



SONAE/
REPORT
& ACCOUNTS
2009/

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MESSAGE FROM THE CEO

Reviewing Sonae's performance in 2009 gives me great satisfaction since it was by no means obvious before the year began that it would be possible to keep our plan for international expansion on track and at the same time achieve our growth objectives during these times of financial and economic crisis. As it turned out, we successfully dealt with falling non food retail consumer demand and the need to reduce debt levels, to finish the year with a 6% increase in turnover, an 8% increase in EBITDA, and a decisive inroad into the Spanish market, while greatly improving our financial ratios and reducing net debt. In addition,, we kept to our publicly made commitment to create employment (1,935 jobs) and also increased the salaries of the lowest paid.

In both food and non-food retail, the key to maintaining growth and improving profitability in the Portuguese market were gains in market share. In those sectors for which independent and reliable information sources are available, the data shows that we increased market share in food retail and in consumer electronics. These gains were possible because of our continued investment in innovation and improvement in our core competences. The combined growth in turnover of SonaeMC and SonaeSR was 10%, and means that we remain in line with our long term growth objective, in spite of a background of sharp falls in sales of some non-food categories and very significant food price deflation. The international expansion of our core retail business has contributed some 30% of that growth and the results are becoming significant: 38 stores and 144 million euros of sales.

Our future growth potential however was not at all compromised by these financial achievements. The investment and start-up costs (23 million euros EBITDA 09) required to enter the Spanish market were significant and in Portugal we continued to work on expanding our sales area and developing new formats.

It is important to point out that we achieved our goals despite the fact that Continente is the only one of the top five food retail chains in Portugal that is forced by law to close for business on Sunday afternoons. This law seriously distorts competition and cannot be justified since it clearly does not produce the results that it was designed to achieve. As a result of this, we were once again forced to eliminate 1,100 jobs at the end of the Christmas season.

The valuation of Sonae Sierras's properties and the pace of the company's development in Europe were hit by the financial crisis. Nonetheless, Sonae Sierra was able to maintain EBITDA and improve direct results by 13% while also achieving a relatively conservative LTV figure of around 50%. In the second half of the year, the impact of increases in yields was much lower and we saw improvements in the availability of equity and financing for prime shopping centres and quality developments. Brazil however suffered very little during this period allowing us to accelerate development.

Sonaecom has also posted improvements in its profitability and financial strength. Importantly, the mobile business performed impressively, increasing market share and achieving cost reductions, which led to an EBITDA margin of 27.5%. Asymmetric mobile termination rates came to an end during the year, making this regulatory initiative the smallest, latest and most short-lived policy in Europe. The only alternative to this much needed instrument for regulating the market is a very sharp fall in MTRs to values close to 0 cents.

2009 was a year of extremely hard work, in which we reorganized our corporate structure, implemented new and difficult corporate strategies and continued to deliver on our commitment to generate economic and social value in a sustainable manner. I am grateful to all of our workforce and our partners for their efforts and talent, but I would like to make a special mention of Nuno Jordão and Álvaro Portela for their wisdom and careful planning to prepare their succession. Our achievements give us increased confidence and a better base from which to make further progress in 2010.

MANAGEMENT REPORT

1 Key strategic actions

At the beginning of 2009, Sonae announced its corporate strategic guidelines for future growth, the main goal of which is to transform the company into a major multinational retail corporation. On the one hand, Sonae began positioning itself as a retail company in the Shopping centre and telecommunication businesses. On the other, it made clear its belief that international expansion is its key strategic objective and also a requirement given the constraints to growth in Portugal. This expansion will be achieved by entering new markets with concepts that are considered to have a clear advantage over the competition.

During the year, a number of important corporate milestones, consistent with the strategic intent described above, were achieved.

International expansion

During 2009, progress was made towards achieving the international expansion strategy: Sonae strengthened its presence in the Spanish market with the opening of 22 stores, totalling 22 thousand m². As at the end of 2009, the company had three formats operating in Spain: Worten (consumer electronics) with 14 stores totalling 34 thousand m²; SportZone (sports goods) with 14 stores totalling 17 thousand m²; and Zippy (Kids clothing) with 10 stores totalling 4 thousand m². Zippy made its first entrance into the Spanish market in the second half of 2009, while Worten and SportZone opened their first stores in 2008.

The consumer electronics chain, acquired in Spain and integrated in 1H08, was successfully converted to the Worten concept and branding, and consumers clearly welcomed the changes implemented. International expansion costs in the year included these conversion costs, in addition to those for expansion and the launch of Zippy, and are reflected in the negative EBITDA generated by the specialised retail operation in Spain in 2009.

Overall, Spanish operations performed according to plan, with encouraging growth on a like for like basis and accounted for approximately 13% of specialised retail sales in 2009 or a turnover of 144 million euros, compared to 30 million euros in 2008.

The election of two new non-executive (NED) members to Sonae's Board of Directors should be noted, with the goal of further increasing the Boards' expertise, particularly in the international expansion of retail operations.

Reorganization of the corporate structure

A number of important organizational changes were implemented, designed to provide the necessary focus on the retail activity as well as to further develop Sonae's competences and management abilities:

Reorganization of the Retail business into 3 separate businesses: 2 core businesses, Food based retail and Specialised retail; and a related business, Retail properties

The new structure takes into consideration various international expansion opportunities, which are significantly different for food and non-food businesses, and will be instrumental in the development of Senior Executives in each area. Additionally, the new Retail property business unit is expected to be an important source of capital to finance international growth and/or reduce debt.

In February 2010, in an action taken after the end of the year 2009, Sonae changed its corporate identity, launching a new brand reflecting its key attributes – creative, determined, dynamic, world class, enthusiastic and open. This event has not only changed Sonae's corporate image but has also involved attributing new brands and

images to the 3 new retail businesses mentioned above, namely: Sonae MC, the new corporate name for the food retail business, Sonae SR for the specialised retail business and Sonae RP for the retail property business.

The merging of the Retail and Sonae holding corporate centres

Through this merger, Sonae believes that it will strengthen its focus on retail and retail related businesses and on those competencies and assets, which will provide significant opportunities for leveraging new retail business development. Also, it will allow the resources necessary for the new growth strategy to be released without increasing headcount.

Set up of a new investment management area

A support unit within the newly merged corporate centre has been set up, which has M&A expertise and is focused on the retail sector. In the first phase, this unit will be responsible for Sonae's investments where M&A activity is as important as organic growth, in order to achieve value creation, namely: the insurance area (MDS, Cooper Gay and LazamMDS), travel agencies (the joint ventures with RAR group – Star and Geotur) and DIY (joint venture with CRH – Maxmat).

Diversification of investment style

In 2009, Sonae's recently created investment management unit signed a strategic partnership agreement for its insurance brokerage area, which represents an important strategic move for the development of its business in the Latin American market. The agreement involved the acquisition of the Feffer family's 55% shareholding in Lazam-mds in exchange for 49.99% of the increased share capital of MDS, in addition to an up-front cash payment of 47 million euros to Sonae.

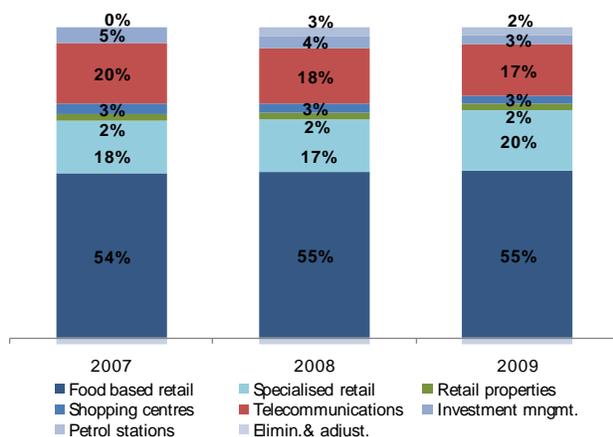
A capital gain of 29 million euros was recognized, which contributed significantly to the increase in EBITDA and direct profits of the period.

2 Key business indicators

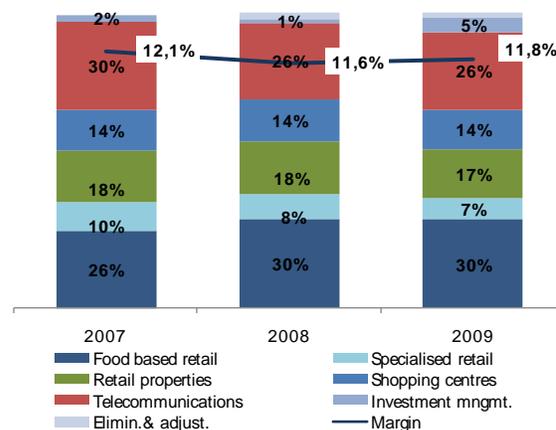
Million euros	2007 ^(R)	2008	2009
Direct income			
Turnover	4,417	5,353	5,665
Recurrent EBITDA	536	602	633
as a % of turnover	12.1%	11.2%	11.2%
EBITDA	536	620	667
as a % of turnover	12.1%	11.6%	11.8%
EBIT	298	332	349
Financial results	-115	-174	-123
Direct net income	238	171	190
Attributable to equity holders	198	159	171
Indirect income			
Indirect net income	117	-132	-116
Attributable to equity holders	76	-79	-77
Total net income			
Total net income	355	39	74
Attributable to equity holders	275	80	94
CAPEX	1,454	886	614
Invested capital	4,292	4,721	4,781
Financial net debt	2,526	3,139	3,028
Total net debt	2,621	3,159	3,080
Return on Invested Capital (%)	6.9%	7.0%	7.3%
Employees at 31 December	34,896	37,437	39,372

(R) Restated to exclude Sonae Capital contribution in 2007, to consolidate the Portuguese shopping centres comprising the Sierra Portugal Fund under the equity method in 2H08 and to include the fair value allocation of the Carrefour acquisition by end 2007.

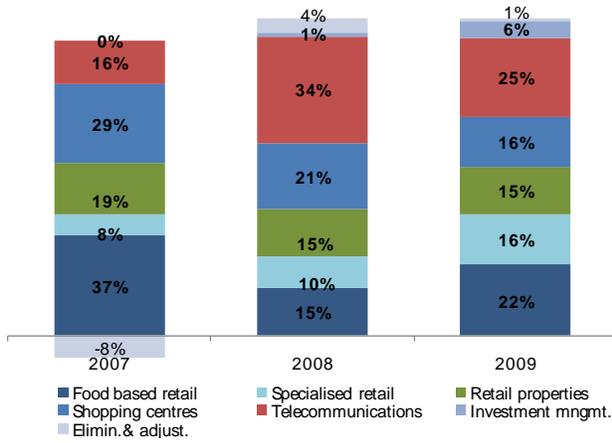
TURNOVER BREAKDOWN



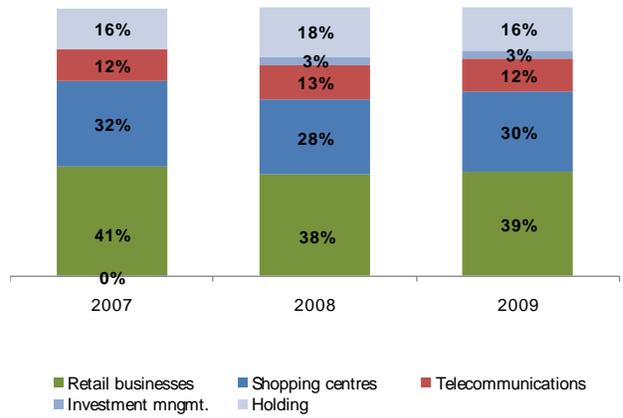
EBITDA BREAKDOWN



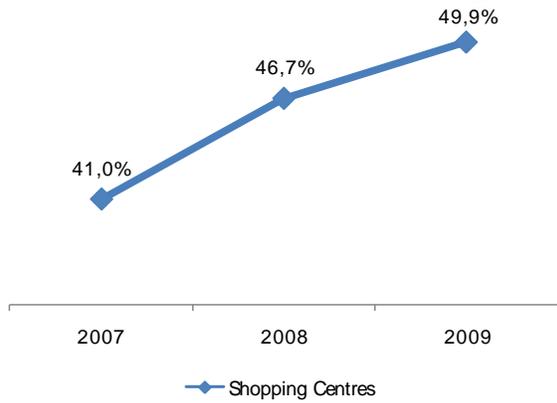
CAPEX BREAKDOWN



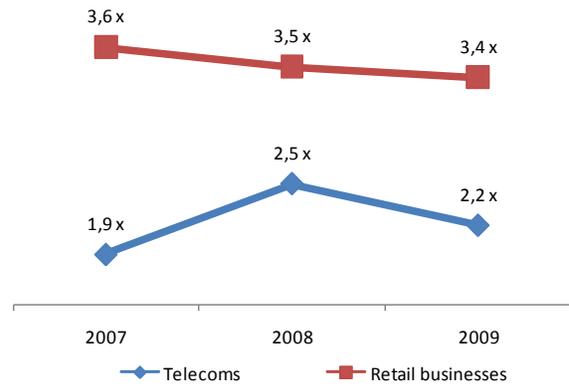
NET DEBT BREAKDOWN



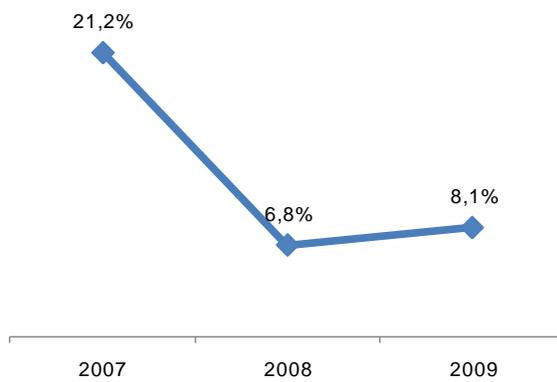
LOAN TO VALUE



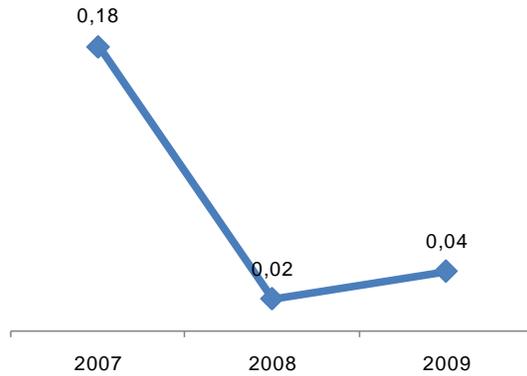
NET DEBT/EBITDA (last 12 months)



RETURN ON EQUITY (%)



EARNINGS PER SHARE (€)



3 About Sonae

3.1. Corporate profile

Sonae is one of the largest non-financial companies in Portugal, with a total of 39,372 employees and a consolidated Turnover of 5.7 billion euros in 2009. Sonae has achieved growth in turnover and profitability, despite recent adverse macroeconomic conditions. It has a clear and ambitious strategy, with high growth potential, coupled with a strong culture and values, and high quality management teams.

The Company began business in Portugal in 1959, in the wood products business, more specifically as a producer of high-pressure decorative laminates. The business grew steadily during the 80's, when it began a process of diversification through the acquisition of a supermarket chain followed by the opening of Portugal's first hypermarket.

Today, Sonae is primarily a retail company, with major partnerships in the shopping centre and telecommunications businesses. The business areas of the Company are run in an independent manner with fully dedicated management teams that develop and execute strategies based on their particular value drivers.

Organizational structure

SONAE					
Turnover 5.7 billion euros (2009) ; EBITDA 667 million euros (2009); Invested Capital 4.8 billion euros (2009)					
100%	100%	100%	50%	53%	100%
SONAEMC Food Retail	SONAESR Specialized Retail	SONAERP Retail Properties	SONAESIERRA Shopping centres	SONAECOM telco	Investment Manag.
Hipers and supers	Non-Food Retail Formats: Sports, textiles and electronics	Retail real estate assets	Shopping centre developer, owner and manager	Integrated telecom provider	Businesses with M&A activity: Insurance, Travel and DIY
55% Sales 30% EBITDA 10% Inv. Capital	20% Sales 7% EBITDA 5% Inv. Capital	2% Sales 17% EBITDA 32% Inv. Capital	3% Sales 14% EBITDA 35% Inv. Capital	17% Sales 26% EBITDA 16% Inv. Capital	3% Sales 4% EBITDA 3% Inv. Capital
CORE BUSINESSES		RELATED BUSINESS	CORE PARTNERSHIPS		ACTIVE INVESTMENT

Core businesses

Sonae MC

Sonae MC, the food retail business, is today a benchmark reference in the retail market, after initiating a real revolution in consumer habits and in the commercial landscape in Portugal with the opening of the first hypermarket in the country, and launching a number of innovative formats in the non-food area. This business is made up of a range of distinct formats:



Continente (39 stores)

The Continente brand was the first chain of hypermarkets in Portugal and is still a benchmark reference in food retail in the country. Its stores are located in big shopping centres in the main cities and have an average sales area of approximately 7,000 m². The brand is positioned to offer highly competitive prices together with a wide choice of products and high standards of customer care.



Modelo (125 stores)

The Modelo chain is made up of supermarkets located mainly in medium sized urban centres. With a strong focus on food and perishable products, the stores combine proximity with variety and competitive prices. The brand has a wide range of own brand products which are well received by its customers.



Bom Bocado (80 stores)

With an innovative concept, the Bom Bocado cafeteria chain combines the convenience of its offer with the quality of a personalised service, guaranteeing the freshness of its products and at the same time using a new approach to its shop layout.



Área Saúde (115 stores)

The Área Saúde was the first para-chemist/health stores in Portugal within a food based retail chain to sell medicines that do not need a doctor's prescription. Its stores have an average area of approximately 95 m² and are mainly located next to Continente and Modelo hypermarkets. The brand complements and extends its offer with a range of alternative beauty and health products.



Book.it (14 stores)

Book.it entered the market as the first non-food retail brand in Portugal to combine three business concepts within one location: books, stationery and tobacco. It represents a cultural benchmark due to the variety of books and magazines on offer. The stores, with an average sales area of approximately 350 m², are located in shopping centres and have an informal, youthful atmosphere, with a segmentation which is clear and easily assimilated by the customer.

Sonae SR

Sonae SR, the non-food retail business, comprises 7 different brands that have benchmark positions in their respective non-food based market segments.

The offer is related with Sports, Fashion and Consumer Electronics, as follows:



SportZone (75 stores)

Sport Zone is the biggest chain of sports stores in Portugal. The store portfolio consists of a network of stores with an average sales area of around 800 m², which are located in the main shopping centres of the country. In 2008, the Sportzone brand entered the Spanish market and is present in Madrid, Barcelona, Galicia, Zaragoza, Murcia and Valencia. The brand offers a wide range of articles and equipment for different sporting activities with well known brands combined with various recognised brand options.



Loop (11 stores)

Loop is a specialised footwear chain with a range of brands for men, women and children. The chain offers the biggest selection in the market in the urban casual and sports casual segments, together with high quality and fast customer service. The brand is also noteworthy for its distinctive store atmosphere and strong personality.



Worten (132 stores)

Market leader in white goods and consumer and entertainment electronics in Portugal. With a wide range of products, entertainment and experimentation zones, this



Vobis (17 stores)

Specialist in retail computing in Portugal, the mission of the Vobis chain is to make new technologies accessible to all Portuguese people. With stores of approximately 500



Worten mobile (48 stores)

Worten Mobile offers strong know-how in mobile telecommunications. With the support of employees who are specialists in mobile telecommunications, Worten

brand offers a range of products that are technologically innovative, backed by qualified and knowledgeable customer service and by a variety of specialist services, combining super and megastores of around 500 and 1,500 m², respectively. The Worten brand made its entry into the Spanish market in 2008.

m² integrated into shopping centres, customers find the best technology solutions at Vobis (computers, printers, multimedia and communications accessories, mobile phones, software and games) at competitive prices.

Mobile advises the customer on the most appropriate choice of equipment for his needs.



Modalfa (99 stores)

Launched in 1995, the chain has made its name in the Portuguese textile market, winning the preference of Portuguese families through attractive lines of clothing, shoes and accessories. Its business is based on a store network, each with an average sales area of 500 m². In the first half 2008, a mega Modalfa concept was launch, a store with circa 1,000 m². The main feature of its value proposal is the design of collections adapted to the different lifestyles of its customers, following the latest fashion trends and ensuring an optimal price/quality ratio.



Zippy (34 stores)

The first store opened in March 2004 in Gaiashopping (Portugal) as a store with a range of clothing and accessories for children from 0 to 14 years of age, with an average sales area of approximately 350 m² and a functional layout. Today, the stores have a more complete range, in which clothing products for children and mums-to-be are complemented by a wide range of child care products, furniture and toys. The Zippy brand made its entry into the Spanish market in 2009.

Core partnerships

Shopping centres (Sonae Sierra)

Sonae Sierra is an international shopping centre specialist, with an integrated approach to the business that includes development, ownership, and management activities – both asset and property management. This approach of being present across the value chain of the business, embedded in a long-term view of investment, ensures that shopping centres increase in value over time. Incorporated in Portugal in 1989, it is jointly owned by Sonae (50%) and Grosvenor (United Kingdom) (50%).

Sonae Sierra's strong partnership policy, both with international investors and local partners, allows the company to be financially strong and capable of both rapidly gaining an in-depth knowledge of a market and creating new business opportunities. At the end of 2009, Sonae Sierra was present in Portugal, Spain, Italy, Germany, Greece, Romania and Brazil, and owned 52 shopping centres, with a total GLA of more than 2,000 thousand m²; and had more than 2,200 thousand m² of GLA under management with over 8,450 tenants.

Telecommunications (Sonaecom)

Sonaecom comprises three key business areas - Telecommunications; Software and Information Systems; and Media -, identifying and exploring existing synergies while maximizing its businesses' growth potential. France Telecom is a strategic minority partner in the business with a 20% shareholding.

In the Telecommunication business, the Company with Optimus as the brand name offers a complete range of mobile, wireline communications and multimedia services targeting residential and business customers in Portugal. By the end of 2009, the mobile business attained a market share of circa 20% with approximately 3.4 million subscribers. In the SSI business, the Company is a worldwide leader in the Telecoms Revenue Assurance market with WeDo Technologies and in the Media business it is present in the daily press through owning a reference newspaper in Portugal, Público.

Related business

Sonae RP is a newly created business unit responsible for managing Sonae's freehold retail property. Its mandate is to manage Sonae's retail asset base more proactively and more efficiently; to partially release invested capital in such assets; and to develop retail real estate competencies and skills.

Sonae RP manages its business through two related teams; an Asset Management team responsible for managing the retail asset base, including asset development, new investments and asset monetization; and a Property Management team responsible for adding value to Sonae's small retail malls by proactively managing the tenant mix and by promoting commercial initiatives to attract consumers to the centres.

Currently, Sonae RP owns its assets through 29 real estate companies and 2 real estate funds. The portfolio includes 34 hypermarkets, 102 supermarkets, 2 large logistic centres, a number of office properties and a substantial "landbank" for future expansion. At the end of 2009, Sonae RP's invested capital amounted to 1.5 billion euros.

Active investment

The Investment Management area creates value for Sonae by supporting the implementation of corporate and business strategy, maximizing shareholder's return on its portfolio, actively supporting core business M&A planning and execution, and reinforcing Sonae businesses' networking with Industry players, M&A advisors and investment banks. Currently, the Investment Management portfolio includes companies operating in DIY retail (Maxmat), travel agencies (GeoStar) and insurance brokerage (MDS), where M&A is considered to play a key role in value creation.

3.2. Values & principles

Sonae's corporate values and beliefs, shared by all of its management and employees, are considered a fundamental and structural cornerstone of its distinctive competencies. Given Sonae's size and organizational structure, with business areas operating in different countries and cultures, often with different market positioning and approaches, the corporate values and principles are viewed as the glue that keeps all the businesses together and guarantees their collective strength and common future.

These key features of Sonae's corporate culture are broken down into the following 7 major behavioural principles:

Ethics and Confidence

Sonae's fundamental commitment is to create economic value founded on principles of ethics and sustainable development, taking a long term view and based on relationships of confidence and trust with stakeholders.

People at the heart of our success

Sonae's employees are a distinguishing factor in the markets in which we operate. The Company believes that developing the competencies and capabilities of each employee, encouraging an internal culture that promotes meritocracy, constant challenges and a readiness for change are the crucial factors to attract human resources of outstanding capability.

Ambition

Sonae's ambition, which transformed a small laminate business into one of the finest Portuguese based companies, with a growing international footprint and a leading position in almost all sectors in which it is present, continues to be the guiding force of its success.

Sonae always aims to achieve leadership positions in its business areas. It continuously sets ambitious goals, above and beyond benchmarks and best practices, constantly stretching its competencies and demanding a bold and entrepreneurial attitude from its managers. The Company is highly persistent in pursuing its ambitious goals and implementing "best in class" risk management practices to balance its bold attitudes and guarantee that adverse situations are detected and managed swiftly.

Innovation

Innovation is seen as one of the key pillars of Sonae's sustainability and long-term differentiation and, accordingly, Sonae relentlessly exploits innovative solutions and new business opportunities to find new ways of creating value, by continuously questioning both its business models, procedures, processes and industry orthodoxies. For Sonae, innovation is much more than simply creating new products and services. It entails screening the market and consumers, analyzing and anticipating their needs and, based on the results achieved, offer an attractive, unique and value enhancing proposition.

Social Responsibility

Sonae is fully committed to sustainable development and embodies, within its culture and values, the principle of social responsibility, since it recognizes its role as a driving force for a fairer and more balanced society. This includes a commitment to the environment and the community and respect for employees, clients, shareholders and suppliers.

Frugality and efficiency

Sonae eliminates superfluous expenditures and is cost conscious, always looking to improve its operational efficiency and organisational structure. Sonae looks to optimise the use of its resources, carefully choosing where and when to use them, and to maximise their return. The Company invests wisely in all areas and in initiatives that improve its ability to create value.

Cooperation and Independence

Sonae establishes long-term partnerships with third parties based on principles of honesty, integrity and transparency. Sonae is fully committed to the success of each established partnership adopting an active role by sharing objectives and risks, making valuable contributions, and committing the necessary resources.

Sonae looks to cooperate with central or local governments, whenever it is in a position to contribute with expertise, aiming to improve the regulatory, legislative and social framework. Nonetheless, Sonae's commitment and willingness to help society never leads to loss of independence or to any involvement with political parties.

3.3. Management bodies

Sonae's Board of Directors is composed of ten members and includes five Non-Executive Directors. Sonae complies with the Corporate Governance principles in relation to the separation of responsibilities, namely the separation of the roles of Chairman of the Board of Directors and the CEO, and of the power given to independent Non-Executive Directors to influence the decision making process and the development of the Company's strategy.

	EXECUTIVE	NON-EXECUTIVE		AUDIT AND FINANCE COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE
		INDEPENDENT	NON-INDEPENDENT		
CHAIRMAN					
Belmiro Mendes Azevedo					
DIRECTORS					
Álvaro Cuervo					
Bernd Bothe					
Christine Cross					
José Neves Adelino					
Michel Bon					
Paulo Azevedo (CEO)					
Álvaro Portela					
Ângelo Paupério					
Nuno Jordão					

The Board of Directors is responsible for ensuring the management of the Company's business, monitoring risks, managing conflicts of interests and developing the organization's goals and strategy. Sonae's Articles of Association permit the Board to delegate day to day company business, duties and responsibilities, as considered appropriate, to an Executive Committee. The Board of Directors also has 2 specialized working committees, namely the Board Audit and Finance Committee (BAFC) and the Board Nomination and Remuneration Committee (BNRC), with the former being responsible, among others, for monitoring and supervising the Company's financial reporting, accounting and audit and risk management activities, and the latter responsible, among others, for supervising Senior Management remuneration. It is worth noting that the BAFC is solely made up of Independent Non-Executive members whom, during 2009, have periodically met and exercised an important influence over decision-making processes and the development of strategy and policy, and did not encounter any restraints in the execution of their functions.

3.4. Strategy

Sonae has defined a number of strategic objectives in which it strongly believes as a Company, that will guide the steps that it takes and allow it to craft individual strategic plans. They are neither considered business strategies, nor a detailed series of action plans, but rather key ideas that will guide Sonae through the necessary adaptations to continually changing circumstances. They clearly reflect how Sonae believes that it will develop in the future.

International Expansion

International expansion, focused on Sonae's core businesses but including related areas, will be the Company's key growth driver for many years to come. This is its top strategic priority and the Company will deploy its resources accordingly, as opportunities arise to broaden its international footprint and transform Sonae into a major multinational retail corporation.

o

Sonae's strategy will target opportunities in 'growth geographies' and in mature markets. In 'growth geographies', it will look for economic growth, developing retail markets and good governance practices. In mature markets, where Sonae is already present, it will look for opportunities, where its distinctive concepts, competences and strategic assets can give a clear edge over existing competitors.

Diversification of investment style

Sonae will leverage its resources and the effectiveness of its strategy implementation plans, by adopting the most appropriate investment style or mix of styles for each business, including wholly owned businesses and majority stakes, but also minority stakes with or without special rights.

Non-controlling stakes will be considered where Sonae does not have all the required resources or would benefit from the contribution of partners to achieve superior value creation. Sonae will, in these circumstances, facilitate consolidation and other industry restructuring movements, enter new geographical areas as technical partners and develop an appropriate high level business relationship.

Leveraging the exceptional asset base in Portugal

Sonae will continue to explore new business opportunities in retail that leverage its exceptional asset base in Portugal, as a means of expanding its portfolio of future growth options. These new ventures should have the majority of the following features: (i) a clear path to international expansion; (ii) potentially attractive profitability levels; (iii) in line with global trends; (iv) the opportunity to strengthen Sonae's competitive position in retail, and; (v) the potential to become a large business in the medium term.

By maintaining a sharp focus on these objectives and overall strategy, Sonae will build its future, tackling day to day issues with an increased ambition to grow, promoting conditions for consolidating its international footprint, adopting a customer centred attitude and with an obsession for flawless execution and high quality.

3.5. Historic milestones

The following table describes the milestones in Sonae's history over the last fifty years:

1959	Foundation of Sonae. The Company introduces the production of a wood based product called "estratifite" in Portugal, using a waste-product-grape stems.
1965	Sonae hires Belmiro de Azevedo. The 26-year-old chemical engineer starts a major shakeup of production and the Company begins to recover financially, focusing on the production of laminates.
1983	Joint-venture between Sonae and the French company Promodés in the Retail business, with the main purpose of knowledge sharing.

	Sonae enters the capital markets.
1984	Set up of Modelo Continente Hypermarkets, with Promodés retaining a 20% shareholding. Set up of MDS, a company with the goal of managing the insurance and risk policies of Sonae companies.
1985	Opening of the first hypermarket in Portugal.
1986	Opening of the Porto Palácio Hotel, which soon became a highlight of the city.
1987	Acquisition of “Invictos” supermarkets and change of the brand name to Modelo. Set up of a national chain of competitive supermarkets, introducing new value offers such as the sale of non-food goods.
1988	Sonae Tecnologias de informação is founded, investing in the new technology and media sectors that had been recently deregulated.
1989	Start-up of Sonae Imobiliária. Opening of the first two shopping centres owned and managed by Sonae (Albufeira and Portimão). Acquisition of Star, a travel agency that provides tourism and business travel services.
1990	Launch of Público, an innovative newspaper project designed and conceived working with journalists, proud to be impartial and independent.
1991	Launch of the first batch of Continente own-brand products. Opening of the first modern shopping centre in Portugal, CascaisShopping.
1992	Acquisition of a stake in the share capital of the financial institution BPA, which was in the process of being privatised. Set up of Sonae Turismo.
1994	
1995	Launch of Visa Universo, the first co-branded credit card in Europe associated with a retail chain, offering discounts on purchases at Sonae’s retail stores. Launch of Modalfa, a clothing chain for families. The first Solinca brand health club opens. Takeover bid by BCP for the entire share capital of BPA, with Sonae selling its stake in the bank.
1996	Launch of Worten, a format for home appliances and consumer electronics.
1997	Opening of the Colombo Shopping centre, the largest in the Iberian Peninsula. Launch of SportZone, Sonae’s sports goods format, both in Portugal and Spain. Sonae acquires the Torralta brand, strengthening its presence in the tourism sector.
1998	Acquisition of the third mobile licence in Portugal. Launch of Optimus, the third mobile operator to enter the market in Portugal. Sonae Tecnologias de informação acquires, manages and sells TVI, a Portuguese television channel.
1999	Acquisition of a stake in Portucel, a manufacturer of pulp and paper. International expansion of Sonae Imobiliária to Spain, Greece and Brazil. Launch of Clix, which soon becomes the leader in internet access to the residential sector. Launch of Novis, a fixed telephony provider, after the deregulation of the fixed telecommunications market in Portugal.
2000	Sonaecom is listed on the Lisbon Stock Exchange. Optimus wins one of the four UMTS licenses (Universal Mobile Telecommunications System), investing in wireless data and voice transmission. Sonae Imobiliária enters Italy and Germany.
2001	Commercial launch of WeDo consulting, a provider of systems integration products, specializing in the telecom sector.
2002	Joint-Venture set up with the Suzano group to found Lazam-mds, which becomes one of the largest insurance brokers in Brazil. WeDo Consulting opens offices in Spain and Brazil.

2003	<p>Setting up of the Sierra Fund, a pan-European real estate investment fund, with equity of €1.08 billion, and a scheduled 10 year life span.</p> <p>Creation of Mainroad, a leading player in international technology with competencies in areas such as IT outsourcing and management, help desk and business continuity.</p>
2004	<p>Sonae sales its stake in Portucel, thus leaving the pulp and paper sector, followed by the disposal of its shareholding in Gescartão.</p> <p>MDS leads the set up of Brokers Link, an international network of insurance brokers.</p> <p>Launch of Zippy, a chain of stores offering clothing for children from 0 to 14 years of age.</p>
2005	<p>Spin-off of Sonae Indústria, with Sonae disposing of its entire stake in the company.</p> <p>Sale of Sonae Distribuição Brazil to Walmart.</p> <p>Sonae imobiliária is rebranded as Sonae Sierra, with the goal of creating a brand of international standing in the shopping centre sector.</p>
2006	<p>Opening of the first Worten Mobile store, offering mobile telecommunication products and equipment.</p> <p>Launch of Area Saúde, selling health and beauty products.</p> <p>Launch of Clix Smart TV, the first IPTV offering in Portugal.</p> <p>MDS becomes market leader in Portugal. Launch of Sonaecom's takeover bid for Portugal Telecom and PT Multimédia.</p>
2007	<p>Paulo Azevedo succeeds Belmiro de Azevedo as CEO at Sonae.</p> <p>Sonae Distribuição acquires Carrefour hypermarket operations in Portugal, thus strengthening its leadership in the Portuguese retail market.</p> <p>Launch of Continente and Modelo Loyalty cards.</p> <p>The format "Book.it" is launched, offering books, stationery and tobacco.</p> <p>MDS acquires 14% of the reinsurance broker Cooper Gay in London.</p> <p>Spin-off of Sonae Capital, with Sonae disposing of its entire stake in the company.</p> <p>WeDo acquires Cape Technologies in Ireland, becoming the World Leader in Revenue Assurance.</p>
2008	<p>Launch of Loop, a casual footwear chain in specialised retail.</p> <p>International expansion of SportZone and Worten into the Spanish market.</p> <p>Listing of Sonae Capital on Euronext Lisbon.</p> <p>Merger of Sonae's Star and RAR's Geotur travel agencies, with the creation of a joint-venture between the companies.</p> <p>Launch of the coffee-shops Bom-Bocado.</p> <p>Setting-up of the Sierra Portugal Fund, a €300 million equity fund owning eight Sonae Sierra shopping centres operating in Portugal.</p>
2009	<p>Announcement of corporate strategic guidelines and business reorganization.</p> <p>Zippy expands into Spain.</p> <p>Strategic agreement signed between MDS and the Feffer family.</p>

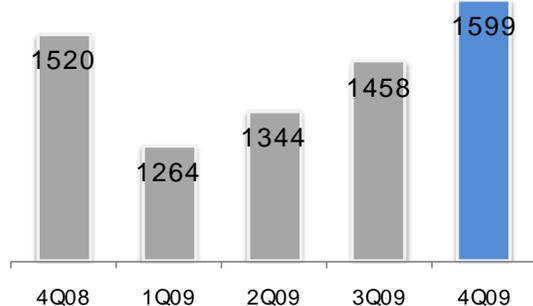
4 Business overview

4.1. Income statement highlights

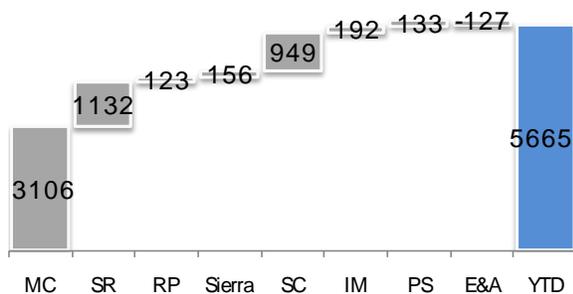
Turnover			
Million euros			
	2008	2009	y.o.y
Sonae	5,353	5,665	5.8%
Sonae MC	2,930	3,106	6.0%
Sonae SR	928	1,132	21.9%
Sonae RP	109	123	12.5%
Sonae Sierra ⁽¹⁾	158	156	-1.3%
Sonaecom	976	949	-2.7%
Investment mngmt.	221	192	-13.1%
Petrol stations	151	133	-12.0%
Elimin. & adjust.	-121	-127	-

(1) Shopping centres are proportionally consolidated (50%).

Turnover quarterly trend



Turnover breakdown



Sonae MC = Food based retail unit; Sonae SR = specialised retail unit; Sonae RP = retail property unit; Sonae Sierra = Shopping centres unit; Sonaecom = telecommunications unit

Turnover

- **Sonae** turnover increased by 6% with strong rates of growth achieved by the retail businesses.
- **Sonae MC** turnover increased by 6%, as a result of: (i) a 1% like-for-like sales growth, with higher like-for-like volumes (+5%) offsetting the lower average price per unit (-4%), the latter reflecting a deflationary environment and trading down by customers; (ii) growth in total sales area over the last 12 months, with an additional 39 thousand sq.m² opened (89 stores); (iii) the success of the customer loyalty card; and (iv) strong investment in own brands, accounting for 23% of FMCG category sales. The increased market share in 2009 should be noted (source: Nielsen).
- **Sonae SR** maintained strong turnover growth, up 22%, mainly driven by aggressive organic growth in the last 12 months, with the opening of an additional 61 thousand m² of sales area (77 stores). Like-for-like sales were down by only 3% (strong 2% growth in 4Q09), with growth in the textile and sports formats mitigating the performance of the consumer electronics formats. The Spanish operations achieved encouraging growth on a comparable basis, contributing around 13% of total specialised retail sales in 2009.
- **Sonae Sierra** turnover fell by 1% reflecting the lower ownership of the Sierra Portugal Fund at 42%, which was fully consolidated in 1H08. On a like for like basis, adjusting for the ownership changes in the Sierra Portugal Fund, turnover was 4% higher, driven by: (i) a high occupancy rate (95%); (ii) unchanged total rents collected; and (iii) the contribution from the 4 centres opened in 2008 and 2 in 2009. These have offset the lower revenues from the development business and property and asset management services.
- **Sonaecom** turnover was down by 3%, with the strong growth of mobile customer revenues, reflecting gains of market share achieved across all the mobile segments, not completely offsetting the impact of lower mobile termination rates, lower revenues from the wireline residential business and lower roaming in tariffs.

Recurrent EBITDA ⁽¹⁾

Million euros

	2008	2009	y.o.y
Sonae	602	633	5.3%
Sonae MC	187	199	6.4%
Sonae SR	52	48	-7.5%
Sonae RP	101	111	9.7%
Sonae Sierra ⁽²⁾	90	90	0.2%
Sonaecom	154	176	13.7%
Investment mngmt.	7	1	-79.7%
Elimin.& adjust.	11	9	-

(1) EBITDA excluding extraordinary items; (2) Shopping centres are proportionally consolidated (50%).

Recurrent EBITDA ⁽¹⁾

as a % of turnover

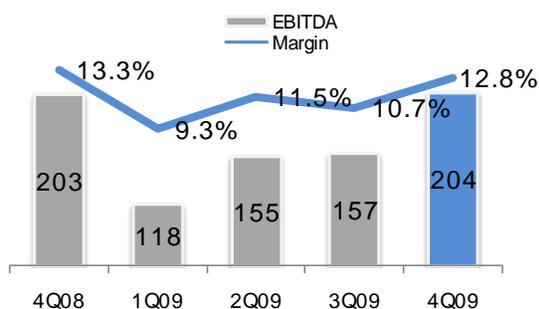
	2008	2009	y.o.y
Sonae	11.2%	11.2%	-0.1pp
Sonae MC	6.4%	6.4%	0pp
Sonae SR	5.6%	4.2%	-1.4pp
Sonae Sierra ⁽²⁾	57.1%	57.9%	0.9pp
Sonaecom	15.8%	18.5%	2.7pp
Investment mngmt.	3.1%	0.7%	-2.3pp

(1) EBITDA excluding extraordinary items; (2) Shopping centres are proportionally consolidated (50%).

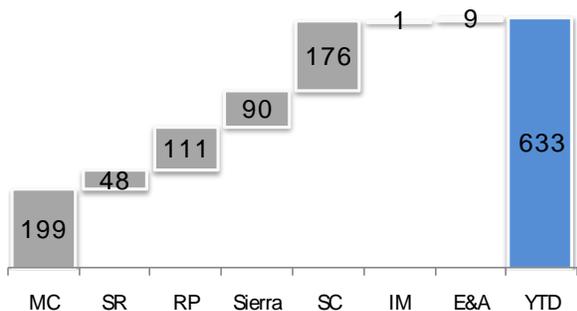
Recurrent EBITDA

- **Sonae** continued to improve recurrent EBITDA, which increased by 5%, generating a margin of 11%.
- **Sonae MC** improved recurrent EBITDA by 6%, equal to a margin on sales of 6.4%. This reflected continued gains in market share and improvements in internal operating efficiency, including the centralized logistics system and centralized category management. This margin was significant given the background of strong competitive pressures and food price deflation.
- **Sonae SR** recurrent EBITDA decreased by 8%, equal to a margin on sales of 4.2%. This performance demonstrated two offsetting impacts: (i) continuous improvement in the profitability of Portuguese operations; and (ii) investment in the organic growth of operations in Spain, involving an extra 56 thousand m² for three formats: Worten, SportZone and Zippy. Our stated target for international organic growth is to reach EBITDA breakeven in 2012.

Recurrent EBITDA quarterly trend



Recurrent EBITDA breakdown



- **Sonae RP** recurrent EBITDA mainly reflects internal rents, set in accordance with returns on the underlying investments, which are broadly in line with market yields. Recurrent EBITDA increased 10%, explained by the greater asset portfolio resulting from the organic expansion of retail operations in Portugal.
- **Sonae Sierra** recurrent EBITDA was similar to that in 2008, due to the lower ownership of the Sierra Portugal Fund at 42%. On a like for like basis, adjusting for the ownership changes in the Sierra Portugal Fund, recurrent EBITDA increased by 6%, benefiting from the efficiency and cost control initiatives implemented.
- **Sonaecom** recurrent EBITDA improved by 14%, driven mainly by the mobile businesses and SSI. The reductions in interconnection costs, lower marketing & sales costs and other cost saving initiatives more than off-set the combined negative impact of lower mobile roaming-in revenues and lower recurrent EBITDA generated by the residential wireline segment.

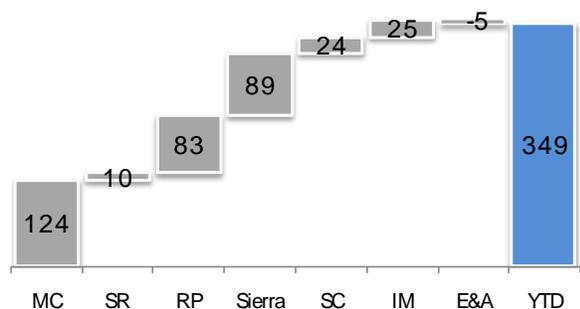
Direct net income

Million euros

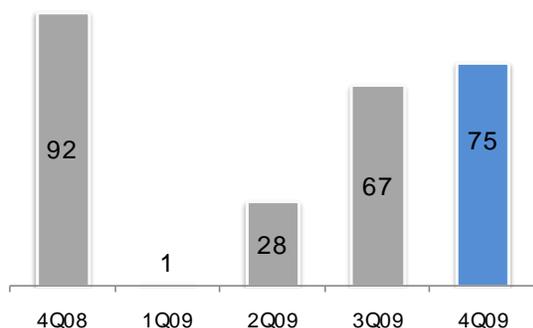
	2008	2009	y.o.y
Recurrent EBITDA	602	633	5.3%
EBITDA	620	667	7.6%
P&I losses ⁽¹⁾	-15	-24	60.2%
D&A ⁽²⁾	-274	-294	7.4%
EBIT	332	349	5.3%
Net financial results	-174	-123	-29.3%
Other income ⁽³⁾	15	2	-86.6%
EBT	173	228	32.2%
Taxes	-2	-38	-
Direct net income	171	190	11.2%
Equity holders	159	171	7.3%
Minority interests	12	19	63.6%

(1) Provisions and impairment losses including reversion of impairments and badwill; (2) Depreciation & Amortizations; (3) Share of results of associated undertakings + dividends.

EBIT breakdown



Net income – equity holders quarterly trend



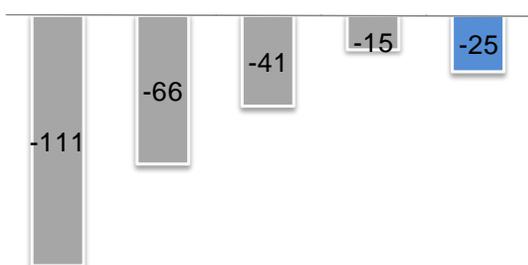
Direct net income – equity holders

- **Sonae's** EBITDA increased by 8% to 667 million euros, 34 million euros higher than recurrent EBITDA, including the 29 million euros extraordinary gain resulting from the strategic partnership agreement signed with the Feffer family in relation to the insurance brokerage business.
- **Sonae's** total direct net income increased by 11%, with the share of equity holders totalling 171 million, 12 million euros up on 2008. This growth mainly reflects the performance of recurrent EBITDA, a one-off capital gain recorded which impacted total EBITDA in the period, and a reduction in the average cost of debt, despite higher depreciation and tax charges.
- Depreciation and amortization charges increased by 7%, driven by the increased asset base resulting from the high levels of Capex during the last years, namely the expansion of the retail store network.
- Net financial results improved by 29% compared to 2008, mainly as a result of net interest expenses, which fell by 47 million euros, due to a fall in the average cost of debt resulting from the general decrease in interest rates.
- Taxation for the period was 38 million euros, compared to 2 million euros in 2008, mainly explained by the strong increase in EBT, the lower deferred tax asset benefit recognised, mainly at Sonaecom and the end of tax shields at retail during 2008.

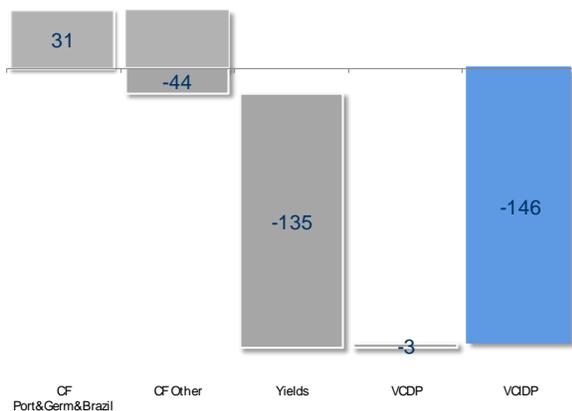
Shopping centres indirect net income ⁽¹⁾			
Million euros			
	2008	2009	y.o.y
VCIDP ⁽²⁾	-150	-146	3.0%
Others	6	1	-
Taxes	12	29	134.5%
Indirect net income	-132	-116	11.7%
Equity holders	-79	-77	2.6%
Minority interests	-53	-40	25.2%

(1) Management figures; (2) Value created on investment and development properties; development properties recognised since 4Q08.

VCIDP quarterly trend



VCIDP breakdown



Shopping centres indirect income

- Equity holders' share of consolidated indirect income was negative 77 million euros, slightly lower than that in 2008. This reflects a general increase in the European capitalization yields that are applied to value shopping centres, and the resulting lower valuation of our portfolio of shopping centres, leading to a corresponding negative non-cash charge to results (value created on investment and development properties – VCIDP).

- VCIDP in the shopping centres business was negative 146 million euros, as a result of: (i) 135 million euros decrease in the value of European shopping centres in the portfolio (8% devaluation of properties since 2008), explained by the general increase in European capitalization yields; in 2009, the average portfolio yield was 7%, compared to 6.3% in 2008; (ii) 31 million euros increase resulting from the estimated improved performance of shopping centres owned in Portugal, Germany and Brazil; (iii) 3 million euros of value recognized on the properties under development; and (iv) 44 million euros decrease in valuation, driven by downward adjustments of estimated future cash flow generation of shopping centres in other countries.

- During 4Q09, average yields increased in Portugal by 34bp, Spain by 6bp, Italy by 13bp, Germany by 9bp and Brazil by 4bp, while in Greece and Romania they remained stable at the levels reached in the previous quarter.

- Taxation for the period shows a profit of 29 million euros, reflecting the reversal of deferred tax liabilities because of the decrease in value of properties at the end of the period.

4.2. Investment

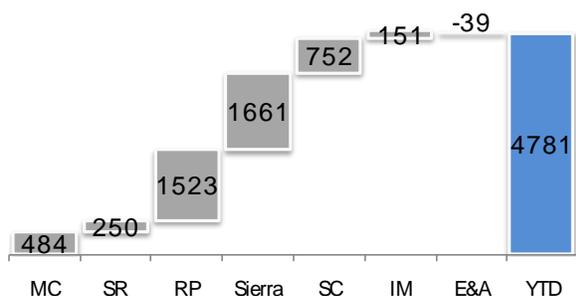
CAPEX			
Million euros			
	2008	2009	y.o.y
Sonae	886	614	-30.7%
as a % of turnover	16.6%	10.8%	-5.7pp
Sonae MC	133	137	3.3%
Sonae SR	88	97	10.5%
Sonae RP	131	90	-30.9%
Sonae Sierra ⁽¹⁾	185	98	-47.0%
Sonacom	299	153	-48.8%
Investment mngmt.	11	34	-
Elimin. & adjust.	39	4	-
EBITDA minus CAPEX	-266	53	-

(1) Shopping centres are proportionally consolidated (50%).

Invested capital			
Million euros			
	2008	2009	y.o.y
Sonae	4,721	4,781	1.3%
Investment properties ⁽¹⁾	1,888	1,836	-2.8%
Technical investment ⁽²⁾	2,958	3,221	8.9%
Financial investment	110	53	-51.3%
Goodwill	697	746	7.0%
Working capital	-932	-1,075	-15.4%

(1) Includes shopping centres accounted for as financial investments in the balance sheet; (2) includes available for sale assets.

Invested capital breakdown



CAPEX

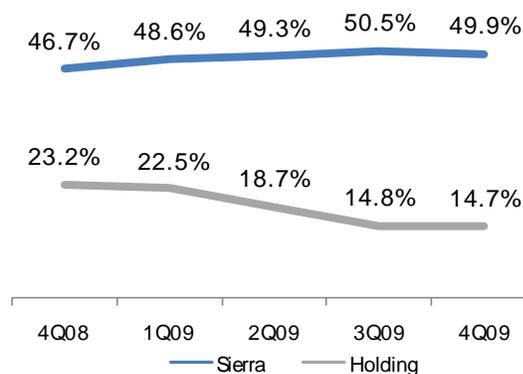
- **Sonae's total** investment during 2009 totalled 614 million euros (11% of turnover), mainly spent on investments by the retail businesses in organic expansion, including internationally.
- **Sonae MC** CAPEX of 137 million Euros, slightly higher level than that in 2008, was directed towards: (i) the initial investment (excluding the real estate component) in new stores opened (39 thousand m²); (ii) the refurbishment of several stores; (iii) the preparation work for future openings; and (iv) the upgrading of the logistic warehouse units.
- **Sonae SR** CAPEX was 97 million euros (up 9 million euros compared to LY), made up of: (i) the initial investment (excluding the real estate component) in 55 new stores opened in Portugal (40 thousand m²); (ii) the continuous refurbishment and renewal investments in the store portfolio; and (iii) investment expenses of international expansion in Spain, involving the opening of 22 stores totalling 22 thousand m², equal to approximately 37% of Sonae SR total investment.
- **Sonae RP** CAPEX amounted to 90 million euros, for the acquisition of additional retail area, and investment expenses relating to future openings.
- **Sonae Sierra** CAPEX included: (i) the conclusion of Manauara, in Brazil (opened in April); (ii) progress on the development of projects in the pipeline already announced, namely Loop5 (opened in October) Leiria (scheduled for March 2010), and the expansion of Guimarães Shopping (concluded in October); and (iii) the acquisition of land and the beginning of construction work of a new project, Le Terrazze, in Italy.
- **Sonacom** CAPEX comprised mainly investment in the mobile network and benefited from its strategy of pursuing a 'capital light' deployment, most visible in the Wireline segment through shared networks agreements.

4.3. Capital structure

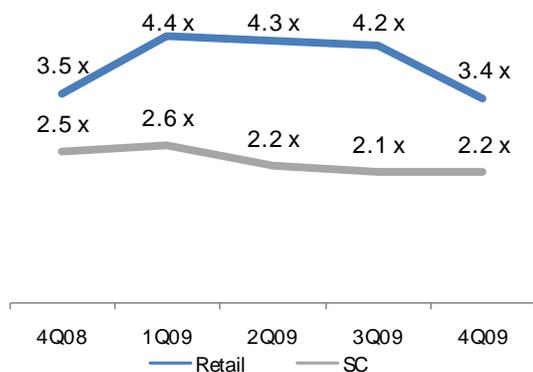
Capital structure			
Million euros			
	2008	2009	y.o.y
Net debt inc. SH loans	3,159	3,080	-2.5%
Retail businesses	1,186	1,188	0.2%
Sonae Sierra ⁽¹⁾	889	927	4.2%
Sonacom ⁽²⁾	400	376	-5.9%
Investment mngmt.	104	93	-9.7%
Holding ⁽³⁾	580	496	-14.5%

(1) Shopping centres are proportionally consolidated (50%); (2) excludes securitization transaction; (3) includes Sonae's individual accounts.

Sonae Sierra and Holding Loan to value



Retail and Telecom Net Debt/EBITDA (last 12 months)



Note: Leverage Ratios based on financial debt (excluding shareholder loans)

Capital structure

- Sonae's** net debt fell by 79 million euros, due to the operating cash flow generated in the same period totalling 667 million euros, 53 million euros higher than the investment effort of the last 12 months, and rigorous management of working capital. Overall, debt facilities have long average maturities, with Sonae's weighted average maturity standing at approximately 5.1 years (taking into account 100% of Sonae Sierra's debt), with only around 220 million euros of long term debt maturing over the next 12 months.
- Retail business'** net debt remained at the same level as that at end 2008, mainly because of investment requirements for its organic growth, including international expansion; Net Debt to EBITDA (last 12 months) improved to 3.4x, reflecting increased EBITDA levels over the prior 12 month period.
- Sonae Sierra's** net debt was slightly higher than that at end 2008, mainly driven by development activity. Loan to value was 49.9% at end 2009, the main reason being the fall in value of European Shopping centres in the portfolio.
- Sonacom's** net debt, excluding the proceeds from the securitization transaction, stood at 376 million euros, 6% below that at the end of 2008, primarily reflecting the positive FCF performance of the year; Net Debt to EBITDA (last 12 months) improved to 2.2x, determined by both a decrease in net debt and the improved EBITDA performance over the last 12 months.
- Holding's** net debt decreased by 84 million euros, including the impact from inflows resulting from the cash settled equity swap. Holding loan to value stood at 14.7% at the end of 2009, an improvement of 8.5pp compared to end 2008.

4.4. Sonae individual accounts

The activity of Sonae as a standalone holding company is focused on managing its shareholding positions in affiliated companies.

Total EBITDA amounted to negative 2.9 million euros in 2009, compared to negative 4.6 million euros in 2008. Net profit for the year 2009 amounted to 91.7 million euros, which was favourably impacted by dividends received from its retail businesses and Sonae Sierra.

4.5. Corporate developments

2009 corporate developments

- At Sonae's Annual General Meeting held on 20 April 2009, shareholders approved, among other changes, the following amendments to the articles of association:
 - Shareholders' General Meetings may be attended by shareholders who provide proof of share ownership to the Company, at least three business days prior to each meeting, by way of a certificate issued by a financial intermediary, confirming their ownership and blocking of their shares;
 - Voting by electronic means and all the necessary procedures for those votes to be considered valid;
 - The assumption that shareholders who send their voting papers by registered post or by electronic means, are abstaining from voting on any proposals that are not specifically included in their voting papers, when the respective proposals had been presented before the date on which their votes were cast.
- Sonae's retail division completed the refinancing of its medium and long term debt facilities which matured during 2009, by contracting new medium and long term credit facilities totalling 165 million euros, with an average maturity of approximately 4 years. This refinancing further enhanced Sonae's financial capacity to implement its growth strategy, by allowing it to increase the average maturity of debt and diversify the sources of its financing.
- Sonae's investment management unit signed a strategic partnership agreement for its insurance brokerage area, representing an important strategic move for the development of its business in the Latin American market. In this transaction, it was agreed that Sonae would acquire the Feffer family's 55% shareholding in Lazam-mds in exchange for 49.99% of the increased share capital of MDS plus an up-front cash payment of 47 million euros to Sonae. A capital gain amounting to approximately 27 million euros was recognized, reflecting an underlying Enterprise Value of Sonae's insurance brokerage area of 139 million euros.
- A shareholders' extraordinary general meeting was convened and held on 9 November 2009, with the main purpose of:
 - Discussing and approving the increase of the number of members of the Board of Directors from nine to ten; and
 - Approving the election of a new non-executive (NED) member of the Board of Directors.

The rationale for this election was to further increase the Boards' expertise particularly in international retail expansion.

Sonae purchased, on 23 April 2009, through the Euronext Lisbon Stock Exchange, 1,134,965 own shares, representing approximately 0.057% of its share capital, destined to the satisfaction of its Deferred Performance Plan. The abovementioned attribution was executed in moment immediately subsequent to the respective acquisition.

4.6. Subsequent events

- On February 2010, Union Investment has finalized the agreement with Sonae Sierra and Foncière Euris/Rallye to become the new majority owner of Alexa in central Berlin with 91% of shareholding. Sonae Sierra, which will continue to be responsible for centre management, intends to exclusively hold the remaining 9% in Alexa in the future.
- On March 2010, Sonae Sierra Brasil, 50% held by Sonae Sierra, has filed, at the Brazilian Securities Commission (CVM), a request for registration of a preliminary prospectus for a possible public offer for the sale of its shares, under terms still to be defined together with the joint bookrunners - Credit Suisse and Itaú/BBA.
- On February 2010, Sonaecom completed a 3-year bond issue, by private placement, in the total amount of 30 million euros.

4.7. Outlook for 2010

Outlook

- In 2010, Sonae will pursue a number of actions in line with its goal of strengthening its market position in core businesses and further diversifying geographically, while continuing to achieve high levels of profitability.
- **Sonae MC**, the Food Retail business, will continue to focus on ensuring growth and remaining a benchmark in terms of cash flow generation and profitability, by: (i) implementing a capital light approach to expansion, with the majority of the real estate component being held by third parties; (ii) optimizing working capital by reducing average investment in stocks; (iii) strengthening the value proposal through better implementation of loyalty card commercial initiatives; (iv) implementing cost cutting and efficiency programmes; and (v) leveraging its strong culture of innovation, in order to continuously explore new adjacent business opportunities. At the same time, the business will be attentive to possible international expansion opportunities with strong growth potential and with underdeveloped modern retail that offers the possibility of a “green field” approach.
- **Sonae SR**, the Specialised Retail business, intends to execute a growth plan aimed at: (i) increasing its international presence, by: (a) focusing on Spain more than 70% of the m² planned to be opened in 2010; and (b) possibly configuring an additional international development model, based on franchising and other capital light approaches as a means of accelerating growth; (ii) consolidating its market position and profitability in Portugal, by: (a) achieving complete coverage of the Portuguese market with the current portfolio of formats; (b) improving process efficiencies and increasing productivity; (c) optimising working capital.

- **Sonae RP**, the retail property unit expects to complete the sale & lease back of its logistics centre in Azambuja and of the portfolio of 20 Modelo stores, and to prepare the ground for additional asset monetization transactions in order to release invested capital to finance growth and/or reduce debt.

In relation to strategic actions involving core partnerships, the following should be highlighted: **Sonae Sierra**, the shopping centre business, will focus on remaining resilient to current market conditions and preparing to exploit all growth opportunities which will arise when the market recovers. It thus aims to: (i) focus on cost management; (ii) reduce capital employed through strengthening partnerships and accepting non-controlling equity stakes; (iii) pursue opportunities to sell service activities to other shopping centre operators (development, asset management and property management); and (iv) adapt the pace of launch of new projects to the availability of financing, by carrying out new projects within committed financing levels, and achieving minimum required returns on equity rates; **Sonaecom**, the telecommunications business will focus on optimizing operational performance and managing free cash flow, while continuing to push for customer growth in its mobile business, based on its brand strength, making use of organisational and commercial initiatives, and improving customer service.

Sonae remains cautious about the overall economic situation and the uncertainty in the markets in which it operates, particularly in respect to the underlying economic indicators, such as unemployment and the rate of growth of private consumption. Despite this caution, the cash-flow generated by almost all of Sonae’s businesses remained strong in 2009, thus giving confidence to the company’s management in their ability to continue to successfully deliver profitable growth, while at the same time building a strong market position and earning the trust of shareholders.

