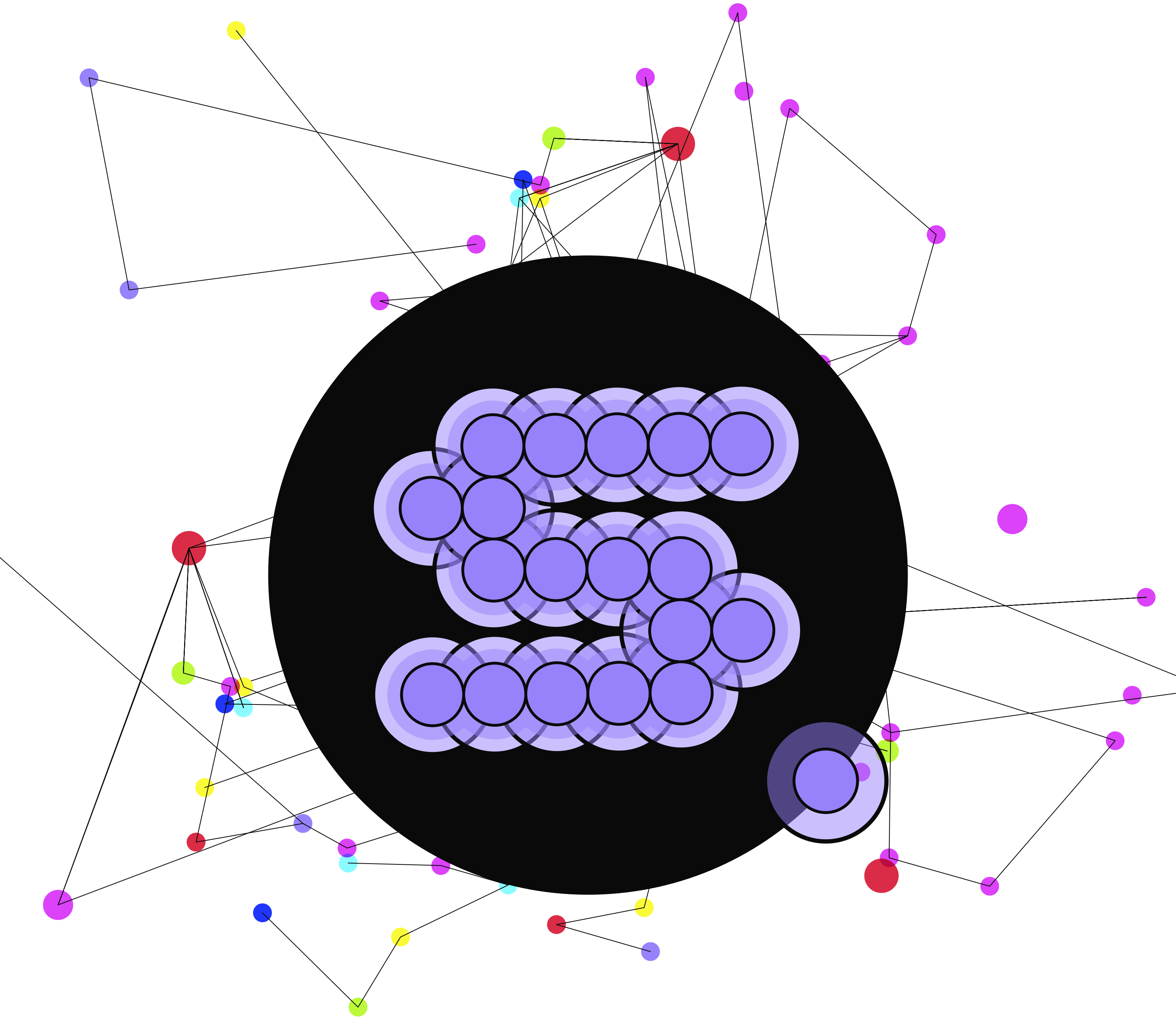
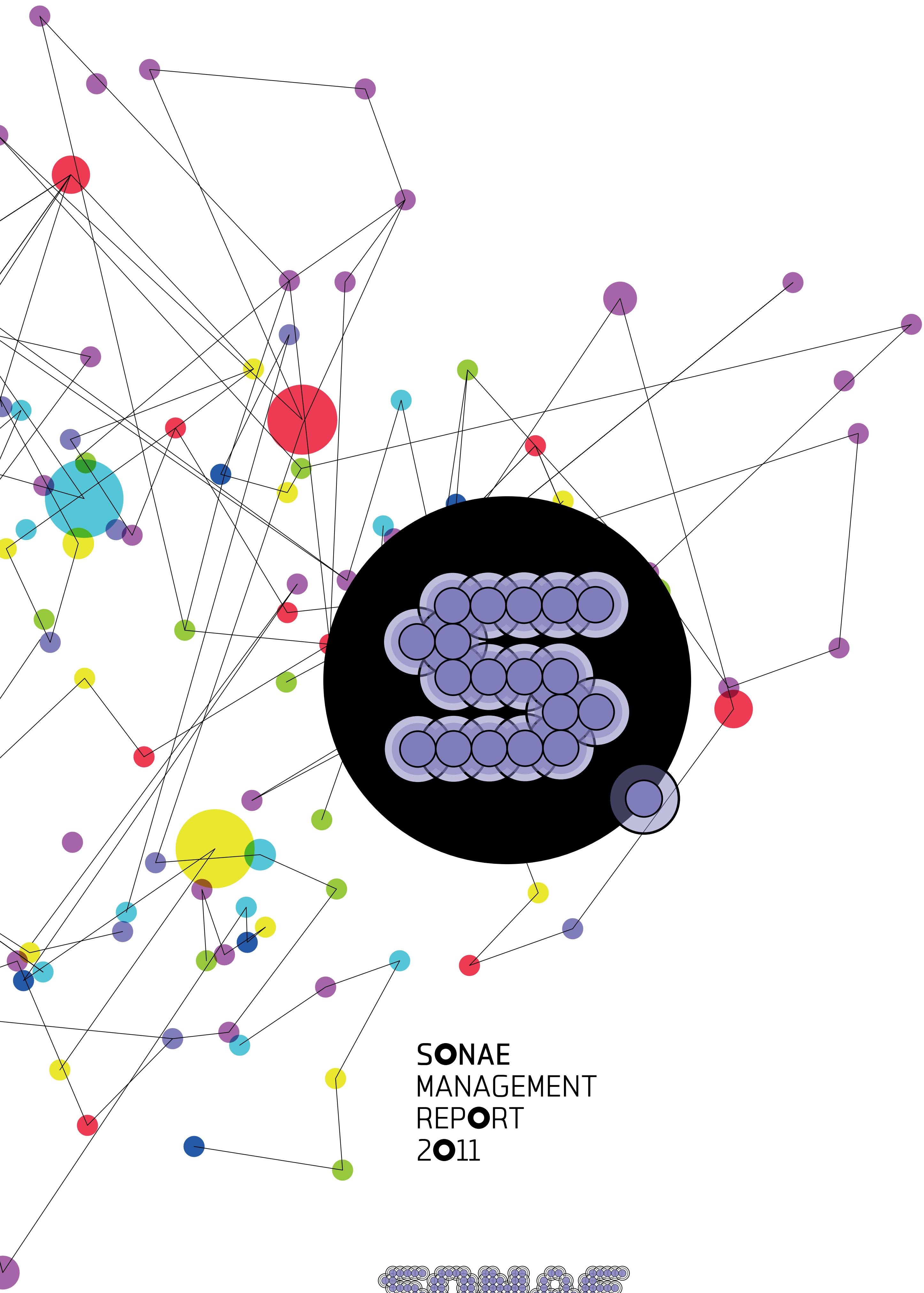


SONAE 2011 FINANCIAL REPORTING

IMPROVING LIFE



SONAE MANAGEMENT REPORT 2011

IMPROVING LIFE

WELCOME

Our history is a partnership with our community. For the last five decades we have contributed towards a better society. We have come such a long way and we still have a long road ahead of us, one that is paved with opportunities, challenges and promises.

A history filled with achievements has given us much to celebrate, but we cannot turn our attention away from the future. Despite all the present adversities, satisfaction and complacency with past success are not part of our genetic makeup. At Sonae, success can only take place in the future.

Sonae's unrivalled potential to become a long lasting company stems from a mind-set based on a driving ambition and an unshakeable confidence in our ability. We are determined to grow in scale and to extend our reach beyond our borders; to achieve exceptional returns; to continue to increase our level of investment using both our own and borrowed capital; to achieve greater sustainability and to increase our contribution to society. Some will say that this seems overambitious, unrealistic and lacking in focus. We, however, do not see how it can be otherwise. At Sonae we do not follow, we lead the way.

Thirty years ago, we described Sonae's mission as: "Driving the economy forward, promoting well-being". Today, with broadened horizons, our mission is: "Creating long term economic and social value, bringing the benefits of progress and innovation to ever more people". We have changed so much and yet so little. Nevertheless, we will endeavour to continue doing our part to make a difference. At such a difficult time, leaders have to rise to face their responsibilities and create opportunities to change. For us, this comes naturally.

We are proud and excited about our future and we will continue to deliver social and economic growth in a responsible and sustainable manner.

Our Management Report presents what we have done to honour our corporate responsibility values. We welcome you to help us to go even further. Our message is and always will be one of solid corporate responsibility.

CDP Iberia 125 Report 2011
Towards A Low Carbon Recovery

The environment is a priority

In 2011, Sonae was recognised for its efforts on reducing its environmental impact.

Sonae Sierra certified 90% of its shopping centres under ISO 14001, showing our strong commitment to the highest environmental standards.

12%
reduction in energy consumption

5,453 tons
old electrical equipment collected

90%
shopping centres certified

We support our community

At Sonae we are committed to making a positive difference in our community, both by helping and by encouraging our team to volunteer in making someone's life better. We are the proud recipients of the Junior Achievement Award for our efforts in promoting entrepreneurship training.

10.1 million euros
in donations

3,051 institutions
supported

over 5,000 volunteers
working for the community

Tomorrow's leadership starts today

We are truly committed to innovation as we believe that innovation is the key to a sustainable future. We are leaders in innovation and in the way we communicate. Sonae's new corporate identity was awarded the Golden Lion Award at the Cannes International Festival of Creativity and our Mobile Portal for the retail business received the IDC CIO Award 2011 for the major impact it is having in the organisation.

10 million euros
estimated savings with new "Mobile Portal" in-store solution

6 innovative projects
distinguished at Sonae's Innovation Forum

We believe in Corporate Responsibility

Sonae is strongly recognised for its corporate values towards society and we believe this to be a cornerstone of our success. 2011 was filled with achievements. Sonae joined the elite club of the World's Most Ethical Companies by Ethisphere, MyBrand's Reputation Index recognised Sonae as the brand with the best reputation in Portugal and Eurocommerce recognised our best practices as an example to follow.

1st Portuguese company
to be included in the World's Most Ethical Companies list

10 Corporate Responsibility projects
distinguished by Eurocommerce

We do not compromise on quality

We are devoted to offering our clients the best products and services at a fair price. For the 7th consecutive year, we were nominated by our clients as a Superbrand and Sonaecom Customer Support Service was elected as the best in its category in the Contact Center World 2011 awards.

>75% households
hold a Continente card

2,974 producers
Continente Producers Club

77% purchases
from national producers

We value our team

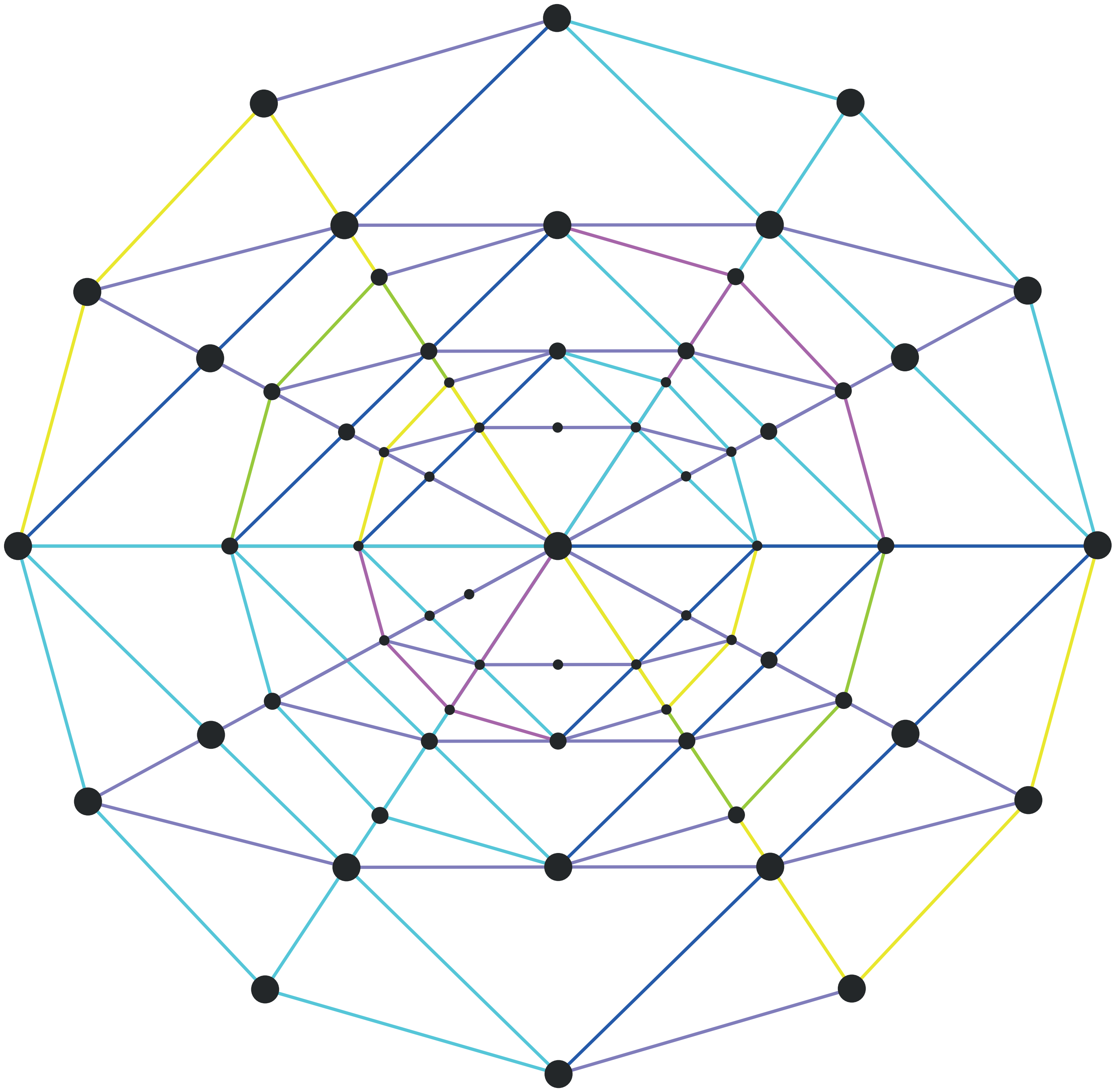
Our team is one of our strongest assets. We do not take shortcuts regarding their safety and welfare. Our efforts were recognised with the European Good Practices Award. As leaders we take leadership seriously and we were chosen as The Best Company for Leadership by the Hay Group.

1.4 million hours
of specialised training

10,802 staff members
working for our Producers Club

01

Key corporate developments in 2011



02 FEB — Sonae MC launches the “Meu Super” franchising food format and expands the wholesale and convenience store business

01 MAR — Sonae Sierra completes the disposal of two shopping centres in Spain for an amount of 120 M€

14 MAR — Sonae Sierra Brasil completes the IPO at BM&FBOVESPA

15 MAR — Sonae RP closes the sale & leaseback of 2 stores in the Vasco da Gama Shopping Centre

15 MAR — Continente becomes the umbrella brand for all the food retail activities of Sonae

15 APR — Announcement of the establishement of a Joint Venture for the set-up of a food retail business in Angola

27 APR — Sonae’s AGM approves the distibution of dividends in relation to 2010 results on the amount of 3.31 euro cents per share

16 MAY — Sonae SR signs an agreement for the acquistion of 8 pc city stores in Spain

20 JUN — Sonae SR enters Turkey with the opening of the first Zippy store

20 JUN — Announcement of a joint-venture between MAB Development and Sonae Sierra for the development of a shopping centre in Solingen (Germany)

21 JUN — Sonae SR surpasses 100 stores in the Spanish market

22 JUN — New Sonae Corporate image distinguished with a “Golden Lion” Award at the Cannes International Creativity Festival

05 JUL — Sonae reinforces its international presence with the opening of the first Zippy store in Egypt

22 AUG — Sonae enters Kazakhstan, with the opening of the first Zippy store

03 OCT — Sonae Sierra is distinguished as the ‘Best Developer Overall’ and ‘Best Retail Developer’ in Portugal, as well as ‘Best Retail Developer’ in Brazil and Latin America (“Real Estate Awards” by Euromoney)

24 NOV — Sonae is elected the company with the best reputation in Portugal (MyBrand Reputation Index 2011)

29 NOV — Results of the 4G auction process reinforce the efforts of Optimus on mobile data

13 DEC — Sonaecom and Sonae lead the ranking of companies reducing CO_2 emissions in Portugal (“CDP Iberia 125 Report 2011” study)

02

CHAIRMAN'S LETTER

Belmiro de Azevedo
Chairman Sonae

Corporate growth is driven by globalisation, free market economies, and increased global competition. We understand how to develop a business and are focused on developing innovative strategies to create value for Sonae's stakeholders, through new ventures and international expansion, whilst remaining committed to supporting and respecting the founding values and the ethical standards of our company.

Achieving growth in a gloomy economic context, when the cost of capital is increasing, is a difficult challenge for any business, and at Sonae we have been seeking to prevent the negative financial market turmoil from materially affecting our growth strategy and prospects for the future.

We have been looking into emerging economies to find new business opportunities and partners, as a means to secure growth in a more challenging and competitive world. We aim to deliver value in each regional market, by adjusting to the local ways of doing business, whilst keeping in mind that corporate responsibility and a commitment to sustainability are core principles at Sonae, and thereby reward shareholders in the long-term. We will also not comprise in respecting our widely adopted values of integrity and business ethics, for which we have already received international recognition.

Sonae is now present in more than 40 countries around the world[1]. In every market where we operate as a retail group, we are regarded an attractive partner, based on our track record of integrating industry with final consumers. In organising modern and efficient distribution channels, we achieve gains that are shared along the value chain, from producers to final consumers. In essence, we find ourselves contributing to better resource allocation, distributing the benefits to the community, championing sustainable development, while aiming to offer our shareholders a satisfactory return on capital invested.

We also recognise the increasing importance of the role that the "online" will play in the shopping experience and the opportunities and challenges that this trend will create for retail operators. Sonae has been dedicating significant resources to innovation in terms of product offering, store pickup models, home delivery solutions and experimenting with social media, in order to position the company to benefit from the future growth of online shopping.

The consolidated sales performance and the net profit for 2011 of 139 million euros are significant achievements, considering the background of political uncertainty and the threats of an economic downturn, following the rescue plan signed between Portugal, the IMF and the European Union. This has only been possible due to the growth seeking culture that exists at Sonae and the extraordinarily demanding goals that the management team has set for itself, in a remarkable demonstration of their clear understanding of the company's capabilities and the value creation potential that exists in each and every one of our employees.

Looking ahead, the future remains uncertain. The world financial markets are still unstable, and the financing of investment is likely to be one of the most demanding challenges for businesses over the next year. Managers are constantly reminded of increased aversion to risk of investors and their demands for higher returns. Solving the current difficulties in the Portuguese banking system and allowing companies and families to access fairly priced financing is critical. Companies, in particular, cannot compete in the Single European Market using the same currency, but with significant disadvantages in terms of access to and costs of funding.

In spite of these challenges, we have renewed our commitment to sustainability and corporate responsibility. At Sonae, we are strong believers in our corporate values, as they are the foundations on which we create the value we deliver to our shareholders every year.

1 Includes operations, third party services, representative offices, franchise and partnership agreements.

02

CEO'S LETTER

The impacts of the sovereign debt crisis, and consequent austerity measures taken by governments in Iberia, have been very severe. Private consumption has declined at a rapid rate and, particularly in Portugal, the banking system has faced serious difficulties, restricting credit to companies and steeply increasing the cost of credit. These two countries are slowly regaining confidence and better times are expected beyond 2012.

We have been positioning the company for international growth and value creation, capitalising on our management expertise and the strong positions we hold in our home market. Expansion into new overseas markets continues with renewed effort, as this is also a way to compensate for the effects of stagnation in our home market. However, we have had to temper and redirect these investments given the sharp declines occurring in non-food markets in Iberia and the difficulties felt in terms of the cost and availability of credit in the Portuguese banking system.

It was only possible to maintain our investment in international growth initiatives because most of our businesses were able to maintain approximate EBITDA margins and generate sufficient cash-flow to allow us to fund these investments, whilst achieving reductions in our debt and maintaining our dividend payments.

Sales at Sonae MC increased by 1.6% in 2011, in part due to an expansion of our sales area in Portugal. We strengthened our leadership in food retail in Portugal both in terms of market share and brand attributes and we finished 2011 with 454 stores in operation. We adapted the range of our offers, with an increasing relevance of and innovation in our own brands, showing agility in our response to consumer needs. We have streamlined our operations, taking more costs out of store operations and eliminating inefficiencies in the supply chain, and were, as a result, able to continue to transfer additional value to consumers.

Sonae Sierra continued to demonstrate the quality of its assets, by maintaining very high occupancy rates and delivering a consistent revenue performance. In line with the company's strategic intentions, Sierra's services business has also taken important steps during 2011, with the company now providing its specialist services in 10 countries around the world. Sierra is also increasingly benefiting from its growing exposure to the Brazilian market.

Driven by a very sound execution of its strategy and an improved position in the market, 2011 was a record year for Sonaecom, in terms of operational margins, profitability and cash flow generation. Optimus was able to grow in a challenging market, with new and innovative offers and achieved further progress in terms of customer satisfaction levels.

Sonae SR, however, witnessed a 2.9% drop in sales turnover, and significant decreases in like-for-like sales that materially impacted profitability. Importantly, the consumer electronics division was able to strongly mitigate these impacts through gains in market share, cost reductions and improved working capital management. The other two divisions, fashion and sports, were much harder hit as their business models proved to be far less flexible – we are working hard on adapting these business models to be much more responsive to fluctuations in demand. International sales accounted for 27% of Sonae SR's turnover in 2011.

Our fundamental operating and financial metrics compare favourably with other retail groups both in Portugal and internationally, and we have a permanent focus on and track record of achieving continuous improvements in our efficiency and performance. Together with our format and product knowledge, we believe that these capabilities will allow us to succeed in making the most of the promising opportunities that exist in our international portfolio. Increasingly, international operations are important sources of growth for us.

Mounting interest rates together with a global shortage of credit made access to financing more difficult, with no exception. However, the negative economic cycle and the shortage of funds did not stop our expansion plans. Important steps were taken in order to expand the footprint of Sonae into new countries, directly, through joint-ventures, franchise agreements or by selling our products or services. This was true not only for our shopping centre business, but also for our retail activities. During 2011, we started or prepared to start new activities in Angola, Colombia, Algeria, Turkey, Croatia, Kazakhstan and Egypt and in many other countries in terms of supplying products or services.

Our key focus is to safeguard the long-term growth of Sonae. Despite the level of investment in future growth and difficult markets, we were able to keep 2011 recurrent EBITDA margins at similar levels to 2010 (down from 11.8% to 11.5%).

We ended 2011 with a strengthened capital structure, with our net debt down by 146 million euros year-on-year, despite capital expenses of 475 million and the continuation of our dividend policy. For the third consecutive year, Sonae has been able to generate cash flow to invest in future growth and finance innovation, whilst, at the same time, continuing to reduce leverage.

We are committed to our dividend policy. Given the financial results achieved in 2011, we will be proposing to shareholders the payment of a dividend of 3.31 euro cents per share, corresponding to a dividend yield of 7.2% calculated using the 2011 year-end closing share price.

We are committed to sustainability and investors should appreciate our focus on corporate responsibility, as a key element of our long-term sustainability and growth. We care both about our employees and our customers, and we also measure our success by monitoring employees' wellbeing and customer satisfaction. We are a demanding company based on meritocracy, in the sense that the best performers are rewarded, yet, we possess a strong and unified culture. During 2011, our teams had to overcome serious testing of their spirit, resourcefulness and resilience and we know full well that 2012 will challenge us again. We remain cautious in relation to the near term evolution of retail sales in Portugal and Spain, given the economic uncertainties and the low levels of consumer confidence expected to continue throughout 2012.

At Sonae, we are working simultaneously on both overcoming current challenges and on building our future potential. We want to continue to be seen as a growth company, which is highly regarded and valued by our customers, but also by the communities we serve, by our employees and by our shareholders and partners.

Paulo Azevedo
CEO Sonae

Turnover
5,738 M€
with positive growth achieved
in the food business

Recurrent EBITDA
661 M€
11.5% margin
on sales

Community donations
10.1 M€
Contributing
to social welfare

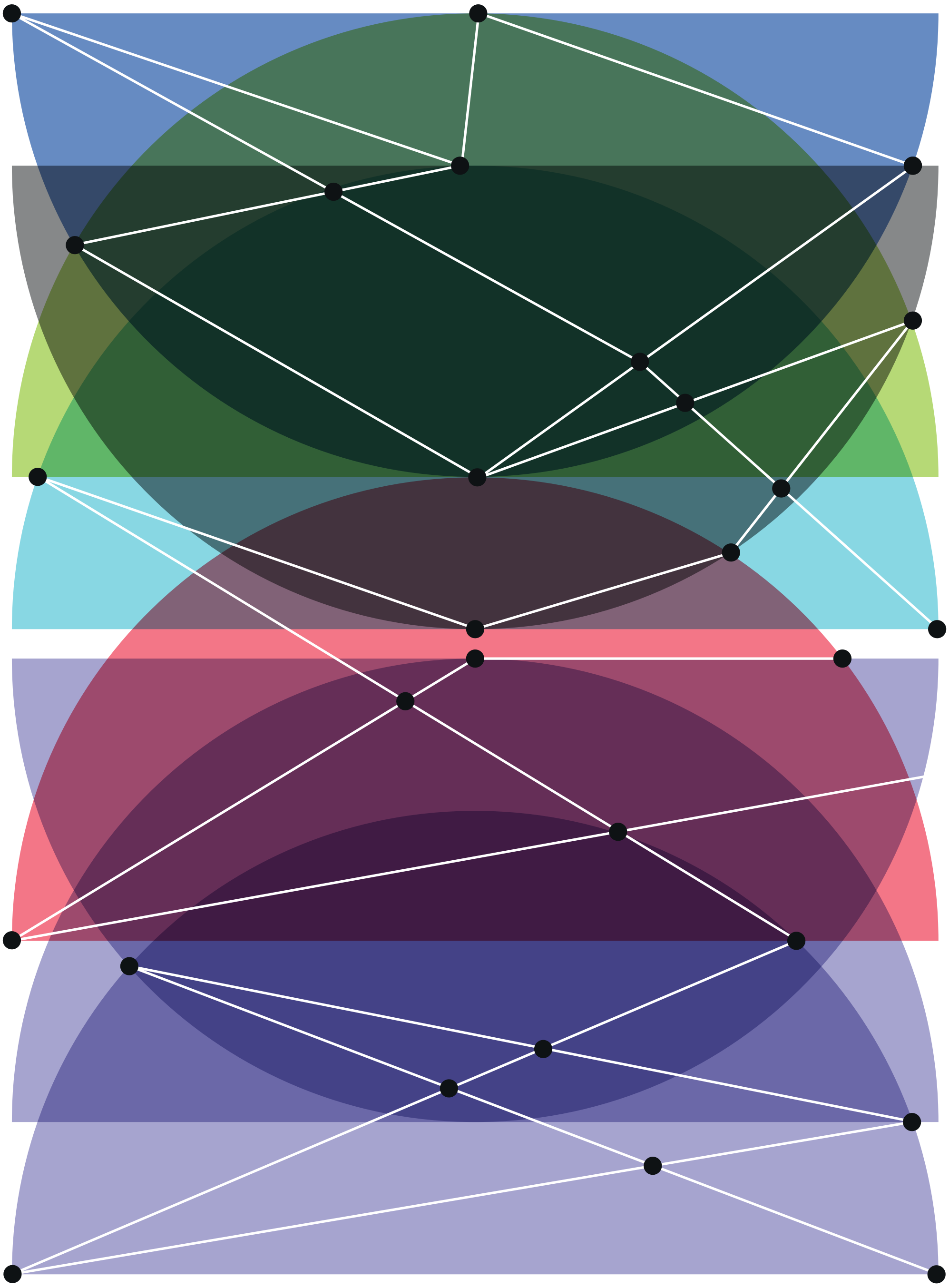
Net financial debt decreased by 147 M€
aligned with
deleveraging objectives

Direct net income
139 M€
103 M€ attributable
to equity holders

Institutions supported
3,051
Reinforcing our impact in the
community

03

Business overview



In 2011, Sonae strengthened its core businesses by improving its position as market leader in Portugal in food and specialised retail formats. It also pursued value creation through international expansion particularly in the specialised retail and shopping centre businesses. The telecommunications business attained a record year in terms of profitability, with a growing presence in the mobile and mobile data segments. In consolidated terms, Sonae registered, in the year, a global turnover of 5.7 billion €, practically in line with 2010, an achievement only possible thanks to market share gains in the main business areas.

MACROECONOMIC CONTEXT

There was a progressive and significant slowdown in global growth during 2011, confirming that the recovery of economic activity which was initiated in 2010 was not based on solid foundations. The slowdown in world economic growth was most pronounced in the major advanced economies (U.S., Japan and the European Union), within a context marked by the need to correct macroeconomic imbalances accumulated in the pre-crisis period and by intense turmoil in international financial markets, in particular due to the worsening of the sovereign debt crisis in the Euro Zone. This was, nevertheless, partly offset by the relative dynamism of emerging economies in Asia (including China and India), Latin America and Russia.

In the Euro Zone, economic prospects were overshadowed by the worsening of the sovereign debt crisis, by the broadening of market concerns regarding some of the largest economies in the area, such as Spain or Italy, and the fragility of the banking system. The widespread risk aversion resulted in increased financing costs in debt markets, particularly in the case of countries with structural weaknesses, and lack of liquidity in the money markets. The measures announced by European policy makers in successive summits were insufficient to calm tensions in the financial markets, resulting in continued uncertainty surrounding the outcome of the crisis.

In Portugal, 2011 was inevitably marked by the request for financial support from the EU and the IMF in April, in order to avoid a default of the Portuguese Republic. The international financial crisis and sovereign debt crisis exposed the structural weaknesses of the Portuguese economy, in particular, the lack of competitiveness needed to generate economic growth and the huge gap between domestic savings and spending which has resulted in high external financing requirements.

International financial support was provided on the basis of strict economic policy conditionality under a macro-economic adjustment programme, aiming to correct structural macroeconomic imbalances and create conditions for sustained economic growth in the medium term. The agreed measures foresee a demanding fiscal consolidation strategy that ensures a sustainable trajectory for public finances and a significant deleveraging of the private sector, including the financial sector. Simultaneously, the programme promotes a set of structural reforms deemed necessary for the competitiveness of the Portuguese economy.

Portugal's entry into recession in 2011 (-1,5%), which is likely to last until the end of the current year, is a consequence of a sharp decline in the various components of domestic demand that the adjustment process implies. The decline in public expenditure is explained by the restrictive fiscal policy, while the reduction in investment and consumer spending is determined by the increased difficulties in accessing credit and by the reduction in households' disposable income. Net external demand was the only engine of economic growth during 2011, reflecting a significant increase in exports, while imports were reduced as a result of declining domestic demand.

There has been a significant reduction in households' disposable income during 2011, reflecting, inter alia, the rise of unemployment, determined by the economic activity slowdown, as well as the impact of the fiscal consolidation measures, such as the reduction in public sector wages, cuts in social benefits and increases in direct and indirect taxation, in particular the introduction of an additional tax on Christmas bonuses. On the other hand, the rising price of some commodities such as oil, increases in VAT and in the cost of some regulated services such as energy, transport or health, led to a decrease in real wages in the country. The reduction in real disposable income along with the deterioration of consumer expectations explains the sharp fall in private consumption in 2011 (3.6%)[2].

The reduction in private consumption was mostly felt at the level of durable goods (a reduction of approximately 20%). While this category is the most vulnerable to changing consumer expectations, this decrease is also partly explained by the high level of vehicle purchases at the end of 2010, in anticipation of the 2011 tax increases, and by the severe deterioration in financing conditions. The consumption of current goods and services suffered a less pronounced decrease (of about -1.9%), still a relatively negative evolution, if the more stable nature of this category is taken into account. Within this latter group, food consumption presented, as expected, relatively greater resilience.

In a context of a sharp decrease in private consumption, the maintenance of households' non-discretionary consumption levels such as food, health, housing and transport services, the prices of which, in some cases, increased considerably, thus implied a significant reduction in discretionary consumption, which largely explains the negative behaviour in retail sales, particularly felt in the non-food categories.

In relation to the Spanish economy, 2011 registered very moderate economic growth (0.7%), supported by the positive performance of net exports, whilst domestic demand remained depressed. The need to correct internal and external imbalances continued to determine the evolution of the economy in the context of an intensified sovereign debt crisis in which Spain was increasingly under scrutiny.

The deleveraging of the highly indebted private sector, the fiscal consolidation efforts required to bring public expenditure to sustainable levels, the restructuring of the banking sector and the difficulty in halting the decreasing employment levels, continued to shape the economic environment in Spain, limiting the evolution of domestic demand. In particular, private consumption stagnated in 2011, pressured by rising unemployment, by the impact of fiscal consolidation measures and the consequent decrease in household income, partially mitigated by a reduction in savings.

2 Source: Economic Bulletin, Autumn and Winter 2011 Editions, Bank of Portugal

The Iberian market thus currently faces an unprecedented crisis that has hit its two economies simultaneously. Notwithstanding the efforts undertaken and the substantial economic and social costs, a high degree of uncertainty remains in relation to the success of the adjustment process, which will, in any case, be conditioned by the EU's ability to solve the sovereign debt crisis and by the world economy dynamics.

2011 HIGHLIGHTS

Retail and related businesses

During 2011, **Sonae MC**, the food retail business, consolidated the leadership in the Portuguese market, via a fast and effective adaptation of its offer to changing consumer habits and continued to explore new adjacent business opportunities leveraging on a strong management team and know-how in retail. During the year, Sonae MC has further expanded its footprint in Portugal, with the opening of new 5.5 thousand m^2, and completed a simplification of brands under the "Continente" banner, a brand much trusted by consumers in Portugal. "Meu Super", the franchised local food retail stores' format reached 9 stores by the end of 2011, based on a convenience approach and located mainly in residential areas. Continente Wholesale, was formally launched, strengthening the previous wholesale business, mainly aiming to satisfy the needs of professional customers who operate in the hotel and restaurant sectors. Sonae's MC business in Portugal was managed as a sustainable cash-flow generator during 2011, although great emphasises was placed on ensuring the best available offers in the market at all times. Sonae MC continued looking for international opportunities of growth and formalised an international joint venture to establish a food retail operation in Angola during the year.

Sonae SR, the specialised retail unit, with formats in the categories of electronics, sports goods and fashion, continued its internationalisation process, further expanding in Spain with its key brands. It has also consolidated market leadership in Portugal, using the base market as a test plant for the development of new formats and brands. 44 new specialised retail stores were opened in 2011 (under the Worten, Sportzone, Modalfa and Zippy banners), totalizing more than 46,000 new square metres. During 2011, international expansion was also further pursued in countries such as Saudi Arabia, Turkey, Egypt and Kazakhstan. Sonae SR persisted with the strategy of exploring franchising and joint ventures opportunities as a means to accelerate growth.

Sonae RP, the retail real estate business, continued during 2011 to actively manage Sonae's retail real estate assets, aiming to enhance the group's ability to meet its growth objectives. The company focused on asset management, seeking property development opportunities and planning to release invested capital, through a reduction in the level of freehold ownership of retail sales area, mostly in the food business. Despite the sale and leaseback transactions carried out in the last two years, Sonae still had at the end of 2011 a level of freehold retail real estate well above other retailers in Europe (78% freehold at Sonae MC and 28% freehold at Sonae SR).

Core Partnerships

Sonae Sierra, the international shopping centre specialist, 50% of which is held by Sonae, continued to grow in emergent markets and in the services businesses. It sped up expansion in Brazil, so as to capitalise on the country's rapid economic growth and it reinforced its presence in emergent markets. It also grew in services to third parties, profiting from the in-depth expertise as a retail property developer and asset and property manager. During 2011, Sonae Sierra continued to demonstrate the quality of its portfolio of assets, with the maintenance of occupation rates at 96.8% and a consistent revenue performance.

Sonaecom, the integrated telecommunications operator, 53% of which is held by Sonae, maintained its focus on growing the mobile business, leading mobile market share gains, particularly in the mobile data segment, and on the cash generation, reinforcing efficiency programmes. As a result of the positive execution of the defined strategy and an improved position in the market, Sonaecom registered a record year in 2011, both in terms of profitability and cash flow generation, and distributed the first dividends in its history.

Investment Management

The **Investment Management** area creates value for Sonae by supporting the implementation of corporate and business strategies, maximising shareholder's return on Sonae's portfolio, actively supporting core business M&A planning and execution and reinforcing Sonae businesses' networking with industry players, M&A advisors and investment banks. At the end of 2011, the Investment Management portfolio included stakes in companies operating in the DIY retail (Maxmat), travel agencies (Geostar) and insurance brokerage (MDS), where M&A is considered to play a key role in value creation.

2011 BUSINESS PERFORMANCE

During 2011, Sonae has faced different macroeconomic environments in the countries where it operates. The growth attained in Brazil and the relatively stable environment in other European countries was off-set by the weak economic dynamism in the Iberian markets, where the announcement of the new austerity measures have strongly impacted family consumption levels (for example, private consumption is estimated to have fallen in Portugal during 2011 by 3.6%[3]. Under this challenging environment, Sonae's turnover remained almost stable at 5.7 billion Euros, an important achievement only possible thanks to market share gains in the main business areas during the course of this period.

In 2011, consolidated recurrent EBITDA surpassed 661 million euros, 4% below the previous year. This figure was naturally impacted by Sonae SR's internationalisation efforts, but also by the effect of consumer retraction in the Iberian markets, which was particularly evident in the non-food categories. The performance of the food retail and telecoms businesses, the efficiency measures and optimisation of cost structures have nevertheless enabled a Recurrent EBITDA margin of 11.5%, just 0.3 p.p. below 2010.

3 Source: Bank of Portugal – Monthly economic Indicators

In the year, direct net result totalled 178 million euros, 23% below the figure registered in 2010, essentially due to the EBIT evolution. In the same period, indirect results, relative to Sonae Sierra's shopping centres portfolio, were negative 40 million euros, 19% below 2010, completely driven by yield increases in Portugal. Consequently, total net result for the period totalled 139 million euros, of which the share attributable to the Group corresponds to 103 million euros.

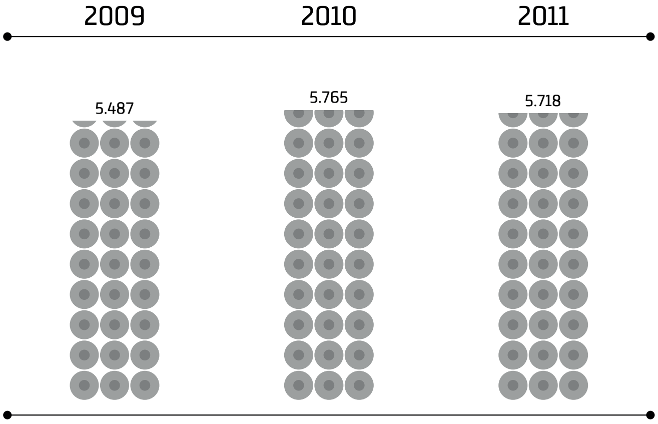
During 2011, total investment for the group surpassed 475 million euros, 15% higher than in 2010, and was essentially allocated to the expansion of international operations, to the remodelling and maintenance of assets in Portugal and, in the case of Sonaecom, to the LTE spectrum acquisition.

As at 31st December, total net debt totalled 2,707 million euros, which represents a reduction of 146 million euros compared to the end of 2010. The company thus continues to strengthen its financial structure, with its debt decreasing sustainably and representing, at the end of 2011, 58% of invested capital (vs. 61% in the previous year). Sonae thus hold an appropriate capital structure to support activities and investments in each business.

Turnover

Consolidated Turnover - Ex-fuel

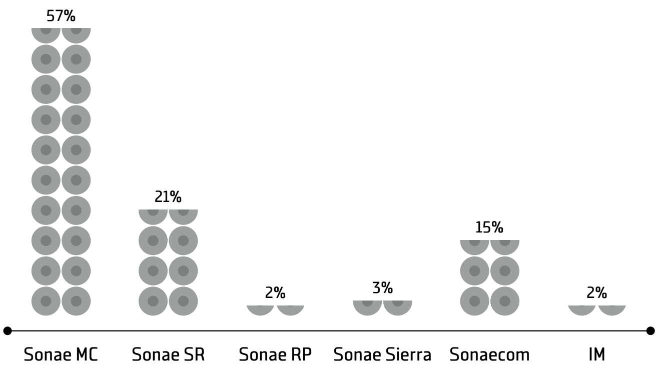
Million euros



Turnover

Million euros	2010	2011	Var
Turnover	5.845	5.738	-2%
Turnover (ex-fuel)	**5.765**	**5.718**	**-1%**
Sonae MC	3.275	3.327	2%
Sonae SR	1.272	1.235	-3%
Sonae RP	126	119	-5%
Sonae Sierra	192	194	1%
Sonaecom	921	864	-6%
Investment Managment	138	130	-6%
Eliminations & adjustments	-159	-150	5%
Petrol Stations	**80**	**20**	**-75%**

2011 Turnover Breakdown

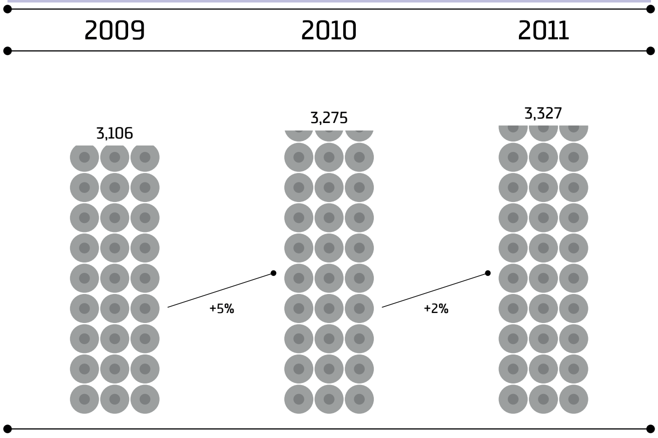


Sonae's turnover remained stable at 5.7 billion Euros in 2011[4], practically in line with 2010, an achievement only possible thanks to market share gains in the main business areas during the course of this period. The most significant contributions for this evolution were the following:

- **Sonae MC** with 3,327 million euros (+2%), which incorporates a +0.5% sales growth on a comparable store universe basis, despite the continued effects of trading down carried out by consumers in Portugal. This positive evolution, clearly above market average, was made possible by a 1% increase in sales volumes during 2011 and relatively stable average unit prices. Sonae MC thus continues to strengthen its market leadership (+1.1 p.p. share)[5], with a strong contribution from its private label portfolio, which is currently representing circa 30% of sales in the relevant categories.

Sonae MC Turnover

Million euros



4 This analysis excludes the sales relative to petrol stations (as during 2Q10 Sonae transferred the operation of 8 petrol stations to a third party), and incorporates the re-statement of Geostar's 2010 turnover, taking into account the analysis of the sector practices.

5 Source: A.C.Nielsen / Homescan: 2011 cumulative evolution

Sonae MC

432 stores operated by the company and 22 stores under franchise and joint-venture agreements generated in 2011 a 3,327 million euros turnover with a recurrent EBITDA of 235 million euros (7.0% of the turnover).

Continente – 40 hypermarkets (centrally located and more than half anchored in leading shopping centres) – with an average area of approximately 7.2 thousand m² and average Stock Keeping Units (SKUs) of 70 thousand. Non-food area (typically light bazaar and textiles) representing less than 15% of total sales.

Continente Modelo – 105 medium supermarkets, typically located in medium sized population centres– average 2 thousand m², with a number of SKUs well above competitors. Location and convenience. Light bazaar representing less than 10% of sales (no textiles).

Continente Bom Dia – 26 small, convenience food stores, with an average sales area of around 800 m². Renewed concept based on the quality and variety of fresh products, ideal for more frequent daily shopping.

Leverage on know-how in retail
New adjacent business opportunities

Bom Bocado – 96 stores, coffee shops and small snack-bars. Variety and quality with a fast service and a great price.

Wells – 138 stores dedicated to parapharmacy, beauty products, health and well-being care, eye glasses and optical services.

Book.it – 18 Book shops, stationery and tobacco.

Meu Super – Franchised local food stores (9 stores at the end of 2011), between 150 and 1 thousand m², located mainly in residential areas within large city centres. Sonae MC offers the partners store management support, a guaranteed competitive price and access to Continente's private label offer.

Continente Wholesale – based on the wholesale agreement signed in 2008 for the supply of a number of petrol stations' convenience strores, Sonae MC has reinforced during 2011 its wholesale business, aiming to satisfy the needs of professional customers operating in the hotel and restaurant sectors.

Private Label

Sonae MC's performance reflects the strong and continuous investment in the **private label**. In the current adverse consumer environment, the private label allows consumers to save money, while trading-down into a trusted brand. The private label programme is managed in-house by Sonae MC's team, with its increasing know-how in terms of products, procurement, processes and category management. The brand range was broadened during 2011, now comprising most product categories. It includes: the Continente brand, typically 20% cheaper than the category leader; a set of "first price" own brands (positioned as the best price available in the market in each product category); and Continente Gourmet, which offers a selection of products distinguished by their quality, taste and origin, always at a competitive price in this segment.

Sonae SR with 1,235 million euros (-3%), reflecting the negative sales behaviour of the Iberian markets and despite the expansion of the total sales area by 15%. Sonae SR's sales in Portugal decreased by 13%, which was only partly compensated by the 38% turnover growth attained in the international markets. The Spanish operations accounted for approximately 25% of total sales in 2011, up by 5 p.p. when compared to 2010. In the consumer electronics segment, Worten was able to grow its leading position in Portugal and has taken important steps towards the objective of achieving a relevant market position in Iberia.

Sonae SR revenues breakdown

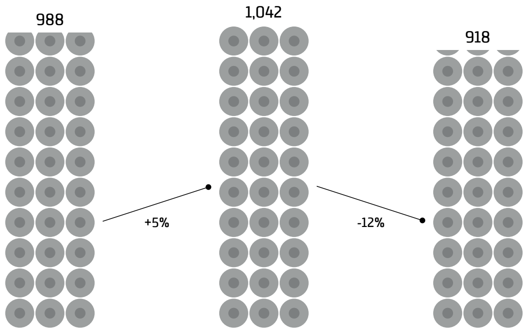
Formats	2011 revenues (M€)	% of total
Consumer Electronics	834	67%
Sports Goods	234	19%
Fashion	167	14%
Total Sonae SR	1,235	

EVOLUTION PER GEOGRAPHIC AREA

Sonae SR Turnover

Portugal (M€)

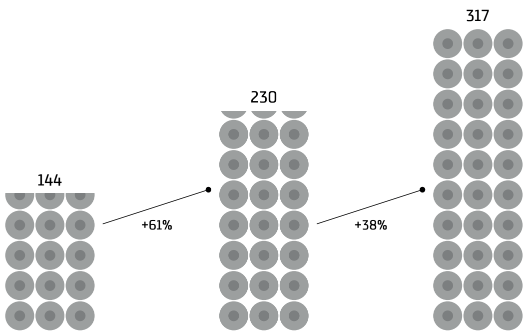
2009 2010 2011



Sonae SR Turnover

International (M€)

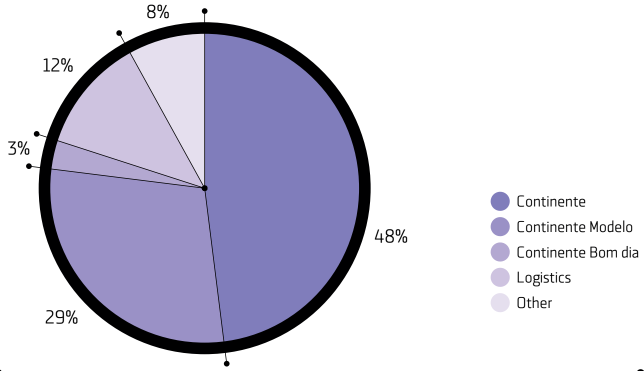
2009 2010 2011



Sonae RP with 119 million euros (-5%). This decrease versus 2010 was driven by the reduction in the asset portfolio of the company, as a result of the disposal (via sale & leaseback transactions) of 2 stores during 2011.

Sonae RP Net Book Value (detail)

1,4 Bn€



Sonae Sierra with 194 million euros (+1%), demonstrated once again and within a context of lower consumption levels across most European countries, the quality of its assets with an increase of the average occupation rates to 96.8%, 0.5% above 2010, and a consistent revenue performance. Sierra is benefiting from its exposure to emerging markets, with particular reference to the contribution from the Brazilian operations, in order to sustain the overall sales volume, on a LfL basis, of the shopping centres under its control.

In the overall portfolio under management by Sonae Sierra, the company welcomed more than 428 million visits during 2011.

Sonae Sierra: operational data

	2009	2010	2011
Shopping centres owned/co-owned (EOP)	52	51	49
Occupancy rate of GLA owned (%)	95,9%	96,3%	96,8%
Shopping Centres Managed (EOP)	68	68	71
GLA under management ('000 m^2)	2.284	2.220	2.234

Breakdown of FY 2011 Open Market Value of Sonae Sierra's portfolio

	# Centres		2010		2011	
Million euros	2010	2011	Value	%	Value	%
Iberia	32	30	3.971	61%	3.693	58%
Rest of Europe	9	9	1.276	20%	1.289	20%
Brazil	10	10	1.233	19%	1.338	21%
Total	51	49	6.481	100%	6.320	100%

Sonaecom with 864 million euros (-6%). This reduction results from lower product sales (driven by the end of the “e-initiatives” programme) and by the decrease in regulated tariffs (mobile termination rates and roaming tariffs), as Optimus was able to maintain a positive evolution at the level of mobile customer revenues and grow in its revenue market share, while SSI was able to increase its respective services revenues by 4.7%

Sonaecom: operational data

Mobile	2009	2010	2011
Customers (EOP) (‘000)	3.433	3.604	3.639
Data as % of Service Revenues	28,1%	30,6%	32,5%

Investment Management with 130 million euros (-6%), with the effects of the consumer retraction and companies’ cost cutting determining a lower sales performance at GeoStar (travel business), the lower level of new housing developments and the lower consumer spend impacting the sales performance of Maxmat (DIY business). MDS (insurance) was able to increase revenues by 7% vs. 2010, with a growing presence in Brazil offsetting some pressure felt in the Portuguese market.

