ANNUAL REPORT
2013

SAPEC

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SAPEC

Limited Company
500, Avenue Louise
1050 Brussels
RPM Brussels – BE 0403 085 280

General Shareholder's Meeting on 17 June 2014

Mission Statement

Established in 1926 as a mining and chemical company, Sapec expanded into various industrial and service sectors becoming an industrial holding group controlling and managing several businesses.

As an investor, the Sapec Group pays particular attention to generating value by pursuing the following objectives:

- managing a diversified portfolio of activities capitalising on the Group's skills and know how in the fields of agriculture, animal nutrition, chemical products, environment and logistic services, giving priority to the Iberian Peninsula market, without excluding other markets with strong potential for specific businesses;

- creating sustainable competitive advantages through the acquisition of a leadership position or by developing niche markets;

- selecting business sectors with growth potential.

This policy is based on:

- a systematic and close follow-up and support of the businesses in which the Group has invested, particularly those in which it has a majority shareholding;

- considering the businesses as autonomous profit centres responsible for their own cash flow, within the framework of defined return requirements, and which are able to count on the Group for support and financial solutions.

This policy expresses the aim to create value for shareholders with a view to ensure stable and regular dividend payment increase.

Key figures relating to the Group's development

GLOBAL DATA (k€)

	2007	2007*	2008	2009	2010	2011	2012	2013
Revenue	572.5	561.8	679.6	519.6	456.8	516.1	501.3	474.3
Operating profit	23.6	21.3	9.4	-2.2	17.6	10.5	18.7	21.8
Net consolidated profit	22.4	21.1	-6.6	-15.3	9.6	4.7	8.5	-23.2
Net consolidated profit - group share	20.7	20.7	-5.2	-15.4	6.1	4.7	8.4	-23.3
EBITDA (recurrent)	34.8	30.2	31.1	8.7	30.9	21.1	29.0	31.2
Shareholders equity (after distribution)	127.4	127.4	117.3	101.0	109.5	114.6	121.5	98.0
Balance sheet	570.6	570.6	1,068.0	1,099.8	999.9	367.0	383.8	364.2

CONSOLIDATED DATA PER SHARE (€)

	2007	2007*	2008	2009	2010	2011	2012	2013
Number of shares	1,355,000	1,355,000	1,355,000	1,355,000	1,355,000	1,355,000	1,355,000	1,355,000
Shareholders equity (after distribution)	94.0	94.0	86.6	74.6	80.8	84.6	89.7	72.3
Operating profit	17.4	15.7	6.9	-1.6	13.0	7.7	13.8	16.1
Net consolidated profit - group share	15.3	15.3	-3.8	-11.4	4.5	3.5	6.2	-17.2
EBITDA (recurrent)	25.7	22.3	22.9	6.4	22.8	20.1	20.6	23.8
Dividend common shares (gross)	2.7	2.7	0.65	-	-	-	0.5	-
Payout on operating profit	15.5%	17.2%	9.4%	-	-	-	3.6%	-
Payout on net consolidated profit - group share	17.7%	17.7%	-17.0%	-	-	-	8.1%	-

* Figures for 2007 were prepared in accordance to the IFRS 5 standard

Board of Directors

Eduardo Catroga	Chairman
Antoine Velge	Chief Executive Officer
Philippe de Broqueville	Director
Matthieu Delouvrier	Director
Manuel Fernando Espírito Santo	Director
Jean-Marie Laurent Josi	Director
Sophie de Roux	Director
Christian Varin (until 27/08/2013)	Director
Patricia Velge	Director
Xavier de Walque (after 20/09/2013)	Director

Board Secretary

Eric van Innis

Financial Officer

António Marques

Operational Divisions

Agro Business (includes crop protection and crop nutrition businesses)
Eric van Innis, CEO
João Estrela, COO
Nuno Loureiro, CFO

Other businesses
Fernando Gamboa (Chemical products and environment)
Paulo Rendas (Logistics)
Luis Ladaria (Agro commodities distribution)

Statutory Auditor

Mazars Réviseurs d'Entreprises n° B00021
Avenue Marcel Thiry 77 boite 4 1200 Bruxelles
Represented by Mr. Philippe de Harlez

Financial calendar

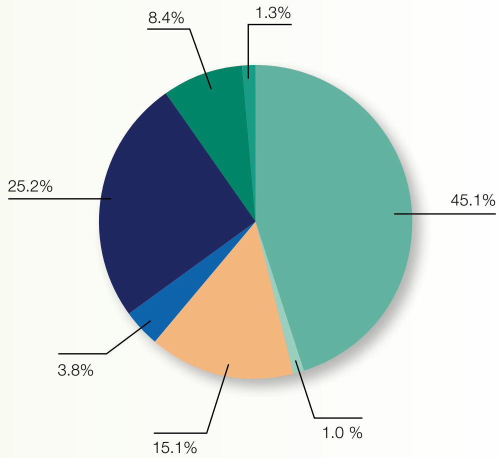
17 June 2014	General shareholder's meeting 2013 financial year
30 September 2014	Publication of half-yearly results
31 March 2015	Publication of annual Communication
30 April 2015	Publication of 2014 Financial Statement
16 June 2015	General shareholder's meeting 2014 financial year

Evolution of the share price **In EUR**

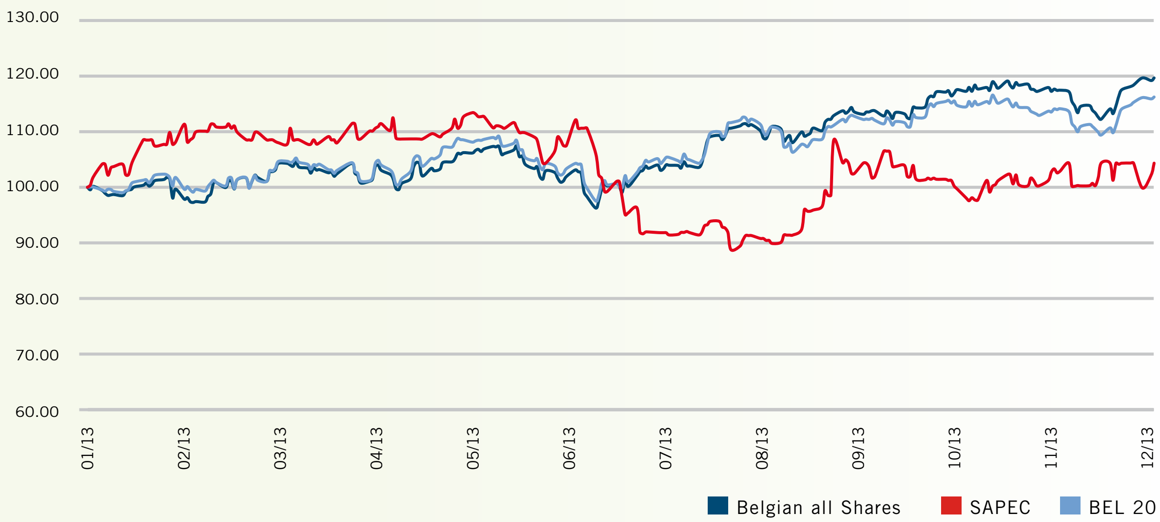
		2007	2008	2009	2010	2011	2012	2013
Ordinary shares	min	90.3	53.0	41.2	47.5	41.2	36.0	40.5
	max	114.3	134.5	78.5	66.0	78.5	50.0	54.3
Closing 31/12	ord.	102.50	56.00	65.50	50.10	42.50	49.98	49.99
Total number of shares at 31/12		1,355,000	1,355,000	1,355,000	1,355,000	1,355,000	1,355,000	1,355,000
Market capitalization 31/12 (k€)		138,888	75,880	88,753	67,886	57,588	67,723	67,736

SAPEC shareholders

Total number of shares	1,355,000
Financière Frédéric Jacobs S.A.	113,661
Soclinpar S.A.	17,969
LHI S.A.	610,973
BES Investimento S.A.	14,179
Cobepa S.A.	204,950
Alcatel Bell Pensioenfonds VZW	51,412
Stock Exchange	341,856



SAPEC - Belgian all Shares - Bel 20



Group’s Businesses

The Sapec Group comprises a core business and three additional businesses:

• Agro Business (includes crop protection and crop nutrition)

- Crop protection

This sector consists of post synthesis, solid and liquid formulation, packaging and distribution of crop protection products primarily in the Iberian Peninsula and south of Europe market, phytosanitary products for agriculture. The product portfolio consists mainly of generic products distributed under the brand names of Sapec subsidiary companies, Sapec Agro (PT) and Selectis in Portugal and Sapec Agro (ES) and Tradecorp in Spain. Together, the four companies make Sapec the third player overall in the crop protection sector in the Iberian Peninsula, but the first non-multinational player. Exports are mainly for the French and Italian markets.
This product portfolio consists of a range of fungicides, herbicides and insecticides, produced mainly for the Mediterranean crops, to meet the multiple needs of farmers. This business operates an industrial site with research and control laboratories in Setúbal (PT) and a logistic centre in Spain (near Albacete).
Since 2009 and following the investments applied in European homologations, 75% of turnover is today generated from our own active ingredients and formulated products.

- Crop nutrition

This sector is involved in the production, including the synthesis of chelates, and sale of a wide range of products which provide integral solutions in crop nutrition, targeting principally the horticulture, viticulture, floriculture and orchard sectors.

The main components of the range are liquid and solid chelated trace elements, bio stimulants, humic acid, amino acids and specific correctors.

This sector, close to the field of operations, has a range of products in continuous development, allowing it to constantly bring innovative solutions to farmers, who seek to increase the quality and yields of their crops through a balanced nutrition.

The production is based in Spain in two different locations and the products are sold worldwide through our own commercial teams in the Iberian market, Europe, the Middle East, Mexico, Brazil, Colombia and Asia and through agreements with local distributors in more than 60 countries.

• Industrial chemicals and environment

This sector is involved in the production (products for water treatment), packaging and distribution of chemical products for the Portuguese industry, more specifically for the construction, automobile, paper, environmental and chemical sectors. Sapec Química heads this activity and operates through an industrial and logistical platform in Setúbal, and a logistic platform in Ovar, situated in the north of Portugal.

In the environment sector Sapec operates through CITRI (Integrated industrial non-hazardous waste treatment Centre) in Setúbal, which specializes in recycling, recovery and disposal of non-hazardous industrial waste, and follows a policy of making investments in other sub-sectors of industrial waste.

• Agro commodities distribution

This sector in Spain ensures a significant activity in importing and distributing agro commodity raw materials such as cereals, cereal substitutes, soya and other proteins for animal feeds.

At present, the Spanish subsidiary Interpec Ibérica is one of the major players on the market

• Logistics

This sector focuses today on two different activities: the port handling activity in Setúbal, represented by the Sapec port terminals of solid and liquid bulk products, and the 55% stake in Navipor, the port handling company, which in turn holds a 40% stake in the dock labour company Operestiva; and the multimodal land-based terminals of SPC (Valongo to the North; Bobadela and Póvoa in Lisbon; Setúbal to the South of Lisbon) offering integrated logistic services for container cargoes such as storing, repairing, consolidation /deconsolidation, warehousing and distribution. All these land based terminals have their own railway connections.

• Others

Real estate is not, as such, one of the Group's activities.

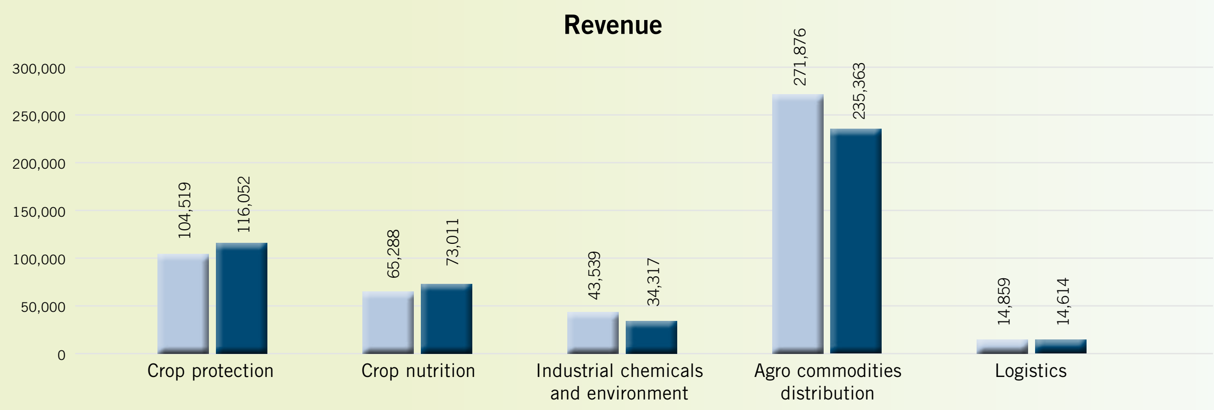
The Group owns more than 100 hectares of industrial land in Setúbal, of the 300 hectares of the industrial park, and about 100 hectares for tourism in Lousal, in Portugal. These assets are not directly allocated to the operation of the Group's different businesses, and are therefore considered as non-operational and can be sold.

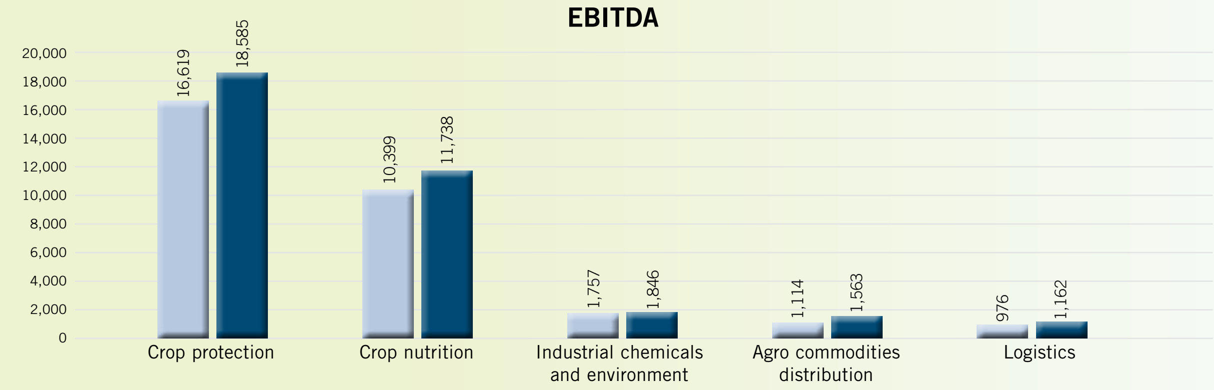
The Group also owns office space in Lisbon.

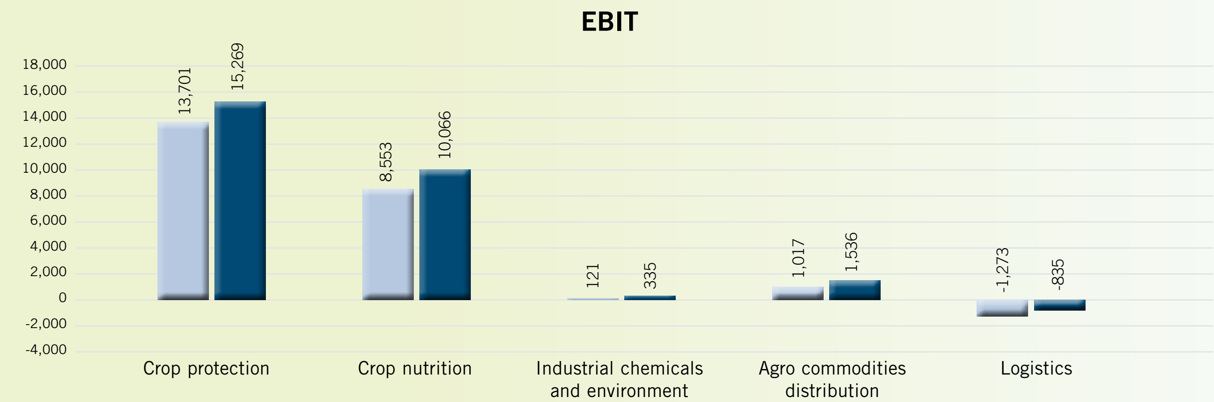
Sapec holds a 49% stake in the company Energia Limpia Invest (ELI), which owns 99.59% of Tharsis S.A. The latter owns real estate and forest land in Spain, and a 58.61% stake of Naturener, the parent company of a group of renewable energy companies in Spain and North America.

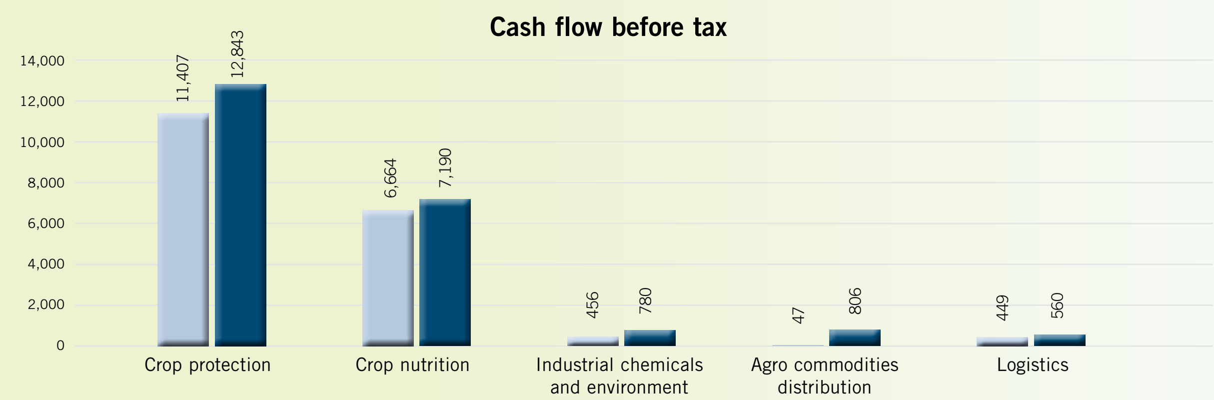
Over the following pages, the reader will find the key figures of the Group broken down per sector and per country as well as an organisation chart of the different companies by businesses and their geographical locations.

Contribution to the consolidated results (k€)



