JERÓNIMO MARTINS

1ST HALF CONSOLIDATED REPORT 2013

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I. CONSOLIDATED MANAGEMENT REPORT

Message from the CEO – Pedro Soares dos Santos

'Jerónimo Martins' Net Profit growth of 9% in an unfavourable macroeconomic environment reflects the strong execution of our strategy and the competitive strength of our businesses.

Once again, in Poland, Biedronka confirmed the strength of its leadership with a very positive performance in the period.

In Portugal the new pricing strategy of Pingo Doce drove sales growth of 4% in the six month period. This performance, together with the cost rationalization programme, resulted in an EBITDA increase of 16%.

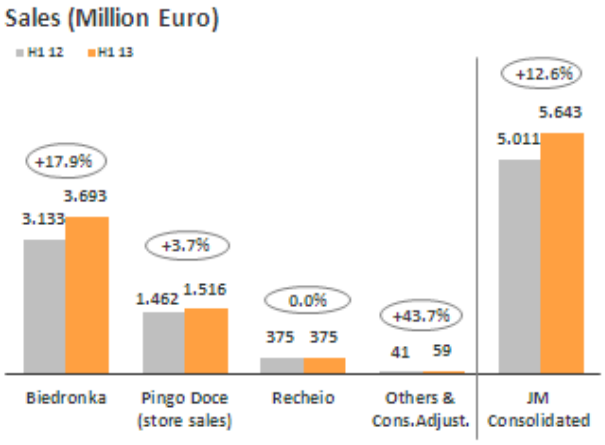
In this first half of the year, our new investment in Ara is developing according to our expectations, and we ended the period with even stronger confidence in the business' growth potential and market opportunity.

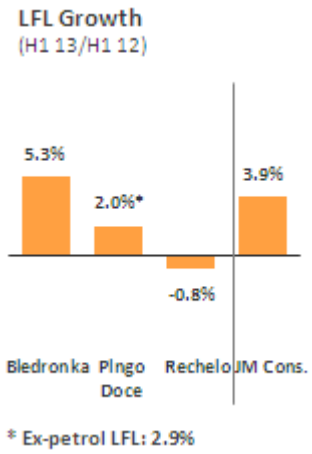
We are confident that Biedronka´s strong market position focused on price leadership and convenience together with the robust recovery of Pingo Doce will result in like-for-like sales growth ahead of the respective markets. Therefore, we have reasons to confirm the Group's positive outlook for 2013 in what regards growth both in sales and in earnings.'

1. Sales Analysis

(Million Euro)	H1 13		H1 12		Δ %		Q2 13		Q2 12		Δ %	
		% total		% total	Pln	Euro		% total		% total	Pln	Euro
Biedronka	3,693	65.4%	3,133	62.5%	16.1%	17.9%	1,848	64.4%	1,622	62.1%	12.4%	13.9%
Pingo Doce (store sales)	1,516	26.9%	1,462	29.2%		3.7%	789	27.5%	772	29.5%		2.3%
Recheio	375	6.6%	375	7.5%		0.0%	202	7.0%	198	7.6%		1.8%
Mkt. Repr. and Rest. Serv.	37	0.7%	40	0.8%		-8.1%	18	0.6%	22	0.8%		-15.6%
Others & Cons. Adjustments	22	0.4%	1	0.0%		n.a.	13	0.5%	-1	0.0%		n.a.
Total JM	**5,643**	**100%**	**5,011**	**100%**		**12.6%**	**2,871**	**100%**	**2,614**	**100%**		**9.9%**

Consolidated sales reached €5,643m, a growth of 13% in the first six months of the year, as a result of the like-for-like (LFL) growth of 3.9%, the contribution from new stores and a small benefit from the appreciation of the zloty compared to first half 2012. Excluding the effect of the exchange rate, consolidated sales increased by 12%.





In **Poland**, the slowdown in the economy continues, with a softening of consumption and the weakness in the Euro area affecting exports. Fiscal tightening continues in order to maintain public debt below 55% of GDP.

Food Retail sales which grew by 3.7% in first quarter, posted a growth of 0.9% in second quarter (+2.3% in the half year) with food inflation remaining low at +1.3% in second quarter and +1.9% in the six months.

Biedronka sales grew 16% (+18% in Euro) in the six months, with a growth of 5.3% in LFL sales and the contribution from the additional 243 stores against same period last year.

The inflation in the Company´s basket remains low (c.0.8% in first half). Biedronka has outperformed the market in the six months by c.4p.p. when excluding the effect of inflation. Against the first half of last year Biedronka´s ex-inflation growth is 2 p.p. higher which confirms the robust performance despite the challenging environment.

In the second quarter, in addition to the deteriorating economic conditions, the performance was impacted by c.2p.p. due the calendar and also by the very poor weather in May & June affecting the alcohol and beverages categories which represented around 17% of Biedronka sales in the quarter.

In a market with increased promotional activity and decelerating consumption we have reinforced our price positioning and consumer communication. Competitive and profitable growth in Poland remains our top priority.

In the 12 months up to April, Biedronka gained 2.3 p.p. of market share[1].

The execution of the expansion programme in Biedronka is on track and 62 stores were opened in the six months period despite the delays in the first quarter due to the exceptional bad weather. Work on the two new distribution centres to be opened this year is well advanced.

In **Portugal**, Pingo Doce had a very strong performance despite economic conditions remaining weak.

Food retail sales in the second quarter and first half of the year increased by 0.5%. Food inflation remains low at 2.4% in the half year. Consumers are still very price sensitive and retailers continue to invest strongly in promotional campaigns.

Pingo Doce, which initiated its price reinforcement strategy in May last year posted an excellent performance in the half year with a sales growth of 3.7%. The Company faced a particularly challenging comparison in the second quarter; in this context, and taking account of the very low inflation in the basket, the 2.0% LFL sales growth in second quarter 2013 was particularly strong. In the first 6 months of the year Pingo Doce gained 1.3 p.p. of market share[2].

Recheio's sales were flat on previous year although the Company has recovered well in the second quarter compared with the weak start to the year. The environment remains very challenging with the continued decline in out-of-home consumption.

In **Colombia**, Ara had 14 stores at the end of June, opening nine stores in the second quarter in line with plan. The team continues to develop the business relationship with suppliers, getting to know and understand its consumers and testing the business model. The response from consumers has been very enthusiastic and the initial findings support our positive view on the business opportunity.

[1] Source: GfK Bimonthly Value Shares FMCG
[2] Source: Nielsen TSR Research

2. Results Analysis

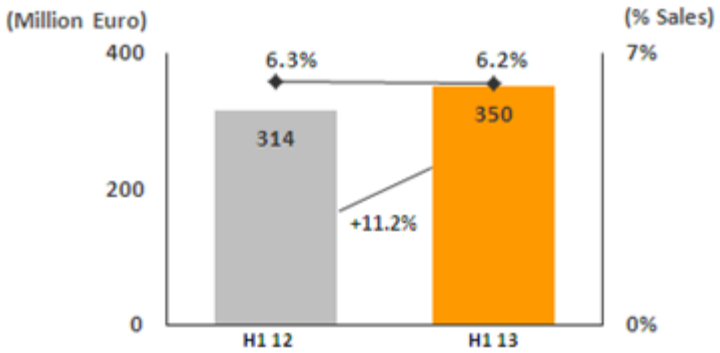
(Million Euro)	H1 13		H1 12		Δ	Q2 13		Q2 12		Δ
Consolidated Sales	**5,643**		**5,011**		**12.6%**	**2,871**		**2,614**		**9.9%**
Total Margin	1,207	21.4%	1,093	21.8%	10.4%	612	21.3%	560	21.4%	9.3%
Operating Costs	-857	-15.2%	-779	-15.5%	10.0%	-429	-14.9%	-393	-15.0%	9.3%
EBITDA	**350**	**6.2%**	**314**	**6.3%**	**11.2%**	**183**	**6.4%**	**167**	**6.4%**	**9.1%**
Depreciation	-122	-2.2%	-110	-2.2%	10.5%	-61	-2.1%	-55	-2.1%	11.9%
EBIT	**228**	**4.0%**	**204**	**4.1%**	**11.6%**	**121**	**4.2%**	**113**	**4.3%**	**7.8%**
Financial Results	-20	-0.4%	-13	-0.3%	55.5%	-10	-0.3%	-8	-0.3%	19.6%
Profit in Associated Companies	6	0.1%	7	0.1%	-18.7%	3	0.1%	4	0.2%	-24.6%
Non-Recurrent Items	1	0.0%	-13	-0.3%	n.a.	2	0.1%	-12	-0.5%	n.a.
EBT	**214**	**3.8%**	**185**	**3.7%**	**15.7%**	**116**	**4.0%**	**96**	**3.7%**	**20.8%**
Taxes	-45	-0.8%	-38	-0.8%	17.5%	-24	-0.9%	-19	-0.7%	25.9%
Net Profit	**169**	**3.0%**	**147**	**2.9%**	**15.2%**	**92**	**3.2%**	**77**	**2.9%**	**19.6%**
Non Controlling Interests	-4	-0.1%	5	0.1%	n.a.	-2	-0.1%	7	0.3%	n.a.
Net Profit attributable to JM	**165**	**2.9%**	**152**	**3.0%**	**8.9%**	**90**	**3.1%**	**84**	**3.2%**	**7.6%**
EPS (€)	0.26		0.24		8.9%	0.14		0.13		7.6%

Note: 'Non Recurrent Items' include the values presented in the Income Statement by Functions in the headings 'Exceptional Operating Losses' and 'Gains/Losses in Other Investments'.

Operating Profit

Consolidated EBITDA grew by 11% to €350m, and EBITDA margin was 6.2%, 10 bps down on previous year's first six months due to €21m start-up costs in Ara and Hebe. Excluding these start-up costs the EBITDA for the established businesses increased by 16% and the EBITDA margin was up by 20 bps.

Net Result



In Biedronka, EBITDA grew 19% (+17% in local currency) reaching €287m, with a margin of 7.8%, 10 bps ahead of the previous year.

In Pingo Doce, the strong sales performance and the cost rationalization programme being implemented drove EBITDA growth of 16% to €74m, and the EBITDA margin improved by 50 bps.

Recheio EBITDA margin at 5.4% is 30 bps down on previous year, due to the slightly negative sales performance and the impact of promotions.

