionamento, Lda. | - | 27,500 | - | 27,500 |
| INDÁQUA - Indústria e Gestão de Águas, S.A. | 9,308,275 | 10,108,657 | 9,235,625 | 9,989,836 |
| INDÁQUA FEIRA - Ind. Águas de Santa Maria da Feira, S.A. | 24,950 | 118,067 | 24,950 | 116,678 |
| INDÁQUA MATOSINHOS - Gestão Águas de Matosinhos, S.A. | 2,500 | 4,471 | 2,500 | 4,430 |
| Metropolitan Transportation Solutions, Ltd. | 11,929 | 8,756,054 | 11,700 | 8,576,054 |
| MRN - Manutenção de Rodovias Nacionais, S.A. | 926,685 | - | 1,052,446 | - |
| Operadora das Estradas do Zambeze, S.A. | 200,774 | - | 177,859 | - |
| OPERESTRADAS XXI S.A. | 3,044,500 | - | 3,831,974 | - |
| Portvias - Portagem de Vias, S.A. | 123,994 | - | 175,684 | - |
| SCUTVIAS - Autoestradas da Beira Interior, S.A. | 68,349,112 | 7,893,451 | 63,669,858 | 7,893,451 |
| Real Estate | | | | |
| Self Energy Angola, Lda. | 36,787 | - | 36,429 | - |
| Energia Própria | | | | |
| Self Energy Moçambique, S.A. | 84,567 | - | 89,865 | - |
| Sustentável Desafio - Produção de Energia LDA. | - | - | - | 57,924 |
| UTE Efacec – Self Energy, Ley 18/1982 | 1 | - | 1 | - |
| Total | 82,893,657 | 50,212,540 | 79,152,056 | 64,183,207 |

The financial investments in the associate companies Gayaexplor,Lda. and Ute Efacec/ Self Energy, Ley 18/1982 were registered at zero value. The amounts, which are in excess of the value of the investment, of the Group's share in the cumulative losses of these associates were 59,504 Euros, 526,628 Euros, respectively.



As at 30 June 2014 and 31 December 2013, the detail of the total value of the assets, liabilities, equity, costs, income, and results of the companies included in the consolidation using the equity method were respectively the following:

| 30.6.2014 Companies | Assets | Liabilities | Shareholders equity | Costs | Income | Net earnings |
|---|-------------|-------------|------------------------|------------|------------|--------------|
| <u>companies and investments jointly managed</u> | | | | | | |
| Autoestradas XXI - Subconcessionária, S.A. | 778,827,076 | 809,845,957 | (31,018,881) | 24,597,423 | 22,879,941 | (1,717,482) |
| Estradas do Zambeze, S.A. | 36,775,694 | 34,826,738 | 1,948,956 | 13,548,105 | 13,472,904 | (75,201) |
| Exproestradas XXI - AE Transmontana, S.A. | 5,891,900 | 7,876,468 | (1,984,568) | 424,609 | 291,376 | (133,233) |
| MRN - Manutenção de Rodovias Nacionais, S.A. | 23,682,052 | 20,901,719 | 2,780,333 | 2,841,537 | 5,561,870 | 2,720,333 |
| Operadora das Estradas do Zambeze, S.A. | 3,419,406 | 2,917,472 | 501,934 | 1,434,250 | 1,509,133 | 74,883 |
| Operestradas XXI, S.A. | 13,291,261 | 6,672,784 | 6,618,477 | 4,094,365 | 4,649,723 | 555,358 |
| Portvias - Portagem de Vias, S.A. | 4,760,770 | 4,388,750 | 372,020 | 3,088,928 | 3,400,948 | 312,020 |
| SCUTVIAS - Autoestradas da Beira Interior, S.A. | 720,024,551 | 599,351,680 | 120,672,871 | 47,869,382 | 61,050,230 | 13,180,848 |
| <u>associated companies</u> | | | | | | |
| GAYAEXPLOR - Construção e Exploração de Parques Estacionamento, Lda. (a) | 5,922 | 243,938 | (238,016) | - | - | - |
| INDÁQUA - Indústria e Gestão de Águas, S.A. | 75,017,847 | 56,055,810 | 18,962,037 | 4,937,185 | 5,191,475 | 254,290 |
| Indáqua Matosinhos, S.A. | 72,072,057 | 74,610,673 | (2,538,616) | 10,335,533 | 9,883,887 | (451,646) |
| Indáqua Feira, S.A. | 109,909,768 | 102,258,504 | 7,651,264 | 7,580,674 | 7,155,518 | (425,156) |
| Indáqua Vila do Conde, S.A. | 59,264,695 | 59,731,993 | (467,298) | 7,769,596 | 7,423,017 | (346,579) |
| Metropolitan Transportation Solutions, Ltd. (b) | 49,591,962 | 49,532,315 | 59,647 | - | - | - |
| Self-Energy Angola, Lda. | 75,075 | - | 75,075 | - | - | - |
| Self Energy Moçambique S.A. | 2,018,217 | 1,830,290 | 187,927 | 271,300 | 267,460 | (3,840) |
| Ute Efaced/Self Energy, Ley 18/1982 | 27,731 | 1,080,987 | (1,053,256) | 8,886 | - | (8,886) |

^(a) 31.12.2013; ^(b) 30.9.2010



8. INFORMATION BY SEGMENTS

Using the consolidated financial information for each of the business areas, the following breakdown of results, and of assets and liabilities by segment as at 30 June 2014, is shown below:

| | Real Estate | Concessions | Energia Própria | Holding and Other | Eliminations | 30.6.2014 Consolidated |
|--|------------------|--------------------|--------------------|----------------------|--------------------|---------------------------|
| Turnover: | | | | | | |
| External to the Group | 2,489,018 | 3,068,961 | 357,241 | 627,889 | - | 6,543,109 |
| Intragroup | 142,125 | 3,000 | - | 117,700 | (262,825) | - |
| Total turnover | 2,631,143 | 3,071,961 | 357,241 | 745,589 | (262,825) | 6,543,109 |
| Operational result by business area | 469,016 | (720,863) | (341,668) | (1,720,988) | (76,413) | (2,390,915) |
| Not imputed costs | | | | | | - |
| Operational results (continued activity) | 469,016 | (720,863) | (341,668) | (1,720,988) | (76,413) | (2,390,915) |
| Interest paid | (830,436) | (6,885,182) | (105,110) | (3,781,741) | 4,323,074 | (7,279,395) |
| Interest received | 109,506 | 1,237,571 | 91 | 4,179,128 | (4,323,130) | 1,203,165 |
| Net earnings from associated companies and jointly managed investments | - | 4,941,806 | 14,656 | - | - | 4,956,462 |
| Other financial gains and losses | (57,271) | (758,706) | (9,634) | (235,227) | (975,944) | (2,036,782) |
| Income tax | (270,365) | 201,112 | - | (372,357) | 13,440 | (428,170) |
| Results from recurrent activities | (579,550) | (1,984,262) | (441,666) | (1,931,185) | (1,038,973) | (5,975,635) |
| Net earnings from discontinued activities | | | | | | (989,711) |
| Minorities | (686) | (173,141) | - | (273,069) | - | (446,896) |
| Net income attributable to the Group | (578,863) | (1,811,121) | (441,666) | (1,658,116) | (1,038,973) | (6,518,450) |
| Other data: | | | | | | |
| Assets by business area | 140,362,092 | 115,320,551 | 13,062,150 | 305,665,552 | (270,022,821) | 304,387,524 |
| Investment in associated and jointly managed entities | 36,787 | 132,984,842 | 84,568 | - | - | 133,106,197 |
| Consolidated total assets | | | | | | 437,493,721 |
| Liabilities by business area | 70,763,895 | 327,831,322 | 15,176,045 | 249,291,859 | (237,850,360) | 425,212,761 |
| Consolidated total liabilities | | | | | | 425,212,761 |
| Depreciations, amortisations and impairment losses | 676,183 | 1,321,636 | 64,297 | 4,644 | (4,515) | 2,062,244 |
| Provisions and value adjustments | (66,455) | 71,541 | 26,000 | - | - | 31,087 |
| Reversion of adjustments | (24,193) | - | - | - | - | (24,193) |
| Intangible and tangible assets acquisitions | - | 3,655 | - | - | - | 3,655 |



The breakdown of results by segment as at 30 June 2013, and assets and liabilities by segments as at 31 December 2013 was as follows:

| | Real Estate | Concessions | Energia Própria | Holding and Other | Eliminations | 30.6.2013 Consolidated |
|--|-------------------|------------------|--------------------|----------------------|--------------------|---------------------------|
| Turnover: | | | | | | |
| External to the Group | 19.513.006 | 2.989.455 | 693.173 | 293.341 | - | 23.488.975 |
| Intragroup | 2.046.566 | 10.415 | - | 5.224.968 | (1.193.035) | 6.088.914 |
| Total turnover | 21.559.572 | 2.999.870 | 693.173 | 5.518.309 | (1.193.035) | 29.577.889 |
| Operational result by business area | 4.246.359 | (969.396) | (529.632) | (1.076.467) | 888.482 | 2.559.346 |
| Not imputed costs | | | | | | - |
| Operational results (continued activity) | 4.246.359 | (969.396) | (529.632) | (1.076.467) | 888.482 | 2.559.346 |
| Interest paid | (1.122.945) | (6.533.060) | (137.109) | (7.000.541) | 3.907.728 | (10.885.926) |
| Interest received | 63.245 | 1.442.140 | 76 | 6.225.824 | (3.907.728) | 3.823.557 |
| Net earnings from associated companies | (21.217) | 8.047.207 | (52.308) | - | - | 7.973.682 |
| Other financial gains and losses | 40.865 | 1.889.139 | (58.490) | (1.164.785) | - | 706.729 |
| Income tax | (2.062.480) | 1.140.966 | - | 1.002.517 | (242.615) | (161.611) |
| Results from recurrent activities | 1.143.827 | 5.016.997 | (777.462) | (2.013.452) | 645.867 | 4.015.777 |
| Net earnings from discontinued activities | | | | | | (13.281.343) |
| Minorities | (12.244) | - | 335 | (332.430) | - | (27.931) |
| Net income attributable to the Group | 1.156.071 | 5.016.997 | (777.797) | (1.681.022) | 645.867 | (9.237.635) |
| Other data: | | | | | | |
| Assets by business area | 145.328.388 | 110.839.680 | 13.095.150 | 299.661.144 | (307.053.150) | 261.871.211 |
| Investment in associated and jointly managed companies | 36.429 | 143.151.045 | 147.790 | - | - | 143.335.263 |
| Assets held for sale (Construction) | | | | | | 38.500.000 |
| Assets held for sale (Prince) | | | | | | 36.804.380 |
| Consolidated total assets | | | | | | 480.510.855 |
| Liabilities by business area | 75.106.735 | 316.634.010 | 14.827.031 | 259.879.656 | (243.132.375) | 423.315.057 |
| Passivos detidos para venda (Prince) | | | | | | 22.984.863 |
| Consolidated total liabilities | | | | | | 446.299.920 |
| Depreciations, amortisations and impairment losses | 697.830 | 1.390.762 | 142.591 | 444.552 | (4.515) | 2.671.220 |
| Provisions and value adjustments | - | 208.528 | (221) | - | - | 208.306 |
| Reversion of adjustments | - | - | (11.151) | - | - | (11.151) |
| Intangible and tangible assets acquisitions | - | 588.828 | 73.727 | - | - | 662.555 |



