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ANNUAL REPORT

ANNUAL REPORT 2014

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SONAECOM GROUP

1.1. Group at a glance

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1.1.1. Group at a glance

Sonaecom is a sub-holding of the Sonae Group for the telecommunications and information technology areas, created in 1994 and first quoted on Euronext Lisbon in 2000.

Prior to the merger of Optimus and Zon, in August 2013, the portfolio of the company was composed by two business units: Optimus, an integrated telecommunications operator in Portugal and the Software and Information Systems area (SSI). The company also operated in the Online and Media segment, with a number of businesses such as "Público", a general daily newspaper which has been published in Portugal for 25 years.

After the merger between Zon and Optimus, Sonaecom reached a relevant holding in an integrated telecommunications group – the NOS Group – which constitutes the main asset in its holdings portfolio.

Sonaecom holds a participation of 50% in ZOPT, SGPS, S.A., which in turn holds 50.01% of the share capital of NOS, SGPS, S.A. (NOS). Additionally, Sonaecom also had, until 25 February 2014, a direct stake of 7.28% in the capital of NOS.

The first half of 2014 was marked by Sonaecom's tender offer for the acquisition of own shares. Following the merger between Optimus and Zon, Sonaecom's management intended to give the option to its shareholders to sell, in equal standing conditions, their Sonaecom shares for consideration of the directly held NOS shares, which were not necessary to the pursuit of Sonaecom's business purposes, thereby enabling direct exposure of Sonaecom shareholders to NOS, the reference asset of Sonaecom portfolio. Following the tender offer, Sonaecom's direct participation in NOS was reduced to 2.14%.

1.1.1. About Sonaecom

Our mission

Sonaecom is an entrepreneurial growth company that chooses exceptional people to work and unlock their full potential. Sonaecom relentlessly pursues the creation of innovative products, services and solutions that fulfil the needs of its markets and generate superior economic value.

1.1.2. Our values

Ethics and trust

Our fundamental commitment is to create economic value founded on the principles of ethical business practice and sustainable development. We take a long-term strategic view based on stakeholder relationships built around confidence and trust.

People at the centre of our success

We develop the competencies and capabilities of every Sonaecom employee through fresh challenges, an appetite for change and teamwork. Supported by an internal culture that promotes meritocracy, we believe these factors are crucial to attracting, retaining and developing people with outstanding talent and potential.

Ambition

As our guiding force, the strength of our ambition is reflected in the way we continuously challenge ourselves to remain resilient and determined in our efforts to improve our capabilities and add value to our clients.

Innovation

Innovation is the lifeblood of our business. By continuously challenging conventions, we consistently surprise the market. We believe that failure can also be a source of learning. At the same time, we are aware that it is important to balance mistakes within acceptable risk limits.

Social responsibility

We have an active sense of social responsibility. With a strong concern for the environment and the development of human knowledge, fulfilling this responsibility involves helping to improve the lives of the communities around us.

Frugality and efficiency

We value efficiency and healthy competition, and continuously strive to optimise the use of our resources while maximising their returns.

Co-operation and independence

We take a position of independence and autonomy in relation to central and local government. That said, we are always ready to co-operate with the authorities to improve the regulatory, legislative and social environment.

1.2. Corporate developments in 2014

Announcement on transaction by related parties

On 23 and 24 January 2014, under terms previously authorized by the Portuguese Securities Market Commission, CMVM, Sonae – SGPS, S.A. (Sonae) acquired over the counter 1,454,134 Sonaecom shares from Sonaecom directors and related parties.

The consideration of this acquisition was determined and settled on 20 February 2014, the date of calculation of the results of the tender offer, by the same amount paid to the shareholders who accepted the offer. Following this transaction, Sonae became the direct holder of 78,133,508 shares and the indirect holder of 194,063,119 shares, representative of share capital and voting rights, giving Sonae a total participation of 272,196,627 Sonaecom shares.

Announcement on Sonaecom tender offer for the acquisition of treasury shares

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

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

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

On 20 February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares. Euronext announced Sonaecom exclusion from the PSI-20 from 24 February 2014.

The physical and financial settlement of the offer occurred on 25 February 2014, being the consideration of the offer composed by 26,476,792 NOS shares and 19,631 euros.

Following the offer, Sonaecom became the holder of 11,012,532 NOS shares, corresponding to 2.14% of the company's share capital.

Goldman Sachs qualified holding

On 28 February 2014, Goldman Sachs Inc. informed Sonaecom about the reduction of its qualifying holding on 25 February 2014 from 2.12% to 0.79% of its share capital, corresponding to 2,881,353 shares and voting rights.

Shareholders' Annual General Meeting

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

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

Composition of Sonaecom's Board of Directors

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

Director's Transactions

Sonae informed Sonaecom on several acquisitions, from 24 February to 17 July 2014, of shares representing the share capital and voting rights of Sonaecom. After the completion of these transactions, Sonae is the direct holder of 81,022,964 shares of Sonaecom, being the 194,063,119 voting rights corresponding to the shares held by its subsidiary Sonae Investments, B.V. also attributable to it.

Acquisition of a 60% share capital stake at S21s

On 18 July 2014, Sonaecom acquired a 60% share capital stake on S21Sec, one more bet in the growing IT Security market. S21Sec is a multinational, with headquarters in Spain, specialized in Cyber Security services and technologies with the purpose of protecting the organizations' more critical and high-value digital assets: data, operations and corporate image. With own products/platforms the company acts with a special focus on antifraud and e-crime in various segments like government, energy and other critical infrastructures, financial entities and telecommunications.



Mainroad sale to NOS

On 22 September 2014, Sonaecom announced that its subsidiary Sonaecom – Sistemas de Informação, SGPS, S.A. has reached to an agreement with NOS, to sell the total share capital of Mainroad – Serviços em Tecnologias de Informação, S.A., a leading company in Portugal in the area of information technology, holding two data centres – one in Porto and another in Lisbon – and offering a full set of services – business continuity, cloud computing and IT managed services. The transaction became effective on 30 September 2014.

1.3. Proposal for the application of results

The Board of Directors proposes that the net income in Sonaecom Individual accounts, in the amount of 5,820,800.19 euros be transferred as follows:

- i) 291,040.01 euros to legal reserves;
- ii) 5,529,760.18 euros is distributed to shareholders.

The Board of Directors also proposes that an amount of 8,449,354.32 euros from Other Reserves to be paid to shareholders.

It was also approved that, considering that it will not be possible to determine precisely the number of own shares that will be held by the company on the date of the abovementioned payments without limiting the company's capacity for intervention, we highlight the following:

- i) Each share issued will be paid the gross amount of 0.045 euros;
- ii) The amount corresponding to the shares that belong to the Company itself on the day of the payment of the abovementioned amount (calculated on said unit amount of 0.045 euros per issued share) will not be paid to shareholders, but will instead be maintained in other reserves.

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SONAECOM BUSINESS

2.1. Business overview in 2014

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results in 2014

2.1. Business Overview in 2014

2.1.1. Sonaecom Consolidated Results

Turnover

Consolidated turnover in 2014 reached 122.3 million euros, increasing 8.1% when compared to 2013, or 3.5% excluding S21Sec contribution. This rise was fuelled by an increase of 16.8% in product sales and an increase of 4.5% in service revenues (or 10.9% and 0.4%, excluding S21Sec contribution).

Operating costs

Operating costs amounted to 117.5 million euros, 8.5% above 2013. The level of personnel costs increased 11.0% mainly driven by S21Sec headcount. Commercial costs grew 19.3%, to 33.8 million euros, driven by SSI increase in cost of goods sold, aligned with product sales evolution. As for other operating costs, the 1.6% decline is mainly explained by a lower level of provisions and outsourcing costs.

EBITDA

Total EBITDA stood at 36.3 million euros, up by 36.5% when compared to 2013, primarily as a result of discontinued operations, as equity results lines and underlying EBITDA decreased by 5.0% and 9.2%, respectively. The equity results were mostly impacted by ZOPT contribution, which in turn depends on NOS net income evolution. On what concerns the underlying EBITDA, it stood at 7.7 million euros, corresponding to a margin of 6.3%, which compares to 7.4% in 2013. This evolution is mainly driven by the higher weight of equipment sales, which generates lower margins.

Net results

Sonaecom's EBIT increased 41.4% y.o.y. to 29.1 million euros, fully explained by the higher EBITDA.

Net financial results stood at negative 1.3 million euros in 2014, impacted by the adjustment of NOS fair value at market price, contributing with a negative 3.1 million euros, despite the 1.3 million euros received in dividends, as a result of the 2.14% direct stake at NOS share capital. In 2013, the adjustment of NOS fair value was positive by 46.6 million euros.

Sonaecom's earnings before tax (EBT) decreased to 27.8 million euros, fully driven by the lower net financial results.

Net results group share stood at 28.0 million euros, which compares with 75.7 million euros in 2013.

Operating CAPEX

Sonaecom's underlying operating CAPEX decreased from 7.4 million euros to 6.9 million euros, reaching 5.6% of Sales.

Capital structure

Gross debt totalled 11.8 million euros, versus 25.9 million euros in 2013. The reported Gross debt includes S21Sec total Gross debt in the amount of 10.5 million euros. We highlight that Sonaecom holds a 60% stake in S21Sec.

Net debt reached a very comfortable negative 170.2 million euros, i.e., a positive cash position.

2.1.2. Sonaecom Consolidated Income Statement

Million euros

CONSOLIDATED INCOME STATEMENT	4Q13 ^(R)	4Q14	Δ 14/13	3Q14	q.o.q.	2013 ^(R)	2014	Δ 14/13
Turnover	26.4	32.1	21.8%	31.8	1.2%	113.2	122.3	8.1%
Service Revenues	18.3	22.7	24.3%	20.6	10.1%	80.1	83.7	4.5%
Product Sales	8.1	9.4	16.2%	11.1	-15.3%	33.0	38.6	16.8%
Other Revenues	0.9	0.6	-30.9%	1.6	-62.0%	3.5	2.9	-18.6%
Operating Costs	24.5	29.9	22.2%	30.9	-3.3%	108.3	117.5	8.5%
Personnel Costs	9.6	11.9	24.0%	11.8	0.9%	40.0	44.4	11.0%
Commercial Costs ⁽¹⁾	6.3	7.5	19.2%	9.8	-23.8%	28.3	33.8	19.3%
Other Operating Costs ⁽²⁾	8.6	10.5	22.3%	9.3	13.1%	39.9	39.3	-1.6%
EBITDA	0.4	2.3	-	22.4	-89.7%	26.6	36.3	36.5%
Underlying EBITDA ⁽³⁾	2.8	2.8	2.0%	2.4	17.4%	8.4	7.7	-9.2%
Equity method ⁽⁴⁾	-2.7	-0.5	79.8%	7.3	-	16.6	15.7	-5.0%
Discontinued Operations ⁽⁵⁾	0.3	0.0	-100.0%	12.6	-100.0%	1.6	12.9	-
Underlying EBITDA Margin (%)	10.6%	8.9%	-1.7pp	7.6%	1.2pp	7.4%	6.3%	-1.2pp
Depreciation & Amortization	1.2	2.3	88.5%	1.7	34.0%	6.0	7.1	19.7%
EBIT	-0.8	0.0	-	20.6	-100.0%	20.6	29.1	41.4%
Net Financial Results	37.6	4.6	-87.8%	0.3	-	58.8	-1.3	-
Financial Income	38.6	0.4	-99.0%	0.7	-43.8%	70.8	4.4	-93.8%
Financial Expenses	1.0	-4.2	-	0.4	-	12.0	5.7	-52.4%
EBT	36.8	4.6	-87.5%	21.0	-78.2%	79.4	27.8	-65.0%
Tax results	-1.1	-0.3	71.3%	-0.7	58.3%	-3.8	-0.7	81.9%
Net Results	35.7	4.3	-88.0%	20.3	-78.9%	75.6	27.1	-64.2%
Group Share	35.8	4.9	-86.3%	20.5	-76.0%	75.7	28.0	-63.1%
Attributable to Non-Controlling Interests	-0.1	-0.6	-	-0.2	-	-0.1	-0.9	-

(1) Commercial Costs = COGS + Mktg & Sales Costs; (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others; (3) Includes the businesses fully consolidated by Sonaecom; (4) Includes the 50% holding in Unipress, the 50% holding in Infosystems, the 45% holding in SIRS and the 50% holding in ZOPT; (5) Includes Mainroad contribution until the sale and the capital gain
(R) The values were adjusted in order to reflect, from 1 January 2013 onwards, Sonaecom structure following the merger between Optimus and Zon and following the Mainroad sale.

2.1.3. Sonaecom Consolidated Balance Sheet

Million euros

CONSOLIDATED BALANCE SHEET	4Q13	4Q14	Δ 14/13	3Q14	q.o.q.	2013	2014	Δ 14/13
Total Net Assets	1,227.1	1,095.8	-10.7%	1,080.6	1.4%	1,227.1	1,095.8	-10.7%
Non Current Assets	767.3	792.5	3.3%	773.1	2.5%	767.3	792.5	3.3%
Tangible and Intangible Assets	22.2	28.3	27.5%	28.7	-1.5%	22.2	28.3	27.5%
Goodwill	28.4	28.7	1.0%	29.5	-2.6%	28.4	28.7	1.0%
Investments	711.4	723.2	1.6%	707.6	2.2%	711.4	723.2	1.6%
Deferred Tax Assets	5.2	6.8	31.5%	7.1	-3.2%	5.2	6.8	31.5%
Others	0.0	5.5	-	0.3	-	0.0	5.5	-
Current Assets	459.8	303.4	-34.0%	307.5	-1.4%	459.8	303.4	-34.0%
Trade Debtors	36.4	40.0	9.8%	39.4	1.5%	36.4	40.0	9.8%
Liquidity	188.0	182.0	-3.2%	182.9	-0.5%	188.0	182.0	-3.2%
Others	235.3	81.3	-65.4%	85.2	-4.6%	235.3	81.3	-65.4%
Shareholders' Funds	1,136.8	1,023.9	-9.9%	1,004.3	1.9%	1,136.8	1,023.9	-9.9%
Group Share	1,136.5	1,024.5	-9.9%	1,004.4	2.0%	1,136.5	1,024.5	-9.9%
Non-Controlling Interests	0.3	-0.6	-	-0.1	-	0.3	-0.6	-
Total Liabilities	90.3	72.0	-20.3%	76.4	-5.8%	90.3	72.0	-20.3%
Non Current Liabilities	29.3	13.2	-55.0%	18.4	-28.1%	29.3	13.2	-55.0%
Bank Loans	24.8	9.1	-63.5%	8.5	6.5%	24.8	9.1	-63.5%
Provisions for Other Liabilities and Charges	3.1	2.6	-15.7%	3.0	-13.3%	3.1	2.6	-15.7%
Others	1.4	1.6	8.4%	6.9	-77.4%	1.4	1.6	8.4%
Current Liabilities	61.0	58.8	-3.6%	58.0	1.3%	61.0	58.8	-3.6%
Loans	1.0	2.0	98.2%	2.0	0.7%	1.0	2.0	98.2%
Trade Creditors	21.8	21.6	-0.9%	21.5	0.4%	21.8	21.6	-0.9%
Others	38.2	35.2	-7.8%	34.5	2.0%	38.2	35.2	-7.8%
Operating CAPEX ⁽¹⁾	3.3	2.2	-34.5%	1.9	16.3%	7.4	6.9	-7.7%
Operating CAPEX as % of Turnover	12.5%	6.7%	-5.8pp	5.8%	0.9pp	6.6%	5.6%	-1.0pp
Total CAPEX	3.3	2.2	-34.4%	1.9	11.8%	7.9	12.5	58.5%
Underlying EBITDA - Operating CAPEX	-0.5	0.7	-	0.6	20.9%	1.0	0.8	-19.9%
Gross Debt	25.9	11.8	-54.5%	16.9	-30.1%	25.9	11.8	-54.5%
Net Debt	-162.1	-170.2	-5.0%	-166.0	-2.6%	-162.1	-170.2	-5.0%

(1) Operating CAPEX excludes Financial Investments.

2.1.4. Sonaecom Consolidated Free Cash Flow (FCF)

Million euros

LEVERED FREE CASH FLOW	4Q13 ^(R)	4Q14	Δ 14/13	3Q14	q.o.q.	2013 ^(R)	2014	Δ 14/13
Underlying EBITDA-Operating CAPEX	-0.5	0.7	-	0.6	20.9%	1.0	0.8	-19.9%
Change in WC	-8.4	5.4	-	-3.4	-	-8.5	1.0	-
Non Cash Items & Other	0.0	-1.4	-	0.2	-	-0.5	1.4	-
Operating Cash Flow	-8.9	4.7	-	-2.7	-	-8.0	3.1	-
Investments	0.0	0.0	-	14.0	-100.0%	113.8	7.7	-93.2%
Dividends	0.0	0.0	-	7.3	-100.0%	0.0	8.6	-
Own shares	0.0	0.0	-	0.0	-	-2.5	0.0	100.0%
Financial results	1.0	0.0	-	1.0	-	16.6	-0.3	-
Income taxes	-0.8	-0.1	90.8%	-0.7	89.5%	-3.1	-1.1	63.8%
FCF⁽¹⁾	-8.6	4.6	-	18.9	-75.7%	116.7	18.1	-84.5%

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

2.2. NOS Results in 2014

TOTAL RGUs

7,610.5 thousands

CONVERGENT RGUs

1,853.3 thousands

% 3, 4 & 5P Subscribers

81.4%

IRIS Subscribers

693.6 thousands

Financial indicators

Million euros	4Q13	4Q14	Δ 14/13	3Q14	q.o.q.	2013	2014	Δ 14/13
NOS PRO-FORMA HIGHLIGHTS								
Operating Revenues	356.3	353.8	-0.7%	347.8	1.7%	1,426.8	1,383.9	-3.0%
EBITDA	118.3	113.5	-4.0%	133.4	-14.9%	536.6	510.5	-4.9%
EBITDA margin (%)	33.2%	32.1%	-1.1pp	38.4%	-6.3pp	37.6%	36.9%	-0.7pp
Net Income	-13.1	12.3	-	18.8	-34.6%	63.4	74.7	17.8%
CAPEX	80.7	142.5	76.7%	86.6	64.6%	269.5	374.4	38.9%
EBITDA-CAPEX	37.6	-29.0	-	46.8	-	267.1	136.1	-49.0%
RECURRENT CAPEX	77.1	83.2	7.9%	68.0	22.3%	261.4	275.8	5.5%
EBITDA-RECURRENT CAPEX	41.2	30.3	-26.4%	65.4	-53.6%	275.2	234.7	-14.7%

NOS operating revenues were 1,383.9 million euros in 2014, and declined 3.0% when compared with 2013.

EBITDA reached 510.5 million euros, decreasing 4.9% when compared to 2013 and representing a 36.9% EBITDA margin.

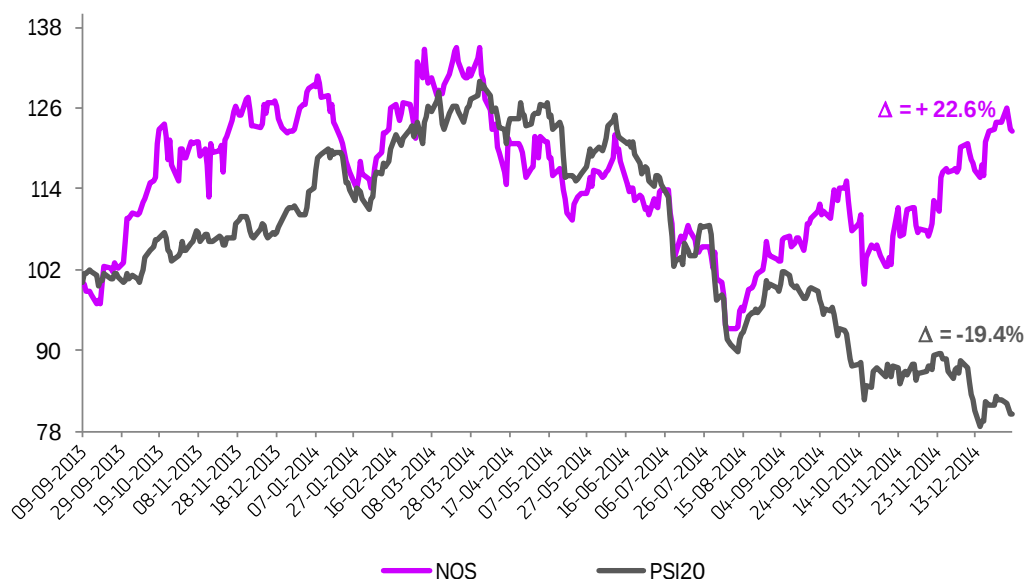
Recurrent CAPEX amounted to 275.8 million euros in 2014, an increase of 5.5% y.o.y.. As a consequence of EBITDA and CAPEX evolution, EBITDA-Recurrent CAPEX decreased 14.7%.

Net Financial Debt to EBITDA stood at 1.9x at the end of 2014.

The average maturity of its Net Financial Debt was 2.63 years at the end of 2014.

NOS published its 2014 results on 26th February, 2015, which are available at www.nos.pt.

Market performance



Subsequent to the merger between Optimus and ZON (currently NOS), and since the day in which new shares issued were listed, on 9 September 2013, and until 31 December 2014, the company's market capitalisation grew 22.6%, corresponding to a share price increase from €4.270 to €5.236. The PSI20, the main Portuguese index, decreased its market capitalisation 19.4% in the same period.

During 2014, the NOS share price decreased 3.03% from €5.400 to €5.236, whilst PSI20 decreased its market capitalisation by 26.8%.

2.3. SSI Results in 2014



During 2014, SSI took solid steps in the wake of its active portfolio management strategy. After the bet in the growing IT cyber security market, through the acquisition of a 60% stake at S21Sec share capital, on July 18th, SSI sold 100% of Mainroad's share capital to NOS, on September 30th, in a context of increasing convergence between information and communication technologies.

Currently, Sonaecom's SSI division comprises four companies in the IT/IS sector focused on international expansion. Following the two latest portfolio changes, SSI international revenues now ascend to about 55% of total revenues (data from the 4Q14).

WeDo Technologies, a worldwide market leader in enterprise business assurance, continued to expand its international footprint. The company, which works with some of the world's leading blue chip companies from the retail, energy and finance industries, as well as more than 190 telecommunications operators from more than 90 countries, ended 2014 with international revenues representing 74.8% of its turnover.

WeDo Technologies, continuously focused in the improvement of its services and software products, announced, in February 2014, the successful release of the fraud management software suite, RAID:FMS 7, a new release that enables service providers to handle risk threats associated with new products and services, in a single platform, being already working in RAID 8.

Again in 2014, WeDo Technologies was named by Stratecast (Frost & Sullivan) as the worldwide leader in Financial Assurance area, which comprises: Revenue Assurance, Fraud Management and Margin Assurance.

Also, it should be highlighted that during 2014, the company has won new customers in Pakistan, Bangladesh, Malaysia, Indonesia, Hungary, Morocco, Bahrain, Oman, Madagascar, Angola, Switzerland, Kyrgyzstan, Turkey, Germany, Mexico (a major retailer), Bolivia, Austria, Ireland, USA and Jamaica. In Portugal, besides the energy company, already mentioned in previous quarters, the company has won the first customer in healthcare segment, which clearly reflects the company's growth in enterprise business assurance market, both in Portugal and abroad.

S21Sec is a multinational based in Spain, specialized in cyber security services and technologies, with the purpose of protecting organizations more critical and high-value digital assets: data, operations and corporate image. With its own products and platforms the company acts with a special focus on antifraud and e-crime in various segments like government, financial entities, telecommunications, energy and other critical infrastructures. S21Sec is under a turnaround process which is already giving positive signs.

Saphety continues to strengthen its position in purchase-to-pay solutions, optimisation of business processes and data and multimedia synchronization for GS1 worldwide organisations. Saphety's customer base has now over 8,100 customers and 100,000 users in about 20 countries worldwide. In 2014, Saphety has won new contracts including (i) GS1 Greece and GS1 Mexico, two important players for synchronization solutions; (ii) Yazaki in Brazil, with the SaphetyDoc implementation in more than 76 suppliers in the automotive sector; (iii) Ford Lusitana; and (iv) EDP in Portugal, with SaphetyDOC. Importantly, external markets increased more than 20% and represented in 2014 25% of turnover.

On what concerns Bizdirect, the Competence Center launched in Viseu, that counted with the visit of Portuguese Prime Minister, has already delivered some successful projects. This center was created to respond to the growing demand for projects in the areas of CRM (Customer Relationship Management) and ECM (Enterprise Content Management), investing in the training of professionals and focusing in the international market. The investment in IT hardware and software has been registering some improvements, which enabled Bizdirect to increase its turnover by 20.2% in 2014 when compared to 2013. International revenues increased significantly and represented 12.2% of total Turnover.

2.3.1. Operational data

MAIN OPERATING KPI's	4Q13 ^(R)	4Q14	Δ 14/13	3Q14	q.o.q.	2013 ^(R)	2014	Δ 14/13
IT Service Revenues/Employee ⁽¹⁾ ('000 euros)	29.2	25.1	-13.9%	24.1	4.5%	130.1	110.9	-14.8%
Equipment Sales as % Turnover	25.6%	25.4%	-0.2pp	31.2%	-5.8pp	24.3%	27.3%	3.0pp
Equipment Sales/Employee ⁽²⁾ ('000 euros)	180.7	283.0	56.6%	363.8	-22.2%	732.0	1,072.7	46.5%
EBITDA/Employee ('000 euros)	5.8	4.1	-28.8%	4.0	3.7%	21.2	16.2	-23.6%
Employees	589	851	44.5%	825	3.2%	589	851	44.5%

(1) Excluding employees dedicated to Equipment Sales; (2) Bizdirect; (R) The values were restated in order to reflect Sonaeocom structure after Mainroad sale.

IT service revenues per employee reached 110.9 thousand euros in 2014, 14.8% below 2013, driven by the 44.5% headcount increase effect. The EBITDA per employee reached 16.2 thousand euros, less 23.6% y.o.y, driven by the EBITDA evolution, coupled with the higher headcount level.

Equipment sales as percentage of turnover increased y.o.y. from 24.3% to 27.3%, driven by Bizdirect's equipment sales.

2.3.2. Financial data

Million euros								
SSI CONSOLIDATED INCOME STATEMENT	4Q13 ^(R)	4Q14	Δ 14/13	3Q14	q.o.q.	2013 ^(R)	2014	Δ 14/13
Turnover	21.9	27.8	27.2%	28.0	-0.6%	94.3	106.3	12.7%
Service Revenues	16.3	20.8	27.5%	19.3	7.7%	71.4	77.3	8.2%
Equipment Sales	5.6	7.1	26.3%	8.7	-19.0%	22.9	29.0	26.6%
Other Revenues	0.7	0.5	-36.3%	1.3	-63.5%	2.7	2.0	-26.8%
Operating Costs	19.2	24.8	29.2%	26.0	-4.6%	84.7	96.5	13.9%
Personnel Costs	6.9	9.3	35.8%	9.3	-0.3%	29.8	33.9	13.7%
Commercial Costs ⁽¹⁾	5.3	6.2	17.5%	8.6	-28.5%	23.0	28.7	24.9%
Other Operating Costs ⁽²⁾	7.1	9.3	31.4%	8.0	16.2%	31.9	33.9	6.2%
EBITDA	3.7	3.5	-6.1%	8.9	-60.9%	13.4	17.6	30.9%
Underlying EBITDA ⁽³⁾	3.4	3.5	2.8%	3.3	7.0%	12.3	11.7	-4.7%
Discontinued Operations ⁽⁴⁾	0.3	0.0	-100.0%	5.6	-100.0%	1.2	5.9	-
Underlying EBITDA Margin (%)	15.7%	12.7%	-3.0pp	11.8%	0.9pp	13.0%	11.0%	-2.0pp
Operating CAPEX ⁽⁵⁾	2.6	1.8	-31.7%	1.5	18.9%	6.4	5.9	-7.6%
Operating CAPEX as % of Turnover	12.1%	6.5%	-5.6pp	5.4%	1.1pp	6.8%	5.6%	-1.2pp
Underlying EBITDA - Operating CAPEX	0.8	1.7	118.6%	1.8	-3.2%	5.9	5.8	-1.4%
Total CAPEX	2.6	1.8	-31.6%	1.6	13.3%	6.8	6.0	-12.1%

(1) Commercial Costs = COGS + Mktg & Sales; (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others; (3) Includes the businesses fully consolidated by SSI; (4) Includes Mainroad contribution until the sale and the capital gain; (5) Operating CAPEX excludes Financial Investments; (R) The values were restated in order to reflect Sonaeocom structure after Mainroad

Turnover

Turnover continued to benefit from the international expansion of SSI companies and the active portfolio management, growing 12.7% y.o.y., to 106.3 million euros. Service Revenues increased 8.2% to 77.3 million euros, while Equipment sales increased by 26.6% to 29.0 million euros.

The IT infrastructure market, where Bizdirect is positioned, gave signs of recovery in 2014.

Excluding S21Sec five months contribution in 2014, SSI turnover would have increased by 7.0%.

Operating costs

Operating costs increased 13.9%, reaching 96.5 million euros, impacted mostly by higher commercial costs but also by higher staff costs and other operational costs. Commercial costs increased 24.9% when compared to 2013, to 28.7 million euros, driven by a higher cost of goods sold, aligned with the higher level of equipment sales. Staff costs increased 13.7%, mainly driven by S21Sec integration.

EBITDA

Total EBITDA increased 30.9%, fully explained by discontinued operations.

Underlying EBITDA reached 11.7 million euros, declining 4.7% y.o.y. but grew 2.8% y.o.y. in the 4Q14.

Underlying EBITDA margin stood at 11.0% in 2014, decreasing 2.0 p.p., while reaching 12.7% in the 4Q14.

Underlying EBITDA-operating CAPEX

Underlying EBITDA-operating CAPEX stood at 5.8 million euros, decreasing 1.4% when compared to 2013, fully explained by the lower level of EBITDA.

2.4. Sonaecom Individual Results in 2014

2.4.1. Operational data

Sonaecom SGPS's individual results for the years ended 31 December 2014 and 2013 are summarised as follows:

Million euros	2013	2014	Difference	%
Service Revenues	2.6	0.3	(2.3)	-88%
Operating Costs (1)	(4.5)	(2.5)	2.0	-45%
EBITDA	(1.8)	(2.0)	(0.2)	9%
EBIT	(1.9)	(2.0)	(0.1)	6%
Dividend Received	24.7	8.6	(16.1)	-
Net Financial Activity	13.6	2.5	(11.1)	-82%
Other Financial Results	(120.7)	(3.6)	117.1	-97%
EBT	(89.1)	5.4	94.5	-106%
Net Income	(90.6)	5.8	96.4	-106%

(1) Excludes Amortization, Depreciation and Provisions

⁽¹⁾ Excluding depreciation, amortisation and provisions.

On 31 December 2014, Sonaecom SGPS's Executive Board of Directors was composed of three directors, which compares with four executive directors and six non-executive in 2013. For additional information about management changes in 2014, please refer to Section 4 – Corporate Governance Report.

Service revenues

This line totalled 0.3 million euros, which compares to 2.6 million in 2013. It essentially comprises management services provided to its subsidiaries which decreased significantly since the merger between Optimus with Zon (occurred on 2013, August 27th).

Total operational costs

Total operating costs exclude depreciation, amortisation charges and provisions. This line amounted to 2.5 million euros, which compares with 4.5million euros in 2013. This decrease is linked with the reduction of directors (executive and non-executive).

EBITDA

EBITDA was negative 2.0 million euros (negative 1.8 million euros in 2013) and the decrease versus last year was fully driven by the lower level of service revenues.

Dividends received

In 2014, Sonaecom received dividends from NOS (1.3 million euros) and ZOPT (7.3 million euros). In 2013, Sonaecom received 24.7 million euros from Optimus.

Net financial activity

The net financial activity (interest income less interest expenses) was positive by 2.5 million euros, significantly below 2013 (13.6 million euros) due to the lower level of loans granted to subsidiaries.

Other financial results

Other financial results were a negative 3.6 million euros, almost fully explained by the negative 3.1 million of market value adjustments related to the 2.14% direct stake on NOS (shares recorded at fair value through profit and loss). In 2013, these market value adjustments were responsible for a positive 46.6 million euros that were written off by an impairment recognition on Optimus financial investments amounted in 167.2 million euros.

Net income

Net results for the year were positive by 5.8 million euros, mainly driven by the dividends.

2.4.2. Financial data

The following table summarises the major cash movements during 2014:

Changes in Sonaecom SGPS Liquidity	million euros
Sonaecom SGPS stand-alone liquidity as at 31 December 2013	185.9
Cash and Bank	26.3
Treasury Applications	159.7
Bank	156.5
Subsidiaries	3.2
Changes in Nominal Gross Debt	(41.6)
External Debt	(19.9)
Treasury applications from subsidiaries	(21.7)
Shareholder Loans granted	(23.3)
Dividend paid	-
Free Cash Flow	9.3
Interest paid	(2.9)
Interest received	3.7
Dividend received	8.6
Operational Free Cash Flow and others	(0.1)
Sonaecom SGPS stand-alone liquidity as at 31 December 2014	176.9
Cash and Bank	0.2
Treasury Applications	176.7
Bank	176.7
Subsidiaries	0.0

During 2014, Sonaecom's stand-alone liquidity decreased 9.0 million euros to 177.0 million euros due to the following movements:

- (i) FCF was positive by 9.3 million euros (including dividends of 8.6 million from NOS and ZOPT);
- (ii) Loans granted to subsidiaries decreased 2.6 million euros and supplementary capital placed in subsidiaries decreased by 20.7 million euros;

However:

- (iii) External debt decreased 19.9 million euros; and,
- (iv) Treasury applications from subsidiaries in Sonaecom SGPS decreased 21.7 million euros.

At the end of December 2014, Sonaecom SGPS's net debt was negative by 176.8 million euros, comprising

- (i) Liquidity of 176.9 million euros;
- (ii) External debt of 0.1 million euros.

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CAPITAL MARKETS

3.1. Equity Capital Markets
in 2014

3.2. Share price evolution
during 2014

3.3. Shareholding structure
and own shares

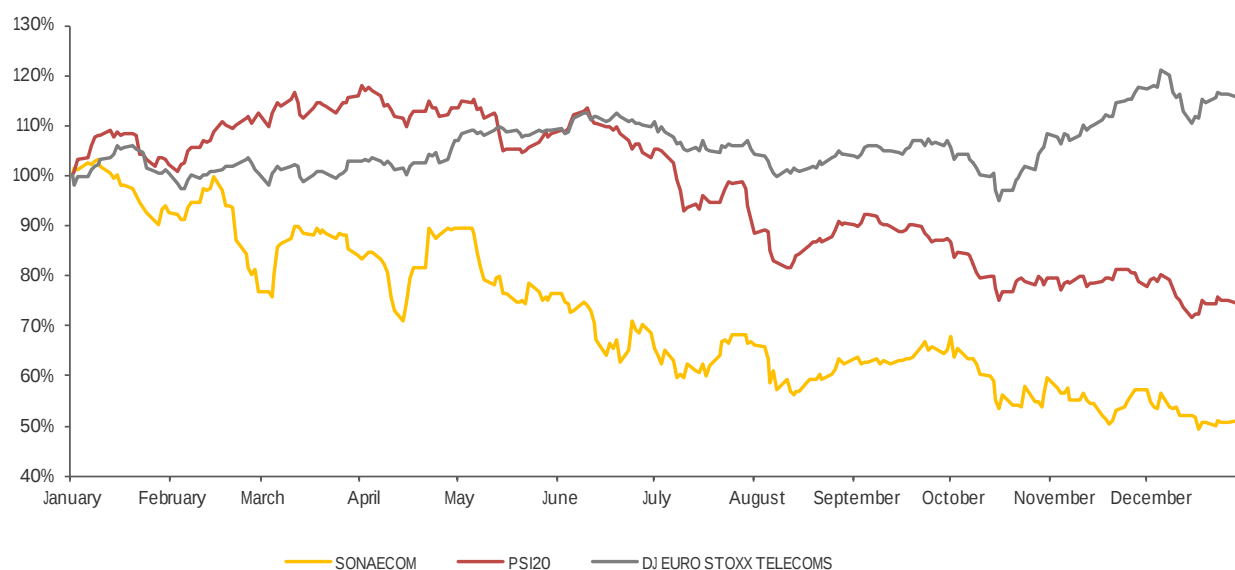
3.1. Equity Capital Markets in 2014

Sonaecom shares have been listed on the Portuguese Stock Exchange – Euronext Lisbon – since June 2000, with the symbol SNC. The table below lists the main statistics relating to Sonaecom's 2014 stock performance.

Sonaecom shares on the stock market during 2014

Stock market	Euronext Lisbon
Ticker	SNC
ISIN	PTSNCOAM0006
Bloomberg code	SNC PL Equity
Reuters code	SNC.LS
Number of shares outstanding	311,340,037
Share capital	230,391,627
Stock price as of last day December (euros)	1.450
Stock price – High (euros)	2.651
Stock price – Low (euros)	1.270
Average daily volume – 2014 (# shares)	192,806
Average daily volume – 2013 (# shares)	531,197
Market capitalisation as of last day December (euros)	451,443,054

Market performance



Graph 1 – Sonaecom's performance vs PSI 20 and DJ Euro Stoxx Telecoms in 2014

At the end of 2014, Sonaecom's shares reached a market price of 1.450 euros per share, 43.6% below the closing price of 2.569 euros per share at 31 December 2013. The share price reached a maximum of 2.651 euros per share on 9 January 2014 and a minimum of 1.270 euros on 17 December 2014.

The year of 2014 was marked by the launching by Sonaecom of a Tender Offer for the acquisition of own shares.

Sonaecom gave the option to its shareholders to sell, in equal standing conditions, their Sonaecom shares for consideration of the directly held 37,489,324 NOS shares, which were not necessary to the pursuit of Sonaecom business purposes, thereby enabling direct exposure of Sonaecom shareholders to NOS, the reference asset of Sonaecom portfolio. Sonaecom offered an overall price equivalent to €2.45 per Sonaecom share, to be composed of NOS shares and, where applicable, a remaining cash amount.

The Offer Period took place between 6 and 19 February 2014. The orders of acceptance of the Offer reached a total of 54,906,831 shares representing the share capital and voting rights of Sonaecom. These shares were then cancelled and the share capital of Sonaecom was reduced to 230,391,627.38 euros, represented by 311,340,037 shares, with a nominal value of 0.74 euros. As a consequence of the lower level of free float, the Euronext announced Sonaecom exclusion from the PSI-20, the main Portuguese stock index.

As far as the Portuguese market is concerned, PSI-20, the principal local stock index, ended 2014 at 4,798.99 points, a decrease of 26.8% versus year-end 2013. DJ Euro Stoxx Telecoms, the European Stock Telecommunications index, ended 2014 with an annual increase of approximately 14.1%.

Sonaecom's market capitalisation stood at approximately 451 million euros at the end of 2014. The average daily trading volume reached approximately 193 thousand shares, a decrease of 63.7% compared to 2013 (531 thousand shares).

3.2. Share price evolution during 2014

Sonaecom's share performance

In 2014, Sonaecom's market share price decreased 43.6% compared to 2013.

Sonaecom shares would have been influenced by various milestones during the year, as follows:

- 5 February 2014: Sonaecom informs on Public Offer Prospectus and announcement for the launching of the Tender Offer;
- 20 February 2014: Sonaecom informs on results of the Tender Offer;
- 4 March 2014: Sonaecom informs on the acquisition of own shares by Sonae;
- 7 March 2014: Sonaecom informs on the acquisition of own shares by Sonae;
- 11 March 2014: Sonaecom full-year 2013 consolidated results released;
- 12 March 2014: Sonaecom informs on share capital reduction;
- 14 March 2014: Sonaecom informs on the acquisition of own shares by Sonae;
- 21 March 2014: Sonaecom informs on resignation of members of the Board of Directors;
- 21 March 2014: Sonaecom informs on the acquisition of own shares by Sonae;
- 26 March 2014: Sonaecom informs on the acquisition of own shares by Sonae;
- 1 April 2014: Sonaecom informs on changes to the composition of the Board of Directors;
- 17 April 2014: Sonaecom informs on the acquisition of own shares by Sonae;
- 24 April 2014: Sonaecom informs on the acquisition of own shares by Sonae;
- 24 April 2014: shareholders' Annual General Meeting held with release of information on approved decisions;
- 2 May 2014: Sonaecom informs on the acquisition of own shares by Sonae;
- 9 May 2014: Sonaecom informs on the acquisition of own shares by Sonae;

- 12 May 2014: Sonaecom first quarter 2014 consolidated results released;
- 18 July 2014: Sonaecom informs on the acquisition of own shares by Sonae;
- 6 August 2014: Sonaecom first-half 2014 consolidated results released;
- 25 September 2014: Sonaecom informs on agreement to sell total share capital of Mainroad;
- 10 November 2014: Sonaecom first nine months 2014 consolidated results released.

3.3. Shareholding structure and own shares

In accordance with the Portuguese Securities Code, shareholdings amounting to or exceeding the thresholds of 2%, 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.67% and 90% of the total share capital must be reported to the Portuguese Securities Market Commission and disclosed to the capital market. Reporting is also required if the shareholdings fall below the same percentages.

Simplified Sonaecom shareholding structure

Shareholder	Number of shares held	% Shareholding as at 31 Dec. 2014
Sonae - SGPS, S.A.	275 086 083	88.36%
Own shares	5 571 014	1.79%
Free Float	30 682 940	9.86%

Sonae – SGPS, S.A. (Sonae) is Sonaecom's largest shareholder. Sonae is a Portuguese multinational retail company, market leader in Portugal in food and specialised retail formats, with two core partnerships: shopping centres and telecoms. The company holds a total shareholding position of approximately 88.36%, equivalent to 89.97% of Sonaecom's voting rights.

At 31 December 2014, the free float stood at approximately 9.86%. The free float is the percentage of shares not held or controlled by shareholders with qualified holdings and excluding own shares.

During 2014, as a consequence of the Tender Offer, the number of shares issued by Sonaecom changed from 366,246,868 to 311,340,037 shares.

Except for the own shares acquired under the Tender Offer, Sonaecom didn't acquire own shares in 2014.

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CORPORATE GOVERNANCE

Part I Shareholding Structure,
Organisation and Corporate
Governance

Part II Statement
of Compliance

Part III Analysis of Compliance
with the Adopted
Corporate Governance
Code

Appendices I, II and III

PART I – SHAREHOLDING STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. Shareholding Structure

I - Share capital structure

1. Capital structure

The company's share capital is 230,391,627.38 euros, fully subscribed and paid up and is divided into 311,340,037 registered ordinary shares with a nominal value of 0.74 Euro each.

All shares representing the share capital of Sonaecom are traded in the Euronext Lisbon regulated market.

2. Restrictions on share transferability and ownership

There are no restrictions on the transferability or ownership of Sonaecom shares.

3. Own shares

At 31 December 2014, Sonaecom held 5,571,014 own shares, representing 1,789% of its share capital.

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

There are no agreements signed by Sonaecom that include clauses intended to constitute defensive measures against change in its shareholding control or which would cease in case of change in control of the company after a takeover bid.

Most of Sonaecom's share capital is owned by one single shareholder.

5. System to which the renewal or removal of defensive measures are subject, in particular those which establish the limitation of the number of votes that can be cast or exercised by a single shareholder individually or in agreement with other shareholders.

No defensive measures were taken.

6. Shareholders' agreements

No shareholders' agreements that have Sonaecom as their subject are known.

II - Shares and bonds held

7. Qualified shareholdings

In compliance with the Article 8, paragraph 1, point (b) of regulation 05/2008 of the Securities and Exchange Commission, the qualified shareholdings at 31 December 2014 are described:

				% of voting rights
Shareholder	Number of shares	% of Share capital	With own shares	Without own shares
Directly				
Sontel BV	194,063,119	62.33%	62.33%	63.47%
Sonae- SGPS, S.A.	81,022,964	26.02%	26.02%	26.50%
Total attributable ⁽¹⁾	275,086,083	88.36%	88.36%	89.97%

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

8. Number of shares and bonds held by the members of management and supervisory Board, presented in the terms of no. 5 of art. 447 of the Portuguese Companies Act

The information can be found in Appendix I of this Report.

9. Competence of the Board of Directors in capital increases

This is a competence that corresponds exclusively to the General Shareholders' Meeting.

10. Commercial relationships between the holders of qualified shareholdings and the company

Business and transactions with holders of qualified shareholdings are part of the usual activity of Sonaecom subsidiaries and are executed in normal market conditions. The amounts involved correspond mostly to interest and are not significant.



B. Statutory Governing Bodies and Committees

I - Shareholders' General Meeting

a) Composition of the General Shareholders' Meeting Board

11. Identification and roles of the members of the General Shareholders' Meeting Board and term of office

Identification of the members of the General Shareholders' Meeting Board until April 24 2014:

João Augusto Esmeriz Vieira de Castro	Chairman	Term of office 2012-2015
António Agostinho Cardoso da Conceição Guedes	Secretary	Term of office 2012-2015

Following the resignation of the Chairman João Augusto Esmeriz Vieira de Castro, due to personal reasons, and the Secretary António Agostinho Cardoso da Conceição Guedes, the election of the following elements to fill the vacancies until the end of the term of office was decided in the Annual General Shareholders' Meeting of April 24 2014:

António Agostinho Cardoso da Conceição Guedes	Chairman	Term of office 2012-2015
Maria Daniela Farto Baptista Passos	Secretary	Term of office 2012-2015

**Throughout the reference year*

b) Exercising voting rights

12. Potential restriction on voting rights

The company's Articles of Association do not envisage any limitation on the tallying of the votes or the existence of shares with no voting rights.

13. Maximum percentage of voting rights that can be exercised by a single shareholder or by shareholders with whom s/he is in any of the relationships described in paragraph 1, article 20.

This regulation is not included in Sonaecom's Articles of Association, given that they do not establish any limitation on the number of votes that may be held or exercised by a single shareholder or group of shareholders.

14. Shareholder decisions which, due to the Articles of Association, may only be taken with a qualified majority

As established in the Company's Articles of Association, any decisions made by the General Shareholders' Meeting shall be by simple majority, unless otherwise required by law.

II – Management and supervision

a) Composition

15. Identification of the adopted governance model

This company adopted the monist governance model, whose administration structure is centralised in the Board of Directors. The supervisory structure includes a Statutory Audit Board and a Statutory External Auditor.

The Board of Directors is the body in charge of managing the company's business, performing all the administration functions pertaining to the corporate purpose, monitoring risks, and executing the organisation's objectives and strategy. The Statutory Audit Board has the supervising responsibility.

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

The members of the Board of Directors are elected, as established by law and the Company's Articles of Association, in the terms specified in the proposal approved in the General Shareholders' Meeting.

The Articles of Association establish that, should shareholders representing at least 10% of the share capital vote against the winning proposal for the election of the directors, a director will be elected by the shareholders in said minority, in the same meeting, and the director elected shall automatically replace the person with the lowest number of votes in the winning list, or, in case of an equal number of votes, the person in the last position in the list. One shareholder may not nominate more than one candidate.

Should candidates be nominated by more than a group of shareholders, the vote shall concern those candidacies as a whole. These regulations shall not apply to the election of a substitute director.

It is also statutorily established that in case of death, resignation, or any temporary or definitive incapacity of any director other than a director elected under the minority rule, the Board of Directors shall replace said director through co-option. This appointment shall be subject to ratification by shareholders in the following General Meeting.

However, the definitive lack, for any reason, of a director elected under the aforementioned special rules shall lead to a new election by the General Meeting.

The Board of Directors shall appoint its Chairman.



17. Composition of the Board of Directors

Composition

Pursuant to the Sonaecom's Articles of Association, the Board of Directors may be constituted by three to twelve members, elected in the General Shareholders' Meeting. The Board of Directors' term of office is four years. Its members may be re-elected. Of The current Board of Directors term of office is 2012 to 2015.

Until April 14, 2014, the composition of the Board of Directors was as follows:

Members

Duarte Paulo Teixeira de Azevedo	Chairman [resigned on March 27, 2014 - resignation with effect on April 24, 2014]
António Sampaio e Mello	Independent non-executive Director [resigned on March 26, 2014 - resignation with effect on April 24, 2014]
David Charles Denholm Hobley	Non-executive Director [resigned on March 26, 2014 - resignation with effect on April 24, 2014]
Gervais Gilles Pellissier	Non-executive Director [resigned on March 18, 2014 - resignation with effect on April 24, 2014]
Jean-François René Pontal	Non-executive Director [resigned on March 26, 2014 - resignation with effect on April 24, 2014]
Frank Dangeard	Independent non-executive Director [resigned on March 26, 2014 - resignation with effect on April 24, 2014]
Ângelo Gabriel Ribeirinho dos Santos Paupério	Executive Director and CEO
António Bernardo Aranha da Gama Lobo Xavier	Executive Director
Maria Cláudia Teixeira de Azevedo	Executive Director and CEO of the SSI and Online & Media divisions
Miguel Nuno Santos Almeida	Executive Director and Deputy CEO [resigned on March 26, 2014 - resignation with effect on April 24, 2014]]

In view of the resignations tendered by the members of the Board of Directors Jean-François René Pontal, David Charles Denholm Hobley, Gervais Gilles Pellissier, António Maria Theotónio Pereira Sampaio e Melo, Frank Emmanuel Dangeard, Duarte Paulo Teixeira de Azevedo and Miguel Nuno Santos Almeida, on the aforementioned dates, it was decided at the Annual General Meeting, held in April 24, 2014, to reduce the number of members of the Board of Directors to three.

As a result of that decision, the Board of Directors has changed to the following:

Director	Role	Date 1 st Appointment	Term of Office
Ângelo Gabriel Ribeirinho dos Santos Paupério	Chairman	24-04-2007	31-12-2015
António Bernardo Aranha da Gama Lobo Xavier	Executive Director	23-04-2010	31-12-2015
Maria Cláudia Teixeira de Azevedo	Executive Director; CEO of SSI and Online & Media divisions	05-04-2006	31-12-2015

18. Positions of the Board Directors

Members

Ângelo Gabriel Ribeirinho dos Santos Paupério	Chairman of the Board of Directors
António Bernardo Aranha da Gama Lobo Xavier	Executive Director
Maria Cláudia Teixeira de Azevedo	Executive Director and CEO of the SSI and Online & Media divisions

The Board of Directors, given its composition resulting from the decision made by the shareholders in the General Meeting on April 24, 2014 - of reducing the number of members of this body to three - and in virtue of the company's dimension, considers the delegation of powers in an Executive Committee or managing director unnecessary.

The company believes that its current dimension, its shareholder structure and the reduced dispersion of its share capital do not justify the existence of independent directors.

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

The academic qualifications, experience, and duties of the directors are given in Appendix II of this report.



20. Significant family, professional, and commercial relationships of the members of the Board of Directors with shareholders that have qualified shares

Maria Claudia Teixeira de Azevedo, member of the Board of Directors, is the sister of the CEO of Sonae, SGPS, S.A. Duarte Paulo Teixeira de Azevedo – company which holds, as of 31 December 2014, an 88.36% share in Sonaecom, corresponding to 89.97% of the voting rights. This Director is also daughter of Belmiro Mendes de Azevedo, shareholder and member of the Board of Directors of Efanor Investimentos, S.A., a company that holds the control of Sonaecom's share capital.

The Chairman of the Board of Directors of Sonaecom, Ângelo Ribeirinho dos Santos Paupério, is also a member of the Board of Directors of Sonae – SGPS, S.A., shareholder of Sonaecom in the terms described above.

21. Distribution of competences among the various corporate bodies, committees, and/or company departments, including information about delegation of competence, in particular regarding delegation of the company's daily management

i) Distribution of competences among the various corporate bodies and respective committees:

Sonaecom's corporate structure clearly describes the functions, responsibilities and duties of its bodies.

Sonaecom, SGPS, S.A.		
Shareholders' Remuneration Committee	Board of the Shareholders' General Meeting	Statutory Audit Board
		Statutory External Auditor
Board and Corporate Governance Officer	Board of Directors	Company Secretary

Following below are the main functions and responsibilities of the Sonaecom corporate bodies:

Board of Directors

The Board of Directors is responsible for managing the company's business, monitoring risks, handling conflicts of interest, and executing the organisation's objectives and strategy.

Sonaecom's Articles of Association allow the Board of Directors to delegate powers to one or more Managing Directors or an Executive Committee when it comes to everyday business, duties and management responsibilities. However, they do not allow the Board of Directors to approve capital increases, which shall be decided in the General shareholders' Meeting.

All the terms of reference for the Board of Directors may be viewed on the company's website (www.sonae.com) at <http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-administracao-e-fiscalizacao/>.

The Board of Directors is advised by a set of corporate functions; described in section ii), below:

ii) Distribution of competences among the various company departments

Administrative and Financial Department

Main duties:

- To ensure the control of internal processes and transactions and the reliability and timely reporting of financial, fiscal, and management information;
- Accounting records of transactions and preparation of individual and consolidated financial reports for the companies;
- Efficient management of the Sonaecom Group's cash;
- Negotiation and contracting of the most suitable banking products and services for the Group's business needs;
- Efficient and effective management of all the administrative processes for the Sonaecom Group's business;
- Management of financial risk and support in execution of monetary market, interest rate, or exchange transactions;
- Management of the administrative processes for Accounts Payable, Receivables, Cash and Banks, Stocks, and Tangible Assets;
- Ensuring the rigour and reliability of the financial information, with the support of the most efficient information system;
- Optimisation of the Sonaecom's Group fiscal efficiency, ensuring the monitoring of fiscal procedures in all Sonaecom businesses, as well as compliance with tax obligations and control of the fiscal group;
- Management of the Sonaecom transfer pricing dossier;
- Support for decision-making and process implementation in the various areas in the Sonaecom Group;
- Collaboration in the definition of the strategy and fiscal objectives, in particular providing support to business internationalisation;
- Monitoring of all the litigation processes with the tax authorities, and management of the defence of the Group's business;
- Promotion of and support to the provision of tax and financial incentives;
- Participation in special projects in the Sonaecom Group, such as mergers and acquisitions and corporate restructuring.

Planning and Management Control Department

Main duties:

- Supporting the development of the corporate strategy and/or business;
- Promoting, leading, and implementing the annual strategic planning;
- Leading and monitoring the annual Sonaecom budgeting process, as well as preparing the report on budget implementation;



- Challenging the corporate business and areas as regards the goals set so as to constantly improve and optimise the efficiency of Sonaecom's business, performance, and results;
- Preparing and analysing business management information, as well as consolidated data, on a monthly, quarterly, and annual basis, analysing deviations from the budget and proposing corrective actions;
- Supporting decisions for the allocation of capital to ongoing businesses and new business opportunities; in charge of analysing the invested capital and the return on the invested capital;
- Creating business plans together with the business management teams;
- Performing technical and benchmark studies for the Sonae business in order to evaluate its performance in comparison with competitors and other players in the market.

Risk Management Department

As a result of the changes that have taken place throughout 2014 in the Sonaecom's portfolio, Risk Management is ensured at the level of company business. Thus, each business unit is involved in the functional processes, with the responsibility of implementing internal controls and managing specific risks. In general, each one of the businesses has as main responsibilities:

- Promoting a culture of risk awareness, as well as mediating and managing the business risks that interfere with the achievement of objectives and the creation of value in the organisation;
- Promoting and monitoring the implementation of programmes and actions aimed at bringing risk levels close to the acceptable levels established by the management.

Internal audit Department

Main duties:

- Assessing risk exposure and checking the effectiveness of risk management and internal controls through the execution of audits of business processes and information systems;
- Proposing measures to improve controls and monitor the evolution of risk exposure associated with the main audit findings.

Legal Department

Main duties:

- Relations with Euronext Lisbon, with the Portuguese Securities Market Commissions and with shareholders regarding legal issues;
- Legal management of company governance and monitoring of compliance with best practices in this area;
- Monitoring, controlling and ensuring compliance of business activities in software, information systems and media areas;
- Drafting and/or analysing contracts to maximise security and reduce legal risks and potential costs;
- Management of all aspects pertaining to the intellectual and industrial property of the various businesses, such as brands, trademarks, names, patents, logos, marketing, slogans, domain names and copyright;
- Execution of all public deeds, registrations and notarial procedures required for business, whether they are commercial, property, or corporate;
- Management of all dispute processes and corporate processes in the pre-litigation stages and during litigation;
- Support to obtain the various licences required for business;
- Monitoring the development of the legislation relevant to the Group's business;
- Legal support in national and international operations of the company's business, as well as analysis of new national and international operations, in particular, in the latter, regarding the legal environment in the countries under analysis;
- Mergers/demergers, acquisitions and corporate restructuring.

Human Resources Department

Main duties:

- Support to senior management on the implementation and development of human resources policies;
- Defining and implementing the human resources strategy, planning and talent management on various levels;
- Ensuring the presence and development of the technical and management competences of Sonaecom executives, either through the implementation of adequate recruitment and selection practices, or through the design and implementation of training transversal and/or individualised training and development plans;
- Developing human resources management models and processes in areas such as remuneration and benefit policy; career management; social climate monitoring and development; administrative management and salary processing; staff budgeting and reporting on human resources issues, occupational health, hygiene, and safety management;
- Monitoring legal occupational issues;
- Representing the company in official bodies and associations linked to this area.

Investor Relations Department

Main duties:

- Manage the relationship between Sonaecom and the financial community, through the continuous preparation and disclosure of relevant and up to date information about the company;
- Support to the Board of Directors, providing relevant information about the capital markets;
- Support in the definition of the corporate message to be disseminated to the capital market.

b) Operating rules

22. Location of the terms of reference of the Board of Directors

The terms of reference of the Board of Directors are available on the company's website (www.sonae.com) at <http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-administracao-e-fiscalizacao/>.



23. Number of meetings held and attendance level of each member of the Board of Directors.

The Sonaecom Board of Directors meets at least four times every year, as specified by the Company's Articles of Association, and whenever the Chairman or two members of the Board of Directors call a meeting. Six meetings of the Board were held in 2014 with a 100% attendance rate, in person or by means of a representative. The following table displays detailed information about the attendance at meetings:

Date	Participants
10 March 2014	Paulo Azevedo Ângelo Paupério Cláudia Azevedo Miguel Almeida António Lobo Xavier António Sampaio e Mello David Hobley Frank Dangeard Jean-François Pontal Gervais Pelissier (represented by Paulo Azevedo)
2 May 2014	Ângelo Paupério Cláudia Azevedo António Lobo Xavier
23 May 2014	Ângelo Paupério Cláudia Azevedo António Lobo Xavier
1 August 2014	Ângelo Paupério Cláudia Azevedo António Lobo Xavier
20 October 2014	Ângelo Paupério Cláudia Azevedo António Lobo Xavier
15 December 2014	Ângelo Paupério Cláudia Azevedo António Lobo Xavier

24. Suitability of the competent corporate bodies to appraise the performance of the Executive Directors

To establish the variable component of remuneration, an individual evaluation of the Executive Directors' performance is carried out by the Shareholder Remuneration Committee. This evaluation is performed once the company's performance is known.

25. Predetermined criteria for evaluating the performance of Executive Directors

The performance evaluation of Executive Directors is based on predetermined criteria, consisting of objective performance indicators established for each period and aligned with the overall strategy of growth and positive business performance.

These indicators consist in business, economic and financial KPIs (Key Performance Indicators) and are subdivided into collective, departmental and personal KPIs.

Collective business KPIs include economic and financial indicators based on the budget, on the performance of each business unit, as well as on the consolidated performance of Sonaecom.

In turn, departmental business KPIs are similar in nature to the previous ones, being directly influenced by the performance of the business Executive Director.

Personal KPIs include objective and subjective indicators and seek to assess the compliance with the obligations and commitments undertaken individually by the executive director.

26. Availability of each of the members of the Board of Directors, specifying the roles held simultaneously in other companies, inside and outside the Group, and other relevant activities performed by the members of these bodies during the business year.

The list of roles held by the company directors is disclosed in Appendix II of this report.

Each one of the members of the Board of Directors consistently displayed their availability to perform their duties, attending meetings and taking part in the respective works on a regular basis.

c) Board of Directors' committees and managing directors

27. Identification of the committees created within the Board of Directors and location of their operating regulations

The Board of Directors, given its composition, resulting from the decision made by the shareholders in the General Meeting on April 24, 2014 - of reducing the number of members of this body to three -, and in virtue of the company's dimension, considers that keeping any specialized Committee is unnecessary.