5 Sustainability

Sustainability principles have been an integral part of Sonae since its creation. Over the years, Sonae has performed positively, not only in terms of profitability, but also in progress made socially through support to the community, environmentally and on the basis of a concern for proper governance by adopting a policy of transparency and internal rules designed to guarantee the ethical and responsible behaviour of the organization.

5.1. Sustainability policy

In view of the economic, social and environmental impacts of the Company, a sustainability policy has been progressively integrated into Sonae's management model and implemented by each of its business units. Economic growth has always been accompanied by active involvement in international discussion of issues relating to sustainable development, through membership of important international organizations and signing up to their principles.

The following is a summary of some of Sonae's major sustainability milestones:

1995	Launch of Project Horizon aimed at strengthening environmental management as a factor of differentiation and competitive advantage; Membership of the World Business Council for Sustainable Development.
1996	Creation of the Environment Forum to discuss best practices, share experiences and exchange information on the environment.
1999	Launching of the Ecoz XXI programme to achieve effective implementation of actions aimed at increasing eco-efficiency.
2000	Board approval of Sonae's Environmental policy and Environmental Management System.
2001	Creation of the Business Council for Sustainable Development Portugal, with Sonae as a founding member; Publication of Sonae's first Environmental Report.
2004	Sonae signs up to the United Nations Global Compact.
2005	Signing up to the World Safety Declaration; Creation of the Sustainability Forum, which evolved out of the Environmental forum.
2007	Publication of Sonae's first Sustainability Report
2008	Signing up to the business HIV/AIDS Code of Practice; Signing up to the United Nations Declaration of Human Rights.
2009	Signing up of to the United Nations Declaration against corruption.

This commitment to the principles of sustainability development is visible in the fact that Sonae, in 1995, was one of the first Portuguese companies to join the *World Business Council for Sustainable Development* and was also one of the founders of the *Business Council for Sustainable Development – Portugal* in 2001. In 2004, Sonae adhered to the ten principles of the United Nations Global Compact, which require the adoption of a set of values regarding Human rights, Labour standards, Environment and Anti-corruption. In 2008, Sonae signed up to the United Nations Declaration of Human Rights and in 2009 assumed a position against corruption.

The integration of Sonae's sustainability guidelines into each of its business units contributed towards the sustainable development of the Company in the economic, social and environmental areas, enabling it to mitigate negative impacts resulting from its corporate actions and to minimize related risks and identify new

opportunities. In addition, the challenge made to each business unit to strengthen their sustainability strategies led them to make commitments and implement changes to internal processes and procedures.

Sonae has therefore implemented a series of environmental processes and policies in such a way as to minimize its impact on the environment, as well as adopting several social initiatives aimed at minimizing the impact of social problems present in the countries in which it operates. To this end, the risk management of social and environmental issues is considered to be a cornerstone of Sonae's sustainability strategy, is applied to all management processes and considered as a responsibility of all employees. Through the risk management process, Sonae controls uncertainties and threats that can impact its businesses, with the aim of creating value. The methodology used in this process is based on international standards, namely the Enterprise Risk Management – *Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission*.

In addition, Sonae reorganized its entire business structure, implemented a new and complex strategy and continued to honor its commitment to generate economic and social growth in a sustainable manner. This was only possible through the hard work and talent of its employees and partners, as well as the support of shareholders and the confidence of consumers in the value proposals presented by its businesses.

Sonae's concern about sharing its success also led to the sharing of value generated among its stakeholders with economic value distributed reaching a total of 5,678 million Euros in 2009:

- (i) Sonae strengthened its position as the biggest private employer in Portugal, creating 1,935 new jobs during the year to reach a total of 39,372 employees by the year end, of which around 71% have fixed contracts. Sonae is a people company, reflected in the fact that during last year a range of training actions were carried out, providing 1,515,951 training hours to employees. Company employees benefitted from salary increases, with the highest rates of increase being among those with the lowest incomes.
- (ii) Discounts of 204 million Euros on customer loyalty cards and sales receipts were awarded to customers, as well as a 4% average reduction in the unit price of products sold.
- (iii) Shareholders will receive a dividend 5% above that of 2008, thus rewarding their investment in Sonae.
- (iv) Over the last year, 2,619 charitable institutions and associations, which help communities and families all over Portugal, were supported to a total of 10 million Euros.
- (v) Sonae also distributed value to the State, increasing direct taxes paid by more than 80%, and responsible for around 11% of VAT paid in Portugal.

5.2. Human resources

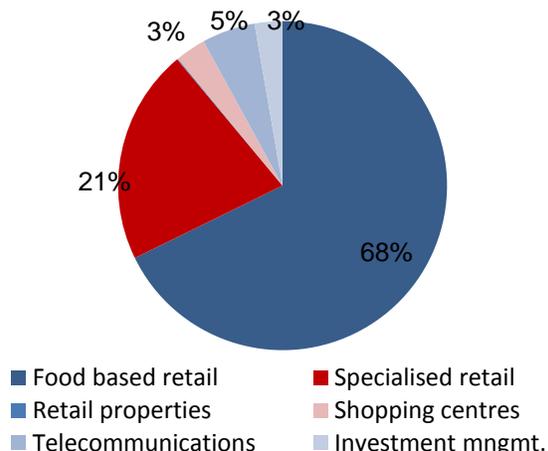
Working at Sonae means contributing to the performance of a fast moving, innovative, proactive and exciting Company, where current and future employees may expect: (i) career development opportunities, where meritocracy is promoted and discrimination is not tolerated; (ii) lifelong training; and (iii) both a demanding and friendly work environment.

Sonae considers its employees as one of its most valuable assets: it is the talent, expertise, professionalism and dedication of each and every one of them that contribute to its continued success, distinctive business knowledge and competences.

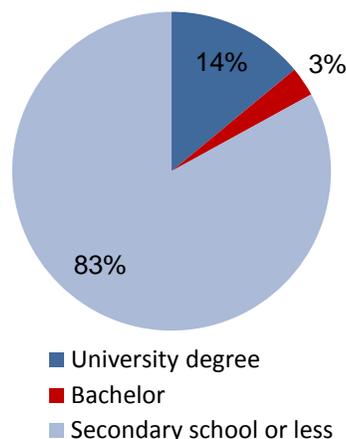
Sonae employees

At year end 2009, Sonae employed 39,372 people, 5% above the previous year, generating a total cost of 655 million euros, 7% above that in 2008, and equal to 12% of consolidated turnover.

EMPLOYEES BY BUSINESS



EMPLOYEES BY EDUCATIONAL BACKGROUND



Educational backgrounds vary widely across Sonae’s businesses. 100% of employees in the Telecoms business have upper secondary-level education (beyond compulsory level). This figure is more than 93% in the Shopping centre business, but only 42% in the Retail business, due to the particular nature of its operations. In line with Sonae’s general approach of continuously investing in employee career development through access to training and educational programmes, the Retail businesses are an active participant in the “new opportunities programme”, a government initiative aimed at increasing the Portuguese population’s educational qualifications by opening training centers providing teaching up to the compulsory level of education, and other professional and training courses.

Internal mobility

Sonae needs the right mix of talented and experienced commercial and marketing managers, technology experts (R&D, Engineering, IT/IS), functional managers (Finance, HR, Legal) together with general managers who have acquired experience in different areas. In this respect, the Company believes that new challenges, learning opportunities, increasing job responsibilities, project work, network participation, and job rotation within one functional area or between businesses, are the best way of guaranteeing progress throughout a career.

Internal mobility within Sonae is nurtured and promoted based on the following principles: (i) talent has to be managed at the service of the entire Company, not to one specific unit or function; (ii) every individual has a responsibility to take his/her career development into his/her own hands; (iii) the Company offers guidance, opportunities and resources to maintain employability throughout a manager’s career; and (iv) Sonae looks for a balance between developing competencies internally and attracting them from the outside.

Knowledge and expertise sharing

For Sonae, although each of its businesses is independently managed with its own strengths and unique skills, they belong to one single organization, working together with a commonly shared culture and values. By encouraging the sharing of knowledge and experiences between its businesses, bringing different ideas together, sharing know-how and insights, and challenging people with a unique combination of talents and characteristics to work together, Sonae stimulates innovation, reduces the risk of mistakes, and promotes the adoption and sharing of best practices. To support this sharing of expertise, Sonae fosters the following forums:

- (vi) *FINOV*, a forum dedicated to innovation, with the purpose of stimulating and supporting an innovation driven culture at Sonae, capable of sustaining high levels of value creation;

- (vii) *Sustainability Forum*, with the purpose of sharing sustainability knowledge and best practices, increasing awareness across Sonae and identifying relevant common issues to encourage synergies and cohesion in dealing with the various challenges in this area;
- (viii) *Planning & Control Methodologies Forum*, with the purpose of promoting and discussing the implementation of best control methodologies across the Company;
- (ix) *Legal Forum*, with the purpose of sharing experience and knowledge among internal legal teams, promoting a wide discussion of essential legal topics and a common approach to legal interpretations and procedures;
- (x) *Marketing and Communication forum*, with the purpose of coordinating negotiations with Media companies among the various sub-holdings, as well as promoting the sharing of best practices in Marketing at specific seminars;
- (xi) *Engineering, Construction and Safety forum*, with the purpose of promoting and discussing the implementation of best practices in engineering and construction activities across the Company, with a special focus on matters and issues related to safety and health;
- (xii) *Negotiation forum*, with the purpose of presenting, analyzing and discussing negotiation strategies, identifying opportunities for joint negotiations with suppliers among sub-holdings and to share experiences and knowledge.

In addition to the above described forums, there are 2 internal commissions, created as platforms for sharing knowledge and experience, namely:

- (i) *Audit committee*, created to assist the Executive committee in defining policies, reviewing and coordinating the activities of Risk Management, Internal and External Audit, and to review internal control processes and systems. Supporting this committee, is a Risk Management Consultation Group, reviewing internal risk management activities across all subsidiaries on a regular basis, in order to ensure consistency between established objectives and their implementation;
- (ii) *Finance committee*, created to review and coordinate financial risk management policies, banking relationships and other matters related to corporate finance across all subsidiaries, on a regular basis.

There are also 3 advisory groups which, in addition to the work of the forums described above, also continuously review and propose changes to Company policies in the following areas:

- (i) HR
- (ii) Risk Management
- (iii) Information & Communication technologies

Each of these informal groups, commonly referred to as sharing and coordination entities, meet several times during the year and often organize specific seminars, workshops and internal training courses.

Learning and Development

As a general principle, Sonae wants training and investment in competence building to be regarded as a key factor in understanding, anticipating and responding to today's market and competitive challenges, as well as meeting the strategic needs of the Company.

In this sense, Sonae employees are constantly challenged to learn and update skills and competences, with the following training plans being worthy of mention:

- (i) The Sonae Learning Centre, set up in 2004 and mainly targeted at specific training for top managers and technical employees, organized conferences, training sessions, seminars, short and medium term courses and social events of various kinds.

- (ii) The funding of postgraduate studies, particularly MBA degrees, either in Portuguese or foreign universities, allowing the most talented employees to continue their studies and further develop their key competencies.
- (iii) Continuous training sessions were carried out, led by internal managers or by external trainers, which employees are asked to attend. In 2009, as in previous years, a scheduled programme was circulated within the Company and each HR department was encouraged to allocate a percentage of its budget to its attendance.

As a result of these and the remaining learning and development initiatives, Sonae employees completed approximately 1,516 thousand training hours in 2009 (vs 1,656 in 2008)

Compensation and benefits

To energize initiative and focus the commitment of its employees, Sonae offers an attractive and competitive remuneration, and a comprehensive and flexible benefits package. Above and beyond fixed remuneration, a performance bonus is paid, aimed at rewarding the achievement of previously defined annual objectives, linked to "key performance indicators of Sonae's businesses activities", "department key performance indicators" and "personal key performance indicators". Contributing to this performance assessment, Sonae's culture strongly encourages employees to take an active role in the planning of their own "key performance indicators" for the year, in accordance with the company's goals and strategy.

As in previous years, in 2009 Sonae carried out its annual performance appraisal process, through which each individual's performance and contribution to the organization's success was measured and assessed, and the variable remuneration to be awarded was calculated.

5.3. Environmental management

As an environmentally conscious Company, Sonae has implemented environmental policies and adapted its products, services, infrastructure and facilities in such a way as to minimize their impact on the environment, namely:

- (i) Improvement in the quantification and monitoring of environmental performance;
- (ii) Publication of environmental reports, available both in print and on the internet to all employees, in order to increase environmental awareness and encourage best practices;
- (iii) Organization of workshops, conferences and internal eco-efficiency programmes, aimed at: identifying and recognizing environmental issues across all facilities, activities and products; encouraging eco-efficiency across the Company; sharing information, experiences and best practices; and challenging the business units to take action on environmental issues.

Of the environment related activities carried out during 2009, the following should be highlighted:

- (i) Sponsorship of the "Green Project Awards", an initiative which rewards innovative environmental projects;
- (ii) Support to initiatives of a social and environmental nature with the "Hipernatura Continente" project, aimed at recovering, improving and modernizing public gardens in various cities, thus increasing awareness concerning ecological and environmental issues and quality of life among local communities;
- (iii) Participation in the Portuguese survey based on the Climate Group SMART 2020 international report about the set up of a global low carbon economy.

5.4. Responsibility over the business chain

Sonae has carried out actions through its business chain, promoting not only the quality and safety of its products and services, but also improving its performance in the environmental and social areas. Sonae business chain embraces a range of stakeholders – suppliers, employees, visitors, store tenants, clients, business partners and society in general, which are crucial to the development of the business and, as such, are the target of specific actions aimed to promote regional and national socio-economic growth.

Among these actions should be highlighted the following:

- (i) Implementation of responsible Procurement policies, involving the inclusion of contractual clauses with suppliers and service providers concerning the environment, social, health and safety, corruption, human rights, child labour and other issues;
- (ii) Carrying out of national and international supplier visits and audits to check compliance with Sonae's internal sustainability requirements;
- (iii) Evaluation of supplier sustainability performance, including environmental and social criteria;
- (iv) Broadening of the scope of sustainable requirements, which are verified through audits, to a greater range of suppliers in the Retail area;
- (v) Carrying out of sustainability training courses for suppliers;
- (vi) Development of labelling systems, which give more detailed and effective information about products, allowing the consumer to make more healthy and sustainable choices when purchasing products;
- (vii) Carrying out of supplier surveys to identify areas for improving relationships and mutual activity.

5.5. Social responsibility

Sonae has always been mindful of the local, regional and global context in which its business units operate. In order to be able to respond to the needs of communities and to help provide solutions to some social problems existing within them, Sonae has carried out actions that promote social harmony in the community, often setting up partnerships with other institutions and local organizations.

Among the different areas supported during 2009, the main ones are Culture, Education, Health, the Environment, Science and Social Solidarity, some highlights of which are:

- (i) Founder member of "*Casa da Música*" and "*Fundação de Serralves*", two Portuguese cultural benchmarks;
- (ii) Patron of IPATIMUP - Institute of Molecular Pathology and Immunology of the University of Porto, a benchmark in oncological research.
- (iii) Sponsor of the Green Project Awards, the goals of which are: to reward and recognize best practice in projects implemented in Portugal, which promote sustainable development; to move towards making society more aware of the overall importance of environmental, economic and social equilibrium; to give visibility to entities and/or institutions with concerns and actions concerning social responsibility.
- (iv) Support to COTEC Portugal – Business Association for Innovation.
- (v) Sponsored "*Causa Maior*", a project aimed at improving the life quality of senior citizens, and which helps to fight social exclusion and isolation, and promotes a more active social life for elderly people, in partnership with the Portuguese Red Cross;
- (vi) Invested in community education with various initiatives: "*Tudo a Ler*", as part of support to the Portuguese National Reading Plan, and with the aim of encouraging reading with the donation of books to various schools; "*Escolas Modelo*", which donates sports equipment or technological equipment; "e-initiatives programme", which aims at promoting info-inclusion among students and teachers, facilitating access to information technologies and the internet;
- (vii) Involvement in voluntary social schemes, in which employees are encouraged to participate and are allowed to use work time to do so; Sponsorship of "*Projecto Sorriso*", a programme involving volunteer work to support Portuguese welfare institutions; Sponsorship of "*Idade Maior*", a initiative aimed to help the integration of elderly people providing appropriate technology training; Sponsorship of "*Porto de Futuro*", aimed at supporting schools in the Porto area, through consultancy support for their general management, support for training courses, offer of teaching materials and other donations for educational purposes.
- (viii) Launch of community panels in shopping centres, aimed at encouraging debate and the exchange of ideas regarding the environment, health, safety and work, among others, between the community and the shopping centre's management.

5.6. Governance

For Sonae, transparency, ethical and responsible behaviour are fundamental principles guiding its business operations and contributing towards its performance.

Code of Conduct

Sonae promotes, through its Code of Conduct, the adoption of certain behavioural principles and rules ranging from integrity, transparency, respect, social responsibility, environmental commitment, health and safety, confidentiality and use of privileged information, to managing conflicts of interest and communicating irregularities.

Sonae's Directors, senior managers and employees, including external consultants, are required to comply with the Code of Conduct in the performance of their daily activities and in both internal and external relationships. The Sonae holding company also requires its consultants and suppliers to follow similar ethical standards.

Whistle blowing policy

In line with Sonae's culture of social corporate responsibility, Sonae has in place a policy for communicating internal irregularities, which sets out procedures to efficiently and fairly respond to the reporting of alleged irregularities. By successfully implementing these procedures and by making efforts to respond to them, Sonae aims to involve all employees in the creation of a healthy and balanced work environment.

Ombudsman

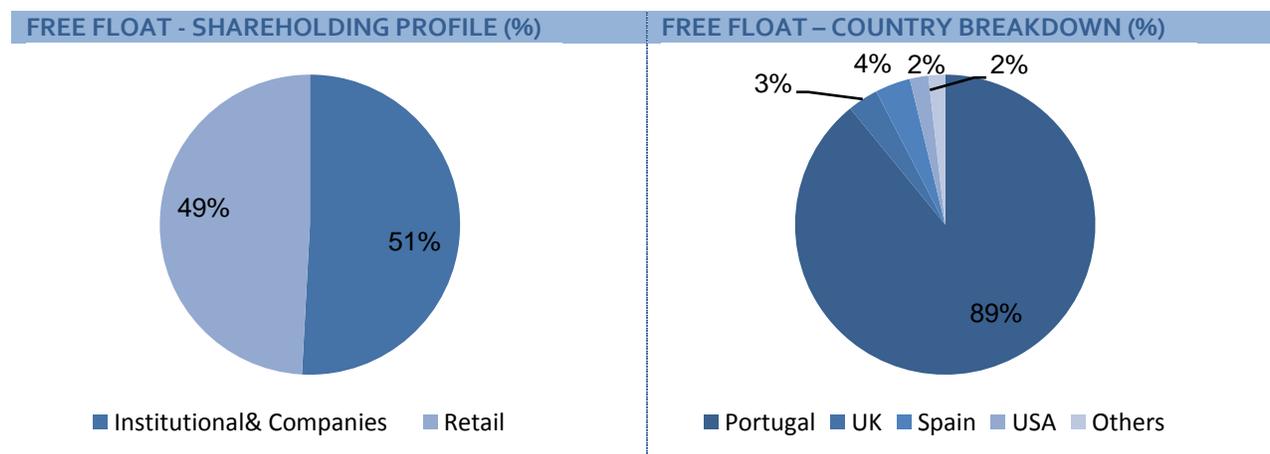
Sonae has always given direct access to its Ombudsman, who reports directly to the Chairman of the Board of Directors, to employees and to the general public through its website (www.sonae.pt). This has proven to be an effective means of facilitating the report of complaints, to make sure that independence and freedom of opinion are guaranteed and that all issues are treated equally and fairly.

Further detailed information on Sonae's governance regulations can be found under section 8 of the Corporate Governance Report.

6 Investor information

6.1. Shareholder structure

At 31 December 2009, Efanor Investimentos, a family holding company of which Belmiro de Azevedo is chairman, held a majority stake in Sonae, with approximately 53.0% of the shares and voting rights. The remaining 47.0% of free float capital was held by 40,246 shareholders, of whom 39,369 were individuals owning 23.1%, and 877 were institutional investors and companies owning 23.9%. A substantial 89.1% of free float capital was held by Portuguese investors, with most of the remaining stock being dispersed across several European countries.



As at 31 December 2009, no shares were directly owned by Sonae, since all of the 132.9 million Sonae treasury shares were sold in a market operation in November 2007. However, Sonae did not recognize the cost of the own shares sold in its balance sheet, since, simultaneously, it entered into a derivative financial instrument – Cash Settled Equity Swap –, hence maintaining full economic exposure to them

In accordance with article 16 of the Portuguese Securities Code, shareholdings, held directly or indirectly amounting to or exceeding the thresholds of 2%, 5%, 10%, 20%, 33.33%, 50%, 66.66% and 90% of the voting rights, must be reported to the Portuguese Securities Regulator and disclosed to the capital market. If at any time these shareholdings fall below the specified percentages, then these must also be reported.

As at the end of 2009, and based on notifications made, shares held by companies owning more than 2% of Sonae's share capital were as follows:

SHAREHOLDER	# SHARES	% SHARE CAPITAL
Efanor Investimentos	1,061,515	53.0%
Banco BPI	178,040	8.9%
Fundação Berardo	49,850	2.5%

6.2. Share information

Sonae shares are quoted on the Portuguese stock exchange, Euronext Lisbon, and are listed on several indices, including the PSI 20, in which it has a weighting of 2.7% and the Euronext 150, with a weighting of 1.0%, as at the end of December 2009. The table below shows the key indicators of Sonae's share performance.

	2007	2008	2009
ISIN CODE		PTSONoAM0001	
BLOOMERG CODE		SON PL	
REUTERS CODE		SONP.IN	
SHARE CAPITAL	2,000,000,000	2,000,000,000	2,000,000,000
CLOSING PRICE LAST TRADING DAY (EUROS)			
OF YEAR	1.98	0.44	0.87
YEAR HIGH	2.17	1.75	0.98
YEAR LOW	1.5	0.39	0.43
AVERAGE TRADING VOLUME PER DAY (SHARES)	15,004,151	12,971,220	7,861,992
AVERAGE TRADING VOLUME PER DAY (EUROS)	28,666,669	10,965,297	5,644,343
MARKET CAPITALIZATION 31 DECEMBER (EUROS)	3,960,000,000	880,000,000	1,740,000,000

Sonae shares ended the year quoted at 0.87 euros, reflecting a nominal gain of 98% during the year, which compares with a general stock market gain of 34%, as measured by the Portuguese Stock Market index PSI 20.

The following graph highlights the share price performance during 2009.



6.3. Proposed distribution of dividends

Following approval by shareholders at Annual General Meetings, the dividends distributed by Sonae for the past three financial years are as shown in the table below.

	2007 ⁽¹⁾	2008 ⁽¹⁾	2009 ⁽¹⁾
GROSS DIVIDEND PER SHARE (EUROS)	0.0300	0.0300	0.0315
DIVIDEND DISTRIBUTED (THOUSAND EUROS)	60,000	60,000	63,000
DIVIDEND YIELD (%)⁽²⁾	1.5%	6.9%	3.6%
PAYOUT RATIO (%)⁽³⁾	30.2%	37.7%	36.9%

⁽¹⁾ Year when the dividend is distributed; ⁽²⁾ Dividend yield = Dividend distributed / closing price as at 31 December;

⁽³⁾ Payout ratio = Dividend distributed / consolidated direct net profits attributable to the equity holders of Sonae.

In view of Sonae Holding net results for the financial year 2009 of 91,729,048.00 euros, the Board of Directors will propose to the Shareholders' Annual General Meeting that this profit should be appropriated as follows:

Legal reserves	4,586,452.40 euros
Dividend	63,000,000.00 euros
Free reserves	24,142,595.60 euros

For 2009, a gross dividend of 0.0315 euros per share has been proposed by the Board of Directors, totalling 63,000,000 euros. This dividend is equal to a dividend yield of 3.6% on the closing price as at 31 December, and to a payout ratio of 37% of consolidated direct net profits (excluding value created on investment properties) attributable to equity holders of Sonae.

6.4. Investor relations

Communication channel

Sonae provides all the communication resources necessary to give its individual and institutional shareholders, as well as the financial community at large, regular, comprehensive and transparent information. Information is made publicly available on the company's own website (www.sonae.pt) while constant contact is made with investors and analysts through the company's Investor Relations Department.

On a regular basis, Sonae engages in communications with investors via road shows, reverse road shows, one-on-one meetings, group meetings, broker conferences and analysts days. The purpose of these meetings is to inform the market of the results, strategy and decisions made, as well as to receive feedback from shareholders. During these communications, Sonae is always represented by its Investor Relations department and, on many occasions, accompanied by senior managers.

The Company also engages in bilateral communications with investors. These communications either take place at the initiative of the company or at the initiative of individual investors. The subject matter of the bilateral communications ranges from individual queries to more elaborate discussions based on disclosures that the Company has made, such as its annual and quarterly reports.

The Company strictly complies with applicable rules and regulations on fair and non-selective disclosure and equal treatment of shareholders.

Further detailed information on Sonae Investor Relations activities can be found under section 9.13. of the Corporate Governance Report.

Analysts' coverage

During 2009, a total of 10 financial institutions published regular analyses of Sonae – BPI, BCP, Santander, BANIF, UBS, JPMorgan, Goldman Sachs, Fidentiis, BES, Alpha Value –.

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UBS	Ignacio de Carvajal	ignacio.carvajal@ubs.com
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ALPHA VALUE	Virginie Blue	v.blin@alphavalue.eu

Investor Relations contacts

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 Fax: (+351) 22 948 77 22
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 Address: Lugar do Espido Via Norte 4471-909 Maia Portugal
 Site: www.sonae.pt

7 Financial glossary

The consolidated financial information contained in this report (concerning the years ended 2008 and 2009) was audited and has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union; the financial information regarding quarterly figures was not audited.

ARPU	Average revenue per user
CAPEX	Investments in tangible and intangible assets, investment properties and acquisitions
Direct income	Direct income excludes contributions to indirect income
EBITDA	Turnover + other revenues -impairment reversion - badwill- operating costs (based on direct net income) + gain/losses from sales of companies; includes capital gains in the sale of shareholdings since 2008
Recurrent EBITDA	EBITDA excluding non-recurrent items, namely gains in sales of investments and other movements that distorts comparability.
EBITDA margin	EBITDA / Turnover
Eliminations & adjustments	Intra-groups + consolidation adjustments
Free Cash Flow	EBITDA – operating capex-change in working capital-financial investments-financial results-income taxes
FMCG	Fast Moving Consumer Goods
Financial net debt	Total net debt excluding shareholders loans
Indirect income	Indirect Income includes Sierra's contributions net of taxes to consolidated income statement, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses (including goodwill) and; (iv) provision for assets at Risk
Investment properties	Shopping centres in operation owned by Sonae Sierra
Liquidity	Cash & equivalents + current investments
Like for Like sales	Sales made by stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods
Loan to value Holding	Holding Net debt/ Investment Portfolio Gross Asset Value; gross asset value based on Market multiples, real estate NAV and market capitalization for listed companies
Loan to value shopping centres	Net debt / (investment properties + properties under Development) at book value
Net invested capital	Gross real estate assets + other tangible and intangible assets - amortizations and impairment losses + financial investments + working capital (including other assets & liabilities such as deferred taxes); all figures at acquisition cost with the exception of Sonae Sierra's building block
Net asset value (NAV)	Open market value attributable to Sonae Sierra - net debt - minorities + deferred tax liabilities

Net debt	Bonds + bank loans + other loans + finance leases – cash, bank deposits and current investments
Net income equity holders	Net income attributable to Sonae shareholders
Other income	Share of results of associated undertakings + dividends
Other loans	Bonds, leasing and derivatives
Open market value (OMV)	Fair value of properties in operation and under development (100%), provided by an independent entity
RoIC (Return on invested capital)	EBIT(12 months) /Net invested capital
Recurrent EBITDA	EBITDA excluding extraordinary items
Shopping Centre Services business	Asset management services + property management services
Technical investment	Tangible assets + intangible assets + other fixed assets – depreciations and amortizations
Value created on investment and development properties (VCIDP)	Increase (decrease) in the valuation of shopping centres in operation and under development; shopping centres under development are only included if a high degree of certainty concerning their conclusion and opening exists.

8 Acknowledgements

The Board of Directors would like to thank the Statutory Audit Board and the Statutory External Auditor for the valuable advice and help given during 2009. The Board would also like to express its gratitude to suppliers, banks and other business associates of Sonae for their continuing involvement and the confidence that they have shown in the organization. Finally, the Board expresses its gratitude to the Non-Executive Directors for their work and valuable advice and to all employees for their effort and dedication throughout the year.

Maia, 16 March 2010

Belmiro de Azevedo, Chairman of the Board of Directors

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

José Neves Adelino, member of the Board of Directors

Duarte Paulo Teixeira de Azevedo, CEO

Álvaro Carmona e Costa Portela, member of the Executive Committee

Ângelo Gabriel Ribeirinho dos Santos Paupério, member of the Executive Committee

Nuno Manuel Moniz Trigo Jordão, member of the Executive Committee

**CORPORATE
GOVERNANCE
REPORT**

o Statement of compliance

o.1. Rules Adopted

The Corporate Governance Report provides a description of the Corporate Governance structure and practices followed by the Company under the terms of article 245-A of the Portuguese Securities Code, and was prepared to comply with the information disclosure requirements of the Portuguese Securities Market Commission (CMVM) Regulation no. 1/2007, of 21 November, as amended by CMVM Regulation no. 5/2008, of 15 October (Appendix II to this Report contains a table of references to the Appendix to CMVM Regulation no.1/2007, setting out the structure of the corporate governance report). The Report additionally contains the information required by CMVM Regulation no. 1/2010, of 1 February, considered to be complementary to CMVM Regulation no. 1/2007.

The information requirements of article 2 of Law no. 28/2009, of 18 June, articles 447 and 448 of the Portuguese Companies Act and CMVM Regulation no. 5/2008 have also been complied with.

The Company has adopted the CMVM Recommendations on Corporate Governance dated September 2007.

All of the rules and regulations mentioned above are publicly available at www.cmvm.pt.

This section should be read together with and as a complement to the Annual Management Report and Consolidated Accounts.

All references given relate to the Corporate Governance Report, unless stated otherwise.

o.2. Fully Adopted CMVM Recommendations on Corporate Governance

I - 1 SHAREHOLDERS' GENERAL MEETINGS

I.1 BOARD OF THE SHAREHOLDERS' GENERAL MEETING

I.1.1 The Chairman of the Board of the Shareholders' General Meeting shall be given adequate human and logistical resources, taking the financial position of the company into consideration.

RECOMMENDATION FULLY ADOPTED

The Chairman of the Board of the Shareholders' General Meeting is given the support of the Company's legal and administrative teams to prepare each General Meeting. Specific logistical support is also given to publicly give notice of the Shareholders' General Meeting, as well as to distribute all preparatory documents necessary for the shareholders to participate in the General Meeting. The Company uses its resources to facilitate contact between the Chairman and the shareholders and promote an increase in the overall attendance rate at the meeting.

I.1.2 The remuneration of the Chairman of the Board of the Shareholders' General Meeting shall be disclosed in the annual corporate governance report.

RECOMMENDATION FULLY ADOPTED

The Company discloses the remuneration of the Chairman of the Board of the Shareholders' General Meeting, as well of its Secretary, in section 6.5.

I.2 PARTICIPATION AT THE MEETING

I.2.1 The requirement to deposit or block shares before the General Meeting, required by the Articles of Association, shall not exceed 5 working days.

RECOMMENDATION FULLY ADOPTED

The Articles of Association allow for the attendance at the Shareholders' General Meeting of shareholders who provide evidence of their shareholdings in Company's shares up to the third business day prior to each relevant session of the General Meeting. Proof is furnished by providing a certificate issued by a financial intermediary confirming the shareholder's ownership and the blocking of shares, by the fifth business day prior to that session.

1.2.2 Should the General Meeting be suspended, the Company shall not require share blocking during the full period until the meeting is resumed, but shall apply the same period as for the first session.

RECOMMENDATION FULLY ADOPTED

The Articles of Association require that shareholders have their shares registered in their name by the fifth business day prior to each session of the General Meeting.

1.3 VOTING AND EXERCISING VOTING RIGHTS

1.3.1 Companies should not impose any statutory restriction on postal voting.

RECOMMENDATION FULLY ADOPTED

The Articles of Association, as amended by resolution taken at the Shareholders' Annual General Meeting held on 20 April 2009, allow shareholders to vote by post in relation to any item on the meeting's agenda.

1.3.2 The statutory advance deadline for receiving voting ballots by post should not exceed 3 working days.

RECOMMENDATION FULLY ADOPTED

A deadline of three calendar days is expressly stated in the Company's Articles of Association for receipt of postal votes.

1.3.3 The Company's Articles of Association shall respect the one share-one vote principle.

RECOMMENDATION FULLY ADOPTED

This principle is expressed in paragraph 1 of article 22 of the Company's Articles of Association.

1.4 QUORUM AND RESOLUTIONS

1.4.1 Companies shall not set a constitutive or deliberative quorum that exceeds the minimum required by Portuguese law.

New wording in the CMVM Recommendations 2010

1.4.1 Companies shall not set a deliberative quorum that exceeds the minimum required by Portuguese law.

RECOMMENDATION FULLY ADOPTED

With the new wording introduced in the CMVM Recommendations, in force from 2010 onwards, the Company fully complies with this recommendation.

1.5 MINUTES AND INFORMATION ON RESOLUTIONS ADOPTED

1.5.1 The minutes of the Shareholders' General Meetings shall be made available to shareholders on the Company's website within a 5 day period, irrespective of the fact that such information may not be legally classified as material information. The lists of attendees, agendas items and resolutions adopted shall be kept in a historic file on the Company's website, covering meetings held for at least the 3 previous years.

RECOMMENDATION FULLY ADOPTED

On the Company's website – www.sonae.pt (tab Investors, General Meetings section) - the list of attendees, agendas items and resolutions adopted over the last three years are publicly available. The minutes of the 2009 Shareholders' Annual and Extraordinary General Meetings were both made available on the Company's website within a five day period.

1.6 MEASURES RELATING TO CHANGES IN CONTROL

I.6.1 Measures aimed at preventing the success of takeover bids, shall respect the interests of both the Company and its shareholders.

RECOMMENDATION FULLY ADOPTED

The Company has not implemented any measures to prevent the success of takeover bids, nor is it aware of any such measure having been taken by shareholders.

I.6.2 In accordance with the principle established in the previous sub-paragraph, any Company that has Articles of Association with clauses that restrict or limit the number of votes that may be held or exercised by a single shareholder, either individually or acting in concert with other shareholders, shall also require that, at least once every five years, the continuation of such clauses must be ratified at a Shareholders' General Meeting, at which the quorum shall not exceed the legal minimum and all votes cast shall count, without applying any restriction.

RECOMMENDATION FULLY ADOPTED

The Company's Articles of Association do not contain any clauses that restrict or limit the number of votes which may be held or exercised by a single shareholder.

I.6.3 Defensive measures that automatically lead to serious erosion in the value of the Company's assets, when there has been a change in control or a change in the Company's management, should not be adopted, as this prevents the free transmission of shares and the ability of shareholders to evaluate those responsible for managing the Company.

RECOMMENDATION FULLY ADOPTED

No such measures have been adopted or established.

II. MANAGEMENT AND AUDIT BOARDS

II.1. GENERAL POINTS

II.1.1. STRUCTURE AND DUTIES

II.1.1.1 The Board of Directors shall, in its corporate governance report, assess the model adopted by the Company, identifying any restrictions on its operation and proposing actions to be taken that are judged to be appropriate to resolve them.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has assessed the impact of the corporate governance model adopted and has not encountered any restrictions susceptible of affecting the overall performance, as described in section 0.5.

II.1.1.2 Companies shall set up internal control systems in order to efficiently detect risks relating to the Company's activity, protect its assets and keep its corporate governance transparent.

RECOMMENDATION FULLY ADOPTED

The Company has established internal risk control systems as described below in section 0.

II.1.1.3 The management and audit boards shall establish internal regulations, which shall be disclosed on the Company's website.

RECOMMENDATION FULLY ADOPTED

The Board of Directors and the Statutory Audit Board have established their Terms of Reference, currently available at www.sonae.pt (tab Investors, Corporate Governance section).

II.1.2 Incompatibility and Independence

II.1.2.1 The Board of Directors shall include a sufficient number of non-executive members to ensure that there is effective supervision, auditing and assessment of the activities of the members of the executive board.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has a total number of ten members, six of which are non-executive members (please refer to section 2.1.2 of this Report for more detail on the composition of the Board).

II.1.2.2 Non-executive members shall include an adequate number of independent members, taking into account the size of the Company and its shareholder structure, but this shall never be less than one quarter of the total number of Board members.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has five independent non-executive members.

II.1.3 ELIGIBILITY CRITERIA FOR APPOINTMENT

II.1.3.1 Depending on the governance model adopted, the Chairman of the Statutory Audit Board, or of the Board Audit Committee or of the Financial Matters Committee shall be independent and possess the necessary skills to perform his/her duties.

RECOMMENDATION FULLY ADOPTED

The Chairman of the Statutory Audit Board, as well as the other members of this body, are independent under the terms of paragraph 5 of article 414 of the Portuguese Companies Act (please refer to section 4.1.2) and possess the necessary skills and experience to perform their duties (please refer to Appendix I for their *curriculum vitae*).

II.1.4 POLICY ON REPORTING IRREGULARITIES

II.1.4.1 The Company shall adopt a policy on reporting irregularities that allegedly occurred, which includes the following information: i) the means through which such irregularities may be reported internally, including the persons who are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should this be requested by the reporter.

RECOMMENDATION FULLY ADOPTED

Sonae has a long established policy for reporting irregularities according to rules and procedures specified in the Company's Code of Conduct, available at www.sonae.pt (tab Investors, Corporate Governance section). To that end, Sonae has assigned the role of receiving reports on irregularities concerning employees or services providers to the Sonae Ombudsman, and the role of receiving any such reports concerning members of the Company's statutory governing bodies to the Corporate Governance Officer.

II.1.4.2 General guidelines for this policy should be disclosed in the Corporate Governance Report.

RECOMMENDATION FULLY ADOPTED

A description of the Company's policy on reporting irregularities is included in section 8.

II.1.5 REMUNERATION

II.1.5.1 The remuneration of the members of the Board of Directors shall be structured to align their interests with those of the shareholders. For this purpose: i) the remuneration of Directors carrying out executive duties should include a variable component based on performance linked to a performance assessment that shall be carried out periodically by the governance body or committee appointed for this purpose; ii) the variable component shall be consistent with the maximization of the long term performance of the Company, and shall be dependent on the sustainability of the variables adopted to measure performance; iii) non-executive members of the Board of Directors shall only receive fixed remuneration, unless legal requirements dictate otherwise.

RECOMMENDATION FULLY ADOPTED

Specific details of the compensation policy of the members of the Board of Directors can be found in section 6. Executive members' remuneration includes short term and medium term variable remuneration, both of which are based on real performance, assessed by the Shareholders' Remuneration Committee, liaising with the Board Nomination and Remuneration Committee. Non-executive members of the Board have a fixed remuneration.

II.1.5.2 The Shareholders' Remuneration Committee and the Board of Directors shall present to the Shareholders' Annual General Meeting a statement of the remuneration policy which is applicable to management and audit boards, as well as to other persons discharging managerial responsibilities ("dirigentes") as defined in Article 248 B, paragraph 3 of the Portuguese Securities Code. The information to shareholders shall include the proposed criteria and main indicators to be used to assess their performance and to determine the variable component, independently of whether this is in the form of bonuses paid in shares, share options, annual bonuses or other awards.

RECOMMENDATION FULLY ADOPTED

The remuneration policy of the statutory governing bodies and strategic decision makers ("*dirigentes* – as per the terms of article 248 B, paragraph 3 of the Portuguese Securities Code) was approved at the Shareholders' General Meeting, held on 3 May 2007, and confirmed at the Shareholders' General Meeting held on 21 April 2008. In both

cases, the policy was approved on the basis of a proposal made by the Shareholders' Remuneration Committee and is applicable to the current mandate starting in 2007 and ending in 2010. This policy describes the criteria and the indicators used to determine the variable component of the remuneration received by the executive members of the Board.

II.1.5.3 At least one representative of the Remuneration Committee must be present at the Shareholders' Annual General Meeting.

RECOMMENDATION FULLY ADOPTED

A member of the Shareholders' Remuneration Committee has always been present at the Shareholders' Annual General Meetings.

II.1.5.4 A proposal must be submitted to the Shareholders' General Meeting to approve plans to grant shares and/or share options or award compensation based on variations in share prices to members of the management and audit boards, as well as to other persons discharging managerial responsibilities ("dirigentes") as defined in Article 248 B, paragraph 3 of the Portuguese Securities Code. The proposal shall include all information necessary for a comprehensive assessment of the plan. The proposal shall be presented together with the regulation that governs the plan or if this has not yet been prepared, the general conditions that will be applied. In the same way, the main characteristics of any retirement benefit plan that benefits the management and audit boards, as well as other persons discharging managerial responsibilities ("dirigentes") as defined in Article 248 B, sub-paragraph 3 of the Portuguese Securities Code, shall also be approved at the Shareholders' General Meeting.

RECOMMENDATION FULLY ADOPTED

A proposal to approve a medium term variable remuneration plan, as well as to execute such a plan, was submitted and approved at the Shareholders' Annual General Meeting held on 21 April 2008 (please refer to proposals no. 8 and no. 9 available at www.sonae.pt (tab Investors, Shareholders' General Meetings section). The specific terms of this plan are described below in section 6.2.3. No retirement benefit plan has been adopted.

II.1.5.5 The remuneration of the members of the management and audit boards shall be individually disclosed on an annual basis. Fixed and variable components must be disclosed separately, when applicable, as well as any other remuneration received from other companies within the same Group or from companies controlled by shareholders with qualifying shareholdings.

RECOMMENDATION FULLY ADOPTED

This recommendation is considered to have been fully met. Please see section 6.2.4 of this report.

II.2. BOARD OF DIRECTORS

II.2.1 Within the limits established by the Portuguese Companies Act for each management and audit governance structure, and unless the Company is restricted by its size, the Board of Directors shall delegate the day-to-day running of the Company, and the powers and terms of the delegation should be set out in the Corporate Governance Report.

RECOMMENDATION FULLY ADOPTED

The day-to-day management of the Company is delegated by the Board of Directors to an Executive Committee (please refer to section 2.2).

II.2.2 The Board of Directors shall ensure that the Company acts in accordance with its objectives, and should not delegate its own responsibilities, including: i) definition of the Company's strategy and general policies; ii) definition of the corporate structure of the Group; iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.

RECOMMENDATION FULLY ADOPTED

A list of the non-delegated responsibilities is described in section 2.2.1.

II.2.3 Should the Chairman of the Board of Directors have an executive role, the Board of Directors shall set up efficient mechanisms to co-ordinate the work of non-executive members, to ensure that they take decisions in an independent and informed manner, and shall also explain these mechanisms to the shareholders in the Corporate Governance Report.

RECOMMENDATION NOT APPLICABLE

The Chairman of the Board of Directors does not have any executive role.

II.2.4 The Annual Management Report shall include a description of the activities carried out by non-executive Board members and shall, in particular, report any restrictions that they have encountered.

RECOMMENDATION FULLY ADOPTED

Such description is included in section 3.3 of the Annual Management Report.

II.2.5. The governing body responsible for management (Board of Directors) should promote the rotation of the Board member responsible for financial matters (CFO) at least at the end of every two mandates.

RECOMMENDATION NOT APPLICABLE

The Board of Directors has not appointed a CFO. The Chief Executive Officer (CEO) accumulates this role and currently covers the areas of financial responsibility. The CEO is serving his first Board mandate.

II.3 CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS

II.3.1 When Directors, who carry out executive duties are requested by other Board members to supply information, they shall provide answers in a timely manner with information that adequately responds to the request made.

RECOMMENDATION FULLY ADOPTED

Throughout the year, the Executive Committee discloses its decisions to the Board of Directors on a timely basis. The executive members provide additional information and clarification at their own initiative, as well as in response to the requests of non-executive members of the Board, so that the latter have the necessary support to fulfil their duties.

II.3.2 The Chairman of the Executive Committee shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the Board of the Directors and, when applicable, to the Chairman of the Statutory Audit Board or the Audit Committee.

RECOMMENDATION FULLY ADOPTED

The CEO has made available all information regarding the meetings held to the Chairman of the Board of Directors and to the Chairman of the Statutory Audit Board.

II.3.3 The Chairman of the Executive Board of Directors shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee.

RECOMMENDATION NOT APPLICABLE

The Company has not adopted this governance model.

II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND STATUTORY AUDIT BOARD

II.4.1 In addition to fulfilling its audit role, the General and Supervisory Board shall perform an advisory role, as well as monitor and continually assess the management of the Company by the Executive Board of Directors. Among the other matters on which the General and Supervisory Board should give their opinion, are the following: i) definition of the strategy and general policies of the Company; ii) the corporate structure of the Group; and iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.

RECOMMENDATION NOT APPLICABLE

The Company has not adopted this governance model.

II.4.2 The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall be disclosed on the Company's website together with the financial statements.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board annual reports are available at www.sonae.pt (tab Investors, Shareholders' General Meetings section), together with the respective financial statements.

II.4.3 The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall include a description of the supervisory and verification work completed and shall, in particular, report any restrictions that they encountered.

RECOMMENDATION FULLY ADOPTED

Please refer to the Statutory Audit Board's annual report issued for the financial year 2009 available at www.sonae.pt (tab Investors, Shareholders' General Meetings section), together with the year's financial statements to be submitted for approval at the Shareholders' Annual General Meeting.

II.4.4 The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted) shall represent the Company, for all purposes, in dealings with the external auditor. This shall include proposing who will provide this service, their respective remuneration, ensuring that the Company provides adequate conditions to allow them to provide their services, acting as the point of contact with the Company and being the first recipient of their reports.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board is responsible for overseeing the work performed by the Statutory External Auditor and assessing its independence, as set out in its Terms of Reference available at www.sonae.pt (tab Investors, Corporate Governance section). The Statutory External Auditor was appointed at the Shareholders' Annual General Meeting held on 3 May 2007 as proposed by the Statutory Audit Board.

II.4.5 The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted), shall assess the external auditor on an annual basis and propose to the Shareholders' General Meeting that the external auditor should be discharged, should justifiable grounds exist.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's annual report for 2009 includes an assessment of the work performed by the Statutory External Auditor.

II.5. SPECIAL PURPOSE OR SPECIALIZED COMMITTEES

II.5.1 Unless the Company is restricted by its size, the Board of Directors and the General and Supervisory Board, depending on the governance model adopted, shall set up the necessary Committees in order to: i) ensure that a robust and independent assessment of the performance of the Executive Directors is carried out, as well as of its own overall performance and including the performance of all existing Committees; ii) consider the governance system adopted and assess its efficiency and propose to the respective bodies, measures to be implemented to make improvements.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has set up two specialized committees, made up of non-executive Board members, to ensure the effectiveness and the quality of the work performed. The committees currently in existence are the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee. Their respective roles and functions are described in sections 2.3.1 and 2.3.2.

II.5.3 All Committees shall draw up minutes of the meetings held.

RECOMMENDATION FULLY ADOPTED

All committee meetings are minuted as set out in the Board of Directors' Terms of Reference (available at www.sonae.pt - tab Investors, Corporate Governance section).

III. INFORMATION AND AUDITING

III.1 GENERAL DISCLOSURE REQUIREMENTS

III.1.2 Companies shall ensure that permanent contact is maintained with the market, upholding the principle of equal treatment for all shareholders and avoiding any asymmetry in the access to information by investors. To achieve this, the Company shall set up an Investor Relations Office.

RECOMMENDATION FULLY ADOPTED

The Company has an active Investor Relations Office that provides shareholders and the financial community at large, with regular and comprehensive information (please refer to section 9.13 for more detail).

III.1.3 The following information disclosed on the Company's Internet website, shall be available in English:

- a) The Company's name, its listed company status, the registered office and the remaining information set out in Article 171 of Portuguese Companies Act;
- b) Articles of Association;
- c) Identification of the members of the Statutory Governing Bodies and of the Representative for Relations with the Market;
- d) Investor Relations Office — its functions and contact details;
- e) Financial Statements;
- f) Half-Yearly Calendar of Company Events;
- g) Proposals presented to Shareholders' General Meetings;
- h) Notices convening Shareholders' General Meetings.

RECOMMENDATION FULLY ADOPTED

All of the information indicated above is available in English at www.sonae.pt.

0.3. Partially adopted CMVM Recommendation on Corporate Governance

II.5.2 Members of the Shareholders' Remuneration Committee or alike, shall be independent from the members of the Board of Directors.

RECOMMENDATION PARTIALLY ADOPTED

Belmiro Mendes de Azevedo, the Chairman and a non-executive member of the Company's Board of Directors, is a member of the Shareholders' Remuneration Committee. Nevertheless, he was elected to the Shareholders' Remuneration Committee by the Company's major shareholder, Efanor Investimentos, SGPS, S.A, and is thereby acting in the interests of this major shareholder and not as Chairman of the Board of Directors. Furthermore to ensure the independence of the two roles, he does not take part in any discussion or resolution where there is a conflict of interest, namely when discussing his own remuneration as a member of the Board of Directors.

0.4. Assessment of Independence of the Members of the Board of Directors

The Board of Directors did not identify any fact or circumstance that would have caused any loss of independence by any of its independent non-executive members during the term to which this report refers. This conclusion was confirmed by written statements issued by each of this independent members at the request of the Board.

0.5. Declaration of the Board of Directors on its assessment of the governance model adopted (issued for the purpose of CMVM Recommendation II.1.1.1)

The Company's governance model and practices were not found to be subject to any constraints to the normal functioning of the Board of Directors or of its specialized committees, nor has the Board of Directors been aware of the existence of any such constraints on the functioning of any other governing bodies.

The Statutory Audit Board has exercised its supervisory powers, having received all the required support of the Board to that effect, through its Board and Audit Finance Committee, namely for the drawing up of its annual report on the supervision of the Company and issuance of a statement of opinion on the Company's annual report, accounts and proposals presented by the management.

The Statutory External Auditor has analysed the Company's activity and has conducted the exams and verifications deemed necessary to the proper audit and legal certification of the accounts, in interaction with the Statutory Audit Board, and with the full cooperation of the Board of Directors.

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

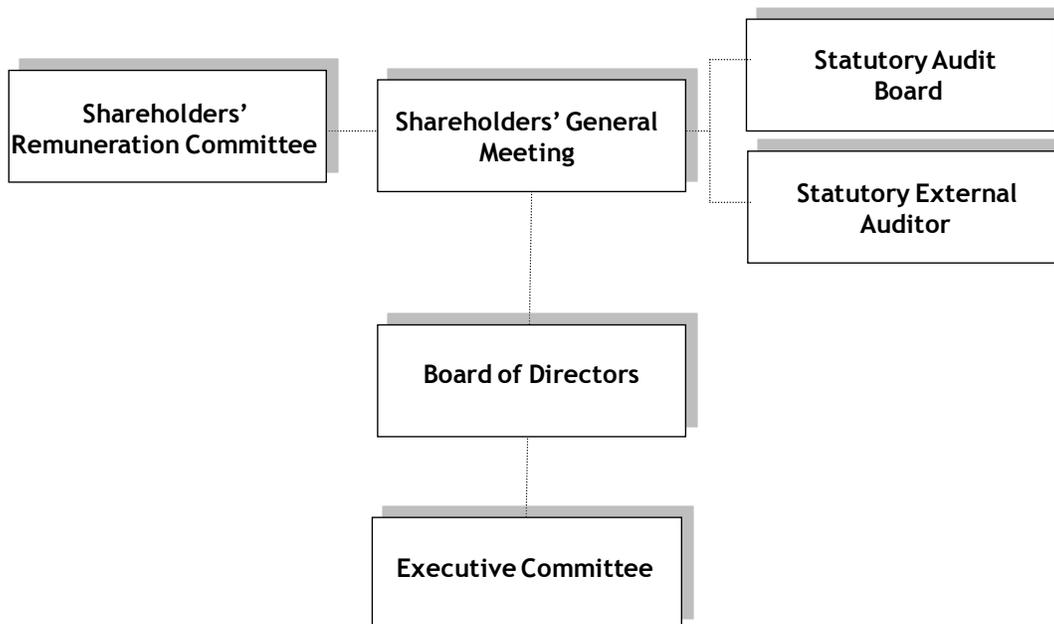
1 Governance Model

The Company's corporate governance structure is made up of the Board of Directors, the Statutory Audit Board and the Statutory External Auditor, all of them elected at the Shareholders' General Meeting.

The Board of Directors has delegated the day-to-day management of the Company to an Executive Committee.

The members of the Statutory Governing Bodies, of the Board of the Shareholders' General Meeting and of the Shareholders' Remuneration Committee are elected for a four-year mandate, subject to re-election.

The Shareholder's General Meeting approved the compensation policy of the statutory governing bodies and persons discharging managerial responsibilities ("dirigentes"), and delegated the determination of the specific values of remuneration to a Shareholders' Remuneration Committee. The Shareholders' General Meeting also approved the remuneration of the Shareholders' Remuneration Committee.



2 Management

2.1. Board of Directors

2.1.1. Role

The Board of Directors is responsible for ensuring the management of the Company's business, exercising all management acts pertaining to its corporate purpose, setting strategic guidelines and appointing and generally supervising the activity of the Executive Committee and of the other specialized committees.

2.1.2. Composition

For the current mandate starting 2007 and ending 2010, the composition of the Board of Directors is as follows:

Board of Directors	
Belmiro Mendes de Azevedo.....	Chairman – Non-Executive
Álvaro Cuervo Garcia.....	Independent Non-Executive
Michel Marie Bon.....	Independent Non-Executive
José Neves Adelino.....	Independent Non-Executive
Bernd Hubert Joachim Bothe.....	Independent Non-Executive
Christine Cross.....	Independent Non-Executive
Duarte Paulo Teixeira de Azevedo.....	Executive – CEO
Álvaro Carmona e Costa Portela.....	Executive
Ângelo Gabriel Ribeirinho dos Santos Paupério.....	Executive
Nuno Manuel Moniz Trigo Jordão.....	Executive

Note:

Bernd Hubert Joachim Bothe was co-opted to the Board of Directors on 17 March 2009. The Shareholders' General Meeting ratified the co- option on 20 April 2009. Christine Cross was elected, for the remainder of the current mandate, at the Shareholders' Extraordinary General Meeting held on 9 November 2009.

The members of the Board of Directors were appointed for the first time as follows:

Appointment to the Board of Directors		
	Appointed for the first time	End of mandate
Belmiro Mendes Azevedo	1989	2010
José Neves Adelino	2007	2010
Álvaro Cuervo Garcia	2004	2010
Michel Marie Bon	2004	2010
Bernd Hubert Joachim Bothe	2009	2010
Christine Cross	2009	2010
Duarte Paulo Teixeira de Azevedo	2000	2010
Álvaro Carmona e Costa Portela	1999	2010
Ângelo Gabriel Ribeirinho dos Santos Paupério	2000	2010
Nuno Manuel Moniz Trigo Jordão	1999	2010

The Board of Directors has a clear balance between the number of executive directors and the number of non-executive directors. Out of the six non-executive directors, five are considered to be independent, in accordance with the independence criteria set out in article 414, paragraph 5 of the Portuguese Companies Act. The five above mentioned independent non-executive directors also meet the requirements for assessing their compatibility under the terms of article 414-A, paragraph 1, of the Portuguese Companies Act, the only exception

being Michel Marie Bon, who exercises management and supervisory functions in more than five companies. Nevertheless, this situation does not affect his overall independence.

The qualifications, experience and responsibilities of the members of the Board of Directors are disclosed in Appendix I of this Report. The number of shares directly or indirectly held by them in companies controlled or in a group relationship with the Company is disclosed in the appendices to the Management Report, as required by article 447 of the Portuguese Companies Act and paragraph 6 of article 14 of CMVM Regulation no. 5/2008.

2.1.3. Nomination and substitution rules

Under the terms of the Company's Articles of Association, the Board of Directors can be made up of an odd or even number of members, between three and eleven, elected based on proposals submitted by shareholders at the Shareholders' General Meeting.

The directors are elected to the Board of Directors, in accordance with the composition indicated in the winning proposal.

However, the Articles of Association allow for one director to be individually elected if there are proposals submitted by shareholders who, either by themselves or together with other shareholders, hold shares representing between ten and twenty percent of the share capital. The same shareholder cannot put forward more than one proposal. Each proposal should contain the identification of at least two eligible persons. If there are several proposals submitted by different shareholders or groups of shareholders, voting will be take place on all lists.

The Company's Articles of Association also establish that the Board of Directors may co-opt a substitute in case of death, resignation or temporary or permanent incapacity or unavailability of any member, subject to ratification by the shareholders at the next Shareholders' General Meeting. The Board Nomination and Remuneration Committee, exclusively made up of non-executive directors, is the specialized committee of the Board responsible for proposing to the latter potential candidates for executive and non-executive directors positions.

Additionally, if a director fails to attend any two meetings, whether consecutive or not, without providing a justification for such absence which is accepted by the Board of Directors, such director shall then be deemed to be permanently unavailable.

However, the definitive absence, by any motive whatsoever, of a replacement director individually elected according to the above mentioned rules must necessarily be elected to the Board of Directors by the Shareholders' General Meeting.

The Board of Directors is responsible for the election of its Chairman.

2.1.4. Powers of the Board of Directors for share capital increases

The Articles of Association provide that the Company's share capital can be increased, through new entries in cash, 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 power terminates five years after the respective shareholders resolution which was taken at the Shareholders' General Meeting held on 6 April 2006.

2.1.5. Operating Rules

The Board of Directors meets at least four times a year, as required by the Company's Articles of Association and the respective Terms of Reference, and whenever the Chairman or two Board members call a meeting. The quorum for any Board meeting requires that the majority of Board Members are present or represented by proxy and decisions are taken by a majority of votes cast. If the Board of Directors is made up of an even number of members, the Chairman will have a casting vote.

The Board of Directors normally receives information about items on the agenda for the meeting at least 7 days beforehand, and receives supporting documents for meetings at least 2 working days in advance.

Minutes are recorded in the respective minute book.

During 2009, there were 5 Board meetings, and the overall attendance rate was 98%.

2.1.6. Terms of Reference

The Terms of Reference of the Board of Directors are available at www.sonae.pt (tab Investors, Corporate Governance section).

2.2. Executive Committee

2.2.1. Role

The Executive Committee has all day to day company management powers, as delegated by the Board of Directors.

The following matters were excluded from the terms of the delegation and considered to be of the exclusive competence of the Board:

- (i) to appoint the Chairman of the Board;
- (ii) to co-opt a substitute for a member of the Board;
- (iii) to request the convening of Shareholders' General Meetings;
- (iv) to approve the Annual Report and Accounts;
- (v) to grant any pledges, guarantees or charges over the assets;
- (vi) to decide to change the Company's registered office or to approve any share capital increases;
- (vii) to decide on mergers, de-mergers or modifications to the corporate structure of the Company;
- (viii) to approve the management strategy of the business portfolio;
- (ix) to approve the annual financial plan and any significant changes thereto.

Under the Terms of Reference of the Executive Committee as approved by the Board of Directors, the Executive Committee must present a summary in Portuguese and in English of the main resolutions taken, together with supporting documentation to be provided to the Board at each of its meetings.

These resolutions are also made available to the Chairman of the Board of Directors and the Chairman of the Statutory Audit Board.

The Executive Committee provides, on a timely basis, all information requested by other members of the Board of Directors.

2.2.2. Composition

The Executive Committee is made up of members appointed from and among the Board of Directors. In 2009 this Committee had the following members:

Executive Committee

Duarte Paulo Teixeira de Azevedo - CEO
 Álvaro Carmona e Costa Portela
 Ângelo Gabriel Ribeirinho dos Santos Paupério
 Nuno Manuel Moniz Trigo Jordão

2.2.3. Operating Rules

The Executive Committee meets at least once every month and additionally whenever the CEO or a majority of its members convenes a meeting. The quorum for any Executive Committee meeting requires that a majority of members are present or represented by proxy. Decisions are approved by simple majority, with the CEO having a casting vote whenever the Executive Committee is made up of an even number of members.

The Executive Committee normally receives information about items on the agenda for the meeting at least 7 days in advance, and receives supporting documents for meetings at least 2 working days in advance.

Minutes are recorded in the respective minute book.

During 2009, there were 12 meetings and the overall attendance rate at Executive Committee meetings was 100%.

2.3. Non-statutory governing bodies appointed by the Board



2.3.1. Board Audit and Finance Committee ("BAFC")

Role

The BAFC operates under Terms of Reference approved by the Board of Directors and is responsible for monitoring and supervising the financial reporting processes, reviewing accounting policies and for monitoring audit and risk management activities on behalf of the Board, and additionally for overseeing corporate governance within the Company. The BAFC liaises with the Statutory Audit Board, the Statutory External Auditor and the Internal Audit and Risk Management Team in carrying out its duties.

Duties of the BAFC:

- (i) Review the Company's annual and interim financial statements and reports to the market, and report its findings to the Board, before these documents are approved and signed by the Board;
- (ii) Advise the Board on its reports to shareholders and financial markets to be included in the Company's Annual and Half-year Accounts and in the Quarterly Earnings Announcements;
- (iii) Advise the Board on the adequacy and appropriateness of internal information provided by the Executive Committee, including systems and standards on internal business controls applied by the Executive Committee;
- (iv) Review the scope of the Internal Audit Function and discuss with the Statutory External Auditor and Internal Auditor Manager their intermediate and year-end reports, as well as their reports on internal control, and advise the Board thereon.

