

SONAE INVESTIMENTOS, SGPS, SA

**Head Office: Rua João Mendonça, 529 –
4464-501 Senhora da Hora**

Share Capital 1.000.000.000 Euro

Porto Commercial Registry and Fiscal Number 501 532 927

REPORT AND ACCOUNTS

31 DECEMBER 2010

Management Report

SONAE INVESTIMENTOS, SGPS, SA

MANAGEMENT REPORT 2010

Sonae Investimentos, SGPS, SA is the company within the Sonae Group which aggregates the core activity of the group, retail.

1. MAIN HIGHLIGHTS

During the course of 2010, Sonae Investimentos, SGPS, SA delivered a consolidated turnover of 4,801 million Euro - which represents an increase of 6% compared to the previous year.

In this same period, the Company's consolidated operating cash-flow reached 433 million Euro. This figure represents a ratio over total net sales of 9.0%, 1.1 p.p. more than the previous year.

Focusing on the evolution of the Company's activity, we highlight the following aspects:

The **food based businesses** increased turnover (ex-fuel) by 5% to 3,275 million Euro reflecting:

- a 3% like-for-like sales growth;
- a significant and continued investment in the private label programme;
- focus on the discount savings cumulatively transferred to the clients;
- the success of the customer loyalty card; and
- the strengthening of competences and distinct assets in Continente and Modelo formats, particularly with regards to logistics, prime locations, variety of offer and strong brand recognition.

Also worth mentioning was the increase in market share in 2010 (Source: Nielsen, Total Store Reading), with the sales growth clearly above that of the remaining modern retail operators in Portugal.

The business segment under analysis improved cash-flow by 16% to 231 million Euro, representing a margin over sales of 7.1%, with margins in the last quarter reaching 9.1%, in line with 4Q09. This situation reflected: (i) growth benefits via the dilution of fixed costs; (ii) the significant efforts carried out to improve operations with the aim of creating a more cost efficient model; (iii) the strengthening of international sourcing to private label products; and (v) greater levels of efficiency in promotional campaigns using the client loyalty card.

With regards to the **specialised retail** formats, turnover increased 12% to 1,272 million Euro. On a like-for-like basis, sales grew by 1%. Sonae SR Portugal sales increased by 5% (1% in L4L terms), whilst Sonae SR International sales increased 60% (decrease of 1% in L4L terms). The operations in Spain were responsible for circa 20% of specialised retail sales in 2010, accounting for 62% of Sonae SR sales growth in the year. Worten and Sport Zone were successful in strengthening their position in the Iberian market, however the products offered by the fashion formats proved to be in sync with demand in the current macroeconomic climate.

This business segment witnessed an operating cash flow decrease of 3 million Euro to 45 million Euro, representing a margin over sales of 3.5%. This performance reflects two opposing impacts: (i) a 2% EBITDA increase in the Portuguese operation; and (ii) a significant investment in the organic growth of operations in Spain, involving more than 52,000 m² compared to 2009 (2,000 m² in Saudi Arabia). Sonae SR international EBITDA is in line with its aim of reaching positive EBITDA in 2010, and of the company becoming a key player in Spain.

The **retail properties** profitability particularly reflects internal rents, defined in accordance with the returns on the underlying investments, which are broadly in line with market capitalisation rates. Operating cash flow increased circa 35% to 149 million Euro due to the retail properties unit having completed the sale and leaseback operation of its logistics centre in Azambuja.

In this same period, **investment management** turnover exceeded 167 million Euro, and operating cash flow was 2 million Euro.

During the course of the year in question, Sonae Investimentos, SGPS, SA consolidated operating income totalled 263 million Euro. This figure is 25% greater than that registered in the previous year.

In this same period, negative financial results totalled 51 million Euro, incorporating a reduction of circa 1 million Euro compared to 2009.

At the same time, the Consolidated Net Result for the period, attributable to Shareholders of the Holding Company, amounted to 169 million Euro, compared to 138 million Euro in the previous year.

2. INVESTMENT

During the course of 2010, Sonae Investimentos carried out an overall investment of 209 million Euro. This figure was directed towards the execution of the Company's expansion plan, allowing it to end the year with a portfolio of 1,019 stores and a sales area of 971 thousand m² (+8% on 2009 year end portfolio).

- The investment in the **food based retail** businesses exceeded 88 million Euro. The amount invested was directed towards: 61 million Euro in the remodelling of stores and logistics and 27 million Euro related to initial investment (excluding the retail real estate component) of 5 Modelo stores and 1 Continente store and preparatory work for future openings.
- The investment in **specialised retail** reached 100 million Euro (3 million Euro more than in 2009), of which: 52 million Euro was directed towards the internationalisation process with the opening of 51 stores (an additional 53 thousand m²); 12 million Euro directed towards the increase of geographical coverage of stores in Portugal with the opening of 18 stores (an additional 19 thousand m²) and; the remaining in store remodelling, IT/IS and expansion of logistics infra-structure.
- The amount invested by the **retail properties** segment reached 21 million Euro, 77% below the figure for 2009. A clear indicator of the capital light strategy which is being followed (operational leasing instead of tenure) for new retail sales area, particularly Modelo stores.
- The amount invested by the **investment management** unit exceeded 2 million Euro.

3. SUBSEQUENT EVENTS

During the month of March, a subsidiary of the Group concluded a sale & leaseback operation of its Continente and Worten stores located in the Vasco da Gama Shopping Centre to the Open Real Estate Investment Fund "Imofomento". The total value of the transaction was 42.3 million Euro with an initial yield of 6.1%, on a "Triple Net" basis, generating a capital gain of 16.6 million Euro.

4. OUTLOOK

In 2011, Sonae Investimentos will continue to act in line with its corporate strategic guideline of creating value via its international expansion and strengthening of its businesses.

The **food based retail** unit will continue to focus on leadership and profitability via: (i) consolidating market leadership on Portugal; (ii) evaluating new adjacent business opportunities; (iii) management of its business in Portugal as a cash-flow generator; (iv) at the same time it will dedicate efforts in seeking new international opportunities.

The **specialised retail** unit will maintain focused on growth and internationalisation via: (i) continued investment in Spain and strengthening of presence in the country; (ii) assessment and preparation of entry into new geographies, via franchising model and/or joint-venture opportunities; (iii) consolidation of market leadership in Portugal and increase in profitability.

Additional sale & leaseback asset transactions are planned for during the year, with the aim of freeing up invested capital in real estate assets to finance growth, in line with the strategy announced by the **retail property** unit.

5. FINANCIAL RISK MANAGEMENT

The general financial risk management principles of the Company are found in detail in Note 3 of the Appendix to the Income Statement.

6. PURCHASE AND SALE OF OWN SHARES

Sonae Investimentos through its subsidiaries acquired 100,000,000 of own shares for the total sum of 320,000,000 Euros which remained in the Group as at 31st December 2010.

7. REMUNERATION OF CORPORATE BODIES

Remuneration of the Board of Directors

Remuneration paid and attributed

The following remuneration was attributed to the Board of Directors (including fixed remuneration, short term variable remuneration and medium term variable remuneration) by the Company and the Group's societies:

amounts in Euro	2009				2010			
	Fixed Remuneration	Short Term Variable Remuneration	Medium Term Variable Remuneration	Total	Fixed Remuneration	Short Term Variable Remuneration	Medium Term Variable Remuneration	Total
Directors								
Duarte Paulo Teixeira Azevedo	50,400	0	0	50,400	12,500	0	0	12,500
Ángelo Gabriel Rib Santos Paupério	0	0	0	0	0	0	0	0
Nuno Manuel Moniz Trigos Jordão*	411,560	190,900	290,200	892,660	87,570	0	0	87,570
Total	461,960	190,900	290,200	943,060	100,070	0	0	100,070

* until April 2010

Remuneration of Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is composed of a set annual amount, based on the Company's financial situation and market practices. The set annual amount for the members of this committee were as follows:

Member of the Statutory Audit Board	2009	2010
UHY & Associados, SROC, Lda representada por António Francisco Barbosa dos Santos	8,000	8,000
Arlindo Dias Duarte Silva	6,000	6,000
Óscar José Alçada da Quinta	6,000	6,000
Total	20,000	20,000

amounts in Euro

Statutory External Auditor Fees

Sonae Investimentos Statutory Auditor and audit firm is Deloitte. The figures invoiced to Sonae Investimentos in 2009 and 2010, including subsidiaries, are as follows:

	2009		2010	
Statutory Audit	543,855	34%	569,983	48%
Other Compliance and Assurance Services	15,000	1%	11,907	1%
Tax Consultancy Services	41,500	3%	-	
Other Services	1,018,357	63%	607,465	51%
Total	1,618,712		1,189,355	

amounts in Euro

The fees relative to auditing services and other compliance and assurance services increased by 14% in 2010, representing 49% of total fees. The other services represented 51% of total fees and were assessed by the Statutory Audit Board.

In 2010, the fees for other services included: consulting services provided to several subsidiaries of Sonae Investimentos (22% of total fees), and services related to tax incentives (29% of total fees).

The tax advisory services and other services are provided by different professionals who are not involved in the auditing process, thus it is considered that the auditors impartiality is enhanced.

In 2010, fees paid by Sonae Investimentos, in Portugal, to companies within the Deloitte network, represented less than 1% of Deloitte's annual turnover in Portugal.

The External Auditor quality system controls and monitors the potential risks of loss of independence or possible conflict of interests with Sonae.

Under the terms of article 62º-B of Law Decree nº 487/99 dated 16th November (altered by Decree Law nº 224/2008, 20th November), on an annual basis, the Statutory Audit Board receives a declaration of independence from the auditor, where services rendered by them and other entities within the same network are described, in addition to respective remuneration paid, eventual threats to independence and measures to safeguard against them.

Remuneration of the Board of Shareholder's General Meeting

The remuneration of the Board of Shareholder's General Meeting is constituted by a set figure, as detailed below:

Board of Shareholder's General Meeting	2009	2010
Chairman	3,750	3,750
Secretary	1,500	1,500
Total	5,250	5,250

amount in Euro

8. PROPOSAL FOR PROFIT DISTRIBUTION FOR THE COMPANY SONAE INVESTIMENTOS, SGPS, SA

Sonae Investimentos, SGPS, S.A. net profit for the year, as a standalone company, totalled 450,539,261.63 Euro, for which the Board of Directors propose the following distribution:

Legal Reserve_____	22,526,963.08 Euros
Free Reserve_____	428,012,298.55 Euros
Total _____	450,539,261.63 Euros

9. ACKNOWLEDGEMENTS

We thank all of our customers, suppliers, financial institutions and shareholders for their support and preferences demonstrated. To the external auditors and statutory auditors we also owe our gratitude for their cooperation throughout the year. Finally, a special word of thanks to all of Sonae Investimentos employees for their enthusiasm, dedication and competence demonstrated once again.

Matosinhos, 15th March 2011

The Board of Directors,

Duarte Paulo Teixeira de Azevedo (President)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Nuno Manuel Moniz Trigoso Jordão

Glossary

Turnover (t)

sale of articles + services rendered.

Operating cash-flow (EBITDA)

Turnover + Other revenues - negative Goodwill - reversal of impairment losses - operating costs + profit/loss on disposals of subsidiaries - provisions for warranty extensions

Operating results (EBIT)

Turnover + other income + negative goodwill – operating costs - provisions for warranty extensions + profit/loss on disposals of subsidiaries – amortizations and impairment losses

Investment (CAPEX)

Gross investment in fixed assets (tangible and intangible), investment properties and acquisitions of subsidiaries; less amounts generated over assets disposals

Working Capital

customer debts (receivables derived from the normal course of the Group's activities) – suppliers (amount payable resulting from purchases derived from the normal course of the Group's activities) + 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)

Net Capital Employed

gross tangible and intangible assets + other gross fixed assets (including Goodwill) + amortisations and impairment losses + financial investments + working capital

Corporate Governance

SONAE INVESTIMENTOS, SGPS, SA

CORPORATE GOVERNANCE

Sonae Investimentos, SGPS, S.A. Corporate Governance practices annual report, pursuant to the terms of regulation number 4 of article 245 A of the Portuguese Securities Code.

Chapter 1 – Qualified Shareholdings

As set out in Article 8, n° 1 b) of the Portuguese Securities Market Commission Regulation n° 05/2008, the shareholders with qualified shareholdings on the 31st December 2010 are listed below:

Shareholder	Nr. of shares	% Share Capital	% of Voting Rights
Efanor Investimentos, SGPS, SA			
By Sonae, SGPS, SA	768,580,810	76.858%	85.398%
By Sonae Investments, BV	131,419,190	13.142%	14.602%
By da Sonae - Specialized Retail, SGPS, SA (1)	100,000,000	10.000%	-
Total attributable to Efanor Investimentos, SGPS, SA	1,000,000,000	100.000%	100.000%

(1) considered own shares according to the Portuguese Companies Act since Sonae - Specialized Retail, SGPS, SA is fully owned by Sonae Investimentos, SGPS, SA.

Chapter 2 – Identification of shareholders that hold special rights and description of those rights

There are no shareholders who hold special rights.

Chapter 3 – Restrictions on voting rights

As set in the company's Articles of Association (if nothing is stated, the guidelines shall be those of the governing law):

The Shareholders General Meeting is made up of shareholders with voting rights, holders of shares or securities for subscription, that until 5 business days prior to the Assembly taking place, present prove of their shareholding, under the terms established by Law. The presence of shareholders who have preferential shares without voting rights in the Shareholders General Meeting, and their taking part in the discussion of matters regarding order of the day, depends on the General Assembly Authorisation.

One share corresponds to one vote.

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

If the Company is listed as a publicly quoted company, shareholders can vote by mail, but only in relation to changes to the Articles of Association and Company Governing Bodies election.

Postal votes will only be considered when received at the Company's registered office by registered mail, receipt delivery, addressed to the Chairman of the Board of the Shareholders' General Meeting at least 3 days prior to the date of the General Meeting, notwithstanding the requirement of proof of shareholding.

The voting declaration must be signed by the shareholder or by his/hers legal representative. In the case of a private individual, it should be accompanied by a certified copy of his/her identity card. In case of a legal entity, the signature should be notarised and should specify that the signatory is authorised and mandated for that purpose.

Voting declarations will only be considered valid when they clearly and unequivocally set out:

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

Notwithstanding, a shareholder is allowed to include in a written voting declaration, regarding an identified proposal, the intention to vote against all alternative proposals, in relation to the same item on the agenda, without further specification.

The shareholders who send their voting declaration by mail shall be deemed to have abstained from voting on any proposals that are not specifically included in their written voting declarations.

Postal votes count as negative votes regarding resolution proposals presented after the date on which the same votes were issued.

It is the Chairman of the Board of the Shareholders' General Meeting responsibility, or the person replacing him, to verify voting declarations sent by mail, disregarding any votes relating to declarations that have not been accepted.

It is the Company's responsibility to guarantee the confidentiality of votes sent by mail, until voting takes place.

The shareholder must, at least five days prior to the Shareholders General Meeting, carry out the due and necessary proof of share ownership.

The Shareholders General Meeting may deliberate at first call so long as there are present or represented shareholders whom represent more than 50% of the issued share capital.

Chapter 4 – Rules applicable to the nomination and replacement of the Statutory Governing Bodies members and changes to the Company’s Articles of Association

The Board of Directors is made up of an even or odd number of members. A minimum of 3 and maximum of 11, elected at the Shareholders General Meeting.

In case of death, resignation or temporary or permanent incapacity of any member, the Board of Directors will provide a substitute.

In the case of the company being a publicly quoted company, concessionaire of the State or equivalent entity, the definitive lack of a Director elected under the provision of article 392 of the Portuguese Companies Act (special election rules apply), results in new elections.

Notwithstanding, governing law does not prevent that the substitution may be decided by the Shareholders General Meeting.

As set forth in governing law, changes to the Articles of Association depend on the Shareholders General Meeting Resolution.

Required quorum for amendment to the Articles of Association:

- a) The Articles of Association state that at first call to deliberate on any matter, shareholders whom represent more than 50% of the share capital must be present or represented;
- b) In accordance with chapter 3, article 383 of the Portuguese Companies Act, the Assembly, on a second call, can deliberate regardless of the number of shareholders present, represented or the share capital by them represented.

Under the terms of chapter 3 article 386 of the Portuguese Companies Act, the resolution regarding a change to the articles of association, must be approved by 2/3 of votes, regardless of the Assembly meeting during a first or a second call.

Chapter 5 – Powers of the Board of Directors, namely with regards to share capital increase resolutions;

Article 5, chapter 2 of the Articles of Association states that the Company’s “share capital can be increased, through new entries in cash, of up to five thousand million Euro, in one or more stages, by resolution of the Boards of Directors, which will determine, in accordance with the law, the conditions of subscription and the categories of shares to be issued, based on those already existing at the time”.

This authorisation was approved by the Shareholders General Meeting which took place on 2nd of May 2007 and remains valid for a period of 5 years under the terms of chapter 2 b) of article 456 of the Portuguese Companies Act.

Chapter 6 – Main elements of internal control systems and risk management implemented in the company regarding the process of disclosing financial information

The existence of an effective internal control environment, particularly in the process of financial reporting, is a commitment Sonae Investimentos Board of Directors has. It aims to identify and improve most relevant

process in terms of preparation and disclosure of financial information, with the aims of transparency, consistency, simplicity and materiality. The objective of the internal control system is to ensure a reasonable guarantee in relation to the preparation of financial statements in accordance with the accounting principles adopted, and quality of financial reporting.

The reliability of the financial information is guaranteed not only by the clear separation between who prepares it and the users, but also by the implementation of various control procedures during the process of preparation and disclosure of financial information

The internal control system regarding accounting, preparation and disclosure of financial information, includes the following key controls:

- The process of disclosing financial information is formalised, the risks and associated controls are identified. The criteria for preparation and disclosure are duly established and approved and are reviewed periodically;
- There are three main kinds of control: high level controls (control at the entity level), information system controls and processing controls. They include a number of procedures related to the execution, supervision, monitoring and process improvement, with the aim of preparing the financial statement of the company;
- The use of accounting principles which are explained along the course of the financial statements (see Chapter 2), constitute one of the fundamental pillars of the control system;
- The plans, procedures and registers of the Group enable a reasonable guarantee that the transactions are only executed with the general or specific management authorisation, and that these transactions are registered to permit that the financial statements comply with the main accounting principles widely accepted. It also ensures that the company maintain an up-to-date register of its assets and that the register of the assets is always checked against existing assets. Appropriate measures are always adopted whenever differences occur;
- The financial information is systematically and regularly checked by business unit management and by those responsible for the results departments, guaranteeing a constant monitoring and respective budget control;
- During the process of preparing and checking the financial information, a timetable is previously established and shared with the different departments involved, and all of the documents are reviewed in detail. This includes the revision of the principles used, checking the precision of information produced and the consistency with the principles and policies defined and used in previous periods;
- In terms of individual companies, the accounting registry's and preparation of financial statements are assured by the different roles within the administrative and accounting services, who guarantee the control of registering the transactions of business processes and the balance of the assets, liabilities and own shares. The financial statements are prepared by External Auditors for each one of the companies and examined by the management control and fiscal departments;
- The consolidated financial statements are prepared on a quarterly basis by the department of accounts consolidation of the administrative services within Sonae Investimentos Corporate Centre. This process constitutes an additional level of control and accuracy of financial information, namely guaranteeing the application of the accounting principles across the board, of the cutting operations procedures and the control of balances and transactions between companies of the Sonae Investimentos Group and remaining companies within the Sonae Group;
- The Management Report is prepared by the department of Investor Relations, with the contribution and additional verification of various business and support areas. The Corporate Governance report is prepared by the department of Legal Support and Corporate Governance;

- The various documents which constitute the annual report are reviewed and approved by Sonae Investimentos Board of Directors. After the approval, the documents are sent to the External Auditor, who provides the legal accounts certification and External Auditing Report;
- The process of preparing individual and consolidated financial information and the Management Report is supervised by the Fiscal Committee. On a quarterly basis, this committee gathers and reviews the individual and consolidated statements and the Management Report. Every six months, the Statutory Auditor presents, directly to the Fiscal Committee, a summary of the main conclusions reached having examined the financial information;
- All of those involved in the company's financial analysis process compose the list of people with access to privileged information, and are informed about the content of their obligations and about their penalties resulting from the undue use of the referred information;
- The internal rules applicable to the disclosure of financial information aim to guarantee its timing and avoid leaking information to the market.

Amongst the risk causes which may materially affect the accounting and financial reporting, we note the following:

- Accounting estimates – The most significant accounting estimates are described in the appendix to the Consolidated Financial Statements chapter 2.19, and other chapters. The estimates were based on the best information available during the preparation of the financial statements, and best knowledge and experience of past and/or present events;
- Balances and transactions with related parties – The most significant balances and transactions with related parties are detailed in the notes to the financial statements. These are particularly associated with operating activities of the Group, as well as to the concession and attainment of loans, carried out at market value.

More specific information on how these, and other risk causes were mitigated, can be consulted during the course of notes to the financial statements.

Sonae Investments adopts various actions related to the continuous improvement of the Financial Risk Control System, including:

- Improvement in control documentation – Following work carried out in 2010, during 2011 Sonae Investimentos will continue to improve the documentation and systemisation of risks and the internal control system related to the concern for financial information. This work includes the identification of risk/causes (initial risk), and identification of process with greater materiality, the control of documentation and the final analysis (residual risk) after the implementation of potential improvements in controls:

- Fulfilment Review – The department of Legal Support and Corporate Governance, in cooperation with the Administrative, Investor Relations, Internal Auditing and Risk Management departments, and in accordance with other necessary departments, coordinates a periodic review of the compliance with legal and regulatory requirements regarding the processes of underlying government and corresponding financial information, which are disclosed in the Management Report and Corporate Governance Report.

Matosinhos, 15th of March 2011

The Board of Directors,

Duarte Paulo Teixeira de Azevedo (President)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Nuno Manuel Moniz Trigoso Jordão

Appendix

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

The signatories individually declare that, to their knowledge, the Report of the Board of Directors , the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared in compliance with International Financial Reporting Standards as adopted by the European Union, giving a fair and appropriate image of the assets and liabilities, financial position and the consolidated and individual results of Sonae Investimentos, SGPS, SA and of the companies included in the consolidation perimeter, and that the Report of the Board of Directors faithfully describes the progress of the business and position of Sonae Investimentos, SGPS, SA and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Matosinhos, 15 March 2011

The Board of Directors

Duarte Paulo Teixeira de Azevedo; Presidente do Conselho de Administração

Ângelo Gabriel Ribeirinho dos Santos Paupério;

Nuno Manuel Moniz Trigoso Jordão;

Article 447 of the Portuguese Companies Act and of Article 14, paragraph 7 of Portuguese Securities Regulator (CMVM) Regulation nr. 05/2008

Disclosure of shares and other securities held by members of the Board of Directors and by those discharging managerial responsibilities, as well as by people closely connected with them (article 248 B of the Portuguese Securities Code), and disclosure of the respective transactions during the year involving such shares and other securities:

	Date	Additions		Reductions		Balance as of 31.12.2010
		Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
Duarte Paulo Teixeira de Azevedo (*) (**) (***) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (4)						1,969,996
Sonae, SGPS, SA						3,293 (a)
Ângelo Gabriel Ribeirinho dos Santos Paupério (*) (**)						
Sonae, SGPS, SA						250,000
	Date	Additions		Reductions		Balance as of 31.12.2010
		Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA (3)						659,650,000
Pareuro, BV (2)						2,000,000
(2) Pareuro, BV						
Sonae, SGPS, SA (3)						400,000,000
(3) Sonae, SGPS, SA						
Sonae Investments, BV (4)						2,000,000
Sonae Investimentos, SGPS, SA						768,580,810
Sale	26.11.2010			56,200,000	3.200	
(4) Sonae Investments BV						
Sonae Investimentos, SGPS, SA						131,419,190
Sale	01.10.2010			43,800,000	3.200	
(5) Sonae - Specialized Retail, SGPS, SA						
Sonae Investimentos, SGPS, SA						100,000,000
Purchase	01.10.2010	43,800,000	3.200			
Purchase	26.11.2010	56,200,000	3.200			
(6) Migracom, SGPS, SA						
Sonae, SGPS, SA (3)						1,485,000
Imparfin, SGPS, SA (7)						150,000
(7) Imparfin, SGPS, SA						
Sonae, SGPS, SA (3)						4,105,280

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

(**) Member of the Board of Directors of Sonae, SGPS, SA (directly and indirectly dominant company) (3)

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

(****) Member of the Board of Directors of Imparfin, SGPS, SA (7)

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

Article 448 of the Portuguese Companies Act

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

Number of shares held as of 31.12.2010

Sonae, SGPS, SA	768,580,810
Sonae Investments, BV	131,419,190

Qualified holdings

Shares held and voting rights of companies owning more than 2% of the share capital of the company, as required by article 8 nr.1 b) of Securities Market Regulation Board (CMVM) regulation 05/2008:

Shareholder	Nr. of shares	% Share Capital	% of Voting Rights
Efanor Investimentos, SGPS, SA			
By Sonae, SGPS, SA	768,580,810	76.858%	85.398%
By Sonae Investments, BV	131,419,190	13.142%	14.602%
By da Sonae - Specialized Retail, SGPS, SA	100,000,000	10.000%	-
Total attributable to Efanor Investimentos, SGPS, SA	1,000,000,000	100.000%	100.000%

1) Considered treasury shares in accordance with Commercial Companies Code as Sonae - Specialized Retail, SGPS, SA is fully owned by Sonae Investimentos, SGPS, SA.

