



SUBJECT TO THE APPROVAL OF THE SHAREHOLDERS
IN THE ANNUAL GENERAL MEETING

SONAE CAPITAL, SGPS, SA
Head Office: Lugar do Espido, Via Norte, Maia
Share Capital: 250,000,000 Euro
Maia Commercial Registry and Fiscal Number 508 276 756
Sociedade Aberta

REPORT AND ACCOUNTS
31 DECEMBER 2008

(Translation from the Portuguese Original)

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REPORT OF THE BOARD OF DIRECTORS

31 DECEMBER 2008

(Translation from the Portuguese Original)

Report of the Board of Directors Year of 2008

Disclaimer:

Unless otherwise stated, comparable figures (presented within brackets), percent or absolute changes mentioned in this announcement refer to the comparable period of the previous year for performance figures and to the year end 2007 for financial position figures.

Like for like comparisons exclude the contributions of the Plysorol Group and Elmo (discontinued operations) to 2008 consolidated financial statements, as explained in chapter 5 of the current report.

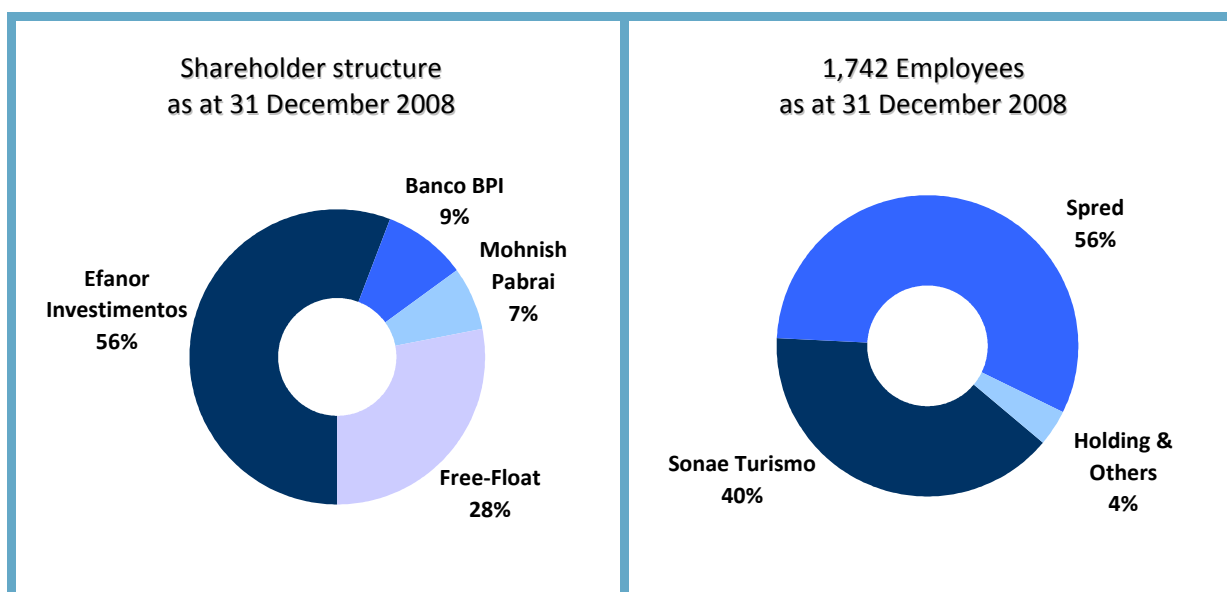
1. **The Group**

Sonae Capital, SGPS, SA (Sonae Capital) is a holding company which was incorporated on 14 December 2007 through the spin-off of the shareholding of Sonae, SGPS, SA, corresponding to the whole of the share capital and voting rights of the company previously named Sonae Capital, SGPS, SA (currently SC, SGPS, SA). The 250,000,000 shares representing Sonae Capital's share capital are listed on Euronext Lisbon since 28 January 2008.

Sonae Capital's business portfolio, still in the early days of its development, has been evolving from a fragmented to a more focused structure. Since its incorporation, several businesses have been sold since they did not fit into the new strategic guidelines, and new business opportunities are being assessed.

Sonae Capital's business areas are grouped into two different sub-holdings, depending on the nature of their activities, as follows:

SONAE CAPITAL	
SONAE TURISMO	SPRED
RESORT AND RESIDENTIAL DEVELOPMENT	MATURE BUSINESSES
ASSET MANAGEMENT	EMERGING BUSINESSES
TOURISM OPERATIONS	FINANCIAL SHAREHOLDINGS



During 2008, Spred's activities were reorganized to underscore the relative sizes of operations and the new areas where Sonae Capital intends to assess new business opportunities.

Thus, Mature Businesses include businesses which generate steady cash-flows, the Selfrio Group (Facility Management) currently being the only eligible business, of significant relative size (nearly 100 million euro turnover and 640 workforce).

In Emerging Businesses, Energy and Environment reflect the commitment of Sonae Capital to look for growth opportunities in these areas. During 2008, Sonae Capital acquired Edifícios Saudáveis, a consultancy company dedicated to building sustainability, certification in energy efficiency, air quality control and related areas. This is still a small operation, with 0.8 million euro of turnover and 10 employees. Other opportunities are currently being assessed, namely in relation to energy efficiency and renewable energy production.

Finally, Financial Shareholdings bring together a diverse range of wholly owned companies of smaller size, such as Box Lines and Atlantic Ferries, or shareholdings in relevant companies (Sonae Indústria, Norscut and TP).

2. Executive Summary

- On a like for like basis, consolidated turnover increased 17% in the year to 230.5 million euro, positively impacted by the 52 sales deeds signed in the fourth quarter of 2008 for residential units in the Troiaresort. Lower sales of real estate assets and City Flats / City Lofts apartments have partially offset the impact of those sales. Within Spred, the Selfrio Group and Atlantic Ferries (the latter of which began operations in October 2007) were the main drivers of growth in both the year of 2008 and the fourth quarter.
- On a like for like basis, consolidated operational cash-flow (EBITDA) totalled 13.6 million euro, a 50% increase, reflecting in particular the impact of the sale of Troiaresort apartments and Golf and Beach villas in the fourth quarter of 2008 and by slight increases

in the profit margins of the Selfrio Group and Atlantic Ferries. EBITDA for the year was negatively impacted by closure of Troiaresorts' operations during most of the year and by pre-(re)opening costs.

- On a like for like basis, net profit for the year totalled 28.4 million euro (9.4 million euro), including 53.1 million euro of investment income arising mainly from gains on the sale of Contacto Construções (46.4 million euro) and Choice Car (9.1 million euro) and from the estimated negative impact of the deconsolidation of the Plywood business (negative 9.3 million euro).

Selected Financial data

Values in 10⁶ euro

	4Q			YTD		
	2008 ¹	2007 ¹	% Chg.	2008 ¹	2007 ¹	% Chg.
Turnover	87.0	60.1	44.7%	230.5	197.3	16.9%
EBITDA	15.6	4.6	>100%	13.6	9.1	49.7%
EBIT	3.1	2.3	33.1%	-7.8	1.6	-
Net Financial Expenses	-2.3	-1.7	-38.5%	-11.0	-10.0	-10.2%
Investment Income	-6.6	2.6	-	53.1	12.1	>100%
Net Profit	-8.1	5.6	-	28.4	9.4	>100%

¹ Continued Operations.

	31.12.08	31.12.07	30.09.08	% Chg. YoY	% Chg. QoQ
Capex	119.6	104.3	79.2	14.7%	51.1%
Net Debt	273.8	172.2	284.0	58.9%	-3.6%

Selected Operational data (24 March 2009)


Sales information

	Total # Units (Sold + Pre Sold)	Total # Available Units
Total Troiaresort	200*	220
City Flats/Lofts - Building E	7	99
City Flats/Lofts - Building F	88	18
Efanor - Building Delfim Pereira da Costa	-	40

* Includes 22 tourism units sold to an affiliated company of Soares da Costa, as part of an agreement signed regarding the payment, already in 2009, of the remainder of the price of construction works on UNOP 1. For more detailed information on sales please refer to chapter 6.2 of this report.

3. Macroeconomic environment

The **World Economy** slowed down in 2008, reversing the trend recorded in the previous two years. This slowdown was sharper in advanced economies, namely in the United States, Japan and the European Union, while in emerging and developing economies, mainly Asian (China and India) some slowdown in growth occurred compared to that of recent years. In the most recent edition of the World Economic Outlook Update, published in January 2009, the IMF forecasts world GDP growth of 3.4% (1.8 p.p. below that of 2007), with a slowdown in growth in developed countries to 1.0% (2.7% in 2007) and in the rest of the world economy an increase of 6.3% (8.3% in 2007).



The deterioration in worldwide economic growth was due to a combination of adverse factors which caused a fall in business and consumer confidence and delayed investment decisions, namely the uncertainty and volatility associated with the international financial market crisis, which began with the subprime real estate crisis. Despite emerging initially in financial markets, the crisis swiftly spread to the real economy. The sharp fall in real estate prices and the consequent devaluation of assets led to greater limitations in the availability of credit, effectively putting an end to an extended period of widespread liquidity and extensive credit at low interest rates. The current environment is characterised by lower levels of confidence, stricter financing criteria and increased risk awareness causing a huge increase in spreads. Moreover, the sharp rise in energy prices, raw materials and food products during the first half of 2008, had negative impacts on household available income, with consumer confidence at minimum historical levels.

The year 2009 and probably also 2010, will be marked by strong and simultaneous recession in the main developed economies and to a higher than expected slowdown in emerging economies. As a result of the deterioration of the global macroeconomic environment, the main international organizations have continuously been revising their growth predictions downwards. According to the IMF's most recent projections published in March 2009, the world economy should contract around 0.5% and 1.0%, recovering for a 1.5% to 2.5% growth in 2010. Developed economies should continue to contribute negatively, with economic indicators recently disclosed pointing out to a higher fall in activity levels. It is expected that economic activity contracts to a range between -3% and 3.5%. In emerging economies, economic activity should slow down at a stronger than expected pace, between 1.5% and 2.5%.

The year 2009 is likely to be characterised by a general recession and the worst since the 40's. Doubt remains as to the recovery capacity in 2010.

The **Portuguese Economy**, after recording a reasonable growth period, during which GDP grew by 1.4% in 2006 and 1.9% in 2007, but still below potential GDP, started to slow, in 2008, in the same way as most world economies, due to the worsening macroeconomic environment driven by the international financial system crisis.

Recent forecasts point to 0.3% growth in 2008 GDP. In the first three quarters of the year, GDP growth progressively deteriorated to an average of 0.7%. This economic performance has been driven mainly by the trend of investment and external demand. In relation to investment, the upward trend recorded in 2007 was reversed and began to decrease in 2008 (forecast for the year is for a contraction to -0.8%, compared to 3.2% growth in 2007), with a general slowdown of its component parts. The performance of external net demand was weak. Exports are expected to have slowed to 0.6% growth (7.5% in 2007). During 2008, imports were contained (2.4% growth), in line with the international environment and the contraction of internal demand. The growth of internal demand is expected to have slowed down to 1.0% by the end of 2008 (1.6% in 2007). This performance was driven by the unfavourable performance of private consumption that will have slowed to 1.4% this year, due to the consumer uncertainty that marks the current macro economic environment and to the less favourable outlook for economic activity and employment in Portugal. On the positive side, the highlight has been the growth of public expenditure which, as in 2007, continued to slow down (0.2% growth is expected in 2008), as a result of budget consolidation required to balance public finances. As a result, the public deficit in 2008 should be

of around 2.4% of GDP (2.6% of GDP in 2007). The behaviour of inflation during the year varied: the rising trend that started in the 3rd quarter of 2007 continued into the first half of the year, but fell progressively in the second half of the year, and ended the year at 2.6% (2.5% in 2007). Despite the slowdown in economic activity in 2008, the unemployment rate fell to 7.8% (8.0% in 2007).

In 2009, the current macroeconomic situation, marked by pessimism and uncertainty, will worsen, with forecasts indicating GDP contraction to at least -0.8%. Exports are expected to slow down, adversely affecting the performance of Portuguese exporting companies. The lower levels of business and consumer confidence, more difficult access to credit and the rise in unemployment should dampen internal demand, leading to a fall in consumption and imports. The fall in fuel and food product prices, as well as the fall in interest rates, should be favourable to domestic household demand and also help to reduce company costs. Public consumption is expected to increase to counter the cyclical trend and provide support to the economy. Lastly, investment is expected to show a downward trend which will probably intensify further due to the uncertainty of the external environment and by the credit crunch.

4. Main events

Asset disposals
3 January 2008 Agreement for the sale of the whole of the shareholding in Contacto – Sociedade de Construções, SA to Soares da Costa, Construção, SGPS, SA.
21 February 2008 Contractual sale of the whole of the shareholding in Contacto – Sociedade de Construções, SA to Soares da Costa, Construção, SGPS, SA, following the terms of the initial agreement of 3 January 2008. The sales price was 81.5 million euro, generating a cash inflow of 17.5 million euro.
31 March 2008 Sale of 12.25% of the share capital of Spinveste – Promoção Imobiliária, SA and 12.25% of the share capital of Spinveste – Gestão Imobiliária, SGII, SA for 5 million euro, to Espimaia (owned by former Sonae managers). Additionally, a call option was granted to Espimaia for the remaining shareholding in both companies, to be exercised up to 31 December 2011. This transaction implied a net asset valuation of 40.8 million euro.
1 April 2008 Agreement reached with Salvador Caetano Auto, SGPS, SA on the terms for the definitive sale of the shareholding of 50% in Choice Car, SGPS, SA for a total price of 12.5 million euro.
5 May 2008 Negotiation of the end of the agreement regarding the phased disposal of its entire shareholding in Elmo, SGPS, SA, company that controls 100% of Plysorol, SAS and its subsidiaries.

14 May 2008

Promissory purchase and sale agreement signed with a company wholly owned by Hagen Imobiliária, SA for the sale of a parcel of land where the Hotel Resort, within the Troiaresort project will be built. The promissory sale will have an estimated impact of 13 million euro on the consolidated results of Sonae Capital, to be recognized on the date of the definitive sale agreement.

2 September 2008

Completion of the sale of Choice Car, SGPS, SA. The sales price was 12.5 million euro with a corresponding capital gain of 9.1 million euro impacting the 2008 consolidated results of Sonae Capital.

4 December 2008

Disposal of several retail real estate assets, with an estimated positive impact of circa 0.9 million euro in the 2008 consolidated results of Sonae Capital.

Acquisitions**30 September 2008**

Contacto Concessões, SGPS, SA, an affiliate of Sonae Capital, SGPS, SA acquired from Eiffage, SA and its subsidiaries 5,500 shares, representing 11% of the share capital of Norscut – Concessionária de Auto-estradas, SA, increasing its shareholding in this company from 25% to 36%.

Other material events**3 March 2008**

SC, SGPS, SA, a wholly owned subsidiary of Sonae Capital, SGPS, SA, completed an unsecured bond issue of 50 million euro, with a tenor of 10 years and a put option exercisable as from the end of the eighth year onwards.

11 June 2008

Notification made by the French Competition Authority ("*Conseil de la Concurrence*") to Plysorol to pay a fine of around 4.2 million euro on charges of price coordination during the period between 1995 and 2004 and of using a common price list from 1987 to 2004.

25 November 2008

Sonae Capital, SGPS, SA informed about the opening of rehabilitation proceedings of Plysorol, SAS.

2 December 2008

Sonae Capital, SGPS, SA informed about the Court decision regarding the rehabilitation proceedings of Plysorol, SAS.

Qualifying Shareholdings*

1 February 2008

Sonae Capital, SGPS, SA announced that the voting rights in relation to 138,890,609 shares representing 55.5562% of the share capital of Sonae Capital, SGPS, SA are attributable to Efanor Investimentos, SGPS, SA.

2 February 2008

Sonae Capital, SGPS, SA announced that the voting rights in relation to 22,589,704 shares representing 9.036% of the share capital of Sonae Capital, SGPS, SA are attributable to Banco BPI, SA.

23 June 2008

Sonae Capital, SGPS, SA announced that the voting rights in relation to 17,166,440 shares representing 6.8666% of the share capital of Sonae Capital, SGPS, SA are attributable to Mr. Mohnish Pabrai.

* Information as required by Article 17 of the Portuguese Securities Code. For updated information on qualifying shareholdings please refer to section III.2 of the Corporate Governance Report.

Governing Bodies

9 April 2008

Disclosure of resolutions approved at the Shareholders' General Meeting, including an increase in the number of members of the Board of Directors from 3 to 7 and election of new members to fill vacant positions in the Board of Directors, until the end of the current mandate.

Disclosure of resolutions of the Board of Directors, namely appointment of an Executive Committee and appointment of a Board Audit and Finance Committee and a Board Nomination and Remuneration Committee.

17 September 2008

Sonae Capital, SGPS, SA informed that the Chairman of the Fiscal Board resigned and his vacancy was filled by the substitute member of the Fiscal Board.

11 November 2008

Sonae Capital, SGPS, SA informed about election of the Chairman of the Fiscal Board.

Interest payment

5 June 2008

Sonae Capital, SGPS, SA informed about payment of interest of the first coupon of SONAE CAPITAL SGPS 2007/2012 – 1st and 2nd Emissions bond loan.

20 November 2008

Sonae Capital, SGPS, SA informed about payment of interest of the second coupon of SONAE CAPITAL SGPS 2007/2012 – 1st and 2nd Emissions bond loan.

5. **Consolidated Financial Statements Review**

Notes:

- In view of the fact that Sonae Capital, SGPS, SA was incorporated as a result of a demerger from Sonae, SGPS, SA, no historical consolidated financial statements exist for the company, since it was exempt from preparing them as a wholly owned affiliate of Sonae, SGPS, SA.

Thus, in order to ensure comparability of financial data, pro forma financial statements were prepared for the year 2007 (profit and loss account for the twelve month period ended 31 December 2007 and balance sheet as at 31 December 2007), considering a historical business portfolio equivalent to that of Sonae Capital, SGPS, SA at the time.

The pro forma consolidated financial statements do not include the contribution of Contacto – Sociedade de Construções, SA sold on 21 February 2008.

- The consolidated financial statements of Sonae Capital as at 31 December 2008, include the following contributions from Plysorol Group (Plywood unit) and Elmo (sole shareholder of Plysorol):
 - the consolidated income statement includes 3 months (third quarter of 2008) contribution from Plysorol (and affiliates) and 6 months (second half of 2008) contribution from Elmo;
 - the consolidated financial position includes the financial position of Elmo as at 31 December 2008 and that of Plysorol as at 30 September 2008 (last available financial information).

In the 2008 financial statements, these contributions are identified as discontinued operations as a result of the following events, announced by Sonae Capital in due time:

- May 2008: announcement of the negotiation for the termination of the phased disposal agreement of Sonae Capital's shareholding in Elmo and the resulting regain of its control;
- November 2008: opening of the rehabilitation proceedings of Plysorol SAS, decided by the Commercial Court of Lisieux, and the appointment of two judicial administrators with the role of assisting the management team in selling all or part of Plysorol's assets as a going concern.

The consolidated financial statements of Sonae Capital also include a loss of 9.3 million euro reflecting the best estimate of the impact of deconsolidating these businesses, which will take place as soon as Sonae Capital loses definitive control over Plysorol and when Elmo (sole shareholder of Plysorol) is liquidated.

In view of the above considerations, like for like comparisons regarding consolidated financial statements do not take into consideration discontinued operations and are used consistently throughout the report when applicable.

5.1. Consolidated Profit & Loss Statement

5.1.1. Consolidated Quarterly Profit and Loss Statement

Values in 10³ euro

	4Q 08 Total Operations	4Q 08 Discontinued Operations	4Q 08 Continued Operations	4Q 07 Continued Operations	Δ (A/B)
			(A)	(B)	
Turnover	87,039.4	0.0	87,039.4	60,136.9	44.7%
Other Operational Income	3,341.1	0.0	3,341.1	3,724.8	-10.3%
Total Operational Income	90,380.5	0.0	90,380.5	63,861.7	41.5%
Cost of Goods Sold	-17,064.4	0.0	-17,064.4	-14,026.6	-21.7%
Change in Stocks of Finished Goods	9,861.9	0.0	9,861.9	5,963.6	65.4%
External Supplies and Services	-53,304.7	-4.8	-53,299.9	-39,178.4	-36.0%
Staff Costs	-12,323.0	0.0	-12,323.0	-10,002.0	-23.2%
Other Operational Expenses	-3,689.0	5.8	-3,694.8	-1,755.2	<-100%
Total Operational Expenses	-76,519.3	0.9	-76,520.3	-58,998.6	-29.7%
Operational Cash-Flow (EBITDA)	15,557.8	0.9	15,556.9	4,592.4	>100%
Amortisation and Depreciation	-2,896.3	0.0	-2,896.3	-2,008.1	-44.2%
Provisions and Impairment Losses	-7,846.3	0.0	-7,846.3	-511.8	<-100%
Operational Profit/(Loss) (EBIT)	3,118.6	0.9	3,117.7	2,343.2	33.1%
Net Financial Expenses	-2,354.6	-46.1	-2,308.5	-1,666.8	-38.5%
Share of Results of Associated Undertakings	961.2	0.0	961.2	159.1	>100%
Investment Income	-6,553.6	0.0	-6,553.6	2,562.7	-
Profit before Taxation	-4,828.5	-45.2	-4,783.3	3,398.1	-
Taxation	-3,348.9	0.7	-3,349.6	2,193.6	-
Net Profit	-8,177.3	-44.5	-8,132.8	5,591.8	-
Attributable to Equity Holders of Sonae Capital	-10,774.9	-44.2	-10,730.7	5,024.6	-
Attributable to Minority Interests	2,597.6	-0.3	2,597.8	567.1	>100%

Like for like consolidated profit and loss account for the quarter was significantly impacted by the sale of 52 Troiaresort apartments and Golf & Beach villa plots in the last quarter of the year:

- Turnover increased 44.7% to 87.0 million euro (60.1 million euro), with the Resorts & Residential Development business segment contributing with a 24.4 million euro increase;
- Consolidated operational cash-flow (EBITDA) amounted to 15.6 million euro (4.6 million euro), with the Resorts & Residential Development business segment contributing with a 11.3 million euro increase, reflecting an average net margin of 45% on the sale of apartments in Troiaresort.

The remaining businesses' quarterly turnover increased marginally compared to the same period last year.

Quarterly like for like operational cash-flow (EBITDA) includes 1.3 million euro of non-recurrent costs associated with the write-off of assets that were replaced and disposed of in the course of refurbishment works in the Troia Peninsula hotel units.

Net profit for the quarter fell by 13.7 million euro, to negative 8.1 million euro, on a like for like basis, with improved operational performance being offset by the 9.3 million euro estimated loss which will arise from the deconsolidation of the Plywood business, the 8.1 million euro impairment losses in real estate properties, recorded in the period, and a lower level of deferred tax assets arising from tax losses carried forward.

5.1.2. Consolidated Year to Date Profit and Loss Statement

Values in 10³ euro

	2008 Total Operations	2008 Discontinued Operations	2008 Continued Operations	2007 Continued Operations	Δ (A/B)
			(A)	(B)	
Turnover	250,845.3	20,307.7	230,537.6	197,277.2	16.9%
Other Operational Income	8,763.7	513.5	8,250.2	8,202.3	0.6%
Total Operational Income	259,609.0	20,821.2	238,787.8	205,479.5	16.2%
Cost of Goods Sold	-66,745.9	-11,150.9	-55,595.0	-51,004.3	-9.0%
Change in Stocks of Finished Goods	57,293.7	-703.5	57,997.2	32,409.3	79.0%
External Supplies and Services	-181,586.9	-6,534.1	-175,052.7	-132,258.6	-32.4%
Staff Costs	-50,256.5	-4,857.6	-45,398.9	-38,554.4	-17.8%
Other Operational Expenses	-8,919.7	-907.0	-8,012.7	-6,401.8	-25.2%
Total Operational Expenses	-250,215.2	-24,153.1	-226,062.1	-195,809.7	-15.4%
Operational Cash-Flow (EBITDA)	10,235.0	-3,404.8	13,639.8	9,112.8	49.7%
Amortisation and Depreciation	-10,941.4	-1,104.1	-9,837.4	-7,324.1	-34.3%
Provisions and Impairment Losses	-10,694.8	4.6	-10,699.4	-722.7	<-100%
Operational Profit/(Loss) (EBIT)	-12,242.4	-4,431.3	-7,811.1	1,622.9	-
Net Financial Expenses	-11,948.6	-932.0	-11,016.6	-9,998.2	-10.2%
Share of Results of Associated Undertakings	-2,099.8	0.0	-2,099.8	857.3	-
Investment Income	53,084.7	0.0	53,084.7	12,142.0	>100%
Profit before Taxation	26,793.9	-5,363.3	32,157.2	4,624.1	>100%
Taxation	-3,842.2	-77.5	-3,764.7	4,809.2	-
Net Profit	22,951.7	-5,440.8	28,392.5	9,433.2	>100%
Attributable to Equity Holders of Sonae Capital	21,393.6	-3,274.5	24,668.1	8,579.4	>100%
Attributable to Minority Interests	1,558.1	-2,166.2	3,724.3	853.8	>100%

On a like for like basis, turnover for the year amounted to 230.5 million euro, a 33.3 million euro increase explained by the following changes in yearly contributions:

- +25.7 million euro in Resorts & Residential Development, driven by the 52 sales deeds signed for Troiaresort's Marina and Beach apartments and Golf & Beach villa plots, an increase partially offset by the slower rate of sales of City Flats / City Lofts apartment (-6 million euro);
- +10.5 million euro in Selfrio Group, led by Sistavac's business (air conditioning, ventilation and related electrical installations) following significant contracts won in the industrial and hotel segments;
- +4.2 million euro in Atlantic Ferries, representing a full year of operation against three months in 2007;

- -6.9 million euro in other business segments, of which -5.6 million euro in respect of Real Estate Asset Management, due to a lower level of asset sales, which amounted to 2.9 million euro (8.2 million euro).

Like for like operational cash-flow (EBITDA) for the year increased 4.5 million euro, to 13.6 million euro, and was positively impacted by:

- The 10.9 million euro increase in Resorts & Residential Development contribution, driven by the profitability of Troiaresort's residential projects;
- The marginal 1.1 million euro increase in Selfrio Group, reflecting a slight improvement in operational margins.

On the downside, the Tourism Operations business segment contributed with a 4.9 million euro fall in EBITDA, to negative 1.6 million euro, including 1.3 million euro of non-recurrent costs arising from the write-off of assets which were replaced and disposed of following refurbishment works in Troiaresort's hotel units, the impact of closure of operations in the resort during the first eight months of the year and of pre-(re) opening costs. The Real Estate Asset Management contribution fell 2.6 million euro, to 3.6 million euro, as a consequence of a lower level of real estate assets sales.

Provisions and impairment losses for the year include 6.2 million euro related to real estate properties and 2.2 million euro related to other debtors (first quarter of 2008), which led to a fall in operational profit which stood at negative 7.8 million euro (positive 1.6 million euro).

Net financial expenses increased around 1.0 million euro, amounting to 11.0 million euro.

Investment income for the year totalled 53.1 million euro, including: capital gain of 46.4 million euro from the sale of Contacto – Sociedade de Construções, SA in February; capital gain of 9.1 million euro from the sale of Choice Car, SGPS, SA in September; and estimated loss of 9.3 million euro arising from the exit from the Plywood business. In 2007, this caption included mainly the gain on the sale of ba Vidro and on the sale of 75% of Cinclus.

As a result, net income for the period was 28.4 million euro, a 19 million euro increase over 2007.

5.2. Consolidated Balance Sheet

Values in 10³ euro

	31.12.2008 Total	31.12.2008 Discontinued Operations	31.12.2008 Continued Operations	31.12.2007 Continued Operations
Fixed Assets	415,181.7	28,944.4	386,237.3	328,841.8
Goodwill	61,766.6	0.0	61,766.6	62,517.5
Non-Current Investments	44,230.6	1.5	44,229.1	96,171.9
Other Non-Current Assets	39,590.0	343.9	39,246.1	38,429.6
Stocks	241,382.4	18,663.1	222,719.3	142,074.7
Trade Debtors and Other Current Assets	106,803.4	26,692.2	80,111.2	83,788.0
Cash and Cash Equivalents	19,317.0	1,383.5	17,933.4	43,957.0
Total Assets	928,271.7	76,028.6	852,243.1	795,780.5
Total Equity attributable to Equity Holders of Sonae Capital	306,845.8	-12,816.9	319,662.7	321,033.2
Total Equity attributable to Minority Interests	49,319.4	-8,619.8	57,939.2	36,758.8
Total Equity	356,165.2	-21,436.7	377,601.9	357,792.0
Non-Current Borrowings	151,811.1	1,578.8	150,232.3	191,453.6
Other Non-Current Liabilities	69,381.3	41,038.2	28,343.1	36,768.4
Provisions	23,456.8	4,431.3	19,025.5	11,442.2
Non-Current Liabilities	244,649.2	47,048.3	197,600.9	239,664.2
Current Borrowings	141,262.5	12,151.1	129,111.4	24,751.0
Trade Creditors and Other Current Liabilities	184,896.6	38,266.0	146,630.6	169,757.9
Provisions	1,298.2	0.0	1,298.2	3,815.5
Current Liabilities	327,457.3	50,417.0	277,040.3	198,324.3
Total Liabilities	572,106.5	97,465.3	474,641.2	437,988.5
Total Equity and Liabilities	928,271.7	76,028.6	852,243.1	795,780.5

The year 2008 was marked by the strong pace of investment in projects under development, namely Troiaresort and Efanor, and in the Imosede Fund.

Capex for the year amounted to 119.6 million euro, with the main items being:

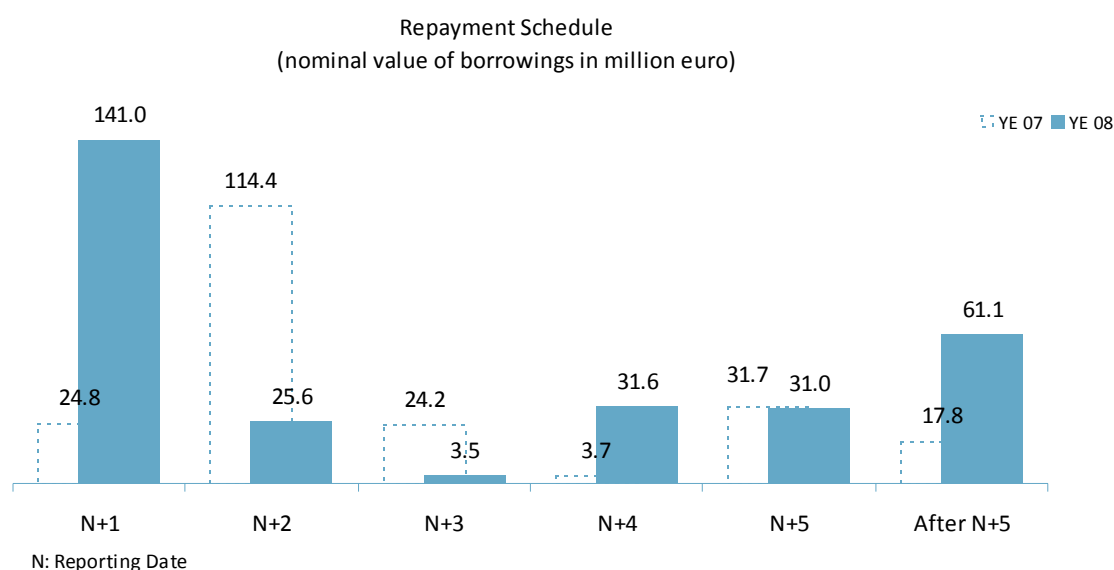
- 78.3 million euro in aparthotels and infrastructures at Troiaresort;
- 26.1 million euro in the Business Park in Maia;
- 5.4 million euro in Atlantic Ferries.

In addition, real estate projects under development required investment of 61.0 million euro, recorded as changes in work in progress for the period, of which 50.7 million euro was invested in residential units in Troiaresort and 6.1 million euro in the 40 apartment building *Delfim Pereira da Costa* in Efanor.

The reduction in Non-Current Investments reflects a reduction of 50 million euro in the fair value of the shareholding (7.846%) in Sonae Indústria, adversely impacted by the negative trend of stock markets during 2008.

As at 31 December 2008 net debt (including discontinued operations) stood at 273.8 million euro, a 101.9 million euro increase compared to end 2007 (total operations), reflecting the investment in the resort development business. Net debt fell by 10.2 million euro compared to 30 September 2008 as a result of the stronger cash inflow from the concentration of Troiaresort apartment deeds signed in the last quarter of 2008.

As at 31 December 2008, debt maturity profile was as follows:



The amount of 141 million euro maturing in 2009 includes a commercial paper programme of 110 million euro. Currently, Sonae Capital is negotiating the extension of this programme for two more years as foreseen in the initial contract.

Gearing reached 76.9% (48.1%) and interest cover was 1.0, improving from last year's 0.6.

6. Business Review

Figures included in the Business Review chapters with respect to the year 2007 refer to contributions to Sonae Capital's consolidated figures and thus may differ from management and statutory figures reported in the 2007 Report of the Board of Directors.

6.1. Main highlights

Total contributions of Turismo and Spred to consolidated turnover and operational cash-flow (EBITDA) from continued operations, can be detailed as follows, and are thoroughly explained in the following paragraphs:

Turnover

Values in 10³ euro

	4Q 08	4Q 07	Δ	2008	2007	Δ
Resort & Residential Development	31,016.5	6,618.7	>100%	33,375.3	7,744.2	>100%
Real Estate Asset Management	3,428.9	2,921.2	17.4%	9,700.5	15,307.0	-36.6%
Tourism Operations	8,913.5	8,400.7	6.1%	34,852.9	33,782.3	3.2%
Other	0.1	1.0	-89.1%	9.0	6.5	38.4%
Turismo's contribution	43,359.1	17,941.7	>100%	77,937.7	56,839.9	37.1%
Selfrio Group	27,389.7	25,446.2	7.6%	84,720.6	74,232.4	14.1%
Box Lines	10,851.0	10,318.9	5.2%	45,596.3	44,954.9	1.4%
Atlantic Ferries	896.3	630.3	42.2%	4,849.8	630.3	>100%
Other	4,334.1	4,626.2	-6.3%	17,309.2	18,448.6	-6.2%
Spred's contribution	43,471.2	41,021.6	6.0%	152,476.0	138,266.3	10.3%

Operational Cash-Flow (EBITDA)

Values in 10³ euro

	4Q 08	4Q 07	Δ	2008	2007	Δ
Resort & Residential Development	13,032.1	1,660.8	>100%	4,781.8	-6,028.4	-
Real Estate Asset Management	1,240.4	595.3	>100%	3,631.0	6,206.5	-41.5%
Tourism Operations	-1,828.2	64.7	-	-1,559.9	3,337.9	-
Other	-478.6	-72.1	<-100%	-770.2	-973.9	20.9%
Turismo's contribution	11,965.7	2,248.8	>100%	6,082.7	2,542.1	>100%
Selfrio Group	2,803.0	2,578.9	8.7%	8,073.4	6,984.8	15.6%
Box Lines	-106.9	-177.3	39.7%	1,487.7	1,213.0	22.6%
Atlantic Ferries	-268.2	-200.3	-33.9%	157.1	-378.2	-
Other	213.0	-20.3	-	-161.0	97.7	-
Spred's contribution	2,641.0	2,181.0	21.1%	9,557.2	7,917.2	20.7%

6.2. Resort and Residential Development

Troiareport is Sonae Turismo's first resort development project and will be the company's flagship project over the coming years.

Troiareport is being developed in the northern tip of the Tróia peninsula, located less than one hour from Lisbon, between the Sado Estuary Natural Reserve and the Serra da Arrábida Natural Park. The project is being developed in an area of 486 hectares with 380 thousand m² of construction area, and positioned as a family oriented resort, offering a wide range of products and services throughout the year, taking advantage of the outstanding environmental and cultural heritage of the peninsula.

The project follows a multipurpose concept, made up of tourism apartments and villas, hotels, a marina, a golf course, a casino, congress and exhibition centre and retail area.

The Residential Development area is focused on developing high quality residential projects targeting the high and medium/high market segments in key urban centres.

The main project underway is the Efanor project, in Matosinhos (Porto Metropolitan Area), which covers a land area of 12 hectares, with a construction area of around 110 thousand m², and involves the construction of a maximum of 700 high quality apartments, divided among 6 buildings. Construction of the first building is currently underway.

In June 2007 construction work was for the City Flats / City Lofts project, also in Matosinhos, which has two buildings comprising 212 apartments, with an average area of 50 m².

	4Q 2008	4Q 2007	Δ
Turnover	31,016.5	6,618.8	> 100%
Operational Cash-Flow (EBITDA)	13,032.1	1,660.8	> 100%

Contribution to consolidated figures

2008	2007	Δ
33,375.3	7,744.2	> 100%
4,781.8	(6,028.4)	-

Unit: 10³ Euro

In 2008, growth in turnover was explained by the 52 sales deeds signed for Troiareport's Marina and Beach apartments and Golf & Beach villa plots in the last quarter of the year. The sale of City Flats apartments, sole contributors to 2007 turnover, remained below last year's level, due to a slowdown in sales, following a surge in the second half of 2007, after construction work was concluded (76 sales deeds were signed in 2007 compared to 16 sales deeds and 16 rental contracts in 2008).

Operational cash-flow (EBITDA) for the year reflects the impact of the sale of Troiareport apartments and Golf & Beach villa plots, which represent a turnaround from the previous year's negative EBITDA, still impacted by Troiareport's development and marketing costs. The average margin (net of commercialisation and marketing fees) in the year was 45%, which was dependent on the project mix and reflects a higher margin on the sale of villa plots.

6.2.1. Resort Development



On 8 September 2008 the Troiaresort site was officially opened, three years after the implosion of the towers that marked the beginning of construction works on the peninsula.

As of the date of this announcement, several construction works and key projects have been concluded, namely:

- Apartment units of *Marina*, *Praia Sado*, *Praia Arrábida* and *Praia Atlântico*, for which sales deeds have already been signed, after obtaining the necessary approvals and licences;
- Aparthotel Aqualuz *Tróia Mar*, officially opened in the third quarter of 2008, including the Azimute restaurant, a wellness centre and 35 apartments for sale;
- Aparthotel Aqualuz *Tróia Rio*, officially opened in January 2009 with meeting rooms and kids camp;
- Aparthotel Aqualuz *Tróia Lagoa*, officially opened in March 2009, including the Peninsula restaurant;
- 20 km of general road infrastructure for the peninsula;
- Urban upgrading and landscaping works in the Central area (UNOP 1) and Beach area (UNOP 2);
- Golf Clubhouse and upgrade works on the Golf course;
- Tróia Marina;
- Tróia Market;
- Underground parking lots (P1, P3 and P5);
- *100 Nós* Beach Bar and Restaurant;
- Some shops in the resort shopping.

Works and projects currently underway include:

- In the Central Area, conclusion of the Ácala building, a residential building comprising 71 units and 2,285.33 m² of retail area with 16 stores;
- In the Beach Area, construction of the Tróia Village, a project comprising 90 tourism townhouses for sale, and 5 showcase villas of the Golf and Beach Village, both of which to be completed by the end of the first half of 2009;
- Proposal and approval of the Detailed Plan for the UNOP 4 (Eco-Resort) by the Grândola Municipal Assembly, to be followed by registration in the Town and Country Planning and Development Directorate (expected to happen during 2009). The related Environmental Impact Assessment has already been concluded and approved. Detailed Plans for UNOP 7 and 8 (Soltróia) are in the early stages of preparation.

On 14 May 2008, a promissory agreement for the sale of a parcel of land where the Hotel Resort will be built was signed with Empire House – Investimentos Imobiliários, SA, wholly owned by Hagen Imobiliária, SA. The promissory agreement states that the signing of the definitive agreement is conditional on *sine qua non* provisions, namely the operation of the Hotel Resort by an internationally renowned luxury hotel brand and its inauguration within 36 months of the building permit being issued by the Grândola Municipal Council. The agreement has a precedent condition establishing that authorisation (already issued) for the sale must be obtained from the Minister responsible for Tourism, under the terms of the investment contract agreed between Sonae Capital Group companies, the Portuguese State and other public entities on 16 May 2000 and revised in June 2005. The promissory sale will have an estimated impact of 13 million euro on Sonae Capital's consolidated results, which will only be recognised on the date of the definitive sale agreement.

From the last reporting date (11 November 2008) to 24 March 2009, no new promissory purchase agreements were signed and some were converted thus resulting in a decrease of one in the number of apartments promised to be sold. In that same period, 128 sales deeds were signed (in the previous period 8 deeds were signed which together with those signed in this period total 136 deeds as shown in the table below). The fall in new contracts signed is a consequence of the negative macroeconomic environment and increased caution in taking investment decisions by potential buyers.

Operational data

Troiaresort sales information as at 24 March 2009

	Promissory Purchase Agreements			# Deeds			Total # Units (Sold + Pre Sold)	% of Total
	# ¹	Area ²	Price ³	#	Area ²	Price ³		
Beach apartments [211 units]	51	132.0	3,995	68	124.9	4,042	119	56%
Marina apartments [78 units]	6	84.6	3,915	42	83.3	3,883	48	62%
Golf and Beach Villa Plots ⁴ [96 units]	6	2,161.8	574	26	2,036.2	530	32	33%
Aqualuz Troia Mar [35 units]	1	87.7	4,447	-	-	-	1	3%

¹ Number of pre sold units (Promissory Purchase Agreement) net of units with deeds already signed.

² Average areas (m²), including indoor areas as well as balcony and terrace areas.

³ Average sales price (€/m²).

⁴ All plots have a GCA of 343.8 m².

On 13 March 2009, 22 tourism units in the Troiaresort (comprising plots of land and apartments) were sold to one of the general contractors in Troiaresort, as part of an agreement signed on the same date regarding payment of the last instalment of the price of construction work in the Central Area. The total consideration amounted to 13.7 million euro, in accordance with the current price list.

Troiaresort has been actively promoting the resort concept and projects in both national and international markets, through media support (newspapers and magazines) and specific sector initiatives. Up to the date of this announcement, the latter included:

- Presence at four international tourism and real estate exhibitions (two times in Lisbon, once in Madrid and once in London);
- Roadshow in London sponsored by IRG - International Realty Group and Christies, targeting IRG's potential client base in London and Christies customers invited to a presentation of Troiaresort at Christies Auction House in South Kensington;
- Sponsoring of international sports events, namely Golf SAS Masters in Sweden, KLM Golf Open in Holland, Mondariz Golf Tournament in Spain, Barclays Scottish Open in Scotland and Barclays Porsche Polo Cup in Portugal;
- Niche marketing actions, targeting A+ customers and opinion leaders, which included a cocktail in the Ritz Hotel, Madrid, a Barclays sponsored cocktail in Palácio Sottomayor, Lisbon, and a presence in the Millionaire's Fair in Moscow, the second attempt made to capture customers in new markets (the first one being in Shanghai).

In addition to these initiatives, Troiaresort has been particularly active in the German market, working together with its local partner Engel & Völkers.

To date, around 27% of the units available were sold in foreign markets, among which Germany and Spain are the most representative.

The general feeling is that promotional efforts have been translating into serious interest for the project's tourism offer, resulting in an increased flow of visitors to the two sales offices and the tourism apartments on sale. However, this has not yet been reflected in completed sales, due to buying decisions being delayed because of the negative macroeconomic environment. Nevertheless, during the last 30 days 8 new reservations of apartments were confirmed, following the beginning of the occupancy of the resort with the owners of the apartments and hotel customers. These reservations are expected to be followed by the signature of the correspondent promissory purchase agreements and sales deeds.

In view of the seasonal pattern of visitor flows (higher in summer months, Easter and public holidays) and the fact that most apartments already sold will only be occupied up to the beginning of summer 2009, new sales are expected to take place in the second half of the year, despite the adverse macroeconomic environment.

Up to 31 December 2008, total investment in Troiaresort amounted to 244.8 million euro (including VAT), broken down as follows:

Values in 10⁶ euro

	Estimated investment	Amount already invested
Real Estate projects currently for sale	85.2	75.3
Real Estate projects to be developed	166.0	46.8
Other projects (works in Tróia aparthotels, marina and car parks)	77.6	69.3
Infrastructures (general and specific infrastructures of the different UNOPs and cost of licenses related with Detailed Plans)	64.9	53.4
Total	393.7	244.8

In addition to Troiaresort, two smaller tourism projects in the Douro region, *Quinta da Azenha* and *Vistas do Freixo*, are in the Detailed Planning stage, and are being promoted as part of a Special Town and Country Plan (POACL - *Plano de Ordenamento da Albufeira de Crestuma-Lever*), which have total plot areas of 460,415 m² and 77,127 m², respectively. The projects are made up of tourism villas, tourism apartments and family housing.