Composition

The BAFC consists of five members who are appointed by and from among the members of the Board. All members are independent non-executive directors.

Board Audit and Finance Committee

Michel Marie Bon	Chairman - Independent Non-Executive Director
Álvaro Cuervo Garcia	Independent Non-Executive Director
José Manuel Neves Adelino.....	Independent Non-Executive Director
Bernd Hubert Joachim Bothe.....	Independent Non-Executive Director
Christine Cross.....	Independent Non-Executive Director

Note:
 Bernd Hubert Joachim Bothe and Christine Cross began exercising their role as members of this committee respectively as from 17 September and 12 November 2009.

Operating Rules

The BAFC reports to the Board of Directors concerning the work accomplished, results obtained and concerns identified, and minutes of all BAFC meetings are written up and distributed to other Board Members, thus ensuring the effectiveness of the committee.

The BAFC meets at least five times a year and additionally whenever its Chairman, the Board of Directors or the Executive Committee deem necessary.

During 2009, the Committee met 5 times with an overall attendance rate of 94%.

2.3.2. Board Nomination and Remuneration Committee ("BNRC")

Role

The BNRC operates under Terms of Reference approved by the Board of Directors, and is responsible for identifying candidates for the appointment to the Board of Directors when the Board decides to exercise its right to co-opt.

This Committee is also responsible for centralizing, in coordination with the Shareholders' Remuneration Committee, the information about the assessment of the performance of Board Directors.

It is also within the scope of the BNRC's competencies to propose candidates to senior management positions in Sonae and assess their respective performance.

Composition

The BNRC includes the Chairman of the Board of Directors, and one independent non-executive director, also appointed from among the Board of Directors, as follows:

Board Nomination and Remuneration Committee

Belmiro Mendes de Azevedo.....	Chairman - Non-Independent Non-Executive
Michel Marie Bon	Independent Non-Executive

Operating Rules

The BNRC submits to the Shareholders' Remuneration Committee proposals for the remuneration of the members of the Board of Directors. Its proposals take into consideration the Chairman of the Board of Directors' assessment of the performance of the non-executive directors and of the CEO's performance, and the joint assessment made by the Chairman and by the CEO of the performance of the remaining executive directors.

In carrying out its duties, the BNRC has at its disposal the possibility of assistance from specialist external entities.

The BNRC meets at least once a year and additionally whenever the Chairman or the Board of Directors deems necessary. Between formal meetings, BNRC members keep in touch by means of distance communication. There were two formal BNRC meetings during 2009 and the overall attendance record was 100%.

2.3.3. Board and Corporate Governance Officer ("BCGO")

Main duties of BCGO:

- (i) Ensure the smooth running of the Board and Board Committees;
- (ii) Participate in Board Meetings and relevant Board Committee Meetings and, when appointed, serve as a member;
- (iii) Facilitate the acquisition of information by all Board and Committee members;
- (iv) Support the Board in defining its role, objectives and operating procedures;
- (v) Take a leading role in organising Board evaluations and assessments;
- (vi) Keep under close review all Legislative, Regulatory and Corporate Governance issues;
- (vii) Support and challenge the Board to achieve the highest standards in Corporate Governance;
- (viii) Ensure that the concept of stakeholders and the need to protect minority interests are in the Board's mind when important business decisions are being taken;
- (ix) Help to ensure that the procedure to nominate and appoint Directors is properly carried out and assist in the induction of new Directors;
- (x) Act as a primary point of contact and source of advice and guidance for, particularly, non-executive directors about the Company and its activities;
- (xi) Facilitate and support the independent non-executive directors to assert their independence;
- (xii) Ensure compliance with the on-going obligations of the Portuguese Listing Rules;
- (xiii) Participate in making arrangements for and managing the whole process of Shareholders' General Meetings;
- (xiv) Participate in the arrangement of insurance cover for directors and officers;
- (xv) Participate, on behalf of the Company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

The Board and Corporate Governance Officer is David Graham Shenton Bain.

BCGO reports to the Board of Directors as a whole, through the Chairman, and also, when appropriate, through the senior independent non-executive director.

2.3.4. Company Secretary

The Company Secretary is responsible for:

- (i) Keeping the formal minute books and attendance lists at Shareholders' General Meetings;
- (ii) Forwarding the legal documentation to convene Shareholders' General Meetings;
- (iii) Supervising the preparation of supporting documentation for Shareholders' General Meetings and the meetings of the Board of Directors and preparing the respective formal minutes;
- (iv) Responding to Shareholder requests for information within the scope of the Portuguese Companies Act;
- (v) Legal registration of any act or resolutions of the Company's Statutory Governing Bodies.

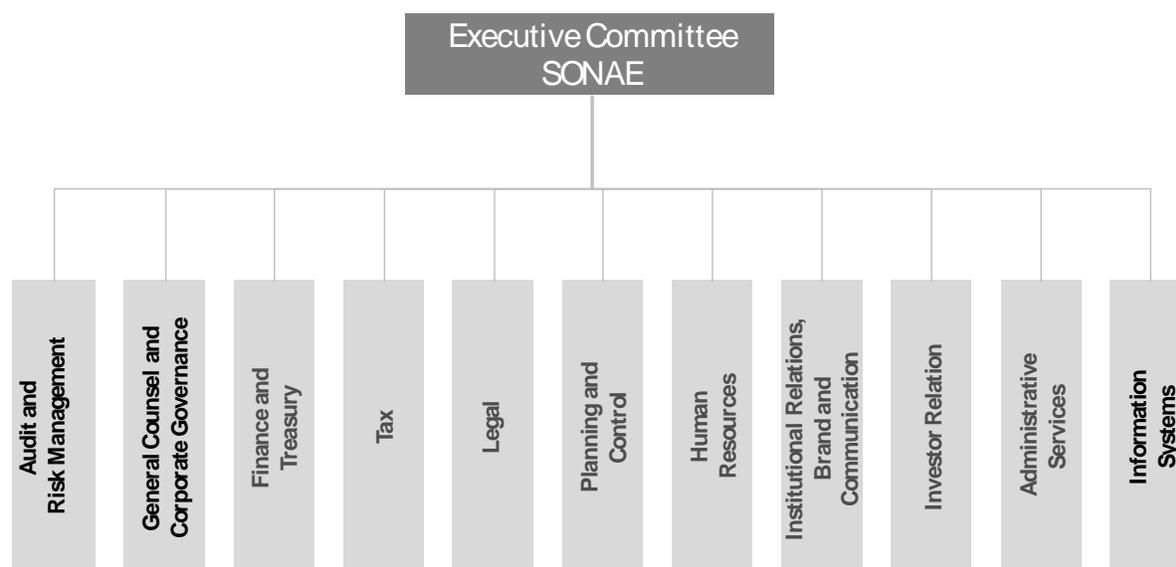
The Secretary is Luzia Gomes Ferreira, who may be substituted in her absence by Anabela Nogueira de Matos.

3 Organisation of the Corporate Centre – Duties and Competencies

3.1. Corporate Centre organisation

During 2009, it was decided to merge the Corporate Centre of Sonae with that of the retail business to create a single corporate structure, which would create synergies and allow resources to be freed up for new challenges, without increasing the number of Sonae's employees. The objective of this change was to sharpen the focus on retail activities, on related business areas and on the competencies and assets which Sonae believes to have the greatest potential to sustain the development of new businesses and to create value for its shareholders.

The value proposal of the new corporate centre is based on the range of services that it provides, primarily for retail companies but also other Sonae's business units, enabling these functions to be centralised, efficiency to be increased and consequently advantage to be taken of synergies and the avoidance of redundant services in the various business units of Sonae.



Manager of Audit and Risk Management

Main responsibilities:

- (i) Lead internal audit (Compliance, Processes, Food Safety and Information Systems) of the Sonae's corporate centre and core businesses;
- (ii) Develop and implement risk management methodologies and processes;
- (iii) Operational support to Sonae's Audit Committee and the Risk Management Consultation Group;

General Counsel and Corporate Governance Manager

Main responsibilities:

- (i) Provide legal advice to Sonae as a listed company;
- (ii) Manage the relationship with Euronext Lisbon, the Portuguese Securities Regulator (CMVM) and shareholders in relation to legal matters;
- (iii) Manage the legal aspects of Corporate Governance and monitor compliance with best practice in the area;
- (iv) Manage Sonae's legal procedural framework;

- (v) Provide legal support to the corporate centre in relation to business transactions and other similar operations;
- (vi) Coordinate the sharing of legal knowledge in order to align the Company's position with those of other Sonae companies.

Financial and Treasury Manager

Main responsibilities:

- (i) Optimize the finance function of the Company and of its retail business units, proposing and implementing appropriate financial management policies;
- (ii) Negotiate and contract financing operations and banking products and services for the Company and for its retail business units;
- (iii) Manage the Company's and its retail business units treasury;
- (iv) Manage the Company's and its retail business units financing risk;
- (v) Support to the different functional areas in the allocation of capital;
- (vi) Support to the area of Corporate Development and Mergers and Acquisitions;
- (vii) Conduct all financing operations for Sonae (with the exception of Sonae Sierra) in coordination with those Board Directors with responsibility for the financing of Sonae companies;
- (viii) Support to the execution of Sonae's business units transactions.
- (ix) Support to the work of Sonae's Finance Committee.

Tax Department Manager

Main responsibilities:

- (i) Develop, provide training for and share the Sonae's business units tax competencies;
- (ii) Take part in defining tax strategy and objectives, in particular by giving support to the international expansion of the businesses;
- (iii) Provide tax support to the Mergers and Acquisitions activity as well as to restructuring operations;
- (iv) Manage Institutional Relations, namely the proactive management of Sonae's business units tax matters;
- (v) Optimise Sonae's tax efficiency, namely by:
 - a. Controlling and monitoring tax procedures among all of Sonae's business units;
 - b. Ensuring compliance with all tax requirements by all companies;
 - c. Controlling all company tax groups existing in Sonae;
- (vi) Manage Sonae's price transfer file;
- (vii) Monitor all open litigation with the tax authorities and manage them in the best interests of Sonae's business units;
- (viii) Provide tax consultancy to the businesses by analysing tax issues.

Legal Department Manager

Main responsibilities:

- (i) Monitor, control and ensure the legality of business activities;
- (ii) Prepare contracts that maximise safety and reduce legal risks and potential costs;
- (iii) Manage all issues relating to intellectual and industrial property used by the different businesses such as brands, names, patents, marketing slogans etc.;
- (iv) Provide legal support to stores, namely when they are subject to external audits carried out by government and official entities (such as ASAE), as well as to resolve conflicts with customers;
- (v) Execute all necessary legal documents and registers for the businesses, of whatever nature (commercial, real estate, minutes etc.);
- (vi) Manage all corporate legal actions and processes in pre-litigation and litigation phases;
- (vii) Provide support to commercial, real estate and other licensing;
- (viii) Follow up on legislative developments that are relevant to the businesses;
- (ix) Manage customer complaints;
- (x) Provide support to international retail operations, as well as analysing new international operations, in particular the legal environment of the countries analysed.

Planning and Management Control Manager

Main responsibilities:

- (i) Support the development of a corporate strategy and promote, lead and implement the annual, strategic planning cycle;
- (ii) Lead and monitor the Sonae annual budgeting process, as well as providing reporting concerning its execution;
- (iii) Challenge the businesses and corporate areas about the objectives proposed in order to constantly improve and optimise the Sonae's efficiency, performance and results;
- (iv) Prepare and analyse management information about the individual businesses as well as at a consolidated level on a monthly, quarterly and annual basis, analysing variances to the budget and proposing correctives measures;
- (v) Provide support to decisions about the allocation of capital to existing businesses and new business opportunities: responsible for the analysis of capital invested and the return on capital invested;
- (vi) Build business plans in conjunction with business management teams;
- (vii) Carry out technical analysis and benchmarking of existing businesses and of Sonae in order to evaluate performance in comparison with the competition and other market players.

Human Resources Manager

Main responsibilities:

- (i) Manage Sonae's top management human resources: Chairman of Sonae's Human Resources Consultative Group; support the top management human resources management of the Executive Committee;
- (ii) Supervise Sonae's human resources management department, the main duties of which are to:
 - a. Support Sonae top management to define human resources policies at various levels;
 - b. Ensure the working of processes concerning recruitment, selection, training, performance/development management, people administration management and employee salary processing;
 - c. Manage the areas of Medicine, Hygiene and Safety at Work;
 - d. Provide the procedural and legal labour law framework for the businesses;
 - e. Provide support to international projects, offices and businesses;
 - f. Represent the company in contacts with official entities and associations connected with this area;
 - g. Provide HR services to other Sonae's business units.
- (iii) Support the Institutional Relations department to manage issues relating to good human resources practices.

Institutional relations, Sonae brand and communications Manager

Main responsibilities:

- (i) Manage the institutional image of Sonae and its Executive Committee;
- (ii) Proactively manage relationships with the media;
- (iii) Proactively support Sonae's relationships with the Government, public entities and NGOs;
- (iv) Represent Sonae in Associations, Forums and events (national and international) and manage information requests from these institutions;
- (iv) Coordinate communications with the External Communications and Public Relations departments in all contacts with the media;
- (v) Promote internally Sonae's values and culture;
- (vi) Support the External Communications function to manage Sonae's image as a major employer.

Investor Relations Manager

Main responsibilities:

- (i) Manage the relationship between Sonae and the financial community through the continuous preparation and disclosure of relevant and up to date information about the company;

- (ii) Support the Executive Committee and Board Directors, providing them with relevant information about the capital markets;
- (iii) Support External Communication, contributing towards providing a consistent corporate message to the capital markets.

Administrative Services Manager

Main responsibilities:

- (i) Efficiently manage all administrative processes of the Company and Sonae's business units, ensuring the maximum reliability and timely reporting of financial, tax and management information;
- (ii) Manage the Accounts Payable, Accounts Receivable and Inventory areas;
- (iii) Manage fixed assets, namely their booking, transfer and stocktaking;
- (iv) Has responsibility for the accounting of retail and services business units, including international offices, and the booking and controlling of all accounting transactions and movements;
- (v) Consolidating the Sonae's business units accounts;
- (vi) Provide administrative and accounting support to other Sonae's business units.

Information Systems Manager

Main responsibilities:

- (i) Maintain and support existing information systems and infrastructure;
- (ii) Develop new solutions which enable the operational and commercial efficiency of the businesses to be improved;
- (iii) Promote innovation in relation to Sonae's information systems.

3.2. Knowledge Sharing Corporate Committees

Audit committee

Sonae's Audit Committee was formed in 2000, to assist the Executive Committee in defining policies, reviewing and co-ordinating the activities of Risk Management, Internal Audit, and to establish internal control processes and systems. The Audit Committee, which meets quarterly, is chaired by Paulo Azevedo (CEO of Sonae), and includes Sonae's directors as well as its internal audit managers. This committee is supported by Sonae's Risk Management Consultation Group which provides guidance for the exercise of the risk management role and for risk management procedures implementation. This Group meets quarterly and is chaired by Ângelo Paupério (member of the Executive Committee), including the Board members and the Risk Managers responsible for this role in the Company and in its businesses.

Finance committee

Sonae's Finance Committee is chaired by Paulo Azevedo (CEO of Sonae), and includes the Chief Financial Officers (CFOs) and the directors responsible for corporate finance from each of Sonae's businesses as well as the managers of the Company's corporate centre, who are relevant to the subjects on each meeting's agenda. The Committee meets monthly to review and co-ordinate financial risk management policies, banking relationships and other matters related to corporate finance.

Besides the above mentioned Risk Management Consultation Group, there are also two other Sonae advisory groups which also continuously review and propose changes to Sonae's policies in the following areas:

- (iv) HR
- (v) information & communication technologies

Each of these informal bodies meets several times during the year and often organizes specific seminars, workshops and internal training courses.

4 Audit

4.1. Statutory Audit Board

4.1.1. Role

The Statutory Audit Board is responsible for:

- (i) Supervising the management of the Company;
- (ii) Ensuring that the law and the Articles of Association are observed;
- (iii) Verifying the regularity of all books, accounting registers and supporting documents;
- (iv) Verifying the fairness of the financial statements;
- (v) Drawing up an annual report on the supervision of the Company and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;
- (vi) Supervising the efficiency of the risk management system, the internal control system and the internal audit function;
- (vii) Receiving notification of irregularities presented by shareholders, Company's employees or others;
- (viii) Proposing the appointment, as well as the replacement, of the Statutory External Auditor to the Shareholders' General Meeting;
- (ix) Supervising the auditing of the Company's financial statements;
- (x) Supervising the independence of the Statutory External Auditor, in particular with regard to the provision of additional services.

4.1.2. Composition

Under the Company's Articles of Association, the Statutory Audit Board may be made up of an odd or even number of members, with a minimum of three and a maximum of five members. The Statutory Audit Board additionally includes one substitute member, should the Board be composed of three members, or two substitute members, should the Board be composed of more than three members.

The Statutory Audit Board members were elected at the Company's Annual Shareholders' General Meeting held in 2007, for the current mandate, which covers the period 2007 to 2010.

Statutory Audit Board

Daniel Bessa Fernandes Coelho.....Chairman
 Arlindo Dias Duarte Silva
 Jorge Manuel Felizes Morgado
 Óscar José Alçada da Quinta.....Substitute

All members are independent as required by article 414 paragraph 4 and are not in breach of any of the criteria for incompatibility as set out in article 414 A paragraph 1, both of the Portuguese Companies Act.

4.1.3. Nomination and substitution rules

The members of the Statutory Audit Board are elected by the Shareholders' General Meeting.

If the Shareholders' General Meeting should fail to elect the members of the Statutory Audit Board, the management of the Company must do this and any shareholder may petition the courts for the appointment thereof.

If the Shareholders' General Meeting does not designate which of the members shall be the Chairman, the latter will be appointed by the members of the Statutory Audit Board.

If the Chairman leaves office prior to the end of the mandate for which he was elected, the other members must choose one among them to exercise these duties until the end of its mandate.

Members of the Statutory Audit Board who are temporarily unavailable or whose functions have ceased shall be replaced by the substitute.

Substitutes who replace members whose functions have ceased shall remain in office until the first annual general meeting at which the vacancies shall be filled.

In the event of it not being possible to fill a vacancy left by a member, due to a lack of elected substitutes, the vacant positions, both of members and of substitutes, shall be filled by means of a new election.

4.1.4. Operating Rules

Decisions are taken by simple majority and the Chairman has a casting vote, if the Statutory Audit Board has an even number of members.

The Statutory Audit Board meets at least four times a year. During 2009, the Board met five times with an overall attendance rate of 93%.

4.1.5. Terms of Reference

The Terms of Reference of the Statutory Audit Board are available at www.sonae.pt (tab Investors, Corporate Governance section).

4.2. Statutory External Auditor

4.2.1. Role

The Statutory External Auditor is responsible for:

- a) Verifying the regularity of all books, accounting registers and supporting documents;
- b) Whenever it deems such action convenient and by means it considers appropriate, verifying the accuracy of cash and stock of any kind, of the assets or securities belonging to the Company or received by it by way of guarantee, deposit or other purpose;
- c) Verifying the fairness of the financial statements;
- d) Verifying whether the accounting policies and valuing criteria adopted by the Company lead to the fair evaluation of the assets and the results;
- e) Carry out any examinations and checks necessary to the auditing and legal certification of the accounts and carry out all procedures determined by law.

4.2.2. Composition

The Statutory External Auditor is Deloitte & Associados, SROC, S. A., presently in its second four-year mandate, ending in 2010.

4.2.3. Nomination and substitution rules

The Statutory External Auditor is elected by the shareholders at the Shareholders' General Meeting by proposal of the Statutory Audit Board. The renewal of the Statutory External Auditor's mandate is always subject to the Statutory Audit Board's advice.

Failure of the competent corporate body to appoint the Statutory External Auditor within the period fixed by law must be brought to the attention of the Portuguese Institute of Statutory Auditors within fifteen days, by any shareholder or member of the statutory governing bodies. Within fifteen days of the communication referred to above, the Institute of Statutory Auditors must officially appoint a statutory auditor to the Company, and the general meeting may confirm the appointment or elect another statutory auditor to complete the respective mandate.

5 Shareholders

5.1. Statutory Governing Bodies

5.1.1. Shareholders' General Meeting

Shareholders' General Meetings are conducted by its Chairman or, in his absence, by the Chairman of the Statutory Audit Board or, in his absence, by the shareholder present at the General Meeting representing the largest shareholding position. Shareholders' General Meetings are held in two possible circumstances: (i) in ordinary session, at a date set by law for the Shareholders' Annual General Meeting; (ii) in extraordinary session, whenever the Board of Directors or the Statutory Audit Board deem necessary or at the request of shareholders, representing the legally required minimum percentage of The Company's share capital (currently 5%). During 2009, two Shareholders' Meetings were held in ordinary session on 20 April and in extraordinary session on 9 November.

Under the terms of the Company's Articles of Association, the Shareholders' General Meeting may only adopt resolutions the first time it is convened if there are present or represented shareholders holding more than 50% of the Company's share capital.

If that quorum is not reached and the meeting is reconvened, resolutions may be adopted by the Shareholders' General Meeting regardless of the number of shareholders present or represented and of the percentage of share capital they hold.

The deliberative quorum for resolutions taken by the Shareholders' General Meeting complies with the Portuguese Companies Act.

At the Annual Shareholders' General Meeting held on 20 April 2009, 55.5% of the share capital held by 20 corporate or institutional shareholders was represented. On 9 November 2009, an Extraordinary Shareholders' General Meeting was held at which 16 corporate or institutional shareholders were present, representing 53.67% of the share capital.

The proposals for discussion and decision at Sonae's Shareholders' General Meetings, as well as other supporting information, are made available to shareholders at the Company's registered head office, and are posted on the Company's website - www.sonae.pt - at least 15 calendar days before the respective meeting. However, if the agenda items include amendments to the Company's articles of association, the respective proposals must be disclosed together with the notice of meeting.

5.1.2. The Board of the Shareholders' General Meeting

The Shareholders' General Meetings are conducted by a Board elected for a four-year mandate. The present mandate began in 2007 and will end in 2010.

The Board of the Shareholders' General Meeting is made up as follows:

Board of the Shareholders' General Meeting

Manuel Cavaleiro BrandãoChairman
 Maria da Conceição CabaçosSecretary

5.1.3. Shareholders' Remuneration Committee

The Shareholders' Remuneration Committee is the committee responsible for approving the remuneration of Board members and of other statutory governing bodies, on behalf of shareholders, under the terms specified in the compensation policy approved by shareholders at a Shareholders' General Meeting.

The remuneration committee is made up of three members, elected by the Shareholders' General Meeting for a mandate of four years from 2007 to 2010.

The members of the Remuneration Committee are:

Shareholders' Remuneration Committee

Belmiro Mendes de Azevedo
Artur Eduardo Brochado dos Santos Silva
Bruno Walter Lehmann

The members of the Shareholders' Remuneration Committee have the necessary professional qualifications and experience to carry out their responsibilities effectively and rigorously, safeguarding the interest of the organization.

Belmiro de Azevedo abstains from discussing and deciding on his own remuneration in order to ensure adequate impartiality and the necessary transparency of the Committee's procedures, as further explained in section 0.3 in compliance with CMVM Recommendation II.5.2.

This member is related by bloodline to the Chairman of the Executive Committee, Paulo Azevedo.

The Shareholders' Remuneration Committee meets at least once every year. During 2009, there were three meetings, with an overall attendance rate of 100%.

5.2. Shareholders' participation

5.2.1. Statutory rules on exercising the right to vote

Shareholders' General Meetings may only be attended by shareholders who have shares registered in their name and who respect the rules for providing proof of ownership.

5.2.2. Deadline for blocking shares

The Company's Articles of Association allow the attendance at the Shareholders' General Meeting of shareholders holding shares who, up to the third business day prior to the General Meeting, by reference to any of its sessions, have provided confirmation of ownership to the Company. Proof of ownership is provided by a certificate issued by a financial institution where records of title are kept, certifying ownership and share blocking executed five business days prior to the General Meeting.

5.2.3. Rules for the blocking of shares upon suspension of the General Meeting

In case of suspension of the Shareholders' General Meeting, the Articles of Association do not enforce the blocking of the shares during the period until such meeting is resumed. In order for shareholders to attend the meeting, it is enough to block their shares on the fifth business day prior to the resuming date.

5.2.4. Number of shares corresponding to one vote

One share corresponds to one vote.

5.2.5. Shareholders' representation

The right to vote by appointing a representative and the way in which this right is exercised are set out in the respective notices convening Shareholders' General Meetings, in accordance with the law and the Company's Articles of Association.

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

The Company provides appropriate information to enable shareholders, wishing to be represented, to give voting instructions by making available the proposals to be submitted to the General Meeting and a template of a representation letter at www.sonae.pt (tab Investors, Shareholders' General Meetings section), within the legally established time limits.

5.2.6. Postal voting

Shareholders, who can prove their ownership of shares, can vote by post in relation to all items on the agenda of the Shareholder's General Meeting. Postal votes will only be taken into account when received at the Company's head office by registered post, with acknowledgement of receipt addressed to the Chairman of the Board of the Shareholders' General Meeting or by electronic means, at least three business days prior to the General Meeting. The voting ballot, if sent by registered post, should be signed by the holder of the shares or by his legal representative. In the case of an individual, it should be accompanied by an authenticated copy of his/her identity card. In the case of a corporate entity, the signature should be authenticated by certifying that the signatory is duly authorized and mandated for that purpose. If the ballot is sent by electronic means it must respect the requirements and procedures established by the Chairman of the Board of the Shareholders' General Meeting as set out in the notice of the meeting, in order to ensure an equivalent level of security and authenticity.

It is the responsibility of the Chairman of the Board of the Shareholders' General Meeting, or the person replacing him, to verify compliance with postal voting requirements, and those postal votes which do not fulfil such requirements will not be accepted and will be treated as null and void.

5.2.7. Template used for Postal Voting

The Company makes available at www.sonae.pt (tab Investors, Shareholders' General Meetings section) a template of the ballot for postal voting.

5.2.8. Electronic voting

The right to vote electronically has been available since the Shareholders' Extraordinary General Meeting held on 9 November 2009. The manner by which this right can be exercised is set out in the notice of meeting for each meeting. A template to request the technical information necessary for exercising the shareholders' right to vote by electronic means is also available at www.sonae.pt (tab Investors, Shareholders' General Meetings section).

6 Remuneration

6.1. Remuneration policy for members of the statutory governing bodies

The remuneration policy adopted for Sonae's statutory governing bodies is approved in advance by the Shareholders' General Meeting.

The body responsible for approval of the remuneration of members of the Board of Directors and the other statutory governing bodies of the Company is the Shareholders' Remuneration Committee, in accordance with the remuneration policy approved by shareholders.

In the case of members of the Board of Directors, the Board Nomination and Remuneration Committee is involved in preparing proposals before final decisions are taken by the Shareholders' Remuneration Committee.

6.2. Board of Directors

The compensation policy for the Board of Directors was approved at the Shareholders' General Meeting held on 3 May 2007 and confirmed at the Shareholders' General Meeting held on 21 April 2008. The policy's objective is to remunerate Directors in a fair, effective and competitive manner taking into consideration their individual responsibilities and performance.

The annual remuneration and other elements of the remuneration package are based on different criteria for executive and non-executive directors.

6.2.1. Non Executive Directors

The remuneration of non-executive directors is paid on a fixed quarterly basis. The amount agreed is based on the market value paid in comparable companies.

There are no kinds of variable remuneration for non-executive directors.

The Chairman of the Board of Directors receives only a fixed remuneration, which is determined exclusively by the Remuneration Committee.

For each non-executive director, the fixed remuneration includes attendance fees during 2009, including presence at and preparation for at least five Board of Directors meetings each year (approximately 15% of remuneration is paid as attendance fees). Non-executive directors' attendance fees are paid as follows: Board of Directors' meetings €930; Audit and Finance Committee meetings €640; and Nomination and Remuneration Committee meetings €390. The Chairman of the Board of Directors only receives attendance fees for Board of Directors' meetings.

Fixed remuneration can increase by up to 6% for non-executive directors who chair a Board Committee.

In addition, an annual responsibility allowance is paid which may vary between €1,900 and €3,000.

6.2.2. Executive Directors

The remuneration policy for executive members of the Board of Directors aims at compensating fairly and appropriately the performance and contribution of each executive director to the success of the organisation, aligning the interests of executive Board members with those of shareholders and of the Company.

Proposals for the remuneration of executive directors are made, taking into account:

- Overall market comparisons;

- Practices of comparable companies;
- The individual responsibilities and assessments made of the performance of each executive director.

The remuneration is made up of a fixed and a variable component, as follows:

- (i) Fixed remuneration, agreed on an annual basis with payment made in 14 monthly instalments;
- (ii) Variable remuneration,
 - a) Short term,
 - b) Medium term,

Variable remuneration can be paid in cash, in shares or in combination cash and shares. Currently, no scheme involves the award of share purchase options.

Sonae has no complementary or early retirement pension scheme for directors and there are no other significant benefits in kind.

6.2.3. Description of the remuneration components

(i) Fixed remuneration

The remuneration and other elements of the remuneration package of executive directors are defined in accordance with the level of responsibility of the Board member and subject to review each year.

Each director is classified into a "functional group" based on the Hay international model, which facilitates market comparisons.

(ii) Variable remuneration

Variable remuneration aims to guide and compensate board directors for achieving pre-defined objectives. It is divided into two equal parts, one short and the other medium term. Variable remuneration is of a discretionary nature and, in view of the fact that it is dependent on the achievement of objectives, payment is not guaranteed.

- a) The goal of short term variable remuneration is to provide an incentive and to compensate directors for achieving annual objectives that are part of the Company's annual plan, and which are fixed in advance and linked to key performance indicators.

Short term variable remuneration is determined annually, defined as a percentage of fixed base remuneration, and varies between 33% and 75%.

Of this amount, around 70% is based on business KPIs: these are objective indicators, such as those of an economic and financial nature based on the annual budget for the performance of each business unit and for the consolidated performance of the Company. The amount awarded for remuneration associated with these KPIs can vary between 0% and 160 % of the pre-defined bonus objective.

The remaining 30% are determined based on the achievement of personal KPIs, which include both objective and subjective indicators. The evaluation of the remuneration associated with these KPIs can vary between 0% and 120 % of the pre-defined objective.

Combining both components, the value of the bonus has a minimum of 0% and a maximum of 148% of the pre-defined bonus objective.

The overall assessment of board directors is approved by the Shareholders' Remuneration Committee, in collaboration with the Board Nomination and Remuneration Committee as described in section 6.1.

- b) The goal of medium term variable remuneration is to align directors' interests with the strategic objectives of the organisation, encourage their loyalty and strengthen the perception that their performance is important for the success of Sonae, measured by stock market capitalisation. Board directors elected up to the 31st of December of the previous year are eligible for payment of medium term variable remuneration.

This component of variable remuneration is also awarded annually and relates to performance during the previous year. Payment is deferred for a period of three years, and is made in the month of March or April.

Amounts are calculated in accordance with the performance of the company, measured according to specific indicators and influenced by the price of shares, dividend distributions and changes to the company's share capital. The amount of medium term variable remuneration due is calculated by the quotient between the amount awarded, under the previous described criteria, and the average share price in the month prior to the award being made.

Payment of this component of variable remuneration is dependent on the director continuing to work with the company for a period of three years after its award. Thus, medium term variable remuneration ceases with the departure of the director from Sonae. However, the right to receive payment continues in case of death or permanent disability, with the amount due being paid to the director or to his/her heirs at the normal time for payment.

6.2.4. Summary tables

Paid and Attributed Remuneration

The following remuneration was awarded to members of the Board of Directors (including fixed remuneration, short and medium term variable remuneration) by the Company and Group companies:

	2008				2009			
	Fixed Remuneration	Short Term	Medium Term	Total	Fixed Remuneration	Short Term	Medium Term	Total
		Variable Remuneration	Variable Remuneration			Variable Remuneration	Variable Remuneration	
<i>Amounts in euros</i>								
<i>Individual breakdown</i>								
Executive Directors								
Duarte Paulo Teixeira Azevedo (CEO)	476,020	297,100	288,100	1,061,220	479,320	328,700	313,200	1,121,220
Nuno Manuel Moniz Trigoso Jordão	414,560	273,900	333,000	1,021,460	411,560	270,800	290,200	972,560
Ángelo Gabriel Ribeiro dos Santos Paupério	414,000	266,700	266,700	947,400	409,300	287,900	287,900	985,100
Álvaro Carmona e Costa Portela	406,780	173,800	93,100	673,680	406,780	231,900	175,200	813,880
	1,711,360	1,011,500	980,900	3,703,760	1,706,960	1,119,300	1,066,500	3,892,760
Non-Executive Directors								
Belmiro Mendes de Azevedo (Chairman)	435,900	-	-	435,900	435,900	-	-	435,900
Michel Marie Bon	39,170	-	-	39,170	39,560	-	-	39,560
Jose Alvaro Cuervo Garcia	37,150	-	-	37,150	37,150	-	-	37,150
José Manuel Trindade Neves Adelino	39,750	-	-	39,750	37,150	-	-	37,150
Bernd Hubert Joachim Bothe (8 Months in 2009 only)	-	-	-	-	25,677	-	-	25,677
Christine Cross (2 Months in 2009 only)	-	-	-	-	5,967	-	-	5,967
	551,970	0	0	551,970	581,403			581,403
Total	2,263,330	1,011,500	980,900	4,255,730	2,288,363	1,119,300	1,066,500	4,474,163

* Amounts in Euros

Part of the remuneration detailed above is also disclosed in the Governance Reports of companies controlled by the Company, whenever the Company's Board members are also members of the Board Directors of these companies.

No sums were paid to former board directors relating to the termination of their duties.

Open medium term variable remuneration plans awarded to Executive Directors

Medium term variable remuneration plans awarded to executive directors and which have not yet vested are summarised in the following table:

Executive Director	Plan (Performance Year)	Award Date	Vesting Date	Value Vested in 2009	Open Plans Value at Award Date	Open Plans Value at 31 December 2009
Duarte Paulo Teixeira Azevedo <i>(Footnote 1)</i>	2007	March 2008	March 2011		369,400	296,535
	2008	March 2009	March 2012		288,100	496,125
	Total			0	657,500	792,660
Nuno Manuel Moniz Trigo Jordão	2005	March 2006	March 2009	144,054		
	2006	March 2007	March 2010		259,700	167,014
	2007	March 2008	March 2011		331,700	265,200
	2008	March 2009	March 2012		333,000	573,354
	Total			144,054	924,400	1,005,568
Ângelo Gabriel Ribeirinho dos Santos Paupério <i>(Footnote 1)</i>	2007	March 2008	March 2011		273,600	217,487
	2008	March 2009	March 2012		266,700	460,485
	Total			0	540,300	677,972
Álvaro Carmona e Costa Portela	2005	March 2006	March 2009	236,695		
	2006	March 2007	March 2010		318,202	264,650
	2007	March 2008	March 2011		330,500	224,354
	2008	March 2009	March 2012		93,100	127,495
	Total			236,695	741,802	616,499
TOTAL				380,749	2,864,002	3,092,699

Footnote 1: The vesting dates of the 2005 and 2006 plans of these executive directors were anticipated and cash equivalents were paid on 31 December 2007, as result of their transfer to new roles within Sonae.

* Amounts in Euros

Movements during 2009:

	Aggregated number of plans	Euros
Outstanding at 31.12.2008:	8	1,325,244
Movements in the year:		
Awarded	4	980,900
Vested	(2)	(380,749)
Adjustments (1)		405,806
Outstanding at 31.12.2009:	10	3.092.699

(1) Changes in the number of shares due to dividend payments and changes in the value due to shares price changes.

6.2.5. Compensation payable for loss of office

No agreements exist which specify any compensation payments for loss of office to member of the Board of Directors or other persons discharging managerial responsibilities ("dirigentes" - as set out in article 248 B, paragraph 3, of the Portuguese Securities Code) if their mandates or contracts are not renewed.

6.2.6. Other Board directors and managers of Sonae's businesses

The short and medium term variable remuneration components also apply to Board directors of affiliate companies of the Company, as well as to managers of these companies whose responsibilities are considered by their respective Boards of Directors to have a relevant impact on the business risk profile and on its results.

6.3. Remuneration of the Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is made up of fixed annual fees, based on the company's situation and market practice.

The amount of fixed annual remuneration for members of this entity was as follows:

Member of the Statutory Audit Board	2008*	2009*
Daniel Bessa Fernandes Coelho	12,500	9,900
Arlindo Dias Duarte Silva	10,500	7,900
Jorge Manuel Felizes Morgado	10,500	7,900
Total	33,500	25,700

* Amounts in Euros

6.4. Remuneration of the Statutory External Auditor

The Company's Statutory External Auditor and audit firm is Deloitte, currently in its second mandate. The amount of fees invoiced to Sonae (including affiliated companies) for 2008 and 2009 was as follows:

	2008*		2009*	
Statutory Audit	1,535,355	38%	1,713,135	46%
Other Compliance and Assurance Services	736,993	18%	461,726	12%
Tax Consultancy Services	339,507	8%	359,555	10%
Other Services	1,430,857	35%	1,185,060	32%
Total	4,042,712	100%	3,719,475	100%

* Amounts in Euros

Audit fees increased by 8.1% in 2009.

Fees for other services include:

- General consultancy services provided to several subsidiaries of Sonae (13,7% of total fees),
- Tax incentive project fees (4,9% of total fees),
- Human resources consultancy fees (3,5% of total fees)
- Sustainability consultancy fees (2% of total fees),
- Fixed assets inventory and labelling fees (1,5% of total fees)
- Training in relation to accounting rules in Portugal, Spain and Brazil (1.2% of total fees).

"Tax Consultancy Services" and "Other Services" are provided by different teams from those who are involved in audit work, thereby reducing the risk to auditor independence.

Total annual fees paid in Portugal by Sonae to the Deloitte Group in 2009 represented approximately 2% of their total global fees in Portugal.

Deloitte's quality system controls and monitors potential conflicts of interest with Sonae as well as risks to auditor independence. In addition, an 'Independence Letter' was obtained from Deloitte covering 2009, confirming that they meet international guidelines on auditor independence, in accordance with the IFAC (International Federation of Accountants) rules.

6.5. Remuneration of the Board of the Shareholders' General Meeting

The remuneration of the members of the Board of the Shareholders' General Meeting is made up of fixed annual fees, as follows:

Board of the Shareholders' General Meeting	2008*	2009*
Chairman	7,500	7,500
Secretary	2,500	2,500
Total	10,000	10,000

* Amounts in Euros

7 Risk control

7.1. Risk management objectives

Risk Management is embedded in Sonae's culture and is one of its key Corporate Governance practices, part of all management processes and a responsibility of all employees of Sonae, at all levels of the organization.

The objective of risk management is to create value by managing and controlling uncertainties and threats that can affect the business objectives and the going concern of Sonae's businesses. Risk Management, together with Environmental Management and Social Responsibility, are pillars of sustainable development, in the sense that better understanding and more effective management of risks contribute to the sustainable development of businesses.

7.2. Risk management processes

Risk management is integrated into Sonae's entire planning process, as a structured and disciplined approach that aligns strategy, processes, people, technologies and knowledge. Its goal is to identify, evaluate and manage the uncertainties and threats that Sonae's business units face in the pursuit of their business objectives and value creation.

Sonae's management and monitoring of its main risks are achieved through different approaches, including:

- (i) As part of strategic planning, the risks of the existing business portfolio, as well as new businesses and relevant projects, are identified and evaluated, while strategies to manage those risks are also defined;
- (ii) At the operational level, business risks and planned actions to manage those risks, are identified and evaluated, and are included and monitored in business unit and functional unit plans;
- (iii) For risks that cross business unit boundaries, such as large scale organizational changes, contingency and business recovery plans, structural risk management programmes are developed with the participation of those responsible for the units and functions involved;
- (iv) As far as tangible asset and people safety risks are concerned, audits are carried out at the main units, and for the risks identified, preventive and corrective actions are implemented. On a regular basis, the financial cover of insurable risks is reassessed;
- (v) Financial risk management is carried out and monitored as part of the activity of the Company and Sonae companies' financial departments, whose work is reported to, coordinated and reviewed by the Finance Committee and the Board Audit and Finance Committee;
- (vi) Legal risks management is carried out and monitored by legal and tax departments.

The risk management process is supported by a consistent and systematic methodology, based on the international standard¹ that includes the following:

- (i) Defining and grouping risks (dictionary and matrix of risks);
- (ii) Systematically identifying the risks that affect the organization (common language); definition and risks grouping (risks definition and matrix);

¹ Enterprise Risk Management – Integrated Framework issued by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

- (iii) Evaluating and attributing the level of criticality and management priority of risks as a function of their impact on the objectives of the business and the probability of the risks occurring;
- (iv) Identifying the causes of the most important risks;
- (v) Evaluating strategic risk management options;
- (vi) Developing a risk management action plan and integrating it into the management and planning procedures of the units and functions of Sonae's businesses;
- (vii) Monitoring and reporting on progress made to implement the action plans.

7.3. Risk management organization

Risk Management is the responsibility of all managers and employees of Sonae's business units, at all levels of the organization, and is supported by the Internal Audit and Risk Management departments both in Sonae and business units, through especially dedicated teams, which report directly to their respective Boards of Directors.

The Internal Audit and Risk Management department's mission is to help companies reach their objectives via a systematic and structured approach to developing and evaluating the effectiveness of management and control of business processes and information systems risks, namely:

- 1) The Internal Audit department identifies and evaluates the effectiveness and efficiency of management and control of business processes and information systems risks, as well as risks arising from non compliance with legislation, contracts and company policies and procedures. The internal audit annual plan includes critical business process audits, compliance audits, financial audits and information systems audits. Internal Audit acts as an independent internal advisory entity.
- 2) The Risk Management department promotes, coordinates, facilitates and supports the development of risk management processes.

The Management Planning and Control department promotes and supports the integration of risk management into the management and planning control process of companies.

Financial and accounting information reliability and integrity risks are also evaluated and reported upon by the External Audit activity.

As at the end of December 2009, the Internal Audit and Risk Management functions had 40 full time employees, carrying out their work in all countries where Sonae operates.

The Board of Directors through its Board of Audit and Finance Committee monitors Audit and Risk Management activities.

7.4. Internal audit and risk management training and development

As far as development of the Risk Management and Internal Audit function is concerned, in 2009, Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes promoted by the IIA (The Institute of Internal Auditors) - Certified Internal Auditor (CIA) and Certification in Control Self Assessment (CCSA) – and other certifications, such as Certified Information System Auditor (CISA), Certified Information Security Manager (CISM); Certified Information System Security

Professional (CISSP), ISO/IEC 27001: 2005; Associated Business Continuity Professional (ABCP), Certified by Business Continuity Institute (BCI); Certified Continuity Manager; BS 25999 Business Continuity Management and Project Management Professional (PMP).

There are 38 certifications in the Internal Audit and Risk Management teams of Sonae, thirteen CIA; seven CCSA; five CISA; three CISM; three ISO27001; one CISSP; one ABCP; one CBI; two CCM; one BS25999 and one PMP. Sonae is one of the organizations with the most certified employees in internal audit and risk management in Portugal. In 2010, Sonae will continue to support this important training programme, and the international development and qualification of its internal audit and risk management staff, in line with international best practices.

7.5. Actions undertaken in 2009

In accordance with methodologies defined and implemented in previous years, risk management procedures were integrated into business management planning and control procedures from the strategic review phase right through to operational planning, so that risk management actions were included in functional and business unit plans and monitored throughout the year.

7.6. Risks

7.6.1. Business Environment Risks

Legal and Regulatory

Sonae is obliged to comply with national and international laws and regulations for each market in which it operates that aim to ensure: consumer safety and protection, employees' rights, environmental protection and compliance with town and country planning regulations, and the maintenance of an open and competitive market. Due to this fact, Sonae is naturally exposed to the risk of changes in law and regulations that may impact business as usual and consequently affect or impede the achievement of its strategic objectives.

Sonae acts in constant collaboration with the authorities in order to comply with laws and regulations.

Competition

The main competition risks are the entrance of new competitors and the repositioning of current competitors or the actions they might take to reposition themselves to win new markets (price conditions, new businesses, innovation, etc..). The inability to be competitive in areas such as pricing, product range, quality and service can have a negative impact on the financial results of the company. In order to minimize this risk, Sonae constantly benchmarks competitor's actions and invests in new formats, businesses and products in order to always offer its customers innovative proposals.

Customers

One of the fundamental risk factors is the possibility of changes in consumer behaviour, especially as a consequence of economic and social factors. Customers frequently change their expectations and preferences, which imply a continuous adaptation and optimization of business concepts and offer.

In order to anticipate consumer needs and market trends, Sonae analyzes information about consumer behaviour on a regular basis with more than 100.000 customers interviewed per year. The introduction of new products and concepts is always tested using pilot schemes before being implemented globally. The Company also invests in the refurbishment of stores and shopping centres to ensure that they retain their attractiveness for customers.

Brand

Sonae owns several high value brands, and they are one of its main assets.

The risks associated with brands come from the negative impacts arising from extraordinary events affecting image reputation and awareness. The Company periodically monitors brand image value, their attributes and their awareness through customer opinion surveys, research by specialist entities and market studies. Sonae also performs continuous follow-up of brand reputation, namely through press analysis, opinion articles issued by the media and in blogs.

7.6.2. Tangible assets risks

Preventive and safety audits were conducted in different locations of the business units. In the main business units, tests and simulations were made to emergency and preventive systems and plans, usually in the presence of civil protection services, security forces and fire brigades. The development and implementation of security standards, and related monitoring and self-assessment procedures (Control Risk Self Assessment) also continued. In relation to terrorism risks, preventive and emergency programs were launched and specialist training sessions were given to security managers and staff.

7.6.3. People safety risks

In relation to people safety risks (staff, subcontractors, customers and visitors), work continued on the implementation of the Safety Management System of Sonae Sierra, which began with the PERSONÆ Project, and on Health and Safety projects in other Sonae businesses, with the goal of developing integrated actions.

One of the main actions taken by Sonae Sierra in this area was the PERSONÆ Project, the main goal of which was to develop a culture of Safety and Health across the company and in its Shopping Centres, implementing measures consistent with the policies and objectives defined to minimize and control risks arising from its activities. .

The PERSONÆ Project was awarded the European Risk Management Award 2009 for best training programme, the DuPont Safety Award for Visible Management Commitment in 2007 and the Eco Prize 2006 from the Brazilian Chamber of Commerce. In total, it involved an investment of 5 million euros and involved Sonae Sierra shopping centres in Portugal, Spain, Italy, Germany, Greece, Romania and Brazil, and was carried out over four years in three separate phases (from 2004 to 2008). In these three phases, more than 70,000 people took part, among employees, suppliers and tenants of Sonae Sierra. .

The PERSONÆ Project was the basis for the current Health and Safety Management system installed in Sonae Sierra. The system was certified by TUV at the end of 2008, in accordance with the requirements of the OHSAS 18001 standard. Also in 2008, 3 Sonae Sierra centres won certification for their health and safety management systems (Colombo Centre in Portugal, the Parque Dom Pedro and the Shopping Penha in Brazil).

In 2009, another 5 centres in Portugal, 4 in Spain, 1 in Italy and 1 centre in Brazil also saw their health and safety systems certified according to the OHSAS 18001 standard.

More recently, Sonae Sierra became the first company in Europe to win Safety and Health Management certification for the construction of a shopping centre (Leiria Shopping).

Health and Safety management at Sonae Sierra aims to prevent and anticipate accidents, in order to protect its employees and all those who have contact with the company (service providers, tenants and visitors). "Zero accidents" is the goal to which Sonae Sierra aspires through a set of common values adopted across the organization.

The results and key indicators of health and safety have progressed very positively: the number of non conformance situations per observation hour fell by 33% between 2008 and 2009, and has fallen by more than 70% since 2005.

Employee absenteeism due to accidents at work fell by 26% in 2009 compared to 2008, and lost time accidents involving construction service providers fell more than 40% in the same period.

In the retail business unit, a project was carried out to define rules for customer physical safety, as a basis for action plans to prevent and mitigate customer safety risks.

Sonae signed the World Safety Declaration at the end of 2005, making a worldwide commitment by its businesses towards safety at work. Sonae was one of the founder members together with major worldwide corporations.

7.6.4. Business continuity management

In relevant businesses, projects and programmes continued to be developed in order to guarantee the continuity of operations, through defining, revising and implementing procedures and processes to prepare for crisis and catastrophic scenarios, particularly through developing emergency, contingency and recovery plans.

The Telecommunications business continued the development of the business continuity plans, namely the evaluation of additional resilience strategies for the network platforms and development of plans for the evolution of the disaster recovery solution for information systems. Core functions were identified that might be single points of failure and resilience and contingency procedures were implemented in order to mitigate these risks. The development of sustainable maintenance for business continuity procedures was begun in the different business functions.

7.6.5. Pandemic Flue Risk (H1N1)

In 2008, in all Sonae companies and businesses, a project was begun with the objective of preparing and testing business continuity plans to deal with the pandemic flue threat.

In April 2009, as a consequence of an intense outbreak of the new virus H1N1 that reached the highest level on the WHO pandemic scale, the different businesses project teams were reactivated with a view to adapting existing business continuity plans to the new pandemic reality and to prepare the activation of response plans.

In each business, the response plans were adapted to the different phases of the pandemic, and actions were developed in 3 key areas:

- Employees protection;
- Communication/Media;
- Business Continuity.

Several protocols were established with local health authorities and other public entities to share information and experiences.

Examples of actions that were implemented by the different business units were the development of a remote access solution that allows key employees to work at their homes and the activation of Health and Safety measures, such as travel procedures, the strengthening of hygiene and cleanliness measures and the promotion of good personal preventive practices.

7.6.6. Environmental risks

In the area of environmental risks, several environmental certifications have been obtained, audits continued and improvement actions were implemented as part of Sonae's Environmental Management Systems.

Sonae Sierra's Environmental Management System (EMS) covers these risks for all company activities, including procurement, construction and the operation of Shopping Centres.

In 2009, in addition to having had the corporate EMS re-certified in accordance with the ISO 14001 standard by *Lloyds Register Quality Assurance*, 39 shopping centres (out of a total of 51) have individually already won the same certification (4 of which in 2009). In the development phase, 17 construction projects won individual ISO 14001 certification. At Sonae Sierra, the Environmental Management System has enabled performance of Shopping Centres to be improved over the last few years.

Sonae Distribuição won certification for its corporate Environmental Management System in 2007 according to the ISO 14001 standard through *Lloyds Register Quality Assurance*. This program, among others factors, enables day to day environmental risks of the company's business to be managed.. In addition and during 2009, Sonae has continued its programme of environmental certification of its operational units, closing the year with 14 premises certified (3 Continente, 7 Modelo, 1 Worten and 3 Warehouses).

7.6.7. Change Project Risks

Risks associated with critical business processes and major change projects, especially new processes and information system changes, were analysed and monitored, both as part of Risk Management work as well as Internal Audit activity.

7.6.8. Insurable risks

In relation to the transfer of insurable risks (technical and operational), the objective of rationalizing the financial transfer of these types of risk continued, either by searching to establish a sound insurance capital structure for the capital sums at risk, based on the constant changes in the businesses involved, or by reaching even greater critical mass for the kinds of risks involved. Insurance coverage and retention levels have also been optimized in accordance with the needs of each business, ensuring internally effective insurance management worldwide, using Sonae Re, Sonae's captive re-insurer, and Brokers Link, Sonae's insurance brokerage network, coordinated by MDS, Sonae's insurance consultants.

7.6.9. Food safety risks

In Retail, and as a result of the actions from the reorganization project begun in previous years, a programme of food safety audits was implemented and consolidated in stores, e-commerce, warehouses and production centres, the main result of which was to arrive at and report the main conclusions for the company and identify corrective actions. This audit programme has the goal of monitoring food safety risks in a systematic way, and also complying with legal regulations and the internal control system for food safety. Since the program was launched in 2003, the average number of findings per audit has decreased 45%, and, what is more important, the average number of critical findings has fallen by 60%.

7.6.10. Information Systems Risks

Sonae's Information Systems are characterized as being broad ranging, distributed and heterogeneous. From the information security point of view, several risk reduction actions have been developed to ensure the availability and integrity of information, including: the development of Business Continuity Plans; carrying out back-ups offsite; implementing high availability systems and network infrastructure redundancy, verifying and controlling the quality of flows between applications; managing accesses and profiles, and implementing anti-virus software.

7.6.11. Financial risks

Sonae is exposed to a variety of financial risks related to its business activities, including interest rate risk, foreign currency risks, liquidity risk, and credit risks (described and analyzed in detail in the Appendix to Sonae's Annual Management Report and Consolidated Accounts). Due to the varied nature of the different Sonae businesses, exposure to these risks may vary from business to business, and thus there is no single risk management policy covering all activities of the company. Instead, when appropriate, individual risk policies are developed for each sub-holding. Sonae is also exposed to debt and equity markets fluctuations. During 2009, and in order to minimize potential adverse effects of the volatility of financial markets, in addition to individual policies to manage each identified financial risk and control mechanisms to identify and quantify such exposures, Sonae's

sub-holdings have also used derivative instruments to hedge certain exposures related to their operating business. Financial risk policies are approved by each Board at business level and exposures are identified and monitored by each sub-holding's Financial & Treasury Department. Exposures are also monitored by the Finance Committee, at which a consolidated exposure analysis is reviewed and reported on a monthly basis, and guidelines for risk management policies are defined and regularly reviewed.

The system implemented thus ensures that at any moment the appropriate policies for managing financial risk are adopted so that there is no adverse impact on Sonae's strategic objectives.

Sonae's position in relation to financial risks is conservative and cautious, and when derivative instruments are used to hedge certain exposures related to its operating business, Sonae follows a policy of not entering into derivatives or other financial instrument arrangements that are unrelated to its operating business and have speculative purposes.

7.6.12. Legal Risks

Sonae and its subsidiaries have the support of legal and tax departments permanently dedicated to the respective businesses and under management's supervision, and exercising their competencies in interaction with other functions and departments, in order to pre-emptively ensure the protection of Sonae's interests in compliance with its legal obligations and best corporate governance practices.

The teams in these departments have specialized training and participate in in-house and external training courses to update their knowledge.

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

The Company's more relevant pending litigation is identified in the Appendix to Sonae's Annual Management Report and Consolidated Accounts.

7.7. Disclosure of Financial Information

All those involved in the financial analysis of the Company are part of the list of people with access to privileged information, and are particularly aware of their obligations, as well as of the penalties arising from the misuse of inside information.

The internal rules applicable to the disclosure of financial information aim to ensure its timely disclosure and prevent asymmetric access to information by the market.

8 Whistle blowing procedures

Sonae's values and principles are widely spread and rooted in its culture, and form the basis of its actions founded upon principles of absolute respect and awareness for the rules of good conduct in the management of conflicts of interest and duties of diligence and confidentiality in dealings with third parties. The Company's values and principles can be consulted at - www.sonae.pt (tab Sonae, Values and Mission section).

Code of Conduct

The Board of Directors approved a Code of Conduct in 2009, which, in accordance with Sonae's principles and values, establishes rules of conduct to be complied with by its directors and employees in carrying out their duties.

The Code of Conduct is available at www.sonae.pt (tab Investors, Corporate Governance section).

Internal regulations covering conflicts of interest, business gifts and related party transactions have also been approved.

Whistle blowing policy

The Company has a policy and process for communicating internal irregularities, which sets out procedures to efficiently and fairly respond to alleged irregularities reported, including:

- (i) Anyone wishing to communicate any irregularity believed or known to have been committed by any of the Company's members of staff, must address a letter or an e-mail containing a summary description of the facts to the Ombudsman. The identity of the whistle blower will be kept anonymous, if explicitly requested;
- (ii) The letter will be analysed by the Ombudsman and, if he/she finds grounds for the irregularity reported, measures will be taken, as deemed appropriate.
- (iii) The Ombudsman gives a summary of all irregularities to the Board of Directors each quarter. This information is also sent to the Executive Committee and to the Statutory Audit Board.

All the irregularities reported directly to the Statutory Audit Board are immediately passed on to its Chairman.

The Company's whistle blowing policy is described in Sonae's Code of Conduct available at www.sonae.pt (tab Investors, Corporate Governance section).

Ombudsman

The Company provides, through its website (www.sonae.pt – Contacts section), employees and the general public with direct access to its Ombudsman, who reports directly to the Chairman of the Board of Directors. This has proved to be an effective means of facilitating the report of complaints, to make sure that independence and freedom of opinion are guaranteed and that all issues are treated equally and fairly.

In 2009, the Ombudsman received 2,712 complaints, mainly from customers (97% of total complaints received), compared to 3,425 complaints in 2008. The average response time was 13 days, compared to 21 days in 2008.

9 Information

9.1. Share capital structure

The Company's share capital is of €2.000.000.000, fully subscribed and paid up, divided into 2.000.000.000 ordinary shares, each with a nominal value of one euro.

9.2. Qualified shareholdings

As at the end of 2009, and based on notifications received, shares held by companies owning more than 2% of Sonae's share capital were as follows:

SHAREHOLDER	# SHARES	% SHARE CAPITAL
Efanor Investimentos	1,061,515	53.0%
Banco BPI	178,040	8.9%
Fundação Berardo	49,850	2.5%
BestInver	41,200	2.1%

9.3. Shareholders special rights

The Company does not have any shareholders holding any special rights.

9.4. Restrictions on the transfer and ownership of shares

The Company's shares do not have any restrictions on the transfer or ownership of shares.

9.5. Shareholders' agreements

The Board of Directors has no knowledge of any special rights or agreements involving the Company's shareholders.

9.6. Defensive measures in case of change of shareholder control

There are no defensive measures in place.

9.7. Agreements with ownership clauses

No agreements made by the Company exist, which contain clauses with the purpose of setting up defensive measures against changes in shareholder control.

The majority of the share capital of the Company is owned by one shareholder.

The shareholders' agreement between Sonae and Grosvenor Group Limited (Grosvenor), in relation to Sonae Sierra, SGPS, SA, gives Grosvenor the power to terminate the agreement, in the case of a change of control of Sonae, but only in the particular and exclusive situation of the Company ceasing to be directly or indirectly owned by its present reference shareholder or any of his relatives.

This clause applies in the same way should a change of control occurs in Grosvenor.

The effects of terminating the agreement include the exercise of a call option, the sharing of assets or sale of the company Sonae Sierra, SGPS, SA.

9.8. Rules applicable in the case of changes to the Company's Articles of Association

Amendments to the Company's Articles of Association follow the terms set out in the Portuguese Companies Act, requiring a majority of two thirds of the votes cast for such a resolution to be approved at a Shareholders' General Meeting.

For a Shareholders' General Meeting to be held, the Company's Articles of Association require that a minimum of 50% of the issued share capital should be present or represented at the meeting.

9.9. Control mechanisms for employee share ownership

Sonae does not have any control mechanism for employee ownership of Sonae shares.

9.10. Share price performance

Sonae shares are quoted on the Portuguese stock exchange, Euronext Lisbon, and are included in several indices, including the PSI 20, with a weighting of 2.7% and the Euronext 150, with a weighting of 1.0%, as at the end of December 2009. The table below shows the key indicators of Sonae's share performance.

	2007	2008	2009
ISIN CODE		PTSONoAM0001	
BLOOMERG CODE		SON PL	
REUTERS CODE		SONP.IN	
SHARE CAPITAL	2,000,000,000	2,000,000,000	2,000,000,000
CLOSING PRICE LAST TRADING DAY (EUROS)			
OF YEAR	1.98	0.44	0.87
YEAR HIGH	2.17	1.75	0.98
YEAR LOW	1.5	0.39	0.43
AVERAGE TRADING VOLUME PER DAY (SHARES)	15,004,151	12,971,220	7,861,992
AVERAGE TRADING VOLUME PER DAY (EUROS)	28,666,669	10,965,297	5,644,343
MARKET CAPITALIZATION 31 DECEMBER (EUROS)	3,960,000,000	880,000,000	1,740,000,000

Sonae shares ended the year quoted at 0.87 euros, reflecting a nominal gain of 98% during the year, which compares with a general stock market gain of 34%, as measured by the Portuguese Stock Market PSI 20 Index.

The following graph highlights the share price performance during 2009.



During the year, events with an impact on Sonae's share price were the following:

- (i) 18 March: Sonae disclosed its strategic objectives, changes in the management team and the reorganization of its business units;
- (ii) 18 March: Sonae announced full year 2008 results;

- (iii) 15 May: Sonae shares started trading ex-dividend relating to the year ending 31 December 2008;
- (iv) 20 May: Sonae paid a total ordinary dividend of 3 cents per share on 2008 earnings;
- (v) 20 May: Sonae announced first quarter results;
- (vi) 20 July: Sonae's investment management unit signed a strategic partnership agreement for its insurance brokerage area, with the Feffer family;
- (vii) 21 July: Sonae's retail division completed the refinancing of its medium and long term debt facilities, by contracting new medium and long term credit facilities;
- (viii) 25 August: Sonae announced its half-year results;
- (ix) 12 November: Sonae announced its third quarter results.

9.11. Dividend distribution policy

Following approval by shareholders at Shareholders' Annual General Meetings, the dividends distributed by Sonae over the past three financial years are as shown in the table below.

	2007 ⁽¹⁾	2008 ⁽¹⁾	2009 ⁽¹⁾
GROSS DIVIDEND PER SHARE (EUROS)	0.0300	0.0300	0.0315
DIVIDEND DISTRIBUTED (THOUSAND EUROS)	60,000	60,000	63,000
DIVIDEND YIELD (%)⁽²⁾	1.5%	6.9%	3.6%
PAYOUT RATIO (%)⁽³⁾	30.2%	37.7%	36.9%

⁽¹⁾ Year when the dividend is distributed; ⁽²⁾ Dividend yield = Dividend distributed / closing price as at 31 December;

⁽³⁾ Payout ratio = Dividend distributed / consolidated direct net profits attributable to the equity holders of Sonae.