Consolidated financial statements

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2010 AND 2009(Translation of consolidated financial statements originally issued in Portuguese.
In case of discrepancies the Portuguese version prevails)*(Amounts expressed in euro)*

ASSETS	Notes	31 December 2010	31 December 2009
NON-CURRENT ASSETS:			
Tangible assets	10	2,132,257,452	2,198,493,423
Intangible assets	11	153,674,164	162,320,303
Goodwill	12	518,235,811	519,885,038
Investments in associates	6	53,887,757	2,376,473
Other investments	7 and 9	34,556,256	763,866
Deferred tax assets	20	98,959,834	90,471,037
Other non-current assets	9 and 14	37,391,624	4,336,556
Total non-current assets		3,028,962,898	2,978,646,696
CURRENT ASSETS:			
Stocks	15	664,630,207	588,968,421
Trade accounts receivable	9 and 16	39,793,524	36,331,126
Other debtors	9 and 17	107,928,638	128,845,634
Taxes recoverable	18	38,933,630	28,379,704
Other current assets	19	41,951,076	32,538,142
Investments	9 and 13	15,642,909	57,659,791
Cash and cash equivalents	9 and 21	200,024,469	111,407,067
Total current assets		1,108,904,453	984,129,885
Non-current assets available for sale	10	9,500,686	-
TOTAL ASSETS		4,147,368,037	3,962,776,581
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	22	1,000,000,000	1,000,000,000
Treasury shares	22	(320,000,000)	-
Legal reserve		117,087,918	114,000,000
Reserves and retained earnings		(265,503,577)	(279,954,941)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		168,595,954	138,171,091
Equity attributable to the equity holders of the parent company		700,180,295	972,216,150
Equity attributable to non-controlling interests	23	75,434,780	74,344,125
TOTAL EQUITY		775,615,075	1,046,560,275
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	9 and 24	303,599,257	285,894,893
Bonds	9 and 24	899,337,511	987,483,025
Obligation under finance leases	9, 24 and 25	7,170,863	8,620,393
Other loans	9 and 24	162,624	198,853
Other non-current liabilities	9 and 27	425,408,286	16,222,928
Deferred tax liabilities	20	108,202,465	96,744,418
Provisions	32	21,495,563	9,263,092
Total non-current liabilities		1,765,376,569	1,404,427,602
CURRENT LIABILITIES:			
Loans	9 and 24	10,889,883	26,390,951
Bonds	9 and 24	89,554,618	64,899,489
Obligation under finance leases	9, 24 and 25	2,752,393	4,704,670
Other loans	9 and 24	5,278,846	7,935,788
Trade creditors	9 and 29	1,121,852,468	1,062,040,575
Other creditors	9 and 30	154,874,375	133,158,621
Taxes and contributions payable	18	52,891,000	65,634,240
Other current liabilities	31	166,595,831	144,535,487
Provisions	32	1,686,979	2,488,883
Total current liabilities		1,606,376,393	1,511,788,704
TOTAL LIABILITIES		3,371,752,962	2,916,216,306
TOTAL EQUITY AND LIABILITIES		4,147,368,037	3,962,776,581

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED INCOME STATEMENT
FOR THE PERIODS ENDED 31 DECEMBER 2010 AND 2009
(Translation of consolidated financial statements originally issued in Portuguese.
In case of discrepancies the Portuguese version prevails)
(Amounts expressed in euro)

	Notes	31 December 2010	31 December 2009
Sales	35	4,664,262,067	4,420,413,159
Services rendered	35	136,903,890	125,452,037
Investment income	36	12,591,027	1,639,444
Financial income	37	3,348,834	8,269,478
Other income	38	452,060,350	389,849,255
Cost of goods sold and materials consumed	15	(3,573,186,538)	(3,436,653,360)
Changes in stocks of finished goods and work in progress		115,278	-
External supplies and services	39	(615,023,693)	(565,677,205)
Staff costs	40	(539,077,297)	(504,143,624)
Depreciation and amortisation	10 and 11	(163,541,459)	(141,185,028)
Provisions and impairment losses	32	(18,953,842)	(6,867,019)
Financial expense	37	(54,569,541)	(58,026,872)
Other expenses	41	(93,445,005)	(71,340,106)
Share of results of associated undertakings	6	532,931	(652,675)
Profit/(Loss) before taxation		212,017,002	161,077,484
Income Tax	42	(43,651,281)	(24,335,041)
Profit/(Loss) after taxation		168,365,721	136,742,443
Attributable to:			
Equity holders of the Parent Company		168,595,954	138,171,091
Non-controlling interests	23	(230,233)	(1,428,648)
Profit/(Loss) per share			
Basic	44	0.171391	0.138171
Diluted	44	0.171391	0.138171

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED
31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

	31 December 2010	31 December 2009
Net Profit / (Loss) for the period	168,365,721	136,742,443
Exchange differences arising on translation of foreign operations	319,866	78,943
Changes in hedge and fair value reserves	3,172,468	(1,900,007)
Deferred tax related to changes in fair value reserves	(840,702)	775,121
Other comprehensive income for the period	2,651,632	(1,045,943)
Total comprehensive income for the period	<u>171,017,353</u>	<u>135,696,500</u>
Attributable to:		
Equity holders of the Parent Company	171,249,324	137,125,148
Non-controlling interests	<u>(231,971)</u>	<u>(1,428,648)</u>

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIODS ENDED 31 DECEMBER 2010 AND 2009
 (Translation of consolidated financial statements originally issued in Portuguese.
 In case of discrepancies the Portuguese version prevails)
 (Amounts expressed in euro)

Notes	Attributable to Equity Holders of the Parent Company										Non-controlling Interests (Note 23)	Total Equity
	Share Capital	Treasury Shares	Legal Reserve	Foreign Currency Translation Reserves	Hedging Reserves	Legal reserves in accordance with article 342 ^o of CSC ^{a)}	Other Reserves and Retained Earnings	Total	Net Profit/(Loss)	Total		
Balance as at 1 January 2009	1,000,000,000	-	99,300,000	3,666	(3,316,342)	-	(346,889,834)	(250,902,510)	170,993,512	920,091,002	11,201,548	931,292,550
Total comprehensive income for the period	-	-	-	78,943	(1,124,886)	-	-	(1,045,943)	138,171,091	137,125,148	(1,428,648)	135,696,500
Appropriation of profit of 2008:												
Transfer to legal reserves and retained earnings	-	-	14,700,000	-	-	-	156,293,512	170,993,512	(170,993,512)	-	-	-
Dividends distributed	-	-	-	-	-	-	(85,000,000)	(85,000,000)	-	(85,000,000)	(4,170)	(85,004,170)
Acquisitions of shares of affiliated undertakings	-	-	-	-	-	-	-	-	-	-	63,575,395	63,575,395
Equity increases in affiliated companies	-	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Others	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2009	1,000,000,000	-	114,000,000	82,609	(4,441,228)	-	(275,596,322)	(165,954,941)	138,171,091	972,216,150	74,344,125	1,046,560,275
Balance as at 1 January 2010	1,000,000,000	-	114,000,000	82,609	(4,441,228)	-	(275,596,322)	(165,954,941)	138,171,091	972,216,150	74,344,125	1,046,560,275
Total comprehensive income for the period	-	-	-	319,866	2,333,504	-	-	2,653,370	168,595,954	171,249,324	(231,971)	171,017,353
Appropriation of profit of 2009:												
Transfer to legal reserves and retained earnings	-	-	3,087,918	-	-	-	135,083,173	138,171,091	(138,171,091)	-	-	-
Dividends distributed	-	-	-	-	-	-	(70,000,000)	(70,000,000)	-	(70,000,000)	-	(70,000,000)
Treasury shares	-	(320,000,000)	-	-	-	-	-	-	-	(320,000,000)	-	(320,000,000)
Free reserves made unavailable	-	-	-	-	-	342,000,000	(342,000,000)	-	-	-	-	-
Supplementary Capital	-	-	-	-	-	-	372,000,000	372,000,000	-	372,000,000	-	372,000,000
Distribution of free reserves	-	-	-	-	-	-	(425,000,000)	(425,000,000)	-	(425,000,000)	-	(425,000,000)
Acquisitions of shares of affiliated undertakings	-	-	-	-	-	-	(74,566)	(74,566)	-	(74,566)	-	(74,566)
Others	-	-	-	-	-	-	(210,613)	(210,613)	-	(210,613)	1,322,626	1,112,013
Balance as at 31 December 2010	1,000,000,000	(320,000,000)	117,087,918	402,475	(2,107,724)	342,000,000	(605,798,328)	(148,415,659)	168,595,954	700,180,295	75,434,780	775,615,075

The accompanying notes are part of these consolidated financial statements.

a) CSC - Commercial Companies Code

The Board of Directors

SONAE INVESTIMENTOS , SGPS, S.A.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR
THE PERIODS ENDED 31 DECEMBER 2010 AND 2009

(Translation of consolidated financial statements originally issued in Portuguese.

In case of discrepancies the Portuguese version prevails)

(Amounts expressed in euro)

	Notes	31 December 2010	31 December 2009
OPERATING ACTIVITIES			
Cash receipts from trade debtors		4,832,466,691	4,534,192,087
Cash paid to trade creditors		(3,929,882,529)	(3,555,050,756)
Cash paid to employees		(528,850,650)	(501,164,871)
Cash flow generated by operations		<u>373,733,512</u>	<u>477,976,460</u>
Income taxes (paid) / received		(50,026,729)	(6,191,259)
Other cash receipts and (payments) relating to operating activities		(4,285,470)	4,411,035
Net cash flow from operating activities (1)		<u>319,421,313</u>	<u>476,196,236</u>
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	45	33,931,997	4,432,881
Tangible assets		95,163,747	20,469,381
Intangible assets		181,928	155,010
Interest and similar income		1,032,179	4,528,665
Loans granted		405,691,614	161,384,500
Dividends		1,333,374	461,660
Others		10,011,822	-
		<u>547,346,661</u>	<u>191,432,097</u>
Cash Payments arising from:			
Investments	45	(54,857,023)	(21,516,094)
Tangible assets		(202,583,161)	(310,616,677)
Intangible assets		(12,924,203)	(16,228,004)
Loans granted		(421,880,260)	(158,786,000)
Others		(1,000,530)	(1,728)
		<u>(693,245,177)</u>	<u>(507,148,503)</u>
Net cash used in investment activities (2)		<u>(145,898,516)</u>	<u>(315,716,406)</u>
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		5,754,401,364	10,186,721,460
Cover of accumulated losses		995,750	1,000,000
Capital increases, additional paid in capital and share premiums		980,000	-
Supplementary capital		372,000,000	-
		<u>6,128,377,114</u>	<u>10,187,721,460</u>
Cash Payments arising from:			
Loans obtained		(5,340,345,178)	(10,197,242,163)
Interest and similar charges		(40,174,270)	(69,345,711)
Dividends		(495,000,000)	(85,004,170)
Purchase of treasury shares		(320,000,000)	-
Others		(2,390,325)	(422,298)
		<u>(6,197,909,773)</u>	<u>(10,352,014,342)</u>
Net cash used in financing activities (3)		<u>(69,532,659)</u>	<u>(164,292,882)</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>103,990,138</u>	<u>(3,813,052)</u>
Effect of foreign exchange rate		(128,333)	(284,775)
Cash and cash equivalents at the beginning of the period	21	<u>88,341,782</u>	<u>91,870,059</u>
Cash and cash equivalents at the end of the period	21	<u>192,460,253</u>	<u>88,341,782</u>

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2010

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

(Amounts expressed in euro)

1 INTRODUCTION

Sonae Investimentos, SGPS, S.A., has its head-office at Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Portugal, and is the parent company of a group of companies, as detailed in Notes 4 to 6 the Sonae Investimentos Group ("Sonae Investimentos"). Sonae Investimentos operations are described in the management report and in Note 45.

2 PRINCIPAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

New accounting standards and their impact on the consolidated financial statement

Up to the approval date of these financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions, some of which have become effective during the year 2010:

With mandatory application in 2010:	Effective Date (Financial years beginning on/or after)
IFRS 3 – Business combinations and IAS 27, consolidated and separate financial statements (revised 2008)	01-07-2009
IAS 28 (revised 2008) Investments in Associates	01-07-2009
IFRS 1 (revised) – First-time adoption of International Financial Reporting standards	1-01-2010
IFRS 1 – Amendment (additional exemptions)	1-01-2010
IFRS 2 – Amended (for group cash-settled share-based payment transactions)	1-01-2010
IFRIC 12 – Service Concession Arrangements	1-01-2010
IFRIC 15 – Agreements for the Construction of Real Estate	1-01-2010
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	01-07-2009
IFRIC 17 – Distributions of Non-cash Assets to Owners	01-07-2009
IFRIC 18 – Transfer of Assets from Customers	01-07-2009
Improvements to the International Financial Reporting Standards (2009)	Several (on/after 1-01-10)
Alterations to IAS 39 – Financial Instruments: Recognition and Measurement – Instruments: Eligible hedged items	01-07-2009

The adoption, during 2010, of the above mentioned Standards has not led to material impacts to the enclosed consolidated financial statements of Sonae Investimentos, with the exception of the described below.

During the period it has been adopted for the first time the revised version of IFRS 3 – Business combinations (revised 2008), IAS 27 – Consolidated and separate financial statements (revised 2008) and IAS 28 – Investments in associates:

These adoptions have affected the accounting for business combinations in the current period:

- (a) These changes allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisitions (previously referred to as "minority interests") either at fair value or at the non-controlling interests share of recognized identifiable net assets of the acquiree. Consequently, the goodwill recognized reflects the excess of the consideration transferred, the amount of any non-controlling interests (as detailed above), the fair value of any acquirer's previously held equity interest in the acquiree, and the fair value of identifiable assets and liabilities acquired;
- (b) the recognition and subsequent accounting requirements for, contingent consideration: previously, contingent consideration was recognized at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognized against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period (12 months) about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognized in profit or loss;

- (c) the accounting treatment of acquisition related costs: generally leading to those costs being recognized as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of acquisition;
- (d) the accounting for transactions of entities already controlled by the entity and sale transactions that don't imply loss of control: until the adoption of the revised version of IAS 27 an increase in equity interests in a subsidiary implied the calculation of Goodwill, and a loss on the percentage of control would imply a profit or loss recognition in that period. Under the revised standard, transactions whereby the parent acquires further equity interests or disposes of equity interests without losing control, are accounted for as equity transactions. There is no recognition of goodwill or profit or loss in the period;
- (e) the calculation of the profit or loss linked with the disposal of equity interests in a subsidiary, with loss of control and subsequent accounting of the remeasurement of remaining equity interests: under the revised standard as a result of the loss of control, the assets and liabilities of the disposed subsidiary should be derecognized and any interest retained on the entity should be remeasured at fair value. Fair value remeasurement is registered through profit or loss.

With mandatory application after 2010:	Effective Date (Financial years beginning on/or after)
IAS 24 – Related Party Disclosures (revised)	01-01-2011
IFRS 1 – Amendment (Limited exemption from the requirement to provide comparative disclosures in accordance with IFRS 7 for first-time adopters)	01-07-2010
IAS 32 – Amendment (Classification of Rights Issues)	01-02-2010
IFRIC 14 – Amendment (Prepayments of a Minimum Funding Requirement)	01-01-2011
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments	01-07-2010

The above mentioned standards endorsed by the European Union, were not adopted by the Company in 2010, because its application is not mandatory for this financial year, and the Company has decided not to make an early adoption of the standards.

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

2.2 Consolidation principles

The main accounting policies adopted by the Group are as follows:

a) Investments in Group companies (subsidiaries)

Investments in companies in which Sonae Investimentos owns, directly or indirectly, more than 50% of the voting rights at Shareholders' General Meetings or is able to establish financial and operational policies so as to benefit from its activities (definition of control normally used by Sonae Investimentos), were included in the consolidated financial statements using the full consolidation method. Equity and net profit attributable to minority shareholders are shown separately, under the caption Non-controlling interests, in the consolidated statement of financial position and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 4.

The comprehensive income is attributable to the owners of the Sonae Investimentos Group and non-controlling interests even if the situation results in a deficit balance at the level of non-controlling interests.

Assets and liabilities of each subsidiary are measured at their fair value at the acquisition date or gain of control (measurement period of twelve months). The excess of the of the consideration transferred plus the fair value of any previously held interests and non-controlling interests over the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.d)). Any excess of the fair value of identifiable assets over consideration transferred, previously held interests and non-controlling interests recognized as income in profit or loss for the period of acquisition in the caption "Other income", after reassessment of the estimated fair value attributed to the net assets acquired. Sonae Investimentos Group will choose on a transaction-by-transaction basis, the measurement of non-controlling interests, (i) according to the non-controlling interests share of assets liabilities and contingent liabilities of the acquiree, or (ii) according to their fair value.

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

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

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

b) Investments in jointly controlled companies

Investments in jointly controlled companies are included in the accompanying consolidated financial statements in accordance with the proportionate consolidation method as from the date when joint control is acquired. In accordance with this method, the Group includes in the accompanying consolidated financial statements its share of assets, liabilities, income and expenses of these companies, on a line-by-line basis.

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

Sonae Investimentos' share of inter-company balances, transactions and dividends distributed are eliminated in proportion of interests attributable to Sonae Investimentos.

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

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

c) Investments in associated companies

Investments in associated companies (companies where Sonae Investimentos exercises significant influence but does not establish financial and operational policies – usually corresponding to holdings between 20% and 50% in a company's share capital) are accounted for in accordance with the equity method.

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to Sonae Investimentos' share of changes in equity (including net profit) of associated companies and to dividends received.

Any excess of the cost of acquisition over Sonae Investimentos' share in the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.d)), which is included in the caption Investment in associated companies. Any excess of Sonae Investimentos' share in the fair value of the identifiable net assets acquired over cost is recognized as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired under the caption Share of profit of associates.

An assessment of investments in associated companies is performed when there is an indication that the asset might be impaired. Any impairment loss is recorded in the income statement. Impairment losses recorded in prior years that are no longer justifiable are reversed.

When Sonae Investimentos's share of losses exceeds the carrying amount of the investment, the investment is reported at nil value and recognition of losses is discontinued, unless Sonae Investimentos is committed beyond the value of its investment. In these situations impairment is recorded for that amount.

The Sonae Investimentos's share in unrealized gains arising from transactions with associated companies is eliminated. Unrealized losses are eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

Investments in associated companies are disclosed in Note 6.

d) Goodwill

The excess of consideration transferred in the acquisition of investments in subsidiaries, jointly controlled and associated companies plus the amount of any non-controlling interests (in the case of affiliated companies) over Sonae Investimentos's share in the fair value of the identifiable assets, liabilities and contingent liabilities of those companies at the date of acquisition, when positive, is shown as Goodwill (Note 12) or as Investments in associated companies (Note 6). The excess of the consideration transferred in the acquisition of investments in foreign companies plus the amount of any non-controlling interests (in the case of affiliated companies) over the fair value of their identifiable assets, liabilities and contingent liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Sonae Investimentos functional currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are recorded and disclosed in "Other Reserves and Retained earnings".

Goodwill is not amortized, but it is subject to impairment tests on an annual basis. Net recoverable amount is determined based on business plans used by Sonae Investimentos management or on valuation reports issued by independent entities. Impairment losses recognized in the period are recorded in the income statement under the caption "Provisions and impairment losses".

Impairment losses related with goodwill will not be reversed.

Any excess of Sonae Investimentos's share in the fair value of identifiable assets, liabilities and contingent liabilities, in affiliated companies, associated companies and jointly controlled companies, plus, in affiliated companies, the amount of non-controlling interests, at acquisition date, if negative, is recognized as income in the profit or loss for the period, after reassessment of the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

e) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the financial statements of foreign companies are translated to euro using exchange rates at the statement of financial position date. Profit and loss and cash flows are converted to euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under Translation reserves in Reserves and retained earnings. Exchange rate differences that were originated prior to 1 January 2004 (date of transition to IFRS) were written-off through "Other Reserves and Retained earnings".

Goodwill and fair value adjustments arising from the acquisition of foreign companies are recorded as assets and liabilities of those companies and translated to euro using exchange rates at the statement of financial position date.

Whenever a foreign company is sold (totally or partially), but with loss of control, accumulated exchange rate differences are recorded in the income statement as a gain or loss on the disposal, in the caption Investment income.

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

	31 December 2010		31 December 2009	
	End of period	Average of period	End of period	Average of period
Brazilian Real	0.45092	0.42982	0.39820	0.36282

2.3 Tangible assets

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

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

Depreciations are calculated on a straight line basis, as from the date the asset is first used, over the expected useful life for each class of assets, and recorded against the income statement caption "Depreciation and amortization".

The impairment losses detected on tangible assets are recorded in the year, in wide the estimation is made, recorded against the consolidate income statement caption "Provisions and impairment losses".

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

	Years
Land and Buildings	50
Plant and machinery	10 to 15
Vehicles	5
Tools	4
Office equipment	10
Other tangible assets	5

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

Tangible assets in progress represent fixed assets still under construction-development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or become ready for use.

Gains or losses on sale or disposal of tangible assets are calculated as the difference between the selling price and the carrying amount of the asset at the date of its sale-disposal. These are recorded in the income statement under either "Other income" or "Other expenses".

2.4 Intangible assets

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

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

Expenditure on development is recognized as an intangible asset if Sonae Investimentos demonstrates the technical feasibility and its intention to complete the asset, its ability to sell or use it and the probability that the asset will generate future economic benefits. Expenditure on development which does not fulfill these conditions is recorded as an expense in the period in which it is incurred.

Internal costs associated with maintenance and development of software is recorded as an expense in the period in which they are incurred. Only costs directly attributable to projects for which the generation of future economic benefits is probable are capitalized as intangible assets.

Amortizations are calculated on a straight line basis as from the date the asset is first used, over the expected useful life which usually is 5 years. It is recorded in the caption of "Amortizations and depreciations".

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

2.5 Accounting for leases

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

Whether a lease is classified as finance or an operating lease depends on the substance of the transaction rather than the form of the contract.

a) Accounting for leases where Sonae Investimentos is the lessee

Assets acquired through finance lease contracts as well as the correspondent responsibilities, are posted by the financial method, posting in the statement of financial position the acquired asset and the pending debts according to the contractual financial plan at fair value or, if less, at the present level of payments. Both the finance charge and the depreciation expense for depreciable assets are taken to the income statement in the period in which they are incurred.

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

b) Accounting for leases where Sonae Investimentos is the lessor

For operating lease agreements where Sonae Investimentos is lessor, assets remain recorded in the Sonae Investimentos' statement of financial position and the revenue is recognized on a straight line basis during the period of the agreement.

2.6 Government grants

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

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

Investment grants related to fixed assets are disclosed as "Other current liabilities" and are recognized as income on a straight line basis over the expected useful lives of those underlying assets.

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

2.7 Impairment of non-current assets, except for Goodwill

Assets are assessed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement under "Provisions and impairment losses".

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

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

2.8 Borrowing Costs

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

Borrowing costs directly attributable to the acquisition, construction or production of tangible and intangible assets, real state projects classified as inventories or investment properties are capitalized as part of the cost of the qualifying asset. Borrowing costs are capitalized from the beginning of preparation of the activities to construct or develop the asset up to the time the production or construction is complete or when asset development is interrupted. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the borrowing costs that qualify for capitalization.

2.9 Inventories

Consumer goods are stated at the lower of acquisition cost deducted from discounts obtained and net realizable value, cost is determined on a weighted average basis.

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

2.10 Provisions

Provisions are recognized when, and only when, Sonae Investimentos has an obligation (legal or implicit) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the statement of financial position date to reflect the best estimate as of that date.

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

2.11 Financial Instruments

The Company classifies the financial instruments in the categories presented and conciliated with the Statement of financial position disclosed in Note 9.

a) Investments

Investments are classified into the following categories:

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

Held to maturity investments are classified as "Non-current assets" unless they mature within 12 months of the statement of financial position date. Investments classified as held to maturity have defined maturities and the Group has the intention and ability to hold them until the maturity date.

The investments measured at fair value through profit or loss include the investments held for trading that Sonae Investimentos acquires with the purpose of trading in the short term. They are disclosed in the consolidated statement of financial position as current investments.

Sonae Investimentos classifies as available for sale those investments that are neither included as investments measured at fair value through profit or loss nor as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sale of investments are recognized on the trade date, independently of the settlement date.

Investments are initially recorded at cost, which is the fair value of the consideration paid for them including, transaction costs, apart from investments measured at fair value through profit or loss, in which the investments are initially recognized at fair value and transaction costs are recognized in the income statement.

Investments measured at fair value through profit or loss and available for sale investments are subsequently carried at fair value, without any deduction for transaction costs which may be incurred on sale by reference to their quoted market value at statement of financial position date. Investments in equity instruments that do not have a market price and whose fair value cannot be reliably measured are stated at acquisition cost less impairment losses.

Gains or losses arising from a change in fair value of available for sale investments are recognized directly in equity, under "Investments fair value reserve", in the caption "Reserves and retained earnings", until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit or loss.

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

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

b) Trade accounts receivable and other accounts receivables

Trade accounts receivables and other accounts receivable are recorded at their nominal value and presented in the consolidated statement of financial position net of impairment losses, recognized under the caption "Impairment losses on accounts receivable", in order to reflect its net realizable value.

Impairment is recognized if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received. For this purpose, each Sonae Investimentos subsidiary takes into consideration market information that evidences that the client is not accomplishing its responsibilities as well as historic information about due and not received balances.

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

c) Classification as Equity or Liability

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

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

d) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.16. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

e) Trade accounts payable

Accounts payable are stated at their nominal value, as they do not bear interests and the effect of discounting is considered immaterial.

f) Derivatives

Sonae Investimentos uses derivatives in the management of its financial risks to hedge such risks. Derivatives are not used for trading purposes.

Sonae Investimentos' criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured;
- There is adequate documentation of the hedging relationships at the inception of the hedge;
- The transaction being hedged is highly probable.

Cash flow hedge instruments used by Sonae Investimentos to hedge the exposure to changes in interest rates of its loans are initially accounted for at cost value, and subsequently adjusted to the corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption "Hedging reserves", included in the caption "Reserves and Retained Earnings", and then recognized in the income statement over the same period in which the hedged instrument affects profit or loss. The inefficiencies, when they exist, are recorded under "Financial income" and "Financial expenses".

The fair value of these financial instruments is estimated using specific software based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg, through the use of interest rate curves taken from Bloomberg.

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

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

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

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

Sonae Investimentos may agree to become part of a derivative transaction in order to hedge cash-flows hedge related to exchange rate risk. In some cases, these derivatives may not fulfill the criteria for hedging accounting under IAS 39, and if so changes in their fair value are recognized in the income statement.

g) Cash and cash equivalents

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

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

2.12 Non-current assets held for sale

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

2.13 Share-based payments

Share-based payments result from Deferred Performance Bonus Plans which were attributed by Sonae Investimentos, and are indexed to the evolution of the Sonae SGPS, S.A. shares' price (Parent Company of Sonae Investimentos, SGPS, S.A.).

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

2.14 Contingent assets and liabilities

Contingent assets are not recognized in the financial statements but disclosed where an inflow of economic benefits is probable.

Contingent liabilities are not recorded in the financial statements, instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.15 Income tax

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

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

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore expected to apply in the periods when the temporary differences are expected to reverse.

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

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

2.16 Revenue recognition and accrual basis

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

Revenue from services rendered is recorded in the consolidated income statement taking into consideration the stage of completion of the transaction at statement of financial position date, excepting travel agency services.

Income related to services rendered by travel agencies is recognized with the issuance of invoice. At statement of financial position date, adjustments are made under the caption "Other current assets" and "Other current liabilities" in order to accrue for revenue of the services already rendered but whose billing had not occurred yet, as well as for the associated expenditures.

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

The deferral of revenue related with customer loyalty programs, (attribution of awards) are measured taking into account the likelihood of redemption and are deducted to revenue when their award credits are granted. The corresponding liability is recognized in the caption "Other Creditors."

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

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

2.17 Balances and transactions expressed in foreign currencies

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

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

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

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

2.18 Subsequent events

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

2.19 Judgements and estimates

The most significant accounting estimates reflected in the financial statements are as follows:

- a) Useful lives of tangible and intangible assets;
- b) Impairment analysis of goodwill and of tangible and intangible assets;
- c) Record of adjustments to the value of assets and provisions, and contingent liabilities analysis;
- d) Measurement of responsibilities associated with customers' loyalty programs;
- e) Determining the fair value of derivative financial instruments;
- f) Recoverability of deferred tax assets;
- g) Provisions for warranty extensions estimate.

Estimates used are based on the best information available during the preparation of these financial statements and are based on the best knowledge of past and present events. Although future events are neither controlled by Sonae Investimentos nor foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by management that occur after the date of these consolidated financial statements, will be recognized in net income prospectively, in accordance with IAS 8.

The main estimates and assumptions in relation to future events included in the preparation of consolidated financial statements are disclosed in the correspondent notes.

2.20 Segment information

Information regarding operating segments identified is included in Note 46.

2.21 Treasury Shares

Treasury Shares are recorded at their acquisition cost as a reduction to equity. Gains or losses arising from sales of own shares are recorded in "Other reserves and retained earnings"

2.22 Legal reserves, hedge reserves, other reserves and Retained earnings

Legal reserves:

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

Hedging Reserves:

Hedging Reserves reflect the changes in fair value of "cash flow" hedging derivatives that are considered as effective (Note 2.11.f), and is not distributable or used to cover losses.