Financial Results

Financial costs for the Group were €20m, with the increase on the same period last year partly due to the higher net debt after the extraordinary dividend paid in December 2012.

Net Results

Net Profit attributable to Jerónimo Martins increased by 9% to €165m.

3. Balance Sheet

(Million Euro)	H1 13	2012	H1 12
Net Goodwill	635	655	641
Net Fixed Assets	2,721	2,711	2,520
Total Working Capital *	-1,541	-1,615	-1,547
Others *	86	72	120
Invested Capital	**1,901**	**1,823**	**1,735**
Total Borrowings	851	660	721
Leasings	11	18	27
Accrued Interest	10	15	12
Marketable Sec. & Bank Deposits	-411	-372	-449
Net Debt	**461**	**321**	**311**
Non Controlling Interests	292	290	293
Share Capital	629	629	629
Reserves and Retained Earnings	519	582	502
Shareholders Funds	**1,440**	**1,502**	**1,424**
Gearing	*32.0%*	*21.4%*	*21.8%*

* Restated values

Net consolidated debt increased from €321m in December 2012 to €461m at the end of June 2013 following the dividend payment of €185m in May 2013. Gearing was 32.0% at the end of June (21.4% at the end of December 2012).

Cash Flow

(Million Euro)	H1 13	H1 12
EBITDA	350	314
Net Interest	-7	-1
Income Tax	-61	-60
Funds From Operations	**281**	**253**
Capex Payment	-234	-220
Working Capital Movement	-5	39
Others	0	-12
Free Cash Flow	**42**	**61**

The cash flow from operations in the period was €281m, 11% up on the first half of 2012.

Investment Programme

In the first six months of the year, Group Capex reached €227m, of which 78% was invested in Biedronka.

(Million Euro)	H1 13	Weight
Biedronka	176	78%
Distribution Portugal	22	10%
Others	28	13%
Total CAPEX	**227**	**100%**

4. Outlook for 2013

The macroeconomic environment in both Poland and Portugal continues to be very challenging and competition remains intense. Nevertheless, we believe that the performance in the first six months of the year, resulting in growth ahead of the market and gains in our market positions, confirms the capacity of our businesses to deliver a strong performance in challenging times.

In Biedronka the reinforcement of the Company's commercial strategy together with the continued focus on fresh & perishables will support LFL growth ahead of the market.

Pingo Doce will maintain its focus on increasing market share and continue with its cost rationalisation programme in order to improve profitability progressively over the next few years.

In this context we maintain the outlook for 2013 given in our 2012 full year and 1st quarter 2013 releases, and expect double-digit sales growth for the Group (in constant currency) with EBITDA growing in line with sales.

Biedronka plans to open 290 stores and two Distribution Centres in the year, and in Portugal a new distribution centre should be completed by the end of the year.

In Colombia, we are on track to end the year with 30-40 stores.

The capex for 2013 is expected to be between €600 - €700m, of which 70% is to be invested in Biedronka and €100m in Colombia.

Lisbon, 30th July, 2013

The Board of Directors

II. CONSOLIDATED MANAGEMENT REPORT APPENDIX

1. Sales Evolution

	Total Sales Growth			LFL Sales Growth		
	Q1 13	Q2 13	H1 13	Q1 13	Q2 13	H1 13
Biedronka						
Euro	22.1%	13.9%	17.9%			
PLN	20.1%	12.4%	16.1%	8.8%*	2.0%*	5.3%*
Pingo Doce	5.3%	2.3%	3.7%	2.9%**	1.2%**	2.0%**
Recheio	-2.1%	1.8%	0.0%	-2.8%	1.0%	-0.8%

* Excluding days of closure for store layout conversion

** Ex-petrol LFL	3.7%	2.2%	2.9%

2. Stores Network

Number of Stores	2012	Openings		Closings	Network	
		Q1 13	Q2 13	H1 13	H1 13	H1 12
Biedronka	2,125	22	40	3	2,184	1,941
Pingo Doce	372	1	0	0	373	371
Recheio	41	0	0	0	41	41

Sales Area (sqm)	2012	Openings		Closings/ Remodellings	Network	
		Q1 13	Q2 13	H1 13	H1 13	H1 12
Biedronka	1,301,006	15,463	26,009	-3,675	1,346,154	1,159,369
Pingo Doce	452,588	1,183	0	-404	454,175	451,337
Recheio	129,295	0	0	0	129,295	128,670

3. EBITDA Margin Breakdown

	H1 13	% total	H1 12	% total
Biedronka	7.8%	82.2%	7.7%	77.0%
Pingo Doce (store sales)	4.9%	21.3%	4.4%	20.4%
Recheio	5.4%	5.8%	5.7%	6.8%
Others & Cons. Adjustments	n.a.	-9.2%	n.a.	-4.2%
JM Consolidated	**6.2%**	**100.0%**	**6.3%**	**100.0%**

4. Financial Costs Breakdown

(Million Euro)	H1 13	H1 12
Net Interest	-15	-11
Exchange Differences	-2	1
Others	-4	-3
Financial Results	**-20**	**-13**

5. Working Capital

(Million Euro)	H1 13	2012	H1 12
Inventories	460	474	408
in days of sales	15	16	15
Customers	53	50	50
in days of sales	2	2	2
Suppliers	-1,791	-1,874	-1,700
in days of sales	-57	-64	-61
Trade Working Capital	**-1,278**	**-1,349**	**-1,243**
in days of sales	**-41**	**-46**	**-45**
Others	-263	-266	-304
Total Working Capital *	**-1,541**	**-1,615**	**-1,547**
in days of sales	**-49**	**-55**	**-56**

* Restated amount.

Working Capital Adjustment

An adjustment was made in Working Capital eliminating the value of long-term assets that are not allocated to the operating units. In the Balance Sheet, these values are included in the line 'Others', keeping unchanged the Invested Capital value. The calculation of profitability ratios and the Operational Invested Capital (OIC) also reflects this adjustment.

6. Net Debt

(Million Euro)	H1 13
Long Term Debt	**524**
as % of Total Borrowings	*61.6%*
Average Maturity (years)	*2.1*
Bond Loans	350
Other Debt	174
Short Term Debt	**327**
as % of Total Borrowings	*38.4%*
Total Borrowings	**851**
Average Maturity (years)	*1.4*
Leasings	11
Accrued Interest & Hedging	10
Marketable Securities & Bank Deposits	-411
Net Debt	**461**
% Debt in Euros (Financial Debt + Leasings)	*60.7%*
% Debt in Zlotys (Financial Debt + Leasings)	*36.6%*
% Debt in Pesos (Financial Debt + Leasings)	*2.8%*

7. Definitions

Like For Like (LFL) sales: sales made by stores that operated under the same conditions in the two periods. Excludes stores opened or closed in one of the two periods. Sales of stores that underwent profound remodelling are excluded for the remodelling period (store closure);

Cash Flow per share: (Net Profit + Depreciation – Deferred tax – Non-recurrent items) / Number of Shares;

Gearing: Net Debt / Shareholder Funds.

8. Information Regarding Individual Financial Statements

In accordance with section b) of paragraph 3 of article 246 of the Portuguese Securities Code, the first half individual financial statements of Jerónimo Martins SGPS, S.A. will not be disclosed as they do not include significant information.

III. OTHER INFORMATION

Information Concerning Stakes Held in the Company by Members of the Board of Directors and Statutory Auditor as at June 30th, 2013

(Under the terms of paragraph 5 of article 447 of the Portuguese Commercial Companies Code)

Board of Directors

Members of the Board of Directors	Held on 31.12.12		Increases during the year		Decreases during the year		Held on 30.06.13	
	Shares	Bonds	Shares	Bonds	Shares	Bonds	Shares	Bonds
Elísio Alexandre Soares dos Santos [1]	156,531	-	15,000	-	-	-	171,531	-
Pedro Manuel de Castro Soares dos Santos [2]	216,305	-	19,500	-	-	-	235,805	-
Alan Johnson	14,450	-	-	-	-	-	14,450	-
António Mendo Castel-Branco Borges	-	-	-	-	-	-	-	-
António Pedro de Carvalho Viana-Baptista	-	-	-	-	-	-	-	-
Hans Eggerstedt	19,700	-	-	-	-	-	19,700	-
José Manuel da Silveira e Castro Soares dos Santos	-	-	-	-	-	-	-	-
Nicolaas Pronk	-	-	-	-	-	-	-	-
Andrzej Szlezak	n,a,	-	-	-	-	-	-	-
Sérgio Tavares Rebelo	n,a,	-	-	-	-	-	-	-
Francisco Seixas da Costa	n,a,	-	-	-	-	-	-	-

[1] The 15,000 shares were acquired on 14th of May 2013, at an respective average unit price of EUR 16.945.

[2] The 19,500 shares were acquired on 1st of March 2013, at an respective average unit price of EUR 15.440.

Note: On 10th April of 2013 the following were appointed to the Board of Directors as Non-Executive Directors: Mr Andrzej Szlezak, Mr Sérgio Tavares Rebelo, Mr Francisco Seixas da Costa.

STATUTORY AUDITOR

As at June 30th 2013, the Statutory Auditor PricewaterhouseCoopers & Associados, SROC, Lda., did not hold any shares and bonds of Jerónimo Martins, SGPS, S.A. and had not made any transactions in securities with Jerónimo Martins, SGPS, S.A..

List of Transactions made by Persons Discharging Managerial Responsibilities and People Closely Connected with Them

Under the terms of paragraph 7 of Article 14 of CMVM Regulation 5 / 2008, Jerónimo Martins, SGPS, S.A. informs about all the transactions made by persons discharging managerial responsibilities in the first six months of 2013.