6.2.2. Residential Property Development



Construction of the first building of the Efanor project, *Delfim Pereira da Costa*, is underway as scheduled and the showcase apartment should be ready by June 2009. Due to more difficult market conditions, the sole promissory purchase agreement signed to date has been cancelled at the request of the prospective buyer. Marketing efforts continue to be on hold until the conclusion of the showcase apartment, in view of the reduction in demand.

Operational data

Residential Development sales information as at 24 March 2009

	Apartments Sold ¹	Average Area (m ²) ²	Average Sales Price (€/m ²)	Rentals ³
City Flats / Lofts - Building E [106 units]	7	55.2	1,978	14
City Flats / Lofts - Building F [106 units]	88	49.6	2,020	0
Efanor - Building <i>Delfim Pereira da Costa</i> [40 units]	-	-	-	n.a.

¹ 93 sales deeds already signed.

² Includes indoor area as well as balcony and terrace areas.

³ 6 of these rental contracts have an embedded purchase option.

Regarding other residential property projects, the highlight has been progress on the D. João V building project in Campolide, Lisbon. The Detailed Planning terms of reference were published on 16 July 2008 and assessed in an audience of the Lisbon City Council in February 2009. The Detailed Plan is expected to be approved in 2009. The project has a gross construction area above ground of 34,300 m².

6.3. Real Estate Asset Management



The Real Estate Asset Management business area is responsible for property management, real estate procurement services, sales, project management, building technical management and condominium management of all real estate assets (land and buildings) owned by Sonae Turismo.

Thus, real estate owned to feed the pipeline of future resort or residential projects, is managed by the Real Estate Asset Management division before a decision is taken to invest in a resort or residential project, at which point the design and development, engineering, construction and commercialization stages take place. From that point up to the conclusion of the project, the management of the asset is transferred to the Resort and Residential Development division. Also, rents paid by tourism operational companies to companies owning tourism assets are not included in the Asset Management division.

	4Q 2008	4Q 2007	Δ
Turnover	3,428.9	2,921.2	+17.4%
Operational Cash-Flow (EBITDA)	1,240.4	595.3	>100%

Contribution to consolidated figures

2008	2007	Δ
9,700.5	15,307.0	-36.6%
3,631.0	6,206.5	-41.5%

Unit: 10³ Euro

Revenues in the period can be broken down as follows:

Turnover by Type	2008		2007		Δ
	Value	Weight	Value	Weight	
Sale of Real Estate Assets	2,902.8	30%	8,247.6	54%	-65%
Rents	5,603.8	58%	5,909.8	39%	-5%
Car Parks	459.6	5%	443.5	3%	4%
Condominium Management	729.3	7%	706.1	4%	3%
Management Services	5.0	0%	-	0%	-
Total	9,700.5	100%	15,307.0	100%	-37%

Unit: 10³ Euro

Operational figures for the year of 2008 remained below those of the previous year, mainly due to a lower level of real estate assets sales, as highlighted in the table above. In 2007, turnover included 5.5 million euro from the sale of a plot of land located in Senhora da Hora, Matosinhos.

Net profit for the period, amounting to negative 4.1 million euro (negative 1.4 million euro), was positively impacted by investment income arising from the following transactions:

- Sale of the entire shareholding in Águas Furtadas – Sociedade Agrícola, SA, which owned several plots of land located in Soure, for a total consideration of 0.9 million euro;
- Sale of several retail real estate assets, with a total area of circa 2,000 m², owned by Spinveste – Gestão Imobiliária, SGII, SA and Azulino – Imobiliária, SA, and sale of shares representing the whole of the share capital of Azulino – Imobiliária, SA. Total consideration for this transaction amounted to 5 million euro, with an impact of 0.9 million euro on the consolidated results of Sonae Capital.

Property management comprises a set of assets which can be grouped under different categories:

Category	Main assets
Assets in operation	<ul style="list-style-type: none"> • Boavista complex, namely Hotel Porto Palácio, Congress Centre, Health Club and SPA, with a gross construction area above ground of 22,990 m²; • Lagos complex, namely Aqualuz Lagos Suite Hotel Apartments and Health Club, with a gross construction area above ground of 22,632 m²; • Troiaresort Aqualuz Aparthotels (Tróia Mar, Tróia Rio and Tróia Lagoa), with a gross construction above ground area of 32,224 m²; • Troia Shopping, with 33 available shops and a 4,114 m² retail area.
Projects under development and for sale	<p>Projects already in the construction stage:</p> <ul style="list-style-type: none"> • Maia Business Park, owned through the Imosede real estate fund, comprises offices and industrial facilities of Efanor Group companies already built and in use and a portfolio of future projects for office and industrial buildings, with a total gross construction area above ground of 192,569 m²; <p>Projects in the design and licensing stages:</p> <ul style="list-style-type: none"> • Residential project D. João V, in Lisbon, with a gross construction area of 34,300 m²; • Fábrica do Cobre, in Porto, with a gross construction area above ground of 43,700 m² for residential and commercial purposes;

	<ul style="list-style-type: none"> • Quarteirão Duque de Loulé, in Lisbon, a residential project with a gross construction area above ground of 10,298 m²; • Baluarte project, in Lagos, with a gross construction area above ground of 3,815 m², for residential and commercial purposes; <p>Projects for sale:</p> <ul style="list-style-type: none"> • Infrastructured land plots for residential purposes in Marco de Canaveses (47,448 m² of gross construction area above ground), in Santarém (26,010 m² of gross construction area above ground of) and in São João da Madeira (30,840 m² of construction area above ground); • Plots of land in Matosinhos (gross construction area above ground of 21,417 m² for future construction of an office building and a hotel).
Land	<p>Most significant assets include:</p> <ul style="list-style-type: none"> • Rural plot of land in Beja (5,290,000 m² presently with no construction viability); • Rural plot of land in Mourão, Alqueva region, for future development of real estate projects.
Other Rented and For Sale Assets	Besides the above mentioned, other real estate assets include housing, offices, retail premises, industrial buildings and car parks which are rented out or for sale.

Sonae Capital's strategy regarding real estate asset management is to dispose of real estate assets that do not fit the strategy for the future development of Tourism or Residential real estate projects.

The property portfolio of Sonae Capital was reviewed by Cushman & Wakefield who issued a valuation report which is published separately on the company's website (www.sonaecapital.pt). The total value of properties was put at 910.9 million euro, of which 444.1 million euro correspond to the market value of properties and 466.8 million euro to an opinion of value.

6.4. Tourism Operations



Sonae Turismo runs tourism operations in hotels, fitness and leisure.

The Group's activity in this area covers:

- Hotel Porto Palácio, a 251 room 5 star hotel located in Porto, focused on business and leisure tourism, and member of “The Leading Hotels of the World”. The hotel unit is part of the Boavista complex, which includes a range of complementary hospitality services, namely congress centre, health club, SPA, VIP Lounge, catering, events organisation and a restaurant area with 5 restaurants;
- Aqualuz Lagos Suite Hotel Apartment, a 4 star hotel located in Lagos, Algarve. Complementary services include 5 meeting rooms, a restaurant and bar area, health club and agreements with golf courses in the region. The tourism offer includes 30 studios, 10 suites, 119 one bedroom apartments and 4 two bedroom apartments;
- Within Troiaresort:
 - Aqualuz Tróia Mar, Tróia Rio and Tróia Lagoa Suite Hotel Apartments, included in Tróia Peninsula's Central Area, offering 301 studios and suite apartments;
 - Tróia Marina, with a capacity of 184 berths for leisure boats, occupying a total area of around 2.7 hectares in the northern tip of the Tróia Peninsula;
 - Tróia Golf Course designed by Robert Trent Jones Senior and opened in 1980. The 18 hole golf course is placed 80th in the list of the top 100 golf courses outside the USA (Golf Digest, May 2007);
 - Troia Market, a supermarket located in the central area of the resort and one of the main anchors of the shopping area.
- Solinca chain of health clubs, launched in 1995 and expanded as from 1997, which currently has 10 units under operation.

	4Q 2008	4Q 2007	Δ	2008	2007	Δ
Turnover	8,913.5	8,400.7	+6.1%	34,852.9	33,782.3	+3.2%
- Hotels	3,590.3	3,186.4	+12.7%	13,632.0	13,274.1	+2.7%
- Fitness	4,474.3	4,436.8	+0.8%	17,799.5	17,104.7	+4.1%
- Funcenter	609.7	729.9	-16.5%	2,712.7	2,939.9	-7.7%
- Others	239.1	47.6	>100%	708.6	463.6	+52.8%
Operational Cash-Flow (EBITDA)	(1,828.2)	64.7	<-100%	(1,559.9)	3,337.9	-
- Hotels	(2,370.7)	(1,736.2)	-36.5%	(5,347.7)	(2,103.4)	<-100%
- Fitness	877.9	1,165.8	-24.7%	4,401.0	4,551.2	-3.3%
- Funcenter	91.9	730.5	-87.4%	379.4	1,039.4	-63.5%
- Others	(427.3)	(95.4)	<-100%	(992.7)	(149.3)	<-100%

Contribution to consolidated figures

Unit: 10³ Euro

Overall, in 2008 management of tourism operations was focused on:

- Streamlining operations, in order to increase the efficiency of management processes;
- Improving the effectiveness of operations, increasing the customer base of each of the business segments;
- Opening of the hospitality operation of the Troiaresort in September 2008.

➔ Hotels

Hotel Porto Palácio's operational indicators were positive for the year, and began to show the positive impact of refurbishment works and of new commercial policies implemented. RevPAR increased 14% on a year to date basis, increasing to 42.3 euro, while average daily revenue per room was 102.1 euro, up 8% over last year's figure.

The Boavista complex contribution to quarterly consolidated turnover increased 0.2 million euro being positively impacted by growth in room and catering revenues. On a year to date basis, contribution remained roughly in line with the previous year's figure.

Aparthotel Aqualuz Tróia Mar and complementary facilities (Wellness Centre & Spa and food and beverage area), which opened in the third quarter of the year, generated a 0.4 million euro (0.5 million euro) contribution to 2008 consolidated turnover. It should be noted that during 2007 Troia Hotels closed after the Summer season, so that figures are not comparable.

Operational Cash-Flow (EBITDA) for the year was negative 5.3 million euro, and includes 1.3 million euro of costs (accounted for in the last quarter of the year) associated with the write-off of assets (building fixtures and other equipment) that were replaced and disposed of in the course of the refurbishment works carried out in the Troia Peninsula hotels. In addition to this effect, the contribution of Troiaresort's hotel operations was also impacted by the closure of operations during the first eight months of the year and by the pre-(re)opening costs. The Boavista complex quarterly

contribution improved 0.5 million euro to negative 0.3 million euro, contributing with negative 1.5 million euro to the year's consolidated operational cash-flow (EBITDA). Aqualuz Lagos Suite Hotel Apartment posted a positive operational cash-flow (EBITDA) of 0.7 million euro year to date.

The year 2009 will be the first full year of operation of Troiaresort's aparthotel units and of Troia Marina, Golf and supermarket, with an expected positive impact on the year's financial performance indicators. The ramp up of hospitality and complementary activities in the resort is expected to be gradual, in view of the current macroeconomic downturn. Regarding the Boavista complex, 2009 results will be very much dependent on conferences and events scheduled for the Greater Metropolitan Area of Porto (some of which have already been translated into confirmed reservations in the Boavista Complex).

Fitness

Turnover grew 4% in the year, to 17.8 million euro, largely due to the 0.5 million euro increase in revenues associated with value added services (personal trainer, Day Spa, etc). Operational cash-flow (EBITDA) amounted to 4.4 million euro, down from 4.6 million euro in 2007, reflecting increases in marketing costs and maintenance costs, in order to increased membership, retain customers and ensure the quality of service provided. Quarterly consolidated operational cash-flow (EBITDA) was 0.9 million euro (1.2 million euro), a decrease over previous quarters essentially due to non-recurrent cost associated with indemnities paid to former service providers, following the resolution of judicial claims. Overall, the annual operational cash-flow (EBITDA) margin stood at 24% (27%) reflecting the impact of the abovementioned non recurrent items and the temporary closure of two units in the third quarter for renovation works.

Average number of active members amounted to 28,819 as at 31 December 2008 in line with the previous year.

Despite the less favourable macroeconomic environment, the objectives for the year aim at maintaining activity and profitability levels.

6.5. **Selfrio Group** (70% Sonae Capital)



The activity of the Selfrio Group is divided in four major areas:

- Engineering projects and solutions in refrigeration for commercial and industrial facilities and hotels (Selfrio);
- Design, coordination and execution of air conditioning, ventilation and related electrical installations (Sistavac);
- Maintenance and technical services (SMP);
- Distribution of heating, refrigeration and air conditioning equipment (SKK).

The Selfrio Group has also taken some steps towards international expansion of the air conditioning systems and refrigeration businesses to Spain (Sopair) and Brazil (Friengeenering). Some steps were also taken to study other markets.

During the second half of 2008, Selfrio developed and implemented a Technical Call Centre, which will be rolled out in 2009. This unit will ensure a faster response to customers' requests. Certified technicians will provide assistance to incoming customer calls by providing diagnosis based on remote electronic control systems and the solution to the problem at hand thus ensuring a faster response time while at the same time reducing or eliminating the need for intervention by mobile maintenance units.

The Technical Call Centre implemented in Selfrio is the embryo of a comprehensive approach to after sales service at the Selfrio Group aimed at improving customer relations and satisfaction, while increasing maintenance income streams.

The relative size of the different business areas, in terms of turnover for the years 2007 and 2008, can be broken down as follows:



The overall performance of the Selfrio Group and its contribution to the consolidated figures of Sonae Capital can be summarized as follows:

	4Q 2008	4Q 2007	Δ	2008	2007	Δ
Turnover	27,389.7	25,446.2	+7.6%	84,720.6	74,232.4	+14.1%
Operational Cash-Flow (EBITDA)	2,803.0	2,578.9	+8.7%	8,073.4	6,984.8	+15.6%

Contribution to consolidated figures

Unit: 10³ Euro

Sistavac was the main contributor to revenue growth with 35.8 million euro, an increase of 42%. This growth was the result of some significant contracts won in the industrial and hotel segments.

The refrigeration business with the Selfrio brand name, has long been the largest contributor to the Group's operations. In 2008, revenues remained in line with the previous year and totalled 30.4 million euro. The commercial segment, especially modern food retail where Selfrio is the uncontested market leader in Portugal, is still the main contributor to turnover, despite the industrial segment's important contribution.

The Group's objectives for 2008 for its maintenance and technical services area (SMP) included the goal of increasing business activity. This was fully attained with a 13% growth in revenues to 5.8 million euro. A factor which contributed to this performance was the broadening of the range of services provided with the introduction of a global solution for maintenance services to the construction sector.

Despite growing competition from larger Iberian operators, SKK was able to increase sales of equipment by 8% to 6.2 million euro and control the erosion of gross margins. There were two main reasons for this growth: on one hand, SKK has focused on providing solutions rather than merely selling equipment by relying on the Group's in-house project and manufacturing capabilities; on the other hand, it has been successful in negotiating better conditions from its suppliers.

Operational cash-flow (EBITDA) for 2008 reached 8.1 million euro, a 16% increase, with the EBITDA margin increasing slightly to 9.5% (9.4% in 2007), despite the weak performance of Sopair (Selfrio Group's company in the Spanish refrigeration and air conditioning market), where sales fell by 18% and the EBITDA contribution was zero. The company made significant changes to adapt itself to the tougher market conditions in Spain. Despite the challenges, the Group remains optimistic especially in view of the existing backlog of projects on hand for the first months of 2009.

In 2009 and in view of the challenging environment, the Selfrio Group aims at maintaining business activity and profitability levels.

6.6. Atlantic Ferries



Since 14 February 2005, Atlantic Ferries has had the concession for the river public transport of passengers, light and heavy vehicles and goods, between Setúbal and the Tróia Peninsula, following the public tender offer launched, for that purpose, by APSS – *Administração dos Portos de Setúbal e Sesimbra, SA*. The concession contract runs for 15 years and is renewable for two successive periods of 5 years, and has involved an investment of 40 million euro. The transport service started on 8 October 2007, with four chartered ferries owned by APSS. Figures for the full year 2008 are therefore not comparable with those for 2007.

	4Q 2008	4Q 2007	Δ
Turnover	896.3	630.3	+42.2%
Operational Cash-Flow (EBITDA)	(268.2)	(200.3)	-33.9%

Contribution to consolidated figures

2008	2007	Δ
4,849.8	630.3	> 100%
157.1	(378.2)	-

Unit: 10³ Euro

Between October 2007 and 13 July 2008, Atlantic Ferries operated under the old system, using the same ferries and routes and charging the same prices.

On 14 July 2008, two new ferries, each with a capacity of 60 light vehicles and 500 passengers each, began operation, with a new ferry route to the new ferry pier located south of Troiaresort (as part of the overall plan to upgrade the Peninsula and divert through traffic from the Central Area) and with a new pricing structure. During the summer (until 16 September), the new service was run in conjunction with the continued operation of one of the old ferries, using the old previous route, at the old prices, catering for beachgoers.

Since 16 September, ferry transport is exclusively provided by the two new ferry boats and a temporary shuttle bus service between the ferry pier and the central area is available, which is free of charge to users.

Ticket sales in the last quarter of 2008 were weaker than those in the same period of last year because of reduced vehicle and passenger flows related to the construction work in the Tróia Peninsula (which reached a peak in May 2008), while weekend passenger flows fell due to less favourable weather conditions. Nevertheless, turnover on a quarterly basis increased reflecting the ticket price increase which was required to cover the costs of the longer ferry route and to provide improved standards of the service.

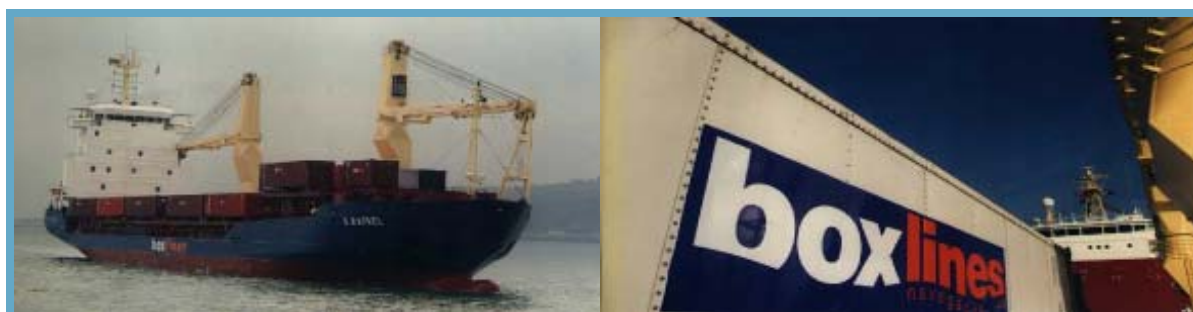
In 2008, 12,558 monthly passenger tickets were sold. Sales of single tickets for the different tariffs were as follows:

	Passengers	Light vehicles	Heavy vehicles	Two wheel vehicles
1Q 2008	219,018	100,132	2,573	2,124
2Q 2008	327,988	117,058	3,258	4,146
3Q 2008	510,016	150,835	2,492	4,573
4Q 2008	129,243	64,503	1,896	1,198
Total 2008	1,186,265	432,528	10,219	12,041

The pronounced seasonality of Atlantic Ferries' activity is clearly shown in the quarterly trend of ticket sales. Traffic is particularly heavy during the spring and summer months and is very much influenced by weather conditions especially at weekends, at which time the Peninsula is a popular destination for leisure activities.

In July 2009 operations will be expanded when two new catamarans enter service, which are already moored in the river Sado, each having a capacity of 350 passengers, thus completing the contractual obligations under the concessionary agreement for the public transport service. The operation's performance in the future is dependent on tourism occupancy and number of visitors in the spring and summer seasons, and on the start up of operations of complementary services at Troia resort, namely the casino and congress centre.

6.7. **Box Lines**



Box Lines is the Sonae Capital business focused on sea transportation, including a cabotage service to and from the Portuguese mainland to the islands of the Azores and Madeira, coastal cabotage, ship chartering, as well as being a shipping agent and logistics operator specialised in groupage cargo. It also provides services in the area of international sea container transport management and general cargo ships.

The cabotage market, which makes up the bulk of Box Line's revenues, experienced a slight fall in volume and turnover in 2008. This trend was slightly better than the performance of the international shipping market in general, which due to the weakening of the world economy and the slowdown in consumption, especially in the second half of the year, led to excess capacity in the industry and aggressive price cuts.

The size of the Azores cabotage market is around 55-60 thousand TEUS. In addition to Box Lines, two other operators run a service between the Portuguese mainland and the Azores. During 2008, the market experienced downward pressure on prices, due in particular to an increase in capacity at the end of 2007 (a competitor introduced a new ship with a container capacity of around 350 TEUS).

On this route, Box Lines operates two leased ships, under a bareboat charter, each with a container capacity of approximately 270 TEUS.

During 2008, Box Lines transported circa 18,000 TEUS on this route, with a capacity utilization of around 90%. Although there are no official statistics, Box Lines estimates its market share to be around 23%, on the mainland/islands routes.

The Madeira cabotage market is around 50-55 thousand TEUS. Five companies (including Box Lines) operate in this market. Box Lines operates this route with one leased ship, also under a bareboat charter, with a container capacity of 270 TEUS. Despite the absence of official statistics, Box Lines believes that it is market leader with a market share of around 24%. During 2008, Box Lines transported circa 12,300 TEUS with a capacity utilization of 75%.

	4Q 2008	4Q 2007	Δ
Turnover	10,851.0	10,318.9	+5.2%
Operational Cash-Flow (EBITDA)	(106.9)	(177.3)	+39.7%

Contribution to consolidated figures

	2008	2007	Δ
Turnover	45,596.3	44,954.9	+1.4%
Operational Cash-Flow (EBITDA)	1,487.7	1,213.0	+22.6%

Unit: 10³ Euro

In 2008, Box Lines performed well despite adverse market conditions, with turnover and operational cash-flow above last year levels.

Despite the fact that the cabotage market for container cargo remained flat, Box Lines performed very well with two digit growth in the groupage and air freight service lines which contributed towards growth in the top line.

Box Lines operational cash-flow (EBITDA) of 1.5 million euro is equivalent to an EBITDA margin of 3.3%, an increase of 0.6 p.p. compared to last year. This improved performance was achieved despite adverse market conditions involving downward pressure on prices, fierce competition and other cost increases (especially fuel). The abrupt continued increases in fuel prices, experienced during 2008, penalized the EBITDA margin by nearly 0.7 p.p., which the company was successfully able to offset by lowering other operational expenses.

In spite of the slowdown in economic activity, in 2009 Box Lines intends to maintain current levels of activity and profitability.

6.8. Plywood

	4Q 2008	4Q 2007	Δ	2008	2007	Δ
Turnover	-	-	-	20,307.7	-	-
Operational Cash-Flow (EBITDA)	0.9	-	-	(3,404.8)	-	-

Contribution to consolidated figures

Unit: 10³ Euro

As stated in the introductory note to chapter 5, the 2008 consolidated income statement includes the third quarter contribution of the Plysorol Group (Plywood unit) and the third and fourth quarter contributions of Elmo (sole shareholder of Plysorol).

Plysorol is currently under a restructuring process under the jurisdiction of the French courts and is expected to be sold or liquidated in a decision to be taken by the Commercial Court of Lisieux. It is management's intention to liquidate Elmo immediately after Plysorol is sold or liquidated. As such, this activity was considered as discontinued and will be terminated in 2009.

6.9. TP (50% Sonae Capital)

[Company accounted for using the Equity Method]



TP carries out its business activity in the area of energy production through cogeneration and wind power.

The cogeneration business is developed through partnerships with a range of industrial companies, in whose premises the power plants are located. In most cases, TP has a majority position in the partnership. Currently, TP manages an energy production capacity of around 62 MW, distributed among 13 projects (taking into account cogeneration facilities that reached the term of their useful life in 2007).

In the wind power business, the company has the following interests:

- 50% stake in a 10 MW wind farm in Serra da Capucha, already in operation;
- 52% stake in a 20 MW wind farm in Serra do Sicó, scheduled to start operations by the end of the first quarter of 2009;
- 20% stake in Élicas de Portugal Consortium (ENEOP).

ENEOP is authorised, through a tender offer contract awarded by the Portuguese government, to inject 1,000 MW of energy into the Portuguese Electrical System and to install equipment, for the

generation of electricity through wind power, with a maximum production capacity of 1,200 MW. Investment is scheduled to continue until 2012.

The investment schedule for ENEOP is progressing according to plan. The first wind farm (8 MW) is expected to be fully operational towards the end of the first quarter of 2009. Additional wind farm projects, involving around 150 MW, are under construction and are expected to become operational by the end of the year.

The consortium is currently negotiating the financing of the full project, which is expected to be finalised in the second half of the year. TP has already ensured the necessary financing (two commercial paper issues totalling 40 million euro) for its share in the ongoing investment until ENEOP obtains approval for the financing of the full project.

	4Q 2008	4Q 2007	Δ	2008	2007	Δ
Turnover	10,599.8	8,752.5	21.1%	35,053.8	33,303.5	5.3%
Operational Cash-Flow (EBITDA)	3,686.0	1,771.0	>100%	8,655.0	7,983.0	8.4%
Operating Profit (EBIT)	1,782.2	898.8	98.3%	4,824.0	4,960.3	-2.7%
Net Profit	981.9	515.0	90.7%	2,862.2	3,063.5	-6.6%

Statutory Consolidated Accounts

Unit: 10³ euro

Turnover for the year increased 5.3% driven by an increase in the average sales price of energy sold to the electricity grid, despite the decrease in the amount of energy sold due to the abovementioned decrease in the number of cogeneration plants. It should be noted that TP's profit and loss account only reflects cogeneration activity since the wind farm under operation is accounted for using the equity method (the wind farm in Serra do Sicó is not yet operational).

The increase in the average sales price was felt in the second half of the year and in particular in the last quarter of 2008, reflecting the 6 month lag of adjustment to fuel prices in the sales price of energy injected into the electrical system.

Operational cash-flow (EBITDA) during the fourth quarter strongly benefited from the adjustments mentioned above which offset on one hand the negative trend of EBITDA up to the third quarter of 2008 and on the other the impairment loss of 1.3 million euro related to an amount owed by one of the host industrial companies which went bankrupt. Currently, TP is looking for an alternative host for the cogeneration equipment in question.

6.10. **Norscut** (36% Sonae Capital)

[Company accounted for using the Equity Method]



In 2000, NORSCUT won the DFBOT shadow toll concession for the A24 Motorway for a 30 year period. The motorway connects the towns of Viseu and Chaves (all the way to the border with Spain), in northern Portugal, with a total extension of 156.4 km.

During the initial period of the concession, from 2001 until 2007, the multiple stretches of the motorway were constructed. This phase continued for two more years than initially expected due to the unilateral decision of the grantor (the Portuguese State) to change the original motorway layout, which also resulted in increased construction costs.

In September 2007, two months after completion of the motorway construction, the full extension of the motorway effectively entered service. From that moment on and until the end of the concession period, revenues of the concession will depend on actual vehicle traffic on the various stretches of the motorway under concession.

The year 2008 was marked by a significant event. At the end of July, and following the appointment of an arbitration court to analyse Norscut's compensation claim for increased construction costs and loss of revenues resulting from the abovementioned delayed works, Norscut and the Portuguese State signed an agreement to restore the financial balance of the concession in which Norscut's right to receive a total compensation amount of 291.9 million euro was recognised, of which 94.9 million euro related to lost revenue and as such was payable to Norscut while the remainder (197.0 million euro) concerning to increased construction costs was payable to the contractor.

As a result of this agreement, Norscut raised an 18 month loan at the beginning of August, equivalent to the amount of the compensation agreed (291.9 million euro) and guaranteed (principal and interest) by the Portuguese State. The goal is to reach an agreement with the Portuguese State before the maturity of this bridge loan, by extending the concession period or other alternative measure, and at the same time refinance the outstanding debt (initial and additional debt). In case such an agreement is not reached, the Portuguese State will fully repay the principal and interest of the bridge loan on maturity.

	4Q 2008	4Q 2007	Δ
Turnover	21,887.9	26,613.2	-17.7%
Operational Cash-Flow (EBITDA)	38,063.3	24,979.0	+52.4%
Depreciation	23,978.5	12,918.5	+85.6%
Net Financial Charges	12,008.7	13,448.5	-10.7%
Net Profit	1,555.5	(2,154.7)	-

Statutory Accounts

	2008	2007	Δ
Turnover	92,536.5	44,298.9	>100%
Operational Cash-Flow (EBITDA)	105,983.3	33,019.5	>100%
Depreciation	60,152.9	17,254.5	>100%
Net Financial Charges	52,219.3	17,825.3	>100%
Net Profit	(4,774.6)	(1,483.8)	<-100%

Unit: 10³ euro

Since 2008 was the first full year of operation of the entire stretch of motorway, some caution is required when comparing performance with the previous year. Vehicle traffic increased 9% over the previous year (considering full year opened stretches). Towards the second half of the year, and despite the ramp up stage of the motorway, traffic growth slowed as a result of the rise in fuel costs and the slowdown in economic activity.

6.11. Sonae Indústria

Sonae Indústria is a global manufacturer of wood based panels and its shares are listed on Euronext Lisbon.

As at 31 December 2008, Sonae Capital's shareholding in Sonae Indústria, SGPS, SA was 10,984,164 shares, equal to 7.846% of the share capital and voting rights. During the year Sonae Capital acquired 1,462,349 Sonae Indústria shares with an average acquisition price of 2.36 euro per share.

Using the closing share price of Sonae Indústria as at 31 December 2008 (1.525 euro), the market value of this shareholding was 16.8 million euro.

7. Share Price Performance


For information on Sonae Capital's share price performance, please refer to paragraph III.4 of the Company's 2008 Corporate Governance Report.

8. Sustainability

A comprehensive policy regarding Sustainability is still under development in Sonae Capital.

Due to its significance within the context of Sonae Capital's Sustainability practices, this chapter will only include a description of Troiaresort's approach to this area, during the year 2008. This is by far the most visible and significant demonstration of the importance of sustainable development to Sonae Capital and its businesses.

Since the beginning of the project, Troiaresort has always considered environmental issues to be critically important concerns, pursuing environmental excellence as a source of competitive advantage, and capitalizing on the environmental heritage as a source of value creation.



The project has been characterized by a systematic assessment of the sustainability of solutions and by the implementation of an environmental management system that has progressively involved the project, construction and operational activities, which represented a pioneering approach in comparison to resorts with similar characteristics. The management system has been certified in accordance with NP EN ISO 14001 since 2005 and in 2008 was registered with the EU's Eco-Management and Audit Scheme (EMAS), being the first resort in Portugal to obtain such a distinction. EMAS is an European Union voluntary scheme and a management tool available for companies who wish to evaluate and improve their environmental performance and inform their stakeholders on their environmental performance and goals.

Amongst measures implemented in 2008 in relation to the environmental management system, the main highlight was the environmental and urban restoration of degraded areas and the optimization of water consumption. Regarding water management, a new irrigation system was installed on the golf course, and water in an existing lake of the golf course was treated. Additionally, new water supply networks and residual water drainage networks were built, and are equipped with remote management devices. The upgraded waste water treatment station (ETAR), which is currently undergoing an Environmental Impact Assessment, will allow waste water to be re-used for irrigation purposes.

Acknowledgement of the importance of biodiversity and ecosystems as distinctive features of tourism destinations, led to the signature of a memorandum of understanding between Sonae Turismo and Instituto de Conservação da Natureza e da Biodiversidade (Portuguese Biodiversity and Nature Conservation Institute), concerning Troiaresort's contribution to the European goal of halting the loss of biodiversity, by 2010, as part of the "Business & Biodiversity" initiative, promoted by the Portuguese European Union Presidency. This initiative seeks to promote, through voluntary long term agreements, the integration of biodiversity into company strategies and policies. This particular partnership will involve the promotion of a wideranging initiative aimed at easing global pressure on the bottlenose dolphin species which inhabits the river Sado, the study and promotion of conservation actions regarding salt marsh birds, the restoration of indigenous plants and the control of exotic and invading species, diversifying priority habitats, managing visitor flows and installing information panels regarding flora and fauna. As a result of this partnership, between 2007 and 2008, several acacia trees (an invading and exotic species) were cut down in a 250 hectare area, included in the Natura 2000 Network.

Troia Marina, which started operations in 2008, won the European Blue Flag award for recreational harbours and marinas, a benchmark in environmental quality for this type of infrastructure. Another highlight was the Accessible Beach award given to Tróia-Mar beach, as a result of the implementation of a number of actions aimed at improving accessibility to the beach for disabled people.

With the objective of promoting ties between Troiaresort and the local community, several activities are being undertaken to increase knowledge of the unique heritage of the area, including biodiversity and culture. In 2008, more than 400 children from neighbouring towns, participated in environmental educational activities and in activities focused on Tróia's Roman ruins, which constitute a cultural heritage of unquestionable value.

The challenge of sustainable development accepted by Sonae Turismo, as a critical factor of success in the tourism industry, will be strengthened even more by the preparation of the first Troiaresort's sustainability report for the year 2008, which will be published in 2009. This report aims to communicate how Troiaresort manages sustainability issues, covering a range of areas such as the promotion of the natural and cultural heritage of the region, and relationships with the surrounding community and employees. For its preparation, various stakeholders were consulted, including employees, official entities, customers, local communities and NGOs.

9. Individual Financial Statements

Sonae Capital, SGPS, SA was incorporated on 14 December 2007 and, as the holding company of the Group, is focused on the management of its shareholding in its affiliated company SC, SGPS, SA (which holds 100% of the sub-holdings Sonae Turismo, SGPS, SA and Spred, SGPS, SA), allocating funds according to the investment and treasury requirements of its affiliated company.

The net loss for 2008 was 848,271 euro (2,012 euro net loss). Operational costs include mainly salaries (1.2 million euro) and services acquired from third parties (0.6 million euro). The result of the financing activity was 0.6 million euro.

Non-current loans include a Commercial Paper Programme issued on 14 March 2008, of up to 30,000,000 euro, with guaranteed subscription and five years maturity. As at 31 December 2008, balance was maintained at 30,000,000 euro.

Current loans include a Commercial Paper Programme issued on 28 March 2008, of up to 60,000,000 euro, without guaranteed subscription and ten years maturity, which can be extended at Sonae Capital's request. As at 31 December 2008, balance was maintained at 21,850,000 euro.

10. Activity carried out by Non Executive Board Members

Since their appointment in April 2008, non-executive Directors have been proactively scheduling and attending meetings with the Group's sub-holdings Directors and with business managers, gathering knowledge and advising and challenging businesses, and capitalising on their professional and academic expertise. Apart from their duties as Board members, each non-executive Director is a member of one of the Company's Board Committees (Board Audit and Finance Committee and Board Nomination and Remuneration Committee). For details on the duties of Board members and of the Company's Board Committees please refer to chapter II of the Company's Corporate Governance Report.

11. Profit Appropriation Proposal

Sonae Capital, SGPS, SA, as the holding company of the Group, recorded a net loss of 848,270.54 euro for the year 2008. The Board of Directors proposes to the Shareholders' General Meeting that this amount should be transferred to Retained Earnings.

12. Acknowledgements

The Board of Directors would like to thank all its stakeholders for their support and confidence, with special thanks to the Fiscal Board and the Statutory Auditor for their cooperation and work. Finally, we express our thanks and recognition to our employees for their efforts and dedication during the year.

Maia, 25 March 2009

The Board of Directors,

Belmiro Mendes de Azevedo

José Luís dos Santos Lima Amorim

Mário Pereira Pinto

Francisco de La Fuente Sánchez

Rafael Cerezo Laporta

Paulo José Jubilado Soares de Pinho

Pedro Manuel Bastos Mendes Rezende

Glossary

Average Daily Revenue = Lodging Revenues / Number of rooms sold.

Bareboat regime = Renewable 3 years leasing contracts of ships without crew, with a call option at its term.

Capex = Investment in Fixed Assets.

DFBOT = Design, Finance, Build, Operate and Transfer.

GCA (Gross Construction Area) = Area measured by the exterior perimeter of the exterior walls.

Gearing = Net Debt / Equity.

Interest Cover Ratio = EBITDA / Financial Charges.

Net Debt = Non Current Loans + Current Loans – Cash and Cash Equivalents – Current Investments.

Operational Cash-Flow (EBITDA) = Operating Profit (EBIT) + Amortisation and Depreciation + Provisions and Impairment Losses + Impairment Losses of Real Estate Assets in Stocks (included in Cost of Goods Sold) – Reversal of Impairment Losses and Provisions (included in Other Operating Income).

RevPar = Revenue per Available Room.

TEUS = Twenty Feet Equivalent Unit Container.

UNOP (Operational Planning Unit) = Planning and management operational units as set out by the Tróia Urbanisation Plan through Cabinet Resolution nr. 23/2000.

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 accordance with applicable International Financial Reporting Standards, and give a true and fair view, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of Sonae Capital, S.G.P.S., S.A., and of the companies included in the consolidation perimeter, where appropriate, and that the Report of the Board of Directors faithfully describes major events that occurred during the year 2008 and their impacts, if any, the business performance and position of Sonae Capital, S.G.P.S., S.A. and of the companies included in the consolidation perimeter, and contains an appropriate description of the major risks and uncertainties that they face.

Maia, 25 March 2009

Belmiro Mendes de Azevedo
Chairman of the Board of Directors

Rafael Cerezo Laporta
Member of the Board of Directors

José Luís dos Santos Lima Amorim
Member of the Board of Directors

Paulo José Jubilado Soares de Pinho
Member of the Board of Directors

Mário Pereira Pinto
Member of the Board of Directors

Pedro Manuel Bastos Mendes Rezende
Member of the Board of Directors

Francisco de La Fuente Sánchez
Member of the Board of Directors

Disclosure of shares and other securities held by Members of the Board of Directors and of transactions during the year involving shares and other securities

Appendix to the Report of the Board of Directors as of 31 December 2008 required by article 447 of the
Portuguese Companies Act

					Balance as at	
		Purchases		Sales		31.12.2008
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
Belmiro Mendes de Azevedo						
Efanor Investimentos, SGPS, SA (1)						49,999,997
Sonae Capital, SGPS, SA						838,862
Conversion of Demerger Rights (*) (a)	28.01.2008	1,862	-			
Purchase	01.02.2008	160,000	1.84			
Purchase	04.02.2008	150,000	1.83			
Purchase	05.02.2008	350,000	1.78			
Purchase	06.02.2008	177,000	1.76			
José Luís dos Santos Lima Amorim (b)						
Sonae Capital, SGPS, SA						8,125
Conversion of Demerger Rights (*)	28.01.2008	8,125	-			
Mário Pereira Pinto (c)						
Sonae Capital, SGPS, SA						8,125
Conversion of Demerger Rights (*)	28.01.2008	8,125	-			
Francisco de La Fuente Sánchez (d)						
Sonae Capital, SGPS, SA						2,500
Paulo José Jubilado Soares de Pinho						
Sonae Capital, SGPS, SA (e)						12,650
Purchase	10.06.2008	3,000	1.35			
Purchase	22.09.2008	2,000	0.83			
Purchase	16.12.2008	3,000	0.50			

		Purchases		Sales		Balance as at
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	31.12.2008 Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae Capital, SGPS, SA						88,859,200
Purchase of Demerger Rights	11.01.2008	13,029,263	0.17			
Purchase of Demerger Rights	14.01.2008	11,000,000	0.20			
Purchase of Demerger Rights	15.01.2008	26,613,385	0.21			
Conversion of Demerger Rights (*)	28.01.2008	82,350,553	-			
Conversion of Purchased Demerger Rights (*)	28.01.2008	6,330,331	-			
Purchase of shares	07.03.2008	178,316	1.48			
Pareuro, BV (2)						2,000,000
Share capital increase	21.01.2008	1,980,000	151.51			
(2) Pareuro, BV						
Sonae Capital, SGPS, SA						50,000,000
Conversion of Demerger Rights (*)	28.01.2008	50,000,000	-			

(*) The shares representing the whole of the share capital of Sonae Capital, SGPS, SA were attributed to the shareholders of Sonae, SGPS, SA with the exercise of the respective demerger rights (which occurred during the month of January of 2008) using the 0.125 attribution factor rounded down to the nearest whole number.

^(a) The 1,862 shares are owned by the spouse.

^(b) Through Change Partners, SCR, S.A., company of which he is a Member of the Board of Directors.

^(c) Through Change Partners, SCR, S.A., company of which he is the Chairman of the Board of Directors.

^(d) Through Banco Comercial Português, S.A. (Millennium BCP), company of which he is a Member of the Supervisory Board.

^(e) At the appointment date as Member of the Board of Directors of Sonae Capital, SGPS, SA owned 4,650 shares.

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

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

	<u>Number of shares as at 31.12.2008</u>
Efanor Investimentos, SGPS, SA	
Sonae Capital, SGPS, SA	88,859,200
Pareuro, BV	2,000,000
Pareuro, BV	
Sonae Capital, SGPS, SA	50,000,000

Qualified Shareholdings

As required by number 1 of article 8 of CMVM Regulation Nr. 05/2008, the following shareholders held more than 2% of the company's share capital, as at 31 December 2008:

Shareholder	Nr. of Shares	% of Share Capital	% of Voting Rights
Efanor Investimentos, SGPS, S.A.			
Directly Owned	88,859,200	35.544%	35.544%
Through Pareuro, BV (controlled by Efanor)	50,000,000	20.000%	20.000%
Through Belmiro Mendes de Azevedo (Chairman of the Board of Directors of Efanor)	837,000	0.335%	0.335%
Through Maria Margarida Carvalhais Teixeira de Azevedo (Member of the Board of Directors of Efanor)	1,862	0.001%	0.001%
Through Linhacom, SGPS, S.A. (controlled by the Member of the Board of Directors of Efanor Maria Cláudia Teixeira de Azevedo)	43,912	0.018%	0.018%
Through Migracom, SGPS, S.A. (controlled by the Member of the Board of Directors of Efanor Duarte Paulo Teixeira de Azevedo)	161,250	0.065%	0.065%
Through descendants of Duarte Paulo Teixeira de Azevedo (Member of the Board of Directors of Efanor)	411	0.000%	0.000%
Through descendants of Nuno Miguel Teixeira de Azevedo (Member of the Board of Directors of Efanor)	1,312	0.001%	0.001%
Total attributable	<u>139,904,947</u>	<u>55.962%</u>	<u>55.962%</u>
Banco BPI, S.A.			
Directly Owned	16,888,797	6.756%	6.756%
Through Banco Português de Investimento, S.A. (controlled by Banco BPI)	53,409	0.021%	0.021%
Through Fundos de Pensões do Banco BPI (controlled by Banco BPI)	5,008,922	2.004%	2.004%
Through BPI Vida - Companhia de Seguros de Vida, S.A. (controlled by Banco BPI)	638,576	0.255%	0.255%
Total attributable	<u>22,589,704</u>	<u>9.036%</u>	<u>9.036%</u>
Mohnish Pabrai			
Through Pabrai Investment Fund II, L.P. (controlled by Mohnish Pabrai)	3,957,000	1.583%	1.583%
Through Pabrai Investment Fund 3, L.P. (controlled by Mohnish Pabrai)	5,624,000	2.250%	2.250%
Through Pabrai Investment Fund IV, L.P. (controlled by Mohnish Pabrai)	7,422,315	2.969%	2.969%
Through Dalal Street, L.L.C. (controlled by Mohnish Pabrai)	28,000	0.011%	0.011%
Through Dakshana Foundation (controlled by Mohnish Pabrai)	132,625	0.053%	0.053%
Through Harina Kapoor (spouse of Mohnish Pabrai)	2,500	0.001%	0.001%
Total attributable	<u>17,166,440</u>	<u>6.867%</u>	<u>6.867%</u>

Transactions of securities made by persons with managerial responsibilities and their related persons during the 2nd Half of 2008

As required by article 14 of CMVM Regulation Nr. 5/2008, transactions of Sonae Capital's securities made by persons with managerial responsibilities and their related persons during the 2nd Half of 2008, were as follows:

Name	Date	Nr. of Shares	Purchase / Sale	Price	Type of Transaction	Stock (Nr. of Shares)	
Paulo José Jubilado Soares de Pinho (Non-Executive Member of the Board of Directors of Sonae Capital, SGPS, SA)						Initial Balance	7,650
	22.09.2008	2,000	Purchase	0.83	Stock Exchange		2,000
	16.12.2008	3,000	Purchase	0.50	Stock Exchange		3,000
						Final Balance	12,650
Nuno Miguel Teixeira de Azevedo (Member of the Board of Directors of Efanor Investimentos, SGPS, SA)						Initial Balance	1,790
	25.10.2008	478	Sale	0.57	Bolsa		478
						Final Balance	1,312



CORPORATE GOVERNANCE REPORT

31 DECEMBER 2008

(Translation from the Portuguese Original)

Corporate Governance Report

0. Statement of Compliance

The corporate governance policy of Sonae Capital SGPS S.A. (hereinafter Sonae Capital or Company) aims, among other objectives, to implement transparency procedures in its relationship with both investors and markets. The corporate governance structure of Sonae Capital is built upon the maximization of shareholders' interests and the satisfaction of their legal and regulatory rights.