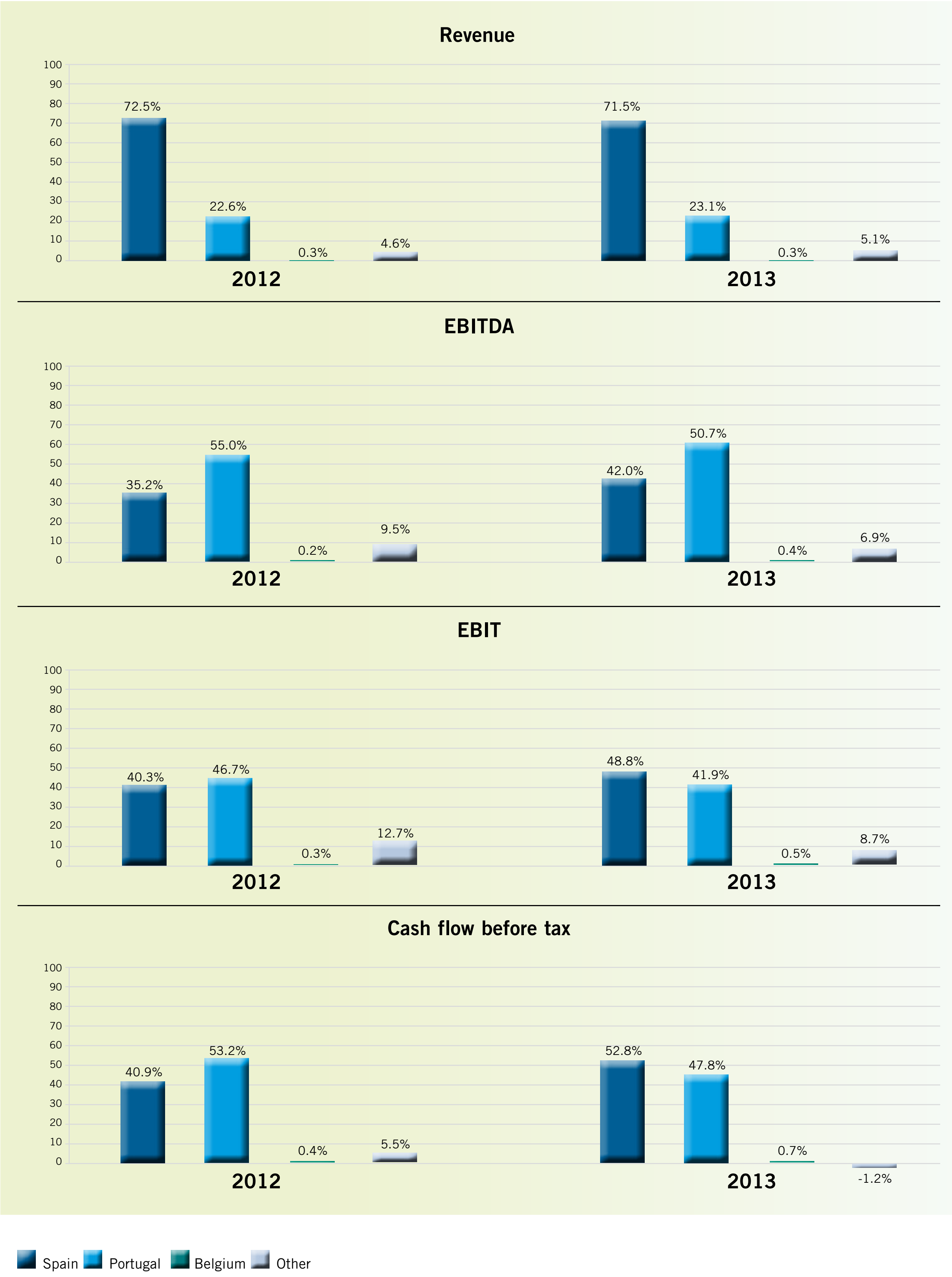






2013 2012

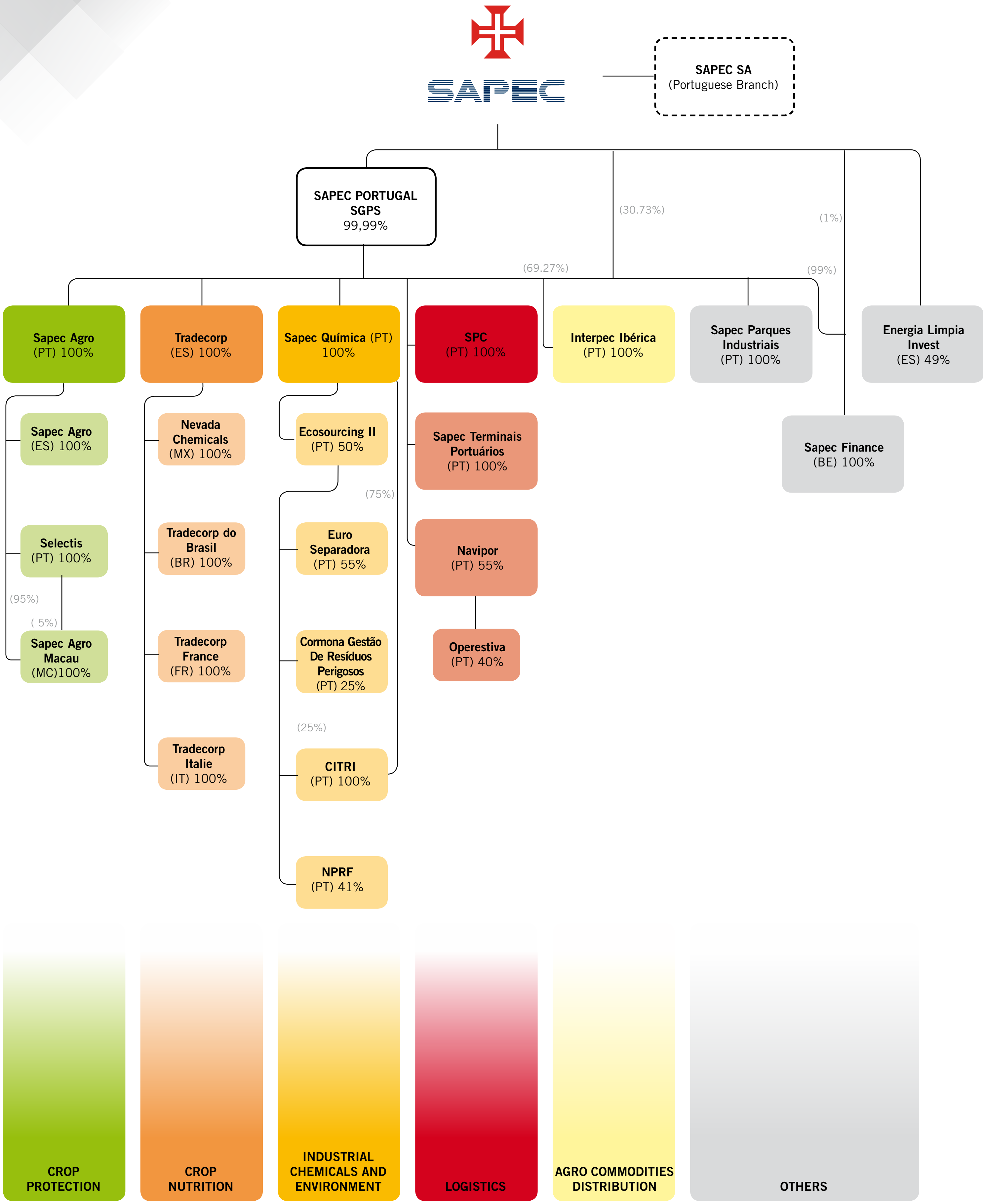
Geographical contribution to the consolidated results (%)



Port or Cargo Terminal
Plant

SAPEC

- CROP PROTECTION
- CROP NUTRITION
- INDUSTRIAL CHEMICALS AND ENVIRONMENT
- LOGISTICS
- AGRO COMMODITIES DISTRIBUTION



B – BELGIUM; P – PORTUGAL; S – SPAIN; F - FRANCE; I - ITALY; BR – BRAZIL; MX - MEXICO; C - CANADA; USA – UNITED STATES; MC – MACAU;
PERCENTAGE – ECONOMIC HOLDING AS AT 31/12/2013

Management Report of the Board of Directors

As regards the Group's operational activities, Agro Business has continued to grow significantly focused on international markets, with other sectors of activity still affected in varying degrees by the economic situation in the Iberian Peninsula. The operating profits after the impact of asset disposal and investments of the group increased 17% in 2013 compared to 2012. Considered as a probability in our latest releases, the Group finally decided to register an impairment of 100% on its participation and loan to ELI.

Agro Business, which consolidates the crop protection and crop nutrition activities, has made good progress in all its key performance indicators. First, in terms of crop protection, where the strong growth recorded in the Spanish market and the growing contribution of markets outside the Iberian Peninsula ensured increased earnings. Then, in terms of crop nutrition, the expansion of our international presence increased even further in 2013, allowed to consolidate our positions and to develop new opportunities.

The growing internationalisation of Agro Business, which already generates 40% of its EBITDA outside the Iberian Peninsula, is an important component to gain critical mass, and to gradually mitigate its commercial and climate risks related to any particular agricultural market.

Although the industrial activity in Portugal in the second half of the year has finally provided positive signals, the consumption of chemicals in Industry has not yet regained its impetus. The slight improvement in terms of the sector's results is, therefore, due solely to the implementation of the restructuring and reorganization programme defined in 2012.In the environment sector, the production of industrial waste is still at its lowest level since the beginning of the crisis. Again, measures have been implemented to adapt our business to declining volumes.

In terms of agro commodities distribution, recurring operating profits are slightly better, in line with what would be expected for this sector following the reorganization implemented in late 2011. Risk control is ensured and the financial needs of the sector have decreased substantially. It is worth noting that in 2012 the sale of our solid bulk port terminal in Cadiz led to a major capital gain.

For the logistics sector, operating profits are still negative, but improving compared to 2012. The port terminal and its two subsidiaries had positive operating profits at the same level of 2012, while the inland terminals, despite improvement, still recorded a slightly negative EBITDA.

The consolidated EBITDA for the entire group amounts to 32,243 k€ at the end of 2013 compared to 29,061 k€ at the end of 2012 (the recurring results increasing from 29,038 k€ in 2012 to 31,154 k€ in 2013) and the operating profits before taxes, financial costs and other expenses charges increased from 19,913 k€ in 2012 to 23,364 k€ at the end of 2013. These consolidated results, excluding the impact of impairment of assets held for sale, confirm an increase compared to 2012.

The management report for the accounting period ending on December 31, 2013, included on pages 13 to 24, and 25 to 35 (Statement of corporate governance, including risk management), has been prepared in accordance with article 119 of the Belgian Companies' Code and was approved by the Board of Directors on March 28, 2014. It covers both the consolidated accounts of the Sapec Group and the statutory accounts of Sapec SA.

AGRO BUSINESS

Unlike 2012, weather conditions were favourable in the Iberian Peninsula in 2013, allowing the Spanish market to recover well. For the other agricultural markets of Agro Business, in general, the fundamentals of the sector have remained positive. In 2013, Agro Business increased its REBITDA by 13% and recorded a recurring operating income increase of 15% compared to 2012.

The further development abroad and the strength of the Spanish market have been the most positive factors for the two businesses of Agro Business in 2013.

The net debt decreased slightly, again improving the net debt /EBITDA ratio of 3.7 at the end of December 2013.

CROP PROTECTION

The Spanish market, with a strong growth in 2013, and international growth allowed the sector to significantly increase its earnings.

In the Iberian Peninsula, after falling by more than 6% in 2012 following a prolonged drought, the Spanish market benefitted from favourable climate conditions to grow by more than 12% in 2013. The Portuguese market, meanwhile, did not recover in 2013 the drop of more than 5% recorded in 2012, mainly caused by the absence of treatments with fungicides in vineyards. The French and Italian markets showed slight growth in 2013 compared to 2012, respectively 3% and 2%.

The turnover of our crop protection sector increased by more than 8%, from 90,272 k€ in 2012 to 97,458 k€ in 2013. We are still in third position in a market that has experienced a similar growth.

EBITDA for the sector increased by 12% (16,619 k€ in 2012 and 18,585 k€ in 2013). Operating profits increased by 11%, from 13,701 k€ in 2012 to 15,269 k€ in 2013.

In 2012, the abnormal development of agricultural campaigns caused a delay in our goal to recover our trade receivables. This temporary situation was entirely corrected in 2013, with customer payments recording, in fact, an increase of 24%, enabling the crop protection sector to generate a positive free cash-flow in the Iberian Peninsula.

In Portugal, Sapec Agro and Selectis achieved a turnover of 37,897 k€ in 2013 compared to 36,146 k€ in 2012, i.e., an increase of 5%, while the Portuguese market did not grow in 2013. The group has therefore consolidated its leading position in Portugal.

Sapec Agro Portugal has also substantially increased its exports outside the Iberian Peninsula, mainly to France, Italy and other European Balkan countries. These increased from 15,886 k€ in 2012 to 19,263 k€ in 2013, a growth also accompanied by an improvement in the average gross margin.
Exports to Europe are made exclusively with our homologated products.

In Spain, our subsidiaries Tradecorp and Sapec Agro Spain recorded a sales growth of 10% in crop protection, practically in line with the market trend. Indeed, our turnover in Spain reached 59,561 k€ in 2013 compared to 54,090 k€ in 2012. The gross margin rate improved slightly compared to 2012 due to the increase of our certified products in the sales mix.

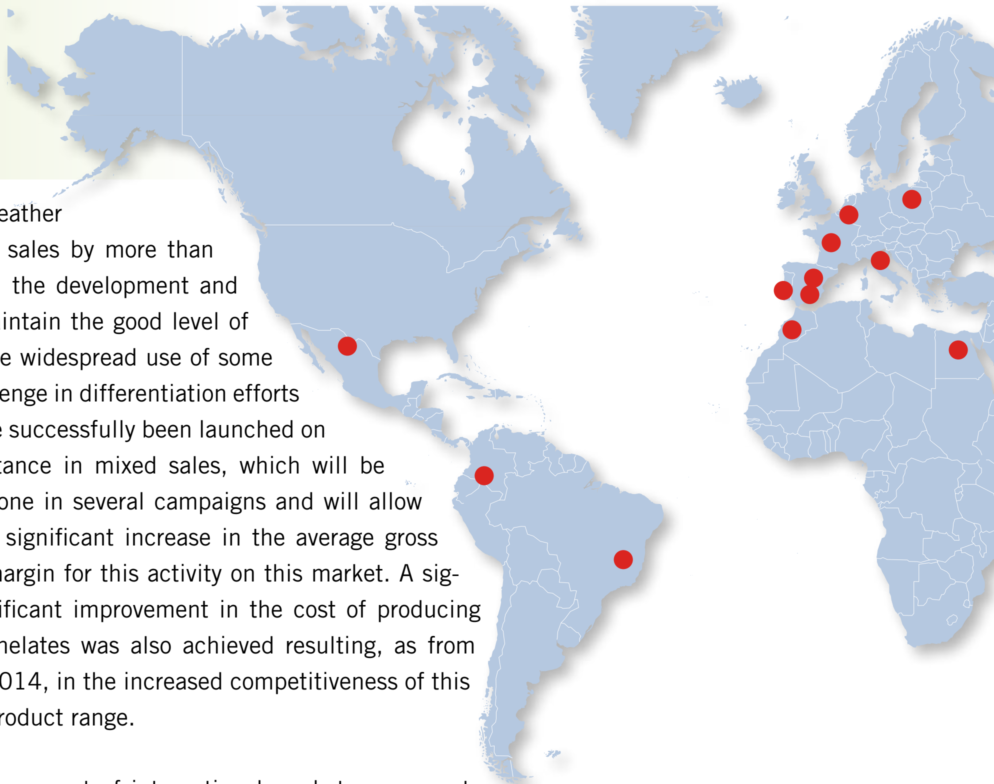
The average net debt has remained stable, but the slight increase in the cost of money, an upward trend reversed in the last quarter of the year, caused an increased financial burden (5,212 k€ in 2012 and 5,741 k€ in 2013).

The sector's profit before taxes reached 9,527 k€ in 2013 compared to 8,490 k€ in 2012, i.e., an increase of 12%.

The project to implement this business in Brazil, where we already have a management structure for our crop nutrition business, is still under consideration. Investments made in the homologation of our products will continue (in synergy with our European issues), but a significant delay in the allocation of new homologations occurred following the reorganization of public services. The start of a commercial activity can be envisaged only for the end of 2014 or beginning 2015.

CROP NUTRITION

International expansion continues and has increased operating profits of this sector.



In the Iberian Peninsula, in normal weather conditions, the teams increased their sales by more than 10% compared to 2012. In Portugal, the development and dynamics of differentiation helped maintain the good level of the average gross margin. In Spain, the widespread use of some chelate-based products is a major challenge in differentiation efforts underway. New ranges of products have successfully been launched on the market, with an increased importance in mixed sales, which will be done in several campaigns and will allow a significant increase in the average gross margin for this activity on this market. A significant improvement in the cost of producing chelates was also achieved resulting, as from 2014, in the increased competitiveness of this product range.

In respect of international markets, representing more than 78% of sales in this sector, turnover increased 20% compared to 2012 and the average gross margin improved despite the negative impact of significant exchange differences related to the devaluation of the Brazilian Real. The objectives were achieved and some areas have experienced marked increases.

- Europe and Sub-Saharan Africa (ESA) registered a strong sales growth of 31%, explained in part by the good campaigns in France and Baltic countries. The German and Polish markets experienced a good growth and the Benelux market met our expectations. The gross average margin in the region increased. New opportunities will be developed in Europe and East Africa.

- In the Middle East (MENA), despite the instability that still affects some of our major markets, sales grew by 10% compared to 2012, the gross average margin in this region remaining stable. The Maghreb region continued to grow and new opportunities are under analysis in West Africa.
- In Mexico, sales increased 6% and the average gross margin has made good progress. This positive performance was achieved despite the change of management which took place in June. The new management is confident that our activity will rapidly develop in this region with enormous potential.
- In Brazil, sales increased 32%, and the gross average margin was also excellent. Consumption in Brazil is concentrated in the last quarter of the year. The delays in the start of crops in 2013 caused an unusual concentration of sales in December, which has abnormally increased trade receivables in the end of the year.
- In Southern Europe (Italy and South-East Europe), our sales grew 19% and the gross average margin remained stable. Outstanding receivables improved favourably following measures which required the sales team to be more rigorous. Sales in the East (Romania, Bulgaria and Slovenia), where we have better payment terms, continued to rise.
- In Central and Latin America (LATAM), sales increased 6% and the gross margin has significantly improved compared to 2012. Although the bulk of sales still comes from our clients in Ecuador and Peru, the improvement in the gross margin was mainly due to the commercial and marketing structure established in Colombia, which continues to grow.
- In Asia (APAC), sales increased 5% and the gross margin improved. We implemented a new distribution network and a direct commercial presence in Australia. The preparation of a direct market presence in South Korea is also underway.

The total revenue of this sector increased from 65,605 k€ in 2012 to 73,011 k€ in 2013, representing an increase of 11%.

Recurring EBITDA rose from 10,581 k€ in 2012 to 12,090 k€ in 2013, representing an increase of 14%.
The recurring operating income increased from 8,735 k€ in 2012 to 10,418 k€ in 2013, representing an increase of 19%.

Because the start of crops was delayed in Brazil, some trade receivables only materialised in January not allowing the sector to reduce its net debt at the end of December. The devaluation of the Real resulted in a foreign exchange loss. However, this foreign exchange loss was entirely offset by the price increase policy, thereby enabling the Brazilian subsidiary to achieve its gross margin targets.

Profit before taxes for the sector increased from 4,818 k€ in 2012 to 5,518 k€ in 2013, representing an increase of 15%.

INDUSTRIAL CHEMICALS AND ENVIRONMENT

The Portuguese market is still suffering the consequences of the economic recession. In the last quarter, the first signs of better days to come appeared.

Throughout much of 2013, the industrial activity continued to suffer the consequences of the austerity measures in Portugal, affecting in particular the construction sector and the small and medium-sized enterprises, the main actors in the Portuguese market. Although most of the positive signals came from the industrial sector in the last quarter, they have not yet had an impact on the consumption of industrial chemicals. According to the statistics, these have declined by almost 15% in 2013.

In view of this situation, the sector was reorganised, both in terms of its supporting structures and of its commercial structure. The sub-sector of solvents, closely linked to construction sector, was integrated in the sub-sector of conventional products, and the commercial structure allocated to it was eliminated.

As regards conventional products, the largest contributors are the industries of pulp and paper and the water treatment activities. Whereas the paper industry has slowed its production rate in 2013, the water treatment activity experienced a normal year and the paint industry was able to maintain its level of activity. This sub-sector continues to show positive operating profits and growth compared to 2012 in the wake of the reorganization measures.

As regards polymers and paraffin, primarily intended for the small and medium-sized processing industry (textiles, shoes, metal and plastic), the slowdown of the activity was strongly felt in 2013. The operating profits of this sub-sector in 2013 decreased compared to 2012 and were in difficulties. Operational reorganizational measures were taken in 2013, which will be reflected in 2014.

Consolidated, this sector sold 74,104 tons in 2013 compared to 90,737 tons in 2012 and achieved a turnover of 32,474 k€ in 2013 compared to 40,202 k€ in 2012.
The recurring operating profits decreased from -19 k€ in 2012 to -78 k€ in 2013. The capital gains in the amount of 499 k€, following the sale of a mini photovoltaic project which materialized in 2013, allowed the sector to post positive results.

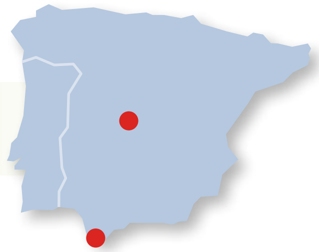
The proper management of the working capital has generated a positive free cash-flow.

Waste produced by the Portuguese industries decreased further in 2013 as a result of the country's economic situation. The management implemented a programme to reduce operating costs and developed other purposes for the waste reception centre, such as the treatment of contaminated soils.
These measures have in part mitigate the negative effects of the drop in the volumes of conventional industrial waste received at the centre.

The recurring EBITDA of CITRI in 2013 was of 632 k€ compared to 1,278 k€ in 2012.

As a result of the situation in which Portugal finds itself, the recurring income for the entire sector (chemical products and environment) in 2013 was strongly penalized, standing respectively at 1,324 k€ compared to 2,069 k€ in 2012 for EBITDA, and -187 k€ compared to 433 k€ in 2012 for recurring pre-tax operating profits.
After considering the 499k€ capital gains, operating profits become positive.

AGRO COMMODITIES DISTRIBUTION



With controlled risks and reduced financial needs, the sector shows operating profits as expected.

The new operating philosophy of our subsidiary Interpec Iberica, launched in late 2011, fully paid off in 2012 and continued to yield results in 2013. Gradually, we focused our activity increasingly on imported vegetable protein (mainly derived from soy and sunflower) which products have a higher added value than cereals.

Compared to 2012, we reduced our total imports by approximately 20% and increased import of soya meal by more than 30%.

Globally, the prices of agricultural products in 2013 adjusted downwards, especially cereals, whilst the price of soy has remained high, particularly attractive for farmers, such as those in Latin America, who farm large areas of land at low unit costs. The cultivated areas and farming out put in Argentina and Brazil continue to increase, which results, especially in Brazil, in much more specific logistical problems, especially in the exporting ports in the south of the country.

Our suppliers from Argentina have worked well in 2013. We have been competitive and have handled large quantities to supply our clients, enabling us to keep the lead as importers of agricultural raw materials in the port of Tarragona, the most important port in the country.

Throughout the year, we have maintained an even closer watch on trade receivables The meat production sector in Spain continues to do well in the geographies where we operate, which has led to payment terms being met.

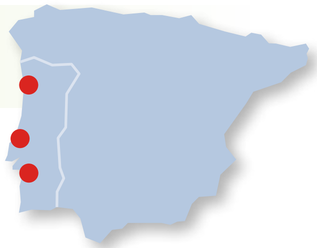
We are still looking for buyers for our liquid terminal in Cadiz. Having concluded that potential buyers are more interested in fuels rather than in vegetable oils, we have asked permission to extend the use of the terminal to these products and will adapt the facilities as soon as we reach an agreement with a potential buyer.

In 2013, we continued to receive from various Spanish port authorities tax amounts (capital and interest) (T3) improperly collected, totalling 1,004 k€. These receivables were already accounted for and the payment thereof had no impact on earnings in 2013.

In 2013, recurring EBITDA dropped from 2,262 k€ to 1,563 k€, but financial expenses dropped further from 1,067 k€ to 757 k€. The pre-tax consolidated net result rose from -50 k€ in 2012 to +779 k€ in 2013.

LOGISTICS

Although the port sector performed well, the land sector is still affected by the instability of the Portuguese market.



This sector comprises two very different activities: first, the multimodal inland terminals of SPC (Valongo to the North; Bobadela and Póvoa in Lisbon; Setúbal to the South of Lisbon); second, Portugal's port activity, in Setúbal, represented by the Sapec port terminals of solid and liquid bulk products and the majority stake in Navipor, the port cargo handling (stevedoring) company, which also holds a 40% stake in Operestiva, the stevedoring labour company.

In terms of inland terminals, the activity in 2013 was stable. The turnover of the three terminals declined in absolute value by 11% to 7,253 k€, but the gross margin doubled from 155 k€ to 314 k€. The main target we set for 2013 to obtain a positive recurring EBITDA was not achieved, remaining negative at -343k€, an improvement nonetheless of more than 200 k€ compared to 2012. The Lisbon terminal has come close to its target for 2013, which alone represents most of the improvement in results.

The Valongo terminal failed to establish in 2013 the railway activity planned. We were only able to launch a weekly train connection between the industrial areas of Porto and Barcelona, taking less than 24 hours, from November on, jointly with GEODIS (Spain). This operation is not yet profitable, but it lays the groundwork to place the Valongo terminal on the logistics map of the Iberian Peninsula, and to have the clients become accustomed to using the railway rather than roads over almost 1,000 km.

The terminal of Setúbal resumed its operations in November 2013 with the installation of a second container line in its port terminal. Our terminal is particularly well positioned to benefit from the new dynamics of this port and to support the container lines therein. We expect a good 2014 for the terminal of Setúbal.