Investment Management store portfolio:

N.º of stores	31 Dec 2010	stores opened	M&A	banner changed	stores closed	31 Dec 2011
Investment Management	101	1	0	0	-10	92
Maxmat and Maxgarden	33	0	0	0	0	33
Geostar	68	1	0	0	-10	59

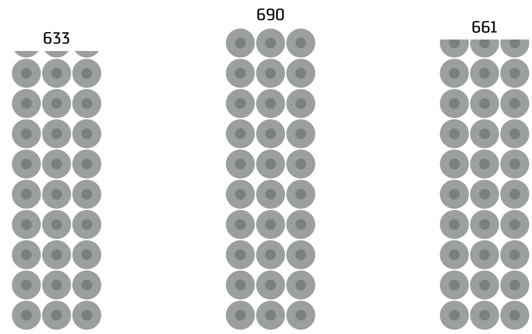
Sales area ('000 m²)	31 Dec 2010	stores opened	M&A	Transfers between brand	stores closed	31 Dec 2011	Own stores (m²)(%)
Investment Management	64	0	0	0	-1	63	61%
Maxmat and Maxgarden	60	0	0	0	0	60	63%
Geostar	4	0	0	0	-1	3	22%

Recurrent EBITDA

Recurrent EBITDA

Million euros

2009	2010	2011



Recurrent EBITDA

Million euros	2010	2011	Var
Sonae	**690**	**661**	**-4%**
Sonae MC	231	235	1%
Sonae SR	45	1	-98%
Sonae RP	111	104	-6%
Sonae Sierra	92	92	-1%
Sonaecom	194	213	10%
Investment Management	6	3	-37%
Eliminations & Adjustments	12	14	14%

Recurrent EBITDA

% of turnover	2010	2011	Var
Sonae	**11,8%**	**11,5%**	**-0,3 p.p**
Sonae MC	7,1%	7,0%	-0,1 p.p
Sonae SR	3,5%	0,1%	-3,4 p.p
Sonae RP	87,7%	87,2%	-0,5 p.p
Sonae Sierra	47,9%	47,3%	-0,6 p.p
Sonaecom	21,1%	24,7%	3,6 p.p
Investment Management	4,0%	2,7%	-1,3 p.p

In 2011, the consolidated Group's recurrent EBITDA reached 661 million euros, representing 11.5% of overall turnover, practically in line with the previous year. In a difficult macroeconomic environment, this performance was supported by the widespread implementation of projects to improve the operating efficiency in Sonae's different business areas. In terms of performance per business, it is worth highlighting:

- **Sonae MC** with 235 million euros (+1%), representing a profitability of 7.0% of the respective turnover, a remarkable achievement in the current context of consumer retraction. Sonae MC was able to sustain its competitiveness during this period via a combination of focused promotional activities, based on its customer loyalty card (which was involved in approximately 88% of sales in the period), rigourous cost control, gains in efficiency and in the optimisation of its supply chain.

Recurrent EBITDA margin

	2009	2010	2011
Sonae MC	6,4%	7,1%	7,0%

- **Sonae SR's** contribution was positive in 1 million euros, which compares with +45 million euros registered in 2010. This evolution essentially reflects: (i) the lower revenues per square meter registered in 2011, driven by the negative sales behaviour in the Iberian consumer markets, particularly evident in the discretionary categories; and (ii) the costs incurred in terms of store openings, training and brand awareness, so as to constitute a relevant market position in Spain and enter into new geographies.

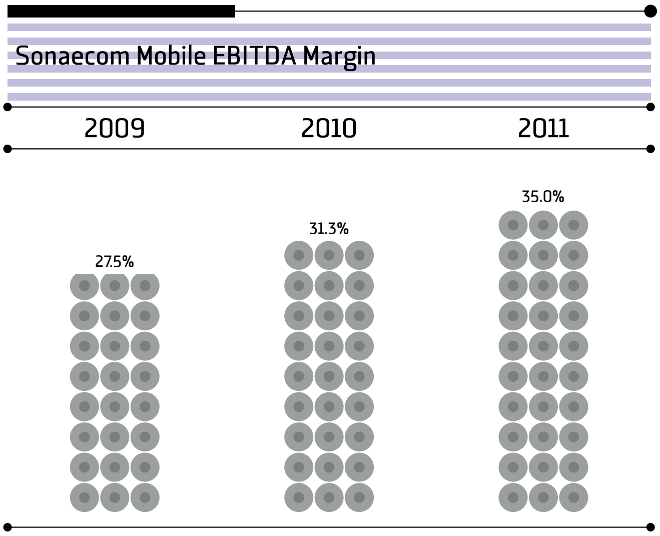
Specialised retail

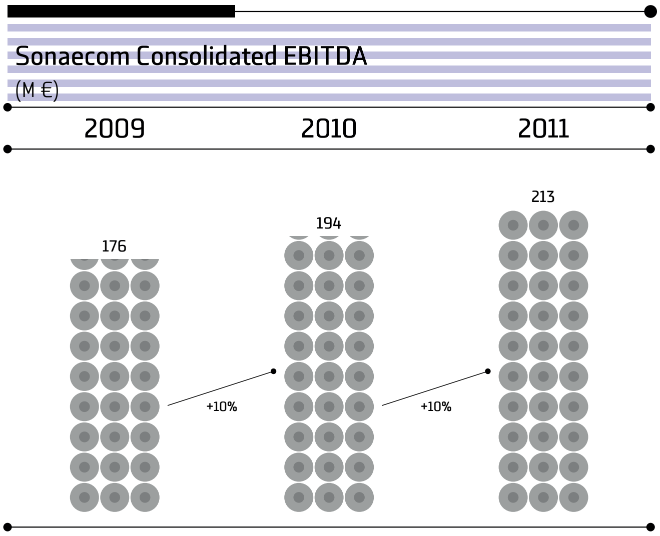
	FY09	FY10	FY11
Specialised retail (Portugal)			
Recurrent EBITDA	71	72	46
Margin	7%	7%	5%
Specialised retail (Internacional)			
Recurrent EBITDA	-23	-27	-45
Margin	-16%	-12%	-14%
Specialised retail (Total)			
Recurrent EBITDA	48	45	1
Margin	4%	4%	0%

- **Sonae RP** with 104 million euros. This figure is slightly below that of the same period last year (-7 million euros or -6%), again solely due to the reduction of its retail real estate asset portfolio, which resulted from the sale & lease back transactions (involving 1 Continente and 1 Worten store) executed during the first quarter of 2011.

- **Sonae Sierra's** contribution to the Group's consolidated EBITDA remained practically stable, despite the sales of assets in Spain in the beginning of the year, having reached 92 million euros in 2011, which translated into a profitability margin of 47.3% in this period. This positive performance was made possible by the sustainability achieved in its operations and by the growth attained in Brazil.

- **Sonaecom's** contribution totalled 213 million euros in 2011 (+10%), corresponding to a sales margin of 24.7% (up by 3.6 p.p. against 2010), a record EBITDA and EBITDA margin for the business, mainly thanks to the optimisation of its cost structure but also to the positive performance registered in terms of mobile customer revenues.





- **Investment Management** with 3 million euros. In order to off-set the negative top line evolution, during 2011 the businesses implemented during 2011 strong measures to control operational costs, streamline operations and improve working capital management. These measures, together with the positive EBITDA contribution of MDS Brazil, have allowed for an EBITDA margin of 2.7% in 2011 at this division, just 1.3 p.p. below 2010.

Net income

Consolidated direct results

Million euros	2010	2011	Var
Recurrent EBITDA	**690**	**661**	**-4%**
Recurrent EBITDA margin	11,8%	11,5%	-0,3 p.p
EBITDA	**729**	**671**	**-8%**
EBITDA margin	12,5%	11,7%	-0,8 p.p
Provisions & impairments (1)	-23	-38	-66%
Depreciations & amortizations	-297	-312	-5%
EBIT	**409**	**322**	**-21%**
Net financial activity	-107	-106	1%
Other items	2	-2	-
EBT	**304**	**213**	**-30%**
Taxes	-71	-35	51%
Direct results	**233**	**178**	**-23%**
... Group share	192	130	-32%

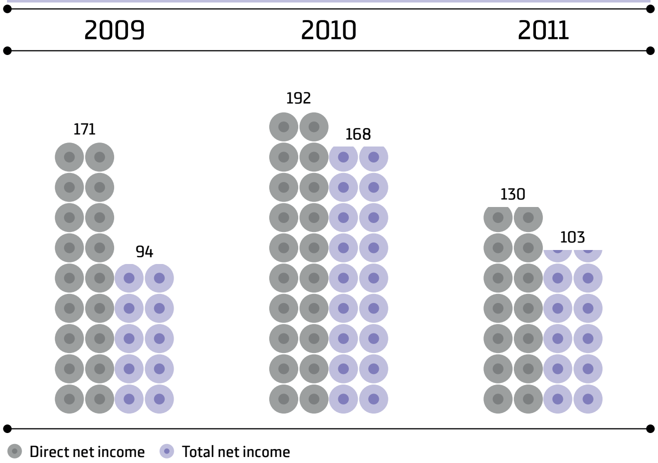
Indirect results

Million euros	2010	2011	Var
Indirect results	**-33**	**-40**	**-19%**
... Group share	**-24**	**-27**	**-11%**
VCPID (2)	9	-17	-26
Other	-15	-9	7
Taxes	-18	-1	17

(1) Includes reversion of impairments and negative goodwill; (2) Value created on investment and development properties; includes one-off investments. Management figures details;

Net income (group share)

Million euros



In 2011, consolidated EBITDA reached 671 M€, representing a decrease of 8% in relation to the previous year, translating both the evolution of the level of recurrent EBITDA (-4% y.o.y) and lower non-recurring gains, which reached a figure of 10 M€ in 2011 (vs. 39 M€ in 2010), mainly due to a reduction in capital gains registered by Sonae RP, determined by fewer transactions of retail real estate assets completed during 2011.

In the same period, depreciations and amortizations costs stood at 312 M€, +5% higher than in 2010, driven by the growth in the asset base and the accelerated depreciation of the "Modelo" brand.

Net financial expenses totalled 106 M€ in 2011, practically in line with the amount registered in 2010, with the lower amount of average debt outstanding off-setting the increase in effective interest costs, explained both by the higher market rates (Euribor) and by the increase in spreads. The average cost of financial indebtedness stood at approximately 2.78% at end of 2011 (vs 2.04% at YE10).

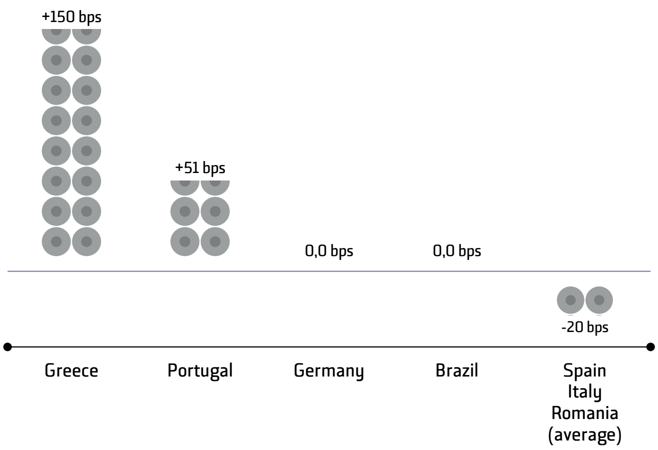
The direct income for the period (attributable to shareholders) totalled 130 M€, a reduction of 32% compared to the previous year, basically as a reflection of the EBIT evolution described above.

The contribution of indirect results (attributable to shareholders), relative to Sonae Sierra's shopping centres portfolio, was negative by 27 M€, mainly as a result of an increase in average yields in Portugal of 51 bps (the country represented approximately 44% of the portfolio's Open Market Value at the end of 2011). The cumulative increase in yields in Portugal since the end of 2007 now stands at more than 200 bps. This unfavourable evolution was partially compensated by an increase in the valuation of assets in Brazil, still resulting exclusively from improvements in the operational activity.

SONAE SIERRA SHOPPING CENTRES, 2011 MARKET YIELDS EVOLUTION

Average Yields Evolution

(2011 vs 2010)



As a result of the above described evolution, total net result for 2011 reached 139 million euros (-30%), of which the amount attributable to the Group was 103 million euros.

Capex

Capex Million euros	2010	2011	% of Turnover
Sonae	**412**	**475**	**8%**
Sonae MC	88	92	3%
Sonae SR	100	84	7%
Sonae RP	21	9	7%
Sonae Sierra	51	69	35%
Sonaecom	140	216	25%
Investment management	13	6	5%
Recurrent EBITDA - CAPEX	278	186	-
Recurrent EBITDA - CAPEX(exc. LTE spectrum)	278	296	-

During the course of 2011, Sonae carried out a total investment of 475 million euros, 15% higher than the 2010 figure, essentially distributed amongst several relevant projects, such as the ones briefly described below.

- Selective opening of new retail stores in Portugal, including 1 Continente Modelo store and 10 new Sonae SR stores, and remodelling of a number of retail units so as to ensure that they remain as a reference in their respective areas of implementation.

SONAE MC – NUMBER OF STORES

	31 Dec 2009	30 Jun 2010	31 Dec 2010	30 Jun 2011	31 Dec 2011
Portugal	**387**	**399**	**424**	**445**	**454**
Sonae MC	378	390	415	433	432
Sonae MC (franchising)	9	9	9	12	22

SONAE MC – SALES AREA (,000 m²)

	31 Dec 2009	30 Jun 2010	31 Dec 2010	30 Jun 2011	31 Dec 2011
Portugal	**543**	**546**	**559**	**563**	**564**
Sonae MC	528	531	544	547	547
Sonae MC (franchising)	15	15	15	16	17

- Broadening of Sonae SR's own store network in the international markets, with the opening of 44 thousand m² of new sales area (reaching a total of 123 stores outside of Portugal), thus pursuing the important effort to expand its key formats in the international markets.

SONAE SR – NUMBER OF STORES

Breakdown per geographic area	31 Dec 2009	30 Jun 2010	31 Dec 2010	30 Jun 2011	31 Dec 2011
Portugal	**426**	**424**	**424**	**429**	**429**
Sonae SR	416	414	414	419	418
Sonae SR (franchising)	10	10	10	10	11
International	**38**	**56**	**84**	**114**	**133**
Sonae SR	38	56	84	107	123
Sonae SR (franchising)	0	0	0	7	10
Total	**464**	**480**	**508**	**543**	**562**

SONAE SR – SALES AREA (,000 m²)

Breakdown per geographic area	31 Dec 2009	30 Jun 2010	31 Dec 2010	30 Jun 2011	31 Dec 2011
Portugal	**252**	**254**	**260**	**270**	**269**
Sonae SR	248	250	256	265	265
Sonae SR (franchising)	4	4	4	5	4
International	**56**	**77**	**106**	**128**	**154**
Sonae SR	56	77	106	126	150
Sonae SR (franchising)	0	0	0	2	4
Total	**308**	**331**	**366**	**397**	**423**

- Actively manage the attractiveness of Sonae Sierra's current shopping centres and pursue the new development projects in Italy (Le Terrazze), Germany (Solingen) and Brazil (Uberlândia, Londrina and Goiânia), which represent a total of more than 230 thousand m² of Gross Lettable Area and with expected openings in the period between 2012 and 2014.

Sonae Sierra

International Shopping Centre specialist (50% owned, joint venture with Grosvenor), self-sustainable with increasing exposure to emerging markets.

PIPELINE OF PROJECTS UNDER DEVELOPMENT - Dec 2011

Project	Country	% Ownership	GLA m²	Capex (€ Million)	Expected Opening Date
Le Terrazze	Italy	50%	38.600	125	1Q12
Uberlândia	Brazil	33%	45.300	62	1Q12
Blvd Londrina	Brazil	28%	47.800	88	2H12
Passeio das Águas	Brazil	33%	78.100	167	2H13
Solingen	Germany	50%	30.000	120	4Q13

Boulevard Londrina project (Londrina, Brazil)

Passeio das Águas project (Goiânia, Brazil)

- Selective strengthening of the coverage and capacity of Optimus' network, a distinctive strategic asset of Sonaecom, including, at the end of 2011, the acquisition of LTE spectrum, which will reinforce the competitive position of the company, both in terms of service offering and efficiency and flexibility in the future network deployment.

During 2011, Optimus continued to prepare the network for the coming rise in demand for more data capacity, carrying out fundamental investments and developments so as to meet the more stringent customers' needs. Optimus also further improved and reinforced its leading-edge integrated telecommunications network that serves its comprehensive and diversified range of offers.

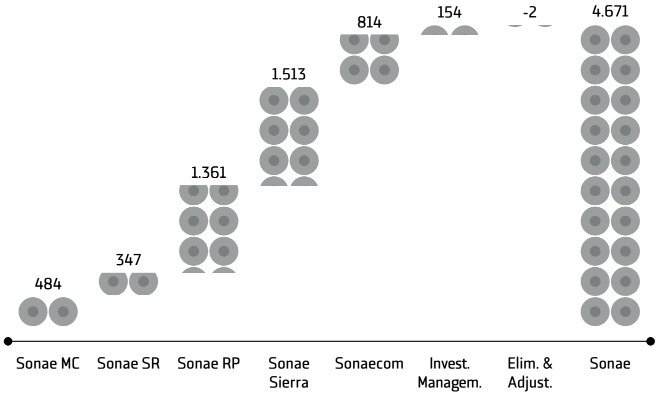
Subsequent to the LTE auction in November 2011, Optimus guaranteed the ideal combination of the spectrum bands available, ensuring **maximum efficiency and flexibility in terms of coverage and capacity in the network evolution to the 4G**, with optimised costs and investments. With this technology, Optimus will be able to boost fixed-mobile substitution, particularly in the business segments.

Importantly, on a comparable basis, i.e., excluding the one-off impact of the investment made by Sonaecom during 2011 in the acquisition of LTE spectrum, the material cash flow generation of the Sonae businesses continues to increase, as evidenced by the higher level of (Recurrent EBITDA – Capex) registered during 2011, which has grown from 278 to 296 million euros.

Invested Capital

Breakdown of invested capital (2011)

Million euros



Net invested capital

Million euros	2010	2011
Net invested capital	**4.714**	**4.671**
Investment properties	1.778	1.722
Technical investment	3.191	3.243
Financial investment	35	31
Goodwill	741	728
Working capital	-1.032	-1.054

As at 31st December, Sonae's overall net capital employed was 4,675 million euros.

Sonae Sierra's contribution to this total amount was 1,513 million euros (-64 million euros compared to the same period last year, resulting from stake reductions in 2 shopping centres in operation in Spain).

Sonae RP's overall asset portfolio was of 1,361 million euros (-58 million euros, driven by the implementation of the sale & lease back programme of retail real estate assets).

Capital structure

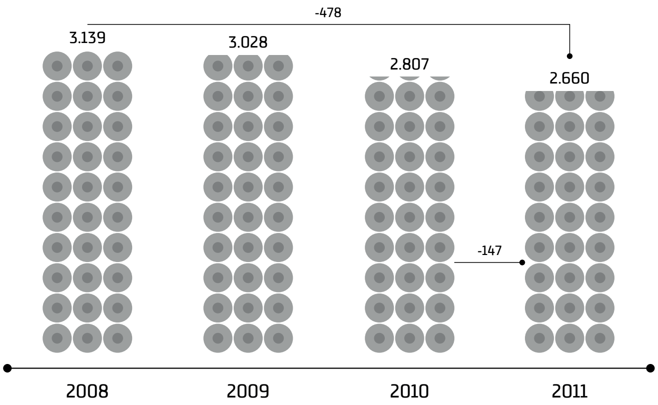
Net debt

Million euros	2010	2011	Var
Net financial debt	**2.807**	**2.660**	**-147**
Retail units	1.070	998	-72
Sonae Sierra	818	726	-93
Sonaecom	348	310	-39
Investment management	7	26	19
Holding & other	564	601	37
Shareholder loans	**45**	**46**	**1**

As at the end of 2011, Sonae's net financial debt amounted to 2,660 M€, translating in a significant reduction (147 M€ or -5%) over the course of the last 12 months. This evolution is all the more significant when considered over the last 3 years (a cumulative reduction of 478 M€), and within a context of a strong investment in international growth.

Net Financial Debt

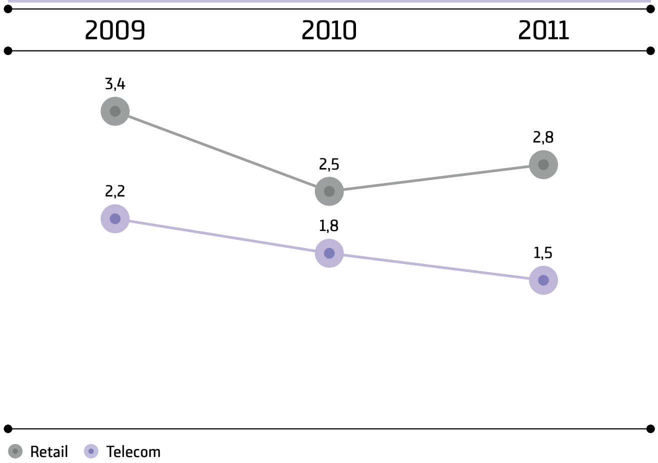
(Year End, M€)



Sonae thus pursues its strategy of strengthening its capital structure. As at December 2011, consolidated net debt represented 58% of capital employed (which compares with 61% at the end of 2010), the lowest level since the acquisition of Carrefour Portugal in 2007. In terms of allocation per business, it is worth highlighting the following trends.

Capital Structure

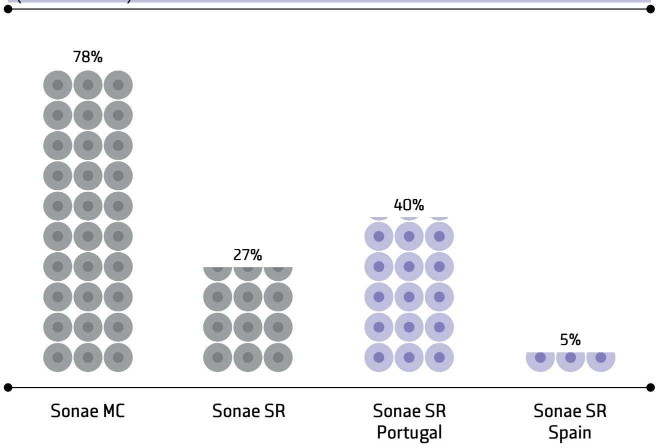
Net debt to EBITDA



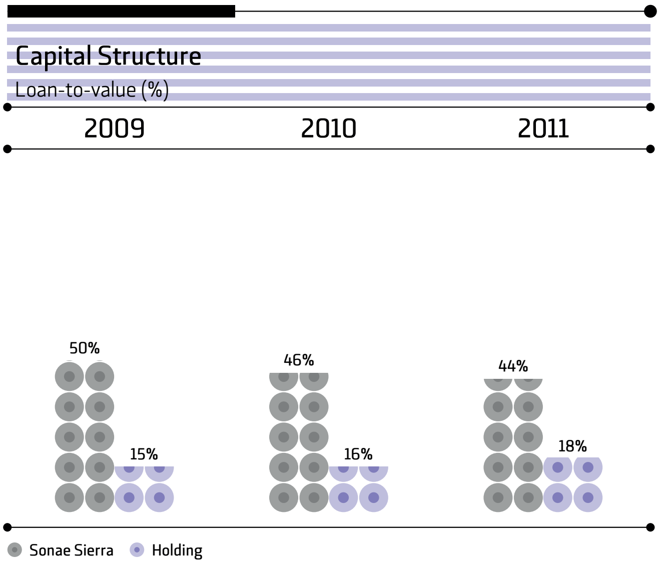
As at the end of 2011, the retail units net debt totalled 998 million euros, 72 million euros below 2010, driven by the combination of a strong cash-flow generation with the completion of certain sale & leaseback transactions, which have reduced Sonae MC's level of freehold to approximately 78% (vs. 80% at the end of 2010). Despite this reduction in leverage, the Net debt to EBITDA ratio of the retail units slightly increased to 2.8x essentially as a result of Sonae SR's lower EBITDA performance in the year.

Freehold (Year End 2011)

(% sales area)



Sonaecom's net debt decreased by 39 million euros to 310 million euros, mainly as a result of the increasing capacity of its businesses to generate positive free cash-flows and despite the dividends distributed in 2011 (the first in its history). It should be noted that the initial payment of the LTE spectrum (83 million euros) was only made during the 1Q12.



The contribution of Sonae Sierra's net debt decreased by 93 M€ to 726 M€, in part due to the sale of its participation in the "Plaza Éboli" and "El Rosal" shopping centres (in Spain), and from the cash in-flow resulting from Sonae Sierra Brazil's IPO. The combination of these operations reflects the implementation of the defined capital "recycling" strategy, which enables the continued development of its business, whilst reducing leverage, also evidenced by the evolution of the loan-to-value ratio (which went from 46% in the same period last year to 44% at the end of December 2011). It is also worth highlighting the assignment to Sonae Sierra Brazil, already during 2012, of its first external rating (Ba2 by Moody's) and the announcement by that company of the issue of local debentures, in an amount of up to BRL 300 million.

2011 Business Performance - Conclusion

Sonae continued in 2011 to guarantee the delivery of the best value propositions to the end consumer, nurturing the competitive position of its business over time. It profited from having world class competencies in retail management at its base market and from building on new growth avenues through international expansion and core related businesses, which are expected to continue enhancing value in the future. For the third consecutive year Sonae was able to generate cash flow to invest in future growth and finance innovation, while continuously reducing leverage.

PERSPECTIVES FOR 2012

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

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

Regarding the other European markets in which we operate and Brazil, we estimate an evolution in line with that registered in 2011, thus reflecting a much more favourable context than the one expected to prevail in Iberia.

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

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

Sonae will thus continue to pursue the defined medium and long-term strategic guidelines, which foresee, as already known, international growth, diversification of investment styles and the leveraging of our exceptional asset base in Portugal.

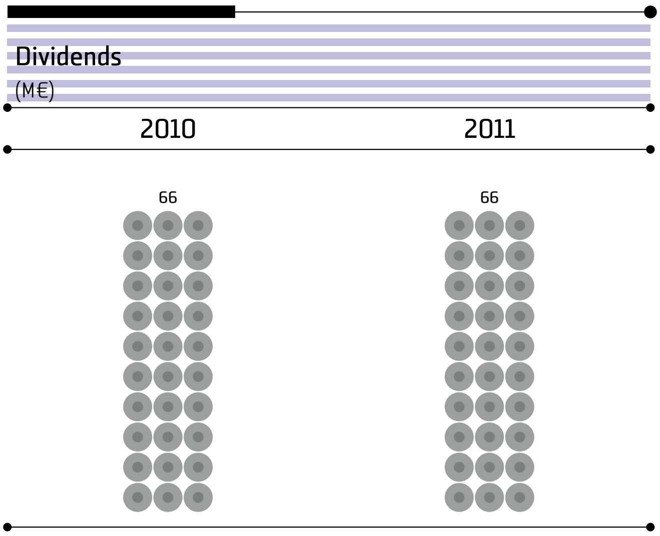
PROPOSED ALLOCATION OF THE 2011 RESULTS AND DIVIDEND DISTRIBUTION

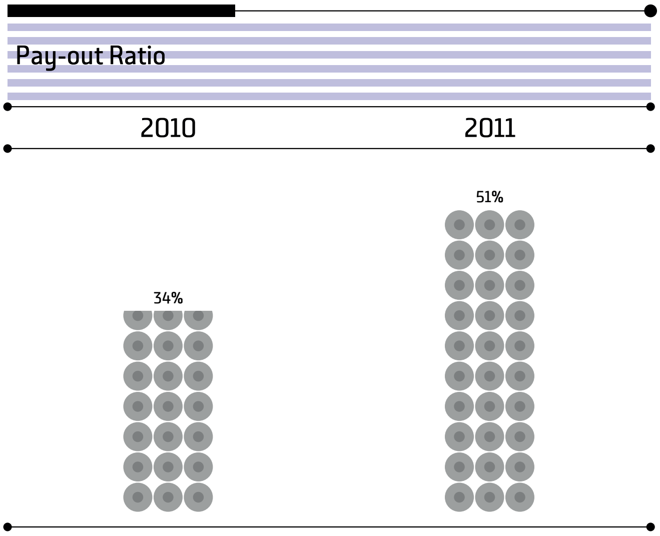
In accordance with the applicable legal and statutory terms, the Board of Directors will propose to the Shareholders' Annual General Meeting, that the 2011 individual results of Sonae SGPS, S.A., negative in the amount of 63,517,228.97 euros, are transferred to retained earnings.

Taking into account the defined dividend policy, the financial position of the Sonae Group and the availability of distributable reserves well in excess of the amounts foreseen by law, the Board of Directors will propose to the Shareholders' Annual General Meeting the payment of a gross dividend of 0.0331 euros per share, an amount equal to the previous year. This dividend corresponds to a dividend yield of 7.2% on the closing price as at 31 December 2011 and to a payout ratio of 51% of the consolidated direct net income attributable to equity holders of Sonae.

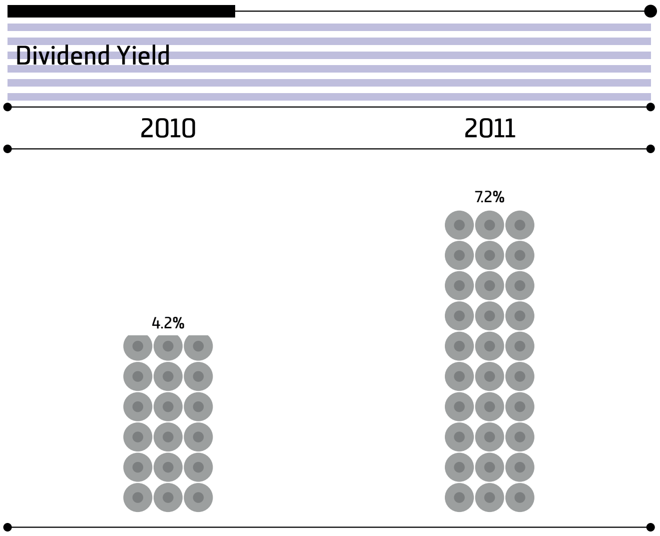
	2009[1]	2010[1]	2011[1]
Gross Dividend Per Share (€)	0.0300	0.0315	0.0331
Dividend Distributed (M€)	60	63	66
Dividend Yield (%)[2]	6.9%	3.6%	4.2%
Payout Ratio (%)[3]	37.7%	36.9%	34.4%

(1) Year when the dividend was 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.





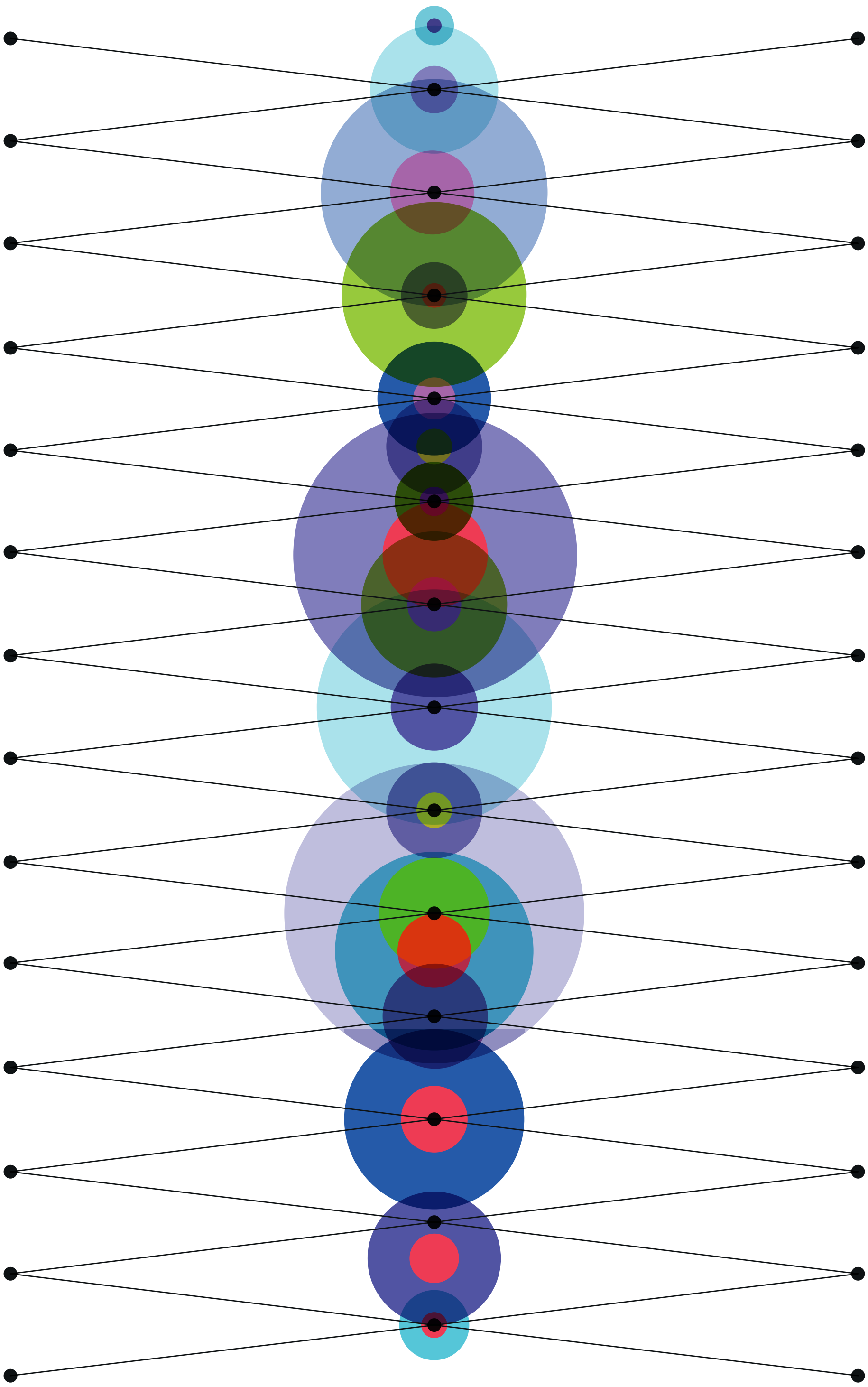
Dividends as % of direct results (group share)



Considering the share price as at the end of the year

04

CORPORATE RESPONSIBILITY



Every day we work at our very best to improve the lives of an ever-increasing number of people, through our services and products and by the way we work and build relationships. Our success is driven by robust best practices and by strictly respecting our corporate responsibilities that stem from our values.

In difficult times, it is vital to preserve and develop the ethical and cultural legacy which has brought us to where we are today. Our values are paramount to our success, they reflect who we are and we ensure that they are always present across the whole organisation, shaping our actions, products and services.

The level of commitment and confidence which we bring to new ventures and projects is only possible because we know that as one of the largest Portuguese companies our impact spans across the whole of society. From our clients that visit our stores, to our team and network of partners, without forgetting all of those who we help through our community support. Sonae is a social organisation driven by the desire for sharing success.

Our success is the result of the efforts of a team working everyday to bring our customers the very best products and services based on the highest level of quality across the whole network of partnerships, whilst strictly respecting our sustainability guidelines.

Our sustainability approach is based on two cornerstones: respect for the environment, every day we take a step forward in improving our environmental footprint, and making a positive difference in our community, by promoting and supporting initiatives and projects that aim at improving the lifestyle of those in need.

OUR VALUES

Trust and Integrity

We are committed to creating economic value in the medium and long-term, built on relationships founded on integrity and trust.

Ambition

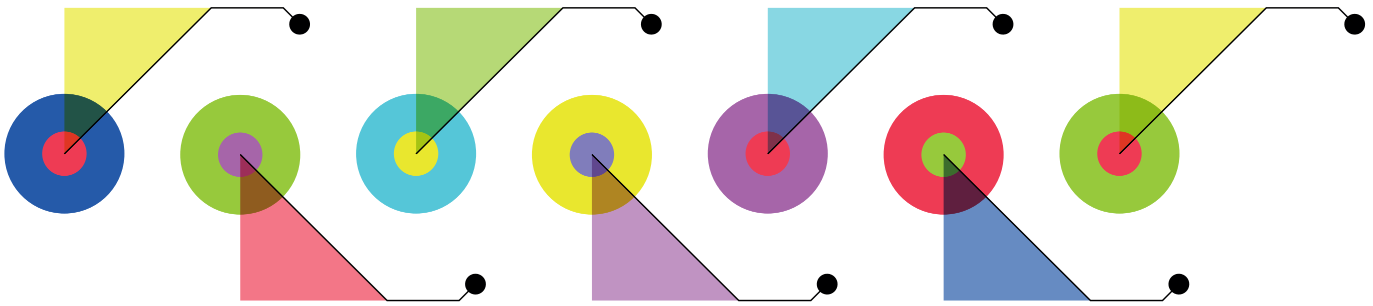
Ambition is born from continuously establishing goals which will stretch us to our limits, motivating us and reinforcing our determination. Ambition drives us and keeps us dissatisfied with a status quo, forcing us to reach beyond our past successes.

Social Responsibility

We have an active sense of social responsibility, and try to contribute to improving the communities within which we operate. Our behaviour takes into account the most recent environmental concerns and sustainable development policies.

Cooperation and Independence

We are willing and ready to cooperate with central and local governments, in order to improve regulatory, legal and social frameworks, and to ensure the best solutions for the communities within which we operate, but we also take care to maintain our independence in relation to any such entities.



People at the centre of our success

Setting constant challenges and being open to change are crucial in attracting ambitious people. Our people are a determining factor in the markets where we operate and, for that reason, we invest in developing their capabilities and skills, and thereby further enriching our culture.

Innovation

Innovation is at the heart of our business. Innovation involves risks, but we are aware of the importance of identifying and managing these risks, so as to maintain them within reasonable limits. We know that only through innovation can we grow sustainably.

Frugality and Efficiency

We aim to optimise the use of resources and maximise their return, seeking cost efficiency, and avoiding any waste or extravagance. As a priority, we focus on achieving operating efficiency, promoting healthy competition, and delivering high impact projects.

How we work

Based on Sonae's values, we strive to maintain a working environment based on certain principles and behaviours, which we have compiled under a framework document named "How we work".

With excellence
Excellence is our ideal. As we enjoy what we do, we work with enthusiasm and perseverance. We hold open and free ranging discussions, even on more heated topics in order to reach the best solutions.

With frankness and clarity
We want to be known for our frankness and clarity. We strive to be intellectually honest when we disagree, and do not change our opinion merely to please others. We share information openly and fight against a culture of secrecy. We avoid ambiguity and admit mistakes.

With merit
We consider merit to be the ultimate criteria for evaluation and promotion, because this is the only way we can grow personally and professionally.

With boldness
We are not afraid of action or change, nor do we remain paralysed at the analytical stage. We take difficult decisions without undue hesitation, because we base our actions on our system of values.

With common sense
We do not uphold a decision just for the sake of it: we change direction when there is a sound reason to do so. We go beyond mere symptoms to find the true causes of problems. We aim to be able to explain what we are doing, step by step, as well as to separate what has to be done well now, from what can be improved later.

With curiosity
We learn through our curiosity and see opportunities in the face of adversity. We try to understand the world quickly and with insight, even when working outside the areas of our expertise. This is the only way we can anticipate consumer trends and add value with our products and services.

With creativity
We do not necessarily accept industry doctrines and we challenge pre-conceived ideas. We prefer to suggest creative solutions, backed up with suitable and functional practical examples.

By focusing on our customers
Understanding the customer is the key to understanding the business. We are always trying to find better ways to understand our customers. We do everything we can to anticipate their needs and aspirations, in order to provide them with the best solutions.

With a sense of ownership
We conserve resources whenever possible, and look after company assets as if they were our own. When working, we put the success of the organisation above what is best for us or our work teams.

By communicating
We encourage concise written documents and articulate speech. We treat people with respect, regardless of their position or status. When we contact other people in our organisation, we expect a response and their help to find solutions. We are informal and direct in our mother tongue, but switch to English, when necessary, to ensure that everyone is included.

1,423,023
Training hours

4,947
People newly recruited (retail business)

3,051
Institutions supported

10.1
Community support (M€)

2,974
Continente's Producers Club (Individual producers)

177
Continente's Producers Club (Purchases M€)

12%
Reduction in energy consumption

90%
Shopping Centers with environmental certification

EuroCommerce recognises 10 Sonae projects for their best practices

Sonae is the first Portuguese retailer to have its best practices recognised by EuroCommerce, the European association of retailers and wholesalers. EuroCommerce recognised a set of ten Sonae projects that show our true commitment to corporate responsibility values. Sonae is among the top ten European companies with the highest number of projects recognised by EuroCommerce. Pedro Sá, Director of Institutional Relations of Sonae, stated that "this recognition by EuroCommerce is a source of pride and increased responsibility. We work every day with the intention of creating value for our customers, suppliers, partners and employees and we hope that the examples now recognised, which appear as a natural consequence of that strategy and which we will continue to follow with commitment and tenacity, serve as an inspiration for European companies."

List of Sonae's good practices and projects distinguished by EuroCommerce:

1. International certification of the complaints management system
2. International certification of the Environmental Management System in the retail area
3. International certification of the management labelling system
4. International prize from the European Agency for Safety and Health at Work
5. Sonae Maia business centre
6. Continente's Producers Club
7. Open Day Sonae
8. "Smile" mission
9. Sustainable fishing policy
10. 2011 Ethisphere award - "World's most ethical companies"

WE VALUE OUR TEAM

Sonae is a world of opportunities for almost 40 thousand people chosen for their talent, ambition and dedication. We believe we have the best team, working every day towards a better society.

In 2011, we recruited 4,947 new colleagues with the desire to have a successful career in our retail businesses. We truly believe that our team is one of the most valuable drivers of our success and it is vital that we keep everyone motivated and challenged. Our best people are driven by success and we are committed to promoting professional development through personal development. We provide our team with specialised training, career opportunities and, due to our diversity, the unique experience of working with different problems and in different environments. Our excellent staff retention rates and the continuous success of our recruitment strategy are only possible due to our people values.

We are aware of the richness coming from the diversity of the backgrounds and profiles of our people, as well as from the diversity of the business sectors and countries in which we operate. We want to continue to encourage this diversity, because it is precisely the cross-fertilisation of these differences that generates dynamism and induces creativity and innovation. Although we have excellent talent on an individual basis, teamwork will always be the key to our success. At Sonae, everyone knows that they have to make an active contribution as an individual and as a team.

At Sonae, we believe that continuous learning is the path to excellence, a bridge to continuous improvement and sustained progress. 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 devote significant efforts to training and skills building as we recognise that they are vital to our success as a key factor in understanding today's market and anticipating competitive challenges. Continuous training is essential and a priority across the whole organisation. During 2011, we offered more than 1.4 million hours of continuous training, a substantial part of which were taught internally.

At our retail businesses, the Sonae Retail School is at the heart of our strategy aiming to promote the involvement of everyone around a common goal: to generate knowledge to add value to the organisation. Sonae Retail School consists of an integrated and comprehensive approach aligned with our strategy and business objectives. The Retail School is based on a group of schools and academies of knowledge that promote programmes focused on an individual's professional path, based on the development of both specific and soft skills designed and taught by a team of trainers and specialised partners.

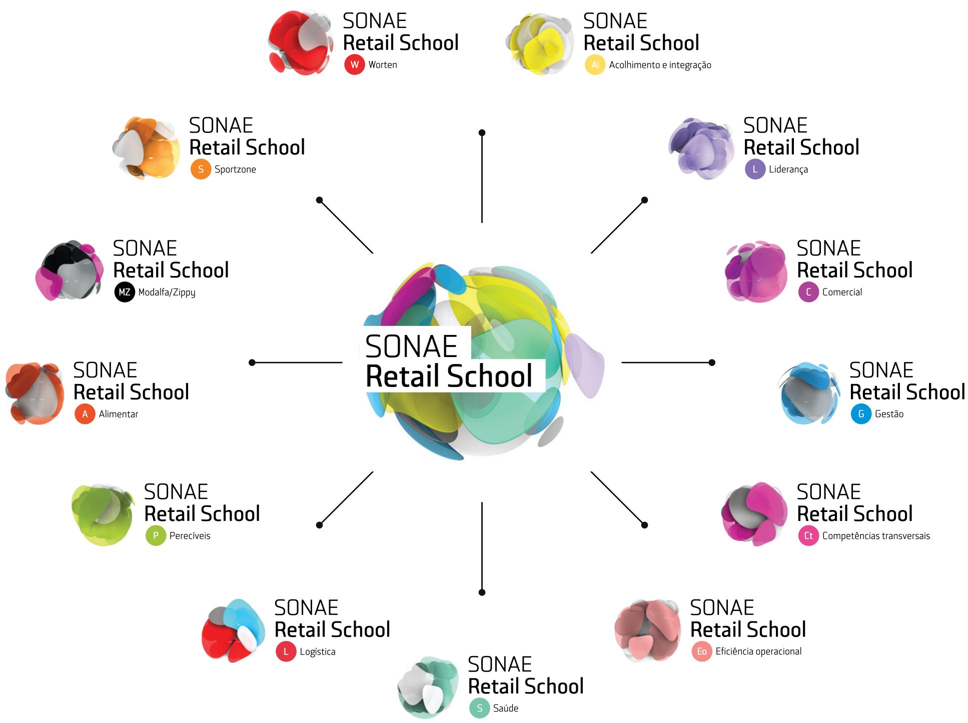
The Perishables School and Worten School are good examples of this approach, providing customer and innovation focused training. In 2011, Sonae Retail School provided the team with over 1.2 million hours of training and it has been actively identifying new challenges and areas that need improvement and promptly designing programmes that disseminate our best practices throughout the organisation.

Following a training needs' assessment, we invest in academies designed to develop critical skills in cross-functional areas, such as Leadership and Management, as well as in more technical areas such as languages, systems and Project Management. This investment in people is the starting point. In this sense, our programmes are designed in close collaboration with well-reputed national and international partners. We strive to provide the best content, methodologies and resources available on the market. With the participation of our employees we know we can make a difference. We have also been encouraging internal training and the involvement of our own people in sharing expertise and knowledge. Over 2 thousand employees have already been involved as trainers in these programmes.

Sonae Retail School

Sonae Retail School consists of a number of schools and academies organised based on training processes applied to certain functional skill profiles. There is a clear alignment with the business, taking into account the strategic lines defined for Sonae as a whole:

- **Schools:** With an operational and technical approach to all businesses and functional areas, the schools allow all participants to develop or upgrade specific skills through a continuous training process.
- **Academies:** The academies are organised according to areas of knowledge and comprise a set of modules of skill development within each theme, with coverage that spans across all business areas of Sonae.



P Perishable goods; L Logistics; S Health; Ai Welcome and Integration; L Leadership; G Management; Ct Soft skills; Eo Operational Efficiency; A Food

Sonae Retail School has the following key objectives:

- Assure the development and training of our team towards new challenges, taking into consideration the strategic objectives of Sonae and its businesses
- Promote the sharing and dissemination of Sonae's culture and values throughout the organisation
- Establish a connection with the other key HR processes
- Contribute to the personal development of every employee at the organisation
- Through the delivery of a structured training programme, contribute to the retention of employees

Sonae maintains a competitive remuneration package that includes a comprehensive compensation plan. Our incentives scheme is based on a combination of Sonae key performance indicators, department key performance indicators and personal key performance indicators. We share our success with our team.

We work closely together with the Portuguese Work Conditions Authority and we welcome their contribution as a way to work together towards one of our most relevant objectives – "zero accidents". In 2011, in the retail business alone we received 840 inspection missions and we continued to reinforce our training and awareness programme. Our efforts have been awarded with the 2011 Safety and Health award at the European Good Practice Awards, namely for the management of preventive and corrective maintenance.

European Safety and Health at Work Award

As part of the European campaign 2010-2011 on safe maintenance, the European Agency for Safety and Health at Work organised for the tenth time the European Good Practice Awards in occupational health and safety. The awards aim to demonstrate, by example, the benefits of following good safety and health practices to all European employers and workers. The 2010-11 competition recognised companies or organisations that have made outstanding and innovative contributions to promote safe maintenance. The European Good Practice Awards competition is run as a two-stage process: following a selection procedure at national level, a European jury validates and assesses the examples submitted to the Agency. The two best national examples are selected to be entered into the European level selection process.

Source: European Agency for Safety and Health at Work

Sonae – Best companies for leadership, Portugal 2011

"This award reflects Sonae's reputation in the Portuguese market as a "school of leadership." The focus on sustainable development of their leaders at all levels of the organisation is part of its DNA and is a critical determinant in the creation of competitive advantages. Sonae applies international best practices of leadership development and training in a persistent, determined and continuous way that in the opinion of their peers, it is an example to follow."

Rui Luz, Partner, Hay Group

Our human resources approach also reflects our vision for leadership. Our managers are leaders. We expect them to have unlimited reserves of energy and resilience to withstand periods of peak activity. They know they will always be rewarded for the results they achieve and not for the number of hours they spend working. They are expected to have the mental strength to accept criticism from those above them, their peers, and their teams, in a constructive manner, where there is no room for resentment or retaliation. They should accept challenges from both internal and external competitors to be "the best" at their jobs. Only "the best" are eligible for promotion and the top career opportunities. The excellent performance of a manager is measured by the accumulation of good decisions taken on a daily basis.

A good manager must also be committed to improving working conditions and developing the skills of their team. Only an open-mind will enable them to select the best ideas and attract the best talent. Above all, they should recognise that they will only earn respect and credibility if they are honest about individual and team performance.

It is also essential to encourage transparency of information and not to discourage direct contact by their team members with other areas of the organisation. We strictly follow the criteria of merit, compensating employees solely on the basis of their value to the organisation and on the results they have achieved. It is also fundamental to encourage sufficient and timely debate and always bear in mind that once a decision has been taken, it should be implemented as soon and as fast as possible.

Above all, managers should always be aware that they will be seen as role models by others.

RESPECT THE ENVIRONMENT

At Sonae we think green. Our approach towards the environment goes far beyond the legal requirements and recommendations. Every year we review our environmental guidelines and we continuously reinforce the implementation of dynamic and aggressive environmental management policies.

Our goal is two folded. Firstly, to reduce our environmental footprint to the absolute minimum. As part of our environmental policies, we continuously monitor our environmental impact and adjust our actions to achieve the highest environmental standards. Secondly, to increase public awareness on environmental topics. We are extremely active and we promote a better environment not only across the whole organisation, but and more importantly, we use our relationship with our community as a unique vehicle to increase public awareness.

During 2011, we continued our investment in environmentally friendly technologies and permanently monitored the areas of business which may have a 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 optimise our transportation network, increasing its efficiency and lowering its environmental impact. Importantly, Sonaecom and Sonae were recognised by the Carbon Disclosure Project for their level of reduction of CO_2 emissions. We are very proud of this award, but aware of our increased responsibilities as we pave the path to be followed.

Sonae was awarded an international certification for its environmental management

Sonae has been awarded certification of its environmental management system in accordance with the international standard ISO 14001. This recognition, granted by Lloyd's Register Quality Assurance, highlights the work carried out by Sonae in the areas of "corporate management of environmental policies and environmental strategic plans, envi ronmental information and the environmental performance of its retail businesses".

Vitor Martins, Environmental Manager, mentioned that "Sonae is firmly committed to implementing effective environmental management, such as the strategy of environmental efficiency that has enabled the company to achieve high levels of savings over the years, especially in resource consumption efficiency and the reduction and recovery of waste."

