



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 2009**

*(Translation from the Portuguese Original)*



# **CHAIRMAN'S STATEMENT**



Dear Shareholders,

The year 2009 was one of contradictions for Sonae Capital. The Group achieved notable operational growth, the best in its recent history, driven above all by deeds signed for sales made in previous years in the residential tourism business, while at the same time the pace of sale of these projects slowed down due to the uncertain national and international macroeconomic environment and to the expected slow pace of economic recovery. It should be noted that the negative impact of the fall in economic activity was felt across all our businesses, but were partly offset by measures taken by management that led to the results achieved.


This background led us to adopt a more prudent approach, in particular to review and delay investment plans and take measures to reduce costs in order to increase the resilience of the Group for a period of economic growth which is expected to be weaker over the next few years.

This year was also marked by a number of measures to reorganise internally with some important changes in organisational terms and in management teams. Despite not being visible outside the organisation, we are convinced that these measures strengthen the cohesion, coordination and effectiveness of the various teams.

In 2010, we will be able to evaluate the effectiveness of actions underway, namely in terms of cost control and greater operational profitability.

Another fact to be highlighted was the set up of an autonomous company SC Assets, a process which was worked on throughout 2009 and which was completed at the beginning of 2010. SC Assets owns and manages the real estate assets of the Group, a business area that accounts for a large part of the Group's total value. The organization has equipped itself with and implemented

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procedures to better manage its real estate assets and develop assets identified as strategic. In this process, Sonae Capital identified a number of assets for development, of significant value, which are not included in its growth plans. It is our intention to maximise the value of these assets by developing projects and obtaining the respective licences from the authorities, and later dispose of these assets, as long as the price is considered to be attractive.

Sonae Capital has focused its business portfolio in a consistent manner over the last few years by disposing of companies in some business sectors. This effort to refocus would have already been complete in accordance with our wishes, had it not been for the fact that constraints imposed on potential buyers by the more difficult economic background and more restrictive financing conditions have led to a slower pace of disposal. It is already public knowledge that Sonae Capital has a number of shareholdings of significant value in its portfolio that are not part of its growth strategy, and for which, it must also be recognised, we do not have the necessary skills and size to manage. We have sought actively to dispose of these assets but finalising these disposals has to be subject to obtaining a price that we believe to be fair. By following this path, we intend to reduce our debt (which is not significant in relation to the value of the Group's assets), so that the planned disposals are made at the right time and at a price that reflects the value of the underlying assets, some of which have unique characteristics.

Finally, it is important to point out that during 2010 and despite the prospects for weak growth of the Portuguese economy for the next few years, Sonae Capital will not abandon its ambitions for growth, through expansion of its network of health clubs, through the identification of new co-generation projects for ownership and operation, through the international expansion of its refrigeration, HVAC and maintenance business, and through the growth of the sustainable building development and maintenance business.

Despite the fact that, for market related reasons, we have slowed down the pace of development of troiaresort (delaying investments such as the plots of land for the residential tourism buildings of Lagoa, the Hotel resort and the Ecoresort), we believe that what has been done has been appreciated by owners, tourists and visitors. We continue to look forward to the announced opening of the Tróia Casino at the beginning of 2011, which, as an important anchor for

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troiaresort, has a significant impact on the volume and profitability of business activity (retail units and restaurants) and river crossing traffic at Tróia.

Maia, 28 April 2010

Belmiro de Azevedo

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# **REPORT OF THE BOARD OF DIRECTORS**

**31 DECEMBER 2009**

(Translation from the Portuguese Original)

## Report of the Board of Directors For the Year 2009

### 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 2008 for financial position figures.

Like for like comparisons exclude contributions of the Plysorol Group and Elmo (discontinued operations) to 2009 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, equal to the entire 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 have been listed on Euronext Lisbon since 28 January 2008.

During the year, Sonae Capital continued to take a number of actions towards the effective implementation of its business strategy, as well as divestment from non strategic business areas, through the sale of businesses in which Sonae Capital is not the majority shareholder, or whose size does not fit into the objective of becoming a reference player in the market.

The sale of the shareholding in Sonae Indústria, SGPS, SA and the sale of Elmo, SGPS, SA (sole shareholder of Plysorol) are examples of this strategy.

On the other hand, the acquisition of Ecociclo II, Energias, SA, in 2009, allowed Sonae Capital to strengthen its presence in the emerging business of Energy and Environment and clearly establish this as one of the growth and value creation drivers within Sonae Capital's business portfolio.

During 2009, Sonae Capital's business portfolio continued to be grouped into two different business areas: Sonae Turismo and Spred.

Major organizational changes occurred at the beginning of 2010, aimed at focusing the business portfolio, improving human resource skills and encouraging the development of businesses, in a clear effort to improve overall performance.

Sonae Capital's rearranged business portfolio is aimed at ensuring that the company's strategic goals are achieved. In Tourism Resorts, the focus is to create a pipeline of projects at different



stages of development and become a macro developer of resorts. In the Hotel business, the goal is to maximize value created by assets in operation. In Health & Fitness, the aim is to maintain business profitability while promoting organic growth. In the Refrigeration, Air Conditioning, Ventilation and Maintenance business, Sonae Capital aims at maintaining its leadership in the Portuguese market and expand operations in international markets. In the Energy and Environment business area, the objective is to identify new cogeneration projects and increase building sustainability services.

As part of the reorganization process, the Ownership and Management of Real Estate Assets were grouped into the new sub-holding SC Assets, reflecting the internal organisation of Sonae Capital and aiming to maximize the value created by its assets, with an investment perspective.

Consequently, from 2010 onwards, Sonae Capital's portfolio is as follows:

SONAE CAPITAL, SGPS, SA		
SONAE TURISMO	SC ASSETS	SPRED
<p><b>RESORTS</b></p> <ul style="list-style-type: none"> <li>▪ Development and management of tourism resorts</li> </ul>	<p><b>TOURISTIC ASSETS</b></p> <ul style="list-style-type: none"> <li>▪ Ownership and management of real estate assets for the development of tourism resorts</li> </ul>	<p><b>REFRIGERATION, AIR CONDITIONING AND MAINTENANCE</b></p> <ul style="list-style-type: none"> <li>▪ Engineering projects and commercial refrigeration solutions</li> <li>▪ Design, coordination and implementation of air conditioning, ventilation facilities and related electrical facilities</li> <li>▪ Maintenance and technical services</li> <li>▪ Distribution of refrigeration, air conditioning and heating equipment</li> </ul>
<p><b>HOSPITALITY</b></p> <ul style="list-style-type: none"> <li>▪ Management of Hotels with an integrated offer of services (SPA, Congress Centre and food court)</li> </ul>	<p><b>OTHER ASSETS</b></p> <ul style="list-style-type: none"> <li>▪ Ownership and management of real estate assets for residential projects</li> <li>▪ Services regarding land and buildings, among which:               <ul style="list-style-type: none"> <li>- management of leased buildings</li> <li>- technical management of buildings</li> <li>- condominium management.</li> </ul> </li> </ul>	<p><b>ENERGY AND ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>▪ Engineering services related to buildings sustainability (energy efficiency, air quality control, building materials, etc.)</li> <li>▪ Energy services to industries, namely the development and management of energy production facilities (cogeneration)</li> </ul>
<p><b>HEALTH &amp; FITNESS</b></p> <ul style="list-style-type: none"> <li>▪ Management of Health Clubs</li> </ul>		<p><b>FINANCIAL SHAREHOLDINGS</b></p> <ul style="list-style-type: none"> <li>▪ Interests in wholly owned companies of smaller size</li> <li>▪ Interests in relevant companies (financial shareholdings)</li> </ul>

## 2. Executive Summary

- On a like for like basis, consolidated turnover increased 18% to 272.2 million euro, mostly driven by the 147 sales deeds signed for residential units at the **troiaresort**. Consolidated turnover for 2009 has also benefited from the first full year of operation of Troia hotels.
- Consolidated operational cash-flow (EBITDA) amounted to 51.5 million euro (13.6 million euro), largely due to the sale of **troiaresort** residential units. Operational cash-flow (EBITDA) was positively impacted by 7.5 million euro of down payments retained from the termination of the promissory agreement for the sale of the parcel of land on which the Troia Hotel Resort will be built.
- Net profit for the year fell by 7.8% to 26.2 million euro (28.4 million euro), reflecting a significant change in its structure with a higher contribution arising from operational results and a lower contribution from investment income. In 2009, investment income includes 8.7 million euro arising from the sale of the entire shareholding in Sonae Indústria and 1.4 million euro gain as a result of the increase in the share capital and reduction in the shareholding in the Imosede Fund. In 2008, investment income included gains on the sale of Contacto Construções (46.4 million euro) and Choice Car (9.1 million euro) and the estimated negative impact of the deconsolidation of the Plywood business (negative 9.3 million euro).

### Selected Financial data

Values in 10<sup>6</sup> euro

	4Q			FY		
	2009 <sup>1</sup>	2008 <sup>1</sup>	% Var.	2009 <sup>1</sup>	2008 <sup>1</sup>	% Var.
<b>Turnover</b>	52.3	87.0	-39.9%	272.2	230.5	+18.1%
<b>EBITDA</b>	1.9	15.6	-87.6%	51.5	13.6	>100%
<b>EBIT</b>	-4.5	3.1	-	32.6	-7.8	-
Net Financial Expenses	-0.3	-2.3	+88.2%	-7.4	-11.0	+33.0%
Investment Income	-0.1	-6.6	+97.7%	10.0	53.1	-81.1%
<b>Net Profit</b>	-5.4	-8.1	+33.5%	26.2	28.4	-7.8%

<sup>1</sup> Continued Operations.

	31.12.09	31.12.08	% Chg.
<b>Capex<sup>2</sup></b>	46.6	119.6	-61.1%
<b>Net Debt<sup>2</sup></b>	277.9	273.8	+1.5%

<sup>2</sup> Total Operations.

**Selected Operational Data (23 March 2010)**

Sales information

	Total # Units (Sold + Pre Sold)	Total # Available Units
Total <b>troia</b> resort	209	412
City Flats/Lofts - Building E	13	93
City Flats/Lofts - Building F	87	19
Efanor - Building Delfim Pereira da Costa	0	40

### 3. **Macroeconomic Environment**

In 2009, the performance of the **World Economy** was strongly marked by the international financial crisis. However, it was a year of contrasts: the threat of economic depression in the first half of the year, which was fuelled by the interaction of financial and economic factors which amplified each other, contrasted with the vitality of the recovery in the economy and in financial markets in the last months of the year, mostly driven by the emerging economies, namely Asian economies, and a smoother recovery in the remaining economic areas, such as the United States, the European Union and Japan.

Throughout the year, international organisations revised their economic forecast for 2009 upwards, although moderately. According to the most recent projections of the IMF (International Monetary Fund), disclosed in the World Economic Outlook Update, dated January 2010, 2009 worldwide GDP contracted -0.8% (3.0% in 2008), with developed economies contracting -3.2% (0.5% in 2008) and developing economies growing 2.1% (6.1% in 2008).

The beginning of the year was marked by economic recession, driven (since 2007) by the subprime real estate crisis and worsened by the financial crisis which began with the collapse of Lehman Brothers investment bank. The reasons behind the economic recovery in the last months of 2009 lie in the support given through monetary and budgetary policy stimulus to stabilize the financial sector launched by major economies, which helped to encourage demand and contributed towards increased confidence of economic agents. Governments launched investment tax benefits and Central Banks lowered reference interest rates. Conversely, interest rates at minimum historical levels and successive liquidity injections stabilized the financial system. And, albeit the unemployment growth trend over the last few months, private consumption indicators have been moving positively (with the United States outperforming Europe). Against this background of low growth and increasing available production capacity, inflation rates have dropped on a worldwide basis during the year. For 2009, IMF forecasts that inflation will fall in developed economies from 3.4% to 0.1% and in emerging and development countries from 9.2% last year to 5.2% in 2009. Due to improved expectations regarding short term economic performance and to increased demand, most raw materials average prices increased slightly from the second half of the year onwards. This trend is illustrated by oil prices, which reached 150 dollars per barrel by mid 2008, to fall significantly in the second half of 2008, recording an average monthly price in December of that year of 42 dollars per barrel. In 2009, oil prices went up, recording an average monthly price of 61.9 dollars per barrel in December. When considering year averages, oil prices reduced from 97.7 dollars per barrel in 2008 to 62 dollars per barrel in 2009. Non energy raw materials prices have also been rising steadily, based on forecasts of increased consumption and increases in stocks (most visible after the production fall in 2008).

The year of 2010 will see, on one hand, a continued recovery in major economic areas (although at different rates) and, on the other, the continuation of some risk factors that should overall lead to moderate growth. In fact, the sustainability of the recovery which started in the end of 2009 is questionable: unemployment remains high, credit restrictions remain, real estate assets remain undervalued and there is an increased budgetary control which will affect consumption.

IMF projections point to a 3.9% increase in worldwide GDP in 2010, with developed economies growing at modest 2.1% rates, while developing economies should grow at a faster rate of 6.0%. Once more, the difference between recovery paces in developed and emerging economies is expected to widen. In developed economies, economic growth in 2010 will be restricted by a surge in unemployment that will discourage private consumption and by the inevitable elimination of government incentives. In emerging economies, the lack of significant macroeconomic imbalances and buoyant internal demand will lead to a faster economic recovery.

The worldwide economic crisis has severely affected the **Portuguese Economy**, due to its high dependence on foreign trade and to the strong integration of global production chains. In fact, due to the spread of the crisis, significantly impacting Portugal's main trading partners (Spain, Germany, France, Italy and the United Kingdom), demand for Portuguese exports has decreased significantly, which, coupled with the negative prospects regarding investment, have hindered the performance of the Portuguese economy during 2009.

According to the annual national statistics report (preliminary figures), published by *Instituto Nacional de Estatística (INE)* on 11 March 2010, GDP fell 2.7% in 2009 (0.0% in 2008). This performance is explained by both, the negative impact of internal demand (-2.8 p.p.) and by the marginal positive impact (0.1 p.p.) of net external demand, as a consequence of a greater fall in imports compared to that of exports. Internal demand decreased 2.5% in 2009, a reversal of the growth trend that took place from 2006 to 2008 (1.2% on average), with its major components having performed differently: investment fell sharply, private consumption fell slightly and public consumption grew. Investment fell -12.6% in 2009 (-1.3% in 2008), as a result of lower confidence from economic agents and of the poor outlook for external demand. Private consumption decreased 0.8% (1.7% growth last year), as a result of a strong decrease regarding long lasting goods (-12.9% in 2009 and 0.0% 2008). In contrast, public consumption increased 3.5% (1.1% in 2008), as a result of growth in the acquisition of goods and services and in social benefits paid in kind, which contributed to a significant increase in the public deficit in 2009 to 9.3% of GDP (2.7% in 2008). As a result of the recession and of the reduction in international demand, the contribution of net external demand to GDP was marked by a lower level of exports (-11.6% in 2009 compared to -0.5% in 2008), coupled with an unfavourable evolution of imports (-9.2% in 2009 against 2.7% in 2008). As for prices, the inflation rate in 2009 was of -0.8% (2.7% last year). In 2009, unemployment rate rose to a new historical maximum of 10.1% in the fourth quarter (7.8% in the same period last year).

Forecasts for the Portuguese economy in 2010, reflecting recovery signs of worldwide demand, although at a slow pace, are more favourable compared to 2009. The economy is expected to grow by 0.7% in 2010, as a result of higher external demand. This positive trend should continue to be backed by increased private consumption, with investment being less negative. The increase in unemployment, which should continue until the end of 2010, is the main obstacle to the recovery of the Portuguese economy and may harm consumer confidence. Despite signs of improvement in economic indicators and sustained positive growth, this does not guarantee the sustained generation of wealth in the Portuguese economy. Portugal continues to face serious

imbalances and long term challenges persist. In face of these imbalances, which include low productivity, weak competitiveness and high debt, improving these vulnerabilities will be essential to the long term growth potential of the Portuguese economy.

#### 4. Main events

Asset disposals
<p><b>22 May 2009</b>            Sonae Capital, SGPS, SA informs that its subsidiary S.I.I. – Soberana – Investimentos Turísticos, SA, wholly owned by Sonae Turismo, SGPS, SA notified the promissory purchaser Empire House – Investimentos Imobiliários, SA of the termination of the promissory purchase agreement, signed on 14 May 2008, for the sale of the parcel of land where the Tróia Hotel Resort will be built, with the resulting consequences.</p>
<p><b>28 May 2009</b>            Sonae Capital, SGPS, SA began the sale of its shareholding in Sonae Indústria.            Up to 13 August 2009, Sonae Capital had sold 10,984,164 shares, equal to 7.846% of the share capital of Sonae Indústria, with an 8.7 million euro positive impact on consolidated results.</p>
<p><b>3 June 2009</b>            Sonae Capital, SGPS, SA informs that its subsidiaries SC, SGPS, SA and Sonae Turismo, SGPS, SA did not subscribe the share capital increase of Fundo de Investimento Imobiliário Fechado IMOSEDE which occurred on 29 May 2009, and was fully subscribed by Sonae Distribuição, SGPS, SA. Sonae Capital's shareholding changed from 51% to 45.45%, with a positive impact of 1.4 million euro in consolidated results.</p>
<p><b>30 December 2009</b>            Sonae Capital, SGPS, SA informs that it has successfully concluded the negotiations for the completion of the agreement for the sale of Elmo, SGPS, SA, signed on 27 June 2007, and referred to in the announcements dated 5 May and 11 June 2008. As a result, the financial investment and loans to Elmo were sold for 61 euro to companies held by Mr. Jaime Teixeira, and Sonae Capital no longer holds investments in or loans to Elmo.</p>
Acquisitions
<p><b>16 September 2009</b>            Sonae Capital, SGPS, SA informs that its wholly owned subsidiary SPRED, SGPS, SA acquired, 100% of the share capital of Ecociclo II – Energias, SA from Ecociclo – Energia e Ambiente, SA, a wholly owned subsidiary of Sonae Indústria, SGPS, SA, for a total price of circa 7 million euro.</p>
Financing
<p><b>26 August 2009</b>            Sonae Capital, SGPS, SA informs that it has completed the refinancing of its € 110.000.000 debt facilities maturing on 29 August 2009, by issuing three Commercial Paper Programmes of € 36.600.000 each, with a maturity of two years.</p>



## 5. Consolidated Financial Statements Review

- The consolidated financial statements of Sonae Capital as at 31 December 2009 include a 12 month contribution from Elmo (sole shareholder of Plysorol), under discontinued operations.
- Following the sale, on 30 December 2009, of the shareholding in Elmo (sole shareholder of Plysorol) and the subsequent loss of control over the Plysorol Group (Plywood business) these businesses no longer contribute to the consolidated financial position of Sonae Capital as at 31 December 2009.
- 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), under discontinued operations:
  - 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, considering that as at that date rehabilitation proceedings were initiated regarding the company).

In view of the above considerations, like for like comparisons regarding consolidated financial statements do not take into account discontinued operations (in the consolidated profit and loss statement) and are used consistently throughout the report when applicable.

### 5.1. Consolidated Profit and Loss Statement

#### 5.1.1. Consolidated Quarterly Profit and Loss Statement

Values in 10<sup>3</sup> euro

	4Q 09 Total Operations	4Q 09 Discontinued Operations	4Q 09 Continued Operations	4Q 08 Total Operations	4Q 08 Discontinued Operations	4Q 08 Continued Operations	Δ (A/B)
	(A)			(B)			
Turnover	52,318.9	0.0	52,318.9	87,039.4	0.0	87,039.4	-39.9%
Other Operational Income	5,113.5	0.0	5,113.5	3,341.1	0.0	3,341.1	+53.0%
<b>Total Operational Income</b>	<b>57,432.5</b>	<b>0.0</b>	<b>57,432.5</b>	<b>90,380.5</b>	<b>0.0</b>	<b>90,380.5</b>	<b>-36.5%</b>
Cost of Goods Sold	-11,941.2	0.0	-11,941.2	-17,064.4	0.0	-17,064.4	+30.0%
Change in Stocks of Finished Goods	-145.3	0.0	-145.3	9,861.9	0.0	9,861.9	-
External Supplies and Services	-28,638.6	-1.7	-28,636.9	-53,304.7	-4.8	-53,299.9	+46.3%
Staff Costs	-12,076.2	0.0	-12,076.2	-12,323.0	0.0	-12,323.0	+2.0%
Other Operational Expenses	-1,872.1	-0.3	-1,871.8	-3,689.0	5.8	-3,694.8	+49.3%
<b>Total Operational Expenses</b>	<b>-54,673.4</b>	<b>-2.0</b>	<b>-54,671.4</b>	<b>-76,519.3</b>	<b>0.9</b>	<b>-76,520.3</b>	<b>+28.6%</b>
<b>Operational Cash-Flow (EBITDA)</b>	<b>1,922.7</b>	<b>-2.0</b>	<b>1,924.7</b>	<b>15,557.8</b>	<b>0.9</b>	<b>15,556.9</b>	<b>-87.6%</b>
Amortisation and Depreciation	-4,213.9	0.0	-4,213.9	-2,896.3	0.0	-2,896.3	-45.5%
Provisions and Impairment Losses	-3,079.7	0.0	-3,079.7	-7,846.3	0.0	-7,846.3	+60.8%
<b>Operational Profit/(Loss) (EBIT)</b>	<b>-4,534.4</b>	<b>-2.0</b>	<b>-4,532.5</b>	<b>3,118.6</b>	<b>0.9</b>	<b>3,117.7</b>	<b>-</b>
Net Financial Expenses	-648.3	-375.4	-272.9	-2,354.6	-46.1	-2,308.5	+88.2%
Share of Results of Associated Undertakings	894.8	0.0	894.8	961.2	0.0	961.2	-6.9%
Investment Income	-148.2	0.0	-148.2	-6,553.6	0.0	-6,553.6	+97.7%
<b>Profit before Taxation</b>	<b>-4,436.2</b>	<b>-377.4</b>	<b>-4,058.8</b>	<b>-4,828.5</b>	<b>-45.2</b>	<b>-4,783.3</b>	<b>+15.1%</b>
Taxation	-1,352.6	-2.4	-1,350.3	-3,348.9	0.7	-3,349.6	+59.7%
<b>Net Profit</b>	<b>-5,788.8</b>	<b>-379.8</b>	<b>-5,409.1</b>	<b>-8,177.3</b>	<b>-44.5</b>	<b>-8,132.8</b>	<b>+33.5%</b>
Attributable to Equity Holders of Sonae Capital	-5,962.4	-379.8	-5,582.6	-10,774.9	-44.2	-10,730.7	+48.0%
Attributable to Minority Interests	173.5	0.0	173.5	2,597.6	-0.3	2,597.8	-93.3%

The 40% fall in turnover to 52.3 million euro is due to the lower number of sales deeds completed for residential units at **troiaresort** signed during the fourth quarter (4 sales deeds compared to 52 deeds in the fourth quarter of the previous year). The pace of new sales remains slow and most promissory purchase agreements have already been converted into sales deeds. Last year's final quarter was also positively impacted by the signature of 6 City Flats sales deeds.

Quarterly operational cash-flow (EBITDA) amounted to circa 2 million euro (15.5 million euro). This decrease is also due to the lower level of sales deeds for residential units at **troiaresort** compared to 2008. It is also worth mentioning the 1.3 million euro improvement in the contribution of the hotel business to negative 1.1 million euro, explained by stronger activity at Troia.

Amortisation and depreciation rose by around 45% to 4.2 million euro as a result of the start up of operations at the hotel units in Troia in the last quarter of 2008 and first quarter of 2009. This increase partially offsets the decrease in impairment losses. Last year impairment losses included around 6.2 million euro in relation to real estate properties.

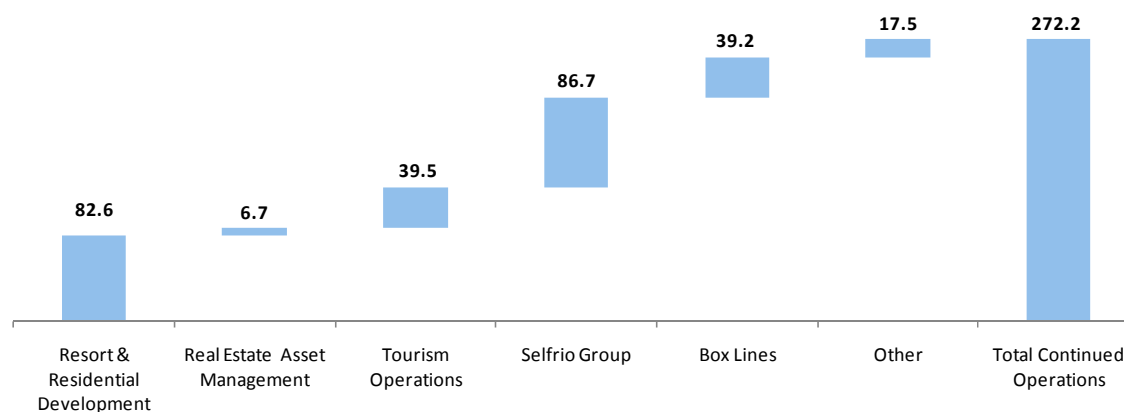
### 5.1.2. Consolidated Year to Date Profit and Loss Statement

Values in 10<sup>3</sup> euro

	FY 09 Total Operations	FY 09 Discontinued Operations	FY 09 Continued Operations	FY 08 Total Operations	FY 08 Discontinued Operations	FY 08 Continued Operations	Δ (A/B)
	(A)			(B)			
Turnover	272,237.1	0.0	272,237.1	250,845.3	20,307.7	230,537.6	+18.1%
Other Operational Income	21,685.5	0.0	21,685.5	8,763.7	513.5	8,250.2	>100%
<b>Total Operational Income</b>	<b>293,922.5</b>	<b>0.0</b>	<b>293,922.5</b>	<b>259,609.0</b>	<b>20,821.2</b>	<b>238,787.8</b>	<b>+23.1%</b>
Cost of Goods Sold	-49,364.3	0.0	-49,364.3	-66,745.9	-11,150.9	-55,595.0	+11.2%
Change in Stocks of Finished Goods	-9,718.3	0.0	-9,718.3	57,293.7	-703.5	57,997.2	-
External Supplies and Services	-129,459.5	-5.4	-129,454.1	-181,586.9	-6,534.1	-175,052.7	+26.0%
Staff Costs	-47,952.7	0.0	-47,952.7	-50,256.5	-4,857.6	-45,398.9	-5.6%
Other Operational Expenses	-4,628.2	-1.1	-4,627.2	-8,919.7	-907.0	-8,012.7	+42.3%
<b>Total Operational Expenses</b>	<b>-241,123.0</b>	<b>-6.4</b>	<b>-241,116.5</b>	<b>-250,215.2</b>	<b>-24,153.1</b>	<b>-226,062.1</b>	<b>-6.7%</b>
<b>Operational Cash-Flow (EBITDA)</b>	<b>51,533.3</b>	<b>-6.4</b>	<b>51,539.7</b>	<b>10,235.0</b>	<b>-3,404.8</b>	<b>13,639.8</b>	<b>&gt;100%</b>
Amortisation and Depreciation	-13,268.6	0.0	-13,268.6	-10,941.4	-1,104.1	-9,837.4	-34.9%
Provisions and Impairment Losses	-6,898.9	0.0	-6,898.9	-10,694.8	4.6	-10,699.4	+35.5%
<b>Operational Profit/(Loss) (EBIT)</b>	<b>32,632.1</b>	<b>-6.4</b>	<b>32,638.6</b>	<b>-12,242.4</b>	<b>-4,431.3</b>	<b>-7,811.1</b>	-
Net Financial Expenses	-9,117.1	-1,734.3	-7,382.8	-11,948.6	-932.0	-11,016.6	+33.0%
Share of Results of Associated Undertakings	2,608.5	0.0	2,608.5	-2,099.8	0.0	-2,099.8	-
Investment Income	10,033.1	0.0	10,033.1	53,084.7	0.0	53,084.7	-81.1%
<b>Profit before Taxation</b>	<b>36,156.6</b>	<b>-1,740.7</b>	<b>37,897.4</b>	<b>26,793.9</b>	<b>-5,363.3</b>	<b>32,157.2</b>	<b>+17.9%</b>
Taxation	-11,735.0	-3.4	-11,731.6	-3,842.2	-77.5	-3,764.7	<-100%
<b>Net Profit</b>	<b>24,421.6</b>	<b>-1,744.1</b>	<b>26,165.7</b>	<b>22,951.7</b>	<b>-5,440.8</b>	<b>28,392.5</b>	<b>-7.8%</b>
Attributable to Equity Holders of Sonae Capital	23,074.3	-1,744.1	24,818.4	21,393.6	-3,274.5	24,668.1	+0.6%
Attributable to Minority Interests	1,347.4	0.0	1,347.4	1,558.1	-2,166.2	3,724.3	-63.8%

Turnover for the year totalled 272.2 million euro (230.5 million euro), an increase of 18%, driven mainly by the 147 sales deeds signed for **troiaresort** residential units and 3 sales deeds for City Flats apartments.