The company keeps a Corporate Governance Officer, who reports to the Board of Directors, through the Chairman, and also, when appropriate, through the Senior Independent Non-Executive Director.

In particular, the main duties of the Corporate Governance Officer are:

- (i) Ensuring the smooth running of the activities of the Board and, when applicable, Board Committees;
- (ii) Participating in Board Meetings and, if applicable, relevant Board Committee Meetings and, when appointed, serving as a member;
- (iii) Facilitating the acquisition of information by all Board members;
- (iv) Supporting the Board in defining its role, objectives and operating procedures; taking a leading role in organising Board evaluations and assessments;
- (v) Keeping under close review all Legislative, Regulatory and Corporate Governance issues; supporting and challenging the Board to achieve the highest standards in Corporate Governance;
- (vi) Ensuring that the Board is conscious of the concept of stakeholders and the need to protect minority interests, when important business decisions are being taken by the Board of Directors;
- (vii) Helping to ensure that the procedure to nominate and appoint Directors is properly carried out and assist in the induction of new directors;
- (viii) Acting as a primary point of contact and source of advice and guidance for, particularly, Non-Executive Directors as regards the company and its activities; facilitating and supporting the Independent Non-Executive Directors in the assertion of their 'independence';
- (ix) Helping to ensure compliance with the continuing obligations of the Portuguese Securities Market Commissions;
- (x) Participating in making arrangements for and managing the process of Shareholders' General Meetings;
- (xi) Participating in the arrangement of insurance cover for Directors and Officers;
- (xii) Participating, on behalf of the company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

28. Composition, if applicable, of the Executive Committee and/or identification of the managing director(s)

The Board of Directors, given its composition resulting from the decision made by the shareholders in the General Meeting on April 24, 2014 - of reducing the number of members of this body to three - and in virtue of the company's dimension, considers the delegation of powers in an Executive Committee or managing director unnecessary.

In this way, the management of the company is carried out collectively by the Board of Directors and all its members have executive functions. The director Maria Cláudia Teixeira de Azevedo is CEO of the SSI and Online & Media divisions.

29. Specification of the competences of each of the Committees created and synthesis of the activities performed in the exercise of those competences

The Board of Directors, given its composition, resulting from the decision made by the shareholders in the General Meeting on April 24, 2014 - of reducing the number of members of this body to three -, and considering the company's dimension trusts that keeping any specialized Committee is unnecessary.

The company has a Corporate Governance Officer, with the functions and responsibilities disclosed in section 27 of this Report.

The company has a company secretary, who is responsible for:

- (i) Ensure the maintenance of minutes and attendance lists of the Shareholders' General Meeting;
- (ii) Send summons and other legal documents necessary for the completion of the General Meeting;
- (iii) Supervise the preparation of supporting documentation for the General Meetings and Board of Directors' meetings and draw up the corresponding minutes;
- (iv) Respond to requests for information by the shareholders within the framework of the law;
- (v) Proceed to the legal registration of any act or decision of the Company's governing bodies.

III – Supervision

a) Composition

30. Identifying the supervisory body

Under the adopted governance model, the Board of Auditors and the Statutory Auditor are the company's supervisory bodies.

31. Composition

In accordance with the Articles of Association, the Board of Auditors may be made up of an odd or even number of members, with a minimum of three and a maximum of five members, elected for four-year terms. The Board of Auditors also includes one or two alternate members, depending on whether the number of members is three or more.

Board of Auditors' members:

Arlindo Dias Duarte Silva
Armando Luís Vieira de Magalhães
Óscar José Alçada da Quinta
Jorge Manuel Felizes Morgado

Chairman
Member
Member
(Alternate Member)

**Members**

Arlindo Dias Duarte Silva
 Armando Luís Vieira de Magalhães
 Óscar José Alçada da Quinta
 Jorge Manuel Felizes Morgado (Alternate)

Date 1st appointed

02-05-2007
 02-05-2007
 02-05-2007
 02-05-2007

End of term office

31-12-2015
 31-12-2015
 31-12-2015
 31-12-2015

Statutory External Auditor

The Statutory External Auditor for Sonaecom is Deloitte & Associados, SROC, S.A. represented since 2012 by António Manuel Martins Amaral, who may be replaced by João Luís Falua Costa da Silva.

32. Degree of independence of the members of the Statutory Audit Board

All members of the Statutory Audit Board ("SAB") are independent under the terms of article 414, paragraph 5, and they are not covered by any incompatibility under the terms of article 414-A (1), both from the Portuguese Companies Act. The Statutory Audit Board carried out an assessment of the independence of its members by the renewal of written declarations issued individually.

Members of the Statutory Audit Board must notify the company immediately of any occurrence during the course of their mandates that gives rise to incompatibilities or a loss of independence, as required by law.

33. Professional Qualifications

Professional qualifications and other relevant curricular elements are disclosed in Appendix II of this Report.

b) Operation**34. Terms of reference and annual activity report**

The operating regulations of the Statutory Audit Board can be consulted in the Sonaecom website (www.sonae.com), at <http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-administracao-e-fiscalizacao/>.

The annual report and opinions of the Statutory Audit Board are published during each financial year, together with documents relating to accountability of the Board of Directors, available at <http://www.sonae.com/investidores/informacao-financeira/relatorios/>.

35. Statutory audit Board Meetings

Resolutions of the Statutory Audit Board are passed by majority vote, with dissenting members being required to give their reasons for dissent in the minutes.

The Statutory Audit Board meets at least once a quarter. In 2014, four formal meetings of that body were held, the attendance rate being 83%. The respective minutes were drawn. Two of the members were present in all the meetings; one of the members could not be present in two of those meetings, due to compelling reasons. However, he followed up and contributed for the decision making process pertaining to the competences of the collective body, by discussing the topics, contributing for the diligences to be executed and being informed of the obtained results and clarifications.

36. Availability of the members, with a description of roles held in other companies inside and outside the Group, as well as other activities carried out by members of the Statutory Audit Board

Members of the Statutory Audit Board consistently demonstrated their availability when carrying out their functions, having regularly attended meetings of the body and taken part in the respective work.

Information relating to other posts held by members of the Statutory Audit Board, as well as those members' qualifications and professional experience are available in Appendix II to this report.

c) Competencies and functions**37. Description of the procedures and criteria that apply to interventions by the Supervisory Body for the purpose of contracting services additional to the external auditor**

The Statutory Audit Board shall have the authority to approve the provision of services that are additional to the audit services provided by the External Auditor.

To that end, at the first meeting held in each financial year, the Statutory Audit Board schedules a work plan that includes supervisions of the External Auditor's activity in matters concerning: (i) the External Auditor's annual activity plan; (ii) follow-up of work performed and review of conclusions of the audit work and of interim and annual statutory audits; (iii) overseeing the External Auditor's independence; (iv) providing services other than audit services, in fulfilment of Recommendation CMVM IV.2 and (v) assessing annual activity;

In the assessment of criteria that support the hiring of additional duties to the Statutory External Auditor, the Board verifies the presence of the following:

- contracting additional services should not affect the independence of the External Auditor;
- additional services do not account for a surcharge of more than 30%;
- tax consultancy services and other services are provided with high levels of quality, autonomy and independence in relation to the services carried out as part of the audit process;
- the necessary factors guaranteeing independence and exemption are in place.



38. Other functions of the Supervisory Body

38.1 Statutory Audit Board

The Statutory Audit Board, while performing its functions, statutory and legally assigned, including the ones set out in Art. 420 of the Portuguese Companies Act, has the following main duties, among others:

- a) To oversee the company's management;
- b) To oversee compliance with legal and regulatory requirements and the company's Articles of Association;
- c) To verify that the books of account, accounting records and supporting documentation are correctly maintained and kept up to date;
- d) To verify the accuracy of the documents used in the presentation of the accounts;
- e) To verify if the accounting policies and accounting criteria used by the company are suitable to showing a true and fair view of the financial position and the results of its operations;
- f) To prepare an annual report on the supervisory work performed and express an opinion on the management report, accounts and other proposals submitted by the Board of Directors, in which it should express its agreement or not, with the management report and the accounts of the year;
- g) To evaluate if the corporate governance report disclosed, includes the information listed in Art. 245.a of the Portuguese Securities Code;
- h) To convene the Shareholders' General Meeting, should the Chairman of the General Meeting fail to do this in circumstances when it is necessary;
- i) To assess the risk management systems, internal control system and internal audit system and to monitor the effectiveness of them, and receive the respective reports;
- j) To oversee the independence of the internal audit function, particularly with regard to restrictions to its organisational independence and any lack of resources for internal audit activity;
- k) To receive communications of alleged irregularities occurring in the company and presented by the company's shareholders, employees or others;
- l) To appoint and hire services from experts to help one or more members in the exercise of their duties. The hiring and fees of these experts should take into consideration the complexity of the matters involved and the financial position of the company;
- m) To oversee the preparation and disclosure of financial information;
- n) To propose the appointment of the Statutory External Auditor to the Shareholders' General Meeting and corresponding remuneration;
- o) To oversee the company's financial statements, and to assess the Statutory External Auditor on an annual basis and recommend to the Shareholders' General Meeting their dismissal, if there is due case to do so;
- p) To assure that the company provides the Statutory External Auditor the necessary conditions for carrying out its duties, to intermediate between him and the company, as well as, be a receiver of the reports;
- q) To issue a prior opinion on relevant business activities (higher than 10 million euros) with qualified shareholders, or entities with whom they are in any relationship, according to Art. 20 of the Portuguese Securities Code;
- r) To carry out any other supervisory duties required by law.

The SAB obtains from the Board of Directors all the necessary information to carry out its duties, namely relating to the operational and financial progress of the company, changes to its business portfolio, the terms of any transactions that have occurred and the details of the decisions taken.

The SAB is the global supervision body of the company for matters of internal control and risk management, acts in an independent manner and has primacy over other bodies regarding the supervision of those matters.

The full Terms of Reference of the Statutory Audit Board are available on the company's website (www.sonae.com), at <http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-administracao-e-fiscalizacao/>.

38.2 Statutory Auditor

The Statutory Auditor is the supervisory body responsible for the legal certification of the Company's financial information with the following competences:

- a) check the regularity of all books, records and supporting documents;
- b) whenever it feels appropriate and through whatever means it deems appropriate, check the extension of cash and values of any type of assets or securities belonging to the Company or received as a guarantee, deposit or another purpose;
- c) check the accuracy of financial statements and express opinions regarding them on the Statutory Audit Certificate and on the Audit Report;
- d) verify that the accounting policies and valuation criteria adopted by the Company result in the correct valuation of assets and results;
- e) perform any examinations and tests required for the audit and legal certification of accounts and execute all procedures set forth in the law;
- f) verify, within its functions, the implementation of policies and remuneration systems, as well as the efficiency and effectiveness of the internal control mechanisms, reporting any deficiencies to the Statutory Audit Board, within the limits of legal powers and applicable procedures;
- g) to evaluate if the corporate governance report disclosed includes the information listed in Art. 245.a of the Portuguese Securities Code.

IV – Statutory External Auditor

39. Identification of the Statutory External Auditor and the partner who represents it

The Statutory External Auditor for Sonaecom is Deloitte & Associados, SROC, S.A. represented by António Manuel Martins Amaral, who may be replaced by João Luís Falua Costa da Silva.



40. Number of consecutive years in which the external auditor and the respective partner who represents it, have performed duties for the company and/or for the Group

The present structure of the supervisory body, composed of a Statutory Audit Board and a Statutory External Auditor, was adopted by the company at the Shareholders' annual General Meeting, in accordance with applicable legislation, on 2 May 2007, and Deloitte & Associados, SROC, S.A. was chosen as the Statutory Auditor, serving until the end of the current term.

In 2008, a new term corresponding to the 2008/2011 four-year period began and the Statutory External Auditor was re-appointed to the post. In 2012, the proposal for election of Deloitte & Associados, SROC, S.A. to a new term (2012/2015) was submitted by the Statutory Audit Board to the Shareholders' Annual General Meeting, having been supported by the following opinion in which the conditions of independence of the auditor and the advantages and costs of its replacement are weighed:

"To prepare this proposal, the Statutory Audit Board oversaw an extended selection process that began in 2010, in which various audit companies of recognised national and international competence were invited to take part.

For this purpose the conditions of eligibility were identified beforehand, which comprised the background of experience and competence of the candidates in the activity sectors in which Sonaecom operates, the competence, sufficiency, and availability of the work team proposed, the methods used, as well as the size of the charges to be defrayed by the company.

During 2011, all the factors in the selection equation were weighed and the Statutory Audit Board decided to propose to the General Meeting re-appointment to a new term of the current Statutory Auditor, in the company's conviction that its remaining in service neither eliminates nor limits the fitness and independence with which it is serving."

(Transcription of the proposal submitted by the Statutory Audit Board under point 5 on the Agenda for the Annual General Meeting on 27 April 2012).

41. Description of other services rendered to the company by the Statutory Auditor

Deloitte & Associados, SROC, S.A. performs the duties of an External Auditor and compliance and tax consulting services, among others.

V – External Auditor

42. Identification of Statutory external auditor designated for the purposes of article 8 and of the partner who represents it in the performance of these duties, as well as the respective registry number at the Portuguese Securities Market Commission (CMVM).

The Sonaecom External Auditor, designated for the purposes of Article 8 of the Portuguese Securities Code, is Deloitte & Associados, SROC S.A., recorded under No 231 at the Portuguese Securities Market Commission, represented by António Manuel Martins Amaral.

43. Number of consecutive years in which the external auditor and the respective partner who represents it have performed duties for the company and/or for the Group

Deloitte & Associados, SROC, S.A. was appointed External Auditor of the company in the annual Shareholders' General Meeting, held the May 2, 2007, exercising duties until the end of the term then in progress.

In 2008, a new term corresponding to the 2008/2011 four-year period began and the Statutory External Auditor was re-appointed to the post. In 2012, the proposal for election of Deloitte & Associados, SROC, S.A. to a new term (2012/2015) was submitted by the Statutory Audit Board at the Shareholders' Annual General Meeting, having been supported by the opinion in section 40 of this report. The partner who represents it in the performance of its duties was replaced in 2012.

44. Policy and frequency for rotation of the external auditor and the respective partner who represents it

The Statutory Audit Board has adopted the recommended principle of not replacing the External Auditor after the end of two four-year mandates if, after careful assessment, it has concluded that the supervision of its activity after that said period does not interfere with the independence of the External Auditor, and the advantages and costs of renewing the mandate outweigh its replacement.

Notwithstanding the analysis leading to the decision that the External Auditor should remain in service beyond the end of two terms, a new Partner was appointed by the External Auditor to represent it in 2012.

45. Body in charge of assessing the External Auditor and frequency of assessment

Based on the company's governance model, the appointment or removal of the Statutory Auditor/External Auditor is decided at the General Shareholders Meeting, based on a proposal from the Statutory Audit Board.

The Statutory Audit Board oversees the performance of the External Auditor and the work developed during each exercise, considers and approves the additional work to provide and, annually, prepares an overall appraisal of the External Auditor, which includes an assessment of their independence.

46 and 47. Work other than auditing performed by the External Auditor for the company and/or for companies with which it is in a control relationship, as well as reporting on the internal procedures for purposes of approval of the contracting of such services and the reasons for such hiring and the annual remuneration paid by the company and/or by legal entities in a control or group relationship to the auditor and to other individuals or legal entities belonging to the same network, and break out of the percentages for each service

The remuneration paid to the Statutory External Auditor and to the External Auditor, Deloitte & Associados, SROC, SA, by proposal of the Statutory Audit Board, and to other individuals and entities of the same company network, supported by the Company and/or by corporate entities in a control relation with the latter, are as follows, analysed by type of service:



	2014		2013	
	Values in €	%	Values in €	%
For the company				
Statutory audit review	19,126	16%	8,001	6%
Other services of assurance	-	-	10,000	7%
Tax consultancy	-	-	2,877	2%
Other consultancy	4,738	4%	-	-
By entities included in the group				
Statutory audit review	96,537	80%	102,972	75%
Other services of assurance	-	-	-	-
Tax consultancy	-	-	11,870	9%
Other consultancy	-	-	1,250	1%
Total				
Statutory audit review	115,663	96%	110,973	81%
Other services of assurance	-	-	10,000	7%
Audit services	115,663	96%	120,973	88%
Tax consultancy	-	-	14,747	11%
Other consultancy	4,738	4%	1,250	1%
Total	120,401	100%	136,970	100%

(*) Includes individual and consolidated accounts.

Sonaecom's risk management policy, overseen by the Statutory Audit Board, tracks and controls services requested from External Auditor and their network of companies, so their independence is not compromised. Quarterly, the Statutory Audit Board receives and analyses information about fees and services rendered by the Statutory External Auditor.

In the adoption of the procurement of services to the External Auditor, it was ensured that:

- a) the additional services do not account for a surcharge of more than 30%;
- b) the fees paid by the Sonaecom Group to the Deloitte group represent less than 1% of the total annual billing of Deloitte in Portugal;
- c) the Deloitte applied quality system (internal control), according to the provided information, monitors the potential loss of independence risks, or of any conflicts of interest with Sonaecom and ensures the quality and the rules of ethics and independence.

Every year a Letter of Independence is prepared, in which Deloitte guarantees compliance with international guidelines in matters of auditor independence.

C. Internal Regulation

I – Articles of association

48. Rules applicable to amendment of the company's articles of association

Amendments to the company's articles of association follow the terms of the Portuguese Companies Act, requiring a two-thirds majority of the votes cast for approval. For the Shareholders' General Meeting to be held, in the first occasion it is convened, the Company's Articles of Association require that a minimum of 50% of the issued share capital should be present or represented at the meeting.

II - Reporting irregularities

49. Means and policy for reporting irregularities occurring in the company

Sonaecom's values and principles, widespread and deeply rooted in the culture of its people, are based on absolute respect and the adoption of rules of good conduct in the management of conflicts of interests and duties of care and confidentiality, having adopted a Code of Ethics and Conduct which sets out the principles and standards of conduct that reflect the culture of the company.

Said Code of Conduct, which should guide the actions of its employees when exercising their functions, is available at <http://www.sonae.com/responsabilidade-corporativa/codigo-de-conduta/?l=en>.

Any individual who seeks to report an irregularity that they think has been or know to have been committed by any manager, staff member or partner of Sonaecom shall do so through letter sent to the Statutory Audit Board, with brief description of the facts. The identity of the discloser will be kept anonymous if this is expressly requested.

The complaint will be analysed and, if there are grounds for reporting an irregularity, the appropriate steps will be taken.

The Statutory Audit Board has statutory accountability in this process, specifically to receive reports of alleged irregularities, submitted by company stockholders, by staff or by other parties. After the receipt, the Statutory Audit Board must record all alleged irregularities reported, to undertake investigation with due diligence by the Board of Directors through internal and/or external auditing, and to report its/their conclusions.



III - Internal control and risk management

50. Individuals, bodies, or committees in charge of internal auditing and/or implementing internal control systems

Risk Management is one of the components of Sonaecom's culture and a pillar of the Corporate Governance, which is why each business unit in Sonaecom has, as part of its competencies in the functional processes, the responsibility of implementing internal controls and management of specific risks.

At the same time, the Internal Audit Department evaluates the exposure to risk and verifies the effectiveness of risk management in the internal controls of business processes and information systems. Additionally, it proposes measures to improve controls and monitor the evolution of risk exposure associated with the main audit findings and conclusions.

51. Making explicit (if necessary by including an organisation chart) the hierarchical and/or functional dependency relationships with other company bodies or committees

The Board of Directors monitors the activities of the Internal Audit Department, who reports functionally to the Statutory Audit Board, as a supervisory body and independent entity of the Board of Directors. Internal Audit can meet with the Statutory Audit Board, without the presence of any member of the Board of Directors.

As regards matters of internal control and risk management, the Statutory Audit Board is the supervisory statutory body, acting independently and with the responsibility of overseeing the Internal Audit plan of activities, gathering regular information on their work, evaluate findings and issuing the guidelines it deems necessary.

The external auditor, within the scope of the annual audit process, analyses the functioning of internal control mechanisms and reports identified shortcomings.

Responsibilities for the creation, operation and periodic evaluation of the internal control and risk management systems are published under the terms of reference of the Board of Directors and the Statutory Audit Board, all of which are available at the company's website.

52. Existence of other functional areas with risk control competencies

Besides the areas mentioned above, Sonaecom has other functional areas and business processes with competency in controlling and monitoring risks, in particular the following:

- The functions of Planning and Control, along with the respective pivots in the business areas, are responsible for preparing and monitoring the execution of annual plans of action as well as resources, budgets and forecasts in the finance and operating areas;
- The various business areas have processes and indicators to monitor operations and KPIs;
- Technical areas have indicators and alerts for interruption in service and safety incidents at the operating level.

53. Reporting and description of the main types of risks (economic, financial, and legal) to which the company is exposed in the performance of its activity

Risks are presented and ranked, in the present section, based on the ranking and structure of Sonaecom's BRM (*Business Risk Management*). BRM is a systematic way of identifying risks that affect the organisation (everyday language) and makes it possible to define and group risks along with their main causes (dictionary of risks).

Economic risks

Based on Sonaecom's BRM, economic risks are associated with the following risk categories: business environment, strategy, operations, information processing and technology, empowerment and integrity.

Economic influences

Sonaecom is exposed to the current adverse economic environment in Portugal, although, due to the increasing pace of the internationalisation of SSI companies, that exposure is increasingly disappearing. Despite showing positive signs of recovery, the year of 2014 in Portugal was still a year affected by the crisis and by the end of Troika's financial assistance program. Consequently, businesses that operate solely or mainly on the Portuguese market were affected by the reduced levels of consumption.

Regarding WeDo Technologies, the impact of the adverse economic environment in the business is diluted due to regional expansion, to the expansion of the respective product portfolio and, still, to the enlargement to other business sectors.

S21Sec, although mainly operating in the Spanish market, in which the economic recovery has been slower, mitigates that risk by operating in a segment of high growth and criticality in organizations.

In the case of Bizdirect, the company has been affected by shrinkage of the market for IT equipment that has shown high levels of positive recovery for 2014. On the other hand, Bizdirect has outweighed the decline in the IT equipment market with the provision of software licensing corporate agreements' management services and with the expansion of the Microsoft solutions integration activity.

Saphety has a constant position in the domestic market as a leader in process simplification and automation solutions and has been investing in the expansion of this activity into the international market.

In the case of Público, the exposure to a segment that is going through a period of financial crisis and changing of reading trends has forced the definition of a restructuring project. With the need to ensure sustainability without compromising its role as an independent information source in Portugal, Público has continued to execute this project, which involves a greater focus on meeting growing demands in the digital world and a sizeable reduction in its operating costs structure.



Technological innovation

For Sonaecom, having an optimised technology infrastructure is a critical success factor that helps to reduce potential failures in leveraging technological developments. Accordingly, its various businesses continue to take actions to optimize the technological structure and foster innovation.

WeDo Technologies is certified in Research, Development and Innovation Management (NP 4457:2007). This certification, along with its existing quality certification (ISO 9001:2008), helps the company to continue innovating sustainably and helps to mitigate potential risk factors, ensuring that the offer is continuously adapted to technological trends.

S21Sec is integrated in a sector that demands constant innovation and a clear domain of all technological trends and it continuously invests in research and innovation. It is also certified by UNE-EN ISO 9001:2008 quality management and by UNE- ISO/ IEC 27001:2007, Information Security management International reference Standard.

Although Bizdirect assumes cloud computing as a risk factor for their activity, since it can cannibalise the market for the sale of infrastructure and reduce procurement of systems by clients, it also assumes it as a chance to extend its offer. Strategic relationships with partners allow us to offer a full portfolio of products, including cloud solutions. We emphasise, for example, the partnership that allows Bizdirect to offer integration of Microsoft solutions, such as Dynamics CRM, SharePoint, BizTalk, and Office 365.

Público has continued with restructuring of its layout and content and in adopting technological innovations in its online edition. These innovations are designed to ensure a greater alignment with the new reading habits of the Portuguese, offering new access channels to information using smartphones and tablets, as well as sustaining Público's position as the leading non-specialist online newspaper.

Competition

Sonaecom's various companies are exposed to risks of competition from other operators in the domestic and international markets in its respective businesses sectors.

WeDo Technologies may be most exposed to international competition; however, it is known as the worldwide leader in revenue assurance software and is a top three global competitor in the aggregate market for revenue assurance and fraud management.

Business portfolio

The risk of specialization and consequent limitation of activity due to portfolio has been mitigated in all Sonaecom's businesses, through the expansion of the product line or business segments.

WeDo Technologies continues to consolidate its global presence outside Portugal and has identified new target business sectors since 2009, in order to reduce exposure to centralization in a single market and in a single line of products. Therefore, to offset the concentration of clients in the telecommunications sector, it expanded the scope of its activity into new sectors, like retail, energy, and financial sectors. It also enlarged its product portfolio, expanding from revenue assurance and fraud management to business assurance. Also, since 2012, following the acquisition of Connectiv Solutions in the USA, WeDo Technologies has made a commitment to managed services and Software as a Service (SaaS).

In the case of S21Sec, one of the strategic priorities is to strengthen its position in the telecommunications sector, while still maintaining its focus in the financial segment. In addition, its product portfolio is to be extended in order to evolve in the e-crime market and incorporate analytic technologies, thus allowing the expansion of its operating area.

Bizdirect has recently expanded its portfolio to the integration of solutions focused on Microsoft technologies.

Saphety, apart from being divided into three types of solutions that can operate in integrated fashion SaaS: SaphetyGov, SaphetyBuy and SaphetyDoc, has widened its portfolio to a new solution: SaphetySync. This is a global standard solution, based on GS1 standard, which allows for the continuous and safe data synchronization, thus representing a differentiating key-factor for the internationalization of its portfolio.

Business interruption and catastrophic losses (Business Continuity Management)

Since Sonaecom businesses are particularly focused on the use of technology, potential faults with technical/operational resources (network infrastructure, information system applications, servers etc.) can present a significant risk of business interruption if they are not well managed. This, in turn, can pose other risks to the company, such as adverse impacts on our reputation and our brand, on the integrity of our revenues and client satisfaction, and on quality of service. These can lead to loss of clients.

In the IT sector, business clients typically have a lower tolerance for interruptions. In this context, SSI companies face risks associated with the availability of software platforms that support the companies' processes as well as the corresponding clients. To identify this specific set of risks and to implement actions for prevention and mitigation that guarantee continuity of critical services and operations, Sonaecom has adopted a Business Continuity Management (BCM) programme over several years.

Confidentiality, integrity and availability (Information Security Management)

Since Sonaecom is primarily a technology, media and telecommunications (TMT) group, all its subsidiary companies extensively use technology and information that are typically subject to availability, integrity, confidentiality and privacy risks.



In addition to being a technological issue, security should also be considered as a cultural and behavioural issue. In this sense, awareness is a key success factor when it comes to promoting a strong culture of information security among employees, partners and key stakeholders. Sonaecom has developed several initiatives to raise awareness and accountability over the past few years, of which the following stand out:

- A security communication plan based on campaigns to raise awareness of the issues considered most relevant in each year;
- Publication of the information security policy on the company's Intranet, accessible to all employees from the homepage;
- Clauses on personal data protection and confidentiality in contracts with employees and business partners. All employees are bound to obligations of confidentiality, secrecy and protection of personal data. As such they are forbidden from disclosing to third parties information to which they have access as a result of their roles in the company. These obligations and these duties shall remain in force even after the end of the employment relationship between the company and the employee. Our business partners have, generally, the same confidentiality obligations.

For specific issues related to the confidentiality and privacy of personal data, a few Sonaecom companies has appointed a Chief of Personal Data Protection Officer (CPDPO), who:

- Has responsibility for implementing and complying with the laws and regulations applicable to data processing.
- Acts on behalf of the company during interactions with the national regulatory authority for data protection (CNPD – National Data Protection Commission).
- Promotes the adoption of data protection principles that are consistent with international standards and best practices.

Product-service failure (professional liability)

As Sonaecom companies are customer-oriented, we give special attention to the impact that the potential failure of our products or services may have on our customers, particularly with regard to civil liability issues. Risk events can be physical (for example: damage to equipment or facilities) or non-physical (for example: error in a software installation) and, usually, they are related to accidents, unintentional acts, errors or omissions by employees or subcontractors.

The risk management strategy selected by Sonaecom for this type of risk, involves the transfer of risk through insurers in addition to the implementation of internal controls. In this context, we continue to carry out the actions designed and implemented in previous years relating to professional liability insurance, and which consist of:

- Implementation of improvements in certain internal controls to further reduce the causes of risk;
- Renewal of existing professional liability insurance that incorporates an extended scope of coverage and is adapted to the business realities of SSI companies and Media;
- Additional subscriptions of professional liability insurance for WeDo Technologies' foreign companies, improving coverage in certain international locations where our general insurance policy is not applicable due to legal restrictions.

Financial risks

Sonaecom's businesses are exposed to a variety of financial risks associated with its operations, namely interest rate risk, foreign exchange risk, liquidity risk, and credit risks (described and analysed in detail in the Appendix to the Annual Consolidated Financial Statements).

The financial risks management policy is determined by the Board of Directors, and the risks are identified and monitored by the Finance Department and Treasury.

In addition to a management policy for each of the identified risks and the implementation of control mechanisms to identify and determine them, Sonaecom uses, among others, natural hedges, credit insurances and, occasionally, derivative financial hedging instruments. Sonaecom's attitude in relation to financial risk management is conservative and prudent, refusing speculative purposes and resorting only to high credit quality financial institutions.

Legal, statutory and regulatory risks

Sonaecom and its subsidiaries have the support of legal and tax departments permanently dedicated to the specifications of the corresponding activity, under management's supervision, and exercising their competencies in interaction with other functions and departments, in order to pre-emptively ensure the protection of the company's interests and businesses, in compliance with their legal obligations, as well as by applying good practices. The teams in these departments have specialized training and participate in in-house and external training courses to update their knowledge.

Legal and tax advice is also provided, nationally and internationally, by outsourced resources selected from firms with established reputations and which have the highest standards of competence, ethics and experience.

Sonaecom's SSI companies face an additional risk relating to the globalisation process, arising because these companies have a presence in several countries, which involves specific risks relating to very different legal frameworks in each country.

The SSI companies are exposed to specific national, local and sectorial laws and regulations, depending on the market they operate in; they are particularly exposed to the continuous risk of eventual regulatory changes that can condition business and, consequently, hinder or harm the range of the strategic goals.

Sonaecom collaborates with the authorities with the aim of defining an optimal legal and regulatory framework that, in our opinion, promotes the development of the communications sector in Portugal. Such collaboration may involve sending comments in response to public consultations, issued by national and international entities.



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

The risk management process is supported by a consistent and systematic methodology, based on the international standard Enterprise Risk Management - Integrated Framework issued by COSO (Committee of Sponsoring Organisations of the Treadway Commission). This methodology aims to identify business risks, assess their causes, measure triggers, manage the identified risks and, finally, monitor them.

Derived from this general framework, the management and control of the main risks facing Sonaecom, are achieved through the following key approaches and methods:

Concerning the Enterprise-Wide Risk Management, this approach allows Sonaecom's businesses to prioritise and identify critical risks that might compromise their performance and goals and to take actions to manage those risks, within the predefined levels of acceptance. This is achieved through constant monitoring of risks and the implementation of certain corrective measures.

Regarding Safety Management, the implementation of Information Security Management processes is intended to manage the risks associated with the availability, integrity, confidentiality, and privacy of information. The scope of this process also includes the development and maintenance of the Information Security Policy, verification of compliance with policy procedures, development of training programmes and awareness, setting and supervision of KPIs for information security.

Finally, regarding the Specific Risk Management Cycles or Processes, the development of specific risk management cycles/processes enables the mitigation of critical risks that can impact certain processes, areas or entities, positioning these risks within the levels defined by the management team. In addition, it identifies and monitors other operational risks that management considers relevant.

55. The key elements of the risk management and internal control systems implemented in-company regarding the disclosure of financial information

Sonaecom acknowledges that, as with other listed companies with similar activities, it is potentially exposed to risks related to the financial and accounting reporting processes, in addition to other financial risks, as detailed above. Sonaecom's attitude concerning financial risk management is conservative and prudent, and these principles have been maintained during 2014.

Therefore, Sonaecom is committed to ensuring an effective internal control environment, particularly regarding the financial reporting process. It seeks to identify and improve the most relevant processes in terms of the preparation and disclosure of financial information, with the objectives of transparency, consistency, simplicity and materiality. The internal control system aims to obtain reasonable assurance regarding the preparation of financial statements, in accordance with accounting principles and adopted policies, and warranting the quality of financial reporting.

The internal control system for the accounting department and the preparation of financial statements, includes the following key controls:

- I. The process of disclosing financial information is documented, the risks and key controls are identified, the criteria for its preparation and disclosure are duly established and approved, and they are periodically reviewed;
- II. There are three main types of controls: High-level controls (entity level controls), information systems' controls (IT level controls) and process controls (process level controls). Those include a set of procedures related to the execution, supervision, monitoring and process improvement, with the main purpose of preparing the Company's financial reporting;
- III. The accounting principles used, which are disclosed throughout the notes to the financial statements (see chapter 5.2, note 1), constitute one of the fundamental pillars of the internal control system;
- IV. The plans, procedures and records of the Group, provide a reasonable assurance that transactions are executed solely with the general or specific authorisation of management and that those transactions are recorded to ensure that financial statements comply with the generally accepted accounting principles. This also ensures that the company keeps updated records regarding assets, that the access to said assets rely on management authorisation and that whenever differences occur checking against existing assets, appropriate measures are taken;
- V. During the process of preparing and reviewing financial information, a schedule is first established and shared with the different areas involved, and all documents are reviewed in detail. This includes a review of the principles followed, verifying the accuracy of the provided information, and the consistency with the principles and policies defined and followed in previous periods;
- VI. The Group's financial statements are prepared and reviewed by the Finance and Accounting Department, under the supervision of the Group's Executive Committee. The Management Report and the Corporate Governance Report are both prepared by the Investor Relations Department, with the input and further review by several business and support areas and with the support and the supervision of the Director of Corporate Governance and the Law Department. The set of documents that constitute the Annual Report are sent for review and approval by the Sonaecom Board of Directors. After approval, the documents are sent to the Statutory External Auditor, which issues its legal certification of accounts and the External Auditor Report. These documents are sent, together with the Annual Report, to the Statutory Supervisory Board for review. The Board approves the documents and issues the Report and Statutory Supervisory Board's opinion.

The most significant accounting estimates are disclosed in the notes to the financial statements. These estimates were based on the best information available during the preparation of the financial statements, and in the best knowledge and experience of past and/or present events. The most significant balances and transactions with related parties are disclosed in the notes to the financial statements. In the appendix to the report, we present a list of all parties related to the Sonaecom Group. These are mainly associated with the operational activities of the Group, as well as the granting and obtaining of loans under arm's length conditions.

More specific information regarding how these and other risks were mitigated, is disclosed in the notes to the financial statements.



IV – Investor Relations

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

The Investor Relations Department is responsible for managing Sonaecom's relationship with the financial community – current and potential investors, analysts and market authorities – with the goal of enhancing their knowledge and understanding of Sonaecom's businesses and activities, by providing relevant, timely and reliable information.

The department regularly prepares presentations and communications covering quarterly, half-year and annual results. Likewise, it is also its responsibility to issue announcements to the market, whenever necessary, disclosing or clarifying any relevant event that could influence Sonaecom's share price.

Any interested party may contact the Investor Relations Department using the following contact details:

Carlos Alberto Silva
Tel: (+351) 22 010 2349
Fax: (+351) 22 011 8561
E-mail: carlos.alberto.silva@sonae.com / investor.relations@sonae.com
Address: Building 1.A Lugar do Espido – Via Norte – 4471-909 Maia
Website: www.sonae.com

57. Legal representative for Capital Market Relations

The legal representative for Capital Market Relations and Euronext is António Bernardo Aranha da Gama Lobo Xavier, who may be contacted by phone or e-mail:

Tel: (+351) 22 010 2349
Fax: (+351) 22 011 8561
E-mail: antonio.xavier@sonae.com / investor.relations@sonae.com
Address: Building 1.A Lugar do Espido – Via Norte – 4471-909 Maia

58. Details regarding information requests received during the target year or pending from previous years, amount and average response time

During 2014, the Investor Relations Department received a normal number of information requests, considering the size of the company in the capital markets. These information requests were submitted either by e-mail or post, or by phone. The response to these requests was provided with the maximum possible speed. The average response time, without prejudice to the complexity of the matter, didn't exceed 2 working days.

V – Company's Website

59. Address

Company's website: www.sonae.com

60. Location of the information mentioned in Article 171 of the Portuguese Companies Act

Website: <http://www.sonae.com/investidores/governo-das-sociedades/>

61. Location where the Articles of Association, Bodies and/or Committees' regulations can be found

Website: <http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-administracao-e-fiscalizacao/>

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

Websites: <http://www.sonae.com/investidores/governo-das-sociedades/equipa-de-gestao/>
<http://www.sonae.com/investidores/contactos/>

63. Location of accounting documents and the calendar of corporate events

Accounting documents: <http://www.sonae.com/investidores/informacao-financeira/relatorios/>
Calendar of corporate events: <http://www.sonae.com/investidores/calendario-do-investidor/>

64. Location of the notice for the General Meeting and all the preparatory and subsequent information related to it

Website: <http://www.sonae.com/investidores/governo-das-sociedades/assembleia-geral/>

65. Location of the historical records with the resolutions taken at the Company's General Meetings, the represented share capital and the voting results, with reference to the previous three years

Website: <http://www.sonae.com/investidores/governo-das-sociedades/assembleia-geral/>



D. Remuneration

I - Determining Competence.

66. Competence for determining the remuneration of Governing bodies, members of the Executive Committee or Managing Director and the Company's Directors

Sonaecom's Remuneration Committee is responsible for approving the remuneration of Board members and other Statutory Governing Bodies, on behalf of the shareholders and under the terms specified in the compensation policy approved at the Shareholders' General Meeting.

II - Remuneration Committee

67. Composition of the Remuneration Committee, including identification of other individuals or companies hired to provide support and statement on the independence of advisors

Sonaecom has a Remuneration Committee consisting of two members: Paulo Azevedo, on behalf of Sonae SGPS, S.A. and Francisco de la Fuente Sánchez, on behalf of Sontel BV.

The company has not hired any entities to provide regular support to the Remuneration Committee.

When establishing the remuneration policy, the Remuneration Committee resorts to benchmark studies on remuneration practices annually disclosed by the internationally renowned consultants Hay Group and Mercer, and also by companies included in the main Portuguese Stock Market Index (PSI 20), in order to ensure that the statutory governing bodies' remuneration policy to be submitted to the approval of the Shareholders' Annual General Meeting fulfils comparable market standards.

The members of the Remuneration Committee are independent in relation to the Board of Directors.

68. Knowledge and experience of the members of the Remuneration Committee on remuneration policy

The experience and professional qualifications of the members of Sonaecom's Remuneration Committee are disclosed in their curricula vitae and available for consultation in Appendix II of this report. These qualifications allow them to exercise their responsibilities competently and accurately, each having the appropriate skills to perform their duties.

III – Remuneration Structure

69. Description of the remuneration policy of the Board of Directors and the Supervisory bodies

Sonaecom's remuneration policy is structured in order to find a balance between the performance of Executive Directors in relation to goals established for them, and the Company's positioning in the market and comparable situations. Proposals regarding the remuneration of members of the Statutory Governing Bodies are elaborated taking into account (i) overall market comparisons, (ii) practises of similar companies, including other segments of the Group with comparable situations and (iii) each executive director's responsibilities and assessments made of their performance.

Remuneration policy constitutes therefore a formal means of aligning the interests of the Company's management with those of shareholders, such that, among the various component parts of the remuneration package, the variable component, the value of which depends on the individual's and Sonae's performance, is given high importance. A management approach focusing on the long term interests of the Company in which business risks are carefully considered, is thus encouraged.

The remuneration policy includes control mechanisms, which consider the link between individual and group performance, in such a manner as to avoid behaviour which is likely to involve excessive risk. This goal is also achieved by limiting the maximum value of each Key Performance Indicator (KPI).

The body responsible for approval of the remuneration of both executive and non-executive members of the Board of Directors and the other statutory governing bodies of the Company, is the Shareholders' Remuneration Committee, whose members are elected and remuneration decided upon at the Shareholders' General Meeting.

As part of the Company's principles of corporate governance, guidelines regarding remuneration policy have been established and reflected in the Remuneration and Compensation Policy, currently in operation (available for consultation at the website <http://other.static.sonae.com/2014/07/31/Prop5PT/Prop5PT.pdf?download=1>) and approved at the Shareholders' General Meeting held on 24 April 2014. The Remuneration and Compensation Policy is based on the following principles.

Remuneration Policy Principles:

Competitive:

At Sonaecom, the remuneration policy is determined by comparison with the overall market and the practices of comparable companies. This information is obtained from the main remuneration surveys carried out independently for Portugal and the main European markets. Currently, the market surveys conducted by Mercer and the Hay Group are used as references.

The average value for top managers in Europe is used to determine the figures for the overall market. The companies that make up the pool of comparable companies, are those included in the Portuguese stock market index, the PSI-20.

The remuneration package applicable to Executive Directors is based on comparisons with the market, using market studies on top managers' remuneration packages in Portugal and across Europe, seeking to ensure that fixed remuneration is equal to the median market value and the total remuneration is close to the market third quartile.

**Linked to performance:**

A significant part of the remuneration of Sonae's executive directors is determined by the success of the Company. The variable component of remuneration is structured in such a way as to establish a link between the sums awarded and the level of performance, both at individual and group level. If predefined objectives are not achieved, measured through KPIs applicable to the business and to the individual performance, the total or some part of the value of short and medium term incentives will be reduced.

Aligned with the interests of shareholders:

Part of the variable remuneration of Executive Directors is paid in the form of shares and deferred for a period of 3 years.

Given that there is a link between the Company's share prices and its performance, the remuneration paid will be impacted by the manner in which the Executive Director has contributed towards this result. Hence, the interests of directors are aligned with those of Shareholders and with medium term performance.

Transparent:

All aspects of the remuneration structure are clear and openly disclosed internally and externally through documentation published on the Company's website. This communication process contributes towards promoting equal treatment and independence.

Reasonable:

Executive Directors' remuneration at Sonaecom aims to be reasonable, ensuring the balance between the Company's interests and market positioning, the expectations and motivations of our employees and the need to retain talent.

The Remuneration and Compensation Policy currently in operation, was approved at the Shareholders' General Meeting that took place on the 24 April 2014, and is based on the following principles:

- no compensation payments to Board Directors or members of Statutory Governing Bodies related to the cessation of their duties, whether their resignation occurs according to their original mandate or whether it is anticipated for whatever reason, without prejudice to the obligation of the Company to comply with any relevant legislation in force in this area;

- non-existence of any specific system of benefits, in particular relating to retirement, in favour of members of the Board of Directors, auditing bodies and other executives.

Sonaecom reviews its remuneration policy annually as part of its risk management process, in order to ensure that it is entirely consistent with its desired risk profile. During 2014, no problems relating to payment practice were found that posed significant risks to the Company.

In designing remuneration policy, care has been taken not to encourage excessive risk-taking behaviour, attributing significant importance, but at the same time a balanced approach, to the variable component, thus closely linking individual remuneration to group performance.

Sonaecom has in place internal control procedures concerning remuneration policy, which target the identification of potential risks. Firstly, the variable remuneration structure is designed in such a way as to discourage excessive risk-taking behaviour to the extent that remuneration is linked to the evaluation of performance. The existence of KPI goals constitutes an efficient control mechanism. Secondly, the Company does not allow contracts to be signed that would minimise the importance of the Medium Term Incentive Plan (MTIP). This policy includes forbidding any transaction that might eliminate or mitigate the risk of share price variations.

The remuneration of the members of the Statutory Audit Board is made up of fixed annual fees, based on the Company's financial situation and market practice, and does not include any variable remuneration.

The company's External Auditor is paid accordingly with the standard fees table for similar services, at market rates and under a proposal from the Statutory Audit Board.

70, 71, 72 and 73. Information regarding how remuneration is structured to align the interests of management body members with the company's long-term interests, as well as how it is based on performance evaluation and lack of incentives to take on excessive risk. Reference, if applicable, to the variable remuneration policy and how performance evaluation can potentially affect this component. Deferred payment of the variable remuneration component, specifying the deferral period. Criteria underpinning the attribution of variable remuneration in shares, as well as the executive directors' retention of these shares in the event of any contracts related to them, specifically hedging or risk transfer contracts, the respective limit, and their relationship with the total annual remuneration and the company's managers

The Remuneration and Compensation Policy applicable to statutory governing bodies and its managers complies with community guidelines, national legislation and the recommendations of the Securities Market Commission. It is based on the presumption that initiative, competence and commitment are the essential foundations for good performance and must be aligned with the company's medium and long-term interests, with the aim of sustainability.

The content of the performance indicators, on which the variable remuneration component depends, and its specific role in determining actual remuneration, ensures that the Executive Directors are aligned with the defined strategic objectives and the compliance with the legal standards that govern the company's activities.

Therefore, for each financial year, individual performances and contributions to collective success are assessed and the results will necessarily influence allocation of the fixed and variable component of each member's remuneration plan.

The remuneration of executive directors is determined according to the level of responsibility of the director involved. The salary is paid in 14 monthly amounts and is subjected to annual review.



Above and beyond the fixed remuneration, Executive Directors are also entitled to a variable remuneration, in accordance with the company's Remuneration Policy. The variable remuneration is divided into two equal parts:

- (i) Short Term Variable Performance Bonus (STPB): awarded in the first quarter following the year to which it relates and linked to the performance in the prior year. It aims to guide and compensate the Executive Board Directors for achieving predefined objectives. The STPB can be paid in profit sharing.
- (ii) Medium Term Variable Performance Bonus (MTPB): this compensation is paid after a deferral period of 3 years and the amount awarded is linked to market share price. It aims to link remuneration to long-term performance and provide alignment with the interests of shareholders.

The Executive Directors' variable remuneration is of a discretionary nature and, in view of the fact that it is dependent on the achievement of objectives, its payment is not guaranteed. Variable remuneration is determined annually with the value based on a predefined goal of between 33% and 60% of total annual remuneration (fixed remuneration, plus variable remuneration target values). The weight of the overall variable component of Sonaecom's Executive Directors' remuneration, should not exceed 50% of the total value of annual remuneration.

Of this amount, around 70% is based on business, economic and financial KPIs. These indicators are objectives, which are divided into collective and departmental KPIs. Collective business KPIs are economic and financial indicators based on budgets for the performance of each business unit, as well on the overall consolidated performance of Sonae. On the other hand, departmental business KPIs are of a similar nature to Collective KPIs in that they are directly influenced by the performance of the Executive director concerned. The remaining 30% are determined based on the achievement of personal KPIs, which include both objective and subjective indicators. The result of departmental business KPIs and individual KPIs can vary between 0% and 120 % of the predefined goal. Combining all component parts, the value of the bonus has a minimum of 0% and a maximum limit of 140% of the predefined bonus objective.

Variable remuneration can be paid in cash, shares or a combination of cash and shares.

The Medium Term Variable Performance Bonus aims to compensate the Executive Board Administrator's loyalty, aligning their interests with those of the shareholders and increasing the awareness of their importance on the overall success of the Company.

Variable remuneration is awarded annually, according to the results of the previous year, and is then integrated into the MTPB plan. Payment of this component of variable remuneration is dependent on the director continuing to work with the Company for a period of three years after its award, as well as the overall continuing success of the company during this period, measured in accordance with the objectives set by the Shareholders' Remuneration Committee every three years.

If, subsequently to being awarded the right to this kind of remuneration and before exercising this rights, dividends are distributed, changes are made in the nominal value of shares or the company's share capital is changed, the number of shares on the plan will be adjusted to the number of shares that, considering the above modifications, are equivalent to the number of initial shares. This maintains an alignment with the total shareholder return. At the vesting date, shares are only delivered if the criterion for continuing positive performance of the company, mentioned above, is met. Payment is made by delivering shares at a discount that can vary between 90% and 100%, although Sonaecom retains an option to pay an equivalent value in cash.

The remuneration of Non-Executive directors, when existing, will be exclusively composed of fixed values, determined by reference to market values. Therefore, for each Non-Executive director, approximately 15% of fixed remuneration will be dependent on the attendance rate of the meetings of the Board of Directors. In addition, an annual responsibility allowance will be paid. The fixed remuneration can be increased by up to 6% for those non-executive directors who chair a Board of Directors' Committee. There will be no variable remuneration.

74. Criteria underpinning the assignment of variable remuneration in options, indication of the deferral period and the exercise price

Not applicable. The Company did not establish any variable remuneration in options.

75. Main parameters and reasoning concerning annual bonuses and any other non-cash benefits

The main parameters and reasoning concerning the variable remuneration system are disclosed in the remuneration policy approved in the Shareholders General Meeting, held on 24 April 2014, which is available for consultation at the Company's website: http://other.static.sonae.com/2014/07/31/Extracto_da_Acta_AG_Sonaecom_24042014_Portugu__s/Extracto_da_Acta_AG_Sonaecom_24042014_Portugu__s.pdf?download=1

76. Main features of the Directors' complementary pensions or early retirement schemes and date of approval by the General Shareholders' Meeting, individually and for company managers

Not applicable. The Company does not have any complementary pension or early retirement schemes for Directors, and there are no other significant benefits in kind.

IV - Disclosure of Remuneration

77, 78 and 79. Indication of the annual remuneration earned, in aggregate and individual amount, by the Company's members of the Board of Directors, including fixed and variable remuneration. Related to this, reference to the different components that led to them, amounts of any kind paid by other controlled or Group companies, or those under shared control, and remuneration paid as profit sharing and/or bonus payments and the reasons why such bonuses and/or profit sharing payments were made

The remuneration for each Sonaecom director, awarded by the Company and Group Companies during the year 2014 and 2013, is summarized in the charts below.

	2014				2013			
	Fixed Remuneration	Annual Performance Bonus	Medium Term Incentive Plan	Total	Fixed Remuneration	Annual Performance Bonus	Medium Term Incentive Plan	Total
Amounts in euros								
Individual breakdown								
Executive Directors								
Ângelo Gabriel Ribeiro dos Santos Paupério (CEO)	162 018	125 100	125 100	412 218	287 190	302 800	302 800	892 790
Maria Cláudia Teixeira de Azevedo	147 332	75 415	75 415	298 162	147 442	67 300	67 300	282 042
António Bernardo Aranha Gama Lobo Xavier	198 320	-	-	198 320	198 430	-	-	198 430
	507 670	200 515	200 515	908 700	633 062	370 100	370 100	1 373 262
Non-Executive Directors								
Duarte Paulo Teixeira de Azevedo (Chairman) (1)	18 940	-	-	18 940	60 710	-	-	60 710
Jean François René Pontal (2)	11 730	-	-	11 730	39 730	-	-	39 730
David Charles Denholm Hobley (2)	10 790	-	-	10 790	37 300	-	-	37 300
António Maria Theotonio Pereira Sampaio Mello (2)	10 790	-	-	10 790	35 970	-	-	35 970
Nuno Manuel Moniz Trigo Santos Jordão (3)	-	-	-	-	11 748	-	-	11 748
Frank Emmanuel Dangeard (2)	10 530	-	-	10 530	34 830	-	-	34 830
Gervais Pellissier (2)	-	-	-	-	-	-	-	-
	62 780	-	-	62 780	220 288	-	-	220 288
Total	570 450	200 515	200 515	971 480	853 350	370 100	370 100	1 593 550

(1) The value for Duarte Paulo Teixeira de Azevedo for 2014 and 2013, disclosed in the table above, is related to management services recharged by Sonae to Sonaecom. The values recharged by Sonae to Sonaecom represents the equivalent cost of his services centralised at Sonae SGPS during 2014 and 2013. He left the Board of Sonaecom on 2014.04.30 and the recharging of management services ceased on that date.

(2) The values for Non-Executive Directors for 2014 relate to the 4 months ended 2014.04.30 (the date they left the Board of Sonaecom) and full year 2013.

(3) The value for Nuno Manuel Moniz Trigo Santos Jordão for 2013, disclosed in the table above, is related to management services recharged by Sonae to Sonaecom. The values recharged by Sonae to Sonaecom represents the equivalent cost of his services centralised at Sonae SGPS during 2013 up to the date he left the Board of Sonaecom on 2013.05.09.

Directors' participation in MTIP

	Plan 2010	Plan 2011	Plan 2012	Plan 2013	Unvested Total
Award date	10 Mar 2011	09 Mar 2012	08 Mar 2013	10 Mar 2014	
Sonaecom shares ⁽⁴⁾					
Share price at award date ⁽¹⁾	1.399	1.256	1.505	-	
Share price at vesting date	-	-	-	-	
Share price at 31 December 2014 ⁽²⁾	-	1.450	1.450	1.450	
Ângelo Gabriel Ribeirinho dos Santos Paupério (CEO)					
Number of shares at 01 January 2014	150 417	168 240	96 070	-	414 727
Number of shares at 31 December 2014	-	-	-	-	-
Maria Cláudia Teixeira de Azevedo					
Number of shares at 01 January 2014	55 647	53 265	33 624	-	142 536
Number of shares at 31 December 2014	-	-	-	-	-
António Bernardo Aranha Gama Lobo Xavier					
Number of shares at 01 January 2014	-	-	-	-	-
Number of shares at 31 December 2014	-	-	-	-	-
Total					
Number of shares at 01 January 2014	206 064	221 505	129 694	-	557 263
Number of shares at 31 December 2014	-	-	-	-	-
Sonae SGPS shares ⁽⁴⁾					
Share price at award date ⁽¹⁾	0.811	0.401	0.701	1.337	
Share price at vesting date	1.333	-	-	-	
Share price at 31 December 2014 ⁽³⁾	1.024	1.024	1.024	1.024	
Ângelo Gabriel Ribeirinho dos Santos Paupério (CEO)					
Number of shares at 01 January 2014	173 401	348 961	133 850	-	656 212
Number of shares at 31 December 2014	-	712 913	339 898	232 692	1 285 503
Maria Cláudia Teixeira de Azevedo					
Number of shares at 01 January 2014	41 239	71 024	30 116	-	142 379
Number of shares at 31 December 2014	-	185 178	101 776	51 718	338 672
António Bernardo Aranha Gama Lobo Xavier					
Number of shares at 01 January 2014	-	-	-	-	-
Number of shares at 31 December 2014	-	-	-	-	-
Total					
Number of shares at 01 January 2014	214 640	419 985	163 966	-	798 591
Number of shares at 31 December 2014	-	898 091	441 674	-	1 339 765
Values					
CEO					
Value at award date	351 062	351 243	238 414	-	940 719
Value at vesting date	231 144	-	-	-	231 144
Values at 31.12.2014	-	730 023	348 056	238 277	1 316 355
Maria Cláudia Teixeira de Azevedo					
Value at award date	111 295	95 381	71 715	-	278 392
Value at vesting date	54 972	-	-	-	54 972
Values at 31.12.2014	-	189 625	104 219	52 959	346 803
António Bernardo Aranha Gama Lobo Xavier					
Value at award date	-	-	-	-	-
Value at vesting date	-	-	-	-	-
Values at 31.12.2014	-	-	-	-	-
Total					
Value at award date	462 357	446 624	310 130	-	1 219 110
Value at vesting date	286 115	-	-	-	286 115
Values at 31.12.2014	-	919 648	452 274	291 236	1 663 158

(1) Average share price in the month prior to the award date;

(2) On 9 January 2014, the share price hit a high of 2.651 euros and a low of 1.27 euros per share on 17 December 2014;

(3) On 12 November 2014, the share price hit a high of 1.058 euros and a low of 0.942 euros per share on 16 October 2014.

(4) At 10 March 2014, Sonaecom shares plans were fully converted into shares Sonae SGPS. This conversion was based on the terms of trade set out in the Tender Offer at 20 February 2014 (1 share Sonaecom - approximately 2.05 Sonae SGPS shares)

Remuneration earned by Directors in group companies

	Sonaecom		Sonaé SGPS		Total
Amounts (in euros)	Role	Total remuneration	Role	Total remuneration	
Name					
Ângelo Gabriel Ribeiro dos Santos Paupério	CEO	412 218	Executive	628 682	1 040 900
Duarte Paulo Teixeira de Azevedo ⁽¹⁾	Chairman	18 940	CEO	1 253 660	1 272 600

(1) The amounts disclosed in the table above are the amounts of remuneration awarded by each Group company, independently of where they are processed and paid.

80. Compensation paid or owed to former Executive Directors following loss of office

No compensation was paid or is currently owed to former Executive Directors in relation to early loss of office during 2013 and 2014.

81. Indication of the annual remuneration earned, in aggregate and individual amount, by the Company's Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is made up of fixed annual fees, based on the Company's financial situation and market practice, and does not include any variable remuneration.

The amount of fixed annual remuneration for members of this body in 2013 and 2014, was as follows:

	2014	2013
Amounts in euros		
Individual breakdown		
Statutory Audit Board		
Arlindo Dias Duarte Silva	9,900	10,010
Armando Luís Vieira Magalhães	7,900	8,010
Óscar José Alçada Quinta	7,900	8,010
Jorge Manuel Felizes Morgado	–	–
Total	25,700	26,030

82. Remuneration in the reference year for the Chairman of the General Shareholders' Meeting Board

The Chairman of the General Shareholders' Meeting Board earns a fixed annual remuneration of 5,000 euros and the Secretary earns a fixed annual remuneration of 1,500 euros.

V - Agreements with Remuneration Implications

83. Contractual limitations on compensations to be paid upon to Directors' dismissal without due cause and its relation with the variable component of the remuneration

There are no agreements in place with members of the Board of Directors that establish amounts to be paid in case of dismissal without due cause, without prejudice to the applicable legal provisions.

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

There are no agreements made between the company and members of the Board of Directors, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in Company's control.

VI - Share attribution plans or stock options



85 and 86. Identification of the plan and respective recipients. Plan features (assignment conditions, share transfer clauses, share price and option exercise price criteria, period during which options can be exercised, features of the shares or options to be assigned, incentives to acquire shares and/or exercise options).

Medium Term Variable Performance Bonus - MTPB

Framework

The MTPB is designed to align the interests of employees and Executive Directors with the success of the company, reinforcing their engagement and the perception of the impact of their performance on the success of Sonaecom.

The MTPB is applicable to all Sonaecom Group companies. Regarding Público – Comunicação Social, S.A. and the companies owned by it, the attribution rules are more restricted than those described below and this is not expected to change.

General features of the Medium Term Incentive Plan

The MTPB is subjected to the Medium Term Incentive Plan eligibility rules described in this report.

The general terms of the MTIP and any significant amendments thereto are reviewed by the Remuneration Committee and then approved at the Shareholders' General Meeting, based on a proposal submitted by the Board of Directors. The participation of Sonaecom's Executive Committee's members is approved by the Remuneration Committee, in line with the Group's Remuneration Policy, which is also approved at the Shareholders' General Meeting.

Eligibility

All Sonaecom employees at Sonaecom Management Levels GF1 to GF6 are eligible to be awarded a Medium Term Performance Bonus under the MTIP, provided that they held Management Level GF6 or higher, on 31 December of the respective performance year.

Classification as Management Level GF6, on recruitment or by promotion, does not automatically give entitlement to the award of a MTPB. Any decisions to make an award, including the value awarded (which is calculated as a percentage of the individual annual fixed remuneration), should take into account the total variation in the compensation package of each employee. It is recommended that, for the first MTPB awarded, the value should be equal or lower than 50% of the higher value recommended for the same Management Level.

Definition of the MTPB reference value

The MTPB reference values for employees with Management Levels GF1 and GF2 is based on a percentage of their total Target Performance Bonuses, which is defined on an individual basis, and taking into account their level of qualification, the structure of their compensation package and the achievement of personal KPIs.

Reference values for Executive Directors (Management Levels GF1 and GF2) are approved by the Remuneration Committee. As for Management Level GF3 employees, the reference value is approved by the Chairman of the Board of Directors.

The competent bodies above may decide to alter the value of individual MTPBs to be awarded, should the value be considered to be no longer appropriate.