In 2011, 44 of the 49 Sonae Sierra's shopping centres were also granted the ISO 14001 certification, setting the grounds for: a 30% reduction in electricity consumption; 53% recycling of total waste generated; and a 12% improvement in water consumption. In addition, during the development phase of shopping centres, 22 of Sonae Sierra's construction projects were granted individual ISO 14001 certifications for their outstanding environmental practices during the construction process.

Sonaecom and Sonae presented the largest reduction of CO_2 emissions in Portugal

CDP Iberia 125 Report 2011
Towards A Low Carbon Recovery

According to the study "Iberia 125 CDP Report 2011", Sonaecom and Sonae reduced their emissions of carbon dioxide (CO_2) by more than 25% during 2010, leading the environmental performance among the major Portuguese companies that joined the study.

Sonaecom recorded the greatest progress amongst all Portuguese companies analysed in the study, reaching a 27% reduction in CO_2 emissions. Sonae was also placed in the top-3 Portuguese companies with the highest reduction during the last financial year.

The results reflect the commitment of Sonae and Sonaecom to the sustainable development of their businesses and result mainly from the adoption of energy efficiency measures impacting the level of energy consumption, increased usage of renewable sources and acquiring energy from suppliers with lower emission levels.

The "Iberia 125 CDP Report 2011" is a study sponsored by the Carbon Disclosure Project, a non-profit organisation that aims to raise awareness of climate change and water management through the dissemination of information to help decision-makers, investors and businesses in their positions. The study was conducted on behalf of 551 investors worldwide, which together holds assets under management valued at 71 trillion dollars.

As part of this study Sonae and Sonaecom were also distinguished for their sustainability reports with the classification level B in terms of CO_2 emissions, one of the highest amongst the companies studied.

It is also worth noting that, one of Sonae Sierra's funds was considered by the Global Real Estate Sustainability Benchmark Foundation as the most sustainable private fund in Europe and third among all funds in the world. This internationally recognised ranking acknowledged Sonae Sierra's sustainability strategy, with a vision that encompasses environmental and social measures, as well as economic profitability.

Sonae retail was initially awarded certification for its corporate Environmental Management System ("EMS") in 2007 according to the ISO 14001 standard through the Lloyds Register Quality Assurance. Since then, the EMS has been annually audited and its certification maintained. In 2010, the EMS was adapted to Sonae's new retail business organisation and the certification was again renewed in 2011. This programme, among other factors, enables the day-to-day management of the environmental risks that the company's businesses face. It should also be noted that during 2011, Sonae's retail businesses have continued the programme of environmental certification of the operational units, adding 4 new units during the year (1 Continente Modelo, 1 Continente Bom Dia and 2 Worten). As at the end of 2011, Sonae holds 21 certifications of retail units (3 Continente, 8 Continente Modelo, 2 Continente Bom Dia, 4 Worten and 3 warehouses, plus the meat processing centre – the first industrial unit). These certified operational units act as environmental flagships for all other units.

In relation to the telecommunications business, Sonaecom clearly perceives environmental management as a strategic factor for competitiveness and value creation. Its Environmental Management System has also been certified under ISO 14001 standard since 2003. In the areas of energy consumption and carbon emissions several actions have been implemented over the years, namely in telecommunications base stations, in switching centres and data centres, aiming to improve energy efficiency.

Finally, it is worth highlighting several ongoing environmental related projects which have been pursued during 2011 at Sonae:

- We have continued to issue environmental bulletins which are disseminated across the whole organisation aiming at raising the awareness of environmental impact and to encourage best practices.

- We have reinforced our efforts in the Sustainability Forum, as a major player in dissemination of information and best practices.

- We have strengthened our campaign at Worten "Be more efficient", which offers a 30 euros discount when the customer buys home appliances with the energy efficiency classification of A+ or A++.

- Reinforcement of the process to revise all of our packaging so that it reduces the amount of space, coloured and cardboard packing used and by printing directly on the packaging rather than using stickers.

- We have continued to focus on our "Save Energy" programme, asking all our team to commit themselves to this cause.

- We have upheld our strong commitment to our strict policy towards sustainable fishing practices.

We are very proud of our efforts towards a better environment and it is an area in which we believe our examples and projects are the best testimony of our achievements:

Equipa Worten Equipa 2011 collects 323,000 euros for social support

Our Equipa Worten Equipa (EWE) project has set a new record in 2011, surpassing all expectations. During the year, with the valuable help of our customers, we collected 5,453 tons of waste electrical and electronic equipment (WEEE), which we then converted into new equipment offered to charities across the country, a global investment of 323 thousand euros, involving thousands of appliances rendered to more than 300 institutions.

The EWE project started in 2009 and since then has evolved greatly in terms of results to a remarkable total of 14,118 tons of WEEE collected and more than 760 institutions supported, in a cumulative amount of almost 800 thousand euros converted into new appliances. For Worten this campaign represents a very gratifying cause as it allows, simultaneously, a contribution to a healthier environment and relevant support to hundreds of institutions across Portugal.

We would like to thank all our colleagues who were directly or indirectly involved in this project. It was with their commitment and involvement that Worten was able to help those in need and make this project a success. We also extend our gratitude to our partners, the Banco de Bens Doados ("donated goods bank"), responsible for the selection of charities, ERP Portugal, responsible for the distribution and recycling of the collected equipment, and Worten's Serviço Central de Entregas ao Domicílio (Worten home delivery service), responsible for coordinating the logistics associated with the delivery of donated equipment.

Equipa Worten Equipa, our strength is to help!

SOURCING WITH INTEGRITY AND QUALITY MANAGEMENT

Our success depends on the quality and safety of our products and services. Every day our team works together with our suppliers and partners to bring our customers the very best products and services. Excellence is part of our genetic makeup and we ask each one of our partners to stand up to our standards.

We actively monitor our network in order to identify potential problems and disseminate best practices. We particularly focus on the sustainability performance of our partners, with special emphasis on the environmental and social dimensions.

A brand you can trust

In 2011, Continente was recognised for the 7th consecutive year by Superbrands, an independent project that rewards and promotes brands which are distinguished for their status of excellence. This award reinforces the trust and value that consumers place in the Continente brand. The Superbrands 2011 study concluded that, in the retail category, Continente is the brand which the Portuguese consumers trust the most, the brand with which they identify the most and the brand that best meets their needs. The study also shows that consumers value the proximity, competence and responsibility associated with the brand.

"World's most ethical companies 2011" by Ethisphere

Sonae has been recognised by the Ethisphere Institute as one of the Most Ethical Companies in the World. Among the record number of applicants for the prize, Sonae was distinguished worldwide for its implementation of transparent business practices and initiatives that benefit the community, raising the bar for ethical standards among all of its stakeholders. It is the first time that a Portuguese company has been awarded such a distinction.

This recognition confirms Sonae's commitment to create economic value based on principles of ethical behaviour and sustainable development, taking a long term view and founded on relationships of confidence with all of its stakeholders. "At a time when companies are making great efforts to maintain a competitive advantage, good practices lead to better business, and better business means higher profits. Sonae recognises the important role that good practices play in brand reputation, which at the end of the day is the most valuable asset of a company", says Alex Brigham, Executive Manager of the Ethisphere Institute. "Each year, competition for the World's Most Ethical Companies category becomes more intense, and this year was no exception with a record number of organisations competing for this special honour. The Ethical Institute congratulates Sonae on being one of the World's Most Ethical Companies 2011."

We provide our partners with continuous training programmes especially designed to be in line with our values. Our partners are aware of our high quality and corporate responsibility standards and they embrace our efforts towards a more sustainable future and sustainable success.

A true commitment to quality – monitoring of suppliers

As a result of our high standards and to ensure strict compliance with our corporate responsibility values, we continuously monitor our supply chain and conduct regular visits and audits. In 2011, we audited 235 suppliers (10% of our suppliers and 12% of total purchases), covering 192 foreign and 41 national suppliers. 22 suppliers failed to comply with our high quality controls and corrective measures were immediately implemented. Based on these audits and working together with all our suppliers, we have implemented various corrective and improvement actions, aimed at promoting higher levels of integration with Sonae's policies and practices.

In 2011 we also reinforced the evaluation and control plan of the supply chain regarding the security of the products and suppliers and the inherent environmental risk, in accordance with European Directives CE and REACH.

The Committee of International Quality is in charge of the development and maintenance of partnerships with international suppliers and is responsible for evaluation and qualification of international suppliers, applicable in the selection of potential suppliers, as well as in the qualification process for the current base of suppliers.

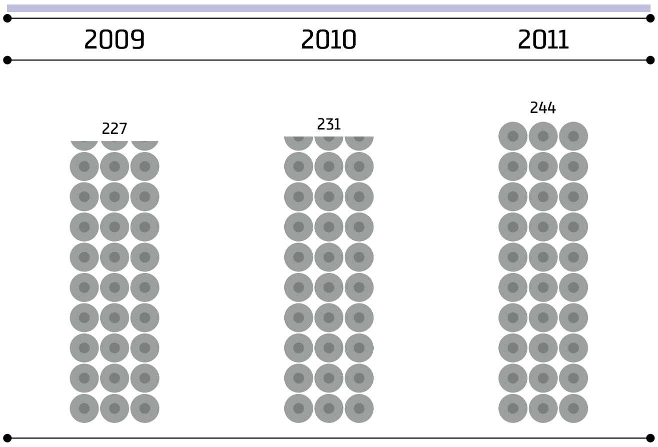
We have developed a sustained process of selecting and evaluating suppliers by continuously monitoring our supply chain in what concerns environmental requirements, working conditions, human rights, security and quality. According to the degree of risk and country of origin of each supplier, we require certification of production systems, quality, environmental, health and safety and/or social conditions, adjusted to the type of products purchased. Additionally, we have implemented a check-list based audit process aiming at assessing whether international suppliers of Sonae meet or continue to meet our demands.

The number of international suppliers audited has increased by 23% in relation to the previous year. Audits were performed across 30 different countries during the year.

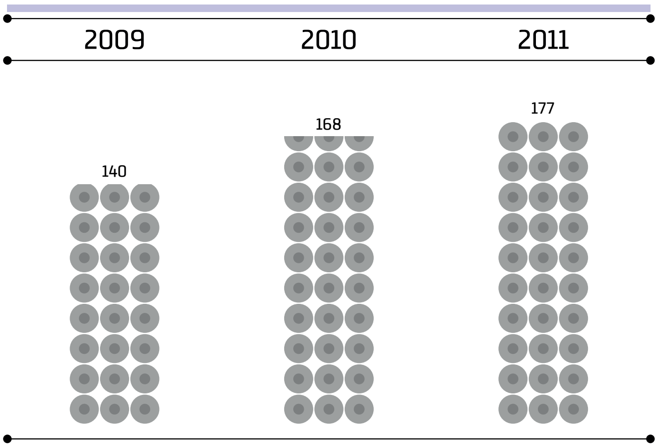
Transparency is key for us and, in the retail business, we were pioneers in the development of a clear labelling system, which allows customers to make better informed decisions. We continue to devote particular attention to providing our customers with the best information and advice. We continued to expand the numbers of protocols with specialist organisations in the areas of health and nutrition, with the objective of obtaining assistance to continuously improve our offer of healthier products. Quality is a priority for us.

National production represented around 77% of the purchases of perishable goods in 2011, allowing us to benefit from the competitive advantage of proximity with local suppliers. At Sonae we aim to offer the best quality at a fair price and we continuously look for new opportunities to strengthen and differentiate our products and services portfolio. To strengthen our relationship with our partners, we established the “Clube de Produtores Continente” (Continente Producers Club), aiming to coordinate efforts with the suppliers, to maximize production efficiency and create advantages for all agents in the process, including our customers. We truly believe the growth and increased relevance of “Clube de Produtores Continente” to be a remarkable achievement.

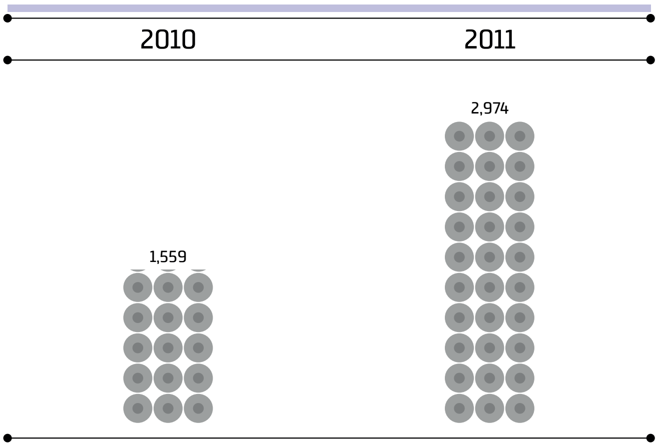
Continente Producers Club - nº of members



Continente Producers Club - Total purchases (M€)



Producers Club - nº of individual producers



Campotec - A testimonial about “Clube de Produtores Continente”

“Campotec (association of fruit and vegetable producers) has adopted the philosophy and strategy of the “Clube de Produtores Continente“ since joining the club.

It is our understanding that production planning is vital in order to allow the clear definition of sowing, planting and harvesting dates according to customer needs and using the varieties best suited to the market. The agreement with “Clube de Produtores Continente“ allows this planning to take place, ensuring a regular supply of high quality national products on the dates and volumes agreed.

The continuous monitoring carried out by the technicians of the “Clube de Produtores Continente“ has led to the improvement and modernisation of production techniques and to developments post-harvest, particularly in warehouses and storage structures.

The high quality standards and agricultural best practices, which all members are obliged to meet, as well as being annually certified by external entities impose high levels of control on production and storage. They also ensure food security and respect for the environment in all of the fruit and vegetables produced and sold in stores.”

José Burnay / CAMPOTEC, Member of “Clube de Produtores Continente”

CORPORATE RESPONSIBILITY

Minhofumeiro – A testimonial about "Clube de Produtores Continente"

"The support of the "Clube de Produtores Continente" has been instrumental in the growth and enhancement of national products!

Despite being a small country, our agricultural production and our food are of great quality and should be recognised as an asset. The work of the "Clube de Produtores Continente" on monitoring the entire process, from production to the consumer, the organisation of visits to other producers to analyse other realities and new techniques, and promoting friendship and cooperation between producers, has been remarkable and very important."

António Paulino Rocha / MinhoFumeiro, Member of "Clube de Produtores Continente"

Overall, our values are recognised through our products and services and we are proud to see our commitment to integrity and quality being recognised. Sonae MC was the proud recipient of both the "Brand of Confidence" award for the 9th time and the "Environmental Brand of Confidence". But most importantly, we value the loyalty of our customers.

Continente loyalty card

The Continente card is a privileged means to express our gratitude and reward the loyalty of our customers. The loyalty card strongly contributes to the strengthening of a long lasting relationship with consumers. At the end of 2011, there were over 3.1 million active cards (an increase of 5% from the previous year), which translates into an estimated coverage of more than 75% of the Portuguese households.

The loyalty programme allows the profiling of customers according to their consumption patterns and habits, enabling the delivery of targeted promotions and discounts, typically provided as "credit" for a repeated purchase, according to each profile. Given the penetration achieved, we believe the card is a differentiating tool among retailers in the Portuguese market, which has allowed Sonae MC to quickly adapt to changing consumer habits.

The loyalty card was involved in 88% of the sales of Sonae MC's brands (Continente, Wells, Bom Bocado and Book.it) and provided our customers with discounts of approximately 290 million euros during 2011. As part of this promotional effort, Sonae MC sent more than 12 million letters offering more than 70 million coupons, with relevant offers to its customers. Continente's loyalty card is an excellent example of innovation towards our clients and of our commitment to bring them our very best products at an affordable and fair price.

RANKED #1 EMEA REGION
FOR CUSTOMER SERVICE
2011
TOP RANKING PERFORMERS

Optimus' Customer Service excellence

Optimus was ranked among the top 3 companies in the world with the "Best Customer Service", with the granting of an award in the "Contact Center World 2011" event. This award is highly regarded within the contact centre sector and has the key objective of distinguishing companies with had an outstanding performance in this field, globally and across all industries. This award was granted in November 2011 to Optimus in the Las Vegas event and follows other awards obtained in the year by the company, highlighting the excellence of its customer services:

- 1st place - Contact Centre World 2011, Best in Customer Service EMEA (Europe, Middle East and Africa)
- 1st place - APCC Portugal Best Awards 2011 – Best Contact Centre in Portugal and Best contact centre in the telecommunications sector

MAKING A POSITIVE DIFFERENCE TO OUR COMMUNITY

Being a leader also means being prepared to rise up to your responsibilities during difficult times. Our strategy is based on strong interaction with our community and our impact in the community extends beyond our stores. It is our responsibility to make a positive difference.

We take our responsibilities seriously, as demonstrated by the strong involvement 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. We extend our involvement to our colleagues, family and friends by encouraging them to participate as part of their work load in voluntary social schemes.

Training the future generation of entrepeneurs

Junior Achievement Portugal | Aprender a Empreender

"Sonae's support has been crucial to the sustainable growth of the Junior Achievement Portugal, with special emphasis on the number of volunteers involved in various activities at a national level. Sonae's commitment and ambition to reach an increasing number of students allowed us, over the last six years, to reach almost 112,000 students in Portugal. Our heartfelt thanks to Sonae's support which undoubtedly contributes to a new generation of young entrepreneurs."

Junior Achievement Portugal

In 2011, we supported a total of 3,051 institutions, providing support in a global amount of approximately 10 million euros. Our contributions are best reflected through our achievements.

Giving back to our community

Modalfa's solidarity scarf
Project "Us" - A scarf for a greater cause. Each year since 2007 the project "Us" has supported great causes and in 2011 the campaign "A Happier Portugal" provided support to families in need and most vulnerable in the current crisis, fighting against poverty and social exclusion. For each 5 euros scarf bought by customers, Modalfa donated 2 euros to this cause, raising a total of 384,000 euros in 2011 via this initiative and a total of more than 1.3 million euros since 2007.

"Smile mission" – Continente
Smile Mission raises funds for projects that promote a better quality of life for children and elderly people.
In 2011, Smile Mission was supported by 1,315 employees and raised a total of 665,000 euros, through Continente's "Leopoldina" products. In the past nine years, Smile Mission has contributed a total of about 5.5 million euros, supporting the acquisition of more than 1.8 thousand pieces of hospital equipment and other diverse material to support the target groups.

Sonaecom's Smile - Community Intervention Programme
Sonaecom's "Smile" programme promotes the involvement of the company and its employees with the community to increase awareness and involvement in the fight against social exclusion. The involvement includes the use of technical skills of the company and its employees to help local organisations.
In 2011, the Smile programme helped 55 missions in 28 organisations with the involvement of 2,035 employees, in a total of 2,478 hours.

Sonae Sierra Community Day
The Community Day is an initiative of Sonae Sierra that unites all employees and challenges them to help the community where they live. It takes place once a year at all locations where the company is present and the activities are defined locally to meet the real needs of the involved community.
In 2011 the Community Day took place at 60 sites in 7 countries, with over 500 employees involved, taking a total of 2,700 hours of their time to make a difference in someone's life.

INNOVATION FOR SUSTAINABLE SUCCESS

Innovation is paramount to our success. At Sonae we believe only in sustainable success and we strongly invest in innovation, both by establishing dedicated teams and by promoting an environment that encourages creativity.

The empowerment of each member of our team is a cornerstone of our innovation culture. We regularly conduct brainstorming sessions across the whole organisation, empowering free thinking and not allowing for any discrimination based on hierarchy.

Sonae Sierra's risk management efforts were recognised at the "European Risk Management Awards"

Sonae Sierra was distinguished in the "Most innovative use of IT or other technology" category, for the Inspections System in the area of Safety & Health, at the "European Strategic Risk Management Awards", an initiative of the prestigious British magazine "Strategic Risk", which aims to reward the best and most innovative actions in the area of risk management.

This award distinguishes Sonae Sierra's efforts in the perfection of the inspections system, employing a new technological platform that enables the control and management of Safety & Health risks and environmental impacts in its shopping centres.

According to Fernando Guedes de Oliveira, Sonae Sierra's CEO, "we are very proud to receive this distinction, since it recognises the company's effort and results in the continuous improvement in terms of Safety & Health. These efforts on the reduction of the risk linked to accident prevention are carried out for the benefit of employees, tenants, suppliers and visitors. We believe this attitude is a competitive advantage and a differentiating factor for our stakeholders."

Our innovation management process is based on a decentralised model but with central coordination (Innovation Committee) and its main goal is to promote an environment favourable to innovation. This can be achieved by promoting information sharing, rewarding ideas with positive outcomes, organising brainstorming sessions focusing on specific problems, putting forward challenges and by giving a positive and active contribution to applied and academic research. The Innovation Management Department is an open minded department with the sole purpose of bringing out the creativity latent in each one of our team members.

Creativity

We believe that creativity can be encouraged, directed and developed.

This is the starting point of our Creative Problem Solving approach. This methodology consists in leading and encouraging groups of 12 people - from different areas and backgrounds – in the identification of multiple solutions for a problem in 90 minute sessions. In each session, over 100 ideas are generated and an implementation outline is designed for a small set of selected solutions.

The Creative Problem Solving is a tool now widely adopted in the retail organisation to generate ideas, to solve different problems, including, for instance, specific solutions on how to increase the store average sales, how to deliver a dry bag to customers when purchasing fish or creating new types of promotions.

Ideas Forum

The Ideas Forum enables employees to submit innovative ideas, which are then assessed by the members of the Innovation Committee. If the ideas are approved by the committee they are pushed for implementation.

We are also currently launching a Call for Solutions, a programme where specific situations are put forward for which we would like to receive solution proposals and innovative ideas. We believe that this direct approach will ensure a greater alignment between existing opportunities and proposed solutions. During 2011, we implemented the "ICSI" (I Can Solve It) – a platform inside the Ideas Forum in which challenges and problems are placed together with a request for ideas for their resolution.

Retail Centre

The Retail Centre is a platform for sharing information about retailers around the world. The initial step will be to centralise and share existing information. With an innovative approach, based on specific search engines, everyone at Sonae will have access to the information available in the public domain, such as reports, presentations, videos and other digital content published by colleagues. This corporate memory solution, still experimental, is already a source of inspiration and we believe it will be a starting point for all those who wish to inspire solutions for other retailers. The Retail Centre was designed to be a tool available to all of our team.

A good example of the implementation of these ideas is the "Biz Share" tool. For us knowledge management goes beyond documentation and the best way to guarantee knowledge and the dissemination of best practices is through sharing between departments. Employees from various business departments come to Biz Share sessions, where a common theme is defined for each gathering. In these session, employees share how they work on the theme, their processes and the tools they use. Given the diverse nature and levels of maturity of each business, this guarantees learning about different ways on how best to perform a task or work on a specific process.

Our long standing attitude towards innovation is known worldwide and every year we receive visits from schools, research institutions and competitors. Our ideas and success have been part of several research case studies and they have received positive feedback in conferences around the world. We believe that higher levels of efficiency can be achieved by sharing ideas and problems. We are open-minded and we believe in the transfer of knowledge within the organisation and with the outside world.

IDC CIO Awards 2011

Sonae was the recipient of the IDC Innovation Prize for the innovative "Mobile Portal" retail solution. This project enables our employees to have access to all the information they need to better serve customers and to carry out different operational tasks within stores.

The prize further increases the international visibility of the "Mobile Portal" solution, which received the "Best In-Store Solution" prize in the Retail Technology Awards Europe 2010, one of the most prestigious prizes in the European retail sector. "Mobile Portal" is a sophisticated platform that allows retailers to implement multiple applications on a mobile phone, supporting a broad range of business processes. The platform brings significant advantages to companies that want to implement a mobility strategy and can serve a significant number of recipients - Executives, Consumers and Operational Staff.

"Mobile Portal" gives store employees access to all information available on Sonae's systems, when and where necessary, thus avoiding frequent trips between the store, offices and warehouses. The ability to consult prices, availability, supply dates, and customer reservations, print labels and register all the necessary information for efficient store management, are just some examples of the functionalities which improve customer service and simplify the life of employees.

Sonae's IT/IS department estimates that it will make annual savings of around 10 million euros through the use of the Mobile Portal, achieving a return on the investment in less than one year. The benefits also include better service to the customer and increased motivation of employees, who are now able to make better decisions at all times.

The innovative nature of Mobile Portal has already been recognised by other international retail operators, who have chosen this solution as the tool to support store management: Mobile Portal was devlopped and was now brought to the external market by Tlantic, a group company specialising in the development of IT/IS solutions for retail.

As part of our commitment to innovation, Sonae created in 2005 the FINOV (Innovation Forum) with the critical mission of stimulating and supporting innovation as part of Sonae's culture to increase levels of added value, in addition to identifying and sharing innovative practices which are being carried out in the various business areas.

For Sonae, creative capacity is not a special talent which only a few gifted people possess; it is viewed as an ability which all our colleagues have. To create is an act of working with others and it depends upon the interaction of ideas, required perceptions and different ways of evaluating realities and information. It depends largely on heterogeneity and peoples experiences and thoughts.

In organisations like Sonae, it is the employees and the teams who make the processes and services work, they are the ones who are most familiar with the products and, for this reason, are the main source for generating new ideas. In order to stimulate the process of innovation an appropriate organisational context is needed, as well as adequate levels of motivation. We work on a daily basis to make innovation a routine, by encouraging open-mindedness, creating areas to experiment, learning from mistakes, assuming risks and celebrating success. We guarantee the involvement of all our employees in the innovation process. FINOV is the pinnacle of all of this.

Under the FINOV scope, an Innovation Award is attributed to each Sonae business area. Each company enters the competition by presenting any innovative projects developed by their employees, which need to have been already implemented to be considered for the Innovation Award. The projects are analysed taking into consideration innovation (worldwide, national, market, company) and their features (a comparison is made with other products, processes or similar services on the market or those of competitors). The competitive value of each project is also analysed based on its application in other markets, efficiency, social benefits, community benefits, employment and environment.

At the FINOV event, the Chairman's Award is also granted. This prize is awarded to an individual for an initiative or a successful implementation of a project, and it recognises the significant contribution made to the business and the notable endeavour made towards Sonae's culture of innovation. Following FINOV's definition of the eligibility criteria, and a selection process, three finalist candidates were chosen in the run-up to receive this award. The winner is only made public during the event. During the event, the winner is announced and given the award by Sonae's Chairman.

The FINOV event is also held to make a positive contribution to the country and to initiate a debate about the way in which innovation can contribute to Portugal's economic growth and to the development of its businesses and organisations. The 2011 chosen theme was "Open Innovation: The Power of All". It also summarises Sonae's opening up to the innovation community and the importance of working as part of a team to develop new solutions and paradigms which contribute to the development of the country and its companies.

The importance of collaborative innovation and technology in the process of re-starting economic growth were highlighted by two internationally renowned speakers who participated in the debate. Juan Enriquez, founder of Harvard Business School Life Sciences Project, who highlighted the importance of technology and life sciences as a means to overcome the current economic crisis, and Stephen Shapiro, innovation specialist and author of 4 books on the subject.

Innovative projects are distinguished at Sonae's Innovation Forum

Sonae strengthened its strategic investment in innovation, one of its activity development pillars.

The investment carried out in 2011, in accordance with the active policy of stimulating innovation, resulted in the creation and implementation of various projects with great added value to the world of Sonae companies. Some projects were recognised at FINOV-Sonae's Innovation Forum, which brought together hundreds of participants at the Casa da Música in Porto to debate the question of how can innovation contribute to the re-launch of economic growth in the country and the development of companies and organisations.

The Sonae Innovation Awards 2011 distinguished the following projects: in the food retail sector (Sonae MC) the Mega Picnic Continente 2011 – "The countryside in the city"; in the specialised retail sector (Sonae SR), Worten's Equipment Testing Machine; in Sonaecom, "Optimus Connect" which facilitates machine-to-machine communications and, finally, at Sonae Sierra, the "GUIO System", a system which makes visits to Sierra's shopping centres easier for people with eyesight deficiencies.

The Chairman's Award was rendered to Fernando Pereira, for his work in the development of a new refrigeration solution, which drastically reduces the environmental impact associated with this kind of equipment.

Luís Filipe Reis, president of FINOV states: "Sonae views innovation as part of its culture. It is a strategic vector for the development of its businesses and it is what distinguishes the company in the various countries and markets where it operates". He adds: "Sonae's opening up to collaborative innovation is already reaping its rewards, as can be seen by the projects which were awarded, and gives us confidence with regards to the future mission of innovating with people for people".

05 Corporate Governance

Sonae selected as the company with the best reputation in Portugal

According to the MyBrand Reputation Index 2011 survey, Sonae is the company with the best brand reputation in Portugal. The survey, promoted by the Portuguese Corporate Governance Institute and by the consultancy company MyBrand, assessed the opinion of the Portuguese people about the largest companies in Portugal, and confirmed Sonae's position as the company with the best reputation overall, among the general public as well as among small retail investors.

Sonae had the best survey results in four of the seven attributes assessed, and won first place in those relating to ethics, leadership, quality and financial performance, and second place for innovation and good citizenship.

In the 2011 MyBrand Reputation Index, 44 of the most important companies in Portugal were assessed and the opinions of 2,923 Portuguese people were reviewed through a survey.

Catarina Oliveira Fernandes, Communications, Brand and Corporate Responsibility Manager at Sonae, says: "This prize is a reflection of the efforts we make in our businesses and in our daily work to respond to the needs of all our stakeholders. We work actively every day to create added value for our customers, partners and shareholders, as well as for the community, promoting initiatives that contribute towards the development of the society".

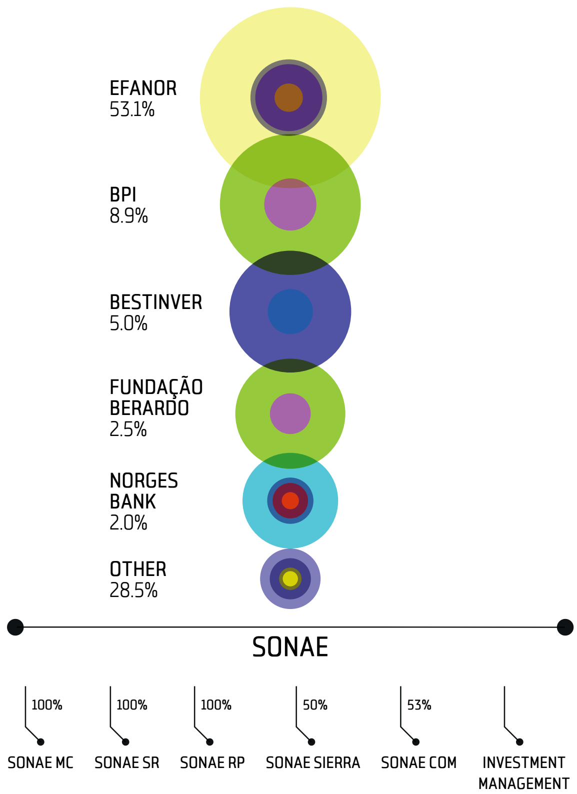
According to the survey, a company's reputation is its most important intangible asset and is the result of a collective judgment on all aspects of its performance. Companies are not just suppliers of quality products and services, and generators of wealth. They are also increasingly being assessed as wellsprings of innovation and progress, benchmarks for ethical behaviour, transparency and best management practices, and as organisations that contribute towards improving society socially, environmentally and culturally.

Winning the main prize in the "MyBrand Reputation Index 2011" is yet another distinction to be added to the several awards that Sonae has already won in Portugal and internationally in 2011 that recognise the company's best practices to sustainably manage its business.

SHAREHOLDER AND GROUP STRUCTURE [6]

In 2011, Sonae's shareholder structure continued to reflect a stable and long lasting relationship with its key shareholders. It is estimated that there are over 32,000 shareholders of the company's shares, spread across over 40 countries, according to the most recent information available from Interbolsa. At the year end, Sonae's freefloat (defined as the percentage of shares not held by shareholders with qualifying stakes, i.e., above the 2% threshold) was of approximately 28%. The present structure allows for stability, long-term strategies and for solid projects to be embraced.

Shareholding Structure



Percentages based on the notifications of qualified shareholdings received by the company as at 31st December 2011.

6 For further information please refer to Sonae's 2011 Corporate Governance Report, which is an appendix to the Management Report.

GOVERNANCE STRUCTURE

Sonae is aware of its impact on society and our values also reflect our vision towards our stakeholders and we are committed to the highest standards of corporate governance based on transparency, ethics and responsible behaviour, contributing towards both our financial and social performance.

Sonae is a transparent organisation and we are deeply committed to maintaining good communications with all investors and we devote particular attention to small investors. We advocate the highest levels of information quality and transparency on the market and we comply with all capital market regulations. Our corporate governance structure is designed to protect small investors and our institutions to comply strictly 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 organisation.

Our Investor Relations department is permanently available to discuss any issue with our stakeholders and 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.

MANAGEMENT BODIES

Our governance structure is comprised of, at the management level, the Board of Directors, chaired since 1989 by Belmiro de Azevedo, and an appointed Executive Committee, chaired by Paulo Azevedo since 2007. The Board of Directors is assisted by board appointed working committees, the Remuneration and Nomination Committee, chaired by Belmiro de Azevedo, and the Audit and Finance Committee chaired by Michel Marie Bon, as well as by the Corporate Governance Officer and the Company Secretary. At the auditing level, the governance structure includes the Statutory Audit Board and a Statutory External Auditor.

The shareholders have elected the board members of the Shareholders' General Meeting and the Shareholders' Remuneration Committee.

Board of Directors

The Board of Directors consists of three Executive Directors and six Non-Executive Directors in addition to the Chairman. The Non--Executive Directors bring valuable expertise to the Board on relevant aspects of Sonae's activities and have an independent position, which they use to continuously monitor management decisions.

Composition of the Board of Directors

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

During 2011, Sonae's Independent Non-Executive members periodically met and exercised an important influence over decision-making processes and the development of strategy and policy. Their duties include the supervision of the activities developed by the Executive Committee, the evaluation of business evolution, the overview of the preparation and the reporting of the information submitted to capital markets, the monitoring of the control and risk management process and the establishment (together with the Statutory Audit Board, the Statutory Auditor and the Shareholders' Remuneration Committee) of the necessary liaisons for each body to exercise its duties, in respect of the internal regulations, safeguarding their respective independence.

In the exercise of their competencies, the Non-Executive members did not encounter any restrains in the execution of their functions.

Executive Committee

Paulo Azevedo, CEO
Ângelo Paupério
Nuno Jordão

The Executive Committee has competencies delegated by the Board of Directors and is responsible for the 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 of Directors. The management structure of Sonae also includes core organisational departments that operate in specific areas under the direction of the Executive Committee. Each one of these departments overlooks the whole organisation and coordinates all group activities, regardless of the industry and is assisted by a line of managers at industrial level.

The Executive Committee has a variety of means of interacting with the different business areas and influencing the management teams. This interaction is adapted 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.

The main responsibilities of the Executive Committees are the following:

- Develop corporate strategy and submit it to the Board of Directors for discussion and approval;
- Implement approved corporate strategies and ensure that they are reflected in all business strategies of the Business Areas;
- Nominate Sonae's representatives on Executive Commissions and Committees of Core Partnerships and Management of Investments, delegating the respective key responsibilities in these business areas;
- Work closely with management teams of the Core Business Areas to develop planning and strategy;
- Agree strategic and financial objectives with all Business Areas;
- Monitor the implementation of strategic and financial objectives;
- Coordinate communication and representation with external groups;
- Supervise all Sonae companies, monitor the performance of Business Areas and help management teams to achieve their objectives;
- Seek new growth opportunities, optimise costs and other opportunities to increase shareholder value;
- Promote and monitor the adoption of best risk management practices by all companies;
- Promote Sonae's culture and values;
- Manage top human resources and encourage the management of talent within the organisation;
- Decide on the remuneration of Executive and Non-Executive Top Managers of the business areas;
- Decide on and propose to the Board of Directors capital allocations, financial plans and the consolidated annual budget.

Group Senior Executives

Fernando Guedes Oliveira, CEO Sonae Sierra
Luís Moutinho, CEO Sonae MC
Luís Reis, Chief Corporate Centre Officer
Miguel Almeida, CEO Optimus
Miguel Mota Freitas, CEO Sonae SR

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 defined overall objectives, 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:

- Define the main strategic directions of Sonae's business portfolio for approval by the Board of Directors;
- Propose 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;
- Define policies and strategies within the scope of Sonae's mission statement, coordinating their application in each area, in accordance with assigned responsibilities;
- Propose the financial structure and financing model associated with Sonae's strategic plan for approval by the Board of Directors;
- Define the set of institutional values and the direction of the organisational culture desired for Sonae;
- Coordinate top management human resources, promoting their careers, their development and interchange of career opportunities across the various businesses of the group.

RISK MANAGEMENT

Risk Management is deeply rooted in Sonae's culture and is one of our key Corporate Governance practices[7]. The objective of risk management is to create value by managing and controlling opportunities and threats that can affect business objectives and the going concern of Sonae's businesses. Risk management, together with environmental management and social responsibility, are pillars of sustainable development, in the sense that better understanding and more effective management of risks contribute to the sustainable development of businesses.

Our risk management policies are 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 opportunities and threats that Sonae's business units face in the pursuit of their business objectives and value creation.

Risk management is the responsibility of all managers and employees of Sonae, at all levels of the organisation, and is supported by the Risk Management, Internal Audit and Planning and Control departments, both at a corporate level and in business units, through specialised teams, which report directly to the Boards of Directors of each business unit. The Risk Management department's mission is to help companies reach their objectives via a systematic and structured approach to identify and manage risks and opportunities. The Risk Management department continuously monitors risks and conducts regular risk reassessments to ensure an alignment between the risks and the risk management procedures adopted.

In 2011, Sonae took a step further in structuring an even more dynamic and interlinked risk management approach by creating Risk Management Groups in each core business unit, which actively intervene in risk management at the business unit level and act as an interface with enterprise wide risk management.

As part of our risk management strategy, Sonae has a comprehensive internal control system that continuously monitors all activities with strict standards and with a clear definition of authority. The internal control system is designed to assure the achievement of objectives set by the Board of Directors and Executive Committee regarding the effectiveness of operations, the reliability of financial reporting and the strict compliance with laws, regulations and recommendations.

In addition, we have implemented strict "Whistle blowing" procedures, a "Code of Ethics and Conduct", rigorous internal regulations covering conflicts of interest, business gifts and related party transactions and an Ombudsman Office. All of these are in accordance with our values and principles and founded upon principles of absolute respect and awareness for the rules of good conduct in the management of conflicts of interest, duties of diligence and confidentiality in dealings with third parties.

7 For a comprehensive description of the main risks, please refer to Sonae's 2011 Corporate Governance Report, which is an appendix to the Management Report.

KNOWLEDGE AND EXPERTISE SHARING

As part of our Corporate Governance guidelines, we promote knowledge and expertise sharing both across the whole organisation and with our external environment. For Sonae, although each of its businesses is independently managed with their own strengths and unique skills, they belong to one single organisation, working together with a commonly shared culture and values. We have a unique working environment full of diversity and rich in experience and creativity. 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 qualities 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 several group forums associated, for example, with themes like innovation, sustainability knowledge, best control methodologies, sharing experience and knowledge among legal teams, best practices in marketing, in human resources, in engineering and construction activities, negotiation strategies, review and co-ordination of risk management and internal audit activities, as well as financial risk management policies.

INFORMATION ON SHARE PRICE EVOLUTION

Sonae shares are listed on the Portuguese stock exchange, NYSE Euronext Lisbon, and are included in several indices, including the PSI 20, with a weighting of 2.1% and the Next 150, with a weighting of 0.6%, as at the end of December 2011. The table below shows the key indicators of Sonae's share performance in the last three years.

	2009	2010	2011
ISIN Code		PTSON0AM0001	
Bloomerg Code		SON PL	
Reuters Code		SONP.IN	
Share Capital	2,000,000,000	2,000,000,000	2,000,000,000
Prices			
Year Close	0.87	0.78	0.46
Year High	0.98	0.95	0.85
Year Low	0.43	0.68	0.42
Average Trading Volume Per Day (Shares)	7,861,992	4,525,057	2,258,026
Average Trading Volume Per Day (€)	5,644,343	3,751,604	1,533,960
Market Cap. as at 31-Dec (M€)	1,740	1,560	918

Sonae shares ended the year 2011 at 0.459 euro, reflecting a nominal reduction of 41% during the year, which compares with a devaluation of approximately 28% of the reference index of the Portuguese Stock Market – the PSI 20, driven by a negative sentiment towards the evolution of retail sales in Portugal and the impacts of the defined austerity measures over the level of private consumption. In addition, the situation of the Portuguese banking system has translated into perceived higher refinancing risks for local companies.

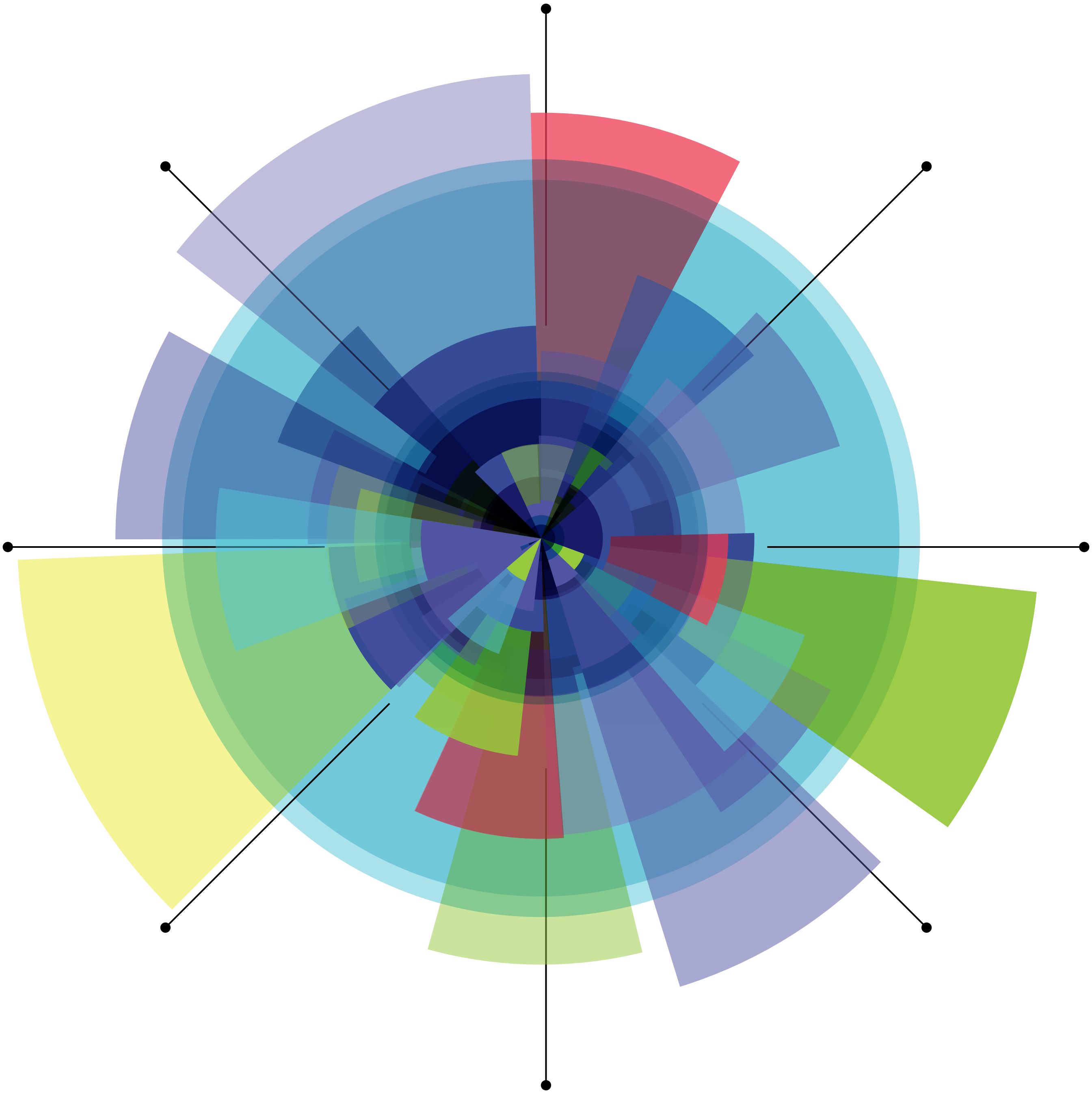
There was also a reduction in the volume of Sonae shares traded in the stock market, with Sonae's average trading volume down in 2011 to approximately 2.3 million shares per day.

During the year, events with a possible impact on Sonae's share price include the following announcements and news:

- 26 January: announcement of 2010 preliminary retail sales;
- 15 March: announcement of a sale & leaseback transaction involving two stores located at "Vasco da Gama" shopping centre;
- 16 March: disclosure of the 2010 annual results;
- 15 April: announcement of the signature of a partnership agreement for the development and management of retail activities in Angola;
- 27 April: information on the Shareholders' Annual General Meeting resolutions, including the approval of a dividend payment of 0.0331 euro (gross amount per share) in relation to 2010 results;
- 24 May: disclosure of the 2011 first quarter results;
- 20 June: announcement of entry into the Turkish market, with the opening of a new Zippy store in this country;
- 23 August: disclosure of the 2011 first half results;
- 22 November: disclosure of results for the first nine months of 2011;
- 19 December: announcement of the completion by Sonae Investimentos of a financing transaction with international banks, in the amount of 75 million euro.

06

ACKNOWLEDGEMENTS AND GLOSSARY



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 2011. 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 organisation.

The Board of Directors also expresses its gratitude to all employees for their effort and dedication throughout the year.

Maia, 12th March 2012

The Board of Directors

Belmiro de Azevedo, Chairman

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

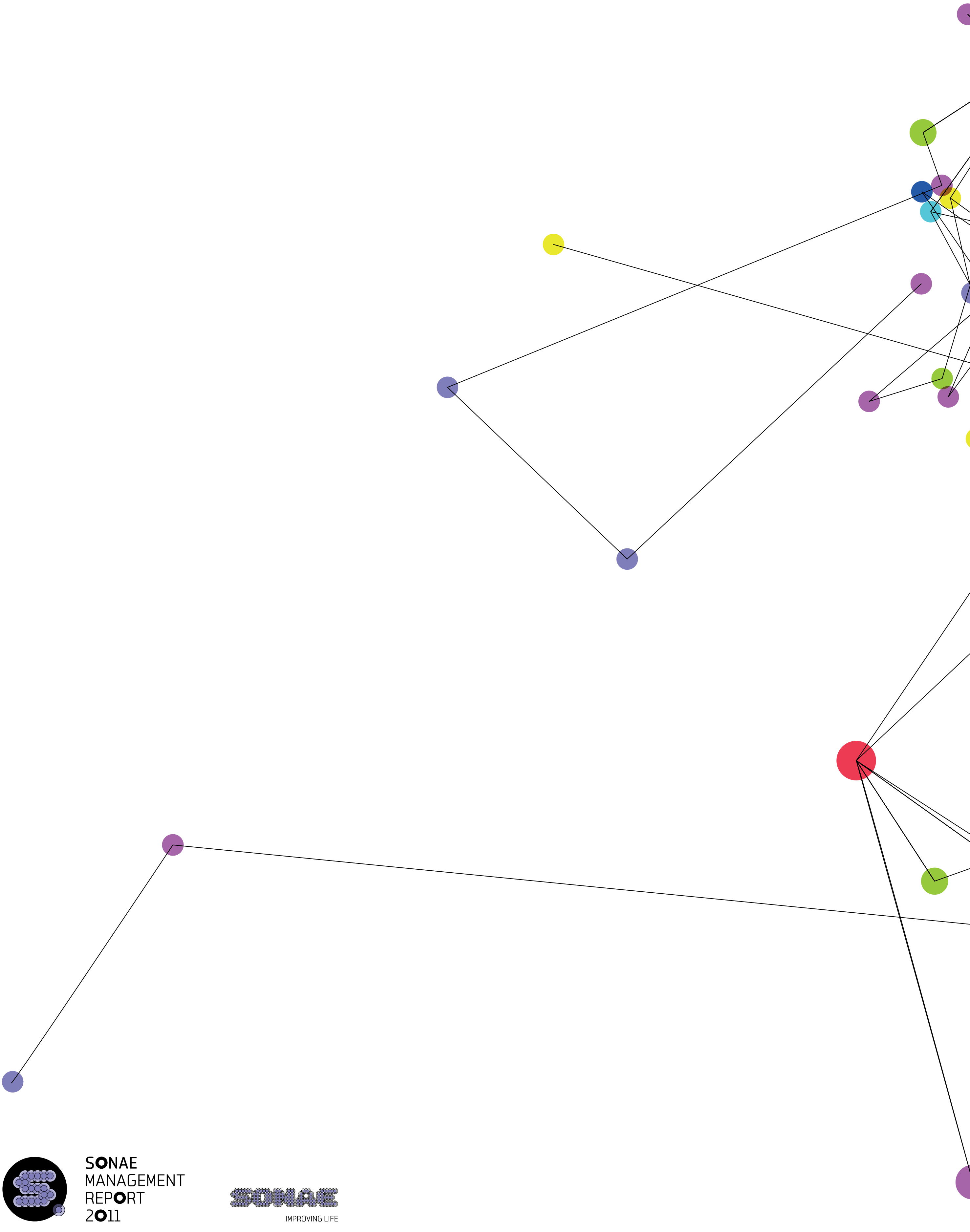
José Neves Adelino, member of the Board of Directors

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

Expression	Definition
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
EBITDA margin	EBITDA / Turnover
Eliminations & others	Intra-groups + consolidation adjustments + contributions from other companies not included in the identified segments
Free Cash Flow (FCF)	EBITDA – operating capex-change in working capital-financial investments-financial results-income taxes
Financial net debt	Total net debt excluding shareholders loans
Gross Lettable Area (GLA)	Total floor area of a shopping centre, including the areas for common use
Indirect income	Indirect Income includes Sonae 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 ("LfL")	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 capitalisation for listed companies
Loan-to-value Shopping Centres	Net debt / (investment properties + properties under Development)
LTE	"Long Term Evolution" is a standard for wireless communication of high-speed data for mobile phones and data terminals developed by the Third Generation Partnership Project, an industry trade group. LTE provides significantly increased capacity and speed for wireless broadband, using new modulation techniques
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, current investments and 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.