Major contributions to consolidated turnover in 2009 were as follows:



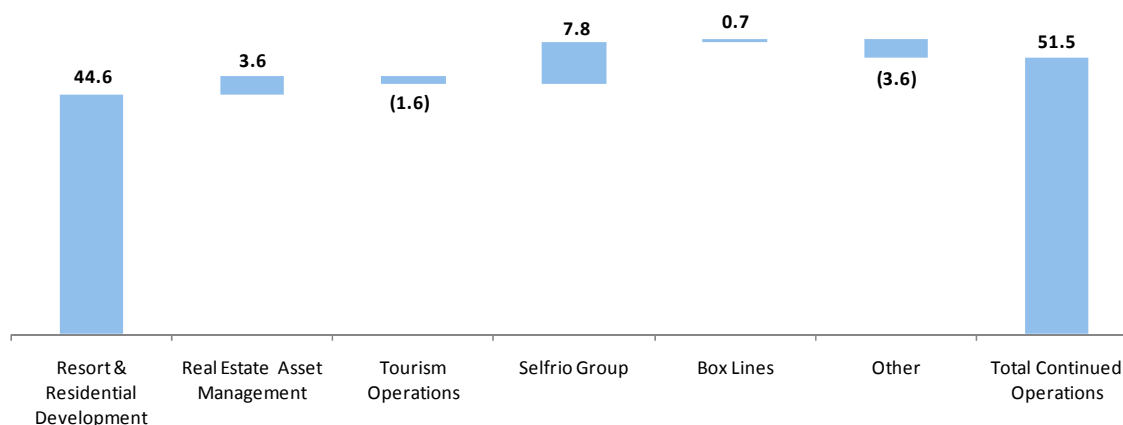
The contribution of Resorts and Residential Development to 2009 consolidated turnover was 82.6 million euro. Last year, this business area contributed 33.4 million euro, of which 30.7 million euro relate to 52 sales deeds for residential units at **troiaresort** which were included in the accounts in the last quarter.

Tourism Operations contributed 39.5 million euro to consolidated turnover (34.9 million euro), equal to an increase of 13%. The contribution of the hotel business grew 24% to 16.9 million euro, mainly explained by the 5.2 million euro contribution of hotel operations at **troiaresort**. 2009 was the first full year of operation of the **troiaresort** facilities, including the three hotels and other support activities. Fitness contributed 18.0 million euro to consolidated turnover, in line with 2008.

Selfrio Group's contribution to 2009 consolidated turnover amounted to 86.7 million euro, a 2% increase explained by the positive performance of the commercial and industrial Refrigeration business segment, which more than offset the lower turnover of the HVAC business, in a year of reduced construction activity.

Box Lines contributed 39.2 million euro to consolidated turnover, a 6.4 million euro decrease mostly explained by lower cargo volume (transported TEUS fell by 4%) in the Azores and Madeira cabotage routes and by the closure of the international operations business area.

Consolidated operational cash-flow (EBITDA) for the year amounted to 51.5 million euro (13.6 million euro), made up of the following:





The Resort and Residential Development business continued to be the most significant contributor to consolidated operational cash-flow (EBITDA), driven by the sale of residential units at **troiaresort**. This contribution also includes 7.5 million euro of down payments retained from the termination of the promissory agreement for the sale of the parcel of land on which the Tróia Hotel Resort will be built.

The contribution of Tourism Operations to consolidated operational cash-flow (EBITDA) was negative 1.6 million euro, at a level in line with that of 2008. The hotel business posted a negative 4.0 million euro contribution, with improvements in **troiaresort** operations offsetting the weaker contribution of Porto Palácio Hotel. Fitness contributed 3.4 million euro, a 23% fall compared to last year, as a result of higher membership retention costs.

The Selfrio Group contributed 7.8 million euro to consolidated operational cash-flow (EBITDA), a fall of 3% compared to last year.

Amortization and depreciation increased 35% to 13.3 million euro, since new assets came into service: the **troiaresort** complex (opened in September 2008, January and March 2009) and the two Atlantic Ferries catamarans (which started operations in the end of July).

Provisions and impairment losses for the period include costs relating to the overall upgrading of **troiaresort** and infrastructures built during the development phase, and assigned to real estate projects for sale in the Central and Beach areas (UNOP's 1 and 2), which will be expensed as the revenue from the sales of those residential units is recorded. The amount of provisions and impairment losses for 2009 includes 4.1 million euro expensed as a result of the sale of 208 units in **troiaresort** up to the end of 2009.

The share of results of associated undertakings, amounting to 2.6 million euro, include 1.8 million euro from TP and 1.3 million euro from the Imosede Fund.

Consolidated net financial expenses improved by 33% to 7.4 million euro (11.0 million euro) as a result of the decrease in Refi interest rates set by the European Central Bank which led to a fall in average cost of debt.

Investment income for 2009 was 10.0 million euro, compared to 53.1 million euro last year. The 8.7 million euro capital gain from the sale of the entire shareholding in Sonae Indústria was the most significant contributor to this amount. In 2008, investment income included, in particular, the gain of 46.4 million euro on the sale of Contacto – Sociedade de Construções, SA, the gain of 9.1 million euro on the sale of Choice Car, SGPS, SA and the estimated negative impact from the deconsolidation of the plywood business (negative 9.3 million euro).

Profit before taxation in 2009 was 37.9 million euro, an 18% increase over 32.2 million euro last year, explained by improved operational performance which more than offset the fall in investment income.

Consolidated net profit for the year totalled 26.2 million euro, down 2.2 million euro compared to 2008 also explained by the increase in taxation on profits. This increase was mostly due to the full usage of tax losses carried forward at **troiaresort**, which were insufficient to offset gains on sale of apartments and plots of land.

## 5.2. Consolidated Balance Sheet

Values in 10<sup>3</sup> euro

	31.12.2009 Total Operations	31.12.2008 Total Operations	31.12.2008 Continued Operations
Tangible and Intangible Assets	291,421.5	415,181.7	386,237.3
Goodwill	61,350.0	61,766.6	61,766.6
Non-Current Investments	71,837.9	44,230.6	44,229.1
Other Non-Current Assets	36,243.0	39,590.0	39,246.1
Stocks	227,548.6	241,382.4	222,719.3
Trade Debtors and Other Current Assets	78,560.6	106,803.4	80,111.2
Cash and Cash Equivalents	2,805.3	19,317.0	17,933.4
<b>Total Assets</b>	<b>769,766.7</b>	<b>928,271.7</b>	<b>852,243.1</b>
Total Equity attributable to Equity Holders of Sonae Capital	333,620.1	306,845.8	319,662.7
Total Equity attributable to Minority Interests	11,319.2	49,319.4	57,939.2
<b>Total Equity</b>	<b>344,939.4</b>	<b>356,165.2</b>	<b>377,601.9</b>
Non-Current Borrowings	235,922.5	151,811.1	150,232.3
Other Non-Current Liabilities	39,963.3	69,381.3	28,343.1
Provisions	3,995.4	23,456.8	19,025.5
<b>Non-Current Liabilities</b>	<b>279,881.1</b>	<b>244,649.2</b>	<b>197,600.9</b>
Current Borrowings	44,800.6	141,262.5	129,111.4
Trade Creditors and Other Current Liabilities	97,766.6	184,896.6	146,630.6
Provisions	2,379.0	1,298.2	1,298.2
<b>Current Liabilities</b>	<b>144,946.2</b>	<b>327,457.3</b>	<b>277,040.3</b>
<b>Total Liabilities</b>	<b>424,827.3</b>	<b>572,106.5</b>	<b>474,641.2</b>
<b>Total Equity and Liabilities</b>	<b>769,766.7</b>	<b>928,271.7</b>	<b>852,243.1</b>

Sonae Capital's financial position as at 31 December 2009 includes the impact of:

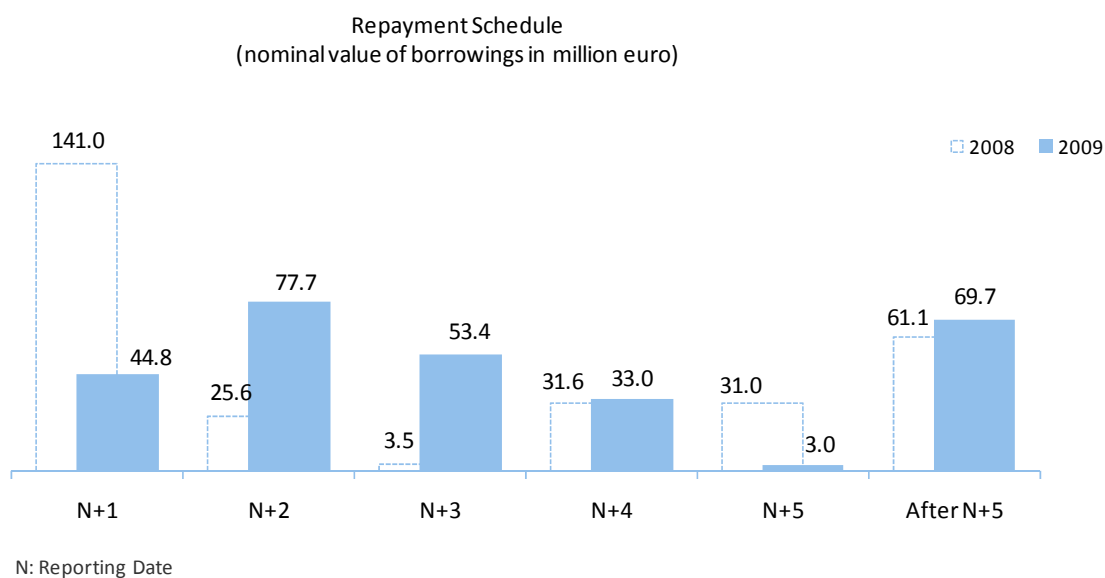
- a reduction in the percentage of capital held in the Imosede Fund, from 51% to 45.45%, as announced on 3 June 2009. From that date onwards, the Fund has been accounted for using the equity method, which had the following impacts in the consolidated balance sheet: 110.2 million euro reduction in Fixed Assets; 51.6 million euro increase in Non-Current Investments; and 47.9 million euro reduction in Equity attributable to Minority Interests.
- the sale, on 30 December 2009, of the financial shareholding in Elmo and resulting loss of control over the Plysorol Group, which as at 31 December 2008 was reported as discontinued operations.

Capex for the year amounted to 46.6 million euro, of which 16.4 million euro at **troiaresort** and 25.2 million euro at the Sonae Business Park (Maia), attributable to the Imosede Fund until the date its consolidation method changed from full consolidation to equity accounting. In addition to capex, it is also worth mentioning the 7 million euro financial investment in the acquisition of 100% of Ecociclo II.

Real estate projects under development also required investment of 32.7 million euro, recorded as changes in work in progress for the period (30.7 million euro for **troiaresort** and 2.0 million euro for the Efanor project).

As at 31 December 2009 net debt stood at 277.9 million euro, a 4.1 million euro increase compared to 31 December 2008 and a 10.8 million euro increase compared to 30 September 2009.

As at 31 December 2009, the debt maturity profile was as follows:



Gearing reached 80.6% (76.9% as at 31 December 2008) and interest cover was 5.6 (1.0 as at 31 December 2008).

## 6. Business Review

Note: Financial figures included in this chapter always refer to contributions to Sonae Capital's consolidated results.

### 6.1. Main highlights

On a like for like basis, the total contributions of Turismo and Spred to consolidated turnover and operational cash-flow (EBITDA), can be detailed as follows, and are explained in detail below:

Values in 10<sup>3</sup> euro

Turnover	4Q 09	4Q 08	Δ	FY 09	FY 08	Δ
Resort & Residential Development	3,478.5	31,016.5	-88.8%	82,614.4	33,375.3	>100%
Real Estate Asset Management	977.1	3,428.9	-71.5%	6,679.3	9,700.5	-31.1%
Tourism Operations	8,770.2	8,913.5	-1.6%	39,473.3	34,852.9	+13.3%
Hotels	3,426.2	3,590.3	-4.6%	16,895.1	13,632.0	+23.9%
Fitness	4,485.4	4,474.3	+0.2%	18,017.6	17,799.5	+1.2%
Other	858.6	848.9	+1.1%	4,560.5	3,421.4	+33.3%
Other	0.3	0.1	>100%	5.1	9.0	-42.8%
<b>Turismo's contribution</b>	<b>13,226.2</b>	<b>43,359.1</b>	<b>-69.5%</b>	<b>128,772.1</b>	<b>77,937.7</b>	<b>65.2%</b>
Selfrio Group	25,263.1	27,389.7	-7.8%	86,674.6	84,720.6	+2.3%
Box Lines	10,021.1	10,851.0	-7.6%	39,159.5	45,596.3	-14.1%
Atlantic Ferries	654.8	896.3	-26.9%	4,781.3	4,849.8	-1.4%
Other	3,076.1	4,334.1	-29.0%	12,603.3	17,309.2	-27.2%
<b>Spred's contribution</b>	<b>39,015.0</b>	<b>43,471.2</b>	<b>-10.3%</b>	<b>143,218.7</b>	<b>152,476.0</b>	<b>-6.1%</b>

Values in 10<sup>3</sup> euro

Operational Cash-Flow (EBITDA)	4Q 09	4Q 08	Δ	FY 09	FY 08	Δ
Resort & Residential Development	1,413.6	13,032.1	-89.2%	44,580.8	4,781.8	>100%
Real Estate Asset Management	214.1	1,240.4	-82.7%	3,574.9	3,631.0	-1.5%
Tourism Operations	(451.9)	(1,828.2)	+75.3%	(1,632.2)	(1,559.9)	-4.6%
Hotels	(1,114.8)	(2,370.7)	+53.0%	(4,001.8)	(5,347.7)	+25.2%
Fitness	981.2	878.0	+11.8%	3,380.3	4,401.0	-23.2%
Other	(318.3)	(335.4)	+5.1%	(1,010.8)	(613.3)	-64.8%
Other	282.5	(478.6)	-	243.0	(770.2)	-
<b>Turismo's contribution</b>	<b>1,458.3</b>	<b>11,965.7</b>	<b>-87.8%</b>	<b>46,766.5</b>	<b>6,082.7</b>	<b>&gt;100%</b>
Selfrio Group	2,258.8	2,803.0	-19.4%	7,835.6	8,073.4	-2.9%
Box Lines	321.0	(106.9)	-	696.9	1,487.7	-53.2%
Atlantic Ferries	(407.8)	(268.2)	-52.1%	(242.4)	157.1	-
Other	(538.0)	213.0	-	(1,503.8)	(161.0)	<-100%
<b>Spred's contribution</b>	<b>1,634.0</b>	<b>2,641.0</b>	<b>-38.1%</b>	<b>6,786.4</b>	<b>9,557.2</b>	<b>-29.0%</b>

## 6.2. Resort and Residential Development

troiaresort is Sonae Turismo's flagship project in the resort development business area.

The project is being developed in the northern tip of the Tróia Peninsula, 45 minutes from Lisbon International airport, between the Sado Estuary Natural Reserve and the Serra da Arrábida Natural Park. The market positioning of the project is 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 is being developed in an area of 486 hectares with 380 thousand m<sup>2</sup> of construction area, of which 170 thousand m<sup>2</sup> are for 650 apartments and 330 villas, comprising 7,430 beds, of which 2,200 are in hotels.

troiaresort is divided into four operational planning units (UNOP's):

- **Central Area (UNOP 1)** – this is the “heart” of the project comprising 43 hectares and offers all the facilities of a modern resort, including three 4 stars aparthotels, a 5 stars hotel with congress centre and casino (with expected opening at the beginning of 2011), Marina, Beach, Lagoa and Ácala Buildings tourism apartments, shops and marina with a capacity for 184 boats;
- **Beach Area (UNOP 2)** – includes, in a 78 hectares area, 96 villas to be built on large plots of land near the beach, lake and golf, 90 town houses, one beach club and one country club;
- **Golf and Hotel Resort (UNOP 3)** – set within a 100 hectares area, includes a par 72 golf course, designed by Robert Trent Jones Senior, ranked number 20 in the best golf courses in Europe, and a 17.7 hectares area for the construction of a five star Hotel Resort;
- **Eco Resort (UNOP 4)** – to be developed in the Caldeira area, offering a privileged contact with nature in a total area of 264 hectares. It includes the roman ruins, a national heritage site, and the master plan involves the construction of a tourism village with 125 villas, an equestrian centre, an archaeological and environmental centre and a small boutique hotel.

In relation to residential developments, the project currently underway is the Efanor project, in Matosinhos. The project involves the construction of 700 high quality apartments, divided among 7 buildings, covering a land area of 12 hectares, with a gross construction area of 104 thousand m<sup>2</sup>. Included in the project are large gardens and leisure areas, a school already operating and an extension of the Serralves Museum.

	4Q 2009	4Q 2008	Δ
Turnover	3,478.5	31,016.5	-88.8%
Operational Cash-Flow (EBITDA)	1,413.6	13,032.1	-89.2%

Contribution to consolidated figures

	2009	2008	Δ
Turnover	82,614.4	33,375.3	> 100%
Operational Cash-Flow (EBITDA)	44,580.8	4,781.8	> 100%

Unit: 10<sup>3</sup> Euro



Turnover in 2009, was 82.6 million euro, arising from the 147 sales deeds signed regarding Beach and Marina tourism apartments, and Beach, Lake and Golf villa plots at **troiaresort**. During the year, 3 sales deeds were signed regarding City Flats apartments, against 16 in the previous year, and 23 rental contracts were signed.

The significant growth in operational cash-flow (EBITDA) in 2009 is also explained by the sale of tourism apartments and villa plots, as well as by 7.5 million euro of down payments retained from the termination of the promissory agreement for the sale of the parcel of land on which the Tróia Hotel Resort will be built.

### 6.2.1. Resort Development



On 8 September 2008 the **troiaresort** was officially opened, three years after the implosion of the towers that marked the beginning of construction works on the Peninsula. The year 2009 was the first full year of operations at **troiaresort**.

The several projects and construction works at **troiaresort**, progressed as follows during 2009:

- Aqualuz Tróia Rio and Tróia Lagoa aparthotels opened in January and March 2009, respectively (Aqualuz Tróia Mar opened in September 2008);
- Construction of the Ácala building, included in the Central Area, was concluded in the first quarter of 2009, with its 71 tourism apartments available for sale and 14 shops to let;
- In the Beach area, the construction of Troia Village's 90 touristic villas and of 5 Beach, Lake and Golf showcase villas was concluded;
- General infrastructures and urban, landscape and environmental upgrade and refurbishment works of the Peninsula in the Central and Beach areas were also completed, and were formally handed over to the Grândola Municipal Council on 25 November 2009. The Council is now responsible for the maintenance and operation of this infrastructure (through the municipal company Infratróia).

With the conclusion of the first investment phase, projects still to complete the works at Troia Peninsula are the following:

- Lagoa apartment units, within the Central area, made up of 275 apartments and a gross construction area of 47,000 m<sup>2</sup>, for which projects are concluded;
- Ecoresort (included in UNOP 4), which includes a tourism village of 125 small residential units built above ground level, was given a positive environmental impact assessment during the year;
- Hotel Resort, included in UNOP 3, a 5 star unit with 600 beds and 34,400 m<sup>2</sup> of GCA above ground.

During 2009, **troiaresort** continued to promote its projects, both in Portugal and abroad, attending industry related events, among which:

- Presence at international tourism and real estate fairs (FITUR in Madrid, SIL in Lisbon and UCI in London);
- Promotion of a weekend at **troiaresort** with CEO's of Spanish companies;
- Presentation of **troiaresort** aimed at Private Banking clients of several banks;
- Open House events;
- Sponsorship of several international reference sports events, in particular the Estoril Open;
- Troiadecor, an event for the launch of three showcase villas in the Beach area.

In addition to these actions, marketing at **troiaresort** remained active during the year 2009, despite the downward pressures felt due to the adverse macroeconomic environment in residential tourism, affecting sales.

Since the last reporting date (11 November 2009) and up to 23 March 2010, 9 sales deeds for Beach apartments and 1 sales deed for Beach, Lake and Golf villa plots were signed. Over this period, customer preferences led customers to exchange between different residential units. At the date of this report the total number of residential units sold (sales deeds + promissory purchase agreements) at **troiaresort** is 209 units.

#### Operational data

**troiaresort** sales information as at 23 March 2010

	Promissory Purchase Agreements			# Deeds			Total # Units (Sold + Pre Sold)	% of Total
	# <sup>1</sup>	Area <sup>2</sup>	Price <sup>3</sup>	#	Area <sup>2</sup>	Price <sup>3</sup>		
Beach Apartments [211 units]	3	135.2	4,060	127	125.8	4,064	130	62%
Marina Apartments [78 units]	1	103.1	3,870	45	83.8	3,886	46	59%
Beach, Lake and Golf Land Plots <sup>4</sup> [96 units]	0	0.0	0	31	2,038.5	544	31	32%
Aqualuz Troia Mar [35 units]	0	0.0	0	1	87.7	4,002	1	3%
Aqualuz Troia Lagoa [40 units]	0	0.0	0	1	171.0	4,678	1	3%
<b>troiaresort</b> Village [90 units]	0	0.0	0	0	0.0	0	0	0%
Ácala Building [71 units]	0	0.0	0	0	0.0	0	0	0%

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

<sup>2</sup> Average areas (m<sup>2</sup>), including indoor areas as well as balcony and terrace areas.

<sup>3</sup> Average sales price (€/m<sup>2</sup>).

<sup>4</sup> All plots have GCA of 343.8 m<sup>2</sup>.

Up to 31 December 2009, total investment in **troiaresort** amounted to 276.7 million euro (including VAT), broken down as follows:

Values in 10<sup>6</sup> euro

	Estimated investment	Amount already invested
Real Estate projects currently for sale	135.0	129.1
Real Estate projects to be developed	118.2	6.7
Other projects (works in Tróia aparthotels, marina and car parks)	77.3	87.3
Infrastructures (general and specific infrastructures of the different UNOPs and cost of licenses related with Detailed Plans)	58.4	53.7
<b>Total</b>	<b>389.0</b>	<b>276.7</b>

In addition to **troiaresort**, Sonae Turismo has an area of 195 hectares, south of Troia Peninsula (UNOP 7 and 8), where a new resort should be developed, as well as two projects in the Douro region: *Quinta da Azenha* and *Vistas do Freixo*, which are in the Detailed Planning stage and have total plot areas of around 46 hectares and 8 hectares, respectively.

In 2010, it is not expected that there will be major improvements as far as sale of units of tourism real estate projects are concerned, in view of the macroeconomic background. Nonetheless, in line with previous years, the sales effort will continue and the commercial approach will be fine tuned, in particular in relation to traditional foreign markets.

### 6.2.2. Residential Property Development



Efanor Residential Condominium is a project developed by Praedium, a company focused in the promotion of residential real estate, and is being developed in a phased approach on land of the former *Empresa Fabril do Norte* (Efanor).

In 2009, the first stage of construction, involving the structure and exterior walls of the first building, *Delfim Pereira da Costa*, was completed. This building has 40 apartments on a gross construction area of around 12,600 m<sup>2</sup>.

The showcase apartment was inaugurated on 26 November 2009, thus enabling the company to promote the differentiating features of the project to specialist media and potential buyers.

Despite the current adverse macroeconomic environment, with the postponement of investment decisions by potential buyers, increased difficulties of access to bank credit and some excess supply in this segment in the Greater Porto area, the inauguration of the showcase apartment marked an



important step in the commercial strategy, which aims to win apartment reservations before the second stage of construction works (finishing) begins.

#### Operational data

Residential Development sales information as at 23 March 2010

	Apartments Sold <sup>1</sup>	Average Area (m <sup>2</sup> ) <sup>2</sup>	Average sales price (€/m <sup>2</sup> )	Rentals <sup>3</sup>
City Flats / Lofts - Building E [106 units]	13	57.0	1,979	31
City Flats / Lofts - Building F [106 units]	87	49.5	2,017	0
Efanor - Building <i>Delfim Pereira da Costa</i> [40 units]	0	0	0	n.a.

<sup>1</sup> 98 sales deeds already signed.

<sup>2</sup> Includes indoor area as well as balcony and terrace areas.

<sup>3</sup> 4 of these rental contracts have an embedded purchase option.

n.a. - not applicable.

### 6.3. Real Estate Asset Management



The real estate asset management area is responsible for property ownership and management, procurement services, sales, building technical management and condominium management of real estate assets owned by Sonae Capital.

During 2009 internal processes, procedures and systems were developed with the objective of improving the organization of real estate asset management.

At the end of the year the real estate asset portfolio was reconfigured: SC Assets, SGPS, SA was made independent from Sonae Turismo, SGPS, SA at the beginning of 2010, and is now responsible for real estate investments and for property management of real estate assets.

	4Q 2009	4Q 2008	Δ
Turnover	977.1	3,428.9	-71.5%
Operational Cash-Flow (EBITDA)	214.1	1,240.4	-82.7%

Contribution to consolidated figures

	2009	2008	Δ
Turnover	6,679.3	9,700.5	-31.1%
Operational Cash-Flow (EBITDA)	3,574.9	3,631.0	-1.5%

Unit: 10<sup>3</sup> Euro

Turnover in the period can be broken down as follows:

Turnover by Type	2009		2008		Δ
	Value	Weight	Value	Weight	
Sales of Real Estate Assets	824.7	12%	2,902.8	30%	-72%
Rents	4,600.5	69%	5,603.8	58%	-18%
Car Parks	324.5	5%	459.6	5%	-29%
Condominium Management	811.2	12%	729.3	7%	+11%
Management Services	118.4	2%	5.0	0%	>100%
<b>Total</b>	<b>6,679.3</b>	<b>100%</b>	<b>9,700.5</b>	<b>100%</b>	<b>-31.1%</b>

Unit: 10<sup>3</sup> Euro

The year 2009 was marked by a lower level of assets sales, compared to the previous year, reflecting low activity in the Portuguese real estate market, particularly in the first nine months of the year, due to a negative macroeconomic environment. However, turnover in 2009 included 0.8 million euro from the sale of assets (2.9 million euro in 2008) and 4.6 million euro of rents from the 120 rental contracts with third parties.

On 3 June 2009, Sonae Capital reduced its percentage of capital held in the *Fundo de Investimento Imobiliário Fechado* Imosede from 51% to 45.45%. Henceforth, this shareholding was accounted for using the equity method and not the full consolidation method, which contributed to the decrease in revenues arising from rents. Rental turnover in 2009, excluding those of the Imosede Fund, was 1.9 million euro, equal to a change of 12%.

In 2009, the condominium management area began to manage the tourism real estate at **troiaresort**.

During 2009, in order to maximize the value of assets owned, studies and projects regarding several real estate assets were worked on, namely:

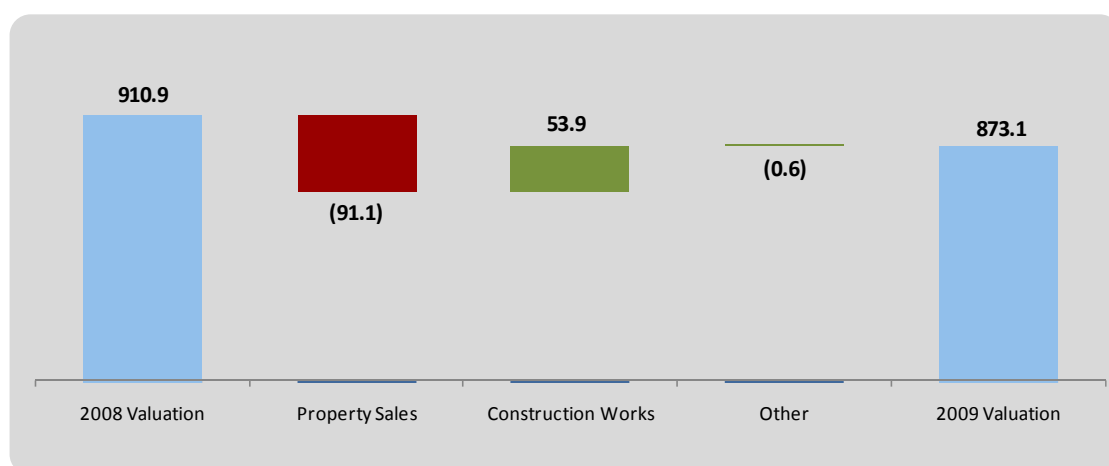
- *Quarteirão Duque de Loulé*, in Lisbon;
- Project for a plot of land with infrastructure on the site of the former *Fábrica do Cobre*, in Porto;
- Plot of land with infrastructure in *Ramalde*, in Porto;
- Plot of land with infrastructure in *Quinta da Malata*, Portimão;
- Residential project *D. João V*, in Lisbon;
- Project in *Praia da Rocha*, Portimão;
- Project for Residential and Retail premises, in Lagos;
- Project for a plot of land adjacent to *GaiaShopping*, in Gaia.

Also in 2009, significant upgrade works of the facades of buildings located in Avenida da Boavista (Porto), which had been rented in 2008 for the set up of a Medical Clinic, were concluded.