Currency translation reserve:

The currency translation reserve corresponds to exchange differences relating to the translation from the functional currencies of Sonae Investimentos foreign subsidiaries and joint ventures into euro, in accordance with the accounting policy described in Note 2.17.

Legal reserve in accordance with article 342 of CSC:

The reserves constituted according to Art. 342 of ("CSC"), reflect the value of treasury shares acquired in the period and comply with commercial legislation relating with legal reserves.

According to Portuguese commercial legislation the amount of distributable reserves is computed considering the Company's individual financial statements presented in accordance with International Financial Reporting Standards as adopted by the European Union.

3 FINANCIAL RISK MANAGEMENT

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

3.1 Market risk

The interest and exchange rate risk have a decisive importance in what concerns market risk management.

Derivatives are used to hedge certain exposures related to Sonae Investimentos market risk and, Sonae Investimentos does not enter into derivatives or other financial instruments for trading or speculative purposes.

3.1.1 Interest rate risk

Sonae Investimentos' exposure to the interest rate risk arises mainly from the long term loans which bear interests indexed to Euribor.

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

Derivatives used by the Sonae Investimentos in interest rate risk management qualify as hedging instruments as they configure perfect hedging operations. Conditions established for these cash flow hedge instruments are identical to those

of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges.

Sensitivity analysis:

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

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, they are included in the calculation of income-related sensitivities;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity calculation with impact in equity (other reserves);
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;
- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under these assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the consolidated net profit before tax for the period ended as at 31 December 2010 would decrease by approximately 8.9 million euro (9 million euro as at 31 December 2009) and would have a positive impact in equity of approximately 0.5 million euro (1.6 million euro as at 31 December 2009), as a consequence of interests rate change effect according to interest rate risk, considering the contractual fixing dates and excluding other effects arising from the company operations.

3.1.2 Exchange rate risk

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

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

The exchange risk exposure is monitored through the purchase of forwards with the goal of minimizing the negative impacts of volatility in exposure level as a consequence of changes of the amounts of imports denominated in other currencies rather than euro.

As at 31 December 2010 and 2009 the assets and liabilities denominated in a currency different from the subsidiary functional currency where the following:

	Assets		Liabilities	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Brazilian Real	28,126,526	17,023,089	8,590,147	8,426,783
British Pound	702	5,184	414,678	228,735
US Dollar	-	-	8,772,345	6,589,632
Other Currencies	6,636	29,981	777	908

The amounts presented above, only include assets and liabilities expressed in different currency than the functional currency used by the affiliated or jointly controlled company. Therefore it does not represent any risk of financial statements translation. Considering the exposure above, which is considered immaterial, no sensitivity analysis is disclosed.

3.2 Liquidity risk

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

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

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

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

3.3 Credit risk

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

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

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

4 GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The subsidiaries included in the consolidated financial statements, its head offices and percentage of capital held as at 31 December 2010 and 31 December 2009 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31 December 2010		31 December 2009	
		Direct	Total	Direct	Total
Sonae Investimentos- SGPS, S.A.	Matosinhos	HOLDING	HOLDING	HOLDING	HOLDING
Arat Inmuebles, SA	a) Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
BB Food Service, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Best Offer - Prestação de Informações por Internet, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Bikini, Portal de Mulheres, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Bom Momento - Comércio Retalhista, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Canasta - Empreendimentos Imobiliários, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Carnes do Continente - Industria e Distribuição Carnes, SA	a) Santarém	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Contibomba - Comércio e Distribuição de Combustíveis, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, SA	a) Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Continente Hipermercados, SA	a) Lisbon	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
1) Difusão - Sociedade Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Edições Book.it, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Efanor - Design e Serviços, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Estevão Neves - Hipermercados da Madeira, SA	a) Funchal	100.00%	100.00%	100.00%	100.00%
Farmácia Selecção, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%

Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fozmassimo - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosedo	a)	Maia	54.55%	54.55%	54.55%	54.55%
Fundo de Investimento Imobiliário Fechado Imosonae Dois	a)	Maia	100.00%	100.00%	100.00%	100.00%
Global S - Hipermercado, Lda	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Good and Cheap - Comércio Retalhista, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Hipotética - Comércio Retalhista, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Igimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoconti - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Infocfield - Informática, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Inventory - Acessórios de Casa, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Just Sport - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
MJLF - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
MC - SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Modalfa - Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modalloop – Vestuário e Calçado, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Modelo - Distribuição de Materiais de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
Modelo Continente Hipermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
1) Modelo Continente Seguros- Sociedade Mediação, SA	a)	Porto	75.00%	75.00%	75.00%	75.00%
Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Hipermercados Trading, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Modelo.com - Vendas p/Correspond., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%

NA - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
NA - Equipamentos para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Peixes do Continente - Indústria e Distribuição de Peixes, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Pharmaconcept – Actividades em Saúde, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Predicomercial - Promoção Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Selifa - Empreendimentos Imobiliários de Fafe, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Socijofra - Sociedade Imobiliária, SA	a)	Gondomar	100.00%	100.00%	100.00%	100.00%
Sociloures - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Soflorin, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Solaris Supermercados, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Sonaecenter Serviços II, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sonaerp – Retail Properties, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae Specialized Retail, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sonae Retalho España - Servicios Generales, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Sondis Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1) Sontária Empreendimentos Imobiliários, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonvecap, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Sport Zone - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2) Sport Zone Canarias, SL,	a)	Tenerife (Spain)	51.00%	51.00%	-	-
Sport Zone España- Comércio de Articulos de Deporte, SL	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Textil do Marco, SA	a)	Marco de Canaveses	92.76%	92.76%	80.37%	80.37%
Tlantic Portugal- Sistemas de Informação, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre	100.00%	100.00%	100.00%	100.00%

		(Brazil)					
	Todos os Dias - Com. Ret. Expl. C. Comer., SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Valor N, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Well W - Electrodomésticos e Equipamentos, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2)	Worten Canarias, SL,	a)	Tenerife (Spain)	100.00%	100.00%	-	-
	Worten Equipamento para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Worten España Distribución, SL	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Zippy – Comércio e Distribuição, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Zippy - Comércio Y Distribución, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	1) Companies disposed in the period.						
	2) Companies created in the period.						
	a) Control held by majority of voting rights;						
	b) Control held by management control;						

These entities were consolidated using the full consolidation method, considering that they are controlled by Sonae Investimentos SGPS, S.A.

5 JOINTLY CONTROLLED COMPANIES

Jointly controlled companies included in the consolidation financial statements, their head offices and the percentage of share capital held as at 31 December 2010 and 2009 are as follows:

COMPANY	Head office	Percentage of capital held			
		31 December 2010		31 December 2009	
		Direct	Total	Direct	Total
Equador & Mendes - Agência de Viagens e Turismo, Lda	Lisbon	50.00%	37.50%	50.00%	37.50%
Marcas do Mundo - Viagens e Turismo, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
Movimentos Viagens - Viagens e Turismo, Sociedade Unipessoal, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
Nova Equador Internacional, Agência de Viagens e Turismo, Lda	Lisbon	50.00%	37.50%	50.00%	37.50%
Puravida - Viagens e Turismo, Lda	Lisbon	50.00%	50.00%	50.00%	50.00%
Nova Equador P.C.O. e Eventos, Sociedade Unipessoal, Lda	Lisbon	50.00%	37.50%	50.00%	37.50%

Raso SGPS, SA	Lisbon	50.00%	50.00%	50.00%	50.00%
Raso - Viagens e Turismo, SA	Lisbon	50.00%	50.00%	50.00%	50.00%
Viajens y Turismo de Geotur España, S.L.	Madrid (Spain)	50.00%	50.00%	50.00%	50.00%

These entities were consolidated using the proportionate consolidation method.

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

	31 December 2010	31 December 2009
Non current assets	39,834,261	35,087,564
Current assets	28,372,242	30,936,870
Non current liabilities	8,165,019	3,577,682
Current liabilities	34,048,800	35,666,824
	31 December 2010	31 December 2009
Income	101,419,804	99,308,194
Expenses	102,574,679	102,025,017

6 INVESTMENTS IN ASSOCIATES

Associated companies, their head offices and the percentage of share capital held as at 31 December 2010 and 2009 are as follows:

COMPANY	Head Office	Percentage of capital held				Book value	
		31 December 2010		31 December 2009		31 December 2010	31 December 2009
		Direct	Total	Direct	Total		
1) MDS SGPS, SA	Maia	46.92%	46.92%	-	-	51,000,000	-
1) Mundo VIP	Lisbon	33.34%	33.34%	-	-	1,101,337	-
Sonaegest - Soc. Gestora de Fundos de Investimento, SA	Maia	40.00%	40.00%	40.00%	40.00%	539,748	824,888
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	1,246,672	1,551,585
Total						53,887,757	2,376,473

1) Companies acquired in the period

Associated companies are consolidated using the equity method.

During the periods ended as at 31 December 2010 and 2009 movements in Investments in associated companies are made up as follows:

	31 December 2010	31 December 2009
Investments in associated companies		
Opening Balance as at 1 January	2,376,473	64,671,483
Acquisition of share capital of associates	52,101,337	-
Change of consolidation method (Note 9)	-	(61,380,675)
Effect in net income	532,931	(652,675)
Dividends distributed	(1,122,984)	(261,660)
	53,887,757	2,376,473

Aggregated values of financial indicators of associated companies are as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Total Assets	172,289,345	18,725,950
Total Liabilities	<u>121,455,627</u>	<u>10,446,448</u>
	<u>31 December 2010</u>	<u>31 December 2009</u>
Income	67,568,853	69,864,523
Expenses	<u>65,698,606</u>	<u>66,906,494</u>

The acquisitions mentioned above generated Goodwill of 29,154,618 euro (MDS SGPS, SA) and 1,789,754 euro (Mundo Vip, SA). The goodwill is recognized under the caption "Investments in associates".

Taking into account that these acquisitions were only concluded in the end of the fourth quarter of 2010, the company accounted these associates for the first time at December 2010, therefore there aren't any effects in the income statement related with these associates. The financial indicators mentioned above, don't have contributions from these companies included in income and expenses.

7 OTHER NON-CURRENT INVESTMENTS

Other non-current investments, their head offices, percentage of share capital held and book value as at 31 December 2010 and 2009 are as follows:

COMPANY	Head Office	Percentage of capital held				Book value	
		31 December 2010		31 December 2009		31 December 2010	31 December 2009
		Direct	Total	Direct	Total		
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	7.14%	7.14%	7.14%	7.14%	9,976	9,976
Inscó - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	748,197	748,197
Other investments						33,798,083	5,693
						<u>34,556,256</u>	<u>763,866</u>

Under the caption other non-current investments there is an amount of 33,732,640 euro (45,121,122 euro as at 31 December 2009 in the caption "Investments in current assets"), related to deposited amounts on an Escrow Account which are invested in investment funds with superior rating and guarantee contractual liabilities assumed by Sonae Investimentos which may arise from the sale of Sonae Distribuição Brasil, S.A. and for which provisions were recorded (Note 32 and 33).

Although in accordance with the deadlines contractually established, the Escrow Account should have already been released by the buyer. That didn't happen as there are some points of disagreement on the use of the Escrow Account, namely as to whether or not, to retain the Escrow Account for ongoing fiscal procedures that have not yet been decided (Note 33). It is the understanding of the Board of Directors, based on legal opinions of Brazilian and Portuguese lawyers, that the company is acting in accordance with the agreement and that this amount shall be entirely received, and that there are legal means that may be operated so as to compel the buyer to authorize the reimbursement of the Escrow account. There are negotiations currently under way between the two parties in order to release the above mentioned amount.

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

During the periods ended as at 31 December 2010 and 2009 movements in other non-current investments are made up as follows:

	31 December 2010	31 December 2009
Investments in other companies		
Opening balance as at 1 January	827,896	787,936
Acquisitions in the period	-	-
Changes in consolidation perimeter	-	2,500
Disposals in the period	(41,941)	-
Transfers (Note 13)	33,732,639	37,460
Closing balance as at 31 December	34,518,594	827,896
Accumulated impairment losses	(22,338)	(64,029)
	<u>34,496,256</u>	<u>763,866</u>
Financial investments advances		
Opening balance as at 1 January	-	1,584,193
Changes in consolidation perimeter	-	(1,584,193)
Increases	60,000	-
Closing balance as at 31 December	<u>60,000</u>	<u>-</u>
	<u>34,556,256</u>	<u>763,866</u>

8 CHANGES IN CONSOLIDATION PERIMETER

The main disposals of companies that have occurred in the period ended as at 31 December 2010 were the following:

COMPANY	Head Office	Direct	Total
Retail Properties			
Difusão Sociedade imobiliária, SA	Maia	100.00%	100.00%
Sontária - Empreendimentos Imobiliários, SA	Maia	100.00%	100.00%
Investments Management			
Modelo Continente Seguros - Sociedade Mediação, SA	Porto	100.00%	75.00%

The disposals mentioned above had the following impact on the consolidated financial statements:

	At disposal date				31 December 2009
	Mod. Cont. Seg. - Soc. Med.	Sontaria	Difusão	Total	
Net assets					
Tangible and intangible assets (Note 10 and 11)	1,058,540	3,613,563	26,237,804	30,909,907	32,233,072
Deferred tax assets (Note 20)	15,246	(0)	45,191	60,437	64,889
Other assets	111,985	10,178	1,775,423	1,897,586	2,733,034
Cash and cash equivalents	1,095	544	258,238	259,877	9,526
Deferred tax liabilities (Note 20)	(65,343)	-	(554,498)	(619,841)	(540,330)
Other liabilities	(1,453,692)	(2,990,482)	(26,012,429)	(30,456,603)	(34,453,779)
	<u>(332,169)</u>	<u>633,803</u>	<u>1,749,729</u>	<u>2,051,363</u>	<u>46,412</u>
Goodwill (Note 12)	-	3,069,135	-	3,069,135	
Non-controlling interests (Note 23)	(557,535)	-	-	(557,535)	
Shareholder's loans, treasury operations and interests	-	2,740,052	25,166,711	27,906,763	
Costs related to the disposal	-	-	644,896	644,896	
Profit in disposal	4,135,478	2,417,301	5,816,838	12,369,617	
Consideration received	<u>3,245,774</u>	<u>8,860,291</u>	<u>33,378,174</u>	<u>45,484,239</u>	
Effective cash payment received	1,075,000	-	33,378,174	34,453,174	
Future cash receivements (Note 14 and 17)	2,170,773	8,860,291	-	11,031,064	
	<u>3,245,773</u>	<u>8,860,291</u>	<u>33,378,174</u>	<u>45,484,238</u>	
Net cash-flow arising from disposal					
Effective cash payment received	1,075,000	-	33,378,174	34,453,174	
Cash payment received related to shareholder's loans and interests	-	-	375,263	375,263	
Effective cash payment related to the disposal costs	-	-	(644,896)	(644,896)	
Cash and cash equivalents disposed	(1,095)	(544)	(258,238)	(259,877)	
	<u>1,073,905</u>	<u>(544)</u>	<u>32,850,303</u>	<u>33,923,664</u>	

Difusão owns a building which has remained in use by the group after the company's disposal through an operating lease agreement, with an initial term of 20 years (term extensions are possible).

Investments in Sontária – Empreendimentos Imobiliários, S.A and Modelo e Continente Seguros – Sociedade de Mediação, Lda were disposed to related entities of the Sonae Group.

9 FINANCIAL INSTRUMENTS BY CLASS

The financial instruments classification according to the policies disclosed in note 2.11 is as follows:

Financial assets

	Note	Loans and accounts receivable	Available for sale	Assets at fair value through profit or loss (Note 25)	Hedging derivatives (Note 26)	Sub-total	Assets not within the scope of IFRS 7	Total
As at 31 December 2010								
Non-current assets								
Other investments	7	33,732,640	823,616	-	-	34,556,256	-	34,556,256
Other non-current assets	14	36,892,152	-	-	-	36,892,152	499,472	37,391,624
		<u>70,624,792</u>	<u>823,616</u>	<u>-</u>	<u>-</u>	<u>71,448,408</u>	<u>499,472</u>	<u>71,947,880</u>
Current assets								
Trade receivables	16	39,793,524	-	-	-	39,793,524	-	39,793,524
Other debtors	17	107,928,638	-	-	-	107,928,638	-	107,928,638
Investments	13	15,185,750	-	-	457,159	15,642,909	-	15,642,909
Cash and cash equivalents	21	200,024,469	-	-	-	200,024,469	-	200,024,469
		<u>362,932,381</u>	<u>-</u>	<u>-</u>	<u>457,159</u>	<u>363,389,540</u>	<u>-</u>	<u>363,389,540</u>
		<u>433,557,173</u>	<u>823,616</u>	<u>-</u>	<u>457,159</u>	<u>434,837,948</u>	<u>499,472</u>	<u>435,337,420</u>
As at 31 December 2009								
Non-current assets								
Other investments	7	-	763,866	-	-	763,866	-	763,866
Other non-current assets	14	3,768,746	-	-	-	3,768,746	567,810	4,336,556
		<u>3,768,746</u>	<u>763,866</u>	<u>-</u>	<u>-</u>	<u>4,532,612</u>	<u>567,810</u>	<u>5,100,422</u>
Current assets								
Trade receivables	16	36,331,126	-	-	-	36,331,126	-	36,331,126
Other debtors	17	128,845,634	-	-	-	128,845,634	-	128,845,634
Investments	13	57,294,670	-	365,121	-	57,659,791	-	57,659,791
Cash and cash equivalents	21	111,407,067	-	-	-	111,407,067	-	111,407,067
		<u>333,878,497</u>	<u>-</u>	<u>365,121</u>	<u>-</u>	<u>334,243,618</u>	<u>-</u>	<u>334,243,618</u>
		<u>337,647,243</u>	<u>763,866</u>	<u>365,121</u>	<u>-</u>	<u>338,776,230</u>	<u>567,810</u>	<u>339,344,040</u>

Financial liabilities

	Note	Financial liabilities recorded at amortised cost	Liabilities at fair value through profit or loss (Note 26)	Hedging derivatives (Note 26)	Sub-total	Liabilities not within the scope of IFRS 7	Total
As at 31 December 2010							
Non-current liabilities							
Bank loans	24	303,599,257	-	-	303,599,257	-	303,599,257
Bonds	24	899,337,511	-	-	899,337,511	-	899,337,511
Obligations under finance leases	24 and 25	7,170,863	-	-	7,170,863	-	7,170,863
Other loans	24	162,624	-	-	162,624	-	162,624
Other non-current liabilities	27	421,512,555	-	-	421,512,555	3,895,731	425,408,286
		<u>1,631,782,810</u>	<u>-</u>	<u>-</u>	<u>1,631,782,810</u>	<u>3,895,731</u>	<u>1,635,678,541</u>
Current liabilities							
Bank loans	24	10,889,883	-	-	10,889,883	-	10,889,883
Bonds	24	89,554,618	-	-	89,554,618	-	89,554,618
Obligations under finance leases	24 and 25	2,752,393	-	-	2,752,393	-	2,752,393
Other loans	24	33,466	76,618	5,168,762	5,278,846	-	5,278,846
Trade creditors	29	1,121,852,468	-	-	1,121,852,468	-	1,121,852,468
Other creditors	30	154,874,375	-	-	154,874,375	-	154,874,375
		<u>1,379,957,203</u>	<u>76,618</u>	<u>5,168,762</u>	<u>1,385,202,583</u>	<u>-</u>	<u>1,385,202,583</u>
		<u>3,011,740,013</u>	<u>76,618</u>	<u>5,168,762</u>	<u>3,016,985,393</u>	<u>3,895,731</u>	<u>3,020,881,124</u>
As at 31 December 2009							
Non-current liabilities							
Bank loans	24	285,894,893	-	-	285,894,893	-	285,894,893
Bonds	24	987,483,025	-	-	987,483,025	-	987,483,025
Obligations under finance leases	24 and 25	8,620,393	-	-	8,620,393	-	8,620,393
Other loans	24	198,853	-	-	198,853	-	198,853
Other non-current liabilities	27	13,078,044	-	-	13,078,044	3,144,884	16,222,928
		<u>1,295,275,208</u>	<u>-</u>	<u>-</u>	<u>1,295,275,208</u>	<u>3,144,884</u>	<u>1,298,420,092</u>
Current liabilities							
Bank loans	24	26,390,951	-	-	26,390,951	-	26,390,951
Bonds	24	64,899,489	-	-	64,899,489	-	64,899,489
Obligations under finance leases	24 and 25	4,704,670	-	-	4,704,670	-	4,704,670
Other loans	24	33,466	79,039	7,823,283	7,935,788	-	7,935,788
Trade creditors	29	1,062,040,575	-	-	1,062,040,575	-	1,062,040,575
Other creditors	30	133,158,621	-	-	133,158,621	-	133,158,621
		<u>1,291,227,772</u>	<u>79,039</u>	<u>7,823,283</u>	<u>1,299,130,094</u>	<u>-</u>	<u>1,299,130,094</u>
		<u>2,586,502,980</u>	<u>79,039</u>	<u>7,823,283</u>	<u>2,594,405,302</u>	<u>3,144,884</u>	<u>2,597,550,186</u>

As at 31 December 2010 and 2009 the financial instruments at fair value through profit/loss are the only derivatives that do not qualify as hedging derivatives.

Financial instruments recognized at fair value

The table below details the financial instruments that are measured subsequent to initial recognition at fair value, grouped into 3 levels based on the degree to which the fair value is observable:

Level 1: fair value measurements are those derived from quoted prices;

Level 2: fair value measurements are determined from valuation techniques. The main inputs of the models are observable on the market;

Level 3: fair value measurements are those derived from valuation techniques, whose main inputs are not based on observable market data.

	31 December 2010			31 December 2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Investments	-	457,159	-	-	365,122	-
	-	<u>457,159</u>	-	-	<u>365,122</u>	-
Financial liabilities measured at fair value						
Derivatives	-	5,168,762	-	-	7,823,283	-
	-	<u>5,168,762</u>	-	-	<u>7,823,283</u>	-

10 TANGIBLE ASSETS

During the periods ended as at 31 December 2010 and 2009 movements in tangible assets as well as depreciation and accumulated impairment losses are made up as follows:

	Tangible assets						Tangible Assets
	Land and Buildings	Plant and Machinery	Vehicles	Office Equipment	Others	Tangible assets in progress	
Gross assets:							
Opening balance as at 1 January 2009	1,496,938,520	717,639,990	19,243,726	100,438,037	30,827,572	195,762,509	2,560,850,354
Capital Expenditure	13,592,515	1,175,373	85,291	4,039,525	79,557	279,410,521	298,382,782
Acquisitions of subsidiaries	94,389,008	1,165,807	9,721	455,278	52,594	51,140,433	147,212,841
Disposals	(6,742,135)	(22,416,074)	(780,574)	(5,311,735)	(1,270,088)	(27,006,341)	(63,526,947)
Exchange rate effect	85,614	242,867	7,459	169,281	-	-	505,221
Transfers	125,907,703	250,304,719	1,935,027	12,252,525	6,337,484	(406,844,261)	(10,106,803)
Opening balance as at 1 January 2010	1,724,171,225	948,112,682	20,500,650	112,042,911	36,027,119	92,462,861	2,933,317,448
Capital Expenditure	11,169,685	3,220,765	206,796	1,647,124	60,506	175,638,820	191,943,696
Disposals	(66,352,907)	(37,244,222)	(1,251,303)	(14,477,256)	(2,420,138)	(2,885,372)	(124,631,198)
Disposals of subsidiaries (Note 8)	(35,610,467)	(3,786,739)	-	(306,791)	-	(23,904)	(39,727,901)
Exchange rate effect	30,113	140,865	5,066	110,170	-	-	286,214
Transfers	41,481,451	147,900,282	1,561,296	7,364,708	3,104,694	(222,878,560)	(21,466,129)
Closing balance as at 31 December 2010	1,674,889,100	1,058,343,633	21,022,505	106,380,866	36,772,181	42,313,845	2,939,722,130
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2009	192,480,780	340,961,819	14,532,932	66,543,019	22,030,535	-	636,549,085
Depreciation and impairment losses	26,190,902	76,013,208	1,913,068	14,421,593	5,112,918	-	123,651,689
Acquisitions of subsidiaries	18,326	943,697	8,490	425,589	49,132	-	1,445,234
Disposals	(554,679)	(17,920,041)	(755,471)	(4,931,820)	(1,032,434)	-	(25,194,445)
Exchange rate effect	47,514	107,181	4,018	59,679	-	-	218,392
Transfers	-	(1,561,674)	(9,190)	(278,294)	3,228	-	(1,845,930)
Opening balance as at 1 January 2010	218,182,843	398,544,190	15,693,847	76,239,766	26,163,379	-	734,824,025
Depreciation and impairment losses	28,588,157	94,905,459	2,020,606	12,695,373	4,941,421	-	143,151,016
Disposals	(7,216,109)	(33,504,597)	(1,234,183)	(14,179,485)	(2,333,832)	-	(58,468,206)
Disposals of subsidiaries (Note 8)	(5,940,969)	(3,471,935)	-	(156,868)	-	-	(9,569,772)
Exchange rate effect	17,442	74,926	1,524	44,761	-	-	138,653
Transfers	(428,731)	(1,096,755)	(34,984)	(946,739)	(103,829)	-	(2,611,038)
Closing balance as at 31 December 2010	233,202,633	455,451,288	16,446,810	73,696,808	28,667,139	-	807,464,678
Carrying amount							
As at 31 December 2009	1,505,988,382	549,568,492	4,806,803	35,803,145	9,863,740	92,462,861	2,198,493,423
As at 31 December 2010	1,441,686,467	602,892,345	4,575,695	32,684,058	8,105,042	42,313,845	2,132,257,452

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

	31 December 2010	31 December 2009
Refurbishment and expansion of stores in the retail businesses located in Portugal	24,944,491	42,956,387
Refurbishment and expansion of stores in the retail businesses located in Spain	6,391,982	4,787,987
Projects "Modelo" and "Continente" stores for which advance payments were made	10,389,230	13,005,347
Construction in progress in Maia (Business Park)	-	30,981,983
Others	588,142	731,157
	<u>42,313,845</u>	<u>92,462,861</u>

"Tangible assets" disposals includes 44,471,990 euro related with the sale & leaseback of the following real estate assets: Campo Grande, Leiria, Mem Martins, Odivelas, Peniche, Póvoa de Varzim, Quinta do Conde and Rio Tinto. The sale of these real estate properties was followed by the beginning of operational lease contracts for periods of 20 years (under certain circumstances the extension of this period is possible). These contracts give Sonae Investimentos preferential rights as well as repurchase options over the disposed real estate, at fair value at end of the operational lease.

Transfers from tangible assets refer mainly to transfers to "Non-current assets held for sale" of two real estate properties owned by Sonae Investimentos, in Alverca and Torres Vedras, which net value amounted to 13,342.458 euro. As at 31 December 2010, these assets are recorded at fair value less any estimated selling costs in the consolidated statement of financial position caption "Non-current assets held for sale" by a total amount of 9,500,686 euro. The difference between the two amounts was recorded in the income statement under the caption "Other expenses" (Note 41).

