SONAE DISTRIBUIÇÃO, SGPS, SA

Head Office: R. João Mendonça, 529 - 4464-501 SENHORA DA HORA

Share Capital 1.000.000.000 Euros

Porto Commercial Registry and Fiscal Number 501 532 927

REPORT AND ACCOUNTS

31 DECEMBER 2008

REPORT OF THE BOARD OF DIRECTORS

SONAE DISTRIBUIÇÃO, SGPS, S.A.

MANAGEMENT REPORT 2008

1. Market Background

The year of 2008 was marked by the worsening of the financial crisis which began with the collapse of the subprime system in the USA mid 2007. The crisis spread to the real economy when, in the summer of 2008, the bankruptcy of various renowned financial institutions shook the confidence of economic agents and lead to the hardening of credit concession conditions and to a lack of liquidity crisis.
These difficulties rapidly disseminated and affected the overall economy, leading to rise in unemployment and a situation of increased insecurity and volatility. These circumstances worsened during the course of the year, and from the onset the crisis manifested itself in the form of a severe slowing down in private consumption. Although the true magnitude of the crisis remains to be determined, it is expected that the ripples will continue to be felt throughout 2009.
Given that it concerns a crisis on a global scale, its effects have also been felt in the Portuguese Economy, with the growth in Gross Domestic Product practically stagnating over the year and in fact registering a negative figure in the last quarter of 2008. Effectively, the decrease in external demand together with greater difficulties in financing meant Portuguese companies were faced with new challenges, with the immediate impact in retraction of investment levels. Associated with this, unemployment levels rose at the end of 2008, and negatively influenced private consumption. This was reflected in the retail activity, particularly in the more discretionary categories where purchases could be postponed.
Symptomatic of a market slowdown is also the behaviour of inflation rates, which after the high levels registered during the first half of the year, have consecutively slowed down, even providing signs of stagnation for 2009.
Analysing in greater detail the modern retail market in Portugal, we note that the evolution of the store base portfolio maintained a strong pace of growth as in recent years, having increased by circa 9% with the opening of an additional 130,000 sqm of food based formats and 145,000 sqm of the main non- food based formats. This increase surpassed once again the nominal growth rate of the demand, which according to official sources should not have exceeded 6%. This development put an additional competitive pressure on the Portuguese market, accentuating the imbalance between the dynamics of demand and supply.

2. Business Activity

In the current environment, the results for 2008 confirm the Company´s capacity to sustainably generate value for all its stakeholders.

In 2008, the Company realized a total turnover of 4,220 million Euro, with a very significant growth of 25% compared to the previous year.
This development reflects a marginally positive like-for-like (heavily penalized throughout the year with the worsening of the family´s confidence index), and a strong programme of organic growth in Portugal in addition to the entry into the Spanish market, and the integration of ex-Carrefour Portugal hypermarkets. This enabled the Company to achieve a turnover of 4,068 million Euro and a growth of 20% ex-fuel.
In perspective, this evolution clearly stands out in the current context of world business retraction, and is particularly relevant because it affirms Sonae Distribuição´s capacity to progress over an already prominent leadership position in the Portuguese retail market.
Additionally, the turnover of the petrol filling stations associated with Continente hypermarkets totalled 151 million Euro, contributing to an increase of 5% in the consolidated turnover of the Company.

The good performance achieved in 2008 was demonstrated also on the level of operational cash-flow generation. In consolidated terms, Sonae Distribuição´s EBITDA reached 355 million Euro. This figure

represents an increase of 56 million Euro in relation to 2007 and translates as a ratio over total net sales of 8.4%
The overall figure for the year includes a non-recurring gain of 9 million Euro associated with the sale of a real estate asset in Florianópolis, in Brazil, which was not involved in the divestment operation completed in December of 2005. Similarly, in 2007, this referential was impacted by the non recurring net gain of 12 million Euro resulting from the sale of the commercial galleries in Albufeira and Portimão in Portugal.
Excluding these two extraordinary impacts, the recurrent EBITDA of the Company reached 346 million Euro, which corresponds to an increase of around 20%. Thus the referential 8.5% of EBITDA generation over net sales ex-fuel is maintained compared to 2007.
The Company therefore fulfilled another guideline set for the year, and demonstrated its ability to safeguard the demanding equilibrium between growth and operational profitability.
Taking a closer look at the development of the Company´s activity over the course of the year, the following aspects can be highlighted:

Food based formats

In 2008, Sonae Distribuição´s food based formats presented a turnover of 2,889 million Euro. This represents an increase of 22% compared to the previous year, and significantly strengthens the Company´s market share in Portugal. This evolution includes a growth of 1% in a universe of comparable stores. In this evolution, the very positive performance of the perishable goods category is highlighted, as a result of the current requalification project and enrichment of its offer structure. Equally important is the increase in the portfolio of private label and value products which stand out because of the value and differentiation which they bring to the Company.
In this same period, the contribution of the food based formats to the consolidated operational cash-flow reached 262 million Euro, strengthening the indicator to 9.1% of the respective turnover.
This level of turnover is particularly significant in the sense that it is reached within a fiercely competitive market environment and is intricately linked to the programmes for improved productivity and development of synergies inherent to the acquisition of the ex-Carrefour Portugal operation, in accordance with the rationale which supported the valuation of this acquisition.

Non food based formats

Still in 2008, the non food formats universe turnover registered an annual increase of 16% to an overall value of 1,172 million Euro.
The year was marked by a decrease of 2% of the activity of comparable stores, mainly centred on the final period of the year. In a particularly adverse market environment, this business portfolio presented mixed signals – where very positive behaviour was noted on part of the Modalfa, Zippy and Sport Zone chains but on the other hand the sales evolution for Vobis and Maxmat brands were less favourable when compared to 2007. The way the latter chains are evolving reflects a reduced availability on part of the consumer to acquire less essential goods. Still in 2008, the total contribution of the non-food based formats to the consolidated cash-flow of the Company totalled 76 million Euro. This figure, which occurs at the centre of economic volatility, and incorporates start-up costs pertaining to the Company´s entry into Spain, corresponds to an increase of 6% compared to 2007.
This reflects a referential of 6.4% over the respective net sales, which if it weren´t for the very specific impact regarding the entry in the Spanish market, would have maintained the same level as the previous year incorporating increasing gains from the productivity and efficiency of these still “young” brands.

For the same period, net profit attributable to Sonae Distribuição’s equity holders reached 171 million Euros, exceeding the figure registered for the same period the previous year by 4 million Euro. The very positive development thus enabled Sonae Distribuição to overcome the most significant financial charges resulting from the considerable investment efforts carried out over the last years.

3. Investment

During the course of 2008, Sonae Distribuição made an overall net investment of circa 350 million Euro. This amount financed the Company´s expansion plan and allowed it to end the year with 793 operating untis and 809.000 sqm of sales area (+14% compared to the end of the previous year). In this period the Company:

- inaugurated 74,000sqm of sales area in Portugal, corresponding to its portfolio of more developed formats;

- presented four new business concepts in Portugal, representing a total of 3,000 new sqm of sales area. These were Book.it – bookshop and stationary chain, Loop – casual footwear brand, Bom Bocado – chain of coffee shops, and *Seguros Continente* (Continente Insurance) – which manages a portfolio of car insurance and motorcycle insurance products in partnership with Grupo Fidelidade Seguros;

- entered into the Spanish market with the opening of 6 new Sport Zone stores and the acquisition of a 9 operating units of consumer electronics and household appliances (to which a new store was already added), making a total of 34,000 sqm of installed sales area;

- formalized an agreement with Grupo RAR with the aim of creating a joint travel agency operation detained in 50% by each of the shareholders and benefitting from shared management.

Additionally, the Company dedicated part of its investment effort to the store remodelling programme so as to guarantee that the store portfolio remain a benchmark in the sector. In this sense, it carried out more than 40 important interventions, highlighting those linked to the ex-Carrefour units which allowed for the re-adaption of the area dedicated to the food component and the creation of individual Worten units.

In the overall investments for the year, there are also funds destined for the execution of the Company´s structural projects, with particular emphasis on the important restructuring of the logistics platform which supports the operation in Portugal.

4. Capital Structure

As at 31st December 2008, Sonae Distribuição's net capital employed was 2,160 million Euro. This figure contemplates the gross real estate assets of the Company which at the close of balance totalled 1,606 million Euro, largely valued according to book value.
In the same period, the consolidated net debt of the Company reached 1,228 million Euro which was below the valuation of the gross real estate assets mentioned above. This figure implies a referential over operational cash-flow for the year of 3.5x and an average yearly figure of 3.7x
The Company considers that it has a solid financing structure, given that the debt is totally supported on medium and long term financing (with an average maturity of circa 5 years) and is not subject to immediate refinancing needs.

5. Corporate Governance

No significant changes took place in the year that are worthy of mention, and the guidelines set out in the Consolidated Management Report for the year 2006, concerning Corporate Governance remained unchanged.

We remember that information concerning Corporate Governance is presented in a specific annex to this report.

6. Outlook

Despite the exceptional economic circumstances, the Company is confident in the robustness of its strategic plans which privilege growth and strengthen value proposal.

In this sense, the aim for the end of 2010 is to reach 1,000,000 sqm of sales area in order to support the Company´s activity.
In this respect, it anticipates maintaining a sustainable organic growth in the Portuguese market by means of making the most of opportunities in new locations where it is perceived that appealing levels of value creation can be achieved, in addition to the development of synergies of new concepts and partnerships.

Likewise the Company will continue committed to the important challenge of creating a renowned international operation. In this sense, by 2010 it anticipates reaching more than 80,000 sqm of sales area in the Spanish market through its sports and consumer electronics chains.
In spite of the challenging market context, the Company will continue to invest as long as there are assurances of high profitability levels and clear value creation. In this sense, it opted to significantly increase the minimum internal hurdle rate on all projects, thus assuring that those chosen add value and guarantee value generation.
Over the next months, Sonae Distribuição will remain focused on the development of an important number of issues which potentially will increase operational profitability and capacity to generate cash flow, particularly significant at the level of:

- development of the private label programme which has been distinguished in the Portuguese market because of its added value and innovation;

- strengthening of the sourcing skills, with the aim of increasing competitiveness and variety of commercial offer for each format;

- development of greatly innovative and exclusive campaigns leveraged on the experience and knowledge derived from the loyalty programmes, and of the ever more sophisticated information systems (which will remain as a vector of strategic development for the Company);

- promotion of the programmes to continuously improve productivity in store operations;

- development of the logistics infrastructure which will continue to positively contribute to the gains in productivity and operational efficiency of the Company over the next years.

The Company will equally keep focused on guaranteeing the use of discipline in the allocation of funds via the optimization of the working capital management.

Sonae Distribuição does not anticipate increasing its financial exposure in 2009. Maintaining its financial debt levels, in conjunction with long term maturity levels of its financing, offers the Company complete tranquillity in the current context of volatile financial markets.

Sonae Distribuição aspires to continue to be a reference in terms of corporate social responsibility, be it on an environmental level, or be it in terms of creating a relationship based on trust with all of its stakeholders, particularly its clients, suppliers and employees.

7. Proposal for Profit Distribution for the company Sonae Distribuição, SGPS, S.A.

A dividend distribution of 85 million Euro will be proposed at the Shareholders' Annual General Meeting for shares not held directly or indirectly by Sonae Distribuição – S.G.P.S., S.A., which corresponds to a dividend pay-out ratio of approximately 50% of the consolidated net profits for the year.

The net profits for the year of Sonae Distribuição – S.G.P.S., S.A. as a standalone holding company, totaled 266,112,080.73 Euro, for which the Board of Directors propose the following distribution:

Legal Reserve	14,700,000.00 Euros
Free Reserves	166,412,080.73 Euros
Dividends	85,000,000.00 Euros
Total	266,112,080.73 Euros

The dividends to distribute correspond to the attribution of 0.085 Euro to each one of the 1,000,000,000 shares that constitute the total share capital of the Company.

8. Vote of Thanks

We thank all our customers, suppliers, financial institutions and shareholders for their support and their preference during the year. We also thank the external auditors and statutory auditors for all their co-operation throughout the year. And finally, a special word of thanks to all of Sonae Distribuição's employees for the enthusiasm, dedication and competence that they demonstrated once again.

Matosinhos, 03 March 2009

The Board of Directors

Duarte Paulo Teixeira de Azevedo (President)

Nuno Manuel Moniz Trigoso Jordão (CEO)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Álvaro Carmona e Costa Portela

Glossary

Turnover (t)
sales of articles + services rendered.

Operating cash-flow (EBITDA)
operating results - amortisations and depreciation - provisions and losses and reversal of impairment as well as negative consolidation differences.

Operating results (EBIT)
consolidated net profit for the period - income tax + investment profit/losses + profits/losses of associated companies - net financial expenses.

Profits on ordinary activities
operating results + net financial expenses.

Net investment
increase in gross fixed assets (tangible and intangible) + changes in perimeter (as a result of acquisitions and disposals) + disposals in gross fixed assets (tangible and intangible) + increases in goodwill. To calculate the investment in acquisitions (measured by changes occurred in consolidation perimeter) it was considered the net accumulated amortizations.

Net debt
current borrowings + non current borrowings + financial leasing creditors – cash and cash equivalents – other current investments under negotiation + borrowings from participating and/or participated companies.

Average debt
average of net debt at end of last four quarters.

L4L ("like-for-like")
evolution of turnover in a comparable store universe

Gross Fixed Assets allocated to real estate companies
goodwill net of impairment losses/gains (positive variances between the acquisition cost of investments in Group and associated companies, and the fair value of identifiable assets and liabilities of these companies at the date of their acquisition) + gross Fixed Assets owned by real estate companies of the Group (value of tangible and intangible assets booked at acquisition cost, or acquisition cost re-valued in accordance with generally accepted accounting principles in Portugal).

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

Gearing
ratio between net debt and the company's shareholders' funds.

Net Capital Employed
gross real estate assets + other gross real estate assets + amortisations and impairment losses + financial investments + working capital.

ROCE ("Return On Capital Employed")
EBIT / Net Capital Employed.

ROE ("Return On Equity")
sum of net profits attributed to shareholders of the last four quarters / average of the equity at end attributable to shareholders of the last four quarters.

CORPORATE GOVERNANCE REPORT

SONAE DISTRIBUIÇÃO, SGPS, S.A.

CORPORATE GOVERNANCE 2008

This report contains a brief description of Sonae Distribuição, SGPS, S.A.'s, Corporate Governance practices. Sonae Distribuição is Company that does not issues shares with the intent of negotiation in a regulated market[1], nevertheless it voluntarily discloses a report of its practices, with the aim of better informing the Market.

This document, regarding its structure and content, was prepared with reference to the CMVM (Portuguese Securities Market Commission) code of corporate governance, pursuant to the terms laid down in the Portuguese Securities Market Commission Regulation No. 1 / 2007, with the amendments carried out by the Portuguese Securities Market Commission Regulation No. 5 / 2008. Given the voluntary nature of the publication of the herein report and the fact that Sonae Distribuição, SGPS, SA, is not a Company open to public investment, non-compliance of adopted situations of CMVM recommendations have not been identified.

Given that this document is an appendix to the sole management report, it should be read together with the same. Certain aspects of this appendix are cross referenced to the main body of the management report, as it was felt it was more appropriate to deal with them in the main body of the report to avoid repetition.

Chapter 0

0.1 Disclosure of the corporate governance codes' wording

The texts of the corporate governance codes that the Company voluntarily chose to bind itself are disclosed on the Company´s website, on the Portuguese Securities Market Commission website or, in the printed version at the Company's facilities.

0.2 Adopted and not adopted CMVM Recommendations

The implementation of the Portuguese Securities Market Commission recommendations on corporate governance is expressed in the body of the report, in each of the Chapters in which it is organized.

0.3 Board of Directors' assessment of independence

Pursuant to section II.9, all members of the Board of Directors are "not independent".

Chapter I
Shareholders General Meeting

I.1 Composition

The members of the Shareholders General Meeting are:
- António Agostinho Cardoso da Conceição Guedes (President)
- Clara Maria Azevedo Rodrigues Gomes (Secretary)

[1] Given that the Company lost its status as a publicly quoted company and as of 22nd September 2006, is not listed on the Euronext Lisbon stock Exchange, date on which Sonae SGPS, S.A. acquired total control of the company.

I.2 Mandates

Members of the General Shareholders Meeting began their duties on the date of the Annual General Meeting, held on 2nd May 2007, remaining in office until the end of the current mandate, at the term of the year 2009.

I.3 President of the Shareholders General Meeting Remuneration

During the year 2008, the President of the General Shareholders Meeting earned 3,750 Euro.

I.4 Deadline for depositing or blocking shares in order to take part in the Shareholders General Meeting

As set in paragraph 1,Article 19 of the Company's Articles of Association : "The General Shareholders Meeting is made up of shareholders with voting rights, holders of shares or securities for subscription that, until five business days prior to the Assembly taking place, prove to the Company their shareholding, under the terms established by Law.
The shares are untitled shares.

As stated in section a), number 1 of Article 72 of the Portuguese Securities Code, the blocking of the shares of the issuer, operates from the date of issuance of the certificates of ownership of the shares until the date of exercise of their rights.

I.5 Rules governing the blocking of shares upon suspension of the Shareholders General Meeting

Given the inexistence of Company rules, the blocking of shares upon suspension of the General Meeting will be in compliance of article 72, number 1, section a) of the Portuguese Securities Code- under the terms referred to in the previous provisions 1.4

I.6 Number of shares that equal one vote

Pursuant to what is set in the Articles of Association, one share equals one vote.

I.7 Articles of Association rules on exercising the right to vote

The Shareholders General Meeting is made up of shareholders with the right to vote, who hold shares or subscription rights, which in the five business days prior to the General Meeting taking place, have provided proof of shareholding to the Company, as required by the terms established in the law.
In the case of private individuals, they may be represented in the Shareholders' General Meeting by sending a letter addressed to the Chairman of the General Meeting whereby they state their name, the representative's address and date of the Assembly. In the case of a corporate entity, they can be represented by an authorized signatory mandated for the purpose. This authenticity will be verified by the Chairman of the General Meeting.
The Shareholders' General Meeting may only adopt resolutions the first time it convenes if there are shareholders present, or represented, who hold more than fifty percent of the Company´s share capital. Unless the law requires otherwise, the Shareholder´s General Meeting resolutions will be taken by the simply majority.
Each share equals a vote.

I.8 Postal voting

If the Company were listed on the Portuguese Stock Exchange, shareholders could vote by mail, but only in relation to changes to the Articles of Association and elections of the Company Governing Bodies.
Postal votes will only be considered when received at the Company's registered office by registered mail, with receipt notice, addressed to the Chairman of the Board of the Shareholders´ General Meeting at least 3 days prior to the date of the General Meeting, notwithstanding the requirement of proof of shareholding, under the terms set in article nineteen, section one, of the of the Company's Articles of Association. In other words, at

least five business days prior to the General Meeting being held, proof of shareholding must be presented to the Company.
The voting declaration must be signed by the shareholder or by his legal representative. In the case of a private individual, it should be accompanied by certified copy of his/her identity card. In the case of a corporate entity, the signature should be notarised and should specify that the signatory is authorised and mandated for that purpose.
Voting declarations will only be considered valid when they clearly and unequivocally set out:

a) The item or items of agenda they refer to;
b) The specific proposal to which they relate to with an indication of the respective proposer or proposers;
c) The precise and unconditional voting intention on each proposal.

Notwithstanding what is set the section b) herein above, a shareholder is permitted to include in a written voting declaration, regarding an identified proposal, the intention to vote against all alternative proposals, in relation to the same item on the agenda, without further specification.
The shareholders who sent their voting declaration by mail shall be deemed to have abstained from voting on any proposals that are not specifically included in their written voting declarations.
Postal votes count as negative votes regarding resolution proposals presented after the date on which the same votes were issued.
It is the responsibility of the Chairman of the Board of the Shareholders' General Meeting, or the person replacing him, to verify voting declarations sent by mail, disregarding any votes relating to declarations that have not accepted.
It is the Company´s responsibility to guarantee the confidentiality of votes sent by mail, until voting takes place.
Under the terms of the law, the shareholders have at their disposal for consultation, at the Company's registered office and on the Company´s website "www.sonaedistribuicao.com", 15 days prior to the date of the Annual General Meeting taking place, the individual and consolidated accounts and other mandatory documents, as well as proposals to be submitted by the Board of Directors to the General Meeting, unless the General Meeting is set up under the terms of article 54 of the Company´s Commercial Code.

I.9 Template for Voting by Mail

Ever since Sonae, SGPS, S.A., has directly or indirectly been the sole shareholder of the Company's shares, a voting by mail template has not been made available, since the General Meeting is set under the terms of article 54 of the Company's Commercial Code.

I.10 Deadline for receiving votes sent by mail

Mail voting shall only be accepted if received at the Company's registered office, by means of registered mail, with receipt notice, addressed to the Chairman of the Board of the Shareholders General Meeting, three days as of the date of the General Meeting, shareholding must be proved.

I.11 Electronic Voting

The company's Articles of Association do not provide for the right to vote electronically.
In the previously referred to herein above provision 1.8 of this Chapter, under the articles of association of the company, the shareholders are entitled to vote by mail.

I.12 The Role of Shareholders' General Meeting in regards to remuneration policy of the Company and in the performance evaluation of the members of the board of directors

The Shareholders' General Meeting is not specifically competent in this matter, because that is the Remuneration Committee's responsibility, which section II.19 of this document refers to.
The majority shareholder of the Company determines who makes up and the respective remuneration of the members of the Remuneration Committee.

I.13 Defensive measures in case of change of control or change in management

The Company does not have defensive measures that have as an effect to automatically trigger serious erosion in the value of the Company's assets in case of change in control or a change in management.

I.14 Impact in change in shareholder control of Sonae Holding

Approximately 25% of the structural loans contracted by Sonae Distribuição, SGPS, S.A., have change of control clauses whereby the maintenance of these financial instruments may be dependent on the maintenance of the direct or indirect control of the current shareholder- Sonae Distribuição, SGPS, S.A.

I.15 Agreements between the Company and Board of Directors pursuant to section 3, article 248- B of the Portuguese Securities Code

The Company does not have, on this level, any agreement with the members of the Board of Directors.

Chapter II
Managing and Auditing bodies

II.1 Corporate Bodies

On the 31st of December 2008, Sonae Distribuição, SGPS, S.A.'s corporate bodies were as follows:
Shareholders General Meeting:
- António Agostinho Cardoso da Conceição Guedes (President)
- Clara Maria Azevedo Rodrigues Gomes (Secretary)

Board of directors:
- Duarte Paulo Teixeira de Azevedo (President)
- Nuno Manuel Moniz Trigoso Jordão (CEO)
- Ângelo Gabriel Ribeirinho dos Santos Paupério
- Álvaro Carmona e Costa Portela

Statutory Audit Board:
- UHY & Associates, SROC, Lda., represented by António Francisco Barbosa dos Santos (Chairman)
- Arlindo Dias Duarte Silva (Effective non executive director)
- Óscar José Alçada da Quinta (Effective non executive director)
- Jorge Manuel Felizes Morgado (Substitute)

Statutory External Auditor:
- Deloitte & Associados, SROC, S.A, represented by António Marques Dias or by António Manuel Martins Amaral.

II.2 Identification and organization of other commissions incorporated with competency in terms of management or auditing of the Company

There are no Committees with management or auditing competencies. Nevertheless, the Company has a Remuneration Committee as described in provision 2.19.

II.3 Organization and functional maps of the Company

The members of the Board of Directors have collective duties of co-ordination and management of various functional departments. During 2008, the functional organisation of the company was as follows:

Board of Directors
Functional Departments
Operations
Commercial
Logistics
Procurement
Store development
Marketing
Human resources
Information systems
Finance
Management Planning and Control
Audit and Risk management
Legal
Environment
Loss prevention
International

II.4 Internal and control systems

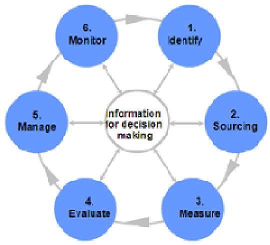
Risk Management is an important management support tool, and represents a decisive role for the business sustained development.
This activity is developed with the goal of creating value by identifying the uncertainties and threats that may affect the Company's businesses with the aim of managing and minimizing the impacts.
The analysis and management of the Company's main risks are carried out on various levels and by different people within the organisation.

The strategic risks are analysed and managed in the context of the annual planning carried out by Sonae Distribuição's Board of Directors.
Operations, Human Resources, Integrity and Information Systems are the risks, hence the various business units of the Company, identify, minimise and develop control plans for the same.
The Risk Management of a financial nature is carried out in a more operational manner, by the finance department, and the responsibility of implementation and follow-up is of a wide-ranging multifunctional committee which is supervised by the Group's Treasury.

To support its activity, Sonae Distribuição's Risk Management adopts the international methodology based on the COSCO Enterprise Risk Management- Integrated Framework (The Committee of Sponsoring Organizations of the Treadway Commission).

Risk Management Model

In Sonae Distribuição, Risk Management is a systematic process which is carried out according to the following stages:



All the top divisions of the Company are involved in the development of the process.

By means of interviews, questionnaires and workshops, the risk matrix is validated and these are prioritised in two categories: impact and likelihood of occurrence, originating in the Sonae Distribuição's Risk Model.

The Risk Management activity is directly supported by the Auditing and Risk Management Departments. Their main activities, in 2008, are summarised herein below:

1 – Risk Management

In order to minimise and control physical safety risks, as of 2008, the periodic process of auto control via intranet includes all the Food and Non Food Retail.

The last enquiry included 542 stores with a 100% response rate. For non-complying matters which are detected, corrective measures are developed.
Additionally, audits are carried out to verify the effective implementation of the measures to reduce the risks.

In the administrative buildings and selected warehouses, the physical risk analysis follow up was carried out to identify the evolution of the risk profile and evaluation of the implementation of corrective measures.

A formal handover of the Risk Management Manual was made to the Continente stores, Store Managers and persons responsible for Security took part, in addition to participants from other areas of the Company, such as Human Resources, Marketing, Logistics and Store Development Department.
External speakers and public authorities also intervened in the formal handover.

Each Continente store, in turn, relayed the information to its employees, having carried out specific actions for head of sectors and operators, which equal more than 7000 hours of training in Risk Management.

In the area of Client Security, a project of risk analysis of client physical safety was developed.

The project involved a multi-skilled team, and the main output was a standards document to be applied in the different Store areas, so as to minimise the probability of accidents involving clients from occurring.

A system was set up so as to gather all incidents in the store with the aim of obtaining a more systemized view of their causes.

2 – Auditing of Procedures and Compliance

The Auditing of Procedures and Compliance systematically monitors various risk indicators in the Sales and Purchases areas, namely:

- Front Office risk operation
- Payment methods
- Received merchandise

A compliance audit with pre-defined programs was carried out in the stores, in the following areas: purchasing, sales, consumer service, correct marking of sales price, labelling of products, complaints book etc.

For the seasonal/main themed leaflets, audits were carried out regarding the shortage in supply of the products featured in the leaflets, so as to follow the evolution of the average rate of items in shortage of supply and identify their causes.

The monitoring and audit, upon completion of stores physical inventories, checking its reliability and compliance with procedures defined in the operational and financial areas.

Audits on the most important procedures of the Company were also carried out, to identify opportunities for improving control and efficiency gains.

3 –Food Safety Audit

Given that food safety audits, which include all of the food retail stores, warehouses, processing centres and cafeterias in Sonae Distribuição are of great importance to the Company, the same are being carried out permanently.
Furthermore, food safety risk analysis were carried out in the store opening and also in the procedures established for Continente on-line.

4 – Information Systems Audit

The main areas addressed, in 2008, by the Audit Department of Information Technology, are related to the User and Access Management, Business Continuity, Security Applications and Databases, Data Confidentiality / Protecting the Image of the Company, the Intrusion of the Internet Platform and Internal Network. .

In the area related to the Management of Users and Access, a review was made of users and profiles in the most critical business applications.
Regarding the Continuity of Business, in 2008, the Crisis Management Manual for the risk of total disaster of the Information Technology Centre of the Company was implemented.

On the Applications Security a Norm for the safe development of applications, risk analysis and data validation regarding the application of Price Management and risk analysis of the loyalty programme has been developed.

Regarding Data Security the degree of exposure of critical databases was analysed in order to warrant confidentiality and protection of the image of the Company.

With regards to the risk of inappropriate access, the current state of information systems platform security supports the Web Sites was assessed

5 – Management of Procedures

So as to minimise, in an initial phase of project development, the Company's risk, under the Department of Auditing and Risk Management, the Role of Management Procedures was included, which is responsible for the design, specification and publication of procedures.

6 – Market Risk Management

Interest rate and Exchange rate risks are of particular importance in the area of market risk management. The Group uses derivatives in the management of the market risks to which it is exposed as a means of ensuring their cover, not with the objective of negotiation or speculation.

6.1– Interest rate risk

Group exposure to interest rates arises mainly from long term loans, which are made up in large part by debt indexed to Euribor. The aim of the Group is to limit the volatility of cash flows and profits, given the profile of its operational activity, through the use of the appropriate combination of fixed rate and variable rate debt. The group policy allows the use of interest rate derivatives to reduce exposure to variations in the Euribor and not for speculative purposes.
The derivatives used by the group to manage interest rate risks are defined as cash flow cover instruments since they provide perfect cover. The indices, the calculation methods, dates for re-fixing interest rates and repayment schedules for the interest rate cover derivatives, are exactly the same as the conditions established for the underlying loans contracted.

6.2 – Exchange rate risks

The impact on the financial statements of variations in exchange rates is limited, given that the majority of operational cash flows are based in Euro. The Group is only exposed to exchange rate risks in relation to transactions for goods from international markets in dollars.
Exchange rate risk management aims to provide a solid basis for decision making on the purchase of goods to establish cost prices that are stable and known. The cover embraces the entire purchasing decision from the time of choosing suppliers up to formal negotiation of purchase.
Exposure is controlled through a programme of forward purchases of foreign currencies with the goal of minimising the negative impact from the company's responsibilities as a result of imports in currencies other than the Euro.

7 – Liquidity Risk Management

The main goal of liquidity risk management is to ensure that at any time the group has the financial resources available in order for it to meet its responsibilities and follow its defined strategies, honouring all of its commitments to third parties when they fall due, through an appropriate financing cost and maturity management.
Hence the group follows an active policy of refinancing, focused on maintaining a high level of free cash flow and its immediate availability to meet short term needs, and on extending or maintaining debt maturity dates, in accordance with forecast cash flows and the leverage capacity of its balance sheet.
Other important tools for dealing with liquidity risks is limiting the scope for contractual clauses which can give way to early maturity dates for payments on loans. The group also ensures that it has a highly varied contact with financial institutions which allows it flexibility to negotiate new loans and limit the negative impact of any relationship which is terminated.

8 – Credit Risk Management

The group is exposed to credit risks in its relationships with financial institutions, concerning the application of funds, placing of debt instruments, derivatives, among others. The credit risk is limited by concentration of risks managing, and through a rigorous selection of alternatives, which have high prestige, international and Portuguese recognition with minimum A- ratings, issued by an international rating agency or equivalent.
The Group is also exposed to the credit risk of its daily operational activities. This risk is controlled through a financial and in terms of quality information gathering system, provided by recognized entities which provide risk information, which allows the ability of customers to meet their obligations to be evaluated, aiming at reducing the risk of granting credit.

