



SONAE DISTRIBUIÇÃO, SGPS, SA

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

Share Capital 1.100.000.000 Euros

Porto Commercial Registry and Fiscal Number 501 532 927

**REPORT AND ACCOUNTS**

**30 SEPTEMBER 2008**



# **REPORT OF THE BOARD OF DIRECTORS**

**30 SEPTEMBER 2008**

# Management Report

## Sonae Distribuição – S.G.P.S., S.A.

To the Shareholders,

In accordance with Portuguese Law and the company's articles of association, we hereby present the management report of Sonae Distribuição - S.G.P.S., S.A. (previously called Modelo Continente, SGPS, S.A.) for the nine months ending 30 September 2008.

### Business Activity

During the first nine months of 2008, Sonae Distribuição, SGPS, SA consolidated turnover reached 2.992 million Euros. This figure corresponds to an increase of 25% compared to the same period in 2007, and is divided in the following way:

- The food based retail brands totaled a turnover of 2.070 M€, for the period increasing by 22% compared to the first three trimesters of the previous year. This increase was the same as that witnessed in the same period of the previous year, in particular the 3<sup>rd</sup> trimester.

The food based retail business registered an increase of 1% during the first 9 months of the year in a comparable store universe (this increase was similar to the last trimester). This performance is mainly owed to the perishable food categories (result of the value added project for requalification and enrichment of fresh food product offer currently underway in the Company), and likewise on a significant increase in own brands and exclusive Sonae Distribuição brands (as a result of the strong investment made in the development and launching of new products and the prevalence of the "trading-down" phenomenon which is characteristic of periods where family disposable income decreases).

The performance of this business segment benefitted additionally from the strong organic growth carried out over the last 12 months ending in September with the opening of new stores in Portugal (which corresponds to circa 30.000 m<sup>2</sup>), in addition to the integration of 85.000 m<sup>2</sup> corresponding to the acquisition of Carrefour Portugal hypermarkets.

- In the same period, the turnover of the non-food based retail brands totaled 800 million Euros which corresponds to an increase of 16% compared to the figure accumulated in the 3<sup>rd</sup> trimester of 2007 (13% in the most recent trimester).
- The group of comparable stores of these brands registered in accumulated terms a turnover identical to that of the previous year, nonetheless represents a decrease of 3% over the last trimester. In a particularly adverse market environment, this business portfolio demonstrates mixed signals - where the Modalfa, Zippy and Sportzone stores demonstrate a very positive behaviour, Worten demonstrates a neutral behaviour but is counteracted by a non-favourable performance of the Vobis and Maxmat brands when compared to the previous year.

Still in this trimester, a reference to the increase in store portfolio of the Company which corresponds to an increase of more than 40.000 new sqm over the last 12 months ending September 2008.

- The turnover from the petrol filling stations associated with the Continente hypermarkets totaled 116 million Euros during the period under analysis, contributing to an increase of 5% of the consolidated referential figure of the Company compared to the same period of 2007.

In consolidated terms, and accumulated to the 3rd trimester of the year, Sonae Distribuição's operational cash-flow totaled 222 million Euros increasing by 27 million Euros compared to the same period as last year. In recurrent terms<sup>1</sup>, operational cash-flow reached 213 million Euros, which corresponds to an increase of 17% compared to the equivalent figure accumulated in the same trimester of the previous year.

- With regards to the food retail brands, operational cash-flow reached 167 million Euros, in other words 8,1% of the respective turnover and remained in line with the accumulated figure registered in the 3rd trimester of 2007.
- In the same period, the non-food based retail brands contributed with 42 million Euros, which equates to 5,2 % of the respective turnover and an increase of 7% compared to the same period in 2007.

As previously mentioned, the evolution of these indicators is impacted by the adverse current market context and by the remodeling currently underway in the ex-Carrefour stores.

Additionally, it incorporates the initial investment associated with the internationalization operations of the Company in the Spanish market - which particularly penalizes the non-food based segment.

Still in the same period, Sonae Distribuição's consolidated net results reached 80 million Euros which compares to 100 million Euros registered in the same period of the previous year. The difference essentially pertains to non recurrent events associated to the profit obtained in the divestment of real estate assets previously mentioned, in addition to the financial burden resulting from the significant investments made over the last years.

## **Investment**

At the end of the 3rd trimester of 2008, Sonae Distribuição accounted for a 688 store portfolio corresponding to 732.000 m<sup>2</sup> of sales area. Nevertheless, at the present date, the Company now counts a greater number of stores in its portfolio which totals more than 770.000 m<sup>2</sup> of sales area.

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<sup>1</sup> Referential which does not incorporate in 2008, the non-recurring gain of 9 million Euros associated with the sale of the real estate asset in Brazil, Florianópolis (which was not included in the divestment operation that took place in December 2005). In 2007 this referential does not include the net non-recurrent gain of 12 million Euros resulting from the sale of the real estate assets of the Albufeira and Portimão shopping galleries in Portugal.

- In Portugal, more specifically concerning the food based segments, the Company strengthened its store portfolio with the opening of 16 new units corresponding to a total of 17.000m<sup>2</sup> sales area. In this context, Mafra and Valongo Continente hypermarkets and Famalicão Modelo mini-hypermarket are worth highlighting. They are a result of the quick turnaround of projects included in the operation pertaining to the acquisition of ex-Carrefour Portugal. Today the food based brands of the Company totals 469.000 m<sup>2</sup> of sales area in 182 store portfolio.
- Sonae Distribuição maintained an intense rhythm of expansion covering the Portuguese market with its non-food based retail formats. This year it opened 60 new units with a sales area of 24.000 m<sup>2</sup>. With a portfolio of more than 10 distinct retail formats operating in 520 stores, to date this universe totals 270.000 m<sup>2</sup> of sales area in the Country.
- Today, the Company's presence in Spain is already a reality and Sonae Distribuição operates in that market 4 Sportzone stores (a total of 7.000 m<sup>2</sup> sales area) and a network of 9 electronic goods stores (with a base of 22.000 m<sup>2</sup> temporarily operating under the Boulanger brand).

### **Capital Structure**

As at 30th September 2008, Sonae Distribuição's consolidated net debt reached 1.334 million Euros. This figure, which compares with 574 million Euros reported at the end of September 2007, is directly impacted by the strong investment plan carried out over the last 12 months of more than one thousand million Euros.

As mentioned in previous Earnings Announcements, the Company has a solid financing structure given that the Company's debt is based on long term financing which provides the basis of a solid structure for capital employed

### **Corporate Developments**

In the context of responsibilities assumed before the Competition Authority with regards to the process of acquisition of ex-Carrefour Portugal, Sonae Distribuição carried out the following measures:

- Once the non-opposition decision was granted by the Competition Authority, the alienation of Eiras (Coimbra) and Lagoa (Algarve) shopping centre's were carried out, as was the land and project for Modelo, Worten and Modalfa brands in Condeixa;
- Parallel to this and following the inauguration of the Continente hypermarket unit in Valongo, the Modelo mini-hypermarket in the same borough was closed. The space will soon be reconverted into a Maxmat store;

- To date, the commitments to reduce the food based retail area in Greater Porto by 5.100 m<sup>2</sup> has been completed, namely by closing the Modelo Bonjour stores in Montezelo (Gondomar) and Shopping Via Catarina, by reducing the sales area of Continente Arrabida hypermarket and by reducing the sales area forecasted in the expansion project of Continente Gaia Shopping;
- In the same context, the Company gave powers to the Banco Português de Investimento (BPI) to proceed with the disposal of the project in Viana do Castelo for the building of a food retail establishment.

On 14th October, Sonae Distribuição formalized the deal with RAR Group regarding the creation of a joint operation of travel agencies detained in 50% by each of the Groups and benefitting from a shared management structure.

The Company continues to await the decision by the Competition Authority regarding the deal with Petrolgal for the termination of the running of 8 petrol stations which the Company acquired as part of the acquisition of Carrefour which was concluded in December 2007.

### **Corporate Governance**

No significant changes took place in the period under review that are worthy of mention, and the guidelines set out in the Consolidated Management Report for the year 2007, concerning Corporate Governance remained unchanged.

### **Own shares**

No own shares were purchased or sold during the nine months from January to September of 2008. Thus, as at 30 September 2008, Sonae Distribuição, SGPS, SA continues to hold directly or through its affiliated companies 100,000,000 own shares, representing 9.09% of its share capital.

### **Outlook**

For over more than 20 years, Sonae Distribuição has built a unique strategic value by uniting a highly attractive business portfolio, located in exceptional areas, with a solid base of management skills and retail business knowledge.

Despite a particularly adverse and highly unpredictable economic climate, the Company continues to be focused on meeting the aims duly communicated over the period in case, which centre around:

- increasing by 20%<sup>(1)</sup> the turnover of the retail format portfolios
- maintaining the Company's recurrent operational cash-flow at the same level as that of the previous year<sup>2</sup>;
- and the realization of an investment of circa 300 million Euros which will allow for the opening along the course of 2008 of more than 60.000 m<sup>2</sup> sales area in Portugal and begin to count an additional 30.000 m<sup>2</sup> of Sales area in Spain as part of the store portfolio.

Matosinhos, 5th November 2008

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Nuno Manuel Moniz Trigoso Jordão

Ângelo Gabriel Ribeirinho dos Santos Paupério

Álvaro Carmona e Costa Portela

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<sup>2</sup> Excluding the Sales from the petrol filling stations which awaits for confirmation from the Competition Authority to proceed with the sale to GALP under the agreement signed at the beginning of the year and duly communicated

Glossary

- *Turnover (t): sales of articles + services rendered.*
- *Operating cash-flow (EBITDA): operating results - amortisations and depreciation - provisions - impairment losses - reversal of impairment losses.*
- *Operating results (EBIT): consolidated net profit for the period - income tax + investment profit/losses + profits/losses of associated companies - net financial expenses.*
- *Profits on ordinary activities: operating results + net financial expenses.*
- *Net investment: increase in gross fixed assets (tangible and intangible) + changes in perimeter (as a result of acquisitions and disposals) + disposals in gross fixed assets (tangible and intangible) + increases in goodwill. To calculate the investment in acquisitions (measured by changes occurred in consolidation perimeter) it was considered the net accumulated amortizations.*
- *Net debt: current borrowings + non current borrowings + financial leasing creditors – cash and cash equivalents – other current investments under negotiation + borrowings from participating and/or participated companies.*
- *Average debt: average of net debt at end of last four quarters.*
- *Gross Fixed Assets allocated to real estate companies: goodwill net of impairment losses/gains (positive variances between the acquisition cost of investments in Group and associated companies, and the fair value of identifiable assets and liabilities of these companies at the date of their acquisition) + gross Fixed Assets owned by real estate companies of the Group (value of tangible and intangible assets booked at acquisition cost, or acquisition cost re-valued in accordance with generally accepted accounting principles in Portugal).*
- *Working Capital: customer debts (receivables derived from sales in the normal course of the Group's business) – suppliers (sums to pay resulting from purchases in the normal course of the Group's business) + inventories (goods booked at acquisition cost, less quantity discounts and impairment losses) + other assets and liabilities (State and other public entities + associated companies + accruals and prepayments + deferred taxes + provisions for risks and charges + fixed asset suppliers + sundry debtors and creditors).*
- *Gearing: ratio between net debt and the company's shareholders' funds.*
- *Net Capital Employed: gross real estate assets + other gross real estate assets + amortisations and impairment losses + financial investments + working capital*
- *ROCE ("Return On Capital Employed"): EBIT / Net Capital Employed.*
- *ROE ("Return On Equity"): sum of net profits of the last four quarters / average of the equity at end of last four quarters.*



# **CONSOLIDATED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2008**

SONAE DISTRIBUIÇÃO, SGPS, S.A.

CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2008 AND 2007 AND AS AT 31 DECEMBER 2007

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 29)

ASSETS	Notes	IFRS		
		30-09-2008	30-09-2007	31-12-2007 <sup>1</sup>
<b>NON CURRENT ASSETS</b>				
Tangible and intangible assets	7	1,968,459,873	1,467,915,492	1,856,571,847
Goodwill	8	512,904,857	58,700,069	506,101,189
Investments	9	40,772,410	72,998,971	40,081,414
Deferred tax assets	12	24,142,298	19,429,281	27,725,259
Other non current assets	10	2,072,183	1,816,995	1,820,126
<b>Total non current assets</b>		<b>2,548,351,621</b>	<b>1,620,860,808</b>	<b>2,432,299,835</b>
<b>CURRENT ASSETS</b>				
Inventories		490,123,505	413,415,347	447,494,889
Clients and other current assets	11	235,732,923	377,513,431	228,789,380
Investments	9	63,491,674	24,544,951	57,208,737
Cash and cash equivalents	13	501,128,343	515,161,945	67,853,490
<b>Total current assets</b>		<b>1,290,476,445</b>	<b>1,330,635,674</b>	<b>801,346,496</b>
Non current assets held for sale	7			6,006,580
<b>TOTAL ASSETS</b>		<b>3,838,828,066</b>	<b>2,951,496,482</b>	<b>3,239,652,911</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share Capital	14	1,100,000,000	1,100,000,000	1,100,000,000
Own Shares		(205,000,000)	(205,000,000)	(205,000,000)
Reserves and retained earnings		(141,114,815)	(224,384,548)	(223,444,442)
Net profit for the period attributable to the shareholders of the Parent Company	24	79,957,906	98,727,264	167,492,214
Total equity attributable to the Shareholders of the Parent Company		833,843,091	769,342,716	839,047,772
Minority interests		11,666,667	11,763,726	12,155,942
<b>TOTAL EQUITY</b>		<b>845,509,758</b>	<b>781,106,442</b>	<b>851,203,714</b>
<b>LIABILITIES:</b>				
<b>NON CURRENT LIABILITIES</b>				
Loans	15	1,232,711,748	1,256,905,838	1,106,503,697
Other non current liabilities	17	11,306,653	12,440,187	12,702,606
Deferred tax liabilities	12	50,932,246	34,686,092	47,268,600
Provisions	20	15,760,157	22,675,830	18,878,593
<b>Total non current liabilities</b>		<b>1,310,710,804</b>	<b>1,326,707,947</b>	<b>1,185,353,496</b>
<b>CURRENT LIABILITIES</b>				
Loans	15	655,578,675	13,864,045	90,935,925
Suppliers and other current liabilities	19	1,024,530,715	829,678,945	1,109,581,662
Provisions	20	2,498,114	139,103	2,578,114
<b>Total current liabilities</b>		<b>1,682,607,504</b>	<b>843,682,093</b>	<b>1,203,095,701</b>
<b>TOTAL LIABILITIES</b>		<b>2,993,318,308</b>	<b>2,170,390,040</b>	<b>2,388,449,197</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,838,828,066</b>	<b>2,951,496,482</b>	<b>3,239,652,911</b>

The accompanying notes are part of these consolidated financial statements

(1) The subsidiary Continente Hipermercados, S.A. (ex-Carrefour) was acquired in the end of 2007 and therefore no fair value allocation was made as at that date. During the first half of 2008 a preliminary fair value imputation was made and is now reflected in these financial statements (Note 6).