11 INTANGIBLE ASSETS

During the periods ended as at 31 December 2010 and 2009, movements in intangible assets as well as depreciation and accumulated impairment losses are made up as follows:

	Intangible assets					
	Industrial property	Software	Premium paid for property occupation	Others	Intangible assets in progress	Total Intangible Assets
Gross cost:						
Opening balance as at 1 January 2009	93,146,363	122,614,082	16,744,110	1,790,425	20,204,279	254,499,259
Capital expenditure	636,750	104,497	-	10,500	14,563,291	15,315,038
Acquisitions of subsidiaries	2,569,260	2,110	-	-	-	2,571,370
Disposals	(2)	(91,270)	-	-	(117,467)	(208,739)
Exchange rate effect	-	43,529	-	-	-	43,529
Transfers	3,671,700	14,266,288	(1,030,915)	(17,458)	(23,186,918)	(6,297,303)
Opening balance as at 1 January 2010	100,024,071	136,939,236	15,713,195	1,783,467	11,463,185	265,923,154
Capital expenditure	1,627,066	420,903	-	-	13,125,107	15,173,076
Disposals	(1,309,019)	(427,852)	(1,008,821)	-	(16,241)	(2,761,933)
Disposals of subsidiaries (Note 8)	(1,930)	(1,318,060)	-	-	(90,839)	(1,410,829)
Exchange rate effect	-	40,348	-	-	-	40,348
Transfers	1,090,273	7,422,054	75,000	-	(10,098,538)	(1,511,211)
Closing balance as at 31 December 2010	101,430,461	143,076,629	14,779,374	1,783,467	14,382,674	275,452,605
Accumulated depreciation and impairment losses						
Opening balance as at 1 January 2009	8,010,594	64,555,623	16,127,634	1,516,052	-	90,209,903
Depreciation of the period	3,195,382	14,153,413	79,902	104,642	-	17,533,339
Acquisitions of subsidiaries	32,799	2,110	-	-	-	34,909
Disposals	(2)	(4,493)	-	-	-	(4,495)
Exchange rate effect	-	26,854	-	-	-	26,854
Transfers	(116,707)	(3,199,895)	(881,057)	-	-	(4,197,659)
Opening balance as at 1 January 2010	11,122,066	75,533,612	15,326,479	1,620,694	-	103,602,851
Depreciation of the period	3,650,826	16,664,297	-	75,320	-	20,390,443
Disposals	(129,676)	(342,629)	(951,451)	-	-	(1,423,756)
Disposals of subsidiaries (Note 8)	(687)	(658,364)	-	-	-	(659,051)
Exchange rate effect	-	20,079	-	-	-	20,079
Transfers	(51,987)	(100,133)	-	(4)	-	(152,124)
Closing balance as at 31 December 2010	14,590,542	91,116,861	14,375,028	1,696,010	-	121,778,441
Carrying amount						
As at 31 de December de 2009	88,902,005	61,405,624	386,716	162,773	11,463,185	162,320,303
As at 31 de December de 2010	86,839,919	51,959,768	404,346	87,457	14,382,674	153,674,164

Intangible assets in progress were mainly composed of software and software development projects.

Additionally this heading also includes the fair value attributed to a group of brands with indefinite useful lives among which the "Continente" brand amounts to 75,000,000 euro (the same amount as at December 2009).

12 GOODWILL

During the periods ended 31 December 2010 and 2009, movements in goodwill as well as in the corresponding impairment losses, are as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Gross value:		
Opening balance	528,076,621	529,211,677
New companies in the consolidation perimeter (Note 8)	-	2,297,794
Disposals of subsidiaries (Note 8)	(9,886,491)	-
Transfers	1,419,908	-
Decreases	-	(3,432,850)
Closing balance	<u>519,610,038</u>	<u>528,076,621</u>
Accumulated impairment losses:		
Opening balance	8,191,583	8,191,583
Disposals of subsidiaries (Note 8 and 32)	(6,817,356)	-
Closing balance	<u>1,374,227</u>	<u>8,191,583</u>
Carrying amount:	<u>518,235,811</u>	<u>519,885,038</u>

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

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

Impairment tests on Goodwill are performed on an annual basis and if there is any indication of impairment loss.

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

The case scenarios are elaborated with an average capital cost of 7 to 10% depending on the market and business concept. Perpetuity growth rate was considered to be between 0 and 1%.

At 31 December 2010 and 2009, the caption "Goodwill" can be detailed as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Food based retail	405,645,382	404,610,544
Specialised retail	84,184,028	84,184,028
Investment management	20,884,949	20,884,949
Retail Real Estate	3,410,263	3,410,263
Others	4,111,189	6,795,254
	<u>518,235,811</u>	<u>519,885,038</u>

13 OTHER INVESTMENTS

As at 31 December 2010 and 2009 this caption is made up as follows:

	31 December 2010	31 December 2009
Other investments:		
Opening balance as at 1 January	57,294,670	60,956,595
Increases in the period	3,016,812	7,118,919
Decreases in the period	(11,002,536)	(10,780,844)
Increase/(Decrease) in fair value	-	-
Transfers	(34,123,196)	-
Closing balance as at 31 December	<u>15,185,750</u>	<u>57,294,670</u>
Accumulated impairment losses	-	-
Closing balance as at 31 December	<u>15,185,750</u>	<u>57,294,670</u>
Derivative financial instruments		
Fair value as at 1 January	365,121	1,849,128
Increase/(Decrease) in fair value	92,038	(1,484,007)
Fair value as at 31 December (Note 26)	<u>457,159</u>	<u>365,121</u>
Total of Other Investments (Note 9)	<u>15,642,909</u>	<u>57,659,791</u>

14 OTHER NON-CURRENT ASSETS

As at 31 December 2010 and 2009, "Other non-current assets" are detailed as follows:

	31 December 2010	31 December 2009
Loans granted to related parties	17,555,234	-
Trade accounts receivable and other debtors		
Bails (a)	4,680,630	2,949,266
Legal deposits (b)	927,976	819,480
Recognition of the value to be received Carrefour (c)	11,543,000	-
Amount receivable for selling the Modelo Cont.Seguros	2,170,773	-
Others	14,539	-
Total financial instruments (Note 9)	<u>36,892,152</u>	<u>3,768,746</u>
Other non-current assets	499,472	567,810
	<u>37,391,624</u>	<u>4,336,556</u>

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

- a) Amounts related with guarantees of lease contracts in group stores located in Spain, which have not matured until this date;
- b) Amounts related to legal deposits made by a Brazilian subsidiary, for which are recorded the correspondent liabilities in the caption "Other non-current liabilities" (Note 27), with no defined maturity;
- c) As a result of agreements signed in 2005 by former subsidiary - Sonae Distribuição Brazil, SA (sold to Wal-Mart in 2005) with Carrefour Comércio e Indústria Ltda, Sonae assumed the responsibility to compensate Carrefour for the expenses that would arise from the 10 stores licensing process in the Brazilian state of São.Paulo that were sold to that entity. During 2010, Carrefour triggered a bank warranty "on first demand" amounting to 25,340,145.80 Brazilian real (approximately 11 million euro) for alleged expenses incurred with the mentioned stores and that allegedly, arose from the need to remedy deficiencies cited by competent authorities for the licensing process. However no evidence of those expenses was presented to Sonae, or proof of necessity of carrying out such costs for the licensing process as established on the mentioned agreement.

It is the understanding of the Board of Directors and the Group attorneys that the amount paid will be recovered. The company will start the legal proceedings against Carrefour Comércio e Indústria, Ltda. to recover the above mentioned amount. It's the Board of Directors and the Group attorneys understanding that the amount is recoverable, since Carrefour has never proved the existence of the costs that it claims and which validate the usage of the above mentioned warranty, or through the warranty expiration date (according with Brazilian law).

According to Group attorneys, the amount improperly received by Carrefour for which a reimbursement will be requested (25,340,145.80 Brazilian real), will earn interests at the SELIC rate, and it is the Board of Directors understanding that the legal proceedings will last up to 8 years.

15 INVENTORIES

As at 31 December 2010 and 2009, Inventories are as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Raw materials and consumables	689,675	478,165
Goods for sale	684,133,662	607,095,836
Finish and intermediate goods	199,723	202,575
Work in progress	273,471	146,535
	<u>685,296,531</u>	<u>607,923,111</u>
Accumulated impairment losses on Inventories (Note 32)	(20,666,324)	(18,954,690)
	<u>664,630,207</u>	<u>588,968,421</u>

Cost of goods sold as at 31 December 2010 and 2009 may be detailed as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Opening balance	607,574,001	549,329,990
Changes in consolidation perimeter	-	805,629
Purchases	3,655,807,606	3,500,491,469
Adjustments	(6,974,559)	(6,711,302)
Closing balance	<u>684,823,337</u>	<u>607,574,001</u>
	<u>3,571,583,711</u>	<u>3,436,341,785</u>
Impairment losses (Note 32)	1,602,827	311,575
	<u>3,573,186,538</u>	<u>3,436,653,360</u>

The amounts recorded under "Adjustments" for the years ended 31 December 2010 and 2009 correspond mainly to charitable contributions to community.

16 TRADE ACCOUNTS RECEIVABLE

As at 31 December 2010 and 2009, trade accounts receivable are detailed as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Trade accounts receivable	40,393,272	36,212,476
Doubtful receivables	5,662,412	8,659,576
	<u>46,055,684</u>	<u>44,872,052</u>
Accumulated impairment losses on Trade Debtors (Note 32)	(6,262,160)	(8,540,926)
	<u>39,793,524</u>	<u>36,331,126</u>

Current trade accounts receivable caption includes 8,363,623 euro (8,082,308 euro as at 31 December 2009) related to travel agency clients, as well as 13,109,761 euro (15,127,459 euro as at 31 December 2009), related to gross sales to participated companies.

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

As at 31 December 2010 and 2009, the ageing of the trade receivables is as follows:

	Trade Receivables	
	31 December 2010	31 December 2009
Not due	11,117,060	17,466,169
Due but not impaired		
0 - 90 days	23,114,340	17,129,117
+ 90 days	2,125,381	1,619,721
Total	25,239,721	18,748,838
Due and impaired		
0 - 90 days	2,218,162	144,612
90 - 180 days	1,161,363	69,111
180 - 360 days	489,425	526,502
+ 360 days	5,829,953	7,916,820
Total	9,698,903	8,657,045
	46,055,684	44,872,052

The trade accounts receivable not due, do not present any sign of impairment. The amounts disclosed are considered to reflect their fair value.

17 OTHER DEBTORS

As at 31 December 2010 and 2009, "Other debtors" are as follows:

	31 December 2010	31 December 2009
Granted loans to related companies	41,268	1,008,193
Other debtors		
Trade suppliers - debtor balances	74,842,000	70,708,453
Credit sales over third parties	4,121,362	1,275,849
Special regime for settlement of tax and social security debts	12,382,502	13,999,945
VAT recoverable on real estate assets	5,676,892	17,696,916
Disposal of investments (Note 8)	8,860,291	-
Accounts receivable from the disposal of tangible fixed assets	2,646,339	4,957,938
Advances on suppliers	6,700,000	14,642,280
Other current assets	11,540,237	21,044,317
	126,769,623	144,325,698
Accumulated impairment losses (Note 32)	(18,882,253)	(16,488,257)
Total of Financial Instruments (Note 9)	107,928,638	128,845,634

As at 31 December 2010, the amounts disclosed as 'Trade suppliers - debtor balances' relates to commercial discounts billed to suppliers to be net settled with future purchases.

The amount disclosed as "Special regime for settlement of tax and social security debts" corresponds to taxes which were disputed and subject to reimbursement claims. The Board of Directors is confident of the arguments presented by the Group and expects court decisions to be in favour of the Group. As a result, Sonae Investimentos hasn't recorded any related impairment losses

Granted loans to related companies earn interests at market rates and do not have defined maturity but are deemed to be received within 12 months.

As at 31 December 2010 and 2009, the "Other debtors" ageing, without impairment losses, is as follows:

	Other Debtors	
	31 December 2010	31 December 2009
Not due	23,318,350	62,081,785
Due but not impaired		
0 - 90 days	69,305,254	54,168,127
+ 90 days	13,385,545	11,734,186
Total	82,690,799	65,902,313
Due and impaired		
90 - 180 days	1,815,713	475,884
180 - 360 days	407,477	2,435,882
+ 360 days	18,578,553	14,438,027
Total	20,801,743	17,349,793
	126,810,892	145,333,891

There is no indication that the debtors not due will not fulfill their obligations. The carrying amount of other debtors is estimated to be approximately its fair value.

18 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2010 and 2009, Taxes recoverable and taxes and contributions payable are made up as follows:

	31 December 2010	31 December 2009
Tax recoverable		
Income taxation	2,264,262	1,924,355
VAT	34,894,596	24,964,725
Other taxes	1,774,772	1,490,624
	38,933,630	28,379,704
Taxes and contributions payable		
Income taxation	19,955,295	29,309,595
VAT	17,847,307	24,620,277
Staff income taxes withheld	4,695,308	1,918,973
Social security contributions	10,286,418	9,383,376
Other taxes	106,672	402,019
	52,891,000	65,634,240

19 OTHER CURRENT ASSETS

As at 31 December 2010 and 2009, "Other current assets" are made up as follows:

	31 December 2010	31 December 2009
Commercial Discounts	15,897,088	13,001,652
Interests to be received	1,764,353	1,674,227
Commissions to be received	1,679,770	1,640,164
Rents	5,843,859	3,916,650
Condominiums management fee's	1,784,906	1,702,948
Insurance premiums paid in advance	3,855,977	3,054,380
Claims	1,514,969	186,255
Software Licenses	1,354,762	1,340,938
Other current assets	8,255,392	6,020,929
	41,951,076	32,538,142

20 DEFERRED TAX

Deferred tax assets and liabilities as at 31 December 2010 and 2009 are as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Difference between fair value and acquisition cost	2,636,088	3,450,247	29,793,323	29,131,447
Harmonisation adjustments	10,696	29,142	54,161,634	47,638,444
Provisions and impairment losses not accepted for tax purposes	5,794,376	5,308,282	-	-
Write off of tangible and intangible assets	6,042,666	7,811,377	-	-
Valuation of hedging derivatives	815,455	1,622,203	54,899	96,757
Amortisation of Goodwill for tax purposes	-	-	20,940,048	13,960,032
Non taxed exchange differences	-	-	-	928,553
Revaluation of tangible assets	-	-	1,856,488	2,129,663
Tax losses carried forward	83,007,413	72,114,888	-	-
Reinvested capital gains/(losses)	-	-	1,338,941	2,102,270
Others	653,140	134,898	57,132	757,252
	<u>98,959,834</u>	<u>90,471,037</u>	<u>108,202,465</u>	<u>96,744,418</u>

During the periods ended 31 December 2010 and 2009, movements in "Deferred tax assets and liabilities" are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Opening balance	90,471,037	67,426,816	96,744,418	81,182,365
Effects in net income:				
Difference between fair value and acquisition cost	(931,451)	(395,583)	(654,055)	1,981,706
Amortisation and Depreciation harmonisation adjustments	(18,447)	98,883	7,116,993	8,391,966
Provisions and impairment losses not accepted for tax purposes	428,177	(1,898,596)	-	-
Write-off of tangible and intangible assets	(1,713,182)	(1,478,421)	(9,349)	(4,774)
Write-off of deferred costs	-	-	-	-
Valuation of hedging derivatives	30,126	(105,155)	(45,686)	77,546
Revaluation of tangible assets	-	-	(227,935)	(149,910)
Tax losses carried forward	10,867,138	27,076,410	-	-
Amortisation of Goodwill for tax purposes	-	-	6,980,016	6,980,016
Non taxed exchange differences	-	-	(1,136,223)	(5,422,220)
Reinvested capital gains/(losses)	-	-	(763,329)	(155,523)
Changes in tax rates	122,202	-	1,285,468	-
Others	525,342	(1,456,513)	(566,687)	160,953
	<u>9,309,905</u>	<u>21,841,025</u>	<u>11,979,213</u>	<u>11,859,760</u>
Effects in equity:				
Valuation of hedging derivatives	(837,501)	304,313	3,828	(470,808)
Exchange rate effect	76,830	745,155	94,847	1,051,253
Others	-	-	-	2,614
	<u>(760,671)</u>	<u>1,049,468</u>	<u>98,675</u>	<u>583,059</u>
Acquisitions of subsidiaries	-	153,728	-	3,119,234
Disposals of subsidiaries (Note 8)	(60,437)	-	(619,841)	-
Allocation of fair value on companies acquisitions	-	-	-	-
Closing balance	<u>98,959,834</u>	<u>90,471,037</u>	<u>108,202,465</u>	<u>96,744,418</u>

As at 31 December 2010 and 2009, in Portuguese companies the tax rate used to calculate the deferred tax assets arising from tax losses carried forward was 25%. For the deferred tax assets arising from temporary differences, the considered rate was 26.5%, increased approximately in 2% for companies that predict the payment of a tax surplus, a taxable income above 2 million euro (this tax surplus was only established in 2010). The companies or branch offices located in other countries have used their tax.

As at 31 December 2010 and 2009, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	31 December 2010			31 December 2009		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2004	-	-	2010	159,844	39,961	2010
Generated in 2005	296,604	74,151	2011	509,857	127,464	2011
Generated in 2006	-	-	2012	-	-	2012
Generated in 2007	801,519	200,380	2013	15,270,805	3,817,701	2013
Generated in 2008	3,541,099	885,276	2014	3,571,591	892,898	2014
Generated in 2009	9,829,967	2,457,492	2015	10,454,096	2,613,524	2015
Generated in 2010	1,209,545	302,387	2014	-	-	
	<u>15,678,734</u>	<u>3,919,686</u>		<u>29,966,194</u>	<u>7,491,549</u>	
Without limited time use	-	-		940,305	319,704	
With a time limit different from the above mentioned	263,625,755	79,087,727		214,345,452	64,303,636	
	<u>263,625,755</u>	<u>79,087,727</u>		<u>215,285,757</u>	<u>64,623,339</u>	
	<u>279,304,489</u>	<u>83,007,413</u>		<u>245,251,950</u>	<u>72,114,888</u>	

As at 31 December 2010 and 2009, deferred tax assets were assessed and only recognized to the extent it was probable that sufficient taxable profits will be available in the future against which the deferred tax assets can be used, or when taxable temporary differences are recognized by the same entity and expected to reverse in the same period. This assessment was based on business plans of Sonae Investimentos companies, which are periodically reviewed and updated, and on identified and available tax planning opportunities.

During 2008, at the Specialized Retail segment, deferred tax assets amounting 18,240,000 euro were recorded related to tax losses carried forward from the subsidiary Worten España, S.A. generated in the current and in past years, of which 11,829,000 euro were previous to the acquisition, and therefore had an impact in the calculated negative goodwill. During 2009 and 2010, the Company recorded deferred tax assets amounting to 15,803,178 euro, related to tax losses carried forward generated in the current year, from the subsidiary Worten España, S.A. and 9,378,757 euro from the subsidiary Sport Zone España, S.A. The deferred tax assets are supported by the company's business plans that estimate its recoverability in a period from 6 to 8 years (the last in a more conservative perspective). In Spain, the reporting period of tax losses is 15 years.

As at 31 December 2010 deferred tax assets relating tax losses generated in the years 2010, 2009 and 2008, by Modelo Continente S.A. Spanish Branch, amount to 33,504,788 euro (29,632,938 euro as at 31 December 2009). The mentioned tax losses can be recovered within the Income Tax Group established in Spain, according to Spanish law, for a period of 15 years. Modelo Continente S.A. Spanish Branch, as at 31 December 2010, was the dominant entity within the group of companies taxed in accordance with the Spanish regime for taxing groups of companies. It is the understanding of The Board of Directors, based on existing business plans, that the mentioned deferred tax assets are fully recoverable.

Additionally Spanish law allows the annual deduction, for tax purposes, of 5% of goodwill recognized on the acquisition of foreign based companies before 21 December 2007. Sonae, has recognized, within this scope deferred tax liabilities relating goodwill depreciation, generated with the acquisition of Continente Hipermercados (ex-Carrefour Portugal), amounting to 465,334,400 euro (Goodwill amount for tax purposes).

In 2010, Spanish Tax authorities notified Modelo Continente S.A. Spanish Branch of a decrease in 2008 tax losses incurred, amounting to approximately 23,266,000 million euro, challenging the deduction of Goodwill depreciation, generated on the acquisition of Continente Hipermercados. That branch appealed to the proper Spanish Authorities (Tribunal Económico - Administrativo Central de Madrid) in 15 December 2010, and it is the Board of Directors understanding that the decision will be favourable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities related with Goodwill. As at 31 December 2010, tax losses arising from the depreciation of Goodwill, including 2008, amount to 69,800,000 euro (46,533,000 euro as at 31 December 2009).

As at 31 December 2010, there were tax losses carried forward, amounting to 42,730,667 euro (30,903,888 euro as at December 2009), for which no deferred tax asset were recognized for prudential reasons.

	31 December 2010			31 December 2009		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use						
Generated in 2004	-	-	2010	292,987	73,247	2010
Generated in 2005	22,523	5,631	2011	22,523	5,631	2011
Generated in 2006	337,684	84,420	2012	337,684	84,420	2012
Generated in 2007	819,543	204,886	2013	819,543	204,886	2013
Generated in 2008	5,191,322	1,297,831	2014	5,191,322	1,297,831	2014
Generated in 2009	3,392,370	848,091	2015	3,391,900	847,975	2015
Generated in 2010	8,059,162	2,014,791	2014	-	-	
	<u>17,822,604</u>	<u>4,455,650</u>		<u>10,055,959</u>	<u>2,513,990</u>	
Without limited time use	11,077,728	3,766,427		5,871,991	1,996,477	
With a time limit different from the above mentioned	13,830,335	3,457,584		14,975,938	3,756,324	
	<u>42,730,667</u>	<u>11,679,661</u>		<u>30,903,888</u>	<u>8,266,791</u>	

21 CASH AND CASH EQUIVALENTS

As at 31 December 2010 and 2009, Cash and cash equivalents are as follows:

	31 December 2010	31 December 2009
Cash at hand	6,847,595	6,120,299
Bank deposits	193,164,261	105,275,640
Treasury applications	12,613	11,128
Cash and cash equivalents on the balance sheet (Note 9)	<u>200,024,469</u>	<u>111,407,067</u>
Bank overdrafts (Note 24)	(7,564,216)	(23,065,285)
Cash and cash equivalents on the statement of cash flows	<u>192,460,253</u>	<u>88,341,782</u>

Bank overdrafts are disclosed in the statement of financial position under Current bank loans.

22 SHARE CAPITAL

As at 31 December 2010, the share capital, which is fully subscribed and paid for, is made up of 1.000.000.000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

As at 31 December 2010, the company's subscribed share capital are held as follows:

Entity	31 December 2010	31 December 2009
Sonae, SGPS, S.A.	76.858%	82.480%
Sonae Investments, BV	13.142%	17.520%
Sonae Specialized Retail, SGPS, SA	10.000%	-

As at 31 December 2010, Efanor Investimentos, SGPS, S.A. and its subsidiaries held 52.98% of the share capital of Sonae, SGPS, S.A.

In the Shareholders Annual General Meeting held on 26 April 2010, a gross dividend of 70 million euro was approved (85 million euro in 2009).

During the period, a subsidiary Company of Sonae Investimentos SGPS, SA, (Sonae Specialized Retail SGPS, SA) acquired 100,000,000 shares of Sonae Investimentos at a price of 3.20 euro per share to its shareholders. As at 31 December 2010, Sonae Investimentos holds 10% of treasury shares. Following the mentioned acquisition free reserves amounting to the cost of the above mentioned shares were made unavailable. The distribution of this reserve depends on the termination or disposal of the treasury shares.

The General Meeting held on 29 December 2010 a distribution of free reserves, amounting to 425 million euro, to shareholders was approved.

During the period supplementary capital entries were made by shareholders Sonae SGPS, SA and Sonae Investments BV, amounting to 372,000,000 euro.

23 NON-CONTROLLING INTERESTS

Movements in non-controlling interests during the periods ended as at 31 December 2010 and 2009 are as follows:

	31 December 2010	31 December 2009
Opening balance as at 1 January	74,344,125	11,201,548
Dividends	-	(4,170)
Acquisition/Creation of subsidiaries	980,000	63,575,395
Disposal of subsidiaries (Note 8)	(557,535)	-
Cover losses	995,750	-
Others	(97,327)	1,000,000
Profit for the period attributable to non-controlling interests	(230,233)	(1,428,648)
Closing balance as at 31 December 2009	<u>75,434,780</u>	<u>74,344,125</u>

24 BORROWINGS

As at 31 December 2010 and 2009, Borrowings are made up as follows:

	31 December 2010			31 December 2009		
	Limit	Outstanding amount		Limit	Outstanding amount	
		Current	Non Current		Current	Non Current
Bank loans						
Sonae Distribuição, SGPS, S.A. - commercial paper	682,500,000	-	292,000,000	692,500,000	-	271,000,000
Others		3,333,334	11,666,666		3,333,333	15,000,000
		<u>3,333,334</u>	<u>303,666,666</u>		<u>3,333,333</u>	<u>286,000,000</u>
Bank overdrafts (Note 21)		7,564,216	-		23,065,285	-
Up-front fees beared with the issuance of loans		(7,667)	(67,409)		(7,667)	(105,107)
Bank loans		<u>10,889,883</u>	<u>303,599,257</u>		<u>26,390,951</u>	<u>285,894,893</u>
Bonds						
Bonds Modelo Continente / 2003		82,000,000	-		-	82,000,000
Bonds Modelo Continente / 2005 / 2010		-	-		64,925,000	0
Bonds Modelo Continente / 2005 / 2012		-	150,000,000		-	150,000,000
Bonds Modelo Continente / 2007 / 2012		-	200,000,000		-	200,000,000
Bonds Sonae Distribuição / 2007 / 2015		-	200,000,000		-	200,000,000
Bonds Sonae Distribuição / 2007 / 2015		-	310,000,000		-	310,000,000
Bonds Sonae Distribuição / 2009 / 2014		8,000,000	42,000,000		-	50,000,000
Up-front fees bearded with the issuance of loans		(445,382)	(2,662,489)		(25,511)	(4,516,975)
Bonds		<u>89,554,618</u>	<u>899,337,511</u>		<u>64,899,489</u>	<u>987,483,025</u>
Other loans		33,466	162,624		33,466	198,853
Derivative instruments (Note 26)		5,245,380	0		7,902,322	0
Other loans		<u>5,278,846</u>	<u>162,624</u>		<u>7,935,788</u>	<u>198,853</u>
Obligations under finance leases (Note 25)		2,752,393	7,170,863		4,704,670	8,620,393
		<u>108,475,740</u>	<u>1,210,270,255</u>		<u>103,930,898</u>	<u>1,282,197,164</u>

The interest rate as at 31 December 2010 of bonds and loans was on average 1.83% (1.65% as at 31 December 2009). The fair value of these loans is estimated to be similar to their market value.

The derivative instruments are recorded at fair value (Note 26).

The face value loans and interests maturities are as follows (including obligations under financial leases):

	31 December 2010		31 December 2009	
	Capital	Interests	Capital	Interests
N+1	103,683,409	24,590,989	96,061,754	29,795,282
N+2	370,645,105	20,872,439	95,469,679	28,206,844
N+3	175,485,486	14,984,323	370,883,410	24,724,436
N+4	306,106,457	11,511,601	205,263,112	19,684,796
N+5	357,414,181	6,442,119	255,078,237	7,737,123
After N+5	3,348,925	133,624	360,124,809	5,820,539
	<u>1,316,683,563</u>	<u>78,535,095</u>	<u>1,382,881,001</u>	<u>115,969,020</u>

The maturities above were estimated in accordance with the contractual terms of loans, which do not have any financial covenants.

The amounts considered in commercial paper have subscription guarantee for a period of 4 years. Since it is the Group's intention to maintain the use of this form of financing for a period over one year, therefore the Group classified these amounts as non-current.