- Net assets and investments in tangible and intangible assets by geographical market were as follows as at 30 June 2014 and 31 December 2013, respectively:

| | Portugal | Angola | U.S. | Mozambique | Other countries | Total 30.6.2014 |
|--|--------------------|-------------------|------------------|------------------|-------------------|--------------------|
| Net Assets: | | | | | | |
| - Intangible | 40,279,728 | - | - | - | 571 | 40,280,298 |
| - Fixed Tangible | 66,865,638 | - | 1,117,247 | - | 24,029 | 68,006,915 |
| - Investment Properties | 20,026,709 | 6,214,456 | - | - | - | 26,241,165 |
| - Associated and jointly managed companies and other financial investments | 125,535,990 | 36,787 | - | 2,004,986 | 9,176,253 | 136,754,016 |
| - Other financial assets | 38,500,000 | - | - | - | - | 38,500,000 |
| - Inventories | 23,934,606 | 2,672,983 | - | - | - | 26,607,589 |
| - Accounts Receivable | 28,517,264 | 16,422,579 | 4,844,488 | 399,751 | 8,923,984 | 59,108,066 |
| - Cash and equivalents | 4,992,611 | 701,757 | 47,200 | - | 25,348 | 5,766,916 |
| - Deferred taxes assets | 19,047,372 | 399,221 | - | - | 59,722 | 19,506,315 |
| - Other current and non current assets | 16,688,700 | - | 183 | - | 33,557 | 16,722,440 |
| Totais | 384,388,618 | 26,447,784 | 6,009,118 | 2,404,737 | 18,243,464 | 437,493,721 |
| Investments in the First Half of 2014: | | | | | | |
| - Intangible and Fixed Tangible Assets | 3,515 | - | - | - | 140 | 3,655 |
| Total | 3,515 | - | - | - | 140 | 3,655 |

| | Portugal | Angola | U.S. | Mozambique | Other countries | Total |
|--|--------------------|-------------------|-------------------|------------------|-------------------|--------------------|
| Net Assets: | | | | | | |
| - Intangible | 40,988,969 | - | - | - | - | 40,988,969 |
| - Fixed Tangible | 67,912,568 | - | 1,109,104 | - | 25,165 | 69,046,837 |
| - Investment Properties | 20,146,298 | 6,202,909 | - | - | - | 26,349,207 |
| - Associated and jointly managed companies and other financial investments | 136,199,741 | 36,429 | - | 1,750,890 | 8,996,023 | 146,983,083 |
| - Other financial assets | 38,500,000 | - | - | - | - | 38,500,000 |
| - Inventories | 24,892,782 | 2,194,581 | - | - | - | 27,087,363 |
| - Accounts Receivable | 25,925,233 | 17,345,254 | 3,036,939 | 573,913 | 8,922,304 | 55,803,643 |
| - Cash and equivalents | 1,424,774 | 702,041 | 43,227 | - | 42,131 | 2,212,173 |
| - Deferred taxes assets | 18,450,994 | 502,028 | 1,015,155 | - | 57,243 | 20,025,420 |
| - Other current and non current assets | 16,573,360 | - | 87,481 | - | 48,939 | 16,709,780 |
| - Assets held for sale (Prince) | - | - | 36,804,379 | - | 1 | 36,804,380 |
| Total | 391,014,718 | 26,983,242 | 42,096,285 | 2,324,803 | 18,091,806 | 480,510,855 |
| Investments in 2013: | | | | | | |
| - Intangible and Fixed Tangible Assets | 1,120,173 | - | - | - | 342,100 | 1,462,273 |
| Total | 1,120,173 | - | - | - | 342,100 | 1,462,273 |



9. GRADES OF FINANCIAL INSTRUMENTS

The financial instruments in accordance with the accounting policies described in Note 2.6 to the financial statements for the year ended 31 December 2013, were classified as follows:

| Financial assets | Notes | Loans and accounts receivable | Available for sale | Total |
|---|----------|-------------------------------|--------------------|--------------------|
| <u>30.6.2014</u> | | | | |
| Non current assets | | | | |
| Loans to associated and jointly managed companies | 7 and 8 | 50,212,540 | - | 50,212,540 |
| Assets held for sale (Construction) | 8 and 13 | - | 3,647,819 | 3,647,819 |
| Other financial investments | 8 and 14 | - | 38,500,000 | 38,500,000 |
| Other non current assets | 8 and 17 | 7,866,000 | - | 7,866,000 |
| | | 58,078,540 | 42,147,819 | 100,226,359 |
| Current assets | | | | |
| Trade creditors | 16 | 32,030,166 | - | 32,030,166 |
| Other accounts receivable | 16 | 26,675,919 | - | 26,675,919 |
| Cash and equivalents | 8 and 18 | 5,766,916 | - | 5,766,916 |
| | | 64,473,001 | - | 64,473,001 |
| Total | | 122,551,541 | 42,147,819 | 164,699,360 |
| <u>31.12.2013 restated</u> | | | | |
| Non current assets | | | | |
| Loans to associated companies | 7 and 8 | 64,183,207 | - | 64,183,207 |
| Assets held for sale (Construction) | 8 and 13 | - | 3,647,819 | 3,647,819 |
| Other financial investments | 8 and 14 | - | 38,500,001 | 38,500,001 |
| Other non current assets | 8 and 17 | 7,866,000 | - | 7,866,000 |
| | | 72,049,207 | 42,147,820 | 114,197,027 |
| Current assets | | | | |
| Trade creditors | 16 | 32,299,260 | - | 32,299,260 |
| Other accounts receivable | 16 | 22,652,900 | - | 22,652,900 |
| Cash and equivalents | 8 and 18 | 2,212,173 | - | 2,212,173 |
| | | 57,164,333 | - | 57,164,333 |
| Total | | 129,213,541 | 42,147,820 | 171,361,361 |



| Financial liabilities | Notes | Derivatives | Financial liabilities recorded at amortised cost | Total |
|-----------------------|-------|-------------|--|-------|
|-----------------------|-------|-------------|--|-------|

30.6.2014

Non current liabilities

| | | | | |
|------------------|----|-----------|-------------|-------------|
| Bonds | 20 | - | 98,544,034 | 98,544,034 |
| Bank loans | 20 | - | 153,315,500 | 153,315,500 |
| Accounts payable | 22 | - | 12,800,686 | 12,800,686 |
| Derivatives | 21 | 7,283,487 | - | 7,283,487 |

| | | | | |
|--|--|------------------|--------------------|--------------------|
| | | 7,283,487 | 264,660,220 | 271,943,707 |
|--|--|------------------|--------------------|--------------------|

Current liabilities

| | | | | |
|-------------------------------|----|-----------|------------|------------|
| Bank loans | 20 | - | 66,313,346 | 66,313,346 |
| Trade debtors | | - | 21,364,598 | 21,364,598 |
| Fixed tangible assets debtors | | - | 755,927 | 755,927 |
| Advances on sales | | - | 1,996 | 1,996 |
| Other accounts payable | 22 | - | 27,203,309 | 27,203,309 |
| Derivatives | 21 | 2,007,065 | - | 2,007,065 |
| Other current liabilities | 23 | - | 22,995,950 | 22,995,950 |

| | | | | |
|--------------|--|------------------|--------------------|--------------------|
| | | 2,007,065 | 138,635,126 | 140,642,191 |
| Total | | 9,290,552 | 403,295,346 | 412,585,899 |

31.12.2013 restated

Non current liabilities

| | | | | |
|------------------|----|-----------|-------------|-------------|
| Bonds | 20 | - | 98,303,502 | 98,303,502 |
| Bank loans | 20 | - | 162,374,270 | 162,374,270 |
| Accounts payable | 22 | - | 12,848,361 | 12,848,361 |
| Derivatives | 21 | 5,446,063 | - | 5,446,063 |

| | | | | |
|--|--|------------------|--------------------|--------------------|
| | | 5,446,063 | 273,526,134 | 278,972,197 |
|--|--|------------------|--------------------|--------------------|

Current liabilities

| | | | | |
|-------------------------------|----|-----------|------------|------------|
| Bank loans | 20 | - | 64,107,474 | 64,107,474 |
| Trade debtors | | - | 22,779,527 | 22,779,527 |
| Fixed tangible assets debtors | | - | 801,419 | 801,419 |
| Advances on sales | | - | 1,996 | 1,996 |
| Other accounts payable | 22 | - | 20,261,894 | 20,261,894 |
| Derivatives | 21 | 1,974,023 | - | 1,974,023 |
| Other current liabilities | 23 | - | 19,077,033 | 19,077,033 |

| | | | | |
|--------------|--|------------------|--------------------|--------------------|
| | | 1,974,023 | 127,029,343 | 129,003,366 |
| Total | | 7,420,086 | 400,555,477 | 407,975,564 |

Financial Instruments recognized at fair value

In 2013, the Group applied for the first time IFRS 13 – Measurement at Fair Value. This standard requires that the fair value be declared according to a hierarchy of fair value as follows:

- Level 1: the fair value is determined based on prices in the active market for similar assets and liabilities;
- Level 2: the fair value is determined based on other data that are not the market prices identified in level 1, but are observable; and
- Level 3: the fair value is determined based on valuation models whose main inputs are not observable on the market.



| | Level 2 | 31.12.2013 restated Level 2 |
|---|-------------------|-----------------------------------|
| Financial assets valued at its fair value | | |
| Other financial assets | 38,500,000 | 38,500,001 |
| Total | 38,500,000 | 38,500,001 |
| Financial liabilities valued at its fair value | | |
| Non current derivatives | 7,283,487 | 5,446,063 |
| Current derivatives | 2,007,065 | 1,974,023 |
| Total | 9,290,552 | 7,420,086 |

10. INTANGIBLE ASSETS

During the period ended 30 June 2014, the movements that took place in the value of intangible assets, as well as their related accumulated depreciation and impairment losses, were as follows:

| Gross intangible assets | Opening balance | Change in perimeter | Discontinued activities | Increase | Alienations | Impact from foreign exchange | Transfers and write-offs | Closing balance 31.3.2014 |
|--------------------------------|-------------------|---------------------|-------------------------|----------|-------------|------------------------------|--------------------------|------------------------------|
| Concession services agreements | 58,201,904 | - | - | - | - | - | - | 58,201,904 |
| Intangible assets | 10,405,028 | - | - | - | - | 6 | - | 10,405,034 |
| Total | 68,606,932 | - | - | - | - | 6 | - | 68,606,938 |

| Intangible assets cumulated depreciation and impairment losses | Opening balance | Change in perimeter | Discontinued activities | Depreciation | Impairment losses | Adjustments | Impact from foreign exchange | Closing balance 30.6.2014 |
|--|-------------------|---------------------|-------------------------|----------------|-------------------|-------------|------------------------------|------------------------------|
| Concession services agreements | 26,952,805 | - | - | 683,322 | - | - | - | 27,636,127 |
| Intangible assets | 665,158 | - | - | 25,355 | - | - | - | 690,512 |
| Total | 27,617,963 | - | - | 708,676 | - | - | - | 28,326,639 |

This caption includes mainly Concession Agreements for Public Services (IFRIC 12).

As the projects for small hydro (in Portugal and São Tomé and Príncipe) have residual degrees of development, the Group discontinued in 2013 the capitalization of financial charges on loans taken out to finance the acquisition and construction of those concessions, and proceeded to "write off" of the amount capitalized in previous years, amounting to 1,978,174 Euros. In the consolidated financial statements of the Group as at 30 June 2014, a sum of 3,710,573 Euros (3,839,855 Euros as at 31 December 2013) has been capitalised for financial charges as an integral part of the net cost of the assets relating to car park concessions.