9 – Control System

Regarding the process of disclosure of financial information, the confidentiality undertaking is very much present throughout the team as part of the professionalism of all employees. Specifically:

- Formal compliance regarding periodic information with absolute respect for deadlines and contents
- The first disclosure is made on the CMVM website
- Information is later disclosed on the Company's website
- The Investor Relations Office is fully available to the Market to help with any queries which may arise
- The whole process is implemented in strict collaboration with the CMVM team

II.5 Powers of the Board of Directors

It is the Board of Directors' responsibility for managing company businesses and carry out all procedures related to the company object for which it is given the broadest of powers, including and namely the following:

Represent the Company in and out of court, file and dispute any claims / proceedings, settle and waive the same and commit to arbitration. For this effect, the Board of Directors may delegate its powers in a single proxy; approve the budget and the Company's plan; take leases, acquire, sell and encumber any asset or

real estate, including shares, stocks or bonds; decide that the Company concede to the Companies in which it holds shares, stock or company parts of the company, technical and financial support; decide that the Company associate with persons or entities in accordance with the Articles of Association; decide that the issue of bonds and the acquisition of loans in the national or international financial markets; designate other people, individual or companies for the corporate positions in other Companies.
The Articles of Association also allow for an increase in share capital by new entries in cash of up to five billion Euro, on one or more occasions, by resolution of the Board of Directors that shall establish, in accordance with the law, the conditions of subscription and the categories of shares to issue from the existing ones.

II.6 Regulations of the Statutory Governing Bodies or other rules defined internally

Neither an incompatibility list nor a limit to the number of positions held by the directors in other Companies was defined, in the sense that in most cases, the directors exert management functions in Companies which belong to or are subsidiaries of Sonae, SGPS, S.A.

The Company adopted a Code of Conduct designed to guarantee its ethical and responsible behaviour, and the same was approved by the Board of Directors, in 2008.
This Code of Conduct includes topics 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. Employees and suppliers are required to comply with these principles and follow them in the carrying out of their activities.

II.7 Rules applicable to the nomination and replacement of Statutory Governing Bodies members

The Articles of Association state that in case of death, resignation or temporary or permanent incapacity of any member, the Board of Directors will provide a substitute. If a Director does not take part in two meetings (one after the other or random) without providing a justification for these absences that is accepted by the Board of Directors, such a Director shall be deemed as permanently unavailable. In the event of an elected director being permanently unavailable, in the scope of the Company being considered an utility company, or equivalent entity, an election will take place. In all other cases, amongst which are the Statutory Audit Board and the Statutory External Auditor, these are regulated by the Companies' Commercial Code.

II.8 Number of meetings held

The Board of Directors met 13 times during the course of 2008 and the Statutory Audit Board met 4 times.
There are no other committees related to administration and inspection matters of the Company.

II.9, II.10 e II.11 Board of Directors, respective Professional qualifications and functions carried out in other companies of the Group

On the 31st of December 2007, the Sonae Distribuição SGPS, S.A., Board of Directors of was made up as follows:

	Executive	Non Executive	Not Independent	Date first elected	End of Mandate
Duarte Paulo Teixeira de Azevedo (President)		x	x	31.03.2006	2009
Nuno Manuel Moniz Trigoso Jordão (CEO)	x	1.	x	31.03.1989	2009
Ângelo Gabriel Ribeirinho dos Santos Paupério		x	x	29.08.1995	2009
Álvaro Carmona e Costa Portela		x	x	31.03.2006	2009

The mandate of this Board of Directors is four years and ends in 2009. The directors were elected from a single list. No alternative list was presented by any shareholder. During 2008, the Board met 13 times, and the respective minutes were written up in the minute book. In the business executive decision making process, Nuno Jordão has broad overall coordination duties in the company, in line with the traditional duties of a CEO. The Members of the Board of Directors are not shareholders of any of the company's shares.

A brief curriculum vitae of each director follows herein below, with details of the most significant companies in which they hold directorships.

- Duarte Paulo Teixeira de Azevedo
  Place of birth: Porto
  Date of birth: 31-12-1965
  Marital status: married
  Children: 3
  University degree in Chemical Engineering - Ecole Polytechnique Féderále de Lausanne, 1986
  Masters in Business Administration - MBA (ISEE), 1989
  Executive Retailing Program - Babson College, 1994
  Strategic Uses of Information Technology Program - Stanford Business School, 1996
  IMD - Breakthrough Program for Senior Executives – Lausanne, 2002
  CEO of Sonae, SGPS, SA and chairman of the Board of Directors of most of the companies controlled or in which Sonae SGPS has a majority shareholding (listed in the Notes to the Financial Statements of the companies concerned)

- Nuno Manuel Moniz Trigoso Jordão
  Place of birth: Lisbon
  Date of birth: 27-04-1956
  Marital status: married
  Children: 4
  University degree in Economics – ISCTE (University of Lisbon), 1978
  CEO of Sonae Distribuição, SGPS, SA and chairman of the Board of Directors of most of the companies controlled or in which this company has a majority shareholding (listed in the Notes to the Financial Statements of the companies concerned). Member of the Board of Directors of Sonae, SGPS, SA

- Ângelo Gabriel Ribeirinho dos Santos Paupério
  Place of birth: Vila Nova de Gaia
  Date of birth: 14-09-1959
  Marital status: married
  Children: 4
  University degree in Civil Engineering (FEUP), 1982
  Masters in Business Administration - MBA (ISEE), 1988
  CEO of Sonaecom, SGPS, SA and chairman of the Board of Directors of most of the companies controlled or in which this company has a majority shareholding (listed in the Notes to the Financial Statements of the companies concerned). Member of the Board of Directors of Sonae, SGPS, SA

- Álvaro Carmona e Costa Portela
  Place of birth: Porto
  Date of birth: 04-07-1951
  Marital status: married
  Children: 3
  University degree in Mechanical Engineering (FEUP), 1974
  Masters in Business Administration - MBA (Universidade Nova de Lisboa), 1983
  AMP / ISMP - Harvard Business School, 1997
  CEO of Sonae Sierra, SGPS, SA and chairman of the Board of Directors of most of the companies controlled or in which this company has a majority shareholding (listed in the Notes to the Financial Statements of the companies concerned). Member of the Board of Directors of Sonae, SGPS, SA

Neither of the previously mentioned directors directly hold shares of the Company Sonae Distribuição, SGPS, S.A.

Herein below follows a summary of the history of each of the above mentioned directors as members of the Board of Directors of Sonae Distribuição, SGPS, S.A.:

- Duarte Paulo Teixeira de Azevedo: Has been a director since 31 March 2006 for the mandate from 2006 to 2009. Previously he was appointed on 6 September 1996 for the mandate from 1994 to 1997 and later was appointed for the mandate from 1998 to 2001, resigning on 31 March 2000 and was appointed again for the same mandate on 12 June 2001.

- Nuno Manuel Moniz Trigoso Jordão: Has been a director since 31 March 1989 having consecutive mandates from 1987 to 1989, from 1990 to 1993, from 1994 to 1997, from 1998 to 2001, from 2002 to 2005 and from 2006 to 2009.

- Ângelo Gabriel Ribeirinho dos Santos Paupério: Has been a director since 29 August 1995 in consecutive mandates from 1994 to 1997, from 1998 to 2001, from 2002 to 2005 and from 2006 to 2009.

- Álvaro Carmona e Costa Portela: Has been a director since 31 March 2006 for the mandate from 2006 to 2009. Previously he was appointed for the mandate from 1987 to 1989, and later for the mandate from 1990 to 1993, resigning on 26 March 1991. Later he was appointed for the mandate from 1994 to 1997, resigning on 6 September 1996.

II.12 Members of the Statutory Audit Board

As previously mentioned, the Statutory Audit Board is composed of the following:
- UHY & Associados, SROC, Lda., represented by António Francisco Barbosa dos Santos (Chairman)
- Arlindo Dias Duarte Silva (Effective non executive director)
- Óscar José Alçada da Quinta (Effective non executive director)
- Jorge Manuel Felizes Morgado (Substitute)

The members comply with the incompatibility rules set in number 1 of article 414-A and the criteria of independence established in number 5 of article 414, both from the Portuguese Companies Code.

II.13 Qualifications, professional experience and mandate of the members of the statutory audit board

Chairman of the Statutory Audit Board
- UHY & Associados, SROC, Lda. Represented by António Francisco Barbosa dos Santos:
  University degree in Auditing from the Instituto Superior de Contabilidade e Administração do Porto and advanced course in Management for Executives at the Universidade Católica Portuguesa.
  For a number of years, taught Auditing at establishments of Higher Education and carried out functions in Auditing/revision for various companies.
  Does not hold any shares of the company and was elected as Chairman of the Statutory Audit Board to represent UHY & Associados, SROC, Lda., on 31st of March 2008, for which the mandate ends on 31st December 2009.

Effective non executive director of the Statutory Audit Board
- Arlindo Dias Duarte Silva:
  University degree in Economics from the Faculdade de Economia da Universidade do Porto.
  Holds the position of Statutory Auditor
  Does not hold any shares of the company and was elected as member of the Statutory Audit Board on 2nd May 2007, for which the mandate ends on 31st December 2009

Effective non executive director of the Statutory Audit Board
- Óscar José Alçada da Quinta
  University degree in Economics from Universidade do Porto.

Held various positions in administrative and financial areas in a number of companies where his services were used in the context of external auditing and Statutory Auditor. Since 1990 he has been exclusively dedicated to the role of Statutory Auditor.
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II.14 Positions held by the members of the Statutory Audit Board in other companies

Chairman of the Statutory Audit Board
- Fiscal agent representing SROC UHY in the companies belonging to Grupos Têxtil Nortenha, S.A.; Sociedade Distribuidora de Vestuário, S.A.; Real Companhia Vinícola do Norte de Portugal, S.A.; Cia. Geral da Agricultura das Vinhas do Alto Douro, S.A.; Investimentos e Gestão da Água, S.A.; Grupo D. Pedro (Saviotti); Grupo Nasamotor and Grupo RDC – Investimentos SGPS, S. A.

Effective non executive director of the Statutory Audit Board : Arlindo Dias Duarte Silva:
- Member of the Statutory Audit Board of Sonae, SGPS, S.A. and Sonaecom, SGPS, S.A.
Statutory Auditor and Fiscal Agent in companies: Sintigraf II – Tintas gráficas, S.A.; DMJB - Consultadoria de Gestão, S.A.; Orbirio – Imobiliário e Empreendimentos Turísticos, S.A. e Loisir – Equipamentos de Diversão e Ocupação de Tempos livres, S.A.
Member of the Statutory Audit Board of the company Rochinvest – Investimentos Imobiliários e Turísticos, S.A.
Member of the Statutory Audit Board in Social Solidarity Member of the Statutory Audit Board of in non-profit making Associations

Effective non executive director of the Statutory Audit Board: Óscar José Alçada da Quinta
- Member of the Statutory Audit Board of Sonaecom, SGPS, S.A. and Sonae Indústria, SGPS, S.A.
Member of the Statutory Audit Board of the following companies: BA GLASS I – Serviços de Gestão e Investimentos, S.A. e LISGRÁFICA – Impressão e Artes Gráficas, S.A.
Member of the company Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC.

II.15, II.16 e II.17 Identification, qualifications, and functions of the board, supervision and other committee´s

Considering what was referred to herein above, on the structure adopted by the company regarding its governing bodies to the sections herein under appreciation, are inapplicable.

II.18 Remuneration Policy

The Company´s remuneration policy aims to accurately assess each individual's activity, performance and contribution to the organization's success, and to align Executive Directors' and employees' interests with those of shareholders

Description of components
The remuneration policy for all Executive Directors and employees includes two basic components

(i) Fixed remuneration, which is granted on an annual basis but paid as Monthly Salary (salaries are paid 14 times per annum in Portugal);
(ii) An annual performance bonus, which is paid in the first quarter of the following year.

In addition, a discretionary third component may be awarded to Executive Directors and senior managers, in April of the following year, in the form of deferred compensation, as a Medium Term Performance Bonus under Sonae's Deferred Performance Bonus Plan

Fixed remuneration
Annual remuneration and other elements of the compensation package are defined in view of each Executive Director's and employee's level of responsibility and are reviewed annually. Each Executive Director and employee is classified under a "Group Level" grid, with 9 Management Levels, designed using Hay's international model for classification of job functions to allow easier market comparisons as well as to promote internal equity.

Annual performance bonus
The annual performance bonus is aimed at rewarding the achievement of certain pre-defined annual objectives, which are linked the Business (Key Performance Indicators)
The target annual performance bonus amount is based on a percentage of the Executive Director's and employees fixed remuneration, which varies according to their Management Level. Of this amount, part is determined by the business KPI´s, which are objective indicators such as economic and financial indicators defined based on the budget, the Company's share price performance, individual business unit performance as well as the performance of the Group as a whole. The remaining amount of the annual performance bonus is determined by Personal KPIs, which are a mix of objective and subjective indicators.

The Remuneration Committee is responsible for approving the remuneration of the Board. The composition and functioning of the Remuneration Committee are described in II.19 of the Corporate Governance Report. The remuneration of Executive Directors comprises of a fixed and an Annual Performance Bonus, also benefiting from a Medium Term Performance Bonus. The Annual Performance Bonus is indexed to a group of financial indicators that align the interests of Executive Directors with the Company and its shareholders. The Medium Term Performance Bonus is deferred and only paid three years after the date which it is granted, and may increase or decrease depending on the performance of the share price.

II.19 Remuneration Committee

The Shareholders' General Meeting appoints a Remuneration Committee with the same term of office as that of the statutory bodies. Its mission, in accordance with paragraph 2 of Article twenty-six of the company's articles of association, is to approve the members of the Board of Directors' remuneration. At Sonae Distribuição, SGPS, SA, the current Remuneration Committee is made up of Sonae SGPS, SA represented by Duarte Paulo Azevedo, and by Bruno Walter Lehmann.
Duarte Paulo Teixeira de Azevedo is a member of the Company's Board of Directors.

II.20 Remuneration of the Board of Directors

In 2008, the members of the Board of Directors of Sonae Distribuição were paid a total of 1,015,360 Euros, of which 606,700 Euros were performance bonuses. In 2007, and in the same perspective, these remunerations totalled 1,040,400 Euros, of which 670,800 Euros as performance bonuses.
The remuneration of staff with responsibilities for the strategic management of the main companies of the Group (excluding members of the Board of Directors) totalled 2,686,574 (3.480.756 Euros in 2007), divided between 1,541,260 Euros of fixed remuneration (1.973.160 Euros in 2007) and 1,145,314 Euros of performance bonuses (1.507.596 Euros in 2007).

Sonae Distribuição, SGPS, SA is part of the Sonae Group and the directors of the Company also assume the administrative functions within Sonae, SGPS, SA and its respective sub-holdings – entitling them to remuneration in accordance with their responsibilities.

No amount was paid to former directors regarding the termination of their functions. The Company has no supplementary pensions or early retirement schemes for Directors, and there is no relevant non-monetary benefit.

II.21 Compensation for termination of Board members' functions

When a member of the Board of Directors no longer holds this position, it is the Groups policy to pay whatever legal compensation is owed, or negotiate in each situation, an amount considered fair and appropriate for both parties involved.

II.22 Whistle blowing procedures

Sonae Distribuição pays very special attention to detecting, taking responsibility for and correcting in a timely manner irregularities that may occur within its organisation. The most frequent issues are concerned with mistakes from time to time in store operations (concerning consumer treatment, the range of products or equipment, among others). The main ways in which these are detected are through consumer themselves in the company stores, in Portugal. Many of these consumers present a complaint or make a suggestion to the store team where the wrongdoing took place.

Sonae Distribuição values these contacts very highly, since the consumer is giving the company an opportunity to resolve a problem and identify areas of improvement that directly benefit that particular consumer and others who are also affected.
In order to deal with these issues in a just and timely manner, the company developed some ten years ago a Suggestions and Complaints System, with a decentralised structure of contact persons in various departments of the organization and under the direct responsibility and follow up of the Board of Directors. The Marketing department is responsible for the central coordination and control of the entire process, although the issues are dealt with and answers given to the consumer by the unit directly concerned, with the knowledge and co-responsibility of the specific areas involved (e.g. Quality Control, Legal Department etc).
Furthermore, in 2006, Decree Law 156/2005, published on the 1st of January 2006, came in into force, which regulated that the complaints book become mandatory in most stores, thus reinforcing, the system described herein above.

At the same time, Sonae Distribuição SGPS, S.A. (as part of the Sonae Group) has an Ombudsman available to its employees and to the public in general. The Ombudsman functions are that of an entity that complements the suggestions and complaints procedure. He/she reports directly to the Chairman of the Sonae Group, and his/her mission is to ensure that claims, complaints and suggestions that are made by consumers, suppliers and employees of the company are appropriately dealt with.
The position of the Ombudsman asserts and promotes, in an appropriate manner the consumers or suppliers of the company's legally protected rights and interests are, guaranteed and that justice is carried out, wrongs righted and improve the quality and efficiency of services provided by the company. He/she can be contacted at the following e mail address provedor@sonae.pt, or at the following address:

Lugar do Espido, Via Norte
Apartado 1011 - 4471-909 Maia - Portugal
Tel: +351 22 010 4631 - Fax: +351 22 010 4784

Chapter III
Information

III.1 e III.2 Share capital structure and qualified shareholdings

By the Shareholders' General Meeting resolution taken on the 22/12/08 and effective on the same date, the Company reduced its share capital from 1.100.000.000 Euro to 1.000.000.000 Euro through the extinction of 100.000.000 own shares.

Sonae Distribuição, SGPS, S.A., share capital is ,1,000,000,000 Euro, represented by 1,000,000,000 shares, ordinary shares, book value, at the nominal value of 1 euro each.
These 1,000,000,000 shares are not admitted to trading, nor confer special rights.
On the 31st of December 2008, Sonae, SGPS, SA, detained 824,780,810 shares, representing 82.48% of the share capital and Sonae Investments, BV, detained 175,219,190 shares, representing 17.52% of the share capital.

III.3 Identification of shareholders with special rights and description of these rights

Sonae Distribuição, SGPS, S.A. does not have any shareholders with special rights

III.4 Eventual restrictions of transfer of ownership of shares, such as clauses of consent or limitation of ownership of shares

There are no limitations or restrictions in the transfer or in the ownership of shares in the Company

III.5 Shareholders agreements

The Company is not aware of any agreement between shareholders that may affect the transfer of shares. The share capital of the Company is held, completely, directly or indirectly, by Sonae, SGPS, SA.

III.6 Rules applicable to the amendment of the Company's Articles of Association

Amendments to the Articles of Association depend on its approval during the Shareholders' General Meeting, taken by a majority vote. The Company meets during the first call, so long as shareholders who detain more than fifty percent of the share capital are present or represented, as stated in section 1 of article twenty first of the articles of association.

III.7 Control mechanisms for an possible system whereby employees participate in the share capital in the case where share rights are not exerted directly by them

There are no rules in the articles of association regarding mechanisms of control

III.8 Share price performance

With the acquisition of total control of Sonae Distribuição, SGPS, SA (previously named Modelo Continente SGPS, S.A.) by Sonae, SGPS, SA, the company lost its status as a publicly quoted company, and was excluded from the official Lisbon Euronext stock exchange as of 22nd of September 2006. However, up until the above mentioned date, the shares of Modelo Continente, SGPS, S.A, were traded on the Euronext Lisbon stock exchange with the following key technical information:

Company name:	Sonae Distribuição, SGPS, S.A.
Former company name:	Modelo Continente, SGPS, S.A.
Stock exchange:	Euronext Lisbon
ISIN/Euronext Code:	PTMOC0AE0007
Reuters:	MDCT.IN1
Bloomberg:	MCON PL
Central Code:	MOCAE

III.9 Dividend distribution policy

A dividend distribution of 0.05 Euro per share in relation to year 2006 was made, totalling 75 million Euro. In 2007, a distribution of 85 million Euro was made. In relation to 2008, a dividend distribution of 85 million Euro will be proposed at the Shareholders' General Meeting for those shares not held directly or indirectly by Sonae Distribuição, SGPS, S.A., which corresponds to a dividend pay-out ratio of approximately 50% of the consolidated net profits for the year.

III.10 Share based plans and options

The Sonae Distribuição SGPS, S.A., Remuneration Committee approved, on March, 16th, 2005 the rules defining the conditions for the granting a deferred compensation plan. The goal of this plan is to give managers the opportunity to share in the value created by their direct involvement in the definition of strategy and management of the businesses. Those eligible are directors and managers of the Company whose involvement has the most impact on the performance of the businesses.

Deferred compensation is awarded by the management body concerning managers and by the Remuneration Committee concerning directors, as a percentage of the value of the annual performance premium awarded.

The amount of the deferred compensation varies in direct proportion to a portfolio of shares of Sonae, SGPS, SA.. The compensation plans are valued on the date they are awarded at the share prices quoted on the Portuguese stock exchange of those shares making up the portfolio. For this, the lower of the following share prices is used: that at the close of business on the first business day after the Shareholder' General Meeting or the average closing price of the 30 days prior to the Shareholders' General meeting.

The Director/manager can choose between:

- acquiring at zero cost three years after the award date a number of shares equal, in Euro, to the value of deferred compensation awarded and at the share prices mentioned above, or
- acquiring three years after the award date, at the share price on the date of award, a number of shares calculated by applying the Black-Scholes model to the value in Euro of the deferred compensation awarded.

In either case, the acquisition can be made between exactly three years after the date of the award and the end of that year. The company reserves the right to give the equivalent value in cash instead of shares. The right to deferred compensation expires when the Director/manager leaves Sonae Distribuição group but continues up to the date of payment in the case of retirement. In case of death or permanent disability, the deferred compensation plan is valued at market prices and given to the individual or his/her heirs.

III.11 Relevant transactions with related parties

The company did not have business dealings with any member of the Board of Directors. The only transactions with the Statutory Auditor were those related to his official duties. Transactions with group companies or those controlled by Sonae Distribuição were made at arms length, were part of the normal business activity of the company.

III.12 Office of Investor Relations

Up until 21 September 2006, the company was a publicly quoted company listed on the Euronext Lisbon stock Exchange. As such, the company always followed the rule of expeditiously informing the capital markets of all relevant facts about the company, thus ensuring equal treatment to all parties' involved and equal access to information by investors.

For that purpose, it used the normal channels of communication, putting special emphasis on using new information technologies. Here, the main highlight is the company website (www.sonaedistribuicao.pt) that acts as a focal point for a wide range of questions put by investors and the general public, as well as being a repository of historical information about the company, in particular financial statements, earnings announcements and the most important corporate presentations.

Although the company was de-listed from the Lisbon stock exchange on the 22nd of September 2006, following a public sales offer for the entire share capital of the company by its majority shareholder, Sonae, SGPS, S.A, such practices of transparency and information sharing have continued unaltered. Also continuing its work unchanged is the Investor Relations Office, which is technically well equipped and has a dedicated team, acting as a focal point for the Portuguese and international investment community.

The Representative for Market Relations is Adriano Virgílio Guimarães Ribeiro.
The Office helps a wide range of parties involved with the capital markets, in particular small private investors and the university community, as well as the main financial analysis teams in the Portuguese and international retail sector. Contact information is as follows:

Rua João Mendonça, 529 – 4º
4464-501 Senhora da Hora (Matosinhos – Portugal)
Telephone: +351 229 561 877
Fax: +351 229 561 984
Email: adriano.ribeiro@sonaedistribuicao.pt

III.13 Fees of the Statutory External Auditor

The company's auditors are Deloitte & Associados, SROC, who, in 2008, billed the company and its affiliated and associated companies included in the consolidation, a total of 1,967,097 Euros, divided as follows:

		a)	%
b)	Statutory Audit	c)	21.5%
d)	Other Compliance & Assurance services	e)	13.9%
f)	Tax Consultancy Services	g)	4.4%
h)	Other Services	i)	60.2%

The other services are provided by different specialists than those who are involved in audit, so that we believe that the independence of the auditor is assured.

Matosinhos, 3rd of March 2009

The Board of Directors

Duarte Paulo Teixeira de Azevedo (President)

Nuno Manuel Moniz Trigoso Jordão (CEO)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Álvaro Carmona e Costa Portela

SONAE DISTRIBUIÇÃO

APPENDIX

Statement under the terms of Article 245, paragraph 1, c) of the 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 business evolution and position of the issuer and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Matosinhos, 03 March 2009

Duarte Paulo Teixeira de Azevedo (President)

Nuno Manuel Moniz Trigoso Jordão (CEO)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Álvaro Carmona e Costa Portela

Article 447 of Portuguese Companies Act and of Article 14, paragraph 7 of CMVM Regulation nr. 05/2008

Disclosure of shares and other securities held by members of the Board of Directors and by people 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.

Appendix to the Report of the Board of Directors as of 31 December 2008 required by article 447 of the Portuguese Companies Act and of article 14, paragraph 7 of CMVM Regulation nr. 05/2008A

	Date	Additions		Reductions		Balance as of 31.12.2008	
		Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity	
Duarte Paulo Teixeira de Azevedo (*)(**)(***)							
Efanor Investimentos, SGPS, SA (1)						1	
Migracom, SGPS, SA (3)							
Capital increase	27.11.2008	1,900,000	0 1.00			1,969,996	
Sonae, SGPS, SA						3,293	(a)
Ângelo Gabriel Ribeirinho dos Santos Paupério (*)							
Sonae, SGPS, SA							
Purchase	11.01.2008	245,436	0 1.30			250,000	
Alvaro Carmona e Costa Portela (*)							
Sonae, SGPS, SA							
Purchase	11.06.2008	100,000	0 0.91			125,934	
(1) Efanor Investimentos, SGPS, SA							
Sonae, SGPS, SA							
Purchase	19.09.2008	845,576	0.603			659,650,000	
Pareuro, BV (2)							
Capital increase	21.01.2008	1,980,000	151.510			2,000,000	
(2) Pareuro, BV							
Sonae, SGPS, SA						400,000,000	
(3) Migracom, SGPS, SA							
Sonae, SGPS, SA							
Purchase	17.01.2008	193,500	1.290				
Purchase	18.01.2008	1,500	1.240			1,485,000	
Imparfin, SGPS, SA (4)						150,000	
(4) Imparfin, SGPS, SA							
Sonae, SGPS, SA							
Purchase	03.01.2008	7	1.920			4,105,280	

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

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

(***) Member of the Board of Directors of Imparfin, SGPS, SA (4)

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

Article 448

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

Appendix to the Report of the Board of Directors as of 31 December 2008 required by article 448 of the Portuguese Companies Act

Shareholders	Number of shares held as of 31.12.2008
Sonae, SGPS, SA	824,780,810
Sonae Investments, BV	175,219,190

Qualified holdings

Shares held and voting rights of companies owning more than 2% of the share capital of the company.

Shareholders	Nr. of shares	% of Share Capital	% of Voting Rights
Sonae, SGPS, SA	824,780,810	82.48%	82.48%
Sonae Investments, BV	175,219,190	17.52%	17.52%
Total attributable	1,000,000,000	100.00%	100.00%

CONSOLIDATED FINANCIAL STATEMENTS

SONAE DISTRIBUIÇÃO, SGPS, S.A.

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in Euro)

(Translation of consolidated financial statements originally issued in Portuguese - Note 46)

		IFRS	
ASSETS	Notes	31-12-2008	31-12-2007 (Note 1)
NON CURRENT ASSETS			
Tangible assets	10	1,924,301,269	1,690,102,105
Goodwill	11	521,020,094	520,354,909
Intangible assets	10	164,289,356	153,136,765
Investments in associated companies	6	64,671,483	39,082,244
Other investments	7 and 9	2,358,971	999,170
Deferred tax assets	19	67,426,816	36,003,939
Other non-current assets	9 and 13	2,284,632	1,820,126
Total non-currents assets		2,746,352,621	2,441,499,258
CURRENT ASSETS			
Inventory	14	530,819,483	444,655,534
Trade accounts receivable	9 and15	33,237,057	32,409,579
Other accounts receivable	9 and 16	109,795,744	121,819,762
Taxes recoverable	17	31,480,470	51,067,860
Other currents assets	9 and 18	35,391,992	23,492,179
Investments	9 and 12	62,805,722	57,208,737
Cash and cash equivalents	9 and 20	115,119,080	67,853,490
Total current assets		918,649,548	798,507,141
Non current assets held for sale		5,863,383	6,006,580
TOTAL ASSETS		3,670,865,552	3,246,012,979
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	21	1,000,000,000	1,100,000,000
Own Shares	21	-	(205,000,000)
Reserves and retained earnings	21	(250,902,510)	(223,444,442)
Net profit for the year attributable to the Shareholders of Parent company		170,993,512	167,492,214
Total equity attributable to the Shareholders of Parent company		920,091,002	839,047,772
Minority interests	22	11,201,548	12,141,277
TOTAL EQUITY		931,292,550	851,189,049
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank Loans	9 and 23	230,000,000	-
Bonds	9 and 23	1,001,716,603	1,100,672,731
Obligations under finance leases	9, 23 and 24	11,109,980	5,554,636
Other Loans	9 and 23	241,328	276,330
Other non-current liabilities	9 and 26	11,688,394	12,702,606
Deferred tax liabilities	19	81,182,365	50,612,269
Provisions	31	12,953,754	17,600,362
Total non-current liabilities		1,348,892,424	1,187,418,934
CURRENT LIABILITIES			
Bank Loans	9 and 23	43,249,021	83,834,903
Bonds	9 and 23	99,978,611	-
Obligations under finance leases	9, 23 and 24	4,280,464	6,783,670
Other Loans	9 and 23	5,405,467	317,352
Trade accounts payable	9 and 28	898,101,628	836,356,284
Other accounts payable	9 and 29	152,429,549	85,958,723
Taxes and contributions payable	17	35,975,550	44,222,307
Other current liabilities	9 and 30	148,945,725	147,467,643
Provisions	31	2,314,563	2,464,114
Total current liabilities		1,390,680,578	1,207,404,996
TOTAL LIABILITIES		2,739,573,002	2,394,823,930
TOTAL EQUITY AND LIABILITIES		3,670,865,552	3,246,012,979

The accompanying notes are part of these consolidated financial statements

The Board of Directors

SONAE DISTRIBUIÇÃO

SONAE DISTRIBUIÇÃO, S.G.P.S., S.A.