Real Estate Asset Management is made up of a range of assets, which can be grouped into the following categories:

Assets in Operation	Sonae Business Park	Projects under development and for sale	Land with no construction viability	Other Rented and For Sale Assets
<ul style="list-style-type: none"> <li>▪ <b>Boavista Complex:</b> Hotel Porto Palácio and Congress Centre with GCA of 23,266 m<sup>2</sup> and 2 Buildings for trade and services, <i>Health Club</i>, SPA, Restaurants and Car park with GCA of 23,157 m<sup>2</sup>;</li> <li>▪ <b>Lagos Complex:</b> Aqualuz Lagos Suite Hotel Apartments, <i>Health Club</i> and adjacent land with GCA of 30,567 m<sup>2</sup>;</li> <li>▪ <b>troiaresort Aqualuz Aparthotels:</b> Tróia Mar, Tróia Rio, and Tróia Lagoa and common support structure with reception, bar, lounge, indoor pool and SPA with GCA of 33,739m<sup>2</sup>;</li> <li>▪ <b>Troia Shopping:</b> 33 shops at Marina and Ácala buildings with GCA of 4,114 m<sup>2</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Sonae Business Centre (Imosede Real Estate Fund) comprises offices and services areas, industry and retail logistics. In total, the complex is located in a 326 thousand m<sup>2</sup> plot of land, with GCA of 193 thousand m<sup>2</sup>, of which 126 thousand m<sup>2</sup> are already built.</li> </ul>	<p><b>Projects in the design and licensing stage:</b></p> <ul style="list-style-type: none"> <li>▪ Residential project D. João V, in Lisbon (GCA of 34,300 m<sup>2</sup>);</li> <li>▪ Project for infrastructured land plot of the former Fábrica do Cobre, in Porto (GCA of 44,613 m<sup>2</sup>);</li> <li>▪ Quarteirão Duque de Loulé, in Lisbon (GCA of 9,398 m<sup>2</sup>);</li> <li>▪ Project for Residential and Retail premises, in Lagos (GCA of 3,815 m<sup>2</sup>).</li> </ul> <p><b>Projects for sale:</b></p> <ul style="list-style-type: none"> <li>▪ Infrastructured land plots for residential purposes in Marco de Canaveses (GCA of 47,448 m<sup>2</sup>);</li> <li>▪ 16 land plots in Santarém (GCA of 26,010 m<sup>2</sup>);</li> <li>▪ 9 land plots in São João da Madeira (GCA of 30,840 m<sup>2</sup>);</li> <li>▪ 3 plots of land in Matosinhos (GCA of 33,717 m<sup>2</sup>) for future construction of an office building and hotels.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Monsanto S. João:</b> Rural plot of land in Beja with 529 hectares, presently with no construction viability;</li> <li>▪ <b>Rural plot of land in Mourão:</b> Rural plot of land in the Alqueva region with 195.2 hectares, for future development of real estate projects.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Housing, offices, retail premises, industrial buildings and car parks.</li> </ul>

As at 31 December 2009, 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](http://www.sonaecapital.pt)). The total value of properties was put at 873.1 million euro (607.5 million correspond to the market value of properties and 265.6 million euro to an opinion of value). The main differences compared to last year's valuation are summarised in the graph below:



Expectations for 2010 are of a positive, yet modest, recovery, in view of the slight economic recovery forecast for the year. The sale of non strategic assets will continue to be one of the main goals, as part of an ongoing strategy to maximize value creation.

#### 6.4. Tourism Operations



Sonae Turismo runs tourism operations in hotels and fitness, including:

- **Porto Palácio Congress Hotel & SPA** - this is a 5 star hotel with 251 rooms in Porto. Member of “The Leading Hotels of the World”, the Porto Palácio Congress Hotel & SPA is mainly focused on business and leisure tourism. It has an integrated service offer, namely, a Congress Centre with 11 meeting rooms and capacity for 600 people, a health club, a VIP Lounge and a restaurant area with 4 restaurants (Food Court).
- **Aqualuz Lagos Suite Hotel Apartments** - 4 star hotel located in Lagos, Algarve. The tourism offer includes 163 tourism apartments, 5 meeting rooms, a restaurant and bar area, health club and agreements with golf courses in the region.
- **troiaresort:**
  - **Aqualuz Troia Mar, Troia Rio and Troia Lagoa Suite Hotel Apartments**, located in Troia Peninsula’s Central Area. After a period of significant refurbishment as part of the upgrade of the Troia Peninsula, the aparthotels opened to the public in September 2008, January and March 2009, respectively, and are currently in operation, with 300 suite apartments and studios and an integrated offer of services including a Wellness Centre, restaurant and bar area.
  - **Troia Marina**, located in the Northern tip of the Troia Peninsula, adjacent to the Sado river and occupying a total area of around 2.7 hectares built for leisure boats. It has a total of 184 berths, comprising five length categories, ranging from 8 to 18 metres.
  - **Troia Golf Course**, designed by Robert Trent Jones Senior and opened in 1980, is an important feature of the Troia Peninsula. It has 18 holes covering 6,320 metres, and an outstanding Clubhouse, which offers a wide range of services: reception, pro-shop, bar, restaurant and a driving range with two putting greens. In 2009, the Golf World magazine voted Troia Golf Course as the 20<sup>th</sup> best golf course in Europe. The ABTA Golf 2010 magazine ranked it in third place among the TOP 5 best golf courses in Portugal.
  - **Troia Market**, a supermarket located in the central area of the resort.
- **Solinca chain of health clubs – Health & Fitness** - was launched in 1995 with the opening of the first unit in the Porto Palácio Hotel, and has expanded since 1997, currently operating 10 units (9 in Portugal and 1 in Spain).



	4Q 2009	4Q 2008	Δ
<b>Turnover</b>	<b>8,770.2</b>	<b>8,913.5</b>	<b>-1.6%</b>
- Hotels	3,426.2	3,590.3	-4.6%
- Fitness	4,485.4	4,474.3	+0.2%
- Others	858.6	848.9	+1.1%
<b>Operational Cash-Flow (EBITDA)</b>	<b>(451.9)</b>	<b>(1,828.2)</b>	<b>+75.3%</b>
- Hotels	(1,114.8)	(2,370.7)	+53.0%
- Fitness	981.2	878.0	+11.8%
- Others	(318.3)	(335.4)	+5.1%

Contribution to consolidated figures

	2009	2008	Δ
<b>Turnover</b>	<b>39,473.3</b>	<b>34,852.9</b>	<b>+13.3%</b>
- Hotels	16,895.1	13,632.0	+23.9%
- Fitness	18,071.6	17,799.5	+1.2%
- Others	4,560.5	3,421.4	+33.3%
<b>Operational Cash-Flow (EBITDA)</b>	<b>(1,632.2)</b>	<b>(1,559.9)</b>	<b>-4.6%</b>
- Hotels	(4,001.8)	(5,347.7)	+25.2%
- Fitness	3,380.3	4,401.0	-23.2%
- Others	(1,010.8)	(613.3)	-64.8%

Unit: 10<sup>3</sup> Euro

## Hotels

The key tourism indicators confirm that there was a fall in tourism activity in 2009, reflecting the difficult macroeconomic environment and financial crisis, with foreign tourists, mainly British, reducing spending.

In 2009, the turnover of the Porto Palácio Congress Hotel & SPA fell. RevPar dropped by 18% compared to last year, to 34.3 euro, and average daily revenue per room was 94.0 euro, a 7% fall on the 2008 figures, as a result of the overall reduction in business tourism. In this scenario, a significant effort was made to adapt the cost structure to the new reality, which led to a cost reduction of circa 1.7 million euro.

Operational indicators for the Aqualuz Lagos Suite Hotel Apartments remained above those of 2008. RevPar increased 9% to 21.8 euro, while average daily revenue per room at 81.8 euro decreased 5% compared to last year. Despite lower demand in the Algarve, during 2009, occupancy rates improved, contributing to an increase in GOP by around 5% to 27% of sales.

Aqualuz Troia Mar, Troia Rio and Troia Lagoa Suite Hotel Apartments performed positively during their first full year of operations, with the summer months, in particular August, posting a very positive contribution to this performance.

Consolidated turnover for 2009 was 16.9 million euro, up 24% compared to last year, mainly explained by the first full year of operations of hotel units in **troiaresort**. Aparthotels Aqualuz Troia Mar, Troia Rio and Troia Lagoa made a 5.2 million euro contribution (0.4 million euro). The contribution of the Porto Palácio Hotel was 10.2 million euro, a 14% fall, as a result of lower revenues from room sales. Aparthotel Aqualuz Lagos, in the Algarve, contributed 1.6 million euro to consolidated turnover, up 11%.

Consolidated operational cash-flow (EBITDA) for the year was negative 4.0 million euro, a significant 25% improvement compared to the previous year, mostly explained by the positive performance of hotel operations in **troiaresort** (negative 2.7 million euro in 2009 compared to negative 4.6 million euro in 2008), which more than offset the fall in operational cash-flow (EBITDA) of the Porto Palácio Hotel.

Forecast of a slight economic recovery in 2010 should translate into increased activity in the hotel industry, as a result of which a positive but modest improvement is expected, with an increase in the number of foreign tourists.

## ► Fitness

Turnover grew 1.2% in 2009 to 18.1 million euro, due to an increase in revenues from value added services (personal trainer, Day Spa, among others), which more than compensated for the 1% reduction in the number of active members (28,146 members in 2009 compared to 28,400 members in 2008).

Operational cash-flow (EBITDA) amounted to 3.4 million euro, down from 4.4 million euro in 2008, explained by increased costs regarding customer retention and to the lower performance of the Malaga health club which contributed to the fall in EBITDA margin, from 24% in 2008 to 19%.

In 2010, Solinca Health & Fitness intends to pursue its expansion plan, including the opening of a new unit with around 2,300 m<sup>2</sup>, in Vila Nova de Gaia.

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



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

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

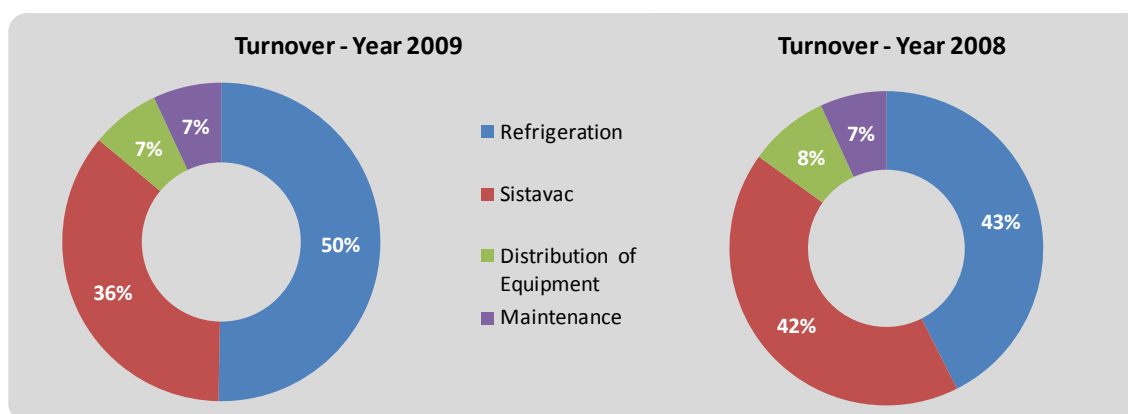
The contribution of the Selfrio Group to the consolidated figures of Sonae Capital can be summarized as follows:

	4Q 2009	4Q 2008	Δ
Turnover	25,263.1	27,389.7	-7.8%
Operational Cash-Flow (EBITDA)	2,258.8	2,803.0	-19.4%

Contribution to consolidated figures

	2009	2008	Δ
Turnover	86,674.6	84,720.6	+2.3%
Operational Cash-Flow (EBITDA)	7,835.6	8,073.4	-2.9%

Unit: 10<sup>3</sup> Euro



In 2009, Selfrio performed very positively, largely due to the recovery of its market share in the food retail segment which strengthened its leadership in the Portuguese market. At the same time, the maintenance business became an autonomous business unit, which, together with the launch, at the beginning of the year, of a Technical Call Centre located in Bragança, have enabled Selfrio to improve the quality and efficiency of the services provided to its customers.

The separation of the maintenance activity has also contributed to a more focused approach of Sistavac's business which, in 2009, implemented a reorganisation and centralization of purchase management, leading to improved profitability in this business unit.

The maintenance and technical assistance area, SMP, posted improved profitability in 2009, due in particular to the reorganization and consolidation of the Technical Call Centre, improved processes and systems, and an exclusive focus on the maintenance business.

Despite strong competition from Iberian operators, SKK opened its first store in Vigo (Spain) in 2009, and began providing coverage of adjacent sales territories thus strengthening the network effect of the 4 stores located in Portugal. Turnover decreased 15% to 5.3 million euro, against a background of a tight credit policy which has hindered potential growth, but has enabled levels of profitability in line with those of last year.

Regarding Sopair, 2009 was a year in which the operation was adapted to the more adverse market conditions in Spain. Contrarily to the refrigeration business, the air conditioning business has shown strong growth in 2009.

In 2009, Friengineering's performance remained below expectations. In 2010, Selfrio's strategy in the Brazilian market is going to be re-assessed.

In 2009, the major contributor to consolidated turnover growth was Selfrio, driven by new sales contracts won for projects of a significant size. Its contribution amounted to 38,1 million euro, a 26% increase over last year, offsetting the 14% reduction to 31.0 million euro of Sistavac's contribution to consolidated turnover, explained by its greater exposure to the construction sector.

Operational cash-flow (EBITDA) amounted to 7.8 million euro, a fall of 2.9%, delivering a 9.0% EBITDA margin (9.5% in 2008). The positive performance of the HVAC business area, with Sistavac posting an increase of 8% to 3.5 million euro (3.2 million euro), was not enough to offset the fall in the Refrigeration business which, despite the 3% increase in Selfrio to 3.5 million euro, was

negatively impacted by the less favourable performance of Friengineering which made a negative 0.3 million euro contribution (nil contribution in 2008).

#### 6.6. Atlantic Ferries (80% Sonae Capital)



Since 14 February 2005, Atlantic Ferries was granted the concession for the river public transport of passengers, light and heavy vehicles, 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. The transport service started on 8 October 2007, with four chartered ferries owned by APSS. Currently, transport is provided by 2 ferries, in operation since 14 July 2008, with a capacity for 60 light vehicles and 500 passengers each, and 2 catamarans, in operation since 28 July 2009, each with a capacity for 350 passengers.

	4Q 2009	4Q 2008	Δ
Turnover	654.8	896.3	-26.9%
Operational Cash-Flow (EBITDA)	(407.8)	(268.2)	-52.1%

Contribution to consolidated figures

	2009	2008	Δ
Turnover	4,781.3	4,849.8	-1.4%
Operational Cash-Flow (EBITDA)	(242.4)	157.1	-

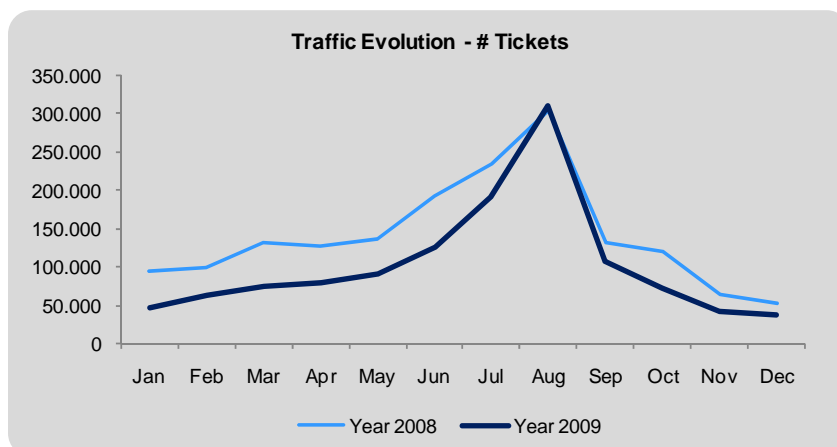
Unit: 10<sup>3</sup> Euro

In 2009, total traffic, measured by the number of tickets sold, fell by 26% compared to the same period last year. 2008 traffic flows were still being impacted by vehicle and passenger traffic related to construction works underway, at the Troia Peninsula, which explains the decrease in traffic in 2009.

In 2009, 1,245,311 tickets were sold, with the corresponding quarterly distribution by tariffs:

	Passengers	Vehicles
1Q 2009	120,870	65,675
2Q 2009	201,122	94,631
3Q 2009	461,381	150,553
4Q 2009	100,109	50,970
<b>Total 2009</b>	<b>883,482</b>	<b>361,829</b>





Operational performance during 2009 was impacted by the start up of operations of the two catamarans, with occupancy rates below those expected, and operational cash-flow (EBITDA) remaining at negative 0.2 million euro.

During 2010, Atlantic Ferries will try to implement measures, such as a more suitable transport timetable, which will lead to adapt operations to demand for its services, while also ensuring the sustainability of the public service rendered.

### 6.7. Box Lines



Box Lines is the Sonae Capital business focused on sea transportation, in particular a cabotage service to and from the Portuguese mainland to the islands of the Azores and Madeira, coastal cabotage, long route navigation, ship chartering, as well as being a shipping agent and logistics operator specialised in groupage cargo.

The cabotage market, which makes up the bulk of Box Line's revenues, experienced a fall in both volume and turnover in 2009. This trend was mainly due to the decrease in the volume of cargo of non food goods transported to customers in the Azores and Madeira, as a result of the macroeconomic environment, namely the slowdown in consumption and investment.

The size of the Azores cabotage market is around 55 to 60 thousand TEUS. Box Lines, which operates this route with two leased ships, under a bareboat charter, each with a 270 TEUS container capacity, transported, in 2009, 17,575 TEUS, a 3% fall compared to last year.

The Madeira cabotage market is between 50 to 55 thousand TEUS. Box Lines operates this route with one leased ship, also under a bareboat charter, with a container capacity of 270 TEUS. During 2009, Box Lines transported around 12,558 TEUS, a 5% fall compared to the previous year. Despite a 4% decrease in the total volume of TEUS transported between the Portuguese mainland and Azores and Madeira, Box Lines' average boat capacity utilization fell by only around 2% compared to 2008, thus outperforming its competitors.

	4Q 2009	4Q 2008	Δ
Turnover	10,021.1	10,851.0	-7.6%
Operational Cash-Flow (EBITDA)	321.0	(106.9)	-

Contribution to consolidated figures

	2009	2008	Δ
Turnover	39,159.5	45,596.3	-14.1%
Operational Cash-Flow (EBITDA)	696.9	1,487.7	-53.2%

Unit: 10<sup>3</sup> Euro

Box Lines turnover amounted to 39.2 million euro, down 14% compared to 2008, due to the fall in activity in the cabotage market, which represents 86% of total turnover, and to the fall in international shipping. In relation to air cargo, Box Lines had a positive performance in 2009, with an 11% growth in turnover to 1.6 million euro.

Operational cash-flow (EBITDA) was 0.7 million euro, a 53% fall compared to last year. This significant decrease was mainly driven by adjustments in staff numbers with non recurrent costs of around 0.5 million euro. EBITDA margin was 1.8%, 1.5 p.p. lower than in 2008. The decrease in freight costs of ships and the renegotiation of container leases was not enough to compensate for the decrease in margins arising from the fiercer competition in this period marked by a reduction in market size.

For 2010, a gradual market recovery is expected from the less positive performance in 2009.

#### 6.8. **TP (50% Sonae Capital)**

[Company accounted for using the Equity Method]



TP – Sociedade Térmica Portuguesa is focused on promoting projects to build decentralised electrical energy production plants, carrying out its activity mostly in the area of energy production through cogeneration and wind power.

The cogeneration business is developed through partnerships with a range of industrial companies, on whose premises the power plants are located. Currently, TP manages an energy production capacity of around 62 MW, distributed among 13 projects.

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

- 50% stake in a 10 MW wind farm in Serra da Capucha (Torres Vedras), in operation since 2005;
- 52% stake in a 20 MW wind farm in Serra do Sicó (Pombal and Soure), in operation since 5 June 2009;
- 20% stake in Élicas de Portugal Consortium (ENEOP), authorized by the Portuguese government to inject 1,000 MW of energy into the Portuguese Electrical System and to set up 49 wind farms.

ENEOP currently manages an energy production capacity of 156 MW, distributed among 12 wind farms. The investment schedule is progressing according to plan. As far as the current pipeline of projects is concerned, besides wind farm projects in operation, there are 10 additional projects with environmental permits issued, with a 390 MW capacity, and 24 projects with reception point already attributed, with a 598 MW capacity. An additional 10 projects are under construction, involving a 254 MW capacity, some of which already have equipment in operation.

The financing of the first set of projects (corresponding to 480 MW) was concluded in early 2010 and involves around 500 million euro.

	4Q 2009	4Q 2008	Δ	2009	2008	Δ
Turnover	8,071.2	10,599.8	-23.9%	28,898.2	35,053.8	-17.6%
Operational Cash-Flow (EBITDA)	2,135.4	3,686.0	-42.1%	8,872.8	8,655.0	+2.5%
Operating Profit (EBIT)	1,207.8	1,782.2	-32.2%	5,537.4	4,824.0	+14.8%
Net Profit	874.0	981.9	-11.0%	3,480.9	2,862.2	+21.6%

Consolidated Accounts

Unit: 10<sup>3</sup> euro

Turnover for 2009 fell by around 18% to 28.9 million euro, as a result of the fall in the sales price of energy and the breakdown in two cogeneration power plants, which led to production shutdowns. It should be noted that TP's turnover does not include the cogeneration activity of three plants (with a total 14 MW capacity) and the contribution of the wind farm in Serra da Capucha, since they are accounted for using the equity method.

Operational cash-flow (EBITDA) in 2009 improved 2.5% to 8.9 million euro mostly due to savings in maintenance costs.

In addition to operational improvements, TP's net profit in 2009 was also positively impacted by the contribution of projects accounted for using the equity method, which offset the increase in financial costs arising from the financing needs of the ENEOP project.

**6.9. 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 the North of 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 built. 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 into 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.

In 2009, 3 of the 4 sub-concessions for petrol stations on the A24 opened to the public:

- March 09 – Castro Daire;
- August 09 – Vila Real;
- December 09 – Viseu.

During 2009, traffic grew 4.4% compared to the previous year, mainly due to the decrease in fuel costs compared to the mid 2008 peak.

	4Q 2009	4Q 2008	Δ
Turnover	24,101.9	21,887.9	+10%
Operational Cash-Flow (EBITDA)	27,184.7	38,063.3	-29%
Depreciation	15,798.7	23,978.5	-34%
Net Financial Charges	11,623.6	12,008.7	+3%
Net Profit	(178.9)	1,555.5	-

Statutory Accounts

	2009	2008	Δ
Turnover	93,128.2	92,536.5	+1%
Operational Cash-Flow (EBITDA)	104,875.6	105,983.3	-1%
Depreciation	61,020.9	60,152.9	+1%
Net Financial Charges	47,216.4	52,219.3	+10%
Net Profit	(2,522.7)	(4,774.6)	+47%

Unit: 10<sup>3</sup> euro

The trend of traffic growth in 2009 should continue in 2010, mainly due to three positive factors:

- Steady average fuel prices (compared to 2009 average values);
- Improved road network surrounding A24 (namely the opening of the connection to the Spanish border during the first half of 2010);
- Availability of all petrol stations for users, by the end of 2010.

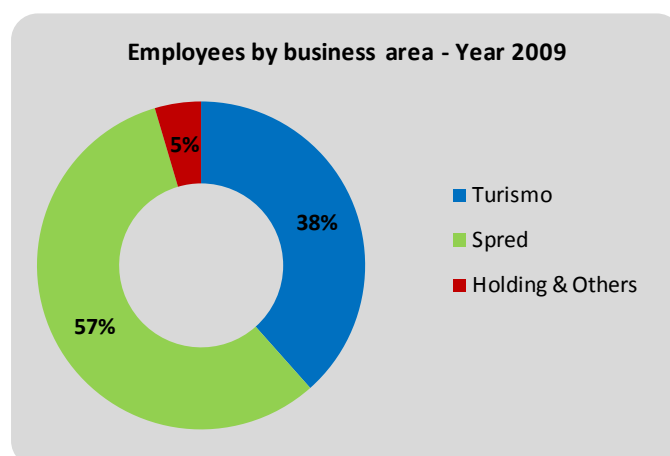
## 7. Share Price Performance

For information on Sonae Capital's share price performance during the year 2009, please refer to paragraph III.4 of the Company's 2009 Corporate Governance Report.

## 8. Human Resources

As at 31 December 2009, Sonae Capital had 1,652 employees, in line with the previous year. Personnel costs amounted to 47.9 million euro, representing 17.6% of Sonae Capital's Group consolidated turnover.

In 2009, investment in human resources training translated into 33,468 hours of training.



## 9. Sustainability

Sonae Capital intends to present in 2010 its first sustainability report, regarding the year of 2009.

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 2009. This is by far the most visible and significant demonstration of the importance of sustainable development to Sonae Capital and its businesses.

The environmental and social performance of **troiaresort** improved in the year 2009, with the implementation of new environmental requirements and additional safety measures in the several business units. Environmental awareness activities were increased and several actions concerning the preservation and recognition of Troia's archeological site were promoted.

In 2009, the Troia Golf Championship Course obtained the Eco-Golf certification, a specific award to golf courses that comply with the environmental and safety requirements of the Eco-Golf programme, thus joining an exclusive group of golf courses that have been awarded such



certification in Portugal. This certification represents the acknowledgement of the important efforts made to improve resources management, such as water and energy, hazardous substances management (fuel, fertilizers, pesticides and herbicides) and emergency management.

Thus, in addition to ISO 14001 certification, obtained in 2005, and being registered with the EU's Eco-Management and Audit Scheme (EMAS), since 2008, the Troia Golf Championship Course is now certified by Eco-Golf, and is the only golf course in Portugal to have these three certifications, an important factor of differentiation in the international golf destination market.

Several activities continued to be undertaken regarding environmental education, which have once again resulted in strong ties being made with the local community, involving more than 650 people, most of whom were children and young people from neighbouring councils.

Regarding environmental concerns, highlight to the presence at the "7<sup>th</sup> European Forum on Eco-innovation", sponsored by the European Commission, which took place in Copenhagen, as part of preparatory work for the Climate Summit, in which **troia**resort was presented as a case study for the management of coastal dynamics and water, among a range of measures to adapt to climate change.

During 2009, several actions were taken as part of the protocol signed in 2005 with the Instituto Português de Arqueologia (Portuguese Archaeology Institute) and the Instituto Português do Património Arquitectónico (Portuguese Architectural Heritage Institute), aimed at protecting and increasing awareness of the value of Troia's Archeological site, a National Monument since 1910.

These actions consisted, namely, in preservation works, cleaning and upgrading of archaeological structures; recording, investigation and interpretation of these structures, namely of the ancient facilities for salting fish and the Paleochristian Basilica; the study of findings by previous excavations, kept in the National Archaeology Museum; promotion of training actions and the archaeological follow up of works within the protected site area.


## **10. 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 profit for 2009 was 163,822,537 euro (848,271 euro net loss). Operational costs include mainly salaries (1.2 million euro) and services acquired from third parties (0.5 million euro). Net financial income totalled 3.5 million euro.

Investment income for the year includes 162.5 million euro of dividends from SC, SGPS, SA in accordance with the resolution of the Shareholders General Meeting held on 30 March 2009.

Non-current loans include four Commercial Paper Programmes, with guaranteed subscription, one of which launched on 14 March 2008, with a maximum amount of 30,000,000 euro and valid for a period of 5 years and three others launched on 26 and 28 August 2009 with a maximum amount of 36,600,000 euro each and valid for a period of 2 years.



Current loans include two issues of a Commercial Paper Programme. One, with a maximum limit of 60,000,000 euro, without subscription guarantee, launched on 28 March 2008, and valid for a 10 year period, which can be extended at Sonae Capital's request, and another, with a maximum limit of 15,000,000 euro, with subscription guarantee, launched on 22 December 2008, valid for a 1 year period, extendable for two annual periods, which may not be renewed by both parties.

### **11. Activity carried out by Non Executive Board Members**

During 2009, Non-Executive Directors have followed specific matters in relation to certain business areas together with the Directors of the Group's sub-holdings and business managers, attending meetings, sometimes in presence of external entities. Additionally, they have cooperated in the definition of each business strategy, challenging pre-defined premises and discussing different options. 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 Remunerations Committee). For details on the activities of Board members and of the Company's Board Committees please refer to chapter II of the Company's Corporate Governance Report.

### **12. Profit Appropriation Proposal**

Sonae Capital, SGPS, SA, as the holding company of the Group, recorded a net profit of 163,822,536.53 euro for the year 2009. The Board of Directors proposes to the Shareholders' General Meeting that this amount should be transferred to Legal Reserve (8,191,126.83 euro), to Free Reserves (154,781,630.19 euro) and to Retained Earnings (849,779.51 euro).

