SONAE INVESTIMENTOS, SGPS, SA

**Head Office: Rua João Mendonça, 529 –
4464-501 Senhora da Hora**

Share Capital 1.000.000.000 Euro

Porto Commercial Registry and Fiscal Number 501 532 927

REPORT AND ACCOUNTS

31 DECEMBER 2011

Management Report

SONAE INVESTIMENTOS, SGPS, SA

MANAGEMENT REPORT 2011

Sonae Investimentos, SGPS, SA is the company within the Sonae Group which aggregates the core activity of the group, retail.

1 MAIN HIGHLIGHTS

During the course of 2011, Sonae Investimentos, SGPS, SA delivered a consolidated turnover of 4,679 million Euro - which represents a decrease of 1% compared to the previous year.
In this same period, the Company´s consolidated operating cash-flow reached 348 million Euro. This figure represents a ratio over total net sales of 7.4%, 1.7 p.p. less than the previous year.

Focusing on the evolution of the Company´s activity, we highlight the following aspects:

The **food based businesses** increased turnover (ex-fuel) by 2% to 3,327 million Euro reflecting:

- +0,5% sales growth on a comparable store universe basis, despite the continued effects of trading down carried out by consumers in Portugal;
- +1% increase in sales volumes during 2011 and relatively stable average unit prices;

Also worth mentioning was the increase in market share in 2011 (Source: Nielsen, Total Store Reading), with a strong contribution from its private label portfolio, which is currently representing circa 30% of sales in the relevant categories.

In the business segment under analysis cash-flow remained stable at 232 million Euro, representing a margin over sales of 7.0%. Sonae MC was able to sustain its competitiveness during this period via a combination of focused promotional activities, leveraged on its customer loyalty card (which was involved in approximately 88% of the sales in the period), a rigorous cost control, gains in efficiency and in the optimisation of its supply chain.

With regards to the **specialised retail** formats, the 3% turnover decline reflects the negative sales behaviour of the Iberian markets despite the expansion of the total sales area by 15%. Sonae SR's sales in Portugal decreased by 13%, which was only partly compensated by the 43% turnover growth attained in the international markets. The Spanish operations accounted for approximately 25% of total sales in 2011, up by 5 p.p. when compared to 2010. In the consumer electronics segment, Worten was able to grow its leading position in Portugal and take important steps towards the objective of achieving a relevant market position in Iberia.

This business segment witnessed an operating cash flow decrease of 45 million Euro to zero. This evolution essentially reflects: (i) the lower revenues per square meter registered in 2011, driven by the negative sales behaviour in the Iberian consumer markets, particularly evident in the discretionary categories; and (ii) the costs incurred in terms of store openings, training and brand awareness so as to constitute a relevant market position in Spain and enter into new geographies.

The **retail properties** profitability particularly reflects internal rents, defined in accordance with the returns on the underlying investments, which are broadly in line with market capitalisation rates. Operating cash flow reached 120 million Euro. This figure is slightly below that of the same period last year (149 million Euro), solely due to the reduction of its retail real estate asset portfolio, as determined by the sale & leaseback transactions executed during the first quarter of 2011 (involving 1 Continente and 1 Worten store).

In this same period, **investment management** turnover reached 87 million Euro, and operating cash flow was 1 million Euro.

During the course of the year in question, Sonae Investimentos, SGPS, SA consolidated operating income totalled 155 million Euro.
Financial results went from -51 million Euro in 2010 to -75 million Euro, mainly as a result of financial costs increase associated to the shareholder's financing with subordinated bonds.
At the same time, the Consolidated Net Result for the period, attributable to Shareholders of the Holding Company, amounted to 64 million Euro, compared to 169 million Euro in the previous year.

2 INVESTMENT

During the course of 2011, Sonae Investimentos carried out an overall investment of 186 million Euro. This figure was directed towards the execution of the Company´s expansion plan, allowing it to end the year with a portfolio of 1,065 stores and a sales area of 1.25 thousand m2
(+6% on 2010 year end portfolio).

- The investment in the **food based retail** businesses reached 92 million Euro. The amount invested was directed towards the opening of 1 Continente Modelo store as well as refurbishing works at selected retail units in order to keep them as references in their catchment areas.

- The investment in **specialised retail** reached 84 million Euro including opening of 10 new stores and broadening of Sonae SR own store network in the international markets, with the opening of 44 thousand new sqm of sales area (reaching a total of 123 stores outside of Portugal), thus pursuing the important effort to expand its key formats in the international markets.

- The amount invested by the **retail properties** segment reached 9 million Euro, 57% below the figure for 2010. A clear indicator of the capital light strategy which is being followed (operational leasing instead of tenure) for new retail sales area.

- The amount invested by the **retail properties** segment reached 1 million Euro.

3 OUTLOOK

In Iberia, the deleveraging in the private sector, the budget consolidation efforts necessary to place again public finances at sustained levels, the restructuring of the banking sector and the difficulty in controlling unemployment, should continue to mark the macroeconomic scenario.

The resulting further reduction in family disposable income, widely expected for 2012, should, inevitably, have negative impacts on the level of private consumption in the Iberian markets. As during 2011, this retraction is likely to be particularly visible at the level of discretionary consumption.

Under this context, we will continue to seek to ensure the best value propositions for the end consumer in each one of our businesses, which we believe is the best way to strengthen our competitive position over time. In parallel, and with the aim of minimizing the impact over the solid profitability levels that the Group has been able to maintain, the programmes to improve productivity and efficiency in all our businesses will continue to be implemented.

Despite the prevailing short term volatility in the current economic and financial context, we remain confident in the capacity of our management teams, in the resilience of our businesses and in the ability to continue to grow share in the markets where we operate. We also remain confident that we will continue to ensure an adequate remuneration to our shareholders.

4 FINANCIAL RISK MANAGEMENT

The general financial risk management principles of the Company are found in detail in Note 3 of the Appendix to the Income Statement.

5 REMUNERATION OF CORPORATE BODIES

Remuneration of the Board of Directors

Remuneration paid and attributed

The following remuneration was attributed to the Board of Directors (including fixed remuneration, short term variable remuneration and medium term variable remuneration) by the Company and the Group´s societies:

	2010				2011			
Administradores	Fixed remuneration	Short Term Variable Remuneration	Medium Term Variable Remuneration	Total	Fixed remuneration	Short Term Variable Remuneration	Medium Term Variable Remuneration	Total
Duarte Paulo Teixeira de Azevedo	12,500	-	-	12,500	-	-	-	-
Ângelo Gabriel Rib. Santos Paupério	-	-	-	-	-	-	-	-
Nuno Manuel Moniz Trigoso Jordão	87,570	-	-	87,570	16,025	-	-	16,025
Total	100,070	-	-	100,070	16,025	-	-	16,025

amounts in Euro

Remuneration of Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is composed of a set annual amount, based on the Company´s financial situation and market practices. The set annual amount for the members of this committee were as follows:

Member of the Statutory Audit Board	2010	2011
UHY & Associados, SROC, Lda representada por António Francisco Barbosa dos Santos	8,000	8,000
Óscar José Alçada da Quinta	6,000	8,100
Arlindo Dias Duarte da Silva	6,000	8,100
Total	20,000	24,200

amount in Euro

Statutory External Auditor Fees

Sonae Investimentos Statutory Auditor and audit firm is Deloitte. The figures invoiced to Sonae Investimentos in 2009 and 2010, including subsidiaries, are as follows:

	2010		2011	
Statutory Audit	569,983	48%	268,549	54%
Other Compliance and Assurance Services	11,907	1%	129,958	26%
Other Services	607,465	51%	102,955	21%
Total	1,189,355		501,463	

amount in Euro

The fees relative to auditing services and other compliance and assurance services increased by 31pp in 2011, representing 79% of total fees. The other services represented 21% of total fees and were assessed by the Statutory Audit Board.

In 2011, the fees for other services included: consulting services provided to several subsidiaries of Sonae Investimentos (21% of total fees).

In 2010, fees paid by Sonae Investimentos, in Portugal, to companies within the Deloitte network, represented less than 1% of Deloitte´s annual turnover in Portugal.

The External Auditor quality system controls and monitors the potential risks of loss of independence or possible conflict of interests with Sonae.

Under the terms of article 62º-B of Law Decree nº 487/99 dated 16th November (altered by Decree Law nº 224/2008, 20th November), on an annual basis, the Statutory Audit Board receives a declaration of independence from the auditor, where services rendered by them and other entities within the same network are described, in addition to respective remuneration paid, eventual threats to independence and measures to safeguard against them.

Remuneration of the Board of Shareholder's General Meeting

The remuneration of the Board of Shareholder's General Meeting is constituted by a set figure, as detailed below:

Board of Shareholder's General Meeting	2010	2011
Presidente	3,750	3,750
Secretária	1,500	1,500
Total	5,250	5,250

amount in Euro

6 Proposal for profit distribution for the company Sonae Investimentos, SGPS, SA

Sonae Investimentos, SGPS, S.A. net profit for the year, as a standalone company, totalled 14,858,558.57 Euro, for which the Board of Directors propose the following distribution:

Legal Reserve	742,927.93 Euros
Dividends	14,115,630.64 Euros
Total	14,858,558.57 Euros

In order to distribute 20,000,000 Euros as dividends, it is also proposed to distribute 5,884,369.36 Euros from Free Reserve as dividends.

7 ACKNOWLEDGEMENTS

We thank all of our customers, suppliers, financial institutions and shareholders for their support and preferences demonstrated. To the external auditors and statutory auditors we also owe our gratitude for their cooperation throughout the year. Finally, a special word of thanks to all of Sonae Investimentos employees for their enthusiasm, dedication and competence demonstrated once again.

Matosinhos, 12th March 2012

The Board of Directors,

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Duarte Paulo Teixeira de Azevedo (President)

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Ângelo Gabriel Ribeirinho dos Santos Paupério

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Nuno Manuel Moniz Trigoso Jordão

Glossary

Turnover (t)

sale of articles + services rendered.

Operating cash-flow (EBITDA)

Turnover + Other revenues - negative Goodwill - reversal of impairment losses - operating costs + profit/loss on disposals of subsidiaries - provisions for warranty extensions

Operating results (EBIT)

Turnover + other income + negative goodwill – operating costs - provisions for warranty extensions + profit/loss on disposals of subsidiaries – amortizations and impairment losses

Investment (CAPEX)

Gross investment in fixed assets (tangible and intangible), investment properties and acquisitions of subsidiaries; less amounts generated over assets disposals

Working Capital

customer debts (receivables derived from the normal course of the Group's activities) – suppliers (amount payable resulting from purchases derived from the normal course of the Group's activities) + inventories (goods booked at acquisition cost, less quantity discounts and impairment losses) + other assets and liabilities (State and other public entities + associated companies + accruals and prepayments + deferred taxes + provisions for risks and charges + fixed asset suppliers + sundry debtors and creditors)

Net Capital Employed

gross tangible and intangible assets + other gross fixed assets (including Goodwill) + amortisations and impairment losses + financial investments + working capital

APPENDIX

Statement under the terms of Article 245 paragraph 1, c) of the Portuguese Securities Code

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements, the legal certification of the Statements and other accounting documents required by law or regulation were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, giving a truthful and appropriate image of the assets and liabilities, the financial situation and the results of the issuer and the companies included in the consolidation perimeter and that the Management Report faithfully describes the evolution of the businesses, the performance and position of the issuer and companies included in the consolidation perimeter and contains a description of the main risks and uncertainties with which they are faced.

Maia, 12th March 2012

The Board of Directors

Duarte Paulo Teixeira de Azevedo (President)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Nuno Manuel Moniz Trigoso Jordão

Article 447 of the Portuguese Companies Act and Article 14, paragraph 7 of Portuguese Securities Regulator (CMVM) Regulation nº 05/2008

Disclosure of shares and other securities held by members of the Board of Directors and by those discharging managerial responsibilities, as well as by people closely connected with them (Article 248 B of the Portuguese Securities Code), and disclosure of the respective transactions carried out during the year:

		Additions		Reductions		Balance as of 31.12.2011
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
Duarte Paulo Teixeira de Azevedo (*) (**) (***) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (6)						1,969,996
Sonae, SGPS, SA (3)						3,293 (a)
Shares attributed under a Share Based Compensation Plan	20.05.2011	355,103	0.000			
Sale	20.05.2011			355,103	0.828	
Ângelo Gabriel Ribeirinho dos Santos Paupério (*) (**)						
Sonae, SGPS, SA (3)						355,233
Shares attributed under a Share Based Compensation Plan	10.03.2011	105,233	0.000			

		Additions		Reductions		Balance as of 31.12.2011
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA (3)						122,400,000
Sale	29.04.2011			585,250,000	0.811	
Purchase	13.07.2011	30,000,000	0.677			
Purchase	12.10.2011	16,000,000	0.529			
Purchase	13.12.2011	2,000,000	0.473			
Pareuro, BV (2)						2,000,000
(2) Pareuro, BV						
Sonae, SGPS, SA (3)						937,250,000
Purchase	29.04.2011	585,250,000	0.811			
Sale	13.07.2011			30,000,000	0.677	
Sale	12.10.2011			16,000,000	0.529	
Sale	13.12.2011			2,000,000	0.473	
(3)Sonae, SGPS, SA						
Sonae Investments, BV (4)						2,894,000
Capital increase	09.09.2011	894,000	319.575			
Sonae Investimentos, SGPS, SA						768,580,810
(4) Sonae Investments BV						
Sonae Investimentos, SGPS, SA						131,419,190
(5) Sonae - Specialized Retail, SGPS, SA						
Sonae Investimentos, SGPS, SA						100,000,000
(6) Migracom, SGPS, SA						
Sonae, SGPS, SA (3)						1,840,103
Purchase	20.05.2011	355,103	0.828			
Imparfin, SGPS, SA (7)						150,000
(7) Imparfin, SGPS, SA						
Sonae, SGPS, SA (3)						4,105,280

(*) Member of the Board of Directors of Sonae Imvestimentos, SGPS, SA

(**) Member of the Board of Directors of Sonae, SGPS, SA (directly and indirectly dominant company) (3)

(***) Member of the Board of Directors of Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)

(****) Member of the Board of Directors of Imparfin, SGPS, SA (7)

(a) Shares held by descendents under his/her charge

Article 448 of the Portuguese Companies Act

Number of shares held by shareholders owning more than 10%, 33% and 50% of the company's share capital.

	Number of shares held as of 31.12.2011
Sonae, SGPS, SA	768,580,810
Sonae Investments, BV	131,419,190

Qualified shareholding

Shares held and voting rights of companies owning more than 2% of the share capital of the company, as required by article 8 nr.1 b) of Securities Market Regulation Board (CMVM) regulation 05/2008:

Shareholder	Nr. of shares	% Share Capital	% of Voting Rights
Efanor Investimentos, SGPS, SA			
By Sonae, SGPS, SA	768,580,810	76.858%	85.398%
By Sonae Investments, BV	131,419,190	13.142%	14.602%
By Sonae - Specialized Retail, SGPS, SA (1)	100,000,000	10.000%	-
Total attributable to Efanor Investimentos, SGPS, SA	1,000,000,000	100.000%	100.000%

1) Considered treasury shares in accordance with Commercial Companies Code as Sonae - Specialized Retail, SGPS, SA is fully owned by Sonae Investimentos, SGPS, SA.

Corporate Governance

SONAE INVESTIMENTOS, SGPS, SA

Corporate Governance

Sonae Investimentos, SGPS, S.A. Corporate Governance practices annual report, pursuant to the terms of regulation number 4 of article 245 A of the Portuguese Securities Code.

Chapter 1 – Qualified Shareholdings

Shareholder	Nr. of shares	% Share Capital	% of Voting Rights
Efanor Investimentos, SGPS, SA			
By Sonae, SGPS, SA	768,580,810	76.858%	85.398%
By Sonae Investments, BV	131,419,190	13.142%	14.602%
By da Sonae - Specialized Retail, SGPS, SA	100,000,000	10.000%	-
Total attributable to Efanor Investimentos, SGPS, SA	1,000,000,000	100.000%	100.000%

Chapter 2 – Identification of shareholders that hold special rights and description of those rights

There are no shareholders who hold special rights.

Chapter 3 – Restrictions on voting rights

As set in the company´s Articles of Association (if nothing is stated, the guidelines shall be those of the governing law):

The Shareholders General Meeting is made up of shareholders with voting rights, holders of shares or securities for subscription, that until 5 business days prior to the Assembly taking place, present prove of their shareholding, under the terms established by Law. The presence of shareholders who have preferential shares without voting rights in the Shareholders General Meeting, and their taking part in the discussion of matters regarding order of the day, depends on the General Assembly Authorisation.

One share corresponds to one vote.

Shareholders who are private individuals can be represented at the Shareholders' General Meetings by sending a letter to the Chairman of the Board of the Shareholders General Meeting, stating the name and address of the representative and date of the meeting. Legal entities may be represented by a person designated by them in writing, whose designation authenticity will be verified by the Chairman of the Board of the Shareholders General Meeting.

If the Company is listed as a publicly quoted company, shareholders can vote by mail, but only in relation to changes to the Articles of Association and Company Governing Bodies election.

Postal votes will only be considered when received at the Company's registered office by registered mail, receipt delivery, addressed to the Chairman of the Board of the Shareholders´ General Meeting at least 3 days prior to the date of the General Meeting, notwithstanding the requirement of proof of shareholding.

The voting declaration must be signed by the shareholder or by his/hers legal representative. In the case of a private individual, it should be accompanied by a certified copy of his/her identity card. In case of a legal entity, the signature should be notarised and should specify that the signatory is authorised and mandated for that purpose.

Voting declarations will only be considered valid when they clearly and unequivocally set out:

a) The item or items of the agenda they refer to;

b) The specific proposal to which they relate to with an indication of the respective proposer or proposers;

c) The precise and unconditional voting intention on each proposal.

Notwithstanding, a shareholder is allowed to include in a written voting declaration, regarding an identified proposal, the intention to vote against all alternative proposals, in relation to the same item on the agenda, without further specification.

The shareholders who send their voting declaration by mail shall be deemed to have abstained from voting on any proposals that are not specifically included in their written voting declarations.

Postal votes count as negative votes regarding resolution proposals presented after the date on which the same votes were issued.

It is the Chairman of the Board of the Shareholders'General Meeting responsibility, or the person replacing him, to verify voting declarations sent by mail, disregarding any votes relating to declarations that have not been accepted.

It is the Company´s responsibility to guarantee the confidentiality of votes sent by mail, until voting takes place.

The shareholder must, at least five days prior to the Shareholders General Meeting, carry out the due and necessary proof of share ownership.

The Shareholders General Meeting may deliberate at first call so long as there are present or represented shareholders whom represent more than 50% of the issued share capital.

Chapter 4 – Rules applicable to the nomination and replacement of the Statutory Governing Bodies members and changes to the Company's Articles of Association

The Board of Directors is made up of an even or odd number of members. A minimum of 3 and maximum of 11, elected at the Shareholders General Meeting.

In case of death, resignation or temporary or permanent incapacity of any member, the Board of Directors will provide a substitute.

In the case of the company being a publicly quoted company, concessionaire of the State or equivalent entity, the definitive lack of a Director elected under the provision of article 392 of the Portuguese Companies Act (special election rules apply), results in new elections.

Notwithstanding, governing law does not prevent that the substitution may be decided by the Shareholders General Meeting.

As set forth in governing law, changes to the Articles of Association depend on the Shareholders General Meeting Resolution.

Required quorum for amendment to the Articles of Association:

a) The Articles of Association state that at first call to deliberate on any matter, shareholders whom represent more than 50% of the share capital must be present or represented;

b) In accordance with chapter 3, article 383 of the Portuguese Companies Act, the Assembly, on a second call, can deliberate regardless of the number of shareholders present, represented or the share capital by them represented.

Under the terms of chapter 3 article 386 of the Portuguese Companies Act, the resolution regarding a change to the articles of association, must be approved by 2/3 of votes, regardless of the Assembly meeting during a first or a second call.

Chapter 5 – Powers of the Board of Directors, namely with regards to share capital increase resolutions;

Article 5, chapter 2 of the Articles of Association states that the Company's "share capital can be increased, through new entries in cash, of up to five thousand million Euro, in one or more stages, by resolution of the Boards of Directors, which will determine, in accordance with the law, the conditions of subscription and the categories of shares to be issued, based on those already existing at the time".

This authorisation was approved by the Shareholders General Meeting which took place on 2nd of May 2007 and remains valid for a period of 5 years under the terms of chapter 2 b) of article 456 of the Portuguese Companies Act.

Chapter 6 – Corporate Bodies Remuneration Policy;

This company unanimously approved, at the Annual General Meeting on the 26th of April 2010, the following Corporate Bodies Remuneration Policy:

The Corporate Bodies and the Board of Directors remuneration and bonus policy is based on the premise that initiative, competence and commitment are the essential factors for a good performance. For that reason, the activity, performance and individual contributions to the collective success should be annually reviewed, which will necessarily determine the awarding of a fixed and variable component of each employee's remuneration plan.

Executive Directors

Hence, the executive directors (ED) remuneration and bonus policy comply with the following principles: (i) a fixed component, which incorporates a Base Remuneration, taking as reference a period of a year (wages are paid in 14 months), and an Annual Responsibility Allowance; (ii) a variable remuneration including a) a Short Term Performance Bonus paid in the first quarter of the following year, and b) a Medium Term Performance Bonus attributable in April of the following year as deferred compensation under the Share Attribution Plan and respective Regulation, which vests on the third anniversary of the attribution date.

(i) Individual compensation packages will be defined in accordance with the responsibility level of each ED and will be reviewed annually. Each ED is attributed a classification, internally referred to as a Management Level ("Grupo Funcional"). EDs are classified as either "Group Senior Executive" (G1) or "Senior Executive" (G2). Sonae Management Levels are structured according to Hay's international model for the classification of corporate functions, thereby facilitating market comparisons, as well as helping to promote internal equity.

The compensation packages which are to be attributed to the ED, are defined in accordance with Top Executives market comparable practices in Portugal and Europe. The market mean is used as a position of reference for the fixed component and the third quartile is used as a reference for total remuneration in comparable circumstances;

(ii.a) The Annual Performance Bonus will be aimed at rewarding the achievement of certain predefined annual objectives, which are linked to both "Key Performance Indicators of Business Activity" (Business KPIs) and "Personal Key Performance Indicators" (Personal KPI's). The target amounts attributed will be based on a percentage of the fixed component, which will range between 33% and 75%, depending on the ED's Management Level. Business KPIs, which include economic and financial indicators, will derive 70% of the Annual Performance Bonus and are objective indicators. The remaining 30% of the Annual Performance Bonus will derive from Personal KPI's, which include both objective and subjective indicators. Actual amounts paid will be based on the real performance achieved (business performance and individual performance) and may vary from 0% to 140% of the target amount attributed;

(ii.b) The Medium Term Performance Bonus will be aimed at enhancing ED's loyalty, aligning their interests with shareholders, and increasing their awareness of the importance of their performance on the overall success of our organization. The amounts for the Medium Term Performance Bonus are annually established representing for EDs, 100% of the attributed Annual Performance Bonus. This value in Euros shall be divided by the quoted share price for the determination of the number of shares it corresponds to. The value converted into shares will be adjusted to include any variations occurring in the share capital or dividends to obtain the Total Shareholder Return during a three years deferring period. At the vesting date, the shares shall be delivered without cost, and the Company will keep the option to alternatively deliver the corresponding amount in cash.

Non-Executive Directors

The remuneration of Non-Executive Members of our Board of Directors (NEDs) is based on market comparables, respecting the following principles: (1) a Fixed Remuneration (of which approximately 15% depends on attendance at Board, Board Audit and Finance Committee and Board Nomination and Remuneration Committee meetings); (2) an Annual Responsibility Allowance. The Fixed Remuneration can be increased by up to 6% for NEDs serving as Chairmanship of any Board Committee. No variable remuneration of any kind is paid.

Statutory Audit Board ("Conselho Fiscal")

The remuneration of the members of our Statutory Audit Board is based exclusively on fixed annual amounts, which includes an Annual Responsibility Allowance established according to market comparable practices.

Statutory External Auditor

The Statutory External Auditor of the Company is remunerated in accordance with normal fee levels for similar services, by reference to market information, under the supervision of our Statutory Audit Board and the Board Audit and Finance Committee.

Board of the Shareholders' General Meeting

The remuneration of the members of the Board at the Shareholders' General Meeting corresponds to a fixed amount, to be determined based on the Company's financial position and market practices.

Persons Discharging Managerial Responsibilities ("Dirigentes")

Persons Discharging Managerial Responsibilities ("Dirigentes"), under the terms of Article 248-B Paragraph 3 of the Portuguese Securities Code ("Código de Valores Mobiliários"), in addition to the Stautory Governing Bodies mentioned above, include senior managers who have regular access to Privileged Information and are involved in taking management and business strategy decisions at the Company.

The Compensation Policy applicable to individuals who, under the terms of the law, are considered to be Persons Discharging Managerial Responsibilities ("Dirigentes"), shall be equivalent to the one adopted for other senior managers with the same level of functions and responsibilities, without awarding any additional benefit in addition to that which results from their respective Management Level.

Chapter 7 – Main elements of internal control systems and risk management implemented in the company regarding the process of disclosing financial information

The existence of an effective internal control environment, particularly in the process of financial reporting, is a commitment Sonae Investimentos Board of Directors has. It aims to identify and improve most relevant process in terms of preparation and disclosure of financial information, with the aims of transparency, consistency, simplicity and materiality. The objective of the internal control system is to ensure a reasonable guarantee in relation to the preparation of financial statements in accordance with the accounting principles adopted, and quality of financial reporting.

The reliability of the financial information is guaranteed not only by the clear separation between who prepares it and the users, but also by the implementation of various control procedures during the process of preparation and disclosure of financial information

The internal control system regarding accounting, preparation and disclosure of financial information, includes the following key controls:

- The process of disclosing financial information is formalised, the risks and associated controls are identified. The criteria for preparation and disclosure are duly established and approved and are reviewed periodically;
- There are three main kinds of control: high level controls (control at the entity level), information system controls and processing controls. They include a number of procedures related to the execution, supervision, monitoring and process improvement, with the aim of preparing the financial statement of the company:
- The use of accounting principles which are explained along the course of the financial statements (see Chapter 2), constitute one of the fundamental pillars of the control system;
- The plans, procedures and registers of the Group enable a reasonable guarantee that the transactions are only executed with the general or specific management authorisation, and that these transactions are registered to permit that the financial statements comply with the main accounting principles widely accepted. It also ensures that the company maintain an up-to-date register of its assets and that the register of the assets is always checked against existing assets. Appropriate measures are always adopted whenever differences occur;
- The financial information is systematically and regularly checked by business unit management and by those responsible for the results departments, guaranteeing a constant monitoring and respective budget control;
- During the process of preparing and checking the financial information, a timetable is previously established and shared with the different departments involved, and all of the documents are reviewed in detail. This includes the revision of the principles used, checking the precision of information produced and the consistency with the principles and policies defined and used in previous periods;
- In terms of individual companies, the accounting registry´s and preparation of financial statements are assured by the different roles within the administrative and accounting services, who guarantee the control of registering the transactions of business processes and the balance of the assets, liabilities and own shares. The financial statements are prepared by External Auditors for each one of the companies and examined by the management control and fiscal departments;
- The consolidated financial statements are prepared on a quarterly basis by the department of accounts consolidation of the administrative services within Sonae Investimentos Corporate Centre. This process constitutes an additional level of control and accuracy of financial information, namely guaranteeing the

application of the accounting principles across the board, of the cutting operations procedures and the control of balances and transactions between companies of the Sonae Investimentos Group and remaining companies within the Sonae Group;

- The Management Report and the Corporate Governance Report are prepared with contributes from multidisciplinary teams;
- The various documents which constitute the annual report are reviewed and approved by Sonae Investimentos Board of Directors. After the approval, the documents are sent to the External Auditor, who provides the legal accounts certification and Auditing Report;
- The process of preparing individual and consolidated financial information and the Management Report is supervised by the Fiscal Committee. On a quarterly basis, this committee gathers and reviews the individual and consolidated statements and the Management Report. Every year, the Statutory Auditor presents, directly to the Fiscal Committee, a summary of the main conclusions reached having examined the financial information;
- All of those involved in the company´s financial analysis process compose the list of people with access to privileged information, and are informed about the content of their obligations and about their penalties resulting from the undue use of the referred information;
- The internal rules applicable to the disclosure of financial information aim to guarantee its timing and avoid leaking information to the market.