Primary reporting information about the net values of intangible assets by segment as at 30 June 2014 is shown as follows:

| | Concessions | Holding and other | Total |
|--------------------------------|-------------------|-------------------|-------------------|
| Concession services agreements | 30,565,777 | - | 30,565,777 |
| Other intangible assets | 9,661,886 | 52,636 | 9,714,522 |
| Total intangible assets | 40,227,662 | 52,636 | 40,280,298 |

As at 30 June 2014, there were no contractual commitments for the acquisition of intangible assets nor were there any research and development expenses recognized as a cost of the period.



11. TANGIBLE FIXED ASSETS

During the period ended 30 June 2014, the movements in tangible fixed assets and their respective depreciation, as well as cumulative impairment losses were as follows:

| Gross tangible assets | Opening balance | Change in perimeter | Discontinued activities | Increase | Alienations | Impact from foreign exchange | Transfers and write-offs | Closing balance 30.6.2014 |
|-------------------------------|--------------------|---------------------|-------------------------|--------------|-----------------|------------------------------|--------------------------|---------------------------|
| Land and buildings | 98,886,114 | - | - | - | - | 10,667 | - | 98,896,780 |
| Basic equipment | 6,158,172 | - | - | 3,515 | - | - | - | 6,161,687 |
| Other fixed tangible assets | 4,158,952 | - | - | 141 | (31,818) | 662 | - | 4,127,937 |
| Ongoing fixed tangible assets | 5,120,421 | - | - | - | - | - | - | 5,120,421 |
| Total | 114,323,658 | - | - | 3,656 | (31,818) | 11,328 | - | 114,306,825 |

| Fixed tangible assets cumulated depreciation and impairment losses | Opening balance | Change in perimeter | Discontinued activities | Depreciation | Impairment losses | Adjustments | Impact from foreign exchange | Closing balance 30.6.2014 |
|--|-------------------|---------------------|-------------------------|------------------|-------------------|-----------------|------------------------------|---------------------------|
| Land and buildings | 31,999,748 | - | - | 723,200 | - | - | - | 32,722,948 |
| Basic equipment | 4,512,416 | - | - | 283,090 | - | - | - | 4,795,506 |
| Other fixed tangible assets | 3,644,237 | - | - | 42,308 | - | (25,852) | 343 | 3,661,035 |
| Ongoing fixed tangible assets | 5,120,421 | - | - | - | - | - | - | 5,120,421 |
| Total | 45,276,821 | - | - | 1,048,598 | - | (25,852) | 343 | 46,299,910 |

Information concerning the net value of tangible fixed assets by primary reporting segment as at 30 June 2014 can be broken down as follows:

| | Real estate | Concessions | Holding and other | Total |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Lands and buildings | 54,217,293 | 10,850,496 | 1,106,043 | 66,173,832 |
| Basic equipment | 44,108 | 1,142,936 | 179,137 | 1,366,181 |
| Other fixed tangible assets | 382,731 | 75,946 | 8,225 | 466,902 |
| Total fixed tangible assets | 54,644,132 | 12,069,379 | 1,293,405 | 68,006,915 |

As at 30 June 2014 there are no material contractual commitments for the acquisition of tangible fixed assets.

12. INVESTMENT PROPERTIES

During the period ended 30 June 2014, the movements in the value of investment properties were as follows:

| Investment properties | Opening balance | Change in perimeter | Discontinued activities | Increases | Alienations | Impact from foreign exchange | Transfer and write-offs | Closing balance 30.6.2014 |
|-----------------------|-------------------|---------------------|-------------------------|-----------|------------------|------------------------------|-------------------------|---------------------------|
| Investment properties | 40,791,085 | - | - | - | (224,987) | 55,308 | 359,365 | 40,980,770 |
| Total | 40,791,085 | - | - | - | (224,987) | 55,308 | 359,365 | 40,980,770 |



| Investment properties | Opening balance | Change in perimeter | Discontinued activities | Depreciations | Impairment losses | Adjustments | Impact from foreign exchange | Closing balance 30.6.2014 |
|-----------------------|-------------------|---------------------|-------------------------|----------------|-------------------|----------------|------------------------------|---------------------------|
| Investment properties | 14,441,878 | - | - | 283,607 | 21,363 | (8,616) | 1,373 | 14,739,605 |
| Total | 14,441,878 | - | - | 283,607 | 21,363 | (8,616) | 1,373 | 14,739,605 |

The amount recorded under the caption “Alienations” is related with the sale of some fractions of “Cais da Fontinha”.
The amount recorded on the column “Transfers and write-offs” is essentially related with the transfer of fractions of the “Cais da Fontinha” accounted in the heading “Inventories”.

The fair value of assets classified as investment properties amounts to approximately 38 million Euros.
During the period ending 30 June 2014, rents for investment properties were recognized in the amount of 1,028,193 Euros (486,960 Euros as at 30 June 2013).
As of the date of the balance sheet, there were no contractual obligations existing to buy, construct or develop investment properties or for their repair, maintenance or expansion.

13. OTHER FINANCIAL INVESTMENTS

As at 30 June 2014, the movements that took place in “Other financial investments” can be broken down as follows:

| Other financial investments | Opening balance | Change in perimeter | Discontinued activities | Increases | Impairment losses | Alienations | Impact from foreign exchange | Transfer and write-offs | Closing balance 30.6.2014 |
|-----------------------------|------------------|---------------------|-------------------------|-----------|-------------------|-------------|------------------------------|-------------------------|---------------------------|
| Other financial investments | 3,977,819 | - | - | - | - | - | - | - | 3,977,819 |
| Impairment losses | (330,000) | - | - | - | - | - | - | - | (330,000) |
| Total | 3,647,819 | - | - | - | - | - | - | - | 3,647,819 |

The amount registered in the column “Impairment losses” under “Other financial investments” relates mainly to the financial investment (share capital and loans) in the company Montinho Monchique.

14. OTHER FINANCIAL ASSETS

The amount 38,500,000 Euros in “Other financial assets” corresponds to the fair value of the investment in Soares da Costa Construção, SGPS, SA (33.33%).

On February 12, 2014 was completed the capitalization operation of the construction business area, announced to the market on August 13 and November 26, 2013, under the terms of the statements made on those dates, and realized a capital increase on the subsidiary of Soares da Costa Construção, SGPS, SA, in the amount of EUR 70 million by the investor GAM Holdings, SA.

On that date, started the strategic partnership and the shareholder agreement between SDC- Investimentos, SGPS, SA (former Grupo Soares da Costa, SGPS, SA) and GAM Holdings, SA.

The shareholder agreement has a term of six years. From the 5th year of the agreement onwards, SDC- Investimentos, SGPS, SA may exercise the potestative right to sell its stake to the investor, which, on the other hand, has the right to acquire potestatively this participation, from the same date, at a price of 38.5 million Euros.



The current participations' structure of Soares da Costa SGPS Construção SGPS, SA consolidation perimeter is as follows:

| Company | Percentage of capital held | |
|---|----------------------------|----------------------------|
| | SDC - Investimentos | Construction business area |
| Soares da Costa Construção SGPS, S.A. | 33.33% | Holding company |
| Soc. Construções Soares da Costa, S.A. | - | 100.00% |
| Soares da Costa/Contacto - Modernização de Escolas, ACE | - | 100.00% |
| Soares da Costa S. Tomé e Príncipe - Construções, Lda | - | 100.00% |
| Soares da Costa Construcciones Centro Americanas, S.A. | - | 100.00% |
| Soares da Costa Brasil - Construções, Ltda. | - | 100.00% |
| Soares da Costa Serviços Partilhados, S.A. | - | 100.00% |
| Santolina Holding B.V. | - | 100.00% |
| Coordenação & Soares da Costa, SGPS, Lda. | - | 100.00% |
| Clear Moçambique, Instalações Electromecânicas, Lda. | - | 100.00% |
| CLEAR - Instalações Electromecânicas, S.A. | - | 100.00% |
| Carta - Cantinas e Restauração, Lda | - | 100.00% |
| CLEAR Angola, Lda. | - | 95.00% |
| Soares da Costa Moçambique, SARL | - | 80.00% |
| Estádio de Coimbra, SC/Abrantina, ACE | - | 60.00% |
| GEC - Guiné Ecuatorial Construcciones, S.A. | - | 51.00% |
| CERENNA - Cerâmica Nacional de Angola, S.A. | - | 51.00% |
| Três ponto dois - T.G. Const. Civil - Via e Cat Mod. Linha do Norte, ACE | - | 50.00% |
| TRANSMETRO - Construção do Metropolitano do Porto, ACE | - | 50.00% |
| Terceira Onda Planeamento e Desenvolvimento, Ltda. | - | 50.00% |
| Somague, Soares da Costa - Agrupamento Construtor do Metro de Superfície, ACE | - | 50.00% |
| Remodelação Teatro Circo - S.C., A.B.B., D.S.T., ACE | - | 50.00% |
| Linha 3 Construções LTDA. | - | 50.00% |
| HidroAlqueva, ACE | - | 50.00% |
| Grupul Portughez de Constructii S.R.L. | - | 50.00% |
| CAET XXI - Construções, ACE | - | 50.00% |
| Somafel - Obras Ferroviárias e Marítimas Ltda. | - | 40.00% |
| SOMAFEL - Engenharia e Obras Ferroviárias, S.A. | - | 40.00% |
| OFM - Obras Públicas, Ferroviárias e Marítimas, S.A. | - | 40.00% |
| Construção do Estádio de Braga - Acab.e Instalações/Infraest.Interiores, ACE | - | 40.00% |
| ASSOC - Soares da Costa - Construção do Estádio de Braga, ACE | - | 40.00% |
| CFE Indústria de Condutas, S.A. | - | 33.33% |
| LGC - Linha de Gondomar, Construtores, ACE | - | 30.00% |
| Israel Metro Builders - a Registered Partnership | - | 30.00% |
| Mota-Engil, Soares da Costa, MonteAdriano - Matosinhos, ACE | - | 28.57% |
| GCVC, ACE | - | 28.57% |
| GCF - Grupo Construtor da Feira, ACE | - | 28.57% |
| Nova Estação, ACE | - | 25.00% |
| Somafel e Ferrovias, ACE | - | 24.00% |



| Company | Percentage of capital held | |
|--|----------------------------|----------------------------|
| | SDC - Investimentos | Construction business area |
| GACE - Gondomar, ACE | - | 24.00% |
| Alsoma, AEIE | - | 18.00% |
| Normetro - Agrupamento do Metropolitano do Porto, ACE | - | 17.90% |
| LGV, Engenharia e Construção de Linhas de Alta Velocidade, ACE | - | 17.25% |
| Constructora San José - Caldera, S.A. | - | 17.00% |

15. INVENTORIES

As at 30 June 2014 and 31 December 2013, the breakdown of Inventories was as follows:

| Inventories | 30.6.2014 | 31.12.2013 |
|---------------------------------|-------------------|-------------------|
| Finished and intermediate goods | 13,823,421 | 14,324,558 |
| Goods | 15,453,484 | 15,453,484 |
| Value adjustments | (2,669,315) | (2,690,679) |
| Total | 26,607,589 | 27,087,363 |

During first half of 2014, the Group did not have any projects under development, so that financial charges were not capitalised as an integral part of these assets.

As at 30 June 2014, at the Group's consolidated financial statements are capitalised financial charges as an integral part of these assets net costs amounting to 699,191 Euros, relating to the building constructed in Angola by the company Talatona Imobiliária, Lda., at the rate of 19%, equal to the specific financing rate for that project.