0.1 Corporate Governance Guidelines

Sonae Capital, as a public listed company, is regulated by Regulation 1/2007 of the Portuguese Securities Market Commission (*Comissão de Mercado de Valores Mobiliários* and hereinafter CMVM), with the amendments set forth by CMVM Regulation 5/2008.

Furthermore, Sonae Capital guides its corporate governance practices by the Corporate Governance Code, available at www.cmvm.pt.

0.2 Compliance with the Corporate Governance Code

	Recommendation	Compliance	Reference in this report
General Meeting			
I.1.1	The Chair of the General Meeting Board shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration	Yes	I.1
I.1.2	The remuneration of the Chair of the General Meeting Board shall be disclosed in the annual report on corporate governance	No	0.3 (1) I.1
I.2.1	The obligation to deposit or block shares before the General Meeting, contained in the articles of association, shall not exceed 5 working days	Yes	I.2
I.2.2	Should the General Meeting be suspended, the company shall not compel share blocking during the suspension period and shall then follow the standard requirement of the first session	Yes	I.2
I.3.1	Companies may not impose any statutory restriction on postal voting	No	0.3 (2) I.3
I.3.2	The statutory deadline for receiving early voting ballots by mail shall not exceed 3 working days	Yes	I.3
I.3.3	The company's articles of association shall provide for the one share-one vote principle	Yes	I.3

	Recommendation	Compliance	Reference in this report
I.4.1	Companies shall not set a constitutive or deliberating quorum that outnumbers that which is prescribed by Law	No	0.3 (3) I.4
I.5.1	The minutes of the General Meetings shall be made available to shareholders on the company's website within a 5 day period, irrespective of the fact that such information may not be legally classified as material information. The list of attendees, agenda items of the minutes and resolutions passed during such meetings shall be kept on file on the company's website for a 3 year period	Yes	I.5
I.6.1	Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests	Yes	I.6
I.6.2	In observance of the principle of the previous sub-paragraph, the company's articles of association that restrict/limit the number of votes that may be held or exercised by a sole shareholder, either individually or together with other shareholders, shall also envisage a resolution by the General Meeting, (5 year intervals, at least) on whether that statutory provision is to continue – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction	Not Applicable	(*)
I.6.3	In cases such as change of control or changes to the composition of the Board of Directors, defensive measures should not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary assessment of the performance of the Board of Directors by the shareholders	Not Applicable	(*)
Management and Supervisory Boards			
II.1.1.1	The Board of Directors shall assess the adopted model in its governance report and identify possible constraints to its functioning and shall propose measures that it deems fit for overcoming such obstacles	Yes	II.0
II.1.1.2	Companies shall set up internal control systems in order to efficiently detect any risk to the company's activity by protecting its assets and keeping its corporate governance transparent	Yes	II.8
II.1.1.3	The Management and Supervisory Boards shall establish internal regulations and shall have these disclosed on its website	Yes	II.2 II.5
II.1.2.1	The Board of Directors shall include a number of non executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity	Yes	II.2
II.1.2.2	Non executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when deciding on this number and may never be less than a quarter of the total number of Directors	Yes	II.2
II.1.3.1	Depending on the applicable model, the Chair of the Fiscal Board, the Audit Committee or the Financial Matters Committees shall be independent and be capable of adequately carrying out its duties	Yes	II.5

	Recommendation	Compliance	Reference in this report
II.1.4.1	The company shall adopt a policy whereby irregularities occurring within the company, are reported. Such reports should contain the following information: i) the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the author	No	0.3 (4) II.9
II.1.4.2	The general guidelines on this policy should be disclosed in the corporate governance report	Yes	II.9
II.1.5.1	The remuneration of the members of the Board of Directors shall be aligned with the interests of the shareholders. Thus: i) The remuneration of Directors carrying out executive duties should be based on performance and a performance assessment shall be carried out periodically by the competent body or committee; ii) the variable remuneration shall be consistent with the maximization of the long term performance of the company, and shall be dependent on sustainability of the levels of the adopted performance; iii) when the remuneration of non executive members of the Board of Directors is not legally imposed, a fixed amount should be set	Yes	II.2 II.10 II.6
II.1.5.2	The Remuneration Committee and the Board of Directors shall submit a statement on the remuneration policy to be presented at the Annual Shareholders General Meeting concerning the Management and Supervisory bodies and other directors as provided for in Article 248/3/b of the Securities Code. The shareholders shall be informed on the proposed criteria and main factors to be used in the assessment of the performance for determining the variable remuneration (share bonuses; share options, annual bonuses or other awards)	Yes	I.7 II.4
II.1.5.3	At least one of the Remuneration Committee's representatives shall be present at the Annual Shareholders' General Meeting	Not Applicable	(**)
II.1.5.4	A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or share options or in addition variations in share prices, to members of the Management and Supervisory Boards and other Directors within the scope of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for it to be correctly assessed. The proposal shall contain the regulation plan or in its absence, the plan's general conditions. The main characteristics of the retirement benefit plans for members of the Management and Supervisory Boards and other Directors within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting	Yes	I.7
II.1.5.5	The remuneration of the members of the Management and Supervisory Boards shall be individually and annually disclosed and, information on fixed and variable remuneration must be separately disclosed as well as any other remuneration received from other companies within the group of companies or companies controlled by shareholders of qualifying holdings	Yes	II.2 II.5 II.6

	Recommendation	Compliance	Reference in this report
II.2.1	Within the limits established by Law for each Management and Supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running of the business and the delegated duties should be identified in the Annual Report on Corporate Governance	Yes	II.3
II.2.2	The Board of Directors shall ensure that the company acts in accordance with its goals, and should not delegate its duties, namely in what concerns: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved	Yes	II.2 II.3
II.2.3	Should the Chairman of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non executive members that can ensure that these may take decisions, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the Corporate Governance report	Yes	II.0 II.2
II.2.4	The annual management report shall include a description of the activity carried out by the non executive Board Members and shall mention any restraints encountered	Yes	
II.2.5	The management body should promote member replacement for financial matters at least after 2 mandates	No	0.3 (5)
II.3.1	When Directors who carry out executive duties are requested by members of other statutory bodies to supply information, the former shall do so in a timely manner and the information supplied must be adequate for the request made	Yes	II.3
II.3.2	The Chairman of the Executive Board of Directors shall send the convening notices and minutes of the meetings to the Chairman of the Board of Directors and, when applicable, to the Chairman of the Supervisory Board or the Auditing Committee	No	0.3 (6)
II.3.3	The Chairman of the Executive Board of Directors shall send the convening notices and minutes of the meetings to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee	Not Applicable	(*)
II.4.1	Besides fulfilling its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out, on an on-going basis, the assessment of the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved	Not Applicable	(*)
II.4.2	The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Audit Committee and the Fiscal Board shall be disclosed on the company's website together with the financial statements	Yes	II.5

	Recommendation	Compliance	Reference in this report
II.4.3	The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Fiscal Board shall include a description of the supervisory activity and shall mention any restraints that they may have come up against	Yes	II.5
II.4.4	The Financial Matters Committee, the Audit Committee and the Fiscal Board (depending on the applicable model) shall represent the company for all purposes towards the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports	No	0.3 (7)
II.4.5	According to the applicable model, the Committees for Financial Matters, Audit Committee and the Fiscal Board, shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever justifiable grounds are present	Yes	II.5
II.5.1	Unless the company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as its own overall performance and in addition, the performance of all existing Committees; ii) review the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvement	Yes	II.4
II.5.2	Members of the Remuneration Committee or similar committees, shall be independent from Members of the Board of Directors	Yes	II.4
II.5.3	All the Committees shall draw up minutes of the meetings held	Yes	II.4
Information and Auditing			
III.1.2	Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall have an Investor Relations team.	Yes	III.8
III.1.3	The following information that is made available on the company's Internet website, shall be disclosed in the English language: a) The company, public company status, headquarters and other data provided for in Article 171 of the Commercial Companies Code; b) Articles of Association; c) Credentials of the members of the Board of Directors and of the member responsible for Capital Markets Relations; d) Investor Relations team – its functions and contacts; e) Financial statements; f) Half-Yearly Calendar of Company Events; g) Proposals for discussion and voting during the General Meeting; h) Notices convening meetings.	Yes	III.8


(*) The recommendations regarding practices, corporate structures, procedures or a corporate governance model not adopted by Sonae Capital shall be considered not applicable for this purpose. Under the terms and conditions of article 278 of the Portuguese Companies Code, Sonae Capital structured its corporate governance model with a Board of Directors, a Fiscal Board and a Statutory Auditor. The Recommendations considered not applicable shall not be considered in the evaluation of the level of compliance of the Corporate Governance Code by the Company.

(**) At the time of the 2008 Annual Shareholders General Meeting, the Remunerations Committee had not yet been formed. Thus, the recommendation shall be considered, in respect of the year 2008, as not applicable. Sonae Capital has the firm intention to comply with this recommendation in the current and upcoming years.

0.3 Reasons for non compliance with the Corporate Governance Code

Sonae Capital is willing to comply with most of the recommendations set in the Corporate Governance Code in the upcoming years: due to its recent incorporation, certain procedures, practices and corporate structures are still under review and implementation. On the other hand, certain practices that are fully aligned with the recommendations of the Corporate Governance Code are classified as “non compliant” in this report, exclusively due to the fact that such compliance in 2008 was partial (either functional or chronologically).

- (1) In view of the specific nature of the Board of the General Meeting and the fiduciary duty of its members towards the Company, Sonae Capital deems that the aggregate remuneration of the members of the Board of the General Meeting is the relevant information for investors to form a judgment about its magnitude and adequacy.
- (2) Under number 3 of Article 23 of the Articles of Association of Sonae Capital, votes in writing are exclusively admissible for General Meeting resolutions on amendments to the Articles of Association of the Company or on the appointment of the governing bodies. These restrictions on votes in writing are based on the procedural rule established by the Portuguese Company Law (number 9 of article 384). It is Sonae Capital's conviction that both solutions set forth in the Portuguese Company Law regarding votes in writing, which are the only ones admissible, are contrary to the timing and motivation that should rule votes in General Meetings. The solutions set forth in the Portuguese Company Law are:
 - a. Votes in writing in respect of resolution proposals presented after the vote in writing is cast are automatically transformed in negative votes;
 - b. Votes in writing may be received in the five days following the general meeting.
- (3) Article 25 of the Articles of Association of Sonae Capital establishes that shareholders representing more than 50% of the share capital of the Company as the constitutive quorum for the first instance of the General Meeting. The definition of a constitutive quorum for the first meeting of the General Meeting (where the Portuguese Company Law sets no constitutive quorum requirement) is based on the understanding that it is essential to assure, in any shareholders' decision, a material representation that can legitimate the resolution so obtained. Sonae Capital will continue to maintain this practice and requirement as it understands that it is the recommended way to maximize shareholders rights and to improve clarity in the decision making process of its Shareholders' General Meeting.

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- (4) Sonae Capital has not defined or disclosed its whistle blowing policy during 2008. Although the Fiscal Board is the governing body responsible for receiving and treating any communication or claim, only in early 2009 did the Company fully implemented all the necessary and sufficient procedures for the recommendation of the Corporate Governance Code to be complied with.
 - (5) The Board of Directors considers that this recommendation is not in the best interests of the Company. If at any particular time the Board of Directors considers that any of its members should be replaced it will use its judgment to do so.
 - (6) In 2008 non executive members of the Board of Directors were informed in each Board meeting of the decisions taken by the Executive Committee. In 2009 this recommendation will be fully implemented and the minutes of the meetings of the Executive Committee will be sent to the non executive Board members.
 - (7) The Fiscal Board meets regularly with the External Auditor to discuss the main findings of the latter's work. Nevertheless, many of the matters related to the daily activity of the external auditor rely on the Board of Directors team and supporting staff as the preferred liaison. Thus, since the Fiscal Board is not considered to be the sole and first contact with the external auditor within the Company and, furthermore, is not deemed to be the main addressee of the External Auditor reports, Sonae Capital did not comply with this recommendation in 2008. In 2009, External Auditor's reports will be simultaneously addressed to the Board of Directors and the Fiscal Board.

0.4 Independence assessment

The Board of Directors believes that the following members remain independent (under the terms of number 5 of Article 414 of the Portuguese Company Law), as there have been no changes to the factors that justified such an assessment when they were appointed:

Name	Governing Body
Francisco de La Fuente Sánchez	Board of Directors
Rafael Cerezo Laporta	Board of Directors
Paulo José Jubilado Soares de Pinho	Board of Directors
Pedro Manuel Bastos Mendes Rezende	Board of Directors

The Fiscal Board believes that all of its members remain independent (under the terms of number 5 of Article 414 of the Portuguese Companies Code), as there have been no changes to the factors that justified such an assessment when they were appointed:

Name	Governing Body
Armando Luís Vieira de Magalhães	Chairman of the Fiscal Board
Jorge Manuel Felizes Morgado	Fiscal Board
Carlos Manuel Pereira da Silva	Fiscal Board

The Board Audit and Finance Committee of the Board of Directors believes that all of its members remain independent (under the terms of number 5 of Article 414 of the Portuguese Companies Code), as there have been no changes to the factors that justified such an assessment when they were appointed:

Name	Governing Body
Francisco de La Fuente Sánchez	Chairman of the Board Audit and Finance Committee
Paulo José Jubilado Soares de Pinho	Board Audit and Finance Committee

The Board Nomination and Remuneration Committee believes that all of its members remain independent (under the terms of number 5 of Article 414 of the Portuguese Companies Code), as there have been no changes to the factors that justified such an assessment when they were appointed:

Name	Governing Body
Rafael Cerezo Laporta	Chairman of the Board Nomination and Remuneration Committee
Pedro Manuel Bastos Mendes Rezende	Board Nomination and Remuneration Committee

I. Shareholders' General Meeting

I.1 Board of the Shareholders' General Meeting

As at 31 December 2008, the Board of the Shareholders' General Meeting had the following members, mandated for the four year period 2007-2010:

- António Agostinho Cardoso da Conceição Guedes (Chairman);
- Maria Daniela Farto Baptista Passos (Secretary).

In addition to the support provided by the Company's Secretary, during the preparatory stages of the Shareholders' General Meeting, its Board members are aided by the Legal corporate department, namely in relation to the preparation of several support and output documents and files.

Remuneration of the members of the Board of the General Shareholders' Meeting is made up of a fixed amount, based on the Company situation and market practices, and amounted to a total of 4,500 euro for the year.


I.2 Presence at the Shareholders' General Meeting

According to the Company's Articles of Association only those shareholders with voting rights, who own shares or subscription rights, can attend the Shareholders' General Meeting, provided that they can prove to the Company, ownership of such shares or subscription rights under the terms of the law, up to five business days prior to the Shareholders' General Meeting. This proof of title must be issued by a financial institution where records of title are kept by the shareholders.

The proof of title can be made, within the period mentioned above, by letter, fax or e-mail, and on the latter two the original document must be received in the Company's registered office until the business day prior to the Shareholders' General Meeting.

The Articles of Association of the Company do not provide for the eventuality of suspension and it has never happened in the past. However, the Company's Articles of Association do not impose the blocking of shares during the suspension period and thus, to be present at the continuation of the Shareholders' General Meeting, the shareholder has to comply with the five business days prior notice as required for the first meeting. Furthermore, the Chairman of the Board of the Shareholders' General Meeting considers that if the suspension period does not exceed five working days, the blocking of shares should be maintained until the meeting is resumed, as it is not possible to require that shareholders comply with a new five working day blocking period; if the suspension period exceeds five working days, only a five working day-period of share-blocking will be required.

It is recommended that the presence at a Shareholders' General Meeting of shareholders holding non-voting preference shares, and their presence in the discussion of the points on the agenda for the Shareholders' General Meeting will depend on the authorisation of the Shareholders' General Meeting. The Company has not issued non-voting preference shares.



An individual shareholder may be represented at the Meeting by means of a letter addressed to the Chairman of the Board of the Shareholders' General Meeting, indicating the name and address of the representative nominated, as well as the date of the meeting. Corporate shareholders may be represented at the meeting by means of a letter addressed to the Chairman of the Board of the Shareholders' General Meeting, the authenticity of which will be considered by the Chairman of the Board of the Shareholders' General Meeting.

I.3 Voting and Exercising Voting Rights

Under the terms of the Company's Articles of Association, to each share corresponds one vote.

The Articles of Association of the Company only allow votes in writing in respect of alterations to the Articles of Association and the election of members to the statutory bodies. Written voting papers shall only be considered valid if they are received at the Company's registered office at least three days before the date of the Shareholders' General Meeting, and must be sent by registered post with acknowledgement of receipt, and addressed to the Chairman of the Board of the Shareholders' General Meeting. This does not exempt from the need to comply with the procedures set out in the Articles of Association, in order to be registered as a valid shareholder for the Shareholders' General Meeting. Written voting papers must be signed by shareholders or by their legal representatives. Individual shareholders must attach a certified copy of their identity card and, for corporate shareholders, the signature must be authenticated confirming that the signatory is duly authorised and mandated for the purpose.

In addition to the above mentioned, to be considered valid, written voting papers also have to set out clearly, in an unambiguous manner: (i) the agenda item or items to which they refer; (ii) the specific proposal to which they relate, indicating the respective proposer or proposers, and; (iii) the precise and unconditional voting intention on each proposal. Notwithstanding the content of (ii), a shareholder is permitted to include in a written voting paper, in relation to an identified proposal, the intention to vote against all alternative proposals, in relation to the same item on the agenda, without further specification. It is assumed that shareholders have abstained from any proposals that are not specifically included in their written voting papers. Written voting papers shall be deemed as votes against any proposals presented after the issuance of such written voting papers. The Chairman of the Board of the Shareholders' General Meeting, or his or her substitute, is responsible for verifying that written voting papers comply with all the above requirements and, those not accepted, are treated as null and void.

The Company makes available to shareholders minutes of written voting papers and representation letters on the Company's website (www.sonaecapital.pt), publicized via notice of Shareholders' General Meeting.

Electronic voting is not foreseen under the Company's Articles of Association.

I.4 Quorum and resolutions

The Shareholders' General Meeting shall meet ordinarily, within the timing established by law for the Shareholders' Annual General Meeting, or extraordinarily, whenever the Board of Directors or the Fiscal Board or shareholders representing more than the minimum voting share capital required for this purpose by law (5%), request it.

The Shareholders General Meeting can meet, at the first instance, as long as shareholders representing over fifty percent of the share capital are present or represented.

Under the terms of the Company's Articles of Association, resolutions at the Shareholders' General Meeting shall be taken by simple majority, unless otherwise determined by law.

I.5 Minutes and information on the resolutions of the Shareholders' General Meeting

The notice of the Shareholders' General Meeting and the proposals and respective appendices required by law, addressed to the Board of the Shareholders' General Meeting, are made publicly available to all shareholders, for consultation, at the registered office during office hours, on the Company's website (www.sonaecapital.pt) and on the Information Disclosure System of the Portuguese Securities Market Commission (www.cmvm.pt), at least fifteen days prior to the Shareholders' General Meeting.

The Company will keep a record, on its website (www.sonaecapital.pt), of the attendance lists, agenda and decisions of the Shareholders' General Meetings of the previous three years. For the time being, the abovementioned information is only available for the Shareholders' General Meeting that took place in 2008, the first since the Company's incorporation in December 2007.

Besides access to information on the above mentioned disclosure systems, shareholders can request specific information or explanations on any matter related to the Shareholders' General Meeting through the Investor Relations Office.

I.6 Measures regarding Control of the Company

The Company has not taken measures of any kind that would hinder the success of a public tender offer for the purchase of its shares, nor has the Board of Directors knowledge of any special rights or shareholders agreements in which the Company or its shareholders are involved.

The Company's Articles of Association do not foresee any defensive practices that automatically and significantly erode the Company's assets in the event of a change in control or change in the composition of the management body.

Additionally, there are no agreements between the Company and its board members or other senior managers that foresee indemnities or penalty payments in any case of termination of the existing work relationship resulting from the change in control of the Company.

I.7 Remuneration policy and performance assessment

The remuneration of the members of the statutory bodies of the Company is fixed by the Shareholders' General Meeting, which has appointed a Shareholders' Remuneration Committee to set and propose the compensation and performance assessment policies and respective guidelines.

The Shareholders' Remuneration Committee has two members, Belmiro Mendes de Azevedo (Chairman) and Bruno Walter Lehmann. Belmiro Mendes de Azevedo is also Chairman and CEO of Sonae Capital.

II. Governing Bodies

II.0 Assessment of the Corporate Governance Model

Sonae Capital was incorporated in December 2007.

During 2008, significant changes were made to the corporate governance structure of Sonae Capital to respond to the strategic and management needs of the Company's business portfolio. The new governance structure proposed by the Board of Directors and approved at the Shareholders' General Meeting of 9 April 2008 envisaged strengthening the strategy formulation of the Company and the independent appraisal of the execution of strategy by Executive Directors.

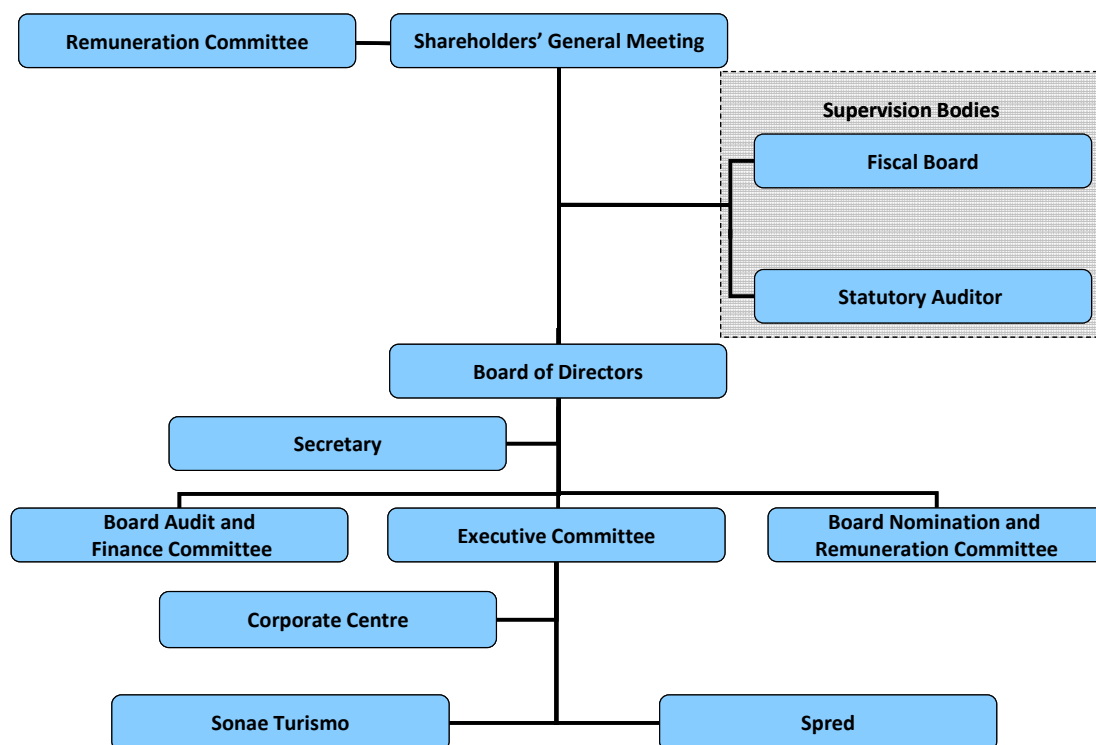
With the implementation of the current governance structure, there was a clear intent of complying with best practices in terms of Corporate Governance.

At the date of its incorporation, Sonae Capital adopted a model based on a Board of Directors, a Fiscal Board and a Statutory Auditor. The Board of Directors has the responsibility of management while the remaining two bodies have supervisory responsibility.

The significant changes introduced just months after its incorporation strengthened and enlarged the supervision of the Company mainly through the creation of an Executive Committee to which the day-to-day management was delegated and the creation of two boards, made up only of independent non executive directors, with the responsibility of supervising and appraising the Company's and management's activities and performance. Details of the new structure, its different bodies, roles and responsibilities are presented in the following sections.

For the time being and since only a few months have elapsed since the new governance structure has been set up, the Board of Directors believes the current model is adequate for the size of Sonae Capital and for the challenges it faces. With time, the Board of Directors, whenever deemed necessary, will adopt procedures and policies to fine tune the governance structure and eventually propose changes to it.

II.1 Governing bodies and functional structure



Under the current governance structure, the Board of Directors is responsible for the business portfolio strategy decisions and respective implementation. The Board of Directors delegates to the Executive Committee the management of day-to-day operations, with the exception of matters highlighted in section II.3 of the current report. The members of the Company's Executive Committee are also members of the Board of Directors of Sonae Turismo and Spred, which also include experienced managers, thus aligning the strategy of the Company with that of each of its business segments. In addition to the Executive Committee, the Board has also appointed specialised advisory committees, namely the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee, aimed at strengthening the decision making process at Board level.

The audit of the Company is ensured by the Fiscal Board and by the Statutory Auditor, both elected at the Shareholders' General Meeting. For more information on these statutory bodies, please refer to sections II.4 and II.6, respectively.

The Corporate Centre comprises six functional departments, which provide support and advice to the governing bodies and business segments and, in some cases ensure co-ordination of policies and procedures within the Company.

Functional departments are the following:

Functional department	Reports to
Human Resources	Executive Committee
Risk Management and Environment	Executive Committee
Portfolio Management	Executive Committee
Administrative Services	Chief Financial Officer
Finance & Treasury	Chief Financial Officer
Reporting & Investor Relations	Chief Financial Officer

The Human Resources department is responsible for defining and implementing the Group's human resources policy and for managing senior managers' careers.

The Risk Management and Environment department main responsibilities include definition and execution of internal audits and risk management activities in Group companies, as well as promotion and implementation of environment and sustainability best practices.

The Portfolio Management competencies comprise the following: portfolio configuration and capital allocation between existing businesses and new business opportunities, mergers and acquisitions, legal support and corporate internal and external communication.

Administrative Services comprise a set of different service lines, namely consolidation, shared service centre, information systems and tax support. The shared service centre provides accounting, administrative, treasury and payroll services to Group companies.

The Finance and Treasury department has a leading role regarding internal and external financing operations, treasury management and liaison with financial institutions. This department is also responsible for financial risk management at Group level and for the preparation and follow-up of the Group's financial plan.

The Reporting and Investor Relations department plays a role in: corporate planning and reporting activities, consolidated reporting both internally and externally; compilation and analysis of operational business indicators in management reports, and; ensuring a permanent contact with institutional investors, shareholders and analysts via the Investor Relations Office.

The Chief Financial Officer is responsible for the operational co-ordination of all functional departments within the Corporate Centre, meeting regularly with their respective managers.

II.2 Board of Directors

Under the Company's Articles of Association, the Board of Directors can be made up of an odd or even number of members, with a minimum of three members and a maximum of eleven members, elected at the Shareholders' General Meeting.

The election of one member of the Board of Directors takes place independently from the remaining elections, under the terms of the law, among persons listed in proposals subscribed by groups of shareholders, provided that such groups of shareholders hold shares that represent more than ten and less than twenty percent of the share capital. The same shareholder cannot subscribe to more than one proposal, and each proposal must contain the

identification of at least two persons eligible for each of the positions to be filled. If proposals are presented by more than one group of shareholders, voting will be based on all of these proposals.

The Board of Directors appoints a substitute in case of death, resignation or temporary or permanent incapacity or unavailability of any member. If a Director fails to be present at any two meetings without providing a justification for such absence which is accepted by the Board of Directors, such a Director will be deemed permanently unavailable. A substitute is elected to the Board of Directors in the case of permanent unavailability of the member of the Board elected under the provisions set in the previous paragraph.

Following the resolution approved on the Shareholders' General Meeting held on 9 April 2008, the Board of Directors is currently made up of three executive members and four non executive independent Directors, mandated until 2010:

Name	Position	First appointment on
Belmiro Mendes de Azevedo	Chairman and CEO	December 2007
José Luís dos Santos Lima Amorim	Executive	December 2007
Mário Pereira Pinto	Executive	December 2007
Francisco de La Fuente Sánchez	Non executive	April 2008
Rafael Cerezo Laporta	Non executive	April 2008
Paulo José Jubilado Soares de Pinho	Non executive	April 2008
Pedro Manuel Bastos Mendes Rezende	Non executive	April 2008


Non executive members were appointed based on their prestige in business, finance, academia and consultancy areas, to strengthen the skills of the Board of Directors, namely in relation to the approval of the portfolio configuration strategy and of the annual business plan and any significant changes to it.

All of the non executive members of the Board of Directors are considered independent under the terms of number 5 article 414 of the Portuguese Company Law, and comply with incompatibility rules under the terms of number 1 (except paragraph b, which is not applicable to members of the Board) of Article 414 of the Portuguese Company Law.

Independent non executive Directors have to disclose immediately to the Company any event that, in the course of their mandate, might lead to incompatibilities or loss of independence under the terms of the legal requirements.

The current composition of the Board of Directors, especially the number of non executive and independent members (4 from a total of 7 members) ensure the necessary supervision of the activities performed by executive Directors.

Under the Company's Articles of Association and the Board of Directors' Terms of Reference, there are no restrictions as to the maximum number of positions that Board members can hold simultaneously.



The Board of Directors is responsible for the management of the business and for carrying out all operations related to fulfilling the Company's objectives, and for that purpose, the Board is given the widest powers, including:

- To approve the Company's annual budget;
- To decide to associate the Company with any other person or entity under the terms of Article five of the Company's Articles of Association;
- To appoint third parties, individuals or corporate entities, to exercise office in other companies;
- To decide to issue bonds and to contract loans in national and/or international financial markets;
- To decide on the technical and financial assistance that the Company may give to affiliated or associated companies;
- To represent the Company, in or outside court, proposing or contesting any legal procedures, deciding to continue and abandon legal actions, and deciding on their settlement through arbitration proceedings. To that end, the Board of Directors can delegate its powers to a sole mandated person.

Under the terms of the Company's Articles of Association, the Board of Directors may also deliberate on share capital increases, through new entries in cash, up to one thousand million euro, in one or more stages. The Board of Directors determines, in accordance with the law, the conditions of subscription and the categories of shares to be issued, based on the existing ones at the time.

No specific responsibilities are assigned to each member of the Board, within the Company's business segments.

The Company's Articles of Association establish that the Board of Directors appoints, if it so decides, one or more Managing Directors or an Executive Committee from amongst its members, to which it shall delegate the powers to manage the businesses that the Board may determine. The Board of Directors appointed an Executive Committee in 2008. Information on the Executive Committee can be found in section II.3 of this report.

The Board of Directors may also create specialised committees to ensure the effectiveness of the Non executive Directors and of the main Board Meetings. Those currently created are the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee. Please refer to section II.4 for information on these committees.

According to the Company's Articles of Association, the Board of Directors meets at least once every quarter and, in addition, whenever the Chairman or two Board Directors convene a meeting. During 2008, the Board of Directors held nine meetings, with a 98% attendance rate.

The Board of Directors may only deliberate if a majority of their members is present or represented, and decisions will be taken by a majority of votes cast by members present, represented or voting in writing.

The functioning and other logistic issues are dealt with by the Board's Secretary, which also ensures that records of decisions taken are kept in minutes of meetings and provides Board members with support information for the proposed agenda at least five days in advance and always leaving a weekend between distribution and the respective meeting.

The Board of Directors approved and enacted its Terms of Reference, which are available for consultation on the Company's website (www.sonaecapital.pt).

In ascertaining the incompatibility rules applicable to the members of the Board of Directors, the Company relies solely on criteria established in paragraph 1 of Article 414-A of the Portuguese Company Law, and has not defined, internally, any other assessment criteria.

During 2008, members of the Board of Directors of Sonae Capital, SGPS, SA were paid the following remuneration and other compensation, exclusively at Sonae Capital, SGPS, SA level (Directors are not paid in any other Group company):

Values in Euro

	Fixed Remuneration	Performance Bonus Paid	Deferred Performance Bonus Paid	Total
Chairman and CEO ¹	256,195	82,067	-	338,262
Other Executive Directors	286,420	35,417	56,197	378,034
Sub-total Executive Directors	542,615	117,484	56,197	716,296
Non executive Directors ²	82,000	-	-	82,000
Total	624,615	117,484	56,197	798,296

¹ Previous years deferred performance bonuses were attributed to the Chairman and CEO by Sonae, SGPS, SA. These bonuses were paid in cash at year end 2007 by Sonae, SGPS, SA and the net proceeds were used to buy shares in Sonae Capital, SGPS, SA, thus exposing the Chairman and CEO to fluctuations in the value of the Company to best align his interest with the interests of the Company and of its shareholders.

² Part of this remuneration (40,000 euro) was only paid in March 2009, since it is linked to objectives of involvement in challenging strategic guidelines of particular businesses, which was only assessed after the year end by the Remuneration Committee.

During 2008, no compensation to former executive Directors was paid in relation to early contract termination nor was any compensation paid to the Company's Directors, on any basis, by other group companies. The Company has no supplementary pension retirement scheme set up for its Directors.

Executive Directors are included in the deferred performance bonuses plans based on shares, which are described in section III.6 of this report.

The Company has not defined any rules regarding payments should the duties cease during the respective mandate. In 2008, no such instances occurred and as a result no such payments were made. Any compensation occurring in the future will be that which results from applicable law.

Information on other offices held by the Company's Directors, qualifications and experience can be found in the curricula vitae included as an appendix to this report.

II.3 Executive Committee

The Board of Directors delegates to the Executive Committee the powers to manage the day-to-day operations of the Company and, regulates how the Executive Committee operates and how the delegated powers can be exercised. The Board of Directors does not delegate the following powers:

- To appoint the Chairman of the Board;
- To co-opt a member to the Board;
- To convene Shareholders' General Meetings;
- To approve the Annual Report and Accounts;
- To grant any pledges, guarantees or charges over the assets of the Company;
- To decide to change the Company's registered office or to approve any share capital increases;
- To decide on mergers, de-mergers, modifications to the corporate structure of the Company;
- To approve the portfolio management strategy;
- To approve the financial plan and any significant changes thereto.

The existing Executive Committee was appointed on 9 April 2008, and its office ceases with the Board's term of office (2010), and has the following members:

Name	Position
Belmiro Mendes de Azevedo	Chief Executive Officer
José Luís dos Santos Lima Amorim	Chief Financial Officer
Mário Pereira Pinto	Director

The Company's Executive Committee meets once a month and whenever the Chief Executive Officer or the majority of its members convenes it, in writing, at least 3 days before the meeting is held. There were ten meetings during the year of 2008 with all of its members present in all meetings.

The Executive Committee may only deliberate if a majority of its members is present or represented, and decisions are taken by a majority of votes cast by members present, represented or voting in writing.

The Executive Committee meetings may also be attended by members of the Corporate team, at a Director's request, for assistance and advice on specific and revised issues.

The functioning of the Committee and other logistic issues are ensured by the Executive Committee's Secretary (who is also the Board of Directors' Secretary), who also ensures records of decisions taken are kept in minutes of the meetings and provides Committee members with support information for the proposed agenda at least five days in advance and always leaving a weekend between distribution and the respective meeting. The existence of a common Secretary to both governing bodies, ensuring information flows between them,

contributes to the timely supply of information and reduces misinterpretation of information requests, thus leading to more efficiency and effectiveness in the process.

II.4 Internal Committees

On a meeting held on 9 April 2008, the Board of Directors decided to appoint a Board Audit and Finance Committee (BAFC) and a Board Nomination and Remuneration Committee (BNRC), and their office ceases with the Board's term of office.

The BAFC is currently composed of two non executive independent Directors, Francisco de La Fuente Sánchez (Chairman) and Paulo José Jubilado Soares de Pinho.

The BAFC reviews Company's reports, financial information and financial statements, before they are approved by the Board, advises the Board on reports to shareholders and financial markets, on the adequacy and appropriateness of internal information provided by the Executive Committee, including internal business controls, and on compliance with best practices in corporate governance, and evaluates risk associated with the Company's activities on behalf of the Board. The BAFC meets directly with the Statutory External Auditors and the internal audit team.

The BAFC shall meet at least four times a year before the disclosure of the annual and interim results, and whenever it is convened by its Chairman, or the Board's Chairman or the Chief Executive Officer. During 2008, the BAFC held three meetings, with full attendance from its members.

The Secretary of the BAFC circulates agendas and support documents required to the members of the BAFC at least five days in advance and always leaving a weekend between distribution and the respective meeting, also ensuring records of decisions taken are kept in minutes of the meetings.

The Board Nomination and Remuneration Committee (BNRC) is composed of two non executive independent Directors, Rafael Cerezo Laporta (Chairman) and Pedro Manuel Bastos Mendes Rezende.

The BNRC reports and proposes to the Board of Directors on nomination processes and remuneration systems of executive and non executive Directors. To that end, it may take advice from external experts. This Committee also liaises with the Shareholders' Remuneration Committee, mentioned in section I.7 of this report.

The BNRC meets at least once a year, before the annual meeting of the Shareholders' Remuneration Committee. Due to the date of its appointment, no meeting was held during the year of 2008.

Specialised committees may only deliberate if a majority of their members is present or represented, and decisions will be taken by a majority of votes cast by members present, represented or voting in writing. The deliberations of the specialised committees are taken in an advisory role in support of decisions by the Board of Directors.

II.5 Fiscal Board

According to the Company's Articles of Association, the Fiscal Board shall be made of an odd or even number of members, with a minimum number of three members and a maximum number of five members, being the number of members decided by the Shareholders' General Meeting of the Company. One or two substitutes shall be appointed if the Fiscal Board is made up of three or more members, respectively.

The Fiscal Board appoints its Chairman if the Shareholders' General Meeting has not made such an appointment. If the Chairman ceases his/her functions before the end of his/her mandate, the remaining members shall choose amongst themselves who will perform those duties until the end of the mandate. Substitute member(s) shall replace effective member(s) who are unable or have ceased to exercise their functions, and shall remain member(s) until the next Shareholders' General Meeting which will appoint new members to fill any vacancy(ies). If there are no substitute members available, the Shareholders' General Meeting shall appoint new members.

As at 31 December 2008, the Fiscal Board had the following members, mandated for the four year period 2007-2010:

Name	Position
Armando Luís Vieira de Magalhães	Chairman
Jorge Manuel Felizes Morgado	Member
Carlos Manuel Pereira da Silva	Member

On 17 September 2008, João Manuel Gonçalves Bastos resigned as Chairman of the Fiscal Board, and this vacancy was filled by Carlos Manuel Pereira da Silva, the substitute member of the Fiscal Board at the time. Under the terms of the law and of the Fiscal Board's Terms of Reference, Armando Luís Vieira de Magalhães was elected Chairman of the Fiscal Board at a meeting held on 11 November 2008.

The members of the Fiscal Board are considered independent under the terms of number five article 414 of the Portuguese Company Law.

Under the Company's Articles of Association and the Fiscal Board's Terms of Reference, there are no restrictions as to the maximum number of positions that Fiscal Board members can hold simultaneously. The limitation foreseen in Portuguese Company Law that limits to five the number of positions that Fiscal Board members can hold simultaneously, are not applicable to law firms, statutory audit firms and individual statutory auditors. All the members of the Fiscal Board of the Company are individual statutory auditors.

The duties of the Fiscal Board are those determined by law, which include amongst others:

- Overseeing the Company's Board of Directors;
- Overseeing compliance with legal and regulatory requirements and the Company's Articles of Association;
- Overseeing the preparation and disclosure of financial information;

- Convening the Shareholders' General Meeting, whenever the Chairman of the General Meeting fails to do so in circumstances deemed necessary;
- Proposing the appointment of the Statutory Auditor to the Shareholders' General Meeting and overseeing the work performed by the Statutory Auditor on the Company's financial statements;
- Considering and overseeing the independence of the Statutory Auditor, namely in relation to additional services provided.

The Fiscal Board establishes, in the first meeting of each year, a work plan and timetable for the year.

To carry out its duties, the Fiscal Board:

- Obtains from the Board of Directors, namely through the Board Audit and Finance Committee, all the necessary information to carry out its duties, namely relating to the operational and financial performance of the Company, changes to its business portfolio, the terms of any transactions that have occurred and the details of decisions taken;
- Reviews and monitors, during the year, the work of the internal and external auditors, and informs the Board of Directors of its recommendations;
- Monitors the risk management system, and, if there are any material issues, prepares an annual report of its assessment and recommendations to the Board of Directors;
- Receives from the Board of Directors, at least two days before the date of the meeting, the annual consolidated and individual financial statements and the Report of the Board of Directors and reviews in particular main changes, relevant transactions and the corresponding accounting treatment applied;
- Receives from the Statutory Auditor, the statutory audit report on the financial statements, and reports its opinions and decisions taken;
- Records in writing communications of alleged irregularities that have been addressed to it, requesting information and clarification through the Board of Directors, and internal and/or external auditors, and prepares a report on its conclusions;
- Informs the Board of Directors about the procedures and checks carried out and the results thereof;
- Attends Shareholders' General Meetings;
- Carries out any other supervisory duties required by law.

The Fiscal Board issues an annual report on the supervisory work performed, as well as an opinion on the report of the Board of Directors, consolidated and individual financial statements and proposals presented by the Board of Directors, in order to meet the legal deadlines for presentation of those documents to the annual Shareholders' General Meeting. The Fiscal Board's report on annual activity is included in the annual reports made available on the Company's website (www.sonaecapital.pt).

The Fiscal Board approved and minuted its Terms of Reference, which are available for consultation on the Company's website (www.sonaecapital.pt).

In ascertaining the incompatibility rules applicable to the members of the Fiscal Board, the Company relies solely on criteria established in number one Article 414-A of the Portuguese Company Law, and has not defined, internally, any other assessment criteria.

During 2008, members of the Fiscal Board of Sonae Capital, SGPS, SA were paid the following fixed remuneration (no other remuneration was paid):

Values in Euro

Fixed Remuneration	
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Fiscal Board	25,600
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Information on other offices held by members of the Fiscal Board, qualifications and experience can be found in the curricula vitae included in an appendix to this report.

II.6 Statutory External Auditor

The Company's Statutory External Auditor for the period 2007 to 2010 is Deloitte & Associados, SROC, represented by António Marques Dias or by António Manuel Martins Amaral, elected by the Shareholders' General Meeting following the approval of a proposal made by the Fiscal Board.

During 2008, the total remuneration paid to Company's external auditors was 207,887 euro, corresponding to the following services:

Values in Euro

	2008	%	2007	%
Statutory Audit	154,387	74.3	177,902	69.6
Other Assurance	8,500	4.1	50,000	19.6
Tax Consultancy	45,000	21.6	27,585	10.8
Total	207,887	100.0	255,487	100.0

In order to ensure the External Auditor independence, tax consultancy services and other services are provided by different teams from those involved in audit services.

II.7 Company's Secretary

The Board of Directors appointed Anabela Nogueira Matos and André Pinto Rocha as Company's Secretary and respective substitute, whose offices cease with the term of office of the members of the Board of Directors. The Company's Secretary's duties are those determined by law, among which are:

- Providing support to the Shareholders' General Meeting and meetings of the Board of Directors;
- Keeping the formal minute books, the attendance lists and the share registration book;
- Forwarding legal notices for all statutory bodies meetings;
- Certifying signatures made by members of the statutory bodies in Company's documents;

- Certifying the total or partial content of the Company's Articles of Association, as well as the identity of the members of the various statutory bodies and respective competences;
- Requesting legal registration of any act of the statutory bodies in the Commercial Registry.

II.8 Internal Control and Risk Management

One of the most important objectives of Sonae Capital is to ensure the implementation of internal control and risk management principles, which fit into the Group's activities. Market visibility, exposure and diversification of the businesses' risks and the increasing speed in information transmission, makes the adoption of these principles crucial to value creation and to compliance with ethical and social responsibility values. These objectives are pursued through coordinated plans and systems aimed at controlling uncertainties, preventing errors and irregularities from occurring, minimizing their consequences and maximizing the organisation's performance and the fairness of its information, and comprise the following activities:

- Internal control policies and procedures;
- Risk management and internal audit;
- External audit.


Internal control policies and procedures are set at both corporate and business levels, pursuing:

- An adequate segregation of functions;
- Authority and responsibility frameworks;
- Safeguard of Group's asset base;
- Control, legal compliance and appropriateness of operations;
- Execution of corporate plans and policies;
- Integrity and accuracy of accounting records;
- Effectiveness of management and quality of information produced.

Risk management, as a support to Sonae Capital's corporate culture, is inherent in all management processes and is a permanent concern of all managers and employees of the Group. Risk management aims to create value and is one of the components of companies' sustainable development through the identification, management and control of uncertainties and threats that may affect the different businesses, in order to ensure that they operate on a going concern basis of operations and benefit from business opportunities.

Internal audit, resulting from and supporting the Risk management process, means assisting in value creation, through a systematic and structured approach to the development and assessment of management effectiveness and control of risks associated with business processes and information systems.