Amongst the risk causes which may materially affect the accounting and financial reporting, we note the following:

- Accounting estimates – The most significant accounting estimates are described in the appendix to the Consolidated Financial Statements chapter 2.19, and other chapters. The estimates were based on the best information available during the preparation of the financial statements, and best knowledge and experience of past and/or present events;
- Balances and transactions with related parties – The most significant balances and transactions with related parties are detailed in the notes to the financial statements. These are particularly associated with operating activities of the Group, as well as to the concession and attainment of loans, carried out at market value.

More specific information on how these, and other risk causes were mitigated, can be consulted during the course of notes to the financial statements.

Sonae Investments adopts various actions related to the continuous improvement of the Financial Risk Control System, including:

- Improvement in control documentation – Following work carried out in the past, during 2012 Sonae Investimentos will continue to improve the documentation and systemisation of risks and the internal control system related to the concern for financial information. This work includes the identification of risk/causes (initial risk), and identification of process with greater materiality, the control of documentation and the final analysis (residual risk) after the implementation of potential improvements in controls:
- Fulfilment Review – The Legal team in cooperation with the Administrative, Internal Auditing and Risk Management departments, and in accordance with other necessary departments, coordinates a periodic review of the compliance with legal and regulatory requirements regarding the processes of underlying government and corresponding financial information, which are disclosed in the Management Report and Corporate Governance Report.

Matosinhos, 12th March 2012

The Board of Directors,

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Duarte Paulo Teixeira de Azevedo (President)

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Ângelo Gabriel Ribeirinho dos Santos Paupério

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Nuno Manuel Moniz Trigoso Jordão

Consolidated financial statements

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2011 AND 2010

(Translation of condensed consolidated financial statements originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)

ASSETS	Notes	31 December 2011	31 December 2010
NON-CURRENT ASSETS:			
Tangible assets	10	2,095,971,212	2,132,257,452
Intangible assets	11	156,979,536	153,674,164
Goodwill	12	517,042,098	518,235,811
Investments in associates	6	45,183,796	53,887,757
Other investments	7 and 9	34,613,973	34,556,256
Deferred tax assets	20	118,445,446	98,959,834
Other non-current assets	9 and 14	36,533,370	37,391,624
Total Non-Current Assets		3,004,769,431	3,028,962,898
CURRENT ASSETS:			
Inventories		643,387,609	664,630,207
Trade account receivables	9 and 16	36,753,487	39,793,524
Other debtors	9 and 17	52,673,267	107,928,638
Taxes recoverable	18	83,625,751	38,933,630
Other current assets	19	53,286,315	41,951,076
Investments	9 and 13	5,856,269	15,642,909
Cash and cash equivalents	9 and 21	253,672,268	200,024,469
Total Current Assets		1,129,254,966	1,108,904,453
Assets available for sale		720,338	9,500,686
TOTAL ASSETS		4,134,744,735	4,147,368,037
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	22	1,000,000,000	1,000,000,000
Own shares	22	(320,000,000)	(320,000,000)
Legal reserve		139,614,881	117,087,918
Reserves and retained earnings		(121,157,119)	(265,503,577)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		63,798,214	168,595,954
Equity attributable to the equity holders of the Parent Company		762,255,976	700,180,295
Equity attributable to non-controlling interests	23	75,740,230	75,434,780
TOTAL EQUITY		837,996,206	775,615,075
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	9 and 24	366,193,899	303,599,257
Bonds	9 and 24	534,322,595	899,337,511
Obligation under finance leases	9, 24 and 25	12,105,218	7,170,863
Other loans	9 and 24	126,395	162,624
Other non-current liabilities	9 and 27	428,236,505	425,408,286
Deferred tax liabilities	20	119,976,368	108,202,465
Provisions	32	35,325,262	21,495,563
Total Non-Current Liabilities		1,496,286,242	1,765,376,569
CURRENT LIABILITIES:			
Loans	9 and 24	10,550,676	10,889,883
Bonds	9 and 24	365,856,920	89,554,618
Obligation under finance leases	9, 24 and 25	4,461,058	2,752,393
Other loans	9 and 24	76,210	5,278,846
Trade creditors	9 and 29	1,120,660,354	1,121,852,468
Other creditors	9 and 30	85,106,538	154,874,375
Taxes and contributions payable	18	44,580,844	52,891,000
Other current liabilities	31	166,822,714	166,595,831
Provisions	32	2,346,973	1,686,979
Total Current Liabilities		1,800,462,287	1,606,376,393
TOTAL LIABILITIES		3,296,748,529	3,371,752,962
TOTAL EQUITY AND LIABILITIES		4,134,744,735	4,147,368,037

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED INCOME STATEMENT
FOR THE PERIODS ENDED 31 DECEMBER 2011 AND 2010

(Translation of condensed consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)

	Notes	31 December 2011	31 December 2010 (Note1)
Sales	35	4,610,704,314	4,664,262,067
Services rendered	35	68,459,476	68,055,002
Investment income	36	174,101	12,591,027
Financial income	37	9,502,406	3,248,047
Other income	38	459,499,940	452,161,138
Cost of goods sold and materials consumed	15	(3,550,573,095)	(3,573,186,538)
Changes in stocks of finished goods and work in progress		688,948	115,278
External supplies and services	39	(609,870,786)	(579,961,516)
Staff costs	40	(562,155,878)	(539,077,297)
Depreciation and amortisation	10 and 11	(180,584,223)	(163,541,459)
Provisions and impairment losses	32	(25,330,166)	(18,953,842)
Financial expense	37	(84,119,378)	(54,569,541)
Other expenses	41	(56,141,475)	(59,658,294)
Share of results of associated undertakings	6	(4,890,066)	532,931
Profit/(Loss) before taxation		75,364,118	212,017,003
Taxation	42	(13,229,713)	(43,651,281)
Profit/(Loss) after taxation		62,134,405	168,365,722
Attributable to:			
Equity holders of the Parent Company		63,798,214	168,595,954
Non-controlling interests	23	(1,663,809)	(230,233)
Profit/(Loss) per share			
Basic	44	0.070887	0.171391
Diluted	44	0.070887	0.171391

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2011 AND 2010

(Translation of condensed consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)

	31 December 2011	31 December 2010
Net Profit / (Loss) for the period	62,134,405	168,365,722
Exchange differences arising on translation of foreign operations	(65,664)	319,866
Participation in other comprehensive income (net of tax) related to associated companies included in consolidation by the equity method	(2,833,973)	-
Changes in hedge and fair value reserves	5,106,728	3,172,468
Deferred tax related to changes in fair value reserves	(1,352,903)	(840,702)
Other comprehensive income for the period	854,188	2,651,632
Total comprehensive income for the period	62,988,593	171,017,354
Attributable to:		
Equity holders of Parent Company	64,601,505	171,249,325
Non controlling interests	(1,612,912)	(231,971)

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIODS ENDED 31 DECEMBER 2011 AND 2010
(Translation of consolidated financial statements originally issued in Portuguese.
In case of discrepancies the Portuguese version prevails)
(Amounts expressed in euro)

		Attributable to Equity Holders of the Parent Company											
				Reserves and Retained Earnings									
	Notes	Share Capital	Treasury Shares	Legal Reserve	Foreign Currency Translation Reserves	Hedging Reserves	Legal reserves in accordance with article 324º of CSC [a)]	Other Reserves and Retained Earnings	Total	Net Profit/(Loss)	Total	Non-controlling Interests (Note 23)	Total Equity
Balance as at 1 January 2010		1,000,000,000	-	114,000,000	82,609	(4,441,228)	-	(275,596,322)	(165,954,941)	138,171,091	972,216,150	74,344,125	1,046,560,275
Total comprehensive income for the period		-	-	-	319,866	2,333,504	-	-	2,653,370	168,595,954	171,249,324	(231,971)	171,017,353
Appropriation of profit of 2009:													
Transfer to legal reserves and retained earnings		-	-	3,087,918	-	-	-	135,083,173	138,171,091	(138,171,091)	-	-	-
Dividends distributed		-	-	-	-	-	-	(70,000,000)	(70,000,000)	-	(70,000,000)	-	(70,000,000)
Treasury shares	22	-	(320,000,000)	-	-	-	-	-	-	-	(320,000,000)	-	(320,000,000)
Free reserves made unavailable	22	-	-	-	-	-	320,000,000	(320,000,000)	-	-	-	-	-
Supplementary Capital		-	-	-	-	-	-	372,000,000	372,000,000	-	372,000,000	-	372,000,000
Distribution of free reserves		-	-	-	-	-	-	(425,000,000)	(425,000,000)	-	(425,000,000)	-	(425,000,000)
Aquisitions of shares of affiliated undertakings		-	-	-	-	-	-	(74,566)	(74,566)	-	(74,566)	-	(74,566)
Others		-	-	-	-	-	-	(210,614)	(210,613)	-	(210,613)	1,322,626	1,112,013
Balance as at 31 December 2010		1,000,000,000	(320,000,000)	117,087,918	402,475	(2,107,724)	320,000,000	(583,798,328)	(148,415,659)	168,595,954	700,180,295	75,434,780	775,615,075
Balance as at 1 January 2011		1,000,000,000	(320,000,000)	117,087,918	402,475	(2,107,724)	320,000,000	(583,798,328)	(148,415,659)	168,595,954	700,180,295	75,434,780	775,615,075
Total comprehensive income for the period		-	-	-	(65,664)	3,702,928	-	(2,833,973)	803,291	63,798,214	64,601,505	(1,612,912)	62,988,593
Appropriation of profit of 2010:													
Transfer to legal reserves and retained earnings		-	-	22,526,963	-	-	-	146,068,991	168,595,954	(168,595,954)	-	-	-
Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares		-	-	-	-	-	-	-	-	-	-	-	-
Free reserves made unavailable		-	-	-	-	-	-	-	-	-	-	-	-
Supplementary Capital		-	-	-	-	-	-	-	-	-	-	-	-
Distribution of free reserves		-	-	-	-	-	-	-	-	-	-	-	-
Aquisitions of shares of affiliated undertakings		-	-	-	-	-	-	193,438	193,438	-	193,438	1,918,362	2,111,800
Others		-	-	-	-	-	-	(2,719,262)	(2,719,262)	-	(2,719,262)	-	(2,719,262)
Balance as at 31 December 2011		1,000,000,000	(320,000,000)	139,614,881	336,811	1,595,204	320,000,000	(443,089,134)	18,457,762	63,798,214	762,255,976	75,740,230	837,996,206

The accompanying notes are part of these consolidated financial statements.

a) CSC - Commercial Companies Code

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 31 DECEMBER 2011 AND 2010

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)

	Notes	31 December 2011	31 December 2010
OPERATING ACTIVITIES			
Cash receipts from trade debtors		4,714,218,123	4,832,466,691
Cash paid to trade creditors		(3,786,510,001)	(3,929,882,529)
Cash paid to employees		(566,249,137)	(528,850,650)
Cash flow generated by operations		361,458,985	373,733,512
Income taxes (paid) / received		(58,589,011)	(50,026,729)
Other cash receipts and (payments) relating to operating activities		(3,125,955)	(4,285,470)
Net cash flow from operating activities (1)		299,744,019	319,421,313
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	45	19,119,830	33,931,997
Tangible assetsand investment properties		58,081,604	95,163,747
Intangible assets		442,221	181,928
Interest and similar income		5,183,531	1,032,179
Loans granted		381,659,637	405,691,614
Dividends		745,871	1,333,374
Others		29,954	10,011,822
		465,262,648	547,346,661
Cash Payments arising from:			
Investments	45	(131,236)	(54,857,023)
Tangible assetsand investment properties		(156,603,177)	(202,583,161)
Intangible assets		(24,898,153)	(12,924,203)
Loans granted		(378,979,000)	(421,880,260)
Others		(12,807)	(1,000,530)
		(560,624,373)	(693,245,177)
Net cash used in investment activities (2)		(95,361,725)	(145,898,516)
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		4,199,916,001	5,754,401,364
Supplentary capital		-	372,000,000
Others		1,470,000	1,975,750
		4,201,386,001	6,128,377,114
Cash Payments arising from:			
Loans obtained		(4,268,805,613)	(5,340,345,178)
Interest and similar charges		(82,460,912)	(40,174,270)
Dividends		-	(495,000,000)
Purchase of own shares		-	(320,000,000)
Others		(2,590,695)	(2,390,325)
		(4,353,857,220)	(6,197,909,773)
Net cash used in financing activities (3)		(152,471,219)	(69,532,659)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		51,911,075	103,990,138
Effect of foreign exchange rate		(2,335,908)	(128,333)
Cash and cash equivalents at the beginning of the period	21	192,460,253	88,341,782
Cash and cash equivalents at the end of the period	21	246,707,236	192,460,253

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2011

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

1 INTRODUCTION

Sonae Investimentos, SGPS, S.A., has its head-office at Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Portugal, and is the parent company of a group of companies, as detailed in Notes 4 to 6 the Sonae Investimentos Group ("Sonae Investimentos"). Sonae Investimentos operations are described in the management report and in Note 46.

Revenue recognition of Geostar business

According to IAS 18 clarification, revenues must include the gross inflows of economic benefits received or receivable by the entity on its own. Amounts collected on behalf of third parties are not economic benefits which flow to the entity and therefore are excluded from revenue. This methodological change implied the restatement of turnover and related costs for the period ended 31 December 2010, with a decrease of turnover and external supplies and services of 68,848,888 euro.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accompanying consolidated financial statements are as follows:

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"); as adopted by the European Union. This standards were issued by the International Accounting Standards Board ("IASB") and interpretations issued by International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), that have been adopted by the European Union as at the consolidated financial statements issuance date.

Interim financial statements are presented quarterly, in accordance with IAS 34 – "Interim Financial Reporting".

The accompanying consolidated financial statements have been prepared from the books and accounting records of the Company, subsidiaries and joint ventures, adjusted in the consolidation process, on a going concern basis and under the historical cost convention, except for financial instruments which are stated at fair value.

New accounting standards and their impact on the consolidated financial statement

Up to the approval date of these financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions, some of which have become effective during the year 2011:

With mandatory application after 2011:	**Effective Date (Financial years beginning on/or after)**
IAS 24 – Related Party Disclosures (revised)	01-01-2011
IFRS 1 – Amendment (Limited exemption from the requirement to provide comparative disclosures in accordance with IFRS 7 for first-time adopters)	01-07-2010
IAS 32 – Amendment (Classification of Rights Issues)	01-02-2010
IFRIC 14 – Amendment (Prepayments of a Minimum Funding Requirement)	01-01-2011
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments	01-07-2010
Improvements to international financial reporting standards (IFRS 1, 3, 7, and IAS 1, 32, 34, 39 and IFRIC 13) – issued in 2010	After 30-06-2010 or 31-12-2010

No significant impacts are expected to arise in the financial statements resulting from the adoption of these standards.

Up to the approval date of these financial statements, there are no standards, interpretations, amendments and revisions that have been endorsed by the European Union and whose application is mandatory in future financial years.

2.2 Consolidation principles

The main accounting policies adopted by the Group are as follows:

a) Investments in Group companies (subsidiaries)

Investments in companies in which Sonae Investimentos owns, directly or indirectly, more than 50% of the voting rights at Shareholders' General Meetings or is able to establish financial and operational policies so as to benefit from its activities (definition of control normally used by Sonae Investimentos), were included in the consolidated financial statements using the full consolidation method. Equity and net profit attributable to minority shareholders are shown separately, under the caption Non-controlling interests, in the consolidated statement of financial position and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 4.

The comprehensive income is attributable to the owners of the Sonae Investimentos Group and non-controlling interests even if the situation results in a deficit balance at the level of non-controlling interests.

Assets and liabilities of each subsidiary are measured at their fair value at the acquisition date or gain of control (measurement period of twelve months). The excess of the consideration transferred plus the fair value of any previously held interests and non-controlling interests over the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.d)). Any excess of the fair value of identifiable assets over consideration transferred, previously held interests and non-controlling interests recognized as income in profit or loss for the period of acquisition in the caption "Other income", after reassessment of the estimated fair value attributed to the net assets acquired. Sonae Investimentos Group will choose on a transaction-by-transaction basis, the measurement of non-controlling interests, (i) according to the non-controlling interests share of assets liabilities and contingent liabilities of the acquiree, or (ii) according to their fair value.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of their gain of control or up to the effective date of loss of control, as appropriate.

Adjustments to the financial statements of Sonae Investimentos companies are performed, whenever necessary, in order to adapt accounting policies to those used by Sonae Investimentos. All intra-group transactions, balances, income and expenses and distributed dividends are eliminated on consolidation.

Whenever Sonae Investimentos has, in substance, control over other entities created for a specific purpose, even if no share capital interest is directly held in those entities, these are consolidated by the full consolidation method.

b) Investments in jointly controlled companies

Investments in jointly controlled companies are included in the accompanying consolidated financial statements in accordance with the proportionate consolidation method as from the date when joint control is acquired. In accordance with this method, the Group includes in the accompanying consolidated financial statements its share of assets, liabilities, income and expenses of these companies, on a line-by-line basis.

Any excess of the acquisition cost over the Group's interest in the fair value of identifiable net assets acquired is recognized as goodwill (Note 2.2.d)). Any excess of the Group's share in the fair value of net assets acquired over cost is recognized as income in profit or loss for the period of acquisition after reassessment of the estimated fair value of the net identifiable assets and liabilities acquired in the caption "Other operational income".

Sonae Investimentos' share of inter-company balances, transactions and dividends distributed are eliminated in proportion of interests attributable to Sonae Investimentos.

Investments in jointly controlled companies are classified as such based on shareholders' agreements that establish joint control.

Companies included in the accompanying consolidated financial statements in accordance with the proportionate method are listed in Note 5.

c) Investments in associated companies

Investments in associated companies (companies where Sonae Investimentos exercises significant influence but does not establish financial and operational policies – usually corresponding to holdings between 20% and 50% in a company's share capital) are accounted for in accordance with the equity method.

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to Sonae Investimentos' share of changes in equity (including net profit) of associated companies and to dividends received.

Any excess of the cost of acquisition over Sonae Investimentos' share in the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.d)), which is included in the caption Investment in associated companies. Any excess of Sonae Investimentos' share in the fair value of the identifiable net assets acquired over cost is recognized as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired under the caption Share of profit of associates.

An assessment of investments in associated companies is performed when there is an indication that the asset might be impaired. Any impairment loss is recorded in the income statement. Impairment losses recorded in prior years that are no longer justifiable are reversed.

When Sonae Investimentos' share of losses exceeds the carrying amount of the investment, the investment is reported at nil value and recognition of losses is discontinued, unless Sonae Investimentos is committed beyond the value of its investment. In these situations impairment is recorded for that amount.

The Sonae Investimentos' share in unrealized gains arising from transactions with associated companies is eliminated. Unrealized losses are eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

Investments in associated companies are disclosed in Note 6.

d) Goodwill

The excess of consideration transferred in the acquisition of investments in subsidiaries, jointly controlled and associated companies plus the amount of any non-controlling interests (in the case of affiliated companies) over Sonae Investimentos's share in the fair value of the identifiable assets, liabilities and contingent liabilities of those companies at the date of acquisition, when positive, is shown as Goodwill (Note 12) or as Investments in associated companies (Note 6). The excess of the consideration transferred in the acquisition of investments in foreign companies plus the amount of any non-controlling interests (in the case of affiliated companies) over the fair value of their identifiable assets, liabilities and contingent liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Sonae Investimentos functional currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are recorded and disclosed in "Other Reserves and Retained earnings".

Goodwill is not amortized, but it is subject to impairment tests on an annual basis. Net recoverable amount is determined based on business plans used by Sonae Investimentos management or on valuation reports issued by independent entities. Impairment losses recognized in the period are recorded in the income statement under the caption "Provisions and impairment losses".

Impairment losses related with goodwill will not be reversed.

Any excess of Sonae Investimentos's share in the fair value of identifiable assets, liabilities and contingent liabilities, in affiliated companies, associated companies and jointly controlled companies, plus, in affiliated companies, the amount of non-controlling interests, at acquisition date, if negative, is recognized as income in the profit or loss for the period, after reassessment of the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

e) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the financial statements of foreign companies are translated to euro using exchange rates at the statement of financial position date. Profit and loss and cash flows are converted to euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under Translation reserves in Reserves and retained earnings. Exchange rate differences that were originated prior to 1 January 2004 (date of transition to IFRS) were written-off through "Other Reserves and Retained earnings".

Goodwill and fair value adjustments arising from the acquisition of foreign companies are recorded as assets and liabilities of those companies and translated to euro using exchange rates at the statement of financial position date.

Whenever a foreign company is sold (totally or partially), but with loss of control, accumulated exchange rate differences are recorded in the income statement as a gain or loss on the disposal, in the caption Investment income.

Exchange rates used on translation of foreign group, jointly controlled and associated companies are listed below:

	31 December 2011		31 December 2010	
	End of period	Average of period	End of period	Average of period
Brazilian Real	0.41392	0.43061	0.45092	0.42982
Turquish Lira	0.40930	0.42996	-	-

2.3 Tangible assets

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition or production cost, or revalued acquisition cost, in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Tangible assets acquired after that date, are recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciations are calculated on a straight line basis, as from the date the asset is first used, over the expected useful life for each class of assets, and recorded against the income statement caption "Depreciation and amortization".

The impairment losses detected on tangible assets are recorded in the year, in wide the estimation is made, recorded against the consolidate income statement caption "Provisions and impairment losses".

The depreciation rates used correspond to the following estimated useful lives:

	Years
Land and Buildings	50
Plant and machinery	10 to 15
Vehicles	5
Tools	4
Office equipment	10
Other tangible assets	5

Maintenance and repair costs relating to tangible assets are recorded directly as expenses in the year they are incurred.

Tangible assets in progress represent fixed assets still under construction-development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or become ready for use.

Gains or losses on sale or disposal of tangible assets are calculated as the difference between the selling price and the carrying amount of the asset at the date of its sale-disposal. These are recorded in the income statement under either "Other income" or "Other expenses".

2.4 Intangible assets

Intangible assets are stated at acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognized if it is probable that future economic benefits will flow from them, if they are controlled by the Sonae Investimentos and if their cost can be reliably measured.

Expenditure on research associated with new technical know-how is recognized as an expense recorded in the income statement when it is incurred.

Expenditure on development is recognized as an intangible asset if Sonae Investimentos demonstrates the technical feasibility and its intention to complete the asset, its ability to sell or use it and the probability that the asset will generate future economic benefits. Expenditure on development which does not fulfil these conditions is recorded as an expense in the period in which it is incurred.

Internal costs associated with maintenance and development of software is recorded as an expense in the period in which they are incurred. Only costs directly attributable to projects for which the generation of future economic benefits to Sonae Investimentos is probable are capitalized as intangible assets.

Amortizations are calculated on a straight line basis as from the date the asset is first used, over the expected useful life which usually is 5 years. It is recorded in the caption of "Amortizations and depreciations".

Brands and patents with undefined useful lives are not amortized, but are subject to impairment tests on an annual basis.

2.5 Accounting for leases

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

Whether a lease is classified as finance or an operating lease depends on the substance of the transaction rather than the form of the contract.

a) Accounting for leases where Sonae Investimentos is the lessee

Assets acquired through finance lease contracts as well as the correspondent responsibilities, are posted by the financial method, posting in the statement of financial position the acquired asset and the pending debts according to the contractual financial plan at fair value or, if less, at the present level of payments. Both the finance charge and the depreciation expense for depreciable assets are taken to the income statement in the period in which they are incurred.

Lease payments under operating lease contracts are recognized as an expense on a straight line basis over the lease term.

b) Accounting for leases where Sonae Investimentos is the lessor

For operating lease agreements where Sonae Investimentos is lessor, assets remain recorded in the Sonae Investimentos' statement of financial position and the revenue is recognized on a straight line basis during the period of the agreement.

2.6 Government grants

Government grants are recorded at fair value when there is reasonable assurance that they will be received and that Sonae Investimentos will comply with the conditions attaching to them.

Grants received as compensation for expenses, namely grants for personnel training, are recognized as income in the same period as the relevant expense.

Investment grants related to fixed assets are disclosed as "Other current liabilities" and are recognized as income on a straight line basis over the expected useful lives of those underlying assets.

Grants related to incurred costs are recorded as profit in the extent there is a reasonable assurance that these will be received, that the granted costs have already been incurred and that Sonae Investmentos will comply with the conditions necessary for its grant.

2.7 Impairment of non-current assets, except for Goodwill

Assets are assessed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement under "Provisions and impairment losses".

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognized in prior years is only recorded when it is concluded that the impairment losses recognized for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognized has been reversed. The reversal is recorded in the income statement as "Other income". However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

2.8 Borrowing Costs

Borrowing costs are usually recognized as an expense in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of tangible and intangible assets, real state projects classified as inventories or investment properties are capitalized as part of the cost of the qualifying asset. Borrowing costs are capitalized from the beginning of preparation of the activities to construct or develop the asset up to the time the production or construction is complete or when asset development is interrupted. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the borrowing costs that qualify for capitalization.

2.9 Inventories

Consumer goods are stated at the lower of acquisition cost deducted from discounts obtained and net realizable value, cost is determined on a weighted average basis.

Differences between cost and net realizable value, if negative, are shown as expenses under the caption "Cost of goods sold and materials consumed".

2.10 Provisions

Provisions are recognized when, and only when, Sonae Investimentos has an obligation (legal or implicit) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the statement of financial position date to reflect the best estimate as of that date.

Restructuring provisions are recognized by Sonae Investimentos whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

2.11 Financial Instruments

The Company classifies the financial instruments in the categories presented and conciliated with the Statement of financial position disclosed in Note 9.

a) Investments

Investments are classified into the following categories:

-Held to maturity;

-Investments measured at fair value through profit or loss;

-Available for sale;

Held to maturity investments are classified as “Non-current assets” unless they mature within 12 months of the statement of financial position date. Investments classified as held to maturity have defined maturities and the Group has the intention and ability to hold them until the maturity date.

The investments measured at fair value through profit or loss include the investments held for trading that Sonae Investimentos acquires with the purpose of trading in the short term. They are disclosed in the consolidated statement of financial position as current investments.

Sonae Investimentos classifies as available for sale those investments that are neither included as investments measured at fair value through profit or loss nor as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sale of investments are recognized on the trade date, independently of the settlement date.

Investments are initially recorded at cost, which is the fair value of the consideration paid for them including, transaction costs, apart from investments measured at fair value through profit or loss, in which the investments are initially recognized at fair value and transaction costs are recognized in the income statement.

Investments measured at fair value through profit or loss and available for sale investments are subsequently carried at fair value, without any deduction for transaction costs which may be incurred on sale by reference to their quoted market value at statement of financial position date. Investments in equity instruments that do not have a market price and whose fair value cannot be reliably measured are stated at acquisition cost less impairment losses.

Gains or losses arising from a change in fair value of available for sale investments are recognized directly in equity, under "Investments fair value reserve", in the caption "Reserves and retained earnings", until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit or loss.

Changes in the fair value of investments measured at fair value through profit or loss are included in consolidated income statement for the period under financial expenses or financial income.

Held to maturity investments are carried at amortized cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Trade accounts receivable and other accounts receivables

Trade accounts receivables and other accounts receivable are recorded at their nominal value and presented in the consolidated statement of financial position net of impairment losses, recognized under the caption "Impairment losses on accounts receivable", in order to reflect its net realizable value.