The Board of Directors,

SONAE DISTRIBUIÇÃO, SGPS, S.A.  
CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2008 AND 2007  
(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 29)

	Notes	IFRS			
		2008		2007	
		3rd Quarter <sup>2</sup>	30-09-2008	3rd Quarter <sup>2</sup>	30-09-2007
<b>Operating Income:</b>					
Sales		1,066,980,482	2,880,623,266	852,655,672	2,282,641,035
Services rendered		45,296,832	111,045,653	46,087,961	111,244,746
Other operating income		103,312,653	302,324,404	73,407,851	222,979,740
<b>Total operating income</b>		<b>1,215,589,967</b>	<b>3,293,993,323</b>	<b>972,151,484</b>	<b>2,616,865,521</b>
<b>Operating expenses:</b>					
Cost of sales		(836,786,677)	(2,272,132,059)	(666,075,937)	(1,788,020,580)
External supplies and services		(151,859,603)	(410,373,958)	(122,271,428)	(327,512,759)
Staff costs		(112,159,549)	(341,769,218)	(90,527,523)	(274,777,377)
Depreciation and amortization	7	(28,041,190)	(82,729,602)	(21,702,893)	(64,435,326)
Provisions and impairment losses	20	(623,709)	(2,937,614)	(349,519)	(531,049)
Other operating expenses		(19,568,731)	(47,613,222)	(12,258,981)	(31,470,385)
<b>Total operating expenses</b>		<b>(1,149,039,459)</b>	<b>(3,157,555,673)</b>	<b>(913,186,281)</b>	<b>(2,486,747,476)</b>
<b>Net operating profit/(loss)</b>		<b>66,550,508</b>	<b>136,437,650</b>	<b>58,965,203</b>	<b>130,118,045</b>
Financial profits		3,117,296	10,408,737	5,117,570	9,875,541
Financial losses		(23,264,149)	(62,002,551)	(13,471,420)	(35,803,803)
Financial profit/(loss)		(20,146,853)	(51,593,814)	(8,353,850)	(25,928,262)
Profit/(loss) related to associated companies	5	581,018	690,996	567,785	99,861
Profit/(loss) related to investments		-	150,169	-	(587,173)
<b>Profit/(loss) before income tax</b>		<b>46,984,673</b>	<b>85,685,001</b>	<b>51,179,138</b>	<b>103,702,471</b>
Current Income Tax	23	(2,226,299)	(5,436,906)	(1,441,795)	(5,686,738)
Deferred Income Tax	23	(3,774,570)	(80,804)	504,386	1,542,127
Income Tax	23	(6,000,869)	(5,517,710)	(937,409)	(4,144,611)
<b>Consolidated profit/(loss) for the nine month period</b>		<b>40,983,804</b>	<b>80,167,291</b>	<b>50,241,729</b>	<b>99,557,860</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		40,531,249	79,957,906	49,650,749	98,727,264
Minority interests		452,555	209,385	590,980	830,596
<b>Profit/(loss) per share (basic and diluted)</b>	24	<b>0.04</b>	<b>0.08</b>	<b>0.05</b>	<b>0.10</b>

The accompanying notes are part of these consolidated financial statements

(2) Prepared in accordance with "IAS 34 - Interim Financial Reporting" and not subjected to independent review.

The Board of Directors

SONAE DISTRIBUIÇÃO, SGPS, S.A.  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2008 AND 2007  
(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 29)

	Attributable to Shareholders of Parent Company						Net Profit	Total	Minority Interests	Total Equity
	Share Capital	Own Shares	Legal Reserves	Currency Translation Reserves	Hedging Reserves	Other Reserves and Retained Earnings				
Balance at 1 January 2007	1,100,000,000	(205,000,000)	90,200,000	510,709	-	(398,681,758)	158,079,602	745,108,553	10,930,910	756,039,463
Appropriation of consolidated profit of 2006										
Transfer to legal reserves and retained earnings	-	-	4,800,000	-	-	153,279,602	(158,079,602)	-	-	-
Dividends distributed	-	-	-	-	-	(75,000,000)	-	(75,000,000)	(10,256)	(75,010,256)
Changes in reserves										
Generated in current period	-	-	-	561,608	(54,952)	-	-	506,656	-	506,656
New companies	-	-	-	-	-	-	-	-	12,476	12,476
Others	-	-	-	-	-	243	-	243	-	243
Net consolidated profit (loss) for the nine months period ending 30 September 2007	-	-	-	-	-	-	98,727,264	98,727,264	830,596	99,557,860
Balance at 30 September 2007	1,100,000,000	(205,000,000)	95,000,000	1,072,317	(54,952)	(320,401,913)	98,727,264	769,342,716	11,763,726	781,106,442
Balance at 1 January <sup>(1)</sup>	1,100,000,000	(205,000,000)	95,000,000	1,104,622	538,169	(320,087,233)	167,492,214	839,047,772	12,155,942	851,203,714
Appropriation of consolidated profit of 2007										
Transfer to legal reserves and retained earnings	-	-	4,300,000	-	-	163,192,214	(167,492,214)	-	-	-
Dividends distributed	-	-	-	-	-	(85,000,000)	-	(85,000,000)	(13,741)	(85,013,741)
Changes in reserves										
Generated in current period	-	-	-	-	585,306	159,045	-	744,351	(684,919)	59,432
Transferred to results	-	-	-	(906,938)	-	-	-	(906,938)	-	(906,938)
Net consolidated profit (loss) for the nine months period ending 30 September 2008	-	-	-	-	-	-	79,957,906	79,957,906	209,385	80,167,291
Balance as at 30 September 2008	1,100,000,000	(205,000,000)	99,300,000	197,684	1,123,475	(241,735,974)	79,957,906	833,843,091	11,666,667	845,509,758

The accompanying notes are part of these consolidated financial statements

(1) The subsidiary Continente Hipermercados, S.A. (ex-Carrefour) was acquired in the end of 2007 and therefore no fair value allocation was made as at that date. During the first half of 2008 a preliminary fair value imputation was made and is now reflected in these financial statements (Note 6).

SONAE DISTRIBUIÇÃO, SGPS, S.A.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2008 AND 30 SEPTEMBER 2007  
(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 29)

	Notes	30/09/2008	30/09/2007
<b>OPERATING ACTIVITIES:</b>			
Net cash flow from operating activities (1)		47,875,847	58,208,162
<b>INVESTING ACTIVITIES:</b>			
Cash receipts related to:			
Investments		30,191,988	27,270,292
Tangible and intangible assets		34,456,008	41,743,951
Interest and similar income		6,905,834	3,737,304
Dividends		150,169	225,169
Loans granted		45,000,000	164,342,000
		<u>116,703,999</u>	<u>237,318,716</u>
Cash payments related to:			
Investments		(12,524,173)	(47,080,957)
Tangible and intangible assets		(215,499,638)	(154,066,174)
Loans granted		(45,000,000)	(331,907,265)
		<u>(273,023,811)</u>	<u>(533,054,396)</u>
Net cash used in investing activities (2)		<u>(156,319,812)</u>	<u>(295,735,680)</u>
<b>FINANCING ACTIVITIES:</b>			
Cash receipts related to:			
Loans obtained		5,629,601,220	1,989,716,000
Others		-	36
		<u>5,629,601,220</u>	<u>1,989,716,036</u>
Cash payments related to:			
Loans obtained		(4,958,880,080)	(1,492,598,461)
Interest and similar charges		(67,069,108)	(35,264,255)
Dividends		(85,013,741)	(75,010,292)
Others		(289,520)	
		<u>(5,111,252,449)</u>	<u>(1,602,873,008)</u>
Net cash used in financing activities (3)		<u>518,348,771</u>	<u>386,843,028</u>
Net increase/(decrease) in cash and cash equivalents (4)=(1)+(2)+(3)		409,904,806	149,315,510
Effect of foreign exchange rate		(39,550)	68,931
Cash and cash equivalents at the beginning of the period	13	64,268,940	357,690,993
Cash and cash equivalents at the end of the period	13	<u>474,134,196</u>	<u>507,075,434</u>

The accompanying notes are part of these consolidated financial statements

The Board of Directors

SONAE DISTRIBUIÇÃO, SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2008

(Amounts expressed in Euro)

(Translation of consolidated financial statements originally issued in Portuguese – Note 29)

1. INTRODUCTION

SONAE DISTRIBUIÇÃO, SGPS, S.A. (“the Company” or “Sonae Distribuição”), with head office in Rua João Mendonça n° 529, 4464-501 Senhora da Hora, Portugal, is the Parent-company of a group of companies, as detailed in Notes 4 and 5 (“Sonae Distribuição Group”).

2. BASIS OF PRESENTATION

Annual financial statements are presented in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

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

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2007.

**4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATION**

The subsidiaries, its head offices and percentage of capital held as of 30 September 2008 and 31 December 2007 are as follows:

Company	Head Office	% held 30.09.2008		% held 31.12.2007	
		Direct	Total	Direct	Total
<b>Parent Company</b>					
Sonae Distribuição SGPS, S.A.	Matosinhos				
<b>Sonae Distribuição</b>					
Best Offer – Prestação de Informações pela Internet, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Bikini, Portal de Mulheres, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Canasta – Empreendimentos Imobiliários, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Carnes do Continente – Industria e Distribuição Carnes, S.A.	Santarém	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Contibomba - Comércio e Distribuição de Combustíveis, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, S.A.	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Continente Hipermercados, S.A.	Lisbon	100.00%	100.00%	99.86%	99.86%
Difusão - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Sport Zone Espanha - Comércio de Artículos de Deporte, S.A.	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
b) Edições Book.it, S.A.	Matosinhos	100.00%	100.00%	-	-
Efanor – Design e Serviços, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Efanor - Industria de Fios, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Equador & Mendes - Agencia de Viagens e Turismo, Lda	Lisbon	75.00%	75.00%	75.00%	67.50%
Estevão Neves - Hipermercados da Madeira, S.A.	Funchal	100.00%	100.00%	100.00%	100.00%
Fozimo - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Fozmassimo - Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosonae Dois	Maia	100.00%	100.00%	100.00%	100.00%
Global S Hipermercado, Lda.	Matosinhos	100.00%	100.00%	100.00%	100.00%
IGI – Investimento Imobiliário, S.A.	Porto	100.00%	100.00%	100.00%	100.00%
Igimo – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Iginha – Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoconti – Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro – Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoresultado – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Infofield – Informática, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Inventory - Acessórios de Casa, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Marcas MC, zRT	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
MJLF-Empreendimentos Imobiliários, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Modelo - Distribuição de Materiais de Construção, S.A.	Maia	50.00%	50.00%	50.00%	50.00%
Modalfa – Comércio e Serviços, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Com - Vendas por Correspondência, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Continente Hipermercados, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Modelo Continente – Operações de Retalho, S.G.P.S., S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Modelo Continente Seguros – Sociedade de Mediação, S.A.	Porto	75.00%	75.00%	75.00%	75.00%
Modelo Hiper Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Hipermercados Trading, S.A.	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%

Company	Head Office	% held 30.09.2008		% held 31.12.2007	
		Direct	Total	Direct	Total
NA - Equipamentos para o Lar, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
NA - Comércio de Artigos de Desporto, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Nova Equador Internacional - Agencia de Viagens e Turismo, Lda	Lisbon	75.00%	75.00%	75.00%	67.50%
Nova Equador P.C.O. e Eventos, Sociedade Unipessoal, Lda	Lisbon	75.00%	75.00%	75.00%	67.50%
Pharmacontinente - Saúde e Higiene, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Predicomercial – Promoção Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Peixes do Continente - Indústria e Distribuição de Peixes, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Solaris Supermercados, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Selifa - Sociedade de Empreendimentos Imobiliários de Fafe, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Sempre à Mão - Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sesagest – Projectos e Gestão Imobiliária, S.A.	Porto	100.00%	100.00%	100.00%	100.00%
c) SIAL Participações, Ltda	São Paulo (Brazil)	100.00%	100.00%	-	-
Sociloures – Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Socijofra – Sociedade Imobiliária, S.A.	Gondomar	100.00%	100.00%	100.00%	100.00%
Soflorin, B.V.	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae Capital Brasil, Ltda	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
a) SM Empreendimentos Imobiliários, Ltda	Porto Alegre (Brazil)	100.00%	100.00%	100.00%	100.00%
Sonae Retalho Espanha – Servicios Generales, S.A.	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Sondis Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Sontária - Empreendimentos Imobiliários, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Sonvecap, B.V.	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sport Zone – Comércio de Artigos de Desporto, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Star - Viagens e Turismo, S.A.	Lisbon	99.00%	99.00%	90.00%	90.00%
Tlantic Portugal - Sistemas de Informação, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Tlantic Sistemas de Informação, Ltda	Porto Alegre (Brazil)	100.00%	100.00%	100.00%	100.00%
Todos os Dias – Comércio Ret. e Explor. Centros Comerciais, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Valor N, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Worten – Equipamentos para o Lar, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Worten Espanha, S.A.	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%

a) Subsidiary incorporated by merger into Sonae Capital Brazil, Ltda on 7 January 2008.

b) Subsidiary created on 29 April 2008.

c) Subsidiary acquired on 25 July 2008.