E. Alexandre Soares dos Santos

Date	Nature	Code ISIN	Volume	Price	Local
14-05-2013	Buy	PTJMT0AE0001	15,000	16.945	Euronext Portugal
TOTAL			**15,000**		

Pedro Soares dos Santos

Date	Nature	Code ISIN	Volume	Price	Local
01-03-2013	Buy	PTJMT0AE0001	19,500	15.440	Euronext Portugal
TOTAL			**19,500**		

List of Shareholders with Qualifying Holdings as at June 30th, 2013

(Under the terms of paragraph 4 of article 448 of the Portuguese Commercial Companies Code and of section b), paragraph 1 of article 8 of the Portuguese Securities Market Commission – CMVM – Regulation no. 5/2008)

Shareholder	Nr. of Shares Held	% Capital	Nr. of Voting Rights	% of Voting Rights*
Sociedade Francisco Manuel dos Santos, SGPS, S.A. Through Sociedade Francisco Manuel dos Santos, B.V.	353,260,814	56.136%	353,260,814	56.136%
Heerema Holding Company Inc. Through Asteck, S.A.	31,464,750	5.000%	31,464,750	5.000%
Carmignac Gestion Directly	16,859,313	2.679%	16,859,313	2.679%
BNP Paribas Through Investment Funds Managed by BNP Paribas	13,536,757	2.151%	12,604,860	2.006%
BlackRock Inc. Through Investment Funds Managed by BNP Paribas	12,257,822	1.948%	12,694,453	2.017%

Source: Last communications made by the shareholders with qualifying holdings to Jerónimo Martins, SGPS, S.A..

* Based on the total number of shares under the terms of section b), paragraph 3 of article 16 of the Portuguese Securities Code.

Transactions with Own Shares During the 1ST Half of 2013

(Under the terms of section d), paragraph 5 of article 66 and paragraph 2 of article 342 of the Portuguese Commercial Companies Code)

During the 1st Half of 2013 there were no acquisitions or disposal of own shares. As at June 30th 2013 there were 859,000 own shares in the portfolio.

IV. STATEMENT OF THE BOARD OF DIRECTORS

Statement of the Board of Directors

Within the terms of paragraph c) n.º1 of article 246 of Portuguese Securities Code, we hereby inform you that to the best of our knowledge:

i) the information contained in the interim management report is a faithful statement of the evolution of the businesses, of the performance and of the position of Jerónimo Martins, SGPS, S.A. and the companies included within the consolidation perimeter, and contains a description of the main risks and uncertainties which they face; and

ii) the information contained in the consolidated financial statements, as well as their annexes, was produced in compliance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, the financial situation and the results of Jerónimo Martins, SGPS, S.A. and the companies included in the consolidation perimeter.

Lisbon, 30th July 2013

Elísio Alexandre Soares dos Santos
(Chairman of the Board of Directors and Member of Committee on Corporate Governance and Corporate Responsibility)

Pedro Manuel de Castro Soares dos Santos
(Chief Executive Officer and Member of the Board of Directors)

Alan Johnson
(Chief Financial Officer and Member of the Board of Directors)

Andrzej Szlezak
(Member of the Board of Directors and Member of Committee on Corporate Governance and Corporate Responsibility)

António Mendo Castel-Branco Borges
(Member of the Board of Directors)

António Pedro de Carvalho Viana-Baptista
(Member of the Board of Directors and Member of the Audit Committee)

Francisco Seixas da Costa
(Member of the Board of Directors and Member of Committee on Corporate Governance and Corporate Responsibility)

Hans Eggerstedt
(Member of the Board of Directors and Chairman of the Audit Committee)

José Manuel da Silveira e Castro Soares dos Santos
(Member of the Board of Directors and Member of Committee on Corporate Governance and Corporate Responsibility)

Nicolaas Pronk
(Member of the Board of Directors)

Sérgio Tavares Rebelo
(Member of the Board of Directors and Member of the Audit Committee)

V. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT BY FUNCTIONS
FOR JUNE 2013 AND 2012

Euro thousand

	Notes	1st Half 2013	1st Half 2012 (*)	2nd Quarter 2013	2nd Quarter 2012 (*)
Sales and services rendered	3	5,643,044	5,011,402	2,871,343	2,613,720
Cost of sales	4	(4,436,428)	(3,917,975)	(2,259,428)	(2,053,725)
Gross profit		**1,206,616**	**1,093,427**	**611,915**	**559,995**
Distribution costs	5	(874,522)	(799,328)	(434,696)	(400,246)
Administrative costs	5	(104,447)	(90,094)	(55,890)	(47,158)
Exceptional operating profits/losses	9.1	878	(13,077)	1,507	(12,449)
Operating profit		**228,525**	**190,928**	**122,836**	**100,142**
Net financial costs	6	(20,485)	(13,174)	(9,879)	(8,261)
Gains in associated companies	14	5,655	6,955	3,239	4,296
Gains in other investments	9.2	25	-	25	-
Profit before taxes		**213,720**	**184,709**	**116,221**	**96,177**
Income taxes	8	(44,646)	(37,998)	(24,478)	(19,443)
Profit before non-controlling interests		**169,074**	**146,711**	**91,743**	**76,734**
Attributable to:					
Non-controlling interests		3,727	(5,166)	1,650	(6,979)
Jerónimo Martins Shareholders		**165,347**	**151,877**	**90,093**	**83,713**
Basic and diluted earnings per share- Euros	22	0.2631	0.2417	0.1434	0.1332

To be read with the attached notes to the consolidated financial statements
(*) Restated – see note 2

JERÓNIMO MARTINS, SGPS, S.A.

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2013, DECEMBER 2012 AND 1 JANUARY 2012

Euro thousand

	Notes	30 June 2013	31 December 2012 (*)	1 January 2012 (*)
Assets				
Tangible assets	10	2,578,949	2,571,705	2,276,309
Investment properties	12	49,179	49,336	52,128
Intangible assets	11	777,197	794,407	736,808
Investments in joint-ventures and associates	14	72,637	77,300	81,577
Available-for-sale financial assets	15	1,065	1,022	6,134
Trade debtors and deferred costs	18	95,494	96,351	85,393
Derivative financial instruments	13	-	-	10
Deferred tax assets	17.1	48,566	52,133	56,384
Total non-current assets		**3,623,087**	**3,642,254**	**3,294,743**
Inventories	16	459,980	474,056	370,210
Taxes receivable	17.2	38,356	47,652	27,784
Trade debtors, accrued income and deferred costs	18	220,997	232,677	151,589
Derivative financial instruments	13	24	-	-
Cash and cash equivalents	19	414,170	375,072	527,247
Total current assets		**1,133,527**	**1,129,457**	**1,076,830**
Total assets		**4,756,614**	**4,771,711**	**4,371,573**
Shareholders' equity and liabilities				
Share capital		629,293	629,293	629,293
Share premium		22,452	22,452	22,452
Own shares		(6,060)	(6,060)	(6,060)
Fair value and other reserves	21.1	9,283	52,125	(1,162)
Retained earnings		493,680	513,721	476,338
		1,148,648	**1,211,531**	**1,120,861**
Non-controlling interests		**291,616**	**290,395**	**300,824**
Total Shareholders' equity		**1,440,264**	**1,501,926**	**1,421,685**
Borrowings	23	526,722	570,781	385,452
Derivative financial instruments	13	2,948	10,977	8,785
Employee benefits		34,800	33,961	32,932
Deferred profits- state grants		873	885	910
Provisions for risks and contingencies	24	62,898	62,950	47,529
Deferred tax liabilities	17.1	114,179	118,285	104,528
Total non-current liabilities		**742,420**	**797,839**	**580,136**
Trade creditors, accrued costs and deferred income	25	2,123,253	2,232,472	1,932,835
Derivative financial instruments	13	6,826	4,958	4,038
Borrowings	23	334,796	107,406	328,320
Taxes payable	17.2	109,030	127,085	104,534
Deferred profits- state grants		25	25	25
Total current liabilities		**2,573,930**	**2,471,946**	**2,369,752**
Total Shareholders' equity and liabilities		**4,756,614**	**4,771,711**	**4,371,573**

To be read with the attached notes to the consolidated financial statements

(*) Restated – see note 2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Euro thousand, net of income taxes

	1st Half 2013	1st Half 2012 (*)	2nd Quarter 2013	2nd Quarter 2012 (*)
Net profit	**169,074**	**146,711**	**91,743**	**76,734**
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Revaluation of fixed assets	636	-	636	-
Gain (loss) on joint-ventures and associates	-	-	-	-
	636	**-**	**636**	**-**
Items that may be reclassified to profit or loss				
Currency translation differences	(43,794)	36,957	(22,301)	(13,684)
Fair value of cash flow hedging	1,720	757	1,287	374
Fair value of hedging instruments on foreign operations	(1,383)	(6,414)	(3,881)	(1,503)
Fair value of available-for-sale financial assets	43	(77)	2	(83)
	(43,414)	**31,223**	**(24,893)**	**(14,896)**
Other comprehensive income	**(42,778)**	**31,223**	**(24,257)**	**(14,896)**
Total comprehensive income for the year	**126,296**	**177,934**	**67,486**	**61,838**
Attributable to:				
Non-controlling interests	3,791	(4,819)	2,163	(6,676)
Jerónimo Martins Shareholders	122,505	182,753	65,323	68,514
Total comprehensive income for the year	**126,296**	**177,934**	**67,486**	**61,838**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euro thousand

		Shareholders' equity attributable to Shareholders of Jerónimo Martins. SGPS. S.A.							
	Notes	Share Capital	Share Premium	Own Shares	Fair value and other reserves	Retained Earnings	Total	Non-controlling Interests	Shareholders' Equity
Balance Sheet at 31 December 2011 (*)		**629,293**	**22,452**	**(6,060)**	**(1,162)**	**476,338**	**1,120,861**	**300,824**	**1,421,685**
Equity changes in 2012 (*)									
Currency translation differences in the 1st Half of 2012	21.1				36,957		36,957		36,957
Fair value of cash flow hedging	21.1				410		410	347	757
Fair value of hedging instruments on foreign operations	21.1				(6,414)		(6,414)		(6,414)
Fair value of available-for-sale financial investments	21.1				(77)		(77)		(77)
Other comprehensive income					30,876		30,876	347	31,223
Net profit in 1st Half of 2012						151,877	151,877	(5,166)	146,711
Total comprehensive income for the year					**30,876**	**151,877**	**182,753**	**(4,819)**	**177,934**
Dividends						(172,819)	(172,819)	(2,808)	(175,627)
Balance Sheet at 30 June 2012 (*)		**629,293**	**22,452**	**(6,060)**	**29,714**	**455,396**	**1,130,795**	**293,197**	**1,423,992**
Balance Sheet at 31 December 2012 (*)		**629,293**	**22,452**	**(6,060)**	**52,125**	**513,721**	**1,211,531**	**290,395**	**1,501,926**
Equity changes in 2013									
Currency translation differences in the 1st Half of 2013	21.1				(43,794)		(43,794)		(43,794)
Revaluation of fixed assets:									
- From 2013	21.1				636		636		636
Fair value of cash flow hedging	21.1				1,656		1,656	64	1,720
Fair value of hedging instruments on foreign operations	21.1				(1,383)		(1,383)		(1,383)
Fair value of available-for-sale financial investments	21.1				43		43		43
Other comprehensive income		-	-	-	(42,842)		(42,842)	64	(42,778)
Net profit in 1st Half of 2013						165,347	165,347	3,727	169,074
Total comprehensive income for the year					**(42,842)**	**165,347**	**122,505**	**3,791**	**126,296**
Dividends	21.2					(185,388)	(185,388)	(2,570)	(187,958)
Balance Sheet at 30 June 2013		**629,293**	**22,452**	**(6,060)**	**9,283**	**493,680**	**1,148,648**	**291,616**	**1,440,264**