In the port sector, the bulk terminals of Sapec in Setúbal maintained their activity compared to 2012 (+10%), but remained below their budget. The recent purchase of a new specialised equipment to unload metal scrap should serve to increase this activity in 2014. Results are in line with expectations and increasing compared to 2013.

Navipor performed satisfactorily in 2013, with slightly lower turnover and same profit as in 2012.

In 2013, Operestiva benefitted from the increased activity of Sadoport, the container terminal of Setúbal, its mains client and shareholder, but its contribution to the Group's decreased slightly.

The entire port sector of Sapec in Setúbal closed the year with a stable consolidated net result of 552 k€ compared to 596 k€ in 2012, due to an increase in income tax expenses and a lower contribution from Operestiva.

REAL ESTATE AND OTHERS

Real Estate:

In 2013, only one small Portuguese company leased some space in a warehouse in "development 1" in Setubal's Sapec Bay Industrial Park. Carmona, a company specialising in the treatment of industrial waste, mainly liquids, is still waiting for the necessary permits, in particular from the Ministry of Industry and Ministry of the Environment, to settle in the 8 ha plot it has acquired many years ago near CITRI. The permanent installation of Carmona near CITRI in the industrial park will certainly create interesting industrial and commercial synergies for these two companies linked through a cross-shareholding.

In Setúbal, in 2013 we continued to promote the merits of PLIS (Logistics and Industrial Platform of Setúbal) with Embassies, trade missions and foreign Chambers of Commerce, and we signed a protocol to study the expansion of the rail network in that area of the park with the manager of the Portuguese rail network (REFER) and the port of Setúbal (APSS).

In Lousal, we are still working with the municipality to relocate the last families "isolated" in the subdivisions. This process has been delayed a few months due to the municipal elections and the resulting change in the monitoring teams.

We have also taken the first steps to sell to developers two of our plots of land, one in Quinta do Anjo (4,250 sq.m.) intended for commerce and another near Lousal (100,000 sq.m.) intended for leisure/tourism. If all goes well, these plots, which together total about 500 k€, should be sold in 2014 or 2015. Although the luxury real estate market in Portugal rebounded in 2013, particularly through the tax incentives for EU-residents (non-permanent residence) and non-EU residents (Golden Visas), the office market, commercial market and the second house property market for the Portuguese has come to a standstill. Although 2014 will still be a tough year for the Portuguese taxpayers and purchasing power will not increase, some visionary developers are beginning to position themselves for market recovery.

In early 2014, and after several ups and downs we have finally concluded the sale of the Caveira property, with a slight reduction in the initial agreed price (1,230 k€ compared to 1,280 k€ announced in 2013), but the full collection of the proceeds from the sale allowed us to book a total capital gain of 711 k€ recognized in 2012 (480 k€), 2013 (81 k€) and in 2014 (150 k€).

Energia Limpia Invest, Tharsis and Naturener:

In 2013, Tharsis sold its office complex in Madrid for 1,270 k€ and agreed to remain as tenant for a period of at least 3 years. No other properties belonging to Tharsis were sold in 2013.

In the energy sector, and starting with the United States and Canada, the MATL power line connecting the Rim Rock wind farm to the American and Canadian grids finally began commercial operations at the end of September 2013. After a few weeks of increasing activity, the Rim Rock wind farm began to work at full power since mid-December 2013.

Still in connection with the Rim Rock project in Montana, Naturener USA (NUSA) notified San Diego Gas & Electric (SDGE) on 15 December 2013 that all the conditions precedent in the contract between the parties of 6 January 2012 were met and SDGE should, therefore, pay the Tax Equity originally stated in the contract, of about 300 million US dollars. On 20 December 2013, SDGE replied that some conditions (such as those related to the protection of protected bird species) in their opinion were not fulfilled and so they refused to pay the Tax Equity having as a consequence the resolution of the contracts signed with NUSA for the purchase of energy over a period of 10 years, and the purchase of "green certificates" associated to the Rim Rock project over a period of 20 years.

SDGE filed a lawsuit against NUSA in the California courts invoking the resolution of the above contracts signed with NUSA for the purchase of energy and the purchase of “green certificates” insisting that the conditions of the contract signed between the parties of 6 January 2012 were not met. SDGE also stated before the courts that it had been deceived by NUSA on the real risks associated to the protected bird species.

NUSA, on the other hand, also filed a lawsuit in the Montana courts alleging “wrongful breach of contract” so that SDGE would maintain its investment commitments and the purchase of energy and green certificates. Moreover, NUSA, lodged a request so that the only contract already in force between the parties (since the project start-up at the end of 2012), which provided for the purchase of green certificates, would not be cancelled (which, according to NUSA, would cause irreparable damage to the project). The decision of the Judge is expected in mid-April2014.

The refusal of SDGE to fulfil its contractual obligations may imply that NUSA will be unable to repay the “Construction Loan” granted by Morgan Stanley (MS) and that therefore the guarantee of assets of Grupo Naturener (GN) in North America may be called on.

NUSA has mandated MS to dispose of its Wild Rose projects in Canada, the first one with construction work to begin in 2014 and the second one presumably in 2015.

The two other parks in Montana, Glacier I and II have operated normally throughout 2013.

In Spain, the new tariff legislation that applies to all the Renewable Energy installations yields a profitability of about 7.4% guaranteed by the State over the lifetime of the plant. Subsidies will be paid to each plant until the profitability of the investment has reached that level, taking into account, of course, all the subsidies already paid since the beginning of commercial operation. This reform means that some older installations will no longer receive subsidies if the amounts already paid have allowed the installation to reach the profitability threshold.

As regards Naturener photovoltaic parks, started in 2008, the new standard (the details of which have not been published to date) will decrease the EBITDA of the parks, according to our estimates, in about 35% compared to the base case used at the time of the initial investment, and of 13% compared to the situation in 2013, already very tight to ensure the service of the debt. As regards the park started in 2011 (Alange), the estimated impact in terms of EBITDA compared to the situation in 2013 is less than 27%.

In summary, the tariff reform in Spain has a very negative impact, with the implication that the entire sector has to renegotiate the debts with the banks. The residual value of projects for shareholders will only be known after such renegotiation. Most large foreign financial investors who have invested in the sector in Spain have initiated arbitrages against the Spanish Government under the “Energy Treaty”.

Sapec considers that these new elements will affect the value of its participation (2,786 k€) as well as the recovery of the loan granted to Energia Limpia Invest (ELI) (25,821 k€) and has decided to register in the consolidated accounts of 2013 an impairment of 28,608 k€. As regards the guarantee given by Sapec in the amount of 36,000 k€ and because of the uncertainties about the on-going court proceedings in the USA regarding the Rim Rock project and the information available to date, we are unable to estimate whether or not this guarantee will be called in the future, its amount or terms, which is why Sapec has not recognized any provision for this amount in the 2013 accounts.

COMMENTS ON THE BALANCE SHEET AND PROFIT FOR THE YEAR

The Group's consolidated turnover in 2013 amounted to 474,265 k€ compared to 501,330 k€ in 2012. Whereas following the internationalisation policy, Agro Business (crop protection and crop nutrition) was able to increase its turnover (189,064 k€ in 2013 vs. 171,037 k€ in 2012), the other activities of the Group, with the exception of logistics (14,961 k€ in 2013 vs. 14,859 k€ in 2012), recorded drops in turnover for various reasons: i) the industrial chemicals and environment continues to cope with a sharp reduction in the Portuguese market as a result of the economic crisis affecting the country, and ii) the turnover of agro commodities distribution following its reorganization and the drop in prices has seen its revenues decline, but in line with its objectives.

"Operating results after the impact of asset disposal and investments" increased from 19,913 k€ in 2012 to 23,364 k€ in 2013.

If we ignore the impact of non-recurring elements, the recurring operating result increased from 19,890 k€ in 2012 to 22,275 k€ in 2013. The non-recurring elements are:

i) the effect of spreading the registration of the capital gains of sale and leaseback and others (1,231 k€ in 2012 compared to 1,106 k€ in 2013) over a period of 10 years;

ii) restructuring costs and environmental (costs) in Agro Business totalling 512 k€ in 2013;

iii) the capital gains on the sale of a small energy project totalling 499 k€ in 2013.

The two factors that contribute to this positive trend in operating results are, firstly, the increase recorded by Agro Business (25,847 k€ in 2013 vs. 22,420 k€ in 2012) and the reduction of operational losses of Logistics from -1,325 k€ in 2012 to -850 k€ in 2013. The other two businesses recorded a reduction in recurring operating results.

The heading "Net financial expenses" has increased significantly (14,827 k€ in 2013 vs. 13,805 k€ in 2012). This variation is mainly due to the increase in bank charges.

The results for the year from "continuing activities" increased from 4,025 k€ in 2012 to 5,626 k€ in 2013.

The heading "Results after tax from discontinued activities" in 2013 includes:

i) The impairment of Interpec Ibérica tanks net of taxes, of 249 k€;

ii) The impairment of the participation and loan to ELI for a total of 28,608 k€.

Thus, the "net income transferred to equity" is set at -23,300 k€ in 2013 compared to 8,416 k€ in 2012.

Regarding the balance sheet, the total decreased from 383,828 k€ at the end of 2012 to 364,226 k€ at the closing of 2013. This decrease is due to:

i) the investment in the programme "European Certifications" in crop protection (10,154 k€);

ii) "depreciation" (8,879 k€);

iii) Impairment losses of "Assets held for sale" (28,856 k€);

iv) Reduction of investment in working capital (11,779 k€) mostly from the decrease in trade receivables; and

v) Increase in cash (8,435 k€).

Net debt dropped 11,139 k€ (154,199 k€ in 2013 compared to 165,338 k€ in 2012), improving its structure through longer maturities.

DEVELOPMENTS IN THE FIRST QUARTER 2014

For our businesses “crop protection” and “crop nutrition”, the fundamentals of the agricultural sector are, in general, positive. Agricultural prices remain strong and the overriding need to increase the quantity and quality of world agricultural production is a fact.

For Agro Business, 2014 will be a year of moderate growth and our priorities will continue to be the increase of profitability of our products in Spain and the creation of free cash-flow.

In respect of crop protection, the improvement of the average gross margin in Spain should continue in 2014 and the development of the export activity should continue. Weather conditions are favourable in the Iberian Peninsula, winter having brought in plenty of rain.

In terms of crop nutrition, growth across the Atlantic should continue, as well as the strengthening of our positions in Europe. The economic and social instability that may affect Brazil and, consequently, the stability of the Real will have to be closely monitored. New projects in Mexico, Asia and Africa are promising and should be able to strengthen the future of the sector.

For the sector of chemical products, indications of the Portuguese industry are encouraging, but it is still too soon to say that this will result in a reversal of the negative market trend since 2011.

For the environment sector, the market is still unclear. We believe we can partly offset the drop in non-hazardous industrial waste with specific agreements for the treatment of waste from other origins (site decontamination, landfills, sludge treatment and imports of recyclable waste).

For the Agro commodities distribution sector, 2014 should be similar to 2013. The sector should continue to optimise its structure to focus solely on products with greater added value.

In logistics, a new strike in the port sector affected the results of the inland sector in January and February. Important contracts are being negotiated with new clients, which, if confirmed, may provide a net improvement in the performance of the sector. We anticipate that the port terminal activity will be similar to 2013.

Although we are not yet able to give final indications, we are fairly confident about the performance of our core business for the year.

To date, the courts have not yet ruled on the proceedings against SDGE. NUSA and MS are negotiating the issue of the Rim Rock “Construction Loan”. The on-going negotiations and the uncertainty about the claims against SDGE does not change in any way, the opinion expressed on page 13 of this release.

DISTRIBUTION OF PROFITS

The loss of Sapec S.A. amounts to 26,995 k€.

The amount of profit to be shared totals 77 k€.

Accordingly, the Board of Directors proposes to decrease this year the amount of Directors' fees to 77 k€.

We also propose to the Meeting, by separate vote, to discharge the Directors for their management and the Statutory Auditor from their audit task.

BRANCH HOLDINGS

The Belgian company Sapec SA has a branch in Portugal.
The accounts of the branch are part of the financial statements of the company.

Statement of Corporate Governance

The company adheres to the Belgian Code on Corporate Governance (hereinafter C.C.G.), which is adopted as reference Code, and applies its recommendations in accordance with the “comply or explain” principle. The Company’s Corporate Governance Charter entered into force on 21 June 2006 and is regularly revised, the latest version dating from March 2013. (The full text of our Charter is available on our website www.sapec.be, Corporate Governance). The implementation of its principles and recommendations, however, takes into account the specific structure of the company and of the shareholder equity with the family majority ensuring the stability of the company for over 80 years.

Composition of the Board of Directors

At present, the Board consists of 9 members:	Expiry of mandate
Eduardo Catroga *(Chairman)*	AGM 2015
Antoine Velge *(CEO)*	AGM 2015
Philippe de Broqueville	AGM 2015
Manuel Fernando Espírito Santo	AGM 2018
Patricia Velge	AGM 2016
(Five directors proposed by the majority Group)*	
Xavier de Walque	AGM 2018
Jean-Marie Laurent Josi	AGM 2018
(Two directors proposed by the Cobepa Group)	
Matthieu Delouvrier	AGM 2018
Sophie de Roux	AGM 2015
(Independent Directors)	

*For majority Group we mean the shareholders LHI, Financière Frédéric Jacobs and Soclimpar

Regarding independence criteria, the Company complies with Article 526 of the Belgian Companies Code.

The Chairman and the Chief Executive Officer are chosen from amongst the appointed directors by proposal of the family shareholders. The same person cannot hold office as both the Chairman of the Board and as Chief Executive Officer (CEO). The division of responsibilities is clearly established and approved by the Board of Directors.

The term of office of Directors is laid down in the company’s articles of association at a maximum of 6 years, but in fact the term of office proposed to the Shareholders Meeting is usually four years.

In accordance with the law, the Board of Directors, consisting of 7 men and 2 women at December 31, 2013, will take care, in future renewals, to comply within the relevant deadlines, with the requirement that at least one-third of the Board be women.

Role and modus operandi of the Board of Directors

The Board of Directors has reserved the following key areas for itself:

- defining values and strategies for the company, as well as approving business plans and budgets;
- making decisions with respect to important financial operations, acquisitions and divestments;
- ensuring the setting up of appropriate structures, procedures and controls in order to achieve the Company targets and manage the risks inherent to the businesses;
- supervision of the day to day management;
- taking all the necessary measures to ensure the integrity and timely publication of the financial statements, and that other significant financial or non-financial information is communicated to the shareholders and potential shareholders;
- taking all the necessary measures to apply effectively and efficiently the Belgian rules regarding market abuses.

The Board meets regularly at least four times a year. Additional meetings, if required, can be convened.

In 2013, the Board met 7 times, being 4 regular meetings and 3 by conference call.

Directors	**Presences**
Eduardo Catroga *(Chairman)*	6/7
Antoine Velge *(CEO)*	7/7
Philippe de Broqueville	7/7
Matthieu Delouvrier	7/7
Manuel Fernando Espírito Santo	1/7
Jean-Marie Laurent Josi	4/7
Sophie de Roux	7/7
Christian Varin (until 28/08/2013)	3/4
Patricia Velge	5/7
Xavier de Walque (from 20/09/2013)	3/3

In 2013, the Directors were not confronted with situations of conflict of interest requiring the implementation of legal procedures provided by the Companies Code.

Decisions are made collectively by a majority of votes. The Chairman of the Board has a casting vote.

The company is legally bound vis-à-vis third parties by the signature of two Directors. The Company can also validly be represented by mandated individuals under the terms of authorities granted to them.

The Board has established two advisory committees.

The Audit Committee
The mission of the Audit Committee is to primarily monitor the preparation of the financial information, the efficiency of internal controls and risk management, and the statutory audit of annual and half-yearly accounts.
The skills of the entire audit committee are based on the professional experience of its members.

- On December 31, 2013, the Audit Committee was composed of Jean-Marie Laurent Josi (President), Matthieu Delouvrier and Sophie de Roux.
- The Audit Committee met 3 times in 2013. The CFO, Antonio Marques, the CEO, Antoine Velge and the Statutory Auditor attended the meetings.

- The main item on the agenda of the meetings was the analysis of the periodic consolidated financial results (annual and half-yearly) of the company, the definition of the missions of the internal audit, and their subsequent control.
- Following each meeting, the Chairman of the Audit Committee reported the conclusions of the Audit Committee to the Board of Directors.
- Since 1 January 2014, the Audit Committee is composed of Sophie de Roux (Chair), Matthieu Delouvrier and Xavier de Walque.

The Appointments and Remuneration Committee

- The Appointments and Remuneration Committee advises and makes recommendations to the Board of Directors regarding appointments and remunerations of Directors and senior management of the company.
- On December 31, 2013, the Committee was composed of Eduardo Catroga (Chairman), Matthieu Delouvrier and Sophie de Roux. The CEO Antoine Velge regularly attends the meetings
- The Committee met twice in 2013 and the CEO, Antoine Velge, attended the meetings.
- The Appointments and Remuneration Committee forwards its findings to the Board of Directors.

Day-to-day management of the company

The Board of Directors may delegate part of its authority to a managing director (or even two). Within the framework, the managing director will be entrusted with the following main tasks:

- responsibility for the day-to-day management of the company and the supervision of the subsidiaries;
- ensuring the effective organisation of the company and of its subsidiaries, and implementing internal controls based on the frame of reference approved by the Board of Directors, without prejudice to the supervisory and control role of the Board;
- preparing financial statements and other significant financial and non-financial information on the company;
- The Committee evaluates the management members and makes recommendations to the Appointment and Remuneration Committee about their prospects and remuneration;
- has delegated authority from the Board of Directors for making investment/divestment decisions of under EUR 1 million;
- preparing and submitting to the Board of Directors important decisions to be taken and providing timely information on the performance of its obligations;
- implementing the decisions of the Board of Directors, and reporting to the Board regarding the exercise of his responsibilities.

To help coordinate his tasks, the CEO is assisted by an Executive Committee composed of specialists usually from the general management of the Group or its subsidiaries.

Each member of the Executive Committee arranges his personal and business affairs so as to avoid direct or indirect conflict of interest with the company.
The CEO is ultimately responsible accountable to the Board of Directors for the company's day-to-day management.

The Executive Committee meets monthly, additional meetings being convened, if required.

The Executive Committee is currently composed by Antoine Velge (the Group's CEO), Eric van Innis (head of various businesses) and António Marques (financial officer of the company). Eduardo Catroga, as Chairman of the Board of Directors, attends the meetings of the Executive Committee.

In 2013, the Executive Committee met 13 times.

Shareholder structure and publicity

At January 1, 2013, the share capital was EUR 36,600,000, represented by 1,355,000 shares, of which 22,682 shares with strip, in accordance with the legislation.

Also in accordance with the legislation and the company's articles of association, all shareholders who hold more than 3% of shares, and then 5% or a multiple thereof, must submit a declaration of transparency to the company.

General meetings

The annual ordinary Shareholder's meeting takes place on the third Tuesday of June at 11 a.m. at the company's head-office. If an extraordinary meeting proves to be necessary, the Board of Directors will try to hold it immediately before or after the ordinary Shareholder's meeting.

The meeting deliberates in line with the agenda laid down in the agenda served in the Notices.

The Notices and the manner in which meetings are held comply with the Company Articles and the legal provisions of the Companies Code.

Voting is public and by show of hands. Votes are counted and the results announced immediately. The minutes of the Shareholders' meetings are drawn up immediately by the Secretary of the Board of Directors, and those shareholders who wish to do so, sign the minutes at the end of the meeting.

Dividend policy

The company's dividend policy is the result of a balance between the dividend for shareholder and the availability of resources to finance the development of its activities.

Derogations

Given its shareholder structure and size, the company departs from the recommendations of the Belgian Companies Code on the following:
- The group of directors elected by the family shareholders is in a position to dominate the decisions.
- The Board of Directors has only two Independent Directors. A systematic and formal process of evaluation of the Board of Directors, its committees and individual directors has not yet been established.
- The mandates of the Directors may be renewed several times; the limit of 12 years applies only to Independent Directors.
- The Audit Committee meets at least three times a year, including at least two in the presence of the Auditor.

General communication policy

The regulatory and non-regulatory communications is carried out in French, with a translation in English being available a few days later through the company's website.

In general, the company always ensures that all resources and communication for shareholders to exercise their rights are available.

The annual report will be drawn up in French, with an English version being available a few days later through the company's website.

Relations with the dominant shareholders

There is an agreement between Cobepa and the majority Group.

Auditor

The Auditor is the firm “Mazars Réviseurs d’Entreprises”, represented by Mr. Philippe de Harlez, Company Auditor.

Remuneration report

1. Description of the procedure for the remuneration of Directors:
At the shareholders’ annual meeting for the approval of accounts, the Board of directors’ total fees are fixed. This amount is equally distributed amongst the non-executive Directors. The non-executive Directors, who are members of the Audit Committee and/or the Appointment and Compensation Committee, also receive attendance fees for taking part in committee meetings.

Non-executive Directors do not receive any variable remuneration linked to the results or other performance criteria. Non-executive Directors are not entitled to stock options or any supplemental pension scheme.

The Company reimburses the non-executive Directors travel and other expenses incurred in the performance of their duties. The non-executive Directors do not have permanent infrastructures (office, secretariat, car).

The Company also takes out insurance policies to cover risks the members of the Board of Directors in the exercise of their duties.

Since 2007, the amount of fees has remained unchanged at 108,880 €. The table below shows how the fees are allocated to the Directors. In 2013, the total amount of director’s fees will be 77,000€.

2. Description of the procedure for the remuneration of the Chairman of the Board:
The Chairman of the Board receives a fixed remuneration as part of his special duties to support the CEO and the Executive Committee, and the relationships with the various shareholders of the company and its subsidiaries. This remuneration is authorised and defined by the Board of Directors based on the recommendations of the Appointments and Remuneration Committee.

The Chairman has a permanent infrastructure (office, secretariat, car) and his business expenses on behalf of the company are justified item by item.

3. Description of the procedure for the remuneration of the CEO:
The individual remuneration of the CEO, consisting of a fixed and a variable component, is determined by the Board of Directors on the recommendation of the Appointments and Recommendation Committee (see table below).

The variable component is largely linked to the net income of the Group.

CEO expenses are governed by the same rules as apply to all Group management staff, which is justification item by item.

In terms of insurance, the company provides the same type of coverage for the CEO as it does for senior managers.