16. BREAKDOWN OF ACCOUNTS RECEIVABLE

As at 30 June 2014 and 31 December 2013, the breakdown of accounts receivable, current and noncurrent, was as follows:

| Accounts receivable | 30.6.2014 | 31.12.2013 |
|---|-------------------|-------------------|
| Customers - current account | 31,984,055 | 32,253,571 |
| Customers with retention of guarantees | 43,711 | 43,290 |
| Customers - other receivables | 2,400 | 2,400 |
| Customers - doubtful accounts | 2,351,287 | 2,347,043 |
| Value adjustments | (2,351,287) | (2,347,043) |
| Trade creditors | 32,030,166 | 32,299,260 |
| Associated and jointly managed companies | 20,341,464 | 17,169,269 |
| Subsidiaries | 90,089 | 90,089 |
| Advances to suppliers/ fixed assets suppliers | 270,183 | 270,183 |
| State and other public bodies | 257,171 | 265,909 |
| Other accounts receivable | 8,255,361 | 7,369,799 |
| Value adjustments | (2,538,349) | (2,512,349) |
| Other accounts receivable - current | 26,675,919 | 22,652,900 |

The Group's exposure to credit risk arises from trade receivables resulting from normal business activity of the Group, being the maximum exposure to credit risk at the nominal value of the receivables.



The following table shows, by consolidated company and seniority levels, customer balances for accounting purposes as at 30 June 2014:

| Company | Performing | 0 to 180 days | 181 to 360 days | 361 to 540 days | 541 to 720 days | + 720 days | Total |
|--|-------------------|------------------|------------------|-----------------|-------------------|------------------|-------------------|
| Real estate | | | | | | | |
| Talatona Imobiliária, Lda | - | - | 3,253,967 | 494,741 | 11,097,569 | - | 14,846,277 |
| CIAGEST - Imobiliária e Gestão, S.A. | 396,488 | 4,778 | 2,257 | - | - | 90 | 403,614 |
| IMOSDC - Investimentos, Lda | 256,636 | - | - | - | - | - | 256,636 |
| Mercados Novos - Imóveis Comerciais, Lda. | 8,223 | 15,599 | - | - | - | - | 23,823 |
| SOARTA - SOCIEDADE IMOBILIÁRIA, S.A. | 900 | - | - | - | - | 7,432 | 8,332 |
| Cais da Fontinha - Investimentos Imobiliários, S.A. | - | 462 | - | - | - | - | 462 |
| HABITOP - Sociedade Imobiliária, S.A. | 123 | - | - | - | - | - | 123 |
| Concessions | | | | | | | |
| SDC - CONCESSÕES, SGPS, S.A. | 7,216,892 | - | - | 15,335 | - | 55,593 | 7,287,820 |
| Hidroequador Santomense - Exploração de Centrais Hidroeléctricas | - | - | - | - | - | 2,094,744 | 2,094,744 |
| C.P.E. - Companhia de Parque de Estacionamento, S.A. | 15,610 | 327,596 | 4,545 | 100,403 | 1,101 | 30,735 | 479,989 |
| Soares da Costa Concesiones - Costa Rica, S.A. | 69,556 | - | - | - | - | - | 69,556 |
| COSTAPARQUES - Estacionamentos, S.A. | 19,817 | - | - | - | - | - | 19,817 |
| SDC - Investimento and Other | | | | | | | |
| Soares da Costa Construction Services, LLC | - | - | - | - | - | 2,823,449 | 2,823,449 |
| SDC - Investimentos, SGPS, SA | 2,192,781 | - | - | - | - | - | 2,192,781 |
| Energia Própria, SGPS, S.A. | 258,385 | 1,197,543 | - | - | - | - | 1,455,928 |
| Soares da Costa Contractor, INC | 43,711 | - | - | - | - | 11,965 | 55,676 |
| Porto Construction Group, LLC | - | - | - | - | - | 8,738 | 8,738 |
| Total | 10,479,122 | 1,545,979 | 3,260,769 | 610,479 | 11,098,670 | 5,032,747 | 32,027,766 |

As at 30 June 2014, the balance under “State and other public entities” was broken down as follows:

| | 30.6.2014 | 31.12.2013 |
|-----------------|----------------|----------------|
| Value added tax | 193,764 | 265,553 |
| Other | 63,407 | 356 |
| Total | 257,171 | 265,909 |

17. BREAKDOWN OF OTHER NON CURRENT AND CURRENT ASSETS

The amount of 7,866,000 Euros under “Other non current assets”, as at 30 June 2014 and 31 December 2013, relate to term deposits to guarantee the provision of “Contingent capital” as part of the “Agreement to subscribe and pay up the capital of the Transmontana Motorway”.

As at 30 June 2014 and 31 December 2013 the detail of “Other current assets” was as follows:

| Other current assets | 30.6.2014 | 31.12.2013 |
|----------------------|------------------|------------------|
| Accrued income | 8,203,135 | 8,212,884 |
| Deferred costs | 653,305 | 630,896 |
| Total | 8,856,440 | 8,843,780 |



As at 30 June 2014 and 31 December 2013, these account headings were broken down as follows:

| | 30.6.2014 | 31.12.2013 |
|-------------------------|------------------|------------------|
| Accrued income | | |
| Non invoiced works done | 8,176,587 | 8,172,965 |
| Other accrued income | 26,548 | 39,919 |
| | 8,203,135 | 8,212,884 |
| Deferred costs | | |
| Other deferred costs | 653,305 | 630,896 |
| | 653,305 | 630,896 |

18. CASH AND CASH EQUIVALENTS

As at 30 June 2014 and 31 December 2013, the detail of "Cash and cash equivalents" was as follows:

| Cash and equivalents | 30.6.2014 | 31.12.2013 |
|----------------------|------------------|------------------|
| Bank deposits | 5,719,734 | 2,171,418 |
| Cash | 47,182 | 40,755 |
| Total | 5,766,916 | 2,212,173 |

The credit balances of current accounts with financial institutions, bank overdrafts, are included in the balance sheet under "Bank borrowings" (Note 20).

19. SHARE CAPITAL AND RESERVES

The share capital of SDC - Investimentos, SGPS., S.A. is 160,000,000 Euros, made up of:

- One hundred and fifty nine million nine hundred and ninety four thousand four hundred and eight two (159,994,482) ordinary shares;
- Five thousand five hundred and eighteen (5,518) nonvoting preferential shares, whose rights consist of a right to receive a preferential dividend and to the preferential reimbursement of the respective issue value in the event of the company's liquidation.

The currency translation reserve reflects exchange rate changes that occurred in translating the financial statements of subsidiaries in currencies other than the Euro, and are not likely to be distributed or to be used to absorb losses.

Some Group subsidiary companies contracted financial hedging instruments. The changes in the fair value of these financial instruments, as well as the related deferred taxes, are recognized directly under "Reserves and retained earnings." The change, between the 30 June 2014 and 31 December 2013, in the fair value of derivative financial instruments and their related deferred taxes can be broken down as follows:

| | Derivatives | Deferred taxes | Total |
|---|--------------------|----------------|--------------------|
| Intevias – Serviços e Gestão, S.A. | (775,453) | 189,986 | (585,467) |
| C.P.E. – Companhia de Parques de Estacionamento, S.A. | (1,095,013) | 251,853 | (843,160) |
| Total | (1,870,466) | 441,839 | (1,428,627) |



20. BANK BORROWINGS

As at 27 November 2012, as announced to the market on the same date, SDC - Investimentos, SGPS, SA, together with several of its subsidiaries, signed a framework agreement with six banks in order to re-programme its bank borrowings with recourse, for a total of 228 million Euros. In addition, a credit facility agreement was signed with two of these banks in an amount of 47 million Euros, replacing short term for long term debt. The main features of the transaction were: a maturity of 9 years with a grace period on principal of three years; a standardization of spreads at moderate rates, with the possibility of revision after the grace period; a temporary restriction on dividend distribution; and the intention to carry out an operation to increase share capital within a period of six months under conditions still to be defined and for an amount of not less than 25 million Euros. During 2013, and in view of the negotiations currently underway to capitalise the construction segment through the entry of a new investor, each of the financial institutions included in the restructuring process gave the Group their consent for the transaction to increase share capital to be cancelled. The framework agreement has associated "Negative Pledge", "Ownership Clause" and "Pari Passu" covenants.

As at 30 June 2014 and 31 December 2013, the borrowings of the Group were as follows:

| | 30.6.2014 | | 31.12.2013 | |
|-------------------------|-------------------|--------------------|-------------------|--------------------|
| | Current | Non current | Current | Non current |
| Bank loans | | | | |
| Real estate | 3,719,228 | 15,902,181 | 998,661 | 19,045,720 |
| Concessions | 22,636,183 | 103,972,889 | 23,671,602 | 104,235,538 |
| Holding and others | 5,521,352 | 33,440,429 | 7,965,054 | 39,093,013 |
| | 31,876,763 | 153,315,500 | 32,635,317 | 162,374,271 |
| Bond loans | | | | |
| Holding and others | - | 98,544,034 | - | 98,303,502 |
| | - | 98,544,034 | - | 98,303,502 |
| Commercial paper | | | | |
| Holding and others | 30,680,694 | - | 30,669,107 | - |
| | 30,680,694 | - | 30,669,107 | - |
| Overdrafts | | | | |
| Real estate | 30,069 | - | - | - |
| Concessions | 331,181 | - | 86 | - |
| Holding and others | 3,394,639 | - | 802,965 | - |
| | 3,755,890 | - | 803,050 | - |
| Total | 66,313,346 | 251,859,534 | 64,107,474 | 260,677,774 |

As at 30 June 2014, the main features of the borrowings contracted by the Group were as follows:

Holding

Bank Borrowings

- Loan contracted by SDC - Investimentos, SGPS, S.A from the Caixa Central de Crédito Agrícola Mútuo, with a current amount of 2,865 thousand Euros (2,865 thousand Euros as at 31 December 2013), reimbursement of which will be made in 12 instalments ending in November 2021. A loan included in the restructuring of the group's liabilities that took place in 2012, as described above. The contract for this loan has associated Financial Agreement Clause Covenants.
- Loan contracted by SDC - Investimentos, SGPS, S. A from the Caixa Geral de Depósitos for a current amount of 1,250 thousand Euros (1,250 thousand Euros as at 31 December 2013), reimbursement of which will be made in 12



instalments ending in November 2021. A loan included in the restructuring of the group's liabilities that took place in 2012, as described above. The contract for this loan has associated Financial Agreement Clause Covenants.