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE PERIODS ENDED 31 DECEMBER 2008 AND 2007

(Amounts expressed in Euro)

(Translation of consolidated financial statements originally issued in Portuguese - Note 46)

		IFRS			
		2008		2007	
	Notes	4th Quarter Unaudited	31-12-2008	4th Quarter Unaudited	31-12-2007
Operational income:					
Sales	37	1,193,690,754	4,074,314,020	956,306,560	3,238,947,595
Services rendered	37	34,333,511	145,379,164	34,476,166	145,720,912
Other operational income	38	126,971,693	429,296,097	94,931,305	317,911,045
Total Operational income		1,354,995,958	4,648,989,281	1,085,714,031	3,702,579,552
Operational expenses:					
Cost of sales	14	(906,020,884)	(3,178,152,943)	(729,296,975)	(2,517,317,555)
External supplies and services		(152,097,089)	(562,471,047)	(130,624,744)	(458,137,503)
Staff costs		(132,549,252)	(474,318,470)	(101,314,911)	(376,092,288)
Depreciation and amortisation	10	(32,297,294)	(115,026,896)	(22,613,472)	(87,048,798)
Provisions and impairment losses	31	(8,025,341)	(10,962,955)	(1,206,500)	(1,737,549)
Other operational expenses	39	(20,042,054)	(67,655,276)	(19,816,594)	(51,286,979)
Total operational expenses		(1,251,031,914)	(4,408,587,587)	(1,004,873,196)	(3,491,620,672)
Operational profit/(loss)		103,964,044	240,401,694	80,840,835	210,958,880
Financial income	40	4,845,671	15,254,408	9,596,429	19,471,969
Financial expenses	40	(25,264,273)	(87,266,824)	(18,350,145)	(54,153,947)
Net financial expenses	40	(20,418,602)	(72,012,416)	(8,753,716)	(34,681,978)
Profit/(loss) related to associated companies	6	12,712,424	13,403,420	147,455	247,316
Profit/(loss) related to investments		370,430	520,599	-	(587,173)
Profit/(loss) before income tax		96,628,296	182,313,297	72,234,574	175,937,045
Income Tax	41	(5,980,265)	(11,497,975)	(2,976,589)	(7,121,200)
Consolidated profit/(loss) for the perio		90,648,031	170,815,322	69,257,985	168,815,845
Attributable to:					
Equity holders of Parent Company		91,035,606	170,993,512	68,764,950	167,492,214
Minority interests		(387,575)	(178,190)	493,035	1,323,631
Profit/(Loss) per share (Basic and Diluted	42	0.09	0.17	0.07	0.17

The accompanying notes are part of these consolidated financial statements

The Board of Directors

SONAE DISTRIBUIÇÃO, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

(Amounts expressed in Euro)

(Translation of consolidated financial statements originally issued in Portuguese - Note 46)

	Notes	Attributable to Shareholders of Parent Company								Minority Interests (Note 1)	Total Equity
		Share Capital	Own Shares	Legal Reserves	Currency Translation Reserve	Hedging Reserve	Other Reserves and Retained Earnings	Net Profit/(Loss)	Total		
Balance as at 1 January 2007	21	1,100,000,000	(205,000,000)	90,200,000	510,709	-	(398,681,758)	158,079,602	745,108,553	10,930,910	756,039,463
Appropriation of consolidated profit of 2006											
Transfer to legal reserves and retained earnings		-	-	4,800,000	-	-	153,279,602	(158,079,602)	-	-	-
Dividends distributed	43	-	-	-	-	-	(75,000,000)	-	(75,000,000)	(10,256)	(75,010,256)
Acquisition of own shares											
Changes in fair value		-	-	-	-	919,624	-	-	919,624	-	919,624
Generated in the year		-	-	-	593,913	-	-	-	593,913	-	593,913
Transfers to net income		-		-	-	(381,455)	-	-	(381,455)	-	(381,455)
New companies acquired (Note 1 and 8)	22	-	-	-	-	-	-	-	-	161,672	161,672
Others		-	-	-	-	-	314,923	-	314,923	(264,680)	50,243
Net Consolidated profit for the period		-	-	-	-	-	-	167,492,214	167,492,214	1,323,631	168,815,845
Balance as at 31 December 2007 (Note 1)		1,100,000,000	(205,000,000)	95,000,000	1,104,622	538,169	(320,087,233)	167,492,214	839,047,772	12,141,277	851,189,049
Balance as at 1 January 2008	21	1,100,000,000	(205,000,000)	95,000,000	1,104,622	538,169	(320,087,233)	167,492,214	839,047,772	12,141,277	851,189,049
Appropriation of consolidated profit of 2007											
Transfer to legal reserves and retained earnings		-	-	4,300,000	-	-	163,192,214	(167,492,214)	-	-	-
Dividends distributed	43	-	-	-	-	-	(85,000,000)	-	(85,000,000)	(13,741)	(85,013,741)
Changes in reserves											
Own shares amortisation	21	(100,000,000)	205,000,000	-	-	-	(105,000,000)	-	-	-	-
Changes in fair value		-	-	-	-	(3,210,985)	-	-	(3,210,985)	-	(3,210,985)
Generated in the year		-	-	-	(1,100,956)	-	-	-	(1,100,956)	-	(1,100,956)
Transfers to net income		-		-	-	(643,526)	-	-	(643,526)	-	(643,526)
Changes in the perimeter	22	-	-	-	-	-	-	-	-	(747,798)	(747,798)
Others		-	-	-	-	-	5,185	-	5,185	-	5,185
Net Consolidated profit for the period		-	-	-	-	-	-	170,993,512	170,993,512	(178,190)	170,815,322
Balance as at 31 December 2008		1,000,000,000	-	99,300,000	3,666	(3,316,342)	(346,889,834)	170,993,512	920,091,002	11,201,548	931,292,550

The accompanying notes are part of these consolidated financial statements

The Board of Directors

SONAE DISTRIBUIÇÃO, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Amounts expressed in Euro)

(Translation of consolidated financial statements originally issued in Portuguese - Note 46)

	Notes	31-12-2008	31-12-2007
OPERATING EXPENSES			
Cash receipts from trade debtors		4,191,025,400	3,379,348,706
Cash paid to trade creditors		(3,447,780,899)	(2,718,261,054)
Cash paid to employees		(460,481,254)	(367,381,880)
Cash flow generated by operations		282,763,247	293,705,772
Income taxes paid/(received)		(89,598)	(5,664,945)
Other cash receipts/payments from operating activities		4,189,570	1,672,760
Net cash flow operating activities (1)		286,863,219	289,713,587
INVESTMENT ACTIVITIES			
Cash receipts related to:			
Investments			
Disposal of subsidiaries	8.3	9,356,566	10,137,318
Other investments		37,909,420	22,369,435
Tangible and intangible assets		32,004,262	44,005,165
Interest and similar income		8,883,443	13,574,458
Dividends		150,169	225,169
Loans granted		281,582,000	359,425,000
		369,885,860	449,736,545
Cash payments related to:			
Investments			
Acquisition of subsidiaries	8.2	(11,649,459)	(612,720,553)
Capital increase in subsidiaries		(14,878,381)	(21,011,577)
Other investments		(13,987,185)	(24,870,137)
Tangible and intangible assets		(293,662,868)	(236,120,750)
Loans granted		(288,387,257)	(359,433,190)
Others		(31)	
		(622,565,181)	(1,254,156,207)
Net cash flow used in investment activities (2)		(252,679,321)	(804,419,662)
FINANCING ACTIVITIES			
Cash receipts related to:			
Loans obtained		5,963,981,220	2,297,644,251
Capital increases in subsidiaries			50,036
		5,963,981,220	2,297,694,287
Cash payments related to:			
Loans obtained		(5,804,741,308)	(1,956,125,925)
Interest and similar charges		(80,159,356)	(45,346,651)
Dividends		(85,013,741)	(75,010,292)
Others		(434,986)	
		(5,970,349,391)	(2,076,482,868)
Net cash flow from/(used in) financing activities (3)		(6,368,171)	221,211,419
Net increase/(decrease) in cash and equivalents (4) = (1) + (2) + (3)		27,815,727	(293,494,656)
Effect of foreign exchange rate		214,608	(72,602)
Cash and cash equivalents at the beginning of the year	20	64,268,940	357,690,994
Cash and cash equivalents at the end of the year	20	91,870,059	64,268,940

The accompanying notes are part of these consolidated financial statements

The Board of Directors

SONAE DISTRIBUIÇÃO, SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2008

(Amounts expressed in Euro)

(Translation of consolidated financial statements originally issued in Portuguese – Note 46)

1. INTRODUCTION

SONAE DISTRIBUIÇÃO, SGPS, S.A. ("the Company" or "Sonae Distribuição"), formerly known as Modelo Continente, SGPS, S.A., is a Portuguese Corporation, holds its head-office in Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Portugal is the Parent-company of a group of companies, as detailed in Notes 4, 5 and 6 ("Sonae Distribuição Group") which main activities are detailed in the Report of the Board of Directors and in Note 44.

Business Combinations: Continente Hipermercados (ex-Carrefour portfolio)

The subsidiary Continente Hipermercados (corresponding to the ex-Carrefour portfolio) was acquired by the end of 2007 not having, as noticed, concluded at that time the fair value imputation and the respective goodwill allocation. Such process was finished during 2008, hence a retrospective allocation of the fair value related to the referred Business Combination as required by IFRS 3 – Business Combinations was performed. Consequently the consolidated Balance Sheet at 31 December 2007 and the Consolidated Statements of Change in Equity for the year ended 31 December 2007, have been restated to consider right now the new figures. The detail of the changes made is presented in Note 8.

The attached financial statements are presented in Euro as it is the preferentially used currency in the economic environment where the Group operates. The foreign operations which functional currency is not the Euro are included in the final statements according to the policy described in Note 2.2.e).

2. PRINCIPAL ACCOUNTING POLICIES

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

2.1. Basis of presentation

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

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

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

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

Up to the financial statements approval date, the following Standards and Interpretations, some of which have became effective during the year 2008, have been endorsed by the European Union:

	Effective Date
With mandatory application in 2008:	
IAS 39/IFRS 7 - Amendments: Reclassification of Financial Assets	01-07-08
IFRIC 14/IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01-01-08
With mandatory application after 2008:	
IFRS 8 – Operating Segments	01-01-09
IFRS 2 - Amendments: Share-based Payment	01-01-09
IAS 1 - Amendments: First-time Adoption of International Financial Reporting Standards	01-01-09
IAS 23 - Amendments: Borrowing Costs	01-01-09
IAS 32/IAS 1 - Amendments: Puttable Financial Instruments and Obligations Arising on Liquidation	01-01-09
Amendments to International Financial Reporting Standards (2007)	01-01-09
IFRS 1/IAS 27 - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	01-01-09
IFRIC 13 - Customer Loyalty Programmes	01-07-08

The adoption of these Standards has not led to any relevant changes in the Company's financial statements.

It is not expected to arise any material impacts to the consolidated financial statements of the Company from the application of the above mentioned standards, with the exception of presentation and disclosure improvements as a result of the application of IAS 1 amendments and IFRS 8.

As at this date, the following standards and interpretations have already been issued by the IASB /IFRIC but have not yet been endorsed by the European Union:

	Effective Date
Amendments to IFRS 3 – Business Combinations	01-07-09
Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards	01-07-09
Amendments to IAS 27 - Consolidated and Separate Financial Statements	01-07-09
Amendments to IAS 39 – Qualifying hedging instruments.	01-07-09
Amendments to IAS 39 – Reclassification of Financial Assets	01-07-09
Amendments to IFRS 7 – Financial Instruments: Disclosures	01-01-09
IFRIC 12 - Service Concession Arrangements	01-01-09
IFRIC 15 – Agreements for the Construction of Real Estate	01-01-09
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	01-10-08
IFRIC 17 – Distributions of Non-cash Assets to Owners	01-07-09
IFRIC 18 – Transfer of Assets from Customers	01-07-09

The future application of the standards mentioned above, which have not been yet endorsed by de European Union, is not expected to produce material impacts to the consolidated financial statements, except for the IFRS 3 revision which will produce significant changes in what goodwill computation is concerned.

2.2. Consolidation principles

The consolidation methods adopted by the Group are as follows:

a) Investments in Group companies

Investments in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights at Shareholders' General Meetings or is able to govern the financial and operational policies so as to benefit from its activities (definition of control normally used by the Group), 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 Group company, the excess, and any further losses attributable to minority interests, are charged against the equity holders of the Group except to the extent that minority shareholders have a binding obligation and are able to cover such losses. If the Group Company subsequently reports profits, such profits are allocated to the equity holders of the Group until the minority's share of losses previously absorbed by the equity holders of the Group has been recovered.

Assets and liabilities of each Group company are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the Group's interest in the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2.2.d)). Any excess of the Group'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 operational income", after reassessment of the estimated fair value. Minority interests include their proportion of the fair value of net identifiable assets and liabilities recognised.

The results of Subsidiaries acquired or disposed 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 Group companies are performed, whenever necessary, in order to adapt accounting policies to those used by the Group. All intra-group transactions, balances, income and expenses and distributed dividends are eliminated on consolidation.

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

b) <u>Investments in jointly controlled companies</u>

Investments in jointly controlled companies were 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 the 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".

The share of Sonae Distribuição in the inter-company balances, transactions and dividends distributed are eliminated.

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

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

c) <u>Investments in associated companies</u>

Investments in associated companies (companies where the Group holds a significant influence but does not hold the control or the joint control over the decisions, through the participation in the financial and operating decisions – 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 the Group's share of changes in equity (including net profit) of the associated companies and to dividends received.

Any excess of the cost of acquisition over the Group'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 the Group'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 the Group's share of losses exceeds the carrying amount of the investment, the investment is reported at nil value, unless the Group is committed beyond the associate, in which case a provision is recorded on that amount.

The Group's share in unrealized gains arising from transactions with associated companies is eliminated, proportionately to the Group's interest in the associated companies against the carrying amount of the investment in the same associated company. Unrealized losses are similarly 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 the Group's share in the fair value of the assets and liabilities of those companies at the date of acquisition is shown as Goodwill (Note 11) 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 Group's currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are disclosed in Reserves and Retained Earnings

Goodwill is not amortised, but it is subject to impairment tests on an annual basis. Impairment losses recognized in the period are recorded in the income statement under the caption Provisions and impairment losses.

Impairment losses related with goodwill cannot be reversed.

Any excess of the Group's share in the fair value of identifiable assets and liabilities in group 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.

Goodwill recognised prior to the transition date

Goodwill arising from acquisitions made prior to the date of transition to IFRS (1 January 2004) is stated using the carrying amounts, net of accumulated amortisation, calculated in accordance with generally accepted accounting principles in Portugal, adjusted for intangible assets which do not meet IFRS criteria, and is subject to impairment tests. Impacts of these adjustments were recorded in Retained earnings, in accordance with IFRS 1. Goodwill arising from foreign companies was recalculated retrospectively using the functional currency of each such company. Exchange rate differences generated in the translation were also recorded against Retained earnings (IFRS 1).

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 Currency 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, accumulated exchange rate differences are recorded in the income statement as a gain or loss from the disposal of financial investments.

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

	31.12.2008		31.12.2007	
	End of Period	Average of Period	End of Period	Average of Period
Brazilian real	0.30830	0.37657	0.38516	0.37577

2.3. Tangible assets

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

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

Depreciation is calculated on a straight line basis, as from the date the asset becomes ready for use, over the expected useful life for each class of assets and recorded in “Depreciation and Amortisation” on the consolidated financial statements.

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:

	Years
Buildings	50
Basic equipment	10 a 15
Transport equipment	5
Tools	4
Fixture and fittings	10
Other tangible assets	5

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

Tangible assets in progress represent fixed assets still in course of construction/promotion and are stated at acquisition cost net of eventual 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 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 operational income” or “Other operational expenses”.

2.4. Intangible assets

Intangible assets are stated at acquisition cost, net of depreciations and accumulated impairment losses. Intangible assets are only recognized if, inherent to these, it is probable those future economic benefits will flow for the Group, are controlled by the Group 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 the Group 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 to the maintenance and development of software are recorded as an expense in the period in which they are incurred. Only the costs directly attributable to projects for which the existence of future economic benefits is probable are capitalized as intangible assets.

Depreciation is computed, starting from the date of completion or from the date the assets are available for use, on a straight line basis in accordance with the estimated useful life, usually 5 years and recorded in “Depreciation and Amortisation” on the consolidated financial statements.

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

2.5. Accounting for leases

Accounting for leases where the Group is the lessee

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 as operating lease depends on the substance of transaction rather than the form of the contract.

Tangible assets acquired through finance lease agreements are recorded as assets and corresponding obligations as liabilities in the balance sheet. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Both the finance charge and the depreciation expenses for depreciable assets are recorded in the income statement in the period in which they are incurred.

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

Accounting for leases where the Group is the lessor

For operating lease agreements where the Group is lessor, assets remain recorded in the Group’s balance sheet, and the revenue is recognized on a straight line basis during the period of the agreement.

2.6. Government grants

Government grants are recorded at fair value when there is reasonable assurance that they will be received and that the Group 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.

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

2.7. Impairment of non-current assets, except for goodwill

Assets are assessed for impairment at each 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 recorded in the income statement under Provisions and impairment losses.

The recoverable amount is the higher of an asset's net sale price less costs to sell and its value in use. Net sale price 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.

2.8. Borrowing costs

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

Borrowing costs relating directly to the acquisition, construction or production of fixed assets are capitalized as part of the cost of the qualified asset. Borrowing costs are capitalized from the time of preparation of the activities to construct or develop the asset to the time the production or construction is completed or when the asset is suspended. Any eventual financial income derived from a loan obtained and allocable to a qualifying asset, are deducted to the financial expenses that qualify for capitalization.

2.9. Inventories

Inventories held by the group are stated at acquisition cost, deducted from quantity discounts received or to be received from suppliers, which is lower than their market value. Inventories are valued at the last purchase price. Considering the rotation level of inventories at the stores this method is not materially different from FIFO or weighted average cost.

The difference between the inventory cost and its net realizable value, if negative, is recorded as an operating expense under Cost of sales.

2.10. Provisions

Provisions are recognized when, and only when, the Group 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 to reflect the best estimate as of that date.

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

2.11. Financial Instruments

The Group classifies the financial instruments in the categories presented and conciliated with the Consolidated Balance Sheet as 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 the Group 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 the Group acquires with the purpose of trading in the short term. They are classified in the consolidated balance sheet as current assets.

The Company classifies an available-for-sale investment as non-current assets.

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

Investments are initially measured at fair value, which is the fair value of the consideration paid for them, including transaction costs in the case of available for sale assets and held to maturity investments.

Available-for-sale investments and investments measured at fair value through profit or loss are subsequently recorded at fair value excluding any deduction of transaction costs which may be incurred during its sale taking into consideration the stock market price at the balance sheet date. Investments in equity instruments that do not have a market price and whose fair value cannot be reliably measured are stated at cost less impairment losses.

Gains or losses arising from changes in fair value of available-for-sale investments are recorded directly under the Fair value reserve in Equity, until the investment is sold or otherwise disposed of, or until it is considered to be impaired, at which time the cumulative gain or loss previously recorded 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 gains.

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

b) Accounts receivable

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.

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 this purpose, each group company takes into consideration market information that evidences that the client is not accomplishing its responsibilities as well as historic information about due and not received balances.

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

c) Classification as Equity or Liability

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

d) Loans

Loans are recorded as liabilities at their nominal value net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accrual basis, in accordance with the accounting policy defined in Note 2.8. The portion of the interest charge regarding up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

e) Trade accounts payable and other accounts payable

Trade and other accounts payable are stated at their nominal value, as they do not bear interests and the discount effect is considered immaterial.

f) Derivatives

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

The Group'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 Group to hedge the exposure to changes in the interest rates of its loans are initially accounted for at value and subsequently adjusted to the corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, and then recorded in the income statement over the same period in which the hedged instrument affects the income statement.

The fair value of these instruments is estimated by the Group using specific software based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg.

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

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

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

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

g) Equity instruments

Equity instruments are those that represent a residual interest upon the Group's net assets and are recorded by the amount received, net of costs incurred with their issuance.

h) Cash and cash equivalents

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

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

i) Own shares

Own shares are recorded at acquisition cost as a deduction to equity. Profits or losses resulting from disposal of own shares are recorded directly in equity not affecting the profit or loss for the period.

2.12. Assets held for sale

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

2.13. Share-based payments

Share based payments result from Deferred Performance Bonus Plans that are referenced to the evolution of the Sonae SGPS, SA shares' price.

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

2.14. Contingent assets and liabilities

Contingent liabilities are not recorded in the consolidated financial statements, being disclosed, 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 the existence of future economic benefit is probable.

2.15. Income tax

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

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

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

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period.

Deferred tax assets and liabilities are not recognized when the temporary differences arise from goodwill or from the initial recognition of assets and liabilities except if the referred assets and liabilities are recognized in result of a business combination.

At each balance sheet date a review is made of the deferred tax assets recognized, being reduced whenever their future use is no longer probable.

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

2.16. Revenue recognition and accrual basis

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

Revenue from services rendered is recorded in the consolidated income statement taking into consideration the stage of completion of the transaction at the balance sheet date.

Revenue related to services rendered by travel agencies 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 expenditures.

Dividends are recognized as income in the year in which 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 in future years, thus being recorded in the income statement of the future period.

2.17. Balances and transactions expressed in foreign currencies

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

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

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

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

2.18. Subsequent events

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

2.19. Judgement and estimates

The most significant accounting estimates reflected in the consolidated financial 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) Computation of responsibilities associated with customers loyalty programs.

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 Group 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.

2.20. Segment information

In each year the segments applicable to the group are identified. As at 31 December 2008, no secondary segment was identified, considering that the Group operates mainly in Portugal, and that a business segment was chosen as a primary segment.

2.21. Legal reserves, other reserves and retained earnings

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

Hedging reserve:
The Hedging reserve reflects the changes in fair value of “cash flow” hedging derivatives that are considered as effective (Note 2.11.f) and is not distributable or used to absorb losses.

Currency translation reserves:
The currency translation reserve corresponds to exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries and joint ventures into Euro, in accordance with the accounting policy described in Note 2.17.

Fair value reserves:
This reserve arises on the revaluation of available-for-sale financial assets as mentioned in Note 2.11.a).

3. FINANCIAL RISK MANAGEMENT

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

1 – Market risk

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

The Group uses derivatives to hedge certain exposures related to its market risk and does not enter into derivatives or other financial instruments for trading or for speculative purposes.

1.1– Interest rate risk

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

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

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

Sensitivity analysis:

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

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, they are included in the calculation of income-related sensitivities;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are 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 designated for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity calculations;
- Changes in the fair value 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, it is expected that the individual exposure to interest rate risk is low. If interest rates of euro had been 75 bp higher (lower) during 2008, the company net profit before tax at 31 December 2008 would decrease/ increase by approximately 6.4 million euro (4.1 million in 2007). The impact in equity would be an increase (decrease) of, approximately, 2.5 million Euro (2.4 million Euro), considering the contractual fixing dates and excluding other effects arising from the company operations.

1.2 – Exchange rate risk

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

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

The exchange risk exposure is monitored through the purchase of forwards with the goal of 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.

As at 31 December 2008 and 2007 the assets and liabilities denominated in a currency different from the subsidiary functional currency were the following (amounts in Euro):

	ASSETS		LIABILITIES	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Brazilian real	13,746,578	1,311,595	1,972,126	4,585,100
British pound	99,811	-	165,548	113,478
US dollar	2,380,245	877,150	6,977,103	3,574,320
Hungarian Florins	838	61,351	-	-

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.

2 – Liquidity risk

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

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

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

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

3 – Credit risk

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

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

The credit risk is limited by risk concentration management, and by a selection of counterparties, which have a high national and international prestige, with at least a credit rating of BBB or an equivalent rating issued by other international agencies.

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATION

The subsidiaries, its head offices and percentage of capital held as of 31 December 2008 and 2007 are as follows:

	Company	Head Office	% held 31.12.2008 Direct	Total	% held 31.12.2007 Direct	Total
Parent Cmpany						
	Sonae Distribuição SGPS, S.A.	Matosinhos				
Sonae Distribuição						
a)	Arat Inmuebles, S.A.	Madrid(Spain)	100,00%	100,00%	-	-
b)	Azulino - Imobiliária, S.A.	Maia	100,00%	100,00%	-	-
	Best Offer – Prestação de Informações pela Internet, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Bertimóvel - Sociedade Imobiliária, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Bikini, Portal de Mulheres, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Canasta – Empreendimentos Imobiliários, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Carnes do Continente – Industria e Distribuição Carnes, S.A.	Santarém	100,00%	100,00%	100,00%	100,00%
	Chão Verde - Sociedade de Gestão Imobiliária, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Citorres - Sociedade Imobiliária, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Cumulativa - Sociedade Imobiliária, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Contibomba - Comércio e Distribuição de Combustíveis, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Contimobe - Imobiliária de Castelo de Paiva, S.A.	Castelo de Paiva	100,00%	100,00%	100,00%	100,00%
	Continente Hipermercados, S.A.	Lisbon	100,00%	100,00%	99,86%	99,86%
	Difusão - Sociedade Imobiliária, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Sport Zone España- Comercio de Artículos de Deporte, S.A.	Madrid (Spain)	100,00%	100,00%	100,00%	100,00%
c)	Edições Book.it, S.A.	Matosinhos	100,00%	100,00%	-	-
	Efanor – Design e Serviços, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Efanor - Industria de Fios, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Estevão Neves - Hipermercados da Madeira, S.A.	Funchal	100,00%	100,00%	100,00%	100,00%
d)	Farmácia Selecção, S.A.	Matosinhos	100,00%	100,00%	-	-
	Fozimo - Sociedade Imobiliária, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Fozmassimo - Sociedade Imobiliária, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Fundo de Investimento Imobiliário Imosonae Dois	Maia	100,00%	100,00%	100,00%	100,00%
	Global S Hipermercado, Lda.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	IGI – Investimento Imobiliário, S.A.	Porto	100,00%	100,00%	100,00%	100,00%
	Igimo – Sociedade Imobiliária, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Iginha – Sociedade Imobiliária, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Imoconti – Sociedade Imobiliària, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Imoestrutura – Sociedade Imobiliária, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Imomuro – Sociedade Imobiliária, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Imoresultado – Sociedade Imobiliária, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Imosistema – Sociedade Imobiliária, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Infofield – Informática, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Inventory - Acessórios de Casa, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Marcas MC, zRT	Budapest (Hungary)	100,00%	100,00%	100,00%	100,00%
	MJLF-Empreendimentos Imobiliários, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Modelo - Distribuição de Materiais de Construção, S.A.	Maia	50,00%	50,00%	50,00%	50,00%
	Modalfa – Comércio e Serviços, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Modelo.Com - Vendas por Correspondência, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Modelo Continente Hipermercados, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Modelo Continente – Operações de Retalho, S.G.P.S., S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%

	Company	Head Office	% of capital held 31.12.2008 Direct	Total	% of capital held 31.12.2007 Direct	Total
	Modelo Continente Seguros – Sociedade de Mediação, S.A.	Porto	75,00%	75,00%	75,00%	75,00%
	Modelo Hiper Imobiliária, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Modelo Hipermercados Trading, S.A.	Madrid (Spain)	100,00%	100,00%	100,00%	100,00%
	NA - Equipamentos para o Lar, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	NA - Comércio de Artigos de Desporto, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Pharmacontinente-Saúde e Higiene, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Predicomercial – Promoção Imobiliária, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Peixes do Continente-Indústria e Distribuição de Peixes, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Solaris Supermercados, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Selifa - Sociedade de Emprendimentos Imobiliários de Fafe, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Sempre à Mão - Sociedade Imobiliária, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Sesagest – Projectos e Gestão Imobiliária, S.A.	Porto	100,00%	100,00%	100,00%	100,00%
e)	SIAL Participações, Ltda	São Paulo (Brazil)	100,00%	100,00%	-	-
	Sociloures – Sociedade Imobiliária, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Socijofra – Sociedade Imobiliária, S.A.	Gondomar	100,00%	100,00%	100,00%	100,00%
	Soflorin, B.V.	Amsterdam (Holand)	100,00%	100,00%	100,00%	100,00%
	Sonae Capital Brasil, Ltda	São Paulo (Brazil)	100,00%	100,00%	100,00%	100,00%
f)	SM Empreendimentos Imobiliários, Ltda	Porto Alegre (Brazil)	100,00%	100,00%	100,00%	100,00%
	Sonae Retalho España – Servicios Generales, S.A.	Madrid (Spain)	100,00%	100,00%	100,00%	100,00%
g)	Sonaecor- Comércio Y Distribución, S.A.	Madrid (Spain)	100,00%	100,00%	100,00%	100,00%
	Sondis Imobiliária, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Sontária - Empreendimentos Imobiliários, S.A.	Maia	100,00%	100,00%	100,00%	100,00%
	Sonvecap, B.V.	Amsterdam (Holand)	100,00%	100,00%	100,00%	100,00%
	Sport Zone – Comércio de Artigos de Desporto, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Tlantic Portugal - Sistemas de Informação, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Tlantic Sistemas de Informação, Ltda	Porto Alegre (Brazil)	100,00%	100,00%	100,00%	100,00%
	Todos os Dias – Comércio Ret. E Explor.Centros Comerciais, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Valor N, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Worten – Equipamentos para o Lar, S.A.	Matosinhos	100,00%	100,00%	100,00%	100,00%
a)	Worten España Distribución, S.L.	Madrid (Spain)	100,00%	100,00%	-	-

These companies have been included in the consolidation by the integral consolidation method.

a) Companies acquired on 1 October 2008
b) Companies acquired on 28 November 2008
c) Company created on 29 April 2008
d) Company created on 10 December 2008
e) Company acquired on 25 July 2008
f) Company merged into Sonae Capital Brasil, Lda on 7 January 2008
g) Ex- Worten Espanã, S.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 2008 and 2007 are as follows:

	Company	Head Office	% of capital held 31.12.2008 Direct	Total	% of capital held 31.12.2007 Direct	Total
a)	Equador & Mendes-Agencia de viagens e Turismo, Lda	Lisbon	50.00%	50.00%	75.00%	67.50%
a)	Nova Equador Internacional-Agencia de Viagens e Turismo, Lda	Lisbon	50.00%	50.00%	75.00%	67.50%
a)	Nova Equador P.C.O. E Eventos, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	75.00%	67.50%
a)	Star Viagens e Turismo, S.A.	Lisbon	50.00%	50.00%	90.00%	90.00%
b)	Raso, SGPS, S.A.	Lisbon	50.00%	50.00%	-	-
c)	Geotur - Viagens e Turismo, S.A.	Lisbon	50.00%	50.00%	-	-
c)	Marcas do Mundo - Viagens e Turismo, Sociedade Unipessoal, lda	Lisbon	50.00%	50.00%	-	-
c)	Movimento Viagens - Viagens e Turismo, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	-	-
c)	Viajens y Turismo de Geotur España, S.L.	Madrid(Spain)	50.00%	50.00%	-	-

Companies included in the consolidation by the integral consolidation method in the last period:

a) As at October 2008, due to the sale of 60% of share capital of Star Viagens e Turismo, S.A. to the jointly controlled entity Raso SGPS, S.A., the company and all its subsidiaries were consolidated by the proportionate method. The remaining 40% of the disposal are recorded as Assets available for sale (Note 8.3 – Disposals);
b) Company created on 14 October 2008;
c) Company acquired on 14 October 2008.

These entities are consolidated using the proportionate consolidation method, as referred to in Note 2.2.b).

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

	31.12.2008
Non-current assets	32,979,413
Current Assets	23,608,916
Non-current liabilities	3,384,155
Current liabilities	24,677,123
Income	26,367,368
Expenses	27,296,543

6. INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies, their head offices and the percentage of share capital held as at 31 December 2008 and 2007 are as follows:

	Company	Head Office	31.12.2008 Direct	Total	31.12.2007 Direct	Total	31.12.2008	31.12.2007
	Fundo de Investimento Imobiliário Fechado Imosede	Maia	49.00%	49.00%	42.16%	42.16%	62,809,585	34,616,937
a)	Mundo Vip - Operadores Turísticos, S.A.	Lisbon	-	-	33.33%	33.33%		2,851,706
	Sonaegest - Soc. Gestora de Fundos de Investimento,S.A.	Maia	40.00%	40.00%	40.00%	40.00%	719,654	669,644
	Sempre a Postos - Produtos Alimentares e Utilidades, S.A.	Lisbon	25.00%	25.00%	25.00%	25.00%	1,142,244	943,957
							64,671,483	39,082,244

a) Associated company sold in 2009, and classified as Available for sale.