For pensions, sickness and death, the CEO is entitled to benefits on the basis of the provisions of the plans applicable to senior managers in Portugal.

The CEO does not receive stock-options and does not benefit from any so called “golden parachute” clause.

4. Description of the procedure for the remuneration of other members of the Executive Committee.

The remuneration of the members of the Executive Committee, consisting of a fixed and a variable component, is determined by the Board of Directors on the recommendation of the Appointments and Recommendation Committee (see table below).

The variable component is in great part linked to the net profit of the Group or the results of certain material subsidiaries.

The Executive Committee members' expenses are governed by the same rules as those applicable to all Group management staff, which is justification item by item

In terms of insurance, the company provides the same type of coverage for the CEO as it does for senior managers.

For pensions, sickness and death, the Executive Committee are entitled to benefits on the basis of the provisions of the plans applicable to senior managers in Portugal.

The members of the Executive Committee do not receive stock-options and do not benefit from a clause called "golden parachute".

The Executive Committee members including the CEO have, according to their responsibilities, duties as Directors in the Group's subsidiaries. Where such duties are compensated, they are included in the amounts given in the table below.

Gross remunerations granted to Directors (€)		**2013**	**2012**
Eduardo Catroga, (Chairman), Fixed emoluments		354,653	347,699
Philippe de Broqueville, director's and attendance fees		15,554	19,454
Matthieu Delouvrier, director's and attendance fees		23,354	23,354
Manuel Fernando Espírito Santo, director's fees		15,554	15,554
Jean-Marie Laurent-Josi, director's fees		23,354	23,354
Sophie de Roux, director's and attendance fees		27,254	31,254
Christian Varin, director's fees		15,554	15,554
Patricia Velge, director's fees		15,554	15,554
Günter Strauss, director's fees		-	10,223
Gross remuneration granted to the CEO (€)		**2013**	**2012**
Antoine Velge	Fixed remuneration	475,045	465,730
	Variable remuneration	-	126,240
	Others	42,580	42,580
Gross remuneration granted to other members of the Executive Committee (€)		**2013**	**2012**
Fixed remuneration		609,989	598,028
Variable remuneration		200,665	159,830
Others		20,000	20,000

Risk Management

One of the priorities of the Sapec Group is to act responsibly in all its businesses as a corporate citizen and to care for the health and safety of its employees as well as for the environment in general.

Sapec's policy is to achieve a satisfactory level for the management of the risks inherent to each of its businesses, improving the process of identification, evaluation and skill to manage such risks.

The Sapec Group has defined 10 major risk categories:

- Financial
- Product
- Risk to people
- Environmental
- Climate
- Supply chain and manufacturing
- Regulatory, political and legal
- Market- strategy
- Information and IT
- Reputation

Financial risk:
The Sapec Group defines financial risk as including foreign exchange, liquidity, interest rate and counterparty risk.

Sapec has foreign exchange rate risk exposure for some of its international businesses as related to the EUR – USD, Brazilian Real and Mexican Peso:
- For purchases / sales in USD, Sapec usually fixes forward exchange and/or enters into option contracts, securing the EUR value of the USD cash flows.
- Sapec also chose to hedge against currency risk the balance sheets of its subsidiaries, which are denominated in foreign currency, by obtaining financing lines in the various currencies in question. These credit lines can make currency flows predictable and allow underwriting futures to ensure value in EUR. The policies to cover the foreign exchange rate risk are defined centrally, and implemented by each business. There is a systematic overview of the implementation of the defined policies.

Liquidity risk is linked to the ability of the Group's companies to fulfil their financial obligations.
- To cope with this risk, the Group chose a centralised cash management policy to match incoming cash flows and maturities of loans and other financial obligations, and to systematically and in the long term maintain a certain amount of fast disbursing cash.
- Management of financing debts is done by the Central Treasury on behalf of the various Group's companies, so that they do not experience difficulties in refinancing their activities.

Interest rate risk arises from treasury flows linked to variable-interest rate loans. This is dealt with as far as possible by the use of derivatives: options, Forward Rate Agreement (FRA's) and swaps.

Sapec is exposed to the counterparty risk in its cash management as well as in its commercial relationships with clients and suppliers:
- In order to reduce the risk in its cash management, Sapec works with banking institutions with a high credit rating, follows a policy of diversifying its' banks portfolio.

- A customer default could lead to a write-down on the trade receivables. Each business has a department in charge of managing client receivables and responsibility to define guidelines with respect to credit policy. All businesses report on a monthly basis to the Executive Committee allowing a follow- up of the performances regarding this matter. Part of the receivables is insured.

Product risk

Exposure arising from injury or damage to third parties or their property by the use of a Sapec product which could lead to possible litigation. Product liability may also arise from out-of-specification products, inappropriate use or manufacturing errors resulting in defective products that may cause contamination and potential recalls.

Exposure to product liability is relatively reduced on one hand by insurances and on the other hand by the strict quality control systems carried out by our people. Appropriate information and technical assistance are provided to clients regarding products which require such a level of support.

All regulatory compliance, approvals, licenses and strict procedures for labelling, packaging, transport and warehousing must be observed for our products that contain chemical substances. The implementation of the REACH directive in Europe, requiring the pre-market approval for all chemical products, will reduce product liability exposure.

Risk to people:

Exposure of employees, contractors, and the public in general to the adverse effects which may arise from Sapec activities and products. This risk is principally linked to manufacturing, warehousing and transport of chemical products.

Health and safety of people are high priorities in the management of Sapec activities. Risk-control programmes and objectives are required in all areas of activity. All of our production units are ISO certified. The most sensitive units in the plant protection business hold ISO 14001 and OHSAS 18001 certification. Local authorities validate pollution and accident prevention measures and procedures which are in place. Additionally, these measures and procedures are the subject of internal and/or external audits twice a year.

The transport of our chemical products respects all national regulations that cover the transport of hazardous materials.

Environmental risk:

Exposure to the risk of an accidental release of a chemical substance, due to plant or warehouse equipment failure or production problems which result in exceeding permitted emissions levels.

Sapec considers environmental protection of fundamental importance in the management of its activities. All our production and warehousing are submitted to environmental risk directives and control programmes. In addition, in order to be allowed to operate, all of our industrial installations must obtain environmental impact statements issued by local and national authorities, which impose strict standards and annual audits.

Climate risk

Mainly for the businesses related to agriculture, agro business and, to a lesser extent, the agro commodities distribution business, the risk associated with periods of climate instability (drought, floods and extreme temperatures) may affect the demand for products and production factors. Some markets are more sensitive than others to this risk; this is defined as biological vulnerability of a market. Through its policy of internationalisation and market diversification, Agro business has reduced and will continue to dilute this risk.

Supply and manufacturing risk:
Supply and manufacturing risk is the exposure of Sapec on one hand, to risks associated with raw materials and their suppliers, and on the other hand, to risks associated with production units, such as breakdowns or serious plant damage.

For our businesses, a key element of the strategy is the ability to secure the supply of products and/or raw material at competitive economic conditions.
For some of these businesses, programmes are in place to permit access to in-depth market knowledge of products / raw materials and their sources of supply. Where possible, policies are being put in place to diversify suppliers and reduce dependence.

All our factories are subjected to preventive maintenance programmes in order to reduce the risk of failures. Our factories and equipment are also periodically subjected to audits. Sapec has insurances to reduce the financial impact of potential events that may cause damage and lead to production interruption.

Regulatory, political and legal risk:
Exposure to new legislation or national/supranational regulations that may impose a ban on the use of a product or introduce restrictions to such an extent, that the product becomes unprofitable.

For most of its businesses and in order to be able to carry out its activities, Sapec must obtain and maintain regulatory authorisation granted by authorities or agencies based in different countries. Sapec relies on a network of consultants specialised in these various matters, not only to obtain the different kinds of required authorisation but also to track any changes in regulations and/or legislations.
In 2008, Sapec achieved the pre-registration of all its products concerned by REACH, the European procedure for homologation of all chemical products sold.

Exposure to political decisions that may cause difficulties in the supply of products and raw materials or that may cause upheaval to such a degree that markets are no longer commercially accessible.

Purchasing managers seek to maintain geographical spread when sourcing key raw materials. Sapec also avoids taking commercial risks in so-called “at risk” countries. Insurance cover is also obtained, when possible.

Legal risk is the exposure to the adverse consequences of non-compliance with regulations or contractual undertakings.

In order to manage its legal risk, Sapec relies on a network of external and reputable legal specialists and partners, with expertise in the various aspects of the laws and legislations inherent to the running of the businesses.
Adverse outcome of disputes or litigations is always possible, and for this reason the policy of the Group is to make appropriate financial provision to cover this risk.

Market-strategy risk:
The market-strategy risk is the exposure to possible adverse developments in our markets or our competitive environment. The possible lack of success of new products, unsuccessful penetration in a new market, demand reduction in our principal markets linked to new legislations or to important socio-political problems, development of substitute products, eventual scarcity of certain raw materials are examples of the risks that may affect our activities.

To prevent or reduce the impact of some of these risks, management makes an effort to preserve a balanced portfolio of products, maintain an important pipeline of new products and has a diversification policy of customers and markets.

For several years now, the group has carried out an annual strategic analysis process for all its businesses. This has allowed us to analyse the evolution of the competitive environment, define new strategic guidelines if necessary and measure the conformity to the established objectives in terms of performance, durability and risk profile.

Information and IT risk:

Information technologies are integrated in the Group's different activities to process and exchange the necessary information and to optimize business processes for management control as defined for all our businesses. Making available and ensuring good communication and good information management on the Group's activities is a real asset. The risks of accidental breakdowns, losses, deliberate misuse, abuse and theft are real challenges to be overcome.

Our internal IT experts manage and protect the systems and guarantee their integrity. They support and train the users and look after computer security. They carry out regular backup copies and guarantee a safer use of the systems. The backup copies are stored in safe places.

Reputation risk:

Reputation is a major asset and confidence is a fundamental element of reputation. Damage to a reputation may weaken competitiveness in general and can be prejudicial to confidence and therefore to the will to collaborate of both personnel and all partners (customers, suppliers, banks).

For more than eighty years now, as a medium sized company with a stable majority family shareholder structure, the Group developed an informal code of conduct which naturally transposes to all employees based on values which have always been defended and required by the founding shareholder. These values oblige the personnel to follow principles of honesty, ethics, transparency and availability.

Several businesses and Group affiliates have put in place systematic procedures of internal (newsletters) and external (for customers) communications. Certain businesses regularly organise seminars, conferences and open days for their customers and internally prepare sessions for staff motivation, training and team building.
On a regular basis, some businesses use third parties to carry out customer satisfaction questionnaires.
The Group uses the website for all periodical communication on the market.

The Governance Charter is available on our website and is distributed to all managing directors of the company.

Internal control and risk management

General comments:

SAPEC is a medium-sized, industrial holding group which conducts a great part of its activities in the Iberian Peninsula. The geographic proximity of the decisions centres of the different businesses and the homogeneity of the management profile according to the family nature of the company, allows different activities to be managed with simple and localized control structures.

The internal control and risk management procedures in force in the group are adapted to the dimension, complexity and to the present geographic positioning of the group. The main persons responsible for these procedures are the executive Managers of each business. They are supported by a “controller” who also reports to the group’s CFO.

Both the audit committee and the external auditors play an important role in the process of internal control and risk management. The function of internal auditing is being put in place with the support of an external auditor. This need is being felt due to the Group’s progressive expansion to regions outside the Iberian Peninsula.

Control environment:

Each company must comply with the legislation applicable in the country it operates. Financial reporting rules are established for the Group, and all entities must respect these rules and timetable established in the Group’s “Account Consolidation Manual”. All businesses must report in accordance with the IAS / IFRS rules or include in their financial statements any significant adjustments in order to respect these rules in the consolidation framework.

Financial risk management:

The measures adopted for risk management are described above in more detail. Specifically in terms of consolidated reporting, controls are carried out by a structured and experienced department supervised directly by the Group’s CFO and based on the consolidation manual.

Control implementation:

The controls implemented in the SAPEC group are based on two pillars: (i) a close review and supervision of the financial operations by the Group’s Executive Committee and (ii) a corporate culture of the Group - integrity, ethics and competence – required and adopted by all members of the staff and in particular, those in responsible positions in the Group.

The Group also expects and requires from the external auditors a detailed examination of all the accounts of its affiliates which allows for the fulfilment of the established procedures.

Information and communication “steering”:

The SAPEC group is particularly sensitive to the financial information transmitted to the markets. Special attention is given to the comprehensiveness of this information in order for the markets (shareholders, financial analysts, banks) to be fully informed of all of the Group’s evolution. The timing of market communications are also the object of an in-depth control.

The Group is fully aware that financial information is a vital communication instrument and has established, taking this into account, rules and IT controls to ensure that all important financial information is always available whilst at the same time developing security measures (which include both distance safeguarding and daily operation controls through appropriate control accesses and other “IT Best Practices”).

As for any other matter concerning audit control, the communication and information disclosed by the group is the object of a close follow-up by the Executive Committee.

Consolidated figures

- Consolidated income statement
- Consolidated balance sheet
- Consolidated statement of cash flows
- Consolidated statement of changes in equity
- Notes to the consolidated financial statements 2013

Consolidated income statement

Consolidated income statement (in k€)

	Notes	31.12.13	31.12.12	Var.
1. Revenue	1;2	474,265	501,330	-27,065
2. Other operating income	3	5,516	5,097	419
3. Operating expenses	4	-458,023	-487,699	29,676
4. Operating profit		**21,758**	**18,728**	**3,030**
5. Gain (loss) on disposal of non-current assets	5	1,106	1,231	-125
6. Gain (loss) on disposal of investments	5	501	-46	547
7. Operating profit after impact of disposal of fixed assets and investments		**23,364**	**19,913**	**3,452**
8. Finance costs - net	6	-14,827	-13,805	-1,022
8.1 Finance costs		-15,578	-14,276	-1,302
8.2 Finance income		751	471	280
9. Share in the results of associates consolidated by the equity method	10	69	134	-65
10. Profit (loss) before income tax		**8,606**	**6,242**	**2,365**
11. Income tax expense	7	-2,980	-2,217	-763
12. Profit (loss) for the year from continuing operations		**5,626**	**4,025**	**1,601**
13. Profit (loss) for the year from discontinued operations	13	-28,856	4,506	-33,362
14. Profit (loss) for the year		**-23,230**	**8,531**	**-31,761**
14.1. Non-controlling interests		-70	-115	44
14.2. Résultat net transféré aux capitaux propres		-23,300	8,416	-31,716
I. EARNINGS PER SHARE (in €)				
1. Basic earnings per share		-17.14	6.29	-23.44
1.1 From continuing operations		4.15	2.97	1.18
1.2 From discontinuing operations		-21.30	3.33	-24.62
2. Diluted earnings per share		-17.22	6.31	-23.54
2.1 From continuing operations		4.17	2.98	1.19
2.2 From discontinuing operations		-21.39	3.34	-24.74

Consolidated statement of comprehensive income (in k€)

	31.12.13	31.12.12
Profit (loss) for the year	**-23,230**	**8,531**
Cash flow hedges	460	-336
Exchange differences on translating foreign operations	-723	-394
Total comprehensive income (loss) for the year	**-23,493**	**7,801**
- Attribuable to non-controlling interests	70	115
- Attribuable to owners of the company	-23,564	7,686

Consolidated balance sheet (in k€)

ASSETS	Notes	31.12.13	31.12.12	Var.
I. NON-CURRENT ASSETS		**152,343**	**147,473**	**4,870**
1. Property , plant and equipment	8	77,432	80,865	-3,432
2. Intangible assets	9	65,376	56,086	9,290
3. Investments in associates	10	968	846	123
4. Deferred tax assets	11	7,942	9,136	-1,194
5. Other long term investments	12	394	88	306
6. Trade and other receivables		230	452	-222
II . CURRENT ASSETS		**211,883**	**236,356**	**-24,472**
7. Assets of disposal group classified as held for sale	13	7,000	35,962	-28,962
8. Deferred tax assetss	11	717		717
9. Inventories	14	89,323	82,501	6,822
10. Derivative financial instruments	15	80	82	-2
11. Current income tax assets		4,555	3,450	1,105
12. Trade and other receivables	16	87,378	100,250	-12,872
13. Cash and cash equivalents	17;20	21,104	12,669	8,435
14. Other current assets		1,725	1,441	284
TOTAL ASSETS		**364.226**	**383.828**	**-19.602**

LIABILITIES	Notes	31.12.13	31.12.12	Var.
I. EQUITY		**98,965**	**122,526**	**-23,562**
A. Equity attribuable to owners of the company		97,876	121,509	-23,634
1. Capital	18	43,727	43,727	0
2. Consolidated reserves		54,461	78,686	-24,225
3. Own shares	19	-312	-302	-11
4. Interim dividend		0	-602	602
B. Non-controlling interests		1,089	1,017	72
II. LIABILITIES		**265,261**	**261,302**	**3,959**
A. Non-current liabilities		**117,876**	**90,153**	**27,722**
5. Long-term interest-bearing financial debts	20	103,247	74,717	28,530
6. Long-term non-interest-bearing financial debts	20	447	305	142
7. Deferred income	21	5,192	5,545	-353
8. Long-term provisions	22	2,137	768	1,369
9. Derivative financial instruments	15	1,037	1,617	-579
10. Deferred tax liabilities	11	3,427	4,882	-1,455
11. Other non-current liabilities		2,388	2,319	69
B. Current liabilities		**147,386**	**171,149**	**-23,763**
12. Short-term interest-bearing financial debts	20	71,505	102,863	-31,358
13. Short-term non-interest-bearing financial debts	20	104	122	-18
14. Deferred income	21	546	1,193	-648
15. Derivative financial instruments	15	242	196	46
16. Current income tax liabilities		4,906	3,838	1,069
17. Trade and other payables	23	64,316	56,879	7,437
18. Other current liabilities		5,767	6,059	-291
TOTAL EQUITY AND LIABILITIES		**364,226**	**383,828**	**-19,602**

Consolidated statement of cash flow (in k€)

	Notes	31.12.13	31.12.12
A. Cash and cash equivalents - opening balance		**12,669**	**8,214**
1. Profit/ (loss) for the year		-23,230	8,531
2. Non-cash adjustments		37,259	3,352
Depreciation and amortization	4,8,9	8,879	9,148
Reductions in value	4,14,16	938	29
(Profit)/loss on disposal of property , plant and equipment and financial assets	5	-1,606	-1,185
(Profit)/loss on disposal of non-current assets held for sale	13	0	-4,506
Share in results of associates consolidated by the equity method		-69	-134
Increase (decrease) in provisions		155	0
Impairment of discontinued operations	13	28,962	0
3. Changes in working capital		10,999	-4,402
Changes in inventories	14	-6,823	7,311
Changes in trade and other receivables	16	12,158	-17,252
Changes in derivative financial instruments		-532	519
Changes in trade and other payables	23	7,338	7,579
Changes in income tax assets and liabilities		-600	1,334
Other changes in working capital		-542	-3,893
B . Cash flows from operating activities		**25,028**	**7,481**
1 . Acquisitions		-15,017	-14,026
Payments made for the acquisition of non-current assets (excluding financial assets) (-)	8,9	-14,656	-13,841
Payments made for the acquisition of financial assets (-)		-361	-185
2. Disposals		1,129	4,960
Entries from to the disposal of non-financial non-current assets		627	454
Entries from to the disposal of financial investments		502	4,506
3. Investing cash flows from discontinued operations		0	-1,287
C. Cash flows from investing activities		**-13,888**	**-10,353**
Changes in capital of affiliated companies		0	-450
Dividends paid to the company's shareholders (-)		0	-601
Changes in long-term interest-bearing debts	20	28,672	12,713
Changes in short-term interest-bearing debts	20	-31,376	-4,355
D. Net cash used in financing activities		**-2,704**	**7,307**
E. Net (decrease) / increase in cash and cash equivalents		**8,435**	**4,436**
F. Changes in consolidation scope		**0**	**-18**
G. Cash and cash equivalents at end of year		**21,104**	**12,669**

Consolidated statement of changes in equity (in k€)

	Share capital	Share premiums	Foreign currency translation reserve[1]	Cash flow hedging reserve [2]	Other reserves	Own shares	Attributable to owners of the company	Non-controlling interests	Total Equity
As at December 31, 2010	**36,600**	**7,127**	**3,260**	**-5,623**	**68,311**	**-178**	**109,499**	**172,564**	**282,062**
Profit (loss) for the year					4,674		4,674		4,674
Cash flow hedges				-668			-668		-668
Exchange differences on translating foreign operations			31				31		31
Other comprehensive income (loss) related with discontinued operations			-3,704	5,478	-577		1,197		1,197
Total comprehensive income (loss)for the year			**-3,673**	**4,810**	**4,097**	**0**	**5,235**	**0**	**5,234**
Operations with own shares					-21	-87	-108		-108
Other							0	-172,559	-172,559
As at December 31, 2011	**36,600**	**7,127**	**-413**	**-812**	**72,387**	**-265**	**114,627**	**4**	**114,629**
Profit (loss) for the year					8,416		8,416	115	8,531
Cash flow hedges				-336			-336		-336
Exchange differences on translating foreign operations			-394				-394		-394
Total comprehensive income (loss)for the year			**-394**	**-336**	**8,416**	**0**	**7,686**	**115**	**7,801**
Dividends					-602		-602		-602
Operations with own shares					37	-37	0		0
Other					-198		-198	898	700
As at December 31, 2012	**36,600**	**7,127**	**-806**	**-1,149**	**80,040**	**-302**	**121,509**	**1,017**	**122,526**
Profit (loss) for the year					-23,300		-23,300	70	-23,230
Cash flow hedges				460			460		460
Exchange differences on translating foreign operations			-723				-723		-723
Total comprehensive income (loss) for the year			**-723**	**460**	**-23,300**	**0**	**-23,564**	**70**	**-23,492**
Operations with own shares					11	-11	0		0
Other					-70		-70		-70
As at December 31, 2013	**36,600**	**7,127**	**-1,529**	**-689**	**56,680**	**-312**	**97,876**	**1,089**	**98,965**

(1) Foreign currency translation reserve
This item includes amounts resulting from changes in the value of shareholders' equity of the subsidiary and its partners due to changes in exchange rates.

(2) Cash flow hedging reserve
This item represents the market value of derivatives on interest rates accounted for under IAS 39, as cash flow hedges.