As at 31 December 2010 and 2009, the available credit facilities are as follows:

	31 December 2010		31 December 2009	
	Commitments of less than one year	Commitments of more than one	Commitments of less than one year	Commitments of more than one year
Unused credit facilities	273,845,368	198,000,000	359,466,654	204,000,000
Agreed credit facilities	279,620,074	490,000,000	382,351,624	475,000,000

25 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2010 and 2009, Obligations under finance leases are as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Amounts under finance leases:				
N+1	3,002,925	5,027,261	2,752,393	4,704,670
N+2	1,606,480	1,834,291	1,446,610	1,635,399
N+3	1,249,724	1,675,151	1,133,680	1,521,156
N+4	831,397	1,009,822	740,525	893,569
N+5	810,580	803,933	735,783	708,624
After N+5	3,274,346	4,086,663	3,114,265	3,861,645
	<u>10,775,452</u>	<u>14,437,121</u>	<u>9,923,256</u>	<u>13,325,063</u>
Interests	<u>(852,196)</u>	<u>(1,112,058)</u>		
	<u>9,923,256</u>	<u>13,325,063</u>		
Current obligations under finance leases			<u>2,752,393</u>	<u>4,704,670</u>
Non-current obligations under finance leases			<u>7,170,863</u>	<u>8,620,393</u>

Lease agreements bear interests at usual market rates and have defined contracted lines and, generally, the lessee has call options over the leased assets.

As at 31 December 2010 and 2009, the fair value of financial obligations under financial lease contracts is similar to its book value.

Obligations under finance leases are guaranteed by related assets.

As at 31 December 2010 and 2009, the net value of assets acquired under finance leases can be detailed as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Assets acquired under finance leases		
Lands and buildings	22,767,479	30,878,104
Vehicles	28,860	46,590
Fixture and Fittings	3,535,022	5,170,024
Total tangible assets	<u>26,331,361</u>	<u>36,094,718</u>

As at 31 December 2010, the acquisition cost of Tangible assets amounted to 34,663,805 euro (47,776,405 euro as at 31 December 2009).

26 DERIVATIVES

Exchange rate derivatives

In what concerns financial risk management policy, Sonae Investimentos uses exchange rate derivatives, essentially to hedge future cash flows.

As at 31 December 2010, 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>31 December 2010</u>	<u>31 December 2009</u>
Assets (Note 13)	457,159	365,121
Liabilities (Note 24)	(954,898)	(79,039)
	<u>(497,739)</u>	<u>286,082</u>

Gains and losses for the year arising from changes in the fair value of exchange rate derivatives amounting to (362,701) euro ((617,803) euro as at 2009)) were recorded under the caption "Hedging Reserve" of Comprehensive Income, when considered hedging instruments and in income statement, under the caption "Other expenses" when not.

Interest rate derivatives

The derivatives recorded as liabilities, as at 31 December 2010, were zero cost collars. According to the adopted accounting principles, those instruments meet all the requirements to be designated as interest rate hedging instruments.

The fair value is as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Liabilities (Note 24)	(4,290,482)	(7,823,283)
	<u>(4,290,482)</u>	<u>(7,823,283)</u>

These interest rate derivatives are valued at fair value, at the financial position sheet date, based on valuations performed by Sonae Investimentos using specific software and on external valuations when this software does not deal with specific instruments. The fair value of interest rate derivatives was calculated, as at the financial position sheet date, based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Derivatives not qualified as hedging				
Exchange rate	-	365,121	76,618	79,039
Interest rate	-	-	-	-
Hedging derivatives				
Exchange rate	457,159	-	878,280	-
Interest rate	-	-	4,290,482	7,823,283
Interest and exchange rate	-	-	-	-
	<u>457,159</u>	<u>365,121</u>	<u>5,245,380</u>	<u>7,902,322</u>

27 OTHER NON-CURRENT LIABILITIES

As at 31 December 2010 and 2009 "Other non-current liabilities" are made up as follows:

	31 December 2010	31 December 2009
Shareholders loans	417,902,648	10,931,827
Fixed assets suppliers	1,237,500	1,287,500
Other non-current liabilities	<u>2,372,407</u>	<u>858,717</u>
Total of financial instruments (Note 9)	421,512,555	13,078,044
Share based payments (Note 28)	3,216,439	2,069,462
Accruals and deferrals	<u>679,292</u>	<u>1,075,422</u>
Other non-current liabilities	<u>425,408,286</u>	<u>16,222,928</u>

This caption includes a subordinate bond loan repayable after 10 years issued by Sonae Investimentos fully subscribed. This loan was fully subscribed and paid for by Sonae SGPS, SA on 28 December 2010, amounting to 400 million euro corresponding to 8,000 bonds with a nominal value of 50,000 euro each.

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

As at 31 December 2010, the caption "Other non-current liabilities" includes 972,408 euro (858.717 euro as at 31 December 2009) mainly refers to the estimated amounts to fulfill the legal and tax obligations of a Brazilian subsidiary which were considered appropriate to face up to future losses on lawsuits and for which legal deposits exist, which are recorded under the caption "Other non-current assets" (Note 14), with no defined maturity.

28 SHARE BASED PAYMENTS

In 2010 and in previous years, Sonae Investimentos granted deferred performance bonuses to its directors and eligible employees 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. Sonae Investimentos has the right to deliver, instead of shares, the equivalent in cash. The period of rights only occurs if the employee is employed by the company of the Sonae Group at maturity.

As at 31 December 2010 and 2009, the market value of total liabilities arising from share-based payments may be summarised as follows:

	Grant year	Vesting year	Number of participants	Fair value	
				31 December 2010	31 December 2009
Shares					
	2007	2010	40	-	891,596
	2008	2011	43	1,688,691	1,468,048
	2009	2012	43	3,680,318	3,272,289
	2010	2013	46	2,288,719	-
Total				<u>7,657,728</u>	<u>5,631,933</u>

As at 31 December 2010 and 2009 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan:

	31 December 2010	31 December 2009
Staff costs	2,487,799	2,666,299
Recorded in previous years	2,417,344	294,759
	<u>4,905,143</u>	<u>2,961,058</u>
Other non-current liabilities (Note 27)	3,216,439	2,069,462
Other current liabilities (Note 31)	1,688,704	891,596
	<u>4,905,143</u>	<u>2,961,058</u>

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

29 TRADE CREDITORS

As at 31 December 2010 and 2009, Trade creditors are as follows:

	31 December 2010	Payable to	
		up to 90 days	More than 90 days
Trade creditors - current account	991,799,465	991,676,612	122,853
Trade creditors - Invoice Accruals	130,053,003	130,053,003	-
	<u>1,121,852,468</u>	<u>1,121,729,615</u>	<u>122,853</u>
	31 December 2009	Payable to	
		up to 90 days	
Trade creditors - current account	910,506,317	910,299,299	207,018
Trade creditors - Invoice Accruals	151,534,258	151,061,225	473,033
	<u>1,062,040,575</u>	<u>1,061,360,524</u>	<u>680,051</u>

As at 31 December 2010 and 2009 this caption includes amounts payable to suppliers resulting from Sonae Investimentos operating activity. Sonae Investimentos believes that the fair value of these balances does not differ significantly from its book value.

Trade creditors' maturity can be detailed as follows:

	31 December 2010	31 December 2009	31 December 2008
Total Trade creditors	1,121,852,468	1,062,040,575	898,101,628
up to 90 days			
Euro	1,121,729,615	1,061,360,524	892,716,934
% over Total	100.0%	99.9%	99.4%
More than 90 days	122,853	680,051	5,384,694

The total amount payable has almost entirely a maturity of less than 90 days.

During the year 2010 was made available to a very limited number of suppliers a "confirming" program payments system, being those trade creditors capable of discounting these payments in an early date.

30 OTHER CREDITORS

As at 31 December 2010 and 2009, "Other creditors" are as follows:

	31 December 2010	Payable to		
		up to 90 days	90 to 180 days	More than 180 days
Fixed asset suppliers	58,103,689	55,998,460	849,484	1,255,745
Other debtors	43,343,332	42,787,254	103,941	452,137
	101,447,021	98,785,714	953,425	1,707,882
Related undertakings (Note 43)	53,427,354			
	<u>154,874,375</u>			

	31 December 2009	Payable to		
		up to 90 days	90 to 180 days	More than 180 days
Fixed asset suppliers	76,905,111	74,236,764	1,073,012	1,595,335
Other debtors	56,253,410	52,037,021	179,767	4,036,622
	133,158,521	126,273,785	1,252,779	5,631,957
Related undertakings	100			
	<u>133,158,621</u>			

The caption "Other debtors" includes:

- 18,556,454 euro (17,236,223 euro as at 31 December 2009) of attributed discounts not yet redeemed related to the loyalty card "Cartão Cliente";
- 8,277,581 euro (10,483,469 euro as at December 2009) related to, vouchers, gift cards and discount tickets owned by clients;
- 6,179,706 euro (5,973,902 euro as at December 2009) related to payable amounts to Sonae Distribuição Brasil, SA buyer as a result of responsibilities assumed with that entity.

As at 31 December 2010 and 2009, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interests. The Board of Directors believes that the fair value of these payables is approximately its book value and the actualization effect is not material.

31 OTHER CURRENT LIABILITIES

As at 31 December 2010 and 2009, "Other current liabilities" are made up as follows:

	31 December 2010	31 December 2009
Staff costs	90,073,043	86,486,304
Interest payable	7,384,896	6,631,919
Marketing expenses	16,436,794	7,543,181
Other external supplies and services	33,794,793	27,026,280
Accrued income - rents	4,294,408	4,670,177
Real Estate Municipality tax	4,342,284	3,889,818
Share based payments (Note 28)	1,688,704	891,596
Others	8,580,909	7,396,212
	<u>166,595,831</u>	<u>144,535,487</u>

The caption "Staff costs" refers mainly to payroll amounts to be paid during the next year as holiday and holiday pay.

32 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the period ended 31 December 2010 and 2009 are as follows:

Caption	Balance as at 31 December 2009	Increase	Decrease	Changes in consolidation perimeter	Balance as at 31 December 2010
Accumulated impairment losses on investments (Note 7)	64,029	-	(41,691)	-	22,338
Accumulated impairment losses on goodwill (Note 12)	8,191,583	-	-	(6,817,356)	1,374,227
Accumulated impairment losses on trade accounts receivable (Note 16)	8,540,926	1,274,394	(3,553,160)	-	6,262,160
Accumulated impairment losses on other debtors (Note 17)	16,488,257	5,479,790	(3,085,794)	-	18,882,253
Accumulated impairment losses on inventories (Note 15)	18,954,690	6,880,899	(5,169,265)	-	20,666,324
Non current provisions	9,263,092	13,242,889	(1,010,418)	-	21,495,563
Current provisions	2,488,883	13,940	(815,844)	-	1,686,979
	<u>63,991,460</u>	<u>26,891,912</u>	<u>(13,676,172)</u>	<u>(6,817,356)</u>	<u>70,389,844</u>

Caption	Balance as at 31 December 2008	Increase	Decrease	Changes in consolidation perimeter	Balance as at 31 December 2009
Accumulated impairment losses on investments (Note 7)	13,158	50,871	-	-	64,029
Accumulated Impairment losses on goodwill (Note 12)	8,191,583	-	-	-	8,191,583
Accumulated impairment losses on trade accounts receivable (Note 16)	12,717,269	1,390,904	(5,857,980)	290,733	8,540,926
Accumulated impairment losses on other debtors (Note 17)	12,140,408	4,915,875	(568,026)	-	16,488,257
Accumulated impairment losses on inventories (Note 15)	18,510,507	5,664,153	(5,352,578)	132,608	18,954,690
Non current provisions	12,953,754	1,548,043	(5,238,705)	-	9,263,092
Current provisions	2,314,563	829,995	(655,675)	-	2,488,883
	<u>66,841,242</u>	<u>14,399,841</u>	<u>(17,672,964)</u>	<u>423,341</u>	<u>63,991,460</u>

As at 31 December 2010 and 2009 increases in provisions and impairment losses are as follows:

	31 December 2010	31 December 2009
Provisions and impairment losses	18,953,842	6,867,019
Exchange rate changes	940,638	1,548,043
Adjustments for inventories impairments recorded in cost of goods sold (Note 15)	6,880,899	5,796,761
Others	116,533	188,018
	<u>26,891,912</u>	<u>14,399,841</u>

The caption non-current provisions includes 10,856,969 euro (5,447,923 euro as at 31 December 2009) relating to non-current responsibilities assumed by the company, when selling the subsidiary Sonae Distribuição Brasil, S.A. in 2005. This provision is being used as costs are incurred, being made on base of current best estimate of costs to such liability and resulting in a significant number of civil lawsuits and labour and of limited value.

The caption non-current provisions and the movement in the period in this caption, also includes the estimated liabilities incurred by the Group on the sale of warranty extension programmes on products traded by the Specialized Retail operating segment in the amount of 7,833,843 euro. These extensions are granted for a period of one to three years after the legally binding warranty.

33 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2010 and 2009, the major Contingent liabilities were guarantees given, which are detailed as follows:

	31 December 2010	31 December 2009
Guarantees given:		
on tax claims	317,505,226	251,357,651
on municipal claims	7,011,523	8,998,481
others	32,115,117	27,298,016

- 207,114,928 euro (133,891,206 euro as at 31 December 2009) related to appeals against additional corporate income tax and VAT assessments, as well as guarantees amounting to 105,786,250 euro related to a VAT proceeding (111,279,306 euro as at 31 December 2009).

During the period, retail based subsidiaries of the Company, granted guarantees in favour of the Portuguese Tax Administration, associated with tax claims for VAT, amounting to 96,500,000 euro, for which the Company has presented, or has the intention of presenting an impugnation. Portuguese tax authorities claim that the Company should have invoiced VAT related to promotional discounts invoiced to suppliers as these discounts depend on the acquisitions made by the Group during the year, and claim that the company should not have deducted VAT from discount vouchers used by its clients.

The increase in guarantees for tax claims is primarily associated with a guarantee granted by the Group of approximately 60 million euro, to tax authorities as a result of a claim over 2005 tax statements, as tax authorities challenged the tax loss recognized on the liquidation of a subsidiary, after covering losses in that same subsidiary.

A Retail segment company in Brazil granted a guarantee of approximately 33.4 million euro (74,078,784 Brazilian real), on a tax claim, which is being judged by tax court (72,755,267 Brazilian real as at 31 December 2009), and the difference refers to accruals.

As a consequence of the sale of a subsidiary company in Brazil, Sonae guaranteed the buyer all the losses incurred by that company arising on unfavourable decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euro. As at 31 December 2010, the amount claimed by the Brazilian Tax Authorities concerning the tax lawsuits still in progress, which the company's lawyers assess as having a high probability of loss plus the amounts already paid (27.6 million euro) related to programmes for the Brazilian State of tax recovery amount to near 39.8 million euro.

Furthermore, there are other tax lawsuits totalling 54.7 million euro (42 million euro as at 31 December 2009) for which the Board of Directors, based on the lawyers' assessment, understands will not imply future losses to the old subsidiary.

No provision has been recognized to face up to risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result to Sonae Investimentos.

34 OPERATIONAL LEASES

As at 31 December 2010 an amount of 70,121,234 euro (57,739,171 euro as at 31 December 2009) was recorded as cost for the period concerning rents due to operational lease contacts, mainly referring to leased real estate.

Additionally, as at 31 December 2010, Sonae Investimentos had operational lease contracts, as lessee, whose minimum lease payments had the following payment schedule:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Due in:		
N+1 automatically renewal	21,274,127	15,466,049
N+1	67,546,922	52,486,963
N+2	62,690,275	47,808,715
N+3	58,353,993	42,386,524
N+4	52,891,783	36,643,951
N+5	45,062,350	31,307,320
After N+5	<u>446,982,039</u>	<u>203,754,939</u>
	<u>754,801,489</u>	<u>429,854,461</u>

The increase in costs with operating leases, as well as the increase in the minimum lease payments that fall due in future periods can be explained primarily by the process of sale and leaseback of some of the operational properties of the Group, including logistics platforms and some of its retail stores. The increase is still associated with the opening of retail stores in Portugal and Spain.

During 2010, it was recognized as profit and loss the amount of 9,764,698 euro (8,894,422 euro as at 31 December 2009) related to rents received from operational leases, mainly related with shopping centres explored by others in Sonae Investimentos property stores.

Additionally, as at 31 December 2010, Sonae Investimentos had operational lease contracts, as lessor, who's minimum lease payments had the following payment schedule:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Due in:		
N+1 automatically renewal	2,893,603	3,920,950
N+1	5,855,395	5,444,607
N+2	4,771,562	4,322,828
N+3	4,212,972	3,689,859
N+4	2,806,917	3,189,790
N+5	1,021,358	2,261,874
After N+5	<u>449,386</u>	<u>837,874</u>
	<u>22,011,193</u>	<u>23,667,782</u>

35 TURNOVER

As at 31 December 2010 and 2009, turnover is made up as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Sale of goods	4,664,262,067	4,420,413,159
Services rendered ^(a)	<u>136,903,890</u>	<u>125,452,037</u>
	<u>4,801,165,957</u>	<u>4,545,865,196</u>

a) Mainly corresponds to the contribution of business travel agencies, as well as rents charged under operational lease contracts.

36 GAINS AND LOSSES ON FINANCIAL INVESTMENTS

As at 31 December 2010 and 2009, gains and losses on financial investments r is made up as follows:

	31 December 2010	31 December 2009
Dividends	210,000	200,000
Sale of 75 % of Modelo Continente seguros (Note 8)	4,135,478	-
Sale of Difusão (Note 8)	5,816,838	-
Sale of Sontaria (Note 8)	2,417,301	-
Others	11,410	1,439,444
Gains / (losses) on the sale of investments in subsidiaries	12,381,027	1,439,444
Impairment losses on investments in subsidiaries	-	-
Impairment losses on investments in associated companies	-	-
Impairment losses on investments available for sale	-	-
Impairment of reversal/(losses) on investments	-	-
	<u>12,591,027</u>	<u>1,639,444</u>

37 NET FINANCIAL EXPENSES

As at 31 December 2010 and 2009, Net financial expenses are as follows:

	31 December 2010	31 December 2009
Expenses		
Interest payable		
related with bank loans and overdrafts	(7,191,780)	(9,513,362)
related with non convertible bonds	(18,413,422)	(31,798,404)
related with financial leases	(176,410)	(277,187)
related with hedge derivatives	(4,626,579)	(3,283,100)
others	(5,736,955)	(946,881)
	<u>(36,145,146)</u>	<u>(45,818,934)</u>
Exchange losses	(7,143,433)	(4,038,339)
Up front fees and commissions related to loans	(4,820,373)	(3,203,245)
Others	(6,460,589)	(4,966,354)
	<u>(54,569,541)</u>	<u>(58,026,872)</u>
Income		
Interest receivable		
related with bank deposits	374,506	356,940
others	1,518,309	2,798,840
	<u>1,892,815</u>	<u>3,155,780</u>
Exchange gains	1,288,268	5,088,189
Payments discounts received	100,787	-
Other financial income	66,964	25,509
	<u>3,348,834</u>	<u>8,269,478</u>
Net financial expenses	<u>(51,220,707)</u>	<u>(49,757,394)</u>

38 OTHER OPERATIONAL INCOME

As at 31 December 2010 and 2009, "Other operational income" is as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Supplementary income	371,970,888	358,939,003
Exchange differences	26,371,143	12,240,751
Own work capitalised	4,674,089	7,185,074
Gains on sales of assets	38,993,966	1,197,659
Negative Goodwill	-	343,359
Impairment losses reversals	4,978,347	1,693,355
Benefits from contractual penalties	1,303,134	1,256,096
Subsidies	197,013	694,906
Others	3,571,770	6,299,052
	<u>452,060,350</u>	<u>389,849,255</u>

Supplementary income relates mainly to additional receipts from the suppliers of Sonae Investimentos, relating to: i) reimbursement of promotional campaigns carried out in the stores, ii) receipts from suppliers regarding product placement in preferred locations, and iii) discounts for prompt payment obtained.

Gains on disposal of assets are explained by the operational sale and leaseback transactions that the Group led during the period, generating a cash inflow in the process of over 71 million euro.

The caption "Own work capitalized" includes 4,674,089 euro (5,029,196 euro at December 31, 2009), relating to software development conducted by a Brazilian subsidiary.

39 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2010 and 2009, External supplies and services are as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Publicity	119,700,405	106,348,696
Rents	106,903,363	93,462,388
Subcontracts	94,040,412	91,287,263
Transports	51,111,463	49,775,490
Electricity	48,177,568	41,403,606
Services	37,181,761	32,752,622
Maintenance	27,070,863	25,336,634
Security	25,056,631	24,473,170
Cleaning up services	24,008,522	23,646,962
Communications	13,303,739	12,036,824
Travel expenses	6,294,224	5,823,503
Insurances	4,813,253	4,605,479
Others	57,361,489	54,724,568
	<u>615,023,693</u>	<u>565,677,205</u>

40 STAFF COSTS

As at 31 December 2010 and 2009, Staff costs are as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Salaries	420,511,222	399,758,361
Social security contributions	88,163,504	80,756,138
Insurance	7,020,491	7,758,545
Welfare	1,675,138	1,981,599
Other staff costs	21,706,942	13,888,981
	<u>539,077,297</u>	<u>504,143,624</u>

41 OTHER OPERATIONAL EXPENSES

As at 31 December 2010 and 2009, "Other operational expenses" are as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Costs with automatic payment terminals	27,948,105	26,141,831
Exchange differences	25,154,367	11,802,053
Donations	6,456,507	6,790,252
Losses on the disposal of assets (Note 38)	7,398,764	6,060,675
Impairment of tangible assets (Note 10)	3,841,772	
Municipal Property tax	4,085,343	3,246,820
Other taxes	3,805,603	2,569,662
Doubtful debts written-off	483,137	816,037
Others	14,271,407	13,912,774
	<u>93,445,005</u>	<u>71,340,106</u>

42 INCOME TAX

As at 31 December 2010 and 2009, Income tax is as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Current tax	40,981,973	34,316,306
Deferred tax (Note 20)	2,669,308	(9,981,265)
	<u>43,651,281</u>	<u>24,335,041</u>

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2010 and 2009 is summarized as follows:

	31 December 2010	31 December 2009
Profit before income tax	212,017,000	161,077,484
Difference between capital (losses)/gains for accounting and tax purposes	(34,533,672)	(1,768,608)
Impairment of goodwill	-	-
Badwill		(343,360)
Provisions and impairment losses not accepted for tax purposes	8,639,076	(6,519,356)
Taxable Profit	186,122,404	152,446,160
Use of tax losses that have not originated deferred tax assets	-	(18,976)
Recognition of tax losses that have not originated deferred tax assets	8,785,347	2,305,143
	194,907,751	154,732,327
Income tax rate in Portugal	25.00%	25.00%
	48,726,938	38,683,082
Effect of different income tax rates in other countries	(6,208,112)	(5,470,586)
Effect of increases or decreases in deferred taxes	1,316,575	(8,271,601)
Under/(over) taxation estimates	(258,718)	1,106,609
Autonomous taxes and tax benefits	1,090,265	975,546
Municipality surcharge	5,793,907	1,448,405
Others	(6,809,574)	(4,136,414)
Income tax	43,651,281	24,335,041

43 RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2010 and 2009 are as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Parent company	1,189,835	443,762	240,281	1,515,370
Jointly controlled companies	910,275	845,437	2,909,459	2,214,073
Associated companies	35,058,025	32,302,022	979,818	764,039
Affiliated companies	60,615,663	57,115,947	-	-
Other related parties ⁽¹⁾	14,507,678	8,986,966	90,205,222	89,541,209
	112,281,476	99,694,134	94,334,780	94,034,691
Transactions	Interest income		Interest expenses	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Parent company	109,337	16,853	2,220,315	467,774
Jointly controlled companies	18	127,589	16	9,125
Associated companies	-	-	-	-
Affiliated companies	-	-	-	-
Other related parties ⁽¹⁾	141,938	41,436	3,845,351	387,421
	251,293	185,878	6,065,682	864,320

Balances	Accounts receivable		Accounts payable	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Parent company	978,438	535,294	630,241	1,688,040
Jointly controlled companies	742,572	125,975	675,795	202,093
Associated companies	2,584,590	1,446,962	74,828	87,091
Affiliated companies	13,413,873	14,169,568	54,571	40,932
Other related parties ⁽¹⁾	22,293,532	10,493,463	27,680,583	32,646,869
	<u>40,013,005</u>	<u>26,771,262</u>	<u>29,116,018</u>	<u>34,665,025</u>

Balances	Loans			
	Obtained		Granted	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Parent company	453,000,000	-	-	-
Jointly controlled companies	-	-	-	-
Associated companies	-	-	17,555,234	1,000,000
Affiliated companies	-	-	-	-
Other related parties ⁽¹⁾	17,902,648	10,802,648	-	-
	<u>470,902,648</u>	<u>10,802,648</u>	<u>17,555,234</u>	<u>1,000,000</u>

1) Other related parties are considered to be related party affiliates or companies under joint control of Efanor SGPS, SA that are not included in Sonae Investimentos, including companies belonging to the Sonae Group, Sonae Indústria and Sonae Capital.

The amounts recorded as loans granted from other relating parties represent borrowings from shareholders of subsidiary companies which bear interests at market rates.

Granted loans to associated companies, refer to values of loans granted to associates acquired during the period, Mundo VIP (1,000,000 euro) and MDS, SGPS, SA (16,555,234 euro).

During the period there were still a number of transactions of investments between related parties and which can be described as follows:

- Sonae Investimentos SGPS, SA sold to MDS SGPS, participation in Modelo Continente Seguros (Note 8);
- Sonae Investimentos SGPS sold to Sonaecom SGPS, SA participation in real estate company Sontaria (Note 8);
- During the second half of 2010, Sonae Investimentos SGPS, SA acquired to Sonae SGPS, SA 46.92% of MDS SGPS, SA (Note 6 and 45);
- Sonae Investimentos SGPS, SA also acquired to a related party of the Group, 33.34% of Mundo VIP – Operadores Turísticos (Note 6).

The remuneration of the members of the Board of Directors and strategic direction, in all companies within Sonae Investimentos perimeter, in the years ended December 31, 2010 and 2009, are as follows:

	31 December 2010		31 December 2009	
	Board of Directors	Strategic direction ^(a)	Board of Directors	Strategic direction ^(a)
Fixed remuneration	100,070	3,621,940	461,960	2,320,780
Variable remuneration Short term	-	1,379,400	190,900	1,050,500
Variable remuneration Middle term	-	1,451,600	290,200	864,200
	<u>100,070</u>	<u>6,452,940</u>	<u>943,060</u>	<u>4,235,480</u>

(a) Includes employers with responsibility for strategic management of the main companies of Sonae Investimentos (excluding members of the Board of Directors of Sonae Investimentos).

44 EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2010 and 2009, were calculated taking into consideration the following amounts:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Net profit		
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	168,595,954	138,171,091
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	<u>168,595,954</u>	<u>138,171,091</u>
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	983,690,959	1,000,000,000
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Weighted average number of shares used to calculate diluted earnings per share	<u>983,690,959</u>	<u>1,000,000,000</u>
Earnings per share (basic and diluted)	<u>0.171391</u>	<u>0.138171</u>

On December 31, 2010 and 2009 there are no dilutive effects on the number of outstanding shares.