In view of the net results for the financial year 2009, the Board of Directors will propose to the Shareholders' Annual General Meeting a gross dividend of 0.0315 euro per share. This dividend is equal to a dividend yield of 3.6% on the closing price as at 31 December, and to a payout ratio of 37% of consolidated direct net profits (excluding value created on investment properties) attributable to equity holders of Sonae.

9.12. Relevant transactions with related parties

Transactions with companies which are controlled, including wholly-owned, or with companies which control the Company, or with shareholders with qualified shareholdings, or with entities directly or indirectly controlled by the latter, or with the members of the Board of Directors, were made on an arms' length basis and are related to Sonae's normal business activity.

The Company did not have business dealings with any member of the Statutory Audit Board. The only transactions with the Statutory External Auditor were those related to their official duties as described in section 6.4.

9.13. Investor Relations Department

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

In strict compliance with law and regulations, the Company informs expeditiously its shareholders and the market of all relevant facts about its activities, avoiding delays between their occurrence and disclosure. The Company has fulfilled this commitment to the market over the years.

The department regularly prepares presentations to the financial community and communications covering the quarterly, half year and annual results, as well as issues announcements to the market whenever necessary, to disclose or clarify any relevant event that could influence the share price. In addition, on request, it provides clarification about the Company's activities, by answering questions sent by email or by taking phone calls.

Information is made publicly available on the Internet at the Portuguese Securities Market Commission site (www.cmvm.pt) and on the Company's own website (www.sonae.pt – tab Investors, Announcements section). The site provides not only the required information, as stipulated in article 4 of the CMVM Regulation no. 1/2007 (article 5 under new CMVM Regulation no. 1/2010), but also general information about Sonae, in addition to other information considered relevant, including:

- Announcements to the market on privileged information;
- Institutional presentation and other presentations of Sonae to the financial community;
- Quarterly, half yearly and annual results for the last two years;
- Sustainability Report;
- Corporate Governance Report;
- Names of managers responsible for investor relations as well as their contact details;
- The Company's share performance trends on the Portuguese Stock Exchange;
- Notice of Shareholders' Annual General Meetings;
- Proposals to the Shareholders' General Meetings;
- Annual financial calendar, including Shareholders' General Meetings and the dates of disclosure of annual, half yearly and quarterly results;

To further enhance effective communication with the capital market and guarantee the quality of information provided, the Investor Relations department organizes road shows covering the most important financial centres of Europe and United States, and participates in various conferences. Also, a wide variety of investors and analysts have the opportunity to talk to senior management in one-on-one meetings or conference calls.

Any interested party may contact the Investor Relations department:

Patrícia Mendes Pinheiro
Investor Relations Manager
Tel: (+351) 22 010 4794
Fax: (+351) 22 948 77 22
Email: patricia.mendes@sonae.pt / investor.relations@sonae.pt
Address: Lugar do Espido Via Norte 4471-909 Maia Portugal
Site: www.sonae.pt

Luzia Leonor Borges e Gomes Ferreira
Legal Representative for Relations with Capital Markets
Tel: (+351) 22 010 4794
Fax: (+351) 22 948 77 22
Email: investor.relations@sonae.pt
Address: Lugar do Espido Via Norte 4471-909 Maia Portugal

The Company believes that the procedures described above ensure permanent contact with the market and respect the principles of equal treatment of all shareholders and equal access to information for investors.

Appendix I

1. Board of Directors**1.1 Qualifications, experience and responsibilities****Belmiro Mendes de Azevedo****Date of Birth**

17 February 1938

Education

1963	Degree in in Chemical Engineering – Faculty of Engineering, University of Oporto
1965-1968	Teaching Assistant at the Oporto Faculty of Engineering in the following subjects: - “Industries” (Industrial Project) - “Industrial Organic Chemistry”
1973	PMD (Programme for Management Development) - Harvard Business School
1985	Financial Management Programme - Stanford University
1987	Strategic Management - Wharton University
1995	Global Strategy – University of California (Los Angeles)

Professional Experience

1963-1964	Technician in the textile industry, Empresa Fabril do Norte (EFANOR)
1965-1967	Research and Development Manager of Sonae
1967-1984	General Manager and Chief Executive of Sonae
1985-1988	CEO of Sonae Indústria e Investimentos, SA
1989	Founding member of the Institute for Business Studies (ISEE) - currently EGP-UPBS (University of Oporto Business School)
1989-1999	Chairman of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos SGPS, SA)
1995	Member of WBCSD – Order of Outstanding Contributors to Sustainable Development
1997	Member of the European Union Hong-Kong Business Cooperation Committee
1998	Member and current Chairman of INSEAD Portuguese Council
1999-2007	Chairman and CEO of Sonae SGPS, SA
Since 2000	Member of the International Advisory Board of Allianz AG
2001-2005	Member of Regional Advisory Board of London Business School
Since 2002	Member of the Management Board of Cotec Portugal
Since 2004	Member of European Roundtable of Industrialists
Since 2005	Member of European Advisory Board of Harvard Business School
Since 2005	Founding Member and Chairman of the Board of the Founders Council of the Manufacture Portugal Forum
Since 2007	Chairman of Sonae – SGPS, SA
Since 2008	Chairman of the General Council of EGP – University of Oporto Business School

José Manuel Neves Adelino**Date of Birth**

19 March 1954

Education

1976	Degree in Finance, Technical University of Lisbon
1981	DBA, Finance, Kent State University
1995	Member of staff Aggregation, Faculty of Economics, New University of Lisbon

Professional Experience

1978-1981	Teaching Fellow, Kent State University
1981-1986	Member of the Directive Council, Faculty of Economics, New University of Lisbon
1981-1995	Professor, Faculty of Economics, New University of Lisbon
1986-1989	Visiting Professor, Portuguese Catholic University
1987-1989	Visiting Professor, Bentley College
1988	Visiting Professor, ISEE
1990-1996	Dean, MBA Program and Executive Program, Faculty of Economics, New University of Lisbon
1992-1994	Member of the Board of Directors, BPA
1994-2002	Member of the Management Board of the Deposit Guarantee Fund
1999-2002	Dean, Faculty of Economics, New University of Lisbon
1999-2004	Member of the Global Advisory Board of Sonae SGPS, SA
2003-2006	Member of the Board, Chairman of the Audit Committee of EDP
2003-2006	Strategy Advisory Board of PT
2003-2007	Chairman of the Board of Shareholders' Meeting of PT PRO
2004-2007	Member of the Investment Committee of PT Previsão
2003-2007	Member of the Remuneration Committee of Sonae SGPS, SA

Álvaro Cuervo Garcia**Date of Birth**

30 May 1942

Education

1971	PhD in Economics - Madrid University
1973	M.S. in Statistics - Madrid University
1975	M.S. in Industrial Psychology - Madrid University

Professional Experience

1975	Professor of Business Economics at Madrid Complutense University
1997-2006	Member of the Academic Council of the Real Colegio Complutense of Harvard University
Since 1997	Member of the Board of Directors of ACS, SA
Since 2004	Member of the Board of Directors of Sonae Indústria, SGPS, SA
2004	Editor in Chief of Universia Business Review
2006	Member of the Board of Directors of Bolsas y Mercados Españoles
2007	Associate Editor of Globalization, Competitiveness and Governability Member of the scientific and advisory committee of several newspapers Author of several books and numerous articles published in Spanish and foreign newspapers

Michel Marie Bon**Date of Birth**

5 July 1943

Education

1966	University Degree in Business Administration - ESSEC
1971	Graduation from the École Nationale d'Administration
1986	Stanford Executive Program – Stanford University

Professional Experience

1971-1975	Tax Inspector at the French Ministry of Finance and Budget
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1975-1985	Chief Credit Officer, and later Deputy CEO of Caisse Nationale de Crédit Agricole (Bank)
1985-1992	Deputy CEO, later CEO and Chairman of the Board of Directors of Carrefour (Retail)
1993-1995	Chairman of the Agence Nationale Pour l'Emploi (French State agency for employment)
1995-2002	Chairman and CEO of France Telecom
1998-2002	Co-chairman of the French American Business Council
2003-2005	Chairman of Institut Pasteur
Since 1984	Director of Institut Pierre Mendès France
Since 1988	Director of the French American Foundation
Since 1994	Founder and Director of Transparency International (France)
Since 1998	Chairman of the Supervisory Board of Les Editions du Cerf
Since 2006	Chairman of the Supervisory Board of Devoteam
Since 2006	Senior Advisor to Roland Berger
Since 2008	Chairman of Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (FNEGE)

Bernd Hubert Joachim Bothe

Date of Birth

20 May 1944

Education

1966-1968	Business Management – Trade and Industry Faculty, Cologne, Germany
1968	Diploma – Betriebswirt with distinction

Professional Experience

1963-1966	Bank Für Gemeinwirtschaft Ag, Germany
1963-1965	Apprenticeship period, Cologne
1965-1966	Commercial Bank Clerk, Cologne
1968-1970	Pintsch Bamag Ag (Thyssen--Bornemisza-Group), GERMANY Deputy Manager Staff member Corporate Planning
1970-1973	MDS – Deutschland GmbH, Germany (American multinational company in IT)
1970	Assistant Controller and Deputy Manager Finance, Accounting and Administration, Cologne
1971-1973	Controller and Treasurer, Cologne
1973-1988	Kienbaum Consulting Group, Germany
1973-1974	Controller and Senior Executive Manager
1974-1975	Deputy Member of the Management Board, Düsseldorf
1975-1979	Member of the Management Board – Head of the Personnel Department, Consulting, Düsseldorf
1979-1980	Member of the Management Board – Management Consulting Department, Düsseldorf
1980-1983	Deputy Chairman of the Management Board – Managing Partner
1983-1988	Chairman of the Management Board Deputy Chairman of the Management Board of the Central Management Board (Holding)
1988-1992	Kaufhof Holding Ag, Germany
1988-1989	Member of the Executive Board of Directors, Cologne
1989-1992	Deputy Member of the Executive Board of Directors, Cologne
1992	Member of the Executive Board of Directors, Cologne In charge of the Mail Order Division, responsible for IT, Logistics, HR
1992-2002	Metro Ag, Germany
1992-1993	Member of the Management Board, Metro International Management AG, Baar, Switzerland Operations Manager

1993-1997	President of the Management Board, Metro International Management AG, Baar, Switzerland
1997-1998	Chairman of the Executive Board of Directors, Metro International Management AG, Germany
1998-2002	Chairman of the Executive Board of Directors Chief Operating Officer for Central Europe Metro Cash & Carry GmbH In charge of the Cash & Carry Division, Marketing Corporate Planning, Merchandising, Operations, Public Relations, Construction & Fixtures/Fittings, Internal Audit
2002-2007	Member Supervisory Board Gardena, AG, Ulm
2004-2007	Member Supervisory Board Lekkerland-Tobacco Land GmbH & Co. KG, Frechen (A leading convenience store company)
2002-2008	Droege & Comp.GmbH, Germany International Consultant Managing Director, Düsseldorf Head of Competence Center Consumer Goods & Retail Head of Competence Center Eastern Europe, Düsseldorf
2002-2009	President Verwaltungsrat Charles Vögele Holding AG, Pfäffikon SZ, Switzerland (A fashion retailer)

Christine Cross

Date of Birth

13 June 1951

Education

1973	B.Ed. (Distinction), Food Science and Nutrition, Newcastle University
1983	MSc in Food Science (Distinction), University of Reading
1990	Open University (OU) - Diploma in Management Studies

Professional Experience

1975-1978	Edinburgh University - Lecturer in Food and Nutrition
1979-1985	Bath SPA University College – Senior Lecturer
1985-1989	Bath SPA University College – Principal Lecturer and Director of BSc (Hons) Programme
1989-2003	Tesco PLC
1989-1990	Head of Consumer Services
1990-1994	Divisional Director, Technical Services
1994-1997	Commercial Director
1998-2002	World Non Food Retail Procurement Director
2002-2003	Group Business Development Director
1997-2003	Visiting Professor, University of Ulster, Consumer Studies
2002-2005	Non Executive Director George Wimpey, plc
2005-2006	Non Executive Director Fairmont Hotels Inc
2006-2007	Retail Consultant PWC Transaction Services

Duarte Paulo Teixeira de Azevedo

Date of Birth

31 December 1965

Education

1986	Degree in Chemical Engineering – Federal Polytechnic School of Lausanne
1989	Master in Business Administration – EGP-UPBS

Executive Education

1994	Executive Retailing Program – Babson College
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1996	Strategic Uses of Information Technology Program – Stanford Business School
2002	IMD – Breakthrough Program for Senior Executives - Lausanne
2008	Proteus Programme – London Business School
Professional Experience	
1988-1990	Analyst and Project manager of new investments at Sonae Tecnologias de Informação
1990-1993	Organizational Development project manager and New businesses Commercial Manager for Portugal at Sonae Indústria (Wood Based Panels)
1993-1996	Head of Strategic Planning and Control and Organizational Development of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos SGPS, SA)
1996-1998	Executive Board Director of Merchandising, IT and Marketing of Modelo Continente Hipermercados (Retail)
1998-2000	CEO of Optimus (Mobile Operator)
1998-2007	Executive Director of Sonae – SGPS, SA
2000-2007	CEO of Sonaecom, SGPS, SA
2001-2002	Chairman of Apritel - Association of Electronic Telecommunication Companies
2001-2008	Member of the Supervisory Board of EGP - UPBS
2002-2008	Chairman of the Supervisory Board of Público Comunicação Social, SA
2003	Co-author of the book "Reforming Portugal"(Reformar Portugal)
2003-2007	Chairman of the Supervisory Board of Glunz, AG
2004-2007	Chairman of the Board of Directors of Tafisa, SA

Álvaro Carmona e Costa Portela

Date of Birth

4 July 1951

Education

1974	University Degree in Mechanical Engineering – Faculty of Engineering of Oporto University
1983	Master in Business Administration – MBA (New University of Lisbon)
1997	AMP / ISMP - Harvard Business School

Professional Experience

1972-1979	Director and later Chairman of Laboratórios BIAL (Pharmaceutical Industry)
1974-1977	Lecturer, Department of Mechanics – Oporto University
1979-1985	Executive Director of Finance, Planning, and Exports at COPAM - Companhia Portuguesa de Amidos, SA (Maize derivatives industry)
1985-1986	Deputy Manager and later General Manager of Módis (Logistics and Retail Procurement at Sonae Distribuição, SGPS, SA (currently Sonae Investimentos SGPS, SA))
1986-1991 e 2006	Managing Director, later CEO and later Chairman and since 2006, Non-Executive Director of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos SGPS, SA)
1990	CEO of Sonae Sierra, SGPS, SA
1992	Member of the Board of Chairmen and later of the Sonae Group's Coordination Council and since 1999 Executive Director and Vice-Chairman of Sonae SGPS
1996-2001	Member of ICSC Europe Awards Jury
1999-2002	Co-founder and Director of EPRA- European Public Real Estate Association
2004-2009	Member of International Advisory Board of Eurohypo
2005-2008	Trustee of the International Council of Shopping Centres
2008	Fellow of the Royal Institute of Chartered Surveyors

Ângelo Gabriel Ribeirinho dos Santos Paupério**Date of Birth**

14 September 1959

Education

1982 Graduate in Civil Engineering - FEUP

1988-1989 Master in Business Administration-MBA(ISEE)

Professional Experience

1982-1984 Structural Design Project Manager at Tecnopor (Civil Engineering)

1984-1989 Manager at EDP (Energy)

1989-1991 Leader of the Television Project Team at Sonae Tecnologias de Informação

1991-1994 Head of Planning and Control at Sonae Distribuição SGPS, SA (currently Sonae Investimentos SGPS, SA)

1994-1996 Director of several of Sonae Distribuição SGPS, SA (currently Sonae Investimentos SGPS, SA)'s affiliates (Retail)

1996-2007 CFO of Sonae Distribuição SGPS, SA (currently Sonae Investimentos SGPS, SA) and Director of Modelo Continente, SGPS, SA and several of its affiliates (Retail)

1996-2007 Executive Vice President and CFO of Sonae - SGPS, SA, Executive Director of Sonae Capital, SGPS, SA and Chairman of the Finance Committee of Sonae - SGPS, SA

2004-2009 Director and later Chairman of the Board of Directors of MDS – Corretor de Seguros, SA

2009 Chairman of the Board of Directors of MDS Consulting, SA

Nuno Manuel Moniz Trigoso Jordão**Date of Birth**

27 April 1956

Education

1978 Graduate in Economics ISCTE (New University of Lisbon)

Professional Experience

1980-1986 Pingo Doce Supermercados, SA – Career in Store Operations

1986- 1987 Hipermercados Continente, SA - Hypermarket Manager

1988-1989 Hipermercados Continente, SA - General Manager

Since 1990 Executive Board Member of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos – SGPS, SA)

Since 1991 CEO of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos – SGPS, SA)

Since 1999 Executive Director of Sonae, SGPS, SA

1.2 Offices held in other companies**Belmiro Mendes de Azevedo****Offices held in other companies within Sonae:**

None

Offices held in other companies outside Sonae:

Chairman of Sonae Indústria SGPS, SA

Chairman and CEO of Sonae Capital, SGPS, SA

Chairman of SC - SGPS, SA

Chairman of SPRED - SGPS, SA

Chairman and CEO of Efanor Investimentos, SGPS, SA

Sole Director of BA – Business Angels, SGPS, SA

Chairman of Casa Agrícola de Ambrães, SA

Chairman of Praça Foz – Soc. Imobiliária, SA

Chairman of Setimanale, SGPS, SA

José Manuel Neves Adelino

Offices held in other companies within Sonae:

None

Offices held in other companies outside Sonae:

Full time Professor of Finance, Faculdade de Economia, Universidade Nova de Lisboa

Visiting Professor, Bentley College

Member of the Statutory Audit Board at Banco BPI

Member of the Investment Committee of the Caravela Fund

Member of Investment Committee of Portugal VC Initiative (EIF)

Álvaro Cuervo Garcia

Offices held in other companies within Sonae:

None

Offices held in other companies outside Sonae:

Editor in Chief of Universia Business Review

Member of the Board of Directors of Sonae Indústria SGPS, SA

Member of the Board of Directors of ACS, SA

Member of the Board of Directors of Bolsas y Mercados Españoles

Michel Marie Bon

Offices held in other companies within Sonae:

None

Offices held in other companies outside Sonae:

Member of the Board of Directors of Provimi

Member of the Board of Directors of Compagnie Européenne de Téléphonie

Member of the Board of Directors of Lafarge (Cements)

Member of the Board of Directors of Sonepar (Electrical supply retail)

Chairman of the Supervisory Board of Editions du Cerf (Book Publisher)

Member of the Board of Directors of Myriad (High Technologies)

Senior Advisor to Vermeer (Investment Fund)

Senior Advisor to Roland Berger (Strategy Consulting)

Chairman of the Supervisory Board of Devoteam (Information Technologies)

Bernd Hubert Joachim Bothe

Offices held in other companies within Sonae:

None

Offices held in other companies outside Sonae:

Horn & Company GmbH, GERMANY

International Management Consultants

Head of Competence Center Consumer Good & Retail

Partner, Düsseldorf

Senior Advisory IK Investment Partners (former Industri Kapital) Stockholm Schweden (A Swedish private equity company)

Member of the Supervisory Board Spar Österreichische Warenhandelsgesellschaft AG, Salzburg AU (A dominant supermarket chain in Austria, also owning shopping centers)

Vice Chairman of the Supervisory Board H & E Reinert Group, Versmold (A Germany food company)

Member of the Supervisory Board of Basler Fashion Holding GmbH, Goldbach D (A German based fashion and retail company)

Christine Cross

Offices held in other companies within Sonae:

None

Offices held in other companies outside Sonae:

Non Executive Director (Nominations and Remunerations Committee Member) of Sobeys Inc, Canada

Advisor to the Board of DCS Europe

Non Executive Director (Audit, Nominations and Remunerations Committee member) Next plc

Retail Advisor Apax Private Equity

Retail Advisor Warburg Pincus Private Equity

Chief Retail Advisor, PWC

CHRISTINE CROSS LTD - Independent advisor in retail management

Duarte Paulo Teixeira de Azevedo

Offices held in other companies within Sonae:

Chairman of Sonae Distribuição, SGPS, S.A. (presently Sonae Investimentos SGPS, SA)

Chairman of Sonaegest, Investment Funds Management Company, SA

Member of the Board of Directors of companies owned by Sonae Investimentos - SGPS, SA (these companies are listed in the Notes to the Consolidated Financial Statements)

Chairman of Sonaecom, SGPS, S.A.

Chairman of Sonae Sierra, SGPS, S.A.

Chairman of MDS, SGPS, SA

Offices held in other companies outside Sonae:

Chairman of Migracom, SGPS, S.A.

Executive Director of Efanor Investimentos, SGPS, S.A.

Executive Director of Imparfin, SGPS, S.A.

Non-Executive Director of Sonae Indústria, SGPS, SA

Member of APGEI (Portuguese Association of Industrial Engineering and Management)

Member of the Supervisory Board of AEP – Portuguese Entrepreneurship Association

Member of the Advisory Board “Commitment Portugal” (Compromisso Portugal)

Member of the European Round Table of Industrialists (ERT)

Álvaro Carmona e Costa Portela

Offices held in other companies within Sonae:

CEO of Sonae Sierra, SGPS, SA

Non-Executive Director of Sonae Distribuição, SGPS, S.A. (presently Sonae Investimentos SGPS, SA)

Chairman of the Board of Directors or director of companies owned by Sonae Sierra, SGPS, SA (these companies are listed in the Notes to the Consolidated Financial Statements)

Offices held in other companies outside Sonae:

Fellow, Royal Institute of Chartered Surveyors

Non-Executive Director of CADE – Companhia Agrícola de Desenvolvimento, SA

Non-Executive Director of SOVICAR – Investimentos Agro-Turísticos, SA

Director of Portela & Portela, Lda

Ângelo Gabriel Ribeirinho dos Santos Paupério

Offices held in other companies within Sonae:

CEO of Sonaecom, SGPS, SA

Chairman of Sonaecom - Serviços de Comunicações, SA

Chairman of Sonaecom - Sistemas de Informação, SGPS, SA

Chairman of Sonae Telecom, SGPS, SA

Chairman of BE ARTIS – Conceção, Construção e Gestão de Redes de Comunicações, SA

Chairman of WeDo Consulting - Sistemas de Informação, SA

Chairman of Público - Comunicação Social, SA

Non-executive Director of Cooper Gay (Holdings) Limited

Director of Sonae Investments, BV

Director of Sontel BV

Director of MDS SGPS, SA

Non-executive Director of Sonae Distribuição SGPS, SA (presently Sonae Investimentos SGPS, SA)

Non-executive Director of Sonae Sierra, SGPS, SA

Offices held in other companies outside Sonae:

Board member of APGEI (Portuguese Association of Engineering and Management)

Executive Director of Lapidar, SGPS, SA

Executive Director of Love Letters – Galeria de Arte, SA

Sole Director of Enxomil, SGPS, SA

Sole Director of Enxomil, Sociedade Imobiliária, SA

Nuno Manuel Moniz Trigo Jordão

Offices held in other companies within Sonae:

CEO of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos – SGPS, SA)

Chairman or Member of the Board of Directors of most companies controlled by or majority owned by Sonae Investimentos - SGPS, SA (these companies are listed in the Notes to the Consolidated Financial Statements).

Offices held in other companies outside Sonae:

None

2. Statutory Audit Board

2.1 Qualifications and experience of the members

Daniel Bessa Fernandes Coelho

Date of Birth

6 May 1948

Education

1970	Degree in Economics – University of Oporto
1986	Phd in Economics – Lisbon Technical University

Professional Experience

Since 1970	Teacher at the University of Oporto
1970-1999	Teacher at the University of Oporto
1970-1999	- Faculty of Economics
1988-2000	- ISEE (Institute for Entrepreneurship Studies)
1989-2002	- Faculty of Engineering

2000-2008	- EGP – Oporto Management School
2008-2009	- EGP – University of Oporto Business School
2009	- Faculty of Economics
1978-1979	Dean of the Faculty of Economics of the University of Oporto
1989-1990	Chairman of the Founding Committee of the Technology and Management School of the Viana do Castelo Polytechnic Institute
1990-1995	Vice-Dean for the Financial Management Guidance of the University of Oporto
1996-2000	Executive Director at AURN – Northern Universities Association
2000-2008	Dean of EGP – Oporto Management School
2008-2009	Dean of EGP – University of Oporto Business School
1992-1995	Spokesman of the Socialist Party for economic and financial issues
1995	Elected Deputy for the National Assembly
1995-1996	Economics Minister of the Portuguese Government
2003-2004	Coordinator of the technical preparation of the Program of the Ministries of Economy, Social Welfare and Labour of the Portuguese Government for the Recovery of Underdeveloped Areas and Sectors
2008-2009	Dean of EGP – University of Oporto Business School
1996-2006	Non-Executive Director of CELBI – Celulose Beira Industrial
1997-1999	Non-Executive Director of INPARSA – Indústrias e Participações, SGPS, SA
1997-2000	Executive Director of Finibanco, SA
1997-2007	Chairman of the Statutory Audit Board of SPGM – Investment Company
1999-2002	Chairman of the Board of the Shareholder's General Meeting of APDL –Management of Douro and Leixões Ports
2007-2010	Member of the Board of Directors of the Agency for Investment and External Commerce of Portugal - AICEP, E.P.E.
2000-2010	Chairman of the Advisory Board of IGFCSS – Portuguese Institute for Welfare Funds Management
2001-2003	Advisory member of the Consulting council of Electric and Telephone Conductors Industries F. Cunha Barros, SA
2003-2010	Member of the Board of Directors of Bial Foundation
2005-2010	Chairman of the Studies Office of OTC – Association of Official Account Auditors (former CTOC – Chamber of Official Account Auditors)
2009-2010	General manager of COTEC Portugal – Portuguese Industry Association for Innovation
1983-2010	Freelance Economist
1988-2010	Author of "Portugues Inflation Process 1945-1980" (Processo Inflacionário Português 1945-1980), and of numerous articles published in several magazines such as Análise Social, Cadernos de Ciências Sociais, Cadernos de Economia, Estudos de Economia, Indústria. Revista de Empresários e Negócios, Pensamiento Iberoamericano – Revista de Economia Política, Praxis e Revista Crítica de Ciências Sociais

Arlindo Dias Duarte Silva

Date of Birth

27 October 1936

Education

1963 Graduate in Economics – University of Oporto

Professional Experience

1960-1963 Teacher at the Commerce and Industry School

1963-1968 Career in banking

1968-1971 Mandatory Military Service including in Angola (interruption of banking career)

1976-1979 Restarted banking career – Assistant Manager of BPA Bank since 1976

Since 1979 External Auditor certified by the Portuguese Association of Auditors, carrying out this work both as a partner of the Statutory Auditors Company, or freelance

Since 1979	Statutory External Auditor, member of the Audit Board and Sole Auditor in several companies such as Banco Universo, União Portuguesa de Bancos, Orbitur – Intercâmbio de Turismo, ATPS – SGPS, SA, MDS – Corretor de Seguros, SA, Imoarea – Sociedade Imobiliária, SA, and Contacto – SGPS, SA.
1989-1992	Member of the General Council of the Portuguese Association of Auditors
1992-1995	Member of the Managing Board of the Portuguese Association of Auditors
1995-1997	Vice-President of the Managing Board of the Portuguese Association of Auditors

Jorge Manuel Felizes Morgado

Date of Birth

6 June 1955

Education

Graduate in Management – ISEG – Universidade Técnica de Lisboa

MBA in Finance – IEDE Madrid

MBA in Management and Information Systems – Management and Economics Faculty – Universidade Católica

Certified External Auditor no. 775

Professional Experience

1980-1989 Assistant and Audit Manager at Coopers & Lybrand

1989-1991 Responsible for the Internal Audit and Management Control at Coelima Group

1991-2004 Partner at Deloitte – member of the Statutory Audit Board and External Auditor of several companies; responsible for consultancy in the northern Portuguese region and for corporate finance in Portugal, since 2001

Since 2004 External Auditor of several national and international companies, and partner of Horwarth Parsus – Consultoria e Gestão, Lda

MBA Teacher at the European University

Consultant to several companies such as Bolsa de Valores, Grupo Somelos, Hedva (Czech Republic), BAI (Angola), Vaz Pinheiro Group, Siemens, Corticeira Amorim

2.2 Offices held in other companies

Daniel Bessa Fernandes Coelho

Offices held in other companies within Sonae:

None

Offices held in other companies outside Sonae:

Executive Director of Finibanco Holding, SGPS, SA

Non-Executive Director of Efacec Capital, SGPS, SA

Chairman of Statutory Audit Board at Galp Energia, SGPS, SA

Chairman of Statutory Audit Board at Bial – Portela e Companhia, SA

Arlindo Dias Duarte Silva

Offices held in other companies within Sonae:

Member of the Statutory Audit Board at Sonaecom SGPS, SA

Member of the Statutory Audit Board at Sonae Investimentos SGPS SA (formerly known as Sonae Distribuição – SGPS, SA)

Offices held in other companies outside Sonae:

External auditor at DMJB – Consultoria de Gestão, SA

External auditor at Orbirio – Imobiliário e Empreendimentos Turísticos, SA

External auditor at Loisir – Equipamentos de Diversão e Ocupação de Tempos Livres, SA

Member of the Statutory Audit Board at Rochinvest – Investimentos Imobiliários e Turísticos, SA

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

Member of the Statutory Audit Board at Centro Social e Paroquial Padre Ângelo Ferreira Pinto

Member of the Statutory Audit Board at Associação de Apoio Social de Perafita

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

Member of the Statutory Audit Board at Liga dos Amigos do Hospital Pedro Hispano

Jorge Manuel Felizes Morgado

Offices held in other companies within Sonae:

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

Offices held in other companies outside Sonae:

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

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

External Auditor at Vadeca Equipamentos, SA

External Auditor at GRIN – Gestão de Resíduos Urb. e Ind., SA

External Auditor at Vadeca Imobiliária, SA

External Auditor at Sucitesa Portugal, SA

External Auditor at Vadeca Org. e Gestão, SA

External Auditor at Vadeca Serviços – Limpeza Industrial, SA

External Auditor at Vadeca Jardins, SA

External Auditor at Vadeca Ambiente – Preservação e Controlo, SA

External Auditor at Vadeca Química – Higiene Profissional, SA

External Auditor at Vadeca Manutenção – Serviços Integrados, SA

External Auditor at E3C – Comunicação e Eventos, SA

External Auditor at Timeloft, SA

External Auditor at Valorinveste – Soc. Invest. Imob., SA

External Auditor at Jofabo – Construção e Imobiliária, SA

External Auditor at Polibrás – Polimentos e Abrasivos, SA

External Auditor at Know it – Soluções Formação Tecnologia, SA

External Auditor at J. Medeiros, SGPS, SA

External Auditor at Tratobem – Administ., CMP, VND, IMOV., SA

External Auditor at Hidroeléctrica S. Pedro, SA

External Auditor at Hidroeléctrica S. Nicolau, SA

External Auditor at JIZ – Arquitectura de Interiores e Pub., SA

External Auditor at Cortwoo - Marketing, SA

External Auditor at Mindegames–Sociedade de Comunicação, Produções Audiovisuais e Futebol, SA

External Auditor at FeedWater - Tubos, SA

External Auditor at SkyWorld, SA

External Auditor at Vincos Válvulas, SA

External Auditor at Blue Share, SA

External Auditor at VNG – Gestão, Consultoria e Gestão, SA

External Auditor at PM. IQS – Projecto, Gestão e Supervisão, SA

External Auditor at Imoguedes – Imobiliária e Engenharia, SA

External Auditor at Indinvest – Investimentos, SGPS, SA

External Auditor at Construções Fernando Guedes II, SA

External Auditor at Silvil, SA

External Auditor at Sivil, SGPS, SA

External Auditor at Praianorte – Hotelaria e Turismo, SA

External Auditor at Companhia das Pastas – Empreendimentos e Investimentos Hoteleiros, SA

External Auditor at PREC – Projectos de Engenharia e Construções, SA

External Auditor at PlanoPharma - Gestão de Farmacias, SA

Appendix II

CMVM Regulation no. 1/2007	Report Reference
Chapter o Compliance Statement	
o.1. Location where the public may find the Corporate Governance Codes to which the issuer is subject or those which the issuer voluntarily abides by, if applicable.	o.1
o.2. A detailed list of recommendations that have or have not been adopted, which are set out in the CMVM Corporate Governance Code. For these purposes, recommendations that are not comprehensively followed are deemed not to be adopted.	o.2 and o.3
o.3. When the corporate governance structure or practices differ from the CMVM's Recommendations or other Corporate Governance Codes to which the company is subject or has voluntarily acceded, the company shall explain which parts of each Code that have not been complied with.	o.3
o.4. The statutory governing body of the relevant commission should assess the independence of each of its members and justify to the shareholders, through statement included in the company's corporate governance report, its assessment, either at the member's appointment or when a supervening circumstance determines the loss of independence.	o.4
Chapter I General Meeting	
I.1. Details of the members of the Presiding Board to the General Meeting.	5.1.2
I.2. Indication of the start and end dates of mandates.	5.1.2
I.3. Details of the remuneration of the Chairman of the Presiding Board to the General Meeting.	6.5
I.4. Indication of the prior notice required for the deposit or blocking of shares for participation in the General Meeting.	5.2.2
I.5. Indication of the rules for blocking shares in the event of the General Meeting being suspended.	5.2.3
I.6. Number of shares corresponding to one vote.	5.2.4
I.7. The existence of articles of association rules on the exercise of voting rights, including constitutive and decision-making quorums or systems for equity rights.	5.1.1, 5.2.1 and 5.2.5
I.8. The existence of articles of association rules on the exercise of voting rights via postal voting.	5.2.6
I.9. Providing a model for the right to vote via postal voting.	5.2.7
I.10. A deadline requirement for the receipt of the postal ballots and the date on which the General Meeting is held.	5.2.6
I.11. The exercise of voting rights by electronic means.	5.2.8
I.12. Information of the intervention by the General Meeting on matters concerning the company's remuneration policy and the assessment of the performance of members of the Board of Directors.	6.1
I.13. Indication of the defensive measures that have the effect of automatically causing a serious asset erosion of company assets in case of transfer of control or changes to the composition of the Board of Directors.	9.6
I.14. Important agreements to which the company is a party and that come into force, are changed or terminated in cases such as a change in company control, and also related outcome, unless the disclosure of same, due to its nature, is highly damaging to the company and except when the company is specifically obliged to disclose said information by virtue of other legal requirements.	9.7
I.15. Agreements between the company and the Board of Directors, within the meaning of Article 248-B/3 of the Securities Code, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in company control.	6.2.5
Chapter II Management and Auditing Bodies	
II.1. Identification and composition of the statutory governing bodies.	1.1, 2.1, 2.2, 4.1, and 4.2
II.2. Identification and composition of other committees established with responsibilities for the management or the auditing of the company.	1.2 and 2.3
II.3. Organizational structure and functional chart relating to the division of powers among the various boards, committees and/or departments within the company, including information on the scope of the delegation of powers, or distribution of functions among the members of the management or of the auditing bodies, and a list of non-delegable matters.	2.1, 2.2, 2.3 e 3
II.4. Description of the company's internal control and risk management systems, in particular with regard to financial reporting.	0
II.5. Powers of the management bodies, particularly with regard to resolutions concerning capital increase.	2.1.4

II.6. Indication of the existence of regulations on the functioning of the corporate boards or other internally defined rules on incompatibility and the maximum number of positions that a member is entitled to hold and the place where said rules may be consulted.	2.1.6 and 4.1.5
II.7. Rules applicable to the designation and substitution of members of the management and auditing bodies.	2.1.3, 4.1.3 and 4.2.3
II.8. Number of meetings held by the management and auditing bodies and by other committees with management and auditing functions for that financial year.	2.1.5, 2.2.3, 2.3.2 and 4.1.4
II.9. Identification of the members of the board of directors and of other board committees, distinguishing between executive and non-executive members and among these, differentiating those members that comply with the incompatibility criteria set forth in article 414-A/1 of the Portuguese Companies Act, except for item /b and the independency criteria provided for in article 414/5, both of the Portuguese Companies Act.	0.4, 2.1.2, 2.2, 2.3, and 2.3.1
II.10. The professional qualifications of the members of the board of directors, the professional activities carried out by same during the last five years at least, the number of company shares they hold, the date of the first appointment and the date of the end of mandate.	Appendix I and 2.1.2
II.11. Duties that the members of the board of directors carry out in other companies and a description of duties carried out in other companies of the same holding.	Appendix I
Whenever applicable:	
II.12. Identification of the members of the statutory audit board, indicating if the same comply with the incompatibility rules provided for in article 414-A/1, and whether they comply with the independency criteria in article 414/5, both of the Portuguese Companies Act.	4.1.2
II.13. The professional qualifications of the members of the board of directors, the professional activities carried out by same during the last five years at least, the number of company shares they hold, the date of the first appointment and the date of the end of mandate.	Appendix I and 4.1.2
II.14. Duties that the members of the supervisory board carry out in other companies and describing those which are carried out in other companies of the same holding.	Appendix I
Or,	
II.15 Identification of the members of the general and supervisory board and of its committees indicating if the same comply with the incompatibility rules provided for in article 414-A/1, and whether they comply with the independency criteria in article 414/5, both of the Portuguese Companies Act.	N/A
II.16. The professional qualifications of the members of the general and supervisory board, the professional activities carried out by same during the last five years at least, the number of company shares they hold, the date of the first appointment and the date of the end of mandate.	N/A
II.17. Duties that the members of the members of the general and supervisory board carry out in other companies and describing those which are carried out in other companies of the same holding.	N/A
II.18. Description of the remuneration policy namely including the measures used to align the directors' interest with the interest of the company and the assessment of performance indicating that of the non-executive directors, and a summary and examination of the company's policy as to the term of compensations negotiated by contract or by transaction in case of destitution, as well as other payments related with the anticipated termination of contracts	6
II.19. Composition of the remuneration committee or equivalent body, when existent, identifying its members who are also members of the management body, as well as its spouses, relatives by marriage or by bloodline up to, and including the third degree.	5.1.3
II.20. Indication of the individual and aggregate, as broadly perceived, in order to namely included, performance bonuses, received at the relevant financial year by the board of directors. This indication should include the following: a) Explicit indication of the amount referred to variable and fixed components of the directors' remuneration, as well as the indication of the eventual deferred payment of the variable component; b) Distinction between the amount due to executive directors and to non-executive directors; c) Sufficient information on the criteria upon which is based any right to shares, shares' options or variable components of the remuneration; d) Sufficient information on the connection between remuneration and performance; e) Identification of the principal parameters and grounds for any annual bonuses systems and any other non-monetary benefits; f) Shares attribution and/or rights to acquire shares and/or rights to acquire options over shares and/or any other shares' scheme incentive; g) Remuneration paid in the form of a share in the profits and/or the payment of bonuses and the rationale behind the act of awarding such bonuses and/or share in profits; h) Compensation paid or owed to former executive directors in relation to early contract termination; i) Amounts paid on any basis by other companies in a group relationship or exercising control over the company; j) description of the main characteristics of the supplementary pensions or early retirement schemes set up for	6

executive directors and whether said schemes were subject or not to the approval of the general meeting; l) An estimate of the non-financial benefits considered as remuneration which do not fall under the categories listed above;	
II.21. Indication of the amounts whose payment is foreseen, in individual terms, irrespective of its nature, in case of early termination of contract, when it twice exceeds the monthly fixed remuneration	6.2.5
II.22. Information on the whistle blowing procedures adopted by the Company.	8
Chapter III Information	
III.1 The equity structure including those shares that are not admitted to trading, the different category of shares, rights and duties of these shares and the equity percentage that each category represents.	9.1
III.2. Qualifying holdings in the issuer's equity calculated as per article 20 of the Securities Code.	9.2
III.3. Identification of the shareholders that hold special rights and a description of those rights.	9.3
III.4. Possible restrictions on share-transfer i.e. consent clauses for their disposal or restrictions on share-ownership.	9.4
III.5. Shareholder agreements that the company may be aware of and that may restrict the transfer of securities or voting rights.	9.5
III.6. Rules applicable to the amendment of the articles of association.	9.8
III.7. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by them.	9.9
III.8 Description concerning the evolution of the issuer's share price and taking the following into account: a) The issuance of shares or other securities that entitle the subscription or acquisition of shares; b) The outcome announcement; c) The dividend payment for each share category including the net value per share.	9.10
III.9. Description of the dividend distribution policy adopted by the company, including the dividend value per share distributed during the last three periods.	9.11
III.10. A description of the main characteristics of the share and stock-option plans adopted or valid for the financial year in question, the reason for adopting said scheme and details of the category and number of persons included in the scheme, share-assignment conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares to be allocated, the existence of incentives to purchase and/or exercise options, and the responsibilities of the Board of Directors for executing and/or changing the plan. Details shall also include the following: a) The number of shares required for the share allotment and the number of shares required for the exercise of the exercisable options at the start and end of the year in question; b) The number of allotted, exercisable and extinct shares during the year; c) The general meetings' appraisal of the plans adopted or in force during the period in question.	6.2.2 and 6.2.3
III.11. A description of the main data on business deals and transactions carried out between the company and between the members of the management and auditing bodies, qualified shareholders, or companies in a control or group relationship, provided the amount is economically significant for any of the parties involved, except for those business deals or transactions that are cumulatively considered within the bounds of normal market conditions for similar transactions and are part of the company's current business.	9.12
III.12 Reference to an Investor Relations or a similar service, describing: a) The role of said office; b) Type of information made available; c) Access means to said Office; d) The company's website; e) The market liaison officer's credentials.	9.13
III.13. Indication of the annual compensation paid to the auditor and to other individuals or groups that belong to the same network supported by the company and/or by any group that bears with it a control or group relationship and the percentage of the total amount paid for the following services: a) Statutory account review services; b) Other audit reliability services; c) Tax consulting services; d) Other non-statutory auditing services. A description of the auditor's independency safeguarding measures is required, should the auditor provide any of the services described in items c/ and d/. For the purposes of this text, the 'network' concept derives from the EC Recommendation No. C (2002) 1873 of 16 May.	6.4

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 and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the Management Report faithfully describes the progress of the business and position of the issuer and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Maia, 16 March 2010

Belmiro de Azevedo, Chairman of the Board of Directors

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

José Neves Adelino, member of the Board of Directors

Duarte Paulo Teixeira de Azevedo, CEO

Álvaro Carmona e Costa Portela, member of the Executive Committee

Ângelo Gabriel Ribeirinho dos Santos Paupério, member of the Executive Committee

Nuno Manuel Moniz Trigo Jordão, member of the Executive Committee

Article 447 of the Portuguese Companies Act and of Article 14, paragraph 7 of Portuguese Securities Regulator (CMVM) Regulation nr. 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 during the year involving such shares and other securities

Date	Additions		Reductions		Balance as of
	Quantity	Aver. Price €	Quantity	Aver. Price €	31.12.2009
					Quantity
Belmiro Mendes de Azevedo (*) (**)					
Efanor Investimentos, SGPS, SA (1)					49,999,996
Sonaecom, SGPS, SA					75,537
Álvaro Carmona e Costa Portela (*)					
Sonae, SGPS, SA					125,934
Sonaecom, SGPS, SA					5,000
Ângelo Gabriel Ribeirinho dos Santos Paupério (*)					
Sonae, SGPS, SA					250,000
Sonaecom, SGPS, SA					225,000
Duarte Paulo Teixeira de Azevedo (*) (**) (****)					
Efanor Investimentos, SGPS, SA (1)					1
Migracom, SGPS, SA (4)					1,969,996
Sonae, SGPS, SA					3,293 (a)
Michel Marie Bon (*)					
Sonae, SGPS, SA					131,363
Purchase	20.01.2009	12,000	0.497		
Purchase	31.08.2009	19,000	0.852		
Maria Margarida Carvalhais Teixeira de Azevedo (*) (****)					
Efanor Investimentos, SGPS, SA (1)					1
Sonae, SGPS, SA					14,901
Maria Cláudia Teixeira de Azevedo (*) (****)					
Efanor Investimentos, SGPS, SA (1)					1
Sonae, SGPS, SA					170
Linhacom, SGPS, SA (6)					99,996
Sonaecom, SGPS, SA					0
Shares attributed under a Share Based Compensation Plan	10.03.2009	1,861			
Sale	31.03.2009			1,861	1.210
Nuno Teixeira de Azevedo (*) (****)					
Efanor Investimentos, SGPS, SA (1)					1
Sonae, SGPS, SA					10,500 (a)

	Date	Additions		Reductions		Balance as of
		Quantity	Aver. Price €	Quantity	Aver. Price €	31.12.2009
						Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA						659,650,000
Pareuro, BV (2)						2,000,000
Sonaecom, SGPS, SA						1,000
(2) Pareuro, BV						
Sonae, SGPS, SA						400,000,000
(3) Sonae, SGPS, SA						
Sonae Investments, BV						2,000,000
Sontel, BV						4,286
Sonaecom, SGPS, SA						838,649
(4) Migracom, SGPS, SA						
Sonae, SGPS, SA						1,485,000
Sonaecom, SGPS, SA						387,342
Imparfin, SGPS, SA (5)						150,000
(5) Imparfin, SGPS, SA						
Sonae, SGPS, SA						4,105,280
(6) Linhacom, SGPS, SA						
Sonae, SGPS, SA						351,296
Sonaecom, SGPS, SA						38,044
Purchase	17.03.2009	1,861	1.210			
Imparfin, SGPS, SA (5)						150,000
(7) Sonae Investments BV						
Sontel BV (8)						5,714
Sonaecom, SGPS, SA (9)						10,500,000
Purchase	23.12.2009	1,750,000	1.822			
Purchase	24.12.2009	8,750,000	1.822			
(8) Sontel BV						
Sonaecom, SGPS, SA (9)						183,374,470
Purchase	12.01.2009	34,750	1.048			
Purchase	13.01.2009	80,705	1.054			
Purchase	19.01.2009	95,000	1.060			
Purchase	20.01.2009	5,000	1.048			
Purchase	22.01.2009	42,000	1.066			
Purchase	23.01.2009	56,500	1.050			
Purchase	26.01.2009	10,000	1.050			
Sale	23.12.2009			1,750,000	1.822	
Sale	24.12.2009			8,750,000	1.822	

	Date	Additions		Reductions		Balance as of
		Quantity	Aver. Price €	Quantity	Aver. Price €	31.12.2009
						Quantity
(9) Sonaecom SGPS, SA						
Sonaecom, SGPS, SA (own shares)						7,169,574
Shares attributed under a Share Based Compensation Plan						
	10.03.2009			786,243	0.000	
Purchase	13.03.2009	150,000	1.191			
Purchase	16.03.2009	163,500	1.216			
Purchase	17.03.2009	55,000	1.207			
Purchase	18.03.2009	180,000	1.247			
Purchase	24.03.2009	82,500	1.429			
Purchase	25.03.2009	117,500	1.467			
Purchase	26.03.2009	100,000	1.486			
Purchase	27.03.2009	20,000	1.487			
Purchase	30.03.2009	44,350	1.471			
Purchase	31.03.2009	53,704	1.494			
Purchase	01.04.2009	27,658	1.499			
Purchase	02.04.2009	85,590	1.507			
Purchase	03.04.2009	160,000	1.533			
Purchase	06.04.2009	121,500	1.606			
Purchase	08.04.2009	58,500	1.582			
Shares attributed under a Share Based Compensation Plan						
	02.11.2009			8,628	0.000	
Purchase	18.12.2009	50,000	1.799			
Purchase	21.12.2009	110,000	1.813			
Purchase	22.12.2009	90,000	1.821			
Purchase	23.12.2009	34,000	1.823			
Purchase	28.12.2009	52,000	1.879			
Purchase	29.12.2009	58,000	1.894			
Purchase	30.12.2009	145,000	1.918			
Purchase	31.12.2009	75,000	1.932			

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

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

(***) Person discharging managerial responsibilities at Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)

(****) People closely connected with the President of the Board of Directors of Sonae Holding, Belmiro de Azevedo

(*****) Member of the Board of Directors of Imparfin, SGPS, SA (5)

(a) Shares held by underage descendants under his/her charge

(b) shares held by spouse

Note: The Independent Non-executive member of the Board of Directors, José Manuel Neves Adelino, is a member of the Statutory Audit Board of Banco BPI, SA, which holds 178,039,855 shares representing of 8.902 % of Company's share capital.

Article 448

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

	<u>Number of shares held as of 31.12.2009</u>
Efanor Investimentos, SGPS, SA	
Sonae, SGPS, SA	659,650,000
Pareuro, BV	2,000,000
Pareuro, BV	
Sonae, SGPS, SA	400,000,000

Qualified holdings

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			
Directly	659,650,000	32.983%	32.983%
By Pareuro, BV (controlled by Efanor)	400,000,000	20.000%	20.000%
By Maria Margarida CarvalhaisTeixeira de Azevedo (Director of Efanor)	14,901	0.001%	0.001%
By Duarte Paulo Teixeira de Azevedo (Director of Efanor and held by descendent)	3,293	0.000%	0.000%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor and held by spouse)	170	0.000%	0.000%
By Nuno Miguel Teixeira de Azevedo (Director of Efanor and held by descendent)	10,500	0.001%	0.001%
By Migracom, SGPS, SA (company controlled by Efanor's Director Duarte Paulo Teixeira de Azevedo)	1,485,000	0.074%	0.074%
By Linhacom, SGPS, SA (company controlled by Efanor's Director Maria Cláudia Teixeira de Azevedo)	351,296	0.018%	0.018%
Total attributable to Efanor Investimentos, SGPS, SA	1,061,515,160	53.076%	53.076%
Banco BPI, SA			
Banco Português de Investimento, SA	365,199	0.018%	0.018%
Fundos de Pensões do Banco BPI	40,071,372	2.004%	2.004%
BPI Vida - Companhia de Seguros de Vida, SA	4,751,416	0.238%	0.238%
Total attributable to Banco BPI, SA	178,039,855	8.902%	8.902%
Fundação Berardo, Instituição Particular de Solidariedade Social			
	49,849,514	2.492%	2.492%
Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.492%	2.492%

**CONSOLIDATED
FINANCIAL
STATEMENTS**

SONAE, SGPS, SA

CONSOLIDATED BALANCE SHEET FOR THE PERIODS ENDED
31 DECEMBER 2009 AND 2008*(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)**(Amounts expressed in euro)*

ASSETS	Notes	31 December 2009	31 December 2008
NON-CURRENT ASSETS:			
Tangible assets	10	2,781,177,575	2,507,943,036
Intangible assets	11	440,038,498	440,299,161
Investment properties	12	1,676,623,981	1,683,441,521
Investment properties in progress	12	119,846,837	158,561,052
Goodwill	13	746,340,691	697,267,362
Associated investments	6	74,649,393	142,663,495
Other investments	7, 9 and 14	18,127,492	12,978,175
Deferred tax assets	21	230,214,508	206,954,689
Other non-current assets	9 and 15	21,176,312	21,283,515
Total Non-Current Assets		6,108,195,287	5,871,392,006
CURRENT ASSETS:			
Inventories	16	603,003,189	560,433,179
Trade account receivables	9 and 17	208,066,473	215,062,609
Other debtors	9 and 18	163,392,565	145,992,505
Taxes recoverable	19	55,070,469	89,597,166
Other current assets	20	183,987,418	165,902,105
Investments	9 and 14	57,679,031	63,556,763
Cash and cash equivalents	9 and 22	172,229,871	184,360,904
Total Current Assets		1,443,429,016	1,424,905,231
Assets available for sale		-	9,893,174
TOTAL ASSETS		7,551,624,303	7,306,190,411
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	23	2,000,000,000	2,000,000,000
Own shares	23	(136,911,861)	(138,568,275)
Legal reserve		163,229,581	161,705,974
Reserves and retained earnings		(896,913,017)	(952,178,592)
Profit/(Loss) for the year attributable to the equity holders of Sonae		93,760,817	80,035,669
Equity attributable to the equity holders of Sonae		1,223,165,520	1,150,994,776
Equity attributable to minority interests	24	477,968,755	411,549,101
TOTAL EQUITY		1,701,134,275	1,562,543,877
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	9 and 25	1,208,324,810	1,281,262,524
Bonds	9 and 25	1,671,134,222	1,684,214,319
Obligation under finance leases	9, 25 and 26	29,357,393	28,701,579
Other loans	9 and 25	35,170,709	22,274,691
Other non-current liabilities	9 and 28	240,267,403	155,464,158
Deferred tax liabilities	21	326,420,118	330,908,680
Provisions	33	50,607,367	57,086,975
Total Non-Current Liabilities		3,561,282,022	3,559,912,926
CURRENT LIABILITIES:			
Loans	9 and 25	232,966,928	258,905,967
Bonds	9 and 25	64,848,660	99,930,567
Obligation under finance leases	9, 25 and 26	7,803,032	5,829,172
Other loans	9 and 25	7,935,788	5,405,466
Trade creditors	9 and 30	1,220,401,450	1,050,238,562
Other creditors	9 and 31	254,854,646	233,899,872
Taxes and contributions payable	19	86,627,709	71,507,795
Other current liabilities	32	411,152,042	455,647,053
Provisions	33	2,617,751	2,369,154
Total Current Liabilities		2,289,208,006	2,183,733,608
TOTAL LIABILITIES		5,850,490,028	5,743,646,534
TOTAL EQUITY AND LIABILITIES		7,551,624,303	7,306,190,411

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

CONSOLIDATED INCOME STATEMENTS FOR THE PERIODS ENDED
31 DECEMBER 2009 AND 2008*(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)**(Amounts expressed in euro)*

	Notes	4 th Quarter ended 31 December 2009 (Unaudited)	4 th Quarter ended 31 December 2008 (Unaudited)	31 December 2009	31 December 2008
Sales	36	1,317,452,411	1,224,164,092	4,549,719,919	4,168,562,332
Services rendered	36	281,583,829	295,520,414	1,115,457,155	1,184,541,613
Value created on investment properties	37	(29,855,184)	(72,717,918)	(142,684,216)	(115,805,475)
Investment income	38	12,064,547	5,797,628	46,568,216	16,056,782
Financial income	39	3,641,933	13,024,900	16,691,189	43,101,223
Other income	40	116,873,399	135,102,425	414,502,429	455,789,170
Cost of goods sold and materials consumed	16	(1,016,369,629)	(944,780,224)	(3,580,874,024)	(3,303,986,732)
External supplies and services	41	(290,488,507)	(302,990,345)	(1,112,751,419)	(1,177,241,538)
Staff costs	42	(171,724,405)	(168,231,021)	(654,698,188)	(612,404,391)
Depreciation and amortisation	10 and 11	(72,762,490)	(71,945,919)	(294,133,483)	(273,819,162)
Provisions and impairment losses	33	(7,890,492)	(19,140,909)	(28,207,470)	(35,512,894)
Financial expense	39	(28,254,988)	(67,122,503)	(139,477,904)	(216,811,915)
Other expenses	43	(33,398,980)	(50,543,285)	(99,289,713)	(114,990,028)
Share of results of associated undertakings	6	(1,509,333)	8,776,695	(5,365,399)	8,952,847
Profit/(Loss) before taxation		79,362,111	(15,085,970)	85,457,092	26,431,832
Taxation	44	(14,022,051)	16,017,574	(11,836,862)	12,646,440
Profit/(Loss) after taxation	45	65,340,060	931,604	73,620,230	39,078,272
Attributable to:					
Equity holders of Sonae		61,931,270	26,936,411	93,760,817	80,035,669
Minority interests		3,408,790	(26,004,807)	(20,140,587)	(40,957,397)
Profit/(Loss) per share					
Basic	47	0.033148	0.014426	0.050192	0.042864
Diluted	47	0.033083	0.014426	0.050087	0.042864

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE, SGPS, SA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 31 DECEMBER 2009 AND 2008*(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)**(Amounts expressed in euro)*

	Notes	31 December 2009	31 December 2008
Net Profit / (Loss) for the period	45	73,620,230	39,078,272
Exchange differences arising on translation of foreign operations		29,981,805	(24,389,309)
Participation in other comprehensive income (net of tax) related to associated companies included in consolidation by the equity method		3,897,962	(7,417,795)
Changes on fair value of available-for-sale financial assets		6,474,000	7,304,000
Changes in hedge and fair value reserves		(13,322,929)	(30,435,394)
Income tax relating to changes in hedge and fair value reserves		2,481,121	7,088,257
Other comprehensive income for the period		29,511,959	(47,850,241)
Total comprehensive income for the period		<u>103,132,189</u>	<u>(8,771,969)</u>
Attributable to:			
Equity holders of Sonae		122,307,030	39,947,217
Minority interests		<u>(19,174,841)</u>	<u>(48,719,186)</u>

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED 31 DECEMBER 2009 AND 2008

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

Notes	Attributable to Equity Holders of Sonae											
	Reserves and Retained Earnings								Net Profit/(Loss)	Total	Minority Interests (Note 24)	Total Equity
	Share Capital	Own Shares	Legal Reserve	Currency Translation Reserve	Investments Fair Value Reserve	Hedging Reserve	Other Reserves and Retained Earnings	Total				
Balance as at 1 January 2008	2,000,000,000	(138,568,275)	160,880,817	25,481,974	-	4,449,821	(1,166,627,627)	(975,815,015)	284,044,038	1,169,660,748	448,365,507	1,618,026,255
Total comprehensive income for the period	-	-	-	(29,733,295)	5,327,654	(15,682,811)	-	(40,088,452)	80,035,669	39,947,217	(48,719,186)	(8,771,969)
Appropriation of profit of 2007:	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings	-	-	825,157	-	-	-	283,218,881	284,044,038	(284,044,038)	-	-	-
Dividends distributed	-	-	-	-	-	-	(56,016,000)	(56,016,000)	-	(56,016,000)	(2,475,031)	(58,491,031)
Aquisitions and sales of shares of affiliated undertakings	-	-	-	-	-	-	-	-	-	-	(20,508,575)	(20,508,575)
Capital increases	-	-	-	-	-	-	-	-	-	-	36,604,140	36,604,140
Other changes	-	-	-	-	-	-	(2,597,189)	(2,597,189)	-	(2,597,189)	(1,717,754)	(4,314,943)
Balance as at 31 December 2008	<u>2,000,000,000</u>	<u>(138,568,275)</u>	<u>161,705,974</u>	<u>(4,251,321)</u>	<u>5,327,654</u>	<u>(11,232,990)</u>	<u>(942,021,935)</u>	<u>(790,472,618)</u>	<u>80,035,669</u>	<u>1,150,994,776</u>	<u>411,549,101</u>	<u>1,562,543,877</u>
Balance as at 1 January 2009	2,000,000,000	(138,568,275)	161,705,974	(4,251,321)	5,327,654	(11,232,990)	(942,021,935)	(790,472,618)	80,035,669	1,150,994,776	411,549,101	1,562,543,877
Total comprehensive income for the period	-	-	-	31,921,890	6,474,000	(9,849,677)	-	28,546,213	93,760,817	122,307,030	(19,174,841)	103,132,189
Appropriation of profit of 2008:	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings	-	-	1,523,607	-	-	-	78,512,062	80,035,669	(80,035,669)	-	-	-
Dividends distributed	-	-	-	-	-	-	(56,050,049)	(56,050,049)	-	(56,050,049)	-	(56,050,049)
Sales of own shares	-	1,656,414	-	-	-	-	-	-	-	1,656,414	-	1,656,414
Share based payments	-	-	-	-	-	-	3,869,586	3,869,586	-	3,869,586	346,915	4,216,501
Aquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	54,233,850	54,233,850
Sales of shares of affiliated undertakings	-	-	-	-	-	-	-	-	-	-	26,133,713	26,133,713
Other changes	-	-	-	-	-	-	387,763	387,763	-	387,763	4,880,017	5,267,780
Balance as at 31 December 2009	<u>2,000,000,000</u>	<u>(136,911,861)</u>	<u>163,229,581</u>	<u>27,670,569</u>	<u>11,801,654</u>	<u>(21,082,667)</u>	<u>(915,302,573)</u>	<u>(733,683,436)</u>	<u>93,760,817</u>	<u>1,223,165,520</u>	<u>477,968,755</u>	<u>1,701,134,275</u>

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE, SGPS, SA

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED 31 DECEMBER 2009 AND 2008

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

		31 December 2009	31 December 2008
OPERATING ACTIVITIES	Notes		
Cash receipts from trade debtors		5,666,094,946	5,303,693,940
Cash paid to trade creditors		(4,264,161,794)	(4,208,396,201)
Cash paid to employees		(657,642,924)	(605,764,104)
Cash flow generated by operations		<u>744,290,228</u>	<u>489,533,635</u>
Income taxes (paid) / received		(14,620,799)	(16,616,170)
Other cash receipts and (payments) relating to operating activities		14,923,069	(6,692,573)
Net cash flow from operating activities (1)		<u>744,592,498</u>	<u>466,224,892</u>
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	48	59,174,933	123,090,637
Tangible assets and investment properties		33,009,963	25,714,084
Intangible assets		375,517	6,209,293
Interest and similar income		16,608,941	27,913,003
Loans granted		3,516,674	8,612,239
Dividends		803,489	554,007
Others		4,761,606	-
		<u>118,251,123</u>	<u>192,093,263</u>
Cash payments arising from:			
Investments	48	(51,450,921)	(76,986,407)
Tangible assets and investment properties		(539,590,330)	(592,118,629)
Intangible assets		(40,344,537)	(51,595,045)
Loans granted		(2,696,603)	(39,149,825)
Others		(1,548,360)	(6,810,325)
		<u>(635,630,751)</u>	<u>(766,660,231)</u>
Net cash used in investment activities (2)		<u>(517,379,628)</u>	<u>(574,566,968)</u>
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		11,750,205,223	7,124,370,355
Capital increases, additional paid in capital and share premiums		-	1,608,000
Others		73,467,788	-
		<u>11,823,673,011</u>	<u>7,125,978,355</u>
Cash payments arising from:			
Loans obtained		(11,819,240,802)	(6,669,559,059)
Interest and similar charges		(161,180,023)	(193,401,577)
Reimbursement of capital and paid in capital		(1,046,014)	(632,564)
Dividends		(60,422,373)	(62,326,616)
Others		(5,617,767)	(220,898,528)
		<u>(12,047,506,979)</u>	<u>(7,146,818,344)</u>
Net cash used in financing activities (3)		<u>(223,833,968)</u>	<u>(20,839,989)</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>3,378,902</u>	<u>(129,182,065)</u>
Effect of foreign exchange rate		(2,121,363)	3,477,519
Cash and cash equivalents at the beginning of the period	22	<u>142,965,988</u>	<u>275,625,572</u>
Cash and cash equivalents at the end of the period	22	<u>148,466,253</u>	<u>142,965,988</u>

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2009

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

(Amounts expressed in euro)

1 INTRODUCTION

SONAE, SGPS, SA ("Sonae Holding"), has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal, and is the parent company of a group of companies, as detailed in Notes 4 to 7 the Sonae Group ("Sonae"). Sonae's operations and operating segments are described in Note 50 and in the management report.