ACCOUNTING POLICIES

1.GENERAL INFORMATION

Sapec (the "Company") is a Belgian limited company listed on the NYSE Euronext Brussels. The main activities of the company, of its subsidiaries and its joint ventures (together referred to as the "Group") are described in the activity report on pages 6 to 8 of this report.

The Board of Directors authorised the publication of the financial statements dated March 28, 2014.

2. DECLARATION OF CONFORMITY

The consolidated financial statements have been prepared in accordance with international accounting standards (IFRS-*International Financial Reporting Standards*) applicable to the closing date of these financial statements, as adopted by the European Union.

The application of new standards, amendments and interpretations listed below did not have a significant impact on the consolidated financial statements for the year and previous years.

The standards, amendments and interpretations implemented during fiscal year 2013 were as follows:

New Standards	
IFRS 13	Fair value measurement

Amendments to standards and interpretations	
IAS 1	Presentation of items of other comprehensive income
IAS 12	Income tax – Deferred taxes: Recovery of underlying assets
IAS 19 (as revised in 2011)	Employee benefits
IAS 32	Financial instruments: Presentation – Offsetting financial assets and financial liabilities
IFRS 1	First time adoption : Government Loans
IFRS 7	Financial instruments: Disclosures (on asset and liability offsetting)

Standards, interpretations and amendments to standards already published but not yet applicable in 31 December 2013:

Amendments to standards	
IAS 27 (as revised in 2011)2)	Separate financial statements
IAS 28 (as revised in 2011)2)	Investments in associated companies and joint ventures
IAS 36	Recoverable amount disclosures for non-financial assets
New Standards	
IFRS 93)	Financial Instruments (2009 and 2010)
IFRS 102)	Consolidated Financial Statements
IFRS 112)	Joint Arrangements
IFRS 121)	Disclosures of Interests in Other Entities

1) Limited impact on disclosures in the notes.
2) No impact expected.
3) Impact on the consolidation composition in study.

3. BASIS OF PREPARATION

The consolidated financial statements are presented in thousands of Euros, which is also the functional currency of the parent company. The Group's consolidated financial statements were prepared on a historical cost basis, unless otherwise indicated. The accounting policies have been applied consistently with the previous year.

The preparation of the financial statements requires the use of estimates and the formulation of judgements and assumptions that have an impact on the application of accounting policies and the amounts shown in the financial statements. The areas for which the estimates and assumptions are significant compared to the consolidated financial statements are presented in note related to "Accounting estimates and judgements".

4. CONSOLIDATION

The consolidated financial incomes include the financial statements of the company and entities controlled by the Group.

The companies controlled by the Group (control is understood to mean the power to influence the financial and operational policies of a company in order to obtain benefits from its activities) are consolidated according to the global integration method.

Sapec is presumed to exercise control if it acquires, directly or indirectly, more than 50% of voting rights. To assess this control, potential voting rights held by Sapec and its subsidiaries that are immediately exercisable or convertible are taken into consideration.

The results and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting practices into line with those used by the other Group companies.

All intra-group balances and transactions are eliminated.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

When the Group loses control of a subsidiary, the profit and loss on the disposal is calculated as the difference between i) the total fair value of the consideration received and the fair value of any retained interest, and ii) the previous carrying amount of assets (including goodwill) and liabilities of the subsidiary, as well as any non-controlling interest. When the assets of the subsidiary are carried at revalued amounts or at the fair value, and the accumulated profit or loss has been previously recognised in other comprehensive income and accumulated to equity, this accumulated profit or loss is accounted for as if the Company had directly disposed of the related assets (i.e., reclassified as profit or loss or transferred directly to retained earnings). The fair value of an interest retained in the former subsidiary at the date when control is lost must be regarded as the fair value on initial recognition for subsequent accounting according to IAS 39 *Financial Instruments: Recognition and Measurement*, or, if applicable, as the cost, on initial recognition, of an investment in an associate or jointly controlled company.

5. JOINT VENTURES IN ASSOCIATED COMPANIES

A joint venture is a contractual agreement whereby the Group undertakes with other parties an economic activity that is subject to joint control. The companies over which the Group has, together with a limited number of associates, a joint control are consolidated according to the proportional integration policy.

An associate is an entity over which the Group has a significant influence that is neither a subsidiary nor a joint venture. Interest in the companies over which the Group has a significant influence (significant influence is understood to mean the power to participate in the financial and operating policy decisions of the investee, but without controlling its policies) are consolidated using the equity method of accounting, except when the interest is classified as held for sale; in this case, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

6. BUSINESS COMBINATIONS

In the business combinations, the Group applies the acquisition method. The considerations transferred for a business combination is evaluated at fair value, calculated as being the sum of fair values at the date of acquisition of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquired and the equity instruments issued by the Group in exchange for the control of the acquired. Acquisition-related costs are recognised in profit and loss as incurred.

Where a business combination is done in stages, the Group must re-evaluate previously held interests in the acquired to fair value at the date of acquisition (i.e., the date on which the Group obtains control) and the resulting gain or loss will be recognised in profit or loss. Amounts arising from interests in the acquired prior the date of acquisition that have been previously recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

At the date of acquisition, the identifiable assets acquired and the liabilities assumed that meet the recognition criteria of IFRS 3 are recognised at their fair value at the date of acquisition, except for deferred tax assets and liabilities, obligations related to employee benefits, liabilities or equity instruments related to share-based payment arrangements and assets classified as held for sale.

7. GOODWILL

Goodwill arising from a business combination is recognised as an asset at the date on which control is obtained (the acquisition date). Goodwill is measured as the excess of consideration transferred in the net fair value at the date of acquisition of identifiable assets acquired and liabilities assumed. The consideration transferred is the sum of the fair values of the assets transferred and liabilities incurred by the acquirer to former owners of the acquired and the equity instruments issued by the acquirer.

If, after an assessment, the net fair value at the date of acquisition of identifiable assets acquired and liabilities assumed exceeds the consideration transferred, the difference is recognised immediately in profit or loss as a gain on a bargain purchase.

The goodwill is not amortised, but is tested for impairment, annually or more frequently if there are any indications of a loss in value.

For the purpose of impairment tests, goodwill is allocated to each of the Group's cash-generating units (CGU), who should benefit from the synergies of the combination in accordance with IAS 36 *Impairment of Assets*.

A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets.

These tests consist of comparing the carrying amount of assets (or of CGU) with their recoverable amount. The recoverable amount of an asset (or a CGU) is the higher of its fair value minus the costs to sell and its value in use.

If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is first recorded as a reduction of any goodwill allocated to the unit, and then is subsequently charged to other assets of the unit in proportion to the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent periods.

On disposal of a subsidiary, goodwill arising from it is taken into account in determining the profit and loss on disposal.

8. FOREIGN CURRENCIES

The functional currency and presentation of consolidated financial incomes of the Group is the EUR.

Operations denominated in a currency other than the functional currency of the entity are initially recognised and recorded in the functional currency at exchange rates prevailing at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rate. Resulting exchange differences are recognised in profit or loss.

As part of the consolidation, the assets and liabilities of foreign transactions are expressed into EUR using closing rates. Results are translated into EUR at the average exchange rate for the period. Exchange differences arising are recognised under the heading “currency translation differences” in equity.

On the disposal of a foreign operation, exchange differences previously recognised in equity are recognised in income.

The main exchange rates used are:

		Closing rate		Average rate	
		2013	2012	2013	2012
1 Euro=					
U.S. Dollar	USD	1.3791	1.3194	1.32812	1.28024
Mexican Peso	MXN	18.0489	17.1845	16.95826	16.90293
Brazilian Real	BRL	3.2258	2.7036	2.87103	2.50844
Macao Pataca	MOP	11.0141	10.5328	10.60944	10.26454

9. INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost less accumulated depreciation and any impairment in value. They are recognised if it is probable that that the future economic benefits associated with the asset will flow to the company, and if the cost of the asset can be reliably measured.

Intangible assets are amortised on a straight-line method on the basis of their useful life. The useful life applied as follows:
-Licenses, patents and similar rights 5 to 15 years
-Computer software: 3 years
-Concessions: the duration of the contract

The amortisation period for licenses, patents and similar rights is related to the duration of the recording of their active ingredients.
Research costs are paid in the period in which they are incurred.

Internal and external development costs are activated if, and only if all conditions specified below are met:

- The product or process is clearly defined, and the costs related to it are measured reliably and identified separately;
- The technical feasibility of the product has been demonstrated;
- The product or process will be placed or used internally;
- The assets will generate future economic benefits (there is a potential market for the product, or where it is to be used internally, its utility is demonstrated);
- The appropriate technical and financial resources, and other resources required to complete the project are available.

Development costs that do not meet the criteria listed above are recognised as expenses when incurred. Development costs previously recognised as an expense cannot be recognised as an asset in a subsequent period.

10. TANGIBLE FIXED ASSETS

Tangible fixed assets are recognised in the balance sheet at cost less accumulated depreciation and impairment losses.

Assessments (made by independent evaluators) are performed when indicators of impairment exist, to ensure that the fair value of the asset does not differ materially from its carrying value.

The subsequent expenses relating to tangible fixed assets are only entered as an asset if it can be clearly demonstrated that this leads to an increase in the future economic benefits expected from the use of the tangible fixed asset.

Depreciation is calculated on a straight-line basis, according to the estimated useful life of assets, as shown below:

1. Buildings:	
Industrial	20 years
Commercial	50 years
Administrative	33 to 50 years
2. Material	3 to 10 years depending on the nature
3. Facilities – fixtures and fittings	10 to 15 years depending on the destination
4. Transport material	from 4 to 6 years depending on the nature
5. Furniture -Office equipment	from 3 to 10 years
6. IT equipment	4 years
7. Buildings, Facilities, Material for concessions	The duration of the concession, if it is less than the original life.

Improvements made to leased buildings are capitalised and amortised over the remaining life of the lease, or the useful life, if less.

When the carrying amount of an asset exceeds its estimated recoverable amount, an impairment of this difference is recognised directly offset against the carrying value of the asset. Gains and losses on capital expenditure are included in operating income.

11. INVESTMENT PROPERTY

Investment properties are properties held to earn rentals or for capital appreciation, or both.

Investment properties are initially evaluated at cost. Depreciation is provided over the estimated useful life. Assessments (made by independent experts) are conducted regularly to ensure that the fair value of the asset does not differ significantly from its carrying value. The fair value of the investment property is stated in the notes to financial statements.

12. LEASES

- Financial leases

Assets held under financial leases (lease financing is understood to be a lease contract having the effect of transferring to the lessee almost all the risks and rewards of ownership of an asset, transfer of ownership may occur or not, *in fine*) are recognised in the balance sheet at fair value, or, if lower, at the present value of the minimum lease payments associated with the contract.

The corresponding liability is recorded as a debt. Financial charges, which represent the difference between all rentals and the fair value of assets, are recognised in the income statement over the lease term.

- Operating leases

Operating lease contracts are recognised as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of how the economic benefits relating to the leased asset are spread over time. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that benefits were received as part of the conclusion of operating leases, such benefits are recorded as liabilities. The cumulative profit of benefits is recognised as a reduction of rental expenses on a straight-line basis, unless another systematic basis is more representative of how the economic benefits related to the lease assets are spread over time.

13. IMPAIRMENT OF ASSETS

Each year, the Group carries out an impairment test on goodwill. At each balance sheet date, the Group reviews the carrying amounts of tangible and intangible assets, in order to determine whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable value of the asset is calculated. If it is estimated that the recoverable value of the asset is less than the carrying amount, an impairment loss is recognised as an expense in the income statement. When an impairment loss recognised in prior periods ceases to exist, the carrying amount is partially or wholly restored, except in the case of goodwill, in which the impairment cannot be reversed.

14. GRANTS

Grants related to capital purchases are recognised in the balance sheet under the heading “deferred income”.

The grant is taken into income at the same rate as the depreciation of property to which it relates.

15. INVENTORIES

Inventories are valued at the lower of a purchasing cost (raw materials and merchandise) or production cost (work in progress and finished goods) and net realizable value. The value of inventories is determined by applying the method of weighted average price.

Given the specificities of the business activity, inventories of this sector are valued at their fair value at the balance sheet date, less pending commercialization costs.

Cost of inventories includes the purchase, conversion and other costs incurred to bring the inventories to their present location and condition. The costs of conversion of inventories include costs directly related to the units produced, such as direct labour. They also include a systematic allocation of general production overheads and variables that are incurred in converting materials into finished products. The fixed production overheads are those indirect production costs that remain relatively constant regardless production volume, such as depreciation and maintenance of buildings and industrial equipment, and plant management and administration fees. Variable production costs are the indirect costs that vary directly, or almost directly, according to production volume, such as indirect raw materials and indirect labour.

16. FINANCIAL ASSETS

Financial assets are recognised and derecognised on the trade date where the purchase or sale of a financial asset is under a contract whose terms require the delivery of the financial asset in the time frame set by the market concerned, and are initially measured at fair value, plus transaction costs, except for financial assets classified at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified as current when the maturity of the expected cash flows of the instrument is less than one year.

Financial assets are classified into one of four categories defined in IAS 39 *Financial instruments: Recognition and Measurement* according to the purpose of the acquisition. This classification determines the method of valuation of the financial asset at subsequent balance sheet dates: amortised cost or fair value.

Amortised cost is the amount at which the financial asset was initially recognised minus principal repayments, plus or minus the cumulative amortisation using the method of effective interest rate, of any difference between that initial amount and the amount at maturity. The method of effective interest rate is a method of calculating the amortised cost of a financial asset and allocating the interest income during the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts (including all fees and items paid or received that are part of the effective interest rate, transaction costs and other premiums or discounts) on the expected life of the financial asset or, if appropriate, a shorter period.

- Financial assets at fair value through profit and loss
  A financial asset is classified as financial asset at fair value through profit and loss if it is held for transaction purposes. Financial assets at fair value through profit and loss are recognised at fair value and any arising gain or loss is recognised in income. A financial asset is classified in this category if acquired primarily for the purpose of short-term sales. Derivatives are also classified at fair value through profit and loss, unless they are designated as hedging instruments.

- Financial assets available for sale
  Financial assets available for sale include interests in companies that are not acquired with the intention of being sold in the short term, and that are not consolidated or recognised under the equity method. These financial assets are measured at fair value, and any resulting variation is immediately recognised in other comprehensive income (equity), except in the case of impairment, in which case the cumulative loss in equity is transferred to income. Nevertheless, these financial assets may be measured at cost if there is no quoted price in an active market, and the fair value cannot be reliably measured through alternative valuation method.

- Loans and receivables
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The loans and receivables of the Group include cash and cash equivalents, commercial receivables, tax receivables and other non-current assets, except for pension funds surpluses. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, have an original maturity of three months, and are subject to insignificant risk of change in value. Loans and receivables are measured at amortised cost using the method of effective interest, less any impairment. Interest income is recognised using the effective interest rate, except for short-term receivables, or when the deviation from the straight-line method will not be significant.

- Depreciation of financial assets
  The impairment of a financial asset measured at amortised cost is the difference between its carrying amount and the value of estimated future cash flows, discounted at original effective interest. The impairment of financial assets available for sale is calculated by reference to its current fair value. An impairment test is performed, on an individual basis, for each material financial asset. Other assets are tested in groups of financial assets with similar credit risk characteristics.

Impairment losses are recognized in profit and loss. As regards assets held for sale, in case of impairment, the cumulative negative changes in fair value previously recognized in equity are transferred to profit and loss. The impairment loss is reversed if the reversal can be related objectively to an event occurring after its recognition. For financial assets measured at amortized cost and financial assets available for sale that represent debt instruments, the reversal is recognized in profit and loss. For financial assets available for sale that represent equity instruments, the reversal is recognized directly in equity. Impairment losses on assets carried at cost are not reversible.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and demand deposits, short-term investments and highly liquid investments that can readily be converted into a known amount of cash, and for which the risk of fluctuation is immaterial. They are recognised in the balance sheet at fair value

18. FINANCIAL LIABILITIES

Financial liabilities are classified as financial liabilities at fair value through profit and loss, or as financial liabilities at amortised cost.

- Financial liabilities at fair value through profit and loss
  A financial liability is classified as financial liabilities at fair value through profit or loss if it is held for sale. Financial assets at fair value through profit or loss are carried at fair value and any gain or loss that results is recognized in income. A financial asset is classified in this category if acquired principally for the purpose of short-term sales. Derivatives are also classified as at fair value through profit or loss, unless they are designated as hedging instruments.

- Financial liabilities recognised at amortised cost using the effective interest rate
  Financial liabilities at amortized cost, including loans, are first measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortized cost using the method of effective interest rate and the interest expense is recorded using the effective yield.

The method of effective interest rate is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash outflows based on the expected life of the financial liability or, if appropriate, a shorter period.

The Group's financial liabilities at amortised cost consist of long-term financial debts, other non-current liabilities, current financial debts and commercial debts.

19. HEDGE ACCOUNTING

The Group designates certain hedging instruments, including derivatives under interest rate risk as cash flow hedges.

When the hedging relationship is created, the entity prepares a document describing the relationship between the hedging instrument and the hedged item, as well as its goals in terms of risk management and strategy to perform various hedging transactions. Moreover, at the inception of the hedge and on an on-going basis, the Group confirms whether the hedging instrument used is highly effective in offsetting cash flows of the hedged item.

- Cash flow hedges
  The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit in periods when the hedged item is recognized in profit, in the same item of the income statement as the recognized hedged item. However, if a hedged forecast transaction results in the recognition of an asset or a financial liability, gains and losses that were previously deferred in equity are reclassified from equity to be considered in the initial assessment of cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, or when the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. Any cumulative gain or loss accumulated in equity at that time continues to be deferred in equity and is recognized when the forecast transaction is recorded in income. When a forecast transaction is no longer likely to occur, the cumulative gain or loss that was deferred in equity is immediately recognized as income.

20. PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive), at the balance sheet date:

- Resulting from a past event;
- If it is likely that an outflow of resources is necessary to settle the obligation, and
- If the amount of the obligation can be estimated in a reliable way.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the period for submission of financial information, taking into account the risks and uncertainties surrounding the obligation. If a provision is measured based on estimates of cash flows required to settle the present obligation, its carrying amount is the present value of those cash flows.

Commitments resulting from restructuring are recorded when a detailed formal plan for restructuring has been established and the restructuring has either commenced or has been announced to those affected.

21. INCOME TAXES

Income taxes for the period include current taxes and deferred taxes. They are recognised in the income statement, unless they relate to items recognised in other comprehensive income, directly in equity, in which case they are recognised in other comprehensive income or in equity.

Current tax is the tax payable on the taxable profit for the period, calculated at the tax rates prevailing at the balance sheet date, as well as adjustments relating to prior periods.

Deferred tax is recognized on temporary differences existing between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Assets and deferred tax liabilities should be valued at the tax rates which are expected to apply the fiscal year in which the asset is realized or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

In general, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that taxable income, on which the deferred tax assets will be charged, would be available.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the recovery of all or part of the asset.

22. SEGMENT INFORMATION

An operating segment is a component of the Group that engages in business activities from which it may acquire revenue and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available. The chief operating decision maker of Sapec Group is the Executive Committee.

23. REVENUE RECOGNITION

Income is recognized when it is probable that the profits associated with the transaction will be acquired and the amount can be estimated reliably.

Turnover consists of sales to third parties, net of trade discounts. It is recorded in the income statement when the significant risks and rewards incidental to ownership of property is transferred to the buyer.

Dividends are recorded in the income statement when they were enacted by the General Meeting of the company that distributes them. Interest income is recorded in the income statement accruals basis, taking into account the effective interest rate of investment.

Interest income is recorded in the income statement accruals basis, taking into account the effective interest rate of investment.

24. CASH DISCOUNTS
The cash discounts not related with the normal commercial activity and whose specifications are similar to financing activities, are registered as financial costs.

25. DISTRIBUTION OF DIVIDENDS
The distribution of dividends to shareholders is recognized as a liability in the Group financial statements for the period during which the dividends are approved by the shareholders of the company.

26. CONTINGENCIES
Contingent assets are not recognised, but they are disclosed in the annexes if the economic advantage is probable.

Contingent liabilities are not recognised, but are disclosed in the annexes.

27. OWN SHARES
Own shares are initially recorded at cost and deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of these shares. These gains or losses should be presented in the financial statements as a change in shareholders' equity.

28. ASSETS HELD FOR SALE, ASSOCIATED LIABILITIES AND DISCONTINUED ACTIVITIES
Assets and disposal groups held for sale are classified as held for sale if the sale is highly probable, if there is a formal commitment from management, and if their carrying amount is recovered principally through a sales transaction continuing use. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component of an entity which the entity has disposed of, or is classified as held for sale, representing a line of business or key and distinctive geographical area that may be identified separately for operational and financing reporting purposes.

Non-current assets (and disposal groups held for sale) classified as held for sale are valued at the lower of their carrying amount and fair value less costs to sell. Any excess of carrying value over fair value less costs to sell is presented as impairment. The amortization of such assets ceases as soon as it is classified as held for sale. The comparative balance sheet information for all prior periods is not restated to reflect the new classification in the financial statement (balance sheet).

Assets classified as held for sale and associated liabilities should be presented separately from other assets and liabilities.

29. EVENTS AFTER THE BALANCE SHEET DATE
Non-adjusting events after the balance sheet date will be included in the notes if they are material.

30. FAIR VALUE
IFRS 13 requires the disclosure in the notes of information on the evaluation of fair value. The evaluation of fair value of assets and liabilities can be classified according to one for the following levels: Level 1- based on prices quoted on active markets for similar assets and liabilities; Level 2- based on inputs other than the quoted prices included in Level 1 that are observable for the asset or liability in question, either directly or indirectly; Level 3- inputs that are based on unobservable market data.

31. ESTIMATES AND JUDGMENTS
To prepare its financial statement in accordance with the Group's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying value of certain assets and liabilities, revenues and expenses, as well as information provided in certain notes to financial statements.

The estimates and associated assumptions are based on historical and other factors deemed relevant in light of economic conditions.

The estimates and underlying assumptions are reviewed on a regular basis. Depending on the changes in these assumptions or conditions different from those which had been provided, the amounts in future financial statements may differ from current estimates.

- Tangible assets
  Notwithstanding the valuation rules, the land related to the activity of the company Citri (non-hazardous waste treatment) are amortized over their useful lives.