The value of the MTPB may alter over the period between the awarding date and the vesting date, as it is linked to a standard share package and to the Total Shareholder Return of the respective Sonae SGPS, S.A. (Sonae) and/or Sonaecom SGPS shares. Vesting is dependent on the overall continuing success of the company during said period, measured in accordance with the objectives set by the Remuneration Committee every three years.

For employees with Management Levels GF3, GF4, GF5 and GF6, the MTPB reference values are based on a percentage of the Annual fixed remuneration, which is defined on an individual basis, taking into account their level of qualification, the structure of their compensation package and also the achievement of personal KPIs.

The MTPB reference value for employees who have a monthly performance bonus (commissions) is calculated based on the overall value of commissions received annually and taking into consideration the higher values awarded to other employees with the same Management Level. Whenever the annual commissions awarded are outside the above range, Sonaecom may decide to adjust them.

Management Level	Reference values for MTPB (% of annual fixed remuneration)
GF3	Up to 65%
GF4	Up to 60%
GF5	Up to 50%
GF6	Up to 45%

Duration of the plan

The MTPB plan is established annually, based on the variable remuneration awarded, and each plan has a three year term. As from the award date of the third consecutive plan, three tri-annual plans will be open.

MTPB Valuation

The MTPB is valued at the award date, based on the listed share prices in Portugal of the shares that make up the respective share package. Regarding Sonae shares, the most favourable of the following prices is used: the closing price on the first working day after the company's Shareholders' Annual General Meeting, or the average of the closing prices of the last 30 trading sessions, before the Annual General Meeting. In the case of Sonaecom shares, the value is calculated by dividing the average of the closing prices of the last 30 trading sessions, before the award date.



If, subsequent to being awarded the right to this kind of remuneration and before exercising this right, dividends are distributed, changes are made to the nominal value of shares, the Company's share capital is changed or any other change is made to the Company's capital structure, then the number of shares, which the director has been awarded, will be adjusted to an equivalent number, taking into account the impact of these changes.

Vesting of the MTPB

On the vesting date of MTPB plans – three years after being awarded –, compensation is paid in the form of shares or as a discount when purchasing shares.

The company awarding the MTPB retains the right to pay the cash equivalent to the shares' value on the vesting date, rather than delivering actual shares, provided that the Shareholding and Retention Policy described below is complied with, when applicable.

Share Retention Policy

The following Shareholding and Retention Policy ("SH&R Policy") is applicable to the members of Sonaecom's Board of Directors (Management Levels: GF1 and GF2):

Each GF1 or GF2 is required to retain 50% of the shares delivered on the vesting of each Plan until they hold, on an accumulated basis, a total number of shares that is equivalent to the value of two annual fixed salaries. The requirement to retain shares ends as soon as the respective manager holds, on an accumulated basis, a total number of shares that meets the agreed shareholding requirement, either by retaining MTPB shares awarded or by acquiring shares in their individual name. The inclusion of the latter shares is optional and is of the exclusive decision of each manager, who, in this case, should inform the company of this intent and provide the respective share information. For this purpose, the annual fixed salary is the monthly base remuneration paid 14 times a year.

The SH&R Policy was applied on a transitional basis to the 2004_05/2008 and the 2005_06/2009 Plan, with a share retention level of 20% of the shares attributed under each case. The 2006 Plan and subsequent ones, are subjected to a share retention level of 50%.

The SH&R Policy, is to be managed individually by the employees involved and will be monitored by the Human Resources and the Accounting and Administrative departments.

The Executive Directors shall not sign, nor will sign contracts with the Company or with third parties that would have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.

Termination of the MTPB

The right to MTPB ceases when an employee no longer shares a legal or administrative relationship with Sonae, or any company that represents the sub-holding where they work, nor any other company directly or indirectly affiliated with either of the above. In the event of death or permanent disability, the MTPB is valued at current market prices of the shares and the equivalent value in cash will be paid to the employee or to his or her legal heirs. In the event of retirement, rights to a MTPB are retained and vest on the normal vesting date.

87. Option rights granted to acquire shares ("stock options") where the beneficiaries are company employees
Not applicable.

88. Planned control mechanisms for any employee share capital participation scheme, to the extent voting rights are not directly exercised by them

There are no control mechanisms established to control employee participation in the Company's capital.

E. Transactions with related parties

I - Mechanisms and control procedures

89. Mechanisms implemented by the Company to monitor transactions with related parties (for the purposes of the concept of IAS 24)

Sonaecom endeavours to carry out transactions with related parties based on principles of rigour and transparency, and in strict observance of the rules of market competition. Such transactions are subject to specific internal procedures based on mandatory standards, in particular transfer pricing rules, or on voluntarily adopted internal systems of checks and balances – for example, formal validation or reporting processes, depending on the value of the transaction in question.

In this regard, Sonaecom has adopted specific procedures in order to prevent conflicts of interest, promoting communication between the Board of Directors and the Statutory Audit Board, which provides the necessary clarifications to assure that transactions are concluded under normal market conditions.

90. Indication of transactions subjected to control in the reference year

During the 23 and 24 of January 2014, within the Voluntary Tender Offer launched by Sonaecom and under the CMVM Recommendations, a few Executives and Sonaecom related parties have disposed of 1.454.134 ordinary shares, representing the company's share capital and Sonaecom's voting rights related, to Sonae - SGPS, S.A.. Further information regarding this transaction is disclosed in the announcement issued to the market on the 24 January 2014 and is available for consultation in the following website: <http://www.sonae.com/investidores/comunicados/>.

This transaction was executed under normal market conditions and were evaluated by the Statutory Audit Board. Besides this transaction, the Company did not execute any other transactions with any member of the Board or supervisory bodies during the 2014 financial year.



91. Description of the procedures and criteria for intervention of the Statutory Audit Board for the purpose of preliminary assessment of the business carried out between the Company and holders of qualified shareholdings or entities that are in a relation with them, under the terms of article 20 of the Portuguese Securities Code

Transactions with owners of qualified shares or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, are subject to a formal prior opinion by the Statutory Audit Board, if their value exceeds 10 million euros. In addition, all transactions with related parties in excess of 1 million euro, are also submitted to quarterly reports by the Statutory Audit Board.

II - Business related elements.

92. Location of accounting documents containing information regarding transactions with related parties, in accordance with IAS 24 or, alternatively, disclosure of this information

Information on transactions with related parties, in accordance with IAS 24, can be found in note 34 of the 2014 Consolidated Financial Statements' Appendix.



PART II – STATEMENT OF COMPLIANCE

1. Identification of the adopted Corporate Governance Code

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

The Report should be read as an integral part of the Annual Management Report and the Individual and Consolidated Financial Statements for the year 2014.

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

The Company has adopted the CMVM Recommendations on Corporate Governance in July 2013.

All of the rules and regulations mentioned in the Report are publicly available at www.cvm.pt.

2. Analysis of compliance with the adopted Corporate Governance Code

The governance model adopted by Sonaecom enabled the Board of Directors to operate normally, and none of the other statutory governing bodies have reported any constraints to their normal functioning. The Statutory Audit Board exercised its supervisory function, having received appropriate support from the Board of Directors to this end, via regular provision of information.

The Statutory External Auditor monitored the company's activities and conducted the examinations and verifications deemed necessary to review and legally certify the accounts, interacting with the Statutory Audit Board, within the framework of their competences and responsibilities and with full cooperation from the Board of Directors.

The Board of Directors has been carrying out its duties and cooperating with the Statutory Audit Board and the Statutory External Auditor, when so requested, in a transparent and rigorous manner and in compliance with its Terms of Reference and best corporate governance practices.



PART III – ANALYSIS OF COMPLIANCE WITH THE ADOPTED CORPORATE GOVERNANCE CODE

In accordance with the corporate governance recommendations published in July 2013 by the CMVM, the following section gives a detailed description of the functions, responsibilities and composition of Sonaecom's governance bodies. Among other subjects, this section also includes a detailed disclosure and explanation of the company's remuneration policy and the shareholding positions of our directors.

Disclosure of the location where the information is published

The full text containing the corporate governance guidelines currently adopted by Sonaecom - whether published by specific regulation, recommendation or voluntarily, including the Code of Conduct and, in particular, the internal regulations for share transactions and Conflicts of Interest -, are made publicly available on our website www.sonae.com and also at the CMVM website: www.cmvm.pt.

CMVM recommendations on Corporate Governance

The CMVM's recommendations on Corporate Governance (as issued in July 2013) and the respective level of compliance by Sonaecom at 31 December 2014, are listed below.

I. VOTING AND CORPORATE CONTROL

1.1. Companies shall encourage shareholders to attend and vote at general meetings, namely by not setting an excessively large number of shares required for the entitlement of one vote, and by implementing the means necessary to exercise the voting right by post and electronically.

Recommendation fully adopted.

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

Additionally, the Company publishes on its website, from the date of notice of each General Meeting, standard documentation for participation at the General Meeting, thereby facilitating the shareholders' compliance with the applicable legal attendance requirements, and also provides a specific e-mail address to answer shareholders' enquiries and for the reception of all communications to participate in the General Meeting.

1.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including setting a resolution-fixing quorum greater than that required by law.

Recommendation fully adopted.

The Company's Articles of Association do not set a resolution-fixing quorum that exceeds that fixed by law.

1.3. Companies shall not establish mechanisms that might cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly substantiated in terms of long-term interests of shareholders.

Recommendation fully adopted.

No such mechanisms have been adopted or established.

1.4. The company's articles of association that provide for a limitation to the number of votes that may be held or exercised by a sole shareholder, either individually or in agreement with other shareholders, shall also foresee that, at least every five years, the maintenance of such bylaw provision shall be subject to a resolution at the General Meeting – with no requirements for an aggravated quorum as compared to the legal one – and that in said resolution, all votes issued be counted, without applying said restriction.

Recommendation fully adopted.

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

1.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and are able to impair the free transfer of shares and the free assessment by shareholders of the performance of Board members, shall not be adopted.

Recommendation fully adopted.

The Company does not adopt, unilaterally, policies that have the effect of any restrictions listed in this recommendation.

II. SUPERVISION, MANAGEMENT AND AUDIT

II.1. SUPERVISION AND MANAGEMENT



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

Recommendation fully adopted.

The Board of Directors trusts that, considering the current structure of the Company and the Board's composition itself – reduced to three members, elected based on proposals submitted by shareholders at the Shareholders' General Meeting held on 24 April 2014 -, there is no need to delegate the daily management of the company to an Executive Committee or a Delegated Director.

The company's management is exercised by the Board of Directors, which is responsible for ensuring the management of the Company's business, exercising all management acts pertaining to its corporate purpose, monitoring risks and setting strategic guidelines. Thus, all Board members perform executive duties. Maria Cláudia Teixeira de Azevedo who is currently an Executive Director at Sonaecom, is the CEO of the SSI - sub-holding of Sonaecom - and Online & Media divisions.

II.1.2. The Board of Directors shall ensure that the company acts in accordance with its goals and should not delegate its duties, as regards the following: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions considered to be strategic due to the amount, risk and particular characteristics involved.

Recommendation fully adopted.

Such powers were not delegated by the Board of Directors.

II.1.3. In addition to its supervisory duties, the General and Supervisory Board shall take full responsibility at corporate governance level, hence, either through the statutory provision, or equivalent, it must be established, as a mandatory requirement, that this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of the company's key policies.

Recommendation not applicable.

Sonaecom did not adopt said Corporate Governance model.

II.1.4. Unless the company is of a reduced size, and depending on the adopted model, the Board of Directors and the General and Supervisory Board shall create the necessary committees in order to:

- a) Ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as of its own overall performance. And further yet, the performance of all existing committees;
- b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies measures to be implemented with a view to their improvement.

Recommendation fully adopted.

The Board of Directors has decided that, considering the current dimension of the company, the existence of a specific Committee to ensure the effectiveness and the quality of the work performed by Executive Directors is not justified. Such responsibility is delegated to the Remuneration Committee.

The Company has a Corporate Governance Officer who reports hierarchically to the Board of Sonaecom and its main duties are to assess the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies measures to be implemented with a view to their improvement (as detailed above in Part I, paragraph 29).

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

Recommendation fully adopted.

The Board of Directors has established internal risk control systems which are monitored by the Statutory Audit Board.

II.1.6. The Board of Directors shall include a sufficient number of non-executive members, whose role is to ensure effective monitoring, supervision and assessment of the activity of the remaining members of the board.

Recommendation not adopted.

The current dimension of the company does not justify the existence of non-executive Directors. As a supervisory body, the Statutory Audit Board is responsible for supervising and assessing the activity of the members of the Board of Directors.

II.1.7. The non-executive members of the management body shall include a number of independent members as appropriate, taking into account the adopted corporate governance model, the size of the company, its shareholder structure and the relevant free float.



The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed under the terms of the legislation in force. The other members of the Board of Directors are considered independent, if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, namely due to:

- a. Having been an employee of the company or of a company holding a controlling or group relationship with the latter, within the last three years;
- b. Having, in the past three years, provided services or established a commercial relationship with the company or company which is in a control or group relationship with the latter, either directly, or as a partner, board member, manager or director of a legal person;
- c. Being paid by the company or by a company with the latter in a control or group relationship, other than the remuneration paid for the exercise of Board member functions;
- d. Living with a partner or being spouse, relative or any next of kin relative, either direct or up to and including the third degree of collateral affinity, of board members or natural persons that are direct and indirectly holders of qualifying holdings;
- e. Being a qualifying shareholder or representative of a qualifying shareholder.

Recommendation not adopted.

The company believes that its current dimension, its shareholder structure and the reduced dispersion of its share capital do not justify the existence of independent directors.

II.1.8. When executive directors are requested by other Board members to supply information, the former shall do so in a timely and appropriate manner.

Recommendation fully adopted.

The company Directors fulfil this recommendation, disclosing its decisions in an expeditious, clear and complete manner.

II.1.9. The Chairman of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, the Chairman of the Statutory Audit Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Financial Matters Committee, the convening notices and minutes of the relevant meetings.

Not applicable.

The company does not dispose of an Executive Committee.

The announcement of all the Board of Directors' meetings to be held and its respective minutes are communicated to the Chairman of the Statutory Audit Board.

II.1.10. Should the Chairman of the Board of Directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination and the conditions of other non-executive members' work, so that said non-executive members can make independent and informed decisions or set up an equivalent mechanism to ensure such coordination.

Recommendation not applicable.

All members of the Board of Directors, including its Chairman, have an executive role. The company believes that its current dimension and the Board's composition do not justify delegating the daily management of the company to an Executive Committee or a Delegated Director. Therefore, the company's management is exercised by the Board of Directors which does not have any non-executive members.

II.2. SUPERVISORY

II.2.1. Depending on the applicable model, the Chairman of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the appropriate skills to carry out its duties.

Recommendation fully adopted.

The Chairman of the Statutory Audit Board, as well as all the members of this body, are independent under the terms of article 414, paragraph 5, of the Portuguese Companies Act, and possess the necessary skills and experience to perform their duties.

II.2.2. The supervisory body shall be the main representative of the External Auditor and the first recipient of the relevant reports, and is responsible for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.

Recommendation fully adopted.

The company fully complies with the Portuguese Companies Act, regarding duties and function of the Statutory Audit Board. The Statutory Audit Board is responsible for overseeing the work performed and verifying the Statutory External Auditor's independence. Also, primordially receiving its reports and interacting with it according to the role of the Statutory Audit Board and in compliance with its Regulation, available at the Company's website, at <http://www.sonaecom.com/investidores/governo-das-sociedades/orgaos-de-administracao-e-fiscalizacao/>.



II.2.3. The supervisory board shall assess annually the Statutory External Auditor and propose to the competent body its dismissal or termination of the contract as to the provision of their services, whenever justifiable grounds are present.

Recommendation fully adopted.

The Statutory Audit Board reports annually on the work performed by the Statutory External Auditor.

II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management, proposing adjustments if deemed necessary.

Recommendation fully adopted.

These internal control systems are implemented and monitored by the company's Statutory Audit Board.

II.2.5. The Audit Committee, the General and Supervisory Board and the Statutory Audit Board should decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services, at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential irregularities.

Recommendation fully adopted.

The internal audit services report functionally and separately to the Statutory Audit Board.

II.3. REMUNERATION APPROVAL.

II.3.1. All members of the Remuneration Committee or equivalent shall be independent from the members of the executive members of the board and shall include at least one member with knowledge and experience in remuneration policy.

Recommendation fully adopted.

The members of the Remuneration Committee, Duarte Paulo Teixeira de Azevedo and Francisco de la Fuente Sánchez, are independent in relation to the Board of Directors' members and possess the relevant knowledge and experience in the matter of remuneration policy. The curricula vitae of the Remuneration Committee's members are available for consultation in the Appendix III of this report.

II.3.2. Any individual or entity who, in the last three years, has rendered services to any structure under the direction of the Board of Directors to the company management body itself or who currently has a relationship with the company or with a consultant of the company, should not be hired to assist the Remunerations Committee in the performance of its duties. This recommendation is equally applicable to any individual or legal entity that has a relationship with such by means of an employment or service agreement.

Recommendation fully adopted.

The company does not hire any entity that rendered services to any structure under the direction of the Board of Directors to assist the Remunerations Committee in the performance of its duties. The Remuneration Committee resorts to benchmark studies on remuneration practices annually disclosed by internationally renowned consultants, whose independence is assured either by the fact that they have no connection to the Board of Directors, or due to their broad experience and recognised status in the market.

II.3.3. The statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on:

- a) Identification and explanation of the criteria for determining the remuneration granted to the members of the governing bodies;
- b) Information regarding the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate terms, to be paid to the members of the corporate bodies, and also the identification of the circumstances whereby these maximum amounts may be payable;
- c) Information regarding the enforceability or unenforceability of payments for board members dismissal or termination of appointment.

Recommendation fully adopted.

A statement on the Company's remuneration policy was presented to the Shareholders' General Meeting on 24 April 2014 and includes the information referred to in this recommendation. Payments for the dismissal or termination of appointment of directors are not required, subject to the applicable legal provisions.

A statement on the remuneration policy is available at <http://www.sonae.com/investidores/assembleias-gerais/> in the following address: http://other.static.sonae.com/2014/07/31/Extracto_da_Acta_AG_Sonaecom_24042014_Portugu_s/Extracto_da_Acta_AG_Sonaecom_24042014_Portugu_s.pdf?download=1

II.3.4. A proposal for approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the information necessary for a proper appraisal of the plan.



Recommendation fully adopted.

In its proposal, the company includes the approval of the share allocation plan and always accompanies it with the respective regulation.

II.3.5. Approval of any retirement benefit scheme established for members of the statutory governing bodies must be submitted to the General Meeting's approval. The proposal shall contain all the information necessary for the correct assessment of the system.

Recommendation not applicable.

Currently, the company has no retirement pension plans in force.

III. REMUNERATION

III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage excessive risk taking.

Recommendation fully adopted.

The remuneration of the members of the Board of Directors who perform executive duties is based on their effective performance and discourages excessive risk taking.

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

Recommendation fully adopted.

The remuneration policy approved at the Shareholders' General Meeting under proposal of the Remuneration Committee, states that the remuneration of non-executive members of the Board of Directors, when existing, and the remuneration of members of the Supervisory Board includes only one fixed component. As a result, these members do not receive variable remuneration nor do they participate in the MTIP.

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

Recommendation fully adopted.

The company's remuneration policy includes a fixed component and a variable component, as set forth in the main European reference indicators. In comparative terms, the fixed remuneration is close to the average and the total remuneration is close to the third quartile of the indicators. The variable component represents over 40% of the total income received. The minimum and maximum variable components are pre-established as a percentage of a fixed component and, thus, are objectively established.

III.4. A significant part of the variable remuneration should be deferred for a period of no less than three years and its payment should depend on the continued positive performance of the company during said period.

Recommendation fully adopted.

The MTIP, an integral part of the remuneration of the management body's executive members, is based precisely on this deferral.

III.5. Members of the Board of Directors shall not enter into contracts with the company or third parties which intend to mitigate the risk inherent to remuneration variability set by the Company.

Recommendation fully adopted.

The remuneration policy approved at the Shareholders' General Meeting, held on the 24 April 2014, under proposal of the Remuneration Committee, addresses the principle defined in this recommendation: that Executive Directors shall not sign contracts with the Company or with third parties that would have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.

The company did not identify any contracts of this nature.

The Remuneration policy is available for consultation at the website disclosed on paragraph II.3.3..

III.6. Until the end of their mandate, executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the overall annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares.

Recommendation fully adopted.

Since 2008, the company has implemented a share retention policy that fully complies with this recommendation.



III.7. If the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.

Recommendation not applicable.

The variable component of the company remuneration does not include the allocation of options.

III.8. When the removal of the board member is not due to a serious breach of their duties, nor to their unfitness for the normal exercise of their functions, but is yet due to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments, so that any damages or compensation, beyond that which is legally due, is unenforceable.

Recommendation fully adopted.

The company uses the appropriate legal instruments available in law for this situation. There are no individual contracts with the directors to establish how eventual compensations would be calculated. In addition, the company has never attributed or contemplated attributing compensation to the directors in the event of dismissal or cessation due to inadequate performance.

IV. AUDITING

IV.1. The Statutory External Auditor shall, within the framework of its duties, verify the implementation of remuneration policies and systems of the corporate bodies, as well as the efficiency and effectiveness of the internal control mechanisms, reporting any deficiencies to the Company's supervisory body.

Recommendation fully adopted.

The External Auditor discloses the activities carried out during 2014 in its annual audit report, which is subject to approval at the Shareholders' Annual General Meeting, and is available for consultation at the website: <http://www.sonae.com/investidores/informacao-financeira/relatorios/>.

IV.2. The Company or any other entities with the latter in a control relationship, shall not engage the Statutory External Auditor or any entity with the latter in a group relationship or which is part of the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said value should not exceed more than 30% of the total value of services rendered to the company.

Recommendation fully adopted.

The services provided by the Statutory External Auditor were approved by the Statutory Audit Board within the recommended principles (please see points 46 and 47).

IV.3. Companies shall support auditor rotation at the end of two or three terms of office, depending on whether they last for four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.

Recommendation fully adopted.

The Company's Statutory External Auditor, Deloitte & Associados, SROC, S. A., was elected at the Shareholders' General Meeting held on 2 May 2007 and is serving until the end of the current term.

In 2008, a new term corresponding to the 2008/2011 four-year period began and the Statutory Auditor was re-appointed to the post. In 2012, the proposal for election of Deloitte & Associados, SROC, S.A. to a new term (2012/2015) was submitted by the Supervisory Board to the Shareholders' Annual General Meeting, having been supported by a specific opinion in which the conditions of independence of the auditor and the advantages and costs of its replacement are weighed. Further information regarding this matter can be found in paragraph 40 of this report.

V. CONFLICTS OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES

V.1. In relation to business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with article 20 of the Portuguese Securities Code, such business should be conducted on an arm's length basis.

Recommendation fully adopted.

The Company endeavours to carry out transactions with related parties based on principles of rigour and transparency, and in strict observance of the rules of market competition. Such transactions are subject to specific internal procedures based on mandatory standards, in particular transfer pricing rules, or on voluntarily adopted internal systems of checks and balances - for example, formal validation or reporting processes, depending on the value of the transaction in question.

V.2. The supervisory or audit board shall establish procedures and criteria that are required to define the relevant level of significance of business with qualifying shareholders - or entities with which they are in any of the relationships described in paragraph 1 of article 20 of the Portuguese Securities Code - thus significant relevant business is dependent upon prior opinion of that body.

Recommendation fully adopted.

Transactions with owners of qualified shares or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, are subject to a formal prior opinion by the Statutory Audit Board, if their value exceeds 10 million euros. In addition, all



transactions with related parties in excess of 1 million euro, are also submitted to quarterly reports by the Statutory Audit Board.

VI. INFORMATION

VI.1. Companies shall provide, via their websites in both Portuguese and English version, access to information on their progress as regards the economic, financial and governance standing.

Recommendation fully adopted.

The company's website, www.sonae.com, provides information that fulfils the requirements of this recommendation.

VI.2. Companies shall ensure the existence of an investor support and market liaison office, capable of responding to investors' requests in a timely manner. A record of the submitted requests and their processing shall be kept.

Recommendation fully adopted.

The company has an Investor Relations Department, which fulfils the requirements of this recommendation.



APPENDIX I

Article 447, 448 and Qualified Shareholdings

- Article 447

Board of Directors

		Additions		Reductions		Balance at 31 December 2014
	Date	Quantity	Market price €	Quantity	Market Price €	Quantity
Ângelo Gabriel Ribeirinho dos Santos Paupério						
Sonae- SGPS, S.A. ⁽⁶⁾						770 426 a)
Shares attributed under the Medium Term Incentive Plan	02.05.2014	507 276	0.07			
Sale	31.12.2014			500 000	1.03	
Sonaecom, SGPS, S.A. ⁽⁹⁾						-
Sale	23.01.2014			552 837	2.58	b)
Enxomil - SGPS, SA ⁽¹⁰⁾						10 000 b)
Maria Cláudia Teixeira de Azevedo						
Efanor Investimentos, SGPS, S.A. ⁽¹⁾						1
Linhacom, SGPS, S.A. ⁽⁴⁾						99 996
Sonae- SGPS, S.A. ⁽⁶⁾						204 678
Shares attributed under the Medium Term Incentive Plan	02.05.2014	163 551	0.07			
Sonaecom, SGPS, S.A. ⁽⁹⁾						-
Sale	23.01.2014			40 566	2.58	b)
António Bernardo Aranha da Gama Lobo Xavier						
Sonae- SGPS, S.A. ⁽⁶⁾						-
Sonaecom, SGPS, S.A. ⁽⁹⁾						-
Sale	23.01.2014			2 603	2.58	
Sale	24.01.2014			83 297	2.58	b)

a) Includes 125,000 shares held by spouse

b) Includes shares held indirectly.



Management

		Additions		Reductions		Balance at 31 december 2014
	Date	Quantity	Market price €	Quantity	Market price €	Quantity
David Graham Shenton Bain						
Sonae- SGPS, S.A. ⁽⁶⁾						20 000
Sonaecom, SGPS, S.A. ⁽⁹⁾						15 000
Rui José Gonçalves Paiva						
Sonae- SGPS, S.A. ⁽⁶⁾						48 793
Shares attributed under the company's remuneration policy	05.05.2014	48 793	0.14			
Sonaecom, SGPS, S.A. ⁽⁹⁾	03.01.2014			105 754	2.60	-
Carlos Alberto Rodrigues Silva						
Sonae- SGPS, S.A. ⁽⁶⁾						30 486
Fernando José Lobo Pimentel						
Macareno Videira						
Sonae- SGPS, S.A. ⁽⁶⁾						28 126
Ana Cristina Dinis da Silva Fanha						
Vicente Soares						
Sonae- SGPS, S.A. ⁽⁶⁾						41 697
Shares attributed under the Medium Term Incentive Plan	28.03.2014	41 697	1.33			
Sonaecom, SGPS, S.A. ⁽⁹⁾						-



		Additions		Reductions		Balance at 31 December 2014
	Date	Quantity	Market price €	Quantity	Market price €	Quantity
(1) Efanor Investimentos, SGPS, S.A.						
Sonae - SGPS, S.A. ⁽⁶⁾						200 100 000
Pareuro, BV ⁽²⁾						5 583 100
Sonaecom, SGPS, S.A. ⁽⁹⁾						-
Sale	23.01.2014			1 000	2.58	
(2) Pareuro, BV						
Sonae - SGPS, S.A. ⁽⁶⁾						849 533 095
(3) Migracom, SGPS, S.A.						
Imparfin, SGPS, S.A. ⁽⁵⁾						150 000
Sonae - SGPS, S.A. ⁽⁶⁾						1 536 683
Sale	jun/14			1 400 000	1.27	
Sonaecom, SGPS, S.A. ⁽⁹⁾						-
Sale	23.01.2014			387 342	2.58	
(4) Linhacom, SGPS, S.A.						
Imparfin, SGPS, S.A. ⁽⁵⁾						150 000
Sonae - SGPS, S.A. ⁽⁶⁾						439 314
Sonaecom, SGPS, S.A. ⁽⁹⁾						-
Sale	23.01.2014			120 300	2.58	
(5) Imparfin, SGPS, S.A.						
Sonae - SGPS, S.A. ⁽⁶⁾						4 105 280
(6) Sonae - SGPS, S.A.						
Sonaecom, SGPS, S.A. ⁽⁹⁾						81 022 964
Acquisition	jan/14	1 454 134	2.58			
	feb-14	785 660	2.07			
	mar/14	371 589	2.16			
	apr-14	1 399 759	2.21			
	may-14	132 448	2.30			
	jul/14	200 000	1.59			
Sonae Investments BV ⁽⁷⁾						2 894 000
Sontel BV ⁽⁸⁾						32 745
(7) Sonae Investments BV						
Sontel BV ⁽⁸⁾						58 555
(8) Sontel BV						
Sonaecom, SGPS, S.A. ⁽⁹⁾						194 063 119
(9) Sonaecom, SGPS, S.A.						5 571 014
(10) Enxomil - SGPS, SA						
Sonae - SGPS, S.A. ⁽⁶⁾						500 000
Acquisition	31.12.2014	500 000	1.03			

- Article 448

	Number of shares as of 31 dezembro 2014
Efanor Investimentos, SGPS, S.A. ⁽¹⁾	
Sonae- SGPS, S.A.	200,100,000
Pareuro, BV	5,583,100
Sonaecom, SGPS, S.A.	-
Pareuro, BV	
Sonae- SGPS, S.A.	849,533,095
Sonae- SGPS, S.A.	
Sonaecom, SGPS, S.A.	81,022,964
Sonae Investments BV	2,894,000
Sontel BV	32,745
Sonae Investments BV	
Sontel BV	58,555
Sontel BV	
Sonaecom, SGPS, S.A.	194,063,119

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

- Qualified Shareholdings

				% of voting rights
Shareholder	Number of shares	% of Share capital	With own shares	Without own shares
Directly				
Sontel BV	194,063,119	62.33%	62.33%	63.47%
Sonae- SGPS, S.A.	81,022,964	26.02%	26.02%	26.50%
Total attributable ⁽¹⁾	275,086,083	88.36%	88.36%	89.97%

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



APPENDIX II

Curricula Vitae and positions held by members of management and supervisory bodies.

- Board of Directors:

Ângelo Gabriel Ribeirinho dos Santos Paupério

Birth date

14 September 1959

Academic Curriculum

Degree in Civil Engineering - University of Oporto

MBA by Porto Business School

Professional experience

Executive Vice-Chairman of Sonae - SGPS, S.A.

Manager of Sonae Investimentos, SGPS, S.A.

Manager of MDS, SGPS, S.A.

Manager of Sonae Sierra, SGPS, S.A.

Vice-Chairman of Sonae MC - Modelo Continente, SGPS, S.A.

Vice-Chairman of Sonae - Retalho Especializado, S.A.

Vice-Chairman of Sonaerp - Retail Properties, S.A.

Member of the Board of Directors of ZOPT, SGPS, S.A.

Member of the Board of Directors of NOS, SGPS, S.A.

Guest professor at Porto Business School

Member of the High Council of Universidade Católica Portuguesa

Member of the High Council of Porto Business School

Chairman of the Board of Directors of APGEI

Offices held in companies in which Sonaecom is a shareholder

Chairman of the Board of Directors of Sonaecom - Sistemas de Informação, SGPS, S.A.

Member of the Board of Directors of ZOPT, SGPS, S.A.

Member of the Board of Directors of NOS, SGPS, S.A.

Chairman of the Board of Directors of Sonaecom - Serviços Partilhados, S.A.

Chairman of the Board of Directors of Público - Comunicação Social, S.A.

Offices held in other entities

Member of the Board of Directors of Sonae, SGPS, S.A.

Member of the Board of Directors of Sonae Center Serviços II, S.A.

Member of the Board of Directors of Sonae Investimentos, SGPS, S.A.

Vice-Chairman of the Board of Directors of Sonae MC – Modelo Continente, SGPS, S.A.

Vice-Chairman of the Board of Directors of Sonae – Specialized Retail, SGPS, S.A.

Chairman of the Board of Directors of Sonaerp – Retail Properties, S.A.

Chairman of the Board of Directors of Sonaegest – Sociedade Gestora de Fundos de Investimento, S.A.

Member of the Board of Directors of Sonae Sierra, SGPS, S.A.

Member of the Board of Directors of Sonae, RE, S.A.

Executive Director of Sonae Investments, B.V.

Executive Director of Sontel B.V.

Member of the Board of Directors of MDS, SGPS, S.A.

Chairman of the Board of Directors of MDS AUTO, Mediação de Seguros, S.A.

Sole Director of Enxomil, SGPS, S.A.

Sole Director of Enxomil – Sociedade Imobiliária, S.A.

Sole Director of STTR - Construção e Imóveis, S.A.

Member of the Board of Directors of Love Letters – Galeria de Arte, S.A.

Maria Cláudia Teixeira de Azevedo

Birth date

13 January 1970

Academic Curriculum

Degree in Management - Catholic University of Oporto

MBA by INSEAD

Professional experience

Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.

Executive Director of Sonaecom - Sistemas de Informação, SGPS, S.A.

Chairman of the Executive Board of Sonae Capital, SGPS, S.A.

Chairman of the Board of Directors of Sonae Turismo, SGPS, S.A.

Member of the Board of Directors of ZOPT, SGPS, S.A.

Offices held in companies in which Sonaecom is a shareholder

Member of the Board of Directors of ZOPT, SGPS, S.A.

Member of the Board of Directors of Sonaecom - Sistemas de Informação, SGPS, S.A.

Member of the Board of Directors of Sonaecom - Serviços Partilhados, S.A.

Chairman of the Board of Directors of Sonaecom - Cyber Security and Intelligence, SGPS, S.A.

Chairman of the Board of Directors of iTrust - Cyber Security Intelligence Services, S.A.

Chairman of the Board of Directors of WeDo Consulting, Sistemas de Informação, S.A.

Chairman of the Board of Directors of Saphety Level - Trusted Services, S.A.

Chairman of Board of Directors of Digitmarket - Sistemas de Informação, S.A.

Member of the Board of Directors of Público - Comunicação Social, S.A.

Member of the Board of Directors of PCJ - Público, Comunicação, e Jornalismo, S.A.

Director of Sonaecom - Sistemas de Información Espana, S.L.

Chairman of the Board of Directors of Grupo S21 SEC Gestión, S.A.

Member of the Board of Directors of WeDo Technologies (UK) Limited

Member of the Board of Directors of Praesidium Services Limited (UK)

Manager of WeDo Poland Sp. Z o.o.

Offices held in companies in which Sonaecom is a shareholder (continued)

Director of WeDo Technologies Mexico, S. De R.L. de C.V.

Chairman of the Board of Directors of WeDo Technologies Americas Inc.

Manager General of Saphety – Transacciones Electronicas, S.A.S

Member of the Board of Directors of WeDo Technologies Egypt

Member of the Board of Directors of WeDo Technologies Australia PTY Limited

Member of the Board of Directors of NOS, SGPS, S.A.

Offices held in other entities

Member of the Board of Directors of CAPWATT - BRAINPOWER, S.A.

Manager of CARVEMAGERE, MANUTENÇÃO E ENERGIAS RENOVÁVEIS, LDA

Member of the Board of Directors of COMPANHIA TÉRMICA HECTARE, ACE

Manager of C.T.E. - CENTRAL TERMOELÉCTRICA DO ESTUÁRIO, UNIPessoal, LDA

Member of the Board of Directors of CONTACTO CONCESSÕES, SGPS, S.A.

Member of the Board of Directors of ECOCICLO II - ENERGIAS, S.A.

Manager of ENERLOUSADO - RECURSOS ENERGÉTICOS, UNIPessoal, LDA

Chairman of the Board of Directors of IMOAREIA - INVESTIMENTOS TURÍSTICOS, SGPS, S.A.

Member of the Board of Directors of INTEGRUM ACE, S.A.

Member of the Board of Directors of INTEGRUM COLOMBO - ENERGIA, S.A.

Member of the Board of Directors of INTEGRUM ENGENHO NOVO - ENERGIA, S.A.

Member of the Board of Directors of INTEGRUM MARTIM LONGO - ENERGIA, S.A.

Member of the Board of Directors of INTEGRUM VALE DA CAIMA - ENERGIA, S.A.

Member of the Board of Directors of INTEGRUM VALE DO TEJO - ENERGIA, S.A.

Member of the Board of Directors of INTEGRUM II - ENERGIA, S.A.

Member of the Board of Directors of INTEGRUM III - ENERGIA, S.A.

Manager of RONFEGEN - RECURSOS ENERGÉTICOS, UNIPessoal, LDA

Member of the Board of Directors of SC - ENGENHARIA E PROMOÇÃO IMOBILIÁRIA, SGPS, SA

Member of the Board of Directors of SC, SGPS, SA

Member of the Board of Directors of SISTAVAC, SGPS, SA

Offices held in other entities (continued)

Member of the Board of Directors of SISTAVAC, SA

Member of the Board of Directors of SONAE CAPITAL, SGPS, SA

Chief Executive Officer of SONAE CAPITAL, SGPS, SA

Chairman of Board of Directors of SONAE TURISMO - SGPS, SA

Chief Executive Officer of SONAE TURISMO - SGPS, SA

Member of the Board of Directors of SPRED, SGPS, SA

Chairman of the Board of Directors of EFANOR - SERVIÇOS DE APOIO À GESTÃO, S.A.

Member of the Board of Directors of IMPARFIN, SGPS, S.A.

Chairman of the Board of Directors of LINHACOM, SGPS, S.A.

Member of the Board of Directors of SEKIWI, SGPS, S.A.

Member of the Board of Directors of EFANOR - INVESTIMENTOS, SGPS, S.A.

Member of the Curators Council of Fundação Belmiro de Azevedo

António Bernardo Aranha da Gama Lobo Xavier

Birth date

16 October 1959

Educational qualifications

Degree in Law - University of Coimbra

Master in Economics Law - University of Coimbra

Professional experience

Partner and Member of the Board of Directors of MLGTS

Non-executive Director of the Board of Directors of BPI, SGPS

Non-executive Director of the Board of Directors of Riopelle, S.A.

Non-executive Director of Board of Directors of Mota-Engil, SGPS, S.A.

Executive Director of Sonaecom, SGPS, S.A.

Member of the Board of Directors of Público - Comunicação Social, S.A.

Member of the Board of Directors of Sonaecom - Sistemas de Informação, SGPS, S.A.

Non-executive Director of NOS, SGPS, S.A.

Offices held in companies in which Sonaecom is a shareholder

Member of the Board of Directors of Sonaecom - Sistemas de Informação, SGPS, S.A.

Member of the Board of Directors of Sonaecom - Serviços Partilhados, S.A.

Member of the Board of Directors of Público - Comunicação Social, S.A.

Member of the Board of Directors of PCJ - Público, Comunicação, e Jornalismo, S.A.

Member of the Board of Directors of NOS - SGPS, S.A.

Offices held in other entities

Partner and Member of the Board of Directors of MLGTS & Associados, Sociedade de Advogados

Member of the Board of Directors of BPI, SGPS, S.A.

Member of the Board of Directors of Mota-Engil, SGPS, S.A.

Member of the Board of Directors of Riopelle, S.A.

Chairman of the Board of the Shareholders General Meeting of Textil Manuel Goncalves, S.A.

Member of the Board of Directors of Vallis Capital Partners



- Statutory Audit Board

Arlindo Dias Duarte Silva

Birth date

27 October 1936

Academic Curriculum

1963 Degree in Economics - University of Oporto

Professional experience

1960-1963 Teacher in Escola Comercial e Industrial

1968-1971 Military service required, including in Angola (interruption in banking activity)

1976-1979 Restart of banking activity, subdirector of Banco BPA since 1976

1989-1992 Member of the General Council of Câmara dos Revisores Oficiais de Contas

1992-1995 Member of Directive Board in Câmara dos Revisores Oficiais de Contas

Since 1979 Registered as Statutory Auditor, performing these functions either as a member of Sociedade de Revisores Oficiais de Contas, both on an individual name

Since 1979 Statutory auditor, Member of Statutory Audit Board or Single Supervisor in various societies as Banco Universo, União Portuguesa de Bancos, Orbitur - Intercâmbio de Turismo, SA, ATPS - SGPS, SA, MDS - Corretor de Seguros, SA, Imoarea - Sociedade Imobiliária, SA e Contacto - SGPS, SA

Offices held in other entities

Member of the Statutory Audit Board of Sonae, SGPS, SA

Member of the Statutory Audit Board of Rochinvest - Investimentos Imobiliários e Turismo, SA

Offices held in charitable associations

Member of the Statutory Audit Board of ALADI – Associação Lavrense de Apoio ao Diminuído Intelectual

Member of the Statutory Audit Board of Associação Cultural do Senhor do Padrão

Armando Luís Vieira de Magalhães

Birth date

22 August 1945

Academic Curriculum

1972 Bachelor in Accounting - ex-ICP and current ESCAP

1978 Degree in Economics - University of Oporto

1996 Executive MBA - European Management, IESF/EFG

Professional experience

1964-1989 Held several functions in a credit institution

1989-2010 Statutory External Auditor and Partner of Santos Carvalho & Associados, SROC, SA

Since 2010 Statutory External Auditor and Partner of Armando Magalhães, Carlos Silva & Associados, SROC, Lda.

Offices held in other entities

Member of the Statutory Audit Board of Sonae Capital, SGPS, SA

Member of the Statutory Audit Board of Sonae Indústria, SGPS, SA

Member of the Statutory Audit Board of Futebol Clube do Porto - Futebol SAD

Member of the Statutory Audit Board of Real Vida Seguros, SA

Member of the Statutory Audit Board of Associação Sénior de Golfe do Norte de Portugal

Offices held in charitable associations

Member of the Statutory Audit Board of Fundação Eça de Queiroz

Óscar José Alçada da Quinta

Birth date

01 December 1957

Academic Curriculum

1982 Degree in Economics - University of Oporto

1990 Statutory External Auditor number 731

Professional Experience

1982-1986 Administrative and financial responsibilities in the area of textile companies, construction and office equipment

Since 1986 Provision of services related to external audit for Statutory Auditors and for companies in the previous activities

1990-1992 Independent Statutory Auditor

Since 1992 Statutory External Auditor and Partner of Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC

Offices held in other entities

Member of the Statutory Audit Board of Sonae Indústria, SGPS, SA

Member of the Statutory Audit Board of BA GLASS I - Serviços de Gestão e Investimentos, SA

Jorge Manuel Felizes Morgado

Birth date

6 June 1955

Academic Curriculum

1977 Degree in Management - ISEG - Technical University of Lisbon

1999 MBA in Finance - IEDE Madrid

2004 MBA in Management and Information Systems - Faculty of Economics and Business - Catholic University

22 April 1991 Statutory External Auditor number 775

Professional Experience

1980-1989 Audit assistant and manager of Coopers & Lybrand

1989-1991 Responsible for Management Control and Internal Audit of the Grupo Coelima

1991-2004 Partner of Deloitte - Member of the Statutory Audit Board and Statutory External Auditor of many companies, responsible for the consultancy in the North of the Country and for the Corporate Finance in Portugal until 2001

Since 2004 Statutory External Auditor and Consultant in many national and international companies

Since 2006 Partner of Howath Parsus - Consultoria e Gestão, Lda.

Offices held in other entities

Member of the Statutory Audit Board of Sonae, SGPS, SA

Member of the Statutory Audit Board of Sonae Sierra, SGPS, SA

Member of the Statutory Audit Board of Sonae Capital, SGPS, SA

Member of the Statutory Audit Board of Sonae Indústria, SGPS, SA

Statutory External Auditor of Valorinveste - Soc. Invest. Imb., SA

Statutory External Auditor of Jofabo - Construção e Imobiliária, SA

Statutory External Auditor of Know it - Soluções Formação Tecnológica, SA

Statutory External Auditor of Blue Share, SA

Statutory External Auditor of Praianorte - Hotelaria e Turismo, SA

Statutory External Auditor of Companhia das Pastas-Empreendimento e Investimentos Hoteleiros, SA

Statutory Auditor of Luso - Insular, projetos e Construção, SA

Statutory Auditor of PMVA - Imobiliária, SA

APPENDIX III

Curricula Vitae of the members of the Remuneration Committee.

Duarte Paulo Teixeira de Azevedo

Date of Birth

31 December 1965

Academic Curriculum

1986 Degree in Chemical Engineering - École Polytechnique Fédérale de Lausanne

1989 MBA - Porto Business School

Executive Formation

1994 Executive Retailing Program - Babson College

1996 Strategic Uses of Information Technology Program - Stanford Business School

2002 Breakthrough Program for Senior Executives - IMD

2008 Proteus Programme - London Business School

2012 Corporate Level Strategy - Harvard Business School

Professional Experience in Sonae Group

1988-1990 Analyst and Manager of Projeto Novos Investimentos in Sonae Tecnologias de Informação

1990-1993 Manager of Projeto de Desenvolvimento Organizativo and Comercial Director in Portugal in New Business in Sonae Indústria (Painéis Derivados de Madeira)

1993-1996 Director of Planning and Strategic Control and Organizational Development in Sonae Investimentos - SGPS, S.A. (currently Sonae - SGPS, S.A.)

1996-1998 Executive Director of Modelo Continente Hipermercados, SA (Merchandising, IT e Marketing Retalho)

1998-2000 Chairman of the Executive Committee of Optimus - Telecomunicações, S.A. (Operador Móvel)

1998-April 2007 Executive Director of Sonae - SGPS, S.A.

2002-2007 Chairman of the General Board of Público - Comunicação Social, S.A.

2003-2007 Chairman of the General Board of Glunz, AG

2004-2007 Chairman of the Board of Directors of Tableros de Fibras, S.A. (Tafisa)

Since May 2007 Chairman of the Executive Committee of Sonae - SGPS, S.A.

Professional experience in other entities

2001-2002	Chairman of Aritel - Associação dos Operadores de Telecomunicações
2001-2008	Member of the General Council of EGP - UPBS (now Porto Business School)
2003	Co-author of the book "Reformar Portugal"
2006-2013	Member of the Board of Founders of Fundação Casa da Música
2008-2009	Member of the General Council of AEP - Associação Empresarial de Portugal
2009-2014	Member of the Board of Trustees of AEP - Associação Empresarial de Portugal
Since 2008	Member of ERT - European Round Table of Industrilists
Since 2009	Chairman of the Board of Trustees of Universidade do Porto
Since 2012	Member of the Board of COTEC
Since 2013	Member of International Advisory Board of Allianz SE

Offices held in other entities of Sonae

Chairman of Executive Committee of Sonae - SGPS, S.A.
Chairman of the Board of Directors of Sonae Investimentos, SGPS, S.A.
Chairman of the Board of Directors of Sonae MC - Modelo Continente , SGPS, S.A.
Chairman of the Board of Directors of Sonae - Specialized Retail , SGPS, S.A.
Chairman of the Board of Directors of Sonae Center Serviços II, SGPS, S.A.
Chairman of the Board of Directors of Sonae Sierra, SGPS, S.A.

Offices held in other entities

Chairman of the Board of Directors of Migracom, SGPS, S.A.
Vice-Chairman of the Board of Directors of Sonae Indústria, SGPS, S.A.
Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
Member of the Board of Directors of Imparfin, SGPS, S.A.
Member of ERT - European Round Table of Industrilists
Chairman of the Board of Trustees of Universidade do Porto
Member of the Board of COTEC
Member of International Advisory Board of Allianz SE

Francisco de La Fuente Sánchez

Birth date

2 January 1942

Academic Curriculum

1965 Degree in Electrical Engineering - Technical University

Main Professional Activities in the last five years

2000-2010 Non-Executive Director of Fundação Portugal-África

2004-2010 Member of the Advisory Council of Instituto Português de Corporate Governance

2005-2009 Chairman of Fundação EDP

2005-2012 Member of the Advisory Council of Fórum para a Competitividade

2006-2009 Member of the Supervisory Board of Millennium BCP - Banco Comercial Português

2007-2009 Chairman of Corporate Governance Committee of the Supervisory Board of Millennium BCP

2007-2012 Guest vowel of Conselho Nacional da Água

2007-2012 Vice-Chairman and Non-Executive Chairman of Directors of EFACEC Capital

2007-2012 Chairman of Conselho Nacional do Colégio de Engenharia Eletrotécnica da Ordem dos Engenheiros

2007-2013 Chairman of the General Board of PROFORUM

Since 2002 Member of the Board of Trustees of Fundação Luso-Espanhola

Since 2003 Member of Fórum Ibero América

Since 2004 Member of the Board of Trustees of Fundação Luso-Brasileira

Since 2005 Member of Patronato da Fundação Hidroelétrica del Cantábrico

Since 2009 Member co-opted of the Conselho de Escola do Instituto Superior Técnico

Since 2010 Chairman of the General Meeting of Iberwind - Desenvolvimento e Projetos. S.A.



Offices held in other entities

Non-Executive Director of Sonae Capital, SGPS, S.A.

Chairman of the General Meeting of Iberwind - Desenvolvimento e Projetos, S.A.

Chairman of the General Meeting of APEDS - Associação Portuguesa de Engenheiros para o Desenvolvimento Social

Member of the Remuneration Committee of Sonae, SGPS, S.A.

Member co-opted of Conselho de Escola do Instituto Superior Técnico

Chairman of the direction of AAAIST - Associação de Antigos Alunos do Instituto Superior Técnico

Member of Patronato da Fundação Hidroelétrica del Cantábrico

Chairman of honor of Hidroelétrica del Cantábrico, S.A.

Member of the Board of Trustees of Fundação Luso-Brasileira

Member of Fórum Ibero América

Member of the Board of Trustees of Fundação Luso-Espanhola

ANNUAL
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2014

5

FINANCIAL STATEMENTS

5. Financial Information

5.1. Sonaecom consolidated financial statements

Consolidated balance sheets

For the years ended at 31 December 2014 and 2013

(Amounts expressed in Euro)	Notes	December 2014	December 2013
Assets			
Non-current assets			
Tangible assets	1.c), 1.h) and 5	2,696,429	5,530,098
Intangible assets	1.d), 1.e) and 6	25,581,936	16,647,260
Goodwill	1.f) and 7	28,719,066	28,434,416
Investments in associated companies and companies jointly controlled	1.b) and 8	721,607,751	710,434,285
Financial assets at fair value through profit or loss	1.g), 4 and 9	1,424,996	-
Investments available for sale	1.g), 4 and 10	113,054	115,448
Other non-current assets	1.g), 1.r), 1.x), 4, 14 and 34	5,501,453	922,434
Deferred tax assets	1.p), 1.s) and 11	6,837,230	5,199,886
Total non-current assets		792,481,915	767,283,827
Current assets			
Financial assets at fair value through profit or loss	1.g), 4 and 9	58,540,576	202,442,350
Inventories	1.i), 12 and 22	1,077,458	553,525
Trade debtors	1.g), 1.j), 4, 13, 22 and 34	40,000,771	36,416,353
Other current debtors	1.g), 1.j), 4, 14, 22 and 34	9,816,130	23,040,766
Other current assets	1.r), 1.x), 4, 15 and 34	11,912,225	9,298,406
Cash and cash equivalents	1.g), 1.k), 4 and 16	182,010,595	188,014,923
Total current assets		303,357,755	459,766,323
Total assets		1,095,839,670	1,227,050,150
Shareholders' funds and liabilities			
Shareholders' funds			
Share capital	17	230,391,627	366,246,868
Own shares	1.u) and 18	(7,686,952)	(7,686,952)
Reserves	1.t)	773,848,807	674,091,313
Consolidated net income/(loss) for the year		27,958,229	103,838,479
		1,024,511,711	1,136,489,708
Non-controlling interests	19	(632,000)	269,824
Total Shareholders' funds		1,023,879,711	1,136,759,532
Liabilities			
Non-current liabilities			
Medium and long-term loans – net of short-term portion	1.l), 1.m), 4 and 20.a)	9,058,985	24,810,079
Other non-current financial liabilities	1.h), 4 and 21	480,274	67,937
Provisions for other liabilities and charges	1.o), 1.s) and 22	2,579,321	3,060,986
Deferred tax liabilities	1.p), 1.s) and 11	-	89,522
Other non-current liabilities	1.r), 1.x), 4, 23, 34 and 39	1,075,209	1,277,304
Total non-current liabilities		13,193,789	29,305,828
Current liabilities			
Short-term loans and other loans	1.l), 1.m), 4 and 20.b)	1,980,451	998,996
Trade creditors	4, 24 and 34	21,565,689	21,768,279
Other current financial liabilities	1.h), 4 and 25	285,904	70,728
Other creditors	4 and 26	6,647,364	10,439,327
Other current liabilities	1.r), 1.x), 4, 27, 34 and 39	28,286,762	27,707,460
Total current liabilities		58,766,170	60,984,790
Total Shareholders' funds and liabilities		1,095,839,670	1,227,050,150

The notes are an integral part of the consolidated financial statements at 31 December 2014 and 2013.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeirinho Paupério
António Bernardo Aranha da Gama Lobo
Maria Cláudia Teixeira de Azevedo

Consolidated profit and loss account by nature

For the years and quarters ended at 31 December 2014 and 2013 (restated – note 1)

(Amounts expressed in Euro)	Notes	December 2014	September to December 2014 (not audited)	December 2013 (restated)	September to December 2013 (restated and not audited)
Sales	1r), 28 and 34	38,375,020	9,416,572	33,057,911	8,059,387
Services rendered	1r), 28 and 34	83,341,646	22,732,110	71,707,832	18,187,386
Other operating revenues	1q), 29 and 34	2,761,594	595,605	3,323,218	835,236
		124,478,260	32,744,287	108,088,961	27,082,009
Cost of sales	1i), 12 and 22	(30,341,304)	(6,568,115)	(24,753,054)	(6,248,192)
External supplies and services	1h), 30 and 34	(41,853,327)	(11,279,142)	(37,522,457)	(7,706,619)
Staff expenses	1x), 39, 40 and 42	(44,454,793)	(11,942,370)	(38,653,177)	(9,629,950)
Depreciation and amortisation	1c), 1d), 1f), 5, 6 and 7	(7,142,387)	(2,309,073)	(5,966,045)	(1,224,963)
Provisions and impairment losses	1j), 1o), 1w) and 22	(25,972)	(25,972)	(1,634,614)	(651,088)
Other operating costs	31	(320,238)	(81,534)	(277,046)	(69,089)
		(124,138,021)	(32,206,206)	(108,806,393)	(25,529,901)
Gains and losses in associated companies and companies jointly controlled	1b), 8 and 32	15,742,802	(537,925)	(490,365)	(2,662,160)
Gains and losses on financial assets at fair value through profit or loss	1g), 9 and 32	(1,975,451)	4,949,971	46,636,719	37,489,324
Other financial expenses	1h), 1m), 1v), 1w), 32 and 34	(2,404,912)	(764,322)	(11,990,838)	(961,318)
Other financial income	1v), 32 and 34	2,959,024	394,648	7,976,199	1,036,831
Current income / (loss)		14,661,702	4,580,453	41,414,283	36,454,785
Income taxation	1p), 11 and 33	(689,789)	(304,173)	(3,812,770)	(1,063,121)
Consolidated net income/(loss) for the year of continued operations		13,971,913	4,276,280	37,601,513	35,391,664
Consolidated net income/(loss) for the year of discontinued operations	37	13,125,666	-	66,164,934	328,495
Consolidated net income/(loss) for the year		27,097,579	4,276,280	103,766,447	35,720,159
Attributed to:					
Shareholders of parent company	38	27,958,229	4,918,595	103,838,479	35,779,066
Non-controlling interests	19	(860,650)	(642,315)	(72,032)	(58,907)
Earnings per share	38				
Including discontinued operations:					
Basic		0.09	0.02	0.29	0.10
Diluted		0.09	0.02	0.29	0.10
Excluding discontinued operations:					
Basic		0.05	0.02	0.10	0.10
Diluted		0.05	0.02	0.10	0.10

The notes are an integral part of the consolidated financial statements at 31 December 2014 and 2013 (restated – note 1).

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo

Maria Cláudia Teixeira de Azevedo

Consolidated statement of profit or loss and other comprehensive income

For the years and quarters ended at 31 December 2014 and 2013 (restated – note 1)

(Amounts expressed in Euro)	Notes	December 2014	September to December 2014 (not audited)	December 2013 (restated)	September to December 2013 (restated and not audited)
Consolidated net income / (loss) for the period		27,097,579	4,276,280	103,766,447	35,720,159
Components of other consolidated comprehensive income, net of tax, that will be reclassified subsequently to profit or loss:					
Changes in reserves resulting from the application of equity method	8	2,687,127	15,786,112	(2,536,500)	(2,335,500)
Changes in currency translation reserve and other	1.v)	766,596	(572,217)	(1,155,064)	(383,964)
Consolidated comprehensive income for the period		30,551,302	19,490,175	100,074,883	33,000,695
Attributed to:					
Shareholders of parent company		31,411,952	20,132,490	100,146,915	33,059,602
Non-controlling interests		(860,650)	(642,315)	(72,032)	(58,907)

The notes are an integral part of the consolidated financial statements at 31 December 2014 and 2013 (restated – note 1).