To be read with the attached notes to the consolidated financial statements

(*) Restated – see note 2

CONSOLIDATED CASH FLOW STATEMENT
FOR JUNE 2013 AND 2012

Euro thousand

	Notes	2013	2012(*)
Operating Activities			
Cash received from Customers		6,361,532	5,605,915
Cash paid to Suppliers and Employees		(6,017,726)	(5,263,965)
Cash generated from operations	20	343,806	341,950
Interest paid		(18,455)	(18,465)
Income taxes paid		(61,290)	(59,713)
Cash Flow from operating activities		**264,061**	**263,772**
Investment activities			
Disposals of tangible assets		1,582	1,196
Disposals of intangible assets		-	-
Disposals of available-for-sale financial assets		150	-
Interest received		1,494	4,625
Dividends received		10,341	12,957
Acquisition of group and associated companies		-	-
Acquisition of tangible assets		(219,564)	(206,654)
Acquisition of intangible assets		(16,444)	(14,680)
Cash flow from investment activities		**(222,441)**	**(202,556)**
Financing activities			
Received from loans		310,744	54,872
Reimbursement of loans		(112,744)	(26,107)
Dividends paid	21.2	(187,958)	(175,627)
Cash Flow from financing activities		**10,042**	**(146,862)**
Net changes in cash and cash equivalents		**51,662**	**(85,646)**
Cash and cash equivalents changes			
Cash and cash equivalents at the beginning of 1st Half		375,072	527,247
Net changes in cash and cash equivalents		51,662	(85,646)
Effect of currency translation differences		(12,564)	9,846
Cash and cash equivalents at the end of 1st Half	19	**414,170**	**451,447**

To be read with the attached notes to the consolidated financial statements

(*) Restated – see note 2

CONSOLIDATED CASH FLOW STATEMENT FOR THE INTERIM PERIOD

Euro thousand

	1st Half 2013	1st Half 2012 (*)	2nd Quarter 2013	2nd Quarter 2012 (*)
Cash Flow from operating activities	264,061	263,772	91,476	139,041
Cash Flow from investment activities	(222,441)	(202,556)	(104,580)	(95,199)
Cash Flow from financing activities	10,042	(146,862)	27,178	(137,043)
Cash and cash equivalents changes	51,662	(85,646)	14,074	(93,201)

(*) Restated – see note 2

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1 Activity

Jerónimo Martins, SGPS, S.A. (JMH), is the parent Company of Jerónimo Martins Group (Group) and has its head office in Lisbon.

Jerónimo Martins Group is essentially devoted to the production, distribution and sale of food and other fast moving consumer goods products. The Group operates in Portugal, Poland and Colombia.

Head Office: Largo Monterroio Mascarenhas, n.º1 – 9.º andar - 1099-081 Lisbon

Share Capital: 629,293,220 euros

Registered at the Commercial Registry Office of Lisbon and Tax Number: 500 100 144

JMH has been listed on Euronext Lisbon (ex-Lisbon and Porto Stock Exchange) since 1989.

The Board of Directors approved these consolidated financial statements on 30th July 2013.

2 Accounting policies

All amounts are shown in thousand euros (EUR thousand) unless otherwise stated.

The amounts presented for quarters, and the corresponding changes are not audited.

The JMH consolidated financial statements were prepared in accordance with the interim financial reporting standard (IAS 34), and all other International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union.

The consolidated financial statements were prepared in accordance with the same standards and accounting policies adopted by the Group in the preparation of the annual financial statements, including an explanation of the events and relevant changes for the understanding of variations in the financial position and Group performance since the last annual report. Thus, some of the notes from the 2012 annual report are omitted because no changes occurred or they are not materially relevant for the understanding of the interim financial statements.

As mentioned in the Corporate Governance chapter of the 2012 Annual Report, the Company, as a result of its normal activity, is exposed to several risks which are monitored and mitigated throughout the year. During the first six months of 2013, there were no material changes in addition to the notes in this annex that could significantly change the assessment of the risks that the group is exposed to.

In relation to 2012, the European Union issued the following Regulations:

i) Regulation no. 183/2013, which adopted some improvements to IFRS 1 - First-time Adoption of International Financial Reporting Standards. The changes relate to the form of classification of loans received from governments. Their application is mandatory for financial years beginning on or after January 1, 2013;

ii) Regulation no. 301/2013, which adopted some improvements to standards IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34. Their application is mandatory for financial years beginning on or after January 1, 2013;

iii) Regulation no. 313/2013, which adopted some improvements to standards IFRS 10, IFRS 11 and IFRS 12, regarding Transition Guidance, providing transition relief. This improvement shall be applied at the latest, as from the commencement date of its first financial year starting on or after January 1, 2014.

The Group has adopted the above improvements during the year 2013, with no material impact on the Group's financial statements.

In addition, the IASB and the IFRIC issued in 2013, the following amendments and interpretation that have not yet been endorsed by the European Union:

i) In May 2013, IFRIC issued new Interpretation 21 – Levies. The interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. Their application is mandatory for financial years beginning on or after January 1, 2014;

ii) In May 2013, IASB issued amendments to IAS 36 – Impairment of Assets. The changes relate to clarification on recoverable amount disclosures for impaired Non-Financial assets. Their application is mandatory for financial years beginning on or after January 1, 2014;

iii) In June 2013, IASB issued amendments to IAS 39 – Financial Instruments: Recognition and Measurement. The changes relate to provide relief from discontinuing hedge accounting when novation to a central counterparty of a derivative designated as a hedging instrument meets certain criteria. Their application is mandatory for financial years beginning on or after January 1, 2014.

The application of these amendments and interpretation will not have a significant impact on the Group's Financial Statements.

Restatement of financial statements in result of the adoption of accounting standards

In the new standard IFRS 11 'Joint arrangements', joint ventures are accounted for using the equity method, in accordance with IAS 28. The existing policy choice of proportional consolidation for jointly controlled entities has been eliminated. As consequence, the Group decided to adopt this standard and consolidate its interest in Unilever Jerónimo Martins and Gallo Worldwide using the equity method from 1 January, 2013 forward, despite its adoption being only mandatory from 1 January 2014 forward.

The Group also adopted the fully amended IAS 19 Employee benefits, which improves recognition and disclosure requirements for defined benefit plans (DBP), eliminates the option for the corridor method and provides better information about the characteristics of DBP and the risks that entities are exposed on those plans.

In order to have comparable financial information, the financial statements of the previous year were restated, as shown below:

CONSOLIDATED BALANCE SHEET

	1 January 2012		
	Published	**Adoption of accounting standards**	**Restated**
Assets			
Tangible assets	2,300,501	(24,192)	2,276,309
Investment properties	52,128	-	52,128
Intangible assets	830,620	(93,812)	736,808
Investments in joint-ventures and associates	1,052	80,525	81,577
Other non-current assets	149,531	(1,610)	147,921
Total non-current assets	**3,333,832**	**(39,089)**	**3,294,743**
Inventories	388,262	(18,052)	370,210
Other current assets	229,034	(49,661)	179,373
Cash and cash equivalents	530,155	(2,908)	527,247
Total current assets	**1,147,451**	**(70,621)**	**1,076,830**
Total assets	**4,481,283**	**(109,710)**	**4,371,573**
shareholders' equity and liabilities			
Attributable to Jerónimo Martins shareholders	**1,120,861**	**-**	**1,120,861**
Non-controlling interests	300,824	-	300,824
Total shareholders' equity	**1,421,685**	**-**	**1,421,685**
Borrowings	385,553	(101)	385,452
Other non-current liabilities	198,401	(3,717)	194,684
Total non-current liabilities	**583,954**	**(3,818)**	**580,136**
Borrowings	354,672	(26,352)	328,320
Other current liabilities	2,120,972	(79,540)	2,041,432
Total current liabilities	**2,475,644**	**(105,892)**	**2,369,752**
Total shareholders' equity and liabilities	**4,481,283**	**(109,710)**	**4,371,573**

	31 December 2012		
	Published	**Adoption of accounting standards**	**Restated**
Assets			
Tangible assets	2,600,230	(28,525)	2,571,705
Investment properties	49,336	-	49,336
Intangible assets	888,217	(93,810)	794,407
Investments in joint-ventures and associates	1,049	76,251	77,300
Other non-current assets	150,950	(1,444)	149,506
Total non-current assets	**3,689,782**	**(47,528)**	**3,642,254**
Inventories	495,661	(21,605)	474,056
Other current assets	331,378	(51,049)	280,329
Cash and cash equivalents	376,152	(1,080)	375,072
Total current assets	**1,203,191**	**(73,734)**	**1,129,457**
Total assets	**4,892,973**	**(121,262)**	**4,771,711**
shareholders' equity and liabilities			
Attributable to Jerónimo Martins shareholders	1,211,531	-	1,211,531
Non-controlling interests	290,395	-	290,395
Total shareholders' equity	**1,501,926**	**-**	**1,501,926**
Borrowings	570,825	(44)	570,781
Other non-current liabilities	230,387	(3,329)	227,058
Total non-current liabilities	**801,212**	**(3,373)**	**797,839**
Borrowings	146,246	(38,840)	107,406
Other current liabilities	2,443,589	(79,049)	2,364,540
Total current liabilities	**2,589,835**	**(117,889)**	**2,471,946**
Total shareholders' equity and liabilities	**4,892,973**	**(121,262)**	**4,771,711**