Impairment is recognized if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received. For this purpose, each Sonae Investimentos subsidiary takes into consideration market information that evidences that the client is not accomplishing its responsibilities as well as historic information about due and not received balances.

Recognized Impairment losses equal the difference between the carrying amount of the receivable and the corresponding present value of the estimated future cash-flows, discounted at the initial effective interest rate. The initial effective interest rate is considered null when the collection is expected within one year.

c) Classification as Equity or Liability

Financial liabilities and equity instruments are classified and accounted for based upon their contractual substance, independently from the legal form they assume.

Equity instruments are contracts that evidence a residual interest in the assets of Sonae Investimentos after deducting all of its liabilities. Equity instruments issued by Sonae Investimentos are recorded at the proceeds received, net of direct issue costs.

d) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.16. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Funding on the form of commercial paper are classified as non-current, when they have guarantees of placing for a period exceeding one year and it is the intention of the group to maintain the use of this form of financing for a period exceeding one year.

e) Trade accounts payable

Accounts payable are stated at their nominal value, as they do not bear interests and the effect of discounting is considered immaterial.

f) Derivatives

Sonae Investimentos uses derivatives in the management of its financial risks to hedge such risks. Derivatives are not used for trading purposes.

Sonae Investimentos' criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured;
- There is adequate documentation of the hedging relationships at the inception of the hedge;
- The transaction being hedged is highly probable.

Cash flow hedge instruments used by Sonae Investimentos to hedge the exposure to changes in interest rates of its loans are initially accounted for at cost value, and subsequently adjusted to the corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption "Hedging reserves", included in the caption "Reserves and Retained Earnings", and then recognized in the income statement over the same period in which the hedged instrument affects profit or loss. The inefficiencies, when they exist, are recorded under "Financial income" and "Financial expenses".

The fair value of these financial instruments is estimated using specific software based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg, through the use of interest rate curves taken from Bloomberg.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded and deferred in equity under the caption "Hedging reserve", included in the caption "Reserves and Retained Earnings", are transferred to profit and loss of the year or in the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

In those cases in which the derivatives, despite being negotiated to hedge financial risks inherent to the business (essentially, currency "forwards" to hedge future imports of inventories), do not fulfill the criteria for hedge accounting under IAS 39, changes in the fair value are recorded directly in the income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host contract, and these are not stated at fair value gains and losses which are not realizable are recorded in the Income Statement.

Additionally, Sonae Investimentos also negotiates, in specific situations, interest rate derivatives and foreign exchange rate derivatives directed to hedge fair values. In these cases, the derivatives are stated at fair value through the Income statement. When the hedged instrument is not measured at fair value (i.e. loans which are recorded at amortized cost) the book value is adjusted by the amount which is effectively hedged through the profit and loss.

Sonae Investimentos may agree to become part of a derivative transaction in order to hedge cash-flows hedge related to exchange rate risk. In some cases, these derivatives may not fulfil the criteria for hedging accounting under IAS 39, and if so changes in their fair value are recognized in the income statement.

g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the balance consolidated sheet caption of "current bank loans".

2.12 Non-current assets held for sale

The non-current assets (or disposal group) are recorded as held for sale if it is expected that the book value will be recovered through the sale and not through the use in the operations. This condition is achieved only if the sale is highly probable and the asset (or disposal group) is available for the immediate sale in the actual conditions. Additionally, there must be in progress actions that should allow concluding the sale within 12 months counting from the classification´s date in this caption. The non-current assets (or disposal group) recorded as held for sale are booked at the lower amount of the historical cost or the fair value deducted from costs, not being amortized after being classified as held for sale.

2.13 Share-based payments

Share-based payments result from Deferred Performance Bonus Plans which were attributed by Sonae Investimentos, and are indexed to the evolution of the Sonae SGPS, S.A. shares' price (Parent Company of Sonae Investimentos, SGPS, S.A.).

Share based payment liabilities are measured at fair value on the date they are granted (usually in March each year) and are subsequently remeasured at the end of each reporting period based on the number of shares granted and the corresponding fair value at the closing date. These obligations are stated as staff costs and other current and non-current liabilities, and are recorded on a straight line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates when referring to shares as call options which can be net settled through down payment. In the case of equity-settled share-based payment transactions, these obligations are recognized as staff costs and stated in Reserves and are recorded on a straight line basis between the date the shares are granted and their vesting date.

2.14 Contingent assets and liabilities

Contingent assets are not recognized in the financial statements but disclosed where an inflow of economic benefits is probable.

Contingent liabilities are not recorded in the financial statements, instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.15 Income tax

The tax charge for the year is determined based on the taxable income of each company included in the consolidation perimeter taking into consideration deferred taxes.

Current income tax is determined based on the taxable income of companies included in the consolidation, in accordance with the tax rules in force in their respective country of incorporation.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore expected to apply in the periods when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date a review is made of the deferred tax assets recognized is made, being reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in Equity.

2.16 Revenue recognition and accrual basis

Revenue from the sale of goods is recognized in the consolidated income statement when the risks and benefits have been transferred to the buyer and the amount of the revenue can be measured reasonably. Sales are recorded net of sales taxes and discounts and other expenses arising from the sale, and are measured as the fair value of the amount received or receivable.

Revenue from services rendered is recorded in the consolidated income statement taking into consideration the stage of completion of the transaction at statement of financial position date, excepting travel agency services.

Income related to services rendered by travel agencies is recognized with the issuance of invoice. At statement of financial position date, adjustments are made under the caption "Other current assets" and "Other current liabilities" in order to accrue for revenue of the services already rendered but whose billing had not occurred yet, as well as for the associated expenditures. In transactions in which the Group operates as an agent revenue relates to the commission, in transactions in which Sonae acts as principal (Package Programs developed in their own name) revenue is the total amount billed to the client.

Dividends are recognized as income in the year they are attributed to the shareholders.

The deferral of revenue related with customer loyalty programs, (attribution of awards) are measured taking into account the likelihood of redemption and are deducted to revenue when their award credits are granted. The corresponding liability is recognized in the caption "Other Creditors."

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

"Other current assets" and "Other current liabilities" include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses in future years, thus being recorded in the income statement of the future period.

2.17 Balances and transactions expressed in foreign currencies

Transactions are recorded in the financial statements of each subsidiary based on the functional currency of that subsidiary using the exchange rates on the date of each transaction.

At each statement of financial position date, all monetary assets and liabilities expressed in foreign currencies are translated to the functional currency of each entity at the foreign exchange rates prevailing as of that date. All non-monetary assets and liabilities recorded at fair value and stated in foreign currencies are converted to the functional currency of each subsidiary, using the exchange rate at the date the fair value was determined.

Exchange gains and losses arising from differences between the historical foreign exchange rates and those prevailing at the date of collection, payment or the date of the statement of financial position, are recorded as profits or loss for the period, except those related to non-monetary assets or liabilities, in which, the adjustments to the fair value are directly recorded under equity.

When exposure to currency risk is aimed to be minimized, Sonae Investimentos negotiates hedging currency derivatives (Note 2.11.f).

2.18 Subsequent events

Post statement of financial position events that provide additional information about conditions that existed at the statement of financial position date (adjusting events), are reflected in the consolidated financial statements. Post statement of financial position events that are not-adjusting events are disclosed in the notes to the consolidated financial statements when considered to be material.

2.19 Judgements and estimates

The most significant accounting estimates reflected in the financial statements are as follows:

a) Useful lives of tangible and intangible assets;

b) Impairment analysis of goodwill and of tangible and intangible assets;

c) Record of adjustments to the value of assets and provisions, and contingent liabilities analysis;

d) Measurement of responsibilities associated with customers' loyalty programs;

e) Determining the fair value of derivative financial instruments;

f) Recoverability of deferred tax assets;

Estimates used are based on the best information available during the preparation of these financial statements and are based on the best knowledge of past and present events. Although future events are neither controlled by Sonae Investimentos nor foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by management that occur after the date of these consolidated financial statements, will be recognized in net income prospectively, in accordance with IAS 8.

The main estimates and assumptions in relation to future events included in the preparation of consolidated financial statements are disclosed in the correspondent notes.

2.20 Segment information

Information regarding operating segments identified is included in Note 46.

2.21 Treasury Shares

Treasury Shares are recorded at their acquisition cost as a reduction to equity. Gains or losses arising from sales of own shares are recorded in "Other reserves and retained earnings"

2.22 Legal reserves, hedge reserves, other reserves and Retained earnings

Legal reserves:

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

Hedging Reserves:

Hedging Reserves reflect the changes in fair value of "cash flow" hedging derivates that are considered as effective (Note 2.11.f), and is not distributable or used to cover losses.

Currency translation reserve:

The currency translation reserve corresponds to exchange differences relating to the translation from the functional currencies of Sonae Investimentos foreign subsidiaries and joint ventures into euro, in accordance with the accounting policy described in Note 2.17.

Legal reserve in accordance with article 324 of CSC:

The reserves constituted according to Art. 324 of ("CSC"), reflect the value of treasury shares acquired in the period and comply with commercial legislation relating with legal reserves.

According to Portuguese commercial legislation the amount of distributable reserves is computed considering the Company's individual financial statements presented in accordance with International Financial Reporting Standards as adopted by the European Union.

3 FINANCIAL RISK MANAGEMENT

Risk management general principles are approved by the Board of Directors, and its implementation is supervised by the Group's finance department.

3.1 Market risk

The interest and exchange rate risk have a decisive importance in what concerns market risk management.

Derivatives are used to hedge certain exposures related to Sonae Investimentos market risk and, Sonae Investimentos does not enter into derivatives or other financial instruments for trading or speculative purposes.

3.1.1 Interest rate risk

Sonae Investimentos' exposure to the interest rate risk arises mainly from the long term loans which bear interests indexed to Euribor.

Sensitivity analysis:

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, they are included in the calculation of income-related sensitivities;

- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7;

- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;

- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity calculation with impact in equity (other reserves);

- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;

- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under these assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the consolidated net profit before tax for the period ended as at 31 December 2011 would decrease by approximately 8.4 million euro (8.9 million euro as at 31 December 2010), considering the contractual fixing dates and excluding other effects arising from the company operations.

3.1.2 Exchange rate risk

The impact on the financial statements of changes in exchange rate is immaterial, as the most part of the transactions are denominated in euro. Sonae Investimentos is only exposed to foreign exchange risk due to inventories imports made and denominated in US Dollars.

The exchange risk management purpose is to provide a stable decision platform when deciding and negotiating the purchases of inventories establishing fixed exchange rates. The hedging follows all the purchase process, since procurement up to the formal agreement of purchase.

The exchange risk exposure is monitored through the purchase of forwards with the goal of minimizing the negative impacts of volatility in exposure level as a consequence of changes of the amounts of imports denominated in other currencies rather than euro.

As at 31 December 2011 and 2010 the assets and liabilities denominated in a currency different from the subsidiary functional currency where the following:

	Assets		Liabilities	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Brazilian Real	15,631,230	28,128,526	7,813,509	8,590,147
British Pound	7,203	702	137,918	414,678
Turquish Lira	566,082	-	231,926	-
US Dollar	7,897,107	5,325,728	8,844,560	8,772,345
Other Currencies	21,022	6,636	3,436	777

The amounts presented above, only include assets and liabilities expressed in different currency than the functional currency used by the affiliated or jointly controlled company. Therefore it does not represent any risk of financial statements translation. Considering the exposure above, which is considered immaterial, no sensitivity analysis is disclosed.

3.2 Liquidity risk

The purpose of liquidity risk management is to ensure, at all times, that the group has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy, through the management of the trade off cost and maturity of debt.

Sonae Investimentos follows an active policy of re-financing its debts by maintaining a high level of unused and available on demand resources to face short term needs and by increasing or maintaining an adequate debt maturity, according to the estimated cash-flows, and to the capability of leveraging its statement of financial position.

Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination is also considered as an important mean of managing liquidity risk. The group also assures, in its relationship with financial institutions, a high level of diversification of financing sources and counterparties, in order to ease the ability of entering new loan agreements and to minimize the effects of any relationship discontinuance.

The liquidity analysis of each class of financial liabilities is presented in the corresponding notes.

3.3 Credit risk

Sonae Investimentos is exposed to the credit risk in its current operational activity. The credit risk in the scope of its current operational activity is managed through a system of gathering financial and qualitative information from independent entities that supply risk information, in order to allow the assessment of credit risk from debtors. The credit risk from suppliers arises from advances made to or discounts billed to suppliers and are mitigated by the expectation of maintaining the commercial relationship. The amounts presented in the statement of financial position are net of impairment losses, thus reflect its fair value.

Sonae Investimentos is also exposed to the credit risk in its relationship with financial institutions, in result of bank deposits, debt instruments available facilities, derivates, among others.

The credit risk is limited to financial institutions, by risk concentration management and by a selection of counterparties, which have a high national and international prestige and based on their respective rating notations taking into account the nature, maturity and size of the operations.

4 GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The subsidiaries included in the consolidated financial statements, its head offices and percentage of capital held as at 31 December 2011 and 31 December 2010 are as follows:

				Percentage of capital held			
				31 December 2011		31 December 2010	
	COMPANY		Head Office	Direct	Total	Direct	Total
	Sonae Investimentos- SGPS, S.A.		Matosinhos	HOLDING	HOLDING	HOLDING	HOLDING
	Arat Inmuebles, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Azulino Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	BB Food Service, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2)	Best Offer - Prestação de Informações por Internet, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
2)	Bikini, Portal de Mulheres, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
8)	Bom Momento - Restauração, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Canasta - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Carnes do Continente - Industria e Distribuição Carnes, SA	a)	Santarém	100.00%	100.00%	100.00%	100.00%
	Chão Verde - Sociedade de Gestão Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%

	Contibomba - Comércio e Distribuição de Combustíveis, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
	Continente Hipermercados, SA	a)	Lisbon	100.00%	100.00%	100.00%	100.00%
	Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1)	Discovery Sports, SA	a)	Matosinhos	100.00%	100.00%	-	-
	Edições Book.it, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
3)	Efanor - Design e Serviços, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Estevão Neves - Hipermercados da Madeira, SA	a)	Funchal	100.00%	100.00%	100.00%	100.00%
	Farmácia Selecção, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Fashion Division, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1)	Fashion Division Canárias, SL	a)	Tenerife (Spain)	100.00%	100.00%	-	-
	Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Fozmassimo - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Fundo de Investimento Imobiliário Fechado Imosede	a)	Maia	54.55%	54.55%	54.55%	54.55%
	Fundo de Investimento Imobiliário Fechado Imosonae Dois	a)	Maia	99.94%	99.94%	100.00%	100.00%
2)	Global S - Hipermercado, Lda	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2)	Good and Cheap - Comércio Retalhista, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2)	Hipotética - Comércio Retalhista, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Igimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoconti - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Infofield - Informática, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
4)	Just Sport - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%

	MJLF - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modalfa - Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modalloop – Vestuário e Calçado, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo - Distribuição de Materiais de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
	Modelo Continente Hipermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo Continente International Trade, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modelo.com - Vendas p/Correspond., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
4)	NA - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
5)	NA - Equipamentos para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Peixes do Continente - Indústria e Distribuição de Peixes, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmaconcept – Actividades em Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Predicomercial - Promoção Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Selifa - Empreendimentos Imobiliários de Fafe, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Socijofra - Sociedade Imobiliária, SA	a)	Gondomar	100.00%	100.00%	100.00%	100.00%
	Sociloures - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Soflorin, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
2)	Solaris Supermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
	Sonae MC- Modelo Continente, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonaecenter Serviços II, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
7)	Sonaegest- Sociedade Gestora de Fundos de Investimento, SA	a)	Maia	60.00%	60.00%	40.00%	40.00%
	Sonaerp – Retail Properties, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Sonae Specialized Retail, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae Retalho España - Servicios Generales, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%

	SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
	Sondis Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sonvecap, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sport Zone - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sport Zone Canarias, SL,	a)	Tenerife (Spain)	51.00%	51.00%	51.00%	51.00%
	Sport Zone España- Comércio de Articulos de Deporte, SL	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
1)	Sport Zone Sport Maiz.Per.Satis Ith.Ve Tic Ltd Sti	a)	Istambul (Turquey)	100.00%	100.00%	-	-
	Textil do Marco, SA	a)	Marco de Canaveses	92.76%	92.76%	80.37%	80.37%
	Tlantic Portugal- Sistemas de Informação, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	100.00%	100.00%	100.00%
	Todos os Dias - Com. Ret. Expl. C. Comer., SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Valor N, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
5)	Well W - Electrodomésticos e Equipamentos, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
6)	Worten Canarias, SL,	a)	Tenerife (Spain)	51.00%	51.00%	100.00%	100.00%
	Worten Equipamento para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Worten España Distribución, SL	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Zippy – Comércio e Distribuição, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Zippy - Comércio Y Distribución, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
1)	Zippy Cocuk Maiz.Dag.ITH.Ve Tic Ltd, Sti	a)	Istambul (Turquey)	100.00%	100.00%	-	-
1)	ZYEvolution- Investig.e Desenvolvimento, SA	a)	Matosinhos	100.00%	100.00%	-	-

a) Control held by majority of voting rights;

b) Control held by management control;

1) Companies created during the period;

2) Companies merged into Modelo Continente Hipermercados, SA, at 1 January 2011;

3) Companies merged into Modalfa Comércio e Serviços, SA, at 1 January 2011;

4) Companies merged into Sport Zone- Comércio de Artigos de Desporto, SA, at 1 January 2011;

5) Companies merged into Worten – Equipamentos para o Lar, SA, at 1 January 2011;

6) Capital increase in the subsidiary made by non-controlling interests resulting in a dilution of interests over the subsidiary;

7) Acquisition of 20% shareholding on May 23, gaining control over that company thus being consolidated from that date onwards by the full consolidation method;

8) Ex- Bom Momento Comércio Retalhista, SA.

These entities were consolidated using the full consolidation method, considering that they are controlled by Sonae Investimentos SGPS, S.A.

5 JOINTLY CONTROLLED COMPANIES

Jointly controlled companies included in the consolidation financial statements, their head offices and the percentage of share capital held as at 31 December 2011 and 2010 are as follows:

		Percentage of capital held			
		31 December 2011		31 December 2010	
COMPANY	Head office	Direct	Total	Direct	Total
Equador & Mendes - Agência de Viagens e Turismo, Lda	Lisbon	50.00%	37.50%	50.00%	37.50%
Marcas do Mundo - Viagens e Turismo, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
Movimentos Viagens - Viagens e Turismo, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
Nova Equador Internacional,Agência de Viagens e Turismo, Lda	Lisbon	50.00%	37.50%	50.00%	37.50%
Puravida - Viagens e Turismo, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
Nova Equador P.C.O. e Eventos, Sociedade Unipessoal, Lda	Lisbon	50.00%	37.50%	50.00%	37.50%
Raso SGPS, SA	Lisbon	50.00%	50.00%	50.00%	50.00%
Raso - Viagens e Turismo, SA	Lisbon	50.00%	50.00%	50.00%	50.00%
Viajens y Turismo de Geotur España, S.L.	Madrid (Spain)	50.00%	50.00%	50.00%	50.00%

These entities were consolidated using the proportionate consolidation method.

Aggregate amounts excluding intra-group eliminations corresponding to the percentage of capital held in these jointly controlled companies included in the financial statements for the period using the proportionate consolidation method can be summarized as follows:

	31 December 2011	31 December 2010
Non current assets	33,414,830	39,834,261
Current assets	12,049,424	28,372,242
Non current liabilities	1,554,523	8,165,019
Current liabilities	19,433,652	34,048,800

	31 December 2011	31 December 2010 (Note 1)
Income	29,381,598	32,570,916
Expenses	33,530,204	33,725,791

6 INVESTMENTS IN ASSOCIATES

Associated companies, their head offices and the percentage of share capital held as at 31 December 2011 and 2010 are as follows:

			Percentage of capital held					
			31 December 2011		31 December 2010		Book value	
	Company	Head Office	Direct	Total	Direct	Total	31 December 2011	31 December 2010
	MDS SGPS, SA	Maia	46.92%	46.92%	46.92%	46.92%	43,099,957	51,000,000
	Mundo VIP	Lisbon	33.34%	33.34%	33.34%	33.34%	1,101,337	1,101,337
1)	Sonaegest - Soc. Gestora de Fundos de Investimento, SA	Maia	60.00%	60.00%	40.00%	40.00%	-	539,748
	Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	982,502	1,246,672
	Total						45,183,796	53,887,757

1) Acquisition of 20% shareholding on May 23, gaining control over that company thus being consolidated from that date onwards by the full consolidation method.

Associated companies are consolidated using the equity method.

During the periods ended as at 31 December 2011 and 2010 movements in Investments in associated companies are made up as follows:

	31 December 2011	31 December 2010
Investments in associated companies		
Opening Balance as at 1 January	53,887,757	2,376,473
Acquisition of share capital of associates	-	52,101,337
Change of consolidation method (Note 8)	(466,552)	-
Equity method	-	-
Effect in net income	(4,890,066)	532,931
Dividends	(513,371)	(1,122,984)
Exchange differences arising on translation of foreign operations	(1,254,793)	-
Other effects on reserves	(1,579,180)	-
	45,183,796	53,887,757

Aggregated values of financial indicators of associated companies are as follows:

	31 December 2011	31 December 2010
Total Assets	163,180,958	172,289,345
Total Liabilities	131,998,423	121,455,627

	31 December 2011	31 December 2010
Income	122,683,559	67,568,853
Expenses	132,400,460	65,698,606

The growth of income and expenses from 31 December 2010 to 31 December 2011, arises from the expansion of the activity of MDS SGPS, SA associated companies especially in terms of its operations in Brazil.

7 OTHER NON-CURRENT INVESTMENTS

Other non-current investments, their head offices, percentage of share capital held and book value as at 31 December 2011 and 2010 are as follows:

		Percentage of capital held					
		31 December 2011		31 December 2010		Book value	
Company	Head Office	Direct	Total	Direct	Total	31 December 2011	31 December 2010
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	7.14%	7.14%	7.14%	7.14%	9,976	9,976
Insco - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	748,197	748,197
Other investments						33,855,800	33,798,083
						34,613,973	34,556,256

Under the caption other non-current investments there is an amount of 33,737,856 euro (33,732,640 euro as at 31 December 2010 in the caption "Investments in current assets"), related to deposited amounts on an Escrow Account which are invested in investment funds with superior rating and guarantee contractual liabilities assumed by Sonae Investimentos which may arise from the sale of Sonae Distribuição Brasil,S.A. and for which provisions were recorded when applicable (Note 32 and 33).

Although in accordance with the deadlines contractually established, the Escrow Account should have already been released by the buyer. That didn't happen as there are some points of disagreement on the use of the Escrow Account, namely as to whether or not, to retain the Escrow Account for ongoing fiscal procedures that have not yet been decided (Note 33). It is the understanding of the Board of Directors, based on legal opinions of Brazilian and Portuguese lawyers, that the company is acting in accordance with the agreement and that this amount shall be entirely received, and that there are legal means that may be operated so as to compel the buyer to authorize the reimbursement of the Escrow account. There are negotiations currently under way between the two parties in order to release the above mentioned amount.

Other investments include investments in non-listed companies which fair values cannot be reliably measured. As so, these investments are recorded at cost net of any impairment losses.

During the periods ended as at 31 December 2011 and 2010 movements in other non-current investments are made up as follows:

	31 December 2011	31 December 2010
Investments in other companies		
Opening balance as at 1 January	34,518,594	827,896
Acquisitions in the period	112,500	-
Disposals in the period	-	(41,941)
Increase/(Decrease) in fair value	5,217	-
Transfers (Note 13)	-	33,732,639
Closing balance as at 31 December	34,636,311	34,518,594
Accumulated impairment losses (Note 32)	(22,338)	(22,338)
	34,613,973	34,496,256
Financial investments advances		
Opening balance as at 1 January	60,000	-
Increases	-	60,000
Decreases	(60,000)	-
Closing balance as at 31 December	-	60,000
	34,613,973	34,556,256

8 CHANGES IN CONSOLIDATION PERIMETER

The main disposals of companies that have occurred in the period ended as at 31 December 2011 were the following:

Company	Head Office	Direct	Total
Investments Management			
Sonaegest- Soc.Gestora de Fundos de Investimento, SA	Maia	60.00%	60.00%

The disposals mentioned above had the following impact on the consolidated financial statements:

	At acquisition date
Net assets	
Tangible and intangible assets	1,883
Other assets	83,798
Cash and cash equivalents	1,217,213
Other liabilities	(107,508)
	1,195,386
Negative goodwill	(37,813)
Non-controlling interests (Note 23)	(466,285)
Transfer of investments in associates (Note 6)	(466,552)
Acquisition cost	224,736
Effective cash payment	224,736
	224,736
Net cash-flow arising from acquisition	
Effective cash payment (Note 45)	224,736
Cash and cash equivalents acquired	(1,217,213)
	(992,477)

9 FINANCIAL INSTRUMENTS BY CLASS

The financial instruments classification according to the policies disclosed in note 2.11 is as follows:

Financial assets

	Note	Loans and accounts receivable	Available for sale	Assets at fair value through profit or loss (Note 25)	Hedging derivatives (Note 26)	Sub-total	Assets not within the scope of IFRS 7	Total
As at 31 December 2011								
Non-current assets								
Other investments	7	33,850,059	763,914	-	-	34,613,973	-	34,613,973
Other non-current assets	14	36,160,458	-	-	-	36,160,458	372,912	36,533,370
		70,010,517	763,914	-	-	70,774,431	372,912	71,147,343
Current assets								
Trade receivables	16	36,753,487	-	-	-	36,753,487	-	36,753,487
Other debtors	17	52,673,267	-	-	-	52,673,267	-	52,673,267
Investments	13	3,059,199	-	-	2,797,070	5,856,269	-	5,856,269
Cash and cash equivalents	21	253,672,268	-	-	-	253,672,268	-	253,672,268
		346,158,221	-	-	2,797,070	348,955,291	-	348,955,291
		416,168,738	763,914	-	2,797,070	419,729,722	372,912	420,102,634
As at 31 December 2010								
Non-current assets								
Other investments	7	33,732,640	823,616	-	-	34,556,256	-	34,556,256
Other non-current assets	14	36,892,152	-	-	-	36,892,152	499,472	37,391,624
		70,624,792	823,616	-	-	71,448,408	499,472	71,947,880
Current assets								
Trade receivables	16	39,793,524	-	-	-	39,793,524	-	39,793,524
Other debtors	17	107,928,638	-	-	-	107,928,638	-	107,928,638
Investments	13	15,185,750	-	-	457,159	15,642,909	-	15,642,909
Cash and cash equivalents	21	200,024,469	-	-	-	200,024,469	-	200,024,469
		362,932,381	-	-	457,159	363,389,540	-	363,389,540
		433,557,173	823,616	-	457,159	434,837,948	499,472	435,337,420

Financial liabilities

	Note	Financial liabilities recorded at amortised cost	Liabilities at fair value through profit or loss (Note 26)	Hedging derivatives (Note 26)	Sub-total	Liabilities not within the scope of IFRS 7	Total
As at 31 December 2011							
Non-current liabilities							
Loans	24	366,193,899	-	-	366,193,899	-	366,193,899
Bonds	24	534,322,595	-	-	534,322,595	-	534,322,595
Obligations under finance leases	24 and 25	12,105,218	-	-	12,105,218	-	12,105,218
Other loans	24	126,395	-	-	126,395	-	126,395
Other non-current liabilities	27	423,588,753	-	-	423,588,753	4,647,752	428,236,505
		1,336,336,860	-	-	1,336,336,860	4,647,752	1,340,984,612
Current liabilities							
Loans	24	10,550,676	-	-	10,550,676	-	10,550,676
Bonds	24	365,856,920	-	-	365,856,920	-	365,856,920
Obligations under finance leases	24 and 25	4,461,058	-	-	4,461,058	-	4,461,058
Other loans	24	33,466	-	42,744	76,210	-	76,210
Trade creditors	29	1,120,660,354	-	-	1,120,660,354	-	1,120,660,354
Other creditors	30	85,106,538	-	-	85,106,538	-	85,106,538
		1,586,669,012	-	42,744	1,586,711,756	-	1,586,711,756
		2,923,005,872	-	42,744	2,923,048,616	4,647,752	2,927,696,368
As at 31 December 2010							
Non-current liabilities							
Loans	24	303,599,257	-	-	303,599,257	-	303,599,257
Bonds	24	899,337,511	-	-	899,337,511	-	899,337,511
Obligations under finance leases	24 and 25	7,170,863	-	-	7,170,863	-	7,170,863
Other loans	24	162,624	-	-	162,624	-	162,624
Other non-current liabilities	27	421,512,555	-	-	421,512,555	3,895,731	425,408,286
		1,631,782,810	-	-	1,631,782,810	3,895,731	1,635,678,541
Current liabilities							
Loans	24	10,889,883	-	-	10,889,883	-	10,889,883
Bonds	24	89,554,618	-	-	89,554,618	-	89,554,618
Obligations under finance leases	24 and 25	2,752,393	-	-	2,752,393	-	2,752,393
Other loans	24	33,466	76,618	5,168,762	5,278,846	-	5,278,846
Trade creditors	29	1,121,852,468	-	-	1,121,852,468	-	1,121,852,468
Other creditors	30	154,874,375	-	-	154,874,375	-	154,874,375
		1,379,957,203	76,618	5,168,762	1,385,202,583	-	1,385,202,583
		3,011,740,013	76,618	5,168,762	3,016,985,393	3,895,731	3,020,881,124

As at 31 December 2011 and 2010 the financial instruments at fair value through profit/loss are the only derivatives that do not qualify as hedging derivatives.