The risk management and internal audit functions are centrally coordinated by a single functional responsible person, Sonae Capital's corporate centre, and its activities are reported, coordinated and followed up by the Board Audit and Finance Committee. Following the spin-off of Sonae Capital, the year of 2008 was crucial to the organisation of these functions and to the carrying out of resulting activities.



The risk management function promotes, coordinates, facilitates and supports the development of risk management processes. In 2008, the Company launched a process relying on an uniform and systematic methodology based on the international model of Enterprise Risk Management – Integrated Framework of COSO (The Committee of Sponsoring Organisations of the Treadway Commission), which comprises, amongst others, the following:

- Identification and systematization of risks that affect the organization (common language);
- Definition and grouping of risks (dictionary and risk matrix);
- Evaluation and attribution of the significance and priority of risks, according to the impact on business objectives and probability of occurrence;
- Identification of the causes of most important risks (critical);
- Evaluation of risk management's strategies (options);
- Development of risk management's plan of actions and integration in the planning and management processes at the business units and functional levels;
- Monitoring and reporting of progress on the implementation of the plan of actions.

In view of the wide range of businesses and risks, this approach was firstly applied to the Fitness business, and will be followed by the implementation, in 2009, of the resulting plan of actions, with particular focus on Health & Safety, Cleanliness and Information Systems' risks. This approach is expected to be applied in 2009 to the entire Troiaresort project, including the implementation of a plan of actions, which will be followed by the implementation of this framework to all Sonae Turismo's affiliates.

Risk management activities were planned and carried out with respect to other critical areas:


- Tourism – Operations: Emergency procedures and food safety;
- Troiaresort: Environment and physical security in construction works;
- Tourism – Development: Physical security in construction works.

At Sonae Capital, the integrity and reliability of financial information is achieved by the existence of a clear distinction between producers and users of such information and also by performing several validation procedures throughout the process of its production and disclosure.

At the business level (individual companies), accounting processes and financial statement preparation are assured by the administrative services of Sonae Capital. These statements are also reviewed by the Chief Financial Officer of each business area.

Sonae Capital's consolidated financial statements are prepared on a quarterly basis by the consolidation department, within the administrative services of the Company's corporate centre. This represents an additional validation level of the integrity and reliability of the financial information, namely by ensuring the uniform application of accounting principles and standards across the individual companies.

The Statutory Auditors perform an annual audit and half year limited review of individual and consolidated financial statements. In performing their examination, in accordance with the Auditing Standards issued by the Portuguese Institute of Statutory Auditors, they are required



to obtain a reasonable assurance, in the annual audit, and a moderate assurance, in the half year limited review, that financial statements are free from material misstatement. Such examination includes verifying, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Significant estimates and judgements made by management in their preparation are also assessed. Verification is also made of whether the accounting policies are appropriate, are consistently applied and adequately disclosed.

The Reporting and Investor Relations department is responsible for preparing the Report of the Board of Directors. The Statutory Auditors also review the content of this report (annual and semi-annual versions) and its conformity with supporting financial information.

In addition, in relation to the preparation of consolidated financial information and the Report of the Board of Directors, the whole process is overseen by the Fiscal Board and the Board Audit and Finance Committee. On a quarterly basis, these Bodies meet and review the consolidated financial statements and Report of the Board of Directors. Supporting information for the discussion of these issues is distributed in advance of the meetings. The Chief Financial Officer and supporting staff also attend these meetings, on request, to present the necessary clarifications.

The Statutory Auditors also present to the Fiscal Board and the Board Audit and Finance Committee, a summary of the main findings resulting from their examination of the companies' financial information.

Sonae Capital is exposed to a variety of financial risks namely interest rates, transaction and translation foreign currency exchange rates, liquidity, counterparty and credit risk, commodity and raw material prices, and debt and equity financial market fluctuations. Sonae Capital's financial risk management policy seeks to minimize potential adverse effects of the volatility of financial markets.

The current situation of financial markets places liquidity risk management at the forefront of companies' concerns. To that end, the comprehensive set of systems established at Sonae Capital ensures the compliance of payment obligations and the funding of its businesses and strategy.

The abovementioned systems comprise the centralisation (at holding level) of liquidity management, financial planning based on cash flow forecasts, treasury and cash management control instruments, diversification of sources and counterparts of funding, adjustment of debt maturity profiles to businesses cash flow generation and an adequate level of liquidity through contractual arrangements with relationship banks.

Sonae Capital's attitude towards financial market risk management is conservative and cautious, sometimes using derivative instruments to hedge certain exposures related to its operating businesses. The Company does not therefore enter into derivatives or other financial instruments that are unrelated to its operating businesses.

Management of financial risks is performed and monitored by the corporate finance function. The activity of the finance function is also reported, coordinated and followed up by the Board Audit and Finance Committee.

The Internal Audit function promoted activities according to an annual plan previously approved and based on a previous evaluation of business risks. This plan included work in business processes, compliance and information systems, namely in Sonae Turismo's businesses, including the following:

Processes

Troiaresort: Sales of real estate and investment;
Hotel business: Purchases and Payments, fixed assets management and cash management;
Fitness: Purchases and payments;
Selfrio Group: Invoicing and collections.

Compliance

Fitness: Monitoring the activity.

Information systems

Fitness: Operational systems;
Sonae Capital: Software licensing.

Sonae Capital encourages continued education and the adoption of best international methodologies and practices in Risk Management and Internal Audit. To that end, the Group supports attendance at training and update programmes, which include the international professional certification in Internal Audit promoted by the IIA – The Institute of Internal Auditors – the Certified Internal Auditor (CIA). Two of the three members of the Internal Audit team are Certified Internal Auditors.

II.9 Whistle Blowing Policy

The main features of the whistle blowing policy fully implemented in 2009, entail:

- The definition of irregularities, which for the purpose of the Company's Policies and Procedures for the Communication of Irregularities are facts that infringe or severely damage:
 - Compliance with legal, regulatory or ethical principles by members of the Company's statutory bodies and staff or of its affiliated companies, in the course of their professional activity;
 - Assets of the Company and of its affiliated companies, as well as assets of clients, shareholders, suppliers and commercial partners of the Company or any of its affiliated companies;
 - Good management practices and the image or reputation of the Company or of any of its affiliated companies;
- The procedures for communicating irregularities, namely the envisaged means to address the Chairman of the Fiscal Board, the procedures to ensure that communication reaches the recipient without being breached or read in advance and the need for the explicit and clear identification of the whistle blower (even if his/her identity is to be kept confidential and only known to the Chairman of the Fiscal Board);

- To ensure a thorough, rigorous and impartial review process, means the access of the Fiscal Board to all the relevant documentation that can be provided by the Company to fully investigate the reported irregularities and the prevention from access to the review process of any individual that, even indirectly, may have a conflict of interest with the disclosure of the review process;
- The handling of irregularities, particularly the fast and effective treatment of such communications, the implementation of corrective measures when necessary and the need to inform the whistle blower of such facts;
- The proposal of the Fiscal Board to the statutory bodies of the Company or to the statutory bodies of any affiliated company, when deemed necessary, for the adoption of measures considered necessary to suppress irregularities investigated;
- The assurance that no harm will be suffered as a consequence of the whistle blowing activity as long as the whistle blower has not participated in or made up any irregularity.

The Company's Policy and Procedures, whose main features are summarized above, are available for consultation on the Company's website (www.sonaecapital.pt).

II.10 Remuneration and Other Compensation

The compensation policy of the members of the Statutory Governing Bodies of Sonae Capital, SGPS, SA was approved at the Shareholder's General Meeting held on 9 April 2008.

The proposed policy is based on the understanding that initiative, effort and commitment are essential foundations for delivering good performance. It also aims at aligning individual contributions with the Company's strategic objectives, focussing primarily on performance compensation.

Under these guidelines, fixed remuneration is primarily linked to personal skills and the responsibility level inherent to each function, while variable remuneration is linked to the level of success achieved by the Company as well as by the companies managed by each individual.

The Company's remuneration policy does not foresee any compensation for ending the mandate of any Board member before its completion. In these cases, compensations will be the ones resulting from applicable law.

The compensation policy approved by the Shareholders' General Meeting for the period from 2007 to 2010 follows these guiding principles:

Executive Directors

a) the compensation policy for Executive Directors includes three components: (i) a Fixed Remuneration, established on an annual basis, (ii) a Short Term Variable Bonus, established on the first quarter of the following year to which it relates, and (iii) a Medium/Long Term Variable Bonus, with the aim of aligning Executive Directors interests with those of all shareholders, attributed annually, discretionary and with deferred payment;

b) Individual compensation considers that (i) the definition of each Executive Director's fixed remuneration is based on personal skills and the responsibility level inherent to each function. This remuneration will be based on the Company situation and market practices; (ii) the Short Term Variable Bonus is based on the achievement of predefined objectives, based on performance indicators of the business and of the teams under their responsibility, as well as to individual performance indicators; (iii) the Medium/Long Term Bonus is based on the responsibility inherent to each function and on individual skills, and on the achievement of predefined objectives, which are linked to performance indicators, and may be converted into Sonae Capital shares or its equivalent in cash on the date of payment, calculated using the share market price on the due date.

For additional information on the share based payments of Sonae Capital please refer to section III.6 of this report.

Non Executive Directors

The remuneration of Non Executive Directors is made up of a fixed amount which is based on the Company situation and market practices.

Fiscal Board

The remuneration of members of the Fiscal Board is made up of a fixed amount which is based on the Company situation and market practices.

Board of the Shareholders' General Meeting

Remuneration of the members of the Board of the General Shareholders' Meeting is made up of a fixed amount, based on the Company situation and market practices.

For the consideration paid as remuneration to each of the statutory bodies, refer to the corresponding section in this report.

III. Information disclosure

III.1 Share Capital structure

Sonae Capital was incorporated on 14 December 2007 with a fully subscribed and paid up share capital of 250,000,000 euro, made up of 250,000,000 ordinary shares, bearer and non-titled, each with a nominal value of 1 euro.

All shares of Sonae Capital were admitted to trading on Euronext Lisbon regulated market on 28 January 2008.

According to the Company's Articles of Association, shares can be titled or non-titled shares, nominal or bearer, freely interchangeable, according to the terms of the law. Preferential shares without voting rights may be issued, which can be redeemable, at nominal value, with or without the addition of a premium, if the Shareholders' General Meeting so decides. If this is the case, the meeting shall determine the method of calculation of any redemption premium. The Company may issue autonomous warrants, under the terms of the law, and with

conditions that are determined by resolution of the shareholders or of the Board of Directors, under the terms specified in the Articles of Association.

Sonae Capital's shareholders have, under the terms of the law, the right to share in profits, the right to attend the Shareholders' Annual General Meeting and exercise their right to vote, the right to a share of the net assets of the Company in case of liquidation, the right to convert shares, the right to information and preference rights in offers for subscribing shares of the same category.

As far as the Company is aware, there are no shareholders with special voting rights, nor are there limitations, restrictions or shareholders' agreements in place regarding the transfer, control or sale of shares or voting rights.

Resolutions at the Shareholders' General Meeting regarding changes to the Articles of Association can only be taken, at the first instance, as long as shareholders representing over fifty percent of the share capital are present or represented (the law establishes a threshold of one third of the share capital). The resolution must be approved by two thirds of the votes cast, whether the meeting is held at first or second instance. The Articles of Association of the Company only allow votes in writing in respect of alterations to the Articles of Association and the election of members to the statutory bodies.

Sonae Capital does not have an employee shareholder system in place, hence there are no control mechanisms for such systems in which the voting rights are not directly exercised by them.

III.2. Qualifying Shareholdings

As at 31 December 2008, the shareholders, that in accordance with article 20 of the Securities Code, held qualifying shareholdings representing at least 2% of the share capital of Sonae Capital, were the following:

Shareholder	Nr. Shares Held	% Share Capital	% Voting Rights
Efanor Investimentos, SGPS, SA	139,904,947	55.962%	55.962%
Banco BPI, S.A.	22,589,704	9.036%	9.036%
Mohnish Pabrai	17,166,440	6.867%	6.867%

During the year, main changes to qualifying shareholdings were as follows:

- Efanor Investimentos, SGPS, SA informed about its qualifying shareholding of 138,890,609 shares (55.5562% of voting rights) on 1 February 2008. Since then it increased its position to 139,904,947 shares (55.962% of voting rights);

- Banco BPI informed about its qualified shareholding of 22,589,704 shares (9.036% of voting rights) on 2 February 2008. No changes have been reported since that date;
- Mohnish Pabrai informed about its qualified shareholding of 17,166,440 shares (6.8666% of voting rights) on 23 June 2008. No changes have been reported since that date.

III.3 Shares held by members of Governing Bodies

In accordance and for the purposes of article 447 of the Portuguese Company Law, the number of shares held by members of the Governing Bodies as at 31 December 2008 was as follows:

Governing Bodies	Nr. Shares Held
Board of Directors	
Belmiro Mendes de Azevedo	838,862
José Luís dos Santos Lima Amorim	8,125 ¹
Mário Pereira Pinto	8,125 ¹
Francisco de La Fuente Sánchez	2,500 ¹
Rafael Cerezo Laporta	-
Paulo José Soares Jubilado de Pinho	12,650
Pedro Manuel Bastos Mendes Rezende	-
Fiscal Board	
Armando Luís Vieira de Magalhães	-
José Manuel Felizes Morgado	-
Carlos Manuel Pereira da Silva	-

¹ Shares held indirectly by companies in which the Director is a member of the governing bodies.

During 2008, transactions of Sonae Capital's shares attributable to members of the Governing Bodies were as follows:

Governing Bodies	Date	Transactions			Shares held at 31 December 2008
		Nr. Shares	Price (€)	Type	
Board of Directors					
Belmiro Mendes de Azevedo					838,862
	28.01.2008	1,862	-	C	
	01.02.2008	160,000	1.84	P	
	04.02.2008	150,000	1.83	P	
	05.02.2008	350,000	1.78	P	
	06.02.2008	177,000	1.76	P	
José Luís dos Santos Lima Amorim					8,125 ¹
	28.01.2008	8,125	-	C	
Mário Pereira Pinto					8,125 ¹
	28.01.2008	8,125	-	C	
Francisco de La Fuente Sánchez					2,500 ¹
	(a)	2,500			
Paulo José Jubilado Soares de Pinho					12,650
	(a)	4,650			
	10.06.2008	3,000	1.35	P	
	22.09.2008	2,000	0.83	P	
	16.12.2008	3,000	0.50	P	

¹ Shares held indirectly by companies in which the Director is a member of the governing bodies.

P: Purchase

S: Sales

C: Conversion of demerger rights

(a) Shares held at appointment date

III.4 Sonae Capital Shares

Sonae Capital's share information:

Name: Sonae Capital, SGPS, SA

Security's issuer: Sonae Capital, SGPS, SA

Listing date: 28 January 2008

Share capital: 250,000,000 €

Listed amount: 250,000,000 shares

Treasury stock: The Company does not own treasury stock

ISIN code:

PTSNP0AE0008

NYSE Euronext:

SONC

Reuters:

SONAC LS

Bloomberg:

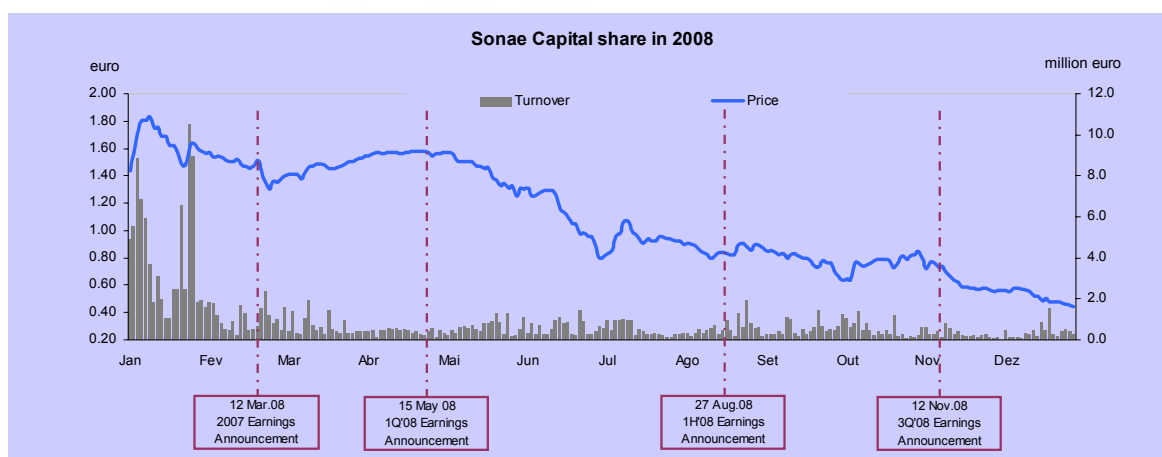
SONC.PL

Since the first day of trading until the end of the year, Sonae Capital's share price decreased 69.4%. In the same period, the Portuguese Stock Market reference index (PSI20) decreased 42.8%.

The following table and chart summarizes the most relevant information on the Sonae Capital shares traded in Euronext Lisbon.

Euronext Lisbon	Since 28.01.08 until 31.12.08
Closing prices	
First day of trading	1.44 €
Maximum price (4 Feb.08)	1.83 €
Minimum price (31 Dec.08)	0.44 €
31 December 2008	0.44 €
Transactions	
Average daily quantity	862,404
Total shares traded	205,252,193
Turnover	
Total (million euro)	273.9
Average daily turnover (million euro)	0.95
Market Capitalisation (a)	
Year end (31 December 2008)	110,000,000 €

^(a) Market capitalisation was calculated using the total number of shares.



During 2008, and further to the earnings disclosure highlighted in the previous graph, the following corporate events were announced to the market.

List of material events

3 January 2008

Agreement for the sale of the whole of the shareholding in Contacto – Sociedade de Construções, SA to Soares da Costa, Construção, SGPS, SA.

21 February 2008

Contractual sale of the whole of the shareholding in Contacto – Sociedade de Construções, SA to Soares da Costa, Construção, SGPS, SA, following the terms of the initial agreement of 3 January 2008. The sales price was settled at 81.5 million euro, generating a cash inflow of 17.5 million euro.

3 March 2008

SC, SGPS, SA, a wholly owned subsidiary of Sonae Capital, SGPS, SA completed an unsecured bond issue of 50 million euro, with a tenor of 10 years and a put option exercisable from the end of the eighth year onwards.

31 March 2008

Sale of 12.25% of the share capital of Spinveste – Promoção Imobiliária, SA and 12.25% of the share capital of Spinveste – Gestão Imobiliária, SGII, SA for 5 million euro, to Espimaia (owned by former Sonae managers). Additionally, a call option was granted to Espimaia for the remaining shareholding in both companies, to be exercised up to 31 December 2011. This transaction implied a net asset valuation of 40.08 million euro.

1 April 2008

Agreement reached with Salvador Caetano Auto, SGPS, SA about the terms for the definitive sale of the shareholding of 50% in Choice Car, SGPS, SA for a total price of 12.5 million euro.

9 April 2008

Disclosure of resolutions approved on the Shareholders' General Meeting, including an increase in the number of members of the Board of Directors from 3 to 7 and election of new members to fill vacant positions in the Board of Directors, until the end of the current mandate.

Disclosure of resolutions of the Board of Directors, namely appointment of an Executive Committee and appointment of a Board Audit and Finance Committee and a Board Nomination and Remuneration Committee.

5 May 2008

Negotiation of the end of the agreement regarding the phased disposal of its entire shareholding in Elmo, SGPS, SA, company that controls 100% of Plysorol, SAS and its subsidiaries.

14 May 2008

Promissory purchase and sale agreement signed with a company wholly owned by Hagen Imobiliária, SA for the sale of a parcel of land where the Hotel Resort, within the Troiaresort project, will be built. The promissory sale will have an estimated positive impact of 13 million euro on the consolidated results of Sonae Capital, to be recognized on the date of the definitive sale agreement.

11 June 2008

Announcement of notification made by the French Competition Authority ("*Conseil de la Concurrence*") to Plysorol to pay a fine of around 4.2 million euro on charges of price coordination during the period between 1995 and 2004 and of using a common price list from 1987 to 2004.

2 September 2008

Announcement of the completion of the sale of Choice Car, SGPS, SA. The sales price was 12.5 million euro with the corresponding gain of 9 million euro impacting the 2008 consolidated results of Sonae Capital.

30 September 2008

Contacto Concessões, SGPS, SA, an affiliate of Sonae Capital, SGPS, SA, acquired from Eiffage, SA and its subsidiaries 5,500 shares, representing 11% of the share capital of Norscut – Concessionária de Auto-estradas, SA, increasing its shareholding in this company from 25% to 36%.

25 November 2008

Sonae Capital, SGPS, SA informed about the opening of rehabilitation proceedings of Plysorol, SAS.

2 December 2008

Sonae Capital, SGPS, SA informed about the Court decision regarding the rehabilitation proceedings of Plysorol, SAS.

4 December 2008

Disposal of several retail real estate assets, with an estimated positive impact of circa 0.9 million euro in the 2008 consolidated results of Sonae Capital.

III.5 Dividend Distribution

The 2007 profit appropriation proposal subscribed by the Company's Board of Directors, was approved in the Shareholders' General Meeting held on 9 April 2008. The 2007 net loss was thus transferred to retained earnings and no dividends were distributed. The Company was incorporated in December 2007, hence there is no history of dividend distribution.

The Board of Directors will not propose a dividend distribution in the next Shareholders' General Meeting.

In the future, the Board of Directors may submit proposed dividend distributions for approval by the Shareholders' Annual General Meeting, after taking into consideration the Company's performance, its investment plans and business environment.

III.6 Share Plans and Stock Option Plans

During the 2008 financial year, the Company did not adopt any share allotment plans or stock option plans.

In 2007 and previous years, the Sonae Capital Group granted deferred performance bonuses, based on shares of Sonae SGPS, SA to be acquired at nil cost, three years after they were attributed. The acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The Company has the choice to settle in cash instead of shares, and the option can only be exercised if the employee still works for the Sonae Capital Group on the vesting date. On 28 January 2008, existing liabilities based on Sonae SGPS, SA's shares have been recalculated to reflect liabilities based on Sonae Capital, SGPS, SA's shares. Closing share prices as at that date were used in the recalculation.

As at 31 December 2008 and 31 December 2007, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarized as follows:

Year of grant	Vesting year	Number of participants	Fair value	
			31 Dec.08	31 Dec.07
2005	2008	0	-	573,543
2006	2009	6	73,981	267,377
2007	2010	5	49,081	218,103
2008	2011	7	120,607	-
Total			243,668	1,059,023

III.7 Related Party Transactions

The business dealings or transactions with members of the Board of Directors or holders of qualified shareholdings, made on an arms length basis, amounted to 962,802 euro, broken down as follows:

- 921,335 euro related with the sale of the company Águas Furtadas – Imobiliária, SA (76,616 euro) and respective intercompany loans (844,719 euro) to an affiliate of Efanor Investimentos; and
- 41,467 euro related with income from rentals.

There were no business dealings with Fiscal Board members.

Transactions with the Statutory Auditor were solely those related to his official duties, and the fees paid are described in section II.6 of the current report.

Transactions with holding companies, affiliates or group companies were not material and were made on an arms length basis as part of the normal business activity of the Company and, as such, do not require further disclosure.

III.8 Investor Relations Office

Sonae Capital, SGPS, SA, via its Investor Relations Office maintains constant contact with investors and analysts by providing up to date information. In addition, on request, it provides clarification of relevant facts about the Company's activities, as already disclosed under the terms of law.

The objective of the Investor Relations Office of Sonae Capital, SGPS, SA is to ensure adequate relations with shareholders, investors, analysts, as well as with financial markets, particularly, with Euronext Lisbon and with the Portuguese Securities Market Commission (CMVM).

In addition to the information about the Company available on the Company's official website, the Investor Relations Office of Sonae Capital, SGPS, SA, supplies, whenever necessary, all relevant information related to material events and answers queries from shareholders, investors, analysts and general public about financial indicators and different business areas' information available to the public.

In strict compliance with law and regulations, the Company informs expeditiously its shareholders and the capital markets in general of all relevant facts concerning its activities, avoiding delays between their occurrence and disclosure.

Information is made publicly available through the Information Disclosure System of the Portuguese Securities Market Commission (www.cmvm.pt) and on the Company's own website (www.sonaecapital.pt).

The Investor Relations Office can be contacted at: Telephone: +351 22 010 79 03; Fax: +351 22 010 79 35; E-mail: ir@sonaecapital.pt; Address: Lugar do Espido, Via Norte, Apartado 3053, 4471-909 Maia. The Investor Relations Manager is Pedro Capitão, who can be contacted using the above numbers and address.

The Legal Representative for Capital Market Relations is José Luís dos Santos Lima Amorim (Telephone: +351 22 010 79 03; Fax: + 351 22 010 79 35; E-mail: jamorim@sonaecapital.pt).

Sonae Capital makes available a website for disclosing corporate information about the Company. The website address is: <http://www.sonaecapital.pt>

In order to create greater interaction with shareholders and investors, the website contains a section entirely devoted to Investor Relations and information available includes:

- **Corporate Details** – General information about the Company;
- **Articles of Association**;
- **Corporate Governance** – Members of the Corporate Bodies, Terms of Reference of the Board of Directors and of the Fiscal Board, Corporate Governance Reports and Whistle Blowing Policy;
- **Capital Market Relations** – Contacts of the Representative for Capital Market Relations;
- **Investor Relations Office** – Contacts of the Office;
- **Investor Calendar** – Key dates for earnings announcements;
- **General Meetings** – Describes all procedures and includes all related documents (notices, proposals, participation and voting conditions and decisions);
- **Market Information** – Sonae Capital share price, tracked against PSI20 and with the possibility to download historical data;
- **Announcements** – All press-releases disclosed to the market (CMVM site);
- **Report & Accounts** – Annual Report & Accounts available in PDF format;
- **Other Reports & Presentations** – Institutional Presentation (updated every 6 months), Cushman & Wakefield Property Valuation Report and the Prospectus for the Listing;
- **Analysts** – List of equity analysts covering Sonae Capital.

The Company believes that through these procedures it ensures permanent contact with the market and respect for the principles of equal treatment of shareholders and equal access to information by investors.



Maia, 25 March 2009

The Board of Directors

Belmiro Mendes de Azevedo

José Luís dos Santos Lima Amorim

Mário Pereira Pinto

Francisco de La Fuente Sánchez

Rafael Cerezo Laporta

Paulo José Jubilado Soares de Pinho

Pedro Manuel Bastos Mendes Rezende



Appendix to the Corporate Governance Report

Curricula Vitae of the Members of the Governing Bodies

Belmiro Mendes de Azevedo

Chairman and CEO of Sonae Capital, SGPS, SA



Age: 71

Nationality: Portuguese

Education:

- Graduation in Chemical Engineering - Porto University (1963)
- PMD (Programme for Management Development) - Harvard Business School (1973)
- Financial Management Programme - Stanford University (1985)
- Strategic Management - Wharton University (1987)

Positions held in Group Companies:

Chairman of the Board of Directors of the following companies:

- SC, SGPS, SA
- Sonae Turismo, SGPS, SA
- Spred, SGPS, SA
- Selfrio, SGPS, SA

Positions held in Other Companies:

- Member of the EGP-UPBS (University of Porto Business School) General Board
- Member of the Management Board of COTEC - Portugal
- Founding Member of Manufuture Portugal Forum
- Member of the Harvard Business School European Advisory Board
- Member of WBCSD - Order of Outstanding Contributors to Sustainable Development
- Member of the International Advisory Board of Allianz AG
- Member of the European Union Hong-Kong Business Cooperation Committee
- Sole Director of BA - Business Angels, SGPS, SA
- Chairman of the Board of Directors of the following companies:
 - Efanor Investimentos, SGPS, SA
 - Sonae, SGPS, SA
 - Sonae Indústria, SGPS, SA
 - Casa Agrícola de Ambrões, SA
 - Praça Foz - Sociedade Imobiliária, SA
 - Setimanale – SGPS, SA

Main Professional activities in the last five years:

- 1999-2007 - Chairman and CEO of Sonae, SGPS, SA
- Since 2003 - Chairman of the Board of Directors of Sonae Indústria, SGPS, SA
- Since 2007 - Chairman of the Board of Directors of Sonae, SGPS, SA

José Luís dos Santos Lima Amorim
Executive Director of Sonae Capital, SGPS, SA



Age: 52

Nationality: Portuguese

Education:

- Graduation in Economics - Faculdade de Economia, Porto University (1978)
- Member of the Statutory Auditors Institute (since 1982)

Positions held in Group Companies:

Chairman of the Board of Directors of the following companies:

- Aquapraia - Investimentos Turísticos, SA
- Bloco Q - Sociedade Imobiliária, SA
- Bloco W - Sociedade Imobiliária, SA
- Casa da Ribeira - Hotelaria e Turismo, SA
- Centro Residencial da Maia, Urbanismo, SA
- Country Club da Maia - Imobiliária, SA
- Elmo, SGPS, SA
- Empreendimentos Imobiliários Quinta da Azenha, SA
- Imoareaia - Investimentos Turísticos, SGPS, SA
- Imoclub - Serviços Imobiliários, SA
- Imoferro - Sociedade Imobiliária, SA
- Imohotel - Empreendimentos Turísticos Imobiliários, SA
- Imosedas - Imobiliária e Serviços, SA
- Insulatroia - Sociedade Imobiliária, SA
- Marimo - Exploração Hoteleira e Imobiliária, SA
- Marmagno - Exploração Hoteleira e Imobiliária, SA
- Marvero - Exploração Hoteleira e Imobiliária, SA
- Praedium - SGPS, SA
- Praedium II - Imobiliária, SA
- Praedium III - Serviços Imobiliários, SA
- Prédios Privados - Imobiliária, SA
- Predisedas - Predial das Sedas, SA
- S.I.I - Soberana - Investimentos Imobiliários, SA
- SC - Engenharia e Promoção Imobiliária, SGPS, SA
- Sodesa - Comercialização de Energia, SA
- Solinca - Investimentos Turísticos, SA
- Solinca III - Desporto e Saúde, SA
- Soltróia - Sociedade Imobiliária de Urbanização e Turismo de Tróia, SA
- Torre São Gabriel, Imobiliária, SA
- Tróia Market - Supermercados, SA
- Troiaresort - Investimentos Turísticos, SA
- Troiaverde - Exploração Hoteleira e Imobiliária, SA
- Tulipamar - Exploração Hoteleira e Imobiliária, SA

- Urbisedas - Imobiliária das Sedas, SA
- Venda Aluga - Sociedade Imobiliária, SA
- World Trade Center Porto, SA

Member of the Board of Directors of the following companies:

- Box Lines - Navegação, SA
- Change, SGPS, SA
- Contacto Concessões, SGPS, SA
- Cronosaúde - Gestão Hospitalar, SA
- DMJB - SGPS, SA
- Edifícios Saudáveis Consultores - Ambiente e Energia em Edifícios, SA
- Etablissement A. Mathe, SA
- Imopenínsula - Sociedade Imobiliária, SA
- Imoponte - Sociedade Imobiliária, SA
- Imoresort - Sociedade Imobiliária, SA
- Inparvi, SGPS, SA
- Integrum - Edifícios Sustentáveis, SA
- Interlog, SGPS, SA
- Invesaúde - Gestão Hospitalar, SA
- Investalentejo, SGPS, SA
- Marina de Tróia, SA
- Norscut - Concessionária de Auto Estradas, SA
- Pargeste, SGPS, SA
- Promessa - Sociedade Imobiliária, SA
- Saúde Atlântica - Gestão Hospitalar, SA
- SC - Insurance and Risk Services, SGPS, SA
- SC - Sociedade de Consultadoria, SA
- SC, SGPS, SA
- Sete e Meio - Investimentos e Consultadoria, SA
- Sete e Meio Herdades - Investimentos Agrícolas e Turismo, SA
- Solinfittness Club Málaga, SL
- Sonae Financial Participations, BV
- Sonae Turismo - Gestão e Serviços, SA
- Sonae Turismo - SGPS, SA
- Sontur, BV
- Sopair, SA
- Spinarq - Arquitectura e Projectos, SA
- Spred - SGPS, SA
- TP - Sociedade Térmica Portuguesa, SA
- Vistas do Freixo - Empreendimentos Turísticos e Imobiliários, SA

Member of the Management Board of the following companies:

- Aqualuz - Turismo e Lazer, Lda
- Marinamagic - Exploração de Centros Lúdicos e Marítimos, Lda

Positions held in Other Companies:

Member of the Board of Directors of Change Partners, SCR, SA

Main Professional activities in the last five years:

- 1999-2007 - Head of Planning and Control at Sonae SGPS, SA
- 1999-2007 - Secretary to the Board of Directors and Executive Committee of Sonae, SGPS, SA
- 2001-2007 - Head of Investor Relations of Sonae, SGPS, SA

Mário Pereira Pinto

Executive Director of Sonae Capital, SGPS, SA



Age: 57

Nationality: Portuguese

Education:

- Graduation in Economics - Faculdade de Economia, Porto University (1975)
- Advanced Management Programme - INSEAD, Fontainebleau (1989)

Positions held in Group Companies:

Chairman of the Board of Directors of Change, SGPS, SA

Member of the Board of Directors of the following companies:

- Edifícios Saudáveis Consultores - Ambiente e Energia em Edifícios, SA
- Integrum - Edifícios Sustentáveis, SA
- Norscut - Concessionária de Auto Estradas, SA
- Pargeste, SGPS, SA
- SC, SGPS, SA
- Sodesa - Comercialização de Energia, SA
- TP - Sociedade Térmica Portuguesa, SA

Positions held in Other Companies:

Chairman of the Board of Directors of the following companies:

- Change Partners, SCR, SA
- Change Partners I, SGPS, SA
- Glomack - SGPS, SA

Member of the Board of Directors of the following companies:

- BA - Glass, SA
- CEV - Biotecnologia de Plantas Consumo em Verde, SA

Member of the Management Board of the following companies:

- CPartners, Serviços de Apoio à Gestão, Unipessoal, Lda
- PSISA - Consultores, Lda

Chairman of the Fiscal Board of Estoril-Sol, SGPS, SA

Main Professional activities in the last five years:

- Since 2002 - Chairman of Change Partners, SCR, SA
-

Francisco de La Fuente Sánchez
Non executive Director of Sonae Capital, SGPS, SA



Age: 67

Nationality: Portuguese

Education:	<ul style="list-style-type: none"> Graduation in Electrotechnical Engineering - IST (1965)
Positions held in Group Companies:	–
Positions held in Other Companies:	–
Main Professional activities in the last five years:	<p>In the EDP Group and in the Electrical Sector in Portugal:</p> <ul style="list-style-type: none"> 2002-2003 - Chairman of the Board of Directors of EDP Serviner - Serviços de Energia, SA 2002-2003 - Chairman of the Board of Directors of EDP Valor - Gestão Integrada de Serviços, SA 2002-2003 - Chairman of the Board of Directors of EDP Energia, SA 2002-2003 - Chairman of the Board of Directors of EDP Distribuição - Energia, SA 2002-2003 - Chairman of the Board of Directors of EDP Produção - Gestão da Produção de Energia, SA 2000-2003 - Chairman and CEO of EDP - Electricidade de Portugal, SA 2003-2006 - Chairman of the Board of Directors of EDP - Electricidade de Portugal, SA 2004-2006 - Chairman of the Board of Directors of ELECPOR - Associação Portuguesa das Empresas do Sector Eléctrico 2006-2007 - Counsellor of the Board of Directors of EDP – Electricidade de Portugal, SA Since 2005 - Chairman of EDP Foundation <p>In the Electrical Sector outside Portugal:</p> <ul style="list-style-type: none"> 2002-2005 – Member of the Board of Directors of Hidroeléctrica del Cantábrico, SA Since 2005 - Honorary Chairman of Hidroeléctrica del Cantábrico, SA <p>In Other Sectors:</p> <ul style="list-style-type: none"> 2000-2002 - Non executive Director of BVLP – Bolsa de Valores de Lisboa e Porto 2000-2003 - Non executive Director of Galp Energia 2000-2006 - Member of the General Council of AIP – Associação Industrial Portuguesa 2003-2004 - Manager of PROFORUM - Associação para o Desenvolvimento da Engenharia 2003-2004 - Director of BCSD Portugal - Business Council for Sustainable Development 2003-2005 - Director of the Competitiveness Forum 2000-2006 - Non executive Chairman of the Board of Directors of ONI 2000-2006 - Member of the Superior Council of BCP – Banco Comercial Português 2004-2007 - Chairman of PROFORUM - Associação para o Desenvolvimento da Engenharia

- 2004-2007 - Chairman of BCSD Portugal - Business Council for Sustainable Development
 - 2006-2007 - Non executive Vice-Chairman of the Board of Directors of Efacec Capital, SGPS, SA
 - Since 2000 - Non executive Director of the Portugal-Africa Foundation
 - Since 2001 - Member of the Consulting Council of APDC – Associação Portuguesa para o Desenvolvimento das Comunicações
 - Since 2002 - Member of the Curators Council of the Luso-Spanish Foundation
 - Since 2003 - Member of the Ibero America Forum
 - Since 2004 - Member of the Consulting Council of the Portuguese Institute of Corporate Governance
 - Since 2004 - Member of the Curators Council of the Luso-Brazilian Foundation
 - Since 2005 - Member of the Consulting Council of the Competitiveness Forum
 - Since 2005 - Member of the Patronage of Hidroeléctrica del Cantábrico, SA
 - Since 2006 - Member of the Supervisory Board of Millennium BCP - Banco Comercial Português
 - Since 2007 - Chairman of the Corporate Governance Committee of Millennium BCP - Banco Comercial Português
 - Since 2007 - Chairman of the National Council of the Electrotechnical Engineering Board of the Engineers Institute
 - Since 2007 - Member of the Counselling Council of the Department of Electrotechnical and Computer Engineering of Instituto Superior Técnico
 - Since 2007 - Chairman of the General Council of PROFORUM
 - Since 2007 - Member of Conselho Nacional da Água
 - Since 2007 - Non executive Chairman of the Board of Directors of Efacec Capital, SGPS,SA
-

Rafael Cerezo Laporta

Non executive Director of Sonae Capital, SGPS, SA



Age: 58

Nationality: Spanish

Education:

- Graduation in Economics - London School of Economics (1970 - 1974)
- Master in Business Administration - Columbia University (1975 – 1977)

Positions held in Group

Companies: –

Positions held in Other

Companies:

Main Professional activities in the last five years:

- 1982-2008 - At the Boston Consulting Group: leaves the European Chief Executive Office to be fully dedicated to clients in Spain and Portugal, (together with Russia and Eastern European Countries during 2002-2003). Main work during these years in retail and financial services industries
- Since 2007 - Member of the Consulting Board of the Exea Group (Family Corporation of the Puig Family)
- Since 2007 - Member of the Board of Directors and Chairman of the Audit Committee of Puig Beauty and Fashion
- Since 2007 - Member of the Board of Directors of Flamagas, SA
- Since 2007 - Member of the Board of Directors of ISDIN, SA

Paulo José Jubilado Soares de Pinho

Non executive Director of Sonae Capital, SGPS, SA



Age: 46

Nationality: Portuguese

Education:	<ul style="list-style-type: none">▪ Graduation in Economics - Faculdade de Economia da Universidade Nova de Lisboa (1985)▪ MBA – Master in Business Administration - Faculdade de Economia da Universidade Nova de Lisboa (1989)▪ PhD in Banking and Finance - City University Business School, London (1994)▪ Negotiation Analysis - Amsterdam Institute of Finance (2005)▪ Advanced Course - European Venture Capital and Private Equity Association (2006)▪ Valuation Guidelines Masterclass - European Venture Capital and Private Equity Association (2007)▪ Private Equity and Venture Capital Programme - Harvard Business School (2007)
Positions held in Group Companies:	–
Positions held in Other Companies:	
Main Professional activities in the last five years:	<ul style="list-style-type: none">▪ Since 2002 - Associate Professor at Faculdade de Economia da Universidade Nova de Lisboa▪ Since 2003 - Chairman of General Council of Fundo de Sindicação de Capital de Risco PME – IAPMEI▪ Since 2005 - Member of the Advisory and Strategic Board of Fundo Fast Change Venture Capital▪ Since 2007 - Senior Advisor for Iberia of Profit Technologies, EUA▪ Since 2007 - Senior Advisor of New Next Moves Consultants, Portugal▪ Since 2007 - Director of Venture Valuation, Switzerland (Representative for Portugal)▪ 2004-2007 - Executive Director and Member of the Board of Directors of REN - Redes Energéticas Nacionais, SA▪ 2007-2008 - Member of the Board of Directors of Xis Vending - Serviços de Vending, SA

Pedro Manuel Bastos Mendes Rezende

Non executive Director of Sonae Capital, SGPS, SA



Age: 47

Nationality: Portuguese and Spanish

Education:	<ul style="list-style-type: none">▪ ICAI - Industrial Mechanical Engineer, Madrid (1979 – 1985)▪ Master in Business Administration - INSEAD, Fontainebleau (1989 – 1990)
Positions held in Group Companies:	–
Positions held in Other Companies:	
Main Professional activities in the last five years:	<p>2003-2006 - EDP, Energias de Portugal, SA</p> <ul style="list-style-type: none">▪ Member of the Board of Directors and of the Executive Committee▪ CEO of EDP Produção and of Companhia Portuguesa de Produção de Electricidade (CPPE)▪ Member of the Board of Directors and Executive Director of Hidroeléctrica del Cantábrico (Hidrocantábrico)▪ Chairman of the Board of Directors of EDP Engenharia e Manutenção, EDP Energia Ibérica and Tergen <p>Since 2006 - Hyperion Energy Investments</p> <ul style="list-style-type: none">▪ Founding Partner and CEO

Armando Luís Vieira de Magalhães

Chairman of the Fiscal Board of Sonae Capital, SGPS, SA

Education:	<ul style="list-style-type: none">▪ Bachelor degree in Accounting, ISCAP (1972)▪ Graduation in Economics - Faculdade de Economia, Porto University (1978)▪ Executive MBA – European Management, IESF/IFG (1996)
Positions held in Group Companies:	–
Positions held in Other Companies:	Member of the Fiscal Board of the following companies: <ul style="list-style-type: none">▪ Sonaecom, SA▪ Sonae Indústria, SGPS, SA▪ Futebol Clube do Porto – Futebol SAD▪ Eça de Queiroz Foundation
Main Professional activities in the last five years:	<ul style="list-style-type: none">▪ Statutory Auditor and Managing Partner of Santos Carvalho & Associados, SROC, SA (since 1989)

Jorge Manuel Felizes Morgado

Member of the Fiscal Board of Sonae Capital, SGPS, SA

Education:	<ul style="list-style-type: none">▪ Graduation in Management – ISEG, Universidade Técnica de Lisboa▪ MBA in Finance – IEDE, Madrid▪ MBA in Management and Information Systems – Faculdade de Economia e Gestão, Universidade Católica
Positions held in Group Companies:	–
Positions held in Other Companies:	Member of the Fiscal Board of the following companies: <ul style="list-style-type: none">▪ Sonae, SGPS, SA▪ Sonae Indústria, SGPS, SA▪ Sonae Sierra, SGPS, SA
Main Professional activities in the last five years:	<ul style="list-style-type: none">▪ 1991-2004 - Partner of Deloitte▪ Since 2004 - Statutory Auditor▪ Since 2004 - Partner of Horwath Parsus - Consultoria e Gestão, Lda

Carlos Manuel Pereira da Silva

Member of the Fiscal Board of Sonae Capital, SGPS, SA

Education:	<ul style="list-style-type: none">▪ Graduation in Economics - Faculdade de Economia, Porto University (1978)
Positions held in Group Companies:	–
Positions held in Other Companies:	–
Main Professional activities in the last five years:	<ul style="list-style-type: none">▪ Statutory Auditor and Managing Partner of Santos Carvalho & Associados, SROC, SA (since 1992)



CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2008

SONAE CAPITAL, SGPS, SA
CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 AND 31 DECEMBER 2007

(Amounts expressed in euro)

		Total Operations	Discontinued Operations	Continued Operations	Pró-forma ¹	
ASSETS	Notes	31.12.2008	31.12.2008	31.12.2008	31.12.2007	31.12.2007
NON-CURRENT ASSETS:						
Tangible assets	10	413,691,033	28,576,969	385,114,064	328,038,248	329,029,906
Intangible assets	11	1,490,665	367,402	1,123,263	803,537	812,094
Goodwill	12	61,766,621	-	61,766,621	62,517,465	63,796,454
Investments in associated companies	6	14,882,648	-	14,882,648	18,985,662	18,985,662
Other investments	7 and 13	29,347,984	1,524	29,346,460	77,186,273	77,186,273
Deferred tax assets	20	15,757,915	-	15,757,915	14,117,740	14,320,920
Other non-current assets	14	23,832,047	343,901	23,488,146	24,311,811	24,318,632
Total Non-Current Assets		560,768,913	29,289,796	531,479,117	525,960,736	528,449,941
CURRENT ASSETS:						
Stocks	15	241,382,414	18,663,103	222,719,311	142,074,734	143,489,662
Trade accounts receivables	16	60,816,452	17,704,550	43,111,902	35,322,604	48,746,435
Other debtors	17	20,818,049	5,183,491	15,634,558	24,998,713	23,853,744
Taxes recoverable	18	16,833,257	1,281,829	15,551,428	16,608,583	19,444,523
Other current assets	19	8,335,621	2,522,313	5,813,308	6,858,080	8,879,644
Investments held for trading	13	499	-	499	499	499
Cash and cash equivalents	21	19,316,486	1,383,546	17,932,940	43,956,550	44,333,841
Total Current Assets		367,502,778	46,738,832	320,763,946	269,819,763	288,748,348
TOTAL ASSETS		928,271,691	76,028,628	852,243,063	795,780,499	817,198,289
EQUITY AND LIABILITIES						
EQUITY:						
Share capital	22	250,000,000	-	250,000,000	250,000,000	250,000,000
Reserves and retained earnings		35,452,156	(9,542,376)	44,994,532	62,453,729	91,854,242
Profit/(Loss) for the year attributable to the equity holders of Sonae Capital		21,393,605	(3,274,530)	24,668,135	8,579,431	14,994,319
Equity attributable to the equity holders of Sonae Capital		306,845,761	(12,816,906)	319,662,667	321,033,160	356,848,561
Equity attributable to minority interests	23	49,319,413	(8,619,778)	57,939,191	36,758,832	36,758,832
TOTAL EQUITY		356,165,174	(21,436,684)	377,601,858	357,791,992	393,607,393
LIABILITIES:						
NON-CURRENT LIABILITIES:						
Bank Loans	24	35,513,299	1,578,783	33,934,516	122,710,414	122,710,414
Bonds	24	99,080,105	-	99,080,105	49,766,000	49,766,000
Obligations under finance leases	24 and 25	16,814,552	-	16,814,552	18,726,595	18,726,595
Other loans	24	403,176	-	403,176	250,577	250,577
Other non-current liabilities	27	66,217,083	41,038,203	25,178,880	34,461,335	39,150,435
Deferred tax liabilities	20	3,164,170	-	3,164,170	2,307,082	7,526,370
Provisions	32	23,456,843	4,431,299	19,025,544	11,442,155	16,654,464
Total Non-Current Liabilities		244,649,228	47,048,285	197,600,943	239,664,158	254,784,855
CURRENT LIABILITIES:						
Bank Loans	24	138,865,035	12,151,075	126,713,960	7,714,042	7,714,042
Bonds	24	-	-	-	15,000,000	15,000,000
Obligations under finance leases	24 and 25	1,957,324	-	1,957,324	1,860,326	1,860,326
Other loans	24	440,145	-	440,145	176,635	176,635
Trade creditors	29	52,979,478	12,292,570	40,686,908	30,876,038	62,517,417
Other creditors	30	79,339,000	19,117,634	60,221,366	110,830,844	31,226,932
Taxes and contributions payable	18	12,610,226	1,328,503	11,281,723	12,039,282	13,399,775
Other current liabilities	31	39,967,884	5,527,248	34,440,636	16,011,718	33,095,450
Provisions	32	1,298,200	-	1,298,200	3,815,464	3,815,464
Total Current Liabilities		327,457,289	50,417,027	277,040,262	198,324,349	168,806,041
TOTAL LIABILITIES		572,106,517	97,465,312	474,641,205	437,988,507	423,590,896
TOTAL EQUITY AND LIABILITIES		928,271,691	76,028,628	852,243,063	795,780,499	817,198,289

The accompanying notes are part of these financial statements.