CONSOLIDATED INCOME STATEMENT BY FUNCTIONS

	30 June 2012		
	Published	**Adoption of accounting standards**	**Restated**
Sales and services rendered	5,108,111	(96,709)	5,011,402
Cost of sales	(3,972,581)	54,606	(3,917,975)
Gross profit	**1,135,530**	**(42,103)**	**1,093,427**
Distribution costs	(816,551)	17,223	(799,328)
Administrative costs	(104,461)	14,367	(90,094)
Exceptional operating profits/losses	(13,820)	743	(13,077)
Operating profit	**200,698**	**(9,770)**	**190,928**
Net financial costs	(13,836)	662	(13,174)
Profit in joint-ventures and associates	30	6,925	6,955
Profit before taxes	**186,892**	**(2,183)**	**184,709**
Income taxes	(40,181)	2,183	(37,998)
Profit before non-controlling interests	**146,711**	**-**	**146,711**
Attributable to:			
Non-controlling interests	(5,166)	-	(5,166)
Jerónimo Martins Shareholders	**151,877**	**-**	**151,877**

	2nd Quarter 2012		
	Published	**Adoption of accounting standards**	**Restated**
Sales and services rendered	2,668,176	(54,456)	2,613,720
Cost of sales	(2,084,280)	30,555	(2,053,725)
Gross profit	**583,896**	**(23,901)**	**559,995**
Distribution costs	(410,506)	10,260	(400,246)
Administrative costs	(54,629)	7,471	(47,158)
Exceptional operating profits/losses	(12,628)	179	(12,449)
Operating profit	**106,133**	**(5,991)**	**100,142**
Net financial costs	(8,613)	352	(8,261)
Profit in joint-ventures and associates	28	4,268	4,296
Profit before taxes	**97,548**	**(1,371)**	**96,177**
Income taxes	(20,814)	1,371	(19,443)
Profit before non-controlling interests	**76,734**	**-**	**76,734**
Attributable to:			
Non-controlling interests	(6,979)	-	(6,979)
Jerónimo Martins Shareholders	**83,713**	**-**	**83,713**

CONSOLIDATED CASH FLOW STATEMENT

	30 June 2012		
	Published	**Adoption of accounting standards**	**Restated**
Cash flow from operating activities	261,406	2,366	263,772
Cash flow from investment activities	(217,311)	14,755	(202,556)
Cash flow from financing activities	(127,545)	(19,317)	(146,862)
Net changes in cash and cash equivalents	(83,450)	(2,196)	(85,646)

2.1. Transactions in foreign currencies

Transactions in foreign currencies are translated into Euros at the exchange rate prevailing on the transaction date.

On the balance sheet date, monetary assets and liabilities expressed in foreign currencies are translated at the exchange rate prevailing on that date and exchange differences arising from this conversion are recognised in the income statement. When qualifying as hedges on investments in foreign subsidiaries the exchange differences are deferred in equity.

The main exchange rates applied on the balance sheet date are as follows:

Euro foreign exchange reference rates (foreign exchange units per 1 Euro)	**Rate on 30 June 2013**	**Average rate for the half year**
Polish Zloty (PLN)	4.3376	4.1778
US Dollar (USD)	1.3017	-
Swiss Franc (CHF)	1.2338	-
Colombian Peso (COP)	2,514.8000	2,420.1300

3 Segments reporting

Management monitors the performance of the business based on a geographical and business perspective. In accordance with this, the segments are defined as Portugal Retail, Poland Retail, Portugal Cash & Carry. Apart from these there are also other businesses but due to their low materiality are not reported separately.

Business segments:

- Portugal Retail: comprises the business unit of JMR (Pingo Doce supermarkets);
- Portugal Cash & Carry: includes the wholesale business unit Recheio;
- Poland Retail: the business unit with the brand Biedronka;
- Others, eliminations and adjustments: includes i) business units with reduced materiality (Marketing Services and Representations, Restaurants in Portugal, Pharmacies and Drugstores in Poland, retail business in Colombia; ii) the Holding companies; and iii) Group's consolidation adjustments.

Management evaluates the performance of segments based on the Earnings Before Interest and Taxes (EBIT). This indicator excludes the effects of exceptional operating profits/losses.

Detailed Information by Business Segments at June 2013 and 2012

	Portugal Retail		**Portugal Cash & Carry**		**Poland Retail**		**Others, eliminations and adjustments**		**Total JM Consolidated**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012(*)**	**2013**	**2012(*)**
Net Sales and Services	**1,657,596**	**1,591,962**	**375,078**	**375,132**	**3,692,559**	**3,133,055**	**(82,189)**	**(88,747)**	**5,643,044**	**5,011,402**
Inter-segments	138,050	127,011	953	618	685	349	(139,688)	(127,952)	-	26
External Customers	1,519,546	1,464,951	374,125	374,514	3,691,874	3,132,706	57,499	39,205	5,643,044	5,011,376
Operational Cash-Flow (EBITDA)	**74,305**	**64,067**	**20,214**	**21,453**	**287,312**	**242,130**	**(32,300)**	**(13,333)**	**349,531**	**314,317**
Depreciations and Amortisations	(49,292)	(50,868)	(5,653)	(5,686)	(64,219)	(52,552)	(2,720)	(1,206)	(121,884)	(110,312)
Operational Result (EBIT)	**25,013**	**13,199**	**14,561**	**15,767**	**223,093**	**189,578**	**(35,020)**	**(14,539)**	**227,647**	**204,005**
Financial Results									**(14,805)**	**(6,219)**
Net Result Attributable to JM									**165,347**	**151,877**
TOTAL ASSETS (1)	**1,896,723**	**1,895,228**	**360,413**	**352,929**	**2,248,724**	**2,363,014**	**250,754**	**160,540**	**4,756,614**	**4,771,711**
TOTAL LIABILITIES (1)	**1,295,211**	**1,296,572**	**298,652**	**281,344**	**1,653,777**	**1,589,349**	**68,710**	**102,520**	**3,316,350**	**3,269,785**
Investments in Fixed Assets	19,088	21,978	2,997	2,080	176,192	170,557	28,497	873	226,774	195,488

(1) The Comparative report is 31th December of 2012
(*) Restated – see note 2

Reconciliation between EBIT and Operational Result

	June 2013	**June 2012**
EBIT	227,647	204,005
Non recurrent results	878	(13,077)
Operational Result	228,525	190,928

Information by Geographical Segments at June 2013 and 2012

	Net Sales and Services	
	2013	**2012**
Portugal	1,919,552	1,866,363
Poland	3,717,520	3,145,039
Colombia	5,972	-
Total	**5,643,044**	**5,011,402**

4 Cost of sales

	June 2013	**June 2012**
Net cost of products sold	4,425,582	3,908,630
Net cash discount and interest paid to suppliers	807	(1,647)
Electronic payment commissions	6,554	8,202
Other supplementary costs	3,485	2,790
	4,436,428	**3,917,975**

5 Distribution and administrative costs

	June 2013	**June 2012**
Supplies and services	204,710	182,664
Advertising costs	23,472	25,220
Rents	131,350	113,438
Staff costs	427,431	393,340
Depreciations, amortisations and assets profit/loss:	121,476	110,141
Transportation costs	68,333	65,199
Other operational profit/loss	2,197	(580)
	978,969	**889,422**

6 Net financial costs

	June 2013	**June 2012**
Interest expense	(16,483)	(15,931)
Interest received	1,250	4,971
Dividends	23	19
Net foreign exchange	(1,742)	818
Other financial costs and gains	(3,558)	(3,047)
Fair value of financial investments held for trade		
Derivative instruments (note 7)	25	(4)
	(20,485)	**(13,174)**

The interest expense heading includes the interests regarding loans measured at amortized cost, as well as interests on fair value and cash flow hedging instruments (note 13).

Other financial costs and gains include costs with debt issued by the Group.

7 Financial instruments

Fair value of derivative financial instruments

The impact in income statement, is as follows:

	June 2013	June 2012
Derivatives held for trading		
Currency swaps	25	-
Interest rates swaps	-	(4)
	25	**(4)**
Income tax recognised in the income statement	(5)	1
Non-controlling interests	-	1
Amount recognised in profit/loss	**20**	**(2)**

The value recognised in reserves referred to hedging of investment in Poland is negative EUR 1,383 thousand, net of tax.

Changes to the fair value of derivative instruments designated as fair value hedging (note 13) for the amount of negative EUR 522 thousand (2012: positive EUR 1,770 thousand) was offset by a symmetrical variation in value for the loan of USD 96 million (note 23.2).

8 Income tax recognised in the income statement

8.1 Income taxes

	June 2013	June 2012
Current income tax		
Current tax of the year	(45,757)	(36,683)
Adjustment to prior year estimation	730	(1,470)
	(45,027)	**(38,153)**
Deferred tax (note 17.1)		
Temporary differences created and reversed	61	(603)
Change to the recoverable amount of tax losses and temporary differences from previous years	31	470
	92	**(133)**
Other gains/losses related to taxes		
Impact of changes in estimates for tax litigations	289	288
	289	**288**
Total income taxes	**(44,646)**	**(37,998)**

8.2 Reconciliation of effective tax rate

		June 2013		June 2012
Profit before tax		**213,720**		**184,709**
Income tax using the Portuguese corporation tax rate	**26.5%**	**(56,636)**	**26.5%**	**(48,948)**
Fiscal effect due to:				
Different tax rates in foreign jurisdictions	(9.6%)	20,467	(8.5%)	15,830
Non taxable or non recoverable results	2.9%	(6,300)	0.8%	(1,487)
Non-deductible expenses and fiscal benefits	0.7%	(1,482)	0.5%	(992)
Adjustment to prior year estimation	(0.3%)	730	0.8%	(1,470)
Equity method	(0.3%)	741	(0.7%)	1,357
Change to the recoverable amount of tax losses and temporary differences of prior years	0.0%	31	(0.3%)	470
Results subject to special taxation (including State surcharge)	1.0%	(2,197)	1.5%	(2,758)
Income tax	**20.9%**	**(44,646)**	**20.6%**	**(37,998)**

9 Exceptional operating profits/losses and gains/losses in other investments

9.1 Exceptional operating profits/losses

	June 2013	June 2012
One-Off costs Pingo Doce	-	(10,350)
Organizational restructuring costs	(2,088)	(537)
Legal processes	1,058	-
Impairment of assets	-	(470)
Write-off Electric Co	-	(1,552)
Others	1,908	(168)
	878	**(13,077)**