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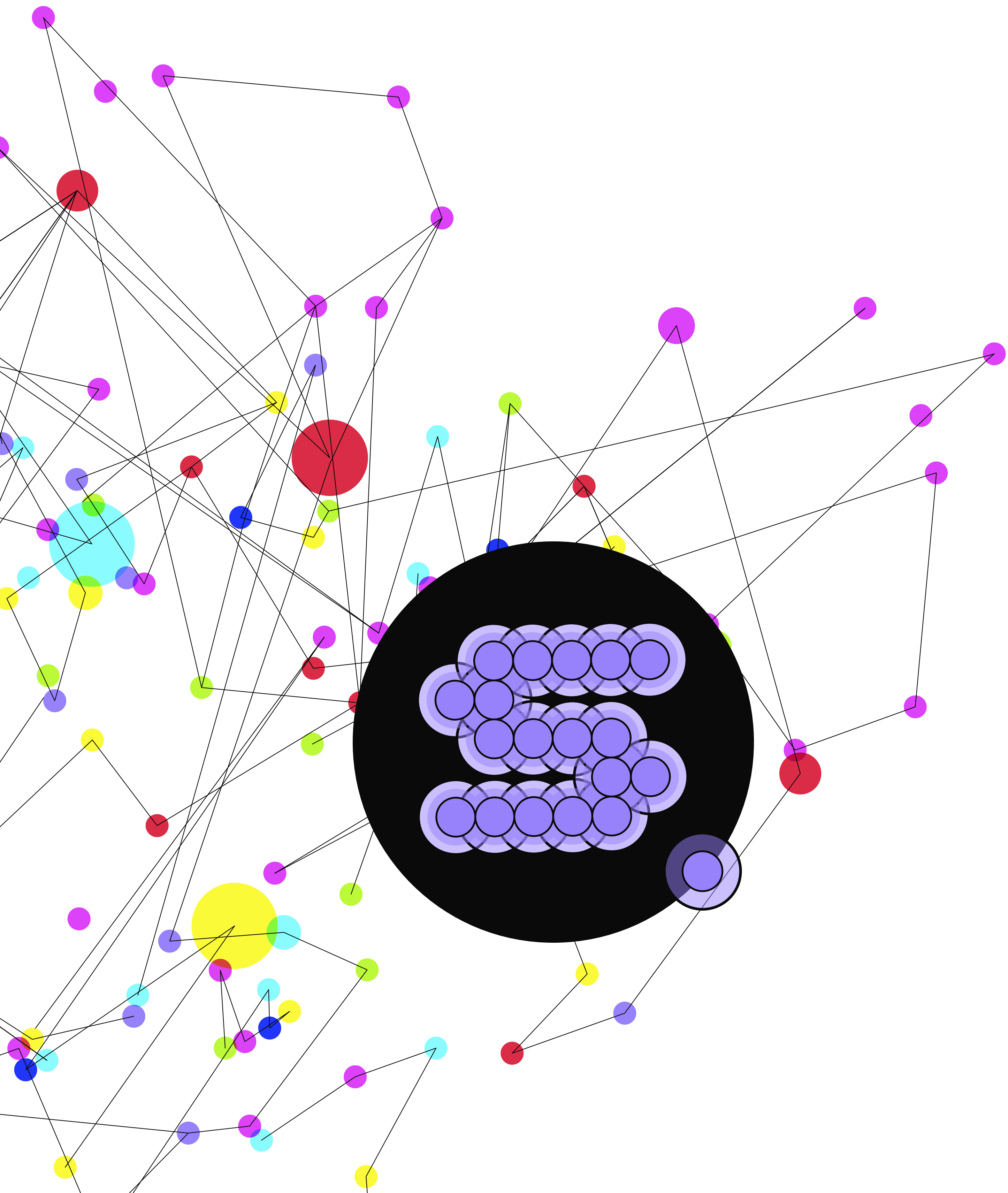
IMPROVING LIFE



CORPORATE GOVERNANCE REPORT

IMPROVING LIFE

Table of contents

0 Statement of compliance

0.1. Rules Adopted

The Corporate Governance Report provides a description of the Corporate Governance structure, policies and practices followed by the Company and complies with the terms of article 245-A of the Portuguese Securities Code, and with the information disclosure requirements of the Portuguese Securities Market Commission (CMVM) Regulation no. 1/2010, of 1 February. It also describes how the Company complies with CMVM recommendations in force on the date that this Report was issued, in the light of the principle of "comply or explain".

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

All cross references refer to this Report unless otherwise indicated.

The Report should be read as an integral part of the Annual Management Report and the Individual and Consolidated Financial Statements for the year ending 31 December 2011.

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 in the Report are publicly available at www.cmvm.pt.

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 — SECTIONS

5.1.2.

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, in relation to the required information for attending General Meetings, thereby promoting 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

6.6.

Sonae discloses the remuneration of the Chairman of the Board of the Shareholders' General Meeting, as well of its Secretary, as described in 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 business 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.

RECOMMENDATIONS FULLY ADOPTED

5.2.1.

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

5.2.4. to 5.2.6.

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 amendment to the Articles of Association approved by the Shareholders' General Meeting on 20 April 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 written votes may not exceed 3 business days.

RECOMMENDATION FULLY ADOPTED

5.2.4.

A deadline of three business 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 principle. Companies, which: 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 shareholders with equal rights exists in the Company, in which one share is equal to one vote.

5.2.2.

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.

5.1.

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. This 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).

5.1.1.

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 NOT APPLICABLE

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 as to the number of votes that can be held or exercised by any shareholder.

5.2.2., 9.3. and 9.4.

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 these prevent 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.

9.6.

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 0.5 of this Report.

0.5.

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 Board of Directors has implemented appropriate internal risk control systems.

7.

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 Board of Directors proactively ensures the working of the internal control and risk management systems. The Statutory Audit Board evaluates the effectiveness of these systems, proposing measures to optimise their performance as it deems necessary, and giving its opinion on 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.

2.3.1., 3.1., 4.1.1. and 4.2.1.

II.1.1.4 The companies shall, in their annual report on corporate governance: i) identify the main economic, financial and legal risks to which the company is exposed while carrying out its activities; ii) describe the performance and efficiency of the risk management system.

RECOMMENDATION FULLY ADOPTED

Information disclosed in this Report.

6.3.3. and 7.

II.1.1.5 The management and audit bodies 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 internal regulations, which are available on the Company's website at www.sonae.pt (tab Investors, Corporate Governance section).

2.1.6. and 4.1.5.

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, seven of which are non-executive members.

0.4., 2.1.1. and 2.1.2.

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

0.4. and 2.1.2.

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 compatibility restrictions 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 an annual assessment of the independence of its non-executive independent members, by the analysis of specific information individually provided by each member.

0.4. and 2.1.2.

II.1.3 ELIGIBILITY CRITERIA AND APPOINTMENT

II.1.3.1 Depending on the governance model adopted, the chairman of the statutory audit board, or of the 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 and possess the necessary skills and experience to perform their duties.

4.1.2. and Appendix I

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.

2.1.3. and 2.3.2.

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 whistleblower.

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.

8.

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

Recommendation fully adopted

An outline of the Company's policy on reporting irregularities is included in this Report.

8.

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 of not less than three years and its payment shall depend on the company's continued positive performance during that 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/her 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

6.

The compensation policy for the Board of Directors was discussed and agreed upon at the Shareholders' General Meeting that took place on 27 April 2011, based on proposals put forward by the Shareholders' Remuneration Committee and complies with the rules of this recommendation.

II.1.5.2 A statement on the remuneration policy of management and audit bodies 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 loss of office by mutual agreement.

RECOMMENDATION FULLY ADOPTED

The declaration concerning the Company's remuneration policy, which was approved at the Annual Shareholders' General Meeting of 27 April 2011 (proposal number 8 on the agenda), can be seen on the Company's website at www.sonae.pt (tab Investors, Shareholders' General Meeting section).

II.1.5.3 The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the remuneration of the persons discharging managerial responsibilities ("dirigentes"), within the meaning of Article 248 B, paragraph 3, of the Portuguese Securities Code, which contains a significant variable component. 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 (proposal number 8 on the agenda) 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 management and audit bodies, as well as other persons discharging managerial responsibilities ("dirigentes"), as defined in Article 248 B, paragraph 3 of the Portuguese Securities Code, shall also be approved at the shareholders' general meeting.

RECOMMENDATION FULLY ADOPTED

The medium term variable remuneration plan, including its execution terms, was approved at the Shareholders' Annual General Meeting held on 27 April 2011. No retirement benefits plan has been adopted - proposal no. 8 on the agenda, available at www.sonae.pt (tab Investors, Shareholders' General Meetings section).

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 of 27 April 2011.

5.1.3.

II.2. BOARD OF DIRECTORS

II.2.1 In accordance with the limits established by the Portuguese Companies Act, for each management and audit board, and unless the company is small sized, 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 annual 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.

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, namely the: 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 responsibilities delegated to the Executive Committee is described in this Report and complies with the rules of this recommendation.

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 procedures 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 to the shareholders in the corporate governance report.

RECOMMENDATION NOT APPLICABLE

2.1.2.

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 in doing so.

RECOMMENDATION FULLY ADOPTED

Such a 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 this in the annual corporate governance report.

RECOMMENDATION FULLY ADOPTED

2.2.1.

The policy for rotating portfolios on the Board of Directors is explained in this Report.

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 the members of other statutory governing bodies to supply information, they shall provide answers in a timely manner with information that adequately responds to the request made.

RECOMMENDATION FULLY ADOPTED

0.4. and 2.2.3.

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 as well of members of other statutory governing bodies, so that the latter have the necessary support to fulfill 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

0.4. and 2.2.3.

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 committee responsible for financial matters.

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 its 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

The Statutory Audit Board's annual report and opinion, issued for the 2011 financial year is 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, its respective remuneration, ensuring that the company provides adequate conditions to allow it to provide its services, acting as the point of contact with the company and being the first recipient of its 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 Internal Regulation, available at www.sonae.pt (tab Investors, Corporate Governance section). The Statutory External Auditor was appointed at the Shareholders' Annual General Meeting held on 27 April 2011, as proposed by the Statutory Audit Board.

4. and 5.

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 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 and standards 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 statutory audit 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.

0.5., 4.1.1. and 7.3.

II.5 SPECIALISED 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 effectiveness 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 profiles necessary to carry out the duties of a board director.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has set up two specialised 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.

2.3.1. and 2.3.2.

II.5.3 Any person or legal entity which provides or has provided over the last three years services to any organizational structure 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 shareholders' 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 non-executive directors, supports the Shareholders' Remuneration 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, to the Company and to the Group, and through their broad experience and recognised status in the market place.

5.1.3.

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

RECOMMENDATION FULLY ADOPTED

Minutes are prepared of all committee meetings, as set out in the Board of Directors' Internal Regulation (available at www.sonae.pt (tab Investors, Corporate Governance section).

2.3.1 and 2.3.2.

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.

9.1.3.

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 audit 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 third mandate of the Company's Statutory External Auditor began in 2011, by proposal of the Statutory Audit Board.

4.2.2. and 4.2.3.

III.1.4 The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the effectiveness and functioning of internal control procedures and report any shortcomings to the company's audit board.

RECOMMENDATION FULLY ADOPTED

The Statutory External Auditor gives his opinion about his work during 2011 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).

4.2.1.

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 such services are required, the services involved should not be greater than 30% of the total value of services rendered to the company, and the hiring of these services must be approved by the audit board and must be explained in its annual report on the company's Corporate Governance.

RECOMMENDATION FULLY ADOPTED

4.1.1. and 6.5.

The services provided by the Company's External Auditor were approved by the Statutory Audit Board, according to the principles recommended.

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 voluntarily adopted internal systems of checks and balances, namely formal validation or reporting processes, depending on the value of the transaction in question.

9.12.

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 has in place a formal internal procedure that involves obtaining an opinion from the Statutory Audit Board and from the Board Audit and Finance 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, reports are written and sent every six months to these two entities for all transactions with the above mentioned parties in excess of 10 million Euros.

9.12.

0.3. Partially adopted CMVM Recommendation on Corporate Governance

II.5.2 Members of the shareholders' remuneration committee or its 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, or there may be, a conflict of interest.

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

The Board of Directors has not identified any fact or circumstance that affects or interferes with the independence of its non executive members qualified as independent, and based this conclusion on written statements provided by each of the independent members in accordance with CMVM Recommendation II 1.2.3.

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 specialised committees to function normally, and none of the other statutory governing 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 from the Board to that effect, through information provided on a regular basis by the Board of Directors and the Executive Committee.

The Statutory External Auditor has followed the Company's business activity, it had free access to all necessary information and has conducted the examinations and verifications deemed necessary or useful by him and by the Statutory Audit Board to ensure strict compliance with the Company's legal obligations and recommendations. When carrying out its role, the Statutory External Auditor acted in interaction and under the supervision of the Statutory Audit Board, to whom it presented in the first instance its reports, in compliance with its duties and responsibilities.

The statutory audit bodies were fully supported by the Internal Audit department, to whom they made requests for information in the course of their work and from whom they received timely, professional and impartial support.

The Board of Directors and the Executive Committee reported appropriately and in a transparent and rigorous manner on their activities to the Statutory Audit Board throughout the financial year, in compliance with legal requirements and the recommendations of the Governance Code adopted.

The rules and procedures adopted by the management and auditing bodies in the previous mandate have been renewed in order to ensure continuity and to further increase the cumulative experience gained.

Such rules and procedures are intended to:
-facilitate the carrying out of the duties of the management and audit entities, ensuring a consistent flow of information and meaningful interaction between them: the Board of Directors (actively supported by the Audit and Finance Committee as the specialised committee of the Board) and the Executive Committee, as the entities responsible for the Company's management, on the one hand; and, on the other, the Statutory Audit Board, as the audit body;

-ensure the excellence and effectiveness of internal control and risk management systems, set up by the Board and evaluated by the audit body with a view to adapting them to the Company's specificities and needs;

-ensure that significant transactions with related parties are previously reviewed before the event by audit body, under the recommended terms;

-provide a framework for the process of reviewing and disclosing financial information.

1 Governing Bodies

The Company's governing bodies are the following: the Shareholders' General Meeting, the Board of Directors, the Statutory Audit Board and the Statutory External Auditor. The members of each are elected by the Shareholders' General Meeting, who also elects its own Board and the members of the Shareholders' Remuneration Committee.

The Board of Directors, under terms authorised in the Company's Articles of Association, 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, and can be re-elected.

Remuneration Committee

Belmiro Mendes de Azevedo
Artur Eduardo Brochado dos Santos Silva
Francisco de La Fuente Sánches

Board of the Shareholders' General Meeting

Chairman
Manuel Cavaleiro Brandão
Secretary
Maria da Conceição Cabaços

Statutory Audit Board

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

Statutory External Auditor
Deloitte & Associados, SROC, S.A.

Board of Directors

Chairman
Belmiro Mendes de Azevedo
Members
Álvaro Carmona e Costa Portela
Álvaro Cuervo Garcia
Michele Marie Bon
José Manuel Neves Adelino
Bernd Hubert Joaquim Bothe
Christine Cross
Duarte Paulo Teixeira de Azevedo
Ângelo Gabriel Ribeirinho dos Santos Paupério
Nuno Manuel Moniz Trigoso Jordão

Board of Nomination and Remuneration Committee

Chairman
Belmiro Mendes de Azevedo
Members
Michele Marie Bon
Christine Cross

Board Audit and Finance Committee

Chairman
Michele Marie Bon
Members
Álvaro Cuervo Garcia
José Manuel Neves Adelino
Bernd Hubert Joaquim Bothe
Christine Cross

Executive Committee of the Board of Directors

Chairman
Duarte Paulo Teixeira de Azevedo
Members
Ângelo Gabriel Ribeirinho dos Santos Paupério
Nuno Manuel Moniz Trigoso Jordão

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 specialised committees. The activities of the non-executive directors, in carrying out their duties, are described in the section "Governance Structure" of the Annual Management Report.

2.1.2. Composition

For the current mandate, which began in 2011 and ends in 2014, 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 Bom	Independent Non-Executive
José Manuel 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

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

Appointment to the Board of Directors	First Appointment	End of Mandate
Belmiro Mendes de Azevedo	1989	2014
Álvaro Carmona e Costa Portela	1999	2014
Álvaro Cuervo Garcia	2004	2014
Michel Marie Bon	2004	2014
José Manuel Neves Adelino	2007	2014
Bernd Hubert Joachim Bothe	2009	2014
Christine Cross	2009	2014
Duarte Paulo Teixeira de Azevedo	2000	2014
Ângelo Gabriel Ribeirinho dos Santos Paupério	2000	2014
Nuno Manuel Moniz Trigoso Jordão	1999	2014

In the composition of the Board of Directors, a balance is maintained between the number of executive directors and the number of non-executive directors. Out of the current 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 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 audit duties in more than five companies does not, in the opinion of the Board of Directors, affect the independence of the directors concerned.

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 the Company, and/or in companies controlled or in a group relationship with the Company, is disclosed in the appendices to the Annual 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. Rules for nominating and replacing Board Members

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 by the Shareholders' General Meeting.

The Articles of Association allow, however, 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 the death, resignation, temporary or permanent incapacity, or lack of availability of any member, who was not elected a member under the minority rule, but such an appointment is subject to ratification by the shareholders at the next Shareholders' General Meeting.

As part of this power of co-option of the Board of Directors, the Board Nomination and Remuneration Committee, exclusively made up of non-executive directors, is responsible for proposing potential candidates as Board members with the suitable profile for the exercising of such a role.

However, the definitive absence, for whatever reason, of a replacement director individually elected according to the above mentioned special rules, means that a new election must be made 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 powers given by the Articles of Association for the Board of Directors to increase the Company's share capital were withdrawn in April 2011. As from that date, these powers are held exclusively by the Shareholders' General Meeting.

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 its Internal Regulation, 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.

Decisions are taken by a majority of votes cast. When the Board of Directors is composed of an even number of members and there is a tied vote, the Chairman has 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 any given meeting at least 2 days in advance.

Minutes are recorded in a minute book.

During 2011, there were 7 Board meetings, and the overall attendance rate was 100%.

2.1.6. Internal Regulation

The Internal Regulation of the Board of Directors is available at www.sonae.pt (tab Investors, Corporate Governance section).

No rules concerning situations, involving Board director incompatibility and the maximum number of positions that a Director can cumulatively hold, have been established internally.

2.2. Executive Committee

2.2.1. Role and duties

The Executive Committee has all the necessary powers to manage the Company on a day-to-day basis, as per the terms of delegation decided upon by the Board of Directors.

The following matters were excluded from the terms of delegation from the Board of Directors and are considered to be matters exclusively for Board deliberation:

(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 Financial Statements;
(v) to grant any personal or asset secured guarantees;
(vi) to decide on any change to 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.

According to the policy established, all members of the Executive Committee, including the CEO, share responsibilities for more than one area, these being allocated based on the profile and experience of each member. Periodically, these responsibilities areas can be switched between members, if, under the circumstances, this is considered necessary or convenient for the appropriate execution of managerial responsibilities. Such switch of areas of responsibilities shall not, in any case, be mandatory.

2.2.2. Composition

The Executive Committee is made up of members from the Board of Directors, and, since the Shareholders' General Meeting of the 27 April 2011, is made up as follows:

Management Team
Duarte Paulo Teixeira de Azevedo ***CEO*** Ângelo Gabriel Ribeirinho dos Santos Paupério Nuno Manuel Moniz Trigoso Jordão

2.2.3. Operating Rules

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

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

Under the Internal Regulation approved by the Board of Directors, the Executive Committee presents a summary in Portuguese and English of the main topics it has discussed and the decisions taken which is included among the documents distributed to Board members at each Board of Directors meeting.

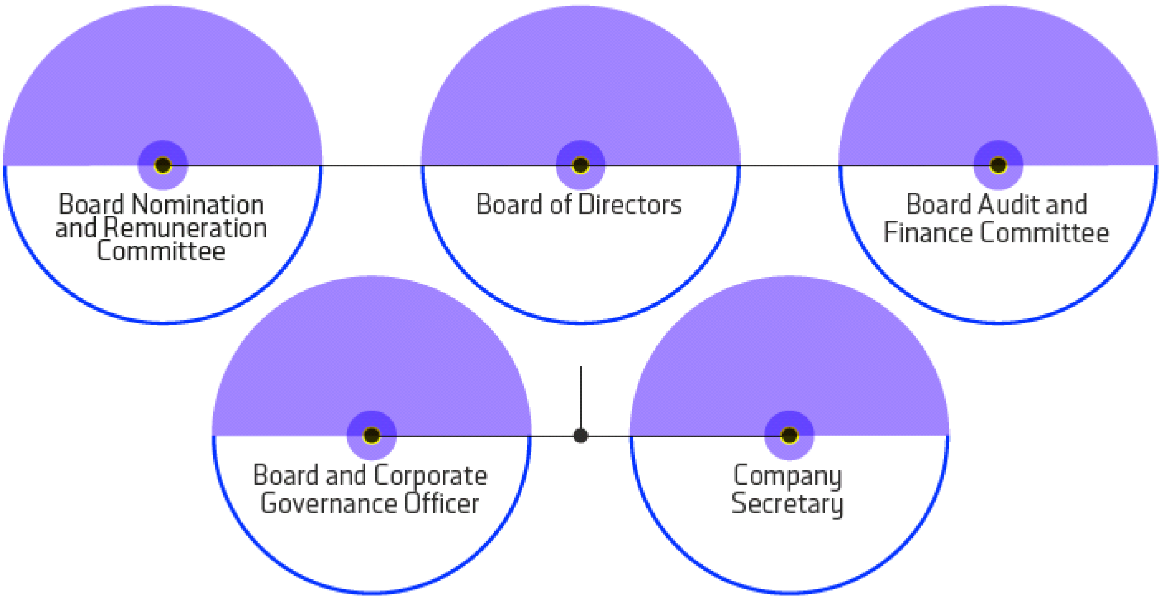
These decisions and the announcement of meetings to be held are communicated to the Chairman of the Board of Directors and the Chairman of the Statutory Audit Board.

The Executive Committee also provides in a timely fashion all information requested by other members of the Board of Directors, by the Statutory Audit Board and by the Statutory External Auditor.

Minutes are recorded in the respective minute book.

Over and above the regular contact among members of the Executive Committee between formal meetings, 17 meetings of the Executive Committee took place in 2011 with an overall attendance rate of 98%.

2.3. Internal Committees of the Board of Directors and support functions



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

Role

The BAFC is an internal committee appointed by the Board of Directors, made up of independent non-executive directors, and its terms of reference are set out in the Internal Regulation of the Board of Directors.

The BAFC is responsible for providing support to the Board of Directors and monitoring the activity of the Executive Committee in carrying out its management responsibilities, in co-ordination with the Statutory Audit Board in order not to overstep the Audit Board's duties and responsibilities as an auditing body.

The BAFC regularly reports to the Board of Directors about its work, the conclusions that it has reached and proposes plans of action with the goal of proactively ensuring internal control and the functioning of the Company's risk management system.

The duties of the BAFC as an internal committee of the Board of Directors are to:

(i) Review the Company's annual and interim financial statements and earnings 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 Sonae's Annual and Half-year Financial Statements and in the Quarterly Earnings Announcements;

(iii) Advise the Board, including the evaluation of suggestions made by the Statutory Audit Board, on the adequacy and quality of information provided by the Executive Committee, and the systems and standards of internal business controls applied by the Company;

(iv) Monitor Internal Audit activity, in conjunction with plans validated by the Statutory Audit Board, reach conclusions and put these forward for consideration by the Board of Directors;

(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;

(vi) Ensure the smooth flow of information to and from the Statutory Audit Board and process any requests made by it to the Board of Directors;

(vii) Ensure that the Corporate Governance policies adopted by the Company are followed.

<u>Composition</u>

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

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

<u>Operating Rules</u>

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.

During 2011, the BAFC regularly exercised its competences, having met 5 times in all with an attendance rate of 100%.

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

Role

The BNRC operates according to the Internal Regulation of 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 two independent non-executive directors, 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. In addition to formal meetings, BNRC members keep in touch through various forms of long distance communication. Minutes are kept of all meetings of this Committee.

During 2011, BNRC regularly exercised its competences, having being held 2 formal BNRC meetings 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.

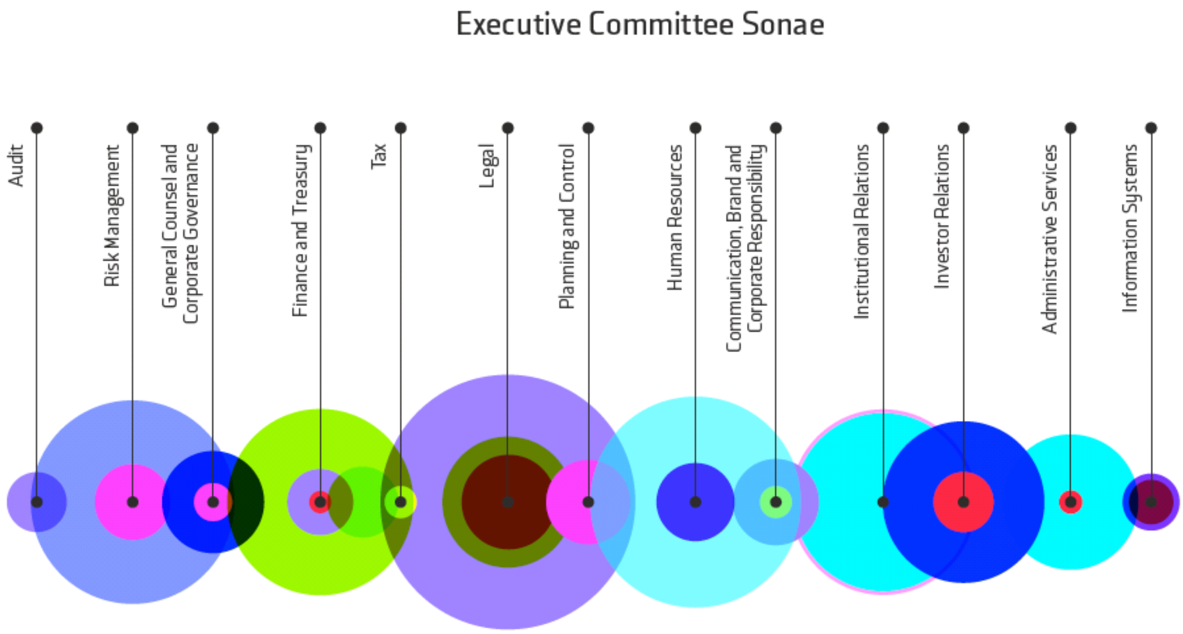
The Secretary is Luzia Gomes Ferreira, who may be substituted in her absence by Raquel de Sousa Rocha.

3 Organisation of the Corporate Centre – Duties and Competencies

3.1. Corporate Centre organisation

In 2009, the Corporate Centre of Sonae was merged with that of the retail business to create a single corporate structure, which creates synergies and allows 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 was based on the range of services it provides, primarily for retail companies but also for other of 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.



Risk Management Department

Main responsibilities:

(i) Promote a culture of risk awareness throughout the organisation;
(ii) Develop, implement, review and maintain risk management processes and analysis methodologies;
(iii) Provide operational support to Sonae's Risk Management Consultation Group.

Internal Audit Department

Main responsibilities:

(i) Carry out internal audits (Compliance, Processes, Food Safety and Information Systems) of Sonae's corporate centre and core businesses;

(ii) Provide operational support to Sonae's Audit Committee.

Legal Counsel and Corporate Governance Department

Main responsibilities:

(i) Provide legal advice to Sonae's business activity;

(ii) Manage the relations 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) Coordinate the sharing of legal knowledge in order to align the Company's position with those of other Sonae companies.

Financial and Treasury Manager Department

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 and the retail businesses, and provide advice and support on other financing operations of Sonae (with the exception of Sonae Sierra) on request, in coordination with those Board Directors with responsibility for the financing of Sonae businesses;
(iii) Negotiate and contract financing operations and banking products and services for the Company and for its retail business units;
(iv) Manage the treasury of the Company and its retail businesses;
(v) Manage the financing risk of the Company and its retail businesses;
(vi) Support the different functional areas to allocate capital;
(vii) Provide support on Merger, Acquisition and Demerger operations;
(viii) Provide support to Sonae's businesses on money market, interest rate or exchange rate transactions;
(ix) Support the work of Sonae's Finance and Audit Committee.

Tax Department

Main responsibilities:

(i) Develop, provide training for and share the tax skills of Sonae's business units;
(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 tax matters relating to Sonae business units;
(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 fiscal consolidation groupings that exist within Sonae;

(vi) Manage Sonae's price transfer dossier;
(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 matters.

Legal Department

Main responsibilities:

(i) Monitor, control and ensure the legality of retail business activities, including the health and real estate asset areas;
(ii) Prepare and/or analyse 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, domains etc.;
(iv) Provide day to day legal support to stores, namely when they are subject to inspections and visits carried out by government and official entities (such as the ASAE, the competition authority), 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, governance 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, relevant to the retail businesses;
(ix) Legal monitoring of the management of retail customer complaints;
(x) Provide support to Portuguese and international retail operations, as well as analysing new Portuguese and international operations, particularly in the latter the legal environment of the countries analysed.

Planning and Management Control Department

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 on achievement of the budget;
(iii) Challenge the businesses and corporate areas about the objectives proposed in order to constantly improve and optimise Sonae's business 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 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 Department

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

Communications, Brand and Corporate Responsibility Department

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 Communications.

Institutional Relations Department

Main Responsibilities:

(i) Support the management of Sonae's institutional relations with government, public entities and NGOs;

(ii) Represent Sonae in Associations, Forums, and events (in Portugal and abroad) and manage requests for information from these institutions.

Investor Relations Department

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 Department

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 Department

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 Specialist Committees

Audit committee

Sonae's Audit Committee was set up 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. This Committee, which meets quarterly, is chaired by Ângelo Paupério (member of Sonae's Executive Committee), and includes Sonae directors with responsibility for this area, as well as internal audit managers of the Company and businesses. In order to carry out its duties, it is supported by Sonae's Risk Management Consultation Group, as the advisory entity of this function and Risk Management processes.

The Risk Management Consultation Group meets quarterly and is chaired by Ângelo Paupério (member of the Executive Committee), and is made up of Board members of the businesses with responsibility for this area, of Risk Managers responsible for this role in the Company and in each of its businesses, and of Sonae's Insurance manager.

Finance committee

Sonae's Finance Committee is chaired by Ângelo Paupério (member of the Executive Committee) 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 other Sonae advisory groups which review Sonae's policies:

- 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;
- Human Resources Forum, with the purpose of promoting and discussing the implementation of best human resources policies across the Company;
- 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 sharing experiences and knowledge.

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

4 Auditing Bodies

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 for shareholders on the supervision of the Company, including a description of audit work carried out, 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) Acting as the primary interface of the Company with the External Auditor, and proposing his appointment or replacement, as well as the review of his performance, while ensuring that the right conditions exist within the Company for the Auditor to appropriately carry out his work, being the first point of contact with the auditor and the first to receive audit reports;

(ix) Supervising the auditing of the Company's financial statements;

(x) Supervising the independence of the Statutory External Auditors;

(xi) Approving any services by the external auditor in addition to those related to auditing;

(xii) Issuing a specific 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;

(xiii) Supervising the internal audit function;

(xiv) Giving 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.

In order to carry out its duties, the Statutory Audit Board has a meeting at the beginning of each financial year to plan out the year's work. This plan includes:

A- Monitoring the business activity of the Company and the Board's interaction with the Executive Committee and the Board of Directors through the Board Audit and Finance Committee, in particular:

- Assessing how the internal control and risk management systems are working;
- Assessing the financial statements and the disclosure of financial information;
- Issuing opinions and recommendations.

B- Supervising the work of the External Auditor, in particular:

- The external auditor's annual work plan;
- The monitoring of audit work, changes to the financial statements and discussing related conclusions;
- Checking the independence of the External Auditor;
- The provision of services other than those related to audit in compliance with CMVM recommendation III.1.5.

C- Supervising the activity of Internal Audit and Risk Management, covering:

- Annual activity plan;
- Receiving reports from time to time on their activity;
- Evaluating results and conclusions reached;
- Checking for the existence of possible irregularities;

- Issuing guidelines, as and when deemed appropriate.

D- Information on irregularities (whistle blowing):

Follow up on the work of the Ombudsman, on a quarterly basis, approving procedures for the receiving and handling of complaints and/or communication of irregularities and critically evaluating the manner in which complaints are managed and resolved.

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 on 27 April 2011 and its current mandate ends in 2014.

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, by obtaining an update on the written information previously provided on an individual basis.

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 Board of Directors 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 themselves to exercise these duties until the end of its mandate.

Members of the Statutory Audit Board, who are temporarily unavailable or whose duties have terminated, shall be replaced by the substitute.

Substitutes, who replace members whose duties have terminated, 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 fresh election.

4.1.4. Operating Rules

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

The Statutory Audit Board meets at least four times a year. During 2011, the Board met 5 times with an overall attendance rate of 100%. Minutes were written up for all meetings of the Board.

4.1.5. Internal Regulation and Annual Activity Report

The Internal Regulation of the Statutory Audit Board is 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).

No rules concerning situations, involving incompatibility and the maximum number of duties that a Director can cumulatively be responsible for, have been established internally, over and above those stipulated by law.

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. His main responsibilities are:

(i) Verifying the accuracy of all books of account, accounting transactions and supporting documents;
(ii) Whenever it deems convenient and by the means that it considers to be appropriate, verifying the accuracy of cash and stocks of any kind, of the assets or securities belonging to the Company or received by it by way of guarantee, deposit or other purpose;
(iii) Verifying the accuracy of the financial statements, and expressing an opinion on them in the Accounts Legal Certification and in the Statutory Auditor's Report;
(iv) Verifying whether the accounting policies and valuation criteria used lead to a fair valuation of the assets and results of the Company;
(v) Carrying out any examinations and checks necessary to the audit and legal certification of the accounts and carry out all procedures required by law;
(vi) Verifying the application of remuneration policies and systems, and the effectiveness and working of internal control procedures, reporting any weaknesses to the Statutory Audit Board in accordance with, and within the limits of his legal and procedural duties;
(vii) Attesting to the fact that the Company's Governance Report includes the information referred to in Article 245 of the Portuguese Securities Code.

During 2011, the External Auditor regularly carried out his duties.

4.2.2. Composition

The Statutory External Auditor is Deloitte & Associados, SROC, S. A., which completed its second four-year mandate in 2010, and was re-elected for a new mandate, based on a proposal by the Statutory Audit Board, put forward to and approved by the Shareholders' General Meeting held on 27 April 2011.

This proposal for the re-election of Deloitte & Associados, SROC, S.A for a new mandate, which was presented by the Statutory Audit Board to the Shareholders' General Meeting, was, in accordance with the terms recommended, supported by the following opinion in which are duly considered the independent status of the auditors and the disadvantages of replacing them:

"In order to make this recommendation, the Statutory Audit Board oversaw during 2010 a broad ranging selection process in which a number of auditing companies with well established reputations both in Portugal and abroad were invited to participate.

To this end, a number of selection criteria for the candidates were first identified which included their prior experience and knowledge of the business sectors in which Sonae operates, the competence, availability and breadth of experience of the auditing team proposed, the auditing methodologies practised, as well as the costs involved for the Company.

Taking into account all the above factors, the Statutory Audit Board decided to propose to the Shareholders' General Meeting the re-election of the current Statutory Auditor for a new mandate, since we believe that doing so does not compromise or impact negatively on their continued independence or suitability for the job." (Extract from the Proposal made by the Statutory Audit Board in agenda item 6 to the Annual Shareholders' General Meeting on 27/4/2011).

In addition, and as stated in the proposal presented to and approved by the Shareholders' General Meeting, in accordance with the principle of rotation, a new entity was appointed for the provision of external auditing services, resulting in the election of Deloitte & Associados, SROC, S.A to replace the previous member who previously had this responsibility.

4.2.3. Nomination and substitution rules

In accordance with the Company's governance model, the nomination or substitution of the Statutory Auditor/External Auditor is decided upon by shareholders in the Shareholders' General Meeting, based on a recommendation put forward by the Statutory Audit Board.

Additionally, the Statutory Audit Board supervises and annually assesses the work performed by the External Auditor, checking compliance with article 54º of the Decree-law 487/99 of November 16 (updated by Decree-law 224/2008, of 20 November), which requires the rotation of the entity in charge of supervising or executing the statutory audit work after a period of 7 years, in order to guarantee their independence.

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 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 2%). During 2011, 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, on the first occasion that it is convened, if shareholders holding more than 50% of the Company's share capital are present or represented.

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.

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 is provided at the Company's website. Information concerning the Shareholders' General Meeting for prior three years including decisions taken, the share capital represented, and the results of voting at the meetings, are held at the Company's website.

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, which coincides with that of the other statutory entities. The present mandate began in 2011 and will end in 2014.

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 2011 to 2014.

The members of the Remuneration Committee are:

Shareholders' Remuneration Commitee
Belmiro Mendes de Azevedo Artur Eduardo Brochado dos Santos Silva Francisco de La Fuente Sánchez

The members of the Shareholders' Remuneration Committee have the necessary professional qualifications and experience to carry out their responsibilities competently and rigorously, each of them having the appropriate skills to carry out their duties.

Independence

The members of the Remuneration Committee are independent from the Board of Directors as explained in the following paragraph.

Belmiro de Azevedo, Chairman of the Board of Directors and a non-executive member, is a member of the Remunerations Committee, and was elected to this post by the Shareholders' General Meeting and the Shareholders, on the recommendation of the majority shareholder, Efanor Investimentos SGPS, SA. As a member of the Remunerations Committee, he acts in the interests of this shareholder, and not in those of his role as Chairman of the Board of Directors. In order to ensure his independence in carrying out his duties on this committee, he takes no part in any discussion or decision taken, in which a possible conflict of interest exists or might arise.

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

The Remuneration Committee was represented at the Annual Shareholders' General Meeting that took place on 27 April 2011 by one of its members.

Meetings

The Shareholders' Remuneration Committee meets at least once every year. During 2011, there were 2 meetings, which all members attended.

5.2. Shareholders' participation

5.2.1. Rules for attending the Shareholders' General Meeting

Decree Law no. 49/2010, of 19 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.

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, and to voting in a different ways, which is permitted for shareholders acting as financial intermediaries for various clients.

The Company provides appropriate information to enable shareholders, wishing to be represented, to give their voting instructions to their respective representatives, by disclosing on the Company's website at www.sonae.pt (tab Investors, Shareholders' General Meetings section),the proposals to be submitted to the General Meeting and a template of a representation letter, 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, given that 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 the General 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 established for them, and the Company's positioning in comparison to remuneration in comparable 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 are in similar situations;
- Each executive director's responsibilities and assessments made of their performance.

Remuneration policy constitutes therefore a formal means of aligning the interests of the Company's management with those of shareholders, such 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 carefully considered.

The remuneration policy includes control mechanisms, which consider the link between individual and group performance, in such a manner as to avoid behaviour which is likely to involve excessive risk. This goal is also achieved by limiting the maximum value of each Key Performance Indicator (KPI).

The remuneration policy applicable to 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, whose members are elected and remuneration decided upon also at the Shareholders' General Meeting.

The Board Nomination and Remuneration Committee gives support to the Shareholders' Remuneration Committee in the determination of the Executive Directors' remuneration, by presenting remuneration proposals based upon the relevant data requested by the Shareholders' Remuneration Committee.

As part of the Company's principles of corporate governance, guidelines have been established for remuneration policy.

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.

The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' General Meeting that took place on the 27 April 2011, and is based on the following principles:

- No compensation payments to board directors or members of statutory governing bodies related to the cessation of their duties, whether their resignation occurs according to their original mandate or whether it is anticipated for whatever reason, without prejudice to the obligation of the Company to comply with any relevant legislation in force in this area;

- Non existence of any system of benefits, in particular relating to retirement, in favour of members of the Board of Directors, auditing bodies and other executives;

- Verification, in order to ensure the effectiveness and transparency of the objectives of the Remuneration and Compensation Policy, that executive directors:

  - have not signed nor will sign contracts with the Company or with third parties that would have the effect of mitigating the risks inherent in the variable nature of the remuneration that the Company has established for them;

  - have not disposed of, during the period of their mandate, nor will dispose of during any new mandate, shares in the Company, to which they have acquired the right through the award of variable remuneration up to a maximum of two and a half times the value of their total annual remuneration, with the exception of those that have to be disposed of to pay any taxes resulting from profits made on these same shares.

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 remuneration 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.*

6.2. Competitiveness of the Remuneration Policy

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 remuneration surveys carried out independently for Portugal and the principal European markets. Currently, the market surveys conducted by Mercer and the Hay Group are used as references.
• 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 included in the Portuguese stock market index, the PSI-20.

6.3. Remuneration of the Board of 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 linked to performance in the prior year, divided into two parts:
   a) Short term variable Performance Bonus (STPB) paid immediately after being awarded;
   b) Medium term variable Performance Bonus (MTPB), paid after a deferral 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 executive 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 60% of total annual remuneration (fixed remuneration plus variable remuneration target values).

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 are summarized 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 Performance Bonus (STPB)*	*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 Performance Bonus (MTPB)	*Compensation deferred for three years, the amount awarded linked to market share price*	*Aims to link remuneration 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 Performance Bonus (MTPB)

1. Main features of MTPB

MTPB 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 of MTPB scheme works

Variable remuneration is awarded annually, according to the results of the previous year, and is then integrated into the MTPB 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 MTPB.

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

4. Duration of the of MTPB plan

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

5. Valuation of the of MTPB plan

The share price of the Company on the Portuguese stock exchange is used to establish the value of MTPB, 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 of MTPB plan

Purchasing own shares with the goal of awarding them to directors as part of MTPB 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. Vesting of the of MTPB plan

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

8. Termination of the MTPB plan

A director's rights in relation to the MTPB 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 MTPB plans of executive Board directors in progress in 2011 can be summarised as follows:

	Total		
	Aggregated number of plans	**Number of Shares**	**Euros**
Outstanding at 31.12.2010:	9	3,230,552	2,519,831
Movements in the year:			
Awarded	3	572,232	464,080
Vested	-3	-779,284	-632,048
Cancelled/Lapsed/Adjustments(1)	0	162,881	-889,314
Outstanding at 31.12.2011:	9	3,186,381	1,462,549

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

The MTPB plans of Sonae and Sonae companies' senior executives, in progress during 2011, can be summarised as follows:

Sonae SGPS Share Plan Outstanding during 2011	Vesting Period			At 31 December 2011	
	Share Price at award date	Award Date	Vesting Date	Aggregate number of participants	Number of shares
2008 Plan	1.160	Mar-08	Mar-11	-	-
2009 Plan	0.526	Mar-09	Mar-12	20	3,967,728
2010 Plan	0.761	Mar-10	Mar-13	19	2,536,408
2011 Plan	0.811	Mar-11	Mar-14	18	2,232,305

The chart above does not include Sonaecom and Sonae Sierra directors' information.

6.3.3. Risks in relation to remunerations

Sonae reviews its remuneration policy annually as part of its risk management process in order to ensure that it is entirely consistent with its desired risk profile. During 2011, 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 MTPB 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 fixed values determined by reference to market values.

This remuneration is paid quarterly.

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

For each non-executive director, the fixed remuneration includes attendance fees during the year 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 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 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 is normally €2,100 or €2,200.

6.3.5. Summary remuneration tables

Director's remuneration, awarded by the Company and Group Companies for 2010 and 2011, is shown as per the charts below:

Individual Detail	2010*				2011*			
EXECUTIVE DIRECTORS	**Fixed Remuneration**	**STPB**	**MTPB**	**TOTAL**	**Fixed Remuneration**	**STPB**	**MTPB**	**TOTAL**
Duarte Paulo Teixeira Azevedo (CEO)	427,871 *(LFL year 478.120)***	350,000	345,000	1,122,871	478,520	329,100	335,400	1,143,020
Ângelo Gabriel Ribeirinho dos Santos Paupério	415,400	297,700	297,700	1,010,800	415,800	308,800	308,800	1,033,400
Álvaro Carmona e Costa Portela***	176,246			176,246				
Nuno Manuel Moniz Trigoso Jordão	338,658			338,658	305,510			305,510
Sub-total	*1,358,175*	*647,700*	*642,700*	*2,648,575*	*1,199,830*	*637,900*	*644,200*	*2,481,930*
NON-EXECUTIVE DIRECTORS								
Belmiro Mendes de Azevedo (Chairman)	436,000			436,000	436,100			436,100
Álvaro Carmona e Costa Portela ***	48,477			48,477	66,200			66,200
Álvaro Cuervo Garcia	35,680			35,680	37,350			37,350
Michel Marie Bon	39,860			39,860	39,860			39,860
José Manuel Neves Adelino	37,250			37,250	37,350			37,350
Bernd Hubert Joachim Bothe	35,880			35,880	37,450			37,450
Christine Cross	38,230			38,230	38,230			38,230
Sub-Total	*671,377*			*671,377*	*692,540*			*692,540*
TOTAL	**2,029,552**			**3,319,952**	**1,892,370**			**3,174,470**

** Amounts in Euros.*
***Amount paid in 2010, limited to 10 months of fixed remuneration.*
****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 MTPB plans attributed to executive directors:

Executive Directors	Plan (Performance Year)	Award Date	Vesting Date	Amount Vested in 2011*	Open Plans Value at Award Date*	Open Plans Value at 31 December 2011* ***
Duarte Paulo Teixeira Azevedo	2007	March 2008	March 2011	289,862		
	2008	March 2009	March 2012		288,100	284,271
	2009	March 2010	March 2013		313,200	205,162
	2010	March 2011	March 2014		345,000	203,545
	Total			*289,862*	*946,300*	*692,978*
Nuno Manuel Moniz Trigoso Jordão	2007	March 2008	March 2011	255,158		
	2008	March 2009	March 2012		333,000	328,522
	2009	March 2010	March 2013		290,200	190,096
	2010	March 2011	March 2014		0	0
	Total			*255,158*	*623,200*	*518,618*
Ângelo Gabriel Ribeirinho dos Santos Paupério	2007	March 2008	March 2011	185,980		
	2008	March 2009	March 2012		266,700	285,063
	2009	March 2010	March 2013		287,900	204,101
	2010	March 2011	March 2014		297,700	230,499
	Total			*185,980*	*852,300*	*719,663*
			TOTAL	*731,000***	*2,421,800*	*1,931,259*

**Amounts in Euros.*
*** All open plans were paid off for a total of 731,000 Euros.*
****Calculated considering the share market closing price of 2011 last trading day.*

6.3.6. Compensation 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 whatever the reasons for the loss of office.

Sonae uses the appropriate judicial means available under Portuguese law in order to comply with Recommendation II.1.5.1 (vii).

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 financial situation and market practice, and does not include any variable remuneration.

The amount of fixed annual remuneration for members of this body in 2011 was as follows:

Member of the Statutory Audit Board	2010*	2011*
Daniel Bessa Fernandes Coelho	10,000	10,100
Arlindo Dias Duarte Silva	8,000	8,100
Jorge Manuel Felizes Morgado	8,000	8,100
Total	26,000	26,300

** Amounts in Euros.*

6.5. Remuneration of the Statutory External Auditor

The remuneration paid to the Official Statutory Auditor and External Auditor, Deloitte & Associados, SROC, SA, by proposal of the Statutory Audit Board, and to other individuals and entities of the same company network, supported by the Company and/or by corporate entities in a control relation with the latter, are as follows, analysed by type of service:

	2010*		2011*	
Statutory Audit	1,834,806	53%	1,064,414	57%
Other Compliance and Assurance Services	582,397	17%	552,295	30%
Tax Consultancy Services	145,180	4%	89,996	5%
Other Services	915,527	26%	155,355	8%
Total	3,477,910	100%	1,862,060	100%

** Amounts in Euros.*

The percentage of audit fees and audit related fees increased 15% in 2011, representing 85% of total fees billed. Other services represent 15% of total fees billed.

Fees for other services in 2011 included:

- General consultancy services provided to several subsidiaries of Sonae Investimentos (6% of total fees) and of Sonae Sierra (2% of total fees).

Additional auditing services were provided by the External Auditor in accordance with the previously defined policy, specifically approved by the Statutory Audit Board, which recognised that the hiring of additional services did not affect the independence of the External Auditor, and were in the general interests of the Company, given the expertise of the service provider, the quality of the services provided in the areas concerned and the supplier's knowledge of the Company and the Group.

As an additional safeguard, the following measures were taken:

- The additional services did not make up more than 30% of the total value of services provided;
- Tax consultancy services and other services were provided by different teams from those involved in the audit work;
- Total annual fees paid in Portugal by Sonae to the Deloitte Group in 2011 represented less than 1% of their total global fees in Portugal.
- The quality system used by Deloitte (internal control), according to the information provided by the Company, monitors the potential risks of a loss of independence and possible conflicts

of interest with Sonae, while also ensuring that the quality of the services provided are in compliance with the rules of ethics and independence.

The Statutory External Auditor sent to the Statutory Audit Board, under the provisions of article 62ºB of Decree-Law 487/99 of November 16 (updated by Decree-Law 224/2008 of November 20), a statement of independence, in which the services rendered by him or by other entities, and the precautionary measures taken, are described. These measures are duly considered by the Statutory Audit Board, whose responsibility it is to give an opinion on their adequacy.

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	2010*	2011*
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 remuneration proposals for directors to the Shareholders' Remuneration Committee. In the case of non-executive directors, these proposals are based on a recommendation by the Chairman, and in the case of executive directors, on a joint recommendation by the Chairman of the Board and the CEO.

Month	Remuneration Cycle
January	Obtain market surveys and benchmarking of remuneration trends and expectations
March	BNRC (Board Nominations and Remuneration Committee) Meeting in mid March: Closing of prior year and preparation for the current year, reviewing: • Annual Appraisal Process • Remuneration Policy Proposal • Proposals for the award of variable remuneration for 2011, including the deferred component • Proposals for fixed remuneration for 2012 • Proposals for variable remuneration target values for performance in 2012 SRC (Shareholders' Remuneration Committee) Meeting later in March, after the BNRC has met: Closing prior year and preparing current year, approving or deciding the following: • Remuneration policy proposal to present to the AGM • Proposals for the award of variable remuneration for 2011, including the deferred component • Proposals for fixed remuneration for 2012 • Proposals for variable remuneration target values for 2012 performance
April	AGM in late April: Shareholders vote on Remuneration Policy proposed by the SRC
May	SRC Meeting in early May: Only if Board membership or responsibility changed at the AGM
June	BNRC Reporting: Update on current year KPIs (If useful)

to October	SRC Meeting: Only if there are any Board membership or responsibility changes
November	BNRC Meeting: • Progress on current year KPIs (if useful) • Review status of Medium Term Variable Remuneration plans and shares retained • Contingency and Succession Planning • Review Nomination Process (if required) • Review BNRC Terms of Reference and Annual Plan for next year • Review Compensation Policy, including MTIP SRC Meeting: Only if there are any Board membership or responsibility changes
December	BNRC Reporting: Update on current year KPIs (If useful) SRC Meeting: Only if there are any Board membership or responsibility 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 Sonae's businesses as going concerns. Risk Management, together with Environmental Management and Social Responsibility, is crucial to sustainable development, in the sense that a better understanding and more effective management of risks contributes 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 involvement of those responsible for the units and functions concerned;
(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 the legal and tax departments.

The operational risk management process is supported by a consistent and systematic methodology, based on international standards[1] that include the following:
(i) Defining and grouping risks (risks dictionary, business risk definition and matrix);
(ii) Systematically identifying the risks that affect the organization (common language);
(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 risk management strategies (e.g. accept, avoid, mitigate, transfer);
(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, Risk Management and Planning and Management Control departments, both at a corporate level and in business units, through especially dedicated teams, which report hierarchically to their respective Boards of Directors.

The Risk Management department's mission is to support group companies reach their business objectives via a systematic and structured approach towards identifying and managing risks and opportunities, while the mission of the Internal Audit function is to identify and evaluate the effectiveness and efficiency of management and control of business processes and information systems risks, reporting functionally to the Statutory Audit Board.

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 function.

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

As at the end of May 2011, the Internal Audit and Risk Management departments of the Corporate Centre were separated, with the aim of strengthening each in their respective processes to better meet the needs of Sonae's businesses in all countries in which the Sonae Group currently operates.