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

## 5. INVESTMENTS IN ASSOCIATED COMPANIES

The associated companies, their head offices, the percentage of the share capital held and their book value as at 30 September 2008 and 31 December 2007 can be summarized as follows:

Company	Head Office	% of Capital held 30.09.2008		% of Capital held 31.12.2007		Book Value	
		Direct	Total	Direct	Total	30.09.2008	31.12.2007
Fundo de Investimento Imobiliário Fechado Imosedede	Maia	42.16%	42.16%	42.16%	42.16%	35,119,586	34,616,937
Mundo Vip - Operadores Turísticos, S.A.	Lisbon	33.33%	33.33%	33.33%	33.33%	2,722,769	2,851,706
Sonaegest - Soc. Gestora de Fundos de Investimento, S.A.	Maia	40.00%	40.00%	40.00%	40.00%	769,647	669,644
Sempre a Postos - Produtos Alimentares e Utilidades, S.A.	Lisbon	25.00%	25.00%	25.00%	25.00%	1,161,238	943,957
					(Note 9)	39,773,240	39,082,244

Associated companies were included in the consolidation under the equity method.

The aggregated amounts of main financial indicator's of these associated companies as at 30 September 2008 and 2007, and 31 December 2007 are as follows:

	30.09.2008	30.09.2007	31.12.2007
Total Assets	119,846,699	118,961,402	109,412,246
Total Liabilities	30,858,205	32,841,686	22,810,653
Income	101,246,677	105,172,172	132,477,889
Costs	98,962,766	104,576,604	131,110,770

## 6. CHANGES IN CONSOLIDATED PERIMETER

The subsidiary Continente Hipermercados S.A. (ex-Carrefour Portugal) was acquired by the end of 2007, and therefore no fair value allocation to the acquired assets was made as at that date. This preliminary allocation was performed during the first half of 2008, reported to 31 December 2007, and is reflected in these financial statements. The process is expected to be entirely concluded by the end of the current year, in accordance with the International Financial Reporting Standards:

	Purchase date		Total	Presented as at
	Book Value	Fair Value Adjustments		31.12.2007 Book Value
Acquired net assets				
Tangible and intangible assets (Note 7)	267,013,229	77,796,876	344,810,105	267,013,229
Inventory	34,475,424	(10,371,772)	24,103,652	34,475,424
Other current assets	5,788,904		5,788,904	5,788,904
Cash and cash equivalents	1,347,294		1,347,294	1,347,294
Deferred taxes	1,845,583	(5,406,243)	(3,560,660)	1,845,583
Loans	(83,038,919)		(83,038,919)	(83,038,919)
Other liabilities	(150,218,081)	(4,157,381)	(154,375,462)	(150,218,081)
	<u>77,213,434</u>	<u>57,861,480</u>	<u>135,074,914</u>	<u>77,213,434</u>
Goodwill (Note 8)		57,802,012	450,397,819	504,847,714
Minority interests		59,468	(163,861)	(104,393)
Purchase amount		<u>57,861,480</u>	<u>585,308,872</u>	<u>581,956,755</u>
Payments made			611,200,000	611,200,000
Amounts receivable as result of the price adjustment			(30,113,103)	(30,414,000)
Costs arising on acquisition			<u>4,221,975</u>	<u>1,170,755</u>
			<u>585,308,872</u>	<u>581,956,755</u>
Net cash flow from acquisition			-	-
Payments made			611,200,000	611,200,000
Costs arising on acquisition			4,221,975	1,170,755
Cash and cash equivalents acquired			(1,347,294)	(1,347,294)
Cash receipts resulting from the price adjustment			(30,113,103)	-
			<u>583,961,578</u>	<u>611,023,461</u>

In the consolidated statement of cash flows for the nine months period ended 30 September 2008, the caption "Cash receipts related to Investments" includes the receipt of price adjustment amounting to 30,113,103 Euro.

**7. TANGIBLE AND INTANGIBLE ASSETS**

During the periods ended 30 September 2008 and 2007, movements in tangible and intangible assets, as well as depreciation and accumulated impairment losses, were made up as follows:

**Tangible assets - September 2008**

	Land and buildings	Machinery and equipment	Transport equipment	Office equipment	Tools and fittings	Reusable containers	Other tangible assets	Tangible assets in progress a)	Advances on account of tangible assets b)	Total tangible
<b>Gross assets:</b>										
Opening balance	1.321.081.939	586.492.798	17.525.840	101.287.132	29.837.028	66.567	1.709.718	125.567.424	14.404.376	2.197.972.822
Fair value adjustments (Note 6)	52.144.720	25.447.540	(165.821)	(1.391.873)	(3.844.350)			(16.575.928)	15.650.000	71.264.288
Opening balance - after fair value adjustments	1.373.226.659	611.940.338	17.360.019	99.895.259	25.992.678	66.567	1.709.718	108.991.496	30.054.376	2.269.237.110
Capital Expenditure	10.812.491	571.713	28.114	2.086.670	34.675		17	179.660.035	8.785.960	201.979.675
Disposals	(10.173.864)	(11.948.100)	(385.040)	(691.617)	(203.193)		(3.176)	(51.365)		(23.456.355)
Exchange rate effect	(20.808)	(59.531)	(2.040)	(39.729)						(122.108)
Transfers / write-off c)	31.108.283	60.258.787	910.156	(5.906.093)	2.944.621		7.188	(102.450.788)	(5.221.692)	(18.349.538)
Closing balance	1.404.952.761	660.763.207	17.911.209	95.344.490	28.768.781	66.567	1.713.747	186.149.378	33.618.644	2.429.288.784
<b>Amortisation and losses for accumulated impairment</b>										
Opening balance	194.037.229	278.847.315	13.568.935	65.309.111	20.362.366	66.567	1.565.593	-	-	573.757.116
Fair value adjustments (Note 6)	(17.571.285)	15.536.400	(153.143)	(1.156.224)	(3.188.336)					(6.532.588)
Opening balance - after fair value adjustments	176.465.944	294.383.715	13.415.792	64.152.887	17.174.030	66.567	1.565.593	-	-	567.224.528
Period depreciation	16.133.963	42.249.668	1.083.834	10.504.892	3.512.318		35.210	-	-	73.519.885
Disposals	(377.749)	(7.837.822)	(325.365)	(526.300)	(137.102)		(2.625)	-	-	(9.206.963)
Exchange rate effect	(11.128)	(23.971)	(940)	(12.788)				-	-	(48.827)
Transfers / write-off c)	(2.106.494)	928.865	(29)	(10.069.920)	(7.219)		(44)	-	-	(11.254.841)
Closing balance	190.104.536	329.700.455	14.173.292	64.048.771	20.542.027	66.567	1.598.134	-	-	620.233.782
<b>Net book value</b>	<b>1.214.848.225</b>	<b>331.062.752</b>	<b>3.737.917</b>	<b>31.295.719</b>	<b>8.226.754</b>	<b>-</b>	<b>115.613</b>	<b>186.149.378</b>	<b>33.618.644</b>	<b>1.809.055.002</b>

**Tangible assets - September 2007**

	Land and buildings	Machinery and equipment	Transport equipment	Office equipment	Tools and fittings	Reusable containers	Other tangible assets	Tangible assets in progress a)	Advances on account of tangible assets b)	Total tangible
<b>Gross assets:</b>										
Opening balance	1,027,788,651	479,043,575	15,346,401	96,146,283	8,319,375	80,429	2,006,122	29,402,940	17,147,599	1,675,281,375
Changes in consolidation Perimeter - Purchases	13,005,970	698,298	-	-	-	-	-	287,226	-	13,991,494
Changes in consolidation Perimeter - Disposals	(9,928,909)	-	-	-	-	-	-	-	-	(9,928,909)
Capital Expenditure	8,175,548	929,734	184,950	1,653,217	26,041	-	-	119,357,710	14,993,383	145,320,583
Disposals	(20,919,134)	(5,451,081)	(396,929)	(724,063)	(33,987)	(13,862)	(279,443)	(311,583)	-	(28,120,082)
Exchange rate effect	434,066	76,590	3,852	40,410	-	-	-	18,743	-	573,661
Transfers / write-off c)	22,410,559	37,460,363	438,475	(6,742)	1,741,257	-	(264)	(55,688,163)	(12,064,996)	(5,689,511)
Closing balance	1,040,966,751	512,757,479	15,586,749	97,109,105	10,052,686	66,567	1,726,415	93,086,873	20,075,986	1,791,428,611
<b>Amortisation and losses for accumulated impairment</b>										
Opening balance	128,715,051	224,445,608	12,011,068	58,138,134	4,544,535	80,429	1,824,070	-	-	429,758,895
Changes in consolidation Perimeter - Purchases	126,232	37,635	-	-	-	-	-	-	-	163,867
Period depreciation	12,972,024	34,008,997	837,584	7,424,686	1,273,727	-	34,953	-	-	56,551,971
Disposals	(2,366,778)	(3,913,781)	(367,012)	(604,374)	(30,217)	(13,862)	(279,429)	-	-	(7,575,453)
Exchange rate effect	12,086	15,263	968	8,557	-	-	-	-	-	36,874
Transfers / write-off c)	(3,042)	(789,044)	(124,16)	(2,523,696)	(3,629)	-	(5,388)	-	-	(3,337,225)
Closing balance	139,455,573	253,804,678	12,470,192	62,443,307	5,784,416	66,567	1,574,196	-	-	475,598,929
<b>Net book value</b>	<b>901,511,178</b>	<b>258,952,801</b>	<b>3,116,557</b>	<b>34,665,798</b>	<b>4,268,270</b>	<b>-</b>	<b>152,219</b>	<b>93,086,873</b>	<b>20,075,986</b>	<b>1,315,829,682</b>

**Intangible assets - September 2008**

	Development costs	Industrial property and other rights	Software	Premiums paid for property occupation rights	Intangible assets in progress a)	Total intangible
<b>Gross assets:</b>						
Opening balance		469,507	88,603,953	107,561,601	13,863,815	16,263,339
Capital Expenditure			285,328	66,371		13,814,513
Disposals			(188,864)	(4,957)		(719,330)
Exchange rate effect				(10,435)		(10,435)
Transfers / write-off			502,051	5,586,491	(352,472)	(5,350,617)
Closing balance		469,507	89,202,468	113,199,071	13,511,343	24,007,905
<b>Amortisation and losses for accumulated impairment</b>						
Opening balance		241,993	5,175,682	53,824,561	12,960,714	72,202,950
Period depreciation		70,426	1,655,860	7,396,575	86,856	9,209,717
Disposals			(66,143)	(2,767)		(68,910)
Exchange rate effect				(5,609)		(5,609)
Transfers / write-off				(253)	(352,472)	(352,725)
Closing balance		312,419	6,765,399	61,212,507	12,695,098	80,985,423
<b>Net book value</b>		157,088	82,437,069	51,986,564	816,245	159,404,871

**Intangible assets - September 2007**

	Development costs	Industrial property and other rights	Software	Premiums paid for property occupation rights	Intangible assets in progress a)	Advances on account of intangible assets b)	Total intangible
<b>Gross assets:</b>							
Opening balance	464,840	83,989,039	98,303,747	13,908,707	13,319,370	275,000	210,260,703
Capital Expenditure	1,217	531,853	50,660		10,672,179		11,255,909
Disposals					(175,764)		(175,764)
Exchange rate effect			9,830				9,830
Transfers / write-off	3,450	1,962,031	4,261,773	(44,892)	(6,739,059)	(40,000)	(596,697)
Closing balance	469,507	86,482,923	102,626,010	13,863,815	17,076,726	235,000	220,753,981
<b>Amortisation and losses for accumulated impairment</b>							
Opening balance	148,308	3,329,177	44,882,011	12,736,678	-	-	61,096,174
Period depreciation	70,210	1,280,210	6,314,256	218,678			7,883,354
Disposals							-
Exchange rate effect			3,086				3,086
Transfers / write-off		(13,860)	(255,691)	(44,892)			(314,443)
Closing balance	218,518	4,595,527	50,943,662	12,910,464	-	-	68,668,171
<b>Net book value</b>	<b>250,989</b>	<b>81,887,396</b>	<b>51,682,348</b>	<b>953,351</b>	<b>17,076,726</b>	<b>235,000</b>	<b>152,085,810</b>

- a) Major amounts included in "Tangible and intangible assets in progress" refer to the following projects:

	30.09.2008	30.09.2007
Remodelling and expansion of stores	181,689,076	90,112,513
Installation licenses	7,094,219	4,624,982
Software projects	16,963,057	12,285,072
	<b>205,746,352</b>	<b>107,022,567</b>

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

During the nine months period ended 30 September 2008, the Group disposed land and buildings held by a Brazilian subsidiary SM – Medicamentos, Ltda which were classified under the caption "Non current assets held for sale" as at 31 December 2007. The disposal resulted in a gain of approximately 9 million Euro recorded in the caption "Other operating income".

## 8. GOODWILL

During the periods ended 30 September 2007 and 2008, and for the year ended 31 December 2007, movements in goodwill, as well as in the corresponding impairment losses, were made up as follows:

	30.09.2008	30.09.2007	31.12.2007 after fair value adjustments (Note 6)
<b>Gross value:</b>			
Opening balance	507,475,415	63,980,187	63,980,187
Increase in acquisition costs (Note 6)	3,352,117	-	-
New companies in the consolidation perimeter	-	21,953	447,423,073
Increases	3,451,551	-	-
Decreases	-	(3,990,700)	(3,927,845)
Transfers	-	62,855	-
Closing balance	<b>514,279,083</b>	<b>60,074,295</b>	<b>507,475,415</b>
<b>Accumulated impairment losses (Note 20):</b>			
Opening balance	1,374,226	2,838,583	2,838,583
Increases	-	62,855	-
Decreases	-	(1,527,212)	(1,464,357)
Closing balance	<b>1,374,226</b>	<b>1,374,226</b>	<b>1,374,226</b>
<b>Net book value</b>	<b>512,904,857</b>	<b>58,700,069</b>	<b>506,101,189</b>

Goodwill is not depreciated. Impairment tests on the Goodwill are performed on an annual basis.