9.2 Gains/Losses in other investments

	June 2013	June 2012
Impairment of investment properties	-	-
Gains in sale of investment properties	25	-
	25	**-**

10 Tangible assets

10.1 Changes occurred during the year

	Land and natural resources	Buildings and other constructions	Plants, machinery and tools	Transport equipment and others	Work in progress and advances	Total
Cost						
Opening balance	**485,864**	**2,015,741**	**1,205,050**	**188,404**	**223,396**	**4,118,455**
Foreign exchange differences	(10,149)	(62,665)	(28,764)	(5,574)	(12,597)	(119,749)
Increases	2,058	43,743	61,755	4,413	98,362	210,331
Revaluations	636	-	-	-	-	636
Disposals	-	(181)	(2,626)	(619)	(909)	(4,335)
Transfers and write offs	4,781	69,968	2,709	1,413	(85,745)	(6,874)
Closing balance	**483,190**	**2,066,606**	**1,238,124**	**188,037**	**222,507**	**4,198,464**
Depreciation and impairment losses						
Opening balance	**-**	**647,898**	**743,834**	**155,018**	**-**	**1,546,750**
Foreign exchange differences	-	(17,959)	(11,503)	(4,300)	-	(33,762)
Increases	-	55,548	53,217	6,599	-	115,364
Disposals	-	(77)	(2,493)	(618)	-	(3,188)
Transfers and write offs	-	(1,799)	(2,514)	(1,336)	-	(5,649)
Closing balance	**-**	**683,611**	**780,541**	**155,363**	**-**	**1,619,515**
Net value						
As at 1 January 2012	**485,864**	**1,367,843**	**461,216**	**33,386**	**223,396**	**2,571,705**
As at 30 June 2012	**483,190**	**1,382,995**	**457,583**	**32,674**	**222,507**	**2,578,949**

10.2 Guarantees

No tangible assets have been pledged as security for the fulfilment of bank or other obligations.

10.3 Revaluation

The total amount of revaluations carried out in the first half of 2013 were EUR 636 thousand.

11 Intangible assets

11.1 Changes occurring during the year

	Goodwill	R&D expenses	Software, ind. property and other rights	Key money	Work in progress	Total
Cost						
Opening balance	**654,686**	**29,927**	**77,264**	**111,511**	**7,830**	**881,218**
Foreign exchange differences	(19,707)	(1,359)	(3,487)	(5,072)	(490)	**(30,115)**
Increases	-	567	2,125	10,657	3,094	**16,443**
Transfers and write offs	-	31	(202)	2,143	(2,226)	**(254)**
Closing balance	**634,979**	**29,166**	**75,700**	**119,239**	**8,208**	**867,292**
Depreciation and impairment losses						
Opening balance	**-**	**25,689**	**8,565**	**52,557**	**-**	**86,811**
Foreign exchange differences	-	(1,267)	(173)	(1,680)	-	**(3,120)**
Increases	-	933	1,150	4,476	-	**6,559**
Transfers and write offs	-	-	(154)	(1)	-	**(155)**
Closing balance	**-**	**25,355**	**9,388**	**55,352**	**-**	**90,095**
Net value					**-**	
As at 1 January 2012	**654,686**	**4,238**	**68,699**	**58,954**	**7,830**	**794,407**
As at 30 June 2012	**634,979**	**3,811**	**66,312**	**63,887**	**8,208**	**777,197**

The Group identified as intangible assets of indefinite useful life, besides Goodwill, the trademark Pingo Doce, whose net value is EUR 9,228 thousand, for which there is no time limit for how long they will continue to create economic benefits to the Group. This intangible asset is not amortised and is subject to impairment tests annually, using the same assumptions applied in Goodwill (note 11.4).

11.2 Guarantees

No intangible assets have been pledged as security for the fulfilment of bank or other obligations.

11.3 Intangible assets in progress

The implementation of projects for processes simplification, usufruct rights of assets not yet operational and key money are considered in intangible assets work in progress.

11.4 Goodwill

Goodwill is allocated to the Groups' business areas as presented below:

Business Areas	June 2013	December 2012
Portugal Retail	246,519	246,519
Portugal Cash & Carry	83,836	83,836
Portugal Services	57	57
Poland Pharmacies	8,944	9,523
Poland Retail	295,623	314,751
	634,979	**654,686**

As a consequence of the currency translation adjustment of the assets in the Group's businesses in Poland:

- the Goodwill related to Poland business (Biedronka), totalling PLN 1,282,278 thousand, was updated negatively by EUR 19,128 thousand;
- the Goodwill related to Poland Pharmacies business (Bliska), totalling PLN 38,796 thousand, was updated negatively by EUR 579 thousand.

12 Investment property

	June 2013
Opening balance	**49,336**
Disposals	(125)
Changes to fair value	(32)
Closing balance	**49,179**

The investment property relates to plots of land initially acquired for use in Group operations and others actually used for that purpose for a period of time but which became redundant, either because they could not be used to build cash-generating units or because of the restructuring of operations.

This category also includes recently acquired land, whose use has still not been determined, therefore being considered as an investment with the expectation of a market value increase.

As non-current assets are all the investment properties that are not expected to be sold within the next 12 months.

13 Derivative financial instruments

	Notional	June 2013				Notional	December 2012			
		Assets		Liabilities			Assets		Liabilities	
		Current	Non-current	Current	Non-current		Current	Non-current	Current	Non-current
Derivatives held for trading										
Interest rate swap	10 millions EUR	-	-	132	-	10 milhões EUR	-	-	-	197
Currency forwards (PLN)	5 millions PLN	24	-	-	-		-	-	-	-
Fair value hedging derivatives										
USD loan hedging	96 millions USD	-	-	3,453	-	96 milhões USD	-	-	-	2,931
Cash flow hedging derivatives										
Interest rate swap (EUR)	498 millions EUR	-	-	3,069	2,948	315 milhões EUR	-	-	526	7,849
Interest rate swap (PLN)	135 millions PLN	-	-	172	-	135 milhões PLN	-	-	332	-
Foreign operation investments hedging derivatives										
Currency forwards (PLN)		-	-	-	-	918 milhões PLN	-	-	4,100	-
Total derivatives held for trading		**24**	**-**	**132**	**-**		**-**	**-**	**-**	**197**
Total hedging derivatives		**-**	**-**	**6,694**	**2,948**		**-**	**-**	**4,958**	**10,780**
Total assets/liabilities derivatives		**24**	**-**	**6,826**	**2,948**		**-**	**-**	**4,958**	**10,977**

At June 2013 the values shown include interest receivable or payable related with these financial instruments that are due. The net payable amount is EUR 802 thousand (December 2012: payable EUR 983 thousand).

Derivatives held for trading

Interest rate swap

At 30 June 2013, the Group had derivatives financial instruments held for trading with a notional value of EUR 10,000 thousand (December 2012: EUR 10,000 thousand). The fair value of these instruments at 30 June 2013 was negative EUR 132 thousand (December 2012: negative EUR 197 thousand).

Currency forwards

The Group hedges the economic risk of its exposure to the exchange rate of Zloty, regarding the purchase of goods in foreign currency. To do so, in 2013 the Group entered into currency forwards, with maturities in the third quarter 2013. The derivative financial instruments held at 30 June 2013 had a notional value of PLN 5,092 thousand. The fair value of these instruments at 30 June 2013 was EUR 24 thousand positive.

Fair value hedge

Currency swap

The Group hedges its exposure to the fair value of its loans in the total amount of USD 96,000 thousand, through one cross currency swap that have the same characteristics as the debt that was issued. The purpose of this

hedge is to convert the fixed rate into a variable rate, and to hedge exposure to the US dollar, thus reflecting changes to the debt fair value. Credit risk is not hedged. The fair value of the cross currency swap at 30 June 2013 was negative EUR 3,453 thousand (December 2012: negative EUR 2,931 thousand).

Cash flow hedge

Interest rate swap

The Group enters into interest rate swaps to hedge the interest rate risk, regarding future interest payments on the loans. At 30 June 2013, the total loans with derivative hedge instruments were EUR 518,037 thousand (December 2012: EUR 335,537 thousand) and PLN 150,000 thousand (December 2012: PLN 150,000 thousand).

The Group fixed a portion of future interest payments on loans, through entering into interest rate swaps. The hedged risk is indexed to the variable rate associated with the loans. The purpose of the hedge is to convert the loans with variable interest rate into fixed interest rate. The credit risk is not hedged. The Group had interest rate swaps in Euro and Zlotys.

Interest rate swaps in Euro have a notional value of EUR 497,875 thousand (December 2012: EUR 315,375 thousand), and the fair value of these instruments at 30 June 2013 was negative EUR 6,017 thousand (December 2012: negative EUR 8,375 thousand).

The interest rate swaps in Zlotys have a notional value of PLN 135,000 thousand (December 2012: PLN 135,000 thousand), and its fair value at 30 June 2013 was negative EUR 172 thousand (December 2012: negative EUR 332 thousand).

Hedging of investments in foreign entities

Currency Forwards

The Group hedges the economic risk of its exposure to the exchange rate of Zloty. To do so, the Group entered currency forwards, with maturity in April 2013, involving a notional of PLN 1,173,000 thousand. The changes in the derivative fair value were recognised in equity currency translation reserve.

14 Investments in joint-ventures and associates

During the 1st half of 2013, the movement under this heading was as follows:

	June 2013
Opening balance	**77,300**
Equity method:	
Net result	5,655
Dividends and other income received	(10,318)
Closing balance	**72,637**

15 Available-for-sale financial assets

Regarding the financial assets available-for-sale, the increase of EUR 43 thousand relates to changes in the fair value of listed equity holdings, at the reporting date of these financial statements.

16 Inventories

	June 2013	December 2012
Raw and subsidiary materials and consumables	2,400	1,650
Goods	470,615	483,993
	473,015	**485,643**
Fair value adjustment (note 24)	(13,035)	(11,587)
Net inventories	**459,980**	**474,056**

No inventories have been pledged as guarantee for the fulfilment of contractual obligations.