### **13. 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, 24 March 2010

The Board of Directors,

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Belmiro Mendes de Azevedo

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José Luís dos Santos Lima Amorim

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Mário Pereira Pinto

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Francisco de La Fuente Sánchez

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Rafael Cerezo Laporta

---

Paulo José Jubilado Soares de Pinho

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Pedro Manuel Bastos Mendes Rezende



## Glossary

- Average Daily Revenue = Lodging Revenues / Number of rooms sold.
- Bareboat charter = Renewable 3 years leasing contracts of ships without crew, with a call option at its term.
- Capex = Investment in Tangible and Intangible 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.
- GOP (Gross Operating Profit) = Total Revenues – Total Operating Costs (excluding rents)
- Interest Cover Ratio = EBITDA (last 12 months) / Financial Charges.
- Net Debt = Non Current Loans + Current Loans – Cash and Cash Equivalents – Current Investments.
- Operational Cash-Flow (EBITDA) = Operational 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.



**APPENDIX TO THE  
REPORT OF THE BOARD OF DIRECTORS  
31 DECEMBER 2009**

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

(Translation of a Statement originally issued in Portuguese)

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, SGPS, SA, 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 2009 and their impacts, if any, in the business performance and financial position of Sonae Capital, SGPS, SA and of the companies included in the consolidation perimeter, and contains an appropriate description of the major risks and uncertainties that they face.

Maia, 24 March 2010

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Belmiro Mendes de Azevedo  
Chairman of the Board of Directors

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Rafael Cerezo Laporta  
Member of the Board of Directors

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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

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Francisco de La Fuente Sánchez  
Member of the Board of Directors

## Appendix to the Report of the Board of Directors as at 31 December 2009 required by Article 447 of the Portuguese Companies Act

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

	Date	Purchases		Sales		Balance as at
		Quantity	Aver. Price €	Quantity	Aver. Price €	31.12.2009 Quantity
<b>Belmiro Mendes de Azevedo</b>						
Efanor Investimentos, SGPS, SA (1)						49,999,997
Sonae Capital, SGPS, SA <sup>(a)</sup>						838,862
<b>José Luís dos Santos Lima Amorim <sup>(b)</sup></b>						
Sonae Capital, SGPS, SA						8,125
<b>Mário Pereira Pinto <sup>(c)</sup></b>						
Sonae Capital, SGPS, SA						8,125
<b>Paulo José Jubilado Soares de Pinho</b>						
Sonae Capital, SGPS, SA						12,650

	Date	Purchases		Sales		Balance as at
		Quantity	Aver. Price €	Quantity	Aver. Price €	31.12.2009 Quantity
<b>(1) Efanor Investimentos, SGPS, SA</b>						
Sonae Capital, SGPS, SA						88,859,200
Pareuro, BV (2)						2,000,000
<b>(2) Pareuro, BV</b>						
Sonae Capital, SGPS, SA						50,000,000

<sup>(a)</sup> Includes 1,862 shares owned by the spouse.

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

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



**Appendix to the Report of the Board of Directors as at 31 December 2009 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 31.12.2009</u>
<b>Efanor Investimentos, SGPS, SA</b>	
Sonae Capital, SGPS, SA	88,859,200
Pareuro, BV	2,000,000
<b>Pareuro, BV</b>	
Sonae Capital, SGPS, SA	50,000,000

## Qualified Shareholdings

As required by number 1, b) 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 2009:

Shareholder	Nr. of Shares	% of Share Capital	% of Voting Rights
<b>Efanor Investimentos, SGPS, S.A.</b>			
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 descendents of Duarte Paulo Teixeira de Azevedo (Member of the Board of Directors of Efanor)	411	0.000%	0.000%
Through descendents 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>
<b>Banco BPI, S.A.</b>			
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>
<b>Mohnish Pabrai</b>			
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 Discharging Managerial Responsibilities and their connected Persons during the 2<sup>nd</sup> Quarter of 2009**

As required by number 6 article 14 of CMVM Regulation Nr. 5/2008, we inform that no person discharging managerial responsibilities and their connected person has carried out transactions of Sonae Capital's securities during the 2nd Quarter of 2009.



# **CORPORATE GOVERNANCE REPORT**

**31 DECEMBER 2009**

## Corporate Governance Report

(Translation from the Portuguese Original)

### 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 1/2010 of the Portuguese Securities Market Commission (*Comissão de Mercado de Valores Mobiliários* and hereinafter CMVM) issued on 7 January 2010 but applicable to the financial year 2009.

Furthermore, Sonae Capital bases its corporate governance practices on the Corporate Governance Code of CMVM, the latest version of which was issued on 8 January 2010 (available at [www.cmvm.pt](http://www.cmvm.pt)).

#### 0.2 Compliance with the Corporate Governance Code

Recommendation*		Compliance Reference in this report
<b>General Meeting</b>		
<b>I.1 General Meeting Board</b>		
I.1.1	The Presiding Board of the General Meeting shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration	<b>Yes</b> I.1
I.1.2	The remuneration of the Presiding Board of the General Meeting shall be disclosed in the Annual Report on Corporate Governance	<b>Yes</b> I.1
<b>I.2 Participation at the Meeting</b>		
I.2.1	The requirement for the Board to receive statements for share deposit or blocking for participation at the general meeting shall not exceed 5 working days	<b>Yes</b> I.2
I.2.2	Should the general meeting be suspended, the company shall not compel share blocking during the interim period until the meeting is resumed and shall then prepare itself in advance as required for the first session	<b>Yes</b> I.2
<b>I.3 Voting and Exercising Voting Rights</b>		
I.3.1	Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting	<b>No</b> 0.3 (1); I.3
I.3.2	The statutory deadline for receiving early voting ballots by mail may not exceed three working days	<b>Yes</b> I.3
I.3.3	Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: i) hold shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle	<b>Yes</b> I.3

\* Transcription of the original text of the English version of the CMVM corporate governance code (2010). Where applicable the term Supervisory Board has been replaced by Fiscal Board (Sonae Capital's Governing Bodies do not include a Supervisory Board but include instead a Fiscal Board).

<b>Recommendation</b>		<b>Compliance Reference in this report</b>
<b>I.4 Resolution-Fixing Quorum</b>		
I.4.1	Companies shall not set a resolution-fixing quorum that outnumbers that which is prescribed by law	<b>Yes</b> I.4
<b>I.5 Minutes and Information on Resolutions Passed</b>		
I.5.1	Extracts from the minutes of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be kept on file on the company's website for no less than a 3 year period	<b>Yes</b> I.5
<b>I.6 Measures on Corporate Control</b>		
I.6.1	Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests. The company's articles of association that by complying with said principal, provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – 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	<b>Yes</b> I.6
I.6.2	In cases such as change of control or changes to the composition of the Board of Directors, defensive measures shall not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary performance assessment by the shareholders of the members of the Board of Directors	<b>Yes</b> I.6
<b>II. Board of Directors and Fiscal Board</b>		
<b>II.1 General Points</b>		
<b>II.1.1 Structure and Duties</b>		
II.1.1.1	The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles	<b>Yes</b> II.0
II.1.1.2	Companies shall set up internal control and risk management systems in order to safeguard the company's worth and which will identify and manage the risk. Said systems shall include at least the following components: i) setting of the company's strategic objectives as regards risk assumption; ii) identifying the main risks associated to the company's activity and any events that might generate risks; iii) analyse and determine the extent of the impact and the likelihood that each of said potential risks will occur; iv) risk management aimed at aligning those actual incurred risks with the company's strategic options for risk assumption; v) control mechanisms for executing measures for adopted risk management and its effectiveness; vi) adoption of internal mechanisms for information and communication on several components of the system and of risk-warning ; vii) periodic assessment of the implemented system and the adoption of the amendments that are deemed necessary	<b>Yes</b> II.8
II.1.1.3	The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Fiscal Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs	<b>Yes</b> II.8
II.1.1.4	The companies shall: i) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance	<b>Yes</b> II.11
II.1.1.5	The Board of Directors and the Fiscal Board shall establish internal regulations and shall have these disclosed on the company's website	<b>Yes</b> II.2; II.5
<b>II.1.2 Governance Incompatibility and Independence</b>		
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	<b>Yes</b> 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 devising this number and may never be less than a fourth of the total number of Board Directors	<b>Yes</b> II.2
II.1.2.3	The independency assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independency requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member	<b>Yes</b> II.2
<b>II.1.3 Eligibility and Appointment Criteria</b>		
II.1.3.1	Depending on the applicable model, the Chair of the Fiscal Board and of the Auditing and Financial Matters Committees, shall be independent and adequately competent to carry out his/her duties	<b>Yes</b> II.5
II.1.3.2	The selection process of candidates for non-executive members shall be conjured so as prevent interference by executive members	<b>Yes</b> II.2

Recommendation		Compliance Reference in this report
<b>II.1.4 Policy on the Reporting of Irregularities</b>		
II.1.4.1	The company shall adopt a policy whereby irregularities occurring within the company are reported. Such reports shall contain the following information: i) the means by 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 reporter	Yes II.9
II.1.4.2	The general guidelines on this policy shall be disclosed in the Annual Report of Corporate Governance	Yes II.9
<b>II.1.5 Remuneration</b>		
II.1.5.1	The remuneration of the Members of the Board of Directors shall be structured so that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on extreme risk. Thus, remunerations shall be structured as follows: i) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity. ii) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components. iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period. (iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company. (v) The Executive Directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares. (vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years; (vii) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance. (viii) The remuneration of Non-Executive Board Members shall not include any component the value of which is subject to the performance or the value of the company	Yes II.2 II.10 III.6
II.1.5.2	A statement on the remuneration policy of the Board of Directors and Fiscal Board referred to in Article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration ii) the payments for the dismissal or termination by agreement of the Directors' duties	Yes II.10
II.1.5.3	The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the directors' remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account	Yes II.10
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 options for share purchase or further yet on the variations in share prices, to members of the Board of Directors and Fiscal Board and other managers within the context of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's conditions. The main characteristics of the retirement benefit plans established for members of the Board of Directors and Fiscal Board and other managers within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting	Yes I.7 II.10 III.6
II.1.5.6 <sup>2</sup>	At least one of the Remuneration Committee's representatives shall be present at the Annual General Meeting for Shareholders	Yes I.7
II.1.5.7	The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance <sup>1</sup>	Yes II.2
<p><sup>1</sup> This Recommendation shall remain in force until the duty to provide information envisaged in Article 3(c) and /d) of CMVM Regulation No. 1/2010 is enacted.</p> <p><sup>2</sup> The CMVM Corporate Governance Code does not include any recommendation with number II.1.5.5</p>		

Recommendation		Compliance Reference in this report
<b>II.2 Board of Directors</b>		
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 and the delegated duties shall be identified in the Annual Corporate Governance Report	<b>Yes</b> II.2 II.3
II.2.2	The Board of Directors must ensure that the company acts in accordance with its goals, and shall 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	<b>Yes</b> II.2 II.3
II.2.3	Should the Chair 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 decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the corporate governance report	<b>Yes</b> II.2 II.3
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	<b>Yes</b>
II.2.5	The company shall expound its policy of portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on same in the Annual Corporate Governance Report	<b>Yes</b> II.2
<b>II.3 Chief Executive Officer (CEO), Executive Committee and Executive Board of Directors</b>		
II.3.1	When Managing Directors that carry out executive duties are requested by other Board Members to supply information, the former must do so in a timely manner and the information supplied must adequately suffice the request made	<b>Yes</b>
II.3.2	The Chair of the Executive Committee shall send the convening notices and minutes of the meetings to the Chair of the Board of the Directors and, as applicable, to the Chair of the Fiscal Board or the Auditing Committee, respectively	<b>Yes</b> II.3
II.3.3	The Chair of the Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and the Chair of the Financial Matters Committee	<b>Not Applicable</b> <b>0.3 (5)</b>
<b>II.4 General and Supervisory Board, Financial Matters Committee, Audit Committee and Fiscal Board</b>		
II.4.1	Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) the 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	<b>Not Applicable</b> <b>0.3 (6)</b>
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 Fiscal Board <sup>1</sup> must be disclosed on the company's website	<b>Yes</b> II.5
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 must include a description on the supervisory activity and shall mention any restraints that they may have come up against	<b>Yes</b> II.5
II.4.4	The General and Supervisory Board, the Auditing Committee and the Fiscal Board (depending on the applicable model) shall represent the company for all purposes at 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	<b>Yes</b> II.5
II.4.5	According to the applicable model, the General and Supervisory Board, Auditing Committee and 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	<b>Yes</b> II.5
II.4.6	The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent director or Fiscal Board, regardless of the hierarchical relationship that these services have with the executive management of the company	<b>Yes</b> II.8

<sup>1</sup> Original text does not mention the Fiscal Board



Recommendation		Compliance Reference in this report
<b>II.5 Special Committees</b>		
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 further yet, the performance of all existing committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvements; iii) in due time identify potential candidates with the high profile required for the performance of director's duties	<b>Yes</b> II.4
II.5.2	Members of the Remuneration Committee or alike shall be independent from the Members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy	<b>Yes</b> II.4
II.5.3	Any natural or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services	<b>Yes</b>
II.5.4	All the Committees shall draw up minutes of the meetings held	<b>Yes</b> II.4
<b>III. Information and Auditing</b>		
<b>III.1 General Disclosure Duties</b>		
III.1.1	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 create an Investor Assistance Unit	<b>Yes</b> III.8
III.1.2	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 remaining 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 the Market Liaison Officer; d) Investor Assistance Unit – its functions and access means; e) Accounts Reporting documents; f) Half-Yearly Calendar on Company Events; g) Proposals sent through for discussion and voting during the General Meeting; h) Notices convening meetings	<b>Yes</b> III.8
III.1.3	Companies shall advocate the rotation of auditors after two or three terms in accordance with four or three years respectively. Their continuance beyond this period must be based on a specific opinion for the Fiscal Board to formally consider the conditions of auditor independence and the benefits and costs of replacement	<b>Yes</b> II.6
III.1.4	The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's Fiscal Board	<b>No</b> 0.3 (2)
III.1.5	The company shall not recruit the external auditor for services other than audit services, nor any entities with which same takes part or incorporates the same network. Where recruiting such services is called for, said services should not be greater than 30% of the total value of services rendered to the company. The hiring of these services must be approved by the Fiscal Board and must be expounded in the Annual Corporate Governance Report	<b>No</b> 0.3 (3)
<b>IV. Conflicts of Interest</b>		
<b>IV.1 Shareholder Relationship</b>		
IV.1	Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions	<b>Yes</b> III.7
IV.1.2	Where deals of significant importance are undertaken with holders of qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the Fiscal Board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the Fiscal Board	<b>No</b> 0.3 (4)

### 0.3 Reasons for non compliance or non applicability of the Corporate Governance Code

This section lays out the reasons for the non compliance or non applicability for each individual recommendation and should be read in conjunction with the table in the previous section.

Sonae Capital has not complied in 2009 with the following recommendations:

- (1) Recommendation I.3.1 - 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. The Board of Directors will present an amended version of the Articles of Association of the Company to the next Shareholders' General Meeting, proposing among others, to extend voting in writing to all matters.
- (2) Recommendation III.1.4 - The external auditor has not verified the implementation of remuneration policies and systems and has reported on the effectiveness and functioning of internal control mechanisms. The implementation of remunerations policies and systems is the responsibility of the Remuneration Committee and the verification of the effectiveness and functioning of internal control mechanisms is part of the powers attributed to the Fiscal Board.
- (3) Recommendation III.1.5 - The Company has recruited services other than audit from its External Auditor. These services represent 21.6% of total fees paid in 2009. These services were not presented to the Fiscal Board. The Company believes that the amounts involved for these services are not significant enough to affect the Auditor's independence. The Fiscal Board is informed annually of the services provided, the amounts involved and makes its judgment on the independence of the External Auditors. The Fiscal Board receives, on an annual basis, under the terms of Article 62-B of Decree-Law nr. 487/99, of 16 November (changed by Decree-Law nr. 224/2008, of 20 November), the statement of independence of the Auditor, which details services rendered by the latter and by entities from the same network, fees paid, possible threats to its independence and respective safeguard measures.
- (4) Recommendation IV.1.2 – A procedure for approval of transactions with qualified shareholders is to be implemented by the Fiscal Board in 2010, as explained in section III.7 of this report.

The following recommendations are not applicable to Sonae Capital:

- (5) Recommendation II.3.3 - This recommendation relates to a corporate governance model not adopted by Sonae Capital, and for this reason is not considered to be applicable. 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.
- (6) Recommendation II.4.1 - This recommendation related to a corporate governance model not adopted by Sonae Capital, and for this reason is not considered to be applicable. 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.

## **I. Shareholders' General Meeting**

### **I.1 Board of the Shareholders' General Meeting**

As at 31 December 2009, 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 Secretary, during the preparatory stages of the Shareholders' General Meeting, its Board members are given assistance by the Corporate Legal department, namely to prepare support documents and files.

The remuneration of the Chairman of the Board of the General Shareholders' Meeting is made up of a fixed amount, based on the Company's situation and market practices, and amounted to a total of 3,000 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 in which 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 in relation to the last two the original document must be received at the Company's registered office up to 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 this situation has never occurred 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 work day-period of share-blocking will be required.

The Company has not issued non-voting preference shares. In any event, the Articles of Association contemplate the presence at a Shareholders' General Meeting of shareholders holding non-voting preference shares, and their presence at the discussion of the points on the

agenda for the Shareholders' General Meeting will depend on the authorisation of the Shareholders' General Meeting.

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, each share is entitled to one vote. Additionally, no limit is established to the number of votes that can be held or exercised by a sole shareholder or group of shareholders.

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. A proposal will be presented at the next Shareholders' General Meeting to extend voting in writing to all matters. 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 signature confirmation on delivery addressed to the Chairman of the Board of the Shareholders' General Meeting. This does not dispense with the need to comply with the procedures set out in the Articles of Association, 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 that are not accepted, will be considered 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](http://www.sonaecapital.pt)), after notice has been given of the Shareholders' General Meeting.

Electronic voting is not contemplated 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 5% of the voting share capital (minimum required for this purpose by law), request one.

The Shareholders General Meeting can meet, in the first instance, as long as shareholders holding 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](http://www.sonaecapital.pt)) and on the Information Disclosure System of the Portuguese Securities Market Commission ([www.cmvm.pt](http://www.cmvm.pt)), at least fifteen days prior to the Shareholders' General Meeting.

The Company intends to keep a record, on its website ([www.sonaecapital.pt](http://www.sonaecapital.pt)), of the attendance lists, agenda and decisions of the Shareholders' General Meetings of the previous three years. At present, this information is only available for the two Shareholders' General Meeting that have taken place since the Company was incorporated in December 2007. Information on the decisions of the Shareholders' General Meetings has been disclosed on the same date of the meeting.

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 their existing contracts as a result of a change in control of the Company.



## I.7 Remuneration policy and performance assessment

The remuneration of 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.

In accordance with Law nr 28/2009 the Remuneration Committee or the Board of Directors must submit, annually, the remuneration policy of the statutory bodies to the Shareholders' General Meeting. The remuneration policy and the required disclosures are laid out in section II.10 of this report.

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.

The table below summarizes the attendance of members of the Shareholders' Remuneration Committee and of the Board Nomination and Remuneration Committee (BNRC) at the Shareholders' General Meetings since the incorporation of Sonae Capital.

Governing Body	Shareholders' General Meetings	
	09 April 2008	28 April 2009
Remuneration Committee	Belmiro Mendes de Azevedo	Belmiro Mendes de Azevedo
BNRC	(the Board was appointed at this meeting)	Pedro Manuel Bastos Mendes Rezende

## 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 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.

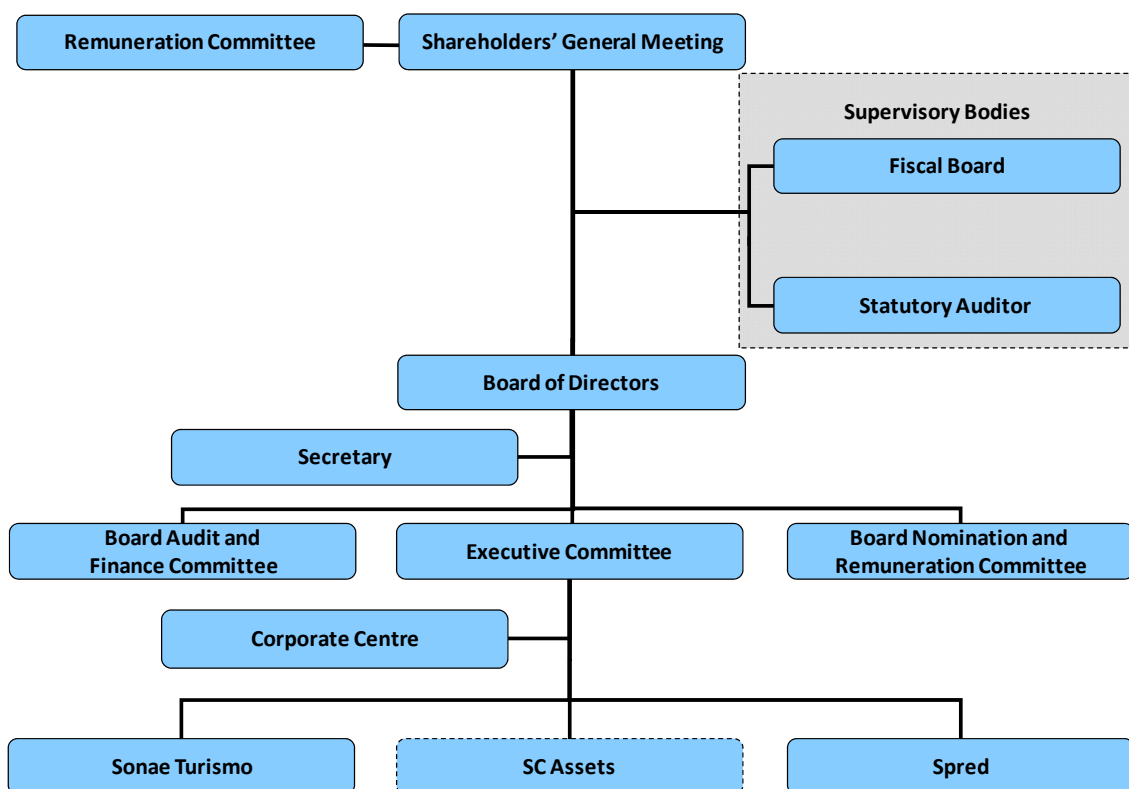
At the date of its incorporation, Sonae Capital adopted a model based on a Board of Directors, a Fiscal Board and a Statutory Auditor. The Board of Directors has the responsibility of management while the remaining two bodies have supervisory responsibility.



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 the Board of Directors believes the existing model is the most suitable for Sonae Capital. In order to strengthen its commitment to evaluate the existing governance model, the Board of Directors initiated a formal self assessment process for its first full year of activity (2009). The Board of Directors will use the conclusions from the self assessment, during the current year to reflect on the existing structure and if deemed necessary fine tune procedures and policies.

## II.1 Governing bodies and functional structure



SC Assets is the result of the separation of the asset management business from Sonae Turismo. Implementation to be completed in 2010.

Under the current governance structure, the Board of Directors is responsible for business portfolio strategic 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, SC Assets 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 supervision of the Company is carried out 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.5 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
Internal Audit & Risk Management	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 proposing and implementing the Group's human resources policy and for managing senior managers' careers.

The Internal Audit & Risk Management department main responsibilities include definition and execution of internal audits and risk management activities in Group companies.

The Portfolio Management competencies comprise the following: portfolio configuration and capital allocation between existing businesses and new business opportunities, mergers and acquisitions, legal support, corporate internal and external communication. It also has the responsibility for the coordination of sustainability best practices.

Administrative Services comprise a number of different services, 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 concerning 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; and ensures a permanent contact with institutional investors, shareholders and analysts through 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.

The Board of Directors is currently made up of three executive members and four non executive independent Directors, mandated until the end of 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 reputation 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 conflicts of interest or loss of independence under the terms of legal requirements.

In ascertaining conflict of interest 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.

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. The Report of the Board of Directors contains a section with a description of the activities carried out by Non Executive board members.

In view of Sonae Capital's size, the Company believes there is no need for a formal candidate selection process regarding Non Executive Directors. The interference of Executive Directors in that selection process is inevitable considering that, under the model adopted by the Company, the Board of Directors appoints, with the intervention of all its members, an Executive Committee. Thus, under the terms of the law, there is an effective participation of all Board members in the selection of its Executive and Non Executive members.


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. With the exception of the responsibility of financial matters assigned to the Chief Financial Officer, no specific functional responsibilities are assigned to each member of the Board. Therefore the Board of Directors has not considered necessary the definition of a rotation policy of responsibilities in addition to the fact that a limitation of mandates may not be in the best interests of the Company. The Board of Directors has the powers to replace any



of its members if at a particular time it judges it to be in the best interests of the Company to do so.

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. The creation and activity of such specialised committees, composed solely of Non-Executive Directors, and the access to all available information under the terms of section II.3 allow, in the opinion of the Board of Directors, independent and well-informed decisions by Non-Executive Directors. 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 2009, the Board of Directors held five meetings, with a 100% 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](http://www.sonaecapital.pt)).

During 2009, 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

Name	Fixed Remuneration	Performance Bonus Paid	Deferred Performance Bonus Paid	Total
Belmiro Mendes de Azevedo <sup>1</sup>	253,900	93,900	-	347,800
José Luis dos Santos Lima Amorim	183,900	57,500	17,534	258,934
Mário Pereira Pinto	138,400	29,000	-	167,400
<b>Sub-total Executive Directors</b>	<b>576,200</b>	<b>180,400</b>	<b>17,534</b>	<b>774,134</b>
Francisco de La Fuente Shánchez <sup>2</sup>	22,300	-	-	22,300
Rafael Cerezo Laporta <sup>2</sup>	22,300	-	-	22,300
Paulo José Jubilado Soares de Pinho <sup>2</sup>	22,300	-	-	22,300
Pedro Manuel Bastos Mendes Rezende <sup>2</sup>	22,300	-	-	22,300
<b>Sub-total Non executive Directors</b>	<b>89,200</b>	<b>-</b>	<b>-</b>	<b>89,200</b>
<b>Total</b>	<b>665,400</b>	<b>180,400</b>	<b>17,534</b>	<b>863,334</b>

<sup>1</sup> Previous year 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 interests with the interests of the Company and of its shareholders.

<sup>2</sup> Part of this remuneration (10,000 euro) was only paid in March 2010.

During 2009, 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 compensation payments in the case of termination of duties during the respective mandate. In 2009, 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 term of office ceases with that of the Board (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 thirteen meetings during the year 2009 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 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. During the year 2009, the approved minutes of the Executive Committee meetings were made available to Non Executive Board members and Fiscal Board members.

## II.4 Internal Committees

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), with their office ceasing with the Board's term of office.

The BAFC is 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 risks 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 six times a year before the disclosure of the annual and interim results, once before the approval of the annual consolidated budget, once to evaluate the effectiveness of corporate governance policies and practices of the Company and whenever it is convened by its Chairman, or the Board's Chairman or the Chief Executive Officer. During 2009, the BAFC held five meetings (it did not convene before the approval of the annual consolidated budget), with 100% attendance by its members.

The Secretary of the BAFC circulates required agendas and support documents 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. During the year of 2009, the BNRC held one meeting, with all members.

The Chairman of the BNRC has considerable experience in matters relating to remuneration, having in the past been a member of worldwide committees responsible for remuneration and career management in a prominent company.

As already mentioned in section II.2, members of the abovementioned committees are considered independent.

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 into consideration on an advisory basis in support of decisions by the Board of Directors.

## II.5 Fiscal Board

In accordance with 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 upon 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 2009, the Fiscal Board, with a mandate until the end of 2010, had the following members:

Name	Position	First Appointment on
Manuel Heleno Sismeiro	Chairman	April 2009
Armando Luís Vieira de Magalhães	Member	December 2007
Jorge Manuel Felizes Morgado	Member	December 2007

On 28 April 2009, the Shareholders' General Meeting approved the election of Manuel Heleno Sismeiro to fill the vacant position in the Fiscal Board (temporarily occupied by the substitute member of this Board, Carlos Manuel Pereira da Silva) until the end of the current mandate. At a meeting of the Fiscal Board held on the same date, Armando Luís Vieira de Magalhães resigned as Chairman of the Fiscal Board, remaining member of the Fiscal Board, and Manuel Heleno Sismeiro was elected Chairman.

The members of the Fiscal Board are of the opinion that they can all be considered independent under the terms of number five article 414 of the Portuguese Company Law and that they comply with all incompatibility rules mentioned in number 1 article 414-A of the Portuguese Company Law.

In ascertaining 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.

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 specified in Portuguese Company Law that limits the number of

positions that Fiscal Board members can hold simultaneously to five, is 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;
- 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 the 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 including the annual assessment of the Statutory External Auditor, as well as an opinion on the report of the Board of Directors, consolidated and individual financial statements 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](http://www.sonaecapital.pt)).