Financial instruments recognized at fair value

The table below details the financial instruments that are measured subsequent to initials recognition at fair value, grouped into 3 levels base on the degree to which the fair value is observable:

Level 1: fair value measurements are those derived from quoted prices;

Level 2: fair value measurements are determined from valuation techniques. The main inputs of the models are observable on the market;

Level 3: fair value measurements are those derived from valuation techniques, whose main inputs are not based on observable market data.

	31 December 2011			31 December 2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Investments	-	2,797,070	-	-	457,159	-
	-	2,797,070	-	-	457,159	-
Financial liabilities measured at fair value		-	-	-	-	-
Derivatives	-	42,744	-	-	5,245,380	-
	-	42,744	-	-	5,245,380	-

10 TANGIBLE ASSETS

During the periods ended as at 31 December 2011 and 2010 movements in tangible assets as well as depreciation and accumulated impairment losses are made up as follows:

	Tangible assets						
	Land and Buildings	Plant and Machinery	Vehicles	Office Equipment	Others	Tangible assets in progress	Tangible Assets
Gross assets:							
Opening balance as at 1 January 2010	1,724,171,225	948,112,682	20,500,650	112,042,911	36,027,119	92,462,861	2,933,317,448
Capital Expenditure	11,169,685	3,220,765	206,796	1,647,124	60,506	175,638,820	191,943,696
Disposals	(66,352,907)	(37,244,222)	(1,251,303)	(14,477,256)	(2,420,138)	(2,885,372)	(124,631,198)
Disposals of subsidiaries	(35,610,467)	(3,786,739)	-	(306,791)	-	(23,904)	(39,727,901)
Exchange rate effect	30,113	140,865	5,066	110,170	-	-	286,214
Transfers	41,481,451	147,900,282	1,561,296	7,364,708	3,104,694	(222,878,560)	(21,466,129)
Opening balance as at 1 January 2011	1,674,889,100	1,058,343,633	21,022,505	106,380,866	36,772,181	42,313,845	2,939,722,130
Capital Expenditure	5,593,940	3,488,473	101,891	706,468	332,857	143,041,858	153,265,487
Disposals	(32,974,421)	(36,742,684)	(831,983)	(7,684,038)	(1,455,545)	(1,818,124)	(81,506,795)
Exchange rate effect	-	(102,947)	(6,027)	(91,838)	(14,311)	-	(215,123)
Transfers	4,096,530	132,751,029	787,247	10,898,080	2,966,620	(155,444,245)	(3,944,739)
Closing balance as at 31 December 2011	1,651,605,149	1,157,737,504	21,073,633	110,209,538	38,601,802	28,093,334	3,007,320,960
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2010	218,182,843	398,544,190	15,693,847	76,239,766	26,163,379	-	734,824,025
Depreciation and impairment losses	28,588,157	94,905,459	2,020,606	12,695,373	4,941,421	-	143,151,016
Disposals	(7,216,109)	(33,504,597)	(1,234,183)	(14,179,485)	(2,333,832)	-	(58,468,206)
Disposals of subsidiaries	(5,940,969)	(3,471,935)	-	(156,868)	-	-	(9,569,772)
Exchange rate effect	17,442	74,926	1,524	44,761	-	-	138,653
Transfers	(428,731)	(1,096,755)	(34,984)	(946,739)	(103,829)	-	(2,611,038)
Opening balance as at 1 January 2011	233,202,633	455,451,288	16,446,810	73,696,808	28,667,139	-	807,464,678
Depreciation and impairment losses	28,814,006	111,254,341	1,459,554	12,399,645	4,454,745	-	158,382,291
Disposals	(5,716,140)	(35,292,326)	(820,061)	(7,464,997)	(1,427,803)	-	(50,721,327)
Exchange rate effect	-	(60,609)	(1,265)	(41,066)	-	-	(102,940)
Transfers	(2,832)	(3,007,241)	(141,043)	(426,982)	(94,856)	-	(3,672,954)
Closing balance as at 31 December 2011	256,297,667	528,345,453	16,943,995	78,163,408	31,599,225	-	911,349,748
Carrying amount							
As at 31 December 2010	1,441,686,467	602,892,345	4,575,695	32,684,058	8,105,042	42,313,845	2,132,257,452
As at 31 December 2011	1,395,307,482	629,392,051	4,129,638	32,046,130	7,002,577	28,093,334	2,095,971,212

Most significant amounts included in the caption tangible assets in progress refer to the following projects:

	31 December 2011	31 December 2010
Refurbishment and expansion of stores in the retail businesses located in Portugal	14,405,432	24,944,491
Refurbishment and expansion of stores in the retail businesses located in Spain	4,028,693	6,391,982
Projects "Modelo" and "Continente" stores for which advance payments were made	9,184,617	10,389,230
Others	474,592	588,142
	28,093,334	42,313,845

At December 2011, the value of disposals in "Tangible assets" includes 25,748,719 euro relating with the sale and leaseback transaction of company stores Continente and Worten located at Vasco da Gama Shopping Centre. The operation was followed by the beginning of an operating lease for an initial period of 20 years, automatically renewable at the option of the lessee, for two consecutive periods of 10 years each.

11 INTANGIBLE ASSETS

During the periods ended as at 31 December 2011 and 2010, movements in intangible assets as well as depreciation and accumulated impairment losses are made up as follows:

	Intangible assets					
	Industrial property	Software	paid for property o	Others	Intangible assets in progress	Total Intangible Assets
Gross cost:						
Opening balance as at 1 January 2010	100,024,071	136,939,236	15,713,195	1,783,467	11,463,185	265,923,154
Capital expenditure	1,627,066	420,903	-	-	13,125,107	15,173,076
Disposals	(1,309,019)	(427,852)	(1,008,821)	-	(16,241)	(2,761,933)
Disposals of subsidiaries	(1,930)	(1,318,060)	-	-	(90,839)	(1,410,829)
Exchange rate effect	-	40,348	-	-	-	40,348
Transfers	1,090,273	7,422,054	75,000	-	(10,098,538)	(1,511,211)
Opening balance as at 1 January 2011	101,430,461	143,076,629	14,779,374	1,783,467	14,382,674	275,452,605
Capital expenditure	591,281	68,904	-	2,904,844	23,519,622	27,084,651
Disposals	(19,269)	(8,693,405)	-	-	(448,163)	(9,160,837)
Exchange rate effect	(5,778)	(46,239)	-	(25,871)	-	(77,888)
Transfers	48,451	21,701,096	-	600,000	(21,948,730)	400,817
Closing balance as at 31 December 2011	102,045,146	156,106,985	14,779,374	5,262,440	15,505,403	293,699,348
Accumulated depreciation and impairment losses						
Opening balance as at 1 January 2010	11,122,066	75,533,612	15,326,479	1,620,694	-	103,602,851
Depreciation of the period	3,650,826	16,664,297	-	75,320	-	20,390,443
Disposals	(129,676)	(342,629)	(951,451)	-	-	(1,423,756)
Disposals of subsidiaries	(687)	(658,364)	-	-	-	(659,051)
Exchange rate effect	-	20,079	-	-	-	20,079
Transfers	(51,987)	(100,133)	-	(4)	-	(152,124)
Opening balance as at 1 January 2011	14,590,542	91,116,861	14,375,028	1,696,010	-	121,778,441
Depreciation of the period	3,755,617	17,940,559	-	505,756	-	22,201,932
Impairment losses (Note 32)	1,496,933	-	-	-	-	1,496,933
Disposals	(10,754)	(8,683,367)	-	-	-	(8,694,121)
Exchange rate effect	(160)	(17,213)	-	(2,509)	-	(19,882)
Transfers	(188,105)	145,341	-	(727)	-	(43,491)
Closing balance as at 31 December 2011	19,644,073	100,502,181	14,375,028	2,198,530	-	136,719,812
Carrying amount						
As at 31 de December de 2010	86,839,919	51,959,768	404,346	87,457	14,382,674	153,674,164
As at 31 de December de 2011	82,401,073	55,604,804	404,346	3,063,910	15,505,403	156,979,536

Intangible assets in progress were mainly composed of software and software development projects.

Additionally this heading also includes the fair value attributed to a group of brands with indefinite useful lives among which the "Continente" brand amounts to 75,000,000 euro (the same amount as at December 2010).

12 GOODWILL

During the periods ended 31 December 2011 and 2010, movements in goodwill as well as in the corresponding impairment losses, are as follows:

	31 December 2011	31 December 2010
Gross value:		
Opening balance	519,610,038	528,076,621
Increases	18,736	-
Disposals of subsidiaries	-	(9,886,491)
Transfers	-	1,419,908
Closing balance	519,628,774	519,610,038
Accumulated impairment losses:		
Opening balance	1,374,227	8,191,583
Increases	1,212,449	-
Disposals of subsidiaries	-	(6,817,356)
Closing balance	2,586,676	1,374,227
Carrying amount:	517,042,098	518,235,811

Goodwill is allocated to each business concept (Retail brands), being afterwards distributed by each cash generating unit inside each format.

Goodwill allocation to real estate, is done by each existing real-estate at acquisition date.

Impairment tests on Goodwill are performed on an annual basis and if there is any indication of impairment loss.

For this purpose, Sonae Investimentos uses the internal valuation results of its business concepts, using annual planning methodologies, supported in 5 year business plans that consider cash-flow projections for each unit which depend on detailed assumptions properly supported. These plans take in consideration the impact of main actions that will be carried out by each business concept as well as study of resources allocation to Sonae Investimentos.

The case scenarios are elaborated with an average capital cost and an increasing rate of cash-flows in the perpetuity of:

	Average capital cost	Growth rates in perpetuity
Food based retail	9% to 10%	≤1%
Specialised retail	9% to 11%	≤1%
Investment management	8% to 9%	≤1.5%
Retail Real Estate	7% to 9%	≤2.5%

At 31 December 2011 and 2010, the caption “Goodwill” can be detailed as follows:

	31 December 2011	31 December 2010
Food based retail	429,826,294	429,826,294
Specialised retail	61,645,282	61,679,282
Investment management	20,903,685	20,884,949
Retail Real Estate	3,940,637	3,940,637
Others	726,200	1,904,649
	517,042,098	518,235,811

13 OTHER INVESTMENTS

As at 31 December 2011 and 2010 this caption is made up as follows:

	31 December 2011	31 December 2010
Other investments:		
Opening balance as at 1 January	15,185,750	57,294,670
Increases in the period	-	3,016,812
Decreases in the period	(12,126,551)	(11,002,536)
Transfers	-	(34,123,196)
Closing balance as at 31 December	3,059,199	15,185,750
Accumulated impairment losses	-	-
Closing balance as at 31 December	3,059,199	15,185,750
Derivative financial instruments		
Fair value as at 1 January	457,159	365,121
Increase/(Decrease) in fair value	2,339,911	92,038
Fair value as at 31 December (Note 26)	2,797,070	457,159
Total of Other Investments (Note 9)	5,856,269	15,642,909

The decreases under "other investments" relates to the reimbursement of a financial investment made by a Brazilian subsidiary (Note 45).

14 OTHER NON-CURRENT ASSETS

As at 31 December 2011 and 2010, "Other non-current assets" are detailed as follows:

	31 December 2011	31 December 2010
Loans granted to related parties	17,935,689	17,555,234
Trade accounts receivable and other debtors		
Bails (a)	5,962,373	4,680,630
Legal deposits (b)	851,831	927,976
Recognition of the value to be received Carrefour (c)	10,595,846	11,543,000
Amount receivable for selling the Modelo Cont.Seguros	2,264,719	2,170,773
Others	-	14,539
	37,610,458	36,892,152
Accumulated impairment losses in other debtors (Note 32)	(1,450,000)	-
Total financial instruments (Note 9)	36,160,458	36,892,152
Other non-current assets	372,912	499,472
	36,533,370	37,391,624

Most significant values included in "Trade accounts receivable and other debtors" refer to:

a) Amounts related with guarantees of lease contracts in group stores located in Spain, which have not matured until this date;

b) Amounts related to legal deposits made by a Brazilian subsidiary, for which are recorded the correspondent liabilities in the caption "Other non-current liabilities" (Note 27), with no defined maturity;

c) As a result of agreements signed in 2005 by former subsidiary - Sonae Distribuição Brazil, SA (sold to Wal-Mart in 2005) with Carrefour Comércio e Indústria Ltda, Sonae assumed the responsibility to compensate Carrefour for the expenses that would arise from the 10 stores licensing process in the Brazilian state of São.Paulo that were sold to that entity. During 2010, Carrefour triggered a bank warranty "on first demand" amounting to 25,340,145.80 Brazilian real (approximately 11 million euro) for alleged expenses incurred with the mentioned stores and that allegedly, arose from the need to remedy deficiencies cited by competent authorities for the licensing process. However no evidence of those expenses was presented to Sonae, or proof of necessity of carrying out such costs for the licensing process as established on the mentioned agreement.

It is the understanding of the Board of Directors and the Group attorneys that the amount paid will be recovered. The company has already started the legal proceedings against Carrefour Comércio e Indústria, Ltda. to recover the above mentioned amount. It's the Board of Directors and the Group attorneys understanding that the amount is recoverable, since Carrefour has never proved the existence of the costs that it claims and which validate the usage of the above mentioned warranty, or through the warranty expiration date (according with Brazilian law).

According to Group attorneys, the amount improperly received by Carrefour for which a reimbursement will be requested (25,340,145.80 Brazilian real), will earn interests at the SELIC rate, and it is the Board of Directors understanding that the legal proceedings will last up to 7 years.

15 INVENTORIES

As at 31 December 2011 and 2010, Inventories are as follows:

	31 December 2011	31 December 2010
Raw materials and consumables	792,692	689,675
Goods for sale	675,404,570	684,133,662
Finish and intermediate goods	707,206	199,723
Work in progress	455,467	273,471
	677,359,935	685,296,531
Accumulated impairment losses on Inventories (Note 32)	(33,972,326)	(20,666,324)
	643,387,609	664,630,207

Cost of goods sold as at 31 December 2011 and 2010 may be detailed as follows:

	31 December 2011	31 December 2010
Opening balance	684,823,337	607,574,001
Exchange rate effect	(12,045)	-
Purchases	3,538,597,812	3,655,807,606
Adjustments	(9,944,218)	(6,974,559)
Closing balance	676,197,262	684,823,337
	3,537,267,624	3,571,583,711
Impairment losses (Note 32)	13,305,471	1,602,827
	3,550,573,095	3,573,186,538

The amounts recorded under "Adjustments" for the years ended 31 December 2011 and 2010 correspond mainly to charitable contributions to community.

16 TRADE ACCOUNTS RECEIVABLE

As at 31 December 2011 and 2010, trade accounts receivable are detailed as follows:

	31 December 2011	31 December 2010
Trade accounts receivable	37,435,447	40,393,272
Doubtful receivables	5,447,311	5,662,412
	42,882,758	46,055,684
Accumulated impairment losses on Trade Debtors (Note 32)	(6,129,271)	(6,262,160)
	36,753,487	39,793,524

Current trade accounts receivable caption includes 3,732,873 euro (8,363,623euro as at 31 December 2010) related to travel agency clients, as well as 13,383,336 euro (13,109,761 euro as at 31 December 2010), related to gross sales to participated companies.

The values presented above mainly refer to debts originated by Sonae Investimentos operational activity. The amounts presented on the face of the statement of financial position are net of impairment losses, do not bear interests and the discount effect is immaterial. As a result, amounts disclosed are considered to reflect their fair value.

As at 31 December 2011 and 2010, the ageing of the trade receivables is as follows:

	Trade Receivables	
	31 December 2011	31 December 2010
Not due	9,077,970	11,117,060
Due but not impaired		
0 - 90 days	22,857,101	23,114,340
+ 90 days	3,215,602	2,125,381
Total	26,072,703	25,239,721
Due and impaired		
0 - 90 days	835,307	2,218,162
90 - 180 days	735,438	1,161,363
180 - 360 days	256,732	489,425
+ 360 days	5,904,608	5,829,953
Total	7,732,085	9,698,903
	42,882,758	46,055,684

The trade accounts receivable not due, do not present any sign of impairment. The amounts disclosed are considered to reflect their fair value.

17 OTHER DEBTORS

As at 31 December 2011 and 2010, "Other debtors" are as follows:

	31 December 2011	31 December 2010
Granted loans to related companies	531,405	41,268
Other debtors		
Trade suppliers - debtor balances	45,394,730	74,842,000
Credit sales over third parties	1,651,113	4,121,362
Special regime for settlement of tax and social security debts	12,047,568	12,382,502
VAT recoverable on real estate assets	444,020	5,676,892
Disposal of investments (Note 8)	-	8,860,291
Accounts receivable from the disposal of tangible fixed assets	884,811	2,646,339
Advances on suppliers	-	6,700,000
Other current assets	12,320,367	11,540,237
	72,742,609	126,769,623
Accumulated impairment losses (Note 32)	(20,600,747)	(18,882,253)
Total of Financial Instruments (Note 9)	52,673,267	107,928,638

As at 31 December 2011, the amounts disclosed as 'Trade suppliers - debtor balances' relates to commercial discounts billed to suppliers to be net settled with future purchases.

The amount disclosed as “Special regime for settlement of tax and social security debts” corresponds to taxes which were disputed and subject to reimbursement claims. The Board of Directors is confident of the arguments presented by the Group and expects court decisions to be in favour of the Group. As a result, Sonae Investimentos hasn´t recorded any related impairment losses

Granted loans to related companies earn interests at market rates and do not have defined maturity but are deemed to be received within 12 months.

As at 31 December 2011 and 2010, the "Other debtors" ageing, without impairment losses, is as follows:

	Other Debtors	
	31 December 2011	31 December 2010
Not due	18,082,423	23,318,350
Due but not impaired		
0 - 90 days	28,690,106	69,305,254
+ 90 days	5,318,579	13,385,545
Total	34,008,685	82,690,799
Due and impaired		
90 - 180 days	1,636,319	1,815,713
180 - 360 days	1,530,348	407,477
+ 360 days	18,016,239	18,578,553
Total	21,182,906	20,801,743
	73,274,014	126,810,892

There is no indication that the debtors not due will not fulfill their obligations. The carrying amount of other debtors is estimated to be approximately its fair value.

18 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2011 and 2010, Taxes recoverable and taxes and contributions payable are made up as follows:

	31 December 2011	31 December 2010
Tax recoverable		
Income taxation	28,878,800	2,264,262
VAT	52,967,024	34,894,596
Other taxes	1,779,927	1,774,772
	83,625,751	38,933,630
Taxes and contributions payable		
Income taxation	9,803,577	19,955,295
VAT	19,939,757	17,847,307
Staff income taxes withheld	4,727,512	4,695,308
Social security contributions	10,094,149	10,286,418
Other taxes	15,849	106,672
	44,580,844	52,891,000

19 OTHER CURRENT ASSETS

As at 31 December 2011 and 2010, "Other current assets" are made up as follows:

	31 December 2011	31 December 2010
Commercial Discounts	29,886,264	15,897,088
Interests to be received	1,231,765	1,764,353
Commissions to be received	1,900,759	1,679,770
Rents	6,776,260	5,843,859
Condominiums management fee's	1,823,876	1,784,906
Insurance premiums paid in advance	3,658,394	3,855,977
Claims	103,175	1,514,969
Software Licenses	1,621,862	1,354,762
Other current assets	6,283,960	8,255,392
	53,286,315	41,951,076

20 DEFERRED TAX

Deferred tax assets and liabilities as at 31 December 2011 and 2010 are as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Difference between fair value and acquisition cost	3,408,306	2,636,088	30,041,386	29,793,323
Harmonisation adjustments	82,760	10,696	63,597,331	54,161,634
Provisions and impairment losses not accepted for tax purposes	18,396,240	5,794,376	-	-
Write off of tangible and intangible assets	4,934,008	6,042,666	-	-
Valuation of hedging derivatives	9,426	815,455	582,921	54,899
Amortisation of Goodwill for tax purposes	-	-	22,336,051	20,940,048
Revaluation of tangible assets	-	-	1,835,383	1,856,488
Tax losses carried forward	90,029,610	83,007,413	-	-
Reinvested capital gains/(losses)	-	-	1,197,663	1,338,941
Others	1,585,096	653,140	385,633	57,132
	118,445,446	98,959,834	119,976,368	108,202,465

During the periods ended 31 December 2011 and 2010, movements in "Deferred tax assets and liabilities" are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Opening balance	98,959,834	90,471,037	108,202,465	96,744,418
Effects in net income (Note 42):				
Difference between fair value and acquisition cost	762,990	(931,451)	94,917	(654,055)
Amortisation and Depreciation harmonisation adjustments	(799)	(18,447)	7,422,244	7,116,993
Provisions and impairment losses not accepted for tax purposes	11,977,769	428,177	-	-
Write-off of tangible and intangible assets	(1,327,571)	(1,713,182)	-	(9,349)
Valuation of hedging derivatives	(306)	30,126	-	(45,686)
Revaluation of tangible assets	-	-	(128,422)	(227,935)
Tax losses carried forward	7,022,197	10,867,138	-	-
Amortisation of Goodwill for tax purposes	-	-	1,396,003	6,980,016
Non taxed exchange differences	-	-	-	(1,136,223)
Reinvested capital gains/(losses)	-	-	(141,278)	(763,329)
Changes in tax rates	939,076	122,202	2,294,476	1,285,468
Others	105,557	525,342	328,499	(566,687)
	19,478,913	9,309,905	11,266,439	11,979,213
Effects in equity:			-	
Valuation of hedging derivatives	(836,526)	(837,501)	516,377	3,828
Exchange rate effect	-	76,830	(8,913)	94,847
Others	843,225	-	-	-
	6,699	(760,671)	507,464	98,675
Disposals of subsidiaries	-	(60,437)	-	(619,841)
Closing balance	118,445,446	98,959,834	119,976,368	108,202,465

As at 31 December 2011 and 2010, in Portuguese companies the tax rate used to calculate the deferred tax assets arising from tax losses carried forward was 25%. For the deferred tax assets arising from temporary differences, the considered rate was 26.5%, increased approximately in 3% for companies that predict the payment of a tax surplus (this tax surplus was only established since 2010). The companies or branch offices located in other countries have used their tax.

As at 31 December 2011 and 2010, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	31 December 2011			31 December 2010		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2005	-	-	2011	296,604	74,151	2011
Generated in 2006	-	-	2012	-	-	2012
Generated in 2007	1,223,112	305,778	2013	801,519	200,380	2013
Generated in 2008	1,286,707	321,677	2014	3,541,099	885,276	2014
Generated in 2009	3,828,388	957,097	2015	9,829,967	2,457,492	2015
Generated in 2010	174,618	43,655	2014	1,209,545	302,387	2014
Generated in 2011	585,712	146,427	2015	-	-	
	7,098,537	1,774,634		15,678,734	3,919,686	
Without limited time use	-	-		-	-	
With a time limit different from the above mentioned (a)	294,183,253	88,254,976		263,625,755	79,087,727	
	294,183,253	88,254,976		263,625,755	79,087,727	
	301,281,790	90,029,610		279,304,489	83,007,413	

(a) Includes, as at 31 December 2011, 77 million euro (75 million euro as at 31 December 2010) related to deferred tax assets for which the reporting period is not defined yet.

As at 31 December 2011 and 2010, deferred tax assets were assessed and only recognized to the extent it was probable that sufficient taxable profits will be available in the future against which the deferred tax assets can be used, or when taxable temporary differences are recognized by the same entity and expected to reverse in the same period. This assessment was based on business plans of Sonae Investimentos companies, which are periodically reviewed and updated, and on identified and available tax planning opportunities.

During 2008, at the Specialized Retail segment, deferred tax assets amounting 18,2 were recorded related to tax losses carried forward from the subsidiary Worten España, S.A. generated in the current and in past years, of which 11,8 euro were previous to the acquisition date, and therefore had an impact in the calculated negative goodwill. In subsequent years additional deferred tax assets were recorded amounting to 27,2 euro, related to tax losses carried forward from the subsidiary Worten Espanã, S.A. 14,1 euro from the subsidiary Sport Zone Espanã, S.A. and 4,2 euro from the subsidiary Zippy España, S.A. The deferred tax assets are supported by the companies' business plans that estimate its fully recoverability. In Sport Zone EspañaS.A.the the reporting period of tax losses is 18 years, and for the rest of the Spanish companies mentioned above, the carry forward period is not yet defined.

As at 31 December 2011 deferred tax assets related to tax losses generated in the years 2011, 2010, 2009 and 2008, by Modelo Continente S.A. Spanish Branch, amount to 54,1 euro (33,5 euro as at 31 December 2010). The mentioned tax losses can be recovered within the Income Tax Group established in Spain, according to Spanish law, for a period of 18 years. Modelo Continente S.A. Spanish Branch, as at 31 December 2011, was the dominant entity within the group of companies taxed in accordance with the Spanish regime for taxing groups of companies. It is the understanding of The Board of Directors, based on existing business plans, that the mentioned deferred tax assets are fully recoverable.

Additionally Spanish law allows the annual deduction, for tax purposes, of 5% of goodwill recognized on the acquisition of foreign based companies before 21 December 2007. Sonae, has recognized ,within this scope deferred tax liabilities relating goodwill depreciation, generated with the acquisition of Continente Hipermercados (ex-Carrefour Portugal), amounting to 465,3 euro (Goodwill amount for tax purposes).

During 2011 and 2010, Spanish Tax authorities notified Modelo Continente S.A. Spanish Branch of a decrease in 2008 and 2009, tax losses incurred, respectively amounting to approximately 23,3 million euro in each year challenging the deduction of Goodwill depreciation, generated on the acquisition of Continente Hipermercados, for each of the periods concerned. That Company appealed to the proper Spanish Authorities (Tribunal Económico - Administrativo Central de Madrid) in 2010 and 2011, respectively, and it is the Board of Directors understanding that the decision will be favourable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities related with Goodwill. As at 31 December 2011, tax losses arising from the depreciation of Goodwill, including 2008 and 2009, amount to 75,4 euro (69,8 euro as at 31 December 2010).

As at 31 December 2011, there were tax losses carried forward, amounting to 34,5 euro (42,7 euro as at December 2010), for which no deferred tax asset were recognized for prudential reasons.