1) Continued Operations (exclude Contacto - Sociedade de Construções, SA)

The Board of Directors

SONAE CAPITAL, SGPS, SA
CONSOLIDATED INCOME STATEMENTS BY NATURE
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008 AND 2007

(Amounts expressed in euro)

	Notes	31.12.2008			31.12.2007
		Total Operations	Discontinued Operations ²	Continued Operations	Pro-Forma ¹
Operational income					
Sales	35	142,760,686	20,297,949	122,462,737	94,811,629
Services rendered	35	108,084,584	9,751	108,074,833	102,465,562
Other operational income	36	8,763,734	513,532	8,250,202	8,202,339
Total operational income		<u>259,609,004</u>	<u>20,821,232</u>	<u>238,787,772</u>	<u>205,479,530</u>
Operational expenses					
Cost of goods sold and materials consumed	15	(66,745,851)	(11,150,858)	(55,594,993)	(51,004,254)
Changes in stocks of finished goods and work in progress	37	57,293,719	(703,500)	57,997,219	32,409,338
External supplies and services	38	(181,586,889)	(6,534,148)	(175,052,741)	(132,258,568)
Staff costs	39	(50,256,467)	(4,857,596)	(45,398,871)	(38,554,407)
Depreciation and amortisation	10 and 11	(10,941,437)	(1,104,062)	(9,837,375)	(7,324,129)
Provisions and impairment losses	32	(10,694,800)	4,594	(10,699,394)	(722,729)
Other operational expenses	40	(8,919,714)	(906,981)	(8,012,733)	(6,401,846)
Total operational expenses		<u>(271,851,439)</u>	<u>(25,252,551)</u>	<u>(246,598,888)</u>	<u>(203,856,595)</u>
Operational profit/(loss)		<u>(12,242,435)</u>	<u>(4,431,319)</u>	<u>(7,811,116)</u>	<u>1,622,935</u>
Financial Expenses	41	(16,467,881)	(1,102,065)	(15,365,816)	(17,053,855)
Financial Income	41	4,519,318	170,078	4,349,240	7,055,704
Net financial expenses		<u>(11,948,563)</u>	<u>(931,987)</u>	<u>(11,016,576)</u>	<u>(9,998,151)</u>
Share of results of associated undertakings	6	(2,099,789)	-	(2,099,789)	857,332
Investment income	42	53,084,662	-	53,084,662	12,141,976
Profit/(Loss) before taxation		<u>26,793,875</u>	<u>(5,363,306)</u>	<u>32,157,181</u>	<u>4,624,092</u>
Taxation	43	<u>(3,842,186)</u>	<u>(77,470)</u>	<u>(3,764,716)</u>	<u>4,809,155</u>
Profit/(Loss) after taxation		<u>22,951,689</u>	<u>(5,440,776)</u>	<u>28,392,465</u>	<u>9,433,247</u>
Profit/(Loss) for the year	44	<u>22,951,689</u>	<u>(5,440,776)</u>	<u>28,392,465</u>	<u>9,433,247</u>
Attributable to:					
Equity holders of Sonae Capital	46	21,393,605	(3,274,530)	24,668,135	8,579,431
Minority interests	23	<u>1,558,084</u>	<u>(2,166,246)</u>	<u>3,724,330</u>	<u>853,816</u>
Profit/(Loss) per share					
Basic	46	0.085574	(0.013098)	0.098673	0.034318
Diluted	46	<u>0.085574</u>	<u>(0.013098)</u>	<u>0.098673</u>	<u>0.034318</u>

The accompanying notes are part of these financial statements.

1) Continued Operations (exclude Contacto - Sociedade de Construções, SA) - Note 1.1.

2) Discontinued operations (Elmo, SGPS, SA and its affiliated undertakings - Plysorol Group)

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE 4th QUARTERS OF 2008 AND 2007

(Amounts expressed in euro)

	Notes	4th Quarter 08			4th Quarter 07
		Total Operations	Discontinued Operations ²	Continued Operations	Pro-Forma ¹
Operational income					
Sales	35	62,095,875	-	62,095,875	34,368,455
Services rendered	35	24,943,541	-	24,943,541	25,768,439
Other operational income	36	3,341,096	-	3,341,096	3,724,789
Total operational income		90,380,512	-	90,380,512	63,861,683
Operational expenses					
Cost of goods sold and materials consumed	15	(17,064,417)	-	(17,064,417)	(14,026,596)
Changes in stocks of finished goods and work in progress	37	9,861,870	-	9,861,870	5,963,607
External supplies and services	38	(53,304,734)	(4,837)	(53,299,897)	(39,178,401)
Staff costs	39	(12,323,040)	-	(12,323,040)	(10,002,033)
Depreciation and amortisation	10 and 11	(2,896,316)	-	(2,896,316)	(2,008,078)
Provisions and impairment losses	32	(7,846,277)	-	(7,846,277)	(511,793)
Other operational expenses	40	(3,689,005)	5,765	(3,694,770)	(1,755,226)
Total operational expenses		(87,261,919)	928	(87,262,847)	(61,518,520)
Operational profit/(loss)		3,118,593	928	3,117,665	2,343,163
Financial Expenses	41	(4,279,618)	(46,107)	(4,233,511)	(4,706,312)
Financial Income	41	1,924,970	6	1,924,964	3,039,493
Net financial expenses		(2,354,648)	(46,101)	(2,308,547)	(1,666,819)
Share of results of associated undertakings	6	961,200	-	961,200	159,113
Investment income	42	(6,553,600)	-	(6,553,600)	2,562,661
Profit/(Loss) before taxation		(4,828,455)	(45,173)	(4,783,282)	3,398,118
Taxation	43	(3,348,888)	678	(3,349,566)	2,193,636
Profit/(Loss) after taxation		(8,177,343)	(44,495)	(8,132,848)	5,591,754
Profit/(Loss) for the year	44	(8,177,343)	(44,495)	(8,132,848)	5,591,754
Attributable to:					
Equity holders of Sonae Capital	46	(10,774,925)	(44,237)	(10,730,688)	5,024,644
Minority interests	23	2,597,582	(259)	2,597,841	567,110
Profit/(Loss) per share					
Basic	46	(0.043100)	(0.000177)	(0.042923)	0.020099
Diluted	46	(0.043100)	(0.000177)	(0.042923)	0.020099

The accompanying notes are part of these financial statements.

1) Continued Operations (exclude Contacto - Sociedade de Construções, SA) - Note 1.1.

2) Discontinued operations (Elmo, SGPS, SA and its affiliated undertakings - Plysorol Group)

The Board of Directors

SONAE CAPITAL, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008 AND 31 DECEMBER 2007 ¹

(Amounts expressed in euro)

Notes	Attributable to Equity Holders of Sonae Capital								Total	Minority Interests	Total Equity
	Share Capital	Demerger Reserve	Pro-forma Adjustments ²	Hedge Reserve	Currency Translation Reserve	Other Reserves and Retained Earnings	Reserves and Retained Earnings	Net Profit/(Loss)			
Balance as at 1 January 2007	250,000,000	132,638,253	(121,676,270)	69,584,432	417,724	(59,798,471)	21,165,668	2,189,067	273,354,735	18,876,352	292,231,087
Appropriation of profit of 2006:											
Transfer to legal reserves and retained earnings	-	-	-	-	-	2,189,067	2,189,067	(2,189,067)	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-
Changes in reserves											
Changes in the period	-	-	-	(8,094,073)	(464,977)	-	(8,559,050)	-	(8,559,050)	(22,328)	(8,581,378)
Transfer to results - fair value of hedging instruments	-	-	-	-	-	-	-	-	-	-	-
Transfer to results	-	-	-	(9,520,881)	-	-	(9,520,881)	-	(9,520,881)	-	(9,520,881)
Affiliated and associated undertaking excluded for sale	-	-	96,548,826	-	-	-	96,548,826	-	96,548,826	-	96,548,826
Affiliated and associated undertaking excluded for sale in results	-	-	31,437,208	-	-	(31,437,208)	-	-	-	-	-
Aquisition of affiliated and associated undertakings	-	-	(6,309,764)	-	-	-	(6,309,764)	-	(6,309,764)	17,108,025	10,798,261
Other changes	-	-	-	-	-	(3,659,624)	(3,659,624)	-	(3,659,624)	(57,033)	(3,716,657)
Consolidated Profit/(Loss) for the twelve months ended 31 December 2007	-	-	-	-	-	-	-	14,994,319	14,994,319	853,816	15,848,135
Balance as at 31 December 2007 ¹	250,000,000	132,638,253	-	51,969,478	(47,253)	(92,706,236)	91,854,242	14,994,319	356,848,561	36,758,832	393,607,393
Balance as at 1 January 2008	250,000,000	132,638,253	-	51,969,478	(47,253)	(92,706,236)	91,854,242	14,994,319	356,848,561	36,758,832	393,607,393
Appropriation of profit of 2007:											
Transfer to legal reserves and retained earnings	-	-	-	-	-	8,579,431	8,579,431	(8,579,431)	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-
Changes in reserves											
Changes in the period	-	-	-	(50,321,296)	(1,754,682)	-	(52,075,978)	-	(52,075,978)	(94,458)	(52,170,436)
Transfer to results - fair value of hedging instruments	-	-	-	-	-	-	-	-	-	-	-
Transfer to results	-	-	-	-	-	-	-	-	-	-	-
Affiliated and associated undertaking excluded for sale	-	-	-	-	-	5,758,019	5,758,019	(6,414,888)	(656,869)	4,375,485	3,718,616
Affiliated and associated undertaking excluded for sale in results	-	-	-	-	-	-	-	-	-	-	-
Aquisition of affiliated and associated undertakings	-	-	-	-	-	(9,515,885)	(9,515,885)	-	(9,515,885)	6,710,527	(2,805,358)
Other changes	-	-	-	-	-	(9,147,673)	(9,147,673)	-	(9,147,673)	10,943	(9,136,730)
Consolidated Profit/(Loss) for the twelve months ended 31 December 2008	-	-	-	-	-	-	-	21,393,605	21,393,605	1,558,084	22,951,689
Balance as at 31 December 2008	250,000,000	132,638,253	-	1,648,182	(1,801,935)	(97,032,344)	35,452,156	21,393,605	306,845,761	49,319,413	356,165,174

The accompanying notes are an integral part of these financial statements.

1) Note 1.1.

2) Pro-Forma Equity (excludes Contacto - Sociedade de Construções, SA)

The Board of Directors

SONAE CAPITAL, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008 AND 2007

(Amounts expressed in euro)

		Continued Operations	Pro-forma ¹
	Notes	31.12.2008	31.12.2007
<u>OPERATING ACTIVITIES</u>			
Cash receipts from trade debtors		238,291,437	215,997,007
Cash paid to trade creditors		(226,349,902)	(186,808,364)
Cash paid to employees		(49,528,678)	(38,373,599)
Cash flow generated by operations		<u>(37,587,143)</u>	<u>(9,184,956)</u>
Income taxes (paid) / received		(4,896,544)	(6,398,314)
Other cash receipts and (payments) relating to operating activities		<u>(5,796,838)</u>	<u>8,136,559</u>
Net cash flow from operating activities (1)		<u>(48,280,525)</u>	<u>(7,446,711)</u>
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments	47	115,837,437	114,899,762
Tangible assets		10,463,055	22,381,443
Intangible assets		8,906	-
Interest and similar income		1,752,573	8,184,461
Loans granted		1,936,891	70,504,378
Dividends		<u>2,898,787</u>	<u>2,717,872</u>
		<u>132,897,649</u>	<u>218,687,916</u>
Cash Payments arising from:			
Investments	47	(8,130,199)	(80,159,253)
Tangible assets		(86,701,965)	(83,324,197)
Intangible assets		(673,057)	(335,284)
Loans granted		(12,590,161)	(10,143,067)
Others		<u>(229,539)</u>	<u>-</u>
		<u>(108,324,921)</u>	<u>(173,961,801)</u>
Net cash used in investment activities (2)		<u>24,572,728</u>	<u>44,726,115</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Loans obtained		105,962,976	111,024,639
Capital increases, additional paid in capital and share premiums		15,090,881	30,820,921
Others		<u>200,000</u>	<u>-</u>
		<u>121,253,857</u>	<u>141,845,560</u>
Cash Payments arising from:			
Loans obtained		(104,859,372)	(130,481,852)
Interest and similar charges		(14,694,751)	(19,227,620)
Others		<u>(1,814,989)</u>	<u>(1,004,006)</u>
		<u>(121,369,112)</u>	<u>(150,713,478)</u>
Net cash used in financing activities (3)		<u>(115,255)</u>	<u>(8,867,918)</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>(23,823,052)</u>	<u>28,411,486</u>
Effect of foreign exchange rates		<u>599,527</u>	<u>494,239</u>
Cash and cash equivalents at the beginning of the period		<u>41,383,143</u>	<u>13,086,955</u>
Cash and cash equivalents at the end of the period	21	<u>16,960,564</u>	<u>41,004,202</u>

The accompanying notes are part of these financial statements.

1) Continued Operations (exclude Contacto - Sociedade de Construções, SA) - Note 1.1.

The Board of Directors

SONAE CAPITAL, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED AS AT 31 DECEMBER 2008 AND 2007

(Amounts express in euro)

1. INTRODUCTION

SONAE CAPITAL, SGPS, SA ("Company", "Goup" or "Sonae Capital") whose head-office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, is the parent company of a group of companies, as detailed in Notes 5 to 7 ("Sonae Capital Group") and was set up on 14 December 2007 as a result of the demerger of the shareholding in SC, SGPS, SA (previously named Sonae Capital, SGPS, SA) from Sonae, SGPS, SA, which was approved by the Board of Directors on 8 November 2007 and by the Shareholder's General Meeting held on 14 December 2007.

Sonae Capital's business portfolio was reorganized into two main strategic businesses areas:

- The first business area, led by Sonae Turismo, SGPS, SA, includes businesses in tourism, through development, management and sale of tourism resorts, real estate, through development and sale of high quality residential buildings, in hotels, through ownership and management of hotels, and in services, through activities such as restaurants, catering and events and health and fitness;
- The second business area, led by Spred, SGPS, SA (previously named Publimeios, SGPS, SA), includes businesses in three segments: mature businesses with generation of steady cash-flows, businesses in renewable energies, energy efficiency and sustainable buildings; identifying new business opportunities in emerging sectors or sectors undergoing restructuring and management of a financial portfolio.

1.1. Pro-forma Consolidated Financial Statements

As defined by international standard IFRS 5, and to ensure comparability between 2008 and 2007, the consolidated income statement and consolidated statement of cash-flows include pro forma consolidated financial statements previously considered in the financial statements presented for the year ended 31 December 2007. Thus, the comparative consolidated financial statements reported on 31 December 2007, reflect the effects of the sale of Contacto - Sociedade de Construções, SA.

2. PRINCIPAL ACCOUNTING POLICIES

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

2.1. Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" – previously named International Accounting Standards – "IAS"), issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the "International Financial Reporting Interpretations Committee" ("IFRIC"), previously named "Standing Interpretations Committee" ("SIC"), beginning on 1 January 2008.

Interim financial statements were 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, of its affiliated undertakings and of jointly controlled companies, on a going concern basis and under the historical cost convention, except for derivative financial instruments which are stated at fair value.

As at the date of issue of these consolidated financial statements the following standards had already been endorsed by the European Union, whose adoption was not required:

- Revision of IAS 1 - "Disclosure of Financial Statements"- (mandatory as from 1 January 2009) - ratified by the European Union;
- Revision of IAS 23 - "Borrowing costs"- (mandatory as from 1 January 2009) - ratified by the European Union;
- Revision of IAS 27 - "Consolidated and separate financial statements" - (mandatory as from 1 July 2009) - not yet ratified by the European Union;
- Revision of IFRS 3 - "Business Combinations" - (mandatory as from 1 July 2009) - not yet ratified by the European Union;
- IFRS 8 - "Operating Segments" - (mandatory as from 1 January 2009) - ratified by the European Union;
- IFRIC 15 - "Contracts for the construction of real estate" - (mandatory as from 1 July 2009) - not yet ratified by the European Union;
- Revision of IFRS 2 - "Share-based payment" - (mandatory as from 1 January 2009) - ratified by the European Union;
- IFRIC 12 - "Service Concession Arrangements" - (mandatory as from 1 July 2009) - not yet ratified by the European Union;
- IFRIC 17 - "Distributions of Non-cash Assets" - (mandatory as from 1 July 2009) - not yet ratified by the European Union;
- Revision of IAS 39 - "Reclassification of Financial Assets" and "Qualifying hedging instruments" - (mandatory as from 1 July 2009) - not yet ratified by the European Union;

The adoption of these standards was not required for the financial year beginning on 1 January 2008 and as such, Sonae Capital has decided not to engage in their early adoption. There will be no material impacts on future financial statements of the Group from adopting these standards and interpretations, with the exception of IFRS 8.

2.2. Consolidation principles

The consolidation methods adopted by the Group are as follows:

a) Investments in Group companies

Investments in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights at Shareholders' General Meetings or is able to establish financial and operational policies so as to benefit from its activities (definition of control normally used by the Group), are included in the consolidated financial statements using the full consolidation method. Equity and net profit attributable to minority shareholders are shown separately, under the caption Minority interests, in the consolidated balance sheet and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 5.

When losses attributable to minority interests exceed the minority interest in the equity of the Group company, the excess, and any further losses attributable to minority interests, are charged against the equity holders of Sonae Capital except to the extent that minority shareholders have a binding obligation and are able to cover such losses. If the Group company subsequently reports profits, such profits are allocated to the equity holders of Sonae Capital until the minority's share of losses previously absorbed by the equity holders of Sonae Capital has been recovered.

Assets and liabilities of each Group company are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the Group's interest in the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2.2.c)). Any excess of the Group's share in the fair value of the identifiable net assets acquired over cost, is recognised as income in profit or loss for the period of acquisition, after reassessment of the estimated fair value. Minority interests include their proportion of the fair value of net identifiable assets and liabilities recognised on acquisition of Group companies.

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

Financial investments in companies excluded from consolidation are recorded at acquisition cost net of impairment losses (Note 7).

Whenever the Group has, in substance, control over other entities created for a specific purpose, even if no share capital interest is directly held in those entities, these are consolidated by the full consolidation method. Such entities, when applicable, are disclosed in Note 5.

b) Investments in associated and in jointly controlled companies

Investments in associated companies (companies where the Group 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) and in jointly controlled companies are accounted for in accordance with the equity method.

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

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2.2.c)), which is included in the caption Investment in associated and jointly controlled companies. Any excess of the Group's share in the fair value of the identifiable net assets acquired over cost is recognised as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired.

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

When the Group's share of losses exceeds the carrying amount of the investment, this is reported at nil value and recognition of losses is discontinued, unless the Group is committed beyond the value of its investment.

The Group's share in unrealized gains arising from transactions with associated and jointly controlled 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 and jointly controlled companies are disclosed in Note 6.

c) Goodwill

The excess of the cost of acquisition of investments in group, jointly controlled and associated companies over the Group's share in the fair value of the assets and liabilities of those companies at the date of acquisition is shown as Goodwill (Note 12) or as Investments in associated and jointly controlled companies (Note 6). The excess of the cost of acquisition of investments in foreign companies over the fair value of their identifiable assets and liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Group's currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are disclosed in Currency Translation Reserves.

Goodwill is not amortised, but is subject to impairment tests on an annual basis. The recoverable amount is determined based on the business plans used in the management of the Group or on valuation reports prepared by independent entities. Impairment losses identified in the period are disclosed in the income statement under Provisions and impairment losses, and may not be reversed.

Any excess of the Group's share in the fair value of identifiable assets and liabilities in Group, jointly controlled and associated companies over costs, is recognised as income in the profit and loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets and liabilities acquired.

Goodwill recognised prior to the transition date

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

d) Translation of financial statements of foreign companies

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

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

Whenever a foreign company is sold, accumulated exchange rate differences are recorded in the income statement as a gain or loss on the disposal, in the caption Investment income.

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

	31.12.2008		31.12.2007	
	End of period	Average of period	End of period	Average of period
Pound Sterling	1.04987	1.25890	1.36361	1.46209
Brazilian Real	0.30830	0.37657	0.38516	0.37577

Source: Bloomberg

2.3. Tangible assets

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

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

Depreciation is calculated on a straight line basis, as from the date the asset is first used, over the expected useful life for each class of assets and disclosed in Amortisation and Depreciation in the consolidated profit and loss account.

Impairment losses in tangible assets are accounted for in the year when they are estimated, and are disclosed in Impairment Losses in the consolidated profit and loss account, except for those relating to stocks whose impairment is recorded in Cost of goods sold and materials consumed.

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

	Years
Buildings	10 to 50
Plant and machinery	10 to 20
Vehicles	4 to 5
Tools	4 to 8
Fixture and fittings	3 to 10
Other tangible assets	4 to 8

Maintenance and repair costs related 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 start being used.

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 operational income or Other operational expenses.

2.4. Intangible assets

Intangible assets are stated at acquisition cost, net of depreciation 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 Group and if their cost can be reliably measured.

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

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

Internal costs associated with maintenance and development of software are 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.

Amortisation is calculated on a straight line basis, as from the date the asset is first used, over the expected useful life which normally is between 3 and 6 years, and are disclosed in Amortisation and Depreciation in the consolidated profit and loss account.

2.5. Accounting for leases

Accounting for leases where the Group is the lessee

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

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

Tangible assets acquired through finance lease contracts are recorded as assets and corresponding obligations as liabilities in the balance sheet. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Both the finance charge and the depreciation 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 recognised as an expense on a straight line basis over the lease term.

Accounting for leases where the Group is the lessor

Where the Group acts as a lessor in operating leases, the value of assets leased is maintained in the Group's balance sheet and related rents are taken to the profit and loss account on a straight line basis over the period of the lease.

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

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

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

2.7. Borrowing costs

Borrowing costs are normally recognised as an expense in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of tangible and real estate projects included under stocks are capitalised as part of the cost of the qualifying asset. Borrowing costs are capitalised from the time of preparation of the activities to construct or develop the asset up to the time the production or construction is complete or when asset development is interrupted. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the borrowing costs that qualify for capitalisation.

2.8. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the sale must be highly probable and the asset or disposal group is available for immediate sale in its present condition. In addition, the sale should be expected to occur within 12 months from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. These assets are not depreciated.

2.9. Stocks

Goods for sale and raw materials are stated at the lower of cost, net of discounts obtained or estimated, and net realisable value. Cost is determined on a weighted average basis. Goods for sale include mostly land for real estate developments.

Finished goods and work in progress are stated at the lower of the weighted average production cost or net realisable value. Production cost includes cost of raw materials, labour costs and overheads (including depreciation of production equipment based on normal levels of activity). Work in progress includes mostly resorts and real estate developments for sale in the normal course of business.

Net realisable value is the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale.

Differences between cost and net realisable value, if negative, are shown as operating expenses under Cost of sales or Changes in stocks of finished goods and work in progress, depending on whether they refer to goods for sale and raw materials or finished goods and work in progress.

2.10. Construction contracts

Income and costs associated with construction contracts are recorded using the stage of completion method. Under this method, at the end of each period, income and expenses are recognised by reference to the stage of completion of the contract activity. The stage of completion is determined by the ratio between costs incurred until the closing balance sheet date and total estimated contract costs. The difference between income determined by this ratio and total amounts invoiced is recorded in Other current assets or Other current liabilities.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recorded only to the extent of the amount of contract costs incurred that will probably be recoverable. Contract costs are recorded as expenses in the period in which they are incurred.

Revenue arising from contract variations, claims and completion premiums is recorded when these are agreed with the customer, or when negotiations are at an advanced stage and it is probable that these will be favourable to the Group.

2.11. Provisions

Provisions are recognised when, and only when, the Group has an obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the balance sheet date to reflect the best estimate as of that date.

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

2.12. Financial instruments

Financial instruments were classified in the categories presented in the consolidated balance sheet as detailed in Note 9.

a) Investments

Investments are classified into the following categories:

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

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

Investment measured at fair value through profit or loss include investments held for negotiation, which the Group acquires with a view to their disposal within a short time period. They are shown in the consolidated balance sheet as Current Investments.

The Group classifies as investments available for sale, those which are not considered as investments measured at fair value through profit or loss nor as investments held to maturity. These assets are classified as non current assets, unless there is an intention to dispose of them in a period of less than 12 months from the balance sheet date.

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

Investments are initially measured at cost, which is the fair value of the consideration paid for them, including transaction costs.

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

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

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

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

b) Non Current Loans and Accounts Receivable

Loans and accounts receivable are booked at amortised cost using the effective interest method less any impairment losses.

Financial income is calculated using the effective interest rate, except for amounts receivable within a very short time period, for which the income receivable is immaterial.

These financial investments arise when the Group supplies money, goods or services directly to a debtor without the intention to negotiate the debt involved. Loans and accounts receivable are classified as current assets, except in cases where the maturity date is more than 12 months from the date of the balance sheet, when they are classified as non current assets. These financial investments are included in the classes identified in Note 9.

c) Customers and other third party debts

Amounts owing from "Customers" and "other third party debts" are booked at their nominal value and shown in the consolidated balance sheet less any impairment losses, recognised in the caption Losses due to impairment in receivables in order to reflect their net realisable value. These captions, when current, do not include interest, since the discount impact is considered immaterial.

Impairment losses are booked following the events that have taken place, which indicate objectively and in a quantifiable manner that the whole or a part of the debt will not be received. For this, each Group company takes into consideration market information which demonstrates that:

- the entity involved has significant financial difficulties;
- significant delays have taken place in payments by the entity involved;
- there is a probability that the debtor will go into liquidation or financial restructuring.

Recognised impairment losses equal the difference between the amount receivable in the accounts and the related present value of future estimated cash flows, discounted at the initial effective interest rate, which is considered to be zero, since the discount impact is considered immaterial, in those cases where a receipt is expected within less than a year.

d) Classification as equity or liability

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

e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.16.. 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.

f) Trade accounts payable

Accounts payable are stated at their nominal value, since they do not bear interest and the discount impact is considered immaterial.

g) Derivatives

The Group uses derivatives in the management of its financial risks, only to hedge such risks and/or to optimise funding costs.

Derivatives classified as cash flow hedge instruments are used by the Group 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. Inefficiencies that may exist are shown in the caption Net Financial Income/Expenses in the consolidated income statement.

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

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

Cash-flow hedge instruments used by the Group to hedge the exposure to changes in interest rate of its loans are initially accounted for at cost and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, and then recognised in net financial income/expenses in the income statement over the same period in which the hedged instrument affects income statement.

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

In those cases in which derivative instruments, in spite of having been negotiated with the abovementioned objectives (essentially derivatives in the form of interest rate options), in relation to which the company did not apply hedge accounting, are initially recorded at cost, if any, and subsequently measured at fair value. The changes in value resulting from the measurement at fair value, calculated using especially designed software tools, are included in Net financial charges in the consolidated 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 this is not stated at fair value, and unrealised gains or losses recorded in the consolidated income statement.

In specific situations, the Group may use interest rate derivatives with the goal of obtaining fair value cover. In these situations, derivatives are booked at their fair value in the consolidated financial statements. In situations in which the derivative involved is not measured at fair value (in particular borrowings that are measured at amortised cost), the effective share of cover will be adjusted to the accounting value of the derivative covered through the profit and loss account.

h) Equity instruments

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

i) Cash and cash equivalents

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

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

2.13. Share-based payments

Share-based payments result from Deferred Performance Bonus Plans that are referenced to the Sonae Capital, SGPS, SA share price and vest within a period of 3 years after being granted.

Share-based payment liabilities are measured at fair value on the date they are granted (normally in March of each year) and are subsequently remeasured at the end of each reporting period, based on the number of shares or share options granted and the corresponding fair value at the closing date. These obligations are stated as Staff costs and Other 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 the Group has the choice to settle the transaction in cash.

2.14. Contingent assets and liabilities

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

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

2.15. Income tax

The tax charge for the year is determined based on the taxable income of companies included on consolidation and considers deferred taxation.

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

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

Deferred tax assets are recognised 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 recognised and expected to reverse in the same period. At each balance sheet date a review is made of the deferred tax assets recognised, which are 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 recognised in the income statement when the risks and benefits have been transferred to the buyer and the amount of the revenue can be measured reasonably. Sales are recognised 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 recognised in the income statement taking into consideration the stage of completion of the transaction at the balance sheet date.

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 will only correspond to income or expenses of future years, when they will be recognised in the income statement.

2.17. Balances and transactions expressed in foreign currencies

Transactions in currencies other than the Euro, are translated to Euro using the exchange rate as at the transaction date.

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

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

2.18. Subsequent events

Events after the balance sheet date that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the consolidated financial statements. Events after the balance sheet date that are non-adjusting events are disclosed in the notes when 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) Analysis of the impairment of goodwill and other tangible and intangible assets;
- c) Adjustments to the values of assets and provisions;
- d) Estimates of future income tax;
- e) Calculation of the fair value of derivatives.

Estimates were based on the best information available at the date of the preparation of the financial statements and on the best knowledge and experience of past and/or current events. These estimates may, however, be affected by subsequent events which are not foreseeable at the present date. Changes to these estimates, which take place after the date of the financial statements, will be recognised prospectively in the income statement, in accordance with IAS 8.

The main estimates and assumptions used relating to future events included in the consolidated financial statements are described in the corresponding notes attached.

2.20. Segment information

All business segments of the Group are identified annually. The Group has not identified secondary segments since the Group operates almost entirely in Portugal and business segments have been identified as primary segments.

Information regarding business segments identified is included in Note 48.

3. Financial risk management

3.1. Market risks

a) Interest Rate risk - POLICY

As a result of maintaining its debt in the consolidated balance sheet at variable rates, and the resulting cash flows from interest payments, the Group is exposed to an Euro interest rate risk.

In view of the fact that:

- the volatility of Group results does not depend only on the volatility of its financial results linked to the volatility of interest rates;
- under normal market conditions, there is a correlation between the levels of interest rates and economic growth, with the expectation being that the impact of movements in interest rates (and the respective volatility of cash flows to service the debt) can to some extent be compensated by movements in the remaining lines of the profit and loss account, in particular by operational profits or losses;
- the setting up of any form of risk cover structure has an implicit opportunity cost associated with it,

the Group policy concerning the mitigation of this risk does not establish the maintenance of any minimum proportion of fixed interest rate debt (converted to fixed rate through use of derivatives), but rather has opted for a dynamic approach to monitoring exposure, which aligns market conditions to the real exposure of the Group, in order to avoid the possibility of exposure that could have a real impact on the consolidated results of the Group.

In view of the above, the Group policy concerning this issue defines a case by case review of each potential transaction, such that any contract for derivatives must follow the following principles:

- derivatives are not used for trading or speculation;
- derivatives to be contracted must match exactly the underlying exposures in relation to indices to be used, refixing dates for interest rates and dates for payment of interest, and the amortisation profile of the underlying debt;
- the maximum financial cost of the entire derivative and underlying exposure must always be known and limited from the date of the derivative contract, with the aim that the resulting level of costs are within the cost of funds considered in the business plans;
- derivative contracts are only agreed with authorised entities, specifically Financial Institutions with a minimum Investment Grade rating, giving preference to Banking Relationship Institutions of the Group;
- all transactions must be the object of competitive bids, involving at least two financial institutions;
- all transactions are entered into by using market standard contracts (ISDA - International Swaps and Derivatives Association), with schedules negotiated with each one of the Institutions;
- to determine the fair value of the hedging transactions, the Group uses a range of methods in accordance with market practices, namely option valuation models and discounted future cash flow models, with specific market assumptions (interest and exchange rates, volatilities, etc.) prevailing at the Balance Sheet date. Comparative quotes provided by financial institutions are also used as a valuation benchmark;
- any transaction that does not comply with all of the above principles must be individually approved by the Board of Directors.

b) Interest Rate Risk - SENSITIVITY ANALYSIS

Interest rate sensitivity is based on the the following assumptions:

- Changes in interest rates affect interest receivable and payable of financial instruments indexed to variable rates (interest payments, related to financial instruments not defined as hedging instruments for interest rate cash flow hedges). As a result, these instruments are included in the calculation of financial results sensitivity analysis;
- Changes in market interest rates affect income and expenses related to fixed interest rate financial instruments, in cases in which these are recognised at fair value. As such, all financial instruments with fixed interest rates booked at amortised cost, are not subject to interest rate risk, as defined in IFRS 7;
- In the case of instruments designated as fair value hedges of interest rate risk, when changes to the fair value of the hedging instrument, which are attributable to movements in interest rates, are almost completely compensated in the financial results in the same period, these financial instruments are also considered not to be exposed to interest rate risks;
- Changes in market interest rates of financial instruments which were designated as cash flow hedging instruments to cover fluctuations in payments resulting from changes in interest rates, are recorded in reserves, and are thus included in the sensitivity analysis calculation of shareholders' funds (other reserves);
- Changes in market interest rates of interest rate derivatives, which are specified as being part of hedging relationships as defined in IAS 39, affect the results of the company (net gain/loss resulting from the revaluation of the fair value of financial instruments), and are thus included in the calculation of profit and loss sensitivity;
- Changes in the fair value of derivatives and other financial assets and liabilities are estimated by calculating the discounted present value of future cash flows at existing market interest rates at the end of each year, and assuming a parallel variation in interest rate trends;
- The sensitivity analysis is applied to all financial instruments existing at the end of the period.

Given the above mentioned assumptions, if interest rates of financial instruments denominated in euro had been 0.75 percentage points higher/lower, the consolidated net profit before tax of the Group as at 31 December 2008 would have been lower by around 1,385,930.37 and higher 1,428,477.87 euro, respectively (as at 31 December 2007 they would have been higher/lower by around 1,266,881.40 euro). The equity impact of the interest rate sensitivity analysis as at 31 December 2008 would have been lower/higher by around 0 euro (as at 31 December 2008 the impact would have been lower/higher by around 0 euro).

c) Exchange Rate Risk

The Sonae Capital Group, as a Group mainly operating in the Iberian peninsula, has an immaterial exposure to exchange rate risk.

In relation to translation risks, given that almost all of shareholders' funds and loans to affiliates are denominated in euro, there is no significant exposure to this risk.

In relation to transaction risks, whenever exposure arises in this area, the risk is mainly managed through forward exchange rate contracts, in order to eliminate the volatility of forward exchange rate fluctuations, and thus increase cash flow certainty. From time to time, and if the amounts involved and degree of uncertainty are relevant, the Company, with approval from the Board of Directors, may use other options.

In view of the low volume of balances in foreign currency, no exchange rate sensitivity analysis were carried out.

d) Other Price Risks

The Group is exposed to risks arising from the value of investments made in financial shareholdings. However, these investments are in general made with strategic objectives in mind and not for current trading.

3.2. Credit Risk

Credit risks at Sonae Capital arise mainly from (i) debts from customers relating to operational activity, (ii) its relationships with financial institutions in the course of its day to day business activity, and (iii) the risk of non compliance by business counterparts in portfolio transactions.

- Customer Credit: The management of credit risk at Sonae Capital is structured to the specific needs of the businesses of the Group, always taking into consideration:

- a. the specific profiles of customers of each business,
- b. the careful determination of appropriate credit limits, based on the one hand on the customer's profile and on the other on the nature of business, avoiding excessive concentration of credit, and thus minimising its exposure to this risk;
- c. regular follow up of customers' accounts;
- d. the setting up of devolved processes of granting credit, and the segregation of administrative procedures from decision making processes;
- e. the use of legal means necessary to recover debts.

- Financial Institutions: The credit risk is linked to possible non compliance by Financial Institutions, to which the Group is contractually bound, in its normal operational activity, term deposits, cash balances and derivatives.

To mitigate this risk, the Group:

- a. Only executes transactions with counterparts with an Investment Grade minimum grading;
- b. Diversifies its counterparts, in order to avoid an excessive concentration of credit risk,
- c. Defines a restricted range of chosen instruments (aimed at not contracting complex instruments, the structure of which is not entirely known);
- d. Regularly monitors total exposures with each counterpart, in order to guarantee compliance with the policy established.

- Shareholding Buy/Sale transactions: In the course of its business, the Group is exposed to the credit risk of counterparts with whom it agrees transactions concerning investments in shareholdings. In these cases, the means used to mitigate risks are determined on a one on one basis, in order to take into account the specifics of the transaction, with the constant supervision of the Board of Directors. Despite the variability of the means used, there exists always the possibility of using normal market methods, namely carrying out due diligences, obtaining financial information concerning the counterpart in question, or the pledging of an asset which is released when the financial transaction has been completed.

3.3. Liquidity Risks

The objective of liquidity risk management is to ensure at any given moment that the Group has the financial capability under favourable market conditions to: (i) comply with its payment obligations when these fall due and (ii) ensure in a timely manner the appropriate financing for the development of its businesses and strategy.

To that end, the Group aims at maintaining a flexible financial structure, so that the process of managing liquidity within the Group includes the following key aspects:

- Centralised liquidity management (cash surpluses and needs) at the holding company level, seeking to optimise the finance function in the Group;
- Financial planning based on cash flow forecasts, both at an individual company and consolidated levels, and for different time periods (weekly, monthly, annual and multi year);
- Short and long term financial control systems (based on Treasury and Cash Management systems), which allow in a timely manner to identify variances, anticipate financing needs and identify refinancing opportunities;
- Diversification of sources of financing and counterparts;
- Spread of debt maturity dates, aiming at avoiding excessive concentration, at specific points in time, of debt repayments;
- Contracts with relationship Banks, of committed credit lines (of at least one year) and Commercial Paper Programmes, with cancellation clauses which are sufficiently comfortable and prudent, seeking to obtain an appropriate level of liquidity while optimising the amount of commitment commissions payable.

4. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the period there were no changes in accounting policies or prior period errors.

5. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by the Group as at 31 December 2008 and 2007 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31.December.2008		31.December.2007	
		Direct	Total	Direct	Total
Sonae Capital SGPS, SA	Maia	HOLDING	HOLDING	HOLDING	HOLDING
Tourism					
4) Águas Furtadas - Imobiliária, SA	a) Matosinhos	100.00%	87.74%	100.00%	100.00%
Aqualuz - Turismo e Lazer, Lda	a) Lagos	100.00%	100.00%	100.00%	100.00%
Aquapraia-Investimentos Turísticos, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
4) Azulino Imobiliária, SA	a) Matosinhos	100.00%	87.74%	100.00%	100.00%
Bloco Q-Sociedade Imobiliária, SA	a) Porto	100.00%	100.00%	100.00%	100.00%
Bloco W-Sociedade Imobiliária, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Casa da Ribeira - Hotelaria e Turismo, SA	a) Marco de Canaveses	100.00%	100.00%	100.00%	100.00%
Centro Residencial da Maia,Urban., SA	a) Porto	100.00%	100.00%	100.00%	100.00%
Cinclus Imobiliária, SA	a) Porto	100.00%	87.74%	100.00%	100.00%
Country Club da Maia-Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Empreend.Imob.Quinta da Azenha, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosede	a) Maia	51.00%	51.00%	57.84%	57.84%
Golf Time - Golfe e Inv.Turísticos, SA	a) Porto	75.00%	75.00%	75.00%	75.00%
Imoarea Investimentos Turísticos, SGPS, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Imobiliária da Cacela, SA	a) Matosinhos	100.00%	87.74%	100.00%	100.00%
Imoclub-Serviços Imobiliários, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Imodivor - Sociedade Imobiliária, SA	a) Maia	100.00%	87.74%	100.00%	100.00%
Imoferro-Soc.Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Imohotel-Emp.Turist.Imobiliários, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Imopenínsula - Sociedade Imobiliária, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Imoponte-Soc.Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Imoresort - Sociedade Imobiliária, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Imosedas-Imobiliária e Serviços, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Implantação - Imobiliária, SA	a) Matosinhos	100.00%	87.74%	100.00%	100.00%
Insulatroia - Sociedade Imobiliária, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Investalentejo, SGPS, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Marimo -Exploração Hoteleira Imobiliária, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Marina de Troia, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Marina Magic - Exploração de Centros Lúd, SA	a) Lisbon	100.00%	100.00%	100.00%	100.00%
Marmagno-Expl.Hoteleira Imob., SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Martimope - Sociedade Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Marvero-Expl.Hoteleira Imob., SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
7) Partnergiro-Empreendimentos Turísticos, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Porturbe-Edifícios e Urbanizações, SA	a) Maia	100.00%	87.74%	100.00%	100.00%
Praedium II-Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Praedium III-Serviços Imobiliários, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Praedium-SGPS, SA	a) Porto	100.00%	100.00%	100.00%	100.00%
Prédios Privados Imobiliária, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Predisedas-Predial das Sedas, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Promessa Sociedade Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
7) Promosedas-Prom.Imobiliária, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
SC - Engenharia e Promoção Imobiliária, SGPS, SA	a) Porto	100.00%	100.00%	100.00%	100.00%
Sete e Meio - Investimentos e Consultadoria, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Sete e Meio Herdades - Investimentos Agrícolas e Turismo, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
SII - Soberana Investimentos Imobiliários, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Soconstrução, BV	a) Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Soira-Soc.Imobiliária de Ramalde, SA	a) Porto	100.00%	87.74%	100.00%	100.00%
Sol inca III-Desporto e Saúde, SA	a) Lisbon	100.00%	100.00%	100.00%	100.00%
Sol inca-Investimentos Turísticos, SA	a) Porto	100.00%	100.00%	100.00%	100.00%
Solinf fitness - Club Malaga, SL	a) Malaga (Spain)	100.00%	100.00%	100.00%	100.00%
Soltroia-Imob.de Urb.Turismo de Troia, SA	a) Lisbon	100.00%	100.00%	100.00%	100.00%
Sonae Turismo Gestão e Serviços, SA	a) Porto	100.00%	100.00%	100.00%	100.00%
Sonae Turismo - SGPS, SA	a) Porto	100.00%	100.00%	100.00%	100.00%

Sontur, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Sótaqua - Soc. de Empreendimentos Turísticos, SA	a)	Maia	100.00%	87.74%	100.00%	100.00%
1) Spinveste - Promoção Imobiliária, SA	a)	Porto	87.74%	87.74%	100.00%	100.00%
1) Spinveste-Gestão Imobiliária SGII, SA	a)	Porto	87.74%	87.74%	100.00%	100.00%
Torre São Gabriel-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
2) Troia Market, SA	a)	Grândola	100.00%	100.00%	-	-
2) Troia Natura, SA	a)	Grândola	100.00%	100.00%	-	-
Troiaresort - Investimentos Turísticos, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
Troiaverde-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
Tulpamar-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
Urbisedas-Imobiliária das Sedas, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Venda Aluga-Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
3) Vistas do Freixo-Emp.Tur.imobiliários,SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
World Trade Center Porto, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Spred						
Atlantic Ferries - Traf.Loc.Flu.e Marit., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
Box Lines Navegação, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Contacto Concessões, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
4) Contacto - Sociedade de Construções, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Cronosaúde – Gestão Hospitalar, SA	a)	Porto	100.00%	50.00%	100.00%	50.00%
2) Edifícios Saudáveis Consultores - Ambiente e Energia em Edifícios, S.A.	a)	Porto	100.00%	100.00%	-	-
6) Elmo SGPS, SA	a)	Maia	60.00%	60.00%	-	-
Friengineering, SA	a)	São Paulo (Brazil)	100.00%	70.00%	100.00%	70.00%
Inparvi SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
2) Integrum-Edifícios Sustentáveis, SA	a)	Maia	100.00%	100.00%	-	-
Integrum-Serviços Partilhados, SA	a)	Maia	100.00%	70.00%	100.00%	70.00%
Invsáude - Gestão Hospitalar, SA	a)	Maia	100.00%	50.00%	100.00%	50.00%
5) Leroy Gabon, SA	a)	Libreville (Gabon)	99.99%	59.99%	-	-
PJP - Equipamento de Refrigeração, Lda	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
5) Placage d'Okoumé du Gabon, SA	a)	Libreville (Gabon)	99.88%	59.93%	-	-
5) Plysorol, SAS	a)	Niort (France)	100.00%	60.00%	-	-
Saúde Atlântica - Gestão Hospitalar, SA	a)	Maia	50.00%	50.00%	50.00%	50.00%
SC Insurance Risks Services, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Selfrio,SGPS, SA	a)	Matosinhos	70.00%	70.00%	70.00%	70.00%
Selfrio-Engenharia do Frio, SA	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
Sistavac-Sist.Aquecimento,V.Ar C., SA	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
SKK-Central de Distr., SA	a)	Porto	100.00%	70.00%	100.00%	70.00%
SKKFOR - Ser. For. e Desen. de Recursos, SA	a)	Maia	100.00%	70.00%	100.00%	70.00%
SMP-Serv. de Manutenção Planeamento, SA	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
Société de Tranchage Isoroy SAS	a)	Honfleur (France)	100.00%	100.00%	100.00%	100.00%
Société des Essences Fines Isoroy	a)	Honfleur (France)	100.00%	100.00%	100.00%	100.00%
Sopair, SA	a)	Madrid (Spain)	100.00%	70.00%	100.00%	70.00%
Spinarg, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Spred SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Textil do Marco, SA	a)	Marco de Canaveses	90.37%	90.37%	90.37%	90.37%
Others						
DMJB, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Interlog-SGPS, SA	a)	Lisbon	98.98%	98.98%	100.00%	100.00%
Pargeste SGPS, SA	a)	Maia	89.99%	89.99%	89.99%	89.99%
Rochester Real Estate, Ltd	a)	Kent (U.K.)	100.00%	100.00%	100.00%	100.00%
SC-Consultadoria,SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
SC-S.G.P.S., SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae Financial Participations, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae International, Ltd	a)	London (U.K.)	100.00%	100.00%	100.00%	100.00%

a) Majority of voting rights;

- 1) Sale of 12.25% of the share capital on 31 March 2008.
- 2) Company incorporated in the period.
- 3) Company included in the Spred segment in the last period.
- 4) Company sold in the period;
- 5) Control of the company regained in June 2008 and loss of the control in November 2008, due to the beginning of rehabilitation proceedings
- 6) Control of the company and of its addilates in June 2008 and loss of the control in November 2008, due to the beginning of rehabilitation proceedings
- 7) Company liquidated in the period.

These group companies are consolidated using the full consolidation method as described in Note 2.2.a).

6. INVESTMENTS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

Associated and jointly controlled companies included in the consolidated financial statements, their head offices and the percentage of share capital held by the Group as at 31 December 2008 and 2007 are as follows:

COMPANY	Head Office	Percentage of capital held				Book Value	
		31.December.2008		31.December.2007		31.December.2008	31.December.2007
		Direct	Total	Direct	Total		
Tourism							
Andar - Sociedade Imobiliária, SA	Maia	50.00%	50.00%	50.00%	50.00%	902,597	-
Sociedade de Construções do Chile, SA	Lisbon	100.00%	50.00%	100.00%	50.00%	-	-
Sociedade Imobiliária Troia - B3, SA	Grândola	20.00%	20.00%	20.00%	20.00%	448,236	450,631
Vastgoed One - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
Vastgoed Sun - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
Spred							
1) 2) CarPlus – Comércio de Automóveis, SA	Vila Nova de Gaia	100.00%	50.00%	100.00%	50.00%	-	-
Cinclus-Plan. e Gestão de Projectos, SA	Porto	25.00%	25.00%	25.00%	25.00%	622,210	567,259
Change, SGPS, SA	Porto	50.00%	50.00%	50.00%	50.00%	1,698,566	2,035,846
1) 2) Choice Car - Comércio de Automóveis, SA	Porto	100.00%	50.00%	100.00%	50.00%	-	-
2) Choice Car SGPS, SA	Maia	50.00%	50.00%	50.00%	50.00%	-	3,750,798
Etablissement A. Mathe, SA	France	27.74%	27.74%	27.74%	27.74%	-	31,937
1) 2) Finlog - Aluguer e Comércio de Automóveis, SA	Matosinhos	100.00%	50.00%	100.00%	50.00%	-	-
1) 2) Guerin – Rent a Car (Dois), Lda	Lisbon	100.00%	50.00%	100.00%	50.00%	-	-
Lidergraf - Artes Gráficas, Lda	Vila de Conde	24.50%	24.50%	24.50%	24.50%	475,434	813,764
1) 2) Luso Assistência - Gestão de Acidentes, SA	Porto	100.00%	50.00%	100.00%	50.00%	-	-
Norscut - Concessionária de Scut Interior Norte, SA	Lisbon	36.00%	36.00%	25.00%	25.00%	-	1,547,478
Operscut - Operação e Manutenção de Auto-estradas, SA	Lisbon	15.00%	15.00%	15.00%	15.00%	24,000	24,000
Sodesa, SA	Lisbon	50.00%	50.00%	50.00%	50.00%	-	482,661
TP - Sociedade Térmica, SA	Porto	50.00%	50.00%	50.00%	50.00%	10,711,605	9,281,288
Total (Note 13)						14,882,648	18,985,662

1) Companies owned by Choice Car SGPS, SA.

2) Associated companies sold in the period.

Nil balances shown result from the reduction to acquisition cost of amounts determined by the equity method, discontinuing the recognition of its part of additional losses under the terms of IAS 28.

Associated and jointly controlled companies are consolidated using the equity method.

As at 31 December 2008 and 2007, aggregate values of main financial indicators of associated and jointly controlled companies can be analysed as follows:

	31.December.2008	31.December.2007
Total Assets	1,475,404,966	1,242,669,996
Total Liabilities	1,413,132,523	1,139,976,914
Income	200,894,684	239,497,012 1)
Expenses	202,257,996	236,175,541 2)

1) Includes income related with Choice Car, SGPS, SA and its subsidiaries in the amount of 138,089,074 euro.

2) Includes costs related with Choice Car, SGPS, SA and its subsidiaries in the amount of 138,570,628 euro.

During the periods ended 31 December 2008 and 2007, movements in investments in associated companies may be summarised as follows:

	31.December.2008	31.December.2007
Investment in associated companies		
Opening balance as at 1 January	18,985,662	14,932,898
Acquisitions in the period	4,938,936	5,985,283
Disposals in the period	(3,140,129)	-
Equity method effect	(9,239,994)	(1,634,249)
Transfers	3,338,173	(298,270)
Closing balance as at 31 December	14,882,648	18,985,662
Investment in associated companies	14,882,648	18,985,662

The use of the equity method had the following impacts: -2,099,789 euro are recorded in Share of results of associated undertakings (857,332 euro at 31 December 2007) and 7,140,205 euro are recorded as Other changes in Reserves (-2,491,581 euro at 31 December 2007).

7. GROUP COMPANIES, JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES EXCLUDED FROM CONSOLIDATION AND INVESTMENTS HELD FOR SALE

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, percentage of share capital held and book value as at 31 December 2008 and 2007 are made up as follows:

COMPANY	Reason for exclusion	Head Office	Percentage of capital held				Book Value	
			31.December.2008		31.December.2007		31.December.2008	31.December.2007
			Direct	Total	Direct	Total		
Tourism								
					</			

a) Group company, jointly controlled company or associated company for which, at the date of the issuance of these financial statements, complete financial information was not available.

1) Sale, in 2007, of the entire shareholding.

2) Company acquired in 2007, in relation to which call and put options exist, and as such was excluded from consolidation.

3) Investment measured at fair value.

Nil balances shown above result from deduction of impairment losses from related investments (Note 32).

8. CHANGES TO THE CONSOLIDATION PERIMETER

As at 31 December 2008, the consolidated financial statements of Sonae Capital, SGPS, SA include the following contributions from the Plysorol Group and Elmo, SGPS, SA (sole shareholder of Plysorol SAS): (i) the consolidated income statement includes 3 months (third quarter of 2008) contribution from Plysorol SAS and its affiliates and 6 months (second half of 2008) contribution from Elmo, SGPS, SA; (ii) the consolidated financial position includes the financial position of Elmo, SGPS, SA as at 31 December 2008 and that of Plysorol and its affiliates as at 30 September 2008 (last available financial information).

In the 2008 consolidated financial statements, the contributions of these companies are identified as discontinued operations as a result of the following events, announced by Sonae Capital, SGPS, SA in due time:

- May 2008: announcement of the negotiation for the termination of the phased disposal agreement (signed in June 2007) of Sonae Capital's shareholding in Elmo, SGPS, SA and the resulting regain of control of this company and of its affiliates;

- November 2008: opening of rehabilitation proceedings of Plysorol SAS, decided by the Commercial Court of Lisieux, and the appointment of two judicial administrators with the role of assisting the management team in selling all or part of Plysorol's assets as a going concern.

The consolidated financial statements of Sonae Capital, SGPS, SA also include a loss of 9.3 million euro (recorded in Investment income - Note 42) reflecting the best estimate of the impact of deconsolidating these businesses, which will take place as soon as Sonae Capital loses definitive control over Plysorol SAS and when Elmo, SGPS, SA (sole shareholder of Plysorol SAS) is liquidated.

Main changes to the consolidation perimeter over the twelve months period ended 31 December 2008 are as follows:

Additions

		Percentage of capital held	
		31.December.2008	
COMPANY	Head Office	Direct	Total
Tourism			
Troia Market, SA	Grândola	100.00%	100.00%
Troia Natura, SA	Grândola	100.00%	100.00%

Spred			
Edifícios Saudáveis Consultores - Ambiente e Energia em Edifícios, S.A.	Porto	100.00%	100.00%
1) Elmo SGPS, SA	Maia	60.00%	60.00%
Integrum-Edifícios Sustentáveis, SA	Maia	100.00%	100.00%
1) Leroy Gabon, SA	Libreville (Gabon)	99.99%	59.99%
1) Placage d'Okoumé du Gabon, SA	Libreville (Gabon)	99.88%	59.93%
1) Plysol, SAS	Niort (France)	100.00%	60.00%
1) Elmo, SGPS, SA and its affiliates were included on consolidation as a result of regaining control over these companies, as announced on 5 May 2008, with reference to financial information as at 30 June 2008, due to financial information not being available at a date closer to that of the announcement. Hence, the Consolidated Income Statements and the Consolidated Statements of Cash-Flows were affected by the inclusion of Elmo and its subsidiaries in the period between June and September of 2008 as far as the Plysol Group is concerned, and in the period between June and December 2008 as far as Elmo is concerned.			

The impact of these companies in net assets, in the correspondent dates of inclusion, was the following:

	Plysol Group	Others	Total of Additions
Net Assets			
Tangible and intangible assets	29,848,791	151,543	30,000,334
Other Assets	55,880,276	227,743	56,108,019
Cash and cash equivalents	1,949,364	158,221	2,107,585
Borrowings	(13,951,858)	-	(13,951,858)
Other liabilities	(89,525,340)	(193,408)	(89,718,748)
	<u>(15,798,767)</u>	<u>344,099</u>	<u>(15,454,668)</u>

The impact of these companies in the profit and loss account, in the correspondent dates of inclusion, was the following (as mentioned above the Plysol Group did not affect the profit and loss account when it was included):

	Date of Inclusion
Operational Income	357,625
Operational Costs	410,806
Financial Results	(692)
Profit before Taxation	325,031
Taxation	93,348
Net Profit	<u>231,683</u>

Disposals

Disposals in the twelve months ended 31 December 2008 were as follows:

COMPANY	Head Office	Percentage of capital held	
		31 December 2008	
		Direct	Total
Spred			
Contacto - Sociedade de Construções, SA	Porto	100.00%	100.00%
Águas Furtadas - Imobiliária, SA	Matosinhos	100.00%	87.74%
Azulino Imobiliária, SA	Matosinhos	100.00%	87.74%

Net assets of companies sold on the date of disposal were as follows:

	CONTACTO	ÁGUAS FURTADAS	AZULINO	TOTAL
	31 December 2007	30 June 2008	31 December 2008	DISPOSALS
Net assets disposed of				
Tangible and intangible assets	283,817	-	-	283,817
Other Assets	102,717,889	1,412,049	3,857,038	107,986,976
Cash and cash equivalents	378,941	149	10,552	389,642
Borrowings	-	-	-	-
Other liabilities	(69,521,129)	(1,439,345)	(57,036)	(71,017,510)
	<u>33,859,518</u>	<u>(27,147)</u>	<u>3,810,554</u>	<u>37,642,925</u>
Goodwill (Note 12)	1,278,898	-	-	1,278,898
	<u>35,138,416</u>	<u>(27,147)</u>	<u>3,810,554</u>	<u>38,921,823</u>
Gain/(loss) on sale	46,361,584	103,763	880,728	47,346,075
Sales price	<u>81,500,000</u>	<u>76,616</u>	<u>4,691,282</u>	<u>86,267,898</u>
Cash received	81,500,000	76,616	4,691,282	86,267,898
Amounts receivable	-	-	-	-
	<u>81,500,000</u>	<u>76,616</u>	<u>4,691,282</u>	<u>86,267,898</u>
Net cash inflow arising from the disposal				
Cash consideration received	81,500,000	76,616	4,691,282	86,267,898
Cash and cash equivalents disposed of	(378,941)	(149)	(10,552)	(389,642)
	<u>81,121,059</u>	<u>76,467</u>	<u>4,680,730</u>	<u>85,878,256</u>

9. FINANCIAL INSTRUMENTS

Financial Instruments, in accordance with the policies described in Note 2.12 were classified as follows:

Financial Assets

	Note	Borrowings and accounts receivable	Available for sale	Investments held to maturity	Sub-total	Assets not covered by IFRS 7	Total
As at 31 December 2008							
Non-Current Assets							
Other Investments	13	-	29,346,460	-	29,346,460	-	29,346,460
Other non-current assets	14	23,488,146	-	-	23,488,146	-	23,488,146
		23,488,146	29,346,460	0	52,834,606	-	52,834,606
Current assets							
Trade account receivables	16	43,111,902	-	-	43,111,902	-	43,111,902
Other debtors	17	15,634,558	-	-	15,634,558	-	15,634,558
Investments held for trading	13	-	499	-	499	-	499
Cash and cash equivalents	21	17,932,940	-	-	17,932,940	-	17,932,940
		76,679,400	499	-	76,679,899	-	76,679,899
		100,167,546	29,346,959	-	129,514,505	-	129,514,505
As at 31 December 2007							
Non-Current Assets							
Other Investments	13	-	77,186,273	-	77,186,273	-	77,186,273
Other non-current assets	14	24,311,811	-	-	24,311,811	-	24,311,811
		24,311,811	77,186,273	0	101,498,084	-	101,498,084
Current assets							
Trade account receivables	16	35,322,604	-	-	35,322,604	-	35,322,604
Other debtors	17	24,998,713	-	-	24,998,713	-	24,998,713
Other current assets	19	-	499	-	499	-	499
Investments held for trading	13	135,206	-	6,722,874	6,858,080	-	6,858,080
Cash and cash equivalents	21	43,956,550	-	-	43,956,550	-	43,956,550
		104,413,073	499	6,722,874	111,136,446	-	111,136,446
		128,724,884	77,186,772	6,722,874	212,634,530	-	212,634,530

Financial Liabilities

	Note	Financial liabilities recorded at amortised cost	Liabilities not covered by IFRS 7	Total
As at 31 December 2008				
Non-Current Liabilities				
Bank Loans	24	33,934,516	-	33,934,516
Bonds	24	99,080,105	-	99,080,105
Other loans	24	17,217,728	-	17,217,728
Other non-current liabilities	27	25,062,343	116,537	25,178,880
		175,294,692	116,537	175,411,229
Current Liabilities				
Bank Loans	21 and 24	126,713,960	-	126,713,960
Bonds	24	-	-	0
Other loans	24	2,397,469	-	2,397,469
Trade creditors	29	40,686,908	-	40,686,908
Other current liabilities	30	22,919,592	37,301,774	60,221,366
		192,717,929	37,301,774	230,019,703
		368,012,621	37,418,311	405,430,932
As at 31 December 2007				
Non-Current Liabilities				
Bank Loans	24	122,710,414	-	122,710,414
Bonds	24	49,766,600	-	49,766,600
Other loans	24	18,977,172	-	18,977,172
Other non-current liabilities	27	33,636,840	824,495	34,461,335
		225,091,026	824,495	225,915,521
Current Liabilities				
Bank Loans	24	7,714,042	-	7,714,042
Bonds	24	15,000,000	-	15,000,000
Other loans	24	2,036,961	-	2,036,961
Trade creditors	29	30,876,038	-	30,876,038
Other creditors	30	88,410,995	22,419,849	110,830,844
Other current liabilities	31	16,011,718	-	16,011,718
		160,049,754	22,419,849	182,469,603
		385,140,780	23,244,344	408,385,124

10. TANGIBLE ASSETS

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

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others	Tangible assets in progress	Total Tangible Assets
Gross cost:							
Opening balance as at 1 January 2007	237,568,514	50,025,298	1,868,762	8,020,773	4,289,312	50,615,313	352,387,972
Changes in consolidation perimeter	-	-	-	-	-	-	-
Capital expenditure	11,181,184	444,273	106,415	181,346	49,426	92,447,078	104,409,722
Disposals	(5,822,521)	(17,656,970)	(182,301)	(311,549)	(56,752)	(398,344)	(24,428,437)
Exchange rate effect	24,333	776	-	2,188	3,183	-	30,480
Transfers	118,646	30,514,988	-	798,266	73,558	(64,044,176)	(32,538,718)
Opening balance as at 1 January 2008	243,070,156	63,328,365	1,792,876	8,691,024	4,358,727	78,619,871	399,861,019
Changes in consolidation perimeter (companies in)	25,639,505	44,169,128	4,604,870	2,776,460	7,454,547	662,438	85,306,948
Changes in consolidation perimeter (companies out)	(546,763)	(3,863,705)	(51,204)	(1,457,386)	(468,783)	(333,387)	(6,721,228)
Capital expenditure	28,643,889	358,614	175,938	142,872	32,873	89,690,250	119,044,436
Disposals	(3,275,033)	(5,102,134)	(175,789)	(712,631)	(140,211)	(1,428,697)	(10,834,495)
Exchange rate effect	(63,356)	(2,815)	-	(6,075)	(10,176)	-	(82,422)
Transfers	(3,050,317)	31,462,202	13,991	54,220	(2,888,830)	(65,501,746)	(39,910,480)
Closing balance as at 31 December 2008	290,418,081	130,349,655	6,360,682	9,488,484	8,338,147	101,708,729	546,663,778
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2007	32,501,594	23,987,948	1,227,081	6,027,427	2,785,393	7,438	66,536,881
Changes in consolidation perimeter	-	-	-	-	-	-	-
Charge for the period	3,184,604	3,017,031	213,767	653,173	320,661	-	7,389,236
Disposals	(976,736)	(1,192,110)	(117,733)	(249,567)	(37,629)	(7,438)	(2,581,213)
Exchange rate effect	-	-	-	-	6,287	-	6,287
Transfers	(371,717)	(102,959)	(4,256)	(21,621)	(19,525)	-	(520,078)
Opening balance as at 1 January 2008	34,337,745	25,709,910	1,318,859	6,409,412	3,055,187	-	70,831,113
Changes in consolidation perimeter (companies in)	16,054,207	28,698,269	4,400,715	1,643,611	5,465,999	-	56,262,801
Changes in consolidation perimeter (companies out)	(109,841)	(3,825,311)	(39,742)	(1,257,575)	(454,546)	-	(5,687,015)
Charge for the period	9,976,997	6,091,153	383,767	3,543,761	(3,154,729)	-	16,840,949
Disposals	(807,107)	(4,003,197)	(168,945)	(611,849)	(123,990)	-	(5,715,088)
Exchange rate effect	(10,200)	(1,244)	-	(4,463)	(7,267)	-	(23,174)
Transfers	113,384	1,791,862	(151,431)	(2,927,929)	1,637,273	-	463,159
Closing balance as at 31 December 2008	59,555,185	54,461,442	5,743,223	6,794,968	6,417,927	-	132,972,745
Carrying amount							
As at 31 de December de 2007	208,732,411	37,618,455	474,017	2,281,612	1,303,540	78,619,871	329,029,906
As at 31 de December de 2008	230,862,896	75,888,213	617,459	2,693,516	1,920,220	101,708,729	413,691,033

Transfers from Tangible assets in progress include transfers to stocks of amounts related with real estate projects in commercialization at Troia.

The acquisition cost of Tangible assets held by the Group under finance lease contracts amounted to 23,281,476 euro and 23,206,431 euro as at 31 December 2008 and 2007, respectively, and their net book value as of those dates amounted to 21,791,402 euro and 22,827,661 euro, respectively (Note 25).

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

	31.December.2008	31.December.2007
Troia	30,599,577	35,958,162
Aparthotel Aqualuz refurbishment	3,852,380	7,938,315
Ferry boat construction	11,699,558	22,533,373
Troia Marina	-	6,807,999
Boavista Complex refurbishment	2,633,744	2,715,381
Troia Hotels refurbishment	23,136,340	-
Work in progress at Maia (Business Park)	26,398,201	-
Others	3,388,929	2,666,641
	<u>101,708,729</u>	<u>78,619,871</u>

Depreciation charge for the period includes impairment losses on tangible assets amounting to 6,193,176 euro (48,334 euro as at 31 December 2007).

11. INTANGIBLE ASSETS

During the periods ended 31 December 2008 and 2007, movements in Intangible assets as well as in amortisation and accumulated impairment losses, are made up as follows:

	Patents and other similar rights	Software	Others	Intangible assets in progress	Total Intangible Assets
Gross cost:					
Opening balance as at 1 January 2007	654,033	2,353,747	36,583	110,346	3,154,709
Capital expenditure	34,198	27,034	-	83,779	145,011
Disposals	-	(2,608)	-	-	(2,608)
Exchange rate effect	-	-	-	-	-
Transfers	2,931	81,124	-	(136,784)	(52,729)
Opening balance as at 1 January 2008	691,162	2,459,297	36,583	57,341	3,244,383
Changes in consolidation perimeter (companies in)	7,071,048	11,970	-	-	7,083,018
Changes in consolidation perimeter (companies out)	(8,757)	-	-	-	(8,757)
Capital expenditure	272,590	24,452	680	247,538	545,260
Disposals	(24,362)	(203,845)	-	(2,185)	(230,392)
Exchange rate effect	-	(3,263)	-	-	(3,263)
Transfers	(4,598,746)	93,445	-	(218,967)	(4,724,268)
Closing balance as at 31 December 2008	3,402,935	2,382,056	37,263	83,727	5,905,981
Accumulated amortisation and impairment losses					
Opening balance as at 1 January 2007	329,468	1,806,262	34,705	-	2,170,435
Charge for the period	57,157	200,776	1,289	-	259,222
Disposals	-	(2,173)	-	-	(2,173)
Exchange rate effect	-	-	-	-	-
Transfers	24	4,193	588	-	4,805
Opening balance as at 1 January 2008	386,649	2,009,058	36,582	-	2,432,289
Changes in consolidation perimeter (companies in)	6,135,009	2,992	-	-	6,138,001
Changes in consolidation perimeter (companies out)	-	-	-	-	-
Charge for the period	89,640	179,063	227	-	268,930
Disposals	(24,362)	(197,116)	-	-	(221,478)
Exchange rate effect	-	(1,744)	-	-	(1,744)
Transfers	(4,112,469)	(88,214)	1	-	(4,200,682)
Closing balance as at 31 December 2008	2,474,467	1,904,039	36,810	-	4,415,316
Carrying amount					
As at 31 de December de 2007	304,513	450,239	1	57,341	812,094
As at 31 de December de 2008	928,468	478,017	453	83,727	1,490,665

12. GOODWILL

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

	31.December.2008	31.December.2007
Gross value:		
Opening balance	65,098,050	50,335,026
Acquisitions with increase in percentage ownership	-	14,763,024
Increases - Acquisition of companies	39,869	-
Decreases - Disposals of companies (Note 8)	(1,278,898)	-
Decreases of percentage held	(790,804)	-
Closing balance	63,068,217	65,098,050
Accumulated impairment losses:		
Opening balance	1,301,596	1,301,596
Increases (Note 30)	-	-
Decreases	-	-
Closing balance	1,301,596	1,301,596
Carrying amount:	61,766,621	63,796,454

The increase in the year ended 31 December 2007 relates mainly to the acquisition of the affiliated company DMJB, SGPS, SA.

A significant part of goodwill relates to real estate assets, which have been valued by an external independent valuer. This valuation has not revealed impairment issues.

13. OTHER INVESTMENTS

During the periods ended 31 December 2008 and 2007, movements in investments, were as follows:

	31.December.2008		31.December.2007	
	Non current	Current	Non current	Current
<u>Investments in group companies, jointly controlled companies or associated companies excluded from consolidation</u>				
Opening balance as at 1 January	9,631,930	-	10,750,640	-
Acquisitions in the period	30,000	-	1,137,119	-
Disposals in the period	(1,444,878)	-	(2,257,119)	-
Transfers			1,290	
Closing balance as at 31 December	8,217,052	-	9,631,930	-
Accumulated impairment losses (Note 32)	(7,814,035)	-	(7,707,938)	-
	403,017	-	1,923,992	-
<u>Investments held for sale</u>				
Fair value as at 1 January	96,274,392	499	86,140,706	499
Acquisitions in the period	3,697,828	-	11,788,577	-
Disposals in the period	(37,000)	-	(14,071,777)	-
Increase/(Decrease) in fair value	(50,016,547)	-	(8,094,073)	-
Transfers	(20,549,379)	-	20,510,959	-
Fair value as at 31 December	29,369,294	499	96,274,392	499
Accumulated impairment losses (Note 32)	(424,327)	-	(21,012,111)	-
Fair value (net of impairment losses) as at 31 December	28,944,967	499	75,262,281	499
<u>Other Investments (Note 7)</u>	29,347,984	499	77,186,273	499
	29,347,984	499	77,186,273	499

Investments in group companies, jointly controlled companies or associated companies excluded from consolidation are recorded at acquisition cost less impairment losses. The Group considers that it is not reasonable to estimate a fair value for these investments as there is no visible market data. Investments held for sale include 11,788,637 euro as at 31 December 2008 and 31 December 2007, recorded at cost net of impairment losses for the reason mentioned above.

14. OTHER NON CURRENT ASSETS

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

	31.December.2008	31.December.2007
<u>Loans granted to related parties</u>		
Norscut - Concessionária de Scut Interior Norte, SA	22,126,938	14,069,052
Andar - Sociedade Imobiliária, SA	-	3,338,173
Others	628,104	14,069,052
	22,755,042	17,697,214
Impairment losses (Note 32)	(270,489)	(270,489)
	22,484,553	17,426,725
<u>Trade accounts receivable and other debtors</u>		
Amounts receivable on sale of financial investments	-	5,510,000
Others	1,057,092	1,895,437
	1,057,092	7,405,437
Impairment losses (Note 32)	(53,499)	(520,351)
	1,003,593	6,885,086
Total financial instruments (Note 9)	23,488,146	24,311,811
Continued Operations	23,488,146	24,311,811
Discontinued Operations	343,901	6,821
Total Operations	23,832,047	24,318,632

Generally, values included in Other non current assets bear interest at market rates, and it is estimated that their fair value does not significantly differ from amounts in the balance sheet.

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

	Other Non Current Assets	
	31.December.2008	31.December.2007
Not due	33,693	4,882,926
Due but not impaired		
< 6 months	-	-
6 - 12 months	161,722	-
> 1 year	808,178	1,669,012
	969,900	1,669,012
Due and impaired		
< 6 months	-	-
6 - 12 months	-	-
> 1 year	53,499	853,499
	53,499	853,499
	1,057,092	7,405,437

Loans granted to related parties do not have a defined maturity, and therefore are not due.

15. STOCKS

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

	31.December.2008	31.December.2007
Raw materials and consumables	3,289,226	3,995,719
Goods for sale	45,055,925	48,658,484
By-products	-	120
Finished goods	91,066,633	585,511
Work in progress	91,964,062	95,732,710
Payments on account	193,459	576,543
	231,569,305	149,549,087
Accumulated impairment losses on Stocks (Note 32)	(8,849,994)	(7,474,353)
Continued Operations	222,719,311	142,074,734
Discontinued Operations	18,663,103	1,414,928
Total Operations	241,382,414	143,489,662

Goods for sale include real estate assets amounting to 42,800,464 euro as at 31 December 2008 (43,878,180 euro as at 31 December 2007).

Work in progress includes resorts and real estate developments amounting to 83,053,572 euro as at 31 December 2008 (86,039,445 euro as at 31 December 2007).

Cost of goods sold as at 31 December 2008 and 2007 amounted to 66,745,677 euro and 50,994,100 euro, respectively, and may be detailed as follows:

	31.December.2008	31.December.2007
Opening Stocks	52,654,203	41,225,376
Exchange rate effect	(21,864)	14,638
Changes in consolidation perimeter	(5,154,950)	-
Purchases	57,891,517	51,275,168
Adjustments	(1,974,696)	9,557,213
Closing Stocks	48,345,151	52,654,203
	55,049,059	49,418,192
Impairment losses (Note 32)	2,040,188	1,683,477
Reversion of impairment losses	(1,494,253)	(97,415)
Continued Operations	55,594,994	51,004,254
Discontinued Operations	11,150,858	(10,154)
Total Operations	66,745,851	50,994,100

16. TRADE ACCOUNTS RECEIVABLE

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

	31.December.2008	31.December.2007
Trade accounts receivable		
Tourism	3,471,057	4,112,328
Spred	38,921,105	29,647,904
Holding	605,554	906,240
	<u>42,997,715</u>	<u>34,666,472</u>
Trade Debtors, bills receivable	620,350	1,160,740
Doubtful debtors	5,203,438	6,149,143
	<u>48,821,503</u>	<u>41,976,355</u>
Accumulated impairment losses on Trade Debtors (Note 32)	(5,709,601)	(6,653,751)
Continued Operations	<u>43,111,902</u>	<u>35,322,604</u>
Trade accounts receivable	17,710,537	14,064,252
Accumulated impairment losses on Trade Debtors (Note 32)	(5,989)	(640,421)
Discontinued Operations	<u>17,704,550</u>	<u>13,423,831</u>
Total Operations	<u>60,816,452</u>	<u>48,746,435</u>

In the normal course of activity collection risk may arise in Trade debtors. The amounts presented on the face of the balance sheet are net of impairment losses, which were estimated based on the Group's experience and on the assessment of present economic conditions. As a result, amounts disclosed in Trade debtors reflect their fair value.

As at 31 December 2008 we do not have any reason to believe that normal collection times regarding trade accounts receivable not due for which there are no impairment losses will not be met.

As at 31 December 2008 and 2007, the ageing of Trade Accounts Receivables can be detailed as follows:

31.December.2008	Trade Accounts Receivable			
	Spred	Tourism	Holding and Others	Total
Not Due	22,494,422	1,215,948	305,910	24,016,280
Due but not impaired				
0 - 30 days	10,531,261	813,779	92,651	11,437,691
30 - 90 days	4,245,838	325,184	9,147	4,580,169
+ 90 days	2,225,633	412,271	197,846	2,835,750
Total	<u>17,002,732</u>	<u>1,551,234</u>	<u>299,644</u>	<u>18,853,610</u>
Due and impaired				
0 - 90 days	458,273	-	-	458,273
90 - 180 days	550,209	61,662	-	611,871
180 - 360 days	26,306	113,574	-	139,880
+ 360 days	942,218	2,496,492	1,302,879	4,741,589
Total	<u>1,977,006</u>	<u>2,671,728</u>	<u>1,302,879</u>	<u>5,951,613</u>
Continued Operations before impairments	<u>41,474,160</u>	<u>5,438,910</u>	<u>1,908,433</u>	<u>48,821,503</u>
31.December.2007	Trade Accounts Receivable			
	Spred	Tourism	Holding and Others	Total
Not Due	20,560,590	1,822,772	-	22,383,362
Due but not impaired				
0 - 30 days	6,324,929	167,468		6,492,397
30 - 90 days	1,847,697	602,723		2,450,420
+ 90 days	2,025,379	821,235		2,846,614
Total	<u>10,198,005</u>	<u>1,591,426</u>	<u>-</u>	<u>11,789,431</u>
Due and impaired				
0 - 90 days	531,501	3,734	731,912	1,267,147
90 - 180 days	-	5,703	84,756	90,459
180 - 360 days	316,298	161,085	89,573	566,956
+ 360 days	696,218	3,779,903	1,402,879	5,879,000
Total	<u>1,544,017</u>	<u>3,950,425</u>	<u>2,309,120</u>	<u>7,803,562</u>
Continued Operations before impairments	<u>32,302,612</u>	<u>7,364,623</u>	<u>2,309,120</u>	<u>41,976,355</u>

To determine the recoverability of Trade accounts receivable, the Group reviews all changes to the credit quality of its counterparties since the date of the credit to the date of reporting consolidated financial statements. Credit risk is not concentrated because of the significant number of trade debtors. The Group thus believes that credit risk does not exceed recorded impairment losses for trade accounts receivable doubtful accounts.

In addition, the Group considers that maximum exposure to credit risk corresponds to the total of trade accounts receivable disclosed in the consolidated balance sheet.

17. OTHER DEBTORS

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

	31.December.2008	31.December.2007
Loans granted to and other amounts to be received from related parties		
Sit B3	2,559,886	2,485,702
Others	66,721	6,090
	<u>2,626,607</u>	<u>2,491,792</u>
Other Debtors		
Suppliers with a debtor balance	1,343,494	1,258,295
Sale of assets	28,257	15,348
Sale of financial investments	27,256,338	35,056,077
Others	13,662,675	9,778,625
	<u>42,290,764</u>	<u>46,108,345</u>
Other Debtors	<u>44,917,371</u>	<u>48,600,137</u>
Accumulated impairment losses on Other Debtors (Note 32)	(29,282,813)	(23,601,424)
Total financial instruments (Note 9)	<u>15,634,558</u>	<u>24,998,713</u>
Continued Operations	<u>15,634,558</u>	<u>24,998,713</u>
Other Debtors	5,286,999	(1,111,412)
Accumulated impairment losses on Other Debtors (Note 32)	(103,508)	(33,557)
Discontinued Operations	<u>5,183,491</u>	<u>(1,144,969)</u>
Total Operations	<u>20,818,049</u>	<u>23,853,744</u>

As at 31 December 2008, "Accounts receivable from the sale of financial investments" includes mainly the debt arising from the sale of Elmo, SGPS, SA in 2007 (19,794,479 euro), which is subject to impairment loss (Note 32).

Loans granted to related parties bear interest at market rates and do not have a defined maturity, not exceeding however twelve months.

As at 31 December 2008 and 2007, ageing of Other debtors can be summarised as follows:

	Other Debtors	
	31.December.2008	31.December.2007
Not Due	9,976,516	34,094,834
Due but not impaired		
0 - 30 days	558,147	932,589
30 - 90 days	199,949	566,417
+ 90 days	2,238,415	5,215,623
Total	<u>2,996,511</u>	<u>6,714,629</u>
Due and impaired		
0 - 90 days	6,047	1,484,915
90 - 180 days	2,659	-
180 - 360 days	84,136	108,948
+ 360 days	29,224,895	3,705,019
Total	<u>29,317,737</u>	<u>5,298,882</u>
Continued Operations before impairment	<u>42,290,764</u>	<u>46,108,345</u>

As at 31 December 2008 we do not have any reason to believe that normal collection times regarding other debtors not due and for which there are no impairment losses will not be met.

Values included in Other debtors are close to their fair value.

18. TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

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

	31.December.2008	31.December.2007
Tax recoverable		
Income taxation - payments on account and amounts withheld	6,415,647	5,671,599
VAT	6,696,567	8,371,960
Other taxes	2,439,214	2,565,024
Continued Operations	15,551,428	16,608,583
Discontinued Operations	1,281,829	2,835,940
Total Operations	16,833,257	19,444,523
Taxes and contributions payable		
Income taxation	6,069,803	5,381,029
VAT	3,395,423	4,152,904
Staff income tax withheld	439,664	336,602
Social security contributions	998,722	863,037
Other taxes	378,111	1,305,710
Continued Operations	11,281,723	12,039,282
Discontinued Operations	1,328,503	1,360,493
Total Operations	12,610,226	13,399,775

19. OTHER CURRENT ASSETS

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

	31.December.2008	31.December.2007
Interest receivable	37,952	135,206
Deferred costs - External supplies and services	4,626,563	3,525,816
Deferred costs - Rents	222,003	230,516
Other current assets	926,790	2,966,542
Continued Operations	5,813,308	6,858,080
Discontinued Operations	2,522,313	2,021,564
Total Operations	8,335,621	8,879,644

20. DEFERRED TAX

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

	Deferred tax assets		Deferred tax liabilities	
	31.December.2008	31.December.2007	31.December.2008	31.December.2007
Amortisation and Depreciation harmonisation adjustments	1,356,090	-	863,368	49
Write off of tangible and intangible assets	1,370,641	2,174,715	-	1,510,830
Revaluation of tangible assets	-	-	780,104	795,849
Tax losses carried forward	12,101,380	11,589,253	-	-
Others	929,804	353,772	1,520,698	354
Continued Operations	15,757,915	14,117,740	3,164,170	2,307,082
Discontinued Operations	-	203,180	-	5,219,288
Total Operations	15,757,915	14,320,920	3,164,170	7,526,370

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

	Deferred tax assets		Deferred tax liabilities	
	31.December.2008	31.December.2007	31.December.2008	31.December.2007
Opening balance	14,320,920	4,742,146	7,526,370	4,923,518
Effect in results:				
Amortisation and Depreciation harmonisation adjustments	(16,625)	-	85,405	33
Provisions and impairment losses not accepted for tax purposes	-	(116,517)	-	941,300
Write-off of tangible and intangible assets	39,546	1,303,283	-	-
Write-off of accruals	575,607	353,771	-	-
Revaluation of tangible assets	-	-	(12,828)	(54,772)
Tax losses carried forward	469,119	8,038,237	-	-
Changes in tax rates	-	-	-	-
Others	427	-	(52,885)	1,510,830
	1,068,074	9,578,774	19,692	2,397,391
Effect in reserves:				
Change in tax rate	-	-	-	-
Others	572,101	-	837,396	205,461
	572,101	-	837,396	205,461
Sale of group companies	(203,180)	-	(5,219,288)	-
Closing balance	15,757,915	14,320,920	3,164,170	7,526,370

In accordance with the tax statements presented by companies (included in continued operations) that recorded deferred tax assets arising from tax losses carried forward, as at 31 December 2008 and 2007, and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

	31.December.2008			31.December.2007		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2002	-	-	2008	1,209,557	302,389	2008
Generated in 2003	1,698,457	424,614	2009	9,126,348	2,281,587	2009
Generated in 2004	3,379,654	844,914	2010	6,627,219	1,656,805	2010
Generated in 2005	5,012,344	1,253,086	2011	7,025,798	1,756,449	2011
Generated in 2006	11,671,794	2,917,948	2012	11,702,529	2,925,632	2012
Generated in 2007	7,454,598	1,863,649	2013	8,743,671	2,185,919	2013
Generated in 2008	17,206,043	4,316,695	2014	-	-	
	46,422,890	11,620,906		44,435,122	11,108,780	
With a time limit different from the above mentioned	1,453,780	480,473		1,453,780	480,473	
	1,453,780	480,473		1,453,780	480,473	
	47,876,670	12,101,379		45,888,902	11,589,253	

As at 31 December 2008 and 2007, Deferred tax assets resulting from tax losses carried forward were re-assessed against each company's business plans, which are regularly updated, and available tax planning opportunities. Deferred tax assets have only been recorded to the extent that future profits will arise which may be offset against available tax losses or against deductible temporary differences.

As at 31 December 2008, tax losses carried forward (included in continued operations), amounting to 115,561,909 euro (115,337,098 euro as at 31 December 2007), have not originated deferred tax assets for prudential reasons.

	31.December.2008			31.December.2007		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2002	-	-	2008	36,487,545	9,121,887	2008
Generated in 2003	10,708,823	2,677,206	2009	13,379,146	3,344,787	2009
Generated in 2004	4,833,350	1,208,338	2010	5,065,719	1,266,430	2010
Generated in 2005	8,106,023	2,026,505	2011	7,726,020	1,931,505	2011
Generated in 2006	13,526,865	3,381,682	2012	13,437,053	3,359,264	2012
Generated in 2007	21,860,604	5,465,150	2013	22,867,073	5,716,767	2013
Generated in 2008	39,345,143	9,836,287	2014	-	-	2014
	98,380,808	24,595,168		98,962,556	24,740,640	
Without limited time use	4,660,539	1,553,472		4,849,357	1,616,291	
With a time limit different from the above mentioned	12,520,562	3,575,667		11,525,185	3,403,077	
	17,181,101	5,129,139		16,374,542	5,019,368	
	115,561,909	29,724,307		115,337,098	29,760,008	

21. CASH AND CASH EQUIVALENTS

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

	31.December.2008	31.December.2007
Cash at hand	164,398	183,580
Bank deposits	17,318,099	43,040,144
Treasury applications	450,443	1,110,117
Cash and cash equivalents on the balance sheet - Continued operations	17,932,940	44,333,841
Bank overdrafts - Continued Operations	(315,693)	(2,950,698)
Cash and cash equivalents on the balance sheet - Discontinued operations	(656,683)	
Cash and cash equivalents in the statement of cash-flows	16,960,564	41,383,143
Cash and cash equivalents on the balance sheet - Continued operations	17,932,940	
Cash and cash equivalents on the balance sheet - Discontinued operations	1,383,546	
Cash and cash equivalents on the balance sheet	19,316,486	
Bank overdrafts - Continued Operations	(315,693)	
Bank overdrafts - Discontinued operations	(12,151,075)	
Bank Overdrafts (Note 24)	(12,466,768)	

As a result of the inclusion of Elmo and its affiliates in June 2008 and of the temporary loss of control of Elmo's affiliates after November 2008, the 2008 consolidated statement of cash-flows only included six months contribution of Elmo and three months contribution of its affiliates. Thus, the 16,960,564 euro of Cash and cash equivalents in the statement of cash-flows includes the contributions of Elmo and its affiliates after June.

Bank overdrafts are disclosed in the balance sheet under Current bank loans.

22. SHARE CAPITAL

The share capital of Sonae Capital SGPS, SA is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each.

The demerger originated a reserve in the amount of 132,638,253 euro, which has a treatment similar to that of a Legal Reserve. According to Company Law, it cannot be distributed to shareholders, unless the company is liquidated, but can be used to make good prior year losses, once other reserves have been used fully, or for capital increases.