The Fiscal Board's Terms of Reference are available for consultation on the Company's website ([www.sonaecapital.pt](http://www.sonaecapital.pt)).

During 2009, members of the Fiscal Board of Sonae Capital, SGPS, SA were paid the following fixed remuneration (no other remuneration was paid):

Values in Euro

	<b>Fixed Remuneration</b>
Manuel Heleno Sismeiro	6,767
Armando Luís Vieira de Magalhães	6,800
Jorge Manuel Felizes Morgado	6,300
Carlos Manuel Pereira da Silva	1,333
<b>Total</b>	<b>21,200</b>

During 2009, the changes in the composition of the Fiscal Board, mentioned above, had an impact on each member's remuneration.

Information on other offices held by members of the Fiscal Board, their qualifications and experience can be found in the curricula vitae included in an appendix to this report. For the number of company's shares held by Fiscal Board members, see section III.3.

## 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, serving its first mandate. The Statutory External Auditor was elected by the Shareholders' General Meeting, following approval of a proposal put forward by the Fiscal Board.

During 2009, the total remuneration paid to the Company's external auditors was 202,292 euro, corresponding to the following services provided:

Values in Euro

	<b>2009</b>	<b>%</b>	<b>2008</b>	<b>%</b>
Statutory Audit <sup>1</sup>	158,542	78.4	154,387	74.3
Other Assurance <sup>2</sup>	-	0.0	8,500	4.1
Tax Consultancy <sup>2</sup>	10,000	4.9	45,000	21.6
Other Services <sup>2</sup>	33,750	16.7	-	0.0
<b>Total</b>	<b>202,292</b>	<b>100.0</b>	<b>207,887</b>	<b>100.0</b>

<sup>1</sup> Fees agreed for the year.

<sup>2</sup> Amounts invoiced.

In order to ensure the External Auditor independence, tax consultancy services and other services (mostly related with the implementation of enterprise resource planning systems) are provided by different teams than those involved in audit services.

The Company has not defined and implemented a rotation policy for the Statutory External Auditor. It is the Board of Directors judgment that the replacement of the auditor or partner responsible for auditing services every seven years, currently imposed by law, is more than adequate to ensure the independence of the Statutory External Auditor together with the powers given to the Fiscal Board to oversee the independence of the Statutory External Auditor.

## **II.7 Company 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, that are appropriate to the Group's activities. Market visibility, exposure and diversification of the businesses' risks and the increasing speed of information transmission, makes the implementation of these principles crucial to value creation and 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 reliability of its information. It is made up of 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, with the goal of ensuring:

- Adequate segregation of functions and duties;



- Definition of authority and responsibility limits;
- Safeguarding the Group's assets;
- 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 and objectives, is inherent in all management processes and is a permanent concern of all Group managers and employees. Risk management aims to create value and is one of the main components of the sustainable development of companies through the identification, understanding, management and mitigation of uncertainties and threats that may affect their different businesses, in order to increase the probability of their success and reduce the likelihood of failure.

Internal Audit assists the Group in accomplishing its objectives, through a systematic and structured approach to evaluate and improve effectiveness of risk management, controls and governance processes.

The Risk Management and Internal Audit functions are coordinated by a single manager at Sonae Capital's corporate centre level, and its activities are coordinated, reported and followed up by the Board Audit and Finance Committee. Additionally, the internal audit and risk management annual programme as well as biannual activity reports are submitted to the Fiscal Board. The implemented reporting system ensures regular feedback, adequate review of activities carried out and the possibility to adjust the plan of activities to emerging needs.

The Internal Audit function promoted activities according to an annual plan previously approved and based on an evaluation of business risks. During 2009, the plan included work on business processes, compliance and information systems, especially in Sonae Turismo's businesses, including the following:

#### **Processes**

Troiareort: Real estate sales, project management and contract negotiation;  
Sonae Turismo's businesses: Invoicing, collection and cash management;  
Selfrio Group: Purchasing;  
Box Lines: Invoicing and collection.

#### **Compliance**

Health & Fitness: Activity monitoring.

#### **Information systems**

Sonae Turismo's businesses: Software licensing, wireless networks and front office systems;  
Sonae Capital: Software licensing and network security.

Sonae Capital encourages continuous 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 knowledge 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). The Internal Audit team members are Certified Internal Auditors.


The risk management function promotes, coordinates, facilitates and supports the development of risk management processes. In 2008, the Group 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 includes, amongst others, the following:

- Identification and classification 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 businesses objectives and probability of occurrence;
- Identification of the causes of the most important risks (critical);
- Evaluation of risk management's strategies (options);
- Development of risk management's plan of actions and integration into the planning and management processes of each business unit and functions;
- 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, in 2008, to the Fitness business, and was followed by the implementation, in 2009, of the resulting plan of actions, with particular focus on Health & Safety, Cleanliness and availability of Information Systems risks. This approach, initially 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) was rescheduled to 2010 due to the need to develop and implement Influenza Type A (H1N1) contingency plans across the organization. The coordination and writing up of the contingency manuals required the identification of critical businesses, scenario development and definition of action and contingency plans. The main objective was to minimize impacts of the pandemic threat and to assure minimum services during the various crisis scenarios. Action plans were developed across four different areas: communication with most important stakeholders, treatment of suspect cases either among employees or customers, reducing the impact of absenteeism and supply chain management.

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 provide any clarification required.

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 Company's financial information.

Sonae Capital is exposed to a variety of financial risks namely interest rates, transaction and translation foreign currency exchange rates, liquidity, counterpart 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, a comprehensive set of systems implemented in Sonae Capital ensures compliance with its payment obligations and the funding of its businesses and strategy.

The abovementioned systems, centralised in the Company's corporate headquarters, ensure liquidity management, financial planning based on cash flow forecasts, treasury and cash management control instruments, a variety of sources of and counterparts to funding, the adjustment of debt maturity profiles to 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 to, coordinated and followed up by the Board Audit and Finance Committee.

## **II.9 Whistle Blowing Policy**

The main features of the whistle blowing policy currently in place are:

- 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 who, 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 solve the irregularities investigated;
- Prevent the potential occurrence of reprisals as a consequence of the whistle blowing activity as long as the whistle blower has not shown bad faith or participated in any irregularity.

The Company's Policy and Procedures, the main features of which are summarized above, are available for consultation on the Company's website ([www.sonaecapital.pt](http://www.sonaecapital.pt)).

During 2009, the Fiscal Board received two communications. After careful review those communications have been considered as customer complaints, related to service levels, and were forwarded to the respective businesses for appropriate treatment. Both complaints were addressed promptly.

## **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. Therefore, the contribution of individual actions, performance and efforts towards the company's overall performance should be annually evaluated and should impact the fixed and variable compensation to be attributed.

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, compensation will be made in accordance with 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 during the first quarter of the year following that 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, and which is discretionary and subject to deferred payment;

b) Individual compensation takes into consideration that (i) the definition of each Executive Director's fixed remuneration is based on personal skills and the responsibility level inherent in each function. This remuneration will be based on the Company's 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 Variable Bonus is based on the responsibility inherent in 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's 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's situation and market practices.

### **Board of the Shareholders' General Meeting**

The remuneration of the members of the Board of the General Shareholders Meeting, if it exists, shall be made up of a fixed amount based on the Company's situation and market practices.

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

For details of deferred performance bonuses please refer to section III.6 of this report.

## **II.11 Main Risks to which the Company and its affiliates are exposed**

In carrying out its activity Sonae Capital and its affiliates are exposed to several risks, of which the most relevant can be identified as follows:

Sonae Capital's main assets, in its capacity as an investment holding company, are shareholdings. Sonae Capital is therefore dependent upon the possible distribution of dividends by its affiliated companies, the payment of interest, the repayment of loans granted and other cash flows distributed by those companies. The ability of affiliated companies to make funds available to Sonae Capital will depend in part on their capacity to generate positive cash flows. The ability of those companies to, on the one hand, distribute dividends, and on the other, pay interest and repay loans granted by Sonae Capital, is subject to, in particular, statutory and tax restrictions, their financial results, available reserves, financial structure and compliance with any contractual obligations duly undertaken.

Some of the Sonae Capital Group's business areas have recorded losses and there may be businesses conducted by the companies held by Sonae Capital which may require additional investment to expand their business operations through organic growth or future acquisitions. The additional investment by Sonae Capital may be raised through shareholders' equity or external debt. Sonae Capital cannot guarantee whether these funds, if necessary, will be obtained or that they will be obtained under the desired conditions. If Sonae Capital or its affiliated companies involved in those investments, do not obtain the necessary funds, the operating objectives or plans for business expansion may have to be altered or postponed.



In carrying out its business activities, Sonae Capital and its affiliated companies are exposed to financial market risks, especially variations in market interest rates. If the latter increase, and given that part of the external debt of Sonae Capital and of its affiliated companies bears interest at variable rates indexed to market rates, future cash flows and the results of their operations may be adversely affected. In order to reduce the risk of interest rate increases, Sonae Capital may contract certain derivative instruments, but Sonae Capital cannot guarantee that these instruments will fully cover such risks.

Sonae Capital's ability to successfully implement its strategy depends on the ability to recruit and retain the most qualified and competent employees for each function. Despite Sonae Capital's human resources policy being oriented towards attaining those goals, it is not possible to guarantee that there will be no limitations in this area in the future.

Sonae Capital has a diversified business portfolio, hence major risks to which its affiliates are exposed may be sector specific. Most relevant risks are identified below:

The hospitality business of Sonae Turismo has posted operating and net losses over the last few years, mostly resulting from its repositioning strategy of its hotel operations. The hotel assets Porto Palácio Hotel, Aqualuz Lagos, Tróia Mar, Tróia Rio and Tróia Lagoa were subject to a large-scale refurbishment, upgrading and enlargement process initiated in the middle of 2005 and which continued until 2007 (Porto and Lagos) and terminated in early 2009 (the three aparthotels in Tróia). During the course of these works, the relevant units were totally or partially closed, with a consequent impact on earnings. Sonae Turismo expects that, in view of the quality of the facilities and services achieved as a consequence of the upgrade work carried out, it will strengthen its competitive position and, by acting to improve and rationalise critical business processes, it will improve the performance of this business.

Sonae Turismo's businesses are subject to economic cycles and dependent on the growth of tourism activity and real estate in Portugal. Its tourism operations are dependent on tourist demand which, in turn, is linked to economic trends, both nationally and internationally. Any negative developments in the Portuguese economy or in the main countries feeding tourist visitors to the Portuguese market can have an adverse impact on its business performance. Similarly, leisure activity (health clubs and recreational facilities) can be affected by the economy's behaviour, notably, through a drop in consumer confidence, higher interest rates and the consequent impact on household disposable income.

The successful marketing of high-quality tourism and residential property developments depends on the state of the real estate sector in Portugal and in major European countries (in view of the fact that a significant part of the tourism property developments is targeted at foreign investors) at the time that a group of property units is put on the market. A less favourable economic environment than expected can put at risk current business expectations, namely in relation to selling prices and marketing periods, with a potentially negative impact on the company's financial position.

It is also worth mentioning that the value of the asset management business and the portfolio of land held by Sonae Capital's subsidiaries are equally dependent on the state of the property market.

The business carried on by Sonae Turismo as a tourism and hotel operator is subject to supervision by the Directorate-General for Tourism and compliance with specific legislation for

this activity. Any breach, or any alteration to the broad ranging legal framework applicable to the sector, could entail major risks for the business and for its operating performance.

The activity carried out by Atlantic Ferries and by the Tróia Marina is subject to the terms and periods referred to in the concessionary contracts signed, as follows: (i) Atlantic Ferries entered into, with APSS (Associação dos Portos de Setúbal e Sesimbra), in 2005, a concessionary contract for the river crossing public transport service of passenger, light and heavy vehicles between Setúbal and the Tróia Peninsula. The concession was granted for a period of 15 years extendable for successive periods of 5 years, if both parties agree; (ii) the Tróia Marina entered into, with the APSS, in 2001, a concessionary contract for the operation of the Tróia Marina for a period of 50 years. Any breach of the contractual obligations could entail major risks for the activity and have an impact on the companies' earnings.

The level of Sonae Turismo's business can depend on the intensity of competition – both regional and global – from the tourism destinations in which they operate. As a consequence of growth in demand, massive use of air transport and the emergence of new destinations, competition between tourism destinations is becoming increasingly more aggressive. However, over and above the convenience of the location, the brand's widespread awareness and the quality of the property development, in particular the offer of complementary facilities (restaurants, Golf, SPA and other leisure activities), are important competitive advantages in this sector.

As far as the Tróia Peninsula is concerned, tourism real estate developments may also be affected by competition from other developments, in particular, on the Alentejo coast, the Algarve and southern Spain. However, it is important to point out that the **troia** resort project is being developed in an area where the existing biodiversity and cultural heritage are considered to be the factors which differentiate the project, and can be capitalised on with new tourism services and products with a positive impact on the project.

In the leisure sector, namely in the health & fitness segment where Sonae Turismo operates through Solinca Health & Fitness (health clubs), competition is based on the price and quality of the services provided. The response to increased competition both as a result of the entry of new operators into the market, from their increased size due to mergers and acquisitions, and the decision to try to increase the number of customers/members, could force a reduction in prices charged or the application of promotional discounts.

Some of the businesses carried out by Sonae Turismo are seasonal, with the result that abnormally adverse conditions during these periods could negatively affect the level of activity and operating results. These activities are subject to fluctuations in demand associated with natural disasters, as well as to factors of a social or political nature which could have an impact on the inflow of tourists and consequently on occupancy rates.

The possibility of the occurrence of risks to public health in the restaurant and health club activities and of accidents that may put at risk the safety and health of customers at the respective premises, may result in Sonae Turismo being held liable for damages, which could have an adverse effect on the company's earnings and financial position. However, any possible risks for the restaurant and other businesses, arising from situations that could lead to public health risks are minimised by the implementation of a rigorous quality control and food safety system for processes and products, which is regularly audited by external companies with a view to continuous improvement. In this respect, Sonae Turismo uses tools such as

HACCP (Hazard Analysis and Critical Control Points) defined in the “Codex Alimentarius” – Annex to CAC/RCP 1-1969, Rev. 4 (2003), undertaking to comply with the requirements specified therein, as well as with prevailing legislation, namely with Regulation (EC) nr. 852/2004 of the European Parliament and Council of 29 April 2004, relating to food hygiene.

Praedium is responsible for the development of high quality residential property developments, with its portfolio including the City Flats building and the Efanor Project, in Matosinhos. The profitability of the real estate activity of Praedium is very dependent on the signing of purchase and final sale contracts, given that the associated revenues and costs are only recognized at this point in the development process. Consequently, the business is strongly dependent on the speed with which housing permits are issued, without which it is not possible to sign purchase and sale contracts.

The success of the marketing and sale of Praedium’s assets is strongly dependent on macroeconomic performance to the extent that there is an immediate and direct correlation between it and the demand for new housing.

The real estate sector in Portugal is marked by the very high number of parties involved, especially developers, resulting in extremely aggressive competition.

Praedium believes in the sustainable development of its assets environmentally, and thus has sought environmental certification for the management of the Efanor Project. In addition to a number of obligations in the construction stage, this involves the use of renewable energy sources within the complex. These practices aim to anticipate and deal with the associated environmental risks.

Activities related to refrigeration, air conditioning and related maintenance services (Selfrio Group) have specific risks, the majority of which are related to competition from other companies operating in the same markets and to the economic situation. The following major risks have been identified:

- SKK’s (retail of equipment) growth may be limited by pressure from Spanish rivals which are beginning to start up business in Portugal;
- Engineering services in the refrigeration area (Selfrio SA, Sistavac and Sopair) may suffer a slowdown in their growth and profitability rates due to cuts in capital expenditure by the large food retailers and in the property sector, although new opportunities exist in alternative energies which could compensate for this reduction;
- Maintenance, technical assistance and planning services in the electricity, electromechanical and air conditioning and ventilation areas (SMP) are dependent on a limited number of customers, as a result of which cancellation of a contract may lead to excess capacity which must be managed, not only by increasing the customer base, but also by diversifying the range of services provided, allowing staff to be relocated if one of these contracts is lost.

Box Lines is the Sonae Capital’s business area which specialises in coastal cabotage and international shipping. The main risks associated with the cabotage business are the following:

- Entry of a new operator in the Azores market and/or operating agreements in shipping to Madeira;
- Heavy dependence on a single customer in the Madeira market;

- Financial instability of forwarding-agent customers who represent a large part of this activity;
- Monopoly in port operations on the mainland (Leixões and Lisbon) contributing to higher costs and operational inefficiency;
- Environmental risk of a fuel spill at sea, which is the responsibility of the ship owners but affects the company's image;
- Non ownership of the vessels, leading to a dependence of ship owners who have ships with the features required for this market. Although there are many vessels, the market is global and there is a risk of it not being possible to negotiate a competitive price.

TP - Sociedade Térmica Portuguesa, S.A. (TP) carries out its activity in partnership with other companies in the wind-power and cogeneration business. Although this form of electric power production is a more efficient alternative and “environmental friendly”, it nonetheless entails certain risks that could have an impact on the earnings of the companies concerned.

In Portugal, the development of wind power in the next few years will be closely linked to the “Eólicas de Portugal” consortium that won a concession to produce wind power of up to 1,200 MW for installation by 2013, through a public tender offer by the Portuguese Government. Sonae Capital, via TP, forms part of this consortium which includes other wind power developers, such as Enernova (EDP Group), Finerge, held by Endesa, and Generg. Another partner is the German manufacturer and world leader in aero generators, Enercon, which has developed an industrial project aimed at creating a wind farm manufacturing cluster in Portugal. The risks associated with the production of wind power are related to obtaining environmental approval, which is essential for the licensing of wind farms. Cogeneration is a form of rationalising the consumption of energy, given that the production of electric energy based on the energy released at the moment of combustion, is synonymous with the most efficient use of fuel (natural gas or fuel oil in the case of TP). A cogeneration power plant uses less fuel compared to that used in separate production of the same quantities of thermal and electric power. Related risks concern the award of CO<sub>2</sub> emission licences. Up to 2012, licences for the emission of CO<sub>2</sub> were issued free of charge, but after that date nothing has yet been defined regarding new licences to be attributed. However, it is important that the limits on greenhouse gas emissions that Portugal has committed to under the Kyoto Protocol are not exceeded.

Both businesses – wind power generation and cogeneration – have predefined tariffs set by the State, which thus encourages the production of this alternative form of electric power generation, since it is more efficient and less polluting. Thus, the risks relating to the selling price of energy are substantially reduced. In cogeneration projects, thermal energy is sold for industrial use, with the relevant price indexed to the price of fuel. Electric power is sold at the price set by the State for a protracted period of time (12 years). In the case of wind power projects, tariffs are also set by the State for a period of 15 years. Since the average duration of a wind farm is roughly 20 years, this risk is thus minimal.

The wind power business carried out by TP is subject to weather conditions, i.e. the wind, which could have a negative effect on activity and the company's operating results. In any event, this risk is mitigated, given that before the construction of a wind farm, a wind study is conducted over a minimum period of 2 years (study period which is consensually accepted as sufficient for correctly assessing the availability of wind resources at a specific location).

TP's business as a company operating in the wind power and cogeneration sector, is subject to supervision by the Directorate-General for Geology and Energy (DGGE) and by the Energy Services Regulator (ERSE) - the entities responsible for regulating the electricity sector in Portugal -, and to compliance with specific legislation dealing with this sector. Any non-compliance, as well as any alteration to this wide ranging legal regime applicable to the sector could imply major risks for the activity and for its operating performance.

Norscut holds the concession for the operation and maintenance under the shadow toll regime (*portagem sem cobrança aos utilizadores - SCUT*) of the A24 motorway and associated roads (motorway which links Viseu to the Chaves border). The concession is operated under a contract signed with the State on 30 December 2000 for a period of 30 years. Any breach of the contract's conditions could entail major risks for Norscut's activity and its operating performance.

### **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. The Board of Directors will propose to the next Shareholders' General Meeting the extension of the possibility of voting in writing to all matters.

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 2009, those shareholders, who 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, S.A.	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, the Company has not been informed of any changes to qualifying shareholdings.



### III.3 Shares held by members of Governing Bodies

In accordance with 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 2009 was as follows:

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

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

During 2009, no transactions of Sonae Capital's shares, attributable to members of the Governing Bodies, occurred.

### III.4 Sonae Capital Shares

#### Sonae Capital's share information:

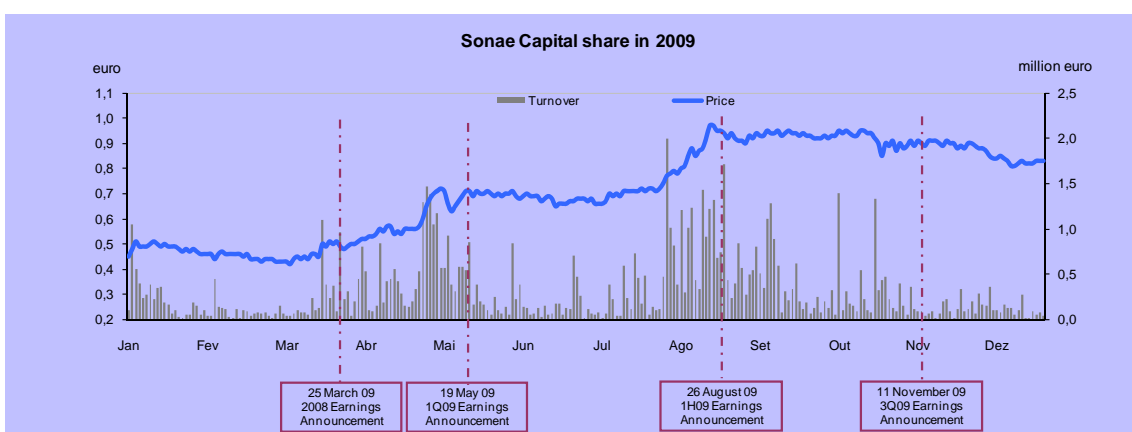
<b>Name:</b> Sonae Capital, SGPS, SA	<b>ISIN code:</b> PTSNPOAE0008
<b>Security's issuer:</b> Sonae Capital, SGPS, SA	<b>NYSE Euronext:</b> SONC
<b>Listing date:</b> 28 January 2008	<b>Reuters:</b> SONAC LS
<b>Share capital:</b> 250,000,000 €	<b>Bloomberg:</b> SONC.PL
<b>Listed amount:</b> 250,000,000 shares	
<b>Treasury stock:</b> The Company does not own treasury stock	

During 2009, Sonae Capital's share price increased 89%. In the same period, the Portuguese Stock Market reference index (PSI20) increased 33%.

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

<b>Euronext Lisbon</b>		<b>2009</b>
<b>Closing prices</b>		
31 December 2008		0.44 €
Maximum price (21 Ago.09)		0.97 €
Minimum price (06 Mar.09)		0.42 €
31 December 2009		0.83 €
<b>Transactions</b>		
Average daily quantity		453,992
Total shares traded		116,221,841
<b>Turnover</b>		
Total (million euro)		82.1
Average daily turnover (million euro)		0.32
<b>Market Capitalisation (a)</b>		
Year end (31 December 2009)		207,500,000 €

<sup>(a)</sup> Market capitalisation was calculated using the total number of shares.



During 2009, and further to the earnings disclosure highlighted in the previous graph, the following corporate events were announced to the market.

## List of material events

### 25 February 2009

The Commercial Court of Lisieux (“Tribunal de Commerce de Lisieux”) decided to renew the "observation period" of the rehabilitation proceedings (“Redressement Judiciaire”) for Plysorol until the end of May.

### 1 April 2009

The Commercial Court of Lisieux (“Tribunal de Commerce de Lisieux”) decided, on 31 March 2009, to adopt a plan for the sale of Plysorol's assets, as a going concern, to two Chinese companies.

### 22 May 2009

S.I.I. – Soberana – Investimentos Turísticos, SA, a company wholly owned by Sonae Turismo, SGPS, SA notified the promissory purchaser Empire House – Investimentos Imobiliários, SA of the termination of the promissory purchase agreement, signed on 14 May 2008, for the sale of the parcel of land where the Tróia Hotel Resort will be built, with the resulting consequences.

### 28 May 2009

Sonae Capital, SGPS, SA began the sale of its shareholding in Sonae Indústria, SGPS, SA on this date. Until 13 August 2009, Sonae Capital sold 10,984,164 shares, equal to 7.846% of the share capital of Sonae Indústria, with an 8.7 million euro positive impact on consolidated results. Following these transactions, Sonae Capital no longer holds, directly or indirectly, any shares in Sonae Indústria, SGPS, SA and for that matter any qualified shareholding in this company.

### 3 June 2009

Sonae Capital, SGPS, SA through two subsidiaries did not subscribe the share capital increase of Fundo de Investimento Imobiliário Fechado IMOSEDE (IMOSEDE) which occurred on 29 May 2009, and was fully subscribed by Sonae Distribuição, SGPS, SA. As a result 45.45% of the fund is indirectly attributable to Sonae Capital and will be accounted henceforth using the equity method.

### 4 June 2009

Sonae Financial Participations, BV, a wholly owned affiliated company of Sonae Capital, sold, between 28 May and 3 June 2009, 172,500 shares in Sonae Indústria, SGPS, SA.

### 16 July 2009

Predisedas – Predial das Sedas, SA, a company wholly owned, directly or indirectly, by Sonae Capital, has signed, in a partnership with RAR Imobiliária, SA, a contract with the Porto City Council and third parties through which the company is granted a right to acquire a parcel or parcels of land in the Operational Planning Unit of Avenida Nun’Alvares, in Porto, within a three years period, with a possible extension for two years.

### **26 August 2009**

Completion of the refinancing of € 110.000.000 debt facilities maturing on 29 August 2009, through the issuance of three Commercial Paper Programmes of € 36.600.000 each, with a maturity of two years.

### **16 September 2009**

Acquisition of 100% of the share capital of Ecociclo II – Energias, SA from Ecociclo – Energia e Ambiente, SA, a wholly owned subsidiary of Sonae Indústria, SGPS, SA, for a total price of circa 7 million euro.

### **30 December 2009**

Conclusion of the negotiations for the completion of the agreement for the sale of ELMO, SGPS, S.A. (Elmo).

## **III.5 Dividend Distribution**

The Company was incorporated in December 2007 and has 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 2009 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.

In 2008 and 2009, the Group has granted deferred performance bonuses based on shares of Sonae Capital, SGPS, SA, under terms similar to those described in the previous paragraph. The Group believes that exposing Directors to share price fluctuations is the most appropriate form of aligning Directors with shareholders interests.

As at 31 December 2009 and 31 December 2008, 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.09	31 Dec.08
2006	2009	4	-	73,981
2007	2010	4	75,080	49,081
2008	2011	6	207,760	120,607
2009	2012	7	420,165	-
<b>Total</b>			<b>703,005</b>	<b>243,669</b>

### III.7 Related Party Transactions

Business dealings or transactions with members of the Board of Directors or holders of qualified shareholdings, are part of the day to day activity of Sonae Capital affiliated companies and made on an arm's length basis. The amounts involved, essentially from rents charged, are not material.

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 arm's length basis as part of the normal business activity of the Company and, as such, do not require further disclosure.

During 2010, the Fiscal Board will establish procedures and criteria required to define the relevant level of significance of transactions with related parties and other conditions.