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeiro Paupério

António Bernardo Aranha da Gama Lobo

Maria Cláudia Teixeira de Azevedo

Consolidated movements in shareholders' funds

For the years ended at 31 December 2014 and 2013

(Amounts expressed in Euro)			Reserves								
	Share capital	Own shares (Note 18)	Share premium	Legal reserves	Reserves for Medium Term Incentive Plans (Note 39)	Reserves of own shares	Other reserves	Total reserves	Non- controlling interests	Net income / (loss)	Total
2014											
Balance at 31 December 2013	366,246,868	(7,686,952)	775,290,377	13,152,684	1,077,258	7,686,952	(123,115,958)	674,091,313	-	103,838,479	1,136,489,708
Appropriation of the consolidated net result of 2013											
Transfers to other reserves	-	-	-	-	-	-	103,838,479	103,838,479	-	(103,838,479)	-
Consolidated comprehensive income for the year ended at 31 December 2014	-	-	-	-	-	-	3,453,723	3,453,723	-	27,958,229	31,411,952
Reduction of the share capital following the result of the general and voluntary acquisition of own shares (Note 17)	(135,855,241)	-	-	-	-	-	(5,815,229)	(5,815,229)	-	-	(141,670,470)
Effect of the recognition of the Medium Term Incentive Plans (Notes 1x and 39)	-	-	-	-	105,935	-	-	105,935	-	-	105,935
Effect of the conversion of the Medium Term Incentive Plans (Notes 1x and 39)	-	-	-	-	(1,183,193)	-	(1,134,660)	(2,317,853)	-	-	(2,317,853)
Early termination of the derivative on own shares (Notes 34 and 39)	-	-	-	-	-	-	492,439	492,439	-	-	492,439
Balance at 31 December 2014	230,391,627	(7,686,952)	775,290,377	13,152,684	-	7,686,952	(22,281,206)	773,848,807	-	27,958,229	1,024,511,711
Non-controlling interests											
Balance at 31 December 2013	-	-	-	-	-	-	-	-	269,824	-	269,824
Comprehensive income of non-controlling interests	-	-	-	-	-	-	-	-	(860,650)	-	(860,650)
Dividend distribution	-	-	-	-	-	-	-	-	(19,920)	-	(19,920)
Other changes	-	-	-	-	-	-	-	-	(21,254)	-	(21,254)
Balance at 31 December 2014	-	-	-	-	-	-	-	-	(632,000)	-	(632,000)
Total	230,391,627	(7,686,952)	775,290,377	13,152,684	-	7,686,952	(22,281,206)	773,848,807	(632,000)	27,958,229	1,023,879,711

The notes are an integral part of the consolidated financial statements at 31 December 2014 and 2013.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo

Maria Cláudia Teixeira de Azevedo

Consolidated movements in shareholders' funds (continued)

For the years ended at 31 December 2014 and 2013

(Amounts expressed in Euro)			Reserves								
	Share capital	Own shares (Note 18)	Share premium	Legal reserves	Reserves for Medium Term Incentive Plans (Note 39)	Reserves of own shares	Other reserves	Total reserves	Non- controlling interests	Net income / (loss)	Total
2013											
Balance at 31 December 2012	366,246,868	(5,544,847)	775,290,377	7,991,192	3,650,779	5,544,847	(145,743,071)	646,734,124	-	75,419,377	1,082,855,522
Appropriation of the consolidated net result of 2012											
Transfers to other reserves	-	-	-	5,161,492	-	-	70,257,885	75,419,377	-	(75,419,377)	-
Dividend distribution	-	-	-	-	-	-	(43,281,102)	(43,281,102)	-	-	(43,281,102)
Consolidated comprehensive income for the year ended at 31 December 2013	-	-	-	-	-	-	(3,691,564)	(3,691,564)	-	103,838,479	100,146,915
Acquisition of own shares	-	(2,500,042)	-	-	-	2,500,042	(2,500,042)	-	-	-	(2,500,042)
Delivery of own shares under the Medium Term Incentive Plans (Notes 1x) and 39)	-	357,937	-	-	(425,568)	(357,937)	430,292	(353,213)	-	-	4,724
Effect of the recognition of the Medium Term Incentive Plans (Notes 1x) and 39)	-	-	-	-	4,320,629	-	-	4,320,629	-	-	4,320,629
Early termination of the derivative on own shares (Notes 34 and 39)	-	-	-	-	-	-	1,411,644	1,411,644	-	-	1,411,644
Derecognition of incentive plans of discontinued operations (Nota 3.e))	-	-	-	-	(6,468,582)	-	-	(6,468,582)	-	-	(6,468,582)
Balance at 31 December 2013	366,246,868	(7,686,952)	775,290,377	13,152,684	1,077,258	7,686,952	(123,115,958)	674,091,313	-	103,838,479	1,136,489,708
Non-controlling interests											
Balance at 31 December 2012	-	-	-	-	-	-	-	-	387,479	-	387,479
Comprehensive income of non-controlling interests	-	-	-	-	-	-	-	-	(72,032)	-	(72,032)
Dividend distribution	-	-	-	-	-	-	-	-	(29,880)	-	(29,880)
Other changes	-	-	-	-	-	-	-	-	(15,743)	-	(15,743)
Balance at 31 December 2013	-	-	-	-	-	-	-	-	269,824	-	269,824
Total	366,246,868	(7,686,952)	775,290,377	13,152,684	1,077,258	7,686,952	(123,115,958)	674,091,313	269,824	103,838,479	1,136,759,532

The notes are an integral part of the consolidated financial statements at 31 December 2014 and 2013.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo

Maria Cláudia Teixeira de Azevedo



Consolidated cash flow statements

For the years ended at 31 December 2014 and 2013

(Amounts expressed in Euro)	December 2014	December 2013
Operating activities		
Receipts from trade debtors	130,622,335	555,100,940
Payments to trade creditors	(77,638,778)	(329,681,342)
Payments to employees	(50,409,282)	(83,146,614)
Cash flows from operating activities	2,574,275	142,272,984
Payments / receipts relating to income taxes, net	694,575	(4,380,429)
Other receipts / payments relating to operating activities, net	350,013	(6,436,770)
Cash flows from operating activities (1)	3,618,863	131,455,785
Investing activities		
Receipts from:		
Financial investments	15,400,849	15,557
Tangible assets	25,444	860,225
Intangible assets	-	1,002,664
Dividends	8,642,154	-
Loans granted	-	427,850,000
Interest and similar income	4,948,947	5,802,467
Payments for:		
Financial investments	(5,522,188)	(1,303,441)
Tangible assets	(1,123,460)	(69,813,219)
Intangible assets	(1,761,424)	(28,879,720)
Cash flows from investing activities (2)	20,610,322	335,534,533
Financing activities		
Receipts from:		
Loans obtained	1,566,524	3,925,434
Payments for:		
Leasing	(277,766)	(2,617,595)
Interest and similar expenses	(3,832,825)	(13,170,914)
Dividends	(19,920)	(43,310,983)
Acquisition of own shares	-	(2,500,042)
Loans obtained	(26,937,235)	(369,952,000)
Cash flows from financing activities (3)	(29,501,222)	(427,626,100)
Net cash flows (4)=(1)+(2)+(3)	(5,272,037)	39,364,218
Effect of the foreign exchanges	133,113	(489,036)
Effect of the discontinued operations	(1,051,278)	87,443,813
Cash and cash equivalents at the beginning of the year	188,004,715	61,685,720
Cash and cash equivalents at the end of the year	181,814,513	188,004,715

The notes are an integral part of the consolidated financial statements at 31 December 2014 and 2013.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeiro Paupério

António Bernardo Aranha da Gama Lobo

Maria Cláudia Teixeira de Azevedo



Notes to the consolidated cash flow statements

For the years ended at 31 December 2014 and 2013

1. Acquisition or sale of subsidiaries or other businesses

	Notes	December 2014	December 2013
a) Amounts received of sales and acquisitions			
Mainroad	3.d	13,354,926	-
S21	3.a	2,045,923	-
Distrinews, S.A.		-	9,375
Infosystems		-	6,182
		15,400,849	15,557
b) Amounts paid of acquisitions			
Sonae SGPS shares acquisition	9	5,522,188	-
Connectiv Solutions, Inc		-	1,213,537
Saphety Brasil		-	56,904
Saphety Colômbia		-	20,500
Distrinews, S.A.		-	12,500
		5,522,188	1,303,441
c) Amounts received of dividends			
ZOPT	8	7,250,000	-
NOS SGPS	32	1,321,504	-
Unipress	8	70,650	-
		8,642,154	-

2. Details of cash and cash equivalents

	Notes	December 2014	December 2013
Cash in hand	16	22,423	10,979
Cash at bank	16	4,551,280	28,793,626
Treasury applications	16	177,436,892	159,210,318
Overdrafts	16 and 20	(196,082)	(10,208)
Cash and cash equivalents		181,814,513	188,004,715
Overdrafts		196,082	10,208
Cash assets		182,010,595	188,014,923

3. Description of non-monetary financing activities

	Notes	December 2014	December 2013
a) Bank credit obtained and not used	20	1,194,888	16,000,000
b) Purchase of company through the issue of shares		Not applicable	Not applicable
c) Conversion of loans into shares		Not applicable	Not applicable



4. Cash flow breakdown by activity

Activity	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Net cash flows
2014				
Multimedia	(2,127,063)	(454,881)	(54,513)	(2,636,457)
Information Systems	2,157,379	13,563,515	(6,551,597)	9,169,297
Holding	3,588,547	7,501,688	(22,895,112)	(11,804,877)
	3,618,863	20,610,322	(29,501,222)	(5,272,037)

Activity	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Net cash flows
2013				
Telecommunication	145,550,815	(90,693,038)	(22,210,261)	32,647,516
Multimedia	(2,855,285)	(850,037)	(55,686)	(3,761,008)
Information Systems	(2,301,853)	(3,654,595)	(682,486)	(6,638,934)
Holding	(8,937,892)	430,732,203	(404,677,667)	17,116,644
	131,455,785	335,534,533	(427,626,100)	39,364,218

The notes are an integral part of the consolidated financial statements at 31 December 2014 and 2013.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Director

Ângelo Gabriel Ribeirinho Paupério

António Bernardo Aranha da Gama Lobo

Maria Cláudia Teixeira de Azevedo



5.2. Notes to the consolidated financial statements

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

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

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

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

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

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

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

By decision of the Shareholders' General Meeting held on 17 June 2002, Sonaecom's share capital was increased from Euro 181,000,000 to Euro 226,250,000 by public subscription reserved for the existing Shareholders, 45,250,000 new shares of 1 euro each

having been fully subscribed for and paid up at the price of Euro 2.25 per share.

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

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

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

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

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

- Multimedia;
- Information systems consultancy.

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

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

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

The period of the offer, during which sales orders were received, ran for two weeks, beginning on 6 February and ending on 19 February 2014. On 20 February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares (Note 9 and 17).



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

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

The Group operates in Portugal and has subsidiaries (from the information systems consultancy segment) operating in about 12 countries.

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

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

1. Basis of presentation

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

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

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

The following standards, interpretations, amendments and revisions have been approved (endorsed) by the European Union, and have mandatory application to financial years beginning on or after 1 January 2014 and were first adopted in the year ended at 31 December 2014:

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 (Consolidated Financial Statements)	1-Jan-13(*)
Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.	
IFRS 11 (Companies Jointly Controlled)	1-Jan-13(*)
Provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.	
IFRS 12 (Disclosures of Interests in Other Entities)	1-Jan-13(*)
New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	
Annual Improvements to IFRSs 2011-2013	1-Jul-14
Annual Improvements to IFRSs 2011-2013 Cycle is a collection of amendments to IFRSs in response to four issues addressed during the 2011-2013 cycle for annual improvements to IFRSs.	
IAS 27 (Separate Financial Statements)	1-Jan-13(*)
Consolidation requirements previously forming part of IAS 27 have been revised and are now contained in IFRS 10 - "Consolidated Financial Statements".	
IAS 28 (Investments in Associates and Joint Ventures)	1-Jan-13(*)
The objective of IAS 28 (as amended in 2011) is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	
Amendments to IFRS 10, IFRS 12 and IAS 27 (Investment Entities)	1-Jan-14
The amendments apply to a particular class of business that qualify as investment entities. The amendments provide an exception to the consolidation requirements in IFRS 10.	
IAS 32- Amendments (Offsetting Financial Assets and Financial Liabilities)	1-Jan-14
IAS 32 is amended to refer to the disclosure requirements in respect of offsetting arrangements.	
Amendments to IAS 36 (Recoverable Amount Disclosures for Non-Financial Assets)	1-Jan-14
The amendments introduce additional disclosures and clarify the disclosures required when an asset is impaired and how the recoverable amount of assets was determined based on fair value less cost of disposal.	

Standard / Interpretation	Effective date (annual periods beginning on or after)
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Amendments to IAS 39 (Novation of Derivatives and Continuation of Hedge Accounting)	1-Jan-14
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The objective of the proposed amendments is to provide an exception to the requirement for the discontinuation of hedge accounting in IAS 39 and IFRS 9 in circumstances when a hedging instrument is required to be novated as a result of laws or regulations.

IFRIC 21 Levies (Levies Charged by Public Authorities on Entities that Operate in a Specific Market)	1-Jan-14
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This interpretation clarifies on when a liability to pay a levy imposed by a government (does not include income taxes - see IAS 12 - "Income Taxes") should be recognised by an entity. IFRIC 21 identifies that the obligating event that gives rise to a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation.

(*)In accordance with the Regulation, which approves the adoption of IFRS 10, 11 and 12 and the amendments to IAS 27 and IAS 28, an entity shall use these standards no later than periods beginning on or after January 1, 2014. The early adoption is however permitted.

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

The following standards, interpretations, amendments and revisions have been at the date of approval of these financial statements, approved (endorsed) by the European Union, whose application is mandatory only in future periods or financial years:

Standard / Interpretation	Effective date (annual periods beginning on or after)
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Annual Improvements to IFRSs 2010-2012 Cycle	1-Jul-14
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Annual Improvements to IFRSs 2010-2012 Cycle is a collection of amendments to IFRSs in response to eight issues addressed during the 2010-2012 cycle for annual improvements to IFRSs.

IAS 19 - Amendments (Defined Benefit Plans: Employee Contributions)	1-Jul-14
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The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service.

These standards, although endorsed by the European Union, were not adopted by the Company for the year ended at 31 December 2014, since their application is not yet mandatory. The application of these standards and interpretations, as applicable to the Group will have no material effect on future statements of the Group.

The following standards, interpretations, amendments and revisions have not yet been approved (endorsed) by the European Union, at

Standard / Interpretation	Effective date (annual periods beginning on or after)
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IFRS 9 (Financial Instruments) and subsequent amendments	1-Jan-18
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This standard introduces new requirements for classifying and measuring financial assets.

Amendments to IFRS 10 - "Consolidated Financial Statements", IFRS 12 - "Disclosure of Interests in Other Entities" and IAS 28 - "Investments in Associates and Joint Ventures"	1-Jan-16
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The purposed of these amendments is to clarify several issues regarding the application of the requirement for investment entities to measure subsidiaries at fair value instead of consolidating them.

IFRS 10 and IAS 28 - Amendments (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	1-Jan-16
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The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those established in IAS 28 (2011), when dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

IFRS 11 - Amendments (Accounting for Acquisitions of Interests in Joint Operations)	1-Jan-16
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The objective was to add new guidance on the accounting for the acquisition of an interest in a joint by controlled operation that constitutes a business. The IASB decided which acquirers of such interests shall apply all the principles applied to business combinations accounting as established in IFRS 3 - "Business Combinations", and other IFRSs, that do not conflict with the guidance provided in IFRS 11.

IFRS 14 (Regulatory Deferral Accounts)	1-Jan-16
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Permits an entity which is a first-time adopter of IFRS to continue to account, with some limited changes, for 'regulatory deferral account balances', in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

IFRS 15 (Revenue from Contracts with Customers)	1-Jan-17
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IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

Amendments to IAS 1 - Presentation of Financial Statements (Disclosures)	1-Jan-16
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The amendment introduces a set of directions and guidelines to improve and simplify the disclosures in the context of current IFRS reporting requirements.

Standard / Interpretation	Effective date (annual periods beginning on or after)
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IAS 16 and IAS 38 - Amendments **1-Jan-16**

(Clarification of Acceptable Methods of Depreciation and Amortisation)

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

IAS 16 and IAS 41 - Amendments **1-Jan-16**

(Agriculture: Bearer Plants)

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

IAS 27: Amendments (Equity Method in Separate Financial Statements) **1-Jan-16**

This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Annual Improvements to IFRSs 2012–2014 Cycle **1-Jan-16**

Annual Improvements to IFRSs 2012–2014 Cycle is a collection of amendments to IFRSs in response to issues addressed during the 2012–2014 cycle for annual improvements to IFRSs.

These standards have not yet been approved ('endorsed') by the European Union and, as such, were not adopted by the Group for the year ended at 31 December 2013. Their application is not yet mandatory.

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

Sale of Mainroad

During the year ended 31 December 2014, as a result of the sale of Mainroad (Note 3. d)), this was classified, for presentation effects as a discontinued operation. As set forth by IFRS 5, changes were made in the consolidated balances sheets and the consolidated profit and loss statements for the year ended at 31 December 2013, , in order to disclose a single caption in profit and loss statements ('Net income/(loss) for the year of discontinued operations') related to net income/(loss) of discontinued operations.

Profit and loss statement at 31 December 2013

(Amounts expressed in Euro)	Before the change	Restatement of the Mainroad' contribution to discontinued operations	Profit and loss statement restated
Total revenue	120,449,875	(12,360,914)	108,088,961
Costs and losses			
External supplies and services	(44,474,432)	6,951,975	(37,522,457)
Depreciation and amortisation	(6,641,792)	675,747	(5,966,045)
Other operating costs	(70,063,034)	4,745,143	(65,317,891)
	(121,179,258)	12,372,865	(108,806,393)
Financial results	42,124,754	6,961	42,131,715
Income taxation	(3,873,144)	60,374	(3,812,770)
Consolidated net income/(loss) for the year of continued operations	37,522,227	79,286	37,601,513
Consolidated net income/(loss) for the year of discontinued operations	66,244,220	(79,286)	66,164,934
Consolidated net income/(loss) for the year	103,766,447	-	103,766,447
Attributed to non-controlling interests	(72,032)	-	(72,032)
Attributed to shareholders of parent company	103,838,479	-	103,838,479
Earnings per share			
Including discontinued operations:			
Basic	0.29	0.00	0.29
Diluted	0.29	0.00	0.29
Excluding discontinued operations:			
Basic	0.10	0.00	0.10
Diluted	0.10	0.00	0.10

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

Main accounting policies

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

a) Investments in Group companies

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

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

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

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

The fully consolidated companies are listed in note 2.



b) Investments in associated companies and companies jointly controlled

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

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

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

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

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

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

c) Tangible assets

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

Depreciations are calculated on a straight-line monthly basis as from the date the assets are available for use in the necessary conditions to operate as intended by the management, by a corresponding charge under the profit and loss statement caption 'Depreciation and amortisation'.

Impairment losses detected in the realisation value of tangible assets are recorded in the year in which they arise, by a corresponding

charge under the caption 'Depreciation and amortisation' in the profit and loss statement.

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

	Years of useful life
Buildings and other constructions	1 - 20
Plant and machinery	3 - 15
Vehicles	1 - 4
Fixtures and fittings	1 - 10
Other tangible assets	4 - 20

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

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

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

d) Intangible assets

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

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

Amortisations of intangible assets are calculated on a straight-line monthly basis, over the estimated useful life of the assets (one to nineteen years, but most of which are amortized between 3 and 6 years), as from the month in which the corresponding expenses are incurred. The amortisation of the customer's portfolios is provided on a straight-line basis over the estimated average retention period of the customers (six years).

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



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

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

e) Brands and patents

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

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

f) Goodwill

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

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

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

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

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

Goodwill are recorded in the profit and loss statement for the period under the caption 'Depreciation and amortisation'.

g) Financial instruments

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

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

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

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

(ii) 'Loans and receivables'

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

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

Loans and receivables are recorded as current assets, except when their maturity is greater than 12 months from the balance sheet date, a situation in which they are classified as non-current assets. Loans and receivables are included in the captions 'Trade debtors' and 'Other current debtors' in the balance sheet.

(iii) 'Held-to-maturity investments'

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

At 31 December 2014 the Group did not hold any 'Held-to-maturity investment'.

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

Available-for-sale financial assets are non-derivative investments that are either designated in this category or not classified in any of the other above referred categories. They are included in non-current



assets unless management intends to dispose them within 12 months of the balance sheet date.

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

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

'Loans and receivables' and 'Held-to-maturity investments' are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of financial assets classified at fair value through profit or loss are recognised in the profit and loss statement. Realised and unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss statement as gains or losses from investment securities.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using other valuation techniques. These include the use of recent arm's length transactions, reference to similar instruments, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. If none of these techniques can be used, the Group values those investments at cost net of any identified impairment losses. The fair value of listed investments is determined based on the closing Euronext share price at the balance sheet date.

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

h) Financial and operational leases

Lease contracts are classified as financial leases, if, in substance, all risks and rewards associated with the detention of the leased asset

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

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

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

i) Inventories

Inventories are stated at their acquisition cost, net of any impairment losses, which reflects their estimated net realisable value. Accumulated inventory impairment losses reflect the difference between the acquisition cost and the realisable amount of inventories, as well as the estimated impairment losses due to low turnover, obsolescence and deterioration, and are registered in profit and loss statement, in 'Cost of sales'.

j) Trade and other current debtors

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

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

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

k) Cash and cash equivalents

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

The consolidated cash flow statement has been prepared in accordance with IAS 7, using the direct method. The Group classifies, under the caption 'Cash and cash equivalents', investments that mature in less than three months, for which the risk of change in



value is insignificant. The caption 'Cash and cash equivalents' in the cash flow statement also includes bank overdrafts, which are reflected in the balance sheet caption 'Short-term loans and other loans'.

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

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

l) Loans

Loans are recorded as liabilities by the 'amortised cost'. Any expenses incurred in setting up loans are recorded as a deduction to the nominal debt and recognised during the period of the loan, based on the effective interest rate method. The interests incurred but not yet due are added to the loans caption until their payment.

m) Financial expenses relating to loans obtained

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

n) Derivatives

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

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

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

Wedo Consulting. The values and times periods involved are identical to the amounts invoiced and their maturities.

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

At 31 December 2014, the Group had foreign exchange forwards to hedge the foreign currency risk related to account receivables in dollars (note 1.v), in addition to those mentioned in note 1.x).

o) Provisions and contingencies

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

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

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

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

p) Income tax

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

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

Deferred taxes are calculated using the liability method and reflect the timing differences between the amount of assets and liabilities



for accounting purposes and the respective amounts for tax purposes.

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

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

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

q) Government subsidies

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

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

For businesses in the digital security area, non-repayable subsidies are recognized in the balance sheet as deferred income and are recognized in the profit and loss statement in 'Other operating income'. The incentive is recognized during the project development period.

The reimbursable subsidies are recognized in the balance sheet as liabilities in 'Medium and long-term loans – net of short-term portion' and 'Short-term loans and other loans' and are depreciated in accordance with the established payment plans. These subsidies are recorded at amortized cost in accordance with the method of effective interest rate.

r) Accrual basis and revenue recognition

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

The captions of 'Other non-current assets', 'Other current assets', 'Other non-current liabilities' and 'Other current liabilities' include expenses and income relating to the current period, where payment and receipt will occur in future periods, as well as payments and

receipts in the current period but which relate to future periods. The latter shall be included by the corresponding amounts in the results of the periods that they relate to.

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

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

Non-current financial assets and liabilities are recorded at fair value and, in each period, the financial actualization of the fair value is recorded in the profit and loss statement under the captions 'Other financial expenses' and 'Other financial income'.

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

s) Balance sheet classification

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

In addition, considering their nature, the 'Deferred taxes' and the 'Provisions for other liabilities and charges', are classified as non-current assets and liabilities (notes 11 and 22).

t) Reserves

Legal reserve

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

Share premiums

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

Medium Term Incentive Plans Reserves

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

Hedging reserve

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

Own shares reserve

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

Under Portuguese law, the amount of distributable reserves is determined in accordance with the individual financial statements of the Company, presented in accordance with IFRS. Additionally, the increments resulting from the application of fair value through equity components, including its implementation through net results, shall be distributed only when the elements that gave rise to them are sold, liquidated or exercised or when they finish their use, in the case of tangible or intangible assets. Therefore, at 31 December 2014, Sonaecom, SGPS, S.A. have free reserves distributable amounting approximately Euro 26,5 million. To this effect were considered as distributable increments resulting from the application of fair value through equity components already exercised during the period ended 31 December 2014.

u) Own shares

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

v) Foreign currency

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

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

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

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

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

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

	2014		2013	
	31 December	Average	31 December	Average
Pounds Sterling	1.2839	1.2407	1.1995	1.1780
Brazilian Real	0.3105	0.3206	0.3070	0.3508
American Dollar	0.8237	0.7538	0.7251	0.7533
Polish Zloti	0.2340	0.2390	0.2407	0.2383
Australian Dollar	0.6744	0.6796	0.6484	0.7294
Mexican Peso	0.0560	0.0567	0.0553	0.0591
Egyptian Pound	0.1155	0.1068	0.1044	0.1097
Malaysian Ringgit	0.2354	0.2303	0.2211	0.2393
Chilean Peso	0.0014	0.0013	0.0014	0.0015
Singapore Dollar	0.6227	0.5948	0.5743	0.6021
Swiss Franc	0.8317	0.8233	0.8146	0.8125
Swedish Krona	0.1065	0.1099	0.1129	0.1156
South African Rand	0.0713	0.0695	0.0687	0.0783
Angolan Kwanza	0.0080	0.0077	0.0074	0.0078
Colombian Peso	0.0004	0.0004	0.0004	0.0004
Canadian Dollar	0.7111	0.6824	0.6816	0.7316
Moroccan Dirham	0.0912	0.0896	0.0890	0.0897

At 31 December 2014, the Group had foreign exchange forwards amount to USD 5,333,000 (USD 4,060,461, at 31 December 2013), fixing the exchange rate for EUR, which have an average maturity of 1 month (2 months at 31 December 2013).

w) Assets impairment

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



individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

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

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

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

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

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

x) Medium Term Incentive Plans

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

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

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

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

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

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

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

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

For 2011 Sonaecom shares plan, the Company was signed with Sonae-SGPS, S.A., a contract that agrees to the transfer of Sonaecom, SGPS, S.A. shares for employees and board members of the Group as requested by Sonaecom and under the MTIP of Sonaecom and fixed the shares' acquisition price. This contract ceased during the year of 2014.

For Sonaecom shares plans, the company converted all such plans into shares of Sonae SGPS. The impacts associated to the Medium Term Incentive Plans are registered, in the balance sheet, under the

caption 'Other current liabilities' and 'Other non-current liabilities' (note 39).

At 31 December 2014, the Sonae SGPS shares plans resulting from the conversion of the original plan of Sonaecom shares were covered by hedging contracts with the parent company, which fixed the price for the acquisition of such shares at that responsibility with the plans is recorded at the price specified in the contract, in proportion to the time elapsed since the award date until the payment date, the other plan is not covered by the contract being recorded liability at fair value. Therefore, the responsibility is recorded based on that fixed price, proportionally to the period of time elapsed since the award date until the date of record, under the captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognized on the income statement under the caption 'Staff expenses'.

y) Subsequent events

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

z) Judgements and estimates

The most significant accounting estimates reflected in the consolidated financial statements of the years ended at 31 December 2014 and 2013, are as follows:

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

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

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

aa) Financial risk management

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

These risks arise from the unpredictability of financial markets, which affect the capacity of project cash flows and profits. The Group financial risk management, subject to a long-term ongoing perspective, seeks to minimise potential adverse effects that derive from that uncertainty, using, whenever it is possible and advisable, derivative financial instruments to hedge the exposure to such risks (note 1.n).

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

Market risk

a) Foreign exchange risk

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

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

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

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

The amount of assets and liabilities (in Euro) belonging to the Group and recorded in a different currency is as follows:

	Assets		Liabilities	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
American Dollar	34,275,275	21,637,176	20,680,010	20,865,270
Australian Dollar	107,260	91,470	465,128	268,625
Egyptian Pound	702,303	515,284	-	-
Pounds Sterling	4,966,107	5,261,738	5,413,231	5,623,137
Mexican Peso	6,210,283	2,769,540	5,802,943	1,281,814
Brazilian Real	5,277,748	6,222,138	3,832,735	4,829,559
Malaysian Ringgit	757,351	648,169	447,262	431,156
Polish Zloti	155,746	150,473	472,026	361,454
Singapore Dollar	-	404,516	-	31,174
Swiss Franc	2,308,337	345,616	-	-
Canadian Dollar	2,902	-	-	-
Pesos Colombianos	35,646	49,911	269,227	114,726

- As from the start of the transaction, the maximum cost of the debt, resulting from the hedging operation is known and limited, even in scenarios of extreme changes in market interest rates, so that the resulting rates are within the cost of the funds considered in the Group's business plan.

As all Sonaecom's borrowings (note 20) are at variable rates, interest rate are used swaps and other derivatives, when it is deemed necessary, to hedge future changes in cash flow relating to interest payments. Interest rate swaps have the financial effect of converting the respective borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with third parties (banks) to exchange, in pre-determined periods, the difference between the amount of interest calculated at the fixed contract rate and the floating rate at the time of re-fixing, by reference to the respective agreed notional amounts.

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

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

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

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

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

At 31 December 2014, are not contracted any derivatives of interest rate hedging.

The analysis of sensibility to interest rate risk is presented in note 20.

The Group's sensitivity to the variations of the exchange rate is as follows (increases/(decreases)):

	Change in exchange rates	2014		2013	
		Income	Shareholders' funds	Income	Shareholders' funds
American Dollar	5%	749,359	(69,595)	35,495	3,101
Australian Dollar	5%	(624)	(17,270)	(2,929)	(5,928)
Swiss Franc	5%	115,417	-	17,281	-
Egyptian Pound	5%	35,115	-	25,764	-
Pounds Sterling	5%	159,578	(181,934)	132,546	(150,616)
Mexican Peso	5%	61,889	(41,522)	44,162	30,225
Brazilian Real	5%	(2,459)	74,710	(604)	70,233
Malaysian Ringgit	5%	22,120	(6,616)	17,071	(6,221)
Polish Zloti	5%	(14,104)	(1,710)	(10,633)	84
Singapore Dollar	5%	-	-	18,663	4
Euro	5%	(210,088)	-	(118,973)	-
Canadian Dollar	5%	145	-	-	-
Pesos Colombianos	5%	875	(12,554)	1,051	(4,291)
		917,223	(256,491)	158,894	(63,409)

b) Interest rate risk

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

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

- For each derivative or instrument used to hedge a specific loan, the interest payment dates on the loans subject to hedging must equalise the settlement dates defined under the hedging instrument;
- Perfect match between the base rates: the base rate used in the derivative or hedging instrument should be the same as that of the facility/transaction which is being hedged;



Liquidity risk

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

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

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

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

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

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

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

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

is an important variable to quantify the amounts and the maturity of the applications in the market.

The maturity analysis for the loans obtained is presented in note 20.

Credit risk

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

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

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



2. Companies included in the consolidation

Group companies included in the consolidation through full consolidation method, their head offices, main activities, Shareholders and percentage of share capital held at 31 December 2014 and 2013, are as follows:

Company (Commercial brand)	Head office	Main activity	Shareholder	Percentage of share capital held			
				2014		2013	
				Direct	Effective*	Direct	Effective*
Parent company							
SONAE COM, S.G.P.S., S.A. ('Sonaecom')	Maia	Management of shareholdings.	-	-	-	-	-
Subsidiaries							
Cape Technologies Limited ('Cape Technologies')	Dublin	Rendering of consultancy services in the area of information systems.	We Do	100%	100%	100%	100%
Digitmarket - Sistemas de Informação, S.A. ('Digitmarket' - using the brand 'Bizdirect')	Maia	Development of management platforms and commercialisation of products, services and information, with the internet as its main support.	Sonaecom SI	75.10%	75.10%	75.10%	75.10%
Ittrust - CyberSecurity Intelligence, S.A. ('Ittrust') (a)	Maia	Commercialization of products and management services, implementation and consulting in information systems and technologies areas.	Sonaecom CSI	100%	100%	-	-
Lookwise, S.L.U. ('Lookwise') (b)	Navarra	Development, promotion and commercial exploitation of information systems with solutions in safety and regulatory compliance, including assignment or transfer to third parties. Research, development and innovation, as well as consulting, maintenance and audit for products, systems, facilities and communication and security services.	S21 Sec Gestion	100%	60%	-	-
Lugares Virtuais, S.A. ('Lugares Virtuais') (c)	Maia	Organisation and management of electronic online portals, content acquisition, management of electronic auctions, acquisition and deployment of products and services electronically and any related activities.	Miauger	Dissolved		100%	100%
Mainroad - Serviços em Tecnologias de Informação, S.A. ('Mainroad') (d)	Maia	Rendering of consultancy services in IT areas.	Sonaecom SI	Sold		100%	100%
Miauger - Organização e Gestão de Leilões Electrónicos, S.A. ('Miauger') (e)	Maia	Organisation and management of electronic auctions of products and services on-line.	Sonaecom	Dissolved		100%	100%
PCJ - Público, Comunicação e Jornalismo, S.A. ('PCJ')	Maia	Editing, composition and publication of periodical and non-periodical material and the exploration of radio and TV stations and studios.	Sonaecom	100%	100%	100%	100%
Praesidium Services Limited ('Praesidium Services')	Berkshire	Rendering of consultancy services in the area of information systems.	Sonaecom SI We Do UK	100%	100%	-	-
Público - Comunicação Social, S.A. ('Público')	Oporto	Editing, composition and publication of periodical and non-periodical material.	Sonaecom	-	-	100%	100%
S21 Sec Barcelona, S.L. ('S21 Sec Barcelona') (b)	Barcelona	Consulting, advisory, audit and maintenance of all types of facilities and advanced communications services and security systems. Purchase and installation of advanced communications and security systems produced by others.	S21 Sec Gestion	100%	60%	-	-
S21 Sec Brasil, Ltda ('S21 Sec Brasil') (b)	São Paulo	Consulting in information technology. Development and licensing of customizable computer programs. Development of custom computer programs. Technical support, maintenance and other services in information technology.	S21 Sec Gestion	99.99%	59.99%	-	-
S21 Sec Fraud Risk Management, S.L. ('S21 Sec FRM') (b)	Navarra	Consulting, advisory, audit and maintenance of all types of facilities and advanced communications services and security systems. Purchase and installation of advanced communications and security systems produced by others.	S21 Sec Gestion	100%	60%	-	-
S21 Sec Gestion, S.A. ('S21 Sec Gestion') (b)	Navarra	Consulting, advisory, audit and maintenance of all types of facilities and advanced communications services and security systems. Purchase and installation of advanced communications and security systems produced by others.	Sonaecom CSI	60%	60%	-	-
S21 Sec Inc. ('S21 Sec Inc.') (b)	Texas	Consulting, advisory, audit and maintenance of all types of facilities and advanced communications services and security systems. Purchase and installation of advanced communications and security systems produced by others.	S21 Sec Gestion	100%	60%	-	-
S21 Sec Information Security Labs, S.L. ('S21 Sec Labs') (b)	Navarra	Research, development and innovation, as well as consulting, maintenance and audit for products, systems, facilities and communication and security services.	S21 Sec Gestion	100%	60%	-	-

Company (Commercial brand)	Head office	Main activity	Shareholder	Percentage of share capital held			
				2014		2013	
				Direct	Effective*	Direct	Effective*
S21 Sec Institute, S.L. ('S21 Sec Institute') (b)	Gipuzcoa	Education, formation, awareness, counseling, technical assistance, certification, research, innovation and development, in all types of methodologies, career plans, safety culture, products and services of digital security and cyber security, facilities, services and systems of advanced communication environments and digital security.	S21 Sec Gestion	100%	60%	-	-
S21 Sec México, S.A. de CV ('S21 Sec México') (b)	Mexico City	Computer consulting services	S21 Sec Gestion	99.87%	60%	-	-
S21 Sec, S.A. de CV ('S21 Sec, S.A. de CV') (b)	Mexico City	Computer consulting services	S21 Sec Gestion	99.99%	60%	-	-
Saphety Level – Trusted Services, S.A. ('Saphety')	Maia	Rendering services, training, consultancy services in the area of communication, process and electronic certification of data; trade, development and representation of software.	Sonae com SI	86.995%	86.995%	86.995%	86.995%
Saphety Brasil Transações Eletrônicas Ltda. ('Saphety Brasil')	São Paulo	Rendering services, training, consultancy services in the area of communication, process and electronic certification of data; electronic identification, storage and availability of databases and electronic payments; trade, development and representation of software related with these services.	Saphety	99.8%	86.821%	99.8%	86.821%
Saphety – Transacciones Electronicas SAS ('Saphety Colombia')	Bogotá	Rendering services, training, consultancy services in the area of communication, process and electronic certification of data; electronic identification, storage and availability of databases and electronic payments; trade, development and representation of software related with these services.	Saphety	100%	86.995%	100%	86.995%
Servicios de Inteligencia Estratégica Global, S.L. ('SIEG') (b)	Navarra	Provision of advice services, guidance, consulting, team building and training in areas of research, testing, processing and delivering relevant information for strategic and operational management of companies, governments, organizations and institutions. Support services and support to business and defense of companies and organizations internationally. Research, development, innovation and marketing methodologies, software, hardware and technologies in general, within the scope of research, analysis and automatic and intelligent processing of information, including sensitivity analysis and indicators prospectively.	S21 Sec Gestion	100%	60%	-	-
Sonae com – Cyber Security and Intelligence, SGPS, S.A. ('Sonae com CSI') (f)	Maia	Management of shareholdings.	Sonae com SI	100%	100%	-	-
Sonae com – Serviços Partilhados, S.A. ('Sonae com SP')	Maia	Support, management consulting and administration, particularly in the areas of accounting, taxation, administrative procedures, logistics, human resources and training.	Sonae com	100%	100%	100%	100%
Sonae com – Sistemas de Informação, S.G.P.S., S.A. ('Sonae com SI')	Maia	Management of shareholdings in the area of corporate ventures and joint ventures.	Sonae com	100%	100%	100%	100%
Sonae com – Sistemas de Información Española, S.L. ('SSI Española')	Madrid	Rendering of consultancy services in the area of information systems.	Sonae com SI	100%	100%	100%	100%
Sonae com BV	Amsterdam	Management of shareholdings.	Sonae com	100%	100%	100%	100%
Sonae telecom BV	Amsterdam	Management of shareholdings.	Sonae com	100%	100%	100%	100%
Tecnológica Telecomunicações, LTDA. ('Tecnológica')	Rio de Janeiro	Rendering of consultancy and technical assistance in the area of IT systems and telecommunications.	We Do Brasil	99.99%	99.90%	99.99%	99.90%
We Do Consulting – Sistemas de Informação, S.A. ('We Do')	Maia	Rendering of consultancy services in the area of information systems.	Sonae com SI	100%	100%	100%	100%
Wedo do Brasil Soluções Informáticas, Ltda. ('We Do Brasil')	Rio de Janeiro	Commercialisation of software and hardware; rendering of consultancy and technical assistance related to information technology and data processing.	We Do	99.91%	99.91%	99.91%	99.91%
We Do Poland Sp. Z o.o. ('We Do Poland') (g)	Poznan	Rendering of consultancy services in the area of information systems.	Cape Technologies	100%	100%	100%	100%
We Do Technologies Americas, Inc ('We Do USA')	Delaware	Rendering of consultancy services in the area of information systems.	Cape Technologies	100%	100%	100%	100%
We Do Technologies Australia PTY Limited ('We Do Asia')	Sydney	Rendering of consultancy services in the area of information systems.	Cape Technologies	100%	100%	100%	100%
We Do Technologies BV ('We Do BV')	Amsterdam	Management of shareholdings.	We Do	100%	100%	100%	100%
We Do Technologies BV – Malaysian Branch ('We Do Malasia')	Kuala Lumpur	Rendering of consultancy services in the area of information systems.	We Do BV	100%	100%	100%	100%

Company (Commercial brand)	Head office	Main activity	Shareholder	Percentage of share capital held			
				2014		2013	
				Direct	Effective*	Direct	Effective*
We Do Technologies Egypt LLC ('We Do Egypt')	Cairo	Rendering of consultancy services in the area of information systems.	We Do BV Sonaecom BV Sonaetelecom BV	90% 5% 5%	90% 5% 5%	90% 5% 5%	90% 5% 5%
We Do Technologies (UK) Limited ('We Do UK')	Berkshire	Rendering of consultancy services in the area of information systems.	We Do	100%	100%	100%	100%
We Do Technologies Mexico, S de R.L. ('We Do Mexico')	Mexico City	Rendering of consultancy services in the area of information systems.	Sonaecom BV We Do BV	0.001% 99.999%	0.001% 99.999%	0.001% 99.999%	0.001% 99.999%
We Do Technologies Panamá S.A. ('We Do Panamá') (h)	Panamá City	Rendering of consultancy services in the area of information systems.	We Do BV	Settled		100%	100%
We Do Technologies Singapore PTE. LTD. ('We Do Singapura') (i)	Singapore	Rendering of consultancy services in the area of information systems.	We Do BV	Settled		100%	100%

* Sonaecom effective participation

(a) Company established in July 2014

(b) Company acquired in July 2014

(c) Company dissolved in February 2014

(d) Company sold in September 2014

(e) Company dissolved in May 2014

(f) Company established in May 2014

(g) Company began its liquidation process at 1 January 2015

(h) Company settled in 2014

(i) Company settled in December 2014

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

3. Changes in the Group

During the years ended at 31 December 2014 and 2013, the following changes occurred in the composition of the Group:

a) Acquisitions

Purchaser	Subsidiary	Date	% Direct Participation	% Effective Participation
2014				
Sonaecom CSI	Lookwise	Jul-14	100%	60%
Sonaecom CSI	S21 Sec Barcelona	Jul-14	100%	60%
Sonaecom CSI	S21 Sec Brasil	Jul-14	99.99%	59.99%
Sonaecom CSI	S21 Sec FRM	Jul-14	100%	60%
Sonaecom CSI	S21 Sec Gestion	Jul-14	60%	60%
Sonaecom CSI	S21 Sec Inc.	Jul-14	100%	60%
Sonaecom CSI	S21 Sec Labs	Jul-14	100%	60%
Sonaecom CSI	S21 Sec Institute	Jul-14	100%	60%
Sonaecom CSI	S21 Sec México	Jul-14	99.87%	60%
Sonaecom CSI	S21 Sec, S.A. de CV	Jul-14	99.99%	60%
Sonaecom CSI	SIEG	Jul-14	100%	60%
Sonaecom CSI	S21 Sec Ciber seguridad	Jul-14	50%	30%
Sonaecom CSI	Big Data	Jul-14	50%	30%
2013				
Saphety	Saphety Brasil	Feb-13	99.8%	86.8%



The balance sheet of these companies ('S21 Group') acquired in 31 July 2014 incorporated in the Group consolidations statements could be detailed as follows:

(Amounts expressed in Euro)	Notes	Values before acquisition	Adjustments to fair value	Fair value
Acquired assets				
Tangible assets	5	296,360	-	296,360
Intangible assets	6	8,415,602	-	8,415,602
Other non current assets		373,756	-	373,756
Deferred tax assets	11	1,044,217	-	1,044,217
Trade debtors		2,276,529	-	2,276,529
Other current debtors		1,983,746	-	1,983,746
Other current assets		746,850	-	746,850
Cash and cash equivalents		2,828,615	-	2,828,615
		17,965,675	-	17,965,675
Acquired liabilities				
Medium and long-term loans – net of short-term portion		10,550,712	-	10,550,712
Provisions for other liabilities and charges	22	-	273,266	273,266
Other non-current liabilities		41,901	-	41,901
Short-term loans and other loans		2,416,104	-	2,416,104
Trade creditors		1,679,816	-	1,679,816
Other creditors		2,686,420	-	2,686,420
Other current liabilities		242,455	-	242,455
		17,617,408	273,266	17,890,674
Net assets and liabilities		348,267	(273,266)	75,001
Acquisition price				75,001
Goodwill / (Badwill)				-

Following this acquisition, is being performed a preliminary assessment of the fair value of assets acquired and assumed liabilities through this operation, having been registered Provisions for other liabilities and charges to cover several contingencies.

Several scenarios were included in the various reviews and sensitivity analysis performed, on which did not result significant variations in the allocation of the fair value of assets and liabilities. For the remaining assets and liabilities no significant differences were identified between the fair value and the respective book value.

The allocation of the acquisition price is still subject to changes until the conclusion of a period of one year from the date of acquisition, in accordance with IFRS 3 - Business Combinations. However, the Group does not expect material changes as a result of the allocation changes made.

The contribution of the S21 Group, to the net income attributed to shareholders of Sonaecom, for the year ended at 31 December 2014, was negative at the amount of 1,049 thousand euros.

The detail of this contribution is as follows:

(Amounts expressed in Euro)	Contribution at 31 December 2014
Total Revenues	6,316,027
Costs and losses	
Cost of sales	(1,410,563)
External supplies and services	(1,200,463)
Staff expenses	(3,675,197)
Depreciations and amortisations	(1,455,886)
Other operating costs	(25,428)
	(7,767,537)
Financial Results	(339,483)
Income Tax	(192,743)
Net income for the year before non-controlling interests	(1,983,736)
Net income attributed to non-controlling interests	(934,377)
Net income attributed to shareholders of parent company	(1,049,359)



If the S21 Group had been consolidated since 1 January 2014, the amounts of consolidated operating revenues and net income before non-controlling interests for the year ended at 31 December 2014, were as follows:

(Amounts expressed in Euro)	31 December 2014 ('Pro-forma')
Consolidated operating revenues	133,011,594
Net income before non-controlling interests	24,331,672

The contribution of the S21 Group in the consolidated balance sheet of Sonaecom at 31 December 2014, is as follows:

(Amounts expressed in Euro)	Contribution at 31 December 2014
Assets	
Tangible Assets	202,436
Intangible Assets	7,138,703
Deferred tax assets	924,079
Trade debtors	3,988,335
Other current debtors	1,841,702
Cash and cash equivalents	747,617
Other assets	1,354,200
Total assets	16,197,072
Liabilities	
Medium and long-term loans – net of short-term portion	8,605,481
Other non-current Liabilities	323,874
Short-term loans and other loans	1,816,177
Trade creditors	1,552,450
Other creditors	1,076,124
Current liabilities	1,875,937
Total liabilities	15,250,043
Net assets	947,029

b) Constitutions

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

* Corresponds to about Euro 17,500 (at 31 December 2014 rate)

c) Dissolutions

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



d) Sales

Shareholder	Subsidiary	Date	% shareholding
2014			
Sonae com SI	Mainroad	Sep-14	100%
2013			
Sonae com SI	Infosystems	Nov-13	50%

In September 2014, Mainroad was sold for the company jointly controlled NOS Communications SA for Euro 14 million, amount based on independent evaluations. The purchase and sale agreement contemplates the possibility of future adjustments to the base price, arising from trends in future revenues. As a result of the sale value and the derecognition of Mainroad, was generated, in the consolidated accounts of Sonaecom, a gain of Euro 12.6 million, as follows:

(Amounts expressed in Euro)	Notes	30 September 2014
Assets		
Non-current assets		
Tangible assets	5	(2,437,500)
Intangible assets	6	(169,646)
Deferred tax assets	11	(169,548)
Total non-current assets		(2,776,694)
Current assets		
Trade debtors		(2,971,079)
Other current debtors		(122,457)
Other current assets		(545,243)
Cash and cash equivalents		(645,074)
Total current assets		(4,283,853)
Liabilities		
Non-current liabilities		
Other non-current financial liabilities		37,441
Provisions for other liabilities and charges	22	315,990
Other non-current liabilities		218,089
Total non-current liabilities		571,520
Current liabilities		
Trade creditors		2,121,435
Other current financial liabilities		19,206
Other creditors		666,821
Other current liabilities		2,296,831
Total current liabilities		5,104,293
Total assets and liabilities derecognized		(1,384,734)
Compensation received		14,000,000
Gain/(Loss) resulting from the disposal (note 37)		12,615,266

e) Others

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



Thus, following the above mentioned agreement, on 27 August 2013, and after fulfilling all the requirements required to the operation, the merger was closed. Sonaecom considers this to be the date on which Zopt took control of Zon Optimus (now NOS SGPS, SA (hereinafter 'NOS'), following the amendment of its name in June 2014), having 50.01% of its share capital. Accordingly, in the same day, it was registered the capital increase in kind with the transference of 81.807% Sonaecom's financial participation in Optimus SGPS, S.A. to Zopt. As a consequence, Sonaecom held a 50% stake in Zopt, as well as shareholder loans to be received from Zopt amounting to Euro 230 million (Note 8), which would later be converted on supplementary capital and reduced to Euro 115 million.

Additionally, the remaining stake of 18.193% in Optimus SGPS was converted into a minority stake of 7.28% in NOS (Note 9).

Resulting from a 'Shareholders Agreement' between the parties involved in the merger, Sonacom and Kento/Jadeium Group agreed not to acquire any shares of NOS, with the exception of the shares acquired by Sonaecom as a result of the operation.

For this reason, the 'Shareholders Agreement' also foresees that after 2 years from the date of the formal closing of the merger, and for a period of three months, the Group Kento / Jadeium may exercise a call option over half of the shares of NOS that Sonaecom holds at the date of the exercise of call option, at a price equal to the weighted average price of the previous month.

After the share capital increase of Zopt and the closing of the merger between Optimus SGPS and Zon, Sonaecom derecognized in 2013 in consolidated accounts, the assets and liabilities fully consolidated of Optimus SGPS and its subsidiaries amounting to Euro 992 million. Sonaecom has also recognized an investment in Zopt amounting to Euro 598 million¹, loans to be received from Zopt amounting Euro 230 million (note 8) and an investment registered at fair value through NOS shares (the conversion of 20,921,650 Optimus SGPS shares, representing 18.193% of the share capital, to 37,489,324 NOS shares, representing 7.28% of the share capital), at the market price of 27 August 2013 (date of the closing of the merger), amounting to Euro 156 million (note 9).

Following the merger, was performed on Zopt a preliminary assessment of the fair value of assets acquired and assumed liabilities through this operation. In accordance with IFRS 3 - Business Combinations, a preliminary evaluation of the fair value of the acquired assets and liabilities assumed in this transaction was subject to changes over a period of one year from the date of control, and this ended at 26 August 2014.

¹ The Zopt participation of 598 million euros ($598 = ((2.850 \times 50,01\%) - 230) \times 50\%$) results from the valuation of NOS, amounting to 2,850 million euros. This corresponds to the sum of the valuation of the capital increase in Zopt made by Zon and Optimus in 1,500 million euros and 1,000 million euros, respectively (the valuation was made by entities involved in the capital increase and the merger project) and the minimum synergies estimated, disclosed in the merger project in the amount of 350 million euros, deducted from loans totaling 230 million euros (level 3 of inputs in the hierarchy of fair value). It was decided that Zon market price at the date of the closing of the merger didn't reflected the fair value of NOS (the argument for not using the Zon share price at the date of the close of the merger, as abovementioned, is proven by the positive evolution of NOS share price since the date of the merger until 31 December 2013 (2,782 million euros versus 2,141, price at 27 August 2013, merger date)). For this reason, the market capitalization of Zon was not considered as a reference for valuing the Zopt investment. The valuation of Zon and Optimus was based on internally and analysts' projections, regarding the main economic indicators, including operating results and investment. For this purpose, was used a weighted average cost of capital of 9.5% and growth rate of 3%.



The detail of the net assets of the ZON Group at 26 August 2013 and the goodwill recorded under this transaction, updated at 26 August 2014, is as follows:

(Amounts expressed in thousand Euro)	Book Values	Adjustments to fair value initially reported	Changes of the adjustments to fair value	Fair value
Acquired assets				
Tangible assets	598,675	57,301	-	655,976
Intangible assets	137,644	170,575	(33,202)	275,017
Investments in group companies	33,646	284,807	(41,259)	277,194
Deferred tax assets	55,972	10,381	10,009	76,362
Inventories	18,034	-	-	18,034
Accounts receivable and other assets	169,888	1,861	-	171,749
Cash and cash equivalents	157,914	-	-	157,914
	1,171,773	524,925	(64,452)	1,632,246
Acquired liabilities				
Borrowings	817,435	7,634	-	825,069
Provisions	25,948	7,798	42,872	76,618
Deferred tax liabilities	7,450	68,591	(9,994)	66,047
Share plan	3,694	-	-	3,694
Accounts payable and other liabilities	296,169	2,062	-	298,231
Minorities	9,662	-	-	9,662
	1,160,358	86,085	32,878	1,279,321
Net assets and liabilities	11,415	438,840	(97,330)	352,925
Goodwill				1,147,075
Acquisition price				1,500,000

The fair value of net assets acquired was determined through various valuation methodologies for each type of asset or liability based on the best information available. The main fair value adjustments made in this process were : (i) valuation of Cines TV and TV Series channels (EUR +66.1 million), which will be amortised straight-line over a period of 10 years, (ii) portfolio customers (EUR +71.3 million), which will be amortised straight-line over the estimated average period of customer retention that is 6 years, (iii) financial investments (EUR +262.1 million) including EUR +224.2 million in estimated future economic benefits ('goodwill') of subsidiaries , valuations of channels in the amount of EUR +29.4 million, valuation of client portfolios in the amount of EUR +17.1 million , among others, and their respective associated deferred taxes , (iv) increase of EUR +57.3 million in the book value of basic equipment , (v) changes in the fair value of borrowings in the amount of EUR -7.6 million , and (vi) contingent liabilities relating to present obligations amounting to EUR -59.6 million.



The detail of Optimus Group's net assets and Goodwill at 26 August 2013 identified under this transaction, updated at 26 August 2014, are as follows:

(Amounts expressed in thousand Euro)	Book Values	Adjustments to fair value initially reported	Changes of the adjustments to fair value	Fair value
Acquired assets				
Tangible assets	569,441	(62,616)	-	506,825
Intangible assets	353,331	45,480	-	398,811
Deferred tax assets	100,976	27,626	(2,368)	126,234
Inventories	19,125	(1,384)	-	17,741
Accounts receivable and other assets	224,165	-	-	224,165
Cash and cash equivalents	17,987	-	-	17,987
	1,285,025	9,106	(2,368)	1,291,763
Acquired liabilities				
Borrowings	452,362	-	-	452,362
Provisions	35,224	30,091	47,124	112,439
Deferred tax liabilities	1,142	10,997	-	12,139
Share plan	6,469	3,144	-	9,613
Accounts payable and other liabilities	287,368	15,326	-	302,694
	782,565	59,558	47,124	889,247
Net assets and liabilities	502,460	(50,452)	(49,492)	402,516
Goodwill				597,484
Acquisition price				1,000,000

The fair value of net assets acquired was determined through several valuation methodologies for each type of asset or liability, based on the best information available. The main fair value adjustments made in this process were: (i) customer portfolio (+23.4 million euros), which will be amortised linearly based on the estimated average time of customer retention; (ii) telecom licenses (+12.7 million euros), which will be amortised over their the estimated useful life; (iii) infrastructure reconstruction and replacement equipment costs and other adjustments on basic equipment in the amount of -22.7 million euros; (iv) adjustment of -27.7 million euros to carrying amount of the assets falling within by the commitments made to the Competition Authority, under the merger operation, in particular, the agreement on an option to acquire the fiber network of Optimus; (v) contingent liabilities related to present obligations in the amount of -80.9 million euros, as permitted by IFRS 3, of which a percentage, corresponding to tax contingencies, was recorded as a reduction to deferred tax assets by tax losses, and (vi) contractual obligations in the amount of -15.3 million euros related to long-term contracts whose prices are different from market prices.

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

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

Several scenarios have been considered in the valuations. The sensitivity analyzes performed have not led to significant changes in the allocation of the fair value of assets and liabilities.

For the remaining assets and liabilities were not identified significant differences between the fair value and their book value.



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

Thus, as a result of the derecognition of the investment in Optimus SGPS and its subsidiaries, the recognition of the investments in Zopt and NOS, and the loans to be received from Zopt in 2013, it was registered a capital loss of 9 million euros, as follows:

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

The compensation received can be detailed as follows:

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



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

(Amounts expressed in Euro)	Notes	27 August 2013
Assets		
Non-current assets		
Tangible assets	5	(562,475,126)
Intangible assets	6	(353,993,403)
Goodwill	7	(485,150,340)
Other non-current assets		312,080,798
Deferred tax assets	11	(98,625,767)
Total non-current assets		(1,188,163,838)
Current assets		
Inventories		(19,124,520)
Trade debtors		(127,955,743)
Other current assets		(82,942,364)
Cash and cash equivalents		(17,986,673)
Total current assets		(248,009,300)
Shareholders' funds and liabilities		
Medium term incentive plans reserves		6,468,582
Others		5,464
Total Shareholders' funds		6,474,046
Liabilities		
Non-current liabilities		
Medium and long-term loans – net of short-term portion		(813,080)
Other non-current financial liabilities		17,879,658
Provisions for other liabilities and charges	22	35,247,971
Deferred tax liabilities		259,753
Other non-current liabilities		31,672,299
Total non-current liabilities		84,246,601
Current liabilities		
Short-term loans and other loans		115,535,594
Trade creditors		119,124,642
Other current financial liabilities		2,660,326
Other creditors		15,254,142
Other current liabilities		100,480,547
Total current liabilities		353,055,251
Total assets and liabilities derecognized		(992,397,240)

4. Breakdown of financial instruments

At 31 December 2014 and 2013, the breakdown of financial instruments was as follows:

							2014
	Loans and receivables	Investments available for sale	Financial assets at fair value through profit or loss	Other financial assets	Subtotal	Others not covered by IFRS 7	Total
Non-current assets							
Financial assets at fair value through profit or loss (note 9)	-	-	1,424,996	-	1,424,996	-	1,424,996
Investments available for sale (note 10)	-	113,054	-	-	113,054	-	113,054
Other non-current assets	507,518	-	-	-	507,518	4,993,935	5,501,453
	507,518	113,054	1,424,996	-	2,045,568	4,993,935	7,039,503
Current assets							
Financial assets at fair value through profit or loss (note 9)	-	-	58,540,576	-	58,540,576	-	58,540,576
Trade debtors (note 13)	40,000,771	-	-	-	40,000,771	-	40,000,771
Other current debtors (note 14)	2,553,869	-	-	-	2,553,869	7,262,261	9,816,130
Other current assets (note 15)	-	-	-	9,830,558	9,830,558	2,081,667	11,912,225
Cash and cash equivalents (note 16)	182,010,595	-	-	-	182,010,595	-	182,010,595
	224,565,235	-	58,540,576	9,830,558	292,936,369	9,343,928	302,280,297
	Loans and receivables	Investments available for sale	Financial assets at fair value through profit or loss	Other financial assets	Subtotal	Others not covered by IFRS 7	2013
	Loans and receivables	Investments available for sale	Financial assets at fair value through profit or loss	Other financial assets	Subtotal	Others not covered by IFRS 7	Total
Non-current assets							
Investments available for sale (note 10)	-	115,448	-	-	115,448	-	115,448
Other non-current assets	922,434	-	-	-	922,434	-	922,434
	922,434	115,448	-	-	1,037,882	-	1,037,882
Current assets							
Financial assets at fair value through profit or loss (note 9)	-	-	202,442,350	-	202,442,350	-	202,442,350
Trade debtors (note 13)	36,416,353	-	-	-	36,416,353	-	36,416,353
Other current debtors (note 14)	17,177,732	-	-	-	17,177,732	5,863,034	23,040,766
Other current assets (note 15)	-	-	-	7,043,665	7,043,665	2,254,741	9,298,406
Cash and cash equivalents (note 16)	188,014,923	-	-	-	188,014,923	-	188,014,923
	241,609,008	-	202,442,350	7,043,665	451,095,023	8,117,775	459,212,798

					2014
	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
Non-current liabilities					
Medium and long-term loans net of short-term portion (note 20)	9,058,985	-	9,058,985	-	9,058,985
Other non-current financial liabilities (note 21)	-	480,274	480,274	-	480,274
Other non-current liabilities (note 23)	-	203,812	203,812	871,397	1,075,209
	9,058,985	684,086	9,743,071	871,397	10,614,468
Current liabilities					
Short-term loans and other loans (note 20)	1,980,451	-	1,980,451	-	1,980,451
Trade creditors (note 24)	-	21,565,689	21,565,689	-	21,565,689
Other current financial liabilities (note 25)	-	285,904	285,904	-	285,904
Other creditors (note 26)	-	1,238,426	1,238,426	5,408,938	6,647,364
Other current liabilities (note 27)	-	18,877,053	18,877,053	9,409,709	28,286,762
	1,980,451	41,967,072	43,947,523	14,818,647	58,766,170
	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	2013 Total
Non-current liabilities					
Medium and long-term loans net of short-term portion (note 20)	24,810,079	-	24,810,079	-	24,810,079
Other non-current financial liabilities (note 21)	-	67,937	67,937	-	67,937
Other non-current liabilities (note 23)	-	969,434	969,434	307,870	1,277,304
	24,810,079	1,037,371	25,847,450	307,870	26,155,320
Current liabilities					
Short-term loans and other loans (note 20)	998,996	-	998,996	-	998,996
Trade creditors (note 24)	-	21,768,279	21,768,279	-	21,768,279
Other current financial liabilities (note 25)	-	70,728	70,728	-	70,728
Other creditors (note 26)	-	6,153,540	6,153,540	4,285,787	10,439,327
Other current liabilities (note 27)	-	19,223,723	19,223,723	8,483,737	27,707,460
	998,996	47,216,270	48,215,266	12,769,524	60,984,790

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

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

5. Tangible assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in the years ended at 31 December 2014 and 2013 was as follows:

							2014
	Land, Buildings and other constructions	Plant and machinery	Vehicles	Fixtures and fittings	Other tangible assets	Work in progress	Total
Gross assets							
Balance at 31 December 2013	7,444,000	11,448,857	36,094	7,013,597	251,073	1,302,572	27,496,193
New companies (Note 3. a))	928,630	631,866	39,669	2,467,953	127,207	-	4,195,325
Additions	58,445	97,795	-	191,433	-	458,631	806,304
Disposals	(66)	-	(3,791)	(23,281)	-	-	(27,138)
Transfers and write-offs	805,493	(212,180)	144	492,885	46,759	(1,643,623)	(510,522)
Discontinued operations (Note 3.d))	(5,708,178)	(1,710,071)	-	(1,766,740)	(769)	(87,732)	(9,273,490)
Balance at 31 December 2014	3,528,324	10,256,267	72,116	8,375,847	424,270	29,848	22,686,672
Accumulated depreciation and impairment losses							
Balance at 31 December 2013	4,614,466	11,042,578	12,625	6,061,365	235,061	-	21,966,095
New companies (Note 3. a))	815,248	600,391	9,654	2,404,872	68,800	-	3,898,965
Depreciation for the year	590,913	148,536	9,285	520,646	24,265	-	1,293,645
Disposals	(8)	-	(421)	(76,505)	-	-	(76,934)
Transfers and write-offs	(12,403)	(321,577)	16	85,115	(6,689)	-	(255,538)
Discontinued operations (Note 3.d))	(3,891,918)	(1,500,003)	-	(1,443,300)	(769)	-	(6,835,990)
Balance at 31 December 2014	2,116,298	9,969,925	31,159	7,552,193	320,668	-	19,990,243
Net value	1,412,026	286,342	40,957	823,654	103,602	29,848	2,696,429

							2013
	Land, Buildings and other constructions	Plant and machinery	Vehicles	Fixtures and fittings	Other tangible assets	Work in progress	Total
Gross assets							
Balance at 31 December 2012 (restated)	301,133,284	1,072,287,146	171,736	213,226,929	6,715,058	20,665,640	1,614,199,793
Additions	18,694	3,081,762	34,691	11,151,440	1,187	27,990,128	42,277,902
Disposals	(547,779)	(2,821,787)	(15,282)	(382,671)	(793)	(125,388)	(3,893,700)
Transfers and write-offs	5,239,931	32,156,750	(69,323)	(809,232)	99,472	(36,488,232)	129,366
Discontinued operations (note 3.e)	(298,400,130)	(1,093,255,014)	(85,728)	(216,172,869)	(6,563,851)	(10,739,576)	(1,625,217,168)
Balance at 31 December 2013	7,444,000	11,448,857	36,094	7,013,597	251,073	1,302,572	27,496,193
Accumulated depreciation and impairment losses							
Balance at 31 December 2012 (restated)	168,923,346	666,298,617	151,192	191,742,065	6,127,629	-	1,033,242,849
Depreciation for the year	5,554,901	37,667,093	18,195	12,477,309	178,349	-	55,895,847
Disposals	(288,854)	(2,091,168)	(6,232)	(276,941)	(793)	-	(2,663,988)
Transfers and write-offs	(36,230)	(1,399,715)	(67,149)	(275,117)	11,640	-	(1,766,571)
Discontinued operations (note 3.e)	(169,538,697)	(689,432,249)	(83,381)	(197,605,951)	(6,081,764)	-	(1,062,742,042)
Balance at 31 December 2013	4,614,466	11,042,578	12,625	6,061,365	235,061	-	21,966,095
Net value	2,829,534	406,279	23,469	952,232	16,012	1,302,572	5,530,098

The additions that occurred during the year ended at 31 December 2013 included: assets associated with the UMTS operation ('Universal Mobile Telecommunications Service'), HSDPA ('Kanguru Express'), GSM ('Global Standard for Mobile Communications'), GPRS ('General Packet Radio Service'), FTTH ('Fibre-to-the-Home') and LTE ('Long Term Evolution'). In the following of the merger between Optimus SGPS and Zon and the consequent derecognition of the assets of the telecommunications segment (note 3.e), during the year ended at 31 December 2013, the assets above mentioned were no longer part of the initial and final balance, at 31 December 2014 (note 3.e).