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

7.4. Internal audit and risk management training and development

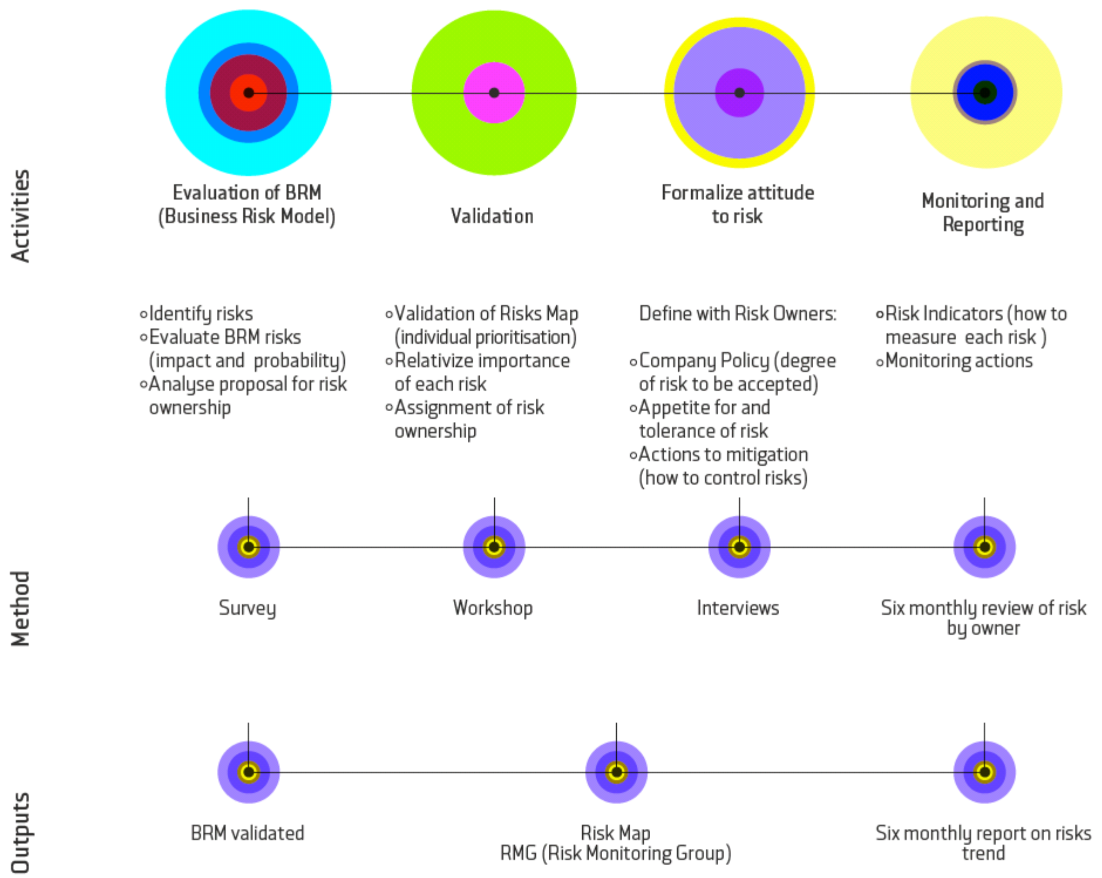
As far as development of the Risk Management and Internal Audit function is concerned, in 2011, Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes promoted by the IIA (The Institute of Internal Auditors) - Certified Internal Auditor (CIA) and Certification in Control Self Assessment (CCSA) – and other certifications in Internal Auditing, 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); CFE (Certified Fraud Examiner); CEH (Certified Ethical Hacker) and CRISC – Certification in Risk and Information Systems Control.

Sonae is one of the organizations with the most certified employees in internal audit and risk management in Portugal. In 2012, 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.

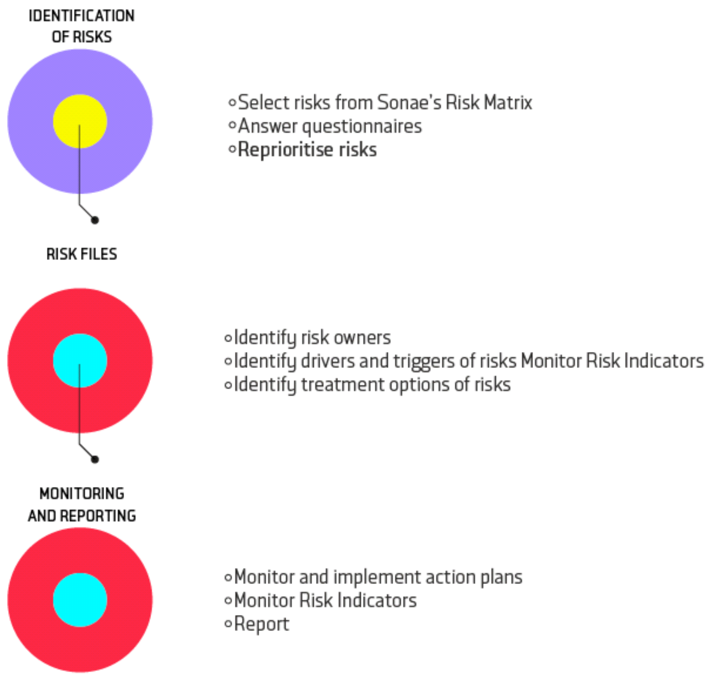
7.5. Actions undertaken in 2011

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 resource plans of business units and functional departments, and monitored throughout the year.

In 2011, 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 order to support this process across the entire Company, an application tool, based on the COSO international standard, was developed internally, which includes the following phases:



7.6. Risks

7.6.1. Economic Risks

Legal and Regulatory

Sonae is obliged to comply with national and international laws and regulations in each of its markets. These aim to ensure: consumer safety and protection, employees' rights, environmental protection and compliance with town and country planning regulations in those business sectors in which Sonae operates, 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's approach is to always work closely with the central and local government authorities in order to comply with laws and regulations. In some cases, this collaboration takes the form of comments to public consultations launched by the Portuguese and international governments. The growing international presence of Sonae's businesses is impacted by specific risks that arise from the differing nature of legal frameworks that exist in each country.

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/services or the improvement of existing ones, in order to always provide its customers with innovative offers.

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 surveyed per year. The introduction of new products, concepts and technologies is always tested using pilot schemes before being implemented globally. The Company also invests significantly each year in the refurbishment of stores, shopping centres, telecommunications networks and information systems, to ensure that they retain their attractiveness for customers, and keep pace with the challenges of technological innovation.

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, attributes and 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. Sonae's brands regularly win prizes in Portugal and internationally that recognise the excellence of its products and services, its business processes and innovations.

Tangible asset risks

In 2011, 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.

Sonaecom's critical infrastructure, in particular its data processing and commutation centres, are regularly evaluated through security audits. Over the years, Sonaecom's data processing centres have been considered to be among the very best in Europe and in various categories, demonstrating its ability to mitigate physical risks and to maintain the resilience of its processing centres.

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 visible 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".

The goal of Health and Safety management at Sonae Sierra is to anticipate and prevent accidents, thus protecting its employees and all relevant stakeholders (visitors, tenants and suppliers).

Sonae Sierra has a "Zero Accidents" policy, underpinned by the implementation of its Corporate Safety, Health and Environmental Management System.

Establishing a Health and Safety culture at Sonae Sierra began in 2004 with the PERSONÆ project, the ultimate aim of which was to disseminate a culture of Health and Safety across the Company. To achieve this, processes and actions had to be implemented that were strictly aligned with the Company's corporate Health and Safety objectives, in order to minimise and control al risks relating to people arising from the activities of Sonae Sierra, both in shopping centres in operation as well as on construction projects in progress. In total, some 5 million Euros were invested and around 70,000 people involved, among employees and tenants of Sonae Sierra in Portugal, Spain, Italy, Germany and Brazil.

The project was completed in 2008 and was the catalyst for the implementation of Sonae Sierra's Safety, Health and Environmental System, which continues to strive towards the same high standards and levels of commitment to minimise people related risks.

These efforts were recognised by Sonae Sierra winning: OHSAS 180101 certification in 2008, the first awarded in Europe to a company in the shopping centre sector; OHS18001 certification for all construction projects begun since 2009; and OHS18001 certification for each of the 29 shopping centres in operation since 2008.

External recognition of Sonae Sierra's efforts was evidenced by the company being a finalist for the *DuPont Safety Award* in 2011, due to the exemplary performance and dedication in building shopping centres that are safer for children. Sonae Sierra was also awarded the European Risk Management Award prize in the category *Most Innovative Use of IT or other Technology* for its inspection system in the Health and Safety area. In recent years, Sonae Sierra has won the *European Risk Management Award 2009 for best training program* and the *DuPont Safety Award for Visible Management Commitment* in 2007.

In 2011, Sonae Sierra reduced the number and severity of work related accidents (per million of hours worked), as well as the work accident frequency rate of its suppliers in shopping centres in operation.

The work accident absenteeism rate (per million hours worked) increased in shopping centres under construction, mainly due to an increase of activity in Brazil. The severity of the accidents was, in general, less than in prior years.

In Sonae's retail business, a project to define the physical safety standards of customers was completed, as a means of implementing action plans to anticipate and mitigate the safety risks relating to customers.

At the end of 2005, Sonae signed up to the *World Safety Declaration*, which committed its businesses to promoting safety at work worldwide. Sonae was one of the founder members, alongside some of the biggest companies in the world.

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 programme, in particular in its Telecommunications unit, in which the Crisis Management Plan was periodically updated and improved with the inclusion of additional procedures with the goal of managing its crisis communications with customers. At the same time, work continued on the implementation of additional measures to strengthen some network platforms, on the improvement of the existing solution for information systems disaster recovery, and on the introduction of improvements in the resilience of the technical support platform in customer service centres. Meanwhile, coordination with official entities continued, including the update and revision of Civil Protection plans, on disaster and accident simulations, as well as involvement in sending comments concerning regulation proposals for safety and the resilience of communications, issued by sector regulators in Portugal and Europe.

Environmental risks

In the area of environmental risks, several environmental certifications have been obtained, audits continued and improvement actions implemented, as part of the process of Environmental Management in the Group's sub holdings.

Sonae Sierra's Environmental, Health and Safety Management System covers these risks for all activities of the company, including the phases of selection, development and management of Shopping Centres.

In 2011, 44 of the 49 shopping centres of Sonae Sierra won ISO 14000 certification, thus enabling it to achieve the following corporate objectives for the period 2002 to 2011:

- Reduction in electricity consumption of 30%
- Increase in the percentage of waste recycled from 19 to 53%
- Improvement in efficiency in the use of water by 12%

For the development phase of shopping centres, 22 ISO14001 certifications were won for construction projects, due to the high quality of environmental procedures followed during construction.

As a result of its superior performance in 2011, Sonae Sierra was considered to be most sustainable private investment fund in Europe and the third most sustainable in the world by the Global Real Estate Sustainability Benchmark Foundation. This internationally recognised ranking rewards the sustainability strategy of Sonae Sierra, and its vision, reflected in the actions taken in the social and environmental areas, as well by as its profitability.

Sonae Investimentos (now Sonae Distribuição) won certification for its corporate Environmental Management System in 2007 according to the ISO 14001 standard through Lloyds Register Quality Assurance. Since then, the environmental management system has been audited each year and it has maintained its certification status. 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 all of the Company's business activities to be appropriately managed.

In addition, Sonae Retail has continued its programme of environmental certification of operational units, closing 2011 with 4 additional premises certified (1 Continente, 1 Modelo BomDia and 2 Worten). At the end of 2011, Sonae Retail had 21 premises certified (3 Continente, 8 Continente Modelo, 2 Continente BomDia, 4 Worten and 3 Warehouses, in addition to the Meat Processing Centre – the first industrial unit to be certified). These certified units serve as an example to all other units.

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. Over the years, it has undertaken a number of actions in the area of energy consumption and carbon emissions, in particular for telecommunications antennae in commutation centres, and in data processing centres, with the goal of improving energy efficiency.

Change Project Risks

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

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, and with the introduction of specific insurance policies for certain locations across the world in order to mitigate the impact and responsibilities to customers due to possible service failures. Sonaecom also proceeded to revise the conditions of its asset insurance programme, achieving a better coverage for catastrophic risks, physical damage and theft from their telecommunications stores.

Food safety risks

At Sonae MC, a programme of food safety audits was implemented and consolidated in stores, warehouses, cafeterias and production centres, the main result of which was to arrive at and report on the main conclusions for the Company in this area and identify corrective actions.
The objective of this auditing programme is to verify systematically compliance with food safety legal standards and internal rules and procedures.
In 2011, around 300 food safety audits were carried out.

Information, Information Systems and Communication 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 2011, audits were carried out on information systems, which support Sonae's critical processes, with the aim of identifying and correcting potential vulnerabilities, which could have a negative impact on the business in terms of information security.

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, made up of representatives in the most relevant business areas from security and information management. Among the most important items in the activity plan prepared for the telecommunications business were: a strengthening of the security rules in the SLDC (Systems Development Life Cycle); the re-engineering of the management process of identities and accesses to software applications (using for this the IAM software application); and the implementation of a monthly reporting dashboard featuring key indicators related to information security risks.

Increasing awareness is a key success factor in strengthening the culture of information security among employees, partners and major stakeholders. In previous years, Sonaecom has launched various initiatives to increase awareness and responsibility, which continued in 2011, including an annual security communication plan (designed using interactive and multimedia resources), a staff induction and welcome programme (which includes topics concerning information security) and the inclusion of clauses about the protection and confidentiality of personal information in employee and partner contracts.

In addition, in the telecommunications business, actions continue to be taken in the areas of fraud management and information security, such as, for example, working with the Portuguese banking system to take actions to increase security and prevent fraud on payments made using home banking, and posting on the Sonaecom and Optimus websites a Customer Educational and Awareness Programme, both 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.

7.6.2. 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. Financial risks are described in greater detail in Note 3 to the Financial Statements.

In view of 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.

The Group is also exposed to debt and equity market fluctuations.

During 2011, and in order to minimize potential adverse effects of the volatility of financial markets, the Sonae businesses sometimes use derivative instruments to cover these kinds of risk, in addition to policies to manage each of the risks, and the implementation of control mechanisms to identify and determine 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.

Risk 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 they do not affect Sonae's ability to achieve its strategic objectives.

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

7.6.3. 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 specialised 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

Sonae's Board of Directors commits to ensuring that an effective internal control environment, particularly as far as financial reporting is concerned, exists, and seeks to identify and improve critical processes to prepare and report financial information, in order to provide transparency, consistency, simplicity and materiality. The objective of the internal control system is to obtain reasonable assurance that financial statements are prepared in compliance with the accounting principles and policies used, and to the necessary standards of quality.

The accuracy of financial information is assured by both the clear segregation of duties between those who prepare and those who use it, and by carrying out a number of 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 the following key controls:

- The process of reporting financial information is documented, and the risks and related controls are identified. The criteria used in the process of preparing and reporting financial information are established and periodically reviewed;
- There are three main kinds of controls: High level controls (entity level controls), information system controls and process controls. These include a number of procedures related to the execution, supervision, monitoring and improvement of processes, with the goal of preparing the Company's financial reporting;
- The use of the accounting principles described in the notes to the financial statements (Note 2) is one of the cornerstones of the internal control system;
- The plans, procedures and book keeping of the Group allow a reasonable assurance that the transactions are executed based on the general or specific authorization of management, and that they are recorded so as to ensure that the financial statements are in compliance with generally accepted accounting principles. These also ensure that the Company maintains a proper record of its assets and that the asset record is checked against a physical inventory of these assets, with appropriate measures taken to resolve any discrepancies between the two;
- The financial information is reviewed regularly and systematically by the management of each business unit and by those responsible for profit centers, ensuring continuous monitoring and budgetary control;
- During the process of preparing and reviewing financial information, a detailed timetable is established beforehand and shared with the different areas involved, and all documents are reviewed in detail. This includes a review of the principles used, checking the accuracy of the information produced and its consistency with principles and policies defined and used in previous periods;
- As far as individual companies are concerned, the accounting records and the financial statements are prepared by their administrative and accounting service departments, which ensure control over the recording of transactions by business processes and of assets, liability and equity accounts. The financial statements are prepared by qualified accountants in each company and reviewed by the Management 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 constitutes an additional control on the reliability of the financial information, in particular by ensuring that accounting principles, cut off procedures and controls over intercompany transactions and balances are applied consistently;
- The Management Report of the Board of Directors is prepared by the Investors Relations department but receives contributions from and is reviewed by various business and support departments. The Corporate Governance Report is prepared by the Corporate Governance and Legal department;
- The Group financial statements are prepared under the supervision of the Group's Executive

Committee. The set of documents making up the Annual Management Report and Accounts are sent for review and approval by Sonae's Board of Directors. After approval, the documents are sent to the External Auditor who issues the Statutory Audit Report;

- The process of preparing individual Company and consolidated financial information, and the Report of the Board of Directors, is supervised by the Statutory Audit Board and by the Board Finance and Audit Committee of the Board of Directors. Every quarter, these bodies meet and review the individual and consolidated financial statements, and the Board of Directors' Report. The statutory auditor presents directly to the Statutory Audit Board and to the Board Finance and Audit Committee a summary of the main conclusions of the work performed;
- All those who are involved in the process of analysing the Company's financial information are part of a group of people with access to confidential information, and special attention is taken to inform them about their duties and responsibilities in this respect, as well as on possible penalties that may result from unauthorised or inappropriate use of such information;
- The goal of the internal rules applicable to the disclosure of financial information is to ensure that this information is disclosed in a timely manner and prevent information asymmetry in the financial markets.

Among the risks that may materially affect the financial and accounts reporting, we highlight the following:

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

More specific information is available in the notes to the financial statements as to how the above and other risks were mitigated.

Sonae takes a range of actions to continuously improve the system of internal control of financial risks, which include:

- Improvement in the documentation of controls – following actions taken in 2011, Sonae will continue, during 2012, to improve the documentation and systematization of risks and internal control systems related to the preparation of financial information. These actions include the identification of the causes of risk and materially significant processes, the documentation of controls and the analysis of residual risk after the execution and implementation of the potential control improvements;
- Compliance analysis – the Legal and Corporate Governance department working with the Administrative, Investor Relations and Internal Audit and Risk Management departments, and, when necessary, with other departments, coordinate the periodic analysis of compliance with legal requirements and regulations in relation to governance processes and financial information that are reported upon in the Report of the Board of Directors and the Corporate Governance Report.

8 Whistle blowing procedures

Sonae's values and principles are widely spread and rooted in its employee culture, and 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 of diligence and confidentiality in dealings with third parties. The Company's values and principles can be consulted on the Sonae Holding page at - www.sonae.pt

Code of Conduct

In 2009, the Board of Directors approved a Code of Conduct (available on the Company's website at www.sonae.pt), which, in accordance with Sonae's principles and values, establishes rules of conduct to be complied with by its directors and employees when carrying out their duties across the various business units of the Company.

The Code Conduct is under a revision process to be concluded in 2012.

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 a policy and procedures for internal whistle blowing in order to efficiently and fairly deal with alleged irregularities reported, including:

(i) The communication of any alleged irregularity by any employee of Sonae should be done 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.

Irregularities reported directly to the Statutory Audit Board are sent to its Chairman.

Sonae's whistle blowing policy is part of its Code of Conduct which can be found on Sonae's Internet site at www.sonae.pt

Ombudsman

The Company provides employees, customers 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 2011, the Ombudsman received 3,444 complaints (2,483 in 2010), mainly from customers (93% of total complaints received). The average response time was 13 (14 in 2010) 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 2011 and based on notifications received, shares held by entities with qualified shareholdings (in excess of 2% of the share capital) made up more than 70% of Sonae's share capital, as shown in the following table (which also includes the shareholdings attributable under the terms set forth in article 20 of the Portuguese Securities Code):

SHAREHOLDER	Date of the last notification	# SHARES	% SHARE CAPITAL
Efanor Investimentos	19.12.2011	1,061,532,575	53.1%
Banco BPI	16.11.2007	178,039,855	8.9%
Bestinver	26.08.2011	100,022,798	5.0%
Fundação Berardo	14.02.2006	49,849,514	2.5%
Norges Bank	19.10.2010	40,100,985	2.0%

Sonae has a diverse shareholder structure. It is estimated that there are over 32,000 holders of the Company's shares, according to the most recent information available from Interbolsa.

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 occur 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, NYSE, Euronext Lisbon, and are included in several indices, including the PSI 20, with a weighting of around 2.1% and the Next 150, with a weighting of around 0.6%, as at the end of December 2011.

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

	2009	2010	2011
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
PRICES			
YEAR CLOSE	0.87	0.78	0.46
YEAR HIGH	0.98	0.95	0.85
YEAR LOW	0.43	0.68	0.42
AVERAGE TRADING VOLUME PER DAY (SHARES)	7,861,992	4,525,057	2,258,026
AVERAGE TRADING VOLUME PER DAY (EUROS)	5,644,343	3,751,604	1,533,960
MARKET CAP. AS AT 31-DEC (MILLION EUROS)	1,740	1,560	918

Sonae shares ended the year quoted at 0.459 euro, reflecting a nominal fall of 41% during the year, compared to an approximate 28% fall in the reference index of the Portuguese Stock Market – the PSI 20. There was also a fall in the number of transactions that took place on stock exchanges, with the volume of Sonae share transactions falling to an average of around 2.3 million shares per day.

During the year 2011, the main events with a possible impact on Sonae's share price were as follows:

(i) 26 January: communication of preliminary retail business sales for the year 2010;
(ii) 15 March: communication of sale and leaseback transaction for 2 stores in the Centro Vasco de Gama;
(iii) 16 March: communication of results for the year 2010;
(iv) 15 April: announcement of partnership agreement for the set up of a retail operation in Angola;
(v) 27 April: information concerning decisions taken at the Annual Shareholders' General Meeting, including the approval of a dividend payment of 0.0331 Euros per share as a net dividend relating to 2010 earnings;
(vi) 24 May: communication of results for the first quarter of 2011;
(vii) 20 June: announcement concerning Sonae's entry into the Turkish market with the opening of the first Zippy store in the country;
(viii) 23 August: communication of results for the first half of the year;
(ix) 22 November: communication of results for the first nine months of the year 2011;
(x) 19 December: announcement of an agreement concerning international financing by Sonae Investimentos of 75 million Euros.

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.

	2009(1)	2010(1)	2011(1)
GROSS DIVIDEND PER SHARE (EUROS)	0.0300	0.0315	0.0331
DIVIDEND DISTRIBUTED (MILLION EUROS)	60	63	66
DIVIDEND YIELD (%)(2)	6.9%	3.6%	4.2%
PAYOUT RATIO (%)(3)	37.7%	36.9%	34.4%

(1) Year when the dividend is distributed; (2) Dividend yield = Dividend distributed / closing price as at 31 December;
(3) Payout ratio = Dividend distributed /consolidated direct net profits attributable to the equity holders of Sonae.

In 2011, the Company registered negative results in the amount of 63,517,228.97 Euros.

Taking into account the defined divided policy, the financial position of the Sonae Group and the large margin of distributable reserves which guarantee compliance with article 32 of the Portuguese Companies Act, the Board of Directors will propose to the Shareholders' General Meeting a gross dividend per share of 0.0331 Euro, an amount equivalent to the dividend paid out in the previous financial year. This dividend corresponds to a dividend yield of 7.2% on the closing price as at 31 December 2011 and to a payout ratio of 51% of the consolidated direct net income 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.

The transactions performed with either of the above mentioned entities, were executed in normal market conditions and were evaluated by the Statutory Audit Board. The Company did not execute any transaction with any member of the management or audit bodies, during 2011.

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.

In addition to the existence of the Investors Relations Department, all 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 of the investor relations department, as well as their contact details;
- The Company's share performance 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:
António Castro
Investor Relations Manager
Tel: (+351) 22 010 4794
Fax: (+351) 22 948 77 22
Email: investor.relations@sonae.pt / antonio.gcastro@sonae.pt
Address: Lugar do Espido Via Norte 4471-909 Maia Portugal
Site: www.sonae.pt

The Legal Representative for Relations with the Capital Markets is Luzia Leonor Borges e Gomes Ferreira, who can be contacted at:
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 Sonae (Sonae – Sociedade Nacional de Estratificados, S.A.R.L.)
1967-1983	General Manager and Chief Executive of Sonae (Sonae – Sociedade Nacional de Estratificados, S.A.R.L.)
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
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
2008-2011	Chairman of the General Council of EGP - University of Oporto Business School
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 July 2011	Chairman of EGP-UPBS

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
2004-2009	Member of International Advisory Board of Eurohypo
2005-2008	Trustee of the International Council of Shopping Centres
2008	Fellow of the Royal Institute of Chartered Surveyors

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
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 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

Since 2004	Editor in Chief of Universia Business Review
Since 2006	Member of the Board of Directors of Bolsas y Mercados Españoles
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)

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
1981-1986	Member of the Directive Council, Faculty of Economics, New University of Lisbon
1986-1989	Visiting Professor, Portuguese Catholic University
1987-1989	Visiting Professor, Bentley College
1988	Visiting Professor, ISEE
1990-1996	Dean, MBA Program and Executive Program, Faculty of Economics, New University of Lisbon
1992-1994	Member of the Board of Directors, BPA

1994-2002	Member of the Management Board of the Deposit Guarantee Fund
1999-2002	Dean, Faculty of Economics, New University of Lisbon
1999-2004	Member of the Global Advisory Board of Sonae - SGPS, SA
2003-2006	Member of the Board, Chairman of the Audit Committee of EDP
2003-2006	Strategy Advisory Board of PT
2003-2007	Member of the Remuneration Committee of Sonae SGPS, SA
2003-2010	Member of the Investment Committee of Fundo Caravela
1981-Present	Professor, Faculty of Economics, New University of Lisbon

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
2002-2005	Non Executive Director George Wimpey, plc
2003-2011	Non Executive Director (Nomination and Remuneration Committee Member) of Sobeys Inc, Canada
2005-2006	Non Executive Director Fairmont Hotels Inc
2006-2007	Retail Consultant PwC Transaction Services
Since 2003	Director of Christine Cross Ltd (retail independent consultancy firm)
Since 2005	Non Executive Director (Audit, Nominations and Remunerations Committee member) Next plc

Since 2006	Retail Advisor to Apax Private Equity
Since 2006	Retail Advisor to Warburg Pincus Private Equity
Since 2010	Chief Retail 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-April 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 2006	Member of the Founding Members Board of Casa da Música
Since 2008	Member of the European Round Table of Industrialists (ERT)
Since 2009	Member of the Board of Curators of AEP - Portuguese Entrepreneurship Association

Since 2009	Chairman of the Board of Curators of Oporto University

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, Sonae Investimentos, SGPS, SA and MDS, SGPS, 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
Since 2008	Non-Executive Director of Sonaecom, 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 2005 - 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 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
Member of the International Advisory Board of Allianz AG
Member of European Advisory Board of Harvard Business School
Founding Member and Chairman of the Board of the Founders Council of the Manufacture Portugal Forum
Chairman of EGP-UPBS

Álvaro Carmona e Costa Portela

Offices held in other companies within Sonae:

Member of de Board of Directors of Sonaerp – Retail Properties, SA

Offices held in other entities outside Sonae:

Member of de Board of Directors of Sonae Turismo, SGPS, SA
Executive Director of Sonae Capital, SGPS, SA
Member of de Board of Directors of SC, SGPS, SA
Member of de Board of Directors of Spred, SGPS, SA
Chairman 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 COPAM – Companhia Portuguesa de Amidos, SA
Director of Portela & Portela, Lda
Member of Investment Committee of ECE European Prime Shopping Centre Fund, Hamburg, Germany
Investment Advisory Committee of PanEuropean Property Limited Partnership, London, UK
Trustee of ULI – Urban Land Institute, Washington DC, EUA

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 Privatization Advisory Committee of the Spanish Goverment
Editor in Chief of Universia Business Review

Member of the Board of Directors of Bolsas y Mercados Españoles
Dean of the Financial Studies School (CUNEF) at Madrid University

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 Lafarge
Member of the Board of Directors of Sonepar
Senior Advisor to Vermeer (Investment Fund)
Director of Institut Pierre Mendès France
Director of the French American Foundation
Director of Transparency International (France)
Chairman of the Supervisory Board of Editions du Cerf
Chairman of the Supervisory Board of Devoteam
Senior Advisor to Roland Berger
Chairman of Fondation Nationale pour l'Enseignement de la Gestion des Entreprises

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 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

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
Member of the Supervisory Board Spar Österreichische Warenhandelsgesellschaft AG, Salzburg AU
Vice Chairman of the Supervisory Board H & E Reinert Group, Versmold
Member of the Supervisory Board of Basler Fashion Holding GmbH, Goldbach D
Member of the Supervisory Board of Tomra Systems ASA, Asker Norway

Christine Cross

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

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

Director of Christine Cross Ltd – Independent Advisory Retail

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

Chairman of Sonae MC – Modelo Continente, SGPS, SA

Chairman of Sonaerp - Retail Properties,SA

Chairman of Sonae - Specialised Retail, SGPS,SA

Chairman of Sonaecom, SGPS, SA

Chairman of Sonae Sierra, SGPS, SA

Chairman of MDS, SGPS, SA

Offices held in other entities outside Sonae:

Chairman of Migracom, SGPS, SA

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

Executive Director of Imparfin, SGPS, S.A.

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

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

Member of the Founding Members Board of Casa da Música

Member of the European Round Table of Industrialists (ERT)

Member of the Board of Curators of AEP – Portuguese Entrepreneurship Association

Chairman of the Board of Curators of Oporto University

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 Sonaecom – Serviços Partilhados, 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

Chairman of PCJ – Público, Comunicação e Jornalismo, SA

Chairman of Sontária – Empreendimentos Imobiliários, SA
Vice-Chairman of Sonaerp- Retail Properties,SA
Vice- Chairman of Sonae – Specialised Retail, SGPS,SA
Vice-Chairman of Sonae MC – Modelo Continente, SGPS, SA
Member of the Board of Directors of Sonae Investimentos – SGPS, SA
Member of the Board of Directors of Sonae Center Serviços II, SA
Member of the Board of Directors of MDS, SGPS, SA
Member of the Board of Directors of Sonae Investments, BV
Member of the Board of Directors of Sontel BV
Member of the Board of Directors of Sonaecom BV
Non-Executive Director of Sonae Sierra, SGPS, SA
Non-Executive Director of Cooper Gay (Holdings) Limited

Offices held in other entities outside Sonae:

Chairman of the Board of the Shareholders' General Meeting of APGEI (Portuguese Association of Industrial 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

<u>Nuno Manuel Moniz Trigoso Jordão</u>

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
Non Executive Director of Sonaecom, SGPS, SA

Offices held in other entities outside Sonae:

None

2. Statutory Audit Board

2.1 Qualifications and experience of the members

<u>Daniel Bessa Fernandes Coelho</u>

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 2008-2009 2009	- EGP – Oporto Management School - EGP – University of Porto Business School - 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
1997-2008	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
Since 2000	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
2001-2011	Executive Director of Finibanco Holding, SGPS, SA
Since 2003	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)
2007-2011	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 – Portuguese Venture Capital Initiative, entity created by FEI – European Investment Fund
2011-2012	Member of the Supervisory Board of Banco Comercial Português, SA

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
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
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.

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	Partner of Horwarth Parsus – Consultoria e Gestão, Lda
Since 2004	External Auditor at several national and international companies and consultant to several companies

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:
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
Member of the Supervisory Board of do BCP – Banco Comercial Português, SA (until February 2012)
Chairman of the Consultive Committee of IGFCSS – Portuguese Institute for Welfare Funds Management
Director of Bial Foundation

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 Associação Cultural do Senhor do Padrão

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 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 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 Euroviga – Préfabricados, SA
External Auditor at Write UP, SA
External Auditor at Strong Management, SA
External Auditor at Fundação Universidade do Porto
Partner da Horwath Parsus – Consultoria e Gestão, Lda

Appendix II

CMVM Regulation no. 1/2010	Report References
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

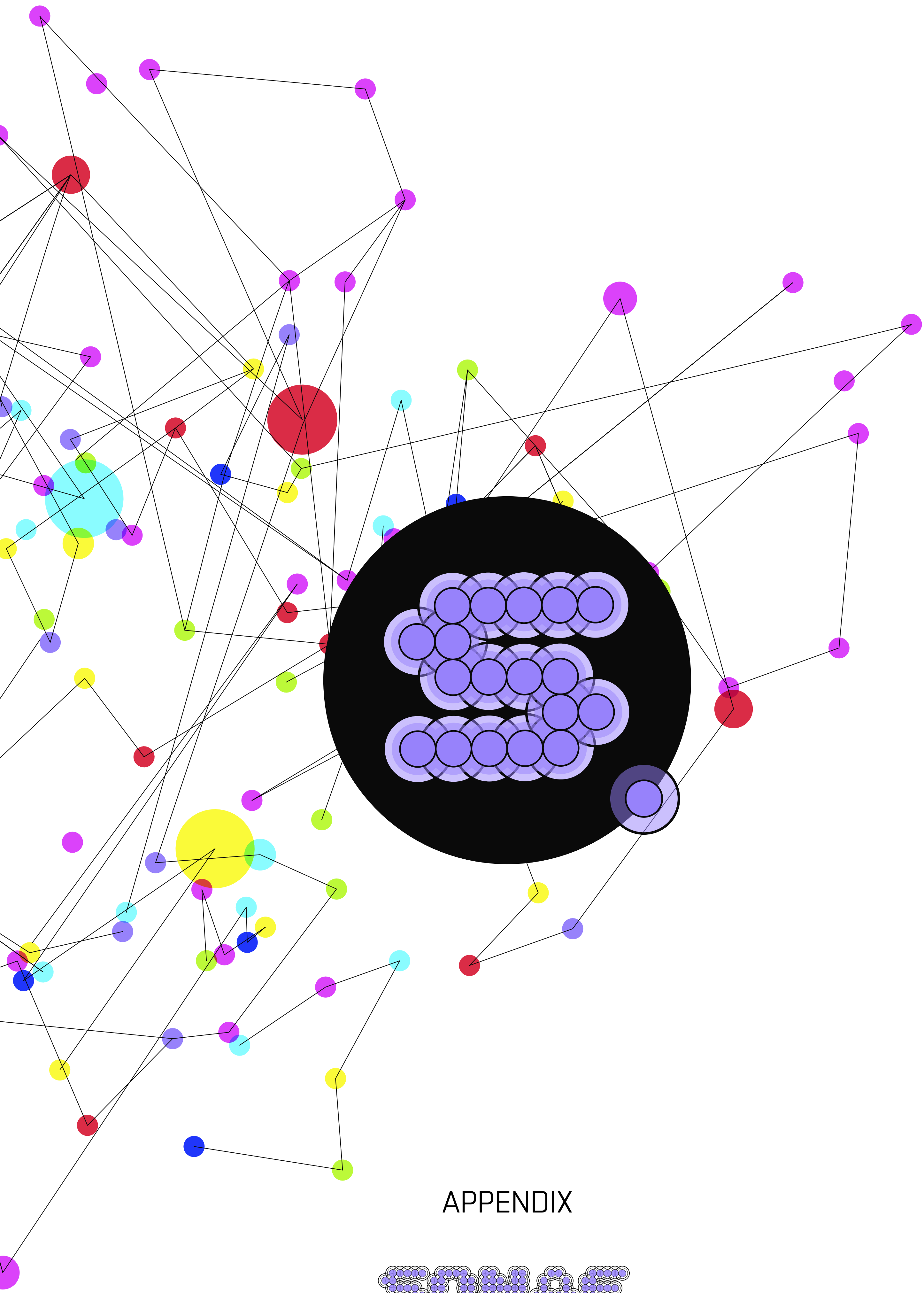
I.18. Information of the intervention by the General Meeting on matters concerning the approval of the main features of the retirement benefit system as enjoyed by the members of the Board of Directors, Supervisory Board and other Directors, within the meaning of Article 248-B/3 of the Securities Code.	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	6

have a relevant impact on the risk profile of the company and whose remuneration contains an important variable component.	
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; q) Mechanisms for preventing executive directors from having employment contracts that question the grounds of the variable remuneration.	6.3
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	2.3.1 and 2.3.2

candidates with the professional profile fitting the member position.	
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	4.1.1 and 9.12

of the Securities Code.	
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.	4.2.2. and 4.2.3



APPENDIX

IMPROVING LIFE

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

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, as adopted by the European Union, giving a fair and appropriate image, in all material respects, 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 Management Report 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, 12 March 2012

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Belmiro Mendes de Azevedo, Chairman

____

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 31.12.2011
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
Belmiro Mendes de Azevedo (*) (**)						
Efanor Investimentos, SGPS, SA (1)						49,999,996
Sonaecom, SGPS, SA (9)						75,537
Álvaro Carmona e Costa Portela (*)						
Sonae, SGPS, SA (3)						125,934
Sonaecom, SGPS, SA (9)						5,000
Ângelo Gabriel Ribeirinho dos Santos Paupério (*)						
Sonae, SGPS, SA (3)						355,233
Shares attributed under a Share Based Compensation Plan	10.03.2011	105,233	0.000			
Sonaecom, SGPS, SA (9)						292,086
Shares attributed under a Share Based Compensation Plan	10.03.2011	67,086	0.000			
Duarte Paulo Teixeira de Azevedo (*) (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (4)						1,969,996
Sonae, SGPS, SA (3)						3,293 (a)
Shares attributed under a Share Based Compensation Plan	10.03.2011	355,103	0.000			
Sale	20.05.2011			355,103	0.828	
Michel Marie Bon (*)						
Sonae, SGPS, SA (3)						221,000
Purchase	11.05.2011	21,637	0.849			
Maria Margarida Carvalhais Teixeira de Azevedo (**) (***)						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						14,901
Maria Cláudia Teixeira de Azevedo (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						0
Shares attributed under a Share Based Compensation Plan	10.03.2011	21,549	0.000			
Sale	20.05.2011			21,549	0.828	
Linhacom, SGPS, SA (6)						99,996
Sonaecom, SGPS, SA (9)						170 (b)
Shares attributed under a Share Based Compensation Plan	10.03.2011	21,369	0.000			
Sale	20.05.2011			21,369	1.600	
Nuno Teixeira de Azevedo (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						10,500 (a)

	Date	Additions		Reductions		Balance as of 31.12.2011
		Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA (3)						122,400,000
Sale	29.04.2011			585,250,000	0.811	
Purchase	13.07.2011	30,000,000	0.677			
Purchase	12.10.2011	16,000,000	0.529			
Purchase	13.12.2011	2,000,000	0.473			
Pareuro, BV (2)						2,000,000
Sonaecom, SGPS, SA (9)						1,000
(2) Pareuro, BV						
Sonae, SGPS, SA (3)						937,250,000
Purchase	29.04.2011	585,250,000	0.811			
Sale	13.07.2011			30,000,000	0.677	
Sale	12.10.2011			16,000,000	0.529	
Sale	13.12.2011			2,000,000	0.473	
(3)Sonae, SGPS, SA						
Sonae Investments, BV						2,894,000
Capital increase	09.09.2011	894,000	319.575			
Sontel, BV (8)						32,745
Capital increase	09.09.2011	28,459	7,530.120			
Sonaecom, SGPS, SA (9)						650,000
Sale	29.04.2011			188,649	1.537	
(4) Migracom, SGPS, SA						
Sonae, SGPS, SA (3)						1,840,103
Purchase	20.05.2011	355,103	0.828			
Sonaecom, SGPS, SA (9)						387,342
Imparfin, SGPS, SA (5)						150,000
(5) Imparfin, SGPS, SA						
Sonae, SGPS, SA (3)						4,105,280
(6) Linhacom, SGPS, SA						
Sonae, SGPS, SA (3)						390,430
Purchase	20.05.2011	21,549	0.828			
Sonaecom, SGPS, SA (9)						71,231
Purchase	20.05.2011	21,369	1.600			
Imparfin, SGPS, SA (5)						150,000
(7) Sonae Investments BV						
Sontel BV (8)						43,655
Capital increase	09.09.2011	37,941	7,530.120			
Sonaecom, SGPS, SA (9)						0
Sale	29.04.2011			10,500,000	1.537	
(8) Sontel BV						
Sonaecom, SGPS, SA (9)						194,063,119
Purchase	29.04.2011	10,688,649	1.537			
(9) Sonaecom SGPS, SA						
Sonaecom, SGPS, SA (own shares)						9,045,200
Sale to employees	10.03.2011			1,473,520	0.14575	
Shares attributed under a Share Based Compensation Plan				277,030	0.000	
Purchase	10.03.2011	27,000	1.472			
Purchase	11.03.2011	240,000	1.453			
Purchase	14.03.2011	169,000	1.441			
Purchase	15.03.2011	278,000	1.406			
Purchase	16.03.2011	55,000	1.402			
Purchase	17.03.2011	109,000	1.404			
Purchase	18.03.2011	93,500	1.414			
Purchase	21.03.2011	171,500	1.425			
Purchase	22.03.2011	410,000	1.442			
Sale to employees	22.06.2011			13,607	0.156	

(*) 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 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.
The member of the Statutory Audit Board, Prof. Daniel Bessa is also a member of the Supervisory Board of Banco Comercial Português, SA, who, at 30th December 2011, held 206,692 shares, representing 0.0103% in the share capital.

Article 448 of the Portuguese Companies Act

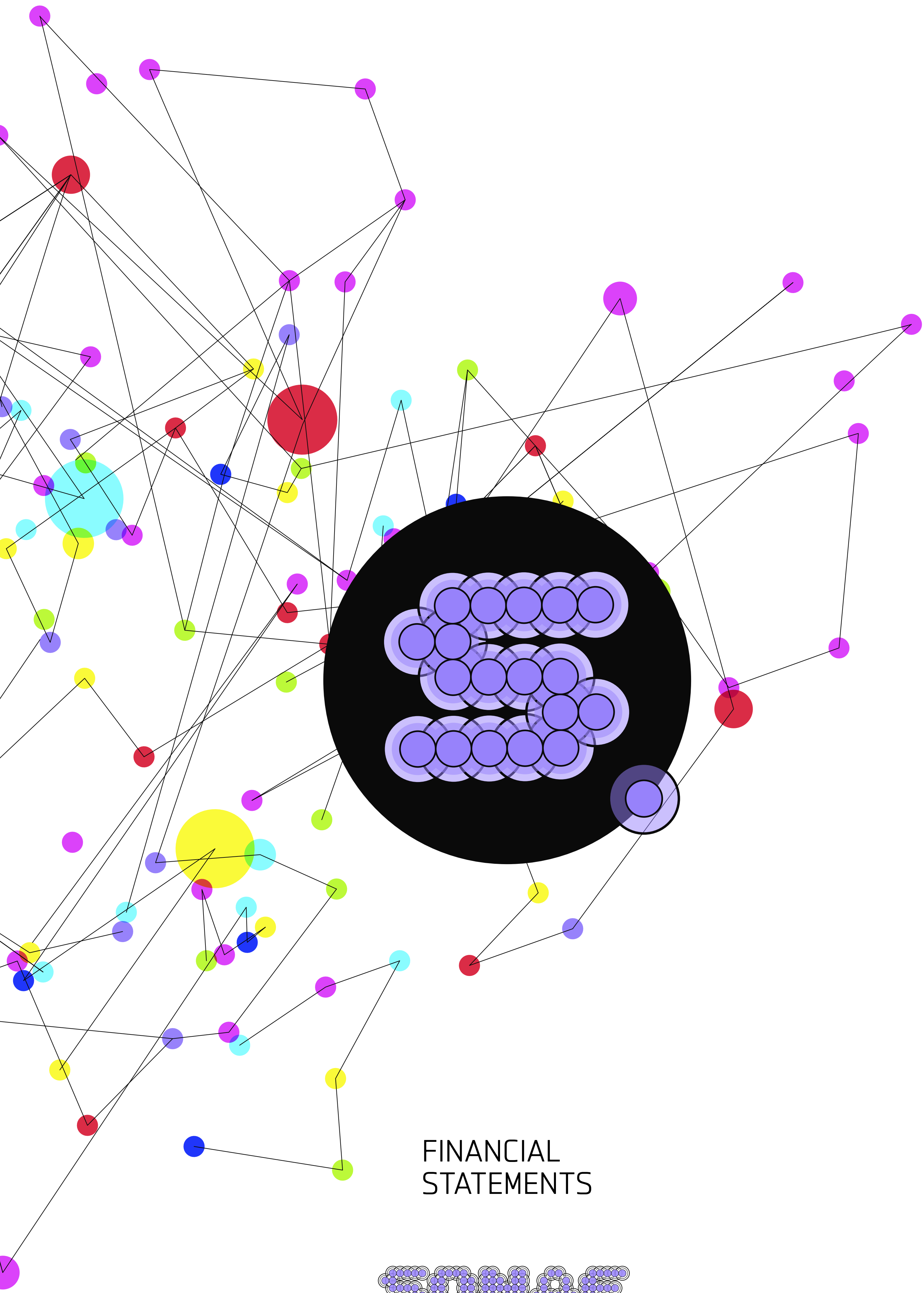
Number of shares held by shareholders owning more than 10%, 33% and 50% of the Sonae SGPS, SA share capital:

	Number of shares held as of 31.December.2011
Efanor Investimentos, SGPS, SA	
Sonae, SGPS, SA	122,400,000
Pareuro, BV	2,000,000
Pareuro, BV	
Sonae, SGPS, SA	937,250,000

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	122,400,000	6.120%	6.120%
By Pareuro, BV (controlled by Efanor)	937,250,000	46.863%	46.863%
By Maria Margarida CarvalhaisTeixeira de Azevedo (Director of Efanor)	14,901	0.001%	0.001%
By Duarte Paulo Teixeira de Azevedo (Director of Efanor and held by descendent)	3,293	0.000%	0.000%
By 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)	1,840,103	0.092%	0.092%
By Linhacom, SGPS, SA (company controlled by Efanor's Director Maria Cláudia Teixeira de Azevedo)	390,430	0.020%	0.020%
Total attributable to Efanor Investimentos, SGPS, SA	1,061,909,227	53.095%	53.095%
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.	32,573,924	1.629%	1.629%
Bestinfond, F.I.	29,137,681	1.457%	1.457%
Bestinver Global, FP	7,840,416	0.392%	0.392%
Bestinver Hedge Value Fund Fil	6,370,597	0.319%	0.319%
Bestinver Mixto, F.I.	5,340,912	0.267%	0.267%
Soixa Sicav	5,078,535	0.254%	0.254%
Bestinver Bestvalue Sicav	4,811,444	0.241%	0.241%
Bestinver Ahorro, FP	4,604,568	0.230%	0.230%
Texrenta Inversiones Sicav	1,428,302	0.071%	0.071%
Bestinver Value Investor Sicav	1,288,233	0.064%	0.064%
Bestinver Renta, F.I.	705,438	0.035%	0.035%
Divalsa de Inversiones Sicav, SA	228,503	0.011%	0.011%
Bestinver Prevision, FP	189,711	0.009%	0.009%
Bestinver Empleo, FP	176,376	0.009%	0.009%
Linker Inversiones, Sicav, SA	140,643	0.007%	0.007%
Sumeque Capital, Sicav	89,777	0.004%	0.004%
Bestinver Empleo II, FP	9,951	0.000%	0.000%
Bestvalue, FI	7,787	0.000%	0.000%
Total attributable to Bestinver Gestión, S.A. SGIIC	100,022,798	5.001%	5.001%
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%



FINANCIAL STATEMENTS

IMPROVING LIFE

CONSOLIDATED FINANCIAL STATEMENTS

SONAE
IMPROVING LIFE

SONAE, SGPS, SA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIODS ENDED AT 31 DECEMBER 2011 AND 2010

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

(Amounts expressed in euro)

	Notes	31 December 2011	31 December 2010
NON-CURRENT ASSETS:			
Tangible assets	10	2,677,596,381	2,721,492,972
Intangible assets	11	564,999,957	460,368,523
Investment properties	12	1,551,591,156	1,631,435,084
Investment properties in progress	12	128,268,112	101,770,512
Goodwill	13	728,060,436	740,738,759
Investments in associates	6	66,490,915	70,031,466
Other investments	7,9 and 14	41,085,194	43,468,060
Deferred tax assets	21	237,451,394	220,721,455
Other non-current assets	9 and 15	54,853,477	55,699,300
Total Non-Current Assets		6,050,397,022	6,045,726,131
CURRENT ASSETS:			
Inventories	16	650,752,998	682,103,957
Trade account receivables	9 and 17	190,799,045	187,215,679
Other debtors	9 and 18	95,238,915	147,909,201
Taxes recoverable	19	116,857,222	96,469,674
Other current assets	20	133,856,390	119,643,440
Investments	9 and 14	5,861,218	15,653,114
Cash and cash equivalents	9 and 22	496,231,864	247,592,050
Total Current Assets		1,689,597,652	1,496,587,115
Assets available for sale		720,338	9,500,686
TOTAL ASSETS		7,740,715,012	7,551,813,932
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	23	2,000,000,000	2,000,000,000
Own shares	23	(131,895,330)	(135,679,489)
Legal reserve		187,137,648	167,816,034
Reserves and retained earnings		(801,827,083)	(862,603,929)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		103,429,779	167,940,582
Equity attributable to the equity holders of the Parent Company		1,356,845,014	1,337,473,198
Equity attributable to non-controlling interests	24	608,126,036	524,088,940
TOTAL EQUITY		1,964,971,050	1,861,562,138
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	9 and 25	1,098,944,307	1,127,675,560
Bonds	9 and 25	1,386,872,500	1,651,984,347
Obligation under finance leases	9 and 26	30,516,314	26,468,295
Other loans	9 and 25	35,439,522	33,822,571
Other non-current liabilities	9 and 28	158,483,805	181,359,120
Deferred tax liabilities	21	382,609,963	371,308,829
Provisions	33	91,229,507	62,823,444
Total Non-Current Liabilities		3,184,095,918	3,455,442,166
CURRENT LIABILITIES:			
Loans	9 and 25	271,242,900	164,752,318
Bonds	9 and 25	365,798,809	89,500,420
Obligation under finance leases	9 and 26	7,178,342	4,932,664
Other loans	9 and 25	76,210	5,278,846
Trade creditors	9 and 30	1,260,755,136	1,264,689,283
Other creditors	9 and 31	166,084,291	190,291,337
Taxes and contributions payable	19	79,895,288	108,704,088
Other current liabilities	32	437,345,757	403,922,444
Provisions	33	3,271,311	2,738,228
Total Current Liabilities		2,591,648,044	2,234,809,628
TOTAL LIABILITIES		5,775,743,962	5,690,251,794
TOTAL EQUITY AND LIABILITIES		7,740,715,012	7,551,813,932

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE, SGPS, SA

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

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

(Amounts expressed in euro)

	Notes	31 December 2011	31 December 2010 (Note 1)
Sales	36	4,677,553,223	4,768,834,447
Services rendered	36	1,060,600,768	1,076,452,124
Value created on investment properties	37	(18,932,562)	10,440,036
Investment income	38	(58,319)	14,163,134
Financial income	39	24,353,336	13,637,893
Other income	40	481,817,828	477,195,702
Cost of goods sold and materials consumed	16	(3,627,853,592)	(3,692,492,134)
Changes in stocks of finished goods and work in progress		688,948	115,278
External supplies and services	41	(1,107,652,423)	(1,115,574,483)
Staff costs	42	(711,949,603)	(693,088,421)
Depreciation and amortisation	10 and 11	(311,730,714)	(297,083,607)
Provisions and impairment losses	33	(56,504,634)	(39,636,907)
Financial expense	39	(133,583,238)	(121,014,028)
Other expenses	43	(91,250,308)	(100,110,493)
Share of results of associated undertakings	6	(9,902,057)	(3,817,125)
Profit/(Loss) before taxation		175,596,653	298,021,416
Taxation	44	(36,781,076)	(98,554,823)
Profit/(Loss) after taxation		138,815,577	199,466,593
Attributable to:			
Equity holders of the Parent Company		103,429,779	167,940,582
Non-controlling interests	24	35,385,798	31,526,011
Profit/(Loss) per share			
Basic	46	0.055244	0.089831
Diluted	46	0.054989	0.089457

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE, SGPS, SA

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

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

(Amounts expressed in euro)

	31 December 2011	31 December 2010
Net Profit / (Loss) for the period	138,815,577	199,466,593
Exchange differences arising on translation of foreign operations	(22,615,448)	24,458,447
Participation in other comprehensive income (net of tax) related to associated companies included in consolidation by the equity method	3,408,587	(3,808,332)
Changes on fair value of available-for-sale financial assets (Note 7)	(2,324,000)	(6,972,000)
Changes in hedge and fair value reserves	4,545,943	4,648,414
Deferred related to changes in fair values reserves	(740,622)	(1,784,488)
Others	66,398	(966,285)
Other comprehensive income for the period	(17,659,142)	15,575,756
Total comprehensive income for the period	121,156,435	215,042,349
Attributable to:		
Equity holders of parent company	92,278,102	180,197,425
Non controlling interests	28,878,333	34,844,924

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE, SGPS, SA

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED 31 DECEMBER 2011 AND 2010

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

(Amounts expressed in euro)

	Attributable to Equity Holders of Parent Company											
				Reserves and Retained Earnings								
	Share Capital	Own Shares	Legal Reserve	Currency Translation Reserve	Hedging Reserve	Investments Fair Value Reserve	Other Reserves and Retained	Total	Net Profit/(Loss)	Total	Non controlling Interests (Note 24)	Total Equity
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)	(896,913,017)	93,760,817	1,223,165,520	477,968,755	1,701,134,275
Total compreensive income for the period	-	-	-	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	89,174,364	(93,760,817)	-	-	-
Dividends distributed	-	-	-	-	-	-	(58,889,883)	(58,889,883)	-	(58,889,883)	(6,146,568)	(65,036,451)
Disposal of own shares/ attribution to employees	-	1,232,372	-	-	-	-	1,439,019	1,439,019	-	2,671,391	150,777	2,822,168
Partial Disposal of affiliated companies	-	-	-	-	-	-	(7,316,275)	(7,316,275)	-	(7,316,275)	6,876,606	(439,669)
Capital increase and share premium	-	-	-	-	-	-	-	-	-	-	10,907,621	10,907,621
Others	-	-	-	-	-	-	(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)	(862,603,929)	167,940,582	1,337,473,198	524,088,940	1,861,562,138
Saldo em 1 de Janeiro de 2011	2,000,000,000	(135,679,489)	167,816,034	46,340,054	4,829,654	(18,288,904)	(895,484,733)	(862,603,929)	167,940,582	1,337,473,198	524,088,940	1,861,562,138
Total compreensive income for the period	-	-	-	(15,670,819)	(2,324,000)	4,917,940	1,925,202	(11,151,677)	103,429,779	92,278,102	28,878,333	121,156,435
Appropriation of profit of 2010:												
Transfer to legal reserves and retained earnings	-	-	19,321,614	-	-	-	148,618,968	148,618,968	(167,940,582)	(19,321,614)	-	(19,321,614)
Dividends distributed	-	-	-	-	-	-	(62,001,571)	(62,001,571)	-	(62,001,571)	(10,127,466)	(72,129,037)
Disposal of own shares/ attribution to employees	-	3,784,159	-	-	-	-	2,023,941	2,023,941	-	5,808,100	265,648	6,073,748
Effect of dilution of capital in IPO Sierra Brazil (Note 24)	-	-	-	(5,689,442)	-	-	(8,633,817)	(14,323,259)	-	(14,323,259)	62,652,484	48,329,225
Aquisitions of affiliated companies	-	-	-	-	-	-	130,470	130,470	-	130,470	3,065,653	3,196,123
Others	-	-	-	-	-	-	(2,520,025)	(2,520,025)	-	16,801,589	(697,557)	16,104,032
Balance as at 31 December 2011	2,000,000,000	(131,895,330)	187,137,648	24,979,793	2,505,654	(13,370,964)	(815,941,566)	(801,827,083)	103,429,779	1,356,845,014	608,126,036	1,964,971,050

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 2011 AND 2010

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

(Amounts expressed in euro)

	Notes	31 December 2011	31 December 2010
OPERATING ACTIVITIES			
Cash receipts from trade debtors		5,742,405,834	5,966,163,933
Cash paid to trade creditors		(4,382,314,905)	(4,617,057,099)
Cash paid to employees		(725,826,937)	(691,555,734)
Cash flow generated by operations		634,263,992	657,551,100
Income taxes (paid) / received		(74,582,073)	(68,072,092)
Other cash receipts and (payments) relating to operating activities		(18,442,672)	(21,631,686)
Net cash flow from operating activities (1)		541,239,247	567,847,322
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	47	13,049,492	88,000,728
Tangible assets and investment properties		138,154,959	113,909,896
Intangible assets		1,771,335	80,519
Interest and similar income		18,174,014	9,080,505
Loans granted		24,604	1,267,080
Dividends		618,173	1,559,003
Others		270,661	12,199,288
		172,063,238	226,097,019
Cash Payments arising from:			
Investments	47	(16,310,010)	(39,887,687)
Tangible assets and investment properties		(297,873,109)	(363,904,690)
Intangible assets		(50,782,639)	(40,548,728)
Loans granted		(298,872)	(1,339,619)
Others		(45,444,525)	(1,475,981)
		(410,709,155)	(447,156,705)
Net cash used in investment activities (2)		(238,645,917)	(221,059,686)
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		5,587,415,132	5,917,068,884
Capital increases, additional paid in capital and share premiums		47,437,271	1,051,500
Others		1,470,001	-
		5,636,322,404	5,918,120,384
Cash Payments arising from:			
Loans obtained		(5,484,182,793)	(5,971,416,965)
Interest and similar charges		(121,116,029)	(104,372,657)
Reimbursement of capital and paid in capital		-	(4,690,600)
Dividends		(76,623,502)	(68,910,854)
Others		(5,211,044)	(27,942,164)
		(5,687,133,368)	(6,177,333,240)
Net cash used in financing activities (3)		(50,810,964)	(259,212,856)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		251,782,366	87,574,780
Effect of foreign exchange rate		374,051	(1,432,900)
Cash and cash equivalents at the beginning of the period	22	237,473,933	148,466,253
Cash and cash equivalents at the end of the period	22	488,882,248	237,473,933

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 2011

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

(Amounts expressed in euro)

1 INTRODUCTION

SONAE, 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 49 and in the management report.