Associated companies are consolidated using the equity method, as referred to in Note 2.2.c).

As at 31 December 2008 and 2007, aggregated values of main financial indicators of associated companies are as follows:

	Total Assets		Total Liabilities		Income		Net profit for the year	
	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07
Fundo de Investimento Imobiliário Fechado Imosede	145,208,519	86,008,228	17,721,259	5,333,873	47,387,840	4,340,775	25,606,150	(504,340)
Sonaegest - Soc. Gestora de Fundos de Investimento,S.A.	1,939,235	1,858,032	140,099	183,920	840,555	714,241	125,023	276,873
Sempre a Postos - Produtos Alimentares e Utilidades, S.A.	16,226,862	13,396,531	11,657,883	9,931,743	64,178,125	64,482,822	1,104,191	1,437,602
	163,374,616	101,262,791	29,519,241	15,449,536	112,406,520	69,537,838	26,835,364	1,210,135

During the periods ended 31 December 2008 and 2007, movements in Investments in associated companies, are made up as follows:

	31.12.2008 Non-current	31.12.2007 Non-current
Investiments in associated companies		
Opening balance	39,082,244	17,823,351
Acquisitions during the period	14,878,381	21,011,577
Disposals during the period	-	-
Transfers	(2,851,706)	-
Equity method	13,562,564	247,316
	64,671,483	39,082,244

7. OTHER NON-CURRENT INVESTMENTS

Investments in other companies, their head offices, percentage of share capital held and book value as at 31 December 2008 and 2007 are as follows:

		% of capital held 31.12.2008		% of capital held 31.12.2007		Book Value	
Company	Head Office	Direct	Total	Direct	Total	31.12.2008	31.12.2007
Dispar-Distrib. De Participações, SGPS, S.A.	Lisbon	7.14%	7.14%	7.14%	7.14%	9,976	9,976
Insco - Insular de Hipermercados, S.A.	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	748,197	748,197
Puravida - Viagens e Turismo, Lda	Lisbon	50.00%	50.00%	-	-	1,584,193	-
Outros		-	-	-	-	16,605	240,997
						2,358,971	999,170

During the periods ended 31 December 2008 and 2007, movements in non-current investments, are made up as follows:

	31.12.2008	31.12.2007
Investments in other companies		
Initial balance as at January,1	785,486	33,804,781
Increases	1,000	4,988
Changes in the perimeter - Acquisitions	14,608	-
Changes in the perimeter - Disposals	(13,158)	(523,913)
Transfers (note 8)		(32,500,370)
Closing balance as at December, 31	787,936	785,486
Accumulated impairment losses (note 31)	(13,158)	(26,316)
	774,778	759,170
Advanced payments made for financial investments		
Initial balance as at January,1	240,000	900,000
Changes in the perimeter - Acquisitions	1,584,193	-
Transfers (note 8)	(240,000)	(660,000)
Closing balance as at December, 31	1,584,193	240,000

The amount of investments in other companies is mainly related with investments in non listed companies, whose fair value was not estimated because it can't be measured in a reliable way. Therefore, they are recorded by their acquisition cost, net of impairment losses.

8. CHANGES IN CONSOLIDATED PERIMETER

8.1 - Changes made to the allocation of Fair Value of concentration of company activities done on the previous period

The subsidiary Continente Hipermercados S.A. (ex-Carrefour Portugal) was acquired by the end of 2007, and therefore no fair value allocation to the acquired assets was made at that date. This process was concluded over the twelve months period ended 31 December 2008, reported to 31 December 2007, and is reflected in the new referential shown in accordance with the International Financial Reporting Standards ("IFRS").

	Acquisition Date			
	Book Value	Adjustments to Fair Value	Fair Value	Published on 31.12.2007
Acquired net assets				
Tangible and intangible assets	272,281,660	59,195,468	331,477,128	267,013,229
Inventories	34,475,424	(13,211,127)	21,264,297	34,475,424
Other current assets	5,788,904		5,788,904	5,788,904
Cash and cash equivalents	1,347,294		1,347,294	1,347,294
Deferred tax	449,449	924,902	1,374,351	1,845,583
Loans	(83,038,919)		(83,038,919)	(83,038,919)
Other liabilities	(150,218,081)	(7,188,445)	(157,406,526)	(150,218,081)
	81,085,731	39,720,798	120,806,529	77,213,434
Goodwill (Note 11)		39,675,995	464,661,539	504,847,714
Minority interests		44,803	(149,196)	(104,393)
Acquisition price		39,720,798	585,318,872	581,956,755
Total consideration paid			611,200,000	611,200,000
Price adjustment			(30,113,103)	(30,414,000)
Costs that arise from acquisition			4,231,975	1,170,755
			585,318,872	581,956,755
Net cash outflow arising from acquisition				
Payments made			611,200,000	611,200,000
Costs that arose from acquisition			4,231,975	1,170,755
Cash and cash equivalents acquired			(1,347,294)	(1,347,294)
Amount received as a result of the price adjustment			(30,113,103)	-
			583,971,578	611,023,461

In the consolidated statement of cash flows for the twelve months period ended 31 December 2008, the caption "Cash receipts related to Investments" includes a price adjustment in the amount of 30,113,103 Euro.

8.2 - Acquisitions

Main acquisitions of Companies over the twelve month period ended 31 December 2008 are as follows:

Company	Head Office	% of capital held 31.12.2008 Direct	Total
Arat Inmuebles, S.A.	Madrid (Spain)	100.00%	100.00%
Azulino - Imobiliária, S.A.	Maia	100.00%	100.00%
Worten España Distribución, S.L.	Madrid (Spain)	100.00%	100.00%
Geotur - Viagens e Turismo, S.A.	Lisbon	50.00%	50.00%
Marcas do Mundo -Viagens e Turismo, Unipessoal, Lda	Lisbon	50.00%	50.00%
Movimento Viagens - Viagens e Turismo, Unipessoal, Lda	Lisbon	50.00%	50.00%
Viajens y Turismo de Geotur España, S.L.	Madrid (Spain)	50.00%	50.00%

8.2.1 – The acquisitions of Arat – Inmuebles e Worten España had the following impact on the consolidated financial statements as at 31 December 2008:

	Book Value	Fair value allocation	Total Adjusted
Acquired net assets			
Tangible and Intangible Assets	24,588,655	17,049,979	41,638,634
Inventories	13,437,316	(6,810,447)	6,626,869
Other assets	5,389,541	(188,708)	5,200,833
Cash and cash equivalents	1,256,349		1,256,349
Deferred taxes	-	10,149,074	10,149,074
Loans	(9,127,271)		(9,127,271)
Other liabilities	(35,437,840)	(3,482,495)	(38,920,335)
	106,750	16,717,403	16,824,153
Negative Goodwill			(9,864,000)
Acquisition price			6,960,153
Payments made			1
Price adjustment			6,514,481
Costs that arose from acquisition			445,671
			6,960,153
Net cash outflow arising from acquisition			
Payments made			1
Costs that arose from acquisition			445,671
Cash and cash equivalents acquired			(1,256,349)
			(810,677)

The impact of the acquisitions on the consolidated income statement was as follows:

Operational income		25,248,006
Operational expenses		(28,051,593)
Net financial expenses		(389,875)
	Profit/(loss) before income tax	(3,193,462)
Income tax		4,867,821
	Net profit/(loss) for the year	1,674,359

If the above mentioned purchases had been reported with reference to 1 January 2008, the total operational income would have increased by 102,864,512 Euro.

8.2.2. - The acquisitions of Azulino-Imobiliária, S.A. and the Travel agencies Companies had the following impact on the consolidated financial statements as at 31 December 2008:

	Acquisition date				
	Azulino			Travel Agencies	Total
	Book Value	Fair value Allocation	Total Fair Value	Book Value	
Acquired net assets					
Tangible and intangible assets	3,749,652	920,348	4,670,000	811,479	5,481,479
Other financial investments			-	14,607	14,607
Payments made in advance for financial investments			-	1,584,193	1,584,193
Other current assets	82,450		82,450	13,642,800	13,725,250
Cash and cash equivalents	10,552		10,552	55,837	66,389
Deferred taxes	26,103	(243,892)	(217,789)	(23,992)	(241,781)
Loans	-		-	(1,118,443)	(1,118,443)
Other liabilities	(4,250,293)		(4,250,293)	(12,952,393)	(17,202,686)
	(381,536)	676,456	294,920	2,014,089	2,309,009
Goodwill (Note 11)			203,106	10,014,411	10,217,517
Acquisition price			498,026	12,028,500	12,526,526
Payments made			498,026	12,028,500	12,526,526
			498,026	12,028,500	12,526,526
Net cash flow arising from acquisition					
Payments made			498,026	12,028,500	12,526,526
Cash and cash equivalents			(10,552)	(55,837)	(66,389)
			487,474	11,972,663	12,460,137

The impact of the acquisitions on the consolidated income statement was as follows:

Operational income		13.011.388
Operational expenses		(13.186.673)
Net Financial expenses		(31.480)
	Profit/(loss) before income tax	(206.765)
Income tax		23.051
	Net profit/(loss) for the year	(183.714)

If the above mentioned purchases had been reported with reference to 1 January 2008, the total operational income would have increased by 56,677,116 Euro.

8.3 – Disposals

Main disposals of companies over the twelve month period ended 31 December 2008 are as follows:

Company	Head Office	% of held capital At disposal date Direct	Total	% of held capital 31.12.2007 Direct	Total
Equador & Mendes-Agencia de viagens e Turismo, Lda	Lisbon	50.00%	50.00%	75.00%	67.50%
Nova Equador Internacional-Agencia de Viagens e Turismo, Lda	Lisbon	50.00%	50.00%	75.00%	67.50%
Nova Equador P.C.O. E Eventos, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	75.00%	67.50%
Star Viagens e Turismo, S.A.	Lisbon	50.00%	50.00%	90.00%	90.00%

The net assets of the affiliated companies at the disposal date and 31 December 2008 are as follows:

	Disposal date
Disposal net assets	
Tangible and intangible assets	2,710,506
Goodwill (Note 11)	9,394,261
Deferred taxes	39,616
Other current assets	14,058,148
Cash and cash equivalents	122,787
Other liabilities	(14,089,442)
	12,235,875
Minority interests	(78,917)
Assets accounted as Available for Sale	(4,863,383)
Gain/(loss) in disposal	2,062,991
Disposal price	9,356,566
Net cash inflow arising from disposals	
Cash consideration received	9,356,566
Cash and cash equivalents disposed of	(122,787)
	9,233,779

The net income of that subsidiary until its disposal date is as follows. After that date those companies were consolidated using the proportionate method.

	2008
Services rendered	101,395,269
Other operational income	624,364
Other operational expenses	(98,631,551)
Net financial expenses	(145,900)
Net profit before income tax	3,242,182
Income tax	(875,463)
Net profit/(loss)	2,366,719

8.4 – Acquisitions in 2007

Main acquisitions of Companies over the twelve month period ended 31 December 2007 are as follows:

Company	Head Office	% of capital held 31.12.2007 Direct	Total
Iginha-Sociedade Imobiliária, S.A	Matosinhos	100.00%	100.00%
Modelo Continente Seguros-Sociedade de Mediação, Ldª	Porto	75.00%	75.00%
Valor N, S.A.	Matosinhos	100.00%	100.00%
Continente Hipermercados, S.A.	Lisbon	99.86%	99.86%

The acquisitions referred above, had the following impact on the consolidated financial statements as at 31 December 2007:

	Others	Others	Others	Continente Hipermercados	Total	31.12.2007
	Book Value	Fair Value Allocation	Total Fair Value	31.12.2007		
Acquired net assets						
Tangible and intangible assets (Note 10)	14,120,204	1,341,202	15,461,406	267,013,229	282,474,635	285,320,526
Other current assets	1,735,726		1,735,726	40,264,328	42,000,054	40,399,583
Cash and cash equivalents	510,473		510,473	1,347,294	1,857,767	1,801,528
Deferred taxes	8,808	(355,418)	(346,610)	1,845,583	1,498,973	1,564,950
Loans	(6,821,755)		(6,821,755)	(83,038,919)	(89,860,674)	(83,038,919)
Other liabilities	(8,696,570)		(8,696,570)	(150,218,081)	(158,914,651)	(167,654,589)
	856,886	985,784	1,842,670	77,213,434	79,056,104	78,393,079
Goodwill (Note 11)			377,371	504,847,714	505,225,085	
Minority Interests			(12,476)	(104,393)	(116,869)	
Acquisition price			2,207,565	581,956,755	584,164,320	
Payments made			9,029,320	611,200,000	620,229,320	
Price adjustment				(30,414,000)	(30,414,000)	
Financial debt at the acquisition date			(6,821,755)		(6,821,755)	
Costs that arose from acquisition				1,170,755	1,170,755	
			2,207,565	581,956,755	584,164,320	
Net cash outflow from acquisition						
Payments made			9,029,320	611,200,000	620,229,320	
Costs that arose from acquisition				1,170,755	1,170,755	
Intragroup loans at acquisition date			(6,821,755)		(6,821,755)	
Cash and cash equivalents			(510,473)	(1,347,294)	(1,857,767)	
			1,697,092	611,023,461	612,720,553	

The impact of the above mentioned acquisitions on the consolidated income statement is as follows:

Operational income		791,800
Operational expenses		(1,139,987)
Net financial expenses		(605,994)
	Net profit before income tax	(954,181)
Income tax		64,730
	Net profit/(loss)	(889,451)

If the above mentioned purchases had been reported with reference to 1 January 2007 the operating income would have increased by 589,137,736 Euro.

8.5. – Disposals in 2007

Main disposals of companies over the twelve month period ended 31 December 2007 are as follows:

Company	Head Office	% of capital held At disposal date Direct	Total	% of capital held 31.12.2006 Direct	Total
Imoponte-Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%

The net assets of affiliated companies at the disposal date are as follows:

	Affiliated companies Disposal Date	31-12-2006
Net assets disposed of		
Tangible assets	9,928,909	9,700,630
Deferred tax (note 19)	910,749	871,280
Other current assets	150,897	150,544
Cash and cash equivelents	3,683	421
Other non current liabilities	(4,316,000)	(11,837,000)
Other current liabilities	(10,396)	(920,356)
	6,667,842	(2,034,481)
Loss on disposal	(842,841)	
Disposal price	5,825,001	
Net cash inflow from the disposal		
Cash received	10,141,001	
Cash and cash equivalents disposed of	(3,683)	
	10,137,318	
Intra-group loans at disposal date	(4,316,000)	
Enterprise Value	5,821,318	

The Intra-group loan above refers to inter-company loans granted by the parent company of the disposed subsidiary, which is included in the cash received 10,141,001 Euro.

The net income of that subsidiary until its disposal date, is as follows:

	Disposal of a Subsidiary 2007
Services rendered	57
Other operational costs	102
Net financial expenses	(265,584)
Net profit before income tax	(265,425)
Income tax	39,470
Net profit/(loss)	(225,955)
	(225,955)

9. FINANCIAL INSTRUMENTS BY CLASS

The accounting policies disclosed in Note 2.11 have been applied to the line items below:

Financial Assets

As at 31 December 2008

	Notes	Loans and accounts receivable	Available for sale	Assets recorded at fair value through profit or loss (Note 25)	Hedging derivates (Note 25)	Sub-total	Assets not within scope of IFRS 7	Total
Non-current assets								
Other investments	7	1,584,193	774,778			2,358,971		2,358,971
Other non-current assets	13	2,284,632				2,284,632		2,284,632
		3,868,825	774,778			4,643,603		4,643,603
Current assets								
Trade accounts receivable	15	33,237,057				33,237,057		33,237,057
Other debtors	16	109,795,744				109,795,744		109,795,744
Other current assets	18	20,432,973				20,432,973	14,959,019	35,391,992
Other financial investments	12	60,956,594		72,494	1,776,634	62,805,722		62,805,722
Cash and cash equivalents	20	115,119,080				115,119,080		115,119,080
		339,541,448		72,494	1,776,634	341,390,576	14,959,019	356,349,595
Total		343,410,273	774,778	72,494	1,776,634	346,034,179	14,959,019	360,993,198

As at 31 December 2007

	Notes	Loans and accounts receivable	Available for sale	Assets recorded at fair value through profit or loss	Hedging derivates (Note 23)	Sub-total	Assets not within scope of IFRS 7	Total
Non-current assets								
Other investments	7	240,000	759,170			999,170		999,170
Other non-current assets	13	1,820,126				1,820,126		1,820,126
		2,060,126	759,170			2,819,296		2,819,296
Current assets								
Trade accounts receivable	15	32,409,579				32,409,579		32,409,579
Other debtors	16	121,819,762				121,819,762		121,819,762
Other current assets	18	11,829,490				11,829,490	11,662,689	23,492,179
Other financial investments	12	56,093,108		1,971	1,113,658	57,208,737		57,208,737
Cash and cash equivalents	20	67,853,490				67,853,490		67,853,490
		290,005,429		1,971	1,113,658	291,121,058	11,662,689	302,783,747
Total		292,065,555	759,170	1,971	1,113,658	293,940,354	11,662,689	305,603,043

Financial liabilities

As at 31 December 2008	Notes	Liabilities at fair value through profit or loss	Hedging Derivatives	Other financial liabilities	Sub-total	Liabilities not within scope of IFRS7	Total
Non current liabilities							
Bank loans	23			230,000,000	230,000,000		230,000,000
Bonds	23			1,001,716,603	1,001,716,603		1,001,716,603
Obligations under financial leases	24			11,109,980	11,109,980		11,109,980
Other loans	23			241,328	241,328		241,328
Other non-current liabilities	26			11,165,308	11,165,308	523,086	11,688,394
				1,254,233,219	1,254,233,219	523,086	1,254,756,305
Current liabilities							
Bank loans	23			43,249,021	43,249,021		43,249,021
Bonds	23			99,978,611	99,978,611		99,978,611
Obligations under finance leases	24			4,280,464	4,280,464		4,280,464
Other loans	23	475,848	4,894,132	35,487	5,405,467		5,405,467
Trade creditors	28			898,101,628	898,101,628		898,101,628
Other accounts payable	29			152,429,549	152,429,549		152,429,549
Other current liabilities	30			148,437,461	148,437,461	508,264	148,945,725
		475,848	4,894,132	1,346,512,221	1,351,882,201	508,264	1,352,390,465
Total		475,848	4,894,132	2,600,745,440	2,606,115,420	1,031,350	2,607,146,770

As at 31 December 2007	Notes	Liabilities at fair value through profit or loss	Other financial liabilities	Sub-total	Liabilities not within scope of IFRS7	Total
Non current liabilities						
Bank loans						
Bonds	23		1,100,672,731	1,100,672,731		1,100,672,731
Obligations under financial leases	24		5,554,636	5,554,636		5,554,636
Other loans	23		276,330	276,330		276,330
Other non-current liabilities	26		10,830,596	10,830,596	1,872,010	12,702,606
			1,117,334,293	1,117,334,293	1,872,010	1,119,206,303
Current liabilities						
Bank loans	23		83,834,903	83,834,903		83,834,903
Obligations under finance leases	24		6,783,670	6,783,670		6,783,670
Other loans	23	281,123	36,229	317,352		317,352
Trade creditors	28		835,856,284	835,856,284		835,856,284
Other accounts payable	29		80,848,547	80,848,547		80,848,547
Other current liabilities	30		144,777,374	144,777,374	2,690,269	147,467,643
		281,123	1,152,137,007	1,152,418,130	2,690,269	1,155,108,399
Total		281,123	2,269,471,300	2,269,752,423	4,562,279	2,274,314,702

As at 31 December 2008 and 2007, the financial instruments recorded at fair value through profit or loss are only derivatives that do not qualify for hedge accounting.

10. TANGIBLE AND INTANGIBLE ASSETS

During the periods ended 31 December 2008 and 2007, movements in tangible and intangible assets as well as depreciation and accumulated impairment losses, were made up as follows:

	Land and buildings	Basic Equipment	Transport Equipment	Tools and fittings	Office Equipment	Other tangible assets	Tangible assets in progress a)	Advances on account of tangible assets	Total tangible
Gross cost:									
Opening balance	1,321,081,939	586,492,798	17,525,840	29,837,028	101,287,132	1,776,285	125,567,424	14,404,376	2,197,972,822
Fair value allocation (Note 1)	54,111,446	21,825,730	(165,821)	(3,879,838)	(1,478,767)		(37,908,515)	26,650,000	59,154,235
Restated Opening balance	1,375,193,385	608,318,528	17,360,019	25,957,190	99,808,365	1,776,285	87,658,909	41,054,376	2,257,127,057
Changes in consolidation perimeter - Acquisitions	43,382,873	7,902,569	317,333	92,778	2,037,630	66,253	1,090,769	-	54,890,205
Changes in consolidation perimeter - Sales	(348,113)	(825,536)	(620)	(90,136)	(1,090,137)	(40,939)	(144,084)	-	(2,539,565)
Capital Expenditure	12,281,854	794,593	87,703	112,761	3,764,790	17	292,772,527	14,117,440	323,931,685
Disposals c)	(17,373,082)	(22,436,750)	(733,709)	(1,369,995)	(2,416,761)	(21,294)	(352,772)		(44,704,363)
Exchange rate effet	(73,196)	(209,195)	(8,278)	-	(138,129)	-	-	-	(428,798)
Transfers / write-off d)	83,874,799	124,095,781	2,221,278	4,326,631	(1,527,721)	18,021	(230,698,000)	(9,736,656)	(27,425,867)
Ending balance	1,496,938,520	717,639,990	19,243,726	29,029,229	100,438,037	1,798,343	150,327,349	45,435,160	2,560,850,354
Amortisation and losses for accumulated impairment									
Opening balance	194,037,229	278,847,315	13,568,935	20,362,366	65,309,111	1,632,160	-	-	573,757,116
Fair value allocation (Note 1)	(17,599,079)	15,488,517	(156,772)	(3,223,824)	(1,241,006)	-	-	-	(6,732,164)
Restated Opening balance	176,438,150	294,335,832	13,412,163	17,138,542	64,068,105	1,632,160	-	-	567,024,952
Changes in consolidation perimeter - Acquisitions	2,651,583	3,971,079	218,643	25,128	1,249,187	58,891	-	-	8,174,511
Changes in consolidation perimeter - Sales	(177,254)	(228,724)	(620)	(29,776)	(704,908)	(32,956)	-	-	(1,174,238)
Period depreciation	22,782,486	58,695,133	1,582,106	4,513,898	14,206,032	47,549	-	-	101,827,204
Disposals	(2,503,587)	(16,353,144)	(671,360)	(1,267,911)	(1,885,722)	(20,743)	-	-	(22,702,467)
Exchange rate effet	(39,116)	(81,671)	(3,950)	-	(44,598)	-	-	-	(169,335)
Transfers / write-off	(6,671,482)	623,314	(4,050)	(34,202)	(10,345,077)	(45)	-	-	(16,431,542)
Ending balance	192,480,780	340,961,819	14,532,932	20,345,679	66,543,019	1,684,856	-	-	636,549,085
Net book value	1,304,457,740	376,678,171	4,710,794	8,683,550	33,895,018	113,487	150,327,349	45,435,160	1,924,301,269

Intangible assets - 2008

	Development costs	Industrial property and other rights	Software	Premium period for property occupation rights	Other intangible assets	Intangible assets in progress a)	Advances on account of intangible assets	Total intangible
Gross cost:								
Opening balance	469,507	88,603,953	107,561,601	13,863,815	-	16,263,339	-	226,762,215
Fair value allocation (Note 1)	-	-	-	-	-	(1,422,500)	-	(1,422,500)
Restated Opening balance	469,507	88,603,953	107,561,601	13,863,815	-	14,840,839	-	225,339,715
Changes in consolidation perimeter - Acquisitions	1,186,461	884,987	998,542	4,250,161	17,457	-	-	7,337,608
Changes in consolidation perimeter - Sales	-	(364,185)	(1,282,959)	(1,067,256)	-	(327,837)	-	(3,042,237)
Capital expenditure	117,000	718,856	171,790	49,861	-	21,375,793	-	22,433,300
Disposals	-	(188,864)	(5,044)	-	-	(719,330)	-	(913,238)
Exchange rate effect	-	-	(37,579)	-	-	-	-	(37,579)
Transfers/ write-off	-	3,491,616	15,207,731	-	(352,471)	(14,965,186)	-	3,381,690
Saldo final	1,772,968	93,146,363	122,614,082	17,096,581	(335,014)	20,204,279	-	254,499,259
Amortisation and losses for accumulated impairment								
Opening balance	241,993	5,175,682	53,824,561	12,960,714	-	-	-	72,202,950
Changes in consolidation perimeter - acquisitions	1,154,086	647,383	881,560	4,250,160	-	-	-	6,933,189
Changes in consolidation perimeter - Sales	-	(89,895)	(768,135)	(839,028)	-	-	-	(1,697,058)
Period depreciation	119,973	2,343,572	10,640,357	108,260	-	-	-	13,212,162
Disposals	-	(66,143)	(2,792)	-	-	-	-	(68,935)
Exchange rate effect	-	-	(19,445)	-	-	-	-	(19,445)
Transfers/ write-off	-	(5)	(483)	(352,472)				(352,960)
Ending balance	1,516,052	8,010,594	64,555,623	16,127,634	-	-	-	90,209,903
Net book value	256,916	85,135,769	58,058,459	968,947	(335,014)	20,204,279	-	164,289,356

a) Most significant values included in “Tangible and intangible assets in progress” refer to the following projects:

	31.12.2008	31.12.2007
Refurbishment and expansion of stores in Portugal	146,344,713	122,900,793
Installation licenses	7,445,825	4,467,338
Software projects	12,841,147	11,726,539
	166,631,685	139,094,670

b) The most significant amounts under the caption “Advance on account of tangible assets” mainly refer to projects of stores Modelo and Continente for which advance payments were made.

c) The most significant amounts recorded under the caption “Land and Buildings” concerning to disposals, refer to the disposal of stores in Eiras and Lagoas and part of Leiria’s shopping centre, for approximately a net value of 17,800,000 Euro.

The gains generated by these disposals amounted to approximately 3 million Euro as at 31 December 2008 and are recorded under the caption “Other operational income”.

During the periods ended 31 December 2007 and 2006, movements in tangible and intangible assets as well as depreciation and accumulated impairment losses, were made up as follows:

Tangible assets - 2007

	Land and buildings	Basic Equipment	Transport Equipment	Office Equipment	Tools and fittings	Reusable Containers	Other tangible assets	Tangible assets in progress a)	Advances on account of tangible assets b)	Total tangible
Gross cost										
Opening balance	1.027.788.651	479.043.575	15.346.401	96.146.283	8.319.375	80.429	2.006.122	29.402.940	17.147.599	1.675.281.375
Changes in consolidation perimeter - Acquisitions	249.123.401	38.721.989	1.580.910	6.937.941	18.401.874	-		57.869.991		372.636.106
Changes in consolidation perimeter - Sales	(9.928.909)		-			-				(9.928.909)
Capital Expenditure	19.776.057	1.356.472	193.909	1.887.220	36.629	-		176.083.396	20.475.574	219.809.257
Disposals c)	(20.919.134)	(12.825.079)	(685.495)	(5.638.660)	(117.645)	(13.862)	(296.020)	(537.922)	-	(41.033.817)
Exchange rate effet	330.893	81.728	4.190	45.019	-	-		9.189	-	471.019
Transfers / write-off d)	54.910.980	80.114.113	1.085.925	1.909.329	3.196.795	-	(384)	(137.260.170)	(23.218.797)	(19.262.209)
Ending balance	1.321.081.939	586.492.798	17.525.840	101.287.132	29.837.028	66.567	1.709.718	125.567.424	14.404.376	2.197.972.822
Amortisation and losses for accumulated impairment										
Opening balance	128.715.051	224.445.608	12.011.068	58.138.134	4.544.535	80.429	1.824.070	-	-	429.758.895
Changes in consolidation perimeter - Acquisitions	50.162.578	20.137.861	1.057.863	5.345.648	14.072.537	-		-	-	90.776.487
Period depreciation	17.525.551	46.228.506	1.165.413	9.457.540	1.852.113	-	47.054	-	-	76.276.177
Disposals	(2.366.778)	(9.411.081)	(654.067)	(4.682.029)	(100.334)	(13.862)	(295.921)	-	-	(17.524.072)
Exchange rate effet	13.174	16.124	1.074	9.523		-		-	-	39.895
Transfers / write-off	(12.347)	(2.569.703)	(12.416)	(2.959.705)	(6.485)	-	(9.610)	-	-	(5.570.266)
Ending balance	194.037.229	278.847.315	13.568.935	65.309.111	20.362.366	66.567	1.565.593	-	-	573.757.116
Net book value	1.127.044.710	307.645.483	3.956.905	35.978.021	9.474.662	-	144.125	125.567.424	14.404.376	1.624.215.706

Intangible assets - 2007

	Development costs	Industrial property and other rights	Software	Premium paid for property occupation rights	Other intangible assets	Intangible assets in progress a)	Advances on account of intangible assets b)	Total intangible
Gross cost:								
Opening balance	464.840	83.989.039	98.303.747	13.908.707	-	13.319.370	275.000	210.260.703
Changes in consolidated perimeter - acquisitions			1.300.626					1.300.626
Capital expenditures	1.217	1.076.817	71.056			14.762.392		15.911.482
Disposals						(40.491)		(40.491)
Exchange rate effect			10.652					10.652
Transfers/ write-off	3.450	3.538.097	7.875.520	(44.892)		(11.777.932)	(275.000)	(680.757)
Ending balance	469.507	88.603.953	107.561.601	13.863.815	-	16.263.339	-	226.762.215
Amortisation and losses for accumulated impairment								
Opening balance	148.308	3.329.177	44.882.011	12.736.678	-	-	-	61.096.174
Changes in consolidation perimeter - acquisitions			685.610					685.610
Period depreciation	93.685	1.860.365	8.549.643	268.928				10.772.621
Disposals								-
Exchange rate effet			3.431					3.431
Transfers/ write-off		(13.860)	(296.134)	(44.892)				(354.886)
Ending balance	241.993	5.175.682	53.824.561	12.960.714	-	-	-	72.202.950
Net book value	227.514	83.428.271	53.737.040	903.101	-	16.263.339	-	154.559.265

a) Most significant values included in “Tangible and intangible assets in progress” refer to the following projects:

	31.12.2007	31.12.2006
Refurbishment and expansion of stores in Portugal	122,900,793	27,214,918
Installation licenses	4,467,338	3,352,407
Software projects	11,726,539	8,752,631
	139,094,670	39,319,956

The increase of the “Refurbishment and expansion of stores in Portugal” caption is explained by the acquisition of Continente Hipermercados, S.A., which had contributed with an amount of 57,582,766 Euro.

b) The most significant amounts under the caption “Advances on account of tangible assets” mainly refers to projects of Modelo and Continente stores for which advance payments were made;

c) The most significant amounts recorded under the caption “Land and Buildings”concerning to disposals, refer to the disposal of commercial galleries in Albufeira and Portimão. The carrying amount of these assets amounted to 18,550,000 Euro and a consolidated gain for the Group amounting 13,5 million Euro. This gain is included in the caption “Other operational income”.

d) Transfers for the year ended 31 December 2007 includes 6,006,580 euro related to land and buildings that were reclassified to the heading "Non-current assets held for sale", since it already exist a sale promise agreement over those assets.