- Deferred tax assets
  The carrying amount of deferred tax assets is reviewed at each balance sheet date. It is reduced to the extent that it is no longer probable that sufficient taxable profit comes from the advantage of these assets, in whole or in part. Such an impairment loss is reversed if it becomes probable that sufficient taxable profit will be available.

- Impairment
  Each year, the Group carries out an impairment test on goodwill and cash generating units, for which there are indicators that the carrying amount exceeds its recoverable amount. This analysis requires management to estimate expected future cash flows from the cash generating unit, and to apply an appropriate discount rate to calculate present values.

- Provisions for litigation
  All significant legal disputes are examined on a regular basis by Sapec's lawyers. This examination includes an assessment of the need to include provisions or adjust existing provisions.

Scope of consolidation

1. List of companies consolidated according to the global integration method

Country	Companies	Place	Holding in %	Currency	Capital	Notes
Belgium	SAPEC FINANCE, S.A.	Brussels	99.99%	EUR	16,000,000	
Brazil	TRADECORP DO BRASIL COM. INS. AGRIC. Ltda	São Paulo	99.99%	BRL	4,957,323	
Spain	INTERPEC IBÉRICA, S.A.	Madrid	99.99%	EUR	6,010,000	
	TRADE CORPORATION INTERNATIONAL, S.A.	Madrid	99.99%	EUR	8,770,000	
	SAPEC AGRO, S.A. (E)	Valencia	99.99%	EUR	2,510,978	
France	SAS TRADECORP FRANCE	Paris	99.99%	EUR	37,000	
Italy	TRADECORP ITALIA, S.R.L.	Milan	99.99%	EUR	10,000	
Mexico	NEVADA CHEMICALS SA DE CV	Guadalajara	99.99%	MXN	2,301,000	
Portugal	SAPEC PORTUGAL SGPS, S.A.	Lisbon	99.99%	EUR	35,446,825	
	NAVIPOR, Lda	Lisbon	54.99%	EUR	375,000	
	CITRI, S.A.	Setúbal	87.49%	EUR	3,968,000	
	SAPEC AGRO, S.A.	Setúbal	99.99%	EUR	9,494,670	
	SAPEC QUÍMICA, S.A.	Setúbal	99.99%	EUR	3,415,000	
	SELECTIS, S.A.	Setúbal	99.99%	EUR	950,000	
	SPI, S.A.	Setúbal	99.99%	EUR	8,500,000	
	STP, S.A.	Setúbal	99.99%	EUR	4,182,500	
	SPC, S.A.	Vila Franca de Xira	99.99%	EUR	9,000,000	
Macao	SAPEC AGRO MACAU, Ltd	Macao	99.99%	MOP	100,000	

2. List of companies consolidated proportionately

Country	Companies	Place	Holding in %	Currency	Capital	Notes
Portugal	ECOSOURCING, Lda	Setúbal	49.99%	EUR	1,000,000	

3. List of companies consolidated under the equity method

Country	Companies	Place	Holding in %	Currency	Capital	Notes
Portugal	CARMONA- GESTÃO GLOBAL DE RESIDUOS PERIGOSOS, SA	Azeitão	12.50%	EUR	3,500,000	
	EUROSEPARADORA	Setúbal	27.50%	EUR	2,000,000	
	NPRF PORTUGAL - SERVIÇOS MARITIMOS AMBIENTAIS, SA	Setúbal	20.50%	EUR	100,000	
	OPERESTIVA	Setúbal	22.00%	EUR	26,000	

4. Modifications of the perimeter of consolidation

Removed from the consolidation scope:	Place	Holding in %	Currency	Capital	Notes
SARCOL II QUÍMICA, S.A.	Ovar	99.99%	EUR	150,000	a)

5. Companies not included in the perimeter of consolidation

Companies	Place	Holding in %	Currency	Capital	Notes
Tradecorp APAC PTY	Australia	99.99%	AUD	5,000	b)
Tradecorp Egypt Limited	Egypt	98.79%	EGP	25,000	b)
Tradecorp Colombia SAS	Colombia	99.99%	COP	14,151,000	b)
Sapec Agro Brasil	Brazil	99.99%	BRL	750,000	b)
Sapec Agro Italia	Italy	99.99%	EUR	10,000	b)
Selectis Moçambique	Mozambique	99.99%	MT	150,000	b)
Sapec Equipamentos Unipessoal Lda	Portugal	99.99%	EUR	20,000	b)
ELI	Spain	49.00%	EUR	1,000,000	c)

NOTES:
a) Merged into Sapec Quimica
b) Beginning of activity in 2014
c) Recorded in "Assets held for sale" (see Note 13)

In accordance with Belgian legislation, the table below lists the registered numbers of the Belgian companies

Companies	Companies number
SAPEC , SA	RPM Bruxelles BE 0403 085 280
SAPEC FINANCE, S.A.	RPM Bruxelles BE 0882 477 096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2013

The following notes refer to the figures given in the summarised consolidated accounts and are drawn up in k€ (thousands €), unless otherwise indicated.

Note 1 – Information by business and country

The Group has adopted IFRS 8. IFRS 8 requires the identification of operating segments based on internal reports regularly presented to the chief operating decision maker to decide on the allocation of resources to the segment and assessing its performance. On this basis, the sectors covered are: crop protection, crop nutrition, distribution of chemical products and environment, distribution of agro commodities and logistics.

Financial information by business sector and country were prepared in accordance with accounting policies used in the preparation of consolidated financial statements.

The developments observed in the different sectors during 2013 are explained in the management report.

Inter-sector sales are based on market prices.

Brief description of the nature of operating segments

Crop protection
This sector consists of the post synthesis, the solid and liquid formulation, the packaging and the distribution in the Iberian Peninsula market and in other countries in the South of Europe, of crop protection products. The product portfolio consists mainly of generic products distributed under the brand names of the subsidiary companies, Sapec Agro (PT) and Selectis in Portugal, France and Italy and Sapec Agro (ES) and Tradecorp in Spain.

Crop nutrition
This sector consists of production, including synthesis of chelates and the marketing of a range of nutrients and amendments to value added for agriculture, especially horticulture, viticulture, floriculture. The main components of the range are solid and liquid trace elements (chelates), bio stimulants (humic acid, amino acids, algae), and liquid and solid acidity and/or salinity correctors. Production is located in Spain in two distinct sites and the products are marketed in various geographical areas, either via a direct commercial presence (in the Iberian Peninsula, Europe, the Middle East, Mexico, Brazil, Colombia and Asia) or through agreements with local distributors (in more than 60 countries worldwide).

Industrial chemicals and environment
This sector incorporates the production, packaging and distribution of chemical, more specifically for the construction, paper, industrial chemicals and environment sectors.
In the environment sector, the Group operates through Citri and Carmona-GGRP in Setúbal, companies specialising in recycling and land filling of non-hazardous and hazardous industrial waste.

Logistics
This sector focuses today on two different activities: the port terminals of solid and liquid bulk products, and multimodal land-based terminals in Portugal offering integrated logistics services for clients using container storage, repair, consolidation/deconsolidation, warehousing and distribution.

Distribution of agro-commodities
This activity in Spain covers the import and distribution of agro commodity raw materials such as cereals, cereal substitutes, soya and other proteins for animal feeds.

Information by geographical region considers all companies by place of origin of the business generating unit, and not by region of destination of these businesses.

Information by business segment

2013	Crop protection	Crop nutrition	Chemicals products and environment	Logistics	Agro commodities distribution	Unallocated (1)	Eliminations	Consolidated
Revenue								
- External sales	116,052	73,011	34,317	14,614	235,363	908		474,265
- Inter-segment sales			875	347			-1,222	0
EBITDA	18,585	11,738	1,846	1,162	1,563	-2,650		32,243
of which: recurrent items	18,745	12,090	1,324	1,147	1,563	-3,715		31,154
Depreciation and amortization	3,316	1,672	1,511	1,997	27	356		8,879
EBIT	15,269	10,066	335	-835	1,536	-3,006		23,364
of which: recurrent items	15,429	10,418	-187	-850	1,536	-4,071		22,275
Finance costs net	-5,742	-4,548	-1,076	-661	-757	-2,043		-14,827
Finance costs	-5,836	-4,898	-1,835	-952	-793	-2,128	865	-15,578
Finance income	94	350	759	291	36	85	-865	751
Share in the results of associates consolidated by the equity method			10	59				69
EBT	9,527	5,518	-731	-1,437	779	-5,049		8,606
of which: recurrent items	9,687	5,870	-1,253	-1,452	779	-6,115		7,516
Cash flow (before tax)	12,843	7,190	780	560	806	-4,693		17,486
of which: recurrent items	13,003	7,542	258	545	806	-5,759		16,395
Income tax expense	2,401	1,537	-205	-366	0	-387		2,980
Profit (loss) for the year from discontinued operations					-249	-28,607		-28,856
Net result transferred to equity	7,116	3,981	-525	-1,117	531	-33,285		-23,300
Total assets	135,119	81,498	33,767	32,549	42,120	39,172		364,226
of which non current assets	60,448	20,663	18,109	22,062	1,047	30,014		152,343
Deferred tax assets	418	1,496	335	401	1,001	5,008		8,659
Total liabilities	97,022	62,365	24,177	24,564	22,925	34,207		265,261
of which non current liabilities	38,218	21,432	3,337	9,489	79	45,322		117,876
Operational working capital (2)	42,878	41,887	2,446	-299	20,987	-382		107,515
Investments	11,318	3,579	537	256	19	158		15,866

2012	Crop protection	Crop nutrition	Chemicals products and environment	Logistics	Agro commodities distribution	Unallocated (1)	Eliminations	Consolidated
Revenue								
External sales	104,519	65,288	43,539	14,859	271,876	1,249		501,330
Inter-segment sales	913	317	1,029				-2,259	0
EBITDA	16,619	10,399	1,757	976	1,114	-1,803		29,061
of which: recurrent items	16,603	10,581	2,069	924	2,262	-3,401		29,038
Depreciation and amortization	2,917	1,846	1,636	2,249	97	403		9,148
EBIT	13,701	8,553	121	-1,273	1,017	-2,206		19,913
of which: recurrent items	13,686	8,735	433	-1,325	2,165	-3,804		19,890
Finance costs net	-5,211	-3,735	-1,310	-652	-1,067	-1,830		-13,805
Finance costs	-5,217	-3,750	-1,468	-685	-1,195	-1,961		-14,276
Finance income	6	15	158	33	128	131		471
Share in the results of associates consolidated by the equity method			9	125				134
EBT	8,490	4,818	-1,180	-1,800	-50	-4,036		6,242
of which: recurrent items	8,475	5,000	-868	-1,852	1,098	-5,634		6,219
Cash flow (before tax)	11,407	6,664	456	449	47	-3,633		15,390
of which: recurrent items	11,392	6,846	768	397	1,195	-5,231		15,367
Income tax expense	2,042	1,035	-94	-528	-104	-134		2,217
Profit (loss) for the year from discontinued operations					4,506			4,506
Net result transferred to equity	6,448	3,783	-1,114	-1,304	4,559	-3,956		8,416
Total assets	128,170	67,384	36,385	34,050	54,937	104,457	-41,554	383,829
of which: non current items	52,519	18,869	18,741	23,491	1,255	35,698	-3,100	147,473
Deferred tax assets	294	1,485	497	134	1,201	5,526		9,136
Total liabilities	96,034	51,252	26,191	24,699	35,607	72,071	-44,551	261,303
of which: non current items	29,905	17,180	4,531	10,963	79	27,494		90,153
Operational working capital (2)	49,427	32,365	4,173	-39	33,166	10,477	-2,554	127,015
Investments	11,967	1,453	911	314	30	193		14,867

(1) includes: “ holdings”, “real estate” , “discontinued operations” and “consolidation adjustments”
(2) Includes the balances of “trade receivables”, “inventories” and “suppliers”

Information by geographical area

2013	Belgium	Portugal	Spain	Rest of World	Unallocated (1)	Eliminations	Consolidated
Revenue							
- External sales	1,463	109,405	339,238	24,018	141		474,265
- Inter-segment sales		44,427	12,850	29,859		-87,136	0
EBITDA	151	18,390	15,227	2,494	-4,018		32,243
of which: recurrent items	151	16,772	15,745	2,494	-4,008		31,154
Depreciation and amortization		6,871	1,812	116	80		8,879
EBIT	151	11,519	13,415	2,378	-4,098		23,364
of which: recurrent items	151	9,901	13,933	2,378	-4,088		22,275
Finance costs net		-8,077	-3,755	-2,760	-235		-14,827
Share in results of associates consolidated by the equity method		69	0	0	0		69
EBT	151	3,511	9,660	-382	-4,333		8,606
of which: recurrent items	151	1,893	10,178	-382	-4,323		7,516
Cash flow (before tax)	151	10,382	11,472	-266	-4,253		17,485
of which: recurrent items	151	8,764	11,990	-266	-4,243		16,395
Profit (loss) for the year from discontinued operations			-249		-28,608		-28,856
Total assets	946	228,143	150,519	43,224	130,685	-189,291	364,226
of which non current assets		116,566	41,134	3,449	62,990	-71,796	152,343
Total liabilities	794	174,011	100,828	38,843	72,506	-121,721	265,261
of which non current liabilities		72,546	20,796	1,539	41,270	-18,275	117,876
Investments		11,014	4,018	745	90		15,866

2012	Belgium	Portugal	Spain	Rest of World	Unallocated (1)	Eliminations	Consolidated
Revenue							
- External sales	1,504	113,196	363,600	23,030			501,330
- Inter-segment sales		38,873	11,254	23,068		-73,195	0
EBITDA	71	17,656	11,297	3,057	-3,020		29,061
of which: recurrent items	71	16,897	12,215	3,057	-3,202		29,038
Depreciation and amortization		6,900	2,026	126	96		9,148
EBIT	71	10,756	9,271	2,931	-3,116		19,913
of which: recurrent items	71	9,997	10,189	2,931	-3,298		19,890
Finance costs net		-7,773	-3,602	-2,013	-417		-13,805
Share in results of associates consolidated by the equity method		134	0	0	0		134
EBT	71	3,117	5,669	918	-3,533		6,242
of which: recurrent items	71	2,358	6,587	918	-3,715		6,219
Cash flow (before tax)	71	10,017	7,695	1,044	-3,437		15,390
of which: recurrent items	71	9,258	8,613	1,044	-3,619		15,367
Profit (loss) for the year from discontinued operations			4,506				4,506
Total assets	348	233,779	155,136	31,371	133,002	-169,807	383,829
of which non current assets		112,197	37,175	3,274	61,647	-66,820	147,473
Total liabilities	277	181,363	111,314	25,842	44,085	-101,578	261,303
of which non current liabilities		65,802	15,986	2,612	13,397	-7,644	90,153
Investments		9,747	4,124	821	175		14,867

(1) Includes: “holdings”, “discontinued operations” and “consolidation adjustments”

Note 2 - Revenue

	31.12.13	31.12.12
Sales of goods	455,773	481,452
Revenue from services	18,459	19,846
Rental income	33	32
Total	**474,265**	**501,330**

“Revenue from services” is concerned mainly with the logistics and environment sectors and represents the value of services rendered for loading and unloading, storage and waste treatment.

Note 3 - Other operating income

Other operating income is as follows:

	31.12.13	31.12.12
Government grants	199	263
Capitalized overhead	2,980	2,350
Compensation for annulment of contracts	0	480
Other income	2,337	2,004
Total	**5,516**	**5,097**

In 2013 and 2012, the item “Capitalized overhead” is related to internal works on projects in progress under European approval in the crop protection sector.
In 2012, compensation for annulment of contracts corresponds to payments definitely acquired on unrealized sale of assets (480 k€ on lands). Note that these lands were finally sold during the fiscal year of 2013.

Note 4 - Operating expenses

Operating expenses for the years ended December 31, 2013 and 2012 are made up as follows

	31.12.13	31.12.12
Cost of raw materials, supplies and goods purchased for resale	360,852	385,916
Changes in inventories	-8,414	349
Employee benefits expenses	37,154	33,077
Depreciation and amortization	8,879	9,148
Reductions in value (net of recoveries)	946	439
Restructuring expenses	0	1,250
Other operating expenses	58,606	57,520
Total	**458,023**	**487,699**

4 .1 -Employee benefits expenses

Employee benefits expenses for the years ended 31 December, 2013 and 2012 are as follows:

	31.12.13	31.12.12
Wages and salaries	27,691	25,372
Social expenses (including social security costs)	6,316	5,616
Compensations	302	119
Other employee benefits expense	2,844	1,970
Total	**37,154**	**33,077**

On 31 December 2013 and 2012, the average number of employees was of 856 and 764, respectively, and is broken down as follows:

	31.12.13	31.12.12
Directors and executive officers	93	91
Administrative staff	268	250
Workers	495	423
Total	**856**	**764**

Note 4.2 – Depreciation and amortisation expense

Depreciation and amortization for the years ended December 31, 2013 and 2012 are made up as follows:

	31.12.13	31.12.12
Depreciation of property, plant and equipment	6,504	7,295
Amortisation of intangible assets	2,375	1,853
Total	**8,879**	**9,148**

Note 4.3 - Reductions in value (net of recoveries)

Increase/ (decrease) of impairment losses for the years ended December 31, 2013 and 2012 are made up as follows:

	31.12.13	31.12.12
Impairment loss recognised on trade receivables	986	332
Reversal of impairment loss recognised on trade receivables (-)	-40	-70
Impairment loss recognised on inventories	0	177
Total	**946**	**439**

In 2013 and 2012, impairment losses reflect the ordinary course of business companies.

Note 4.4 - Restructuring costs

Restructuring costs in 2012 (1,250k€) relates to compensation paid in the agro commodities and chemical products sectors, as a result of the reorganisation of these sectors, which had to significantly reduce their staff.

Note 4.5 - Other operating expenses

Other operating expenses for the years ended December 31, 2013 and 2012 are made up as follows:

	31.12.13	31.12.12
Services and other goods	56,373	55,346
Other taxes	1,775	1,894
Provisions for liabilities and other charges	155	0
Penalties	55	0
Other	248	280
Total	**58,606**	**57,520**

Note 4.6 - Services and other goods

Services and other goods for the periods ended on December 31, 2013 and 2012 comprise the following:

	31.12.13	31.12.12
Transportation expenses	7,463	7,985
Sub contracts	5,213	6,470
Specialized work	8,596	9,148
Rents	5,125	5,488
Advertising	3,676	2,828
Maintenance and conservation	3,391	2,990
Travel expenses	4,953	5,545
Other expenses	17,957	14,893
Total	**56,373**	**55,346**

Note 5 - Gain on disposal of non-current assets and investments

In 2013 the gain on disposal of non-current assets amounting 1,106 k€ includes 1,061 k€ related to the deferral of income from the sale leaseback transaction, and the gain on disposal of investments amounting 501k€, includes the gain on the sale off GEEF (499K€).

Note 6 - Finance costs (net)`

The net financial results for the years ended December 31, 2013 and 2012 are made up as follows:

	31.12.13	31.12.12
Charges of the debts net of the income from current assets(1)	8,999	8,911
Net foreign exchange (gains) losses	0	2
Other financial (gains) losses(2)	5,827	4,892
Total	**14,827**	**13,805**

(1) Interests expenses (by type of debt):

Bond	733	0
Commercial paper	1,046	1,085
Finance lease liabilities	961	1,001
Bank borrowings and overdrafts	6,302	6,396
Factoring	470	525
Others	61	133
Sub-total	9,573	9,141
Interests income(-)	-573	-230
Total	**8,999**	**8,911**

(2) of which:

Cash discounts	947	730
Letters of credit	1,262	459
Bank commissions on bond loans	67	0
Bank commissions on loans	1,226	1,235
Commissions on commercial paper	882	933
Commissions with "factoring" and "express bill"	815	807
Others	628	728
Total	**5,827**	**4,892**

In 2013, the capitalized interest amounted to 1,743 k€ (1,598 k€ in 2012).

In 2013, the cost of borrowings of 10,601 k€ (net interest expenses plus capitalized interests) remains roughly the same as in 2012, (10,509 k€).

The cost of funding increased significantly due to the increase of bank spreads and charges.

Note 7 - Income tax expense

	31.12.13	31.12.12
Income tax		
Current taxes related to current year	2,709	1,825
Current taxes related to prior years	106	94
Deferred income taxes	165	298
Total	**2,980**	**2,217**
Deferred taxes by categories		
Depreciation of property, plant and equipment	-121	366
Amortization of intangible assets	-72	-294
Reductions in value of inventories, trade and other receivables and provisions	-19	262
Tax losses	311	-225
Others	66	188
Total	**165**	**298**
Reconciliation of effective tax rate		
Profit (loss) before income tax	8,606	6,242
Applicable tax rate	33.99%	33.99%
Tax charge based on the applicable tax rate	2,925	2,122
Tax rates and special tax regimes in other jurisdictions	-234	-262
Tax-exempt revenues	-753	-399
Non-deductible expenses	299	135
Impact of unrecognized deferred tax assets	316	
Impact of tax benefits	-608	-389
Current and deferred tax adjustment related to prior year	106	94
Other	928	917
Tax charge	**2,980**	**2,217**
Effective tax rate	**34.62%**	**35.53%**

The effective tax rate of the Group (34,62%) is roughly the same as the statutory rate.

