SONAE/

REPORT & ACCOUNTS 2010

SONAE

SONAE/

MANAGEMENT REPORT

At Sonae we…

Are green at the core

At Sonae the environment comes first. In 2010, our environmental values were recognized for their outstanding excellence. Sonae Maia Business Centre was awarded the *LEED Gold Award* and the project *Equipa Worten Equipa* was also recognized for its contribution to a better environment.

Give back to the community

At Sonae we take our responsibilities seriously. This is who we are. Due to our teams devoted efforts to a number of social causes we were rewarded with several reputed awards such as the *Companies Citizenship Award* and the *Eficácia* Gold and Silver awards in Social Responsibility.

Know that tomorrow's leadership starts today

We promote creativity and innovation across the whole organisation, because we believe innovation is a strong determinant of future success. Sonaecom and Sonae's efforts in the field of innovation were rewarded with the *InAVation* and *Retail Technology Awards Europe*. Our image was also awarded the *Reddot Design Award*.

Transform risk into opportunities

We continuously monitor our exposure to risk so that we can find new opportunities to expand our businesses. . As part of our efforts towards risk management, Sonae SR was awarded the 2010 *European Risk Management Award* in Strategic Risk.

Do not compromise on Quality

We devote ourselves to offering the best products and services at a fair price and our efforts have been continuously rewarded with recognition from our customers. We are proud to hold a substantial number of *Superbrand* and *Brand of Trust* awards.

Make sure that people come first

At Sonae, we do not compromise when it comes to the safety of our people and in 2010 we were the proud recipient of the 2010 *Safety and Health at Work European Good Practice Award*. Our promotion of leadership and entrepreneurship was awarded the *Junior Achievement Award*.

Main 2010 achievements

Business To reinforce our position as market leader and strengthen our presence in international markets.	▪ Continued to gain market share from our competitors ▪ Maximized cash-flows from our investments ▪ Reinforced internationalization ▪ Maximized efficiency across all business segments	Over **1,000 stores** visited by **3,9 million** weekly retail customers and over **51** new retail stores in international markets
Finance To promote sustainable economic growth that takes into consideration our corporate responsibility values.	▪ Provided our investors with continued and sustainable growth ▪ Strengthened our efforts towards efficiency ▪ Promoted both short and long term growth in respect of our corporate responsibility values ▪ Promoted strategic investment	**+9%** of EBITDA growth, **+4%** of turnover growth and **168 million euros** of net income equity holders
Our team To reinforce the excellence of our team by providing each one with career opportunities and with a solid culture of personal and professional development.	▪ Promoted job opportunities ▪ Rewarded excellent performance ▪ Promoted a culture of continuous learning and innovation ▪ Developed a diversified portfolio of skills ▪ Allowed our team to share our involvement with our community ▪ Health and safety were always a priority	**43,268 people** over **1.5 million** hours of training and **41 million euros** in performance based compensation
Community To make a positive difference in our community by strengthening our involvement and promoting social causes as a corporate priority.	▪ Reinforcement of our support to social causes ▪ Development of projects to provide help to our community ▪ Strong involvement in cultural activities and institutions ▪ Development of projects to improve life styles, such as Hiper-Saudável	**10 million euros** in donations and **3,082** stitutions supported
Environment To promote sustainable growth and a better environment by reducing our environmental footprint and by working together with the community.	▪ 68 million euros invested in Sonae Maia Business Centre, one of the 5% of buildings in the world with the LEED Gold certification and the first building in the Iberian Peninsula ▪ First company to adopt a strict policy towards sustainable fishing ▪ Strengthened our support to initiatives that promote a better environment ▪ Promoted the involvement of our community with projects that reward their participation	Almost **5,000 tons** of electric equipment, over **3 million** batteries and **8 million** corks collected

The world of Sonae

SONAE

100%
SonaeMC
Food Retail

100%
SonaeSR
Non-Food Retail

50%
Sonae Sierra
Shopping Centres

54,54%
Sonaecom
Telecom, SSI&Media

100%
SonaeRP
Retail Real Estate

Investment Management

Table of contents

Chairman's Letter

Dear Investors,

2010 was an extraordinary year for Sonae. Despite the economic downturn in Portugal, the strength of its activities coupled with a strong disciplined management has enabled the company to increase profitability. Sonae remains a leading retailing group in Portugal, better characterized as envisioning an international footprint and aiming at innovation both at the product and business model levels. In 2010, we have taken major steps in this direction. New business models have been reengineered, adopting a more adequate institutional financing and governance framework to increase efficiency and profitability in the core business of retailing.

Sonae embraces a broad perspective on value, one that goes far beyond the narrow concept of value to shareholders. Value creation is understood as the ability to meet the expectations of the overall community, internal and external. And as such, we framed our activities on the principles of sustainable generation of economic value and social and environmental responsibility. Paying close attention to our stakeholders, adapting to their changing needs, and adjusting products and services to new trends in industry is of paramount importance to deliver value. We are totally committed to improving efficiency and to achieve high levels of operational and financial profitability. It is essential, however, that this takes place whilst remaining strongly committed to our corporate social goals, such as making Sonae a better place to work, being a valued partner to our suppliers, remaining the most preferred retailer to our customers, and achieving a high level of recognition in the community with respect to social and environmental challenges.

I am very proud of all the successful efforts we have devoted to help and improve the life style of our people and our community during such difficult times. Never before has corporate responsibility had such a high priority as it has today. Sonae's culture and values leave a remarkably positive impact on society.

After a year of a freeze on dividend growth, we are now preparing to our general shareholders' assembly a small increase in dividend distribution, reflecting our growing confidence in our ability to weather economic slowdown, the improvement in profitability, our ability to reduce debt and the very significant improvement in financial ratios. Sonae was able to achieve consolidated sales of 5.9 billion euros, a growth rate of 4%. The company continues to post high direct profitability figures and total earnings per share rose by 79% to 0.0898 euros[1], allowing a return on equity of 14%.

Regarding the future, it is important to mention that Sonae is a very different company than it was a few years ago. This repositioning enabled the company to post a positive performance during the downturn and we believe it will benefit the company for the future. Despite the environment that remains very challenging in some of our major markets, we have managed at simultaneously improve share and profitability in those markets and lay the basis for geographical expansion in other markets or businesses. Sonae is a growing business with strong financial discipline and we believe our talented management will enable the business to make further good progress in the future.

Belmiro de Azevedo
Chairman Sonae

[1] Does not include shares included in the cash settled equity swap signed.

CEO letter

The objectives we have set ourselves are difficult in any economic environment. We want to grow fast and in new international markets, we want high return on equity and rapid improvement of financial ratios not just through increased profitability, but also through debt reduction in absolute terms. Above all, we want to do this by providing better prices and service to our customers.

In 2010, we stepped up international growth very significantly in Sonae SR and in Sonae Sierra in Brazil; we grew our retail business at 7%; we achieved ROE of 14% despite a negative contribution of 2pp from indirect income; we reduced net debt by 228 million euros.

We achieved this whilst increasing our charitable contributions to community to 10.4 million euros (+12%) supporting 3,082 institutions, creating 3,454 new jobs and increasing corporate taxes paid.

We also invested significantly in future growth by investing heavily in strengthening our core competencies, increasing training and preparing growth in new geographies.

In Sonae SR, the weight of international operations is growing at fast pace - ~20% for the full year. Spain was the main focus of our expansion where we opened 46 company operated stores, more than doubling the total number of the end of 2009. We also signed several franchise and joint-venture agreements and opened the first 5 franchised Zippy stores in Saudi Arabia.

Sonae Sierra[2] continues to increase its international presence with particular emphasis on Brazil. In Europe, we have kept development at a very prudent level and have concentrated our development expansion efforts on Germany and Italy. In development and management services, we have successfully kicked off the provision of services to third parties with new contracts in Morocco, Spain, Italy, Romania, Portugal and Colombia. Capital is being recycled with a reduction of ownership of Alexa and Leiria and the sale of Mediterranean Cosmos shopping centre. Portugal now accounts for 42% of Sonae Sierra rental income in 2010, while Spain and Brazil have a share of 19% and 17%, respectively. Despite the smaller but still very significant impact in indirect results of yield expansions and the difficult consumer environment in Iberia, Greece and Romania, 2010 was a year of successful financial progress for Sonae Sierra: EBITDA grew by 13%, direct net results grew by 36% and leverage decreased, with Loan to Value reaching 46.4%. Also, Sierra reversed the declining trend of total NAV of the last few years. Already in 2011, Sonae Sierra Brazil was successfully listed and raised the capital to further expand development in that country.

Our strong retail domestic base has been further strengthened with growth in market share in food (+1.3pp), electronics and sport goods. At Sonae MC we increased our operational profitability (+0.7pp), whilst launching new formats and aggressively expanding recently launched ones. In 2010, Sonae MC and Sonae SR posted a 7% growth. Total retail turnover of 4,547 million euros translated into an EBITDA of 276 million, a 6% margin on sales. Sonae RP, the business unit that manages our retail real estate, generated 111 million

[2] Sonae Sierra's comments based on reported management accounts

euros of recurrent EBITDA and concluded sale transactions for a total amount of 111 million euros[3] generating 39 million euros of aggregate capital gains.

Sonaecom has met the challenging targets set for cash flow generation. The telecom market is fast changing and very competitive in Portugal, requiring intensive investment. Nevertheless, the company was able to push up mobile market share to 21.0% (vs 20.7% at end 2009), while delivering strong EBITDA results (+18 million euros) and a net result of 41 million euros, compared to 6 million euros in 2009. Continuous cost control and rigorous management of capital expenditures allowed a return on investment of 8%, 5pp higher than that of 2009. It is worth highlighting the agreement signed to share with another operator on access fiber network in Lisbon and Porto. In the SSI division, Sonaecom continued to expand its international presence and consolidating the worldwide leadership in the telecommunications revenue assurance market.

Our top strategic priority is to continue to enlarge our international footprint and transform Sonae into a large international corporation. We will do so at the same time that we strengthen our leadership and core competencies in home markets and continue to innovate in business models, store formats and business processes.

A last word of appreciation to our team, from the shop floor to top management, who have lived up to their ambitions and deserve the credits for the results achieved during these difficult times. We entrust our future success to their talent, expertise, professionalism, and openness to embracing innovation and change.

I am proud and excited about our future and I am sure Sonae will continue to deliver social and economic growth in a responsible and sustainable manner.

I welcome you to our Management Report, which we have approached in an innovative way by presenting what we have done to honour our corporate responsibility values. We welcome you to help us going even further. Our message is and always will be one of solid corporate responsibility

Paulo Azevedo
CEO Sonae

[3] Contribution to consolidated accounts

Performance overview

Turnover* **5,834 M€ (+ 5.5%)** Market share gains across food and non-food businesses	**Recurrent EBITDA** **690 M€ (+ 8.9%)** 12% margin on sales	**Direct net income** **233 M€ (+ 22.4%)** 192 million euros to equity holders
Net debt **Decreased 228 million euros** Aligned with internal objectives of deleveraging	**Community donations** **10 million euros** More 12% than in previous year	**Jobs created** **3,454** Contributing to social welfare

* Excluding petrol stations

In 2010, Sonae continued to deliver profitable growth, with turnover up 5.5% to 5,834 million euros, excluding petrol stations (4.4% to 5,914 when including petrol stations, which were transferred to third parties in the second quarter), Recurrent EBITDA up 9% to 690 million euros with a margin of 12% on sales. Our economic performance resulted in a 12.6% increase of direct net income (equity holders) to 192 million euros and allowed us to reduce net debt by 228 million euros, a decrease of 7.4% in comparison with 2009.

It is important to note that our performance reflects our customers' choices with market share gains across food and non-food businesses, which demonstrates the trust our customers have in us and a strong willingness from our customers to support our involvement with the community. We truly believe that our growth, particularly in the context of a profound financial crisis, rewards our efforts to maintain a solid corporate culture of responsibility and reflects in the performance of our devoted team.

This section provides an overview of Sonae's financial statements together with a brief explanation of the evolution of our financial position and economic performance. This section does not replace at any time or for any purpose the audited financial statements presented separately to this report. .

Turnover

Sonae MC's turnover increased by 5%, with an underlying 3% like-for-like growth of sales, reflecting: (i) strong and continuous investment in its private label programme; (ii) the focus on discount savings for customers; (iii) the success of the loyalty card; and (iv) the strengthening of Continente and Modelo's distinctive competencies and assets, in particular outstanding logistics, prime locations, product offer variety and strong brand recognition. Especially noteworthy was the increase in market share in 2010 (Source: Nielsen, total store reading), with turnover growth clearly higher than that of other modern retail operators in Portugal.

Sonae SR maintained double digit turnover growth, up by 12%, with a 1% like-for-like growth. Sonae SR Portugal sales were up 5% (1% like-for-like sales growth), while Sonae SR international increased sales were up 60% (1% like-for-like sales decrease). The Spanish operations already accounted for around 20% of specialised retail sales in 2010, being responsible for 62% of Sonae SR's sales growth for the year. Worten and Sport Zone succeeded in strengthening their market position in Iberia, while the products offered by the fashion formats were clearly attuned to market demand existing under current macroeconomic conditions.

Sonae Sierra continued to perform well in face of challenging conditions, with turnover increasing by 5%, reflecting: (i) shopping centre openings in 2009 and 2010; (ii) continued high occupancy rates (96%); (iii) a strong increase in total rents on a like for like basis (+4.1%); and (iv) despite the reduction of its asset base ownership in 2010 (Alexa, Leiria Shopping and Mediterranean Cosmos).

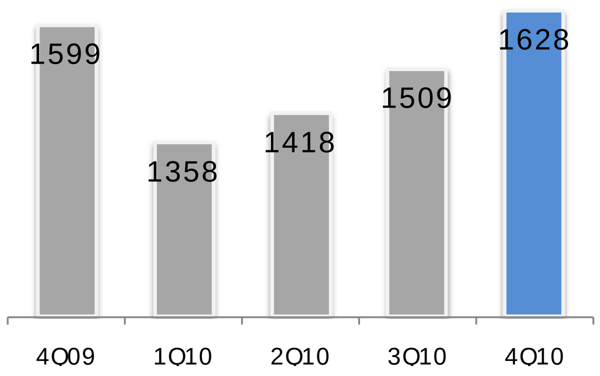
Sonaecom turnover was down by 3%; growth in mobile customer revenues did not entirely offset the impact of further reductions in Mobile Termination Rates and in Product Sales, the later impacted by the slowdown in the e-initiatives programme in Portugal.

Turnover
Million euros

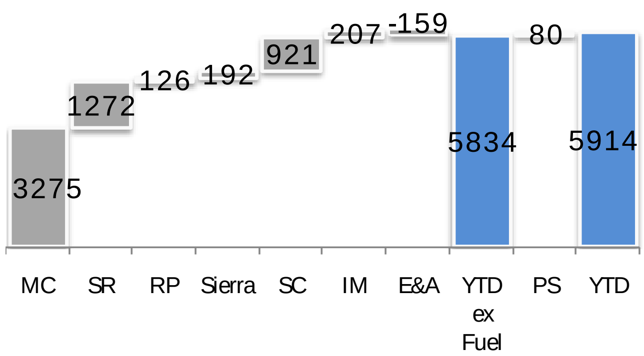
	2009	2010	y.o.y
Sonae excl. petrol stations	5,532	5,834	5.5%
Sonae retail	4,238	4,547	7.3%
Sonae MC	3,106	3,275	5.4%
Sonae SR	1,132	1,272	12.3%
Sonae RP	123	126	2.4%
Sonae Sierra [1]	183	192	5.2%
Sonaecom	949	921	-3.0%
Investment mngmt.	192	207	7.7%
Elimin.& adjust.	-154	-159	-3.3%
Petrol stations	133	80	-40.0%
Sonae	5,665	5,914	4.4%

(1) Shopping centres are proportionally consolidated (50%), based on statutory accounts.

Turnover quarterly trend (million euros)



Turnover breakdown (million euros)



Recurrent EBITDA

Sonae continued to improve its recurrent EBITDA, which increased by 9%, with margins up by 50bp to 12% of turnover.

Sonae MC's recurrent EBITDA increased by 16%, equal to a margin on sales of 7.1% (+70bp), with margins in 4Q10 reaching 9.1%, in line with 4Q09. These improvements reflect: (i) benefits from growth through dilution of fixed costs; (ii) major efforts made to improve operations towards a more cost-effective model; (iii) increased international sourcing for private label products; and (iv) greater effectiveness of promotional campaigns launched using the loyalty card.

Sonae SR's recurrent EBITDA decreased by 3 million to 45 million euros, equal to a margin on sales of 3.5%. This performance reflects two opposite impacts: (i) a 2% EBITDA increase of the Portuguese operation; and (ii) a strong investment in the organic growth of operations in Spain and other international countries, involving an extra 52 thousand m2 when compared to 2009 (2,000m2 in Saudi Arabia). Sonae SR EBITDA in Spain is on track with its goal of achieving positive EBITDA in 2012 and becoming a key retail player in Iberia.

Sonae Sierra's recurrent EBITDA increased by 8%, reflecting the increase of the portfolio of assets and ongoing efforts to optimize operational efficiency.

Sonaecom's recurrent EBITDA improved by 10%, clearly reflecting the impact of the cost control initiatives implemented in the Telco unit, the goal of which is to increase efficiency across all its business divisions and support functions.

Recurrent EBITDA (1)
Million euros

	2009	2010	y.o.y
Sonae	633	690	8.9%
Sonae MC	199	231	16.3%
Sonae SR	48	45	-7.2%
Sonae RP	111	111	-0.4%
Sonae Sierra (2)	85	92	8.0%
Sonaecom	176	194	10.4%
Investment mngmt.	1	6	-
Elimin.& adjust.	13	12	-10.1%

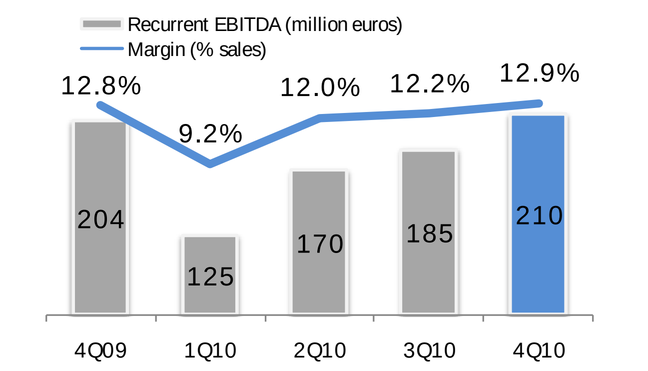
(1) EBITDA excluding extraordinary items; (2) Shopping centres are proportionally consolidated (50%), based on statutory accounts.

Recurrent EBITDA (1)
as a % of turnover

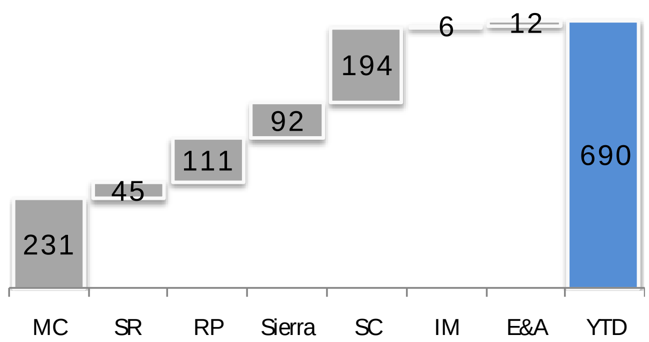
	2009	2010	y.o.y
Sonae	11.2%	11.7%	0.5pp
Sonae MC	6.4%	7.1%	0.7pp
Sonae SR	4.2%	3.5%	-0.7pp
Sonae RP	90.1%	87.7%	-2.4pp
Sonae Sierra (2)	46.7%	47.9%	1.2pp
Sonaecom	18.5%	21.1%	2.6pp
Investment mngmt.	0.7%	2.7%	2pp

(1) EBITDA excluding extraordinary items; (2) Shopping centres are proportionally consolidated (50%), based on statutory accounts.

Recurrent EBITDA quarterly trend



EBITDA breakdown (million euros)

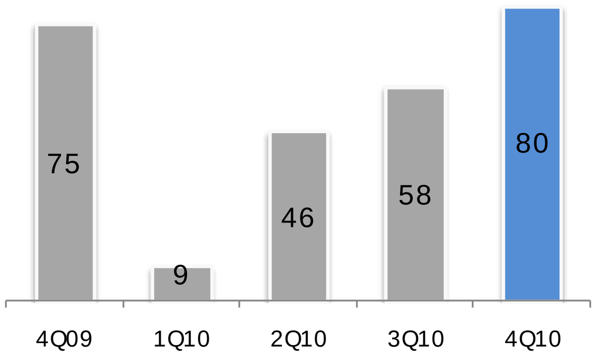


Direct net income
Million euros

	2009	2010	y.o.y
Recurrent EBITDA	633	**690**	8.9%
EBITDA	667	**729**	9.3%
P&I losses (1)	-24	-23	4.8%
D&A (2)	-294	-297	-1.0%
EBIT	349	**409**	17.2%
Net financial results	-123	-107	12.6%
Other income (3)	2	2	6.0%
EBT	228	**304**	33.0%
Taxes	-38	-71	-85.7%
Direct net income	190	233	22.4%
Equity holders	171	**192**	12.6%
Minority interests	19	40	109.0%

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

Net income – equity holder's quarterly trend (million euros)



Direct net income – Equity holders

Sonae's EBITDA increased by 9% to 729 million euros, including 39 million euros of gains generated by Sonae's sale & leaseback transactions concluded in 2010.

A highlight was the conclusion of additional sale & leaseback transactions during 4Q10, involving 2 Modelo stores and 3 stores within Leiria Shopping (Continente, Sport Zone and Worten). These transactions generated a capital gain of 26 million euros.

Sonae's total direct net income increased by 43 million euros to 233 million euros, with the share of equity holders totalling 192 million euros, 22 million euros higher than 2009. This increase mainly reflects a strong EBITDA performance. The fall in net financial expenses was annulled by the higher taxation charges in the 2010.

Net financial results improved by 13% compared to 2009, mainly reflecting a fall in net interest expenses of 26 million euros, due to: (i) the reduction in the average net debt during the period; and (ii) the lower average Euribor rates during the year.

The taxation charge for the period was 71 million euros, compared to 38 million euros in 2009, mainly explained by the strong increase in EBT.

Shopping centres indirect income

Equity holders' share of consolidated indirect income was negative 24 million euros, compared to negative 77 million euros in 2009, with this indirect component of net income already reflecting the positive performance of the VCIDP starting from 2Q10.

VCIDP in the shopping centres business was 9 million, reflecting the improved performance of shopping centres owned and 6 million euros of value recognized on development activity (Le Terrazze, Uberlândia and Londrina Shopping centres), compensating for the higher capitalization yields in Greece and Portugal.

The latest quarterly valuation of assets implies that average yields increased in Greece by 25 bp and Portugal by 8 bp compared to 3Q10, while those in other countries remained practically flat. It should be noted that Sierra only owns 1 shopping centre in Greece, or less than 2% of the value of its portfolio of 51 shopping centres.

The taxation line shows a cost of 18 million euros, mainly due to the recognition of additional deferred tax liabilities in 2Q10. These were generated by a corporation tax increase (+2.5pp) in Portugal and its application to possible capital gains on the sale of properties owned.

Total income – equity holders

Total income attributable to equity holders improved by 74 million euros, from 94 million euros in 2009 to 168 million euros in 2010.

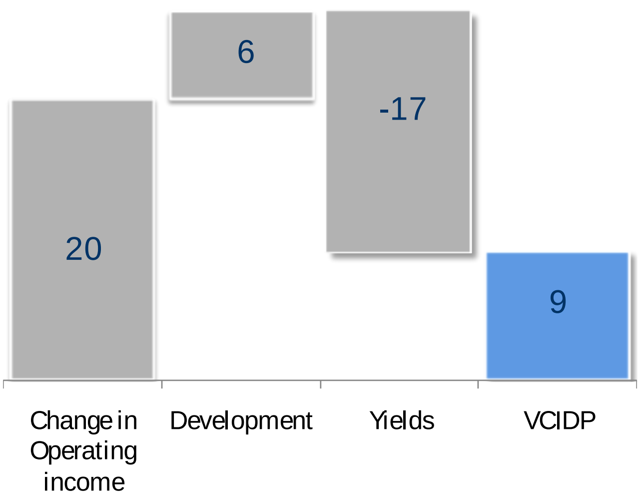
The sound operational and financial performance in the period and more stabilized yields explain the significant improvement in total income, which generated an annualised return on equity close to the target rate of 15%.

Shopping centres indirect net income [(1)]
Million euros

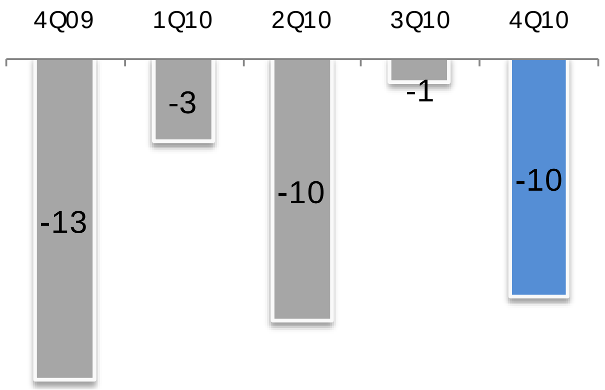
	2009	2010	y.o.y
VCIDP [(2)]	-93	9	-
Others	-1	-16	-
Taxes	17	-18	-
Indirect net income	-77	-24	68.1%
Equity holders	**-77**	**-24**	**68.1%**
Minority interests	0	0	-

(1) Sonae Sierra's Management figures, based on the proportional method (% of ownership); (2) Value created on investment and development properties; includes one-off investments.

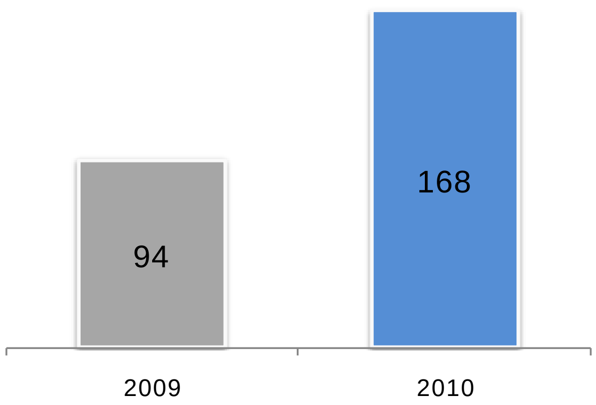
VCIDP breakdown (million euros) (Sonae Sierra's management figures)



Indirect net income – quarterly trend (million euros)



Total income – equity holders – YTD trend (million euros)



Investment

Sonae's total CAPEX in 2010 totalled 412 million euros (7% of turnover), significantly lower than in 2009. This fall is consistent with the company's capital light strategy, and occurred despite the strong push to increase its presence in the Spanish market with the Worten, Sport Zone and Zippy specialised retail formats.

Sonae MC's CAPEX totalled 88 million euros, of which 61 million euros of maintenance CAPEX was mainly spent on store refurbishment and logistics, and 27 million euros of expansion CAPEX was for the opening of 5 Modelo stores, 1 Continente, and preparatory work for future openings.

Sonae SR's CAPEX totalled 100 million euros, of which 52 million euros was for the international expansion, 12 million euros to further increase the geographical coverage of stores in Portugal, and the remaining allocated to refurbishment, IT/IS and the expansion of the logistics infrastructure.

Sonae RP's CAPEX amounted to 21 million euros, 77% below that in 2009, a clear indication of the capital light strategy being followed (operational leasing instead of owning) for new retail sales area, particularly for Modelo stores.

Sonae Sierra CAPEX included: (i) the conclusion of the shopping centre in Leiria, Portugal (opened in March 2010); (ii) progress on the development of projects in the pipeline already announced and scheduled for 2011, namely Le Terrazze, in Italy and Uberlândia, in Brazil; and scheduled for 2012, namely Londrina, in Brazil; and (iii) expansion of Parque D.Pedro, in Brazil, completed at end 2010.

Sonaecom CAPEX reflects ongoing investment in network capacity, both in the core and in the backhaul, which will ensure performance improvements and lead to future OPEX savings.

CAPEX
Million euros

	2009	2010	y.o.y
Sonae	614	412	-32.9%
as a % of turnover	10.8%	7.0%	-3.9pp
Sonae MC	137	88	-36.2%
Sonae SR	97	100	2.3%
Sonae RP	90	21	-77.3%
Sonae Sierra [1]	98	51	-47.5%
Sonaecom	152	140	-7.9%
Investment mngmt.	34	13	-60.2%
Elimin.& adjust.	6	0	-
Rec. EBITDA - CAPEX	19	278	-

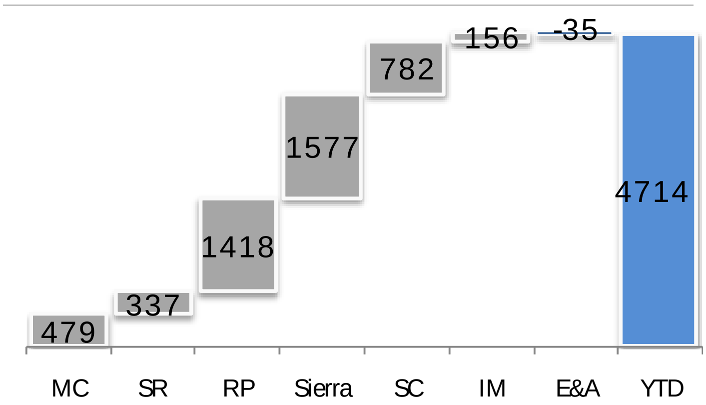
(1) Shopping centres are proportionally consolidated (50%), based on statutory accounts.

Invested capital [1]
Million euros

	2009	2010	y.o.y
Sonae	4,781	4,714	-1.4%
Investment properties[2]	1,836	1,778	-3.1%
Technical investment[3]	3,248	3,191	-1.8%
Financial investment	53	35	-34.2%
Goodwill	729	741	1.6%
Working capital	-1,085	-1,032	4.9%

(1) 2009 figures restated to reflect fair value allocation of business combination; (2) Includes shopping centres accounted for as financial investments in the balance sheet; (3) includes available for sale assets.

Invested capital breakdown (million euros)



Capital structure

Sonae's net debt fell by 228 million euros, in line with the company's objective of deleveraging over time in absolute and relative terms. This performance was due to: (i) strong cash flow generated; (ii) the sale of property assets owned coupled with a capital light approach to growth; and was achieved despite dividends being paid amounting to 63 million euros (vs 60 million euros in 2009).

Sonae's weighted average maturity stood at approximately 4.5 years, with no major refinancing needs expected over the next 12 months.

Retail business' financial net debt as at end 2010 mainly reflects the improved (EBITDA-CAPEX) performance over the last 12 months, as well as inflows from the proceeds of sale & leaseback operations concluded, amounting to 111 million euros. Compared to end 2009, Net Debt to EBITDA (last 12 months) improved to 2.5x, explained by a combination of lower financial net debt (excluding shareholder loans) and a higher level of EBITDA in the prior 12 month period.

Sonae Sierra's financial net debt was 11% lower than that at end 2009, including the inflow from the sale of a majority stake of Alexa (February 2010), the sale of the ownership stake in Mediterranean Cosmos (July 2010) and the sale of Leiria Shopping to the Sierra Portugal Fund (September 2010). Loan to value decreased 3.7pp to 46%, keeping its deleveraging trend.

Sonaecom's financial net debt[4] stood at 348 million euros, primarily reflecting the positive FCF performance. Net Debt to EBITDA (last 12 months) improved to 1.8x, as a result of both a decrease in net debt and improved EBITDA performance over the last 12 months.

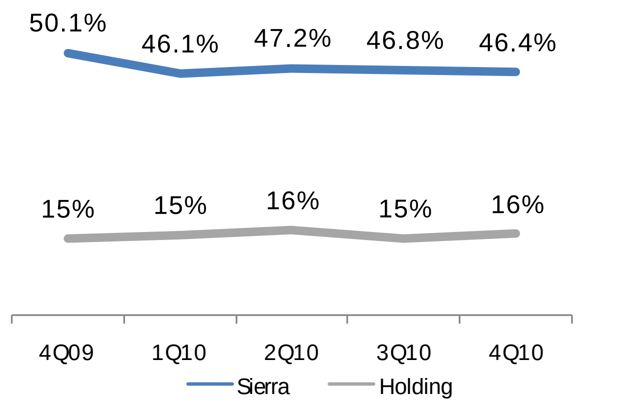
Holding's financial net debt increased by 40 million euros, with loan to value standing at 16%.

Capital structure
Million euros

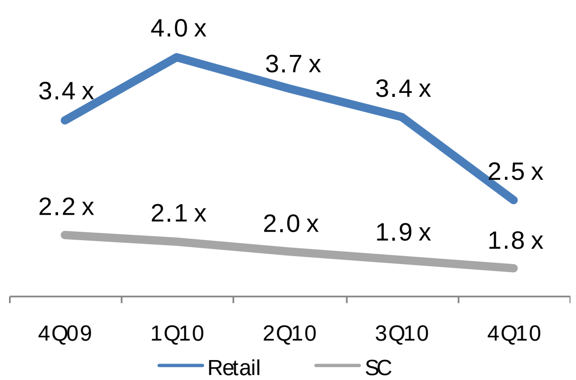
	2009	2010	y.o.y
Net debt	3,080	**2,852**	-7.4%
Financial net debt	3,028	**2,807**	-7.3%
Retail businesses (1)	1,206	1,070	-11.3%
Sonae Sierra (2)	916	818	-10.7%
Sonaecom (3)	378	348	-7.9%
Investment mngmt.	4	7	62.6%
Holding (4)	524	564	7.7%
Shareholder loans	53	**45**	-14.8%

(1) includes Sonae MC, Sonae SR and Sonae RP; (2) Shopping centres are proportionally consolidated (50%); (3) excludes securitization transaction; (4) includes Sonae's individual accounts.

Sonae Sierra and Holding Loan to value



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



[4] Excluding the proceeds from the securitization transaction

Subsequent events

Sonae Sierra Brazil, jointly controlled by Sonae Sierra and Developers Diversified Realty, has filed, on 17 February, at the Brazilian Securities Commission (CVM), a request for a public offer. The company sold 23.2 million new voting shares at 20Brl/share, raising a total of 465 million Brl from the IPO. Sonae Sierra Brazil total number of shares increased from 53.2 million to 76.4 million and free float to 30% (including additional shares). Shares started trading on Bovespa on February 2011.

On March, Sonae Sierra announced the asset sale of two shopping centres of its Spanish portfolio - Plaza Éboli (Pinto, Madrid) and El Rosal (Ponferrada, León) – to an investment fund managed by Doughty Hanson, for a value of 120 million euros, net of VAT. Through this operation Sonae Sierra has cashed-in, also net of VAT, circa 19.5 million Euros

With the proceeds from these operations, Sonae Sierra will pay pre-existing shareholders' loans and plans to use the remaining funds raised in new shopping centre developments, expansions and refurbishments, and acquire land for future developments.

Sonae MC announced that it would start operating its food businesses using Continente as its umbrella brand, further enhancing its value proposition to the Portuguese consumers.

As part of its announced asset monetization plan, Sonae RP concluded the sale & leaseback of its Continente and Worten stores located in the Vasco da Gama shopping centre to 'Imofomento' a BPI real estate fund, for a total consideration of 42,3 million. The implied initial yield on this transaction on a triple net basis is 6.1%, generating a book gain of 16.6 million euros.

Proposed application of results

In view of Sonae Holding net results for the financial year 2010, totalling 386.4 million euros, the Board of Directors will propose to the Shareholders' Annual General Meeting that this profit should be appropriated as follows:

Legal reserves	19,321,614.66 euros
Dividend	66,200,000.00 euros
Free reserves	300,910,678.55 euros

For 2010, a gross dividend of 0.0331 euros per share has been proposed by the Board of Directors, totaling 66.2 million euros, 5% higher compared to the previous year. This dividend is equal to a dividend yield of 4.2% on the closing price as at 31 December, and to a payout ratio of 35% of consolidated direct net income (excluding value created on investment properties) attributable to equity holders of Sonae

Outlook for 2011

In 2011, Sonae will continue to act along its corporate strategic guidelines of value creation through international expansion and the strengthening of the core businesses.

Sonae MC will continue to focus on leadership and profitability, by: (i) consolidating market leadership in Portugal; (ii) exploring new adjacent business opportunities; (iii) managing the business as a cash flow generator; and (iv) searching for international opportunities.

Sonae SR will maintain its focus on growth and internationalization, with: (i) continuous investment in Spain and reinforcement of presence on the country; (ii) exploring and preparing the entrance on new geographies, namely by developing franchising and/or joint-venture opportunities; (iii) consolidating market leadership in Portugal and improving profitability;

Additional asset & leaseback transactions are planned to be concluded during the year, in order to release invested capital to finance growth, consistent with the announced strategy to release capital from Sonae RP's retail real estate assets.

In relation to strategic actions involving core partnerships, the following should be highlighted: Sonae Sierra will: (i) continue to grow in promising markets, accelerating expansion in Brazil and reinforcing emergent markets presence and services to third parties; (ii) increase importance of capital recycling to accelerate new projects development; and (iii) focus on implementing operational improvements. Sonaecom will keep its focus on the growth of its telecom business Optimus, with (i) pursuing a convergent approach to the market; and (ii) increasing cash generation, on the back of continuous efficiency gains and improved margins.

Corporate responsibility

Corporate responsibility values are paramount to our success. In 2010, more than 12 million customers visited weekly our over 1,100 stores (retail and telco) and 51 shopping centres and were welcomed by a team of almost 43,300 people. We are well aware of our important responsibility.

At Sonae we believe that economic growth is only possible hand-in-hand with a visible concern for environmental, social and cultural issues. Our corporate culture is founded on ethical and social principles, on a strong commitment to our community and on a genuine belief that our values make us the leader. Above all, being the leader means accepting our responsibilities, rising to the challenges we face and paving the path for others to follow. We are aware of our responsibility and we work together with all of our stakeholders towards a better future.

More than ever, we as a society need to change our attitude towards environmental issues. At Sonae, we are always looking for new ways of doing more for the environment. We have implemented environmental guidelines across the whole organization. We firmly invest in environmentally friendly technologies. We motivate our team to come forward with new eco-efficient ideas. We continuously support and lead public awareness campaigns. We ensure that procurement procedures strictly adhere to environmental standards throughout our value chain. We work together with the community to change lifestyles towards a more sustainable environment. At Sonae, we are proud of what we have done and we are eagerly looking forward to improving our performance all-round.

The fragility of the world today reinforces the need to devote special attention to social causes. Working together with our community is part of our definition of growth and during the last year we have reinforced our dedication to social causes. Our team has shown, once again, why we believe that we have the best people for the job. They have volunteered along with their families and friends and have shown an outstanding commitment to making a difference. Our human capital is invaluable.

Award – Good Citizenship by Companies and Organisations

Sonae won the "Good Citizenship by Companies and Organisations" award promoted by AESE – Business and Management School and PricewaterhouseCoopers. The award recognizes the efforts of companies and NGOs which have been most successful in putting into practice their social responsibility policies in the economic, environmental and social areas in their industry.

Of particular importance for these awards are those practices which contribute towards the sustainability of the community where they are implemented. According to Sonae's Institutional Relations, Brand and Communications Manager at Sonae, "This prize recognizes the dedication and effort made across Sonae to implement Sustainability policies and achieve healthy growth for all of its stakeholders. Implementing best social responsibility practices has enabled the company to interact constantly with various groups in society, contributing towards creating a more just and balanced society".

Sustainability is at the heart of our mission. Since our establishment, we have known that success can only be achieved with the future in mind and we have always focused on establishing solid foundations for a sustainable path to success. Our commitment to sustainability has led us to implement the best policies and practices. We continuously monitor their adequacy and implementation, ensuring they answer the needs of our stakeholders and that they establish the basis for a better future. We are proud of our achievements and the ambitious policies we support. We take them to national and international forums making every effort to uphold sustainability as a priority on the agenda of all social and economic agents.

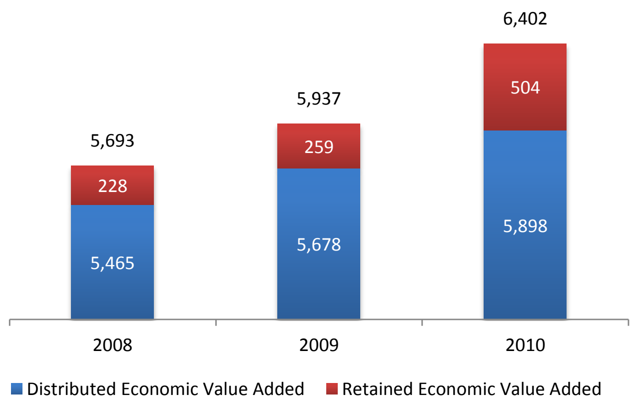
The risk management of social and environmental impacts is based on the *Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission.* This is a cornerstone of Sonae's sustainability strategy as it continuously monitors uncertainties and threats, which may potentially impact on our activities. As a global player, Sonae faces the challenge of implementing good governance policies across a large set of economic, social and cultural frameworks. We can only overcome this diversity with a global vision and by creating and complying with the highest international standards of quality. For this purpose we have implemented a comprehensive set of environmental and social guidelines across the whole organization aiming at reducing our environmental footprint and making a positive difference in local communities. In addition to these guidelines, we have challenged each business unit to strengthen their sustainability strategies and to share their best practices.

When it comes to sustainability, Sonae has always been a pioneer in this area and we continue to be in the front seat when it comes to working towards a cause that we truly believe in. In 2010, along with the reinforcement of previous initiatives, we introduced the Joining of the Global Business Oath, promoted by Young Global Leaders of the World Economic Forum and we also organized our first sustainability forum - “Sonae for the Better”.

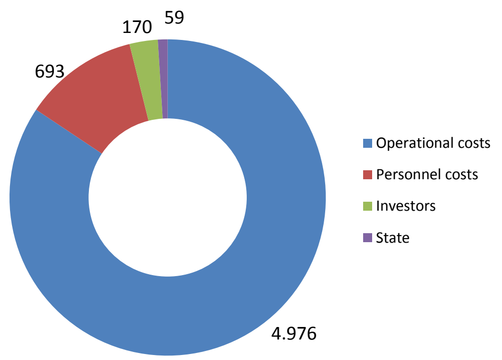
Aware of the influence we have on our business chain, we maintained active communication and involvement with our stakeholders ensuring a relationship of trust. At Sonae, we believe that our success is the natural outcome of the work carried out together with our stakeholders, who share our values and trust us to act accordingly in finding opportunities to grow and to make a positive impact in our community. In this section, we demonstrate our commitment, responsibilities, goals and achievements evident in our sustainability strategy.

Our responsibility and social impact can also be measured by the Distributed Economic Value Added from our activities (operational costs, labour costs, investors remuneration and tax payments), which shows a solid and stable increase rate, totalling 6,402 million euros in 2010.

Economic Value Added



Distributed Economic Value Added



43,268 People + 9%	**10 M€** Community support + 12%	**5,834 M€** Turnover (excluding petrol) + 5%	**412 M€** Capex - 33%
1.5 million Training hours - 1%	**3,082** Institutions supported + 18%	**3.9 M** Weekly retail customers + 8%	**199 M€** Net income + 171%
3,454 Jobs created + 79%	**6,402 M€** Gross Added Value + 8%	**1,019** Stores + 9%	**690 M€** Recurrent EBITDA + 9%

To promote Sonae's sustainable growth and to contribute to the Country's development

Strategic goals

Internationalisation
To increase our presence in international markets

Investment style diversification
To adopt investment styles more suitable to each business

To leverage the exceptional asset base in Portugal
To innovate, to generate business and to reinforce our competitive position in the market

Action cornerstones to achieve the strategic goals

Governance	Environment	Social
To keep up the Board's and colleagues' high ethical standards while interacting with the various stakeholders in different countries.	To improve our environmental performance through the prosecution of investments that promote ecological footprint reduction.	To contribute to the economic, social and environmental growth of the regions and countries where Sonae operates. To defend Human Rights and meritocracy.

The environment comes first

Sonae is an environmentally responsible corporation and it is constantly looking for ways to improve its environmental management guidelines. Environmental awareness has led to formal policies and procedures being set up which have resulted in the significant improvement of Sonae's environmental performance. Our policies are forward looking, focusing on prevention and anticipating changes, which allow us to adapt our products, services and premises and to improve measurement and monitoring techniques.

As part of our corporate responsibility framework, every year we dedicate a significant part of our efforts to reducing our environmental footprint to the absolute minimum. We have achieved a remarkable environmental performance, mostly due to the implementation of dynamic and aggressive environment management policies and we continuously monitor our environmental impact and we invite the community to assess and share our efforts by publishing environmental reports and by organizing workshops, conferences and internal eco-efficiency programs.

Determined to protect the environment that we all share, we have continued our investment policy in environmentally friendly technologies. We permanently monitor business areas with particular impact on the environment. We have also reinforced the measures we take towards a higher level of efficiency in electricity and water consumption and we continued to optimize our transportation network, increasing its efficiency and lowering its environmental impact. We have increased the number of products transported and we continued the renewal of our road fleet with more eco-friendly vehicles. Finally, we have made significant efforts across the whole company and have implemented strict guidelines and awareness campaigns to increase our levels of waste reused, recovered or sent for recycling and composting.

At Sonae, we go far beyond a legislative approach and we are committed to following the highest international standards when it comes to reducing and reporting our environmental impact. Outlined below are some of our efforts in 2010:

- We have reinforced our training programs in sustainability and environment. Our employees were also encouraged to come forward with eco-efficient ideas.
- Our project "Hipernatura Continente" continued to make a difference. This project is aimed at recovering, improving and modernizing public gardens in various cities, thus increasing awareness concerning ecological and environmental issues and the quality of

Green at the core: Sonae Maia Business Center

Being a leader means putting into practice our beliefs. At Sonae we are devoted to the concept of eco-efficiency and set up a project to build a Business Center that would be a landmark and inspiration to our future projects. Our eco-efficiency building was aimed at creating a sustainable business center with cutting edge water and energy efficiency technologies, as well as materials and resources from sustainable sources in order to provide a unique indoor environmental quality.

Our efforts were rewarded with a LEED GOLD award by the US Green Building Council. Our project was the first in Portugal and Spain to receive such an award and only 5% of the applicants in 100 countries and 30,000 buildings have achieved such a level of quality.

Our excellence in engineering allowed us to achieve very high levels of efficiency:

- 90% of recyclable materials
- 15% reduction in energy consumption
- 40% reduction in water consumption
- 100% of sanitary water comes from recycled water from showers and wash basins
- 95% of our team has an outside window
- 95% of the timber used came from certified sources
- 75% of the waste produced was recycled or reused.

The final result meets the highest environmental standards with an overhead cost of only 1.7% in a 68 million euros project, with a 5 year payback.

life among local communities.

- We continued to improve our communication on environmental management by publishing a sustainability report, which includes transparent and quantified analyses.
- We also continued to issue environmental bulletins which are disseminated across the whole organization aiming at raising the awareness of environmental impact and to encourage good practices.
- The dissemination of best practices continues to be a priority and we have organized several workshops, conferences and training programs focusing on eco-efficiency and on identifying problems and risks, sharing information and best practices and challenging all business units to raise their game when it comes to protecting the environment.
- We have strengthened our campaign at Worten "Be more efficient", which offers a 30 euros discount when buying home appliances with the energetic classification of A+ and A++.
- Reinforcement of the process to revise all of our packaging so that it reduces space, coloured and cardboard packing used and by printing directly on the packaging rather than using stickers.
- We started a program "Save Energy" and we have asked our people to commit themselves to this cause.
- We were the first Portuguese company to adopt a strict policy towards sustainable fishing practices.

In addition to our internal efforts, we also actively support and participate in initiatives that promote a better environment:

- "Green Project Awards", an initiative which rewards innovatory environmental projects.
- "Greenfest", the largest sustainability event in Portugal and that aims at promoting the awareness of the public to the environment, the dissemination of best practices and a behavioural study by all social agents.
- "The Carbon Disclosure Project" survey, a not-for-profit international project with the largest database on corporate emissions of ozone damaging gases.

We are leaders and we take our responsibility seriously to help change the system towards a more sustainable world. Our efforts have been rewarded with significant awards such as "Environmental Brand of Confidence" in Europe awarded to Sonae MC by Reader´s Digest and the "LEED GOLD" award attributed to Sonae Maia Business Centre by the US Green Building Council.

We truly believe that it is critical to take our efforts into our communities and we are proud of the achievements of our environmental related projects. In 2010:

- Our project "Batteries by Books" collected around 3 million batteries.
- The project "Equipa Worten Equipa" collected almost 5 thousand tons of old electric and electronic equipment.
- The project "Green Cork" collected more than 8 million corks.
- Our brands Modalfa and Zippy are pioneers in offering footwear with the "BIOCALCE" certification, which guarantees the absence of chemical substances hazardous to health or the environment.

We care about the future: sustainable fishing practices

Sonae MC was the first Portuguese retail company to adopt a policy towards sustainable fishing practices. Our commitment for a sustainable future is a core part of our values and culture. The adoption of a strong policy relating to fishing sustainability came naturally and reinforces us as a leader in the quest for a better future.

Under the policy for sustainable fishing practices, we Sonae MC do not sell endangered or threatened species and we have reinforced the quality control processes to guarantee that the fish sold is caught following strict environmental rules in order to protect the environment and the future of our oceans.

Our efforts were recognized by Greenpeace, who put our policies and practices amongst the best in Portugal and Spain. Sonae MC is one of the very few retail groups with the score above 40% in the Greenpeace survey.

Sonae's Commercial Director of the retail of perishable goods, clearly states our goals "Sonae MC is committed to bring together economic, social and environmental development, contributing to a sustainable future. We are certain that our customers will value our efforts and recognize our brands based on our efforts to defend the interest of future generations and the sustainability of the oceans."

Working with our community: Batteries for Books

Sonae MC has given around 130 thousand euros to buy books in exchange for more than 75 tons of batteries for recycling. The aim of the Batteries for Books project is the promotion of reading habits among the youth while at the same time teaching them the importance of recycling.

Modelo is giving the schools that won the Batteries for Books project nationwide about 130 thousand euros for the acquisition of 12,500 books recommended by the National Reading Plan of the Ministry of Education. This initiative was welcomed by more than 266 thousand children, from preschool until the 9th grade, who were responsible for the gathering of more than 75 tons of batteries.

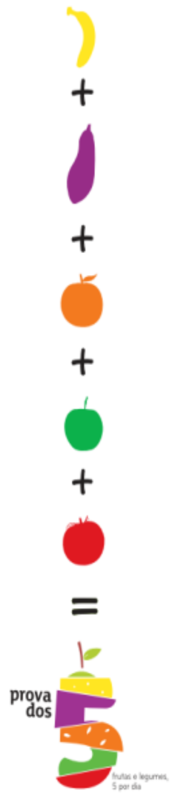
According to the National Reading Plan Commission from the Ministry of Education, "The Batteries for Books project is an example of fruitful cooperation in the area of education between the National Reading Plan and private companies". Also Eurico Cordeiro, Managing Director of Ecopilhas says that "The growing number of students involved in this action is remarkable and the commitment of teachers was decisive for the success of this initiative which already represents approximately 20% of the total of batteries gathered in Portugal".

This initiative first took place in 2004. Since then more than 15 thousand schools and nearly 1.7 million students have participated in this initiative, which has now taken place seven times. During this time more than 588 tons of batteries have been gathered and approximately 70 thousand books have been offered to schools. This initiative from Sonae MC is responsible for nearly 20% of the annual collection of batteries in Portugal.

Batteries for Books 2010 number of Winning schools	130
Schools that participated	1,194
Involved students	266,621
Ordered books	About 12,500
Gathered batteries	About 3 Million
Battery containers delivered	6,306

Services and products with quality and integrity

641 million people visited our stores, providing us with the clearest demonstration of trust in our values, products and services. At Sonae we know that success is not temporary. We have a long standing tradition of bringing the best products and services to the public and the best products come from the best suppliers. Every day we work closely together with our suppliers to get the best products to our customers. We share experiences and we trust our suppliers to share our values and commitments.



Our customers demand quality and integrity from us and we take these same concerns to our supply chain, demanding not only quality and safety of our products and services, but also their compliance with our corporate responsibility values. At Sonae we promote a culture of social responsibility and we demand the same from our suppliers. We ensure that our suppliers follow strict procurement procedures regarding the environment, health and safety and social values, such as human rights, corruption and child labour. To ensure compliance with these critical factors we continuously monitor our supply chain and conduct regular visits and audits of our suppliers, both in Portugal and abroad. We are broadening the scope of requirements checked in audits to a greater range of suppliers in the Retail area.

Also as part of our commitment to integrity, we help our suppliers to comply with our values, by carrying out training courses especially designed to be in line with our framework of thinking and we conduct surveys, on a regular basis, to identify best practices and improve relationships. We monitor and assess each supplier's sustainability performance, particularly concerning the environmental and social dimensions. As a result, we become more demanding and we trust and help our suppliers to move with us towards a sustainable future and sustainable success.

Our products are produce under a strict quality control. In 2010 we have audited 601 suppliers (63% of our national suppliers and 76% of our international suppliers were visited). Veterinary teams have made almost 6,000 visits and external laboratories have conducted almost 1,000 visits to our suppliers. In addition to these visits we have conducted almost 11,000 microbiologic analyses, 5,600 product tests by external certified labs, almost 95.000 tests in our internal labs and more than 1,200 benchmarking analyses. Additionally, we have celebrated several protocols with specialist organizations in health and nutrition to help us improve our offer of healthier products. Quality is a priority for us.

It is important that this message reaches our customers and we have started the development and implementation of a labelling system, which will allow a more informed decision to be taken by our customers. Transparency is key for us.

Follow the colours

At Sonae we want our customers to always make an informed choice and we make significant efforts to be transparent and to facilitate their decisions by being open about our products.

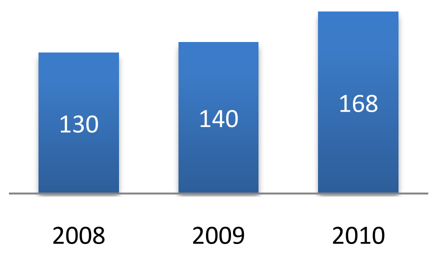
We continue to improve our labelling project "Follow the Colours" on our own products. Our labelling now includes a colour system (green, yellow, red) for the components with stronger potential health impacts, such as calories, salt, sugar and fat content.

Additionally, we explicitly alert customers to the presence of gluten and we include the logo "Healthy Choice" from the Portuguese Cardiology Foundation.

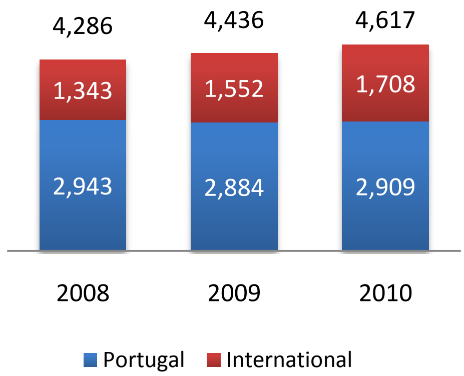
Our products are designed to suit the demands of our customers. We are proud to see our commitment to integrity and quality being recognized. Sonae MC was the proud recipient of both the "Brand of Confidence" award, for the eighth time, and "Environmental Brand of Confidence" award by Reader's Digest.

Sonae MC has been prioritizing national production which now represents more than 85% of perishable goods (in tons), where Portuguese producers have a strong competitive advantage – proximity. At Sonae we always aim to offer the best quality for a fair price and we continuously look for new opportunities to strengthen and differentiate our products and services portfolio. Our "Clube de Produtores Sonae" allows us to coordinate efforts with all our suppliers and to maximize production efficiency and economy creating advantages for all agents in the process, including our customers.

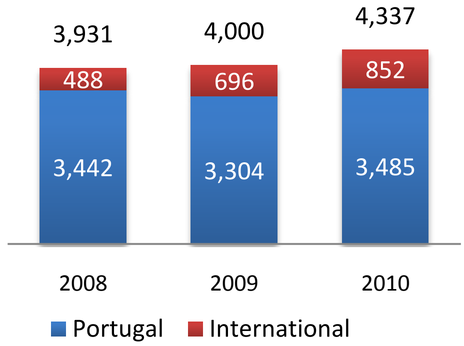
Purchases from Sonae Producers Group (M€)



Number of Suppliers - Sonae MC and Sonae SR



Gross purchases - Sonae MC and Sonae SR (M€) [5]



[5] Gross purchases to suppliers not deducted by returns, discounts or rappel.

Our partners: Sonae Producers' Group (Clube de Produtores da Sonae)

Sonae Producers' Group was created by the company in 1998 to bring agriculture and livestock producers closer to final consumers, offering them the "Best of Portugal". Twelve years later and with more than 230 members, representing more than 1,500 individual producers, the Group today is considered an important part of the food retail purchases of the company, equal to 168 million euros in 2010. Over the twelve year period, the cumulative value of purchases was 1,053 million euro.

There are currently five product categories in Sonae Producers' Group: (1) Butchers, (2) Charcuterie, (3) Fruit and Vegetables, (4) Bakery and Pastry Shop and (5) Fishmonger. These products are highly competitive in quality as well as price, and bring clear benefits to the entire supply chain, from the producer to the consumer.

The Sonae Producers' Group is based on the following principles:

- Planning: allows all Portuguese national production to be completely sold, optimizing production capacity, technical support and access to various protocols, and also provides fresher Portuguese products for Modelo and Continente store customers;
- Certification: guarantees high standards of quality and food safety of products, promotes self evaluation of production systems, provides a forum for discussion and communication of future market challenges, and a means of tracking products to the final consumer while promoting environmental responsibility;
- Knowledge sharing: allows analysis of production systems and requirements for national production, consumer profiles, market trends and commercial strategy, promotes product and process innovation, training and information, and ease of communication, with a view to a common goal – competitiveness.

During 2010, we made 440 visits to the producers and we dedicated almost 2,000 hours to working together with them, monitoring their actions and sharing experiences. We have celebrated more than 300 contracts. As a result of our efforts, purchasing volume has increased 17.6% in value and 7.9% in volume.

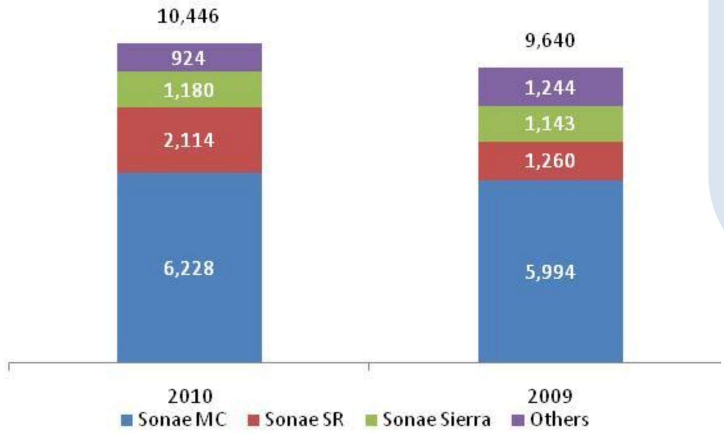
Giving back to our Community

In 2010 Sonae was visited by more than 640 million customers, served by a team of almost 43,300 people and almost 5.000 suppliers. But our impact in the community goes far beyond our stores. Every dimension of Sonae's strategy interacts with the community and we accept the responsibility of making a positive difference.

We take our responsibilities seriously by getting strongly involved with our community, not only by proving support but also by raising awareness of sustainability issues and by actively engaging in social, cultural, educational, environmental and scientific activities. Our involvement takes place through several roles, from organizer to supporter, but always with the commitment of giving back to our community. We extend our involvement to our employees, family and friends by encouraging them to participate as part of their work load in voluntary social schemes.

In 2010, we supported 3,082 institutions and provided support of circa 10 million euro, a 12% increase in comparison to 2009.

Support to the community (euros)



International Volunteer Day (5 December)

International volunteer day is a unique day for the promotion of internal initiatives and looking back on progress made, Sonae involved employees in 600 volunteer actions and was awarded a prize for the work done in the area of education.

Our employees made a contribution to the community in the areas of Education, Health and Social Support. Several hundred employees took part in these actions and spent more than 4,170 work hours at the service of charitable institutions, schools, hospitals, NGOs and other organizations, sharing and applying their technical knowledge and helping many causes.

As a result of the hard work and dedication of the company and its employees, Sonae has recently been elected "Company of the Year 2009/2010" by the "Learning to be an Entrepreneur" Association – Junior Achievement Portugal. Sonae was the company that provided the largest number of volunteers to help towards its mission of encouraging entrepreneurship among young people in Portugal.

Sonae's Manager of Institutional Relations, Brand and Communications at Sonae, says: "Sonae has encouraged its employees to do voluntary work, so allowing many institutions and families to benefit from their knowledge and skills." He adds: "We will continue this culture of active involvement in society, encouraging and developing new volunteer initiatives that enrich the experience of employees and benefit the communities in which they work."

The list of the activities we support is far too long, but we would like to highlight the following:

- Founder member of *Casa da Música* and *Fundação de Serralves*, two Portuguese cultural landmarks in Oporto;
- Patron of *IPATIMUP - Institute of Molecular Pathology and Immunology* of the University of Porto, a leading institute in cancer research.
- Sponsor of the *Green Project Awards which* recognizes and rewards best sustainable projects implemented in Portugal.
- Supporter of *COTEC Portugal – Business Association for Innovation*.
- Sponsor of *Causa Maior*, a project aimed at improving the quality of life of senior citizens, and which helps to fight social exclusion and isolation, and promotes a more active social life for elderly people, in partnership with the Portuguese Red Cross.
- Supporter of *Tudo a Ler*, as part of the support to the Portuguese National Reading Plan, and with the aim of encouraging reading with the donation of books to various schools.
- Supporter of *Escolas Modelo*, which donates sports equipment or technological equipment.
- Sponsor of *Projecto Sorriso*, a program involving volunteer work to support Portuguese welfare institutions.
- Supporter of the *e-initiatives program*, which aims at promoting info-inclusion among students and teachers, facilitating access to information technology and the internet
- Sponsor of *Idade Maior, a initiative a*imed to help the integration of elderly people providing appropriate technology training.
- Sponsor of *Porto de Futuro*, aimed at supporting schools in the Porto area, through consultancy support for their general management, support for training courses, provision of teaching materials and other donations for educational purposes.
- Sponsor of *Optimus Alive*, one of the largest cultural festivals in Portugal.

Additionally we promote several community forums in shopping centres, aimed at encouraging debate and the exchange of ideas regarding the environment, health, safety and work, among others, between the community and the shopping centre's management.

Equipa Worten

Worten is a market leader in electronics and is constantly aware of the environmental impact of the products sold, most are electric or electronic equipment (EEE). It is critical to implement processes to maximize the re-use or recycling of these types of products.

Our team started a project with the mission of actively contributing to the social and environmental awareness of our clients and employees through a social-environmental project with the high-level participation of our team. The objectives of this initiative are twofold. Firstly, to reinforce the perception of our brand as being environmental friendly and socially responsible. Secondly, to encourage the return of old equipment to our stores and to make people feel that is contributing to a higher cause.

For each ton of old equipment collected, Worten will donate 50 euros of new equipment to a local institution. Customers that want to collaborate but do not have old equipment can buy a magnet (1 euro each) and the equivalent value will be donated to this cause.

In 2010, 4,770 tons of old equipment were collected and 124 institutions received our support with the donation of 1,377 new equipments with the value of 240,000 euros. 700 Worten employees were involved in the project.

At Sonae, we help to make a difference.

Smile…

Sonaecom human resources excellence arises from the values of our people. The project Smile was created at Sonaecom with the objective of strengthening our commitment to making a positive impact in our community in areas related to the Sonaecom business segment. Any member of our organization and their families and friends can be involved in project Smile and to reinforce its relevance and our commitment to society, for each holiday spent working with the community, Sonaecom will give another free day for community services.

The Smile project focuses on 4 different areas: social causes, team building, urban intervention and skills building. The social causes dimension focuses on raising the awareness of environmental, social and cultural issues that affect local communities. We have also developed campaigns for blood and bone marrow donations with remarkable success among our employees.

Another strong dimension of the project is related to finding solutions to structural problems of institutions, such as recovering or renewing buildings or reorganizing the layout of certain areas. Additionally, we provide help with the reorganization of administrative services and with the implementation of actions to reduce the environmental footprint.

The skills building dimension is clearly related to our know-how and aims at developing specific skills in IT and communication related technologies amongst local communities.

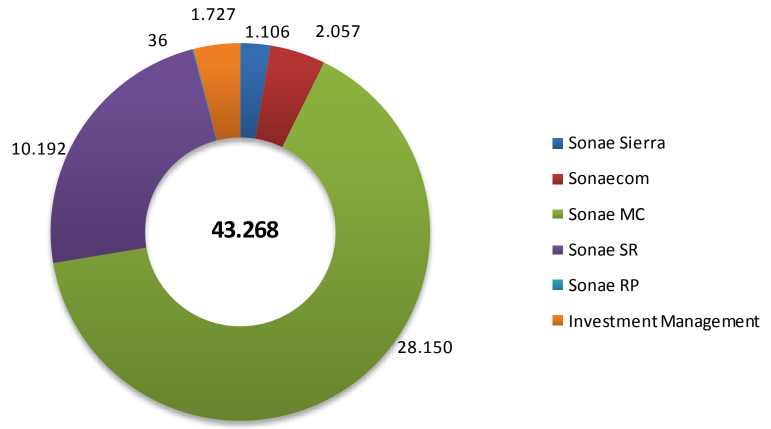
So far we have provided 1,327 training hours, 2,140 m2 of recovered spaces/areas.

A place where people want to work

Sonae's team includes almost 43,300 people working everyday at their very best to help our customers and to discover new opportunities to make a positive difference in the community. Their talent, expertise, professionalism, dedication and open mind to innovation and change are an important driver of our success. Our people culture is very simple – *We want to work at Sonae*.

At Sonae we promote equal opportunities and we do not allow for any type of discrimination. Two thirds of our team is female and almost half of our team includes employees below 35 years of age. Another important aspect for our employees is employability and we make sure that we create opportunities for them to seize. We want to keep the best and they always have a place in our organisation, as a result 69% of our team has a permanent contract. In 2010, we also contributed to social welfare by recruiting 3,454 new employees.

Our people[6]



Growing through innovation

Sonae Sierra quickly became a successful global player with its presence in 7 countries. Sonae Sierra's success is based on a strong commitment to innovation and four years ago, the Innovation Office was established with the goal of creating an environment to promote innovation. As a result of this commitment, several tools and processes to stimulate creativity were implemented.

The most recent one is the innovation program called CLICK (Creative, Learning and Innovation Continuous Knowledge) that gathered more than 1,000 employees from Europe and Brazil with the single goal of promoting innovation by allowing and encouraging the creation of ideas without any constraint. During 4 months and 50 sessions, everyone was introduced to techniques and tools to stimulate creativity and faced a succession of challenges, some of which were real, which aimed at the development of the individual and of the group. The main objective was to encourage a framework of thinking that was not only looking for new ideas, but also helped to accept other people's new ideas as a challenge.

Carlos Jesus, Sonae Sierra "Head of Innovation": "To be efficient, we have to be creative. We want to differentiate our processes, our services and our products in order to add value to the company. This is the genesis of our innovation program."

[6] Does not include temporary workers

It is paramount to our success to keep everyone motivated and to constantly present them with new challenges. We strongly believe that professional development can only be accomplished with personal development and, therefore, we aim at giving our employees the right conditions for them to choose the path they want to walk with us. We provide continuous training, support for academic studies, an innovative and motivated environment, performance-based compensation and, due to our diversity, the unique experience of working with different problems and in different environments.

As a general principle, Sonae wants training and investment in skills building to be regarded as a key factor in understanding, anticipating and responding to today's market and competitive challenges, as well as meeting the strategic needs of the Company. Continuous training is essential and a priority across the whole organization, from top managers to every position within Sonae. For us continuous learning serves several purposes.

Sonae Learning Centre – Dynamic Learning

The Sonae Learning Centre set up in 2004 is mainly targeted at senior managers and technical employees for specific training needs strategically identified in common by at least 2 different business units. In 2010, the centre ran a short series of seminars and workshops with more than 200 participants. The centre has its own facilities that include 3 training rooms and 2 amphitheatres, with a maximum capacity of around 180 seats. In addition to the Centre's activities, these facilities are also shared by all Sonae businesses for their own training and forums. The centre also supports the application process of senior managers and their reports for external training opportunities both at Business Schools and high-level conferences in management. For this purpose, each year the centre publishes a brochure called "Executive Education Programmes for Top Management" that is a time-saving guide to allow Sonae's senior managers to choose the best executive development courses for themselves or for the members of their team.

Firstly, it allows us to maximize the potential and talent in each of our employees. Secondly, it creates a dynamic spirit that links us to the outside world and makes us a cutting edge organisation in a fast moving environment. Thirdly, in Sonae we think that experience and knowledge sharing creates value and our training is designed to disseminate successful experiences and to mitigate potential problems. Finally, learning plays an active role in motivation and personal development. For all of these reasons, Sonae has a comprehensive, continuous and demanding internal training program that is complemented with the support of academic studies at reputed universities.

The personal and professional development of our team is part of our strategic vision and continuous learning is a critical determinant of our sustainable success over the years. We set up several Corporate Learning Centres, which in 2010 provided our team with more than 1.5 million hours of training, of which 1.2 million hours were taught internally with employees sharing expertise and experiences. As Sonae is focused on costumer's needs, each business unit has its own main system of learning and development. For instance, the Sonae Retail School has put in place 22 schools, from the Perishables School or Worten School to the Leadership School or Management School (in which people attend the most prestigious business schools for postgraduate studies), providing knowledge and skills across the different retail businesses or those directly linked to them.

We are also strongly committed to helping our employees to improve their academic background by supporting their studies at reputed institutions of Excellence. This is strengthened further through broadening areas of expertise and sharing experiences with other areas. We continuously encourage and support, including through funding, our employees to take postgraduate studies, particularly MBA degrees, either in Portuguese or foreign universities, allowing our most talented employees to continue their studies and further develop their key skills. For this purpose, we have established relationships with some of the world leading universities such as Universidade Católica Portuguesa, EGP – University of Porto Business School, Nova Fórum, Instituto Superior Técnico, AESE - Escola de Direcção e Negócio, London Business School, INSEAD, IMD, IESE, Cranfield, Babson College, Harvard Business School, Stanford, Kellog, Henley Management College and Ashridge.

Sonae MC is a good example of our commitment to improve the academic curricula of our employees. Due to its intrinsic characteristics, Sonae MC has the largest number of employees without an academic degree. In an attempt to mitigate this problem we created the program "Valorizar Percursos" in association with the "New Opportunities" programme, a government initiative aimed at increasing the Portuguese population's educational qualifications. More 4,800 employees are involved and 1,500 diplomas have now been awarded to our employees that have participated in this programme.