	31 December 2011			31 December 2010		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use						
Generated in 2005	-	-	2011	22,523	5,631	2011
Generated in 2006	292,997	73,250	2012	337,684	84,420	2012
Generated in 2007	385,895	96,475	2013	819,543	204,886	2013
Generated in 2008	3,786,674	946,669	2014	5,191,322	1,297,831	2014
Generated in 2009	6,739,063	1,684,765	2015	3,392,370	848,091	2015
Generated in 2010	6,308,824	1,577,206	2014	8,059,162	2,014,791	2014
Generated in 2011	5,479,772	1,369,943	2015	-	-	
	22,993,225	5,748,308		17,822,604	4,455,650	
Without limited time use	11,305,988	3,844,036		11,077,728	3,766,427	
With a time limit different from the above mentioned	190,967	38,193		13,830,335	3,457,584	
	34,490,180	9,630,537		42,730,667	11,679,661	

21 CASH AND CASH EQUIVALENTS

As at 31 December 2011 and 2010, cash and cash equivalents are as follows:

	31 December 2011	31 December 2010
Cash at hand	6,966,566	6,847,595
Bank deposits	246,694,002	193,164,261
Treasury applications	11,700	12,613
Cash and cash equivalents on the balance sheet (Note 9)	253,672,268	200,024,469
Bank overdrafts (Note 24)	(6,965,032)	(7,564,216)
Cash and cash equivalents on the statement of cash flows	246,707,236	192,460,253

Bank overdrafts are disclosed in the statement of financial position under Current bank loans.

22 SHARE CAPITAL

As at 31 December 2011, the share capital, which is fully subscribed and paid for, is made up of 1.000.000.000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

As at 31 December 2011 and 2010, the company's subscribed share capital are held as follows:

Entity	31 December 2011	31 December 2010
Sonae, SGPS, S.A.	76.858%	76.858%
Sonae Investments, BV	13.142%	13.142%
Sonae Specialized Retail, SGPS, SA	10.000%	10.000%

As at 31 December 2011, Efanor Investimentos, SGPS, S.A. and its subsidiaries held 52.98% of the share capital of Sonae, SGPS, S.A.

During 2010, a subsidiary Company of Sonae Investimentos SGPS, SA, (Sonae Specialized Retail SGPS, SA) acquired 100,000,000 shares of Sonae Investimentos at a price of 3.20 euro per share to its shareholders. As at 31 December 2011, Sonae Investimentos holds 10% of treasury shares. Following the mentioned acquisition free reserves amounting to the cost of the above mentioned shares were made unavailable. The distribution of this reserve depends on the termination or disposal of the treasury shares.

23 NON-CONTROLLING INTERESTS

Movements in non-controlling interests during the periods ended as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Opening balance as at 1 January	75,434,780	74,344,125
Acquisition/Creation of subsidiaries (Note 8)	466,285	980,000
Capital increase with decrease of percentage	1,276,562	-
Disposal of subsidiaries	175,515	(557,535)
Cover losses	-	995,750
Others	50,897	(97,327)
Profit for the period attributable to non-controlling interests	(1,663,809)	(230,233)
Closing balance as at 31 December 2011	75,740,230	75,434,780

24 BORROWINGS

As at 31 December 2011 and 2010, Borrowings are made up as follows:

	31 December 2011		31 December 2010	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Distribuição, SGPS, S.A. - commercial paper	-	282,000,000	-	292,000,000
Subsidiary of Sonae Investimentos	-	75,000,000	-	-
Others	3,593,311	10,000,385	3,333,334	11,666,666
	3,593,311	367,000,385	3,333,334	303,666,666
Bank overdrafts (Note 21)	6,965,032	-	7,564,216	-
Up-front fees beard with the issuance of loans	(7,667)	(806,486)	(7,667)	(67,409)
Bank loans	10,550,676	366,193,899	10,889,883	303,599,257
Bonds				
Bonds Modelo Continente / 2003	-	-	82,000,000	-
Bonds Modelo Continente / 2005 / 2012	150,000,000	-	-	150,000,000
Bonds Modelo Continente / 2007 / 2012	200,000,000	-	-	200,000,000
Bonds Sonae Distribuição / 2007 / 2015	-	200,000,000	-	200,000,000
Bonds Sonae Distribuição / 2007 / 2015	-	310,000,000	-	310,000,000
Bonds Sonae Distribuição / 2009 / 2014	16,000,000	26,000,000	8,000,000	42,000,000
Up-front fees bearded with the issuance of loans	(143,080)	(1,677,405)	(445,382)	(2,662,489)
Bonds	365,856,920	534,322,595	89,554,618	899,337,511
Other loans	33,466	126,395	33,466	162,624
Derivative instruments (Note 26)	42,744	-	5,245,380	-
Other loans	76,210	126,395	5,278,846	162,624
Obligations under finance leases (Note 25)	4,461,058	12,105,218	2,752,393	7,170,863
	380,944,864	912,748,107	108,475,740	1,210,270,255

The interest rate as at 31 December 2011 of bonds and loans was on average 2.51% (1.83% as at 31 December 2010). The fair value of these loans is estimated to be similar to their market value.

The derivative instruments are recorded at fair value (Note 26).

The face value loans and interests maturities are as follows (including obligations under financial leases):

	31 December 2011		31 December 2010	
	Capital	Interests	Capital	Interests
N+1	381,052,867	24,679,828	103,683,409	24,590,989
N+2	187,117,668	16,061,871	370,645,105	20,872,439
N+3	238,114,232	10,886,427	175,485,486	14,984,323
N+4	379,551,343	9,635,346	306,106,457	11,511,601
N+5	107,985,347	1,261,160	357,414,181	6,442,119
After N+5	2,463,409	112,764	3,348,925	133,624
	1,296,284,865	62,637,396	1,316,683,563	78,535,095

The maturities above were estimated in accordance with the contractual terms of loans, which do not have any financial covenants.

As at 31 December 2011 there are financial covenants included in borrowing agreements agreed in accordance with market conditions. As at 31 December 2011, none of the above mentioned covenants has been breached and it is the Board of Directors expectation that such covenants will not be breached.

As at 31 December 2011 and 2010, the available credit facilities are as follows:

	31 December 2011		31 December 2010	
	Commitments of less than one year	Commitments of more than one	Commitments of less than one year	Commitments of more than one year
Unused credit facilities	242,675,323	203,000,000	273,845,368	198,000,000
Agreed credit facilities	248,760,000	485,000,000	279,620,074	490,000,000

25 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2011 and 2010, Obligations under finance leases are as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
Amounts under finance leases:	31 December 2011	31 December 2010	31 December 2011	31 December 2010
N+1	4,869,914	3,002,925	4,461,058	2,752,393
N+2	2,468,617	1,606,480	1,998,236	1,446,610
N+3	2,862,875	1,249,724	2,491,588	1,133,680
N+4	2,833,938	831,397	2,573,475	740,525
N+5	2,829,879	810,580	2,684,923	735,783
After N+5	2,430,107	3,274,346	2,356,996	3,114,265
	18,295,330	10,775,452	16,566,276	9,923,256
Interests	(1,729,062)	(852,196)		
	16,566,268	9,923,256		
Current obligations under finance leases			4,461,058	2,752,393
Non-current obligations under finance leases			12,105,218	7,170,863

Lease agreements bear interests at usual market rates and have defined contracted lines and, generally, the lessee has call options over the leased assets.

As at 31 December 2011 and 2010, the fair value of financial obligations under financial lease contracts is similar to its book value.

Obligations under finance leases are guaranteed by related assets.

As at 31 December 2011 and 2010, the net value of assets acquired under finance leases can be detailed as follows:

	31 December 2011	31 December 2010
Assets acquired under finance leases		
Lands and buildings	17,477,577	22,767,479
Plant and Machinery	1,096,532	-
Vehicles	13,689	28,860
Fixture and Fittings	8,914,453	3,535,022
Total tangible assets	27,502,251	26,331,361

As at 31 December 2011 the acquisition cost of Tangible assets amounted to 38,759,449 euro (34,663,805 euro as at 31 December 2010).

26 DERIVATIVES

Exchange rate derivatives

In what concerns financial risk management policy, Sonae Investimentos uses exchange rate derivatives, essentially to hedge future cash flows.

As at 31 December 2011, the fair value of the exchange rate derivatives, calculated taking into consideration the present market value of equivalent financial instruments, is estimated as follows:

Exchange rate	31 December 2011	31 December 2010
Assets (Note 13)	2,797,070	457,159
Liabilities (Note 24)	(42,744)	(954,898)
	2,754,326	(497,739)

Gains and losses for the year arising from changes in the fair value of exchange rate derivatives amounting to 2,754,325 euro ((362,701) euro as at 2010)) were recorded under the caption "Hedging Reserve" of Comprehensive Income, when considered hedging instruments and in income statement, under the caption "Other expenses" when not.

Interest rate derivatives

As at 31 December 2011, the Group had no interest rate derivatives. As at 31 December 2010 the amounts respected zero cost collars (4,290,482 euro) (Note 24).

These interest rate derivatives are valued at fair value, at the financial position sheet date, based on valuations performed by Sonae Investimentos using specific software and on external valuations when this software does not deal with specific instruments. The fair value of interest rate derivatives was calculated, as at the financial position sheet date, based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Derivatives not qualified as hedging				
Exchange rate	-	-	-	76,618
Hedging derivatives				
Exchange rate	2,797,070	457,159	42,744	878,280
Interest rate	-	-	-	4,290,482
	2,797,070	457,159	42,744	5,245,380

27 OTHER NON-CURRENT LIABILITIES

As at 31 December 2011 and 2010 "Other non-current liabilities" are made up as follows:

	31 December 2011	31 December 2010
Shareholders loans	419,530,355	417,902,648
Fixed assets suppliers	1,187,500	1,237,500
Other non-current liabilities	2,870,898	2,372,407
Total of financial instruments (Note 9)	423,588,753	421,512,555
Share based payments (Note 28)	1,378,150	3,216,439
Accruals and deferrals	3,269,602	679,292
Other non-current liabilities	428,236,505	425,408,286

This caption includes:

-A subordinate bond loan, with a fixed interest rate, repayable after 10 years issued by Sonae Investimentos fully subscribed. This loan was fully subscribed and paid for by Sonae SGPS, SA on 28 December 2010, amounting to 400 million euro corresponding to 8,000 bonds with a nominal value of 50,000 euro each. The fair value of this loan on 31 December 2011 is 40,000 euro per obligation having been determined based on discounted cash flows method;

-The amount payable to participating companies refers to a shareholders' loan granted by a minority shareholder to a subsidiary that bears interest at usual market rate. The fair value of this loan is similar to its book value, with no defined maturity.

-As at 31 December 2011, the caption "Other non-current liabilities" includes 892,617 euro (972.408 euro as at 31 December 2010) mainly refers to the estimated amounts to fulfil the legal and tax obligations of a Brazilian subsidiary which were considered appropriate to face up to future losses on lawsuits and for which legal deposits exist, which are recorded under the caption "Other non-current assets" (Note 14), with no defined maturity.

28 SHARE BASED PAYMENTS

In 2011 and in previous years, Sonae Investimentos granted deferred performance bonuses to its directors and eligible employees based on shares to be acquired at nil cost, three years after they were attributed to the employee. The acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. Sonae Investimentos has the right to deliver, instead of shares, the equivalent in cash. The period of rights only occurs if the employee is employed by the company of the Sonae Group at maturity.

As at 31 December 2011 and 2010, the market value of total liabilities arising from share-based payments may be summarised as follows:

	Grant year	Vesting year	Number of participants	Fair value 31 December 2011	Fair value 31 December 2010
Shares					
	2008	2011	49	-	1,688,691
	2009	2012	51	2,212,536	3,680,318
	2010	2013	52	1,449,929	2,288,719
	2011	2014	52	1,320,484	-
Total				4,982,949	7,657,728

As at 31 December 2011 and 2010 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan:

	31 December 2011	31 December 2010
Staff costs	336,832	2,487,799
Recorded in previous years	2,994,884	2,417,344
	3,331,716	4,905,143
Other non-current liabilities (Note 27)	1,378,150	3,216,439
Other current liabilities (Note 31)	1,953,566	1,688,704
	3,331,716	4,905,143

The share based payment plan costs are recognized during the years between the grant and vesting date as staff costs.

29 TRADE CREDITORS

As at 31 December 2011 and 2010, Trade creditors are as follows:

		Payable to	
	31 December 2011	up to 90 days	More than 90 days
Trade creditors - current account	1,009,266,928	1,008,731,739	535,189
Trade creditors - Invoice Accruals	111,393,426	111,393,426	-
	1,120,660,354	1,120,125,165	535,189

		Payable to	
	31 December 2010	up to 90 days	More than 90 days
Trade creditors - current account	991,799,465	991,676,612	122,853
Trade creditors - Invoice Accruals	130,053,003	130,053,003	-
	1,121,852,468	1,121,729,615	122,853

As at 31 December 2011 and 2010 this caption includes amounts payable to suppliers resulting from Sonae Investimentos operating activity. Sonae Investimentos believes that the fair value of these balances does not differ significantly from its book value.

Trade creditors' maturity can be detailed as follows:

	31 December 2011	31 December 2010	31 December 2009
Total Trade creditors	1,120,660,354	1,121,852,468	1,062,040,575
up to 90 days			
Euro	1,120,125,165	1,121,729,615	1,061,360,524
% over Total	100.0%	100.0%	99.9%
More than 90 days	535,189	122,853	680,051

The total amount payable has almost entirely a maturity of less than 90 days.

During the year 2011 was made available to a very limited number of suppliers a "confirming" program payments system, being those trade creditors capable of discounting these payments in an early date. As at 31 December 2011, the debts amount to 59,296,644 euro (41,731,284 euro as at 31 December 2010).

30 OTHER CREDITORS

As at 31 December 2011 and 2010, "Other creditors" are as follows:

		Payable to		
	31 December 2011	up to 90 days	90 to 180 days	More than 180 days
Fixed asset suppliers	43,309,966	42,177,483	575,717	556,766
Other debtors	41,324,371	34,540,376	22,441	6,761,554
	84,634,337	76,717,859	598,158	7,318,320
Related undertakings (Note 43)	472,201			
	85,106,538			

		Payable to		
	31 December 2010	up to 90 days	90 to 180 days	More than 180 days
Fixed asset suppliers	58,103,689	55,998,460	849,484	1,255,745
Other debtors	43,343,332	37,117,446	103,941	6,121,945
	101,447,021	93,115,906	953,425	7,377,690
Related undertakings	53,427,354			
	154,874,375			

The caption "Other debtors" includes:

- 19,209,200 euro (18,556,454 euro as at 31 December 2010) of attributed discounts not yet redeemed related to the loyalty card "Cartão Cliente";

- 9,201,784 euro (8,277,581 euro as at December 2010 related to, vouchers, gift cards and discount tickets owned by clients;

- 5,669,808 euro (6,179,706 euro as at December 2010) related to payable amounts to Sonae Distribuição Brasil, SA buyer as a result of responsibilities assumed with that entity.

As at 31 December 2011 and 2010, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interests. The Board of Directors believes that the fair value of these payables is approximately its book value and the actualization effect is not material.

31 OTHER CURRENT LIABILITIES

As at 31 December 2011 and 2010, "Other current liabilities" are made up as follows:

	31 December 2011	31 December 2010
Staff costs	88,686,331	90,073,043
Interest payable	8,819,359	7,384,896
Marketing expenses	9,547,724	16,436,794
Other external supplies and services	41,235,488	33,794,793
Accrued income - rents	3,769,658	4,294,408
Real Estate Municipality tax	4,264,930	4,342,284
Share based payments (Note 28)	1,953,566	1,688,704
Others	8,545,658	8,580,909
	166,822,714	166,595,831

The caption "Staff costs" refers mainly to payroll amounts to be paid during the next year as holiday and holiday pay.

32 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the period ended 31 December 2011 and 2010 are as follows:

Caption	Balance as at 31 December 2010	Increase	Decrease	Balance as at 31 December 2011
Accumulated impairment losses on investments (Note 7)	22,338	-	-	22,338
Accumulated impairment losses on intangible assets (Note 11)	-	1,496,933	-	1,496,933
Accumulated impairment losses on other non current assets (Note 14)	-	1,450,000	-	1,450,000
Accumulated impairment losses on trade accounts receivable (Note 16)	6,262,160	870,798	(1,003,687)	6,129,271
Accumulated impairment losses on other debtors (Note 17)	18,882,253	5,672,285	(3,953,791)	20,600,747
Accumulated impairment losses on inventories (Note 15)	20,666,324	16,821,860	(3,515,858)	33,972,326
Non current provisions	21,495,563	15,061,865	(1,232,166)	35,325,262
Current provisions	1,686,979	700,000	(40,006)	2,346,973
	69,015,617	42,073,741	(9,745,508)	101,343,850

Caption	Balance as at 31 December 2009	Increase	Decrease	Balance as at 31 December 2010
Accumulated impairment losses on investments (Note 7)	64,029	-	(41,691)	22,338
Accumulated impairment losses on trade accounts receivable (Note 16)	8,540,926	1,274,394	(3,553,160)	6,262,160
Accumulated impairment losses on other debtors (Note 17)	16,488,257	5,479,790	(3,085,794)	18,882,253
Accumulated impairment losses on inventories (Note 15)	18,954,690	6,880,899	(5,169,265)	20,666,324
Non current provisions	9,263,092	13,242,889	(1,010,418)	21,495,563
Current provisions	2,488,883	13,940	(815,844)	1,686,979
	55,799,877	26,891,912	(13,676,172)	69,015,617

As at 31 December 2011 and 2010 increases in provisions and impairment losses are as follows:

	31 December 2011	31 December 2010
Provisions and impairment losses	25,330,166	18,953,842
Impairment losses on Goodwill	(1,212,449)	-
Exchange rate changes	-	940,638
Adjustments for inventories impairments recorded in cost of goods sold	16,821,329	6,880,899
Others	1,134,695	116,533
	42,073,741	26,891,912

The caption non-current provisions includes 10,545,595 euro (10,856,969 euro as at 31 December 2010) relating to non-current responsibilities assumed by the company, when selling the subsidiary Sonae Distribuição Brasil, S.A. in 2005. This provision is being used as costs are incurred, being made on base of current best estimate of costs to such liability and resulting in a significant number of civil lawsuits and labour and of limited value.

The caption non-current provisions and the movement in the period in this caption, also includes the estimated liabilities incurred by the Group on the sale of warranty extension programmes on products traded by the Specialized Retail operating segment in the amount of 21,089,854 euro (7,833,843 euro as at 31 December 2010). These extensions are granted for a period of one to three years after the legally binding warranty.

33 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2011 and 2010, the major Contingent liabilities were guarantees given, which are detailed as follows:

	31 December 2011	31 December 2010
Guarantees given:		
on tax claims	300,176,646	246,040,156
on municipal claims	6,423,622	7,011,523
others	31,539,425	32,115,117
Sureties provided to subsidiaries (a).	127,221,883	71,465,070

(a) Guarantees granted to the tax authority in favour of subsidiaries for the purpose of suspending tax processes

- The amount of guarantees related to tax claims includes: 257,429,318 euro (207,114,928 euro as at 31 December 2010) related to appeals against additional corporate income tax assessments, as well as guarantees amounting to 164,058,245 euro related to VAT proceedings (105,786,250 euro as at 31 December 2010).

During the period, retail based subsidiaries of the Company, granted guarantees in favour of the Portuguese Tax Administration, associated with tax claims for VAT, amounting to 148,567,383 euro (96,500,000 euro as at 31 December 2010), for which the Company has presented, or has the intention of presenting an impugnation. Portuguese tax authorities claim that the Company should have invoiced VAT related to promotional discounts invoiced to suppliers as these discounts depend on the acquisitions made by the Group during the year, and claim that the company should not have deducted VAT from discount vouchers used by its clients.

The above mentioned Guarantees granted in favour of Subsidiaries, were granted by Sonae SGPS in favour of subsidiaries of Sonae Investimentos Holding. The most relevant tax claims refer to: i) 60 million euro as a result of a tax appeal presented by Sonae concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, following the correction of taxable income for that period as Tax authorities did not accept the recognition of tax losses incurred after the liquidation of a subsidiary of Sonae Investimentos, since it considered that the cover of losses in that subsidiary should not be part of the cost of acquisition of that investment, which is not in accordance with previous assessments of Tax Authorities; and II) the amount of 50 million euro, following a tax appeal presented by the Company concerning additional tax assessments made by Tax authorities, relating to 31 December 2002, which refer to the non-acceptance by Tax authorities of tax losses related to the sale and liquidation of a subsidiary of the Group.

The caption "Guarantees given on tax claims" also includes a granted guarantee on a tax claim of a Retail segment company in Brazil of approximately 27.1 million euro (65,570,840 Brazilian real and 74,078,784 Brazilian real as at 31 December 2010), which is being judged by tax court, and the difference refers to accruals.

In addition to the Guarantees disclosed above as a consequence of the sale of a subsidiary company in Brazil, Sonae guaranteed the buyer all the losses incurred by that company arising on unfavourable decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euro. As at 31 December 2010, the amount claimed by the Brazilian Tax Authorities concerning the tax lawsuits still in progress, which the company's lawyers assess as having a high probability of loss plus the amounts already paid (26 million euro) related to programmes for the Brazilian State of tax recovery amount to near 39.3 million euro (39.8 million euro as at 31 December 2010).

Furthermore, there are other tax lawsuits totalling 57.3 million euro (54.7 million euro as at 31 December 2010) for which the Board of Directors, based on the lawyers' assessment, understands will not imply future losses to the old subsidiary.

No provision has been recognized to face up to risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result to Sonae Investimentos.

34 OPERATIONAL LEASES

As at 31 December 2011 an amount of 88,613,998 euro (70,121,234 euro as at 31 December 2010) was recorded as cost for the period concerning rents due to operational lease contacts, mainly referring to leased real estate. These values do not include contingent rents.

Additionally, as at 31 December 2011, Sonae Investimentos had operational lease contracts, as lessee, whose minimum lease payments had the following payment schedule:

	31 December 2011	31 December 2010
Due in:		
N+1 automatically renewal	23,889,971	21,274,127
N+1	81,116,403	67,546,922
N+2	74,221,878	62,690,275
N+3	67,403,587	58,353,993
N+4	54,325,318	52,891,783
N+5	46,042,681	45,062,350
After N+5	466,952,853	446,982,039
	813,952,691	754,801,489

The increase in costs with operating leases, as well as the increase in the minimum lease payments that fall due in future periods can be explained primarily by the process of sale and leaseback of some of the operational properties of the Group, including logistics platforms and some of its retail stores. The increase is still associated with the opening of retail stores in Portugal and Spain.

During 2011, it was recognized as profit and loss the amount of 9,362,918 euro (9,764,698 euro as at 31 December 2010) related to rents received from operational leases, mainly related with shopping centres explored by others in Sonae Investimentos property stores.

Additionally, as at 31 December 2011, Sonae Investimentos had operational lease contracts, as lessor, who's minimum lease payments had the following payment schedule:

	31 December 2011	31 December 2010
Due in:		
N+1 automatically renewal	2,803,040	2,893,603
N+1	4,248,588	5,855,395
N+2	3,755,373	4,771,562
N+3	2,734,948	4,212,972
N+4	1,856,832	2,806,917
N+5	1,045,733	1,021,358
After N+5	521,052	449,386
	16,965,566	22,011,193

35 TURNOVER

As at 31 December 2011 and 2010, turnover is made up as follows:

	31 December 2011	31 December 2010 (Note 1)
Sale of goods	4,610,704,314	4,664,262,067
Services rendered [(a)]	68,459,476	68,055,002
	4,679,163,790	4,732,317,069

a) Mainly corresponds to the contribution of business travel agencies, as well as rents charged under operational lease contracts (Note 1).

36 GAINS AND LOSSES ON FINANCIAL INVESTMENTS

As at 31 December 2011 and 2010, gains and losses on financial investments r is made up as follows:

	31 December 2011	31 December 2010
Dividends	232,500	210,000
Sale of 75 % of Modelo Continente seguros	-	4,135,478
Sale of Difusão	-	5,816,838
Sale of Sontaria	-	2,417,301
Others	(58,399)	11,410
Gains / (losses) on the sale of investments in subsidiaries	(58,399)	12,381,027
Impairment losses on investments in subsidiaries	-	-
Impairment losses on investments in associated companies	-	-
Impairment losses on investments available for sale	-	-
Impairment of reversal/(losses) on investments	-	-
	174,101	12,591,027

37 NET FINANCIAL EXPENSES

As at 31 December 2011 and 2010, Net financial expenses are as follows:

	31 December 2011	31 December 2010
Expenses		
Interest payable		
related with bank loans and overdrafts	(11,619,272)	(7,191,780)
related with non convertible bonds	(21,029,815)	(18,057,866)
related with financial leases	(32,444,445)	(176,410)
related with financial leases	(104,632)	(355,556)
related with hedge derivatives	(2,575,517)	(4,626,579)
others	(2,241,996)	(5,736,955)
	(70,015,677)	(36,145,146)
Exchange losses	(1,691,038)	(7,143,433)
Up front fees and commissions related to loans	(4,785,997)	(4,820,373)
Others	(7,626,666)	(6,460,589)
	(84,119,378)	(54,569,541)
Income		
Interest receivable		
related with bank deposits	1,149,502	374,506
others	3,216,026	1,518,309
	4,365,528	1,892,815
Exchange gains	3,395,299	1,288,268
Payments discounts received	3,374	100,787
Other financial income	1,741,579	66,964
	9,505,780	3,348,834
Net financial expenses	(74,613,598)	(51,220,707)

38 OTHER OPERATIONAL INCOME

As at 31 December 2011 and 2010, "Other operational income" is as follows:

	31 December 2011	31 December 2010
Supplementary income	397,905,775	371,970,888
Exchange differences	29,183,736	26,371,143
Own work capitalised	5,940,305	4,674,089
Gains on sales of assets	17,370,687	38,993,966
Negative Goodwill	1,089,108	-
Impairment losses reversals	3,419,656	4,978,347
Benefits from contractual penalties	411,290	1,303,134
Subsidies	397,139	197,013
Others	3,778,870	3,571,770
	459,496,566	452,060,350

Supplementary income relates mainly to additional receipts from the suppliers of Sonae Investimentos, relating to: i) reimbursement of promotional campaigns carried out in the stores, ii) receipts from suppliers regarding product placement in preferred locations, and iii) discounts for prompt payment obtained.

Gains on disposal of assets are explained by the operational sale and leaseback transactions that a subsidiary of the Group led during the period, of its Continente and Worten stores located in the Vasco da Gama Shopping centre to "Imofomento", a BPI real estate fund, for a total consideration of 42.3million euro. The implied initial yield on this transaction on a triple net basis is 6.1 %, generating a book gain of 16.6 million euro.

The caption "Own work capitalized" includes 5,940,305 euro (4,674,089 euro at December 31, 2010), relating to software development conducted by a Brazilian subsidiary.