Note 8 - Immobilisations corporelles

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
GROSS CARRYING AMOUNT						
As at December 31, 2011	84,730	47,995	17,886	1,441	4,334	156,386
Changes of the period:						
- Capital expenditures	270	565	526	17	2,213	3,592
- Disposals	-18	-1,218	-694	-19		-1,950
- Transfers	344	749	7	-51	-1,217	-167
- Increase (decrease) resulting from changes in exchange rates	5	-11	-22	11	-18	-36
- Change in consolidation perimeter	29	51	195			275
As at December 31, 2012	**85,359**	**48,131**	**17,898**	**1,398**	**5,312**	**158,099**
Changes of the period:						
- Capital expenditures	205	557	500	14	2,436	3,712
- Disposals	-784	-12	-484	-8		-1,288
- Transfers	743	156	58	-2	-951	4
- Increase (decrease) resulting from changes in exchange rates	-10	-29	-58	-8	-104	-208
As at December 31, 2013	**85,514**	**48,802**	**17,915**	**1,394**	**6,693**	**160,319**
DEPRECIATIONS AND IMPAIRMENT LOSSES						
As at December 31, 2011	25,679	31,856	13,282	957		71,774
Changes of the period:						
- Charges of the year	3,084	2,848	1,286	78		7,295
- Reversal of depreciation on disposals	-5	-1,189	-625	-19		-1,839
- Transfers	1					1
- Increase (decrease) resulting from changes in exchange rates	2	1	-4	4		2
As at December 31, 2012	**28,761**	**33,514**	**13,941**	**1,020**	**0**	**77,234**
Changes of the period:						
- Charges of the year	2,446	2,981	1,015	62	-	6,504
- Reversal of depreciation on disposals	-367	-12	-436	-3		-818
- Transfers	-473	481	-8			0
- Increase (decrease) resulting from changes in exchange rates	-3	-3	-28	-1		-35
As at December 31, 2013	**30,364**	**36,960**	**14,486**	**1,078**	**0**	**82,886**
Net carrying amount as at December 31, 2012	**56,598**	**14,618**	**3,959**	**377**	**5,312**	**80,865**
Net carrying amount as at December 31, 2013	**55,150**	**11,843**	**3,430**	**317**	**6,693**	**77,432**

Notes :

8.1. - The major acquisitions/disposals are as follow:

	2013	2012
Ports facilities	135	229
Plant facilities -Tradecorp	903	725
Plant facilities -Sapec Agro (PT)	686	800
Sorting facilities	350	683
Others	1,639	1,155
Total	**3,712**	**3,592**

8.2. - Other Informations

	Land and buildings	Plant, machinery and equipment	Furniture and rolling stock	Total
Net carrying amount of finance leases included in property, plant and equipment	33,642	758	1,624	36,025
Gross carrying amount of fully depreciated property, plant and equipment which are still in use	13,959	12,975	6,871	33,804
Amount of property, plant and equipment pledged as security for debts (including mortgages)	-	-	-	-

Financial leases are mainly associated to logistics and real estate. In 2013, the net book value of financial leases included in tangible fixed assets include an amount of 13,486 k€ on a financing agreement (land and buildings) of the logistics platform of Valongo, and an amount of 14,604 k€ on a financing agreement on land in the industrial park of Setúbal (“Lot 1”). This last agreement was signed in 2009 for 17,399 k€ for a 10-year period. In 2013, the agreement was extended to 2028.

Note 9 - Intangible assets

	Licences, patents and similar rights	Goodwill[1]	Other intangible assets	Total
Gross Carrying amount				
As at December 31, 2011	**18,276**	**10,870**	**27,740**	**56,886**
Changes of the period:				
- Capital expenditures [2]	301	263	10,712	11,276
- Transfers	1,990		-2,079	-89
- Change in consolidation perimeter		-220		-220
As at December 31, 2012	**20,567**	**10,913**	**36,373**	**67,852**
Changes of the period:				
- Capital expenditures[2]	817		11,031	11,848
- Disposals	-27			-27
- Transfers	12,369		-12,369	0
- Increase (decrease) resulting from changes in exchange rates	-65		-108	-172
As at December 31, 2013	**33,661**	**10,913**	**34,927**	**79,501**
Accumulated amortizations and impairment				
As at December 31, 2011	9,051	0	867	9,918
Changes of the period:				
- Charge of the year	1,419		433	1,853
- Increase (decrease) resulting from changes in exchange rates			-6	-6
As at December 31, 2012	**10,470**	**0**	**1,294**	**11,765**
Changes of the period:				
- Charge of the year	1,810		565	2,375
- Increase (decrease) resulting from changes in exchange rates	-14			-14
As at December 31, 2013	**12,266**	**0**	**1,860**	**14,126**
Net carrying amount at December 31, 2012	10,096	10,913	35,077	56,086
Net carrying amount at December 31, 2013	**21,395**	**10,913**	**33,068**	**65,376**

(1) Under IFRS, the goodwill is no longer subject to depreciation; on the contrary, its value must be periodically tested for impairment, or when an event indicates a loss of value. To carry out impairment tests, the Group uses the "discounted cash-flow" (DCF), determined as follows:

- A ten-year business plan prepared by management based on growth and profitability assumptions, taking into account previous performances, expected growth of the economy and expected market growth;
- The consideration of a terminal value determined by capitalizing a standard cash flow obtained by extrapolating the most recent cash flow of the explicit business plan period, affected by a long-term growth deemed appropriate or the activity and location of the assets;
- The present value of expected cash flow at a rate based on the weighted average cost of capital.

The main assumptions regarding the weighted average cost of capital, used in 2013 for the projection period in European companies were between 7.9% and 8.3%, and between 12.7% and 12.9% for Brazil.

The impairment tests carried out on 31 December 2013 did not lead to any impairment of goodwill.
The difference between the carrying amount of the cash generating unit (CGUs) and its value in use represents, in all cases, more than 10% of the carrying amount.

The variation recorded in 2012 in goodwill includes the impact of the sale of 25% of Citri to Ecosourcing (-220 k€), of which the Group owns 50%, and the impact of the purchase of 25% of Carmona – GGRP, SA (263 k€) for that company.

(2) In 2013, investments relating to the European approval of active substances related to the crop protection sector, were made to the amount of 10,154 k€ (10,712 k€ in 2012)

Note 10 - Investments in associates

	Equity accounted investees		
	Participation	Loans	Total
As at December 31, 2011	**0**		**0**
Gross carrying amount	0		0
Cumulated losses of value (-)	0		0
Changes of the period:			
- Acquired during the year	691		691
- Transfers	21		21
- Share in results	134		134
As at December 31, 2012	**846**	**0**	**846**
Gross carrying amount	846		846
Cumulated losses of value (-)	0		0
Changes of the period:			
- Share in results	69		69
- Other changes	10	43	53
As at December 31, 2013	**925**	**43**	**968**
Gross carrying amount	925	43	968
Cumulated losses of value (-)	0	0	0

The variation recorded in 2012 relates to investments made in the waste treatment sector.

Note 11 - Deferred taxes

	31.12.13	31.12.12
Deferred tax assets by categories of temporary differences	**8,659**	**9,136**
Property, plant and equipment	400	414
Intangible assets	300	322
Inventories, trade and other receivables, trade liabilities, and provisions	325	272
Tax losses	6,543	7,225
Other	1,091	903
Deferred tax liabilities by categories of temporary differences	**3,427**	**4,882**
Property, plant and equipment	797	1,174
Intangible assets	1,824	
Other	806	3,708
Net Total	**5,232**	**4,254**

Deferred tax assets and liabilities are recorded in the balance sheet in respect of temporary differences arising from the fact that tax authorities apply different rules to those used when assessing assets and liabilities. Deferred taxes are calculated based on tax rates in force in each country where the Group operates. Variations in temporary differences for the period are recorded in the income statement, except those from elements recognised directly in equity.

Deferred tax assets on tangible and intangible assets relate mainly to temporary differences arising from differences in the duration of useful life under IFRS and the duration allowed by different tax regimes.
Deferred tax liabilities on tangible relate to temporary differences arising from re-evaluations. In 2012 deferred tax liabilities under “Other” relate to temporary differences in leaseback gains and the non-taxation of capital gains with the disposal of subsidiaries. In 2013, the value of the latter (1,321 k€) was transferred to the category of « provisions » due to changes in the Portuguese tax code.

Tax losses carried forward generating deferred tax assets are presented below by expiration date:

	31.12.13	31.12.12
Up to 1 year	717	
In 2 to 5 years	4,787	5,627
In 5 years or more	433	975
With no limits	606	623

Note 12 - Other financial assets

	Shares	Securities other than shares	Loans	Other financial assets	Total
GROSS CARRYING AMOUNT					
As at December 31, 2011	**88**	**0**	**0**	**0**	**88**
Changes of the period :					
- Acquisitions					0
- Other changes					
As at December 31, 2012	**88**	**0**	**0**	**0**	**88**
Changes of the period :					
- Acquisitions	306				306
- Other changes					0
As at December 31, 2013	**394**	**0**	**0**	**0**	**394**
Net carrying amount as at December 31, 2012	**88**	**0**	**0**	**0**	**88**
Net carrying amount as at December 31, 2013	**394**	**0**	**0**	**0**	**394**

The investments made in 2013 relate to the establishment of new companies of the crop protection and crop nutrition sectors not included in the scope of consolidation due to the start of the activity in only 2014.

Note 13 – Assets held for sale and liabilities associated with assets held for sale

Values of assets and liabilities of activities included in the consolidated balance sheet and recorded under the headings "assets held for sale" and "liabilities included in the disposal groups held for sale" are presented as follows:

a) Energia Limpia Invest ("ELI")

On 31 December 2013 and 2012, assets held for sale and liabilities included in the disposal groups, associated with ELI, are presented as follows:

ASSETS	31.12.13	31.12.12
A. Non-current assets	**0**	**28,608**
Financial Assets		2,787
Long term receivables		25,821
Total assets	**0**	**28,608**

Result of discontinued operations:

	31.12.13	31.12.12
Impairment	-28,608	-
Loss before income tax	**-28,608**	**0**
Income tax	-	-
Loss for the year from discontinued operations	**-28,608**	**0**

In 2008, the management of Sapec Group was committed to a long-term process of selling the Naturener Group (GN), the company that held the renewable energy segment, owned 58.6% by Tharsis, a subsidiary of Sapec SA at 99.59%.

An active plan to find a buyer was set in motion, and the Group expected sales to take place within one year. In accordance with IFRS 5, the assets and liabilities of GN were classified as available for sale.

For reasons beyond the control of Sapec, relating to adverse markets conditions, the sale was not completed within one year.

In 2009, negotiations with a group of Spanish investors took place. In this context, a sale price was negotiated in 2009 between the parties for 2/3 of the investment. Considering the adverse market conditions, the sale price negotiated was below the Group's carrying amount at the end of 2009.

Based on the sale price agreed in 2009 and an independent evaluation in early 2010, the Sapec Group recorded a depreciation of 13,298 k€ in 2009 and 38,293 k€ in 2010. Because the negotiations were unsuccessful, in December 2010 SAPEC formed ELI with a share capital of 1,000 k€ fully paid up by SAPEC.

Simultaneously, the following transactions took place between SAPEC and ELI:

- Acquisition by ELI of 99.59% of Tharsis;
- Acquisition by ELI of two loans that SAPEC had granted to Tharsis.

The balance of these transactions rose to 25,821 k€ for SAPEC, and amount that was lent to ELI at market conditions.

During the first half of 2011, BES (Banco Espírito Santo) confirmed its agreement on the transfer to the company ELI of the loan for 101,000 k€ granted to SAPEC, subject to obtaining from SAPEC, SA, a guarantee of no more than 36,000 k€.

At the same time, the management of SAPEC negotiated with 3 investors the sale of a 51% stake in ELI. This transaction was realized in May 2011 on the basis of the best offer obtained for an amount of 510 k€. As a result of this operation and the appointment of the majority of Board members by the new shareholders on 29 June 2011, SAPEC lost the control of ELI.

In July 2012 the loan agreement made to ELI by BES was amended regarding its duration and remuneration. The interest rate is Euribor 6 months, plus a margin ranging from 4.75% to 5%.

In December 2012, the Group engaged external consultants to evaluate the assets of ELI's subsidiaries (land owned by Tharsis and Grupo Naturener).

In 2013, Glacier I and Glacier II parks operated normally and in September 2013 the MATL power line linking Rim Rock Park to the Canadian power grid came into service.

On 15 December 2013, Naturener USA (NUSA) informed San Diego Gas & Electric (SDGE) that all the prerequisites in the contract signed by the parties on 6 January 2012 were met, and that SDGE had to disbursed Tax Equity in the amount of about 300 million US dollars contractually agreed for the Rim Rock (RR) project in Montana.

On 20 December 2013, SDGE replied that some conditions (such as those related to the protection of protected bird species) in their opinion were not fulfilled, and so they refused to pay the Tax Equity foreseen, at the same time discharging it from its obligation to enforce, as from 1 January 2014, the two 10-year power purchase agreements and the purchase of green certificates for 20 years associated to the Rim Rock project at the contractually agreed price. SDGE's decision was immediately challenged by NUSA, which initiated legal proceedings in the courts of Montana for the "wrongfull breach of contract" and to prevent SDGE from suspending its obligations to purchase the "green certificates".

The refusal of SDGE to fulfil its contractual obligations in principle means the impossibility of repaying the "Construction Loan" granted by Morgan Stanley (MS) and the call upon the guarantee for the assets of the Group Naturener (GN) in North America.

At the moment, Naturener, Morgan Stanley and SDGE are still trying to find a satisfactory solution to the problem created by SDG&E.

In January 2014, the Spanish government published a draft of the new regulation on renewable energies. Although this is not a final version, what is known so far negatively affects the value of the participation of Naturener in photovoltaic projects in Spain.

Sapec considers that these new elements will affect the value of its participation (2,786 k€) as well as the recovery of its claims on Energia Limpia Invest (ELI) (25,821 k€) and has decided to report in the consolidated accounts of 2013 a write-down of 100% of the value and of amounts owed by ELI, totalling 28.608 k€. (As regards the guarantee in the amount of 36,000 k€, see note 24).

b) Liquid bulk terminal in Cadiz

At the end of 2013 and 2012, an amount of 7,000 k€ (7,355 k€ in 2012) remains in the balance sheet under the heading “Assets held for sale”, relating to the liquid bulk terminal, which is accounted for in Interpec Ibérica’s books. Management remains firmly committed to finding buyers.

ASSETS	31.12.13	31.12.12
A. Non-current assets	**7,000**	**7,355**
Property, plant and equipment	7,000	7,355
B. Current assets	**0**	**0**
TOTAL ASSETS	**7,000**	**7,355**

The result of discontinued operations is as follow:

	31.12.13	31.12.12
Operating result	**0**	**0**
Gain (loss) on disposal of investments		5,448
Impairment	-355	
Profit before income tax	**-355**	**5,448**
Income tax expense	-107	942
Profit for the year from discontinued operations	**-249**	**4,506**

In 2013, the amount of -355 k€ relates to the registration of the difference between the book value of the liquid bulk terminal and the value of bids received.

In 2012, the amount of 5,448 k€ corresponds to the gains on the disposal of Seporsur.

Note 14 - Inventories

	31.12.13	31.12.12
Raw materials and supplies	16,368	15,209
Work in progress	2,946	0
Finished goods	30,062	26,257
Goods purchased for resale	31,106	32,147
Property intended for sale	8,841	8,887
Total	**89,323**	**82,501**

On 31 December 2013 and 2012, stocks held by third parties amounted to 19.611 k€ and 20,647 k€ respectively.
On 31 December 2013 and 2012, the item “Property held for sale” includes land and infrastructures related to the industrial park of Setúbal. These assets are valued at cost.

Raw materials and consumables used

The cost of supplies, goods and buildings for sale, recognised during the years ended 2013 and 2012, is determined as follows:

	Raw materials	Goods purchased for resale	Property intended to sale
Balance as of December 31, 2011	11,098	43,743	9,041
Purchases	65,654	312,800	
Regularizations			-154
Balance as of December 31, 2012	15,232	32,147	8,887
Raw materials and consumables used	**61,520**	**324,396**	**0**
Balance as of December 31, 2012	15,232	32,147	8,887
Purchases	27,106	333,793	
Regularizations			3
Balance as of December 31, 2013	16,368	31,106	8,841
Raw materials and consumables used	**25,970**	**334,834**	**49**

Changes in inventories

On 31 December 2013 and 2012, the amounts recognised in the income statement related to changes in inventories are determined as follows:

	Finishing goods and work in progress	
	31.12.13	**31.12.12**
Closing balance	33,008	26,257
Regularizations	1,663	-676
Opening balance	26,257	25,930
Changes in inventories	**8,414**	**-349**

Note 15 – Derivative financial instruments

As part of its operational activities, the Group is exposed to currency risk, interest rate and prices of raw materials (see "Risk Management"). To hedge against these risks, the Group uses derivative financial instruments. But with few exceptions, the criteria for applying hedge accounting under IFRS are not met and the impact of these transactions is recorded directly in the income statement.

For some positions in raw materials linked to business segments, the Group uses instruments (including futures and swaps) to reduce the risk of price fluctuations.
The policy of hedging foreign exchange that is followed includes hedging transactional exchange and monitoring of the potential coverage of currency positions generated by activities on the basis of expected cash flows. At the level of transactional risk management (the purchase or sale by a Group company in a currency other than the functional currency), the exposure of the Group is mainly associated with the EUR/USD risk.

Derivative instruments used to hedge the risk of exchange rates are forwards and options.

Risk management of interest rates is performed centrally at Group level and the amount of existing hedges at the end of 2013 was not significant.

On 31 December 2013, the Group had no debt at fixed rate. An increase or decrease of 1% of interest rates would have resulted in a increase or decrease of 1,767 k€ in interest expenses.

The following table summarises the carrying value of derivative financial instruments:

	31.12.13		31.12.12	
	Fair value	Notional or contractual amount	Fair value	Notional or contractual amount
Derivative financial instruments - assets				
Foreign exchange contracts:				
euro / dollar	80	2,538	82	2,463
Total	**80**	**2,538**	**82**	**2,463**
Derivative financial instruments - liabilities				
Cash flow hedge - Interest rates				
Hedging interest rate				
Swaps	1,037	21,434	1,617	22,130
Subtotal	**1,037**	**21,434**	**1,617**	**22,130**
Foreign exchange contracts:				
euro / dollar	242	9,116	158	7,267
euro / brl			38	1,000
Subtotal	**242**	**9,116**	**196**	**8,267**
Total	**1,279**	**30,549**	**1,813**	**30,397**
Maturity				
Derivative financial instruments - assets:				
During 2014	80	2,538		
During 2013			82	2,463
Derivative financial instruments - liabilities:				
In 2014 and years following	1,037	21,434	1,617	22,130
During 2014	242	9,116		
During 2013			196	8,267

Note 16 - Trade and other receivables

	31.12.13	31.12.12
Trade receivables	77,192	88,815
Other receivables	10,185	11,435
Total	**87,378**	**100,250**

In 2013, the balance of customers represents 59 days of sales (73 in 2012) and the carrying value of receivables reflects their fair value at the balance sheet date. The reduction in the clients' days sales outstanding is explained by (i) an acceleration of recoveries in 2013, (ii) the booking, at the end of 2012, of delays in sales of the crop protection sector (very strong in the last quarter of the year), (iii) the strong sales growth in Brazil in December 2012, and (iv) the arrival of a ship on 28 December 2012 in the agro commodity distribution sector, settled only in January 2013.

Credit risk at Group level is controlled by a strict policy of granting loans and by underwriting credit insurance in accordance with the note "Risk management". (see page 31).

The Group's exposure to credit risk is attributed to customer balances related to the operating activity of the Group.

The amounts in the financial statement are net of corresponding impairment losses, which were estimated by the Group, based on past experience and taking into account the evolution of the economic environment.

We believe that the carrying amount of trade receivables is similar to the corresponding fair value.
The Group is not exposed to a significant concentration of credit risk, because the risk is diluted across a number of different clients.

At December 31, 2013 and 2012, the ageing of trade receivables is as follow:

	31.12.13	31.12.12
Not past due	62,519	61,476
Less than 30 days past due	6,359	12,688
Between 31 and 90 days past due	2,864	5,495
Between 91 and 180 days past due	3,925	4,135
More than 181 days past due	13,466	16,092
Subtotal	**89,133**	**99,886**
Write-down	-11,941	-11,072
Total	**77,192**	**88,815**

16.1 - Other receivables

At December 31, 2013 and 2012 Other Receivables comprised the following:

	31.12.13	31.12.12
VAT to recover	3,359	4,087
Current account with legal authorities (other than taxes)	1,718	2,722
Receivables on affiliates	317	356
Other receivables	6,012	5,473
Subtotal	**11,406**	**12,639**
Impairment losses	-1,220	-1,203
Total	**10,185**	**11,435**

On 31 December 2013 and 2012, the heading "Current Account with the State" includes the amount of customs duties (T3) to be recovered from the Spanish Port Authorities.
During 2013, the amount received was of 1,004 k€ (1,700 k€ in 2012).

16. 2 - Impairment losses

Movements on the provision for impairment losses recorded in 2013 and 2012 were as follows:

	Opening balance	Charge for the year	Reversal	Applications	Closing balance
2013					
Bad debts - trade	11,072	978	-49	-60	11,941
Bad debts - other debts	1,203	17			1,220
TOTAL	**12,275**	**995**	**-49**	**-60**	**13,161**
2012					
Bad debts - trade	10,849	286	-63		11,072
Bad debts - other debts	1,157	46			1,203
TOTAL	**12,007**	**332**	**-63**	**0**	**12,275**

The increase (decrease) in impairment losses recorded in 2013 and 2012 amounts respectively 995 k€ and 332 k€, recognised in income statement under "Reductions in value (net of recoveries)".

Note 17 - Cash and cash equivalents

	31.12.13	31.12.12
Cash at bank and on hand	16,710	9,831
Short-term bank deposits	4,393	2,839
Total	**21,104**	**12,669**

Note 18 - Share capital

	31.12.13	31.12.12
Number of nominal shares without par value	1,355,000	1,355,000
Nominal value	36,600	36,600

Share capital

As of December 31, 2013 and 2012, the share capital is represented by 1,355,000 social shares without designation of value, including 22,682 shares with stripped rights, in accordance with the legislation.

As on December 31, 2013 the Group's shareholders structure is as follows:

Shareholders	Number of shares	%
Financière Frédéric Jacobs S.A.	113,661	8.39%
Soclinpar S.A.	17,969	1.33%
LHI S.A.	610,973	45.09%
BES Investimento S.A.	14,179	1.05%
Cobepa S.A	204,950	15.13%
Alcatel Bell Pensioenfonds VZW	51,412	3.79%
Bourse	341,856	25.23%
Total	**1,355,000**	**100.00%**

Legal reserve

Incertain locations, in accordance with local Companies' Code and with the respective articles of association, the legal reserve must be increased by a percentage of the annual profits until its value equals a certain percentage of the company's share capital. This reserve can only be used to cover losses or to increase share capital.
At December 31, 2013 this reserve amounts 14,176 k€.

Note 19 - Own shares

	31.12.13	31.12.12
Number of shares:		
Free from specific allocation	6,247	6,247
in k€:		
Carrying amount at December 31,	300	300
Market value as at December 31,	312	302

As of December 31, 2013 the Group held 6,247 own shares recorded as a reduction in equity.
At December 31, 2013 the market value of this shares was 49.99 € per share (48.3 € in 2012).