### 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](http://www.cmvm.pt)) and on the Company's own website ([www.sonaecapital.pt](http://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](mailto: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](mailto: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 downloadable historical data;
- **Announcements** – All press-releases disclosed to the market (CMVM site);
- **Report & Accounts** – Annual Report & Accounts since the Company's incorporation;
- **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, 24 March 2010

**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: 72**

**Nationality: Portuguese**

Education:	<ul style="list-style-type: none"><li>▪ Graduation in Chemical Engineering - Porto University (1963)</li><li>▪ PMD (Programme for Management Development) - Harvard Business School (1973)</li><li>▪ Financial Management Programme - Stanford University (1985)</li><li>▪ Strategic Management - Wharton University (1987)</li></ul>
Positions held in Group Companies:	Chairman of the Board of Directors of the following companies: <ul style="list-style-type: none"><li>▪ SC, SGPS, SA</li><li>▪ Sonae Turismo, SGPS, SA</li><li>▪ Spred, SGPS, SA</li><li>▪ Selfrio, SGPS, SA</li></ul>
Positions held in Other Companies:	<ul style="list-style-type: none"><li>▪ Member of the EGP-UPBS (University of Porto Business School) General Board</li><li>▪ Member of the Management Board of COTEC – Portugal</li><li>▪ Chairman of INSEAD Portuguese Council</li><li>▪ Founding Member of Manufuture Portugal Forum</li><li>▪ Member of the European Advisory Board of Harvard Business School</li><li>▪ Member of WBCSD - Order of Outstanding Contributors to Sustainable Development</li><li>▪ Member of the International Advisory Board of Allianz AG</li><li>▪ Member of the European Union Hong-Kong Business Cooperation Committee</li></ul>
Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>▪ 1999-2007 - Chairman and CEO of Sonae, SGPS, SA</li><li>▪ Since 2003 - Chairman of the Board of Directors of Sonae Indústria, SGPS, SA</li><li>▪ Since 2007 - Chairman of the Board of Directors of Sonae, SGPS, SA Chairman and CEO of Sonae Capital, SGPS, SA</li></ul>

## José Luís dos Santos Lima Amorim

Executive Director of Sonae Capital, SGPS, SA



**Age: 53**

**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:**

- 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
- Empreendimentos Imobiliários Quinta da Azenha, SA
- Golf Time - Golfe e Investimentos Turísticos, SA
- Imoarea - Investimentos Turísticos, SGPS, SA
- Imoclub - Serviços Imobiliários, SA
- Imoferro - Sociedade Imobiliária, SA
- Imohotel - Empreendimentos Turísticos Imobiliários, SA
- Imoresort - Sociedade Imobiliária, SA
- Imosedas - Imobiliárias e Serviços, SA
- Marimo - Exploração Hoteleira e Imobiliária, SA
- Marina de Tróia, SA
- Marmagno - Exploração Hoteleira e Imobiliária, SA
- Marvero - Exploração Hoteleira e Imobiliária, SA
- Modus Faciendi - Gestão e Serviços, SA
- Praedium - SGPS, SA
- Praedium II - Imobiliária, SA
- Praedium - Serviços, SA
- Prédios Privados - Imobiliária, SA
- Predisedas - Predial das Sedas, SA
- S.I.I - Soberana - Investimentos Imobiliários, SA
- SC, Assets, SA
- SC - Engenharia e Promoção Imobiliária, SGPS, SA
- Sodesa - Comercialização de Energia, SA
- Solinca - Investimentos Turísticos, SA
- Solinca - Health and Fitness, 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:

- Change, SGPS, SA
- Contacto Concessões, SGPS, SA
- Imopenínsula - Sociedade Imobiliária, SA
- Imoponte - Sociedade Imobiliária, SA
- Inparvi, SGPS, SA
- Interlog, SGPS, SA
- Investalentejo, SGPS, SA
- Norscut - Concessionária de Auto Estradas, SA
- Promessa - Sociedade Imobiliária, 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
- Solinfitness Club Málaga, SL
- SC Finance, BV
- Sonae Turismo - SGPS, SA
- Sontur, BV
- Sopair, 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
-

## Mário Pereira Pinto

Executive Director of Sonae Capital, SGPS, SA



**Age: 58**

**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 the following companies:**

- Change, SGPS, SA
- Atlantic Ferries - Tráfego Local, Fluvial e Marítimo, SA
- Edifícios Saudáveis Consultores - Ambiente e Energia em Edifícios, SA

**Member of the Board of Directors of the following companies:**

- Box Lines - Navegação, SA
- Cronosaúde - Gestão Hospitalar, SA
- Inparvi - SGPS, SA
- Integrum - Serviços Partilhados, SA
- Interlog - SGPS, SA
- Invesaúde - Gestão Hospitalar, SA
- Lidergraf - Artes Gráficas, SA
- Saúde Atlântica - Gestão Hospitalar, SA
- SC, SGPS, SA
- SC - Sociedade de Consultadoria, SA
- Selfrio - Engenharia do Frio, SA
- Selfrio - SGPS, SA
- Sistavac - Sistemas de Aquecimento e Ventilação e Ar Condicionado, SA
- SKK - Central de Distribuição para Refrigeração e Climatização, SA
- SMP - Serviços de Manutenção e Planeamento, SA
- Sociedade Europeia de Arroz - SEAR, SA
- Sodesa - Comercialização de Energia, SA
- Sopair, SA
- Spred, SGPS, SA
- TP - Sociedade Térmica Portuguesa, SA
- Norscut - Concessionária de Auto Estradas, SA

Member of the Management Board of the following companies:

- Emfísio Boavista - Cuidados Médicos, Lda
- Paulo Jorge Pacheco - Equipamentos de Refrigeração, Lda
- SKKFOR - Serviços de Formação e Desenvolvimento de Recursos Humanos, Lda



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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
- Hottrade, Representações e Serviços, SA
- Bicaveiro, Vending, SA

Member of the Board of Directors of the following companies:

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

Member of the Management Board of the following companies:

- PSISA - Consultores, Lda

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

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Main Professional  
activities in the last five  
years:

- Since 2002 - Chairman of Change Partners, SCR, SA
  - Since 2007 - Executive Member of the Board of Directors of Sonae Capital, SGPS, SA
-

## Francisco de La Fuente Sánchez

Non Executive Director of Sonae Capital, SGPS, SA



**Age: 68**

**Nationality: Portuguese**

Education:	<ul style="list-style-type: none"><li>▪ Graduation in Electro technical Engineering – Instituto Superior Técnico (1965)</li></ul>
Positions held in Group Companies:	-
Positions held in Other Companies:	<ul style="list-style-type: none"><li>▪ Co-option member of Instituto Superior Técnico School Council</li><li>▪ Non Executive Chairman of the Board of Directors of Efacec<ul style="list-style-type: none"><li>- Member of Conselho Nacional da Água</li><li>- Chairman of the General Council of PROFORUM</li><li>- Member of the Consultative Council of the Department of Electro technical and Computer Engineering of Instituto Superior Técnico</li><li>- Chairman of the National Council of the Electro technical Engineering Board of the Engineers Institute</li></ul></li><li>▪ Member of the Patronage of Hidroeléctrica del Cantábrico Foundation<ul style="list-style-type: none"><li>- Member of the Consulting Council of the Competitiveness Forum</li><li>- Honorary Chairman of Hidroeléctrica del Cantábrico, SA</li></ul></li><li>▪ Member of the Curators Council of the Luso-Brazilian Foundation<ul style="list-style-type: none"><li>- Member of the Consultative Council of the Portuguese Institute of Corporate Governance</li></ul></li><li>▪ Member of the Ibero American Forum</li><li>▪ Member of the Curators Council of the Luso-Spanish Foundation</li><li>▪ Member of the Consulting Council of APDC – Associação Portuguesa para o Desenvolvimento das Comunicações</li><li>▪ Non executive Director of the Portugal-Africa Foundation</li></ul>
Main Professional activities in the last five years:	<p>In the EDP Group and Electrical Sector in Portugal:</p> <ul style="list-style-type: none"><li>▪ 2005 - 2009 - Chairman of EDP Foundation</li><li>▪ 2006 - 2007 - Member of the Board of Directors of EDP – Electricidade de Portugal, SA</li><li>▪ 2004 - 2006 – Chairman of ELECPOR – Associação Portuguesa das Empresas do Sector Eléctrico</li><li>▪ 2003 - 2006 - Chairman of the Board of Directors of EDP – Electricidade de Portugal, SA</li></ul> <p>In the Electrical Sector outside Portugal:</p> <ul style="list-style-type: none"><li>▪ Since 2005 - Honorary Chairman of Hidroeléctrica del Cantábrico, SA</li><li>▪ 2002 - 2005 - Member of the Board of Directors of Hidroeléctrica del Cantábrico, SA</li></ul> <p>In Other Sectors:</p>

- Since 2009 - Co-option member of Instituto Superior Técnico School Council
- Since 2007 - Non Executive Chairman of the Board of Directors of Efacec
  - Member of Conselho Nacional da Água
  - Chairman of the General Council of PROFORUM
  - Member of the Consultative Council of the Department of Electro technical and Computer Engineering of Instituto Superior Técnico
  - Chairman of the National Council of the Electro technical Engineering Board of the Engineers Institute
- Since 2005 - Member of the Patronage of Hidroeléctrica del Cantábrico Foundation
  - Member of the Consulting Council of the Competitiveness Forum
- Since 2004 - Member of the Curators Council of the Luso-Brazilian Foundation
  - Member of the Consultative Council of the Portuguese Institute of Corporate Governance
- Since 2003 - Member of the Ibero American Forum
- Since 2002 - Member of the Curators Council of the Luso-Spanish Foundation
- Since 2001 - Member of the Consulting Council of APDC – Associação Portuguesa para o Desenvolvimento das Comunicações
- Since 2000 - Non executive Director of the Portugal-Africa Foundation
  
- 2007 - 2009 - Chairman of the Corporate Governance Committee of the Supervisory Board of Millennium BCP – Banco Comercial Português
- 2006 - 2009 - Member of Supervisory Board of Millennium BCP – Banco Comercial Português
- 2006 - 2007 - Non Executive Vice-Chairman of the Board of Directors of Efacec
- 2004 - 2007 - Chairman of BCSD Portugal – Business Council for Sustainable Development
  - Chairman of PROFORUM – Associação para o Desenvolvimento da Engenharia
- 2003 - 2005 - Director of the Competitiveness Forum
- 2000 - 2006 - Member of the Superior Council of BCP – Banco Comercial Português
  - Non Executive Chairman of the Board of Directors of ONI
  - Member of the General Council of AIP – Associação Industrial Portuguesa

## Rafael Cerezo Laporta

Non Executive Director of Sonae Capital, SGPS, SA



**Age: 59**

**Nationality: Spanish**

Education:	<ul style="list-style-type: none"><li>▪ Graduation in Economics - London School of Economics (1970 - 1974)</li><li>▪ Master in Business Administration - Columbia University (1975 - 1977)</li></ul>
Positions held in Group Companies:	-
Positions held in Other Companies:	<ul style="list-style-type: none"><li>▪ Member of the Consulting Board of the Exea Group (Family Corporation of the Puig Family)</li><li>▪ Member of the Board of Directors and Chairman of the Audit Committee of Puig Beauty and Fashion</li><li>▪ Member of the Board of Directors of Flamagas, SA</li><li>▪ Member of the Board of Directors of ISDIN, SA</li></ul>
Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>▪ 2002-2008 - 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). Mostly focused in the retail and financial services industries</li><li>▪ Since 2007 - Member of the Consulting Board of the Exea Group (Family Corporation of the Puig Family)</li><li>▪ Since 2007 - Member of the Board of Directors and Chairman of the Audit Committee of Puig Beauty and Fashion</li><li>▪ Since 2007 - Member of the Board of Directors of Flamagas, SA</li><li>▪ Since 2007 - Member of the Board of Directors of ISDIN, SA</li><li>▪ Since 2007 - Non Executive Member of the Board of Directors of Sonae Capital, SGPS, SA</li></ul>

## Paulo José Jubilado Soares de Pinho

Non Executive Director of Sonae Capital, SGPS, SA



**Age: 47**

**Nationality: Portuguese**

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

**Pedro Manuel Bastos Mendes Rezende**  
Non Executive Director of Sonae Capital, SGPS, SA



**Age: 48**

**Nationality: Portuguese and Spanish**

Education:	<ul style="list-style-type: none"><li>▪ ICAI - Industrial Mechanical Engineer, Madrid (1979 - 1985)</li><li>▪ Master in Business Administration - INSEAD, Fontainebleau (1989 - 1990)</li></ul>
Positions held in Group Companies:	-
Positions held in Other Companies:	<ul style="list-style-type: none"><li>▪ Hyperion Energy Investments - Founding Partner and CEO</li></ul>
Main Professional activities in the last five years:	<p>2003-2006 - EDP, Energias de Portugal, SA</p> <ul style="list-style-type: none"><li>▪ Member of the Board of Directors and of the Executive Committee</li><li>▪ CEO of EDP Produção and of Companhia Portuguesa de Produção de Electricidade (CPPE)</li><li>▪ Member of the Board of Directors and Executive Director of Hidroeléctrica del Cantábrico (HC Energia)</li><li>▪ Chairman of the Board of Directors of EDP Engenharia e Manutenção, EDP Energia Ibérica and Tergen</li><li>▪ Member of the Board of Directors of other group companies</li><li>▪ Responsible for Corporate areas and Strategic Planning, Trading, Regulation, Sustainability and Environment, Community Interconnects and Systems</li></ul> <p>Since 2006 - Hyperion Energy Investments</p> <ul style="list-style-type: none"><li>▪ Founding Partner and CEO</li></ul> <p>Since 2007 - Non Executive Member of the Board of Directors of Sonae Capital, SGPS, SA</p>



## Manuel Heleno Sismeiro

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

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Education:	<ul style="list-style-type: none"><li>▪ Bachelor degree in Accounting - ICL, Lisbon (1964)</li><li>▪ Graduation in Finance - ISCEF, Lisbon (1971)</li></ul>
Positions held in Group Companies:	-
Positions held in Other Companies:	Chairman of the Fiscal Board of the following companies: <ul style="list-style-type: none"><li>▪ OCP Portugal Produtos Farmacêuticos, SA</li><li>▪ Sonae Indústria, SGPS, SA</li></ul> Chairman of the Board of the Shareholders' General Meeting of Segafredo Zanetti (Portugal), SA
Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>▪ 1980-2008 - Partner of Coopers &amp; Lybrand and of Bernardes, Sismeiro &amp; Associados</li><li>▪ Since 2008 - Advisor, namely on matters of internal audit and internal control</li><li>▪ Since 2009 - Chairman of the Fiscal Board of Sonae Capital, SGPS, SA</li></ul>

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## Armando Luís Vieira de Magalhães

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

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Education:	<ul style="list-style-type: none"><li>▪ Bachelor degree in Accounting, ISCAP (1972)</li><li>▪ Graduation in Economics - Faculdade de Economia, Porto University (1978)</li><li>▪ Executive MBA - European Management, IESF/IFG (1996)</li></ul>
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"><li>▪ Sonaecom, SGPS, SA</li><li>▪ Sonae Indústria, SGPS, SA</li><li>▪ Futebol Clube do Porto - Futebol SAD</li><li>▪ Eça de Queiroz Foundation</li></ul>
Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>▪ Since 1989 - Statutory Auditor and Managing Partner of Santos Carvalho &amp; Associados, SROC, SA</li><li>▪ Since 2007 - Member of the Fiscal Board of Sonae Capital, SGPS, SA</li></ul>

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## Jorge Manuel Felizes Morgado

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

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Education:	<ul style="list-style-type: none"><li>▪ Graduation in Management - ISEG, Universidade Técnica de Lisboa</li><li>▪ MBA in Finance - IEDE, Madrid</li><li>▪ MBA in Management and Information Systems - Faculdade de Economia e Gestão, Universidade Católica</li></ul>
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"><li>▪ Sonae, SGPS, SA</li><li>▪ Sonae Indústria, SGPS, SA</li><li>▪ Sonae Distribuição, SGPS, SA</li></ul>
Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>▪ Since 2004 - Statutory Auditor Partner of Horwath Parsus - Consultoria e Gestão, Lda</li><li>▪ Since 2007 - Member of the Fiscal Board of Sonae Capital, SGPS, SA</li></ul>

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# **CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2009**

SONAE CAPITAL, SGPS, SA

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2009 AND 31 DECEMBER 2008

(Amounts expressed in euro)

ASSETS	Notes	31.12.2009	31.12.2008	
		Total Operations	Continued Operations	Total Operations
<b>NON-CURRENT ASSETS:</b>				
Tangible assets	10	283,922,679	385,114,064	413,691,033
Intangible assets	11	7,498,780	1,123,263	1,490,665
Goodwill	12	61,349,970	61,766,621	61,766,621
Investments in associated companies	6	69,233,729	14,882,648	14,882,648
Other investments	7, 9 and 13	2,604,144	29,346,460	29,347,984
Deferred tax assets	20	10,643,346	15,757,915	15,757,915
Other non-current assets	9 and 14	25,599,607	23,488,146	23,832,047
<b>Total non-current assets</b>		<b>460,852,255</b>	<b>531,479,117</b>	<b>560,768,913</b>
<b>CURRENT ASSETS:</b>				
Stocks	15	227,548,617	222,719,311	241,382,414
Trade account receivables	9 and 16	42,856,703	43,111,902	60,816,452
Other debtors	9 and 17	18,930,328	15,634,558	20,818,049
Taxes recoverable	18	13,276,150	15,551,428	16,833,257
Other current assets	19	3,497,395	5,813,308	8,335,621
Investments held for trading	9	-	499	499
Cash and cash equivalents	9 and 21	2,805,280	17,932,940	19,316,486
<b>Total current assets</b>		<b>308,914,473</b>	<b>320,763,946</b>	<b>367,502,778</b>
<b>TOTAL ASSETS</b>		<b>769,766,728</b>	<b>852,243,063</b>	<b>928,271,691</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY:</b>				
Share capital	22	250,000,000	250,000,000	250,000,000
Reserves and retained earnings		60,545,880	44,994,532	35,452,156
Profit/(Loss) for the year attributable to the equity holders of Sonae Capital		23,074,268	24,668,135	21,393,605
Equity attributable to the equity holders of Sonae Capital		333,620,148	319,662,667	306,845,761
Equity attributable to minority interests	23	11,319,241	57,939,191	49,319,413
<b>TOTAL EQUITY</b>		<b>344,939,389</b>	<b>377,601,858</b>	<b>356,165,174</b>
<b>LIABILITIES:</b>				
<b>NON-CURRENT LIABILITIES:</b>				
Bank Loans	9 and 24	104,850,107	33,934,516	35,513,299
Bonds	9 and 24	99,243,255	99,080,105	99,080,105
Obligation under finance leases	9, 24 and 25	28,842,697	16,814,552	16,814,552
Other loans	9 and 24	2,986,459	403,176	403,176
Other non-current liabilities	9 and 27	36,820,270	25,178,880	66,217,083
Deferred tax liabilities	20	3,142,990	3,164,170	3,164,170
Provisions	32	3,995,369	19,025,544	23,456,843
<b>Total non-current liabilities</b>		<b>279,881,147</b>	<b>197,600,943</b>	<b>244,649,228</b>
<b>CURRENT LIABILITIES:</b>				
Bank Loans	9 and 24	41,362,257	126,713,960	138,865,035
Bonds		-	-	-
Obligation under finance leases	9, 24 and 25	3,306,770	1,957,324	1,957,324
Other loans	9 and 24	131,532	440,145	440,145
Trade creditors	9 and 29	50,444,177	40,686,908	52,979,478
Other creditors	9 and 30	11,416,285	60,221,366	79,339,000
Taxes and contributions payable	18	10,622,710	11,281,723	12,610,226
Other current liabilities	31	25,283,459	34,440,636	39,967,881
Provisions	32	2,379,002	1,298,200	1,298,200
<b>Total current liabilities</b>		<b>144,946,192</b>	<b>277,040,262</b>	<b>327,457,289</b>
<b>TOTAL LIABILITIES</b>		<b>424,827,339</b>	<b>474,641,205</b>	<b>572,106,517</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>769,766,728</b>	<b>852,243,063</b>	<b>928,271,691</b>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in euro)

	Notes	31.12.2009			31.12.2008		
		Total Operations	Discontinued Operations	Continued Operations	Total Operations	Discontinued Operations	Continued Operations
<b>Operational income</b>							
Sales	35	166,984,457	-	166,984,457	142,760,686	20,297,949	122,462,737
Services rendered	35	105,252,609	-	105,252,609	108,084,584	9,751	108,074,833
Other operational income	36	21,685,455	-	21,685,455	8,763,734	513,532	8,250,202
<b>Total operational income</b>		<b>293,922,521</b>	<b>-</b>	<b>293,922,521</b>	<b>259,609,004</b>	<b>20,821,232</b>	<b>238,787,772</b>
<b>Operational expenses</b>							
Cost of goods sold and materials consumed	15	(49,364,278)	-	(49,364,278)	(66,745,851)	(11,150,858)	(55,594,993)
Changes in stocks of finished goods and work in progress	37	(9,718,300)	-	(9,718,300)	57,293,719	(703,500)	57,997,219
External supplies and services	38	(129,459,459)	(5,377)	(129,454,082)	(181,586,889)	(6,534,148)	(175,052,741)
Staff costs	39	(47,952,695)	-	(47,952,695)	(50,256,467)	(4,857,596)	(45,398,871)
Depreciation and amortisation		(13,268,575)	-	(13,268,575)	(10,941,437)	(1,104,062)	(9,837,375)
Provisions and impairment losses		(6,898,852)	-	(6,898,852)	(10,694,800)	4,594	(10,699,394)
Other operational expenses	40	(4,628,227)	(1,064)	(4,627,163)	(8,919,714)	(906,981)	(8,012,733)
<b>Total operational expenses</b>		<b>(261,290,386)</b>	<b>(6,441)</b>	<b>(261,283,945)</b>	<b>(271,851,439)</b>	<b>(25,252,551)</b>	<b>(246,598,888)</b>
<b>Operational profit/(loss)</b>		<b>32,632,135</b>	<b>(6,441)</b>	<b>32,638,576</b>	<b>(12,242,435)</b>	<b>(4,431,319)</b>	<b>(7,811,116)</b>
<b>Financial expenses</b>	41	<b>(11,757,054)</b>	<b>(1,734,300)</b>	<b>(10,022,754)</b>	<b>(16,467,881)</b>	<b>(1,102,065)</b>	<b>(15,365,816)</b>
Financial income	41	2,639,905	-	2,639,905	4,519,318	170,078	4,349,240
<b>Net financial expenses</b>		<b>(9,117,149)</b>	<b>(1,734,300)</b>	<b>(7,382,849)</b>	<b>(11,948,563)</b>	<b>(931,987)</b>	<b>(11,016,576)</b>
Share of results of associated undertakings	6	2,608,502	-	2,608,502	(2,099,789)	-	(2,099,789)
Investment income	42	10,033,137	-	10,033,137	53,084,662	-	53,084,662
<b>Profit/(Loss) before taxation</b>		<b>36,156,625</b>	<b>(1,740,741)</b>	<b>37,897,366</b>	<b>26,793,875</b>	<b>(5,363,306)</b>	<b>32,157,181</b>
<b>Taxation</b>	43	<b>(11,734,985)</b>	<b>(3,356)</b>	<b>(11,731,629)</b>	<b>(3,842,186)</b>	<b>(77,470)</b>	<b>(3,764,716)</b>
<b>Profit/(Loss) for the year</b>	44	<b>24,421,640</b>	<b>(1,744,097)</b>	<b>26,165,737</b>	<b>22,951,689</b>	<b>(5,440,776)</b>	<b>28,392,465</b>
<b>Attributable to:</b>							
Equity holders of Sonae Capital		23,074,268	(1,744,097)	24,818,365	21,393,605	(3,274,529)	24,668,134
Minority interests	23	1,347,372	-	1,347,372	1,558,084	(2,166,247)	3,724,331
<b>Profit/(Loss) per share</b>							
Basic	46	0.092297	(0.006976)	0.099273	0.085574	(0.013098)	0.098673
Diluted	46	0.092297	(0.006976)	0.099273	0.085574	(0.013098)	0.098673

The accompanying notes are part of these financial statements.

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE THREE MONTHS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in euro)

Notes	Continued Operations		Total Operations	
	4 <sup>th</sup> Quarter 09 (Unaudited)	4 <sup>th</sup> Quarter 08 (Unaudited)	4 <sup>th</sup> Quarter 09 (Unaudited)	4 <sup>th</sup> Quarter 08 (Unaudited)
Operational income				
Sales	27,961,878	62,095,875	27,961,878	62,095,875
Services rendered	24,357,057	24,943,541	24,357,057	24,943,541
Other operational income	5,113,525	3,341,096	5,113,525	3,341,096
Total operational income	57,432,460	90,380,512	57,432,460	90,380,512
Operational expenses				
Cost of goods sold and materials consumed	(11,941,215)	(17,064,417)	(11,941,215)	(17,064,417)
Changes in stocks of finished goods and work in progress	(145,328)	9,861,870	(145,328)	9,861,870
External supplies and services	(28,636,900)	(53,299,897)	(28,638,559)	(53,304,734)
Staff costs	(12,076,176)	(12,323,040)	(12,076,176)	(12,323,040)
Depreciation and amortisation	(4,213,851)	(2,896,316)	(4,213,851)	(2,896,316)
Provisions and impairment losses	(3,079,657)	(7,846,277)	(3,079,657)	(7,846,277)
Other operational expenses	(1,871,799)	(3,694,770)	(1,872,118)	(3,689,005)
Total operational expenses	(61,964,926)	(87,262,847)	(61,966,904)	(87,261,919)
Operational profit/(loss)	(4,532,466)	3,117,665	(4,534,444)	3,118,593
Financial expenses	(800,630)	(4,233,511)	(1,176,056)	(4,279,618)
Financial income	527,709	1,924,964	527,709	1,924,970
Net financial expenses	(272,921)	(2,308,547)	(648,347)	(2,354,648)
Share of results of associated undertakings	894,751	961,200	894,751	961,200
Investment income	(148,182)	(6,553,600)	(148,182)	(6,553,600)
Profit/(Loss) before taxation	(4,058,818)	(4,783,282)	(4,436,222)	(4,828,455)
Taxation	(1,350,258)	(3,349,566)	(1,352,619)	(3,348,888)
Profit/(Loss) for the year	(5,409,076)	(8,132,848)	(5,788,841)	(8,177,343)
Attributable to:				
Equity holders of Sonae Capital	(5,582,602)	(10,730,689)	(5,962,364)	(10,774,925)
Minority interests	173,523	2,597,841	173,523	2,597,582
Profit/(Loss) per share				
Basic	(0.022330)	(0.042923)	(0.023849)	(0.043100)
Diluted	(0.022330)	(0.042923)	(0.023849)	(0.043100)

The accompanying notes are part of these financial statements.