39 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2011 and 2010, External supplies and services are as follows:

	31 December 2011	31 December 2010 (Note 1)
Publicity	117,447,616	119,700,405
Rents	129,947,226	106,903,363
Transports	56,527,380	51,111,463
Electricity	52,170,552	48,177,568
Services	40,685,696	37,181,761
Maintenance	30,360,702	27,070,863
Costs with automatic payment terminals	25,950,507	27,948,105
Subcontracts	25,552,925	25,191,524
Security	24,743,902	25,056,631
Cleaning up services	21,783,720	24,008,522
Communications	10,600,048	13,303,739
Travel expenses	6,209,554	6,294,224
Insurances	5,212,216	4,813,253
Others	62,678,742	63,200,095
	609,870,786	579,961,516

40 STAFF COSTS

As at 31 December 2011 and 2010, Staff costs are as follows:

	31 December 2011	31 December 2010
Salaries	443,879,465	430,108,558
Social security contributions	90,059,076	88,163,504
Insurance	9,179,892	7,020,491
Welfare	1,728,068	1,675,138
Other staff costs	17,309,377	12,109,606
	562,155,878	539,077,297

41 OTHER OPERATIONAL EXPENSES

As at 31 December 2011 and 2010, "Other operational expenses" are as follows:

	31 December 2011	31 December 2010
Exchange differences	28,795,338	25,154,367
Donations	8,488,779	6,456,507
Losses on the disposal of assets	2,074,941	7,398,764
Impairment of tangible assets	-	3,841,772
Municipal Property tax	3,446,273	4,085,343
Other taxes	4,781,348	3,873,728
Doubtful debts written-off	1,785,317	483,137
Others	6,769,479	8,364,676
	56,141,475	59,658,294

42 INCOME TAX

As at 31 December 2011 and 2010, Income tax is as follows:

	31 December 2011	31 December 2010
Current tax	21,442,187	40,981,973
Deferred tax (Note 20)	(8,212,474)	2,669,308
	13,229,713	43,651,281

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2011 and 2010 is summarized as follows:

	31 December 2011	31 December 2010
Profit before income tax	75,364,118	212,017,002
Difference between capital (losses)/gains for accounting and tax purposes	(11,300,288)	(34,533,674)
Provisions and impairment losses not accepted for tax purposes	-	8,639,076
Taxable Profit	64,063,830	186,122,404
Use of tax losses that have not originated deferred tax assets	-	-
Recognition of tax losses that have not originated deferred tax assets	(80,248)	8,785,347
	63,983,582	194,907,751
Income tax rate in Portugal	25.00%	25.00%
	15,995,896	48,726,938
Effect of different income tax rates in other countries	(3,278,910)	(6,208,112)
Effect of increases or decreases in deferred taxes	2,612,353	1,316,575
Changes in previsious years tax estimates	(2,215,387)	(258,718)
Autonomous taxes and tax benefits	1,169,988	1,090,265
Municipality surcharge	3,172,669	5,793,907
Others	(4,226,896)	(6,809,574)
Income tax	13,229,713	43,651,281

43 RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2011 and 2010 are as follows:

	Sales and services rendered		Purchases and services obtained	
Transactions	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Parent company	1,115,306	1,151,512	1,225,282	240,281
Jointly controlled companies	624,658	847,740	2,691,137	2,909,459
Associated companies	34,867,170	35,982,016	2,166,041	4,140,058
Affiliated companies	57,834,922	60,577,854	21,204	-
Other related parties (1)	8,854,784	9,822,770	67,309,488	77,112,579
	103,296,840	108,381,892	73,413,152	84,402,377

	Interest income		Interest expenses	
Transactions	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Parent company	682,625	109,337	33,442,658	5,397,275
Jointly controlled companies	264	18	-	16
Associated companies	1,088,044	141,921	-	12,868
Affiliated companies	-	-	-	-
Other related parties (1)	-	-	874,908	655,523
	1,770,933	251,276	34,317,566	6,065,682

	Accounts receivable		Accounts payable	
Balances	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Parent company	648,713	978,438	2,062,607	630,241
Jointly controlled companies	1,109,177	742,572	375,186	675,795
Associated companies	5,825,823	2,584,590	478,978	691,270
Affiliated companies	13,483,319	13,413,873	77,521	54,571
Other related parties (1)	9,359,312	22,293,532	18,473,012	25,113,656
	30,426,344	40,013,005	21,467,304	27,165,533

	Loans			
	Obtained		Granted	
Balances	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Parent company	400,000,000	453,000,000	-	-
Jointly controlled companies	-	-	-	-
Associated companies	-	-	18,459,118	17,555,234
Affiliated companies	-	-	-	-
Other related parties (1)	18,777,556	17,902,648	-	-
	418,777,556	470,902,648	18,459,118	17,555,234

1) Other related parties are considered to be related party affiliates or companies under joint control of Efanor SGPS, SA that are not included in Sonae Investimentos, including companies belonging to the Sonae Group, Sonae Indústria and Sonae Capital, and minority shareholders of subsidiaries of the Group.

The amounts recorded as loans granted from other relating parties represent borrowings from shareholders of subsidiary companies which bear interests at market rates.

Granted loans to associated companies, refer to values of loans granted to associates Mundo VIP (1,000,000 euro euro at 31 December 2011 and 2010) and MDS, SGPS, SA (17,459,118 euro, 16,555,234 euro as at 31 December 2010).

The remuneration of the members of the Board of Directors and strategic direction, in all companies within Sonae Investimentos perimeter, in the years ended December 31, 2011 and 2010, are as follows:

	31 December 2011		31 December 2010	
	Board of Directors	Strategic direction (a)	Board of Directors	Strategic direction (a)
Fixed remuneration	16,025	5,130,331	100,070	5,001,340
Variable remuneration Middle term	-	1,393,900	-	1,451,600
	16,025	6,524,231	100,070	6,452,940

(a) Includes employers with responsibility for strategic management of the main companies of Sonae Investimentos (excluding members of the Board of Directors of Sonae Investimentos).

44 EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2011 and 2010, were calculated taking into consideration the following amounts:

	31 December 2011	31 December 2010
Net profit		
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	63,798,214	168,595,954
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	63,798,214	168,595,954
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	900,000,000	983,690,959
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Weighted average number of shares used to calculated diluted earnings per share	900,000,000	983,690,959
Earnings per share (basic and diluted)	0.070887	0.171391

On December 31, 2011 and 2010 there are no dilutive effects on the number of outstanding shares.

45 CASH RECEIPTS-PAYMENTS RELATED TO INVESTMENTS

As at 31 December 2011 and 2010, cash receipts and cash payments related to investments are as follows:

	31 December 2011	31 December 2010
Receipts		
Disposal of Difusão	-	32,850,303
Disposal of Modelo Continente Seguros	-	1,073,905
Receipt of disposal of Sontaria	6,120,239	-
Redemption of funding application (Note 13)	11,913,419	-
Others	1,086,172	7,789
	19,119,830	33,931,997

	31 December 2011	31 December 2010
Payments		
Acquisition of Fundo Esp.Invest.Imobil.Fechado WTC	112,500	-
Acquisition of MDS SGPS	-	51,000,000
Others	18,736	3,857,023
	131,236	54,857,023

46 SEGMENT INFORMATION

The contributions of the main segments identified in years 2011 and 2010 can be analysed as follows:

	Food based Retail	Specialised Retail	Investment Management (Note 1)	Retail Real Estate	Eliminations, adjustments and others	Total
31 December 2011						
Turnover	3,347,235,392	1,235,035,320	86,802,597	119,311,667	(109,221,185)	4,679,163,790
Ex-Fuel	3,327,239,402	1,235,035,320	86,802,597	119,311,667	(109,221,185)	4,659,167,800
Fuel	19,995,990	-	-	-	-	19,995,990
EBITDA	231,626,480	(15,411)	556,966	119,852,032	(4,356,328)	347,663,739
EBIT	134,756,993	(60,644,822)	(3,301,886)	89,176,715	(5,293,315)	154,693,684
Invested capital	418,183,226	347,470,390	135,018,354	1,360,659,243	(3,436,969)	2,257,894,244
Sales area [000 m^2]	547	415	63	-	-	1,025

	Food based Retail	Specialised Retail	Investment Management (Note 1)	Retail Real Estate	Eliminations and adjustments	Total
31 December 2010						
Turnover	3,355,084,970	1,271,764,071	97,780,342	126,043,734	(118,356,048)	4,732,317,069
Ex-Fuel	3,275,139,951	1,271,764,071	97,780,342	126,043,734	(118,356,048)	4,652,372,050
Fuel	79,945,019	-	-	-	-	79,945,019
EBITDA	231,123,330	44,625,770	1,567,053	149,261,165	6,384,318	432,961,636
EBIT	146,843,314	493,102	(2,435,370)	117,340,679	995,994	263,237,719
Invested capital	416,300,745	337,037,521	76,583,764	1,418,165,276	67,775,199	2,315,862,505
Sales area [000 m^2]	544	362	63	-	-	969

The caption Invested Capital as at 31 December 2010 in "Eliminations, adjustments and Others" includes the financial investment in associated MDS, SGPS, SA and respective value of supplies. This financial investment and supplies, are disclosed as at 31 December 2011 under the Investment Management segment.

Food based retail

Includes the contribution of the Group's activity associated with the insignias of food retail (Continente, Continente Modelo, Bom Bocado, Well's and Book.it) and fuels (which is operated under the banner Continente).

Specialized Retail

Includes the contribution of Group activity associated with the insignia of non-food retail (Worten, Worten Mobile, Worten Gamer, Vobis, Sport Zone, Loop, Modalfa e Zippy).

Investment Management

Includes work of the Group's activity associated with Maxmat and travel agencies.

Retail Real Estate

Includes work of real estate assets owned and managed by Sonae Investimentos, including commercial galleries attached to units Continente and Continente Modelo.

Elimination and adjustments

Include consolidation adjustments and eliminations of intra-group balances. In the turnover caption, these values refer mainly to the elimination of rents invoiced by the Real Estate Segment to other Segments.

EBITDA

Turnover + Other income - Negative Goodwill – Reversion of impairment losses – Operational costs + profit/losses on disposals of subsidiaries - Provision for warranty extensions.

EBIT

Turnover + Other income + Negative Goodwill – Operational costs - Provision for warranty extensions + profit/losses on disposals of subsidiaries – amortizations and impairment losses.

Capital employed

Gross real estate assets + other fixed assets (including Goodwill) - amortizations and impairment losses + financial investments + working capital.

47 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors on 12 March 2012; nevertheless they are still subject to approval at the Shareholders Annual General Meeting.

The Board of Directors

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Duarte Paulo Teixeira de Azevedo (President)

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Ângelo Gabriel Ribeirinho dos Santos Paupério

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Nuno Manuel Moniz Trigoso Jordão

Individual financial statements

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 AND 2010

(Translation of individual financial statements originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

	Notes	31.December.2011	31.December.2010
NON-CURRENT ASSETS:			
Tangible assets	6	86	1,477
Intangible assets	6	3,656	5,260
Investments	5	2,650,119,951	2,712,242,717
Deferred tax assets	7	82,690	738,707
Other non-current assets	4 , 8	1,590,401,623	1,258,356,053
Total non-current assets		4,240,608,006	3,971,344,214
CURRENT ASSETS:			
Trade accounts receivable	4 , 9	525,861	1,834,227
Other debtors	4 , 10	171,595,870	448,790,326
Taxes recoverable	11	27,680,590	661,990
Other current assets	4 , 12	3,503,105	3,793,825
Cash and cash equivalents	4 , 13	132,716,621	127,421,554
Total current assets		336,022,047	582,501,922
TOTAL ASSETS		4,576,630,053	4,553,846,136
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	14	1,000,000,000	1,000,000,000
Legal reserve	15	139,614,881	117,087,918
Hedging reserves, fair value reserves and other reserves	16	1,194,909,392	765,042,776
Profit for the year		14,858,559	450,539,262
TOTAL EQUITY		2,349,382,832	2,332,669,956
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank loans	4 , 17	290,295,955	303,599,256
Bonds	4 , 17	534,322,595	899,337,511
Other non-current liabilities	4 , 18	400,126,731	400,456,179
Deferred tax liabilities	7	784	1,403
Total non-current liabilities		1,224,746,065	1,603,394,349
CURRENT LIABILITIES:			
Bank loans	4 , 17	3,883,974	3,325,667
Bonds	4 , 17	365,856,920	89,554,618
Derivatives	4 , 19	-	4,367,099
Trade creditors	4 , 20	1,092,558	126,157
Other creditors	4 , 21	619,675,007	488,521,784
Taxes and contributions payable	11	1,919,990	18,082,675
Other current liabilities	4 , 22	10,072,707	13,803,831
Total current liabilities		1,002,501,156	617,781,831
TOTAL EQUITY AND LIABILITIES		4,576,630,053	4,553,846,136

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Translation of individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

	Notes	31.December.2011	31.December.2010
Services rendered	27	633,112	2,072,621
Investment income	28	35,074,579	458,713,522
Financial income	29	49,444,092	34,111,075
Other income	30	576,833	1,027,687
External supplies and services	31	(2,393,332)	(1,366,279)
Staff costs		(29,482)	(346,043)
Depreciation and amortisation	6	(2,504)	(3,536)
Provisions and impairment losses	24	(1,450,000)	-
Financial expense	29	(79,738,803)	(45,610,004)
Other expenses	32	(371,681)	(1,485,724)
Profit/(Loss) before taxation		1,742,814	447,113,319
Taxation	33	13,115,745	3,425,943
Profit/(Loss) after taxation		14,858,559	450,539,262
Profit/(Loss) per share	34	0.0165	0.4580

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Translation of individual financial statements originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

	Notes	31.December.2011	31.December.2010
Net Profit / (Loss) for the year		14,858,559	450,539,262
Changes in hedging reserve		2,522,882	3,519,601
Deferred tax relating to changes in hedging reserves	7	(668,565)	(932,693)
Other individual comprehensive income for the year		1,854,317	2,586,908
Total individual comprehensive income for the year		16,712,876	453,126,170

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Translation of individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

			Reserves and retained earnings						
	Notes	Share capital	Legal reserve	Hedging reserve	Legal reserves in accordance with article 324 of Commercial Companies Code	Other reserves	Total reserves	Net profit/(loss)	Total
Balance as at 1 January 2010		1,000,000,000	114,000,000	(4,441,225)	-	831,226,646	940,785,421	61,758,365	2,002,543,786
Total individual comprehensive income for the period		-	-	2,586,908	-	-	2,586,908	450,539,262	453,126,170
Appropriation of profit of 2009:									
Transfer to legal reserves and retained earnings	15	-	3,087,918	-	-	58,670,447	61,758,365	(61,758,365)	-
Dividends distributed		-	-	-	-	(70,000,000)	(70,000,000)	-	(70,000,000)
Distribution of free reserves		-	-	-	-	(425,000,000)	(425,000,000)	-	(425,000,000)
Free reserves made unavailable	16	-	-	-	320,000,000	(320,000,000)	-	-	
Supplementary capital		-	-	-	-	372,000,000	372,000,000	-	372,000,000
Balance as at 31 December 2010		1,000,000,000	117,087,918	(1,854,317)	320,000,000	446,897,093	882,130,694	450,539,262	2,332,669,956
Balance as at 1 January 2011		1,000,000,000	117,087,918	(1,854,317)	320,000,000	446,897,093	882,130,694	450,539,262	2,332,669,956
Total individual comprehensive income for the period		-	-	1,854,317	-	-	1,854,317	14,858,559	16,712,876
Appropriation of profit of 2010:									
Transfer to legal reserves and retained earnings	15	-	22,526,963	-	-	428,012,299	450,539,262	(450,539,262)	-
Balance as at 31 December 2011		1,000,000,000	139,614,881	-	320,000,000	874,909,392	1,334,524,273	14,858,559	2,349,382,832

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Translation of individual financial statements originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

	Notes	31.December.2011	31.December.2010
OPERATING ACTIVITIES			
Cash receipts from trade debtors		3,563,602	1,847,631
Cash paid to trade creditors		(1,505,370)	(711,180)
Cash paid to employees		(286,057)	(502,589)
Cash flow generated by operations		1,772,175	633,862
Income taxes (paid) / received		(5,789,769)	(18,331,817)
Other cash receipts and (payments) relating to operating activities		581,868	(1,176,997)
Net cash flow from operating activities (1)		(3,435,726)	(18,874,952)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	35	141,365,754	1,247,045,244
Tangible assets		143	10
Intangible assets		-	160,389
Interest and similar income		44,783,006	52,477,415
Dividends	28	25,053,099	13,797,148
Others		29,954	211,662
Loans granted		1,893,335,757	2,182,483,965
		2,104,567,713	3,496,175,833
Cash Payments arising from:			
Investments	35	(1,584,736)	(1,204,139,365)
Intangible assets		(218)	(366)
Others		(12,807)	(1,000,530)
Loans granted		(2,072,431,447)	(2,532,247,232)
		(2,074,029,208)	(3,737,387,493)
Net cash used in investment activities (2)		30,538,505	(241,211,660)
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		6,890,622,771	8,589,568,706
Supplementary capital		-	372,000,000
		6,890,622,771	8,961,568,706
Cash Payments arising from:			
Loans obtained		(6,828,597,215)	(8,093,394,419)
Interest and similar charges		(84,391,508)	(37,177,784)
Dividends		(68)	(495,000,000)
		(6,912,988,791)	(8,625,572,203)
Net cash used in financing activities (3)		(22,366,020)	335,996,503
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		4,736,759	75,909,891
Cash and cash equivalents at the beginning of the period	13	127,421,554	51,511,663
Cash and cash equivalents at the end of the period	13	132,158,313	127,421,554

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2011

(Translation of individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

1 INTRODUCTION

SONAE INVESTIMENTOS, SGPS, SA, "the Company" or "Sonae Investimentos" it's a Portuguese Corporation, with head-office in Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Matosinhos, Portugal.

The Company's main activity is the management of shareholdings (Note 5).

The company financial statements are presented as required by Commercial Companies Code. According to Decree-Law 158/2009 of 13 July, the Company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the accompanying individual financial statements are as follows:

2.1. Basis of presentation

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. This standards were issued by the International Accounting Standards Board ("IASB") and interpretations issued by International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), that have been adopted by the European Union.

The accompanying financial statements have been prepared from the books and accounting records on a going concern basis and under the historical cost convention, except for financial instruments which are stated at fair value.

New accounting standards and their impact in the financial statements

Up to the approval date of these financial statements, the European Union endorsed standards, interpretations, amendments and revisions, some of which have become effective during the year 2011. These changes are presented in Note 2 of the notes to the consolidated financial statements. The adoption, during 2011 of the mentioned standards did not produce impacts on the Company financial statements, since they aren't applicable to the Individual financial statements of the Company.

Additionally there are standards that have been approved for adoption in the periods started at or after 1 January 2012, which the company were not adopted by the Company in advance. No material impacts in the individual financial statements of the company will arise from the adoption of these standards.

2.2. Tangible assets

Tangible assets are recorded at acquisition cost net of depreciation and accumulated impairment losses.

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption Depreciation and amortisation.

The impairment losses in the realisable value of tangible assets are recorded in the year they arise in the caption of the Income Statement - "Provisions and impairment losses".

2.3. Intangible assets

Intangible assets are stated at acquisition cost, net of amortisation and accumulated impairment losses. Intangible assets are only recognized if it is probable that future economic benefits will flow from them, if they are controlled by the Company and if their cost can be reliably measured.

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption Depreciation and amortization.

2.4. Borrowing Costs

Borrowing costs are usually recognized as an expense in the period in which they are incurred on an accruals basis in accordance with effective interest rate method.

2.5. Financial Instruments

The Company classifies the financial instruments in the categories presented and conciliated with the statement of financial position disclosed in Note 4.

a) Investments in subsidiaries and associates

Equity investments in subsidiaries and associates are accounted for accordingly with IAS 27, at acquisition cost net of impairment losses.

b) Investments

Investments are classified into the following categories:

- Held to maturity
- Investments measured at fair value through profit or loss
- Available for sale

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the statement of financial position date. Investments classified as held to maturity have defined maturities and the Company has the intention and ability to hold them until the maturity date.

The investments measured at fair value through profit or loss include the investments held for trading that the company acquires for sale in a short period of time, and are classified in the statement of financial position as current assets.

The Company classifies as available for sale those investments that are neither included as investments measured at fair value through profit or loss nor as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sales of investments are recognized on the trade date, independently of the settlement date.

Investments are initially recorded at acquisition cost, which is the fair value of the consideration paid for them. In the case of Investments held to maturity or Available for sale investments, transaction costs are included in the acquisition costs.

After its initial recording, investments measured at fair value through profit or loss and Available for sale investments are subsequently carried at fair values, by reference to their quoted market value at statement of financial position date, without any deduction for transaction costs which may be incurred on sale. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are stated at cost, less impairment losses.

Gains or losses arising from a change in fair value of available for sale investments are recognized directly in equity, under Fair value reserve, in the caption Other reserves, until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit or loss.

Gains or losses arising from a change in fair value of investments measured at fair value through profit or loss are recorded in the Income statement captions financial expenses or financial income.

Held to maturity investments are carried at amortized cost using the effective interest rate, net of capital reimbursements and interest income received.

c) Loans and accounts receivable

Loans and accounts receivable are recorded at amortized cost using the effective rate method net of accumulated impairment losses, in order to reflect its realisable value.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

These financial instruments emerge when the Company provides money or services to its subsidiaries and associates with no intention of trading those assets.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the statement of financial position date, situations when they are classified as non-current assets. Loans and receivables are included in the captions presented in Note 4.

d) Trade accounts receivable

Receivables are stated at net realisable value corresponding to their nominal value less impairment losses, recorded under the caption "Provisions and impairment losses" in accounts receivable.

Impairment is recognized if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the receipt of the full amount is expected to be within one year the effect of the discount will be considered immaterial.

e) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

f) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.7. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

g) Trade accounts payable

Trade accounts payable are stated at their nominal value. There is no discount, as it is immaterial.

h) Derivatives

The Company uses derivatives in the management of its financial risks to hedge such risks. Derivatives are not used for trading purposes.

Derivatives classified as cash flow hedge instruments are used by the Company mainly to hedge interest rate risks on loans obtained. Conditions established for these cash flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The gain or loss relating to the ineffective portion of the hedge, if any, is recorded in the Income Statement under Financial Income or Financial Expenses.

The Company's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured;
- There is adequate documentation of the hedging relationships at the inception of the hedge;
- The transaction being hedged is highly probable.

Cash flow hedge instruments used by the Company to hedge the exposure to changes in interest of its loans are initially accounted for at cost, if any which corresponds to its fair value, and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, included in the caption Reserves and Retained Earnings, and then recorded in the income statement over the same period in which the hedged instrument is recognized in profit or loss.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption Hedging reserve included in the caption Reserves and Retained Earnings, are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

The fair value of these instruments is estimated by the Company using specific software based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg, through the use of interest rate curves taken from Bloomberg.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host instruments, and this is not stated at fair value through profit or loss.

In specific situations, the Company hires exchange rate derivatives. In these circumstances, and although these derivatives are hired to hedge the risk associated with the variation of future cash flows, these derivatives are usually measured at fair value through the income statement.

i) Treasury shares

Treasury shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of treasury shares are directly recorded in other reserves.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the cash flows statement, cash and cash equivalents also include bank overdrafts, which are included in the statement of financial position caption of current bank loans.

k) Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense until the maturity of the financial instrument.

l) Impairment

Financial assets, other than Investments measured at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For non-quoted equity instruments determining whether the investment is impaired requires an estimation of the value in use of the investment. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the entity and a suitable discount rate in order to calculate present value.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For investments in subsidiaries (equity investments and loans granted to subsidiaries, jointly controlled companies and associated companies) the impairment analysis is based on the fair value estimate, based on discounted cash flows or based on its net asset value as applicable.

The above mentioned estimate is based on the fair value computation of the value in use of its holdings by means of discounted cash flow models, whenever there is an indication that the asset might be impaired, namely from the distribution of dividends by the mentioned entities.

It is the Board of Directors understanding that the use of the above mentioned methodology is adequate to conclude on the eventual existence of financial investments impairment as it incorporates the best available information as at the date of the financial statements.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of equity available for sale securities, impairment losses previously recognized through profit or loss are not reversed. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

2.6. Contingent assets and liabilities

Contingent liabilities are not recorded in the financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

Contingent assets are not recorded in the financial statements but disclosed when future economic benefits are probable.

2.7. Revenue recognition and accrual basis

Revenue from services rendered is recognized in the income statement in the period they are performed.

Dividends are recognized as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

Other current assets and other current liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but that correspond to income or expenses of future years, when they will be recognized in the income statement.

2.8. Subsequent events

Events after the statement of financial position date that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes when material.

2.9. Judgements and estimates

The most significant accounting estimates reflected in the financial statements are as follows:

a) Record of adjustments to the value of assets and provisions;

b) Impairment analysis of financial investments and loans granted to affiliated, jointly controlled companies and associated companies;

Estimates used are based on the best information available during the preparation of these financial statements and are based on the best knowledge of past and present events. Although future events, are not controlled by the Company are not foreseeable, some could occur and have impact on the estimates. Therefore and due to this uncertainty the outcome of the transactions being estimated may differ from the initial estimate. Changes to the estimates used by management that occur after the approval date of these consolidated financial statements, will be recognized in net income prospectively, in accordance with IAS 8.

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

2.10. Share-based payments

Share-based payments result from deferred performance bonus plans that are referenced to the evolution of the Sonae, SGPS, S.A. shares' price (parent company of Sonae Investimentos, SGPS, SA).

The value of these responsibilities is determined at the time of assignment (usually in March of each year) and subsequently updated at the end of each reporting period depending on the number of shares allotted and the fair value of the reporting date. The responsibility is recorded on staff costs and other current liabilities, linearly between the date of assignment and expiration date, in proportion to the time between those dates.

2.11. Income tax

Sonae Investimentos is taxed in accordance with Special Regime of Taxing Groups of Companies (Parent company). Each company included in this regime records income tax for the year in its individual accounts in the caption "Group companies". When a subsidiary contributes with a tax loss, it reflects, in its individual accounts, the amount of tax corresponding to the loss to be compensated by the profits of the other companies covered by this regime.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore expected to apply in the periods when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date an assessment of the deferred tax assets recognized is made, being reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in Equity.

3 FINANCIAL RISK MANAGEMENT

Risk management general principles are approved by the Board of Directors, and its implementation is supervised by group's finance department.

3.1 Market risk

The interest and exchange rate risk have a decisive importance in the Company's market risk management.

Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae Investimentos does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

3.1.1 Interest rate risk

The group exposure to the interest rate risk arises mainly from the long term loans which bear interests indexed to Euribor.

The group aim is to limit the cash-flow and net income volatility having in mind their operational activity profile by the use of an adequate combination of variable and fix rate debt. The Group's policy allows interest rate derivates usage in order to reduce Euribor's variability exposure and is not used for speculative purposes.

Derivatives used by the Company in interest rate risk management qualify as hedging instruments as they configure perfect hedging operations. Conditions established for these cash flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges.

Sensitivity analysis:

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, they are included in the calculation of income-related sensitivities;

- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortized cost are not subject to interest rate risk as defined in IFRS 7;

- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;

- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity calculations;

- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;

- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under the previously mentioned assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the company net profit before tax as at 31 December 2011 would increase by approximately 1.1 million euro (at 31 December 2009 would decrease 1.1 million euro), considering the contractual fixing dates and excluding other effects arising from the company operations.

3.1.2 Exchange rate risk

Sonae Investimentos does not have any material foreign exchange rate exposure, since almost all assets and liabilities are denominated in euro.

3.2 Liquidity risk

The purpose of liquidity risk management is to ensure, at all times, that the group has the financial capacity to fulfill its commitments as they become due and to carry on its business activities and strategy, through the management of the trade off cost and maturity of debt.

The Company follows an active policy of re-financing its debt by maintaining a high level of unused and available on demand resources to face short term needs and by increasing or maintaining an adequate debt maturity, according to the estimated cash-flows, and to the capability of leveraging its statement of financial position.

Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination is also considered as an important mean of managing liquidity risk. The group also assures, in its relationship with financial institutions, a high level of diversification of financing sources and counterparties, in order to ease the ability of entering new loan agreement and to minimize the effects of any relationship discontinuance.

The liquidity analysis for financial instruments is presented next to each related liability class note.

3.3 Credit risk

The Company is mainly exposed to credit risk, as a result of the loans granted to participation Companies.

The Company is also exposed to credit risk in its relationship with financial institutions, in result of bank deposits, debt instruments available facilities, derivates, among others.

The credit risk is limited to financial institutions by risk concentration management, by a selection of counterparties, which have a high national and international prestige and based on their respective rating notations taking into account the nature, maturity and dimension of the operations.