At 31 December 2014 and 2013, the depreciations of the year could be detailed as follows:

	2014			2013 (restated)		
	Continued operations	Discontinued operations (note 37)	Total	Continued operations	Discontinued operations (note 37)	Total
Tangible assets	826,046	467,599	1,293,645	685,620	55,210,227	55,895,847
Intangible assets (note 6)	6,316,341	48,586	6,364,927	4,310,425	38,813,335	43,123,760
Goodwill (note 7)	-	-	-	970,000	-	970,000
	7,142,387	516,185	7,658,572	5,966,045	94,023,562	99,989,607

At 31 December 2013, additions include about Euro 5.4 million of capitalizations of personnel costs related to own work.

The acquisition cost of 'Tangible assets' and 'Intangible assets' held by the Group under finance lease contracts, amounted to Euro 1,837,373 and Euro 920,831 as of 31 December 2014 and 2013, and their net book value as of those dates amounted to Euro 794,358 and Euro 100,728, respectively. During the year ended at 31 December 2013, the finance lease contracts of NOS - Comunicações SA and Be Artis, were derecognised (note 3.e), therefore, the finance lease contracts were no longer part of the initial and final balance on 31 December 2014.

At 31 December 2014 and 2013, the heading 'Tangible assets' does not include any asset pledged or given as a guarantee for loans obtained, except for the assets acquired under financial lease contracts.

'Tangible assets in progress' at 31 December 2014 and 2013 were made up as follows:

	2014	2013
Information systems / IT equipment	23,998	455,656
Other projects in progress	5,850	846,916
	29,848	1,302,572

During the year ended at 31 December 2014 and 2013, there are no commitments to third parties relating to investments to be made.

6. Intangible assets

In the years ended at 31 December 2014 and 2013, the movement occurred in Intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

				2014
	Brands and patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2013	10,348,140	30,539,349	4,561,408	45,448,897
New companies (note 3. a)	-	20,680,062	-	20,680,062
Additions	10,020	1,054,534	4,988,352	6,052,906
Transfers and write-offs	667,872	4,930,876	(4,130,894)	1,467,854
Discontinued operations (note 3.d)	(25,330)	(1,638,360)	-	(1,663,690)
Balance at 31 December 2014	11,000,702	55,566,461	5,418,866	71,986,029
Accumulated amortisation and impairment losses				
Balance at 31 December 2013	7,141,359	21,660,278	-	28,801,637
New companies (note 3. a)	-	12,264,460	-	12,264,460
Amortisation for the year (note 5)	2,705,465	3,659,462	-	6,364,927
Transfers and write-offs	522,106	(54,993)	-	467,113
Discontinued operations (note 3.d)	(24,812)	(1,469,232)	-	(1,494,044)
Balance at 31 December 2014	10,344,118	36,059,975	-	46,404,093
Net value	656,584	19,506,486	5,418,866	25,581,936

				2013
	Brands and patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2012 (restated)	471,734,531	324,743,860	22,694,448	819,172,839
Additions	15,347,168	945,238	15,429,479	31,721,885
Disposals	(1,000,000)	(2,868)	-	(1,002,868)
Transfers and write-offs	3,292,284	9,762,754	(12,218,518)	836,520
Discontinued operations (note 3.e)	(479,025,843)	(304,909,635)	(21,344,001)	(805,279,479)
Balance at 31 December 2013	10,348,140	30,539,349	4,561,408	45,448,897
Accumulated amortisation and impairment losses				
Balance at 31 December 2012 (restated)	184,502,817	255,141,914	-	439,644,731
Amortisation for the year	29,196,162	13,927,598	-	43,123,760
Disposals	(1,000,000)	(641)	-	(1,000,641)
Transfers and write-offs	(67,651)	(1,612,486)	-	(1,680,137)
Discontinued operations (note 3.e)	(205,489,969)	(245,796,107)	-	(451,286,076)
Balance at 31 December 2013	7,141,359	21,660,278	-	28,801,637
Net value	3,206,781	8,879,071	4,561,408	16,647,260

Under the agreed terms resulting from the grant of the UMTS License, NOS – Comunicações, committed, in previous years, to contribute to the promotion and development of an 'Information Society' in Portugal. The total amount of the obligations assumed arose to Euro 274 million which will have to be realised until the end of 2015. In accordance with the Agreement established on 5 June 2007 with the Ministry of Public Works, Transportation and Communications (MOPTC), part of these commitments, up to Euro 159 million, would be realised through own projects eligible as contributions to the 'Information Society' which will be incurred under the normal course of NOS – Comunicações's business (investments in network and technology, if not directly related with the accomplishment of other obligations inherent to the attribution of the UMTS License, and activities of research, development and promotion of services, contents and applications). These own projects must be recognised by the MOPTC and by entities created specifically for this purpose. The total amount was already incurred and validated by the above referred entities, so, at this date, there are no additional responsibilities related to these commitments. These charges were recorded in the financial statements at the moment the projects were carried out and the estimated costs became known.

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

At 31 December 2013, the amortisation of the year of Euro 43,123,760 include an amount of Euro 38,813,335 related to the amortisation of assets of discontinued operations (notes 3.d, 3.e and 37) and an amount of Euro 4,310,425 related to continued operations.

Intangible and tangible assets include interest and other financial expenses incurred, directly related to the construction of certain items of work in progress. The amounts capitalised in the years ended at 31 December 2013 were Euro 462,097. An interest capitalisation rate of 4.5%, which corresponded to the average interest rate supported by the Group. In the year ended at 31 December 2013, these assets were derecognized, following the merger between Optimus SGPS and Zon and, subsequently, the derecognition of the assets and liabilities of the telecommunications segment (note 3.e).

At 31 December 2014, the additions related with intangible assets include about Euro 4.9 million of capitalizations of personnel costs related to own work (about Euro 7.7 million at 31 December 2013), mainly related to IT software and RAID NetClarus and Bitácora products development projects.

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



7. Goodwill

For the years ended at 31 December 2014 and 2013, the movements occurred in Goodwill were as follows:

	2014	2013
Opening balance	28,434,416	517,985,506
Goodwill adjustment of Connectiv	-	(3,066,150)
Discontinued units (note 3.e)	-	(485,150,340)
Other movements of the year	284,650	(364,600)
Impairment losses (note 5)	-	(970,000)
Closing balance	28,719,066	28,434,416

For the year ended at 31 December 2014 and 2013, the caption 'Other movements of the year' includes, mainly, the effects of the exchange rate update of the Goodwill.

In the year ended at 31 December 2013, the amounts under the caption 'Discontinued operations (note 3.e)' are related to the merger between Optimus SGPS and Zon and, subsequently, the derecognition of the assets and liabilities of the telecommunications segment (note 3.e).

Thus, Goodwill at 31 December 2014 and 2013 was made up as follows:

	Information Systems	Multimedia
2014		
Goodwill	22,689,066	6,030,000
2013		
Goodwill	22,404,416	6,030,000

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

Connectiv main activity is the rendering of consulting services in the area of information systems.

The acquisition price was allocated as following:

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



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

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

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

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

The evaluation of the existence of impairment losses in Goodwill is made by taking into account the cash-generating units, based on the most recent business plans duly approved by the Group's Board of Directors, which are made on an annual basis unless there is evidence of impairment and prepared according to cash flow projections for periods of five years. In the area of information systems, the assumptions used are essentially based on the various businesses of the Group and the growth of the several geographic areas where the Group operates. The average growth rate used to the turnover of 5 years was 12.6%. This increase essentially due to WeDo group by investment in new industries, and the recent focus on the security market that is growing strongly. For the Media sector, the average growth rate used was 2.0%. The discount rates used were based on the estimated weighted average cost of capital, which depends on the business segment of each subsidiary, as indicated in the table below. In perpetuity, the Group considered a growth rate of 2% in the area of information systems and 0% in Multimedia area. In situations where the measurement of the existence, or not, of impairment is made based on the net selling price, values of similar transactions and other proposals made are used. Regarding the area of telecommunications (Zopt), the assessment of whether or not the impairment is determinate taking into account with several information as business plans approved by the Board of Directors, which implied average growth rate of operating margin amounts to 2.7%, and the average ratings of external reviewers (researches).

	Information Systems	Multimedia	Telecommunications
Assumptions			
Basis of recoverable amount	Value in use	Value in use	Value in use
Discount rate	10.5%	9.0%	8.2%
Growth rate in perpetuity	2.0%	0.0%	2.0%

For the sector of Information Systems, in digital security area (Cibersecurity), a growth rate used was 3%.

During the year ended at 31 December 2014, was made a discount rate revaluation used, this rate was changed for 10.5% (13% in 2013) in the area of information systems, for 9% (12% in 2013) in the area of multimedia and for 8.2% (9% in 2013) in the area of telecommunication. In information systems area was also revaluated the growth rate used, this rate was changed for a more conservative rate of 2% (3% in 2013), taking into account the maturity of the company in the sector.

During the year ended at 31 December 2013, due to the worsening of the financial crisis, which caused a significant deterioration of the Portugal's macroeconomic scenario in the last years, the advertising market suffered a sharp decline. This situation along with, the bearish forecasts for the next years, aggravated the outlook for future developments. Sales of newspapers and related products have been declining, affecting the projections of cash flows of the multimedia segment, lending the record of a loss in the amount of Euro 970 thousand in the year ended at 31 December 2013, respectively, under the caption 'Depreciation and amortisation' of the Income Statement, in accordance with the policy described in note 1.w.

The analyses of the impairment indices and the review of the impairment projections and tests have not lead to clearance losses, during the year ended on 31 December 2014. For the sensitivity analyses made, required in the IAS 36 - Impairment of Assets, have not lead to material changes of the recoveries, so not result material additional impairments.

8. Investments in associated companies and companies jointly controlled

The associated companies and the companies jointly controlled, their head offices, percentage of ownership and value in profit and loss statement on 31 December 2014 and 2013, are as follows:

	Head Office	Percentage of ownership				Value in profit and loss statement	
		31 December 2014		31 December 2013		31 December 2014	31 December 2013
		Direct	Total	Direct	Total		
ZOPT (a)	Oporto	50%	50%	50%	50%	15,809,426	(523,500)
Unipress – Centro Gráfico, Lda ('Unipress')	Vila Nova de Gaia	50%	50%	50%	50%	31,069	44,967
Sociedade Independente de Radiodifusão Sonora, S.A. ('S.I.R.S.' – using the brand name 'Rádio Nova')	Oporto	45%	45%	45%	45%	(32,738)	(44,245)
Infosystems (a) (b)	Luanda	Sold		Sold		-	32,413
S21Sec Ciberseguridad SA de CV ('Ciberseguridad') (c)	Mexico City	50%	30%	-	-	(64,936)	-
Intelligent Big Data, S.L. ('Big Data') (d)	Gipuzcoa	50%	30%	-	-	(19)	-
Total (note 32)						15,742,802	(490,365)

(a) Includes the results of the subsidiaries proportionally to capital held

(b) Company sold in November 2013

(c) Company directly owned by S21 Sec México

(d) Company directly owned by S21 Sec Gestion

The associated companies and companies jointly controlled have been consolidated by the equity method. In accordance with the IFRS 11, the classification of investments in joint ventures is determined based on the existence of an agreement that clearly demonstrate and regulate the joint control. Thus, in accordance with the requirements of this standard, at 31 December 2014 the group only held jointly controlled companies.

During the years ended at 31 December 2014 and 2013, the movement occurred in investments in associated companies and companies jointly controlled, were as follows:

	31 December 2014			31 December 2013		
	Ownership value	Goodwill	Total investment	Ownership value	Goodwill	Total investment
Investments in associated companies and companies jointly controlled						
Balance at 1 January	622,479,701	87,849,200	710,328,901	570,243	321,700	891,943
Increases	1,500	-	1,500	625,114,444	87,527,500	712,641,944
Decreases	-	-	-	(34,251)	-	(34,251)
Equity method						
Effect on gains and losses (note 32)	15,742,802	-	15,742,802	(490,365)	-	(490,365)
Effect on reserves	2,687,127	-	2,687,127	(2,536,500)	-	(2,536,500)
Dividends	(7,320,650)	-	(7,320,650)	(143,870)	-	(143,870)
	633,590,480	87,849,200	721,439,680	622,479,701	87,849,200	710,328,901
Registered in Impairment losses (note 22)	168,071	-	168,071	105,384	-	105,384
Total investment in associated companies and companies jointly controlled	633,758,551	87,849,200	721,607,751	622,585,085	87,849,200	710,434,285

The value increases for the year ended 31 December 2013 corresponds to the increase in Zopt, according to the following:

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

At 31 December 2014 and 2013, the Goodwill amount, additional to the amount existing on financial statements of Zopt, amounting to Euro 87,527,500 results from the difference between the value of the investment (Euro 712,641,944) and the ownership on Zopt value (Euro 625,114,444), once was not identified any additional assets and liabilities allocation for being already recorded at fair value on financial statements of Zopt on the date of the merger between Optimus, SGPS and ZON (note 3.e).

The effect on the application reserves of the equity method results from other changes in equity of the associated companies and the jointly controlled, particularly with regard to the translation reserves (Euro 7.6 million on 31 December 2014) and the operations of own shares (Euro -5.2 million on 31 December 2014).



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

	31 December 2014			31 December 2013		
	Ownership value	Goodwill	Total investment	Ownership value	Goodwill	Total investment
Investments in associated companies and companies jointly controlled						
Zopt	633,292,491	87,527,500	720,819,991	622,079,444	87,527,500	709,606,944
Unipress	466,060	321,700	787,760	505,641	321,700	827,341
SIRS	(138,122)	-	(138,122)	(105,384)	-	(105,384)
Ciber seguridad	(30,543)	-	(30,543)	-	-	-
Big Data	594	-	594	-	-	-
Total	633,590,480	87,849,200	721,439,680	622,479,701	87,849,200	710,328,901

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

(Amounts expressed in thousand Euro)							2014
Empresa	% holding	Asset	Liability	Equity	Revenue	Operational results	Net result
ZOPT*	50%	4,550,765	2,004,499	2,546,266	1,383,930	128,153	62,845
Unipress	50%	3,913	2,981	932	3,057	851	62
SIRS	45%	309	616	(309)	907	(31)	(73)
Ciber seguridad	30%	298	463	(165)	547	(172)	(170)
Big Data	30%	1	1	(0)	0	(3)	(3)

* Consolidated accounts of Zopt Group, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The equity includes non-controlling interests, being that at 31 December 2014 the market capitalization of the NOS amounts to Euro 2,697 million.

The consolidated financial statements of Zopt, at 31 December 2014 and 2013 can be resumed as follows:

Condensed consolidated balance sheets

(Amounts expressed in thousands of Euro)		December 2014	December 2013
Assets			
Tangible assets		1,198,203	1,153,257
Intangible assets		2,396,111	2,408,062
Deferred tax assets		155,884	173,392
Other non-current assets		316,168	299,279
Non-current assets		4,066,366	4,033,990
Trade debtors		331,521	276,630
Cash and cash equivalents		29,772	74,390
Other current assets		123,106	103,831
Current assets		484,399	454,851
Total assets		4,550,765	4,488,841
Liabilities			
Medium and long-term loans – net of short-term portion		621,057	932,770
Provisions for other liabilities and charges		180,688	179,113
Other non-current liabilities		95,397	99,453
Non-current liabilities		897,142	1,211,336
Short-term loans and other loans		505,749	215,791
Trade creditors		340,918	296,915
Other current liabilities		260,690	253,049
Current liabilities		1,107,357	765,755
Total liabilities		2,004,499	1,977,091
Shareholders' funds excluding non-controlling interests		1,276,520	1,251,127
Non-controlling interests		1,269,746	1,260,623
Total Shareholders' funds		2,546,266	2,511,750
Total Shareholders' funds and liabilities		4,550,765	4,488,841



Condensed consolidated statements of income by nature

(Amounts expressed in thousands of Euro)	December 2014	December 2013 (restated)
Total revenue	1,383,930	476,848
Costs and losses		
Direct costs and External supplies and services	(594,556)	(204,528)
Depreciation and amortisation	(360,381)	(115,611)
Other operating costs	(300,839)	(132,491)
	(1,255,776)	(452,630)
Financial results	(51,966)	(18,965)
Income taxation	(13,343)	(6,406)
Consolidated net income/(loss) for the year	62,845	(1,153)
Consolidated net income/(loss) for the year attributed to non-controlling interests	31,573	(454)
Attributed to shareholders of parent company	31,271	(699)

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

Legal actions and contingent assets and liabilities of Zopt Group

1. Legal actions with regulators

- On 8 July 2009, NOS SA (named ZON TV Cabo), was notified by the Competition Authority (AdC) in connection with infringement proceeding relating to availability of channels TV CINES, requesting NOS SA to comment on the content of the notification, which it did in good time. The case is currently at the fact-finding stage in AdC and various information has been requested, to which NOS has responded. If it is concluded that an infringement has occurred, the AdC may levy a fine not exceeding 10% of the company's turnover in last year of infringement, being the same provisioned, given the level of risk in Zopt group.
- ICP-ANACOM instituted regulatory infringement proceedings against the Group companies, as it did against the majority of Portuguese electronic communications operators, for infringement of the portability regulations. NOS, SA, NOS Açores and NOS Madeira brought actions for judicial review of decisions by ANACOM ordering them to pay a fine. In 2014 court decisions confirmed five sanctions to NOS SA, NOS Açores and NOS Madeira amounting to 72 thousand euros. Are still processes of previous years pending decision.

NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of ICP-ANACOM's decisions in respect of the payment of the Annual Fee (for 2009, 2010, 2011, 2012 and 2013) for carrying on the business of Electronic Communications Services Networks Supplier in the amounts, respectively, of (i) 1,861 thousand euros, 3,808 thousand euros, 6,049 thousand euros, 6,283 thousand euros and 7,270 thousand euros; (ii) 29 thousand euros, 60 thousand euros, 95 thousand euros, 95 thousand euros and 104 thousand euros; (iii) 40 thousand euros, 83 thousand euros, 130 thousand euros, 132 thousand euros and 149 thousand euros, and seeking reimbursement of the amounts meanwhile paid in connection with the enforcement proceedings. This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. The scheme is being introduced gradually: $\frac{1}{3}$ in the first year, $\frac{2}{3}$ in the second year and 100% in the third year. NOS SA, NOS Açores and NOS Madeira claim, in addition to defects of unconstitutionality and illegality, that only revenues from the electronic communications business per se, subject to regulation by ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded.

On 18 December 2012 a ruling was passed on the proceedings instigated by NOS SA for 2009, for which the appeal was upheld, with no prior hearing, condemning ICP-ANACOM to pay the costs. ICP-ANACOM appealed and by decision of July 2013 was not upheld.

The remaining proceedings are awaiting trial and decision.

2. Tax Authorities

During the course of the 2003 to 2014, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2012 financial years. Following these inspections, NOS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Group's tax losses, to VAT and stamp tax and to make the payments related to the corrections made to the above exercises. The total amount of the notifications is about 25.8 million euros. Note that the Group considered that the corrections were unfounded, and contested the amounts mentioned. The Group provided the bank guarantees demanded by the Tax Authorities in connection with these proceedings

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



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

3. Actions by Portugal Telecom against NOS Madeira and NOS Açores

- PT brought an action in Funchal Judicial Court against NOS Madeira, claiming payment of 1,6 thousand euros, plus accrued interest related to the alleged use of ducts, supply of the MID, supply of video and audio channels, operating, maintenance and management costs of the Madeira/Porto Santo undersea cable and the use of two fiber optic circuits. The company contested the action, in particular the prices concerned, the services and PT's legal capacity in respect of the ducts. At the end of July 2013, a favourable decision was given to NOS Madeira, which, however, PT appealed. The case is pending normal development.
- In 2011, PT brought an action in Lisboa Judicial Court against NOS SA, claiming payment of 10.3 million euros, as compensation for alleged undue portability of NOS SA in the period between March 2009 and July 2011. NOS SA lodged a reply and reply and it is in progress to completion of proof.
- PT made a court notice to spare NOS SA (April 2013), two NOS Açores (March and June 2013) and two NOS Madeira (March and June 2013), all in order to stop the prescription alleged damages resulting from claims of undue portability, absence of response time to requests submitted to them by PT and alleged illegal refusal of electronic requests.
PT doesn't indicate that total amounts you want to be financially compensated, realizing only part of these, in the case of NOS Açores, in the amount of 195 thousand euros and the NOS Madeira, amounting to 817 thousand euros.
- In 2011, NOS SA brought an action in Lisboa Judicial Court against PT, claiming payment of 22.4 million euros, for damages suffered by NOS SA, arising from violates of Portability Regulation by part of the PT, in particular, the large number of unjustified refusals of portability requests by PT in the period between February 2008 and February 2011. The court declared the compulsory performs action of expert evidence, which will be currently underway.
It is the understanding of the Board of Directors, supported by lawyers who monitor the process, that there are, in substance, a good chance of winning the NOS SA get in action, even in that of PT have already been convicted for the same offense, by ICP – ANACOM. However, it is impossible to determine the outcome of the action.

The cases and the processes described above are provisioned in the consolidated accounts of Zopt, given the degree of risk identified.

- In April 2012, following the decision made on 19 July 2011 in which NOS Açores was acquitted, PT brought two new actions against NOS Açores, one relating to the MID service and the other to the supply of video and audio channels, claiming payment of 222 thousand euros and 316 thousand euros respectively, plus interest. They are awaiting decision. Related to the first process, was given the sentence, without impacting interests, reduced the amount payable by NOS Açores to about 97 thousand euros concerning the first action. In what concerns the second action, in the third quarter of 2014, NOS Açores was sentenced to pay 316 thousand euros, plus interest and legal costs. Both these values are fully provisioned at 30 September 2014, in NOS group accounts.

4. Action against NOS SA

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

5. Actions against Sport TV

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

6. Contractual penalties

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

At 31 December 2014, damages charged but not received by NOS SA, NOS Madeira and NOS Açores amount to a total of Euro 119,395 thousand. In the year ended 31 December 2014, were received and recorded in the income statement Euro 6,556 thousand.

7. Interconnection tariffs

At 31 December 2014, accounts receivable and accounts payable include 37,139,253 euros and 29,913,608 euros, respectively, resulting from a dispute between the subsidiary NOS SA and, essentially, the operator MEO – Serviços de Comunicação e Multimédia, S.A. (previously named TMN – Telecomunicações Móveis Nacionais, S.A.), in relation to the indefiniton of interconnection tariffs, recorded in the year ended at 31 December 2001. In the lower court, the decision was favourable to NOS SA. The "Tribunal da Relação" (Court of Appeal), on appeal, rejected the intentions of MEO. However, MEO again appealed to the "Supremo Tribunal de Justiça" (Supreme Court), for final and permanent decision, who upheld the decision of the



"Tribunal da Relação" (Court of Appeal), thus concluding that the interconnection prices for 2001 were not defined. The settlement of outstanding amounts will depend on the price that will be established.

8. National Commission for Data Protection ("CNDP")

There is recorded a provision to cover the infringement proceedings in the amount of approximately 4.5 million euros, established by the National Commission for Data Protection ("CNDP") against NOS SA subsidiary, for alleged violations of rules relating to legal protection of data. During the project phase of decision, NOS SA argued, firstly, a set of procedural irregularities and, secondly, a set of fact and law arguments that the Board understood to impose a final decision to dismiss the case. However, on 16 January 2014, NOS SA received a settlement notice regarding the fine imposed by the CNPD, against which appealed to the courts. On 8 September 2014, the Court for Competition, Regulation and Supervision ("Tribunal da Concorrência, Regulação e Supervisão") reduced the value of the fine to 600 thousand euros. NOS SA appealed against this decision. As a consequence of this decision, the provision was reduced by 3.9 million euros. On 5 February 2015, the Lisbon 'Tribunal da Relação' on appeal set the fine of 100 thousand euros, a decision which is still subject to appeal.

9. ANACOM

Infringement proceedings due to an alleged failure, by NOS SA, to apply the resolutions taken by ANACOM on 26 October 2005, concerning termination rates for fixed calls. Following a deliberation of Board of Directors of the regulator, in April 2012, a fine of approximately 6.5 million euros was applied to NOS SA; NOS SA has applied for the judicial review of the decision and the court has declared the process's nullity (violation of NOS, SA's right of defence). In April 2014, ANACOM notified the NOS SA, of a new administration offense process, based on the same changes used initially in the accusation presented against NOS SA. In September 2014 ANACOM applied, based on the same facts, a fine on NOS SA, amounting to about Euro 6.5 million and was judicial review that decision.

10. Supplementary Capital

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

11. Future credits transferred

For the year ended at 31 December 2010, the subsidiary NOS SA was notified of the Report of Tax Inspection, where it is considered that the increase, when calculating the taxable profit for the year 2008, of the amount of 100 million euros, with respect to initial price of future credits transferred to securitization, is inappropriate. Given the principle of periodisation of taxable income, NOS SA was subsequently notified of the improper deduction of the amount of 20 million euros in the calculation of taxable income for the years 2009 to 2012 (Report of the Tax Inspection received in January 2015). Given that the increase made in 2008 was not accepted due to not complying with Article 18 of the CIRC, also in the years following, the deduction corresponding to credits generated in that year, will eliminate the calculation of taxable income, to meet the annual amortisation hired as part of the operation (20 million per year during 5 years). NOS SA challenged the decisions regarding 2008, 2009 and 2010 fiscal years and will challenge, in time, the decision regarding 2011 and 2012 fiscal years. Regarding the year 2008, the Administrative and Fiscal Court of Porto has already decided unfavourably, in March 2014, and the company has initiated the corresponding appeal.

12. Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CSLU)

Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CSLU): The Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CSLU) is legislated in Articles 17 to 22 of Law nr 35/2012, of 23 August. From 1995 until June 2014, PT Comunicações, SA (PTC) was the sole provider for the universal service of electronic communications, having been designated illegally without a tender procedure, as acknowledged by the European Court of Justice who, through its decision taken in June 2014, condemned the Portuguese State to pay a fine of 3M € for illegally designating Portugal Telecom. In accordance with Article 18 of the abovementioned Law 35, the net costs of the operator responsible for providing the universal service, approved by ICP-ANACOM, must be shared between other companies who provide, in national territory public communication networks and publicly accessible electronic communications services. NOS is therefore within the scope of this extraordinary contribution given that PTC has requested the payment of CLSU to the compensation fund. The compensation fund can be activated to compensate the net costs of the electronic communications universal service, relative to the period before the designation of the provider by tender, whenever, cumulatively (i) there are net costs, considered excessive, the amount of which is approved by ICP-ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requester the Government compensation for the net costs approved under the terms previously mentioned. In September 2013, ICP-ANACOM delibered to approve the final results of the CLSU audit presented by PTC, relative to the period from 2007 to 2009, in a total amount of 66.8 million euros, a decision which was contested by NOS and about which NOS was, in June 2014, notified of the argument provided by ICP-ANACOM. Also in June 2014, ICP-ANACOM requested NOS to send the information regarding the revenue eligible, for the purpose of the contribution toward the compensation fund. This information was sent with the reservation that it did not signal NOS' acceptance or agreement as to the existence of any obligation to pay the extraordinary contribution. An audit to the amount of revenues eligible is underway and in its closing stages. It is expected that PTC submits to ICP-ANACOM the CLSU calculations incurred in the period from 2012 to June 2014. It is estimated that the contribution of Optimus, SA, up until the date of the merger, amounts to 22 million euros.



It is the opinion of the Board of Directors of NOS that this extraordinary contribution violates the Directive of Universal Service, given that PTC was not designated the universal service provider through a tender procedure. Moreover, considering the existing legal framework since NOS began its activity, the request of payment of the extraordinary contribution violates the principle of the protection of confidence, recognized on a legal and constitutional level in Portuguese domestic law. For these reasons, NOS will judicially challenge the liquidation of each and all extraordinary contributions. Following these facts, which took place especially in June 2014, and after reassessing the process with its attorneys, this contribution is classified as a contingent liability. However, the Board of Directors is convinced it will be successful in all challenges, both future and already undertaken.

Regardless of the belief of the Board of Directors of NOS, was attributed, in 2014, in the Goodwill allocation period provided by IFRS 3, a provision to remedy this situation, with regard to possible liability to the date of the merger.

The Sonaecom Board of Directors believes that the above processes may result in contingencies that affect the NOS group's accounts are properly provisioned, given the degree of risk in the consolidated accounts of Sonaecom.

9. Financial assets at fair value through profit or loss

In August 2013, Sonaecom Group began to hold NOS shares recorded at fair value through profit or loss, as a result of the merger between Optimus SGPS and Zon (Note 3.e), since it is the initial classification of an asset held for a sale purpose in a short-time. In accordance with the 'Shareholders Agreement', these shares neither concedes any additional vote right or affect the shared control situation with ZOPT. Some of these shares were used as part of the General Public and Voluntary Offer acquisition of own shares, as described below.

In the period ended 31 December 2014 were acquired Sonae shares in accordance with the movement described below.

The movements occurred in financial assets at fair value through profit or loss, in 31 December 2014 and 2013 were as follows:

						2014
Financial assets at fair value through profit or loss	Opening balance	Increases	Decreases	Fair value adjustments (note 32)	Increase and decrease in fair value of shares intended to cover MTIP	Closing balance
NOS	202,442,350	-	(141,650,837)	(3,129,895)	-	57,661,618
Sonae SGPS	-	5,522,188	(2,804,200)	(167,060)	(246,974)	2,303,954
	202,442,350	5,522,188	(144,455,037)	(3,296,955)	(246,974)	59,965,572
Recorded under the caption non current assets (note 4)						1,424,996
Recorded under the caption current assets (note 4)						58,540,576
*Incentive medium-term plans						
						2013
Financial assets at fair value through profit or loss	Opening balance	Increases (note 3.e)	Decreases	Fair value adjustments (note 32)	Increase and decrease in fair value of shares intended to cover MTIP	Closing balance
NOS	-	155,805,631	-	46,636,719	-	202,442,350
	-	155,805,631	-	46,636,719	-	202,442,350
Recorded under the caption current assets						202,442,350
*Incentive medium-term plans						

The fair value adjustments are recorded under the caption "Gains and losses on Group companies" in Profit and Loss Statement (note 32), with the exception of increases and decreases in the fair value of shares intended to cover incentive plans, which is recorded in other captions of the income statement.

Decreases at 31 December 2014 represent the counterpart in NOS shares provided for the terms of trade of the General Public and Voluntary Offer for acquisition of own shares. As a result of this offering Sonaecom reduced its investment in NOS shares in 26,476,792 shares (EUR 141,650,837) (note 17) and now holds 11,012,532 shares representing the share capital of NOS, corresponding to a share of 2.14%.

The decrease in the investment in Sonae SGPS shares, essentially correspond to the payment of medium-term incentive plan expired in the year ended at 31 December 2014.

The amount recorded in non-current assets corresponds to the investment in Sonae SGPS shares, to cover the medium-term incentive plans, which payment will occur in more than one year.

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

2014	NOS	Sonae SGPS
Shares	11,012,532	2,249,955
Level of inputs in the hierarchy of fair value	Level 1	
Valuation method	Quoted price on the stock exchange	
Quoted price*	5.236	1024
Fair value	57,661,618	2,303,954

* Used the share price of 31 December 2014 in the determination of the fair value.

2013	NOS
Shares	37,489,324
Level of inputs in the hierarchy of fair value	Level 1
Valuation method	Quoted price on the stock exchange
Quoted price*	5.4
Fair value	202,442,350

* Used the share price of 31 December 2013 in the determination of the fair value.

10. Investments available for sale

At 31 December 2014 and 2013, this caption included investments classified as available-for-sale and was made up as follows:

	%	2014	2013
Lusa – Agência de Notícias de Portugal, S.A.	1.38%	197,344	197,344
VISAPRESS - Gestão de Conteúdos dos Média, CRL	10.00%	5,000	5,000
Others	-	10,710	13,104
Impairment losses		(100,000)	(100,000)
		113,054	115,448

At 31 December 2014, these investments correspond to shareholdings of immaterial amount, in unlisted companies, in which the Group has no significant influence, and in which the acquisition cost of such investments is a reasonable estimation of their fair value, adjusted where applicable, by the respective impairment losses.

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

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

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

⁽¹⁾ Amounts expressed in thousands euro at 31 December 2013.

11. Deferred taxes

Deferred tax assets at 31 December 2014 and 2013, amounted to Euro 6,837,230 and Euro 5,199,886, respectively, and arose, mainly, from tax losses carried forward, from differences between the accounting and tax amount of some fixed assets and from others temporary differences. The movements in deferred tax assets in the years ended at 31 December 2014 and 2013 were as follows:

							2014
	Balance at 31 December 2013	Companies included in the consolidation perimeter (note 3.a)	Movements in deferred tax of the year	Utilization of deferred tax	Record/(reverse) of deferred tax of previous years	Discontinued units (Note 3.d)	Balance at 31 December 2014
Tax losses	848,995	1,044,217	736,268	(231,986)	-	-	2,397,494
Tax provisions not accepted and other temporary differences	1,510,903	-	274,141	-	(58,532)	(104,181)	1,622,331
Tax benefits (SIFIDE, RFAI and CFEI)	946,535	-	-	-	232,276	(65,367)	1,113,444
Adjustments in the conversion to IAS/IFRS	227	-	-	-	(227)	-	-
Differences between the tax and accounting amount of certain fixed assets and others	1,997,545	-	(252,245)	-	-	-	1,745,300
Effect on results (Note 33)	5,304,205	-	758,164	(231,986)	173,517	-	6,003,900
Companies included in the consolidation perimeter (Note 3.a)) and discontinued operations (Note 3.d))	-	1,044,217	-	-	-	(169,548)	874,669
Others	(104,319)	-	62,980	-	-	-	(41,339)
Closing balance	5,199,886	1,044,217	821,144	(231,986)	173,517	(169,548)	6,837,230

							2013
	Balance at 31 December 2012		Movements in deferred tax of the year	Utilization of deferred tax	Record/(reverse) of deferred tax of previous years	Discontinued units (note 3.e)	Balance at 31 December 2013
Tax losses	6,172,973		1,160,777	(928,527)	(1,054,642)	(4,501,586)	848,995
Tax provisions not accepted and other temporary differences	36,302,876		(75,391)	-	4,718,206	(39,434,788)	1,510,903
Tax benefits (SIFIDE and RFAI)	9,709,216		5,088,052	(1,320,450)	(5,900)	(12,524,383)	946,535
Adjustments in the conversion to IAS/IFRS	13,249,801		(4,416,654)	-	1,392,244	(10,225,164)	227
Temporary differences arising from the securitisation of receivables	3,220,000		-	(2,146,667)	-	(1,073,333)	-
Differences between the tax and accounting amount of certain fixed assets and others	32,510,701		(3,849,386)	-	4,202,743	(30,866,513)	1,997,545
Sub-total effect on results	101,165,567		(2,092,602)	(4,395,644)	9,252,651	(98,625,767)	5,304,205
Discontinued operations	95,065,947		(2,407,278)	(3,249,921)	9,217,018	(98,625,767)	-
Continued operations (note 33)	6,099,620		314,676	(1,145,723)	35,632	-	5,304,205
Others	(30,786)		(73,533)	-	-	-	(104,319)
Closing balance	101,134,781		(6,351,339)	(4,395,644)	9,252,651	(98,625,767)	5,199,886

In the initial balance as of 31 December 2013, 'Tax provisions not accepted and other temporary differences' included temporary differences related to the value of the UMTS license, of the NOS Comunicações. In consolidated financial statements and in accordance with IAS / IFRS, the license was amortised linearly, by the estimated period of useful life. For tax purposes, until the year 2009, the UMTS license was amortised using, on the first five years of commercial operation, from 2004 to 2008, incremental monthly basis depending of the capacity of the network installed, which would be applied after the straight-line monthly basis until the term of the license. Thus, the group recorded deferred tax assets relating to the temporary differences between the value of the license for tax purposes and the value recorded in the consolidated financial statements. In 31 December 2013, these assets are no longer part of the final balance, following the merger between Optimus SGPS and Zon at August of 2013 and, subsequently, the derecognition of the assets and liabilities of the telecommunications segment (Note 3.e).

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

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

At 31 December 2014 and 2013, assessments of the deferred tax assets to be recovered and recognised were made. Potential deferred tax assets were recorded to the extent that future taxable profits were expected to be generated against which the tax losses and deductible tax differences

could be used. These assessments were made based on the most recent business plans duly approved by the Board of Directors of the Group companies, which are periodically reviewed and updated. The main criteria used in those business plans are described in note 7.

The rate used at 31 December 2014, in Portuguese companies, to calculate the deferred tax assets relating to tax losses carried forward was 21% (23% in 2013), as a consequence of the IRC rate change from 23% to 21% from 2015 onwards. The rate used to calculate the temporary differences in Portuguese companies, including provisions not accepted and impairment losses, was 22.5%. It wasn't considered the state surcharge, as it was understood to be unlikely the taxation of temporary differences during the estimated period when the referred rate will be applicable. Tax benefits, related to deductions from taxable income, are considered at 100%, and in some cases, their full acceptance is dependent on the approval of the authorities that concede such tax benefits. For foreign companies was used the rate in force in each country.

In accordance with the tax returns and other information prepared by the companies that have registered deferred tax assets, the detail of such deferred tax assets, by nature, at 31 December 2014 was as follows:

												2014
Nature	Companies included in the tax group*	We Do Brasil	We Do USA	SSI Espanã	We Do Mexico	Saphety Brasil	S21 Sec Gestion	S21 Sec Institute	S21 Sec Labs	Lookwise	Total	Total Sonaecom Group
Tax losses:												
To be used until 2021	-	-	-	-	33,607	-	-	-	-	-	33,607	33,607
To be used until 2022	-	-	-	-	26,824	-	-	-	-	-	26,824	26,824
To be used until 2023	-	-	-	-	185,904	-	-	-	-	-	185,904	185,904
To be used until 2025	-	-	-	126,288	-	-	-	-	-	-	126,288	126,288
To be used until 2026	948	-	-	-	-	-	-	-	-	-	-	948
To be used until 2027	-	-	-	-	-	-	-	13,482	45,833	-	59,315	59,315
To be used until 2028	-	-	-	-	-	-	289,787	36,623	12,017	526,337	864,764	864,764
To be used until 2030	-	-	137,641	32,650	-	-	-	-	-	-	170,291	170,291
To be used until 2033	-	-	98,249	-	-	-	-	-	-	-	98,249	98,249
To be used until 2034	-	-	831,304	-	-	-	-	-	-	-	831,304	831,304
Tax losses	948	-	1,067,194	158,938	246,335	-	289,787	50,105	57,850	526,337	2,396,546	2,397,494
Tax provisions not accepted and other temporary differences	738,624	317,536	432,855	-	103,040	6,966	23,132	-	178	-	883,707	1,622,331
Tax benefits (SIFIDE, RFAI and CFEI)	1,094,673	-	18,771	-	-	-	-	-	-	-	18,771	1,113,444
Differences between the tax and accounting amount of certain fixed assets and others	-	-	-	-	-	-	-	-	-	-	-	1,745,300
Others	-	5,962	(52,881)	-	5,687	(107)	-	-	-	-	(41,339)	(41,339)
Total	1,834,245	323,498	1,465,939	158,938	355,062	6,859	312,919	50,105	58,028	526,337	3,257,685	6,837,230

* In 2014, Digitmarket was included in tax group, following the changes occurred in the applicable legislation.

At 31 December 2014 and 2013, the Group has other situations where potential deferred tax assets could be recognised, but since it is not expected that sufficient taxable profits will be generated in the future to cover those losses, such deferred tax assets were not recorded:

	2014	2013
Tax losses	9,097,403	5,988,664
Temporary differences (provisions not accepted for tax purposes and other temporary differences)	30,179,083	34,979,707
Others	779,002	1,254,119
	40,055,488	42,222,490



At 31 December 2014 and 2013, tax losses for which deferred tax assets were not recognised have the following due dates:

Due date	2014	2013
2014	-	407,763
2015	1,218,965	1,261,963
2016	269,298	304,480
2017	199,008	209,237
2018	254,728	216,766
2019	373,957	331,156
2020	148,146	28,467
2021	168,442	53,860
2022	341,225	53,174
2023	92,878	-
2025	123,915	-
2026	762,523	-
2027	220,864	-
2028	183,642	-
2029	1,166,417	-
2030	44,295	84,942
2031	89,045	105,369
2032	54,390	-
Unlimited	3,385,665	2,931,487
	9,097,403	5,988,664

The years 2027 and following are applicable to the subsidiaries incorporated in countries in which the reporting period of tax losses is greater than twelve years.

The deferred tax liabilities at 31 December 2013 amounting to Euro 89,522, result mainly from temporary differences between tax and accounting results of intangible assets.

The movement that occurred in deferred tax liabilities in the years ended at 31 December 2014 and 2013 were as follows:

	2014	2013
Opening balance	(89,522)	(1,089,637)
Temporary differences between accounting and tax result	88,971	740,362
Discontinued operations	-	740,173
Continued operations	88,971	189
Discontinued operations (note 3.e)	-	259,753
Sub-total effect on results (note 33)	88,971	189
Others	551	-
Closing balance	-	(89,522)

The reconciliation between the earnings before taxes and the taxes recorded for the years ended at 31 December 2014 and 2013 is as follows:

	2014	2013 (restated - note 1)
Earnings before taxes	14,661,702	41,414,283
Income taxation	(3,372,191)	(10,353,571)
Deferred tax assets not recognised in the individual accounts and / or resulting from consolidation adjustments and other adjustments to taxable income	2,880,672	4,028,066
Record/(reverse) of deferred tax assets related to previous years and tax benefits	108,150	564,199
Use of tax losses and tax benefits without record of deferred tax asset in previous years	141,116	2,702,328
Temporary differences for the year without record of deferred tax assets	(447,536)	(403,722)
Record of deferred tax liabilities	-	(350,070)
Income taxation recorded in the year (note 33)	(689,789)	(3,812,770)



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

Portuguese Tax Authorities can review the income tax returns of the Company and of its subsidiaries with head office in Portugal for a period of four years (five years for Social Security), except when tax losses have been generated, tax benefits have been granted or when any review, claim or impugnation is in course, in which circumstances, the periods are extended or suspended. Consequently, tax returns of each year, since the year 2011 (inclusive) are still subject to such review. The Board of Directors believes that any correction that may arise as a result of such review would not have a significant impact on the accompanying consolidated financial statements.

Supported by the Company's lawyers and Tax consultants, the Board of Directors believes that there are no liabilities not provisioned in the consolidated financial statements, associated to probable tax contingencies that should have been registered or disclosed in the accompanying financial statements, at 31 December 2014.

12. Inventories

At 31 December 2014 and 2013, this caption was made up as follows:

	2014	2013
Raw materials	341,038	427,855
Merchandise	761,420	150,670
	1,102,458	578,525
Accumulated impairment losses on inventories (note 22)	(25,000)	(25,000)
	1,077,458	553,525

The cost of goods sold in the years ended at 31 December 2014 and 2013 amounted to Euro 30,341,304 and Euro 24,753,054 respectively and was determined as follows:

	2014	2013
Opening inventories	578,525	18,179,938
Purchases	30,235,375	51,803,061
Increase of accumulated impairment losses on inventories (note 22)	-	466,664
Inventory adjustments	629,862	(4,514,410)
Output of the telecommunications sector companies (note 3.e)	-	(19,124,520)
Descontinued operations (note 37)	-	(21,479,154)
Closing inventories	(1,102,458)	(578,525)
	30,341,304	24,753,054

The amounts recorded under the caption 'Inventory adjustments' at 31 December 2013 correspond, essentially, to the transfer of telecommunications handsets from the caption 'Inventories' to the caption 'Tangible assets', as a result of the rental contracts agreements signed with customers by the subsidiary Optimus – Comunicações S.A. (note 5). These amounts were, in the year ended at 31 December 2013, derecognized following the merger between Optimus SGPS and Zon (note 3.e).

The accumulated impairment losses on inventories reflect the difference between the acquisition cost and market net realisable value of the inventory, as well as the estimate of impairment losses due to low stock turnover, obsolescence and deterioration. The accumulated impairment losses are registered in the caption 'Cost of sales' (note 1.i).

13. Trade debtors

At 31 December 2014 and 2013, this caption was made up as follows:

	2014	2013
Trade debtors:		
Information Systems	35,521,789	32,032,744
Multimedia and others	4,478,982	4,383,609
	40,000,771	36,416,353
Doubtful debtors	3,704,428	3,889,900
	43,705,199	40,306,253
Impairment losses in accounts receivable (note 22)	(3,704,428)	(3,889,900)
	40,000,771	36,416,353

At 31 December 2014 and 2013, the accumulated impairment losses by segment were made up as follows:

	2014	2013
Impairment losses in accounts receivable:		
Information Systems	1,919,632	1,965,707
Multimedia and others	1,784,796	1,924,193
	3,704,428	3,889,900

The Group's exposure to credit risk is mainly related to accounts receivable arising from its operational activity. The amounts included in the balance sheet are net of cumulative doubtful debtors impairment losses that were estimated by the Group, taking into consideration its past experience and an assessment of the current macroeconomic environment. The Board of Directors believes that the book value of the accounts receivable does not differ significantly from its fair value.

Trade debtors by age at 31 December 2014 and 2013 were as follows:

		Due without impairment				Due with impairment			
		Not due	Until 30 days	From 30 to 90 days	More than 90 days	Until 90 days	From 90 to 180 days	From 180 to 360 days	More than 360 days
2014	Total								
Trade debtors	43,705,199	18,460,254	5,152,882	4,422,285	10,303,734	332,333	63,824	481,021	4,488,866
2013									
Trade debtors	40,306,253	16,421,523	7,189,764	4,782,586	4,719,780	954,061	856,685	1,179,790	4,202,064

At 31 December 2014, of the total amount of accounts receivable impaired and overdue for more than 90 days, net of VAT, that the Group expects and makes efforts to recover, around 90% were covered by impairment adjustments.

Credit risk monitoring, which is performed on a continuous basis, can be resumed as follows:

- (i) In the case of regular customers, impairment adjustment is calculated by applying an uncollectibility percentage based on historical data regarding collections, to the accounts receivables overdue.
- (ii) In the case of the remaining accounts receivable, impairment adjustments are determined on a stand-alone basis, based on the age of the receivables, net of the amounts payable and the information of the financial situation of the debtor.



14. Other current debtors

At 31 December 2014 and 2013, this caption was made up as follows:

	2014	2013
State and other public entities	7,262,261	5,863,034
Advances to suppliers	305,618	534,960
Other debtors	2,357,876	16,752,397
Accumulated impairment losses in accounts receivable (note 22)	(109,625)	(109,625)
	9,816,130	23,040,766

At 31 December 2013, the caption 'Other debtors' include an amount referred to the chosen of Sonaecom SGPS, SA to benefit from the scheme of Outstanding Debts Settlement of Tax and Social Security, and carried out a payment totalling of Euro 4,993.935 related essentially to VAT. The Board of Directors believes that these amounts are not due and there are no material liabilities associated that has no provision and that should be disclosed. On 31 December 2014, this amount was reclassified to 'Other non-current assets'.

Other debtors and advances to suppliers by age at 31 December 2014 and 2013 are as follows:

		Due without impairment				Due with impairment			
		Not due	Until 30 days	From 30 to 90 days	More than 90 days	Until 90 days	From 90 to 180 days	From 180 to 360 days	More than 360 days
2014	Total								
Advances to suppliers	305,618	6,109	3,218	15,475	280,816	-	-	-	-
Other debtors	2,357,876	97,384	30,472	1,133,713	1,007,557	-	-	8,108	80,642
	2,663,494	103,493	33,690	1,149,188	1,288,373	-	-	8,108	80,642
2013									
Advances to suppliers	534,960	52,663	239,007	3,136	240,154	-	-	-	-
Other debtors	16,752,397	364,583	4,489,285	3,228,261	8,464,783	-	-	5,197	200,288
	17,287,357	417,246	4,728,292	3,231,397	8,704,937	-	-	5,197	200,288

The amounts due and without impairment correspond, mostly, to Sonae Group companies and other entities, without credit risk.

15. Other current assets

At 31 December 2014 and 2013, this caption was made up as follows:

	2014	2013
Invoices to be issued to clients for services rendered	9,058,592	6,242,561
Specialised work paid in advance	1,478,537	1,892,828
Other accrued income	760,712	783,419
Prepaid rents	332,985	293,202
Rappel discounts (annual quantity discounts)	11,255	17,684
Other costs paid in advance	270,144	68,712
	11,912,225	9,298,406

The results of the projects in progress, carried out by the information systems segment, are recognised based on the completion percentage method.



At 31 December 2014 and 2013, projects in progress could be summarised as follows:

	2014	2013
Number of projects in progress	894	664
Total costs recognised	18,961,821	18,133,225
Total revenues recognised	34,928,537	30,823,190
Total deferred revenues (note 27)	7,053,922	5,944,035
Total accrued revenues	6,281,550	4,680,950

16. Cash and cash equivalents

At 31 December 2014 and 2013, the detail of cash and cash equivalents was as follows:

	2014	2013
Cash	22,423	10,979
Bank deposits repayable on demand	4,551,280	28,793,626
Treasury applications	177,436,892	159,210,318
Cash and cash equivalents	182,010,595	188,014,923
Bank overdrafts (Note 20)	(196,082)	(10,208)
	181,814,513	188,004,715

At 31 December 2014 and 2013, the 'Treasury applications' exclusively corresponds to banking applications.

During the year ended at 31 December 2014, the above mentioned treasury applications bear interests at an average rate of 1.03% (1.69% in 2013), being distributed, on that date, by 6 financial institutions.

17. Share capital

At 31 December 2014 and 2013, the share capital of Sonaecom was comprised by 311,340,037 and 366,246,868, respectively, ordinary registered shares, of 0.74 and Euro 1 each, respectively. At those dates, the Shareholder structure was as follows:

	2014		2013	
	Number of shares	%	Number of shares	%
Sontel BV	194,063,119	62.33%	194,063,119	52.99%
Sonae SGPS	81,022,964	26.02%	76,679,374	20.94%
Shares traded on the Portuguese Stock Exchange ('Free float')	30,682,940	9.86%	82,152,012	22.43%
Own shares (note 18)	5,571,014	1.79%	5,571,014	1.52%
Goldman Sachs*	-	-	7,780,349	2.12%
Efanor Investimentos, SGPS, S.A.**	-	-	1,000	0.00%
	311,340,037	100.00%	366,246,868	100.00%

* On 23 October 2013, Goldman Sachs Group, Inc. informed Sonaecom about the completion of a qualifying holding of 2.12% in Sonaecom, corresponding to 7,780,349 shares and voting rights. On 23 February 2014, has been included in 'Free Float' because it does not correspond to a qualified participation.

** In the year ended at 31 december 2014, following the completion of Public Offer of own shares, Efanor has no longer a direct participation in the capital of Sonaecom.

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

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

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



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

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

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

18. Own shares

During the period ended 31 December 2014, Sonaecom did not acquire, sold or delivered own actions, in addition the own shares purchased under the General Public Offer and Voluntary process described in Note 17, whereby the amount held to date, is of 5,571,014 own shares representing 1.79% of its share capital, at an average price of Euro 1.380.

19. Non-controlling interests

Non-controlling interests at 31 December 2014 and 2013 are made up as follows:

	2014	2013
Digitmarket	422,253	375,209
S21 Sec FRM (note 3.a)	203,201	-
S21 Sec Barcelona (note 3.a)	180,018	-
Saphety Colômbia	(35,341)	(13,836)
Saphety	(37,039)	(71,967)
Saphety Brasil	(48,982)	(20,688)
S21 Sec Brasil (note 3.a)	(60,983)	-
S21 Sec Labs (note 3.a)	(208,676)	-
Lookwise (note 3.a)	(359,242)	-
S21 Sec Gestion (note 3.a)	(678,123)	-
Others	(9,086)	1,106
	(632,000)	269,824

20. Loans

At 31 December 2014 and 2013, the caption Loans had the following breakdown:

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

						Amount outstanding
Company	Issue denomination	Limit	Maturity	Type of reimbursement	2014	2013
Sonaecom SGPS	'Obrigações Sonaecom SGPS 2013'	20,000,000	Jun-16	Final	-	20,000,000
	Costs associated with financing set-up	-	-	-	-	(58,271)
	Interests incurred but not yet due	-	-	-	-	61,767
					-	20,003,496
WeDo USA	Bank loan	-	Apr-19	Parcel	-	4,449,538
S21GES	Bank loan	1,229,223	Jul-21	Parcel	1,229,223	-
S21GES	Bank loan	600,919	Jul-21	Parcel	600,919	-
S21GES	Bank loan	573,839	Jul-21	Parcel	573,839	-
S21GES	Bank loan	547,000	Jul-21	Parcel	547,000	-
S21GES	Bank loan	309,000	Jul-21	Parcel	309,000	-
S21GES	Bank loan	296,000	Jul-21	Parcel	296,000	-
S21GES	Bank loan	192,000	Jul-21	Parcel	192,000	-
S21 Sec Labs	Repayable subsidies	-	Jun-24	Parcel	2,046,913	-
S21 Sec Gestion	Repayable subsidies	-	Jun-25	Parcel	1,701,292	-
Lookwise	Repayable subsidies	-	Dec-25	Parcel	1,215,946	-
Saphety	Minority Shareholder loans	-	-	-	451,322	451,322
	Costs associated with financing set-up	-	-	-	(152,924)	(121,435)
	Interests incurred but not yet due	-	-	-	48,455	27,158
					9,058,985	4,806,583
					9,058,985	24,810,079

b) Short-term loans and other loans

						Amount outstanding
Company	Issue denomination	Limit	Maturity	Type of reimbursement	2014	2013
WeDo USA	Bank loan	-	Apr-14/Oct-14	-	-	988,788
S21 Sec Gestion	Overdraft facilities	200,000	Jul-15	-	199,912	-
S21 Sec Gestion	Overdraft facilities	150,000	Jul-15	-	150,057	-
S21 Sec Gestion	Overdraft facilities	150,000	Jul-15	-	111,033	-
S21 Sec Gestion	Overdraft facilities	100,000	Jul-15	-	99,815	-
S21 Sec Gestion	Factoring	300,000	Jul-15	-	111,431	-
S21 Sec Gestion	Factoring	400,000	Jul-15	-	261,674	-
S21 Sec Labs	Repayable subsidies	-	Dec-15	-	223,880	-
Lookwise	Repayable subsidies	-	Dec-15	-	179,164	-
S21 Sec Gestion	Repayable subsidies	-	Dec-15	-	431,228	-
Several	Bank overdrafts (Note 16)	-	-	-	196,082	10,208
Several	Interests incurred but not yet due	-	-	-	16,175	-
					1,980,451	998,996

Bond Loan

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

The loan above is unsecured and the fulfilment of the obligations under this loan is exclusively guaranteed by the underlying activities and the indebted company cash flows generation capacity.

The average interest rate of the bond loans, in the year 2013, was 2.71%.



Commercial Paper

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

The average interest rate of the Commercial Paper Programmes, in the year 2013, was 4.26%.

The loan above are unsecured and the fulfilment of the obligations under this loan is exclusively guaranteed by the underlying activities and the indebted company cash flows generation capacity.

Bank credit lines of short-term portion

Sonaecom has also a short term bank credit line, in the form of current or overdraft account commitment, in the amount of Euro 1 million and S21GES in the amount of Euro 756 thousand, in periods, generally up to a year.

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

Grants

At 31 December 2014 the Group had grants obtained from dependent entities of the Government of Navarra, CDTI and 'Ministerio de Ciencia y Tecnología'. These subsidies are recorded at amortized cost in accordance with the method of effective interest rate and have the following repayment plan:

	2014
2015	834,272
2016	866,451
2017	1,039,114
2018	1,025,130
2019 and next	2,033,456
	5,798,423

These subsidies bear interest at rates between 0% and 4%.

Others

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

The S21GES loans could be detailed as follow:

2014			
Issue denomination	Limit	Maturity	Bank
Bank loan	1,229,223	Jul-21	Popular
Bank loan	600,919	Jul-21	Santander
Bank loan	573,839	Jul-21	BBVA
Bank loan	547,000	Jul-21	Bankinter
Bank loan	309,000	Jul-21	Sabadell
Bank loan	296,000	Jul-21	Popular
Bank loan	192,000	Jul-21	La Caixa

The average interest rate of these loans, at 31 December 2014, was 3.05%.

At 31 December 2014, the main financial constraints (covenants) included in debt contracts are related with pledge clauses, which impose certain restrictions, namely, on the mortgaging or pledging of real guarantees in property, on elements or assets of subsidiaries' heritage, on the modification in the main companies's activities, on the issue of new shares or change in shareholder rights. The penalties applicable in the event of default in these covenants are generally the early payment of the loans obtained.

At 31 December 2014 and at present date, Sonaecom was fully compliant with all the financial constraints above mentioned.

At 31 December 2014 and 2013, the obligations to credit institutions (nominal values) related with medium and long-term loans and its interests are repayable as follows (values based on the latest interest rate established for each type of loan):

	Within 12 months	Between 12 and 24 months	Between 24 and 36 months	Between 36 and 48 months	Between 48 and 60 months	Between 60 and 72 months
2014						
Other loans S21GES:						
Reimbursements	-	-	185,913	874,779	865,083	1,822,129
Interests	115,902	112,809	131,734	166,717	123,119	116,829
	115,902	112,809	317,647	1,041,496	988,202	1,938,958
2013						
Bond loan:						
Reimbursements	-	-	20,000,000	-	-	-
Interests	980,278	980,278	424,318	-	-	-
Other loans WeDo USA:						
Reimbursements	-	988,786	988,786	988,786	988,786	494,394
Interests	134,394	108,363	82,549	56,231	30,273	4,242
	1,114,672	2,077,427	21,495,653	1,045,017	1,019,059	498,636

Minority Shareholder loans have no maturity defined.