   This caption includes 2,400,000 Euro related to advances made in previous periods which were received as result of the agreement annulment.

11. Goodwill

In the years ended 31 December 2008 and 2007, movements in goodwill, as well as in the corresponding impairment losses, are as follows:

	31.12.2008	31.12.2007 Rexpressed
Gross value:		
Opening balance	521.729.135	63.980.187
New companies in the consolidation perimeter (Note 8.2.2)	10.217.517	461.676.793
Increases	6.659.286	
Decreases (Note 8.3.)	(9.394.261)	(3.927.845)
Closing balance	529.211.677	521.729.135
Impairment accumulated losses (Note 21):		
Opening balance	1.374.226	2.838.583
Increases	6.817.357	-
Decreases		(1.464.357)
Closing balance	8.191.583	1.374.226
Net book value	521.020.094	520.354.909

The amount under Increases includes costs that arose with the acquisition of subsidiaries and also the Goodwill generated by the increase of the percentage of capital held in subsidiaries.

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

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

Impairment tests on Goodwill are performed on an annual basis.

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

The company carried out during the period, a detailed analysis of all its assets, having been identified some assets where that assessment was done with the help of specialists, in order to confront the perceived internal value of each asset (value in use) and its market value with its carrying amount.

Following the assessment, it was booked an impairment loss of 6,817,357 Euro, relating to “Real estate assets with income”.

As at 31 December 2008 and 2007, goodwill is as follows:

	31.12.2008	31.12.2007 Reexpressed
Food retail brands	404,466,932	399,851,492
Non food retail brands	84,184,028	80,939,555
Real estate assets with income	3,069,134	9,886,491
Real estate assets without income	-	377,371
Others	29,300,000	29,300,000
	521,020,094	520,354,909

12. OTHER INVESTMENTS

As at 31 December 2008 and 2007, this caption is as follows:

	31.12.2008	31.12.2007
Other financial investments		
Opening balance at 1 January	56.093.108	33.211.904
Purchases during the year	6.029.076	6.444.626
Disposals during the year	(27.829)	(16.063.792)
Increase/(decrease) in fair value	(1.137.760)	
Transfers	-	32.500.370
Closing balance at 31 December	60.956.595	56.093.108
Accumulated impairment losses (Note 29)	-	-
	60.956.595	56.093.108
Derivative financial instruments		
Fair value at 1 January 2007	1.115.629	49.458
Purchases during the year	72.494	1.971
Disposals during the year	(1.971)	(49.458)
Increase/(decrease) in fair value	662.976	1.113.658
Closing balance at 31 December	1.849.128	1.115.629
Total in other investments	62.805.723	57.208.737

Under the caption other financial investments is recorded an amount of 56,042,299 Euro (56,093,108 Euro as of 31 December 2007) related to deposited amounts on an Escrow Account which are applied in investment funds with superior rating and guarantee contractual liabilities assumed by the Group which may arise from the sale of Sonae Distribuição Brasil, S.A. and for which provisions were recorded (Note 31).

In accordance with the guarantee schedule, the amount deposited in the Escrow account should have already been fully paid to the Company, however there are some differences of opinion that are being negotiated between parties implying the delay of its release. The management, based on Portuguese and Brazilian lawyer's legal opinions, believes that no impairment loss should be recognized and that the amount deposited in the Escrow account will be fully paid in the short term.

13. OTHER NON CURRENT ASSETS

As at 31 December 2008 and 2007, other non current assets are detailed as follows:

	31.12.2008	31.12.2007
Granted loans to associates	-	1,015,475
Trade accounts receivable and other debtors	2,284,632	804,651
	2,284,632	1,820,126

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

a) 634,470 Euro (792,644 Euro as at 31 de December 2007) related to legal deposits made by a Brazilian subsidiary, for which are recorded the correspondent liabilities in the caption “Other creditors” (Note 26), with no defined maturity.

b) 1,638,156 Euros related with guarantees of lease contracts in group stores located in Spain, which are not matured until this date.

14. INVENTORIES

As at 31 December 2008 and 2007, Inventories are as follows:

	31.12.2008	31.12.2007 Reexpressed
Goods for sale	549,329,990	460,751,262
Accumulated impairment losses on Inventories (Note 31)	(18,510,507)	(16,095,728)
	530,819,483	444,655,534

Cost of goods sold as at 31 December 2008 and 2007 may be detailed as follows:

	31.12.2008	31.12.2007 Reexpressed
Opening balance	460.751.262	352.193.769
Changes in consolidation perimeter - aquisitions (Note 8.2.1)	6.626.869	24.063.488
Purchases	3.263.407.621	2.604.690.994
Adjustments	4.893.306	4.633.499
Closing balance	549.329.990	460.751.262
	3.176.562.456	2.515.563.490
Impairment losses	1.590.487	1.754.065
	3.178.152.943	2.517.317.555

The amounts recorded under "Inventory adjustments" for the years ended 31 December 2008 and 2007 correspond mainly to donation to social solidarity institutions.

15. TRADE ACCOUNTS RECEIVABLE

As at 31 December 2008 and 2007, trade accounts receivable are detailed as follows:

	31.12.2008	31.12.2007
Current clients	33.535.398	33.218.618
Doubtful receivables	12.418.928	11.962.348
	45.954.326	45.180.966
Accumulated impairment losses on Trade Debtors (Note 31)	(12.717.269)	(12.771.387)
	33.237.057	32.409.579

Current clients caption includes 11,420,811 Euro (15,549,379 Euro as at 31 December 2007) related to travel agency clients, as well as 12,366,082 Euro (11,231,975 Euro as at 31 December 2007) related to gross sales to participated companies.

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

As at 31 December 2008 and 2007, the ageing of the trade receivables is as follows:

	Trade accounts receivable	
	31.12.2008	31.12.2007
Not due	14,208,471	20,174,169
Due but not impaired		
0 - 30 days	4,165,062	2,404,680
30 - 90 days	9,927,462	4,932,343
+ 90 days	3,971,796	4,493,884
	18,064,320	11,830,907
Due and impaired		
0 - 90 days	221,725	77,339
90 - 180 days	713,896	204,254
180 - 360 days	643,027	660,725
+ 360 days	12,102,887	12,233,572
	13,681,535	13,175,890
Total	45,954,326	45,180,966

16. OTHER DEBTORS

As at 31 December 2008 and 2007, Other debtors are as follows:

		31.12.2008	31.12.2007 Reexpressed
Other debtors			
a)	Accounts receivable from suppliers	74.985.105	66.725.484
c)	Sale of fixed assets	8.770.261	747.614
b)	Credit sales sold to third parties	3.608.238	5.536.607
e)	Grants related to incurred costs	1.286.546	1.434.458
d)	Special regime for the Settlement of Debts to the Tax authorities and Social Security	14.576.053	14.576.053
	VAT - Real Estate assets	5.217.586	2.887.859
	Price Adjustment (Note 8)		30.414.000
	Jointly Controlled Companies	2.627.454	
	Associated Companies	1.000.000	
	Others	9.475.173	8.359.157
Advances to fixed assets suppliers		389.736	381.319
		121.936.152	131.062.551
Accumulated Impairment losses (Note 31)		(12.140.408)	(9.242.789)
Total of Financial Instruments (Note 9)		109.795.744	121.819.762

a) The amounts disclosed as 'Trade creditors - debtor balances' relates with commercial discounts billed to suppliers to be net settled with future purchases.

b) Corresponds to sales for which were received means of payment issued by others, such as coupons, tickets and similar instruments.

c) The amount under Sale of fixed assets relates mainly with the disposal of a real-estate in Brazil during the period, to be settled according with the established contract. This amount bears interests at market rate.

d) The amount disclosed as 'Special regime for settlement of debts to the tax authorities and social security corresponds to taxes which were disputed and subject to reimbursement claims. The Board of Directors is confident of the arguments presented by the Group and expects court decisions to be in favour of the Group. As a result, reimbursement of these taxes is expected.

e) The caption “Grants related with incurred costs”, refers to an amount receivable from government and is related to costs incurred with human resources training. During the period, the Group recorded an income of 338,226 Euro related to these grants (Note 38).

As at 31 December 2008 and 2007, the Other debtors ageing is as follows:

	Current suppliers with debtor balances		Other debtors	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Not Due	273,014	3,855,045	28,063,171	48,865,428
Due but not impaired				
0 - 30 days	36,337,854	19,872,653	1,503,329	4,203,042
30 - 90 days	22,223,996	30,218,156	10,113,443	8,784,758
+ 90 days	4,969,145	3,675,137	6,494,445	1,143,910
	63,530,995	53,765,946	18,111,217	14,131,710
Due and impaired				
0 - 90 days			16,390	
90 - 180 days	914		2,816	
180 - 360 days	2,259,182	1,444,067	4,564	509,848
+ 360 days	8,921,001	7,660,426	752,888	208,164
	11,181,097	9,104,493	776,658	718,012
	74,985,106	66,725,484	46,951,046	63,715,150

As at 31 December 2008 there is no indication that the debtors not due will not fulfil their obligations on usual conditions. The carrying amount of other debtors is estimated to be approximately its fair value.

17. TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2008 and 2007, Taxes recoverable and taxes and contributions payable are made up as follows:

Assets	31.12.2008	31.12.2007
Income taxation - advance payments and taxes withheld	10,266,097	13,256,014
Value Added tax	20,176,000	36,910,417
Other taxes	1,038,373	901,429
	31,480,470	51,067,860
Liabilities		
Income tax	8,563,639	6,388,566
Value Added tax	14,962,758	25,828,419
Staff income taxes withheld	2,097,197	3,055,163
Social security contributions	9,787,580	8,206,536
Other taxes	564,376	743,623
	35,975,550	44,222,307

18. OTHER CURRENT ASSETS

As at 31 December 2008 and 2007, Other current assets are made up as follows:

	31.12.2008	31.12.2007
Commercial income	17.377.253	4.222.318
Receivable interests	1.469.109	741.938
Receivable commissions	1.586.611	6.865.234
Financial Instruments (Note 9)	20.432.973	11.829.490
Claims	47.106	231.480
Rents	4.407.778	3.259.833
Condominiums management fee's	1.712.853	1.684.282
Insurance premiums paid in advance	2.714.292	2.058.068
Others	6.076.990	4.429.026
	35.391.992	23.492.179

The caption "Others" includes 569,700 Euro related to VAT receivable arising from travel agencies operations, according to Decree Law 221/85 (1,127,913 Euro as at 31 December 2007).

The amounts identified as financial instruments refer to contractual based and not due and unbilled amounts.

19. DEFERRED TAX

Deferred tax assets and liabilities as at 31 December 2008 and 2007 are as follows, taking into consideration its temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31.12.2008	31.12.2007 Reexpressed	31.12.2008	31.12.2007 Reexpressed
Fair value allocation	3.845.829	6.353.991	24.038.802	16.132.406
Amortisation and Depreciation harmonisation adjustments	16.129	70.513	39.264.318	29.290.837
Provisions and impairment losses not accepted for tax purposes	6.773.980	4.320.121		-
Writte-off of tangible and intangible assets	9.289.029	9.517.092		
Goodwill amortisation		-	6.980.016	-
Write-off of deferred costs		9.644	26.697	32.267
Valuation of derivatives	1.423.045	74.497	490.019	194.556
Reinvested capital gains		-	2.257.793	2.394.039
Revaluation of tangible fixed assets		-	2.279.573	2.523.410
Exchange differences		-	5.326.355	44.754
Tax losses carried forward	44.487.390	15.374.448		
Others	1.591.414	283.633	518.792	
	67.426.816	36.003.939	81.182.365	50.612.269

During the periods ended 31 December 2008 and 2007, movements in deferred tax assets and liabilities are made up as follows:

	31.12.2008		31.12.2007 Reexpressed	
	Assets	Liabilities	Assets	Liabilities
Opening balance	36,003,939	50,612,269	23,413,248	36,985,189
Effects in net income:				
Fair value allocation to tangible assets	-	(371,250)	-	-
Fair value allocation in subsidiaries	(5,699,762)	-	-	-
Write-off of intangible assets	(614,183)	-	59,661	-
Write-off of tangible assets	421,843	768,125	(421,461)	-
Revaluation of tangible assets	-	(238,251)	-	(97,355)
Amortisation and Depreciation harmonisation adjustments	(1,692,041)	9,803,023	(110,591)	1,384,243
Goodwill amortisation	-	6,980,016	-	-
Accruals write-off	(9,646)	(5,570)	(10,516)	(11,665)
Provisions and impairment losses not accepted for tax purpos	2,920,784	-	(760,889)	-
Derivate financial instruments	51,602	18,689	43,746	(12,584)
Tax losses carried forward	17,612,719	-	(1,537,964)	-
Reinvestement of capital gains	-	(136,246)	-	(1,118,666)
Exchange differences on brazilian subsidiaries	-	6,462,069		(1,642,013)
Others	1,314,108	1,433,999	276,716	-
	14,305,424	24,714,604	(2,461,298)	(1,498,040)
Effects on equity:				
Valuation of hedging derivatives	1,296,945	276,774	-	194,034
Foreign exchange rate effect	(817,364)	(1,192,218)	98,303	94,392
Revaluations	-	(5,586)	-	-
Others	(6,326)	-	-	-
	473,255	(921,030)	98,303	288,426
Perimeter changes effect (Note 8)				
Acquisitions	26,103	23,992	750,594	292,337
Disposals	(40,723)	(1,107)	(910,761)	(12)
Fair value adjustments	16,658,818	6,753,637	15,113,853	14,544,369
	16,644,198	6,776,522	14,953,686	14,836,694
Closing balance	67,426,816	81,182,365	36,003,939	50,612,269

During 2008, deferred tax assets amounting 18,240,000 Euro were recorded related to tax losses carried forward from the subsidiary Worten España, S.A. (acquired in 2008 - Note 8) 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). The deferred tax losses calculation is supported by the Company business plans that estimate its use in a period from 5 to 8 years (the last in a more conservative perspective).

During 2008, the fair value allocation to the acquisition of Continente Hipermercados S.A. (Note 8) was completed. In this process, and supported by the Company's business plan, besides the tax impact created by the valuation of acquired assets and liabilities, the Company recorded deferred tax assets (7,363,727 Euro) arising from tax losses carried forward amounting to 29,454,907 Euro. The values of 2007 were reexpressed to include that effect.

As at 31 December 2008 and 2007, 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:

	31-12-2008			31-12-2007		
	Tax losses	Deferred tax assets	Expiry Date	Tax losses	Deferred tax assets	Expiry Date
With limited time use						
Generated in 2002	-	-	2008	12,423,840	3,105,960	2008
Generated in 2003	464,904	116,226	2009	9,065,672	2,266,418	2009
Generated in 2004	212,609	53,152	2010	1,567,260	391,815	2010
Generated in 2005	196,781	49,196	2011	7,341,505	1,835,377	2011
Generated in 2006	387,074	96,768	2012	387,074	96,768	2012
Generated in 2007	23,480,028	5,870,008	2013	30,712,438	7,678,110	2013
Generated in 2008	4,624,321	1,156,080	2014			
	29,365,717	7,341,430		61,497,789	15,374,448	
With a time limit different from the above mentioned	118,469,447	35,540,834				
Without limited time use	4,720,959	1,605,126				
	152,556,123	44,487,390		61,497,789	15,374,448	

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

As at 31 December 2008 the Company had carried forward tax losses in the amount of 35,431,056 Euro (67,479,658 Euro as of 31 December 2007) for which no deferred tax asset were recognized for prudential reasons.

	31-12-2008			31-12-2007		
	Tax Losses	Deferred tax assets not recognized	Expiry Date	Tax Losses	Deferred tax assets not recognized	Expiry Date
With limited time use						
Generated in 2002	-	-	2008	1,814,987	453,747	2008
Generated in 2003	297,644	74,411	2009	200,291	50,074	2009
Generated in 2004	329,687	82,422	2010	329,687	82,422	2010
Generated in 2005	-	-	2011	36,519,737	9,129,934	2011
Generated in 2006	161,837	40,459	2012	161,837	40,459	2012
Generated in 2007	754,657	188,664	2013	741,708	185,427	2013
Generated in 2008	4,358,286	1,089,571	2014			
	5,902,111	1,475,527		39,768,247	9,942,063	
With limit timed use different from the mentioned above	27,046,989	7,459,955		19,571,433	5,619,101	
Without limited time use	2,481,956	843,865		8,139,978	2,767,592	
	35,431,056	9,779,347		67,479,658	18,328,756	

20. CASH AND CASH EQUIVALENTS

As at 31 December 2008 and 2007 cash and cash equivalents are as follows:

	31.12.2008	31.12.2007
Cash at hand	5,715,220	5,723,805
Bank deposits	109,368,864	62,094,598
Treasury investments	34,996	35,087
Cash and cash equivalents on the balance sheet	115,119,080	67,853,490
Bank overdrafts (Note 23)	(23,249,021)	(3,584,549)
Cash and cash equivalents on the statement of cash flows	91,870,059	64,268,941

Bank overdrafts, are recorded in the balance sheet under the caption Current loans.

21. SHARE CAPITAL AND RESERVES

Share Capital

As at 31 December 2008, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares which do not hold right to any fixed reimbursement, with a nominal value of 1 Euro each.

As at 31 December 2008, the subscribed share capital was held as follows:

Entity	%
Sonae, SGPS, S.A.	82,48 %
Sonae Investments, BV	17,52 %

As of 31 December 2007, Efanor Investimentos S.G.P.S., S.A. and its subsidiaries held 52,94% of the share capital of Sonae, SGPS, S.A..

Own shares

As of 31 December 2008 and 2007, own shares are as follows:

	31.12.2008	31.12.2007
Own shares - nominal value	-	100,000,000
Own shares - premium and discounts	-	105,000,000
Cash and cash equivalents in the cash-flow statments	-	205,000,000

During 2008 the Company reduced its share capital in 100,000,000 shares through the extinction of own shares acquired. The difference between the written reserves “Reserves under article 324 of CSC (own shares)” and acquisition cost of the own shares was transferred to Other Reserves and Retained Earnings.

Reserves and Retained Earnings

	31.12.2008	31.12.2007
Legal Reserves	99,300,000	95,000,000
Currency conversion reserves	3,666	1,104,622
Sub-total	99,303,666	96,104,622
Reserves under Article 324 of the CSC (own shares)	-	205,000,000
Fair value reserves	-	-
Hedging reserves	(3,316,342)	(538,169)
Other Reserves and Retaining Earnings	(346,889,834)	(524,010,895)
Sub-total	(350,206,176)	(319,549,064)
Total	(250,902,510)	(223,444,442)

As at 31 December 2008, the company had legal reserves amounting to 99,300,000 Euro (95,000,000 Euro at 31 December 2007). These reserves cannot be distributed except upon dissolution of the company, but can be used to absorb losses after all the other reserves have been used up or to increase capital.

The caption “Hedging Reserves” includes the portion of cash flow hedging derivative instruments fair value considered to be effective, net of tax effect.

22. MINORITY INTERESTS

Movements in minority interests during the year ended 31 December 2008 and 2007 are as follows:

	31.12.2008	31.12.2007 Reexpressed
Opening balance on 1 January	12,141,277	10,930,910
Acquisition of subsidiaries (Note 8)	-	161,672
Change in % of capital held - acquisition of shares	(159,047)	
Disposal of subsidiaries (Note 8.2)	(78,917)	-
Dividends distributed	(13,741)	(10,256)
Others	(509,834)	(264,680)
Profit for the year attributable to minority interests	(178,190)	1,323,631
Closing balance on 31 December	11,201,548	12,141,277

23. LOANS

As at 31 December 2008 and 2007, loans are made up as follows:

	31.12.2008				31.12.2007			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non current	Current	Non current	Current	Non current	Current	Non current
Bank loans	20.000.000	230.000.000	20.000.000	230.000.000	80.250.354	-	80.250.354	-
Bonds	99.978.611	1.001.716.603	100.000.000	1.006.925.000	-	1.100.672.731	-	1.106.925.000
Bank overdrafts (Note 20)	23.249.021		23.249.021	-	3.584.549	-	3.584.549	-
	143.227.632	1.231.716.603	143.249.021	1.236.925.000	83.834.903	1.100.672.731	83.834.903	1.106.925.000
Other loans	35.487	241.328	35.487	241.328	36.229	276.330	36.229	276.329
Derivatives (Note 25)	5.369.980	-	-	-	281.123	-	-	-
	5.405.467	241.328	35.487	241.328	317.352	276.330	36.229	276.329
Obligations under finance leases (Note 24)	4.280.464	11.109.980	4.280.464	11.109.980	6.783.670	5.554.636	6.783.670	5.554.636
	152.913.563	1.243.067.911	147.564.972	1.248.276.308	90.935.925	1.106.503.697	90.654.802	1.112.755.965

The repayment schedule of Borrowings (including bank loans and obligations under finance leases) is summarized as follows:

	2008		2007	
	Capital	Interests	Capital	Interests
2008			90,654,802	58,412,491
2009	147,564,972	66,716,594	103,146,003	54,804,262
2010	68,728,626	55,769,267	67,370,839	51,752,185
2011	82,894,574	53,805,885	82,065,244	48,381,029
2012	350,766,043	43,237,233	350,042,467	38,775,565
2013	155,789,127	33,010,729	155,036,229	25,634,467
2014	230,820,063	24,427,383	355,095,183	35,317,289
+2015	359,277,875	13,405,473		
	1,395,841,280	290,372,564	1,203,410,767	314,255,338

Bond loans

As of 31 December 2008 bond loans are made up as follows:

Modelo Continente / 2003	82,000,000 EUR
Modelo Continente / 2004	100,000,000 EUR
Modelo Continente / 2005/2010	64,925,000 EUR
Modelo Continente / 2005/2012	150,000,000 EUR
Modelo Continente / 2007/2012	200,000,000 EUR
Sonae Distribuição, SGPS, S.A. /2007/2015	200,000,000 EUR
Sonae Distribuição Setembro / 2007/2015	310,000,000EUR

Bonds - MODELO CONTINENTE / 2003

1,640,000 bonds – Nominal Value: 50 euro.
Maximum term: 8 (eight) years.
Annual interest rate: the interest rate which is variable is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.75% p.a.
Interest Payment: half yearly in arrears, on 15 April and 15 October of each year.
Redemption: at par, in one payment on 15 October 2011, the maturity date of the loan. Early redemption is not possible, either by initiative of the issuer or the bondholders.

Bonds - MODELO CONTINENTE / 2004

10,000,000 bonds – Nominal Value: 10 euro.
Maximum term: 5 (five) years.
Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 1.15% p.a..
Interest Payment: half yearly in arrears, on 18 March and 18 September of each year.
Redemption: at par, in one payment on 18 March 2009, the maturity date of the loan. Early redemption is not possible, either by initiative of the issuer or the bondholders.

Bonds - MODELO CONTINENTE 2005/ 2010

265,000 bonds – Nominal Value: 245 Euro.
Maximum term: 5 (five) years.
Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.70% p.a..
Interest Payment: half yearly in arrears, on 3 February and 3 August of each year.
Redemption: at par, in one payment on 5th year in one payment on 3 August 2010, the maturity date of the loan, except if it an early redemption occurs.

Early redemption (call-option): early redemption is possible by initiative of the issuer, either totally or partially (by reducing the nominal value of the bonds), on the 2nd, 3rd or 4th year of maturity. In this situation the issuer is obliged to pay a prize of 0.125% over de reimbursed value.

On the 3rd August 2007, the Company partially reimbursed the bonds, according to their conditions. The amount reimbursed per bond was 755 Euro plus a premium of 0.94375 Euro.

After the reimbursement, the loan will be reduced to 64,925,000 Euro (265,000 bonds with a 245 Euro nominal value).

Bonds - MODELO CONTINENTE 2005/ 2012

15,000,000 bonds – Nominal Value: 10 Euro.
Maximum term: 7 (seven) years.
Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.85% p.a..
Interest Payment: half yearly in arrears, on 2 February and 2 August of each year.
Redemption: at par, in one payment on 2 August 2012 the payment dates of the 14^{th} coupon, except if it an early redemption occurs.
Early redemption (call-option): early redemption is possible by initiative of the issuer, either totally or partially (by reducing the nominal value of the bonds), on the reimbursed dates of 10^{th}, 11^{th}, 12^{th} and 13^{th} coupon, without the obligation of paying any prize.

Bonds - MODELO CONTINENTE 2007/2012

4,000 bonds – Nominal Value: 50,000 Euro.
Maximum term: 5 (five) years.
Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.5% p.a..
Interest Payment: half yearly in arrears, on 30 April and 30 October of each year.
Redemption: at par, in one payment on 30 April 2012 the payment date of the 10th coupon.

Early redemption (call-option): early redemption is not possible.

Bonds – SONAE DISTRIBUIÇÃO - 2007 / 2015

4,000,000 bonds - Nominal Value: 50 Euro.
Maximum term: 8 (eight) years
Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.48% p.a..
Interest Payment: half yearly in arrears, on 10 February and 10 August of each year.
Redemption: at par, in one payment on 10 August 2015 the payment date of the 16th coupon.
Early redemption (call-option): early redemption is possible by initiative of the issuer, totally, on the payment date of the 10th, 12th or 14th coupons, without the obligation of paying any prize.

Bonds - SONAE DISTRIBUIÇÃO SEPTEMBER- 2007/2015

31,000,000 Bonds – Nominal Value: 10 Euro.
Maximum term: 8 (eight) years.
Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.25% p.a. in the first 3 interest payment dates and 0.55% p.a. from the 4th interest payment date on.
Interest Payment: half yearly in arrears, on 10 March and 10 September of each year.
Redemption: at par in the following terms:
50% on the date of the 12th coupon payment (10 September 2013);
50% on the date of the 16th coupon payment (10 September 2015).
Early redemption (call-option): early redemption is possible by initiative of the issuer, either totally or partially, on the payment dates of the 10th, 11th, 12th, 13th, 14th or 15th coupons, without the obligation of paying any prize.
Extraordinary early redemption (Call-Option): until the end of the 18th month of the loan, within the following conditions:
(i) the loan may be reimbursed total or partially, with no penalization, in each interest payment date;

ii) the loan may be reimbursed total or partially, subject to Breakage Costs, with a 30 previous days notice during each interest period.

Other loans – non currents

At 31 December 2008 this caption corresponded to repayable grants from IAPMEI under the Measure of Support to the Energy Potential and Rationalization (MAPE).These grants do not bear interests and had been attributed by a 12 years period, with a grace period of 3 years redemption after attribution. The grants will be redempted in half-yearly instalments, occurring the first six months after the grace period. 35,486 Euro are now classified in the caption "Other loans – currents".

Bank loans

This caption includes the issue of short term commercial paper in the amount of 20,000,000 Euro which bears interests at normal market rates. Additionally, includes 230,000,000 Euro related with the issue of commercial paper programmes available for 6 years commitment. Since Sonae Distribuição intends to keep these loans for a period superior to one year, those were recorded as non-current.

As at 31 December 2008 and 2007 the amount of the available credit facilities in order to manage liquidity risk, can be summarized as follows:

	31.12.2008		31.12.2007	
	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 amounts	331,361,827	170,000,000	317,737,441	400,000,000
Agreed credit facilities	374,610,849	400,000,000	401,572,344	400,000,000

The commitments of more than one year refer to commercial paper programs available for 6 years.

As at 31 December 2008 and 2007, the accounting value of the financial liabilities is similar to their fair value.

Additionally, the group has other loans in the amount of 115,119,080 Euro (67,853,490 Euro) as detailed in Note 20.

24. OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2008 and 2007, this caption is made up as follows:

	31.12.2008	31.12.2007
Net book value of assets acquired under finance leases		
Land and buildings	31,389,745	19,649,684
Transport Equipment	85,190	-
Office equipment	4,252,561	4,274,323
	35,727,496	23,924,007

Leasing creditors	Minimun lease payments		Present value of minimum lease payments	
Leasing payable amounts	31.12.2008	31.12.2007	31.12.2008	31.12.2007
2008		7,190,501		6,783,670
2009	4,880,462	3,280,731	4,280,431	3,111,462
2010	4,238,393	2,465,786	3,805,515	2,407,922
2011	1,508,582	35,921	1,222,858	35,252
2012	1,060,137	-	833,536	-
2013	875,130	-	682,634	-
>+ 5 years	5,102,134	-	4,565,470	-
	17,664,838	12,972,939	15,390,444	12,338,306
Future finance charges	(2,274,394)	(634,633)		
	15,390,444	12,338,306		
Amount due for settlement within 12 months (current liabilities)			4,280,464	6,783,670
Amount due for settlement after 12 months (non-current liabilities)			11,109,980	5,554,636

Lease agreements bear interest at usual market rates, have defined life time lessee and the lessee has call options over the leased assets.

As of 31 December 2008 and 2007, the fair value of financial obligations under financial lease contracts is similar to its book value.

The Group's obligations under finance leases are secured by the lessors' title of the leased assets.

25. DERIVATIVES

Exchange rate derivatives

The Group uses exchange rate derivatives, according to its risk management policy.

As at 31 December 2008, the fair value of the exchange rate derivatives, calculated taking into consideration present market value of equivalent financial instruments, is estimated as follows:

	31.12.2008	31.12.2007
Assets (Note 12)	72,494	1,971
Liabilities (Note 23)	(475,848)	(281,123)
	(403,354)	(279,152)

Gains and losses for the year arising from changes in the fair value of instruments that did not qualify for hedging accounting treatment, amounting to (124,202) Euro (212,567 Euro as of 31 December 2007), were recorded directly in the income statement under "Other operational expenses".

Fair value of derivatives

The fair value of the derivatives is detailed as follows:

	Assets (Note 12)		Liabilities (Note 23)	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Hedging derivatives	1,776,634	1,113,658	4,894,132	-
Other derivatives	72,494	1,971	475,848	281,123
	1,849,128	1,115,629	5,369,980	281,123

Interest rate derivatives

The derivatives recorded as liabilities were swaps and zero cost dollars. According to the accounting principles, those instruments meet all the requirements in 2008 to be designated as interest rate hedging instruments.

The fair value is as follows:

	31.12.2008	31.12.2007
Assets	1,776,634	1,113,658
Liabilities	(4,894,132)	
	(3,117,498)	1,113,658

These interest rate derivatives were valued at fair-value, at the balance sheet date, based on valuations performed within the Group using specific software and on external valuations when this software does not deal specific instruments. The fair value of the swaps was calculated, with reference to the balance sheet date, based upon 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.