During the period, an adjustment to the goodwill value in the amount of (57,802,012) Euro was recorded resulting from the fair value estimates made to the accounts of the subsidiary Continente Hipermercados, S.A. (ex-Carrefour Portugal) acquired by the Group as at 31 December 2007. Additionally, there were adjustments to the acquisition costs in the amount of 3,352,117 Euro, which implied the increase of goodwill in this acquisition (Note 6)

**9. INVESTMENTS**

As at 30 September 2008 and 2007 movements in this caption can be detailed as follows:

	30.09.2008		30.09.2007	
	Non current	Current	Non current	Current
<b><u>Investments in associated companies</u></b>				
Opening balance as at 1 January	39,082,244	-	17,823,351	-
Purchases over the nine months period	-	-	21,011,577	-
Equity method effect	690,996	-	99,861	-
Closing balance as at 30 September	39,773,240	-	38,934,789	-
<b><u>Other financial investments</u></b>				
Opening balance at 1 January	785,486	56,093,108	33,804,781	33,211,904
Purchases over the nine months period	-	6,620,852	-	3,964,163
Disposals over the nine months period	-	(28,885)	(2,209,745)	(13,475,266)
Increase/(decrease) in fair value	-	(371,558)	935,462	763,661
Transfers	-	(1,182,312)	-	-
Closing balance as at 30 September	785,486	61,131,205	32,530,498	24,464,462
Accumulated impairment losses (Note 20)	(26,316)	-	(26,316)	-
Closing balance as at 30 September	759,170	61,131,205	32,504,182	24,464,462
<b><u>Derivative financial instruments</u></b>				
Fair value as at 1 January	-	1,115,629	-	49,458
Purchases over the nine months period (Note 16)	-	478,989	-	27
Disposals over the nine months period	-	(1,971)	-	(49,458)
Increase/(decrease) in fair value	-	767,822	-	80,462
Closing balance as at 30 September	-	2,360,469	-	80,489
<b><u>Advances on financial investments</u></b>				
Opening balance as at 1 January	240,000	-	900,000	-
Purchases over the nine months period	-	-	660,000	-
Closing balance as at 30 September	240,000	-	1,560,000	-
	40,772,410	63,491,674	72,998,971	24,544,951

The caption "Other financial investments" can be detailed as follows:

- 759,170 Euro (754,183 Euro on 30 September 2007), mainly refers to shares held in non-listed companies. The investments in non-listed companies and which fair value was not estimated due to the fact it could not be measured reliably are recorded at acquisition cost less impairment losses.
- 56,102,723 Euro (56,082,703 Euro as of 30 September 2007) relates to deposited amounts on an Escrow Account which are invested in investment funds with superior rating and guarantee contractual liabilities assumed by the Group which may arise from the sale of Sonae Distribuição Brasil, S.A. and for which provisions were recorded (Note 20).

**10. OTHER NON CURRENT ASSETS**

As at 30 September 2008 and 31 December 2007, other non current assets are detailed as follows:

	30.09.2008	31.12.2007
Loans granted to associated companies	1,000,000	1,015,475
Accounts receivable and other debtors	1,072,183	804,651
	2,072,183	1,820,126

The amount recorded under loans granted to associated companies bears interests at market rates and are not matured.

The amount recorded under accounts receivable and other debtors mainly refer to legal deposits made by a Brazilian subsidiary, for which the correspondent liabilities with no defined maturity are recorded in the caption "Other creditors" (Note 17).

**11. OTHER CURRENT ASSETS**

As at 30 September 2008 and 31 December 2007, Other current assets are made up as follows:

	30.09.2008	31.12.2007
Trade accounts receivable	53,419,045	45,180,966
Tax and contributions receivable	49,518,926	51,067,860
Other debtors	105,925,968	130,059,315
Advances to fixed assets suppliers	347,268	381,319
Other current assets	50,659,665	23,492,179
	<u>259,870,872</u>	<u>250,181,639</u>
Accumulated impairment losses (Note 20)	(24,137,949)	(21,392,259)
	<u>235,732,923</u>	<u>228,789,380</u>

The caption "Other debtors" is essentially composed by receivables related to: (i) debtor balances of suppliers in a total amount of 60,091,116 Euro (66,725,484 Euro in 31 December 2007); (ii) the amount of 14,576,053 Euro (the same amount in 31 December 2007) described as Special Regime for the Settlement of Debts to the Tax Authorities and Social Security, which refers to taxes paid that are being disputed and subject to reimbursement claims. The Board of Directors believes that the outcome of these claims will be favourable to the Group; (iii) recoverable VAT, that was originated by property transactions, in a total amount of 4,857,088 Euro (2,887,859 Euro as at 31 de December 2007); (iv) a receivable amount of 8,335,125 Euro resulting from the disposal of a tangible assets held by a Brazilian subsidiary.

The caption "Other current assets" is essentially composed by receivable interests amounting to 901,983 Euro (741,938 Euro on 31 December 2007); an amount of 31,644,131 Euro of commercial discounts (4,222,318 Euro on 31 December 2007); receivable commissions amounting to 2,153,639 Euro (6,865,234 Euro on 31 December 2007); 3,334,963 Euro of rents paid in advance (3,259,833 Euro on 31 de December 2007) and insurance paid in advance amounting to 3,624,923 Euro (2,058,068 Euro in 31 December 2007).

**12. DEFERRED TAX**

Deferred tax assets and liabilities as at 30 September 2008 and 31 December 2007 are made up as follows, taking into consideration the temporary differences that generated them:

	Deferred tax assets		Deferred tax liabilities	
	30.09.2008	31.12.2007 after fair value adjustments (Note 6)	30.09.2008	31.12.2007 after fair value adjustments (Note 6)
Fair value allocation on business combinations	2,855,082	5,439,039	12,788,737	12,788,737
Harmonisation adjustments (amortizations and depreciation)	66,633	70,513	30,192,440	29,290,837
Provisions and impairment losses not accepted for tax purposes	7,670,574	4,320,121	-	-
Write-off of tangible and intangible assets	8,823,884	9,517,092	-	-
Write-off of deferred costs	1,754	9,644	28,089	32,267
Valuation of financial derivatives	2,181	74,497	625,524	194,556
Reinvestment of capital gains	-	-	2,353,154	2,394,039
Revaluation of tangible fixed assets	-	-	2,475,259	2,523,410
Exchange differences not included for tax purposes	-	-	2,469,043	44,754
Tax losses carried forward	4,722,190	8,010,720	-	-
Others	-	283,633	-	-
	<u>24,142,298</u>	<u>27,725,259</u>	<u>50,932,246</u>	<u>47,268,600</u>

As at 30 September 2008 and 31 December 2007, the carried forward tax losses in accordance with tax returns and income tax estimates of the group companies that recorded the corresponding deferred tax assets, considering an exchange rate at that dates, had the following expiration dates:

	30-09-2008			31-12-2007		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limit time use						
Generated in 2002	2,721,346	680,336	2008	12,423,840	3,105,960	2008
Generated in 2003	3,889,084	972,271	2009	9,065,672	2,266,418	2009
Generated in 2004	1,567,260	391,815	2010	1,567,260	391,815	2010
Generated in 2005	7,341,506	1,835,377	2011	7,341,506	1,835,377	2011
Generated in 2006	387,074	96,768	2012	387,074	96,768	2012
Generated in 2007	1,298,126	324,532	2013	1,257,530	314,382	2013
Generated in 2008	1,684,366	421,091	2014			2014
	<u>18,888,762</u>	<u>4,722,190</u>		<u>32,042,882</u>	<u>8,010,720</u>	
Without limited time use	-	-		-	-	
	18,888,762	4,722,190		32,042,882	8,010,720	

The deferred tax assets arising from the tax losses carried forward were evaluated and were only recorded if it was probable that taxable profits would occur in the future which may be offset against available tax losses or against deductible temporary differences. This evaluation was based on Sonae Distribuição companies' business plans, periodically reviewed and updated, and available and identified tax planning opportunities.

As at 30 September 2008 there are tax losses carried forward in the amount of 70,135,020 Euro (91,117,181 Euro as of 31 December 2007) for which no deferred tax assets were recognized for prudential reasons.

	30-09-2008			31-12-2007		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limit time use						
Generated in 2002	1,544,872	386,218	2008	1,814,987	453,747	2008
Generated in 2003	200,291	50,073	2009	200,291	50,073	2009
Generated in 2004	338,265	84,567	2010	329,687	82,422	2010
Generated in 2005	64,468	16,117	2011	36,519,737	9,129,934	2011
Generated in 2006	161,837	40,459	2012	161,837	40,459	2012
Generated in 2007	30,199,436	7,549,859	2013	24,379,231	6,094,809	2013
Generated in 2008	6,129,889	1,532,472	2014	-	-	2014
	<u>38,639,058</u>	<u>9,659,765</u>		<u>63,405,770</u>	<u>15,851,444</u>	
With limit time different from the above mentioned	24,899,208	7,117,834		19,571,433	5,619,101	
Without limited time use	6,596,754	2,242,896		8,139,978	2,767,592	
	<u>70,135,020</u>	<u>19,020,495</u>		<u>91,117,181</u>	<u>24,238,137</u>	

### 13. CASH AND CASH EQUIVALENTS

As at 30 September 2008 and 31 December 2007 cash and cash equivalents can be detailed as follows:

	30.09.2008	31.12.2007
Cash at hand	4,904,555	5,723,805
Bank deposits	496,188,791	62,094,598
Treasury applications	34,997	35,087
Cash and cash equivalents on the balance sheet	<u>501,128,343</u>	<u>67,853,490</u>
Bank overdrafts (note 15)	(26,994,146)	(3,584,549)
Cash and cash equivalents on the cash flow statement	<u>474,134,197</u>	<u>64,268,941</u>

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

**14. SHARE CAPITAL**

As at 30 September 2008, the share capital, which is fully subscribed and paid for, is made up by 1,100,000,000 ordinary shares which do not hold right to any fixed income, with a nominal value of 1 Euro each.

As at 30 September 2008, the subscribed share capital was distributed as follows:

Entity	%
Sonae, SGPS, S.A.	74.98
Sonae Investments, BV	15.93
Own Shares	9.09

As at 30 September 2008, Efanor Investimentos S.G.P.S., S.A. and its subsidiaries held 52.94% of the share capital of Sonae, SGPS, S.A..

**15. LOANS**

As at 30 September 2008 and 31 December 2007, borrowings can be detailed as follows:

	30.09.2008				31.12.2007			
	Book value		Face value		Book value		Face value	
	Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current
Bank loans	524,004,064	227,000,000	524,004,064	227,000,000	80,250,354	-	80,250,354	-
Bonds	99,953,611	1,001,402,782	100,000,000	1,006,925,000	-	1,100,672,731	-	1,106,925,000
Bank overdrafts (Note 13)	26,994,146	-	26,994,146	-	3,584,549	-	3,584,549	-
	<u>650,951,821</u>	<u>1,228,402,782</u>	<u>650,998,210</u>	<u>1,233,925,000</u>	<u>83,834,903</u>	<u>1,100,672,731</u>	<u>83,834,903</u>	<u>1,106,925,000</u>
Other loans	39,438	243,941	39,438	243,941	36,229	276,330	36,229	276,329
Derivatives financial instruments (Note 16)	8,230	-	-	-	281,123	-	-	-
	<u>47,668</u>	<u>243,941</u>	<u>39,438</u>	<u>243,941</u>	<u>317,352</u>	<u>276,330</u>	<u>36,229</u>	<u>276,329</u>
Obligations under finance leases	4,579,186	4,065,025	4,579,186	4,065,025	6,783,670	5,554,636	6,783,670	5,554,636
	<u>655,578,675</u>	<u>1,232,711,748</u>	<u>655,616,834</u>	<u>1,238,233,966</u>	<u>90,935,925</u>	<u>1,106,503,697</u>	<u>90,654,802</u>	<u>1,112,755,965</u>

The repayment schedule of face value of borrowings, (including bank loans and obligations under finance leases) can be summarized as follows:

	30.09.2008	31.12.2007
N+1	205,616,834	90,654,802
N+2	67,824,143	103,146,003
N+3	1,082,283	67,370,839
N+4	432,192,286	82,065,244
N+5	155,036,230	350,042,467
N+6	227,036,229	155,036,229
>N+7	355,062,795	355,095,183
	<u>1,443,850,800</u>	<u>1,203,410,767</u>

**Bonds**

Bond loans can be detailed as follows:

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

Bonds - MODELO CONTINENTE / 2003

1,640,000 bonds – Nominal Value: 50 Euro.

Maximum term: 8 (eight) years.

Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.75% p.a..

Interest Payment: half yearly in arrears, on 15 April and 15 October of each year.

Redemption: at par, in one payment on 15 October 2011, the maturity date of the loan. Early redemption is not possible, either by initiative of the issuer or the bondholders.

Bonds - MODELO CONTINENTE / 2004

10,000,000 bonds – Nominal Value: 10 Euro.

Maximum term: 5 (five) years.

Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 1.15% p.a..

Interest Payment: half yearly in arrears, on 18 March and 18 September of each year.

Redemption: at par, in one payment on 18 March 2009, the maturity date of the loan. Early redemption is not possible, either by initiative of the issuer or the bondholders.

Bonds - MODELO CONTINENTE 2005/ 2010

265,000 bonds – Nominal Value: 245 Euro.

Maximum term: 5 (five) years.

Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.70% p.a..

Interest Payment: half yearly in arrears, on 3 February and 3 August of each year.

Redemption: at par, in one payment on 5th year in one payment on 3 August 2010, the maturity date of the loan, except if it an early redemption occurs.

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

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

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

Bonds - MODELO CONTINENTE 2005/ 2012

15,000,000 bonds – Nominal Value: 10 Euro.

Maximum term: 7 (seven) years.

Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.85% p.a..

Interest Payment: half yearly in arrears, on 2 February and 2 August of each year.

Redemption: at par, in one payment on 2 August 2012 the payment dates of the 14th coupon, except if it an early redemption occurs.

Early redemption (call-option): early redemption is possible by initiative of the issuer, either totally or partially (by reducing the nominal value of the bonds), on the reimbursed dates of 10th, 11th, 12th and 13th coupon, without the obligation of paying any prize.

Bonds - MODELO CONTINENTE 2007/2012

4,000 bonds – Nominal Value: 50,000 Euro.

Maximum term: 5 (five) years.

Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.5% p.a..

Interest Payment: half yearly in arrears, on 30 April and 30 October of each year.

Redemption: at par, in one payment on 30 April 2012 the payment date of the 10th coupon.

Early redemption (call-option): early redemption is not possible, either by initiative of the issuer or the bond holders.

#### Bonds – SONAE DISTRIBUIÇÃO / 2007 / 2015

4,000,000 bonds - Nominal Value: 50 Euro.

Maximum term: 8 (eight) years

Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.48% p.a..

Interest Payment: half yearly in arrears, on 10 February and 10 August of each year.

Redemption: at par, in one payment on 10 August 2015 the payment date of the 16th coupon.