Finding the best – Rede Contacto

Each year since 1986, Sonae has organized the "Programa Contacto", targeted at final year undergraduates from Portuguese Universities. The aim of the programme is to allow talented young people to get to know the Sonae Group better and for Sonae to discover and recruit highly qualified, potential young managers.

In 2010 as part of the "Programa Contacto" initiative, Sonae companies launched "Rede Contacto" the first social network in the world set up to attract talent to a single business group. This social media is a meeting place for undergraduates, recently qualified graduates and Sonae. Sonae learns from their innovative ideas and they get to know Sonae from the inside, giving them a chance to participate in an open day at the headquarters and win one out of 20 traineeships. There are already more than 11,000 people registered on the network.

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

Sonae Retail School – The Perishable Goods School

Sonae Retail School was established to provide a comprehensive set of training programs tailor made for the retail segment and to promote the sustained development of our team, on both a personal and professional level, by developing the competences and the potential of each individual through the structures supported by Sonae culture and values.

The School is organized both across the different hierarchy levels and the different retail segments. This interlinking allows for training to be followed in accordance with the career path chosen by each participant. On a hierarchy level the School is organized into three faculties – Operations, Managers and Top Managers – that simultaneously suit the career stage and ambition of each participant. On the Operations level, the School is then organized into nine different schools, split into 4 business retail segments: food, electronics, sports and clothing.

The Sonae Retail School has more students than the biggest university in Portugal, but focuses on the career paths of each individual. It has its own contents development staff and almost 4,000 internal trainers.

One of the most prominent schools is the Perishable Goods School, which has arisen as a result of the business management strategy of Sonae MC in the Operational, commercial and human resources areas. It features a unique combination of key factors: curricular plans over several years with varying levels of depth of subject matter, based on acquiring knowledge in a consistent manner, and generating skills that help career development. Its challenge was to conceive, design and create a School founded on a business philosophy to create a new standard of training.

Working and being competitive in the perishable goods business, requires us to be focused on the preparation of high performance teams and the creation of a culture that makes the difference.

This is the background to the establishment of the Perishable Goods School, the mission of which is to: help to create a benchmark culture in terms of knowledge and professional competence of employees to increase operational efficiency, sales and customer confidence. Embedded in the set up of this school are factors which will drive a new vision of perishable products in our stores which will have an impact in the short term.

The School is structured around three levels of knowledge: basic knowledge level, specialist level, and expert level. Each operator will be assigned to one of these levels, based on tests.

Up to now, the Perishable Goods School (year 1) has already given around 58,000 technical training hours during working hours, split between: operators 45,000 hours, operational supervisors 11,000 hours and other company employees 22,000 hours. We are at the beginning of a journey, involving the constant search for excellence. The only certainty that we have is that it is one that will never end and that in the short term the impact will be visible on the fresh food operations in Food Retail stores through its highly qualified professionals.

The value proposal consists of:

1. Creating opportunities for active and continuous learning
2. Serving as an internal benchmark
3. Investing in increasing knowledge and know-how of our employees about fresh products
4. Contributing towards operational improvement in critical business processes
5. Focusing on increasing sales
6. Helping to maintain and strengthen our brand image: increasing customer confidence

As part of career development, we encourage internal mobility within Sonae as a process to develop a good portfolio of skills and competencies. Looking at different problems from different angles helps to develop a more comprehensive and critical way of thinking, which we believe to be crucial to a successful career. Internal mobility within Sonae is nurtured and promoted based on the following principles: (i) talent has to be managed so as to service the entire Company, not one specific unit or function; (ii) everyone has the opportunity to take their career development into their own hands based on merit; (iii) the Company offers guidance, opportunities and resources to maintain employability throughout one's career; and (iv) Sonae looks for a balance between developing skills internally and attracting them from the outside.

Our success is our team success and we share it. Sonae offers an attractive and competitive remuneration, and a comprehensive and flexible benefits package. In 2010 our compensation plan gave performance based rewards of near 41 million euros. Sonae runs a comprehensive incentives scheme based on key performance indicators defined and measured at the following levels: company-level, department-level and personal level. The variable component varies on a yearly basis and Sonae's culture strongly encourages everyone to take an active role in the planning of their own "key performance indicators" for the year.

Finally, health and safety has been at the heart of our culture from the start. Our goal could not be clearer "zero accidents". We work closely together with the Portuguese Work Conditions Authority and in just one year we received 643 inspection missions. We have in the field an aggressive training and awareness program, which in the last year alone resulted in a 7% decrease in work accidents, 5% decrease in accidents that result in absence on medical terms and 9% decrease in the number of absence days. For instance in 2010 we ran 170 major hazard simulations.

Our efforts have been awarded with both national and European awards in Health and Safety in the workplace. We are very proud of being the recipients of the 2010 Safety and Health at Work European Good Practice Award. Our excellence in the workplace is recognized worldwide and in 2010, Sonae welcomed a delegation from the International Labour Organization that visited us for our leading role in safety in workplace.

Additionally, we provide our team with health insurance and access to the private health system via several protocols that we have secured on their behalf. We are in a privileged position to raise the awareness of health related issues and we accept this responsibility. We run several campaigns to promote a better life style across our team.

Towards better governance

For Sonae, transparency, ethical and responsible behaviour are fundamental principles guiding its business operations and contributing towards its performance. From the beginning a *Code of Conduct* was implemented which is now part of our environment, and is present in all of our everyday actions. Our *Code of Conduct* enforces the adoption of behavioural principles, such as integrity, transparency, respect, social responsibility, environmental commitment, health and safety, confidentiality and use of privileged information. All Sonae's Directors, senior managers and employees, including external consultants, are required to comply with our *Code of Conduct* in their daily activities and in both internal and external relationships.

Our culture of transparency is reinforced by the implementation of two mechanisms – both internal and external – by being alert to irregularities. Internally, we have in place a whistle blowing policy for communicating internal irregularities, which sets in motion the procedures to efficiently and fairly respond to the alleged irregularities. By successfully implementing these procedures and by making efforts to respond to them, Sonae aims to involve all employees in the creation of a healthy and balanced work environment. Externally, Sonae was one of the first companies to have an Ombudsman, which reports directly to the Chairman of the Board of Directors. The Ombudsman can be reached via our website and has proven to be an effective means of facilitating the filing of complaints, to make sure that independence and freedom of speech are guaranteed and that all issues are treated equally and fairly.

In 2010, Sonae's Ombudsman received 2,482 complaints, a decrease of almost 10% compared to 2009. 96% of the complaints were from customers and the average answering time was 14 days, maintaining the level of 2009 after a decrease of 33% compared with 2008.

Small investors are vital for us and we devote significant efforts to communicating with them. We advocate the highest levels of quality and transparency on the market and we comply with all capital market regulations regarding the announcements of information. We have a very active, young and dynamic Investors Relations department that is permanently available to discuss any issue with our stakeholders. All relevant information is made available both in Sonae and on the Stock Exchange Commission websites. Our reporting policies go beyond the regulatory requirements and we are committed to reporting all relevant information on a voluntary basis.

Our corporate governance structure is designed to protect small investors and our institutions strictly comply with the best corporate governance practices. We have selected people with a strong commitment to sustainability and with a reputable background both as individuals and as professionals. We have a significant proportion of independent members that not only comply with their monitoring duties, but also add significant value and expertise to the board.

Meetings with investors

Date	Organizer	Event
19 Jan	Sonae	Reverse Roadshow with UBS
2 Feb	BCP	Roadshow Frankfurt
3 Feb	Sonae	Reverse Roadshow with CITI
10 Feb	Santander	Iberian Small & Mid Cap Conference (Madrid)
18 Feb	BPI	Roadshow Geneva
23 Mar	UBS	European Holdings conference (London)
25 Mar	UBS	Roadshow London
8 Apr	BPI	Roadshow Lisbon
26-28 Apr	Caixa	Roadshow Nordic countries
12 May	Caixa	Mid Cap conference (London)
13 May	BES	Reverse Roadshow with BES
26/27 May	BES/Euronext	Portuguese Day 2010 (New York)
16 June	Caixa	Roadshow Viena
23 June	Caixa	Roadshow Dublin
17 Sept	BPI	Small & Mid Cap conference (Lisbon)
20 Sept	Sonae	Analyst roadshow (London)
22 Sept	Merril Lynch	Global Consumer & Retail Conference 2010 – (London)
1 Oct	Caixa	Roadshow Amsterdam
14 Oct	Sonae	Exclusive Top Management Day (Oporto)
18 Oct	BES	Roadshow Paris
18 Nov	Fidentiis	Roadshow London

Knowledge and expertise sharing

The last message on Corporate Responsibility is that we will not slow down our quest for a better society. Corporate Responsibility is part of our identity and we continuously improve our practices and we genuinely believe that expertise sharing is critical for the development of a sustainable and responsible organization.

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

- FINOV, a forum dedicated to innovation, with the purpose of stimulating and supporting an innovation driven culture at Sonae, capable of sustaining high levels of value creation.
- Sustainability Forum, with the purpose of sharing sustainability knowledge and best practices, increasing awareness across Sonae and identifying relevant common issues to encourage synergies and cohesion in dealing with the various challenges in this area.
- Planning and Control Methodologies Forum, with the purpose of promoting and discussing the implementation of best control methodologies across the Company.
- Legal Forum, with the purpose of sharing experience and knowledge among legal teams, promoting the wide discussion of essential legal topics and a common approach to legal interpretations and procedures.
- Marketing and Communication Forum, with the purpose of coordinating negotiations with Media companies, as well as promoting the sharing of best practices in Marketing at specific seminars.
- Engineering, Construction and Safety Forum, with the purpose of promoting and discussing the implementation of best practices in engineering and construction activities across the Company, with a special focus on matters and issues related to health and safety.
- Negotiation Forum, with the purpose of presenting, analyzing and discussing negotiation strategies, identifying opportunities for joint negotiations and to share experiences and knowledge.

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

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

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

- Human resources – This consulting group aims to develop corporate human resources policies at Sonae; with the purpose of development of policies, processes and procedures to be applied by the Group on HR valuation, remuneration and training; Promote the sharing of information, knowledge, experiences and best practices on HR matters and foster the organization of several HR initiatives shared by all Sonae companies.

- FINCO – Innovation Consulting Group – aims to add value to the IT technologies in use by Sonae, through the sharing of knowledge and information and experiences, recommending the adoption of transversal best practices and foster the development of innovative IT solutions applicable to all companies
- Risk Management Consulting Group – Consulting group to support risk management processes and functions of Sonae, through reviewing existent and propose new risk management policies. Additionally, it follows up the execution of risk management activities, proposes unplanned risk management activities, promotes specialized knowledge on risk management and promotes the organization of a yearly event for knowledge and experience sharing.

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

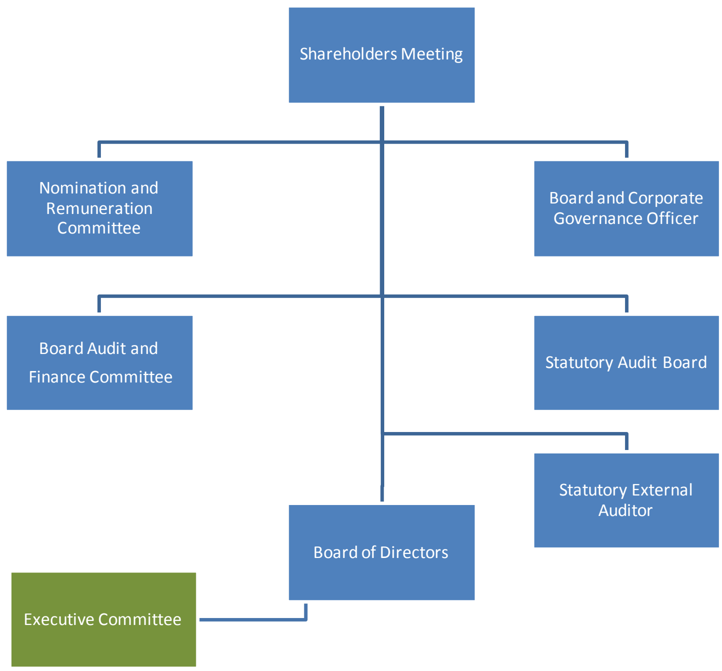
Governance structure

Sonae corporate governance structure aims at promoting corporate responsibility and sustainable development by taking into consideration the interests of all stakeholders. At Sonae we believe good governance practices go hand in hand with corporation development and we are truly committed to improving our practices for better governance.

Our understanding of corporate governance is better explained as demonstrating to our stakeholders that we are committed to ethical values and that we are working towards a sustainable future, bearing in mind our corporate responsibilities to our employees, suppliers, customers and society.

In terms of organizational structure, our structure comprises of the Board of Directors, which includes the Executive Committee, the Remuneration and Nomination Committee, the Audit and Finance Committee, the Company Secretary, the Corporate Governance Officer, the Board of the Shareholders' General Meeting and the Shareholders' Remuneration Committee. Additionally, Sonae is also required to have a Statutory Audit Board and a Statutory External Auditor. All of these bodies are based on Portuguese Law.

Main Corporate Governance Bodies



The Shareholders Meeting is the cornerstone of the overall Governance Structure and management of the company is delegated to the Board of Directors, with several monitoring mechanisms in place such as the Statutory Board of Auditors and the Statutory Auditor.

The Board of Directors has been chaired by Belmiro de Azevedo since 1989 and it consists of three Executive Directors and six Non-Executive Directors in addition to the Chairman. The Board is scheduled to meet at least four times during the year. Additionally, the CEO has to communicate any relevant information to the Chairman at all times. The Board of Directors and the Executive Committee are jointly in charge of managing the affairs of Sonae and ensuring that all activities are conducted in accordance with the strategic and corporate responsibility guidelines.

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

* Executive Board Member until 31 March 2010

There is a clear and stated division of responsibilities between the Chairman and the Chief Executive Officer. The Chairman is responsible for leading the Board, ensuring its effectiveness and setting its agenda. He has the role of protecting shareholders and should take into consideration the points of view of all major shareholders, as well as protecting the smaller ones. The Chairman should also listen to the expertise and independent opinion of the Board and make sure that this is taken into consideration when setting the overall strategy. The Chief Executive Officer is responsible for the management of the Company on a daily basis and executing the strategy presented by the Board. The Executive Committee should lay down the foundations for successful pursuit of the strategy, by establishing objectives and allocating decision-making rights.

The Board includes six Non-Executive Directors in addition to the Chairman. The Non-Executive Directors play critical roles. Firstly, they bring valuable expertise to the Board on relevant aspects of Sonae's activities. Secondly, they have an independent position and they use this to continuously monitor management decisions.

It is worth noting that, during 2010, Sonae's Independent Non-Executive members have periodically met and exercised an important influence over decision-making processes and the development of strategy and policy; supervised the activity developed by the Executive Committee; evaluated business evolution; accompanied the preparation and the divulgation of the information reported to the Company at the market; monitored the control and risks management process; and established with the Statutory Audit Board, the Statutory External Auditor and the Shareholders' Remuneration Committee the necessary liaisons for the exercise of the competencies of each body, in respect of the internal regulations, safeguarding the respective independence. In the exercise of their competencies, the Non-Executive members did not encounter any restrains in the execution of their functions.

The Executive Committee operates within the Board of Directors and has the authority to carry out everyday management duties on behalf of the Board of Directors. Sonae has implemented several communication protocols that enforce efficient and effective communication between the Executive Committee and the Board. Sonae is structured in core organizational departments that operate in specific areas under the direction of the Executive Committee. Each one of these departments overlooks the whole organization and coordinates all group activities, regardless of the industry and is assisted by a line of managers at industrial level.

The Board has specific responsibilities assigned to it both by Law and by the shareholders. It regularly considers strategic issues; such as investment or disinvestment in new business segments and major projects. The Board is also responsible for monitoring overall performance and the long term value creation. In the course of its duties the Board delegates responsibilities to several Committees.

The Audit and Finance Committee adds technical expertise to the monitoring of the Executive Committee's activities on behalf of the Board, particularly concerning the financial reporting processes, the accounting policy choices and audit and risk management activities. This Committee collaborates closely with the Statutory Audit Board, the Statutory Auditor and the Internal Audit and Risk Management Team. The Audit and Finance Committee members are Michel Marie Bom – President, Álvaro Cuervo Garcia, José Manuel Neves Adelino, Bernd Hubert Joachim Bothe and Christine Cross.

The Board Nomination and Remuneration Committee is responsible for identifying candidates for appointment to the Board of Directors when the Board decides to exercise its right to co-opt. This Committee is also responsible for centralizing, in coordination with the Shareholders' Remuneration Committee, the information about the assessment of the performance of the Board of Directors. It is also within the scope of this Committee to propose candidates for senior management positions in Sonae and assess their respective performance. The Remuneration and Nomination Committee is composed of two members of the Board of Directors (Belmiro Mendes de Azevedo – President – e Michel Marie Bone).

The Board and Corporate Governance Officer, David Graham Shenton Bain, ensures the smooth running of the Board and Board Committees, taking a leading role in organizing Board evaluations and assessments. He also supports and challenges the Board to achieve the highest standards in Corporate Governance and keeps all Legislative, Regulatory and Corporate Governance issues under close review. Additionally, he ensures that the concept of stakeholders and the need to protect minority interests are kept in mind when important business decisions are being taken.

Management team

Board of Directors

Belmiro Mendes de Azevedo
Chairman – Non-executive Director
Mr. Azevedo (aged 73) was appointed in 2007 as Chairman of Sonae SGPS, SA, Chairman and CEO of Sonae Capital SGPS SA and Chairman of Sonae Indústria SGPS SA.
He is currently the Chairman of the General Council of University of Oporto Business School, member of the European Advisory Board of Harvard Business School, Member of the International Advisory Board of Allianz AG and Chairman of the Board of Founders of Forum Manufuture Portugal.
Previously Mr. Azevedo served as Chief Executive Officer of several prestigious companies, namely Sonae SGPS SA, Sonae Indústria e Investimentos, SA and TAFISA Tableros de Fibras, SA (Spain).

Álvaro Cuervo Garcia
Independent Non-executive Director
Mr. Cuervo (aged 68) has been the Director of the Audit and Finance Committee of Sonae SGPS, SA since 2004. He is currently a Member of the Board of Directors of Bolsa Y Mercados Espanoles, Member of the Board of Directors of ACS, SA, Member of the Board of Directors of Sonae Indústria, SGPS, SA, Member of the Privatization Committee of the Spanish Government , Editor in Chief of Universia Business Review, Associate Editor of Globalization , Competitiveness and Governability Journal , as well as a Member of the scientific and advisory committee of several journals. He is author of several books and articles. In the past Mr. Cuervo Garcia has served as a Member of the Academic Council of the Real Colegio Complutense of Harvard University.

José Manuel Neves Adelino
Independent Non-executive Director
Mr. Adelino (aged 56) has been an Independent Non-executive Director of Sonae SGPS SA since 2007. He currently serves as Independent Non-Executive Director of Cimpor, SGPS and as member of the Statutory Audit Committee of BPI. He served as Dean of the Faculty of Economics at New University of Lisbon, Member of the Board of Directors of BPA, Member of the Management Board of the Deposit Guarantee Fund, Member of the Global Advisory Board of Sonae SGPS, SA, Member of the Board, Chairman of the Audit Committee of EDP, Member of the Strategy Advisory Board of PT and Member of the Remuneration Committee of Sonae SGPS, SA. He had Professorship positions in several prestigious universities such as the New University of Lisbon, Bentley College, Universidade Católica Portuguesa and ISEE.

Michel Marie Bon
Independent Non-executive Director
Mr. Bon (aged 67) has been an Independent Non-Executive Director, Chairman of the Audit and Finance Committee and a Member of the Nomination and Remuneration Committee of Sonae SGPS SA since 2004. He served as Chief Credit Officer, and later Deputy CEO of Caisse Nationale de Crédit Agricole (Bank), Deputy CEO, later CEO and Chairman of the Board of Directors of Carrefour (Retail), General Manager of the Agence Nationale Pour l'Emploi, Chairman and CEO of France Telecom, Co-chairman of the French American Business Council, Chairman of Institut Pasteur, He is Director of Institut Pierre Mendès France, Director of the French American Foundation, Founder and Director of Transparency International (France), Chairman of the Supervisory Board of Les Editions du Cerf, Chairman of the Supervisory Board of Devoteam, Senior Advisor to Roland Berger and Chairman of Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (FNEGE).

Bernd Hubert Joachim Bothe
Independent Non-executive Director
Mr. Bothe (aged 66) is member of the Audit and Finance Committee of Sonae SGPS SA since 2009. Mr. Bothe is partner and Head of the Competence Center Consumer Goods and Retail of Horn & Company GmbH, Senior Advisory at IK Investment Partners and a Member of several Supervisory Boards, namely: Spar Österreichische Warenhandelsgesellschaft AG, H & E Reinert Group, Basler Fashion Holding GmbH, Lekkerland AG & Co. and Tomra Systems ASA. He has also served as Chairman and Chief Executive Officer of Metro Cash & Carry GmbH and Managing Partner of Droege & Comp. GmbH.

Christine Cross
Independent Non-executive Director
Ms. Cross (aged 59) has been an Independent Non-Executive Director and Director of the Audit and Finance Committee of Sonae SGPS SA since 2009. Ms Cross has significant experience of retail business from Tesco where she served as Group Business Development Director, World Non-Food Buying Director, Divisional Director and Commercial Director. Ms Cross is a Non Exec Director of Next Plc, Empire plc(Ca) and Chief Retail adviser to PwC. She is also adviser to Apax and Warburg Pincus Private Equity.

Álvaro Carmona e Costa Portela
Non-executive Director
Mr. Portela (aged 59) has been a Director of Sonae SGPS, SA since 1999 and a Non-Executive Director since April 2010. He is also a Non-Executive Director of Sonae RP, Copam SA, Casa Agrícola HMR, SA and MAF Properties. Prior to this, from 1990 to 2010, he was the Executive President and CEO of Sonae Sierra and all its affiliates, and from 1985 to 1991 he was with Sonae Distribuição, initially as Deputy General Manager of Modis, and then as Sonae Distribuição General Manager, CEO and Chairman. Mr. Portela has served various prestigious positions such as Director, President and CEO of Laboratórios BIAL, Executive Director of Copam, SA, Co-founder and Board Member of European Public Real Estate Association, Trustee, International Advisory Board member and Awards Jury Member of International Council of Shopping Centres, Trustee of European Shopping Centre Trust and International Advisory Board member of Eurohypo. Mr. Portela is also Trustee of Urban Land Institute, Fellow of the Royal Institute of Chartered Surveyors, Chairman of the Council of Representatives of the Faculty of Economics at the University of Porto.

Duarte Paulo Teixeira de Azevedo
Chief Executive Officer
Mr. Azevedo (aged 45) has been a Member of the Executive Commission of Sonae SPGS, SA since 1998 and was elected Sonae's CEO in May 2007. Mr Azevedo's professional background lies with the Sonae Group where he was CEO of Sonaecom, CEO of Optimus, Board Director of Modelo Continente SGPS and Director and Board Director of several other group companies. Mr. Azevedo has been a Member of several prestigious boards, namely a Member of European Round Table of Industrialists, Member of the Board of Trustees of Portuguese Entrepeneurial Association, President of the Board of Trustees of Oporto University and Member of the Board of Founders of Casa da Música Foundation.

Ângelo Gabriel Ribeirinho dos Santos Paupério
Executive Director
Mr. Paupério (aged 51) has been an Executive Director of Sonae SGPS, SA since 1999. In the past Mr. Paupério has served as a Director and CFO of Sonae Distribuição SGPS, SA, and Director of Modelo Continente, SGPS, SA, Executive Vice President and CFO of Sonae - SGPS, SA, Executive Director of Sonae Capital, SGPS, SA, Chairman of the Finance Committee of Sonae - SGPS, SA, Director and later Chairman of the Board of Directors of MDS – Corretor de Seguros, SA and Chairman of the Board of Directors of MDS Consulting, SA.

Nuno Manuel Moniz Trigoso Jordão

Executive Director
Mr. Jordão (aged 54) has been an Executive Director of Sonae SGPS, SA since 1999. He is also a Member of the Board of Directors of Sonae Investimentos,SGPS, SA, Sonaecom, SGPS, SA, Sonaerp Retail Properties, SA and Modelo, Distribuição de Materiais de Construção, SA. He served as CEO of Sonae Investimentos SGPS, SA.

Executive Committee

Paulo Azevedo
Ângelo Paupério
Nuno Jordão

The Executive Committee has a variety of means of interacting with the different business areas and influencing the management teams. This interaction is adapted to and is different according to the business involved, as follows:

- Core Businesses: intervention level, in which members of Sonae's Executive Committee work closely with the CEOs of the business areas and Top Management Teams;
- Core Partnerships: intervention is delegated to Sonae's representatives on the respective Board of Directors;
- Controlled Investments: management of these business areas is delegated to *Chief Investment Officers*, who represent Sonae on the various Board of Directors of the companies involved;
- Non-controlled Investments: the follow up of this business area and the safeguarding of shareholder value are delegated to *Chief Investment Officers*, who represent Sonae on the Boards of Directors of the companies involved;

Sonae's Executive Committee is supported by discussion groups, committees, commissions and forums in order to promote management best practices, to ensure appropriate risk management and to influence the management teams.

Main responsibilities:
- Develops corporate strategy and submits it to the Board of Directors for discussion and approval;
- Implements approved corporate strategies and ensures that they are reflected in all business strategies of the Business Areas;
- Nominates Sonae's representatives on Executive Commissions and Committees of Core Partnerships and Management of Investments, delegating the respective key responsibilities in these business areas;
- Works closely with management teams of the Core Business Areas to develop planning and strategy;
- Agrees strategic and financial objectives with all Business Areas;
- Monitors the implementation of strategic and financial objectives;
- Coordinates communication and representation with external groups;
- Supervises all Sonae companies, monitors the performance of Business Areas and helps management teams to achieve their objectives;
- Seeks new growth opportunities, optimises costs and other opportunities to increase shareholder value;
- Promotes and monitors the adoption of best risk management practices by all companies;
- Promotes Sonae's culture and values;
- Manages top human resources and encourages the management of talent within the organization. (policies and key decisions concerning their selection, hiring, remuneration, retention, development and succession);

- Decides on the remuneration of Executive and Non Executive Top Managers of Business Areas;
- Decides on and proposes to the Board of Directors capital allocations, financial plans and the consolidated annual budget.

Group Senior Executives

Fernando Guedes Oliveira
Luís Moutinho
Luís Reis
Miguel Almeida
Miguel Mota Freitas

It is this group's job to define our strategy, manage and develop the company's portfolio of businesses, in accordance with the mission statement and overall objectives defined, as well as to run the main business units of Sonae. In addition, they are also responsible for strategic initiatives across the entire group.

Main responsibilities:

- Defines the main strategic directions of Sonae's business portfolio for approval by the Board of Directors;
- Proposes Sonae's strategic plan, namely the global objectives of the company in the medium and long term, ensuring that the objectives defined for shareholder return are achieved;
- Defines policies and strategies within the scope of Sonae's mission statement, coordinating their application in each area, in accordance with responsibilities assigned;
- Proposes the financial structure and financing model associated with Sonae's strategic plan for approval by the Board of Directors;
- Defines the set of institutional values and the direction of the organisational culture desired for Sonae;
- Coordinates top management human resources, promoting their careers, their development and interchange of career opportunities across the various businesses of the group.

Senior Executives

Adriano Ribeiro
Ana Guedes Oliveira
Ana Paula Marques
António Lobo Xavier
Artur Loureiro
Christopher Lawrie
Cláudia Azevedo
David Alves
Diogo Pinto Mendes
Edmundo Figueiredo
Isabel Dias Costa
João Correia Sampaio
João Pereira Afonso
João Pessoa Jorge
Joaquim Pereira Mendes
José António Jesus
José Baeta Tomás
José Correia
José Côrte-Real
José Dias da Fonseca
José Falcão Mena
José Fortunato
José Manuel Quintela
Luís Vicente Dias
Manuel Eanes
Manuel Fontoura
Mário Pereira
Miguel Seixas
Paulo Espregueira Magalhães
Pedro Dias Pereira
Pedro Caupers
Rui Almeida
Rui Paiva

This group plays a strategic role in each business area, as well as having responsibilities for the management and development of the respective business portfolio, and of policies and strategies, in accordance with Sonae's mission statement and the global goals of the respective business area. These are tasks, which involve a high degree of autonomy, level of authority and decision-making power, influencing first hand and in a direct manner the development and results of the businesses.

Main responsibilities:

- Participates in defining the strategic guidelines for the business portfolio;

- Develops policies and strategies within the mission statement of the business area;
- Defines the global objectives of the businesses in the medium and long term, ensuring their achievement;
- Manages financial and human resources, ensuring their control, evaluation, motivation and development;
- Develops and encourages internal and external relations with the goal of constantly updating the knowhow and information necessary for the development of the business, as well as identifying new business opportunities;
- Communicates the strategic objectives and recommended organisational values to employees;
- Manages Human Resources with a view to developing talent in the organisation.

Group overview

Shareholders and group structure

As of December, 31st 2010, *Efanor Investimentos*, a family holding company of which Belmiro de Azevedo is chairman, held approximately 53.1% of the shares and voting rights. The remaining 46.9% of free float capital was held by individuals (20.0% held by 35,201 investors) and institutional investors and companies (26.9% held by 863 investors). A substantial 81.0% of free float capital was held by Portuguese investors, with most of the remaining stock being dispersed across several European countries and the United States of America.

in million	# Shares	% shares	# Shares	% shares
Efanor Investimentos	**1.062**	**53,1%**	**1.060**	**53,0%**
Free float	938	46,9%	940	47,0%
Institutional investors	**538**	**26,9%**	**478**	**23,9%**
Portugal	364	18,2%	378	18,9%
Third countries	175	8,7%	100	5,0%
Small investors	**400**	**20,0%**	**462**	**23,1%**
Portugal	397	19,8%	460	23,0%
Third countries	3	0,2%	2	0,1%

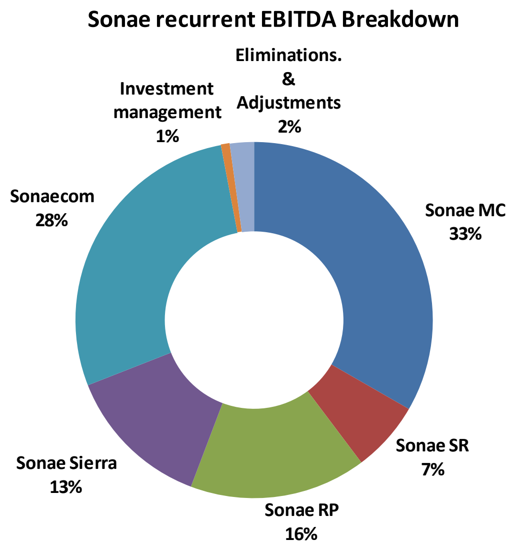
As at the end of 2010 and based on the notifications made to the Portuguese Securities Market Commission, shares held by companies owning more than 2% of Sonae's share capital were as follows:

Shareholder	2010		2009	
in million	# Shares	% Share	# Shares	% Share
Efanor Investimentos	1,062	53.1%	1,060	53.0%
Banco BPI	178	8.9%	178	8.9%
Fundação Berardo	50	2.5%	50	2.5%
Bestinver	41	2.1%	-	--
Norges Bank	40	2.0%	-	--

Sonae's comprises the following 6 business segments:

Business segments

Sonae comprises six business segments – Sonae MC (Modelo Continente – Food Retail), Sonae SR (Specialized Retail), Sonae RP (Retail Properties, with Sonae MC and Sonae SR as tenants), Sonae Sierra (Shopping Centres), Sonaecom (Telecom) and Investment Management. The different business segments contribute differently to the EBITDA group and to the development of the Sonae strategic planning.



Sonae MC

Sonae MC is Sonae's operation in food retail and it has become a market reference, after setting off a revolution in consumer habits and in the retail scene with the opening of the first hypermarket in Portugal, in 1985 (Continente de Matosinhos). Sonae MC is the national food retail leader, with a number of distinctive businesses, which offer a variety of high quality products at the best prices: Bom Bocado (restaurants), Book.it (Bookshop and stationary), Continente (hypermarkets and supermarkets) and Well´s (pharmacies).

Despite being highly dependent on the evolution of consumer spending, Sonae MC has a very prominent profile and has been proving its excellence by managing its business well in fairly difficult macro-economic conditions. In 2010, Sonae MC continues to lead the grocery market with 36% of the market share (total store reading by Nielsen); it has increased the number of stores to 415 and the total sales area to 544,000 m^2. Sonae MC turnover in 2010 was 3,275 million euros, an increase of 5.4% from the previous year.

Sonae MC's turnover in 2010 were evenly split between hypermarkets and supermarkets. Its 40 Continente hypermarkets (average store size 7,190m^2) generated net sales of 1,594 million euros, while its 130 Modelo supermarkets (average store size 1,750m^2) generated net sales of 1,577 million euros and "other" services account for 3% of Sonae MC's consolidated sales.

Sonae's hypermarkets and supermarkets offer the Portuguese customer a large choice in terms of total number of store keeping units (SKUs) and SKUs per m^2: 40,000 at Modelo Supermarkets (1,752m^2 on average) and 70,000 at Continente hypermarkets (7,190m^2 on average).

In recent years, the Portuguese grocery market has seen a clear polarization, with the domestic players gaining overall market share, while most – if not all – of the foreign players (Carrefour, Auchan, Lidl, Intermarché and Leclerc) have been losing market share. Sonae is more or less the "last man standing", along with Auchan, in the hypermarket segment, following Carrefour's disposal of its Portuguese hypermarkets in 2007 and Jerónimo Martins downsizing of most of its Feira Nova hypermarkets and their subsequent conversion to Pingo Doce supermarkets.

Sonae's hypermarkets and supermarkets are well managed and offer, by any account, an attractive array of services and goods. This has consistently been demonstrated in various customer surveys in recent years. For example, Continente has now been voted "The Most Trusted Brand" in the Food Retail industry for eight years in a row. As for its ability to attract customers into its supermarkets and hypermarkets, this has ultimately been demonstrated by its high level of sales. For example, just two years after buying Carrefour's 12 hypermarkets, after converting these stores to the Continente brand, by the end of December 2007, Sonae was able to rapidly increase its net sales per m² per year to the level of its Continente stores. Several elements explain the increased sales levels after the conversion:

i. Much more efficient logistics. Sonae only has two large, state-of-the-art distribution centers (DCs) in Portugal (one in Porto and one in Lisbon) and has almost completely centralized its logistics over the period of 1992-98. Today, these two DCs supply close to over 90% of the Continente hypermarkets' food needs (there is still some direct delivery for very fast-moving goods such as milk, bread or beer) and 99% of the Modelo supermarkets' food needs. Non-food is completely centralized for both hypermarkets and supermarkets.

ii. Better category management. Based on sales data and consumer market research, Sonae continuously ensures the best range of goods in order to foster space optimization, sales productivity and customer satisfaction.

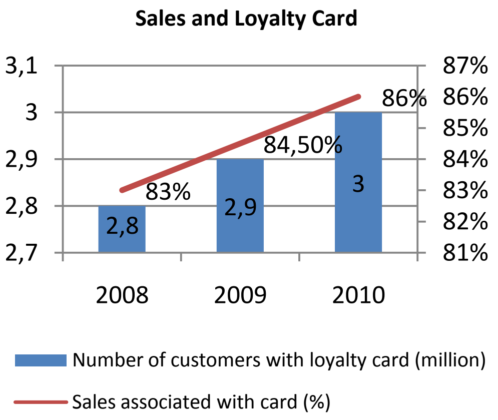
iii. The strength of Sonae's loyalty card. Currently, around 3 million customers own the Sonae MC loyalty card and approximately 86% of their purchases are associated with the loyalty card. The loyalty card is used by Sonae in the development of customized promotional campaigns. Based on customers' consumption patterns Sonae sends vouchers with specific promotions or discounts on products they are likely to buy. The loyalty card management allows for value maximization and the transfer of discount savings to the customers.

Continente
The retail brand which the Portuguese people trust the most!

Continente was the first chain of hypermarkets in Portugal and remains a benchmark in the food retail sector in the country. Its stores are often located in major shopping centres in the main cities in Portugal. With its highly competitive prices, Continente combines variety, customer care and services with ongoing promotions. This enables it to offer its customers excellent value for money, an approach which is much appreciated and well-known among Portuguese consumers.

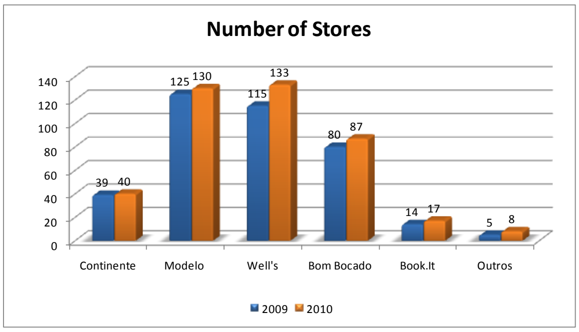
It has a network of stores across Portugal, offering an extensive and varied range of products and services in stores, which have average sales areas of 7,190 m2.

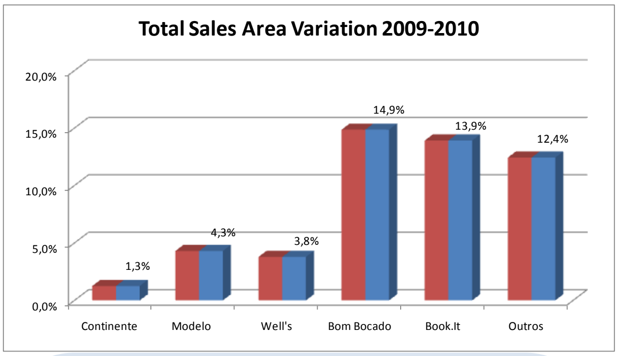
The solid and steadfast path followed over the last 25 years, with frequent innovative and high impact promotional and social initiatives, has earned the confidence and empathy of the Portuguese people.



Sonae MC's strategy focuses on leadership and profitability, through the coverage of the Portuguese market and consolidation of market leadership; the exploitation of new adjacent business opportunities based on a strong management team and know-how in the area of retail; management of the business in Portugal as a sustainable cash flow generator; and by looking for international opportunities for growth.

During the year, a number of important corporate milestones, consistent with this strategic objective were achieved. We increased sales area by 3% to 544,000 m2, with a total of 415 food retail stores in operation by the end of the year, and we opened Continente ice stores, a new store concept for Deep Frozen Products, with a wide range of products at competitive prices but also with promotions and advantages linked to the Continente loyalty card.





Main performance indicators

	2007 [1]	2008 [1]	2009	2010
Turnover (M€)	**2.391**	**2.930**	**3.106**	**3.275**
Continente	1.157	1.537	1.568	1.594
Modelo	1.206	1.339	1.458	1.577
Bom Bocado	5	9	18	26
Well's	23	40	52	62
Book.it	-	1	5	9
Others	-	4	4	6
LfL growth (%)	**3,5%**	**0,9%**	**0,8%**	**2,6%**
Number of stores	**240**	**290**	**378**	**415**
Continente	33	37	39	40
Modelo	114	117	125	130
Well's	67	88	115	133
Bom Bocado	25	43	80	87
Book.It	-	4	14	17
Others	1	1	5	8
Selling space ('000m2)	**466**	**492**	**528**	**544**
Continente	257	273	284	288
Modelo	200	206	218	228
Well's	5	7	11	12
Bom Bocado	2	3	4	5
Book.It		1	5	5
Others	2	2	5	6
Average store size (m2)				
Continente	7.776	7.378	7.292	7.198
Modelo	1.754	1.761	1.747	1.752
Well's	80	80	99	89
Bom Bocado	75	70	49	52
Book.It	-	250	337	316
Others	2.000	2.000	1.061	745
Net Sales per m2				
Continente	6.088	5.870	5.603	5.589
Modelo	6.371	6.648	6.997	7.095
Well's	5.930	6.437	5.460	5.338
Bom Bocado	3.494	4.170	4.910	6.474
Book.It	0	2.475	1.788	1.829
Profitability metrics (M€)				
Capex	534	133	137	88
Invested Capital	509	546	484	479
EBITDA	141	187	199	231
EBITDA margin (%)	5,9%	6,4%	6,4%	7,1%
EBIT	96	124	124	147
ROIC (%)	18,9%	22,6%	25,6%	30,4%

Stand alone figures

(1) Breakdown per segment was restated compared to previously reported information to assure consistency with the new criteria used for 2009 and 2010.

Pilot test – Continente Ice

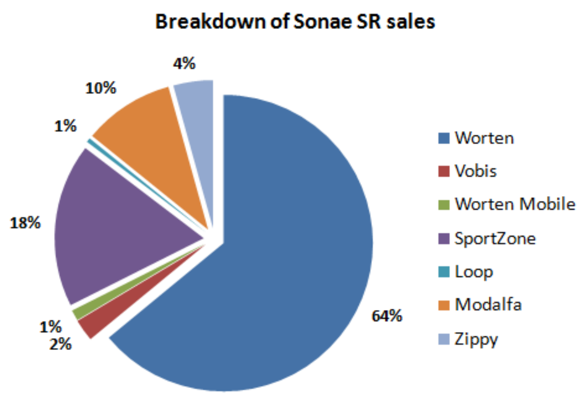
In September, the first Continente Ice store opened in Lisbon. It is a new label under Sonae MC in a market that generates more than 500M€ per year.

Continente Ice stores aim to be positioned as the frozen food specialists, with a wide variety of products (from vegetables to meat and fish, as well as snacks, cooked meals, starters and deserts), competitive prices along with the promotions and advantages associated with the Continente loyalty card.

The innovative concept used is the availability of an everyday meal at a store close to customers, with novelty products often being launched whilst paying close attention to customer needs. The stores will have a tasting area, as well as facilities allowing customers to warm up their meal. Continente Ice offers cooking courses and suggestions for everyday meals and the tasting of innovative products in-store. Home delivery will soon be offered.

Sonae SR

Sonae expanded into non-food retail in 1995 and, as of 2010, the Sonae Specialized Retail (SR) division accounts for 21.5% and 7% of sales and operating profits respectively, with a 3.5% EBITDA margin. Sonae SR has a range of brands in prime positions within their respective market segments. The offer is wide ranging: electronics division – Worten (white goods and consumer electronics), Worten Mobile (mobile telecommunications) and Vobis (computer equipment); Sports division – Sport Zone (sports clothing and equipment) and Loop (footwear); fashion division – Modalfa (clothing) and Zippy (clothing for babies and children).



Over the last few years, these specialized businesses have built up a strategy of value creation, based on a combination of sustained growth and strong investment in the value proposal of each of their brands. This is further underpinned by the motivation and quality of their employees and by the setting up of sustained partnerships with the suppliers. While Sonae's consumer electronics and sporting goods' brands both enjoy market leadership, and the fashion division has been continuously improving its product distinctiveness and profitability, expansion into other countries is currently the main challenge taking place.

Sonae SR's strategy focuses on growth and internationalization. In 2010, the focus of our international operation was further expansion in Spain, in order to: become an international retail player; build a strong and distinctive position on the Iberian market; and explore the distinctiveness of the businesses concept in different geographic areas. The strategy also aimed to build up skills and experience, in order to develop the international identity of the brands' portfolio, and to further define the international development model, exploring franchising and/or joint-venture opportunities as a means to accelerate growth.

In 2010, the consolidation of market leadership in Portugal and the increase in profitability reflects the alignment with three main strategic objectives, namely: the coverage of the Portuguese market with the current brands' portfolio, consolidating market leadership; the development of new concepts, based on a strong management team and know-how in the area of retail; the management of the business in Portugal as a sustainable cash flow generator.

Zippy

A textile store for children

The first Zippy Kidstore opened in March 2004 at Gaiashopping, as a store with a range of clothing and accessories for children between the ages of 0 and 14. With a functional and modern layout, the stores today offer a more complete product, where clothing is complemented by an extensive range of baby care products, furniture and toys.

The brand is thus a companion to children from birth to the age of 14. In the first few years of a child's life, Zippy places special emphasis on safety and specialty products. These are provided by specialist suppliers that the brand represents, thus ensuring a full, safe product range for all age groups with excellent value for money.

Zippy participates in various community involvement initiatives, some of the highlights being "Meu Primeiro Festival" (My First Festival), which was the first children's festival to be held in Portugal, and the action "A a Zippy", the main theme of which is the recycling of materials.

Sport Zone

Everything for sports, including the excitement!

Sport Zone is the biggest chain of sports shops in Portugal with a network of stores with an average sales area of 800 m2, located in the main shopping centres in the country. The brand offers a wide range of articles and equipment for different sports from well-known brands, as well as various own brand options.

Sport Zone is a clear market leader in the sporting goods sector. The concept was launched in 1997 and currently explores 74 stores, significantly ahead of its closest competitor. Apart from Sport Zone and its multinational competitor, there are no other generalist sporting goods chains in Portugal with a national presence.

Qualified sales staff responds to the needs of customers in the young urban and sports section, and also meet the needs of anyone who appreciates and practices sport. In order to strengthen innovation, Sport Zone also has a product development area, which works on a daily basis to align the product offered to market requirements.

The brand projects a spirit of high levels of motivation and promotes the practice of sport, periodically carrying out multiple initiatives, such as support to a broad range of athletes, sports clubs and associations, and also giving support to various social causes, for example encouraging handicapped people to participate in sport.

Consistent with the announced strategy of new international development models, based on capital light approaches, as a means to accelerate growth by entering new markets, Sonae announced, in June 2010, that Sonae SR, had reached an agreement with Grupo Numero 1. The agreement includes the creation of two Joint-Ventures, one for Worten and another for Sport Zone, with Sonae SR owning 51% of these companies, respectively, and leveraging on the local retail knowledge and network of Grupo Numero 1. The agreement also includes the Franchising of Zippy's specialized retail service, with Grupo Numero 1 solely managing the new company under the terms of the franchising contract signed.

In July 2010, Sonae announced that Sonae SR had further completed another step in increasing its international footprint, by signing a franchise agreement with Fawaz A. Alhokair & Company, for Zippy's specialized retail service. Fawaz A. Alhokair & Company is currently responsible for more than 70 international fashion brands with over 1,200 fashion outlets across the Middle East and employs more than 4,000 people in this sector.

This agreement includes the planned opening of 70 stores, by 2014, in Saudi Arabia, United Arab Emirates, Egypt, Lebanon, Jordan, Qatar, Kuwait, Kazakhstan and Bahrain. By the end of 2010, Sonae had already opened 5 stores under this franchise agreement – 5 Zippy stores in Saudi Arabia.

Worten

The white goods and consumer electronics specialist!

Worten is the leading white goods, consumer electronics and entertainment chain in Portugal. With a wide range of products, entertainment zones and product trial rooms/areas , this brand offers an innovative selection of technological products, supported by knowledgeable and qualified customer service employees and by a variety of specialist services, particularly in the after sales service area.

Worten is present in the main regions of Portugal with a network of 132 stores of two different types: superstores, with around 500 m2 of sales area located in Modelo hypermarket shopping galleries, and megastores, with around 2,000 m2 and located in the main shopping centres in the country.

Worten is well-known, and customers are attracted to the variety of products it has to offer, always at the best prices, making full use of the innovative flair, friendliness and professionalism of its employees.

To meet the needs and expectations of all consumers, Worten has adopted a new approach with its website www.worten.pt, an online store where customers can buy thousands of articles at the click of a mouse.

In addition to the online link, Worten is also focusing on international expansion with the opening of nine stores in Spain in April 2009. This number has now risen to 14 stores, with the same brand values in both Portugal and Spain.

Worten today in Portugal

With close to 30% market share in 2010 in consumer electronics in Portugal (from 25% in 2008) versus 9% for number two (an independent private player) and 8% for number three (a multinational), Worten is the undisputed market leader.

Main performance indicators

	2007 (1)	2008 (1)	2009	2010
Turnover (M€)	**783**	**928**	**1.132**	**1.272**
Worten	461	563	708	813
Vobis	64	53	45	30
Worten Mobile	7	11	15	15
SportZone	143	170	205	228
Loop	0	1	5	6
Modalfa	91	102	115	125
Zippy	17	28	39	54
Turnover per country	**783**	**928**	**1.132**	**1.272**
Portugal	783	898	988	1.042
as % Turnover	100%	97%	87%	82%
International	-	30	144	230
as % Turnover	-	3%	13%	18%
LfL growth (%)	**4,1%**	**-1,1%**	**-3,0%**	**0,6%**
Number of stores	**314**	**389**	**454**	**503**
Portugal (company operated)	**314**	**373**	**416**	**414**
Worten	110	125	132	132
Vobis	21	20	17	9
Worten Mobile	23	41	48	47
SportZone	57	66	75	74
Loop	0	5	11	11
Modalfa	81	87	99	105
Zippy	22	29	34	36
Spain (company operated)	**0**	**16**	**38**	**84**
Worten	0	10	14	25
SportZone	0	6	14	28
Zippy	0	0	10	31
Saudi Arabia (Franchising)	**0**	**0**	**0**	**5**
Zippy	0	0	0	5
Selling space ('000m2)	**184**	**247**	**304**	**364**
Portugal (company operated)	**184**	**213**	**248**	**256**
Worten	84	99	113	119
Vobis	9	9	8	5
Worten Mobile	1	1	1	1
SportZone	44	51	61	61
Loop	0	1	2	2
Modalfa	39	41	51	55
Zippy	8	11	12	13
Spain (company operated)	**0**	**34**	**56**	**106**
Worten	0	25	34	62
SportZone	0	9	17	33
Zippy	0	0	4	11
Saudi Arabia (Franchising)	**0**	**0**	**0**	**2**
Zippy	0	0	0	2

Average store size (m2)	**2007 (1)**	**2008 (1)**	**2009**	**2010**
Portugal (company operated)				
Worten	761	792	857	903
Vobis	440	450	446	531
Worten Mobile	32	24	31	31
SportZone	768	773	810	827
Loop	-	200	145	141
Modalfa	477	471	519	527
Zippy	373	379	367	351
Spain (company operated)				
Worten	-	2.500	2.435	2.471
SportZone	-	1.500	1.247	1.184
Zippy	-	-	397	346
Saudi Arabia (Franchising)				
Zippy	-	-	-	407
Net Sales per m2				
Worten	6.592	5.835	5.222	4.994
Vobis	6.923	6.029	5.568	6.375
Worten Mobile	12.351	12.016	13.786	10.121
SportZone	3.499	3.332	2.965	2.567
Loop	0	3.078	4.424	3.733
Modalfa	2.548	2.592	2.565	2.334
Zippy	2.579	2.926	2.833	2.626
Profitability metrics (M€)				
ROIC (%)	26,1%	15,7%	4,0%	0,1%
Portugal				
Turnover	783	898	988	1.042
EBITDA	53	58	71	72
EBITDA margin	6,8%	6,5%	7,2%	6,9%
EBIT	34	34	36	36
Capex	114	73	60	41
Invested Capital	132	159	179	174
International (company operated)				
Turnover	0	30	144	230
EBITDA	0	-6	-23	-27
EBITDA margin	0	-21,1%	-15,7%	-11,9%
EBIT	0	-6	-26	-36
Capex	0	15	37	59
Invested Capital	0	16	71	163

Stand alone figures

(1) Breakdown per segment was restated compared to previously reported information to assure consistency with the new criteria used for 2009 and 2010.

Sonae RP

Sonae RP is a new Sonae business unit created in 2009 with the mandate of managing the portfolio of retail real estate assets more proactively and more efficiently in order to enhance the value of the portfolio; to release invested capital in such assets; and to develop retail real estate competencies and skills. Sonae RP has as its objectives the development, enhancement and management of the real estate assets and to acts as a support unit for our retail businesses in respect of real estate matters. Its asset monetization plan is aimed at supporting the growth objectives of the company. Sonae RP also has the responsibility of managing the real estate interests of more than a hundred shopping galleries, in addition to the management of a number of property condominiums located next to shopping centres.

Sonae RP manages its business through two related teams:

- An Asset Management team, responsible for managing the retail asset base (including asset development, new investments and asset monetisation).
- A Property Management team, responsible for adding value to Sonae RP's retail centres and small retail malls by proactively managing the tenant mix and promoting commercial initiatives to attract customers to the centres.

As of December 2010, Sonae owned its assets through 28 real estate companies and two real estate funds. The portfolio included 34 hypermarkets (out of a total of 40 hypermarkets), 97 supermarkets (out of a total of 130 supermarkets), one large logistic centre, a number of office properties and a substantial 'land bank' for future expansion. Regarding the 34 Continente hypermarkets whose real estate is owned by Sonae RP, 13 of these stores are located in Sonae Sierra's shopping centres, 10 in other shopping centres and 11 are stand-alone hypermarkets.

Sonae RP's strategy includes an asset monetisation programme aimed at releasing invested capital in owned retail assets; total investment capital in real estate assets amounted to 1.4 billion euro at book value, at the end of 2010, representing a freehold ownership of 80% of Sonae MC's food retail sales area (=436 thousand m2).

During 2010, Sonae RP completed sale & leaseback transactions totalling €111M€. In May 2010, Sonae RP concluded the first stage of its planned real estate monetisation programme, involving property assets valued at 45.5 million euros in two separate transactions. The first transaction involved the sale and leaseback of the Azambuja logistics platform (49,000 m^2) to international investors. The property was valued at 33.2 million euros, with an initial yield of 7.62% on a 'triple net' basis (i.e., rents, operating expenses, insurance, tax and maintenance costs are assumed by the tenant). The implied EV/EBITDA multiple thus stood at around 13x. The second transaction involved the sale and leaseback of two Modelo supermarkets valued at 12.2 million euros. It implied an initial average yield of 7.23% on a 'triple net' basis. The two supermarkets will be leased to Modelo Continente for an initial period of 15 years.

During the second half of the year, Sonae RP concluded further sale & leaseback transactions of 4 Modelo Stores and 3 stores within Leiria Shopping (Continente, Sport Zone and Worten), for a total value of 65 million euro generating an aggregate book gain of 29 million euros. The blended average initial yield on these transactions was circa 7% on a 'Triple Net' basis.

Typically, the S&LB transactions involve the leaseback of the properties for initial periods of 20 years with multiple 10 year extensions; provide operating flexibility; have a cap on inflation indexation of rents and grant the tenant a preference right on any sale of the property and a buy back option at the end of the lease.

These transactions are consistent with the announced strategy to release capital from Sonae RP's retail real estate assets, while maintaining adequate operational flexibility.

Sonae RP - Performance indicators

Financials (M€)	2007 (1)	2008 (1)	2009	2010
Turnover	92	109	123	126
Capex	271	131	90	21
Invested Capital	1.291	1.411	1.523	1.418
Recurrent EBITDA	95	110	111	111
EBITDA	95	110	111	149
EBITDA margin (%)	102,6%	100,6%	90,1%	118,4%
EBIT	74	88	83	117
ROIC (%)	5,7%	6,2%	5,5%	8,3%

2010 figures	# Stores	# m2	# stores owned	# m2 owned
Continente Hypermarkets	40	288	34	248
Modelo supermarkets	130	228	97	173
Sub-total	**170**	**516**	**131**	**421**
Other Formats (2)	849	455	401	137
Total retail	**1.019**	**971**	**532**	**558**
Distribution centres	**2**	**79.000**	**1**	**29.384**

(1) Breakdown per segment was restated compared to previously reported information to assure consistency with the new criteria used for 2009 and 2010.
(2) Includes GeoStar and MaxMat
Values reported by the operating segment

Sonae Sierra

Sonae Sierra is the international shopping centres specialist with a passion for introducing innovation and excitement into the shopping and leisure centre industry. Founded in Portugal in 1989, 50% is owned by Sonae (Portugal) and 50% by Grosvenor (United Kingdom).

Our integrated approach to the shopping centre business includes ownership, development and management activities. This strategy allowed us to develop a uniquely, recognized know-how which we use for our shopping centres, as well as third-parties projects and operating shopping centres.

The company has earned an international reputation for the development of innovative products as well as for its management skills, and has been awarded more international prizes than any other company in this sector.

Our strong partnership policy, both with international investors and local partners, allows the company to be financially strong and capable of both quickly gaining an in-depth knowledge of a market and

2010 International Awards

Sonae Sierra was distinguished, for the second consecutive year, by the "European Risk Management Awards 2010", in the category of "Best Environmental Risk Control"

Valecenter was considered the best refurbishment and extension at ICSC European Awards 2010.

The marketing campaign "Fashion 4 You – Personalizing your clothes makes all the difference" – developed for two SCs was distinguished in the category of "Innovation Consumer and Trade Advertising", at the ICSC Solal Marketing Awards 2010. This category distinguishes marketing campaigns with strategic goals associated with a high level of creativity and effectiveness.

Sonae Sierra was distinguished by the Shopping Centre Spanish Association (AECC), at its AECC 2010 awards edition, with the "Best Shopping Centre Expansion award", for the shopping centre Plaza Mayor.

In the 6th Edition of the **Euromoney Real Estate Awards**, Sonae Sierra was distinguished as the "Best Retail Developer' category, in Portugal, Spain and Italy.

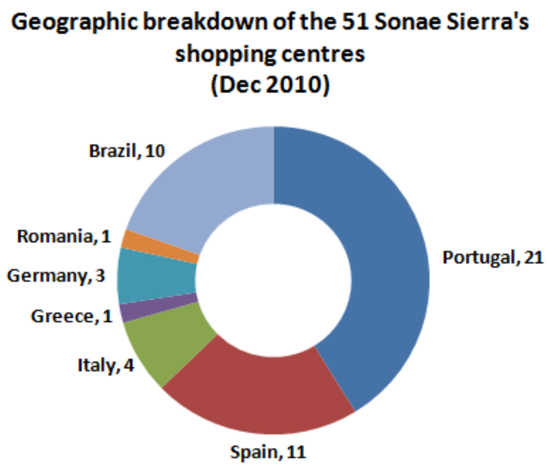
creating new business opportunities.

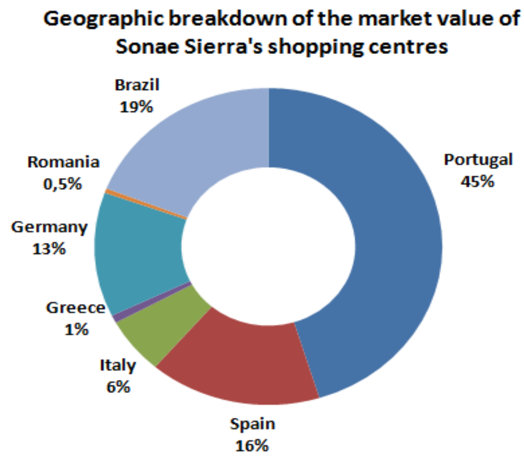
Sonae Sierra's proactive property management, with more than 20 years experience in Shopping Centre management in Europe and Brazil, covers the full range of service needs to enable the implementation of Sonae Sierra's best practices through active day-to-day management, increasing the value of the asset under management.

Sonae Sierra, which has operated in the Portuguese market for 21 years, begun its internationalization in 1999, in three markets: Spain, Greece and Brazil. In 2000, Germany and Italy joined the list, and 2007 marked our arrival on the Romanian market. The entry in Colombia in 2010 reinforces the Company's internationalization with a new market in South America.

At the end of 2010, the Company has 51 shopping centres in operation, 30 of which are located outside Portugal, namely in: Spain (11), Italy (4), Greece (1), Germany (3), Romania (1) and Brazil (10). In terms of new projects, Sonae Sierra has 3 developments under construction and 7 new projects at different stages of development in Portugal (1), Italy (1), Germany (1), Greece (2), Romania (3) and Brazil (2).

Sonae Sierra's strategy focuses on growing in promising markets, speeding up expansion in Brazil and emergent markets; increasing the importance of capital recycling to accelerate new projects development; and adopting a new business approach, by leveraging on the importance of the service activity to third parties, taking advantage of existing structures to improve the knowledge of new and potential markets. All in all, underlying this strategy, the company continues to make operational improvements, in spite of the fall in consumption in certain sectors in Europe.





As of December 2010, it owned and co-owned a total of 51 shopping centres with a gross lettable area (GLA) of 2,017,000 m²; only three shopping centres are fully owned (Plaza Eboli in Spain, Gli Orsi in Italy and River Plaza in Romania), with the remaining ownership of the centres ranging from 4% to 70%. Additionally, Sonae Sierra managed for third parties 17 other shopping centres with a GLA of 205,000 m². Despite a strong focus on internationalisation since the 1990s, Sonae Sierra's exposure to Portugal remains important, with 21 out of the 51 owned and co-owned shopping centres located in this country. Portugal accounted for 42% of Sonae Sierra's rental income in 2010, while Spain accounted for 19% and Brazil for 17%.

In 2010, Sonae Sierra achieved a 227 million euros of turnover, 7.0% more than in 2009.

Diversification of investment style

SONAE SIERRA in Greece

Sonae Sierra and Acropole Charagionis have agreed the sale of their 39.9% joint and equal interests in Pylaia, SA - the vehicle holding Mediterranean Cosmos Shopping Centre in Thessaloniki, Greece - to Lamda Developments SA, for a consideration of approximately €38 million, of which circa €9.5 million are attributable to Sonae Sierra. With 46,000 m2 of Gross Lettable Area, Mediterranean Cosmos was inaugurated in the autumn of 2007, becoming the main commercial and leisure destination in Thessaloniki. This agreement reflects the high quality of the shopping centres developed by Sonae Sierra as well as the long term business strategy of recycling capital for future growth. This will allow Sonae Sierra to continue the international expansion in the markets where it currently operates as well as into new geographies as it did recently with the start of operations in Colombia.

SONAE SIERRA in Germany

Union Investment agreed with Sonae Sierra and Foncière Euris/Rallye to acquire 91% of Alexa in central Berlin. Each of the investors had a 50% share in the property and the Hamburg-based property fund manager paid some 316 million euros to acquire a majority stake (91%) in the 180-unit shopping centre on Alexanderplatz. Sonae Sierra, which will continue to be responsible for centre management, intends to exclusively hold the remaining 9% in Alexa in the future.

International Expansion - growing in promising markets

SONAE SIERRA in Brazil

With a total investment of €97 million, Sonae Sierra Brasil and Grupo Marco Zero started the construction work of Boulevard Londrina Shopping. Scheduled to be inaugurated in 2012, the new development is being built in an area of 80,000 m2 in the east area of the city of Londrina, in the state of Paraná. The new shopping centre will be developed on two levels, with a total Gross Lettable Area (GLA) of 47,800 m2 and 200 satellite shops, 8 large shops, 25 restaurants, a Walmart hypermarket, a Magic Games Entertainment and leisure area and 7 Cinemark next-generation cinemas, for a total of 236 shops. Boulevard Londrina Shopping centre will create around 900 jobs during the construction stage, and 3,000 jobs during the operation stage.

Sonae Sierra Brasil, opened Parque D. Pedro Shopping centre first expansion in Campinas, Brazil, which represents an investment of €9 million (R$ 22.8 million) and is made up of a new boulevard with 32 new stores with 5,400 m2 of GLA (Gross Lettable Area). With this new area, Parque D. Pedro Shopping centre has now 406 stores and a total of 121,045 m2 of GLA.

This new architectural project is completely innovative in the shopping centre industry of Brazil. Natural materials like the Goiás stone and filleted stone mixed with brick walls, glass blocks and a mineral texture have been used to build the façades of the stores. For the floors granite and Portuguese mosaic tiles were used. The landscaping project includes large and exuberant plants and reflecting pools that allow the customers to experience shopping in the open air in a modern, attractive and sophisticated ambiance.

International Expansion - growing in promising markets

Sonae Sierra in Colombia

Sonae Sierra, entered the Colombian market with the creation of Sierra Central, a service provider company in the shopping centre sector, including in shopping centre development and management activities. Sierra Central is owned in equal shares by Sonae Sierra and Central Control, a Colombian company which already provides management services for Jardín Plaza, one of the main shopping centres in Cali - the country's third largest city. In macroeconomic terms, the Colombian economy presented a Gross Domestic Product growth rate of 2.5% between 2008 and 2009, and is expected to reach an annual increase of 3% by 2013.

SONAE SIERRA in Romania

Sonae Sierra concluded an agreement with Pradera to be become the Property Manager for the Commercial Gallery of Carrefour Militari opened in 2001, with 3,600 m2 of property area. Under this agreement, Sonae Sierra provides full Management services to the shopping gallery comprising of 35 shops and restaurants adjacent to Carrefour Hypermarket, Bricostore and Mobexpert, since the 1st of July 2010. This includes the operational administration of Militari Gallery, with dedicated local and central team support for daily management that includes technical consultancy, administrative contract management, Marketing, Leasing, tenant mix consultancy and releasing, shopkeeper's supervision, service suppliers supervision, mall activation, common charges administration and control to ensure the maximum spectrum of services dedicated to respond to the specific needs of Pradera's Militari Gallery. Located on the western peripheral area of Bucharest, with direct access and frontage to the A1 Bucharest-Pitesti highway the commercial gallery has as its main shops Altex, Leonardo, Sensiblu and Germanos, to which Sonae Sierra will bring along new tenants to serve a catchment area of 380,000 inhabitants.

Sonae Sierra - Performance Indicators (1)

Financial (M€)	2007 (2)	2008 (2)	2009	2010
Turnover	184	205	212	227
EBITDA	93	106	109	123
EBITDA margin (%)	50,6%	51,7%	51,3%	54,4%
	-2	-3	-3	-2
EBIT	91	103	106	121
Direct results	53	42	42	58
Indirect Results	151	-159	-153	-49
Net Income	205	-117	-111	9
Invested Capital	2.399	2.292	2.261	2.144
Net debt	1.060	1.189	1.266	1.144
LTV (%)	37,4%	45,1%	50,1%	46,4%

Operationals	2007	2008	2009	2010
Real Estate Open market value (million euros)	6.154	6.173	6.340	6.481
Real estate NAV (million euros)	1.713	1.416	1.228	1.251
Investment property	1.163	960	731	747
Developments	377	220	191	103
Brazil	201	193	289	350
Others	-27	43	17	51
NAV per share (euros)	52,69	43,55	37,78	38,47
Openings & acquisitions (EOP)	8	3	2	1
Shopping centres owned/co-owned (EOP)	47	50	52	51
GLA owned in operating centres ('000 m2)	1.855	1.963	2.059	2.017
Occupancy rate of GLA owned (%)	95%	94%	96%	96%
Projects under development (EOP)	12	14	12	10
GLA under development ('000 m2)	474	701	550	468
Shopping centres managed (EOP)	63	60	68	68
GLA under management ('000 m2)	2.183	2.163	2.284	2.220
Total employees	1.057	1.141	1.147	1.106

Stand alone figures- management accounts

(1) Breakdow n per segment w as restated compared to previously reported information to assure consistency w ith the new criteria used for 2009 and 2010.

Sonaecom

Sonaecom operates in two main business areas: Optimus and Software and Systems Information (SSI), which comprises Bizdirect, Mainroad, WeDo Technologies and Saphety. Additionally, Sonaecom comprises Online & Media, a set of additional businesses such as Miau.pt; Público, a reference Portuguese daily newspaper now in circulation for over 20 years; and Público.pt, at the digital forefront of the Portuguese online press. It plays an active role in the management of its business units, identifying and exploring existing synergies and developing the company's growth potential.

Optimus is the third largest operator in Portugal. Being a fully integrated operator active in all segments of the Portuguese market, Optimus is focused on mobile technologies and has a convergent approach to the corporate and SMEs segments, pursuing innovation and quality of service as its key differentiation drivers.

International Expansion - WeDo

WeDo Technologies announced four new offices abroad reinforcing the international expansion strategy: one office in Singapore for the business development in the Asian market and to support the existing Malaysian office, and the others in Mexico, Chile and Panamá, for the Latin and Central American markets. At the end of 2010, WeDo Technologies had more than 100 clients in 78 countries. In 2010, WeDo Technologies' international revenues already represented 63% of its turnover and the volume of its international revenues grew 19% between 2009 and 2010, evidence that its focus on enlarging its international footprint continues to deliver positive results.

Optimus was launched in 1998 after the award of the third mobile GSM licence in Portugal. As of December 2010, Optimus had circa 3.6 million subscribers. and a market share of 21.0%. Competitors include Portugal Telecom (43.3% share) and Vodafone (35.7% share). Over the past three years, Optimus market share has been increasing driven namely driven by mobile data growth. Since early 2010 Optimus is the single brand for Sonaecom's telecommunications activities, commanding a significant presence across all market segments. Today the vast majority of Sonaecom's profits come from Optimus, whose EBITDA generation accounted for around 97% of Sonaecom's consolidated EBITDA profits in 2010.

The SSI division was created in 2002. SSI business model relies on a strategy of capital development, launching new companies with high growth potential and investing in IT/IS companies, privileging post start-up, internationally oriented and highly focused assets. In 2010, SSI acquired Softlimits B2B business unit, successfully integrated within Saphety. Later in December, SSI concluded the sale of its 11.54% stake at Altitude SGPS S.A., generating a capital gain of 2 million euros.

Today, its portfolio comprises four main companies: WeDo Technologies (world leader in the Revenue Assurance software integration market), Bizdirect (commercialisation of multi-brand IT solutions), Mainroad (IT managed services) and Saphety (provider of electronic invoice and secure messaging).

SSI activities' contribution to Sonaecom's consolidated profits is 4% of the EBITDA group in 2010, their growth rate in terms of both top line (25% CAGR over the past five years) and bottom line has been evolving favourably, despite WeDo Technologies' international expansion and the impact of integrating the Softlimits B2B business unit after it was acquired by Saphety. Fuelled by a significant growth in terms of Service Revenues, iin 2010, the SSI division posted a 6% EBITDA margin.

Sonaecom's presence in the media industry is mainly carried out through its subsidiary, *Publico*, a daily newspaper in Portugal launched in 1990. The newspaper ranks third in terms of audience share, reaching around 10.7% of market share of paid circulation (and close to 10.5% of advertising market share) at the end of 2010. While *Publico* expanded into the online segment several years ago (1995), revenues currently generated by these new activities have contributed to reduce the significant challenges facing the newspaper industry worldwide, which were made even more difficult in Portugal by the entry into the market of a new player ('i'). In 2010, EBITDA's Online & Media division was running at a loss of 1.3 million euros, half of the loss of 2.7 million euros delivered in 2009.

Looking forward, Optimus will continue focused on becoming Portugal's best telecommunications operator, achieving a stronger efficiency and higher profits, while enlarging its customer base. SSI will continue to reinforce its worldwide leadership, expanding WeDo Technologies' international footprint.

Diversification of investment style

Optimus and Vodafone in Portugal came to an agreement to share new generation, fiber network infrastructure in Lisbon and Porto. This partnership allows both telecommunication operators to launch commercial offers within this new framework by the first quarter of 2011, doubling the FTTH coverage; however the network ownership in each company remains the same.

An agreement of such a nature in one of the most competitive industries in Portugal and in such an important area as the new generation networks is a significant achievement. This agreement encompasses a great economic rationale to the new generation network investments, because it promotes sustainable competition and it makes the offer of high value and diversified services possible at a competitive price, with clear benefits for customers, for the development of the information and knowledge society, and for the country..