Note 20 - Net indebtedness

	31.12.13	31.12.12
Financial debts	175,303	178,007
Cash and cash equivalents (-)	-21,104	-12,669
Net indebtedness	**154,199**	**165,338**

Note 20.1 - Financial debts

	31.12.13	31.12.12	Notes
Bond loan	19,866	9,925	a)
Long-term finance lease liabilities	21,374	22,230	
Long-term debts to credit institutions	27,121	20,875	
Long-term commercial paper	34,137	20,937	
Other long term financial debts	750	750	
Subtotal (long-term)	**103,247**	**74,717**	
Other long-term no interest bearing debts	447	305	
Amount due within 12 months (shown under current liabilities)	2,876	16,303	
Short term commercial paper	1,300	800	
Other short-term financial debts	67,433	85,882	
Total	**175,303**	**178,007**	

a) Bond loan

	Nominal value	Interest rate		Year	
Issuer		Nominal	Effective	Issuance	Maturity
Sapec Portugal SGPS	10,000	6.32%	6.42%	31/12/12	31/12/16
Sapec Portugal SGPS	10,000	5.58%	5.66%	5/11/13	5/11/18

20.2. - Liquidity risk

The financial debt is repayable as follow:

	31.12.13	31.12.12
On demand or within one year	71,609	102,985
Between two and five years	99,682	74,758
Beyond five years	4,013	264
Total	**175,303**	**178,007**

which:

The financial lease liabilities are payable as follow:

	31.12.13			31.12.12		
	Total future payments	Unexpired interests expenses	Present value	Total future payments	Unexpired interests expenses	Present value
Not later than one year	3,542	771	2,771	5,018	715	4,303
Between one and five years	19,614	2,253	17,361	20,903	2,817	18,086
Later than five years	4,476	463	4,013	4,603	460	4,143
Total	**27,632**	**3,487**	**24,145**	**30,524**	**3,992**	**26,533**

Note 21 - Deferred income

	31.12.13	31.12.12
Government grants	433	373
Capital gain on sale lease back operation	5,304	6,365
TOTAL	**5,738**	**6,738**
Maturity:		
- Maturity in one year	546	1,193
- Maturity in more than one year	5,192	5,545

Note 22 - Provisions for other liabilities and charges

	Tax	Other	31.12.13	31.12.12
Opening balance	504	264	768	768
Provisions reversed during the year		199	199	
Provisions used during the year	-	-150	-150	
Other	1,321		1,321	0
Closing balance	**1,825**	**312**	**2,137**	**768**
from wich non-current provisions	1,825	312	2,137	768

In 2013, following a change in the Portuguese tax legislation, we have reclassified as “provisions” an amount of 1,321 k€ of deferred tax liabilities. This amount corresponds to the tax on capital gains realized on the sale of financial investments, which we consider, in disagreement with the tax authorities, as not subject to tax (on the basis of deductions for reinvestment). There is a dispute over this issue.

Note 23 - Trade and other payables

As of December 31, 2013 and 2012 Trade and other payables are made up as follows:

	31.12.13	31.12.12
Trade payables	50,144	44,301
Advances received	515	41
Payroll liabilities and social security	4,041	4,604
Other payables	9,616	7,933
Total	**64,316**	**56,879**

As of 31 December 2013 and 2012, the caption “Trade payables” relates to amounts payable resulting from acquisitions made in the normal course of the Group’s activities.
As of 31 December 2013, the Board of Directors believes that the carrying amount of these accounts payable is similar to its corresponding fair value.

Note 24 – Other information

a) Off-balance sheet liabilities

Guarantees and other liabilities

	31.12.13	31.12.12
Bank guarantees	8,410	10,403
Other guarantees	49,550	58,470

Bank guarantees are mainly guarantees granted to secure the payment of VAT (Customs).

The “Other guarantees” include an amount of 13,525 k€ in 2013 (12,700 k€ in 2012) to reflect the discount of bills (Express bill) which have been deducted from the item trade receivables and other debtors, and an amount of 36,000k€ in 2013 (36,000 k€ in 2012) for a guarantee on the BES loan transferred by Sapec SA to ELI. Although the group has decided to register an impairment loss on its participation and claim on ELI, so far there is no indication that the guarantee will be called upon by the financial entity. Due to the uncertainties about the on-going court proceedings in the USA regarding Naturener and the information available to date, Sapec is unable to estimate whether or not this guarantee will be invoked in the future, its amount and terms, which is why Sapec has no recognized any provision for this in the 2013 accounts. Regarding other guarantees, because the MATL power line came into operation in September 2013 and the first payments were made by Naturener USA to MATL, the transitional guarantee has ceased.

b) Transactions with related parties

Transactions with related companies are essentially trade transactions and are negotiated at the normal market prices. In 2013, the Group did not enter into significant transactions with related persons or companies, and no director has been, or was personally interested in a significant transaction for the Group’s business.

c) Related parties

Balances and transactions between Sapec SA and its subsidiaries, who are related parties of Sapec SA, have been eliminated in the consolidated accounts and are not disclosed in this note. The details of transactions between the Group and other related parties are detailed below:

	31.12.13	31.12.12
I. ASSETS	**374**	**778**
1. Accounts receivable	374	778
1.1. Trade receivables	230	421
1.2. Other receivables	143	357
II. LIABILITIES	**353**	**432**
2. Accounts payables	353	432
2.1. Trade payables	353	285
2.2. Other payables	0	148
III. TRANSACTIONS WITH OTHER RELATED PARTIES	**-**	**-**
3. Sales of services	723	964
4. Purchases of services (-)	1,185	1,136

d) Auditor's services fees

	31.12.13	31.12.12
Audit services	316	379
Other services	123	168
Total	**439**	**547**

e) Remuneration of the Board of Directors

Amounts due for 2013 and 2012 were as follows:

	31.12.13	31.12.12
Wages, salaries and other benefits	1,008	1,137

f) Fair value

	Book value	Fair value	Level
Financial assets			
Assets held for sale	7,000	7,000	3
Derivative financial assets	80	80	1
Financial liabilities			
Derivative financial liabilities (non-current)	1,037	1,037	1
Derivative financial liabilities (current)	242	242	1

Statement of management responsibility

We hereby certify that, to our knowledge:

a) The consolidated financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, the financial situation and results of Sapec and companies included in the consolidation;

b) The management report gives a true and fair view of the business growth, the earnings and situation of Sapec and the companies included in this consolidation, and also a description of the principal risks and uncertainties facing them.

Antoine Velge
Chief Executive Office

António Marques
Chief Financial Officer of the Group

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY SAPEC SA AS FOR THE YEAR ENDED 31 DECEMBER 2013

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statement. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2013 and the explanatory notes.

Report on the consolidated financial statements – Unqualified opinion
We have audited the consolidated financial statements of the company SAPEC SA for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, which show a consolidated statement of financial position total of KEUR 364.226 and a consolidated income statement showing a consolidated loss for the year (Group's part) of KEUR 23.300.

Responsibility of the Board of Director's for the preparation of the consolidated financial statements
The company's board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and for such internal control as the board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the statutory auditor
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing, Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers the internal controls relevant to the preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the company's officials and the board of Directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion
In our opinion, the consolidated financial statements of the company SAPEC give a true and fair view of the group's equity and consolidated financial position as at 31 December 2013 and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Emphasis of Matter Paragraph
Without qualifying our opinion, we draw attention to the note 24 of the financial statements which describes the uncertainty related to guarantee given by SAPEC SA for the loan on ELI in favour of the Banco Espirito Santo that could have an impact within a range from 0 to 36 million euros.

Report on other legal and regulatory requirements
The board of Directors is responsible for the preparation and the content of the Director's report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which do not modify the scope of our opinion on the consolidated Financial statements:

– The Director's report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 17 April 2014

MAZARS RÉVISEURS D'ENTREPRISES SCRL
Statutory Auditor
Represented by

PH. DE HARLEZ DE DEULIN

GLOSSARY

REACH	– Reach is the European regulation on chemical products and their safe use (EC 1907/2006). It deals with the registration, evaluation, authorisation and restriction of chemicals. The law came into force in 2007
Gross margin	– Industrial value added
EBITDA	– Earnings before interest, taxes and depreciation
REBITDA	– Recurring earnings before interest, taxes, depreciation and amortisation
Non-recurring items	– Non-recurring items mainly include: • Gains and losses on disposal of subsidiaries • Gains and losses on the sale of fixed assets • Significant restructuring costs • Impact of significant litigation • Other expenses/revenues resulting from unusual events likely to distort the analysis and comparison of the Group's performance
EBIT	– Earnings before interest and taxes (Operating earnings)
REBIT	– Recurring earnings before interest and taxes
Net debt	– Net debt is defined as debt in the short and long term less cash and cash equivalents
Working capital	– Clients + stocks – suppliers and advances received
OCI	– Other comprehensive income

Corporate accounts

- Management report of the Board of Directors
- Balance sheet after distribution
- Income statement
- Notes

The statutory annual accounts of Sapec S.A.
are presented here in abridged form.

In accordance with articles 98 and 100 of the Belgium Companies Code
the management report, annual accounts of SAPEC S.A. and the Auditor's Report
will be filed with the National bank of Belgium.
These reports are available on request from:

SAPEC S.A.
500, Avenue Louise
1050 Bruxelles

The Auditor has issued an unqualified report
on the statutory accounts of SAPEC S.A.

SAPEC S.A.

Management report of the Board of Directors to the General Meeting

Ladies and Gentlemen,

In accordance with the law and the company's articles of association, it is our privilege to submit for your approval the annual accounts as at 31 December 2013.

The company's results for 2013 were negative, in the amount of 26,995 k€.

The company recorded a decrease in the financial results due to the decrease in the amount of dividends received (1,000 k€ in 2013 compared to 2,536 k€ in 2012) and to the drop in interest received.

Interest charged in 2012 included an amount of 868 k€ of interest charged to the subsidiary ELI until 1 July 2012.

For the sake of prudence, as a result of the expected negative impact of the tariff reform in Spain for renewable energies and in view of the uncertainties as to the outcomes of the legal proceedings in progress in the United States on the Rim Rock project, the company registered in 2013 an impairment loss of 100% of its stake in Energia Limpia Invest (490 k€), and 100% of the value of the receivable (28,003 k€ including principal and interest) for a total amount of 28,493 k€.

In 2013, based on the value of underlying assets and supported by an expert report, the company decided to re-evaluate its stake in Sapec Portugal SGPS to an amount of 41,880 k€.

With regard to risks and uncertainties, we would like to mention that the company has on-going commitments to a bank creditor of its subsidiary Energia Limpia Invest, up to a maximum of 36,000 k€.

There were no significant events after the closure of the annual accounts.

The company has a branch in Portugal.

The issues referred to in Article 96, paragraph 3, 4, 6 and 8 of the Companies Code are not applicable to the company, and the issue referred to in paragraph 9 is described in the consolidated management report (pages 13 to 35).

The corporate government statement referred to in Article 96, paragraph 2 of the Companies Code – including the reference to the corporate government code, the "comply or explain", the description of the characteristics of the risk management systems and the items referred to in sub-paragraphs 4 to 6 of that same paragraph – are described in the consolidated management report on pages 13 to 35.

The remuneration report referred to in paragraph 3 of the Companies Code is also reflected in the consolidated management report on pages 13 to 35.

On behalf of the Board of Directors,

Eduardo de Almeida Catroga Chairman	Antoine Velge C.E.O.

Balance Sheet after distribution

Assets (in k€)	**2013**	**2012**
Non-current assets	**91,836**	**77,945**
III. Property, plant and equipment (ann. III)	263	628
A. Land and buildings	190	609
B. Plant, machinery and equipment	1	2
C. Vehicles, furniture and other equipment	71	16
E. Other tangible assets	1	1
IV. Financial assets (ann. IV and V)	91,573	77,317
A. Related companies	91,570	49,690
1. Participating interests	91,570	49,690
B. Other companies with which there is a participating interest	0	27,626
1. Investments	0	490
2. Receivables	0	27,136
C. Other financial assets	3	1
2. Accounts receivable and cash guarantees	3	1
Current assets	**20,529**	**17,768**
V. Long-term accounts receivable	3,100	3,100
B. Other receivables	3,100	3,100
VII. Trade and other receivables	7,207	7,452
A. Trade receivables	1,505	1,171
B. Other receivables	5,702	6,281
VIII. Short-term investments (ann. V and VI)	3,800	2,800
A. Own shares	300	300
B. Other investments	3,500	2,500
IX. Cash at bank and on hand	6,385	3,483
X. Prepaid income and deferred expenses (ann. VII)	37	933
TOTAL ASSETS	**112,365**	**95,713**

Liabilities (in k€)		**2013**	**2012**
Equity capital		**90,442**	**75,634**
I.	Equity capital (ann. VIII)	36,600	36,600
	A. Issued capital	36,600	36,600
II.	Share premium	7,127	7,127
III.	Revaluation	41,880	
IV.	Reserves	4,835	4,835
	A. Legal reserve	3,660	3,660
	B. Unavailable reserves	300	300
	1. For treasury shares	300	300
	C. Untaxed reserves	875	875
V.	Retained earnings		27,072
Provisions and deferred taxes		**207**	**207**
VII.	A. Provisions for liabilities and charges	207	207
	2. fiscal charges	198	198
	4. Other liabilities and charges (ann. IX)	9	9
Liabilities		**21,716**	**19,872**
VIII.	Non-current liabilities (ann. X)	17,124	17,124
	A. Long-term interest bearing borrowings	17,124	17,124
	3. Credit institutions		0
	5. Other loans	17,124	17,124
IX.	Current liabilities (ann. X)	4,509	2,717
	B. Short-term interest bearing borrowings	90	0
	2. Other loans	90	
	C. Trade and other payables	1,378	768
	1. Trade payables	1,378	768
	E. Payroll liabilities, taxes and social security	62	65
	1. Taxes	-	-
	2. Remunerations and social security charges	62	65
	F. Other payables	2,979	1,884
X.	Deferred income and accrued expenses (ann. XI)	83	31
TOTAL LIABILITIES		**112,365**	**95,713**

Compte de résultats (en k€)

	2013	2012
I. Sales and services	**2,088**	**2,020**
A. Revenue (ann. XII, A)	1,462	1,504
D. Other operating income (ann. XII, B)	626	516
II. Costs of sales and services	**(2,423)**	**(2,454)**
A. Raw materials and goods purchases for resale	(1,311)	(1,353)
1. Sundry goods and services	(1,311)	(1,353)
B. Services and other goods	(450)	(446)
C. Employee benefits expenses(ann. XII, C2)	(619)	(599)
D. Depreciation, amortisation and reductions of value on costs of establishment on intangible and tangible assets	(19)	(31)
G. Other operating expenses (ann. XII, F)	(24)	(25)
III. Operating income	**-**	**-**
Operating loss	**(335)**	**(434)**
IV. Investment income	**2,736**	**5,241**
A. Income from long-term investments	1,000	2,536
B. Income from current assets	620	2,046
C. Other investment income (ann. XIII, A)	1,116	659
V. Financial expenses	**(877)**	**(1,034)**
A. Charges of debts (ann. XIII, B)	(837)	(996)
C. Other financial expenses (ann. XIII, D)	(40)	(38)
VI. Income before taxes	**1,523**	**3,773**
VII. Exceptional income	**3**	**209**
D. Gains on disposal of tangible and intangible assets		29
E. Other exceptional expenses	3	180
VIII. Exceptional expenses	**(28,521)**	**(0)**
D. Loss on disposal of assets	(28,493)	
E. Other exceptional expenses (ann. XIV, B)	(28)	
IX. Earnings before taxes	**(26,995)**	**3,982**
XI. Profit (loss) for the year	**(26,995)**	**3,982**
XIII. Profit of the year to be allocated	**(26,995)**	**3,982**

Allocations and withholding (in k€)

	2013	2012
A. Profit to be allocated	**77**	**27,856**
1. Profit of the year to be allocated	(26,995)	3,982
2. Profit carried forward from the preceding year	27,072	23,874
C. Profit to be allocated	**(0)**	**(0)**
3. To the other reserves		
D. Profit/loss to be carried forward	**(0)**	**(27,072)**
1. Profit to be carried forward		(27,072)
F. Profit to be distributed	**77**	**783**
1. Return on capital		674
2. Directors or managers	77	109

A SHARE CAPITAL (in k€)	Amounts	Nr. of shares
1. Subscribed capital		
1.1. At the end of 2010	36,600	-
1.2. At the end of 2011	36,600	-
2. Representation of capital		
2.1. Share categories:		
Ordinary shares	-	1,355,000
2.2. Nominal or bearer shares	-	1,355,000
Nominal	-	970,405
Bearer	-	384,595

B. SHAREHOLDER STRUCTURE (Law of 2 May 2007)

TRANSPARENCY STATEMENT

The entity :	Shares 1,355,000	% held by the entity
Declaration of 22/10/2008		
1. Sub-group 1 together with Sub-group 2 acting in concert with Sub-groups 3 and 4		
FINANCIERE FREDERIC JACOBS S.A., Brussels	113,661	8.39%
Total sub-group 1	113,661	8.39%
2. Sub-group 2 together with Sub-group 1 acting in concert with Sub-groups 3 and 4		
SOCLINPAR S.A., Luxembourg	17,969	1.33%
LUSO HISPANIC INVESTMENT LHI S.A., Luxembourg	610,973	45.09%
Total sub-group 2	628,942	46.42%
3. Sub-group 3 acting in concert with Sub-groups 1, 2 and 4		
BES INVESTIMENTO S.A, Lisbon	14,179	1.05%
Total sub-group 3	14,179	1.05%
4. Sub-group 4 acting in concert with Sub-groups 1, 2 and 3		
COBEPA S.A., Brussels	204,950	15.12%
Total sub-group 4	204,950	15.12%
Total sub-group 1, 2, 3 and 4	961,732	70.98%
Declaration of 12/11/2008		
Alcatel Bell pension funds	51,412	3.79%

Rules of evaluation

1. The start-up costs and the intangible assets are recorded at their acquisition value and are amortised over 3 to 5 years. They are withdrawn from the inventory as soon as they are fully amortised.

2. The tangible assets are entered at their acquisition value and depreciated according to the rates and methods authorised by the tax regulations following a linear method whose duration depends on the nature of the fixed assets (for example: office equipment: 5 years, ...).

3. The assets and liabilities of the Branch are converted according to the monetary/non-monetary method laid down by the Accounting Standards Commission CNC (Commission des Normes Comptables).

4. The financial assets are evaluated at their acquisition value. Impairment losses are applied in the event of sustainable losses or write-downs. The provisions for the write-down of securities are evaluated security by security on the basis of the carrying amount and approved by the Board of Directors.

5. The accounts receivable in EUR are entered at their nominal value. Impairment losses are exercised on the accounts receivable that are considered to be written off. A provision for bad debts hedges potential losses.

6. The debts in EUR are entered at their nominal value.

7. Short-term investments are evaluated at their acquisition value and the depreciations are calculated on the basis of the rate in force at the close of the period.

8. The provisions for liabilities and charges are set up at the close of each period to hedge any liabilities and losses for the year or prior years, subject to the agreement of the Board of Directors. These provisions are recovered in the results if they have not been used.

9. Assets, accounts receivable, debts and commitments in currencies: currency transactions are converted into EUR at the rate in force at the time of the transaction or, in the event of specific hedging, at the rate of the hedging transaction.

10. The monetary assets and liabilities are re-evaluated at the closing rate and the conversion differences that result from them are recognised in the income statement.

Comments on the annual accounts (In k€)

ASSETS

NOTE 1 - FINANCIAL ASSETS

Based on the underlying assets and supported by an expert report, the Board has decided to revaluate the participation in Sapec Portugal SGPS for an amount of 41,880 k€.

The financial holdings in associated companies (91,570 k€ in 2013) recorded an increase of 41,880 k€ compared to 2012 following the revaluation of the participation in Sapec Portugal and is split as follows:

- Sapec Portugal	90,000
- Interpec Ibérica	1,410
- Sapec Finance	160
Total	**91,570**

NOTE 2 - LONG-TERM RECEIVABLES – OTHER RECEIVABLES

This heading includes receivables from Group companies:

- Sapec Agro España	400
- Tradecorp	2,700
Total	**3,100**

NOTE 3 - RECEIVABLES (+1 YEAR)

Other "Accounts receivable" includes:
Receivables from group companies

- Sapec Agro	614
- Sapec Agro Spain	2,000
- Tradecorp	2,877
- Others	75
	5,566
Tax adjustments & recovery of fiscal provision	136
Total	**5,702**

This mainly concerns the refinancing of the subsidiaries through mid term loan and of bank loans.

NOTE 4 - INVESTMENTS

As at 31 December 2013, the company held a portfolio of 6,247 own shares.

LIABILITIES

NOTE 5 - LONG-TERM DEBTS

It comes to a medium term loan of 750 k€ payable in 2015 and an advance from our subsidiary Sapec Finance.

NOTE 6 - DEBTS

Debts at one year or more

The debts amount is 4,432 k€ against 2,717 k€ in 2012.

The item "Other debts" is broken down as follows:

- SGPS	2,783
- Other liabilities	196
Total	**2,979**

INCOME STATEMENT

NOTE 7 - FINANCIAL EXPENSES

Financial expenses consist of charges on financial debts broken down as follows:

- Other loans	20
- Charges on subsidiary loans	817
- Commission: credit line guarantee	40

NOTE 8 - INCOME FROM FINANCIAL ASSETS

In 2013, dividends in the amount of 1,000 k€ were received from Sapec Portugal SGPS.

NOTE 9 - AMOUNTS WRITTEN DOWN ON FINANCIAL ASSETS

Due to uncertainties regarding the value of investments held directly or indirectly by ELI, in particular the publication by the Spanish government in January 2013 of a draft regulation on renewable energies which would negatively impact the value of Naturener's participation in the photovoltaic projects in Spain, and the refusal of SDGE in meeting its contractual obligations, which can lead to the inability in repaying Morgan Stanley's "Construction loan" and to the call on guarantees on the assets of the Grupo Naturener in North America, the company has decided to book in 2013 a write-down of 100% of the value and of amounts owed by ELI, totalling 28,493 k€. As regards the guarantee provided by the company for the BES loan transferred by Sapec SA to ELI, up to 36,000 k€, based on the information available to date, Sapec is unable to estimate whether or not this guarantee will be invoked in the future, its amount and terms, which is why the company has not made any provisions in the 2013 accounts.

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