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 International Financial Reporting Standards ("IFRS") as adopted by the European Union, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as at the consolidated financial statements issuance date.

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 and investment properties which are stated at fair value.

New accounting standards and their impact on the consolidated financial statements:

Up to the financial statements approval date, the following Standards and Interpretations, some of which have become effective during the year 2009, have been endorsed by European Union:

	Effective date (Financial years beginning or after)
With mandatory application in 2009 :	
IFRS 1/IAS 27 - Amendments (Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate)	01/01/2009
IAS 39 – Amendments (Reclassification of financial assets)	01/07/2008
IFRS 2 – Amendments: Share/based Payment (Vesting conditions and cancellations)	01/01/2009
IAS 23 – Amendments: Borrowing Costs (Revised)	01/01/2009
IAS 32–IAS 1 – Amendments (Puttable Financial Instruments and Obligations Arising on Liquidation)	01/01/2009
IAS 1 – Amendments: First-time Adoption of International Financial Reporting standards (Revised)	01/01/2009
IFRIC 13 – Customer Loyalty Programmes	01/07/2008
IFRS 8 – Operating Segments	01/01/2009
IFRS 7 – Amendments (Improving disclosures about fair value measurements and liquidity risk)	01/01/2009
Annual improvements to International Financial Reporting standards (2007)	Several (on/after 01/01/2009)

The adoption of the above mentioned standards has not led to material impacts to the enclosed consolidated financial statements of Sonae, with the exception of presentation and disclosure improvements as a result of the application of IAS 1 amendments and IFRS 8, as the accounting policies adopted by Sonae are already consistent with some of the new standards. Additionally, Sonae had already yearly adopted the amendments relating to IAS 40, integrated into the annual improvements to the international financial reporting standards (2007).

IAS 1 introduces changes in terminology as well as changes to the format and content of financial statements. IFRS 8 replaces the previous IAS 14 and led to a redefinition of the reportable segments of Sonae and information to report, requiring that these are reported in accordance with the reporting procedure assigned to management, and not necessarily based on geographical or business logic, as required by IAS 14.

With mandatory application after 2009:

	Effective date (Financial years beginning or after)
IFRS 3 – Business combinations and IAS 27, consolidated and separate financial statements (revised 2008)	01/07/2009
IFRS 1 (revised) – First-time adoption of International Financial Reporting standards	01/01/2010
IFRIC 12 – Service Concession Arrangements	01/01/2010
IFRIC 15 – Agreements for the Construction of Real Estate	01/01/2010
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	01/07/2009
IFRIC 9 and IAS 39 – Amendments (reassessment of embedded derivatives)	Financial periods beginning on/after 30/06/09
IAS 39 – Amendments to (Qualifying hedging instruments)	01/07/2009
IFRIC 17 – Distributions of Non-cash Assets to Owners	01/07/2009
IFRIC 18 – Transfer of Assets from Customers	Transfers made on or after 01/07/2009

These standards, although approved ("endorsed") by the European Union, were not adopted by Sonae in 2009, because its application is not yet mandatory, and Sonae has decided not to adopt them in advance.

No significant impacts are expected to arise in the financial statements resulting from the adoption of these standards, with the exception of the amendments of IFRS 3, and consequent amendment to IAS 27.

Changes to IFRS 3 and IAS 27 bring some changes to business combinations, including: (a) calculating goodwill; (b) the measurement of non-contracting interests (formerly known as minority interests); (c) the recognition and subsequent measurement of contingent payments; (d) the treatment of direct costs related to the concentration; (e) the registration of purchase transactions of interests in already controlled entities and sales transactions of interests without such resulting in the loss of control; and (f) calculation of the result of the sale of participation with loss of control and need of remeasurement of the interests controlled kept in the alienated participation.

2.2 Consolidation principles

The main accounting policies adopted by Sonae are as follows:

a) Investments in Sonae companies (subsidiaries)

Investments in companies in which Sonae 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), are 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 Minority interests, in the consolidated balance sheet and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 4.

When losses attributable to minority interests exceed the minority interest in the equity of the Sonae the excess, and any further losses attributable to minority interests, are charged against the equity holders of Sonae except to the extent that minority shareholders have a binding obligation and are able to cover such losses. If the Group subsequently reports profits, such profits are allocated to the equity holders of Sonae until the minority's share of losses previously absorbed by the equity holders of Sonae has been recovered.

Assets and liabilities of each Sonae company are measured at their fair value at the date of acquisition being that measurement concluded in twelve months. Any excess of the cost of acquisition over the Sonae's interest in the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2.2.d)). Any excess of the Sonae's share in the fair value of the identifiable net assets acquired over cost is recognised 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. Minority interests include their proportion of the fair value of net identifiable assets and liabilities recognised on acquisition of Sonae companies.

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

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

Whenever Sonae 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. Such entities, when applicable, are disclosed in Note 4.

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

Sonae's share of inter-company balances, transactions and dividends distributed are eliminated.

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 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's share of changes in equity (including net profit) of associated companies and to dividends received.

Any excess of the cost of acquisition over Sonae's share in the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2.2.d)), which is included in the caption Investment in associated companies. Any excess of Sonae's share in the fair value of the identifiable net assets acquired over cost is recognised 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's 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 is committed beyond the value of its investment.

The Sonae's 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 the cost of acquisition of investments in subsidiaries, jointly controlled and associated companies over Sonae's share in the fair value of the assets and liabilities of those companies at the date of acquisition is shown as Goodwill (Note 13) or as Investments in associated companies (Note 6). The excess of the cost of acquisition of investments in foreign companies over the fair value of their identifiable assets and liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Sonae's 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 amortised, but it is subject to impairment tests on an annual basis. Net recoverable amount is determined based on business plans used by Sonae 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 unless in the case of goodwill related with associated companies.

Any excess of Sonae's share in the fair value of identifiable assets and liabilities in group, jointly controlled and associated companies over cost, is recognised as income in the profit or loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets and 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 balance sheet 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 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 balance sheet date.

Whenever a foreign company is sold (totally or partially), 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 2009		31 December 2008	
	End of period	Average of period	End of period	Average of period
US Dollar	0.69416	0.71896	0.71855	0.68350
Swiss Franc	0.67404	0.66230	0.67340	0.63044
Pound Sterling	1.12600	1.12324	1.04987	1.25890
Romanian New Leu	0.23651	0.23606	0.24860	0.27178
Brazilian Real	0.39820	0.36282	0.30830	0.37657
Polish Zloty	0.24364	0.23153	0.24076	0.28570

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 is recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciation is 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 amortisation".

Impairment losses detected on tangible assets are recorded in the year estimated against the income statement caption "Provisions and impairment losses".

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

	<u>Years</u>
Buildings	10 to 50
Plant and machinery	10 to 20
Vehicles	4 to 5
Tools	4 to 8
Fixture and fittings	3 to 10
Other tangible assets	4 to 8

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 Investment properties

Investment properties consist of shopping centre buildings and other constructions that are held to earn rental income or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of business.

The investment properties which do not fulfil the conditions to reliably measure their fair value are recorded at their historical or production cost, net from eventual impairment losses. Taking in concern that such investment properties are essentially fixed assets that are being qualified as investments properties in the future, they are separately classified in the caption Investments Properties in Progress on the Consolidated Balance Sheet.

The investment property in progress considered investment property, within the scope of IFRS, when they fulfil the conditions to reliably measure their fair value.

It is considered that an Investment property in progress fulfil the conditions for its fair value to be reliably measured, when a there is a high probability that the project will be concluded in a short period. This probability is high when the following events are simultaneously accomplished:

- land is acquired
- construction license is obtained
- financing contract for the property is signed
- construction works of the property have started
- lease contracts with the main anchors stores or possible lessee are signed

Investment properties are recorded at their fair value based on half-yearly valuations performed by an independent valuer. Changes in fair values of investment properties are accounted for in the period in which they occur, in the income statement under the caption Value created on Investment Properties.

The assets of Sonae which qualify as investment properties are recognized as such when they start being used or, in the case of the investment properties in progress, when their development is considered irreversible, as mentioned in the above conditions. Until the moment the asset is qualified as investment property, the same asset is booked at historical or production cost under the caption "Investment Property in progress" in the same way as a tangible asset (Note 2.3). Since that moment, the investment properties in progress are recorded at their fair value. The difference between cost (of acquisition or production) and the fair value at that date is accounted for in the consolidated income statement at the caption "Variation in fair value of investment properties".

Costs incurred with investment properties in use, such as maintenance, repairs, insurance and property taxes, are recognised in the income statement for the period to which they refer. Costs incurred with refurbishments-improvement which will generate estimated additional future economic benefits are capitalized under Investment Properties.

2.5 Intangible Assets

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

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

Expenditure on development is recognised as an intangible asset if Sonae 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 is probable are capitalised as intangible assets.

The expenses incurred with the acquisition of client portfolio's (attributed value relating to the allocation of the purchasing price in business activity concentration) are stated as intangible assets and amortized on a straight line bases, during the average estimated period of portfolio's client retention.

Amortisation is calculated on a straight line basis, as from the date the asset is first used, over the expected useful life which usually is between 3 and 6 years, except for property occupation rights and mobile and fixed operator licenses which are amortised over the duration of the contract which establishes these rights. It is recorded in the caption of "Amortizations and depreciations".

The property occupation rights, especially from Shopping centres segment, are being amortised on a straight line basis during the right's estimated utilization time period (time periods vary between 10 and 15 years).

Brands and patents with defined useful lives are recorded at their historical cost and are amortised on straight line basis during the estimated useful life. Brands and patents with undefined useful lives are not amortised, but are subject to impairment tests on an annual basis or when there are impairment indicators.

2.6 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 is the lessee

Assets acquired through finance lease contracts as well as the correspondent responsibilities, are posted by the financial method, posting in the balance sheet 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 recognised as an expense on a straight line basis over the lease term.

b) Accounting for leases where Sonae is the lessor

Most of the cases where the Group is the lessor arise from contracts with shopping centre tenants. These contracts are usually for a period of six years and establish the payment by the tenant of a monthly fixed rent - invoiced in advance -, a variable rent, invoiced if the monthly sales of the tenant are higher than the limit established in the contract and the payment of the tenant's share in the shopping centre operational expenses. The contract with the tenant may also establish the payment of an entrance fee in the shopping centre (key money income) and some discounts (usually in the first three years of the contract) to the fixed rent. These contracts can be renewed or cancelled by any of the parties involved (the company or the tenant). If the cancellation is made by the tenant it must pay a cancellation fee to the company established in the contract. In the case of being proposed a renovation by the lessor, Sonae should pay a compensation (indenisation) to the shopkeeper.

These contracts are classified as operating leases. Rents (fixed and variable) and common charges are recognised as income in the period to which they refer. Costs (namely rent discounts and compensations) as well as entrance fees (key money) and cancellation fees arising from operating leases are recorded as expenses or income in the period in which they are incurred or earned. This is consistent with the method adopted by independent valuers who determine the fair value of investment properties to which the leasing contracts refer.

2.7 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.

2.8 Government grants

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

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

Grants related to depreciable assets are disclosed as Other non-current liabilities and are recognised as income on a straight line basis over the expected useful lives of those underlying assets.

2.9 Impairment of non-current assets, except for goodwill

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

2.10 Borrowing costs

Borrowing costs are usually recognised 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 estate projects classified as inventories or investment properties are capitalised as part of the cost of the qualifying asset. Borrowing costs are capitalised 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 capitalisation.

2.11 Inventories

Consumer goods and raw materials are stated at the lower of cost deducted from discounts obtained and net realisable value. Cost is determined on a weighted average basis.

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

2.12 Provisions

Provisions are recognised when, and only when, Sonae has an obligation (legal or constructive) 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 balance sheet date to reflect the best estimate as of that date.

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

2.13 Financial instruments

Sonae classifies the financial instruments in the categories presented and conciliated with the Consolidated Balance Sheet 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 balance sheet date. Investments classified as held to maturity have defined maturities and Sonae has the intention and ability to hold them until the maturity date.

The investments measured at the fair value through profit or loss include the investments held for trading that Sonae acquires with the purpose of trading in the short term. They are classified in the consolidated balance sheet as current investments.

Sonae classifies as available-for-sale investments those that are neither included as investments measured at fair value through profit or loss neither 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 recognised on the trade date, independently of the settlement date.

Investments are initially measured at cost, which is the fair value of the consideration paid for them, including transaction costs apart from investment measured at fair value through results, in which the investments are initially recognised at fair value and transaction costs are recognised in the income statement.

Available-for-sale investments and investments measured at fair value through profit or loss are subsequently carried at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their quoted market price at the balance sheet date. Investments in equity instruments not listed 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 recognised directly in equity, under "Investments Fair value reserve", included in "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 recognised in equity is transferred to net profit or loss for the period.

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

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

b) Loans and non current account receivables

Loans and non current accounts receivables are measured at amortised cost using the effective interest method, less any impairment losses.

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

These financial investments arise when Sonae provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the balance sheet date, when they are classified as non-current assets. Loans and receivables are included in the captions presented in Note 9.

c) 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 balance sheet net of eventual impairment losses, recognised under the allowance account Impairment losses on accounts receivable, in order to reflect its net realisable value. These captions, when classified as current, do not include interests because the effect of discounting would be immaterial.

Impairment is recognised 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. Therefore, each Sonae company takes into consideration market information that indicates:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

When it's not feasible to assess the impairment for every single financial asset, the impairment is assessed on a collective basis, namely in the Telecommunications segment. Objective evidence of impairment of a portfolio of receivables could include Sonae's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised 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 discount is considered null as it is immaterial.

d) 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.

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

e) 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 2.10. 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.

f) 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.

g) Derivatives

Sonae uses derivatives in the management of its financial risks to hedge such risks and-or in order to optimise the funding costs.

Derivatives classified as cash flow hedging instruments are used by the Sonae mainly to hedge interest and exchange rate risks on loans obtained. Conditions established for these cash flow hedging 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 inefficiencies, if any, are accounted under financial expenses or financial income in the consolidated income statement.

Sonae'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 Sonae to hedge the exposure to changes in interest and exchange rates 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, and then recognised in the income statement over the same period in which the hedged instrument affects profit or loss.

The accounting of hedging 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 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.

Sonae also uses financial instruments with the purpose of cash flow hedging that essentially respect the exchange rate hedging ("forwards") of loans and commercial operations that, however, do not configure perfect hedging relations, and so, do not receive hedge accounting treatment, but allow the reduction, in a very significant way, of the loan and receivable-payable balance exchange variability effect, nominated in foreign currency.

Sonae also uses financial instruments with the purpose of cash flow hedging that essentially respect the exchange rate hedging ("forwards") of loans and commercial operations that, however, do not configure perfect hedging relations, and so, do not receive hedge accounting treatment, but allow the reduction, in a very significant way, of the loan and receivable-payable balance exchange volatility, nominated in foreign currency.

Derivatives, despite being entered into with the above mentioned aims (mainly exchange forwards and derivatives in the form of or including interest rate options), do not qualify for hedge accounting, thus are initially recorded by their cost, which corresponds to its fair value, and are subsequently measured at fair value through profit and loss. The derivatives fair value is estimated internally by the use of specific software.

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.

Sonae may agree to become part of a derivative transaction in order to fair value hedge some interest rate exposure. In these cases, derivatives are recorded at fair value through profit or loss and the effective portion of the hedging relationship is adjusted in the carrying amount of the hedged instrument, if not stated at fair value (namely loans recorded at amortised cost), through profit or loss.

h) Own shares

Own shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of own shares are recorded in Reserves and retained earnings.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, 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 sheet caption Borrowings.

All the amounts included in this caption can be reimbursed at demand as there are no pledges or guarantees over these assets.

2.14 Share-based payments

Share-based payments result from deferred performance bonus plans that are referenced to Sonae share price and/or that of its publicly listed affiliated companies (Sonae Sierra uses the "Net Asset Value" as a reference) and vest within a period of 3 years after being granted.

When the plans set out by Sonae are settled through the delivery of its own shares, the value of this responsibility is determined at the time of assignment based on the fair value of shares allotted and recognized during the period of deferment of each plan. The fair value of stock options is determined based on the model of "Black-Scholes". The responsibility is posted in equity, in the caption "Other revenues and retained earnings" against staff costs.

When the settlement is made in cash, 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 or options on shares allotted and the fair value of the reporting date. The responsibility is registered on staff costs and other liabilities, linearly between the date of assignment and expiration date, in proportion to the time between those dates, in the case of shares or share options redeemable in cash.

2.15 Contingent assets and liabilities

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

2.16 Income tax

The tax charge for the year is determined based on the taxable income of companies included on consolidation and considers deferred taxation.

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

Deferred taxes are calculated using the balance sheet 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 are expected to apply in the periods when the temporary differences are expected to reverse.

Deferred tax assets are recognised 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 recognised and expected to reverse in the same period. At each balance sheet date a review is made of the deferred tax assets recognised, which are 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.

2.17 Revenue recognition and accrual basis

Revenue from the sale of goods is recognised in the 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 recognised 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 recognised in the income statement taking into consideration the stage of completion of the transaction at the balance sheet date and include fixed and variable rents billed to shopkeepers, recoverable common expenses from shopkeepers, exploration revenue from car parks and commissions arising from insurance mediation.

Revenue from admission rights and store transfer taxes are recognised in the consolidated income statement under "Other income" and under Services rendered, respectively, when billed to the tenant. Costs from discounts given over the rent and compensations are recognised in the consolidated income statement under Services Rendered and "Other expenses", respectively, when granted to the tenant.

With regards to services rendered by travel agencies, revenue is recognized with the issuance of invoice. At balance sheet date, adjustments are made under 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 subcontract expenditures.

Revenue from Telecommunications services is recognised in the period in which it occurs. Such services are invoiced on a monthly basis. Revenues not yet invoiced, from the last invoicing cycle to the end of the month, are estimated and recorded based on actual traffic. Differences between the estimated and actual amounts, which are usually not material, are recorded in the following period.

The income related to prepaid cards is recognised whenever the minutes are used. At the end of each period the minutes still to be used are estimated and the amount of income associated with those minutes is deferred.

The income related to the commissions generated by the insurance mediation activity is recorded at the moment of the premium payment by the policyholder. No premium is accounted before it has been received. In that moment, Sonae posts a liability related with the obligation to transfer the insurance premium net of commissions, to the respective insurance company.

In cases where the premium is directly paid to the insurance company, Sonae records its commission in the moment in which is informed of the premium payment by the policyholder to the insurance company.

The deferral of revenue related with the customer loyalty programmes by the attribution of points or discounts in future purchases, in the Retail and Telecommunications segments, are quantified having in account the probability of their exercise and are deducted to the revenue at the moment of his generation. The corresponding liability is presented in the caption "Other creditors".

The income arising from the services rendered are recognized in the income statement with reference to the stage of completion of the services rendered at the balance sheet date.

Dividends are recognised 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 will only correspond to income or expenses of future years, when they will be recognised in the income statement.

2.18 Balances and transactions expressed in foreign currencies

Transactions in currencies other than the euro, are translated to euro using the exchange rate as at the transaction date.

At each balance sheet date, all monetary assets and liabilities expressed in foreign currencies are translated to the functional currency of each foreign company at the exchange rates as at 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 company, using the exchange rate at the date the fair value was determined.

Exchange gains and losses arising from differences between historical exchange rates and those prevailing at the date of collection, payment or the date of the balance sheet, are recorded as income or expenses of the period, except for those related to non-monetary assets or liabilities, for which adjustments to fair value are directly recorded under equity.

When Sonae wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.13.g)).

2.19 Subsequent events

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

2.20 Judgement and estimates

The most significant accounting estimates reflected in the consolidated income statements include:

- a) Useful lives of the tangible and intangible assets;
- b) Impairment analysis of goodwill and of tangible and intangible assets;
- c) Recognition of adjustments on assets and provisions;
- d) Assessment of responsibilities associated with customers' loyalty programs;
- e) Determining the fair value of investment properties and derivative financial instruments;
- f) Recoverability of deferred tax assets.

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

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

2.21 Insurance and reinsurance contracts

In order to optimise insurance costs, Sonae, through a wholly owned subsidiary, enters into reinsurance operations over non-life insurance contracts entered into by subsidiaries and related of the Efanor Group.

The subsidiary of Sonae acts like an intermediate in the assurance operations as a way to optimise insurance coverage and retention levels in accordance with the needs of each business, ensuring effective insurance management worldwide. The retained risk is immaterial in the context of reinsurance carried out.

Premiums written on non-life insurance contracts and associated acquisition costs are recognised as income and cost on a pro-rata basis over the term of the related risk periods, through changes in the provision for unearned premiums.

The provision for unearned premiums (Note 33) reflects the portion of non-life insurance premiums written attributable to future years, namely the portion corresponding to the period between the balance sheet date and the end of the period to which the premium refers. It is calculated, for each contract in force.

The Provision for claims (Note 33) reflects the estimated amounts payable for claims, including claims that have been incurred but not reported and future administrative costs to be incurred on the settlement of claims under management. Provisions for claims recorded by Sonae are not discounted.

Reinsurer's share of technical provisions (Assets – Note 15) are determined by applying the above described criteria for direct insurance, taking into account the percentages ceded, in addition to other clauses existing in the treaties in force.

At each balance sheet date, Sonae assess the existence of evidence of impairment on assets originated by insurance or reinsurance contracts.

2.22 Segment information

Information regarding operating segments identified is included in Note 50.

2.23 Legal reserves, other reserves and transited results

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 reserve:

The Hedging reserve reflects the changes in fair value of "cash flow" hedging derivatives that are considered as effective (Note 2.13.g)) 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 the Sonae's foreign subsidiaries and joint ventures into Euro, in accordance with the accounting policy described in Note 2.2.e)

Fair value reserve:

This reserve arises on the revaluation of available-for-sale financial assets as mentioned in Note 2.13.a).

3 FINANCIAL RISK MANAGEMENT

3.1 Introduction

The ultimate purpose of financial risk management is to support Sonae in the achievement of its strategy, reducing unwanted financial risk and volatility and mitigate any negative impacts in the income statement arising from such risks. Sonae's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Due to its diversified nature Sonae is exposed to a variety of financial risks, consequently each Sub-holding is responsible for, where applicable, for setting its own financial risk management policies, to monitor their own exposure and to implement their approved policies. Therefore for some risks there are not Sonae global risk management policies, but rather, where appropriate,

customised risk management policies at Sub-holding level, existing, however, common guiding principles. Financial risk management policies are approved by each Executive Committee and exposures are identified and monitored by each Sub-holding Finance Department. Exposures are also monitored by the Finance Committee as mentioned in the Corporate Governance Report.

The Finance Committee coordinates and reviews, amongst other responsibilities, global financial risk management policies. The Finance Department of Sonae Holding is responsible for consolidating and measuring the Company's financial risk exposure, being also responsible for assisting each Sub-holding in managing their own currency, interest rate, liquidity and refinancing risks through the Corporate Dealing Desk. Exposures are recorded in a main system (Treasury Management System). Risk control and reporting is carried out both at Sub-holding level, on a daily basis and on a consolidated basis for the monthly Finance Committee meeting.

3.2 Credit risk

Credit risk is defined as the probability of a counterparty defaulting on its contractual obligations resulting in a financial loss. It is shown in two main ways:

3.2.1) Credit risk arising from Financial Instruments

The credit risk in what Financial Instruments is concerned arises mainly from holding cash and cash equivalents instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities or from its lending activities to subsidiaries and associates in order to reduce the probability of counterparty default. Sonae transactions (short term investments and derivatives) are only contracted in accordance with the following principles:

- Only carry out transactions (short term investments and derivatives) with counterparties that have at least a credit rating of BBB from Moody's and/or Baaz from Standard & Poor's or equivalent (this information is supplied through independent market information systems);
- Sonae only enters into eligible and approved financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made in a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);
- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by existing relationships banks in order to reduce exposure on a net basis, and ii) may only be applied in pre approved instruments;
- In some cases Sub-holdings can define more strict rules regarding counterparty exposure or more conservative policies;
- Any departure from the above mentioned policies needs to be pre approved by the respective Executive Committee/Board of Directors of each Sub-holding.

Given the above mentioned policies and the minimum credit ratings Sonae does not expect any material failure in contractual obligation from its external counterparties nevertheless exposure to each counterparty resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Sub-holding Finance Department and any departure is promptly reported to the respective Executive Committee/Board of Directors and to the Sonae Finance Committee.

3.2.2) Credit risk in operational and commercial activities of each business

In this case due to each business characteristics and consequently of different credit risk typology, each sub-holding determines the most appropriate policy, as described above. However the policies follow the same wide principles of: prudence, conservatism, and the implementation of control mechanisms.

- Retail

The credit risk in the scope of its current operational activity is controlled 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. Credit risk is mainly originated by sales to other retail operators and by advances made to or discounts billed to suppliers.

- Shopping Centres

The credit risk results essentially of the risk of credit of the tenants of the commercial centres managed by Sub-holding and of the other debtors. Shopping Centre storekeepers credit risk monitoring is made by the adequate assessment of risk before the storekeepers are accepted and by the establishment of conservative credit limits for each storekeeper.

- Telecommunications

The Sub-holding exposure to credit risk is mainly associated with the accounts receivable related to current operational activities. The credit risk management purpose is to guarantee that the amounts owed by debtors are effectively collected within the periods negotiated without impacting the financial health of the Sub-holding. Sonaecom uses credit rating agencies and has specific departments responsible for risk control, collections and management of processes in litigation, which all contribute to the mitigation of credit risk.

- Investment Management

The credit risk in the context of the current operating activity is controlled through a system of collecting qualitative and financial information provided by recognized entities that supply information of risks, which allow to evaluate the viability of the of customers in fulfilling their obligations, aimed at reducing the risk of concession credit, fundamentally originated by the rendering of travel agencies services.

- Sonae Holding

Sonae Holding is a company without any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalents instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) in accordance with the principles mentioned in point 3.2.1.

Additionally Sonae Holding may also be exposed to credit risk as a result of its portfolio manager activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis under the supervision of the Executive Committee (requesting bank guarantee, escrow accounts, obtaining collaterals, amongst others).

The amount related to customers, other debtors and other assets presented in Financial Statements, which are net of impairment losses represent Sonae exposure to credit risk.

3.3 Liquidity risk

Sonae has the need, regularly, to raise external funds to finance its activities and investing plans. It holds a diversified loan portfolio, essentially made of long term bonds, long term project finance, mutual's, structured facilities, but which also includes a

variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2009 the total gross debt was 3.258 million euro (3.387 million euro as at 31 December 2008).

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy. Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining with its relationship banks, a combination of short and medium term committed credit facilities, commercial paper programme with sufficiently comfortable previous notice cancellation periods with a range that goes up to 360 days;
- Maintenance of programs with different periods and terms, that allow, in some cases, to place the debt directly in institutional investors;
- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;
- Diversification of financing sources and counterparties;
- Ensuring an adequate debt average maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. At the end of 2009, Sonae's average debt maturity (considering 100% of Sonae Sierra's debt) was approximately 5.1 years (5.7 years as at December 2008);
- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;
- Where possible, by prefinancing forecasted liquidity needs;
- Management procedures of short term applications, assuring that the maturity of the applications will match with foreseen liquidity needs, including a margin to hedge forecasting deviations. The margin of error needed in the treasury department prediction, will depend on the confidence degree and it will be determined by the business. The reliability of the treasury forecasts is an important variable to determinate the amounts and the periods of the market applications-borrowings.

The maturity table of each major class of financial liabilities is presented in Notes 25, 26, 28, 29, 30,31 and 32, based on the undiscounted cash flows of financial liabilities based on the earliest date on which Sonae can be required to pay ("worst case scenario").

A liquidity reserve in form of credit lines with its relationship banks is maintained by Sonae, to ensure the ability to meet its commitments without having to refinance itself in unfavourable terms. The value of loans maturing in 2010 is of 314 million euro (365 million euro maturing in 2009) and as at 31 December 2009 Sonae had undrawn committed credit facilities of 784 million euro (605 million euro in 2008) cancellable within a previous notice of less than one year and 339 million euro (259 million euro in 2008) cancellable with a previous notice of no less than 360 days.

Additionally, Sonae held, as at 31 December 2009, cash and cash equivalents and current investments amounting to 230 million euro (248 million euro as at 31 December 2008). Consequentially, Sonae expects to meet all its obligations by means of its operating cash flows and its financial assets as well as from drawing existing available credit lines, if needed.

3.4 Interest rate risk

3.4.1) Policies

As each Sub-holding operates in different markets and in different business environments, there is no single policy applicable to Sonae, but rather policies adjusted to each Sub-holding exposure which one described below. As previously mentioned, Sonae exposure is regularly monitored by the Finance Committee, at a group level, and at each Sub-holding level. Although there is no wide risk management interest rate policy in what concerns the derivatives negotiation, there are principles that have to be followed by all the companies and that are referred below:

- Sonae hedging activities do not constitute a profit-making activity and derivatives are entered into without any speculation purpose;
- For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be consistent with the settlement dates of the hedging instruments to avoid any mismatch and hedging inefficiencies;
- Perfect match between the base rates: the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction;
- Since the beginning of the transaction, the maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate underlying);
- The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, as described in 3.2. above / Credit Risk Management. It is Sonae policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae's relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;
- In determining the fair value of hedging operations Sonae uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates, foreign exchange rates, volatility among others prevailing at the balance sheet date. Comparative financial institution quotes for specific or similar instruments are used as benchmark for the valuation;
- All transactions have to be documented under ISDA's Agreements (International Swaps and Derivatives Association);
- All transactions which do not follow the rules mentioned above have to be individually approved by the respective Executive Committee/ Board of Directors, and reported to Finance Committee, namely transactions entered into with the purpose of optimising the cost of debt when deemed appropriate according to prevailing financial market conditions.

- Retail

Sub-holding exposure to interest rates arises mainly from long term loans which bear interests at Euribor plus spread.

Sonae Investimentos purpose is to limit cash-flows volatility and results, considering the profile of its operational activity, by using an appropriate mix of fixed and variable interest rate debt. Sonae Group policy allows the use of interest rate derivatives to decrease the exposure to Euribor fluctuations but does not allow for trading purposes.

- Shopping Centres

Sonae Sierra's income and operating cash-flows are substantially independent of changes in market interests rates, as its cash and cash equivalents and its financing granted to other companies of the Group are dependent only of the evolution of the interest rates in Euro, which have had a minimum change.

In relation to long-term borrowings and in order to hedge the volatility of long term interest rates, Sonae Sierra uses, whenever appropriate, cash flow hedge instruments in the form of swaps or zero cost collars, which represent perfect hedges of those long-term borrowings. In certain long-term borrowings Sonae Sierra chose to have a fixed interest rate in the first years of the financing agreement and study afterwards the possibility to negotiate interest rate swaps or zero cost collars for the remaining period.

- Telecommunications

Sonaecom's total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group result or on its shareholders' equity is mitigated by the effect of the following factors (i) relatively low level of financial leverage; (ii) possibility of using interest rate hedging derivative instruments, as mentioned below; (iii) possible correlation between the market interest rates levels and economic growth, the latter having a positive effect on other lines of the Sub-holding consolidated results (namely operational), thus partially offsetting the increase of financial costs ("natural hedge"); and (iv) the availability of consolidated liquidity or cash, also bearing interests at variable rates.

Sonaecom only uses derivatives or similar transactions to hedge those interest rate risks considered significant. Sonaecom respects the same principles adopted by Sonae in determining and using instruments to hedge interest rate risks.

As all Sonaecom's borrowings (Note 50) bear interests at variable rates, interest rate swaps and other derivatives are used to hedge future changes in cash flow relating to interest payments. Interest rate swaps have the financial effect of converting the respective borrowings from floating rates to fixed rates. Under interest rate swaps, the Company agrees with third parties (banks) to exchange, in pre-determined periods, the difference between the amount of interest calculated at the fixed contract rate and the floating rate at the time of re-fixing, by reference to the respective agreed notional amounts.

Sonaecom's Board of Directors approves the terms and conditions of the funding with a significant impact on Sonaecom, based on an analysis of the debt structure, the inherent risks and the different options in the market, particularly as regards the type of interest rate (fixed / variable). Under this policy, the Executive Committee is responsible for decisions regarding the contracting of occasional interest rate hedging derivative financial instruments, through monitoring the conditions and alternatives that exist in the market.

- Investment management

The operating segment exposure to interest rate arises essentially from short-term bank loans or loans payable to shareholders, which bears interests at Euribor market rates. The impact of this volatility on income or equity is mitigated by the following factors: (i) controlled financial leverage with conservative use of bank lending; (ii) possible correlation between the market interest rate levels and economic growth, the latter having a positive effect on other lines of the operating segment results (namely operational), thus partially offsetting the increased financial costs ("natural hedge").

- Sonae Holding

Sonae Holding is exposed to cash flow interest rate risk in respect of items in the balance sheet (Loans and Short Term Investments) and to fair value interest rate risk as a result of interest rate derivatives (swaps, FRA's and options). All Sonae Holding debt bears variable interest rates, and interest rate derivatives may be entered into to convert part of the variable rate debt into fixed rate (usually through interest rate swaps or Forward Rate agreements), or to limit the maximum rate payable (usually through zero cost collars or purchased caps).

Sonae Holding mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve, since hedging interest rate risk usually has an opportunity cost associated. Therefore a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that Sonae Holding grants loans to its subsidiaries as part of its normal activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae Holding hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into.

3.4.2.) 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, these instruments 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 recognised 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;
- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense and are therefore taken into consideration in the sensitivity calculations for changes in interest rate;
- 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 of Sonae for the period ended as at 31 December 2009 would decrease by approximately 15 million euro, (10 million euro decrease as at 31 December 2008). The impact in equity (including minorities interests and excluding net income), as a consequence of interest rate change effect according to interest rate risk, would be an increase of, approximately, 16 million euro (increase by approximately 16 million euro in 2008).

3.5 Exchange rate risk

3.5.1) Policies

Sonae operates at an international level, having subsidiaries that operate in different jurisdictions, and so it is exposed to foreign exchange rate risk. As each Sub-holding operates in different markets and in different business environments, there is no standard policy for Sonae, but rather individual policies for each Sub-holding which are stated below. Sonae's currency exposures are divided into two levels: transaction exposures (foreign exchange exposures relating to contracted cash flows and balance sheet items where changes in exchange rates will have an impact on earnings and cash flows) and translation exposure (equity in foreign subsidiaries). Although there is not global management exchange rate risk policy in what concerns hiring derivatives to managing exchange interest risk, it also applies to all group companies, with the necessary adaptations, the principles referred at 3.4.1).

- Retail

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 accompanies 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 minimising 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.

- Shopping Centres

The main activity of each company is developed inside its country of origin and consequently the majority of the company transactions are maintained in its functional currency. The policy to hedge this specific risk is to avoid, if possible, the contracting of services in foreign currency.

- Telecommunications

The sub-holding operates internationally, having subsidiaries that operate in Brazil, United Kingdom, Poland, United States of America, Mexico, Australia, Egypt, Malaysia and Ireland and so it is exposed to foreign exchange rate risk.

Foreign exchange risk management seeks to minimise the volatility of investments and transactions made in foreign currency and contributes to reduce the sensitivity of Sonaecom results to changes in foreign exchange rates.

Whenever possible, the Sonaecom uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such procedure is not possible, the Sonaecom adopt derivatives financial hedging instruments.

Sonaecom exposure to exchange rate risk results mainly from the fact that some of its subsidiaries report in currencies other than the Euro, the risk relating to the operations being insignificant.

- Investment management

The impact on the financial statements of changes in exchange rate is immaterial, as most part of the transactions are denominated in euro.

Insurance brokerage activity is developed in different countries. When transactions are made in a different currency than the one in the country where the entity operates, exposure to exchange rate risk is minimized by hiring hedging derivatives.

Sonae Holding

Due to the nature of holding company, Sonae Holding, has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise foreign exchange risk management seeks to minimize the volatility of such transactions made in foreign currency and to reduce the impact on the Profit and loss of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae Holding hedges such exposures mainly through forward exchange rate contracts. For uncertain exposures, options may be considered, subject to previous approval from the company's Executive Committee.

3.5.2) Exposure and Sensivity analysis

As at 31 December 2009 and 2008 the assets and liabilities denominated in a currency different from the subsidiary functional currency where the following (amounts in euro):

	Assets		Liabilities	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Euro	-	-	926,516	127,595
Brazilian Real	4,855,304	13,746,578	8,426,783	1,972,126
British Pound	693,369	592,721	3,812,122	3,549,021
US Dollar	2,183,739	6,499,470	7,266,004	7,556,866
Other Currencies	479,603	113,439	245,033	20,169

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.

3.6 Price and capital markets risk

Sonae is exposed to equity price risk arising from equity investments, held for strategic rather than for trading purposes as the group does not actively trade these investments, which are disclosed in Note 7.

In 2007, Sonae entered into a Total Return Swap (TRS) with Sonae Holding shares as underlying. As explained in Note 23 the Total Return Swap precluded the derecognition of those own shares, and as such a change in the Sonae Holding, and Sonae Capital, SGPS, SA share price will have an impact on the cash flows by means of TRS cash settlements. If Sonae price had been 1% higher/lower, it would have 1.3 million euro additional receiving/payments (at 31 December 2008 the impact would be 0.7 million euro).

4 GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by the Sonae as at 31 December 2009 and 2008 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31 December 2009		31 December 2008	
		Direct	Total	Direct	Total
Sonae, SGPS, S.A.	Maia	HOLDING	HOLDING	HOLDING	HOLDING
Retail					
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%
1)	BB Food Service, SA	a)	Maia	100.00%	100.00%	-	-
	Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Best Offer - Prestação de Informações por Internet, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Bikini, Portal de Mulheres, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1)	Bom Momento - Comércio Retalhista, SA	a)	Maia	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%
	Difusão - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Edições Book.it, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Efanor - Design e Serviços, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Estevão Neves - Hipermercados da Madeira, SA	a)	Madeira	100.00%	100.00%	100.00%	100.00%
	Farmácia Selecção, SA	a)	Matosinhos	100.00%	100.00%	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%
2)	Fundo de Investimento Imobiliário Fechado Imosedede	a)	Maia	54.55%	54.55%	49.00%	49.00%
	Fundo de Investimento Imobiliário Imosonaes Dois	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Global S - Hipermercado, Lda	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%

1)	Good and Cheap - Comércio Retalhista, SA	a)	Matosinhos	100.00%	100.00%	-	-
1)	Hipotética - Comércio Retalhista, SA	a)	Matosinhos	100.00%	100.00%	-	-
3)	Sonaerp – Retail Properties, SA	a)	Porto	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%
	Inventory - Acessórios de Casa, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1)	Just Sport - Comércio de Artigos de Desporto, SA	a)	Matosinhos	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%
1)	MC - SGPS, SA	a)	Matosinhos	100.00%	100.00%	-	-
	Modalfa - Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1)	Modalloop – Vestuário e Calçado, SA	a)	Matosinhos	100.00%	100.00%	-	-
	Modelo Continente Hipermercados,SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo Continente Seguros - Sociedade Mediação, SA	a)	Porto	100.00%	87.50%	100.00%	100.00%
	Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modelo Hipermercados Trading, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Modelo.com - Vendas p/ Correspond., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	NA - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	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%
5)	Pharma Concept – Actividades em Saúde, SA	a)	Matosinhos	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%
	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%
1)	Sonae Center Serviços II, SA	a)	Maia	100,00%	100,00%	-	-
6)	Sonae Investimentos, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
	Sonae Retalho Espanha - Servicios Generales, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
4)	Sonae Specialized Retail, SGPS, SA	a)	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Sondis Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sontária - Empreendimentos Imobiliários, 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 Espanã - Comércio de Articulos de Deporte, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
5)	Têxtil do Marco, SA	a)	Marco de Canaveses	80,37%	80,37%	-	-
	Tlantic Portugal - Sistemas de Informação, SA	a)	Maia	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%
1)	Well W - Electrodomésticos e Equipamentos, SA	a)	Matosinhos	100.00%	100.00%	-	-
	Worten - Equipamento para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Worten España Distribución, S.L.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
7)	Zippy – Comércio e Distribuição, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
8)	Zippy - Comércio Y Distribución, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%

Telecommunications

	Be Artis - Concepção, Construção e Gestão de Redes de Comunicações, SA	a)	Maia	100.00%	54.23%	100.00%	53.95%
	Be Towering – Gestão de Torres de Telecomunicações, SA	a)	Maia	100.00%	54.23%	100.00%	53.95%
9)	We Do Technologies Australia PTY Limited	a)	Australia	100.00%	54.23%	100.00%	53.95%
10)	We Do Poland Sp.Z.o.o.	a)	Posnan (Poland)	100.00%	54.23%	100.00%	53.95%
11)	Cape Technologies (U.K) Limited	a)	Cardiff (U.K.)	100.00%	54.23%	100.00%	53.95%
	Cape Technologies Limited	a)	Dublin (Ireland)	100.00%	54.23%	100.00%	53.95%
	Digitmarket - Sistemas de Informação, SA	a)	Maia	75.10%	40.72%	75.10%	40.52%
	Lugares Virtuais, SA	a)	Maia	100.00%	54.23%	100.00%	53.95%
	M3G - Edições Digitais, SA	a)	Maia	100.00%	54.23%	100.00%	53.95%
	Magma - Operação de Titularização de Créditos	c)	Portugal	100.00%	54.23%	100.00%	53.95%
	Mainroad Serviços em Tecnologias de Informação, SA	a)	Maia	100.00%	54.23%	100.00%	53.95%
	Miauger - Org. Gestão Leilões Electronicos, SA	a)	Maia	100.00%	54.23%	100.00%	53.95%
	Per-Mar - Sociedade de Construções, SA	a)	Maia	100.00%	54.23%	100.00%	53.95%
	Praesidium Services Limited	a)	Berkshire (U.K.)	100.00%	54.23%	100.00%	53.95%
	Praesidium Technologies Limited	a)	Berkshire (U.K.)	100.00%	54.23%	100.00%	53.95%
	Público - Comunicação Social, SA	a)	Porto	100.00%	54.23%	100.00%	53.95%

	Saphety Level - Trusted Services, SA	a)	Maia	86.99%	47.17%	86.99%	46.93%
	Sonae Telecom, SGPS, SA	a)	Maia	100.00%	54.23%	100.00%	53.95%
	Sonaecom - Serviços de Comunicação, SA	a)	Maia	100.00%	54.23%	100.00%	53.95%
	Sonaecom - Sistemas de Informação, SGPS, SA	a)	Maia	100.00%	54.23%	100.00%	53.95%
	Sonaecom BV	a)	Amsterdam (The Netherlands)	100.00%	54.23%	100.00%	53.95%
	Sonaecom, SGPS, SA	a)	Maia	55.12%	54.23%	53.95%	53.95%
	Sonaetelecom, BV	a)	Amsterdam (The Netherlands)	100.00%	54.23%	100.00%	53.95%
	Tecnológica Telecomunicações Ltda	a)	Rio de Janeiro (Brazil)	99.99%	54.17%	99.99%	53.89%
12)	Telemilénio - Telecomunicações Soc.Unipessoal, Lda	a)	Lisbon	100.00%	54.23%	100.00%	53.95%
	We Do Brasil - Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.91%	54.28%	99.91%	53.90%
14)	We Do Cape Technologies Americas, Inc.	a)	Miami (USA)	100.00%	54.23%	100.00%	53.95%
	We Do Consulting - Sistemas de Informação, SA	a)	Maia	100.00%	54.23%	100.00%	53.95%
	We Do Technologies (UK) Limited	a)	Berkshire (U.K.)	100.00%	54.23%	100.00%	53.95%
	We Do Technologies BV	a)	Amsterdam (The Netherlands)	100.00%	54.23%	100.00%	53.95%
	We Do Technologies Egypt Limited Liability Company	a)	Cairo (Egypt)	100.00%	54.23%	100.00%	53.95%
	We Do Technologies Mexico S. de RL	a)	Mexico City	100.00%	54.23%	100.00%	53.95%
Investment Management							
13)	ADD Avaliações Engenharia de Avaliações e Perícias, Ltda	a)	Brazil	100.00%	50.00%	-	-
13)	ADDmakler Administração e Corretagem de Seguros, Ltda	a)	Brazil	99.98%	50.00%	-	-
13)	ADDmakler Administradora, Corretora de Seguros Partic. Ltda	a)	Brazil	100.00%	50.00%	-	-

13)	Fontana Corretora de Seguros Ltda	a)	Brazil	99.99%	50.01%	-	-
13)	Herco Consultoria de Risco e Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	-	-
13)	Larim Corretora de Resseguros Ltda	a)	Brazil	99.99%	50.01%	-	-
13)	Lazam-mds Correctora Ltda	a)	Brazil	100.00%	50.01%	45.00%	45.00%
	MDS - Corretor de Seguros, SA	a)	Porto	100.00%	50.01%	100.00%	100.00%
15)	MDS, SGPS, SA	a)	Maia	50.01%	50.01%	100.00%	100.00%
1)	MDS, Consultores, SA	a)	Maia	100.00%	50.01%	-	-
13)	Miral Administração e Corretagem de Seguros, Ltda	a)	Brazil	100.00%	50.01%	-	-
	Modelo - Distribuição de Materiais de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
13)	RSI Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	-	-
13)	Terra Nossa Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	-	-

Others

	Libra Serviços, Lda	a)	Funchal	100.00%	100.00%	100.00%	100.00%
	Sonae Investments, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sonae RE, SA	a)	Luxembourg	99.92%	99.92%	100.00%	100.00%
	Sonaecenter Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sonaegest-Soc.Gest.Fundos Investimentos, SA	a)	Maia	80.00%	70.00%	80.00%	70.00%
	Sontel, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%

- 1) Companies created in the period ;
- 2) Subsidiary included in the consolidation by the equity method in previous periods, is now being included in the consolidation through the full consolidation method, since there was a change in the % held with the capital increase operation as at 26 May 2009, which was fully subscribed by the Group;
- 3) Ex - IGI - Investimento Imobiliário, SA;
- 4) Ex - Modelo Continente - Operações de Retalho SGPS, SA;

- 5) Company acquired in the period ;
 - 6) Ex - Sona Distribuição, SGPS, SA;
 - 7) Ex - Efanor - Indústria de Fios, SA;
 - 8) Ex - Sonaecor - Comércio Y Distribución, SA;
 - 9) Ex - Cape Asia Pac Pty Limited;
 - 10) Ex - Cape Poland Sp.Z.o.o.;
 - 11) Company settled on exercise;
 - 12) Company merged into Sonaecom - Sistemas de Informação, SGPS, SA;
 - 13) Acquisition of 55% shareholding on July 22, 2009, gaining control over that company and subsidiaries thus being consolidated from that date onwards by the full consolidation method;
 - 14) Ex - Cape Technologies Americas Inc;
 - 15) Reduction of percentage of detention with maintenance of control as a result of the sale of shares of MDS SGPS, SA and the capital increase carried out in the subsidiary, fully endorsed by the business associate.
- a) Majority of voting rights;
 - b) Management control;
 - c) Control determined in accordance with SIC 12 - Special purpose entities.

These group companies are consolidated using the full consolidation method as described in Note 2.2.a).

5 JOINTLY CONTROLLED COMPANIES

Jointly controlled companies included in the consolidated financial statements, their head offices and the percentage of share capital held by the Group as at 31 December 2009 and 2008 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31 December 2009		31 December 2008	
		Direct	Total	Direct	Total
Shopping Centres					
3DO Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
3DO Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%

	3shoppings – Holding, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Aegean Park, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	Airone - Shopping Centre, Srl	Milan (Italy)	100.00%	25.05%	100.00%	25.05%
	ALEXA Administration GmbH	Berlin (Germany)	100.00%	25.00%	100.00%	25.00%
	ALEXA Holding GmbH	Dusseldorf (Germany)	50.00%	25.00%	-	-
1)	ALEXA Asset GmbH & Co	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
	ALEXA Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	25.00%	100.00%	25.00%
	Algarveshopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Arrábidasshopping - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Avenida M-40, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
2)	Avenida M-40, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Cascaishopping - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Cascaishopping Holding I, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Centro Colombo - Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
	Centro Vasco da Gama - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Clérigosshopping - Gestão do Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Coimbrashopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Colombo Towers Holding, BV	The Hague (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	Craiova Mall BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Dortmund Tower GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Dos Mares - Shopping Centre, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Dos Mares - Shopping Centre, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	El Rosal Shopping, SA	Madrid (Spain)	70.00%	35.00%	70.00%	35.00%

	Estação Viana - Centro Comercial, SA	Viana do Castelo	100.00%	25.05%	100.00%	25.05%
	Freccia Rossa - Shopping Centre, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
1)	Fundo I.I. Parque Dom Pedro Shopping Center, SA	São Paulo (Brazil)	50.00%	3.99%	-	-
	Fundo Investimento Imob. Shopping Parque D. Pedro Shopping, SA	São Paulo (Brazil)	100.00%	21.25%	100.00%	24.36%
	Gaiashopping I - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Gaiashopping II - Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
3)	Gli Orsi - Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Gli Orsi 1 Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Guimarãesshopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
4)	Harvey Dos Iberica, SL	Madrid (Spain)	50.00%	12.53%	-	-
5) 4)	Le Terrazze – Shopping Centre 1, Srl	Milan (Italy)	50.00%	25.00%	-	-
	Le Terrazze - Shopping Centre, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
	Iberian Assets, SA	Madrid (Spain)	49.78%	12.48%	49.78%	12.48%
	Inparsi - Gestão de Galeria Comerc, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Ioannina Development of Shopping Centres, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
	KLC Holdings XII, SA	Luxembourg	100.00%	50.00%	100.00%	50.00%
	La Farga - Shopping Centre, SL	Madrid (Spain)	100.00%	12.48%	100.00%	12.48%
	Larissa Development of Shopping Centres, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	Lembo Services Ltd	Cyprus	100.00%	50.00%	100.00%	50.00%
	Loop 5 - Shopping Centre GmbH	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
	Luz del Tajo - Centro Comercial, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Luz del Tajo, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Madeirashopping - Centro Comercial, SA	Funchal (Madeira)	50.00%	12.53%	50.00%	12.53%
	Maiashopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	MC Property Management, SA	Athens (Greece)	75.00%	18.75%	75.00%	18.75%

Münster Arkaden, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
Norte Shopping Retail and Leisure Centre, BV	Amsterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%
Norteshopping - Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
Pantheon Plaza BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
Paracentro - Gestão de Galerias Comerciais, SA	Maia	100.00%	50.00%	100.00%	50.00%
Park Avenue Development of Shopping Centers, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
Parque Atlântico Shopping - Centro Comercial SA	Ponta Delgada (Azores)	50.00%	12.53%	50.00%	12.53%
Parque D. Pedro 1, BV Sarl	Luxembourg	100.00%	25.00%	100.00%	25.00%
Parque D. Pedro 2, BV Sarl	Luxembourg	100.00%	25.00%	100.00%	25.00%
Parque de Famalicão - Empreendimentos Imobiliários, SA	Maia	100.00%	50.00%	100.00%	50.00%
Parque Principado, SL	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
Pátio Boavista Shopping, Ltda	São Paulo (Brazil)	100.00%	23.91%	100.00%	23.76%
Pátio Goiânia Shopping, Ltda	São Paulo (Brazil)	100.00%	23.91%	100.00%	23.76%
Pátio Londrina Empreendimentos e Participações, Ltda	São Paulo (Brazil)	100.00%	23.91%	100.00%	23.76%
Pátio Penha Shopping, Ltda	São Paulo (Brazil)	99.99%	23.91%	99.99%	23.76%
Pátio São Bernardo Shopping Ltda	São Paulo (Brazil)	100.00%	23.91%	100.00%	23.76%
Pátio Sertório Shopping Ltda	São Paulo (Brazil)	100.00%	23.91%	100.00%	23.76%
Pátio Uberlândia Shopping Ltda	São Paulo (Brazil)	100.00%	23.91%	100.00%	23.76%
Plaza Eboli - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
Plaza Eboli, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Plaza Mayor Holding, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
Plaza Mayor Parque de Ócio, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
Plaza Mayor Parque de Ócio, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%

Plaza Mayor Shopping, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	50.00%
Plaza Mayor Shopping, SA	Madrid (Spain)	75.00%	18.79%	75.00%	37.50%
Ploi Mall BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Pridelease Investments, Ltd	Cascais	100.00%	50.00%	100.00%	50.00%
Project 4, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
Project SC 1, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
Project SC 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 1 - Shopping Centre, GmbH	Vienna (Austria)	100.00%	50.00%	100.00%	50.00%
Project Sierra 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 5, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 6, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 7 BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 8 BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 9 BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 10 BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra Brazil 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra Four SA	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
Project Sierra Germany 2 (two), Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
Project Sierra Germany 3 (three), Shopping Centre. GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%

	Project Sierra Germany 4 (four), Shopping Centre. GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany Shopping Centre 1 BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany Shopping Centre 2 BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
6)	Project Sierra Holding Portugal V, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 1 - Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 2 - Development of Shopping Centres, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 3 - Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 5 - Development of Shopping Centres Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project Sierra One Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal I - C.Comercial, SA	Maia	50.00%	25.00%	50.00%	25.00%
	Project Sierra Portugal II - Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal IV - Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
3)	Project Sierra Portugal V - Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal VI - Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal VII - Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal VIII - Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 2 - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 3 - Centro Comercial, SA	Madrid (Spain)	50.00%	25.00%	50.00%	25.00%

	Project Sierra Spain 3, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 6 - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 6, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 7 - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 7, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
3)	Project Sierra Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Three Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Two Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	River Plaza BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	River Plaza Mall, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	S.C. Microcom Doi Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	SC Aegean, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	SC Mediterranean Cosmos, BV	Amsterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%
	Shopping Centre Colombo Holding, BV	Amsterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%
	Shopping Centre Parque Principado, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Sierra Asset Management - Gestão de Activos, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Brazil 1, BV	Amsterdam (The Netherlands)	100.00%	25.00%	100.00%	25.00%
	Sierra Charagionis Development of Shopping Centers, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
	Sierra Charagionis Property Management, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%

Sierra Corporate Services - Apoio à Gestão, SA	Lisbon	100.00%	50.00%	100.00%	50.00%
Sierra Corporate Services Holland, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Development of Shopping Centres Greece, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
Sierra Developments - Serviços de Promoção Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Developments Germany GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
Sierra Developments Germany Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Developments Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Developments Iberia 1. Promoção Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Developments Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
Sierra Developments Romania SRL	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
Sierra Developments Spain - Promociones de Centros Comerciales, SL	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
Sierra Developments, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Enplanta, Ltda	São Paulo (Brazil)	100.00%	23.91%	100.00%	23.76%
Sierra European Retail Real Estate Assets Holdings, BV	Amsterdam (The Netherlands)	50.10%	25.05%	50.10%	25.05%
Sierra GP, Limited	Guernsey (U.K.)	100.00%	49.99%	100.00%	49.99%
Sierra Investimentos Brasil Ltda	São Paulo (Brazil)	100.00%	23.91%	100.00%	23.76%
Sierra Investments (Holland) 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Investments (Holland) 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Investments Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Investments SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%

	Sierra Italy Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Management Germany, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Sierra Management II - Gestão de Centros Comerciais, SA	Lisbon	100.00%	50.00%	100.00%	50.00%
	Sierra Management Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Sierra Management New Tech.Bus. - Serv.Comu.CC, SA	Lisbon	100.00%	50.00%	100.00%	50.00%
	Sierra Management Portugal - Gestão de Centros Comerciais, SA	Lisbon	100.00%	50.00%	100.00%	50.00%
	Sierra Management Spain - Gestión de Centros Comerciales, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Sierra Management, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Property Management Greece, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
	Sierra Property Management, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Sonae Sierra Brasil, Ltda.	São Paulo (Brazil)	95.20%	23.91%	94.54%	23.76%
	Sonae Sierra Brazil. BV Sarl	Luxembourg	50.00%	25.00%	50.00%	25.00%
	Sonae Sierra, SGPS, SA	Maia	50.00%	50.00%	50.00%	50.00%
	SPF - Sierra Portugal	Luxembourg	100.00%	50.00%	100.00%	50.00%
	SRP - Parque Comercial de Setúbal, SA	Maia	50.00%	25.00%	50.00%	25.00%
	Torre Ocidente – Imobiliária, SA	Maia	50.00%	12.50%	50.00%	12.50%
7)	Torre Oriente – Imobiliária, SA	Maia	50.00%	12.50%	50.00%	12.50%
	Unishopping Administradora, Ltda	São Paulo (Brazil)	100.00%	23.91%	100.00%	23.76%
	Unishopping Consultoria Imobiliária, Ltda	São Paulo (Brazil)	99.98%	23.91%	99.98%	23.76%
	Valecenter, Srl	Milan (Italy)	100.00%	25.05%	100.00%	25.05%
	Via Catarina - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
1)	Vuelta Omega, S.L.	Madrid (Spain)	100.00%	12.53%	-	-
	Weierstadt Shopping BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Zubiarte Inversiones Inmobiliarias, SA	Madrid (Spain)	49.83%	12.48%	49.83%	12.48%

Telecommunications

Unipress - Centro Gráfico, Lda	Vila Nova de Gaia	50.00%	27.11%	50.00%	26.97%
Vipu ACE	Lisbon	50.00%	27.11%	50.00%	26.97%

Investment Management

	Equador & Mendes - Agência de Viagens e Turismo, Lda	Lisbon	50.00%	37.50%	50.00%	37.50%
3)	Geotur - Viagens e Turismo, SA	Lisbon	50.00%	50.00%	50.00%	50.00%
	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%
4)	Puravida - Viagens e Turismo, Lda	Lisbon	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%
3) 8)	Raso - Viagens e Turismo, SA	Lisbon	50.00%	50.00%	50.00%	50.00%
	Viagens y Turismo de Geotur España, S.L.	Madrid (Spain)	50.00%	50.00%	50.00%	50.00%

1) Companies created in the period;

2) Company for which it was requested to insolvency;

3) Companies merged in the period;

4) Company acquired in the period;

5) Ex - Helios Property, Srl.;

6) Company merged into River Plaza Mall, Srl with effects at April 1, 2009;

7) Company disposed in the period;

8) Company that created in the merger between a Geotur – Viagens e Turismo, SA and Star – Viagens e Turismo, SA.

These entities are consolidated using the proportionate consolidation method as referred to in Note 2.2.b).

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 proportional consolidation method can be summarised as follows:

	31 December 2009	31 December 2008
Non-current assets	4,508,730,523	4,540,862,267
Current assets	256,002,590	512,569,665
Non-current liabilities	1,652,852,079	1,749,706,883
Current liabilities	375,513,257	561,933,408
	31 December 2009	31 December 2008
Income	218,136,156	184,557,267
Expenses	304,508,331	296,759,268

Additionally the information related with Shopping Centres in Note 50 corresponds to the contribute to the consolidated financial statements of the companies referred above which are consolidated in accordance with proportionate method.

6 INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies, their head offices and the percentage of share capital held as at 31 December 2009 and 2008 are as follows:

COMPANY	Head Office	Percentage of capital held				Book value	
		31 December 2009		31 December 2008		31 December 2009	31 December 2008
		Direct	Total	Direct	Total		
Retail							
2) Fundo de Investimento Imobiliário Fechado Imosedo	Maia	54.55%	54.55%	49.00%	49.00%	-	62,813,335
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	1,551,585	1,142,245
Shopping Centres							
1) 8ª Avenida Centro Comercial, SA	Maia	100.00%	21.00%	100.00%	21.00%	-	-
1) Arrábidasshopping - Centro Comercial, SA	Maia	50.00%	10.50%	50.00%	10.50%	-	-
Campo Limpo Lda	S. Paulo (Brazil)	20.00%	4.70%	20.00%	4.70%	1,712,614	1,136,276
1) Gaiashopping I - Centro Comercial, SA	Maia	50.00%	10.50%	50.00%	10.50%	-	-
1) Gaiashopping II - Centro Comercial, SA	Maia	100.00%	21.00%	100.00%	21.00%	-	-
1) Loureshopping - Centro Comercial, SA	Maia	100.00%	21.00%	100.00%	21.00%	-	-
Mediterranean Cosmos Shop. Centre Investments, SA	Athens (Greece)	39.90%	5.00%	39.90%	5.00%	3,376,307	3,557,098
1) Oeste Retail Park - Gestão de G.Comer., SA	Maia	50.00%	10.50%	50.00%	10.50%	-	-
1) Rio Sul - Centro Comercial, SA	Lisbon	50.00%	10.50%	50.00%	10.50%	-	-
1) Serra Shopping - Centro Comercial, SA	Covilhã	50.00%	10.50%	50.00%	10.50%	-	-
4) SIC Indoor - Gest. Suportes Publicitários, SA	Lisbon	35.00%	17.50%	35.00%	17.50%	-	-
1) Sol Retail Park - Gestão de G. Comerc., SA	Maia	50.00%	10.50%	50.00%	10.50%	-	-
SPF - Sierra Portugal Real Estate, Sarl	Luxembourg	42.00%	21.00%	42.00%	21.00%	32,013,766	38,597,922
Telecommunications							
SIRS - Sociedade Independente de Radiodifusão Sonora, SA	Porto	45.00%	24.40%	45.00%	24.37%	-	-
Investment Management							
Cooper Gay (Holding) Limited	U.K.	32.12%	16.06%	32.12%	32.12%	35,995,121	33,863,022
3) Lazam Corretora, Ltda	Brazil	100.00%	50.01%	45.00%	45.00%	-	1,553,597
Total						74,649,393	142,663,495

- 1) Nil balances result from the application of the equity method over the consolidated financial statements of Sierra Portugal Real Estate, which holds these participations;

- 2) Capital increase at 26th May 2009, totally subscribed by the Group. From that date, the Group holds the subsidiary control and includes it by the Full consolidation method (Note 8);
- 3) Shares acquisition representative of 55% of share capital, on 22nd July 2009. From that date, the Group holds the subsidiary control and includes it by the Full consolidation method (Note 8);
- 4) Company extinguished during the period ended as at 31 December 2009.