Sonaecom - Performance indicators

Financials (M€)	2007	2008	2009	2010
Turnover	893	976	949	921
Capex	236	290	152	140
Invested Capital	749	747	752	782
EBITDA	162	160	176	194
EBITDA margin (%)	18,1%	16,4%	18,5%	21,1%
EBIT	22	3	24	64
ROIC (%)	2,9%	0,4%	3,2%	8,2%
Net debt	**310**	**400**	**378**	**348**
Net debt/EBITDA	1,9 x	2,5 x	2,2 x	1,8 x

Operationals	2007	2008	2009	2010
Mobile				
Customers (EOP) ('000)	2.894	3.192	3.433	3.604
Data as % of Service Revenues	17,7%	22,5%	28,1%	30,6%
ARPU (euros)	18,2	16,8	14,8	13,7
Fixed				
Total Accesses (EOP)	775.623	592.900	483.613	417.066
Direct Accesses (EOP)	470.673	455.027	403.212	344.631
Direct access as % customer revenues	70%	71%	79,5%	78,8%
SSI				
IT service revenues / employee ('000 euros)	111	121	126	129,1
Total employees	1.961	1.968	2.013	2.057

Values reported by the operating segment

Investment management

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

Merger between Cooper Gay and Swett & Crawford

MDS, the insurance arm from Sonae, started owning a shareholding of 26% in the biggest independent insurance brokerage company, after the merger of Cooper Gay, where it had a share position of 32,12%, with Swett & Crawford. MDS CEO commented the transaction: "the biggest insurance brokerage company, in the word, has been created with this deal, being truly independent and global".

The new company will manage approximately 2.8 billion euros of insurance premium in the United States, London and other international insurance markets, with more than 1,500 employees in more than 60 offices across 4 continents.

Investment Management - Performance indicators

Financials (M€)	2007 (1)	2008 (1)	2009	2010
Turnover	222	221	192	207
Capex	0	11	34	13
Invested Capital	127	119	151	156
EBITDA	13	7	30	6
EBITDA margin (%)	5,9%	3,1%	15,7%	2,7%
EBIT	9	1	25	-2
ROIC (%)	7,3%	1,2%	16,3%	8,2%
Net debt	**47**	**6**	**4**	**7**
Net debt/EBITDA	3,7 x	0,9 x	0,1 x	1,3 x
Total employees	1.057	1.389	1.696	1.727

(1) Breakdown per segment was restated compared to previously reported information to assure consistency with the new criteria used for 2009 and 2010.

Financial statements' overview

Consolidated income statement

Consolidated income statement Million euros			
	2009	2010	y.o.y
Direct income			
Turnover	5,665	5,914	4.4%
Recurrent EBITDA (2)	633	690	8.9%
Recurrent EBITDA margin	11.2%	11.7%	0.5pp
EBITDA	667	729	9.3%
EBITDA margin	11.8%	12.3%	0.5pp
Provisions and impairment losses (3)	-24	-23	4.8%
Depreciations and amortizations	-294	-297	-1.0%
EBIT	349	409	17.2%
Net financial results	-123	-107	12.6%
Other income (4)	2	2	6.0%
EBT	228	304	33.0%
Taxes	-38	-71	-85.7%
Direct net income	190	233	22.4%
Attributable to equity holders	171	192	12.6%
Attributable to minority interests	19	40	109.0%
Shoppings indirect income			
Indirect net income (5)	-116	-33	71.4%
Attributable to equity holders	-77	-24	68.4%
Attributable to minority interests	-40	-9	77.3%
Total net income			
Total net income	74	199	170.9%
Attributable to equity holders	94	168	79.1%
Attributable to minority interests	-20	32	-

(1) EBITDA excluding extraordinary items; (2) Includes reversion of impairments and negative goodwill; (3) share of results of associated undertakings + dividends; (4) Statutory numbers; for management purposes, Sonae uses the decomposition of the Indirect result according to the notes to the consolidated financial statements.

Consolidated balance sheet

Balance sheet
Million euros

	2009	2010	y.o.y
TOTAL ASSETS	**7,562**	**7,552**	**-0.1%**
Non current assets	**6,118**	**6,046**	**-1.2%**
Tangible and intangible assets	3,248	3,182	-2.1%
Goodwill	729	741	1.6%
Investment properties in operation	1,677	1,631	-2.7%
Investment properties under development	120	102	-15.1%
Other investments	93	113	22.3%
Deferred tax assets	230	221	-4.1%
Others	21	56	163.0%
Current assets	**1,443**	**1,506**	**4.3%**
Stocks	603	682	13.1%
Trade debtors	208	187	-10.0%
Liquidity	230	263	14.5%
Others (1)	402	374	-7.2%
SHAREHOLDERS' FUNDS	**1,701**	**1,862**	**9.4%**
Equity holders	1,223	1,337	9.3%
Attributable to minority interests	478	524	9.6%
LIABILITIES	**5,860**	**5,690**	**-2.9%**
Non-current liabilities	**3,571**	**3,455**	**-3.2%**
Bank loans	1,208	1,128	-6.7%
Other loans	1,736	1,712	-1.3%
Deferred tax liabilities	336	371	10.4%
Provisions	51	63	24.1%
Others	240	181	-24.5%
Current liabilities	**2,289**	**2,235**	**-2.4%**
Bank loans	233	165	-29.3%
Other loans	81	100	23.7%
Trade creditors	1,220	1,265	3.6%
Others	755	706	-6.6%
SHAREHOLDERS' FUNDS + LIABILITIES	**7,562**	**7,552**	**-0.1%**

(1) Includes non-current assets held for sale.

Invested capital & return on invested capital (RoIC)

Invested capital
Million euros

	2009	2010	y.o.y
Invested Capital	**4,781**	**4,714**	**-1.4%**
Investment properties [(1)]	1,836	1,778	-3.1%
Technical investment [(2)]	3,248	3,191	-1.8%
Financial investment	53	35	-34.2%
Goodwill	729	741	1.6%
Working capital	-1,085	-1,032	4.9%
Equity + Minorities	**1,701**	**1,862**	**9.4%**
Total Net debt [(3)]	**3,080**	**2,852**	**-7.4%**

(1) Includes shopping centres accounted for as financial investments in the balance sheet; (2) includes available for sale assets; (3) Financial net debt + ne shareholder loans.

Return on invested capital
Million euros

	2009	2010	y.o.y
Invested Capital	**4,781**	**4,714**	**-1.4%**
Sonae MC	484	479	-1.0%
Sonae SR	250	337	35.0%
Sonae RP	1,523	1,418	-6.9%
Sonae Sierra [(1)]	1,661	1,577	-5.1%
Sonaecom	752	782	4.0%
Investment mngmt.	151	156	3.2%
Elimin.& adjust.[(2)]	-39	-35	11.5%
EBIT (last 12 months)	**349**	**409**	**17.2%**
Sonae MC	124	147	18.4%
Sonae SR	10	0	-95.0%
Sonae RP	83	117	41.3%
Sonae Sierra [(1)]	81	89	9.5%
Sonaecom	24	64	169.8%
Investment mngmt.	25	-2	-
Elimin.& adjust.[(2)]	2	-7	-
RoIC	**7.3%**	**8.7%**	**1.4pp**
Sonae MC	25.6%	30.4%	4.8pp
Sonae SR	4.0%	0.1%	-3.8pp
Sonae RP	5.5%	8.3%	2.8pp
Sonae Sierra	5.0%	5.7%	0.7pp
Sonaecom	3.2%	8.2%	5.1pp
Investment mngmt.	16.3%	-1.3%	-17.5pp

(1) Shopping centres are proportionally consolidated (50%), based on statutory accounts; (2) includes Sonae Holding.

Working capital breakdown

Working capital breakdown Million euros	2009	2010	y.o.y
Working capital	-1,085	**-1,032**	4.9%
Sonae MC	-530	-532	-0.5%
Sonae SR	-52	-8	85.2%
Sonae RP	-38	-32	14.4%
Sonae Sierra (1)	-238	-262	-10.2%
Sonaecom	-150	-128	15.1%
Investment mngmt.	-21	-29	-36.2%
Elimin.& adjust. (2)	-56	-41	27.9%

(1) Shopping centres are proportionally consolidated (50%), based on statutory accounts; (2) includes Sonae Holding.

Retail formats & retail real estate - main highlights (stand-alone figures)

Retail formats & Retail real estate operating review	2009	2010	y.o.y
Turnover growth			
Sonae retail	9,9%	**7,3%**	-
Sonae MC	6,0%	5,4%	-
Sonae SR	21,9%	12,3%	-
LFL sales growth			
Sonae retail	0,0%	**2,1%**	-
Sonae MC	0,8%	2,6%	-
Sonae SR	-3,0%	0,7%	-
Total employees (EOP)	34.958	**38.378**	9,8%
Sonae MC	25.989	28.150	8,3%
Sonae SR	8.934	10.192	14,1%
Sonae RP	35	36	2,9%

Retail formats & Retail real estate financial review
Million euros

	2009	2010	y.o.y
Sonae MC			
Turnover	3,106	3,275	5.4%
Continente	1,568	1,594	1.7%
Modelo	1,458	1,577	8.2%
Bom Bocado	18	26	44.3%
Wells	52	62	18.1%
Book.it	5	9	78.3%
Others	4	6	34.4%
EBITDA	199	231	16.3%
EBITDA margin	6.4%	7.1%	0.7pp
CAPEX	137	88	-36.2%
Sonae SR			
Turnover	1,132	1,272	12.3%
Worten	708	813	14.9%
Vobis	45	30	-32.8%
Worten Mobile&Gamer	15	15	-3.7%
SportZone	205	228	11.3%
Loop	5	6	14.0%
Modalfa	115	125	8.6%
Zippy	39	54	41.2%
Portugal	988	1,042	5.4%
International (2)	144	230	59.8%
EBITDA	48	45	-7.2%
Portugal	71	72	1.8%
International (2)	-23	-27	-21.0%
EBITDA margin	4.2%	3.5%	-0.7pp
Portugal	7.2%	6.9%	-0.2pp
International (2)	-15.7%	-11.9%	3.8pp
CAPEX	97	100	2.3%
Portugal	60	41	-32.6%
International (2)	37	59	58.7%
Sonae RP			
Turnover	123	126	2.4%
Recurrent EBITDA	111	111	-0.4%
EBITDA	111	149	34.5%
EBITDA margin	90.1%	118.4%	28.3pp
CAPEX	90	21	-77.3%
Financial Net debt	1,206	1,070	-11.3%
Net debt/EBITDA (last 12 months)	3.4 x	2.5 x	-0.9x
EBITDA/net interest expenses (last 12 months)	8.4 x	12.4 x	4x
Net debt/invested capital	53.4%	47.8%	-5.6pp

(1) Includes sales to franchisees.

Stores and sales area

	Number of stores					Sales area ('000 m²)					
	31 Dec 2009	Stores opened	Banner changed	Stores closed	31 Dec 2010	31 Dec 2009	Stores opened	Banner changed	Stores closed	31 Dec 2010	Area owned (%)
Sonae MC	**378**	**44**	**0**	**-7**	**415**	**528**	**17**	**0**	**-1**	**544**	**80%**
Continente	39	1	0	0	40	284	4	0	0	288	86%
Modelo	125	5	0	0	130	218	10	0	0	228	76%
Well's	115	19	0	-1	133	11	1	0	-1	12	72%
Bom Bocado	80	12	0	-5	87	4	1	0	0	5	72%
Book.It	14	4	0	-1	17	5	1	0	0	5	52%
Others (1)	5	3	0	0	8	5	1	0	0	6	13%
Sonae SR	**454**	**69**	**0**	**-20**	**503**	**304**	**70**	**0**	**-11**	**364**	**31%**
COMPANY OPERATED (2)	**454**	**64**	**0**	**-20**	**498**	**304**	**68**	**0**	**-11**	**362**	**31%**
Electronics division	**211**	**19**	**0**	**-17**	**213**	**156**	**39**	**0**	**-9**	**187**	**37%**
Portugal	197	8	0	-17	188	122	12	0	-9	125	49%
Worten	132	6	0	-6	132	113	12	0	-6	119	51%
Vobis	17	0	0	-8	9	8	0	0	-3	5	15%
Worten Mobile	48	2	0	-3	47	1	0	0	0	1	38%
Spain	14	11	0	0	25	34	28	0	0	62	12%
Worten	14	11	0	0	25	34	28	0	0	62	12%
Sports division	**100**	**15**	**0**	**-2**	**113**	**80**	**18**	**0**	**-2**	**96**	**7%**
Portugal	86	1	0	-2	85	62	2	0	-2	63	11%
Sport Zone	75	0	0	-1	74	61	2	0	-2	61	11%
Loop	11	1	0	-1	11	2	0	0	0	2	0%
Spain	14	14	0	0	28	17	16	0	0	33	0%
Sport Zone	14	14	0	0	28	17	16	0	0	33	0%
Fashion division	**143**	**30**	**0**	**-1**	**172**	**68**	**11**	**0**	**0**	**79**	**48%**
Portugal	133	9	0	-1	141	64	5	0	0	68	55%
Modalfa	99	7	0	-1	105	51	4	0	0	55	66%
Zippy	34	2	0	0	36	12	0	0	0	13	6%
Spain	10	21	0	0	31	4	7	0	0	11	0%
Zippy	10	21	0	0	31	4	7	0	0	11	0%
FRANCHISING	**0**	**5**	**0**	**0**	**5**	**0**	**2**	**0**	**0**	**2**	**-**
Fashion division	0	5	0	0	5	0	2	0	0	2	-
Saudi Arabia	0	5	0	0	5	0	2	0	0	2	-
Zippy	0	5	0	0	5	0	2	0	0	2	-
Invest. mngmt.	**105**	**0**	**0**	**-4**	**101**	**67**	**0**	**0**	**-3**	**63**	**61%**
MaxMat	35	0	0	-2	33	63	0	0	-3	60	63%
Geostar	70	0	0	-2	68	4	0	0	0	4	26%
Total	**937**	**113**	**0**	**-31**	**1,019**	**899**	**87**	**0**	**-16**	**971**	**61%**

(1) includes outlet; (2) Includes controlled Joint-Ventures.

Shopping centres - main highlights (stand-alone figures)

Shopping centres operating review	2009	2010	y.o.y
Assets under management (million euros) [1]	6,340	6,481	2.2%
Real estate NAV (million euros)	1,228	1,251	1.8%
Sierra Investments	731	747	2.1%
Sierra Developments	191	103	-46.2%
Sierra Brazil	289	350	20.9%
Others [2]	17	51	-
NAV per share (euros)	37.8	38.5	1.8%
Openings & acquisitions (EOP)	2	1	-50.0%
Shopping centres owned/co-owned (EOP)	52	51	-1.9%
GLA owned/co-owned (thousand m2) [3]	2,059	2,017	-2.0%
Occupancy rate of GLA owned (%)	95.9%	96.3%	0.5pp
Projects under development (EOP) [4]	12	10	-16.7%
GLA under development (thousand m2)	550	468	-14.9%
Shopping centres managed (EOP)	68	68	0.0%
GLA under management (thousand m2)	2,284	2,220	-2.8%
Total employees	1,147	1,106	-3.6%

(1) Open market value; (2) NAV of Corporate Centre + Property Management; (3) Gross lettable area in operating centres; (4) Projects in planning phase and under construction.

Shopping Centres market yields [1]	2009			2010			YTD	
	Max	Avg	Min	Max	Avg	Min	Max	Avg
Portugal	8.3%	6.7%	6.0%	8.7%	6.8%	6.2%	0.4pp	0.07pp
Spain	9.1%	7.1%	6.4%	9.3%	7.0%	6.3%	0.2pp	-0.14pp
Italy	7.7%	6.6%	6.0%	7.8%	6.7%	6.1%	0.1pp	0.05pp
Germany	6.3%	6.1%	6.0%	6.3%	6.1%	6.0%	0pp	0pp
Greece	7.0%	7.0%	7.0%	8.5%	8.5%	8.5%	1.5pp	1.5pp
Romania	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	0pp	0pp
Brazil	9.5%	8.5%	8.3%	9.5%	8.5%	8.3%	0pp	0pp

(1) Average yields weighted by the Open Market Value of Sierra's shopping centres.

Shopping Centres financial review
Million euros

	2009	2010	y.o.y
Direct results			
Turnover	212	227	7.0%
Investments	133	133	0.6%
Developments	6	7	12.4%
Brazil	23	31	37.0%
Services Business	41	42	1.0%
Asset management	10	10	-5.3%
Property management	31	32	3.1%
Others & eliminations	9	14	48.6%
EBITDA	**109**	**123**	**13.5%**
Investments	105	105	0.2%
Developments	-2	-7	-
Brazil	18	26	49.0%
Services Business	9	9	-5.0%
Asset management	4	3	-29.0%
Property management	5	6	10.5%
Others & eliminations	-20	-9	57.4%
EBITDA margin	**51.3%**	**54.4%**	**3.1pp**
Net financial results	-51	-44	14.4%
Current tax	-12	-15	-30.0%
Direct results	**42**	**58**	**35.6%**
Indirect results			
Gains realized on investments	5	-2	-
Provisions for assets under development	-6	-29	-
VCIDP (2)	-187	18	-
Deferred tax	35	-36	-
Indirect results	**-153**	**-49**	**68.1%**
Total net results			
Total net results	**-111**	**9**	**-**
Attributable to equity holders	**-111**	**9**	**-**
Net debt	1,266	1,144	-9.7%
Loan to Value	50.1%	46.4%	-3.7pp
Net debt/EBITDA (last 12 months)	11.6 x	9.3 x	-2.4x
EBITDA/net interest expenses (last 12 months)	0.6 x	0.7 x	0.1x
Net debt/invested capital (3)	55.7%	51.9%	-3.8pp
CAPEX	162	105	-35.3%

(1) Bsed on Sierra's management accounts (fully proportional base;) (2) Value created on investment and development properties; (3) Based on statutory accounts.

Telecommunications - main highlights (stand-alone figures)

Telecomunications operating review			
	2009	2010	y.o.y
Mobile			
Customers (EOP) ('000)	3,433	3,604	5.0%
Data as % Service Revenues	28.1%	30.6%	2.5pp
ARPU (euros) [(2)]	14.8	13.7	-7.4%
Wireline			
Total accesses (EOP) ('000)	484	417	-13.8%
Direct accesses (EOP) ('000)	403	345	-14.5%
Direct access as % customer revenues	79.5%	78.8%	-0.7pp
SSI			
IT service revenues / employee ('000 euros)	125.9	129.1	2.5%
Total employees	2,013	2,057	2.2%

(1) Average revenues per user.

Telecommunications financial review
Million euros

	2009	2010	y.o.y
Turnover	949	921	-3.0%
Mobile	607	593	-2.4%
Wireline	245	238	-3.1%
SSI	150	143	-4.9%
Others & eliminations	-53	-52	1.0%
Other revenues	7	8	17.0%
EBITDA	**176**	**194**	**10.4%**
Mobile	167	186	11.3%
Wireline	6	3	-38.5%
SSI	8	8	0.9%
Others & eliminations	-5	-3	32.7%
EBITDA margin (%)	**18.5%**	**21.1%**	**2.6pp**
EBIT	**24**	**64**	**169.8%**
Net financial results	-13	-6	49.8%
Total net income	6	41	-
Attributable to equity holders	**6**	**41**	**-**
Excluding the securitization transaction:			
Net debt	378	348	-7.9%
Net debt/EBITDA (last 12 months)	2.2 x	1.8 x	-0.4x
EBITDA/net interest expenses (last 12 months)	13.7 x	23.7 x	10.1x
Net debt/invested capital	50.3%	44.5%	-5.7pp
CAPEX	**152**	**140**	**-7.9%**
Operating CAPEX (2)	136	130	-3.9%
EBITDA minus Operating CAPEX	40	64	59.5%
Free Cash Flow	7	11	41.2%

(1) Operating CAPEX excludes financial investments, provisions for dismantling of sites and other non operational investments.

Investment management - main highlights (stand-alone figures)

Investment management unit Million euros	2009	2010	y.o.y
Turnover	192	**207**	7.7%
EBITDA	30	**6**	-81.7%
EBIT	25	-2	-
Financial Net debt	4	7	62.6%
CAPEX	34	13	-60.2%
Total employees	1,696	**1,727**	1.8%

Glossary and main awards

Glossary

Expression	Explanation
ARPU	Average revenue per user
CAPEX	Investments in tangible and intangible assets, investment properties and acquisitions; Gross CAPEX, not including cash inflows from the sale of assets
Direct income	Direct income excludes contributions to indirect income
EBITDA	Turnover + other revenues -impairment reversal + negative goodwill- operating costs (based on direct net income) - provisions for warranties extensions + gain/losses from sales of companies; includes capital gains on the sale of shareholdings since 2008
EBITDA margin	EBITDA / Turnover
Eliminations & others	Intra-groups + consolidation adjustments + contributions from other companies not included in the identified segments
EOP	End of period
Free Cash Flow (FCF)	EBITDA – operating capex-change in working capital-financial investments-financial results-income taxes
FMCG	Fast Moving Consumer Goods
Financial net debt	Total net debt excluding shareholders loans
Indirect income	Indirect Income includes Sierra's contributions net of taxes to the consolidated income statement, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses (including goodwill) and; (iv) provision for assets at Risk; The data used for the analysis of indirect income was computed based on the proportional method for all companies owned by Sonae Sierra; for Sonae, the analysis was done using the consolidation method for each company, as stated in the consolidated financial accounts.
Net Invested capital	Total net debt + total shareholder funds
Investment properties	Shopping centres in operation owned by Sonae Sierra
Liquidity	Cash & equivalents + current investments
Like for Like sales	Sales made by stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods

Loan to value Holding	Holding Net debt/ Investment Portfolio Gross Asset Value; gross asset value based on Market multiples, real estate NAV and market capitalization for listed companies
Loan to value shopping centres	Net debt / (investment properties + properties under Development)
Net asset value (NAV)	Open market value attributable to Sonae Sierra - net debt - minorities - deferred tax liabilities
Net debt	Bonds + bank loans + other loans + financial leases + shareholder loans – cash, bank deposits and current investments - other long term financial applications
Other income	Share of results of associated undertakings + dividends
Other loans	Bonds, leasing and derivatives
Open market value (OMV)	Fair value of properties in operation and under development (100%), provided by an independent entity
RoIC (Return on invested capital)	EBIT(12 months) /Net invested capital
ROE (return on Equity)	Total net income $_n$ (equity holders)/ Shareholders' Funds $_{n-1}$ (equity holders)
Recurrent EBITDA	EBITDA excluding non-recurrent items, namely gains in sales of investments and other movements that distort comparability
Shopping Centre Services business	Asset management services + property management services
Technical investment	Tangible assets + intangible assets + other fixed assets – depreciations and amortizations
Value created on investment and development properties (VCIDP)	Increase (decrease) in the valuation of shopping centres in operation and under development; shopping centres under development are only included if a high degree of certainty concerning their conclusion and opening exists

Main awards

LEED Certification by the US Green Building Council

Provides independent, third-party verification that a building was designed and built using strategies/measures aimed at improving performance in areas that matter the most: energy savings, water efficiency, reduction of CO_2 emissions, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts.

Green Project Awards

Recognises the excellence of projects that promote and value sustainability.

Prémio *Cidadania das Empresas e Organizações*

Rewards success in the application of socially responsible policies across the whole organization, particularly in the economic, social and environmental dimensions.

"Eficácia" Award in the category Social Responsibility

Awards the marketing solutions that promote organizational social responsibility, creating value to the society and to the organization itself by raising the awareness and involvement of the community.

red dot design award in the category Corporate Identity

The international "red dot design award" is the largest and most renowned design competition in the world. red dot awards recognize excellence in design.

Prémio InAVation

Awarded by the prestigious magazine InAVate for the excellence and innovation in the search for innovative technological solutions.

Retail Technology Awards

The reta Europe awards intend to recognise retail companies for their implementation of outstanding and innovative information technology solutions in retail.

European Risk management Award in the Category Best Environmental Risk Control

An initiative by the magazine "Strategic Risk" that rewards the most efficient and innovative solutions in risk management.

Prémio Superbrand

Superbrands is an international organization that promotes the excellence of brands based on identification of those brands that clearly distinguish themselves from their competitors by their quality.

Brand of trust

Awarded by Reader's Digest, this award is a recognition of the quality of products and services based on the trust shown by the consumers

European Safety and Health at Work award

The award aims to demonstrate the benefits of following good safety and health practices to all European employers and workers, intermediaries including social partners, OSH professionals and practitioners and others providing assistance and information at the workplace level.

Award "Empresa do Ano 2009/2010" by Junior Achievement Portugal

Recognises commitment to the development and promotion of entrepreneurship amongst the young generation.

Acknowledgements

The Board of Directors would like to thank the Statutory Audit Board and the Statutory External Auditor for the valuable advice and help given during 2010. The Board would also like to express its gratitude to suppliers, banks and other business associates of Sonae for their continuing involvement and the confidence that they have shown in the organization. Finally, the Board expresses its gratitude to the Non-Executive Directors for their work and valuable advice and to all employees for their effort and dedication throughout the year.

Maia, 15 March 2011

Belmiro de Azevedo, Chairman of the Board of Directors

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

José Neves Adelino, member of the Board of Directors

Duarte Paulo Teixeira de Azevedo, CEO

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

---

Nuno Manuel Moniz Trigoso Jordão, member of the Executive Committee

---

Álvaro Carmona e Costa Portela , member of the Board of Directors

SONAE/

CORPORATE GOVERNANCE REPORT 2010

Table of contents

0 Statement of compliance

0.1. Rules Adopted

The Corporate Governance Report provides a description of the Corporate Governance structure and practices followed by the Company under the terms of article 245-A of the Portuguese Securities Code, and was prepared to comply with the information disclosure requirements of the Portuguese Securities Market Commission (CMVM) Regulation no. 1/2010, of 1 February.

Appendix II to this Report contains a table comparing how the text in this report compares to the model set out in Appendix I of CMVM Regulation no. 1/2010.

The information requirements of article 3 of Law no. 28/2009, of 19 June, articles 447 and 448 of the Portuguese Companies Act and of CMVM Regulation no. 5/2008 have also been complied with.

The Company has adopted the CMVM Recommendations on Corporate Governance dated December 2010.

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

This section should be read together with and as a complement to the Annual Management Report and Financial Statements. All references given relate to the Corporate Governance Report, unless stated otherwise.

0.2. Fully Adopted CMVM Recommendations on Corporate Governance

I - 1 GENERAL MEETINGS

I.1 GENERAL MEETING BOARD

I.1.1 The chairman of the board of the shareholders' general meeting shall be given adequate human and logistical resources, taking the financial position of the company into consideration.

RECOMMENDATION FULLY ADOPTED

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

I.1.2 The remuneration of the chairman of the board of the shareholders' general meeting shall be disclosed in the annual corporate governance report.

RECOMMENDATION FULLY ADOPTED

Sonae discloses the remuneration of the Chairman of the Board of the Shareholders' General Meeting, as well of its Secretary, in section 6.6 of this Report.

I.2 PARTICIPATION AT THE MEETING

I.2.1 The time period required for share deposit or blocking declarations for attendance at the general meeting to be received by the board of the shareholders' general meeting shall not exceed 5 working days.

I.2.2 Should the general meeting be suspended, the company shall not require share blocking during the full period until the meeting is resumed, but shall apply the same period as for the first session.

RECOMMENDATION FULLY ADOPTED

Changes were made to the Portuguese Securities Code as set out in Decree Law no. 49/2010, of 19 May, making substantial modifications to the way in which shareholders can take part in shareholders' general meetings of listed companies, one of which is to waive the need to block shares during a period prior to the General Meeting.

I.3 VOTING AND EXERCISING VOTING RIGHTS

I.3.1 Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.

RECOMMENDATION FULLY ADOPTED

The Articles of Association allow shareholders to vote by post or electronically in relation to any item on the meeting's agenda, in accordance with the change made to the statutes approved by the Shareholders' General Meeting on April 20 2009. Electronic voting has been in force since the Extraordinary Shareholders' General Meeting that took place on 9 November 2009.

More detailed information can be found in sections 5.2.4 and 5.2.6 of this Report.

I.3.2 The statutory advance deadline for receiving voting ballots by post may not exceed 3 working days.

RECOMMENDATION FULLY ADOPTED

A deadline of three calendar days is expressly stated in the Company's Articles of Association for receipt of votes, sent by post or by electronic means.

I.3.3 Companies shall ensure that voting rights and shareholder's attendance are proportional, ideally through the statutory provision that obliges the one share-one vote principal. Companies that: i) hold shares that do not confer voting rights; ii) establish that voting rights will not be taken into account above a certain number, when issued by a single shareholder or by shareholders related to him/her, do not comply with the proportionality principle.

RECOMMENDATION FULLY ADOPTED

Only one class of shareholder with equal rights exists in the Company, in which one share is equal to one vote.

I.4 RESOLUTION FIXING QUORUM

I.4.1 Companies shall not set a resolution-fixing quorum that is greater than that required by law.

RECOMMENDATION FULLY ADOPTED

The Company's articles of association do not set a resolution-fixing quorum that exceeds that fixed by law.

I.5 MINUTES AND INFORMATION ON RESOLUTIONS ADOPTED

I.5.1 Extracts from the minutes of the general meetings or documents with an equivalent content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall include the resolutions passed, the capital represented and the results of voting. Said information shall be kept on file on the company's website for no less than a 3 year period.

RECOMMENDATION FULLY ADOPTED

Information about decisions taken at Shareholders' General Meetings for the last five years, as well as the share capital represented and voting results are publicly available on the Company's website – www.sonae.pt (tab Investors, General Meetings section).

I.6 MEASURES RELATING TO CHANGES IN COMPANY CONTROL

I.6.1 Measures aimed at preventing the success of takeover bids, shall respect the interests of both the company and its shareholders. In accordance with this principle, any company that has Articles of Association with clauses that restrict or limit the number of votes that may be held or exercised by a single shareholder, either individually or acting in concert with other shareholders, shall also require that, at least once every five years, the continuation of such clauses must be ratified at a shareholders' general meeting, at which the quorum shall not exceed the legal minimum and all votes cast shall count, without applying any restriction.

RECOMMENDATION FULLY ADOPTED

The Company has not implemented any measures to prevent the success of takeover bids, nor is it aware of any such measure having been taken by shareholders. No statutory limitations exist to the number of votes that can be held or exercised by any shareholder.

I.6.2. Defensive measures that automatically lead to serious erosion in the value of the Company's assets, when there has been a change in control or a change in the composition of the Board management, should not be adopted, as this prevents the free transmission of shares and the ability of shareholders to freely assess the performance of those responsible for managing the Company

RECOMMENDATION FULLY ADOPTED

No such measures have been adopted or established.

II. Management and Audit Boards

II.1. General Points

II.1.1. Structure and Duties

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

RECOMMENDATION FULLY ADOPTED

The Board of Directors has assessed the impact of the corporate governance model adopted and has not encountered any restrictions susceptible of affecting its overall performance, as described in section 0 of this Report.

II.1.1.2 The company shall set up internal control and risk management systems to protect its assets and maintain the transparency of its corporate governance, which will allow risks to be identified and managed. These systems should include as a minimum the following: i) establishment of the company's strategic objectives relating to risk taking; ii) identification of the main risks related to its business and events that may be the source of risks; iii) the analysis and measurement of the impact and probability of the occurrence of each of the potential risks; iv) risk management, the goal of which is to align risks incurred with the company's strategic choice of direction in dealing with these risks; v) mechanisms for controlling the execution of the risk management measures taken and their effectiveness; vi) implementing internal mechanisms to provide information about the various components of the system and give warning of risks; vii) periodic assessment of the system implemented and the necessary changes introduced.

RECOMMENDATION FULLY ADOPTED

The internal risk control systems implemented by the Board of Directors of the Company are described below in section 7 of this Report.

II.1.1.3 The board of directors shall ensure the set up and proper functioning of the internal control and risk management systems. The supervisory board shall be responsible for assessing the functioning of said systems and proposing any relevant changes in accordance with the company's requirements.

RECOMMENDATION FULLY ADOPTED

The internal control and risk management system of the Company is described in section 7 of this Report. The Board Finance and Audit Committee is the management's specialized appointed committee with the role of proactively ensuring the internal control and risk management of the Company. The Statutory Audit Board audits the effectiveness of the risk management system, the internal control and internal audit system, proposing measures to optimise their performance as its deems fit, and giving its analysis of these systems in their annual report and opinion, available at www.sonae.pt (tab Investors, Shareholders General Meeting section), together with the Company's financial statements.

II.1.1.4 The companies shall: i) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its annual report on corporate governance.

RECOMMENDATION FULLY ADOPTED

Information disclosed in section 7 of this Report.

II.1.1.5 The board of directors and the supervisory board shall have internal operating regulations which must be disclosed on the company's website.

RECOMMENDATION FULLY ADOPTED

The Board of Directors and the Statutory Audit Board have approved their respective regulations, which are available on the Company's website at: www.sonae.pt (tab Investors, Corporate Governance section).

II.1.2 Incompatibility and Independence

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

RECOMMENDATION FULLY ADOPTED

The Board of Directors has a total number of ten members, six of which are non-executive members.

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

RECOMMENDATION FULLY ADOPTED

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

II.1.2.3 The assessment carried out by the board of directors of the independence of non-executive members shall take into account the legal and regulatory rules in force concerning independence requirements and the system of dealing with conflicts of interest applicable to members of other statutory entities, in order to ensure timely and consistent application of independence criteria across the entire company. An independent executive member shall not be considered as such, if, on another statutory entity and because of the rules applying to it, he/she is not considered to be independent.

RECOMMENDATION FULLY ADOPTED

The Board of Directors carries out annually an assessment of the independence of its non-executive members, requesting the update of the information previously provided to qualify the independence status. The Board of Directors assessment for the 2010 financial year can be found in section 0.4 of this Report.

II.1.3 ELIGIBILITY CRITERIA FOR APPOINTMENT

II.1.3.1 Depending on the governance model adopted, the chairman of the statutory audit board, or of the board audit committee or of the financial matters committee shall be independent and possess the necessary skills to perform his/her duties.

RECOMMENDATION FULLY ADOPTED

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

II.1.3.2 The process for selecting candidates as non-executive members shall be designed to prevent interference by executive members.

RECOMMENDATION FULLY ADOPTED

Candidates for Board non-executive positions appointed by co-option are selected by the Nominations and Remunerations Committee of the Board of Directors, which is made up entirely of non-executive members of the Board, and supported by international consultants with expertise in selecting and recruiting top executives.

II.1.4 POLICY ON REPORTING IRREGULARITIES (WHISTLE BLOWING)

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

RECOMMENDATION FULLY ADOPTED

The Company's whistle blowing policy follows the rules and procedures specified in the Company's Code of Conduct, available at www.sonae.pt (tab Investors, Corporate Governance section). Reports of irregularities concerning employees are sent to Sonae's Ombudsman, while those concerning members of the Company's statutory governing bodies are sent to the Corporate Governance Officer.

II.1.4.2 General guidelines for this policy should be disclosed in the corporate governance report.

RECOMMENDATION FULLY ADOPTED

A description of the Company's policy on reporting irregularities is included in section 0 of this Report.

II.1.5 REMUNERATION

II.1.5.1 The remuneration of the members of the board of directors shall be structured so that their interests can be aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage excessive risk taking. Remuneration should thus be structured as follows:
i) The remuneration of the board of directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by competent bodies of the company, according to pre-established and quantifiable criteria. These criteria shall take into consideration the company's real growth and the actual return generated for shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's business.
ii) The variable component of the remuneration shall be reasonable overall in relation to the fixed remuneration component and maximum limits shall be set for all components.
iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's continued positive performance during said period.
(iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.
(v) Until the end of their mandates, executive directors shall hold company shares that have been allotted to them by virtue of variable remuneration schemes up to a maximum value of twice their total annual remuneration, with the exception of those shares that are required to be sold for the payment of taxes on the gains made on said shares;
(vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years;
(vii) The appropriate legal framework shall be established so that in the event of a director's dismissal without due cause, the established compensation shall not be paid out, if the dismissal or termination by agreement is due to his/hers unsatisfactory performance;
(viii) The remuneration of non-executive board members shall not include any component the value of which depends on the performance or the value of the company.

RECOMMENDATION FULLY ADOPTED

The compensation policy for the Board of Directors is described below in section 6 and was discussed and agreed upon at Shareholders' General Meetings that took place on 3 May 2007 and 21 April 2008, based on proposals put forward by the Shareholders'' Remuneration Committee. The policy was approved for the mandate starting in 2007 and ending in 2010, and was ratified at the General Meeting held on 27 April 2010. Executive members' remuneration includes fixed remuneration as well as variable incentive plans, both of which are based on an assessment of actual performance. Non-executive members of the Board have a fixed remuneration.

If a Board Director ceases to exercise his duties, irrespective of motive, he/her shall not be entitled to any form of compensation payment, without prejudice to any applicable legislation.

II.1.5.2 A statement on the remuneration policy of the board of directors and supervisory board referred to in article 2 of law no. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration ii) the payments for the dismissal or termination of directors by mutual agreement.

RECOMMENDATION FULLY ADOPTED

This information is given in the proposal put forward by the Shareholders' Remuneration Committee, concerning the Company's remuneration policy, available at www.sonae.pt (tab Investors, Shareholders' General Meeting section, 2010 General Meeting, proposal no.8).

II.1.5.3 The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the remuneration of directors, which contains a significant variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall in particular take into account the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks.

RECOMMENDATION FULLY ADOPTED

The statement concerning the Company's remuneration policy approved by the Annual Shareholders' General Meeting of 27 April is available at www.sonae.pt (tab Investors, Shareholders' General Meeting section).

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

RECOMMENDATION FULLY ADOPTED

A proposal to approve a medium term variable remuneration plan, as well as to execute such a plan, was submitted and approved at the Shareholders' Annual General Meeting held on 21 April 2008 (please refer to proposals no. 8 and no. 9 available at www.sonae.pt (tab Investors, Shareholders' General Meetings section), and was subsequently approved at the Shareholders' General Meetings of 20 April 2009 and 27 April 2010, ratifying the terms of the plan and its execution (proposal no.8 of each of the Meetings, available in the same section). The specific terms of this plan are described below in section 6.3.2. No retirement benefit plan has been adopted.

II.1.5.6 At least one representative of the shareholders' remuneration committee must be present at the shareholders' annual general meeting.

RECOMMENDATION FULLY ADOPTED

A member of the Shareholders' Remuneration Committee was present at the Shareholders' Annual General Meetings.

II.1.5.7 The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance

RECOMMENDATION FULLY ADOPTED

This recommendation is considered to have been fully met. Please see section 6.3.5 of this Report.

II.2. BOARD OF DIRECTORS

II.2.1 In accordance with the limits established by the Portuguese Companies Act for each board and supervisory entity, and unless the company is of sufficiently small size, the board of directors shall delegate the day-to-day running of the company, and the delegated powers and terms of this delegation should be set out in the corporate governance report.

RECOMMENDATION FULLY ADOPTED

The day-to-day management of the Company is delegated by the Board of Directors to an Executive Committee, as described in section 2.2.

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

RECOMMENDATION FULLY ADOPTED

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

II.2.3 Should the chairman of the board of directors have an executive role, the board of directors shall set up efficient mechanisms to co-ordinate the work of non-executive members, to ensure that they take decisions in an independent and informed manner, and shall also explain these mechanisms to the shareholders in the corporate governance report.

RECOMMENDATION NOT APPLICABLE

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

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

RECOMMENDATION FULLY ADOPTED

Such description is included in the section “Governance Structure” of the Annual Management Report.

II.2.5. The company should explain its policy of portfolio rotation on the board of directors, in particular the person responsible for financial matters, and report on same in the annual corporate governance report.

RECOMMENDATION NOT APPLICABLE

The Board of Directors has not appointed a CFO, this function currently being carried out in addition to his other duties by the Chief Executive Officer (CEO), who is currently serving his first Board mandate, as President.

II.3 Chief Executive Officer (CEO), Executive Committee and Executive Board of Directors

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

RECOMMENDATION FULLY ADOPTED

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

II.3.2 The chairman of the executive committee shall send notices convening meetings and minutes of the respective meetings to the chairman of the board of the directors and, when applicable, to the chairman of the statutory audit board or the audit committee.

RECOMMENDATION FULLY ADOPTED

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

II.3.3 The chairman of the executive board of directors shall send the notices convening meetings and minutes of the respective meetings to the chairman of the general and supervisory board and to the chairman of the financial matters committee.

RECOMMENDATION NOT APPLICABLE

The adopted governance model does not include an Executive Board of Directors.

II.4. General and Supervisory Board, Financial Matters Committee, Audit Committee and Statutory Audit Board

II.4.1 In addition to fulfilling its audit role, the general and supervisory board shall perform an advisory role, as well as monitor and continually assess the management of the company by the executive board of directors. among the other matters on which the general and supervisory board should give their opinion, are the following: i) definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.

RECOMMENDATION NOT APPLICABLE

The adopted governance model does not include a General and Supervisory Board.

II.4.2 The annual reports on the activity of the general and supervisory board, the financial matters committee, the audit committee and the statutory audit board shall be disclosed on the company’s website together with the financial statements.

RECOMMENDATION FULLY ADOPTED

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

II.4.3 The annual reports on the activity of the general and supervisory board, the financial matters committee, the audit committee and the statutory audit board shall include a description of the supervisory and audit work completed and shall, in particular, report any restrictions that they encountered.

RECOMMENDATION FULLY ADOPTED

Please refer to the Statutory Audit Board's annual report issued for the financial year 2010 available at www.sonae.pt (tab Investors, Shareholders' General Meetings section), together with the year's financial statements to be submitted for approval at the Shareholders' Annual General Meeting.

II.4.4 The general and supervisory board, the audit committee or the statutory audit board (depending on the governance model adopted) shall represent the company, for all purposes, in dealings with the external auditor. this shall include proposing who will provide this service, their respective remuneration, ensuring that the company provides adequate conditions to allow them to provide their services, acting as the point of contact with the company and being the first recipient of their reports.

RECOMMENDATION FULLY ADOPTED

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

II.4.5 The general and supervisory board, the audit committee or the statutory audit board (depending on the governance model adopted), shall assess the external auditor on an annual basis and propose to the shareholders' general meeting that the external auditor should be discharged, should justifiable grounds exist.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's annual report for 2010 includes an assessment of the work performed by the Statutory External Auditor.

II.4.6 the internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) should functionally report to the audit committee, the general and supervisory board or in the case of companies adopting the latin model, to an independent director or to the supervisory board, regardless of the hierarchical relationship that these services have with the executive management of the company.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board determines a plan of action to be worked on with the internal audit department, supervises its activities, receives periodic reports on the work performed, assesses the results and conclusions drawn, checks for possible irregularities and gives guidelines as it deems necessary.

II.5. SPECIAL PURPOSE OR SPECIALIZED COMMITTEES

II.5.1 Unless the company is restricted by its size, the board of directors and the general and supervisory board, depending on the governance model adopted, shall set up the necessary committees in order to: i) ensure that a robust and independent assessment of the performance of the executive directors is carried out, as well as of its own overall performance and including the performance of all existing committees; ii) consider the governance system adopted and assess its efficiency and propose to the respective bodies, measures to be implemented to make improvements; iii) and identify in a timely manner potential candidates with the high level profile necessary to carry out the duties of a board director.

RECOMMENDATION FULLY ADOPTED

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

II.5.3. Any person or company which provides or has provided over the last three years services to any organization reporting to the board of directors, to the board of directors itself or which has a relationship currently existing with the consultant to the company, shall not be recruited to assist the remuneration committee. this recommendation also applies to any person or company who is connected to the company through an employment contract or as a provider of services.

RECOMMENDATION FULLY ADOPTED

The Board Nomination and Remuneration Committee, made up of independent non executive directors, supports the Compensation Committee to carry out its duties. It is supported by international consultants of recognised competence, whose independence is assured by the fact that they are not bound in any way to the Board of Directors and through their broad experience and recognised status in the market place.

II.5.4 All Committees shall draw up minutes of the meetings held.

RECOMMENDATION FULLY ADOPTED

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

III. INFORMATION AND AUDITING

III.1 GENERAL DISCLOSURE REQUIREMENTS

III.1.1 companies shall ensure that permanent contact is maintained with the market, upholding the principle of equal treatment for all shareholders and avoiding any asymmetry in the access to information by investors. to achieve this, the company shall set up an investor relations office.

RECOMMENDATION FULLY ADOPTED

The Company has an active Investor Relations Office that provides shareholders and the financial community at large, with regular and comprehensive information (please refer to section 0 for more detail).

III.1.2 The following information disclosed on the company's internet website, shall be available in english: a) the company's name, its listed company status, the registered office and the remaining information set out in article 171 of Portuguese Companies Act; b) articles of association; c) identification of the members of the statutory governing bodies and of the representative for relations with the market; d) investor relations office — its functions and contact details; e) financial statements; f) half-yearly calendar of company events; g) proposals presented to shareholders' general meetings; h) notices convening shareholders' general meetings.

RECOMMENDATION FULLY ADOPTED

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

III.1.3. Companies shall rotate auditors after two or three mandates of four or three years respectively. If they are to continue beyond this period, the reasoning behind this decision should be written in a specific report prepared by the company's supervisory board in which is expressly considered the degree of independence of the auditors and the advantages and costs of replacing them.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's proposal for nominating the Statutory Auditor is available at www.sonae.pt (tab Investors, Shareholders' General Meeting section).

III.1.4.The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's Supervisory Board.

RECOMMENDATION FULLY ADOPTED

The Statutory Auditor gives his opinion about his work during 2010 in the annual audit report, which is subject to approval at the Shareholders' General Meeting, and available at www.sonae.pt (tab Investors, Shareholders' General Meeting section).

III.1.5. The company shall not recruit the external auditor, nor any related company or other entity that is part of the same network, for services other than audit services. Where recruiting such services is called for, the services involved should not be greater than 30% of the total value of services rendered to the company. The hiring of these services must be approved by the Supervisory Board and must be explained in the annual Corporate Governance Report.

RECOMMENDATION FULLY ADOPTED

The services provided by the company's external auditor are detailed in section 6.5 of this Report, and were approved according to the terms stated in the report and opinion of the Statutory Audit Board, together with the other financial statements, available at www.sonae.pt (tab Investors, Shareholders' General Meeting section).

IV. CONFLICTS OF INTEREST
IV.1. SHAREHOLDER RELATIONS

IV.1.1 In relation to business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with Article 20 of the Securities Code, such business should be conducted on an arm's length basis.

RECOMMENDATION FULLY ADOPTED

Sonae endeavours to carry out transactions with related parties based on principles of rigour and transparency, and in strict observance of the rules of market competition. Such transactions are subject to specific internal procedures based on mandatory standards, in particular in relation to rules for transfer prices, and voluntary internal systems of checks and balances, namely formal validation or reporting processes, depending on the value of the transaction in question.

IV.1.2 Significant business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with Article 20 of the Securities Code, should be subject to prior comment and opinion by the audit board. This entity must establish the necessary criteria to define the relevant level of significance of the business involved and the scope of its involvement.

RECOMMENDATION FULLY ADOPTED

Sonae has approved and implemented a formal internal procedure that involves obtaining an opinion from the Statutory Audit Board and Finance and Audit Committee prior to the Executive Committee doing business with qualified shareholders or with entities with which they are related, according to the terms of article 20 of the Securities Code, in cases where the transaction involved is greater than 100 million euros. In addition, half yearly reports are written and sent to these two entities by the secretary of the Executive Committee for all transactions with the above mentioned entities in excess of 10 million euros.

0.3. Partially adopted CMVM Recommendation on Corporate Governance

II.5.2 Members of the shareholders' remuneration committee or equivalent, shall be independent from the members of the board of directors.

RECOMMENDATION PARTIALLY ADOPTED

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

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

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

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

Sonae's governance model has enabled the Board of Directors and its specialized committees to function normally, and none of the other statutory bodies have reported the existence of any constraints to their normal functioning.
The Statutory Audit Board has exercised its supervisory powers, having received all the required support of the Board to that effect, through information provided on a regular basis by the Board and Audit Finance Committee.
The Statutory External Auditor has analysed the Company's activity and has conducted the examinations and verifications deemed necessary to the proper audit and legal certification of the accounts, in conjunction with the Statutory Audit Board, and with the full cooperation of the Board of Directors.
The Board of Directors, through its Board Audit and Finance Committee and Executive Committee, has been carrying out its duties and cooperating with the Statutory Audit Board and the Statutory External Auditor, when so requested, in a transparent and rigorous manner and in compliance with its Terms of Reference and best corporate governance practices.

In order to provide a cumulative record of how the Board of Directors and the supervisory entities have functioned and interacted under the current governance model during the course of the Board's current mandate, an internal document has been prepared by the bodies involved detailing the procedures as to how the Statutory Audit Board, the Board of Directors, the Executive Committee and the Board Audit and Finance Committee interact.

These procedures, developed during the Board's mandate, facilitate:
- the manner in which the Statutory Audit Board carries out its duties, formalizing the exchange and flow of information to and from the Board of Directors, with the active involvement of the Board Finance and Audit Committee and Executive Committee in reporting information concerning risk management procedures, the Company's internal audit activities as well as the preparation and disclosure of financial information;
- the involvement of the Statutory Audit Board through opinions and recommendations given to the Board of Directors and Executive Committee, concerning namely the functioning of internal control and risk management systems and, if relevant, transactions with related parties.

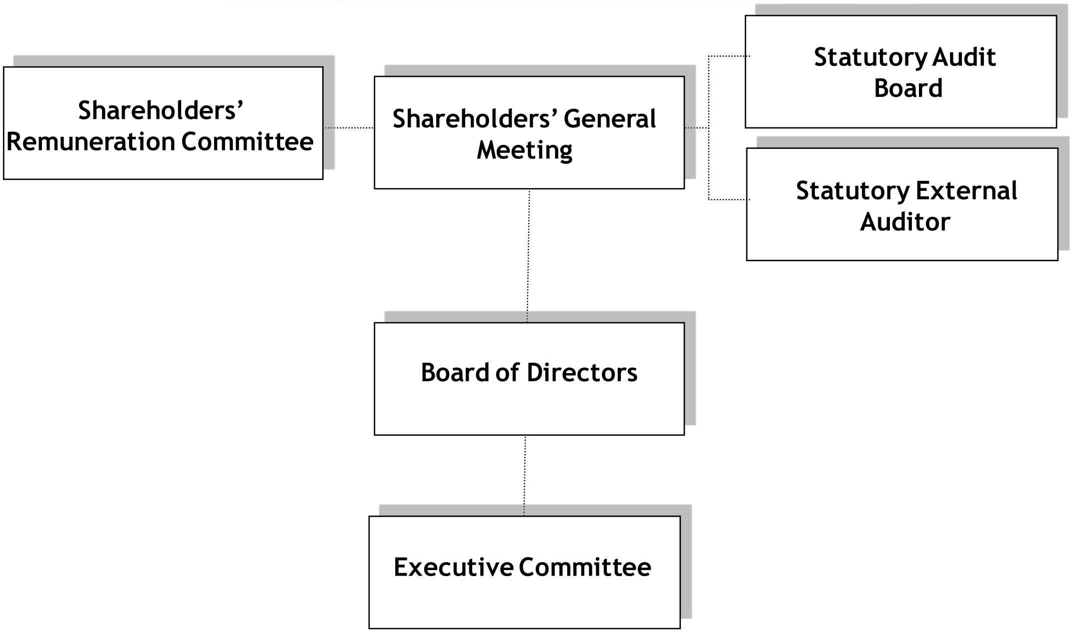
1 Governance Model

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

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

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

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



2 Management

2.1. Board of Directors

2.1.1. Role

The Board of Directors is responsible for ensuring the management of the Company's business, exercising all management acts pertaining to its corporate purpose, setting strategic guidelines and appointing and generally supervising the activity of the Executive Committee and of its specialized committees. The activities of the non-executive directors in carrying out their duties are described in in the section "Governance Structure" of the Annual Management Report.

2.1.2. Composition

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

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

Note:
Bernd Hubert Joachim Bothe was co-opted to the Board of Directors on 17 March 2009. The Shareholders' General Meeting ratified the co- option on 20 April 2009. Christine Cross was elected for the remainder of the current mandate at the Shareholders' Extraordinary General Meeting held on 9 November 2009.
Alvaro Carmona e Costa Portela ceased his duties as an executive director on 1 April 2010.

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

Appointment to the Board of Directors

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

The Board of Directors has a clear balance between the number of executive directors and the number of non-executive directors. Out of the seven non-executive directors, five are considered to be independent, in accordance with the independence criteria set out in article 414, paragraph 5 of the Portuguese Companies Act. The five above mentioned independent non-executive directors also meet the requirements for assessing their compatibility under the terms of article 414-A, paragraph 1, of the Portuguese Companies Act, as the exercise of management and supervisory functions did not, in the opinion of the Board of Directors, affect the independence of its directors.

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

2.1.3. Policy for Rotating Board Members - Nomination and substitution rules

Sonae does not currently have a policy for rotating members of the Board of Directors. The CEO, who is currently in his first mandate, holds responsibility for financial matters.

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

The directors, under the terms of Portuguese law and the Company's articles of association, are elected to the Board of Directors, in accordance with the proposal approved.

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

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

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

However, the definitive absence, for whatever reason, of a replacement director individually elected according to the above mentioned rules must necessarily be elected to the Board of Directors at the Shareholders' General Meeting.

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

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

The Articles of Association provide that the Company's share capital can be increased, through new entries in cash, up to five thousand million Euro, in one or more stages, by resolution of the Boards of Directors, which will determine, in accordance with the law, the conditions of subscription and the categories of shares to be issued, based on those already existing at the time.
This power terminates five years after the respective shareholders resolution which was taken at the Shareholders' General Meeting held on 6 April 2006, hence the renewal of this power shall be subject to the decision of the Shareholders' General Meeting in 2011.

2.1.5. Operating Rules

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

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

Minutes are recorded in the respective minute book.

During 2010, there were 5 Board meetings, and the overall attendance rate was 94%.

2.1.6. Terms of Reference

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

2.2. Executive Committee

2.2.1. Role

The Executive Committee has all the necessary powers to manage the Company on a day to day basis, as delegated to it by the Board of Directors.

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

(i) to appoint the Chairman of the Board;
(ii) to co-opt a substitute for a member of the Board;
(iii) to request the convening of Shareholders' General Meetings;
(iv) to approve the Annual Report and Accounts;
(v) to grant any pledges, guarantees or charges over the assets;

(vi) to decide to change the Company's registered office or to approve any share capital increases;
(vii) to decide on mergers, de-mergers or modifications to the corporate structure of the Company;
(viii) to approve the management strategy of the business portfolio;
(ix) to approve the annual financial plan and any significant changes thereto.

Under the Terms of Reference of the Executive Committee as approved by the Board of Directors, the Executive Committee must present a summary in Portuguese and in English of the main resolutions taken, together with supporting documentation to be provided to the Board at each of its meetings.
These resolutions are also made available to the Chairman of the Board of Directors and the Chairman of the Statutory Audit Board.
The Executive Committee provides, on a timely basis, all information requested by other members of the Board of Directors.

2.2.2. Composition

The Executive Committee is made up of members appointed from and among the Board of Directors. As from 1 April 2010, this Committee had the following members:

Executive Committee
Duarte Paulo Teixeira de Azevedo - CEO Álvaro Carmona e Costa Portela Ângelo Gabriel Ribeirinho dos Santos Paupério Nuno Manuel Moniz Trigoso Jordão
Note: Alvaro Carmona e Costa Portela ceased his duties as an executive director on 1 April 2010

2.2.3. Operating Rules

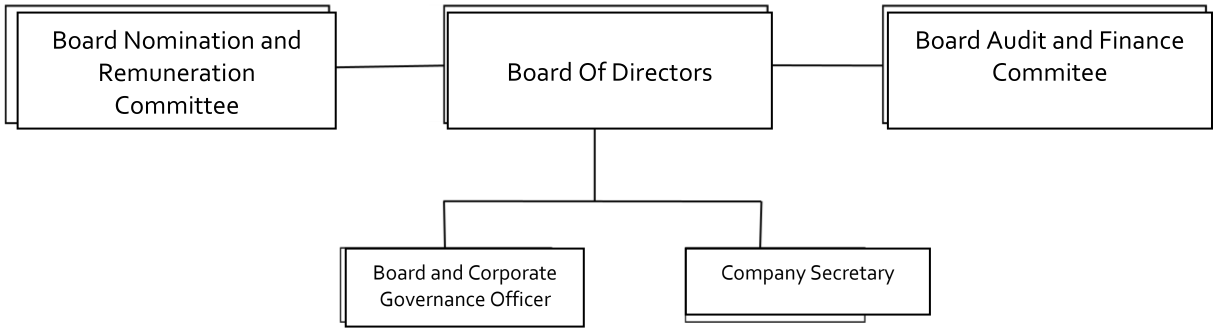
The Executive Committee meets at least once every month and additionally whenever the CEO or a majority of its members convenes a meeting. The quorum for any Executive Committee meeting requires that a majority of members are present or represented by proxy. Decisions are approved by simple majority,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

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

Minutes are recorded in the respective minute book.

During 2010, there were 15 meetings and the overall attendance rate at Executive Committee meetings was 100%.

2.3. Non-statutory governing bodies appointed by the Board



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

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

The BAFC regularly reports to the Board of Directors about its work, results achieved and any concerns identified with the goal of proactively achieving internal control and managing the risks of the Company.

Duties of the BAFC:
(i) Review the Company's annual and interim financial statements and earning s announcements to the market, and report its findings to the Board, giving the necessary support to the financial statements approval process;
(ii) Advise the Board on its reports to shareholders and financial markets to be included in the Company's Annual and Half-year Accounts and in the Quarterly Earnings Announcements;
(iii) Advise the Board on the adequacy and appropriateness of internal information provided by the Executive Committee, including systems and standards on internal business controls applied by the Executive Committee;
(iv) Review the scope of the Internal Audit Function and discuss with the Statutory External Auditor and Internal Auditor Manager their intermediate and year-end reports, as well as their reports on internal control, and advise the Board thereon;
(v) Assess operational procedures in order to ensure that internal control, effective management of risks, the timely distribution of information and the reliability of the process of preparing and disclosing financial information are monitored.

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

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

Note:
Bernd Hubert Joachim Bothe and Christine Cross commenced their duties as members of this committee on 17 September and 12 November 2009 respectively.

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

Minutes of all BAFC meetings are prepared and distributed to other Board Members, thus ensuring the effectiveness of the committee's work.

During 2010, the Committee met 5 times with an overall attendance rate of 92%.

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

Role

The BNRC operates under Terms of Reference approved by the Board of Directors, and is responsible for identifying potential candidates for appointment to the Board of Directors (when the Board decides to exercise its right to co-opt), for preparing information about the performance of directors and for presenting proposals to the Shareholders' Remuneration Committee concerning the remuneration of executive directors.
The BNRC works together with the Shareholders' Remuneration Committee to prepare proposals concerning the policy for the Board Directors' compensation and remuneration and that of other statutory governing bodies for submission to the Shareholders' General meeting for approval.

The BNRC shares with the Shareholders' Remuneration Committee access to specialist third party services from suitable entities recognised in the market as being competent and independent.

Composition

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

Board Nomination and Remuneration Committee	
Belmiro Mendes de Azevedo	Chairman - Non-Independent Non-Executive
Michel Marie Bon	Independent Non-Executive
Christine Cross	Independent Non-Executive

Operating Rules

The BNRC meets at least once a year and additionally whenever the Chairman or the Board of Directors deems necessary. Between formal meetings, BNRC members keep in touch through various forms of communication such as by telephone and video conferencing. Minutes are kept of all meetings of this committee.
There were two formal BNRC meetings during 2010 and the overall attendance record was 100%.

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

Main duties of BCGO:

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

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

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

2.3.4. Company Secretary

The Company Secretary is responsible for:

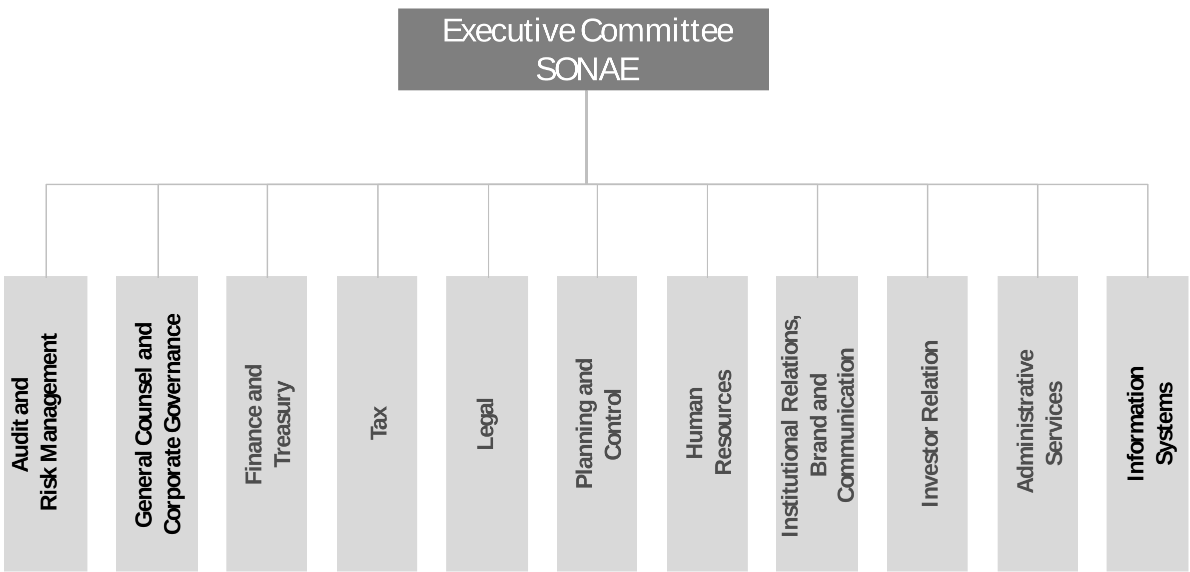
(i) Keeping the formal minute books and attendance lists at Shareholders' General Meetings;
(ii) Forwarding the legal documentation to convene Shareholders' General Meetings;
(iii) Supervising the preparation of supporting documentation for Shareholders' General Meetings and the meetings of the Board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

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

3 Organisation of the Corporate Centre – Duties and Competencies

3.1. Corporate Centre organisation

During the year of 2009, it was decided to merge the Corporate Centre of Sonae with that of the retail business to create a single corporate structure, which would create synergies and allow resources to be freed up for new challenges, without increasing the number of Sonae's employees. The objective of this change was to sharpen the focus on retail activities, on related business areas and on the competencies and assets which Sonae believes to have the greatest potential to sustain the development of new businesses and to create value for its shareholders.
The value proposal of the new corporate centre is based on the range of services that it provides, primarily for retail companies but also other Sonae's business units, enabling these functions to be centralised, efficiency to be increased and consequently advantage to be taken of synergies and the avoidance of redundant services in the various business units of Sonae.



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

General Counsel and Corporate Governance Manager
Main responsibilities:
(i) Provide legal advice to Sonae as a listed company;
(ii) Manage the relationship with Euronext Lisbon, the Portuguese Securities Market Commission (CMVM) and shareholders in relation to legal matters;
(iii) Manage the legal aspects of Corporate Governance and monitor compliance with best practice in the area;
(iv) Manage Sonae's legal procedural framework;
(v) Provide legal support to the corporate centre in relation to business transactions and other similar operations;
(vi) Coordinate the sharing of legal knowledge in order to align the Company's position with those of other Sonae companies.

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

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

Legal Department Manager
Main responsibilities:
(i) Monitor, control and ensure the legality of business activities;
(ii) Prepare contracts that maximise safety and reduce legal risks and potential costs;

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

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

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

Institutional relations, Sonae brand and communications Manager
Main responsibilities:
(i) Manage the institutional image of Sonae and its brand;
(ii) Manage relationships with the media – coordination of communication messages and statements;
(iii) Manage Sonae's Internal Communication;
(iv) Support Sonae's institutional relationships with the Government, public entities and NGOs
(v) Represent Sonae in Associations, Forums and events (national and international) and manage information requests from these institutions.

Investor Relations Manager
Main responsibilities:
(i) Manage the relationship between Sonae and the financial community through the continuous preparation and disclosure of relevant and up to date information about the Company;
(ii) Support the Executive Committee and Board Directors, providing them with relevant information about the capital markets;
(iii) Support External Communication, contributing towards providing a consistent corporate message to the capital markets.

Administrative Services Manager
Main responsibilities:
(i) Efficiently manage all administrative processes of the Company and Sonae's businesses units
(ii) Ensure the effective control of the processes, transactions, reliability and timely reporting of financial, tax and management information;
(iii) Effectively manage the administrative procedures relating to Accounts Payable, Accounts Receivable, Cash and Banks, Inventory and Tangible Assets;
(iv) Book all accounting transactions and prepare the individual and consolidated financial statements of Sonae companies.

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

3.2. Knowledge Sharing Corporate Committees

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

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

Besides the above mentioned Risk Management Consultation Group, there are also two other Sonae advisory groups which also continuously review and propose changes to Sonae's policies in the following areas:
(i) Human Resources
(ii) Information & communication technologies
Each of these informal bodies meets several times during the year and often organizes specific seminars, workshops and internal training courses.

4 Audit

4.1. Statutory Audit Board

4.1.1. Role

The Statutory Audit Board is responsible for:

(i) Supervising the management of the Company;
(ii) Ensuring that the law, the Company's Articles of Association and internal procedures are observed;
(iii) Verifying the regularity of all books, accounting registers and supporting documents;
(iv) Verifying the fairness of the financial statements;
(v) Drawing up an annual report on the supervision of the Company, including a description of audit work carried out and referring to possible restrictions encountered in the course of that work, and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;
(vi) Supervising the efficiency of the risk management system, the internal control system and the internal audit function;
(vii) Receiving notification of irregularities presented by shareholders, Company's employees or others;
(viii) Proposing the appointment, as well as the replacement, of the Statutory External Auditors to the Shareholders' General Meeting, and assessing annually their performance;
(ix) Supervising the auditing of the Company's financial statements;
(x) Supervising the independence of the Statutory External Auditors, in particular with regard to the provision of additional services, and issue a report if the auditors have not been replaced at the end of two mandates, giving due consideration to the degree of independence of the auditor under these circumstances and the advantages and costs of replacing them;
(xi) Give a prior opinion about transactions involving significant business conducted between the Company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with Article 20 of the Securities Code, and according to procedures and criteria to be defined by the Board.

4.1.2. Composition

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

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

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

All members are independent as required by article 414 paragraph 4 and are not in breach of any of the criteria for incompatibility as set out in article 414 A paragraph 1, both of the Portuguese Companies Act. The Statutory Audit Board has carried out an assessment of the independence of its members, through the update of the information previously provided to qualify their independence status.

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

4.1.3. Nomination and substitution rules

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

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

If the Shareholders' General Meeting does not designate which of the members shall be the Chairman, the latter will be appointed by the members of the Statutory Audit Board.
If the Chairman leaves office prior to the end of the mandate for which he was elected, the other members must choose one among them to exercise these duties until the end of its mandate.

Members of the Statutory Audit Board, who are temporarily unavailable or whose functions have ceased,shall be replaced by the substitute.
Substitutes, who replace members, whose functions have ceased, shall remain in office until the first annual general meeting at which the vacancies shall be filled.
In the event of it not being possible to fill a vacancy left by a member, due to a lack of elected substitutes, the vacant positions, both of members and of substitutes, shall be filled by means of a new election.

4.1.4. Operating Rules

Decisions are taken by simple majority and the Chairman has a casting vote, if the Statutory Audit Board has an even number of members.
The Statutory Audit Board meets at least four times a year. During 2010, the Board met five times with an overall attendance rate of 100%. Minutes were written up for all meetings of the Board.

4.1.5. Terms of Reference and Annual Activity Report

The Terms of Reference of the Statutory Audit Board are available at www.sonae.pt (tab Investors, Corporate Governance section).
The annual report and opinion of the Statutory Audit Board are published each year together with the Board of Directors' financial statement documents, and can be consulted on the Company's website at www.sonae.pt (tab Investors, Shareholders' General Meeting section).

4.2. Statutory External Auditor

4.2.1. Role

The Statutory External Auditor is the governing body responsible for legally certifying the Company's financial statements, and is responsible for:

a) Verifying the accuracy of all books of account, accounting transactions and supporting documents;
b) Whenever it deems convenient and by the means that it considers to be appropriate, verifying the accuracy of cash and stock of any kind, of the assets or securities belonging to the Company or received by it by way of guarantee, deposit or other purpose;
c) Verifying the fairness of the financial statements;
d) Verifying whether the accounting policies and valuation criteria used lead to a fair valuation of the assets and results of the Company;
e) Carry out any examinations and checks necessary to the audit and legal certification of the accounts and carry out all procedures required by law.

4.2.2. Composition

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

4.2.3. Nomination and substitution rules

The company adopted the present model of Corporate Governance under which the Statutory External Auditor is not included in the Statutory Audit Board. In accordance with the adopted Corporate Governance structure, the Statutory External Auditor is elected by the shareholders at the Shareholders' General Meeting based on a proposal made by the Statutory Audit Board. Additionally, the Statutory Audit Board annually assess the work performed by the Statutory External Auditor, also supervising the compliance with article 54º of the Decree-law 487/99 of November 15 (updated by Decree-law 224/2008 of November 20), in what concerns the rotation of the audit engagement partner.

Any proposal by the Board to elect the auditors for a third mandate must be accompanied by an assessment of the degree of their independence as well as the advantages and costs of replacing them.

It is the responsibility of the Statutory Audit Board to propose the dismissal of the Statutory External Auditors.

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

5 Shareholders

5.1. Statutory Governing Bodies

5.1.1. Shareholders' General Meeting

Shareholders' General Meetings are conducted by its Chairman or, in his absence, by the Chairman of the Statutory Audit Board or, in his absence, by the shareholder present at the General Meeting representing the largest shareholding position. Shareholders' General Meetings are held under two possible circumstances: (i) in ordinary session, at a date set by law for the Shareholders' Annual General Meeting; (ii) in extraordinary session, whenever the Board of Directors or the Statutory Audit Board deem necessary or at the request of shareholders, representing the legally required minimum percentage of the Company's share capital (currently 5%). During 2010, one Shareholders' Meeting was held in ordinary session on 27 April.

Under the terms of the Company's Articles of Association, the Shareholders' General Meeting may only adopt resolutions the first time it is convened if there are present or represented shareholders holding more than 50% of the Company's share capital.
If that quorum is not reached and the meeting is reconvened, resolutions may be adopted by the Shareholders' General Meeting regardless of the number of shareholders present or represented and of the percentage of share capital they hold.

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

At the Annual Shareholders' General Meeting held on 27 April 2010, 56.43% of the share capital held by 15 corporate or institutional shareholders was represented.

In addition to the notice of the meeting, proposals by the Board of Directors for discussion and decision at the Shareholders' General Meeting will be provided, as well as forms for correspondence voting, which can also be obtained by shareholders at Sonae's head office and on the Internet at www.sonae.pt. In the five days following Shareholders' General Meetings, information concerning the decisions taken at the meeting, the share capital represented and the results of voting should be provided on the Company's internet site. The Company's internet site constitutes a historical repository of this information for the Shareholders' General Meeting for the three prior years.