Early redemption (call-option): early redemption is possible by initiative of the issuer, totally, on the payment date of the 10th, 12th or 14th coupons, without the obligation of paying any prize.

#### Bonds - SONAE DISTRIBUIÇÃO SEPTEMBER- 2007/2015

31,000,000 Bonds – Nominal Value: 10 Euro.

Maximum term: 8 (eight) years.

Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.25% p.a. in the first 3 interest payment dates and 0.55% p.a. from the 4th interest payment date on.

Interest Payment: half yearly in arrears, on 10 March and 10 September of each year.

Redemption: at par in the following terms:

50% on the date of the 12th coupon payment (10 September 2013);

50% on the date of the 16th coupon payment (10 September 2015).

Early redemption (call-option): early redemption is possible by initiative of the issuer, either totally or partially, on the payment dates of the 10th, 11th, 12th, 13th, 14th or 15th coupons, without the obligation of paying any prize.

Extraordinary early redemption (Call-Option): until the end of the 18th month of the loan, within the following conditions:

(i) the loan may be reimbursed total or partially, with no penalization, in each interest payment date

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

#### Other loans – non currents

At 30 September 2008 this caption corresponded to repayable grants from IAPMEI under the Measure of Support to the Energy Potential and Rationalization (MAPE). These grants do not bear interests and were attributed by a 12 years period, with a grace period of 3 years redemption after attribution. The grants will be redeemed in half-yearly instalments, occurring the first six months after the grace period. At present, 39,438 Euro are classified as “Other loans – currents”.

#### Bank loans

This caption includes: i) the issue of short term commercial paper in the amount of 74,000,000 Euro which bears interests at normal market rates; ii) the issue of commercial paper in the amount of 301,000,000 Euro classified as non-current as it concerns to commercial paper contracts which issuances are committed by financial institutions for a period greater than 12 months.

**16. DERIVATIVES**
Exchange rate derivatives

The Group uses exchange rate derivatives, essentially, to hedge future cash flows.

As at 30 September 2008, the fair value of the exchange rate derivatives, calculated taking into consideration the present market value of equivalent financial instruments, is estimated as follows:

	<u>30.09.2008</u>	<u>31.12.2007</u>
Assets (Note 9)	478,989	1,971
Liabilities (Note 15)	<u>(8,230)</u>	<u>(281,123)</u>
	<u>470,759</u>	<u>(279,152)</u>

Gains or losses for the year arising from changes in the fair value of derivative financial instruments amounted 749,911 Euro, were recorded directly in the income statement in the caption "Net Operating Expenses".

Fair value of derivatives

The fair value of the derivatives is detailed as follows:

	<u>Assets (note 9)</u>		<u>Liabilities (note 15)</u>	
	<u>30.09.2008</u>	<u>31.12.2007</u>	<u>30.09.2008</u>	<u>31.12.2007</u>
Hedging derivatives	1,881,480	1,113,658	-	-
Other derivatives	<u>478,989</u>	<u>1,971</u>	<u>8,230</u>	<u>281,123</u>
	<u>2,360,469</u>	<u>1,115,629</u>	<u>8,230</u>	<u>281,123</u>

Interest rate derivatives

As at 30 September 2008, the derivatives used by the Group essentially refer mainly to swaps. These were negotiated to hedge the interest rate risk inherent to bank loans borrowed by the Group. According to the accounting policies adopted, these derivatives fulfil the requirements to be classified as hedging instruments.

Its fair value amounts to:

	<u>30.09.2008</u>	<u>31.12.2007</u>
Assets	2,360,470	1,113,658
Liabilities	<u>(8,230)</u>	-
	<u>2,352,240</u>	<u>1,113,658</u>

These interest rate derivatives were valued at fair value, at the balance sheet date, based on valuations performed within the Group using specific software and on external valuations when this software does not deal specific instruments. The fair value of the swaps was calculated, with reference to the balance sheet date, based upon the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg.

Counterparts issuing derivative financial instruments are selected based on its financial strength and credit risk established by internationally recognized rating agencies. These counterparts are nationally and internationally recognized first class financial institutions.

**17. OTHER NON CURRENT LIABILITIES**

As at 30 September 2008 and 31 December 2007 other non current liabilities were made up as follows:

	<u>30.09.2008</u>	<u>31.12.2007</u>
Participating companies (Note 22)	10,000,000	10,000,000
Other non current trade accounts payable	783,477	830,596
Share-based payments (Note 18)	523,176	1,872,010
	<u>11,306,653</u>	<u>12,702,606</u>

As at 30 September 2008 and 31 December 2007, the caption "Other non current liabilities" refers mainly to the estimated amounts to fulfil the legal and tax obligations of a Brazilian subsidiary which was considered appropriate to face future losses on lawsuits and for which legal deposits exist, which are recorded under the caption "Other non current assets" (Note 10).

The amount payable to participating companies refers to a shareholders' loan granted by a minority shareholder to a subsidiary that bears interests at market rate. The fair value of this loan is similar to its book value.

**18. SHARE BASED PAYMENT PLANS**

In 2008 and in previous years, Sonae Distribuição Group granted deferred performance bonuses to its directors and eligible employees. These are based on shares to be acquired at nil cost, three years after they were attributed to the employee. The acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the choice to settle its responsibilities in cash instead of shares. The option can only be exercised if the employee still works for the Sonae Group on the vesting date.

Liabilities arising from deferred performance bonuses as at 30 September 2008 and 31 December 2007 are made up as follows:

	Year of grant	Vesting year	Number of participants	Fair value	
				<u>30.09.2008</u>	<u>31.12.2007</u>
<b><u>Shares</u></b>					
	2005	2008	38	-	2,690,269
	2006	2009	40	621,082	1,958,101
	2007	2010	40	525,407	1,699,820
	2008	2011	42	866,757	
<b><u>Total</u></b>				<u>2,013,246</u>	<u>6,348,190</u>

The amount recorded in the financial statements as at 30 September 2008 and 31 December 2007, related to the responsibilities incurred from the date in which each plan was granted until the mentioned dates, can be presented as follows:

	<u>30.09.2008</u>	<u>31.12.2007</u>
Recorded as Other non current liabilities (Note 17)	523,176	1,872,010
Recorded as Other current liabilities (Note 19)	569,326	2,690,269
Recorded in profit and loss in previous years	(2,735,184)	(628,007)
Recorded in Staff costs	<u>(1,642,682)</u>	<u>3,934,272</u>

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

**19. OTHER CURRENT LIABILITIES**

As at 30 September 2008 and 31 December 2007 the caption "Other current liabilities" can be detailed as follows:

	30.09.2008	31.12.2007 after fair value adjustments
Suppliers	778,869,752	836,947,665
Participated and participating companies	-	408,665
a) Other accounts payable	39,274,771	35,591,505
Fixed assets suppliers	45,340,733	42,253,608
Taxes and contributions payables	21,599,380	44,222,307
b) Accrued costs	137,843,498	145,383,430
Deferred income	1,033,255	2,084,213
Share-based payments (Note 18)	569,326	2,690,269
	<u>1,024,530,715</u>	<u>1,109,581,662</u>

- a) The caption "Other accounts payable" includes an amount of 20,842,948 Euro (18,348,279 Euro as of 31 December 2007) related to means of payments withheld by clients, namely, vouchers, gift cards and discount coupons, which were granted under the loyalty project "Cartão Cliente" and not yet used.
- b) The caption Accrued costs includes: i) personnel costs amounting to 79,738,664 Euro (65,894,919 Euro as at 31 December 2007); ii) accrued interests of 13,411,817 Euro (18,887,751 Euro as at 31 December 2007); iii) advertising costs of 6,271,341 Euro (19,792,292 Euro as at 31 December 2007); iv) other external supplies and services amounting to 20,271,346 Euro (21,134,152 Euro as at 31 December 2007); v) rents of 6,174,462 Euro (5,146,700 Euro as at 31 December 2007); vi) Real Estate Municipality tax of 2,658,493 Euro (3,658,053 Euro as at 31 December 2007); and vii) import expenses in the amount of 3,106,105 Euro (4,099,190 Euro as at 31 December 2007).

**20. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES**

Movements in "Provisions and impairment losses" for the nine months period ended 30 September 2008 and 2007 were as follows:

Captions	31.12.2007	Opening balance after fair value adjustments (Note 6)			30.09.2008
		Increases	Decreases a)		
Accumulated impairment losses on investments (Note 9)	26,316	26,316	-	-	26,316
Accumulated impairment losses on goodwill (Note 8)	1,374,226	1,374,226	-	-	1,374,226
Accumulated impairment losses on trade accounts receivable (Note 11)	12,771,387	12,771,387	1,020,822	(179,384)	13,612,825
Accumulated impairment losses on other debtors (Note 11)	8,620,872	8,620,872	1,916,791	(12,539)	10,525,124
Accumulated impairment losses - inventories	16,095,728	16,095,728	8,970,052	(5,468,503)	19,597,277
Provisions	<u>18,486,207</u>	<u>21,456,707</u>	<u>-</u>	<u>(3,198,436)</u>	<u>18,258,271</u>
	<u>57,374,736</u>	<u>60,345,236</u>	<u>11,907,665</u>	<u>(8,858,862)</u>	<u>63,394,039</u>

Captions	31.12.2006	Increases	Decreases	30.09.2007
Accumulated impairment losses on investments (Note 9)	474,728	-	(448,412)	26,316
Accumulated impairment losses on goodwill (Note 8)	2,838,583	62,855	(1,527,212)	1,374,226
Accumulated impairment losses on trade accounts receivable (Note 11)	11,167,140	214,271	(403,571)	10,977,840
Accumulated impairment losses on other debtors (Note 11)	6,463,190	316,778	(180,768)	6,599,200
Accumulated impairment losses - inventories	11,542,472	339,243	(487,010)	11,394,705
Provisions	<u>22,117,496</u>	<u>1,650,133</u>	<u>(952,696)</u>	<u>22,814,933</u>
	<u>54,603,609</u>	<u>2,583,280</u>	<u>(3,999,669)</u>	<u>53,187,220</u>

- a) Decrease includes 762,924 Euro, related to the effect of changes in the foreign exchange rate in opening balances.

Impairment losses are deducted from the corresponding asset carrying amount.

The caption "Provisions" includes 12,915,377 Euro (14,628,032 Euro as of 31 December 2007) relating to contingencies assumed by the company, on the sale of the subsidiary Sonae Distribuição Brazil, S.A. in 2005. This provision is being used as obligations arise.

This caption also includes an amount of 1,285,000 Euro relating to contingent liabilities that arose to the Group from the acquisition of Continente Hipermercados, S.A. and that concern to judicial claims waiting for an outcome, and 370,500 Euro related to guarantees granted by this subsidiary company.

## 21. CONTINGENT ASSETS AND LIABILITIES

	<u>30.09.2008</u>	<u>31.12.2007</u>
Guarantees rendered:		
related to tax claims	118,099,331 a)	79,895,859
related to local and municipal claims	22,157,555	11,687,093
Others	47,913,963 b)	45,649,202

a) Includes guarantees amounting to 88,939,228 Euro (46,603,916 Euro on 31 December 2007) and 23,797,665 Euro (27,869,675 Euro on 31 December 2007) related to appeals against additional corporate Income Tax and VAT assessments, respectively.

b) Includes guarantees of 19,045,714 Euro (35,800,646 Euro on 31 December 2007) related to VAT reimbursement requests.

During the period ended 31 December 2007, Sonae Capital Brazil, Ltda., rendered a guarantee in the amount of 23,822,542 euro (BRL 65,570,840) related to a tax claim that is being judged in a Brazilian tax court concerning corporate income tax.

As a consequence of the sale of a subsidiary company in Brazil, the Group guaranteed to 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 2007, 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, amounted to nearly 24 million Euros. Furthermore, there are other tax lawsuits totalling 80 million Euro for which the Board of Directors, based on the lawyers' assessment, understand will not imply losses to the sold subsidiary above the referred 40 million Euro, using the Brazilian Real exchange rate as at 31 December 2007.

During the nine months period of 2008 there were no relevant changes in the above mentioned contingencies.

No provision was recorded in order to face possible risks arising from these processes, as the Board of Directors understands that they will be solved without arising additional liabilities to the Group.

**22. RELATED PARTIES**

Balances and transactions with related parties as of 30 September 2008 and 31 December 2007 are detailed as follows:

<b>Transactions</b>	30.09.2008	30.09.2007	30.09.2008	30.09.2007	30.09.2008	30.09.2007	30.09.2008	30.09.2007
Parent company	448,912	275,147	564,577	365,467	72,780	1,624,986	176,862	
Associated companies	9,185,297	460,000	10,047,464	9,136,361	40,379	210,289		
Participated companies	36,530,755	36,069,691						
Participating companies							360,234	305,608
Other related parties <sup>1</sup>	10,650,621	12,088,624	67,246,997	69,407,444		155,711		41,969
	<u>56,815,585</u>	<u>48,893,462</u>	<u>77,859,038</u>	<u>78,909,272</u>	<u>113,159</u>	<u>1,990,986</u>	<u>537,096</u>	<u>347,577</u>
	<u>Purchase of assets</u>		<u>Disposal of assets</u>					
<b>Transactions of fixed assets</b>	30.09.2008	30.09.2007	30.09.2008	30.09.2007				
Parent company	12,214		50,000	523,913				
Associated companies				18,760				
Participated companies		21,011,577		-				
Other related parties <sup>1</sup>	19,786,710	59,314,307	1,270	37,048,731				
	<u>19,798,924</u>	<u>80,325,884</u>	<u>51,270</u>	<u>37,591,404</u>				
	<u>Accounts receivable</u>		<u>Accounts payable</u>		<u>Loans</u>			
<b>Balances</b>	30.09.2008	31.12.2007	30.09.2008	31.12.2007	30.09.2008	31.12.2007	30.09.2008	31.12.2007
Parent company	518,327	108,794	382,730	499,045				
Associated companies	6,023,037	919,474	698,223	692,339			1,000,000	1,000,000
Participated companies	10,864,281	12,090,910						
Participating companies (Note 17)			360,234	408,597	10,000,000	10,000,000		15,475
Other related parties <sup>1</sup>	10,176,649	9,263,517	22,737,392	29,825,327				
	<u>27,582,294</u>	<u>22,382,695</u>	<u>24,178,579</u>	<u>31,425,308</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>	<u>1,015,475</u>

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

Other partners in Group companies include Sonae Industria, 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 Group, as well as other affiliated companies of the parent company Efanor Investimentos, SGPS, SA..