Associated companies are consolidated using the equity method as referred to in Note 2.2.c).

As at 31 December 2009 and 2008 aggregated values of main financial indicators of associated companies are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Total Assets	1,189,131,004	1,144,530,713
Total Liabilities	945,768,301	758,543,421
Income	194,580,395	312,438,219
Expenses	206,996,722	287,264,367

During the periods ended as at 31 December 2009 and 2008 movements in Investments in associated companies are made up as follows:

	<u>31 December 2009</u>			<u>31 December 2008</u>		
	Proportion on equity	Goodwill	Total of investment	Proportion on equity	Goodwill	Total of investment
<u>Investments in associated companies</u>						
Initial balance as at January, 1	105,402,825	37,260,670	142,663,495	51,468,671	22,079,969	73,548,640
Capital increase in associated companies	6,955,606	-	6,955,606	33,095,032	-	33,095,032
Disposals during the period	(1,718,550)	-	(1,718,550)	(2,567,481)	-	(2,567,481)
Capital reduction in associated companies	(733,808)	-	(733,808)	(4,167,889)	-	(4,167,889)
Change of consolidation method (Note 8)	(69,027,699)	(1,439,401)	(70,467,100)	37,315,321	8,384,445	45,699,766
Goodwill recognised during the period	-	-	-	(13,701,796)	13,701,796	-
Equity method						
Effect in net income	(5,365,399)	-	(5,365,399)	8,952,847	-	8,952,847
Effect in equity capital and minority interests	(2,288,892)	5,604,041	3,315,149	(4,338,872)	(4,151,833)	(8,490,705)
Investments impairment in associated companies	-	-	-	(168,690)	(1,765,850)	(1,934,540)
Transfers	-	-	-	(484,318)	(987,857)	(1,472,175)
	<u>33,224,083</u>	<u>41,425,310</u>	<u>74,649,393</u>	<u>105,402,825</u>	<u>37,260,670</u>	<u>142,663,495</u>

The amount disclosed above related with consolidation method change corresponds in 2009 to: (i) the acquisition of Fundo de Investimento Fechado Imosede and (ii) subsidiaries acquisitions participation of insurance companies in Brazil (Lazam, according to note 8). In 2008 corresponds to the disposal of the companies constituting the Sierra Portugal Fund.

7 GROUP COMPANIES. JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES EXCLUDED FROM CONSOLIDATION AND OTHER NON CURRENT INVESTMENTS

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, percentage of share capital held and book value as at 31 December 2009 and 2008 are as follows:

COMPANY	Head Office	Percentage of capital held				Book value	
		31 December 2009		31 December 2008		31 December 2009	31 December 2008
		Direct	Total	Direct	Total		
Retail							
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	7.14%	7.14%	7.14%	7.14%	4,988	4,988
Insco - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	748,197	748,197
Shopping Centres							
Ercasa Cogeneracion SA	Grancasa (Spain)	10.00%	1,25%	10.00%	1,25%	23,949	23,949
Telecommunications							
Altitude, SGPS, SA	Lisbon	11.54%	6.26%	11.54%	6.23%	1,000,000	1,000,000
Lusa - Agên. de Notícias de Portugal, SA	Lisbon	1.38%	0.75%	1.38%	0.88%	197,344	197,344
Investments Management							
1) Puravida - Viagens e Turismo, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%	-	1,584,193
Other investments						16,153,014	9,419,504
Total (Note 14)						18,127,492	12,978,175

1) Subsidiary included by the proportionate method in the period.

As at 31 December 2009, the caption "Other Investments" includes 13,778,000 euro (7,304,000 euro as at 31 December 2008) related to the fair value of Sonae Capital, SGPS, S.A. shares attributable to Sonae Holding and not derecognized as explained in Note 23.

Additionally, with the exception of investments mentioned above, all other are registered at acquisition cost less impairment losses, as they represent investments in unlisted companies.

8 CHANGES IN CONSOLIDATION PERIMETER

8.1 Main acquisitions of Companies over the period ended 31 December 2009 are as follows (Note 4 and 5):

COMPANY	Head Office	Percentage of capital held	
		At acquisition date	
		Direct	Total
Retail			
Fundo de Investimentos Imobiliário Fechado Imosede	Maia	54.55%	54.55%
Pharma Concept - Actividades em Saúde, SA	Matosinhos	100.00%	100.00%
Têxtil do Marco, SA	Marco de Canaveses	80.37%	80.37%
Shopping Centres			
Harvey Dos Iberica, SL	Madrid (Spain)	50.00%	12.53%
Le Terrazze - Shopping Centre 1, Srl	Milan (Italy)	50.00%	25.00%
Investments Management			
a) ADD Avaliações Engenharia de Avaliações e Perícias, Ltda	Brazil	100.00%	50.00%
a) ADDmakler Administração e Corretagem de Seguros, Ltda	Brazil	99.98%	50.00%
a) ADDmakler Administradora, Corretora de Seguros Partic. Ltda	Brazil	100.00%	50.00%
a) Fontana Corretora de Seguros Ltda	Brazil	99.99%	50.01%
a) Herco Consultoria de Risco e Corretora de Seguros, Ltda	Brazil	100.00%	50.01%
a) Larim Corretora de Resseguros Ltda	Brazil	99.99%	50.01%
a) Lazam/mds Correctora Ltda	Brazil	100.00%	50.01%
a) Miral Administração e Corretagem de Seguros, Ltda	Brazil	100.00%	50.01%
Puravida - Viagens e Turismo, SA	Lisbon	50.00%	50.00%
a) RSI Corretora de Seguros, Ltda	Brazil	100.00%	50.01%
a) Terra Nossa Corretora de Seguros, Ltda	Brazil	100.00%	50.01%

a) The insurance area of Investment Management operating segment, whose main company is MDS, SGPS, SA, was extended during the current period through a concentration process which resulted from the roll-up of participation in Lazam/MDS – Corretora, Ltda., originating the control assumption over this company and its subsidiaries, most of them acquired in the end of the first half of 2009, and a decrease on the shareholding over MDS, SGPS, SA.

Taking into account that the process of acquisition of Lazam was only concluded in the second half of 2009 and that it was necessary to re-express the financial statements of subsidiaries acquired to IFRS, the process of imputation of the fair value of the assets was not completed, liabilities and contingent liabilities acquired, including intangible assets acquired and unrecognized. This way, the goodwill established with this acquisition is expressed as provisional, based on the financial statements of subsidiaries acquired being expected the finalization of the calculation until the end of 2010.

Acquisitions mentioned above had the following impact on the consolidated financial statements for the period ended as at 31 December 2009:

	At acquisition date				31 December 2009
	Retail	Management Investments	Shopping Centres	Total	Total
Acquired net assets					
Tangible and intangible assets (Note 10 and 11)	148,261,419	3,242,527	-	151,503,946	200,383,628
Investment properties	-	-	9,131,609	9,131,609	9,131,609
Inventories	759,076	-	-	759,076	759,076
Deferred tax assets	153,728	-	-	153,728	153,728
Other assets	11,667,237	2,442,239	8,500,391	22,609,867	12,644,686
Cash and cash equivalents	7,984,499	2,278,028	501,512	10,764,039	1,292,730
Loans	-	(74,063)	-	(74,063)	(8,959,576)
Deferred tax liabilities	(3,119,234)	-	(1,083,090)	(4,202,324)	(4,061,142)
Other liabilities	(24,794,944)	(28,538,968)	(12,493,149)	(65,827,061)	(42,859,909)
	140,911,781	(20,650,237)	4,557,273	124,818,817	168,484,830
Goodwill (Note 13 and 40)	145,131	53,095,700	1,204,488	54,445,319	
Transfers from associated companies (Note 6)	(61,384,427)	(9,082,673)	-	(70,467,100)	
Shareholders loans	1,977,451	84,193	-	2,061,644	
Minority Interests	(63,575,392)	7,919,350	1,422,192	(54,233,850)	
	18,074,544	31,366,333	7,183,953	56,624,830	
Acquisition price	18,074,544	31,366,333	7,183,953	56,624,830	
Payments made	17,402,534	29,782,140	7,183,953	54,368,627	
Costs related to the acquisitions	117,000	-	-	117,000	
Advances	-	1,584,193	-	1,584,193	
Amounts not paid	555,010	-	-	555,010	
	18,074,544	31,366,333	7,183,953	56,624,830	
Net cash outflow arising on acquisition					
Payments made	17,402,534	31,366,333	7,183,953	55,952,820	
Cash and cash equivalents acquired	(7,984,499)	(2,278,028)	(501,512)	(10,764,039)	
	9,418,035	29,088,305	6,682,441	45,188,781	

The Goodwill generated on the Investment Management operating segment is justified by the fact that the process of fair value allocation to assets and liabilities acquired was not completed, as well as by the fact that such investment represents the assumption of control of the operations of the group in Brazil, in locations where, previously, Lazam/MDS did not have operations, which promotes the creation of value through synergies and business growth, which cannot be separated from goodwill as they do not meet the criteria for intangible assets recognition.

The impacts of the above acquisitions on the income statement can be described as follows:

	31 December 2009			
	Retail	Investment Management	Shopping Centres	Total
Operational income	6,061,153	9,897,677	-	15,958,830
Operational costs	(1,688,736)	(9,227,537)	(13,169)	(10,929,442)
Financial net income	(51,909)	(17,383)	(185,635)	(254,927)
Earnings before taxes	4,320,508	652,756	(198,804)	4,774,460
Taxes	(1,295,301)	(398,196)	(124,479)	(1,817,976)
Net income	3,025,207	254,560	(323,283)	2,956,484

Had the above acquisitions been reported to 1 January 2009, operational income would have increased by approximately 28,500,000 euro.

8.2 Exclusion of consolidated accounts

At the end of 2009 and following the non-acceptance by the bank of the plans proposed by Avenida M40 to renegotiate its debt, the Board of Directors of this subsidiary decided to request the insolvency of Avenida M40 to the court. In the sequence of this request, Sonae considered that the control over this subsidiary was lost and decided to derecognize it from the consolidated accounts with effect on 31 December 2009. The impact of this de-recognition may be analyzed as follows:

	Avenida M40
Acquired net assets	
Investment properties (Note 12)	11,528,388
Other assets	853,697
Cash and cash equivalents	140,894
Loans	(19,546,556)
Deferred tax liabilities	-
Other liabilities	(27,173,267)
	(34,196,844)
Impairment of assets	26,263,623
Gains / (losses) on de-recognition (Note 38)	7,933,221
	-
Sale price	-
	(140,894)
Net cash-flow	(140,894)

8.3 The main disposals of companies that have occurred in the period ended as at 31 December 2009 were the following:

COMPANY	Head Office	Percentage of capital held	
		At alienation date	
		Direct	Total
Shopping Centres			
Torre Oriente - Imobiliária, SA	Maia	50.00%	12.50%

Disposals effects may be analyzed as follows:

	Shopping Centres
Disposed net assets	
Investment properties (Note 12)	8,887,000
Other assets	448,778
Cash and cash equivalents	40,663
Loans	-
Deferred tax liabilities	(961,577)
Other liabilities	(5,047,666)
	3,367,198
Profit / (Loss) in the disposal	706,755
Disposal price	4,073,953
Net cash-flow arising from disposal	
Effective cash payment received	4,073,953
Cash and cash equivalents disposed	(40,663)
	4,033,290

9 FINANCIAL INSTRUMENTS BY CLASS

The financial instruments classification according to policies disclosed in note 2.13. is as follows:

Financial assets

	Notes	Assets at fair value through profit or loss (Note 27)	Loans and accounts receivable	Available for sale	Hedging derivatives (Note 27)	Sub-total	Assets not within scope of IFRS 7	Total
As at 31 December 2009								
Non-current assets								
Other investments	7 and 14	-	-	18,127,492	-	18,127,492	-	18,127,492
Other non-current assets	15	-	15,088,439	-	12,991	15,101,430	6,074,882	21,176,312
		-	15,088,439	18,127,492	12,991	33,228,922	6,074,882	39,303,804
Current assets								
Trade receivables	17	-	208,066,473	-	-	208,066,473	-	208,066,473
Other debtors	18	-	163,392,565	-	-	163,392,565	-	163,392,565
Investments	14	365,122	57,313,909	-	-	57,679,031	-	57,679,031
Cash and cash equivalents	22	-	172,229,871	-	-	172,229,871	-	172,229,871
		365,122	601,002,819	-	-	601,367,941	-	601,367,941
		365,122	616,091,258	18,127,492	12,991	634,596,863	6,074,882	640,671,745
As at 31 December 2008								
Non-current assets								
Other investments	7 and 14	-	-	12,978,175	-	12,978,175	-	12,978,175
Other non-current assets	15	-	12,394,378	-	75,002	12,469,380	8,814,135	21,283,515
		-	12,394,378	12,978,175	75,002	25,447,555	8,814,135	34,261,690
Current assets								
Trade receivables	17	-	215,062,609	-	-	215,062,609	-	215,062,609
Other debtors	18	-	145,992,505	-	-	145,992,505	-	145,992,505
Investments	14	72,483	60,956,604	-	2,527,676	63,556,763	-	63,556,763
Cash and cash equivalents	22	-	184,360,904	-	-	184,360,904	-	184,360,904
		72,483	606,372,622	-	2,527,676	608,972,781	-	608,972,781
		72,483	618,767,000	12,978,175	2,602,678	634,420,336	8,814,135	643,234,471

Financial liabilities

	Notes	Liabilities at fair value through profit or loss (Note 27)	Hedging derivatives (Note 27)	Financial liabilities recorded at amortised cost	Sub-total	Liabilities not within scope of IFRS 7	Total
As at 31 December 2009							
Non-current liabilities							
Bank loans	25	-	-	1,208,324,810	1,208,324,810	-	1,208,324,810
Bonds	25	-	-	1,671,134,222	1,671,134,222	-	1,671,134,222
Obligations under finance leases	25	-	-	29,357,393	29,357,393	-	29,357,393
Other loans	25	-	34,584,190	586,519	35,170,709	-	35,170,709
Other non-current liabilities	28	-	-	206,187,331	206,187,331	34,080,072	240,267,403
		-	34,584,190	3,115,590,275	3,150,174,465	34,080,072	3,184,254,537
Current liabilities							
Bank loans	25	-	-	232,966,928	232,966,928	-	232,966,928
Bonds	25	-	-	64,848,660	64,848,660	-	64,848,660
Obligations under finance leases	25	-	-	7,803,032	7,803,032	-	7,803,032
Other loans	25	79,039	7,823,283	33,466	7,935,788	-	7,935,788
Trade creditors	30	-	-	1,220,401,450	1,220,401,450	-	1,220,401,450
Other creditors	31	-	-	254,854,646	254,854,646	-	254,854,646
		79,039	7,823,283	1,780,908,182	1,788,810,504	-	1,788,810,504
		79,039	42,407,473	4,896,498,457	4,938,984,969	34,080,072	4,973,065,041

	Notes	Liabilities at fair value through profit or loss (Note 27)	Hedging derivatives (Note 27)	Financial liabilities recorded at amortised cost	Sub-total	Liabilities not within scope of IFRS 7	Total
As at 31 December 2008							
Non-current liabilities							
Bank loans	25	-	-	1,281,262,524	1,281,262,524	-	1,281,262,524
Bonds	25	-	-	1,684,214,319	1,684,214,319	-	1,684,214,319
Obligations under finance leases	25	-	-	28,701,579	28,701,579	-	28,701,579
Other loans	25	-	21,646,496	628,195	22,274,691	-	22,274,691
Other non-current liabilities	28	-	-	96,875,210	96,875,210	58,588,948	155,464,158
		-	21,646,496	3,091,681,827	3,113,328,323	58,588,948	3,171,917,271
Current liabilities							
Bank loans	25	-	-	258,905,967	258,905,967	-	258,905,967
Bonds	25	-	-	99,930,567	99,930,567	-	99,930,567
Obligations under finance leases	25	-	-	5,829,172	5,829,172	-	5,829,172
Other loans	25	475,849	4,894,131	35,486	5,405,466	-	5,405,466
Trade creditors	30	-	-	1,050,238,562	1,050,238,562	-	1,050,238,562
Other creditors	31	-	-	233,899,872	233,899,872	-	233,899,872
		475,849	4,894,131	1,648,839,626	1,654,209,606	-	1,654,209,606
		475,849	26,540,627	4,740,521,453	4,767,537,929	58,588,948	4,826,126,877

As at 31 December 2009 and 2008 the financial instruments at fair value through profit/loss are the only derivatives that do not qualify as hedging derivatives (Note 27).

Financial instruments recognized at fair value

The table below details the financial instruments that are measured subsequent to initial recognition at fair value, grouped into 3 levels based 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 2009		
	Level 1	Level 2	Level 3
Financial assets measured at fair value			
Investments	13,778,000	365,122	-
Derivates	-	12,991	-
	13,778,000	378,113	-
Financial liabilities measured at fair value			
Derivates	-	42,486,512	-
	-	42,486,512	-

10 TANGIBLE ASSETS

During the periods ended as at 31 December 2009 and 2008 movements in tangible assets as well as depreciation and accumulated impairment losses are made up as follows:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others	Tangible assets in progress	Total Tangible Assets
Gross costs:							
Opening balance as at 1 January 2008	1,603,905,332	1,456,158,023	17,782,684	248,965,168	32,171,873	165,234,836	3,524,217,916
Capital expenditure	16,264,040	6,464,011	208,858	15,312,439	2,534,963	455,447,110	496,231,421
Acquisitions of subsidiaries	43,991,035	15,769,030	335,931	2,063,407	306,838	1,090,768	63,557,009
Disposals	(19,832,796)	(61,558,448)	(796,515)	(15,556,162)	(1,418,448)	(2,362,161)	(101,524,530)
Disposals of subsidiaries	(348,113)	(825,536)	(620)	(1,086,418)	(131,074)	(144,083)	(2,535,844)
Exchange rate effect	(73,196)	(268,412)	(27,999)	(208,081)	(173)	-	(577,861)
Transfers	98,584,185	198,540,292	2,221,279	14,213,870	4,401,250	(335,318,433)	(17,357,557)
Opening balance as at 1 January 2009	1,742,490,487	1,614,278,960	19,723,618	263,704,223	37,865,229	283,948,037	3,962,010,554
Capital expenditure	13,949,905	10,872,945	802,676	17,961,269	226,473	370,033,084	413,846,352
Acquisitions of subsidiaries	94,389,008	1,326,170	258,281	1,225,668	54,726	52,149,670	149,403,523
Disposals	(7,900,878)	(25,046,955)	(1,202,300)	(6,184,663)	(1,280,053)	(26,995,765)	(68,610,614)
Exchange rate effect	85,614	384,504	114,067	465,875	528	-	1,050,588
Transfers	143,838,999	307,891,520	1,932,954	14,619,921	6,384,479	(486,750,547)	(12,082,674)
Closing balance as at 31 December 2009	1,986,853,135	1,909,707,144	21,629,296	291,792,293	43,251,382	192,384,479	4,445,617,729
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2008	292,325,609	790,101,234	13,757,122	185,249,882	22,627,904	-	1,304,061,751
Depreciation and impairment losses	35,151,938	144,352,824	1,628,180	31,095,643	5,219,204	-	217,447,789
Acquisitions of subsidiaries (Note 8)	2,747,299	8,502,660	224,023	1,274,273	213,158	-	12,961,413
Disposals	(6,376,485)	(54,062,247)	(680,753)	(14,758,363)	(1,313,171)	-	(77,191,019)
Disposals of subsidiaries	(177,254)	(228,724)	(620)	(704,909)	(62,731)	-	(1,174,238)
Exchange rate effect	(39,116)	(101,719)	(9,368)	(97,581)	(20)	-	(247,804)
Transfers	(3,097,892)	1,374,419	(4,050)	(45,360)	(17,491)	-	(1,790,374)
Opening balance as at 1 January 2009	320,534,099	889,938,447	14,914,534	202,013,585	26,666,853	-	1,454,067,518
Depreciation and impairment losses	36,556,747	160,521,582	2,044,367	33,416,170	5,901,520	-	238,440,386
Acquisitions of subsidiaries (Note 8)	18,325	1,035,558	169,007	764,447	50,899	-	2,038,236
Disposals	(1,076,677)	(19,622,267)	(865,798)	(5,639,386)	(1,036,872)	-	(28,241,000)
Exchange rate effect	47,514	161,201	60,277	201,567	528	-	471,087
Transfers	(22,689)	(1,470,149)	(11,263)	(800,017)	(31,955)	-	(2,336,073)
Closing balance as at 31 December 2009	356,057,319	1,030,564,372	16,311,124	229,956,366	31,550,973	-	1,664,440,154
Carrying amount							
As at 31 December 2008	1,421,956,388	724,340,513	4,809,084	61,690,638	11,198,376	283,948,037	2,507,943,036
As at 31 December 2009	1,630,795,816	879,142,772	5,318,172	61,835,927	11,700,409	192,384,479	2,781,177,575

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

	<u>31 December 2009</u>	<u>31 December 2008</u>
Refurbishment and expansion of stores in the retail businesses located in Portugal	42,956,387	146,344,713
Refurbishment and expansion of stores in the retail businesses located in Spain	4,787,987	5,575,577
Projects of "Modelo" and "Continente" stores for which advance payments were made	13,005,347	45,435,160
Construction in Progress in Maia (Business Park)	30,981,983	-
Development of mobile network	34,617,636	62,159,389
Development of fixed network	56,587,660	19,471,996
Others	9,447,479	4,961,145
	<u>192,384,479</u>	<u>283,948,037</u>

The value of disposals in "Tangible assets in progress" includes 24,633,750 euro of advances from the operating segments of retail for acquisition of land made in previous years whose development projects have been stopped, having been received the amounts advanced.

During the 2009 period, the Board of Directors of the Telecommunications operating segment proceeded, with prospective effects, to the revision of estimated useful life of a set of assets related to telecommunication networks (fixed and mobile), which resulted in a decrease of depreciations of about 15 million euro, compared with what would result if it had used the previously estimated useful life.

As at 31 December 2009 and 2008, the telecommunications operating segment, presents a value of commitments assumed with third parties relating to investments to be made, as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Technical Investments	17,282,698	26,750,521
Investments in information systems	3,451,214	3,022,223
	<u>20,733,912</u>	<u>29,772,744</u>

11 INTANGIBLE ASSETS

During the periods ended as at 31 December 2009 and 2008, movements in intangible assets as well as amortisation and accumulated impairment losses are made up as follows:

	Patents and other			Intangible	Total
	similar rights	Software	Others	assets in progress	Intangible Assets
Gross assets:					
Opening balance as at 1 January 2008	274,917,793	321,099,387	19,434,580	20,054,687	635,506,447
Capital expenditure	99,281,740	2,813,484	168,961	42,743,396	145,007,581
Acquisitions of subsidiaries	922,565	998,542	5,456,647	-	7,377,754
Disposals	(188,864)	(14,813,905)	(352,472)	(913,753)	(16,268,994)
Disposals of subsidiaries	(364,185)	(1,282,959)	(1,067,256)	(327,837)	(3,042,237)
Exchange rate effect	(425)	(579,689)	-	(4,828)	(584,942)
Transfers	8,077,244	30,202,203	(2,568)	(29,929,545)	8,347,334
Opening balance as at 1 January 2009	382,645,868	338,437,063	23,637,892	31,622,120	776,342,943
Capital expenditure	15,265,519	2,697,826	255,138	34,259,293	52,477,776
Acquisitions of subsidiaries	2,571,227	229,990	1,586,837	7,455	4,395,509
Disposals	(143,707)	(3,761,520)	(1,049,897)	(343,398)	(5,298,522)
Exchange rate effect	1,108	739,188	486,428	3,013	1,229,737
Transfers	4,067,691	29,139,757	-	(34,269,322)	(1,061,874)
Closing balance as at 31 December 2009	404,407,706	367,482,304	24,916,398	31,279,161	828,085,569
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2008	54,460,087	219,358,734	15,441,982	-	289,260,803
Depreciation of the period	23,054,285	32,606,424	710,664	-	56,371,373
Acquisitions of subsidiaries	697,432	881,559	5,404,247	-	6,983,238
Disposals	(66,143)	(14,777,300)	(352,472)	-	(15,195,915)
Disposals of subsidiaries	(89,895)	(768,135)	(839,027)	-	(1,697,057)
Exchange rate effect	-	(181,275)	-	-	(181,275)
Transfers	499,504	115	2,996	-	502,615
Opening balance as at 1 January 2009	78,555,270	237,120,122	20,368,390	-	336,043,782
Depreciation of the period	20,695,818	34,371,166	626,113	-	55,693,097
Acquisitions of subsidiaries	32,804	100,342	123,704	-	256,850
Disposals	(71,233)	(3,245,844)	(881,057)	-	(4,198,134)
Exchange rate effect	6	304,779	37,144	-	341,929
Transfers	(66,263)	(24,190)	-	-	(90,453)
Closing balance as at 31 December 2009	99,146,402	268,626,375	20,274,294	-	388,047,071
Carrying amount					
As at 31 de December de 2008	304,090,598	101,316,941	3,269,502	31,622,120	440,299,161
As at 31 de December de 2009	305,261,304	98,855,929	4,642,104	31,279,161	440,038,498

Intangible assets in progress as at 31 December 2009 were mainly composed of software projects and software development.

As at 31 December 2009 and 2008 Sonae kept recorded under the caption "Patents and other similar rights" the amounts of 202,090,404 euro and 197,381,992 euro, respectively which correspond to the investment net of depreciations made in the development of the UMTS network. This includes: (i) 63,006,050 euro (66,006,338 euro in 2008) related with the license; (ii) 21,052,631 euro (22,055,138 euro in 2008) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators in Portugal with UMTS licenses; (iii) 6,465,899 euro (6,773,799 euro in 2008) related to a contribution to the "Fundação para as Comunicações Móveis" established in 2007, under an agreement entered with Ministry of Public Works, Transports and Communications ("Ministério das Obras Públicas Transportes e Comunicações") and the three mobile telecommunication operators in Portugal; and (iv) 106,182,551 euro (96,907,100 euro in 2008) related with the "Initiatives E" program, these last two commitments assumed by the Group in the scope of "Information Society" (Note 51).

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 2008).

12 INVESTMENT PROPERTIES

The movement in Investment Properties during the periods ended as at 31 December 2009 and 2008 are as follows:

	Investment Properties			
	In Operation	Fit Out	In progress	Total
Opening balance as at 1 January 2008	1,864,634,551	4,021,510	193,472,865	2,062,128,926
Increases	21,738,803	275,000	105,772,145	127,785,948
Write-offs	-	-	(26,518,956)	(26,518,956)
Reimbursements of Fit - Out	-	(398,689)	-	(398,689)
Transfers	419,822	870,740	(8,045,901)	(6,755,339)
Transfers from investment properties in progress:				
Construction and other costs	149,979,571	700,000	(151,855,403)	(1,175,832)
Adjustment to fair value (Note 37)	18,716,720	(64,750)	7,579,782	26,231,752
Change in fair value of investment properties between periods (Note 37):				
- Gains	16,724,908	61,052	-	16,785,960
- Losses	(158,127,074)	(696,113)	-	(158,823,187)
Business Combinations	-	-	45,722,364	45,722,364
Disposal of joint ventures	(211,934,750)	(1,003,250)	(23,916)	(212,961,916)
Other	-	-	-	-
Exchange rate effect	(22,476,530)	-	(7,541,928)	(30,018,458)
Opening balance as at 1 January 2009	1,679,676,021	3,765,500	158,561,052	1,842,002,573
Increases	13,062,049	49,333	67,945,991	81,057,373
Write-offs	-	-	(3,239,766)	(3,239,766)
Reimbursements of Fit - Out	-	(527,756)	-	(527,756)
Transfers of assets available for sale	-	-	5,782,500	5,782,500
Disposals	-	-	(3,150,000)	(3,150,000)
Transfers	(419,826)	-	(6,929,908)	(7,349,734)
Transfers from investment properties in progress:				
Construction and other costs	114,953,689	(614,750)	(114,338,939)	-
Adjustment to fair value (Note 37)	6,034,792	-	2,448,507	8,483,299
Change in fair value of investment properties between periods (Note 37):				
- Gains	20,356,854	150,110	-	20,506,964
- Losses	(171,478,680)	(195,799)	-	(171,674,479)
Business Combinations	-	-	9,131,609	9,131,609
Subsidiary excluded from consolidation (Note 8)	(11,174,000)	(354,388)	-	(11,528,388)
Disposals of subsidiaries (Note 8)	(8,887,000)	-	-	(8,887,000)
Other	-	-	-	-
Exchange rate effect	32,227,832	-	3,635,791	35,863,623
Closing balance as at 31 December 2009	1,674,351,731	2,272,250	119,846,837	1,796,470,818

Fit out contracts correspond to agreements with tenants under which the Group pays part of the expenses incurred with the fit out of stores and the tenant assumes the responsibility to reimburse the amount invested to the Sonae over the period of the lease. The accounting treatment of fit outs is the same as the one used for investment properties.

As at 31 December 2009 and 2008 Investment properties in operation including fit-outs correspond to the fair value of the Group's share of shopping centres which can be detailed as follows:

	31 December 2009			31 December 2008		
	10 years "discount rate"	Yields	Amount	10 years "discount rate"	Yields	Amount
Portugal	8,25% e 10,55%	6,00% e 8,30%	726,662,623	7,30% e 9,75%	5,40% e 7,50%	790,389,750
Spain	8,90% e 11,55%	6,40% e 9,05%	351,937,238	8,70% e 12,35%	5,70% e 9,35%	413,726,365
Italy	8,00% e 9,50%	6,00% e 7,70%	149,810,250	8,00% e 8,70%	5,80% e 7,70%	183,216,750
Germany	6,50% e 6,75%	6,00% e 6,25%	234,425,638	6,50%	5,75% e 6,00%	163,875,827
Brazil	12,75% e 14,00%	8,25% e 9,50%	180,277,982	13,45% e 14,95%	8,25% e 9,75%	91,665,330
Greece	10,75%	7,00%	18,529,750	10,75%	7,00%	21,796,500
Romania	10,75%	9,00%	14,980,500	9,75%	8,00%	18,770,999
			<u>1,676,623,981</u>			<u>1,683,441,521</u>

The fair value of fit out contracts was determined by valuations as at 31 December 2009 and 2008 performed by an independent specialized entity. The methodology used to compute the fair value of the fit out contracts consisted in determining the discounted estimated cash flows of each one of the fit out contracts at closing date using a discounted market rate similar to the one used in determining the fair value of the investment properties to which each fit out contract relates.

The valuation of these investment properties was made in accordance with the Practice Statements of the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors ("Red Book") located in the United Kingdom.

The methodology used to compute the market value of the investment properties consists in preparing 10 year projections of income and expenses of each shopping mall which are then discounted to the balance sheet date using a discount market rate. Projections are intended to reflect the actual best estimate of the valuers regarding future revenues and costs of each shopping mall. The residual amount at the end of year 10 is computed by applying a return rate ("Exit Yield" or "Cap Rate") on the projected net income of year 11. Both the return rate and discount rate are defined in accordance to the real estate local and institutional market conditions being the reasonability of the market value thus obtained tested in terms of initial gain.

In the valuation of investment properties some assumptions that in accordance with the Red Book are considered to be special, were additionally considered, namely in the case of recently inaugurated shopping malls, in which the possible costs still to be incurred were not considered, as the accompanying financial statements already include a provision for them.

The open market value of the investment properties under development as at the reporting date is calculated by subtracting from the open market value at opening calculated using the methodology described above the investment necessary to finish the project and weighted by a risk factor defined by the valuer.

Uncertainty of Market

According to the valuer whenever some uncertainty exists which may affect its opinion on the fair value of the property, the object and the degree of uncertainty associated should be properly disclosed.

Since September 2008 some events have been observed without precedence in the past, such as the bankruptcy of banks with a considerable dimension, nationalization of some banks and substantial reductions of interest rates. The global crisis in the financial markets and the consequent effect on the world economy has caused high levels of volatility in property markets, a greater lack of liquidity and a smaller volume of transactions.

Consequently, the evidence of market reduced significantly, by the degree of judgement used by the valuer has increased.

According to the valuer, despite the recent transactions may be considered to be "forced", it is inappropriate to conclude that all transactions occurring in the recent past have been forced. The lack between supply and demand (less buyers than sellers) is not always synonymous of forced transactions. A seller can be pressed to sell, but continues to have an active market, if there is more than a buyer and a temporal space to sell. Similarly, transactions initiated in insolvency procedures, should not be automatically assumed as forced.

According to the valuer, the valuers in common continue to have a range of values in which they base their evaluation. This range is usually higher in a non-liquid market, where inherent uncertainty and thus the degree of judgement would be greater. Therefore, assessments must be followed in the future, and must anticipate a temporal space higher than usual in the past, because there is the possibility of selling some property.

As at 31 December 2009 and 2008 Investment properties can be detailed as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Investment Properties in progress at cost:		
Portugal:		
Alverca	3,066,099	3,005,342
GuimarãesShopping - expansion	-	104,310
Centro Bordalo	1,685,228	1,430,192
Cacém Shopping	-	1,084,960
Parque de Famalicão	1,498,232	627,500
Setubal Retail Park	-	733,266
Others	519,902	-
Germany:		
Alexa (Torre)	7,320,992	-
Garbsen	867,053	229,810
Others	-	120,648
Brazil:		
Goiânia Shopping	3,770,303	2,332,966
Uberlândia Shopping	2,294,093	1,416,375
Boulevard Londrina Shopping	1,348,853	112,582
Pátio Boavista	-	646,176
Others	22,867	-
Spain:		
Alfaz del Pi	9,575,000	9,724,204
Pulianas Shopping	103,105	6,393,375
Los Barrios	-	3,201,064
Dos Mares - expansion	1,404,902	1,404,902
Others	37,868	-
Greece:		
Ioannina	13,531,277	12,425,240
Galatsi Shopping	5,771,370	4,077,148
Aegean Park	4,925,052	4,881,606
Pantheon Plaza	889,064	882,672
Italy:		
Le Terraze	3,261,195	3,817,792
Caldogno	4,937,831	4,662,500
Pavia	-	3,755,236
Others	257,365	6,457
Romania:		
Craiova Shopping	17,615,979	12,345,625
Ploiesti Shopping	7,415,770	6,726,158
	<u>92,119,400</u>	<u>86,148,106</u>
Risk assets impairment	(6,537,230)	-
Investment Properties in progress at fair value:		
Portugal:		
Leiria Shopping	24,597,667	5,705,415
Torres Oriente and Occidente	-	3,310,285
Brazil:		
Manauara Shopping	-	17,942,521
Germany:		
Loop 5	-	45,454,725
Italy:		
Le Terraze	9,667,000	-
	<u>34,264,667</u>	<u>72,412,946</u>
	<u>119,846,837</u>	<u>158,561,052</u>

Investment properties in progress include borrowing expenses incurred during the construction period. As at 31 December 2009 and 2008 total borrowing expenses capitalised amounted to 2,223,179 euro and 8,543,570 euro respectively.

During the periods ended as at 31 December 2009 and 2008 the income (fixed rents - net of possible discounts- variable rents, common spaces rents, key income and transfer fees) and the corresponding direct operating expenses (property tax, insurance expense, maintenance expense, management fee and asset management fee and other direct operating expenses), relating the investment properties of the Group had the following detail:

	Rents		Operational direct expenses	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Portugal	52,466,368	59,498,236	3,415,593	3,048,116
Spain	27,413,536	28,001,533	865,982	2,073,938
Brazil	13,242,110	9,888,944	706,158	280,120
Germany	9,862,045	8,831,179	822,476	370,613
Italy	9,900,151	7,806,619	711,163	1,182,306
Romania	1,374,196	1,519,603	231,544	160,022
Greece	445,476	775,489	630,259	105,051
	<u>114,703,882</u>	<u>116,321,601</u>	<u>7,383,175</u>	<u>7,220,165</u>

At 31 December 2009 the following investment properties had been given in guarantee of bank loans:

Airone	Loop 5
Alexa	Luz del Tajo
Algarveshopping	Madeirashopping
Alverca	Maiashopping
Arrabidashopping	Manauara Shopping
Cascaishopping	Max Center
Centro Colombo	Munster Arkaden
Centro Vasco da Gama	Norteshopping
Coimbrashopping	Parque Atlântico
Dos Mares	Parque Principado
El Rosal	Plaza Éboli
Estação Viana	Plaza Mayor
Freccia Rossa	Plaza Mayor Shopping
Gaiashopping	River Plaza Mall
Gli Orsi	Torre Occidente
Grancasa	Valecenter

Guimarãeshopping

Valle Real

La Farga

Viacatarina

Leiria

Zubiarte

At 31 December 2009 and 2008 there were no material contractual obligations to purchase construct or develop investment properties or for repairs or maintenance other than those referred to above.

13 GOODWILL

Goodwill is allocated to each one of the operating segments and within to each one of the homogeneous groups of cash generating units as follows:

- Retail - Goodwill is allocated to each one of the segment business concepts (Continete, Modelo , Worten, Sport Zone among others) explored by Food based Retail, being after allocated to each one business concept stores of the segment;
- Shopping Centres - Goodwill was allocated to each of the own investment properties and to the management and development of investment properties business;
- Telecommunications - Goodwill is allocated by each operating segment type (Telecommunications, Multimedia and Information Systems);
- Investment Management - This segment's Goodwill is mainly related with the insurance business. Goodwill from:(i) this operating segment is related to the insurance clients portfolio, which was acquired previously to the adoption of IFRS, therefore explaining the non recognition as an Intangible asset; (ii) assets acquired in 2009, namely travel companies and Lazam/MDS;

At 31 December 2009 and 2008, the caption "Goodwill" was as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Food based retail	564,854,379	564,365,889
Shopping centres	58,040,038	58,703,923
Telecommunications	43,811,359	44,091,691
Investment management	79,634,915	30,105,858
	<u>746,340,691</u>	<u>697,267,362</u>

During the years ended 31 December 2009 and 2008, movements in goodwill as well as in the corresponding impairment losses, are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Gross value:		
Opening balance	709,012,583	707,303,376
New companies in the consolidation perimeter	54,788,678	14,053,298
Increases	317,522	18,714,449
Decreases	(4,332,109)	(16,363,744)
Transfers	-	(8,384,445)
Write-off	-	(6,310,351)
Closing balance	<u>759,786,674</u>	<u>709,012,583</u>
Accumulated impairment losses:		
Opening balance	11,745,221	9,912,998
Increases (Note 33)	1,700,762	8,142,574
Write-off	-	(6,310,351)
Closing balance	<u>13,445,983</u>	<u>11,745,221</u>
Carrying amount:	<u>746,340,691</u>	<u>697,267,362</u>

The caption "Transfers" relates to the 42% goodwill of Sierra Portugal Fund (SPF) transferred to the caption "Investments in associated companies" measured in accordance with the equity method.

Sonae does annual impairment tests of Goodwill and whenever there are indications of goodwill impairment. During the reporting periods ended at 31 December 2009 and 2008, Sonae has tested the goodwill impairment, having as a result of that analysis, recognized impairment losses as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Food based retail	-	1,039,423
Shopping centres	1,700,762	6,375,724
Investment management	-	727,427
	<u>1,700,762</u>	<u>8,142,574</u>

The recoverable value of cash units generators is determined based on its value in use, which is calculated taking into consideration the last approved plans which are prepared using cash flow projections for periods of 5 years.

The main assumptions used in mentioned business plans are detailed as follows for each one of Sonae businesses.

Retail

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

The case scenarios are elaborated with an average capital cost of 7 to 10% depending on the market and business concept. Perpetuity growth rate was considered to be between 0 and 1%.

Shopping Centres

The goodwill related with the Shopping Centre segment is allocated to each one of the companies that owns investment properties. The impairment tests of goodwill are based on the Net Asset value (NAV), at the balance sheet date, of the financial investments.

"Net Asset Value" is measured by the investment property valuation at market values (Open Market Value), not including the deferred taxes over the gains obtained. The assumptions related with investment properties valuation are detailed in Note 12.

Telecommunications

For this purpose the segment uses the internal valuation results of its business areas, using annual planning methodologies, supported in business plans that consider cash flow projections for each unit which depend on detailed assumptions based on historical performance of each business.

The discount rates used were based on the estimated weighted average cost of capital, which depends of the operating segment of each subsidiary, as indicated in the table below. In perpetuity, the Group considered a growth rate of circa 3%.

The discount rates used are:

- Telecommunications	9.00%
- Multimedia	9.45%
- Information Systems	11.22%

Investment Management

Goodwill was exclusively allocated to business insurance clients portfolio, as consequence, the impairment analysis is made using the estimated profitability of the mentioned portfolio, being the main assumptions as follows:

Insurance	Portugal	Brazil
Sales Increase rate during the projected period	1%	13.5%
Perpetuity growth rate	1%	3.7%
Discount rate used	9%	11.75%

14 OTHER INVESTMENTS

As at 31 December 2009 and 2008, this caption is made up as follows:

	31 December 2009		31 December 2008	
	Non current	Current	Non current	Current
<u>Investments in group companies, jointly controlled companies or associated companies excluded from consolidation</u>				
Opening balance as at 1 January	3,012,637	-	9,376,193	-
Acquisitions in the period	122,904	-	458,596	-
Changes in consolidation perimeter	(1,584,193)	-	1,598,800	-
Disposals in the period	-	-	-	-
Transfers	(625,579)	-	(8,420,952)	-
Closing balance as at 31 December	925,769	-	3,012,637	-
Accumulated impairment losses	-	-	-	-
	925,769	-	3,012,637	-
<u>Other investments:</u>				
Fair value (net of impairment losses) as at 1 January	9,965,538	60,956,604	2,678,964	56,093,108
Acquisitions in the period	22,873	7,243,466	19,750	6,029,043
Disposals in the period	-	(10,902,651)	(25,000)	(1,165,547)
Increase/(Decrease) in fair value	6,474,000	-	7,304,000	-
Transfers	739,312	16,490	(12,176)	-
Fair value (net of impairment losses) as at 31 December	17,201,723	57,313,909	9,965,538	60,956,604
	18,127,492	57,313,909	12,978,175	60,956,604
<u>Derivative financial instruments (Note 27)</u>				
Fair value as at 1 January	-	2,600,159	-	3,976,816
Acquisitions in the period	-	365,121	-	72,494
Disposals in the period	-	(72,494)	-	(296,968)
Increase/(Decrease) in fair value	-	(2,527,664)	-	(1,152,183)
Fair value as at 31 December	-	365,122	-	2,600,159
	18,127,492	57,679,031	12,978,175	63,556,763

The financial investments in group companies, jointly controlled companies or associated companies excluded from consolidation are recorded at the acquisition cost net of impairment losses. It is Sonae understanding that no reliable fair value estimate could be made as there is no market data available for these investments. The heading of Investments available for sale includes 3,423,724 euro (2,661,538 euro in 31 December 2008) of investments recorded at the cost net of impairment losses for the same reasons.

The investments available for sale are net impairment losses (Note 33) amounting 67,925 euro (13,157 euro in 31 December 2008).

Under the caption other financial investments is recorded an amount of 45,121,122 euro (56,042,299 euro as at 31 December 2008) related to deposited amounts on an Escrow Account which are invested in investment funds with superior rating and guarantee contractual liabilities assumed by Sonae which may arise from the sale of Sonae Distribuição Brasil, S.A. and for which provisions were recorded.

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 how to use the Escrow Account, namely as to whether or not, to return the Escrow Account for ongoing fiscal procedures have not yet decided (Note 34). It is the understanding of the Board of Directors, based in the legal opinions of Brazilian and Portuguese lawyers, that this amount shall be entirely received up to 31 December 2010, and that there are legal means that may be operated so as to compel the buyer to authorize the return of the Escrow account. If the negotiations currently under way between the two parties do not accomplish in results, it is the intention of the Board to make use of such legal means.

15 OTHER NON-CURRENT ASSETS

As at 31 December 2009 and 2008, Other non-current assets are detailed as follows:

	31 December 2009			31 December 2008		
	Gross Value	Accumulated impairment losses (Note 33)	Carrying Amount	Gross Value	Accumulated impairment losses (Note 33)	Carrying Amount
Loans granted to related parties	1,312,071	-	1,312,071	294,089	(160,125)	133,964
Trade accounts receivable and other debtors						
Legal deposits	819,480	-	819,480	634,470	-	634,470
Cautions	2,949,266	-	2,949,266	1,638,456	-	1,638,456
Lisbon Town Council	3,888,477	-	3,888,477	3,888,477	-	3,888,477
Malaga Town Council	824,948	-	824,948	512,108	-	512,108
Rent deposits from tenants	4,036,717	-	4,036,717	3,740,456	-	3,740,456
Others	1,399,468	(141,988)	1,257,480	1,977,893	(131,446)	1,846,447
	<u>13,918,356</u>	<u>(141,988)</u>	<u>13,776,368</u>	<u>12,391,860</u>	<u>(131,446)</u>	<u>12,260,414</u>
Non-current derivatives	12,991	-	12,991	75,002	-	75,002
Total financial instruments (Note 9)	<u>15,243,418</u>	<u>(141,988)</u>	<u>15,101,430</u>	<u>12,760,951</u>	<u>(291,571)</u>	<u>12,469,380</u>
Reinsurer's' share of technical provisions	5,396,067	-	5,396,067	8,763,158	-	8,763,158
Other non-current assets	678,815	-	678,815	50,977	-	50,977
	<u>21,318,300</u>	<u>(141,988)</u>	<u>21,176,312</u>	<u>21,575,086</u>	<u>(291,571)</u>	<u>21,283,515</u>

Loans granted to related parties bear interests at usual market rates and do not have a defined maturity. The fair value of these loans is estimated to be similar to its carrying amount.

The amount of 3,888,477 Euro due by Lisbon Town Council, relates to works developed by a jointly controlled company of Shopping Centres segment developed on behalf of Lisbon Town Council ("CML") in accordance with protocols signed in the end of 2001. On the other hand, the caption "Other non-current liabilities", as at 31 December 2009 and 2008 includes the amount of 1,621,687 euro relating to works developed by CML on behalf of the joint controlled company and licenses. A legal action against CML was presented in 2001, claiming the totality of the improvements made by Colombo on account of CML and corresponding interests and other expenses incurred. Sonae believes that the legal action will be favourable to the Group and consequently did not record any impairment loss to face eventual losses on this account receivable.

The amount of 4,036,717 euro (3,740,456 euro as at December 2008) relates to the deposit in official entities of rents deposits received from tenants of shopping centres located in Spain. The rent deposits received from tenants are classified under "Other non-current liabilities" and "Other liabilities".

The Reinsurer's' share of technical provisions refer to non-life insurance ceded to reinsurance companies by a captive subsidiary. The provision can be detailed as follows: Provision for unearned premiums 3,582,953 euro (3,597,343 euro as at December 2008) and Provisions for outstanding claims 1,688,969 euro (5,156,815 euro as at December 2008) (Note 33).

16 INVENTORIES

As at 31 December 2009 and 2008, Inventories are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Raw materials and consumables	1,109,140	1,659,166
Goods for resale	633,189,711	588,557,727
Finished and intermediate goods	202,575	-
Work in progress	146,535	-
	<u>634,647,961</u>	<u>590,216,893</u>
Accumulated impairment losses on Inventories (Note 33)	<u>(31,644,772)</u>	<u>(29,783,714)</u>
	<u>603,003,189</u>	<u>560,433,179</u>

Cost of goods sold as at 31 December 2009 and 2008 amounted to 3,580,874,024 euro and 3,303,986,732 euro, respectively, and may be detailed as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Opening balance	590,216,893	506,662,632
Changes in consolidation perimeter	759,076	6,626,869
Purchases	3,651,137,843	3,383,129,620
Adjustments	(29,518,161)	(6,415,488)
Closing balance	<u>634,647,961</u>	<u>590,216,893</u>
	<u>3,577,947,690</u>	<u>3,299,786,740</u>
Impairment losses (Note 33)	8,411,520	10,856,498
Reversal of impairment losses	<u>(5,485,186)</u>	<u>(6,656,506)</u>
	<u>3,580,874,024</u>	<u>3,303,986,732</u>

a) The line adjustments includes 23 million euro (14 million euro at 31 December 2008) relating essentially to telecommunications terminal transfers from stocks Fixed Assets under contracts of lending agreements with customers of Telecommunications segment.

17 TRADE ACCOUNTS RECEIVABLE

As at 31 December 2009 and 2008, trade accounts receivable are detailed as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Trade accounts receivable		
Retail	33,530,469	32,407,651
Shopping Centres	28,908,566	24,227,509
Telecommunications	220,854,930	241,908,462
Investments management	10,555,411	12,408,563
Sonae Holding	982,280	796,899
	<u>294,831,656</u>	<u>311,749,084</u>
Accumulated impairment losses on Trade Debtors (Note 33)	<u>(86,765,183)</u>	<u>(96,686,475)</u>
	<u>208,066,473</u>	<u>215,062,609</u>

Sonae's exposition to credit risk is attributed to accounts receivable relating the operating activity of the Group. The amounts presented on the face of the balance sheet are net of impairment losses which were estimated based on Sonae's past experience

and on the assessment of present economic conditions. As a result, amounts disclosed in Trade Debtors are considered to reflect their fair value.

As at 31 December 2009 there is no indication that the debtors of trade accounts receivable not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognised.

As at 31 of December of 2009 and 2008 pro-forma, the ageing of the trade receivables are as follows:

31 December 2009	Trade Receivables					
	Retail	Shopping Centres	Telecommunications	Investments Management	Others	Total
Not due	12,137,691	6,525,055	54,453,780	5,956,405	675,928	79,748,859
Due but not impaired						
0 - 30 days	5,548,922	3,724,054	26,258,873	1,213,406	245,068	36,990,323
30 - 90 days	7,838,363	3,642,067	9,859,150	1,118,968	48,286	22,506,834
+ 90 days	977,475	4,797,664	43,235,363	761,826	12,998	49,785,326
Total	14,364,760	12,163,785	79,353,386	3,094,200	306,352	109,282,483
Due and impaired						
0 - 90 days	45,873	1,008,627	2,952,382	38,324	-	4,045,206
90 - 180 days	46,342	858,683	3,589,051	4,500	-	4,498,576
180 - 360 days	449,406	2,007,699	5,016,947	43,917	-	7,517,969
+ 360 days	6,486,397	6,344,717	75,489,385	1,418,065	-	89,738,564
Total	7,028,018	10,219,726	87,047,764	1,504,806	-	105,800,314
	33,530,469	28,908,566	220,854,931	10,555,411	982,280	294,831,656

31 December 2008	Trade Receivables					
	Retail	Shopping Centres	Telecommunications	Investments Management	Others	Total
Not due	11,503,739	3,458,036	65,648,380	2,668,157	170,600	83,448,912
Due but not impaired						
0 - 30 days	1,542,815	4,754,801	18,043,737	2,564,490	262,509	27,168,352
30 - 90 days	6,487,369	4,492,848	9,460,068	2,505,180	102,712	23,048,177
+ 90 days	1,641,757	2,666,326	53,902,941	2,613,895	261,078	61,085,997
Total	9,671,941	11,913,975	81,406,746	7,683,565	626,299	111,302,526
Due and impaired						
0 - 90 days	127,988	603,977	5,444,803	79,543	-	6,256,311
90 - 180 days	105,314	473,947	4,667,974	289,665	-	5,536,900
180 - 360 days	318,903	3,082,340	4,371,783	291,101	-	8,064,127
+ 360 days	10,679,766	4,695,234	80,368,775	1,396,533	-	97,140,308
Total	11,231,971	8,855,498	94,853,335	2,056,842	-	116,997,646
	32,407,651	24,227,509	241,908,461	12,408,564	796,899	311,749,084

In determining the recoverability of a trade receivable, Sonae considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large. Accordingly, it is considered that the risk of not recovering the trade receivable is not higher than the allowance for doubtful debts.

Sonae considers that the maximum exposition to the credit risk is the amount presented in the consolidate balance sheet.

18 OTHER DEBTORS

As at 31 December 2009 and 2008, Other debtors are as follows:

	31 December 2009	31 December 2008
Granted loans to related companies	8,339	4,269,936
Other debtors		
Trade creditors - debtor balances	58,251,461	65,799,273
Special regime for payment of tax and social security debts	13,999,945	14,576,052
VAT recoverable on real estate assets	20,698,211	7,461,293
Vouchers and gift cards	1,308,743	2,347,902
Accounts receivable from the disposal of fixed assets	5,210,484	9,484,451
Cash Settled Equity Swap	-	3,452,800
Advances for the acquisition of a real estate project	7,967,500	7,500,000
Termination of the contract of acquisition of land in Pulianas	5,382,500	-
Revocation of contracts for acquisition of stores	11,131,667	389,871
Advances to suppliers	15,905,764	12,458,873
Advances to agents	1,004,492	2,271,495
Reinsurance operations	3,351,186	4,051,296
Other current assets	36,395,501	24,825,971
	<u>180,607,454</u>	<u>154,619,277</u>
Accumulated impairment losses in receivables accounts (Note 33)	(17,223,228)	(12,896,708)
Total of Financial Instruments (Note 9)	<u>163,392,565</u>	<u>145,992,505</u>

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.

The amounts disclosed as 'Trade creditors - debtor balances' relates with commercial discounts billed to suppliers to be net settled with future purchases - mainly in the Retail segment.

The amount disclosed as 'Special regime for payment 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 Sonae and expects court decisions to be in favour of Sonae.

In 2008, a company of Sonae Sierra made an advance to purchase land in Pulianas to build a shopping. The acquisition of that land was subject to fulfillment by selling a set of conditions acquisition made a bank guarantee for advance. As a result of non-compliance with the conditions agreed Sonae ran the bank guarantee which has not yet been met, as a result of a lawful action brought by the seller. According to the legal advice obtained, the Group believes that this amount is fully recoverable.

At as 31 December 2009 and 2008, the ageing of other debtors are as follows:

	Other Debtors	
	31 December 2009	31 December 2008
Not due	80,700,480	39,499,120
Due but not impaired	-	-
0 - 30 days	28,915,142	43,946,973
30 - 90 days	27,168,792	31,183,504
+ 90 days	25,066,851	25,284,060
Total	<u>81,150,785</u>	<u>100,414,537</u>
Due and impaired		
0 - 90 days	1,305,871	1,755,989
90 - 180 days	136,019	360,306
180 - 360 days	2,460,437	2,336,907
+ 360 days	14,853,862	10,252,418
Total	<u>18,756,189</u>	<u>14,705,620</u>
	<u>180,607,454</u>	<u>154,619,277</u>

As at 31 December 2009 there is no indication that the debtors not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognized.

The carrying amount of other debtors is estimated to be approximately its fair value.

19 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2009 and 2008, Taxes recoverable and taxes and contributions payable are made up as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Tax recoverable		
Income taxation	10,950,005	20,949,102
VAT	42,533,733	67,366,251
Other taxes	1,586,731	1,281,813
	<u>55,070,469</u>	<u>89,597,166</u>
Taxes and contributions payable		
Income taxation	34,365,203	12,207,801
VAT	34,317,472	40,807,861
Staff income taxes withheld	3,252,893	3,383,806
Social security contributions	11,993,953	11,981,403
Other taxes	2,698,188	3,126,924
	<u>86,627,709</u>	<u>71,507,795</u>

20 OTHER CURRENT ASSETS

As at 31 December 2009 and 2008, Other current assets are made up as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Invoices to be issued	57,394,646	64,755,143
"Initiatives E" program (Note 51)	75,145,779	39,317,881
Commercial Discounts	14,211,921	19,482,183
Commissions to be received	1,368,173	1,269,874
Prepayments - Rents	4,204,847	4,206,320
Prepayments of external supplies and services	18,096,233	16,404,435
Other current assets	13,565,819	20,466,269
	<u>183,987,418</u>	<u>165,902,105</u>

The caption invoices to be issued relates, basically with telecommunications operating segment and accounts for invoices to be issued to customers and other telecommunications operators.

21 DEFERRED TAX

Deferred tax assets and liabilities as at 31 December 2009 and 2008 are as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Difference between fair value and acquisition cost	3,700,884	4,565,926	258,974,803	273,169,996
Harmonisation adjustments	46,211	33,376	43,461,567	34,974,182
Provisions and impairment losses not accepted for tax purposes	15,627,931	15,593,155	-	-
Write off of tangible and intangible assets	58,633,429	64,320,965	-	-
Write off of deferred costs	36,005,911	43,052,099	1,362,430	1,500,154
Valuation of hedging derivatives	7,180,175	5,484,534	100,654	496,557
Temporary differences arising from the securitization of receivable operation	12,880,000	16,100,000	-	-
Amortisation of Goodwill for tax purposes	-	-	13,960,032	6,980,016
Non taxed exchange differences	-	-	928,553	5,326,355
Revaluation of tangible assets	-	-	2,131,967	2,281,496
Tax losses carried forward	94,364,809	54,525,172	-	-
Reinvested capital gains/(losses)	-	-	2,768,248	2,939,833
Others	1,775,158	3,279,462	2,731,864	3,240,091
	230,214,508	206,954,689	326,420,118	330,908,680

During the periods ended 31 December 2009 and 2008, movements in Deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Opening balance	206,954,690	149,323,388	330,908,680	348,408,863
Effects in net income:				
Difference between fair value and acquisition cost	(870,449)	(5,044,606)	(23,252,384)	(14,246,452)
Amortisation and Depreciation harmonisation adjustments	26,935	(1,686,181)	8,464,839	9,869,360
Provisions and impairment losses not accepted for tax purposes	(399,556)	3,169,630	(26,495)	(70,763)
Write-off of tangible and intangible assets	(5,702,292)	4,242,447	(228)	798,102
Write-off of deferred costs	(7,092,466)	2,027,199	(49,998)	192,768
Revaluation of tangible assets	-	-	(149,436)	(236,149)
Tax losses carried forward	38,081,299	16,718,637	-	-
Temporary differences arising from the securitization of receivable operation	(3,220,000)	16,100,000	-	-
Amortization of Goodwill for tax purposes	-	-	6,980,016	6,980,016
Non taxed exchange differences	-	-	(5,422,220)	6,462,069
Reinvested capital gains/(losses)	-	-	(155,523)	(136,246)
Changes in tax rates	-	-	(153,687)	107
Others	(87,939)	2,688,741	(418,850)	130,616
	20,735,532	38,215,867	(14,183,966)	9,743,428
Effects in equity:				
Valuation of hedging derivatives	1,806,117	5,715,366	(471,332)	(757,317)
Exchange rate effect	1,045,771	(1,110,020)	6,592,197	(5,786,745)
Change in tax rate	-	-	-	(181)
Others	(429,313)	(6,326)	333,892	311,384
	2,422,575	4,599,020	6,454,757	(6,232,859)
Changes in the percentages of jointly controlled companies	-	-	-	-
Acquisitions of subsidiaries (Note 8)	153,728	26,105	-	-
Disposals of subsidiaries (Note 8)	(52,017)	(1,868,508)	(961,577)	(30,792,483)
Allocation of fair value on companies acquisitions (Note 8)	-	16,658,818	4,202,324	9,781,731
Closing balance	230,214,508	206,954,690	326,420,218	330,908,680

The recognition of deferred tax amounting to approximately 16.1 million euro in Telecommunications segment follows the securitization of future receivables completed in December 2008. As a result of this operation and in accordance with the provisions of 100 million euro from this operation was added for purposes of determining the taxable income for the year 2008, thereby generating a temporary difference between accounting and taxable amounts, having been registered deferred tax assets to the extent that its use was, with reasonable safety likely. Until the maturity of the operation, a gradual reversion of the corresponding deferred tax assets shall occur, by deduction, in the determination of the taxable income of each year, of the revenue associated to the securitized receivables. In 2009, It was reverted an amount of 3.2 million euro, corresponding to the reversal of the temporary difference in exercise.

During 2008, companies of specialized retail operating segment recognized deferred tax assets amounting 18,240,000 euro were recorded related to tax losses carried forward from the subsidiary Worten España, S.A. generated in the current and in past years (11,829,000 euro were previous to the acquisition. and therefore had impact in the calculated negative goodwill). In the year ending 31 December 2009, were accrued deferred tax assets related to the damage caused in the exercise of 9,144,723 euro in Worten España, S.A. and 6,635,228 euro in Sport Zone España, S.A..The deferred tax losses calculation is supported by the Company business plan that estimates its use in a period from 6 to 8 years (the last in a more conservative perspective). In Spain the deadline for reporting tax losses is 15 years.

As at 31 December 2009 and 2008, 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%. The companies located in other countries have used their tax.