5.1.2. The Board of the Shareholders' General Meeting

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

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

Board of the Shareholders' General Meeting
Manuel Cavaleiro Brandão ....Chairman Maria da Conceição Cabaços ....Secretary

5.1.3. Shareholders' Remuneration Committee

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

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

The members of the Remuneration Committee are:

Shareholders' Remuneration Committee
Belmiro Mendes de Azevedo Artur Eduardo Brochado dos Santos Silva Bruno Walter Lehmann

The members of the Shareholders' Remuneration Committee have the necessary professional qualifications and experience to carry out their responsibilities effectively and rigorously, safeguarding the interests of the Company.
Bruno Walter Lehmann has recognised experience and skilled knowledge of remuneration policies.

Independence
Belmiro de Azevedo does not take part and is not present in the meeting when his remuneration is discussed and decided upon. This procedure is designed to ensure adequate impartiality and the necessary transparency of the Committee's procedures, as further explained in section 0.3 in compliance with CMVM Recommendation II.5.2.

Belmiro de Azevedo was present at the Shareholders' Annual General Meeting which took place on 27 April 2010, as representative of the Shareholders' Remuneration Committee.

To carry out its duties, the Shareholders' Remuneration Committee can, in coordination with the Board Nomination and Remuneration Committee, use the services of independent international consultants of recognised competence.

Meetings
The Shareholders' Remuneration Committee meets at least once every year. During 2010, there was one meeting, which all members attended.

5.2. Shareholders' participation

5.2.1. Rules for attending the Shareholders' General Meeting

Decree Law no. 49/2010 of the 19th of May, which transposes into Portuguese law the European Parliament and Council Directive no. 2007/36/CE dated 11 July, radically changes the rules for the attendance of shareholders at Shareholders' General Meetings for listed companies. Among the changes introduced, the most noteworthy are: elimination of the need to block shares as a condition for attending the General Meeting; the introduction of the "Registry Date" as a key moment in time for the shareholder to prove his identity as such and thus to exercise his attendance and voting rights at the General Meeting; and the rules for the voting and attendance of shareholders who hold shares in their own name but on behalf of clients.

The Decree Law entered into force on the 24th of May 2010, and the rules contained therein are applicable in relation to the Company's next Shareholders' General Meeting.

Consequently, a proposal will be discussed at the Shareholders' Annual General Meeting to alter the Company's statutes to adapt the Articles of Association to the new legal framework.

5.2.2. Voting Rights

The Company's share capital is entirely made up of a single class of shares, in which one share equals one vote, and where there are no statutory limitations on the number of votes that can be held or exercised by any shareholder.

5.2.3. Shareholders' representation

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

Shareholders can be represented at Shareholders' General Meetings by presenting a written representation document before the meeting begins, addressed and delivered to the Chairman of the Board of the Shareholders' General Meeting, stating the name and address of the representative and the date of the meeting, using for this purpose the electronic mail address provided by the Company.
A shareholder can nominate different representatives for the shares held in different share accounts, without prejudice to the principle of one share one vote, in accordance with article 385 of the Portuguese Companies Act.

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

5.2.4. Vote in writing

Shareholders, who can prove their ownership of shares, can vote in writing in relation to all items on the agenda of the Shareholder's General Meeting. Written votes will only be taken into account when received at the Company's head office by registered post, with acknowledgement of receipt addressed to the Chairman of the Board of the Shareholders' General Meeting or by electronic means, at least three business days prior to the General Meeting. The voting ballot, if sent by registered post, should be signed by the holder of the shares or by his legal representative. In the case of an individual, it should be accompanied by an authenticated copy of his/her identity card. In the case of a corporate entity, the signature should be authenticated by certifying that the signatory is duly authorized and mandated for that purpose. If the ballot is sent by electronic means (see below 5.2.6) it must respect the requirements and procedures established by the Chairman of the Board

of the Shareholders' General Meeting as set out in the notice of the meeting, in order to ensure an equivalent level of security and authenticity.
It is the responsibility of the Chairman of the Board of the Shareholders' General Meeting, or the person replacing him, to verify compliance with written voting requirements, and those written votes which do not fulfil such requirements will not be accepted and will be treated as null and void.

5.2.5. Template used for Written Votes

The Company provides a template of the ballot for written votes on its website at www.sonae.pt (tab Investors, Shareholders' General Meetings section).

5.2.6. Vote in writing by electronic means

Shareholders have had the right to vote electronically since this method was approved at the Shareholders' Extraordinary General Meeting held on 9 November 2009. The manner by which this right can be exercised is set out in the notice sent out for each meeting, while a template for requesting the information necessary for exercising the shareholders' right to vote by electronic means is also available at www.sonae.pt (tab Investors, Shareholders' General Meetings section).

6 Remuneration

6.1. Remuneration policy for members of the statutory governing bodies

Sonae's remuneration policy is structured in order to find a balance between the performance of executive directors in relation to goals set and the Company's positioning in comparison to remunerations in similar companies in the market. Proposals for the remuneration of members of the statutory governing bodies are prepared taking into account:

- Overall market comparisons;
- Practices of comparable companies, including other Sonae business units which have comparable situations;
- Each executive director responsibilities and respective assessments of performance.

Remuneration policy therefore constitutes a formal mean of aligning the interests of the management team with those of shareholders, to the extent that, among the various component parts of the remuneration package, the variable component, the value of which depends on the individual's and the Sonae's performance, is given high importance. A management approach is thus encouraged which focuses on the long term interests of the Company and in which business risks are given careful consideration.
The remuneration policy has been designed in such a way as to incorporate control mechanisms, which consider the link between individual and group performance, avoiding behaviour which is likely to involve excessive risk. This goal is also achieved by the fact that each Key Performance Indicator (KPI) is limited to a maximum value.

The remuneration policy adopted for Sonae's statutory governing bodies is approved in advance by the Shareholders' General Meeting. The body responsible for approval of the remuneration of both executive and non-executive members of the Board of Directors and the other statutory governing bodies of the Company is the Shareholders' Remuneration Committee.
In the case of the remuneration of members of the Board of Directors, the Board Nomination and Remuneration Committee works with the Shareholders' Remuneration Committee by presenting proposals before final decisions are taken. As part of the Company's principles of corporate governance, guidelines in relation to remuneration policy have been defined.

Principles of the remuneration policy

The remuneration awarded to members of Sonae's statutory governing bodies is competitive, allowing talent to be attracted effectively and efficiently, linked to performance, aligned with the interests of shareholders and sustained by a process which is transparent.

Sonae has no complementary or early retirement pension scheme for any member of the statutory governing bodies.

6.2. Competitiveness of the Remuneration Policy

Our remuneration policy aims to be:
Competitive: • *Sonae aims to have a remuneration policy which is competitive compared to other similar companies, in order to be able to attract high quality talent in all business units of the Company. To achieve this goal, Sonae bases its remuneration policy on comparisons of values paid by similar companies.*
Linked to performance: • *A significant part of the remuneration of Sonae's executive directors is determined by the success of the Company. The variable component of remuneration is structured in such a way as to establish a link between the sums awarded and the level of performance, both at individual and group level. If predefined objectives are not achieved, measured through KPIs applicable to the business and to the individual performance, the total or some part of the value of short and medium term incentives will be reduced.*
Aligned with the interests of shareholders: • *Part of the variable remuneration of executive directors is paid in the form of shares and deferred for a period of 3 years. Given that there is a link between Sonae's share prices and its performance, the remuneration paid will be impacted by the manner in which the executive director has contributed towards this result. Hence, the interests of directors are aligned with those of shareholders and with medium term performance.*
Transparent: • *All aspects of the remuneration process are clear and openly disclosed internally and externally through documentation published on the Company's internet site. This communication process contributes towards promoting equal treatment and independence.*
Reasonable: • *The aim is for the remuneration of executive directors to be reasonable, ensuring a balance between the interests of Sonae, market positioning, the expectations and motivations of managers and the need to retain talent.*

The remuneration package applicable to executive directors is based on comparisons with the market, using market studies on top managers' remuneration packages in Portugal and across Europe, seeking to ensure that fixed remuneration is equal to the median market value and the total remuneration is close to the market third quartile.

Who are our benchmark/peer group companies?
• At Sonae, remuneration policy is determined by comparison with the overall market and the practices of comparable companies. This information is obtained from the main surveys carried out for Portugal and the principal European markets. Currently, the market surveys conducted by Mercer and the Hay Group are used as reference. • The average value for top managers in Europe is used to determine the figures for the overall market. The companies that make up the pool of comparable companies are those which make up the Portuguese stock market index, the PSI-20.

6.3. Remuneration of the Board of Directors

The compensation policy for the Board of Directors was approved at the Shareholders' General Meeting held on 3 May 2007 and confirmed at the Shareholders' General Meetings held on 21 April 2008 and 27 April 2010.

The policy's objective is to remunerate directors in a fair, effective and competitive manner taking into consideration their individual responsibilities and performance.
The annual remuneration and other elements of the remuneration package are based on different criteria for executive and non-executive directors.

6.3.1. Remuneration of the Executive Directors

Sonae's remuneration policy is made up of two main parts:

(i) Fixed annual remuneration;
(ii) Variable remuneration, awarded in the first quarter following the year to which it relates and tied to performance in the prior year, divided into two parts:
   a) Short term variable remuneration (STVR) paid immediately after being awarded;
   b) Medium term variable remuneration (MTVR), paid after a deferred period of 3 years (explained in more detail in section 6.3.2).

i) Fixed remuneration

The remuneration of executive directors is determined according to the level of responsibility of the director involved and is subject to annual review.

ii) Variable remuneration

Variable remuneration aims to guide and compensate board directors for achieving pre-defined objectives. It is divided into two equal parts, one short and the other medium term, and is awarded after the accounts of the Company have been prepared and performance evaluations have been completed for the year in question. Variable remuneration is of a discretionary nature and, in view of the fact that it is dependent on the achievement of objectives, payment is not guaranteed. Variable remuneration is determined annually with the value based on a predefined goal of between 33% and 75% of total annual remuneration (fixed remuneration plus a goal value for variable remuneration).
Of this amount, around 70% is based on business, economic and financial KPIs. These indicators are objectives, which are divided into group and departmental KPIs. Group business KPIs are economic and financial indicators based on budgets for the performance of each business unit, as well on the overall consolidated performance of Sonae. Departmental business KPIs are of a similar nature to Group KPIs in that they are directly influenced by the performance of the executive director concerned. The remaining 30% are determined based on the achievement of personal KPIs, which include both objective and subjective indicators. The result of departmental business KPIs and individual KPIs can vary between 0% and 120 % of the pre-defined goal. Combining all component parts, the value of the bonus has a minimum of 0% and a maximum limit of 140% of the pre-defined bonus objective.

KPIs	Examples	Relative Weight
Business	*Turnover, Recurrent EBITDA, net profits, share price performance*	*70%*
Personal	*An aggregate set of objective and subjective indicators*	*30%*

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

The various components of remuneration can be explained in the following table:

	Components	Description	Objective	Market Positioning
Fixed	*Base salary*	*Annual salary (in Portugal the annual fixed salary is paid in 14 monthly amounts)*	*Appropriate to the hierarchical level and responsibility of the director*	*Median*
Variable	*Short Term Variable Remuneration*	*Performance bonus paid in the first quarter of the following year, after calculation of the financial results for the financial year*	*Aims to ensure the competitiveness of the remuneration package and link remuneration to Company objectives*	*Third quartile*
	Medium Term Variable Remuneration	*Compensation deferred for three years, being the amount linked to market share price*	*Aims in providing remuneration linkage to long-term performance and provide alignment with shareholders*	*Third quartile*

Variable remuneration can be paid in cash, shares or a combination of cash and shares. Currently, no scheme involves the award of share purchase options. Sonae has no complementary or early retirement pension scheme for directors and there are no other significant benefits in kind.

6.3.2. Medium Term Variable Remuneration (MTVR)

1. Main features of MTVR

MTVR is one of the components of Sonae's remuneration policy, being one part of variable remuneration, the payment of which is deferred. It allows the beneficiary to share with shareholders the value generated through his involvement in the strategy and management of Sonae's businesses.

2. How the MTVR scheme works

Variable remuneration is awarded annually, according to the results of the previous year, and is then integrated into the MTVR plan. Payment is deferred for a period of three years and made in the months of March or April.

Payment of this component of variable remuneration is dependent on the director continuing to work with the Company for a period of three years after its award, without prejudice to the content of paragraph 8 below.

3. Eligibility criterion

Board directors elected up to the 31st of December of the previous year are eligible for payment of MTVR.

Legal engagement	*Weighting of MTVR in variable remuneration*
Sonae Board Directors	*At least 50%*
Other senior directors of group companies	*At least 50%*

4. Duration of the MTVR plan

The MTVR plan is established annually, based on the variable remuneration awarded, and each plan has a duration of three years.

5. Valuation of the MTVR plan

The share price of the Company on the Portuguese stock exchange is used to establish the value of MTVR, using as a benchmark the most favourable price, equal to the closing price on the first work day after the Shareholders' General Meeting, or the average price (using for this average the closing price for the 30 days prior to the date of the General Meeting).

If, subsequent to being awarded the right to this kind of remuneration and before exercising this right, dividends are distributed, changes are made to the nominal value of shares, the Company's share capital is changed or any other change is made to the Company's capital structure, then the number of shares, which the director has been awarded, will be adjusted to an equivalent number, taking into account the impact of these changes.

6. Approval of the MTVR plan

Purchasing own shares with the goal of awarding them to directors as part of MTVR plans requires the approval of shareholders at the Shareholders' General Meeting. Full information is provided to shareholders for them to appropriately assess the share award plan.

7. Payment of the MTVR plan

On the payment date of MTVR plans, Sonae reserves the right to make payment in cash of an amount equal to the value of the shares.

8. Termination of the MTVR plan

A director's rights relating to the MTVR plan expires when he/she no longer works with Sonae. However, the right to receive payment continues in case of permanent disability or decease, with the due amount being paid to the director or to his/her heirs at the normal time for payment. If the director retires, any rights to awards can be exercised on the due date for payment.

The MTVR plans of executive Board directors in progress in 2010 can be summarised as follows:

Movements during 2010:

	Aggregate number of plans	Euros
Open as at 31.12.2009:	10	2,667,896
Movements during the year 2010:		
Awarded	4	893,560
Paid	5	-956,858
Adjustments (1)	0	-84,767
Open as at 31.12.2010:	9	2,519,831

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

The MTVR plans of senior Board directors of Sonae, including companies owned by it, in progress during 2010 can be summarised as follows:

Sonae SGPS Share Plans in progress in 2010	Payment period		31 December 2010	
	Award date	Payment date	Aggregate number of participants	Aggregate number of shares
2007 Plan	March 2007	March 2010	-	-
2008 Plan	March 2008	March 2011	21	1.916.496
2009 Plan	March 2009	March 2012	21	3.930890
2010 Plan	March 2010	March 2013	21	2.429.906

The chart above does not include Sonaecom directors' information.

6.3.3. Risks in relation to remunerations

Sonae revises annually its remuneration policy as part of its risk management process in order to ensure that it is entirely consistent with its desired risk profile. In the year 2010, no problems relating to payment practice were found that pose significant risks to Sonae.

In designing remuneration policy, care has been taken not to encourage excessive risk taking behaviour, attributing significant importance but at the same time a balanced approach to the variable component, thus closely linking individual remuneration to group performance.

Internal control procedures concerning remuneration policy, which aim at identifying potential risks, exist at Sonae. Firstly, the remuneration structure is designed in such a way as to discourage excessive risk taking behaviour to the extent that remuneration is linked to the evaluation of performance. The existence of KPI goals means that this method acts as an efficient control mechanism.

Secondly, Sonae does not allow contracts to be signed that would minimise the importance of the MTVR plan. This policy includes forbidding any transaction, the objective of which is to eliminate or mitigate the risk of share price variations.

6.3.4. Non-executive Board Members

The remuneration of non-executive directors is exclusively composed of a fixed value determined by reference to market values.

This remuneration is paid quarterly.

The Chairman of the Board of Directors receives only a fixed remuneration.

For each non-executive director, the fixed remuneration includes attendance fees during 2010, including presence at and preparation for at least five Board of Directors meetings each year (approximately 15% of remuneration is paid as attendance fees). Non-executive directors' attendance fees are paid as follows: Board of Directors' meetings €930; Audit and Finance Committee meetings €640; and Nomination and Remuneration Committee meetings €390. The Chairman of the Board of Directors only receives attendance fees for Board of Directors' meetings.

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

In addition, an annual responsibility allowance is paid which may vary between €2,000 and €4,200.

6.3.5. Summary remuneration tables

The Director's remuneration, awarded by the Company and Group Companies for 2009 and 2010, is below described in the following sharts:

				2009				2010
		STVR	MTVR			STVR	MTVR	
	Fixed	Variable	Variable		Fixed	Variable	Variable	
Amounts in euros	Remuneration	Remuneration	Remuneration	Total	Remuneration	Remuneration	Remuneration	Total
Individual Detail								
Executive Directors								
Duarte Paulo Teixeira Azevedo (CEO)	479,320	328,700	313,200	1,121,220	427,871	350,000	345.000	1,122,871
Ângelo Gabriel Ribeirinho dos Santos Paupério	409,300	287,900	287,900	985,100	415,400	297,700	297,700	1,010,800
Nuno Manuel Moniz Trigoso Jordão *	411,560	270,800	290,200	972,560	338,658	–	–	338,658
Álvaro Carmona e Costa Portela *	406,780	231,900	175,200	813,880	176,246	–	–	176,246
	1,706,960	1,119,300	1,066,500	3,892,760	1,358,175	647,700	642,700	2,648,575
Non-Executive Directors								
Belmiro Mendes de Azevedo (Chairman)	435,900	–	–	435,900	436,000	–	–	436,000
Álvaro Carmona e Costa Portela *	–	–	–	–	48,477	–	–	48,477
Jose Alvaro Cuervo Garcia	37,150	–	–	37,150	35,680	–	–	35,680
Michel Marie Bon	39,560	–	–	39,560	39,860	–	–	39,860
José Manuel Trindade Neves Adelino	37,150	–	–	37,150	37,250	–	–	37,250
Bernd Hubert Joachim Bothe *(8 Months in 2009 only)*	25,677	–	–	25,677	35,880	–	–	35,880
Christine Cross *(2 Months in 2009 only)*	5,967	–	–	5,967	38,230	–	–	38,230
	581,404	–	–	581,404	671,377	–	–	671,377
Total	2,288,364	1,119,300	1,066,500	4,474,164	2,029,552	647,700	642,700	3,319,952

* *Ceased to be an executive director of Sonae SGPS, SA as from 1 May 2010, becoming a non executive director on the same date.*

Open MTVR plans attributed to executive directors:

Executive Director	Plan (Performance year)	Attribution date	Payment date	Amount paid in 2010	Value of plan on the date of attribution	Value of plan as at 31 December 2010
Duarte Paulo Teixeira Azevedo	2007	March 2008	March 2011		369,400	276,980
	2008	March 2009	March 2012		288,100	463,410
	2009	March 2010	March 2013		313,200	321,020
	Total				970,700	1,061,410
Ângelo Gabriel Ribeirinho dos Santos Paupério	2007	March 2008	March 2011		273,600	217,487
	2008	March 2009	March 2012		266,700	460,485
	2009	March 2010	March 2013		287,900	275,558
	Total				828,200	953,530
Nuno Manuel Moniz Trigoso Jordão	2006	March 2007	March 2010	165,286	-	-
	2007	March 2008	March 2011		331,700	248,780
	2008	March 2009	March 2012		333,000	535,546
	2008	March 2009	March 2012		290,200	297,445
	Total			165,286	954,900	1,081,771
Álvaro Carmona e Costa Portela*	2006	March 2007	March 2010	264,650	-	-
	2007	March 2008	March 2010	224,355	-	-
	2008	March 2009	March 2010	127,495	-	-
	2009	March 2010	March 2010	175,072	-	-
	Total			791,572	-	-
TOTAL				956,858	2,753,800	3,096,711

*All open plans were paid off for a total of 791,572

6.3.6. Compensation payable for loss of office

No agreements exist with members of the Board of Directors which specify any compensation payments for loss of office nor has any compensation policy been approved for these circumstances, regardless of the reasons for the loss of office.

6.4. Remuneration of the Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is made up of fixed annual fees, based on the Company's situation and market practice, and does not include any variable remuneration.
The amount of fixed annual remuneration for members of this body was as follows:

Member of the Statutory Audit Board	2009*	2010*
Daniel Bessa Fernandes Coelho	9,900	10,000
Arlindo Dias Duarte Silva	7,900	8,000
Jorge Manuel Felizes Morgado	7,900	8,000
Total	25,700	26,000

** Amounts in euros*

6.5. Remuneration of the Statutory External Auditor

The Company's Statutory External Auditor and audit firm is Deloitte, currently in its second mandate. The amount of fees invoiced to Sonae (including affiliated companies) for 2009 and 2010 was as follows:

	2009*		2010*	
Statutory Audit	1,713,135	46%	1,834,806	53%
Other Compliance and Assurance Services	461,726	12%	582,397	17%
Tax Consultancy Services	359,555	10%	145,180	4%
Other Services	1,185,060	32%	915,527	26%
Total	3,719,475	100%	3,477,910	100%

** Amounts in Euros*

The percentage of audit fees and audit related fees increased 12 p.p in 2010, representing 70% of total fees billed. Other services represent 30% of total fees billed and were reviewed by the Statutory Audit Board.

Fees for other services in 2010 include:

- General consultancy services provided to several subsidiaries of Sonae Investimentos (5% of total fees) and of Sonae Sierra (8,1% of total fees);
- Tax incentive project fees (10,6% of total fees),

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

Total annual fees paid in Portugal by Sonae to the Deloitte Group in 2010 represented less than 2% of their total global fees in Portugal.

The external auditor's quality system controls and monitors potential conflicts of interest with Sonae as well as risks to the auditor's independence.

Under the provisions of article 62ºB of Decree-Law 487/99 of November 16 (updated by Decree-Law 224/2008 of November 20), the Statutory Audit Board annually receives an independence statement of the Statutory External Auditor, in which the services rendered by the auditor or related companies, fees billed, threats to its independence and safeguard measures implemented are described. All the threats to auditor independence identified are assessed and discussed with the Statutory Audit Board as well as respective safeguards measures.

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

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

Board of the Shareholders' General Meeting	2009*	2010*
Chairman	7,500	7,500
Secretary	2,500	2,500
Total	10,000	10,000

** Amounts in Euros*

6.7. Remuneration Policy approval process

The Board Nomination and Remuneration Committee submits to the analysis of the Shareholder's Remuneration Committee proposals for non-executive directors and the CEO's remuneration prepared by the Chairman, and jointly by the CEO and the Chairman for the executive directors.

Month	Remuneration Cycle
January	Obtain market surveys and benchmarking of remuneration tendencies and expectations
March	BNRC Meeting in mid March: Closing prior year and preparing current year, reviewing: • Annual Appraisal Process • Remuneration Policy Proposal • Annual Short Term Performance Bonus 2010 Proposals (Real) • Deferred Medium Term Performance Bonus or MTIP 2010 Proposals (Real) • Fixed Remuneration 2011 Proposals (Real) • Annual Short Term Performance Bonus 2011 Proposals (Target) • Deferred Medium Term Performance Bonus or MTIP 2011 Proposals (Target) SRC Meeting later in March, after the BNRC has met: Closing prior year and preparing current year, approving or deciding: • Remuneration Policy Proposal to go to AGM • Annual Short Term Performance Bonus 2010 (Real) • Deferred Medium Term Performance Bonus or MTIP 2010 (Real) • Fixed Remuneration 2011 (Real) • Annual Short Term Performance Bonus 2011 (Target) • Deferred Medium Term Performance Bonus or MTIP 2011 (Target)
April	AGM in late April: Shareholders vote on Remuneration Policy proposed by SRC
May	SRC Meeting in early May: Only if Board membership changed at the AGM
June to October	BNRC Reporting: Update on current year KPIs (If useful) SRC Meeting: Only if there are any Board changes
November	BNRC Meeting: • Progress on current year KPIs (if useful) • Review MTIP pipeline and shares retained • Contingency and Succession Planning • Review Nomination Process • Review BNRC Terms of Reference and Annual Plan for next year • Review Compensation Policy, including MTIP SRC Meeting: Only if there are any Board changes
December	BNRC Reporting: Update on current year KPIs (If useful) SRC Meeting: Only if there are any Board changes

7 Risk control

7.1. Risk management objectives

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

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

7.2. Risk management processes

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

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

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

(v) Financial risk management is carried out and monitored as part of the Company's financial departments and by the businesses, whose work is reported to, coordinated and reviewed by the Finance Committee and the Board Audit and Finance Committee;
(vi) Legal risks management is carried out and monitored by legal and tax departments.

The risk management process is supported by a consistent and systematic methodology, based on the international standard[1] that includes the following:
(i) Defining and grouping risks;
(ii) Systematically identifying the risks that affect the organization (common language); definition and grouping of risks (risks definition and matrix);
(iii) Evaluating and attributing the level of criticality and management priority to give to risks depending on their impact on the objectives of the business and the probability of the risks occurring;
(iv) Identifying the causes of the most important risks;
(v) Evaluating strategic risk management options;

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

(vi) Developing a risk management action plan and integrating it into the management and planning procedures of the business units and functional departments of Sonae's businesses;
(vii) Monitoring and reporting on progress made to implement the action plans.

7.3. Risk management organization

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

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

1) The Internal Audit department identifies and evaluates the effectiveness and efficiency of management and control of business processes and information systems risks, as well as risks arising from non compliance with legislation, contracts and Company policies and procedures. The internal audit annual plan includes critical business process audits, compliance audits, financial audits and information systems audits. Internal Audit acts as an independent internal advisory entity.

2) The Risk Management department promotes, coordinates, facilitates and supports the development of risk management processes.

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

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

As at the end of December 2010, the Internal Audit and Risk Management functions had 41 full time employees, carrying out their work in all countries where Sonae operates.

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

7.4. Internal audit and risk management training and development

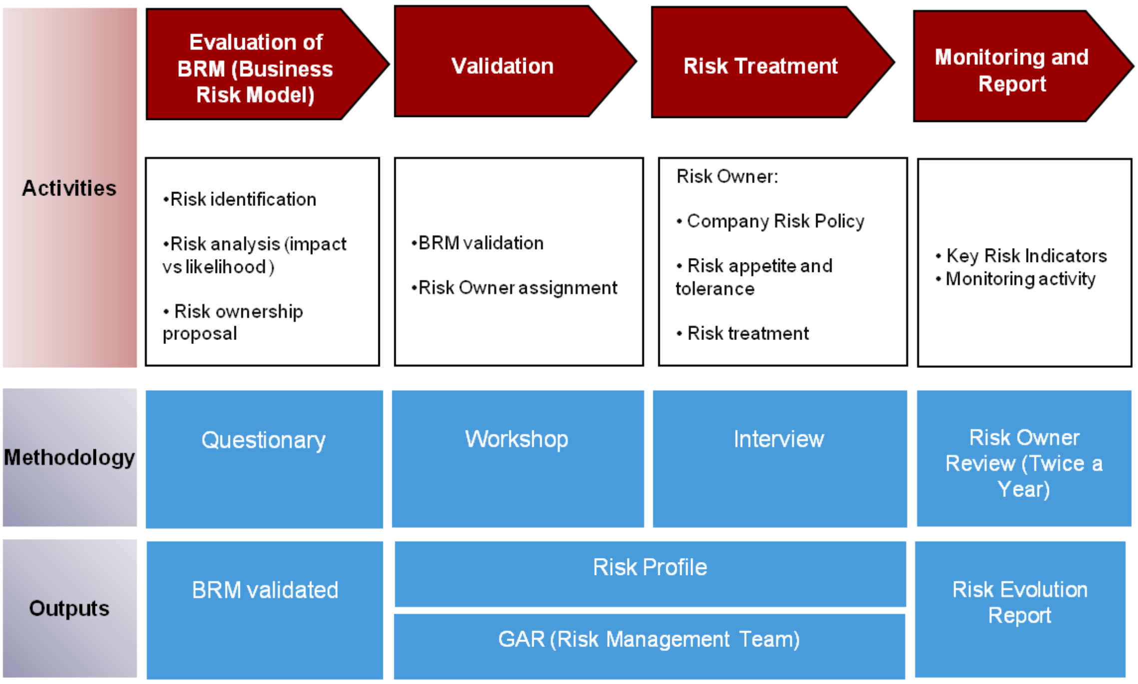
As far as development of the Risk Management and Internal Audit function is concerned, in 2010, Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes promoted by the IIA (The Institute of Internal Auditors) - Certified Internal Auditor (CIA) and Certification in Control Self Assessment (CCSA) – and other certifications, such as Certified Information System Auditor (CISA), Certified Information Security Manager (CISM); Certified Information System Security Professional (CISSP), ISO/IEC 27001: 2005; ISO 27001 Lead Implementer; Certified Fraud Examiner (CFE); Management of Risk Foundation & Practitioner (MoR); Associated Business Continuity Professional (ABCP), Certified by the Business Continuity Institute (CBCI); Certified Continuity Manager (CCM); BS 25999 Business Continuity Management and Project Management Professional (PMP) and Security Certified Network Professional (SCNP).

At the end of 2010, there were 39 certifications in the Internal Audit and Risk Management teams of Sonae, ten CIA; seven CCSA; five CISA; three CISM; three ISO27001; one CISSP; one ABCP; one CBCI; two CCM; one BS25999 and one PMP. Sonae is one of the organizations with the most certified employees in internal audit and risk management in Portugal. In 2011, Sonae will continue to support this important training programme, and the international development and qualification of its internal audit and risk management staff, in line with international best practices.

7.5. Actions undertaken in 2010

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

In 2010, Risk Monitoring Groups (RMGs) were formed by members of the Executive Committees, while the annual process of Enterprise Risk Management was followed up on, which is based on the activities described below:



In addition and in order to support this process across the entire Company, a start was made on developing internally an application tool based on the COSO international standard, which will concluded in the first half of 2011.

7.6. Risks

7.3.1 Business Environment Risks

Legal and Regulatory

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

Competition

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

Customers

One of the fundamental risk factors is the possibility of changes in consumer behaviour, especially as a consequence of economic and social factors. Customers frequently change their expectations and preferences, which imply a continuous adaptation and optimization of the business offer and concepts.
In order to anticipate consumer needs and market trends, Sonae analyzes information about consumer behaviour on a regular basis with more than 100.000 customers interviewed per year. The introduction of new products, concepts and technologies is always tested using pilot schemes before being implemented globally. The Company also invests in the refurbishment of stores, shopping centres and telecommunications networks to ensure that they retain their attractiveness for customers.

Brand

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

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

7.3.2 Tangible assets risks

In 2010, preventive and safety audits were conducted in different locations of the business units. In the main business units, tests and simulations were made to emergency and preventive systems and plans, usually in the presence of civil protection services, security forces and fire brigades. The development and implementation of security standards, and related monitoring and self-assessment procedures (Control Risk Self Assessment) also continued. In relation to terrorism risks, preventive and emergency programs were launched and specialist training sessions were given to security managers and staff.

7.3.3 People safety risks

Aware of the importance of safeguarding lives and property as a cornerstone of sustainability and growth, Sonae has carried out true social responsibility actions through a palpable commitment to prevent work accidents, minimising or eliminating their causes and promoting a culture of Occupational Health and Well Being.

Continuous improvement of programmes and actions in the Safety, Hygiene and Health at Work area has enabled Sonae to reach the targeted levels of excellence of the "Zero Accidents Project".

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

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

The PERSONÆ Project was awarded the European Risk Management Award 2009 for best training programme, the DuPont Safety Award for Visible Management Commitment in 2007 and the Eco Prize 2006 from the Brazilian Chamber of Commerce. In total, it involved an investment of 5 million euro and involved Sonae Sierra shopping centres in Portugal, Spain, Italy, Germany, Greece, Romania and Brazil, and was carried out over four years in three separate phases (from 2004 to 2008). In these three phases, more than 70,000 people took part, among employees, suppliers and tenants of Sonae Sierra. .
The PERSONÆ Project was the basis for the current Health and Safety Management system installed in Sonae Sierra. The system was certified by TUV at the end of 2008, in accordance with the requirements of the OHSAS 18001 standard. Also in 2008, 3 Sonae Sierra centres won certification for their health and safety management systems (Colombo Centre in Portugal, the Parque Dom Pedro and the Shopping Penha in Brazil).
Between 2009 and 2010, another 9 centres in Portugal, 7 in Spain, 2 in Italy, 1 centre in Germany and 2 centres in Brazil also saw their health and safety systems certified according to the OHSAS 18001 standard.
In 2009, Sonae Sierra became the first company in Europe to win Health and Safety certification for the management of the construction of a shopping centre, LeiriaShopping. Also in 2010, the Health and Safety management system for the Torre Ocidente construction project won OHSAS 18001 certification.

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

In 2010, the trend of the key health and safety indicators was unfortunately not as good as in previous years, in which it had been very positive.
There was no significant change in the number of non conformities per observation hour between 2009 and 2010, although it should be pointed out that the figure nonetheless has fallen by more than 70% since 2005.
5 work accidents involving Sonae Sierra employees were recorded in 2010, while absenteeism due to work accidents increased by 3% over 2009. There was also an increase of around 70% in accidents involving lost time by construction service providers compared to the previous year.
Despite this negative trend between 2009 and 2010, it should be noted that there was a fall in 64% in absenteeism by employees due to work accidents, and a fall of 34% in accidents involving lost time by construction service providers, compared to 2007.

7.3.4 Business continuity management

In the most significant businesses, projects and programmes continued to be developed in order to guarantee the continuity of operations, through defining, revising and implementing procedures and processes to prepare for crisis and catastrophic scenarios, particularly through developing emergency, contingency and recovery plans.
Sonaecom continued the development of its business continuity plans, the highlight being improvements in the Optimus Crisis Management Plan, in the areas of crisis organisation charts, criteria for assessing and scheduling, rules for notification and crisis communication procedures, backed up with an internal web tool which facilitates documentation and maintenance of the Plan. Simulation sessions and training were carried out for around 200 employees with roles in crisis management. At the same time, implementation of additional measures continued to strengthen some network platforms and the existing solution for information systems disaster recovery. Meanwhile, coordination with official entities was improved, including working with them to revise Civil Protection plans and involvement in a survey on the safety and strength of communications in Portugal that was promoted by the sector regulator.

7.3.5 Environmental risks

In the area of environmental risks, several environmental certifications have been obtained, audits continued and improvement actions implemented as part of Sonae's Environmental Management Systems.
Sonae Sierra's Environmental Management System (EMS) covers these risks for all Company activities, including procurement, construction and the operation of Shopping Centres.

In 2010, in addition to having maintained corporate ISO 14001 certification for the Company Environmental Management System through *Lloyds Register Quality Assurance*, the Münster Arkaden shopping centre and the Dusseldorf office also won Environmental certification, making a total of 43 shopping centres (out of a total of 51) and 2 offices, which have already won individually the same certification. In the development phase, 20 construction projects have won individual ISO 14001 certification. At Sonae Sierra, the Environmental Management System has enabled the performance of Shopping Centres to be improved over the last few years, allowing water and electricity consumption to be reduced between 2002 and 2010 by 14% e 30% respectively, and the recycling rate to be increased from 19% in 2002 to 51% in 2010.
For the second year running, Sonae Sierra won a prize at the European Management Awards, winning in 2010 in the category "Best Environmental Risk Control".

Sonae Investimentos (former Sonae Distribuição) won certification for its corporate Environmental Management System in 2007 according to the ISO 14001 standard through Lloyds Register Quality Assurance. In 2010, the environmental management system certification programme was adapted to the new Sonae Retail organisation and certification was won once again. This program, among others factors, enables the day to day environmental risks of the Company's business to be managed.

In addition, it has continued its programme of environmental certification of operational units, closing 2010 with 15 premises certified (3 Continente, 7 Modelo, 2 Worten and 3 Warehouses) and an additional 2 which are awaiting certification to be awarded by the certification entity APCER (1 Modelo Bonjour store and the Meat Processing Centre).

Sonaecom believes environmental management to be a strategic factor in terms of competitiveness and value creation. Its Environmental Management System has been certified according to the NP EN ISO 14001 standard since 2003. It has undertaken a number of actions in the area of energy savings and carbon emissions, in particular for telecommunications antennae, in Switch Centers e Data Centers with the goal of improving energy efficiency, and in the area of resources and waste, by eliminating resource consumption in various processes, through analysis of the life cycle of packaging and by putting on sale products with fewer environmental impacts.

7.3.6 Change Project Risks

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

7.3.7 Insurable risks

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

At Sonaecom, where the majority of services are based on information technology, steps were taken to improve the existing third party liability insurance with more extensive coverage and better adapted to the particular circumstances of the technology, media and telecommunications businesses, in order to mitigate the impact and responsibilities to customers due to possible service failures.

7.3.8 Food safety risks

In Retail, and as a result of the actions taken as part of the reorganization project begun in previous years, a programme of food safety audits was implemented and consolidated in stores, warehouses, coffee shops and production centres, the main result of which was to reach and report on the main conclusions for the Company in this area and identify corrective actions. The goal of this audit programme is to monitor food safety risks in a systematic way, and also comply with legal regulations and the internal control system for food safety. In 2010, the average number of findings fell by 5%.

7.3.9 Information Systems Risks

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

During 2010 at SONAE, information system audits were carried out in various areas (applications, servers and networks), with the aim of identifying and correcting potential vulnerabilities, which could have a negative impact on the business, as well as ensuring the protection of the confidentiality, availability and integrity of the information.

In view of the fact that Sonaecom group companies make intensive use of information and technology, which normally are subject to integrity, availability and confidentiality risks, Sonaecom decided in 2010 to focus more on managing these risks by setting up an Information Security Committee, which has representatives from all relevant business areas. An awareness campaign aimed at strengthening the security culture among employees and business partners, including articles in internal publications and the launch of an internal website especially for information security, is one of the activities in the committee's work plan. In addition, in the telecommunications business, actions continue to be taken in the areas of fraud management and information security, such as, for example, posting on the Sonaecom and Optimus websites a Customer Educational and Awareness Programme with the goal of increasing awareness among customers about the common risks involved in using telecommunications services and giving information about best security practices and the fight against fraud.

7.3.10 Financial risks

Sonae is exposed to a variety of financial risks related to its business activities, including interest rate risk, foreign currency risks, liquidity risk, and credit risks (described and analyzed in detail in the Appendix to Sonae's Annual Management Report and Consolidated Accounts). Due to the varied nature of the different Sonae businesses, exposure to these risks may vary from business to business, and thus there is no single risk management policy covering the entire group. Instead, Sonae prefers and individual approach adapted to the needs of each business. Sonae is also exposed to debt and equity market fluctuations. As part of the Company's risk management policy, during 2010, and in order to minimize potential adverse effects of the volatility of financial markets, Sonae continued to use tools already implemented to identify and quantify risks, sometimes using derivative instruments to cover them.

Financial risk management policies are approved by each Board of Directors and the risks are identified and monitored by each of the businesses Financial & Treasury Departments.

Exposures are also monitored by the Finance Committee, where risk analysis is reviewed and reported upon monthly, and guidelines for risk management policies are defined and regularly reviewed. The system implemented thus ensures that at any moment the appropriate policies for managing financial risk are adopted so that any adverse impact on Sonae's strategic objectives is minimised.

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

7.3.11 Legal Risks

Sonae and its subsidiaries have the support of full time legal and tax departments for each business, reporting to the management involved, and carry out their work in conjunction with outside legal counsel and other departments, in order to pre-emptively ensure the protection of Sonae's interests in compliance with its legal obligations and best corporate governance practices.
The teams in these departments undergo specialized training and participate in in-house and external training courses to update their knowledge.
Legal and tax advice is also provided, nationally and internationally, by outsourced resources selected from firms with established reputations and which have the highest standards of competence, ethics and experience.
The Company's most relevant pending litigation is identified in the Appendix to Sonae's Annual Management Report and Consolidated Accounts.

7.7. Description of the main features of Sonae's risk management and internal control systems in relation to the preparation and disclosure of financial information

The existence of an effective internal control environment, particularly in what concerns financial reporting, is a compromise of Sonae Board of Directors, identifying and improving the critical processes in terms of preparing and reporting financial information, having in mind the objectives of transparency, consistency, simplicity and materiality. The objective of the internal control system is to obtain reasonable assurance in what concerns the preparation of financial statements complying with accounting principles and policies adopted, and the warranting the quality of financial reporting.
The accuracy of financial information is assured by both the clear segregation of duties between the preparers and its users and the execution of several control procedures during the process of preparing and disclosing financial information.

The internal control system for the accounting department and the preparation of financial statements includes several key controls, namely:

- The process of reporting financial information is documented, the risks and key controls are identified. The criteria used in the process of preparing and reporting financial information are established and periodically reviewed;
- There are three kind of controls: High level controls (entity level controls), information system controls and process controls. Those include a group of procedures related with the execution, supervision, monitoring and improvement of processes, with the main objective of preparing the financial reporting of the Company;
- The use of the accounting principles used disclosed in the notes to the financial statements (Note 2) are fundamental grounds of the internal control system;
- The plans, procedures and records of the Group allow a reasonable assurance that the transactions executed are properly approved by the management, and recorded in compliance with accounting principles, also assuring, that the Company maintains proper record of its assets and their existence reconciled with the accounting records;
- The financial information is reviewed regularly by each business unit management and by the persons in charge of the profit centers, assuring the permanent monitoring and related budget control;
- During the process of preparing and reviewing the financial information, detailed schedules are established and shared with the areas involved, and all documents are reviewed in detail, including the review of principles used, verifying the accuracy of the information produced and its consistence with principles and policies defined and used in previous periods;
- In what concerns the separate entities, the accounting records and the financial statements are prepared by the different functions of administrative and accounting services, who warrant the recording of business processes transactions and the recording of balances of assets, liabilities and equity captions. The financial statements are prepared by chartered accountants of each company and reviewed by the Planning and Control and Tax departments;

- The consolidated financial statements are prepared quarterly by the consolidation departments of the administrative services of each sub-holding and holding corporate centres. This process represents an additional control of the reliability of the financial information, namely in what concerns the consistent application of accounting principles, cut-off procedures and control of related parties transactions and balances;
- The Report of the Board of Directors is prepared by the Investors Relations department with the contribution and review of several business and support departments. The Corporate Governance Report is prepared by the Legal department;
- The Group financial statements are prepared under the supervision of the Executive Committee. The documents that constitute the Annual Report and Accounts are sent for review and approval by the Sonae Board of Directors. After the approval the documents are sent to the External Auditor that issues its report;
- The process of preparing separate and consolidated financial information and the Report of the Board of Directors is also supervised by the Statutory Audit Board and by the Board Finance and Audit Committee of the Board of Directors. Quarterly these bodies meet and review the individual and consolidated financial statements. Half yearly the statutory auditor presents directly to the Statutory Audit Board and to the Board Finance and Audit Committee the main conclusions of the work performed;
- All the persons involved in analysis of the company financial information are include in the list of persons with access to material information, being informed about the nature of their obligation as well as on the possible sanctions resulting from the inappropriate use of such information;
- The internal rules applicable to the disclosure of financial information aim to warrant that the information is timely disclosed to the market in order to prevent information asymmetry.

Among the risks that may materially affect the financial and accounting report, we highlight the following:

- Accounting estimates – the major accounting estimates are described in the notes to the financial statements (Note 2.20 and following). The estimates are based on the available information during the preparation of the financial statements and in the best knowledge and experience of past and present events.
- Balances and transactions with related parties – The balances and transactions with related parties are disclosed in the notes to the financial statements. This transactions are related mainly with the operational activities of the Group as well with granting and obtaining loans under arms' length conditions.

In the notes to the financial statements there is available additional information regarding the above mentioned risks among others, as well as how they were mitigated.

Sonae adopts several actions related with continuous improvement of the system of internal control of financial risks, including:

- Improvement in the documentation of controls – following the 2010 actions, during 2011 Sonae will continue improving the documentation and systematization of risks and internal control system related with the preparation of financial information. These actions include the identification of risk causes, the identification of processes with higher materiality, the documentation of controls and the analysis of residual risk after the execution and implementation of the potential control improvements;
- Compliance analysis – the Legal department working together with the Administrative Services, Investor Relations and Internal Audit and Risk Management departments, and, if necessary, with other departments, coordinates the periodical analysis of the compliance with legal requirements and regulations regarding governance processes and corresponding financial information that are reported on the Report of the Board of Directors and on the Report of Corporate Governance.

8 Whistle blowing procedures

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

Code of Conduct

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

The Code of Conduct can be consulted at www.sonae.pt (tab Investors, Corporate Governance section).

In addition to the Code of Conduct, internal regulations, covering conflicts of interest, accepting and offering business gifts and other payments, as well as transactions with related parties, have also been approved.

Whistle blowing policy

The Company has the following procedures in place:

(i) Any employee of Sonae wishing to communicate any irregularity should do so by post or e-mail with a summary description of the facts to the Company's Ombudsman. The identity of the whistle blower will be kept anonymous, if explicitly requested;

(ii) The letter or e mail will be analysed by the Ombudsman and, if grounds exist supporting the irregularity reported, measures will be taken by him, as deemed appropriate;

(iii) The Ombudsman prepares a quarterly report summarising all irregularities received to the Chairman of the Board of Directors, with copies sent to the Executive Committee and to the Statutory Audit Board;

(iv) Any communications which concern members of the statutory bodies should be sent to the Corporate Governance officer, who should send them on to the Chairman of the Statutory Audit Board and the Chairman of the Board Audit and Finance Committee.

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

Ombudsman

The Company provides employees and the general public, through its website (www.sonae.pt – Contacts section), with direct access to its Ombudsman, who reports directly to the Chairman of the Board of Directors.

In 2010, the Ombudsman received 2,483 complaints, mainly from customers (96% of total complaints received), compared to 2,712 complaints in 2009, equal to a fall of 229 complaints or 8.4%. The average response time was 14 days.

9 Information

9.1. Share capital structure

The Company's share capital is of 2,000,000,000 Euro, fully subscribed and paid up, divided into 2,000,000,000 ordinary shares, each with a nominal value of one euro.

9.2. Qualified shareholdings

As at the end of 2010 and based on notifications received, shares held by companies owning more than 2% of Sonae's share capital were as follows:

SHAREHOLDER	# SHARES	% SHARE CAPITAL
Efanor Investimentos	1,061,532,575	53.1%
Banco BPI	178,039,855	8.9%
Fundação Berardo	49,849,514	2.5%
Bestinver	41,236,665	2.1%
Norges Bank	40,100,985	2.0%

9.3. Shareholders special rights

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

9.4. Restrictions on the transfer and ownership of shares

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

9.5. Shareholders' agreements

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

9.6. Defensive measures in case of change of shareholder control

There are no defensive measures in place.

9.7. Agreements with ownership clauses

No agreements made by the Company, which contain clauses with the purpose of setting up defensive measures against changes in shareholder control, exist.
The majority of the share capital of the Company is owned by one shareholder.
The shareholders' agreement between Sonae and Grosvenor Group Limited (Grosvenor), in relation to Sonae Sierra, SGPS, SA, gives Grosvenor the power to terminate the agreement, in the case of a change of control of Sonae, but only in the particular and exclusive situation of the Company ceasing to be directly or indirectly owned by its present reference shareholder or any of his relatives.
This clause applies in the same way should a change of control occurs in Grosvenor.
The effects of terminating the agreement include the exercise of a call option, the sharing of assets or sale of the company Sonae Sierra, SGPS, SA.

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

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

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

9.9. Control mechanisms for employee share ownership

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

9.10. Share price performance

Sonae shares are quoted on the Portuguese stock exchange, Euronext Lisbon, and are included in several indices, including the PSI 20, with a weighting of 2.7% and the Euronext 150, with a weighting of 0.7%, as at the end of December 2010.

The table below shows the key indicators of Sonae's share performance:

	2008	2009	2010
ISIN CODE		PTSON0AM0001	
BLOOMBERG CODE		SON PL	
REUTERS CODE		SONP.IN	
SHARE CAPITAL	2,000,000,000	2,000,000,000	2,000,000,000
CLOSING PRICE LAST TRADING DAY			
OF YEAR	0.44	0.87	0.78
YEAR HIGH	1.75	0.98	0.95
YEAR LOW	0.39	0.43	0.68
AVERAGE TRADING VOLUME PER DAY (SHARES)	12,971,220	7,861,992	4,525,057
AVERAGE TRADING VOLUME PER DAY (EUROS)	10,965,297	5,644,343	3,751,604
MARKET CAPITALIZATION 31 DECEMBER (EUROS)	880,000,000	1,740,000,000	1,560,000,000

Sonae shares ended the year quoted at 0.78 euro, reflecting a nominal fall of 10% during the year, which was the same as that which occurred during the year 2010 in the value of the reference index of the Portuguese Stock Market – the PSI 20.

During the year, events with a possible impact on Sonae's share price were as follows:

(i) 16 March: communication of results for the year 2009;

(ii) 20 May: communication of results for the first quarter;

(iii) 20 May: Sonae informs about the conclusion of a sale and leaseback transaction for the Azambuja warehouse;

(iv) 24 May: Sonae shares started trading ex-dividend for dividends relating to the year ending 31 December 2009;

(v) 27 Maio: Sonae paid a total ordinary dividend of 3.15 cents per share on 2009 earnings;

(vi) 1 July: Sonae informs about the opening of new stores in the Middle East;

(vii) 4 July: Sonae informs about the opening of new stores in the Canary Islands;

(viii) 26 August: communication of results for the first half of the year;

(ix) 19 October: Sonae informs about the renewal of the Cash Settled Equity Swap;

(x) 12 November: communication of results for the first nine months of the year;

(xi) 18 November: Sonae informs about the conclusion of six sale and leaseback transactions.

9.11. Dividend distribution policy

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

	2008(1)	2009(1)	2010(1)
GROSS DIVIDEND PER SHARE (EUROS)	0.0300	0.0315	0.0331
DIVIDEND DISTRIBUTED (THOUSAND EUROS)	60,000	63,000	66,200
DIVIDEND YIELD (%)(2)	6.9%	3.6%	4.2%
PAYOUT RATIO (%)(3)	37.7%	36.9%	35%

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

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

Sonae Holding had net profits totalling 386,432,293.21 euro. The Board of Directors will propose to the Shareholders' Annual General Meeting that these profits be applied as follows:

Legal reserves	19,321,614,66 euro
Dividends	66,200,000.00 euro
Free reserves	300,910,678.55 euro

- In view of the net results for the financial year 2010, the Board of Directors will propose to the Shareholders' Annual General Meeting a gross dividend of 0.0331 euro per share, 5% higher compared to the previous year. This dividend is equal to a dividend yield of 4.2% on the closing price as at 31 December, and to a payout ratio of 35% of consolidated direct net income (excluding value created on investment properties) attributable to equity holders of Sonae.

9.12. Relevant transactions with related parties

Transactions of a value exceeding 100 million euro with owners of qualified shares or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, are subject to a formal prior opinion by the Board Finance and Audit Committee and the Statutory Audit Board. All transactions with related parties in excess of 10 million euro are also reported to these two entities every six months by the secretary of the Executive Committee.

Sonae did not have business dealings with either of the above mentioned entities nor with any Board member or Supervisory entity during the year 2010.

9.13. Investor Relations Department

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

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

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

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

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

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

Any interested party may contact the Investor Relations department:

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

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

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

Appendix I

1. Board of Directors

1.1 Qualifications, experience and responsibilities

Belmiro Mendes de Azevedo

Date of Birth	
17 February 1938	
Education	
1963	Degree in in Chemical Engineering – Faculty of Engineering, University of Oporto
1965-1968	Teaching Assistant at the Oporto Faculty of Engineering in the following subjects: - "Industries" (Industrial Project) - "Industrial Organic Chemistry"
1973	PMD (Programme for Management Development) - Harvard Business School
1985	Financial Management Programme - Stanford University
1987	Strategic Management - Wharton University
1995	Global Strategy – University of California (Los Angeles)
Professional Experience	
1963-1964	Technician in the textile industry, Empresa Fabril do Norte (EFANOR)
1965-1967	Research and Development Manager of Sonae
1967-1984	General Manager and Chief Executive of Sonae
1985-1988	CEO of Sonae Indústria e Investimentos, SA
1989	Founding member of the Institute for Business Studies (ISEE) - currently EGP-UPBS (University of Oporto Business School)
1989-1999	Chairman of Sonae Investimentos, SGPS, SA (currently Sonae SGPS, SA)
1995	Member of WBCSD – Order of Outstanding Contributors to Sustainable Development
1997	Member of the European Union Hong-Kong Business Cooperation Committee
1998-2009	Member of INSEAD Portuguese Council
1999-2007	Chairman and CEO of Sonae SGPS, SA
Since 2000	Member of the International Advisory Board of Allianz AG
2001-2005	Member of Regional Advisory Board of London Business School
2002-2009	Member of the Management Board of Cotec Portugal
2004-2008	Member of European Roundtable of Industrialists
Since 2005	Member of European Advisory Board of Harvard Business School
Since 2005	Founding Member and Chairman of the Board of the Founders Council of the Manufacture Portugal Forum
Since 2007	Chairman of Sonae – SGPS, SA
Since 2008	Chairman of the General Council of EGP – University of Oporto Business School

José Manuel Neves Adelino

Date of Birth	
19 March 1954	
Education	
1976	Degree in Finance, Technical University of Lisbon
1981	DBA, Finance, Kent State University
Professional Experience	
1978-1981	Teaching Fellow, Kent State University
1981-Present	Professor, Faculty of Economics, New University of Lisbon
1986-1989	Visiting Professor, Portuguese Catholic University

1987-1989	Visiting Professor, Bentley College
1988	Visiting Professor, ISEE
1981-1986	Member of the Directive Council, Faculty of Economics, New University of Lisbon
1990-1996	Dean, MBA Program and Executive Program, Faculty of Economics, New University of Lisbon
1999-2002	Dean, Faculty of Economics, New University of Lisbon
1992-1994	Member of the Board of Directors, BPA
1994-2002	Member of the Management Board of the Deposit Guarantee Fund
1999-2004	Member of the Global Advisory Board of Sonae - SGPS, SA
2003-2006	Member of the Board, Chairman of the Audit Committee of EDP
2003-2010	Member of the Investment Committee of Fundo Caravela
2003-2006	Strategy Advisory Board of PT
2003-2007	Member of the Remuneration Committee of Sonae SGPS, SA

Álvaro Cuervo Garcia

Date of Birth	
30 May 1942	
Education	
1971	PhD in Economics - Madrid University
1973	M.S. in Statistics - Madrid University
1975	M.S. in Industrial Psychology - Madrid University
Professional Experience	
1975	Professor of Business Economics at Madrid Complutense University
1997-2006	Member of the Academic Council of the Real Colegio Complutense of Harvard University
Since 1997	Member of the Board of Directors of ACS, SA
Since 1997	Member of the Privatization Advisory Committee of the Spanish Goverment
Since 2004	Member of the Board of Directors of Sonae Indústria, SGPS, SA
2004	Editor in Chief of Universia Business Review
2006	Member of the Board of Directors of Bolsas y Mercados Españoles
2007	Associate Editor of Globalization, Competitiveness and Governability Member of the scientific and advisory committee of several journals Author of several books and numerous articles published in Spanish and foreign journals
Since 2008	Dean of the Financial Studies School (CUNEF) at Madrid University

Michel Marie Bon

Date of Birth	
5 July 1943	
Education	
1966	University Degree in Business Administration - ESSEC
1971	Graduation from the École Nationale d'Administration
1986	Stanford Executive Program – Stanford University
Professional Experience	
1971-1975	Tax Inspector at the French Ministry of Finance and Budget
1975-1985	Chief Credit Officer, and later Deputy CEO of Caisse Nationale de Crédit Agricole (Bank)
1985-1992	Deputy CEO, later CEO and Chairman of the Board of Directors of Carrefour (Retail)
1993-1995	Chairman of the Agence Nationale Pour l'Emploi (French State agency for employment)
1995-2002	Chairman and CEO of France Telecom
1998-2002	Co-chairman of the French American Business Council
2003-2005	Chairman of Institut Pasteur

Since 1984	Director of Institut Pierre Mendès France
Since 1988	Director of the French American Foundation
Since 1994	Founder and Director of Transparency International (France)
Since 1998	Chairman of the Supervisory Board of Les Editions du Cerf
Since 2006	Chairman of the Supervisory Board of Devoteam
Since 2006	Senior Advisor to Roland Berger
Since 2008	Chairman of Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (FNEGE)

Bernd Hubert Joachim Bothe

Date of Birth

20 May 1944

Education

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

Professional Experience

1963-1966	Bank Für Gemeinwirtschaft AG, Germany
1963-1965	Apprenticeship period, Cologne
1965-1966	Commercial Bank Clerk, Cologne
1968-1970	Pintsch Bamag AG (Thyssen-Bornemisza-Group), GERMANY Deputy Manager Staff member Corporate Planning
1970-1973	MDS – Deutschland Gmbh, Germany (American multinational company in IT)
1970	Assistant Controller and Deputy Manager Finance, Accounting and Administration, Cologne
1971-1973	Controller and Treasurer, Cologne
1973-1988	Kienbaum Consulting Group, Germany
1973-1974	Controller and Senior Executive Manager
1974-1975	Deputy Member of the Management Board, Düsseldorf
1975-1979	Member of the Management Board – Head of the Personnel Department, Consulting, Düsseldorf
1979-1980	Member of the Management Board – Management Consulting Department, Düsseldorf
1980-1983	Deputy Chairman of the Management Board – Managing Partner
1983-1988	Chairman of the Management Board Deputy Chairman of the Management Board of the Central Management Board (Holding)
1988-1992	Kaufhof Holding AG, Germany
1988-1989	Member of the Executive Board of Directors, Cologne
1989-1992	Deputy Member of the Executive Board of Directors, Cologne
1992	Member of the Executive Board of Directors, Cologne In charge of the Mail Order Division, responsible for IT, Logistics, HR
1992-2002	Metro AG, Germany
1992-1993	Member of the Management Board, Metro International Management AG, Baar, Switzerland, Operations Manager
1993-1997	President of the Management Board, Metro International Management AG, Baar, Switzerland
1997-1998	Chairman of the Executive Board of Directors and Chief Executive Officer, Metro International Management AG, Germany
1998-2002	Chairman of the Executive Board of Directors and Chief Executive Officer Chief Operating Officer for Central Europe Metro Cash & Carry GmbH In charge of the Cash &Carry Division, Marketing Corporate Planning, Merchandising, Operations, Public Relations, Construction & Fixtures/Fittings, Internal Audit
2002-2008	Droege & Comp.Gmbh, Germany

	International Consultant Managing Partner, Düsseldorf Head of Competence Centre, Consumer Goods & Retail Head of Competence Centre for Eastern Europe, Düsseldorf
Since 2009	Horn & Company Gmbh, Germany Partner, Düsseldorf Head of Competence Center Consumer Goods & Retail

Christine Cross

Date of Birth

13 June 1951

Education

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

Professional Experience

1975-1978	Edinburgh University - Lecturer in Food and Nutrition
1979-1985	Bath SPA University College – Senior Lecturer
1985-1989	Bath SPA University College – Principal Lecturer and Director of BSc (Hons) Programme
1989-2003	Tesco PLC
1989-1990	Head of Consumer Services
1990-1994	Divisional Director, Technical Services
1994-1997	Commercial Director
1998-2002	World Non Food Retail Procurement Director
2002-2003	Group Business Development Director
1997-2003	Visiting Professor, University of Ulster, Consumer Studies
Since 2003	Director Christine Cross Ltd (a retail consultancy firm)
Since 2003	Non Executive Director (Nomination and Remuneration Committee Member)of Sobeys Inc, Canada
2002-2005	Non Executive Director George Wimpey, plc
2005-2006	Non Executive Director Fairmont Hotels Inc
Since 2006	Advisor to Apax Warburg Pincus Private Equity
2006-2007	Retail Consultant PwC Transaction Services
Since 2010	Chief Retail & Consumer Services Advisor, PwC

Duarte Paulo Teixeira de Azevedo

Date of Birth

31 December 1965

Education

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

Executive Education

1994	Executive Retailing Program – Babson College
1996	Strategic Uses of Information Technology Program – Stanford Business School
2002	Breakthrough Program for Senior Executives – Lausanne - IMD
2008	Proteus Programme – London Business School

Professional Experience

	Group Sonae
1988-1990	Analyst and Project manager of new investments at Sonae Tecnologias de Informação
1990-1993	Organizational Development project manager and New businesses Commercial Manager for Portugal at

	Sonae Indústria (Wood Based Panels)
1993-1996	Head of Strategic Planning and Control and Organizational Development of Sonae Investimentos – SGPS, SA (currently Sonae - SGPS, SA)
1996-1998	Executive Board Director of Merchandising, IT and Marketing of Modelo Continente Hipermercados (Retail)
1998-2000	CEO of Optimus – Telecomunicações, SA (Mobile Operator)
1998-Abril 2007	Executive Director of Sonae – SGPS, SA
2000-2007	CEO of Sonaecom, SGPS, SA
2002-2007	Chairman of the Supervisory Board of Público Comunicação Social, SA
2003-2007	Chairman of the Supervisory Board of Glunz, AG
2004-2007	Chairman of the Board of Directors of Tableros de Fibras, SA (Tafisa)
Since May 2007	Chairman Executive Director of Sonae – SGPS, SA
	Other Entities
2001-2002	Chairman of Apritel – Associação dos Operadores de Telecomunicações (Association of Electronic Telecommunication Companies)
2001-2008	Member of the Supervisory Board of EGP - UPBS
2003	Co-author of the book "Reformar Portugal " (Reforming Portugal)
2008-2009	Member of the Supervisory Board of AEP – Portuguese Entrepreneurship Association
Since 1988	Member of APGEI (Portuguese Association of Industrial Engineering and Management)
Since 2009	Member of the Board of Curators of AEP - Portuguese Entrepreneurship Association
Since 2009	President of the Board of Curators of Oporto University
Since 2008	Member of the European Round Table of Industrialists (ERT)
Since 2006	Member of the Founding Members Board of Casa da Música

Álvaro Carmona e Costa Portela

Date of Birth	
4 July 1951	
Education	
1974	University Degree in Mechanical Engineering – Faculty of Engineering of Oporto University
1983	Master in Business Administration – MBA (New University of Lisbon)
1997	AMP / ISMP - Harvard Business School
Professional Experience	
1972-1979	Director and later Chairman of Laboratórios BIAL (Pharmaceutical Industry)
1974-1977	Lecturer, Department of Mechanics – Oporto University
1979-1985	Executive Director of Finance, Planning, and Exports at COPAM - Companhia Portuguesa de Amidos, SA (Maize derivatives industry)
1985-1986	Deputy Manager and later General Manager of Modis (Logistics and Retail Procurement at Sonae Distribuição, SGPS, SA (currently Sonae Investimentos - SGPS, SA))
1986-1991 e 2006-2010	Managing Director, later CEO and later Chairman and since 2006, Non-Executive Director of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos - SGPS, SA)
1990-2010	CEO of Sonae Sierra, SGPS, SA
1992	Member of the Board of Chairman and later of the Sonae Group's Coordination Council and since 1999 Executive Director and Vice-Chairman of Sonae – SGPS, SA and since 2010 Non Executive Director of Sonae – SGPS, SA
1996-2001	Member of ICSC Europe Awards Jury
1999-2002	Co-founder and Director of EPRA- European Public Real Estate Association
2005-2008	Trustee of the International Council of Shopping Centres
2004-2009	Member of International Advisory Board of Eurohypo
2008	Fellow of the Royal Institute of Chartered Surveyors

Ângelo Gabriel Ribeirinho dos Santos Paupério

Date of Birth	
14 September 1959	
Education	
1982	Graduate in Civil Engineering - FEUP
1988-1989	Master in Business Administration-MBA(ISEE)
Professional Experience	
1982-1984	Structural Design Project Manager at Tecnopor (Civil Engineering)
1984-1989	Manager at EDP (Energy)
1989-1991	Leader of the Television Project Team at Sonae Tecnologias de Informação
1991-1994	Head of Planning and Control at Sonae Investimentos - SGPS, SA (currently Sonae - SGPS, SA)
1994-1996	Director of several of Sonae Distribuição SGPS, SA (currently Sonae Investimentos - SGPS, SA) (Retail)
1996-2007	CFO of Sonae Distribuição SGPS, SA (currently Sonae Investimentos - SGPS, SA) and Director of Modelo Continente, SGPS, SA and several of its affiliates (Retail)
1996-2007	Executive Vice President and CFO of Sonae - SGPS, SA, Executive Director of Sonae Capital, SGPS, SA and Chairman of the Finance Committee of Sonae - SGPS, SA
2004-2009	Director of MDS – Corretor de Seguros, SA
Since 2007	CEO of the Board of Directors of Sonaecom, SGPS, SA, Executive Director of Sonae – SGPS, SA, Director of Sonae Sierra, SGPS, SA, Director of Sonae Investimentos – SGPS, SA
2009	Chairman of MDS Consulting, SA

Nuno Manuel Moniz Trigoso Jordão

Date of Birth	
27 April 1956	
Education	
1978	Graduate in Economics ISCTE (University of Lisbon)
Professional Experience	
1980-1986	Pingo Doce Supermercados, SA – Career in Store Operations
1986- 1987	Hipermercados Continente, SA - Hypermarket Manager
1988-1989	Hipermercados Continente, SA - General Manager
Since 1990	Executive Board Member of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos – SGPS, SA)
1991-2010	CEO of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos – SGPS, SA)
Since 1999	Executive Director of Sonae, SGPS, SA

1.2 Offices held in other companies

Belmiro Mendes de Azevedo

Offices held in other companies within Sonae:
None
Offices held in other entities outside Sonae:
Since 2007 - Chairman of Sonae Indústria SGPS, SA
Chairman and CEO of Sonae Capital, SGPS, SA
Chairman of SC - SGPS, SA
Chairman of SPRED - SGPS, SA
Chairman of Selfrio - SGPS, SA
Chairman of Sonae Turismo SGPS, SA
Chairman of Efanor Investimentos, SGPS, SA
Chairman of Águas Furtadas – Sociedade Agrícola, SA

Chairman of Alpêssego – Sociedade Agrícola, SA
Chairman of Prosa – Produtos e Serviços Agrícolas, SA
Chairman of Casa Agrícola de Ambrães, SA
Chairman of Praça Foz – Soc. Imobiliária, SA
Chairman of Setimanale, SGPS, SA
Sole Director of BA – Business Angels, SGPS, SA

José Manuel Neves Adelino

Offices held in other companies within Sonae:

None
Offices held in other entities outside Sonae:
Member of the Statutory Audit Board at Banco BPI
Member of Investment Committee of Portugal VC Initiative (EIF)
Member of the Bord of Directors of Cimpor
Academic Offices held:
Full time Professor of Finance, Faculdade de Economia, Universidade Nova de Lisboa
Visiting Professor, Bentley College

Álvaro Cuervo Garcia

Offices held in other companies within Sonae:

None
Offices held in other entities outside Sonae:
Member of the Board of Directors of Sonae Indústria SGPS, SA
Member of the Board of Directors of ACS, SA
Member of the Board of Directors of Bolsas y Mercados Españoles
Editor in Chief of Universia Business Review

Michel Marie Bon

Offices held in other companies within Sonae:

None
Offices held in other entities outside Sonae:
Member of the Board of Directors of Compagnie Européenne de Téléphonie
Member of the Board of Directors of Lafarge (Cements)
Member of the Board of Directors of Sonepar (Electrical supply retail)
Chairman of the Supervisory Board of Editions du Cerf (Book Publisher)
Member of the Board of Directors of Myriad (High Technologies)
Senior Advisor to Vermeer (Investment Fund)
Senior Advisor to Roland Berger (Strategy Consulting)
Chairman of the Supervisory Board of Devoteam (Information Technologies)

Bernd Hubert Joachim Bothe

Offices held in other companies within Sonae:

None
Offices held in other entities outside Sonae:
Horn & Company GmbH, GERMANY Partner, Düsseldorf Head of Competence Center, Consumer Good & Retail
Senior Advisory IK Investment Partners (former Industri Kapital) Stockolm Scheweden (A Swedish private equity company) Global advisor for the retail industry

Member of the Supervisory Board Spar Österreichische Warenhandelsgesellschaft AG, Salzburg AU (A dominant supermarket chain in Austria, also owning shopping centers
Vice Chairman of the Supervisory Board H & E Reinert Group, Versmold (A Germany food company)
Member of the Supervisory Board of Basler Fashion Holding GmbH, Goldbach D (A German based fashion and retail company)
Member of the Supervisory Board of Lekkerland AG & Co. KG, Frechen D (A German based convenience retail company and logistic service provider)
Member of the Supervisory Board of Tomra Systems ASA, Asker Norway (Norwegian based market leader in the recycling industry)

Christine Cross

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Non Executive Director (Nominations and Remunerations Committee Member) of Sobeys Inc, Canada
Non Executive Director (Audit, Nominations and Remunerations Committee member) Next plc
Retail Advisor Apax Private Equity
Retail Advisor Warburg Pincus Private Equity
Chief Retail Advisor, PWC
CHRISTINE CROSS LTD - Independent advisor in retail management

Duarte Paulo Teixeira de Azevedo

Offices held in other companies within Sonae:

Chairman of Sonae Sonae Investimentos - SGPS, SA
Chairman of Sonaegest, Sociedade Gestora de Fundos de Investimentos, SA (Investment Funds Management Company)
Chairman of Sonae MC – Modelo Continente, SGPS, SA
Chairman of Sonaerp- Retail Properties,SA
Chairman of Sonae – Specialized Retail, SGPS,SA
Chairman of Sonaecom, SGPS, S.A.
Chairman of Sonae Sierra, SGPS, S.A.
Chairman of MDS, SGPS, SA

Offices held in other entities outside Sonae:

Chairman of Migracom, SGPS, S.A.
Executive Director of Efanor Investimentos, SGPS, S.A.
Executive Director of Imparfin, SGPS, S.A.
Non-Executive Director of Sonae Indústria, SGPS, SA
Member of APGEI (Portuguese Association of Industrial Engineering and Management)
Member of the Board of Curators of AEP – Portuguese Entrepreneurship Association
Member of the Board of Curators of Oporto University
Member of the European Round Table of Industrialists (ERT)
Member of the Founding Members Board of Casa da Música

Álvaro Carmona e Costa Portela

Offices held in other companies within Sonae:

Non-Executive Director of Sonaerp – Retail Properties, SA

Offices held in other entities outside Sonae:

Chariman of the Board of Representatives of Economics Faculty of the University of Oporto
Chairman of MAF Properties, Dubai, EAU
Non-Executive Director of Casa Agrícola HMR, SA

Non-Executive Director of SOVICAR – Investimentos Agro-Turísticos, SA
Non-Executive Director of COPAM – Companhia Portuguesa de Amidos, SA
Director of Portela & Portela, Lda
Member of Investment Committee of ECE European Prime Shopping Centre Fund, Hamburgo, Alemanha
Investment Advisory Committee of PanEuropean Property Limited Partnership, Londres, RU
Trustee of ULI – Urban Land Institute, Washington DC, EUA

Ângelo Gabriel Ribeirinho dos Santos Paupério

Offices held in other companies within Sonae:

CEO of Sonaecom, SGPS, SA
Chairman of Sonaecom - Sistemas de Informação, SGPS, SA
Chairman of Sonae Telecom, SGPS, SA
Chairman of Optimus – Comunicações, SA
Chairman of WeDo Consulting - Sistemas de Informação, SA
Chairman of Público - Comunicação Social, SA
Vice-Chairman of Sonaerp- Retail Properties,SA
Vice- Chairman of Sonae – Specialized Retail, SGPS,SA
Vice-Chairman of Sonae MC – Modelo Continente, SGPS, SA
Director of Sonae Investments, BV
Director of Sontel BV
Member of the Board of Directors of MDS, SGPS, SA
Member of the Board of Directors of Sonae Investimentos – SGPS, SA
Member of the Board of Directors of Sonaecom BV
Member of the Board of Directors of Sonae Center Serviços II, SA
Non-Executive Director of Cooper Gay (Holdings) Limited
Non-Executive Director of Sonae Sierra, SGPS, SA

Offices held in other entities outside Sonae:

Board member of APGEI (Portuguese Association of Engineering and Management)
Executive Director of Lapidar, SGPS, SA
Executive Director of Love Letters – Galeria de Arte, SA
Sole Director of Enxomil, SGPS, SA
Sole Director of Enxomil, Sociedade Imobiliária, SA

Nuno Manuel Moniz Trigoso Jordão

Offices held in other companies within Sonae:

Member of the Board of Directors of Sonae Investimentos – SGPS, SA
Member of the Board of Directors of Sonaerp – Retail Properties, SA
Member of the Board of Directors of Modelo – Distribuição de Materiais de Construção, SA
Member of the Board of Directors of Sonaecom – SGPS, SA

Offices held in other entities outside Sonae:

None

2. Statutory Audit Board

2.1 Qualifications and experience of the members

Daniel Bessa Fernandes Coelho

Date of Birth	
6 May 1948	
Education	
1970	Degree in Economics – University of Oporto
1986	Phd in Economics – Lisbon Technical University
Profissional Experience	
1970-2009	Lecturer at the University of Oporto
1970-1999	- Faculty of Economics
1988-2000	- ISEE (Institute for Entrepreneurship Studies)
1989-2002	- Faculty of Engineering
2000-2008	- EGP – Oporto Management School
2008-2009	- EGP – University of Porto Business School
2009	- Faculty of Economics
1978-1979	Dean of the Faculty of Economics of the University of Oporto
1983-2010	Economists - Liberal professional
1990-1995	Vice-Dean for the Financial Management Guidance of the University of Oporto
1995-1996	Economics Minister of the Portuguese Government
1996-2006	Non-Executive Director of CELBI – Celulose Beira Industrial
1997-1999	Non-Executive Director of INPARSA – Indústrias e Participações, SGPS, SA
1997-2000	Executive Director of Finibanco, SA
1997-2007	Chairman of the Statutory Audit Board of SPGM – Investment Company
1999-2002	Chairman of the Board of the Shareholder's General Meeting of APDL –Management of Douro and Leixões Ports
2000-2010	Chairman of the Advisory Board of IGFCSS – Portuguese Institute for Welfare Funds Management
2001-2003	Advisory member of the Consulting council of Electric and Telephone Conducters Industries F. Cunha Barros, SA
2003-2010	Member of the Board of Directors of Bial Foundation
2005-2010	Chairman of the Studies Office of OTOC – Association of Official Account Auditors (former CTOC – Chamber of Official Account Auditors)
2007-2010	Member of the Board of Directors of the Agency for Investment and External Commerce of Portugal - AICEP, E.P.E.
2007-2010	Member of the Advisory Board of Microprocessador, SA
2008-2010	Member of the Investment Committee Member of PVCI – Poruguese Venture Capital Initiative, entity created by FEI – European Investment Fund

Arlindo Dias Duarte Silva

Date of Birth	
27 October 1936	
Education	
1963	Graduate in Economics – University of Oporto
Professional Experience	
1960-1963	Teacher at the Commerce and Industry School
1968-1971	Mandatory Military Service including in Angola (interruption of banking career)
1976-1979	Restarted banking career – Assistant Manager of BPA Bank since 1976
Since 1979	External Auditor certified by the Portuguese Association of Auditors, carrying out this work both as a partner of the Statutory Auditors Company, or freelance
Since 1979	Statutory External Auditor, member of the Audit Board and Sole Auditor in several companies such as Banco

	Universo, União Portuguesa de Bancos, Orbitur – Intercâmbio de Turismo, ATPS – SGPS, SA, MDS – Corretor de Seguros, SA, Imoareia – Sociedade Imobiliária, SA, and Contacto – SGPS, SA.
1989-1992	Member of the General Council of the Portuguese Association of Auditors
1992-1995	Member of the Managing Board of the Portuguese Association of Auditors
1995-1997	Vice-President of the Managing Board of the Portuguese Association of Auditors

Jorge Manuel Felizes Morgado

Date of Birth

6 June 1955

Education

	Graduate in Management – ISEG – Universidade Técnica de Lisboa
	MBA in Finance – IEDE Madrid
	MBA in Management and Information Systems – Management and Economics Faculty – Universidade Católica
	Certified External Auditor no. 775

Professional Experience

1980-1989	Assistant and Audit Manager at Coopers & Lybrand
1989-1991	Responsible for the Internal Audit and Management Control at Coelima Group
1991-2004	Partner at Deloitte – member of the Statutory Audit Board and External Auditor of several companies; responsible for consultancy in the northern Portuguese region and for corporate finance in Portugal, since 2001
Since 2004	External Auditor of several national and international companies, and partner of Horwarth Parsus – Consultoria e Gestão, Lda
	MBA Teacher at the European University
	Consultant to several companies such as Bolsa de Valores, Grupo Somelos, Hedva (Czech Republic), BAI (Angola), Vaz Pinheiro Group, Siemens, Corticeira Amorim

2.2 Offices held in other companies

Daniel Bessa Fernandes Coelho

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Executive Director of Finibanco Holding, SGPS, SA

Non-Executive Director of Efacec Capital, SGPS, SA

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

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

Chairman of the Shareholders General Meeting of Nanium, SA

Arlindo Dias Duarte Silva

Offices held in other companies within Sonae:

Member of the Statutory Audit Board at Sonaecom, SGPS, SA

Member of the Statutory Audit Board at Sonae Investimentos SGPS SA

Offices held in other entities outside Sonae:

External auditor at DMJB – Consultoria de Gestão, SA

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

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

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

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

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

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

Jorge Manuel Felizes Morgado

Offices held in other companies within Sonae:

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

Offices held in other entities outside Sonae:

Member of the Statutory Audit Board at Sonae Indústria, SGPS, SA
Member of the Statutory Audit Board at Sonae Capital, SGPS, SA
External Auditor at Vadeca Equipamentos, SA
External Auditor at GRIN – Gestão de Resíduos Urb. e Ind., SA
External Auditor at Sucitesa Portugal, SA
External Auditor at Vadeca Imobiliária, SA
External Auditor at Vadeca Org. e Gestão, SA
External Auditor at Vadeca SGPS, SA
External Auditor at Vadeca Serviços – Limpeza Industrial, SA
External Auditor at Vadeca Jardins, SA
External Auditor at Vadeca Ambiente – Preservação e Controlo, SA
External Auditor at Vadeca Química – Higiene Profissional, SA
External Auditor at Vadeca Manutenção – Serviços Integrados, SA
External Auditor at E3C – Comunicação e Eventos, SA
External Auditor at Timeloft, SA
External Auditor at Valorinveste – Soc. Invest. Imob., SA
External Auditor at Jofabo – Construção e Imobiliária, SA
External Auditor at Polibrás – Polimentos e Abrasivos, SA
External Auditor at Know it – Soluções Formação Tecnologia, SA
External Auditor at J. Medeiros, SGPS, SA
External Auditor at Hidroeléctrica S. Pedro, SA
External Auditor at Hidroeléctrica S. Nicolau, SA
External Auditor at JIZ – Arquitectura de Interiores e Pub., SA
External Auditor at Cortwoo - Marqueting, SA
External Auditor at Mindegames–Sociedade de Comunicação, Produções Audivisuais e Futebol, SA
External Auditor at FeedWater - Tubos, SA
External Auditor at SkyWorld, SA
External Auditor at Blue Share, SA
External Auditor at VNG – Gestão, Consultoria e Gestão, SA
External Auditor at PM. IQS – Projecto, Gestão e Supervisão, SA
External Auditor at Imoguedes – Imobiliária e Engenharia, SA
External Auditor at Praianorte – Hotelaria e Turismo, SA
External Auditor at Companhia das Pastas – Empreendimentos e Investimentos Hoteleiros, SA
External Auditor at PREC – Projectos de Engenharia e Construções, SA
External Auditor at AD Venture S.G.P.S., SA
External Auditor at Delvepe – Projectos e Construção, SA
External Auditor at ERPA II – Emp., Recup., Pat., Arquitet., SA
External Auditor at House Demand, SA
External Auditor at IberiaPremium, Oil & Gas, SA
External Auditor at Listradema – Gestão de Parques Empresarias
External Auditor at Luso-Insular, Projectos e Invest., SA
External Auditor at PMVA - Imobiliária, SA

External Auditor at Sivil – Construções Silva Lopes, SA
External Auditor at Silvil – SGPS, SA
External Auditor at Write UP, SA
External Auditor at Strong Management, SA
External Auditor at Fundação Universidade do Porto

Appendix II

CMVM Regulation no. 1/2010	Report Reference
Chapter 0 Compliance Statement	
0.1. Location where the public may find the Corporate Governance Codes to which the issuer is subject or those which the issuer voluntarily abides by, if applicable.	0.1
0.2. A detailed list of recommendations that have or have not been adopted, which are set out in the CMVM Corporate Governance Code or another Code that the company has decided to adopt, in accordance with this Regulation of which this Appendix is an integral part. For these purposes, recommendations that are not comprehensively followed are deemed not to be adopted.	0.2 and 0.3
0.3. Notwithstanding the preceding paragraph, the company may also make an overall assessment, provided that it is based on the degree of adoption of recommendation groups related to each other by topics.	N/A
0.4. When the corporate governance structure or practices differ from the CMVM's Recommendations or other Corporate Governance Codes to which the company is subject or has voluntarily agreed to, the company shall explain which parts of each Code that have not been complied with or that the company considers not to be applicable, the reasons and other relevant remarks thereto and also a clear indication where a description of these circumstances may be found in the Report.	0.3
Chapter I General Meeting	
I.1. Details of the members of the Presiding Board to the General Meeting.	5.1.2
I.2. Indication of the start and end dates of mandates.	5.1.2
I.3. Details of the remuneration of the Chairman of the Presiding Board to the General Meeting.	6.6.
I.4 Indication of the prior notice required for the deposit or blocking of shares for participation in the General Meeting.	5.2.1
I.5 Indication of the rules for blocking shares in the event of the General Meeting being suspended.	5.2.1
I.6. Number of shares corresponding to one vote.	5.2.2
I.7. Indication of the articles of association rules which envisage the existence of actions that do not confer voting rights or which enable voting rights over a certain number not to be counted, when issued by a single shareholder or shareholders related thereto.	5.2.2
I.8. The existence of articles of association rules on the exercise of voting rights, including constitutive and decision-making quorums or systems for equity rights.	5.1.1
I.9. The existence of articles of association rules on the exercise of voting rights via postal voting.	5.2.4
I.10. Availability of a template for the right to vote via postal voting.	5.2.5
I.11. A deadline requirement for the receipt of the postal ballots and the date on which the General Meeting is held.	5.2.4
I.12. The exercise of voting rights by electronic means.	5.2.6
I.13. Possibility of shareholders gaining access to excerpts from the Minutes of the General Meetings in the company's website within five days after the general meeting was held.	5.1.1
I.14. Existence of a historical record on the company's website with the resolutions passed at the company's General Meetings, share capital and voting results relating to the previous three years.	5.1.1
I.15 Indication of the representative(s) from the Remuneration Committee present at General Meetings.	5.1.3
I.16. Information of the intervention by the General Meeting on matters concerning the company's remuneration policy and the assessment of the performance of members of the Board of Directors and other Directors.	5.1.3, 6.1, 6.3 and 6.7
I.17. Information of the intervention by the General Meeting on matters concerning the proposal on the share allocation plans, and/or stock option plans, or based on share price fluctuations, for members of the Board of Directors, Supervisory Board and other Directors, within the meaning of Article 248-B/3 of the Securities Code together with the details provided to the General Meeting for the purposes of correctly assessing said plans.	6.1 and 6.3.2
I.18. Information of the intervention by the General Meeting on matters concerning the approval of the main features of the retirement benefit system as enjoyed by the members of the Board of Directors, Supervisory Board and other Directors, within the meaning of Article 248-B/3 of the Securities Code.	6.1
I.19. Existence of a statutory provision that envisages the duty to be subject, at least every five years, to a resolution by the General Meeting, for the maintenance or withdrawal of the statutory provision providing for the limitation of the number of votes capable of being held or exercised by a single shareholder individually or together with other shareholders.	N/A
I.20. Indication of defensive measures that have the effect of automatically causing a serious asset erosion of company assets in case of transfer of control or changes to the composition of the Board of Directors.	9.6

I.21. Important agreements, to which the company is a party and that come into force, are changed or terminated in cases such as a change in company control, and also related outcome, unless the disclosure of same, due to its nature, is highly damaging to the company and except when the company is specifically obliged to disclose said information by virtue of other legal requirements.	9.7
I.22. Agreements between the company and the Board of Directors, within the meaning of Article 248-B/3 of the Securities Code, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in company control.	6.3.6
Chapter II Management and Auditing Bodies	
Section 1 – General Issues	
II.1. Identification and composition of the statutory governing bodies.	1, 2, 4 and 5.1
II.2. Identification and composition of other committees established with responsibilities for the management or the auditing of the company.	2.2 and 2.3
II.3. Organisational structure and functional chart relating to the division of powers among the various boards, committees and/or departments within the company, including information on the scope of the delegation of powers, particularly with regard to the delegation of day-to-day management of the company, or distribution of functions among the members of the Board of Directors or Supervisory Board, and a list of non-delegable matters and powers actually delegated.	2, 3 and 4
II.4. Reference to the annual reports on the activities undertaken by the General and Supervisory Board, the Financial Board, the Audit Board and the Supervisory Board including the description of the supervisory activity and indicating any restraints found, and being subject to disclosure on the website of the company, together with the financial statements.	4.1.5
II.5. Description of the company's internal control and risk management systems, in particular with regard to financial reporting and the functioning and effectiveness thereof	7.1, 7.2, 7.3, 7.4, 7.5 and 7.7
II.6. Responsibility of the Board of Directors and the Supervisory Board for establishing and operating the company's internal control and risk management systems, and also for assessing said system's functioning and adaptation to the company's requirements.	4.1.1 and 7.3
II.7. Indication of the existence of regulations on the functioning of the corporate boards or other internally defined rules on conflicts of interest and the maximum number of positions that a member is entitled to hold and the place where said rules may be consulted.	2.1.6 and 4.1.5
Section II - Board of Directors	
II.8. In the event of the Board of Directors' Chairman carrying out an executive role, an indication of the mechanisms coordinating the tasks of non-executive members in order to ensure independence and notification of decisions.	N/A
II.9. Identification of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.	7.6
II.10. Powers of the Board of Directors, particularly with regard to resolutions concerning capital increases.	2.1.4
II.11. The information on the rotation policy of the Board of Directors' functions, in particular as to how financial responsibilities are divided, and the rules applicable to the appointment and replacement of members of the board of directors and of the supervisory board.	2.1.3
II.12. The number of meetings held by the board of directors and the supervisory board as well as reference to the minutes of said meetings.	2.1.5, 2.2.3, and 4.1.4
I.13. The number of meetings held by the Executive Committee or by the Executive Board of Directors, as well as reference to the drawing up of the minutes of those meetings and whenever applicable, the submission of same with the convening notices to the Chair of the Board of Directors, the Chair of the Supervisory Board or of the Audit Committee, the Chair of the General and Supervisory Board and to the Chair of the Financial Matters Committee.	2.1.5, 2.2.1 and 2.2.3
II.14. Distinction between executive and non-executive members and among these, differentiating those members that would comply if the conflict of interest rules were to be applied (Article 414-A/1 of the Commercial Companies Code, except for item /b and the independency criteria provided for in article 414/5, both of the Commercial Companies Code).	0.4 and 2.1.2
II.15. A description of the legal and regulatory rules and other criteria that have been used as a basis for assessing the independency of its members carried out by the board of directors.	0.4
II.16. A description of the selection rules for candidates for non-executive board members and the way in which executive members refrain from interfering in the selection process.	2.3.2
II.17 Reference to the fact that the company's annual management report includes a description on the activity carried out by non-executive members and possible hindrances to their work detected.	2.1.1
II.18. The professional qualifications of the members of the board of directors, the professional activities carried out by same during the last five years at least, the number of company shares they hold, the date of the first appointment and the date of the end of mandate.	Appendix I and 2.1.2
II.19. Duties that the members of the board of directors carry out in other companies and a description of duties carried out in other companies of the same holding.	Appendix I
Section III – General and Supervisory Board, Financial Matters Committee, Statutory Audit Board Committee	

Whenever applicable:	
II.21. Identification of the members of the supervisory board and statement indicating that same comply with the conflict of interest rules provided for in article 414-A/1, and whether they comply with the independency criteria in article 414/5, both of the Commercial Companies Code. For said purpose, the audit board carries out the relevant self-assessment.	4.1.2
II.22. The professional qualifications of the members of the board of directors, the professional activities carried out by same during the last five years at least, the number of company shares they hold, the date of the first appointment and the date of the end of mandate.	Appendix I and 4.1.2
II.23. Duties that the members of the supervisory board carry out in other companies and describing those which are carried out in other companies of the same holding.	Appendix I
II.24. Reference to the fact that the supervisory board assesses the external auditor on an annual basis and the possibility of proposing to the general meeting that the auditor be discharged whenever justifiable grounds are present.	4.1.1
Or,	
II.25. Identification of the members of the general and supervisory board and other committees created within the company for the purposes of assessing the individual and overall performance of the executive members, consideration on the governance system that has been adopted by the company and the identification of potential candidates with the professional profile fitting the member position.	N/A
II.26. Statement indicating that members comply with the conflict of interest rules provided for in article 414-A/1 including item f) and the independency criteria provided for in article 414/5, both of the Commercial Companies Code. For said purpose, the general and supervisory board carries out the relevant self-assessment.	N/A
II.27. The professional qualifications of the members of the general and supervisory board and of other committees created within the company, the professional activities carried out by same during the last five years at least, the number of company shares they hold, the date of the first appointment and the date of the end of mandate.	N/A
II.28. The duties that the members of the general and supervisory board, as well as other committees established within the company, carry out in other companies, as well as those carried out in companies of the same holding.	N/A
II.29. Description of the remuneration policy including that of the managers within the concept of article 248-B/3 of the Securities Code and of the other workers whose professional activity might have a relevant impact on the risk profile of the company and whose remuneration contains an important variable component.	6
Section IV - Remuneration	
II.30. Description of the remuneration policy of the board of directors and the supervisory board, as provided for in article 2 of Law 28/2009 of 19 June.	6
II.31. Indication on the amount of annual remuneration paid individually to members of the board of directors and to the supervisory board of the company, including fixed and variable remuneration and as to the latter, mentioning the different components that gave rise to same, the parts that has been deferred and paid.	6.3.5, 6.4, 6.5 and 6.6
II.32. Information on the way the remuneration is structured so as to allow the interests of the members of the board of directors and the long-term interests of the company to be aligned, as well as how it is linked to performance assessment and how it discourages the taking of excessive risk.	6.3.1, 6.3.2, 6.3.3 and 6.3.4
II.33. As regards the remuneration of the executive members: a) Reference to the fact that the executive members' remuneration includes a variable component and information on the way said component relies on the assessment of performance; b) The statutory bodies responsible for assessing the performance of executive members; c) The pre-established criteria for assessing the performance of executive members; d) The relative importance of the variable and fixed components of the members' remuneration, as well as the maximum limits for each component; e) The deferred payment of the remuneration's variable component and the relevant deferral period; f) An explanation of the manner in which payment of variable remuneration is linked to the company's continued positive performance during the deferral period; g) Sufficient information on the criteria on which the allocation of variable remuneration on shares is based, as well as on maintaining company shares that the executive members have had access to, on the possible share contracts, namely hedging contracts or risk transfer, the relevant limit and its relation apropos the value of the total annual remuneration; h) Sufficient information on the criteria whereon the allocation of variable remuneration on options is based as well as its deferral period and exercising price; i) The main factors and reasons for any annual bonus scheme and any other non-financial benefits; j) Remuneration paid in the form of a share in the profits and/or the payment of bonuses and the rationale behind the act of awarding such bonuses and/or share in profits; l) Compensation paid or owed to former executive directors in relation to early contract termination; m) Reference to the envisaged contractual restraints for compensation owed for undue dismissal of executive directors and its relation apropos the remunerations' variable component; n) Amounts paid on any basis by other companies in a group relationship or exercising control over the company; o) A description of the main characteristics of the supplementary pensions or early retirement schemes set up for executive directors and whether said schemes were subject or not to the approval of the general meeting; p) An estimate of the non-financial benefits considered as remuneration which do not fall under the categories listed above;	6.3

q) Mechanisms for preventing executive directors from having employment contracts that question the grounds of the variable remuneration.	
II.34. Reference to the fact that remuneration of non-executive members of the Board of Directors is not included in the variable component.	6.3.4
II.35. Information on the whistle blowing policy adopted by the company (reporting means, persons entitled to receive said reports, how the reports are to be handled and the names of the persons or bodies that have access to the information and their involvement in the procedure).	8
Section V – Special Committees	
II.36. Identification of members of those committees that have been constituted for the purposes of individual and overall performance assessment of the executive members, consideration on the governance system that has been adopted by the company and the identification of potential candidates with the professional profile fitting the member position.	2.3.1 and 2.3.2
II.37. Number of meetings held by the committees that have been constituted for management and supervision during the period concerned, as well as reference to the minutes of said meetings that have been held.	2.2.3, 2.3.1 and 2.3.2
II.38. Reference to the fact that one member of the remuneration committee has knowledge and experience of remuneration policy issues.	5.1.3
II.39. Reference to the independence of private individuals or corporate entities with an employment contract or providing services to the remuneration committee, as regards the Board of Directors as well as, when applicable, to the fact that these persons have an existing relation with the company consultant.	5.1.3
Chapter III - Information and Auditing	
III.1 The equity structure including those shares that are not admitted to trading, the different category of shares, rights and duties of these shares and the equity percentage that each category represents.	9.1
III.2. Qualifying holdings in the issuer's equity calculated as per article 20 of the Securities Code.	9.2
III.3. Identification of the shareholders that hold special rights and a description of those rights.	9.3
III.4. Possible restrictions on share-transfer i.e. consent clauses for their disposal or restrictions on share-ownership.	9.4
III.5. Shareholder agreements that the company may be aware of and that may restrict the transfer of securities or voting rights.	9.5
III.6. Rules applicable to the amendment of the articles of association.	9.8
III.7. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by them.	9.9
III.8 Description concerning the trend of the issuer's share price and taking the following into account: a) The issuance of shares or other securities that entitle the subscription or acquisition of shares; b) The outcome announcement; c) The dividend payment for each share category including the net value per share.	9.10
III.9. Description of the dividend distribution policy adopted by the company, including the dividend value per share distributed during the last three periods.	9.11
III.10. A description of the main characteristics of the share and stock-option plans adopted or valid for the financial year in question, the reason for adopting said scheme and details of the category and number of persons included in the scheme, share-assignment conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares to be allocated, the existence of incentives to purchase and/or exercise options, and the responsibilities of the Board of Directors for executing and/or changing the plan. Details shall also include the following: a) The number of shares required for the share allotment and the number of shares required for the exercise of the exercisable options at the start and end of the year in question; b) The number of allotted, exercisable and extinct shares during the year; c) The general meetings' appraisal of the plans adopted or in force during the period in question.	6.3.2 and 6.3.5
III.11. A description of the main data on business deals and transactions carried out between the company and between the members of the management and auditing bodies, qualified shareholders, or companies in a control or group relationship, provided the amount is economically significant for any of the parties involved, except for those business deals or transactions that are cumulatively considered within the bounds of normal market conditions for similar transactions and are part of the company's current business.	9.12
III.12. A description of the vital data on business deals and transactions carried out in the absence of normal market conditions between companies and owners of qualifying holdings or entity-relationships with the former, as envisaged in article 20 of the Securities Code.	9.12

III.13. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the owners of qualifying holdings or entity-relationships with the former, as envisaged in article 20 of the Securities Code.	4.1.1 and 9.12
III.14. A description of the statistical data (number, average and maximum values) on the business deals subject to preliminary opinion by the supervisory board.	9.12
III.15. Indication of the availability on the company's website, of annual activity reports drawn up by the general and supervisory board, by the financial matters committee, the audit committee and the supervisory board, including constraints that might be encountered, as well as financial information documents.	4.1.5
III.16 Reference to an Investor Relations or a similar service, describing: a) The role of said office; b) Type of information made available; c) Access means to said Office; d) The company's website; e) The market liaison officer's credentials.	9.13
III.17. Indication of the annual compensation paid to the auditor and to other individuals or groups that belong to the same network supported by the company and/or by any group that bears with it a control or group relationship and the percentage of the total amount paid for the following services: a) Statutory account review services; b) Other audit reliability services; c) Tax consulting services; d) Other non-statutory auditing services. A description of the auditor's independency safeguarding measures is required, should the auditor provide any of the services described in items c/ and d/. For the purposes of this text, the 'network' concept derives from the EC Recommendation No. C (2002) 1873 of 16 May.	6.5
III.18. Reference to the external auditor's rotation period.	4.2.3

SONAE/

APPENDIX

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

Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared in compliance with International Financial Reporting Standards as adopted by the European The signatories individually declare that, to their knowledge, the Report of the Board of Directors, the Union, giving a fair and appropriate image of the assets and liabilities, financial position and the consolidated and individual results of Sonae, SGPS, S.A. and of the companies included in the consolidation perimeter, and that the Report of the Board of Directors faithfully describes the progress of the business and position of Sonae, SGPS, S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Maia, 15 March 2011

Belmiro de Azevedo, Chairman of the Board of Directors

Álvaro Carmona e Costa Portela, member of the Board of Directors

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

José Neves Adelino, member of the Board of Directors

Duarte Paulo Teixeira de Azevedo, CEO

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

Nuno Manuel Moniz Trigoso Jordão, member of the Executive Committee

Article 447 of the Portuguese Companies Act and of Article 14, paragraph 7 of Portuguese Securities Regulator (CMVM) Regulation nr. 05/2008

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

		Additions		Reductions		Balance as of 31.12.2010	
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity	
Belmiro Mendes de Azevedo (*) (**)							
Efanor Investimentos, SGPS, SA (1)						49,999,996	
Sonaecom, SGPS, SA						75,537	
Álvaro Carmona e Costa Portela (*)							
Sonae, SGPS, SA						125,934	
Sonaecom, SGPS, SA						5,000	
Ângelo Gabriel Ribeirinho dos Santos Paupério (*)							
Sonae, SGPS, SA						250,000	
Sonaecom, SGPS, SA						225,000	
Duarte Paulo Teixeira de Azevedo (*) (**) (****)							
Efanor Investimentos, SGPS, SA (1)						1	
Migracom, SGPS, SA (4)						1,969,996	
Sonae, SGPS, SA						3,293	(a)
Michel Marie Bon (*)							
Sonae, SGPS, SA						164,363	
Purchase	18.01.2010	13,000	0.918				
Purchase	13.09.2010	20,000	0.858				
Maria Margarida Carvalhais Teixeira de Azevedo (**) (***)							
Efanor Investimentos, SGPS, SA (1)						1	
Sonae, SGPS, SA						14,901	
Maria Cláudia Teixeira de Azevedo (**) (****)							
Efanor Investimentos, SGPS, SA (1)						1	
Sonae, SGPS, SA						0	
Shares attributed under a Share Based Compensation Plan	10.03.2010	17,585	0.000				
Sale	23.08.2010			17,585	0.820		
Linhacom, SGPS, SA (6)						99,996	
Sonaecom, SGPS, SA						0	
Shares attributed under a Share Based Compensation Plan	10.03.2010	11,818	0.000				
Sale	23.08.2010			11,818	1.490		
Sonaecom, SGPS, SA						170	(b)
Nuno Teixeira de Azevedo (**) (****)							
Efanor Investimentos, SGPS, SA (1)						1	
Sonae, SGPS, SA						10,500	(a)

	Date	Additions		Reductions		Balance as of 31.12.2010
		Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA						659,650,000
Pareuro, BV (2)						2,000,000
Sonaecom, SGPS, SA						1,000
(2) Pareuro, BV						
Sonae, SGPS, SA						400,000,000
(3)Sonae, SGPS, SA						
Sonae Investments, BV						2,000,000
Sontel, BV						4,286
Sonaecom, SGPS, SA						838,649
(4) Migracom, SGPS, SA						
Sonae, SGPS, SA						1,485,000
Sonaecom, SGPS, SA						387,342
Imparfin, SGPS, SA (5)						150,000
(5) Imparfin, SGPS, SA						
Sonae, SGPS, SA						4,105,280
(6) Linhacom, SGPS, SA						
Sonae, SGPS, SA						368,881
Purchase	23.08.2010	17,585	0.820			
Sonaecom, SGPS, SA						49,862
Purchase	23.08.2010	11,818	1.490			
Imparfin, SGPS, SA (5)						150,000
(7) Sonae Investments BV						
Sontel BV (8)						5,714
Sonaecom, SGPS, SA (9)						10,500,000
(8) Sontel BV						
Sonaecom, SGPS, SA (9)						183,374,470

	Date	Additions		Reductions		Balance as of 31.12.2010
		Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
(9) Sonaecom SGPS, SA						
Sonaecom, SGPS, SA (own shares)						9,256,357
Purchase	04.01.2010	69,000	1.953			
Purchase	05.01.2010	163,000	1.951			
Purchase	06.01.2010	313,158	1.995			
Purchase	07.01.2010	98,750	2.004			
Purchase	08.01.2010	103,092	2.001			
Shares attributed under a Share Based Compensation Plan	10.03.2010			972,184	0.000	
Purchase	15.03.2010	56,000	1.688			
Purchase	16.03.2010	24,500	1.697			
Purchase	17.03.2010	98,000	1.724			
Purchase	18.03.2010	38,000	1.716			
Purchase	19.03.2010	60,000	1.696			
Purchase	22.03.2010	35,000	1.668			
Purchase	23.03.2010	183,000	1.654			
Purchase	24.03.2010	170,000	1.621			
Purchase	25.03.2010	87,500	1.611			
Purchase	26.03.2010	134,935	1.622			
Purchase	18.05.2010	50,000	1.303			
Purchase	19.05.2010	60,000	1.281			
Purchase	20.05.2010	63,000	1.254			
Purchase	21.05.2010	260,000	1.241			
Shares attributed under a Share Based Compensation Plan	22.11.2010			24,036	0.000	
Purchase	25.11.2010	21,000	1.346			
Purchase	26.11.2010	97,500	1.331			
Purchase	29.11.2010	72,500	1.307			
Purchase	30.11.2010	144,500	1.254			
Purchase	01.12.2010	95,000	1.278			
Purchase	02.12.2010	180,000	1.339			
Purchase	03.12.2010	71,353	1.340			
Purchase	06.12.2010	12,500	1.349			
Purchase	07.12.2010	60,000	1.402			
Purchase	08.12.2010	155,000	1.460			
Purchase	09.12.2010	151,100	1.500			
Shares attributed under a Share Based Compensation Plan	22.12.2010			44,385	0.000	

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

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

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

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

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

(b) Shares held by spouse

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

Article 448 of the Portuguese Companies Act

Number of shares held by shareholders owning more than 10%, 33% and 50% of the Sonae SGPS, SA share capital:

	Number of shares held as of 31.12.2010
Efanor Investimentos, SGPS, SA	
Sonae, SGPS, SA	659,650,000
Pareuro, BV	2,000,000
Pareuro, BV	
Sonae, SGPS, SA	400,000,000

Qualified holdings

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

Shareholder	Nr. of shares	% Share Capital	% of Voting Rights
Efanor Investimentos, SGPS, SA			
Directly	659,650,000	32.983%	32.983%
By Pareuro, BV (controlled by Efanor)	400,000,000	20.000%	20.000%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor)	14,901	0.001%	0.001%
By Duarte Paulo Teixeira de Azevedo (Director of Efanor and held by descendent)	3,293	0.000%	0.000%
By Nuno Miguel Teixeira de Azevedo (Director of Efanor and held by descendent)	10,500	0.001%	0.001%
By Migracom, SGPS, SA (company controlled by Efanor's Director Duarte Paulo Teixeira de Azevedo)	1,485,000	0.074%	0.074%
By Linhacom, SGPS, SA (company controlled by Efanor's Director Maria Cláudia Teixeira de Azevedo)	368,881	0.018%	0.018%
Total attributable to Efanor Investimentos, SGPS, SA	1,061,532,575	53.076%	53.077%
Banco BPI, SA	132,851,868	6.643%	6.643%
Banco Português de Investimento, SA	365,199	0.018%	0.018%
Fundos de Pensões do Banco BPI	40,071,372	2.004%	2.004%
BPI Vida - Companhia de Seguros de Vida, SA	4,751,416	0.238%	0.238%
Total attributable to Banco BPI, SA	178,039,855	8.902%	8.902%
Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.492%	2.492%
Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.492%	2.492%
Bestinver Gestión, S.A. SGIIC			
Bestinver Bolsa, F.I.	16,222,727	0.811%	0.811%
Bestinfond, F.I.	12,366,063	0.618%	0.618%
Bestinver Mixto, F.I.	2,784,381	0.139%	0.139%
Bestinver Global, FP	2,465,710	0.123%	0.123%
Soixa Sicav	2,373,144	0.119%	0.119%
Bestinver Bestvalue Sicav	2,169,616	0.108%	0.108%
Bestinver Ahorro, FP	1,617,575	0.081%	0.081%
Texrenta Inversiones Sicav	663,409	0.033%	0.033%
Loupri Inversiones	162,262	0.008%	0.008%
Divalsa de Inversiones Sicav, SA	113,869	0.006%	0.006%
Acciones, cup. Y Obli. Segovianas	86,821	0.004%	0.004%
Bestinver Empleo, FP	76,327	0.004%	0.004%
Abedul 1999, SA, Sicav	70,491	0.004%	0.004%
Linker Inversiones, Sicav, SA	64,270	0.003%	0.003%
Total attributable to Bestinver Gestión, S.A. SGIIC	41,236,665	2.062%	2.062%
Norges Bank (Banco Central da Noruega)	40,100,985	2.005%	2.005%
Total attributable to Norges Bank	40,100,985	2.005%	2.005%

SONAE/

FINANCIAL STATEMENTS 2010

SONAE, SGPS, SA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIODS ENDED AT 31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

ASSETS	Notes	31 December 2010	31 December 2009 (Note 1)
NON-CURRENT ASSETS:			
Tangible assets	10	2,721,492,972	2,781,177,575
Intangible assets	11	460,368,523	467,315,297
Investment properties	12	1,631,435,084	1,676,623,981
Investment properties in progress	12	101,770,512	119,846,837
Goodwill	13	740,738,759	728,945,475
Investments in associates	6	70,031,466	74,649,393
Other investments	7, 9 and 14	43,468,060	18,127,492
Deferred tax assets	21	220,721,455	230,214,508
Other non-current assets	9 and 15	55,699,300	21,176,312
Total non-current assets		6,045,726,131	6,118,076,870
CURRENT ASSETS:			
Stocks	16	682,103,957	603,003,189
Trade account receivables	9 and 17	187,215,679	208,066,473
Other debtors	9 and 18	147,909,201	163,392,565
Taxes recoverable	19	96,469,674	55,070,469
Other current assets	20	119,643,440	183,987,418
Investments	9 and 14	15,653,114	57,679,031
Cash and cash equivalents	9 and 22	247,592,050	172,229,871
Total current assets		1,496,587,115	1,443,429,016
Non-current assets available for sale	10	9,500,686	-
TOTAL ASSETS		7,551,813,932	7,561,505,886
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	23	2,000,000,000	2,000,000,000
Treasury shares	23	(135,679,489)	(136,911,861)
Legal reserve		167,816,034	163,229,581
Reserves and retained earnings		(862,603,929)	(896,913,017)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		167,940,582	93,760,817
Equity attributable to the equity holders of the Parent Company		1,337,473,198	1,223,165,520
Equity attributable to non-controlling interests	24	524,088,940	477,968,755
TOTAL EQUITY		1,861,562,138	1,701,134,275
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	9 and 25	1,127,675,560	1,208,324,810
Bonds	9 and 25	1,651,984,347	1,671,134,222
Obligation under finance leases	9, 25 and 26	26,468,295	29,357,393
Other loans	9 and 25	33,822,571	35,170,709
Other non-current liabilities	9 and 28	181,359,120	240,267,403
Deferred tax liabilities	21	371,308,829	336,301,701
Provisions	33	62,823,444	50,607,367
Total non-current liabilities		3,455,442,166	3,571,163,605
CURRENT LIABILITIES:			
Loans	9 and 25	164,752,318	232,966,928
Bonds	9 and 25	89,500,420	64,848,660
Obligation under finance leases	9, 25 and 26	4,932,664	7,803,032
Other loans	9 and 25	5,278,846	7,935,788
Trade creditors	9 and 30	1,264,689,283	1,220,401,450
Other creditors	9 and 31	190,291,337	254,854,646
Taxes and contributions payable	19	108,704,088	86,627,709
Other current liabilities	32	403,922,444	411,152,042
Provisions	33	2,738,228	2,617,751
Total current liabilities		2,234,809,628	2,289,208,006
TOTAL LIABILITIES		5,690,251,794	5,860,371,611
TOTAL EQUITY AND LIABILITIES		7,551,813,932	7,561,505,886

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

CONSOLIDATED INCOME STATEMENT FOR THE PERIODS ENDED 31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

	Notes	31 December 2010	31 December 2009
Sales	36	4,768,834,447	4,549,719,919
Services rendered	36	1,145,301,012	1,115,457,155
Value created on investment properties	37	10,440,036	(142,684,216)
Investment income	38	14,163,134	46,568,216
Financial income	39	13,637,893	16,691,189
Other income	40	477,195,702	414,502,429
Cost of goods sold and materials consumed	16	(3,692,492,134)	(3,580,874,024)
Changes in stocks of finished goods and work in progress		115,278	-
External supplies and services	41	(1,150,636,660)	(1,112,751,419)
Staff costs	42	(693,088,421)	(654,698,188)
Depreciation and amortisation	10 and 11	(297,083,607)	(294,133,483)
Provisions and impairment losses	33	(39,636,907)	(28,207,470)
Financial expense	39	(121,014,028)	(139,477,904)
Other expenses	43	(133,897,204)	(99,289,713)
Share of results of associated undertakings	6	(3,817,125)	(5,365,399)
Profit/(Loss) before taxation		298,021,416	85,457,092
Income tax	44	(98,554,823)	(11,836,862)
Profit/(Loss) after taxation	45	199,466,593	73,620,230
Attributable to:			
Equity holders of the Parent Company		167,940,582	93,760,817
Non-controlling interests	24	31,526,011	(20,140,587)
Profit/(Loss) per share			
Basic	47	0.089831	0,050192
Diluted	47	0.089457	0,050087

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

	Notes	31 December 2010	31 December 2009
Net Profit / (Loss) for the exercise		199,466,593	73,620,230
Change in exchange reserves arising on translation of foreign operations		24,458,447	29,981,805
Participation in other comprehensive income (net of tax) related to associated companies included in consolidation by the equity method		(3,808,332)	3,897,962
Changes on fair value of available-for-sale financial assets		(6,972,000)	6,474,000
Changes in hedge and fair value reserves		4,648,414	(13,322,929)
Income tax relating to components of other comprehensive income		(1,784,488)	2,481,121
Others		(966,285)	-
Other comprehensive income for the period		15,575,756	29,511,959
Total comprehensive income for the period		215,042,349	103,132,189
Attributable to:			
Equity holders of the Parent Company		180,197,425	122,307,030
Non-controlling interests		34,844,924	(19,174,841)

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE, S.G.P.S., S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIODS ENDED 31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

	Attributable to Equity Holders of Sonae											
			Reserves and Retained Earnings									
	Share Capital	Treasury Shares	Legal Reserve	Currency Translation Reserve	Investments Fair Value Reserve	Hedging Reserve	Other Reserves and Retained Earnings	Total	Net Profit/(Loss)	Total	Non controlling interests (Note 24)	Total Equity
Balance as at 1 January 2009	2,000,000,000	(138,568,275)	161,705,974	(4,251,321)	5,327,654	(11,232,990)	(942,021,935)	(790,472,618)	80,035,669	1,150,994,776	411,549,101	1,562,543,877
Total compreensive income for the exercise	-	-	-	31,921,890	6,474,000	(9,849,677)	-	28,546,213	93,760,817	122,307,030	(19,174,841)	103,132,189
Appropriation of profit of 2008:												
Transfer to legal reserves and retained earnings	-	-	1,523,607	-	-	-	78,512,062	80,035,669	(80,035,669)	-	-	-
Dividends distributed	-	-	-	-	-	-	(56,050,049)	(56,050,049)	-	(56,050,049)	-	(56,050,049)
Disposal of treasury shares/ attribution to employees	-	1,656,414	-	-	-	-	3,869,586	3,869,586	-	5,526,000	346,915	5,872,915
Aquisitions of affiliated undertakings	-	-	-	-	-	-	-	-	-	-	54,233,850	54,233,850
Parcial sales of shares of affiliated undertakings	-	-	-	-	-	-	-	-	-	-	26,133,713	26,133,713
Other reserves	-	-	-	-	-	-	387,763	387,763	-	387,763	4,880,017	5,267,780
Balance as at 31 December 2009	2,000,000,000	(136,911,861)	163,229,581	27,670,569	11,801,654	(21,082,667)	(915,302,573)	(733,683,436)	93,760,817	1,223,165,520	477,968,755	1,701,134,275
Balance as at 1 January 2010	2,000,000,000	(136,911,861)	163,229,581	27,670,569	11,801,654	(21,082,667)	(915,302,573)	(733,683,436)	93,760,817	1,223,165,520	477,968,755	1,701,134,275
Total compreensive income for the exercise	-	-	-	18,669,485	(6,972,000)	2,793,763	(2,234,405)	12,256,843	167,940,582	180,197,425	34,844,924	215,042,349
Appropriation of profit of 2009:												
Transfer to legal reserves and retained earnings	-	-	4,586,453	-	-	-	89,174,364	93,760,817	(93,760,817)	-	-	-
Dividends distributed	-	-	-	-	-	-	(58,889,883)	(58,889,883)	-	(58,889,883)	(6,146,568)	(65,036,451)
Disposal of treasury shares/ attribution to employees	-	1,232,372	-	-	-	-	1,439,019	1,439,019	-	2,671,391	150,777	2,822,168
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	(7,316,275)	(7,316,275)	-	(7,316,275)	6,876,606	(439,669)
Capital increases or decreases	-	-	-	-	-	-	-	-	-	-	10,907,621	10,907,621
Other reserves	-	-	-	-	-	-	(2,354,980)	(2,354,980)	-	(2,354,980)	(513,175)	(2,868,155)
Balance as at 31 December 2010	2,000,000,000	(135,679,489)	167,816,034	46,340,054	4,829,654	(18,288,904)	(895,484,733)	(694,787,895)	167,940,582	1,337,473,198	524,088,940	1,861,562,138

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE, SGPS, SA

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

	Notes	31 December 2010	31 December 2009
OPERATING ACTIVITIES			
Cash receipts from trade debtors		5,966,163,933	5,666,094,946
Cash paid to trade creditors		(4,617,057,099)	(4,264,161,794)
Cash paid to employees		(691,555,734)	(657,642,924)
Cash flow generated by operations		657,551,100	744,290,228
Income taxes (paid) / received		(68,072,092)	(14,620,799)
Other cash receipts and (payments) relating to operating activities		(21,631,686)	14,923,069
Net cash flow from operating activities (1)		567,847,322	744,592,498
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	48	88,000,728	59,174,933
Tangible assets and investment properties		113,909,896	33,009,963
Intangible assets		80,519	375,517
Interest and similar income		9,080,505	16,608,941
Loans granted		1,267,080	3,516,674
Dividends		1,559,003	803,489
Others		12,199,288	4,761,606
		226,097,019	118,251,123
Cash Payments arising from:			
Investments	48	(39,887,687)	(51,450,921)
Tangible assets and investment properties		(363,904,690)	(539,590,330)
Intangible assets		(40,548,728)	(40,344,537)
Loans granted		(1,339,619)	(2,696,603)
Others		(1,475,981)	(1,548,360)
		(447,156,705)	(635,630,751)
Net cash used in investment activities (2)		(221,059,686)	(517,379,628)
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		5,917,068,884	11,750,205,223
Capital increases, additional paid in capital and share premiums		1,051,500	-
Others		-	73,467,788
		5,918,120,384	11,823,673,011
Cash Payments arising from:			
Loans obtained		(5,971,416,965)	(11,819,240,802)
Interest and similar charges		(104,372,657)	(161,180,023)
Reimbursement of capital and paid in capital		(4,690,600)	(1,046,014)
Dividends		(68,910,854)	(60,422,373)
Others		(27,942,164)	(5,617,767)
		(6,177,333,240)	(12,047,506,979)
Net cash used in financing activities (3)		(259,212,856)	(223,833,968)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		87,574,780	3,378,902
Effect of foreign exchange rate		(1,432,900)	(2,121,363)
Cash and cash equivalents at the beginning of the period	22	148,466,253	142,965,988
Cash and cash equivalents at the end of the period	22	237,473,933	148,466,253

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2010

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

(*Amounts expressed in euro*)

1 INTRODUCTION

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

Consolidation of business activities: Lazam/MDS

The process of acquisition of Lazam/MDS was only concluded in the second half of 2009, and, as disclosed in the financial statements for the period ended 31 December 2009, the process of imputation of fair value was not completed at that date. This process was completed during the 6 months period ended as at 30 June 2010, and a retrospective correction of the accounting effects of this business combination was made as required by IFRS 3 – Business Combinations. Consequently the consolidated statement of financial position as at 31 December 2009 was restated to reflect the adjusted values of assets and liabilities. The details of these changes are disclosed in Note 8.

2 PRINCIPAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

Up to the financial statements approval date, the following Standards and Interpretations, some of which have became effective during the year 2010, have been endorsed by European Union:

With mandatory application in 2010:	Effective Date (Financial years beginning on/or after)
IFRS 3 – Business combinations and IAS 27, consolidated and separate financial statements (revised 2008)	01-07-2009
IAS 28 (revised 2008) Investments in Associates	01-07-2009
IFRS 1 (revised) – First-time adoption of International Financial Reporting standards	1-01-2010
IFRS 1 – Amendment (additional exemptions)	1-01-2010
IFRS 2 – Amended (for group cash-settled share-based payment transactions)	1-01-2010
IFRIC 12 – Service Concession Arrangements	1-01-2010
IFRIC 15 – Agreements for the Construction of Real Estate	1-01-2010
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	01-07-2009
IFRIC 17 – Distributions of Non-cash Assets to Owners	01-07-2009
IFRIC 18 – Transfer of Assets from Customers	01-07-2009
Improvements to the International Financial Reporting Standards (2009)	Several (on/after 1-01-10)
Alterations to IAS 39 – Financial Instruments: Recognition and Measurement – Instruments: Eligible hedged items	01-07-2009

The adoption, during the 2010 of the above mentioned Standards did not produce material impacts to the enclosed consolidated financial statements, with the exception of the described below.

During the period it has been adopted for the first time the revised version of IFRS 3 – Business combinations (revised 2008), IAS 27 – Consolidated and separate financial statements (revised 2008) and IAS 28 – Investments in associates.

These adoptions have affected the accounting for business combinations in the current period:

(a) These changes allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as "minority interests") either at fair value or at non-controlling interests share of recognized identifiable net assets of the acquire Consequently, the goodwill recognized reflects the excess of the consideration transferred, the amount of any acquires' previously held equity interests in the acquire, and the fair value of identifiable assets and liabilities acquired.

(b) the recognition and subsequent accounting requirements for measurement for contingent consideration: previously, contingent consideration was recognized at the acquisition date only if payment of the contingent consideration was probable and it would be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognized against the cost of the acquisition only to the extent that they arise from new information obtained within measurement period (12 months) about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognized in profit or loss.

(c) the accounting treatment of acquisition-related costs: generally leading to those costs being recognized as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of acquisition.

(d) the accounting for transactions of entities already controlled by the entity and sale transactions that don't imply loss of control: until the adoption of the revised version of IAS 27 an increase in equity interests in a subsidiary accounted for as part of the cost of acquisition implied the calculation of Goodwill; and a loss on the percentage of control would give rise to a profit or loss in that period. Under the revised standard, transactions whereby the parent acquires further equity interests or disposes of equity interest without losing control, are accounted for as equity transactions, there is no recognition of goodwill or profit or loss in the period;

(e) the calculation of the profit or loss linked with disposal of equity interests in a subsidiary, with loss of control and subsequent accounting for a residual interest: under the revised standard as a result of the loss of control, the assets and liabilities of the disposed subsidiary should be derecognized and any interest retained on the entity should be remeasured at fair value. Fair value of remeasurement is registered through profit or loss.

With mandatory application after 2010:	Effective Date (for financial years beginning on/after)
IAS 24 – Related Party Transactions (revised)	01-01-2011
IFRS 1 – Amendment (Limited exemption from the requirement to provide comparative disclosures in accordance with IFRS 7 for first-time adopters)	01-07-2010
IFRS 32 – Amendment (Classification of Rights Issues)	01-02-2010
IFRIC 14 – Amendment (Prepayments of a Minimum Funding Requirement)	01-01-2011
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments is issued	01-07-2010

The above mentioned standards endorsed, by the European Union were not adopted by Sonae in 2010, because its application is not mandatory for this financial year, and Sonae as decided not to make an early adoption of the standards.

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

2.2 Consolidation principles

The main accounting policies adopted by Sonae are as follows:

a) Investments in Sonae companies (subsidiaries)

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

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

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

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

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

Whenever Sonae has, in substance, control over other entities created for a specific purpose, even if no share capital interest is directly held in those entities, these are consolidated by the full consolidation method. Such entities, when applicable, are disclosed in Note 4.

b) Investments in jointly controlled companies

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

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

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

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

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

c) Investments in associated companies

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

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

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

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

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

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

Investments in associated companies are disclosed in Note 6.

d) Goodwill

The excess of consideration transferred in the acquisition of investments in subsidiaries, jointly controlled and associated companies plus the amount of any non-controlling interests (in the case of affiliated companies) over Sonae's share in the fair value of the identifiable assets, liabilities and contingent liabilities of those companies at the date of acquisition, when positive, is shown as goodwill (Note 13) or as Investments in associated companies (Note 6). The excess of the consideration transferred in the acquisition of investments in foreign companies plus the amounts of any non-controlling interests (in the case of affiliated companies) over the fair value of their identifiable assets, liabilities and contingent liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Sonae's functional currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are recorded and disclosed in "Currency translation reserves".

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

Impairment losses related with goodwill will not be reversed.

The goodwill, if negative is recognized 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, liabilities and contingent liabilities acquired.

e) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the financial statements of foreign companies are translated to euro using exchange rates at the statement of financial position date. Profit and loss and cash flows are converted to euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under Translation reserves in "Other 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 statement of financial position date.

Whenever a foreign company is sold (totally or partially), accumulated exchange rate differences are recorded in the income statement as a gain or loss on the disposal, in the caption Investment income, when there is a control loss; in the case where there is no control loss, it is transferred to non-controlling interests.

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

	31 December 2010		31 December 2009	
	End of exercice	Average of exercise	End of exercice	Average of exercise
US Dollar	0.74839	0.75587	0.69416	0.71896
Swiss Franc	0.79974	0.72603	0.67404	0.66230
Pound Sterling	1.16178	1.16668	1.12600	1.12324
Romanian New Leu	0.23338	0.23752	0.23651	0.23606
Brazilian Real	0.45092	0.42982	0.39820	0.36282
Polish Zloty	0.25157	0.25043	0.24364	0.23153

2.3 Tangible assets

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

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

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

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

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

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

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

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

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

2.4 Investment properties

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

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

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

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

– land is acquired

– construction license is obtained

– financing contract for the property is signed

– construction works of the property have started

– lease contracts with the main anchors stores or possible lessee are signed

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

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

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

2.5 Intangible Assets

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

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

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

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

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

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

The licence for the mobile and cable network are amortised over the estimated period of grant.

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

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

2.6 Accounting for leases

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

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

a) Accounting for leases where Sonae is the lessee

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

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

b) Accounting for leases where Sonae is the lessor

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

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

2.7 Non-current assets held for sale

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

2.8 Government grants

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

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

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

2.9 Impairment of non-current assets, except for goodwill

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

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

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

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

2.10 Borrowing costs

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

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

2.11 Inventories

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

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

2.12 Provisions

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

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

2.13 Financial instruments

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

a) Investments

Investments are classified into the following categories:

– Held to maturity

– Investments measured at fair value through profit or loss

– Available-for-sale

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

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

Sonae classifies as available-for-sale investments those that are neither included as investments measured at fair value through profit or loss neither as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

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

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

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

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

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

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

b) Loans and non-current accounts receivable

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

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

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

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

c) Trade accounts receivable and other accounts receivable

Trade accounts receivables and other accounts receivable are recorded at their nominal value and presented in the consolidated statement of financial position net of eventual impairment losses, recognized under the allowance account Impairment losses on accounts receivable , in order to reflect its net realisable value. These captions, when classified as current, do not include interests because the effect of discounting would be immaterial.

Impairment is recognized if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received. Therefore, each Sonae company takes into consideration market information that indicates:

– significant financial difficulty of the issuer or counterparty;

– default or delinquency in interest or principal payments;

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

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

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

d) Classification as equity or liability

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

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

e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.10. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

f) Trade accounts payable

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

g) Derivatives

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

Derivatives classified as cash flow hedging instruments are used by the Sonae mainly to hedge interest and exchange rate risks on loans obtained. Conditions established for these cash flow hedging instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The inefficiencies, if any, are accounted under financial expenses or financial income in the consolidated income statement.

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

– the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;

– the effectiveness of the hedge can be reliably measured;

– there is adequate documentation of the hedging relationships at the inception of the hedge;

– the transaction being hedged is highly probable.

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

The accounting of hedging derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption Hedging reserve are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction or stay in equity if there is a high probability that the hedge transaction will occur. Subsequent changes in fair value are recorded in the income statement.

Sonae also uses financial instruments with the purpose of cash flow hedging, that essentially refer to exchange rate hedging ("forwards") of loans and commercial operations. If they configure a perfect hedging relation, hedge accounting is used. In certain situations they do not configure perfect hedging relations, and so do not receive hedge accounting treatment , although they allows in a very significant way, the reduction of the loan and receivable-payable exchange volatility, nominated in foreign currency.

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

In some derivative transactions Sonae does not apply "hedge accounting", although they intend to hedge cash-flows (currency "forward", interest's rate option or derivatives including similar clauses). They are initially accounted for at value, and subsequently adjusted to the corresponding fair value, determined by specialized software. Changes in fair value of these instruments are recognized in the income statement under "Financial income" and "Financial expenses".

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

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

h) Treasury shares

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

i) Cash and cash equivalents

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

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

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

2.14 Share-based payments

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

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

When the settlement is made in cash, the value of these responsibilities are determined on the grant date (usually in March of each year) and subsequently remeasured at the end of each reporting period, based on the number of shares or options granted and the corresponding fair value at the closing date. These obligations are stated as staff costs and other current and non-current liabilities on a straight line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates.

2.15 Contingent assets and liabilities

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

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

2.16 Income tax

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

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

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

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date a review is made of the deferred tax assets recognized, 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.

2.17 Revenue recognition and accrual basis

Revenue from the sale of goods is recognized in the income statement when the risks and benefits have been transferred to the buyer and the amount of the revenue can be measured reasonably. Sales are recognized 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 include fixed and variable rents billed to shopkeepers, recoverable common expenses from shopkeepers, exploration revenue from car parks and commissions arising from insurance mediation.

Revenue from admission rights and store transfer taxes are recognized in the consolidated income statement under "Other income" and under "Services rendered", respectively, when billed to the tenant. Costs from discounts given over the rent and compensations are recognized in the consolidated income statement under "Services rendered" and "Other expenses", respectively, when granted to the tenant.

With regards to services rendered by travel agencies, revenue is recognized with the issuance of invoice. At statement of financial position date, adjustments are made under Other current assets and Other current liabilities in order to accrue for revenue of the services already rendered but whose billing had not occurred yet, as well as for the associated subcontract expenditures.

Revenue from Telecommunications services is recognized in the period in which it occurs. Such services are invoiced on a monthly basis. Revenues not yet invoiced, from the last invoicing cycle to the end of the month, are estimated and recorded based on actual traffic. Differences between the estimated and actual amounts, which are usually not material, are recorded in the following period. The income related to prepaid cards is recognized whenever the minutes are used. At the end of each period, the minutes still to be used are estimated and the amount of income associated with those minutes is deferred.

The income related to the commissions generated by the insurance mediation activity is recorded at the moment of the premium payment by the policyholder. No premium is accounted before it has been received. In that moment, Sonae posts a liability related with the obligation to transfer the insurance premium net of commissions, to the respective insurance company.

In cases where the premium is directly paid to the insurance company, Sonae records it's commission in the moment in which is informed of the premium payment by the policyholder to the insurance company.

The deferral of revenue related with the customer loyalty programmes (attribution of awards or discounts in future purchases), in the Retail and Telecommunications segments, are measured taking into account the likelihood of redemption and are deducted to revenue when award credits are granted. The corresponding liability is recognized under the caption "Other creditors".

The income arising from the services rendered except for travel agency services, are recognized in the income statement with reference to the stage of completion of the services rendered at the statement of financial position date.

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

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

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

2.18 Balances and transactions expressed in foreign currencies

Transactions in currencies other than the euro, are translated to euro using the exchange rate as at the transaction date.

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

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

When Sonae wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.13.g)).

2.19 Subsequent events

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

2.20 Judgement and estimates

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

a) Useful lives of the tangible and intangible assets;

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

c) Recognition of adjustments on assets, provisions and contingent liabilities;

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

e) Determining the fair value of investment properties and derivative financial instruments;

f) Recoverability of deferred tax assets;

g) Provisions for warranty extensions estimate.

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

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

2.21 Insurance and reinsurance contracts

In order to optimise insurance costs, Sonae, through a wholly owned subsidiary, enters into reinsurance operations over non-life insurance contracts entered into by subsidiaries and related of the Efanor Group.

The subsidiary of Sonae acts like an intermediate in the assurance operations as a way to optimise insurance coverage and retention levels in accordance with the needs of each business, ensuring effective insurance management worldwide. The retained risk is immaterial in the context of reinsurance carried out.

Premiums written on non-life insurance contracts and associated acquisition costs are recognized as income and cost on a pro-rata basis over the term of the related risk periods, through changes in the provision for unearned premiums.

The provision for unearned premiums (Note 33) reflects the portion of non-life insurance premiums written attributable to future years, namely the portion corresponding to the period between the statement of financial position date and the end of the period to which the premium refers. It is calculated, for each contract in force.

The Provision for claims (Note 33) reflects the estimated amounts payable for claims, including claims that have been incurred but not reported and future administrative costs to be incurred on the settlement of claims under management. Provisions for claims recorded by Sonae are not discounted.

Reinsurer's share of technical provisions (Assets – Note 15) are determined by applying the above described criteria for direct insurance, taking into account the percentages ceded, in addition to other clauses existing in the treaties in force.

At each statement of financial position date, Sonae assess the existence of evidence of impairment on assets originated by insurance or reinsurance contracts.

2.22 Segment information

Information regarding operating segments identified is included in Note 50.

2.23 Legal reserves, other reserves and transited results

Legal reserves:

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

Hedging reserve:

The Hedging reserve reflects the changes in fair value of "cash flow" hedging derivates that are considered as effective (Note 2.13.g)) and is not distributable or used to cover losses.

Currency translation reserve:

The currency translation reserve corresponds to exchange differences relating to the translation from the functional currencies of the Sonae's foreign subsidiaries and joint ventures into Euro, in accordance with the accounting policy described in Note 2.2.e)

Fair value reserve:

This reserve arises on the revaluation of available-for-sale financial assets as mentioned in Note 2.13.a).

3 FINANCIAL RISK MANAGEMENT

3.1 Introduction

The ultimate purpose of financial risk management is to support Sonae in the achievement of its strategy, reducing unwanted financial risk and volatility and mitigate any negative impacts in the income statement arising from such risks. Sonae's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Due to its diversified nature Sonae is exposed to a variety of financial risks, consequently each Sub-holding is responsible for, where applicable, setting its own financial risk management policies, to monitor their own exposure and to implement their approved policies. Therefore for some risks there are not Sonae global risk management policies, but rather, where appropriate, customized risk management policies at Sub-holding level, existing, however, common guiding principles. Financial risk management policies are approved by each Executive Committee and exposures are identified and monitored by each Sub-holding Finance Department. Exposures are also monitored by the Finance Committee as mentioned in the Corporate Governance Report.

The Finance Committee coordinates and reviews, amongst other responsibilities, global financial risk management policies. The Finance Department of Sonae Holding is responsible for consolidating and measuring the Company’s financial risk exposure, being also responsible for assisting each Sub-holding in managing their own currency, interest rate, liquidity and refinancing risks trough the Corporate Dealing Desk. Exposures are recorded in a main system (Treasury Management System). Risk control and reporting is carried out both at Sub-holding level, on a daily basis and on a consolidated basis for the monthly Finance Committee meeting.

3.2 Credit risk

Credit risk is defined as the probability of a counterparty defaulting on its contractual obligations resulting in a financial loss. It is shown in two main ways:

3.2.1) Credit risk arising from Financial Instruments

The credit risk, in what Financial Instruments is concerned, arises mainly from holding cash and cash equivalents instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities or from its lending activities to subsidiaries and associates in order to reduce the probability of counterpart default Sonae transactions (short term investments and derivatives) are only contracted in accordance with the following principles:

- Only carry out transactions (short term investments and derivatives) with counterparties that have at least a credit rating of BBB from Moody’s and/or Baa2 from Standard & Poor’s or equivalent (this information is supplied trough independent market information systems);

- Sonae only enters into eligible and approved financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made in a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);

- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by existing relationships banks in order to reduce exposure on a net basis, and ii) may only be applied in pre approved instruments;

- In some cases Sub-holdings can define more strict rules regarding counterparty exposure or more conservative policies;

- Any departure from the above mentioned policies needs to be pre approved by the respective Executive Committee/Board of Directors of each Sub-holding.

Given the above mentioned policies and the minimum credit ratings Sonae does not expect any material failure in contractual obligation from its external counterparties nevertheless exposure to each counterparty resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Sub-holding Finance Department and any departure is promptly reported to the respective Executive Committee/Board of Directors and to the Sonae Finance Committee.

3.2.2) Credit risk in operational and commercial activities of each business

In this case due to each business characteristics and consequently of different credit risk typology, each sub-holding determines the most appropriate policy, as described above. However the policies follow the same wide principles of: prudence, conservatism, and the implementation of control mechanisms.

- Retail

The credit risk in the scope of its current operational activity is controlled through a system of gathering financial and qualitative information from independent entities that supply risk information, in order to allow the assessment of credit risk from debtors. Credit risk is mainly originated by sales to other retail operators and by advances made to or discounts billed to suppliers.

- Shopping Centres

The credit risk results essentially of the risk of credit of the tenants of the commercial centres managed by Sub-holding and of the other debtors. Shopping Centre storekeepers credit risk monitoring is made by the adequate assessment of risk before the storekeepers are accepted and by the establishment of conservative credit limits for each storekeeper.

- Telecommunications

The Sub-holding exposure to credit risk is mainly associated with the accounts receivable related to current operational activities. The credit risk management purpose is to guarantee that the amounts owed by debtors are effectively collected within the periods negotiated without impacting the financial health of the Sub-holding. Sonaecom uses credit rating agencies and has specific departments responsible for risk control, collections and management of processes in litigation, which all contribute to the mitigation of credit risk.

- Investment Management

The credit risk in the context of the current operating activity is controlled through a system of collecting qualitative and financial information provided by recognized entities that supply information of risks, which allow to evaluate the viability of the of customers in fulfilling their obligations, aimed at reducing the risk of concession credit, fundamentally originated by the rendering of travel agencies services.

- Sonae Holding

Sonae Holding is a company without any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalents instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) in accordance with the principles mentioned in note 3.2.1.

Additionally Sonae Holding may also be exposed to credit risk as a result of it’s portfolio manager activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis under the supervision of the Executive Committee (requesting bank guarantee, escrow accounts, obtaining collaterals, amongst others).

The amount related to customers, other debtors and other assets presented in Financial Statements, which are net of impairment losses represent Sonae exposure to credit risk.

3.3 Liquidity risk

Sonae has the need, regularly, to raise external funds to finance its activities and investing plans. It holds a diversified loan portfolio, essentially made of long term bonds, long term project finance, mutual's, structured facilities, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2010 the total gross debt was 3,104 million euro (3,258 million euro as at 31 December 2009).

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy. Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining with its relationship banks, a combination of short and medium term committed credit facilities, with sufficiently comfortable previous notice cancellation periods with a range that goes up to 360 days;

- Maintenance of commercial paper programs with different periods and terms, that allow, in some cases, to place the debt directly in institutional investors;

- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;

- Diversification of financing sources and counterparties;

- Ensuring an adequate debt average maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. At the end of 2010, Sonae´s average debt maturity (considering 100% of Sonae Sierra´s debt) was approximately 4.5 years (5.1 years as at December 2009);

- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;

- Where possible, by prefinancing forecasted liquidity needs, through transactions with an adequate maturity;

- Management procedures of short-term applications, assuring that the maturity of the applications will match with foreseen liquidity needs (or with a liquidity that allows to cover unprogrammed disbursements, concerning investments in assets), including a margin to hedge forecasting deviations. The margin of error needed in the treasury department prediction, will depend on the confidence degree and it will be determined by the business. The reliably of the treasury forecasts is an important variable to determinate the amounts and the periods of the market applications-borrowings.

The maturity of each major class of financial liabilities is presented in Notes 25, 26, 28, 29, 30,31 and 32, based on the undiscounted cash flows of financial liabilities based on the earliest date on which Sonae can be required to pay ("worst case scenario").

A liquidity reserve in form of credit lines with its relationship banks is maintained by Sonae, to ensure the ability to meet its commitments without having to refinance itself in unfavourable terms. The value of loans maturing in 2011 is of 264 million euro (314 million euro maturing in 2010) and as at 31 December 2010 Sonae had undrawn committed credit facilities of 649 million euro (869 million euro in 2009) cancellable within a previous notice of less than one year and 263 million euro (204 million euro in 2009) cancellable with a previous notice of no less than 360 days.

Additionally, Sonae held, as at 31 December 2010, cash and cash equivalents and current investments amounting to 263 million euro (230 million euro as at 31 December 2009). Consequentially, Sonae expects to meet all its obligations by means of its operating cash flows and its financial assets as well as from drawing existing available credit lines, if needed.

3.4 Interest rate risk

3.4.1) Policies

As each Sub-holding operates in different markets and in different business environments, there is no single policy applicable to Sonae, but rather policies adjusted to each Sub-holding exposure which one described below. As previously mentioned, Sonae exposure is regularly monitored by the Finance Committee, at a group level, and at each Sub-holding level. Although there is no wide risk management interest rate policy in what concerns the derivatives negotiation, there are principles that have to be followed by all the companies and that are referred below:

- Sonae hedging activities do not constitute a profit-making activity and derivatives are entered into without any speculation purpose;

- For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be consistent with the settlement dates of the hedging instruments to avoid any mismatch and hedging inefficiencies;

- Perfect match between the base rates: the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction;

- Since the beginning of the transaction, the maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate);

- The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, as described in 3.2. above. It is Sonae policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae's relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;

- In determining the fair value of hedging operations Sonae uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates, foreign exchange rates, volatility among others prevailing at the statement of financial position date. Comparative financial institution quotes for specific or similar instruments are used as benchmark for the valuation;

- All transactions have to be documented under ISDA's Agreements (International Swaps and Derivatives Association);

- All transactions which do not follow the rules mentioned above have to be individually approved by the respective Executive Committee/ Board of Directors, and reported to Finance Committee, namely transactions entered into with the purpose of optimising the cost of debt when deemed appropriate according to prevailing financial market conditions.

- Retail

Sub-holding exposure to interest rates arises mainly from long term loans which bear interests at Euribor plus spread.

Sonae Investimentos purpose is to limit cash-flows volatility and results, considering the profile of its operational activity, by using an appropriate mix of fixed and variable interest rate debt. Sonae Group policy allows the use of interest rate derivatives to decrease the exposure to Euribor fluctuations but does not allow for trading purposes.

- Shopping Centres

Sonae Sierra's income and operating cash-flows are substantially independent of changes in market interests rates, as its cash and cash equivalents and its financing granted to other companies of the Group are dependent only of the evolution of the interest rates in Euro, which have had a minimum change.

In relation to long-term borrowings and in order to hedge the volatility of long term interest rates, Sonae Sierra uses, whenever appropriate, cash flow hedge instruments in the form of swaps or zero cost collars, which represent perfect hedges of those long-term borrowings. In certain long-term borrowings Sonae Sierra chose to have a fixed interest rate in the first years of the financing agreement and will study afterwards the possibility to negotiate interest rate swaps or zero cost collars for the remaining period.

- Telecommunications

Sonaecom's total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group result or on its shareholders' equity is mitigated by the effect of the following factors (i) relatively low level of financial leverage; (ii) possibility of using interest rate hedging derivative instruments, as mentioned below; (iii) possible correlation between the market interest rates levels and economic growth, the latter having a positive effect on other lines of the Sub-holding consolidated results (namely operational), thus partially offsetting the increase of financial costs ("natural hedge"); and (iv) the availability of consolidated liquidity or cash, also bearing interests at variable rates.

Sonaecom only uses derivatives or similar transactions to hedge those interest rate risks considered significant. Sonaecom respects the same principles adopted by Sonae in determining and using instruments to hedge interest rate risks.

As all Sonaecom's borrowings (Note 50) bear interests at variable rates, interest rate swaps and other derivatives are used to hedge future changes in cash flow relating to interest payments. Interest rate swaps have the financial effect of converting the respective borrowings from floating rates to fixed rates. Under interest rate swaps, the Company agrees with third parties (banks) to exchange, in pre-determined periods, the difference between the amount of interest calculated at the fixed contract rate and the floating rate at the time of re-fixing, by reference to the respective agreed notional amounts.

Sonaecom's Board of Directors approves the terms and conditions of the funding with a significant impact on Sonaecom, based on an analysis of the debt structure, the inherent risks and the different options in the market, particularly as regards the type of interest rate (fixed / variable). Under this policy, the Executive Committee is responsible for decisions regarding the contracting of occasional interest rate hedging derivative financial instruments, through monitoring the conditions and alternatives that exist in the market.