26. OTHER NON CURRENT LIABILITIES

As at 31 December 2008 and 2007 other non-current liabilities were made up as follows:

	31.12.2008	31.12.2007
Participating companies (Note 35)	10.500.460	10.000.000
Other non-current trade accounts payable	664.848	830.596
Share-based payments (Note 27)	523.086	1.872.010
	11.688.394	12.702.606

As at 31 December 2008 and 2007, the caption “Other non-current liabilities” refers mainly to the estimated amounts to fulfil the legal and tax obligations of a Brazilian subsidiary which were considered appropriate to face future losses on lawsuits and for which legal deposits exist, which are recorded under the caption “Other non-current trade accounts receivable” (Note 13), with no defined maturity.

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

27. SHARE BASED PAYMENT PLANS

In 2008 and in previous years, Sonae Distribuição Group 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. The purchase can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the choice to settle its responsibilities in cash rather than through shares. The option can only be exercised if the employee still works for the Sonae Group at the vesting date.

Liabilities arising from deferred performance bonuses as at 31 December 2008 and 2007 are made up as follows:

	Year of grant	Vesting year	Number of participants	Fair value 31.12.2008	Fair value 31.12.2007
Shares					
	2005	2008	38	-	2.690.269
	2006	2009	40	508.264	1.958.101
	2007	2010	40	429.971	1.699.820
	2008	2011	42	709.315	
Total				1.647.550	6.348.190

The amount recorded in the financial statements as at 31 December 2008 and 2007, that are related to the responsabilities incurred from the date in which each plan was granted to the period then ended, can be presented as follows:

	31.12.2008	31.12.2007
Recorded as Other non-current liabilities (Note 26)	523.086	1.872.010
Recorded as Other current liabilities (Note 30)	508.264	2.690.269
Recorded in profit and loss in previous years	(2.735.184)	(628.007)
Recorded in Staff costs	(1.703.834)	3.934.272

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

28. TRADE ACCOUNTS PAYABLE

As at 31 December 2008 and 2007 this caption can be detailed as follows:

	31.12.2008	Payable 0-90 days	Payable 90-180 days	Payable >180 days
Suppliers - current account	678.898.891	675.810.040	1.795.762	1.293.089
Suppliers - invoices w aiting approval	219.202.737	216.906.894	912.987	1.382.856
	898.101.628	892.716.934	2.708.749	2.675.945

	31.12.2007 Reexpressed	Payable 0-90 days	Payable 90-180 days	Payable >180 days
Suppliers - current account	582.816.649	580.936.348	1.853.302	26.999
Suppliers - invoices w aiting approval	253.539.635	252.349.750	1.189.885	
	836.356.284	833.286.098	3.043.187	26.999

At 31 December 2008 and 2007 the caption Trade accounts payable resulted from the ordinary course of business. The Board of Directors understands that the book value of these accounts payable is similar to its fair value.

29. OTHER ACCOUNTS PAYABLE

As at 31 December 2008 and 2007 Other accounts payable were made up as follows:

		Payable		
	31.12.2008	0-90 days	90-180 days	>180 days
Participated and participating companies	782,843		156,198	626,645
Suppliers of fixed assets	104,851,843	103,454,878	731,163	665,802
Other debts	46,794,863	33,785,410	1,248,552	11,760,901
	152,429,549	137,240,288	2,135,913	13,053,348

		Payable		
	31.12.2007 Reexpressed	0-90 days	90-180 days	>180 days
Participated and participating companies	408,665	408,665		
Suppliers of fixed assets	42,158,108	39,529,576	1,965,146	663,386
Other debts	43,391,950	36,989,188	2,199,326	4,203,436
	85,958,723	76,927,429	4,164,472	4,866,822

The caption Other accounts payable includes:

a) 12,135,042 Euro of attributed discounts related to loyalty card "Cartão Cliente" and not yet used.

b) 8,545,635 Euro (6,085,151 Euro as at 31 de December 2007) related to means of payments owned by clients, as vouchers, gift cards and discount tickets.

c) 11,050,444 de Euro (approximately 7,944,600 Euro as at 31 December 2007) 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.

30. OTHER CURRENT LIABILITIES

As at 31 December 2008 and 2007 “Other current liabilities” were made up as follows:

	31.12.2008	31.12.2007
Personnel costs	81,422,113	65,890,374
Share-based payments (Note 27)	508,264	2,690,269
Accrued interests	22,419,351	18,887,751
Advertising and promotion	7,886,789	19,792,292
Other external supplies and services	22,305,374	29,607,645
Rents	6,151,609	5,146,700
Real Estate Municipality tax	3,287,268	3,658,053
Other liabilities	4,964,957	1,794,559
	148,945,725	147,467,643

The caption “Personnel costs” refers mainly to payroll amounts to be paid during next year as holiday and holiday pay.

31. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and impairment losses for the year ended 31 December 2008 and 2007 are as follows:

CAPTIONS	Opening balance	Opening Balance Reexpressed (Note 8)	Increases	Perimeter variation	Decreases a)	Final
Accumulated impairment losses on investments (Note 7)	26,316	26,316	-	(13,158)		13,158
Accumulated impairment losses on goodwill (Note 11)	1,374,226	1,374,226	6,817,357	-		8,191,583
Accumulated impairment losses on trade accounts receivable (Note 15)	12,771,387	12,771,387	1,269,602	(237,740)	(1,085,980)	12,717,269
Accumulated impairment losses on other debtors (Note 16)	8,620,872	9,242,789	2,875,996	628,444	(606,821)	12,140,408
Accumulated impairment losses - inventory (Note 14)	16,095,728	16,095,728	8,902,597	824,292	(7,312,110)	18,510,507
Provisions	18,486,207	20,064,476	-	3,105,967	(7,902,126)	15,268,317
	57,374,736	59,574,922	19,865,552	4,307,805	(16,907,037)	66,841,242

CAPTIONS	Opening balance	Increases a)	Perimeter variation	Decreases	Final
Accumulated impairment losses on investments (Note 10)	474,728	-	-	(448,412)	26,316
Accumulated impairment losses on goodwill (Note 9)	2,838,583	-	-	(1,464,357)	1,374,226
Accumulated impairment losses on trade accounts receivable (Note 13)	11,167,140	315,392	1,760,215	(471,360)	12,771,387
Accumulated impairment losses on other debtors (Note 14)	6,463,190	1,422,157	974,704	(239,179)	8,620,872
Accumulated impairment losses - inventory (Note 12)	11,542,472	3,988,050	2,799,191	(2,233,985)	16,095,728
Provisions	22,117,496	1,600,648	3,719,073	(8,951,010)	18,486,207
	54,603,609	7,326,247	9,253,183	(13,808,303)	57,374,736

a) Decreases include 1,600,577 Euro of exchange rate effect over opening balances.

Impairment losses are deducted from the corresponding asset carrying amount.

Provisions caption includes 6,016,688 Euro (14,628,032 Euro as of 31 December 2007) relating to contingencies assumed by the company, when selling the subsidiary Sonae Distribuição Brasil, S.A. in 2005. This provision is being used as costs are incurred.

32. CONTIGENT ASSETS AND LIABILITIES

	31.12.2008		31.12.2007
Guarantees rendered:			
related to tax claims awaiting outcome	113,907,257	a)	79,895,859
related to local and municipal claims awaiting outcome	23,255,089		11,687,093
Others	43,437,911	b)	45,649,202

a) Includes guarantees amounting to 86,679,557 Euro (46,603,916 Euro in December 2007) and 24,212,158 Euro (27,869,675 Euro in December 2007) related to appeals against additional corporate income tax and VAT assessments, respectively.

b) Includes guarantees of 9,170,327 Euro (35,800,646 Euro on 31 December 2007) related to VAT reimbursement processes.

During the period ended 31 December 2008, a Retail segment company Sonae Capital Brasil, Ltda granted a guarantee amounting to 21,856,170 Euro (BRL 70,892,539), (25,255,265 Euro - BRL 65,570,840, as at 31 December 2007) on a tax claim related to income tax, which is being judged by tax courts.

As a consequence of the sale of a subsidiary company in Brazil, the Group 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 2008, 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 2.3 million euro. Furthermore, there are other tax lawsuits totalling 65 million euro for which the Board of Directors, based on the lawyers' assessment, understand will not imply losses to the sold subsidiary above the referred 40 million euro.

No provision has been recorded for the liabilities that could arise from these processes, as the Board of Directors believes that they will be resolved without loss to the Company.

33. FINANCIAL COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET

As at 31 December 2008 the Group did not hold any contractual commitments concerning fixed assets acquisition or other kind of financial commitments not reflected in the balance sheet.

34. OPERATIONAL LEASES

As of 31 December 2008 an amount of 57,403,222 Euro (45,141,687 Euro on 31 December 2007) was recorded as cost for the period concerning rents due to operational lease contracts, mainly referring to leased real estate.

Additionally, as at that date, the group held as lessee operational lease contracts whose minimum lease payments schedule is made up as follows:

	31.12.2008	31.12.2007
Due in:		
Annual contracts:		
Automatically renewal	16,899,357	19,734,050
Pluri-annual contracts		
N+1	37,803,245	25,737,279
N+2	36,141,981	23,645,115
N+3	32,280,359	21,104,187
N+4	27,723,908	17,632,325
N+5	22,730,974	14,529,304
After N+5	121,389,612	66,535,895
	294,969,436	188,918,155

During 2008 it was recognized as period income the amount of Euro 8,793,408 (2007: 8,116,056 Euro) related to received rents from operational leases, mainly connected with shopping centres explored by others in group property stores.

Additionally, as at balance sheet date, the group held as lessor operational lease contracts whose minimum lease payments schedule is made up as follows:

	31.12.2008	31.12.2007
Due in:		
Automatically renewal	2,508,455	2,276,129
N+1	6,120,683	5,000,076
N+2	4,882,857	4,360,617
N+3	3,855,570	4,093,186
N+4	3,112,041	3,660,316
N+5	2,378,234	3,064,699
Afer N+5	1,447,335	2,755,955
	24,305,175	25,210,978

35. RELATED PARTIES

Balances and transactions with related parties as of 31 December 2008 and 2007 are detailed as follows:

	Sales and services rendered		Purchase and services attained		Interest income		Interest expense	
Transactions	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Parent company	576,912	375,401	619,228	761,892	121,540	2,793,622	225,440	2,459
Associated companies	16,772,288	679,597	3,402,844	3,525,507		239,377		
Participated companies	54,110,955	51,527,903						
Participating companies							481,188	408,597
Jointly controlled companies	224,497		727,936		59,955		3,216	-
Other related parties(1)	13,385,302	16,753,595	95,561,588	100,736,447		155,711		41,969
	85,069,954	69,336,496	100,311,596	105,023,846	181,495	3,188,710	709,844	453,025

	Purchase of assets		Disposal of assets	
Transactions of fixed assets	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Parent company	11,768		50,267	573,913
Associated companies	14,878,381		205,504	18,760
Jointly controlled companies	18,644,537		10,625,688	
Other related parties(1)	44,241,931	93,163,597	12,700,924	37,896,448
	77,776,617	93,163,597	23,582,383	38,489,121

					Loans			
	Accounts receivable		Accounts payable		Payables		Receivable	
Balances	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Parent company	343,935	108,794	168,426	499,045				
Associated companies	4,918,113	894,968	166,252	42,936				
Participated companies	10,623,607	12,090,910						
Jointly controlled companies	5,029,706		6,614,454		126,000		4,223,500	
Participating companies (Note 24)				432,656	10,481,188	10,000,000		15,475
Other related parties(1)	15,411,521	9,288,023	43,592,262	30,450,671			1,000,000	1,000,000
	36,326,882	22,382,695	50,541,394	31,425,308	10,607,188	10,000,000	5,223,500	1,015,475

(1) The affiliated or jointly controlled companies of Grupo Efanor, not included in Sonae Distribuição Group are considered as Other related parties.

Apart from the above mentioned transactions there are no other transactions with related companies

As of 31 December 2008 and 2007, there were no transactions with key management staff or Directors of the Company, nor were loans granted to them.

During the period, short term loans were granted to Sonae SGPS, S.A. amounting to 280,997,000 Euro (359,425,000 Euro in 2007), which were received during the period.

During the period, short term loans were obtained from Sonae SGPS, S.A., amounting 85,500,000 Euro, which were paid during the period.

The recorded amounts as Receivable Loans from participating companies refer to loans conceded to subsidiaries by its shareholders, which bear interests at market rates.

36. REMUNERATION AND OTHER COMPENSATION ATTRIBUTED TO THE MEMBERS OF THE BOARD OF DIRECTORS

During 2008 period, the total remuneration attributed to the members of the Board of Directors, amounted to 1,015,360 Euro (1,040,400 Euro as at 31 December 2007) from which 606,700 Euro (670,800 Euro as at 31 December 2007) relates to performance bonus.

Additionally, the remuneration of the staff with responsibilities in the strategic management of the main group companies (excluding the Board of Directors members) amounted to 2,686,574 Euro (3,480,756 Euro as at 31 December 2007), from which 1,541,260 Euro relates to fixed remuneration (1,973,160 Euro in 2007) and 1,145,314 Euro to performance bonus (1,507,596 Euro in 2007).

37. SALES AND SERVICES RENDERED

Sales and Services rendered in 2008 and 2007 were as follows:

	31.12.2008	31.12.2007
Sales	4,074,314,020	3,238,947,595
Services rendered (a)	145,379,164	145,720,912
	4,219,693,184	3,384,668,507

a) Mainly corresponds to the travelling agencies contribution.

38. OTHER OPERATIONAL INCOME

As at 31 December 2008 and 2007 the caption "Other operational income" was made up as follows:

	31.12.2008	31.12.2007
Suplementary revenues	372,781,489	288,997,874
Benefits from contractual penalties	81,082	104,032
Subventions received (Note 16)	338,226	182,473
Gains on disposals of tangible and intangible assets	20,023,586	13,806,875
Reversal of impairment losses (Note 31)	1,692,801	710,540
Exchange differences	13,428,814	5,021,010
Own work capitalised	8,517,884	7,127,098
Negative Goodwill (Note 8.2.1)	9,864,000	-
Other income	2,568,215	1,961,143
	429,296,097	317,911,045

a) The caption "Supplementary revenues" refers basically to revenues from the Group's suppliers concerning to: i) co-partnership on promotions carried out in Sonae Distribuição stores, ii) placement of the suppliers products in preferential locations in the Group's stores, and iii) discounts obtained for immediate payment.

b) In the "Own work capitalised" caption is included 6,749,753 Euro (5,980,469 as of 31 December 2007) referring to software development by a Brazilian subsidiary.

39. OTHER OPERATIONAL EXPENSES

As at 31 December 2008 and 2007 the caption "Other operational expenses" was made up as follows:

	31.12.2008	31.12.2007
Costs of Automatic payment terminals	23,841,339	20,086,220
Local government tax over Real Estate properties	3,188,087	2,518,676
Other tax	4,840,505	1,808,327
Losses on the Disposal of tangible assets	5,873,910	6,054,799
Losses on the Disposal of intangible assets	53,801	-
Donations	6,011,128	5,962,769
Fines and penalities	243,646	257,289
Uncollectible debts	1,267,282	610,642
Exchange differences	12,428,545	5,501,787
Other costs	9,907,033	8,486,470
	67,655,276	51,286,979

40. NET FINANCIAL EXPENSES

Net financial profit / (loss) for the years ended 31 December 2008 and 2007 are made up as follows:

	31.12.2008	31.12.2007
Expenses:		
Interest payable		
related with bank loans and overdrafts	(16,297,172)	(3,242,014)
related with non convertible bonds	(59,690,981)	(40,916,098)
related with financial leases	(440,411)	(413,827)
Others	(1,066,290)	(471,801)
	(77,494,854)	(45,043,740)
Exchange losses	(3,033,662)	(3,063,881)
Losses with debt emission	(2,429,807)	(1,941,330)
Others	(4,308,501)	(4,104,996)
	(6,738,308)	(6,046,326)
Total	(87,266,824)	(54,153,947)
Income:		
Interests receivable		
related with bank deposits	1,704,162	10,111,607
related with loans to affiliated companies	121,540	2,793,622
Others	8,111,144	3,496,740
	9,936,846	16,401,969
Exchange gains	5,138,572	2,831,286
Other financial income	178,990	238,714
Total	15,254,408	19,471,969
Net financial expenses	(72,012,416)	(34,681,978)

41. INCOME TAX

Income tax for the period ended 31 December 2008 and 2007 is as follows:

	31.12.2008	31.12.2007
Current tax	9,919,305	8,500,098
Deferred tax	1,578,670	(1,378,897)
	11,497,975	7,121,200

Under the caption Deferred Tax is included 8,830,510 Euro (2,342,238 as at 31 December 2007) related to these credits resulting from the collection of income generated by Real estate Investment Funds.

The reconciliation between the profit before taxation and the tax change for the periods ended 31 December 2008 and 2007 is summarized as follows:

	31.12.2008	31.12.2007
Profit/(loss) before income tax	182,313,297	175,937,046
Income tax rate	25.00%	25.00%
	45,578,324	43,984,262
Provisions and impairment losses not accepted for tax purposes	(2,928,719)	242,198
Goodwill impairment losses	2,127,479	-
Negative Goodwill	(2,466,000)	-
Differences in profit/(loss) in the disposal of assets for tax and accounting purposes	(1,424,667)	(2,216,129)
Use of tax losses for which no deferred taxes assets were recognised in the past	(5,635,993)	(33,740,922)
Tax losses of the current year which did not give place to the recognition of deferred tax assets	2,836,183	2,788,320
Tax rates different from portuguese tax rate	(5,217,095)	(692,745)
Tax credit related to Real Estate Investment Funds income	(1,444,315)	2,342,238
Use or reversal of deferred tax	(10,224,993)	(2,070,110)
Autonomous taxation and tax benefits	(1,275,304)	571,618
Shortage / (excess) of previous years income tax estimate	(4,381,093)	(1,123,987)
Others	(4,045,832)	(2,963,543)
Income tax	11,497,975	7,121,200

42. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2008 and 2007 were calculated taking into consideration the following amounts:

	4th Quarter.2008	31.12.2008	4th Quarter.2007	31.12.2007
Net profit				
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	91,035,606	170,993,512	68,764,950	167,492,214
Net profit taken into consideration to calculate diluted earnings per share	91,035,606	170,993,512	68,764,950	167,492,214
Number of shares				
Weighted average number of shares used to calculate basic Earnings per share	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Weighted average number of shares used to calculate the diluted earnings per share	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Earning per share (basic and diluted)	0.09	0.17	0.07	0.17

As at 31 December 2008 and 2007 there are no diluting effects on the number of circulating shares.

43. DIVIDENDS

In the annual General Meeting held on 31 March of 2008 a gross dividend of 85,000,000 Euro was approved.

44. SEGMENT INFORMATION

The contribution of the main segments for the years ended 31 December 2008 and 2007 can be detailed as follows:

31 December 2008	Turnover	EBITDA	EBIT	Net capital employed	Sales area ['.000m2]
Food retail brands	2,888,958,227	261,516,557	181,692,293	1,334,426,107	483
Non food retail brands	1,172,060,208	75,538,471	45,679,242	466,482,306	326
Real estate assets with income	7,392,090	7,310,661	4,230,216	59,869,522	
Real estate assets without income	-	9,106,319	8,791,738	153,542,102	
Financial investments	-	-	-	67,030,454	
Other	151,282,658	1,287,757	8,204	78,257,864	
	4,219,693,183	354,759,765	240,401,693	2,159,608,355	809

31 December 2007	Turnover	EBITDA	EBIT	Net capital employed	Sales area ['.000m2]
Food retail brands	2,368,424,461	207,733,018	145,411,650	1,240,541,499	374
Non food retail brands	1,009,076,913	71,410,251	47,246,242	367,084,898	239
Real estate assets with income	7,167,133	19,571,890	18,044,840	58,328,232	
Real estate assets without income		292,688	229,356	158,110,077	
Financial investments				40,081,414	
Others		26,842	26,792	68,855,501	
	3,384,668,507	299,034,689	210,958,880	1,933,001,621	613

Food retail brands
Includes the contribution of the business activity of the company related to food retail brands.

Non food retail brands
Includes the contribution of the business activity of the company related to non food retail brands.

Real estate assets with income
Includes the contribution of real estate assets managed by Sonae Distribuição, in particular commercial galleries near to Continente and Modelo units.

Real estate without income
Includes the contribution of real estate assets which in most cases will be useful to accommodate the organic growth of Sonae Distribuição

Financial investment
Includes the percentage of capital held in other companies (Note 6 and 7).

Others
Amounts that, by their nature, do not fit in any of the other categories, such as the contribution of gas stations beside Continente hypermarket's and Goodwill.

Operational Cash-flow (EBITDA)
Operational income – amortisations and depreciations – provisions and impairment losses – impairment losses reversion – negative Goodwill.

Operational income (EBIT)
Consolidated profit – income tax + profit/(loss) related to investments + profit/(loss) related to associated companies – net financial income.

Capital employed
Gross fixed assets [includes Ex-Carrefour] + other non-current assets + amortisations and impairment losses + financial investments + working capital

45. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 3 March 2009, nevertheless they are still subject to approval at the Shareholders Annual General Meeting as defined in Portuguese Commercial Law.

46. NOTE ADDED TO TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by European Union. In the event of discrepancies, the Portuguese language version prevails.

Matosinhos, 3 March 2009

The Board of Directors,

Duarte Paulo Teixeira de Azevedo (President)

Nuno Manuel Moniz Trigoso Jordão (CEO)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Álvaro Carmona e Costa Portela

INDIVIDUAL FINANCIAL STATEMENTS

SONAE DISTRIBUIÇÃO, SGPS, S.A.

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in Euro)

(Translation of company financial statements originally issued in Portuguese - Note 34)

ASSETS	Notes	IFRS 31-12-08	IFRS 31-12-07
NON CURRENT ASSETS			
Intagible assets	6	9,392	140,483
Tangible fixed assets	6	4,766	7,296
Investments	5	2,328,609,041	2,009,050,391
Deferred tax assets	7	1,296,945	304
Loans granted to group companies	4 and 8	1,263,332,780	774,196,909
Total non-current assets		3,593,252,924	2,783,395,383
CURRENT ASSETS			
Trade accounts receivable	4 and 9	1,506,614	3,540,891
Group companies	4 and 10	321,814,399	734,444,255
Other accounts receivable	4 and 12	7,404,536	7,101,105
Taxes recoverable	4 and 11	7,528,261	9,916,188
Other currents assets	4 and 13	2,937,398	2,051,090
Derivatives	4 and 14	1,776,634	1,113,658
Cash and cash equivalen	4 and 15	51,426,604	48,033
Total currents assets		394,394,446	758,215,220
TOTAL ASSETS		3,987,647,370	3,541,610,603
EQUITY AND LIABILITIES			
EQUITY:			
Share Capital	16	1,000,000,000	1,100,000,000
Legal Reserves	17	99,300,000	95,000,000
Other Reserves	17	661,498,223	825,514,961
Net Profit for the year	31	266,112,081	84,137,774
TOTAL EQUITY		2,026,910,304	2,104,652,735
LIABILITIES			
NON-CURRENT ASSETS			
Bank loans	4 and 18	230,000,000	-
Bonds	4 and 18	1,001,716,603	1,100,672,731
Deferred tax liabilities	7	472,363	233,406
Total non-current liabilities		1,232,188,966	1,100,906,137
CURRENT ASSETS			
Bank loans	4 and 18	21,476,433	2,809
Short term portion of non-current bonds	4 and 18	99,978,611	-
Derivatives	4 and 14	4,894,132	-
Suppliers	4 and 19	101,260	104,307
Group Companies	4 and 10	575,639,729	310,274,622
Other accounts payable	4 and 20	5,650	3,965,364
Taxes payable	11	2,152,100	1,184,698
Other current liabilities	4 and 21	24,300,185	20,519,931
Total current liabilities		728,548,100	336,051,731
TOTAL LIABILITIES		1,960,737,066	1,436,957,868
TOTAL EQUITY AND LIABILITIES		3,987,647,370	3,541,610,603

The accompanying notes are part of these financial statement

The Board of Directors

SONAE DISTRIBUIÇÃO, SGPS, S.A.

COMPANY INCOME STATEMENTS BY NATURE

FOR THE YEARS AND QUARTERS ENDED 31 DECEMBER 2008 AND 2007

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 34)

		IFRS		IFRS	
	Notes	4th Quarter 08 (Unaudited)	31-12-08 YTD	4th Quarter 07 (Unaudited)	31-12-07 YTD
Operatinal Income:					
Services rendered	25	399,222	1,590,069	775,579	3,128,682
Other operational income	26	1,471,397	3,747,733	920,225	3,179,931
Total Operational income		1,870,619	5,337,802	1,695,804	6,308,613
Operational expenses:					
External supplies and services		(447,702)	(1,829,373)	(327,133)	(1,373,646)
Staff costs		(187,269)	(608,088)	(982,494)	(2,548,664)
Amortisation and depreciation	6	(1,246)	(144,511)	(70,631)	(283,101)
Other operational expenses	27	(1,412,465)	(3,190,196)	(955,966)	(3,289,754)
Total operational expenses		(2,048,682)	(5,772,168)	(2,336,224)	(7,495,165)
Net Operational profit / (loss)		(178,063)	(434,366)	(640,420)	(1,186,552)
Financial income	28	25,621,891	93,227,964	21,298,447	70,793,951
Financial expenses	28	(23,190,607)	(84,545,200)	(20,566,945)	(57,734,847)
Financial profit/(loss)	28	2,431,284	8,682,764	731,502	13,059,104
Profit/(loss) related to investments	29	12,029,772	248,329,909	-	49,345,485
Profit/(loss) before taxes		14,282,993	256,578,307	91,082	61,218,037
Income tax	30	4,435,717	9,533,774	17,783,674	22,919,737
Net profit/(loss) for the year	31	18,718,710	266,112,081	17,874,756	84,137,774
Profit/(loss) per share (basic and diluted)	31	0.02	0.266	0.02	0.084

The accompanying notes are part of these financial statements

The Board of Directors

SONAE DISTRIBUIÇÃO, SGPS, S.A.

COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 34)

	Notes	Share Capital	Own Shares	Legal Reserves	Other Reserves	Hedging Reserves	Net Profit/Loss	Total Equity
Balance at 1 January 2007		1,100,000,000	(205,000,000)	90,200,000	905,536,702	-	80,335,955	1,971,072,657
Appropriation of net profit of 2006:								
Appropriation of net profit/(loss) of 2006		-	-	4,800,000	535,955	-	(5,335,955)	-
Distributed dividends	31	-	-	-	-	-	(75,000,000)	(75,000,000)
Changes in reserves								
Changes in fair value		-	-	-	-	919,625	-	919,625
Others		-	-	-	-	(381,455)	-	(381,455)
Delivery of own shares		-	205,000,000	-	-	-	-	205,000,000
Merging by incorporation		-	-	-	(81,095,866)	-	-	(81,095,866)
Net profit/(loss) for the year ended 31 December 2007	31	-	-	-	-	-	84,137,774	84,137,774
Others		-	-	-	-	-	-	-
Balance at 31 December 2007		1,100,000,000	-	95,000,000	824,976,791	538,170	84,137,774	2,104,652,735
Balance at 1 January 2008		1,100,000,000	-	95,000,000	824,976,791	538,170	84,137,774	2,104,652,735
Appropriation of net profit of 2007:								
Appropriation of net profit/(loss) of 2007		-	-	4,300,000	-	-	(4,300,000)	-
Distributed dividends	31	-	-	-	(5,162,226)	-	(79,837,774)	(85,000,000)
Acquisition of own shares	16	-	(255,000,000)	-	-	-	-	(255,000,000)
Changes in reserves								
Changes in fair value		-	-	-	-	(4,874,682)	-	(4,874,682)
Others		-	-	-	-	1,020,170	-	1,020,170
Extinction of own shares	16	(100,000,000)	255,000,000	-	(155,000,000)	-	-	-
Net profit/(loss) for the year ended 31 December 2008	31	-	-	-	-	-	266,112,081	266,112,081
Balance at 31 December 2008		1,000,000,000	-	99,300,000	664,814,565	(3,316,342)	266,112,081	2,026,910,304

The accompanying notes are part of these financial statements

The Board of Directors

SONAE DISTRIBUIÇÃO, SGPS, S.A.

COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 34)

	Notes	31-12-08	31-12-07
OPERATING ACTIVITIES:			
Cash receipts from trade debtors		3,627,159	20,733,278
Cash payments to trade suppliers		1,912,428	1,657,683
Cash paid to employees		1,696,053	3,157,405
Net cash flow generated by operations		18,678	15,918,190
Income taxes paid/(received)		(29,820,959)	(25,983,895)
Other cash receipts/payments from operating activities		116,549	(4,195,902)
Net cash flow from operating activities (1)		29,956,186	37,706,183
INVESTING ACTIVITIES			
Cash receipt related to:			
Financial investments		23,817,756	97,058,064
Intangible assets		-	275,000
Interests and similar income		80,155,518	53,873,687
Dividends		255,629,909	18,193,658
Other		611,200,000	75,000,000
Loans granted		3,608,374,675	3,191,397,022
		4,579,177,858	3,435,797,431
Cash payments related to:			
Financial investments		(350,676,406)	(274,741,772)
Tangible assets		(33)	(42)
Intangible assets		(171,415)	-
Other		-	(616,169,473)
Loans granted		(4,299,615,546)	(3,129,991,937)
		(4,650,463,400)	(4,020,903,224)
Net cash flow used in investing activities (2)		(71,285,542)	(585,105,793)
FINANCING ACTIVITIES			
Cash receipt related to:			
Loans obtained		5,918,191,730	3,255,876,455
		5,918,191,730	3,255,876,455
Cash payments related to:			
Loans obtained		(5,407,496,230)	(2,631,418,155)
Interests and similar charges		(79,461,198)	(50,742,069)
Dividends		(85,000,000)	(75,000,036)
Purchase of own shares		(255,000,000)	-
		(5,826,957,428)	(2,757,160,260)
Net cash flow used in financing activities (3)		91,234,302	498,716,195
Net increase/(decrease) in cash and equivalents (4) = (1) + (2) + (3)		49,904,946	(48,683,415)
Cash and cash equivalents at the beginning of the year	15	45,224	50,030,583
Cash and cash equivalents - Merger with subsidiaries		-	(1,301,944)
Cash and cash equivalents at the end of the year	15	49,950,171	45,224

The accompanying notes are part of these financial statements

The Board of Directors

SONAE DISTRIBUIÇÃO, SGPS, S.A.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR YEAR ENDED AS AT 31 DECEMBER 2008

(Amounts expressed in Euro)

(Translation of Notes to the Company Financial Statements originally issued in Portuguese – Note 34)

1. INTRODUCTION

SONAE DISTRIBUIÇÃO, SGPS, S.A. ("the Company" or "Sonae Distribuição") is a Portuguese Corporation, with head-office in Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Portugal.

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

The company financial statements are presented as required by Commercial Companies Code. According to Decree-Law 35/2005 of 17th 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 presentation

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable on 1 January 2008, as adopted by the European Union. These standards were issued by International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretation 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 under a going concern assumption and under the historical cost convention, except for some financial instruments which are measured at their fair value.