17 Taxes

17.1 Deferred tax assets and liabilities

Change in deferred tax accounts

	June 2013
Opening balance	**(66,152)**
Currency translation difference (note 21.1)	1,052
Revaluation and reserves (note 21.1)	(605)
Result of the year (note 8.1)	92
Closing balance	**(65,613)**

Deferred taxes are presented in balance sheet as follows:

	June 2013	December 2012
Deferred tax assets	48,566	52,133
Deferred tax liabilities	(114,179)	(118,285)
	(65,613)	**(66,152)**

Movement in deferred taxes during the year

	Opening balance	Impact on results	Impact on equity	Currency translation differences	Closing balance
Deferred tax liabilities					
Revaluation of assets	31,800	(4)		(347)	31,449
Deferred income for tax purposes	30,156	792		(1,596)	29,352
Differences on accounting policies in other countries	12,857	46		(783)	12,120
Other temporary differences	43,472	(2,214)		-	41,258
	118,285	**(1,380)**	**-**	**(2,726)**	**114,179**
Deferred tax assets					
Excess over legal provisions	18,956	(388)	-	(646)	17,922
Revaluation of assets	4,062	(265)	-	-	3,797
Employee benefits	5,016	20	-	-	5,036
Derivative instruments	2,095	(17)	(605)	(4)	1,469
Recoverable losses	-	803	-	-	803
Other deferred costs for tax purposes	16,757	140	-	(1,023)	15,874
Differences on accounting policies in other countries	905	(1,466)	-	(1)	(562)
Other temporary differences	4,342	(115)	-	-	4,227
	52,133	**(1,288)**	**(605)**	**(1,674)**	**48,566**
Net change in deferred tax	**(66,152)**	**92**	**(605)**	**1,052**	**(65,613)**

17.2 Receivable and payable taxes

	June 2013	December 2012
Taxes receivable		
Income tax receivable	31,040	32,203
VAT receivable	6,545	14,682
Others	771	767
	38,356	**47,652**
Taxes payable		
Income tax payable	37,658	56,274
VAT payable	33,837	36,335
Income tax withheld	8,338	7,938
Social security	25,887	23,615
Other taxes	3,310	2,923
	109,030	**127,085**

18 Trade debtors, accrued income and deferred costs

	June 2013	December 2012
Non-current		
Other debtors	88,732	87,574
Deferred costs	6,762	8,777
	95,494	**96,351**
Current		
Commercial customers	55,008	52,433
Suppliers	19,180	32,861
Staff	1,734	1,987
Other debtors	41,733	40,304
Accrued income	81,823	92,424
Deferred costs	21,519	12,668
	220,997	**232,677**

Non-current debtors balance of EUR 83,655 thousand is related to additional tax liquidation, as well as advances on account of tax. The Group has already contested the amount paid and made a legal claim for reimbursement (note 26).

Accrued income essentially relates to the recognition of supplementary gains contracted with suppliers, in the amount of EUR 81,299 thousand.

The debtor's amount is registered by the recoverable value, i.e. the Group constitutes provisions for impairment losses whenever there are signs of uncollectable amounts (note 24).

19 Cash and cash equivalents

	June 2013	December 2012
Bank deposits	194,974	250,523
Short-term investments	215,936	121,107
Cash and cash equivalents	3,260	3,442
	414,170	**375,072**

The short-term investments include short-term bank deposits and other negotiable funds for which provisions were booked to reduce it to the realizable value (note 24).

20 Cash generated from operations

	June 2013	June 2012
Net results	**165,347**	**151,877**
Adjustments for:		
Non-controlling interests	3,727	(5,166)
Income tax	44,646	37,998
Depreciations and amortisations	121,884	110,312
Provisions and other operational gains and losses	1,680	(3,914)
Net financial costs	20,485	13,174
Profit in associated companies	(5,655)	(6,955)
Profit/ Losses on other investments	(25)	-
Profit/ Losses on tangible and intangible assets	1,687	3,066
	353,776	**300,392**
Changes in working capital:		
Inventories	(4,431)	(24,372)
Trade debtors, accrued income and deferred costs	(4,615)	(6,862)
Trade creditors, accrued costs and deferred income	(924)	72,792
	343,806	**341,950**

21 Capital and reserves

21.1 Fair value and other reserves

	Land revaluation reserves	Cash-flow Hedging	Available-for-sale financial assets	Ajust. in joint--ventures and associates	Currency translation reserve	Total
Balance as at 1 January 2013	**85,197**	**(4,097)**	**(1,437)**	**4,248**	**(31,786)**	**52,125**
Revaluations:						
- Gross value	636					636
- Deferred/current tax						
Fair value adjustment of financial instruments:						
- Gross value		2,325			(1,383)	942
- Deferred/current tax		(605)				(605)
- Non-controlling interests		(64)				(64)
Fair value adjustment of available-for-sale financial investments:						
- Gross value			43			43
Currency translation differences:						
- In the year	(1,827)	20			(43,039)	(44,846)
- Deferred tax	347	(4)			709	1,052
Balance as at 30 June 2013	**84,353**	**(2,425)**	**(1,394)**	**4,248**	**(75,499)**	**9,283**

	Land revaluation reserves	Cash-flow Hedging	Available-for-sale financial assets	Ajust. in joint--ventures and associates	Currency translation reserve	Total
Balance as at 1 January 2012	**86,255**	**(5,114)**	**(1,313)**	**4,144**	**(85,134)**	**(1,162)**
Fair value adjustment of financial investments:						
- Gross value		979			(6,414)	(5,435)
- Deferred/current tax		(222)				(222)
- Non-controlling interests		(347)				(347)
Fair value adjustment of available-for-sale financial investments:						
- Gross value			(77)			(77)
Currency translation differences:						
- In the year	1,531	(36)			36,031	37,526
- Deferred tax	(291)	7			(285)	(569)
Balance as at 30 June 2012	**87,495**	**(4,733)**	**(1,390)**	**4,144**	**(55,802)**	**29,714**

21.2 Dividends

Dividends distributed in 2013 in the amount of EUR 187,958 thousand, were paid to JMH Shareholders an amount of EUR 185,388 thousand, and to non-controlling interests in the Group companies an amount of EUR 2,570 thousand.

22 Basic and diluted earnings per share

Basic net results per share are calculated based on the net profit of EUR 165,347 thousand (2012: profit of EUR 151,877 thousand) and on the weighted average outstanding ordinary shares, numbering 628,434,220 (2012: 628,434,220).

	June 2013	June 2012
Ordinary shares issued at the beginning of the year	629,293,220	629,293,220
Own shares at the beginning of the year	859,000	859,000
Shares issued during the year	-	-
Weighted average number of ordinary shares	**628,434,220**	**628,434,220**
Diluted net results of the year attributable to ordinary shares	165,347	151,877
Basic and diluted earnings per share – Euros	0.2631	0.2417

23 Borrowings

On March 2013, Jerónimo Martins,SGPS,S.A. exercised the early redemption call on the Commercial Paper in the total amount of EUR 50.000 thousand, which was due to mature in March 2014.

On April 2013, Jeronimo Martins Polska issued three loans in a total amount of PLN 500,000 thousand with maturity on 2016.

On April 2013, Jeronimo Martins Colombia issued a loan in a total amount of COP 59,900,000 thousand with maturity on 2017.

23.1 Current and non-current loans

	June 2013	December 2012
Non-current loans		
Bank loans	174,101	85,000
Bond loans	350,000	480,029
Financial lease liabilities	2,621	5,752
	526,722	**570,781**
Current loans		
Bank overdrafts	162,780	2,774
Bank loans	34,581	39,987
Bond loans	129,516	52,500
Financial lease liabilities	7,919	12,145
	334,796	**107,406**

23.2 Loan terms and maturities

	Average rate	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Bank loans					
Loans in EUR	4.51%	35,000	-	35,000	-
Loans in PLN	4.71%	149,852	34,581	115,271	-
Loans in COP	6.37%	23,830	-	23,830	-
Bond Loans					
Loans	4.25%	483,037	133,037	350,000	-
Fair value adjustment		(3,521)	(3,521)	-	-
Bank overdrafts	4.12%	162,780	162,780	-	
Financial lease liabilities	2.51%	10,540	7,919	2,621	
		861,518	**334,796**	**526,722**	**-**

The amount of negative EUR 3,521 thousand, adjusted to the total of bond loans, refers to the updating of the bond loan for USD 96,000 thousand, for which the Group contracted a hedging instrument, presented in note 13.

23.3 Financial debt

As the Group contracted several foreign exchange rate risk and interest risk hedging operations, as well as short-term investments, the net consolidated financial debt as at 30 June is as follows:

	June 2013	December 2012
Non-current loans (note 23.1)	526,722	570,781
Current loans (note 23.1)	334,796	107,406
Derivative financial instruments (note 13)	9,750	15,935
Interest on accruals and deferrals	688	(1,177)
Bank deposits (note 19)	(194,974)	(250,523)
Short-term investments (note 19)	(215,936)	(121,107)
	461,046	**321,315**

24 Provisions and adjustments to the net realisable value

	Opening balance	Set up and reinforced	Unused and reversed	Foreign exchange difference	Used	Closing balance
Doubtful debtors (note 18)	18,689	1,279	(353)	(191)	(411)	19,013
Inventories (note 16)	11,588	2,579	(738)	(394)	-	13,035
Available-for-sale assets (note 15)	3,552	(43)	-	-	-	3,509
Short term investments (note 19)	57	-	-	-	-	57
Total fair value adjustments to net realisable value	**33,886**	**3,815**	**(1,091)**	**(585)**	**(411)**	**35,614**
Employee benefits	33,961	1,762	-	-	(923)	34,800
Other risks and contingencies	62,950	2,975	(2,408)	(117)	(502)	62,898
Total of provisions	**96,911**	**4,737**	**(2,408)**	**(117)**	**(1,425)**	**97,698**

25 Trade creditors, accrued costs and deferred income

	June 2013	December 2012
Other commercial creditors	1,814,383	1,910,556
Other non-commercial creditors	146,786	163,248
Accrued costs	158,890	151,017
Deferred income	3,194	7,651
	2,123,253	**2,232,472**

26 Contingencies

- Under non-current debtors (note 18), an amount of EUR 82,500 thousand relates to tax liquidations claimed by the Tax Administration.

The Board of Directors, supported by its tax and legal advisers, believes the company has acted entirely within the law and maintains the claims filed against such settlements, without waiving its legitimate right to appeal against them and expect their full recovery.