The Board of Directors



SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in euro)

Notes	31.12.2009			31.12.2008		
	Total Operations	Discontinued Operations	Continued Operations	Total Operations	Discontinued Operations	Continued Operations
Consolidated net profit/(loss) for the year	24,421,640	(1,744,097)	26,165,737	22,951,689	(5,440,776)	28,392,465
Exchange differences on translating foreign operations	664,983	-	664,983	(1,849,140)	-	(1,849,140)
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	-	-	-	(7,065,343)	-	(7,065,343)
Change in the fair value of assets available for sale	(1,952,931)	-	(1,952,931)	(50,016,547)	-	(50,016,547)
Change in the fair value of cash flow hedging derivatives	304,749	-	304,749	(304,749)	-	(304,749)
Gains on property revaluation	-	-	-	-	-	-
Other changes	-	-	-	(2,366,083)	-	(2,366,083)
Other comprehensive income for the period	(983,199)	-	(983,199)	(61,601,862)	-	(61,601,862)
Total comprehensive income for the period	23,438,441	(1,744,097)	25,182,538	(38,650,173)	(5,440,776)	(33,209,397)
Attributable to:						
Equity holders of Sonae Capital	21,988,968	(1,744,097)	23,733,065	(40,113,799)	(5,440,776)	(34,673,023)
Minority Interests	1,449,473	-	1,449,473	1,463,626	-	1,463,626

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in euro)

Notes	4 <sup>th</sup> quarter 2009 (Unaudited)			4 <sup>th</sup> quarter 2008 (Unaudited)		
	Total Operations	Discontinued Operations	Continued Operations	Total Operations	Discontinued Operations	Continued Operations
Consolidated net profit/(loss) for the year	(5,788,841)	(379,764)	(5,409,077)	(8,177,343)	(44,495)	(8,132,848)
Exchange differences on translating foreign operations	48,013	-	48,013	(1,284,492)	-	(1,284,492)
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	-	-	-	(800,988)	-	(800,988)
Change in the fair value of assets available for sale	-	-	-	(7,256,324)	-	(7,256,324)
Change in the fair value of cash flow hedging derivatives	-	-	-	(580,772)	-	(580,772)
Gains on property revaluation	-	-	-	-	-	-
Other changes	-	-	-	(2,366,083)	-	(2,366,083)
Other comprehensive income for the period	48,013	-	48,013	(12,288,659)	-	(12,288,659)
Total comprehensive income for the period	<u>(5,740,828)</u>	<u>(379,764)</u>	<u>(5,361,064)</u>	<u>(20,466,002)</u>	<u>(44,495)</u>	<u>(20,421,507)</u>
Attributable to:						
Equity holders of Sonae Capital	(5,928,919)	(379,764)	(5,549,155)	(22,995,954)	(2,210,483)	(20,785,471)
Minority Interests	188,091	-	188,091	2,529,952	2,165,988	363,964

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

(Amounts expressed in euro)

Notes	Attributable to Equity Holders of Sonae Capital							Net Profit/(Loss)	Total	Minority Interests	Total Equity
	Share Capital	Demerge Reserve	Currency Translation Reserve	Fair Value Reserves	Hedge Reserve	Other Reserves and Retained Earnings	Sub total				
Balance as at 1 January 2008	250,000,000	132,638,253	(47,253)	51,969,478	-	(92,706,236)	341,854,242	14,994,319	356,848,561	36,758,832	393,607,393
Total comprehensive income for the period	-	-	(1,754,682)	(50,016,547)	(304,749)	(9,431,426)	(61,507,404)	21,393,605	(40,113,799)	1,463,626	(38,650,173)
Appropriation of profit of 2007:											
Transfer to legal reserves and retained earnings	-	-	-	-	-	8,579,431	8,579,431	(8,579,431)	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-
Sale of affiliated and associated undertakings	-	-	-	-	-	5,758,019	5,758,019	(6,414,888)	(656,869)	4,375,485	3,718,616
Acquisition and share capital increase of affiliated and associated undertakings	-	-	-	-	-	(9,515,885)	(9,515,885)	-	(9,515,885)	6,710,527	(2,805,358)
Other changes	-	-	-	-	-	283,753	283,753	-	283,753	10,943	294,696
Balance as at 31 December 2008	<u>250,000,000</u>	<u>132,638,253</u>	<u>(1,801,935)</u>	<u>1,952,931</u>	<u>(304,749)</u>	<u>(97,032,344)</u>	<u>285,452,156</u>	<u>21,393,605</u>	<u>306,845,761</u>	<u>49,319,413</u>	<u>356,165,174</u>
Balance as at 1 January 2009	250,000,000	132,638,253	(1,801,935)	1,952,931	(304,749)	(97,032,344)	285,452,156	21,393,605	306,845,761	49,319,413	356,165,174
Total comprehensive income for the period	-	-	562,882	(1,952,931)	304,749	-	(1,085,300)	23,074,268	21,988,968	1,449,473	23,438,441
Appropriation of profit of 2008:											
Transfer to legal reserves and retained earnings	-	-	-	-	-	21,393,605	21,393,605	(21,393,605)	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-
Sale of affiliated and associated undertakings	-	-	-	-	-	4,657,697	4,657,697	-	4,657,697	(39,681,632)	(35,023,935)
Other changes	-	-	-	-	-	127,722	127,722	-	127,722	231,987	359,709
Balance as at 31 December 2009	<u>250,000,000</u>	<u>132,638,253</u>	<u>(1,239,053)</u>	<u>-</u>	<u>-</u>	<u>(70,853,320)</u>	<u>310,545,880</u>	<u>23,074,268</u>	<u>333,620,148</u>	<u>11,319,241</u>	<u>344,939,389</u>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CASH FLOW

FOR THE TWELVE MONTHS AND THREE MONTHS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in euro)

	Notes	31.12.2009	31.12.2008	4 <sup>th</sup> Quarter 2009 (Unaudited)	4 <sup>th</sup> Quarter 2008 (Unaudited)
<b>OPERATING ACTIVITIES</b>					
Cash receipts from trade debtors		253,483,681	238,291,437	49,254,775	76,582,133
Cash paid to trade creditors		(175,954,872)	(226,349,902)	(47,608,493)	(59,323,036)
Cash paid to employees		(47,397,969)	(49,528,678)	(12,646,156)	(12,545,172)
Cash flow generated by operations		30,130,840	(37,587,143)	(10,999,874)	4,713,925
Income taxes (paid) / received		(4,049,777)	(4,896,544)	(1,363,174)	(1,584,121)
Other cash receipts and (payments) relating to operating activities		(3,626,814)	(5,796,838)	1,747,767	(4,726,881)
Net cash flow from operating activities (1)		22,454,249	(48,280,525)	(10,615,281)	(1,597,077)
<b>INVESTMENT ACTIVITIES</b>					
Cash receipts arising from:					
Investments	47	27,887,514	115,837,437	4,349,452	12,337,474
Tangible assets		1,253,067	10,463,055	519,301	6,282,037
Intangible assets		277	8,906	160	-
Deferred income grants		1,254,610	-	(1,094,748)	-
Interest and similar income		603,462	1,752,573	(519,953)	173,438
Loans granted		250,000	1,936,891	236,641	72,499
Dividends		233,223	2,898,787	-	68,947
Others		536,622	-	536,574	-
		32,018,775	132,897,649	4,027,427	18,934,395
Cash Payments arising from:					
Investments	47	(8,002,255)	(8,130,199)	(354,720)	(612,655)
Tangible assets		(35,790,976)	(86,701,965)	(3,911,694)	(16,839,197)
Intangible assets		(170,351)	(673,057)	(8,089)	(347,573)
Loans granted		(4,109,500)	(12,590,161)	(2,099,751)	(448,500)
Others		(625,454)	(229,539)	(52)	(128,470)
		(48,698,536)	(108,324,921)	(6,374,306)	(18,376,395)
Net cash used in investment activities (2)		(16,679,761)	24,572,728	(2,346,879)	558,000
<b>FINANCING ACTIVITIES</b>					
Cash receipts arising from:					
Loans obtained		108,805,940	105,962,976	12,176,530	(95,261,752)
Capital increases, additional paid in capital and share premiums		132,531	15,090,881	-	14,878,381
Others		-	200,000	-	-
		108,938,471	121,253,857	12,176,530	(80,383,371)
Cash Payments arising from:					
Loans obtained		(116,435,403)	(104,859,372)	(700,000)	101,899,990
Interest and similar charges		(10,846,206)	(14,694,751)	1,124,732	(3,192,221)
Others		(2,573,080)	(1,814,989)	(683,243)	(1,814,989)
		(129,854,689)	(121,369,112)	(258,511)	96,892,780
Net cash used in financing activities (3)		(20,916,218)	(115,255)	11,918,019	16,509,409
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(15,141,730)	(23,823,052)	(1,044,141)	15,470,332
Effect of foreign exchange rate		(124,190)	599,527	(12,770)	190,274
Cash and cash equivalents at the beginning of the period	21	16,960,563	41,383,143	2,974,394	1,680,506
Cash and cash equivalents at the end of the period	21	1,943,023	16,960,564	1,943,023	16,960,564

The accompanying notes are part of these financial statements.

The Board of Directors

## SONAE CAPITAL, SGPS, SA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2009 AND 2008

(Translation of the individual financial statements originally issued in Portuguese)

*(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 is organized according to its strategic objective, set on the development of two business 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 and health and fitness;
- The second business area, led by Spred, 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.

#### 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 2009.

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 and of its affiliated undertakings, 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 approval of these consolidated financial statements, the following standards have been endorsed by the European Union, and some of them are already effective for 2009:

	Effective Date
With mandatory adoption in 2009:	(Started on or after)
IFRS 1 / IAS 27 – Amendments (Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate)	01-01-2009
IAS 39 – Amendments (Reclassification of Financial Assets)	01-07-2008
IFRS 2 – Share-based Payment - Amendments (Vesting Conditions and Cancellations)	01-01-2009
IAS 23 – Borrowing Costs (revised)	01-01-2009
IAS 32 / IAS 1 – Amendments (Puttable Financial Instruments and Obligations Arising on Liquidation)	01-01-2009
IAS 1 – First- time adoption of International Financial Reporting Standards (revised)	01-01-2009
IFRIC 13 – Customer Loyalty Programmes	01-07-2008
IFRS 8 – Operating Segments	01-01-2009
IFRS 7 – Amendments (Improving disclosures about fair value measurements and liquidity risk)	01-01-2009
Annual improvements to International Financial Reporting Standards (2007)	Several (in generally 01-01-2009)

During 2009, the adoption of the above mentioned standards has not led to material impacts on the consolidated financial statements of Sonae Capital, with the exception of presentation and disclosure improvements as a result of the application of amendments to IAS 1 and of IFRS 8, as accounting policies adopted by Sonae Capital are already consistent with some of the new standards.

IAS 1 has introduced changes in terminology as well as changes to the format and content of financial statements. IFRS 8 replaces the previous IAS 14 and led to a redefinition of Group reporting segments and of information to be reported, requiring that segments are reported using internal management information, and not necessarily at a geographical or business level, as previously required by IAS 14.

	Effective Date
With mandatory adoption after 2009:	(Started on or after)
IFRS 3 – Business Combinations and IAS 27 – Consolidated and Separate Financial Statements (revised 2008)	01-07-2009
IFRS 1 (revised) – First-time adoption of International Financial Reporting Standards	01-01-2010
IFRIC 12 – Service Concession Arrangements	01-01-2010
IFRIC 15 – Agreements for the Construction of Real Estate	01-01-2010
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	01-07-2009
IFRIC 9 and IAS 39 – Amendments (reassessment of Embedded Derivatives)	Financial periods finish or started after 30-06-09
IAS 39 – Amendments (Qualifying Hedging Instruments)	01-07-2009
IFRIC 17 – Distributions of Non-Cash Assets to Owners	01-07-2009
IFRIC 18 – Transfer of Assets from Customers	Transfers made on or after 01-07-09

Standards mentioned above, with the exception of IFRIC 12 – Service Concession Arrangements, although approved by the European Union, were not adopted by Sonae Capital in 2009 because their application is not yet mandatory, and Sonae Capital has decided not to engage in their early adoption.



No significant impacts in the financial statements are expected to arise from the adoption of these standards, with the exception of amendments to IFRS 3 and consequent amendments to IAS 27.

Changes to IFRS 3 and IAS 27 relate to business combinations, namely: (a) goodwill calculation; (b) measurement of non-controlling interests (formerly known as minority interests); (c) recognition and subsequent measurement of contingent consideration; (d) treatment of acquisition-related costs; (e) accounting for acquisitions in entities already controlled and for changes in a parent's ownership interests that result in the loss of control and (f) calculation of the result of changes in a parent's ownership interests that result in loss of control and need to remeasure remaining controlling interests.

The following accounting standards, interpretations, amendments and revisions have been issued before the date of this report, but have not yet been endorsed by the European Union:

	Effective date (Financial periods ended on or started after)
IFRS 1 – Amendments (Additional exceptions in the first-time adoption of IFRS's)	01-01-2010
IFRS 2 – Amendments (Accounting for Share-based Payments, Settled in Cash, in Intra-group Transactions)	01-01-2010
IAS 39 – Amendments (Qualifying Hedging Instruments)	01-07-2009
IFRS 9 – Financial Instruments	01-01-2013
Revision of IAS 24 (Related Parties Disclosures)	01-01-2011
IFRIC 14 – Amendments (Prepayment of a Minimum Funding Requirement)	01-01-2011
IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)	01-07-2010
Improvements to International Financial Reporting Standards	Several (the nearest 01-01-2009)

No material impacts on consolidated financial statements are estimated from future adoption of the above mentioned standards, which have not yet been endorsed by the European Union, with the exception of IFRS 9, the impact of which is nevertheless considered immaterial to these consolidated financial statements.

## 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 and this measurement may be adjusted within 12 months from 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 of net assets acquired. Minority interests include their proportion of the fair value of net identifiable assets and liabilities recognised on acquisition of Group companies.

The results of affiliated companies acquired/sold during the period are included in the income statement since the date of acquisition or until the date of sale.

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.

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 (in whole or in part), the share of the corresponding accumulated exchange rate differences is 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:

	31.12.2009		31.12.2008	
	End of Period	Average of Period	End of Period	Average of Period
Pound Sterling	1.12600	1.12324	1.04987	1.25890
Brazilian Real	0.39820	0.36282	0.30830	0.37657

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.

The Group adopted IFRIC 12 – Service Concession Arrangements from 2009 onwards whenever an affiliated undertaking enters into a service concession arrangement with a public sector entity to provide services to the public. The Troia Marina is the sole service concession arrangement to which this interpretation is applicable. In this case, costs incurred with building the infrastructure for the marina were recorded as an intangible asset which is amortised, on a straight line, over the period of the arrangement, because the affiliated undertaking was given rights to charge users of the public service but has no unconditional contractual right to receive cash from the grantor.

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, except for Troia Marina assets, recorded as Intangible assets under IFRIC 12 - Service Concession Arrangements, which are amortised over the period of the arrangement (50 years).

## **2.5 Accounting for leases**

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

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

### Accounting for leases where the Group is the lessee

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, at the lower of fair value and present value of minimum lease payments up to the end of the lease. 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 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 Government grants**

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

Investment subsidies related to the acquisition of fixed assets are recognised as Deferred income under Other current liabilities, that are taken to the income statement, under Other operating profit, on a systematic basis over the estimated useful life of the asset.

## **2.7 Impairment of non-current assets, except 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.

## **2.8 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.

## **2.9 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 since the date they were classified as available for sale.

## **2.10 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.

## **2.11 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.

Investments 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 noncurrent 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 or of groups of companies included in tax consolidations, 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 taxes 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.

Revenue associated with work in progress is recognized at the end of each year as follows: when total amounts invoiced are higher than corresponding costs, the excess is recorded in Other current liabilities; and when costs are higher than corresponding amounts invoiced the excess is recorded in Work in progress.

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.

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

Financial information regarding business segments 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 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 2009 would have been higher/lower by 1,347,677 euro (as at 31 December 2008 they would have been lower by 1,385,930 euro and higher by 1,428,477 euro). The impact in equity (excluding the impact on net profit) of the interest rate sensitivity analysis as at 31 December 2009 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 was 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:

- the specific profiles of customers of each business;
- 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;
- regular follow up of customers' accounts;
- the setting up of devolved processes of granting credit, and the segregation of administrative procedures from decision making processes;
- 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:

- Only executes transactions with counterparts with an Investment Grade minimum grading;
- Diversifies its counterparts, in order to avoid an excessive concentration of credit risk;
- Defines a restricted range of chosen 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 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, requesting bank guarantees, setting up escrow accounts, obtaining collateral, among others.



### 3.3 Liquidity Risk

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 multiyear);
- 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 six months) 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

As mentioned in Note 2 changes to international financial reporting standards did not result in material changes to accounting policies. There were no corrections of material errors from previous periods.

## 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 2009 and 2008 are as follows:

Company	Head Office	Percentage of capital held			
		31 December 2009		31 December 2008	
		Direct	Total	Direct	Total
<b>Sonae Capital, SGPS, SA</b>	Maia	Holding	Holding	Holding	Holding
<b>Tourism</b>					
Aqualuz – Turismo e Lazer, Lda	a) Lagos	100.00%	100.00%	100.00%	100.00%
1) Aquapraia-Investimentos Turísticos, SA	a) Grândola	100.00%	100.00%	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%	87.74%
	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%
2)	Fundo de Investimento Imobiliário Fechado Imosedo	a)	Maia	45.45%	45.45%	51.00%	51.00%
	Golf Time – Golfe e Inv.Turisticos, SA	a)	Porto	100.00%	100.00%	75.00%	75.00%
	Imoareia 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%	87.74%
	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%	87.74%
	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%	87.74%
1)	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 Tróia, 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%
3)	Modus Faciendi – Gestão e Serviços, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Porturbe-Edifícios e Urbanizações, SA	a)	Maia	100,00%	87.74%	100.00%	87.74%
	Praedium II-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
4)	Praedium – Serviços, 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%
5)	SC Assets, SGPS, SA	a)	Maia	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)	Amesterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Soira-Soc.Imobiliária de Ramalde, SA	a)	Porto	100.00%	87.74%	100.00%	87.74%
6)	Solinca Health & Fitness, SA	a)	Lisbon	100.00%	100.00%	100.00%	100.00%
	Solinca-Investimentos Turísticos, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Solinfitness – Club Malaga, SL	a)	Malaga (Spain)	100.00%	100.00%	100.00%	100.00%
	Soltroia-Imob.de Urb.Turismo de Tróia, SA	a)	Lisbon	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)	Amesterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sótaqua – Soc. De Empreendimentos Turísticos, SA	a)	Maia	100.00%	87.74%	100.00%	87.74%
	Spinveste – Promoção Imobiliária, SA	a)	Porto	87.74%	87.74%	87.74%	87.74%
	Spinveste-Gestão Imobiliária SGII, SA	a)	Porto	87.74%	87.74%	87.74%	87.74%
	Torre São Gabriel-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Tróia Market, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Tróia Natura, SA	a)	Grândola	100.00%	100.00%	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%
	Tulipamar – 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%
	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%
	<b>Spred</b>						
	Atlantic Ferries – Traf.Loc.Flu.e Marit., SA	a)	Grândola	80.00%	80.00%	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%
	Cronosaúde – Gestão Hospitalar, SA	a)	Porto	100.00%	50.00%	100.00%	50.00%
7)	Ecociclo II – Energias, SA	a)	Maia	100.00%	100.00%	-	-

	Edifícios Saudáveis Consultores – Ambiente e Energia em Edifícios, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
9)	Elmo SGPS, SA	a)	Maia	60.00%	60.00%	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%
8)	Integrum – Energia, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Integrum-Serviços Partilhados, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Invsaúde – Gestão Hospitalar, SA	a)	Maia	100.00%	50.00%	100.00%	50.00%
9)	Leroy Gabon, SA	a)	Libreville (Gabon)	99.99%	59.99%	99.99%	59.99%
	PJP – Equipamento de Refrigeração, Lda	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
9)	Placage d'Okoumé du Gabon, SA	a)	Libreville (Gabon)	99.88%	59.93%	99.88%	59.93%
9)	Plysolol, SAS	a)	Niort (France)	100.00%	60.00%	100.00%	60.00%
	Saúde Atlântica – Gestão Hospitalar, SA	a)	Maia	50.00%	50.00%	50.00%	50.00%
12)	SC – Engenharia e Promoção Imobiliária, SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
1)	SC Insurance Risk 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%
10)	SKK Distribucion de Refrigeración, S.R.L.	a)	Spain	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%
1)	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%
9)	Têxtil do Marco, SA	a)	Marco de Canaveses	90.37%	90.37%	90.37%	90.37%
<b>Other</b>							
11)	DMJB, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Interlog-SGPS, SA	a)	Lisbon	98.98%	98.98%	98.98%	98.98%
1)	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, SGPS, 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%
1)	Sonae International, Ltd	a)	London (U.K.)	100.00%	100.00%	100.00%	100.00%

a) Majority of voting rights.

- 1) Company dissolved in the period;
- 2) Company consolidated as an associated company after the reduction in the percentage of capital held (Note 5);
- 3) Former Sonae Turismo Gestão e Serviços, SA;
- 4) Former Praedium III – Serviços Imobiliários, SA;
- 5) Company incorporated in the period;
- 6) Former Solinca III – Desporto e Saúde, SA;
- 7) Company acquired in the period;
- 8) Former Integrum – Edifícios Sustentáveis, SA;
- 9) Company sold in the period;
- 10) Company incorporated in 2008. Operational activities started in the current period;
- 11) Company merged in the period;
- 12) Company incorporated in the Tourism segment in 2008.

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 2009 and 2008 are as follows:

Company	Head Office	Percentage of capital held				Book Value	
		31 December 2009		31 December 2008		31 December 2009	31 December 2008
		Direct	Total	Direct	Total		
<b>Tourism</b>							
Andar – Sociedade Imobiliária, SA	Maia	50.00%	50.00%	50.00%	50.00%	1,023,043	902,597
Sociedade de Construções do Chile, SA	Lisbon	100.00%	50.00%	100.00%	50.00%	-	-
2) Fundo de Investimento Imobiliário Fechado Imosede	Maia	45.45%	45.45%	51.00%	51.00%	52,802,751	-
Sociedade Imobiliária Tróia – B3, SA	Grândola	20.00%	20.00%	20.00%	20.00%	440,476	448,236

	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%	-	-
	<b>Spred</b>							
	Cinclus-Plan. E Gestão de Projectos, SA	Porto	25.00%	25.00%	25.00%	25.00%	662,209	622,210
	Change, SGPS, SA	Porto	50.00%	50.00%	50.00%	50.00%	1,186,964	1,698,566
1)	Etablissement A. Mathe, SA	France	27.74%	27.74%	27.74%	27.74%	-	-
	Lidergraf – Artes Gráficas, Lda	Vila de Conde	24.50%	24.50%	24.50%	24.50%	597,067	475,434
	Norscut – Concessionária de Scut Interior Norte, SA	Lisboa	36.00%	36.00%	36.00%	36.00%	-	-
	Operscut – Operação e Manutenção de Auto-estradas, SA	Lisboa	15.00%	15.00%	15.00%	15.00%	24,000	24,000
	Sodesa, SA	Lisboa	50.00%	50.00%	50.00%	50.00%	24,890	-
	TP – Sociedade Térmica, SA	Porto	50.00%	50.00%	50.00%	50.00%	12,472,327	10,711,605
	Total						69,233,729	14,882,648
1)	Associated company liquidated in the period;							
2)	Company accounted for using the equity method since May 2009, following a share capital increase not subscribed by the Group (Notes 5 and 8).							

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 2009 and 2008, aggregate values of main financial indicators of associated and jointly controlled companies can be analysed as follows:

	31 December 2009	31 December 2008
Total Assets	1,650,136,557	1,475,404,966
Total Liabilities	1,468,288,692	1,413,132,523
Income	182,413,148	200,894,684
Expenses	190,184,798	202,257,996



During the periods ended 31 December 2009 and 2008, movements in investments in associated companies may be summarised as follows:

	31 December 2009	31 December 2008
Opening balance as at 1 January	14,882,648	18,985,662
Acquisitions in the period	381,120	4,938,936
Disposals in the period	-	(3,140,129)
Method change during the period (Notes 5 and 8)	51,468,593	-
Equity method effect (Notes 43 and 44)	2,608,501	(9,239,994)
Dividends received (Note 44)	(107,133)	-
Transfers	-	3,338,173
Closing balance as at 31 December	69,233,729	14,882,648
Goodwill transferred to investments	-	-
	<u>69,233,729</u>	<u>14,882,648</u>

The use of the equity method had the following impacts: 2,608,502 euro are recorded in Share of results of associated undertakings (-2.099.789 euro at 31 December 2008) and no changes in Reserves (-7,065,343 euro at 31 December 2008).

## 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 2009 and 2008 are made up as follows:

Company	Reason for exclusion	Head Office	Percentage of capital held				31 December 2009	31 December 2008
			31 December 2009		31 December 2008			
			Direct	Total	Direct	Total		
<b>Tourism</b>								
Delphinus – Soc. De Tur. E Div. De Troia, SA	a)	Grândola	79.00%	79.00%	79.00%	79.00%	-	-
Infratroia – Emp. De Infraest. De Troia, E.N.	a)	Grândola	25.90%	25.90%	25.90%	25.90%	64,747	64,747
Spidouro S.P.E.I. Douro e Trás-os-Montes, SA		Vila Real	8.30%	8.30%	8.30%	8.30%	-	-
1) Star-Viagens e Turismo, SA		Lisbon	-	-	1.00%	1.00%	-	1
<b>Spred</b>								
1) Arbiworld BV		Porto	-	-	100.00%	100.00%	-	9,988,577
Net, SA		Lisbon	2.80%	2.80%	2.80%	2.80%	11,132	11,132
Sear – Sociedade Europeia de Arroz, SA		Santiago do Cacém	15.00%	15.00%	15.00%	15.00%	150,031	150,031
1) 2) Sonae Indústria, SGPS, SA		Maia	-	-	7.85%	7.85%	-	16,750,852
Real Change FCR – Fundo		Porto	13.33%	13.33%	13.33%	13.33%	1,706,667	1,800,000

Fundo de Capital de Risco F-HITEC	Lisbon	7.14%	7.14%	7.14%	7.14%	250,000	250,000
Other investments						421,567	332,644
Total (Note 13)						2,604,144	29,347,984
						2,604,144	29,347,984

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) Shareholding disposed of in the period;
- 2) Investment measured at fair value.

Nil balances shown above result from deduction of impairment losses from related investments.

## 8. CHANGES TO THE CONSOLIDATION PERIMETER

Main changes to the consolidation perimeter over the twelve months period ended 31 December 2009 are as follows:

Company	Head Office	Percentage of capital held	
		31 December 2009	
		Direct	Total
Ecociclo II – Energias, SA	Maia	100.00%	100.00%

The above acquisition had the following impact on the consolidated financial statements as at 31 December 2009:

	Date of reduction/disposal of shareholding	31 December 2009
Net assets disposed of		
Tangible and intangible assets (Notes 10 and 11)	138,164,466	84,943,837
Other Assets	76,325,944	82,333,659
Cash and cash equivalents	1,394,131	11,512,198
Other liabilities	(194,563,149)	(100,309,394)
	21,321,392	78,480,300
Minority Interests (Note 23)	(40,797,487)	(38,624,417)
Impairment for assets	59,682,124	
Goodwill (Note 12)	1,332,955	
Equity	9,694,859	
Equity method assets (Note 6)	(51,468,593)	
	(234,750)	
Gains/(Loss) on disposal	529,760	
	295,010	39,855,883
	295,010	39,855,883

The main disposals of companies over the year ended at 31 December 2009 were as follows:

Company	Head Office	Percentage of capital held	
		Na data da redução da participação	
		Direct	Total
Elmo SGPS, SA	Maia	60.00%	60.00%
Fundo de Investimento Imobiliário Fechado Imosede	Maia	45.45%	45.45%
Leroy Gabon, SA	Libreville (Gabon)	99.99%	59.99%
Placage d'Okoumé du Gabon, SA	Libreville (Gabon)	99.88%	59.93%
Plysorol, SAS	Niort (France)	100.00%	60,00%
Têxtil do Marco, SA	Marco de Canaveses	90.37%	90.37%

The exclusion of Fundo de Investimento Imosede is the outcome of a share capital increase occurred in the period, not subscribed by the Group, having the attributable share capital been reduced from 51.00% to 45.45% (Notes 5 and 6).

Sales mentioned above had the following impact in the consolidated financial statements as at 31 December 2009:

	Date of reduction/disposal of shareholding	31 December 2009
Net assets disposed of		
Tangible and intangible assets (Notes 10 and 11)	138.164.466	84.943.837
Other Assets	76.325.944	82.333.659
Cash and cash equivalents	1.394.131	11.512.198
Other liabilities	(194.563.149)	(100.309.394)
	21.321.392	78.480.300
Minority Interests (Note 23)	(40.797.487)	(38.624.417)
Impairment for assets	59.682.124	
Goodwill (Note 12)	1.332.955	
Equity	9.694.859	
Equity method assets (Note 6)	(51.468.593)	
	(234.750)	
Gains/(Loss) on disposal	529.760	
	295.010	39.855.883

Impacts in the consolidated profit and loss at the exclusion date were as follows:

	Date of reduction/disposal of shareholding	31 December 2008
Sales and services rendered	6,508,546	28,861,770
Other operational costs	(5,316,050)	(31,736,328)
Net financial income/(expenses)	(1,766,706)	(534,406)
Profit before taxation	(574,210)	(3,408,964)
Taxation	(451,537)	(1,047,241)
Net profit for the period	(1,025,747)	(4,456,205)

## 9. FINANCIAL INSTRUMENTS

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

		Financial Instruments					
Financial Assets	Note	Borrowings and accounts receivable	Available for sale	Investments held to maturity	Sub-total	Assets not covered by IFRS 7	Total
<b>As at 31 December 2009</b>							
Non-Current Assets							
Other Investments	13	-	2,604,144	-	2,604,144	-	2,604,144
Other non-current assets	14	25,599,607	-	-	25,599,607	-	25,599,607
		25,599,607	2,604,144	-	28,203,751	-	28,203,751
Current assets							
Trade account receivables	16	42,856,703	-	-	42,856,703	-	42,856,703
Other debtors	17	18,930,328	-	-	18,930,328	-	18,930,328
Cash and cash equivalents	21	2,805,280	-	-	2,805,280	-	2,805,280
		64,592,311	-	-	64,592,311	-	64,592,311
		90,191,918	2,604,144	-	92,796,062	-	92,796,062
<b>As at 31 December 2008</b>							
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	-	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

<b>Financial Liabilities</b>	Note	Financial liabilities recorded at amortised cost	Liabilities not covered by IFRS 7	Total
<b>As at 31 December 2009</b>				
Non-Current Liabilities				
Bank Loans	24	104,850,107	-	104,850,107
Bonds	24	99,243,255	-	99,243,255
Other loans	24	31,974,039	-	31,974,039
Other non-current liabilities	27	33,402,463	3,417,807	36,820,270
		<u>269,469,864</u>	<u>3,417,807</u>	<u>272,887,671</u>
Current Liabilities				
Bank Loans	21 and 24	41,362,257	-	41,362,257
Other loans	24	3,438,302	-	3,438,302
Trade creditors	29	50,444,177	-	50,444,177
Other current liabilities	30	6,125,577	5,290,708	11,416,285
		<u>101,370,313</u>	<u>5,290,708</u>	<u>106,661,021</u>
		<u>370,840,177</u>	<u>8,708,515</u>	<u>379,548,692</u>

<b>Financial Liabilities</b>	Note	Financial liabilities recorded at amortised cost	Liabilities not covered by IFRS 7	Total
<b>As at 31 December 2008</b>				
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
		<u>175,294,692</u>	<u>116,537</u>	<u>175,411,229</u>
Current Liabilities				
Bank Loans	24	126,713,960	-	126,713,960
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
		<u>192,717,929</u>	<u>37,301,774</u>	<u>230,019,703</u>
		<u>368,012,621</u>	<u>37,418,311</u>	<u>405,430,932</u>

## 10. TANGIBLE ASSETS

During the periods ended 31 December 2009 and 2008, movements in Tangible assets as well as in depreciation and accumulated impairment losses, are made up as follows:

	Tangible Assets						Total Tangible Assets
	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others	Tangible Assets in progress	
<b>Gross cost:</b>							
<b>Opening balance as at 1 January 2008</b>	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)
<b>Opening balance as at 1 January 2009</b>	290,418,081	130,349,655	6,360,682	9,488,484	8,338,147	101,708,729	546,663,778
Changes in consolidation perimeter (companies in)	-	732,719	-	-	-	6,629,228	7,361,947
Changes in consolidation perimeter (companies out)	(86,234,851)	(52,066,229)	(4,594,693)	(3,129,937)	(4,688,629)	(52,696,009)	(203,410,348)
Capital expenditure	1,334,102	370,298	93,989	97,400	46,649	44,485,714	46,428,152
Disposals	(286,640)	(435,134)	(215,109)	(71,114)	(66,229)	(842,097)	(1,916,323)
Exchange rate effect	74,105	3,459	-	7,266	12,206	-	97,036
Transfers	817,462	38,528,765	134,361	434,315	122,182	(68,760,408)	(28,723,323)
<b>Closing balance as at 31 December 2009</b>	206,122,259	117,483,533	1,779,230	6,826,414	3,764,326	30,525,157	366,500,919
<b>Accumulated depreciation and impairment losses</b>							
<b>Opening balance as at 1 January 2008</b>	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
<b>Opening balance as at 1 January 2009</b>	59,555,185	54,461,442	5,743,223	6,794,968	6,417,927	-	132,972,745
Changes in consolidation perimeter (companies in)	-	77,071	-	-	-	-	77,071
Changes in consolidation perimeter (companies out)	(21,056,326)	(33,937,862)	(4,398,984)	(2,290,734)	(3,932,966)	-	(65,616,872)
Charge for the period	7,784,489	8,188,051	205,870	544,915	271,804	-	16,995,129
Disposals	(19,139)	(337,708)	(187,030)	(37,488)	(56,652)	-	(638,017)
Exchange rate effect	14,598	1,775	-	6,138	7,211	-	29,722
Transfers	(734,311)	(449,939)	(46,353)	(10,403)	(532)	-	(1,241,538)
<b>Closing balance as at 31 December 2009</b>	45,544,496	28,002,830	1,316,726	5,007,396	2,706,792	-	82,578,240
<b>Carrying amount</b>							
As at 31 December 2008	230,862,896	75,888,213	617,459	2,693,516	1,920,220	101,708,729	413,691,033
As at 31 December 2009	160,577,763	89,480,703	462,504	1,819,018	1,057,534	30,525,157	283,922,679

Transfers from Tangible assets in progress include transfers to stocks of amounts related with real estate projects in commercialization at Troia, in the amount of 14,879,257 euros (Note 37).