Consolidation of business activities: Quorum and MDS Auto

The process of acquisition of Quorum and MDS Auto was only concluded in the second half of 2010, and, as disclosed in the financial statements for the period ended 31 December 2010, the process of imputation of fair value was not completed at that date. This process was completed during the year of 2011, and a retrospective correction of the accounting effects of this business combination was made as required by IFRS 3 – Business Combinations. Consequently the details of these changes are disclosed in Note 8, not having been held restatement of financial statements in 2010, given the immateriality of the impacts in cause.

Revenue recognition Geostar business

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

2 PRINCIPAL ACCOUNTING POLICIES

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

2.1. Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with 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 2011, have been endorsed by European Union:

With mandatory application in 2011:	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
Improvements to a group of international standards (IFRS 1, 3, 7 and IAS 1, 32, 34, 39 and IFRIC 13) 2010	After 30-06-2010 or 31-12-2010

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

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

IFRS 11 – Joint arrangements, has been issued by the IASB but not yet approved ("endorsed") by the European Union. It is estimated a significant impact on the consolidated financial statements, namely because the proportionate consolidation method will be abolish for jointly controlled entities. It is expected, that the adoption of this standard will produce a significant impact, namely, on the Group's Shopping Centers segment.

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 2011		31 December 2010	
	End of exercice	Average of exercise	End of exercice	Average of exercise
US Dollar	0.77286	0.71889	0.74839	0.75587
Swiss Franc	0.82264	0.81258	0.79974	0.72603
Pound Sterling	1.19717	1.15256	1.16178	1.16668
Romanian New Leu	0.23150	0.23618	0.23338	0.23752
Brazilian Real	0.41392	0.43061	0.45092	0.42982
Polish Zloty	0.22432	0.24357	0.25157	0.25043

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 fulfil the conditions to reliably measure their fair value are recorded at their historical or production cost, net from eventual impairment losses. Taking in concern that such investment properties are essentially fixed assets that are being qualified as investments properties in the future, they are separately classified in the caption Investments Properties in Progress on the Consolidated 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 knowledge 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.

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

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 fulfil 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 April 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 expenses associated with subcontracts. In transactions in which the Group operates as an agent, revenue relates to the commission. In transactions in which Sonae acts as principal (Package Programmes developed in their own name) revenue is the total amount billed to the client.

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;

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 49.

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 a high national and international prestige and based on their respective rating notations taking into consideration the nature, maturity and size of the operations;

- 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.

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 influencing 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 its portfolio manager activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis under the supervision of the Executive Committee (requesting bank guarantee, escrow accounts, obtaining collaterals, amongst others).

The amount related to customers, other debtors and other assets presented in Financial Statements, which are net of impairment losses represent Sonae exposure to credit risk.

3.3. Liquidity risk

Sonae has the need, regularly, to raise external funds to finance its activities and investing plans. It holds a diversified loan portfolio, essentially made of long term bonds, long term project finance, mutual's, structured facilities, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2011 the total gross debt was 3,196 million euro (3,104 million euro as at 31 December 2010).

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 2011, Sonae´s average debt maturity (considering 100% of Sonae Sierra´s debt) was approximately 3.8 years (4.5 years as at December 2010);

- 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, and 31, 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 2012 is of 644 million euro (264 million euro maturing in 2011) and as at 31 December 2011 Sonae had undrawn committed credit facilities of 443 million euro (647 million euro in 2010) cancellable within a previous notice of less than one year and 209 million euro (263 million euro in 2010) cancellable with a previous notice of no less than 360 days.

Additionally, Sonae held, as at 31 December 2011, cash and cash equivalents and current investments amounting to 502 million euro (263 million euro as at 31 December 2010). 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 49) 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 2011 would decrease by approximately 10 million euro, (9 million euro decrease as at 31 December 2010). 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, 8.1 million euro (increase by approximately 11.5 million euro in 2010).

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, Chile, Panama, Singapore among others 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 2011 and 2010 the assets and liabilities denominated in a currency different from the subsidiary functional currency where the following (amounts in euro):

	Assets		Liabilities	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Euro	-	-	5,408,878	2,638,431
Brazilian Real	15,631,230	37,619,000	7,886,536	8,590,147
British Pound	189,251	169,272	4,080,460	4,011,888
Turquish Lira	566,082	-	231,926	-
US Dollar	7,466,715	10,564,112	10,837,117	9,464,524
Other Currencies	335,262	173,661	1,266,085	376,145

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 580 thousand euro additional receiving/payments (as at 31 December 2010 the impact would be 1 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 2011 and 31 December 2010 are as follows:

				Percentage of capital held			
				31 December 2011		31 December 2010	
	Company		Head Office	Direct	Total	Direct	Total
	Sonae - 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%
2)	Best Offer - Prestação de Informações por Internet, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
2)	Bikini, Portal de Mulheres, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
13)	Bom Momento - Restauração, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Canasta - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Carnes do Continente - 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%
1)	Discovery - Sports, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Edições Book.it, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
3)	Efanor - Design e Serviços, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Estevão Neves - Hipermercados da Madeira, SA	a)	Madeira	100.00%	100.00%	100.00%	100.00%
	Farmácia Seleção, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Fashion Division, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1)	Fashion Division Canárias, SL	a)	Tenerife (Spain)	100.00%	100.00%	-	-
	Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Fozmassimo - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Fundo de Investimento Imobiliário Fechado Imosede	a)	Maia	54.55%	54.55%	54.55%	54.55%
	Fundo de Investimento Imobiliário Fechado Imosonae Dois	a)	Maia	99.94%	99.94%	100.00%	100.00%
2)	Global S - Hipermercado, Lda	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2)	Good and Cheap - Comércio Retalhista, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2)	Hipotética - Comércio Retalhista, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Igimo – Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoconti - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Infofield - Informática, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
4)	Just Sport - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Marcas MC, Zrt	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
	MJLF - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modalfa - Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modalloop – Vestuário e Calçado, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo Continente Hipermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo Continente International Trade, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modelo.com - Vendas p/Correspond., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
4)	NA - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
5)	NA - Equipamentos para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%

	Peixes do Continente - Indústria e Distribuição de Peixes, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Pharmaconcept – Atividades 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%
	SIAL Participações, Ltda	a)	São Paulo (Brazil)	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%
2)	Solaris Supermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
	Sonae 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%
	Sonae MC – Modelo Continente SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae Retalho España - Servicios Generales, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
8)	Sonaegest-Soc.Gest.Fundos Investimentos, SA	a)	Maia	100.00%	90.00%	80.00%	70.00%
	Sonaerp – Retail Properties, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Sport Zone Canárias, SL	a)	Tenerife (Spain)	51.00%	51.00%	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%
1)	Sport Zone spor malz.per.satis ith.ve tic.ltd.sti	a)	Istambul (Turkey)	100.00%	100.00%	-	-
	Têxtil do Marco, SA	a)	Marco de Canaveses	92.76%	92.76%	92.76%	92.76%
	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%
5)	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%

6)	Worten Canárias, SL	a)	Tenerife (Spain)	51.00%	51.00%	100.00%	100.00%
	Zippy – Comércio e Distribuição, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Zippy - Comércio Y Distribución, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
1)	Zíppy cocuk malz.dag.ith.ve tic.ltd.sti	a)	Istambul (Turkey)	100.00%	100.00%	-	-
1)	ZYEvolution-Invest.Desenv., SA	a)	Matosinhos	100.00%	100.00%	-	-
	Telecommunications						
	Be Artis - Concepção, Construção e Gestão de Redes de Comunicações, SA	a)	Maia	100.00%	54.51%	100.00%	54.54%
	Be Towering – Gestão de Torres de Telecomunicações, SA	a)	Maia	100.00%	54.51%	100.00%	54.54%
	Cape Tecnologies Limited	a)	Dublin (Ireland)	100.00%	54.51%	100.00%	54.54%
	Digitmarket - Sistemas de Informação, SA	a)	Maia	75.10%	40.94%	75.10%	40.96%
	Lugares Virtuais, SA	a)	Maia	100.00%	54.51%	100.00%	54.54%
10)	M3G - Edições Digitais, SA	a)	Maia	100.00%	54.51%	100.00%	54.54%
	Magma - Operação de Titularização de Créditos	c)	Portugal	100.00%	54.51%	100.00%	54.54%
	Mainroad Serviços em Tecnologias de Informação, SA	a)	Maia	100.00%	54.51%	100.00%	54.54%
	Miauger - Org. Gestão Leilões Electrónicos, SA	a)	Maia	100.00%	54.51%	100.00%	54.54%
	Optimus - Comunicação, SA	a)	Maia	100.00%	54.51%	100.00%	54.54%
	PCJ-Público, Comunicação e Jornalismo, SA	a)	Maia	100.00%	54.51%	100.00%	54.54%
	Per-Mar - Sociedade de Construções, SA	a)	Maia	100.00%	54.51%	100.00%	54.54%
	Praesidium Services Limited	a)	Berkshire (U.K.)	100.00%	54.51%	100.00%	54.54%
	Público - Comunicação Social, SA	a)	Porto	100.00%	54.51%	100.00%	54.54%
	Saphety Level - Trusted Services, SA	a)	Maia	86.99%	47.42%	86.99%	47.45%
	Sonaecom BV	a)	Amesterdam (The Netherlands)	100.00%	54.51%	100.00%	54.54%
	Sonae Telecom, SGPS, SA	a)	Maia	100.00%	54.51%	100.00%	54.54%
	Sonaecom - Sistemas de Informação, SGPS, SA	a)	Maia	100.00%	54.51%	100.00%	54.54%
	Sonaecom - Sistemas de Información España, SL	a)	Madrid	100.00%	54.51%	100.00%	54.54%
	Sonaecom, SGPS, SA	a)	Maia	55.63%	54.51%	55.69%	54.54%
	Sonaetelecom, BV	a)	Amesterdam (The Netherlands)	100.00%	54.51%	100.00%	54.54%
	Sontária - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	54.51%	100.00%	54.54%
	Tecnológica Telecomunicações, Ltda	a)	Rio de Janeiro (Brazil)	99.99%	54.46%	99.99%	54.49%
	We Do Consulting - Sistemas de Informação, SA	a)	Maia	100.00%	54.51%	100.00%	54.54%
	We Do Brasil Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.91%	54.46%	99.91%	54.49%
	We Do Poland Sp.Z.o.o.	a)	Posnan (Poland)	100.00%	54.51%	100.00%	54.54%
	We Do Tecnologies Americas, Inc.	a)	Wilmington (USA)	100.00%	54.51%	100.00%	54.54%
	We Do Technologies Australia PTY Limited	a)	Sidnei (Australia)	100.00%	54.51%	100.00%	54.54%

	We Do Tecnologies BV	a)	Amesterdam (The Netherlands)	100.00%	54.51%	100.00%	54.54%
	We Do Technologies Chile, SpA	a)	Santiago (Chile)	100.00%	54.51%	100.00%	54.54%
	We Do Technologies Egypt Limited Liability Company	a)	Cairo (Egypt)	100.00%	54.51%	100.00%	54.54%
	We Do Technologies Mexico S. de RL	a)	Mexico City	100.00%	54.51%	100.00%	54.54%
	We Do Technologies Panamá SA	a)	Panama City	100.00%	54.51%	100.00%	54.54%
	We Do Technologies Singapore PTE. LDT	a)	Singapore	100.00%	54.51%	100.00%	54.54%
	We Do Technologies (UK) Limited	a)	Berkshire (U.K.)	100.00%	54.51%	100.00%	54.54%
	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%
	Herco Consultoria de Risco e Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
1)	Highdome - HighDome PCC Limited	a)	Malta	99.99%	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%
9)	MDS Affinity - Sociedade de Mediação, SA	a)	Porto	100.00%	50.01%	100.00%	50.01%
11)	MDS Auto – Mediação de Seguros, SA	a)	Brasil	50.01%	25.01%	50.00%	25.01%
12)	MDS Associações Corretora de Seguros Ltda	a)	Brasil	99.99%	50.01%	99.99%	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 Consulting, SA	a)	Maia	100.00%	50.01%	100.00%	50.01%
1)	MDS Malta Holding Limited	a)	Malta	100.00%	50.01%	-	-
1)	Mds Knowledge Centre, Unipessoal, Lda	a)	Lisbon	100.00%	50.01%	-	-
	Miral Administração e Corretagem de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
	Modelo - Distribuição de Materiais de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
7)	Polinsur - Mediação de Seguros, Lda	a)	Lisbon	100.00%	50.01%	-	-
	Quorum Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
	RSI Corretora de Seguros, Ltda	a)	Brazil	100.00%	50.01%	100.00%	50.01%
7)	Serenitas - Soc. Mediação Seguros, Lda	a)	Brasil	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%
Sontel, BV	a)	Amesterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%

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.

1) Companies created during the period;

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

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

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

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

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

7) Company acquired during the period;

8) Company previously included in “Others” Segment. Reclassified to “Investment Management” segment, by acquisition of 20%;

9) Ex- Modelo Continente Seguros – Sociedade de Mediação, LDA;

10) Company liquidated during the period;

11) Acquisition of shares in July 2011, rising thereafter to hold control of the subsidiary and it includes the full consolidation method;

12) Ex -Fontana Corretora de Seguros Ltda;

13) Ex -Bom Momento - Comércio Retalhista, SA.

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 2011 and 31 December 2010 are as follows:

			Percentage of capital held			
			31 December 2011		31 December 2010	
	Company	Head Office	Direct	Total	Direct	Total
	Shopping Centres					
	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%
	Adlands BV	Amesterdam (The Netherlands)	50.00%	25.00%	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%
4)	ALEXA Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	50.00%	25.00%
4)	ALEXA Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	25.00%
	Algarveshopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	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%
	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%
	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%
	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%	100.00%	50.00%
	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 de Investimento Imobiliário Parque Dom Pedro Shopping Center (Fund II)	São Paulo (Brazil)	50.00%	3.99%	50.00%	3.99%
2)	Fundo de Investimento Imobiliário Shopping Parque Dom Pedro	São Paulo (Brazil)	87.61%	16.90%	100.00%	21.27%
	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 Shopping Centre 1, 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%
	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%
	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%
	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%
	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%
2)	Pátio Boavista Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	23.95%
2)	Pátio Goiânia Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	23.95%
2)	Pátio Londrina Empreendimentos e Participações, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	23.95%
2)	Pátio Penha Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	23.95%
2)	Pátio São Bernardo Shopping Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	23.95%
2)	Pátio Sertório Shopping Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	23.95%

2)	Pátio Uberlândia Shopping Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	23.95%
	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%
5)	Plaza Mayor Shopping, SA	Madrid (Spain)	100.00%	25.05%	75.00%	18.79%
10)	Ploi Mall BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
10)	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%
	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%	50.00%	25.00%
10)	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%	25.05%
10)	Project Sierra 9 BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 10 BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Four SRL	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	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany Shopping Centre 2 BV	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
10)	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%
11)	Project Sierra Italy 3 - Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
11)	Project Sierra Italy 5 - Development of Shopping Centres Srl	Milan (Italy)	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	Amesterdam (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	Amesterdam (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	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
11)	Project Sierra Spain 6 - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
11)	Project Sierra Spain 6, BV	Amesterdam (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	Amesterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
11)	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	Amesterdam (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	Amesterdam (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%
3)	Sierra Asset Management - Gestão de Ativos, 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%
	Sierra Central, S.A.S.	Santiago de Cali (Colombia)	50.00%	25.00%	50.00%	25.00%
	Sierra Charagionis Development of Shopping Centers, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
10)	Sierra Charagionis Property Management, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
3)	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%
3)	Sierra Developments - Serviços de Promoção Imobiliária, SA	Maia	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%
3)	Sierra Developments Iberia 1, Promoção Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Romania SRL	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
2)	Sierra Enplanta, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	23.95%
	Sierra European Retail Real Estate Assets Holdings, BV	Amesterdam (The Netherlands)	50.10%	25.05%	50.10%	25.05%
12)	Sierra Germany GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Sierra GP, Limited	Guernesey (U.K.)	100.00%	49.99%	100.00%	49.99%

2)	Sierra Investimentos Brasil Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	23.95%
	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%
13)	Sierra Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
6)	Sierra Management Germany, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
7)	Sierra Management Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
8)	Sierra Portugal, SA	Lisbon	100.00%	50.00%	100.00%	50.00%
9)	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%
14)	Sierra Solingen Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
15)	Sierra Spain, Shopping Centers Services, SL	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
1)	Solingen Shopping Centre GmbH	Frankfurt (Germany)	100.00%	50.00%	-	-
2)	Sonae Sierra Brasil, SA	São Paulo (Brazil)	66.65%	16.66%	95.79%	23.95%
	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%
	Torre Ocidente - Imobiliária, SA	Maia	50.00%	12.50%	50.00%	12.50%
2)	Unishopping Administradora, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	23.95%
2)	Unishopping Consultoria Imobiliária, Ltda	São Paulo (Brazil)	99.98%	16.66%	99.98%	23.95%
	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%	27.26%	50.00%	27.27%

	Investment Management					
16)	MDS Auto – Mediação de Seguros, SA	Porto	50.00%	25.01%	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) Company created in the period;
2) Ownership changed due to the primary public offering of 23,251,043 ordinary shares of Sonae Sierra Brasil SA in February and March 2011;
3) Companies merged into Sierra Portugal, S.A. with effects since 1 January 2011;
4) Acquisition on December 2011 of 50% of the joint controlled company Alexa Holding, GmbH, owner of the company Alexa Shopping Centre, GmbH which owns 9% of the associated company Alexa Asset GmbH & Co, KG;
5) Acquisition on December 2011 of the remain 25%;
6) Company merged into Sierra Germany, GmbH with effects since 1 January 2011;
7) Company merged into Sierra Italy, Srl with effects since 1 January 2011;
8) Ex - Sierra Management Portugal - Gestão de Centros Comerciais, S.A;
9) Company merged into Sierra Spain, Shopping Centers Services, SL with effects since 1 January 2011;
10) Companies liquidated during 2011;
11) Companies merged into Project Sierra Italy 2 -Development of Shopping Centre Srl with effects since 1 January 2011;
12) Ex - Sierra Developments Germany GmbH;
13) Ex - Sierra Developments Italy S.r.l.;
14) Ex - 3DO Holding GmbH;
15) Ex - Sierra Developments Spain - Promociones de Centros Comerciales SL;
16) Acquisition of shares in July 2011, rising thereafter to hold control of the subsidiary and include it by the full consolidation method.

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 2011	31 December 2010
Non-current assets	5,004,121,116	4,795,927,878
Current assets	239,881,988	402,831,446
Non-current liabilities	1,298,237,964	1,630,182,262
Current liabilities	259,137,262	480,960,660

	31 December 2011	31 December 2010 (Note 1)
Income	259,776,654	303,473,072
Expenses	238,540,213	289,679,370

Additionally the information related with Shopping Centres in Note 49 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 2011 and 2010 are as follows:

		Percentage of capital held				Book value	
		31 December 2011		31 December 2010			
Company	Head Office	Direct	Total	Direct	Total	31 December 2011	31 December 2010
Retail							
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	1,006,690	1,246,672
Mundo Vip - Operadores Turísticos, SA	Lisbon	33.34%	33.34%	33.34%	33.34%	1,101,337	1,101,337
Shopping Centres							
1) 8ª Avenida Centro Comercial, SA	Maia	100.00%	23.75%	100.00%	23.75%	-	-
Alexa Asset GmbH & Co	Dusseldorf	9.00%	4.50%	9.00%	2.25%	7,285,582	3,550,247
1) Arrábidashopping - Centro Comercial, SA	Maia	50.00%	11.88%	50.00%	11.88%	-	-
Campo Limpo Lda	S. Paulo (Brazil)	20.00%	3.33%	20.00%	4.79%	2,740,176	2,305,574
1) Gaiashopping I - Centro Comercial, SA	Maia	50.00%	11.88%	50.00%	11.88%	-	-
1) Gaiashopping II - Centro Comercial, SA	Maia	50.00%	11.88%	50.00%	11.88%	-	-
1) Loureshopping - Centro Comercial, SA	Maia	50.00%	11.88%	50.00%	11.88%	-	-
1) PORTCC - Portimãoshopping - Centro Comercial, SA	Maia	50.00%	11.88%	50.00%	11.88%	-	-
1) Rio Sul - Centro Comercial, SA	Lisbon	50.00%	11.88%	50.00%	11.88%	-	-
1) Serra Shopping - Centro Comercial, SA	Covilhã	50.00%	11.88%	50.00%	11.88%	-	-
1) ALBCC - Albufeirashopping - Centro Comercial, SA	Maia	50.00%	11.88%	50.00%	11.88%	-	-
SPF - Sierra Portugal Real estate, Sarl	Luxembourg	47.50%	23.75%	47.50%	23.75%	35,741,695	41,872,289
Sierra Cevital Shopping Center, Spa	Algeria	49.00%	24.50%	-	-	49,000	-
Investment Management							
Cooper Gay Swett & Crawford Ltd	U.K.	25.10%	12.55%	25.10%	12.55%	18,566,435	19,955,347
Total						66,490,915	70,031,466

1) Nil balances result from the application of the equity method over the consolidated financial statements of Sierra Portugal Real Estate, which holds these participations;

As at 31 December 2011 and 2010 aggregated values of main financial indicators of associated companies are as follows:

	31 December 2011	31 December 2010
Total Assets	1,478,084,297	1,296,791,695
Total Liabilities	1,212,408,167	1,002,483,753
Income	427,703,535	371,148,370
Expenses	421,516,544	336,364,379

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

	31 December 2011			31 December 2010		
	Proportion on equity	Goodwill	Total of investment	Proportion on equity	Goodwill	Total of investment
Investments in associated companies						
Initial balance as at January,1	28,183,811	41,847,655	70,031,466	33,224,083	41,425,310	74,649,393
Capital increase in associated companies	-	-	-	12,549,455	1,831,913	14,381,368
Acquisitions during the period	49,000	-	49,000	1,101,337	-	1,101,337
Percentage increase in associated	3,359,566	-	3,359,566			
Disposals during the period	-	-	-	(3,332,809)	-	(3,332,809)
Capital reduction in associated companies	-	-	-	(2,310,176)	-	(2,310,176)
Change of consolidation method	-	-	-	1,366,260	190,680	1,556,940
Goodwill recognised during the period	-	-	-	(1,101,337)	1,101,337	-
Equity method						
Losses in associated companies effect	(9,902,057)	-	(9,902,057)	(3,817,125)	-	(3,817,125)
Other effects in net income	-	-	-	362,060	-	362,060
Distributed dividends	(455,647)	-	(455,647)	(893,752)	-	(893,752)
Effect in equity capital and non-controlling interests	(420,721)	3,829,308	3,408,587	(1,003,425)	(2,701,585)	(3,705,010)
Transfers	(507,585)	507,585	-	(7,960,760)	-	(7,960,760)
	20,306,367	46,184,548	66,490,915	28,183,811	41,847,655	70,031,466

The effect on equity is mainly the result of currency translation figures of companies with functional currencies different of euro.

The goodwill effect recorded in equity corresponds to the recognition of exchange rate adjustments that were recorded directly in “Currency translation reserve”.

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 2011 and 2010 are as follows:

		Percentage of capital held					
		31 December 2011		31 December 2010		Book value	
Company	Head Office	Direct	Total	Direct	Total	31 December 2011	31 December 2010
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							
Lusa - Agên. de Notícias de Portugal, SA	Lisbon	1.38%	0.75%	1.38%	0.75%	197,344	197,344
Other investments						40,110,716	42,493,582
Total (Note 14)						41,085,194	43,468,060

As at 31 December 2011, the caption “Other Investments” includes:

- Under the caption other financial investments is recorded an amount of 33,737,856 euro(33,732,640 euro as at 31 December 2010) 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 in the applicable situations (Note 33 and 34);

  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; and

- 4,482,000 euro (6,806,000 euro as at 31 December 2010) related to the fair value of Sonae Capital, SGPS, S.A. shares they are evaluated at fair-value in accordance with the market price at date of statement of financial position;

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

8 CHANGES IN CONSOLIDATION PERIMETER

8.1. Main acquisitions of Companies over the period ended 31 December 2011 are as follows (Note 4 and 5):

		Percentage of capital held	
		At acquisition date	
Company	Head Office	Direct	Total
Shopping Centres			
ALEXA Holding GmbH	Dusseldorf	100.00%	50.00%
ALEXA Shopping Centre GmbH	Dusseldorf	100.00%	50.00%
Investments management			
Serenitas - Soc. Mediação Seguros, Lda	Lisboa	100.00%	50.01%
Polinsur - Mediação de Seguros, Lda	Oeiras	100.00%	50.01%

Acquisitions mentioned above had the following impact on the consolidated financial statements for the period ended as at 31 December 2011:

	At acquisition date			31 December 2011
	Shopping Centres	Investment management	Total	Total
Acquired net assets				
Tangible and intangible assets (Note 10 and 11)	-	2,416,927	2,416,927	2,244,756
Investment properties (Note 12)	3,000,000	-	3,000,000	3,000,000
Deferred tax assets (Note 21)	389,329	-	389,329	389,329
Other assets	6,972,656	187,401	7,160,057	7,470,634
Cash and cash equivalents	318,932	471,712	790,644	898,053
Loans	-	(515,853)	(515,853)	(449,852)
Deferred tax liabilities (Note 21)	(818,804)	(471,963)	(1,290,767)	(1,247,768)
Other liabilities	(2,065,090)	(254,432)	(2,319,522)	(2,703,586)
	7,797,023	1,833,792	9,630,815	9,601,566
Goodwill (Note 13)	(81,726)	561,100	479,374	
Acquisition price	7,715,297	2,366,178	10,081,475	
Payments made	2,111,716	1,671,000	3,782,716	
Advances	5,603,581	695,178	6,298,759	
	7,715,297	2,366,178	10,081,475	
Net cash outflow arising from acquisition				
Payments made	2,111,716	1,671,000	3,782,716	
Cash and cash equivalents acquired	(318,932)	(471,712)	(790,644)	
	1,792,784	1,199,288	2,992,072	

In the fair value allocation process on assets, liabilities and contingent liabilities of Investment Management segment it was recognized 1,785,891 euro as customers' portfolio. This process was already finalized.

The asset valuation was performed based on the expected profitability of the existing customers' portfolio on acquisition date whereas a revenue growth rate of 2%, a rotation rate of customers ("churn") of 5% and a discount rate of 10.72%.

8.2. Changes to the allocation of the fair value of business concentration activities made in the previous year

During the year 2011 was completed the process of allocating the fair value of assets, liabilities and contingent liabilities acquired, namely in what refers to intangible assets acquired and not recognized on the date of acquisition of Quorum and MDS Auto. This exercise was reported to the respective acquisition date, and is reflected in financial statements presented 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	31.12.2010 Published
Net assets acquired				
Tangible and intangible assets (Note 10 and 11)	826,227	6,707,040	7,533,267	826,227
Other current assets	1,319,952	-	1,319,952	1,319,952
Cash and cash equivalents	176,628	-	176,628	176,628
Deferred taxes	(6,007)	-	(6,007)	(6,007)
Other liabilities	(665,522)	(1,994,436)	(2,659,958)	(665,522)
	1,651,278	4,712,604	6,363,882	1,651,278
Goodwill (Note 13)			2,281,185	6,993,789
Acquisition price			8,645,067	8,645,067
Effective cash paid			3,452,022	3,452,022
Amount to be paid - acquisition price adjustment			5,193,045	5,193,045
			8,645,067	8,645,067
Net cash flow resulting from the acquisition				
Effective cash paid			3,452,022	3,452,022
Cash and cash equivalents acquired			(176,628)	(176,628)
			3,275,394	3,275,394

During the year 2011, the allocation of the acquisition price changed. A total amount of 6,707,040 euro 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 1,994,436 euro. After this allocation Goodwill amounts to 2,281,185 euro. This intangible asset's valuation was based on the expected profitability of the existing 'clients portfolio' at the acquisition date, considering a growth rate between 2% and 3.7%, a churn rate of 5% and a discount rate between 8.93% and 11.73%.

9 FINANCIAL INSTRUMENTS BY CLASS

The financial instruments classification according to policies disclosed in note 2.13, is as follows:

Financial assets

	Notes	Loans and accounts receivable	Available for sale	Derivatives (Note 27)	Sub-total	Assets not within scope of IFRS 7	Total
As at 31 December 2011							
Non-current assets							
Other investments	7 and 14	33,737,856	7,347,338	-	41,085,194	-	41,085,194
Other non-current assets	15	43,709,875	-	14	43,709,889	11,143,588	54,853,477
		77,447,731	7,347,338	14	84,795,083	11,143,588	95,938,671
Current assets							
Trade receivables	17	190,799,045	-	-	190,799,045	-	190,799,045
Other debtors	18	95,238,915	-	-	95,238,915	-	95,238,915
Investments	14	3,064,147	-	2,797,071	5,861,218	-	5,861,218
Cash and cash equivalents	22	496,231,864	-	-	496,231,864	-	496,231,864
		785,333,971	-	2,797,071	788,131,042	-	788,131,042
		862,781,702	7,347,338	2,797,085	872,926,124	11,143,588	884,069,712
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	1,479,092,001	-	-	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	598,370,043	-	598,370,043
		671,945,444	9,735,423	880,934	682,561,801	14,975,603	697,537,404

Financial liabilities	Notes	Liabilities at fair value through profit or loss (Note 27)	Derivatives (Note 27)	Financial liabilities recorded at amortised cost	Sub-total	Liabilities not within scope of IFRS 7	Total
As at 31 December 2011							
Non-current liabilities							
Bank loans	25	-	-	1,098,944,307	1,098,944,307	-	1,098,944,307
Bonds	25	-	-	1,386,872,500	1,386,872,500	-	1,386,872,500
Obligations under finance leases	25 and 26	-	-	30,516,314	30,516,314	-	30,516,314
Other loans	25	-	35,313,126	126,396	35,439,522	-	35,439,522
Other non-current liabilities	28	-	-	153,123,770	153,123,770	5,360,035	158,483,805
		-	35,313,126	2,669,583,287	2,704,896,413	5,360,035	2,710,256,448
Current liabilities							
Bank loans	25	-	-	271,242,900	271,242,900	-	271,242,900
Bonds	25	-	-	365,798,809	365,798,809	-	365,798,809
Obligations under finance leases	25 and 26	-	-	7,178,342	7,178,342	-	7,178,342
Other loans	25	-	42,743	33,467	76,210	-	76,210
Trade creditors	30	-	-	1,260,755,136	1,260,755,136	-	1,260,755,136
Other creditors	31	-	-	166,084,291	166,084,291	-	166,084,291
		-	42,743	2,071,092,946	2,071,135,689	-	2,071,135,689
		-	35,355,869	4,740,676,233	4,776,032,102	5,360,035	4,781,392,137

	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	30	-	-	1,264,689,283	1,264,689,283	-	1,264,689,283
Other creditors	31	-	-	190,291,337	190,291,337	-	190,291,337
		76,618	5,168,762	1,714,199,488	1,719,444,868	-	1,719,444,868
		76,618	38,441,159	4,698,665,887	4,737,183,664	3,571,097	4,740,754,761

As at 31 December 2011 and 2010 the financial instruments at fair value through profit/loss are the only derivatives that do not qualify as hedging derivatives (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 2011			31 December 2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Investments	4,482,000	2,797,071	-	6,806,000	457,160	-
Derivatives	-	14	-	-	423,774	-
	4,482,000	2,797,085	-	6,806,000	880,934	-
Financial liabilities measured at fair value						
Derivatives	-	35,355,869	-	-	38,517,777	-
	-	35,355,869	-	-	38,517,777	-

10 TANGIBLE ASSETS

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

	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 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 8.2)	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	(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)
Opening balance as at 1 January 2011	1,956,383,060	2,100,297,445	22,294,645	306,070,159	44,309,395	83,390,472	4,512,745,176
Investment	5,745,213	9,667,774	222,007	15,813,062	360,349	214,772,488	246,580,893
Acquisitions of subsidiaries (Note 8.1)	666,625	15,936	89,925	304,138	12,528	-	1,089,152
Disposals	(31,987,813)	(101,939,817)	(1,021,429)	(15,492,152)	(1,504,484)	(1,829,334)	(153,775,029)
Exchange rate effect	(23,335)	(155,934)	(64,439)	(349,615)	(14,452)	(10,487)	(618,262)
Transfers	14,640,910	192,394,935	860,839	14,684,959	3,124,486	(231,744,755)	(6,038,626)
Closing balance as at 31 December 2011	1,945,424,660	2,200,280,339	22,381,548	321,030,551	46,287,822	64,578,384	4,599,983,304
Accumulated depreciation and impairment losses							
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	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 8.2)	(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)
Opening balance as at 1 January 2011	383,552,541	1,107,784,559	17,238,875	248,255,309	34,420,920	-	1,791,252,204
Depreciation and impairment losses	37,238,340	170,358,567	1,636,406	31,489,050	5,284,983	-	246,007,346
Acquisitions of subsidiaries (Note 8.1)	55,875	15,936	66,203	291,367	8,735	-	438,116
Disposals	(4,977,359)	(88,897,016)	(951,468)	(15,247,664)	(1,448,706)	-	(111,522,213)
Exchange rate effect	(6,519)	(97,387)	(32,998)	(171,873)	(140)	-	(308,917)
Transfers	(24,949)	(3,279,633)	(72,405)	(48,428)	(54,198)	-	(3,479,613)
Closing balance as at 31 December 2011	415,837,929	1,185,885,026	17,884,613	264,567,761	38,211,594	-	1,922,386,923
Carrying amount							
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
As at 31 December 2011	1,529,586,731	1,014,395,313	4,496,935	56,462,790	8,076,228	64,578,384	2,677,596,381

The additions that occurred during the year ended at 2011 included: assets associated with the UMTS operation (Universal Mobile Telecommunications Service), HSDPA (Kanguru Express), GSM (Global Standard for Mobile Communications), GPRS (General Packet Radio Service) and FTTH (Fibre-to-the-Home), some of which are associated with ongoing projects, so it remains registered in 'Work in progress'.

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

	31 December 2011	31 December 2010
Refurbishment and expansion of stores in the retail businesses located in Portugal	14,405,432	24,944,491
Refurbishment and expansion of stores in the retail businesses located in Spain	4,028,693	6,391,982
Projects "Continente" stores for which advance payments were made	9,184,617	10,389,230
Development of mobile network	27,787,877	33,838,157
Development of fixed network	1,326,769	3,707,908
Others	7,844,996	4,118,704
	64,578,384	83,390,472

At 31 December 2011, the amount of disposals in "Tangible assets" includes 25,748,719 euro relating to the sale & leaseback operation of company stores Continente and Worten located at Vasco da Gama Shopping Centre. The operation was followed by the beginning of an operating lease for an initial period of 20 years, automatically renewable at the option of the lessee, for two consecutive periods of 10 years each.

During 2011, 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 2011 and which meant that the depreciation for 2011 was approximately 10.3 million euro lower than it was in 2010.

As at 31 December 2011 and 2010, 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 2011	31 December 2010
Technical Investments	26,716,979	20,444,493
Investments in information systems	1,272,257	2,291,541
	27,989,236	22,736,034

11 INTANGIBLE ASSETS

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

Gross assets:	Patents and other similar rights	Software	Others	Intangible assets in progress	Total intangible assets
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	-	(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
Opening balance as at 1 January 2011	412,377,255	410,502,239	55,243,259	33,188,720	911,311,473
Investment	4,293,128	2,722,072	2,995,529	153,944,981	163,955,710
Acquisitions of subsidiaries (Note 8.1)	-	-	1,765,891	-	1,765,891
Fair Value of the Adquired Assets (Note 8.2)	-	-	6,707,040	-	6,707,040
Disposals	(31,822)	(8,730,868)	-	(994,197)	(9,756,887)
Exchange rate effect	(5,724)	(356,791)	(2,906,625)	(10,168)	(3,279,308)
Transfers	50,579	53,402,957	(26,029)	(50,556,967)	2,870,540
Closing balance as at 31 December 2011	416,683,416	457,539,609	63,779,065	135,572,369	1,073,574,459
Accumulated depreciation and impairment losses					
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	-	(600)	-	-	(600)
Exchange rate effect	60	262,212	312,397	-	574,669
Transfers	(49,944)	(172,068)	1,207,094	-	985,082
Opening balance as at 1 January 2011	122,410,080	304,557,552	23,975,318	-	450,942,950
Depreciation of the period	22,179,603	40,801,991	4,237,774	-	67,219,368
Fair Value of the Adquired Assets (Note 8.2)	-	-	212,531	-	212,531
Disposals	(31,822)	(8,691,082)	-	-	(8,722,904)
Exchange rate effect	294	(242,910)	(468,577)	-	(711,193)
Transfers	(339,102)	181,693	(208,841)	-	(366,250)
Closing balance as at 31 December 2011	144,219,053	336,607,244	27,748,205	-	508,574,502
Carrying amount					
As at 31 de December de 2010	289,967,175	105,944,687	31,267,941	33,188,720	460,368,523
As at 31 de December de 2011	272,464,363	120,932,365	36,030,860	135,572,369	564,999,957

2011 additions under “Intangible assets in progress” include an amount of approximately 110 million euro, corresponding to the current value of future payments related with the acquisition of rights of use for frequency (spectrum) bands of 800 MHz, 1800 MHz and 2600 MHz, which will be used to develop 4th generation services (LTE - Long Term Evolution). The payable amount totals 113 million euro. In January 2012, an amount of 83 million euro was already paid. The remaining amount can be paid in five annual instalments of 6 million euro, having the company, at each annual payment, the option to anticipate the payment of the amount in debt. The allocation of frequencies resulted from an auction process, whose bidding phase occurred in November 2011, the preliminary report was issued in December 2011 and the final report and conferring act were released on 6 January 2012, confirming the attribution of frequencies for other telecommunications operators, as well as the respective payments.

The remaining amounts that make up the heading of “Intangible assets in progress" were mainly composed of computer and software development projects.

As at 31 December 2011 and 2010 Sonae kept recorded under the caption “Patents and other similar rights” the amounts of 180,271,530 euro and 191,238,132 euro, respectively which correspond to the investment net of depreciations made in the development of the UMTS network, this investment includes: (i) 57,005,474 euro (60,005,762 euro in 2010) related with the license; (ii) 19,047,619 euro (20,050,125 euro in 2010) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators in Portugal with UMTS licenses; (iii) 5,850,099 euro (6,157,999 euro in 2010) 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) 93,497,759 euro (99,897,320 euro in 2010) related with the “Initiatives E” program, these last two commitments assumed by the Group in the scope of “Information Society” (Note 50).

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

12 INVESTMENT PROPERTIES

The movement in Investment Properties during the periods ended as at 31 December 2011 and 2010 are as follows:

	Investment Properties			
	In Operation	Fit Out	In progress	Total
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	-	(335,496)	-	(335,496)
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	(124,233,888)	(645,000)	-	(124,878,888)
Exchange rate effect	24,809,460	-	1,300,014	26,109,474
Opening balance as at 1 January 2011	1,629,406,334	2,028,750	101,770,512	1,733,205,596
Increases	12,396,152	-	45,846,368	58,242,520
Write-offs and impairment losses	-	-	(4,779,442)	(4,779,442)
Reimbursements of Fit - Out	-	(192,054)	-	(192,054)
Disposals	(60,000,000)	-	(6,699,764)	(66,699,764)
Transfers	-	(375,075)	(656,241)	(1,031,316)
Transfers from investment properties in progress:	-	-	-	-
	-	-	-	-
Construction and other costs	6,508,818	-	(6,508,818)	-
Adjustment to fair value (Note 37)	767,682	-	(655,624)	112,058
Change in fair value of investment properties	-	-	-	-
between periods (Note 37):	-	-	-	-
- Gains	42,092,026	86,551	-	42,178,577
- Losses	(61,223,197)	-	-	(61,223,197)
Business Combinations (Note 8.1)	-	-	3,000,000	3,000,000
Exchange rate effect	(19,904,831)	-	(3,048,879)	(22,953,710)
Closing balance as at 31 December 2011	1,550,042,984	1,548,172	128,268,112	1,679,859,268

The amount of 66,699,764 euro relates to the sale of the hypermarket located in the shopping Le Terrazze and to the sale of the shopping's El Rosal and Plaza Eboli (6,699,764 and 60,000,000 euro, respectively), from which resulted some residual gains /losses.

The amount of 4,779,442, euro recorded under the caption "Write-off and impairment losses" includes essentially the impairment losses relating to investment properties under development, Craiova (1,495,500 euro), Caldogno (1,031,500 euro) and Dos Mares (1,190,000 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 2011 and 2010 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 2011			31 December 2010		
	10 years "discount rate"	Yields	Amount	10 years "discount rate"	Yields	Amount
Portugal and Spain	8.15% e 12.05%	6.15% e 10.05%	966,213,532	8.45% e 11.75%	6.20% e 9.25%	1,070,321,495
Other European Countries	6.50% e 13.00%	6.00% e 10.00%	342,241,750	6.75% e 11.75%	6.00% e 9.00%	336,848,999
Brazil	12.75% e 14.00%	8.25% e 9.50%	243,135,874	12.75% e 14.00%	8.25% e 9.50%	224,264,590
			1,551,591,156			1,631,435,084

The fair value of fit out contracts was determined by valuations as at 31 December 2011 and 2010 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 methodology used to compute the market value of the investment properties consists in preparing 10 years projections of income and expenses of each shopping centre added to the residual value, corresponding to a perpetuity calculated based on the net income of year 11 and a return market rate ("Exit yield" or "cap rate"). These projections are then discounted to the valuation date using a discount market rate. Projections are intended to reflect the actual best estimate of the valuer regarding future revenues and costs of each shopping. Both the return rate and discount rate are defined in accordance to the local real estate and institutional market conditions, being the reasonability of the market value obtained in accordance to the methodology above referred, tested also in terms of initial return and obtained with the estimated net income for the 1st year of projections.

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.

Since 2008 there were unprecedented events at a global level, such as the failure of several major banks, the effective nationalisation of others. There have been substantial reductions in interest rates across Europe, with the ECB rapidly reducing base rates from 2.50% in December 2008 to 1% since May 2009.Following a relatively strong end to 2009, 2010 experienced a gradual upward movement of the Euribor, which has continued during 2011. Recently, the ECB has change the tone reinforcing market expectations that a worsening economic outlook in the euro zone and an escalating euro debt crisis will force the bank to reverse its recent rate increases over the short term. 2010 and 2011 were characterized by the global banking crisis and the consequent hiatus of the debt markets. The fallout of the crisis in Greece in 2010 prompted a wider breakdown in confidence relating to sovereign risk. A general European economic downturn unfolded throughout 2011 due to significant deterioration of the current sovereign debt crisis in the euro area, as well as to a deceleration of the European economy.

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 and have continued active in 2011; 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.

Although some companies are facing financial difficulties, it is not appropriate to conclude that all recent market activity represents forced transactions. The imbalance between supply and demand (fewer buyers than sellers) is not always a synonymous of forced transactions. A seller can be under financial pressure to sell, but it is still available to sell at a market price if there is more than one potential buyer in the market and a reasonable amount of time is available for marketing. Similarly, transactions initiated during bankruptcy should not automatically be assumed as forced. It has been held that valuers may properly conclude within a range of values. This range is likely to be greater in an illiquid market where inherent uncertainty exists and a greater degree of judgement must therefore be applied.

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 2011 and 2010 Investment Properties in progress can be detailed as follows:

	31 December 2011	31 December 2010
Investment Properties in progress at cost:		
Portugal:		
Alverca	3,073,307	3,068,353
Centro Bordalo	1,892,373	1,736,394
Parque de Famalicão	628,500	628,500
Others	14,944	3,375
Germany:		
Alexa (Torre)	6,000,000	3,000,000
Garbsen	983,500	959,742
Solingen	7,476,415	-
Others	7,212	7,212
Brazil:		
Goiânia Shopping	7,853,601	5,308,199
Others	434,868	126,586
Spain:		
Pulianas Shopping	58,440	103,105
Dos Mares - expansion	215,000	1,404,902
Greece:		
Aegean Park	5,030,983	4,981,339
Ioannina	8,685,720	8,630,507
Pantheon Plaza	889,064	889,064
Italy:		
Caldogno	3,982,903	4,957,922
Le Terraze (Hypermarket)	-	3,653,700
Others	7,545	252,372
Romania:		
Craiova Shopping	16,687,707	17,674,406
Ploiesti Shopping	7,261,978	7,317,640
	71,184,060	64,703,318
Risk assets impairment	(3,203,000)	(2,197,000)
Investment Properties in progress at fair value:		
Portugal:		
Torre Ocidente	-	6,137,875
Brazil:		
Boulevard Londrina Shopping	15,855,459	6,323,777
Uberlândia Shopping	21,119,593	11,038,042
Italy:		
Le Terraze	23,312,000	15,764,500
	60,287,052	39,264,194
	128,268,112	101,770,512

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.