New accounting standards and their impact in the financial statements

Up to the financial statements approval date, the following Standards and Interpretations, some of which have became effective during the year 2008, have been endorsed by European Union:

	Effective Date
With mandatory application in 2008:	
IAS 39/IFRS 7 - Amendments: Reclassification of Financial Instruments	01-07-08
IFRIC 14/ IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01-01-08

With mandatory application after 2008:

IFRS 8 – Operating Segments	01-01-09
IFRS 2 - Amendments: Share-based Payment	01-01-09
IAS 1 - Amendments: Fist-time Adoption of International Financial Reporting Standards	01-01-09
IAS 23 - Amendments: Borrowing Costs	01-01-09
IAS 32/ IAS 1 - Amendments: Puttable Financial Instruments and Obligations Arising on Liquidation	01-01-09
Amendments to International Financial Reporting Standards (2007)	01-01-09
IFRS 1/ IAS 27 - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	01-01-09
IFRIC 13 - Customer Loyalty Programmes	01-07-08

The adoption of these Standards has not led to any relevant changes in the Company's financial statements.
It is not expected for material impacts to arise to the Company’s financial statements from the application of the above mentioned standards.

As at this date, the following standards and interpretations have already been issued by the IASB/IFRIC but have not yet been endorsed by the European Union:

	Effective Date
Amendments to IFRS 3 – Business Combinations	01-07-09
Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards	01-07-09
Amendments to IAS 27 - Consolidated and Separate Financial Statements	01-07-09
Amendments to IAS 39 – Qualifying hedging instruments	01-07-09
Amendments to IAS 39 – Reclassification of Financial Assets	01-07-09
Amendments to IFRS 7 – Financial Instruments: Disclosures	01-01-09
IFRIC 12 - Service Concession Arrangements	01-01-09
IFRIC 15 – Agreements for the Construction of Real Estate	01-01-09
IFRIC 16 – Hedges of a Net Investments in a Foreign Operation	01-10-08
IFRIC 17 – Distributions of Non-cash Assets to Owners	01-07-09
IFRIC 18 – Transfer of Assets from Customers	01-07-09

The future application of the standards mentioned above, which have not been yet endorsed by the European Union, is not expected to produce material impacts to the Company's financial statements.

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.

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

Depreciation is computed on a straight line basis, from the date the asset is first used, over the expected useful life for each class of assets.

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

	Years
Machinery and Equipment	10 to 15
Transport equipment	5
Office equipment	10
Other tangible assets	5

2.3. Intangible assets

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

Depreciation is computed on a straight line basis, from the date the asset is available for use, taking into consideration the estimated useful life for each class of assets.

2.4. Borrowing costs

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

2.5. Financial Instruments

The Company classifies the financial instruments in the presented categories conciliated with the Balance Sheet as disclosed in Note 4.

a) Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are recorded according to IAS 27, at acquisition cost net of impairment losses if any.

b) Investments

Investments are classified into the following categories:

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

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the balance sheet date. Investments classified as held to maturity have defined maturities and the Company has the intention and ability to hold them until the maturity date. Investments measured at the fair value through profit or loss include the investments held for trading that the Company acquires with the purpose of trading in the short term. They are classified in the balance sheet as current investments. The Company classifies the available-for-sale investments as non-current assets.

All purchases and sales of investments are recognised at the trade date, independently of the settlement date.

Investments are initially measured at cost, which is its fair value at acquisition date, including transaction costs if related to Held to maturity and Available-for-sale investments.

Available-for-sale investments and investments measured at fair value through profit or loss are subsequently recorded at fair value excluding any deduction of transaction costs which may be incurred during its sale taking into consideration the market price at the balance sheet date. Investments in equity instruments that do not have a market price and whose fair value cannot be reliably measured are stated at cost less impairment losses.

Gains or losses arising from changes in fair value of available-for-sale investments are recorded directly under the Fair value reserve in Equity, until the investment is sold or otherwise disposed of, or until it is considered to be impaired, at which time the cumulative gain or loss previously recorded in equity is transferred to net profit or loss for the period.

Gains or losses arising from change in fair value of investments measured at fair value through profit and loss are recorded directly in the income statement.

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

c) Loans and accounts receivable

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

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

These financial instruments arise when the Company provides funds or renders services to its subsidiaries and associated companies with no intention of trading the receivables.

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 4.

d) Other accounts receivable

Other accounts receivable are stated in the balance sheet at their nominal value net of impairment losses, recognised under an allowance account “Impairment losses on accounts receivable”, in order to reflect its net realizable value.

Impairment losses are recorded as a result of events occurred that indicate, objectively and in a quantifiable way, that the total or part of the account receivable will not be received.

Recognized impairment losses correspond to the difference between the carrying amount of the receivable and the present value of the estimated future cash-flows, discounted at the initial effective interest rate that, in those cases where it is estimated to be received in the short term (less than 1 year), it is considered to be null.

e) Classification as Equity or Liability

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

f) Loans

Loans are recorded as liabilities at their nominal value net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accrual basis, in accordance with the accounting policy defined in Note 2.8. The portion of interest regarding up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

g) Trade accounts payable and other accounts payable

Trade and other accounts payable are stated at their nominal value.

h) Derivatives

The Company enters into derivatives in order to manage its financial risks, as hedging instruments.

Derivatives used by the group that qualify as cash flow hedging instruments relate, mainly, with interest rate and foreign exchange instrument to hedge the risks arising on loans obtained. Derivatives classified as cash flow hedge instruments are used by the Company mainly to hedge interest 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 inefficiency of the hedging, in case of existence, is recorded in the income statement caption “Financial Results”.

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 forecasted transaction that is being hedged is highly probable.

Cash flow hedge instruments used by the company to hedge the exposure to changes in the interest and exchange rates of its loans are initially accounted for at fair value, if any, and subsequently at fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, and then transferred to the income statement over the same period in which the hedged instrument affects profit or loss.

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

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 year or to the carrying amount of the asset that have been recognized as a result of the hedged forecast transaction, if applicable. Subsequent changes in fair value are recorded in the income statement.

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

i) Own shares

Own shares are recorded at acquisition cost as a deduction to equity. Profit or losses resulting from disposal of own shares are recorded directly in equity.

j) Cash and cash equivalents

Cash and cash equivalents includes cash at hand, cash at banks by means of in demand and term deposits and other treasury applications which mature in less than three months and that are subject to insignificant risk of changes in its value.

For the preparation of the statement of cash flows, cash and cash equivalents caption also includes bank overdrafts, which are included in the balance sheet caption Loans.

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 subsidiaries (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.

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.

2.6. Share based payments

Share based payments result from Deferred Performance Bonus Plans that are referenced to the evolution of the Sonae, SGPS, S.A. shares’ price (parent company of Sonae Distribuição, SGPS, S.A.).

Share based payments liabilities are measured at fair value on the date they are granted (usually in March each year) and are subsequent re-evaluated at the end of each reporting period based on the number of shares granted and the corresponding fair value at the closing date. The obligations are recorded under personnel costs and other current and non-current liabilities, under a straight line basis, between the date the shares were granted and their vesting date, taking into a consideration the time elapsed between these dates.

2.7. Contingent assets and liabilities

Contingent liabilities are not recorded in the financial statements, being disclosed, 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 the existence of future economic benefit is probable

2.8. Revenue recognition and accrual basis

Revenue from services rendered is recorded in the income statement taking into consideration the stage of completion of the transaction at the balance sheet date.

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

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

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

2.9. Subsequent events

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

2.10. Judgement and estimates

The most significant accounting estimates reflected in the income statements include:

a) Impairment of assets and provisions;
b) Impairment of loans and investments in subsidiaries and associated companies.

Estimates used are based on the best information available during the preparation of financial statements and are based on best knowledge of past and present events. Although future events are neither controlled by the Company 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 financial statements, will be recognised in net income, in accordance with IAS 8, prospectively.

2.11. Income tax

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

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

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

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

3. FINANCIAL RISK MANAGEMENT

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

3.1 – Market risk

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

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

3.1.1– Interest rate risk

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

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

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

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 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, it is expected that the individual exposure to interest rate risk is low. If interest rates of euro had been 75 b.p. higher (lower) during 2008, the company net profit before tax at 31 December 2008 would decrease (increase) by approximately 3.4 million EUR (0.7 million in 2007). The impact in equity would be an increase (decrease) of, approximately, 2.5 million EUR (2.4 million EUR), taking into consideration the current contracts and excluding any other effects on the Company's activity.

3.1.2 – Exchange rate risk

Sonae does not have any material foreign exchange rate exposure at holding level, since almost all assets and liabilities are denominated in Euro.

3.2 – Liquidity risk

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

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

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

The liquidity analysis for financial instruments is presented in each related class note.

3.3 – Credit risk

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

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

The credit risk is limited by risk concentration management, and by a selection of counterparties, which have a high national and international prestige, with at least a credit rating of BBB or an equivalent rating issued by other international agencies.

4. FINANCIAL INSTRUMENTS BY CLASS

The accounting policies disclosed in Note 2.5 as at 31 December 2008, have been applied to the line items below:

FINANCIAL ASSETS

	Note	Loans and accounts receivable	Hedging derivatives	**Subtotal**	Assets not within IFRS 7 scope	**Total**
NON-CURRENT ASSETS						
Loans granted to group companies	8	1,263,332,780		1,263,332,780		1,263,332,780
		1,263,332,780		1,263,332,780		1,263,332,780
CURRENT ASSETS						
Trade receivables	9	1,506,614		1,506,614		1,506,614
Group companies	10	321,814,399		321,814,399		321,814,399
Other debtors	12	7,404,536		7,404,536		7,404,536
Other current assets	13	1,870,069		1,870,069	1,067,329	2,937,398
Derivatives	14		1,776,634	1,776,634		1,776,634
Cash and cash equivalents	15	51,426,604		51,426,604		51,426,604
		384,022,222	1,776,634	385,798,856	1,067,329	386,866,185

FINANCIAL LIABILITIES

	Note	Loans and accounts payable	Hedging derivatives	**Subtotal**	Liabilities not within IFRS 7 scope	**Total**
NON-CURRENT LIABILITIES						
Bank loans	18	230,000,000		230,000,000		230,000,000
Bonds	18	1,001,716,603		1,001,716,603		1,001,716,603
		1,231,716,603		1,231,716,603	-	1,231,716,603
CURRENT LIABILITIES						
Bank loans	18	21,476,433		21,476,433		21,476,433
Bonds	18	99,978,611		99,978,611		99,978,611
Derivatives	14		4,894,132	4,894,132		4,894,132
Trade creditors	19	101,260		101,260		101,260
Group companies	10	575,639,729		575,639,729		575,639,729
Other creditors	20	5,650		5,650		5,650
Other non-current liabilities	21	24,099,255		24,099,255	200,930	24,300,185
		721,300,938	4,894,132	726,195,070	200,930	726,396,000

According to the accounting policies described in note 2.5 as at 31 December 2007, the financial instruments were classified as follows:

FINANCIAL ASSETS

	Note	Loans and accounts receivable	Hedging derivatives	**Subtotal**	Assets not within IFRS 7 scope	**Total**
NON-CURRENT ASSETS						
Loans granted to group companies	8	774,196,909		774,196,909		774,196,909
		774,196,909		774,196,909		774,196,909
CURRENT ASSETS						
Trade receivables	9	3,540,891		3,540,891		3,540,891
Group companies	10	734,444,255		734,444,255		734,444,255
Other debtors	12	7,101,105		7,101,105		7,101,105
Other current assets	13	1,451,118		1,451,118	599,972	2,051,090
Derivatives	14		1,113,658	1,113,658		1,113,658
Cash and cash equivalents	15	48,033		48,033		48,033
		746,585,402	1,113,658	747,699,060	599,972	748,299,032

FINANCIAL LIABILITIES

	Note	Loans and accounts payable	Hedging derivatives	**Subtotal**	Liabilities not within IFRS 7 scope	**Total**
NON-CURRENT LIABILITIES						
Bonds	18	1,100,672,731		1,100,672,731		1,100,672,731
		1,100,672,731		1,100,672,731	-	1,100,672,731
CURRENT LIABILITIES						
Bank loans	18	2,809		2,809		2,809
Trade creditors	19	104,307		104,307		104,307
Group companies	10	310,274,622		310,274,622		310,274,622
Other creditors	20	3,965,364		3,965,364		3,965,364
Other currente liabilities	21	19,613,486		19,613,486	906,445	20,519,931
		333,960,588		333,960,588	906,445	334,867,033

5. INVESTMENTS

As at 31 December 2008 and 2007, the investments caption is made up as follows:

	31.December.2008		31.December.2007	
Company	% held	Final balance	% held	Final balance
Participated Companies				
Azulino - Imobiliária, S.A.	100,00%	498.025		
Bertimóvel - Sociedade Imobiliária, S.A.	100,00%	1.375.000	100,00%	875.000
Edições Book.it - S.A.	100,00%	1.000.000		
Canasta - Empreendimetos Imobiliários, S.A.	100,00%	1.579.375	100,00%	1.579.375
Chão Verde - Sociedade de Gestão Imobiliária, S.A.	100,00%	2.244.591	100,00%	2.244.591
Citorres - Sociedade Imobiliária, S.A.	100,00%	477.848	100,00%	477.848
Contibomba - Comércio e Distribuição de Combustíveis, S.A.	100,00%	372.000	100,00%	372.000
Contimobe - Imobiliária Castelo Paiva, S.A.	100,00%	231.318.722	100,00%	231.318.722
Cumulativa - Sociedade Imobiliária, S.A.	100,00%	2.095.191	100,00%	2.095.191
Difusão - Sociedade Imobiliária, S.A.	100,00%	50.000	100,00%	50.000
Farmácia Selecção, S.A.	100,00%	100.000		
Fozimo - Sociedade Imobiliária, S.A.	100,00%	24.940	100,00%	24.940
Fozmassimo - Sociedade Imobiliária, S.A.	100,00%	6.264.902	100,00%	6.264.902
Fundo de Investimento Imobiliário Imosonae Dois	100,00%	158.410.389	100,00%	182.228.145
Fundo de Investimento Imobiliário Fechado Imosede	49,00%	49.414.958	42,16%	34.536.577
IGI - Investimento Imobiliário, SA	100,00%	114.495.350	100,00%	114.495.350
Igimo - Sociedade Imobiliária, S.A.	100,00%	220.000	100,00%	220.000
Iginha - Sociedade imobiliária, S.A.	100,00%	109.000	100,00%	109.000
Imoconti - Sociedade Imobiliária, S.A.	100,00%	50.000	100,00%	50.000
Imoestrutura - Sociedade Imobiliária,S.A.	100,00%	24.940	100,00%	24.940
Imomuro - Sociedade Imobiliária, S.A.	100,00%	539.940	100,00%	539.940
Imoresultado - Sociedade Imobiliária, S.A.	100,00%	109.736	100,00%	109.736
Imosistema - Sociedade Imobiliária, S.A.	100,00%	280.000	100,00%	280.000
Infofield - Informática, S.A.	10,00%	530.459	10,00%	530.459
Marcas MC zRt	100,00%	72.784.761	100,00%	72.784.761
MJLF - Empreendimetos Imobiliários, S.A.	100,00%	1.719.397	100,00%	1.719.397
Modalfa - Comércio e Serviços, S.A.	10,00%	27.933	10,00%	27.933
Modelo Continente - Operações de Retalho, SGPS, S.A.	100,00%	1.050.000.000	100,00%	1.050.000.000
Modelo Continente Hipermercados, S.A.	56,00%	284.190.240	56,00%	174.990.240
Modelo Continente Seguros - Sociedade de Mediação, Lda	75,00%	161.250	75,00%	161.250
Modelo-Com - Vendas por Correspondência, S.A.	100,00%	12.637.016	100,00%	12.637.016
Predicomercial - Promoção Imobiliária, S.A.	100,00%	6.372.293	100,00%	6.372.293
Raso, SGPS, S.A.	50,00%	24.500.000		
Selifa - Sociedade de Empreendimentos Imobililiários, S.A.	100,00%	1.408.379	100,00%	1.408.379
Sempre à Mão - Sociedade Imobiliária, S.A.	100,00%	125.000	100,00%	125.000
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	25,00%	249.399	25,00%	249.399
Sesagest - Projectos e Gestão Imobiliária, S.A.	100,00%	36.677.088	100,00%	36.677.088

Socijofra - Sociedade Imobiliária, S.A.	100,00%	550.000	100,00%	550.000
Sociloures - Sociedade Imobiliária, S.A.	100,00%	10.000.000	100,00%	10.000.000
Soflorin, B.V.	100,00%	257.309.037	100,00%	57.309.037
Sonae Capital Brasil, S.A.	37,00%	23.334.858	37,00%	23.334.858
Sonae Retalho España, S.A.	100,00%	2.549.831	100,00%	2.549.831
Sonaegest - Soc. Gest. de Fundos de Investimentos, S.A.	20,00%	159.615	20,00%	159.615
Sondis Imobiliária, S.A.	100,00%	49.940	100,00%	49.940
Sontária - Empreendimentos Imobiliários, S.A.	100,00%	10.600.000	100,00%	10.600.000
Sonvecap, B.V.	100,00%	3.000.000	100,00%	3.000.000
Sportzone - Comércio de Artigos de Desporto, S.A.	10,00%	706.326	10,00%	706.326
Todos os Dias-Comércio Ret. e Expl. de Centros Comerciais, S.A.	100,00%	1.180.000	100,00%	1.180.000
Tlantic Portugal - Sistemas de Informação, S.A.	100,00%	50.000	100,00%	50.000
Valor N, S.A.	100,00%	2.087.315	100,00%	2.087.315
Worten - Equipamentos para o Lar, S.A.	10,00%	462.494	10,00%	462.494
		2.374.477.538		2.047.618.888
Impairment of Investments (Note 22)		(45.868.497)		(38.568.497)
		2.328.609.041		2.009.050.391

During periods ended 31 December 2008 and 2007, the movements of the caption Investments are as follows:

	31.12.2008 Non-current	31.12.2007 Non-current
Investments in group companies		
Opening balance	1,720,117,152	1,163,752,000
Purchases	123,298,025	83,712,782
Disposals		(12,148,502)
Recognition of investments as result of the merger		493,563,316
Investments estinguished as a result of the merger		(8,762,444)
Final balance	1,843,415,177	1,720,117,152
Accumulated impairment losses (Note 22)	(45,868,497)	(38,568,497)
	1,797,546,680	1,681,548,655
Investments in associated companies		
Opening balance	409,014	249,399
Recognition of investments as result of the merger	-	159,615
Final balance	409,014	409,014
Accumulated impairment losses	-	-
	409,014	409,014
Suplementary Capital		
Opening balance	2,480,000	2,480,000
Additions	212,000,000	-
Final balance	214,480,000	2,480,000
Investment Funds		
Opening balance	216,764,722	174,864,432
Increases	14,878,381	85,813,990
Dividends	(23,817,756)	(43,913,700)
Final balance	207,825,347	216,764,722
Accumulated impairment losses	-	-
	207,825,347	216,764,722
Contributions of capital		
Opening balance	107,848,000	8,773,000
Additions	500,000	98,675,000
Disposals	-	(2,075,000)
Recognition of investments as result of the merger	-	2,475,000
Final balance	108,348,000	107,848,000
Accumulated impairment losses	-	-
	108,348,000	107,848,000
Advances on financial investments acquisition		
Opening balance	-	-
Purchases	-	660,000
Recognition of investments as result of the merger	-	660,000
Advances regularization	-	(1,320,000)
	-	-
	2,328,609,041	2,009,050,391

The increase of 123,298,025 Euro in the caption Investments on Group companies includes the share capital increase in Modelo Continente Hipermercados, S.A. amounting to 109,200,000; the incorporation of Edições Book it, S.A. amounting 1,000,000 Euro; the incorporation of Raso, SGPS, S.A. amounting 12,500,000 Euro; the incorporation of Farmácia Selecção, S.A. amounting 100,000 Euro; and the purchase of 100% of Azulino – Imobiliária, S.A. amounting 498,025 Euro.

The increase of 212,000,000 Euro in the caption Supplementary Capital is related to Soflorin B.V. in (200,000,000 Euro) as well as Raso, SGPS, S.A. (12,000,000 Euro).

The increase of 14,878,381 Euro recorded in the caption Investment Funds relates to the capital subscription of Fundo de Investimento Imobiliário Fechado Imosede.

The amount of (23,817,756) Euro recorded in the caption "Investment Funds" refers to the net profits received from Fundo Investimento Imobiliário Imosonae Dois accumulated until the date of its acquisition.

6. TANGIBLE AND INTANGIBLE ASSETS

During the year ended 31 December 2008, movements in tangible and intangible assets as well as depreciation and accumulated impairment losses, are as follows:

Intangible assets:

Acquision cost:	Opening balance 31.12.2007	Increases	Decreases	Transfers	Closing balance 31.12.2008
Industrial property and other rights	1,401,602	10,890		136	1,412,628
Software	479				479
Intangible assets in progress	136	160,389	160,389	(136)	-
	1,402,217	171,279	160,389	0	1,413,107

Amortisations and accumulated impairment losses	Opening balance 31.12.2007	Increases	Decreases	Transfers	Closing balance 31.12.2008
Industrial property and other rights	1,261,255	141,981			1,403,236
Software	479				479
	1,261,255	141,981	-	-	1,403,715

Tangible assets:

Acquision cost:	Opening balance 31.12.2007	Increases	Decreases	Transfers	Closing balance 31.12.2008
Machinery and equipment	2,464				2,464
Transport equipment	19,062				19,062
Office equipment	24,805				24,805
Other tangible assets	679				679
	47,010	-	-	-	47,010

Amortisations and accumulated impairment losses	Opening balance 31.12.2007	Increases	Decreases	Transfers	Closing balance 31.12.2008
Machinery and equipment	657	246			903
Transport equipment	19,062				19,062
Office equipment	19,316	2,284			21,600
Other tangible assets	679				679
	39,714	2,530	-	-	42,244

Total net assets	Opening balanc 31.12.2007	Increases	Decreases	Transfers	Final balance 31.12.2008
Intangible assets	140,483	29,298	160,389		9,392
Tangible assets	7,296	(2,530)			4,766

During the year ended 31 December 2007, movements in tangible and intangible assets as well as depreciation and accumulated impairment losses, are made up as follows:

Intangible assets:

Acquision cost:	Opening balance 31.12.2006	Increases	Decreases	Merger Effect	Closing balance 31.12.2007
Industrial property and other rights	1,401,602				1,401,602
Software				479	479
Intangible assets in progress		136			136
Advanced payments for intagible assets	275,000		275,000		-
	1,676,602	136	275,000	479	1,402,217

Amortisations and accumulated impairment losses	Opening balance 31.12.2006	Increases	Decreases	Merger Effect	Closing balance 31.12.2007
Industrial property and other rights	980,934	280,321			1,261,255
Software				479	479
	980,934	280,321		479	1,261,734

Tangible assets:

Acquision cost:	Opening balance 31.12.2006	Increases	Decreases	Merger Effect	Closing balance 31.12.2007
Machinery and equipment	2,464				2,464
Transport equipment	19,062				19,062
Office equipment	16,653	33		8,119	24,805
Other tangible assets	679				679
	38,858	33		8,119	47,010

Amortisations and accumulated impairment losses	Opening balance 31.12.2006	Increases	Decreases	Merger Effect	Closing balance 31.12.2007
Machinery and equipment	411	246			657
Transport equipment	19,062				19,062
Office equipment	8,663	2,534		8,119	19,316
Other tangible assets	679				679
	28,815	2,780		8,119	39,714

Total net assets	Opening balance 31.12.2006	Increases	Decreases	Merger Effect	Final balance 31.12.2007
Intangible assets	695,668	(280,185)	275,000	-	140,483
Tangible assets	10,043	(2,747)		-	7,296

7. DEFERRED TAX

Deferred tax assets and liabilities as at 31 December 2008 and 2007 are as follows, split between the different types of temporary differences:

	Assets		Liabilities	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Financial instruments	1,296,945		470,808	194,034
Write off of intangible assets		304		
Differences between amortisations for accounting and tax purposes			1,555	39,372
	1,296,945	304	472,363	233,406

During the periods ended 31 December 2008 and 2007, movements in deferred tax assets and liabilities are as follows:

	Assets		Liabilities	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Opening balance	304	1,649	233,406	115,282
Effects on income:				
Write off of intangible assets (Note 30)	(304)	(1,345)		
Harmonised adjustments (Note 30)			(37,818)	(75,910)
	(304)	(1,345)	(37,818)	(75,910)
Effects on equity:				
Financial instruments valuation	1,296,945		276,775	194,034
Final balance	1,296,945	304	472,363	233,406

	31.12.2008			31.12.2007		
	Tax loss	Deferred tax not recognized	Limit use date	Tax loss	Deferred tax not recognized	Limit use date
Originated in 2005	-	-	2011	36,519,737	9,129,934	2011
	-	-		36,519,737	9,129,934	

According to Portuguese law, on Corporate Income tax declarations are subject to review and change by tax authorities during a four-year period (10 year for Social Security and five since 2001) except when there were tax losses carried forward, have been granted tax credits, or there are ongoing inspections or claims. In these cases the four year period is enlarged or suspended.

It is the Board of Directors understanding that eventual claims by the Tax Authorities will not result in any liabilities for the company.

8. LOANS GRANTED TO GROUP COMPANIES

As at 31 December 2008 and 2007 the non-current assets were as follows (Note 33):

	31.12.2008	31.12.2007
Loans to group companies	1,263,332,780	774,196,909

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

9. TRADE ACCOUNTS RECEIVABLE

The amount of trade accounts receivable refers to Management Fee's, invoiced, mainly, to Sonae Distribuição, SGPS, S.A. Group companies.

Up to the balance sheet date there are no due accounts receivable and there were no impairment losses recorded, as there are no indications that clients will not fulfil their obligations.

10. GROUP COMPANIES - CURRENT

As at 31 December 2008 and 2007, this caption is as follows:

Receivables:

	31.12.2008	31.12.2007
Short term loans (Note 33)	263,578,000	61,473,000
Interests charged but not received	44,636,742	32,629,586
Taxes - Special Regime for Taxation of Groups of Companies (a)	13,599,657	29,141,669
Others (b)	-	611,200,000
	321,814,399	734,444,255

Payables:

	31.12.2008	31.12.2007
Short term loans (Note 33)	568,836,000	308,140,500
Interest charged but not paid	12,428	
Taxes - Special Regime for Taxation of Groups of Companies (a)	6,791,301	2,134,122
	575,639,729	310,274,622

a) Income tax estimated by group companies taxed in accordance with the Special Regime for Taxing of Groups of Companies

b) Payment made on 31 December 2007, on behalf of Modelo Continente Hipermercados, S.A., Spanish branch related to the acquisition of Continente Hipermercados, S.A. (ex-Carrefour), regularized on 2008.

There were no past due assets thus no impairment loss was recognized as at 31 December 2008 and 2007. The fair value of loans granted is similar to its carrying amount.

11. TAXES RECOVERABLE, TAXES PAYABLE

As at 31 December 2008 and 2007 this caption is detailed as follows:

Assets:

	31.12.2008	31.12.2007
Income tax	7,528,261	9,916,188
	7,528,261	9,916,188

Liabilities:

	31.12.2008	31.12.2007
VAT	239,631	565,698
Social security	2,144	2,110
Withholding tax - Capital gains	16,923	413,455
Other	1,893,402	203,435
	2,152,100	1,184,698

12. OTHER DEBTORS

As at 31 December 2008 and 2007, the caption Other current assets can be detailed as follows:

	Other debtors	
	31.12.2008	31.12.2007
Not due	7,404,536	7,101,105

The caption Other debtors includes, approximately, 5,790,887 Euro (the same amount in 2007) related to taxes claimed from tax authorities, being an understanding by the Sonae Distribuição Board of Directors that the result of such claim will favour the company. Therefore, there was no impairment losses recognized. The remainder amounts refer to accounts receivable from Sonae Distribuição Group companies, not due and without any indication of impairment.

13. OTHER CURRENT ASSETS

As at 31 December 2008 and 2007, the caption "Other current assets" can be detailed as follows:

	31.12.2008	31.12.2007
Deferred costs	1,067,329	599,972
Accrued income	1,870,069	1,451,118
	2,937,398	2,051,090

As at 31 December 2008 the heading Deferred costs is made up as follows:
(i) 290,633 Euro (230,856 Euro in 2007) related to insurance premiums paid in advance.
(ii) 776,696 Euro (369,116 Euro in 2007) related to debt issuance costs paid in advance.

As at 31 December 2008 the heading accrued income is made up as follows:
(i) 739,602 Euro (1,019,290 Euro in 2007) related to interests in loans granted to Group companies;
(ii) 1,130,467 Euro (431,828 Euro in 2007) related to compensatory interests recorded.

14. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate hedging derivatives

As at 31 December 2007, the fair value of the derivatives, estimated taking into consideration present market value of equivalent financial instruments, is estimated as follows:

	31.12.2008	31.12.2007
Assets	1,776,634	1,113,658
Liabilities	4,894,132	-

The value of derivatives recorded as assets are interest rate swaps that have the financial effect of converting floating rates to fixed rates in order to obtain a fixed interest rate in the respective borrowings.

The derivatives recorded as liabilities are interest rate zero cost dollars and have the purpose to hedge the volatility of interest rates from the obtained loans.

These interest rate derivatives are valued at fair value, at the balance sheet date, based on valuations 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.
The calculation of the fair value of options was based on the Black-Scholes model and similar models.

The profits and losses of the period associated to the variation of fair value of the financial instruments amounted a net loss of 3,955,057 Euro, exempt of deferred tax, and were recorded under the caption equity.

15. CASH AND CASH EQUIVALENTS

As at 31 December 2008 and 2007 cash and cash equivalents can be detailed as follows:

	31.12.2008	31.12.2007
Bank deposits	51,391,607	13,036
Treasury applications	34,997	34,997
Cash and cash equivalents on the balance sheet	51,426,604	48,033
Bank overdrafts (Note 18)	(1,476,433)	(2,809)
Cash and cash equivalents on the cash flow statement	49,950,171	45,224

Bank overdrafts are disclosed in the balance sheet in the caption Loans.

16. SHARE CAPITAL

As at 31 December 2008, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares (1,100,000,000 as at 31 December 2007) which do not hold right to any fixed dividend, with a nominal value of 1 Euro each.

During 2008, Sonae Distribuição acquired 100,000,000 shares to an affiliated company by 255,000,000 Euro.

On 22 December 2008 the Company reduced its share capital in 100,000,000 shares through the extinction of own shares acquired.

As at 31 December 2008, the subscribed share capital was held as follows:

Entity	%
Sonae, SGPS, S.A.	82.48
Sonae Investments, B.V.	17.52

17. RESERVES

	31.12.2008	31.12.2007
Legal reserves	99,300,000	95,000,000
	99,300,000	95,000,000
Reserves and Retained earnings		
Reserves under the artº 324 CSC	-	205,000,000
Fair value reserves	-	-
Hedging reserves	(3,316,342)	538,170
Other reserves	664,814,565	619,976,791
	661,498,223	825,514,961
	760,798,223	920,514,961

As of 31 December 2008 the company held 99,300,000 Euro (95,000,000 as at 31 December 2007) of Legal reserves. According to Commercial Companies Code ("Código das Sociedades Comerciais") these reserves cannot be distributed except upon dissolution of the company, but can be used to absorb retained losses after all the other reserves have been used, or to increase capital.

As a result of the extinction of own shares (Note 16), the value of the Reserve written up, in accordance with the article 324 of Commercial Companies Code ("Código das Sociedades

Comerciais"), was made available. The difference between that Reserve and acquisition cost of the own shares amounts to 50,000,000 and was transferred to Other Reserves.