- Investment management

The operating segment exposure to interest rate arises essentially from short-term bank loans or loans payable to shareholders, which bears interests at Euribor market rates. The impact of this volatility on income or equity is mitigated by the following factors: (i) controlled financial leverage with conservative use of bank lending; (ii) probable correlation between the market interest rate levels and economic growth, the latter having a positive effect on other lines of the operating segment results (namely operational), thus partially offsetting the increased financial costs ("natural hedge").

- Sonae Holding

Sonae Holding is exposed to cash flow interest rate risk in respect of items in the statement of financial position (Loans and Short Term Investments) and to fair value interest rate risk as a result of interest rate derivatives (swaps and options). All Sonae Holding debt bears variable interest rates, and interest rate derivatives may be entered into to convert part of the variable rate debt into fixed rate (usually through interest rate swaps), or to limit the maximum rate payable (usually through zero cost collars or purchased caps).

Sonae Holding mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve, since hedging interest rate risk usually has an opportunity cost associated. Therefore a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that Sonae Holding grants loans to its subsidiaries as part of its normal activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae Holding hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into.

3.4.2.) Sensitivity analysis

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

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

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

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

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

- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense (gain/loss in change of the derivatives fair value) and are therefore taken into consideration in the sensitivity calculations for changes in interest rate;

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

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

Under these assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the consolidated net profit before tax of Sonae for the period ended as at 31 December 2010 would decrease by approximately 9 million euro, (15 million euro decrease as at 31 December 2009). The impact in equity (including minorities interests and excluding net income), as a consequence of interest rate change effect according to interest rate risk, would be an increase of, approximately, 11.5 million euro (increase by approximately 16 million euro in 2009).

3.5 Exchange rate risk

3.5.1) Policies

Sonae operates at an international level, having subsidiaries that operate in different jurisdictions, and so it is exposed to foreign exchange rate risk. As each Sub-holding operates in different markets and in different business environments, there is no standard policy for Sonae, but rather individual policies for each Sub-holding which are stated below. Sonae's currency exposures are divided into two levels: transaction exposures (foreign exchange exposures relating to contracted cash flows and statement of financial position items where changes in exchange rates will have an impact on earnings and cash flows) and translation exposure (equity in foreign subsidiaries). Although there is not global management exchange rate risk policy in what concerns hiring derivatives to managing exchange interest risk, it also applies to all group companies, with the necessary adaptations, the principles referred at 3.4.1).

- Retail

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

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

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

- Shopping Centres

The main activity of each company is developed inside its country of origin and consequently the majority of the company transactions are maintained in its functional currency. The policy to hedge this specific risk is to avoid, if possible, the contracting of services in foreign currency.

- Telecommunications

The sub-holding operates internationally, having subsidiaries that operate in Brazil, United Kingdom, Poland, United States of America, Mexico, Australia, Egypt, Malaysia and Ireland and so it is exposed to foreign exchange rate risk.

Foreign exchange risk management seeks to minimise the volatility of investments and transactions made in foreign currency and contributes to reduce the sensitivity of Sonaecom results to changes in foreign exchange rates.

Whenever possible, Sonaecom uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such procedure is not possible, Sonaecom adopts derivatives financial hedging instruments.

Sonaecom exposure to exchange rate risk results mainly from the fact that some of its subsidiaries report in currencies other than the Euro, the risk relating to the operations being insignificant.

- Investment management

The impact on the financial statements of changes in exchange rate is immaterial, as most part of the transactions are denominated in euro.

Insurance brokerage activity is developed in different countries. When transactions are made in a different currency than the one in the country where the entity operates, exposure to exchange rate risk is minimized by hiring hedging derivatives.

- Sonae Holding

Due to the nature of holding company, Sonae Holding, has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise foreign exchange risk management seeks to minimize the volatility of such transactions made in foreign currency and to reduce the impact on the Profit and loss of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae Holding hedges such exposures mainly through forward exchange rate contracts. For uncertain exposures, options may be considered, subject to previous approval from the company's Executive Committee.

3.5.2) Exposure and Sensivity analysis

As at 31 December 2010 and 2009 the assets and liabilities denominated in a currency different from the subsidiary functional currency where the following (amounts in euro):

	Assets		Liabilities	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Euro	-	-	2,638,431	926,516
Brazilian Real	37,619,000	17,023,089	8,590,147	8,426,783
British Pound	169,272	693,369	4,011,888	3,812,122
US Dollar	10,564,112	684,629	9,464,524	7,266,004
Other Currencies	173,661	479,603	376,145	245,033

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

3.6 Price and capital market risk

Sonae is exposed to equity price risk arising from equity investments, held for strategic rather than for trading purposes as the group does not actively trade these investments, which are disclosed in Note 7.

In 2007, Sonae entered into a Total Return Swap (TRS) with Sonae Holding shares as underlying. As explained in Note 23 the Total Return Swap precluded the derecognition of those treasury shares, and as such a change in the Sonae, and Sonae Capital, SGPS, SA share price will have an impact on the cash flows by means of TRS cash settlements. If Sonae price had been 1% higher/lower, it would have 1 million euro additional receiving/payments (at 31 December 2009 the impact would be 1.3 million euro).

4 GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by Sonae as at 31 December 2010 and 31 December 2009 are as follows:

			Percentage of capital held			
			30 December 2010		31 December 2009	
COMPANY		Head Office	Direct	Total	Direct	Total
Sonae - SGPS, S.A.		Maia	HOLDING	HOLDING	HOLDING	HOLDING
Retail						
Arat Inmuebles, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
BB Food Service, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Best Offer - Prestação de Informações por Internet, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Bikini, Portal de Mulheres, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Bom Momento - Comércio Retalhista, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Canasta - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Carnes do Continente - Indústria e Distribuição Carnes, SA	a)	Santarém	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Contibomba - Comércio e Distribuição de Combustíveis, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Continente Hipermercados, SA	a)	Lisbon	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%

2)	Difusão - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Edições Book.it, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Efanor - Design e Serviços, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Estevão Neves - Hipermercados da Madeira, SA	a)	Madeira	100.00%	100.00%	100.00%	100.00%
	Farmácia Selecção, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
3)	Fashion Division, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Fozmassimo - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Fundo de Investimento Imobiliário Fechado Imosede	a)	Maia	54.55%	54.55%	54.55%	54.55%
	Fundo de Investimento Imobiliário Fechado Imosonae Dois	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Global S - Hipermercado, Lda	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Good and Cheap - Comércio Retalhista, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Hipotética - Comércio Retalhista, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonaerp – Retail Properties, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Igimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoconti - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Infofield - Informática, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Just Sport - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Marcas MC, Zrt	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
	MJLF - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	MC - SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modalfa - Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modalloop – Vestuário e Calçado, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo Continente Hipermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modelo Hipermercados Trading, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Modelo.com - Vendas p/Correspond., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	NA - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	NA - Equipamentos para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%

	Peixes do Continente - Indústria e Distribuição de Peixes, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmaconcept – Actividades em Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Predicomercial - Promoção Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Selifa - Empreendimentos Imobiliários de Fafe, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Socijofra - Sociedade Imobiliária, SA	a)	Gondomar	100.00%	100.00%	100.00%	100.00%
	Sociloures - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Soflorin, BV	a)	Amesterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Solaris Supermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
	Sonae Center Serviços II, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sonae Investimentos, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
	Sonae Retalho España - Servicios Generales, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
1)	Sport Zone Canárias, SL	a)	Tenerife (Spain)	51,00%	51,00%	-	-
	Sonae Specialized Retail, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sondis Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sonvecap, BV	a)	Amesterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sport Zone - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sport Zone España - Comércio de Articulos de Deporte, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Têxtil do Marco, SA	a)	Marco de Canaveses	92.76%	92.76%	80.37%	80.37%
	Tlantic Portugal - Sistemas de Informação, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	100.00%	100.00%	100.00%
	Todos os Dias - Com. Ret. Expl. C. Comer., SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Valor N, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Well W - Electrodomésticos e Equipamentos, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Worten - Equipamento para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Worten España Distribución, S.L.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
1)	Worten Canárias, SL	a)	Tenerife (Spain)	100,00%	100,00%	-	-
	Zippy – Comércio e Distribuição, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Zippy - Comércio Y Distribución, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%

Telecommunications

	Be Artis - Concepção, Construção e Gestão de Redes de Comunicações, SA	a)	Maia	100.00%	54.54%	100.00%	54.23%
	Be Towering – Gestão de Torres de Telecomunicações, SA	a)	Maia	100.00%	54.54%	100.00%	54.23%
	Cape Tecnologies Limited	a)	Dublin (Ireland)	100.00%	54.54%	100.00%	54.23%
	Digitmarket - Sistemas de Informação, SA	a)	Maia	75.10%	40.96%	75.10%	40.72%
	Lugares Virtuais, SA	a)	Maia	100.00%	54.54%	100.00%	54.23%
	M3G - Edições Digitais, SA	a)	Maia	100.00%	54.54%	100.00%	54.23%
	Magma - Operação de Titularização de Créditos	c)	Portugal	100.00%	54.54%	100.00%	54.23%
	Mainroad Serviços em Tecnologias de Informação, SA	a)	Maia	100.00%	54.54%	100.00%	54.23%
	Miauger - Org. Gestão Leilões Electrónicos, SA	a)	Maia	100.00%	54.54%	100.00%	54.23%
4)	Optimus - Comunicação, SA	a)	Maia	100.00%	54.54%	100.00%	54.23%
1)	PCJ-Público, Comunicação e Jornalismo, SA	a)	Maia	100,00%	54,54%	-	-
	Per-Mar - Sociedade de Construções, SA	a)	Maia	100.00%	54.54%	100.00%	54.23%
	Praesidium Services Limited	a)	Berkshire (U.K.)	100.00%	54.54%	100.00%	54.23%
	Público - Comunicação Social, SA	a)	Porto	100.00%	54.54%	100.00%	54.23%
	Saphety Level - Trusted Services, SA	a)	Maia	86.99%	47.45%	86.99%	47.17%
	Sonaecom BV	a)	Amesterdam (The Netherlands)	100.00%	54.54%	100.00%	54.23%
	Sonae Telecom, SGPS, SA	a)	Maia	100.00%	54.54%	100.00%	54.23%
	Sonaecom - Sistemas de Informação, SGPS, SA	a)	Maia	100.00%	54.54%	100.00%	54.23%
1)	Sonaecom - Sistemas de Información España, SL	a)	Madrid	100.00%	54.54%	-	-
	Sonaecom, SGPS, SA	a)	Maia	55.69%	54.54%	55.12%	54.23%
	Sonaetelecom, BV	a)	Amesterdam (The Netherlands)	100.00%	54.54%	100.00%	54.23%
5)	Sontária - Empreendimentos Imobiliários, SA	a)	Maia	100,00%	54,54%	100,00%	100,00%
	Tecnológica Telecomunicações, Ltda	a)	Rio de Janeiro (Brazil)	99.99%	54.49%	99.99%	54.17%
	We Do Consulting - Sistemas de Informação, SA	a)	Maia	100.00%	54.54%	100.00%	54.23%
	We Do Brasil Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.91%	54.49%	99.91%	54.28%
	We Do Poland Sp.Z.o.o.	a)	Posnan (Poland)	100.00%	54.54%	100.00%	54.23%
	We Do Tecnologies Americas, Inc.	a)	Miami (USA)	100.00%	54.54%	100.00%	54.23%
	We Do Technologies Australia PTY Limited	a)	Australia	100.00%	54.54%	100.00%	54.23%
	We Do Tecnologies BV	a)	Amesterdam (The Netherlands)	100.00%	54.54%	100.00%	54.23%
	We Do Technologies Chile, SpA	a)	Santiago (Chile)	100.00%	54.54%	-	-
	We Do Technologies Egypt Limited Liability Company	a)	Cairo (Egypt)	100.00%	54.54%	100.00%	54.23%
	We Do Technologies Mexico S. de RL	a)	Mexico City	100.00%	54.54%	100.00%	54.23%

1)	We Do Technologies Panamá SA	a)	Panama City	100.00%	54.54%	-	-
1)	We Do Technologies Singapore PTE. LDT	a)	Singapore	100.00%	54.54%	-	-
	We Do Technologies (UK) Limited	a)	Berkshire (U.K.)	100.00%	54.54%	100.00%	54.23%
	Investment Management						
	ADD Avaliações Engenharia de Avaliações e Perícias, Ltda	a)	Brazil	100.00%	50.00%	100.00%	50.00%
	ADDmakler Administração e Corretagem de Seguros, Ltda	a)	Brazil	99.98%	50.00%	99.98%	50.00%
	ADDmakler Administradora, Corretora de Seguros Partic. Ltda	a)	Brazil	100.00%	50.00%	100.00%	50.00%
	Fontana Corretora de Seguros Ltda	a)	Brazil	99.99%	50.01%	99.99%	50.01%
	Herco Consultoria de Risco e Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
	Larim Corretora de Resseguros Ltda	a)	Brazil	99.99%	50.01%	99.99%	50.01%
	Lazam/mds Correctora Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
	MDS - Corretor de Seguros, SA	a)	Porto	100.00%	50.01%	100.00%	50.01%
	MDS, SGPS, SA	a)	Maia	50.01%	50.01%	50.01%	50.01%
	MDS Consultores, SA	a)	Maia	100.00%	50.01%	100.00%	50.01%
	Miral Administração e Corretagem de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
6)	Modelo Continente Seguros - Sociedade Mediação, SA	a)	Porto	100,00%	50,01%	100,00%	87,50%
	Modelo - Distribuição de Materiais de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
7)	Quorum Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	-	-
	RSI Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
	Terra Nossa Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
	Others						
	Libra Serviços, Lda	a)	Funchal	100.00%	100.00%	100.00%	100.00%
	Sonae Investments, BV	a)	Amesterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sonae RE, SA	a)	Luxembourg	99.92%	99.92%	99.92%	99.92%
	Sonaecenter Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sonaegest-Soc.Gest.Fundos Investimentos, SA	a)	Maia	80.00%	70.00%	80.00%	70.00%
	Sontel, BV	a)	Amesterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%

1) Companies created in the period;

2) Company disposed in the period;

3) Ex - Inventory - Acessórios de Casa, SA;

4) Ex- Sonaecom – Serviços de Comunicação, SA;

5) Company transferred from the Retail to the Telecommunications operating segment in the period;

6) Company transferred from the Retail to the Investment Management operating segment in the period;

7) Company acquired in the period.

a) Control held by majority of voting rights;

b) Control held by Management control;

c) Control determined in accordance with SIC 12 - Special purpose entities.

These group companies are consolidated using the full consolidation method, as mentioned in note 2.2.a).

5 JOINTLY CONTROLLED COMPANIES

Jointly controlled companies included in the consolidated financial statements, their head offices and the percentage of share capital held by Sonae as at 31 December 2010 and 31 December 2009 are as follows:

			Percentage of capital held			
			31 December 2010		31 December 2009	
	COMPANY	Head Office	Direct	Total	Direct	Total
	Shopping Centres					
	3DO Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	3DO Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	3shoppings - Holding, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
1)	Adlands BV	Amesterdam (The Netherlands)	50.00%	25.00%	-	-
	Aegean Park, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	Airone - Shopping Centre, Srl	Milan (Italy)	100.00%	25.05%	100.00%	25.05%
	ALEXA Administration GmbH	Berlin (Germany)	100.00%	25.00%	100.00%	25.00%
	ALEXA Holding GmbH	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
2)	Alexa Asset GmbH & Co	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
	ALEXA Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	25.00%	100.00%	25.00%
	Algarveshopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
3)	Arp Alverca Retail Park, SA	Maia	50.00%	25.00%	50.00%	25.00%
	Arrábidashopping - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Avenida M-40, BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
4)	Beralands BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Cascaishopping - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Cascaishopping Holding I, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
5)	CCCB Caldas da Rainha – Centro Comercial,SA	Maia	100.00%	50.00%	100.00%	50.00%
	Centro Colombo - Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
	Centro Vasco da Gama - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
6)	Clérigoshopping - Gestão do Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%

	Coimbrashopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Colombo Towers Holding, BV	The Hague (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	Craiova Mall BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Dortmund Tower GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Dos Mares - Shopping Centre, BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Dos Mares - Shopping Centre, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	El Rosal Shopping, SA	Madrid (Spain)	100.00%	50.00%	70.00%	35.00%
	Estação Viana - Centro Comercial, SA	Viana do Castelo	100.00%	25.05%	100.00%	25.05%
	Freccia Rossa - Shopping Centre, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
	Fundo I.I . Parque Dom Pedro Shopping Center, SA	São Paulo (Brazil)	50.00%	3.99%	50.00%	3.99%
	Fundo Investimento Imob. Shopping Parque D. Pedro Shopping, SA	São Paulo (Brazil)	100.00%	21.27%	100.00%	21.25%
	Gaiashopping I - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Gaiashopping II - Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
	Gli Orsi 1 Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Guimarãeshopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Harvey Dos Iberica, SL	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
	Le Terrazze – Shopping Centre 1, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
	Iberian Assets, SA	Madrid (Spain)	49.78%	12.48%	49.78%	12.48%
	Inparsa - Gestão de Galeria Comerc., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Ioannina Development of Shopping Centres, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
7)	KLC Holdings XII, SA	Luxembourg	100.00%	50.00%	100.00%	50.00%
	La Farga - Shopping Centre, SL	Madrid (Spain)	100.00%	12.48%	100.00%	12.48%
	Larissa Development of Shopping Centres, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
8) 9)	LCC Leiriashopping – Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
7)	Lembo Services Ltd	Cyprus	100.00%	50.00%	100.00%	50.00%
	Loop 5 - Shopping Centre Gmbh	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
	Luz del Tajo - Centro Comercial, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Luz del Tajo, BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Madeirashopping - Centro Comercial, SA	Funchal (Madeira)	50.00%	12.53%	50.00%	12.53%
	Maiashopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
10)	MC Property Management, SA	Athens (Greece)	75.00%	18.75%	75.00%	18.75%
	Münster Arkaden, BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Norte Shopping Retail and Leisure Centre, BV	Amesterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%

	Norteshopping - Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
	Pantheon Plaza BV	Amesterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	Paracentro - Gestão de Galerias Comerciais, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Park Avenue Developement of Shopping Centers, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	Parque Atlântico Shopping - Centro Comercial SA	Ponta Delgada (Azores)	50.00%	12.53%	50.00%	12.53%
	Parque D. Pedro 1, BV Sarl	Luxembourg	100.00%	25.00%	100.00%	25.00%
7)	Parque D. Pedro 2, BV Sarl	Luxembourg	100.00%	25.00%	100.00%	25.00%
	Parque de Famalicão - Empreendimentos Imobiliários, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Parque Principado, SL	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
	Pátio Boavista Shopping, Ltda	São Paulo (Brazil)	100.00%	23.95%	100.00%	23.91%
	Pátio Goiânia Shopping, Ltda	São Paulo (Brazil)	100.00%	23.95%	100.00%	23.91%
	Pátio Londrina Empreendimentos e Participações, Ltda	São Paulo (Brazil)	100.00%	23.95%	100.00%	23.91%
	Pátio Penha Shopping, Ltda	São Paulo (Brazil)	100.00%	23.95%	99.99%	23.91%
	Pátio São Bernardo Shopping Ltda	São Paulo (Brazil)	100.00%	23.95%	100.00%	23.91%
	Pátio Sertório Shopping Ltda	São Paulo (Brazil)	100.00%	23.95%	100.00%	23.91%
	Pátio Uberlândia Shopping Ltda	São Paulo (Brazil)	100.00%	23.95%	100.00%	23.91%
	Plaza Eboli - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Plaza Eboli, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Plaza Mayor Holding, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ócio, BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ócio, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Shopping, BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Shopping, SA	Madrid (Spain)	75.00%	18.79%	75.00%	18.79%
	Ploi Mall BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Pridelease Investments, Ltd	Cascais	100.00%	50.00%	100.00%	50.00%
	Project 4, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project SC 1, BV	Amesterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	Project SC 2, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
7)	Project Sierra 1 - Shopping Centre, GmbH	Viena (Austria)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 2, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 6, BV	Amesterdam (The Netherlands)	50.00%	25.00%	100.00%	50.00%
	Project Sierra 7 BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 8 BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	50.00%

	Project Sierra 9 BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 10 BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
7)	Project Sierra Brazil 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Four SA	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany 2 (two), Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany 3 (three), Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany 4 (four), Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany Shopping Centre 1 BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany Shopping Centre 2 BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 1 - Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 2 - Development of Shopping Centres, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 3 - Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 5 - Development of Shopping Centres Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
7)	Project Sierra One Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
7)	Project Sierra Portugal IV - Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
7)	Project Sierra Portugal V - Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
7)	Project Sierra Portugal VII - Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal VIII - Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 2 - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 3 - Centro Comercial, SA	Madrid (Spain)	50.00%	25.00%	50.00%	25.00%
	Project Sierra Spain 3, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 6 - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 6, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 7 - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 7, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Three Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Two Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	River Plaza BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	River Plaza Mall, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	S.C. Microcom Doi Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	SC Aegean, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%

	SC Mediterranean Cosmos, BV	Amesterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%
	Shopping Centre Colombo Holding, BV	Amesterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%
	Shopping Centre Parque Principado, BV	Amesterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Sierra Asset Management - Gestão de Activos, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Brazil 1, BV	Amesterdam (The Netherlands)	100.00%	25.00%	100.00%	25.00%
11)	Sierra Central, S.A.S.	Santiago de Cali (Colombia)	50.00%	25.00%	-	-
	Sierra Charagionis Development of Shopping Centers, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
	Sierra Charagionis Property Management, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
	Sierra Corporate Services - Apoio à Gestão, SA	Lisbon	100.00%	50.00%	100.00%	50.00%
	Sierra Corporate Services Holland, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Development of Shopping Centres Greece, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments - Serviços de Promoção Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Germany GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
12)	Sierra Berlin Holding BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Holding, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Iberia 1, Promoção Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Romania SRL	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Spain - Promociones de Centros Comerciales, SL	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Enplanta, Ltda	São Paulo (Brazil)	100.00%	23.95%	100.00%	23.91%
	Sierra European Retail Real Estate Assets Holdings, BV	Amesterdam (The Netherlands)	50.10%	25.05%	50.10%	25.05%
	Sierra GP, Limited	Guernesey (U.K.)	100.00%	49.99%	100.00%	49.99%
	Sierra Investimentos Brasil Ltda	São Paulo (Brazil)	100.00%	23.95%	100.00%	23.91%
	Sierra Investments (Holland) 1, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments (Holland) 2, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments Holding, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Italy Holding, BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Management Germany, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
6)	Sierra Management II - Gestão de Centros Comerciais, SA	Lisbon	100.00%	50.00%	100.00%	50.00%
	Sierra Management Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%

6)	Sierra Management New Tech.Bus. - Serv.Comu.CC, SA	Lisbon	100.00%	50.00%	100.00%	50.00%
	Sierra Management Portugal - Gestão de Centros Comerciais, SA	Lisbon	100.00%	50.00%	100.00%	50.00%
	Sierra Management Spain - Gestión de Centros Comerciales, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Sierra Management, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Property Management Greece, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
	Sierra Property Management, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Sonae Sierra Brasil, SA	São Paulo (Brazil)	95.79%	23.95%	95.20%	23.91%
	Sonae Sierra Brasil, BV Sarl	Luxembourg	50.00%	25.00%	50.00%	25.00%
	Sonae Sierra, SGPS, SA	Maia	50.00%	50.00%	50.00%	50.00%
	SPF - Sierra Portugal	Luxembourg	100.00%	50.00%	100.00%	50.00%
7)	SRP - Parque Comercial de Setúbal, SA	Maia	50.00%	25.00%	50.00%	25.00%
	Torre Ocidente - Imobiliária, SA	Maia	50.00%	12.50%	50.00%	12.50%
	Unishopping Administradora, Ltda	São Paulo (Brazil)	100.00%	23.95%	100.00%	23.91%
	Unishopping Consultoria Imobiliária, Ltda	São Paulo (Brazil)	99.98%	23.95%	99.98%	23.91%
	Valecenter, Srl	Milan (Italy)	100.00%	25.05%	100.00%	25.05%
	Via Catarina - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Vuelta Omega, S.L.	Madrid (Spain)	100.00%	12.53%	100.00%	12.53%
	Weiterstadt Shopping BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Zubiarte Inversiones Inmobiliarias, SA	Madrid (Spain)	49.83%	12.48%	49.83%	12.48%
	Telecommunications					
	Unipress - Centro Gráfico, Lda	Vila Nova de Gaia	50.00%	27.20%	50.00%	27.11%
	Investment Management					
11)	MDS Auto – Mediação de Seguros, SA	Porto	50.00%	25.01%	-	-
	Equador & Mendes - Agência de Viagens e Turismo, Lda	Lisbon	50.00%	37.50%	50.00%	37.50%
	Marcas do Mundo - Viagens e Turismo, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
	Movimentos Viagens - Viagens e Turismo, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
	Nova Equador Internacional,Agência de Viagens e Turismo, Lda	Lisbon	50.00%	37.50%	50.00%	37.50%
	Puravida - Viagens e Turismo, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%

Nova Equador P.C.O. e Eventos, Sociedade Unipessoal, Lda	Lisbon	50.00%	37.50%	50.00%	37.50%
Raso SGPS, SA	Lisbon	50.00%	50.00%	50.00%	50.00%
Raso - Viagens e Turismo, SA	Lisbon	50.00%	50.00%	50.00%	50.00%
Viagens y Turismo de Geotur España, S.L.	Madrid (Spain)	50.00%	50.00%	50.00%	50.00%

1) Companies created in the period;
2) At 15 February 2010, 91% of this company's share capital was disposed off. Since then the entity consolidates by the equity method, as Sonae Sierra kept control over the shopping centre management;
3) Ex - Project Sierra Portugal I - C.Comercial, SA;
4) Ex - Project Sierra 5, BV;
5) Ex - Project Sierra Portugal II - Centro Comercial, SA;
6) Company merged into Sierra Management Portugal - Gestão de Centros Comerciais, SA;
7) Company liquidated in the period;
8) Ex - Project Sierra Portugal VI - Centro Comercial, SA;
9) At 27 September 2010, sold this subsidiary to the investment fund Sierra Portugal Real Estate (SPF). Since then, the entity consolidates by the equity method;
10) Company sold in the period;
11) Company acquired in the period, previously named Coral, SA;
12) Ex - Sierra Developments Germany Holding, BV.

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

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

	31 December 2010	31 December 2009
Non-current assets	4,795,927,878	4,508,730,523
Current assets	402,831,446	256,002,590
Non-current liabilities	1,630,182,262	1,652,852,079
Current liabilities	480,960,660	375,513,257

	31 December 2010	31 December 2009
Income	372,321,960	218,136,156
Expenses	358,528,258	304,508,331

Additionally the information related with Shopping Centres in Note 50 corresponds the consolidated financial statements contribute from companies referred above which are consolidated in accordance with proportionate method.

6 INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies, their head offices and the percentage of share capital held as at 31 December 2010 and 2009 are as follows:

			Percentage of capital held				Book value	
			31 December 2010		31 December 2009			
	COMPANY	Head Office	Direct	Total	Direct	Total	31 December 2010	31 December 2009
	Retail							
	Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	1,246,672	1,551,585
1)	Mundo Vip - Operadores Turísticos, SA	Lisbon	33.34%	33.34%	-	-	1,101,337	-
	Shopping Centres							
2)	8ª Avenida Centro Comercial, SA	Maia	100.00%	23.75%	100.00%	21.00%	-	-
3)	Alexa Asset GmbH & Co	Dusseldorf	9.00%	2.25%	-	-	3,550,247	-
2)	Arrábidashopping - Centro Comercial, SA	Maia	50.00%	11.88%	50.00%	10.50%	-	-
	Campo Limpo Lda	S. Paulo (Brazil)	20.00%	4.79%	20.00%	5.00%	2,305,574	1,712,614
2)	Gaiashopping I - Centro Comercial, SA	Maia	50.00%	11.88%	50.00%	10.50%	-	-
2)	Gaiashopping II - Centro Comercial, SA	Maia	50.00%	11.88%	50.00%	10.50%	-	-
2)	Loureshopping - Centro Comercial, SA	Maia	100.00%	23.75%	100.00%	21.00%	-	-
4)	Mediterranean Cosmos Shop. Centre Investments, SA	Athens (Greece)	39.90%	5.00%	39.90%	5.00%	-	3,376,307
2) 5)	PORTCC - Portimãoshopping - Centro Comercial, SA	Maia	50.00%	11.88%	50.00%	10.50%	-	-
2)	Rio Sul - Centro Comercial, SA	Lisbon	50.00%	11.88%	50.00%	10.50%	-	-
2)	Serra Shopping - Centro Comercial, SA	Covilhã	50.00%	11.88%	50.00%	10.50%	-	-
2) 6)	ALBCC - Albufeirashopping - Centro Comercial, SA	Maia	50.00%	11.88%	50.00%	10.50%	-	-
2)7)8	LCC LeiriaShopping Centro Comercial SA	Maia	100.00%	23.75%	-	-	-	-
	SPF - Sierra Portugal Real estate, Sarl	Luxembourg	47.50%	23.75%	42.00%	21.00%	41,872,289	32,013,766
	Telecommunications							
	SIRS - Sociedade Independente de Radiodifusão Sonora, SA	Porto	45.00%	24.54%	45.00%	24.40%	-	-
	Investment Management							
9)	Cooper Gay Swett & Crawford Ltd	U.K.	25.10%	12.55%	32.12%	16.06%	19,955,347	35,995,121
	Total						70,031,466	74,649,393

1) Company acquired at 29 of December 2010;

2) Nil balances result from the application of the equity method over the consolidated financial statements of Sierra Portugal Real Estate, which holds these participations;

3) At 15 February 2010, 91% of this company's share capital was disposed off. Since then the entity consolidates by the equity method, as Sonae Sierra kept control over the shopping centre management. When the change in consolidation method occurred, retained interests were recorded at fair value;

4) Company disposed in the period;

5) Ex - Oeste Retail Park - Gestão de G.Comer., SA;

6) Ex - Sol Retail Park - Gestão de G. Comerc., SA;

7) Ex - Proj.Sierra Portugal VI-C.Comercial, S.A;

8) At 27 September 2010, sold this subsidiary to the investment fund Sierra Portugal Real Estate (SPF). Since then, the entity consolidates by the equity method;

9) Ex – Golden-Marquee Limited, company born by merge of Cooper Gay (Holding) Limited with Sweet & Crawford, Inc.

As at 31 December 2010 and 2009 aggregated values of main financial indicators of associated companies are as follows:

	31 December 2010	31 December 2009
Total Assets	1,296,791,695	845,744,918
Total Liabilities	1,002,483,753	608,521,167
Income	371,148,370	194,580,395
Expenses	336,364,379	206,996,722

During the periods ended as at 31 December 2010 and 2009 movements in Investments in associated companies are made up as follows:

	31 December 2010			31 December 2009		
	Proportion on equity	Goodwill	Total of investment	Proportion on equity	Goodwill	Total of investment
Investments in associated companies						
Initial balance as at January,1	33,224,083	41,425,310	74,649,393	105,402,825	37,260,670	142,663,495
Capital increase in associated companies	12,549,455	1,831,913	14,381,368	6,955,606	-	6,955,606
Acquisitions during the period	1,101,337	-	1,101,337	-	-	-
Disposals during the period	(3,332,809)	-	(3,332,809)	(1,718,550)	-	(1,718,550)
Capital reduction in associated companies	(2,310,176)	-	(2,310,176)	(733,808)	-	(733,808)
Change of consolidation method (Note 8)	1,366,260	190,680	1,556,940	(69,027,699)	(1,439,401)	(70,467,100)
Goodwill recognised during the period	(1,101,337)	1,101,337	-	-	-	-
Equity method						
Losses in associated companies effect	(3,817,125)	-	(3,817,125)	(5,365,399)	-	(5,365,399)
Other effects in net income	362,060	-	362,060	-	-	-
Distributed dividends	(893,752)	-	(893,752)	-	-	-
Effect in equity capital and non-controlling interests	(1,003,425)	(2,701,585)	(3,705,010)	(2,288,892)	5,604,041	3,315,149
Transfers	(7,960,760)	-	(7,960,760)	-	-	-
	28,183,811	41,847,655	70,031,466	33,224,083	41,425,310	74,649,393

The effect on equity is mainly the result of currency translation figures of companies with functional currencies different of euro.

The value of capital increase in associated companies corresponds to a capital increase in SPF - Sierra Portugal Real Estate Limited, during the period. The Group participated in this capital increase by a percentage higher than the previous held percentage in this associate, therefore resulting in an increase of 2.75 percentage points in the participation.

The goodwill effect recorded in equity corresponds to the recognition of exchange rate adjustments that were recorded directly in "Currency translation reserve".

Transfers recorded above include the distribution made by the associate Cooper Gay Holding Ltd in the form of IPO Loan Notes, on a previous date to the acquisition of that associated by Sweet & Crawford (its denomination changed to 9) above).

The amount disclosed above related with consolidation method change corresponds in 2009 to: (i) the acquisition of Fundo de Investimento Fechado Imosede and (ii) acquisitions of subsidiaries by the insurance companies in Brazil (Lazam).

7 Group companies Jointly controlled companies and associated companies excluded from consolidation and other noncurrent investments

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, percentage of share capital held and book value as at 31 December 2010 and 2009 are as follows:

		Percentage of capital held					
		31 December 2010		31 December 2009		Book value	
COMPANY	Head Office	Direct	Total	Direct	Total	31 December 2010	31 December 2009
Retail							
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	7.14%	7.14%	7.14%	7.14%	4,988	4,988
Insco - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	748,197	748,197
Shopping Centres							
Ercasa Cogeneracion SA	Grancasa (Spain)	10.00%	1,25%	10.00%	1,25%	23,949	23,949
Telecommunications							
Altitude, SGPS, SA	Lisbon	11.54%	6.26%	11.54%	6.23%	-	1,000,000
Lusa - Agên. de Notícias de Portugal, SA	Lisbon	1.38%	0.75%	1.38%	0.88%	197,344	197,344
Other investments						42,493,582	16,153,014
Total (Note 14)						43,468,060	18,127,492

As at 31 December 2010, the caption “Other Investments” includes:

- Under the caption other financial investments is recorded an amount of 33,732,640 euro, related to deposited amounts on an Escrow Account which are invested in investment funds with superior rating and guarantee contractual liabilities assumed by Sonae Investimentos which may arise from the sale of Sonae Distribuição Brasil, S.A. and for which provisions were recorded;

  Although in accordance with the deadlines contractually established, the Escrow Account should have already been released by the buyer, that didn’t happen as there are some points of disagreement on the use of the Escrow Account, namely as to whether or not, to retain the Escrow Account for ongoing fiscal procedures that have not yet been decided (Note 34). It is the understanding of the Board of Directors, based on legal opinions of Brazilian and Portuguese lawyers, that the company is acting in accordance with the agreement and that this amount shall be entirely received, and that there are legal means that may be operated so as to compel the buyer authorize the reimbursement of the Escrow account. The Escrow Account was reclassified from the caption “Current Assets” to “Non-current assets”, accordingly with the reimbursement expectations;

- 6,806,000 euro (13,778,000 euro as at 31 December 2009) related to the fair value of Sonae Capital, SGPS, S.A. shares they are valuated at fair-value in accordance with the market price at date of statement of financial position.

8 Changes in consolidation perimeter

8.1 Main acquisitions of Companies over the period ended 31 December 2010 are as follows (Note 4 and 5):

		Percentage of capital held	
		At acquisition date	
COMPANY	Head Office	Direct	Total
Investments management			
Quorum Corretora de Seguros, Ltda	Brazil	100.00%	50.01%
Coral, SA	Porto	50.00%	25.01%

Acquisitions mentioned above had the following impact on the consolidated financial statements for the period ended as at 31 December 2010:

Other investments, include, with the exception of the above mentioned, investments, non-listed companies, which fair value cannot be reliably measured. As so, these investments are recorded at cost net of any impairment losses.

	At acquisition date	31.December.2010
	Investment management	Investment management
Acquired net assets		
Tangible and intangible assets (Note 10)	826,227	805,450
Other assets	1,319,952	856,057
Cash and cash equivalents	176,628	327,712
Deferred tax liabilities	(6,007)	(4,002)
Other liabilities	(665,522)	(708,601)
	1,651,278	1,276,616
Goodwill (Note 13)	6,993,789	
Acquisition price	8,645,067	
Payments made	3,452,022	
Advances	5,193,045	
	8,645,067	
Net cash outflow arising from acquisition		
Payments made	3,452,022	
Cash and cash equivalents acquired	(176,628)	
	3,275,394	

8.2 The main disposals of companies that have occurred in the period ended as at 31 December 2010 were the following:

		Percentage of capital held	
		At alienation date	
COMPANY	Head Office	Direct	Total
Shopping Centres			
Alexa Asset GmbH & Co KG	Maia	50.00%	25.00%
LCC Leiriashopping – Centro Comercial, SA	Maia	50.00%	50.00%
MC Property Management, SA	Athens (Greece)	75.00%	18.75%
Retail Properties			
Difusão- Sociedade Imobiliária, SA	Maia	100.00%	100.00%

Disposals effects may be analyzed as follows:

	Shopping Centres	Retail Properties
Disposed net assets		
Tangible and intangible assets (Note 10 and 11)	331	25,630,907
Investment properties (Note 12)	124,878,888	-
Other assets	1,710,012	1,775,422
Cash and cash equivalents	4,181,672	258,238
Loans	(23,589,099)	-
Deferred tax liabilities (Note 21)	(2,033,525)	(509,307)
Other liabilities	(71,148,004)	(26,012,427)
	34,000,275	1,142,833
Transfer to investments in associated companies (Note 6)	(1,556,941)	-
Goodwill (Note 13)	2,118,857	-
Shareholder's loans, other loans and interests	13,544,100	25,166,711
Costs related to the disposal	-	644,896
Non-controlling interests	(46,732)	-
Profit / (Loss) in the disposal	(974,021)	6,423,734
Disposal price	47,085,538	33,378,174
Effective cash payment received	44,717,723	33,378,174
Amounts to be received (Note 15)	2,367,815	-
	47,085,538	33,378,174
Net cash-flow arising from disposal		
Effective cash payment received	44,717,723	33,378,174
Effective cash received related to shareholder's loans and interests		375,262
Effective cash payment related to the disposal costs		(644,896)
Cash and cash equivalents disposed	(4,181,672)	(258,238)
	40,536,051	32,850,302

In 15 February 2010, Sonae, through the jointly controlled company ALEXA Shopping Centre GmbH ("Alexa Shopping"), disposed 91% of its equity interest in the company ALEXA Asset GmbH & Co, KG ("Alexa KG") (entity that owns the shopping centre "Alexa"). As a consequence of the loss of control over this company, it now consolidates by the equity method as Sonae kept a significant influence over it.

In September 2010 Sierra Investments Holding BV, proportionally consolidated in Sonae SGPS, sold 100% of its share in LCC Leiria Shopping – Centro Comercial, S.A. capital to SPF – Sierra Portugal Real Estate (SPF").

The retail real estate company referred above owns a building which has remained in use by the group after the company's disposal through an operating lease agreement, with an initial term of 20 years, (term extensions are possible).

8.3 Changes to the allocation of the fair value of business concentration activities made in the previous year

As the acquisition process of the Lazam/MDS was only concluded in the second half of 2009 and that it was necessary to re-express to IFRS the financial statements of the subsidiaries acquired, it was not concluded the process of allocation of fair value to the assets, liabilities and contingent liabilities acquired, namely in what refers to intangible assets acquired and not recognized until 31 December 2009. Such process was concluded during the period ended in 30 June 2010, and a restatement of the financial statements was made as required by IFRS's.

The impacts of the allocation of the fair value are as follows:

	Acquisition date			
	Book Value	Fair Value Adjustment	Total Restated	31.12.2009 Published
Net assets acquired				
Tangible and intangible assets (Note 11)	3,235,540	27,276,799	30,512,339	3,235,540
Other current assets	2,776,129	-	2,776,129	2,776,129
Cash and cash equivalents	1,951,125	-	1,951,125	1,951,125
Deferred taxes	-	(9,881,583)	(9,881,584)	-
Loans	(74,063)	-	(74,063)	(74,063)
Other liabilities	(28,740,040)	-	(28,740,040)	(28,740,041)
	(20,851,309)	17,395,216	(3,456,094)	(20,851,310)
Goodwill (Note 13)		(16,347,045)	34,935,602	51,282,647
Tranfers to associated companies		-	(9,082,673)	(9,082,673)
Non-controlling interests		-	7,919,350	7,919,350
Acquisition price		1,048,171	30,316,185	29,268,014
Effective cash paid			29,268,014	29,268,014
Amount to be paid - acquisition price adjustment			1,048,171	-
			30,316,185	29,268,014
Net cash flow resulting from the acquisition				
Effective cash paid			29,268,014	29,268,014
Cash and cash equivalents acquired			(1,951,125)	(1,951,125)
			27,316,889	27,316,889

As of 30 June 2010, the allocation of the acquisition price changed. A total amount of 72,987,145 reais was allocated to the 'clients portfolio', that is now registered in the caption "Intangible assets" and being depreciated over a period of 12 years, related deferred tax amounts to 24,815,929 reais. After this allocation Goodwill amounts to 87,343,364 reais. This intangible asset's valuation was based on the expected profitability of the existing 'clients portfolio' at the acquisition date, considering a growth rate of 3.7%, a churn rate of 5% and a discount rate of 12.8%.

9 FINANCIAL INSTRUMENTS BY CLASS

The financial instruments classification according to policies disclosed in note 2.13, is as follows:

Financial assets

	Notes	Assets at fair value through profit or loss (Note 27)	Loans and accounts receivable	Available for sale	Hedging derivatives (Note 27)	Sub-total	Assets not within scope of IFRS 7	Total
As at 31 December 2010								
Non-current assets								
Other investments	7 and 14	-	33,732,637	9,735,423	-	43,468,060	-	43,468,060
Other non-current assets	15	-	40,299,923	-	423,774	40,723,697	14,975,603	55,699,300
		-	74,032,560	9,735,423	423,774	84,191,757	14,975,603	99,167,360
Current assets								
Trade receivables	17	-	187,215,679	-	-	187,215,679	-	187,215,679
Other debtors	18	-	147,909,201	-	-	147,909,201	-	147,909,201
Investments	14	-	15,195,954	-	457,160	15,653,114	-	15,653,114
Cash and cash equivalents	22	-	247,592,050	-	-	247,592,050	-	247,592,050
		-	597,912,883	-	457,160	598,370,044	-	598,370,044
		-	671,945,444	9,735,423	880,934	682,561,801	14,975,603	697,537,404
As at 31 December 2009								
Non-current assets								
Other investments	7 and 14	-	-	18,127,492	-	18,127,492	-	18,127,492
Other non-current assets	15	-	15,088,439	-	12,991	15,101,430	6,074,882	21,176,312
		-	15,088,439	18,127,492	12,991	33,228,922	6,074,882	39,303,804
Current assets								
Trade receivables	17	-	208,066,473	-	-	208,066,473	-	208,066,473
Other debtors	18	-	163,392,565	-	-	163,392,565	-	163,392,565
Investments	14	365,122	57,313,909	-	-	57,679,031	-	57,679,031
Cash and cash equivalents	22	-	172,229,871	-	-	172,229,871	-	172,229,871
		365,122	601,002,819	-	-	601,367,941	-	601,367,941
		365,122	616,091,258	18,127,492	12,991	634,596,863	6,074,882	640,671,745

Financial liabilities

	Notes	Liabilities at fair value through profit or loss (Note 27)	Hedging derivatives (Note 27)	Financial liabilities recorded at amortised cost	Sub-total	Liabilities not within scope of IFRS 7	Total
As at 31 December 2010							
Non-current liabilities							
Bank loans	25	-	-	1,127,675,560	1,127,675,560	-	1,127,675,560
Bonds	25	-	-	1,651,984,347	1,651,984,347	-	1,651,984,347
Obligations under finance leases	25	-	-	26,468,295	26,468,295	-	26,468,295
Other loans	25	-	33,272,397	550,174	33,822,571	-	33,822,571
Other non-current liabilities	28	-	-	177,788,023	177,788,023	3,571,097	181,359,120
		-	33,272,397	2,984,466,399	3,017,738,796	3,571,097	3,021,309,893
Current liabilities							
Bank loans	25	-	-	164,752,318	164,752,318	-	164,752,318
Bonds	25	-	-	89,500,420	89,500,420	-	89,500,420
Obligations under finance leases	25	-	-	4,932,664	4,932,664	-	4,932,664
Other loans	25	76,618	5,168,762	33,466	5,278,846	-	5,278,846
Trade creditors	31	-	-	1,264,689,283	1,264,689,283	-	1,264,689,283
Other creditors	32	-	-	190,291,337	190,291,337	-	190,291,337
		76,618	5,168,762	1,714,199,489	1,719,444,869	-	1,719,444,869
		76,618	38,441,159	4,698,665,888	4,737,183,665	3,571,097	4,740,754,762

	Notes	Liabilities at fair value through profit or loss (Note 27)	Hedging derivatives (Note 27)	Financial liabilities recorded at amortised cost	Sub-total	Liabilities not within scope of IFRS 7	Total
As at 31 December 2009							
Non-current liabilities							
Bank loans	25	-	-	1,208,324,810	1,208,324,810	-	1,208,324,810
Bonds	25	-	-	1,671,134,222	1,671,134,222	-	1,671,134,222
Obligations under finance leases	25	-	-	29,357,393	29,357,393	-	29,357,393
Other loans	25	-	34,584,190	586,519	35,170,709	-	35,170,709
Other non-current liabilities	28	-	-	206,187,331	206,187,331	34,080,072	240,267,403
		-	34,584,190	3,115,590,275	3,150,174,465	34,080,072	3,184,254,537
Current liabilities							
Bank loans	25	-	-	232,966,928	232,966,928	-	232,966,928
Bonds	25	-	-	64,848,660	64,848,660	-	64,848,660
Obligations under finance leases	25	-	-	7,803,032	7,803,032	-	7,803,032
Other loans	25	79,039	7,823,283	33,466	7,935,788	-	7,935,788
Trade creditors	30	-	-	1,220,401,450	1,220,401,450	-	1,220,401,450
Other creditors	31	-	-	254,854,646	254,854,646	-	254,854,646
		79,039	7,823,283	1,780,908,182	1,788,810,504	-	1,788,810,504
		79,039	42,407,473	4,896,498,457	4,938,984,969	34,080,072	4,973,065,041

As at 31 December 2010 and 2009 the financial instruments at fair value through profit/loss are the only derivatives that do not qualify as hedging derivatives (Note 27).

Financial instruments recognized at fair value

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

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

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

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

	31 December 2010			31 December 2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Investments	6,806,000	457,160	-	13,778,000	365,122	-
Derivatives	-	423,774	-	-	12,991	-
	6,806,000	880,934	-	13,778,000	378,113	-
Financial liabilities measured at fair value						
Derivatives	-	38,517,777	-	-	42,486,512	-
	-	38,517,777	-	-	42,486,512	-

10 TANGIBLE ASSETS

During the periods ended as at 31 December 2010 and 2009 movements in tangible assets as well as depreciation and accumulated impairment losses are made up as follows:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others	Tangible assets in progress	Total Tangible Assets
Gross costs:							
Opening balance as at 1 January 2009	1,742,490,487	1,614,278,960	19,723,618	263,704,223	37,865,229	283,948,037	3,962,010,554
Investment	13,949,905	10,872,945	802,676	17,961,269	226,473	370,033,084	413,846,352
Acquisitions of subsidiaries	94,389,008	1,326,170	258,281	1,225,668	54,726	52,149,670	149,403,523
Disposals	(7,900,878)	(25,046,955)	(1,202,300)	(6,184,663)	(1,280,053)	(26,995,765)	(68,610,614)
Exchange rate effect	85,614	384,504	114,067	465,875	528	-	1,050,588
Transfers	143,838,999	307,891,520	1,932,954	14,619,921	6,384,479	(486,750,547)	(12,082,674)
Opening balance as at 1 January 2010	1,986,853,135	1,909,707,144	21,629,296	291,792,293	43,251,382	192,384,479	4,445,617,729
Investment	11,091,310	8,821,973	484,116	17,445,798	240,109	258,363,496	296,446,802
Acquisitions of subsidiaries (Note 8)	763,887	-	89,514	612,228	10,233	-	1,475,862
Disposals	(66,978,850)	(82,719,210)	(1,550,351)	(15,771,315)	(2,820,189)	(2,873,369)	(172,713,284)
Disposals of subsidiaries (Note 8)	(30,071,609)	(250,482)	-	(1,023)	-	-	(30,323,114)
Exchange rate effect	36,599	228,774	80,774	332,932	364	1,701	681,144
Transfers	54,688,588	264,509,246	1,561,296	11,659,246	3,627,496	(364,485,835)	(28,439,963)
Closing balance as at 31 December 2010	1,956,383,060	2,100,297,445	22,294,645	306,070,159	44,309,395	83,390,472	4,512,745,176
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2009	320,534,099	889,938,447	14,914,534	202,013,585	26,666,853	-	1,454,067,518
Depreciation and impairment losses	36,556,747	160,521,582	2,044,367	33,416,170	5,901,520	-	238,440,386
Acquisitions of subsidiaries	18,325	1,035,558	169,007	764,447	50,899	-	2,038,236
Disposals	(1,076,677)	(19,622,267)	(865,798)	(5,639,386)	(1,036,872)	-	(28,241,000)
Exchange rate effect	47,514	161,201	60,277	201,567	528	-	471,087
Transfers	(22,689)	(1,470,149)	(11,263)	(800,017)	(31,955)	-	(2,336,073)
Opening balance as at 1 January 2010	356,057,319	1,030,564,372	16,311,124	229,956,366	31,550,973	-	1,664,440,154
Depreciation and impairment losses	39,768,712	153,080,052	2,186,802	33,534,358	5,703,621	-	234,273,545
Acquisitions of subsidiaries (Note 8)	212,913	-	68,108	363,072	5,542	-	649,635
Disposals	(7,476,297)	(74,010,276)	(1,331,564)	(15,076,785)	(2,731,396)	-	(100,626,318)
Disposals of subsidiaries (Note 8)	(4,622,572)	(68,612)	-	(693)	-	-	(4,691,877)
Exchange rate effect	19,901	113,700	39,390	149,348	348	-	322,687
Transfers	(407,435)	(1,894,677)	(34,985)	(670,357)	(108,168)	-	(3,115,622)
Closing balance as at 31 December 2010	383,552,541	1,107,784,559	17,238,875	248,255,309	34,420,920	-	1,791,252,204
Carrying amount							
As at 31 December 2009	1,630,795,816	879,142,772	5,318,172	61,835,927	11,700,409	192,384,479	2,781,177,575
As at 31 December 2010	1,572,830,519	992,512,886	5,055,770	57,814,850	9,888,475	83,390,472	2,721,492,972

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

	31 December 2010	31 December 2009
Refurbishment and expansion of stores in the retail businesses located in Portugal	24,944,491	42,956,387
Refurbishment and expansion of stores in the retail businesses located in Spain	6,391,982	4,787,987
Projects of "Modelo" and "Continente" stores for which advance payments were made	10,389,230	13,005,347
Construction in Progress in Maia (Business Park)	-	30,981,983
Development of mobile network	33,838,157	34,617,636
Development of fixed network	3,707,908	56,587,660
Others	4,118,704	9,447,479
	83,390,472	192,384,479

Tangible assets disposals include 44,471,990 euro, related with the sale & leaseback of the following real estate assets: Campo Grande, Leiria, Mem Martins, Odivelas, Peniche, Póvoa de Varzim, Quinta do Conde and Rio Tinto. The sale of this real estate was followed by the beginning of operational lease contracts for periods of 20 years. Under certain circumstances the extension of the period of these contracts is possible. These contracts give Sonae Investimentos preferential rights as well repurchase options at the real estate fair value at end of the operational lease.

Transfers of tangible assets refer mainly to the transfers to "Non-current assets held for sale" of two real estate properties owned by Sonae Investimentos, Alverca and Torres Vedras, which net value amounted to 13,342.458 euro. As at 31 December 2010, these assets are recorded at fair value less any estimated selling costs in the statement of financial position caption "Non-current assets held for sale" by a total amount of 9,500,686 euro, the difference between the two above mentioned amounts was recorded in the income statement under the caption "Other expenses" (Note 43).

During 2010, The Board of Directors has reviewed the estimated useful lives of a set of assets associated with mobile telecommunications network, based on an evaluation report produced by specialized and independent entities, which was recorded on a forward-looking basis with effect from 1 January 2010 and which meant that the depreciation for 2010 was approximately 8.8 million euro lower than it was in 2009.

Additionally, the comparison of the depreciation of the twelve-month period ended 31 December 2010 with those of the previous year's equivalent period is also affected by a subsequent review of the estimated useful life of a set of tangible assets and software related to fixed and mobile telecommunications network, carried out in the second half of 2009, which were recorded on a forward-looking basis and which meant that the depreciation of the twelve-month period ended 31 December 2010 was approximately 18 million euro and 5.7 million lower, respectively, at the twelve month period ended 31 December 2009.

As at 31 December 2010 and 2009, the telecommunications operating segment, presents a value of commitments assumed with third parties, relating to investments to be made, that can be detailed as follows:

	31 December 2010	31 December 2009
Technical Investments	20,444,493	17,282,698
Investments in information systems	2,291,541	3,451,214
	22,736,034	20,733,912

11 INTANGIBLE ASSETS

During the periods ended as at 31 December 2010 and 2009, movements in intangible assets as well as amortisation and accumulated impairment losses are made up as follows:

	Patents and other similar rights	Software	Others	Intangible assets in progress	Total intangible assets
Gross assets:					
Opening balance as at 1 January 2009	382,645,868	338,437,063	23,637,892	31,622,120	776,342,943
Investment	15,265,519	2,697,826	255,138	34,259,293	52,477,776
Acquisitions of subsidiaries	2,571,227	229,990	1,586,837	7,455	4,395,509
Disposals	(143,707)	(3,761,520)	(1,049,897)	(343,398)	(5,298,522)
Exchange rate effect	1,108	739,188	486,428	3,013	1,229,737
Transfers	4,067,691	29,139,757	-	(34,269,322)	(1,061,874)
Opening balance as at 1 January 2010	404,407,706	367,482,304	24,916,398	31,279,161	828,085,569
Fair Value of the Adquired Assets (Note 8)	-	-	27,276,799	-	27,276,799
Reexpressed opening balance as at 1 January 2010	404,407,706	367,482,304	52,193,197	31,279,161	855,362,368
Investment	8,610,860	2,672,074	119,046	39,170,830	50,572,810
Disposals	(2,809,477)	(443,769)	(1,013,363)	(322,745)	(4,589,354)
Disposals of subsidiaries (Note 8)	-	(600)	-	-	(600)
Exchange rate effect	1,127	468,440	3,921,086	5,674	4,396,327
Transfers	2,167,039	40,323,790	23,293	(36,944,200)	5,569,922
Closing balance as at 31 December 2010	412,377,255	410,502,239	55,243,259	33,188,720	911,311,473
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2009	78,555,270	237,120,122	20,368,390	-	336,043,782
Depreciation of the period	20,695,818	34,371,166	626,113	-	55,693,097
Acquisitions of subsidiaries	32,804	100,342	123,704	-	256,850
Disposals	(71,233)	(3,245,844)	(881,057)	-	(4,198,134)
Exchange rate effect	6	304,779	37,144	-	341,929
Transfers	(66,263)	(24,190)	-	-	(90,453)
Opening balance as at 1 January 2010	99,146,402	268,626,375	20,274,294	-	388,047,071
Depreciation of the period	23,490,805	36,186,270	3,132,987	-	62,810,062
Disposals	(177,243)	(344,637)	(951,454)	-	(1,473,334)
Disposals of subsidiaries (Note 8)	-	(600)	-	-	(600)
Exchange rate effect	60	262,212	312,397	-	574,669
Transfers	(49,944)	(172,068)	1,207,094	-	985,082
Closing balance as at 31 December 2010	122,410,080	304,557,552	23,975,318	-	450,942,950
Carrying amount					
As at 31 de December de 2009 restated	305,261,304	98,855,929	31,918,903	31,279,161	467,315,297
As at 31 de December de 2010	289,967,175	105,944,687	31,267,941	33,188,720	460,368,523

Intangible assets in progress as at 31 December 2009 were mainly composed of software projects and software development.

As at 31 December 2010 and 2009 Sonae kept recorded under the caption "Patents and other similar rights" the amounts of 191,238,132 euro and 202,090,404 euro, respectively which correspond to the investment net of depreciations made in the development of the UMTS network, this investment includes: (i) 60,005,762 euro (63,006,050 euro in 2009) related with the license; (ii) 20,050,125 euro (21,052,631 euro in 2009) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators in Portugal with UMTS licenses; (iii) 6,157,999 euro (6,465,899 euro in 2009) related to a contribution to the "Fundação para as Comunicações Móveis" established in 2007, under an agreement entered with Ministry of Public Works, Transports and Communications ("Ministério das Obras Públicas Transportes e Comunicações") and the three mobile telecommunication operators in Portugal; and (iv) 99,897,320 euro (106,182,551 euro in 2009) related with the "Initiatives E" program, these last two commitments assumed by the Group in the scope of "Information Society" (Note 51).

Additionally this heading also includes the fair value attributed to a group of brands with indefinite useful lives among which the "Continente" brand amounts to 75,000,000 euro (the same amount as at December 2009).

12 INVESTMENT PROPERTIES

The movement in Investment Properties during the periods ended as at 31 December 2010 and 2009 are as follows:

	Investment Properties			
	In Operation	Fit Out	In progress	Total
Opening balance as at 1 January 2009	1,679,676,021	3,765,500	158,561,052	1,842,002,573
Increases	13,062,049	49,333	67,945,991	81,057,373
Write-offs and impairment losses	-	-	(3,239,766)	(3,239,766)
Reimbursements of Fit - Out	-	(527,756)	-	(527,756)
Transfers of assets available for sale	-	-	5,782,500	5,782,500
Disposals	-	-	(3,150,000)	(3,150,000)
Transfers	(419,826)	-	(6,929,908)	(7,349,734)
Transfers from investment properties in progress:				
Construction and other costs	114,953,689	(614,750)	(114,338,939)	-
Adjustment to fair value (Note 37)	6,034,792	-	2,448,507	8,483,299
Change in fair value of investment properties between periods (Note 37):				
- Gains	20,356,854	150,110	-	20,506,964
- Losses	(171,478,680)	(195,799)	-	(171,674,479)
Business Combinations	-	-	9,131,609	9,131,609
Subsidiary excluded from consolidation	(11,174,000)	(354,388)	-	(11,528,388)
Disposals of subsidiaries	(8,887,000)	-	-	(8,887,000)
Exchange rate effect	32,227,832	-	3,635,791	35,863,623
Opening balance as at 1 January 2010	1,674,351,731	2,272,250	119,846,837	1,796,470,818
Increases	7,706,899	375,075	41,879,032	49,961,006
Write-offs and impairment losses	-	-	(15,410,914)	(15,410,914)
Reimbursements	-	-	(9,599,683)	(9,599,683)
Reimbursements of Fit - Out	-	(335,495)	-	(335,495)
Transfers	-	-	449,243	449,243
Transfers from investment properties in progress:				
Construction and other costs	42,068,955	935,580	(43,004,535)	-
Adjustment to fair value (Note 37)	2,021,543	-	6,310,518	8,332,061
Change in fair value of investment properties between periods (Note 37):				
- Gains	27,921,016	117,510	-	28,038,526
- Losses	(25,239,382)	(691,169)	-	(25,930,551)
Disposals of subsidiaries (Note 8)	(124,233,888)	(645,000)	-	(124,878,888)
Exchange rate effect	24,809,456	-	1,300,014	26,109,470
Closing balance as at 31 December 2010	1,629,406,330	2,028,751	101,770,512	1,733,205,593

The amount of 9,599,683 euro in "Reimbursements" is essentially due to the receivable amount from the sale of the land for project Alfaz del Pi, which was reacquired by the former owner, under the contract to purchase the mentioned land, since the licence for construction wasn't obtained within the agreed deadline.

The amount of 15,410,914, euro recorded under the caption "Write-off and impairment losses" includes essentially the impairment losses relating to investment properties under development, Loannina (7,500,000 euro) and Galatsi (7,059,500 euro).

Fit out contracts correspond to agreements with tenants under which the Group pays part of the expenses incurred with the fit out of stores and the tenant assumes the responsibility to reimburse the amount invested to Sonae over the period of the lease. The accounting treatment of fit outs is the same as the one used for investment properties.

As at 31 December 2010 and 2009 Investment properties in operation including fit-outs correspond to the fair value of the Group's share of shopping centres which can be detailed as follows:

	31 December 2010			31 December 2009		
	10 years "discount rate"	Yields	Amount	10 years "discount rate"	Yields	Amount
Portugal and Spain	8,45% e 11,75%	6,20% e 9,25%	1,070,321,495	8,25% e 11,55%	6,00% e 9,05%	1,078,599,861
Other European Countries	6,75% e 11,75%	6,00% e 9,00%	336,848,999	6.50% e 10,75%	6,00% e 8,00%	417,701,388
Brazil	12,75% e 14,00%	8,25% e 9,50%	224,264,590	12,75% e 14,00%	8,25% e 9,50%	180,322,732
			1,631,435,084			1,676,623,981

The fair value of fit out contracts was determined by valuations as at 31 December 2010 and 2009 performed by an independent specialized entity. The methodology used to compute the fair value of the fit out contracts consisted in determining the discounted estimated cash flows of each one of the fit out contracts at closing date using a discounted market rate similar to the one used in determining the fair value of the investment properties to which each fit out contract relates.

The valuation of these investment properties was made in accordance with the Practice Statements of the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors ("Red Book") located in the United Kingdom.

The methodology used to compute the market value of the investment properties consists in preparing 10 year projections of income and expenses of each shopping mall which are then discounted to the statement of financial position date using a discount market rate. Projections are intended to reflect the actual best estimate of the valuators regarding future revenues and costs of each shopping mall. The residual amount at the end of year 10 is computed by applying a return rate ("Exit Yield" or "Cap Rate") on the projected net income of year 11. Both the return rate and discount rate are defined in accordance to the real estate local and institutional market conditions being the reasonability of the market value thus obtained tested in terms of initial gain.

In the valuation of investment properties some assumptions that in accordance with the Red Book are considered to be special, were additionally considered, namely in the case of recently inaugurated shopping malls, in which the possible costs still to be incurred were not considered, as the accompanying financial statements already include a provision for them.

The open market value of the investment properties under development as at the reporting date is calculated by subtracting from the open market value at opening calculated using the methodology described above the investment necessary to finish the project and weighted by a risk factor defined by the valuer.

Uncertainty of Market

According to the valuer whenever some uncertainty exists which may affect its opinion on the fair value of the property, the Red Book requires that the object and the degree of uncertainty associated should be properly disclosed.

In 2009, the Euro zone as a whole slipped back to zero growth by year end; a number of markets experienced negative growth, after one or two quarters of positive growth in the second and third quarter. In 2010, a different outlook emerged; data and sentiment indicators suggest that growth was regenerated throughout the region. The second quarter of the year was characterised by a wider breakdown in confidence relating to sovereign risk around Europe. ECB and EU reacted and pressured the member states to control their public spending so as not to compromise potential growth in the future. In response, each EU country adopted budget consolidation policies via fiscal measures. While some of these measures have had an immediate result, others will only take impact later in 2011.

According to the valuer, within the real estate sector, there remains limited clarity on pricing throughout Europe. Signs of increasing activity from both occupiers and investors emerged in the property market in 2010; overly ambitious negotiations have occurred in both investment and leasing discussions. Nevertheless, confidence has certainly improved and both occupiers and investors sense that, for Grade 'A' property, pricing is now around as good as it will get. For secondary stock, however, there is no urgency to invest or occupy property and the gap to prime has increased.

According to the valuer, despite the recent transactions may be considered to be "forced", it is inappropriate to conclude that all transactions occurring in the recent past have been forced. The lack between supply and demand (less buyers than sellers) is not always synonymous of forced transactions. A seller can be pressed to sell, but continues to have an active market, if there is more than a buyer and a temporal space to sell. Similarly, transactions initiated in insolvency procedures, should not be automatically assumed as forced.

According to the valuer, the valuers in common continue to have a range of values in which they base their evaluation. This range is usually higher in a non-liquid market, where inherent uncertainty and thus the degree of judgement would be greater. Therefore, assessments must be followed in the future, and must anticipate a temporal space higher than usual in the past, because there is the possibility of selling some property.

As at 31 December 2010 and 2009 Investment Properties in progress can be detailed as follows:

	31 December 2010	31 December 2009
Investment Properties in progress at cost:		
Portugal:		
Alverca	3,068,353	3,066,099
Centro Bordalo	1,736,394	1,685,228
Parque de Famalicão	628,500	1,498,232
Others	3,375	519,902
Germany:		
Alexa (Torre)	3,000,000	7,320,992
Garbsen	959,742	867,053
Others	7,212	-
Brazil:		
Goiânia Shopping	5,308,199	3,770,303
Uberlândia Shopping	-	2,294,093
Boulevard Londrina Shopping	-	1,348,853
Others	126,586	22,867
Spain:		
Alfaz del Pi	-	9,575,000
Pulianas Shopping	103,105	103,105
Dos Mares - expansion	1,404,902	1,404,902
Others	-	37,868
Greece:		
Ioannina	8,630,507	13,531,277
Galatsi Shopping	-	5,771,370
Aegean Park	4,981,339	4,925,052
Pantheon Plaza	889,064	889,064
Italy:		
Le Terraze	3,653,700	3,261,195
Caldogno	4,957,922	4,937,831
Others	252,372	257,365
Romania:		
Craiova Shopping	17,674,406	17,615,979
Ploiesti Shopping	7,317,640	7,415,770
	64,703,318	92,119,400
Risk assets impairment	(2,197,000)	(6,537,230)
Investment Properties in progress at fair value:		
Portugal:		
Leiria Shopping	-	24,597,667
Torres Oriente and Ocidente	6,137,875	-
Brazil:		
Uberlândia Shopping	11,038,042	-
Boulevard Londrina Shopping	6,323,777	-
Italy:		
Le Terraze	15,764,500	9,667,000
	39,264,194	34,264,667
	101,770,512	119,846,837

Investment property in progress Aegean Park, presently corresponds to the value of land in Athens - Greece. There is an intention on the part of Athens Town Council to convert a portion of the mentioned land into a "green space". Being the Board of Directors in negotiations with local municipal authorities in order to draw conclusions about the future use of that land. The Board of Directors of the Group is convicted that no loss to the net realizable value of the land will arise and therefore no impairment loss was recorded.

Investment properties in progress include borrowing expenses incurred during the construction period. As at 31 December 2010 and 2009 total borrowing expenses capitalised amounted to 664.000 euro 2,223,179 euro respectively.

During the periods ended as at 31 December 2010 and 2009 the income (fixed rents - net of possible discounts- variable rents, common spaces rents, key income and transfer fees) and the corresponding direct operating expenses (property tax, insurance expense, maintenance expense, management fee and asset management fee and other direct operating expenses), relating the investment properties of the Group had the following detail:

	Rents		Operational direct expenses	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Portugal and Spain	76,473,749	79,879,904	3,910,452	4,281,575
Other European Countries	21,145,022	21,581,868	1,212,568	2,395,442
Brazil	18,747,682	13,242,110	604,708	706,158
	116,366,453	114,703,882	5,727,728	7,383,175

As at 31 December 2009 the following investment properties had been given in guarantee of bank loans:

Airone	Madeirashopping
Algarveshopping	Maiashopping
Alverca	Manauara Shopping
Arrabidashopping	Max Center
Cascaishopping	Munster Arkaden
Centro Colombo	Norteshopping
Centro Vasco da Gama	Parque Atlântico
Coimbrashopping	Parque Principado
Dos Mares	Pátio Londrina
El Rosal	Pátio Uberlândia
Estação Viana	Plaza Éboli
Freccia Rossa	Plaza Mayor
Gaiashopping	Plaza Mayor Shopping
Gli Orsi	River Plaza Mall
Grancasa	Torre Ocidente
Guimarãeshopping	Valecenter
La Farga	Valle Real
Le Terrazze	Viacatarina
Loop 5	Zubiarte
Luz del Tajo	

As at 31 December 2010 and 2009 there were no material contractual obligations to purchase construct or develop investment properties or for repairs or maintenance.

13 GOODWILL

Goodwill is allocated to each one of the operating segments and within to each one of the homogeneous groups of cash generating units as follows:

- Retail - Goodwill is allocated to each one of the segment business concepts (Continente, Modelo , Worten, Sport Zone among others) explored by Food based Retail, being after allocated to each one business concept stores of the segment;

- Shopping Centres - Goodwill was allocated to each of the own investment properties and to the management and development of investment properties business;

- Telecommunications - Goodwill is allocated by each operating segment type (Telecommunications, Média and Information Systems);

- Investment Management - This segment's Goodwill is mainly related with the insurance business. Goodwill from:(i) this operating segment is related to the insurance clients portfolio, which was acquired previously to the adoption of IFRS, therefore explaining the non recognition as an Intangible asset; (ii) assets acquired in 2009, namely travel companies and Lazam/MDS;

At 31 December 2010 and 2009, the caption "Goodwill" was as follows:

	31 December 2010	31 December 2009
Food based retail	566,274,287	564,854,379
Shopping centres	55,922,187	58,040,038
Telecommunications	43,811,359	43,811,359
Investment management	74,730,926	62,239,699
	740,738,759	728,945,475

During the years ended 31 December 2010 and 2009, movements in goodwill as well as in the corresponding impairment losses, are as follows:

	31 December 2010	31 December 2009
Gross value:		
Opening balance	742,391,458	709,012,583
Re-allocation of Goodwill (Note 8)	-	(17,395,216)
New companies in the consolidation perimeter (Note 8)	6,993,789	54,788,678
Increases	2,431,799	317,522
Decreases (Note 8)	(1,928,177)	(4,332,109)
Transfers (Note 8)	(190,680)	-
Currency translation	4,486,553	-
Write-off	(1,529,706)	-
Closing balance	752,655,036	742,391,458
Accumulated impairment losses:		
Opening balance	13,445,983	11,745,221
Increases (Note 33)	-	1,700,762
Write-off	(1,529,706)	-
Closing balance	11,916,277	13,445,983
Carrying amount:	740,738,759	728,945,475

Sonae does annual impairment tests of Goodwill and whenever there are indications of goodwill impairment. During the reporting periods ended at 31 December 2010 and 2009, Sonae has tested the goodwill impairment, having as a result of that analysis, recognized impairment losses as follows:

	31 December 2010	31 December 2009
Food based retail	-	-
Shopping centres	-	1,700,762
Investment management	-	-
	-	1,700,762

The recoverable value of cash units generators is determined based on its value in use, which is calculated taking into consideration the last approved plans which are prepared using cash flow projections for periods of 5 years.

The main assumptions used in mentioned business plans are detailed as follows for each one of Sonae businesses.

Retail

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

The case scenarios are elaborated with an average capital cost of 7 to 10% depending on the market and business concept. Perpetuity growth rate was considered to be between 0 and 1%.