45 CASH RECEIPTS-PAYMENTS RELATED TO INVESTMENTS

As at 31 December 2010 and 2009, cash receipts and cash payments related to investments are as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Receipts		
Disposal of Difusão	32,850,303	-
Disposal of Modelo Continente Seguros	1,073,905	-
Price adjustment of a subsidiary	-	3,432,850
Others	7,789	1,000,031
	<u>33,931,997</u>	<u>4,432,881</u>
Payments		
Acquisition of MDS SGPS	51,000,000	-
Imosede Capital Increase	-	15,000,063
Others	3,857,023	6,516,031
	<u>54,857,023</u>	<u>21,516,094</u>

46 SEGMENT INFORMATION

The contributions of the main segments identified in years 2010 and 2009 can be analysed as follows:

	Food based Retail	Specialised Retail	Investment Management	Retail Real Estate	Eliminations, adjustments and others	Total
31 December 2010						
Turnover	3,355,084,970	1,271,764,071	166,629,230	126,043,734	(118,356,048)	4,801,165,957
Ex-Fuel	3,275,139,951	1,271,764,071	166,629,230	126,043,734	(118,356,048)	4,721,220,938
Fuel	79,945,019	-	-	-	-	79,945,019
EBITDA	231,123,330	44,625,770	1,567,053	149,261,165	6,384,318	432,961,636
EBIT	146,843,314	493,102	(2,435,370)	117,340,679	995,994	263,237,719
Invested capital	416,300,745	337,037,521	76,583,764	1,418,165,276	67,775,199	2,315,862,505
Sales area [000 m ²]	544	362	63	-	-	969
	Food based Retail	Specialised Retail	Investment Management	Retail Real Estate	Eliminations and adjustments	Total
31 December 2009						
Turnover	3,239,177,441	1,132,040,059	167,667,739	123,117,232	(116,137,275)	4,545,865,196
Ex-Fuel	3,106,023,672	1,132,040,059	167,667,739	123,117,232	(116,137,275)	4,412,711,427
Fuel	133,153,769	-	-	-	-	133,153,769
EBITDA	198,707,702	48,104,311	(1,886,786)	110,938,755	-	355,863,982
EBIT	124,026,421	9,873,941	(7,123,026)	83,071,313	-	209,848,649
Invested capital	421,066,190	249,684,220	79,907,454	1,523,249,390	-	2,273,907,254
Sales area [000 m ²]	528	304	67	-	-	899

The caption Invested Capital as at 31 December 2010 in "Eliminations, adjustments and Others" includes the financial investment in associated MDS, SGPS, SA and respective value of supplies.

Food based retail

Includes the contribution of the Group's activity associated with the insignias of food retail (Continente, Modelo, Bom Bocado, Área Saúde and Book.it) and fuels (which is operated under the banner Continente).

Specialized Retail

Includes the contribution of Group activity associated with the insignia of non-food retail (Worten, Worten Mobile, Worten Gamer, Vobis, Sport Zone, Loop, Modalfa e Zippy).

Investment Management

Includes work of the Group's activity associated with Maxmat and travel agencies.

Retail Real Estate

Includes work of real estate assets owned and managed by Sonae Investimentos, including commercial galleries attached to units Continente and Modelo.

Elimination and adjustments

Include consolidation adjustments and eliminations of intra-group balances. In the turnover caption, these values refer mainly to the elimination of rents invoiced by the Real Estate Segment to other Segments.

EBITDA

Turnover + Other income + Negative Goodwill – Reversion of impairment losses – Operational costs + profit/losses on disposals of subsidiaries - Provision for warranty extensions.

EBIT

Turnover + Other income + Negative Goodwill – Operational costs - Provision for warranty extensions + profit/losses on disposals of subsidiaries – amortizations and impairment losses.

Capital employed

Gross real estate assets + other fixed assets (including Goodwill) - amortizations and impairment losses + financial investments + working capital

47 INFORMATION REQUIRED BY LAW

As at 31 December 2010, the Group paid, in respect of fees, to the statutory Auditor of the Group, Deloitte and its network of companies, the following amounts:

	<u>31 December 2010</u>
Audit and Statutory Audit	569,983
Other assurance services	11,907
Tax consultancy	-
Other services	607,464
	<u>1,189,354</u>

48 SUBSEQUENT EVENTS

During the month of March, a subsidiary of the Group concluded the sale & leaseback of its Continente and Worten stores located in the Vasco da Gama Shopping centre to "Imofomento" a BPI real estate fund for a total consideration of 42.3million euro. The implied initial yield on this transaction on a triple net basis is 6.1 %, generating a book gain of 16.6 million euro.

49 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors on 15 March 2011; nevertheless they are still subject to approval at the Shareholders Annual General Meeting.

The Board of Directors

Duarte Paulo Teixeira de Azevedo (President)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Nuno Manuel Moniz Trigoso Jordão

Individual financial statements

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

	Notes	31.December.2010	31.December.2009
NON-CURRENT ASSETS:			
Tangible assets	6	1,477	2,786
Intangible assets	6	5,260	7,160
Investments	5	2,712,242,717	2,349,634,766
Deferred tax assets	7	738,707	1,736,158
Other non-current assets	4 , 8	1,258,356,053	1,000,150,633
Total non-current assets		3,971,344,214	3,351,531,503
CURRENT ASSETS:			
Trade accounts receivable	4 , 9	1,834,227	1,319,180
Other debtors	4 , 10	448,790,326	316,362,233
Taxes recoverable	11	661,990	668,567
Other current assets	4 , 12	3,793,825	4,337,057
Cash and cash equivalents	4 , 13	127,421,554	51,973,423
Total current assets		582,501,922	374,660,460
TOTAL ASSETS		4,553,846,136	3,726,191,963
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	14	1,000,000,000	1,000,000,000
Legal reserve	15	117,087,918	114,000,000
Hedging reserves, fair value reserves and other reserves	16	765,042,776	826,785,421
Profit for the period		450,539,262	61,758,365
TOTAL EQUITY		2,332,669,956	2,002,543,786
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank loans	4 , 17	303,599,256	285,894,893
Bonds	4 , 17	899,337,511	987,483,025
Other non-current liabilities	4 , 18	400,456,179	-
Deferred tax liabilities	7	1,403	1,379
Total non-current liabilities		1,603,394,349	1,273,379,297
CURRENT LIABILITIES:			
Bank loans	4 , 17	3,325,667	3,787,425
Bonds	4 , 17	89,554,618	64,899,489
Derivatives	4 , 19	4,367,099	7,823,283
Trade creditors	4 , 20	126,157	261,857
Other creditors	4 , 21	488,521,784	342,979,333
Taxes and contributions payable	11	18,082,675	21,559,067
Other current liabilities	4 , 22	13,803,831	8,958,426
Total current liabilities		617,781,831	450,268,880
TOTAL EQUITY AND LIABILITIES		4,553,846,136	3,726,191,963

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL INCOME STATEMENT FOR THE YEARS ENDED
31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

	Notes	31.December.2010	31.December.2009
Services rendered	27	2,072,621	1,627,527
Investment income	28	458,713,522	55,438,308
Financial income	29	34,111,075	70,363,460
Other income	30	1,027,687	1,955,230
External supplies and services	31	(856,911)	(1,373,406)
Staff costs		(346,043)	(1,184,259)
Depreciation and amortisation	6	(3,536)	(4,469)
Provisions and impairment losses		-	(539,611)
Financial expense	29	(45,610,004)	(59,330,458)
Other expenses	32	(1,995,092)	(2,303,261)
Profit/(Loss) before taxation		<u>447,113,319</u>	<u>64,649,061</u>
Taxation	33	<u>3,425,943</u>	<u>(2,890,696)</u>
Profit/(Loss) after taxation		<u>450,539,262</u>	<u>61,758,365</u>
Profit/(Loss) per share	34	<u>0.4580</u>	<u>0.0618</u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

	<u>Notes</u>	<u>31.December.2010</u>	<u>31.December.2009</u>
Net Profit / (Loss) for the year		450,539,262	61,758,365
Changes in hedging reserve		3,519,601	(1,900,004)
Deferred tax relating to changes in hedging reserves	7	<u>(932,693)</u>	<u>775,121</u>
Total individual comprehensive income for the year		<u>453,126,170</u>	<u>60,633,482</u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

(Amounts expressed in euro)

Notes	Share Capital	Reserves and Retained Earnings					Net Profit/(Loss)	Total
		Legal Reserve	Hedging Reserve	Legal Reserves in accordance with article 342 of Commercial Companies Code	Other Reserves and Retained Earnings	Total Reserves and Retained Earnings		
Balance as at 1 January 2009	1,000,000,000	99,300,000	(3,316,342)	-	664,814,565	760,798,223	266,112,081	2,026,910,304
Total comprehensive income for the period	-	-	(1,124,883)	-	-	(1,124,883)	61,758,365	60,633,482
Appropriation of profit of 2008:								
Transfer to legal reserves and retained earnings	-	14,700,000	-	-	251,412,081	266,112,081	(266,112,081)	-
Dividends distributed	15	-	-	-	(85,000,000)	(85,000,000)	-	(85,000,000)
Balance as at 31 December 2009	<u>1,000,000,000</u>	<u>114,000,000</u>	<u>(4,441,225)</u>	<u>-</u>	<u>831,226,646</u>	<u>940,785,421</u>	<u>61,758,365</u>	<u>2,002,543,786</u>
Balance as at 1 January 2010	1,000,000,000	114,000,000	(4,441,225)	-	831,226,646	940,785,421	61,758,365	2,002,543,786
Total comprehensive income for the period	-	-	2,586,908	-	-	2,586,908	450,539,262	453,126,170
Appropriation of profit of 2009:								
Transfer to legal reserves and retained earnings	-	3,087,918	-	-	58,670,447	61,758,365	(61,758,365)	-
Dividends distributed	15	-	-	-	(70,000,000)	(70,000,000)	-	(70,000,000)
Distribution of free reserves	15	-	-	-	(425,000,000)	(425,000,000)	-	(425,000,000)
Free reserves made unavailable	-	-	-	342,000,000	(342,000,000)	-	-	-
Supplementary capital	-	-	-	-	372,000,000	372,000,000	-	372,000,000
Balance as at 31 December 2010	<u>1,000,000,000</u>	<u>117,087,918</u>	<u>(1,854,317)</u>	<u>342,000,000</u>	<u>424,897,093</u>	<u>882,130,694</u>	<u>450,539,262</u>	<u>2,332,669,956</u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

INDIVIDUAL STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Translation of individual financial statements originally issued in Portuguese.

In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

	Notes	31.December.2010	31.December.2009
OPERATING ACTIVITIES			
Cash receipts from trade debtors		1,847,631	2,031,875
Cash paid to trade creditors		(711,180)	(1,213,249)
Cash paid to employees		(502,589)	(863,494)
Cash flow generated by operations		<u>633,862</u>	<u>(44,868)</u>
Income taxes (paid) / received		(18,331,817)	12,923,498
Other cash receipts and (payments) relating to operating activities		(1,176,997)	151,041
Net cash flow from operating activities (1)		<u>(18,874,952)</u>	<u>13,029,671</u>
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	35	1,247,045,244	25,471,000
Tangible assets		10	-
Intangible assets		160,389	-
Interest and similar income		52,477,415	71,180,744
Dividends		13,797,148	1,312,520
Others		211,662	-
Loans granted		<u>2,182,483,965</u>	<u>2,838,115,811</u>
		<u>3,496,175,833</u>	<u>2,936,080,075</u>
Cash Payments arising from:			
Investments	35	(1,204,139,365)	(22,775,937)
Tangible assets		-	(257)
Intangible assets		(366)	-
Others		(1,000,530)	-
Loans granted		<u>(2,532,247,232)</u>	<u>(2,523,958,552)</u>
		<u>(3,737,387,493)</u>	<u>(2,546,734,746)</u>
Net cash used in investment activities (2)		<u>(241,211,660)</u>	<u>389,345,329</u>
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		8,589,568,706	12,394,973,792
Supplementary capital		372,000,000	-
		<u>8,961,568,706</u>	<u>12,394,973,792</u>
Cash Payments arising from:			
Loans obtained		(8,093,394,419)	(12,636,398,079)
Interest and similar charges		(37,177,784)	(74,389,221)
Dividends	36	(495,000,000)	(85,000,000)
		<u>(8,625,572,203)</u>	<u>(12,795,787,300)</u>
Net cash used in financing activities (3)		<u>335,996,503</u>	<u>(400,813,508)</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		75,909,891	1,561,492
Cash and cash equivalents at the beginning of the period	13	51,511,663	49,950,171
Cash and cash equivalents at the end of the period	13	<u>127,421,554</u>	<u>51,511,663</u>

The accompanying notes are part of these individual financial statements.

The Board of Directors

SONAE INVESTIMENTOS, SGPS, SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2010

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

(Amounts expressed in euro)

1 INTRODUCTION

SONAE INVESTIMENTOS, SGPS, SA, "the Company" or "Sonae Investimentos" it's a Portuguese Corporation, with head-office in Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Matosinhos, Portugal.

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

The company financial statements are presented as required by Commercial Companies Code. According to Decree-Law 158/2009 of 13 July, the Company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

2 PRINCIPAL ACCOUNTING POLICIES

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

2.1. Basis of presentation

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

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

New accounting standards and their impact in the financial statements

Up to the approval date of these financial statements, the European Union endorsed standards, interpretations, amendments and revisions, some of which have become effective during the year 2010. These changes are presented in Note 2 of the notes to the consolidated financial statements. The adoption, during 2010 of the mentioned standards did not produce impacts on the Company financial statements, since they aren't applicable to the Individual financial statements of the Company.

Additionally there are standards that have been approved for adoption in the periods started at or after 1 January 2011, which the company were not adopted by the Company in advance. No material impacts in the individual financial statements of the company will arise from the adoption of these standards.

2.2. Tangible assets

Tangible assets are recorded at acquisition cost net of depreciation and accumulated impairment losses.

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption Depreciation and amortisation.

The impairment losses in the realisable value of tangible assets are recorded in the year they arise in the caption of the Income Statement - "Provisions and impairment losses".

2.3. Intangible assets

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

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption Depreciation and amortization.

2.4. Borrowing Costs

Borrowing costs are usually recognised as an expense in the period in which they are incurred on an accruals basis in accordance with effective interest rate method.

2.5. Financial Instruments

The Company classifies the financial instruments in the categories presented and conciliated with the statement of financial position disclosed in Note 4.

a) Investments in subsidiaries and associates

Equity investments in subsidiaries and associates are accounted for accordingly with IAS 27, at acquisition cost net of impairment losses.

b) Investments

Investments are classified into the following categories:

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

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the statement of financial position date. Investments classified as held to maturity have defined maturities and the Company has the intention and ability to hold them until the maturity date.

The investments measured at fair value through profit or loss include the investments held for trading that the company acquires for sale in a short period of time, and are classified in the statement of financial position as current assets.

The Company classifies as available for sale those investments that are neither included as investments measured at fair value through profit or loss nor as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

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

Investments are initially recorded at acquisition cost, which is the fair value of the consideration paid for them. In the case of Investments held to maturity or Available for sale investments, transaction costs are included in the acquisition costs.

After its initial recording, investments measured at fair value through profit or loss and Available for sale investments are subsequently carried at fair values, by reference to their quoted market value at statement of financial position date, without any deduction for transaction costs which may be incurred on sale. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are stated at cost, less impairment losses.

Gains or losses arising from a change in fair value of available for sale investments are recognised directly in equity, under Fair value reserve, in the caption Other reserves, until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is transferred to net profit or loss.

Gains or losses arising from a change in fair value of investments measured at fair value through profit or loss are recorded in the Income statement captions Financial expenses or Financial income.

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

c) Loans and accounts receivable

Loans and accounts receivable are recorded at amortised cost using the effective rate method net of accumulated impairment losses, in order to reflect its realisable value.

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

These financial instruments emerge when the Company provides money or services to its subsidiaries and associates with no intention of trading those assets.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the statement of financial position date, situations when they are classified as non-current assets. Loans and receivables are included in the captions presented in Note 4.

d) Trade accounts receivable

Receivables are stated at net realisable value corresponding to their nominal value less impairment losses, recorded under the caption "Provisions and impairment losses" in accounts receivable.

Impairment is recognised if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the receipt of the full amount is expected to be within one year the discount is considered null.

e) Classification as Equity or Liability

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

f) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.7. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

g) Trade accounts payable

Trade accounts payable are stated at their nominal value. There is no discount, as it is immaterial.

h) Derivatives

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

Derivatives classified as cash flow hedge instruments are used by the Company mainly to hedge interest rate risks on loans obtained. Conditions established for these cash flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The gain or loss relating to the ineffective portion of the hedge, if any, is recorded in the Income Statement under Financial Income or Financial Expenses.

The Company's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured;
- There is adequate documentation of the hedging relationships at the inception of the hedge;
- The transaction being hedged is highly probable.

Cash flow hedge instruments used by the Company to hedge the exposure to changes in interest of its loans are initially accounted for at cost, if any which corresponds to its fair value, and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, included in the caption Reserves and Retained Earnings, and then recognised in the income statement over the same period in which the hedged instrument affects profit or loss.

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

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

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host instruments, and this is not stated at fair value through profit or loss.

In specific situations, the Company hires exchange rate derivatives. In these circumstances, and although these derivatives are hired to hedge the risk associated with the variation of future cash flows, these derivatives are usually measured at fair value through the income statement.

i) Treasury Shares

Treasury shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of treasury shares are directly recorded in other reserves.

j) Cash and cash equivalents

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

In the cash flows statement, cash and cash equivalents also include bank overdrafts, which are included in the statement of financial position caption of current bank loans.

k) Effective Interest Rate Method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period.

l) Impairment

Financial assets, other than Investments measured at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For non-quoted equity instruments determining whether the investment is impaired requires an estimation of the value in use of the investment. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the entity and a suitable discount rate in order to calculate present value.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For investments in subsidiaries (equity investments and loans granted to subsidiaries, jointly controlled companies and associated companies) the impairment analysis is based on the fair value estimate of its net assets

The above mentioned estimate is based on the fair value computation of the value in use of its holdings by means of discounted cash flow models, whenever there is an indication that the asset might be impaired, namely from the distribution of dividends by the mentioned entities.

It is the Board of Directors understanding that the use of the above mentioned methodology is adequate to conclude on the eventual existence of financial investments impairment as it incorporates the best available information as at the date of the financial statements.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of equity available for sale securities, impairment losses previously recognised through profit or loss are not reversed. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

2.6. Contingent assets and liabilities

Contingent liabilities are not recorded in the financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

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

2.7. Revenue recognition and accrual basis

Revenue from services rendered is recognised in the income statement in the period they are performed.

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

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

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

2.8. Subsequent events

Events after the statement of financial position date that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes when material.

2.9. Judgements and estimates

The most significant accounting estimates reflected in the financial statements are as follows:

- a) Record of adjustments to the value of assets and provisions;
- b) Impairment analysis of financial investments and loans granted to affiliated, jointly controlled companies and associated companies;

Estimates used are based on the best information available during the preparation of these financial statements and are based on the best knowledge of past and present events. Although future events, are not controlled by the Company are not foreseeable, some could occur and have impact on the estimates. Therefore and due to this uncertainty the outcome of the transactions being estimated may differ from the initial estimate. Changes to the estimates used by management that occur after the approval date of these consolidated financial statements, will be recognised in net income prospectively, in accordance with IAS 8.

The main estimates and assumptions in relation to future events included in the preparation of these financial statements are disclosed in the correspondent notes, if applicable.

2.10. Share-based payments

Share-based payments result from deferred performance bonus plans that are referenced to the evolution of the Sonae, SGPS, S.A. shares' price (parent company of Sonae Investimentos, SGPS, SA).

The value of these responsibilities is determined at the time of assignment (usually in March of each year) and subsequently updated at the end of each reporting period depending on the number of shares allotted and the fair value of the reporting date. The responsibility is recorded on staff costs and other current liabilities, linearly between the date of assignment and expiration date, in proportion to the time between those dates.

2.11. Income tax

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

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore expected to apply in the periods when the temporary differences are expected to reverse.

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

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

3 FINANCIAL RISK MANAGEMENT

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

3.1 Market risk

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

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

3.1.1 Interest rate risk

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

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

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

Sensitivity Analysis:

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

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, they are included in the calculation of income-related sensitivities;

- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity calculations;
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;
- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under the previously mentioned assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the company net profit before tax as at 31 December 2010 would decrease by approximately 1.1 million euro (at 31 December 2009 would decrease 1.3 million euro). Total equity, as at 31 December 2010, would increase by about 0.5 million euro (at 31 December 2009 would increase by about 1.6 million euro), excluding the effect on Profit and loss for the period.

3.1.2 Exchange rate risk

Sonae Investimentos does not have any material foreign exchange rate exposure, since almost all assets and liabilities are denominated in euro.

3.2 Liquidity risk

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

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

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

The liquidity analysis for financial instruments is presented next to each related liability class note.

3.3 Credit risk

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

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

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

4 FINANCIAL INSTRUMENTS BY CLASS AND FAIR VALUE

The accounting policies disclosed in Note 2.5 as at 31 December 2010, have been applied to the line items below:

31.December.2010						
Financial assets						
Notes	Loans and accounts receivable	Subtotal	Assets not within IFRS 7 scope	Total		
Non-current assets:						
Other non-current assets	8	1,258,356,053	1,258,356,053	-	1,258,356,053	
		<u>1,258,356,053</u>	<u>1,258,356,053</u>	<u>-</u>	<u>1,258,356,053</u>	
Current assets:						
Trade accounts receivable	9	1,834,227	1,834,227	-	1,834,227	
Other debtors	10	448,790,326	448,790,326	-	448,790,326	
Other current assets	12	1,854,930	1,854,930	1,938,895	3,793,825	
Cash and cash equivalents	13	127,421,554	127,421,554	-	127,421,554	
		<u>579,901,037</u>	<u>579,901,037</u>	<u>1,938,895</u>	<u>581,839,932</u>	

31.December.2010						
Financial liabilities						
Notes	Loans and accounts payable	Liabilities at fair value through the income statement	Derivatives used for cash flow hedging	Subtotal	Liabilities not within IFRS 7 scope	Total
Non-current liabilities:						
Bank loans	17	303,599,256	-	-	303,599,256	-
Bonds	17	899,337,511	-	-	899,337,511	-
Other non-current liabilities	18	400,000,000	-	-	400,000,000	456,179
		<u>1,602,936,767</u>	<u>-</u>	<u>-</u>	<u>1,602,936,767</u>	<u>456,179</u>
Current liabilities:						
Bank loans	17	3,325,667	-	-	3,325,667	-
Bonds	17	89,554,618	-	-	89,554,618	-
Derivatives	19	-	76,617	4,290,482	4,367,099	-
Trade accounts payable	20	126,157	-	-	126,157	-
Other accounts payable	21	488,521,784	-	-	488,521,784	-
Other current liabilities	22	13,555,051	-	-	13,555,051	248,780
		<u>595,083,277</u>	<u>76,617</u>	<u>4,290,482</u>	<u>599,450,376</u>	<u>248,780</u>
						<u>599,699,156</u>

The accounting policies disclosed in note 2.5 as at 31 December 2009, have been applied to the items below classified as follows:

31.December.2009				
Financial assets				
Notes	Loans and accounts receivable	Subtotal	Assets not within IFRS 7 scope	Total
Non-current assets:				
Other non-current assets	8	1,000,150,633	1,000,150,633	-
		<u>1,000,150,633</u>	<u>1,000,150,633</u>	<u>-</u>
Current assets:				
Trade accounts receivable	9	1,319,180	1,319,180	-
Other debtors	10	316,362,233	316,362,233	-
Other current assets	12	1,625,756	1,625,756	2,711,301
Cash and cash equivalents	13	51,973,423	51,973,423	-
		<u>371,280,592</u>	<u>371,280,592</u>	<u>2,711,301</u>
				<u>373,991,893</u>

31.December.2009

Financial liabilities						
Notes	Loans and accounts payable	Liabilities at fair value through the income statement	Derivatives used for cash flow hedging	Subtotal	Liabilities not within IFRS 7 scope	Total
Non-current liabilities:						
Bank loans	17	285,894,893	-	285,894,893	-	285,894,893
Bonds	17	987,483,025	-	987,483,025	-	987,483,025
		<u>1,273,377,918</u>	<u>-</u>	<u>1,273,377,918</u>	<u>-</u>	<u>1,273,377,918</u>
Current liabilities:						
Bank loans	17	3,787,425	-	3,787,425	-	3,787,425
Bonds	17	64,899,489	-	64,899,489	-	64,899,489
Derivatives	19	-	7,823,283	7,823,283	-	7,823,283
Trade accounts payable	20	261,857	-	261,857	-	261,857
Other accounts payable	21	342,979,333	-	342,979,333	-	342,979,333
Other current liabilities	22	8,102,661	-	8,102,661	855,765	8,958,426
		<u>420,030,765</u>	<u>-</u>	<u>427,854,048</u>	<u>855,765</u>	<u>428,709,813</u>

As at 31 December 2010 and 2009, the only financial instruments recognised at fair value are derivatives which are measured according to valuation techniques which main inputs are observable in the market, namely interest rate curves, taken from Bloomberg.

Liabilities recorded at fair value through the income statement relate to exchange rate derivatives.