- Loan contracted by SDC - Investimentos, SGPS, S. A. from the Banco Popular Portugal, for a current amount of 5,000 thousand Euros (5,000 thousand Euros as at 31 December 2013), to be repaid in 12 instalments ending in November 2021. A loan included in the restructuring of the group's liabilities that took place in 2012, as described above. The contract for this loan has associated Financial Agreement Clause Covenants. In addition, the loan has as a guarantee a mortgage on the Industrial Park of Rechousa owned by the subsidiary company Ciagest – Imobiliária e Gestão S.A.
- Loan contracted by SDC - Investimentos, SGPS, S.A. from Caixa Geral de Depósitos, for a current amount of 14,000 thousand Euros (14,000 thousand Euros as at 31 December 2013), to be repaid in 12 instalments ending in November 2021. A loan included in the restructuring of the group's liabilities that took place in 2012, as described above. The contract for this loan has associated Financial Agreement Clause Covenants.
- Loan contracted by SDC - Investimentos, SGPS, S.A. from BANIF – Banco Internacional do Funchal, for a current amount of 1,471 thousand Euros (1,471 thousand Euros as at 31 December 2013) , to be repaid in 12 instalments ending in November 2021. A loan included in the restructuring of the group's liabilities that took place in 2012, as described above. The contract for this loan has associated Financial Agreement Clause Covenants. In addition, this loan has as a guarantee a mortgage on the property located at R. Santos Pousada, 316 and 318 owned by the company Habitop – Sociedade Imobiliária SA.
- Loan contracted by SDC - Investimentos, SGPS, S.A. from BANIF – Banco Internacional do Funchal, for a current amount of 500 thousand Euros (500 thousand Euros as at 31 December 2013), to be repaid in 12 instalments ending in November 2021. A loan included in the restructuring of the group's liabilities that took place in 2012, as described above. The contract for this loan has associated Financial Agreement Clause Covenants.
- Loan contracted by SDC - Investimentos, SGPS, S.A. from BANIF – Banco Internacional do Funchal, for a current amount of 2,500 thousand Euros (2,500 thousand Euros as at 31 December 2013), to be repaid in 12 instalments ending in November 2021. A loan included in the restructuring of the group's liabilities that took place in 2012, as described above. The contract for this loan has associated Financial Agreement Clause Covenants.
- Loan contracted by SDC - Investimentos, SGPS, S.A and Sociedade de Construções Soares da Costa, S.A from Banco Comercial Português and Caixa Geral de Depósitos, for a current amount of 1,002 thousand Euros (1,002 thousand Euros as at 31 December 2013), to be repaid in 12 instalments ending in November 2021. A loan included in the restructuring of the group's liabilities that took place in 2012, as described above. The contract for this loan has associated Financial Agreement Clause Covenants. In addition, the loan has as a guarantee a mortgage on the Santa Luzia Garages and Rua Santos Pousada Cinemas owned by the subsidiary Ciagest – Imobiliária e Gestão S.A., and also the solidarity of the companies Soares da Costa Construção SGPS S.A. and Sociedade de Construções Soares da Costa, S.A.
- Loan contracted by SDC - Investimentos, SGPS, S.A and Sociedade de Construções Soares da Costa, S.A from NCG Banco, SA, branch office in Portugal, for a current amount of 484 thousand Euros (581 thousand Euros as at 31 December 2013), to be repaid in 12 instalments ending in December 2014. This loan is guaranteed by mortgages on buildings of the subsidiary companies Habitop – Sociedade Imobiliária S.A and Ciagest – Imobiliária e Gestão S.A.
- Loan contracted by Soares da Costa América, Inc from the Banco de Investimentos for a current amount of 5.311 thousand dollars (15,023 thousand Dollars as at 31 December 2013), to be repaid in half yearly payments ending in November 2021. A loan included in the restructuring of the group's liabilities that took place in 2012, as described above. The contract for this loan has associated Financial Agreement Clause Covenants.
- Loan contracted by Soares da Costa América, Inc from the City National Bank of Florida for a current amount of 1,946 thousand Dollars (1,951 thousand Dollars as at 31 December 2013), to be repaid in December 2014.
- Loan contracted by Soares da Costa América, Inc from the TerraBank for a current amount of 1,900 thousand Dollars (1,900 thousand Dollars as at 31 December 2013), to be repaid at the end of the contract term in July 2014.
- Loan contracted by Soares da Costa América, Inc from the BESI for a current amount of 705 thousand Dollars (1,960 thousand Dollars as at 31 December 2013) to be repaid in August 2014. The financing as a guarantee is underwritten by the companies SDC – Investimentos, SGPS, SA and Soares da Costa Construção SGPS SA.
- Loan contracted by Soares da Costa América, Inc from the BCP for a current amount of 470 thousand dollars (1,307 thousand Dollars as at 31 December 2013), to be repaid in August 2014. This financing as a guarantee is underwritten by the companies SDC – Investimentos, SGPS SA and Soares da Costa Construção SGPS SA.
- Loan contracted by Soares da Costa América, Inc from the CGD for a current amount of 587 thousand Dollars (1,633 thousand Dollars as at 31 December 2013) to be repaid in in August 2014. This financing as a guarantee is underwritten by the companies SDC – Investimentos, SGPS SA and Soares da Costa Construção SGPS SA



Bonds

- Bond loan contracted by SDC - Investimentos, SGPS, SA, for a current amount of 20,000 thousand Euros (20,000 thousand Euros as at 31 December 2013), to be repaid in November 2015. The contract for this loan has associated Cross Default and Pari Passu covenants.
- Bond loan contracted by SDC - Investimentos, SGPS, SA, for a current amount of 80,000 thousand Euros (80,000 thousand Euros as at 31 December 2013), to be repaid in December 2017. The contract for this loan has associated Cross Default and Pari Passu covenants.

Commercial paper

- SDC Investimentos, SGPS, S.A. and Sociedade de Construções Soares da Costa, S.A. signed a contract with a banking syndicate for the placement and underwriting of issues of Commercial Paper up to a limit of 30,854 thousand Euros (30,854 thousand Euros as at 31 December 2013), under the terms of a contract programme valid until November 2021. As at 30 June 2014, this placement was securitised in SDC Investimentos, SGPS, S.A., with Sociedade de Construções Soares da Costa, S.A. severally liable for complying with the obligations arising from this financing. The contract for this loan has associated Cross Default, Negative Pledge e Pari Passu covenants. In addition, the financing is guaranteed by a shareholding of 20% in Indáqua, Shareholders' Loans and Supplementary Payments of Capital in the same company and a shareholding of 40% in Somafel.

Energia Própria

Bank borrowings

- Loan contracted by Energia Própria, S.A from the Banco Santander for a current amount of 275 thousand Euros (275 thousand Euros as at 31 December 2013), to be repaid in quarterly amounts ending in April 2016. This financing is underwritten by SDC – Investimentos, SGPS, S.A.
- Loan contracted by Energia Própria, S.A from the Banco Santander for a current amount of 94 thousand Euros (100 thousand Euros as at 31 December 2013), to be repaid in quarterly amounts ending in September 2016. This financing is underwritten by SDC – Investimentos, SGPS, S.A.
- Loan contracted by Energia Própria, S.A from the Caixa Central de Crédito Agrícola Mútuo for an amount of 1,466 thousand Euros (1,466 thousand Euros as at 31 December 2013), to be repaid in annual amounts ending in November 2021. This financing is underwritten by SDC – Investimentos, SGPS SA.
- Loan contracted by Energia Própria, S.A from the Banco Comercial Português for an amount of 250 thousand Euros (250 thousand Euros as at 31 December 2013), to be repaid in annual amounts ending in November 2021. This financing is underwritten by SDC – Investimentos, SGPS SA.
- Loan contracted by Self Energy Engineering & Innovation, S.A from the Banco Santander for an amount of 50 thousand Euros (50 thousand Euros as at 31 December 2013), to be repaid in quarterly amounts ending in September 2014. This financing is underwritten by Energia Própria, SA.

Real Estate

Bank borrowings

- Loan contracted by Ciagest - Imobiliária e Gestão, S.A from Banco Comercial Português, for a current amount of 2,048 thousand Euros (2,048 thousand Euros as at 31 December 2013), to be repaid in 12 instalments ending in November 2021. A loan included in the restructuring of the group's liabilities that took place in 2012, as described above. The contract for this loan has associated Financial Agreement Clause Covenants.
- Loan contracted by Ciagest - Imobiliária e Gestão, S.A from Banco Comercial Português, for a current amount of 11,217 thousand Euros (11,217 thousand Euros as at 31 December 2013), to be repaid in 12 instalments ending in November 2021. A loan included in the restructuring of the Group's liabilities that took place in 2012, as described above. The contract for this loan has associated Financial Agreement Clause Covenants.
- Loan contracted by Ciagest - Imobiliária e Gestão, S.A from the NCG Bank, SA, branch office in Portugal, for a current amount of 3,385 thousand Euros (3,429 thousand Euros as at 31 December 2013), to be repaid in 77 instalments ending in June 2020. The financing is guaranteed by a mortgage on the properties of the companies Ciagest Imobiliária e Gestão SA and Habitop Sociedade Imobiliária SA and also assignment of revenues from the financed properties.



- Loan contracted by Ciagest - Imobiliária e Gestão, S.A from the NCG Bank, SA, branch office in Portugal, for a current amount of 589 thousand Euros (628 thousand Euros as at 31 December 2013), to be repaid in 10 instalments ending in April 2015. The financing is guaranteed by a mortgage on the properties of the companies Ciagest Imobiliária e Gestão SA and Habitop Sociedade Imobiliária SA and also assignment of revenues from the financed properties.
- Loan contracted by Cais da Fontinha Investimentos Imobiliária, S.A from the NCG Bank, SA, branch office in Portugal, for a current amount of 2,383 thousand Euros (2,723 thousand Euros as at 31 December 2013), to be repaid in March 2015. The financing is guaranteed by a mortgage on the Cais da Fontinha property and also a promissory note endorsed by SDC - Investimentos, SGPS SA.

Concessions

Bank borrowings

- Loan contracted by SDC - Concessões, SGPS, S.A from the Banco Popular Portugal, for an amount of 15,954 thousand Euros (15,954 thousand Euros as at 31 December 2013), to be repaid in 18 instalments ending in November 2024. The contract for this loan has associated Financial Agreement Clause Covenants. In addition, the loan has as a guarantee a mortgage on the Industrial Park of Rechousa owned by the company Ciagest.
- Loan contracted by SDC - Concessões, SGPS, S.A from BANIF – Banco Internacional do Funchal, for an amount of 2,556 thousand Euros (2,556 thousand Euros as at 31 December 2013) , to be repaid in 12 instalments ending in November 2021. A loan included in the restructuring of the Group's liabilities that took place in 2012, as described above. The contract for this loan has associated Financial Agreement Clause Covenants. In addition, this loan has as a guarantee a promissory note endorsed by SDC - Investimentos, SGPS, SA.
- Loan contracted by SDC - Concessões, SGPS, S.A from the Banco Comercial Português for a current amount of 7,866 thousand Euros (7,866 thousand Euros as at 31 December 2013), to be repaid in 2014. The contract for this loan has associated "Ownership Clause", "Cross Default", "Negative Pledge" and "Pari Passu" covenants. In addition, this loan has as a guarantee a promissory note endorsed by SDC - Investimentos, SGPS and also a second degree pledge on a term deposit set up at the Deutsche Bank.
- Loan contracted by CPE Companhia de Parques de Estacionamento, S.A from the Banco BPI for an amount of 27,498 thousand Euros (27,498 thousand Euros as at 31 December 2013), to be repaid in 32 instalments ending in December 2028. The contract for this loan has associated "Ownership Clause", "Cross Default", "Negative Pledge" and "Pari Passu" covenants In addition, the financing has as a guarantee a comfort letter from SDC – Investimentos, SGPS.
- Loan contracted by CPE Companhia de Parques de Estacionamento, S.A from the Banco BPI for an amount of 1,125 thousand Euros (1,125 thousand Euros as at 31 December 2013), to be repaid in 2014. The contract for this loan has associated "Cross Default", "Negative Pledge" and "Pari Passu" covenants In addition, the financing has as a guarantee a comfort letter from SDC - Investimentos, SGPS, SA.
- Loan contracted by CPE Companhia de Parques de Estacionamento, S.A from the Banco BPI for an amount of 433 thousand Euros (433 thousand Euros as at 31 December 2013), to be repaid in 2014. The contract for this loan has associated "Cross Default", "Negative Pledge" and "Pari Passu" covenants In addition, the financing has as a guarantee a comfort letter from SDC - Investimentos, SGPS, SA.
- Loan contracted by CPE Companhia de Parques de Estacionamento, S.A from the Banco BPI for an amount of 414 thousand Euros (470 million Euros contracted in 2013), to be repaid in 15 instalments ending in March 2018. In addition, the financing has as a guarantee a comfort letter from SDC – Investimentos, SGPS, SA and from Soares da Costa Concessões, SGPS SA.
- Loan contracted by Intevias Serviços e Gestão, S.A from the Banco BPI for an amount of 62,258 thousand Euros (62,258 thousand Euros as at 31 December 2013) , to be repaid in 14 instalments ending in July 2028. The contract for this loan has associated "Cross Default", "Negative Pledge" and "Pari Passu" covenants In addition, the financing has as a guarantee a comfort letter from SDC – Investimentos, SGPS, SA.
- Loan contracted by Intevias Serviços e Gestão, S.A from the Banco BPI for an amount of 3,190 thousand Euros (3,190 thousand Euros as at 31 December 2013), to be repaid in 2014. The contract for this loan has associated "Cross Default", "Negative Pledge" and "Pari Passu" covenants. In addition, the financing has as a guarantee a comfort letter from SDC – Investimentos, SGPS, SA.
- Loan contracted by Soares da Costa Hidroenergia 1T, Lda and by Soares da Costa Hidroenergia 4T, Lda from the Caixa Banco de Investimentos for a current amount of 5,000 thousand Euros (5,000 thousand Euros as at 31