23. MINORITY INTERESTS

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

	31.December.2008	31.December.2007
Opening balance as at 1 January	36,758,832	18,876,352
Companies incorporated in the year	-	-
Acquisitions with increase in percentage ownership	13,116,954	17,108,025
Adjustments arising from companies excluded from consolidation	4,375,485	-
Changes resulting from currency translation	(94,458)	(22,328)
Others	58,048	(57,033)
Profit for the period attributable to minority interests	3,724,330	853,816
Closing balance as at 31 December	-	-
Continued Operations	57,939,191	36,758,832
Discontinued Operations	(8,619,778)	-
Total Operations	49,319,413	36,758,832

24. BORROWINGS

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

		31.December.2008		31.December.2007				
		Outstanding amount		Outstanding amount				
		Limit	Current	Non Current	Limit	Current	Non Current	Repayable on
Bank loans								
a)	Sonae Capital SGPS - commercial paper	30,000,000	-	30,000,000	-	-	-	Mar/2013
b)	Sonae Capital SGPS - commercial paper	60,000,000	21,850,000	-	-	-	-	Mar/2013
c) d)	Sonae Turismo - commercial paper	110,000,000	-	-	110,000,000	-	109,999,989	Aug/2009
e) f)	SC, SGPS - commercial paper	110,000,000	102,599,990	-	-	-	-	Aug/2009
g)	Praedium SGPS - commercial paper	-	-	-	7,500,000	1,250,000	-	Aug/2008
h)	Imoferro	-	-	-	6,983,171	122,295	6,529,175	May/2027
	Invesaúde	1,000,000	500,000	500,000	2,000,000	250,000	1,250,000	Aug/2010
d)	SC-Insurance and Risk Services - commercial paper	-	-	-	1,977,175	1,977,175	-	Feb/2008
	Selfrio Engenharia	4,900,000	1,400,000	3,500,000	3,850,000	1,068,750	2,781,250	May/2012
	Up-front fees		-	(65,484)		-	-	
	Others	-	48,277	1,578,783	-	93,474	2,150,000	
			126,398,267	35,513,299		4,761,694	122,710,414	
Bank overdrafts (Note 21)			12,466,768	-		2,952,348	-	
Bank loans			138,865,035	35,513,299		7,714,042	122,710,414	
Bond Loans								
	Sonae Capital 2007/2012 Bonds		-	20,000,000		-	20,000,000	Dec/2012
	Sonae Capital 2007/2012 Bonds		-	30,000,000		-	30,000,000	Dec/2012
d)	SC-Insurance Bonds		-	-		15,000,000	-	
	SC, SGPS, S.A. 2008/2018 Bonds		-	50,000,000		-	-	Mar/2018
	Up-front fees		-	(919,895)		-	(234,000)	
Bond Loans			-	99,080,105		15,000,000	49,766,000	
Other loans			133,696	403,176		176,635	250,577	
Derivatives (Note 26)			306,449	-		-	-	
Obligations under finance leases			1,957,324	16,814,552		1,860,326	18,726,595	
			141,262,504	151,811,132		24,751,003	191,453,586	

- a) Commercial paper programme, with subscription guarantee, issued on 14 March 2008 and valid for a five year period.
b) Current term commercial paper programme, issued on 28 March 2008 and valid for a ten year period.
c) SC, SGPS, SA is a co-guarantor in this loan.
d) These loans were fully paid in January and February 2008.
e) Sonae Turismo, SGPS, SA is a co-guarantor in this loan.
f) Commercial paper programme issued on 29 August 2006 and valid up to 29 August 2009. An extension for an additional two years is available.
g) This loan was fully paid on 20 June 2008, before the due date.
h) This loan is guaranteed by a mortgage on the building owned by this affiliated company. This loan was fully paid on 9 May 2008.

Sonae Capital SGPS - 2007/2012 Bond Loan 1st issue in the amount of 20,000,000 euro, with a 5 year maturity, and a sole reimbursement on 31 December 2012, except if the reimbursement is anticipated, fully or partially, which can happen on 31 December 2010.

Sonae Capital SGPS - 2007/2012 Bond Loan 2nd issue in the amount of 30,000,000 euro, with a 5 year maturity, and a sole reimbursement on 31 December 2012.

SC, SGPS, SA - 2008/2018 Bond Loan in the amount of 50,000,000 euro, with a 10 year maturity, and a sole reimbursement on 3 March 2018, except if the reimbursement is anticipated, fully or partially, which can happen on 3 March 2016.

These bond loans bear interest every six months at 6 months Euribor interest rates plus spreads that range between 0.50% and 0.95%.

The repayment schedule of the nominal value of borrowings may be summarised as follows:

	31.December.2008		31.December.2007	
	Capital	Interest	Capital	Interest
N+1 ^{a)}	140,956,055	9,538,183	24,751,003	5,130,659
N+2	25,569,642	4,879,463	114,359,681	4,293,458
N+3	3,526,491	4,710,393	24,155,400	4,071,652
N+4	31,621,778	4,608,497	3,683,383	2,774,451
N+5	30,961,854	2,138,519	31,732,355	2,596,855
After N+5	61,116,744	9,140,875	17,756,767	6,532,429
	293,752,566	35,015,931	216,438,590	25,399,505

- a) Includes amounts drawn under commercial paper programmes (Notes b) and f) above).

As at 31 December 2008 and 2007, available credit lines are as follows:

	31.December.2008		31.December.2007	
	Commitments 1 year	< Commitments > 1 year	Commitments < 1 year	Commitments 1 year
Value of available lines				
Spread	6,122,383	-	4,997,606	-
Tourism	12,276,213	-	21,096,754	11
Holding and Others	31,550,010	15,000,000	16,750,000	-
	49,948,607	15,000,000	42,844,360	11
Value of contracted lines				
Spread	19,449,398	3,500,000	8,063,942	4,931,250
Tourism	12,346,754	-	22,346,754	110,000,000
Holding and Others	156,000,000	15,000,000	18,727,175	-
	187,796,152	18,500,000	49,137,871	114,931,250

25. OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2008 and 2007, Obligations under finance leases are made up as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
	31.December.2008	31.December.2007	31.December.2008	31.December.2007
Amounts under finance leases:				
N+1	2,920,970	2,838,317	1,957,324	1,860,326
N+2	2,785,982	2,807,793	1,932,271	1,923,983
N+3	2,844,623	2,755,761	2,102,575	1,967,866
N+4	1,497,815	2,797,005	841,395	2,107,900
N+5	1,497,815	1,463,020	886,577	12,726,847
After N+5	14,072,970	15,231,536	11,051,734	-
	25,620,175	27,893,432	18,771,876	20,586,921
Future Interest	(6,848,299)	(7,306,511)		
	18,771,876	20,586,921		
Current obligations under finance leases			1,957,324	1,860,326
Non-current obligations under finance leases			16,814,552	18,726,595

Finance leases are contracted at market interest rates, have defined useful lives and include an option for the acquisition of the related assets at the end of the period of the contract.

As at 31 December 2008 and 2007, the fair value of finance leases is close to their book value.

Obligations under finance leases are guaranteed by related assets.

As at 31 December 2008 and 2007, the book value of assets acquired under finance leases can be detailed as follows:

	31.December.2008	31.December.2007
Assets acquired under finance leases		
Land and Buildings	3,950,101	3,950,101
Plant and machinery	17,638,796	2,529,409
Vehicles	32,400	-
Tools	31,518	67,833
Fixtures and Fittings	138,587	162,215
Other assets	-	-
Assets in progress	-	16,118,103
Total tangible assets (Note 10)	21,791,402	22,827,661

26. DERIVATIVES

Interest rate derivatives

The hedging instruments used by the Group as at 31 December 2008 were mainly interest rate options (cash-flow hedges) contracted with the goal of hedging interest rate risks on loans in the amount of 50,000,000 euro, whose net fair value was -306,449 euro. As at 31 December 2008, all derivatives are hedging derivatives.

These interest rate hedging instruments are valued at fair value as at the balance sheet date, determined by valuations made by the Group using derivative valuation calculation schedules and external valuations when these schedules do not permit the valuation of certain instruments. The determination of fair value of these financial instruments is based, for swaps, on updating on the balance sheet date the future cash-flows resulting from the difference between the fixed interest rate of the fixed leg of the derivative and the variable interest rate indexed to the variable leg of the derivative. For options, fair value is determined using the Black-Scholes model and its variants.

The risk cover principles generally used by the Group to contractually arrange hedging instruments are as follows:

- Matching between cash-flows received and paid, i.e., there is a perfect match between the dates of the re-fixing of interest rates on financing contracted with the bank and the dates of the re-fixing of interest rates on the derivative;
- Perfect matching between indices: the reference index for the hedging instrument and that for the financing to which the underlying derivative relates are the same;
- In the case of extreme rises in interest rates, the maximum cost of financing is limited.

The counterparts for derivatives are selected based on their financial strength and credit risk profile, with this profile being generally measured by a rating note attributed by rating agencies of recognised merit. The counterparts for derivatives are top level, highly prestigious financial institutions which are recognised nationally and internationally.

Fair value of derivatives

The fair value of derivatives are shown as follows:

	Assets		Liabilities	
	31.December.2008	31.December.2007	31.December.2008	31.December.2007
Hedge accounting derivatives	-	-	-	-
Interest rate (Note 24)	-	-	(306,449)	-
Other derivatives	-	-	-	-
	-	-	(306,449)	-

27. OTHER NON CURRENT LIABILITIES

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

	31.December.2008	31.December.2007
Loans and other amounts payable to related parties		
Plaza Mayor Parque de Ocio, SA	2,317,828	2,323,820
Intragroup elimination with discontinued operations	(9,443,000)	-
Others	700,000	600,000
	(6,425,172)	2,923,820
Other creditors		
Creditors in the restructuring process of Torralta	30,141,463	30,141,462
Fixed assets suppliers	1,337,500	1,387,500
Others	8,552	8,553
	31,487,515	31,537,515
Pension fund responsibilities	116,537	-
Continued Operations	25,178,880	34,461,335
Discontinued Operations	41,038,203	4,689,100
Total Operations	66,217,083	39,150,435

As at 31 December 2008 and 2007, "Other creditors" include 30,141,462 euro payable to creditors of an affiliated undertaking under the terms of a judicial restructuring process. The court decision dated 27 November 1997 (which confirms the terms approved in the creditors meeting of 23 September 1997) states that these credits will be payable 50 years from the date that the decision was confirmed (30 January 2003).

As at 31 December 2008 and 2007, the maturity of Other non current liabilities can be detailed as follows:

31.December.2008	N+1	N+2	N+3	N+4	N+5	Total
Fixed assets suppliers	50,000	50,000	50,000	50,000	1,137,500	1,337,500
Other non current creditors	-	-	-	-	30,150,015	30,150,015
	50,000	50,000	50,000	50,000	31,287,515	31,487,515
31.December.2007	N+1	N+2	N+3	N+4	N+5	Total
Fixed assets suppliers	50,000	50,000	50,000	50,000	1,187,500	1,387,500
Other non current creditors	-	-	-	-	30,150,015	30,150,015
Continued Operations	50,000	50,000	50,000	50,000	31,337,515	31,537,515

28. SHARE-BASED PAYMENTS

In 2008 and previous years, the Sonae Capital Group granted deferred performance bonuses to employees, based on shares of Sonae SGPS, SA to be acquired at nil cost, three years after they were attributed to the employee. In any case, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the choice to settle in cash instead of shares. The option can only be exercised if the employee still works for the Sonae Capital Group on the vesting date. On 28 January 2008 existing liabilities based on Sonae, SGPS, SA's shares have been recalculated to reflect liabilities based on Sonae Capital, SGPS, SA's shares. Closing share prices as at that date were used in this recalculation.

Liabilities arising from Deferred performance bonus are valued under the terms of Note 2.13.. As at 31 December 2008 and 2007 the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

	Year of grant	Vesting year	Number of participants	Fair Value	
				31.December.2008	31.December.2007
Shares					
	2005	2008	0	-	573,543
	2006	2009	6	73,981	267,377
	2007	2010	5	49,081	218,103
	2008	2011	7	120,607	-
Total				<u>243,668</u>	<u>1,059,023</u>

As at 31 December 2008 and 2007 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which have not yet vested:

	31.December.2008	31.December.2007
Staff costs	(318,068)	559,369
Retained earnings	464,971	265,126
	<u>146,904</u>	<u>824,495</u>
Other liabilities	146,904	824,495
	<u>146,904</u>	<u>824,495</u>

29. TRADE ACCOUNTS PAYABLE

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

	31.December.2008	Payable		
		less than 90 days	90 to 180 days	More than 180 days
Trade creditors current account				
Tourism	11,222,670	9,713,773	1,396,723	112,174
Spred	26,657,618	25,823,140	742,951	91,527
Holding and others	616,293	436,082	133,466	46,745
	<u>38,496,581</u>	<u>35,972,995</u>	<u>2,273,140</u>	<u>250,446</u>
Trade creditors - Invoices Accruals	2,190,326	2,180,215	6,805	3,306
Continued Operations	<u>40,686,908</u>	<u>38,153,210</u>	<u>2,279,945</u>	<u>253,752</u>
Discontinued Operations	<u>12,292,570</u>			
Total Operations	<u>52,979,478</u>			

	31.December.2007	Payable		
		less than 90 days	90 to 180 days	More than 180 days
Trade creditors current account				
Tourism	8,416,470	7,780,787	16,520	619,163
Spred	19,113,590	13,794,661	5,271,181	47,748
Holding and others	256,166	225,571	24,520	6,075
	<u>27,786,226</u>	<u>21,801,019</u>	<u>5,312,221</u>	<u>672,986</u>
Trade creditors - Invoices Accruals	3,089,812	208,953	6,366	2,874,493
Continued Operations	<u>30,876,038</u>	<u>22,009,972</u>	<u>5,318,587</u>	<u>3,547,479</u>
Discontinued Operations	<u>31,641,379</u>			
Total Operations	<u>62,517,417</u>			

As at 31 December 2008 and 2007, this caption relates only to trade payables due in the normal course of Group companies activities. The Board of Directors believes that the fair market value of these payables is approximately their book value, and that the effect of discounting these balances is immaterial.

30. OTHER CREDITORS

As at 31 December 2008 and 2007, Other creditors were made up as follows:

	31.December.2008	Payable		
		less than 90 days	90 to 180 days	More than 180 days
Other creditors				
Fixed assets suppliers	13,679,803	13,661,668	145	17,990
Others	9,239,789	7,412,226	1,293,548	534,015
	22,919,592	21,073,894	1,293,693	552,005
Advances from customers and down payments	36,972,893			
	59,892,485			
Related parties				
	328,881			
	328,881			
Other liabilities				
Continued Operations	60,221,366			
Discontinued Operations	19,117,634			
Total Operations	79,339,000			

	31.December.2007	Payable		
		less than 90 days	90 to 180 days	More than 180 days
Other creditors				
Fixed assets suppliers	11,352,552	11,153,900	172,959	25,693
Others	6,058,443	5,419,722	507,971	130,750
	17,410,995	16,573,622	680,930	156,443
Advances from customers and down payments	22,419,849			
	39,830,844			
Related parties				
Contacto - Sociedade de Construções, SA	71,000,000			
	71,000,000			
Other liabilities				
Continued Operations	110,830,844			
Discontinued Operations	(79,603,912)			
Total Operations	31,226,932			

As at 31 December 2008 and 2007, this caption includes balances payable to other creditors and fixed assets suppliers that do not include interest. The caption includes also advances from customers on promissory sales of stocks and tangible assets. The Board of Directors believes that the fair market value of these payables is approximately their book value, and that the effects of discounting these balances is immaterial.

31. OTHER CURRENT LIABILITIES

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

	31.December.2008	31.December.2007
Staff Costs	6,895,030	5,555,852
Amounts invoiced for works not yet completed	3,818,919	3,055,140
Other external supplies and services	908,497	1,555,468
Interest payable	2,444,463	712,251
Expenses with contruction contracts	11,855,567	-
Others	8,518,160	5,133,007
Continued Operations	34,440,636	16,011,718
Discontinued Operations	5,527,248	17,083,732
Total Operations	39,967,884	33,095,450

32. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the period ended 31 December 2008 and 2007 are as follows:

Captions	Balance as at 01.January.08	Increase	Decrease	Discontinued Operations	Balance as at 31.December.08
Accumulated impairment losses on investments (Note 13)	28,720,049	138,091	-	(20,587,784)	8,270,356
Accumulated impairment losses on other non-current assets (Note 14)	790,840	-	(466,852)	-	323,988
Accumulated impairment losses on trade accounts receivable (Note 16)	7,294,172	595,823	(2,180,396)	5,989	5,715,588
Accumulated impairment losses on other current debtors (Note 17)	23,634,981	5,920,663	(272,831)	103,508	29,386,321
Accumulated impairment losses on stocks (Note 15)	7,474,353	2,899,163	(1,523,522)	1,026,857	9,876,851
Non-current provisions	16,654,464	16,850,846	(14,479,766)	4,431,299	23,456,843
Current provisions	3,815,464	330,000	(2,847,264)	-	1,298,200
	<u>88,384,323</u>	<u>26,734,586</u>	<u>(21,770,631)</u>	<u>(15,020,131)</u>	<u>78,328,147</u>

Captions	Balance as at 01.January.07	Increase	Decrease	Balance as at 31.December.07
Accumulated impairment losses on investments (Note 13)	9,176,772	20,663,277	(1,120,000)	28,720,049
Accumulated impairment losses on other non-current assets (Note 14)	860,370	-	(69,530)	790,840
Accumulated impairment losses on trade accounts receivable (Note 16)	7,715,390	294,147	(715,365)	7,294,172
Accumulated impairment losses on other current debtors (Note 17)	3,755,991	19,946,498	(67,508)	23,634,981
Accumulated impairment losses on stocks (Note 15)	5,893,615	1,683,957	(103,219)	7,474,353
Non-current provisions	17,839,855	3,393,019	(4,578,410)	16,654,464
Current provisions	923,529	2,891,935	-	3,815,464
	<u>46,165,522</u>	<u>48,872,833</u>	<u>(6,654,032)</u>	<u>88,384,323</u>

As at 31 December 2008 and 2007 increases in Provisions and impairment losses can be analysed as follows:

	31.December.2008	31.December.2007
Provisions and impairment losses	4,501,624	1,601,958
Impairment losses not included in this note		
Tangible assets (Note 10)	-	48,334
Provisions for losses on investments	173,447	20,663,277
Provisions for accounts receivable	15,925,722	22,294,479
Impairment losses on stocks		
Recorded in cost of goods sold (Note 15)	2,040,188	1,683,477
Others	4,093,605	2,581,308
	<u>26,734,586</u>	<u>48,872,833</u>

As at 31 December 2007, increases in impairment losses were of 19,794,479 euro related to the partial sale of Elmo,SGPS, SA and of 20,663,277 euro related to the part of this investment yet to be sold. In 2008, investment income includes negative 9,325,722 euro (Note 8) that correspond to the difference between the increase in the provision related to Elmo and its affiliates in the amount of 15,925,722 euro and the reversion of the existing provision of 6,600,000 euro.

As at 31 December 2008 and 2007, Provisions can be analysed as follows:

	31.December.2008	31.December.2007
Guarantees given to customers arising from construction contracts	-	4,697,502
Judicial claims	5,340,899	3,954,369
Risks associated with Elmo and its affiliates	9,325,722	
Others	10,088,422	11,818,057
	<u>24,755,043</u>	<u>20,469,928</u>

Impairment losses are deducted from the book value of the corresponding asset.

33. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2008 and 2007, the most important contingent assets and liabilities referred to guarantees given and were made up as follows:

	31.December.2008	31.December.2007
Guarantees given:		
on tax claims	4,213,279	5,845,298
on judicial claims	309,450	2,696,996
on municipal claims	5,964,208	5,887,208
Others	59,341,316	74,799,709

"Others" include the following guarantees:

- 5,989,454 euro (22,730,724 euro as at 31 December 2007) of guarantees on construction works given to clients;
- 37,417,063 euro (37,899,252 euro as at 31 December 2007) of guarantees given concerning building permits in the tourism business;
- 1,510,062 euro (1,389,682 euro as at 31 December 2007) of guarantees given for VAT refund requests;
- 12,000,000 euro as at 31 December 2008 and 2007 of guarantees given on the sale of the shareholding in Granosalis, SGPS, S.A. (this guarantee has been cancelled in February 2009).

34. OPERATIONAL LEASES

Minimum lease payments (fixed income) arising from operational leases, in which the Group acts as a lessor, recognized as income during the period ended 31 December 2008 and 2007 amounted to 5,601,173 euro and 5,517,470 euro, respectively.

Additionally, as at 31 December 2008 and 2007, the Group had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

	31.December.2008	31.December.2007
Due in:		
N+1 automatically renewed	6,217,740	5,856,407
N+1	343,440	235,550
N+2	343,150	223,556
N+3	351,127	228,020
N+4	359,305	212,771
N+5	343,631	209,678
After N+5	-	116,260
	<u>7,958,393</u>	<u>7,082,242</u>

Lease payments arising from operational leases, in which the Group acts as a lessee, recognized as an expense during the period ended 31 December 2008 and 2007 amounted to 6,931,875 euro and 7,172,905 euro, respectively.

Additionally, as at 31 December 2008 and 2007, the Group had operational lease contracts, as a lessee, whose minimum lease payments (fixed income) had the following payment schedule:

	31.December.2008	31.December.2008
Due in:		
N+1 automatically renewal	2,334,225	1,790,192
N+1	4,976,679	3,434,346
N+2	1,200,424	1,690,770
N+3	1,123,087	1,193,496
N+4	1,036,381	1,011,701
N+5	974,351	881,020
After N+5	4,628,585	11,644,170
	<u>16,273,732</u>	<u>21,645,695</u>

35. TURNOVER

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

	31.December.2008	31.December.2007
	<u>Total</u>	<u>Total</u>
Sale of goods	12,038,649	13,377,208
Sale of products	110,424,088	81,434,421
	<u>122,462,737</u>	<u>94,811,629</u>
Services Rendered	108,074,833	102,465,562
Continued Operations	<u>230,537,570</u>	<u>197,277,191</u>
Discontinued Operations	<u>20,307,700</u>	<u>104,867,995</u>
Total Operations	<u>250,845,270</u>	<u>302,145,186</u>

36. OTHER OPERATIONAL INCOME

As at 31 December 2008 and 2007, Other operational income is made up as follows:

	31.December.2008	31.December.2007
	Total	Total
Own work capitalised	2,074,344	789,086
Gains on sales of assets	739,172	2,572,877
Reversal of impairment losses	954,284	556,970
Supplementary income	2,732,217	2,776,608
Others	1,750,185	1,506,798
Continued Operations	8,250,202	8,202,339
Discontinued Operations	513,532	33,345,161
Total Operations	8,763,734	41,547,500

37. CHANGES IN STOCKS

Change in Stocks in 2008 includes:

	31.December.2008
	Total
Finished goods	85,927,463
Work in progress	(27,944,159)
Impairment losses on goods and work in progress	13,915
Continued Operations	57,997,219
Discontinued Operations	(703,500)
Total Operations	57,293,719

Change in Stocks is made up as follows:

	31.December.2008
Opening stocks	96,318,341
Currency transaction effect	-
Change in perimeter	-
Stock adjustments	(28,729,050)
Closing stocks	183,030,695
	57,983,304
Impairment losses	(15,354)
Reversion of impairment losses	29,269
Continued Operations	57,997,219
Discontinued Operations	(703,500)
Total Operations	57,293,719

38. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2008 and 2007, External supplies and services are made up as follows:

	31.December.2008	31.December.2007
Subcontracts	130,721,699	95,163,542
Services	9,660,484	8,177,155
Rents	8,151,524	7,297,746
Fees	2,981,695	2,861,775
Maintenance	2,532,567	2,421,708
Cleaning, health and safety	2,762,655	2,369,191
Electricity	2,836,480	2,454,047
Travelling expenses	1,444,960	1,124,835
Publicity	2,353,020	893,503
Fuel	1,376,396	981,967
Security	868,654	701,681
Communication	1,097,117	917,999
Others	8,265,490	6,893,419
Continued Operations	175,052,741	132,258,568
Discontinued Operations	6,534,148	123,102,014
Total Operations	181,586,889	255,360,582

39. STAFF COSTS

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

	31.December.2008	31.December.2007
Salaries	35,824,542	30,322,171
Social security contributions	6,685,509	5,864,319
Insurance	584,859	480,440
Welfare	629,106	487,255
Other staff costs	1,674,855	1,400,222
Continued Operations	45,398,871	38,554,407
Discontinued Operations	4,857,596	6,440,066
Total Operations	50,256,467	44,994,473

40. OTHER OPERATIONAL EXPENSES

As at 31 December 2008 and 2007, Other operational expenses are made up as follows:

	31.December.2008	31.December.2007
	Total	Total
Losses on sales of assets	2,099,571	2,213,912
Other taxes	2,123,760	1,652,240
Property tax	1,345,163	1,126,465
Doubtful debts written-off	65,087	71,533
Others	2,379,152	1,337,696
Continued Operations	8,012,733	6,401,846
Discontinued Operations	906,981	1,410,454
Total Operations	8,919,714	7,812,300

41. NET FINANCIAL EXPENSES

As at 31 December 2008 and 2007, Net financial expenses are made up as follows:

	31.December.2008	31.December.2007
Expenses:		
Interest payable		
related with bank loans and overdrafts	(6,373,557)	(3,055,455)
related with non convertible bonds	(5,189,564)	(243,524)
related with finance leases	(1,015,203)	(264,294)
others	(757,172)	(12,198,574)
	(13,335,496)	(15,761,847)
Exchange losses	(269,353)	(162,919)
Payment discounts given	(10,427)	(2,545)
Up front fees	(257,287)	(755,161)
Other financial expenses	(1,493,253)	(371,383)
	(15,365,816)	(17,053,855)
Income:		
Interest receivable	2,886,460	6,206,880
Exchange gains	1,271,775	578,717
Payment discounts received	84,255	84,369
Gains on fair value of hedge derivatives	106,750	-
Other financial income	-	185,738
	4,349,240	7,055,704
Net financial expenses		
Continued Operations	(11,016,576)	(9,998,151)
Discontinued Operations	(931,987)	2,576,271
Total Operations	(11,948,563)	(7,421,880)

As at 31 December 2007, Interest expenses - others includes 7,584,535 euro related to interest from Sonae SGPS's loans.

42. INVESTMENT INCOME

As at 31 December 2008 and 2007, Investment income is made up as follows:

	31.December.2008	31.December.2007
	Total	Total
Dividends	2,829,840	167,088
Sale of Águas Furtadas Imobiliária	103,763	-
Sale of Azulino Imobiliária	880,728	-
Sale of Contacto - Soc. de Construções	46,361,584	-
Partial sale (12.25%) of Spinveste - Promoção Imobiliária	639,175	-
Partial sale (12.25%) of Spinveste - Gestão Imobiliária	(875,009)	-
Others	-	-
Gains on disposal of investments in group companies	47,110,241	-
Sale of Choice Car SGPS	9,059,871	-
Others	-	-
Gains on disposal in associated and in jointly controlled companies	9,059,871	-
Sale of 9% from the 10% owned in STAR - Viagens e Turismo	1,589,025	-
Partial sale of Cinclus Planeamento	-	2,522,725
Total sale of ba Vidro	-	9,786,396
Sale of Fun International	-	(1,137,117)
Others	-	65,472
Gains/(Losses) on sale of investments in assets available for sale	1,589,025	11,237,476
Impairment losses on investments	(9,325,722)	-
Others	1,821,407	737,412
Investment Income		
Continued Operations	-	53,084,662
Discontinued Operations	-	-
Total Operations	-	53,084,662

43. TAXATION

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

	31.December.2008	31.December.2007
	Total	Total
Current tax	4,813,098	4,496,758
Deferred tax (Note 20)	(1,048,382)	(9,305,913)
Taxation		
Continued Operations	3,764,716	(4,809,155)
Discontinued Operations	77,470	2,246,998
Total Operations	3,842,186	(2,562,157)

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2008 and 2007 may be summarised as follows:

	31.December.2008	31.December.2007
	Total	Total
Profit before income tax	26,793,875	13,285,978
Difference between accounting and tax treatment of capital gains/(losses)	(53,361,657)	(22,507,025)
Share of gains/(losses) of associated undertakings	2,099,784	(857,332)
Provisions and impairment losses not accepted for tax purposes	11,486,334	(2,241,238)
Other permanent differences	7,130,188	2,814,933
Taxable Profit	(5,851,476)	(9,504,684)
Use of tax losses carried forward	(24,827,132)	(5,431,547)
Recognition of tax losses that have not originated deferred tax assets	46,669,123	29,259,730
	15,990,515	14,323,499
Income tax rate in Portugal	25.00%	25.00%
	3,997,629	3,580,875
Effect of different income tax rates in other countries	(677,548)	(177,194)
Effect of increases or decreases in deferred taxes	(579,263)	(6,590,324)
Municipality tax	760,028	370,917
Under / (over) taxation estimates	98,728	114,911
Autonomous taxes and tax benefits	242,612	138,658
Taxation	3,842,186	(2,562,157)

44. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 31 December 2008 and 2007, the reconciliation of consolidated net profit can be analysed as follows:

	31.December.2008	31.December.2007
Aggregate net profit	91,693,541	46,524,213
Harmonisation adjustments	(28,505,553)	(2,434,160)
Elimination of intragroup dividends	(40,464,917)	(5,567,435)
Share of gains/(losses) of associated undertakings	(2,099,789)	857,332
Elimination of intragroup capital gains/(losses)	(7,205,026)	(59,803,298)
Elimination of intragroup provisions	9,701,449	(1,843,000)
Consolidation adjustments to gains/(losses) on sales of investments	5,302,465	33,271,298
Others	(29,705)	(1,571,703)
Consolidated net profit for the year		
Continued Operations	28,392,465	9,433,247
Discontinued Operations	(5,440,776)	6,414,888
Total Operations	22,951,689	15,848,135

45. RELATED PARTIES

Balances and transactions during the periods ended 31 December 2008 and 2007 with related parties are detailed as follows:

	Sales and services rendered		Purchases and services obtained	
Transactions	31.December.2008	31.December.2007	31.December.2008	31.December.2007
Parent company and group companies excluded from consolidation (a)	341,622	1,063,869	393,615	1,898,353
Associated companies	3,876	429,720	162,093	1,323,457
Other partners in Group companies	81,130,202	167,505,008	8,435,016	8,560,656
	81,475,700	168,998,597	8,990,724	11,782,466
	Interest income		Interest expenses	
Transactions	31.December.2008	31.December.2007	31.December.2008	31.December.2007
Parent company and group companies excluded from consolidation (a)	-	1,152,465	-	71,777
Associated companies	1,497,726	3,863	-	-
Other partners in Group companies	18,059	1,171,109	182,468	9,359,464
	1,515,785	2,327,437	182,468	9,431,241

Balances	Accounts receivable		Accounts payable	
	31.December.2008	31.December.2007	31.December.2008	31.December.2007
Parent company and group companies excluded from consolidation (a)	208,004	98,684	119,339	469,379
Associated companies	24,123	393,405	176,157	94,440
Other partners in Group companies	19,760,304	32,520,201	5,948,939	4,117,245
	<u>19,992,431</u>	<u>33,012,290</u>	<u>6,244,435</u>	<u>4,681,064</u>

Balances	Loans obtained		Loans granted	
	31.December.2008	31.December.2007	31.December.2008	31.December.2007
Parent company and group companies excluded from consolidation (a)	-	-	-	-
Associated companies	-	-	22,451,938	17,407,225
Other partners in Group companies	2,317,826	2,340,818	-	-
	<u>2,317,826</u>	<u>2,340,818</u>	<u>22,451,938</u>	<u>17,407,225</u>

(a) The parent company is Efanor Investimentos, SGPS, SA; balances and transactions with Sonae, SGPS, SA are included under Other partners in Group companies.

Remunerations attributed in 2008 to key management staff of main companies of the Sonae Capital Group (excluding members of the Board of Directors of Sonae Capital, SGPS, SA) amounted to 1,465,578 euro, of which 976,500 euro are fixed remunerations and 489,078 euro are performance bonuses.

46. EARNINGS PER SHARE

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

	31.December.2008	31.December.2007
	Total	Total
Net profit continued operations		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	24,668,135	8,579,431
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>24,668,135</u>	<u>8,579,431</u>
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	250,000,000	250,000,000
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Weighted average number of shares used to calculated diluted earnings per share	<u>250,000,000</u>	<u>250,000,000</u>
Earnings per share (basic and diluted)		
Continued Operations	<u>0.098673</u>	<u>0.034318</u>
Discontinued Operations	<u>(0.013099)</u>	<u>0.025660</u>
Total Operations	<u>0.085574</u>	<u>0.059977</u>

There are no convertible instruments included in Sonae Capital, SGPS, SA's shares, hence there is no dilutive effect.

47. CASH RECEIPTS / PAYMENTS RELATED TO INVESTMENTS

As at 31 December 2008 and 2007, cash receipts and cash payments related to investments can be analysed as follows:

	31.December.2008		31.December.2007	
	Amount received	Amount paid	Amount received	Amount paid
Purchase of Norscut shares	-	603,050	-	-
Purchase of additional paid-in capital in Norscut	-	3,973,736	-	5,927,817
Sale of Sonae Indústria SGPS shares	-	3,447,328	-	-
Sale of Contacto Soc. Construções	81,500,000	-	-	-
Partial sale (12.25%) of Spinveste - Promoção Imobiliária	2,700,000	-	-	-
Partial sale (12.25%) of Spinveste - Gestão Imobiliária	2,300,000	-	-	-
Sale of Choice Car SGPS	12,500,000	-	-	-
Purchase of DMJB	-	-	-	22,000,000
Purchase of Cooper Gay	-	-	-	15,058,760
Purchase of Imoponte	-	-	-	5,825,001
Purchase of Arbiworld	-	-	-	9,988,557
Partial Purchase of SC - Eng.e Prom. Imob.SGPS	-	-	-	7,963,000
Payment of affiliates acquired in 2005	-	-	-	7,557,860
Share capital decrease of Contacto	-	-	11,200,000	-
Sale of Safira	-	-	5,000,000	-
Partial sale of Barbaridade Glass	-	-	11,280,191	-
Sale of MDS	-	-	45,500,000	-
Sale of Lazam	-	-	11,300,000	-
Sale of Cooper Gay	-	-	13,729,189	-
Sale of Star Viagens	3,140,000	-	-	-
Sale of Granosalis	11,000,000	-	11,000,000	-
Others	2,697,437	106,085	5,890,382	5,838,258
Continued Operations	115,837,437	8,130,199	114,899,762	80,159,253
Discontinued Operations			(11,200,000)	-
Total Operations	115,837,437	8,130,199	103,699,762	80,159,253

48. SEGMENT INFORMATION

In 2008 and 2007, the following were identified as primary business segments:

- Tourism
- Spred
- Holding and Others

No secondary business segments were disclosed since Group activities are almost all carried out in Portugal. Foreign activities are not significant enough to justify disclosure of a different geographical segment.

The contribution of the business segments to the income statement for the periods ended 31 December 2008 and 2007 can be detailed as follows:

TOTAL	31.December.2008				
	Tourism	Spred	Holding	Adjustments	Consolidated
Operational income					
Sales	36,784,589	105,976,097	-	-	142,760,686
Services rendered	41,153,099	66,573,842	357,643	-	108,084,584
Other operational income	1,948,846	4,190,974	2,623,914	-	8,763,734
	79,886,534	176,740,912	2,981,557	-	259,609,004
Inter-segment income	3,232,590	1,123,054	211,359	(4,567,003)	-
	83,119,124	177,863,967	3,192,915	(4,567,003)	259,609,004
Operational cash-flow (EBITDA)	7,025,885	6,152,468	(1,995,659)	(947,694)	10,235,000
Depreciation and amortisation	(8,350,465)	(2,578,395)	(32,428)	19,850	(10,941,437)
Provisions and impairment losses	(3,200,486)	(1,299,638)	-	(6,194,676)	(10,694,800)
Reversal of provisions and impairment losses ¹	827,611	98,099	100,000	1,500	1,027,211
Operational profit (EBIT)	(5,565,863)	2,372,534	(1,928,087)	(7,121,020)	(12,242,435)
Net financial expenses	(26,305,921)	(2,099,593)	16,458,983	(2,032)	(11,948,563)
Share of results of associated undertakings	-	-	-	(2,099,789)	(2,099,789)
Investment income	4,189,769	46,228,784	2,666,108	-	53,084,662
Profit before taxation	(27,682,015)	46,501,725	17,197,004	(9,222,841)	26,793,875
Taxation	(1,009,594)	(2,346,464)	(497,115)	10,987	(3,842,186)
Net profit for the period	(28,691,609)	44,155,262	16,699,889	(9,211,854)	22,951,689
- attributable to equity holders of Sonae					21,393,605
- attributable to minority interests					1,558,084

31.December.2007					
TOTAL	Tourism	Spred	Holding	Adjustments	Consolidated
Operational income					
Sales	16,233,606	65,614,146	-	-	81,847,752
Services rendered	40,189,659	177,974,939	2,132,836	-	220,297,434
Other operational income	5,191,649	35,757,369	598,482	-	41,547,500
	61,614,914	279,346,454	2,731,318	-	343,692,686
Inter-segment income	896,371	26,432,714	253,138	(27,582,223)	-
	62,511,285	305,779,168	2,984,456	(27,582,223)	343,692,686
Operational cash-flow (EBITDA)	2,527,710	13,377,773	(1,349,269)	362,288	14,918,502
Depreciation and amortisation	(6,289,845)	(1,203,074)	(107,205)	-	(7,600,124)
Provisions and impairment losses	(551,700)	(1,050,258)	-	-	(1,601,958)
Reversal of provisions and impairment losses ¹	143,074	1,807,894	100,000	-	2,050,968
Operational profit (EBIT)	(4,170,761)	12,932,335	(1,356,474)	362,288	7,767,388
Net financial expenses	(17,051,468)	1,534,165	8,095,423	-	(7,421,880)
Share of results of associated undertakings	-	-	-	857,332	857,332
Investment income	(1,198,577)	132,641	10,963,250	2,185,824	12,083,138
Profit before taxation	(22,420,806)	14,599,141	17,702,199	3,405,444	13,285,978
Taxation	7,138,790	(4,386,180)	(190,453)	-	2,562,157
Net profit for the period	(15,282,016)	10,212,961	17,511,746	3,405,444	15,848,135
- attributable to equity holders of Sonae					14,994,319
- attributable to minority interests					853,816

¹ Amount included in the caption Other operational income but added back in the calculation of Operational Cash-flow (EBITDA).

The contribution of the business segments to the balance sheets as at 31 December 2008 and 2007 can be detailed as follows:

31.December.2008					
TOTAL	Tourism	Spred	Holding	Adjustments	Consolidated
Fixed assets					
Intangible	997,632	493,033	-	-	1,490,665
Tangible	360,342,004	59,488,496	53,709	(6,193,176)	413,691,033
Goodwill ²	-	-	-	61,766,621	61,766,621
Investments	4,597,013	16,194,587	40,840,321	(17,401,288)	44,230,632
Deferred tax assets	14,298,563	1,116,614	341,614	1,125	15,757,915
Other assets	303,455,885	172,216,653	589,024,506	(692,679,204)	372,017,841
Cash, Cash Equivalents and Current Investments	11,397,028	2,956,050	4,963,907	-	19,316,985
Total assets	695,088,125	252,465,433	635,224,056	(654,505,922)	928,271,691
Non-current liabilities					
Borrowings	2,875,439	19,921,071	129,014,621	-	151,811,131
Deferred tax liabilities	2,917,845	-	246,326	-	3,164,170
Other non-current liabilities	544,728,225	116,241,277	2,123,393	(573,418,970)	89,673,926
Current liabilities					
Borrowings	1,408,048	15,098,018	124,756,438	-	141,262,504
Other current liabilities	133,469,198	94,766,656	71,246,009	(113,287,078)	186,194,785
Total liabilities	685,398,755	246,027,023	327,386,787	(686,706,048)	572,106,517
Technical investment	113,736,379	5,791,083	62,233	-	119,589,696
Gross Debt ¹	4,283,487 -	35,019,089 -	253,771,059 -	-	293,073,636
Net Debt ¹	(7,113,541)	32,063,040	248,807,152	-	273,756,651

31.December.2007

TOTAL	Tourism	Spred	Holding	Adjustments	Consolidated
Fixed assets					
Intangible	593,936	218,158	-	-	812,094
Tangible	301,842,053	26,612,633	575,220	-	329,029,906
Goodwill ²	-	-	-	63,796,454	63,796,454
Investments	2,451,539	10,571,412	99,803,510	(16,654,526)	96,171,935
Deferred tax assets	13,558,815	762,105	-	-	14,320,920
Other assets	197,350,492	262,464,964	323,309,310	(514,392,126)	268,732,640
Cash, Cash Equivalents and Current Investments	20,222,050	2,662,597	21,449,693	-	44,334,340
Total assets	536,018,885	303,291,869	445,137,733	(467,250,198)	817,198,289
Non-current liabilities					
Borrowings	120,455,895	21,231,691	49,766,000	-	191,453,586
Deferred tax liabilities	2,307,082	5,219,288	-	-	7,526,370
Other non-current liabilities	224,906,319	63,900,370	8,723,393	(241,725,183)	55,804,899
Current liabilities					
Borrowings	3,597,104	21,153,900	-	-	24,751,004
Other current liabilities	224,273,698	99,070,392	95,414,547	(274,703,600)	144,055,037
Total liabilities	575,540,098	210,575,641	153,903,940	(516,428,783)	423,590,896
Technical investment	73,123,914	31,406,734	24,084	-	104,554,732
Gross Debt ¹	124,052,999	42,385,591	49,766,000	-	216,204,590
Net Debt ¹	103,830,949	39,722,994	28,316,307	-	171,870,250

¹ Includes intercompany loans to or from Sonae, SGPS, SA.

² Goodwill allocation can be detailed as follows:

TOTAL	31.December.2008	31.December.2007
Tourism	35,923,584	36,714,382
Spred	11,211,799	13,029,917
Holding and Others	14,631,238	14,052,155
Total Operations	61,766,621	63,796,454

31.December.2008

CONTINUED OPERATIONS	Tourism	Spred	Holding	Adjustments	Consolidated
Operational income					
Sales	36,784,589	85,678,148	-	-	122,462,737
Services rendered	41,153,099	66,564,091	357,643	-	108,074,833
Other operational income	1,948,846	3,677,442	2,623,914	-	8,250,202
	79,886,534	155,919,681	2,981,557	-	238,787,772
Inter-segment income	3,232,590	1,118,868	211,359	(4,562,816)	-
	83,119,124	157,038,549	3,192,915	(4,562,816)	238,787,772
Operational cash-flow (EBITDA)	7,025,885	9,557,246	(1,995,659)	(947,693)	13,639,779
Depreciation and amortisation	(8,350,465)	(1,474,333)	(32,428)	19,850	(9,837,375)
Provisions and impairment losses	(3,200,486)	(1,304,231)	-	(6,194,676)	(10,699,394)
Reversal of provisions and impairment losses ¹	827,611	25,173	100,000	1,500	954,284
Operational profit (EBIT)	(5,565,863)	6,803,853	(1,928,087)	(7,121,020)	(7,811,116)
Net financial expenses	(26,305,921)	(1,167,606)	16,458,983	(2,032)	(11,016,576)
Share of results of associated undertakings	-	-	-	(2,099,789)	(2,099,789)
Investment income	4,189,769	46,228,784	2,666,108	-	53,084,662
Profit before taxation	(27,682,015)	51,865,032	17,197,004	(9,222,841)	32,157,181
Taxation	(1,009,594)	(2,268,994)	(497,115)	10,987	(3,764,716)
Net profit for the period	(28,691,609)	49,596,038	16,699,889	(9,211,853)	28,392,465
- attributable to equity holders of Sonae					24,668,135
- attributable to minority interests					3,724,330

31.December.2007

CONTINUED OPERATIONS	Tourism	Spred	Holding	Adjustments	Consolidated
Operational income					
Sales	16,243,521	78,568,108	-	-	94,811,629
Services rendered	40,596,354	59,698,185	2,171,023	-	102,465,562
Other operational income	4,289,384	3,286,357	626,597	-	8,202,339
	61,129,259	141,552,650	2,797,620	-	205,479,530
Inter-segment income	1,382,026	220,823	186,836	(1,789,685)	-
	62,511,285	141,773,473	2,984,456	(1,789,685)	205,479,530
Operational cash-flow (EBITDA)	2,527,710	7,917,247	(1,349,269)	17,135	9,112,824
Depreciation and amortisation	(6,289,845)	(969,175)	(107,205)	42,096	(7,324,129)
Provisions and impairment losses	(551,700)	(171,029)	-	-	(722,729)
Reversal of provisions and impairment losses ¹	143,074	313,897	100,000	-	556,971
Operational profit (EBIT)	(4,170,762)	7,090,940	(1,356,474)	59,231	1,622,935
Net financial expenses	(17,051,468)	(1,047,963)	8,095,423	5,857	(9,998,151)
Share of results of associated undertakings	-	-	-	857,332	857,332
Investment income	(1,198,577)	132,641	10,963,250	2,244,662	12,141,976
Profit before taxation	(22,420,807)	6,175,618	17,702,199	3,167,082	4,624,092
Taxation	7,138,790	(2,137,251)	(190,453)	(1,931)	4,809,155
Net profit for the period	(15,282,017)	4,038,367	17,511,746	3,165,151	9,433,247
- attributable to equity holders of Sonae					8,579,431
- attributable to minority interests					853,816

¹ Amount included in the caption Other operational income but added back in the calculation of Operational Cash-flow (EBITDA).