5 INVESTMENTS

As at 31 December 2010 and 2009, the investments caption is made up as follows:

Company	31.December.2010					
	% held	Opening balance	Increases	Decreases	Merger/Demerger	Final balance
Azulino - Imobiliária, SA	100.00%	498,025	-	-	-	498,025
Bertimóvel - Sociedade Imobiliária, SA	100.00%	1,845,000	-	-	-	1,845,000
Canasta - Empreendimentos Imobiliários, SA	100.00%	1,669,375	-	-	-	1,669,375
Chão Verde - Sociedade de Gestão Imobiliária, SA	100.00%	2,244,591	-	-	-	2,244,591
Citorres - Sociedade Imobiliária, SA	100.00%	477,848	-	-	-	477,848
Contibomba - Comércio e Distribuição de Combustíveis, SA	-	452,000	-	452,000 (7)	-	-
Contimobe - Imobiliária do Castelo de Paiva, SA	100.00%	231,318,722	-	-	-	231,318,722
Cumulativa - Sociedade Imobiliária, SA	100.00%	2,285,191	30,000 (2)	-	-	2,315,191
Difusão - Sociedade Imobiliária, SA	-	50,000	-	50,000 (9)	-	-
Edições Book.it - SA	-	1,000,000	-	1,000,000 (8)	-	-
Farmácia Seleção, SA	-	89,000	-	89,000 (7)	-	-
Fozimo - Sociedade Imobiliária, SA	100.00%	24,940	-	-	-	24,940
Fozmassimo - Sociedade Imobiliária, SA	100.00%	6,264,902	-	-	-	6,264,902
Fundo de Investimento Imobiliário Fechado Imosede	54.55%	64,415,021	-	-	-	64,415,021
Fundo de Investimento Imobiliário Imosonae Dois	100.00%	158,410,389	-	-	-	158,410,389
Igimo - Sociedade Imobiliária, SA	100.00%	220,000	-	-	-	220,000
Iginha - Sociedade Imobiliária, SA	100.00%	959,000	300,000 (2)	-	-	1,259,000
Imoconti - Sociedade Imobiliária, SA	100.00%	380,000	-	-	-	380,000
Imoestrutura - Sociedade Imobiliária, SA	100.00%	24,940	-	-	-	24,940
Imomuro - Sociedade Imobiliária, SA	100.00%	799,940	-	-	-	799,940
Imoresultado - Sociedade Imobiliária, SA	100.00%	109,736	-	-	-	109,736
Imosistema - Sociedade Imobiliária, SA	100.00%	280,000	-	-	-	280,000
MDS, SGPS, SA	46.92%	-	51,000,000 (4)	-	-	51,000,000
Marcas MC, ZRT	-	72,784,761	-	72,784,761 (7)	-	-
MJLF - Empreendimentos Imobiliários, SA	100.00%	1,809,397	-	-	-	1,809,397
Modelo - Distribuição de Materiais de Construção, SA	50.00%	-	9,790,614 (5)	-	-	9,790,614
Modelo Hiper Imobiliária, SA	100.00%	-	10,655,164 (5)	-	-	10,655,164
Modelo Continente Hipermercados, SA	-	284,190,240	528,000,000 (2) (5)	754,207,921 (7)	(57,982,319) (1)	-
Modelo Continente Seguros - Sociedade de Mediação, Lda	-	3,161,250	2,987,250 (2)	6,148,500 (8)	-	-
Modelo.Com - Vendas por Correspondência, SA	100.00%	12,637,016	-	-	-	12,637,016
Mundo Vip - Operadores Turísticos, SA	33.34%	-	1,101,337 (6)	-	-	1,101,337
Predicomercial - Promoção Imobiliária, SA	100.00%	6,372,293	-	-	-	6,372,293
Raso, SGPS, SA	50.00%	24,500,000	-	-	-	24,500,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	100.00%	1,488,379	25,000 (2)	-	-	1,513,379
Sempre à Mão - Sociedade Imobiliária, SA	100.00%	1,530,558	-	-	-	1,530,558
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	-	249,399	-	249,399 (7)	-	-
Sesagest - Projectos e Gestão Imobiliária, SA	100.00%	36,677,088	-	-	-	36,677,088
Socijofra - Sociedade Imobiliária, SA	100.00%	550,000	-	-	-	550,000
Sociloures - Sociedade Imobiliária, SA	100.00%	10,000,000	-	-	-	10,000,000
Soflorin, BV	100.00%	257,309,037	-	-	-	257,309,037
Sonae - Specialized Retail, SGPS, SA	100.00%	1,050,000,000	-	-	-	1,050,000,000
Sonae Capital Brasil, SA	37.00%	23,334,858	-	-	-	23,334,858
Sonae Center Serviços II, SA	100.00%	50,000	-	-	57,982,319 (1)	58,032,319
Sonae MC - Modelo Continente, SGPS, SA	100.00%	50,000	599,950,000 (3)	-	-	600,000,000
Sonae Retalho Espanha, SA	-	2,549,831	-	2,549,831 (7)	-	-
Sonaegest - Soc. Gest. de Fundos de Investimentos, SA	20.00%	159,615	-	-	-	159,615
Sonaerp - Retail Properties, SA	100.00%	114,495,350	-	-	-	114,495,350
Sondis Imobiliária, SA	100.00%	474,940	-	-	-	474,940
Sontária - Empreendimentos Imobiliários, SA	-	10,600,000	-	10,600,000 (8)	-	-
Sonvecap, BV	100.00%	3,000,000	-	-	-	3,000,000
Tlantic Portugal - Sistemas de Informação, SA	100.00%	443,316	300,000 (2)	-	-	743,316
Todos os Dias - Comércio Ret. e Expl. de Centros Comerciais, SA	-	1,180,000	-	1,180,000 (7)	-	-
Valor N, SA	100.00%	2,087,315	-	-	-	2,087,315
Total		2,395,503,263	1,204,139,365	849,311,412	-	2,750,331,214
Impairment of investments (Notes 24 and 28)		(45,868,497)	-	7,780,000 (7)(9)	-	(38,088,497)
Total		2,349,634,766	1,204,139,365	857,091,412	-	2,712,242,717

- (1) During the year part of Modelo Continente Hipermercados, SA acquisition cost was allocated to Sonae Center Serviços II, SA following the demerger in these companies;
- (2) Capital contribution in order to cover losses;
- (3) Capital increase;
- (4) Acquisition to Sonae, SGPS, SA;
- (5) Acquisition of subsidiaries from companies directly or indirectly controlled by Sonae Investimentos, SGPS, SA;
- (6) Acquisition from a related party;
- (7) Disposal of subsidiaries companies directly or indirectly controlled by Sonae Investimentos, SGPS, SA;
- (8) Disposal of a subsidiary to a company controlled by Sonae, SGPS, SA;
- (9) Disposal of subsidiaries to an unrelated party.

31. December 2009

Company	% held	Opening balance	Increases	Decreases	Merger/Demerger	Final balance
Azulino - Imobiliária, SA	100.00%	498,025	-	-	-	498,025
Bertimóvel - Sociedade Imobiliária, SA	100.00%	1,375,000	470,000 (4)	-	-	1,845,000
Canasta - Empreendimentos Imobiliários, SA	100.00%	1,579,375	90,000 (4)	-	-	1,669,375
Chão Verde - Sociedade de Gestão Imobiliária, SA	100.00%	2,244,591	-	-	-	2,244,591
Citorres - Sociedade Imobiliária, SA	100.00%	477,848	-	-	-	477,848
Contibomba - Comércio e Distribuição de Combustíveis, SA	100.00%	372,000	80,000 (4)	-	-	452,000
Contimobe - Imobiliária do Castelo de Paiva, SA	100.00%	231,318,722	-	-	-	231,318,722
Cumulativa - Sociedade Imobiliária, SA	100.00%	2,095,191	190,000 (4)	-	-	2,285,191
Difusão - Sociedade Imobiliária, SA	100.00%	50,000	-	-	-	50,000
Edições Book.it - SA	100.00%	1,000,000	-	-	-	1,000,000
Farmácia Seleção, SA	89.00%	100,000	-	11,000 (2)	-	89,000
Fozimo - Sociedade Imobiliária, SA	100.00%	24,940	-	-	-	24,940
Fozmassimo - Sociedade Imobiliária, SA	100.00%	6,264,902	-	-	-	6,264,902
Fundo de Investimento Imobiliário Fechado Imosedo	54.55%	49,414,958	15,000,063 (3)	-	-	64,415,021
Fundo de Investimento Imobiliário Imosonae Dois	100.00%	158,410,389	-	-	-	158,410,389
Igimo - Sociedade Imobiliária, SA	100.00%	220,000	-	-	-	220,000
Iginha - Sociedade Imobiliária, SA	100.00%	109,000	850,000 (4)	-	-	959,000
Imoconti - Sociedade Imobiliária, SA	100.00%	50,000	330,000 (4)	-	-	380,000
Imoestrutura - Sociedade Imobiliária, SA	100.00%	24,940	-	-	-	24,940
Imomuro - Sociedade Imobiliária, SA	100.00%	539,940	260,000 (4)	-	-	799,940
Imoresultado - Sociedade Imobiliária, SA	100.00%	109,736	-	-	-	109,736
Imosistema - Sociedade Imobiliária, SA	100.00%	280,000	-	-	-	280,000
Infocfield - Informática, SA	-	530,459	12,000 (4)	542,459 (2)	-	-
Marcas MC, ZRT	100.00%	72,784,761	-	-	-	72,784,761
MJLF - Empreendimentos Imobiliários, SA	100.00%	1,719,397	90,000 (4)	-	-	1,809,397
Modalfa - Comércio e Serviços, SA	-	27,933	-	27,933 (2)	-	-
Modelo Continente Hipermercados, SA	56.00%	284,190,240	-	-	-	284,190,240
Modelo Continente Seguros - Sociedade de Mediação, Lda	75.00%	161,250	3,000,000 (4)	-	-	3,161,250
Modelo.Com - Vendas por Correspondência, SA	100.00%	12,637,016	-	-	-	12,637,016
Predicomercial - Promoção Imobiliária, SA	100.00%	6,372,293	-	-	-	6,372,293
Raso, SGPS, SA	50.00%	24,500,000	-	-	-	24,500,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	100.00%	1,408,379	80,000 (4)	-	-	1,488,379
Sempre à Mão - Sociedade Imobiliária, SA	100.00%	125,000	1,405,558 (4)	-	-	1,530,558
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	25.00%	249,399	-	-	-	249,399
Sesagest - Projectos e Gestão Imobiliária, SA	100.00%	36,677,088	-	-	-	36,677,088
Socijofra - Sociedade Imobiliária, SA	100.00%	550,000	-	-	-	550,000
Sociloures - Sociedade Imobiliária, SA	100.00%	10,000,000	-	-	-	10,000,000
Soflorin, BV	100.00%	257,309,037	-	-	-	257,309,037
Sonae - Specialized Retail, SGPS, SA	100.00%	1,050,000,000	-	-	-	1,050,000,000
Sonae Capital Brasil, SA	37.00%	23,334,858	-	-	-	23,334,858
Sonae Center Serviços II, SA	100.00%	-	50,000 (1)	-	-	50,000
Sonae MC - Modelo Continente, SGPS, SA	100.00%	-	50,000 (1)	-	-	50,000
Sonae Retalho Espanha, SA	100.00%	2,549,831	-	-	-	2,549,831
Sonaegest - Soc. Gest. de Fundos de Investimentos, SA	20.00%	159,615	-	-	-	159,615
Sonaerp - Retail Properties, SA	100.00%	114,495,350	-	-	-	114,495,350
Sondis Imobiliária, SA	100.00%	49,940	425,000 (4)	-	-	474,940
Sontária - Empreendimentos Imobiliários, SA	100.00%	10,600,000	-	-	-	10,600,000
Sonvecap, BV	100.00%	3,000,000	-	-	-	3,000,000
Sportzone - Comércio de Artigos de Desporto, SA	-	706,326	-	706,326 (2)	-	-
Tlantic Portugal - Sistemas de Informação, SA	100.00%	50,000	393,316 (4)	-	-	443,316
Todos os Dias - Comércio Ret. e Expl. de Centros Comerciais, SA	100.00%	1,180,000	-	-	-	1,180,000
Valor N, SA	100.00%	2,087,315	-	-	-	2,087,315
Worten - Equipamentos para o Lar, SA	-	462,494	-	462,494 (2)	-	-
Total		<u>2,374,477,538</u>	<u>22,775,937</u>	<u>1,750,212</u>	-	<u>2,395,503,263</u>
Impairment of investments		<u>(45,868,497)</u>	-	-	-	<u>(45,868,497)</u>
Total		<u>2,328,609,041</u>	<u>22,775,937</u>	<u>1,750,212</u>	-	<u>2,349,634,766</u>

- (1) Subsidiaries created in the year;
(2) Disposal to companies directly or indirectly controlled by Sonae Investimentos, SGPS, SA;
(3) Capital increase;
(4) Capital contribution in order to cover losses.

6 TANGIBLE AND INTANGIBLE ASSETS

During the years ended 31 December 2010 and 2009, movements in tangible assets as well as depreciation and accumulated impairment losses, are as follows:

	Tangible assets				
	Machinery and equipment	Transport equipment	Office equipment	Other tangible assets	Total tangible assets
Acquisition cost					
Opening balance as at 1 January 2009	2,464	19,062	25,062	679	47,267
Opening balance as at 1 January 2010	2,464	19,062	25,062	679	47,267
Decreases	-	-	(203)	-	(203)
Closing balance as at 31 December 2010	2,464	19,062	24,859	679	47,064
Accumulated depreciation					
Opening balance as at 1 January 2009	903	19,062	21,600	679	42,244
Increases	247	-	1,990	-	2,237
Opening balance as at 1 January 2010	1,150	19,062	23,590	679	44,481
Increases	246	-	1,024	-	1,270
Decreases	-	-	(164)	-	(164)
Closing balance as at 31 December 2010	1,396	19,062	24,450	679	45,587
Carrying amount					
As at 31 December 2009	1,314	-	1,472	-	2,786
As at 31 December 2010	1,068	-	409	-	1,477

During the periods ended 31 December 2010 and 2009, movements in intangible assets as well as depreciation and accumulated impairment losses, are as follows:

	Intangibles assets			
	Industrial property and other rights	Software	Intangible assets in progress	Total intangible assets
Acquisition cost				
Opening balance as at 1 January 2009	1,412,628	479	-	1,413,107
Opening balance as at 1 January 2010	1,412,628	479	-	1,413,107
Decreases	-	-	(160,389)	(160,389)
Transfers/disposals	366	-	160,389	160,755
Closing balance as at 31 December 2010	1,412,994	479	-	1,413,473
Accumulated depreciation				
Opening balance as at 1 January 2009	1,403,236	479	-	1,403,715
Increases	2,232	-	-	2,232
Opening balance as at 1 January 2010	1,405,468	479	-	1,405,947
Increases	2,266	-	-	2,266
Closing balance as at 31 December 2010	1,407,734	479	-	1,408,213
Carrying amount				
As at 31 December 2009	7,160	-	-	7,160
As at 31 December 2010	5,260	-	-	5,260

7 DEFERRED TAX

Deferred tax assets and liabilities as at 31 December 2010 and 2009 are as follows, split between the different types of temporary differences:

	Assets	
	31.December.2010	31.December.2009
Derivatives	668,565	1,601,258
Impairment losses of assets not accepted for tax purposes	-	134,900
Others	70,142	-
	<u>738,707</u>	<u>1,736,158</u>

	Liabilities	
	31.December.2010	31.December.2009
Differences between amortisations for accounting and tax	1,403	1,379
	<u>1,403</u>	<u>1,379</u>

During the periods ended 31 December 2010 and 2009, movements in deferred tax assets and liabilities are as follows:

	Assets		Liabilities	
	31.December.2010	31.December.2009	31.December.2010	31.December.2009
Opening balance	1,736,158	1,296,945	1,379	472,363
Effects on income:				
Impairment losses	(134,900)	134,900	-	-
Others	70,142	-	24	(176)
	<u>(64,758)</u>	<u>134,900</u>	<u>24</u>	<u>(176)</u>
Effects on equity:				
Financial instruments valuation	(932,693)	304,313	-	(470,808)
Final balance	<u>738,707</u>	<u>1,736,158</u>	<u>1,403</u>	<u>1,379</u>

8 OTHER NON-CURRENT ASSETS

As at 31 December 2010 and 2009 the non-current assets were as follows:

	31.December.2010	31.December.2009
Loans granted	1,256,170,741	1,000,150,633
Other debtors	2,185,312	-
	<u>1,258,356,053</u>	<u>1,000,150,633</u>

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

There are no past due or impaired receivable balances as at 31 December 2010 and 2009. The eventual impairment of loans granted to group companies is assessed in accordance with note 2.5.l). The fair value of loans granted to group companies is considered to be similar to its carrying amount.

The caption "Other debtors" relates essentially to the amount yet to be received from the sale of a subsidiary.

9 TRADE ACCOUNTS RECEIVABLE

The amount of trade accounts receivable refers to Management Fee's, invoiced to Sonae Investimentos, SGPS, SA group companies.

Up to the statement of financial position date there are no due accounts receivable and there were no impairment losses recorded, as there are no indications that clients will not fulfill their obligations.

10 OTHER DEBTORS

As at 31 December 2010 and 2009, this caption is as follows:

	31.December.2010	31.December.2009
Short term loans (Note 38)	304,032,000	157,125,888
Interests charged but not received	26,449,063	44,472,734
Taxes - Special Regime for taxation of groups of companies	42,406,410	21,753,472
Special regime for payment of tax and social security debts (DL 248-A)	5,113,681	5,214,780
Others	70,789,172	88,334,970
	<u>448,790,326</u>	<u>316,901,844</u>
Accumulated impairment losses (Note 24)	-	(539,611)
	<u>448,790,326</u>	<u>316,362,233</u>

Loans granted to group companies return interest at variable market rates indexed to Euribor and have a maturity less than one year.

The amount of 42,406,210 euro recorded in the caption "Taxes - Special Regime for taxation of groups of companies" relates to amounts to be received from subsidiaries (included in the above mentioned taxation regime), related to income tax for the period.

The amount disclosed as 'Special regime for payment of tax and social security debts' relates to taxes claimed from tax authorities, being an understanding of Sonae Investimentos that the result of such claims will favour the Company. Therefore, there was no impairment losses recognized.

The amounts recorded under the caption "Others" relate to amounts to be received for the disposal of subsidiaries.

There were no past due assets thus no impairment loss was recognized as at 31 December 2010 and 2009. The fair value of loans granted is similar to its carrying amount.

11 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2010 and 2009, taxes recoverable and taxes and contributions payable are made up as follows:

	Assets	
	31.December.2010	31.December.2009
Income tax	661,990	668,567
	<u>661,990</u>	<u>668,567</u>
	Liabilities	
	31.December.2010	31.December.2009
Income tax	17,790,828	21,035,091
VAT	282,653	221,068
Social security	1,495	2,189
Withholding tax - Capital gains	7,699	19,119
Others	-	281,600
	<u>18,082,675</u>	<u>21,559,067</u>

12 OTHER CURRENT ASSETS

As at 31 December 2010 and 2009, the caption other current assets can be detailed as follows:

	31.December.2010	31.December.2009
Interests receivable	442,145	241,250
Indemnity interests	1,337,970	1,337,970
Management fees	74,815	46,536
Accrued income	1,854,930	1,625,756
Insurances	183,649	196,216
Interests	10,166	195,581
Costs with credit facilities	1,745,080	2,319,504
Prepayments	1,938,895	2,711,301
	3,793,825	4,337,057

13 CASH AND CASH EQUIVALENTS

As at 31 December 2010 and 2009, cash and cash equivalents can be detailed as follows:

	31.December.2010	31.December.2009
Cash	550	813
Bank deposits	127,421,004	51,972,610
Cash and cash equivalents on the balance sheet	127,421,554	51,973,423
Bank overdrafts (Note 17)	-	(461,760)
Cash and cash equivalents on the cash flow s statement	127,421,554	51,511,663

Bank overdrafts are disclosed in the statement of financial position under the caption short term bank loans.

14 SHARE CAPITAL

As at 31 December 2010, the share capital, which is fully subscribed and paid for, is made up by 1,000,000,000 ordinary shares (1,000,000,000 as at 31 December 2009), with a nominal value of 1 euro each.

During the period, a subsidiary company (Sonae – Specialized Retail, SGPS, SA) acquired 100,000,000 shares of Sonae Investimentos at a price of 3.20 euro per share. These shares are considered as treasury shares under the Commercial Companies Code, reason why the underlying rights to these shares are suspended.

As at 31 December 2010 and 2009, the subscribed share capital was held as follows:

	31.December.2010	31.December.2009
Sonae, SGPS, SA	76.86%	82.48%
Sonae Investimentos BV	13.14%	17.52%
Sonae - Specialized Retail, SGPS, SA	10.00%	-

As at 31 December 2010 and 2009 Efanor Investimentos, SGPS, SA and affiliated companies held 52.98% of Sonae's share capital.

15 LEGAL RESERVE

The company has set up legal reserves in accordance with Commercial Companies Code. In 2010 and 2009, respectively, 3,087,918 euro and 14,700,000 euro was transferred from profit for the year to legal reserves.

16 HEDGING RESERVES, FAIR VALUE RESERVES AND OTHER RESERVES

As at 31 December 2010 and 2009, the other reserves detail is as follows:

	31.December.2010	31.December.2009
Legal Reserves in accordance with article 342 of Commercial Companies Code	320,000,000	-
Supplementary capital	372,000,000	-
Hedging reserves	(1,854,318)	(4,441,225)
Other reserves	74,897,094	831,226,646
	<u>765,042,776</u>	<u>826,785,421</u>

Following the acquisition of Sonae Investimentos SGPS, SA shares by a subsidiary company, free reserves amounting to the cost of the above mentioned shares were made unavailable, under article 324 of the Commercial Companies Code. The distribution of this reserve depends on the termination or disposal of the treasury shares.

In the General Meeting held on 29 December 2010 it was approved the distribution to shareholders of free reserves amounting to 425 million euro.

During the year, Supplementary capital entries were made by the shareholders Sonae, SGPS, SA and Sonae Investments BV, amounting to 372,000,000 euro.

The movements in these reserves for the years ended at 31 December 2010 and 2009 are detailed in the individual statement of comprehensive income and in the individual statement of changes in equity.

Hedging Reserves corresponds to the effective portion of changes in fair value of derivatives that qualify for cash flows hedge accounting.

17 BORROWINGS

As at 31 December 2010 and 2009, this caption included the following loans:

	31.December.2010	31.December.2009
Nominal value of bond loans	902,000,000	992,000,000
Up-front fees not yet charged to income statement	(2,662,489)	(4,516,975)
Bond loans	899,337,511	987,483,025
Commercial paper	292,000,000	271,000,000
Other bank loans	11,666,665	15,000,000
Up-front fees not yet charged to income statement	(67,409)	(105,107)
Bank loans	303,599,256	285,894,893
Non-current loans	1,202,936,767	1,273,377,918
Nominal value of bond loans	90,000,000	64,925,000
Up-front fees not yet charged to income statement	(445,382)	(25,511)
Bond loans	89,554,618	64,899,489
Other bank loans	3,333,334	3,333,333
Up-front fees not yet charged to income statement	(7,667)	(7,668)
Bank overdrafts (Note 13)	-	461,760
Bank loans	3,325,667	3,787,425
Current loans	92,880,285	68,686,914

Loans and interests shall be reimbursed as follows:

	31.December.2010		31.December.2009	
	Capital	Interests	Capital	Interests
2010	-	-	68,720,093	22,675,378
2011	93,333,334	24,304,593	93,333,334	17,482,871
2012	369,333,334	20,654,694	369,333,334	13,975,680
2013	174,333,334	14,805,812	204,333,334	10,596,713
2014	305,333,334	11,372,826	254,333,334	14,762,155
2015	356,666,663	6,334,608	356,666,663	5,445,730
	1,298,999,999	77,472,533	1,346,720,092	84,938,526

Non-current loans

Bonds Modelo Continente 2005/2012 amounting to 150,000,000 euro, repayable after 7 years, in one installment, on 2 August 2012. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly. The company has the option to make whole or partial reimbursements, with no extra cost, on the date of the 10th, 11th, 12th and 13th coupons.

Bonds Modelo Continente 2007/2012 amounting to 200,000,000 euro, repayable after 5 years, in one installment, on 30 April 2012. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly.

Bonds Sonae Distribuição 2007/2015 amounting to 200,000,000 euro, repayable after 8 years, in one installment, on 10 August 2015. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly. The company has the option to make whole or partial reimbursements, with no extra cost, on the date of the 10th, 12th and 14th coupons.

Bonds Sonae Distribuição September 2007/2015 amounting to 310,000,000 euro, repayable in two installments of 50% each, on 10 September 2013 and 10 September 2015. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly. The company has the option to make whole or partial reimbursements, with no extra cost, on the date of the 10th, 11th, 12th, 13th, 14th and 15th coupons.

Bonds Sonae Distribuição 2009/2014 amounting to 50,000,000 euro, repayable in 6 half yearly successive according to the redemption plan as follows: i) 8,000,000 euro, on the 5th, 6th, 7th, 8th and 9th interest payment date; ii) 10,000,000 euro, on the 10th interest payment date. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly.

Commercial paper programs are committed by financial institutions for a period of 4 years.

As the Company intends to keep these loans for a period superior to one year, those were classified as non-current.

The caption Bank loans includes a loan contracted during March 2009, in total amount of 11,666,665 euro.

Current loans

On 3 August 2010 Modelo Continente 2005/2010 bond loan of 64,925,000 euro, was totally repaid.

Bonds Modelo Continente 2003 amounting to 82,000,000 euro, repayable after 8 years, in one installment, on 15 October 2011. Interest rate is variable, indexed to Euribor 6 months, with interest paid half-yearly.

Bonds Sonae Distribuição 2009/2014 amounting to 50,000,000 euro, of which 8,000,000 euro will be repayable on the 5th interest payment date, on 18 September 2011, according conditions of issue.

The caption Bank loans includes a loan contracted during March 2009, in total amount of 3,333,334 euro.

As at 31 December 2010 and 2009 the amount of the available credit facilities in order to manage liquidity risk, can be summarized as follows:

	31.December.2010		31.December.2009	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Agreed credit facilities amounts	270,120,074	490,000,000	332,870,074	475,000,000
Available credit facilities amounts	270,120,074	198,000,000	322,219,603	204,000,000

The interest rate as at 31 December 2010 of the bonds and bank loans was, on average, 1.83% (1.65% as at 31 December 2009).

18 OTHER NON-CURRENTS LIABILITIES

As at 31 December 2010 this caption includes a subordinate bond loan, repayable in 10 years issued by Sonae Investimentos at market conditions. This loan was fully subscribed and paid for Sonae SGPS, SA on 28 December 2010 amounting to 400,000,000 euro, relating 8,000 bonds with nominal value of 50,000 euro each. As at 31 December 2010 it's estimated that the carrying amount of other non-current liabilities is estimated to be approximately its fair value.

19 DERIVATIVES

Interest rate derivatives

As at 31 December 2010 and 2009, the fair value of the derivatives, estimated taking into consideration present market value of equivalent financial instruments, is estimated as 4,290,482 euro and as 7,823,283 euro respectively.

The derivatives recorded as liabilities are interest rate zero cost collars, with a notional amount of 150,000,000 euro (150,000,000 euro in 31 December 2009) and have the purpose to hedge the volatility of interest rates from the obtained loans.

These interest rate derivatives are valued at fair value, at the statement of financial position date, based on valuations using specific software. The fair value of these financial instruments was calculated, as at the statement of financial position date, based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg.

As at 31 December 2010 and 2009, derivatives have the following estimated cash flows:

	31.December.2010	31.December.2009
2010	-	4,494,758
2011	4,276,713	3,408,054

Exchange rate derivatives

As at 31 December 2010 the fair value of the derivatives, calculated taking into consideration present market value of equivalent financial instruments, is estimated in 76,617 euro.

The derivatives recorded as liabilities relate to a contract over a fixed exchange rate for the Brazilian Real (BRL) with notional value of 22,862,789 BRL (10,276,416 euro). The mentioned derivative is valued at fair value through profit and loss. This derivative was engaged with the purpose to decrease volatility from a highly probable cash flow from a Brazilian based subsidiary. This derivative was repaid at beginning of 2011.

20 TRADE ACCOUNTS PAYABLE

As at 31 December 2010 and 2009 the trade accounts payable caption presents amounts payable within 90 days, arising on the normal course of activity.

21 OTHER CREDITORS

As at 31 December 2010 and 2009, this caption is as follows:

	31.December.2010	31.December.2009
Short term loans (Note 37)	481,511,000	338,078,379
Taxes - Special Regime for taxation of groups of companies	6,961,236	4,892,803
Others	49,548	8,151
	<u>488,521,784</u>	<u>342,979,333</u>

The amount of 6,961,236 euro recorded in the caption "Taxes-Special Regime for taxation of groups of companies" relates to the amounts to be paid to subsidiaries, included in the mentioned taxation regime, for the calculated income tax of the period.

22 OTHER CURRENT LIABILITIES

As at 31 December 2010 and 2009 other current liabilities were made up as follows:

	31.December.2010	31.December.2009
Staff costs	-	320,833
Deferred performance bonuses (Note 23)	248,780	534,932
Accrued interests	13,253,817	8,073,177
Others	301,234	29,484
Accruals	<u>13,803,831</u>	<u>8,958,426</u>

23 SHARE-BASED PAYMENTS

In 2010 and in previous years, the Company granted deferred performance bonuses to the Board of 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 company has the choice to settle its responsibilities in cash rather than through shares. These rights can only be exercised if the employee still works for Sonae on the vesting date. These responsibilities are measured as described in Note 2.10.