As at 31 December 2009 and 2008, 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 summarised as follows:

	31 December 2009			31 December 2008		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2003	-	-	2009	1,077,065	269,266	2009
Generated in 2004	171,630	42,907	2010	2,658,095	664,524	2010
Generated in 2005	1,454,441	363,610	2011	1,508,454	377,114	2011
Generated in 2006	1,953,506	488,376	2012	1,138,251	284,562	2012
Generated in 2007	15,775,143	3,943,786	2013	23,759,138	5,939,785	2013
Generated in 2008	4,136,674	1,034,169	2014	4,651,622	1,162,908	2014
Generated in 2009	50,067,344	12,516,838	2015	-	-	
	<u>73,558,738</u>	<u>18,389,686</u>		<u>34,792,625</u>	<u>8,698,159</u>	
	18,581,710	5,096,472		10,346,392	3,126,514	
Without limited time use						
	236,619,705	70,878,651		142,929,494	42,700,499	
With a time limit different from the above mentioned						
	<u>255,201,415</u>	<u>75,975,123</u>		<u>153,275,886</u>	<u>45,827,013</u>	
	<u>328,760,153</u>	<u>94,364,809</u>		<u>188,068,511</u>	<u>54,525,172</u>	

As at 31 December 2009 and 2008, deferred tax assets resulting from tax losses carried forward were re-assessed against each company's business plans, which are regularly updated, and available tax planning opportunities. Deferred tax assets have only been recorded to the extent that future taxable profits will arise which may be offset against available tax losses or against deductible temporary differences.

As at 31 December 2009, there were tax losses carried forward, amounting to 639,018,631 euro (761,693,530 euro in 2008) for which no deferred tax assets were recognized due to uncertainties of their future use. These may be summarised as follows:

	31 December 2009			31 December 2008		
	Tax losses carried	Deferred tax credit	Time limit	Tax losses carried	Deferred tax credit	Time limit
With limited time use						
Generated in 2003	-	-	2009	7,840,316	1,960,080	2009
Generated in 2004	7,026,627	1,756,656	2010	7,284,015	1,821,004	2010
Generated in 2005	46,474,629	11,618,658	2011	31,838,954	7,959,738	2011
Generated in 2006	60,520,774	15,130,192	2012	69,678,529	17,419,632	2012
Generated in 2007	60,518,585	15,129,647	2013	79,771,355	19,942,840	2013
Generated in 2008	13,091,128	3,272,783	2014	17,458,087	4,364,521	2014
Generated in 2009	12,670,496	3,167,650	2015			
	<u>200,302,239</u>	<u>50,075,586</u>		<u>213,871,256</u>	<u>53,467,815</u>	
	38,617,859	10,737,954		31,496,303	8,383,429	
Without limited time use						
	400,098,533	102,943,995		516,325,971	149,725,560	
With a time limit different from the above mentioned	<u>639,018,631</u>	<u>163,757,535</u>		<u>761,693,530</u>	<u>211,576,804</u>	

22 CASH AND CASH EQUIVALENTS

As at 31 December 2009 and 2008, Cash and cash equivalents are as follows:

	31 December 2009	31 December 2008
Cash at hand	6,412,073	6,243,465
Bank deposits	140,227,780	140,335,695
Treasury applications	25,590,018	37,781,744
Cash and cash equivalents on the balance sheet	<u>172,229,871</u>	<u>184,360,904</u>
Bank overdrafts (Note 25)	<u>(23,763,618)</u>	<u>(41,394,916)</u>
Cash and cash equivalents on the statement of cash flows	<u>148,466,253</u>	<u>142,965,988</u>

Bank overdrafts are disclosed in the balance sheet under Current bank loans.

23 SHARE CAPITAL

As at 31 December 2009, the share capital, which is fully subscribed and paid for, is made up of 2,000,000,000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

On 15 November 2007, Sonae Holding sold 132,856,072 Sonae Holding shares directly owned by the Company. The shares were sold in a market operation at the unit price of 2.06 euro per share and resulted on a cash inflow (net of brokerage commissions) of 273,398,877 euro.

On the same date, Sonae Investments, BV wholly owned by Sonae Holding entered into a derivative financial instrument - Cash Settled Equity Swap - over a total of 132,800,000 Sonae Holding shares, representative of 6.64% of its capital.

This transaction has a maximum maturity of three years and a strictly financial liquidation, without any duty or right for the Company or any of its associated companies in the purchase of these shares. This transaction allows Sonae to totally maintain the economic exposure to the sold shares.

In this context, although legally all the rights and obligations inherent to these shares have been transferred to the buyer. Sonae Holding did not derecognize their own shares, recording a liability in the caption Other non-current liabilities (Note 28). According to the interpretation made by Sonae of the IAS 39, applied by analogy to own equity instruments, the derecognition of own shares is not allowed as the group maintains the risks and rewards arising on the instruments sold.

Consequently, Sonae maintains the deduction from Equity amounting to the acquisition cost of the 132,800,000 shares (138,568,275 euro), and has accounted for the consideration received for the above mentioned sale of own shares in the caption Other non-current liabilities (273,568,000 euro).

Due to the detach of Sonae Capital SGPS. SA demerger rights attributable to the 132,800,000 Sonae SGPS. SA shares subject to the above mentioned agreement, the Group recognized an asset measured at its' fair value. This asset as not been derecognized as the Group also entered into a Cash Settled Equity Swap over the Sonae Capital SGPS, SA shares, and therefore a liability was recognized. Consequently, and in relation with this operation the full liability amount can be detailed as follows: market value of Sonae SGPS. SA shares amounting to 112,905,322 euro, and market value of Sonae Capital SGPS, SA shares amounting to 13,778,000 euro, after demerged at 28 January 2008.

These liabilities are adjusted at the end of each month by the effect in Sonae Holding or Sonae Capital, SGPS, S.A. share price, as applicable, being recognized an asset/liability in order to present the right/obligation related to the cash settlement of the operation that resets monthly (Notes 18, 28 and 31).

Additionally, the costs related to the "floating amount" based on Euribor 1 month are recorded in the income statement.

During the year, the Sonae acquired 1,134,965 own shares at an average price of € 0.614/share, taking the Sonae proceeded to advance and partial cancellation of that derived to 1,134,965 shares at the same price. Such actions were delivered to employees of Sonae under deferred performance plan currently underway (Note 29).

The value to get established on the basis of dividends distributed by Sonae is credited in equity to offset the charge of the distribution.

The amount of dividends on Sonae SGPS, SA during the year ending 31 December 2009 amounted to 3,949,951 euro that were credited to equity.

The number of shares taken into consideration to calculate earnings per share includes the shares referred to above as a deduction to the shares issued by the Company (Note 47).

At 31 December 2009, the following entities held more than 20% of the subscribed share capital:

Entity	%
Efanor Investimentos. SGPS. SA and subsidiaries	52.98

The capital structure is analysed in the Management Report section titled "Business Performance".

24 MINORITY INTERESTS

Movements in minority interests during the periods ended as at 31 December 2009 and 2008 are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Opening balance as at 1 January	411,549,101	448,365,507
Dividends	(38,140)	(2,475,031)
Exchange rate effect	2,515,177	(890,857)
Acquisition of subsidiaries (Note 8)	54,233,850	-
Disposal of subsidiaries	-	(5,370,066)
Increase of capital and premium on subsidiaries	4,912,947	36,604,140
Increased shareholding by acquisitions	-	(11,887,804)
Decreased shareholding by disposals	26,133,713	(3,299,989)
Changes in hedge and fair value reserves	(1,549,431)	(7,761,789)
Others	352,125	(777,613)
Profit for the period attributable to minority interests	<u>(20,140,587)</u>	<u>(40,957,397)</u>
Closing balance as at 31 December	<u>477,968,755</u>	<u>411,549,101</u>

25 BORROWINGS

As at 31 December 2009 and 2008, Borrowings are made up as follows:

	31 December 2009			31 December 2008		
	Amount limit	Outstanding amount		Amount limit	Outstanding amount	
Current		Non Current	Current		Non Current	
Bank loans						
Sonae, SGPS, SA - commercial paper	350,000,000	24,950,000	-	350,000,000	138,200,000	-
Sonae Investimentos, SGPS, S.A. - commercial paper	692,500,000	-	271,000,000	563,000,000	20,000,000	230,000,000
a)b) Sonae Sierra affiliated companies	470,086,920	16,621,638	385,383,442	471,190,318	26,844,447	382,135,505
a)b)c) Sonae Sierra affiliated companies	442,830,796	61,288,733	377,516,488	430,867,643	7,153,557	415,653,220
a)b)d) Sonae Sierra affiliated companies	11,179,526	-	11,179,526	-	-	-
a) Sonae Sierra affiliated companies	12,185,116	8,179,211	3,435,116	41,097,065	13,670,597	22,516,460
a)b)d) Sonae Sierra SGPS, SA	83,919,000	18,585,252	-	-	-	-
Sonaecom SGPS, SA commercial paper	320,000,000	55,000,000	150,000,000	320,000,000	-	231,000,000
Sonaecom SGPS, SA	26,500,000	3,500,000	-	15,000,000	4,873,000	-
Continente Hipermercados SA - commercial paper	30,000,000	-	-	80,000,000	-	-
Others		21,887,012	15,374,356		7,572,291	6,977,246
		210,011,846	1,213,888,928		218,313,892	1,288,282,431
Bank overdrafts (Note 22)		23,763,618	-		41,394,916	-
Up-front fees beared with the issuance of borrowings		(808,536)	(5,564,118)		(802,841)	(7,019,907)
Bank loans		232,966,928	1,208,324,810		258,905,967	1,281,262,524
Bonds						
Bonds Sonae / 05		-	100,000,000		-	100,000,000
Bonds Sonae 2006/2011		-	250,000,000		-	250,000,000
Bonds Sonae 2007/2014		-	150,000,000		-	150,000,000
Bonds Modelo Continente / 2003		-	82,000,000		-	82,000,000
Bonds Modelo Continente / 2004		-	-		100,000,000	-
Bonds Modelo Continente / 2005 / 2010		64,925,000	-		-	64,925,000
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		-	50,000,000		-	-
Bonds Sonaecom / 2005		-	150,000,000		-	150,000,000
Bonds Sonae Sierra 2008/2013		-	37,500,000		-	37,500,000
Up-front fees bearded with the issuance of borrowings		(76,340)	(8,365,778)		(69,433)	(10,210,681)
Bonds		64,848,660	1,671,134,222		99,930,567	1,684,214,319
Other loans		33,466	586,519		35,485	628,196
Derivative instruments (Note 27)		7,902,322	34,584,190		5,369,980	21,646,496
Other loans		7,935,788	35,170,709		5,405,465	22,274,692
Obligations under finance leases (Note 26)		7,803,032	29,357,393		5,829,172	28,701,579
		313,554,408	2,943,987,134		370,071,172	3,016,453,113

- These amounts are proportionate considering the percentage held by Sonae;
- These loans are guaranteed by mortgages of investment properties held by these affiliated companies;
- These loans are guaranteed by a pledge of shares held in the those affiliated companies;
- These loans are guaranteed by bank guarantees.

The interest rate at 31 December 2009 of bonds and loans were in average 1.72% (5.27% 31 December 2008).

Bank loans bear interests at market rates based on Euribor for each interest payment term therefore the fair value of bank loans is estimated to be similar to their market value.

The derivative instruments are recorded at fair value (Note 27).

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

	31 December 2009		31 December 2008	
	Capital	Interests	Capital	Interests
N+1 a)	306,536,962	59,249,205	365,573,466	160,445,963
N+2	369,170,365	54,034,205	218,420,062	139,770,421
N+3	561,016,180	47,483,356	359,930,980	127,575,596
N+4	549,823,566	38,181,113	537,232,284	105,852,723
N+5	492,562,407	20,709,627	506,240,050	82,086,426
After N+5	950,760,322	39,538,308	1,390,213,829	154,813,311
	<u>3,229,869,802</u>	<u>259,195,814</u>	<u>3,377,610,671</u>	<u>770,544,440</u>

a) Includes amounts drawn under commercial paper programs.

The maturities above were estimated in accordance with the contractual terms of loans, and taking into account best expectation of Sonae regarding fulfilment ratios that some loans are issued.

All loans with "covenants" were analysed at the balance sheet date and in situations where they were breached the corresponding debt was reclassified for the current liabilities. Negotiations are in progress with banks for a renegotiation of debt.

As at 31 December 2009 and 2008, the available credit facilities are as follows:

	31 December 2009		31 December 2008	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities amounts				
Retail	348,517,927	204,000,000	330,372,762	170,000,000
Shopping Centres	42,718,579	-	53,781,154	-
Telecommunications	142,000,000	-	14,978,667	89,000,000
Investment management	10,948,727	-	11,311,787	-
Sonae Holding	324,907,000	-	194,783,894	-
	<u>869,092,233</u>	<u>204,000,000</u>	<u>605,228,264</u>	<u>259,000,000</u>
Agreed credit facilities amounts				
Retail	362,870,074	475,000,000	346,888,524	400,000,000
Shopping Centres	71,682,081	-	70,309,185	-
Telecommunications	200,500,000	150,000,000	19,851,688	320,000,000
Investment management	24,481,550	-	24,481,550	-
Sonae Holding	330,057,000	-	340,067,000	-
	<u>989,590,705</u>	<u>625,000,000</u>	<u>801,597,947</u>	<u>720,000,000</u>

26 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2009 and 2008, Obligations under finance leases are as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Amounts under finance leases:				
N+1	9,345,010	7,405,130	7,803,032	5,829,172
N+2	4,783,299	6,425,872	3,725,414	5,145,609
N+3	4,585,949	3,474,514	3,597,303	2,407,047
N+4	3,748,523	3,046,952	2,886,380	2,094,646
N+5	2,825,942	2,658,765	2,054,445	1,796,321
After N+5	20,508,879	21,298,915	17,093,851	17,257,956
	45,797,602	44,310,148	37,160,425	34,530,751
Interests	(8,637,177)	(9,779,397)		
	37,160,425	34,530,751		
Current obligations under finance leases			7,803,032	5,829,172
Non-current obligations under finance leases			29,357,393	28,701,579

Finance leases are contracted at market interest rates, have defined useful lives and include an option for the acquisition of the related assets at the end of the period of the contract (except for medium and long term agreements with suppliers of fibre optic network capacity).

The medium and long term agreements made with the suppliers of the fibre optic network capacity, under which Sonae has the right to use that network, which is considered as a specific asset, are recorded as finance leases in accordance with IAS 17 – “Leases” and IFRIC 4 – “Determining whether an arrangement contains a Lease”. These contacts have a maturity between 15 and 20 years.

As at 31 December 2009 and 2008, the fair value of finance leases is close to its accounting value.

Obligations under finance leases are guaranteed by related assets.

As at 31 December 2009 and 2008, accounting net value of assets acquired under finance leases can be detailed as follows:

	31 December 2009	31 December 2008
Assets acquired under finance leases		
Lands and buildings	30,956,605	31,389,745
Plant and machinery	21,161,109	18,583,456
Vehicles	87,424	89,349
Fixture and Fittings	5,447,197	4,974,377
Total tangible assets	57,652,335	55,036,927
Investment properties	-	2,261,077
	57,652,335	57,298,004

As at 31 December 2009, the acquisition cost of Tangible assets amounted to 80,001,497 euro (73,474,043 euro as at 31 December 2008).

27 DERIVATIVES

Exchange rate derivatives

Sonae uses exchange rate derivatives, essentially to hedge future cash flows.

Sonae contracted several exchange rate forwards and options in order to manage its exchange rate exposure.

As at 31 December 2009, the fair value of exchange rate derivatives which haven't been considered hedging instruments, calculated based on present market value of equivalent financial instruments of exchange rate, is of 79,039 euro included in liabilities (475,848 euro as at 31 December 2008) and 365,121 euro included in assets (72,494 euro as at 31 December 2008).

The computation of the fair value of these financial instruments was made taking into consideration the present value at balance sheet date of the forward settlement amount in the due date of contract. The settlement amount considered in the valuation, is equal to the reference currency notional amount (foreign currency) multiplied by the difference between the contracted forward exchange rate and the forward exchange market rate to the settlement date as at the valuation date.

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment were recorded directly in the income statement in the captions "Financial income" or "Financial expenses"

Interest rate derivatives

As at 31 December 2009, derivatives used by Sonae refer essentially to swaps and interest rate options ("cash flow hedges"). These were negotiated to hedge the interest rate risk of loans amounting to 948,629,817 euro (1,510,850,147 euro as at 31 December 2008). The net fair value of these derivatives amounts to -42,394,481 euro (-19,091,434 euro as at 31 December 2008), and is disclosed as assets amounting to 12,992 euro (2,602,678 euro as at 31 December 2008) and as liabilities 42,407,473 euro (21,694,112 euro as at 31 December 2008).

The derivatives were valued considering the estimated future cash-flows, assuming the exercise of the cancellation options by the counterparties when the forward interest rates are higher than the established fixed interest rate. Sonae intends to keep these derivatives until their expiration date, therefore, this valuation is considered to be the most appropriate to estimate the future cash flows off these instruments.

These interest rate derivatives are valued at fair value, at the balance sheet date, based on valuations performed by Sonae using specific software and on external valuations when this software does not deal with specific instruments. The fair value of swaps was calculated, as at the balance 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. The calculation of the fair value of options was based on the "Black-Scholes" and similar models.

Interest rate and exchange rate derivatives

As at 31 December 2009 no contracts existed related to interest rate and exchange rate derivatives.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Derivatives not qualified as hedging				
Exchange rate	365,121	72,494	79,039	475,849
Interest rate	-	-	-	4,846,515
Hedging derivatives				
Exchange rate	-	-	-	-
Interest rate	12,992	2,602,678	42,407,473	21,694,112
Interest and exchange rate	-	-	-	-
Other derivatives	-	-	-	-
	<u>378,113</u>	<u>2,675,172</u>	<u>42,486,512</u>	<u>27,016,476</u>

28 OTHER NON-CURRENT LIABILITIES

As at 31 December 2009 and 2008 Other non-current liabilities are made up as follows:

	31 December 2009	31 December 2008
Shareholders loans	47,276,787	17,409,765
Fixed assets suppliers	2,440,330	3,041,799
Other non-current liabilities	156,470,214	76,423,646
Financial instruments (Note 9)	206,187,331	96,875,210
"E-Initiatives" Program (Note 51)	32,923,892	56,772,000
Accruals and deferrals	1,156,180	1,816,948
Other non-current liabilities	<u>240,267,403</u>	<u>155,464,158</u>

The caption Shareholder loans relates to loans in affiliated undertakings in the Retail, Shopping Centres and Investment Management operating segments. These liabilities have a defined vesting date and bear interest at variable market rates.

The caption Other non-current liabilities includes the amount of 126,683,322 euro (65,453,108 euro as at 31 December 2008) related to the fair value of the derivative on Sonae Holding and Sonae Capital SGPS, SA, shares referred to in Note 23.

The Board of Directors believes that the fair value of Other non-current liabilities is similar to its carrying amount.

29 SHARE-BASED PAYMENTS

In 2009 and in previous years, Sonae granted deferred performance bonuses to its directors and eligible employees. These are either based on shares to be acquired at nil cost, three years after they were attributed to the employee, or based on share options with the exercise price equal to the share price at the grant date, to be exercised three years later. In both cases, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year.

In 2009 Sonae Holding change the way of payment of share options in the past they was usually paid in cash, now Sonae Holding paid in shares. The share options payment are accounted in the balance sheet under "other reserves" and in the Profit and Loss statement under caption "staff costs", having such a transfer is made with reference to 31 December 2009, the fair value of shares determined at 31 December 2009.

The plans that continue to be settled in cash, continue to be recorded in the balance sheet, in the figure other liabilities and in staff costs figure related to the income statement.

As at 31 December 2009 and 2008, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

	Grant year	Vesting year	Number of participants	Fair value	
				31 December 2009	31 December 2008
Shares					
	2006	2009	441	-	2,981,061
	2007	2010	464	4,554,430	3,102,734
	2008	2011	484	5,703,916	3,357,478
	2009	2012	461	7,568,676	-
Total				17,827,022	9,441,273

As at 31 December 2009 and 2008 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, which has not yet vested:

	31 December 2009	31 December 2008
Staff costs	7,588,472	(1,112,886)
Recorded in previous years	3,678,193	8,226,971
	11,266,665	7,114,085
Recorded in other liabilities	7,050,164	7,114,085
Recorded value in Other reserves	4,216,501	-
	11,266,665	7,114,085

30 TRADE CREDITORS

As at 31 December 2009 and 2008, Trade creditors are as follows:

	31 December 2009	Payable to	
		up to 90 days	more than 90 days
Trade creditors - current account			
Retail	886,011,261	885,946,640	64,621
Shopping Centres	13,008,816	10,191,004	2,817,812
Telecommunications	144,238,227	144,238,227	-
Investment Management	19,249,964	19,057,972	191,992
Sonae Holding	660,114	474,209	185,905
	1,063,168,382	1,059,908,052	3,260,330
Trade creditors - Invoice Accruals	157,233,068	156,760,035	473,033
	1,220,401,450	1,216,668,087	3,733,363

	31 December 2008	Payable to	
		up to 90 days	more than 90 days
Trade creditors - current account			
Retail	655,153,542	653,826,037	1,327,505
Shopping Centres	13,678,175	11,995,539	1,682,636
Telecommunications	130,010,572	130,010,572	-
Investment Management	17,297,082	15,427,471	1,869,611
Sonae Holding	980,469	865,253	115,216
	817,119,840	812,124,872	4,994,968
Trade creditors - Invoice Accruals	233,118,722	230,822,879	2,295,843
	1,050,238,562	1,042,947,751	7,290,811

As at 31 December 2009 and 2008 this account includes amounts payable to suppliers resulting from Sonae operating activity. The Board of Directors believes that the fair value of their balances doesn't differ significantly from the book value and the effect of updating their amount is not material.

The balances above include approximately 40 million euro for statements confirmed financial institutions by Sonae under contracts of "confirming" being that trade creditor can write off discount of payments in early date.

31 OTHER CREDITORS

As at 31 December 2009 and 2008, Other creditors are as follows:

31 December 2009	Payable to		
	up to 90 days	90 to 180 days	more than 180 days
Fixed asset suppliers	125,829,938	121,718,311	2,351,609
Other debts	123,496,868	104,312,000	13,939,215
	<u>249,326,806</u>	<u>226,030,311</u>	<u>16,290,824</u>
Related undertakings	5,527,840		
	<u>254,854,646</u>		

31 December 2008	Payable to		
	up to 90 days	90 to 180 days	more than 180 days
Fixed asset suppliers	155,062,698	139,841,612	11,953,964
Other debts	71,581,443	41,733,907	19,723,441
	<u>226,644,141</u>	<u>181,575,519</u>	<u>31,677,405</u>
Related undertakings	7,255,731		
	<u>233,899,872</u>		

The caption Other debts includes:

- 2,862,235 euro (as at 31 December 2008 the value was nil) relating to the amount payable to "Fundação para as Comunicações Móveis", under the programme "Initiatives E" (Note 51);
- 17,236,223 euro (11,135,042 euro as at 31 December 2008) of attributed discounts not yet used related to loyalty card "Cartão Cliente";
- 10,483,469 euro (8,235,402 euro as at 31 December 2008) related to means of payments owned by clients, as vouchers, gift cards and discount tickets;
- 5,973,902 euro (11,050,444 euro as at 31 December 2008) related to payable amounts to Sonae Distribuição Brasil. S.A. buyer as a result of responsibilities assumed with that entity. These amounts were fully provided for (Note 33);

As at 31 December 2009 and 2008, this caption includes payables amounts to other creditors and fixed assets suppliers that do not bear interest. The Board of Directors believes that the fair value of these payables is approximately its book value and the actualization is not material.

32 OTHER CURRENT LIABILITIES

As at 31 December 2009 and 2008, Other current liabilities are made up as follows:

	31 December 2009	31 December 2008
Property investments accruals	11,315,293	17,195,145
Fixed assets accrued costs	14,472,472	52,666,464
Holiday pay and bonuses	124,087,431	116,989,003
Interest payable	14,528,300	39,631,328
Invoices to be issued	42,253,540	52,237,364
Commissions	6,049,967	7,352,747
Marketing expenses	22,938,341	14,265,989
Information society ^(b)	55,426,396	25,702,090
Other external supplies and services	49,901,884	49,814,557
Accrued income - trade debtors ^(a)	31,257,499	40,552,618
Accrued income - rents	4,929,704	4,931,720
Others	33,991,215	34,308,028
	<u>411,152,042</u>	<u>455,647,053</u>

(a) Essentially from Telecommunications segment;

(b) Includes 21,946,029 euro related to amounts to be delivered to "Fundação para as Comunicações Móveis" and 33,480,367 euro related to the current portion of unpaid estimate associated with the commitments made by Sonacom, under the program "Initiatives E".

33 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the period ended 31 December 2009 and 2008 are as follows:

Caption	Balance as at 31 December 2008	Increase	Decrease	Changes in consolidation perimeter	Balance as at 31 December 2009
Accumulated impairment losses on investments (Note 14)	13,157	50,871	-	3,897	67,925
Accumulated impairment losses on other non current assets (Note 15)	291,571	10,542	(160,125)	-	141,988
Accumulated impairment losses on trade account receivables (Note 17)	96,686,475	21,135,371	(30,666,532)	(390,131)	86,765,183
Accumulated impairment losses on other debtors (Note 18)	12,896,708	5,028,969	(705,502)	3,055	17,223,230
Accumulated impairment losses on inventories (Note 16)	29,783,714	8,914,226	(7,185,776)	132,608	31,644,772
Non current provisions	57,086,975	4,137,655	(10,617,263)	-	50,607,367
Current provisions	2,369,154	904,272	(655,675)	-	2,617,751
	<u>199,127,754</u>	<u>40,181,906</u>	<u>(49,990,873)</u>	<u>(250,571)</u>	<u>189,068,216</u>

Caption	Balance as at 31 December 2007	Increase	Decrease	Changes in consolidation perimeter	Balance as at 31 December 2008
Accumulated impairment losses on investments (Note 14)	26,314	-	-	(13,157)	13,157
Accumulated impairment losses on other non current assets (Note 15)	301,571	-	(10,000)	-	291,571
Accumulated impairment losses on trade account receivables (Note 17)	85,985,340	23,115,177	(12,226,277)	(187,765)	96,686,475
Accumulated impairment losses on other debtors (Note 18)	9,250,508	3,884,296	(866,539)	628,443	12,896,708
Accumulated impairment losses on inventories (Note 16)	24,759,431	11,512,101	(7,312,110)	824,292	29,783,714
Non current provisions	109,305,995	5,344,758	(60,739,295)	3,175,517	57,086,975
Current provisions	2,551,957	-	(113,252)	(69,551)	2,369,154
	<u>232,181,116</u>	<u>43,856,332</u>	<u>(81,267,473)</u>	<u>4,357,779</u>	<u>199,127,754</u>

Changes in consolidation perimeter, in provisions and impairment losses, during 2009 and 2008 are as follows:

	31 December 2009	31 December 2008
Disposal of companies	(449,355)	(1,047,849)
Acquisition of companies	198,784	5,405,628
Others	-	-
	<u>(250,571)</u>	<u>4,357,779</u>

As at 31 December 2009 and 2008 increases in Provisions and impairment losses are as follows:

	31 December 2009	31 December 2008
Provisions and impairment losses	28,207,470	35,512,894
Impairment losses not included in this note		
Goodwill (Note 13)	(1,700,762)	(8,142,574)
Investment Properties	190,412	(1,820,992)
Account receivables, Impairment Losses	-	1,428,904
Provisions for dismantling telecommunication sites ^(a)	1,601,580	2,091,500
Provision for inventories impairments		
Recorded in cost of goods sold (Note 16)	8,411,520	10,856,498
Others	3,471,686	3,930,102
	<u>40,181,906</u>	<u>43,856,332</u>

As at 31 December 2009 and 2008, the provisions detail is as follows:

	31 December 2009	31 December 2008
Technical provisions on reinsurance	9,118,524	12,008,857
Future liabilities relating to subsidiaries of retail in Brazil sold	5,447,923	6,016,688
Dismantling of telecommunication sites	22,208,721	20,591,640
Judicial claims	9,133,101	17,942,992
Others	7,316,849	2,895,952
	<u>53,225,118</u>	<u>59,456,129</u>

Amounts included in "Technical provisions on reinsurance" relate to a group captive company that operates in the non-life re-insurance industry. The provision amount can be detailed as follows: 4,318,576 euro (4,799,050 euro as at 31 December 2008) related to provisions for non-acquired insurance premiums and 4,799,948 euro (7,209,807 euro as at 31 December 2008) related to provisions for claims outstanding. The amount to be recovered from the reinsurance companies is recorded in the caption Reinsurer's share of technical provisions (Note 15) Other Debtors (Note 18).

Impairment losses are deducted from the book value of the corresponding asset.

34 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2009 and 2008, major Contingent liabilities were guarantees given are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Guarantees given:		
on tax claims	266,974,945	129,494,243
on judicial claims	659,048	2,021,086
on municipal claims	8,998,481	23,255,089
others	42,776,282	69,834,195

Others include the following guarantees:

- 9,250,883 euro (15,904,712 euro as at 31 December 2008) to guarantee part of the debt of Sonae Sierra affiliates related with the purchase sale and exchange of Land;
- 687,243 euro (10,576,961 euro as at 31 December 2008) related to VAT reimbursement requests.

In 2009, one of the retail subsidiaries Modelo Continente Hipermercados, SA, has granted a guarantee in favor of tax administration associated with a process for VAT amounting to 30,260,721.33 euro, which was presented their impugnation. Additionally, the shareholder of subsidiary referred to above, a guarantee amounting to 46,893,361.33 euro in order to ensure the payment of VAT, debt on who can become chargeable concerning additional tax settlement. Sonae will present the relevant appeal and believes, based on the opinion of their tax advisers, the sentence will be favorable to the company.

During the period ended 31 December 2009, a Retail segment company in Brazil granted a guarantee of approximately 28,971,147 euro (72,755,267 Brazilian real) on a tax claim, which is being judged by tax courts 70,892,539 brazilian real as at 31 December 2008.

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 2009, 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, amount to near 38 million euro, including processes paid under recovery program Brazilian State taxes ("REFIS") in the amount of 22 million euro (56 million brazilian real).

Furthermore, there are other tax lawsuits totalling 42 million euro 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 registered to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for Sonae.

35 OPERATIONAL LEASES

Minimum lease payments (fixed income) arising from operational leases, in which the Group acts as a lessor, recognised as income during the period ended 31 December 2009 and 2008 amounted to 107,125,140 euro and 105,702,189 euro, respectively.

Additionally, as at 31 December 2009 and 2008, Sonae had operational lease contracts, as a lessor, fundamentally in the Shopping Centres segment, whose minimum lease payments (fixed income) had the following payment schedule:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Due in:		
N+1 automatically renewal	2,554,818	982,169
N+1	109,813,951	101,354,687
N+2	101,000,486	90,091,077
N+3	90,399,781	79,011,410
N+4	77,955,113	68,789,212
N+5	62,494,863	56,516,724
After N+5	<u>51,026,559</u>	<u>43,177,561</u>
	<u>495,245,571</u>	<u>439,922,840</u>

Rents arising from operational leases, in which the Sonae acts as a lessee, during the period ended 31 December 2009 amounted to 108,744,712 euro (104,297,554 euro as at 31 December 2008).

Additionally, as at 31 December 2009 and 2008, Sonae had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Due in:		
N+1 automatically renewal	19,658,295	19,266,686
N+1	97,164,346	78,793,722
N+2	88,561,911	74,801,157
N+3	79,544,150	67,661,514
N+4	70,396,851	61,321,705
N+5	58,862,001	55,431,819
After N+5	<u>226,569,544</u>	<u>144,126,354</u>
	<u>640,757,098</u>	<u>501,402,957</u>

36 TURNOVER

As at 31 December 2009 and 2008, Turnover is made up as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Sale of goods	4,532,588,111	4,149,749,990
Sale of products	<u>17,131,808</u>	<u>18,812,342</u>
	4,549,719,919	4,168,562,332
Services rendered	<u>1,115,457,155</u>	<u>1,184,541,613</u>
Turnover	<u>5,665,177,074</u>	<u>5,353,103,945</u>

37 VALUE CREATED ON INVESTMENT PROPERTIES

As at 31 December 2009 and 2008, Value created on investment properties is made up as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Properties previously under development and opened during the period (Note 12)	6,034,792	18,716,720
Changes in fair value of investment properties in operation (Note 12)	2,448,507	7,579,782
Variation in fair value on "fit-out" contracts (Note 12)	(45,689)	(699,811)
Variation in fair value in investment properties in operation (Note 12)		
Gains	20,356,854	18,024,012
Losses	(171,478,680)	(159,426,178)
	-	-
	<u>(142,684,216)</u>	<u>(115,805,475)</u>

38 GAINS OR LOSSES ON INVESTMENTS

As at 31 December 2009 and 2008, Investment income is as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Dividends	<u>378,624</u>	<u>375,121</u>
Sale of 49,9 % of insurance business	29,580,737	-
Partial sale or participating units on FII Shopping Parque D. Pedro and FII Parque D. Pedro Shopping Center	3,628,091	-
Exclusion by insolvency of the Avenue M40	7,933,221	
Partial sale or participating units on Sierra PTF	-	10,708,784
Sale of 50 % of travel business	-	4,674,685
Sale of shares in Sonaecom	1,045,260	651,721
Others	4,111,161	765,455
Gains / (losses) on the sale of investments in subsidiaries	<u>46,298,470</u>	<u>16,800,645</u>
Gains / (losses) on the sale of investments on available for sale	<u>-</u>	<u>810,746</u>
Others	<u>(42,722)</u>	<u>-</u>
Impairment losses on investments at subsidiaries	(66,156)	4,809
Impairment losses on investments at associated companies	-	(168,689)
Impairment losses on investments available for sale	-	(1,765,850)
Impairment reversal/(losses) on investments	<u>(66,156)</u>	<u>(1,929,730)</u>
	<u>46,568,216</u>	<u>16,056,782</u>

39 NET FINANCIAL EXPENSES

As at 31 December 2009 and 2008, Net financial expenses are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Expenses		
Interest payable		
related with bank loans and overdrafts	(41,118,822)	(75,234,793)
related with non convertible bonds	(53,964,652)	(97,512,565)
related with financial leases	(1,339,276)	(1,566,000)
related with hedge derivatives	(14,961,206)	(93,535)
others	(9,109,042)	(11,699,999)
	<u>(120,492,998)</u>	<u>(186,106,892)</u>
Exchange losses	(4,831,565)	(9,031,784)
Fair value adjustment of investments	-	(8,341,676)
Losses on fair value of hedge derivatives	-	(814,941)
Up front fees and commissions related to loans	(6,102,664)	(4,595,046)
Others	(8,050,677)	(7,921,576)
	<u>(139,477,904)</u>	<u>(216,811,915)</u>
Income		
Interest receivable		
related with bank deposits	766,712	3,388,712
others	8,938,720	24,423,197
	<u>9,705,432</u>	<u>27,811,909</u>
Exchange gains	6,450,081	11,034,644
Payments discounts received	3,994	161,171
Fair value adjustment of investments	-	1,428,137
Hedge inefficiency	-	814,941
Other financial income	531,682	1,850,421
	<u>16,691,189</u>	<u>43,101,223</u>
	-	-
Net financial expenses	<u>(122,786,715)</u>	<u>(173,710,692)</u>

40 OTHER INCOME

As at 31 December 2009 and 2008, Other income are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Supplementary income	359,050,431	373,451,675
Own work capitalised	19,558,948	25,652,913
Gains on sales of assets	3,052,427	19,162,839
Negative Goodwill (Note 8)	343,359	9,864,000
Impairment losses reversals	1,971,057	3,605,668
Key money	2,281,478	2,498,222
Subsidies	799,536	398,525
Taxes refunded	2,843,707	123,500
Others	24,601,486	21,031,828
	<u>414,502,429</u>	<u>455,789,170</u>

Supplementary income includes mainly income related with the share of suppliers in promotional campaigns in the retail business.

4.1 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2009 and 2008, External supplies and services are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Subcontracts	362,355,999	447,159,905
Services	114,139,805	119,553,347
Publicity	155,599,490	153,166,000
Rents	119,983,029	105,143,717
Commissions	51,398,768	45,847,951
Transports	51,671,907	46,097,161
Electricity	57,641,232	57,486,013
Maintenance	33,520,579	35,899,576
Security	27,661,211	27,373,830
Cleaning up services	26,228,269	24,698,728
Insurances	8,733,495	10,109,386
Communications	12,699,322	11,100,082
Travel expenses	11,637,617	8,978,656
Others	79,480,696	84,627,186
	<u>1,112,751,419</u>	<u>1,177,241,538</u>

4.2 STAFF COSTS

As at 31 December 2009 and 2008, Staff costs are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Salaries	521,453,218	486,458,558
Social security contributions	102,583,717	97,417,066
Insurance	10,346,021	10,173,927
Welfare	2,405,492	2,404,497
Other staff costs	17,909,740	15,950,343
	<u>654,698,188</u>	<u>612,404,391</u>

43 OTHER EXPENSES

As at 31 December 2009 and 2008, Other expenses are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
ATM expenses	26,143,352	23,842,612
Other taxes	18,577,015	19,501,934
Write-off of investment properties	3,430,178	26,518,956
Exchange differences	11,786,731	13,428,818
Losses on the sale of assets	6,556,875	6,375,143
Municipal Property tax	5,800,622	6,285,854
Donations	7,223,812	6,473,836
Doubtful debts written-off	1,439,490	1,587,256
Others	18,331,638	10,975,619
	<u>99,289,713</u>	<u>114,990,028</u>

44 TAXATION

As at 31 December 2009 and 2008, Taxation is as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Current tax	46,756,360	24,656,511
Deferred tax (Note 21)	<u>(34,919,498)</u>	<u>(37,302,951)</u>
	<u>11,836,862</u>	<u>(12,646,440)</u>

At December 2008 deferred taxation includes 8,830,512 euro, relating to a withholding tax credit on income received from participation units in the Real Estate Investment Trusts.

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2009 and 2008 is summarised as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Profit before income tax	85,457,092	26,431,832
Difference between capital (losses)/gains for accounting and tax purposes	(48,297,272)	(19,444,825)
Results of associated undertakings	5,365,400	(9,419,371)
Impairment of goodwill	1,700,762	7,806,839
Provisions and impairment losses not accepted for tax purposes	9,148,321	(2,084,940)
Permanent differences	<u>42,857,447</u>	<u>(16,773,306)</u>
Taxable Profit	96,231,750	(13,483,771)
Use of tax losses that have not originated deferred tax assets	(76,233,489)	(168,348,265)
Recognition of tax losses that have not originated deferred tax assets	59,685,719	308,106,748
	<u>79,683,980</u>	<u>126,274,712</u>
Income tax rate in Portugal	25.00%	25.00%
	<u>19,920,995</u>	<u>31,568,678</u>
Effect of different income tax rates in other countries	(6,256,553)	(1,022,148)
Effect of change in tax income rate in the calculation of deferred taxes	5,524,359	(1,923,964)
Effect of increases or decreases in deferred taxes	(7,743,313)	(39,403,313)
Under/(over) taxation estimates	(2,967,003)	(3,306,940)
Autonomous taxes and tax benefits	775,391	(2,647,246)
Municipality surcharge	<u>2,582,986</u>	<u>4,088,493</u>
Income tax	<u><u>11,836,862</u></u>	<u><u>(12,646,440)</u></u>

45 RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 31 December 2009 and 2008, the reconciliation of consolidated net profit is as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Aggregate net profit	37,309,705	326,656,822
Use of the proportionate method	14,460,158	3,781,170
Harmonisation adjustments	(107,747,143)	156,359,114
Elimination of intragroup dividends	(201,784,010)	(478,520,374)
Elimination of intragroup capital gains and losses	(28,918,557)	(116,562,876)
Elimination of intragroup provisions	292,051,001	120,638,760
Equity method	(6,616,324)	9,600,021
Consolidation adjustments to gains/(losses) on sales of investments	62,112,918	16,502,915
Others	<u>12,752,482</u>	<u>622,720</u>
Consolidated net profit for the period	<u><u>73,620,230</u></u>	<u><u>39,078,272</u></u>

46 RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2009 and 2008 are as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Parent Company	140,796	101,014	-	-
Jointly controlled companies	11,214,048	12,514,431	18,621,099	16,724,063
Associated companies	34,392,308	19,975,645	2,172,809	12,746,169
Other partners in Group companies	67,506,776	64,248,351	39,815,041	47,403,811
	<u>113,253,928</u>	<u>96,839,441</u>	<u>60,608,949</u>	<u>76,874,043</u>

Transactions	Interest income		Interest expenses	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Parent Company	-	-	-	-
Jointly controlled companies	137,303	268,731	9,127	3,215
Associated companies	-	-	-	138,531
Other partners in Group companies	77,771	78,816	1,296,894	1,794,312
	<u>215,074</u>	<u>347,547</u>	<u>1,306,021</u>	<u>1,936,058</u>

Balances	Accounts receivable		Accounts payable	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Parent Company	42,212	97,899	-	85,057
Jointly controlled companies	2,633,332	2,287,227	5,803,997	15,458,421
Associated companies	2,044,450	7,105,542	1,655,097	2,459,698
Other partners in Group companies	18,353,791	15,253,424	14,523,536	19,884,938
	<u>23,073,785</u>	<u>24,744,092</u>	<u>21,982,630</u>	<u>37,888,114</u>

Balances	Loans			
	Obtained		Granted	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Parent Company	-	-	-	-
Jointly controlled companies	-	125,997	1,214,522	4,259,844
Associated companies	-	-	-	-
Other partners in Group companies	41,740,399	13,230,852	-	-
	<u>41,740,399</u>	<u>13,356,849</u>	<u>1,214,522</u>	<u>4,259,844</u>

The caption other partners in Group companies include Sonae Indústria, SGPS, SA and Sonae Capital, SGPS, SA affiliated, associated and jointly controlled companies, and also other shareholders of affiliated companies or jointly controlled companies of Sonae, as well as other affiliated companies of the parent company Efanor Investimentos, SGPS, SA.

In 2009 were disposed to administrators of Sonae or entities/persons related 51 Notes Magma N.º 1 Securitization Notes held by Sonae Holding by the value of 2,245,000 euro.

Members of the Board of Directors and strategic direction were attributed the following remuneration in 2009 and 2008:

	31 December 2009		31 December 2008	
	Board of Directors	Strategic direction (a)	Board of Directors	Strategic direction (a)
Fixed remuneration	2,288,363	5,759,789	2,272,750	5,463,640
Variable remuneration Short Term	1,119,300	2,560,400	1,011,500	2,502,329
Variable remuneration Middel Term	1,066,500	2,083,400	980,900	2,060,342
	<u>4,474,163</u>	<u>10,403,589</u>	<u>4,265,150</u>	<u>10,026,311</u>

- a) Include contributors with responsibility for the strategic management of the main companies of Sonae (excluding members of the Board of Directors of Sonae Holding).

47 EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2009 and 2008, were calculated taking into consideration the following amounts:

	31 December 2009	31 December 2008
Net profit		
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	93,760,817	80,035,669
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	<u>93,760,817</u>	<u>80,035,669</u>
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	1,868,037,206	1,867,200,000
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Outstanding shares related with share based payments	9,166,614	-
Shares related to performance bonus that can be bought at market price	(5,232,866)	-
Weighted average number of shares used to calculated diluted earnings per share	<u>1,871,970,954</u>	<u>1,867,200,000</u>
Earnings per share		
Basic	0.050192	0.042864
Diluted	<u>0.050087</u>	<u>0.042864</u>

The calculation of 2009 average number of shares considered the effect of 131,962,794 Sonae Holding shares underlying the derivative in Note 23 as own shares.

48 CASH RECEIPTS-PAYMENTS RELATED TO INVESTMENTS

As at 31 December 2009 and 2008, cash receipts and cash payments related to investments are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Receipts		
Sale of 50 % of the Torre Oriente	4,033,290	-
Sale of 12 % of the fund D.Pedro I	6,092,025	-
Sale of 84 % of the fund D.Pedro II	9,290,495	-
Partial sale of MDS, SGPS	26,510,469	-
Sale of 58 % of Sierra Portugal Real Estate	-	67,140,700
Price adjustment of Continente Hipermercados	-	30,113,103
Sale of 50% of travel Business	-	15,700,000
Others	13,248,654	10,136,834
	<u>59,174,933</u>	<u>123,090,637</u>
Payments		
Lazam Capital Increase	29,268,014	-
Acquisition of Sonaecom Shares	380,878	28,731,527
Imosede Capital Increase	15,000,063	14,878,381
Acquisition of Geotur	-	12,028,500
Others	6,801,966	21,347,999
	<u>51,450,921</u>	<u>76,986,407</u>

49 DIVIDENDS

In the Shareholders Annual General Meeting held on 20 April 2009, the payment of a gross dividend of 0.03 euro per share (0.03 euro per share in 2008) corresponding to a total of 60,000,000.00 euro (60,000,000.00 euro at 2008) was approved. On the 20 April 2009 the value of the dividends of the derivatives underlying shares mentioned in Note 23, amounted 3,949,951 euro (3,984,000 euro in 2008) and were credited in the caption equity.

For 2009, the Board of Directors will propose a gross dividend of 0.0315 euro per share corresponding to a total of 63,000,000 euro. This dividend is subject to approval by shareholders in the Shareholders Annual Meeting.

50 SEGMENT INFORMATION

Sonae adopted this period for the first time IFRS 8 - Operating Segments, which requires segment information to be disclosed based on internally information used by all Sonae Group management.

As described with more detail in the Management Report the operating segments used by the Group management are as follows:

Food based retail

Specialised retail

Retail real estate

Shopping Centres

Telecommunications

Investment Management

The amounts reported below, are calculated, when applicable, excluding contributions to indirect income as explained in Note 53.

Sonae's reportable segment information regarding the income statement in accordance with IFRS 8 can be analysed as follows:

	31 December 2009	Inter-segment	31 December 2008	Inter-segment
Turnover				
Food based retail	3,239,177,441	(5,038,602)	3,081,018,275	(7,199,133)
Ex-Fuel	3,106,023,672	(5,038,602)	2,929,735,617	(7,199,133)
Fuel	133,153,769	-	151,282,658	-
Specialised retail	1,132,040,059	-	928,294,963	-
Retail real estate	123,117,232	(116,137,275)	109,440,712	(102,048,623)
Shopping centres	155,595,000	(13,066,383)	157,580,005	(13,554,252)
Telecommunications	949,400,327	(23,347,848)	976,219,970	(22,429,292)
Investment management	192,362,423	(339,393)	221,272,968	(297,006)
Eliminations and adjustments	(126,515,408)	(4,453,919)	(120,722,948)	(2,189,491)
Total direct consolidated	<u>5,665,177,074</u>	<u>(162,383,420)</u>	<u>5,353,103,945</u>	<u>(147,717,797)</u>
EBITDA				
Food based retail	198,707,702		186,803,377	
Specialised retail	48,104,311		52,015,207	
Retail real estate	110,938,755		110,095,656	
Shopping centres	90,127,000		89,930,602	
Telecommunications	175,668,783		160,385,470	
Investment management	30,250,744		6,757,748	
Eliminations and adjustments	13,373,301		14,274,099	
Total direct consolidated	<u>667,170,596</u>		<u>620,262,159</u>	
EBIT				
Food based retail	124,026,421		123,512,742	
Specialised retail	9,873,941		27,503,824	
Retail real estate	83,071,313		87,654,242	
Shopping centres	89,017,500		88,558,059	
Telecommunications	23,894,513		2,809,803	
Investment management	24,511,198		1,424,127	
Eliminations and adjustments	(5,111,939)		155,459	
Total direct consolidated	<u>349,282,947</u>		<u>331,618,256</u>	

	31 December 2009	31 December 2008
Investment (CAPEX)		
Food based retail	137,222,765	132,830,028
Specialised retail	97,443,316	88,200,326
Retail real estate	90,470,545	130,876,346
Shopping centres	97,993,884	184,789,552
Telecommunications	153,122,327	299,042,265
Investment management	33,848,094	11,106,496
Eliminations and adjustments ⁽¹⁾	4,342,523	39,323,808
Total direct consolidated	614,443,454	886,168,821
	31 December 2009	31 December 2008
Invested capital		
Food based retail	483,969,819	546,161,687
Specialised retail	249,684,220	175,597,561
Retail real estate	1,523,249,390	1,411,291,922
Shopping centres	1,660,873,322	1,684,193,742
Telecommunications	751,867,339	746,745,744
Investment management	150,752,432	138,574,040
Eliminations and adjustments ⁽¹⁾	(38,989,061)	18,847,399
Total direct consolidated	4,781,407,461	4,721,412,093
Total net debt ⁽²⁾		
Retail businesses	1,188,231,638	1,186,354,238
Shopping centres	926,594,447	888,885,820
Telecommunications	375,961,568	399,731,657
Investment management	93,490,195	103,563,977
Holding ⁽¹⁾	495,839,008	580,332,523
Total consolidated	3,080,116,856	3,158,868,215

1. Includes Sonae Individual accounts;
2. Includes shareholders loans.

The caption "Eliminations and Adjustments" can be analysed as follows:

	Turnover		EBITDA		EBIT	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Inter-segment income	(162,383,420)	(147,717,797)	5,875,726	2,678,944	(862,529)	(3,562,627)
Adjustment on telecommunications provisions ⁽¹⁾	-	-	16,417,432	19,266,114	-	-
Entrance fees (key money) ⁽²⁾	679,718	1,950,497	-	-	-	-
Recovery of entrance fees	-	-	(1,317,802)	940,658	(1,317,802)	940,658
Offset of the recovery of common expenses ⁽²⁾	43,580,189	37,417,230	-	-	-	-
Turnover of participated companies considered for management purposes by different consolidation	(8,362,156)	(5,271,985)	(5,594,585)	(3,140,779)	(5,589,863)	(3,136,693)
Tax related to interest and dividends	-	-	(931,305)	(990,769)	(931,305)	(990,769)
Others	(29,739)	(7,100,893)	(1,076,165)	(4,480,069)	3,589,560	6,904,890
Eliminations and adjustments	(126,515,408)	(120,722,948)	13,373,301	14,274,099	(5,111,939)	155,459

1. The sub holding considers provisions as EBITDA.
2. The amounts are presented at net value.

	Investment		Invested capital	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Inter-segment balances	3,835,095	8,872,351	93,147,018	83,165,082
Acquisition of Sonaecom shares	-	28,770,251	-	-
Cash settled equity swap ⁽³⁾	-	-	(132,711,536)	(63,876,800)
Others	507,428	1,681,206	575,457	(440,883)
Eliminations and adjustments	4,342,523	39,323,808	(38,989,061)	18,847,399

3. Financial Instrument reported in Note 18.

Glossary:

Invested capital = Gross real estate assets + other fixed assets (including Goodwill) - amortizations and impairment losses + financial investments + working capital (includes non-current assets and non-current liabilities excluding total net debt) ; all figures at book value with the exception of Shopping Centres building block;

Total Net debt = Bonds + bank loans + other loans + shareholders loans + finance leases - cash, bank deposits and current investments;

EBITDA = Turnover + other revenues -impairment reversion – badwill - operating costs + profit/losses on disposals of subsidiaries (excluding indirect income contributions);

Eliminations and adjustments = Includes the Holding company figures and consolidation adjustments;

CAPEX = Investments in tangible and intangible assets, investment properties and acquisitions of subsidiaries;

Direct income excludes contributions to indirect income;

Indirect Income includes the Shopping Centre segment contributions net of taxes to consolidated income statement, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses (including goodwill) and; provision for Development Funds at Risk.

Turnover and profit/(loss) before taxation by geographic segment are as follows:

	31 December 2009		31 December 2008	
	Turnover by destination market	Operational profit/(loss) before taxation	Turnover by destination market	Operational profit/(loss) before taxation
Portugal	5,321,723,218	186,052,031	5,136,445,409	172,663,122
Spain	196,818,358	(76,507,134)	82,349,160	(80,498,458)
France	13,403,031	-	14,827,603	-
United Kingdom	12,260,683	(1,635,266)	13,729,924	(3,867,699)
Germany	17,205,966	(643,874)	16,092,023	(11,978,200)
Brazil	34,949,665	25,259,270	19,786,228	45,890,675
Italy	16,561,445	(34,379,889)	12,105,508	(5,465,135)
Other European countries	35,669,548	(12,474,260)	35,397,009	(90,559,413)
Rest of the world	16,585,160	(213,786)	22,371,081	246,940
	<u>5,665,177,074</u>	<u>85,457,092</u>	<u>5,353,103,945</u>	<u>26,431,832</u>

Headcount are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Retail	29,221	27,677
Shopping Centres	908	856
Telecommunications	2,081	1,983
Investment management	1,799	1,323
Sonae Holding	52	61
	<u>34,061</u>	<u>31,900</u>

51 COMMITMENTS ASSOCIATED TO "INFORMATION SOCIETY"

Under the agreed terms resulting from the grant of the UMTS License, Optimus (now Sonaecom – Serviços de Comunicações) assumed commitments in the area of promotion of the Information Society, totalling 274 million euro, to be complied with up to the end of the licence period (2015).

In accordance with the Agreement established on 5 June 2007 with the Ministry of Public Works, Transport and Communications ("MOPTC"), part of these commitments, up to 159 million euro will be realised through own projects which qualify as contributions to the Information Society and incurred under the normal activities of Sonaecom – Serviços de Comunicações, S.A. (investment in the network and technology not resulting from the need to comply with the obligations assumed when the UMTS Licence was granted, and activities relating to research, development and promotion of services, contents and applications) which must be recognised by the MOPTC and by entities created especially for that purpose. As at 31 December 2009 the total amount was already incurred and validated by the above referred entities, so at this date there are no additional responsibilities related to these commitments. These charges were recorded in the financial statements at the moment the projects were carried out and the estimated costs became known.

The remaining commitments, up to the amount of around 116 million euro, will be realised as agreed between Sonaecom-Serviços de Comunicações and MOPTC, through contributions to the "Initiatives E" project (offer of modems, discounts on tariffs, cash contributions, among others, relating to the widespread use of broadband internet by students and teachers), the contributions being made through an Open fund called Information Society Fund (Fundo para a Sociedade de Informação) now known as the "Fundação para as Comunicações Móveis" (Foundation for Mobile Communications), to be created by the three mobile operators operating in Portugal. The success of this project, initiated in the end of 2007, depended on the beneficiaries' participation to the various initiatives (e-opportunities, e-school and e-teacher) and could have been subject to revision during the a period of 12 months, i.e., until June 2008. Due to these facts, it was not possible, at 31 December 2007, to estimate in a reliable way the success of this project, and therefore, at that date it was not possible to produce a secure and reliable estimate of the responsibilities to be recognised.

Taking into consideration the success of the project during 2008, Sonaecom considered that conditions to produce a reliable estimate of the total responsibilities associated with "Initiatives E" project were in place. Therefore, such responsibilities were recorded, at 31 December 2009, as an added cost of the UMTS license, against an entry in the captions 'Other non-current liabilities' (Note 28) and 'Other current liabilities' (Note 32). At the end of 2009 this responsibilities were all recorded in the financial statements.

During the third quarter of 2008, taking into account important facts occurred in recent months, namely that: incumbent operators weren't allowed to take part in the 4th license tendering process; and current national and international practice of extension, without costs, of GSM licenses and the renewal of UMTS licenses; Sonae Board of Directors decided to revise the useful life of the UMTS license, extending the amortisation period of 2015 until 2030 of UMTS, given the high probability of its renewal and the high probability of such renewal being granted without significant costs. Therefore, in accordance with IAS 8, the impacts of the estimated useful life revision were recorded prospectively.

On 31 December 2009 net exposure of Sonae with the "Foundation for mobile communications" under the program "Initiatives E" corresponded to an amount receivable 20,337,515 euro (23,717,066 euro on 31 December 2008) which can be detailed as follows:

	<u>31.December.2009</u>	<u>31.December.2008</u>
Other current assets (Note 20)	75,145,779	39,317,818
Other creditors (Note 31)	(32,862,235)	-
Other current liabilities (Note 32)	<u>(21,946,029)</u>	<u>(15,600,815)</u>
	<u>20,337,515</u>	<u>23,717,003</u>

Additionally, in 2010, and until the date of approval of the financial statements have been received from "Fundação para as Comunicações Móveis" (Foundation for Mobile Communications) the amount of approximately 13.3 million euro.

52 COMMITMENTS ARISING ON THE SALE OF ASSETS REGARDING CONTINGENT SALE PRICES ADJUSTMENTS

Following the sale of 49,9% of the share capital of Sierra Holdings BV to a group of Investors, Sonae Sierra has agreed to revise the sale price of such shares if certain of the shopping malls are sold by any of the participating companies of Sierra Holdings BV. The price revision can occur whether with a sale of the asset (investment property in the case) or with a sale of the shares of the company that is directly or indirectly the owner of such asset. The price revision shall occur if either the sale is made for a lower price than the Market Value or Net Asset Value of the shares of the company that owns the asset ("price difference").

In that case, the price revision will correspond to the maximum potential income tax on the profit that would arise if, instead of the contribution or sale of the shares of the company that owns the asset of Sierra Holdings BV, the contribution or sale of the asset had occurred.

The price revision shall be computed considering the Investors' ownership percentage of the asset and is limited to:

- (i) in the case of the asset sale, to a maximum amount of 119,341,000 euro (59,670,500 euro attributable to Sonae Holding);
- (ii) in the case of a sale of shares of the company that directly or indirectly owns the asset, to a maximum amount of 59,670,000 euro (29,835,000 euro attributable to Sonae Holding); the price revision will only take place if the price difference will cannot be attributed to other reason than deferred income taxes;
- (iii) in either case, the price revision cannot result in a new price that is greater than the Market Value or the Net Asset Value, as applicable, of the transfer of the asset or of the shares respectively.

These guarantees are valid while the current agreements with the other shareholders of Sierra BV maintained.

Furthermore, Sonae Sierra has the right to make a proposal for the acquisition of the asset or the shares in stake before the same are offered for purchase to a third party.

Sonae believes that the direct sale of the asset is not an attractive solution for this kind of operations as it is subject to certain encumbrances which do not exist in the sale of the shares of the asset's owner.

53 PRESENTATION OF CONSOLIDATED INCOME STATEMENT

In the Management Report, and for the purposes of calculating financial indicators as EBITDA, EBIT and as well for operating segments income presentation purposes, the income statement is divided between Direct Income and Indirect Income, according to common practice in the Shopping Centre operating segment.

The Indirect Income includes the contribution of the Shopping Centre operating segment to the consolidated income statement, net of taxes, that result from: (i) valuation of investment properties; (ii) gains (losses) with the sale of financial investments, joint ventures or associates; (iii) impairment losses (including goodwill) and provisions for "Development Funds at Risk".

The value of EBITDA and Recurrent EBITDA is only calculated in the direct income, excluding the indirect contributions.

The reconciliation between consolidated income and direct-indirect income for the periods ended 31 December 2009 and 2008 can be summarised as follows:

	31 December 2009			31 December 2008		
	Consolidated	Indirect income	Direct income	Consolidated	Indirect income	Direct income
Operational income						
Sales	4,549,719,919	-	4,549,719,919	4,168,562,332	-	4,168,562,332
Services rendered	1,115,457,155	-	1,115,457,155	1,184,541,613	-	1,184,541,613
Value created on investment properties	(142,684,216)	(142,684,216)	-	(115,805,475)	(115,805,475)	-
Investment income	-	-	-	-	-	-
Dividends	378,624	-	378,624	375,121	-	375,121
Other (Note 38)	46,189,592	12,493,557	33,696,035	15,681,661	12,180,521	3,501,140
Other income						
Badwill	343,359	-	343,359	9,864,000	-	9,864,000
Reversion of impairment losses	2,599,594	-	2,599,594	3,605,668	-	3,605,668
Other	411,559,476	-	411,559,476	442,319,502	-	442,319,502
Total income	5,983,563,503	(130,190,659)	6,113,754,162	5,709,144,422	(103,624,954)	5,812,769,376
Total cost (a)	5,769,954,297	5,861,706	5,764,092,591	5,517,954,745	37,178,747	5,480,775,998
Depreciation and amortisation	294,133,483	-	294,133,483	273,819,162	-	273,819,162
Provisions and impairment losses	28,207,470	1,510,350	26,697,120	35,512,894	7,218,486	28,294,408
Profit before financial results and share of results of associated	213,609,206	(136,052,365)	349,661,571	191,189,677	(140,803,701)	331,993,378
Financial profit/(loss)	(122,786,715)	-	(122,786,715)	(173,710,692)	-	(173,710,692)
Share of results of associated undertakings	(5,365,399)	(6,983,718)	1,618,319	8,952,847	(5,588,408)	14,541,255
Profit before income tax	85,457,092	(143,036,083)	228,493,175	26,431,832	(146,392,109)	172,823,941
Income tax	(11,836,862)	26,539,044	(38,375,906)	12,646,440	14,530,359	(1,883,919)
Net profit for the period	73,620,230	(116,497,038)	190,117,269	39,078,272	(131,861,750)	170,940,022
- attributable to equity holders of Sonae	93,760,817	(76,988,786)	170,749,603	80,035,669	(79,067,142)	159,102,811
- attributable to minority interests	(20,140,587)	(39,508,253)	19,367,666	(40,957,397)	(52,794,608)	11,837,211
EBITDA (b)			667,170,596			620,262,159

- (a) The amount recorded in Direct income relates mainly to the reduction of investment properties value, accruals for "Development Funds at Risk" and recognized impairment losses;
- (b) EBITDA is computed as Turnover + Other Income – Badwill – Impairment losses reversal – Operational expenses + Gains/(losses) in disposals.

54 SUBSEQUENT EVENTS

On 16 February 2010 Union Investment concluded the agreement with Sonae Sierra and Foncière Euris-Rally to become the new majority holder of Alexa in Berlin city centre. Each investor had a 50% interest in property, and the property investment fund managing company located in Hamburg purchased 91% of the minority participation in Shopping Center Alexa. The price of the transaction has been fixed on the basis of asset valuation in 316 million euro approximately. The Sonae Sierra that will remain responsible for the management of the Shopping Center, intends to hold exclusively the remaining 9% ownership of Alexa in the future.