December 2013), to be repaid in 2014. The contract for this loan has associated “Cross Default”, “Negative Pledge” and “Pari Passu” covenants. In addition, the financing has as a guarantee a pledge of the shareholdings Soares da Costa Hidroenergia 1T, 4T, 8T and 8C and Endorsement from SDC – Investimentos, SGPS, SA and SDC - Concessões, SGPS SA.

- Loan contracted by Soares da Costa Hidroenergia, SA from the Caixa Banco de Investimentos for a current amount of 457 thousand Euros (457 million Euros contracted in 2013), to be repaid in 2014. The financing has as a guarantee a comfort letter from SDC – Investimentos, SGPS, SA.

The nominal value of the borrowings registered in the consolidated balance sheet as at 30 June 2014 had the following maturities:

| Maturities | Bank loans | Bond loans | Other loans | Overdrafts | Commercial paper | Total |
|--------------|--------------------|--------------------|-------------|------------------|-------------------|--------------------|
| 2014 | 20,736,930 | - | - | 3,755,890 | 30,680,694 | 55,173,513 |
| 2015 | 16,331,704 | 20,000,000 | - | - | - | 36,331,704 |
| 2016 | 16,931,952 | - | - | - | - | 16,931,952 |
| 2017 | 15,562,970 | 80,000,000 | - | - | - | 95,562,970 |
| 2018 | 17,195,501 | - | - | - | - | 17,195,501 |
| 2019 | 11,908,263 | - | - | - | - | 11,908,263 |
| > 2019 | 87,647,211 | - | - | - | - | 87,647,211 |
| Total | 186,314,530 | 100,000,000 | - | 3,755,890 | 30,680,694 | 320,751,114 |

The amounts for non recourse borrowings as at 30 June 2014 were as follows:

| Maturities | Bank loans |
|--------------|-------------------|
| 2014 | 8,876,135 |
| 2015 | 5,298,161 |
| 2016 | 6,516,318 |
| 2017 | 5,147,162 |
| 2018 | 6,702,180 |
| 2019 | 1,335,014 |
| > 2019 | 61,129,053 |
| Total | 95,004,023 |

Group borrowings as at 30 June 2014 paid interest at the following rates:

| Type of loan | Min. | Max. |
|------------------|--------|--------|
| Bank loans | 2.568% | 7.978% |
| Bond loans | 1.638% | 1.669% |
| Commercial paper | 3.207% | 3.207% |

In general, bank loans pay interest at variable rates, hence exposing the Group to the effect of fluctuations in market interest rates.

However, to manage interest rate risk, in particular in the concessions business area, the Group contracted financial hedging instruments to cover interest rates changes, as described in the following note on “Derivatives”. Based on the net indebtedness level as at 30 June 2014, a variation of one percentage point in the index interest rate would have an annual impact on financial charges of 2.52 million Euros.



21. DERIVATIVES

Derivatives contracted by the Group relate to interest rate swaps aimed at covering the interest rate risk on borrowings. In the concessions area, the Group has contracted the following interest rate hedging instruments:

Intevias - Serviços e Gestão, S.A.

| | |
|---------------------------------|-------------------------------|
| Type: | Derivative |
| Description: | Interest rate swap |
| Bank: | BPI |
| Currency: | Euro |
| Contract date: | 4.12.2008 |
| Start date: | 4.12.2008 |
| Maturity: | 15.7.2023 |
| Frequency: | annual |
| Swap: | 3.45 |
| Amount covered as at 30.6.2014: | 43,009,104 Euros, amortisable |
| Reference: | 12 month Euribor |

CPE - Companhia de Parques de Estacionamento, S.A.

| | |
|----------------------------------|-------------------------------|
| Type: | Derivative |
| Description: | Interest rate swap |
| Bank: | BPI |
| Currency: | Euro |
| Contract date: | 9.6.2009 |
| Start date: | 10.6.2009 |
| Maturity: | 10.12.2028 |
| Frequency: | semiannual |
| Swap: | 4.19 |
| Amount coverage as at 30.6.2014: | 18,350,009 Euros, amortizable |
| Reference: | 6 month Euribor |

As at 30 June 2014, the above were classified as hedging instruments since they complied with the formal requirements set out in IAS 39 relating to the documentation and effectiveness of the derivative cover, so that changes in fair value are registered under "Hedging Transaction Reserves" in Shareholders' Equity, net of related deferred taxes.

The fair value of these financial instruments was set by the respective counterparties, which are independent and credible entities, using appropriate valuation models. These were based on the discounted cash flow method using observable market inputs, quoted on the interbank market. In this assessment, the credit risk of the entities concerned was taken into consideration.

As at 30 June 2014 and 31 December 2013, the account heading "Derivatives" was broken down as follows:

| Derivatives | 30.6.2014 | 31.12.2013 |
|---|------------------|------------------|
| Intevias – Serviços e Gestão, S.A. | 4,833,906 | 4,058,453 |
| C.P.E. – Companhia de Parques de Estacionamento, S.A. | 4,456,646 | 3,361,633 |
| Total | 9,290,552 | 7,420,086 |



22. BREAKDOWN OF ACCOUNTS PAYABLE

As at 30 June 2014 and 31 December 2013, the account headings for accounts payable were broken down as follows:

| Accounts payable | 30.6.2014 | 31.12.2013 |
|--|-------------------|-------------------|
| Associated and jointly managed companies | 2,817,221 | 2,817,221 |
| Fixed assets suppliers | 126,289 | 177,685 |
| Other | 9,857,176 | 9,853,455 |
| Accounts payable - non current | 12,800,686 | 12,848,361 |
| Associated and jointly managed companies | 5,651,020 | 4,606,637 |
| Other shareholders | 25,922 | 25,767 |
| State and other public entities (excluding income tax) | 379,710 | 637,253 |
| Other | 21,146,657 | 14,992,238 |
| Accounts payable - current | 27,203,309 | 20,261,894 |

The breakdown of "State and other public entities (excluding income tax)" shown above as at 30 June 2014 and 31 December 2013 was as follows:

| | 30.6.2014 | 31.12.2013 |
|--|----------------|----------------|
| Value added tax | 244,991 | 217,389 |
| Contribution to the social security system | 68,033 | 65,947 |
| Other | 66,687 | 353,917 |
| Total | 379,710 | 637,253 |

23. BREAKDOWN OF OTHER CURRENT LIABILITIES

As at 30 June 2014 and 31 December 2013, the detail of "Other current liabilities" was as follows:

| Other current liabilities | 30.6.2014 | 31.12.2013 |
|---------------------------|-------------------|-------------------|
| Accrued costs | 19,490,301 | 15,511,529 |
| Deferred income | 3,505,649 | 3,565,503 |
| Total | 22,995,950 | 19,077,033 |

As at 30 June 2014 and 31 December 2013, the above account headings were broken down as follows:

| | 30.6.2014 | 31.12.2013 |
|-----------------------------|-------------------|-------------------|
| Accrued costs | | |
| Invoiced to be received | - | 11,247 |
| Staff costs to pay | 542,950 | 439,315 |
| Interest to pay | 10,698,174 | 6,609,160 |
| Other accrued costs | 8,249,176 | 8,451,807 |
| | 19,490,300 | 15,511,529 |
| Deferred income | | |
| Works invoiced not executed | 3,169,489 | 3,088,472 |
| Anticipated rents | 278,708 | 373,696 |
| Other deferred income | 57,452 | 103,335 |
| | 3,505,649 | 3,565,503 |



24. BREAKDOWN OF THE MOVEMENT DURING THE PERIOD OF IMPAIRMENT LOSSES AND PROVISIONS

The movement in cumulative impairment losses in the period ending 30 June 2014 was as follows:

| Cumulated impairment losses | Notes | Opening balance | Discontinued activities | Change in perimeter | Increase | Reversal | Utilisation | Impact from foreign exchange | Closing balance 30.6.2014 |
|----------------------------------|-------|------------------|-------------------------|---------------------|---------------|-----------------|-------------|------------------------------|---------------------------|
| Customers - doubtful accounts | | 2,347,043 | - | - | - | (2,830) | - | 7,074 | 2,351,287 |
| Customers | 16 | 2,347,043 | - | - | - | (2,830) | - | 7,074 | 2,351,287 |
| Other accounts receivable | | 2,512,349 | - | - | 26,000 | - | - | - | 2,538,349 |
| Other accounts receivable | 16 | 2,512,349 | - | - | 26,000 | - | - | - | 2,538,349 |
| Finished and intermediate goods | | 722,765 | - | - | - | (21,363) | - | - | 701,402 |
| Goods | | 1,967,914 | - | - | - | - | - | - | 1,967,914 |
| Inventories | 15 | 2,690,679 | - | - | - | (21,363) | - | - | 2,669,315 |
| Total value adjustments | | 7,550,071 | - | - | 26,000 | (24,193) | - | 7,074 | 7,558,952 |

The booking of impairment losses related to accounts receivables is based on a case by case analysis of the risk, for which the nature of the entity involved, the age of the debt and the cumulative experience of the Group in similar situations are taken into account.

The adjustment recorded in the period in "Other receivables" refers to the balance associated with the associated company Ute Efacec / Self Energy, Ley 18/1982.

The movement in provisions and their breakdown by type for the period ending 30 June 2014 was:

| | Opening balance | Discontinued activities | Change in perimeter | Increase | Reversal | Utilisation | FX effect and transfers | Closing balance 30.6.2014 |
|--|------------------|-------------------------|---------------------|---------------|-----------------|-------------|-------------------------|---------------------------|
| Pensions and other staff costs | 9,670 | - | - | 4,930 | - | - | 111 | 14,711 |
| Associated and jointly managed investments | 925,593 | - | - | 66,612 | - | - | - | 992,204 |
| Other provisions | 66,124 | - | - | - | (66,455) | - | 331 | - |
| Total | 1,001,387 | - | - | 71,541 | (66,455) | - | 442 | 1,006,916 |

The total balance of the heading "associated companies and jointly controlled entities" in "Reinforcement" column, regards jointly controlled entity Exproestradas XXI, SA, whose investment is valued by the equity method.