The recorded amounts as Loans Payable from participating companies refer to loans obtained from shareholders of subsidiary companies, which bear interests at market rates.

**23. INCOME TAX**

Income tax for the nine months period ended 30 September 2008 and 2007 is detailed as follows:

	30.09.2008	30.09.2007
Current tax	5,436,906	5,686,738
Deferred tax	80,804	(1,542,127)
	<u>5,517,710</u>	<u>4,144,611</u>

**24. EARNINGS PER SHARE**

Earnings per share for the period were calculated taking into consideration the following amounts:

	3rd Quarter 2008	30.09.2008	3rd Quarter 2007	30.09.2007
<b>Net profit</b>				
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	40,531,249	79,957,906	49,650,749	98,727,264
Net profit taken into consideration to calculate diluted earnings per share	40,531,249	79,957,906	49,650,749	98,727,264
<b>Number of shares</b>				
Weighted average number of shares used to calculate basic earnings per share	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Weighted average number of shares used to calculate the diluted earnings per share	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
<b>Earning per share (basic and diluted)</b>	0.04	0.08	0.05	0.10

**25. DIVIDENDS**

In the Shareholders Annual General Meeting held on 31 March 2008, the payment of a gross dividend amounting to 85,000,000 was approved.

**26. SEGMENT INFORMATION**

The contribution of the major segments for the nine months period ended 30 September 2008 and 2007 can be detailed as follows:

	30.09.2008				30.09.2007			
	Turnover	EBITDA	EBIT	Sales area [.000m <sup>2</sup> ]	Turnover	EBITDA	EBIT	Sales area [.000m <sup>2</sup> ]
Food retail brands	2,070,183,614	167,193,698	106,709,084	463	1,700,617,695	137,053,481	92,043,030	358
Non food retail brands	800,356,869	41,911,751	19,987,943	268	687,892,736	39,017,540	21,176,147	216
Real estate assets with income	5,366,556	4,895,949	2,746,731		5,375,350	18,100,087	16,964,792	
Real estate assets without income		9,061,634	8,904,053			152,821	107,848	
Others a)	115,761,881	(1,230,088)	(1,910,161)			176,152	(173,772)	
	<u>2,991,668,920</u>	<u>221,832,944</u>	<u>136,437,650</u>	<u>731</u>	<u>2,393,885,781</u>	<u>194,500,081</u>	<u>130,118,045</u>	<u>574</u>

a) Includes gas stations and consolidation adjustments

**Food retail brands**

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

**Non food retail brands**

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

**Real estate assets with income**

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

**Real estate without income**

Includes the contribution of real estate assets which in most cases will be useful to accommodate the organic growth of Sonae Distribuição.

**Others**

Amounts that, by their nature, cannot be allocated to any of the other segments, such as financial investments, which for the final value of capital employed, make up almost the entire total.

**Operating Cash-flow (EBITDA)**

Operating results – amortisations and depreciations – provisions and impairment losses – reversal of impairment losses.

**Operating Results (EBIT)**

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

27. SUBSEQUENT EVENTS

On the 14<sup>th</sup> October 2008, the Company formalized the deal with RAR Group regarding the creation of a joint operation of travel agencies detained in 50% by each of the Groups and benefitting from a shared management structure.

28. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 5<sup>th</sup> November 2008.

29. NOTE ADDED TO TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union for interim financial reporting purposes (IAS 34). In the event of discrepancies, the Portuguese language version prevails.

Matosinhos, 5 November 2008

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Nuno Manuel Moniz Trigoso Jordão

Ângelo Gabriel Ribeirinho dos Santos Paupério

Álvaro Carmona e Costa Portela



# **INDIVIDUAL FINANCIAL STATEMENTS**

**30 SEPTEMBER 2008**

SONAE DISTRIBUIÇÃO, SGPS, S.A.
COMPANY BALANCE SHEETS AS AT 30 SEPTEMBER 2008 AND 2007 AND AS AT 31 DECEMBER 2007

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 21)

ASSETS	Notes	IFRS		
		30-09-2008	30-09-2007	31-12-2007
<b>NON CURRENT ASSETS:</b>				
Tangible and intangible assets	5	15,404	453,241	147,779
Investments	4	2,186,732,635	1,909,558,076	2,009,050,391
Deferred tax assets	6	-	20,433	304
Other non current assets	7	1,088,191,524	712,517,043	774,196,909
Total non current assets		<u>3,274,939,563</u>	<u>2,622,548,793</u>	<u>2,783,395,383</u>
<b>CURRENT ASSETS</b>				
Other current assets	8	451,882,238	580,850,994	757,053,529
Derivatives	9	1,881,480	80,462	1,113,658
Cash and cash equivalents	10	62,145	420,051,069	48,033
Total current assets		<u>453,825,863</u>	<u>1,000,982,525</u>	<u>758,215,220</u>
<b>TOTAL ASSETS</b>		<u><u>3,728,765,426</u></u>	<u><u>3,623,531,318</u></u>	<u><u>3,541,610,603</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY:</b>				
Share capital	11	1,100,000,000	1,100,000,000	1,100,000,000
Legal Reserves		99,300,000	95,000,000	95,000,000
Reserves and retained earnings	12	820,938,040	824,921,839	825,514,961
Net profit for the period		247,393,371	66,263,018	84,137,774
<b>TOTAL EQUITY</b>		<u>2,267,631,411</u>	<u>2,086,184,857</u>	<u>2,104,652,735</u>
<b>LIABILITIES:</b>				
<b>NON CURRENT LIABILITIES</b>				
Loans	13	1,228,402,782	1,250,333,911	1,100,672,731
Deferred tax liabilities	6	500,228	58,360	233,406
Total non current liabilities		<u>1,228,903,010</u>	<u>1,250,392,271</u>	<u>1,100,906,137</u>
<b>CURRENT LIABILITIES</b>				
Loans	13	144,039,844	1,426,645	2,809
Derivatives		-	97,848	-
Other current liabilities	14	88,191,161	285,429,697	336,048,922
Total current liabilities		<u>232,231,005</u>	<u>286,954,190</u>	<u>336,051,731</u>
<b>TOTAL LIABILITIES</b>		<u>1,461,134,015</u>	<u>1,537,346,461</u>	<u>1,436,957,868</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>3,728,765,426</u></u>	<u><u>3,623,531,318</u></u>	<u><u>3,541,610,603</u></u>

The accompanying notes are part of these financial statements

The Board of Directors,

COMPANY INCOME STATEMENTS BY NATURE

FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2008 AND 2007

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 21)

	Notes	IFRS			
		2008		2007	
		3rd Quarter <sup>1</sup>	30-09-2008	3rd Quarter <sup>1</sup>	30-09-2007
Operating income:					
Services rendered		(500,300)	1,190,847	811,641	2,353,103
Other operating income		1,808,403	2,276,336	(81,814)	2,259,706
Total operating income		1,308,103	3,467,183	729,827	4,612,809
Operating expenses:					
External supplies and services		(762,391)	(1,381,671)	(264,558)	(1,046,513)
Staff costs		(151,160)	(420,819)	(64,767)	(1,566,170)
Amortization and depreciation	5	(1,270)	(143,265)	(70,823)	(212,470)
Other operating expenses		(1,036,311)	(1,777,731)	(985,354)	(2,333,788)
Total operating expenses		(1,951,132)	(3,723,486)	(1,385,502)	(5,158,941)
Net operating profit / (loss)		(643,029)	(256,303)	(655,675)	(546,132)
Financial Income		22,990,397	67,606,073	16,666,635	49,495,504
Financial Loss		(20,856,815)	(61,354,593)	(15,745,258)	(37,167,902)
Net financial profit		2,133,582	6,251,480	921,377	12,327,602
Profit / (loss) related to investments	17	-	236,300,137	(1)	49,345,485
Profit / (loss) before income tax		1,490,553	242,295,314	265,701	61,126,955
Income tax		3,043,733	5,098,057	9,237,204	5,136,063
Net profit / (loss) for the period	18	4,534,286	247,393,371	9,502,905	66,263,018
Earnings / (loss) per share	18	0.00	0.25	0.01	0.07

<sup>1</sup> Prepared in accordance with "IAS 34 - Interim Financial Reporting" and not subject to independent review

The accompanying notes are part of these financial statements

The Board of Directors,

SONAE DISTRIBUIÇÃO, SGPS, S.A.

COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2008 AND 2007

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 21)

	Share Capital	Legal Reserves	Own Shares	Reserves and retained earnings	Net profit/loss	Total Equity
Balance as at 1 January 2007	1,100,000,000	90,200,000	(205,000,000)	905,536,702	80,335,955	1,971,072,657
Appropriation of net profit of 200€						
Appropriation of net profit / (loss) of 200€	-	4,800,000	-	75,535,955	(80,335,955)	-
Dividends distributed	-	-	-	(75,000,000)	-	(75,000,000)
Changes in reserves:						
Own shares hand over	-	-	205,000,000	-	-	205,000,000
Merger	-	-	-	(81,095,866)	-	(81,095,866)
Others	-	-	-	(54,952)	-	(54,952)
Net profit / (loss) for the nine months period ended 30 September 2007	-	-	-	-	66,263,018	66,263,018
Others	-	-	-	-	-	-
Balance as at 30 September 2007	<u>1,100,000,000</u>	<u>95,000,000</u>	<u>-</u>	<u>824,921,839</u>	<u>66,263,018</u>	<u>2,086,184,857</u>
Balance as at 1 January 2008	1,100,000,000	95,000,000	-	825,514,961	84,137,774	2,104,652,735
Appropriation of net profit of 2007						
Appropriation of net profit / (loss) of 2007	-	4,300,000	-	79,837,774	(84,137,774)	-
Dividends distributed	-	-	-	(85,000,000)	-	(85,000,000)
Changes in reserves:						
Changes in fair value	-	-	-	889,863	-	889,863
Deferred tax due to changes in fair value	-	-	-	(304,558)	-	(304,558)
Net profit / (loss) for the nine months period ended 30 September 2008	-	-	-	-	247,393,371	247,393,371
Others	-	-	-	-	-	-
Balance as at 30 September 2008	<u>1,100,000,000</u>	<u>99,300,000</u>	<u>-</u>	<u>820,938,040</u>	<u>247,393,371</u>	<u>2,267,631,411</u>

The accompanying notes are part of these financial statements

The Board of Directors,

COMPANY STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2008 AND 2007

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 21)

	Notes	30-09-2008	30-09-2007
<b><u>OPERATING ACTIVITIES:</u></b>			
Net cash flow from operating activities (1)		<u>29,102,741</u>	<u>33,507,261</u>
<b><u>INVESTING ACTIVITIES:</u></b>			
Cash receipts related to:			
Investments		23,817,756	97,008,064
Tangible and Intangible assets		(140,000)	40,000
Interests and similar income		61,478,855	26,723,312
Dividends		236,300,137	18,193,658
Loans granted		2,312,232,675	1,881,747,988
Others		611,200,000	75,000,000
		<u>3,244,889,423</u>	<u>2,098,713,022</u>
Cash payments related to:			
Investments		(201,500,000)	(175,199,457)
Tangible and Intangible assets		(171,448)	(42)
Loans granted		(2,947,936,290)	(2,200,721,637)
Others		-	(4,969,473)
		<u>(3,149,607,738)</u>	<u>(2,380,890,609)</u>
Net cash used in investing activities (2)		<u>95,281,685</u>	<u>(282,177,587)</u>
<b><u>FINANCING ACTIVITIES:</u></b>			
Cash receipts related to:			
Loans obtained		<u>4,612,224,230</u>	<u>2,475,660,890</u>
		<u>4,612,224,230</u>	<u>2,475,660,890</u>
Cash payments related to:			
Loans obtained		(4,590,348,040)	(1,749,050,090)
Interest and similar charges		(61,329,928)	(31,644,654)
Dividends		(85,000,000)	(75,000,035)
		<u>(4,736,677,968)</u>	<u>(1,855,694,779)</u>
Net cash used in financing activities (3)		<u>(124,453,738)</u>	<u>619,966,111</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>(69,312)</u>	<u>371,295,785</u>
Cash and cash equivalents at the beginning of the period	10	45,224	50,030,583
Cash and cash equivalents - effects of the merger		-	(1,301,944)
Cash and cash equivalents at the end of the period	10	<u>(24,088)</u>	<u>420,024,424</u>

The accompanying notes are part of these financial statements

The Board of Directors,

SONAE DISTRIBUIÇÃO, SGPS, S.A.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2008

(Amounts expressed in Euro)

(Translation of notes to the company financial statements originally issued in Portuguese – Note 21)

1. INTRODUCTION

SONAE DISTRIBUIÇÃO, SGPS, S.A. (“Company” or “Sonae Distribuição”, previously named Modelo Continente, SGPS, S.A.) is a Portuguese corporation whose head office is in Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Matosinhos, Portugal.

Its main activity is the management of investments (Note 4).

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICES

Annual financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

Interim financial statements are presented quarterly, in accordance with IAS 34 - “Interim Financial Reporting”.

The accounting policies adopted are consistent with those described in the file of the annual financial statements for the year ended 31 December 2007.

3. CHANGES IN ACCOUNTING POLICES AND CORRECTION OF ERRORS

During the period there were neither changes in accounting policies nor errors related with previous periods.