The Sonae Sierra Brasil SA, the jointly controlled entity by Sonae Sierra, presented on 2 of March of 2010, to the Brazilian Securities Commission (CVM), a preliminary prospectus for a public offer of shares, under conditions to be defined together with the banks coordinators – Credit Suisse and Itaú-BBA.

In February 2010 Sonaecom issued a new bond loan amounting to 30 million euro with a maturity of 3 years.

55 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 16 March 2010, nevertheless they are still subject to approval at the Shareholders Annual General Meeting.

The Board of Directors

Belmiro de Azevedo, Chairman of the Board of Directors

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

José Neves Adelino, member of the Board of Directors

Duarte Paulo Teixeira de Azevedo, CEO

Álvaro Carmona e Costa Portela, member of the Executive Committee

Ângelo Gabriel Ribeirinho dos Santos Paupério, member of the Executive Committee

Nuno Manuel Moniz Trigo Jordão, member of the Executive Committee

**INDIVIDUAL
FINANCIAL
STATEMENTS**

SONAE, SGPS, SA

INDIVIDUAL BALANCE SHEETS AS AT 31 DECEMBER 2009 AND 2008

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

ASSETS	Notes	31.December.2009	31.December.2008
NON-CURRENT ASSETS:			
Tangible assets	6	265.384	181.497
Intangible assets	7	5.776	1.242
Investments in affiliated companies	4, 8	2.991.917.733	3.070.652.704
Other investments	4, 9	77.489.880	100.049.880
Other non-current assets	4, 10	<u>543.934.785</u>	<u>598.542.161</u>
Total Non-Current Assets		<u>3.613.613.558</u>	<u>3.769.427.484</u>
CURRENT ASSETS:			
Trade account receivables	4, 11	1.767.521	1.626.676
Other debtors	4, 12	7.890.064	31.391.881
Taxes recoverable	13	1.387.264	2.263.726
Other current assets	4, 14	648.644	237.082
Investments held for trading		-	576.934
Cash and cash equivalents	4, 15	<u>2.769.998</u>	<u>418.450</u>
Total Current Assets		<u>14.463.491</u>	<u>36.514.749</u>
TOTAL ASSETS		<u><u>3.628.077.049</u></u>	<u><u>3.805.942.233</u></u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	16	2.000.000.000	2.000.000.000
Legal reserves	17	163.229.582	161.705.974
Hedge and fair value reserves	18	832.780.717	962.614.622
Retained earnings		322.737	322.737
Profit for the period		<u>91.729.048</u>	<u>30.472.155</u>
TOTAL EQUITY		<u>3.088.062.084</u>	<u>3.155.115.488</u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bonds	4, 20	498.238.077	497.619.441
Other loans	4, 20	<u>12.218.451</u>	<u>4.846.515</u>
Total Non-Current Liabilities		<u>510.456.528</u>	<u>502.465.956</u>
CURRENT LIABILITIES:			
Bank loans	4, 20	24.950.000	138.209.277
Trade accounts payable	4	985.568	1.116.009
Other creditors	4	78.307	171.430
Taxes and contributions payable	13	349.693	603.578
Other current liabilities	4, 21	<u>3.194.869</u>	<u>8.260.495</u>
Total Current Liabilities		<u>29.558.437</u>	<u>148.360.789</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3.628.077.049</u></u>	<u><u>3.805.942.233</u></u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE, SGPS, SA

INDIVIDUAL INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

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

(Amounts expressed in euro)

	Notes	4 th Quarter ended 31 December 2009 (Unaudited)	4 th Quarter ended 31 December 2008 (Unaudited)	31.December.2009	31.December.2008
Services rendered	25	1.885.121	383.839	4.603.363	2.273.584
Gains or losses on investments	26	-	(87.275.000)	94.981.321	7.691.335
Financial income	27	4.900.952	11.664.922	25.654.428	67.426.621
Other income		15.515	(4.985)	40.263	56.774
External supplies and services	28	(1.426.252)	(1.182.690)	(3.730.551)	(3.692.492)
Staff costs	29	(1.153.800)	(955.090)	(4.834.681)	(4.194.547)
Depreciation and amortisation	6, 7	(12.672)	(14.926)	(56.363)	(45.437)
Financial expense	27	(4.608.783)	(15.590.947)	(24.557.052)	(38.334.504)
Other expenses		<u>(173.176)</u>	<u>(94.508)</u>	<u>(353.584)</u>	<u>(263.330)</u>
Profit/(Loss) before taxation		(573.095)	(93.069.385)	91.747.144	30.918.004
Taxation	30	<u>(26.744)</u>	<u>(445.849)</u>	<u>(18.096)</u>	<u>(445.849)</u>
Profit/(Loss) after taxation		<u>(599.839)</u>	<u>(93.515.234)</u>	<u>91.729.048</u>	<u>30.472.155</u>
Profit/(Loss) per share					
Basic	31	(0,000300)	(0,046758)	0,045865	0,015236
Diluted	31	<u>(0,000300)</u>	<u>(0,046758)</u>	<u>0,045858</u>	<u>0,015236</u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE, SGPS, SA

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED AT 31 DECEMBER 2009 AND 2008

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

(Amounts expressed in euro)

	Notes	31.December.2009	31.December.2008
Net Profit / (Loss) for the period		<u>91.729.048</u>	<u>30.472.155</u>
Changes on fair value of available-for-sale financial assets	8	(93.025.072)	(148.598.428)
Changes in hedging reserve	18	<u>(6.114.413)</u>	<u>144.296</u>
Other comprehensive income for the period		<u>(99.139.485)</u>	<u>(148.454.132)</u>
Total comprehensive income for the period		<u><u>(7.410.437)</u></u>	<u><u>(117.981.977)</u></u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE, SGPS, SA

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED AS AT 31 DECEMBER 2009 AND 2008

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

(Amounts expressed in euro)

Notes	Reserves and Retained Earnings										Total
	Share Capital	Own Shares	Legal Reserve	Fair value Reserve	Hedging Reserve	Share based payments Reserve	Other Reserves	Retained Earnings	Total Reserves and Retained Earnings	Net Profit/(Loss)	
Balance as at 1 January 2008	2.000.000.000	-	160.880.817	730.528.037	162.774	-	424.699.965	322.737	1.316.594.330	16.503.135	3.333.097.465
Total comprehensive income for the period	-	-	-	(148.598.428)	144.296	-	-	-	(148.454.132)	30.472.155	(117.981.977)
Appropriation of profit of 2007:											
Transfer to legal reserves	17	-	825.157	-	-	-	-	-	825.157	(825.157)	-
Dividends distributed		-	-	-	-	-	(44.322.022)	-	(44.322.022)	(15.677.978)	(60.000.000)
Balance as at 31 December 2008	<u>2.000.000.000</u>	<u>-</u>	<u>161.705.974</u>	<u>581.929.609</u>	<u>307.070</u>	<u>-</u>	<u>380.377.943</u>	<u>322.737</u>	<u>1.124.643.333</u>	<u>30.472.155</u>	<u>3.155.115.488</u>
Balance as at 1 January 2009	2.000.000.000	-	161.705.974	581.929.609	307.070	-	380.377.943	322.737	1.124.643.333	30.472.155	3.155.115.488
Total comprehensive income for the period	-	-	-	(93.025.072)	(6.114.413)	-	-	-	(99.139.485)	91.729.048	(7.410.437)
Appropriation of profit of 2008:											
Transfer to legal reserves	17	-	1.523.608	-	-	-	-	-	1.523.608	(1.523.608)	-
Dividends distributed		-	-	-	-	-	(31.051.453)	-	(31.051.453)	(28.948.547)	(60.000.000)
Share based payments	19	-	-	-	-	357.033	-	-	357.033	-	357.033
Purchase of own shares		-	(696.429)	-	-	-	-	-	-	-	(696.429)
Disposal / attribution to employees of own shares		-	696.429	-	-	-	-	-	-	-	696.429
Balance as at 31 December 2009	<u>2.000.000.000</u>	<u>-</u>	<u>163.229.582</u>	<u>488.904.537</u>	<u>(5.807.343)</u>	<u>357.033</u>	<u>349.326.490</u>	<u>322.737</u>	<u>996.333.036</u>	<u>91.729.048</u>	<u>3.088.062.084</u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE, SGPS, SA

INDIVIDUAL CASH FLOW STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008(Translation of individual financial statements originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)*(Amounts expressed in euro)*

	Notes	31.December.2009	31.December.2008
OPERATING ACTIVITIES			
Cash receipts from trade debtors		4.447.853	2.039.760
Cash paid to trade creditors		(3.783.211)	(3.113.120)
Cash paid to employees		(4.318.525)	(5.136.990)
Cash flow generated by operations		<u>(3.653.883)</u>	<u>(6.210.350)</u>
Income taxes (paid) / received		322.953	(343.865)
Other cash receipts and (payments) relating to operating activities		403.067	(784.741)
Net cash flow from operating activities (1)		<u>(2.927.863)</u>	<u>(7.338.956)</u>
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	32	26.758.062	3.579.042
Tangible and intangible assets		6.679	-
Interest and similar income		40.783.605	73.527.427
Dividends		93.516.449	94.979.579
Loans granted		838.603.328	1.314.820.280
		<u>999.668.123</u>	<u>1.486.906.328</u>
Cash Payments arising from:			
Investments	32	(4.210.227)	(842.085.478)
Tangible assets		(276.434)	(585.135)
Intangible assets		(4.523)	(399)
Loans granted		(789.006.199)	(771.561.000)
		<u>(793.497.383)</u>	<u>(1.614.232.012)</u>
Net cash used in investment activities (2)		<u>206.170.740</u>	<u>(127.325.684)</u>
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		1.390.025.000	1.015.221.000
Sale of own shares		637.113	-
		<u>1.390.662.113</u>	<u>1.015.221.000</u>
Cash Payments arising from:			
Loans obtained		(1.503.275.000)	(877.021.000)
Interest and similar charges		(27.586.245)	(29.829.089)
Dividends		(59.986.491)	(59.993.240)
Purchase of own shares		(696.429)	-
		<u>(1.591.544.165)</u>	<u>(966.843.329)</u>
Net cash used in financing activities (3)		<u>(200.882.052)</u>	<u>48.377.671</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		2.360.825	(86.286.969)
Cash and cash equivalents at the beginning of the period		409.173	86.696.142
Cash and cash equivalents at the end of the period	15	<u>2.769.998</u>	<u>409.173</u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE, SGPS, SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

(Translation of the individual financial statements originally issued in Portuguese.

In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

1 INTRODUCTION

SONAE, SGPS, SA ("the Company" or "Sonae"), has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal.

The individual financial statements are presented as required by Commercial Companies Code. According to Decree-Law 35/2005 of 17 February, the company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

2 PRINCIPAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union effective as at 1 January 2009. 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.

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

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 and investment properties 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 the following standards, interpretations, amendments and revisions, some of which have become effective during the year 2009:

<u>With mandatory application in 2009:</u>	<u>Effective Date (for financial years beginning on/after)</u>
IFRS 1 / IAS 27 – Amendments (Cost of an investment in a subsidiary, jointly-controlled entity or associate)	01-01-2009
IAS 39 – Amendments (Reclassification of Financial Assets)	01-07-2008
IFRS 2 – Share-based Payments - Amendments (Vesting conditions and cancellations)	01-01-2009
IAS 23 – Borrowing costs (revised)	01-01-2009
IAS 32 / IAS 1 – Amendments (Puttable financial instruments and obligations arising on liquidation)	01-01-2009
IAS 1 – Presentation of financial statements (revised)	01-01-2009
IFRIC 13 – Customer loyalty programmes	01-07-2008
IFRS 8 – Operating segments	01-01-2009
IFRS 7 – Amendments (Improving disclosures about fair value measurements and liquidity risk)	01-01-2009
Improvements to the International Financial Reporting Standards (2007)	Several (on/after 01-01-2009)

The adoption, during the 2009 of the above mentioned Standards did not produce material impacts on the Company financial statements, with the exception of presentation and disclosure improvements, as a result of the adoption of revised version of IAS 1.

The IAS 1 (Revised) changed the terminology, as well as the format and content of the financial statements.

<u>With mandatory application after 2009:</u>	<u>Effective Date (for financial years beginning on/after)</u>
IAS 32 – Amendments (Classification of right issues)	01-02-2010
IAS 39 – Amendments (Eligible hedged items)	01-07-2009
IFRS 3 – Business Combination e IAS 27 – Consolidated and Separate Financial Statements (revised 2008)	01-07-2009
IFRS 1 (Revised) – First-time adoption of International Reporting Standards	01-01-2010
IFRIC 12 – Service Concession Arrangements	01-01-2010
IFRIC 15 – Agreements for the Construction of Real Estate	01-01-2010
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	01-07-2009

IFRIC 9 e IAS 39 – Amendments (Reassessment of Embedded Derivates)

Financial years beginning
on/after 30-06-09

IFRIC 17 – Distributions of Non-cash as-sets to owners

01-07-2009

IFRIC 18 – Transfers of Assets from Customers

Transfers made on/after 01-07-09

The above mentioned endorsed standards were not adopted by Sonae in 2009, because its application is not mandatory for this financial year, and Sonae decided not to make an early adoption of the standards.

It is not expected that material impacts will arise on the adoption of the above mentioned standards.

2.2 Tangible assets

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition cost, or revalued acquisition cost in accordance with generally accepted accounting principles in Portugal until that date, 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 amortization.

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

2.3 Intangible assets

Intangible assets are stated at acquisition cost, net of amortisation and accumulated impairment losses. Intangible assets are only recognised 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 recognised as an expense in the period in which they are incurred on an accruals basis in accordance with effective interest rate method.

2.5 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the sale must be highly probable and the asset or disposal group is available for immediate sale in its present condition. In addition, the sale should be expected to occur within 12 months from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. These assets are not depreciated.

2.6 Financial instruments

The Company classifies the financial instruments in the categories presented and conciliated with the Balance Sheet disclosed in Note 4.

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 balance sheet 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. Investments measured at fair value through profit or loss are classified as current assets. Available for sale investments are classified as non-current assets.

Equity Investments in subsidiaries and associates are classified as Available for sale.

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 balance sheet 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 measured at fair value, which is considered to be the fair value of the consideration paid for them, including transaction costs, in the case of available for sale investments.

Available for sale investments and investments measured at fair value through profit or loss are subsequently measured at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their quoted market price or independent valuation at the balance sheet date. 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 recognised directly in equity, under Fair value reserve, 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 recognised 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 amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Loans and accounts receivable

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

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

These financial investments arise when the Company provides money or services directly to a debtor with no intention of trading the receivable.

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

c) Trade accounts receivable

Receivables are stated at net realisable value corresponding to their nominal value less impairment losses (recorded under the caption Impairment losses in accounts receivable).

Impairment is recognised 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 amortised 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 discount is considered null as it is immaterial.

d) 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.

e) 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 2.8. 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.

f) Trade accounts payable

Trade accounts payable are stated at their nominal value.

g) Derivatives

The Company uses derivatives in the management of its financial risks to hedge such risks and/or in order to optimise funding costs, in accordance with Management interest rate risk policy described in point 3.4.1.

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 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, and then recognised in the income statement over the same period in which the hedged instrument affects 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 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.

Derivatives entered into in accordance with Interest rate risk management policy described in point 3.4.1 and not eligible for hedge accounting (mainly interest rate option), are initially recorded at cost, which corresponds to fair value at inception, and then, remeasured at fair value through profit and loss under financial income or expenses captions.

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.

h) Own shares

Own shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of own shares are recorded in Other reserves.

i) 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 flow statement, cash and cash equivalents also include bank overdrafts, which are included in the balance sheet caption of current bank loans.

j) Effective Interest Rate Method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period.

k) Impairment

Financial assets, other than Investments measured at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet 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 amortised 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 of non-quoted subsidiaries, which are measured at acquisition cost less impairment (equity investments and loans granted) the impairment analysis is based on the fair value estimate of its net assets, mainly equity investments in other Company's subsidiaries.

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.

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.

With the exception of available for sale equity instruments, 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 recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

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

2.7 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.

2.8 Revenue recognition and accrual basis

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

Dividends are recognised 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 recognised in the income statement.

2.9 Subsequent events

Events after the balance sheet 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 balance sheet date that are non-adjusting events are disclosed in the notes when material.

2.10 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 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 recognised 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.

2.11 Share-based payments

Deferred Performance Bonus Plans are indexed to Sonae share price and are classified as share-based payments. These bonus plans vest within a period of 3 years after being granted.

Share-based payments are measured at fair value on the date they are granted (usually in March of each year).

When the plans are equity settled, by the delivery of Sonae shares, the value of the plan is determined as at the grant date based on fair value of shares granted and recognized rateably during the period of each plan. The fair value of the plan is recognized as staff costs against equity.

When settlement is made in cash the value of such liabilities shall be determined at the grant date and subsequently updated at the end of each reporting period based on the number of shares and the corresponding fair value at the closing date. These obligations are recognized as staff costs and other 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.

2.12 Income tax

Current income tax is determined in accordance with tax rules in force in Portugal, considering the taxable profit for the period.

Deferred taxes are calculated using the balance sheet liability method. Deferred tax assets are recognised only when its use is probable.

3 FINANCIAL RISK MANAGEMENT

3.1 Introduction

The ultimate purpose of financial risk management is to support the Company in the achievement of its strategy by reducing unwanted financial risk and volatility and mitigate any negative impacts in the profit or loss statement arising from such risks.

The Group's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Financial risk management policies are approved by the Sonae Executive Committee. Exposures are identified and monitored by the Finance Department. Exposures are also monitored by the Finance Committee as noted in the Corporate Governance Report.

3.2 Credit Risk

Credit risk is defined as the probability of a counterparty defaulting on its payment contractual obligations resulting in a financial loss. Sonae is a Holding company without any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalent instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) or from its lending activities to subsidiaries.

Additionally, Sonae may sometimes also be exposed to credit risk as a result of its portfolio management activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis under the supervision of the Executive Committee. In order to reduce the probability of counterparties default Sonae transactions (short term investments and derivatives) are only concluded in accordance with the following principles:

- Only carry out transactions (short term investments and derivatives) with counterparties that have at least a credit rating of BBB from Standard & Poor's and/or Baa2 from Moody's or equivalent (this information is supplied through independent information systems);
- Sonae should only enter into previously authorized financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made with a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);
- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by relationship banks in order to reduce exposure on a net basis, and ii) may only be applied on pre approved instruments;
- Any departure from the above mentioned policies needs to be pre-approved by the Executive Committee.

Given the above mentioned policies and the minimum credit ratings management does not expect any material failure in contractual obligations from its external counterparties. Nevertheless, exposure to individual counterparties resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Financial Department and any departure is promptly reported to the Executive Committee and Finance Committee.

Settlement risk is also a risk faced by Sonae, which is managed through the rigorous selection of its brokers which must be highly rated counterparties.

In relation to credit risk resulting from loans granted to subsidiaries, there is no specific risk management policy as the financing of its subsidiaries is part of the main operations of a holding company.

3.3 Liquidity risk

Sonae needs to raise external funds to finance its activities and investing plans. It holds a diversified loan portfolio, essentially made up of long term bond financing, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2009 the total gross debt was 535 million euro (641 million euro as at 31 December 2008).

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

Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining, with its relationship banks, a combination of short and medium term committed credit facilities, commercial paper programme with sufficiently comfortable previous notice cancellation periods within a range between 30 and 360 days;
- Maintenance of commercial paper with different periods, that allow, in some cases, to place the debt directly in institutional investors;
- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;
- Diversification of financing sources and counterparties;

- Ensuring an adequate debt average maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. As at 31 December 2009 Sonae debt average life maturity was 2.5 years (3 years in 31 December 2008);
- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;
- Where possible, by prefinancing forecasted liquidity needs;
- Management procedures of short term applications, assuring that the maturity of the applications will match with foreseen liquidity needs, including a margin to hedge forecasting deviations. The reliability of the treasury forecasts are an important variable to determine the amounts and the periods of the market applications/borrowings.

Sonae maintains a liquidity reserve in the form of credit lines with its relationship banks, to ensure the ability to meet its commitments without having to refinance itself on unfavourable terms. Sonae has a total of 266 million euro committed credit facilities, of which only 11.4% are cancellable with a notice period of 6 months and the remainder with no less than a 360 days notice period (261 million euro in 2008). Sonae expects to meet all its obligations by means of its operating cash flows and from its financial assets as well as from drawing existing available credit lines, if needed.

3.4 Interest rate risk

3.4.1. Policy

Sonae is exposed to cash flow interest rate risk in respect of items in the balance sheet (Loans and Short Term Investments) and to fair value interest rate risk as a result of interest rate derivatives (swaps, FRA's and options). All Sonae debt bears variable interest rates, and interest rate derivatives may be entered into to convert part of the variable rate debt into fixed rate (usually through interest rate swaps or Forward Rate agreements), or to limit the maximum rate payable (usually through zero cost collars or the purchased caps).

Sonae mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve since hedging interest rate risk usually has an opportunity cost associated. Therefore a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that Sonae grants loans to its subsidiaries as part of its usual activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into:

- For each derivative or instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be the same as the settlement dates of the hedging instrument to avoid any mismatch and hedging inefficiency;
- Perfect match between the base rates (the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction);
- The maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate);
- The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, as described in 3.2. above - Credit Risk Management. It is Group policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae's existing relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;

- In determining the fair value of hedging operations Sonae uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates, foreign exchange rates, volatility among others prevailing at the balance sheet date. Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the valuation;
- All transactions are documented under ISDA's Agreements;
- All transactions which do not follow the Rules above have to be individually approved by the Executive Committee, and reported to the Financial Committee, namely transactions entered into with the purpose of optimising the cost of debt when deemed appropriate according to prevailing financial market conditions.

3.4.2. 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 recognised 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 calculations;
- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense and are therefore taken into consideration in the income-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 2009 (individual statements) would increase by approximately 3 million euro (at 31 December 2008 would increase 10 million euro). Total equity, as at 31 December 2009, (not considering the impact over net profit) would increase by about 5 million euro as a result of the effect of changing interest rate up 75 basis points.

3.5 Foreign Exchange Risk.

Due to its nature of Holding company, Sonae, has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise Foreign exchange risk management seeks to minimise the volatility of such transactions made in foreign currency and to reduce the impact on the income statement of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae hedges such exposures mainly through forward exchange

rate contracts. For uncertain exposures, options may be considered, subject to pre-approval from the company's Executive Committee.

Sonae does not have any material foreign exchange rate exposure at holding level, since almost all equity and loans to subsidiaries are denominated in Euros.

3.6 Price Risk and Market Risk

The Group is exposed to equity price risks arising from equity investments, maintained for strategic rather than for trading purposes as the group does not actively trade these investments. These investments are presented in Notes 8.

4 FINANCIAL INSTRUMENTS BY CLASS AND FAIR VALUE

The accounting policies disclosed in note 2.6 have been applied to the line items below:

Financial Assets

31.December.2009							
Notes	Loans and accounts receivable	Available for sale	Derivatives used for cash flow hedging	Sub Total	Assets not within scope of IFRS 7	Total	
Non-Current Assets							
Investments in affiliated companies	8	-	2.991.917.733	-	2.991.917.733	-	2.991.917.733
Other investments	9	-	77.489.880	-	77.489.880	-	77.489.880
Other non-current assets	10	543.934.785	-	-	543.934.785	-	543.934.785
		<u>543.934.785</u>	<u>3.069.407.613</u>	<u>-</u>	<u>3.613.342.398</u>	<u>-</u>	<u>3.613.342.398</u>
Current Assets							
Trade Accounts Receivables	11	1.767.521	-	-	1.767.521	-	1.767.521
Other debtors	12	7.890.064	-	-	7.890.064	-	7.890.064
Other current assets	14	501.873	-	-	501.873	146.771	648.644
Cash and cash equivalents	15	2.769.998	-	-	2.769.998	-	2.769.998
		<u>12.929.456</u>	<u>-</u>	<u>-</u>	<u>12.929.456</u>	<u>146.771</u>	<u>13.076.227</u>
		<u>556.864.241</u>	<u>3.069.407.613</u>	<u>-</u>	<u>3.626.271.854</u>	<u>146.771</u>	<u>3.626.418.625</u>

31.December.2008							
Notes	Loans and accounts receivable	Available for sale	Derivatives used for cash flow hedging	Sub Total	Assets not within scope of IFRS 7	Total	
Non-Current Assets							
Investments in affiliated companies	8	-	3.070.652.704	-	3.070.652.704	-	3.070.652.704
Other investments	9	-	100.049.880	-	100.049.880	-	100.049.880
Other non-current assets	10	598.542.161	-	-	598.542.161	-	598.542.161
		<u>598.542.161</u>	<u>3.170.702.584</u>	<u>-</u>	<u>3.769.244.745</u>	<u>-</u>	<u>3.769.244.745</u>
Current Assets							
Trade Accounts Receivables	11	1.626.676	-	-	1.626.676	-	1.626.676
Other debtors	12	31.391.881	-	-	31.391.881	-	31.391.881
Other current assets	14	82.075	-	-	82.075	155.007	237.082
Investments		-	-	576.934	576.934	-	576.934
Cash and cash equivalents	15	418.450	-	-	418.450	-	418.450
		<u>33.519.082</u>	<u>-</u>	<u>576.934</u>	<u>34.096.016</u>	<u>155.007</u>	<u>34.251.023</u>
		<u>632.061.243</u>	<u>3.170.702.584</u>	<u>576.934</u>	<u>3.803.340.761</u>	<u>155.007</u>	<u>3.803.495.768</u>

Financial Liabilities

		31.December.2009					
Notes	Liabilities at fair value through profit or loss	Derivatives used for cash flow hedging	Other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total	
Non-Current Liabilities							
Bonds	20.1	-	-	498.238.077	498.238.077	-	498.238.077
Other loans	20.2	-	12.218.451	-	12.218.451	-	12.218.451
		-	12.218.451	498.238.077	510.456.528	-	510.456.528
Current Liability							
Bank loans	20.3	-	-	24.950.000	24.950.000	-	24.950.000
Trade accounts payable		-	-	985.568	985.568	-	985.568
Other payables accounts		-	-	78.307	78.307	-	78.307
Other current liabilities	21	-	-	1.673.465	1.673.465	1.521.404	3.194.869
		-	-	27.687.340	27.687.340	1.521.404	29.208.744
		-	12.218.451	525.925.417	538.143.868	1.521.404	539.665.272

		31.December.2008					
Notes	Liabilities at fair value through profit or loss	Derivatives used for cash flow hedging	Other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total	
Non-Current Liabilities							
Bonds	20.1	-	-	497.619.441	497.619.441	-	497.619.441
	20.2	4.846.515	-	-	4.846.515	-	4.846.515
		4.846.515	-	497.619.441	502.465.956	-	502.465.956
Current Liability							
Bank loans	20.3	-	-	-	-	-	-
Trade Accounts payable		-	-	138.209.277	138.209.277	-	138.209.277
Other payables accounts		-	-	1.116.009	1.116.009	-	1.116.009
Other current liabilities	21	-	-	171.430	171.430	-	171.430
		-	-	6.884.750	6.884.750	1.375.745	8.260.495
		-	-	146.381.466	146.381.466	1.375.745	147.757.211
		4.846.515	-	644.000.907	648.847.422	1.375.745	650.223.167

Financial Instruments at fair value

The table below details the financial instruments that are measured at fair value after initial recognition, grouped into 3 levels according to the possibility of observing its fair value on the market:

Level 1: fair value is determined based on market prices for assets

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

Level 3: fair value is determined based on valuation models, whose main inputs are not observable in the market.

		31.December.2009		
		Level 1	Level 2	Level 3
Financial assets at fair values				
Investments in affiliated companies		1.620.270	614.248.500	-
		1.620.270	614.248.500	-
Financial liabilities at fair value				
Derivatives		-	12.218.451	-
		-	12.218.451	-

5 CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the year there were no material changes in accounting policies or prior period errors.

6 TANGIBLE ASSETS

As at 31 December 2009 and 2008 tangible assets movements are as follows:

	Plant and machinery	Vehicles	Fixtures and fittings	Others	In progress	Total
Gross cost						
Opening balance as at 1 January 2008	17.352	194.768	2.404.297	723	-	2.617.140
Increase	-	-	-	-	696.865	696.865
Decrease	-	-	(5.046)	-	(563.757)	(568.803)
Transfers and write-offs	-	-	113.646	-	(114.659)	(1.013)
Opening balance as at 1 January 2009	17.352	194.768	2.512.897	723	18.449	2.744.189
Increase	-	-	-	-	159.131	159.131
Decrease	-	-	(336.222)	-	-	(336.222)
Transfers and write-offs	4.696	-	55.580	-	(63.158)	(2.882)
Closing balance as at 31 December 2009	22.048	194.768	2.232.255	723	114.422	2.564.216
Accumulated depreciation						
Opening balance as at 1 January 2008	17.352	194.768	2.309.839	608	-	2.522.567
Increase	-	-	45.241	28	-	45.269
Decrease	-	-	(5.046)	-	-	(5.046)
Transfers and write-offs	-	-	(98)	-	-	(98)
Opening balance as at 1 January 2009	17.352	194.768	2.349.936	636	-	2.562.692
Increase	587	-	53.077	28	-	53.692
Decrease	-	-	(317.552)	-	-	(317.552)
Closing balance as at 31 December 2009	17.939	194.768	2.085.461	664	-	2.298.832
Carrying amount						
As at 31 December 2008	-	-	162.961	87	18.449	181.497
As at 31 December 2009	4.109	-	146.794	59	114.422	265.384

7 INTANGIBLE ASSETS

As at 31 December 2009 and 2008 intangible assets movements are as follows:

	Software	In progress	Total intangible assets
Gross cost			
Opening balance as at 1 January 2008	-	-	-
Increase	-	399	399
Transfers and write-offs	1.410	(399)	1.011
Opening balance as at 1 January 2009	1.410	-	1.410
Transfers and write-offs	7.205	-	7.205
Closing balance as at 31 December 2009	8.615	-	8.615
Accumulated depreciation			
Opening balance as at 1 January 2008	-	-	-
Increase	168	-	168
Opening balance as at 1 January 2009	168	-	168
Increase	2.671	-	2.671
Closing balance as at 31 December 2009	2.839	-	2.839
Carrying amount			
As at 31 December 2008	1.242	-	1.242
As at 31 December 2009	5.776	-	5.776

8 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2009 and 2008, the Company held investments in the following subsidiaries:

Companies	% Held	31.December.2009				
		Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Interlog, SGPS, SA	1,02%	106.686	-	-	-	106.686
MDS, SGPS, SA	45,71%	17.800.000	12.813.065	2.733.191	-	27.879.874
Sonae Investimentos, SGPS, SA (a)(b)	82,48%	1.690.800.661	-	-	-	1.690.800.661
Sonae Investimentos, BV	100,00%	550.000.000	-	-	-	550.000.000
Sonae RE, SA	99,92%	500	3.671.559	-	-	3.672.059
Sonae Sierra SGPS, SA (c)	50,00%	708.051.000	-	-	(93.802.500)	614.248.500
Sonaecom, SGPS, SA	0,23%	842.842	-	-	777.428	1.620.270
Sonaegest, SA	20,00%	159.615	-	-	-	159.615
Sonaecenter Serviços, SA	100,00%	50.000	538.668	-	-	588.668
Sontel, BV	42,86%	191.341.400	-	-	-	191.341.400
Total		3.159.152.704	17.023.292	2.733.191	(93.025.072)	3.080.417.733
Impairment		88.500.000	-	-	-	88.500.000
Total		3.070.652.704	17.023.292	2.733.191	(93.025.072)	2.991.917.733

Companies	% Held	31.December.2008				
		Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Interlog, SGPS, SA	1,02%	106.686	-	-	-	106.686
MDS, SGPS, SA	89,00%	20.000.000	-	2.200.000	-	17.800.000
Sonae Investimentos, SGPS, SA (a)(b)	82,48%	1.690.800.661	-	-	-	1.690.800.661
Sonae Investimentos America Latina	0,00%	25.684	-	25.684	-	-
Sonae Investimentos, BV	100,00%	18.151	549.981.849	-	-	550.000.000
Sonae RE, SA	0,04%	500	-	-	-	500
Sonae Sierra SGPS, SA (c)	50,00%	856.602.000	-	-	(148.551.000)	708.051.000
Sonaecom, SGPS, SA	0,23%	78.041	812.229	-	(47.428)	842.842
Sonaegest, SA	20,00%	159.615	-	-	-	159.615
Sonaecenter Serviços, SA	100,00%	-	50.000	-	-	50.000
Sontel, BV	42,86%	100.000	191.241.400	-	-	191.341.400
		2.567.891.338	742.085.478	2.225.684	(148.598.428)	3.159.152.704
Impairment		-	88.500.000	-	-	88.500.000
Total		2.567.891.338	653.585.478	2.225.684	(148.598.428)	3.070.652.704

(a) Former Sonae Distribuição, SGPS, SA

b) The value of this investment is the price paid in the public tender offer for de-listing occurred in 2006. Since that date no change in the value of the investment was recorded.

(c) Market value was determined based on an independent valuation as at 31 December 2008 of assets held by this affiliated company, after deduction of associated net debt and of the share attributable to minority interests. The major assumptions used for the purpose of estimating the fair value of the assets are disclosed on the consolidated financial statements.

In July 2009, Sonae signed an agreement for the roll-up of the Feffer family's shareholding in Lazam-MDS in exchange for shares owned by Sonae in MDS and for new shares in the enlarged share capital of MDS. Under this agreement, Sonae has

reduced its direct shareholding in MDS, SGPS to 45.71%. During the year there was also a capital increase of that subsidiary by conversion of shareholder loans into capital.

During the year the Company acquired 99.88% of the shares representing the share capital of Sonae, RE, SA.

During the year ended 31 December 2008, the Company recorded an impairment loss over the financial investment held in Sontel B.V. amounting to 88,500,000 euro (Note 26) as a result of applying the accounting policy mentioned in 2.6 k) and according to a valuation made by the use of discounted cash flow models, in order to estimate the value in use of those investments. As at 31 December 2009 the Company performed a similar exercise and determined that the amount of impairment is still adequate.

9 OTHER INVESTMENTS

As at 31 December 2009 and 2008 other investments available for sale are as follows:

Companies	31.December.2009			
	Opening balance	Increase	Decrease	Closing balance
Associação Escola Gestão Porto	49.880	-	-	49.880
Magma No. 1 Securitisation Notes	100.000.000	-	22.560.000	77.440.000
Total	<u>100.049.880</u>	<u>-</u>	<u>22.560.000</u>	<u>77.489.880</u>

Companies	31.December.2008			
	Opening balance	Increase	Decrease	Closing balance
Associação Escola Gestão Porto	49.880	-	-	49.880
Total	-	100.000.000	-	100.000.000
	<u>49.880</u>	<u>100.000.000</u>	<u>-</u>	<u>100.049.880</u>

In December 2008, the Company has completed the subscription of securitized assets, through a private offering, in the amount of approximately 100 million euro, issued by Tagus - Sociedade de Titularização de Créditos, SA named "MAGMA Nº 1 Securitisation Notes".

These bonds have a maturity of 5 years (2009/2013), and are amortized in equal quarterly instalments, having as underlying asset the future receivables to be generated under a portfolio of existing corporate customer contracts of Sonacom - Serviços de Comunicações, SA, with a comfortable over colateralization, which strongly minimize this investment credit risk.

During 2009, the decrease amounting to 22,560,000 euro corresponds to reimbursements totaling 19,777,500 euro and to the sale of bonds with a carrying amount of 2,782,500 euro.

10 OTHER NON-CURRENT ASSETS

As at 31 December 2009 and 2008 other non-current assets are as follows:

	<u>31.December.2009</u>	<u>31.December.2008</u>
Loans granted to group companies:		
MDS, SGPS, SA	30.119.075	69.410.000
Sonae Investments, BV	478.427.710	495.856.978
Sontel, BV	<u>35.388.000</u>	<u>33.271.000</u>
	543.934.785	598.537.978
Guarantee deposits	-	4.183
	<u><u>543.934.785</u></u>	<u><u>598.542.161</u></u>

Loans granted to group companies earn interest at variable market rates indexed to Euribor and do not mature within one year.

There are no past due or impaired receivable balances as at 31 December 2009 and 2008. The eventual impairment of loans granted to group companies is assessed in accordance with note 2.6.k). The fair value of loans granted to group companies is considered to be similar to its carrying amount.

11 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable amounted to 1,767,521 euro and 1,626,676 euro as at 31 December 2009 and 2008 respectively, and include balances arising solely from services rendered to group companies.

As at the balance sheet dates there is no accounts receivable past due, and no impairment loss was recorded, as there are no indications as of the reporting date that the debtors will not meet their payment obligations.

12 OTHER DEBTORS

As at 31 December 2009 and 2008 other debtors are as follows:

	<u>31.December.2009</u>	<u>31.December.2008</u>
Group companies - Short term loans:		
MDS, SGPS, SA	-	7.510.000
Sonaecenter, Serviços, SA	<u>440.000</u>	<u>737.000</u>
	440.000	8.247.000
Group companies - Interest:		
MDS, SGPS, SA	556.946	1.660.159
Sonae Investments, BV	5.664.753	19.218.665
Sontel, BV	<u>416.539</u>	<u>1.027.220</u>
	7.078.238	30.153.044
Other debtors		
Others	<u>811.826</u>	<u>1.238.837</u>
	<u><u>7.890.064</u></u>	<u><u>31.391.881</u></u>

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

There were no assets impaired or past due. The fair value of loans granted is similar to its carrying amount.

13 TAXES

As at 31 December 2009 and 2008 taxes balances are as follows:

Assets

	<u>31.December.2009</u>	<u>31.December.2008</u>
Advance payments	29.305	23.958
Taxes w ithheld	1.357.959	2.175.667
Recoverable VAT	-	64.101
	<u>1.387.264</u>	<u>2.263.726</u>

Liabilities

	<u>31.December.2009</u>	<u>31.December.2008</u>
Income tax charge for the year	26.744	445.849
Taxes w ithheld		
Staff	61.539	50.130
Services	149	197
Capital	-	52.192
Other	32	-
Value added tax	210.029	8.876
Social security contributions	49.693	46.279
Stamp duty	1.507	55
	<u>349.693</u>	<u>603.578</u>

14 OTHER CURRENT ASSETS

As at 31 December 2009 and 2008 other current assets are as follows:

	<u>31.December.2009</u>	<u>31.December.2008</u>
Accrued income	501.873	82.075
Prepayments	146.771	155.007
	<u>648.644</u>	<u>237.082</u>

15 CASH AND CASH EQUIVALENTS

As at 31 December 2009 and 31 December 2008 cash and cash equivalents are as follows:

	31.December.2009	31.December.2008
Cash in hand	7.042	4.300
Bank deposits	2.762.956	414.150
Cash and cash equivalents on the balance sheet	<u>2.769.998</u>	<u>418.450</u>
Bank overdrafts (Note 20.3)	-	9.277
Cash and cash equivalents on the cash flow statement	<u>2.769.998</u>	<u>409.173</u>

As at 31 December 2009 bank deposits include short term deposits amounting to 2,705,000 euro (378,000 euro as at 31 December 2008) withdrawn at beginning of 2010 (2009).

16 SHARE CAPITAL

As at 31 December 2009 and 2008 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

As at 31 December 2009 and 2008 Efanor Investimentos, SGPS, SA and affiliated companies held 52.983% of Sonae's share capital.

17 LEGAL RESERVE

The company has set up legal reserves in accordance with Commercial Companies Code. In 2009 and 2008, respectively, 1,523,608 euro and 825,157 euro was transferred from profit for the year to legal reserves.

18 FAIR VALUE RESERVE, HEDGING RESERVE AND OTHER RESERVES

As at 31 December 2009 and 2008 reserves are as follows:

	31.December.2009	31.December.2008
Free reserves	349.326.490	380.377.943
Hedging reserve	(5.807.343)	307.070
Fair value reserve	488.904.537	581.929.609
Share-based payments reserve	357.033	-
	<u>832.780.717</u>	<u>962.614.622</u>

Movements occurred in 2009 and 2008 in these reserves are detailed in the Company Statement of changes in equity.

Hedging Reserves corresponds to the effective portion of changes in fair value of derivatives that qualify for cash flow hedge accounting.

Fair value reserves correspond to changes in the fair value of the financial instruments classified as available for sale.

The Share-based payments reserve relates to equity-share based payments under the deferred performance bonuses.

19 SHARE-BASED PAYMENTS

In 2009 and in previous years, Sonae granted deferred performance bonuses to its directors and eligible employees. These are based on shares to be acquired at nil cost, three years after they were attributed to the employee. These rights can only be exercised if the employee still works for the Sonae on the vesting date.

During the year ended 31 December 2009, Sonae changed the settlement method of the share based plans. Up to 2009, the plans were being settled in cash although the company had the choice to settle in cash or in shares. As at 31 December 2009, the plans are being accounted for as equity settled under the assumption that the plans will be settled in shares. This change resulted in an increase of Share-based payment plans in shares amounting to 357,033 euro.

As at 31 December 2009, the outstanding plans were as follows:

	Vesting period		Number of participants	Number of shares
	Year of grant	Vesting year		
Plan 2007	2008	2011	1	340.844
Plan 2008	2009	2012	1	570.258

During the year the movements occurred can be detailed as follows:

	Number of shares
Balance as at 31.December.2008	340.844
Changes during the year:	
Attributed	570.258
Vested	-
Balance as at 31.December.2009	<u>911.102</u>

20 BORROWINGS

20.1 Bonds

As at 31 December 2009 and 2008 this caption included the following loans:

	31.December.2009	31.December.2008
Bonds	500.000.000	500.000.000
Up-front fees not yet charged to income statement	(1.761.923)	(2.380.559)
	<u>498.238.077</u>	<u>497.619.441</u>

Bonds Sonae / 05 amounting to 100,000,000 euro, repayable after 8 years, in one installment, on 31 March 2013. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly.

Bonds Sonae 2006/2011 amounting to 250,000,000 euro, repayable after 5 years, in one installment, on 10 May 2011. 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 6th and 8th coupons.

Bonds Sonae 2007/2014 amounting to 150,000,000 euro, repayable after 7 years, in one installment, on 11 April 2014. 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 and 12th coupons.

The above mentioned loans are unsecured and its estimated fair value is considered to be near its carrying amount, as they bear interests at variable market rates.

20.2 Other loans

The financial instruments considered to be hedging instruments are, mainly variable to fixed interest rates swaps entered into for the purposes of hedging interest rate risk of borrowings amounting to 250 million euro (same amount as at 31 December 2008) which fair value amounted to -12,218,451 euro (-4,846,515 euro as at 31 December 2008).

These interest rate derivatives are valued at fair value, at the balance sheet date, based on valuations performed by the Group using specific software. The fair value of swaps was calculated, as at the balance 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 of the derivative, estimated at interest rate setting dates based on yield curves from Bloomberg.

As at 31 December 2009 and 2008, derivatives have the following estimated cash flows:

	31.December.2009	31.December.2008
N+1	(6.209.007)	221.084
N+2	(3.777.261)	(3.433.695)
N+3	(1.753.523)	(1.020.834)
N+4	(645.278)	(611.221)
N+5	(95.829)	(289.458)
N+6	-	(35.212)

20.3 Current bank loans

As at 31 December 2009 and 2008 this caption included the following loans:

	31.December.2009	31.December.2008
Commercial paper (a)	24.950.000	138.200.000
Bank overdrafts (Note 15)	-	9.277
	<u>24.950.000</u>	<u>138.209.277</u>

(a) Short term commercial paper programme, privately placed, launched on 23 August 2004, valid for a ten year period, which may be extended at the option of the company, with a maximum limit of 350,000,000 euro.

The above mentioned loans are unsecured and its estimated fair value is considered to be near its carrying amount, as they bear interests at variable market rates.

20.4 Maturity of Borrowings

As at 31 December 2009 and 2008 the analysis of the maturity of loans are as follows:

	31.December.2009		31.December.2008	
	Nominal value	Interests	Nominal value	Interests
N+1	24.950.000	8.603.837	138.209.277	31.356.675
N+2	250.000.000	6.447.146	-	28.885.188
N+3	-	4.378.433	250.000.000	22.111.688
N+4	100.000.000	3.409.425	-	15.456.700
N+5	150.000.000	1.225.467	100.000.000	12.297.625
after N+5	-	-	150.000.000	4.586.400

The interest amount was calculated considering the applicable interest rates for each loan at 31 December

Interest rate as at 31 December 2009 of the bonds and bank loan was, in average, 1.67% (5.54% as at 31 December 2008).

21 OTHER CREDITORS

As at 31 December 2009 and 2008 other creditors are as follows:

	<u>31.December.2009</u>	<u>31.December.2008</u>
Accruals:		
Staff costs	1.434.816	1.364.550
Interest	1.673.465	6.884.750
Others	<u>86.588</u>	<u>11.195</u>
	<u><u>3.194.869</u></u>	<u><u>8.260.495</u></u>

22 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2009 and 2008, contingent liabilities were guarantees given are as follows

	<u>31.December.2009</u>	<u>31.December.2008</u>
Guarantees given:		
on tax claims	216.835	1.776.135
on judicial claims	74.490	425.965
Guarantee given in the name of a subsidiary	256.137	-

23 OPERATIONAL LEASES

As at 31 December 2009 and 2008, the company had operational lease contracts, as a lessee, whose minimum lease payments had the following schedule:

	<u>31.December.2009</u>	<u>31.December.2008</u>
Due in		
2009 automatically renew able	-	261.978
2010 automatically renew able	261.978	-
2009	-	155.174
2010	157.324	131.309
2011	73.709	41.995
2012	33.916	6.046
2013	<u>1.331</u>	<u>-</u>
	<u><u>528.258</u></u>	<u><u>596.502</u></u>

During the year ended 31 December 2009 the Company recognized costs on operational leases 357,549 euro (438,882 euro during 2008).

24 RELATED PARTIES

As at 31 December 2009 and 2008 balances and transactions with related parties are as follows:

	<u>31.December.2009</u>	<u>31.December.2008</u>
Transactions		
Group companies	3.794.149	1.922.557
Jointly controlled companies	709.215	338.460
Other partners in group companies	100.000	12.567
Services rendered	<u>4.603.364</u>	<u>2.273.584</u>
Group companies	710.725	852.481
Jointly controlled companies	-	375
Other partners in group companies	474.282	762.866
Purchases and services obtained	<u>1.185.007</u>	<u>1.615.722</u>
Group companies	19.588.244	64.527.232
Interest income	<u>19.588.244</u>	<u>64.527.232</u>
Group companies	16.853	665.365
Interest expenses	<u>16.853</u>	<u>665.365</u>
Group companies	93.516.449	94.979.579
Dividend income (Note 26)	<u>93.516.449</u>	<u>94.979.579</u>
Group companies	-	3.437.439
Disposal of investments	<u>-</u>	<u>3.437.439</u>
Group companies	4.210.227	700.000
Acquisition of investments	<u>4.210.227</u>	<u>700.000</u>
Balance		
Group companies	8.927.985	24.041.601
Jointly controlled companies	483.632	101.195
Other partners in group companies	133.710	27.551
Accounts receivable	<u>9.545.327</u>	<u>24.170.347</u>
Group companies	547.244	403.809
Jointly controlled companies	-	3.636
Other partners in group companies	106.775	144.492
Accounts payable	<u>654.019</u>	<u>551.937</u>
Group companies	544.374.785	606.784.978
Loans granted (Note 35)	<u>544.374.785</u>	<u>606.784.978</u>

All Sonae, SGPS, S.A. subsidiaries, associates and joint ventures are considered related parties and are identified in Consolidated Financial Statements. All Efanor Investimentos, SGPS, SA, subsidiaries, including the ones of Sonae Indústria, SGPS, SA and of Sonae Capital, SGPS, SA are also considered related parties.

The remuneration of the Board of Directors for the years ended 31 December 2009 and 2008 is detailed as follows:

	<u>31.December.2009</u>	<u>31.December.2008</u>
Fixed	1.207.223	1.167.390
Variable - short term	328.700	297.100
Variable - Medium term	313.200	288.100
	<u>1.849.123</u>	<u>1.752.590</u>

In 2009 and 2008 no loans were granted to the Company's Directors.

During 2009 51 Magma N^o1 Securitisation Notes (Note 9) were sold to Company's Directors or related entities / persons for the amount of 2.245.000 euro.

As at 31 December 2009 and 2008 no balances existed with the Company's Directors.

25 SERVICES RENDERED

Services rendered amounted to 4,603,363 euro and 2,273,584 euro, in 31 December 2009 and 2008, respectively. Services rendered include management fees over subsidiaries in accordance with Holding companies law.

26 GAINS OR LOSSES RELATED TO INVESTMENTS

As at 31 December 2009 and 2008 investment income are as follows:

	31.December.2009	31.December.2008
Dividends received (Note 24)	93.516.449	94.979.579
Gains/(Losses) on sale of investments (Note 8)	1.464.872	1.211.756
Impairment losses (Note 8)	-	(88.500.000)
	<u>94.981.321</u>	<u>7.691.335</u>

Dividends were received from Sonae Sierra, SGPS, SA (23,410,080 euro) and Sonae Distribuição, SGPS, SA (70,106,369 euro).

27 FINANCIAL INCOME / LOSSES

As at 31 December 2009 and 2008 net financial expenses are as follows:

	31.December.2009	31.December.2008
Interest arising from:		
Bank loans	(2.895.198)	(2.532.611)
Bonds	(16.211.768)	(27.929.993)
Other	(4.095.738)	(675.462)
Exchange losses	-	(107)
Changes in fair value	-	(6.192.312)
Up front fees on the issuance of debt	(729.655)	(618.636)
Other financial expenses	(624.693)	(385.383)
Interest payable and similar expenses	<u>(24.557.052)</u>	<u>(38.334.504)</u>
Interest income	25.652.860	65.497.493
Changes in fair value	-	1.428.137
Exchange gains	1.568	991
Others	-	500.000
Interest receivable and similar income	<u>25.654.428</u>	<u>67.426.621</u>
Net financial expenses	<u>1.097.376</u>	<u>29.092.117</u>

28 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2009 and 2008 external supplies and services are as follows:

	31.December.2009	31.December.2008
Subcontracts	905.888	479.364
Operational rents	598.075	640.903
Services obtained	1.387.303	1.607.581
Others	839.285	964.644
	<u>3.730.551</u>	<u>3.692.492</u>

29 STAFF COSTS

As at 31 December 2009 and 2008 staff costs are as follows:

	31.December.2009	31.December.2008
Salaries	4.201.903	3.457.447
Social costs	470.085	431.134
Other staff costs	162.693	305.966
	<u>4.834.681</u>	<u>4.194.547</u>

As at 31 December 2009 and 2008, the number of employees was 46 and 55, respectively.

30 INCOME TAX

Income tax charge for the year amounted to 18,096 euro and 445,849 euro, in 31 December 2009 and 2008, respectively.

30.1 Reconciliation of effective tax rate

The reconciliation between the profit before taxation and the tax charge for the years ended 31 December 2009 and 2008 are summarized as follows:

	31.December.2009	31.December.2008
Profit before taxes	91.747.144	30.918.004
(Decrease) / Increase to net income for tax purposes	(94.817.645)	(2.797.671)
Taxable income	(3.070.501)	28.120.333
Use of carried forward tax losses	-	(28.120.333)
Tax losses for which no deferred tax assets were recognized	3.070.501	-
Net taxable income	-	-
Tax charge @ 25%	-	-
Excesso of income tax estimate	(8.648)	-
Autonomous taxation	26.744	24.044
Municipal surcharge	-	421.805
Tax charge	<u>18.096</u>	<u>445.849</u>
Effective average tax rate	<u>0,020%</u>	<u>1,442%</u>

30.2 Carried forward tax losses

During 2009, tax losses amounting to 3,070,501 were recognized which may be carried forward until 2015.

31 EARNINGS PER SHARE

Earnings per share for the period were calculated taking into consideration the following amounts:

	31.December.2009	31.December.2008
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	91.729.048	30.472.155
Effect of dilutive potential shares		
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	<u>91.729.048</u>	<u>30.472.155</u>
Number of shares		
Weighted average number of shares used to calculated basic earnings	2.000.000.000	2.000.000.000
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Outstanding shares related with Deferred Performance Bonus	911.102	-
Number of shares that could be acquired at average market price	<u>(606.519)</u>	<u>-</u>
Weighted average number of shares used to calculated diluted earnings per share	<u>2.000.304.583</u>	<u>2.000.000.000</u>
 Profit/(Loss) per share		
Basic	0,045865	0,015236
Diluted	<u>0,045858</u>	<u>0,015236</u>

32 RECEIPTS / PAYMENTS OF INVESTMENTS

During 2009 and 2008, the following receipts and payments occurred:

Companies	31.December.2009			
	Receipts		Payments	
	Total price	Amount received	Total price	Amount paid
Sonae RE, SA	-	-	3.671.559	3.671.559
Sonaecenter, Serviços, SA	-	-	538.668	538.668
Magma Nº 1 Securitisation Notes	22.560.000	22.560.000	-	-
MDS, SGPS, SA	4.198.062	4.198.062	-	-
	<u>26.758.062</u>	<u>26.758.062</u>	<u>4.210.227</u>	<u>4.210.227</u>

31.December.2008

Companies	Receipts		Payments	
	Total price	Amount received	Total price	Amount paid
Sonaecom, SGPS, SA	-	-	812.229	812.229
Sonae Investments, BV	-	-	549.981.849	549.981.849
Sontel, BV	-	-	191.241.400	191.241.400
Sonaecenter, Serviços, SA	-	-	50.000	50.000
Magma Nº 1 Securitisation Notes	-	-	100.000.000	100.000.000
MDS, SGPS, SA	3.425.000	3.425.000	-	-
Sonae Investimentos America Latina	12.439	12.439	-	-
	<u>3.437.439</u>	<u>3.437.439</u>	<u>842.085.478</u>	<u>842.085.478</u>

Amounts received on disposals of investments disclosed in the 2008 cash flow statement include 141,603 euro relating to disposals in prior years.

33 DIVIDENDS

In the Shareholders Annual Meeting held on 20 April 2009, payment of a gross dividend of 0.03 euro per share was approved. These dividends were paid on 20 May 2009, totalling 60,000,000 euro.

For 2009, the Board of Directors proposed a gross dividend of 0.0315 euro per share, totalling 63,000,000 euro. This dividend is subject to approval by shareholders in the Shareholders Annual Meeting.

34 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors on 16 March 2010. These financial statements will be presented to the Shareholders' General Meeting for final approval.

35 INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

In the twelve months ended 31 December 2009 shareholders' loan contracts were entered into with the following companies:

MDS, SGPS, SA

Sontel, BV

Sonae Investments, BV

In 2009 short-term loan contracts were entered into with the following companies:

Edições Book It, SA

Farmácia Selecção, SA

Fozmassimo – Sociedade Imobiliária, SA

Modelo Continente Seguros, Lda

Modelo Hiper – Imobiliária, SA

Modelo.com – Vendas por Correspondência, SA

Sonaecenter, Serviços, SA

Sonae Investimentos, SGPS, SA

Sonae Specialized Retail, SGPS, SA

Sonaecom, SGPS, SA

Tlantic Portugal – Sistemas de Informação, SA

Valor N, SA

As at 31 December 2009 amounts owed by subsidiaries can be detailed as follows:

Companies	<u>Closing Balance</u>
MDS, SGPS, SA	30.119.075
Sonae Investments, BV	478.427.710
Sonaecenter, Serviços, SA	440.000
Sontel, BV	<u>35.388.000</u>
	<u><u>544.374.785</u></u>

As at 31 December 2009 there was no amounts owed to affiliated undertakings.

The Board of Directors

Belmiro de Azevedo, Chairman of the Board of Directors

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

José Neves Adelino, member of the Board of Directors

Duarte Paulo Teixeira de Azevedo, CEO

Álvaro Carmona e Costa Portela, member of the Executive Committee

Ângelo Gabriel Ribeirinho dos Santos Paupério, member of the Executive Committee

Nuno Manuel Moniz Trigo Jordão, member of the Executive Committee

**STATUTORY
AUDITOR AND
AUDITOR'S REPORT**

STATUTORY AUDIT AND AUDITORS' REPORT

*(This is a translation of a report originally issued in Portuguese.
In the event of discrepancies, the Portuguese language version prevails.)*

Introduction

1. In compliance with applicable legislation we hereby present our Statutory Audit and Auditors' Report on the consolidated and individual financial information contained in the Report of the Board of Directors, and the consolidated and individual financial statements of Sonae, S.G.P.S., S.A. ("Company") for the year ended 31 December 2009, which comprise the Consolidated and Individual Balance Sheets (that present a total of 7,551,624,303 Euro and 3,628,077,049 Euro, respectively, and consolidated and individual equity of 1,701,134,275 Euro and 3,088,062,084 Euro, respectively, including consolidated net profit attributable to the Company's Equity Holders of 93,760,817 Euro and an individual net profit of 91,729,048 Euro), the Consolidated and Individual Statements of Profit and Loss, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended and the corresponding notes.

Responsibilities

2. The Board of Directors is responsible for: (i) the preparation of consolidated and individual financial statements that present a true and fair view of the financial position of the Company and of the companies included in the consolidation, the consolidated and individual results of their operations, comprehensive income, changes in equity and cash flows; (ii) the preparation of historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union that is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate system of internal control; and (iv) informing any significant facts that have influenced the operations of the Company and companies included in the consolidation, their financial position and results of operations and comprehensive income.
3. Our responsibility is to examine the financial information contained in the documents referred to above, including verifying that, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue a professional and independent report based on our examination.

Scope

4. Our examination was performed in accordance with the 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. Such an examination includes verifying, on a test basis, evidence supporting the amounts and disclosures in the consolidated and individual financial statements and assessing the significant estimates, based on judgments and criteria defined by the Board of Directors, used in their preparation. Such an examination also includes verifying the consolidation procedures, the application of the equity method and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting principles used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept, verifying the adequacy of the overall presentation of the consolidated and individual financial statements and assessing that, in all material respects, the consolidated and individual financial information is complete, true, timely, clear, objective and licit. Our examination also includes verifying that the consolidated and individual financial information included in the Report of the Board of Directors is consistent with the consolidated and individual financial statements. 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, S.G.P.S., S.A. as of 31 December 2009, the consolidated and individual results of its operations, consolidated and individual comprehensive income, changes in consolidated and individual equity and its 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 therein is, in terms of the definitions included in the auditing standards referred to in paragraph 4 above, complete, true, timely, clear, objective and licit.

Porto, 16 March 2010

DELOITTE & ASSOCIADOS, SROC S.A.
Represented by Luís Augusto Gonçalves Magalhães

**REPORT AND
OPINION OF
STATUTORY AUDIT
BOARD**

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

*(Translation of a Report and Opinion originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)*

To the Shareholders

1 – Report

1.1 - Introduction

In compliance with the applicable legislation and in accordance with the terms of our mandate, the Statutory Audit Board issues the present report over the supervision performed and its Opinion, which covers the Management Report and the individual and consolidated financial statements for the year ended 31 December 2009.

1.2 – Supervision

During the year under analysis, the Statutory Audit Board accompanied, within the scope of its competencies, the management of the Company and its subsidiaries. The Statutory Audit Board has also oversaw, with the scope considered adequate under the circumstances, the evolution of the operations, the adequacy of the accounting records, the appropriateness regarding the process of preparation and disclosure of financial information, corresponding accounting policies, valuation criteria used and the compliance with legal and regulatory requirements.

For that purpose, the Board met five times during the year, some of which with the presence of Directors, managers responsible for the departments of Planning and Control, Administrative and Accounting, Tax, Internal Audit and Risk Management and the Statutory Auditor and external auditor, Deloitte & Associados, SROC, S.A. Additionally, the Statutory Audit Board participated in the Board of Directors meeting where the Management Report and the financial statements of 2009 were approved.

The Statutory Audit Board oversaw the effectiveness of the risk management and internal control, having appreciated the planning and results of the internal and external auditors' activities.

The Statutory Audit Board was made aware of the communication of irregularities and has met with the Sonae's Ombudsman and has reviewed its reports.

The Statutory Audit Board examined, with special attention, the accounting treatment of transactions that had material economic or financial impacts in the development of operations, reflected in the financial statements under analysis, and, in accordance with its duties, verified the qualification and independence of the Statutory Auditor and External Auditor. In the fulfillment of its duties, the Statutory Audit Board reviewed the Management Report and the individual and consolidated financial statements, concluding that these information was prepared in accordance with the applicable legislation and accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and its affiliates included in the consolidation. Additionally, it has reviewed the Statutory Audit and Auditors' Report issued by the Statutory Auditor and agreed with their content.

2 - Opinion

Considering the above, in the opinion of the Statutory Audit Board, the Management Report, the consolidated and individual financial statements and the net result appropriation proposal, presented by the Board of Directors, are in accordance with the accounting, legal and statutory requirements and consequently recommends that those should be approved by the Shareholders' General Meeting.

3 – Responsibility Statement

In accordance with paragraph a), number 1 of article 8º of the Regulation of CMVM nr. 5/2008 and with the terms defined in paragraph c) nº 1 of the 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 the remaining 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 the Sonae, S.G.P.S., S.A. and companies included in the consolidation. Also it is their understanding that the Management Report faithfully describes the business evolution, performance and financial position of Sonae, S.G.P.S., S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Maia, 25 March 2010

The Statutory Audit Board

Daniel Bessa Fernandes Coelho

Arlindo Dias Duarte Silva

Jorge Manuel Felizes Morgado

SAFE HARBOUR

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes," "expects," "anticipates," "projects," "intends," "should," "seeks," "estimates," "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors and analysts are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

Report available at Sonae's institutional website
www.sonae.pt

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Sonae is listed on the Euronext Stock Exchange. Information may be accessed on Reuters under the symbol SONP.IN and on Bloomberg under the symbol SONPL.

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