The investment property under development Ioannina, for which the Group has recognized in the period ended 31 December 2010 an impairment loss amounting to 7,500,000 euro corresponds to the value of the site and infrastructures for which the Board expects to continue to develop in a short period of time, taking it to resize the existing project.

Investment properties in progress include borrowing expenses incurred during the construction period. As at 31 December 2011 and 2010 total borrowing expenses capitalised amounted to 1,894,000 euro 664,000 euro respectively.

During the periods ended as at 31 December 2011 and 2010 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 2011	31 December 2010	31 December 2011	31 December 2010
Portugal and Spain	71,646,275	76,473,749	3,948,578	3,910,452
Other European Countries	21,193,285	21,145,022	1,087,352	1,212,568
Brazil	20,278,792	18,747,682	264,748	604,708
	113,118,352	116,366,453	5,300,678	5,727,728

As at 31 December 2011 and 2010 the following investment properties had been given in guarantee of bank loans:

- Airone
- Algarveshopping
- Alverca
- Arrabidashopping
- Cascaishopping
- Centro Colombo
- Centro Vasco da Gama
- Coimbrashopping
- Dos Mares
- El Rosal
- Estação Viana
- Freccia Rossa
- Gaiashopping
- Gli Orsi
- Grancasa
- Guimarãeshopping
- La Farga
- Le Terrazze
- Loop 5
- Luz del Tajo
- Madeirashopping
- Maiashopping
- Manauara Shopping
- Max Center
- Munster Arkaden
- Norteshopping
- Parque Atlântico
- Parque Principado
- Pátio Londrina
- Pátio Uberlândia
- Plaza Éboli
- Plaza Mayor
- Plaza Mayor Shopping
- River Plaza Mall
- Torre Ocidente
- Valecenter
- Valle Real
- Viacatarina
- Zubiarte

As at 31 December 2011 and 2010 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 Units- Goodwill is allocated to each business segment, Food based retail and Specialised retail, being afterwards distributed by each homogenous group of cash generating unit, namely to each insignia within each segment, and subsequently allocated by each store and each of the properties in case of Retail real estate 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 business within this segment (Telecommunications, Média and Information Systems);

- Investment Management - This segment's Goodwill is mainly related to:(i) 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 subsequent years, namely travel companies and Lazam/MDS;

At 31 December 2011 and 2010, the caption “Goodwill” was as follows:

	31 December 2011	31 December 2010
Food based retail	473,019,963	473,019,963
Specialized Retail	87,566,249	89,042,698
Retail Real State	4,211,625	4,211,625
Shopping centres	54,442,156	55,922,187
Telecommunications	43,778,086	43,811,359
Investment management	65,042,357	74,730,926
	728,060,436	740,738,758

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

	31 December 2011	31 December 2010
Gross value:		
Opening balance	752,655,036	742,391,458
Re-allocation of Goodwill (Note 8.2)	(4,712,604)	-
New companies in the consolidation perimeter (Note 8.1)	561,100	6,993,789
Increases	1,602,392	2,431,799
Decreases	(2,535,422)	(1,928,177)
Transfers	-	(190,680)
Currency translation	(3,675,627)	4,486,553
Write-off	(13,839)	(1,529,706)
Closing balance	743,881,036	752,655,036
Accumulated impairment losses:		
Opening balance	11,916,277	13,445,983
Increases (Note 33)	3,904,323	-
Write-off	-	(1,529,706)
Closing balance	15,820,600	11,916,277
Carrying amount:	728,060,436	740,738,759

Sonae does annual impairment tests of Goodwill and whenever there are indications of goodwill impairment. During the reporting periods ended at 31 December 2011 and 2010, Sonae has tested the goodwill impairment, having as a result of that analysis, recognized impairment losses as follows:

	31 December 2011	31 December 2010
Food based retail	1,178,450	-
Specialized Retail	298,000	-
Retail Real State	-	-
Shopping centres	1,480,030	-
Investment management	947,843	-
	3,904,323	-

The recoverable value of cash units generators except on the malls 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 the above mentioned business plans are detailed as follows for each of Sonae segments.

Retail

For this purpose the segments of the Retail area resort 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 cost of capital and with a growth rate of cash-flows in perpetuity, that can be detailed as follows:

	Average capital cost	Growth rate in perpetuaty
Food based retail	9% to 10%	≤ 1%
Specialized Retail	9% to 11%	≤ 1%
Investment management	8% to 9%	≤ 1,5%
Retail Real State	7% to 9%	≤ 2,5%

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 around 3% and others considered more conservative.

The discount rates used are:

- Telecommunications	9.50%
- Multimedia	10.00%
- Information Systems	11.50%

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	2% to 3.5%	15%
Perpetuity growth rate	2%	4.5%
Discount rate used	10.72%	13.94%

14 OTHER INVESTMENTS

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

	31 December 2011		31 December 2010	
	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	393,447	-	925,769	-
Acquisitions in the period	-	-	60,000	-
Disposals in the period	(25,000)	-	(639,357)	-
Transfers	(60,000)	-	47,035	-
Closing balance as at 31 December	308,447	-	393,447	-
Accumulated impairment losses	-	-	-	-
	308,447	-	393,447	-
Other investments:				
Fair value (net of impairment losses) as at 1 January	43,074,613	15,195,954	17,201,723	57,313,909
Acquisitions in the period	118,142	-	123,643	2,630,497
Disposals in the period	(89,993)	(12,131,807)	(1,011,390)	(11,015,815)
Increase/(Decrease) in fair value	(2,324,000)	-	(6,972,000)	-
Transfers	(2,015)	-	33,732,637	(33,732,637)
Fair value (net of impairment losses) as at 31 December	40,776,747	3,064,147	43,074,613	15,195,954
			-	
Other investments	41,085,194	3,064,147	43,468,060	15,195,954
Derivative financial instruments (Note 27)				
Fair value as at 1 January	-	457,160	-	365,122
Increase/(Decrease) in fair value	-	2,339,911	-	92,038
Fair value as at 31 December	-	2,797,071	-	457,160
	41,085,194	5,861,218	43,468,060	15,653,114

The decreases under "Other current Investments" are related to the reimbursement of a financial investment made by a Brazilian subsidiary (Note 47).

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 2,865,302 euro (2,535,977 euro in 31 December 2010) 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 116,762 euro (26,750 euro in 31 December 2010).

Under the caption other non-current financial investments it’s recorded an amount of 33,737,856 euro (33,732,637 euro in 31 December 2010) related to deposited amounts on an Escrow Account (Note 7).

15 OTHER NON-CURRENT ASSETS

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

	31 December 2011			31 December 2010		
	Gross Value	Accumulated impairment losses (Note 33)	Carrying Amount	Gross Value	Accumulated impairment losses (Note 33)	Carrying Amount
Loans granted to related parties	9,493,106	-	9,493,106	8,862,867	-	8,862,867
Trade accounts receivable and other debtors						
Legal deposits	851,831	-	851,831	927,976	-	927,976
Recognition of the value to be received from Carrefour	10,595,846	-	10,595,846	11,543,000	-	11,543,000
Cautions	5,927,373	-	5,927,373	4,660,630	-	4,660,630
Lisbon Town Council	3,888,477	-	3,888,477	3,888,477	-	3,888,477
Malaga Town Council	812,830	-	812,830	824,948	-	824,948
Rent deposits from tenants	3,324,732	-	3,324,732	4,089,802	-	4,089,802
Financial investments debtors	4,499,558	-	4,499,558	2,367,815	-	2,367,815
Others	4,316,122	-	4,316,122	3,134,408	-	3,134,408
	34,216,769	-	34,216,769	31,437,056	-	31,437,056
Non-current derivatives (Note 27)	14	-	14	423,774	-	423,774
Total financial instruments (Note 9)	43,709,889	-	43,709,889	40,723,697	-	40,723,697
Reinsurer's' share of technical provisions	10,575,646	-	10,575,646	14,326,517	-	14,326,517
Other non-current assets	567,942	-	567,942	649,086	-	649,086
	54,853,477	-	54,853,477	55,699,300	-	55,699,300

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 already established 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 7 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 2011 and 2010 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. The Group 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 3,324,732euro (4,089,802 euro as at December 2010) 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 8,962,478 euro (11,292,500 euro as at December 2010) and Provisions for outstanding claims 1,613,168 euro (3,034,017 euro as at December 2010) (Note 33).

16 INVENTORIES

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

	31 December 2011	31 December 2010
Raw materials and consumables	1,617,032	1,637,177
Goods for resale	694,746,852	715,590,516
Finished and intermediate goods	707,206	199,723
Work in progress	455,467	273,472
	697,526,557	717,700,888
Accumulated impairment losses on Inventories (Note 33)	(46,773,559)	(35,596,931)
	650,752,998	682,103,957

Cost of goods sold as at 31 December 2011 and 2010 amounted to 3,627,853,592 euro and 3,692,492,134 euro, respectively, and may be detailed as follows:

	31 December 2011	31 December 2010
Opening balance	717,227,693	634,647,961
Purchases	3,624,587,836	3,800,704,803
Adjustments	(31,056,528)	(31,159,651)
Closing balance	696,363,884	717,227,693
	3,614,395,117	3,686,965,420
Impairment losses (Note 33)	16,974,333	10,695,979
Reversal of impairment losses	(3,515,858)	(5,169,265)
	3,627,853,592	3,692,492,134

The line adjustments includes 23 million euro (24 million euro at 31 December 2010) relating essentially to telecommunications terminal transfers from stocks Tangible Assets under contracts of lending agreements with customers of Telecommunications segment.

17 TRADE ACCOUNTS RECEIVABLE

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

	31 December 2011			31 December 2010		
	Gross Value	Accumulated impairment losses (Note 33)	Carrying Amount	Gross Value	Accumulated impairment losses (Note 33)	Carrying Amount
Retail	34,869,286	(4,236,556)	30,632,730	32,397,607	(4,410,205)	27,987,402
Shopping Centres	26,700,326	(12,170,957)	14,529,369	26,078,818	(10,000,610)	16,078,208
Telecommunications	217,859,113	(78,045,001)	139,814,112	203,068,231	(69,882,222)	133,186,009
Investment management	7,410,084	(1,906,487)	5,503,597	11,504,903	(1,862,474)	9,642,429
Sonae Holding	319,237	-	319,237	321,631	-	321,631
	287,158,046	(96,359,001)	190,799,045	273,371,190	(86,155,511)	187,215,679

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 2011 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 2011 and 2010, the ageing of the trade receivables are as follows:

	Trade Receivables					
31 December 2011	Retail	Shopping Centres	Telecommunications	Investments Management	Others	Total
Not due	7,278,170	4,827,509	53,790,412	409,621	319,237	66,624,949
Due but not impaired						
0 - 30 days	2,695,653	3,726,115	19,932,055	2,109,706	-	28,463,529
30 - 90 days	16,646,127	2,679,952	6,464,578	2,049,406	-	27,840,063
+ 90 days	2,707,538	4,198,565	29,384,621	757,403	-	37,048,127
Total	22,049,318	10,604,632	55,781,254	4,916,515	-	93,351,719
Due and impaired						
0 - 90 days	679,451	1,591,770	4,017,878	110,393	-	6,399,492
90 - 180 days	676,692	1,009,118	6,526,766	22,705	-	8,235,281
180 - 360 days	187,768	975,268	2,177,564	55,971	-	3,396,571
+ 360 days	3,997,887	7,692,029	95,565,239	1,894,879	-	109,150,034
Total	5,541,798	11,268,185	108,287,447	2,083,948	-	127,181,378
	34,869,286	26,700,326	217,859,113	7,410,084	319,237	287,158,046

	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	1,819,081	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

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 2011 and 2010, Other debtors are as follows:

	31 December 2011	31 December 2010
Granted loans to related companies	8,173	41,489
Other debtors		
Trade creditors - debtor balances	42,166,532	59,155,520
Special regime for payment of tax and social security debts	12,047,568	12,282,502
VAT recoverable on real estate assets	444,020	6,308,923
Vouchers and gift cards	3,412,235	1,478,041
Accounts receivable from the disposal of fixed assets	851,330	2,648,223
"Iniciativas E" program	12,626,005	17,390,276
Advances for the acquisiton of a real estate project	7,967,500	7,967,500
Revocation of contracts for acquisition of stores	413,263	7,080,423
Advances to suppliers	5,559,509	17,663,045
Advances to agents	875,217	1,263,597
Reinsurance operations	7,264,352	4,960,287
Other current assets	23,229,170	29,298,593
	116,856,700	167,496,930
Accumulated impairment losses in receivables (Note 33)	(21,625,958)	(19,629,218)
Total of Financial Instruments (Note 9)	95,238,915	147,909,201

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 2011, the net position of the telecommunications operating segment with "Fundação para as Comunicações Móveis", under "Iniciativas E" program, amounts to a receivable of 12,626,005 euro (17,390,276 euro as at 31 December 2010) .

As at 31 December 2011, the amounts of 2,253,107 euro (2,253,107 euro in 2010) and 15,793,539 euro (33,219,196 euro in 2010), 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 13% (3% in 2010), as agreed. This advance and the interests accumulated since the beginning of the contract (at 31 December 2011 the amount was 5,926,000 euro and are recognized under the caption "Other current assets" are guaranteed by a pledge of the land made in favour of the Group.

At as 31 December 2011 and 2010, the ageing of other debtors is as follows:

	Other Debtors	
	31 December 2011	31 December 2010
Not due	29,994,629	27,111,501
Due but not impaired		
0 - 30 days	9,199,907	16,783,087
30 - 90 days	23,310,064	56,266,680
+ 90 days	32,042,956	46,078,911
Total	64,552,927	119,128,678
Due and impaired		
0 - 90 days	1,259,664	849,246
90 - 180 days	793,219	278,998
180 - 360 days	1,539,007	460,821
+ 360 days	18,717,254	19,667,686
Total	22,309,144	21,256,751
	116,856,700	167,496,930

As at 31 December 2011 there is no indication that the debtors not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognized.

The carrying amount of other debtors is estimated to be approximately its fair value.

19 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

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

	31 December 2011	31 December 2010
Tax recoverable		
Income taxation	43,560,640	12,767,674
VAT	70,236,364	81,595,153
Other taxes	3,060,218	2,106,847
	116,857,222	96,469,674
Taxes and contributions payable		
Income taxation	20,604,803	25,320,502
VAT	38,957,171	62,169,032
Staff income taxes withheld	6,700,574	6,145,634
Social security contributions	12,541,077	12,979,680
Other taxes	1,091,663	2,089,240
	79,895,288	108,704,088

20 OTHER CURRENT ASSETS

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

	31 December 2011	31 December 2010
Invoices to be issued	60,484,519	59,169,355
Commercial Discounts	30,327,442	16,696,170
Commissions to be received	1,794,095	1,539,228
Prepayments - Rents	6,563,537	6,369,289
Prepayments of external supplies and services	18,552,692	19,205,197
Other current assets	16,134,105	16,664,201
	133,856,390	119,643,440

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 2011 and 2010 are as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Difference between fair value and acquisition cost	3,398,604	2,626,386	292,358,625	291,729,664
Amortisation and Depreciation	7,029,679	7,147,763	59,976,461	50,215,050
Provisions and impairment losses not accepted for tax purposes	38,986,036	19,036,149	-	-
Write off of tangible and intangible assets	43,941,975	47,390,799	-	-
Write off of deferred costs	20,209,605	26,225,648	1,159,570	2,069,556
Valuation of hedging derivatives	5,497,193	5,450,779	582,925	158,914
Temporary differences arising from the securitization of receivable operation	6,440,000	9,660,000	-	-
Amortisation of Goodwill for tax purposes	-	-	22,336,051	20,940,048
Non taxed exchange differences	-	-	-	247,167
Revaluation of tangible assets	-	-	1,847,734	1,862,802
Tax losses carried forward	105,468,251	96,392,351	-	-
Reinvested capital gains/(losses)	-	-	1,891,314	2,050,170
Others	6,480,051	6,791,580	2,457,283	2,035,458
	237,451,394	220,721,455	382,609,963	371,308,829

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

	Deferred tax assets		Deferred tax liabilities	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Opening balance	220,721,455	230,214,508	371,308,829	336,301,701
Effects in net income:				
Difference between fair value and acquisition cost	762,990	(1,226,206)	857,692	5,665,257
Amortisation and Depreciation harmonisation adjustments	(190,730)	(21,930)	7,747,958	7,281,944
Provisions and impairment losses not accepted for tax purposes	19,354,541	3,339,952	(18,370)	(101,664)
Write-off of tangible and intangible assets	(3,667,739)	(11,153,852)	-	67
Write-off of deferred accrued costs	(6,016,073)	(856,363)	(108,252)	670,743
Revaluation of tangible assets	-	-	(126,371)	(229,900)
Tax losses carried forward	7,882,165	2,114,438	-	-
Temporary differences arising from the securitization of receivable operation	(3,220,000)	(3,220,000)	-	-
Amortization of Goodwill for tax purposes	-	-	1,396,003	6,980,016
Non taxed exchange differences	-	-	(236,034)	(1,136,223)
Reinvested capital gains/(losses)	-	-	(158,856)	(763,329)
Changes in tax rates	938,889	(174,982)	2,879,813	14,564,332
Others	(1,063,102)	3,363,336	(570,864)	(395,258)
	14,780,941	(7,835,607)	11,662,719	32,535,985
Effects in equity:				
Valuation of hedging derivatives	(244,283)	(1,843,713)	496,339	151,921
Exchange rate effect	(116,795)	315,384	(4,335,685)	5,280,118
Change in tax rate	-	164,273	-	-
Others	1,920,747	(338,581)	192,558	(378,880)
	1,559,669	(1,702,637)	(3,646,788)	5,053,159
Changes in the percentages of jointly controlled companies				
Acquisitions of subsidiaries (Note 8.1)	389,329	-	1,290,767	-
Disposals of subsidiaries	-	45,191	-	(2,588,023)
Allocation of fair value on companies acquisitions (Note 8.2)	-	-	1,994,436	6,007
Closing balance	237,451,394	220,721,455	382,609,963	371,308,829

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

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

	31 December 2011			31 December 2010		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2005	-	-	2011	296,604	74,151	2011
Generated in 2006	-	-	2012	299,784	74,946	2012
Generated in 2007	1,223,112	305,778	2013	1,308,603	327,151	2013
Generated in 2008	1,581,239	395,309	2014	3,541,099	885,276	2014
Generated in 2009	28,767,876	7,191,969	2015	34,626,954	8,656,739	2015
Generated in 2010	228,347	57,087	2016	1,263,284	315,818	2016
Generated in 2011	1,496,654	374,164	2017	-	-	
	33,297,228	8,324,307		41,336,328	10,334,081	
Without limited time use	22,021,811	5,637,497		7,285,741	2,094,121	
With a time limit different from the above mentioned (a)	304,903,285	91,506,447		280,136,743	83,964,149	
	326,925,096	97,143,944		287,422,484	86,058,270	
	360,222,324	105,468,251		328,758,812	96,392,352	

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

As at 31 December 2011 and 2010, deferred tax assets resulting from tax losses carried forward were 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 might 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 2011, an amount of 9,9 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 18.2 million euro, in the Specialized Retail business segment, relating to tax losses of subsidiary Worten España, SA generated during the year and in previous years, of which 11.8 million euro are related to tax losses generated prior to the acquisition date, and so affecting the calculation of the negative goodwill. In the subsequent years, additional deferred tax assets were recorded amounting to 27.2 million euro, related to tax losses carried forward, in Worten España, SA, 14.2 million euro in Sport Zone España SA and 4.2 million euro in Zippy España SA. The deferred tax assets are supported by the companies business plans, that estimate it’s fully recoverability. In Sport Zone España, SA the reporting period of tax losses is 18 years and for the rest of the Spanish companies mentioned above the carry forward period was not yet defined.

As at 31 December 2011 deferred tax assets related to tax losses generated current and previous years, by Modelo Continente Hipermercados, S.A. Spanish Branch of Retail segment, amount to 54.1 million euro (33.5 million euro as at 31 December 2010). The mentioned tax losses can be recovered within the Income Tax Group established in Spain, according to Spanish law. Modelo Continente Hipermercados, S.A. Spanish Branch, as at 31 December 2011, was the dominant entity within the group of companies taxed in accordance with the Spanish regime for taxing groups of companies. It is the understanding of The Board of Directors, based on existing business plans, that the mentioned deferred tax assets are 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 performed for tax purposes, generated with the acquisition of Continente Hipermercados (ex-Carrefour Portugal).

In 2010 and 2011, Spanish Tax authorities notified Modelo Continente S.A. Spanish Branch of a decrease in 2008 and 2009 tax losses incurred, amounting to approximately 23.3 million euro, challenging the deduction of Goodwill depreciation, generated on the acquisition of Continente Hipermercados for each of the mentioned years. That branch appealed to the proper Spanish Authorities (Tribunal Económico - Administrativo Central de Madrid) in 2010 and 2011 respectively, and it is the Board of Directors understanding that the decision will be favourable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities related with Goodwill. As at 31 December 2011, tax losses arising from the depreciation of Goodwill, including 2008 and 2009, amount to 74.5 million euro (69.8 million euro as at 31 December 2010). For this nature remain recorded deferred tax assets and deferred tax liabilities amounting to 22.3 million euro (20.9 million euro in December 2010).

As at 31 December 2011, there were tax losses carried forward, amounting to 514.6 million euro (579.4 million euro in 2010) for which no deferred tax assets were recognized due to uncertainties of their future use. These may be summarised as follows:

	31 December 2011			31 December 2010		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use						
Generated in 2005	-	-	2011	17,295,106	4,323,777	2011
Generated in 2006	19,490,721	4,872,681	2012	53,377,911	13,344,477	2012
Generated in 2007	56,199,210	14,049,804	2013	60,528,122	15,132,031	2013
Generated in 2008	10,514,849	2,628,712	2014	13,577,675	3,394,420	2014
Generated in 2009	26,343,562	6,585,890	2015	27,961,443	6,990,387	2015
Generated in 2010	16,251,254	4,062,814	2016	16,800,963	4,200,239	2016
Generated in 2011	9,144,848	2,286,212	2017	-	-	
	137,944,444	34,486,113		189,541,220	47,385,331	
Without limited time use	69,876,459	18,363,854		56,081,477	13,834,353	
With a time limit different from the above mentioned	306,791,827	76,581,468		333,736,403	85,332,332	
	514,612,730	129,431,435		579,359,100	146,552,016	

22 CASH AND CASH EQUIVALENTS

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

	31 December 2011	31 December 2010
Cash at hand	7,609,935	7,343,569
Bank deposits	297,840,864	217,226,030
Treasury applications	190,781,065	23,022,451
Cash and cash equivalents on the statement of financial position	496,231,864	247,592,050
Bank overdrafts (Note 25)	(7,349,615)	(10,118,117)
Cash and cash equivalents on the statement of cash flows	488,882,248	237,473,933

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

23 SHARE CAPITAL

As at 31 December 2011, 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 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.

In 2009, 2010 and 2011 Sonae Investments BV requested a partial cancellation of Cash Settled Equity Swap for 1,134,965, 1,185,144 and 3,639,140 shares respectively Sonae Holding passing the derivative financial instrument to focus on 126,840,751 shares Sonae Holding.

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 58,219,905 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 28 and 31). As at 31 December 2011, the receivable amount 2,283,134 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 2011 amounted to 4,198,429 euro (4,110,117 euro in 2010), 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 46).

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

	31 December 2011	31 December 2010
Opening balance as at 1 January	524,088,940	477,968,755
Dividends	(10,127,466)	(6,146,568)
Exchange rate effect	(5,155,253)	3,447,334
Increase of capital and premium on subsidiaries	1,276,562	15,640,635
Decrease of capital and premium on subsidiaries	-	(4,733,014)
Effect of dilution of capital in IPO Sierra Brazil	62,652,484	-
Increased shareholding by acquisitions	1,789,092	6,876,606
Changes in hedge and fair value reserves	(1,143,885)	70,163
Others	(640,237)	(560,982)
Profit for the period attributable to non-controlling interests	35,385,798	31,526,011
Closing balance as at 31 December 2011	608,126,036	524,088,940

In February and March 2011, the jointly controlled company Sonae Sierra Brasil, SA, a company incorpored in accordance with the Brazilian law, proceeded to the public offering of 23,251,043 ordinary shares. This operation resulted in the opening of 30.42% of the capital to third parties and an up-front cash payment of 465.021 thousands Brazilian real (deducted of 16.084 thousands Brazilian real of operating costs), which is equivalent, to the Group, to approximately 50,5 million euro (net of approximately 1.8 million euro of operating expenses). The capital dilution effect generated an impact on non-controlling interests of 62,652,484 euro.

25 LOANS

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

	31 December 2011		31 December 2010	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae, SGPS, SA - commercial paper	90,600,000	-	61,000,000	-
Sonae Investimentos, SGPS, S.A. - commercial paper	-	282,000,000	-	292,000,000
Sonae Holding affiliated	10,000,000	-	-	-
Sonae Investimentos affiliated	-	75,000,000	-	-
a)b) Sonae Sierra affiliated companies	22,758,362	228,340,170	17,761,891	382,680,843
a)b)c) Sonae Sierra affiliated companies	18,696,735	460,521,129	36,525,264	342,636,063
a)b)d) Sonae Sierra affiliated companies	35,684	5,495,405	-	-
a) Sonae Sierra affiliated companies	507,993	5,447,459	5,368,935	5,979,416
a)c)d) Sonae Sierra affiliated companies	459,911	1,341,407	-	-
Sonaecom SGPS, SA commercial paper	118,000,000	-	28,388,536	85,000,000
MDS, SGPS, SA - commercial paper	-	14,400,000	-	10,000,000
Lazam, SA	-	21,109,920	-	-
Others	3,731,204	10,140,076	6,359,367	13,844,568
	264,789,889	1,103,795,566	155,403,993	1,132,140,890
Bank overdrafts (Note 22)	7,349,615	-	10,118,117	-
Up-front fees beard with the issuance of borrowings	(896,604)	(4,851,259)	(769,792)	(4,465,330)
Bank loans	271,242,900	1,098,944,307	164,752,318	1,127,675,560
Bonds				
Bonds Sonae / 05	-	100,000,000	-	100,000,000
Bonds Sonae / 2007/2014	-	150,000,000	-	150,000,000
Bonds Sonae / 2010/2015	-	250,000,000	-	250,000,000
Bonds Modelo Continente / 2003	-	-	82,000,000	-
Bonds Modelo Continente / 2005 / 2012	150,000,000	-	-	150,000,000
Bonds Modelo Continente / 2007 / 2012	200,000,000	-	-	200,000,000
Bonds Sonae Distribuição / 2007 / 2015	-	200,000,000	-	200,000,000
Bonds Sonae Distribuição / 2007 / 2015	-	310,000,000	-	310,000,000
Bonds Sonae Distribuição / 2009 / 2014	16,000,000	26,000,000	8,000,000	42,000,000
Bonds Sonaecom / 2005/2013	-	150,000,000	-	150,000,000
Bonds Sonaecom / 2010/2013	-	30,000,000	-	30,000,000
Bonds Sonaecom / 2010/2015	-	40,000,000	-	40,000,000
Bonds Sonaecom / 2011/2015	-	100,000,000	-	-
Bonds Sonae Sierra / 2008/2013	-	37,500,000	-	37,500,000
Up-front fees beard with the issuance of borrowings	(201,191)	(6,627,500)	(499,580)	(7,515,653)
Bonds	365,798,809	1,386,872,500	89,500,420	1,651,984,347
Other loans	33,467	126,396	33,466	550,174
Derivative instruments (Note 27)	42,743	35,313,126	5,245,380	33,272,397
Other loans	76,210	35,439,522	5,278,846	33,822,571
Obligations under finance leases (Note 26)	7,178,342	30,516,314	4,932,664	26,468,295
	644,296,261	2,551,772,643	264,464,248	2,839,950,773

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 2011 of bonds and loans were in average 2.78% (2.04% 31 December 2010).

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 2011		31 December 2010	
	Capital	Interests	Capital	Interests
N+1 a)	645,351,313	78,583,235	260,488,240	62,673,813
N+2	565,833,799	64,372,484	506,287,216	57,584,871
N+3	482,983,239	50,729,408	556,923,415	46,769,680
N+4	864,223,817	33,220,043	548,918,015	36,815,870
N+5	243,192,256	13,602,500	742,517,918	22,563,099
After N+5	371,705,166	24,375,277	464,012,795	26,116,482
	3,173,289,590	264,882,947	3,079,147,599	252,523,814

a) Includes amounts drawn under commercial paper programs when classified as current.

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.

As at 31 December 2011 in the Business segments Retail units and Telecommunications, there are financial covenants included in borrowing agreements at market conditions. As at 31 December 2011 none of the mentioned covenants has not been breached and it is the Board of Directors expectation that such covenants will not be breach.

Loans obtained by the shopping centre operating segment, imply the compliance with the following financial covenants:

	31 December 2011			31 December 2010		
		Used amount			Used amount	
	Limit	Short term	Medium and long term	Limit	Short term	Medium and long term
(1)(2) "Loan to Value" and "Debt Service Cover Ratio"	376,733,000	29,752,500	346,980,500	381,686,500	18,114,500	363,572,000
(1)(3) "Loan to Value" and "Interest Cover Ratio"	190,021,000	1,952,500	188,068,500	138,739,500	1,818,000	136,921,500
(4) "Debt to equity cover ratio"	21,275,000	700,000	15,287,500	35,725,000	700,000	14,979,000

(1) "Loan to Value": Passivo financeiro / Fair Value of PI

(2) "Debt Service Cover Ratio": Cash flow / (Interest paid plus amortization of capital)

(3) "Interest Cover Ratio": Cash flow / Interest paid

(4) "Debt to equity cover ratio": Equity / financial liabilities

Still in Shopping centre segment, whenever a covenant was breached, the corresponding debt was reclassified to short-term facility. These situations have occurred with loans obtained by Zubiarte, Gli Orsi, and River Plaza. Negotiations are ongoing in order to obtain a debt rescheduling with correspondent banks.

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

	31 December 2011		31 December 2010	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities				
Retail	239,202,973	203,000,000	270,120,074	198,000,000
Shopping Centres	32,046,121	-	58,571,103	-
Telecommunications	106,430,000	-	85,750,000	65,000,000
Investment management	3,472,351	5,600,000	3,725,294	-
Sonae Holding	62,095,242	-	229,081,042	-
	443,246,687	208,600,000	647,247,513	263,000,000
Agreed credit facilities				
Retail	239,760,000	485,000,000	270,120,074	490,000,000
Shopping Centres	32,046,121	-	64,188,092	-
Telecommunications	224,430,000	-	114,000,000	150,000,000
Investment management	9,000,000	20,000,000	9,500,000	10,000,000
Sonae Holding	162,695,242	-	290,081,042	-
	667,931,363	505,000,000	747,889,208	650,000,000

26 OBLIGATIONS UNDER FINANCE LEASES

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

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
Amounts under finance leases:	31 December 2011	31 December 2010	31 December 2011	31 December 2010
N+1	8,579,464	6,348,285	7,178,342	4,932,664
N+2	5,808,571	4,752,500	4,543,118	3,753,742
N+3	5,209,367	4,111,805	4,107,969	3,241,186
N+4	5,102,294	3,366,667	4,179,602	2,089,093
N+5	5,030,193	2,858,422	4,288,269	2,159,542
After N+5	15,639,452	17,982,187	13,397,356	15,224,732
	45,369,341	39,419,866	37,694,656	31,400,959
Interests	(7,674,685)	(8,018,907)		
	37,694,656	31,400,959		
Current obligations under finance leases			7,178,342	4,932,664
Non-current obligations under finance leases			30,516,314	26,468,295

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 2011 and 2010, 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 2011 and 2010, accounting net value of assets acquired under finance leases can be detailed as follows:

	31 December 2011	31 December 2010
Assets acquired under finance leases		
Lands and buildings	18,078,328	22,841,362
Plant and machinery	20,005,541	19,695,241
Vehicles	46,116	67,132
Fixture and Fittings	9,929,487	4,186,181
Total tangible assets	48,059,472	46,789,917
Investment properties	-	-
	48,059,472	46,789,917

As at 31 December 2011, the acquisition cost of Tangible assets amounted to 72,029,407 euro (65,174,074 euro as at 31 December 2010).

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 2011 there are no exchange rate derivatives which haven't been considered hedging instruments. The fair value of exchange rate derivatives hedging instruments, calculated based on present market value of equivalent financial instruments of exchange rate, is of 42,743 euro included in liabilities (878,280 euro as at 31 December 2010) and 2,797,071 euro included in assets (457,160 euro as at 31 December 2010).

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”

Gains and losses for the year associated with the change in market value of derivative instruments are recorded under the caption "Hedging reserve" when considered cash flow hedging and when considered as fair value hedging are recorded under the caption” Other Operating Costs”.

Interest rate derivatives

As at 31 December 2011, 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 665,389,417 euro (1,118,050,663 euro as at 31 December 2010). The net fair value of these derivatives amounts to -33,012,259 euro (-37,139,105 euro as at 31 December 2010), and is disclosed as assets amounting to 14 euro (423,774 euro as at 31 December 2010) and as liabilities 33,012,273 euro (37,562,879 euro as at 31 December 2010).

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. The estimation of future cash flows is made on the basis of quotations forward market curve are implicit in, and the respective discount to the present, is accomplished using the higher interest rate curve is representative of the market, based on information from credible sources provided by Bloomberg, among others. Comparative quotes from financial institutions for specific instruments or similar, are used as a benchmark for evaluation. This analysis assumes that all other variables remain constant.

Interest rate and exchange rate derivatives

As at 31 December 2011 no contracts existed related to interest rate and exchange rate derivatives at the same time.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Derivatives not qualified as hedging				
Exchange rate	-	-	-	76,618
Interest rate	-	-	2,300,853	-
Hedging derivatives				
Exchange rate	2,797,071	457,160	42,743	878,280
Interest rate	14	423,774	33,012,273	37,562,879
	2,797,085	880,934	35,355,869	38,517,777

28 OTHER NON-CURRENT LIABILITIES

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

	31 December 2011	31 December 2010
Shareholders loans	40,891,230	39,351,233
Fixed assets suppliers	1,998,825	4,862,095
Spectrum for 4th generation	27,423,410	-
Other non-current liabilities	82,810,305	133,574,695
Financial instruments (Note 9)	153,123,770	177,788,023
"E-Initiatives" Program (Note 50)	2,253,107	2,253,107
Accruals and deferrals	3,106,928	1,317,990
Other non-current liabilities	158,483,805	181,359,120

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 58,219,905 euro (101,774,315 euro as at 31 December 2010) related to the fair value of the derivative on Sonae Holding shares referred to in Note 23.

The heading 'Spectrum for 4th Generation' refers to the current value of the amount to be paid in future years resulting from the allocation, to the subsidiary Optimus, of the frequency of services necessary for the development of 4th Generation (Note 11).

The carrying amount of "Other non-current liabilities" is estimated to be approximately its fair value.

29 SHARE-BASED PAYMENTS

In 2011 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 2011 and 2010 plans, 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 2011 and 2010, the fair value of total liabilities on the date of allocation 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 2011	Fair value 31 December 2010
Shares					
	2008	2011	459	-	5,610,174
	2009	2012	474	9,620,850	8,300,686
	2010	2013	484	6,452,267	4,706,106
	2011	2014	485	7,303,749	-
Total				23,376,866	18,616,966

As at 31 December 2011 and 2010 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	31 December 2011	31 December 2010
Staff costs	6,233,047	6,319,318
Recorded in previous years	10,075,246	7,572,574
	16,308,293	13,891,892
Recorded in other liabilities	9,188,305	7,238,557
Recorded value in Other reserves	7,119,989	6,653,335
	16,308,293	13,891,892

30 TRADE CREDITORS

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

		Payable to	
	31 December 2011	up to 90 days	more than 90 days
Trade creditors - current account			
Retail	991,621,602	991,065,802	555,800
Shopping Centres	11,795,458	9,577,283	2,218,175
Telecommunications	128,073,392	98,159,784	29,913,608
Investment Management	11,876,848	11,753,554	123,294
Sonae Holding	106,428	106,428	-
	1,143,473,728	1,110,662,851	32,810,877
Trade creditors - Invoice Accruals	117,281,408	117,281,408	-
	1,260,755,136	1,227,944,259	32,810,877

		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

As at 31 December 2011 and 2010 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.

Since the year 2010, a "confirming" program payments system was made available to a very limited number of suppliers of the Retail units Segment enabling suppliers to discount these payments in an early date. As at 31 December 2011 the "confirming" amounts to 52,296,644 euro (47,731,284 euro at 31 December 2010).

31 OTHER CREDITORS

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

	31 December 2011	Payable to up to 90 days	Payable to 90 to 180 days	Payable to more than 180 days
Fixed assets suppliers	86,211,473	80,322,946	574,695	5,313,832
Other debts	73,492,486	49,809,728	10,839,589	12,843,169
	159,703,959	130,132,674	11,414,284	18,157,001
Related undertakings	6,380,332			
	166,084,291			

	31 December 2010	Payable to up to 90 days	Payable to 90 to 180 days	Payable to 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			

The caption Other debts includes:

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

- 8,716,058 euro (8,277,581 euro as at 31 December 2010) related to vouchers, gift cards and discount tickets owned by clients;

- 5,828,261 (6,179,706 euro as at 31 December 2010) related to payable amounts to Sonae Distribuição Brasil. S.A. buyer as result of responsibilities assumed with that entity. (Note 33);

- 2,824,896 euro (3,178,795 euro as at 31 December 2010) relating to amounts payable to insurance companies, Insurance buyers and insurance agents;

- 9,630,386 euro (12,003,433 euro as at 31 December 2010) relating to amounts payable related to reinsurance operations;

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

	31 December 2011	31 December 2010
Property investments accruals	5,701,449	5,556,771
Fixed assets accrued costs	87,109,212	8,803,150
Holiday pay and bonuses	122,635,806	126,653,883
Interest payable	21,066,952	16,631,751
Invoices to be issued	33,786,960	43,994,715
Commissions	4,108,843	5,618,354
Marketing expenses	15,220,747	27,054,939
Information society	15,793,539	33,219,196
Other external supplies and services	59,230,629	58,979,060
Accrued income - trade debtors	29,407,826	34,025,665
Accrued income - rents	5,004,034	5,149,995
Others	38,279,760	38,234,965
	437,345,757	403,922,444

At 31 December 2011, the heading 'Tangible and intangible assets' includes 83 million euro related to the amount payable in the short term, resulting from the allocation, to the subsidiary Optimus, of the frequencies necessary for the development of services from 4th Generation (note 11).

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 2011, the caption "Information society" contains an amount of 15,793,539 euro (33,219,196 euro in 2010) which is related to the short-term commitments assumed by the company under the "Iniciativas E" program.

33 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

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

Caption	Balance as at 31 December 2010	Increase	Decrease	Balance as at 31 December 2011
Accumulated impairment losses on investments (Note 14)	26,769	91,100	(1,107)	116,762
Accumulated impairment losses on other non current assets (Note 15)	-	-	-	-
Accumulated impairment losses on trade account receivables (Note 17)	86,155,511	28,130,843	(17,927,353)	96,359,001
Accumulated impairment losses on other debtors (Note 18)	19,629,218	5,996,387	(3,999,647)	21,625,958
Accumulated impairment losses on inventories (Note 16)	35,596,931	16,974,864	(5,798,236)	46,773,559
Non current provisions	62,823,444	33,775,290	(5,369,227)	91,229,507
Current provisions	2,738,228	856,476	(323,393)	3,271,311
	206,970,101	85,824,960	(33,418,963)	259,376,098

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

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

	31 December 2011	31 December 2010
Provisions and impairment losses	56,504,634	39,636,907
Impairment losses not included in this note		
Goodwill (Note 13)	(3,904,323)	-
Investment Properties	(1,006,000)	-
Intangible assets	(1,496,000)	-
Provisions for dismantling telecommunication sites [(a)]	1,365,080	520,360
Provision for inventories impairments		
Recorded in cost of goods sold (Note 16)	16,974,333	10,695,979
Reclass. "Other current liabilities"	14,637,379	-
Others	2,749,857	674,298
	85,824,960	51,527,544

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

	31 December 2011	31 December 2010
Technical provisions on reinsurance (a)	7,184,894	8,069,284
Future liabilities relating to retail subsidiaries of retail in Brazil sold (b)	10,545,595	10,856,969
Dismantling of telecommunication sites	22,863,571	22,729,081
Clients Guarantees (c)	21,089,854	7,833,843
Judicial claims	8,043,221	7,744,369
Others (d)	24,773,683	8,328,126
	94,500,818	65,561,672

(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: 2,321,970 euro (2,175,590 euro as at 31 December 2010) related to provisions for non-acquired insurance premiums and 4,862,924 euro (5,893,693 euro as at 31 December 2010) 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 10,545,595 euro (10,856,969 euro as at 31 December 2010), 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 21,089,854 euro (7,833,843 euro as at 31 December 2010). These extensions are granted for a period of one to three years after the suppliers legal guarantee.

(d) The caption "Other responsibilities" includes 14,637,379 euro related to costs incurred in the current period or past periods, for which it is not possible to estimate reliably the timing of occurrence of the payment.

Impairment losses are deducted from the book value of the corresponding asset.

34 CONTINGENT ASSETS AND LIABILITIES

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

	31 December 2011	31 December 2010
Guarantees given:		
on tax claims	326,817,732	270,130,723
on judicial claims	706,891	575,115
on municipal claims	6,582,372	7,011,523
others guarantees	61,236,650	54,745,874
Sureties provided to subsidiaries (a)	127,221,883	71,465,070

a) Guarantees given to Tax Authorities in favour of subsidiaries to defer tax claims.

Others guarantees include 7.7 million euro (13.2 million euro as at 31 December 2010) 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 148.6 million euro (96.5 million euro as at 31 December 2010), for which the Company has presented, or has the intention of presenting an impugnation. Portuguese tax authorities claim that the Company should have invoiced VAT related to promotional discounts invoiced to suppliers as 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.

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

The caption “Guarantees given on tax claims” include a granted guarantee on a tax claim of a Retail segment company in Brazil of approximately 27.1 million euro (65.6 million Brazilian real and 74.1 million Brazilian real as at 31 December 2010), which is being judged by tax court, and the difference refers to accruals.

In addition to the previously disclosed guarantees, 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 2011, the amount claimed by the Brazilian Tax Authorities, concerning the tax lawsuits still in progress, which the company's lawyers assess as having a high probability of loss, plus the amounts already paid (26 million euro) related to programmes for the Brazilian State of tax recovery, amount to near 39,3 million euro (39,8 million euro at 31 December 2010).

Furthermore, there are other tax lawsuits totalling 57,3 million euro (54,7 million euro at 31 December 2010) for which the Board of Directors, based on the lawyers' assessment, understands will not imply future losses to the old subsidiary.

For the year ended 31 December 2010, a subsidiary from the Telecommunications Business segment was notified of the Report of Tax Inspection, where it considers that it is inappropriate the increase, when calculating the taxable profit for the year 2008, of the amount of 100 million euro, with respect to initial price of future credits transferred to securitization. The settlement note, was received on April 2011, and Sonae will challenge that decision. It’s the Board of Directors understanding that there are strong arguments to obtain a favourable decision for the Group. For this reason, Sonae kept the recording of deferred tax assets associated with this operation.

As at 31 December 2011, in the Telecommunications operating segment, receivables from customers and accounts payable to suppliers include 37.1 million euro and 29.9 million euro, respectively, as well as the captions “Other current assets” and “Other current liabilities” include 0,4 million euro and 6.8 million 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 favourable 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.

Additionally in January 2012 was given bail in the amount of 35.2 million euro for the purpose of suspending tax process.

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 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 2011 and 2010 amounted to 107,641,369 euro and 111,148,146 euro, respectively.

Additionally, as at 31 December 2011 and 2010, 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 2011	31 December 2010
Due in:		
N+1 automatically renewal	2,480,144	2,459,027
N+1	105,250,285	108,241,479
N+2	95,614,320	100,662,187
N+3	82,956,044	90,466,830
N+4	68,100,696	75,217,183
N+5	50,221,439	59,087,349
After N+5	131,442,057	129,544,822
	536,064,985	565,678,877

Rents arising from operational leases, in which the Sonae acts as a lessee, during the period ended 31 December 2011 amounted to 132,455,904 euro (115,808,462 euro as at 31 December 2010).

Additionally, as at 31 December 2011 and 2010, Sonae had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31 December 2011	31 December 2010
Due in:		
N+1 automatically renewal	27,398,350	25,213,301
N+1	124,404,545	113,140,793
N+2	114,325,586	104,850,376
N+3	104,594,946	98,427,122
N+4	86,470,675	88,222,413
N+5	76,453,734	77,688,853
After N+5	499,056,790	479,659,177
	1,032,704,627	987,202,035

The increase in costs of the exercise with operating leases, as well as the increase of the minimum lease payments maturing in future periods can be explained essentially by the sale & leaseback process of some properties of the Group, namely logistical platforms and some of its retail stores. The increase is associated with the opening of retail stores in Spain and Portugal.

36 TURNOVER

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

	31 December 2011	31 December 2010 (Note 1)
Sale of goods	4,661,898,477	4,750,784,367
Sale of products	15,654,746	18,050,080
	4,677,553,223	4,768,834,447
Services rendered	1,060,600,768	1,076,452,124
Turnover	5,738,153,991	5,845,286,571

37 VALUE CREATED ON INVESTMENT PROPERTIES

As at 31 December 2011 and 2010, value created on investment properties is made up as follows:

	31 December 2011	31 December 2010
Properties previously under development and opened during the period (Note 12)	767,682	2,021,543
Changes in fair value of investment properties in progress (Note 12)	(655,624)	6,310,518
Variation in fair value on "fit-out" contracts (Note 12)	86,551	(573,659)
Variation in fair value in investment properties in operation (Note 12)		
Gains	42,092,026	27,921,016
Losses	(61,223,197)	(25,239,382)
	-	-
	(18,932,562)	10,440,036

38 GAINS OR LOSSES ON INVESTMENTS

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

	31 December 2011	31 December 2010
Dividends	232,500	696,769
Sale of Difusão	-	6,423,734
Sale of Mediterranean Cosmos	-	5,685,095
Sale of Altitude	-	2,091,121
Others	(109,843)	(734,706)
Gains / (losses) on the sale of investments in subsidiaries	(109,843)	13,465,244
Gains / (losses) on the sale of investments on available for sale	-	-
Others	(180,976)	1,121
Impairment losses on investments in subsidiaries	-	-
Impairment losses on investments in associated companies	-	-
Impairment losses on investments in available for sale assets	-	-
Impairment reversal/(losses) on investments	-	-
	(58,319)	14,163,134

39 NET FINANCIAL EXPENSES

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

	31 December 2011	31 December 2010
Expenses		
Interest payable		
related with bank loans and overdrafts	(36,090,970)	(26,372,620)
related with non convertible bonds	(44,099,600)	(34,581,323)
related with financial leases	(1,126,213)	(1,161,075)
related with hedge derivatives	(10,700,823)	(17,951,346)
others	(15,290,371)	(11,938,544)
	(107,307,977)	(92,004,908)
Exchange losses	(4,812,333)	(10,435,995)
Up front fees and commissions related to loans	(8,396,924)	(8,162,238)
Others	(13,066,004)	(10,410,887)
	(133,583,238)	(121,014,028)
Income		
Interest receivable		
related with bank deposits	1,504,221	628,945
others	14,389,211	6,535,000
	15,893,432	7,163,945
Exchange gains	6,416,596	5,718,310
Payments discounts received	12,726	108,139
Other financial income	2,030,582	647,499
	24,353,336	13,637,893
Net financial expenses	(109,229,902)	(107,376,135)

40 OTHER INCOME

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

	31 December 2011	31 December 2010
Supplementary income	399,537,229	373,075,356
Foreign currency exchange gains	29,294,939	26,371,143
Own work capitalised	13,669,921	16,577,953
Gains on sales of assets	19,378,362	42,179,318
Negative Goodwill	1,150,101	-
Impairment losses reversals	4,991,760	7,511,446
Admission rights	1,546,516	2,465,050
Subsidies	421,826	539,853
Taxes refunded	422,913	37,146
Others	11,404,261	8,438,437
	481,817,828	477,195,702

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 approximately 42 million euro.

41 EXTERNAL SUPPLIES AND SERVICES

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

	31 December 2011	31 December 2010 (Note 1)
Subcontracts	278,679,589	298,761,232
Services	114,365,913	119,998,447
Publicity	151,693,854	156,619,267
Rents	157,399,565	133,042,545
Commissions	50,618,632	50,379,869
Transports	57,912,322	52,884,151
Electricity	69,498,364	66,223,272
Costs with automatic payment terminals	25,953,657	27,949,731
Maintenance	40,444,141	37,897,272
Security	27,688,437	28,172,724
Cleaning up services	24,230,046	26,586,271
Insurances	7,104,852	6,760,123
Communications	10,578,866	13,450,395
Travel expenses	12,189,617	12,810,938
Others	79,294,568	84,038,246
	1,107,652,423	1,115,574,483

42 STAFF COSTS

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

	31 December 2011	31 December 2010
Salaries	570,833,426	554,654,086
Social security contributions	114,164,242	110,241,552
Insurance	12,216,614	9,916,592
Welfare	2,142,581	2,014,161
Other staff costs	12,592,740	16,262,030
	711,949,603	693,088,421

43 OTHER EXPENSES

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

	31 December 2011	31 December 2010
Exchange differences	28,900,672	23,969,267
Other taxes	24,813,228	19,558,947
Decrease of investment properties value	3,605,351	14,559,414
Losses on the sale of assets	1,936,276	11,407,068
Municipal Property tax	7,122,821	8,586,568
Donations	8,707,591	6,665,123
Doubtful debts written-off	2,697,906	1,900,138
Others	13,466,463	13,463,968
	91,250,308	100,110,493

44 INCOME TAX

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

	31 December 2011	31 December 2010
Current tax	39,899,298	58,183,231
Deferred tax (Note 21)	(3,118,222)	40,371,592
	36,781,076	98,554,823

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

	31 December 2011	31 December 2010
Profit before income tax	175,596,653	298,014,987
Difference between capital (losses)/gains for accounting and tax purposes	322,980	(10,506,641)
Results of associated undertakings	9,902,057	3,817,125
Impairment of goodwill	3,904,323	-
Provisions and impairment losses not accepted for tax purposes	17,990,245	26,961,572
Permanent differences	(9,835,361)	(9,056,680)
Taxable Profit	197,880,897	309,230,363
Use of tax losses that have not originated deferred tax assets	(51,218,569)	(58,540,512)
Recognition of tax losses that have not originated deferred tax assets	10,560,896	58,049,919
	157,223,224	308,739,770
Income tax rate in Portugal	25.00%	25.00%
	39,305,806	77,184,943
Effect of different income tax rates in other countries	(7,242,212)	(4,734,964)
Effect of change in tax income rate in the calculation of deferred taxes	347,055	943,395
Effect of increases or decreases in deferred taxes	5,116,520	19,547,503
Under/(over) Income tax estimates	(9,941,591)	(8,750,516)
Autonomous taxes and tax benefits	810,180	2,143,769
Municipality surcharge	8,385,318	12,220,693
Income tax	36,781,076	98,554,823

45 RELATED PARTIES

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

	Sales and services rendered		Purchases and services obtained	
Transactions	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Parent Company	158,220	168,837	-	-
Jointly controlled companies	12,979,068	11,767,995	19,944,536	19,452,203
Associated companies	37,586,339	38,588,183	3,730,718	4,681,203
Other related parties	67,363,693	70,645,400	25,913,376	34,118,234
	118,087,320	121,170,415	49,588,630	58,251,640

Transactions	Interest income		Interest expenses	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Parent Company	336,053	-	977,984	-
Jointly controlled companies	5,066	5,226	110	15
Associated companies	373,525	174,938	-	-
Other related parties	116,530	89,758	2,054,692	2,093,232
	831,174	269,922	3,032,786	2,093,247

Balances	Accounts receivable		Accounts payable	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Parent Company	340,141	102,607	-	-
Jointly controlled companies	4,801,453	2,697,745	6,431,841	5,641,691
Associated companies	4,862,626	4,152,235	1,634,448	2,443,183
Other related parties	16,467,393	19,311,222	10,106,222	15,664,418
	26,471,613	26,263,809	18,172,511	23,749,292

Balances	Loans			
	Obtained		Granted	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Parent Company	-	-	-	-
Jointly controlled companies	-	-	89,936	85,763
Associated companies	-	-	9,136,860	7,528,812
Other related parties	45,585,444	44,819,198	262,819	248,393
	45,585,444	44,819,198	9,489,615	7,862,968

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 2011 were sold to administrators of Sonae or entities/persons with them related, 8 Magma N.º 1 Securitization notes held by Sonae Holding by an amount of 200,000 euro.