Shopping Centres

The goodwill related with the Shopping Centre segment is allocated to each one of the companies that owns investment properties. The impairment tests of goodwill are based on the Net Asset value (NAV), at the statement of financial position date, of the financial investments.

"Net Asset Value" is measured by the investment property valuation at market values (Open Market Value), not including the deferred taxes over the gains obtained. The assumptions related with investment properties valuation are detailed in Note 12.

Telecommunications

For this purpose the segment uses the internal valuation results of its business areas, using annual planning methodologies, supported in business plans that consider cash flow projections of 5 years periods for each unit, which depend on detailed assumptions based on historical performance of each business.

The discount rates used were based on the estimated weighted average cost of capital, which depends of the operating segment of each subsidiary, as indicated in the table below. In perpetuity, the Group considered a growth rate of circa 3%.

The discount rates used are:

- Telecommunications	9.00%
- Multimedia	9.45%
- Information Systems	11.22%

Investment Management

Goodwill was exclusively allocated to business insurance clients portfolio, as consequence, the impairment analysis is made using the estimated profitability of the mentioned portfolio, being the main assumptions as follows:

Insurance	Portugal	Brazil
Sales Increase rate during the projected period	1%	14%
Perpetuity growth rate	1%	3.7%
Discount rate used	8.9%	11.73%

14 OTHER INVESTMENTS

As at 31 December 2010 and 2009, this caption is made up as follows:

	31 December 2010		31 December 2009	
	Non current	Current	Non current	Current
Investments in group companies, jointly controlled companies or associated companies excluded from consolidation				
Opening balance as at 1 January	925,769	-	3,012,637	-
Acquisitions in the period	60,000	-	122,904	-
Changes in consolidation perimeter	-	-	(1,584,193)	-
Disposals in the period	(639,357)	-	-	-
Transfers	47,035	-	(625,579)	-
Closing balance as at 31 December	393,447	-	925,769	-
Accumulated impairment losses	-	-	-	-
	393,447	-	925,769	-
Other investments:				
Fair value (net of impairment losses) as at 1 January	17,201,723	57,313,909	9,965,538	60,956,604
Acquisitions in the period	123,643	2,630,497	22,873	7,243,466
Disposals in the period	(1,011,390)	(11,015,815)	-	(10,902,651)
Increase/(Decrease) in fair value	(6,972,000)	-	6,474,000	-
Transfers	33,732,637	(33,732,637)	739,312	16,490
Fair value (net of impairment losses) as at 31 December	43,074,613	15,195,954	17,201,723	57,313,909
Other investments	43,468,060	15,195,954	18,127,492	57,313,909
Derivative financial instruments (Note 27)				
Fair value as at 1 January	-	365,122	-	2,600,159
Increase/(Decrease) in fair value	-	92,038	-	(2,235,037)
Fair value as at 31 December	-	457,160	-	365,122
	43,468,060	15,653,114	18,127,492	57,679,031

The financial investments in group companies, jointly controlled companies or associated companies excluded from consolidation are recorded at the acquisition cost net of impairment losses. It is Sonae understanding that no reliable fair value estimate could be made as there is no market data available for these investments. The heading of "Other non-current Investments" includes 2,535,977 euro (3,423,724 euro in 31 December 2009) of investments recorded at the cost net of impairment losses for the same reasons.

The investments available for sale are net impairment losses (Note 33) amounting 26,750 euro (67,925 euro in 31 December 2009).

Under the caption other non-current financial investments it's recorded an amount of 33,732,637 euro related to deposited amounts on an Escrow Account which was recorded in invested in other current financial investments investment since weren't expected the recovery of this asset in less than a year, (Note 7).

15 OTHER NON-CURRENT ASSETS

As at 31 December 2010 and 2009, Other non-current assets are detailed as follows:

	31 December 2010			31 December 2009		
	Gross Value	Accumulated impairment losses (Note 33)	Carrying Amount	Gross Value	Accumulated impairment losses (Note 33)	Carrying Amount
Loans granted to related parties	8,862,867	-	8,862,867	1,312,071	-	1,312,071
Trade accounts receivable and other debtors						
Legal deposits	927,976	-	927,976	819,480	-	819,480
Recognition of the value to be received from Carrefour	11,543,000	-	11,543,000	-	-	-
Cautions	4,660,630	-	4,660,630	2,949,266	-	2,949,266
Lisbon Town Council	3,888,477	-	3,888,477	3,888,477	-	3,888,477
Malaga Town Council	824,948	-	824,948	824,948	-	824,948
Rent deposits from tenants	4,089,802	-	4,089,802	4,036,717	-	4,036,717
Financial investments debtors (Note 8)	2,367,815	-	2,367,815	-	-	-
Others	3,134,408	-	3,134,408	1,399,468	(141,988)	1,257,480
	31,437,056	-	31,437,056	13,918,356	(141,988)	13,776,368
Non-current derivatives	423,774	-	423,774	12,991	-	12,991
Total financial instruments (Note 9)	40,723,697	-	40,723,697	15,243,418	(141,988)	15,101,430
Reinsurer's' share of technical provisions	14,326,517	-	14,326,517	5,396,067	-	5,396,067
Other non-current assets	649,086	-	649,086	678,815	-	678,815
	55,699,300	-	55,699,300	21,318,300	(141,988)	21,176,312

Loans granted to related parties bear interests at usual market rates and do not have a defined maturity. The fair value of these loans is estimated to be similar to its carrying amount.

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

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

According to the Group attorneys, the amount improperly received by Carrefour for which a reimbursement will be requested (25,340,145.80 Brazilian real), will earn interests at the SELIC rate, and it's expected that the legal process will last up to 8 years.

The amount of 3,888,477 euro due by Lisbon Town Council, relates to works developed by a jointly controlled company of Shopping Centres operating segment developed on behalf of Lisbon Town Council ("CML") in accordance with protocols signed in the end of 2001. On the other hand, the caption "Other non-current liabilities", as at 31 December 2010 and 2009 includes the amount of 1,621,687 euro relating to works developed by CML on behalf of the joint controlled company and licenses. A legal action against CML was presented in 2001, claiming the totality of the improvements made by Colombo on account of CML and corresponding interests and other expenses incurred. Sonae believes that the legal action will be favourable to the Group and consequently did not record any impairment loss to face eventual losses on this account receivable.

The amount of 4,089,802 euro (4,036,717 euro as at December 2009) relates to the deposit in official entities of rents deposits received from tenants of shopping centres located in Spain. The rent deposits received from tenants are classified under "Other non-current liabilities" and "Other liabilities".

The Reinsurer's' share of technical provisions refer to non-life insurance ceded to reinsurance companies by a captive subsidiary. The provision can be detailed as follows: Provision for unearned premiums 11,292,500 euro (3,582,953 euro as at December 2009) and Provisions for outstanding claims 3,034,017 euro (1,688,969 euro as at December 2009) (Note 33).

16 STOCKS

As at 31 December 2010 and 2009, Stocks are as follows:

	31 December 2010	31 December 2009
Raw materials and consumables	1,637,177	1,109,140
Goods for resale	715,590,516	633,189,711
Finished and intermediate goods	199,723	202,575
Work in progress	273,472	146,535
	717,700,888	634,647,961
Accumulated impairment losses on Inventories (Note 33)	(35,596,931)	(31,644,772)
	682,103,957	603,003,189

Cost of goods sold as at 31 December 2010 and 2009 amounted to 3,692,492,134 euro and 3,580,874,024 euro, respectively, and may be detailed as follows:

	31 December 2010	31 December 2009
Opening balance	634,647,961	590,216,893
Changes in consolidation perimeter	-	759,076
Purchases	3,800,704,803	3,651,137,843
Adjustments	(31,159,651)	(29,518,161)
Closing balance	717,227,693	634,647,961
	3,686,965,420	3,577,947,690
Impairment losses (Note 33)	10,695,979	8,411,520
Reversal of impairment losses	(5,169,265)	(5,485,186)
	3,692,492,134	3,580,874,024

The line adjustments includes 24 million euro (23 million euro at 31 December 2009) relating essentially to telecommunications terminal transfers from stocks Fixed Assets under contracts of lending agreements with customers of Telecommunications segment.

17 TRADE ACCOUNTS RECEIVABLE

As at 31 December 2010 and 2009, trade accounts receivable are detailed as follows:

	31 December 2010	31 December 2009
Trade accounts receivable		
Retail	32,397,607	33,530,469
Shopping Centres	26,078,818	28,908,566
Telecommunications	203,068,231	220,854,930
Investment management	11,504,903	10,555,411
Sonae Holding	321,631	982,280
	273,371,190	294,831,656
Accumulated impairment losses on Trade Debtors (Note 33)	(86,155,511)	(86,765,183)
	187,215,679	208,066,473

Sonae's exposition to credit risk is attributed to accounts receivable relating the operating activity of the Group. The amounts presented on the face of the statement of financial position are net of impairment losses which were estimated based on Sonae's past experience and on the assessment of present economic conditions. As a result, amounts disclosed in Trade Debtors are considered to reflect their fair value.

As at 31 December 2010 there is no indication that the debtors of trade accounts receivable not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognized.

As at 31 of December of 2010 and 2009, the ageing of the trade receivables are as follows:

	Trade Receivables					
31 December 2010	Retail	Shopping Centres	Telecommunications	Investments Management	Others	Total
Not due	6,241,949	6,165,920	45,397,172	4,733,814	150,774	62,689,629
Due but not impaired						
0 - 30 days	1,207,655	3,361,870	16,618,950	1,436,369	107,331	22,732,174
30 - 90 days	17,718,227	1,819,080	9,557,367	1,102,241	30,808	30,227,722
+ 90 days	1,231,637	4,533,379	33,789,581	836,282	32,719	40,423,598
Total	20,157,519	9,714,329	59,965,898	3,374,892	170,858	93,383,495
Due and impaired						
0 - 90 days	821,533	948,002	5,985,244	1,158,600	-	8,913,379
90 - 180 days	834,217	947,955	5,859,106	304,501	-	7,945,779
180 - 360 days	306,182	2,033,745	6,197,103	153,557	-	8,690,587
+ 360 days	4,036,207	6,268,867	79,663,708	1,779,538	-	91,748,319
Total	5,998,139	10,198,569	97,705,161	3,396,196	-	117,298,063
	32,397,607	26,078,818	203,068,231	11,504,902	321,632	273,371,187

	Trade Receivables					
31 December 2009	Retail	Shopping Centres	Telecommunications	Investments Management	Others	Total
Not due	12,137,691	6,525,055	54,453,780	5,956,405	675,928	79,748,859
Due but not impaired						
0 - 30 days	5,548,922	3,724,054	26,258,873	1,213,406	245,068	36,990,323
30 - 90 days	7,838,363	3,642,067	9,859,150	1,118,968	48,286	22,506,834
+ 90 days	977,475	4,797,664	43,235,363	761,826	12,998	49,785,326
Total	14,364,760	12,163,785	79,353,386	3,094,201	306,352	109,282,483
Due and impaired						
0 - 90 days	45,873	1,008,627	2,952,382	38,324	-	4,045,206
90 - 180 days	46,342	858,683	3,589,051	4,500	-	4,498,576
180 - 360 days	449,406	2,007,699	5,016,947	43,917	-	7,517,969
+ 360 days	6,486,397	6,344,717	75,489,385	1,418,065	-	89,738,563
Total	7,028,018	10,219,726	87,047,764	1,504,806	-	105,800,314
	33,530,469	28,908,566	220,854,930	10,555,411	982,280	294,831,656

In determining the recoverability of trade receivables, Sonae considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the large number of customers. Accordingly, it is considered that the risk of not recovering the trade receivables is not higher than the allowance for doubtful debts.

Sonae considers that the maximum exposure to the credit risk is the amount presented in the consolidate statement of financial position.

18 OTHER DEBTORS

As at 31 December 2010 and 2009, Other debtors are as follows:

	31 December 2010	31 December 2009
Granted loans to related companies	41,489	8,339
Other debtors		
Trade creditors - debtor balances	59,155,520	58,251,461
Special regime for payment of tax and social security debts	12,282,502	13,999,945
VAT recoverable on real estate assets	6,308,923	20,698,211
Vouchers and gift cards	1,478,041	1,308,743
Accounts receivable from the disposal of fixed assets	2,648,223	5,210,484
"Iniciativas E" program	17,390,276	-
Advances for the acquisiton of a real estate project	7,967,500	7,967,500
Termination of the contract of acquisition of land in Pulianas	-	5,382,500
Revocation of contracts for acquisition of stores	7,080,423	11,131,667
Advances to suppliers	17,663,045	15,905,764
Advances to agents	1,263,597	1,004,492
Reinsurance operations	4,960,287	3,351,186
Other current assets	29,298,593	36,395,503
	167,496,930	180,607,456
Accumulated impairment losses in receivables (Note 33)	(19,629,218)	(17,223,230)
Total of Financial Instruments (Note 9)	147,909,201	163,392,565

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

The amounts disclosed as 'Trade creditors - debtor balances' relates with commercial discounts billed to suppliers to be net settled with future purchases - mainly in the Retail segment.

The amount disclosed as 'Special regime for payment of tax and social security debts' corresponds to taxes which were disputed and subject to reimbursement claims. The Board of Directors is confident of the arguments presented by Sonae and expects court decisions to be in favour of Sonae.

As at 31 December 2010, the net position of the telecommunications operating segment with "Fundação para as Comunicações Móveis", under "Iniciativas E" program, amounts to a receivable of 17,390,276 euro (20,337,515 euro as at 31 December 2009) and are reflected as follows:

	31 December 2010	31 December 2009
Assets		
Other debtors	17,390,276	-
Other current assets (Note 20)	-	75,145,779
	17,390,276	75,145,779
Liabilities		
Other creditos	-	(32,862,235)
Other current liabilities	-	(21,946,029)
	-	(54,808,264)
	17,390,276	20,337,515

During the year of 2010, the figures for the net position with the "Fundação para as Comunicações Móveis" were aggregated and reflected in " Other debtors ".

As at 31 December 2010, the amounts of 2,253,107 euro (32,923,892 euro in 2009) and 33,219,196 euro (33,480,367 euro in 2009), are recorded under the captions "Other non-current liabilities" and "Other current liabilities", respectively and relate to the parcels estimated but not yet paid for, associated with the commitments made by Sonae under the 'Iniciativas-E' program.

The amount of 7,967,500 euro relates to an advance made by the shopping centers operating segment to purchase a project in Romania, which bears interests at 3%, as agreed. This advance and the interests from the date of the signing of the contract (approximately 1,815,500 euro), are secured by the mortgage of the land in favor at Sonae.

At as 31 December 2010 and 2009, the ageing of other debtors is as follows:

	Other Debtors	
	31 December 2010	31 December 2009
Not due	27,111,501	80,700,482
Due but not impaired		
0 - 30 days	16,783,087	28,915,142
30 - 90 days	56,266,680	27,168,792
+ 90 days	46,078,911	25,066,851
Total	119,128,678	81,150,785
Due and impaired		
0 - 90 days	849,246	1,305,871
90 - 180 days	278,998	136,019
180 - 360 days	460,821	2,460,437
+ 360 days	19,667,686	14,853,862
Total	21,256,751	18,756,189
	167,496,930	180,607,456

As at 31 December 2010 there is no indication that the debtors not due will not fulfill their obligations on normal conditions, thus no impairment loss was recognized.

The carrying amount of other debtors is estimated to be approximately its fair value.

19 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2010 and 2009, Taxes recoverable and taxes and contributions payable are made up as follows:

	31 December 2010	31 December 2009
Tax recoverable		
Income taxation	12,767,674	10,950,005
VAT	81,595,153	42,533,733
Other taxes	2,106,847	1,586,731
	96,469,674	55,070,469
Taxes and contributions payable		
Income taxation	25,320,502	34,365,203
VAT	62,169,032	34,317,472
Staff income taxes withheld	6,145,634	3,252,893
Social security contributions	12,979,680	11,993,953
Other taxes	2,089,240	2,698,188
	108,704,088	86,627,709

20 OTHER CURRENT ASSETS

As at 31 December 2010 and 2009, Other current assets are made up as follows:

	31 December 2010	31 December 2009
Invoices to be issued	59,169,355	57,394,646
"Iniciativas E" program (Note 18 and 51)	-	75,145,779
Commercial Discounts	16,696,170	14,211,921
Commissions to be received	1,539,228	1,368,173
Prepayments - Rents	6,369,289	4,204,847
Prepayments of external supplies and services	19,205,197	18,096,233
Other current assets	16,664,201	13,565,819
	119,643,440	183,987,418

The caption invoices to be issued relates, essentially with telecommunications operating segment and accounts for invoices to be issued to customers and other telecommunications operators.

21 DEFERRED TAX

Deferred tax assets and liabilities as at 31 December 2010 and 2009 are as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Difference between fair value and acquisition cost	2,626,386	3,700,884	291,729,664	268,856,386
Amortisation and Depreciation	7,147,763	46,211	50,215,050	43,461,567
Provisions and impairment losses not accepted for tax purposes	19,036,149	15,627,931	-	-
Write off of tangible and intangible assets	47,390,799	58,633,429	-	-
Write off of deferred costs	26,225,648	36,005,911	2,069,556	1,362,430
Valuation of hedging derivatives	5,450,779	7,180,175	158,914	100,654
Temporary differences arising from the securitization of receivable operation	9,660,000	12,880,000	-	-
Amortisation of Goodwill for tax purposes	-	-	20,940,048	13,960,032
Non taxed exchange differences	-	-	247,167	928,553
Revaluation of tangible assets	-	-	1,862,802	2,131,967
Tax losses carried forward	96,392,351	94,364,809	-	-
Reinvested capital gains/(losses)	-	-	2,050,170	2,768,248
Others	6,791,580	1,775,158	2,035,458	2,731,864
	220,721,455	230,214,508	371,308,829	336,301,701

During the periods ended 31 December 2010 and 2009, movements in Deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Opening balance	230,214,508	206,954,690	336,301,701	330,908,680
Effects in net income:				
Difference between fair value and acquisition cost	(1,226,206)	(870,449)	5,665,257	(23,252,384)
Amortisation and Depreciation harmonisation adjustments	(21,930)	26,935	7,281,944	8,464,839
Provisions and impairment losses not accepted for tax purposes	3,339,952	(399,556)	(101,664)	(26,495)
Write-off of tangible and intangible assets	(11,153,852)	(5,702,292)	67	(228)
Write-off of deferred accrued costs	(856,363)	(7,092,466)	670,743	(49,998)
Revaluation of tangible assets	-	-	(229,900)	(149,436)
Tax losses carried forward	2,114,438	38,081,299	-	-
Temporary differences arising from the securitization of receivable operation	(3,220,000)	(3,220,000)	-	-
Amortization of Goodwill for tax purposes	-	-	6,980,016	6,980,016
Non taxed exchange differences	-	-	(1,136,223)	(5,422,220)
Reinvested capital gains/(losses)	-	-	(763,329)	(155,523)
Changes in tax rates	(174,982)	-	14,564,332	(153,687)
Others	3,363,336	(87,939)	(395,258)	(418,850)
	(7,835,607)	20,735,532	32,535,985	(14,183,966)
Effects in equity:				
Valuation of hedging derivatives	(1,843,713)	1,806,117	151,921	(471,332)
Exchange rate effect	315,384	1,045,771	5,280,118	6,592,197
Change in tax rate	164,273	-	-	-
Others	(338,581)	(429,313)	(378,880)	333,892
	(1,702,637)	2,422,575	5,053,159	6,454,757
Changes in the percentages of jointly controlled companies				
Acquisitions of subsidiaries	-	153,728	-	-
Disposals of subsidiaries (Note 8)	45,191	(52,017)	(2,588,023)	(961,577)
Allocation of fair value on companies acquisitions (Note 8)	-	-	6,007	14,083,807
Closing balance	220,721,455	230,214,508	371,308,829	336,301,701

As at 31 December 2010 and 2009, in Portuguese companies the tax rate used to calculate the deferred tax assets arising from tax losses carried forward was 25%. For the deferred tax assets arising from temporary differences, the considered rate was 26.5%., increased approximately in 2% for companies that predict the payment of a tax surplus, a taxable income above 2 million euro (this tax surplus was only established in 2010). The companies or branch offices located in other countries have used their tax.

As at 31 December 2010 and 2009, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

	31 December 2010			31 December 2009		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2004	-	-	2010	171,630	42,907	2010
Generated in 2005	296,604	74,151	2011	1,454,441	363,610	2011
Generated in 2006	299,784	74,946	2012	1,953,506	488,376	2012
Generated in 2007	1,308,603	327,151	2013	15,775,143	3,943,786	2013
Generated in 2008	3,541,099	885,276	2014	4,136,674	1,034,169	2014
Generated in 2009	34,626,954	8,656,739	2015	50,067,344	12,516,838	2015
Generated in 2010	1,263,284	315,818	2014	-	-	
	41,336,328	10,334,081		73,558,738	18,389,686	
Without limited time use	7,285,741	2,094,121		18,581,710	5,096,472	
With a time limit different from the above mentioned	280,136,743	83,964,149		236,619,705	70,878,651	
	287,422,484	86,058,270		255,201,415	75,975,123	
	328,758,812	96,392,351		328,760,153	94,364,809	

As at 31 December 2010 and 2009, deferred tax assets resulting from tax losses carried forward were re-assessed against each company's business plans, which are regularly updated, and available tax planning opportunities. Deferred tax assets have only been recorded to the extent that future taxable profits will arise which may be offset against available tax losses or against deductible temporary differences.

As at 31 December 2008, deferred tax assets were recorded in the amount of 16.1 million euro, in the Telecommunications operating segment, relating the securitization of future receivables completed in December 2008. As a result of that operation, an amount of 100 million euro was added for purposes of determining the taxable income for the year 2008, thereby generating a temporary difference between accounting and taxable income result, which led to the recognition of a deferred tax asset to the extent that its use was, with reasonable safety, probable. Until 31 December 2010, an amount of 6.4 million euro was reversed corresponding to the reversal of the above mentioned temporary difference during the year.

In the year ended 31 December 2008, deferred tax assets were recorded amounting to approximately 18,240,000 euro, in the Specialized Retail operating segment, relating to tax losses of subsidiary Worten España, SA generated during the year and in previous years, of which 11,829,000 euro are related to tax losses generated prior to the acquisition date, and so affecting the calculation of the negative goodwill found. During the years ended 31 December 2010 and 2009, deferred tax assets were recognized, related to losses generated in the mentioned years, amounting to 15,803,178 euro in Worten España, SA and 9,378,757 euro in Sport Zone España SA. The recording of deferred tax assets, is based on the existing business plans that predict that the recorded deferred tax assets are recoverable between 6 and 8 years in time (in the most conservative perspective). In Spain, the reporting period of tax losses is 15 years.

As at 31 December 2010 deferred tax assets relating tax losses generated in the years 2010, 2009 and 2008, by Modelo Continente S.A. Spanish Branch, amount to 33,504,788 euro (29,633,938 euro as at 31 December 2009). The mentioned tax losses can be recovered within the Income Tax Group established in Spain, according to Spanish law, for a period of 15 years. Modelo Continente S.A. Spanish Branch, as at 31 December 2010, was the dominant entity within the group of companies taxed in accordance with the Spanish regime for taxing groups of companies. It is the understanding of The Board of Directors, based on existing business plans, that the mentioned deferred tax assets are fully recoverable.

Additionally Spanish law allows the annual deduction, for tax purposes, of 5% of goodwill recognized on the acquisition of foreign based companies before 21 December 2007. Sonae, has recognized ,within this scope deferred tax liabilities relating goodwill depreciation, generated with the acquisition of Continente Hipermercados (ex-Carrefour Portugal), amounting to 465,334,400 euro (Goodwill amount for tax purposes).

In 2010, Spanish Tax authorities notified Modelo Continente S.A. Spanish Branch of a decrease in 2008 tax losses incurred, amounting to approximately 23,266,000 million euro, challenging the deduction of Goodwill depreciation, generated on the acquisition of Continente Hipermercados. That branch appealed to the proper Spanish Authorities (Tribunal Económico - Administrativo Central de Madrid) in 15 December 2010, and it is the Board of Directors understanding that the decision will be favourable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities related with Goodwill. As at 31 December 2010, tax losses arising from the depreciation of Goodwill, including 2008, amount to 69,800,000 euro (46,533,000 euro as at 31 December 2009).

As at 31 December 2010, there were tax losses carried forward, amounting to 579,359,100 euro (639,018,631 euro in 2009) for which no deferred tax assets were recognized due to uncertainties of their future use. These may be summarised as follows:

	31 December 2010			31 December 2009		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use						
Generated in 2004	-	-	2010	7,026,627	1,756,656	2010
Generated in 2005	17,295,106	4,323,777	2011	46,474,629	11,618,658	2011
Generated in 2006	53,377,911	13,344,477	2012	60,520,774	15,130,192	2012
Generated in 2007	60,528,122	15,132,031	2013	60,518,585	15,129,647	2013
Generated in 2008	13,577,675	3,394,420	2014	13,091,128	3,272,783	2014
Generated in 2009	27,961,443	6,990,387	2015	12,670,496	3,167,650	2015
Generated in 2010	16,800,963	4,200,239	2014	-	-	
	189,541,220	47,385,331		200,302,239	50,075,586	
Without limited time use	56,081,477	13,834,353		38,617,859	10,737,954	
With a time limit different from the above mentioned	333,736,403	85,332,332		400,098,533	102,943,995	
	579,359,100	146,552,016		639,018,631	163,757,535	

22 CASH AND CASH EQUIVALENTS

As at 31 December 2010 and 2009, Cash and cash equivalents are as follows:

	31 December 2010	31 December 2009
Cash at hand	7,343,569	6,412,073
Bank deposits	217,226,030	140,227,780
Treasury applications	23,022,451	25,590,018
Cash and cash equivalents on the statement of financial position	247,592,050	172,229,871
Bank overdrafts (Note 25)	(10,118,117)	(23,763,618)
Cash and cash equivalents on the statement of cash flows	237,473,933	148,466,253

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

23 SHARE CAPITAL

As at 31 December 2010, the share capital, which is fully subscribed and paid for, is made up of 2,000,000,000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

On 15 November 2007, Sonae Holding sold. 132,856,072 Sonae Holding shares directly owned by the Company. The shares were sold in a market operation at the unit price of 2.06 euro per share and resulted on a cash inflow (net of brokerage commissions) of 273,398,877 euro.

On the same date, Sonae Investments, BV wholly owned by Sonae Holding entered into a derivative financial instrument - Cash Settled Equity Swap - over a total of 132,800,000 Sonae Holding shares, representative of 6.64% of its capital.

This transaction has a maximum maturity of three years and a strictly financial liquidation, without any duty or right for the Company or any of its associated companies in the purchase of these shares. This transaction allows Sonae to totally maintain the economic exposure to the sold shares.

In this context, although legally all the rights and obligations inherent to these shares have been transferred to the buyer. Sonae Holding did not derecognize their own shares, recording a liability in the caption Other non-current liabilities (Note 28). According to the interpretation made by Sonae of the IAS 39, applied by analogy to own equity instruments, the derecognition of own shares is not allowed as the group maintains the risks and rewards arising on the instruments sold.

Consequently, Sonae maintains the deduction from Equity amounting to the acquisition cost of the 132,800,000 shares (138,568,275 euro), and has accounted for the consideration received for the above mentioned sale of own shares in the caption Other non-current liabilities (273,568,000 euro).

Due to the detach of Sonae Capital SGPS. SA demerger rights attributable to the 132,800,000 Sonae SGPS. SA shares subject to the above mentioned agreement, the Group recognized an asset measured at its' fair value. This asset as not been derecognized as the Group also entered into a Cash Settled Equity Swap over the Sonae Capital SGPS, SA shares, and therefore a liability was recognized.

On 23 April 2009 and 10 March 2010 Sonae Investments BV requested a partial cancellation of Cash Settled Equity Swap for 1,134,965 and 1,185,144 shares respectively Sonae Holding passing the derivative financial instrument to focus on 130,479,891 shares Sonae Holding, representing 6.52% of share capital.

On 19 October 2010 Sonae Investments BV came to an agreement with the above mentioned financial institution to extend the maturity date of the Cash Settled Equity Swap over Sonae Holding shares. The renewal of the maturity date was made for three additional years, until November 2013, keeping the settlement mechanism as strictly financial. The Cash Settled Equity Swap, over Sonae Capital SGPS, SA shares, at maturity date, was not renewed, as so Sonae acquired 16,600,000 Sonae Capital SGPS, SA shares at fair value, which corresponded to the amount of the liability recorded at the settlement date, representative of 6.6% of its capital.

Considering the operations mentioned above, the amount of the liability recorded amounts to 101,774,315 euro (Note 28) reflecting the market value of Sonae Holding shares.

These liabilities are adjusted at the end of each month by the effect in Sonae Holding or Sonae Capital, SGPS, S.A. share price, as applicable, being recognized an asset/liability in order to present the right/obligation related to the cash settlement of the operation that resets monthly (Notes 18, 28 and 31). As at 31 December, the receivable amount 4,697,272 euro, results from the change in Sonae Holding shares price.

Additionally, the costs related to the "floating amount" based on Euribor 1 month are recognised in the income statement.

The value to get established on the basis of dividends distributed by Sonae is credited in equity to offset the charge of the distribution. The amount of dividends on Sonae SGPS, SA during the year ending 31 December 2010 amounted to 4.110.117 euro (3,949,951 euro in 2009), that was credited to equity.

The number of shares taken into consideration to calculate earnings per share includes the shares referred to above as a deduction to the shares issued by the Company (Note 47).

As at 31 December 2010, the following entities held more than 20% of the subscribed share capital:

Entity	%
Efanor Investimentos. SGPS. SA and subsidiaries	52.98

The capital structure is analysed in the Management Report section titled "Business Performance".

24 NON-CONTROLING INTERESTS

Movements in non-controlling interests during the periods ended as at 31 December 2010 and 2009 are as follows:

	31 December 2010	31 December 2009
Opening balance as at 1 January	477,968,755	411,549,101
Dividends	(6,146,568)	(38,140)
Exchange rate effect	3,447,334	2,515,177
Acquisition of subsidiaries	-	54,233,850
Increase of capital and premium on subsidiaries	15,640,635	4,912,947
Decrease of capital and premium on subsidiaries	(4,733,014)	-
Increased shareholding by acquisitions	6,876,606	-
Decreased shareholding by disposals	-	26,133,713
Changes in hedge and fair value reserves	70,163	(1,549,431)
Others	(560,982)	352,125
Profit for the period attributable to non-controlling interests	31,526,011	(20,140,587)
Closing balance as at 31 December	524,088,940	477,968,755

25 Loans

As at 31 December 2010 and 2009, Loans are made up as follows:

		31 December 2010			31 December 2009		
			Outstanding amount			Outstanding amount	
		Amount limit	Current	Non Current	Amount limit	Current	Non Current
Bank loans							
	Sonae, SGPS, SA - commercial paper	350,000,000	61,000,000	-	350,000,000	24,950,000	-
	Sonae Investimentos, SGPS, S.A. - commercial paper	682,500,000	-	292,000,000	692,500,000	-	271,000,000
a)b)	Sonae Sierra affiliated companies	420,488,882	17,761,891	382,680,843	470,086,920	16,621,638	385,383,442
a)b)c)	Sonae Sierra affiliated companies	379,161,327	36,525,264	342,636,063	442,830,796	61,288,733	377,516,488
a)b)d)	Sonae Sierra affiliated companies	27,055,200	-	-	11,179,526	-	11,179,526
a)	Sonae Sierra affiliated companies	13,848,351	5,368,935	5,979,416	12,185,116	8,179,211	3,435,116
	Sonae Sierra SGPS, SA	34,460,000	96,901	-	41,959,500	18,585,252	-
	Sonaecom SGPS, SA commercial paper	237,500,000	28,388,536	85,000,000	320,000,000	55,000,000	150,000,000
	Sonaecom SGPS, SA	26,500,000	-	-	26,500,000	3,500,000	-
	MDS, SGPS, SA - commercial paper	10,000,000	-	10,000,000	-	-	-
	Others		6,262,465	13,844,568		21,887,012	15,374,356
			155,403,993	1,132,140,890		210,011,846	1,213,888,928
Bank overdrafts (Note 22)			10,118,117	-		23,763,618	-
Up-front fees beard with the issuance of borrowings			(769,792)	(4,465,330)		(808,536)	(5,564,118)
Bank loans			164,752,318	1,127,675,560		232,966,928	1,208,324,810
Bonds							
	Bonds Sonae / 05		-	100,000,000		-	100,000,000
	Bonds Sonae / 2006/2011		-	-		-	250,000,000
	Bonds Sonae / 2007/2014		-	150,000,000		-	150,000,000
	Bonds Sonae / 2010/2015		-	250,000,000		-	-
	Bonds Modelo Continente / 2003		82,000,000	-		-	82,000,000
	Bonds Modelo Continente / 2005 / 2010		-	-		64,925,000	-
	Bonds Modelo Continente / 2005 / 2012		-	150,000,000		-	150,000,000
	Bonds Modelo Continente / 2007 / 2012		-	200,000,000		-	200,000,000
	Bonds Sonae Distribuição / 2007 / 2015		-	200,000,000		-	200,000,000
	Bonds Sonae Distribuição / 2007 / 2015		-	310,000,000		-	310,000,000
	Bonds Sonae Distribuição / 2009 / 2014		8,000,000	42,000,000		-	50,000,000
	Bonds Sonaecom / 2005/2013		-	150,000,000		-	150,000,000
	Bonds Sonaecom / 2010/2013		-	40,000,000		-	-
	Bonds Sonaecom / 2010/2015		-	30,000,000		-	-
	Bonds Sonae Sierra / 2008/2013		-	37,500,000		-	37,500,000
Up-front fees beard with the issuance of borrowings			(499,580)	(7,515,653)		(76,340)	(8,365,778)
Bonds			89,500,420	1,651,984,347		64,848,660	1,671,134,222
Other loans			33,466	550,174		33,466	586,519
Derivative instruments (Note 27)			5,245,380	33,272,397		7,902,322	34,584,190
Other loans			5,278,846	33,822,571		7,935,788	35,170,709
Obligations under finance leases (Note 26)			4,932,664	26,468,295		7,803,032	29,357,393
			264,464,248	2,839,950,773		313,554,408	2,943,987,134

a) These amounts are proportionate considering the percentage held by Sonae;

b) These loans are guaranteed by mortgages of investment properties held by these affiliated companies;

c) These loans are guaranteed by a pledge of shares held in the those affiliated companies;

d) These loans are guaranteed by bank guarantees.

The interest rate at 31 December 2010 of bonds and loans were in average 2.04% (1.72% 31 December 2009).

Bank loans bear interests at market rates based on Euribor for each interest payment term, therefore the fair value of bank loans is estimated to be similar to their market value.

The derivative instruments are recorded at fair value (Note 27).

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

	31 December 2010		31 December 2009	
	Capital	Interests	Capital	Interests
N+1 a)	260,488,240	62,673,813	306,536,962	59,249,205
N+2	506,287,216	57,584,871	369,170,365	54,034,205
N+3	556,923,415	46,769,680	561,016,180	47,483,356
N+4	548,918,015	36,815,870	549,823,566	38,181,113
N+5	742,517,918	22,563,099	492,562,407	20,709,627
After N+5	464,012,795	26,116,482	950,760,322	39,538,308
	3,079,147,599	252,523,814	3,229,869,802	259,195,814

a) Includes amounts drawn under commercial paper programs.

The maturities above were estimated in accordance with the contractual terms of the loans, and taking into account Sonae's best estimated regarding their reimbursement date.

Commercial paper programmes in the retail operating segment have a subscription guarantee for a period of 4 years. It's the Groups intention to maintain this form of financing scheme for more than one year, therefore the Group classifies this amounts as non – current.

Loans obtained by the shopping centre operating segment, imply the compliance with the following financial covenants:

	31.December.2010			31.December.2009		
		Used amount			Used amount	
	Limit	Short term	Medium and long term	Limit	Short term	Medium and long term
"Loan to Value" and "Debt Service Cover Ratio"	381,686,500	18,114,500	363,572,000	395,018,500	18,889,000	376,129,500
"Loan to Value", "Debt Service Cover Ratio", and "Interest Cover Ratio"	-	-	-	49,990,000	-	49,990,000
"Loan to Value" and "Interest Cover Ratio"	138,739,500	1,818,000	136,921,500	140,362,500	1,460,500	135,178,000
"Debt to equity cover ratio"	35,725,000	700,000	14,979,000	43,024,500	975,500	24,092,500

Whenever a covenant was breached, the corresponding debt was reclassified to short term facility. These situations have occurred with loans obtained by La Farga, Zubiarte, Gli Orsi, Münster and River Plaza. Negotiations are ongoing in order to obtain a debt rescheduling with correspondent banks.

As at 31 December 2010 and 2009, the available credit facilities are as follows:

	31 December 2010		31 December 2009	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities				
Retail	270,120,074	198,000,000	348,517,927	204,000,000
Shopping Centres	58,571,103	-	42,718,579	-
Telecommunications	85,750,000	65,000,000	142,000,000	-
Investment management	3,725,294	-	10,948,727	-
Sonae Holding	229,081,042	-	324,907,000	-
	647,247,513	263,000,000	869,092,233	204,000,000
Agreed credit facilities				
Retail	270,120,074	490,000,000	362,870,074	475,000,000
Shopping Centres	64,188,092	-	71,682,081	-
Telecommunications	114,000,000	150,000,000	200,500,000	150,000,000
Investment management	9,500,000	10,000,000	24,481,550	-
Sonae Holding	290,081,042	-	330,057,000	-
	747,889,208	650,000,000	989,590,705	625,000,000

26 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2010 and 2009, Obligations under finance leases are as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
Amounts under finance leases:	31 December 2010	31 December 2009	31 December 2010	31 December 2009
N+1	6,348,285	9,345,010	4,932,664	7,803,032
N+2	4,752,500	4,783,299	3,753,742	3,725,414
N+3	4,111,805	4,585,949	3,241,186	3,597,303
N+4	3,366,667	3,748,523	2,089,093	2,886,380
N+5	2,858,422	2,825,942	2,159,542	2,054,445
After N+5	17,982,187	20,508,879	15,224,732	17,093,851
	39,419,866	45,797,602	31,400,959	37,160,425
Interests	(8,018,907)	(8,637,177)		
	31,400,959	37,160,425		
Current obligations under finance leases			4,932,664	7,803,032
Non-current obligations under finance leases			26,468,295	29,357,393

Finance leases are contracted at market interest rates, have defined useful lives and include an option for the acquisition of the related assets at the end of the period of the contract (except for medium and long term agreements with suppliers of fibre optic network capacity).

The medium and long term agreements made with the suppliers of the fibre optic network capacity, under which Sonae has the right to use that network, which is considered as a specific asset, are recorded as finance leases in accordance with IAS 17 – "Leases" and IFRIC 4 – "Determining whether an arrangement contains a Lease". These contacts have a maturity between 15 and 20 years.

As at 31 December 2010 and 2009, the fair value of finance leases is close to its accounting value.

Obligations under finance leases are guaranteed by related assets.

As at 31 December 2010 and 2009, accounting net value of assets acquired under finance leases can be detailed as follows:

	31 December 2010	31 December 2009
Assets acquired under finance leases		
Lands and buildings	22,841,362	30,956,605
Plant and machinery	19,695,241	21,161,109
Vehicles	67,132	87,424
Fixture and Fittings	4,186,181	5,447,197
Total tangible assets	46,789,917	57,652,335
Investment properties	-	-
	46,789,917	57,652,335

As at 31 December 2010, the acquisition cost of Tangible assets amounted to 65,174,074 euro (80,001,497 euro as at 31 December 2009).

27 DERIVATIVES

Exchange rate derivatives

Sonae uses exchange rate derivatives, essentially to hedge future cash flows.

Sonae contracted several exchange rate forwards and options in order to manage its exchange rate exposure.

As at 31 December 2010, the fair value of exchange rate derivatives which haven't been considered hedging instruments, calculated based on present market value of equivalent financial instruments of exchange rate, is of 76,618 euro included in liabilities (79,039 euro as at 31 December 2009) and nil value included in assets (365,121 euro as at 31 December 2009).

The computation of the fair value of these financial instruments was made taking into consideration the present value at statement of financial position date of the forward settlement amount in the vesting date of the contract. The settlement amount considered in the valuation, is equal to the reference currency notional amount (foreign currency) multiplied by the difference between the contracted forward exchange rate and the forward exchange market rate to the settlement date as at the valuation date.

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment were recorded directly in the income statement in the captions "Financial income" or " Financial expenses"

Expenses and losses for the year associated with the change in fair value of derivative instruments when considered as hedges are recorded under "Hedging reserve" of Comprehensive Income and the income statement under "Other expenses" when considered speculative .

Interest rate derivatives

As at 31 December 2010, derivatives used by Sonae refer essentially to swaps and interest rate options ("cash flow hedges"). These were negotiated to hedge the interest rate risk of loans amounting to 1,118,050,663 euro (948,629,817 euro as at 31 December 2009). The net fair value of these derivatives amounts to -37,139,105 euro (-42,394,481 euro as at 31 December 2009), and is disclosed as assets amounting to 423,774 euro (12,992 euro as at 31 December 2009) and as liabilities 37,562,879 euro (42,407,473 euro as at 31 December 2009).

The derivatives were valuated considering the estimated future cash-flows, assuming the period of the cancellation options by the counterparties when the forward interest rates are higher than the established fixed interest rate. Sonae intends to keep these derivatives until their maturity date, therefore, this valuation is considered to be the most appropriate to estimate the future cash flows off these instruments.

These interest rate derivatives are valued at fair value, at the statement of financial position date, based on valuations performed by Sonae using specific software and on external valuations when this software does not deal with specific instruments. The fair value of swaps was computed, as at the statement of financial position date, based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg. The calculation of the fair value or options was based on the "Black-Scholes" and similar models.

Interest rate and exchange rate derivatives

As at 31 December 2010 no contracts existed related to interest rate and exchange rate derivatives.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Derivatives not qualified as hedging				
Exchange rate	-	365,122	76,618	79,039
Interest rate	-	-	-	-
Hedging derivatives				
Exchange rate	457,160	-	878,280	-
Interest rate	423,774	12,992	37,562,879	42,407,473
Interest and exchange rate	-	-	-	-
Other derivatives	-	-	-	-
	880,934	378,114	38,517,777	42,486,512

28 OTHER NON-CURRENT LIABILITIES

As at 31 December 2010 and 2009 Other non-current liabilities are made up as follows:

	31 December 2010	31 December 2009
Shareholders loans	39,351,233	47,276,787
Fixed assets suppliers	4,862,095	2,440,330
Other non-current liabilities	133,574,695	156,470,214
Financial instruments (Note 9)	177,788,023	206,187,331
"E-Initiatives" Program (Note 51)	2,253,107	32,923,892
Accruals and deferrals	1,317,990	1,156,180
Other non-current liabilities	181,359,120	240,267,403

The caption Shareholder loans relates to loans in affiliated undertakings in the Retail, Shopping Centres and Investment Management operating segments. These liabilities do not have a defined vesting date and bear interests at variable market rates.

The caption Other non-current liabilities includes the amount of 101,774,315 euro (126,683,322 euro as at 31 December 2009) related to the fair value of the derivative on Sonae Holding and Sonae Capital SGPS, SA shares referred to in Note 23.

The carrying amount of "Other non-current liabilities" is estimated to be approximately its fair value.

29 SHARE-BASED PAYMENTS

In 2010 and in previous years, Sonae granted deferred performance bonuses to its directors and eligible employees. These are either based on shares to be acquired at nil cost, three years after they were attributed to the employee, or based on share options with the period price equal to the share price at the grant date, to be exercised three years later. In both cases, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year.

In 2009 Sonae Holding change the way of payment of share options. In the past they were usually settled in cash, now Sonae Holding settles these responsibilities in shares. The share options responsibilities are accounted in the statement of financial position under "other reserves" and in the Profit and Loss statement under caption "staff costs". They are recognized at the shares fair value on the grant date, concerning the 2010 plan, and at the shares fair value on 31 December 2009, for all the other plans still standing and attributed up to this date. Share-based payments costs are recognized on a straight line basis between the grant and the settlement date.

The share-based payment plans settled in cash, continue to be recorded in the statement of financial position, in the caption other liabilities and in staff costs in the income statement.

As at 31 December 2010 and 2009, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

	Grant year	Vesting year	Number of participants	Fair value 31 December 2010	Fair value 31 December 2009
Shares					
	2007	2010	464	-	4,554,430
	2008	2011	459	5,610,174	5,703,916
	2009	2012	483	8,300,686	7,568,676
	2010	2013	495	4,706,106	-
Total				18,616,966	17,827,022

As at 31 December 2010 and 2009 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	31 December 2010	31 December 2009
Staff costs	6,319,318	7,588,472
Recorded in previous years	7,572,574	3,678,193
	13,891,892	11,266,665
Recorded in other liabilities	7,238,557	7,050,164
Recorded value in Other reserves	6,653,335	4,216,501
	13,891,892	11,266,665

30 TRADE CREDITORS

As at 31 December 2010 and 2009, Trade creditors are as follows:

		Payable to	
	31 December 2010	up to 90 days	more than 90 days
Trade creditors - current account			
Retail	970,347,257	970,224,404	122,853
Shopping Centres	13,233,126	11,136,393	2,096,733
Telecommunications	125,494,041	92,449,575	33,044,466
Investment Management	17,322,721	17,234,457	88,264
Sonae Holding	338,186	287,720	50,466
	1,126,735,331	1,091,332,549	35,402,782
Trade creditors - Invoice Accruals	137,953,952	136,163,159	1,790,793
	1,264,689,283	1,227,495,708	37,193,575

		Payable to	
	31 December 2009	up to 90 days	more than 90 days
Trade creditors - current account			
Retail	886,011,261	885,946,640	64,621
Shopping Centres	13,008,816	10,191,004	2,817,812
Telecommunications	144,238,227	144,238,227	-
Investment Management	19,249,964	19,057,972	191,992
Sonae Holding	660,114	474,209	185,905
	1,063,168,382	1,059,908,052	3,260,330
Trade creditors - Invoice Accruals	157,233,068	156,760,035	473,033
	1,220,401,450	1,216,668,087	3,733,363

As at 31 December 2010 and 2009 this account includes amounts payable to suppliers resulting from Sonae operating activity. The Board of Directors believes that the fair value of their balances doesn't differ significantly from the book value and the effect of updating their amount is not material.

During the years 2010 and 2009 was made available to a very limited number of retail suppliers a "confirming" program payments system, being these trade creditors capable of discounting this receivables in a early date.

31 OTHER CREDITORS

As at 31 December 2010 and 2009, Other creditors are as follows:

		Payable to		
	31 December 2010	up to 90 days	90 to 180 days	more than 180 days
Fixed assets suppliers	101,063,532	92,696,531	1,591,311	6,775,690
Other debts	83,339,503	51,016,935	13,202,508	19,120,060
	184,403,035	143,713,466	14,793,819	25,895,750
Related undertakings	5,888,302			
	190,291,337			

		Payable to		
	31 December 2009	up to 90 days	90 to 180 days	more than 180 days
Fixed assets suppliers	125,829,938	121,718,311	1,760,018	2,351,609
Other debts	123,496,868	104,312,000	5,245,653	13,939,215
	249,326,806	226,030,311	7,005,671	16,290,824
Related undertakings	5,527,840			
	254,854,646			

The caption Other debts includes:

- 18,556,454 euro (17,236,223 euro as at 31 December 2009) of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente";

- 8,277,581 euro (10,483,469 euro as at 31 December 2009) related to vouchers, gift cards and discount tickets owned by clients;

- 6,179,706 euro (5,973,902 euro as at 31 December 2009) related to payable amounts to Sonae Distribuição Brasil. S.A. buyer as a result of responsibilities assumed with that entity. (Note 33);

- 3,178,795 euro (3,032,857 euro as at 31 December 2009) relating to amounts payable to insurance companies, Insurance buyers and insurance agents;

- 12,003,433 euro (1,598,479 euro as at 31 December 2009) relating to amounts payable related to reinsurance operations;

- 32,862,235 euro as at 31 December 2009 relating to the amount payable to "Fundação para as Comunicações Móveis", under the program "Initiatives E" (Note 18).

As at 31 December 2010 and 2009, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interest. The Board of Directors believes that the fair value of these payables is similar to its book value and the result of discounting these amounts are immaterial.

32 OTHER CURRENT LIABILITIES

As at 31 December 2010 and 2009, Other current liabilities are made up as follows:

	31 December 2010	31 December 2009
Property investments accruals	5,556,771	11,315,293
Fixed assets accrued costs	8,803,150	14,472,472
Holiday pay and bonuses	126,653,883	124,087,431
Interest payable	16,631,751	14,528,300
Invoices to be issued	43,994,715	42,253,540
Commissions	5,618,354	6,049,967
Marketing expenses	27,054,939	22,938,341
Information society	33,219,196	55,426,396
Other external supplies and services	58,979,060	49,901,884
Accrued income - trade debtors	34,025,665	31,257,499
Accrued income - rents	5,149,995	4,929,704
Others	38,234,965	33,991,215
	403,922,444	411,152,042

The caption "Accrued income –trade debtors" is related with pre-payable cards and minutes bought and not yet consumed, related with the Telecommunications operating segment.

As at 31 December 2010, the caption "Information society" contains an amount of 33,219,196 euro (33,480,367 euro in 2009) which is related to the short-term commitments assumed by the company under the "Iniciativas E" program. At 31 December 2009 this caption also includes 21,946,029 euro related to amounts payable to "Fundação para as Comunicações Móveis", under the "Initiatives-E" program In 2010, the amounts payable are recorded by their net position under "Other receivables (Note 18).

33 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the period ended 31 December 2010 and 2009 are as follows:

Caption	Balance as at 31 December 2009	Increase	Decrease	Balance as at 31 December 2010
Accumulated impairment losses on investments (Note 14)	67,925	535	(41,691)	26,769
Accumulated impairment losses on other non current assets (Note 15)	141,988	-	(141,988)	-
Accumulated impairment losses on trade account receivables (Note 17)	86,765,183	19,382,225	(19,991,897)	86,155,511
Accumulated impairment losses on other debtors (Note 18)	17,223,230	5,516,486	(3,110,498)	19,629,218
Accumulated impairment losses on inventories (Note 16)	31,644,772	10,804,786	(6,852,627)	35,596,931
Non current provisions	50,607,367	14,867,217	(2,651,140)	62,823,444
Current provisions	2,617,751	956,295	(835,818)	2,738,228
	189,068,216	51,527,544	(33,625,659)	206,970,101

Caption	Balance as at 31 December 2008	Increase	Decrease	Changes in consolidation perimeter	Balance as at 31 December 2009
Accumulated impairment losses on investments (Note 14)	13,157	50,871	-	3,897	67,925
Accumulated impairment losses on other non current assets (Note 15)	291,571	10,542	(160,125)	-	141,988
Accumulated impairment losses on trade account receivables (Note 17)	96,686,475	21,135,371	(30,666,532)	(390,131)	86,765,183
Accumulated impairment losses on other debtors (Note 18)	12,896,708	5,028,969	(705,502)	3,055	17,223,230
Accumulated impairment losses on inventories (Note 16)	29,783,714	8,914,226	(7,185,776)	132,608	31,644,772
Non current provisions	57,086,975	4,137,655	(10,617,263)	-	50,607,367
Current provisions	2,369,154	904,272	(655,675)	-	2,617,751
	199,127,754	40,181,906	(49,990,873)	(250,571)	189,068,216

As at 31 December 2010 and 2009 increases in Provisions and impairment losses are as follows:

	31 December 2010	31 December 2009
Provisions and impairment losses	39,636,907	28,207,470
Impairment losses not included in this note		
Goodwill (Note 13)	-	(1,700,762)
Investment Properties	-	190,412
Provisions for dismantling telecommunication sites [(a)]	520,360	1,601,580
Provision for inventories impairments		
Recorded in cost of goods sold (Note 16)	10,695,979	8,411,520
Others	674,298	3,471,686
	51,527,544	40,181,906

[(a)] These costs are capitalised in tangible assets and are amortised according to the corresponding assets useful life;

As at 31 December 2010 and 2009, the provisions detail is as follows:

	31 December 2010	31 December 2009
Technical provisions on reinsurance (a)	8,069,284	9,118,524
Future liabilities relating to retail subsidiaries of retail in Brazil sold (b)	10,856,969	5,447,923
Dismantling of telecommunication sites	22,729,081	22,208,721
Clients Guarantees (c)	7,833,843	-
Judicial claims	7,744,369	9,133,101
Others	8,328,126	7,316,849
	65,561,672	53,225,118

(a) Amounts included in "Technical provisions on reinsurance" relate to a group company that operates in the non-life re-insurance industry. The provision amount can be detailed as follows: 2,175,590 euro (4,318,576 euro as at 31 December 2009) related to provisions for non-acquired insurance premiums and 5,893,693 euro (4,799,948 euro as at 31 December 2009) related to provisions for claims outstanding. The amount to be recovered from the reinsurance companies is recorded in the caption Reinsurer's share of technical provisions (Note 15) Other Debtors (Note 18);

(b) The caption non–current provisions includes 10,856,969 euro (5,447,923 euro as at 31 December 2009), of which 4,687,764 euro recorded in the period relating to non-current contingencies assumed by the Company, when selling its subsidiary Sonae Distribuição Brasil, S.A. in 2005. This provision is being used as costs are incurred. This amount reflects the board o directors best estimate, which results from a significant number of civil and labour lawsuits of reduced value;

(c) The caption non-current provisions and the period movement in provisions, also includes the estimated liabilities incurred by the Group on the sale of warranty extension programs on products traded by the Specialized Retail business segment in the amount of 7,833,843 euro. These extensions are granted for a period of one to three years after the suppliers legal guarantee.

Impairment losses are deducted from the book value of the corresponding asset.

34 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2010 and 2009, major Contingent liabilities were guarantees given are as follows:

	31 December 2010	31 December 2009
Guarantees given:		
on tax claims	270,130,723	266,974,945
on judicial claims	575,115	659,048
on municipal claims	7,011,523	8,998,481
others guarantees	54,745,874	42,776,282

Others guarantees include 13,194,442 euro (9,250,883 euro as at 31 December 2009) to guarantee part of the debt of Sonae Sierra affiliates related with the purchase, sale and exchange of Land;

During the period, retail segment subsidiaries of the Company, granted guarantees in favour of the Portuguese Tax Administration, associated with tax claims for VAT, amounting to 96,500,000 euro, for which the Company has presented, or has the intention of presenting an impugnation. Portuguese tax authorities claim that the Company should have invoiced VAT related to promotional discounts invoiced to suppliers as this discounts depend on the purchases made by the group during the year, and claim that the company should not have deducted VAT from discount vouchers used by its clients.

Additionally, Sonae SGPS, S.A. has granted guarantees on behalf of Sonae Investimentos, S.A., amounting to 71,485,070 euro, in order to insure the payment income tax debt. The most relevant one concerns to a guaranty granted by the Group approximately 60 million euro, to tax Authorities as a result of a claim over 2005 tax statements, as Tax Authorities challenged the tax loss recognized on the liquidation of a subsidiary, after covering losses in that same subsidiary.

A Retail operating segment company in Brazil granted a guarantee of approximately 33.4 million euro (74 078,784 real), on a tax claim , which is being judged by a tax court (72,755,267 brazilian real as at 31 December 2009 - the difference refers to interests)..

As a consequence of the sale of a subsidiary company in Brazil, Sonae guaranteed the buyer all the losses incurred by that company arising on unfavourable decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euro. As at 31 December 2010, the amount claimed by the Brazilian Tax Authorities, concerning the tax lawsuits still in progress, which the company's lawyers assess as having a high probability of loss, plus the amounts already paid (27,6 million euro) related to programmes for the Brazilian State of tax recovery, amount to near 39,8 million euro (38 million euro at 31 December 2009).

Furthermore, there are other tax lawsuits totalling 54.7 million euro (42 million euro at 31 December 2009) for which the Board of Directors, based on the lawyers' assessment, understands will not imply future losses to the old subsidiary.

As at 31 December 2010, in the Telecommunications operating segment, receivables from customers and accounts payable to suppliers include 37,139,253 euro and 29,913,608 euro, respectively, as well as the captions "Other current assets" and "Other current liabilities" include 411,649 euro and 6,817,553 euro, respectively, resulting from a dispute, essentially with TMN – Telecomunicações Móveis Nacionais, S.A., in relation to the vagueness of interconnection tariffs, recorded in the year ended 31 December 2001. The group has considered the most penalizing tariffs in their consolidated financial statements. In the lower court, the decision was favorable to the Group. The "Tribunal da Relação" (Court of Appeal), on appeal, rejected the intentions of TMN. However, TMN again appealed to the "Supremo Tribunal de Justiça" (Supreme Court), who upheld the decision of "Tribunal da Relação" (Court of Appeal).This concluding that the interconnection prices for 2001 were not defined. The settlement of outstanding amounts will depend on the price that will be established.

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

35 OPERATIONAL LEASES

Minimum lease payments (fixed income) arising from operational leases, in which the Group acts as a lessor, recognized as income during the period ended 31 December 2010 and 2009 amounted to 111,148,146 euro and 107,125,140 euro, respectively.

Additionally, as at 31 December 2010 and 2009, Sonae had operational lease contracts, as a lessor, fundamentally in the Shopping Centres segment, whose minimum lease payments (fixed income) had the following payment schedule:

	31 December 2010	31 December 2009
Due in:		
N+1 automatically renewal	2,459,027	2,554,818
N+1	108,241,479	109,813,951
N+2	100,662,187	101,000,486
N+3	90,466,830	90,399,781
N+4	75,217,183	77,955,113
N+5	59,087,349	62,494,863
After N+5	47,405,489	51,026,559
	483,539,544	495,245,571

Rents arising from operational leases, in which the Sonae acts as a lessee, during the period ended 31 December 2010 amounted to 115,808,462 euro (108,744,712 euro as at 31 December 2009).

Additionally, as at 31 December 2010 and 2009, Sonae had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31 December 2010	31 December 2009
Due in:		
N+1 automatically renewal	25,213,301	19,658,295
N+1	113,140,793	97,164,346
N+2	104,850,376	88,561,911
N+3	98,427,122	79,544,150
N+4	88,222,413	70,396,851
N+5	77,688,853	58,862,001
After N+5	479,659,177	226,569,544
	987,202,035	640,757,098

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

36 TURNOVER

As at 31 December 2010 and 2009, Turnover is made up as follows:

	31 December 2010	31 December 2009
Sale of goods	4,750,784,367	4,532,588,111
Sale of products	18,050,080	17,131,808
	4,768,834,447	4,549,719,919
Services rendered	1,145,301,012	1,115,457,155
Turnover	5,914,135,459	5,665,177,074

37 VALUE CREATED ON INVESTMENT PROPERTIES

As at 31 December 2010 and 2009, value created on investment properties is made up as follows:

	31 December 2010	31 December 2009
Properties previously under development and opened during the period (Note 12)	2,021,543	6,034,792
Changes in fair value of investment properties in progress (Note 12)	6,310,518	2,448,507
Variation in fair value on "fit-out" contracts (Note 12)	(573,659)	(45,689)
Variation in fair value in investment properties in operation (Note 12)		
Gains	27,921,016	20,356,854
Losses	(25,239,382)	(171,478,680)
	-	-
	10,440,036	(142,684,216)

38 GAINS OR LOSSES ON INVESTMENTS

As at 31 December 2010 and 2009, Investment income is made up as follows:

	31 December 2010	31 December 2009
Dividends	696,769	378,624
Sale of Difusão (note 8)	6,423,734	-
Sale of Mediterranean Cosmos	5,685,095	-
Sale of Altitude	2,091,121	-
Sale of 49,9 % of insurance business	-	29,580,737
Sale of shares in FII Shopping Parque D. Pedro and FII Parque D. Pedro Shopping Center	-	3,628,091
Insolvency of Avenue M40	-	7,933,221
Sale of Sonaecom's shares	-	1,045,260
Others	(734,706)	4,111,161
Gains / (losses) on the sale of investments in subsidiaries	13,465,244	46,298,470
Gains / (losses) on the sale of investments on available for sale	-	-
Others	1,121	(42,722)
Impairment losses on investments in subsidiaries	-	(66,156)
Impairment losses on investments in associated companies	-	-
Impairment losses on investments in available for sale assets	-	-
Impairment reversal/(losses) on investments	-	(66,156)
	14,163,134	46,568,216

39 NET FINANCIAL EXPENSES

As at 31 December 2010 and 2009, Net financial expenses are as follows:

	31 December 2010	31 December 2009
Expenses		
Interest payable		
related with bank loans and overdrafts	(26,372,620)	(41,118,822)
related with non convertible bonds	(34,581,323)	(53,964,652)
related with financial leases	(1,161,075)	(1,339,276)
related with hedge derivatives	(17,951,346)	(14,961,206)
others	(11,938,544)	(9,109,042)
	(92,004,908)	(120,492,998)
Exchange losses	(10,435,995)	(4,831,565)
Up front fees and commissions related to loans	(8,162,238)	(6,102,664)
Others	(10,410,887)	(8,050,677)
	(121,014,028)	(139,477,904)
Income		
Interest receivable		
related with bank deposits	628,945	766,712
others	6,535,000	8,938,720
	7,163,945	9,705,432
Exchange gains	5,718,310	6,450,081
Payments discounts received	108,139	3,994
Other financial income	647,499	531,682
	13,637,893	16,691,189
Net financial expenses	(107,376,135)	(122,786,715)

40 OTHER INCOME

As at 31 December 2010 and 2009, Other income is made up as follows:

	31 December 2010	31 December 2009
Supplementary income	373,075,356	359,050,431
Own work capitalised	16,577,953	19,558,948
Gains on sales of assets	42,179,318	3,052,427
Negative Goodwill	-	343,359
Impairment losses reversals	7,511,446	1,971,057
Admission rights	2,465,050	2,281,478
Subsidies	539,853	799,536
Taxes refunded	37,146	2,843,707
Others	34,809,580	24,601,486
	477,195,702	414,502,429

The caption Supplementary income relates mainly to promotional campaigns carried out in the stores of retail segment, reimbursed by the partners of Sonae.

Gains on disposal of assets are explained by the operational sale and leaseback transaction that the Group concluded during the period, generating a cash inflow in the process of more than 71 million.

41 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2010 and 2009, External supplies and services are as follows:

	31 December 2010	31 December 2009
Subcontracts	367,610,120	362,355,999
Services	119,998,447	114,139,805
Publicity	156,619,267	155,599,490
Rents	133,042,545	119,983,029
Commissions	45,865,960	51,398,768
Transports	52,884,151	51,671,907
Electricity	66,223,272	57,641,232
Maintenance	37,897,272	33,520,579
Security	28,172,724	27,661,211
Cleaning up services	26,586,271	26,228,269
Insurances	6,760,123	8,733,495
Communications	13,450,395	12,699,322
Travel expenses	12,810,938	11,637,617
Others	82,715,175	79,480,696
	1,150,636,660	1,112,751,419

42 STAFF COSTS

As at 31 December 2010 and 2009, Staff costs are as follows:

	31 December 2010	31 December 2009
Salaries	545,056,750	521,453,218
Social security contributions	110,241,552	102,583,717
Insurance	9,916,592	10,346,021
Welfare	2,014,161	2,405,492
Other staff costs	25,859,366	17,909,740
	693,088,421	654,698,188

43 OTHER EXPENSES

As at 31 December 2010 and 2009, Other expenses are as follows:

	31 December 2010	31 December 2009
Costs with automatic payment terminals	27,949,731	26,143,352
Other taxes	19,558,947	18,577,015
Decrease of investment properties value	14,559,414	3,430,178
Exchange differences	23,969,267	11,786,731
Losses on the sale of assets	11,407,068	6,556,875
Municipal Property tax	8,586,568	5,800,622
Donations	6,665,123	7,223,812
Doubtful debts written-off	1,900,138	1,439,490
Others	19,300,948	18,331,638
	133,897,204	99,289,713

Losses on the sale of assets includes the impact of recording at fair value the non-current assets held for sale referred in note 10 that amounts 3.8 million euro, and 7.4 million euro, estimated on operational sale and leaseback transaction recorded during the period by the retail segment of the Group as stated in Notes 8 and 40.

44 INCOME TAX

As at 31 December 2010 and 2009, Income tax is made up as follows:

	31 December 2010	31 December 2009
Current tax	58,183,231	46,756,360
Deferred tax (Note 21)	40,371,592	(34,919,498)
	98,554,823	11,836,862

The reconciliation between the profit before Income tax and the tax charge for the periods ended 31 December 2010 and 2009 is summarised as follows:

	31 December 2010	31 December 2009
Profit before income tax	298,014,987	85,457,092
Difference between capital (losses)/gains for accounting and tax purposes	(10,506,641)	(48,297,272)
Results of associated undertakings	3,817,125	5,365,400
Impairment of goodwill	-	1,700,762
Provisions and impairment losses not accepted for tax purposes	26,961,572	9,148,321
Permanent differences	(9,056,680)	42,857,447
Taxable Profit	309,230,363	96,231,750
Use of tax losses that have not originated deferred tax assets	(58,540,512)	(76,233,489)
Recognition of tax losses that have not originated deferred tax assets	58,049,919	59,685,719
	308,739,770	79,683,980
Income tax rate in Portugal	25.00%	25.00%
	77,184,943	19,920,995
Effect of different income tax rates in other countries	(4,734,964)	(6,256,553)
Effect of change in tax income rate in the calculation of deferred taxes	943,395	5,524,359
Effect of increases or decreases in deferred taxes	19,547,503	(7,743,313)
Under/(over) Income tax estimates	(8,750,516)	(2,967,003)
Autonomous taxes and tax benefits	2,143,769	775,391
Municipality surcharge	12,220,693	2,582,986
Income tax	98,554,823	11,836,862

45 RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2010 and 2009 are as follows:

	Sales and services rendered		Purchases and services obtained	
Transactions	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Parent Company	168,837	140,796	-	-
Jointly controlled companies	11,767,995	11,214,048	19,452,203	18,621,099
Associated companies	38,588,183	34,392,308	4,681,203	2,172,809
Other related parties	70,645,400	67,506,776	34,118,234	39,815,041
	121,170,415	113,253,928	58,251,640	60,608,949

	Interest income		Interest expenses	
Transactions	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Parent Company	-	-	-	-
Jointly controlled companies	5,226	137,303	15	9,127
Associated companies	174,938	-	-	-
Other related parties	89,758	77,771	202,194	1,296,894
	269,922	215,074	202,209	1,306,021

	Accounts receivable		Accounts payable	
Balances	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Parent Company	102,607	42,212	-	-
Jointly controlled companies	2,697,745	2,633,332	5,641,691	5,803,997
Associated companies	4,152,235	2,044,450	2,443,183	1,655,097
Other related parties	19,311,222	18,353,791	15,664,418	14,523,536
	26,263,809	23,073,785	23,749,292	21,982,630

	Loans			
	Obtained		Granted	
Balances	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Parent Company	-	-	-	-
Jointly controlled companies	-	-	85,763	1,214,522
Associated companies	-	-	7,528,812	-
Other related parties	60,717,979	41,740,399	248,393	-
	60,717,979	41,740,399	7,862,968	1,214,522

The caption other related parties includes Sonae Indústria, SGPS, SA and Sonae Capital, SGPS, SA affiliated, associated and jointly controlled companies, and also other shareholders of affiliated companies or jointly controlled companies of Sonae, as well as other affiliated companies of the parent company Efanor Investimentos, SGPS, SA.

In 2010 were sold to administrators of Sonae or entities/persons with them related, 19 Magma N.º 1 Securitization notes held by Sonae Holding by an amount of 707,500 euro.

Members of the Board of Directors and Strategic Direction were attributed the following remuneration in 2010 and 2009:

	31 December 2010		31 December 2009	
	Board of Directors	Strategic direction (a)	Board of Directors	Strategic direction (a)
Fixed remuneration	2,029,552	6,986,000	2,288,363	5,759,789
Variable remuneration Short Term	647,700	2,740,686	1,119,300	2,560,400
Variable remuneration Middle Term	642,700	2,698,100	1,066,500	2,083,400
	3,319,952	12,424,786	4,474,163	10,403,589

a) Includes personnel responsible for the strategic management of the companies of Sonae (excluding members of the Board of Directors of Sonae Holding).

46 EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2010 and 2009, were calculated taking into consideration the following amounts:

	31 December 2010	31 December 2009
Net profit		
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	167,940,582	93,760,817
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	167,940,582	93,760,817
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	1,869,520,109	1,868,037,206
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Outstanding shares related with share based payments	12,050,889	9,166,614
Shares related to performance bonus that can be bought at market price	(4,234,046)	(5,232,866)
Weighted average number of shares used to calculated diluted earnings per share	1,877,336,952	1,871,970,954
Earnings per share		
Basic	0.089831	0.050192
Diluted	0.089457	0.050087

The 2010 average number of shares considered the effect of 130,479,891 Sonae Holding shares (131,962,794 in 31 de December 2009) underlying the derivative in Note 23 as treasury shares.

47 CASH RECEIPTS-PAYMENTS RELATED TO INVESTMENTS

As at 31 December 2010 and 2009, cash receipts and cash payments related to investments are as follows:

	31 December 2010	31 December 2009
Receipts		
Disposal of Alexa	24,056,853	-
Disposal of Difusão (Note 8)	32,850,302	-
Disposal of LeiriaShoping	16,489,217	-
Disposal of Mediterranean Cosmos	9,388,610	-
Disposal of Altitude SGPS	3,171,510	-
Disposal of 50 % of the Torre Oriente	-	4,033,290
Disposal of 12 % of the Fundo D.Pedro I	-	6,092,025
Disposal of 84 % of the Fundo D.Pedro II	-	9,290,495
Partial Disposal of MDS, SGPS	-	26,510,469
Others	2,044,236	13,248,654
	88,000,728	59,174,933

	31 December 2010	31 December 2009
Payments		
Acquisition of Sonae Capital Shares	6,972,000	-
Sierra Portugal Fund Capital Increase	14,381,367	-
Acquisition of Sonaecom's Shares	4,944,915	380,878
Acquisition of MDS Group subsidiaries	9,670,973	-
Lazam capital increase	-	29,268,014
Imosede capital increase	-	15,000,063
Others	3,918,432	6,801,966
	39,887,687	51,450,921

48 DIVIDENDS

In the Shareholders Annual General Meeting held on 27 April 2010, the payment of a gross dividend of 0.0315 euro per share (0.03 euro per share in 2009) corresponding to a total of 63,000,000.00 euro (60,000,000.00 euro at 2009) was approved. On the 27 April 2010 the value of the dividends of the derivatives underlying shares mentioned in Note 23, amounted 4,110,117 euro (3,949,951 euro in 2009) and were credited in the caption equity.

For 2010, the Board of Directors will propose a gross dividend of 0.0331 euro per share corresponding to a total of 66,200,000 euro. This dividend is subject to approval by shareholders in the Shareholders Annual Meeting.

49 SEGMENT INFORMATION

As described with more detail in the Management Report the operating segments used by the Group management are as follows:

Food based retail

Specialized retail

Retail real estate

Shopping Centres

Telecommunications

Investment Management

The amounts reported below, are calculated, when applicable, excluding contributions to indirect income as explained in Note 53.