18. BORROWINGS

As at 31 December 2008 and 2007, this caption included the following loans:

	31.12.2008				31.12.2007			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non current	Current	Non current	Current	Non current	Current	Non current
Bank loans	20,000,000	230,000,000	20,000,000	230,000,000				
Bank overdrafts	1,476,433		1,476,433		2,809		2,809	
Bonds	99,978,611	1,001,716,603	100,000,000	1,006,925,000		1,100,672,731		1,106,925,000
	121,455,044	1,231,716,603	121,476,433	1,236,925,000	2,809	1,100,672,731	2,809	1,106,925,000

	31.12.2008			31.12.2007	
	Capital	Interests		Capital	Interests
2008			2008	2,809	57,954,762
2009	121,476,433	66,148,798	2009	100,000,000	54,619,895
2010	64,925,000	55,384,580	2010	64,925,000	51,688,373
2011	82,000,000	53,519,269	2011	82,000,000	48,380,361
2012	350,000,000	42,985,468	2012	350,000,000	38,775,565
2013	155,000,000	32,794,303	2013	155,000,000	25,634,467
2014	230,000,000	24,247,911	+2014	355,000,000	35,317,289
+2015	355,000,000	13,070,720			
	1,358,401,433	288,151,049		1,106,927,809	312,370,710

The borrowing and interests beared shall be reimbursed as follows:

As of 31 December 2008 bonds are made up as follows:

Modelo Continente - 2003	82,000,000
Modelo Continente - 2004	100,000,000
Modelo Continente - 2005/2010	64,925,000
Modelo Continente - 2005/2012	150,000,000
Modelo Continente - 2007/2012	200,000,000
Sonae Distribuição - 2007/2015	200,000,000
Sonae Distribuição Setembro - 2007/2015	310,000,000

Bonds – MODELO CONTINENTE / 2003
1,640,000 bonds – Nominal Value: 50 Euro.
Maximum term: 8 (eight) years.
Annual interest rate: the interest rate which is variable is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.75% p.a.
Interest Payment: half yearly in arrears, on 15 April and 15 October of each year.
Redemption: at par, in one payment on 15 October 2011, the maturity date of the loan. Early redemption is not possible, either by initiative of the issuer or the bondholders.

Bonds – MODELO CONTINENTE / 2004
10,000,000 bonds – Nominal Value: 10 Euro.
Maximum term: 5 (five) years.
Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 1.15% p.a..
Interest Payment: half yearly in arrears, on 18 March and 18 September of each year.
Redemption: at par, in one payment on 18 March 2009, the maturity date of the loan. Early redemption is not possible, either by initiative of the issuer or the bondholders.

Bonds – MODELO CONTINENTE 2005/ 2010
265,000 bonds – Nominal Value: 245 Euro.
Maximum term: 5 (five) years.
Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.70% p.a..
Interest Payment: half yearly in arrears, on 3 February and 3 August of each year.
Redemption: at par, in one payment on 5th year in one payment on 3 August 2010, the maturity date of the loan, except if it an early redemption occurs.
Early redemption (call-option): early redemption is possible by initiative of the issuer, either totally or partially (by reducing the nominal value of the bonds), on the 2nd, 3rd or 4th year of maturity. In this situation the issuer is obliged to pay a prize of 0.125% over de reimbursed value.
On the 3rd August 2007, the Company partially reimbursed the bonds, according to their conditions. The amount reimbursed per bond was 755 Euro plus a premium of 0.94375 Euro. After the reimbursement, the loan will be reduced to 64,925,000 Euro (265,000 bonds with a 245 Euro nominal value).

Bonds – MODELO CONTINENTE 2005/ 2012
15,000,000 bonds – Nominal Value: 10 Euro.
Maximum term: 7 (seven) years.
Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.85% p.a..
Interest Payment: half yearly in arrears, on 2 February and 2 August of each year.
Redemption: at par, in one payment on 2 August 2012 the payment date of the 14th coupon, except if it an early redemption occurs.
Early redemption (call-option): early redemption is possible by initiative of the issuer, either totally or partially (by reducing the nominal value of the bonds), on the reimbursed dates of 10th, 11th, 12th and 13th coupon, without the obligation of paying any prize.

Bonds – MODELO CONTINENTE 2007/2012
4,000 bonds – Nominal Value: 50,000 Euro.
Maximum term: 5 (five) years.
Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.5% p.a..
Interest Payment: half yearly in arrears, on 30 April and 30 October of each year.
Redemption: at par, in one payment on 30 April 2012 the payment date of the 10th coupon.
Early redemption (call-option): early redemption is not possible.

Bonds – Sonae Distribuição 2007/2015
4,000,000 bonds – Nominal Value: 50 Euro.
Maximum term: 8 (eight) years.
Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.48% p.a..
Interest Payment: half yearly in arrears, on 10 February and 10 August of each year.
Redemption: at par, in one payment on 10 August 2015 the payment date of the 16th coupon.
Early redemption (call-option): early redemption is possible by initiative of the issuer, either totally or partially (by reducing the nominal value of the bonds), on the reimbursed dates of 10th, 12th and 14th, without the obligation of paying any prize.

Bonds – Sonae Distribuição September 2007/2015
31,000,000 bonds – Nominal Value: 10 Euro.
Maximum term: 8 (eight) years.
Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day proceeding the interest period, with a spread of 0.25% p.a. in the first three interest payment dates and 0.55% from the 4th interest payment date.
Interest Payment: half yearly in arrears, on 10 March and 10 September of each year.
Redemption: at par, in two payments: 50% on 10 September 2013 the payment date of the 12th coupon, and 50% on 10 September 2015 the payment date of the 16th coupon.
Early redemption (call-option): early redemption is possible by initiative of the issuer, either totally or partially (by reducing the nominal value of the bonds), on the reimbursed dates of 10th, 11th, 12th, 13th, 14th and 15th, without the obligation of paying any prize.

Extraordinary early redemption (call-option): until the end of the 18th bond life month in the following conditions:
i) the bond can be reimbursed total or partially, without the obligation of paying any prize, in each interest payment date;
ii) the bond can be reimbursed total or partially, subject to breakage costs, with a pre-advise of 30 days during each interest period.

As at 31 December 2008 and 2007 the amount of the available credit facilities in order to manage liquidity risk, can be summarized as follows:

	31.12.2008		31.12.2007	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Agreed amounts	308,370,074	400,000,000	257,280,525	400,000,000
Available credit facilities	286,893,641	170,000,000	260,870,074	400,000,000

The commitments of more than one year refer to commercial paper programmes available for 6 years. As the Company intends to keep these loans for a period superior to one year, those were classified as non-current.

19. TRADE ACCOUNTS PAYABLE

As at 31 December 2008 and 2007 the trade accounts payable caption presents amounts payable within 90 days, arising on the normal course of activity.

20. OTHER ACCOUNTS PAYABLE

As at 31 December 2008 and 2007 Other current liabilities were made up as follows:

	31.12.2008	31.12.2007
Olther account payables	5,650	3,965,364

Theses liabilities are payable on demand.

21. OTHER CURRENT LIABILITIES

As at 31 December 2008 and 2007 Other current liabilities were made up as follows:

Accruals	31.12.2008	31.12.2007
Staff costs	330,879	302,466
Accrued interests	23,610,332	19,220,778
Deferred performance bonuses	200,930	906,445
Others	158,044	90,242
	24,300,185	20,519,931

In 2008 and in previous years, the Company 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. The purchase can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the choice to settle its responsibilities in cash rather than through shares. The option can only be exercised if the employee still works for the Group at the vesting date. Liabilities arising from deferred performance bonuses are valued in accordance with that referred to in Note 2.6. On the Notes to the consolidated financial statements is made a full description of the programme.

22. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and impairment losses for the year ended 31 December 2008 are as follows:

Caption	Opening balance	Incrases	Decreases	Final balance
Investments impairment	38,568,497	7,300,000		45,868,497

The recorded increase of 7,300,000 Euro was recorded against Profit/ (loss) related to investments caption (Note 29), taking into consideration the evaluation of the net assets of the related subsidiary (mainly real estate).

23. CONTIGENT ASSETS AND LIABILITIES

As at 31 December 2008 and 2007 the contingent assets and liabilities were made up as follows:

	31.12.2008	31.12.2007
Guarantees rendered:		
related to tax claims awaiting outcome	53,558,849	18,821,550
related to local and municipal claims awaiting outcome	289,380	289,380
others	14,638,113	
	68,486,342	19,110,930

No provision has been recognized for these tax additional assessments as the Board of Directors expects them to be decided with no additional liability to the company.

Following the disposal of a Brazilian subsidiary company, the group guaranteed to that subsidiary company buyer all the losses it will have as consequence of tax additional assessments as it is described in the Note 32. The Board of Directors believes that from the resolution of the mentioned claims will not result any liabilities for the Company.

24. RELATED PARTIES

Balances and transactions with related parties as of 31 December 2008 and 2007 are detailed as follows:

Transactions	Services rendered		Other operating profits	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Parent company				
Subsidiaries and Associated companies	1,590,069	3,128,682	3,074,421	3,170,758
	1,590,069	3,128,682	3,074,421	3,170,758

Transactions	Interest income		Interest incurred	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Parent company	120,748	2,787,374	176,861	
Subsidiaries and Associated companies	90,285,103	60,102,568	8,257,961	11,235,553
Other related parties	148,517		6,516	
	90,554,368	62,889,942	8,441,338	11,235,553

Transactions	Received dividends	
	31.12.2008	31.12.2007
Parent company		
Subsidiaries and Associated companies	255,629,909	18,193,658
	255,629,909	18,193,658

Balances	Accounts receivable		Accounts payable	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Parent company				
Subsidiaries and Associated companies	61,089,045	678,868,933	2,637,449	3,386,950
Other related parties	56,028	8,735	17,065	4,646
	61,145,073	678,877,668	2,654,514	3,391,596

Balances	Granted loans		Obtained loans	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Parent company				
Subsidiaries and Associated companies	1,521,713,780	835,669,909	568,790,000	308,140,500
Other related parties	5,197,000		46,000	
	1,526,910,780	835,669,909	568,836,000	308,140,500

Sonae, SGPS, S.A. and Efanor Investimentos, SGPS, S.A. are considered related parties included in the parent company category. All the companies within the consolidation perimeter of Sonae Distribuição, SGPS, S.A. as it is described in the notes to the consolidated financial statements are considered in Subsidiaries and associated companies category. In the Other related parties are included the subsidiaries and entities under common control of Sonae, SGPS, S.A. and Efanor Investimentos, SGPS, S.A..

Apart from the above mentioned transactions there are no other transactions with related companies.

During the period, the Company granted loans to Sonae, SGPS, S.A. amounting 280,997,000 Euro (359,425,000 Euro as at 31 December 2007), which were reimbursed during the year; there were also loans obtained from Sonae, SGPS, S.A. amounting to 85,500,000 Euro which were reimbursed during the year.

In 2008 and 2007 did not occur any transactions including granted loans, with the Company's Directors.

As at 31 December 2008 and 2007 there were no balances with Company's Directors.

25. SERVICES RENDERED

The amount related to services rendered in 2008 and 2007 relate with services rendered to Sonae Distribuição group companies in Portugal.

26. OTHER OPERACIONAL INCOME

The caption "Other operational income" for the years 2008 and 2007 is as follows:

	31.12.2008	31.12.2007
Charges retrieve (a)	3,137,897	3,170,758
Gains on disposals of intangible assets	539,611	-
Other operational income	70,224	9,173
	3,747,732	3,179,931

a) Income related to costs paid by the Company on behalf of participated companies (Note 27) and billed back to those companies.

27. OTHER OPERATIONAL COSTS

	31.12.2008	31.12.2007
Indirect taxes	2,955,438	3,164,210
Bank services	217,798	110,964
Others	16,960	14,580
	3,190,196	3,289,754

The indirect tax amounts supported in the year ended as at 31 December 2008 and 2007 includes, mainly, costs and opening retail stores taxes which were then billed back to the group companies which own those new stores' operations (Note 26).

28. FINANCIAL PROFIT/ (LOSS)

Net financial profit/ (loss) for the years ended in 31 December 2008 and 2007 are made up as:

	31.12.2008	31.12.2007
Losses:		
Interests beared		
Bank overdrafts and Loans	13,760,219	3,080,111
Bonds	59,690,981	40,916,098
Losses in the valuation of derivatives	131,509	-
Loans obtained from Group Companies	8,441,338	11,235,553
Others	273	5,586
	82,024,320	55,237,348
Exchange losses		
Others	23	
	23	
Other financial losses:		
Debt issuing charges	2,378,916	1,941,330
Others	141,941	556,169
	84,545,200	57,734,847
Net financial income	8,682,764	13,059,104
	93,227,964	70,793,951
Income:		
Interests earned		
Bank deposits	59,530	7,418,942
Investment funds units	-	6,779,673
Loans granted to Group Companies	90,554,368	56,110,269
Others	2,613,793	103,527
Profits in the valuation of derivatives	-	381,455
Other financial income	273	85
	93,227,964	70,793,951

29. INVESTMENT INCOME

As at 31 December 2008 and 2007 investment income is made up as follows:

	2008		2007	
	4th quarter	Accumulated	4th quarter	Accumulated
Dividends	19,329,772	255,629,909		18,193,658
Gains on disposal of investments				35,728,616
Losses on disposal of investments				(5,454,530)
Impairment losses on investments (Note 22)	(7,300,000)	(7,300,000)		(3,422,506)
Reversal of impairment losses on investments (Note 22)				4,300,247
	12,029,772	248,329,909		49,345,485

During the period the Company recorded an impairment loss over its participation in Sontária – Empreendimentos Imobiliários, S.A., amounting to 7,300,000 Euro (Note 22).

As at 31 December 2007, the amount recorded under the caption Reversal of impairment losses was a result of the disposal of the financial instrument which had the impairment loss associated to.

30. INCOME TAX

Income tax charge for the year ended 31 December 2008 and 2007 is made up as follows:

	31.12.2008	31.12.2007
Income tax estimate	(504,626)	(135,073)
Excess / (Shortage) of last year estimate	55,645	(9,245,971)
Others		1,087,487
Current income tax	(448,981)	(8,293,557)
Intangible assets write off (Note 8)	(304)	(1,345)
Difference of amortisation for accounting and tax purposes (Note 5)	37,817	75,910
Taxation of Real Estate Investment Funds	6,868,777	
Tax losses (used at RETGS level)	3,076,465	31,138,729
Others	-	-
Deferred tax	9,982,755	31,213,294
	9,533,774	22,919,737

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2008 and 2007 is as follows

	31.12.2008	31.12.2007
Profit/(loss) before income tax	256,578,307	61,218,037
Income tax rate	25.00%	26.50%
	64,144,577	16,222,780
Use of tax losses for which no deferred taxes assets were recognised in the past	(10,858,858)	(35,390,551)
Impairment losses not accepted for tax purposes	1,825,000	232,601
Shortage / (excess) of income tax estimate	(55,644)	9,245,971
Differences between gains and losses on disposal of assets for tax and accouting purposes		(8,070,333)
Dividends received exempted from taxation	(57,655,439)	(4,821,319)
Taxation of real estate investment funds	(6,868,777)	
Others	1,752,649	(338,886)
Tax benefits	(1,817,281)	
Income tax	(9,533,774)	(22,919,737)

The amount recorded as Taxation of real estate investment funds is related to the tax credit that results from the collection of dividends related to the income generated by the investment funds prize to its acquisition. Those dividends were recorded under the caption Financial Investments (Note 5).

31. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2008 and 2007 were calculated taking into consideration the following amounts:

	31.12.2008	31.12.2007
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	266,112,081	84,137,774
Net profit taken into consideration to calculate diluted earnings per share	266,112,081	84,137,774
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	1,000,000,000	1,000,000,000
Weighted average number of shares used to calculated the diluted earnings per share	1,000,000,000	1,000,000,000
Earning per share (basic and diluted)	0.266	0.084

In the Annual General Meeting held on 31 March of 2008 a gross dividend of 85,000,000 Euro was approved.

32. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on 03 March 2009.

The Sonae Distribuição, SGPS, S.A. net profit was 266,112,080.73 Euro, and the Board of Directors proposed the following distribution:

Legal Reserve	14,700,000.00
Free Reserves	166,412,080.73
Dividends	85,000,000.00
Total	266,112,080.73

33. LEGAL DISPOSITIONS ACCOMPLISHMENT

Decree-Law 3318/94 art. 5º nº 4

In the twelve months ended 31 December 2008 shareholders' loan contracts were entered into with the following companies:

Azulino Imobiliária, S.A.
Bertimóvel – Sociedade Imobiliária, S.A.
Canasta – Empreendimentos Imobiliários, S.A.
Chão Verde – Sociedade de Gestão Imobiliária, S.A.
Contibomba – Comércio e Distribuição de Combustíveis, S.A.
Contimobe – Imobiliária Castelo Paiva, S.A.
Cumulativa – Sociedade Imobiliária, S.A.
Difusão – Sociedade Imobiliária, S.A.
Fozimo – Sociedade Imobiliária, S.A.
IGI – Investimento Imobiliário, S.A.

Iginha – Sociedade Imobiliária, S.A.
Imoconti – Sociedade Imobiliária, S.A.
Imomuro – Sociedade Imobiliária, S.A.
Imoresultado – Sociedade Imobiliária, S.A.
Imosistema – Sociedade Imobiliária, S.A.
MJLF – Empreendimentos Imobiliários, S.A.
Modelo Continente Hipermercados, S.A.
Modelo Continente Seguros – Sociedade de Mediação, Lda
Predicomercial – Promoção Imobiliária, S.A.
Raso, SGPS, S.A.
Selifa – Sociedade de Empreendimentos Imobiliários, S.A.
Sempre à Mão – Sociedade Imobiliária, S.A.
Sociloures – Sociedade Imobiliária, S.A.
Sondis Imobiliária, S.A.
Soflorin, B.V.
Sonae Retalho España, S.A.
Sontária – Empreendimentos Imobiliários, S.A.
Sonvecap, B.V.
Sportzone – Comércio de Artigos de Desporto, S.A.

In the twelve months ended 31 December 2008 short-term loan contracts were entered into with the following companies:

Bertimóvel – Sociedade Imobiliária, S.A.
Best Offer – Prestação de Informação pela Internet, S.A.
Bikini – Portal de Mulheres, S.A.
Carnes do Continente – Indústria e Distribuição de Carnes, S.A.
Citorres – Sociedade Imobiliária, S.A.
Contibomba – Comércio e Distribuição de Combustíveis, S.A.
Contimobe – Imobiliária Castelo Paiva, S.A.
Continente Hipermercados, S.A.
Difusão – Sociedade Imobiliária, S.A.
Edições Book.it – S.A.
Efanor – Design e Serviços, S.A.
Efanor – Indústria de Fios, S.A.
Equador & Mendes – Agência de Viagens e Turismo, S.A.
Estevão Neves – Hipermercados da Madeira, S.A.
Farmácia Selecção, S.A.
Fozimo – Sociedade Imobiliária, S.A.
Fozmassimo – Sociedade Imobiliária, S.A.
Global S – Hipermercados, S.A.
IGI – Investimento Imobiliário, S.A.
Igimo – Sociedade Imobiliária, S.A.
Iginha – Sociedade Imobiliária, S.A.
Imoconti – Sociedade Imobiliária, S.A.
Imoestrutura – Sociedade Imobiliária, S.A.
Imoresultado – Sociedade Imobiliária, S.A.
Infofield – Informática, S.A.
Inventory – Acessórios de Casa, S.A.
Modalfa – Comércio e Serviços, S.A.
Modelo.Com – Vendas por Correspondência, S.A.
Modelo Continente – Operações de Retalho, SGPS, S.A.
Modelo Continente Hipermercados, S.A.
Modelo Continente Hipermercados, S.A. – Sucursal España
Modelo Continente Seguros – Sociedade de Mediação, Lda.
Modelo Hiper – Imobiliária, S.A.
NA – Comércio e Artigos de Desporto, S.A.
NA – Equipamentos para o Lar, S.A.

Nova Equador Internacional – Agência de Viagens e Turismo, Lda.
Nova Equador P.C.O Organização de Eventos, Sociedade Unipessoal, Lda
Peixes do Continente – Indústria e Distribuição de Peixe, S.A.
Pharmacontinente – Saúde e Higiene, S.A.
Predicomercial – Promoção Imobiliária, S.A.
Sempre à Mão – Sociedade Imobiliária, S.A.
Sesagest – Projectos e Gestão Imobiliária, S.A.
Socijofra – Sociedade Imobiliária, S.A.
Sociloures – Sociedade Imobiliária, S.A.
Solaris – Supermercados, S.A.
Sonae, SGPS, S.A.
Sondis Imobiliária, S.A.
Sontária – Empreendimentos Imobiliários, S.A.
Sonvecap, B.V.
Sportzone – Comércio de Artigos de Desporto, S.A.
Star – Agência de Viagens e Turismo, S.A.
Tlantic Portugal – Sistemas de Informação, S.A.
Todos os Dias – Comércio Retalhista e Exploração de Centros Comercias, S.A.
Valor N, S.A.
Worten – Equipamentos para o Lar, S A.

As at 31 December 2008 amounts owed by affiliated companies can be detailed as follows:

Current loans granted (Note 10) and non-current (Note 8)

COMPANIES	31.12.2008	31.12.2007
Azulino - Imobiliária, S.A.	4,193,256	-
Bertimóvel - Sociedade Imobiliária, S.A.	18,910,000	15,934,000
Canasta - Empreendimentos Imobiliários, S.A.	2,916,000	3,006,000
Chão Verde - Sociedade de Gestão Imobiliária, S.A.	2,622,584	2,791,584
Citorres - Sociedade Imobiliária, S.A.	3,662,000	3,973,000
Contibomba - Comércio e Distribuição de Combustíveis, S.A.	134,000	214,000
Contimobe - Imobiliária Castelo Paiva, S.A.	72,759,000	75,909,000
Continente Hipermercados, S.A. - Sucrussal	180,735,000	-
Cumulativa - Sociedade Imobiliária, S.A.	2,961,000	3,056,000
Difusão - Sociedade Imobiliária, S.A.	28,726,000	25,527,000
Efanor - Indústria de fios, S.A.	375,000	1,253,000
Equador & Mendes - Agência Viagens e Turismo, Lda	354,000	213,000
Fozimo – Sociedade Imobiliária, S.A.	1,809,000	1,932,000
Global S - Hipermercados, Lda	-	735,000
IGI - Investimento Imobiliário, S.A,	227,072,000	183,902,000
Igimo – Sociedade Imobiliária, S.A.	557,000	595,000
Iginha – Sociedade Imobiliária, S.A.	14,179,500	14,277,500
Imoconti – Sociedade Imobiliária, S.A.	17,904,222	18,761,222
Imoestrutura - Sociedade Imobiliária, S.A.	491,000	621,000
Imomuro - Sociedade Imobiliária, S.A.	4,160,897	4,106,897
Imoresultado – Sociedade Imobiliária, S.A.	404,000	388,000
Imosistema - Sociedade Imobiliária, S.A.	4,421,000	4,565,000
Infofield - Informática, S.A.	9,980,000	5,000,000
MJLF - Empreendimentos Imobiliários, S.A.	3,785,000	3,981,000
Modalfa - Comércio e Serviços, S.A.	1,604,000	11,139,000
Modelo Continente Hipermercados, S.A.	154,022,000	103,322,000
Modelo Continente Seguros - Sociedade de Mediação, Lda	5,390,000	1,400,000
Modelo Continente - Operações de Retalho, SGPS, S.A.	46,280,000	-
NA - Equipamentos para o Lar, S.A.	735,000	-
Nova Equador Internacional - Agência de Viagens e Turismo, Lda	-	176,000
Pharmacontinente - Saúde e Higiene, S.A.	9,995,000	4,854,000
Predicomercial - Promoção Imobiliária, S.A.	11,277,000	10,950,000
Raso, S.G.P.S., S.A.	3,250,000	-
Selifa - Sociedade de Empreendimentos Imbiliários, S.A.	3,977,000	4,189,000
Sempre à Mão - Sociedade Imobiliária, SA	24,294,128	17,128
Sesagest - Projectos e Gestão Imobiliária, S.A.	36,775,183	47,354,000
Socijofra - Sociedade Imobiliária, S.A.	7,865,000	8,131,000
Sociloures - Sociedade Imobiliária, S.A.	30,083,347	31,635,347
Soflorin, B.V.	536,540,000	34,276,568
Solaris Supermercados, S.A.	-	1,171,000
Sonae Retalho España, S.A.	235,002	13,002
Sondis Imobiliária, S.A.	22,317,159	20,278,159
Sontária - Empreendimentos Imobiliários, S.A.	3,243,502	3,639,502
Sonvecap, B.V.	-	150,976,000
Sportzone - Comércio de Artigos de Desporto, S.A.	17,323,000	23,336,000
Star Viagens e Turismos, S.A.	4,843,000	-
SRE - Projectos de Consultoria, S.A.	-	-
Tlantic Portugal - Sistemas de Informação, S.A.	83,000	4,000
Todos os Dias - Comércio Ret. e Expl. de Centros Comerciais, S.A.	81,000	1,067,000
Valor N, S.A.	3,586,000	
Worten - Equipamentos para o Lar, S A.	-	7,000,000
	1,526,910,780	835,669,909

From the above mentioned balances 1,263,332,780 Euro (774,196,909 Euro in 2007) are recorded as non-current assets.

The amounts due to group companies as at 31 December 2008 and 2007 related to the mentioned contracts were the following:

Current loans obtained (Note 10):

COMPANIES	31.12.2008	31.12.2007
Best Offer - Prestação de Informações pela Internet, S.A.	(2,120,000)	-
Bikini - Portal de Mulheres, S.A.	(3,173,000)	(3,250,000)
Carnes Continente - Indústria e Distribuição de Carnes, S.A.	(6,867,000)	(526,000)
Edições Book.it - S.A.	(1,023,000)	-
Efanor - Design e Serviços, S.A.	(1,211,000)	(701,000)
Estevão Neves - Hipermercados da Madeira, S.A.	(1,319,000)	(6,448,000)
Farmácia Selecção, S.A.	(100,000)	-
Fozmassimo - Sociedade Imobliária, S.A.	(2,853,000)	(4,670,000)
Global S - Hipermercados, Lda	(1,808,000)	-
Infofield - Informática, S.A.	-	(2,076,000)
Inventory - Acessórios de Casa, S.A.	(1,186,000)	(1,161,000)
Marcas MC ZRT	-	(10,178,000)
Modelo Continente - Operações de Retalho, SGPS, SA	-	(216,459,000)
Modelo Continente Hipermercados, S.A.	(198,432,000)	(25,124,500)
Modelo Hiper - Imobiliária, S.A.	(1,859,000)	(40,000)
Modelo.Com - Vendas por Correspondência, S.A.	(8,696,000)	-
NA - Comércio e Artigos de Desporto, S.A.	(49,000)	-
Nova Equador Internacional - Agência de Viagens e Turismo, Lda	(46,000)	-
Nova Equador P.C.O Organização de Eventos, S.U, Lda	(206,000)	-
Peixes Continente - Indústria e Distribuição de Peixes, S.A.	(1,060,000)	(639,000)
Solaris Supermercados, S.A.	(284,000)	-
Sonvecap, B.V.	(291,686,000)	-
Worten - Equipamentos para o Lar, S.A.	(44,858,000)	(36,868,000)
	(568,836,000)	(308,140,500)

34. NOTE ADDED TO TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards. In the event of discrepancies, the Portuguese language version prevails.

Matosinhos, 3 March 2009

The Board of Directors

Duarte Paulo Teixeira de Azevedo (Presidente)

Nuno Manuel Moniz Trigoso Jordão (CEO)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Álvaro Carmona e Costa Portela

STATUTORY AUDITOR AND AUDITORS' 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 Distribuição, S.G.P.S., S.A. ("Company") for the year ended 31 December 2008, which comprise the consolidated and individual balance sheets (that present a total of 3,670,865,552 Euro and 3,987,647,370 Euro, respectively, and consolidated and individual equity of 931,292,550 Euro and 2,026,910,304 Euro, respectively, including consolidated net profit attributable to the Company's Equity Holders of 170,993,512 Euro and an individual net profit of 266,112,081 Euro), the consolidated and individual statements of profit and loss by nature, of cash flows and changes in equity 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 and their consolidated and individual 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.

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 Distribuição, S.G.P.S., S.A. as of 31 December 2008, the consolidated and individual results of its operations 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, 3 March 2009

DELOITTE & ASSOCIADOS, SROC S.A.
Represented by António Manuel Martins Amaral

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

(Translation of a Report and Opinion originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

To the Shareholders of
Sonae Distribuição, S.G.P.S, S.A.

1 – Report

1.1 - Introduction

In compliance with the applicable legislation, the Statutory Audit Board issues its Report and Opinion which covers the Management Report and remainder consolidated and individual financial statements of Sonae Distribuição, SGPS, S.A. ("Company") for the year ended 31 December 2008, presented by the Company's Board of Directors.

1.2 – Supervision

During the year under analysis, the Statutory Audit Board accompanied in detail the management of the Company on matters that are within the scope of its competencies. The Statutory Audit Board has also oversaw, with the scope considered adequate under the circumstances, the evolution of the operations, having met, with the periodicity considered adequate, with the managers responsible for finance, accounting, internal audit and risk management issues, as well as with the External Auditor who is also the Statutory Auditor of the Company. These entities have always contributed for the proper exercise by the Statutory Audit Board of its competencies in accordance with Portuguese Companies Act ("*Código das Sociedades Comerciais*").

In furtherance of its functions, the Statutory Audit Board examined the consolidated and individual Balance sheets as at 31 December 2008, the consolidated and individual Statements of profit and loss by nature, of cash flows and of changes in equity for the year then ended and the related notes. Additionally, the Statutory Audit Board examined the Management Report for the year under analysis and the Statutory Audit and Auditors' Report issued by the Statutory Auditor and agreed with their content.

By the end of the year, the Statutory Audit Board examined, with special attention the accounting treatment of all circumstances of patrimonial nature that had material economic or financial impacts in the development of operations reflected in the financial statements under analysis. For the examination of those circumstances, the Statutory Audit Board relied on the collaboration of the services of the Company as well as on the Statutory Auditor, namely, in what respects the consolidated financial statements, having obtained explanations considered to be fully satisfactory.

Considering the above, the Statutory Audit Board is of the opinion that the information presented on the financial statements under analysis, was prepared in accordance with the applicable accounting standards and give a true and fair view, of the assets and liabilities, financial position and results of Sonae Distribuição, S.G.P.S., S.A. and the companies included in consolidation perimeter and that the Management report faithfully describes the business performance and position of the Company, both individually and consolidated, and contains a description of the major risks and uncertainties that they face.

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 ("Disclosure Duties"), the members of the Statutory Audit Board declare that, to their knowledge, the information contained in the Management Report and the financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of the Company and companies included in the consolidation perimeter. Also it is their understanding that the Management Report faithfully describes the business evolution, performance and financial position of the Company and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Matosinhos, 16 March 2009

The Statutory Audit Board

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UHY & Associados, SROC, Lda.
Represented by António Francisco Barbosa dos Santos

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Arlindo Dias Duarte Silva

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Óscar José Alçada da Quinta