4 FINANCIAL INSTRUMENTS BY CLASS AND FAIR VALUE

The accounting policies disclosed in Note 2.5 as at 31 December 2011, have been applied to the line items below:

		31.December.2011			
Financial assets	Notes	Loans and accounts receivable	Subtotal	Assets not within IFRS 7 scope	Total
Non-current assets:					
Other non-current assets	8	1,590,401,623	1,590,401,623	-	1,590,401,623
		1,590,401,623	1,590,401,623	-	1,590,401,623
Current assets:					
Trade accounts receivable	9	525,861	525,861	-	525,861
Other debtors	10	171,595,870	171,595,870	-	171,595,870
Other current assets	12	1,087,218	1,087,218	2,415,887	3,503,105
Cash and cash equivalents	13	132,716,621	132,716,621	-	132,716,621
		305,925,570	305,925,570	2,415,887	308,341,457

		31.December.2011			
Financial liabilities	Notes	Loans and accounts payable	Subtotal	Liabilities not within IFRS 7 scope	Total
Non-current liabilities:					
Bank loans	17	290,295,955	290,295,955	-	290,295,955
Bonds	17	534,322,595	534,322,595	-	534,322,595
Other non-current liabilities	18	400,000,000	400,000,000	126,731	400,126,731
		1,224,618,550	1,224,618,550	126,731	1,224,745,281
Current liabilities:					
Bank loans	17	3,883,974	3,883,974	-	3,883,974
Bonds	17	365,856,920	365,856,920	-	365,856,920
Trade accounts payable	20	1,092,558	1,092,558	-	1,092,558
Other accounts payable	21	619,675,007	619,675,007	-	619,675,007
Other current liabilities	22	9,744,185	9,744,185	328,522	10,072,707
		1,000,252,644	1,000,252,644	328,522	1,000,581,166

The accounting policies disclosed in note 2.5 as at 31 December 2010, have been applied to the items below classified as follows:

Financial assets	Notes	31.December.2010 Loans and accounts receivable	Subtotal	Assets not within IFRS 7 scope	Total
Non-current assets:					
Other non-current assets	8	1,258,356,053	1,258,356,053	-	1,258,356,053
		1,258,356,053	1,258,356,053	-	1,258,356,053
Current assets:					
Trade accounts receivable	9	1,834,227	1,834,227	-	1,834,227
Other debtors	10	448,790,326	448,790,326	-	448,790,326
Other current assets	12	1,854,930	1,854,930	1,938,895	3,793,825
Cash and cash equivalents	13	127,421,554	127,421,554	-	127,421,554
		579,901,037	579,901,037	1,938,895	581,839,932

Financial liabilities	Notes	31.December.2010 Loans and accounts payable	Liabilities at fair value through the income statement	Derivatives used for cash flow hedging	Subtotal	Liabilities not within IFRS 7 scope	Total
Non-current liabilities:							
Bank loans	17	303,599,256	-	-	303,599,256	-	303,599,256
Bonds	17	899,337,511	-	-	899,337,511	-	899,337,511
Other non-current liabilities	18	400,000,000	-	-	400,000,000	456,179	400,456,179
		1,602,936,767	-	-	1,602,936,767	456,179	1,603,392,946
Current liabilities:							
Bank loans	17	3,325,667	-	-	3,325,667	-	3,325,667
Bonds	17	89,554,618	-	-	89,554,618	-	89,554,618
Derivatives	19	-	76,617	4,290,482	4,367,099	-	4,367,099
Trade accounts payable	20	126,157	-	-	126,157	-	126,157
Other accounts payable	21	488,521,784	-	-	488,521,784	-	488,521,784
Other current liabilities	22	13,555,051	-	-	13,555,051	248,780	13,803,831
		595,083,277	76,617	4,290,482	599,450,376	248,780	599,699,156

5 INVESTMENTS

As at 31 December 2011 and 2010, the investments caption is made up as follows:

	31.December.2011						
Company	% held	Opening balance	Increases		Decreases		Final balance
Azulino - Imobiliária, SA	100.00%	498,025	-		-		498,025
Bertimóvel - Sociedade Imobiliária, SA	100.00%	1,845,000	270,000	(1)	-		2,115,000
Canasta - Empreendimentos Imobiliários, SA	100.00%	1,669,375	-		-		1,669,375
Chão Verde - Sociedade de Gestão Imobiliária, SA	100.00%	2,244,591	-		-		2,244,591
Citorres - Sociedade Imobiliária, SA	100.00%	477,848	-		-		477,848
Contimobe - Imobiliária do Castelo de Paiva, SA	100.00%	231,318,722	-		-		231,318,722
Cumulativa - Sociedade Imobiliária, SA	100.00%	2,315,191	40,000	(1)	-		2,355,191
Fozimo - Sociedade Imobiliária, SA	100.00%	24,940	-		-		24,940
Fozmassimo - Sociedade Imobiliária, SA	100.00%	6,264,902	-		-		6,264,902
Fundo de Investimento Imobiliário Fechado Imosede	54.55%	64,415,021	-		-		64,415,021
Fundo de Investimento Imobiliário Imosonae Dois	74.94%	158,410,389	-		49,654,952	(3) (4)	108,755,437
Igimo - Sociedade Imobiliária, SA	100.00%	220,000	-		-		220,000
Iginha - Sociedade Imobiliária, SA	100.00%	1,259,000	100,000	(1)	-		1,359,000
Imoconti - Sociedade Imobiliária, SA	100.00%	380,000	-		-		380,000
Imoestrutura - Sociedade Imobiliária,SA	100.00%	24,940	-		-		24,940
Imomuro - Sociedade Imobiliária, SA	100.00%	799,940	200,000	(1)	-		999,940
Imoresultado - Sociedade Imobiliária, SA	100.00%	109,736	-		-		109,736
Imosistema - Sociedade Imobiliária, SA	100.00%	280,000	-		-		280,000
MDS, SGPS, SA	46.92%	51,000,000	-		-		51,000,000
MJLF - Empreendimentos Imobiliários, SA	100.00%	1,809,397	-		-		1,809,397
Modelo - Distribuição de Materiais de Construção, SA	50.00%	9,790,614	-		-		9,790,614
Modelo Hiper Imobiliária, SA	100.00%	10,655,164	-		-		10,655,164
Modelo.Com - Vendas por Correspondência, SA	100.00%	12,637,016	-		-		12,637,016
Mundo Vip - Operadores Turísticos, SA	33.34%	1,101,337	-		-		1,101,337
Predicomercial - Promoção Imobiliária, SA	100.00%	6,372,293	-		-		6,372,293
Raso, SGPS, SA	50.00%	24,500,000	-		-		24,500,000
Selifa - Sociedade de Empreendimentos Imobililiários, SA	100.00%	1,513,379	-		-		1,513,379
Sempre à Mão - Sociedade Imobiliária, SA	100.00%	1,530,558	600,000	(1)	-		2,130,558
Sesagest - Projectos e Gestão Imobiliária, SA	100.00%	36,677,088	-		-		36,677,088
Socijofra - Sociedade Imobiliária, SA	100.00%	550,000	-		-		550,000
Sociloures - Sociedade Imobiliária, SA	100.00%	10,000,000	-		-		10,000,000
Soflorin, BV	100.00%	257,309,037	-		-		257,309,037
Sonae - Specialized Retail, SGPS, SA	100.00%	1,050,000,000	-		-		1,050,000,000
Sonae Capital Brasil, SA	37.00%	23,334,858	-		3,734,551	(4)	19,600,307
Sonae Center Serviços II, SA	100.00%	58,032,319	-		-		58,032,319
Sonae MC - Modelo Continente, SGPS, SA	100.00%	600,000,000	-		-		600,000,000
Sonaegest - Soc. Gest. de Fundos de Investimentos, SA	40.00%	159,615	224,736	(2)	-		384,351
Sonaerp - Retail Properties, SA	100.00%	114,495,350	-		-		114,495,350
Sondis Imobiliária, SA	100.00%	474,940	-		-		474,940
Sonvecap, BV	100.00%	3,000,000	-		-		3,000,000
Tlantic Portugal - Sistemas de Informação, SA	100.00%	743,316	150,000	(1)	-		893,316
Valor N, SA	100.00%	2,087,315	-		-		2,087,315
Total		2,750,331,214	1,584,736		53,389,503		2,698,526,448
Impairment of investments (Notes 24 and 28)		(38,088,497)	(10,318,000)	(5)	-		(48,406,497)
Total		2,712,242,717	(8,733,264)		53,389,503		2,650,119,951

(1) Capital contribution in order to cover losses;
(2) Acquisition from a related party;
(3) Disposal to a related party;
(4) Capital decrease;
(5) In 2011 the company recorded an impairment on investments in subsidiaries Raso, SGPS, SA and Sonae Capital Brasil, SA amounting to 3,526,000 euro and 6,792,000 euro respectively.

		31.December.2010						
Company	% held	Opening balance	Increases		Decreases		Merger/Demerger	Final balance
Azulino - Imobiliária, SA	100.00%	498,025	-		-		-	498,025
Bertimóvel - Sociedade Imobiliária, SA	100.00%	1,845,000	-	-	-		-	1,845,000
Canasta - Empreendimentos Imobiliários, SA	100.00%	1,669,375	-	-	-		-	1,669,375
Chão Verde - Sociedade de Gestão Imobiliária, SA	100.00%	2,244,591	-		-		-	2,244,591
Citorres - Sociedade Imobiliária, SA	100.00%	477,848	-		-		-	477,848
Contibomba - Comércio e Distribuição de Combustíveis, SA	-	452,000	-	-	452,000		-	-
Contimobe - Imobiliária do Castelo de Paiva, SA	100.00%	231,318,722	-		-		-	231,318,722
Cumulativa - Sociedade Imobiliária, SA	100.00%	2,285,191	30,000	(2)	-		-	2,315,191
Difusão - Sociedade Imobiliária, SA	-	50,000	-		50,000		-	-
Edições Book.it - SA	-	1,000,000	-		1,000,000		-	-
Farmácia Selecção, SA	-	89,000	-		89,000	(7)	-	-
Fozimo - Sociedade Imobiliária, SA	100.00%	24,940	-		-		-	24,940
Fozmassimo - Sociedade Imobiliária, SA	100.00%	6,264,902	-		-		-	6,264,902
Fundo de Investimento Imobiliário Fechado Imosede	54.55%	64,415,021	-	-	-		-	64,415,021
Fundo de Investimento Imobiliário Imosonae Dois	100.00%	158,410,389	-		-		-	158,410,389
Igimo - Sociedade Imobiliária, SA	100.00%	220,000	-		-		-	220,000
Iginha - Sociedade Imobiliária, SA	100.00%	959,000	300,000	(2)	-		-	1,259,000
Imoconti - Sociedade Imobiliária, SA	100.00%	380,000	-	-	-		-	380,000
Imoestrutura - Sociedade Imobiliária,SA	100.00%	24,940	-		-		-	24,940
Imomuro - Sociedade Imobiliária, SA	100.00%	799,940	-	-	-		-	799,940
Imoresultado - Sociedade Imobiliária, SA	100.00%	109,736	-		-		-	109,736
Imosistema - Sociedade Imobiliária, SA	100.00%	280,000	-		-		-	280,000
MDS, SGPS, SA	46.92%	-	51,000,000	(4)	-	-	-	51,000,000
Marcas MC, ZRT	-	72,784,761	-		72,784,761		-	-
MJLF - Empreendimentos Imobiliários, SA	100.00%	1,809,397	-	-	-		-	1,809,397
Modelo - Distribuição de Materiais de Construção, SA	50.00%	-	9,790,614		-	-	-	9,790,614
Modelo Hiper Imobiliária, SA	100.00%	-	10,655,164		-		-	10,655,164
Modelo Continente Hipermercados, SA	-	284,190,240	528,000,000	(2) (5)	754,207,921		(57,982,319)	-
Modelo Continente Seguros - Sociedade de Mediação, Lda	-	3,161,250	2,987,250		6,148,500		-	-
Modelo.Com - Vendas por Correspondência, SA	100.00%	12,637,016	-		-		-	12,637,016
Mundo Vip - Operadores Turísticos, SA	33.34%	-	1,101,337		-		-	1,101,337
Predicomercial - Promoção Imobiliária, SA	100.00%	6,372,293	-	-	-		-	6,372,293
Raso, SGPS, SA	50.00%	24,500,000	-	-	-		-	24,500,000
Selifa - Sociedade de Empreendimentos Imobililiários, SA	100.00%	1,488,379	25,000		-		-	1,513,379
Sempre à Mão - Sociedade Imobiliária, SA	100.00%	1,530,558	-		-		-	1,530,558
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	-	249,399	-		249,399		-	-
Sesagest - Projectos e Gestão Imobiliária, SA	100.00%	36,677,088	-		-		-	36,677,088
Socijofra - Sociedade Imobiliária, SA	100.00%	550,000	-		-		-	550,000
Sociloures - Sociedade Imobiliária, SA	100.00%	10,000,000	-		-		-	10,000,000
Soflorin, BV	100.00%	257,309,037	-		-		-	257,309,037
Sonae - Specialized Retail, SGPS, SA	100.00%	1,050,000,000	-	-	-		-	1,050,000,000
Sonae Capital Brasil, SA	37.00%	23,334,858	-	-	-		-	23,334,858
Sonae Center Serviços II, SA	100.00%	50,000	-		-		57,982,319	58,032,319
Sonae MC - Modelo Continente, SGPS, SA	100.00%	50,000	599,950,000		-		-	600,000,000
Sonae Retalho España, SA	-	2,549,831	-		2,549,831		-	-
Sonaegest - Soc. Gest. de Fundos de Investimentos, SA	20.00%	159,615	-	-	-		-	159,615
Sonaerp - Retail Properties, SA	100.00%	114,495,350	-		-		-	114,495,350
Sondis Imobiliária, SA	100.00%	474,940	-		-		-	474,940
Sontária - Empreendimentos Imobiliários, SA	-	10,600,000	-		10,600,000	(8)	-	-
Sonvecap, BV	100.00%	3,000,000	-	-	-		-	3,000,000
Tlantic Portugal - Sistemas de Informação, SA	100.00%	443,316	300,000		-		-	743,316
Todos os Dias - Comércio Ret. e Expl. de Centros Comerciais, SA	-	1,180,000	-		1,180,000		-	-
Valor N, SA	100.00%	2,087,315	-		-	-	-	2,087,315
Total		2,395,503,263	1,204,139,365		849,311,412		-	2,750,331,216
Impairment of investments		(45,868,497)	-		7,780,000	(7)(9)	-	(38,088,497)
Total		2,349,634,766	1,204,139,365		857,091,412		-	2,712,242,717

(1) During the year part of Modelo Continente Hipermercados, SA acquisition cost was allocated to Sonae Center Serviços II, SA following the demerger in these companies;
(2) Capital contribution in order to cover losses;
(3) Capital increase;
(4) Acquisition to Sonae, SGPS, SA;
(5) Acquisition of subsidiaries from companies directly or indirectly controlled by Sonae Investimentos, SGPS, SA;
(6) Acquisition from a related party;
(7) Disposal of subsidiaries companies directly or indirectly controlled by Sonae Investimentos, SGPS, SA;
(8) Disposal of a subsidiary to a company controlled by Sonae, SGPS, SA;
(9) Disposal of subsidiaries to an unrelated party.

6 TANGIBLE AND INTANGIBLE ASSETS

During the years ended 31 December 2011 and 2010, movements in tangible assets as well as depreciation and accumulated impairment losses, are as follows:

	Tangible assets				
	Machinery and equipment	Transport equipment	Office equipment	Other tangible asstes	Total tangible asstes
Acquisition cost					
Opening balance as at 1 January 2010	2,464	19,062	25,062	679	47,267
Decreases	-	-	(203)	-	(203)
Opening balance as at 1 January 2011	2,464	19,062	24,859	679	47,064
Decreases	(2,464)	-	(404)	-	(2,868)
Closing balance as at 31 December 2011	-	19,062	24,455	679	44,196
Accumulated depreciation					
Opening balance as at 1 January 2010	1,150	19,062	23,590	679	44,481
Increases	246	-	1,024	-	1,270
Decreases	-	-	(164)	-	(164)
Opening balance as at 1 January 2011	1,396	19,062	24,450	679	45,587
Increases	-	-	190	-	190
Decreases	(1,396)	-	(271)	-	(1,667)
Closing balance as at 31 December 2011	-	19,062	24,369	679	44,110
Carrying amount					
As at 31 December 2010	1,068	-	409	-	1,477
As at 31 December 2011	-	-	86	-	86

During the periods ended 31 December 2011 and 2010, movements in intangible assets as well as depreciation and accumulated impairment losses, are as follows:

	Intangibles assets			
Acquisition cost	Industrial property and other rights	Softw are	Intangible assets in progress	Total intangible assets
Opening balance as at 1 January 2010	1,412,628	479	-	1,413,107
Decreases	-	-	(160,389)	(160,389)
Transfers/disposals	366	-	160,389	160,755
Opening balance as at 1 January 2011	1,412,994	479	-	1,413,473
Increases	-	-	710	710
Transfers/disposals	710	-	(710)	-
Closing balance as at 31 December 2011	1,413,704	479	-	1,414,183
Accumulated depreciation				
Opening balance as at 1 January 2010	1,405,468	479	-	1,405,947
Increases	2,266	-	-	2,266
Opening balance as at 1 January 2011	1,407,734	479	-	1,408,213
Increases	2,314	-	-	2,314
Closing balance as at 31 December 2011	1,410,048	479	-	1,410,527
Carrying amount				
As at 31 December 2010	5,260	-	-	5,260
As at 31 December 2011	3,656	-	-	3,656

7 DEFERRED TAX

Deferred tax assets and liabilities as at 31 December 2011 and 2010 are as follows, split between the different types of temporary differences:

	Assets	
	31.December.2011	31.December.2010
Derivatives	-	668,565
Others	82,690	70,142
	82,690	738,707

	Liabilities	
	31.December.2011	31.December.2010
Differences betw een amortisations for accounting and tax purposes	784	1,403
	784	1,403

During the periods ended 31 December 2011 and 2010, movements in deferred tax assets and liabilities are as follows:

	Assets		Liabilities	
	31.dezembro.2011	31.dezembro.2010	31.dezembro.2011	31.dezembro.2010
Opening balance	738,707	1,736,158	1,403	1,379
Effects on income:				
Impairment losses	-	(134,900)	-	-
Others	12,548	70,142	(619)	24
	12,548	(64,758)	(619)	24
Effects on equity:				
Financial instruments valuation	(668,565)	(932,693)	-	-
Final balance	82,690	738,707	784	1,403

8 OTHER NON-CURRENT ASSETS

As at 31 December 2011 and 2010 the non-current assets were as follows:

	31.December.2011	31.December.2010
Loans granted (Note 37)	1,589,586,905	1,256,170,741
Other debtors	814,718	2,185,312
	1,590,401,623	1,258,356,053

These loans earn interests at market rates indexed to Euribor and their fair value is similar to their carrying amount. The loans refer to loans granted to subsidiaries with no defined maturity.

There are no past due or impaired on loans receivable as at 31 December 2011 and 2010. The impairment of loans granted to group companies is assessed in accordance with note 2.5.l). The fair value of loans granted to group companies is considered to be similar to its carrying amount.

The caption other debtors includes an amount yet to be received from the sale of a subsidiary during 2010, for which an impairment was recorded amounting to 1,450,000 euro (Note 24).

9 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable amounted to 525,861 euro and 1,834,227 euro as at 31 December 2011 and 2010 respectively, and include balances arising solely from services rendered to group companies.

Up to the statement of financial position date there are no due accounts receivable and there were no impairment losses recorded, as there are no indications that clients will not fulfill their obligations.

10 OTHER DEBTORS

As at 31 December 2011 and 2010, this caption is as follows:

	31.December.2011	31.December.2010
Short term loans (Note 37)	111,326,877	304,032,000
Interests charged but not received	30,387,405	26,449,063
Taxes - Special Regime for taxation of groups of companies	24,427,592	42,406,410
Special regime for payment of tax and social securaty debts (DL 248-A)	4,778,747	5,113,681
Others	675,249	70,789,172
	171,595,870	448,790,326

Loans granted to group companies return interest at variable market rates indexed to Euribor and have a maturity less than one year.

The amount of 24,427,592 euro recorded in the caption "Taxes - Special Regime for taxation of groups of companies" relates to amounts to be received from subsidiaries (included in the above mentioned taxation regime), related to income tax for the period.

The amount disclosed as 'Special regime for payment of tax and social security debts' relates to taxes claimed from tax authorities, being an understanding of Sonae Investimentos that the result of such claims will favour the Company. Therefore, there was no impairment losses recognized.

As at 31 December 2010, the amount recorded under the caption "Others" relate to amounts to be received for the disposal of subsidiaries.

There were no past due assets thus no impairment loss was recognized as at 31 December 2011 and 2010. The fair value of loans granted is similar to its carrying amount.

11 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2011 and 2010, taxes recoverable and taxes and contributions payable are made up as follows:

	31.December.2011	31.December.2010
Income tax	27,680,590	661,990
Assets	27,680,590	661,990

	31.December.2011	31.December.2010
Income tax	1,893,201	17,790,828
VAT	22,964	282,653
Social security	397	1,495
Withholding tax - Capital gains	3,428	7,699
Liabilities	1,919,990	18,082,675

12 OTHER CURRENT ASSETS

As at 31 December 2011 and 2010, the caption other current assets can be detailed as follows:

	31.December.2011	31.December.2010
Interests receivable	321,612	442,145
Indemnity interests	765,605	1,337,970
Management fees	-	74,815
Accrued income	1,087,217	1,854,930
Insurances	238,320	183,649
Interests	-	10,166
Costs with credit facilities	2,145,674	1,745,080
Costs with credit facilities	31,894	-
Prepayments	2,415,888	1,938,895
	3,503,105	3,793,825

13 CASH AND CASH EQUIVALENTS

As at 31 December 2011 and 2010, cash and cash equivalents can be detailed as follows:

	31.December.2011	31.December.2010
Cash	550	550
Bank deposits	132,716,071	127,421,004
Cash and cash equivalents on the balance sheet	132,716,621	127,421,554
Bank overdrafts (Note 17)	(558,308)	-
Cash and cash equivalents on the cash flows statement	132,158,313	127,421,554

Bank overdrafts are disclosed in the statement of financial position under the caption short term bank loans.

14 SHARE CAPITAL

As at 31 December 2011, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares (1,000,000,000 as at 31 December 2010), with a nominal value of 1 euro each.

A subsidiary company (Sonae – Specialized Retail, SGPS, SA) owns 100,000,000 shares of Sonae Investimentos. These shares are considered as treasury shares under the Commercial Companies Code, reason why the underlying rights to these shares are suspended.

As at 31 December 2011 and 2010, the subscribed share capital was held as follows:

	31.December.2011	31.December.2010
Sonae, SGPS, SA	76.86%	76.86%
Sonae Investments BV	13.14%	13.14%
Sonae - Specialized Retail, SGPS, SA	10.00%	10.00%

As at 31 December 2011 and 2010 Efanor Investimentos, SGPS, SA and affiliated companies held 52.98% of Sonae's share capital.

15 LEGAL RESERVE

The company has set up legal reserves in accordance with Commercial Companies Code. In 2011 and 2010, respectively, 22,526,963 euro and 3,087,918 euro was transferred from profit for the year to legal reserves.

16 HEDGING RESERVES, FAIR VALUE RESERVES AND OTHER RESERVES

As at 31 December 2011 and 2010, the other reserves detail is as follows:

	31.December.2011	31.December.2010
Legal Reserves in accordance with article 324 of Commercial Companies Code	320,000,000	320,000,000
Supplementary capital	372,000,000	372,000,000
Hedging reserves	-	(1,854,318)
Other reserves	502,909,392	74,897,094
	1,194,909,392	765,042,776

Following the acquisition of Sonae Investimentos SGPS, SA shares by a subsidiary company, free reserves amounting to the cost of the above mentioned shares were made unavailable, under article 324 of the Commercial Companies Code. The distribution of this reserve depends on the termination or disposal of the treasury shares.

17 BORROWINGS

As at 31 December 2011 and 2010, this caption included the following loans:

	31.December.2011	31.December.2010
Nominal value of bond loans	536,000,000	902,000,000
Up-front fees not yet charged to income statement	(1,677,405)	(2,662,489)
Bond loans	534,322,595	899,337,511
Commercial paper	282,000,000	292,000,000
Other bank loans	8,333,334	11,666,665
Up-front fees not yet charged to income statement	(37,379)	(67,409)
Bank loans	290,295,955	303,599,256
Non-current loans	824,618,550	1,202,936,767
Nominal value of bond loans	366,000,000	90,000,000
Up-front fees not yet charged to income statement	(143,080)	(445,382)
Bond loans	365,856,920	89,554,618
Other bank loans	3,333,333	3,333,334
Up-front fees not yet charged to income statement	(7,667)	(7,667)
Bank overdrafts (Note 13)	558,308	-
Bank loans	3,883,974	3,325,667
Current loans	369,740,894	92,880,285

Loans and interests shall be reimbursed as follows:

	31.December.2011		31.December.2010	
	Capital	Interests	Capital	Interests
2011	-	-	93,333,334	24,304,593
2012	369,891,641	25,464,855	369,333,334	20,654,694
2013	174,333,333	18,015,065	174,333,334	14,805,812
2014	215,333,333	12,650,268	305,333,334	11,372,826
2015	356,666,667	9,056,534	356,666,663	6,334,608
2016	80,000,000	1,719,377	-	-
	1,196,224,974	66,906,099	1,298,999,999	77,472,533

Non-current loans

Bonds Sonae Distribuição 2007/2015 amounting to 200,000,000 euro, repayable after 8 years, in one installment, on 10 August 2015. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly. The company has the option to make whole or partial reimbursements, with no extra cost, on the date of the 10th, 12th and 14th coupons.

Bonds Sonae Distribuição September 2007/2015 amounting to 310,000,000 euro, repayable in two installments of 50% each, on 10 September 2013 and 10 September 2015. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly. The company has the option to make whole or partial reimbursements, with no extra cost, on the date of the 10th, 11th, 12th, 13th, 14th and 15th coupons.

Bonds Sonae Distribuição 2009/2014 amounting to 50,000,000 euro, repayable in 6 half yearly successive according to the redemption plan as follows: i) 8,000,000 euro, on the 5th, 6th, 7th, 8th and 9th interest payment date; ii) 10,000,000 euro, on the 10th interest payment date. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly.

Commercial paper programs are committed by financial institutions for a period of 4 years.

As the Company intends to keep these loans for a period superior to one year, those were classified as non-current.

The caption Bank loans includes a loan contracted during March 2009, in total amount of 8,333,334 euro.

Current loans

Bonds Sonae Distribuição 2009 / 2014 - 16,000,000 euro - amount to be reimbursed on the 6th, 7th interest payment dates - on 18 March 2012 and 18 September 2012 - in accordance with contractual conditions.On 18 September 2011 was repaid in the amount 8,000,000 euro, in accordance with contractual conditions.

Bonds Modelo Continente 2007/2012 amounting to 200,000,000 euro, repayable after 5 years, in one installment, on 30 April 2012. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly.

Bonds Modelo Continente 2005/2012 amounting to 150,000,000 euro, repayable after 7 years, in one installment, on 2 August 2012. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly. The company has the option to make whole or partial reimbursements, with no extra cost, on the date of the 10th, 11th, 12th and 13th coupons.

On June 29, 2011 the company reacquired all its "Modelo Continente 2003" bonds amounting 82,000,000 euro, and subsequently extinguished in advance the bond loan, in accordance with applicable law.

The caption Bank loans includes a loan contracted during March 2009, in total amount of 3,333,332 euro.

As at 31 December 2011 and 2010 the amount of the available credit facilities in order to manage liquidity risk, can be summarized as follows:

	31.December.2011		31.December.2010	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Agreed credit facilities amounts	242,000,000	485,000,000	270,120,074	490,000,000
Available credit facilities amounts	240,749,051	203,000,000	270,120,074	198,000,000

The interest rate as at 31 December 2011 of the bonds and bank loans was, on average, 2.37% (1.83% as at 31 December 2010).