Sonae's reportable segment information regarding the income statement in accordance with IFRS 8 can be analysed as follows:

	31 December 2010	Inter-segment	31 December 2009	Inter-segment
Turnover				
Food based retail	3,355,084,970	(6,620,493)	3,239,177,441	(5,038,602)
Ex-Fuel	3,275,139,951	(6,620,493)	3,106,023,672	(5,038,602)
Fuel	79,945,019	-	133,153,769	-
Specialised retail	1,271,764,071	-	1,132,040,059	-
Retail real estate	126,043,734	(118,356,047)	123,117,232	(116,137,275)
Shopping centres (3)	192,428,636	(13,250,213)	182,914,707	(13,066,383)
Telecommunications	920,718,989	(26,339,848)	949,400,327	(23,347,848)
Investment management	207,080,109	(688,653)	192,362,423	(339,393)
Eliminations and adjustments (3)	(158,985,050)	(1,211,993)	(153,835,115)	(4,453,919)
Total direct consolidated	5,914,135,459	(166,467,247)	5,665,177,074	(162,383,420)
EBITDA				
Food based retail	231,123,330		198,707,702	
Specialised retail	44,625,770		48,104,311	
Retail real estate	149,261,165		110,938,755	
Shopping centres (3)	92,196,068		85,357,138	
Telecommunications	194,011,541		175,668,783	
Investment management	5,526,953		30,250,744	
Eliminations and adjustments (3)	12,207,110		18,143,163	
Total direct consolidated	728,951,937		667,170,596	
EBIT				
Food based retail	146,843,314		124,026,421	
Specialised retail	493,102		9,873,941	
Retail real estate	117,340,679		83,071,313	
Shopping centres (3)	89,230,884		81,490,010	
Telecommunications	64,468,881		23,894,513	
Investment management	(1,970,991)		24,511,198	
Eliminations and adjustments (3)	(7,154,114)		2,415,551	
Total direct consolidated	409,251,755		349,282,947	

	31 December 2010	31 December 2009
Investment (CAPEX)		
Food based retail	87,610,959	137,222,765
Specialised retail	99,676,380	97,443,316
Retail real estate	20,553,310	90,470,545
Shopping centres	51,467,189	97,993,884
Telecommunications	140,585,367	151,788,039
Investment management	14,103,272	33,848,094
Eliminations and adjustments (1)	(1,557,370)	5,676,811
Total direct consolidated	412,439,107	614,443,454

	31 December 2010	31 December 2009
Invested capital		
Food based retail	479,204,374	483,969,819
Specialised retail	337,037,521	249,684,220
Retail real estate	1,418,165,276	1,523,249,390
Shopping centres	1,576,617,718	1,660,873,322
Telecommunications	781,749,152	751,867,339
Investment management	155,569,048	150,752,432
Eliminations and adjustments (1)	(34,500,775)	(38,989,061)
Total direct consolidated	4,713,842,314	4,781,407,461
Total net debt (2)		
Retail businesses	1,046,670,860	1,188,231,638
Shopping centres	829,279,533	926,594,447
Telecommunications	348,085,829	377,828,029
Investment management	80,627,179	93,490,195
Holding (1)	547,616,771	493,972,546
Total consolidated	2,852,280,172	3,080,116,855

1) Includes Sonae Individual accounts;

2) Includes shareholders loans;

3) 2009 figures are re-expressed for compare propose.

The caption "Eliminations and Adjustments" can be analysed as follows:

	Turnover		EBITDA		EBIT	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Inter-segment income	(166,467,247)	(162,383,420)	5,619,542	-	272,027	20,457,740
Adjustment on telecommunications provisions (1)	-	-	16,030,069	16,417,432	-	-
Others	7,482,197	8,548,305	(9,442,501)	1,725,731	(7,426,141)	(18,042,189)
Eliminations and adjustments	(158,985,050)	(153,835,115)	12,207,110	18,143,163	(7,154,114)	2,415,551

(1) The sub holding considers provisions as EBITDA;

(2) The amounts are presented at net value.

	Investment		Invested capital	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Inter-segment balances	(2,286,892)	3,835,095	67,339,294	93,147,018
Acquisition of Sonaecom shares	-	-	-	-
Cash settled equity swap (3)	-	-	(97,077,039)	(132,711,536)
Others	729,522	1,841,716	(4,763,030)	575,457
Eliminations and adjustments	(1,557,370)	5,676,811	(34,500,775)	(38,989,061)

(3) Financial Instrument reported in Note 23.

Glossary:

Invested capital = Gross real estate assets + other fixed assets (including Goodwill) - amortizations and impairment losses + financial investments + working capital (includes non-current assets and non-current liabilities excluding total net debt) ; all figures at book value with the exception of Shopping Centres building block;

Total Net debt = Bonds + bank loans + other loans + shareholders loans + finance leases + derivatives - cash, bank deposits and current investments-other long term applications;

EBITDA = Turnover + other revenues + negative Goodwill – reversion of impairment losses – operational costs - Provisions for warranty extensions + profit/losses on disposals of subsidiaries;

Eliminations and adjustments = Inter-segment + consolidation adjustments + contribution of companies not included in the segments;

CAPEX = Investments in tangible and intangible assets, investment properties and acquisitions of subsidiaries; less amounts generated over assets disposals;

Direct income excludes contributions to indirect income;

Indirect Income includes the Shopping Centre segment contributions net of taxes to consolidated income statement, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses (including goodwill) and provision for Assets at Risk.

Turnover and profit/(loss) before taxation by geographic segment are as follows:

	31 December 2010		31 December 2009	
	Turnover by destination market	Operational profit/(loss) before taxation	Turnover by destination market	Operational profit/(loss) before taxation
Portugal	5,453,118,389	282,699,749	5,321,723,218	186,052,031
Spain	285,309,128	(500,376)	196,818,358	(76,507,134)
France	12,907,504	-	13,403,031	-
United Kingdom	8,009,971	(853,296)	12,260,683	(1,635,266)
Germany	18,324,071	(517,354)	17,205,966	(643,874)
Brazil	62,061,384	21,891,236	34,949,665	25,259,270
Italy	17,509,494	3,629,051	16,561,445	(34,379,889)
Other European countries	36,139,165	(8,081,660)	35,669,548	(12,474,260)
Rest of the world	20,756,353	(245,934)	16,585,160	(213,786)
	5,914,135,459	298,021,416	5,665,177,074	85,457,092

Headcount are as follows:

	31 December 2010	31 December 2009
Retail	30,877	29,221
Shopping Centres	883	908
Telecommunications	2,136	2,081
Investment management	1,746	1,799
Sonae Holding	4	52
	35,646	34,061

50 COMMITMENTS ASSOCIATED TO "INFORMATION SOCIETY"

Under the agreed terms resulting from the grant of the UMTS License, Optimus – Comunicações, S.A. assumed commitments in the area of promotion of the Information Society, totalling 274 million euro, to be complied with up to the end of the licence period (2015).

In accordance with the Agreement established on 5 June 2007 with the Ministry of Public Works, Transport and Communications ("MOPTC"), part of these commitments, up to 159 million euro will be realised through own projects which qualify as contributions to the Information Society and incurred under the normal activities of Optimus – Comunicações, S.A. (investment in the network and technology not resulting from the need to comply with the obligations assumed when the UMTS Licence was granted, and activities relating to research, development and promotion of services, contents and applications) which must be recognized by the MOPTC and by entities created especially for that purpose. As at 31 December 2010 the total amount was already incurred and validated by the above referred entities, so at this date there are no additional responsibilities related to these commitments. These charges were recorded in the financial statements at the moment the projects were carried out and the estimated costs became known.

The remaining commitments, up to the amount of around 116 million euro, will be realised as agreed between Optimus – Comunicações, S.A.and MOPTC, through contributions to the "Iniciativas E" project (offer of modems, discounts on tariffs, cash contributions, among others, relating to the widespread use of broadband internet by students and teachers), the contributions being made through an Open fund called Information Society Fund (Fundo para a Sociedade de Informação) now known as the “Fundação para as Comunicações Móveis” (Foundation for Mobile Communications), to be created by the three mobile operators operating in Portugal. The responsibilities were recorded, at 31 December 2010, as an added cost of the UMTS license, against an entry in the captions ‘Other non-current liabilities’ and ‘Other current liabilities’. At the end of 2009 this responsibilities were all recorded in the financial statements.

At 31 December 2010, the caption “Patents and other similar rights”, of intangible assets includes the amount of 111.5 million euro, that correspond to the present value of the estimated responsibility with "Iniciativas E" program, recorded in June 2008 and updated September 2009.

51 COMMITMENTS ARISING ON THE SALE OF ASSETS REGARDING CONTINGENT SALE PRICES ADJUSTMENTS

Following the sale of 49,9% of the share capital of Sierra European Retail Real Estate Assets Holdings BV(Sierra BV) to a group of Investors in 2003, Sonae Sierra has agreed to revise the sale price of such shares if certain of the shopping malls are sold by any of the participating companies of Sierra BV.

The price revision can occur whether with a sale of the asset or with a sale of the shares of the company that is directly or indirectly the owner of such asset.

The price revision will be made by Sonae Sierra to Luxcos or to Sierra BV, in case of a relevant sale, discounts related to deferred tax or gain of capital have been made.

The price revision will be impacted by the percentage of capital in the company that owns the asset, computed considering the Investors' ownership percentage of the asset (and, in case of shares sale, adjusted by a discount of 50%) and is limited to:

(i) in the case of the asset sale, to a maximum amount of 118 million euro;

(ii) in the case of a sale of shares of the company that directly or indirectly owns the asset, to a maximum amount of 59 million euro;

(iii) in either case, the price revision cannot result in a new price that is greater than the Market Value or the Net Asset Value, as applicable, of the transfer of the asset or of the shares respectively.

These guarantees are valid while the current agreements with the other shareholders of Sierra BV maintained.

Furthermore, Sonae Sierra has the right to make a proposal for the acquisition of the asset or the shares in stake before the same are offered for purchase to a third party.

Sonae believes that the direct sale of the asset is not an attractive solution for this kind of operations as it is subject to certain encumbrances, which do not exist in the sale of the shares of the asset's owner.

52 PRESENTATION OF CONSOLIDATED INCOME STATEMENT

In the Management Report, and for the purposes of calculating financial indicators as EBITDA, recurrent EBITDA and EBIT and as well for operating segments income presentation purposes, the income statement is divided between Direct Income and Indirect Income, according to common practice in the Shopping Centre operating segment.

The Indirect Income includes the contribution of the Shopping Centre operating segment to the consolidated income statement, net of taxes, that result from: (i) valuation of investment properties; (ii) gains (losses) with the sale of financial investments, joint ventures or associates; (iii) impairment losses (including goodwill) and provisions for "Development Funds at Risk".

The value of EBITDA and recurrent EBITDA is only calculated in the direct income, excluding the indirect contributions.

The reconciliation between consolidated income and direct-indirect income for the periods ended 31 December 2010 and 2009 can be summarised as follows:

	31 December 2010			31 December 2009		
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Indirect income	Direct income
Operational income						
Sales	4,768,834,447	-	4,768,834,447	4,549,719,919	-	4,549,719,919
Services rendered	1,145,301,012	-	1,145,301,012	1,115,457,155	-	1,115,457,155
Value created on investment properties	10,440,036	10,440,036	-	(142,684,216)	(142,684,216)	-
Investment income	-	-	-	-	-	-
Dividends	4,140,206	3,443,437	696,769	378,624	-	378,624
Others (Note 38)	10,022,928	1,570,459	8,452,469	46,189,592	12,493,557	33,696,035
Other income						
Negative goodwill	-	-	-	343,359	-	343,359
Reversion of impairment losses	8,334,989	-	8,334,989	2,599,594	-	2,599,594
Others	468,975,991	-	468,975,991	411,559,476	-	411,559,476
Total income	6,416,049,609	15,453,932	6,400,595,677	5,983,563,503	(130,190,659)	6,113,754,162
Total cost (a)	6,006,834,933	16,187,780	5,990,647,153	5,769,954,297	5,861,706	5,764,092,591
Depreciation and amortisation	297,083,607	-	297,083,607	294,133,483	-	294,133,483
Provisions and impairment losses						
Warranty extensions provisions	7,833,843	-	7,833,843	-	-	-
Others	31,803,064	851,500	30,951,564	28,207,470	1,510,350	26,697,120
Profit before financial results and share of results in associated companies	409,214,676	(733,848)	409,948,524	213,609,206	(136,052,365)	349,661,571
Financial profit/(loss)	(107,376,135)	-	(107,376,135)	(122,786,715)	-	(122,786,715)
Share of results in associated undertakings	(3,817,125)	(5,237,399)	1,420,274	(5,365,399)	(6,983,718)	1,618,319
Profit before income tax	298,021,416	(5,971,247)	303,992,663	85,457,092	(143,036,083)	228,493,175
Income tax	(98,554,823)	(27,302,722)	(71,252,101)	(11,836,862)	26,539,044	(38,375,906)
Net profit for the period	199,466,593	(33,273,969)	232,740,562	73,620,230	(116,497,038)	190,117,269
- attributable to equity holders of Sonae	167,940,582	(24,315,912)	192,256,494	93,760,817	(76,988,786)	170,749,603
- attributable to minority interests	31,526,011	(8,958,057)	40,484,068	(20,140,587)	(39,508,253)	19,367,666
EBITDA (b)			728,951,937			667,170,596

(a) The amount recorded in indirect income relates mainly to change/decrease in investment properties value, accruals for "Development Funds at Risk" and recognized impairment losses;

(b) EBITDA is computed as Turnover + Other Income + Negative goodwill – Impairment losses reversal – Operational expenses - Provisions for warranty extensions + Gains/(losses) in disposals.

53 SUBSEQUENT EVENTS

On the 2nd February 2011 the jointly controlled company Sonae Sierra Brasil S.A., a company incorporated in accordance with the Brazilian law, started on this date on a broadcaster and issuer, under the coordination of Credit Suisse Investment Bank (Brazil), SA. Banco ITAÚ BBA SA and Banco JP Morgan SA, the primary public offering of 21,739,130 ordinary shares of the Company, all nominal without par value, free and clear of any liens or encumbrances, at the price of 20 reais per share, amounting 434,782,600 reais.

On the 28th February 2011 the Group has finalized the sale of two shopping centres owned by its subsidiaries, El Rosal (Ponferrada) and Plaza Éboli (Madrid), for a value of 120,000 million euro, these properties are presented in the enclosed financial statements at there fair value.

On the 15th March of 2015, the retail segment concluded the sale & leaseback operation, of its Continente and Worten stores located in Vasco da Gama Shopping Center to "Imofomento", a BPI real estate fund for a total consideration of 42.3 million euro. The implied initial yield on this transaction on a triple net basis is 6.1%, generating a book gain of 16.6 million euro. Modelo Continente Hipermercados, S.A. is now renting there stores. The contract was signed for a 20 years period, with the possibility of extending for two more and consecutive periods of 10 years each.

54 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 15 March 2011, nevertheless they are still subject to approval at the Shareholders Annual General Meeting.

The Board of Directors

Belmiro de Azevedo, Chairman of the Board of Directors

Álvaro Carmona e Costa Portela, member of the Board of Directors

---

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

José Neves Adelino, member of the Board of Directors

Duarte Paulo Teixeira de Azevedo, CEO

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

Nuno Manuel Moniz Trigoso Jordão, member of the Executive Committee

SONAE/

INDIVIDUAL FINANCIAL STATEMENTS

SONAE, SGPS, SA

INDIVIDUAL STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

ASSETS	Notes	31.December.2010	31.December.2009
NON-CURRENT ASSETS:			
Tangible assets	6	225,499	265,384
Intangible assets	7	118,252	5,776
Investments in affiliated companies	4, 8	3,177,377,209	2,991,917,733
Other investments	4, 9	63,795,880	77,489,880
Other non-current assets	4, 10	808,550,697	543,934,785
Total non-current assets		4,050,067,537	3,613,613,558
CURRENT ASSETS:			
Trade account receivables	4, 11	497,176	1,767,521
Other debtors	4, 12	58,759,264	7,890,064
Taxes recoverable	13	924,706	1,387,264
Other current assets	4, 14	470,643	648,644
Cash and cash equivalents	4, 15	307,130	2,769,998
Total current assets		60,958,919	14,463,491
TOTAL ASSETS		4,111,026,456	3,628,077,049
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	16	2,000,000,000	2,000,000,000
Legal reserves	17	167,816,034	163,229,582
Hedging reserve, fair value reserve and other reserves	18	979,004,630	832,780,717
Retained earnings	18	322,737	322,737
Profit for the period		386,432,293	91,729,048
TOTAL EQUITY		3,533,575,694	3,088,062,084
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bonds	4, 20.1	497,150,214	498,238,077
Other non-current liabilities		71,727	-
Other loans	4, 20.2	13,990,754	12,218,451
Total non-current liabilities		511,212,695	510,456,528
CURRENT LIABILITIES:			
Bank loans	4, 20.3	61,000,000	24,950,000
Trade accounts payable	4	1,193,408	985,568
Other creditors	4	478,780	78,307
Taxes and contributions payable	13	153,684	349,693
Other current liabilities	4, 21	3,412,195	3,194,869
Total current liabilities		66,238,067	29,558,437
TOTAL EQUITY AND LIABILITIES		4,111,026,456	3,628,077,049

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE, SGPS, SA

INDIVIDUAL INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

	Notes	31.December.2010	31.December.2009
Services rendered	25	404,600	4,603,363
Gains or losses on investments	26	394,005,956	94,981,321
Financial income	27	17,291,709	25,654,428
Other income		828,654	40,263
External supplies and services	28	(2,499,243)	(3,730,551)
Staff costs	29	(2,100,840)	(4,834,681)
Depreciation and amortisation	6, 7	(89,207)	(56,363)
Financial expense	27	(20,670,879)	(24,557,052)
Other expenses		(730,035)	(353,584)
Profit/(Loss) before taxation		386,440,715	91,747,144
Taxation	30	(8,422)	(18,096)
Profit/(Loss) after taxation		386,432,293	91,729,048
Profit/(Loss) per share			
Basic	31	0.193216	0.045865
Diluted	31	0.193133	0.045858

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE, SGPS, SA

INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

	31.December.2010	31.December.2009
Net Profit / (Loss) for the year	386,432,293	91,729,048
Changes on fair value of available-for-sale financial assets	10,560,405	(93,025,072)
Transfer of fair value of available-for-sale fiancial assets to the income statement	113,007,720	-
Changes in hedging reserve	(1,855,428)	(6,114,413)
Other comprehensive income for the year	121,712,697	(99,139,485)
Total comprehensive income for the year	508,144,990	(7,410,437)

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE, SGPS, SA

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

				Reserves and retained earnings								
	Notes	Share capital	Treasury shares	Legal reserve	Fair value reserve	Hedging reserve	Share based payments reserve	Other reserves	Retained earnings	Total reserves and retained earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2009		2,000,000,000	-	161,705,974	581,929,609	307,070	-	380,377,943	322,737	1,124,643,333	30,472,155	3,155,115,488
Total comprehensive income for the period		-	-	-	(93,025,072)	(6,114,413)	-	-	-	(99,139,485)	91,729,048	(7,410,437)
Appropriation of profit of 2008:												
Transfer to legal reserves		-	-	1,523,608	-	-	-	-	-	1,523,608	(1,523,608)	-
Dividends distributed	33	-	-	-	-	-	-	(31,051,453)	-	(31,051,453)	(28,948,547)	(60,000,000)
Share based payments	18	-	-	-	-	-	357,033	-	-	357,033	-	357,033
Purchase of treasury shares		-	(696,429)	-	-	-	-	-	-	-	-	(696,429)
Disposal / attribution to employees of treasury shares		-	696,429	-	-	-	-	-	-	-	-	696,429
Balance as at 31 December 2009		2,000,000,000	-	163,229,582	488,904,537	(5,807,343)	357,033	349,326,490	322,737	996,333,036	91,729,048	3,088,062,084
Balance as at 1 January 2010		2,000,000,000	-	163,229,582	488,904,537	(5,807,343)	357,033	349,326,490	322,737	996,333,036	91,729,048	3,088,062,084
Total comprehensive income for the period		-	-	-	123,568,125	(1,855,428)	-	-	-	121,712,697	386,432,293	508,144,990
Appropriation of profit of 2009:												
Transfer to legal reserves and other reserves		-	-	4,586,452	-	-	-	24,142,596	-	28,729,048	(28,729,048)	-
Dividends distributed	33	-	-	-	-	-	-	-	-	-	(63,000,000)	(63,000,000)
Share based payments	18	-	-	-	-	-	368,620	-	-	368,620	-	368,620
Balance as at 31 December 2010		2,000,000,000	-	167,816,034	612,472,662	(7,662,771)	725,653	373,469,086	322,737	1,147,143,401	386,432,293	3,533,575,694

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE, SGPS, SA

INDIVIDUAL STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

	Notes	31.December.2010	31.December.2009
OPERATING ACTIVITIES			
Cash receipts from trade debtors		1,689,610	4,447,853
Cash paid to trade creditors		(2,261,556)	(3,783,211)
Cash paid to employees		(1,898,079)	(4,318,525)
Cash flow generated by operations		(2,470,025)	(3,653,883)
Income taxes (paid) / received		435,633	322,953
Other cash receipts and (payments) relating to operating activities		(871,212)	403,067
Net cash flow from operating activities (1)		(2,905,604)	(2,927,863)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	32	251,340,000	26,758,062
Tangible assets		655,861	6,679
Intangible assets		2,977	-
Interest and similar income		17,155,810	40,783,605
Dividends	26	434,557,555	93,516,449
Loans granted		1,164,119,539	838,603,328
		1,867,831,742	999,668,123
Cash payments arising from:			
Investments	32	(324,794,945)	(4,210,227)
Tangible assets		(77,984)	(276,434)
Intangible assets		(153,928)	(4,523)
Loans granted		(1,495,225,881)	(789,006,199)
		(1,820,252,738)	(793,497,383)
Net cash used in investment activities (2)		47,579,004	206,170,740
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		1,915,999,615	1,390,025,000
Sale of treasury shares		-	637,113
		1,915,999,615	1,390,662,113
Cash payments arising from:			
Loans obtained		(1,879,544,615)	(1,503,275,000)
Interest and similar charges		(20,595,696)	(27,586,245)
Dividends		(62,995,572)	(59,986,491)
Purchase of treasury shares		-	(696,429)
		(1,963,135,883)	(1,591,544,165)
Net cash used in financing activities (3)		(47,136,268)	(200,882,052)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(2,462,868)	2,360,825
Cash and cash equivalents at the beginning of the period	15	2,769,998	409,173
Cash and cash equivalents at the end of the period	15	307,130	2,769,998

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE, SGPS, SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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

(Amounts expressed in euro)

1 INTRODUCTION

SONAE, SGPS, SA ("the Company" or "Sonae"), has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal.

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

2 PRINCIPAL ACCOUNTING POLICIES

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

2.1. Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union effective as at 1 January 2009. This standards were issued by the International Accounting Standards Board ("IASB") and interpretations issued by International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), that have been adopted by the European Union.

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

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

New accounting standards and their impact in the financial statements

Up to the approval date of these financial statements, the European Union endorsed standards, interpretations, amendments and revisions, some of which have become effective during the year 2010. These changes are presented in Note 2 of the notes to the consolidated financial statements. The adoption, during 2010, of the mentioned standards did not produce impacts on the Company financial statements, since they aren't applicable to the Individual financial statements of the Company.

Additionally, there are standards that have been approved for adoption in the periods started on or after 1 January 2010. The company did not early adopt the mentioned standards as the adoption is not mandatory and no significant impacts in the individual financial statements of the company are expected to arise from the application of those standards.

2.2. Tangible assets

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

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

The impairment losses in the realisable value of tangible assets are recorded in the year they arise in the caption of the income statement - impairment losses.

2.3. Intangible assets

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

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

2.4. Borrowing costs

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

2.5. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the sale must be highly probable and the asset or disposal group is available for immediate sale in its present condition. In addition, the sale should be expected to occur within 12 months from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. These assets are not depreciated.

2.6. Financial instruments

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

a) Investments

Investments are classified into the following categories:

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

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the statement of financial position date. Investments classified as held to maturity have defined maturities and the Group has the intention and ability to hold them until the maturity date. Investments measured at fair value through profit or loss are classified as current assets. Available for sale investments are classified as non-current assets.

Equity investments in subsidiaries, associates and jointly controlled companies are classified as available for sale.

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

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

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

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

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

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

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

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

b) Loans and accounts receivable

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

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

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

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

c) Trade accounts receivable

Receivables are stated at net realisable value corresponding to their nominal value less impairment losses (recorded under the caption impairment losses in accounts receivable).

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

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

d) Classification as equity or liability

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

e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments.

Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.8. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

f) Trade accounts payable

Trade accounts payable are stated at their nominal value.

g) Derivatives

The Company uses derivatives in the management of its financial risks to hedge such risks and/or in order to optimise funding costs, in accordance with Management interest rate risk policy described in point 3.4.1.

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

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

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

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

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

Derivatives entered into in accordance with interest rate risk management policy described in point 3.4.1 and not eligible for hedge accounting (mainly interest rate option), are initially recorded at cost, which corresponds to fair value at inception, and then, remeasured at fair value through profit and loss under financial income or expenses captions.

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

h) Treasury shares

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

i) Cash and cash equivalents

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

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

j) Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period.

k) Impairment

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

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

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

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

For investments of non listed subsidiaries, which are measured at acquisition cost less impairment (equity investments and loans granted) the impairment analysis is based on the fair value estimate of its net assets, mainly equity investments in other Company's subsidiaries.

The above mentioned estimate is based on the fair value computation of the value in use of its holdings by means of discounted cash flow models.

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

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

2.7. Contingent assets and liabilities

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

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

2.8. Revenue recognition and accrual basis

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

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

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

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

2.9. Subsequent events

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

2.10. Judgements and estimates

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

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

b) Impairment analysis of financial investments and loans granted to affiliated and associated companies

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

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

2.11. Share-based payments

Deferred performance bonus plans are indexed to Sonae share price and are classified as share-based payments. These bonus plans vest within a period of 3 years after being granted.

Share-based payments are measured at fair value on the date they are granted (usually in March of each year).

When the plans are equity settled, by the delivery of Sonae shares, the value of the plan is determined as at the grant date based on fair value of shares granted and recognized ratably during the period of each plan. The fair value of the plan is recognized as staff costs against equity.

When settlement is made in cash the value of such liabilities shall be determined at the grant date and subsequently updated at the end of each reporting period based on the number of shares and the corresponding fair value at the closing date. These obligations are recognized as staff costs and other current liabilities, and are recorded on a straight-line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates.

2.12. Income tax

Current income tax is determined in accordance with tax rules in force in Portugal, considering the taxable profit for the period.

Deferred taxes are calculated using the statement of financial position liability method. Deferred tax assets are recognised only when its use is probable.

3 FINANCIAL RISK MANAGEMENT

3.1. Introduction

The ultimate purpose of financial risk management is to support the Company in the achievement of its strategy by reducing unwanted financial risk and volatility and mitigate any negative impacts in the profit or loss statement arising from such risks.

The Group's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Financial risk management policies are approved by the Sonae Executive Committee. Exposures are identified and monitored by the Finance Department. Exposures are also monitored by the Finance Committee as noted in the Corporate Governance Report.

3.2. Credit risk

Credit risk is defined as the probability of a counterparty defaulting on its payment contractual obligations resulting in a financial loss. Sonae is a Holding company without any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalent instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) or from its lending activities to subsidiaries.

Additionally, Sonae may sometimes also be exposed to credit risk as a result of its portfolio management activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis (bank guarantees, escrow accounts, collaterals, among others) under the supervision of the Executive Committee.

In order to reduce the probability of counterparties default Sonae transactions (short term investments and derivatives) are only concluded in accordance with the following principles:

- Only carry out transactions (short term investments and derivatives) with counterparties that have at least a credit rating of BBB from Standard & Poor's and/or Baa2 from Moody's or equivalent (this information is supplied through independent information systems);

- Sonae should only invest in previously authorized financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made with a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);

- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by relationship banks in order to reduce exposure on a net basis, and ii) may only be applied on pre approved instruments;

- Any departure from the above mentioned policies needs to be pre-approved by the Executive Committee.

Given the above mentioned policies and the credit ratings restrictions imposed management does not expect any material failure in contractual obligations from its external counterparties. Nevertheless, exposure to individual counterparties resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Financial Department and any departure is promptly reported to the Executive Committee and Finance Committee.

Settlement risk is also a risk faced by Sonae, which is managed through the rigorous selection of its brokers which must be highly rated counterparties.

In relation to credit risk resulting from loans granted to subsidiaries, there is no specific risk management policy as the financing of its subsidiaries is part of the main operations of a holding company.

3.3. Liquidity risk

Sonae needs to raise external funds to finance its activities and investing plans. It holds a diversified loan portfolio, essentially made up of long term bond financing, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2010 the total gross debt was 572 million euro (535 million euro as at 31 December 2009).

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

Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining, with its relationship banks, a combination of short and medium term committed credit facilities, commercial paper programme with sufficiently comfortable previous notice cancellation periods within a range between 30 and 360 days;

- Maintenance of commercial paper with different periods, that allow, in some cases, to place the debt directly in institutional investors;

- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;

- Diversification of financing sources and counterparties;

- Ensuring an adequate debt average maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. As at 31 December 2010 Sonae debt average life maturity was 3.4 years (2.5 years as at 31 December 2009);

- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;

- Where possible, by prefinancing forecasted liquidity needs;
- Management procedures of short term applications, assuring that the maturity of the applications will match with foreseen liquidity needs, including a margin to hedge forecasting deviations. The reliability of the treasury forecasts are an important variable to determine the amounts and the periods of the market applications/borrowings.

Sonae maintains a liquidity reserve in the form of credit lines with its relationship banks, to ensure the ability to meet its commitments without having to refinance itself on unfavourable terms. Sonae has a total of 236.5 million euro committed credit facilities, of which only 4.4% are cancellable with a notice period of 6 months and the remainder with no less than a 360 days notice period (266 million euro in 2009). Sonae expects to meet all its obligations by means of its operating cash flows and from its financial assets as well as from drawing existing available credit lines, if needed.

3.4. Interest rate risk

3.4.1. Policy

Sonae is exposed to cash flow interest rate risk in respect of items in the statement of financial position (Loans and Short Term Investments) and to fair value interest rate risk as a result of interest rate derivatives (swaps, FRA's and options). All Sonae debt bears variable interest rates, and interest rate derivatives may be entered into to convert part of the variable rate debt into fixed rate (usually through interest rate swaps or Forward Rate agreements), or to limit the maximum rate payable (usually through zero cost collars or the purchased caps).

Sonae mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve since hedging interest rate risk usually has an opportunity cost associated. Therefore a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that Sonae grants loans to its subsidiaries as part of its usual activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into:

- For each derivative or instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be the same as the settlement dates of the hedging instrument to avoid any mismatch and hedging inefficiency;
- Perfect match between the base rates (the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction);
- The maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate);
- The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, as described in 3.2. above - Credit Risk Management. It is Group policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae's existing relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;
- In determining the fair value of hedging operations Sonae uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates, foreign exchange rates, volatility among others prevailing at the statement of financial position date. Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the valuation;
- All transactions are documented under ISDA's Agreements;

- All transactions which do not follow the rules above have to be individually approved by the Executive Committee, and reported to the Financial Committee, namely transactions entered into with the purpose of optimising the cost of debt when deemed appropriate according to prevailing financial market conditions.

3.4.2. Sensitivity analysis

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

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

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

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

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

- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense and are therefore taken into consideration in the income-related sensitivity calculations;

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

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

Under the previously mentioned assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the company net profit before tax as at 31 December 2010 (individual statements) would increase by approximately 3.1 million euro (as at 31 December 2009 would increase 3 million euro). Total equity, as at 31 December 2010, (not considering the impact over net profit) would increase by about 4.7 million euro (5 million as at 31 December 2009) as a result of the effect of changing interest rate up 75 basis points.

3.5. Foreign exchange risk

Due to its nature of Holding company, Sonae, has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise Foreign exchange risk management seeks to minimise the volatility of such transactions made in foreign currency and to reduce the impact on the income statement of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae hedges such exposures mainly through forward exchange rate contracts. For uncertain exposures, options may be considered, subject to pre-approval from the company's Executive Committee.

Sonae does not have any material foreign exchange rate exposure at holding level, since almost all equity and loans to subsidiaries are denominated in euro.

3.6. Price risk and market risk

The Group is exposed to equity price risks arising from equity investments, maintained for strategic rather than for trading purposes as the group does not actively trade these investments. These investments are presented in Notes 8.

4 FINANCIAL INSTRUMENTS BY CLASS AND FAIR VALUE

The accounting policies disclosed in note 2.6 have been applied to the line items below:

Financial Assets

	31.December.2010					
	Notes	Loans and accounts receivable	Available for sale	Sub Total	Assets not within the scope of IFRS 7	Total
Non-current assets						
Investments in affiliated companies	8	-	3,177,377,209	3,177,377,209	-	3,177,377,209
Other investments	9	-	63,795,880	63,795,880	-	63,795,880
Other non-current assets	10	808,550,697	-	808,550,697	-	808,550,697
		808,550,697	3,241,173,089	4,049,723,786	-	4,049,723,786
Current assets						
Trade accounts receivables	11	497,176	-	497,176	-	497,176
Other debtors	12	58,759,264	-	58,759,264	-	58,759,264
Other current assets	14	397,912	-	397,912	72,731	470,643
Cash and cash equivalents	15	307,130	-	307,130	-	307,130
		59,961,482	-	59,961,482	72,731	60,034,213
		868,512,179	3,241,173,089	4,109,685,268	72,731	4,109,757,999

	31.December.2009					
	Notes	Loans and accounts receivable	Available for sale	Sub Total	Assets not within the scope of IFRS 7	Total
Non-current assets						
Investments in affiliated companies	8	-	2,991,917,733	2,991,917,733	-	2,991,917,733
Other investments	9	-	77,489,880	77,489,880	-	77,489,880
Other non-current assets	10	543,934,785	-	543,934,785	-	543,934,785
		543,934,785	3,069,407,613	3,613,342,398	-	3,613,342,398
Current assets						
Trade accounts receivables	11	1,767,521	-	1,767,521	-	1,767,521
Other debtors	12	7,890,064	-	7,890,064	-	7,890,064
Other current assets	14	501,873	-	501,873	146,771	648,644
Cash and cash equivalents	15	2,769,998	-	2,769,998	-	2,769,998
		12,929,456	-	12,929,456	146,771	13,076,227
		556,864,241	3,069,407,613	3,626,271,854	146,771	3,626,418,625

Financial Liabilities

	Notes	Derivatives used for cash flow hedging	Loans and accounts payable	Sub Total	Liabilities not within thescope of IFRS 7	Total
		31.December.2010				
Non-current liabilities						
Bonds	20.1	-	497,150,214	497,150,214	-	497,150,214
Other loans	20.2	13,990,754	-	13,990,754	-	13,990,754
		13,990,754	497,150,214	511,140,968	-	511,140,968
Current liability						
Bank loans	20.3	-	61,000,000	61,000,000	-	61,000,000
Trade accounts payable		-	1,193,408	1,193,408	-	1,193,408
Other creditors		-	478,780	478,780	-	478,780
Other current liabilities	21	-	2,919,636	2,919,636	492,559	3,412,195
		-	65,591,824	65,591,824	492,559	66,084,383
		13,990,754	562,742,038	576,732,792	492,559	577,225,351

	Notes	Derivatives used for cash flow hedging	Loans and accounts payable	Sub Total	Liabilities not within thescope of IFRS 7	Total
		31.December.2009				
Non-current liabilities						
Bonds	20.1	-	498,238,077	498,238,077	-	498,238,077
Other loans	20.2	12,218,451	-	12,218,451	-	12,218,451
		12,218,451	498,238,077	510,456,528	-	510,456,528
Current liability						
Bank loans	20.3	-	24,950,000	24,950,000	-	24,950,000
Trade Accounts payable		-	985,568	985,568	-	985,568
Other creditors		-	78,307	78,307	-	78,307
Other current liabilities	21	-	1,673,465	1,673,465	1,521,404	3,194,869
		-	27,687,340	27,687,340	1,521,404	29,208,744
		12,218,451	525,925,417	538,143,868	1,521,404	539,665,272

Financial Instruments at fair value

The table below details the financial instruments that are measured at fair value after initial recognition, grouped into 3 levels according to the possibility of observing its fair value on the market:

Level 1: fair value is determined based on market prices for assets

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

Level 3: fair value is determined based on valuation models, whose main inputs are not observable in the market.

	31.December.2010			31.December.2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value						
Investments in affiliated companies	1,132,175	625,463,000	-	1,620,270	614,248,500	-
Other investments	6,806,000	-	-	-	-	-
	7,938,175	625,463,000	-	1,620,270	614,248,500	-
Financial liabilities at fair value						
Derivatives	-	13,990,754	-	-	12,218,451	-
	-	13,990,754	-	-	12,218,451	-

5 CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the year there were no material changes in accounting policies or prior period errors.

6 TANGIBLE ASSETS

As at 31 December 2010 and 2009 tangible assets movements are as follows:

	Plant and machinery	Vehicles	Fixtures and fittings	Others	In progress	Total
Gross cost						
Opening balance as at 1 January 2009	17,352	194,768	2,512,897	723	18,449	2,744,189
Increase	-	-	-	-	159,131	159,131
Decrease	-	-	(336,222)	-	-	(336,222)
Transfers and write-offs	4,696	-	55,580	-	(63,158)	(2,882)
Opening balance as at 1 January 2010	22,048	194,768	2,232,255	723	114,422	2,564,216
Increase	-	-	-	-	80,318	80,318
Decrease	-	-	(565,088)	-	(1,658)	(566,746)
Transfers and write-offs	113,979	-	78,660	-	(192,670)	(31)
Closing balance as at 31 December 2010	136,027	194,768	1,745,827	723	412	2,077,757
Accumulated depreciation						
Opening balance as at 1 January 2009	17,352	194,768	2,349,936	636	-	2,562,692
Increase	587	-	53,077	28	-	53,692
Decrease	-	-	(317,552)	-	-	(317,552)
Opening balance as at 1 January 2010	17,939	194,768	2,085,461	664	-	2,298,832
Increase	11,985	-	38,832	28	-	50,845
Decrease	-	-	(497,419)	-	-	(497,419)
Closing balance as at 31 December 2010	29,924	194,768	1,626,874	692	-	1,852,258
Carrying amount						
As at 31 December 2009	4,109	-	146,794	59	114,422	265,384
As at 31 December 2010	106,103	-	118,953	31	412	225,499

7 INTANGIBLE ASSETS

As at 31 December 2010 and 2009 intangible assets movements are as follows:

	Patents and other similar rights	Software	Total intangible assets
Gross cost			
Opening balance as at 1 January 2009	-	1,410	1,410
Transfers and write-offs	-	7,205	7,205
Opening balance as at 1 January 2010	-	8,615	8,615
Increase	153,928	-	153,928
Decrease	-	(5,933)	(5,933)
Closing balance as at 31 December 2010	153,928	2,682	156,610
Accumulated depreciation			
Opening balance as at 1 January 2009	-	168	168
Increase	-	2,671	2,671
Opening balance as at 1 January 2010	-	2,839	2,839
Increase	36,644	1,718	38,362
Decrease	-	(2,843)	(2,843)
Closing balance as at 31 December 2010	36,644	1,714	38,358
Carrying amount			
As at 31 December 2009	-	5,776	5,776
As at 31 December 2010	117,284	968	118,252

The increase in the caption Patents and other similar rights corresponds to the register of the name Sonae in some foreign markets.

8 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2010 and 2009, the Company held investments in the following subsidiaries:

Companies	31.December.2010					
	% Held	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Interlog, SGPS, SA	1.02%	106,686	-	-	-	106,686
MDS, SGPS, SA	-	27,879,874	15,294,004	43,173,878	-	-
Sonae Investimentos, SGPS, SA (a)	76.86%	1,690,800,661	317,680,068	115,210,000	-	1,893,270,729
Sonae Investments, BV	100.00%	550,000,000	-	-	-	550,000,000
Sonae RE, SA	99.92%	3,672,059	-	-	-	3,672,059
Sonae Sierra SGPS, SA (b)	50.00%	614,248,500	-	-	11,214,500	625,463,000
Sonaecom, SGPS, SA	0.23%	1,620,270	-	-	(488,095)	1,132,175
Sonaegest, SA	20.00%	159,615	-	-	-	159,615
Sonaecenter Serviços, SA	100.00%	588,668	142,877	-	-	731,545
Sontel, BV	42.86%	191,341,400	-	-	-	191,341,400
Total		3,080,417,733	333,116,949	158,383,878	10,726,405	3,265,877,209
Impairment		88,500,000	-	-	-	88,500,000
Total		2,991,917,733	333,116,949	158,383,878	10,726,405	3,177,377,209

Companies	31.December.2009					
	% Held	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Interlog, SGPS, SA	1.02%	106,686	-	-	-	106,686
MDS, SGPS, SA	45.71%	17,800,000	12,813,065	2,733,191	-	27,879,874
Sonae Investimentos, SGPS, SA (a)	82.48%	1,690,800,661	-	-	-	1,690,800,661
Sonae Investments, BV	100.00%	550,000,000	-	-	-	550,000,000
Sonae RE, SA	99.92%	500	3,671,559	-	-	3,672,059
Sonae Sierra SGPS, SA (b)	50.00%	708,051,000	-	-	(93,802,500)	614,248,500
Sonaecom, SGPS, SA	0.23%	842,842	-	-	777,428	1,620,270
Sonaegest, SA	20.00%	159,615	-	-	-	159,615
Sonaecenter Serviços, SA	100.00%	50,000	538,668	-	-	588,668
Sontel, BV	42.86%	191,341,400	-	-	-	191,341,400
Total		3,159,152,704	17,023,292	2,733,191	(93,025,072)	3,080,417,733
Impairment		88,500,000	-	-	-	88,500,000
Total		3,070,652,704	17,023,292	2,733,191	(93,025,072)	2,991,917,733

(a) The value of this investment is the price paid in the public tender offer for de-listing occurred in 2006. Since that date no change in the value of the investment was recorded.

(b) Market value was determined based on an independent valuation as at 31 December 2010 and 2009 of assets held by this affiliated company, after deduction of associated net debt and of the share attributable to non-controlling interests. The major assumptions used for the purpose of estimating the fair value of the assets are disclosed on the consolidated financial statements.

During the year the Company made supplementary capital contributions amounting 317,680,068 euro in Sonae Investimentos, SGPS and subscribed a capital increase in MDS, SGPS by conversion of loans granted.

In the 4th quarter, Sonae sold to subsidiaries 5.62% of its participation in Sonae Investimentos, SGPS and the full investment in MDS, SGPS (Note 26).

During the year ended 31 December 2008, the Company recorded an impairment loss over the financial investment held in Sontel B.V. amounting to 88,500,000 euro, as a result of applying the accounting policy mentioned in 2.6 k, and according to a valuation made by the use of discounted cash flow models, in order to estimate the value in use of those investments. As at 31 December 2010 and 2009 the Company performed a similar exercise and determined that the amount of impairment is still adequate.

9 OTHER INVESTMENTS

As at 31 December 2010 and 2009 other investments available for sale are as follows:

Company	31.December.2010				
	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Associação Escola Gestão Porto	49,880	-	-	-	49,880
Magma No. 1 Securitisation Notes	77,440,000	-	20,500,000	-	56,940,000
Sonae Capital, SGPS, SA	-	6,972,000	-	(166,000)	6,806,000
Total	77,489,880	6,972,000	20,500,000	(166,000)	63,795,880

Company	31.December.2009				
	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Associação Escola Gestão Porto	49,880	-	-	-	49,880
Magma No. 1 Securitisation Notes	100,000,000	-	22,560,000	-	77,440,000
Total	100,049,880	-	22,560,000	-	77,489,880

In December 2008, the Company has completed the subscription of securitized assets, through a private offering, in the amount of approximately 100 million euro, issued by Tagus - Sociedade de Titularização de Créditos, SA named "MAGMA Nº 1 Securitisation Notes".

These bonds have a maturity of 5 years (2009/2013), and are amortized in equal quarterly instalments, having as underlying asset the future receivables to be generated under a portfolio of existing corporate customer contracts of Sonaecom - Serviços de Comunicações, SA, with a comfortable over colaterization, which strongly minimize this investment credit risk.

During 2010, the decrease amounting to 20,500,000 euro corresponds to reimbursements totaling 19,052,500 euro and to the sale of bonds with a carrying amount of 1,447,500 euro with a nill capital gain. As so, the fair value of these financial instruments is similar to its book value

In November 2010 Sonae acquired 6.6% of Sonae Capital, SGPS, SA share capital.

10 OTHER NON-CURRENT ASSETS

As at 31 December 2010 and 2009 other non-current assets are as follows:

	31.December.2010	31.December.2009
Loans granted to group companies:		
MDS, SGPS, SA	-	30,119,075
Sonae Investments, BV	372,130,430	478,427,710
Sonae Investimentos, SGPS, SA (a)	400,000,000	-
Sontel, BV	36,184,000	35,388,000
Sonaecenter, Serviços, SA	236,267	-
	808,550,697	543,934,785

a) Subordinate bond loan, repayable in 10 years issued by Sonae Investimentos at market conditions. This loan was fully subscribed and paid for Sonae SGPS, SA on 28 December 2010 amounting to 400,000,000 euro, relating 8,000 bonds with nominal value of 50,000 euro each. As at 31 December 2010 it's estimated that the carrying amount of the loan it's approximately its fair value.

The other loans granted to group companies earn interest at variable market rates indexed to Euribor and do not mature within one year.

There are no past due or impaired receivable balances as at 31 December 2010 and 2009. The eventual impairment of loans granted to group companies is assessed in accordance with note 2.6.k). The fair value of loans granted to group companies is considered to be similar to its carrying amount.

11 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable amounted to 497,176 euro and 1,767,521 euro as at 31 December 2010 and 2009 respectively, and include balances arising solely from services rendered to group companies.

As at the statement of financial position dates there are no accounts receivable past due, and no impairment loss was recorded, as there are no indications as of the reporting date that the debtors will not meet their payment obligations.

12 OTHER DEBTORS

As at 31 December 2010 and 2009 other debtors are as follows:

	31.December.2010	31.December.2009
Group companies - Short term loans:		
Sonae Investimentos, SGPS, SA	53,000,000	-
Sonaecenter, Serviços, SA	-	440,000
	53,000,000	440,000
Group companies - Interest:		
MDS, SGPS, SA	-	556,946
Sonae Investments, BV	5,117,282	5,664,753
Sonaecenter, Serviços, SA	2,483	-
Sontel, BV	380,215	416,539
	5,499,980	6,638,238
Other debtors		
Others	259,284	811,826
	58,759,264	7,890,064

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

There were no assets impaired or past due as at 31 December 2010 and 2009. The fair value of loans granted is similar to its carrying amount.

13 TAXES

As at 31 December 2010 and 2009 taxes balances are as follows:

Assets

	31.December.2010	31.December.2009
Advance payments	39,312	29,305
Taxes withheld	885,394	1,357,959
	924,706	1,387,264

Liabilities

	31.December.2010	31.December.2009
Income tax charge for the year	8,422	26,744
Taxes withheld:		
Staff	32,812	61,539
Services	-	149
Capital	229	-
Other	-	32
Value added tax	103,175	210,029
Social security contributions	6,003	49,693
Stamp duty	3,043	1,507
	153,684	349,693

14 OTHER CURRENT ASSETS

As at 31 December 2010 and 2009 other current assets are as follows:

	31.December.2010	31.December.2009
Accrued income	397,912	501,873
Prepayments	72,731	146,771
	470,643	648,644

The amount recorded under the caption "Accrued income" relates essentially to the interests to be received for loans granted to subsidiaries.

15 CASH AND CASH EQUIVALENTS

As at 31 December 2010 and 31 December 2009 cash and cash equivalents are as follows:

	31.December.2010	31.December.2009
Cash in hand	89	7,042
Bank deposits	307,041	2,762,956
Cash and cash equivalents on the balance sheet	307,130	2,769,998
Cash and cash equivalents on the cash flow statement	307,130	2,769,998

As at 31 December 2010 bank deposits include short term deposits amounting to 260,000 euro (2,705,000 euro as at 31 December 2009) withdrawn at beginning of 2011 (2010).

16 SHARE CAPITAL

As at 31 December 2010 and 2009 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

As at 31 December 2010 and 2009 Efanor Investimentos, SGPS, SA and affiliated companies held 52.98% of Sonae's share capital.

17 LEGAL RESERVE

The company has set up legal reserves in accordance with Commercial Companies Code. In 2010 and 2009, respectively, 4,586,452 euro and 1,523,608 euro was transferred from profit for the year to legal reserves.

18 HEDGING RESERVE, FAIR VALUE RESERVE AND OTHER RESERVES

As at 31 December 2010 and 2009 other reserves are detailed as follows:

	31.December.2010	31.December.2009
Free reserves	373,469,086	349,326,490
Hedging reserve	(7,662,771)	(5,807,343)
Fair value reserve	612,472,662	488,904,537
Share-based payments reserve	725,653	357,033
	979,004,630	832,780,717

Movements occurred in 2010 and 2009 in these reserves are detailed in the Company Statement of changes in equity and in the statement of comprehensive income.

Hedging Reserves corresponds to the effective portion of changes in fair value of derivatives that qualify for cash flow hedge accounting.

Fair value reserves correspond to changes in the fair value of the financial instruments classified as available for sale.

The Share-based payments reserve relates to equity-share based payments under the deferred performance bonuses.

19 SHARE-BASED PAYMENTS

In 2010 and in previous years, Sonae granted deferred performance bonuses to its directors and eligible employees. These are based on shares to be acquired at nil cost, three years after they were attributed to the employee. These rights can only be exercised if the employee still works for the Sonae on the vesting date.

As at 31 December 2010 and 2009, the outstanding plans were as follows:

	Vesting period		31.December.2010		31.December.2009	
	Year of grant	Vesting year	Number of participants	Number of shares	Number of participants	Number of shares
Plan 2007	2008	2011	1	340,844	1	340,844
Plan 2008	2009	2012	1	570,258	1	570,258
Plan 2009	2010	2013	1	411,564	-	-

During the year the movements occurred can be detailed as follows:

Amount:

	31.December.2010	31.December.2009
Recorded as staff cost in the year	368,620	357,033
Recorded as staff cost in previous year	357,033	-
	725,653	357,033

Number of shares:

	31.December.2010	31.December.2009
Opening balance	911,102	340,844
Changes during the year:		
Attributed	411,564	570,258
Vested	-	-
Closing balance	1,322,666	911,102

20 BORROWINGS

20.1. Bonds

As at 31 December 2010 and 2009 this caption included the following loans:

	31.December.2010	31.December.2009
Bonds	500,000,000	500,000,000
Up-front fees not yet charged to income statement	(2,849,786)	(1,761,923)
	497,150,214	498,238,077

Bonds Sonae/05 amounting to 100,000,000 euro, repayable after 8 years, in one installment, on 31 March 2013. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly.

Bonds Sonae 2007/2014 amounting to 150,000,000 euro, repayable after 7 years, in one installment, on 11 April 2014. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly. The company has the option to make whole or partial reimbursements, with no extra cost, on the date of the 10th and 12th coupons.

Bonds Sonae 2010/2015 amounting to 250,000,000 euro, repayable after 5 years, in one installment, on 16 April 2015. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly.

In 2010 the Company prepaid bonds 2006/2011, amounting 250,000,000 euro.

The above mentioned loans are unsecured and its estimated fair value is considered to be near its carrying amount, as they bear interests at variable market rates.

20.2. Other loans

Interest rate derivatives

The financial instruments considered to be hedging instruments are, mainly variable to fixed interest rates swaps entered into with the purposes of hedging interest rate risk of borrowings amounting to 250 million euro, 100% of the loans were hedge, (same amount as at 31 December 2009) which fair value amounted to -13,990,754 euro (-12,218,451 euro as at 31 December 2009).

These interest rate derivatives are valued at fair value, at the statement of financial position date, based on valuations performed by the Group using specific software. The fair value of swaps was calculated, as at the balance sheet date, based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg of the derivative, estimated at rate setting dates based on yield curves from Bloomberg.

As at 31 December 2010 and 2009, derivatives have the following estimated cash flows:

	31.December.2010	31.December.2009
N+1	(5,743,875)	(6,209,007)
N+2	(5,363,266)	(3,777,261)
N+3	(2,649,782)	(1,753,523)
N+4	(524,843)	(645,278)
N+5	-	(95,829)

20.3. Current bank loans

As at 31 December 2010 and 2009 this caption included the following loans:

	31.December.2010	31.December.2009
Commercial paper (a)	61,000,000	24,950,000

(a) Short term commercial paper programme, privately placed, launched on 23 August 2004, valid for a ten year period, which may be extended at the option of the company, with a maximum limit of 350,000,000 euro.

The above mentioned loans are unsecured and its estimated fair value is considered to be near its carrying amount, as they bear interests at variable market rates.

20.4. Maturity of Borrowings

As at 31 December 2010 and 2009 the analysis of the maturity of loans are as follows:

	31.December.2010		31.December.2009	
	Nominal value	Interests	Nominal value	Interests
N+1	61,000,000	12,935,137	24,950,000	8,603,837
N+2	-	12,940,117	250,000,000	6,447,146
N+3	100,000,000	11,885,531	-	4,378,433
N+4	150,000,000	9,501,718	100,000,000	3,409,425
N+5	250,000,000	4,058,347	150,000,000	1,225,467

The interest amount was calculated considering the applicable interest rates for each loan at 31 December.

Interest rate as at 31 December 2010 of the bonds and bank loan was, in average, 2.5% (1.67% as at 31 December 2009).

21 OTHER CURRENT LIABILITIES

As at 31 December 2010 and 2009 other creditors are as follows:

	31.December.2010	31.December.2009
Accruals		
Staff cost	463,351	1,434,816
Interest	2,919,636	1,673,465
Others	29,208	86,588
	3,412,195	3,194,869

22 CONTINGENT LIABILITIES

As at 31 December 2010 and 2009, contingent liabilities were guarantees given are as follows

	31.December.2010	31.December.2009
Guarantees given:		
on tax claims	307,664	216,835
on judicial claims	145,256	74,490
Guarantees given in the name of subsidiaries (a)	74,329,339	256,137

a) Guarantees given to Tax Authorities in favour of subsidiaries to defer tax claims.

No provision has been recorded to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for the Company.

23 OPERATIONAL LEASES

As at 31 December 2010 and 2009, the company had operational lease contracts, as a lessee, whose minimum lease payments had the following schedule:

	31.December.2010	31.December.2009
Due in:		
N+1 automatically renewable	239,382	261,978
N+1	40,668	157,324
N+2	17,244	73,709
N+3	17,244	33,916
N+4	14,370	1,331
	328,908	528,258

During the year ended 31 December 2010 the Company recognized costs on operational leases 307,756 euro (357,549 euro as at 31 December 2009).

24 RELATED PARTIES

As at 31 December 2010 and 2009 balances and transactions with related parties are as follows:

Transactions	31.December.2010	31.December.2009
Subsidiaries	730,218	3,794,149
Jointly controlled companies	209,698	709,215
Other partners in group companies	134,637	100,000
Services rendered	1,074,553	4,603,364
Subsidiaries	1,213,890	710,725
Other partners in group companies	162,094	474,282
Purchases and services obtained	1,375,984	1,185,007
Subsidiaries	14,335,920	19,588,244
Interest income	14,335,920	19,588,244
Subsidiaries	432,251	16,853
Interest expenses	432,251	16,853
Subsidiaries	434,557,555	93,516,449
Dividend income (Note 26)	434,557,555	93,516,449
Subsidiaries	230,840,000	-
Disposal of investments	230,840,000	-
Subsidiaries	317,822,945	4,210,227
Acquisition of investments	317,822,945	4,210,227

Balance

Subsidiaries	6,107,634	8,927,985
Jointly controlled companies	219,976	483,632
Other partners in group companies	146,536	133,710
Accounts receivable	6,474,146	9,545,327
Subsidiaries	1,041,762	547,244
Other partners in group companies	13,938	106,775
Accounts payable	1,055,700	654,019
Subsidiaries	861,550,697	544,374,785
Loans granted	861,550,697	544,374,785
Subsidiaries	405,000	-
Loans obtained	405,000	-

All Sonae, SGPS, S.A. subsidiaries, associates and joint ventures are considered related parties and are identified in Consolidated Financial Statements. All Efanor Investimentos, SGPS, SA, subsidiaries, including the ones of Sonae Indústria, SGPS, SA and of Sonae Capital, SGPS, SA are also considered related parties.

The remuneration of the Board of Directors for the years ended 31 December 2010 and 2009 is detailed as follows:

	31.December.2010	31.December.2009
Fixed	1,329,461	1,207,223
Variable - short term	350,000	328,700
Variable - medium term	345,000	313,200
	2,024,461	1,849,123

In 2010 and 2009 no loans were granted to the Company's Directors.

During 2010, 19 Magma Nº1 Securitisation Notes (Note 9) were sold to Company's Directors or related entities / persons for the amount of 707,500 euro.

As at 31 December 2010 and 2009 no balances existed with the Company's Directors.

25 SERVICES RENDERED

Services rendered amounted to 404,600 euro and 4,603,363 euro, in 31 December 2010 and 2009, respectively. Services rendered include management fees over subsidiaries in accordance with Holding companies law.

26 GAINS OR LOSSES RELATED TO INVESTMENTS

As at 31 December 2010 and 2009 investment income are as follows:

	31.December.2010	31.December.2009
Dividends received (Note 24)	434,557,555	93,516,449
Gains/(Losses) on sale of investments (Note 8)	(40,551,599)	1,464,872
	394,005,956	94,981,321

Dividends were received from Sonae Sierra, SGPS, SA (13,655,880 euro), Sonaegest, SA (226,080 euro) and Sonae Investimentos, SGPS, SA (57,734,657 euro; and 362,940,938 euro as reserves distribution).

The caption gains/(losses) on investments disposal corresponds to: gains on MDS, SGPS participation disposal (7,826,120 euro); losses on shares disposal of Sonae Investimentos (48,377,719 euro), this amount includes changes in fair value previously recorded in the caption Fair value reserves which as an outcome of this disposal, was transferred to profit/(loss) for the year.

27 FINANCIAL INCOME / EXPENSES

As at 31 December 2010 and 2009 net financial expenses are as follows:

	31.December.2010	31.December.2009
Interest arising from:		
Bank loans	(465,168)	(2,895,198)
Bonds	(11,089,579)	(16,211,768)
Other	(7,055,054)	(4,095,738)
Up front fees on the issuance of debt	(992,137)	(729,655)
Other financial expenses	(1,068,941)	(624,693)
Financial expenses	(20,670,879)	(24,557,052)
Interest income	17,291,709	25,652,860
Exchange gains	-	1,568
Financial income	17,291,709	25,654,428

28 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2010 and 2009 external supplies and services are as follows:

	31.December.2010	31.December.2009
Subcontracts	1,437	905,888
Operational rents	452,040	598,075
Services obtained	1,623,103	1,387,303
Others	422,663	839,285
	2,499,243	3,730,551

29 STAFF COSTS

As at 31 December 2010 and 2009 staff costs are as follows:

	31.December.2010	31.December.2009
Salaries	1,625,389	4,201,903
Social costs	53,667	470,085
Other staff costs	421,784	162,693
	2,100,840	4,834,681

30 INCOME TAX

Income tax charge for the year amounted to 8,422 euro and 18,096 euro, in 31 December 2010 and 2009, respectively.

30.1. Reconciliation of effective tax rate

The reconciliation between the profit before taxation and the tax charge for the years ended 31 December 2010 and 2009 are summarized as follows:

	31.December.2010	31.December.2009
Profit before taxes	386,440,715	91,747,144
(Decrease) / Increase to net income for tax purposes	(393,853,825)	(94,817,645)
Taxable income	(7,413,110)	(3,070,501)
Use of carried forw ard tax losses	-	-
Tax losses for w ich no deferred tax assets w ere recognized	7,413,110	3,070,501
Net taxable income	-	-
Tax charge @ 25%	-	-
Over taxation estimates	-	(8,648)
Autonomous taxation	8,422	26,744
Municipal surcharge	-	-
Tax charge	8,422	18,096
Effective average tax rate	0.002%	0.020%

30.2. Carried forward tax losses

	31.December.2010		31.December.2009	
	Carried forw ard tax loss	Limit for use	Carried forw ard tax loss	Limit for use
Generated in 2009	3,070,501	2015	3,070,501	2015
Generated in 2010	7,413,110	2014	-	-
	10,483,611		3,070,501	

31 EARNINGS PER SHARE

Earnings per share for the period were calculated taking into consideration the following amounts:

	31.December.2010	31.December.2009
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	386,432,293	91,729,048
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	386,432,293	91,729,048
Number of shares		
Weighted average number of shares used to calculated basic earnings	2,000,000,000	2,000,000,000
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Outsanting shares relatd with deferred performance bonus	1,322,666	911,102
Number of shares that could be acquired at average market price	(459,124)	(606,519)
Weighted average number of shares used to calculated diluted earnings per share	2,000,863,542	2,000,304,583
Profit/(Loss) per share		
Basic	0.193216	0.045865
Diluted	0.193133	0.045858

32 RECEIPTS / PAYMENTS OF INVESTMENTS

During 2010 and 2009, the following receipts and payments occurred:

	31.December.2010			
	Receipts		Payments	
	Total price	Amount received	Total price	Amount paid
Sonae Investimentos, SGPS, SA	179,840,000	179,840,000	317,680,068	317,680,068
Sonaecenter, Serviços, SA	-	-	142,877	142,877
Magma Nº 1 Securitisation Notes	20,500,000	20,500,000	-	-
MDS, SGPS, SA	51,000,000	51,000,000	-	-
Sonae Capital, SGPS, SA	-	-	6,972,000	6,972,000
	251,340,000	251,340,000	324,794,945	324,794,945

	31.December.2009			
	Receipts		Payments	
	Total price	Amount received	Total price	Amount paid
Sonae RE, SA	-	-	3,671,559	3,671,559
Sonaecenter, Serviços, SA	-	-	538,668	538,668
Magma Nº 1 Securitisation Notes	22,560,000	22,560,000	-	-
MDS, SGPS, SA	4,198,062	4,198,062	-	-
	26,758,062	26,758,062	4,210,227	4,210,227

33 DIVIDENDS

The Shareholders Annual Meeting held on 27 April 2010, approved the payment of a gross dividend of 0.0315 euro (0.03 euro 2009) per share was approved, corresponding to a total of 63,000,000 euro (60,000,000 euro in 2009).

For 2010, the Board of Directors proposed a gross dividend of 0.0331 euro per share, totalling 66,200,000 euro. This dividend is subject to approval by shareholders in the Shareholders Annual Meeting.

34 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors on 15 March 2011. These financial statements will be presented to the Shareholders' General Meeting for final approval.

35 INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

In the twelve months period ended 31 December 2010 shareholders’ loan contracts were entered into with the following companies:

Sonaecenter Serviços, SA

Sonae Investments, BV

Sontel, BV

In 2010 short-term loan contracts were entered into with the following companies:

Chão Verde – Sociedade de Gestão Imobiliária, SA

Contibomba – Comércio e Distribuição de Combustíveis, SA

Farmácia Selecção, SA

Fozmassimo – Sociedade Imobiliária, SA

Modelo.com – Vendas por Correspondência, SA

Sonaecenter, Serviços, SA

Sonae Center Serviços II, SA

Sonae Investimentos, SGPS, SA

Sonae MC – Modelo Continente, SGPS, SA

Sonaecom, SGPS, SA

Tlantic Portugal – Sistemas de Informação, SA

Todos os dias – Comércio Retalhista e Exploração de Centros Comerciais, SA

Valor N, SA

As at 31 December 2010, amounts owed by subsidiaries can be detailed as follows:

	Closing Balance
Sonae Investimentos, SGPS, SA	53,000,000
Sonae Investments, BV	372,130,430
Sonaecenter, Serviços, SA	236,267
Sontel, BV	36,184,000
	461,550,697

As at 31 December 2010 amounts owed to subsidiaries can be detailed as follows:

	Closing Balance
Sonaecenter, Serviços, SA	405,000
	405,000

Article 66 A of the Commercial Companies Code

As at 31 December 2010, fees Statutory Auditor amounted to 40,226 euro fully related with audit fees.

The Board of Directors

Belmiro de Azevedo, Chairman of the Board of Directors

Álvaro Carmona e Costa Portela, member of the Board of Directors

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

José Neves Adelino, member of the Board of Directors

Duarte Paulo Teixeira de Azevedo, CEO

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

Nuno Manuel Moniz Trigoso Jordão, member of the Executive Committee

SONAE/

STATUTORY AUDITOR AND AUDITOR'S REPORT

STATUTORY AUDIT REPORT AND AUDITORS' REPORT

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

Introduction

1. In accordance with the applicable legislation, we present the Statutory Audit Report and the Auditors' Report on the consolidated and individual financial information contained in the Report of the Board of Directors and the consolidated financial statements for the year ended 31 December 2010 of Sonae, S.G.P.S., S.A. ("Company") (which comprise the Consolidated and Individual Statements of Financial Position as of 31 December 2010 that presents total consolidated and individual assets of 7,551,813,932 Euro and of 4,111,026,456 Euro respectively, and consolidated and equity of 1,861,562,138 Euro and of 3,533,575,694 Euro respectively, including consolidated net profit attributable to the Company's Equity Holders of 167,940,582 Euro and a individual net profit of 386,432,293 Euro), the Consolidated and Individual Income Statements, Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended and the corresponding Notes.

Responsibilities

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

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

Scope

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

Opinion

5. In our opinion, the consolidated and individual financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated and individual financial position of Sonae, S.G.P.S., S.A., as of 31 December 2010, the results and the consolidated and individual comprehensive income of its operations, the consolidated and individual changes in equity and the consolidated and individual cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union, and the information contained on those is, in accordance with the standards mentioned in the paragraph 4 above, complete, true, timely, clear, objective and licit.

Reporting over other legal requirements

6. It is also our opinion that the financial information contained in the Report of the Board of Directors is in accordance with the consolidated and individual financial statements of the year and the reporting of the corporate governance practice includes the elements required to the Company in accordance with article 245º-A of the Securities Market Code.

Lisbon, 15 March 2011

Deloitte & Associados, SROC S.A.
Represented by Luís Augusto Gonçalves Magalhães

SONAE/

REPORT AND OPINION OF STATUTORY AUDIT BOARD

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

*(Translation of a Report and Opinion originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)*

To the Shareholders

1 – Report

1.1 - Introduction

In compliance with the applicable legislation and in accordance with the terms of our mandate, the Statutory Audit Board issues the present report over the supervision performed and its Report and Opinion which covers the Report of the Board of Directors and the individual and consolidated financial statements and related notes for the year ended 31 December 2010, which are the responsibility of the Board of Directors.

1.2 – Supervision

During the year under analysis, the Statutory Audit Board accompanied, within the scope of its competencies, the management of the Company and its affiliated companies. The Statutory Audit Board has also oversaw, with the scope considered adequate under the circumstances, the evolution of the operations, the adequacy of the accounting records, the quality and appropriateness regarding the process of preparation and disclosure of financial information, corresponding accounting policies, valuation criteria used and the compliance with legal and regulatory requirements.

For that purpose, the Board met five times during the year, some of which with the presence of the Board of Directors and the officers in charge of Planning and Control department, Administrative and Accounting department, the Tax department, Internal Audit and Risk Management department and the Statutory Auditor and External Auditor and Sonae’s Ombudsman. Additionally, the Statutory Audit Board participated in the Board of Directors meeting were the Report of the Board of Directors and the financial statements for the year were approved.

The Statutory Audit Board oversaw the effectiveness of the risk management, internal control having appreciated the planning and results of the internal and external auditors and appreciated the communication of irregularities included Sonae’s Ombudsman reports. In particular, the Statutory Audit Board review and assessed the internal control and risk management procedures in what regards the preparation of consolidated financial statements.

The Statutory Audit Board examined, with special care, the accounting treatment of transactions that had material economic or financial impacts in the development of operations reflected in the financial statements under analysis, and in accordance with its duties verified the qualification and independence of the Statutory Auditor and External Auditor. On the fulfilment of its duties, the Statutory Audit Board monitored the profuse process of selecting the Statutory Auditor and External Auditor for appointment for the mandate 2011-2014. The Statutory Audit Board has, as a consequence of that process, made an appointment proposal to be presented in the Annual General Meeting.

In the fulfilment of its duties the Statutory Audit Board reviewed the Report of the Board of Directors, including the Corporate Governance Report, and remaining individual and consolidated documents of account prepared by the Board of Directors, concluding that these information was prepared in accordance with the applicable legislation and that it is appropriate to the understanding of the financial position and results of the Company and the consolidation perimeter and has reviewed the Statutory Audit and Auditors’ Report issued by the Statutory Auditor and agreed with their content.

2 - Opinion

Considering the above, in the opinion of the Statutory Audit Board, that all the necessary conditions are fulfilled in order for the Shareholders' General Meeting to approve:

a) the Report of the Board of Directors, the consolidated and individual balance sheets as at December 31, 2010, the consolidated and individual statements of profit and loss, the consolidated and individual statements of comprehensive income, the consolidated and individual statements of changes in equity, the consolidated and individual statements of cash flows and related notes,

b) the proposal of net profit appropriation presented by the Board of Directors

3 – Responsibility Statement

In accordance with paragraph a), number 1 of article 8º of the Regulation of CMVM nr. 5/2008 and with the terms defined in paragraph c) nº 1 of the article 245º of the Portuguese Securities Market Code, the members of the Statutory Audit Board declare that, to their knowledge, the information contained in the Management Report and the remaining financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of the Sonae, S.G.P.S., S.A. and companies included in the consolidation. Also it is their understanding that the Management Report faithfully describes the business evolution, performance and financial position of Sonae, S.G.P.S., S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Maia, 25 March 2011

The Statutory Audit Board

Daniel Bessa Fernandes Coelho

Arlindo Dias Duarte Silva

Jorge Manuel Felizes Morgado

SAFE HARBOUR

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements ar
e statements that are not historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes," "expects," "anticipates," "projects," "intends," "should," "seeks," "estimates," "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors and analysts are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

Report available at Sonae's institutional website
www.sonae.pt

Media and Investor Contacts

Catarina Oliveira Fernandes
Communication, Brand and Corporate Responsibility
Catarina.Fernandes@sonae.pt
Tel: + 351 22 010 4775

Rita Barrocas
External Communication
rfbarrocas@sonae.pt
Tel: + 351 22 010 4745

Patrícia Mendes
Head of Investor Relations
patricia.mendes@sonae.pt
Tel.: + 351 22 010 4794

Sonae is listed on the Euronext Stock Exchange. Information may be accessed on Reuters under the symbol SONP.IN and on Bloomberg under the symbol SONPL.

Sonae
Lugar do Espido Via Norte
4471-909 Maia
Portugal
Tel.:+ 351 22 9487522
Fax: + 351 22 940 4634