The detail of impairment losses and existing provisions as at 30 June 2014 by primary reporting segment was respectively as follows:



| | Real Estate | Concessions | Energia Própria | Holding and others | Total |
|--|------------------|------------------|--------------------|-----------------------|------------------|
| Finished and intermediate goods | 701,402 | - | - | - | 701,402 |
| Goods | 1,967,914 | - | - | - | 1,967,914 |
| Inventories | 2,669,315 | - | - | - | 2,669,315 |
| Doubtful customers | 1,829,470 | - | - | 521,817 | 2,351,287 |
| Customers | 1,829,470 | - | - | 521,817 | 2,351,287 |
| Other accounts receivable | 2,512,349 | - | 26,000 | - | 2,538,349 |
| Other accounts receivable | 2,512,349 | - | 26,000 | - | 2,538,349 |
| Total impairment losses | 7,011,135 | - | 26,000 | 521,817 | 7,558,952 |
| Pensions and other staff costs | - | 14,711 | - | - | 14,711 |
| Associated companies and jointly managed investments | - | 992,204 | - | - | 992,204 |
| Provisins for risk and charges | - | 1,006,916 | - | - | 1,006,916 |

25. RELATED PARTIES

Balances and transactions between Group companies included in the perimeter of consolidation and which are included in the consolidated financial statements are eliminated on consolidation and are not disclosed in this note.

The balances and transactions between the Group and associated companies (consolidated using the equity method) are broken down in the tables below:

| Balances as of 30.6.2014 | Customers | Other accounts receivable | Loans to associated and jointly managed companies | Other accounts payable |
|--|------------------|------------------------------|--|---------------------------|
| <u>companies and entities jointly managed</u> | | | | |
| Auto-Estradas XXI - Subconcessionária Transmontana, S.A. | 54,711 | - | 24,498,181 | - |
| Exproestradas XXI - AE Transmontana, S.A. | - | - | - | 17,499 |
| OPERESTRADAS XXI S.A. | 776 | - | 1,042,939 | 3,076,650 |
| SCUTVIAS - Autoestradas da Beira Interior, S.A. | 26,568 | - | 17,308,413 | - |
| MRN - Manutenção de Rodovias Nacionais, S.A. | - | - | 5,886,467 | 3,791,622 |
| Portvias - Portagem de Vias, S.A. | - | - | 398,483 | 11,665 |
| Estradas do Zambeze, S.A. | - | - | 1,074,553 | - |
| Operadora das Estradas do Zambeze, S.A. | - | - | 115 | 100,000 |
| <u>associated companies</u> | | | | |
| INDÁQUA - Indústria e Gestão de Águas, S.A. | 16 | - | 10,240,349 | - |
| GAYAEXPLOR - Construção e Exploração de Parques de Estacionamento, Lda | - | - | 27,500 | - |
| Metropolitan Transportation Solutions Ltd. | 7,129,821 | 1,500,238 | 8,756,054 | 4 |
| Self Energy Moçambique, S.A. | 258,385 | - | - | - |
| Total | 7,470,278 | 1,500,238 | 69,233,053 | 6,997,439 |



| Transactions in the period ending 30.6.2014 | Operational income and gains | Operational costs and losses | Financial income and losses |
|--|------------------------------|------------------------------|-----------------------------|
| <u>companies and entities jointly managed</u> | | | |
| Auto-Estradas XXI - Subconcessionária Transmontana, S.A. | 232,500 | 5,982 | 367,233 |
| Exproestradas XXI - AE Transmontana, S.A. | - | - | - |
| OPERESTRADAS XXI S.A. | 82,500 | - | (34,479) |
| SCUTVIAS - Autoestradas da Beira Interior, S.A. | 21,600 | - | 611,751 |
| MRN - Manutenção de Rodovias Nacionais, S.A. | - | - | (8,850) |
| Estradas do Zambeze, S.A. | - | - | 37,500 |
| <u>associated companies</u> | | | |
| INDÁQUA - Indústria e Gestão de Águas, S.A. | - | - | 131,692 |
| Self Energy Moçambique, S.A. | 110,965 | 9,011 | - |
| Total | 447,565 | 14,992 | 1,104,847 |

The terms and conditions practised between the Group and related parties are substantially the same as those that would normally be contracted between independent entities in comparable transactions on an arm's length basis.

Balances between the Group SDC – Investimentos, SGPS, SA and participated companies of Soares da Costa Construção, SGPS, SA, listed in Note 14, are shown in the table below:

| Balances as of 30.6.2014 | Customers | Other accounts receivable | Suppliers | Other accounts payable |
|---|------------------|---------------------------|-------------------|------------------------|
| Soc. Construções Soares da Costa, SA | 2,384,700 | 752,787 | 8,752,580 | 591 |
| CLEAR - Instalações Electromecânicas, S.A. | 258,534 | 13,368 | 405,764 | - |
| Soares da Costa Serviços Partilhados, S.A. | 73,446 | 255,765 | 230,575 | - |
| Soares da Costa Moçambique, SARL | 6,761 | - | - | - |
| CLEAR ANGOLA, Lda. | 1,406 | - | - | - |
| Soares da Costa S. Tomé e Príncipe - Construções, Lda | 626 | - | - | - |
| Carta - Cantinas e restauração, Lda | - | 172,945 | - | - |
| Estádio de Coimbra, SC/Abrantina, ACE | - | - | 5,424 | - |
| Soares da Costa Construção SGPS, SA | - | - | 957,223 | 1,479,754 |
| Total | 2,725,473 | 1,194,865 | 10,351,566 | 1,480,345 |

| Transactions in the period ending 30.6.2014 | Operational income and gains | Operational costs and losses | Financial income and losses |
|---|------------------------------|------------------------------|-----------------------------|
| Soc. Construções Soares da Costa, SA | 1,578,001 | 587,891 | 650,589 |
| Soares da Costa Serviços Partilhados, S.A. | 361,871 | 247,873 | - |
| CLEAR - Instalações Electromecânicas, S.A. | 180,019 | 115,287 | - |
| Soares da Costa Construção SGPS, SA | 11,805 | 393,637 | 191,618 |
| Soares da Costa Moçambique, SARL | 6,761 | - | - |
| CLEAR ANGOLA, Lda. | 700 | - | - |
| Soares da Costa S. Tomé e Príncipe - Construções, Lda | 626 | - | - |
| CAET XXI - Construções, ACE | 585 | - | - |
| Total | 2,140,368 | 1,344,688 | 842,207 |



26. BREAKDOWN OF OTHER OPERATING GAINS AND LOSSES

The breakdown of “Other operating gains” for the years ending 30 June 2014 e 2013 was as follows:

| Other operational gains | 30.6.2014 | 30.6.2013 |
|------------------------------------|----------------|------------------|
| Gains in fixed tangible assets | 46,629 | - |
| Operating subsidies | - | 86,089 |
| Reversal of adjustments | 24,193 | 11,151 |
| Benefits and contractual penalties | 22,732 | 148,134 |
| Other operational income and gains | 54,266 | 1,668,191 |
| Total | 147,820 | 1,913,565 |

For the periods ending 30 June 2014 and 2013, the breakdown of “Other operating losses” was as follows:

| Other operational losses | 30.6.2014 | 30.6.2013 |
|------------------------------------|------------------|------------------|
| Taxes | 315,750 | 620,527 |
| Fixed tangible assets losses | 2,052 | 798,932 |
| Fines | 13,835 | 75,980 |
| Donations | - | 1,000 |
| Other operational costs and losses | 850,486 | 286,456 |
| Total | 1,182,122 | 1,782,896 |

27. GAINS AND LOSSES IN ASSOCIATED COMPANIES

Gains and losses in associated companies for the periods ending 30 June 2014 and 2013 can be broken down as follows:

| | 30.6.2014 | 30.6.2013 |
|---|------------------|------------------|
| Losses in associated and jointly managed companies | | |
| Estradas do Zambeze, S.A. | 30,080 | - |
| Auto-Estradas XXI - Subconcessionária Transmontana, S.A. | 790,042 | - |
| Self-Energy Angola, Lda | - | 21,217 |
| INDÁQUA - Indústria e Gestão de Águas, S.A. | - | 25,216 |
| Self Energy Moçambique, S.A. | 1,728 | 52,308 |
| Total | 821,851 | 98,741 |
| Gains in associated and jointly managed companies | | |
| MRN - Manutenção de Rodovias Nacionais, S.A. | 906,687 | 1,412,532 |
| SCUTVIAS - Autoestradas da Beira Interior, S.A. | 4,393,177 | 5,118,805 |
| Operadora das Estradas do Zambeze, S.A. | 29,953 | 100,534 |
| INDÁQUA - Indústria e Gestão de Águas, S.A. | 72,651 | - |
| OPERESTRADAS XXI S.A. | 255,465 | 513,461 |
| Portvias - Portagem de Vias, S.A. | 103,996 | 82,931 |
| Auto-Estradas XXI - Subconcessionária Transmontana, S.A. | - | 771,074 |
| Estradas do Zambeze, S.A. | - | 73,087 |
| Sustentável Desafio - Produção de Energia LDA. | 16,384 | - |
| Total | 5,778,312 | 8,072,424 |
| Gains and losses in associated and jointly managed investments | 4,956,462 | 7,973,683 |



28. CONSOLIDATED FINANCIAL RESULTS

The financial results for the periods ending 30 June 2014 and 2013 were broken down as follows:

| Costs and losses | 30.6.2014 | 30.6.2013 |
|--|-------------|-------------|
| Interest paid | 7,279,395 | 10,885,926 |
| Foreign exchange losses | 327,218 | 164,786 |
| Cash discounts granted | 903 | 1,263 |
| Costs with guarantees | 1,530,360 | 1,698,811 |
| Costs with banking services | 669,674 | 181,779 |
| Other financial costs and losses | 31,025 | 26,813 |
| Other financial costs | 2,559,179 | 2,073,453 |
| (1) | 9,838,574 | 12,959,379 |
| | | |
| Income and gains | 30.6.2014 | 30.6.2013 |
| Interests received | 1,203,165 | 3,823,557 |
| Income and capital gains from participations | 37,212 | 2,385,227 |
| Foreign exchange gains | 485,172 | 394,948 |
| Other financial income and gains | 14 | 7 |
| Other financial gains | 485,186 | 394,955 |
| (2) | 1,725,563 | 6,603,739 |
| Financial results | (2)-(1) | (8,113,011) |
| | (6,355,640) | |

The heading "Income and capital gains from participations" reflects the dividends paid by the company "Autopistas Del Valle, S.A." to SDC Concesiones – Costa Rica, S.A., a company in which the Group has a 17% stake.

29. INCOME TAX AND DEFERRED TAXES

SDC - Investimentos, SGPS, SA and its subsidiaries in Portugal, in which it has directly or indirectly a shareholding of more than 75%, are assessed for Income Tax in Portugal under the Special Regime for the Taxation of Groups of Companies (RETGS).

For those companies not covered by RETGS, current taxation is calculated based on the respective taxable incomes, in accordance with the applicable taxation schemes in the country of the head office of each company.

As from the 1 January 2007, town councils can decide on an annual local surtax of up to a maximum of 1.5% on taxable income not exempt from IRC (Portuguese corporation tax code), which thus increases the nominal tax rate to 24.5%.