At 31 December 2014 and 2013, the available bank credit lines of the Group were as follows:

						Maturity
Company	Credit	Limit	Amount outstanding	Amount available	Until 12 months	More than 12 months
2014						
Sonaecom	Authorised overdrafts	1,000,000	-	1,000,000	x	
S21 Sec Gestion	Overdraft facilities	200,000	199,912	88	x	
S21 Sec Gestion	Overdraft facilities	150,000	111,033	38,967	x	
S21 Sec Gestion	Overdraft facilities	150,000	150,057	-	x	
S21 Sec Gestion	Overdraft facilities	125,457	-	125,457		x
S21 Sec Gestion	Overdraft facilities	100,000	99,815	185	x	
S21 Sec Gestion	Overdraft facilities	30,191	-	30,191		x
S21 Sec Gestion	Bank loan	1,229,223	1,229,223	-		x
S21 Sec Gestion	Bank loan	600,919	600,919	-		x
S21 Sec Gestion	Bank loan	573,839	573,839	-		x
S21 Sec Gestion	Bank loan	547,000	547,000	-		x
S21 Sec Gestion	Bank loan	309,000	309,000	-		x
S21 Sec Gestion	Bank loan	296,000	296,000	-		x
S21 Sec Gestion	Bank loan	192,000	192,000	-		x
Others	Several	-	196,082	-	x	
		5,503,629	4,504,880	1,194,888		
2013						
Sonaecom	Bond loan	20,000,000	20,000,000	-		x
Sonaecom	Commercial paper	15,000,000	-	15,000,000	x	
Sonaecom	Authorised overdrafts	1,000,000	-	1,000,000	x	
WeDo USA	Bank loan	5,438,326	5,438,326	-	x	x
Others	Several	-	10,208	-	x	
		41,438,326	25,448,534	16,000,000		

At 31 December 2014 and 2013, there are no interest rate hedging instruments therefore the total gross debit is exposed to changes in market interest rates.

Based on the debt exposed to variable rates at the end of 2014, including the debt on finance lease, and considering the applications and bank balances at the same date, if market interest rates has risen (fallen), in average, 75bp during the year 2014, the interest paid that year would be decreased (increased) in an amount of approximately Euro 1,200,000.

21. Other non-current financial liabilities

At 31 December 2014 and 2013, this caption was made up of accounts payable to tangible and intangible assets suppliers related to lease contracts which are due in more than one year in the amount of Euro 480,274 and Euro 67,937, respectively.

At 31 December 2014 and 2013, the payment of these amounts was due as follows:

	2014		2013	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
2014	-	-	76,294	70,728
2015	322,845	285,904	41,332	38,286
2016	269,054	249,949	26,142	25,040
2017	228,987	221,858	4,682	4,612
2018	8,549	8,467	-	-
	829,435	766,178	148,450	138,665
Interests	(63,258)	-	(9,784)	-
	766,177	766,178	138,666	138,665
Short-term liability (note 25)	-	(285,904)	-	(70,728)
	766,177	480,274	138,666	67,937

22. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the years ended at 31 December 2014 and 2013 were as follows:

	Opening balance	Companies included in the consolidation perimeter (Note 3.a)	Increases	Decreases	Utilisations and Transfers	Discontinued units (Notes 3.d and 3.e)	Closing balance
2014							
Accumulated impairment losses on accounts receivables (notes 13 and 14)	3,999,525	500,020	68,383	(209,538)	(407,060)	(137,277)	3,814,053
Accumulated impairment losses on inventories (note 12)	25,000	-	-	-	-	-	25,000
Provisions for other liabilities and charges	3,060,986	273,266	530,090	(229,160)	(739,871)	(315,990)	2,579,321
	7,085,511	773,286	598,473	(438,698)	(1,146,931)	(453,267)	6,418,374
2013							
Accumulated impairment losses on accounts receivables (notes 13 and 14)	82,895,444	-	18,801,662	(5,504,235)	(19,030,746)	(73,162,600)	3,999,525
Accumulated impairment losses on inventories (note 12)	4,377,789	-	466,664	(1,995,000)	(520,824)	(2,303,629)	25,000
Provisions for other liabilities and charges	43,673,340	-	4,257,934	(5,753,550)	(3,868,767)	(35,247,971)	3,060,986
	130,946,573	-	23,526,260	(13,252,785)	(23,420,337)	(110,714,200)	7,085,511

Reinforcements and reductions values of the accumulated impairment losses on receivable accounts and provisions for liabilities and charges, at 31 December 2014 and 2013, are detailed as follows:

	2014		2013	
	Increases	Decreases	Increases	Decreases
Accumulated impairment losses on accounts receivables				
Continuing units - registered in the line 'Provisions and accumulated impairment losses' (increases) and in 'Other operating costs' (decreases) (note 29)	25,972	(209,538)	1,108,347	(174,361)
Discontinued units (note 37)	42,411	-	17,693,315	(5,329,874)
Total increases/(decreases) of accumulated impairment losses on accounts receivables	68,383	(209,538)	18,801,662	(5,504,235)
Provisions for other liabilities and charges				
Recorded in the income statement, under the caption 'Income Tax ' (note 33)	395,159	(166,673)	946,897	(1,222,647)
Recorded in 'Fixed Assets' regard to the provision for dismantling and abandonment of offices net value recorded in 'Other financial expenses' related to the financial actualization of the provision for dismantling as foreseen in IAS 16 - 'Fixed Assets' (Note 1c))	67,291	(4,573)	518,932	-
Recorded in the income statement 'Gains and losses of associates and jointly controlled entities' related to the registration of the provision resulting from the application of the equity method (Note 8)	97,693	-	44,245	-
Recorded in reserves related to the registration of the provision resulting from the application of the equity method (Note 8)	(35,005)	-	-	-
Other increases and decreases - recorded in 'Provisions and impairment losses' (increases) and in 'Other operating revenue' (decreases) (note 29)	-	(57,914)	600,363	(401,094)
Total continuing operations	525,138	(229,160)	2,110,437	(1,623,741)
Discontinued operations	4,952	-	2,147,497	(4,129,809)
Total increases/(decreases) of provisions for other liabilities and charges	530,090	(229,160)	4,257,934	(5,753,550)
Result of the Mainroad sold (restatement of balances)	-	-	(74,096)	66,887
Total recorded in the income statement in 'Provisions and impairment losses' (increases) and in 'Other operating revenue' (decreases) (note 29)	25,972	(267,452)	1,634,614	(508,568)

At 31 December 2014 and 2013, the breakdown of the provisions for other liabilities and charges is as follows:

	2014	2013
Several contingencies	1,803,847	1,781,800
Legal processes in progress	131,761	199,151
Dismantling	48,497	242,073
Other responsibilities	595,216	837,962
	2,579,321	3,060,986

At 31 December 2014, the value of provisions for the dismantling is recorded at its present value, accordingly with the dates of its utilization (in accordance with IAS 37 - 'Provisions, Contingent Liabilities and Contingent Assets').

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

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



23. Other non-current liabilities

At 31 December 2014 and 2013, the caption 'Other non-current liabilities' is as follows:

	2014	2013
Medium Term Incentive Plan (note 39)	871,397	307,870
Others	203,812	969,434
	1,075,209	1,277,304

The heading 'Others' include the amount of Euro 959,922 in 31 December 2013 related to the medium and long term portion to be paid under the acquisition of Connectiv (note 7).

24. Trade creditors

At 31 December 2014 and 2013, this caption had the following composition and maturity plans:

	Total	Till 90 days	From 90 to 180 days	More than 180 days
2014				
Suppliers - current account	18,735,676	18,735,676	-	-
Intangible and tangible assets suppliers	421,218	421,218	-	-
Suppliers - invoices pending approval	2,408,795	2,408,795	-	-
	21,565,689	21,565,689	-	-
2013				
Suppliers - current account	17,159,275	17,159,275	-	-
Intangible and tangible assets suppliers	1,281,412	1,281,412	-	-
Suppliers - invoices pending approval	3,327,592	3,327,592	-	-
	21,768,279	21,768,279	-	-

At 31 December 2014 and 2013, this caption included balances payable to suppliers resulting from the Group's operations and the acquisition of intangible and tangible assets. The Board of Directors believes that the difference between the fair value of these balances and its book value is not significant.

25. Other current financial liabilities

At 31 December 2014, this caption includes the amount of Euro 285,904 (2013: Euro 70,728) related to the short term portion of lease contracts (note 21).

26. Other creditors

At 31 December 2014 and 2013, this caption was made up as follows:

	2014	2013
State and other public entities	5,408,938	4,285,787
Other creditors	1,238,426	6,153,540
	6,647,364	10,439,327

At 31 December 2013, the caption 'Other creditors' includes an amount of circa Euro 6 million referred to the amount to be paid to Optimus SA, Be Artis and Be Towering in relation to the termination of MTIP contract (note 34).



The liability to other creditors matures as follows:

	Total	Till 90 days	From 90 to 180 days	More than 180 days
2014				
Other creditors	1,238,426	1,238,426	-	-
2013				
Other creditors	6,153,540	6,153,540	-	-

The liability to other creditors does not incorporate any interest. The Board of Directors believes that the difference between the fair value of these balances and its book value is not significant.

At 31 December 2014 and 2013, the caption 'State and other public entities' related essentially to taxes payable (Value Added Tax, Corporate Income Tax, Social Security contributions and withholdings of Personal Income Tax) from the following subsidiaries:

	2014	2013
Sonaecom	2,261,864	1,306,526
WeDo	769,925	661,317
WeDo Brasil	569,907	404,056
S21 Sec Gestion	499,937	-
Público	402,604	389,492
Saphety	176,185	125,185
Sonaecom SP	74,718	86,568
Digitmarket	63,564	798,710
Others	590,234	513,933
	5,408,938	4,285,787

27. Other current liabilities

At 31 December 2014 and 2013, this caption was made up as follows:

	2014	2013
Costs:		
Personnel costs	11,961,118	12,145,020
Advertising and promotion	780,904	474,495
Medium Term Incentive Plans (note 39)	1,263,646	284,788
Rappel discounts (annual quantity discounts)	60,459	68,810
Specialised works	571,071	211,278
Rents	190,711	29,933
Tangible and intangible assets	106,877	16,273
Stocks	1,375,723	70,231
Other costs	1,694,198	3,446,326
Other external suppliers and services	2,135,992	2,761,354
	20,140,699	19,508,508
Deferred income:		
Customer advance payments (note 15)	7,442,073	7,576,081
Other deferred income	703,990	622,871
	8,146,063	8,198,952
	28,286,762	27,707,460



28. Sales and services rendered

At 31 December 2014 and 2013, the caption 'Sales and services rendered' was made up as follows:

	2014	2013 (restated - note 1)
Information Systems	105,902,042	93,953,709
Multimedia and others	15,814,624	10,812,034
	121,716,666	104,765,743

29. Other operating revenues

At 31 December 2014 and 2013, the caption 'Other operating revenues' was made up as follows:

	2014	2013 (restated - note 1)
Supplementary income	676,992	632,433
Reversal of provisions (note 22)	267,452	508,568
Others	1,817,150	2,182,217
	2,761,594	3,323,218

The caption 'Others' includes the derecognition of the contingent amount related to the acquisition of Connectiv (Euro 801,320 in 2014 and Euro 376,660 in 2013) (Note 7).

30. External supplies and services

'External supplies and services' for the years ended at 31 December 2014 and 2013 had the following composition:

	2014	2013 (restated - Note 1)
Subcontracts	19,393,642	17,717,153
Specialised works	5,482,365	4,228,950
Travelling costs	4,583,883	4,493,886
Rents	4,396,333	4,239,686
Advertising and promotion	2,860,738	3,147,205
Fees	1,239,156	1,233,990
Communications	1,196,748	669,307
Commissions	591,979	393,871
Energy	288,275	236,941
Maintenance and repairs	182,381	51,019
Security	120,181	4,513
Others	1,517,646	1,105,936
	41,853,327	37,522,457



The commitments assumed by the Group at 31 December 2014 and 2013 related to operational leases are as follows:

	2014	2013 (restated - note 1)
Minimum payments of operational leases:		
2014	-	2,735,954
2015	3,350,003	2,417,945
2016	2,645,460	2,024,927
2017	2,233,519	1,510,981
2018	1,482,594	1,129,834
2019 onwards	154,742	84,334
Renewable by periods of one year	896,394	338,280
	10,762,712	10,242,255

During the year ended at 31 December 2014, an amount of Euro 4,156,750 (Euro 3,606,535 in 31 December 2013) was recorded in the heading 'External supplies and services' related with operational leasing rents, recorded in 'Rents'.

31. Other operating costs

At 31 December 2014 and 2013, the caption 'Other operating costs' was made up as follows:

	2014	2013 (restated - note 1)
Taxes	132,951	135,163
Others	187,287	141,883
	320,238	277,046

32. Financial results

Net financial results for the years ended at 31 December 2014 and 2013 were made up as follows ((costs) / gains):

	2014	2013 (restated - Note 1)
Financial results of associates and jointly controlled companies:		
Gains and losses related with the application of the equity method (Note 8)	15,742,802	(490,365)
	15,742,802	(490,365)
Gains and losses on financial assets at fair value through profit or loss:		
Gains and losses on financial assets at fair value through profit or loss (Note 9)	(3,296,955)	46,636,719
Dividends obtained	1,321,504	-
	(1,975,451)	46,636,719
Financial expenses:		
Interest expenses:	(1,051,727)	(10,505,468)
Bank loans	(752,901)	(9,900,712)
Leasing	(32,631)	(5,851)
Other interests	(266,195)	(598,905)
Foreign exchange losses	(820,005)	(850,930)
Other financial expenses	(533,180)	(634,440)
	(2,404,912)	(11,990,838)
Financial income:		
Interest income	1,958,554	7,422,162
Foreign exchange gains	837,162	537,553
Others financial gains	163,308	16,484
	2,959,024	7,976,199

During the years ended at 31 December 2014 and 2013, the caption 'Financial income: Interest income' includes, mainly, interests earned on treasury applications. At 31 December 2013, this caption includes also the amount of Euro 4,674,111 received from Unitel, following the disposal of the shareholder loans to be received from Zopt to this entity (note 8).

33. Income taxation

Income taxes recognised during the years ended at 31 December 2014 and 2013 were made up as follows ((costs) / gains):

	2014	2013 (restated - Note 1)
Current tax	(1,249,969)	(3,293,294)
Tax provision net of reduction (note 22)	(228,486)	275,750
Deferred tax assets (note 11)	699,695	(795,415)
Deferred tax liabilities (note 11)	88,971	189
	(689,789)	(3,812,770)

34. Related parties

During the years ended at 31 December 2014 and 2013, the balances and transactions maintained with related parties were mainly associated with the normal operational activity of the Group and to the concession and obtainment of loans.

The most significant balances and transactions with related parties, which are listed in the appendix to this report, during the years ended at 31 December 2014 and 2013 were as follows:

	Balances at 31 December 2014		
	Accounts receivable (notes 13 and 14)	Accounts payable (note 24)	Other assets / (liabilities) (notes 15, 23 and 27)
Holding company			
Sonae SGPS	(181,442)	49,132	183,592
Other related companies			
Be Artis	722,921	46,385	(2,749,104)
Modelo Continente Hipermercados, S.A.	398,309	119,292	(588,978)
NOS Comunicações	1,613,720	244,376	221,358
Nos SGPS	45,651	-	-
Raso Viagens	7,648	288,641	(10,894)
SC-Sociedade de Consultadoria	376,031	-	(213,731)
Sierra Portugal	380,961	928	275,419
Sonae Indústria PCDM	9,709	-	-
Sonaecenter II	1,206,884	506,906	(907,181)
Mainroad	224,098	217,844	(782)
Worten	55,166	(1,485)	-
	4,859,656	1,472,019	(3,790,301)
	Balances at 31 December 2013		
	Accounts receivable (notes 13 and 14)	Accounts payable (note 24)	Other assets / (liabilities) (notes 15, 23 and 27)
Holding company			
Sonae SGPS	49,924	-	(31,198)
Other related companies			
Be Artis	1,939,686	2,963,167	(391,071)
Modelo Continente Hipermercados, S.A.	325,466	61,513	(292,299)
NOS Comunicações	1,264,110	3,681,010	(51,959)
Raso Viagens	20,039	322,234	(8,227)
SC-Sociedade de Consultadoria	351,089	-	(173,685)
Sierra Portugal	553,453	3,811	295,038
Sonae Indústria PCDM	142,558	-	-
Sonae Investments BV	-	-	-
Sonaecenter II	1,649,702	106,217	(697,310)
Worten	33,210	(867)	-
Nos SGPS	10,203,626	-	(1,943,340)
	16,532,863	7,137,085	(3,294,051)

	Transactions at 31 December 2014			
	Sales and services rendered (note 28)	Supplies and services received (note 30)	Interest and similar income / (expense) (note 32)	Supplementary income (note 29)
Holding company				
Sonae SGPS	1,810	49,229	1,563,161	-
Other related companies				
Be Artis	7,769,762	1,341	-	(41)
MDS	395,689	30,018	-	-
Modelo Continente Hipermercados, S.A.	916,072	305,255	-	19,418
Nos SGPS	170	(7,936)	1,329	-
Raso Viagens	179,150	1,430,082	-	-
SC-Sociedade de Consultadoria	1,646,715	-	-	-
Sierra Portugal	4,262,300	10,363	-	-
Sonae Indústria PCDM	709,750	-	-	-
Sonaecenter II	13,845,628	427,603	-	-
Unipress	80,435	546,417	-	135,000
Worten	246,972	710	-	-
	30,054,453	2,793,082	1,564,490	154,377

	Transactions at 31 December 2013			
	Sales and services rendered (note 28)	Supplies and services received (note 30)	Interest and similar income / (expense) (note 32)	Supplementary income (note 29)
Holding company				
Sonae SGPS	212	48,600	685,345	-
Subsidiaries				
Infosystems	129,948	165,012	-	(266,424)
Unipress	196,192	582,202	-	57,000
Other related companies				
Be Artis	3,728,001	290,298	-	28,800
MDS	595,298	1,122	-	-
Modelo Continente Hipermercados, S.A.	835,657	347,542	-	144,948
NOS Comunicações	1,089,183	1,035,463	-	40,185
Raso Viagens	136,223	1,368,354	-	10,151
SC-Sociedade de Consultadoria	1,332,782	-	-	-
Sierra Portugal	5,370,033	16,294	-	-
Sonae Indústria PCDM	1,056,895	-	-	-
Sonae Investments BV	-	-	6,606	-
Sonaecenter II	8,266,354	685,977	-	-
Nos SGPS	-	(526,753)	17,520,021	-
	22,606,830	3,849,099	18,211,972	281,084

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

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

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

All the above transactions were made at market prices.



Accounts receivable and payable to related companies will be settled in cash and are not covered by guarantees. During the years ended at 31 December 2014 and 2013, no impairment losses referring to account receivables from related parties were recognised.

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

35. Guarantees provided to third parties

Guarantees provided to third parties at 31 December 2014 and 2013 were as follows:

Company	Beneficiary	Description	2014	2013
We Do, WeDo Egypt and S21 Sec Gestion	Digi Telemunicaciones; Emirates Telecom. Corp.; Group Etisalat; Scotia Leasing Panama; Viva Bahrain; Zain Jordan; TT dotCom Snd Bhd; Empresa de Telecomunicaciones; Sociedad Estatal de Correos y Telegrafos and Asiaceil Communications	Completion of work to be done	1,346,265	1,101,201
Sonaecom	Direção de Contribuições e Impostos (Portuguese tax authorities)	VAT Reimbursements	1,435,379	5,955,731
S21 Sec Gestion, S21 Sec Labs and Lookwise	Centro para Desarrollo Tecnolo; Ministerio de Indústria and Ingeniería de sistemas para la Defensa de España, S.A.	Grants	1,264,330	-
We Do and Saphety	IAPMEI	QREN projects	334,299	392,707
Sonaecom and Público	Direção de Contribuições e Impostos and Autoridade Tributária e Aduaneira (Portuguese tax authorities)	IRC, IS, IVA – Tax assessment	240,622	2,714,853
WeDo	Caixa Geral de Depósitos	Bank loan (note 20)	-	5,534,407
Several	Others		439,548	336,175
			5,060,443	16,035,074

In addition to these guarantees were set up sureties for the current fiscal processes. The Sonae SGPS consisted of Sonaecom SGPS surety to the amount of Euro 6,540,647 and Sonaecom SGPS consisted of NOS Comunicações surety for the amount of Euro 10,502,945, and of Público for the amount of Euro 565,026.

At 31 December 2014, the Board of Directors of the Group believes that the decision of the court proceedings and ongoing tax assessments in progress will not have significant impacts on the consolidated financial statements.

36. Information by business segment

Following the classification of the Telecommunications segment as a discontinued operation (note 3.e), were identified for the years ended at 31 December 2014 and 2013 the following business segments:

- Multimedia;
- Information systems;
- Holding activities.

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

The segment 'Holding activities' includes the operations of the Group companies that have as their main activity the management of shareholdings. Excluding the ones mentioned above, the remaining activities of the Group have been classified as unallocated.



Inter-segment transactions during the years ended at 31 December 2014 and 2013 were eliminated in the consolidation process. All these transactions were made at market prices.

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

In the period ended at 31 December 2014, in result of the Mainroad sold (Note 3.d)), this was classified, for presentations effects, as a discontinued operation. As set forth by IFRS 5, changes were made in the consolidated profit and loss statements for the period ended at 31 December 2013, in order to disclose a single amount in profit and loss statements related to net income/(loss) of discontinued operations (note 37).

Overall information by business segment at 31 December 2014 and 2013, prepared in accordance with the same accounting policies and measurement criteria adopted in the preparation of the consolidated financial statements, can be summarised as follows:

	Multimedia		Information Systems		Holding Activities		Subtotal		Eliminations and others		Total	
	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013
Revenues:												
Sales and services rendered	15,895,582	18,764,151	105,902,042	93,953,709	303,482	2,627,835	122,101,106	115,345,695	(384,440)	(10,579,952)	121,716,666	104,765,743
Reversal of provisions	176,714	264,495	63,601	243,367	27,137	706	267,452	508,568	-	-	267,452	508,568
Other operating revenues	637,133	502,453	1,782,820	2,591,407	153,203	113,177	2,573,156	3,207,037	(79,014)	(392,387)	2,494,142	2,814,650
Total revenues	16,709,429	19,531,099	107,748,463	96,788,483	483,822	2,741,718	124,941,714	119,061,300	(463,454)	(10,972,339)	124,478,260	108,088,961
Depreciation and amortisation	(512,093)	(917,499)	(6,584,033)	(4,430,302)	(15,779)	(65,561)	(7,111,905)	(5,413,362)	(30,482)	(552,683)	(7,142,387)	(5,966,045)
Provisions and impairment losses	(19,388)	-	(6,584)	(1,537,845)	-	(96,769)	(25,972)	(1,634,614)	-	-	(25,972)	(1,634,614)
Net operating income / (loss) for the segment	(2,686,383)	(2,193,158)	5,080,280	8,005,874	(2,101,049)	(1,881,454)	292,848	3,931,262	47,391	(4,648,694)	340,239	(717,432)
Interest income	4,009	29,877	141,604	446,773	3,206,328	24,475,792	3,351,941	24,952,442	(1,393,387)	(17,530,280)	1,958,554	7,422,162
Interest expenses	(540,130)	(458,690)	(1,315,473)	(1,091,876)	(562,201)	(10,397,251)	(2,417,804)	(11,947,817)	1,366,076	1,442,349	(1,051,728)	(10,505,468)
Gains and losses in associated companies and companies jointly controlled	(1,698)	-	(64,955)	-	15,809,455	(167,099,143)	15,742,802	(167,099,143)	-	166,608,778	15,742,802	(490,365)
Gains and losses on financial assets at fair value through profit or loss	-	-	-	-	(1,975,451)	46,636,719	(1,975,451)	46,636,719	-	-	(1,975,451)	46,636,719
Other financial results	(470)	(127,680)	(226,780)	(498,627)	1,450,287	19,609,992	1,223,037	18,983,685	(1,575,751)	(19,915,018)	(352,714)	(931,333)
Income taxation	919,868	634,284	(2,041,404)	(2,946,728)	438,714	(1,508,562)	(682,821)	(3,821,006)	(6,968)	8,236	(689,789)	(3,812,770)
Consolidated net income/(loss) for the period excluding discontinued operations	(2,304,804)	(2,115,367)	1,573,272	3,915,416	16,266,084	(90,163,907)	15,534,552	(88,363,858)	(1,562,639)	125,965,371	13,971,913	37,601,513
Consolidated net income/(loss) for the period of discontinued operations	-	-	6,074,196	1,147,211	-	-	6,074,196	1,147,211	7,051,470	65,017,723	13,125,666	66,164,934
Attributable to:												
Shareholders of parent company	(2,304,804)	(2,115,367)	8,485,626	5,130,163	16,787,958	(90,113,407)	22,968,780	(87,098,611)	4,989,449	190,937,090	27,958,229	103,838,479
Non-controlling interests	-	-	(838,158)	(67,536)	-	-	(838,158)	(67,536)	(22,492)	(4,496)	(860,650)	(72,032)
Assets:												
Tangible and intangible assets and goodwill	971,400	3,987,720	76,946,687	78,022,279	44,757	59,802	77,962,844	82,069,801	(20,965,413)	(31,458,027)	56,997,431	50,611,774
Inventories	316,038	441,970	761,420	150,670	-	-	1,077,458	592,640	0	39,115	1,077,458	553,525
Financial investments	914,645	112,954	10,320	878,981	659,753,394	648,107,486	660,678,359	649,099,421	62,467,442	61,450,312	723,145,801	710,549,733
Other non-current assets	3,570	3,570	7,317,197	5,528,461	175,757,576	178,906,506	183,078,343	184,438,537	(170,739,660)	(178,316,217)	12,338,683	6,122,320
Other current assets of the segment	6,417,451	7,260,077	56,315,833	53,757,378	242,404,457	409,899,824	305,137,741	470,917,279	(2,857,444)	(11,704,481)	302,280,297	459,212,798
Liabilities:												
Liabilities of the segment	13,175,550	15,777,829	74,665,129	72,566,030	5,751,364	37,284,768	93,592,043	125,628,627	(21,632,084)	(35,338,009)	71,959,959	90,290,618
CAPEX	582,710	974,574	6,007,870	6,834,698	12,923,078	15,285,975	19,513,658	23,095,247	(7,057,560)	(15,237,182)	12,456,098	7,858,065



During the years ended at 31 December 2014 and 2013, the inter-segments sales and services were as follows:

	Multimedia	Information Systems	Holding Activities
2014			
Multimedia	-	134,310	-
Information Systems	294	-	-
Holding Activities	-	40,797	303,482
External trade debtors	15,895,288	105,726,935	-
	15,895,582	105,902,042	303,482
2013 (restated - note 1)			
Telecommunications	46,858	4,710,974	2,077,959
Multimedia	-	48,024	105,610
Information Systems	294	-	215,928
Holding Activities	2,400	5,687	-
External trade debtors	18,714,599	89,189,024	72,440
	18,764,151	93,953,709	2,471,937

During the years ended at 31 December 2014 and 2013, sales and services rendered of the segments of Multimedia and Activities Holding were obtained predominantly in the Portuguese market, this market represents more than 90% of revenue.

During the year ended at 31 December 2014, for the Information Systems segment, also the Portuguese market is dominant, accounting for 40.9% of revenue (54.1% in 2012) followed by the Brazilian and American markets, representing 7.6% and 5.3% of revenue (7.4% and 6.8% in 2013), respectively.

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

Condensed consolidated balance sheets

(Amounts expressed in thousands of Euro)	December 2014	December 2013 (restated)
Assets		
Tangible assets	1,141,770	1,096,823
Intangible assets	1,164,207	1,160,599
Deferred tax assets	141,115	156,467
Other non-current assets	40,872	61,143
Non-current assets	2,487,964	2,475,032
Trade debtors	331,527	276,630
Cash and cash equivalents	21,070	74,380
Other current assets	115,371	103,831
Current assets	467,968	454,841
Total assets	2,955,931	2,929,873
Liabilities		
Medium and long-term loans – net of short-term portion	616,526	928,239
Provisions for other liabilities and charges	127,221	132,972
Other non-current liabilities	50,074	46,221
Non-current liabilities	793,821	1,107,432
Short-term loans and other loans	503,508	213,431
Trade creditors	317,036	296,823
Other current liabilities	281,436	251,974
Current liabilities	1,101,980	762,228
Total liabilities	1,895,801	1,869,660
Shareholders' funds excluding non-controlling interests	1,050,311	1,050,598
Non-controlling interests	9,818	9,615
Total Shareholders' funds	1,060,129	1,060,213
Total Shareholders' funds and liabilities	2,955,931	2,929,873



Condensed consolidated statements of income by nature

(Amounts expressed in thousands of Euro)	December 2014	December 2013 (restated)
Total revenue	1,383,934	990,259
Costs and losses		
Direct costs and external supplies and services	(595,558)	(413,817)
Depreciation, amortisation and impairment losses	(339,294)	(243,070)
Other operating costs	(301,681)	(254,869)
	(1,236,533)	(911,756)
Financial results	(55,142)	(50,811)
Income taxation	(17,179)	(16,433)
Consolidated net income/(loss) for the year	75,080	11,259
Consolidated net income/(loss) for the year attributed to non-controlling interests	369	449
Attributed to shareholders of parent company	74,711	10,810

37. Discontinued operations

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

	31 December 2014	31 December 2013 (restated - note 1)
Sales	-	18,822,654
Services rendered	11,100,105	452,293,041
Other operating revenues	136,924	6,197,740
	11,237,029	477,313,435
Cost of sales	-	(21,479,154)
External supplies and services	(6,432,024)	(236,026,089)
Staff expenses	(3,604,114)	(35,391,222)
Depreciation and amortisation	(516,185)	(94,023,562)
Provisions and impairment losses (nota 22)	(42,411)	(8,926,890)
Other operating costs	(4,436)	(9,729,670)
	(10,599,170)	(405,576,587)
Other financial expenses	(10,649)	(2,100,206)
Other financial income	1,391	2,698,636
Current income / (loss)	628,601	72,335,278
Income taxation	(118,201)	2,779,321
	510,400	75,114,599
Gain/(Loss) resulting from the disposal (note 3.d and 3.e)	12,615,266	(8,949,665)
Net income/(loss) for the year of discontinued operations	13,125,666	66,164,934

At 31 December 2013, the net income/ (loss) consists on net income generated by companies associated with the telecommunications segment until the date of merger of Optimus SGPS with ZON in the amount of Euro 75,193,885, the loss calculated with this operation in the amount of Euro 8,949,665 (note 3.e)), and also the net loss generated by Mainroad in the amount of Euro 79,286 (Notes 1 and 3.d)).

At 31 December 2014, the net income (loss) relates to the net income generated by Mainroad in the amount of Euro 510,400 and the gain from its sale in the amount of Euro 12,615,266 (Notes 1 and 3.d)).

38. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the consolidated net income attributable to the Group (Euro 27,958,229 in 2014 and Euro 103,838,479 in 2013) by the average number of shares outstanding during the years ended at 31 December 2014 and 2013, net of own shares (Euro 314,920,162 in 2014 and 360,941,333 in 2013).

39. Medium Term Incentive Plans

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



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

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

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

At 10 March 2014, Sonaecom shares plans were fully converted into Sonae SGPS shares. This conversion was based on the terms set out in Tender offer for the general and voluntary acquisition of own shares at 20 February 2014, referred to in Note 17 to determine the fair value of Sonaecom plans, and based on the price of shares Sonae SGPS.

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

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

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

*Share price of the day of publication of the results of the Tender Offer

The 2010 plan was delivered in March 2014 for all companies except for Sonaecom SGPS, SA, whose delivery was in May 2014. Accordingly, the outstanding plans at 31 December 2014 are as follows:

	Vesting period			31 December 2014	
	Share price at 31 December 2014/ Award date	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares (Arising from the conversion of Sonaecom plans)					
2011 Plan	1.024	09-Mar-12	10-Mar-15	22	757,414
2012 Plan	1.024	08-Mar-13	10-Mar-16	24	554,543
Sonae SGPS shares					
2011 Plan	0.401	09-Mar-12	10-Mar-15	2	431,413
2012 Plan	0.701	08-Mar-13	10-Mar-16	2	168,427
2013 Plan	1.024	10-Mar-14	10-Mar-17	190	1,652,013

The 2013 Plan includes 166 employees of WeDo Group following the adoption by these companies of the same medium term incentives plans that the rest of the group.



During the periods ended at 31 December 2014, the movements that occurred in the plans, can be summarised as follows:

	Sonaecom shares		Sonae SGPS shares	
	Aggregate number of participations	Number of shares	Aggregate number of participations	Number of shares
Outstanding at 31 December 2013:				
Unvested	135	1,425,486	6	798,591
Total	135	1,425,486	6	798,591
Movements in the year:				
Awarded	-	-	219	1,776,375
Converted	(135)	(1,425,486)	135	2,923,738
Vested	-	-	(48)	(1,218,147)
Companies excluded from the consolidation perimeter (Note 3.d))	-	-	(75)	(886,277)
Cancelled / elapsed / corrected / transfers ⁽¹⁾	-	-	3	169,530
Outstanding at 31 December 2014:				
Unvested	-	-	240	3,563,810
Total	-	-	240	3,563,810

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

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

	Sonae SGPS shares		Total
	2011 Plan	2012 Plan	
Notional value	323,727	268,451	592,178
Maturity	Mar-15	Mar-16	
Level of inputs in the hierarchy of fair value	Level 2		
Valuation method	Current replacement cost		
Fair value*	481,197	120,032	601,229

* Used the share price of 31 December 2014 in the determination of the fair value.

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



Share plans costs are recognised in the accounts over the year between the award and the vesting date of those shares. The costs recognised in previous years and in the period ended at 31 December 2014, were as follows:

	Sonaecom shares	Sonae SGPS shares	NOS SGPS shares	Total
Costs recognised in previous years	29,602,457	4,310,802	279,519	34,192,778
Costs recognised in the year	167,711	761,580	10,473	939,764
Companies excluded from the consolidation perimeter	-	(300,629)	-	(300,629)
Impact of conversion	(1,251,767)	2,386,427	-	1,134,660
Costs of plans vested in previous years	(28,518,401)	(4,047,509)	-	(32,565,910)
Costs of plans vested in the year	-	(1,503,198)	-	(1,503,198)
Total cost of the plans	-	1,607,473	289,992	1,897,465
Responsibility of plans	-	2,208,702	289,992	2,498,694
Fair value of hedging contracts	-	(601,229)	-	(601,229)
Recorded in 'Cash and cash equivalents' (1)	-	(194,530)	(43,048)	(237,578)
Recorded in 'Other current liabilities' (note 27)	-	1,100,226	163,420	1,263,646
Recorded in 'Other non-current liabilities' (note 23)	-	701,777	169,620	871,397
Recorded in reserves	-	-	-	-

(1) Sonaecom partially anticipated the maturity of the hedging contract with Sonae SGPS, which led to a refund for the current market value of Sonaecom shares.

At 10 March 2014, Sonaecom shares plans were fully converted into Sonae SGPS shares. This conversion was based on the terms of trade set out in the Tender Offer, at 20 February 2014, referred to in Note 17 to determine the fair value of the plans and, based on the share prices Sonae SGPS. Thus, the number of Sonae SGPS shares to be delivered to the company employees was determined. As set forth by IFRS 2, the responsibility of each plan over the period between the award date and the conversion date, amounted to Euro 2,317,853 was recognised under the caption 'Other current liabilities' and 'Other non-current liabilities' with a corresponding entry in the equity.

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

40. Remuneration attributed to the key management personnel

During 2014 and 2013, the remunerations paid to Directors and other members of key management in functions at the years ended 31 December 2014 and 2013 (19 managers in 2014 and 2013) were as follows:

	2014	2013
Short-term employee benefits *	1,586,101	1,716,252
Share-based payments *	366,317	462,820
	1,952,418	2,179,072

*In 2013, remuneration for key management personnel transferred to NOS has not been considered, following the merger between Optimus SGPS and Zon.

The short-term employee benefits, which include the salary and performance bonus, were calculated on an accruals basis. The share-based payments for 2014 and 2013 correspond to the value of the Medium Term Incentive Plan and will be awarded in 2015, in respect of performance during 2014 (and the Medium Term Incentive Plan awarded in 2014 in respect of performance during 2013, for the 2013 amounts), whose shares, or the cash equivalent, will be delivered in March 2018 and March 2017, respectively. Full details on the Group remuneration policy are disclosed in the Corporate Governance Report.



41. Fees of Statutory Auditor

In 2014 and 2013, the Group paid, in respect of fees, to the Statutory Auditor of the Group, Deloitte, and its network of companies, the following amounts:

	2014	2013
Statutory audit	115,663	110,974
Other guarantee and reliability services	-	10,000
Tax Advice	-	14,747
Other consulting	4,738	1,250
Total	120,401	136,971

42. Average number of employees

During the years ended at 31 December 2014 and 2013, the companies included in the consolidation employed an average number of 1,139 and 912, respectively (excluding the companies included in discontinued operations). At 31 December 2014, the number of employees was 1,128.

These consolidated financial statements were approved by the Board of Directors on 2 March 2015.

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



Appendix

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

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

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

CTE-Central Termoeléct. do Estuário, Lda
 Cumulativa - Sociedade Imobiliária, S.A.
 Darbo SAS
 Digitmarket - Sistemas de Informação, S.A.
 Discovery Sports, SA
 Distodo Distribui e Logist,Lda
 Dortmund Tower GmbH
 Dos Mares - Shopping Centre B.V.
 Dos Mares-Shopping Centre, S.A.
 Dreamia, B.V
 Dreamia, Serv de Televisão, SA
 Ecociclo - Energia e Ambiente, SA
 Ecociclo II
 Edições Book.it, S.A.
 Efanor Investimentos, SGPS, S.A.
 Efanor Serviços de Apoio à Gestão, S.A.
 Empracine-E.Pro.Act. Cinem,Lda
 Empreend.Imob.Quinta da Azenha,SA
 Enerlousado-Recursos Energéticos, Lda.
 Equador & Mendes,Lda
 Estação Viana - Centro Comercial, S.A.
 Estêvão Neves-Hipermercados Madeira,SA
 Euroresinas-Indústrias Químicas,SA
 Farmácia Selecção, SA
 Fashion Division Canárias, SL
 Fashion Division, S.A.
 Feneralt-Produção de Energia, ACE
 FINSTAR-Socied.Investim.Par SA
 Fozimo-Sociedade Imobiliária,SA
 Fozmassimo - Sociedade Imobiliária, SA
 Freccia Rossa- Shopping Centre S.r.l.
 Fundo de Invest. Imobiliário Imosede
 Fundo Esp.Inv.Imo.Fec. WTC
 Fundo I.I. Parque Dom Pedro Shop.Center
 Fundo Invest. Imobiliário Imosona e Dois
 Fundo Invest.Imob.Shopp. Parque D.Pedro
 GaiaShopping I- Centro Comercial, S.A.
 GaiaShopping II- Centro Comercial, S.A.
 GHP GmbH
 Gli Orsi Shopping Centre 1 Srl
 Glunz AG
 Glunz Service GmbH
 Glunz UK Holdings Ltd

Glunz Uka GmbH
 Golf Time-Golfe e Invest. Turísticos, SA
 GuimarãesShopping- Centro Comercial, S.A.
 Harvey Dos Iberica, S.L.
 Herco Consul.Riscos Corret.Seguros, Ltda
 Herco, Consultoria de Risco, S.A.
 HighDome PCC Limited
 Iberian Assets, SA
 Igimo-Sociedade Imobiliária,SA
 Iginha-Sociedade Imobiliária,SA
 Imoarea - Invest. Turísticos, SGPS, SA
 IMOBEAUTY, S.A.
 Imobiliária da Cacela, S.A.
 Imoclub-Serviços Imobiliários,SA
 Imoconti- Soc.Imobiliária,SA
 Imodivor - Sociedade Imobiliária, S.A.
 Imoestrutura-Soc.Imobiliária,SA
 Imohotel-Emp.Turist.Imobiliários,SA
 Imomuro-Sociedade Imobiliária,SA
 Imopeninsula - Sociedade Imobiliária, SA
 Imoplamac Gestão de Imóveis,SA
 Imoponte-Soc.Imobiliaria,SA
 Imoresort - Sociedade Imobiliária, S.A.
 Imoresultado-Soc.Imobiliaria,SA
 Imosedas-Imobiliária e Serviços,SA
 Imosistema-Sociedade Imobiliária,SA
 Impaper Europe GmbH
 Implantação - Imobiliária, S.A.
 Infocfield-Informática,SA
 Inparsi - Gestão Galeria Comercial, SA
 Inparvi SGPS, SA
 Integrum - Energia, SA
 Integrum ACE, SA
 Integrum Colombo Energia, SA
 Integrum Engenho Novo - Energia, S.A.
 INTEGRUM II - ENERGIA, S.A.
 INTEGRUM III - ENERGIA, S.A.
 Integrum Martim Longo - Energia, S.A.
 Integrum Vale do Caima - Energia, SA
 Integrum Vale do Tejo - Energia, SA
 Intelligent Big Data, S.L.
 Interlog-SGPS,SA
 Invesaude - Gestão Hospitalar S.A.



Ioannina Develop. of Shopping Centers SA	Modelo Hiper Imobiliária,SA
Isoroy SAS	Modelo.com-Vendas p/Correspond.,SA
La Farga - Shopping Center, SL	Movelpartes-Comp.para Ind.Mobiliária,SA
Land Retail B.V.	Movimento Viagens-Viag. e Turismo U.Lda
Larim Corretora de Resseguros, Ltda	MSTAR, SA
Larissa Develop. of Shopping Centers, SA	Münster Arkaden BV
Lazam MDS Corretora e Adm. Seguros, SA	Norte Shop. Retail and Leisure Centre BV
Le Terrazze - Shopping Centre 1 Srl	Norteshopping-Centro Comercial, S.A.
Libra Serviços, Lda.	NOS Açores Comunicações, SA
Lidergraf - Artes Gráficas, Lda	NOS Comunicações, S.A.
Lookwise, S.L.	NOS Lusomundo Audiovisuais, SA
Loop 5 - Shopping Centre, GmbH	NOS Lusomundo Cinemas, SA
Lusomundo España, SL	NOS Lusomundo TV Lda
Lusomundo Imobiliária 2, SA	NOS Madeira Comunicações, SA
Lusomundo Moçambique, Lda	NOS, SGPS, S.A.
Lusomundo Soc. Inv. Imob. SA	NOSPUB, Publicidade e Conteúdos, S.A.
Luz del Tajo - Centro Comercial S.A.	Nova Equador Internacional,Ag.Viag.T,Ld
Luz del Tajo B.V.	Nova Equador P.C.O. e Eventos
Madeirashopping- Centro Comercial, S.A.	Novobord (PTY) Ltd.
Maiashopping- Centro Comercial, S.A.	Novodecor (PTY), LTD
Maiequipa-Gestão Florestal,SA	OSB Deustchland GmbH
Mainroad - Serviços em Tecnologias de Informação, S.A.	Pantheon Plaza BV
Marcas do Mundo-Viag. e Turismo Unip,Lda	Paracentro - Gest.de Galerias Com., S.A.
Marcas MC, ZRT	Pareuro, BV
Marina de Tróia S.A.	Park Avenue Develop. of Shop. Centers SA
Marinamagic-Expl.Cent.Lúdicos Marít,Lda	Parklake Shopping Srl
Marmagno-Expl.Hoteleira Imob.,SA	Parque Atlântico Shopping - C.C., SA
Martimope-Empreendimentos Turísticos, SA	Parque D. Pedro 1 B.V.
Marvero-Expl.Hoteleira Imob.,SA	Parque de Famalicão - Empr. Imob., S.A.
MDS Affinity-Sociedade de Mediação Lda	Parque Principado SL
MDS Africa SGPS, S.A.	Pátio Boavista Shopping Ltda.
MDS Auto - Mediação de Seguros, SA	Pátio Campinas Shopping Ltda
MDS Corretor de Seguros, SA	Pátio Goiânia Shopping Ltda
Mds Knowledge Centre, Unipessoal, Lda	Pátio Londrina Empreend.e Particip.Ltda
MDS Malta Holding Limited	Pátio Penha Shopping Ltda.
MDS, SGPS, SA	Pátio São Bernardo Shopping Ltda
Megantic BV	Pátio Sertório Shopping Ltda
Miral Administração Corretagem Seg, Ltda	Pátio Uberlândia Shopping Ltda
MJLF-Empreendimentos Imobiliários, SA	PCJ - Público, Comunicação e Jornalismo, S.A.
Modalfa-Comércio e Serviços,SA	Peixes do Continente-Ind.Dist.Peixes,SA
MODALLOOP - Vestuário e Calçado, SA	Per-Mar-Sociedade de Construções,SA
Modelo - Dist.de Mat. de Construção,S.A.	Pharmaconcept - Actividades em Saúde, SA
Modelo Continente Hipermercados,SA	PHARMACONTINENTE - Saúde e Higiene, S.A.
Modelo Continente International Trade,SA	PJP - Equipamento de Refrigeração, Lda



Plaza Eboli B.V. Plaza Eboli - Centro Comercial S.A. Plaza Mayor Holding, SGPS, S.A. Plaza Mayor Parque de Ócio B.V. Plaza Mayor Parque de Ocio,SA Plaza Mayor Shopping B.V. Plaza Mayor Shopping, SA Poliface North America Porturbe-Edifícios e Urbanizações,SA Powercer-Soc.de Cogeração da Vialonga,SA Praedium - Serviços, SA Praedium II-Imobiliária,SA Praedium SGPS, SA Praesidium Services Limited Predicomercial-Promoção Imobiliária,SA Predilugar - Sociedade Imobiliária, SA Prédios Privados Imobiliária,SA Predisedas-Predial das Sedas,SA Proj. Sierra Germany 4 (four)-Sh.C.GmbH Proj. Sierra Italy 2 - Dev.of Sh.C. Srl Proj.Sierra Germany 2 (two)-Sh.C.GmbH Project 4, Srl Project SC 1 BV Project SC 2 BV Project Sierra 10 BV Project Sierra 11 BV Project Sierra 12 BV Project Sierra 2 B.V. Project Sierra 6 BV Project Sierra 8 BV Project Sierra Four Srl Project Sierra Spain 1 B.V. Project Sierra Spain 2 B.V. Project Sierra Spain 2-Centro Comer. SA Project Sierra Spain 3 B.V. Project Sierra Spain 3-Centro Comer. SA Project Sierra Two Srl Promessa Sociedade Imobiliária, S.A. Público – Comunicação Social, S.A. Quorum Corretores de Seguros Ltda Racionaliz. y Manufact.Florestales,SA Raso - Viagens e Turismo, S.A. Raso, SGPS, SA	River Plaza BV River Plaza Mall, Srl Rochester Real Estate,Limited Ronfegen-Recursos Energéticos, Lda. RSI Corretora de Seguros, Ltda S.C. Microcom Doi Srl S21 Sec Barcelona, S.L. S21 Sec Brasil, Ltda S21 Sec Ciber Seguridad, S.A. de CV S21 Sec Fraud Risk Management, S.L. S21 SEC Gestion, S.A. S21 Sec Inc. S21 Sec Information Security Labs, S.L. S21 Sec Institute, S.L. S21 Sec México, S.A. de CV S21 Sec, S.A. de CV Saphety – Transacciones Electronicas SAS Saphety Brasil Transações Eletrônicas Ltda. Saphety Level– Trusted Services, S.A. Saúde Atlântica - Gestão Hospitalar, SA SC Aegean B.V. SC Assets SGPS, SA SC Finance BV SC For-Serv.Form.e Desenv.R.H.,Unip.,Lda SC Mediterranean Cosmos B.V. SC, SGPS, SA SC-Consultadoria,SA SC-Eng. e promoção imobiliária,SGPS,S.A SCS Beheer,BV SDSR - Sports Division 2, S.A. SDSR - Sports Division SR, S.A. Selifa-Empreendimentos Imobiliários,SA Sempre à Mão - Sociedade Imobiliária,SA Servicios de Inteligencia Estratégica Global, S.L. Sesagest-Proj.Gestão Imobiliária,SA Sete e Meio - Invest. Consultadoria, SA Sete e Meio Herdades-Inv. Agr. e Tur.,SA Shopping Centre Colombo Holding, BV Shopping Centre Parque Principado B.V. SIAL Participações, Lda Sierra Asia Limited Sierra Berlin Holding BV Sierra Brazil 1 B.V.
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Sierra Central S.A.S.	Socijofra – Sociedade Imobiliária, S.A.
Sierra Developments Holding B.V.	Sociloures – Soc.Imobiliária, S.A.
Sierra Developments, SGPS, S.A.	Soconstrução BV
Sierra Enplanta Ltda	Sodesa, S.A.
Sierra European R.R.E. Assets Hold. B.V.	Soflorin, BV
Sierra Germany GmbH	Soira – Soc.Imobiliária de Ramalde, S.A.
Sierra GP Limited	Solinca - Eventos e Catering, SA
Sierra Greece, S.A.	Solinca - Health and Fitness, SA
Sierra Investimentos Brasil Ltda	Solinca – Investimentos Turísticos, S.A.
Sierra Investments (Holland) 1 B.V.	Solinfiness - Club Malaga, S.L.
Sierra Investments (Holland) 2 B.V.	Solingen Shopping Center GmbH
Sierra Investments Holding B.V.	SOLSWIM-Gestão e Expl.Equip.Aquáticos,SA
Sierra Investments SGPS, S.A.	Soltroia-Imob.de Urb.Turismo de Tróia,SA
Sierra Italy Holding B.V.	Somit Imobiliária,SA
Sierra Italy Srl	Sonae - Specialized Retail, SGPS, SA
Sierra Management Germany GmbH	Sonae Capital Brasil, Lda
Sierra Management Italy S.r.l.	Sonae Capital,SGPS, S.A.
Sierra Management Romania, Srl	Sonae Center Serviços II, SA
Sierra Management Spain – Gestión C.Com.S.A.	Sonae Center Serviços, S.A.
Sierra Management, SGPS, S.A.	Sonae com – Sistemas Informação, SGPS, S.A.
Sierra Portugal, S.A.	Sonae Financial Services, S.A.
Sierra Project Nürnberg BV	Sonae Ind., Prod. e Com.Deriv.Madeira,SA
Sierra Property Management Greece, SA	Sonae Indústria - Management Services,SA
Sierra RE Greece BV	Sonae Indústria – SGPS, S.A.
Sierra Reval-PM Mark. and Consult., Inc	Sonae Industria (UK),Ltd
Sierra Romania Sh. Centers Services Srl	Sonae Industria de Revestimentos, S.A.
Sierra Services Holland 2 BV	Sonae Investimentos, SGPS, SA
Sierra Services Holland B.V.	Sonae Investments,BV
Sierra Solingen Holding GmbH	Sonae MC - Modelo Continente, SGPS, SA
Sierra Spain 2 Services, S.A.	Sonae Novobord (PTY) Ltd
Sierra Spain, Shop. Centers Serv.,S.A.U.	Sonae RE, S.A.
Sierra Spain, Shop. Centers Services, SL	Sonae Retalho Espana-Servicios Gen.,SA
Sierra Zenata Project B.V.	Sonae SGPS, SA
SII – Soberana Invest. Imobiliários, S.A.	Sonae Sierra Brasil SA
SIRS – Sociedade Independente de Radiodifusão Sonora, S.A.	Sonae Sierra Brazil B.V.
SISTAVAC, S.A.	Sonae Sierra, SGPS, S.A.
SISTAVAC, SGPS, S.A.	Sonae Tafibra Benelux, BV
SISTAVAC-Sistemas HVAC-R do Brasil, Ltda	Sonae Turismo-SGPS,SA
SKK SRL	SONAECENTER SERVIÇOS, SA
SKK-Central de Distr.,SA	Sonaecom - Cyber security and intelligence, SGPS, S.A.
SKKFOR - Ser. For. e Desen. de Recursos	Sonaecom - Serviços Partilhados, S.A.
Soc.Inic.Aproveit.Florest.-Energias,SA	Sonaecom – Sistemas de Información España, S.L.
Sociedade de Construções do Chile, S.A.	Sonaecom BV
Sociedade Independente de Radiodifusão Sonora, S.A.	Sonaecom, SGPS, S.A.
Société de Tranchage Isoroy S.A.S.	Sonaegest-Soc.Gest.Fundos Investimentos



Sonaerp - Retail Properties, SA SONAESR - Serviços e logística, SA Sonaetelecom BV Sondis Imobiliária,SA Sontaria-Empreend.Imobiliários,SA Sontel BV Sontur BV Sonvecap BV Sopair, S.A. Sótaqua - Soc. de Empreendimentos Turist Soternix-Produção de Energia, ACE Spanboard Products,Ltd SPF- Sierra Portugal Spinarq Moçambique, Lda Spinarq-Engenharia,Energia e Ambiente,SA Spinveste - Promoção Imobiliária, SA Spinveste-Gestão Imobiliária SGII,SA Sport TV Portugal, SA Sport Zone Canárias Sport Zone España-Com.Art.de Deporte,SA Sport Zone Turquia Spred, SGPS, SA Tableros Tradema,S.L. Tafiber,Tableros de Fibras Ibéricas,SL Tafibra Suisse, SA Tafisa Canadá Societé en Commandite Tafisa Développement Tafisa France, SA Tafisa Investissement Tafisa Participation Tafisa UK,Ltd Tafisa-Tableros de Fibras, SA Taiber,Tableros Aglomerados Ibéricos,SL Tecmasa Reciclados de Andalucia, S.L. Tecnológica Telecomunicações LTDA. Teconologias del Medio Ambiente,SA Teliz Holding B.V. Textil do Marco,SA The Artist Porto Hot.&Bistrô-Act.Hot.,SA TLANTIC B.V. Tlantic Portugal-Sist. de Informação, SA Tlantic Sistemas de Informação Ltd^a Todos os Dias-Com.Ret.Expl.C.Comer.,S.A. Tool Gmbh Torre Ocidente, Imobiliária,SA	Torre São Gabriel-Imobiliária,SA Troia Market-Supermercados, S.A. Troia Natura, S.A. Troiaresort-Investimentos Turísticos, SA Troiaverde-Expl.Hoteleira Imob.,SA Tulipamar-Expl.Hoteleira Imob.,SA Unipress - Centro Gráfico, Lda Unishopping Administradora Ltda. Unishopping Consultoria Imob. Ltda. Upstar Comunicações SA Urbisedas-Imobiliária das Sedas,SA Valecenter Srl VALOR N, S.A. Via Catarina- Centro Comercial, S.A. Viajens y Turismo de Geotur España, S.L. Vistas do Freixo-Emp.Tur.Imobiliários,SA Vuelta Omega, S.L. WeDo Consulting - Sistemas de Informação, S.A. WeDo do Brasil - Soluções Informáticas, Ltda WeDo Poland Sp. Z.o.o. WeDo Technologies (UK) Limited WeDo Technologies Americas, Inc. WeDo Technologies Australia PTY Limited WeDo Technologies BV WeDo Technologies BV - Sucursal Malaysia WeDo Technologies Egypt LLC WeDo Technologies Mexico, S de R.L. Weiterstadt Shopping BV World Trade Center Porto, S.A. Worten Canárias Worten España Distribución, SL Worten-Equipamento para o Lar,SA ZIPPY - Comercio y Distribución, S.A. ZIPPY - Comércio e Distribuição, SA Zippy Turquia Zon Audiovisuais, SGPS Zon Cinemas, SGPS ZON Finance BV ZON III-COMUNICAÇ ELETRÓN SA ZON II-SERVIÇOS TELEVISÃO,SA Zon TV Cabo SGPS SA Zon TV Cabo, SA Zubiarte Inversiones Inmob,SA ZYEVLUTION-Invest.Desenv.,SA
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5.3. Sonaecom individual financial statements

Balance sheets

For the years ended at 31 December 2014 and 2013

(Amounts expressed in Euro)	Notes	December 2014	December 2013
Assets			
Non-current assets			
Tangible assets	1.a, 1.f and 2	38,672	52,710
Intangible assets	1.b and 3	6,085	7,092
Investments in Group companies	1.c and 5	52,792,142	66,580,286
Investments in joint ventures	1.d and 6	597,666,944	597,666,944
Financial assets at fair value through profit or loss	1.e, 4 and 7	1,424,996	-
Other non-current assets	1.d, 1.n, 4, 8 and 25	170,645,171	175,735,246
Total non-current assets		822,574,010	840,042,278
Current assets			
Financial assets at fair value through profit or loss	1.e, 4 and 7	58,540,576	202,442,350
Other current debtors	1.e, 1.g, 4, 10 and 25	3,732,898	19,763,330
Other current assets	1.e, 1.n, 4, 11 and 25	517,881	515,229
Cash and cash equivalents	1.e, 1.h, 4, 12 and 25	176,887,883	185,918,581
Total current assets		239,679,238	408,639,490
Total assets		1,062,253,248	1,248,681,768
Shareholder' funds and liabilities			
Shareholders' funds			
Share capital	13	230,391,627	366,246,868
Own shares	1.q and 14	(8,441,804)	(8,441,804)
Reserves	1.p	830,933,789	928,723,768
Net income / (loss) for the year		5,820,800	(90,569,383)
Total Shareholders' funds		1,058,704,412	1,195,959,449
Liabilities			
Non-current liabilities			
Medium and long-term loans – net of short-term portion	1.i, 1.j, 4, 15.a and 25	-	20,003,496
Provisions for other liabilities and charges	1.l, 1.o and 16	304,811	332,469
Other non-current liabilities	1.n, 1.t, 4 and 17	399,254	370,948
Total non-current liabilities		704,065	20,706,913
Current liabilities			
Short-term loans and other loans	1.h, 1.i, 1.j, 4, 15.b and 25	87,859	21,660,813
Other creditors	4, 18 and 25	1,065,550	7,308,273
Other current liabilities	1.n, 1.t, 4, 19 and 25	1,691,362	3,046,320
Total current liabilities		2,844,771	32,015,406
Total Shareholders' funds and liabilities		1,062,253,248	1,248,681,768

The notes are an integral part of the financial statements at 31 December 2014 and 2013.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

António Bernardo Aranha da Gama Lobo Xavier



Profit and Loss account by nature

For the years and quarters ended at 31 December 2014 and 2013

(Amounts expressed in Euro)	Notes	December 2014	September to December 2014 (not audited)	December 2013	September to December 2013 (not audited)
Services rendered	20 and 25	303,482	258,761	2,627,835	155,898
Other operating revenues	21 and 25	153,199	89,238	113,879	30,301
		456,681	347,999	2,741,714	186,199
External supplies and services	1.f, 22 and 25	(1,018,283)	(682,707)	(2,142,911)	(467,398)
Staff expenses	1.t, 28 and 30	(1,313,559)	(1,028,437)	(2,307,890)	(467,002)
Depreciation and amortisation	1.a, 1.b, 2 and 3	(15,779)	(12,180)	(65,561)	(13,346)
Provisions and impairment losses	1.l and 16	-	-	(90,138)	2,416
Other operating costs		(135,696)	(100,847)	(39,962)	(9,905)
		(2,483,317)	(1,824,171)	(4,646,462)	(955,235)
Gains and losses on Group companies	5 and 23	7,032,750	6,767,750	(147,101,781)	(2,858,138)
Gains and losses on financial assets at fair value through profit or loss	5, 7 and 23	(1,975,451)	(6,925,422)	46,636,719	37,489,326
Other financial expenses	1.c, 1.i, 1.j, 1.r, 1.s, 15 and 23	(1,018,096)	(988,884)	(11,211,267)	(508,249)
Other financial income	1.r, 5 and 23	3,369,520	2,741,673	24,502,045	1,297,759
Current income / (loss)		5,382,087	118,945	(89,079,032)	34,651,662
Income taxation	1.m, 9 and 24	438,713	244,419	(1,490,351)	(181,033)
Net income / (loss) for the year		5,820,800	363,364	(90,569,383)	34,470,629
Earnings per share	27				
Including discontinued operations:					
Basic		0.02	0.00	(0.25)	0.10
Diluted		0.02	0.00	(0.25)	0.10
Excluding discontinued operations:					
Basic		0.02	0.00	(0.25)	0.10
Diluted		0.02	0.00	(0.25)	0.10

The notes are an integral part of the financial statements at 31 December 2014 and 2013.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

António Bernardo Aranha da Gama Lobo Xavier



Statement of profit and loss and other comprehensive income

For the years and quarters ended at 31 December 2014 and 2013

(Amounts expressed in Euro)	Notes	December 2014	September to December 2014 (not audited)	December 2013	September to December 2013 (not audited)
Net income / (loss) for the year		5,820,800	363,364	(90,569,383)	34,470,629
Components of other comprehensive income, net of tax		-	-	-	-
Comprehensive income for the year		5,820,800	363,364	(90,569,383)	34,470,629

The notes are an integral part of the financial statements at 31 December 2014 and 2013.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

António Bernardo Aranha da Gama Lobo Xavier

Movements in Shareholders' funds

For the years ended at 31 December 2014 and 2013

(Amounts expressed in Euro)			Reserves							
	Share capital	Own shares (note 14)	Share premium	Legal reserves	Medium Term Incentive Plans reserves (note 28)	Own shares reserves	Other reserves	Total reserves	Net income / (loss)	Total
2014										
Balance at 31 December 2013	366,246,868	(8,441,804)	775,290,377	13,152,684	473,962	8,441,804	131,364,941	928,723,768	(90,569,383)	1,195,959,449
Appropriation of result of 2013										
Transfer to legal reserves and other reserves	-	-	-	-	-	-	(90,569,383)	(90,569,383)	90,569,383	-
Comprehensive income for the year ended at 31 December 2014	-	-	-	-	-	-	-	-	5,820,800	5,820,800
Reduction of the share capital following the result of the general and voluntary acquisition of own shares (Note 13)	(135,855,241)	-	-	-	-	-	(5,815,229)	(5,815,229)	-	(141,670,470)
Effect of the recognition of the Medium Term Incentive Plans (Note 28)	-	-	-	-	(57,543)	-	-	(57,543)	-	(57,543)
Effect of the conversion of the Medium Term Incentive Plans (Note 28)	-	-	-	-	(416,419)	-	(931,405)	(1,347,824)	-	(1,347,824)
Balance at 31 December 2014	230,391,627	(8,441,804)	775,290,377	13,152,684	-	8,441,804	34,048,924	830,933,789	5,820,800	1,058,704,412

The notes are an integral part of the financial statements at 31 December 2014 and 2013.