The contribution of the business segments to the balance sheets as at 31 December 2008 and 2007 can be detailed as follows:

31. December.2008					
CONTINUED OPERATIONS	Tourism	Spred	Holding	Adjustments	Consolidated
Fixed assets					
Intangible	997,632	125,631	- -	-	1,123,263
Tangible	360,342,004	30,911,527	53,709	(6,193,176)	385,114,064
Goodwill ²	-	-	-	61,766,621	61,766,621
Investments	4,597,013	16,193,063	40,840,321	(17,401,288)	44,229,108
Deferred tax assets	14,298,563	1,116,614	341,614	1,125	15,757,915
Other assets	303,455,885	126,517,465	589,024,506	(692,679,203)	326,318,654
Cash, Cash Equivalents and Current Investments	11,397,028	1,572,504	4,963,907	-	17,933,439
Total assets	695,088,125	176,436,803	635,224,056	(654,505,921)	852,243,063
Non-current liabilities					
Borrowings	2,875,439	18,342,289	129,014,621	-	150,232,349
Deferred tax liabilities	2,917,845	-	246,326	-	3,164,170
Other non-current liabilities	544,728,225	70,771,775	2,123,393	(573,418,970)	44,204,424
Current liabilities					
Borrowings	1,408,048	2,946,943	124,756,438	-	129,111,429
Other current liabilities	133,469,198	56,500,704	71,246,009	(113,287,078)	147,928,833
Total liabilities	685,398,755	148,561,711	327,386,787	(686,706,048)	474,641,205
Technical investment	113,736,379	5,919,782	62,233	-	119,718,395
Gross Debt ¹	4,283,487	21,289,232	253,771,059	-	279,343,778
Net Debt ¹	(7,113,541)	19,716,728	248,807,152	-	261,410,339
31. December.2007					
CONTINUED OPERATIONS	Tourism	Spred	Holding	Adjustments	Consolidated
Fixed assets					
Intangible	593,936	209,601	-	-	803,537
Tangible	301,842,053	26,337,373	575,219	(716,397)	328,038,248
Goodwill ²	-	-	-	62,517,465	62,517,465
Investments	2,451,539	10,571,412	99,803,510	(16,654,526)	96,171,935
Deferred tax assets	13,558,815	558,925	-	-	14,117,740
Other assets	197,350,492	158,317,755	323,309,310	(428,803,030)	250,174,527
Cash, Cash Equivalents and Current Investments	20,222,050	2,286,668	21,449,693	(1,362)	43,957,049
Total assets	536,018,885	198,281,734	445,137,732	(383,657,850)	795,780,501
Non-current liabilities					
Borrowings	120,455,895	21,231,691	49,766,000	-	191,453,586
Deferred tax liabilities	2,307,082	-	-	-	2,307,082
Other non-current liabilities	224,906,319	53,985,780	8,723,393	(241,712,002)	45,903,490
Current liabilities					
Borrowings	3,597,104	21,153,900	-	-	24,751,004
Other current liabilities	224,273,698	43,053,654	95,414,545	(189,168,552)	173,573,345
Total liabilities	575,540,098	139,425,025	153,903,938	(430,880,554)	437,988,507
Technical investment	73,045,626	31,257,747	24,084	-	104,327,457
Gross Debt ¹	124,052,999	42,385,591	49,766,000	-	216,204,590
Net Debt ¹	103,830,949	40,098,923	28,316,307	1,362	172,247,541

¹ Includes intercompany loans to or from Sonae, SGPS, SA.

² Goodwill allocation can be detailed as follows:

CONTINUED OPERATIONS	31. December.2008	31. December.2007
Tourism	35,923,584	36,714,298
Spred	11,211,799	11,171,929
Holding and Others	14,631,238	14,631,238
Continued Operations	61,766,621	62,517,465

The contribution of the business segments to the cash-flow statement for the periods ended 31 December 2008 and 2007 can be detailed as follows:

31.December.2008				
	Tourism	Spred	Holding	Consolidated
Operating activities	(45,557,607)	529,504	(3,252,422)	(48,280,525)
Investment activities	28,127,976	(13,050,302)	9,495,054	24,572,728
Financing activities	(70,300,567)	(21,913,831)	92,099,143	(115,255)
Change in cash and cash equivalents				
Total Operations	(87,730,198)	(34,434,629)	98,341,775	(23,823,052)
31.December.2007				
	Tourism	Spred	Holding	Consolidated
Operating activities	(6,340,756)	(1,079,095)	(26,860)	(7,446,711)
Investment activities	(17,454,154)	42,211,588	19,968,681	44,726,115
Financing activities	(7,711,028)	21,425,883	(22,582,773)	(8,867,918)
Change in cash and cash equivalents				
Continued Operations	(31,505,938)	62,558,376	(2,640,952)	28,411,486
Discontinued Operations	15,166,626	(15,016,096)	33,315	183,845
Total Operations	(16,339,312)	47,542,280	(2,607,637)	28,595,331

Net debt of the "Holding" can be analysed as follows:

	31.December.2008	31.December.2007
Inflows		
Gross Bank Debt	253,771,059	49,766,000
Cash and Cash Equivalents	4,936,907	21,449,693
Net Bank Debt	248,834,152	28,316,307
 Sonae Turismo	26,616,000	5,320,000
Spred	35,000	1,191,600
Intercompany ST Loans obtained	26,651,000	6,511,600
Total inflows	275,485,152	34,827,907
 Outflows		
Sonae Turismo	522,843,530	271,501,584
Spred	49,501,321	36,695,533
Intercompany ST Loans Granted	572,344,851	308,197,117

Group headcount can be detailed as follows:

	31.December.2008	31.December.2007
Tourism	691	532
Spred	985	1,002
Holding and Others	66	27
Continued Operations	1,742	1,561
 Discontinued Operations	801	167
Total Operations	2,543	1,728

49. SUBSEQUENT EVENTS

On 25 February 2009, the Commercial Court of Lisieux decided to renew the "observation period" of the rehabilitation proceedings ("Redressement Judiciaire") for Pysorol until the end of May 2009. During this period, the company will therefore continue its activity under the protection of insolvency law and under the supervision of the two insolvency administrators.

50. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 25 March 2009 and are still subject to approval by the Shareholders General Meeting.

The Board of Directors



INDIVIDUAL FINANCIAL STATEMENTS

31 DECEMBER 2008

SONAE CAPITAL, S.G.P.S., SA

INDIVIDUAL BALANCE SHEETS AS AT 31 DECEMBER 2008 AND 2007

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

ASSETS	Notes	31 December 2008	31 December 2007
NON CURRENT ASSETS:			
Tangible assets		5,285	-
Investments	4	382,638,753	382,638,253
Deferred tax assets		342,739	-
Other non current assets	5	116,153,000	49,749,000
Total Non Current Assets		499,139,777	432,387,253
CURRENT ASSETS			
Other current assets	6	44,731,586	23,901
Cash and cash equivalents	7	25,516	1,363
Total Current Assets		44,757,102	25,264
TOTAL ASSETS		543,896,879	432,412,517
EQUITY AND LIABILITIES			
EQUITY:			
Share Capital	8	250,000,000	250,000,000
Translation and Fair Value Reserves		(304,749)	-
Other reserves	9	132,638,253	132,638,253
Retained earnings		(1,509)	-
Profit / (Loss) for the period		(848,271)	(2,012)
TOTAL EQUITY		381,483,724	382,636,241
LIABILITIES:			
NON CURRENT LIABILITIES			
Bank loans	10	29,934,516	-
Bonds	10	49,825,545	49,766,000
Deferred tax liabilities		59,985	-
Total Non Current Liabilities		79,820,046	49,766,000
CURRENT LIABILITIES			
Trade creditors		22,134	800
Bank loans	10	21,850,000	-
Other creditors	12	59,230,978	1,994
Other current liabilities	13	1,489,997	7,482
Total Current Liabilities		82,593,109	10,276
TOTAL EQUITY AND LIABILITIES		543,896,879	432,412,517

The accompanying notes are part of these financial statements

The Board of Directors

SONAE CAPITAL, S.G.P.S., S.A.

INDIVIDUAL INCOME STATEMENT BY NATURE

FOR THE PERIODS ENDED 31 DECEMBER 2008 AND 2007

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

	Notes	4 th Quarter 2008 (Unaudited)	31 December 2008	31 December 2007
Operational income:				
Other operational income		(6,788)	10,055	-
Total operational income		(6,788)	10,055	-
Operational expenses:				
External supplies and services	14	(239,193)	(560,648)	(2,479)
Staff costs	16	(295,388)	(1,167,426)	
Depreciation and amortisation		(661)	(2,642)	
Other operational expenses		(26,004)	(54,095)	(254)
Total operational expenses		(561,246)	(1,784,812)	(2,734)
Operational profit/(loss)		(568,034)	(1,774,757)	(2,734)
Financial income	17	2,016,509	5,544,698	8,301
Financial expenses	17	(1,731,146)	(4,898,944)	(7,579)
Net financial income/(expenses)		285,363	645,753	722
Profit/(loss) before taxation		(282,671)	(1,129,004)	(2,012)
Taxation		281,285	280,733	
Profit/(loss) for the period		(1,386)	(848,271)	(2,012)
Profit/(loss) per share				
Basic	19	(0.000006)	(0.003393)	(0.000008)
Diluted	19	(0.000006)	(0.003393)	(0.000008)

The accompanying notes are part of these financial statements

The Board of Directors

SONAE CAPITAL, S.G.P.S., S.A.

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008 AND 2007

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

	Share Capital	Own Shares	Share Premium	Additional paid in Capital	Reserves						Retaineds Earnings	Net profit / (loss)	Total Equity
					Legal Reserve	Legal Revaluation Reserve	Fair Value Reserve	Hedging Reserve	Translation Reserve	Other Reserves			
Balance as at 1 January 2007		-	-	-	-	-	-	-	-	-	-	-	-
Appropriation of profits:													
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition/(disposal) of own shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in fair value of hedging financial instruments, net of taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax arising from increase/(decrease) in fair value of hedging financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in fair value of investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax arising from increase/(decrease) in fair value of investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period ended 31 December 2007	-	-	-	-	-	-	-	-	-	-	-	(2,012)	(2,012)
Others	250,000,000	-	-	-	-	-	-	-	-	132,638,253	-	-	382,638,253
Balance as at 31 December 2007	250,000,000	-	-	-	-	-	-	-	-	132,638,253	-	(2,012)	382,636,241

	Share Capital	Own Shares	Share Premium	Additional paid in Capital	Reserves						Retaineds Earnings	Net profit / (loss)	Total Equity
					Legal Reserve	Legal Revaluation Reserve	Fair Value Reserve	Hedging Reserve	Translation Reserve	Other Reserves			
Balance as at 1 January 2008	250,000,000	-	-	-	-	-	-	-	-	132,638,253	-	(2,012)	382,636,241
Appropriation of profits:													
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	(2,012)	2,012	-
Acquisition/(disposal) of own shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in fair value of hedging financial instruments, net of taxes	-	-	-	-	-	-	(304,749)	-	-	-	-	-	(304,749)
Deferred tax arising from increase/(decrease) in fair value of hedging financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in fair value of investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax arising from increase/(decrease) in fair value of investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period ended 31 December 2008	-	-	-	-	-	-	-	-	-	-	-	(848,271)	(848,271)
Others	-	-	-	-	-	-	-	-	-	-	503	-	503
Balance as at 31 December 2008	250,000,000	-	-	-	-	-	(304,749)	-	-	132,638,253	(1,509)	(848,271)	381,483,724

The accompanying notes are part of these financial statements

The Board of Directors

SONAE CAPITAL, S.G.P.S., S.A.

INDIVIDUAL CASH FLOW STATEMENT

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008 AND 2007

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

	<u>31 December 2008</u>	<u>31 December 2007</u>
OPERATING ACTIVITIES		
Cash receipts from trade debtors	504,945	
Cash paid to employees	834,586	
Cash flow generated by operations	<u>(1,339,531)</u>	<u>-</u>
Income taxes (paid)/received	29,056	
Other cash receipts/(payments) relating to operating activities	85,435	(15,515)
Net cash flow from operating activities [1]	<u>(1,283,152)</u>	<u>(15,515)</u>
INVESTMENT ACTIVITIES		
Cash receipts arising from:		
Interest and similar income	2,217,250	
	<u>2,217,250</u>	<u>-</u>
Cash payments arising from:		
Investments	500	-
Tangible assets	7,927	
Loans granted	107,772,300	49,749,000
	<u>(107,780,727)</u>	<u>(49,749,000)</u>
Net cash flow from investment activities [2]	<u>(105,563,476)</u>	<u>(49,749,000)</u>
FINANCING ACTIVITIES		
Cash receipts arising from:		
Loans obtained	110,981,400	50,000,000
	<u>110,981,400</u>	<u>50,000,000</u>
Cash Payments arising from:		
Interest and similar costs	4,110,618	234,122
Loans obtained	-	-
	<u>(4,110,618)</u>	<u>(234,122)</u>
Net cash from financing activities [3]	<u>106,870,782</u>	<u>49,765,878</u>
Net increase/(decrease) in cash and cash equivalents [4] = [1]+[2]+[3]	24,154	1,363
Cash and cash equivalents at the beginning of the period	1,363	-
Cash and cash equivalents at the end of the period	<u>25,516</u>	<u>1,363</u>

The accompanying notes are part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008 AND 2007

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

1. INTRODUCTION

Sonae Capital, SGPS, SA ("the Company" or "Sonae Capital") whose registered office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, was constituted on 14 December 2007 by public deed, following the demerger from Sonae, SGPS, SA of the whole of the share capital of the company formerly named Sonae Capital, SGPS, SA, now named SC, SGPS, SA in compliance with paragraph a) of article 118 of the Commercial Companies Code.

Individual financial statements are presented as required by Commercial Companies Code. According to Decree-Law 35/2005 of 17 February, individual financial statements have been prepared in accordance with International Financial Reporting Standards.

As mentioned previously, the company was set up on 14 December 2007. Therefore, the income statement by nature as at 31 December 2008 is not directly comparable with the one from the previous year.

2. PRINCIPAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), applicable to financial years beginning on 1 January 2008.

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 (Note 2.3).

2.2 Borrowing costs

Financial charges connected with loans contracted are generally recognised as a cost in accordance with the accruals principle, using for this purpose the effective interest rate method.

2.3 Financial instruments

a) Investments

Investments are classified into the following categories:

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

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the balance sheet date. Investments classified as held to maturity have defined maturities and the Company has the intention and ability to hold them until the maturity date. Investments measured at fair value through profit or loss are classified as current investments. Available-for-sale investments are classified as non-current assets.

Investments measured at fair value through profit and loss include investments held for negotiation which the company acquires with a view to disposal within a reasonable period of time and are classified in the balance sheet as current investments.

The Company classifies as available for sale investments those which are not classified as investments measured at fair value through profit and loss nor as investments held to maturity. These investments are classified as non current assets, unless there is an intention to dispose of them within 12 months of the balance sheet date.

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

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

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

Gains or losses arising from a change in fair value of available-for-sale investments are recognised directly in equity, under Fair value reserve, until the investment is sold or otherwise disposed of, or until its fair value is lower than its carrying amount and that corresponds to an impairment loss, at which time the cumulative gain or loss previously recognised in equity is transferred to net profit or loss for the period.

The gains and losses resulting from changes to the fair value of derivatives valued at fair value are shown in the financial statements in the caption net financial charges/income.

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

In accordance with IAS 27, investments in affiliated and associated undertakings are stated at acquisition cost, less impairment losses.

b) 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.

c) 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 2.4. 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.

d) Trade accounts payable

Trade accounts payable are stated at their nominal value.

e) Derivatives

The Company uses derivatives in the management of its financial risks only to hedge such risks, and/or to optimize funding costs, in accordance with the interest rate risk policy stated in note 3.1.

The derivatives used by the Company defined as cash-flow hedge instruments relate mainly to interest rate hedge instruments on loans contracted. The indices, calculation methods, dates for re-fixing interest rates and the reimbursement plans for the interest rate hedge instruments are all identical to the conditions established for the underlying contracted loans, and thus qualify as perfect hedges. Inefficiencies that may exist are shown in the caption Net Financial Income/Expenses in the income statement.

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

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

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

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity, under the caption Hedging reserves, 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.

In cases in which derivative instruments, in spite of having been negotiated in accordance with the interest rate risk policy stated in note 3.1, in relation to which the Company did not apply hedge accounting, are initially registered at cost, if any, and subsequently measured at fair value. The changes in value resulting from the measurement at fair value, calculated using especially designed software tools, are included in Net financial charges in the income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and characteristics are not closely related to economic risks and characteristics of the host contract, and this is not stated at fair value, and unrealized gains or losses recorded in the income statement.

In specific situations, the Company may use interest rate derivatives with the goal of obtaining fair value hedging. In these situations, derivatives are booked at their fair value in the profit and loss account. In situations in which the derivative involved is not measured at fair value (in particular borrowings measured at amortised cost), the effective share of hedging will be adjusted to the accounting value of the derivative hedged through the profit and loss account.

f) Cash and cash equivalents

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

In the cash-flow statement, cash and cash equivalents also include bank overdrafts, which are included in the balance sheet caption current bank loans.

2.4 Revenue recognition and accrual basis

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

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

2.5 Subsequent events

Events after the balance sheet 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 balance sheet date that are non-adjusting events are disclosed in the notes, when material.

2.6 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) Adjustments to the values of assets and provisions;
- c) Analysis of the impairment of loans and investments;
- d) Calculation of the fair value of derivatives.

The estimates were based on the best information available at the date of the preparation of the financial statements and on the best knowledge and experience of past and/or current events. These estimates may, however, be affected by subsequent events which are not foreseeable at the present day. Changes to these estimates, which take place after the date of the financial statements, will be recognized prospectively in the income statement, in accordance with IAS 8.

The main estimates and assumptions concerning future events included in the financial statements are described in the corresponding notes to the accounts, when applicable.

2.7 Income tax

Current income tax is determined in accordance with tax rules in force in Portugal, considering the profit for the period.

Deferred taxes are calculated using the balance sheet liability method. Deferred tax assets are recognised only when their use is probable.

3. Financial risk management

3.1. Market risks

a) Interest Rate risk - POLICY

As a result of maintaining its variable rate debt in the balance sheet, and the resulting cash-flows from interest payments, the Company is exposed to the Euro interest rate risk.

In view of the fact that:

- the volatility of Company's results does not depend only on the volatility of its financial results linked to the volatility of interest rates;
- under normal market conditions, there is a correlation between the levels of interest rates and economic growth, with the expectation being that the impact of movements in interest rates (and the respective volatility of cash flows to service the debt) can to some extent be compensated by movements in the remaining lines of the profit and loss account, in particular by operational profits or losses;
- the setting up of any form of risk hedging structure has an implicit opportunity cost associated with it,

the Company policy concerning the mitigation of this risk does not establish the maintenance of any minimum proportion of fixed interest rate debt (converted to fixed rate through use of derivatives), but rather has opted for a dynamic approach to monitoring exposure, which aligns market conditions to the real exposure of the Company, in order to avoid the possibility of exposure that could have a real impact on the Company's results.

In view of the above, the Company policy concerning this issue defines a case by case review of each potential transaction, such that any contract for derivatives must follow the following principles:

- derivatives are not used for trading, profit making or speculation;

- derivatives to be contracted must match exactly the underlying exposures in relation to indices to be used, fixing dates for interest rates and dates for payment of interest, and the amortisation profile of the underlying debt;
- the maximum financial cost of the entire derivative and underlying exposure must always be known and limited from the date of the derivative contract, with the aim that the resulting level of costs are within the cost of funds considered in the business plans;
- derivative contracts are only agreed with authorised entities, specifically Financial Institutions with a minimum Investment Grade rating, giving preference to Banking Relationship Institutions of the Company;
- All transactions must be the object of competitive bids, involving at least two financial institutions;
- All transactions are entered into by using market standard contracts (ISDA), with schedules negotiated with each one of the Institutions;
- To determine the fair value of the hedging transactions, the Company uses a range of methods in accordance with market practices, namely option valuation models and discounted future cash flow models, with specific market assumptions (interest and exchange rates, volatilities, etc.) prevailing at the Balance Sheet date. Comparative quotes provided by financial institutions are also used as a valuation benchmark;
- Any transaction that does not comply with all of the above principles must be individually approved by the Board of Directors.

b) Interest Rate Risk - SENSITIVITY ANALYSIS

Interest rate sensitivity is based on the following assumptions:

- Changes in interest rates affect interest receivable and payable of financial instruments indexed to variable rates (interest payments, related to financial instruments not defined as hedging instruments for interest rate cash-flow hedges). As a result, these instruments are included in the calculation of financial results sensitivity analysis;
- Changes in market interest rates affect income and expenses related to fixed interest rate financial instruments, in cases in which these are recognised at fair value. As such, all financial instruments with fixed interest rates booked at amortised cost, are not subject to interest rate risk, as defined in IFRS 7;
- In the case of instruments designated as fair value hedges of interest rate risk, when changes to the fair value of the hedging instrument, which are attributable to movements in interest rates, are almost completely compensated in the financial results in the same period, these financial instruments are also considered not to be exposed to interest rate risk;
- Changes in market interest rates of financial instruments which were designated as cash-flow hedging instruments to hedge fluctuations in payments resulting from changes in interest rates, are recorded in reserves, and are thus included in the sensitivity analysis calculation of shareholders' funds (other reserves);
- Changes in market interest rates of interest rate derivatives, which are not specified as being part of hedging relationships as defined in IAS 39, affect the results of the company (net gain/loss resulting from the revaluation of the fair value of financial instruments), and are thus included in the calculation of profit and loss sensitivity;

- Changes in the fair value of derivatives and other financial assets and liabilities are estimated by calculating the discounted present value of future cash flows at existing market interest rates at the end of each year, and assuming a parallel variation in interest rate trends;
- The sensitivity analysis is applied to all financial instruments existing at the end of the period.

Given the above assumptions, if interest rates of financial instruments denominated in euro had been 0.75 percentage points higher/lower, the net profit before tax of the Company as at 31 December 2008 would have been higher by approximately 320,658.52 euro and lower by approximately 278,111.02 euro, respectively (as at 31 December 2007 they would have been higher/lower by around 12 euro). The equity impact of the interest rate sensitivity analysis as at 31 December 2008 and 2007 is immaterial.

c) Exchange Rate Risk

The Company has no exposure to exchange rate risk.

d) Other Price Risks

The Company is exposed to risks arising from the value of investments made in financial shareholdings. However, these investments are in general made with strategic objectives in mind and not for current trading.

3.2. Credit Risk

Credit risks at Sonae Capital arises mainly from (i) its relationships with financial institutions in the course of its day to day business activity, and (ii) the risk of non compliance by business counterparts in portfolio transactions.

- Financial Institutions: The credit risk is linked to possible non compliance by Financial Institutions, from which the Company, in its normal operational activity, contracted term deposits, cash balances and derivatives.

To mitigate this risk, the Company:

- Only executes transactions with counterparts with an Investment Grade minimum rating;
- Diversifies its counterparts, in order to avoid an excessive concentration of credit risk;
- Defines a limited range of eligible instruments (aimed at not contracting complex instruments, the structure of which is not entirely known);
- Regularly monitors total exposures with each counterpart, in order to guarantee compliance with the policy established.

- Shareholding Buy/Sale transactions: In the course of its business, the Company is exposed to the credit risk of counterparts with whom it agrees transactions concerning investments in shareholdings. In these cases, the means used to mitigate risks are determined on a one on one basis, in order to take into account the specifics of the transaction, with the constant supervision of the Board of Directors. Despite the wide range of means used, there exists always the possibility of using normal market methods, namely carrying out due diligence, obtaining financial information concerning the counterpart in question, or the pledging of an asset which is released when the financial transaction has been completed.

3.3. Liquidity Risks

The objective of liquidity risk management is to ensure at any given moment that the Company has the financial capability under favourable market conditions to: (i) comply with its payment obligations when these fall due and (ii) ensure in a timely manner the appropriate financing for the development of its businesses and strategy.

To that end, the Company aims at maintaining a flexible financial structure, so that the process of managing liquidity within the Company includes the following key aspects:

-
- Financial planning based on cash flow forecasts and for different time periods (weekly, monthly, annual and multi year);
- Short and long term financial control systems (based on Treasury and Cash Management systems), which allow in a timely manner to identify variances, anticipate financing needs and identify refinancing opportunities;
- Diversification of sources of financing and counterparts;
- Spread of debt maturity dates, aiming at avoiding excessive concentration, at specific points in time, of debt repayments;
- Contracts with relationship Banks, of committed credit lines (of at least one year) and Commercial Paper Programmes, with cancellation clauses which are sufficiently comfortable and prudent, seeking to obtain an appropriate level of liquidity while optimising the amount of commitment commissions payable.

4. INVESTMENTS

As at 31 December 2008 and 31 December 2007 investments are detailed as follows:

	<u>31.December.2008</u>	<u>31.December.2007</u>
Investments in affiliated and associated undertakings	382,638,253	382,638,253
Investments in other companies (Sonae RE – 0.04%)	500	-
	<u>382,638,753</u>	<u>382,638,253</u>

4.1 Investments in affiliated and associated undertakings

As at 31 December 2008, the detail of investments in affiliated and associated companies is as shown in the table below.

Investments carried at cost correspond to those in unlisted companies and for which a fair value cannot be reliably estimated.

Company	31.December.2008				31.December.2007			
	% Held	Fair Value	Book Value	Fair Value Reserve	% Held	Fair Value	Book Value	Fair Value Reserve
Investments at Book Value:								
SC, SGPS, SA	100.00%	-	382,638,253	-	100.00%	-	382,638,253	-
Total		-	382,638,253	-		-	382,638,253	-

During the year ended 31 December 2007, the demerger of Sonae, SGPS, SA's shareholding in SC, SGPS, SA (previously named Sonae Capital, SGPS, SA) took place. The transaction involved the spin off of the entire share capital of SC, SGPS, SA held by Sonae, SGPS, SA for its accounting value of 382,638,253 euro, with which the new company Sonae Capital, SGPS, SA was incorporated.

5. OTHER NON CURRENT ASSETS

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

	<u>31.December.2008</u>	<u>31.December.2007</u>
Loans granted to group companies:		
SC, SGPS, SA	<u>116,153,000</u>	<u>49,749,000</u>
	<u>116,153,000</u>	<u>49,749,000</u>

This asset was not due or impaired as at 31 December 2008. The fair value of loans granted to group companies is basically the same as their book value.

6. OTHER CURRENT ASSETS

As at 31 December 2008 and 31 December 2007 other current assets can be detailed as follows:

	<u>31.December.2008</u>	<u>31.December.2007</u>
Group companies - Short term loans:		
SC, SGPS, SA	40,133,300	-
SC - Sociedade de Consultadoria, SA	1,235,000	-
Group companies - Interest:		
SC, SGPS, SA	2,802,326	-
Income tax withheld	27,538	-
Accrued income	533,422	8,301
Deferred costs	-	15,600
	<u>44,731,586</u>	<u>23,901</u>

7. CASH AND CASH EQUIVALENTS

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

	<u>31.December.2008</u>	<u>31.December.2007</u>
Cash	1,000	-
Bank deposits	<u>24,516</u>	<u>1,363</u>
Cash and cash equivalents in the balance sheet	<u>25,516</u>	<u>1,363</u>
Bank overdrafts	-	-
Cash and cash equivalents in the cash flow statement	<u>25,516</u>	<u>1,363</u>

8. SHARE CAPITAL

As at 31 December 2008 share capital consisted of 250,000,000 ordinary shares of 1 euro each.

9. OTHER RESERVES

As at 31 December 2008, the caption Other reserves relates to the overall value of the demerger reserve (Note 1), and corresponds to the difference between the book value of the shareholding in SC, SGPS, SA (382,683,253 Euros) which was spun off from Sonae, SGPS, SA to the Company, and the value of the share capital of the Company (250,000,000 Euros).

10. LOANS

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

	<u>31.December.2008</u>	<u>31.December.2007</u>
Bank loans - Commercial paper	30,000,000	-
Up-front fees not yet charged to income statement	(65,484)	-
Bank loans	<u>29,934,516</u>	<u>-</u>
Nominal value of bonds	50,000,000	50,000,000
Up-front fees not yet charged to income statement	(174,455)	(234,000)
Bonds	<u>49,825,545</u>	<u>49,766,000</u>
Non-current loans	<u>79,760,061</u>	<u>49,766,000</u>
Bank overdrafts	21,850,000	-
Current loans	<u>21,850,000</u>	<u>-</u>

Sonae Capital SGPS – 2007/2012 1st Bond Issue , amounting to 20,000,000 euro, reimbursable after 5 years, in one instalment on 31 December 2012, unless reimbursement is anticipated either totally or partially, which can take place on 31 December 2010.

Bonds Sonae Capital 2007/2012 2nd Bond issue, amounting to 30,000,000 euro, repayable after 5 years, in one instalment, on 31 December 2012.

These bond issues pay interest every six months at Euribor six month interest rates plus spreads which vary between 0.50% and 0.60%.

The caption non current bank loans includes a commercial paper programme, with subscription guarantee, launched on 14 March 2008, valid for a five year period, with a maximum limit of 30,000,000 euro.

The caption current bank loans includes a commercial paper programme, without subscription guarantee, launched on 28 March 2008, valid for a ten year period, which may be extended at the option of the Company, with a maximum limit of 60,000,000 euro.

The above loans are not guaranteed, and their fair value is considered to be close to their book value, in view of the fact that interest payable on them is at variable market rates.

Derivatives are booked at fair value (Note 11).

The nominal value of the loans and the estimated nominal values of interest to be paid on them have the following maturity dates:

	31.December.2008		31.December.2007	
	Capital	Interest	Capital	Interest
N+1	21,850,000	3,499,342	-	2,684,000
N+2	20,000,000	2,576,018	-	2,684,000
N+3	-	2,576,018	20,000,000	2,684,000
N+4	30,000,000	2,583,076	-	1,610,400
N+5	30,000,000	155,046	30,000,000	1,614,873
After N+5	-	-	-	-
	101,850,000	11,389,500	50,000,000	11,277,273

As at 31 December 2008 and 31 December 2007, available credit lines may be summarised as follows:

	31.December.2008		31.December.2007	
	Commitments less than 1Y	Commitments of over 1 Y	Commitments less than 1Y	Commitments of over 1 Y
Amounts of credit lines available	14,150,000	15,000,000	8,750,000	-
Amount of credit lines contracted	36,000,000	15,000,000	8,750,000	-

11. DERIVATIVES

Interest rate derivatives

The hedging instruments used by the Company as at 31 December 2008 were mainly interest rate options (cash-flow hedges) entered into with the goal of hedging interest rate risk on loans in the amount of 50,000,000 euro whose net fair value was -306,449 euro. As at 31 December 2008, all derivatives are considered to be hedging instruments.

These interest rate hedging instruments are valued at fair value as at the balance sheet date, determined by valuations made by the Company using derivative valuation calculation schedules and external valuations when these schedules do not permit the valuation of certain instruments. The determination of fair value of these financial instruments is based, for swaps, on updating on the balance sheet date the future cash-flows resulting from the difference between the fixed interest rate of the fixed leg of the derivative and the variable interest rate indexed to the variable leg of the derivative. For options, fair value is determined using the Black-Scholes model and its variants.

The risk hedging principles generally used by the Company to contractually arrange hedging instruments are as follows:

- Matching between cash-flows received and paid, i.e., there is a perfect match between the dates of the re-fixing of interest rates on financing contracted with the bank and the dates of the re-fixing of interest rates on the derivative;
- Perfect matching between indices: the reference index for the hedging instrument and that for the financing to which the underlying derivative relates are the same;
- In the case of extreme rises in interest rates, the maximum cost of financing is limited;
- The counterparts for derivatives are selected based on their financial strength and credit risk profile, with this profile being generally measured by a rating note attributed by rating agencies of recognised merit. The counterparts for derivatives are top level, highly prestigious financial institutions which are recognised nationally and internationally.

Fair value of derivatives

The fair value of derivatives are shown as follows:

	Assets		Liabilities	
	31.Dec.2008	31.Dec.2007	31.Dec.2008	31.Dec.2007
Non hedge accounting derivatives	-	-	-	-
Interest rate	-	-	-	-
Hedge accounting derivatives				
Interest rate	-	-	306,449	-
Other derivatives	-	-	-	-
	<u>0</u>	<u>0</u>	<u>306,449</u>	<u>0</u>

12. OTHER CREDITORS

As at 31 December 2008 and 31 December 2007, these captions were made up as follows:

	<u>31.December.2008</u>	<u>31.December.2007</u>
<u>Other creditors</u>		
Group companies - Short term loans:		
SC - Insurance and Risk Services, SGPS, SA	38,793,000	-
Interlog, SGPS, SA	20,289,000	-
Spinarq Arquitectura e Projectos, SA	35,000	-
Pargeste, SGPS, SA	14,400	-
Other creditors	<u>99,578</u>	<u>1,994</u>
	<u>59,230,978</u>	<u>1,994</u>

Loans obtained from group companies bear interest at market rates and are repayable within one year.

13. OTHER CURRENT LIABILITIES

As at 31 December 2008 and 31 December 2007, these captions were made up as follows:

	<u>31.December.2008</u>	<u>31.December.2007</u>
<u>Other current liabilities</u>		
Taxes payable	28,326	25
Accruals:		
Staff costs	314,842	-
Interest payable	800,023	7,457
Other accruals	33,569	-
Deferred income	6,788	-
Derivative hedging instruments (Note 11)	<u>306,449</u>	<u>-</u>
	<u>1,489,997</u>	<u>7,482</u>

Derivative hedging instruments used by the Company and in force as at 31 December 2008, relate to swaps and interest rate options (cash-flow hedges) entered into with the aim of hedging interest rate risk on loans in the amount of 50,000,000 euro, whose fair value was - 306,449 euro.

14. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2008 external supplies and services can be detailed as follows:

	<u>31.December.2008</u>	<u>31.December.2007</u>
Operational rents	12,864	-
Insurance costs	68,846	-
Travelling expenses	95,841	-
Fees	11,020	-
Services obtained	361,433	2,011
Other services	<u>10,644</u>	<u>468</u>
	<u>560,648</u>	<u>2,479</u>

15. OPERATIONAL LEASES

As at 31 December 2008, the Company had operational lease contracts, as a lessee, whose minimum lease payments (fixed income) had the following payment schedule:

	<u>31.December.2008</u>
N+1	13,834
N+2	13,834
N+3	13,834
N+4	<u>13,834</u>
	<u>55,336</u>

16. STAFF COSTS

As at 31 December 2008, Staff costs are made up as follows:

	<u>31.December.2008</u>
Governing bodies' remunerations	1,093,959
Social security contributions	59,876
Other staff costs	<u>13,591</u>
	<u>1,167,426</u>

17. NET FINANCIAL EXPENSES

As at 31 December 2008 net financial expenses can be detailed as follows:

	<u>31.December.2008</u>	<u>31.December.2007</u>
Interest payable and similar expenses		
Interest arising from:		
Bank loans	(1,588,348)	-
Bonds	(2,791,156)	(7,456)
Other	(271,563)	(1)
Other financial expenses	<u>(247,877)</u>	<u>(122)</u>
	<u>(4,898,944)</u>	<u>(7,579)</u>
Interest receivable and similar income		
Interest income	<u>5,544,698</u>	<u>8,301</u>
	<u>5,544,698</u>	<u>8,301</u>
Net financial expenses	<u>645,754</u>	<u>722</u>

18 TAXATION

As at 31 December 2008, Taxation is made up as follows:

	<u>31.December.2008</u>	<u>31.December.2007</u>
	<u>Total</u>	<u>Total</u>
Current tax	1,518	-
Deferred tax	<u>(282,251)</u>	<u>-</u>
	<u>(280,733)</u>	<u>-</u>

18.1 Reconciliation of effective tax charge

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2008 and 2007 is:

	31.December.2008	31.December.2007
	Total	Total
Profit before income tax	(1,129,004)	(2,012)
Difference between accounting and tax of capital gains/(losses)	11,361	(249,600)
Taxable Profit	(1,117,643)	(251,612)
Recognition of tax losses originating deferred taxes	1,117,643	251,612
	-	-
Income tax rate in Portugal	25.00%	25.00%
	-	-
Effect of increases or decreases in deferred taxes	(282,251)	-
Autonomous taxes	1,518	-
Taxation	(280,733)	-
Effective tax rate	-	-

18.2 Tax losses carried forward

	31.December.2008	
	Tax losses	To be used until
Generated in 2007	251,612	2013
Generated in 2008	1,117,643	2014

As at 31 December 2008 deferred tax assets related with tax losses originated in 2008 and 2007, in the amount of 342,314 euro, were recorded.

19. EARNINGS PER SHARE

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

	<u>31.December.2008</u>	<u>31.December.2007</u>
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	(848,271)	(2,012)
Effect of dilutive potential shares	-	-
Net profit taken into consideration to calculate diluted earnings per share	<u>(848,271)</u>	<u>(2,012)</u>
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	250,000,000	250,000,000
Weighted average number of shares used to calculate diluted earnings per share	<u>250,000,000</u>	<u>250,000,000</u>
Earnings per share (basic and diluted)	<u>(0.003393)</u>	<u>(0.000008)</u>

20. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 25 March 2009.

21. INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

In the period ended 31 December 2008 shareholders' loan contracts were entered into with the following companies:

- SC, SGPS, SA

In the period ended 31 December 2008 short-term loan contracts were entered into with the following companies:

- Interlog, SGPS, SA
- Pargeste, SGPS, SA
- SC - Insurance and Risk Services, SGPS, SA
- SC - Sociedade de Consultadoria, SA
- SC, SGPS, SA
- Sonae Turismo, SGPS, SA
- Spinarq Arquitectura e Projectos, SA

As at 31 December 2008 amounts owed by affiliated undertakings can be summarized as follows:

Companies	Closing Balance
SC, SGPS, SA	156,286,300
SC - Sociedade de Consultadoria, SA	1,235,000
	<u>157,521,300</u>

As at 31 December 2008 amounts owed to affiliated undertakings can be summarized as follows:

Companies	Closing Balance
SC - Insurance and Risk Services, SGPS, SA	38,793,000
Interlog, SGPS, SA	20,289,000
Spinarq Arquitectura e Projectos, SA	35,000
Pargeste, SGPS, SA	14,400
	<u>59,131,400</u>

The Board of Directors

REPORT AND OPINION OF THE FISCAL BOARD
31 DECEMBER 2008



Report and Opinion of the Fiscal Board

(Translation of a report originally issued in Portuguese)

To the Shareholders of
Sonae Capital, S.G.P.S., S.A.

1. Report

a. Introduction

In accordance with applicable legislation and the mandate given to the Fiscal Board, we hereby submit our Report and Opinion, which covers the work carried out by us and the consolidated and individual Financial Statements of Sonae Capital, S.G.P.S., S.A., for the year ended 31 December 2008, which are the responsibility of the Company's Board of Directors.

b. Supervisory activities

During the year 2008, we have reviewed the development of the operations of the Company and of its main affiliates, the timely update of their accounting records and their compliance with statutory and legal requirements, the preparation and disclosure of financial information, and the efficiency and integrity of internal control, internal audit and risk management systems. Meetings were held with the Board of Directors and with the Chief Financial Officer, whenever considered necessary and with the appropriate scope, having obtained from the Board of Directors and Company and its main affiliated companies staff, involved in the consolidation process, all the necessary information and explanations, for a proper understanding of changes in the financial position and of items in the profit and loss account.

Within the scope of the mandate given to the Fiscal Board, we examined the consolidated and individual balance sheets as at 31 December 2008, the consolidated and individual statements of profit and loss by nature, statements of changes in equity and statements of cash flows, for the year ended on that date and related notes. Additionally, we examined the report of the Board of Directors for the year 2008, and reviewed the qualifications, independence and work of the Company's Statutory Auditor, reviewing also the Statutory Auditor's Report issued by the External Auditor of the Company, whose content we agree with.

2. Opinion

Considering the above, we are of the opinion that the consolidated and individual financial statements referred to above and the Report of the Board of Directors, including the profit appropriation proposal included therein, were prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Sonae Capital, S.G.P.S., S.A. and main companies included in the consolidation perimeter, and can therefore be approved by the Shareholders' General Meeting.

We would like to express our gratitude to the Company's Board of Directors and staff, as well as to the statutory boards and staff of Group companies for their cooperation in the work carried out by us.

3. 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 accordance with applicable International Financial Reporting Standards, and give a true and fair view, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of Sonae Capital, S.G.P.S., S.A. and of the companies included in the consolidation perimeter, where appropriate, and that the Report of the Board of Directors faithfully describes major events that occurred during the year 2008 and their impacts, if any, the business performance and position of Sonae Capital, S.G.P.S., S.A. and of companies included in the consolidation perimeter, and contains an appropriate description of major risks and uncertainties that they face.

Maia, 25 March 2009

The Fiscal Board

Armando Luis Vieira de Magalhães

Jorge Manuel Felizes Morgado

Carlos Manuel Pereira da Silva



STATUTORY AUDIT AND AUDITORS' REPORT
31 DECEMBER 2008

STATUTORY AUDIT AND AUDITOR'S REPORT

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

Introduction

1. In accordance with applicable legislation, we hereby present our Statutory Audit and Auditor's Report on the consolidated and individual financial information contained in the Report of the Board of Directors, and the consolidated and individual financial statements for the year ended 31 December 2008 of Sonae Capital, S.G.P.S., S.A. (Company which resulted from the demerger of the whole of the share capital of the former Sonae Capital, S.G.P.S., S.A., currently SC, S.G.P.S., S.A. – Introduction Note), which comprise the Consolidated and Individual Balance Sheets as of 31 December 2008 (that present a total of 928,271,691 Euro and 543,896,879 Euro, respectively, and consolidated and individual equity of 356,165,174 Euro and 381,483,724 Euro, respectively, including consolidated net profit attributable to the Company's Equity Holders of 21,393,605 Euro and an individual net loss of 848,271 Euro), the consolidated and individual statements of profit and loss by nature, 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 statements that present a true and fair view of the financial position of the Company and of the companies included in the consolidation, the consolidated and individual results of their operations, and their consolidated and individual cash flows; (ii) the preparation of historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union that is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate system of internal control; and (iv) informing any significant facts that have influenced the operations of the Company and companies included in the consolidation, their financial position and results of operations.
3. Our responsibility is to examine the individual and consolidated financial information contained in the documents referred to above, including verifying that, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue a professional and independent report based on our examination.

Scope

4. Our examination was performed in accordance with the Auditing Standards issued by the Portuguese Institute of Statutory Auditors, which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated and individual financial statements are free of material misstatement. Such an examination includes verifying, on a test basis, evidence supporting the amounts and disclosures in the consolidated and individual financial statements and assessing the significant estimates, based on judgments and criteria defined by the Board of Directors, used in their preparation. Such an examination also included verifying the consolidation procedures, the application of the equity method and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting principles used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept, verifying the adequacy of the overall presentation of the consolidated and individual financial statements and assessing that, in all material respects, the consolidated and individual financial information is complete, true, timely, clear, objective and licit. Our examination also included verifying that the consolidated and individual financial information included in the Report of the Board of Directors is consistent with the consolidated and individual financial statements. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated and individual financial statements referred to in paragraph 1 above, present fairly in all material respects, the consolidated and individual financial position of Sonae Capital, S.G.P.S., S.A. as of 31 December 2008, the consolidated and individual results of its operations and its consolidated and individual cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the information contained therein is, in terms of the definitions included in the auditing standards referred to in paragraph 4 above, complete, true, timely, clear, objective and licit.

Emphasis

6. As mentioned in the Introduction to the notes to the consolidated financial statements, Sonae Capital, S.G.P.S., S.A. was incorporated on 14 December 2007 by public deed, following the demerger from Sonae, S.G.P.S., S.A. of the whole of the share capital of SC, S.G.P.S., S.A. (former Sonae Capital, S.G.P.S., S.A.), with which the new Sonae Capital, S.G.P.S., S.A. was incorporated. Considering that in substance the activity related with the year 2007 of the companies comprising the Sonae Capital Group on 31 December 2007 was not altered by the above mentioned operation, the consolidated financial statements for the year ended on that date, presented for comparative purposes, were prepared based on the assumption that those companies were already part of the group since the beginning of the year (Note 1.1).
7. As mentioned in the Introduction to the Notes to the individual financial statements, Sonae Capital, S.G.P.S., S.A. was incorporated on 14 December 2007. Therefore, the individual financial statements for the year 2007 cover the period between 14 December 2007 and 31 December 2007, and consequently are not directly comparable to the financial statements for the year 2008.

Porto, 25 March 2009

DELOITTE & ASSOCIADOS, SROC, S.A.
Represented by António Manuel Martins Amaral