As at 31 December 2010, the outstanding plans were as follows:

	Vesting period		Number of participants	Number of shares
	Year of grant	Vesting year		
Plan 2007	2008	2011	1	304,828
Plan 2008	2009	2012	1	659,028
Plan 2009	2010	2013	1	381,340

The measurement of the Share-Based Plans referred above is referenced to the evaluation of Sonae, SGPS, SA shares price as at 31 December 2010. The current plans are considered cash settled.

24 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses for the year ended as at 31 December 2010 are as follows:

	Opening balance	Increases	Closing balance
Investments impairment (Note 5 and 28)	45,868,497	(7,780,000)	38,088,497
Other debtors impairment losses (Note 10 and 30)	539,611	(539,611)	-

25 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2010 and 2009 the contingent liabilities were detailed as follows:

		31.December.2010	31.December.2009
Guarantees rendered:			
related to tax claims awaiting outcome	(a)	166,834,471	95,643,815
related to local and municipal claims awaiting outcome		289,380	289,380
others		10,761,324	10,761,324
Guarantees given in favour of subsidiaries	(b)	47,369,533	46,893,361

a) Includes the amount of 164,849,085 euro (93,656,343 euro as at 31 December 2009) referring to corporate income tax claims awaiting outcome and the amount of 1,985,386 euro (same amount as at 31 December 2009) relating to stamp duty claims.

b) Guarantees given to Tax Authorities in favour of subsidiaries to suspend claims from tax authorities.

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

Following the disposal of a Brazilian subsidiary company, the group guaranteed to that subsidiary company buyer all the losses it will have as consequence of tax additional assessments as it is described in the Note of Contingent Assets and Liabilities in the Consolidated financial statements.

26 RELATED PARTIES

Main balances and transactions with related parties as at 31 December 2010 and 2009 are detailed as follows:

	31.December.2010	31.December.2009
Balance:		
Parent company	59,115	15,837
Subsidiaries	132,253,215	154,762,925
Jointly controlled companies	66,585	111,531
Associated companies	2,934,930	165,716
Other related parties	8,860,483	192
Accounts receivable	144,174,328	155,056,201
Parent company	428,731	447,617
Subsidiaries	12,935,340	6,597,394
Jointly controlled companies	600	9,678
Associated companies	34,951	-
Other related parties	872	142
Accounts payable	13,400,494	7,054,831
Subsidiaries	1,536,547,507	1,151,916,978
Jointly controlled companies	6,100,000	5,359,543
Associated companies	17,555,234	-
Loans granted	1,560,202,741	1,157,276,521
Parent company	453,000,000	-
Subsidiaries	428,511,000	338,040,379
Jointly controlled companies	-	38,000
Loans obtained	881,511,000	338,078,379

	31.December.2010	31.December.2009
Transactions:		
Subsidiaries	1,000,000	1,000,000
Associated companies	1,072,621	627,527
Services rendered	<u>2,072,621</u>	<u>1,627,527</u>
Parent company	50,000	50,000
Subsidiaries	10,000	10,618
Jointly controlled companies	-	6,180
Associated companies	8,121	-
Other related parties	3,033	40,334
Purchases and services obtained	<u>71,154</u>	<u>107,132</u>
Parent company	3,677	-
Subsidiaries	444,495	1,648,641
Other income	<u>448,172</u>	<u>1,648,641</u>
Parent company	107,128	15,837
Subsidiaries	33,356,913	69,262,911
Jointly controlled companies	154,921	255,178
Associated companies	210,022	-
Interest income	<u>33,828,984</u>	<u>69,533,926</u>
Parent company	1,528,006	446,080
Subsidiaries	8,738,200	11,830,371
Jointly controlled companies	34	18,250
Interest expenses	<u>10,266,240</u>	<u>12,294,701</u>
Subsidiaries	12,900,246	1,050,860
Associated companies	896,902	261,660
Dividend income	<u>13,797,148</u>	<u>1,312,520</u>
Subsidiaries	1,090,768,437	55,416,000
Associated companies	3,525,000	-
Other related parties	6,120,239	-
Investments disposal	<u>1,100,413,676</u>	<u>55,416,000</u>
Parent company	51,000,000	-
Subsidiaries	471,445,768	-
Other related parties	1,101,337	-
Investments acquisition	<u>523,547,105</u>	<u>-</u>

All Sonae, SGPS, S.A. and Efanor Investimentos SGPS, SA subsidiaries, associates and joint ventures are considered related parties and are identified in Consolidated Financial Statements.

During the period, the Company obtained loans from Sonae, SGPS, SA amounting to 876,984,614 euro (443,340,000 euro as at 31 December 2009) was repaid 823,984,614 euro during the year (443,340,000 euro as at 31 December 2009).

In 2010 and 2009 did not occur any transactions including granted loans with the Company's Directors.

The remuneration of the Board of Directors for the years ended 31 December 2010 and 2009 is detailed as follows:

	31.December.2010	31.December.2009
Fixed	100,070	461,960
Variable - short term	-	190,900
Variable - medium term	-	290,200
	<u>100,070</u>	<u>943,060</u>

As at 31 December 2010 and 2009 there were no balances with Company's Directors.

27 SERVICES RENDERED

The amount of services rendered refers to invoiced services rendered to Sonae Investimentos group companies in Portugal.

28 INVESTMENT INCOME

As at 31 December 2010 and 2009 investment income is as follows:

	31.December.2010	31.December.2009
Dividends	13,797,148	1,312,520
Gains on the sale of investments	444,864,481	54,125,788
Impairment losses on investments (Note 24)	7,780,000	-
Losses on the sale of investments	(7,728,107)	-
	<u>458,713,522</u>	<u>55,438,308</u>

29 FINANCIAL INCOME / EXPENSES

As at 31 December 2010 and 2009, net financial expenses are as follows:

	31.December.2010	31.December.2009
Interest receivable		
related to bank deposits	55,104	52,216
related to loans granted (Note 26)	33,828,984	62,728,447
related to hedge derivatives	-	762,600
others	15,324	6,820,197
Other financial income	211,663	-
Financial income	<u>34,111,075</u>	<u>70,363,460</u>
Interest payable		
related to bank deposits and overdrafts	(6,495,999)	(8,561,485)
related to non convertible bonds	(18,057,866)	(31,798,404)
related to hedge derivatives	(4,626,579)	(3,283,100)
related to loans obtained (Note 26)	(9,634,653)	(12,294,701)
Others (Note 26)	(631,587)	(16)
Other financial expenses		
up front fees and commissions related to loans	(4,814,748)	(3,195,746)
others	(1,348,572)	(197,006)
Financial expense	<u>(45,610,004)</u>	<u>(59,330,458)</u>

As at 31 December 2010, the amount of other financial expenses and other financial income includes the amounts of approximately 1,000,000 euro and 211,000 euro, respectively, corresponding to losses and gains arising as a result of the exchange rate derivatives, including the effect of fair value described on Note 19.

30 OTHER INCOME

As at 31 December 2010 and 2009, other income is as follows:

	31.December.2010	31.December.2009
Recovery of charges (a)	477,238	1,683,427
Reversal of impairment losses	539,611	-
Other income	10,838	271,803
	<u>1,027,687</u>	<u>1,955,230</u>

a) Income related to costs assumed by the Company, which were re-charged to participated companies.

31 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2010 and 2009, external supplies and services are as follows:

	31.December.2010	31.December.2009
Insurance	630,521	749,644
Services	182,538	546,173
Others services	43,852	77,589
	<u>856,911</u>	<u>1,373,406</u>

32 OTHER EXPENSES

As at 31 December 2010 and 2009, other expenses are as follows:

	31.December.2010	31.December.2009
Indirect tax	898,546	1,930,856
Expenses/(gains) in non financial investments	239,646	-
Bank services	550,833	353,769
Others	306,067	18,636
	<u>1,995,092</u>	<u>2,303,261</u>

Indirect tax as at 31 December 2010 and 2009 mainly refers to costs of retail stores openings, which were then re-charged to Group companies, which own those new stores.

33 INCOME TAX

Income tax charge for the year ended 31 December 2010 and 2009 is made up as follows:

	31.December.2010	31.December.2009
Current tax	3,361,161	(3,025,772)
Deferred tax	64,782	135,076
Total	<u>3,425,943</u>	<u>(2,890,696)</u>

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2010 and 2009 is as follows:

	<u>31.December.2010</u>	<u>31.December.2009</u>
Profit before income tax	447,113,319	64,649,061
Income tax rate	25.00%	25.00%
	<u>111,778,330</u>	<u>16,162,265</u>
Impairment losses not accepted for tax purposes	(1,945,000)	-
Under/(over) taxation estimates	52,617	484,936
Difference between capital (losses)/gains for accounting and tax purposes	(109,355,837)	(13,531,447)
Effect of non-tributable dividends	(3,449,287)	(328,130)
Others	(506,766)	103,072
Income tax	<u>(3,425,943)</u>	<u>2,890,696</u>

34 EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2010 and 2009, were calculated taking into consideration the following amounts:

	<u>31.December.2010</u>	<u>31.December.2009</u>
Net Profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	450,539,262	61,758,365
Net profit taken into consideration to calculate diluted earnings per share	<u>450,539,262</u>	<u>61,758,365</u>
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	983,690,959	1,000,000,000
Weighted average number of shares used to calculate diluted earnings per share	983,690,959	1,000,000,000
Earnings per share (basic and diluted)	<u>0.4580</u>	<u>0.0618</u>

The average number of shares for the year ended as at 31 December 2010 reflects the weighted effect of the 100,000,000 number of treasury shares acquired by a subsidiary during the period (Note 14).

35 CASH RECEIPTS / PAYMENTS ARISING INVESTMENTS

During 2010 and 2009, the following receipts and payments occurred:

	31.December.2010			
	Receipts		Payments	
	Price	Amount received	Price	Amount paid
Contibomba - Comércio e Distribuição de Combustíveis, SA	144,109	144,109	-	-
Cumulativa - Sociedade Imobiliária, SA	-	-	30,000	30,000
Difusão - Sociedade Imobiliária, SA	7,566,570	7,566,570	-	-
Edições Book.it - SA	2,800,000	2,800,000	-	-
Farmácia Selecção, SA	51,272	51,272	-	-
Iginha - Sociedade Imobiliária, SA	-	-	300,000	300,000
Marcas MC, ZRT	146,943,000	85,426,466	-	-
MDS, SGPS, SA	-	-	51,000,000	51,000,000
Modelo - Distribuição de Materiais de Construção, SA	-	-	9,790,614	9,790,614
Modelo Continente Hipermercados, SA	1,106,725,000	1,106,725,000	528,000,000	528,000,000
Modelo Continente Seguros - Sociedade de Mediação, Lda	3,525,000	1,075,000	2,987,250	2,987,250
Modelo Hiper Imobiliária, SA	-	-	10,655,164	10,655,164
Mundo Vip - Operadores Turísticos, SA	-	-	1,101,337	1,101,337
Selifa - Sociedade de Empreendimentos Imobiliários, SA	-	-	25,000	25,000
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	5,361,500	5,361,500	-	-
Sonae MC - Modelo Continente, SGPS, SA	-	-	599,950,000	599,950,000
Sonae Retalho Espanha, SA	5,748,452	5,748,452	-	-
Sontária - Empreendimentos Imobiliários, SA	6,120,239	-	-	-
Tlantic Portugal - Sistemas de Informação, SA	-	-	300,000	300,000
Todos os Dias - Comércio Ret. e Expl. de Centros Comerciais, SA	1,741,875	1,741,875	-	-
	<u>1,286,727,017</u>	<u>1,216,640,244</u>	<u>1,204,139,365</u>	<u>1,204,139,365</u>

As at 31 December 2010 the amounts under the caption "Financial investments" on the statements of cash flows includes 30,405,000 euro related with the disposal of subsidiaries that took place in 2009.

	31.December.2009			
	Receipts		Payments	
	Price	Amount received	Price	Amount paid
Bertimóvel - Sociedade Imobiliária, SA	-	-	470,000	470,000
Canasta - Empreendimentos Imobiliários, SA	-	-	90,000	90,000
Contibomba - Comércio e Distribuição de Combustíveis, SA	-	-	80,000	80,000
Cumulativa - Sociedade Imobiliária, SA	-	-	190,000	190,000
Farmácia Selecção, SA	11,000	11,000	-	-
Fundo de Investimento Imobiliário Fechado Imosede	-	-	15,000,063	15,000,063
Iginha - Sociedade Imobiliária, SA	-	-	850,000	850,000
Imoconti - Sociedade Imobiliária, SA	-	-	330,000	330,000
Imomuro - Sociedade Imobiliária, SA	-	-	260,000	260,000
Infocfield - Informática, SA	1,405,000	-	12,000	12,000
MJLF - Empreendimentos Imobiliários, SA	-	-	90,000	90,000
Modalfa - Comércio e Serviços, SA	13,000,000	-	-	-
Modelo Continente Seguros - Sociedade de Mediação, Lda	-	-	3,000,000	3,000,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	-	-	80,000	80,000
Sempre à Mão - Sociedade Imobiliária, SA	-	-	1,405,558	1,405,558
Sonae Center Serviços II, SA	-	-	50,000	50,000
Sonae MC - Modelo Continente, SGPS, SA	-	-	50,000	50,000
Sondis Imobiliária, SA	-	-	425,000	425,000
Sportzone - Comércio de Artigos de Desporto, SA	16,000,000	-	-	-
Tlantic Portugal - Sistemas de Informação, SA	-	-	393,316	393,316
Worten - Equipamentos para o Lar, SA	25,460,000	25,460,000	-	-
	<u>55,876,000</u>	<u>25,471,000</u>	<u>22,775,937</u>	<u>22,775,937</u>

36 DIVIDENDS

In the annual General Meeting held on 26 April 2010, have been attributed gross dividends of 0.07 euro per share (0.085 euro per share in 2009), corresponding to a total of 70,000,000 euro (85,000,000 euro in 2009).

In the General Meeting held on 29 December 2010 it was approved the distribution to shareholders of free reserves amounting to 425 million euro.

37 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 15 March 2011. These financial statements will be presented to the Shareholders' General Meeting for final approval.

38 INFORMATION REQUIRED BY LAW

Decree-Law n^{er} 318/94 art. 5th n^{er} 4th

During the period ended as at 31 December 2010 shareholders' loan contracts were signed with the following companies:

Azulino Imobiliária, SA

Bertimóvel – Sociedade Imobiliária, SA

Citorres - Sociedade Imobiliária, SA

Contimobe – Imobiliária do Castelo de Paiva, SA

Fozimo – Sociedade Imobiliária, SA

Igimo - Sociedade Imobiliária, SA

Iginha – Sociedade Imobiliária, SA

Imomuro – Sociedade Imobiliária, SA

Imoconti – Sociedade Imobiliária, SA

Imoresultado – Sociedade Imobiliária, SA

Imosistema – Sociedade Imobiliária, SA

Imoestrutura – Sociedade Imobiliária, SA

MJLF – Empreendimentos Imobiliários, SA

Predicomercial – Promoção Imobiliária, SA

Sempre à Mão – Sociedade Imobiliária, SA

Sociloures – Sociedade Imobiliária, SA

Socijofra – Sociedade Imobiliária, SA

Soflorin, BV

Sonae MC – Modelo Continente, SGPS, SA

Sondis Imobiliária, SA

Sontária – Empreendimentos Imobiliários, SA

Valor N, SA

During the period ended as at 31 December 2010, treasury application agreements were signed with the following companies:

Azulino Imobiliária, SA

Bertimóvel – Sociedade Imobiliária, SA

Canasta - Empreendimentos Imobiliários, SA

Citorres – Sociedade Imobiliária, SA

Contimobe – Imobiliária do Castelo de Paiva, SA

Continente Hipermercados, SA

Cumulativa - Sociedade Imobiliária, SA

Edições Book.it, SA

Estevão Neves – Hipermercados da Madeira, SA

Farmácia Selecção, SA

Fozimo – Sociedade Imobiliária, SA

Global S – Hipermercados, SA

Good and Cheap - Comércio Retalhista, SA

Hipotética - Comércio Retalhista, SA

Igimo – Sociedade Imobiliária, SA

Iginha – Sociedade Imobiliária, SA

Imoconti – Sociedade Imobiliária, SA

Imoestrutura – Sociedade Imobiliária, SA

Imomuro - Sociedade Imobiliária, SA

MJLF - Empreendimentos Imobiliários, SA

Modaloop - Vestuário e Calçado, SA

NA – Comércio e artigos de Desporto, SA

NA – Equipamentos para o Lar, SA

Pharmaconcept Actividades em Saúde, SA

Pharmacontinente – Saúde e Higiene, SA

Predicomercial – Promoção Imobiliária, SA

Raso, SGPS, SA

Selifa - Sociedade de Empreendimentos Imobiliários, SA

Sempre à Mão – Sociedade Imobiliária, SA

Sesagest – Projectos e Gestão Imobiliária, SA

Socijofra – Sociedade Imobiliária, SA

Sociloures – Sociedade Imobiliária, SA

Sonae MC – Modelo Continente, SGPS, SA

Sonae - Retail Properties, SA

Sonae Center Serviços II, SA

Sondis - Sociedade Imobiliária, SA

Textil do Marco, SA

Valor N, SA

Well W - Electrodomésticos e Equipamentos, SA

As at 31 December 2010 amounts owed by subsidiaries can be detailed as follows:

Company	31.December.2010
Azulino - Imobiliária, SA	4,100,388
Bertimóvel - Sociedade Imobiliária, SA	18,852,000
Canasta - Empreendimentos Imobiliários, SA	2,463,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	64,000
Citorres - Sociedade Imobiliária, SA	3,237,000
Contimobe - Imobiliária do Castelo de Paiva, SA	56,813,000
Continente Hipermercados, SA	96,224,000
Cumulativa - Sociedade Imobiliária, SA	2,633,000
Edições Book.it, SA	3,161,000
Farmácia Selecção, SA	3,609,000
Fozimo – Sociedade Imobiliária, SA	1,741,252
Global S - Hipermercado, Lda	2,269,000
Good and Cheap - Comércio Retalhista, SA	23,477,000
Hipotética - Comércio Retalhista, SA	16,036,000
Igimo – Sociedade Imobiliária, SA	656,000
Iginha – Sociedade Imobiliária, SA	12,136,886
Imoconti – Sociedade Imobiliária, SA	15,237,389
Imoestrutura - Sociedade Imobiliária, SA	356,078
Imomuro - Sociedade Imobiliária, SA	4,050,897
Imoresultado – Sociedade Imobiliária, SA	435,000
Imosistema - Sociedade Imobiliária, SA	4,196,592
MJLF - Empreendimentos Imobiliários, SA	3,350,000
Modelo - Distribuição de Materiais de Construção, SA	17,902,648
Mundo Vip - Operadores Turísticos, SA	1,000,000
MDS SGPS, SA	16,555,234
Pharmacontinente - Saúde e Higiene, SA	11,939,000
Predicomercial - Promoção Imobiliária, SA	9,099,340
Raso, SGPS, SA	6,100,000
Selifa - Sociedade de Empreendimentos Imobiliários, SA	3,476,926
Sempre à Mão - Sociedade Imobiliária, SA	49,475,444
Sesagest - Projectos e Gestão Imobiliária, SA	193,000
Socijofra - Sociedade Imobiliária, SA	7,124,145
Sociloures - Sociedade Imobiliária, SA	25,813,514
Soflorin, BV	299,312,812
Sonae Center Serviços II, SA	6,037,000
Sonae MC - Modelo Continente, SGPS, SA	611,991,000
Sonaerp - Retail Properties, SA	199,300,931
Sondis Imobiliária, SA	15,886,265
Valor N, SA	3,897,000
	<u>1,560,202,741</u>

The amounts due to group companies as at 31 December 2010 related to the mentioned contracts were the following:

Company	<u>31.December.2010</u>
BB Food Service, SA	1,261,000
Best Offer - Prestação de Informações pela Internet, SA	2,812,000
Bikini - Portal de Mulheres, SA	2,651,000
Bom Momento - Comercio Retalhista, SA	43,000
Carnes Continente - Indústria e Distribuição de Carnes, SA	8,314,000
Contibomba - Comércio e Distribuição de Combustíveis, SA	245,000
Chão Verde - Sociedade de Gestão Imobiliária, SA	2,927,000
Estevão Neves - Hipermercados da Madeira, SA	8,245,000
Fozmassimo - Sociedade Imobiliária, SA	140,000
Modelo Continente Hipermercados, SA	132,046,000
Modelo Hiper - Imobiliária, SA	2,310,000
Modelo.Com - Vendas por Correspondência, SA	9,121,000
Pharmaconcept - Actividades em Saúde, SA	197,000
Peixes Continente - Indústria e Distribuição de Peixes, SA	208,000
Solaris - Supermercados, SA	2,239,000
Sonae - Specialized Retail, SGPS, SA	254,128,000
Sonae, SGPS, SA	53,000,000
Tlantic Portugal - Sistemas de Informação, SA	126,000
Todos os Dias - Comércio Ret. e Expl. de Centros Comerciais, SA	1,498,000
	<u>481,511,000</u>

Article 66 A of Commercial Companies Code

As at 31 December 2010, fees Statutory Auditor amounted to 30,282 euro fully related with audit fees.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo; (President of the Board of Directors)

Ângelo Gabriel Ribeirinho dos Santos Paupério;

Nuno Manuel Moniz Trigo Jordão;

Statutory Audit and Auditors' Report

STATUTORY AUDIT REPORT AND AUDITORS' REPORT

*(Translation of a report originally issued in Portuguese.
In the event of discrepancies, the Portuguese language version prevails.)*

Introduction

1. In accordance with the applicable legislation, we present the Statutory Audit Report and the Auditors' Report on the consolidated and individual financial information contained in the Report of the Board of Directors and the consolidated financial statements for the year ended 31 December 2010 of Sonae Investimentos, S.G.P.S., S.A. ("Company") (which comprise the Consolidated and Individual Statements of Financial Position as of 31 December 2010 that presents total consolidated and individual assets of 4,147,368,037 Euro and of 4,553,846,136 Euro respectively, and consolidated and equity of 775,615,075 Euro and of 2,332,669,956 Euro respectively, including consolidated net profit attributable to the Company's Equity Holders of 168,595,954 Euro and a individual net profit of 450,539,262 Euro), the Consolidated and Individual Income Statements, Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended and the corresponding Notes.

Responsibilities

2. The Company's Board of Directors is responsible for: (i) the preparation of consolidated and individual financial information that present a true and fair view of the financial position of the companies included in the consolidation, the results and the consolidated and individual comprehensive income of their operations, consolidated and individual changes in equity and consolidated and individual cash flows; (ii) the preparation of historical financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and that is complete, true, timely, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate internal control system; and (iv) informing any significant facts that have influenced their operations or the operations of the companies included in the consolidation, their financial position, their results and their consolidated and individual comprehensive income.
3. Our responsibility is to review the financial information contained in the above mentioned account documents, including verifying if, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Securities Market Code, and issue a professional and independent opinion, based on our examination.

Scope

4. Our examination was performed in accordance with the auditing standards issued by the Portuguese Institute of Statutory Auditors, which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated and individual financial statements are free of material misstatement. Our examination included verifying, on a sample basis, evidence supporting the amounts and disclosures in the consolidated and individual financial statements and assessing the significant estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation. Our examination also included verifying the consolidation procedures used, the application of the equity method, and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting policies used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and assessing the adequacy of the overall presentation of the consolidated and individual financial statements and assessing if, in all material respects, the information is complete, true, timely, clear, objective and licit. Our examination also comprises verifying that the consolidated and individual financial information contained in the Report of the Board of Directors is in accordance with the other consolidated and individual documents of account, as well as verifying the required in the numbers 4 and 5 of article 451^o of Commercial Companies Code. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated and individual financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated and individual financial position of Sonae Investimentos, S.G.P.S., S.A., as of 31 December 2010, the results and the consolidated and individual comprehensive income of its operations, the consolidated and individual changes in equity and the consolidated and individual cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union, and the information contained on those is, in accordance with the standards mentioned in the paragraph 4 above, complete, true, timely, clear, objective and licit.

Reporting over other legal requirements

6. It is also our opinion that the financial information contained in the Report of the Board of Directors is in accordance with the consolidated and individual financial statements of the year and the reporting of the corporate governance practice includes the elements required to the Company in accordance with article 245^o-A of the Securities Market Code.

Lisbon, 15 March 2011

Deloitte & Associados, SROC S.A.
Represented by António Manuel Martins Amaral

Report and Opinion of The Statutory Audit Board

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

*(Translation of a Report and Opinion originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)*

**To the Shareholders of
Sonae Investimentos S.G.P.S, S.A.**

1 – Report

1.1 - Introduction

In compliance with the applicable legislation and its mandate, the Statutory Audit Board issues its report on the supervisory action carried out as well as its opinion on the Management Report and remaining consolidated and individual financial statements for the year ended 31 December 2010.

1.2 – Supervision

During the year under analysis, the Statutory Audit Board accompanied, within the scope of its competencies, the management of the Company and its subsidiaries, oversaw, with the scope considered adequate under the circumstances, the evolution of the operations, the regularity of its accounting records, the quality of the financial reporting process, the disclosure of financial information, accounting policies and valuation criteria, the efficiency of the risk management and internal control systems, as well as the compliance with legal and statutory requirements.

For that purpose, the Statutory Board met, with the periodicity considered adequate, with the managers responsible for planning and control, administrative and accounting, tax issues, internal audit and risk management departments, as well as with the External Auditor who is also the Statutory Auditor of the Company.

The Statutory Audit Board examined, with special attention the accounting treatment of operations that had material economic or financial impacts in the development of operations reflected in the financial statements under analysis. The Statutory Audit Board exercised its duties in what relates to the qualification and independence of the External Auditor and Statutory Auditor, and reviewed the planning and results of the internal and external auditors.

In furtherance of its functions, the Statutory Audit Board examined the management report, including the corporate governance report and remaining documents of individual and consolidated accounts, prepared by the Board of Directors, considering that the information disclosed complies with the legal and statutory requirements in place and that it is appropriate for the understanding of the financial position and the results of the operations of the Company and consolidation perimeter. Additionally, the Statutory Audit Board examined Statutory Audit and Auditors' Report issued by the Statutory Auditor and agreed with their content.

2 - Opinion

Considering the above, in the opinion of the Statutory Audit Board, all the necessary conditions are fulfilled in order for the Shareholders' General Meeting to approve:

- a) the Report of the Board of Directors, the consolidated and individual statements of financial position as at December 31, 2010, the consolidated and individual statements of profit and loss, the consolidated and individual statements of comprehensive income, the consolidated and individual statements of changes in equity, the consolidated and individual statements of cash flows and related notes;
- b) the proposal of net profit appropriation presented by the Board of Directors.

3 – Responsibility Statement

In accordance with paragraph a), number 1 of article 8º of the Regulation of CMVM nr. 5/2008 and with paragraph c), number 1 of article 245º of the Portuguese Securities Market Code, the members of the Statutory Audit Board inform that, to their knowledge, the information contained in the Management Report and the financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of Sonae Investimentos, SGPS, S.A. and companies included in the consolidation perimeter. Also it is their understanding that the Management Report faithfully describes the business evolution, performance and financial position of Sonae Investimentos, SGPS, S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face. It is declared also that the corporate governance report, complies with article 245º-A of the Portuguese Securities Market Code.

Maia, 25 March 2011

The Statutory Audit Board

UHY & Associados, SROC, Lda. represented by António Francisco Barbosa dos Santos

Arlindo Dias Duarte Silva

Óscar José Alçada da Quinta