**4. INVESTMENTS**

As at 30 September 2008 and 31 December 2007, the detail of investments is as follows:

Company	30.September.2008		31.December.2007		Euro
	% held	Closing Balance	% held	Closing Balance	
<b>Investments in equity:</b>					
Bertimóvel - Sociedade Imobiliária, S.A.	100.00%	1,375,000	100.00%	875,000	
Edições Book.it - S.A.	100.00%	1,000,000	-	-	
Canasta - Empreendimetos Imobiliários, S.A.	100.00%	1,579,375	100.00%	1,579,375	
Chão Verde - Sociedade de Gestão Imobiliária, S.A.	100.00%	2,244,591	100.00%	2,244,591	
Citorres - Sociedade Imobiliária, S.A.	100.00%	477,848	100.00%	477,848	
Contibomba - Comércio e Distribuição de Combustíveis, S.A.	100.00%	372,000	100.00%	372,000	
Contimobe - Imobiliária Castelo Paiva, S.A.	100.00%	231,318,722	100.00%	231,318,722	
Cumulativa - Sociedade Imobiliária, S.A.	100.00%	2,095,191	100.00%	2,095,191	
Difusão - Sociedade Imobiliária, S.A.	100.00%	50,000	100.00%	50,000	
Fozimo - Sociedade Imobiliária, S.A.	100.00%	24,940	100.00%	24,940	
Fozmassimo - Sociedade Imobiliária, S.A.	100.00%	6,264,902	100.00%	6,264,902	
Fundo de Investimento Imobiliário Imosonae Dois (a)	100.00%	158,410,389	100.00%	182,228,145	
Fundo de Investimento Imobiliário Fechado Imosedo	42.16%	34,536,577	42.16%	34,536,577	
IGI - Investimento Imobiliário, SA	100.00%	114,495,350	100.00%	114,495,350	
Igimo - Sociedade Imobiliária, S.A.	100.00%	220,000	100.00%	220,000	
Iginha - Sociedade imobiliária, S.A.	100.00%	109,000	100.00%	109,000	
Imoconti - Sociedade Imobiliária, S.A.	100.00%	50,000	100.00%	50,000	
Imoestrutura - Sociedade Imobiliária, S.A.	100.00%	24,940	100.00%	24,940	
Imomuro - Sociedade Imobiliária, S.A.	100.00%	539,940	100.00%	539,940	
Imoresultado - Sociedade Imobiliária, S.A.	100.00%	109,736	100.00%	109,736	
Imosistema - Sociedade Imobiliária, S.A.	100.00%	280,000	100.00%	280,000	
Infocfield - Informática, S.A.	10.00%	530,459	10.00%	530,459	
Marcas MC, zRt	100.00%	72,784,761	100.00%	72,784,761	
MJLF - Empreendimetos Imobiliários, S.A.	100.00%	1,719,397	100.00%	1,719,397	
Modalfa - Comércio e Serviços, S.A.	10.00%	27,933	10.00%	27,933	
Modelo Continente - Operações de Retalho, SGPS, S.A.	100.00%	1,050,000,000	100.00%	1,050,000,000	
Modelo Continente Hipermercados, S.A.	56.00%	174,990,240	56.00%	174,990,240	
Modelo Continente Seguros - Sociedade de Mediação, Lda	75.00%	161,250	75.00%	161,250	
Modelo.Com - Vendas por Correspondência, S.A.	100.00%	12,637,016	100.00%	12,637,016	
Predicomercial - Promoção Imobiliária, S.A.	100.00%	6,372,293	100.00%	6,372,293	
Selifa - Sociedade de Empreendimentos Imobiliários, S.A.	100.00%	1,408,379	100.00%	1,408,379	
Sempre à Mão - Sociedade Imobiliária, S.A.	100.00%	125,000	100.00%	125,000	
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	25.00%	249,399	25.00%	249,399	
Sesagest - Projectos e Gestão Imobiliária, S.A.	100.00%	36,677,088	100.00%	36,677,088	
Socijofra - Sociedade Imobiliária, S.A.	100.00%	550,000	100.00%	550,000	
Sociloures - Sociedade Imobiliária, S.A.	100.00%	10,000,000	100.00%	10,000,000	
Soflorin, B.V. (b)	100.00%	257,309,037	100.00%	57,309,037	
Sonae Capital Brasil, S.A.	37.00%	23,334,858	37.00%	23,334,858	
Sonae Retalho Espanha, S.A.	100.00%	2,549,831	100.00%	2,549,831	
Sonaegeest - Soc. Gest. de Fundos de Investimentos, S.A.	20.00%	159,615	20.00%	159,615	
Sondis Imobiliária, S.A.	100.00%	49,940	100.00%	49,940	
Sontária - Empreendimentos Imobiliários, S.A.	100.00%	10,600,000	100.00%	10,600,000	
Sonvecap, B.V.	100.00%	3,000,000	100.00%	3,000,000	
Sportzone - Comércio de Artigos de Desporto, S.A.	10.00%	706,326	10.00%	706,326	
Todos os Dias - Comércio Ret. e Expl. de Centros Comerciais, S.A.	100.00%	1,180,000	100.00%	1,180,000	
Tlantic Portugal - Sistemas de Informação, S.A.	100.00%	50,000	100.00%	50,000	
Valor N, S.A.	100.00%	2,087,315	100.00%	2,087,315	
Worten - Equipamentos para o Lar, S.A.	10.00%	462,494	10.00%	462,494	
		<b>2,225,301,132</b>		<b>2,047,618,888</b>	
Impairment of equity investments (Note 15)		<b>(38,568,497)</b>		<b>(38,568,497)</b>	
		<b>2,186,732,635</b>		<b>2,009,050,391</b>	

- (a) The change relates to income received from a real estate investment fund as distribution of gains originated prior to its acquisition.
- (b) During the period the company subscribed a capital increase of 200,000,000 euro in this subsidiary.

**5. TANGIBLE AND INTANGIBLE ASSETS**

Movements in tangible and intangible assets during the nine months period ended 30 September 2008, as well as depreciations, are made up as follows:

**Intangible Assets:**

	Opening Balance	Increases	Decreases	Closing Balance
<b>Gross Assets:</b>	2007/12/31			2008/09/30
Industrial property and other rights	1,401,602	11,026	-	1,412,628
Software	479	-	-	479
Intangible assets in progress	136	-	136	-
	<u>1,402,217</u>	<u>11,026</u>	<u>136</u>	<u>1,413,107</u>

	Opening Balance	Increases	Write-off/ Reversals	Closing Balance
<b>Accumulated Depreciations and Impairment Losses</b>	2007/12/31			2008/09/30
Industrial property and other rights	1,261,255	141,349	-	1,402,604
Software	479	-	-	479
	<u>1,261,734</u>	<u>141,349</u>	<u>-</u>	<u>1,403,083</u>

**Tangible Assets:**

	Opening Balance	Increases	Decreases	Closing Balance
<b>Gross Assets:</b>	2007/12/31			2008/09/30
Machinery and equipment	2,464	-	-	2,464
Transport equipment	19,062	-	-	19,062
Office equipment	24,805	-	-	24,805
Other tangible assets	679	-	-	679
	<u>47,010</u>	<u>-</u>	<u>-</u>	<u>47,010</u>

	Opening Balance	Increases	Write-off/ Reversals	Closing Balance
<b>Accumulated Depreciations and Impairment Losses</b>	2007/12/31			2008/09/30
Machinery and equipment	657	185	-	842
Transport equipment	19,062	-	-	19,062
Office equipment	19,316	1,731	-	21,047
Other tangible assets	679	-	-	679
	<u>39,714</u>	<u>1,916</u>	<u>-</u>	<u>41,630</u>

	Opening Balance	Increases	Decreases	Closing Balance
<b>Total Net Assets:</b>	2007-12-31			2008-09-30
Intangible Assets	140,483	(130,323)	136	10,024
Tangible Assets	7,296	(1,916)	-	5,380
	<u>147,779</u>	<u>(132,239)</u>	<u>136</u>	<u>15,404</u>

**6. DEFERRED TAX**

Deferred tax assets and liabilities as of 30 September 2008, 2007 and 31 December 2007, taking into consideration the temporary differences that generated them, can be detailed as follows:

	30.September.2008		30.September.2007		31.December.2007	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Financial instruments	-	498,592	19,813	-	-	194,034
Write off of Intangible Assets	-	-	620	-	304	-
Differences between amortizations for accounting and tax purposes	-	1,636	-	58,360	-	39,372
Tax losses carried forward	-	-	-	-	-	-
	<u>-</u>	<u>500,228</u>	<u>20,433</u>	<u>58,360</u>	<u>304</u>	<u>233,406</u>

**7. OTHER NON CURRENT ASSETS**

As of 30 September 2008, 2007 and 31 December 2007, the caption "Other non current assets" is detailed as follows (Note 20):

	<u>30.September.2008</u>	<u>30.September.2007</u>	<u>31.December.2007</u>
Loans to group companies	1,088,191,524	712,517,043	774,196,909

These loans bear interests at market rates.

**8. OTHER CURRENT ASSETS**

As of 30 September 2008 and 31 December 2007, the caption "Other current assets" is detailed as follows:

	<u>30.September.2008</u>	<u>31.December.2007</u>
Trade debtors	-	3,540,891
Group companies	391,192,689	734,444,255
Other debtors	7,796,356	7,101,105
Tax and contributions receivable	10,391,006	9,916,188
Deferred costs	1,318,770	599,972
Accrued income	41,183,417	1,451,118
	<u>451,882,238</u>	<u>757,053,529</u>

- a) The caption "Group companies" includes: (i) the amount of 383,182,000 euro related to short term loans to group companies; (ii) the amount of 8,010,666 euro related to income tax calculated by the group companies taxed in accordance with the Special Regime for Taxing Groups of Companies; (iii) the amount of 23 euro related to receivable interests from group companies.
- b) The caption "Other debtors" includes approximately 5,790,800 euro, related to tax claims of tax assessments paid to tax authorities. No provision or impairment was recorded in order to face possible losses as it is understood by the Board of Directors that the outcome of these claims will be favourable to the Company.

**9. DERIVATIVES**
Interest rate derivatives

As of 30 September 2008 and 31 December 2007, the fair value of interest rate derivatives, calculated based on present market value of equivalent financial instruments is estimated as follows:

	<u>30.September.2008</u>	<u>31. December.2007</u>
Assets	1,881,460	1,113,658

Gains and losses for the period arising from changes in the fair value amounted to a net gain of 767,822 Euro, excluding the effect of the respective deferred liability and were recorded in equity.

**10. CASH AND CASH EQUIVALENTS**

As of 30 September 2008 and 31 December 2007, the caption “Cash and cash equivalents” can be detailed as follows:

	<u>30.September.2008</u>	<u>31.December.2007</u>
Bank deposits	27,148	13,036
Treasury applications	34,997	34,997
Cash and cash equivalents on the balance sheet	<u>62,145</u>	<u>48,033</u>
Bank overdrafts (Note 13)	<u>(86,233)</u>	<u>(2,809)</u>
Cash and cash equivalents on the statement of cash flow	<u>(24,088)</u>	<u>45,224</u>

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

**11. SHARE CAPITAL**

As of 30 September 2008 and 2007 and 31 December 2007, the share capital, which is fully subscribed and paid for, is made up of 1,100,000,000 ordinary shares with a nominal value of 1 euro each.

As of 30 September 2008, the subscribed share capital was distributed as follows:

<u>Entity</u>	<u>%</u>
Sonae, SGPS, S.A.	74.98
Sonae Investments, B.V.	15.93
Soflorin, B.V. (a)	<u>9.09</u>

(a) Soflorin, B.V. is entirely owned by the company, therefore the shares held by the subsidiary are considered own shares.

**12. RESERVES**

	<u>30.September.2008</u>	<u>31.December.2007</u>
Legal Reserves	<u>99,300,000</u>	<u>95,000,000</u>
	<u>99,300,000</u>	<u>95,000,000</u>
Reserves and retained earnings:		
Reserves under the artº 324 of the CSC	205,000,000	205,000,000
Hedging reserves	1,123,474	538,170
Other reserves	<u>614,814,566</u>	<u>619,976,791</u>
	<u>820,938,040</u>	<u>825,514,961</u>
	<u>920,338,040</u>	<u>920,514,961</u>

As of 30 September 2008 the company held 99,300,000 euro of legal reserves. According to Portuguese Commercial Law (Portuguese Company’s Act, “Código das Sociedades Comerciais”) these reserves cannot be distributed except upon dissolution of the company, but can be used to absorb losses after all other reserves have been used up, or to increase capital.

As a result of the acquisition of own shares in 2006, free reserves in the same amount as their acquisition cost were made unavailable in accordance with article 324 of Portuguese Company’s Act (“Código das Sociedades Comerciais”). This reserve cannot be used until the referred own shares are extinct or disposed to a Company outside the group.

**13. LOANS**

As of 30 September 2008 and 31 December 2007, loans are made up as follows:

	30.September.2008				31.December.2007			
	Book Value		Nominal Value		Book Value		Nominal Value	
	Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current
Bank loans	44,000,000	227,000,000	44,000,000	227,000,000	-	-	-	-
Bank overdrafts	86,233	-	86,233	-	2,809	-	2,809	-
Bond loans	99,953,611	1,001,402,782	100,000,000	1,006,925,000	-	1,100,672,731	-	1,106,925,000
	144,039,844	1,228,402,782	144,086,233	1,233,925,000	2,809	1,100,672,731	2,809	1,106,925,000

**Bond loans**

Bond loans can be detailed as follows:

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

**Bonds - MODELO CONTINENTE - 2003**

1,640,000 bonds – Nominal Value: 50 euro.

**Maximum term:** 8 (eight) years.

**Annual interest rate:** The interest rate which is variable is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.75% p.a..

**Interest payment:** Half yearly in arrears, on 15 April and 15 October of each year.

**Redemption:** At par, in one payment on 15 October 2011, the maturity date of the loan. Early redemption is not possible, either by initiative of the issuer or the bondholders.

**Bonds - MODELO CONTINENTE - 2004**

10,000,000 bonds – Nominal Value: 10 euro.

**Maximum term:** 5 (five) years.

**Annual interest rate:** The interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 1.15% p.a..

**Interest payment:** Half yearly in arrears, on 18 March and 18 September of each year.

**Redemption:** At par, in one payment on 18 March 2009, the maturity date of the loan. Early redemption is not possible, either by initiative of the issuer or the bondholders.

**Bonds - MODELO CONTINENTE - 2005/2010**

265,000 bonds – Nominal Value: 245 euro.

**Maximum term:** 5 (five) years.

**Annual interest rate:** The interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.70% p.a..

**Interest payment:** Half yearly in arrears, on 3 February and 3 August of each year.

**Redemption:** At par, in one payment on 5th year, i.e., in one payment on 3 August 2010, the maturity date of the loan, except if it an early redemption occurs.

**Early redemption (Call-Option):** Early redemption is possible by initiative of the issuer, either totally or partially (by reducing the nominal value of the bonds), on the 2nd, 3rd or 4th year of maturity. In this situation the issuer is obliged to pay a prize of 0.125% over the reimbursed value. On the 3rd August 2007, the Company partially reimbursed the bonds, according to the issuing conditions. The amount reimbursed per bond was 755 Euro plus a premium of 0.94375 Euro. After the reimbursement, the loan reduced to 64,925,000 Euro (265,000 bonds with a 245 Euro nominal value).