In this context, the Group immediately demanded total reimbursement of the amounts paid, as well as indemnity interest at the legal rate for the period between the payment date and its effective restitution date.

In January 2012, one of the judicial proceedings was held to be well-grounded by the Court of Appeal (TCAS), which ruled the cancelation of the referred liquidations and the payment of compensatory interests and of a compensation for the guarantees granted within the proceedings.

Following the contingencies mentioned in the 2012 Annual Report, changes occurred on the headings as follows:

a) As a result of the acquisition of two companies that held establishments previously owned by former franchisees of ITMI Norte-Sul Portugal – Sociedade de Desenvolvimento e Investimento, S.A., which together with Regional de Mercadorias – Sociedade Central de Aprovisionamento, S.A., filed a case against various Group companies, holding them liable for those ex-franchisees' alleged non-compliance with the contract they had signed with ITMI, demanding an indemnity payment of EUR 14,600 thousand. The court ruled in favour of the defendants, denying the plaintiff's claim. The plaintiff appealed to the Court of Appeal, which confirmed the ruling of the court. Subsequently the plaintiff filed an appeal to the Supreme Court of Justice, which decided that the Court of Appeal should look into the case again. The Court of Appeal re-analysed the case and decided again in favour of the defendants. The plaintiff filed a new appeal to the Supreme Court of Justice. The Board of Directors maintains its belief that the amount requested will probably not be granted;

b) Proherre Internacional, Lda. claimed an indemnity payment of EUR 2,500 thousand from Pingo Doce – Distribuição de Produtos Alimentares, S.A., alleging the termination of a lease agreement by Pingo Doce, without the minimum period agreed between the parties having elapsed. Pingo Doce contested this claim based on the fact that the lease was terminated through mutual agreement. The court has decided that Pingo Doce should indemnify the plaintiff in an amount slightly below the claimed amount (EUR 2,300 thousand), from which should be deducted the amounts meanwhile received by Proherre from the new tenants. The amount due has to be determined in new judicial proceedings. Each litigant have filed its appeal the Court of Appeal. Meanwhile, Pingo Doce is offering a voluntary mortgage over an immovable belonging to Imoretalho in order to assure that will pay the amount due at the end of the process;

d) The Portuguese Tax Authorities claim from Recheio, SGPS, S.A. (Recheio SGPS) the amount of EUR 2,503 thousand concerning an additional assessment of Value Added Tax (VAT). Tax Authorities are challenging the VAT deduction method adopted by Recheio SGPS. The Board of Directors, supported by their tax consultants, believe that they are entirely right concerning this matter, this being reinforced by recent judgements ruled by the Lisbon Tax and Administrative Court regarding this matter. Meanwhile, the Lisbon Tax Court ruled in favour of Recheio, regarding years 1998/2001, amounting to EUR 1,753 thousand, consequently, the amount in dispute is now of EUR 750 thousand, for part of 2001 and for 2002, which reinforces the Board of Directors understanding that they are entirely right on this matter;

m) The Portuguese Tax Authorities assessed Feira Nova, Pingo Doce and Recheio the amounts of EUR 1,305 thousand, EUR 1,700 thousand and EUR 518 thousand, respectively. These additional assessments were issued because the Tax Authorities argue that some goods were sold at a lower VAT rate, and solely on Feira Nova they do not agree with the VAT treatment of the discount sales coupons. These assessments relate to the years of 2005 to 2010. The Board of Directors, supported by their tax consultants, have challenged these assessments, believing that the Tax Authorities have no valid arguments to request these payments;

r) At the beginning of September 2011, Nestlé initiated judicial proceedings against Unilever Jerónimo Martins, Lda., claiming a compensation of EUR 2,100 thousand for alleged similarity and confusion in the packaging of competing products. The defendant filed its statement of defense. Meanwhile the parties reached an agreement to terminate the judicial proceedings, which was confirmed by the court;

This lawsuit followed the injunction proceedings filed by Nestlé, which was ruled in its favour by the court and confirmed by the Court of Appeal. Pursuant to the decision of the Court of Appeal, the plaintiff commenced the enforcement proceedings of the injunction decreed against Unilever Jerónimo Martins, Lda., which was also settled by agreement, which has been confirmed by the court in April 2013;

s) Tengelmann KG filed arbitration proceedings against Jerónimo Martins, SGPS, S.A. before the German Institute of Arbitration, in Cologne. The plaintiff argues that Jerónimo Martins, SGPS, S.A. is liable for the non-payment of rents and contractual penalties, plus accrued interests, by Dystrybucja Integrator Sp. Z o.o. (previously Plus Discount Sp. z o.o. – Plus Poland), in the amount of EUR 2,716 thousand, under the guarantee granted by Jerónimo Martins, SGPS, S. A. in the SPA regarding Plus Discount Sp. z o.o.. Jerónimo Martins, SGPS, S.A. considered the allegations ungrounded and presented its statement of defense in the arbitral proceedings. Tengelmann KG presented its response and expanded the amount claimed to EUR 5.640 thousand, plus accrued interest from June 1, 2012. Jerónimo Martins presented a rejoinder. Meanwhile, court hearings have taken place and the post hearing briefs by the parties have been presented. On 8 April 2013, the parties reached an agreement regarding the resolution of their respective disputes. The settlement foresees, amongst other things, the payment of EUR 7,000 thousand by Jerónimo Martins Polska, SA, as well as the anticipated extension of the duration of the leases in Poland and the renegotiation of some clauses thereof. The settlement agreement was confirmed by an award of the Arbitral Tribunal, which put an end to the litigation;

At the end of 2012, DST, SGPS, S.A. initiated judicial proceedings against Pingo Doce – Distribuição Alimentar, S.A., claiming that Pingo Doce breached a promissory share purchase agreement, dated 2000, regarding a company that owns real estate in Barcelos. The plaintiff, promissory seller, claims to be entitled to keep part of the purchase price paid by the defendant, promissory buyer, in the amount of EUR 5,000 thousand, as indemnity. Pingo Doce presented a counterclaim, alleging that the contract was no longer in force and asking for the reimbursement of the amount paid, plus interest accrued in a total amount of EUR 6,062 thousand. Judicial hearings will take place on the 22nd & 23rd of October 2013.

27 Related parties

56.14% of the Group is owned by the Sociedade Francisco Manuel dos Santos, and no transactions occurred between this Company and any other company of the Group in the first half of 2013, neither were there any amounts payable or receivable between them on June 30th 2013.

Balances and transactions of Group companies with related parties are as follows:

	Sales and services		Stocks purchased and services supplied	
	June 2013	**June 2012**	**June 2013**	**June 2012**
Joint-Ventures and associate companies	51	209	41,180	39,757

	Trade debtors, accrued income and deferred costs		Trade creditors, accrued income and deferred costs	
	June 2013	**June 2012**	**June 2013**	**June 2012**
Joint-Ventures and associate companies	197	433	19,382	6,550

All the transactions with the jointly controlled companies (joint ventures) and associated companies were made under normal market conditions, i.e. the transaction value corresponds to prices that would be applicable between non-related parties.

Outstanding balances between Group companies and related parties, being a result of a trade agreement, are settled in cash, and are subject to the same payment terms as those applicable to other agreements between Group companies and their suppliers.

The amounts receivable are not covered by insurance and no guarantees are given or received, as the Group holds a relevant influence over these companies.

There are no provisions for doubtful debts and no costs were recognised during the year related with bad debts or doubtful debts with these related parties.

28 Events after the balance sheet date

At the conclusion of this Report there were no relevant events to highlight that are not disclosed in the Financial Statements.

Lisbon, 30th July 2013

The Certified Accountant **The Board of Directors**

pwc

Limited Review Report Prepared by Auditor Registered with the Securities Market Commission (CMVM) on the Consolidated Half Year Information

(Free translation from the original in Portuguese)

Introduction

1 In accordance with the Portuguese Securities Market Code (CVM), we present our limited review report on the consolidated financial information for the six-month period ended June 30, 2013 of Jerónimo Martins, SGPS, S.A. 2013 included in the consolidated Management' Report, consolidated balance sheet (which shows total assets of Euro 4,756,614 thousand and total shareholders' equity of Euro 1,440,264 thousand, including non-controlling interests of Euro 291,616 thousand and a net profit of Euro 165,347 thousand), consolidated income statement by functions, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated cash flows statement for the period then ended, and the corresponding notes to the accounts.

2 The amounts in the consolidated financial statements, as well as those in the additional financial information, are derived from the respective accounting records.

Responsibilities

3 It is the responsibility of the Board of Directors: (a) to prepare consolidated financial information which present fairly, in all material respects, the financial position of the companies included in the consolidation, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (b) to prepare historical financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful as required by the CVM; (c) to adopt appropriate accounting policies and criteria; (d) to maintain appropriate systems of internal control; and (e) to disclose any significant matters which have influenced the activity, financial position or results.

4 Our responsibility is to verify the financial information included in the documents referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the CVM, for the purpose of issuing an independent and professional report based on our work.

Scope

5 Our work was performed with the objective of obtaining moderate assurance about whether the financial information referred to above is free from material misstatement. Our work was performed in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors, planned according to that objective, and consisting primarily, in enquiries and analytical procedures, to review: (i) the reliability of the assertions included in the financial information; (ii) the appropriateness and consistency of the accounting principles used, as applicable; (iii) the applicability, or not, of the going concern basis of accounting; (iv) the presentation of the financial information; (v) as to whether the consolidated financial information is complete, true, up-to-date, clear, objective and lawful.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 9077

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

6 Our work also covered the verification that the consolidated financial information included in the consolidated Management' Report is consistent with the remaining documents referred to above.

7 We believe that the work performed provides a reasonable basis for the issue of this limited review report on the half year information.

Conclusions

8 Based on the work, which was performed with the objective of obtaining a moderate level of assurance, nothing has come to our attention that leads us to conclude that the consolidated financial information for the six-month period ended June 30, 2013 contain material misstatements that affect its conformity with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union and that it is not complete, true, up-to-date, clear, objective and lawful.

Report on other requirements

9 Based on the work, nothing has come to our attention that leads us to believe that the consolidated financial information included in the consolidated Management' Report is not consistent with the consolidated financial information for the period.

July 31, 2013

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

Abdul Nasser Abdul Sattar, R.O.C.

(This is a translation, not to be signed)