Members of the Board of Directors and Strategic Direction were attributed the following remuneration in 2011 and 2010:

	31 December 2011		31 December 2010	
	Board of Directors	Strategic direction (a)	Board of Directors	Strategic direction (a)
Short-term employee benefits	2,530,270	11,177,621	2,677,252	9,726,686
Share-based payments	644,200	3,194,887	642,700	2,698,100
	3,174,470	14,372,508	3,319,952	12,424,786

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 2011 and 2010, were calculated taking into consideration the following amounts:

	31 December 2011	31 December 2010
Net profit		
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	103,429,779	167,940,582
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	103,429,779	167,940,582
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	1,872,249,464	1,869,520,109
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Outstanding shares related with share based payments	12,864,071	12,050,889
Shares related to performance bonus that can be bought at market price	(4,207,658)	(4,234,046)
Weighted average number of shares used to calculated diluted earnings per share	1,880,905,877	1,877,336,952
Earnings per share		
Basic	0.055244	0.089831
Diluted	0.054989	0.089457

The 2011 average number of shares considered the effect of 126,840,751 Sonae Holding shares (130,479,891 in 31 de December 2010) underlying the derivative in Note 23 as treasury shares.

47 CASH RECEIPTS-PAYMENTS RELATED TO INVESTMENTS

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

	31 December 2011	31 December 2010
Receipts		
Funding application in Bradesco and Citybank(Son.Capit.Brasil) (Note 14)	11,913,419	-
Disposal of Alexa	-	24,056,853
Disposal of Difusão	-	32,850,302
Disposal of LeiriaShoping	-	16,489,217
Disposal of Mediterranean Cosmos	-	9,388,610
Disposal of Altitude SGPS	-	3,171,510
Others	1,136,073	2,044,236
	13,049,492	88,000,728

	31 December 2011	31 December 2010
Payments		
Debt the Lazam by acquisition of the ADD and Miral	10,233,268	-
Acquisition of MDS Group subsidiaries (Note 8.1)	1,199,288	9,670,973
Acquisition of SIERRA Group subsidiaries (Note 8.1)	1,792,783	-
Acquisition of Sonaecom's Shares	2,223,287	4,944,915
Acquisition of Sonae Capital Shares	-	6,972,000
Sierra Portugal Fund Capital Increase	-	14,381,367
Others	861,384	3,918,432
	16,310,010	39,887,687

48 DIVIDENDS

In the Shareholders Annual General Meeting held on 27 April 2011, the payment of a gross dividend of 0.0331 euro per share (0.0315 euro per share in 2010) corresponding to a total of 66,200,000 euro (63,000,000 euro at 2010) was approved. On the 27 April 2011 the value of the dividends of the derivatives underlying shares mentioned in Note 23, amounted 4,198,429 euro (4,110,117 euro in 2010) and were credited in the caption equity.

For 2011, 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 52.

Sonae's reportable segment information regarding the income statement in accordance with IFRS 8 can be analysed as follows:

	31 December 2011	Inter-segment	31 December 2010	Inter-segment
Turnover				
Food based retail	3,347,235,392	(6,477,954)	3,355,084,970	(6,620,493)
Ex-Fuel	3,327,239,402	(6,477,954)	3,275,139,951	(6,620,493)
Fuel	19,995,990	-	79,945,019	-
Specialised retail	1,235,035,320	-	1,271,764,071	-
Retail real estate	119,311,667	(109,221,185)	126,043,734	(118,356,047)
Shopping centres	193,611,115	(13,411,988)	192,428,636	(13,250,213)
Telecommunications	863,634,415	(25,424,250)	920,718,989	(26,339,848)
Investment management (Note 1)	129,807,556	(785,342)	138,231,221	(688,653)
Eliminations and adjustments	(150,481,474)	(278,005)	(158,985,050)	(1,211,993)
Total direct consolidated	5,738,153,991	(155,598,724)	5,845,286,571	(166,467,247)
EBITDA				
Food based retail	231,626,480		231,123,330	
Specialised retail	(15,411)		44,625,770	
Retail real estate	119,852,032		149,261,165	
Shopping centres	91,590,139		92,196,068	
Telecommunications	212,985,738		194,011,541	
Investment management	3,475,617		5,526,953	
Eliminations and adjustments	11,477,992		12,207,110	
Total direct consolidated	670,992,587		728,951,937	
EBIT				
Food based retail	134,756,993		146,843,314	
Specialised retail	(60,644,822)		493,102	
Retail real estate	89,176,715		117,340,679	
Shopping centres	89,711,742		89,230,884	
Telecommunications	82,490,171		64,468,881	
Investment management	(7,989,672)		(1,970,991)	
Eliminations and adjustments	(5,834,449)		(7,154,114)	
Total direct consolidated	321,666,676		409,251,755	

	31 December 2011	31 December 2010
Investment (CAPEX)		
Food based retail	91,804,002	87,610,959
Specialised retail	83,757,110	99,676,380
Retail real estate	8,866,877	20,553,310
Shopping centres	68,526,365	51,467,189
Telecommunications	215,970,000	140,585,367
Investment management	6,333,325	14,103,272
Eliminations and adjustments (1)	(134,045)	(1,557,370)
Total direct consolidated	475,123,634	412,439,107

	31 December 2011	31 December 2010
Invested capital		
Food based retail	483,891,990	479,204,374
Specialised retail	347,470,390	337,037,521
Retail real estate	1,360,659,243	1,418,165,276
Shopping centres	1,513,199,902	1,576,617,718
Telecommunications	813,981,186	781,749,152
Investment management	154,207,606	155,569,048
Eliminations and adjustments (1)	(1,917,704)	(34,500,775)
Total direct consolidated	4,671,492,613	4,713,842,314
Total net debt (2)		
Retail businesses	975,691,161	1,046,670,860
Shopping centres	735,485,855	829,279,533
Telecommunications	309,547,000	348,085,829
Investment management	100,037,769	80,627,179
Holding (1)	585,759,781	547,616,771
Total consolidated	2,706,521,565	2,852,280,172

1) Includes Sonae Individual accounts;

2) Includes shareholders loans;

The caption "Eliminations and Adjustments" can be analysed as follows:

	Turnover		EBITDA		EBIT	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Inter-segment income	(155,598,724)	(166,467,247)	(7,202,483)	5,619,542	(1,335,359)	272,027
Adjustment on telecommunications provisions (1)	-	-	23,014,365	16,030,069	-	-
Others	5,117,250	7,482,197	(4,333,889)	(9,442,501)	(4,499,090)	(7,426,141)
Eliminations and adjustments	(150,481,474)	(158,985,050)	11,477,992	12,207,110	(5,834,449)	(7,154,114)

(1) The sub holding considers provisions as EBITDA;

	Investment		Invested capital	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Inter-segment balances	(165,430)	(2,286,892)	53,459,828	67,339,294
Acquisition of Sonaecom shares	-	-	-	-
Cash settled equity swap	-	-	(55,936,771)	(97,077,039)
Others	31,385	729,522	559,239	(4,763,030)
Eliminations and adjustments	(134,045)	(1,557,370)	(1,917,704)	(34,500,775)

(2) 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 2011		31 December 2010	
	Turnover by destination market	Operational profit/(loss) before taxation	Turnover by destination market	Operational profit/(loss) before taxation
Portugal	5,184,718,088	125,913,879	5,384,269,501	282,699,749
Spain	363,072,400	(10,789,171)	285,309,128	(500,376)
France	16,609,719	-	12,907,504	-
United Kingdom	7,551,905	(315,822)	8,009,971	(853,296)
Germany	17,389,881	12,983,540	18,324,071	(517,354)
Brazil	67,229,462	46,083,993	62,061,384	21,891,236
Italy	19,580,899	4,979,414	17,509,494	3,629,051
Other European countries	35,214,324	(2,467,142)	36,139,165	(8,081,660)
Rest of the world	26,787,313	(792,038)	20,756,353	(245,934)
	5,738,153,991	175,596,653	5,845,286,571	298,021,416

Headcount are as follows:

	31 December 2011	31 December 2010
Retail	31,006	30,877
Shopping Centres	833	883
Telecommunications	2,150	2,136
Investment management	1,679	1,746
Sonae Holding	17	4
	35,685	35,646

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 2011 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 116 million euro, will be realised, as agreed between Optimus – Comunicações S.A. and MOPTC, through contributions to the ‘Iniciativas E’ project (modem offers, discounts on tariffs, cash contributions, among others, assigned to the widespread use of broadband internet for students and teachers). These contributions are made through the ‘Fund for the Information Society’, now known as the ‘Fundação para as Comunicações Móveis’ (Foundation for Mobile Communications), established by the three mobile operators with businesses in Portugal. All responsibility is recognised as an additional cost of UMTS license, against an entry in the captions ‘Other non-current liabilities’ and ‘Other current liabilities’. Thus, at 31 December 2011, all the responsibilities with such commitments are fully recorded in the attached consolidated financial statements.

At 31 December 2011, the caption “Patents and other similar rights”, of intangible assets includes the amount of 110,8 million euro (111.5 million euro as at 31 December 2010),that correspond to the present value of the estimated responsibility with "Iniciativas E" program, recorded in June 2008 and updated September 2009 and December 2011.

51 COMMITMENTS ARISING ON THE SALE OF ASSETS REGARDING CONTINGENT SALE PRICES ADJUSTMENTS

Following the sale of 49.9% of Sierra European Retail Real Estate Assets Holdings BV’s (“Sierra BV”) share capital to a group of Investors, in 2003, Sonae Sierra has agreed to revise the sale price of such shares in the event of a sale, to third parties, of some of the shopping centres owned by subsidiaries of Sierra BV (in case of some circumstances).

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 the Luxco’s or to Sierra BV, in case a important sale, discounts were made related to deferred taxes over the gains.

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.

Similar guarantees were granted by Sonae Sierra in relation to the companies transferred to Sierra BV after 2003

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.

It’s the Board of Directors current understanding that concerning the exit strategy from Sierra BV, which according with the initial agreement between shareholders was due 10 years from its signature (October 2013), the mentioned period will be extended (as foreseen in the agreement) for an additional two 1 year periods (starting at 2013). Additionally, the board is under negotiations with Sierra BV’s investors to analyse the options to extend the agreement for an additional period.

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 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 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 2011 and 2010 can be summarised as follows:

	31 December 2011			31 December 2010		
	Consolidated accounts	Indirect income	Direct income	Consolidated accounts	Indirect income	Direct income
Operational income						
Sales	4,677,553,223	-	4,677,553,223	4,768,834,447	-	4,768,834,447
Services rendered (Note 1)	1,060,600,768	-	1,060,600,768	1,076,452,124	-	1,076,452,124
Value created on investment properties	(18,932,562)	(18,932,562)	-	10,440,036	10,440,036	-
Investment income	-	-	-	-	-	-
Dividends	232,500	-	232,500	4,140,206	3,443,437	696,769
Others (Note 38)	(290,819)	-	(290,819)	10,022,928	1,570,459	8,452,469
Other income						
Negative goodwill	1,150,101	-	1,150,101	-	-	-
Reversion of impairment losses	5,680,607	-	5,680,607	8,334,989	-	8,334,989
Others	475,676,068	2,012,732	473,663,336	468,975,991	-	468,975,991
Total income	6,201,669,886	(16,919,830)	6,218,589,716	6,347,200,721	15,453,932	6,331,746,789
Total cost (a) (Note 1)	5,906,941,274	10,250,734	5,896,690,540	5,937,986,045	16,187,780	5,921,798,265
Depreciation and amortisation	311,730,714	-	311,730,714	297,083,607	-	297,083,607
Provisions and impairment losses						
Warranty extensions provisions	8,358,132	-	8,358,132	7,833,843	-	7,833,843
Others	48,146,502	3,720,597	44,425,905	31,803,064	851,500	30,951,564
Profit before financial results and share of results in associated companies	294,728,612	(27,170,564)	321,899,176	409,214,676	(733,848)	409,948,524
Financial profit/(loss)	(109,229,902)	(2,892,509)	(106,337,394)	(107,376,135)	-	(107,376,135)
Share of results in associated undertakings	(9,902,057)	(7,398,138)	(2,503,919)	(3,817,125)	(5,237,399)	1,420,274
Profit before income tax	175,596,653	(37,461,211)	213,057,864	298,021,416	(5,971,247)	303,992,663
Income tax	(36,781,076)	(2,173,886)	(34,607,190)	(98,554,823)	(27,302,722)	(71,252,101)
Net profit for the period	138,815,577	(39,635,097)	178,450,674	199,466,593	(33,273,969)	232,740,562
- attributable to equity holders of Sonae	103,429,779	(26,963,220)	130,392,999	167,940,582	(24,315,912)	192,256,494
- attributable to minority interests	35,385,798	(12,671,877)	48,057,675	31,526,011	(8,958,057)	40,484,068
EBITDA (b)			670,992,587			728,951,937

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 26th January 2012, the jointly controlled entity of Shopping Centre segment Sonae Sierra Brasil S.A, a company incorporated in accordance with the Brazilian law, announced to its shareholders and to the market that the Board of Directors had approved, in a meeting held on January 26th 2012, the Company's first (1st) issue of simple debentures, non-convertible into shares, unsecured, in up to two series ("Offer" and "Debentures"), for distribution with limited placement efforts. 30,000 (thirty thousand) Debentures will be issued with unit par value of R$ 10,000 (ten thousand Brazilian real), in a total amount, on the issue date (as defined below) of R$ 300,000,000 (three hundred million Brazilian real).

For all legal purposes, the date of issuance of the debentures will be February 15th, 2012 ("Issue Date"). The remuneration of the debentures of the 1st and 2nd series will be set through book building.

The net funds raised by the Company with the issue will be allocated (i) to the acquisition of new plots of land; (ii) to the increase of the Company's participation in shopping malls; (iii) to the acquisition of new shopping malls; (iv) to the development of new shopping malls; and (v) to constitute cash reserves for the Company.

On the 27th January 2012 the joint controlled entity Sonae Sierra Brasil S.A announced an agreement to obtain an additional controlling ownership interest in Shopping Plaza Sul. This agreement was made with CSHG Brasil Shopping FII, a fund managed by Credit Suisse Hedging-Griffo, to obtain an additional 30% ownership interest in Shopping Plaza Sul in exchange for a minority stake in Shopping Penha and R$ 63.9 million in cash.

54 APPROVAL OF THE FINANCIAL STATEMENTS

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

The Board of Directors

Belmiro Mendes de Azevedo, Chairman

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

INDIVIDUAL FINANCIAL STATEMENTS

SONAE

IMPROVING LIFE

SONAE, SGPS, SA

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

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

(Amounts expressed in euro)

ASSETS	Notes	31.December.2011	31.December.2010
NON-CURRENT ASSETS:			
Tangible assets	6	208,831	225,499
Intangible assets	7	77,138	118,252
Investments in affiliated companies	4, 8	3,561,020,983	3,177,377,209
Other investments	4, 9	42,214,426	63,795,880
Other non-current assets	4, 10	393,745,945	808,550,697
Total non-current assets		3,997,267,323	4,050,067,537
CURRENT ASSETS:			
Trade account receivables	4, 11	503,725	497,176
Other debtors	4, 12	13,909,190	58,759,264
Taxes recoverable	13	798,587	924,706
Other current assets	4, 14	431,397	470,643
Cash and cash equivalents	4, 15	75,589	307,130
Total current assets		15,718,488	60,958,919
TOTAL ASSETS		4,012,985,811	4,111,026,456
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	16	2,000,000,000	2,000,000,000
Legal reserves	17	187,137,648	167,816,034
Hedging reserve, fair value reserve and other reserves	18	1,243,726,640	979,004,630
Retained earnings		322,737	322,737
Profit for the year		(63,517,229)	386,432,293
TOTAL EQUITY		3,367,669,796	3,533,575,694
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bonds	4, 20.1	497,997,648	497,150,214
Other non-current liabilities		-	71,727
Other loans	4, 20.2	11,007,789	13,990,754
Total non-current liabilities		509,005,437	511,212,695
CURRENT LIABILITIES:			
Bank loans	4, 20.3	90,600,000	61,000,000
Trade accounts payable	4	662,785	1,193,408
Other creditors	4, 21	40,240,610	478,780
Taxes and contributions payable	13	555,382	153,684
Other current liabilities	4, 22	4,251,801	3,412,195
Total current liabilities		136,310,578	66,238,067
TOTAL EQUITY AND LIABILITIES		4,012,985,811	4,111,026,456

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 2011 AND 2010

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

(Amounts expressed in euro)

	Notes	31.December.2011	31.December.2010
Services rendered	26	472,682	404,600
Gains or losses on investments	27	(78,016,561)	394,005,956
Financial income	28	42,447,504	17,291,709
Other income		1,506,844	828,654
External supplies and services	29	(2,077,556)	(2,499,243)
Staff costs	30	(2,255,791)	(2,100,840)
Depreciation and amortisation	6, 7	(105,431)	(89,207)
Financial expense	28	(24,768,475)	(20,670,879)
Other expenses		(581,026)	(730,035)
Profit/(Loss) before taxation		(63,377,810)	386,440,715
Taxation	31	(139,419)	(8,422)
Profit/(Loss) after taxation		(63,517,229)	386,432,293
Profit/(Loss) per share			
Basic	32	(0.031759)	0.193216
Diluted	32	(0.031744)	0.193133

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 2011 AND 2010

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

(Amounts expressed in euro)

	31.December.2011	31.December.2010
Net Profit / (Loss) for the year	(63,517,229)	386,432,293
Changes on fair value of available-for-sale financial assets	(41,401,857)	10,560,405
Transfer of fair value of available-for-sale financial assets to the income statement	(6,345)	113,007,720
Impairment losses on available-for-sale financial assets	2,490,000	-
Changes in hedge and fair value reserves	2,632,607	(1,855,428)
Other comprehensive income for the year	(36,285,595)	121,712,697
Total comprehensive income for the year	(99,802,824)	508,144,990

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 AS AT 31 DECEMBER 2011 AND 2010

(Translation of the 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	Free reserves	Retained earnings	Total reserves and retained earnings	Net Profit/(Loss)	Total
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 year		-	-	-	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	17	-	-	4,586,452	-	-	-	24,142,596	-	28,729,048	(28,729,048)	-
Dividends distributed	34	-	-	-	-	-	-	-	-	-	(63,000,000)	(63,000,000)
Share based payments	19	-	-	-	-	-	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
Balance as at 1 January 2011		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
Total comprehensive income for the year		-	-	-	(38,918,202)	2,632,607	-	-	-	(36,285,595)	(63,517,229)	(99,802,824)
Appropriation of profit of 2010:												
Transfer to legal reserves and other reserves	17	-	-	19,321,614	-	-	-	300,910,679	-	320,232,293	(320,232,293)	-
Dividends distributed	34	-	-	-	-	-	-	-	-	-	(66,200,000)	(66,200,000)
Purchase of treasury shares		-	(289,862)	-	-	-	-	-	-	-	-	(289,862)
Share based payments	19	-	289,862	-	-	-	100,300	(3,374)	-	96,926	-	386,788
Balance as at 31 December 2011		2,000,000,000	-	187,137,648	573,554,460	(5,030,164)	825,953	674,376,391	322,737	1,431,187,025	(63,517,229)	3,367,669,796

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 2011 AND 2010

(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.2011	31.December.2010
OPERATING ACTIVITIES			
Cash receipts from trade debtors		466,755	1,689,610
Cash paid to trade creditors		(2,651,766)	(2,261,556)
Cash paid to employees		(1,906,825)	(1,898,079)
Cash flow generated by operations		(4,091,836)	(2,470,025)
Income taxes (paid) / received		118,428	435,633
Other cash receipts and (payments) relating to operating activities		(124,377)	(871,212)
Net cash flow from operating activities (1)		(4,097,785)	(2,905,604)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	33	19,549,954	251,340,000
Tangible assets		2,066	655,861
Intangible assets		650	2,977
Interest and similar income		47,499,246	17,155,810
Dividends	27	107,599	434,557,555
Loans granted		1,352,499,177	1,164,119,539
		1,419,658,692	1,867,831,742
Cash payments arising from:			
Investments	33	(500,002,245)	(324,794,945)
Tangible assets		(37,014)	(77,984)
Intangible assets		(14,071)	(153,928)
Loans granted		(895,333,546)	(1,495,225,881)
		(1,395,386,876)	(1,820,252,738)
Net cash used in investment activities (2)		24,271,816	47,579,004
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		2,743,131,000	1,915,999,615
		2,743,131,000	1,915,999,615
Cash payments arising from:			
Loans obtained		(2,673,776,000)	(1,879,544,615)
Interest and similar charges		(23,274,245)	(20,595,696)
Dividends		(66,196,465)	(62,995,572)
Purchase of treasury shares		(289,862)	-
		(2,763,536,572)	(1,963,135,883)
Net cash used in financing activities (3)		(20,405,572)	(47,136,268)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(231,541)	(2,462,868)
Cash and cash equivalents at the beginning of the year	15	307,130	2,769,998
Cash and cash equivalents at the end of the year	15	75,589	307,130

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 2011

(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 2011. These changes are presented in Note 2 of the notes to the consolidated financial statements. The adoption, during 2011, of the mentioned standards did not produce impacts on the Company financial statements, since they aren't applicable to the Individual financial statements of the Company.

Additionally, there are standards that have been approved for adoption in the periods started on or after 1 January 2012. 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 losses 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.

Equity instruments classified as available-for-sale are considered to be impaired if there is a significant or prolonged decline in fair value below its cost.

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 rateably during the period of each plan. The fair value of the plan is recognized as staff costs against equity.

When settlement is made in cash the value of such liabilities shall be determined at the grant date and subsequently updated at the end of each reporting period based on the number of shares and the corresponding fair value at the closing date. These obligations are recognized as staff costs and other current liabilities, and are recorded on a straight-line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates.

2.12 Income tax

Current income tax is determined in accordance with tax rules in force in Portugal, considering the taxable profit for the period.

Deferred taxes are calculated using the 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 been selected based on its high national and international reputation, and taking, into account its rating notations and the nature, maturity and extension of the operations;

- 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 2011 the total gross debt was 600 million euro (572 million euro as at 31 December 2010).

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 2011 Sonae debt average life maturity was 2.3 years (3.4 years as at 31 December 2010);

- 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 is 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 156.5 million euro committed credit facilities, of which only 35% are cancellable with a notice period of 6 months and the remainder with no less than a 360 days notice period (236.5 million euro in 2010). Sonae expects to meet all its obligations by means of its investments 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;

- The fair value of swaps was determined by discounting estimated future cash flows to the date of statement of financial position. The cash flows result from the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg. For options, the fair value is calculated according the “Black-Scholes” model and other similar models. The future cash-flow estimates are based on market forward interest rates, discounted to the present using the most representative market rates. That is, the calculation is supported on reliable sources, as such those conveyed by Bloomberg and others. Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the evaluation.

- 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.

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 0.75 basis points higher, the company net profit before tax as at 31 December 2011 (individual statements) would increase by approximately 584 thousand euro (as at 31 December 2010 would increase 3.1 million euro). Total equity, as at 31 December 2011, (not considering the impact over net profit) would increase by about 3 million euro (4.7 million as at 31 December 2010) as a result of the effect of changing interest rate up 0.75 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.2011					
	Notes	Loans and accounts receivable	Available for sale	Sub Total	Assets not within scope of IFRS 7	Total
Non-current assets						
Investments in affiliated companies	8	-	3,561,020,983	3,561,020,983	-	3,561,020,983
Other available for sale investments	9	-	42,214,426	42,214,426	-	42,214,426
Other non-current assets	10	393,745,945	-	393,745,945	-	393,745,945
		393,745,945	3,603,235,409	3,996,981,354	-	3,996,981,354
Current assets						
Trade accounts receivables	11	503,725	-	503,725	-	503,725
Other debtors	12	13,909,190	-	13,909,190	-	13,909,190
Other current assets	14	330,940	-	330,940	100,457	431,397
Cash and cash equivalents	15	75,589	-	75,589	-	75,589
		14,819,444	-	14,819,444	100,457	14,919,901
		408,565,389	3,603,235,409	4,011,800,798	100,457	4,011,901,255

	31.December.2010					
	Notes	Loans and accounts receivable	Available for sale	Sub Total	Assets not within 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 available for sale 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

Financial liabilities

	Notes	Derivatives used for cash flow hedging	Other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total
	31.December.2011					
Non-current liabilities						
Bonds	20.1	-	497,997,648	497,997,648	-	497,997,648
Other loans	20.2	11,007,789	-	11,007,789	-	11,007,789
		11,007,789	497,997,648	509,005,437	-	509,005,437
Current liabilities						
Bank loans	20.3	-	90,600,000	90,600,000	-	90,600,000
Trade accounts payable		-	662,785	662,785	-	662,785
Other payables accounts	21	-	40,240,610	40,240,610	-	40,240,610
Other current liabilities	22	-	3,687,199	3,687,199	564,602	4,251,801
		-	135,190,594	135,190,594	564,602	135,755,196
		11,007,789	633,188,242	644,196,031	564,602	644,760,633

	Notes	Derivatives used for cash flow hedging	Other financial liabilities	Sub Total	Liabilities not within scope 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 liabilities						
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 payables accounts	21	-	478,780	478,780	-	478,780
Other current liabilities	22	-	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

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:

	31.December.2011			31.December.2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair values						
Investments in affiliated companies	789,750	586,449,500	-	1,132,175	625,463,000	-
Other investments	4,482,000	-	-	6,806,000	-	-
	5,271,750	586,449,500	-	7,938,175	625,463,000	-
Financial liabilities at fair value						
Derivatives	-	11,007,789	-	-	13,990,754	-
	-	11,007,789	-	-	13,990,754	-

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.

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 2011 and 2010 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 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)
Opening balance as at 1 January 2011	136,027	194,768	1,745,827	723	412	2,077,757
Increase	-	-	-	-	34,640	34,640
Decrease	(17,352)	-	(128,420)	-	(412)	(146,184)
Transfers and write-offs	2,903	-	31,737	-	(34,640)	-
Closing balance as at 31 December 2011	121,578	194,768	1,649,144	723	-	1,966,213
Accumulated depreciation						
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)
Opening balance as at 1 January 2011	29,924	194,768	1,626,874	692	-	1,852,258
Increase	12,866	-	37,999	31	-	50,896
Decrease	(17,352)	-	(128,420)	-	-	(145,772)
Closing balance as at 31 December 2011	25,438	194,768	1,536,453	723	-	1,757,382
Carrying amount						
As at 31 December 2010	106,103	-	118,953	31	412	225,499
As at 31 December 2011	96,140	-	112,691	-	-	208,831

7 INTANGIBLE ASSETS

As at 31 December 2011 and 2010 intangible assets movements are as follows:

	Patents and other similar rights	Software	In progress	Total intangible assets
Gross cost				
Opening balance as at 1 January 2010	-	8,615	-	8,615
Increase	153,928	-	-	153,928
Decrease	-	(5,933)	-	(5,933)
Opening balance as at 1 January 2011	153,928	2,682	-	156,610
Increase	-	-	14,071	14,071
Decrease	-	-	(650)	(650)
Transfers and write-offs	13,421	-	(13,421)	-
Closing balance as at 31 December 2011	167,349	2,682	-	170,031
Accumulated depreciation				
Opening balance as at 1 January 2010	-	2,839	-	2,839
Increase	36,644	1,718	-	38,362
Decrease	-	(2,843)	-	(2,843)
Opening balance as at 1 January 2011	36,644	1,714	-	38,358
Increase	53,641	894	-	54,535
Decrease	-	-	-	-
Closing balance as at 31 December 2011	90,285	2,608	-	92,893
Carrying amount				
As at 31 December 2010	117,284	968	-	118,252
As at 31 December 2011	77,064	74	-	77,138

8 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2011 and 2010, the Company held investments in the following subsidiaries:

	31.December.2011					
Companies	% Held	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Interlog, SGPS, SA	1.02%	106,686	-	-	-	106,686
Sonae Investimentos, SGPS, SA (a)	76.86%	1,893,270,729	-	-	-	1,893,270,729
Sonae Investments, BV (c)	100.00%	550,000,000	285,700,000	-	-	835,700,000
Sonae RE, SA	99.92%	3,672,059	-	-	-	3,672,059
Sonae Sierra SGPS, SA (b)	50.00%	625,463,000	-	-	(39,013,500)	586,449,500
Sonaecom, SGPS, SA	0.18%	1,132,175	-	271,724	(70,701)	789,750
Sonaegest, SA	20.00%	159,615	-	-	-	159,615
Sonaecenter Serviços, SA	100.00%	731,545	-	-	-	731,545
Sontel, BV (c)	42.86%	191,341,400	214,299,699	-	-	405,641,099
Total		3,265,877,209	499,999,699	271,724	(39,084,201)	3,726,520,983
Impairment		88,500,000	77,000,000	-	-	165,500,000
Total		3,177,377,209	422,999,699	271,724	(39,084,201)	3,561,020,983

	31.December.2010					
Companies	% 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

(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 2011 and 2010 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.

(c) Increase of these companies share capital.

During the year ended 31 December 2011, the Company recorded an impairment loss over the financial investment held in Sontel B.V. amounting to 77,000,000 euro (Note 27), 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. The accumulated impairment loss on this subsidiary amounts to 165,500,000 euro.

The assumptions are similar to those used on goodwill impairment test and are disclosed in the consolidated financial statements.

9 OTHER INVESTMENTS

As at 31 December 2011 and 2010 other investments available for sale are as follows:

Companies	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
	31.December.2011				
Associação Escola Gestão Porto	49,880	-	-	-	49,880
Fundo Especial de Invest.Imob. Fechado Imosonae Dois	-	2,546	-	-	2,546
Magma No. 1 Securitisation Notes	56,940,000	-	19,260,000	-	37,680,000
Sonae Capital, SGPS, SA	6,806,000	-	-	166,000	6,972,000
Total	63,795,880	2,546	19,260,000	166,000	44,704,426
Impairment	-	-	-	2,490,000	2,490,000
Total	63,795,880	2,546	19,260,000	(2,324,000)	42,214,426

Companies	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
	31.December.2010				
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

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 2011, the decrease amounting to 19,260,000 euro corresponds to reimbursements totaling 18,895,000 euro and to the sale of bonds with a carrying amount of 365,000 euro with a nil capital gain. As so, the fair value of these financial instruments is similar to its book value

10 OTHER NON-CURRENT ASSETS

As at 31 December 2011 and 2010 other non-current assets are as follows:

	31.December.2011	31.December.2010
Loans granted to group companies:		
Sonae Investments, BV	45,560,933	372,130,430
Sonae Investimentos, SGPS, SA (a)	347,400,000	400,000,000
Sontel, BV	785,012	36,184,000
Sonaecenter, Serviços, SA	-	236,267
	393,745,945	808,550,697

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, bearing fixed interest rate with full reimbursement in the end of the period.

In December 2011, the company sold 1,052 bonds to a subsidiary by an amount of 42,080,000 euro.

The fair value of the bonds related to this loan as at 31 December 2011, is 40,000 euro per bond, according with a valuation made by the use of discounted cash flow models. There is no evidence of impairment on this loan.

The other loans granted to group companies, bear interest at market rates indexed to Euribor, have a long term maturity and its fair value is similar to its carrying amount.

There are no past due or impaired receivable balances as at 31 December 2011 and 2010. The eventual impairment of loans granted to group companies is assessed in accordance with note 2.6.k).

11 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable amounted to 503,725 euro and 497,176 euro as at 31 December 2011 and 2010 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 2011 and 2010 other debtors are as follows:

	31.December.2011	31.December.2010
Group companies - Short term loans:		
Sonae Investimentos, SGPS, SA	-	53,000,000
Sonaecenter Serviços, SA	119,120	-
	119,120	53,000,000
Group companies - Interest:		
Sonae Investments, BV	334,583	5,117,282
Sonaecenter, Serviços, SA	-	2,483
Sontel, BV	180,628	380,215
	515,211	5,499,980
Group companies - Dividends:		
Sonae Sierra SGPS, SA (Nota 27)	11,867,610	-
	11,867,610	-
Other debtors		
Others	1,407,249	259,284
	13,909,190	58,759,264

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 2011 and 2010. The fair value of loans granted is similar to its carrying amount.

13 TAXES

As at 31 December 2011 and 2010 taxes balances are as follows:

Assets

	31.December.2011	31.December.2010
Advance payments	40,921	39,312
Taxes withheld	715,616	844,394
Others	42,050	41,000
	798,587	924,706

Liabilities

	31.December.2011	31.December.2010
Income tax charge for the year	139,100	8,422
Taxes withheld		
Staff	38,092	32,812
Capital	229,590	229
Value added tax	106,798	103,175
Social security contributions	11,065	6,003
Stamp duty	30,737	3,043
	555,382	153,684

14 OTHER CURRENT ASSETS

As at 31 December 2011 and 2010 other current assets are as follows:

	31.December.2011	31.December.2010
Accrued income	330,939	397,912
Prepayments	100,458	72,731
	431,397	470,643

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 2011 and 31 December 2010 cash and cash equivalents are as follows:

	31.December.2011	31.December.2010
Cash in hand	89	89
Bank deposits	75,500	307,041
Cash and cash equivalents on the balance sheet	75,589	307,130
Cash and cash equivalents on the cash flow statement	75,589	307,130

16 SHARE CAPITAL

As at 31 December 2011 and 2010 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

As at 31 December 2011 and 2010 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 2011 and 2010, respectively, 19,321,614 euro and 4,586,452 euro was transferred from profit for the year to legal reserves.

18 HEDGING RESERVE, FAIR VALUE RESERVE AND OTHER RESERVES

As at 31 December 2011 and 2010 other reserves are detailed as follows:

	31.December.2011	31.December.2010
Free reserves	674,376,391	373,469,086
Hedging reserve	(5,030,164)	(7,662,771)
Fair value reserve	573,554,460	612,472,662
Share-based payments reserve (Note 19)	825,953	725,653
	1,243,726,640	979,004,630

Movements occurred in 2011 and 2010 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. In December 2011, the company has recorded an impairment loss on Sonae Capital, SGPS, SA amounting to 2,490,000 euro (Note 27), as its market value is bellow its acquisition cost.

The share-based payments reserve relates to equity-share based payments under the deferred performance bonuses.

19 SHARE-BASED PAYMENTS

In 2011 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 2011 and 2010, the outstanding plans were as follows:

	Vesting period		31.December.2011		31.December.2010	
	Year of grant	Vesting year	Number of participants	Number of shares	Number of participants	Number of shares
Plan 2007	2008	2011	-	-	1	340,844
Plan 2008	2009	2012	1	570,258	1	570,258
Plan 2009	2010	2013	1	411,564	1	411,564
Plan 2010	2011	2014	1	425,401	-	-

During the year the movements occurred can be detailed as follows:

Amount:

	31.December.2011	31.December.2010
Recorded as staff cost in the year	386,786	368,620
Recorded as staff cost in previous year	439,167	357,033
	825,953	725,653

Number of shares:

	31.December.2011	31.December.2010
Opening balance	1,322,666	911,102
Changes during the year:		
Attribued	425,401	411,564
Vested	(340,844)	-
Closing balance	1,407,223	1,322,666

20 BORROWINGS

20.1 Bonds

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

	31.December.2011	31.December.2010
Bonds	500,000,000	500,000,000
Up-front fees not yet charged to income statement	(2,002,352)	(2,849,786)
	497,997,648	497,150,214

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.

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 2010) which fair value amounted to -11,007,789 euro (-13,990,754 euro as at 31 December 2010).

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 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 of the derivative, estimated at rate setting dates based on yield curves from Bloomberg.

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

	31.December.2011	31.December.2010
N+1	(4,431,568)	(5,743,875)
N+2	(5,117,090)	(5,363,266)
N+3	(1,656,143)	(2,649,782)
N+4	-	(524,843)
N+5	-	-

20.3 Current bank loans

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

	31.December.2011	31.December.2010
Commercial paper (a)	90,600,000	61,000,000

(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 2011 and 2010 the analysis of the maturity of loans are as follows:

	31.December.2011		31.December.2010	
	Nominal value	Interests	Nominal value	Interests
N+1	90,600,000	16,050,981	61,000,000	12,935,137
N+2	100,000,000	14,483,128	-	12,940,117
N+3	150,000,000	11,362,035	100,000,000	11,885,531
N+4	250,000,000	4,771,181	150,000,000	9,501,718
N+5	-	-	250,000,000	4,058,347
after N+5	-	-	-	-

The interest amount was calculated considering the applicable interest rates for each loan at 31 December.

Interest rate as at 31 December 2011 of the bonds and bank loan was, in average, 3.37% (2.5% as at 31 December 2010).

21 OTHER CREDITORS

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

	31.December.2011	31.December.2010
Group companies - Short term loans:		
Sonae Investments, BV	40,160,000	-
Sonaecenter Serviços, SA	-	405,000
	40,160,000	405,000
Shareholders	69,093	65,559
Others	11,517	8,221
	40,240,610	478,780

22 OTHER CURRENT LIABILITIES

As at 31 December 2011 and 2010 other current liabilities are as follows:

	31.December.2011	31.December.2010
Accruals:		
Salaries	491,892	463,351
Interest	3,687,199	2,919,636
Others	72,710	29,208
	4,251,801	3,412,195

23 CONTINGENT LIABILITIES

As at 31 December 2011 and 2010, contingent liabilities were guarantees given are as follows

	31.December.2011	31.December.2010
Guarantees given:		
on tax claims	92,283	307,664
on judicial claims	145,256	145,256
Guarantees given in the name of subsidiaries (a)	130,066,153	74,329,339

a) Guarantees given to Tax Authorities in favour of subsidiaries to defer tax claims.

Additionally, in January 2012, a guarantee amounting to 35,204,319 euro was granted in order to suspend a claim by tax authorities.

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.

24 OPERATIONAL LEASES

As at 31 December 2011 and 2010, the company had operational lease contracts, as a lessee, whose minimum lease payments had the following schedule:

	31.December.2011	31.December.2010
Due in		
N+1 automatically renewable	247,019	239,382
N+1	22,420	40,668
N+2	17,797	17,244
N+3	14,831	17,244
N+4	-	14,370
	302,067	328,908

During the year ended 31 December 2011 the Company recognized costs on operational leases 304,650 euro (307,756 euro as at 31 December 2010).

25 RELATED PARTIES

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

Balance

	31.December.2011	31.December.2010
Group companies	2,248,938	6,107,634
Jointly controlled companies	12,094,116	219,976
Other partners in group companies	109,053	146,536
Accounts receivable	14,452,107	6,474,146
Group companies	657,699	1,041,762
Other partners in group companies	27,466	13,938
Accounts payable	685,165	1,055,700
Group companies	393,865,065	861,550,697
Loans granted	393,865,065	861,550,697
Group companies	40,160,000	405,000
Loans obtained	40,160,000	405,000

Transactions

	31.December.2011	31.December.2010
Group companies	1,624,611	730,218
Jointly controlled companies	212,682	209,698
Other partners in group companies	100,000	134,637
Services rendered	1,937,293	1,074,553
Group companies	1,135,851	1,213,890
Other partners in group companies	85,713	162,094
Purchases and services obtained	1,221,564	1,375,984
Group companies	40,036,497	14,335,920
Interest income	40,036,497	14,335,920
Group companies	461,361	432,251
Other partners in group companies	977,984	-
Interest expenses	1,439,345	432,251
Group companies	107,599	420,901,675
Jointly controlled companies	11,867,610	13,655,880
Dividend income (Note 27)	11,975,209	434,557,555
Group companies	289,954	230,840,000
Disposal of investments (Note 33)	289,954	230,840,000
Group companies	42,080,000	-
Disposal of bonds	42,080,000	-
Group companies	500,002,245	317,822,945
Acquisition of investments (Note 33)	500,002,245	317,822,945

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 2011 and 2010 is detailed as follows:

	31.December.2011	31.December.2010
Variable - short term	1,749,410	1,679,461
Share based payments	335,400	345,000
	2,084,810	2,024,461

In 2011 and 2010 no loans were granted to the Company's Directors.

During 2011, 8 Magma Nº1 Securitisation Notes (Note 9) were sold to Company's Directors or related entities / persons for the amount of 200,000 euro.

As at 31 December 2011 and 2010 no balances existed with the Company's Directors.

26 SERVICES RENDERED

Services rendered amounted to 472,682 euro and 404,600 euro, in 31 December 2011 and 2010, respectively. Services rendered include management fees over subsidiaries in accordance with Holding companies law.

27 GAINS OR LOSSES RELATED TO INVESTMENTS

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

	31.December.2011	31.December.2010
Dividends received	11,975,209	434,557,555
Gains/(Losses) on sale of investments	(10,501,770)	(40,551,599)
Impairment losses (Note 8 and 9)	(79,490,000)	-
	(78,016,561)	394,005,956

Dividends were received from Sonae Sierra, SGPS, SA (11,867,610 euro), Sonaegest, SA (75,099 euro) and Sonaecom, SGPS, SA (32,500 euro).

The caption gains/(losses) on investments disposal corresponds to: gains on disposal of Sonaecom, SGPS, SA shares (18,230 euro) and losses on disposal of Sonae Investimentos bonds (10,520,000 euro).

28 FINANCIAL INCOME / EXPENSES

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

	31.December.2011	31.December.2010
Interest arising from:		
Bank loans	(1,146,845)	(465,168)
Bonds	(14,593,181)	(11,089,579)
Other	(6,825,614)	(7,055,054)
Up front fees on the issuance of debt	(880,060)	(992,137)
Other financial expenses	(1,322,775)	(1,068,941)
Financial expenses	(24,768,475)	(20,670,879)
Interest income	42,447,504	17,291,709
Finacial income	42,447,504	17,291,709

29 EXTERNAL SUPPLIES AND SERVICES

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

	31.December.2011	31.December.2010
Subcontracts	-	1,437
Operational rents	410,243	452,040
Services obtained	1,300,244	1,623,103
Others	367,069	422,663
	2,077,556	2,499,243

30 STAFF COSTS

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

	31.December.2011	31.December.2010
Salaries	2,153,446	1,625,389
Social costs	78,616	53,667
Other staff costs	23,729	421,784
	2,255,791	2,100,840

31 INCOME TAX

Income tax charge for the year amounted to 139,419 euro and 8,422 euro, in 31 December 2011 and 2010, respectively.

31.1 Reconciliation of effective tax rate

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

	31.December.2011	31.December.2010
Profit before taxes	(63,377,810)	386,440,715
(Decrease) / Increase to net income for tax purposes	67,881,596	(393,853,825)
Taxable income	4,503,786	(7,413,110)
Use of carried forward tax losses	(4,503,786)	-
Tax losses for wich no deferred tax assets were recognized	-	7,413,110
Net taxable income	-	-
Tax charge @ 25%	-	-
Change in income tax estimate from previous years	319	-
Autonomous taxation	8,698	8,422
Municipal surcharge	130,402	-
Tax charge	139,419	8,422
Effective average tax rate	0.220%	0.002%

31.2 Carried forward tax losses

	31.December.2011		31.December.2010	
	Carried forward tax loss	Limit for use	Carried forward tax loss	Limit for use
Generated in 2009	-	-	3,070,501	2015
Generated in 2010	5,979,825	2014	7,413,110	2014
	5,979,825		10,483,611	

32 EARNINGS PER SHARE

Earnings per share for the period were calculated taking into consideration the following amounts:

	31.December.2011	31.December.2010
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	(63,517,229)	386,432,293
Effect of dilutive potential shares		
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	(63,517,229)	386,432,293
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	-	-
Outsanding shares related with deferred performance bonus	1,407,223	1,322,666
Number of shares that could be acquired at average market price	(494,220)	(459,124)
Weighted average number of shares used to calculated diluted earnings per share	2,000,913,003	2,000,863,542
Profit/(Loss) per share		
Basic	(0.031759)	0.193216
Diluted	(0.031744)	0.193133

33 RECEIPTS / PAYMENTS OF INVESTMENTS

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

	31.December.2011			
	Receipts		Payments	
Companies	Total	Amount received	Total	Amount paid
Magma Nº 1 Securitisation Notes	19,260,000	19,260,000	-	-
Fundo Especial de Invest.Imob. Fechado Imosonae Dois	-	-	2,546	2,546
Sontel, BV	-	-	214,299,699	214,299,699
Sonae Investments, BV	-	-	285,700,000	285,700,000
Sonaecom, SGPS, SA	289,954	289,954	-	-
	19,549,954	19,549,954	500,002,245	500,002,245

	31.December.2010			
	Receipts		Payments	
Companies	Total	Amount received	Total	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

34 DIVIDENDS

The Shareholders Annual Meeting held on 27 April 2011, approved the payment of a gross dividend of 0.0331 euro (0.0315 euro 2010) per share was approved, corresponding to a total of 66,200,000 euro (63,000,000 euro in 2010).

For 2011, 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.

35 APPROVAL OF THE FINANCIAL STATEMENTS

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

36 INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

In the twelve months period ended 31 December 2011 shareholders' loan contracts were entered into with the following companies:

Sonae Investments, BV

Sontel, BV

In 2011 short-term loan contracts were entered into with the following companies:

Chão Verde – Sociedade de Gestão Imobiliária, SA

Efanor Investimentos, SGPS, SA

Fozmassimo – Sociedade Imobiliária, SA

Modelo Hiper Imobiliária, SA

Modelo.com – Vendas por Correspondência, SA

Sesagest Projectos e Gestão Imobiliária, SA

Sonae Center Serviços II, SA

Sonae Investimentos, SGPS, SA

Sonae Investments, BV

Sonae Specialized Retail, SGPS, SA

Sonaecenter, Serviços, SA

Sonaecom, SGPS, SA

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

	Closing Balance
Sonae Investments, BV	45,560,933
Sonaecenter, Serviços, SA	119,120
Sontel, BV	785,012
	46,465,065

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

	Closing Balance
Sonae Investments, BV	40,160,000
	40,160,000

Article 66 A of the Commercial Companies Code

As at 31 December 2011, fees Statutory Auditor amounted to 22,277 euro fully related with audit fees.

The Board of Directors

Belmiro de Azevedo, Chairman

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

LEGAL CERTIFICATION OF ACCOUNTS AND AUDITORS' REPORT

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

Introduction

1. In accordance with the applicable legislation, we present the Statutory Audit Report and the Auditors' Report on the financial information contained in the Report of the Board of Directors and the individual and consolidated financial statements for the year ended 31 December 2011 of Sonae, S.G.P.S., S.A. ("Company") (which comprise the Consolidated and Individual Statements of Financial Position as of 31 December 2011 that presents total consolidated and individual assets of 7,740,715,012 Euro and of 4,012,985,811 Euro respectively, and consolidated and equity of 1,964,971,050 Euro and of 3,367,669,796 Euro respectively, including consolidated net profit attributable to the Company's Equity Holders of 103,429,779 Euro and an individual net loss of 63,517,229 Euro), the Consolidated and Individual Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended and the corresponding Notes.

Responsibilities

2. The Company's Board of Directors is responsible for: (i) the preparation of consolidated and individual financial information that present a true and fair view of the financial position of the companies included in the consolidation and the Company, the consolidated and individual results and comprehensive income of their operations, the consolidated and individual changes in equity and the 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 its operations or the operations of the companies included in the consolidation, its consolidated or individual financial position, its consolidated or individual results and comprehensive income.

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

Scope

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

Opinion

5. In our opinion, the consolidated and individual financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated and individual financial position of Sonae, S.G.P.S., S.A., as of 31 December 2011, the consolidated and individual results and comprehensive income of its operations, the consolidated and individual changes in equity and the consolidated and individual cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union, and the information contained on those is, in accordance with the standards mentioned in the paragraph 4 above, complete, true, timely, clear, objective and licit.

Reporting over other legal requirements

6. It is also our opinion that the financial information contained in the Report of the Board of Directors is in accordance with the consolidated and individual financial statements of the year and the reporting of the corporate governance practices includes the elements required to the Company in accordance with article 245º-A of the Securities Market Code.

Lisbon, 12 March 2012

Deloitte & Associados, SROC S.A.
Represented by António Marques Dias

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 2011, 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 quarterly during the year, some of which with the presence of the Board of Directors and the officers in charge of Planning and Control, Administrative and Accounting, Tax, Internal Audit and Risk Management departments, the Statutory Auditor and External Auditor and the 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 verified the effectiveness of the risk management and internal control, analysed the planning and activity of the internal and external auditors, oversaw the reports issued by Sonae's ombudsman 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.

During the year and in compliance with CMVM's Recommendation IV.1.2., the Statutory Audit Board took in consideration the criteria for description of businesses with significant relevance between the company and shareholders of qualifying holdings or related entities in accordance with article 20 of the Portuguese Securities Market Code, and which fulfilment must be preceded by opinion of this Board. In this context, it's highlighted that the mentioned transactions were performed under arms' length principles under the principles of the CMVM's Recommendation IV.1.

It was also reviewed the Corporate Governance Report, enclosed to the Report of the Board of Directors, in accordance with nr. 5 of article 420º of Companies Code, having verified that the it includes the elements referred to in article 245º-A of the Portuguese Securities Market Code.

The Statutory Audit Board favourably pronounced itself by the rendering of non-audit services by the External Auditor based on a group of arguments aligned with the company's best interest: the Auditor's independence was not threatened, the limit of 30% of total fees was not overcame, the fees were established at market and, additionally, it was in the interest of the Company to benefit of the knowledge and experience and timing of the services rendered.

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 Legal Certification of Accounts and Auditor´s 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, 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 for the year ended 31 December 2011.

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, 29 March 2012

The Statutory Audit Board

Daniel Bessa Fernandes Coelho

Arlindo Dias Duarte Silva

Jorge Manuel Felizes Morgado

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SONAE
2011
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