**Bonds - MODELO CONTINENTE - 2005/2012**

15,000,000 bonds – Nominal Value: 10 euro.

**Maximum term:** 7 (seven) years.

**Annual interest rate:** The interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.85% p.a..

**Interest payment:** Half yearly in arrears, on 2 February and 2 August of each year.

**Redemption:** At par, in one payment on 2 August 2012 the payment date of the 14th coupon, except if it an early redemption occurs.

**Early redemption (Call-Option):** Early redemption is possible by initiative of the issuer, either totally or partially (by reducing the nominal value of the bonds), on the reimbursed dates of 10th, 11th, 12th and 13th coupon, without the obligation of paying any prize.

**Bonds - MODELO CONTINENTE - 2007/2012**

4,000 bonds – Nominal Value: 50,000 euro.

**Maximum term:** 5 (five) years.

**Annual interest rate:** The interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.5% p.a..

**Interest payment:** Half yearly in arrears, on 30 April and 30 October of each year.

**Redemption:** At par, in one payment on 30 April 2012 the payment date of the 10th coupon.

Early redemption is not possible, either by initiative of the issuer or the bondholders.

**Bonds - SONAE DISTRIBUIÇÃO - 2007/2015**

4,000,000 bonds – Nominal Value: 50 euro.

**Maximum term:** 8 (eight) years.

**Annual interest rate:** The interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.48% p.a..

**Interest payment:** Half yearly in arrears, on 10 February and 10 August of each year.

**Redemption:** At par, in one payment on 10 August 2015 the payment date of the 16th coupon.

**Early redemption (Call-Option):** Early redemption is possible by initiative of the issuer, totally, on the payment date of the 10th, 12th or 14th coupons, without the obligation of paying any prize.

**Bonds - SONAE DISTRIBUIÇÃO SEPTEMBER - 2007/2015**

31,000,000 bonds – Nominal Value: 10 euro.

**Maximum term:** 8 (eight) years.

**Annual interest rate:** The interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.25% p.a. in the first 3 interest payment dates and 0.55% p.a. from the 4th interest payment date on.

**Interest payment:** Half yearly in arrears, on 10 March and 10 September of each year.

**Redemption:** At par in the following terms:

50% on the date of the 12<sup>th</sup> coupon payment (10 September 2013);

50% on the date of the 16<sup>th</sup> coupon payment (10 September 2015).

**Early redemption (Call-Option):** Early redemption is possible by initiative of the issuer, either totally or partially, on the payment dates of the 10th, 11th, 12th, 13th, 14th or 15th coupons, without the obligation of paying any prize.

**Extraordinary early redemption (Call-Option):** Until the end of the 18th month of the loan, within the following conditions:

(i) the loan may be reimbursed total or partially, with no penalization, in each interest payment date;

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

Bank loans

Includes:

a) Issuances of commercial paper totalling 274,000,000 euro which includes the amount of 227,000,000 euro classified as non-current as it concerns to commercial paper agreements which issuances are committed by financial institutions.

b) The amount of 86,233 euro refers to a bank overdraft (Note 10).

**14. OTHER CURRENT LIABILITIES**

As of 30 September 2008 and 31 December 2007, the caption "Other current liabilities" can be detailed as follows:

	<u>30.September.2008</u>	<u>31.December.2007</u>
Suppliers	29,805	104,307
Group companies	64,156,263	310,274,622
Other creditors	3,984,587	3,965,364
Tax and contributions payable	444,607	1,184,698
Accrued expenses	19,575,899	20,519,931
	<u>88,191,161</u>	<u>336,048,922</u>

- a) The caption "Group companies" refers to: (i) payable amount of 59,016,690 euro relating to a short term loan from group companies; (ii) the amount of 5,139,573 euro relating to income tax calculated by the group companies taxed in accordance with the Special Regime for Taxing Groups of Companies.

**15. IMPAIRMENT LOSSES**

Movement in accumulated impairment losses over the period ending 30 September 2008 is as follows:

<u>Caption</u>	<u>Opening Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Closing Balance</u>
Impairment investment losses	38,568,497	-	-	38,568,497
	<u>38,568,497</u>	<u>-</u>	<u>-</u>	<u>38,568,497</u>

**16. CONTINGENT ASSETS AND LIABILITIES**

As of 30 September 2008 and 31 December 2007 contingent assets and liabilities are made up as follows:

	<u>30.September.2008</u>	<u>31.December.2007</u>
Guarantees given:		
on tax claims	54,270,330	18,821,550
on municipal claims	289,380	289,380
others	11,387,015	
	<u>65,946,725</u>	<u>19,110,930</u>

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

**17. INVESTMENTS NET INCOME**

As of 30 September 2008 and 2007 Investments net income is made up as follows:

	<u>30.September.2008</u>	<u>30.September.2007</u>
Dividends	236,300,137	18,193,658
Gains on sale of investments	-	35,728,616
Losses on sale of investments	-	(5,454,530)
Impairment losses on Investments	-	(3,422,506)
Impairment losses reversion	-	4,300,248
	<u>236,300,137</u>	<u>49,345,486</u>

**18. EARNINGS PER SHARE**

Earnings per share for the period were calculated taking into consideration the following amounts:

	<u>30.September.2008</u>	<u>30.September.2007</u>
<b>Net profit</b>		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	247,393,371	66,263,018
Net profit taken into consideration to calculate diluted earnings per share	<u>247,393,371</u>	<u>66,263,018</u>
<b>Number of shares</b>		
Weighted average number of shares used to calculate basic Earnings per share	1,000,000,000	1,000,000,000
Weighted average number of share used to calculate the diluted earnings per share	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Earnings per share (basic and diluted)</b>	<u>0.25</u>	<u>0.07</u>

In the Annual General Meeting held on 31 March of 2008 the payment of dividends amounting to 85,000,000 euro was approved.

**19. APPROVAL OF THE FINANCIAL STATEMENTS**

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 5<sup>th</sup> November of 2008.

**20. INFORMATION REQUIRED BY LAW**
Art 5, item 4 of Decree-Law 3318/94

During the nine month period ended on 30 September 2008, shareholders' loan agreements were signed with the following companies:

Modelo Continente Hipermercados, S.A.  
 Sonae Retalho Espanha, S.A.  
 Soflorin, B.V.  
 Sonvecap, B.V.

During the nine months period ended on 30 September 2008, treasury application agreements were signed with the following companies:

Continente Hipermercados, S.A.  
 Edições Book.it – S.A.  
 Estêvão Neves – Hipermercados da Madeira, S.A.  
 Global S – Hipermercados, Lda.  
 Imoresultado – Sociedade Imobiliária, S.A.  
 Modelo Continente Hipermercados, S.A., Sucursal en España  
 NA – Equipamentos para o Lar, S.A.  
 Nova Equador P.C.O Eventos Sociedade Unipessoal, Lda.  
 Sempre à Mão – Sociedade Imobiliária, S.A.  
 Sonae, SGPS, S.A.  
 Valor N, S.A.

As of 30 September 2008, 2007 and 31 December 2007, the receivable balances related to the agreements mentioned above were as follows:

Current (Note 8) and non current (Note 7) granted loans:

Companies	30.September.2008	30.September.2007	31.December.2007
Bertimóvel - Sociedade Imobiliária, S.A.	16,038,000	14,703,000	15,934,000
Canasta - Empreendimentos Imobiliários, S.A.	2,842,000	2,934,000	3,006,000
Chão Verde - Sociedade de Gestão Imobiliária, S.A.	2,691,584	2,855,584	2,791,584
Citorres - Sociedade Imobiliária, S.A.	3,752,000	3,926,000	3,973,000
Contibomba - Comércio e Distribuição de Combustíveis, S.A.	112,000	202,000	214,000
Contimobe - Imobiliária de Castelo Paiva, S.A.	72,359,000	85,141,000	75,909,000
Continente Hipermercados, S.A.	148,904,000	-	-
Cumulativa - Sociedade Imobiliária, S.A.	2,965,000	3,029,000	3,056,000
Difusão - Sociedade Imobiliária, S.A.	28,847,000	20,525,000	25,527,000
Efanor - Indústria de Fios, S.A.	2,102,000	-	1,253,000
Equador & Mendes - Agência Viagens e Turismo, Lda	442,000	-	213,000
Estevão Neves - Hipermercados da Madeira, S.A.	279,000	-	-
Fozimo - Sociedade Imobiliária, S.A.	2,040,000	1,997,000	1,932,000
Global S - Hipermercados, Lda	-	-	735,000
IGI - Investimento Imobiliário, S.A.	222,451,000	147,298,000	183,902,000
Igimo - Sociedade Imobiliária, S.A.	567,000	615,000	595,000
Iginha - Sociedade Imobiliária, S.A.	14,364,500	14,206,500	14,277,500
Imoconti - Sociedade Imobiliária, S.A.	18,388,222	19,274,221	18,761,222
Imoestrutura - Sociedade Imobiliária, S.A.	530,000	648,000	621,000
Imomuro - Sociedade Imobiliária, S.A.	4,191,897	4,215,897	4,106,897
Imoresultado - Sociedade Imobiliária, S.A.	403,000	385,000	388,000
Imosistema - Sociedade Imobiliária, S.A.	4,473,000	4,613,000	4,565,000
Infofield - Informática, S.A.	9,549,000	5,000,000	5,000,000
MJLF - Empreendimentos Imobiliários, S.A.	3,845,000	4,013,000	3,981,000
Modalfa - Comércio e Serviços, S.A.	7,956,900	-	11,139,000
Modelo.Com - Vendas por Correspondência, S.A.	6,000	-	-
Modelo Continente Hipermercados, S.A.	203,118,600	358,442,100	103,322,000
Modelo Hiper Imobiliária, S.A.	318,500	-	-
Modelo Continente Seguros - Sociedade de Mediação, Lda	4,468,000	-	1,400,000
Nova Equador Internacional - Agência de Viagens e Turismo, Lda	-	-	176,000
Peixes Continente - Indústria e Distribuição de Peixes, S.A.	29,000	-	-
Pharmacontinente - Saúde e Higiene, S.A.	8,264,000	3,582,000	4,854,000
Predicomercial - Promoção Imobiliária, S.A.	11,527,000	11,234,000	10,950,000
Selifa - Sociedade de Empreendimentos Imobiliários, S.A.	4,006,000	4,218,000	4,189,000
Sempre à Mão - Sociedade Imobiliária, S.A.	14,776,128	88,000	17,128
Sesagest - Projectos e Gestão Imobiliária, S.A.	47,992,183	49,666,000	47,354,000
Socijofra - Sociedade Imobiliária, S.A.	8,070,000	8,347,000	8,131,000
Sociloures - Sociedade Imobiliária, S.A.	30,916,347	32,407,347	31,635,347
Soflorin, B.V.	507,985,000	34,415,330	34,276,568
Solaris Supermercados, S.A.	-	-	1,171,000
Sonae, SGPS, S.A.	-	167,559,000	-
Sonae Retalho Espanha, S.A.	235,002	13,002	13,002
Sondis Imobiliária, S.A.	20,561,159	20,546,159	20,278,159
Sontária - Empreendimentos Imobiliários, S.A.	3,477,502	3,700,502	3,639,502
Sonvecap, B.V.	-	150,976,000	150,976,000
Sportzone - Comércio de Artigos de Desporto, S.A.	25,298,000	5,411,000	23,336,000
Tlantic Portugal - Sistemas de Informação, S.A.	29,000	-	4,000
Todos os Dias - Comércio Ret. e Expl. de Centros Comerciais, S.A.	322,000	915,000	1,067,000
Valor N, S.A.	2,881,000	-	-
Worten - Equipamentos para o Lar, S.A.	7,000,000	28,947,000	7,000,000
	<b>1,471,373,524</b>	<b>1,216,048,643</b>	<b>835,669,909</b>

As of 30 September 2008, 2007 and 31 December 2007, the payable balances related to the agreements mentioned above were as follows:

Loans obtained – Short term (Note 14):

Companies	30.September.2008	30.September.2007	31.December.2007
Bikini - Portal de Mulheres, S.A.	(3,583,000)	-	(3,250,000)
Carnes Continente - Indústria e Distribuição de Carnes, S.A.	(7,924,000)	-	(526,000)
Edições Book.it - S.A.	(997,000)	-	-
Efanor - Design e Serviços, S.A.	(1,011,500)	-	(701,000)
Estevão Neves - Hipermercados da Madeira, S.A.	-	-	(6,448,000)
Fozmassimo - Sociedade Imobiliária, S.A.	(2,646,000)	(4,170,000)	(4,670,000)
Global S - Hipermercados, Lda	(1,970,190)	-	-
Infocfield–Informática, S.A.	-	-	(2,076,000)
Marcas MC ZRT	-	(4,787,000)	(10,178,000)
Modelo.Com - Vendas por Correspondência, S.A.	-	(3,266,000)	-
Modelo Continente Hipermercados, S.A.	-	-	(25,124,500)
Modelo Continente - Operações de Retalho, SGPS, S.A.	(13,199,200)	(244,885,000)	(216,459,000)
Modelo Hiper - Imobiliária, S.A.	-	(1,785,000)	(40,000)
Nova Equador Internacional - Agência de Viagens e Turismo, Lda	(326,000)	-	-
Nova Equador P.C.O Eventos Sociedade Unipessoal, Lda	(30,000)	-	-
Inventory - Acessórios de Casa, S.A.	(1,114,800)	-	(1,161,000)
Peixes Continente - Industria e Distribuição de Peixes, S.A.	(606,000)	-	(639,000)
Solaris Supermercados, S.A.	(151,000)	-	-
Sonvecap, B.V.	(20,750,000)	-	-
Worten - Equipamentos para o Lar, S.A.	(4,708,000)	-	(36,868,000)
	<u>(59,016,690)</u>	<u>(258,893,000)</u>	<u>(308,140,500)</u>

## 21. NOTE ADDED TO TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union for interim financial reporting purposes (IAS 34). In the event of discrepancies, the Portuguese language version prevails.

Matosinhos, 5 November 2008

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Nuno Manuel Moniz Trigo Jordão

Ângelo Gabriel Ribeirinho dos Santos Paupério

Álvaro Carmona e Costa Portela