The Chief Accountant

Ricardo André Fraga Costa

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

António Bernardo Aranha da Gama Lobo Xavier

For the years ended at 31 December 2014 and 2013

(Amounts expressed in Euro)			Reserves							
	Share capital	Own shares (note 14)	Share premium	Legal reserves	Medium Term Incentive Plans reserves (note 28)	Own shares reserves	Other reserves	Total reserves	Net income / (loss)	Total
2013										
Balance at 31 December 2012	366,246,868	(6,299,699)	775,290,377	7,991,192	650,156	6,299,699	79,961,643	870,193,067	103,229,835	1,333,370,071
Appropriation of result of 2012										
Transfer to legal reserves and other reserves	-	-	-	5,161,492	-	-	98,068,343	103,229,835	(103,229,835)	-
Dividends distribution	-	-	-	-	-	-	(43,281,102)	(43,281,102)	-	(43,281,102)
Comprehensive income for the year ended at 31 December 2013	-	-	-	-	-	-	-	-	(90,569,383)	(90,569,383)
Delivery of own shares under the Medium Term Incentive Plans	-	354,213	-	-	(406,268)	(354,213)	425,568	(334,913)	-	19,300
Sale of own shares to subsidiaries under the Short Term Incentive Plans	-	3,724	-	-	-	(3,724)	4,723	999	-	4,723
Effect of the recognition of the Medium Term Incentive Plans	-	-	-	-	230,074	-	-	230,074	-	230,074
Early termination of the derivate on own shares (notes 25 and 28)	-	-	-	-	-	-	(1,314,192)	(1,314,192)	-	(1,314,192)
Acquisition of own shares	-	(2,500,042)	-	-	-	2,500,042	(2,500,042)	-	-	(2,500,042)
Balance at 31 December 2013	366,246,868	(8,441,804)	775,290,377	13,152,684	473,962	8,441,804	131,364,941	928,723,768	(90,569,383)	1,195,959,449

The notes are an integral part of the financial statements at 31 December 2014 and 2013.

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Cash Flow statements

For the years ended at 31 December 2014 and 2013

(Amounts expressed in Euro)	December 2014		December 2013	
Operating activities				
Payments to employees	(310,368)		(1,625,097)	
Cash flows from operating activities	(310,368)		(1,625,097)	
Payments / receipts relating to income taxes, net	805,887		(1,147,572)	
Other payments / receipts relating to operating activities, net	2,079,550		337,933	
Cash flows from operating activities (1)		2,575,069		(2,434,736)
Investing activities				
Receipts from:				
Financial Investments	28,127,148		15,260,284	
Tangible assets	-		41	
Interest and similar income	3,727,224		22,984,316	
Loans granted	-		428,385,000	
Dividends	8,571,504	40,425,876	24,700,000	491,329,641
Payments for:				
Financial Investments	(10,203,078)		(16,940,284)	
Tangible assets	(1,102)		(25,691)	
Intangible assets	(498)		-	
Loans granted	2,625,000	(7,579,678)	-	(16,965,975)
Cash flows from investing activities (2)		32,846,198		474,363,666
Financing activities				
Receipts from:				
Loans obtained	-	-	15,356,000	15,356,000
Payments for:				
Interest and similar expenses	(2,905,244)		(10,276,050)	
Acquisition of own shares	-		(2,500,042)	
Loans obtained	(41,634,568)		(349,026,569)	
Dividends	-	(44,539,812)	(43,281,102)	(405,083,763)
Cash flows from financing activities (3)		(44,539,812)		(389,727,763)
Net cash flows (4)=(1)+(2)+(3)		(9,118,545)		82,201,167
Cash and cash equivalents at the beginning of the year		185,918,581		103,717,414
Cash and cash equivalents at year end		176,887,883		185,918,581

The notes are an integral part of the financial statements at 31 December 2014 and 2013.

The Chief Accountant

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Notes to the cash flow statements

For the years ended at 31 December 2014 and 2013

	December 2014	December 2013
1. Acquisition or sale of subsidiaries or other businesses		
a) Other business activities		
Reimburse of investments from Sonaecom BV	14,720,000	-
Reimburse of investments from Sonae Com Sistemas de Informação, SGPS, S.A.	10,195,000	-
Reimburse of investments from Sonaetelecom BV	1,549,284	-
Reimburse of supplementary capital from Miauger - Organização e Gestão de Leilões Electrónicos, S.A.	988,854	1,146,146
Reimburse of supplementary capital from PCJ - Público, Comunicação e Jornalismo, S.A.	674,010	7,624,773
Reimburse of supplementary capital from Público - Comunicação Social, S.A.	-	6,489,365
	28,127,148	15,260,284
b) Other business activities		
Purchase of shares Sonae SGPS	5,522,188	-
Cash outflow to coverage losses Público - Comunicação Social, S.A.	3,180,000	-
Cash outflow to coverage losses Miauger - Organização e Gestão de Leilões Electrónicos, S.A.	826,880	1,146,145
Cash outflow to coverage losses PCJ - Público, Comunicação e Jornalismo, S.A.	674,010	-
Share capital increase of PCJ - Público, Comunicação e Jornalismo, S.A.	-	7,624,774
Share capital increase of Público - Comunicação Social, S.A.	-	6,489,365
Supplementary capital to Público - Comunicação Social, S.A.	-	850,000
Supplementary capital to Miauger - Organização e Gestão de Leilões Electrónicos, S.A.	-	830,000
	10,203,078	16,940,284
c) Dividends received		
ZOPT SGPS, S.A.	7,250,000	-
NOS, SGPS, S.A.*	1,321,504	24,700,000
	8,571,504	24,700,000

* This company changed name from ZonOptimus, SGPS, SA to NOS, SGPS, SA in June 2014.

	December 2014	December 2013
2. Details of cash and cash equivalents		
Cash in hand	1,260	811
Cash at bank	201,623	26,252,770
Treasury applications	176,685,000	159,665,000
Overdrafts	(87,847)	-
Cash and cash equivalents	176,800,036	185,918,581
Overdrafts	87,847	-
Cash assets	176,887,883	185,918,581
3. Description of non-monetary financing activities		
a) Bank credit obtained and not used	1,000,000	16,000,000
b) Purchase of company through the issue of shares	Not applicable	Not applicable
c) Conversion of loans into shares	Not applicable	Not applicable

The notes are an integral part of the financial statements at 31 December 2014 and 2013.

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5.4. Notes to the individual financial statements

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

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

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

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

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

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

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

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

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

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

By decision of the Shareholders' General Meeting held on 18 September 2006, Sonaecom's share capital was increased by Euro 69,720,000, to Euro 366,246,868, by the issuance of 69,720,000 new shares of 1 Euro each and with a share premium of Euro 275,657,217, subscribed by O93X – Telecomunicações Celulares, S.A. (EDP) and Parpública – Participações Públicas, SGPS, S.A. (Parpública). The corresponding public deed was executed on 18 October 2006.

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

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

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

The period of the offer, during which sales orders were received, ran for two weeks, beginning on 6 February and ending on 19 February 2014. On 20 February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares (Note 7 and 13).

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

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

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

1. Basis of presentation

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

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

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

The following standards, interpretations, amendments and revisions have been approved (endorsed) by the European Union and have mandatory application to financial years beginning on or after 1 January 2014 and were first adopted in the year ended at 31 December 2014:

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 (Consolidated Financial Statements)	1-Jan-13(*)
Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.	
IFRS 11 (Companies jointly controlled)	1-Jan-13(*)
Provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.	
IFRS 12 (Disclosures of Interests in Other Entities)	1-Jan-13(*)
New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	
Annual Improvements to IFRSs 2011-2013	1-Jul-14
Annual Improvements to IFRSs 2011-2013 Cycle is a collection of amendments to IFRSs in response to four issues addressed during the 2011-2013 cycle for annual improvements to IFRSs.	
IAS 27 (Separate Financial Statements)	1-Jan-13(*)
Consolidation requirements previously forming part of IAS 27 have been revised and are now contained in IFRS 10 Consolidated Financial Statements.	

Standard / Interpretation	Effective date (annual periods beginning on or after)
IAS 28 (Investments in Associates and Joint Ventures)	1-Jan-13(*)
The objective of IAS 28 (as amended in 2011) is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	
Amendments to IFRS 10, IFRS 12 and IAS 27 (Investment Entities);	1-Jan-14
The amendments apply to a particular class of business that qualify as investment entities. The amendments provide an exception to the consolidation requirements in IFRS 10.	
IAS 32- Admendments (Offsetting Financial Assets and Financial Liabilities)	1-Jan-14
IAS 32 is amended to refer to the disclosure requirements in respect of offsetting arrangements.	
Amendments to IAS 36 (Recoverable amount disclosures for Non-Financial Assets)	1-Jan-14
The amendments introduce additional disclosures and clarify the disclosures required when an asset is impaired and the recoverable amount of assets was based on fair value less cost of disposal.	
Amendments to IAS 39 (Novation of Derivatives and Continuation of Hedge Accounting)	1-Jan-14
The objective of the proposed amendments is to provide an exception to the requirement for the discontinuation of hedge accounting in IAS 39 and IFRS 9 in circumstances when a hedging instrument is required to be novated as a result of laws or regulations.	
IFRIC 21 Levies (Levies Charged by Public Authorities on Entities that Operate in a Specific Market)	1-Jan-14
This interpretation clarifies on when a liability to pay a levy imposed by a government (does not include income taxes - see IAS 12 Income taxes) should be recognised by an entity. IFRIC 21 identifies that the obligating event that gives rise to a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation.	

(*)In accordance with the Regulation, which approves the adoption of IFRS 10, 11 and 12 and the amendments to IAS 27 and IAS 28, the entity shall use these standards no later than periods beginning on or after January 1, 2014. The early adoption is however permitted.

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

The following standards, interpretations, amendments and revisions have been at the date of approval of these financial statements, approved (endorsed) by the European Union, whose application is mandatory only in future financial years:



Standard / Interpretation	Effective date (annual periods beginning on or after)
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Annual Improvements to IFRSs 2010–2012 Cycle **1-Jul-14**

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

IAS 19 - Amendments (Defined Benefit Plans: Employee Contributions) **1-Jul-14**

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

These standards, although endorsed by the European Union, were not adopted by the Company for the year ended at 31 December 2014, since their application is not yet mandatory.

The application of these standards and interpretations, as applicable to the Company will have no material effect on future statements of the Company.

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

Standard / Interpretation	Effective date (annual periods beginning on or after)
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IFRS 9 (Financial Instruments) and subsequent amendments **1-Jan-18**

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

Amendments to IFRS 10 - Consolidated **1-Jan-16**

Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities and IAS 28 - Investments in Associates and Joint

The proposed of these amendments is to clarify several issues about the application of the requirement for investment entities to measure subsidiaries at fair value instead of consolidating them.

IFRS 10 and IAS 28 - Amendments (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) **1-Jan-16**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Standard / Interpretation	Effective date (annual periods beginning on or after)
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IFRS 11 - Amendments (Accounting for Acquisitions of Interests in Joint Operations) **1-Jan-16**

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

IFRS 14 (Regulatory Deferral Accounts) **1-Jan-16**

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

IFRS 15 (Revenue from Contracts with Customers) **1-Jan-17**

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

Amendments to IAS 1 - Presentation of Financial Statements (Divulgence) **1-Jan-16**

The amendment introduces a set of directions and guidelines to improve and simplify the disclosures in the context of current IFRS reporting requirements.

IAS 16 and IAS 38 - Amendments (Clarification of Acceptable Methods of Depreciation and Amortisation) **1-Jan-16**

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

IAS 16 and IAS 41 - Amendments (Agriculture: Bearer Plants) **1-Jan-16**

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

IAS 27: Amendments (Equity Method in Separate Financial Statements) **1-Jan-16**

This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Annual Improvements to IFRSs 2012–2014 Cycle **1-Jan-16**

Annual Improvements to IFRSs 2012–2014 Cycle is a collection of amendments to IFRSs in response to issues addressed during the 2012–2014 cycle for annual improvements to IFRSs.

These standards have not yet been approved ('endorsed') by the European Union and, as such, were not adopted by the Company for the year ended at 31 December 2014. Their application is not yet mandatory.



It is predicted that the application of these standards and interpretations, as applicable to the Company will have no material effect on future financial statements of the Company.

The accounting policies and measurement criteria adopted by the Company at 31 December 2014 are comparable with those used in the preparation of the individual financial statements at 31 December 2013.

Main accounting policies

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

a) Tangible assets

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

Depreciations are calculated on a straight-line monthly basis as from the date the assets are available for use in the necessary conditions to operate as intended by the management, by a corresponding charge to the profit and loss statement caption 'Depreciation and amortisation'.

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

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

	Years of useful life
Buildings and others constructions – improvements in buildings owned by third parties	10-20
Plant and machinery	5
Fixtures and fittings	4-8
Vehicles	4

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

b) Intangible assets

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

Amortisations are calculated on a straight-line monthly basis, over the estimated useful life of the assets (three to six years) as from the month in which the corresponding expenses are incurred.

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

c) Investments in Group companies and other non-current assets

Investments in companies in which the Company has direct or indirect voting rights at Shareholders' General Meetings in excess of 50% or in which it has control over the financial and operating policies are recorded under the caption 'Investments in Group companies', at their acquisition cost, in accordance with IAS 27, as Sonaecom presents, separately, consolidated financial statements in accordance with IAS / IFRS.

Loans and supplementary capital granted to affiliated companies with maturities, estimated or defined contractually, greater than one year, are recorded, at their nominal value, under the caption 'Other non-current assets'.

Investments and loans granted to Group companies are evaluated whenever an event or change of circumstances indicates that the recorded amount may not be recoverable or impairment losses recorded in previous years no longer exist.

Impairment losses estimated for investments and loans granted to Group companies are recorded, in the period that they are estimated, under the caption 'Other financial expenses' in the profit and loss statement.

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

d) Investments in Joint Ventures

Investments in Joint Ventures (companies in which the Company has, direct or indirect, 50% of the voting rights in the Shareholders' General Meeting of or in which it has the control over the financial and operating policies), are recorded under the caption 'Investments in joint ventures', at acquisition cost in accordance with IAS 27, as such, Sonaecom presents, separately, consolidated financial statements in accordance with IAS / IFRS.

Loans and supplementary capital granted to companies jointly controlled, with maturities, estimated or defined contractually, greater than one year, are recorded, at their nominal value, under the caption 'Other non-current assets'.

Investments and loans granted to joint ventures are evaluated whenever an event or change of circumstances indicates that the recorded amount may not be recoverable or impairment losses recorded in previous years no longer exist.

Impairment losses estimated for investments and loans granted to joint ventures are recorded, in the period that they are estimated, under the caption 'Other financial expenses' in the profit and loss statement.

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

e) Financial instruments

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



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

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

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

(ii) 'Loans and receivables'

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

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

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

(iii) 'Held-to-maturity investments'

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

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

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

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

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

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

Realised and unrealised gains and losses arising from changes in the fair value of financial assets classified at fair value through profit or loss are recognised in the income statement.

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

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to similar instruments, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. If none of these valuation techniques can be used, the Company values these investments at acquisition cost net of any identified impairment losses. The fair value of listed investments is determined based on the closing Euronext share price at the balance sheet date.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In case of equity securities classified as available-for-sale, a significant decline (above 25%) or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset previously recognised in the profit or loss statement – is removed from equity and recognised in the profit and loss statement. Impairment losses recognised in the profit and loss statement on equity securities are not reversed through the profit and loss statement.

f) Financial and operational leases

Lease contracts are classified as financial leases, if, in substance, all risks and rewards associated with the detention of the leased asset are transferred by the lease contract or as operational leases, if, in substance, there is no transfer of risks and rewards associated with the detention of the leased assets.

The lease contracts are classified as financial or operational in accordance with the substance and not with the form of the respective contracts.

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

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

g) Other current debtors

Other current debtors are recorded at their net realisable value, and do not include interest, because the financial updated effect is not significant.



These financial investments arise when the Company provides money or services directly to a debtor with no intention of trading the receivable.

The amount relating to this caption is presented net of any impairment losses, which are recorded in the profit and loss statement under the caption 'Provisions and impairment losses'. Future reversals of impairment losses are recorded in the profit and loss statement under the caption 'Provisions and impairment losses'.

h) Cash and cash equivalents

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

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

The cash flow statement is classified by operating, financing and investing activities. Operating activities include payments to personnel and other captions relating to operating activities.

Cash flows from investing activities include the acquisition and sale of investments in associated and subsidiary companies and receipts and payments resulting from the purchase and sale of tangible assets.

Cash flows from financing activities include payments and receipts relating to loans obtained and finance lease contracts.

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

i) Loans

Loans are recorded as liabilities by the 'amortised cost'. Any expenses incurred in setting up loans are recorded as a deduction to the nominal debt and recognised during the period of the financing, based on the effective interest rate method. The interests incurred but not yet due are added to the loans caption until their payment.

j) Financial expenses relating to loans obtained

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

k) Derivatives

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

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

(i) Interest rate swaps operations to hedge against interest rate risks on loans obtained. The amounts, interest payment dates and repayment dates of the underlying interest rate swaps are similar in all respects to the conditions established for the contracted loans. Changes in the fair value of cash flow hedges are recorded in assets or liabilities, against a corresponding entry under the caption 'Hedging reserves' in Shareholders' funds.

(ii) Forward's exchange rate for hedging foreign exchange risk. The values and times periods involved are identical to the amounts invoiced and their maturities.

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

At 31 of December 2014 and 2013, the Company did not have any derivative, beyond those mentioned in note 1.t).

l) Provisions and contingencies

Provisions are recognised when, and only when, the Company has a present obligation (either legal or implicit) resulting from a past event, the resolution of which is likely to involve the disbursement of funds by an amount that can be reasonably estimated.

Provisions are reviewed at the balance sheet date and adjusted to reflect the best estimate at that date.

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

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

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

m) Income Tax

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

Sonaecom has adopted, since 1 January 2008, the special regime for the taxation of groups of companies, under which, the provision for income tax is determined on the basis of the estimated taxable income of all the companies covered by that regime, in accordance with such rules. The special regime for the taxation of groups of companies covers all direct or indirect subsidiaries, and even through companies resident in another Member State of the European Union or the European Economic Area, only if, in the last case, there is an obligation of administrative cooperation, on which the Group holds at least 75% of their share capital, where such participation confers more than 50% of voting rights, if meet certain requirements.

Deferred taxes are calculated using the liability method and reflect the timing differences between the amount of assets and liabilities



for accounting purposes and the respective amounts for tax purposes.

Deferred tax assets are only recognised when there is reasonable expectation that sufficient taxable profits shall arise in the future to allow such deferred tax assets to be used. At the end of each period, the recorded and unrecorded deferred tax assets are revised and they are reduced whenever their realisation ceases to be probable, or increased if future taxable profits are likely enabling the recovery of such assets (note 9).

Deferred taxes are calculated with the tax rate that is expected to be in effect at the time the asset or liability is realized, based on the rates that have been enacted or substantially enacted at the balance sheet date.

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

n) Accrual basis and revenue recognition

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

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

The costs attributable to current period and whose expenses will only occur in future periods are estimated and recorded under the caption 'Other current liabilities' and 'Other non-current liabilities', when it is possible to estimate reliably the amount and the timing of occurrence of the expense. If there is uncertainty regarding both the date of disbursement of funds, and the amount of the obligation, the value is classified as Provisions (note 1.I)).

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

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

o) Balance sheet classification

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

In addition, considering their nature, the deferred taxes and the provisions for other liabilities and charges, are classified as non-current assets and liabilities (notes 9 and 16).

p) Reserves

Legal reserve

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

Share premiums

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

Medium-term incentive plans reserves

According to IFRS 2 - 'Share based payment', the responsibility related with the equity settled plans is registered, as a credit, under the caption of Medium Term Incentive Plan Reserves, which are not distributable and which cannot be used to absorb losses.

During the year ended at 31 December 2014, due to the conversion of the existing Sonaecom share plans on Sonae SGPS shares and the attribution of the new Sonae SGPS shares plan, don't exist any amount registered in the caption 'Medium-term incentives plans reserves'.

Hedging reserve

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

Own shares reserve

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

Additionally, the increments resulting from the application of fair value through equity components, including its implementation through the net results, shall be distributed only when the elements that gave rise to them are sold, liquidated or exercised when they finish their use, in the case of tangible or intangible assets.

Therefore, at 31 December 2014, Sonaecom, SGPS, S.A., had free distributable reserves amounting to approximately Euro 26.5 million. To this effect were considered distributable increments resulting from the application of fair value through equity components already exercised during the period ended at 31 December 2014.

q) Own shares

Own shares are recorded as a deduction of Shareholders' funds. Gains or losses related to the sale of own shares are recorded under the caption 'Other reserves'.

r) Foreign currency

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

Favourable and unfavourable foreign exchange differences resulting from changes in the rates in force at transaction date and those in force at the date of collection, payment or at the balance sheet date

are recorded as income and expenses in the profit and loss statement of the period, in financial results.

The following rates were used for the translation into Euro:

	2014		2013	
	31 December	Average	31 December	Average
Pounds Sterling	1.2839	1.2407	1.1995	1.1780
Swiss franc	0.8317	0.8233	0.8146	0.8125
Swedish krona	0.1065	0.1099	0.1129	0.1156
American Dollar	0.8237	0.7538	0.7251	0.7533

s) Assets impairment

Impairment tests are performed at the date of each balance sheet and whenever an event or change of circumstances indicates that the recorded amount of an asset may not be recoverable.

Whenever the book value of an asset is greater than the amount recoverable, an impairment loss is recognised and recorded in the profit and loss statement under the caption 'Depreciation and amortisation' in the case of fixed assets, under the caption 'Other financial expenses' in the case of financial investments or under the caption 'Provisions and impairment losses', in relation to the other assets. The amount recoverable is the greater of the net selling price and the value of use. Net selling price is the amount obtained upon the sale of an asset in a transaction within the capability of the parties involved, less the costs directly related to the sale. The value of use is the present amount of the estimated future cash flows expected to result from the continued use of the asset and of its sale at the end of its useful life. The recoverable amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

For financial investments in Group companies, the recoverable amount, calculated in terms of value in use, is determined based on last business plans duly approved by the Board of Directors of the Company.

For financial investments in joint ventures, the recoverable amount is determined taking into account with several information as business plans approved by the Board of Directors and the average ratings of external reviewers (researches).

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

- the counterparty presents significant financial difficulties;
- there are significant delays in interest payments and in other leading payments from the counterparty;
- it is possible that the debtor goes into liquidation or into a financial restructuring.

t) Medium-term incentive plans

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

Under IFRS 2, when the settlement of plans established by the Company involves the delivery of Sonaecom's own shares, the estimated responsibility is recorded, as a credit entry, under the caption 'Reserves - Medium Term Incentive Plans', within the caption

'Shareholders' funds' and is charged as an expense under the caption 'Staff expenses' in the profit and loss statement.

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

When the responsibilities associated with any plan are covered by a hedging contract, ie, when those responsibilities are replaced by a fixed amount payable to a third party and when Sonaecom is no longer the party that will deliver the Sonaecom shares, at the settlement date of each plan, the above accounting treatment is subject to the following changes:

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

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

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

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

For 2011 Sonaecom shares plan, the Company was signed with Sonae-SGPS, S.A., a contract that agrees to the transfer of Sonaecom, SGPS, S.A. shares for employees and board members of the Group as requested by Sonaecom and under the MTIP of Sonaecom and fixed the shares' acquisition price. This contract ceased during the year of 2014.



For Sonaecom shares plans, the company converted all such plans into shares of Sonae SGPS.

The impacts associated to the Medium Term Incentive Plans are registered, in the balance sheet, under the caption 'Other current liabilities' and 'Other non-current liabilities'. The cost is recognized under the profit and loss statement caption 'Staff expenses' (Note 28).

On 31 December 2014, the two Sonae SGPS share plans resulting from the conversion were covered by portfolio shares of the parent company. The plan allocated during the year is not covered and the responsibility is recorded at the fair value. The responsibility of all plans is recorded under the captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognized on the income statement under the caption 'Staff expenses'.

u) Subsequent events

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

v) Judgements and estimates

The most significant accounting estimates reflected in the financial statements of the years ended at 31 December 2014 and 2013 include mainly impairment analysis of assets, particularly financial investments in Group companies.

Estimates used are based on the best information available during the preparation of financial statements and are based on the best knowledge of past and present events. Although future events are not controlled by the Company neither foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by the management that occur after the approval date of these financial statements, will be recognised in net income, in accordance with IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors', using a prospective methodology.

The main estimates and assumptions in relation to future events included in the preparation of financial statements are disclosed in the respective notes.

w) Financial risk management

The Company's activities expose it to a variety of financial risks such as market risk, liquidity risk and credit risk.

These risks arise from the unpredictability of financial markets, which affect the capacity to project cash flows and profits. The Company's financial risk management, subject to a long-term ongoing perspective, seeks to minimise potential adverse effects that derive from that uncertainty, using, every time it is possible and advisable, derivative financial instruments to hedge the exposure to such risks (note 1.k)).

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

Market risk

a) Foreign exchange risk

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

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

Considering the reduced values of assets and liabilities in foreign currency, the impact of a change in exchange rate will not have significant impacts on the financial statements.

b) Interest rate risk

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

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

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

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



The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, being the Company's policy, when contracting such instruments, to give preference to financial institutions that form part of its financing transactions.

In order to select the counterparty for occasional operations, Sonaecom requests proposals and indicative prices from a representative number of banks in order to ensure adequate competitiveness of these operations.

In determining the fair value of hedging operations, the Company uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates prevailing at the balance sheet date. Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the valuation.

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

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

On 31 Decembre 2014, are not contracted any derivatives instruments of hedging of the interest rate changes.

Liquidity risk

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

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

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

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

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

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

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

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

The maturity of each class of financial liabilities is presented in note 15.

Credit risk

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

The management of this risk seeks to guarantee that the amounts owing are effectively collected within the periods negotiated without affecting the financial health of the Company.

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

2. Tangible assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in the years ended at 31 December 2014 and 2013 was as follows:

								2014
	Buildings and other constructions	Plant and machinery	Vehicles	Tools	Fixtures and fittings	Other tangible assets	Work in progress	Total
Gross assets								
Balance at 31 December 2013	348,914	43,858	22,060	171	242,718	104	-	657,825
Additions	-	-	-	-	-	-	1,600	1,600
Disposals	-	-	-	-	-	-	-	-
Transfers and write-offs	(1,706)	-	-	-	-	-	-	(1,706)
Balance at 31 December 2014	347,208	43,858	22,060	171	242,718	104	1,600	657,719
Accumulated depreciation and impairment losses								
Balance at 31 December 2013	325,938	43,643	2,298	171	232,961	104	-	605,115
Depreciation for the year	4,213	72	5,515	-	4,474	-	-	14,274
Transfers and write-offs	(342)	-	-	-	-	-	-	(342)
Balance at 31 December 2014	329,809	43,715	7,813	171	237,435	104	-	619,047
Net value	17,399	143	14,247	-	5,283	-	1,600	38,672

								2013
	Buildings and other constructions	Plant and machinery	Vehicles	Tools	Fixtures and fittings	Other tangible assets	Work in progress	Total
Gross assets								
Balance at 31 December 2012	722,909	46,685	-	171	333,756	104	-	1,103,625
Additions	-	-	22,060	-	3,669	-	-	25,729
Disposals	(373,995)	(2,827)	-	-	(94,707)	-	-	(471,529)
Balance at 31 December 2013	348,914	43,858	22,060	171	242,718	104	-	657,825
Accumulated depreciation and impairment losses								
Balance at 31 December 2012	486,209	40,497	-	171	280,140	104	-	807,121
Depreciation for the year	38,653	5,207	2,298	-	17,185	-	-	63,343
Disposals	(198,924)	(2,061)	-	-	(64,364)	-	-	(265,349)
Balance at 31 December 2013	325,938	43,643	2,298	171	232,961	104	-	605,115
Net value	22,976	215	19,762	-	9,757	-	-	52,710

3. Intangible assets

The movement in intangible assets and in the corresponding accumulated amortisation and impairment losses in the years ended at 31 December 2014 and 2013 was as follows:

				2014
	Brands, patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2013	9,719	192,404	-	202,123
Additions	-	-	498	498
Balance at 31 December 2014	9,719	192,404	498	202,621
Accumulated amortisation and impairment losses				
Balance at 31 December 2013	9,719	185,312	-	195,031
Amortisation for the year	-	1,505	-	1,505
Balance at 31 December 2014	9,719	186,817	-	196,536
Net value	-	5,587	498	6,085

				2013
	Brands, patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2012	9,719	190,031	2,373	202,123
Transfers	-	2,373	(2,373)	-
Balance at 31 December 2013	9,719	192,404	-	202,123
Accumulated amortisation and impairment losses				
Balance at 31 December 2012	9,339	183,474	-	192,813
Amortisation for the year	380	1,838	-	2,218
Balance at 31 December 2013	9,719	185,312	-	195,031
Net value	-	7,092	-	7,092

4. Breakdown of financial instruments

At 31 December 2014 and 2013, the breakdown of financial instruments was as follows:

						2014
	Loans and receivables	Financial assets at fair value through profit or loss	Other financial assets	Subtotal	Others not covered by IFRS 7	Total
Non-current assets						
Financial assets at fair value through profit or loss (note 7)	-	1,424,996	-	1,424,996	-	1,424,996
Other non-current assets (note 8)	165,651,236	-	-	165,651,236	4,993,935	170,645,171
	165,651,236	1,424,996	-	167,076,232	4,993,935	172,070,167
Current assets						
Financial assets at fair value through profit or loss (note 7)	-	58,540,576	-	58,540,576	-	58,540,576
Other trade debtors (note 10)	1,891,356	-	-	1,891,356	1,841,542	3,732,898
Other current assets (note 11)	-	-	428,812	428,812	89,069	517,881
Cash and cash equivalents (note 12)	176,887,883	-	-	176,887,883	-	176,887,883
	178,779,239	58,540,576	428,812	237,748,627	1,930,611	239,679,238
						2013
	Loans and receivables	Financial assets at fair value through profit or loss	Other financial assets	Subtotal	Others not covered by IFRS 7	Total
Non-current assets						
Other-non current assets (note 8)	175,735,246	-	-	175,735,246	-	175,735,246
	175,735,246	-	-	175,735,246	-	175,735,246
Current assets						
Financial assets at fair value through profit or loss (note 7)	-	202,442,350	-	202,442,350	-	202,442,350
Other trade debtors (note 10)	17,119,404	-	-	17,119,404	2,643,926	19,763,330
Other current assets (note 11)	-	-	379,145	379,145	136,084	515,229
Cash and cash equivalents (note 12)	185,918,581	-	-	185,918,581	-	185,918,581
	203,037,985	202,442,350	379,145	405,859,480	2,780,010	408,639,490



					2014
	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
Non-current liabilities					
Other non-current liabilities (note 17)	-	-	-	399,254	399,254
	-	-	-	399,254	399,254
Current liabilities					
Short-term loans and other loans (note 15)	87,859	-	87,859	-	87,859
Other creditors (note 18)	-	1,040,710	1,040,710	24,840	1,065,550
Other current liabilities (note 19)	-	575,899	575,899	1,115,463	1,691,362
	87,859	1,616,609	1,704,468	1,140,303	2,844,771
	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	2013
					Total
Non-current liabilities					
Medium and long-term loans – net of short-term portion (note 15)	20,003,496	-	20,003,496	-	20,003,496
Other non-current liabilities (note 17)	-	-	-	370,948	370,948
	20,003,496	-	20,003,496	370,948	20,374,444
Current liabilities					
Short-term loans and other loans (note 15)	21,660,813	-	21,660,813	-	21,660,813
Other creditors (note 18)	-	7,199,301	7,199,301	108,972	7,308,273
Other current liabilities (note 19)	-	2,711,843	2,711,843	334,477	3,046,320
	21,660,813	9,911,144	31,571,957	443,449	32,015,406

Considering the nature of the balances, the amounts to be paid and received to / from 'State and other public entities', as well as the specialized costs with share plans were considered outside the scope of IFRS 7. Also, the deferred income and deferred costs under the captions 'Other current assets', 'Other current liabilities', 'Other non-current assets' and 'Other non-current liabilities' were considered as non-financial instrument.

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

5. Investments in Group companies

At 31 December 2014 and 2013, this caption included the following investments in Group companies:

Company	2014	2013
Sonaetelecom BV	73,460,618	75,009,902
Sonae com – Sistemas de Informação, SGPS, S.A. ('Sonae com SI')	52,241,587	52,241,587
PCJ - Público, Comunicação e Jornalismo, S.A. ('PCJ')	11,850,557	11,176,547
Sonaecom BV	10,300,000	25,020,000
Público - Comunicação Social, S.A. ('Público')	10,227,595	10,227,595
Sonaecom - Serviços Partilhados, S.A. ('Sonaecom SP')	50,000	50,000
Miauger – Organização e Gestão de Leilões Electrónicos, S.A. ('Miauger')*	-	5,714,245
	158,130,357	179,439,876
Impairment losses (note 16)	(105,338,215)	(112,859,590)
Total investments in Group companies	52,792,142	66,580,286

* Company liquidated in May 2014.

The movements that occurred in investments in this caption during the years ended at 31 December 2014 and 2013 were as follows:

Company	Balance at 31 December 2013	Additions	Disposals	Transfers and write-offs	Balance at 31 December 2014
Sonaetelecom BV	75,009,902	-	(1,549,284)	-	73,460,618
Sonae com SI	52,241,587	-	-	-	52,241,587
PCJ	11,176,547	674,010	-	-	11,850,557
Sonaecom BV	25,020,000	-	(14,720,000)	-	10,300,000
Público	10,227,595	-	-	-	10,227,595
Sonaecom SP	50,000	-	-	-	50,000
Miauger*	5,714,245	826,880	-	(6,541,125)	-
	179,439,876	1,500,890	(16,269,284)	(6,541,125)	158,130,357
Impairment losses (note 16)	(112,859,590)	(17,154)	1,986,256	5,552,273	(105,338,215)
	66,580,286	1,483,736	(14,283,028)	(988,852)	52,792,142

* Company liquidated in May 2014.

Company	Balance at 31 December 2012	Additions	Disposals	Transfers and write-offs	Balance at 31 December 2013
Optimus SGPS	1,005,866,218	-	(1,005,866,218)	-	-
Sonaetelecom BV	75,009,902	-	-	-	75,009,902
Sonae com SI	52,241,587	-	-	-	52,241,587
Sonaecom BV	25,020,000	-	-	-	25,020,000
Miauger*	4,568,100	1,146,145	-	-	5,714,245
Público	3,738,230	6,489,365	-	-	10,227,595
PCJ	3,551,772	7,624,775	-	-	11,176,547
Sonaecom SP	50,000	-	-	-	50,000
	1,170,045,809	15,260,285	(1,005,866,218)	-	179,439,876
Impairment losses (note 16)	(97,197,713)	(15,661,877)	-	-	(112,859,590)
	1,072,848,096	(401,592)	(1,005,866,218)	-	66,580,286

* Company liquidated in May 2014.

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

Thus, following the above mentioned agreement, on 27 August 2013, and after fulfilling all the remedies required to the operation, the merger was closed. Sonaecom considers this to be the date on which Zopt took control of Zon Optimus (presently NOS, SGPS, S.A. ('NOS'), after the company changed the name in June 2014). Accordingly, in the same day, it was registered the capital increase in kind with the transference of 81.807% Sonaecom's financial participation in Optimus SGPS, S.A. to ZOPT,SGPS, S.A. ('Zopt') (note 6). As a consequence, Sonaecom held a 50% stake in Zopt, as well as shareholder loans to be received from Zopt amounting to Euro 230 million (note 8), which would later be converted on supplementary capital and reduced to Euro 115 million. Additionally, the remaining stake of 18.193% in Optimus SGPS, was converted into a minority stake of 7.28% in NOS (note 7).

Resulting from a 'Shareholders Agreement' between the parties involved in the merger, Sonacom and Kento/Jadeium Group agreed not to acquire any shares of NOS, with the exception of the shares acquired by Sonaecom as a result of the operation.

For this reason, the 'Shareholders Agreement' also foresees that after 2 years from the date of the formal closing of the merger, and for a period of three months, the Group Kento / Jadeium may exercise a call option over half of the shares of NOS that Sonaecom holds at the date of the exercise of call option, at a price equal to the weighted average price of the previous month.

After the share capital increase of Zopt and the closing of the merger between Optimus SGPS and Zon, Sonaecom derecognised an investment in Optimus SGPS amounting to Euro 1,006 million and the supplementary capital amounting to Euro 144.6 million (note 8). Sonaecom has also recognized an investment in Zopt amounting to Euro 598 million² (note 6), loans to be received from Zopt amounting Euro 230 million and an investment registered at fair value through NOS shares (the conversion of 20,921,650 Optimus SGPS shares, representing 18.193% of the share capital, to 37,489,324 NOS shares, representing 7.28% of the share capital), at the market price of 27 August 2013 (date of the closing of the merger), amounting to Euro 156 million (note 7).

Thus, as a result of the derecognition of the financial investment in Optimus SGPS, the recognition of the investments in Zopt and NOS, and the loans to be received from Zopt, it was registered in 2013 a capital loss of 167 million euros (note 23).

In the period ended at 31 December 2014, the amounts of Euro 826,880 and Euro 674,010, under the caption 'Additions' in Miauger and PCJ, respectively, correspond to increases in capital to cover losses.

In the period ended at 31 December 2014, the amounts of Euro 1,549,284 and Euro 14,720,000 under the caption "Disposals" in Sonaetelecom BV and Sonaecom BV, correspond to reimbursement of shares. 'Transfers and uses', in the amount of Euro 6,541,125, correspond to the derecognition of the investment in Miauger, dissolved on May 2014.

In the year ended at 31 December 2013, the amounts of Euro 7,624,774 and Euro 6,489,365 under the caption 'Additions' in PCJ and Público, respectively, relates to increases of share capital and the amount of Euro 1,146,145 in Miauger relates to an increase of capital to cover losses.

The Company presents separate consolidated financial statements at 31 December 2014, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which presents total consolidated assets of Euro 1,095,839,670 total consolidated liabilities of Euro 71,959,959, consolidated operational revenues of Euro 124,478,260 and consolidated Shareholders' funds of Euro 1,023,879,711 including a consolidated net profit (attributable to the Shareholders of the parent company – Sonaecom, SGPS, S.A.) for the year ended at 31 December 2014 of Euro 27,958,229.

At 31 December 2014 and 2013, the main financial information regarding the subsidiaries and joint ventures directly owned by the company is, as follows (values in accordance with IFRS):

		2014			2013		
Company	Head office	% holding	Shareholders' funds	Net profit / (loss)	% holding	Shareholders' funds	Net profit / (loss)
ZOPT (a) (note 6)	Matosinhos	50%	2,546,265,994	62,844,160	50%	2,511,749,899	(1,153,082)
Sonae com SI	Maia	100%	83,742,146	5,215,847	100%	86,001,299	1,449,651
Sonaecom BV	Amsterdam	100%	357,278	115,877	100%	14,961,401	381,558
PCJ	Maia	100%	1,504,008	264,562	100%	1,239,445	(674,010)
Sonaetelecom BV	Amsterdam	100%	46,517	(21,629)	100%	1,617,430	1,557
Miauger (b)	Maia	-	-	-	100%	221,974	(826,880)
Sonaecom SP	Maia	100%	83,993	677	100%	83,316	33,280
Público	Maia	100%	268,264	(2,588,364)	100%	169,234	(2,063,171)

(a) Values of 2013 restated.

(b) Company liquidated in May 2014.

The evaluation of the existence of impairment losses for the main goodwill is made by taking into account the cash-generating units, based on most up-to-date business plans duly approved by the Board of Director - of the group, which are made on an annual basis unless there is evidence of impairment and prepared according to projected cash flows for periods of five years. In the area of information systems, the assumptions used are essentially based on the various businesses of the Group and the growth of the several geographic areas where the Group operates. The average growth rate, for the area of multimedia, was 2.0%. The average growth rate for the turnover of the 5 years was 12.6%. This improvement due essentially to the We Do Group's investment in new industries and the recent focus on the security market that are in a strong increase. The

² The Zopt participation of 598 million euros ($598 = ((2,850 \times 50,01\%) - 230) \times 50\%$) results from the valuation of NOS, amounting to 2,850 million euros. This corresponds to the sum of the valuation of the capital increase in Zopt by Zon and Optimus in 1,500 million euros and 1,000 million euros, respectively (the valuation was made by the entities involved in the capital increase and the merger project) and the minimum synergies estimated, disclosed in the merger project in the amount of 350 million euros, deducted from loans totaling 230 million euros (level 3 of inputs in the hierarchy of fair value). It was decided that Zon market price at the date of the closing of the merger didn't reflected the fair value of NOS (the argument for not using the Zon share price at the date of the close of the merger, as abovementioned, is proven by the positive evolution of NOS share price since the date of the merger until the date of this document (2,782 million euros versus 2,141, price at 27 August 2013, merger date). For this reason, the market capitalization of Zon was not considered as a reference for valuing the Zopt investment. The valuation of Zon and Optimus was based on internally and analysts' projections, regarding the main economic indicators, including operating results and investment. For this purpose, was used a weighted average cost of capital of 9.5% and growth rate of 3%.

discount rates used were based on the estimated weighted average cost of capital, which depends on the business segment of each subsidiary, and are as indicated in the table below. In perpetuity, is considered a growth rate of about 2% in the area of information systems and 0% in the area of multimedia. In situations where the measurement of the existence, or not, of impairment is made based on the net selling price, values of similar transactions and other proposals made are used. Regarding the area of telecommunications (Zopt), the assessment of whether or not the impairment is determined taking into account with several information as business plans approved by the Board of Directors, whose implicit average growth rate of the operating margin is 2.7%, and the average ratings of external reviewers(researches).

	Information Systems	Multimedia	Telecommunications
Assumptions			
Basis of recoverable amount	Value in use	Value in use	Value in use
Discount rate	10.5%	9.0%	8.2%
Growth rate in perpetuity	2.0%	0.0%	2.0%

During the year ended at 31 December 2014, was made a discount rate revaluation used, this rate was changed for 10.5% (13% in 2013) in the area of information systems, for 9% (12% in 2013) in the area of multimedia and for 8.2% (9% in 2013) in the area of telecommunication. In information systems area was also revaluated the growth rate used, this rate was changed for a more conservative rate of 2% (3% in 2013).

The analyses of the impairment indices and the review of the impairment projections and tests have not lead to clearance losses, during the year ended on 31 December 2014. For the sensitivity analyses made, required in the IAS 36 - Impairment of Assets, have not lead to material changes of the recoveries, so not result material additional impairments.

6. Investments in joint ventures

At 31 December 2014 e 2013, this caption included the following investments in joint ventures:

Company	2014	2013
ZOPT, SGPS, S.A. ('ZOPT') (note 5)	597,666,944	597,666,944

*Company established in December 2012

The movements that occurred in this caption during the years ended at 31 December 2014 and 2013 were as follows:

Company	Balance at 31 December 2013	Additions	Disposals	Transfers and write-offs	Balance at 31 December 2014
ZOPT	597,666,944	-	-	-	597,666,944

Company	Balance at 31 December 2012	Additions (note 5)	Disposals	Transfers and write-offs	Balance at 31 December 2013
ZOPT	25,000	597,641,944	-	-	597,666,944

7. Financial assets at fair value through profit or loss

In August 2013, Sonaecom Group began to hold NOS shares recorded at fair value through profit or loss, as a result of the merger between Optimus SGPS and Zon (note 5), since it is the initial classification of an asset held for a sale purpose in a short-time. In accordance with the 'Shareholders Agreement', these shares neither concedes any additional vote right or affect the shared control situation with NOS.

During the year ended at 31 December 2014, were also acquired Sonae SGPS shares in accordance with the movement described below.

The movements occurred in this caption during the year ended at 31 December 2014, were as follows:

						2014
Financial assets at fair value through profit or loss	Opening balance	Increases	Decreases	Fair value adjustments (Note 23)	Increase and decrease in fair value of shares intended to cover MTIP	Closing balance
NOS*	202,442,350	-	(141,650,837)	(3,129,895)	-	57,661,618
Sonae SGPS	-	5,522,188	(2,804,200)	(167,060)	(246,974)	2,303,954
	202,442,350	5,522,188	(144,455,037)	(3,296,955)	(246,974)	59,965,572
Recorded under the caption non current assets (note 4)						1,424,996
Recorded under the caption current assets (note 4)						58,540,576

* This company changed its name from ZON Optimus, SGPS, S.A., to NOS, SGPS, S.A., in 2014.

The fair value adjustments are recorded under the caption 'Gains and losses on Group companies' in Profit and Loss Statement (note 23). With the exception of increases and decreases in the fair value of shares intended to cover incentive plans medium term which value is recorded in other captions of the income statement.

The decreases in investments in Sonae SGPS shares, corresponds to the payment of the medium-long term incentive plan expired in the year ended at 31 December 2014.

The amount recorded in 'non-current assets' corresponds to the investment in Sonae SGPS shares, for covered of the medium-long term incentives plan, which payment will occur over a year.

Decreases at 31 December 2014 represent the counterpart in NOS shares provided for the terms of trade of the General Public and Voluntary Offer for acquisition of own shares. As a result of this offering Sonaecom reduced its investment in shares in NOS 26,476,792 shares (Euro 141,650,837) (note 13) and now holds 11,012,532 shares representing the share capital of NOS, corresponding to a share of 2.14%.

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

	NOS	Sonae SGPS
Shares	11,012,532	2,249,955
Level of inputs in the hierarchy of fair value	Level 1	
Valuation method	Quoted price on the stock exchange	
Quoted price*	5.236	1.024
Fair value	57,661,618	2,303,954

* Used the share price of 31 December 2014 in the determination of the fair value.

8. Other non-current assets

At 31 December 2014 and 2013, this caption was made up as follows:

	2014	2013
Financial assets		
Medium and long-term loans granted to group companies and joint ventures:		
Sonae com SI	12,220,000	15,655,000
PCJ	4,345,000	4,610,000
Público	2,435,000	1,780,000
Sonaecom SP	420,000	-
	19,420,000	22,045,000
Supplementary capital:		
Zopt	115,000,000	115,000,000
Sonae com SI	32,476,791	39,951,792
Público	5,362,405	2,182,405
PCJ	1,189,445	1,863,455
Miauger	-	988,853
	154,028,641	159,986,505
	173,448,641	182,031,505
Accumulated impairment losses (note 16)	(7,797,405)	(6,296,259)
Others	4,993,935	-
	170,645,171	175,735,246

During the years ended at 31 December 2014 and 2013, the movements that occurred in 'Medium and long-term loans granted' to Group companies and joint ventures were as follows:

					2014
Company	Opening balance	Increases	Decreases	Transfers	Closing balance
Sonae com SI	15,655,000	9,155,000	(12,590,000)	-	12,220,000
PCJ	4,610,000	40,000	(305,000)	-	4,345,000
Público	1,780,000	655,000	-	-	2,435,000
Sonaecom SP	-	420,000	-	-	420,000
	22,045,000	10,270,000	(12,895,000)	-	19,420,000

					2013
Company	Opening balance	Increases	Decreases	Transfers	Closing balance
Sonae com SI	15,815,000	3,705,000	(3,865,000)	-	15,655,000
PCJ	4,690,000	-	(80,000)	-	4,610,000
Público	-	1,780,000	-	-	1,780,000
Sonaecom BV	2,075,000	-	(2,075,000)	-	-
Optimus SGPS	312,850,000	-	(312,850,000)	-	-
Zopt	-	230,000,000	(115,000,000)	(115,000,000)	-
	335,430,000	235,485,000	(433,870,000)	(115,000,000)	22,045,000

During the years ended at 31 December 2014 and 2013, the movements in 'Supplementary capital' were as follows:

					2014
Company	Opening balance	Increases	Decreases	Transfers	Closing balance
ZOPT	115,000,000	-	-	-	115,000,000
Sonae com SI	39,951,791	-	(7,475,000)	-	32,476,791
Público	2,182,405	3,180,000	-	-	5,362,405
PCJ	1,863,455	-	(674,010)	-	1,189,445
Miauger	988,853	-	(988,853)	-	-
	159,986,504	3,180,000	(9,137,863)	-	154,028,641

					2013
Company	Opening balance	Increases	Decreases	Transfers	Closing balance
ZOPT	-	-	-	115,000,000	115,000,000
Sonae com SI	39,951,792	-	-	-	39,951,792
Público	7,821,770	850,000	(6,489,365)	-	2,182,405
PCJ	9,488,228	-	(7,624,773)	-	1,863,455
Miauger	1,305,000	830,000	(1,146,147)	-	988,853
Optimus SGPS	144,630,000	-	(144,630,000)	-	-
	203,196,790	1,680,000	(159,890,285)	115,000,000	159,986,505

In the year ended at 31 December 2013, the increase in medium and long-term loans granted to Zopt of Euro 230 million and the decrease in supplementary capital, occurred in Optimus SGPS amounting to Euro 144.6 million, result of the operation explain above in note 5. The decrease in 2013 of Euro 115 million in medium and long-term loans granted to Zopt, result of the disposal of 50% of these loans to Unitel (note 5 and 23). The transfers arise from the capital increase made in Zopt through the conversion of loans amounted Euro 115 million to supplementary capital. The decrease of Euro 313 million in medium and long-term loans granted to Optimus SGPS correspond to the liquidation of the entire loan.

During the years ended at 31 December 2014 and 2013, the loans granted to Group companies and joint ventures earned interest at market rates with an average interest rate of 5.62%. Supplementary capital is non-interest bearing.

Loans granted to Group companies and Supplementary capital, do not have a defined maturity, therefore no information about the aging of these loans is presented.

The evaluation of the existence of impairment losses for the loans made to Group companies was based on the most up-to-date business plans duly approved by the Group's Board of Directors, which include projected cash flows for periods of five years. The discount rates used and the perpetuity growth considered are presented in the previous note (note 5).

The caption 'Other' corresponds to an amount related to the fact that Sonaecom SGPS, SA has chosen to benefit from the Outstanding of Tax Debt Settlement Scheme, and to Social Security, and carried in 2013, to a payment in the amount of Euro 4,993,935 mainly related to VAT. The Board of Directors believes that these amounts are not due and there are no material liabilities associated that has no provision and that should be disclosed. On the year ended at 31 December 2014, this value was reclassified from 'Other current debtors' (note 10) to 'Other non-current assets' due to its nature.

9. Deferred taxes

At 31 December 2014 and 2013 the value of deferred tax assets not recorded where it is not expected that sufficient taxable profits will be generated in the future to cover those losses, have the following detail:

	2014	2013
Tax losses	3,239,108	-
Provisions not acceptable for tax purposes, impairment losses and others	115,185,229	120,480,657
CFEI	151	4,563
Total	118,424,488	120,485,220
Deferred tax assets	26,597,040	29,522,324

At 31 December 2014 and 2013, the deferred tax assets relating to tax losses carried forward have the following origin dates:

Year of origin	2014	2013
2014	680,213	-
	680,213	-

For the year ended at 31 December 2014 the rate to be used to calculate the deferred tax assets/liabilities would be 21% relating to tax losses carried forward, and of 22.5% for remaining deferred tax assets and liabilities, as a consequence of the IRC rate change from 23% to 21% from 2015 onwards. For the year ended at 31 December 2013, the rate to be used to calculate the deferred tax assets/liabilities would be 23% relating to tax losses carried forward, and of 24.5% for remaining deferred tax assets and liabilities, as a consequence of the IRC rate change from 25% to 23% from 2014 onwards. Tax benefits, related to deductions from taxable income, are considered at 100%, and in some cases, their full acceptance is dependent on the approval of the authorities that concede such tax benefits.

It wasn't considered the state surcharge, as it was understood to be unlikely the taxation of temporary differences during the estimated period when the referred rate will be applicable.

The reconciliation between the earnings before tax and the tax recorded for the years ended at 31 December 2014 and 2013 is as follows:

	2014	2013
Earnings before tax	5,382,087	(89,079,032)
Income taxation	(1,237,880)	22,269,758
Correction of the tax of the previous year and other related taxes	(13,180)	(593,204)
Tax provision (notes 16 and 24)	12,167	(168,062)
Movements in provisions not accepted for tax purposes	1,221,227	(1,238,475)
Adjustments to the taxable income	1,197,869	(23,947,623)
Use of losses carried forward, which deferred taxes were not recorded	-	2,187,255
Other deferred tax assets not registered	(741,490)	-
Income taxation recorded in the year (note 24)	438,713	(1,490,351)

The tax rate used to reconcile the tax expense and the accounting profit was 23% (25% in 2013) because it is the standard rate of the corporate income tax in Portugal in 2014.

The adjustments to the taxable income in 2014 relates, mainly, to losses and gains in financial investments and dividends received (note 23), which do not contribute to the calculation of the taxable profit for the year.

Portuguese Tax Authorities can review the income tax returns of the Company for a period of four years (five years for Social Security), except when tax losses have been generated, tax benefits have been granted or when any review, claim or impugnation is in progress, in which circumstances, the periods are extended or suspended. Consequently, tax returns of each year, since the year 2011 (inclusive) are still subject to such review. The Board of Directors believes that any correction that may arise as a result of such review would not produce a significant impact in the accompanying financial statements.

Supported by the Company's lawyers and tax consultants, the Board of Directors believes that there are no liabilities not provisioned in the financial statements, associated to probable tax contingencies that should have been recorded or disclosed in the accompanying financial statements, at 31 December 2014.

10. Other current debtors

At 31 December 2014 and 2013, this caption was made up as follows:

	2014	2013
State and other public entities	1,841,542	2,643,926
Other debtors	1,891,356	17,119,404
	3,732,898	19,763,330

At 31 December 2014 and 2013, the caption 'Other debtors' included amounts to be received from Group companies related to interests receivable from subsidiaries on Shareholders' loans, interest on treasury applications and services rendered (notes 23 and 25).

At 31 December 2013, the caption 'Other debtors' include the amount of Euro 4,993,935 referred to the fact to chosen of Sonaecom SGPS, SA to benefit from the scheme of Outstanding Debts Settlement of Tax and Social Security. This amount was transferred for 'Non-current assets' during the year ended at 31 December 2014 (note 8).

The caption 'State and other public entities', at 31 December 2014 and 2013, includes the special advanced payment, retentions and taxes to be recovered.

Other debtors and advances to suppliers by age at 31 December 2014 and 2013 are as follows:

	Due without impairment					Due and with impairment			
	Total	Not due	Until 30 days	From 30 to 90 days	More than 90 days	Until 90 days	From 90 to 180 days	From 180 to 360 days	More than 360 days
2014									
Other debtors	1,891,356	176,493	54,544	909	1,659,410	-	-	-	-
2013									
Other debtors	17,119,404	1,296,375	4,685,020	3,212,670	7,925,339	-	-	-	-

At the year ended at 31 December 2014, the amounts due without impairment to more than 90 days correspond, mostly, to amounts receiving from Group companies.

The debts of the state and other public entities were not subject detail above, for not being financial assets.

11. Other current assets

At 31 December 2014 and 2013, this caption was made up as follows:

	2014	2013
Accrued income		
Interest receivable	415,350	201,875
Invoices to be issued	7,636	26,536
Other accrued income	5,827	150,734
	428,813	379,145
Pluriannual costs		
Insurance	29,571	31,601
Rents	7,133	-
Other pluriannual costs	52,364	104,483
	89,068	136,084
	517,881	515,229

12. Cash and cash equivalents

At 31 December 2014 and 2013, the breakdown of cash and cash equivalents was as follows:

	2014	2013
Cash	1,260	811
Bank deposits repayable on demand	201,623	26,252,770
Treasury applications	176,685,000	159,665,000
	176,887,883	185,918,581
Bank overdrafts (note 15)	(87,847)	-
	176,800,036	185,918,581

At 31 December 2014 and 2013, the caption 'Treasury applications' had the following breakdown:

	2014	2013
Bank applications	176,665,000	156,495,000
Sonaecom BV	20,000	-
We Do	-	1,365,000
Público	-	1,345,000
Saphety	-	285,000
Sonaecom SP	-	170,000
PCJ	-	5,000
	176,685,000	159,665,000

During the year ended at 31 December 2014, the above mentioned treasury applications bear interests at an average rate of 1.18% (4.46% in 2013).

13. Share capital

At 31 December 2014 and 2013, the share capital of Sonaecom was comprised by 311,340,037 and 366,246,868 shares, respectively, corresponding to ordinary registered shares of 0.74 and 1 Euro each. At those dates, the Shareholder structure was as follows:

	2014		2013	
	Number of shares	%	Number of shares	%
Sontel BV	194,063,119	62.33%	194,063,119	52.99%
Sonae SGPS	81,022,964	26.02%	76,679,374	20.94%
Shares traded on the Portuguese Stock Exchange ('Free float')	30,682,940	9.86%	82,152,012	22.43%
Own shares (note 14)	5,571,014	1.79%	5,571,014	1.52%
Goldman Sachs*	-	0.00%	7,780,349	2.12%
Efanor Investimentos, SGPS, S.A.**	-	0.00%	1,000	0.00%
	311,340,037	100.00%	366,246,868	100.00%

* On 23 October 2013, Goldman Sachs Group, Inc. informed Sonaecom about the completion of a qualifying holding of 2.12% in Sonaecom, corresponding to 7,780,349 shares and voting rights. On 23 February 2014, has been included in 'Free Float' because it does not correspond to a qualified participation.

** In the period ended at 31 December 2014, following the completion of Public Offer of own shares, Efanor has no longer a direct participation in the capital of Sonaecom.

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

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

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

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

As a return for the own shares acquired in this General Public Offer and Voluntary process Sonaecom delivered 26,476,792 shares representing the share capital of NOS which were recorded in the balance sheet by Euro 141,650,837 (Note 7) and the amount of Euro 19,632 in cash, so as a result of this General Public and Voluntary Offer, assets and equity of Sonaecom decreased by Euro 141,670,470.