Following the publication of Law number 12 – A/2010, of the 30th of June, which introduced changes to the IRC code, a state surtax was introduced. For 2013, the state surtax, in accordance with the provisions of article 87-A of the IRC Code, is assessed on taxable entities which have a taxable profit in excess of 1.5 million Euros and are not exempt from IRC. The state surtax rates are 3% on taxable profit above 1.5 million Euros and up to 7.5 million Euros and 5% above 7.5 million Euros and up to 35 million Euros and 7% of figures above the 35 million Euros.

In accordance with current legislation in Portugal, income tax declarations are subject to revision and correction by the tax authorities during a four year period (five for social security), except when there have been tax losses, tax benefits have granted, or inspections, claims or appeals are underway, in which case, depending on the circumstances, the time frames can be extended or suspended.

Thus, the tax declarations for the years 2011 and later can still be the object of revision. The board of directors believes that any possible corrections will not have a significant impact on the consolidated financial statements.



The income tax registered for the years ending 30 June 2014 and 2013 can be broken down as follows:

| Income tax | 30.6.2014 | 30.6.2013 |
|--------------|----------------|----------------|
| Current tax | (277,572) | (1,061,663) |
| Deferred tax | 705,742 | 1,223,275 |
| Total | 428,170 | 161,611 |

The deferred tax assets and deferred tax liabilities recorded in the statement of financial position have the following nature:

| Deferred tax assets | 30.6.2014 | 31.12.2013 |
|---|-------------------|-------------------|
| Reportable tax losses | 7,234,546 | 8,073,786 |
| Fixed assets diverge valuation | 5,880,257 | 5,930,063 |
| Impairment losses in fixed tangible assets | 3,843,422 | 3,913,673 |
| Impairment losses in inventories | 330,241 | 330,878 |
| Differences in the valuation of derivatives | - | 2,969 |
| Derivatives fair value | 2,209,336 | 1,767,497 |
| Others | 8,512 | 6,554 |
| Total | 19,506,314 | 20,025,420 |

| Deferred tax liabilities | 30.6.2014 | 31.12.2013 |
|--|------------------|------------------|
| Differences in the valuation of fixed assets | 4,573,918 | 4,625,564 |
| Impairment losses in inventories | 397,164 | 410,674 |
| Non tax deductible provisions | 2,234 | 1,017,368 |
| Capital gains with deferred taxes | 237,699 | 237,700 |
| Total | 5,211,015 | 6,291,306 |

30. EARNINGS PER SHARE

The share capital of the company is made up of 159,994,482 ordinary shares and 5,518 nonvoting preferential shares without par value. These nonvoting preferential shares give their owners the right to a priority dividend, under the conditions set out in section 2.7 of the stock market listing particulars, of not less than 5% of the respective issue value, in accordance with paragraph 2 of article 341 of the Portuguese Commercial Companies Code.

| Earnings per share | 30.6.2014 | 30.6.2013 |
|---|--------------------|--------------------|
| Continued operations earnings, net of minorities | (5,528,739) | 4,043,708 |
| Discontinued operations earnings, net of minorities | (989,711) | (13,281,343) |
| Net income attributable to the Group | (6,518,450) | (9,237,635) |
| Number of preferred shares | 5,518 | 5,518 |
| Number of ordinary shares | 159,994,482 | 159,994,482 |
| Earnings attributable to preferred shares | 138 | 138 |
| Continued operations earnings per share | | |
| Basic | (0.035) | 0.025 |
| Diluted | (0.035) | 0.025 |
| Earnings per share | | |
| Basic | (0.041) | (0.058) |
| Diluted | (0.041) | (0.058) |



The company does not have debt instruments convertible into shares, so that the basic earnings per share is the same as the diluted earnings per share.

31. GUARANTEES PROVIDED

The detail of bank guarantees and collateral given by the Group to third parties as at 30 June 2014 and 31 December 2013 was as follows:

| Bank Guarantees | 30.6.2014 | 31.12.2013 |
|---|-------------------|-------------------|
| Guarantees in respect of concession contracts | 17,950,036 | 18,050,302 |
| Guarantees given to financial institutions | 16,473,861 | 17,765,209 |
| Other guarantees | 549,282 | 604,107 |
| Total | 34,973,180 | 36,419,618 |

As of 30 June 2014 the breakdown of guarantees provided by currency was as follows:

| | Euros | US Dollar | Israeli Shekel | Total 30.6.2014 |
|-----------------|------------|------------|-------------------|--------------------|
| Bank guarantees | 17,925,438 | 16,653,861 | 393,881 | 34,973,180 |

The guarantees made in favor of subsidiaries correspond mainly to those given for bank financing contracted by subsidiary companies in which the Group is acting as guarantor (Note 20).

32. SUBSEQUENT EVENTS

There are no significant events to report.

33. CONTINGENCIES

There were no changes compared to the last published annual financial statements. Therefore:

Red Line Metro in Tel Aviv, Israel:

During execution of the concession contract, a dispute arose in 2010 between the grantor (State of Israel) and Metropolitan Transportation Solutions (MTS), the concessionary company in which the Soares da Costa Group has a shareholding of 20%, as duly disclosed to the market.

After signature of the contract referred to, which took place in May 2007, and in accordance with its provisions, activities for the "Financial Close" and to the early execution of work relating to the project were carried out. Activities for the "Financial Close" were negatively affected by the world financial crisis which made it necessary to make changes to some contractual provisions. These changes were subject to hard and exhaustive negotiations between the Concessionary and Grantor, with the involvement of the Financing Entities.

During the third quarter of 2010, MTS was in the meantime confronted with the decision of the Grantor to terminate the contract on the grounds that the Concessionary was in alleged breach of contract, unless MTS accepted to compensate the Grantor and a number of other conditions.

The concessionaire and its shareholders decided to reject the position taken by the grantor and the conditions demanded - which would render the project inoperable - and to submit the dispute to an Arbitration Court, set up in Israel, and has begun the necessary formalities for that purpose.

The arbitration proceedings have taken place with the usual slowness associated with this type of process. Court hearings took place during 2013 and it is our belief that the process can be expected to be concluded during 2014.



The consolidated assets exposed to this risk amount to 17.2 million Euros, while the sums claimed from the dispute are well in excess of this.

MTS and its shareholders have already expressed their belief, with which the board of directors agrees, that the process is taking its course with the necessary independence and according to international standards, and meanwhile a conclusion to the arbitration is awaited. Because it is the belief of the Board of Directors of the company, backed up by its legal advisors, that the outcome of the dispute will not result in a materially relevant impact on the consolidated financial statements attached, no provision has been made.

Concession Contract for a section (Poceirão-Caia) of the High Speed Railway Line between Lisbon and Madrid of the subsidiary “Elos – Ligações de Alta Velocidade, S.A.”:

On 21 of March 2012, the Portuguese Audit Court refused the give prior approval to the concession contract, leading to the cancellation of the project.

As a result, the company began the process of terminating contracts with staff, closed its office and cancelled all contracts signed for the concession contract.

Also, as a result of the refusal of prior approval, the company began to prepare a request for payment from the Portuguese State for costs incurred by the concession, which was sent on 30 of July 2012, claiming a sum of 159.4 million Euros to date.

Given that the Portuguese state has not responded to this request for payment presented to ELOS, preparations have begun for proceedings in the Arbitration Court.

In relation to financing contracts, an agreement (Partial Assignment Agreement) was signed in June between the company, the European Investment Bank (BEI), and a syndicate of banks made up of the Caixa Geral de Depósitos, Banco Comercial Português and Banco Espírito Santo, as a result of which the two loan facilities contracted with the BEI, were transferred to the Commercial Banks, achieved by terminating BEI's contractual position in favour of the banking syndicate. The facilities granted were an amount of 300,000,000 Euros (Part A Loan), still available for use, and the facility for 300,000,000 Euros (Part B Loan), of which to date 90,761,574 Euros has been used.

These sums have no impact on the consolidated accounts of the company, since the financial shareholding is valued at acquisition cost.

In the second half of 2012 meanwhile, the Portuguese State expressed its intention via the banking syndicate to take advantage of the conditions of the project's financial package, including interest rate swap contracts, so that, while the remaining contracts were continued by the company, on the 22nd of January 2013 the contractual position of the company in relation to all the unused loan facilities and swap contracts was terminated and assigned to Parpública.

On 25 of April 2013, Initial Proceedings and the nomination of ELOS' Arbitrator for the setup of the Arbitration Tribunal were sent to the Portuguese State. The latter has already sent its arguments to oppose the proceedings and the arbitration process is proceeding normally.

Now that the phase of producing documentary evidence and witness statements has concluded, the process is now in the phase of each party making their final allegations, so a decision is now expected by the end of 2014.

The consolidated assets exposed to this risk (financial shareholding held in ELOS and the treasury loans granted) are valued at approximately 3.1 million Euros, but the sums claimed as part of the above dispute are far in excess of this. Because it is the belief of the board of directors of the company, backed up by its legal advisors, that the outcome of the dispute will not result in a materially relevant impact on the consolidated financial statements attached, no provision has been made.

Tax claims:

1) As announced in 2002, the Soares da Costa Group was profoundly restructured and reorganized, which involved, among other steps, the setup of a holding company and four sub-holdings for each business area: construction, real estate, concessions and industry.

The sub-holdings were set up with their share capital paid up in kind by the holding company through the transfer at market value to the respective sub holding of a portfolio of shareholdings previously held in each of those segments by the holding company, from which fiscally relevant capital gains and losses were generated.

The Portuguese tax authorities, following an investigation of Grupo Soares da Costa, SGPS, SA's accounts, notified the company in 2005 of a demand for payment of income tax totalling 17,136,692 Euros, determined by disallowing as tax deductible costs a number of capital losses generated as a result of the above process (the capital gains generated in the same process however were however treated as taxable income). As duly communicated to the market (as a relevant fact on 10 November 2005) the company, as well as its external consultants, the statutory and external auditors, who accompanied and were involved in the process, totally disagree with and reject the tax authorities' opinion, and the tax demand has been legally contested, with the exception of a sum of 381,752 Euros that has already been paid.



2) In July 2012, Grupo Soares da Costa, SGPS, SA, the parent company for the Special Taxation Regime for Groups of Companies (RETGS), was notified of an income tax assessment for the year 2008 following a tax audit of the company and some its subsidiaries. From this notification arose a demand for payment of 2,164 million Euros as a result of corrections made by the Tax Authorities (AT), mainly relating to the deductibility of financial charges and transfer pricing. The company disagrees with the AT's understanding, has already appealed against the assessment and has requested, pursuant to the terms of the Tax Procedure and Process Code, the suspension of the legal enforcement proceedings.

3) In June 2013, Grupo Soares da Costa, SGPS, S.A., the parent company for the RETGS, was notified of an income tax assessment for the year 2009 following a tax audit of the company and some of its subsidiaries. From this notification arose a demand for payment of 1,391 million Euros, with a voluntary payment deadline of 12 August 2012, as a result of corrections made by the AT, mainly relating to the deductibility of financial charges. The company disagrees with the understanding of the AT, has already appealed against the assessment and has requested, pursuant to the terms of the Tax Procedure and Process Code, the suspension of the legal enforcement proceedings

The Board of Directors accepts that, if the understanding of the AT is upheld, corrections of the same kind may be applied to subsequent tax years, with implications for the accounts of the company and the subsidiaries concerned.

The board of directors and the company's lawyers believe these judicial appeals will be successful, which is the reason why no provision was made in the annexed financial statements.

34. APPROVAL OF ACCOUNTS

At the meeting of 11 August 2014 the board of directors authorized the release of these financial statements.