18 OTHER NON-CURRENTS LIABILITIES

As at 31 December 2011 and 2010 this caption includes a subordinate bond loan, repayable in 10 years issued by Sonae Investimentos at market conditions. This loan was fully subscribed and paid for Sonae SGPS, SA on 28 December 2010 amounting to 400,000,000 euro, relating 8,000 bonds with nominal value of 50,000 euro each.

As at 31 December 2011 the fair value of this bond loan is 40,000 euro per bond, and was determined based on discounted cash flows method.

19 DERIVATIVES

Interest rate derivatives

As at 31 December 2011 there were no interest rate derivatives in the company. As at 31 December 2010, the fair value of derivatives, calculated based on market values of financial instruments equivalent interest rate was estimated at 4,290,482 euro.

These interest rate derivatives are valued at fair value, at the statement of financial position date, based on valuations using specific software. The fair value of these financial instruments was calculated, as at the statement of financial position date, based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg.

As at 31 December 2011 and 2010, derivatives have the following estimated cash flows:

	31.December.2011	31.December.2010
Liabilities	-	4,276,713

Exchange rate derivatives

As at 31 December 2011, there were no exchange rate derivatives in the company (76,617 euro as at 31 December 2010).

20 TRADE ACCOUNTS PAYABLE

As at 31 December 2011 and 2010 the trade accounts payable caption presents amounts payable within 90 days, arising on the normal course of activity.

21 OTHER CREDITORS

As at 31 December 2011 and 2010, this caption is as follows:

	31.December.2011	31.December.2010
Short term loans (Note 37)	605,087,891	481,511,000
Taxes - Special Regime for taxation of groups of companies	13,014,610	6,961,236
Others	1,572,506	49,548
	619,675,007	488,521,784

The amount of 13,014,610 euro recorded in the caption "Taxes-Special Regime for taxation of groups of companies" relates to the amounts to be paid to subsidiaries, included in the mentioned taxation regime, for the calculated income tax of the period.

22 OTHER CURRENT LIABILITIES

As at 31 December 2011 and 2010 other current liabilities were made up as follows:

	31.December.2011	31.December.2010
Deferred performance bonuses (Note 23)	328,522	248,780
Accrued interests	9,517,957	13,253,817
Others	215,658	301,234
Accruals	10,062,137	13,803,831
Others	10,570	-
Deferred income	10,072,707	13,803,831

23 SHARE-BASED PAYMENTS

In 2011 and in previous years, the Company granted deferred performance bonuses to the Board of Directors and eligible employees. These are based on shares to be acquired at nil cost, three years after they were attributed to the employee. The company has the choice to settle its responsibilities in cash rather than through shares. These rights can only be exercised if the employee still works for Sonae on the vesting date. These responsibilities are measured as described in Note 2.10.

As at 31 December 2011, the outstanding plans were as follows:

	Vesting period			
	Year of grant	Vesting year	Number of participants	Number of shares
Plan 2008	2009	2012	1	715,734
Plan 2009	2010	2013	1	414,152

The measurement of the Share-Based Plans referred above is referenced to the evaluation of Sonae, SGPS, SA shares price as at 31 December 2011. The current plans are considered cash settled.

24 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses for the year ended as at 31 December 2011 are as follows:

	Opening balance	Increases	Closing balance
Investments impairment (Note 5 and 28)	38,088,497	10,318,000	48,406,497
Other debtors impairment losses (Note 8)	-	1,450,000	1,450,000

25 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2011 and 2010 the contingent liabilities were detailed as follows:

		31.December.2011	31.December.2010
Guarantees rendered:			
related to tax claims aw aiting outcome	(a)	222,571,285	166,834,471
related to local and municipal claims aw aiting outcome		28,938	289,380
others		10,643,765	10,761,324
Guarantees given in favour of subsidiaries	(b)	48,082,127	47,369,533

a) Includes the amount of 217,392,328 euro (164,849,085 euro as at 31 December 2010) referring to corporate income tax claims awaiting outcome and the amount of 5,178,957 euro (1,985,386 euro as at 31 December 2010) relating to stamp duty claims.

b) Guarantees given to Tax Authorities in favour of subsidiaries to suspend claims from tax authorities.

No provision has been recognized for these tax additional assessments, to which some guarantees were made, as the Board of Directors expects their outcome to be favorable to the Company with no additional liability.

Following the disposal of a Brazilian subsidiary company, the group guaranteed to that subsidiary company buyer all the losses it will have as consequence of tax additional assessments as it is described in the Note of Contingent Assets and Liabilities in the Consolidated financial statements.

26 RELATED PARTIES

Main balances and transactions with related parties as at 31 December 2011 and 2010 are detailed as follows:

	31.December.2011	31.December.2010
Balance:		
Parent company	31,894	59,115
Subsidiaries	55,144,842	132,253,215
Jointly controlled companies	42,159	66,585
Associated companies	1,904,719	2,934,930
Other related parties	-	8,860,483
Accounts receivable	57,123,614	144,174,328
Parent company	1,410,945	428,731
Subsidiaries	15,859,308	12,935,340
Jointly controlled companies	-	600
Associated companies	-	34,951
Other related parties	17	872
Accounts payable	17,270,270	13,400,494
Subsidiaries	1,678,678,093	1,536,547,507
Jointly controlled companies	4,300,000	6,100,000
Associated companies	17,935,689	17,555,234
Loans granted	1,700,913,782	1,560,202,741
Parent company	400,000,000	453,000,000
Subsidiaries	605,087,891	428,511,000
Loans obtained	1,005,087,891	881,511,000

	31.December.2011	31.December.2010
Transactions:		
Subsidiaries	(278,768)	1,000,000
Associated companies	911,880	1,072,621
Services rended	633,112	2,072,621
Parent company	1,052,896	50,000
Subsidiaries	50	10,000
Jointly controlled companies	302	-
Associated companies	29,736	8,121
Other related parties	1,512	3,033
Purchases and services obtained	1,084,496	71,154
Parent company	1,587	3,677
Subsidiaries	554,556	444,495
Empresas associadas	45	-
Other income	556,188	448,172
Parent company	310,791	107,128
Subsidiaries	46,454,633	33,356,913
Jointly controlled companies	148,119	154,921
Associated companies	1,088,044	210,022
Interest income	48,001,587	33,828,984
Parent company	33,044,788	1,528,006
Subsidiaries	7,093,854	8,738,200
Jointly controlled companies	-	34
Interest expenses	40,138,642	10,266,240
Subsidiaries	25,053,099	12,900,246
Associated companies	-	896,902
Dividend income	25,053,099	13,797,148
Subsidiaries	-	1,090,768,437
Associated companies	49,888,452	3,525,000
Other related parties	112,025	6,120,239
Investments disposal	50,000,477	1,100,413,676
Parent company	-	51,000,000
Subsidiaries	-	471,445,768
Other related parties	224,736	1,101,337
Investments acquisition	224,736	523,547,105

All Sonae, SGPS, S.A. and Efanor Investimentos SGPS, SA subsidiaries, associates and joint ventures are considered related parties and are identified in Consolidated Financial Statements.

During the period, the Company obtained loans from Sonae, SGPS, SA amounting to 834,769,000 euro (876,984,614 euro as at 31 December 2010) was repaid 781,769,000 euro during the year (823,984,614 euro as at 31 December 2010).

In 2011 and 2010 did not occur any transactions including granted loans with the Company's Directors.

During 2011 no remuneration was attributed to Board of Directors by the company (In 2010 the remuneration amounted to 100,070 euro).

As at 31 December 2011 and 2010 there were no balances with Company's Directors.

27 SERVICES RENDERED

Services rendered amounted to 633,112 euro and 2,072,621 euro, in 31 December 2011 and 2010, respectively. Services rendered include management fees over subsidiaries in accordance with Holding companies law.

28 INVESTMENT INCOME

As at 31 December 2011 and 2010 investment income is as follows:

	31.December.2011	31.December.2010
Dividends	25,053,099	13,797,148
Gains on the sale of investments	-	444,864,481
Income on investments	20,339,480	-
Reserve of impairment losses on investments (Note 24)	-	7,780,000
Impairment losses on investments (Note 24)	(10,318,000)	-
Losses on the sale of investments	-	(7,728,107)
	35,074,579	458,713,522

29 FINANCIAL INCOME / EXPENSES

As at 31 December 2011 and 2010, net financial expenses are as follows:

	31.December.2011	31.December.2010
Interest receivable		
related to bank deposits	436,938	55,104
related to loans granted	47,101,990	33,828,984
others	899,626	15,324
Other financial income	1,005,538	211,663
Financial income	49,444,092	34,111,075
Interest payable		
related to bank deposits and overdrats	(10,784,254)	(6,495,999)
related to non convertible bonds	(21,029,815)	(18,057,866)
related to hedge derivatives	(2,575,517)	(4,626,579)
related to loans obtained	(40,138,642)	(9,634,653)
Others	(92)	(631,587)
Other financial expenses		
up front fees and comissions related to loans	(4,965,846)	(4,814,748)
others	(244,637)	(1,348,572)
Financial expense	(79,738,803)	(45,610,004)

30 OTHER INCOME

As at 31 December 2011 and 2010, other income is as follows:

	31.December.2011	31.December.2010
Recovery of charges (a)	571,682	477,238
Reversal of impairment losses	-	539,611
Other income	5,151	10,838
	576,833	1,027,687

a) Income related to costs assumed by the Company, which were re-charged to participated companies.

31 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2011 and 2010, external supplies and services are as follows:

	31.December.2011	31.December.2010
Insurance	635,574	630,521
Services	217,931	182,538
Bank services	464,597	509,368
Guarantees	1,052,896	-
Others services	22,334	43,852
	2,393,332	1,366,279

32 OTHER EXPENSES

As at 31 December 2011 and 2010, other expenses are as follows:

	31.December.2011	31.December.2010
Indirect tax	369,314	940,011
Expenses/(gains) in non financial investments	-	239,646
Others	2,367	306,067
	371,681	1,485,724

33 INCOME TAX

Income tax charge for the year ended 31 December 2011 and 2010 is made up as follows:

	31.December.2011	31.December.2010
Current tax	13,102,578	3,361,161
Deferred tax	13,167	64,782
Total	13,115,745	3,425,943

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2011 and 2010 is as follows:

	31.December.2011	31.December.2010
Profit before income tax	1,742,814	447,113,319
Income tax rate	25.00%	25.00%
	435,704	111,778,330
Impairment losses not accepted for tax purposes	2,942,000	-
Reversal of impairment losses not accepted for tax purposes	-	(1,945,000)
Under/(over) taxation estimates	(5,296,765)	52,617
Difference betw een capital (losses)/gains for accounting and tax purposes	-	(109,355,837)
Effect of non-tributable dividends	(6,263,275)	(3,449,287)
Others	(4,933,409)	(506,766)
Income tax	(13,115,745)	(3,425,943)

34 EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2011 and 2010 were calculated taking into consideration the following amounts:

	31.December.2011	31.December.2010
Net Profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit foor the period)	14,858,559	450,539,262
Net profit taken into consideration to calculate diluted earnings per share	14,858,559	450,539,262
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	900,000,000	983,690,959
Weighted average number of shares used to calculate diluted earnings per share	900,000,000	983,690,959
Earnings per share (basic and diluted)	0.0165	0.4580

35 CASH RECEIPTS / PAYMENTS ARISING INVESTMENTS

During 2011 and 2010, the following receipts and payments occurred:

	31.December.2011			
	Receipts		Payments	
	Price	Amount received	Price	Amount paid
Bertimóvel - Sociedade Imobiliária, SA	-	-	270,000	270,000
Cumulativa - Sociedade Imobiliária, SA	-	-	40,000	40,000
Fundo de Investimento Imobiliário Imosonae Dois (1)	69,994,430	69,994,430	-	-
Iginha - Sociedade Imobiliária, SA	-	-	100,000	100,000
Imomuro - Sociedade Imobiliária, SA	-	-	200,000	200,000
Marcas MC, ZRT	-	61,516,534	-	-
Sempre à Mão - Sociedade Imobiliária, SA	-	-	600,000	600,000
Sonae Capital Brasil, SA	3,734,551	3,734,551	-	-
Sonaegest - Soc. Gest. de Fundos de Investimentos, SA	-	-	224,736	224,736
Sontária - Empreendimentos Imobiliários, SA	-	6,120,239	-	-
Tlantic Portugal - Sistemas de Informação, SA	-	-	150,000	150,000
	73,728,981	141,365,754	1,584,736	1,584,736

(1) The amount received includes 19,993,953 euro arising from the capital reimbursement and the amount of 50,000,477 euro related to the disposal of participations with related parties.

	31.December.2010			
	Receipts		Payments	
	Price	Amount received	Price	Amount paid
Contibomba - Comércio e Distribuição de Combustíveis, SA	144,109	144,109	-	-
Cumulativa - Sociedade Imobiliária, SA	-	-	30,000	30,000
Difusão - Sociedade Imobiliária, SA	7,566,570	7,566,570	-	-
Edições Book.it - SA	2,800,000	2,800,000	-	-
Farmácia Selecção, SA	51,272	51,272	-	-
Iginha - Sociedade Imobiliária, SA	-	-	300,000	300,000
Marcas MC, ZRT	146,943,000	85,426,466	-	-
MDS, SGPS, SA	-	-	51,000,000	51,000,000
Modelo - Distribuição de Materiais de Construção, SA	-	-	9,790,614	9,790,614
Modelo Continente Hipermercados, SA	1,106,725,000	1,106,725,000	528,000,000	528,000,000
Modelo Continente Seguros - Sociedade de Mediação, Lda	3,525,000	1,075,000	2,987,250	2,987,250
Modelo Hiper Imobiliária, SA	-	-	10,655,164	10,655,164
Mundo Vip - Operadores Turísticos, SA	-	-	1,101,337	1,101,337
Selifa - Sociedade de Empreendimentos Imobililiários, SA	-	-	25,000	25,000
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	5,361,500	5,361,500	-	-
Sonae MC - Modelo Continente, SGPS, SA	-	-	599,950,000	599,950,000
Sonae Retalho España, SA	5,748,452	5,748,452	-	-
Sontária - Empreendimentos Imobiliários, SA	6,120,239	-	-	-
Tlantic Portugal - Sistemas de Informação, SA	-	-	300,000	300,000
Todos os Dias - Comércio Ret. e Expl. de Centros Comerciais, SA	1,741,875	1,741,875	-	-
	1,286,727,017	1,216,640,244	1,204,139,365	1,204,139,365

As at 31 December 2010 the amounts under the caption "Financial investments" on the statements of cash flows includes 30,405,000 euro related with the disposal of subsidiaries that took place in 2009.

36 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 12 March 2012. These financial statements will be presented to the Shareholders' General Meeting for final approval.

37 INFORMATION REQUIRED BY LAW

Decree-Law n^{er} 318/94 art. 5th n^{er} 4th

During the period ended as at 31 December 2011 shareholders' loan contracts were signed with the following companies:

Azulino Imobiliária, SA

Bertimóvel – Sociedade Imobiliária, SA

Canasta - Empreendimentos Imobiliários, SA

Citorres - Sociedade Imobiliária, SA

Contimobe – Imobiliária do Castelo de Paiva, SA

Cumulativa - Sociedade Imobiliária, SA

Fozimo – Sociedade Imobiliária, SA

Igimo - Sociedade Imobiliária, SA

Iginha – Sociedade Imobiliária, SA

Imoconti – Sociedade Imobiliária, SA

Imoresultado – Sociedade Imobiliária, SA

Imosistema – Sociedade Imobiliária, SA

Imoestrutura – Sociedade Imobiliária, SA

MJLF – Empreendimentos Imobiliários, SA

Predicomercial – Promoção Imobiliária, SA

Sempre à Mão – Sociedade Imobiliária, SA

Sociloures – Sociedade Imobiliária, SA

Socijofra – Sociedade Imobiliária, SA

Soflorin, BV

Sonae MC – Modelo Continente, SGPS, SA

Sonae - Retail Properties, SA

Sondis Imobiliária, SA

Valor N, SA

During the period ended as at 31 December 2011, treasury application agreements were signed with the following companies:

Azulino Imobiliária, SA

BB Food Service, SA

Bertimóvel – Sociedade Imobiliária, SA

Bom Momento - Comércio Retalhista, S.A.

Canasta - Empreendimentos Imobiliários, SA

Carnes do Continente - Indústria e Distribuição de Carnes, SA

Chão Verde - Sociedade de Gestão Imobiliária, SA

Citorres – Sociedade Imobiliária, SA

Contibomba - Comércio e Distribuição de Combustíveis, SA

Contimobe – Imobiliária do Castelo de Paiva, SA

Continente Hipermercados, SA

Cumulativa - Sociedade Imobiliária, SA

Discovery Sports, SA

Edições Book.it, SA

Estevão Neves – Hipermercados da Madeira, SA

Farmácia Selecção, SA

Fashion Division, S.A.

Fozimo – Sociedade Imobiliária, SA

Fozmassimo - Sociedade Imobliária, SA

Igimo – Sociedade Imobiliária, SA

Iginha – Sociedade Imobiliária, SA

Imoconti – Sociedade Imobiliária, SA

Imoestrutura – Sociedade Imobiliária, SA

Imomuro - Sociedade Imobiliária, SA

Imoresultado – Sociedade Imobiliária, SA

Imosistema – Sociedade Imobiliária, SA

MJLF - Empreendimentos Imobiliários, SA

Modalfa - Comércio e Serviços, S.A.

Modaloop - Vestuário e Calçado, SA

Modelo.Com - Vendas por Correspondência, SA

Modelo Continente Hipermercados, SA

Modelo Hiper - Imobiliária, SA

Peixes do Continente - Indústria e Distribuição de Peixes, SA

Pharmaconcept Actividades em Saúde, SA

Pharmacontinente – Saúde e Higiene, SA

Predicomercial – Promoção Imobiliária, SA

Raso, SGPS, SA

Selifa - Sociedade de Empreendimentos Imobiliários, SA

Sempre à Mão – Sociedade Imobiliária, SA

Sesagest – Projectos e Gestão Imobiliária, SA

Socijofra – Sociedade Imobiliária, SA

Sociloures – Sociedade Imobiliária, SA

Sonae, SGPS, SA

Sonae MC – Modelo Continente, SGPS, SA

Sonae - Retail Properties, SA

Sonae - Specialized Retail, SGPS, SA

Sonae Center Serviços II, SA

Sondis - Sociedade Imobiliária, SA

Sonvecap, B.V.

Têxtil do Marco, SA

Tlantic Portugal - Sistemas de Informação, SA

Valor N, SA

Todos os Dias - Comércio Ret. e Expl. de Centros Comerciais, SA

Zyevolution Investigação e Desenvolvimento, SA

The amounts due to group companies as at 31 December 2011 related to the mentioned contracts were the following:

Company	31.December.2011
BB Food Service, SA	7,539,950
Carnes do Continente - Indústria e Distribuição de Carnes, SA	1,501,950
Contibomba - Comércio e Distribuição de Combustíveis, SA	502,950
Estevão Neves - Hipermercados da Madeira, SA	3,187,950
Fozmassimo - Sociedade Imobliária, SA	769,950
Modelo Continente Hipermercados, SA	273,007,950
Modelo Hiper - Imobiliária, SA	3,134,950
Modelo.Com - Vendas por Correspondência, SA	11,104,950
Pharmaconcept - Actividades em Saúde, SA	201,950
Peixes do Continente - Indústria e Distribuição de Peixes, SA	1,219,950
Sonae Center Serviços II, SA	3,942,950
Sonae - Specialized Retail, SGPS, SA	229,141,540
Sesagest - Projectos e Gestão Imobiliária, SA	17,267,950
Sonvecap, B.V.	51,069,000
Todos os Dias - Comércio Ret. e Expl. de Centros Comerciais, SA	1,493,951
	605,087,891

As at 31 December 2011 amounts owed by subsidiaries can be detailed as follows:

Company	31.December.2011
Azulino - Imobiliária, SA	3,966,174
Bom Momento - Comércio Retalhista, S.A.	296,050
Bertimóvel - Sociedade Imobiliária, SA	25,517,000
Canasta - Empreendimentos Imobiliários, SA	2,279,208
Chão Verde - Sociedade de Gestão Imobiliária, SA	4,781,050
Citorres - Sociedade Imobiliária, SA	3,258,050
Contimobe - Imobiliária do Castelo de Paiva, SA	46,133,230
Continente Hipermercados, SA	33,443,450
Cumulativa - Sociedade Imobiliária, SA	2,368,333
Edições Book.it, SA	4,869,050
Fashion Division, S.A.	21,255,050
Farmácia Selecção, SA	3,628,050
Fozimo – Sociedade Imobiliária, SA	1,617,302
Igimo – Sociedade Imobiliária, SA	659,050
Iginha – Sociedade Imobiliária, SA	19,520,462
Imoconti – Sociedade Imobiliária, SA	13,667,724
Imoestrutura - Sociedade Imobiliária, SA	234,050
Imomuro - Sociedade Imobiliária, SA	3,870,947
Imoresultado – Sociedade Imobiliária, SA	448,050
Imosistema - Sociedade Imobiliária, SA	3,986,642
MJLF - Empreendimentos Imobiliários, SA	3,121,187
Modelo - Distribuição de Materiais de Construção, SA	18,238,908
Mundo Vip - Operadores Turísticos, SA	1,000,000
MDS SGPS, SA	16,935,689
Pharmacontinente - Saúde e Higiene, SA	9,666,050
Predicomercial - Promoção Imobiliária, SA	8,074,947
Raso, SGPS, SA	4,300,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	3,224,976
Sempre à Mão - Sociedade Imobiliária, SA	58,384,020
Socijofra - Sociedade Imobiliária, SA	6,478,487
Sociloures - Sociedade Imobiliária, SA	22,993,277
Soflorin, BV	334,644,652
Sonae MC - Modelo Continente, SGPS, SA	798,585,050
Sonaerp - Retail Properties, SA	192,429,178
Sondis Imobiliária, SA	23,469,342
Tlantic Portugal - Sistemas de Informação, SA	2,546
Valor N, SA	3,566,551
	1,700,913,782

Article 66 A of Commercial Companies Code

As at 31 December 2011, fees Statutory Auditor amounted to 20,307 euro fully related with audit fees.

The Board of Directors,

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Duarte Paulo Teixeira de Azevedo; (President of the Board of Directors)

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Ângelo Gabriel Ribeirinho dos Santos Paupério;

____

Nuno Manuel Moniz Trigoso Jordão;

Statutory Audit and Auditors' Report

LEGAL CERTIFICATION OF ACCOUNTS AND AUDITORS' REPORT

(Translation of a report originally issued in Portuguese.
In the event of discrepancies, the Portuguese language version prevails.)

Introduction

1. In accordance with the applicable legislation, we present the Statutory Audit Report and the Auditors' Report on the consolidated and individual financial information contained in the Report of the Board of Directors and the individual and consolidated financial statements for the year ended 31 December 2011 of Sonae Investimentos, S.G.P.S., S.A. ("Company") (which comprise the Consolidated and Individual Statements of Financial Position as of 31 December 2011 that presents total consolidated and individual assets of 4,134,744,735 Euro and of 4,576,630,053 Euro respectively, and consolidated and equity of 837,996,206 Euro and of 2,349,382,832 Euro respectively, including consolidated net profit attributable to the Company's Equity Holders of 63,798,214 Euro and a individual net profit of 14,858,559 Euro), the Consolidated and Individual Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended and the corresponding Notes.

Responsibilities

2. The Company's Board of Directors is responsible for: (i) the preparation of consolidated and individual financial information that present a true and fair view of the financial position of the companies included in the consolidation and the Company, the consolidated and individual results and comprehensive income of their operations, the consolidated and individual changes in equity and consolidated and individual cash flows; (ii) the preparation of historical financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and that is complete, true, timely, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate internal control system; and (iv) informing any significant facts that have influenced their operations or the operations of the companies included in the consolidation, its consolidated or individual financial position, its consolidated or individual results and comprehensive income.

3. Our responsibility is to review the financial information contained in the above mentioned account documents, including verifying if, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Securities Market Code, and issue a professional and independent opinion, based on our examination.

Scope

4. Our examination was performed in accordance with the auditing standards issued by the Portuguese Institute of Statutory Auditors, which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated and individual financial statements are free of material misstatement. Our examination included verifying, on a sample basis, evidence supporting the amounts and disclosures in the consolidated and individual financial statements and assessing the significant estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation. Our examination also included verifying the consolidation procedures used, the application of the equity method, and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting policies used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and assessing the adequacy of the overall presentation of the consolidated and individual financial statements and assessing if, in all material respects, the information is complete, true, timely, clear, objective and licit. Our examination also comprises verifying that the consolidated and individual financial information contained in the Report of the Board of Directors is in accordance with the other consolidated and individual documents of account, as well as verifying the required in the numbers 4 and 5 of article 451º of Commercial Companies Code. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated and individual financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated and individual financial position of Sonae Investimentos, S.G.P.S., S.A., as of 31 December 2011, the consolidated and individual results and comprehensive income of its operations, the consolidated and individual changes in equity and the consolidated and individual cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union, and the information contained on those is, in accordance with the standards mentioned in the paragraph 4 above, complete, true, timely, clear, objective and licit.

Reporting over other legal requirements

6. It is also our opinion that the financial information contained in the Report of the Board of Directors is in accordance with the consolidated and individual financial statements of the year and the reporting of the corporate governance practices includes the elements required to the Company in accordance with article 245º-A of the Securities Market Code.

Porto, 12 March 2012

Deloitte & Associados, SROC S.A.
Represented by António Manuel Martins Amaral

Report and Opinion of The Statutory Audit Board

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD OF SONAE INVESTIMENTOS, SGPS, SA

(Translation of a Report and Opinion originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

To the shareholders,

1 – Report

In compliance with the applicable legislation and its mandate, the Statutory Audit Board issues its report on the supervisory action carried out as well as its opinion on the Management Report and remaining consolidated and individual financial statements of Sonae Investimentos, SGPS, S.A. for the year ended 31 December 2011, which are the responsibility of the Board of Directors.

During the year under analysis, the Statutory Audit Board accompanied the management of the Company and its subsidiaries, oversaw, the regularity of its accounting records, the compliance with legal and statutory requirements, the efficiency of the risk management and internal control systems, with the scope considered adequate under the circumstances, obtaining from the Company's Management all the information needed to understand the evolution of its operations.

As part of its duties the Statutory Audit Board examined the balance sheets and the individual and consolidated statements of profit and loss, cash flows, comprehensive income, changes in equity and the accompanying notes, for the year ended December 31, 2011.

The Statutory Audit Board examined, with special attention the accounting treatment of operations that had material economic or financial impacts in the development of operations reflected in the financial statements under analysis. The Statutory Audit Board exercised its duties in what relates to the qualification and independence of the External Auditor and Statutory Auditor.

In furtherance of its functions, the Statutory Audit Board examined the management report, and the Statutory Audit and Auditors' Report issued by the Statutory Auditor and agreed with their content.

2 – Opinion

Considering the above, is the opinion of the Statutory Audit Board, that the Report of the Board of Directors, the consolidated and individual financial statements and the proposal of net profit appropriation presented by the Board of Directors, meet all the necessary conditions in order for the Shareholders' General Meeting to approve.

3 – Responsibility Statement

In accordance with paragraph c), number 1 of article 245º of the Portuguese Securities Market Code, the members of the Statutory Audit Board declare that, to their knowledge, the information contained in the Management Report and in the financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of Sonae Investimentos, SGPS, S.A. and companies included in the consolidation perimeter. Also it is their understanding that the Management Report faithfully describes the business evolution, performance and financial position of Sonae Investimentos, SGPS, S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face. It is declared also that the corporate governance report, complies with article 245º-A of the Portuguese Securities Market Code.

Matosinhos, 26 March 2012

The Statutory Audit Board,

UHY & ASSOCIADOS, SROC, LDA.

António Francisco Barbosa dos Santos

Arlindo Dias Duarte Silva

Óscar José Alçada da Quinta