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

14. Own shares

During the period ended 31 December 2014, Sonaecom did not acquire, sold or delivered own actions, in addition the own shares purchased under the General Public Offer and Voluntary process described in Note 13, whereby the amount held to date, is of 5,571,014 own shares representing 1.79% of its share capital, at an average price of Euro 1.515.

15. Loans

At 31 December 2014 and 2013, the caption 'Loans' had the following breakdown:

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

Issue denomination	Limit	Maturity	Type of reimbursement	Amount outstanding	
				2014	2013
'Obrigações Sonaecom SGPS 2013'	20,000,000	Jun-16	Final	-	20,000,000
Costs associated with financing set-up	-	-	-	-	(58,271)
Interests incurred but not yet due	-	-	-	-	61,767
				-	20,003,496

b) Short-term loans and other loans

Issue denomination	Limit	Maturity	Type of reimbursement	Amount outstanding	
				2014	2013
Treasury applications	-	-	-	-	21,654,000
Interests incurred but not yet due	-	-	-	12	6,813
				12	21,660,813
Overdraft facilities (note 12)				87,847	-
				87,859	21,660,813

Bond Loan

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

The loan above was unsecured and the fulfillment of the obligations under this loan was exclusively guaranteed by the underlying activities and the indebted company cash flows generation capacity.

The average interest rate of the bond loans, in the period 2014, was 2.64% (2.71% in 2013).

Commercial Paper

In June 2010, Sonaecom contracted a Commercial Paper Programme Issuance with maximum amount of Euro 15 million with subscription grant and maturity of three years, organised by Caixa Económica Montepio Geral. In June 2013 an addition was made to the contract that lasted for one year, automatically renewable for equal periods up to a maximum of 5 years. In 31 March 2014, this credit line was transferred to Sonae SGPS.

The average interest rate of the commercial papers, in the period of 2013, was 4.26%.

All the loans above were unsecured and the fulfillment of the obligations under these loans was exclusively guaranteed by the underlying activities and the indebted company cash flows generation capacity.

Bank credit lines of short-term portion

Sonaecom has also short term bank credit lines, in the form of current or overdraft account commitments, in the amount of Euro 1 million. These credit lines have maturities up to one year, automatically renewable, except in case of termination by either party, with some periods of notice.

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

During the years ended at 31 December 2014 and 2013, the detail of 'Treasury applications' received from subsidiaries was as follows:

	2014	2013
Sonaecom BV	-	14,720,000
Digitmarket	-	4,385,000
Sonaetelecom BV	-	1,559,000
Sonae com SI	-	800,000
Miauger	-	190,000
	-	21,654,000

The treasury applications received from Group companies are payable in less than one year and earn interests at market rates. During the years ended at 31 December 2014 and 2013, the treasury applications earned an average interest rate of 2.77% and 3.08%, respectively.

At 31 December 2013, the repayment schedule of medium and long-term loans and of interests (nominal values), for both bonds and commercial paper were as follows (values based on the latest interest rate established for each type of loan):

	Within 12 months	Between 12 and 24 months	Between 24 and 36 months	Between 36 and 48 months	Between 48 and 60 months
2013					
Bond loan					
Reimbursements	-	-	20,000,000	-	-
Interests	980,278	980,278	424,318	-	-
Commercial paper					
Reimbursements	-	-	-	-	-
Interests	-	-	-	-	-
	980,278	980,278	20,424,318	-	-

Although the maturity of commercial paper issuance is between one week and six months, the counterparties assumed the placement and the maintenance of those limits for a period of one to three years. As so, such liabilities are recorded in the medium and long term in the year ended at 31 December 2013.

At 31 December 2014 and 2013, the available credit lines of the Company are as follows:

				Maturity	
Credit	Limit	Amount outstanding	Amount available	Until 12 months	More than 12 months
2014					
Authorised overdrafts	1,000,000	-	1,000,000	x	
	1,000,000	-	1,000,000		
2013					
Bond loan	20,000,000	20,000,000	-		x
Commercial paper	15,000,000	-	15,000,000	x	
Authorised overdrafts	1,000,000	-	1,000,000	x	
	36,000,000	20,000,000	16,000,000		

At 31 December 2014 and 2013, there are no interest rate hedging instruments.

Based on the debt exposed to variable rates at the end of 2014, and considering the applications and bank balances at the same date, if market interest rates rise (fall), in average, 75bp during the year 2014, the interest paid that year would be decreased (increased) in an amount of approximately Euro 1,300,000.

16. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the years ended 31 December 2014 and 2013 were as follows:

	Opening balance	Increases	Reductions	Transfers and utilizations	Closing balance
2014					
Accumulated impairment losses on investments in Group companies (notes 5 and 23)	112,859,590	17,154	(1,986,256)	(5,552,273)	105,338,215
Accumulated impairment losses on other non-current assets (notes 8 and 23)	6,296,259	2,490,000	-	(988,854)	7,797,405
Provisions for other liabilities and charges	332,469	51	(41,115)	13,406	304,811
	119,488,318	2,507,205	(2,027,371)	(6,527,721)	113,440,431
2013					
Accumulated impairment losses on investments in Group companies (notes 5 and 23)	97,197,713	15,661,877	-	-	112,859,590
Accumulated impairment losses on other non-current assets (notes 8 and 23)	17,204,998	3,930,000	(14,838,739)	-	6,296,259
Provisions for other liabilities and charges	74,959	258,216	(706)	-	332,469
	114,477,670	19,850,093	(14,839,445)	-	119,488,318

The increases in provisions and impairment losses are recorded under the caption 'Provisions and impairment losses' in the profit and loss statement with the exception of the impairment losses in investments in Group companies and other non-current assets, which, due to their nature, are recorded as a financial expense under the caption 'Gains and losses on Group companies' (note 23). On 31 December 2014, the amount of Euro 51, recorded, in the profit and loss statement, in 'Other financial expenses', concerns to the update of the provision for decommissioning - as required in the IAS 16 - 'Property, Plant and Equipment' (Note 1a)).

At 31 December 2013, the increase of 'Provisions for other liabilities and charges' includes the amount of Euro 168,062, registered in the financial statements, under the caption 'Income taxation', due to its' nature (note 24).

Additionally, in 31 December 2013, the increase of 'Provisions for other liabilities and charges' include amounts to cover several contingencies related to probable liabilities resulting from several transactions which cash outflow is probable.

Additionally, in 31 December 2014, the decrease of 'Provisions for other liabilities and charges' include the amount of Euro 12,167, registered in the profit and loss statement, in 'Income taxation', due to its nature (note 24).

In 31 December 2014, the decreases of 'Provisions for other liabilities and charges' include the amount of Euro 1,810, recorded, in the profit and loss statement, in 'Other financial expenses' and 'Other operating costs', are related with the annulation of the provision for decommissioning - as required in the IAS 16 - 'Property, Plant and Equipment' (Note 1a)).

17. Other non-current liabilities

This caption, in the amounts of Euro 399,254 and Euro 370,948, at 31 December 2014 and 2013, respectively, corresponds to the medium and long-term amounts associated with the Medium Term Incentive Plans (note 28).

18. Other creditors

At 31 December 2014 and 2013, this caption was made up as follows:

	2014	2013
Other creditors (note 25)	1,040,710	7,199,301
State and other public entities	24,840	108,972
	1,065,550	7,308,273

At 31 December 2013, the caption 'Other creditors' includes an amount of about Euro 6 million referred to the amount to be paid to NOS Comunicações, S.A., Be Artis and Be Towering in relation to the termination of MTIP contract (note 28).

The liability to other creditors matures as follows:

	Total	Until 90 days	From 90 to 180 days	More than 180 days
2014				
Other creditors	1,040,710	1,040,710	-	-
	1,040,710	1,040,710	-	-
2013				
Other creditors	7,199,301	7,199,301	-	-
	7,199,301	7,199,301	-	-

19. Other current liabilities

At 31 December 2014 and 2013, this caption was made up as follows:

	2014	2013
Accrued costs		
Staff expenses	434,009	555,627
Medium Term Incentive Plans (note 28)	1,115,463	334,477
Consultancy	22,402	100,558
Other accrued costs	119,488	2,055,658
	1,691,362	3,046,320

At the year ended 31 December 2013, the heading 'Other accrued costs' include the amount of Euro 1,943,340, related to accrued interests and not yet due of the Boan Loan that was transferred to NOS (note 15).

20. Services rendered

At 31 December 2014 and 2013, the caption 'Services rendered' was comprised by the charge of management fees to subsidiaries (note 25).

21. Other operating revenues

At 31 December 2014 and 2013, the caption 'Other operating revenues' was made up as follows:

	2014	2013
Supplementary income	125,665	113,105
Others	27,534	774
	153,199	113,879

At 31 December 2014 and 2013, the heading 'Supplementary income' is, mostly, composed of income associated with guarantees that Sonaecom secured on behalf of its subsidiaries.

22. External supplies and services

At 31 December 2014 and 2013, this caption was made up as follows:

	2014	2013
Specialised work	705,588	1,713,604
Travel and accommodation	77,348	112,905
Insurance	48,482	49,852
Communications	38,836	39,495
Rents	31,101	101,607
Fees	4,930	11,139
Other external supplies and services	111,998	114,309
	1,018,283	2,142,911

The commitments assumed by the company at 31 December 2014 and 2013 related to operational leases are as follows:

	2014	2013
Minimum payments of operational leases:		
2014	-	52,997
2015	16,692	52,997
2016	6,955	43,260
2017	-	32,723
2018	-	1,255
	23,647	183,232

23. Financial results

Net financial results for the years ended 31 December 2014 and 2013 are made up as follows ((costs)/gains):

	2014	2013
Gains and losses on investments in Group companies		
Losses related to Group companies (notes 5, 8 and 16)	(2,507,154)	(171,801,781)
Gains related to Group companies	2,289,904	-
Dividends	7,250,000	24,700,000
	7,032,750	(147,101,781)
Gains and losses on financial assets at fair value through profit or loss		
Gains on financial assets at fair value through profit or loss (note 7)	(3,296,955)	46,636,719
Dividends	1,321,504	-
	(1,975,451)	46,636,719
Other financial expenses		
Interest expenses:		
Bank loans	(487,353)	(4,783,651)
Other loans (note 25)	(246,513)	(6,111,696)
Bank overdrafts and others	-	-
	(733,866)	(10,895,347)
Other financial expenses	(284,230)	(315,920)
	(1,018,096)	(11,211,267)
Other financial income		
Interest income (note 25)	3,207,046	24,501,871
Foreign currency exchange gains	829	174
Other financial income	161,645	-
	3,369,520	24,502,045

At 31 December 2014 and 2013, the losses related to Group companies include the increase of the impairment losses in other non-current assets (notes 8 and 16), in the amount of Euro 2,490,00 and Euro 3,930,000, respectively. Also include, in 2014, the increase of the impairment losses in Investments in group companies (notes 5 and 16), in the amount of Euro 17,154 and, in 2013, the increase of the impairment losses in Investments in group companies, in the amount of Euro 823,138 and the loss arising from the merger (note 5), in the amount of Euro 167,048,643.

At 31 December 2014, the loss related to Group companies include the reverse of impairment losses in Investments in group companies in the amount of Euro 1,986,256 (note 16) and the gain resulting from the liquidation of Miauger, in the amount of Euro 303,649.

At 31 December 2014 and 2013, gains related to dividends received from investments in Group companies and in join-ventures are associated with dividends received from ZOPT, SGPS, S.A. and the subsidiary Optimus SGPS, respectively. At 31 December 2014, gains related to dividends received from investments registered at fair value through profit or loss are associated with dividends received from NOS, SGPS, S.A..

At 31 December 2014, losses related to financial assets at fair value through profit or loss are associated with a decrease in the fair value of the participation held in NOS and Sonae SGPS (note 7), in the amount of Euro 3,296,955. At 31 December 2013, gains related to financial assets at fair value through profit or loss corresponds to an increase in the fair value of the direct participation held in NOS (Note 7), in the amount of Euro 46,636,719.

At 31 December 2013, the caption 'Interest income' includes the amount of Euro 4,674,111 received from Unitel, following the disposal of the shareholder loans to be received from Zopt to this entity (notes 5 and 8).

24. Income Taxation

Income taxes recognized during the years ended at 31 December 2014 and 2013 were made up as follows ((costs) / gains):

	2014	2013
Current tax	426,546	(1,322,289)
Tax provision (notes 9 and 16)	12,167	(168,062)
Closing balance	438,713	(1,490,351)

25. Related parties

The most significant balances and transactions with related parties (which are detailed in the appendix) at 31 December 2014 and 2013 were as follows:

					Balances at 31 December 2014
	Accounts receivable (note 10)	Accounts payable (note 18)	Treasury applications (note 12)	Other assets / (liabilities) (note 11 and 19)	Loans granted / (obtained) (note 8 and 15)
Parent Companies					
Sonae SGPS	-	230,575	-	183,592	-
Subsidiaries					
PCJ	218,774	-	-	20,879	4,345,000
Público	78,347	972,916	-	19,104	2,435,000
Sonae com SI	533,324	79,073	-	70,072	12,220,000
Sonae com BV	436	357,408	20,000	282	-
Sonae telecom BV	-	61	-	-	(11)
Sonae com SP	34,845	84,040	-	3,910	420,000
Others related parties					
Be Artis	(1,963)	58,460	-	-	-
NOS SGPS**	-	20,474	-	-	-
Be Towering	-	4,753	-	-	-
Digitmarket	51,158	3,473	-	(18,231)	-
Mainroad	19,742	107,511	-	-	-
NOS Comunicações*	115,344	307,259	-	(3,854)	-
Saphety	116,343	5,436	-	(61,130)	-
Wedo	2,054,971	185,986	-	-	-
Sonae Center Serviços II	-	149,305	-	-	-
Others	160	28,485	-	(23,296)	-
	3,221,481	2,595,215	20,000	191,328	19,419,989

* This company changed its name from Optimus- Comunicações, S.A., to NOS Comunicações, S.A., in 2014.

** This company changed its name from ZON Optimus, SGPS, S.A., to NOS, SGPS, S.A., in 2014.



					Balances at 31 December 2013
	Accounts receivable (note 10)	Accounts payable (note 18)	Treasury applications (note 12)	Other assets / (liabilities) (note 11 and 19)	Loans granted / (obtained) (note 8 and 15)
Parent Company					
Sonae SGPS	850	49,000	-	(31,198)	-
Subsidiaries					
Miauger	-	60,086	-	-	(190,151)
PCJ	68,078	(100,277)	5,000	22,617	4,610,000
Público	85,696	925,581	1,345,000	7,560	1,780,000
Sonae com SI	180,605	1,401	-	70,643	14,854,257
Sonae com BV	1,910	240,841	-	-	(14,720,000)
Sonae Telecom BV	-	25,335	-	-	(1,559,000)
Sonae com SP	-	27,948	170,000	(45,021)	-
Others related parties					
Be Artis	-	2,860,366	-	-	-
Be Towering	4,596	111,261	-	3,737	-
Digitmarket	4,784	44,434	-	-	(4,390,919)
Lugares Virtuais	-	210,390	-	-	-
Mainroad	56,125	32,451	-	167	-
NOS Comunicações *	595,075	2,716,307	-	155,410	-
Permar	-	-	-	-	-
Saphety	114,410	5,433	285,000	576	-
Sonae center II	-	82,406	-	(94,260)	-
Wedo	670,392	(190,068)	1,365,000	1,903	-
NOS SGPS **	10,203,626	-	-	(1,943,340)	-
Others	92,264	14,121	-	85,484	-
	12,078,411	7,117,016	3,170,000	(1,765,722)	384,187

* This company changed its name from Optimus- Comunicações, S.A., to NOS Comunicações, S.A., in 2014.

** This company changed its name from ZON Optimus, SGPS, S.A., to NOS, SGPS, S.A., in 2014.

				Transactions at 31 December 2014
	Sales and services rendered (note 20)	Supplies and services received (note 22)	Interest and similar income / (expense) (note 23)	Supplementary income (note 21)
Parent Company				
Sonae SGPS	-	49,229	1,563,161	-
Subsidiaries				
Miauger	-	-	(1,573)	-
PCJ	-	-	255,319	-
Público	-	360	278,611	5,827
Sonae com SI	-	(24,721)	781,415	-
Sonae com BV	-	-	(154,210)	-
Sonae com SP	-	302,633	13,387	-
Others related parties				
Sonae center II	-	111,965	-	-
NOS Comunicações*	-	282,501	-	119,838
Be Artis	-	1,180	-	-
Digitmarket	48,435	1,322	(18,361)	-
Lugares Virtuais	-	-	-	-
Mainroad	35,736	(473)	6,137	-
Saphety	48,436	2,459	6,482	-
Wedo	170,875	132	24,646	-
NOS SGPS**	-	(7,936)	(5,280)	-
Others	-	92,942	(16,737)	-
	303,482	811,593	2,732,997	125,665

* This company changed its name from Optimus- Comunicações, S.A., to NOS Comunicações, S.A., in 2014.

** This company changed its name from ZON Optimus, SGPS, S.A., to NOS, SGPS, S.A., in 2014.



				Transactions at 31 December 2013
	Sales and services rendered (note 20)	Supplies and services received (note 22)	Interest and similar income / (expense) (note 23)	Supplementary income (note 21)
Parent Company				
Sonae SGPS	-	48,600	685,345	-
Subsidiaries				
Miauger	-	-	(4,759)	-
PCJ	-	-	271,236	-
Público	119,391	(48,343)	131,074	1
Sonae com SI	4,626	-	692,980	-
Sonaecom BV	-	-	(442,398)	-
Sonaecom SP	-	78,955	(881)	-
Others related parties				
Sonaecenter II	(9,917)	645,794	-	-
NOS Comunicações*	2,209,035	282,501	-	113,104
Be Artis	-	24,985	-	-
Digitmarket	40,904	-	(131,098)	-
Lugares Virtuais	21,423	2,400	42,884	-
Mainroad	40,417	-	33,129	-
Saphety	42,846	(104,291)	11,357	-
Wedo	123,754	3,410	68,147	-
NOS SGPS**	-	(526,753)	17,520,021	-
Others	-	58,020	(50,448)	-
	2,592,479	465,278	18,826,589	113,105

* This company changed its name from Optimus- Comunicações, S.A., to NOS Comunicações, S.A., in 2014.

** This company changed its name from ZON Optimus, SGPS, S.A., to NOS, SGPS, S.A., in 2014.

During the years ended at 31 December 2014 and 2013, the company recognized the total amount of Euro 7,250,00 and Euro 24,700,000, respectively, related to dividends from its subsidiaries (note 23).

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

During the year ended at 31 December 2013, Sonaecom partially anticipated the maturity of the contract, receiving the amount of Euro 4,444,207. At 11 July 2014 the company terminated this contract so, Sonae SGPS, SA will repay the remaining amount in debt.

All the above transactions were made at market prices.

Accounts receivable and payable to related companies will be settled in cash and are not covered by guarantees.

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

26. Guarantees provided to third parties

Guarantees provided to third parties at 31 December 2014 and 2013 were as follows:

Beneficiary	Description	2014	2013
Direção de Contribuições e Impostos (Portuguese tax authorities)	VAT reimbursements	1,435,379	5,955,731
Direção de Contribuições e Impostos (Portuguese tax authorities)	Additional tax assessments (VAT, Stamp and Income tax)	222,622	2,696,853
Direção de Contribuições e Impostos (Portuguese tax authorities)	Others	-	16,795
		1,658,001	8,669,379

In addition to these guarantees were set up sureties for the current fiscal processes. The Sonae SGPS consisted of Sonaecom SGPS surety to the amount of Euro 6,540,647 and Sonaecom SGPS consisted of NOS Comunicações surety for the amount of Euro 10,502,945 and of Público of the amount of Euro 565,026.

At 31 December 2014, the Board of Directors of the Company believes that the decision of the court proceedings and ongoing tax assessments in progress will not have significant impacts on the financial statements.

27. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the net income of the year (Euro 5,820,800 euros in 2014 and negative Euro 90,569,383 in 2013) by the average number of shares outstanding during the years ended at 31 December 2014 and 2013, net of own shares (317,970,541 in 2014 and 360,941,333 in 2013).

28. Medium Term Incentive Plans

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

The Sonaecom plans outstanding at 31 December 2013 can be summarized as follows:

		Vesting period		31 December 2013	
	Share price at award date*	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonaecom shares					
2010 Plan	1.399	10-Mar-11	10-Mar-14	2	206,064
2011 Plan	1.256	09-Mar-12	10-Mar-15	2	221,505
2012 Plan	1.505	08-Mar-13	10-Mar-16	2	129,694
Sonae SGPS shares					
2010 Plan	0.811	10-Mar-11	10-Mar-14	2	214,640
2011 Plan	0.401	09-Mar-12	10-Mar-15	2	419,985
2012 Plan	0.701	08-Mar-13	10-Mar-16	2	163,966

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

At 10 March 2014, Sonaecom shares plans were converted in full for shares Sonae SGPS. This conversion was based on the terms set out in exchange takeover bid at 20 February 2014, referred to in Note 13 to determine the fair value of Sonaecom plans, and based on the price of shares Sonae SGPS.

Therefore, the conversion of the plans was based Sonaecom / Sonae SGPS implied ratio under fixed terms on takeover bid (1 share of Sonaecom - approximately 2.05 Sonae SGPS's shares).

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

		Vesting period		10 March 2014	
	Share price at 20 February 2014*	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares					
2010 Plan	1.258	10-Mar-11	10-Mar-14	2	422,647
2011 Plan	1.258	09-Mar-12	10-Mar-15	2	454,317
2012 Plan	1.258	08-Mar-13	10-Mar-16	2	266,008

*Quotation of the day of publication of the results of the Tender Offer

By the Board Nomination and Remuneration Decision, the delivery of the 2010 Plan was prosecuted in May 2014.

Accordingly, the outstanding plans at 31 December 2014 are as follows:

		Vesting period		31 December 2014	
	Share price at 31 December 2014/ Award date	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares (Arising from the conversion of Sonaecom plans)					
2011 Plan	1.024	09-Mar-12	10-Mar-15	2	466,679
2012 Plan	1.024	08-Mar-13	10-Mar-16	2	273,247
Sonae SGPS shares					
2011 Plan	0.401	09-Mar-12	10-Mar-15	2	431,413
2012 Plan	0.701	08-Mar-13	10-Mar-16	2	168,427
2013 Plan	1.024	10-Mar-14	10-Mar-17	2	284,410

During the year ended at 31 December 2014, the movements that occurred in the plans can be summarized as follows:

	Sonaecom shares		Sonae SGPS shares	
	Aggregate number of participations	Number of shares	Aggregate number of participations	Number of shares
Outstanding at 31 December 2013:				
Unvested	6	557,263	6	798,591
Total	6	557,263	6	798,591
Movements in year:				
Awarded	-	-	2	266,008
Vested	-	-	(4)	(637,287)
Converted	(6)	(557,263)	6	1,142,972
Cancelled / lapsed / corrected*			-	53,892
Outstanding at 30 September 2014:				
Unvested	-	-	10	1,624,176
Total	-	-	10	1,624,176

* The adjustments are made for dividends paid and for share capital changes and others adjustments, namely, resulting from a change in the vesting of the MTIP, which may now be made through the purchase of shares with a discount.

The responsibility for all plans was recognized under 'Other current liabilities' and 'Other non-current liabilities'. For originally plans of Sonae SGPS shares, the Group entered into hedging contract with external entities, and the responsibilities are calculated based on the prices agreed on those contracts.

The detail of the hedging contracts is as follows:

	Sonae SGPS shares	
	2011 Plan	2012 Plan
Notional value	323,727	268,451
Maturity	Mar-15	Mar-16
Level of inputs in the hierarchy of fair value	Level 2	
Valuation method	Current replacement cost	
Fair value*	481,197	120,032

* Used the share price of 31 December 2014 in the determination of the fair value.

During the year 2012, Sonaecom signed a contract with Sonae SGPS, SA, in which it undertook to make, by the end of year 2016 the transfer of shares to employees Sonaecom SGPS group by indication Sonaecom and under the incentive plans medium term. During the year ended at 31 December 2013, Sonaecom partially anticipated the maturity of the contract and at 11 July 2014 the company ceased it.

Share plan costs are recognised in the accounts over the period between the award and the vesting date of those plans. The costs recognised in previous years and in the year ended at 31 December 2014, were as follows:

	Sonaecom shares	Sonae SGPS shares	NOS shares	Total
Costs recognised in previous years	2,905,435	3,376,254	399,083	6,680,772
Costs recognised in the period	57,543	154,790	10,472	222,805
Impact of conversion of Sonaecom Plans	(531,505)	1,666,165		1,134,660
Costs of plans vested in previous years	(2,431,473)	(3,112,960)	-	(5,544,433)
Costs of plans vested in the period	-	(1,216,665)	-	(1,216,665)
	-	867,584	409,555	1,277,139
Responsibility of plans	-	1,468,813	409,555	1,878,368
Fair value of hedging contracts (1)	-	(601,229)	-	(601,229)
Recorded in cash and cash equivalents (2)	-	(194,530)	(43,048)	(237,578)
Recorded in other current liabilities (note 19)	-	906,075	209,388	1,115,463
Recorded in other non current liabilities (note 17)	-	156,039	243,215	399,254
Recorded in reserves	-	-	-	-

(1)Sonaecom has signed hedging contracts to cover its responsibilities related with the medium and long-term group' incentive plans, later transferring, through contracts, the responsibility for each company of the group. The fair value of the hedging contracts, considered in the table above, corresponds to the amount that covers Sonaecom employees' responsibility.

(2)Sonaecom partially anticipated the maturity of the hedging contract with Sonae SGPS, receiving an amount equivalent to the present market value of Sonaecom shares.

At 10 March 2014, Sonaecom shares plans were fully converted into shares Sonae SGPS. This conversion was based on the terms of trade set out in the Tender Offer at 20 February 2014, referred to in Note 13, to determine the fair value of the plans and, based on the share prices Sonae SGPS. Therefore, it was determined the number of shares to be delivered to Sonae SGPS employees. The liability relating to the period of each plan on the date of conversion (EUR 1,347,824) was recognized under 'Other current liabilities' and 'Other non-current liabilities' by hand equity in accordance with the provisions of IFRS 2.

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

29. Remuneration attributed to the key management personnel

During 2014 and 2013, the remunerations paid to Directors and other members of key management in functions were as follows:

	2014	2013
Short-term employee benefits	766,574	1,223,450
Share-based payments	196,124	370,100
	962,698	1,593,550

*In 2013, the remuneration for key management personnel transferred to Zon Optimus has not been considered, following the merger between Optimus SGPS and Zon.

The short-term employee benefits, which include the salary and performance bonus, were calculated on an accruals basis. The share-based payments for 2014 and 2013 correspond to the value of the Medium Term Incentive Plan and will be awarded in 2015, in respect of performance during 2014 (and the Medium Term Incentive Plan awarded in 2014 in respect of performance during 2013, for the 2013 amounts), whose shares, or the cash equivalent, will be delivered in March 2018 and March 2017, respectively.

30. Average number of employees

During the years ended at 31 December 2014 and 2013, the company employed an average number of 3 and 4, respectively. At 31 December 2014, the number of employees was 3.

31. Fees of Statutory Auditor

In 2014 and 2013, the Company paid, in respect of fees, to the Statutory Auditor, Deloitte, and its network of companies, the following amounts:

	2014	2013
Statutory audit	19,156	8,000
Other guarantee and reliability services	-	10,000
Tax advice	4,738	2,877
Total	23,894	20,877

These consolidated financial statements were approved by the Board of Directors on 2 March 2015.

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

Appendix

At 31 December 2014, the related parties of Sonaecom, SGPS, S.A. are as follows

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

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

Sonaecom Group Companies	
Cape Technologies Limited	Saphety Level – Trusted Services, S.A.
Digitmarket – Sistemas de Informação, S.A.	Servicios de Inteligencia Estratégica Global, S.L.
Intelligent Big Data, S.L.	Sonaecom – Sistemas Informação, SGPS, S.A.
ITRUST - Cyber security intelligence services, S.A.	Sonaecom - Cyber security and intelligence, SGPS, S.A.
Lookwise, S.L.	Sonaecom - Serviços Partilhados, S.A.
PCJ - Público, Comunicação e Jornalismo, S.A.	Sonaecom – Sistemas de Información España, S.L.
Praesidium Services Limited	Sonaecom BV
Público – Comunicação Social, S.A.	Sonaecom, SGPS, S.A.
S21 Sec Barcelona, S.L.	Sonaetelecom BV
S21 Sec Brasil, Ltda	Tecnológica Telecomunicações LTDA.
S21 Sec Ciber Seguridad, S.A. de CV	WeDo Consulting – Sistemas de Informação, S.A.
S21 Sec Fraud Risk Management, S.L.	WeDo do Brasil – Soluções Informáticas, Ltda
S21 SEC Gestion, S.A.	WeDo Poland Sp. Z.o.o.
S21 Sec Inc.	WeDo Technologies (UK) Limited
S21 Sec Information Security Labs, S.L.	WeDo Technologies Americas, Inc.
S21 Sec Institute, S.L.	WeDo Technologies Australia PTY Limited
S21 Sec México, S.A. de CV	WeDo Technologies BV
S21 Sec, S.A. de CV	WeDo Technologies BV – Sucursal Malaysia
Saphety – Transacciones Electronicas SAS	WeDo Technologies Egypt LLC
Saphety Brasil Transações Eletrônicas Ltda.	WeDo Technologies Mexico, S de R.L.



Sonae/Efanor/NOS Group Companies

3shoppings - Holding,SGPS, S.A	Casa da Ribeira - Hotelaria e Turismo,SA
ADD Avaliações Eng. A.e Pericias, Ltda	Casa da Ribeira-Sociedade Imobiliária,SA
Adlands B.V.	Cascaishopping- Centro Comercial, S.A.
Aegean Park,SA	Cascaishopping Holding I, SGPS, S.A.
Agepan Eiweiler Management GmbH	CCCB Caldas da Rainha-Centro Com., SA
Agepan Tarket Lamine Park GmbH Co. KG	Centro Colombo- Centro Comercial, S.A.
Agloma Investimentos, Sgps, S.A.	Centro Residencial da Maia,Urbân.,SA
Agloma-Soc.Ind.Madeiras e Aglom.,SA	Centro Vasco da Gama-Centro Comercial,SA
Airone - Shopping Centre, Srl	Chão Verde-Soc.Gestora Imobiliária,SA
ALEXA Administration GmbH	Cinclus Imobiliária,SA
ALEXA Holding GmbH	Citorres-Sociedade Imobiliária,SA
ALEXA Shopping Centre GmbH	Coimbrashopping- Centro Comercial, S.A.
Algarveshopping- Centro Comercial, S.A.	Colombo Towers Holding, BV
Aqualuz - Turismo e Lazer, Lda	Companhia Térmica Hectare, ACE
Arat Inmuebles, S.A.	Companhia Térmica Tagol, Lda.
ARP Alverca Retail Park, SA	Contacto Concessões, SGPS, S.A.
Arrábidasshopping- Centro Comercial, S.A.	Contibomba-Comérc.Distr.Combustíveis,SA
Aserraderos de Cuellar,SA	Contimobe-Imobil.Castelo Paiva,SA
Atelgen-Produção Energia, ACE	Continente Hipermercados, S.A.
Atlantic Ferries-Tráf.Loc,Flu.e Marít,SA	Country Club da Maia-Imobiliária,SA
Avenida M-40 B.V.	Craiova Mall BV
Azulino Imobiliária, S.A.	Cronosaúde - Gestão Hospitalar, S.A.
BA Business Angels, SGPS, SA	CTE-Central Termoeléc. do Estuário, Lda
BA Capital, SGPS	Cumulativa - Sociedade Imobiliária, S.A.
BB Food Service, SA	Darbo SAS
Be Artis-Conc.,Const.e Gest.Redes Com,SA	Discovery Sports, SA
Be Towering-Gestão de Torres de Telec,SA	Distodo Distribui e Logist,Lda
Beeskow Holzwerkstoffe	Dortmund Tower GmbH
Beralands BV	Dos Mares - Shopping Centre B.V.
Bertimóvel - Sociedade Imobiliária, S.A.	Dos Mares-Shopping Centre, S.A.
BIG Picture 2 Films	Dreamia, B.V
Bloco Q-Sociedade Imobiliária,SA	Dreamia, Serv de Televisão, SA
Bloco W-Sociedade Imobiliária,SA	Ecociclo - Energia e Ambiente, SA
BOM MOMENTO - Restauração, S.A.	Ecociclo II
Canasta-Empreendimentos Imobiliários,SA	Edições Book.it, S.A.
Carnes do Continente-Ind.Distr.Carnes,SA	Efanor Investimentos, SGPS, S.A.
Carvemagere-Manut.e Energias Renov., Lda	Efanor Serviços de Apoio à Gestão, S.A.



Sonae/Efanor/NOS Group Companies

Empracine-E.Pro.Act. Cinem,Lda	Imoestrutura-Soc.Imobiliária,SA
Empreend.Imob.Quinta da Azenha,SA	Imohotel-Emp.Turist.Imobiliários,SA
Enerlousado-Recursos Energéticos, Lda.	Imomuro-Sociedade Imobiliária,SA
Equador & Mendes,Lda	Imopenínsula - Sociedade Imobiliária, SA
Estação Viana - Centro Comercial, S.A.	Imoplamac Gestão de Imóveis,SA
Estêvão Neves-Hipermercados Madeira,SA	Imoponte-Soc.Imobiliária,SA
Euroresinas-Indústrias Químicas,SA	Imoresort - Sociedade Imobiliária, S.A.
Farmácia Selecção, SA	Imoresultado-Soc.Imobiliária,SA
Fashion Division Canárias, SL	Imosedas-Imobiliária e Serviços,SA
Fashion Division, S.A.	Imosistema-Sociedade Imobiliária,SA
Feneralt-Produção de Energia, ACE	Impaper Europe GmbH
FINSTAR-Socied.Investim.Par SA	Implantação - Imobiliária, S.A.
Fozimo-Sociedade Imobiliária,SA	Infocfield-Informática,SA
Fozmassimo - Sociedade Imobiliária, SA	Inparsa - Gestão Galeria Comercial, SA
Freccia Rossa- Shopping Centre S.r.l.	Inparvi SGPS, SA
Fundo de Invest. Imobiliário Imosede	Integrum - Energia, SA
Fundo Esp.Inv.Imo.Fec. WTC	Integrum ACE, SA
Fundo I.I. Parque Dom Pedro Shop.Center	Integrum Colombo Energia, SA
Fundo Invest. Imobiliário Imosonae Dois	Integrum Engenho Novo - Energia, S.A.
Fundo Invest.Imob.Shopp. Parque D.Pedro	INTEGRUM II - ENERGIA, S.A.
Gaiashopping I- Centro Comercial, S.A.	INTEGRUM III - ENERGIA, S.A.
Gaiashopping II- Centro Comercial, S.A.	Integrum Martim Longo - Energia, S.A.
GHP GmbH	Integrum Vale do Caima - Energia, SA
Gli Orsi Shopping Centre 1 Srl	Integrum Vale do Tejo - Energia, SA
Glunz AG	Interlog-SGPS,SA
Glunz Service GmbH	Invesaude - Gestão Hospitalar S.A.
Glunz UK Holdings Ltd	Ioannina Develop. of Shopping Centers SA
Glunz Uka GmbH	Isoroy SAS
Golf Time-Golfe e Invest. Turísticos, SA	La Farga - Shopping Center, SL
Guimarãesshopping- Centro Comercial, S.A.	Land Retail B.V.
Harvey Dos Iberica, S.L.	Larim Corretora de Resseguros, Ltda
Herco Consul.Riscos Corret.Seguros, Ltda	Larissa Develop. of Shopping Centers, SA
Herco, Consultoria de Risco, S.A.	Lazam MDS Corretora e Adm. Seguros, SA
HighDome PCC Limited	Le Terrazze - Shopping Centre 1 Srl
Iberian Assets, SA	Libra Serviços, Lda.
Igimo-Sociedade Imobiliária,SA	Lidergraf - Artes Gráficas, Lta
Iginha-Sociedade Imobiliária,SA.	Loop 5 - Shopping Centre, GmbH
Imoarea - Invest. Turísticos, SGPS, SA	Lusomundo Espanha, SL
IMOBELTY, S.A.	Lusomundo Imobiliária 2, SA
Imobiliária da Cacula, S.A.	Lusomundo Moçambique, Lda
Imoclub-Serviços Imobiliários,SA	Lusomundo Soc. Inv. Imob. SA
Imoconti- Soc.Imobiliária,SA	Luz del Tajo - Centro Comercial S.A.
Imodivor - Sociedade Imobiliária, S.A.	Luz del Tajo B.V.



Sonae/Efanor/NOS Group Companies

Madeirashopping- Centro Comercial, S.A.	Novobord (PTY) Ltd.
Maiashopping- Centro Comercial, S.A.	Novodecor (PTY), LTD
Maiequipa-Gestão Florestal,SA	OSB Deustchland Gmbh
Mainroad – Serviços em Tecnologias de Informação, S.A.	Pantheon Plaza BV
Marcas do Mundo-Viag. e Turismo Unip,Lda	Paracentro - Gest.de Galerias Com., S.A.
Marcas MC, ZRT	Pareuro, BV
Marina de Tróia S.A.	Park Avenue Develop. of Shop. Centers SA
Marinamagic-Expl.Cent.Lúdicos Marít,Lda	Parklake Shopping Srl
Marmagno-Expl.Hoteleira Imob.,SA	Parque Atlântico Shopping - C.C., SA
Martimope-Empreendimentos Turísticos, SA	Parque D. Pedro 1 B.V.
Marvero-Expl.Hoteleira Imob.,SA	Parque de Famalicão - Empr. Imob., S.A.
MDS Affinity-Sociedade de Mediação Lda	Parque Principado SL
MDS Africa SGPS, S.A.	Pátio Boavista Shopping Ltda.
MDS Auto - Mediação de Seguros, SA	Pátio Campinas Shopping Ltda
MDS Corretor de Seguros, SA	Pátio Goiânia Shopping Ltda
Mds Knowledge Centre, Unipessoal, Lda	Pátio Londrina Empreend.e Particip.Ltda
MDS Malta Holding Limited	Pátio Penha Shopping Ltda.
MDS, SGPS, SA	Pátio São Bernardo Shopping Ltda
Megantic BV	Pátio Sertório Shopping Ltda
Miral Administração Corretagem Seg, Ltda	Pátio Uberlândia Shopping Ltda
MJLF-Empreendimentos Imobiliários, SA	Peixes do Continente-Ind.Dist.Peixes,SA
Modalfa-Comércio e Serviços,SA	Per-Mar-Sociedade de Construções,SA
MODALLOOP - Vestuário e Calçado, SA	Pharmaconcept - Actividades em Saúde, SA
Modelo - Dist.de Mat. de Construção,S.A.	PHARMACONTINENTE - Saúde e Higiene, S.A.
Modelo Continente Hipermercados,SA	PJP - Equipamento de Refrigeração, Lda
Modelo Continente International Trade,SA	Plaza Eboli B.V.
Modelo Hiper Imobiliária,SA	Plaza Eboli - Centro Comercial S.A.
Modelo.com-Vendas p/Correspond.,SA	Plaza Mayor Holding, SGPS, S.A.
Movelpartes-Comp.para Ind.Mobiliária,SA	Plaza Mayor Parque de Ócio B.V.
Movimento Viagens-Viag. e Turismo U.Lda	Plaza Mayor Parque de Ocio,SA
MSTAR, SA	Plaza Mayor Shopping B.V.
Münster Arkaden BV	Plaza Mayor Shopping, SA
Norte Shop. Retail and Leisure Centre BV	Poliface North America
Norteshopping-Centro Comercial, S.A.	Porturbe-Edifícios e Urbanizações,SA
NOS Açores Comunicações, SA	Powercer-Soc.de Cogeração da Vialonga,SA
NOS Comunicações, S.A.	Praedium - Serviços, SA
NOS Lusomundo Audiovisuais, SA	Praedium II-Imobiliária,SA
NOS Lusomundo Cinemas, SA	Praedium SGPS, SA
NOS Lusomundo TV Lda	Predicomercial-Promoção Imobiliária,SA
NOS Madeira Comunicações, SA	Predilugar - Sociedade Imobiliária, SA
NOS, SGPS, S.A.	Prédios Privados Imobiliária,SA
NOSPUB, Publicidade e Conteúdos, S.A.	Predisedas-Predial das Sedas,SA
Nova Equador Internacional,Ag.Viag.T,Ld	Proj. Sierra Germany 4 (four)-Sh.C.GmbH
Nova Equador P.C.O. e Eventos	Proj. Sierra Italy 2 - Dev.of Sh.C. Srl



Sonae/Efanor/NOS Group Companies	
Proj.Sierra Germany 2 (two)-Sh.C.GmbH Project 4, Srl Project SC 1 BV Project SC 2 BV Project Sierra 10 BV Project Sierra 11 BV Project Sierra 12 BV Project Sierra 2 B.V. Project Sierra 6 BV Project Sierra 8 BV Project Sierra Four Srl Project Sierra Spain 1 B.V. Project Sierra Spain 2 B.V. Project Sierra Spain 2-Centro Comer. SA Project Sierra Spain 3 B.V. Project Sierra Spain 3-Centro Comer. SA Project Sierra Two Srl Promessa Sociedade Imobiliária, S.A. Quorum Corretores de Seguros Ltda Racionaliz. y Manufact.Florestales,SA Raso - Viagens e Turismo, S.A. Raso, SGPS, SA River Plaza BV River Plaza Mall, Srl Rochester Real Estate,Limited Ronfegen-Recursos Energéticos, Ltda. RSI Corretora de Seguros, Ltda S.C. Microcom Doi Srl Saúde Atlântica - Gestão Hospitalar, SA SC Aegean B.V. SC Assets SGPS, SA SC Finance BV SC For-Serv.Form.e Desenv.R.H.,Unip.,Lda SC Mediterranean Cosmos B.V. SC, SGPS, SA SC-Consultadoria,SA SC-Eng. e promoção imobiliária,SGPS,S.A SCS Beheer,BV SDSR - Sports Division 2, S.A. SDSR - Sports Division SR, S.A. Selifa-Empreendimentos Imobiliários,SA Sempre à Mão - Sociedade Imobiliária,SA Sesagest-Proj.Gestão Imobiliária,SA	Sete e Meio - Invest. Consultadoria, SA Sete e Meio Herdades-Inv. Agr. e Tur.,SA Shopping Centre Colombo Holding, BV Shopping Centre Parque Principado B.V. SIAL Participações, Lda Sierra Asia Limited Sierra Berlin Holding BV Sierra Brazil 1 B.V. Sierra Central S.A.S. Sierra Developments Holding B.V. Sierra Developments, SGPS, S.A. Sierra Enplanta Ltda Sierra European R.R.E. Assets Hold. B.V. Sierra Germany GmbH Sierra GP Limited Sierra Greece, S.A. Sierra Investimentos Brasil Ltda Sierra Investments (Holland) 1 B.V. Sierra Investments (Holland) 2 B.V. Sierra Investments Holding B.V. Sierra Investments SGPS, S.A. Sierra Italy Holding B.V. Sierra Italy Srl Sierra Management Germany GmbH Sierra Management Italy S.r.l. Sierra Management Romania, Srl Sierra Management Spain – Gestión C.Com.S.A. Sierra Management, SGPS, S.A. Sierra Portugal, S.A. Sierra Project Nürnberg BV Sierra Property Management Greece, SA Sierra RE Greece BV Sierra Reval-PM Mark. and Consult., Inc Sierra Romania Sh. Centers Services Srl Sierra Services Holland 2 BV Sierra Services Holland B.V. Sierra Solingen Holding GmbH Sierra Spain 2 Services, S.A. Sierra Spain, Shop. Centers Serv.,S.A.U. Sierra Spain, Shop. Centers Services, SL Sierra Zenata Project B.V. SII – Soberana Invest. Imobiliários, S.A. SIRS – Sociedade Independente de Radiodifusão Sonora, S.A.



Sonae/Efanor/NOS Group Companies

SISTAVAC, S.A.	Sonae Sierra, SGPS, S.A.
SISTAVAC, SGPS, S.A.	Sonae Tafibra Benelux, BV
SISTAVAC-Sistemas HVAC-R do Brasil, Ltda	Sonae Turismo-SGPS,SA
SKK SRL	SONAECENTER SERVIÇOS, SA
SKK-Central de Distr.,SA	Sonaegest-Soc.Gest.Fundos Investimentos
SKKFOR - Ser. For. e Desen. de Recursos	Sonaerp - Retail Properties, SA
Soc.Inic.Aproveit.Florest.-Energias,SA	SONAESR - Serviços e logística, SA
Sociedade de Construções do Chile, S.A.	Sondis Imobiliária,SA
Sociedade Independente de Radiodifusão Sonora, S.A.	Sontaria-Empreend.Imobiliários,SA
Société de Tranchage Isoroy S.A.S.	Sontel BV
Socijofra – Sociedade Imobiliária, S.A.	Sontur BV
Sociloures – Soc.Imobiliária, S.A.	Sonvecap BV
Soconstrução BV	Sopair, S.A.
Sodesa, S.A.	Sótaqua - Soc. de Empreendimentos Turist
Soflorin, BV	Soternix-Produção de Energia, ACE
Soira – Soc.Imobiliária de Ramalde, S.A.	Spanboard Products,Ltd
Solinca - Eventos e Catering, SA	SPF- Sierra Portugal
Solinca - Health and Fitness, SA	Spinarq Moçambique, Lda
Solinca – Investimentos Turísticos, S.A.	Spinarq-Engenharia,Energia e Ambiente,SA
Solinfitness - Club Malaga, S.L.	Spinveste - Promoção Imobiliária, SA
Solingen Shopping Center GmbH	Spinveste-Gestão Imobiliária SGII,SA
SOLSWIM-Gestão e Expl.Equip.Aquáticos,SA	Sport TV Portugal, SA
Soltroia-Imob.de Urb.Turismo de Tróia,SA	Sport Zone Canárias
Somit Imobiliária,SA	Sport Zone España-Com.Art.de Deporte,SA
Sonae - Specialized Retail, SGPS, SA	Sport Zone Turquia
Sonae Capital Brasil, Lda	Spred, SGPS, SA
Sonae Capital,SGPS, S.A.	Tableros Tradema,S.L.
Sonae Center Serviços II, SA	Tafiber,Tableros de Fibras Ibéricas,SL
Sonae Center Serviços, S.A.	Tafibra Suisse, SA
Sonae Financial Services, S.A.	Tafisa Canadá Société en Commandite
Sonae Ind., Prod. e Com.Deriv.Madeira,SA	Tafisa Développement
Sonae Indústria - Management Services,SA	Tafisa France, SA
Sonae Indústria – SGPS, S.A.	Tafisa Investissement
Sonae Industria (UK),Ltd	Tafisa Participation
Sonae Industria de Revestimentos, S.A.	Tafisa UK,Ltd
Sonae Investimentos, SGPS, SA	Tafisa-Tableros de Fibras, SA
Sonae Investments,BV	Taiber,Tableros Aglomerados Ibéricos,SL
Sonae MC - Modelo Continente, SGPS, SA	Tecmasa Reciclados de Andalucía, S.L.
Sonae Novobord (PTY) Ltd	Teconologias del Medio Ambiente,SA
Sonae RE, S.A.	Teliz Holding B.V.
Sonae Retalho Espana-Servicios Gen.,SA	Textil do Marco,SA
Sonae SGPS, SA	The Artist Porto Hot.&Bistrô-Act.Hot.,SA
Sonae Sierra Brasil SA	TLANTIC B.V.
Sonae Sierra Brazil B.V.	Tlantic Portugal-Sist. de Informação, SA



Sonae/Efanor/NOS Group Companies

Tlantic Sistemas de Informação Ltd ^a	Vistas do Freixo-Emp.Tur.Imobiliários,SA
Todos os Dias-Com.Ret.Expl.C.Comer.,S.A.	Vuelta Omega, S.L.
Tool Gmbh	Weierstadt Shopping BV
Torre Ocidente, Imobiliária,SA	World Trade Center Porto, S.A.
Torre São Gabriel-Imobiliária,SA	Worten Canárias
Troia Market-Supermercados, S.A.	Worten España Distribución, SL
Troia Natura, S.A.	Worten-Equipamento para o Lar,SA
Troiareort-Investimentos Turísticos, SA	ZIPPY - Comercio y Distribución, S.A.
Troiaverde-Expl.Hoteleira Imob.,SA	ZIPPY - Comércio e Distribuição, SA
Tulipamar-Expl.Hoteleira Imob.,SA	Zippy Turquia
Unipress - Centro Gráfico, Lda	Zon Audiovisuais, SGPS
Unishopping Administradora Ltda.	Zon Cinemas, SGPS
Unishopping Consultoria Imob. Ltda.	ZON Finance BV
Upstar Comunicações SA	ZON III-COMUNICAÇ ELETRÓN SA
Urbisedas-Imobiliária das Sedas,SA	ZON II-SERVIÇOS TELEVISÃO,SA
Valecenter Srl	Zon TV Cabo SGPS SA
VALORN, S.A.	Zon TV Cabo, SA
Via Catarina- Centro Comercial, S.A.	Zubiarte Inversiones Inmob,SA
Viajens y Turismo de Geotur España, S.L.	ZYEVLUTION-Invest.Desenv.,SA

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STATEMENT OF THE BOARD OF DIRECTORS

6. Statement of the Board of Directors

Statement under the terms of Article 245

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

The Board of Directors

Ângelo Gabriel Ribeiro Paupério

Maria Cláudia Teixeira de Azevedo

Antonio Bernardo Aranha da Gama Lobo Xavier

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LEGAL CERTIFICATION OF ACCOUNTS AND AUDIT REPORT

STATUTORY AUDIT AND AUDITOR'S REPORT

*(This is a translation of a report originally issued in Portuguese
in the event of discrepancies, the Portuguese language version prevails)*

Introduction

1. In compliance with the applicable legislation we hereby present our Statutory Audit and Auditor's Report on the consolidated and individual financial information contained in the Board of Directors' Report, and on the accompanying consolidated and individual financial statements of SONAECOM, S.G.P.S., S.A. ("Company") for the year ended 31 December 2014 which comprise the Consolidated and Individual Balance Sheets as of 31 December 2014 (that present a total net assets of 1,095,839,670 Euro and 1,062,253,248 Euro, respectively, and consolidated and individual equity of 1,023,879,711 Euros and 1,058,704,412 Euro, respectively, including a consolidated net profit attributable to the Company's shareholders of 27,958,229 Euro and an individual net profit of 5,820,800 Euro), the Consolidated and Individual Statements of profit and loss, comprehensive income, changes in equity and cash-flows for the year then ended and the corresponding Notes.

Responsibilities

2. The Board of Directors is responsible for: (i) the preparation of consolidated and individual financial statements that present a true and fair view of the financial position of the Company and of the group of companies included in the consolidation, the consolidated and individual results of their operations, comprehensive income, changes in equity and their consolidated and individual cash-flows; (ii) the preparation of historical financial information in accordance with the International Financial Reporting Standards as adopted by the European Union and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate system of internal control; and (iv) informing on any significant facts that have influenced the operations of the Company and of the group of companies included in the consolidation, their financial position or their results and comprehensive income.
3. Our responsibility is to examine the consolidated and individual financial information contained in the documents referred to above, including verifying that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and to issue a professional and independent report based on our examination.

Scope

4. Our examination was performed in accordance with the Technical/Audit Standards ("*Normas Técnicas e as Diretrizes de Revisão/Auditoria*") issued by the Portuguese Institute of Statutory Auditors ("*Ordem dos Revisores Oficiais de Contas*"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated and individual financial statements are free of material misstatement. Such an examination includes verifying, on a sample basis, evidence supporting the amounts and disclosures in the consolidated and individual financial statements and assessing the estimates, based on judgments and criteria defined by the Board of Directors, used in their preparation. Such an examination also includes verifying the consolidation procedures, the application of the equity method and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting principles used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept, verifying the adequacy of the overall presentation of the consolidated and individual financial statements and assessing that, in all material respects, the consolidated and individual financial information is complete, true, up-to-date, clear, objective and licit. Our examination also comprises verifying that the financial information contained in the Board of Directors' Report is in accordance with the consolidated and individual financial statements, as well to perform the verifications established in the numbers 4 and 5 of the article 451º of the Portuguese Company Law ("*Código das Sociedades Comerciais*"). We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated and individual financial statements referred to in paragraph 1 above, present fairly in all material respects, the consolidated and individual financial position of SONAECOM, S.G.P.S., S.A. as of 31 December 2014, the consolidated and individual results of their operations, consolidated and individual comprehensive income, changes in consolidated and individual equity and their consolidated and individual cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union and the information contained therein is, in terms of the definitions included in the technical and audit standards referred to in paragraph 4 above, complete, true, up-to-date, clear, objective and licit.

Report on other legal requirements

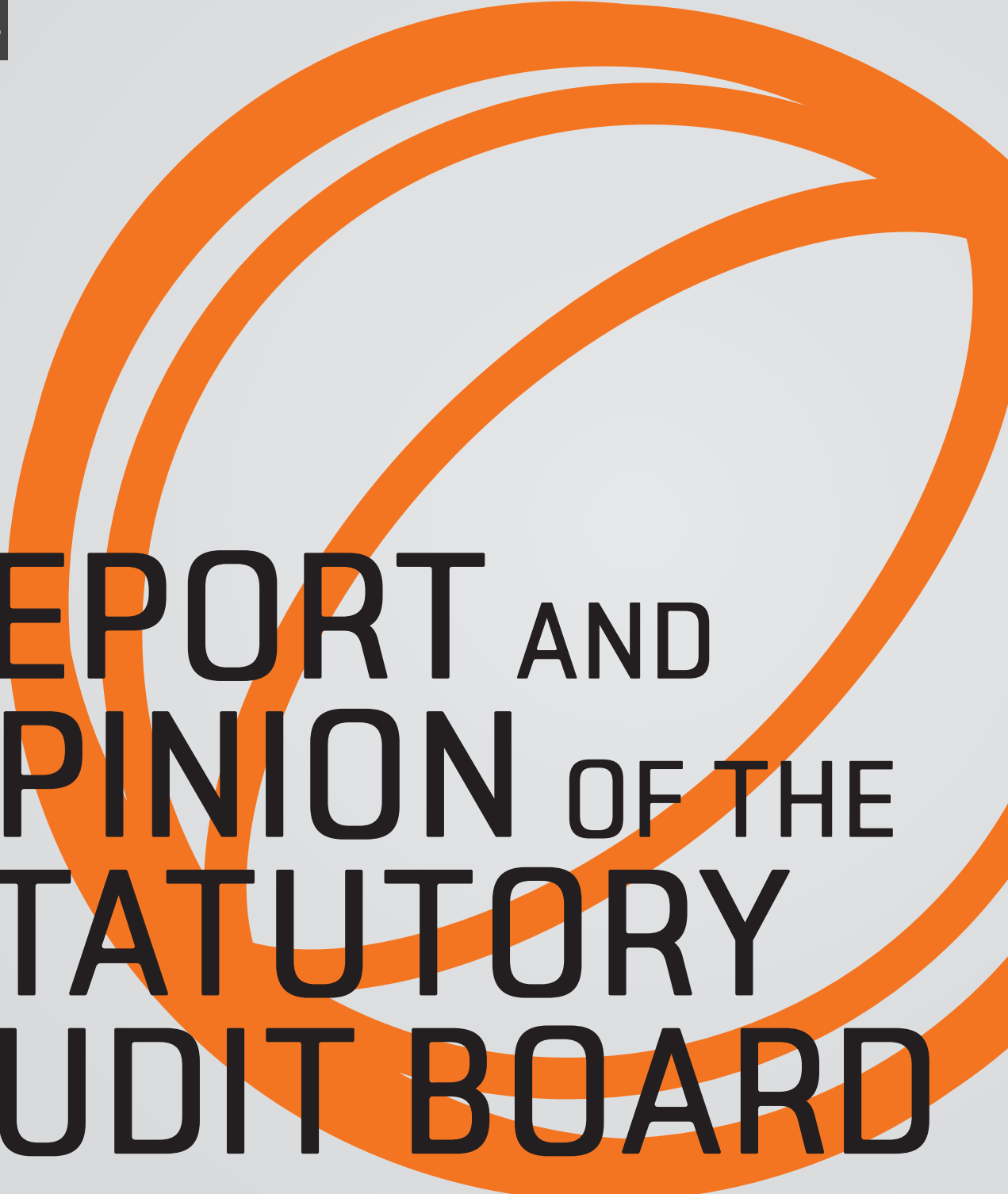
6. It is also our opinion that the financial information included in the Board of Directors' Report is in accordance with the consolidated and individual financial statements of the year and that the Corporate Governance Report includes the information required to the Company, as established by the article 245º- A of the Securities Market Code.

Porto, 17 March 2015

Deloitte & Associados, SROC S.A.
Represented by António Manuel Martins Amaral

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REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

Report and opinion of the Statutory Audit Board of Sonaecom, SGPS,SA

To the Shareholders

1 – Report

1.1 - Introduction

In compliance with the applicable legislation and according with the terms of the mandate given to the Statutory Audit Board, we hereby issues our Report and Opinion of the audit performed, as well the Management Report and other documentation concerning the individual and consolidated accounts, for the year ended at 31 December 2014, which are of the responsibility of the Company's Board of Directors.

1.2 – Supervisory activities

The Statutory Audit Board, during the year under review, accompanied under its competence, the management of the company and its subsidiaries, examined, to the adequate extension, the evolution of the company, the validity of accounting records, the quality of the preparation and financial information disclosure process, related accounting policies, valuation criteria and, the compliance with legal regulations and laws.

The Statutory Audit Board held meetings with quarterly frequency, which, were attended by the Board and personnel responsible for financial operations, accounting, internal audit, risk management and the Society of Statutory Auditor and the External Auditor. Additionally, the Statutory Audit Board attended the meeting of the Board of Directors which approved the management report and accounts for the year.

The Statutory Audit Board oversaw the effectiveness of the risk management and internal control procedures, having appreciated the planning and results of the internal and external auditors. The Statutory Audit Board reviewed with precise attention the accounting treatment of transactions that materially influenced the development of the activity expressed in the financial statements.

Furthermore, the Statutory Audit Board appreciated the Corporate Governance Report which is attached to the company's Management Report, regarding the consolidated financial accounts, under the terms and for the purpose of No. 5 of Art. 420 of the Portuguese Commercial Code (Código das Sociedades Comerciais), having concluded that the report includes the elements referred to in Art. 245 – A of the Securities Market Code (Código dos Valores Mobiliários).

As part of its responsibilities, the Statutory Audit Board examined the management report and other documentation concerning the individual and consolidated accounts, prepared by the Board of Directors, considering that the information disclosed satisfies the legal standards and is appropriate for understanding the financial position and results of the company and its consolidation universe, and analyzed the legal certification of accounts and audit report, issued by the society of the statutory auditor, to which it has given consent.

2 – Opinion

In the light of the above mentioned, the Statutory Audit Board is of the opinion that there are the conditions for the Shareholders' General Meeting to approve:

- a) The management report, the individual and consolidated balance sheets, the individual and consolidated profit and loss accounts by nature, statements of comprehensive income, movements in shareholders' funds and cash flow statements for the year ended at 31 December 2014.
- b) The proposal for the application of results presented by the Board of Directors.

3 – Statement of Responsibility

In accordance with paragraph 1, point a) of Art. 8 of Regulation n° 5/2008 of CMVM and point c) of paragraph 1 of Art. 245 of the Portuguese Securities Market Code, we declare that, to the best of our knowledge, the consolidated and individual financial statements were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Sonaecom, SGPS, S.A. and the main companies included in the consolidation perimeter, and that the Management Report faithfully describes the business performance and position of the issuer and of the companies included in the consolidation perimeter containing a description of the major risks and uncertainties that they face. Further, we inform that the Corporate Governance report issued complies with the Art. 245-A of the Portuguese Securities Code.

Maia, 25 March 2015

The Statutory Audit Board

Arlindo Dias Duarte Silva

Óscar José Alçada da Quinta

Armando Luís Vieira de Magalhães

Sonaecom SGPS is listed on the Euronext Stock Exchange.

Information is available on Reuters under the symbol SNC.LS and on Bloomberg under the symbol SNC.PL.

WARNINGS

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the telecommunications industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors, analysts and, generally, the recipients of this document are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

Report available on Sonaecom's
corporate website
www.sonae.com

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