The acquisition cost of Tangible assets held by the Group under finance lease contracts amounted to 39,380,487 euro and 23,281,476 euro as at 31 December 2009 and 2008, respectively, and their net book value as of those dates amounted to 36,285,242 euro and 21,791,402 euro, respectively (Note 25).



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

	<u>31 December 2009</u>	<u>31 December 2008</u>
Troia	22,177,355	30,599,577
Aparthotel Aqualuz refurbishment	-	3,852,380
Ferry boat construction	-	11,699,558
Infrastructure in Setubal pier and others related to the river crossing to Troia	400,968	-
Boavista Complex refurbishment	3,106,765	2,633,744
Troia Hotels refurbishment	3,945,078	23,136,340
Work in progress at Maia (Business Park)	-	26,398,201
Others	894,991	3,388,929
	<u>30,525,157</u>	<u>101,708,729</u>

Depreciation charge for the period includes impairment losses on tangible assets amounting to 4,078,521 euro (6,193,176 euro as at 31 December 2008).

## 11. INTANGIBLE ASSETS

During the periods ended 31 December 2009 and 2008, movements in Intangible assets as well as in amortisation and accumulated impairment losses, are made up as follows:

	Intangible Assets				
	Patents and other similar rights	Software	Others	Intangible Assets in progress	Total Intangible Assets
<b>Gross cost:</b>					
<b>Opening balance as at 1 January 2008</b>	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)
<b>Opening balance as at 1 January 2009</b>	3,402,935	2,382,056	37,263	83,727	5,905,981
Changes in consolidation perimeter (companies in)	-	-	-	-	-
Changes in consolidation perimeter (companies out)	(2,527,760)	-	-	-	(2,527,760)
Capital expenditure	2,250	40,085	-	96,049	138,384
Disposals	(22,370)	(131)	-	-	(22,501)
Exchange rate effect	-	4,296	-	-	4,296
Transfers	6,591,788	290,463	(1)	(78,861)	6,803,389
<b>Closing balance as at 31 December 2009</b>	7,446,843	2,716,769	37,262	100,915	10,301,789
<b>Accumulated depreciation and impairment losses</b>					
<b>Opening balance as at 1 January 2008</b>	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)
<b>Opening balance as at 1 January 2009</b>	2,474,467	1,904,039	36,810	-	4,415,316
Changes in consolidation perimeter (companies in)	-	-	-	-	-
Changes in consolidation perimeter (companies out)	(2,156,769)	-	(1)	-	(2,156,770)
Charge for the period	181,721	170,019	227	-	351,967
Disposals	(6,249)	(9)	-	-	(6,258)
Exchange rate effect	-	2,349	-	-	2,349
Transfers	199,429	(3,022)	(2)	-	196,405
<b>Closing balance as at 31 December 2009</b>	692,599	2,073,376	37,034	-	2,803,009
<b>Carrying amount</b>					
As at 31 December 2008	928,468	478,017	453	83,727	1,490,665
As at 31 December 2009	6,754,244	643,393	228	100,915	7,498,780

Transfers of intangible assets in the period include a net amount of 6,602,772 euro related to Troia Marina, which were transferred from tangible assets in accordance with IFRIC 12 – Service Concession Arrangements (Note 10).

APSS – Administração dos Portos de Setúbal e Sesimbra, SA (APSS) signed in 2007 with an affiliated company a service concession arrangement to build and operate, in the public interest, a marina and support services in Troia, during a period of 50 years from the date of entry into operation. This period may be extended a maximum of 10 years if agreed between the parties. At the end of the service concession arrangement the concession will revert to APSS at no consideration, with some exceptions in the arrangement.

The Group has the right to charge fees for services to be provided under the concession. Maximum fee limits must be approved by the grantor based on a proposal submitted by the Group.

During the concession period the Group has a contractual obligation to maintain the infrastructure in a specific level of serviceability and pays the grantor a fixed fee and a variable fee, the latter based on revenues charged for the service provided.

The grantor may cancel the service concession arrangement whenever public interest is affected, provided that at least the contractual period is over and with at least 1 year notice, in which case the Group is entitled to compensation equal to the net book value of the infrastructure plus lost revenue calculated in accordance with the terms of the contract.

## 12. GOODWILL

During the periods ended 31 December 2009 and 2008, movements in goodwill, as well as in corresponding impairment losses, are as follows:

	31 December 2009	31 December 2008
<b>Gross Value:</b>		
Opening balance	63,068,217	65,098,050
Acquisitions with increase in percentage ownership	301,506	-
Increases - Acquisition of affiliated companies (Note 8)	614,798	39,869
Decreases - Disposals of affiliated companies (Nota 8)	(1,332,955)	(1,278,898)
Decreases of percentage held	-	(790,804)
Closing balance	<u>62,651,566</u>	<u>63,068,217</u>
<b>Accumulated impairment losses:</b>		
Opening balance	1,301,596	1,301,596
Increases	-	-
Decreases	-	-
Closing balance	<u>1,301,596</u>	<u>1,301,596</u>
	<u><u>61,349,970</u></u>	<u><u>61,766,621</u></u>

As at 31 December 2009 and 2008, Goodwill may be split as follows:

	31 December 2009	31 December 2008
Tourism	35,874,326	35,923,497
Spred	25,443,563	25,811,043
Holding and Others	32,081	32,081
	<u>61,349,970</u>	<u>61,766,621</u>

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

### 13. INVESTMENTS

During the periods ended 31 December 2009 and 2008, movements in investments, were as follows:

	31 December 2009		31 December 2008	
	Non current	Current	Non current	Current
<b><u>Investments in group companies, jointly controlled companies or associated companies excluded from consolidation</u></b>				
Opening balance as at 1 January	8,217,052	-	9,631,930	-
Acquisitions in the period	70,863	-	30,000	-
Disposals in the period	(106,098)	-	(1,444,878)	-
Transfers	1	-	-	-
Changes in consolidation perimeter	47,460	-	-	-
Closing balance as at 31 December	8,229,277	-	8,217,052	-
Accumulated impairment losses (Note 32)	(7,785,395)	-	(7,814,035)	-
	443,883	-	403,017	-
<b><u>Investments held for sale</u></b>				
Fair value as at 1 January	29,369,294	-	96,274,392	499
Acquisitions in the period	50,700	-	3,697,828	-
Disposals in the period	(33,809,947)	-	(37,000)	-
Increase/(Decrease) in fair value	6,679,214	-	(50,016,547)	-
Transfers	-	-	(20,549,379)	-
Fair value as at 31 December	2,289,261	-	29,369,294	499
Accumulated impairment losses (Note 32)	(128,999)	-	(424,327)	-
Fair value (net of impairment losses) as at 31 December	2,160,262	-	28,944,967	499
<b><u>Other Investments (Note 7)</u></b>	2,604,144	-	29,347,984	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. The amount of Investments held for sale is related to investments recorded at cost net of impairment losses for the reason mentioned above (11,788,637 euro as at 31 December 2008).

## 14. OTHER NON CURRENT ASSETS

As at 31 December 2009 and 2008, Other non current assets are detailed as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
<b>Loans granted to related parties</b>		
Norscut - Concessionária de Scut Interior Norte, SA	23,837,775	22,126,938
Others	238,225	628,104
	<u>24,076,000</u>	<u>22,755,042</u>
Impairment losses (Note 32)	(34,916)	(270,489)
	<u>24,041,084</u>	<u>22,484,553</u>
<b>Trade accounts receivable and other debtors</b>	1,558,523	1,057,092
Impairment losses (Note 32)	-	(53,499)
	<u>1,558,523</u>	<u>1,003,593</u>
<b>Total financial instruments (Note 9)</b>	<u>25,599,607</u>	<u>23,488,146</u>
<b>Continued Operations</b>	<u>25,599,607</u>	<u>23,488,146</u>
<b>Discontinued Operations</b>	-	343,901
<b>Total Operations</b>	<u>25,599,607</u>	<u>23,832,047</u>

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 2009 and 2008, the ageing of Other non current assets can be detailed as follows:

	<u>Trade accounts receivable and other debito</u>	
	<u>31 December 2009</u>	<u>31 December 2008</u>
Not due	170,097	33,693
Due but not impaired		
< 6 months	409,053	-
6 - 12 months	-	161,722
> 1 year	979,374	808,178
	<u>1,388,427</u>	<u>969,900</u>
Due and impaired		
> 1 year	-	53,499
	-	53,499
	<u>1,558,524</u>	<u>1,057,092</u>

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

## 15. STOCKS

Stocks as at 31 December 2009 and 2008 can be detailed as follows, highlighting the value attributable to real estate developments:

	31 December 2009		31 December 2008	
	Total	of which Real Estate Developments	Total	of which Real Estate Developments
Raw materials, by-products and consumables	2,371,413	-	12,156,868	-
Goods for sale	45,133,938	42,966,231	45,391,034	42,860,346
Finished goods	104,620,642	104,502,986	100,779,675	90,734,831
Work in progress	83,212,538	76,428,112	92,738,229	83,053,574
Payments on account	68,459	-	193,459	-
	<u>235,406,990</u>	<u>223,897,329</u>	<u>251,259,265</u>	<u>216,648,751</u>
Accumulated impairment losses on stocks	-7,858,372	-7,674,640	-9,876,851	-8,527,130
Stocks	<u>227,548,618</u>	<u>216,222,689</u>	<u>241,382,414</u>	<u>208,121,621</u>

Cost of goods sold as at 31 December 2009 and 2008 amounted to 49,364,278 euro and 66,745,851 euro, respectively, and may be detailed as follows:

	31 December 2009	31 December 2008
Opening Stocks	48,345,151	52,654,203
Exchange rate effect	27,135	(21,864)
Changes in consolidation perimeter	(478,165)	(5,154,950)
Purchases	49,826,168	57,891,517
Adjustments	(1,005)	(1,974,696)
Closing Stocks	47,505,351	48,345,151
	<u>50,213,933</u>	<u>55,049,059</u>
Impairment losses (Note 32)	100,413	2,040,188
Reversion of impairment losses	(950,068)	(1,494,253)
<b>Continued Operations</b>	<u>49,364,278</u>	<u>55,594,994</u>
<b>Discontinued Operations</b>	<u>-</u>	<u>11,150,857</u>
<b>Total Operations</b>	<u>49,364,278</u>	<u>66,745,851</u>



## 16. TRADE ACCOUNTS RECEIVABLE

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

	31 December 2009	31 December 2008
Trade accounts receivable		
Turismo	4,211,353	3,471,057
Spred	36,427,473	38,921,105
Holding and Others	522,955	605,554
	<u>41,161,781</u>	<u>42,997,715</u>
Trade Debtors, bills receivable	2,262,346	620,350
Doubtful debtors	4,505,703	5,203,438
	<u>47,929,830</u>	<u>48,821,503</u>
Accumulated impairment losses on Trade Debtors (Note 32)	(5,073,127)	(5,709,601)
<b>Continued Operations</b>	<u>42,856,703</u>	<u>43,111,902</u>
Trade accounts receivable	-	17,710,539
Accumulated impairment losses on Trade Debtors (Note 32)	-	(5,989)
<b>Discontinued Operations</b>	<u>-</u>	<u>17,704,550</u>
<b>Total Operations</b>	<u>42,856,703</u>	<u>60,816,452</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.

As at 31 December 2009 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 2009 and 2008, the ageing of Trade Accounts Receivables can be detailed as follows:

31 December 2009	Trade Accounts Receivable			Total
	Spred	Tourism	Holding and Others	
Not Due	24,697,854	1,315,043	176,726	26,189,623
Due but not impaired				
0 - 30 days	9,312,197	539,379	63,985	9,915,561
30 - 90 days	2,813,500	1,007,135	80,739	3,901,374
+ 90 days	1,916,781	731,860	201,505	2,850,146
Total	<u>14,042,478</u>	<u>2,278,373</u>	<u>346,229</u>	<u>16,667,080</u>
Due and impaired				
0 - 90 days	54,135	95,005	-	149,140
90 - 180 days	74,002	119,670	-	193,672
180 - 360 days	856	103,928	-	104,784
+ 360 days	1,792,993	2,199,031	633,507	4,625,531
Total	<u>1,921,986</u>	<u>2,517,634</u>	<u>633,507</u>	<u>5,073,127</u>
<b>Continued Operations before impairments</b>	<u>40,662,318</u>	<u>6,111,050</u>	<u>1,156,462</u>	<u>47,929,830</u>

31 December 2008	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	17,002,732	1,551,234	299,644	18,853,610
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	1,977,006	2,671,728	1,302,879	5,951,613
<b>Continued Operations before impairments</b>	<b>41,474,160</b>	<b>5,438,910</b>	<b>1,908,433</b>	<b>48,821,503</b>

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 2009 and 2008, Other debtors are made up as follows:

	31 December 2009	31 December 2008
<b>Loans granted to and other amounts to be received from related parties</b>		
Sit B3	2,559,886	2,559,886
TP	2,000,000	-
Change	2,052,000	-
Others	230,381	66,721
	<u>6,842,267</u>	<u>2,626,607</u>
<b>Other Debtors</b>		
Suppliers with a debtor balance	1,137,398	1,343,494
Sale of assets	124,232	28,257
Sale of financial investments	27,041,349	27,256,338
Others	12,746,812	13,662,675
	<u>41,049,791</u>	<u>42,290,764</u>
<b>Other Debtors</b>	47,892,058	44,917,371
Accumulated impairment losses on Other Debtors (Note 32)	(28,961,730)	(29,282,813)
<b>Total financial instruments (Note 9)</b>	<u>18,930,328</u>	<u>15,634,558</u>
<b>Continued Operations</b>	<u>18,930,328</u>	<u>15,634,558</u>
Other Debtors	-	5,286,999
Accumulated impairment losses on Other Debtors (Note 32)	-	(103,508)
<b>Discontinued Operations</b>	-	5,183,491
<b>Total Operations</b>	<u>18,930,328</u>	<u>20,818,049</u>

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 2009 and 2008, ageing of Other debtors can be summarised as follows:

	Other Debtors	
	31 December 2009	31 December 2008
Not Due	6,890,742	9,976,516
Due but not impaired		
0 - 30 days	387,555	558,147
30 - 90 days	1,422,764	199,949
+ 90 days	3,295,910	2,238,415
Total	5,106,229	2,996,511
Due and impaired		
0 - 90 days	2,599	6,047
90 - 180 days	36,396	2,659
180 - 360 days	62,141	84,136
+ 360 days	28,951,684	29,224,895
Total	29,052,820	29,317,737
<b>Continued Operations before impairment</b>	<b>41,049,791</b>	<b>42,290,764</b>

As at 31 December 2009 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 2009 and 2008, Taxes recoverable and taxes and contributions payable are made up as follows:

	31 December 2009	31 December 2008
<b>Tax recoverable</b>		
Income taxation - payments on account and amounts withheld	4,598,029	6,415,647
VAT	8,160,878	6,696,567
Other taxes	517,243	2,439,214
<b>Continued Operations</b>	<b>13,276,150</b>	<b>15,551,428</b>
<b>Discontinued Operations</b>	<b>-</b>	<b>1,281,829</b>
<b>Total Operations</b>	<b>13,276,150</b>	<b>16,833,257</b>
<b>Taxes and contributions payable</b>		
Income taxation	6,989,486	6,069,803
VAT	2,153,709	3,395,423
Staff income tax withheld	315,351	439,664
Social security contributions	926,659	998,722
Other taxes	237,505	378,111
<b>Continued Operations</b>	<b>10,622,710</b>	<b>11,281,723</b>
<b>Discontinued Operations</b>	<b>-</b>	<b>1,328,503</b>
<b>Total Operations</b>	<b>10,622,710</b>	<b>12,610,226</b>

## 19. OTHER CURRENT ASSETS

As at 31 December 2009 and 2008, Other current assets are made up as follows:

	31 December 2009	31 December 2008
Interest receivable	18,716	37,952
Deferred costs - External supplies and services	1,688,111	4,626,563
Deferred costs - Rents	256,528	222,003
Other current assets	1,534,040	926,790
<b>Continued Operations</b>	<b>3,497,395</b>	<b>5,813,308</b>
<b>Discontinued Operations</b>	<b>-</b>	<b>2,522,313</b>
<b>Total Operations</b>	<b>3,497,395</b>	<b>8,335,621</b>

## 20. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2009 and 2008 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Amortisation and Depreciation harmonisation adjustments	1,249,564	1,356,090	1,031,460	863,368
Write off of tangible and intangible assets	1,446,714	1,370,641	-	-
Write-off of accruals	636,463	929,379	-	-
Revaluation of tangible assets	-	-	741,120	780,104
Tax losses carried forward	7,305,682	12,101,380	-	-
Write off of stocks	-	-	1,138,330	1,274,018
Others	4,923	425	232,080	246,680
	<u>10,643,346</u>	<u>15,757,915</u>	<u>3,142,990</u>	<u>3,164,170</u>

During the periods ended 31 December 2009 and 2008, movements in Deferred tax are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
<b>Opening balance</b>	15,757,915	14,320,920	3,164,170	7,526,370
<b>Effect in results (Note 43):</b>				
Amortisation and Depreciation harmonisation adjustments	(106,527)	(16,625)	168,092	85,405
Write-off of tangible and intangible assets	76,074	39,546	-	-
Write-off of accruals	(292,916)	575,607	-	-
Revaluation of tangible assets	-	-	(36,196)	(12,828)
Tax losses carried forward	(4,687,200)	469,119	-	-
Others	4,496	427	(150,289)	(52,885)
	<u>(5,006,073)</u>	<u>1,068,074</u>	<u>(18,393)</u>	<u>19,692</u>
<b>Effect in reserves:</b>	-	572,101	(2,787)	837,396
<b>Changes in consolidation perimeter</b>	(108,497)	(203,180)	-	(5,219,288)
<b>Closing balance</b>	<u>10,643,345</u>	<u>15,757,915</u>	<u>3,142,990</u>	<u>3,164,170</u>

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 31 December 2009 and 2008, and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

	31 December 2009			31 December 2008		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
<b>With limited time use</b>						
Generated in 2003	-	-	2009	1,698,457	424,614	2009
Generated in 2004	317,411	79,353	2010	3,379,654	844,914	2010
Generated in 2005	4,289,549	1,072,387	2011	5,012,344	1,253,086	2011
Generated in 2006	7,098,052	1,774,513	2012	11,671,794	2,917,948	2012
Generated in 2007	2,851,068	712,767	2013	7,454,598	1,863,649	2013
Generated in 2008	6,940,535	1,735,134	2014	17,206,043	4,316,695	2014
Generated in 2009	7,770,683	1,906,161	2015	-	-	2015
	<u>29,267,298</u>	<u>7,280,315</u>		<u>46,422,890</u>	<u>11,620,906</u>	
With a time limit different from the above mentioned	101,535	25,367		1,453,780	480,474	
	<u>29,368,833</u>	<u>7,305,682</u>		<u>47,876,670</u>	<u>12,101,380</u>	

As at 31 December 2009 and 2008, 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 2009, tax losses carried forward amounting to 150,762,305 euro (115,561,909 euro as at 31 December 2008), have not originated deferred tax assets for prudential reasons.

	31 December 2009			31 December 2008		
	Tax losses carried forward	Tax Credit	Time limit	Tax losses carried forward	Tax Credit	Time limit
<b>With limited time use</b>						
Generated in 2003	-	-	2009	10,708,823	2,677,206	2009
Generated in 2004	2,905,101	712,395	2010	4,833,350	1,208,338	2010
Generated in 2005	5,733,190	1,370,204	2011	8,106,023	2,026,505	2011
Generated in 2006	11,126,174	2,605,166	2012	13,526,865	3,381,682	2012
Generated in 2007	21,669,751	5,305,437	2013	21,860,604	5,465,150	2013
Generated in 2008	31,452,496	7,630,728	2014	39,345,143	9,836,287	2014
Generated in 2009	53,480,303	13,256,163	2015	-	-	2015
	<u>126,367,015</u>	<u>30,880,093</u>		<u>98,380,808</u>	<u>24,595,168</u>	
Without limited time use	5,607,982	1,869,140		4,660,539	1,553,472	
With a time limit different from the above mentioned	18,787,308	5,418,039		12,520,562	3,575,667	
	<u>24,395,290</u>	<u>7,287,179</u>		<u>17,181,101</u>	<u>5,129,139</u>	
	<u>150,762,305</u>	<u>38,167,272</u>		<u>115,561,909</u>	<u>29,724,307</u>	



## 21. CASH AND CASH EQUIVALENTS

As at 31 December 2009 and 2008, Cash and cash equivalents can be detailed as follows:

	31 December 2009	31 December 2008
Cash at hand	202,538	164,398
Bank deposits	2,196,282	17,318,099
Treasury applications	406,460	450,443
Cash and cash equivalents on the balance sheet - Continued operations	2,805,280	17,932,940
Bank overdrafts - Continued Operations (Note 24)	(362,257)	(315,693)
Depósito caução - Continuadas	(500,000)	-
Cash and cash equivalents on the balance sheet - Discontinued operations	-	(656,683)
Cash and cash equivalents in the statement of cash-flow s	1,943,023	16,960,564
Cash and cash equivalents on the balance sheet - Continued operations	2,805,280	17,932,940
Cash and cash equivalents on the balance sheet - Discontinued oprations	-	1,383,546
Cash and cash equivalents on the balance sheet	2,805,280	19,316,486

Bank overdrafts include creditor balances of current accounts in financial institutions, and are disclosed in the balance sheet under Current bank loans (Note 24).

## 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 2009 and 2008 are as follows:

	31 December 2009	31 December 2008
<b>Opening balance as at 1 January</b>	49,319,413	36,758,832
Changes in consolidation method (Note 8)	(47,911,935)	-
Changes in percentage by acquisition / increase capital	14,006	6,663,422
Changes by disposals (Note 8)	7,135,202	-
Changes in percentage by sale of shares	1,115,855	4,375,485
Changes resulting from currency translation	102,101	(94,458)
Others	197,227	58,048
Profit for the period attributable to minority interests	1,347,372	1,558,084
<b>Closing balance as at 31 December</b>	11,319,241	49,319,413

## 24. BORROWINGS

As at 31 December 2009 and 2008, Borrowings are made up as follows:

	31 December 2009		31 December 2008		Repayable on
	Outstanding amount		Outstanding amount		
	Current	Non Current	Current	Non Current	
<b>Bank loans</b>					
Sonae Capital SGPS - commercial paper <sup>a)</sup>	-	30,000,000	-	30,000,000	Mar/2013
Sonae Capital SGPS - commercial paper <sup>b) e)</sup>	39,100,000	-	21,850,000	-	Mar/2018
Sonae Capital SGPS - commercial paper <sup>c) d)</sup>	-	48,550,000	102,599,990	-	Aug/2011
Sonae Capital SGPS - commercial paper <sup>d)</sup>	-	24,250,000	-	-	Aug/2011
Invesaúde	500,000	-	500,000	500,000	Aug/2010
Selfrio Engenharia - commercial paper	1,400,000	2,100,000	1,400,000	3,500,000	May/2012
Up-front fees	-	(49,893)	-	(65,484)	
Others	-	-	48,277	1,578,783	
	41,000,000	104,850,107	126,398,267	35,513,299	
Bank overdrafts (Note 21)	362,257	-	12,466,768	-	
<b>Bank loans</b>	<b>41,362,257</b>	<b>104,850,107</b>	<b>138,865,035</b>	<b>35,513,299</b>	
<b>Bond Loans</b>					
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
SC, SGPS, S.A. 2008/2018 Bonds	-	50,000,000	-	50,000,000	Mar/2018
Up-front fees	-	(756,745)	-	(919,895)	
<b>Bond Loans</b>	<b>-</b>	<b>99,243,255</b>	<b>-</b>	<b>99,080,105</b>	
Other loans	131,532	2,986,459	133,696	403,176	
Derivatives (Note 26)	-	-	306,449	-	
Obligations under finance leases (Note 25)	3,306,770	28,987,580	1,957,324	16,814,552	
Up-front fees on finance leases	-	(144,883)	-	-	
	<b>44,800,559</b>	<b>235,922,518</b>	<b>141,262,504</b>	<b>151,811,132</b>	

- Commercial paper programme, with subscription guarantee, issued on 14 March 2008 and valid for a 5 year period.
- Short term commercial paper programme, issued on 28 March 2008 and valid for a 10 year period.
- Sonae Turismo, SGPS, SA is a co-guarantor in this loan.
- Commercial paper programme, issued on 29 August 2006 and valid up to 29 August 2009; this programme has been refinanced for an additional period ending 29 August 2011.
- Commercial paper programme, with subscription guarantee, issued on 22 December 2008, with annual renewals up to a maximum of 3 years.

As at 31 December 2009, Borrowings of the Group was as follows:

- Sonae Capital SGPS - 2007/2012 Bond loan 1st emission 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 emission 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%.

In spite of Bond loans in the amount of 20,000,000 euro containing call / put options, they are disclosed at the latest maturity date on the assumption that the Group will be able to refinance those loans if the options are exercised, thus maintaining its capital structure.

Other loans include reimbursable grants to affiliated undertakings, which do not bear interest.

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

	31 December 2009		31 December 2008	
	Capital	Interest	Capital	Interest
N+1 <sup>a)</sup>	44,800,560	6,395,144	140,956,055	9,538,183
N+2	77,707,365	4,052,843	25,569,642	4,879,463
N+3	53,447,792	3,133,980	3,526,491	4,710,393
N+4	32,986,141	1,869,353	31,621,778	4,608,497
N+5	3,034,952	1,373,606	30,961,854	2,138,519
After N+5	69,697,789	4,944,349	61,116,744	9,140,875
	<u>281,674,599</u>	<u>21,769,275</u>	<u>293,752,566</u>	<u>35,015,931</u>

a) Includes amounts drawn under commercial paper programmes.

As at 31 December 2009 and 2008, available credit lines may be summarised as follows:

	31 December 2009		31 December 2008	
	Commitments < 1 year	Commitments > 1 year	Commitments < 1 year	Commitments > 1 year
Value of available lines				
Spred	3,679,571	-	6,122,383	-
Tourism	967,859	-	12,276,213	-
Holding and Others	28,600,000	37,000,000	31,550,010	15,000,000
	<u>33,247,430</u>	<u>37,000,000</u>	<u>49,948,607</u>	<u>15,000,000</u>
Value of contracted lines				
Spred	4,000,000	3,500,000	19,449,398	3,500,000
Tourism	1,000,000	-	12,346,754	-
Holding and Others	54,600,000	139,800,000	156,000,000	15,000,000
	<u>59,600,000</u>	<u>143,300,000</u>	<u>187,796,152</u>	<u>18,500,000</u>

## 25. OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2009 and 2008, Obligations under finance leases are made up as follows:

<b>Obligations under finance leases</b>	<b>Minimum finance lease payments</b>		<b>Present value of minimum finance lease payments</b>	
	<b>31 December 2009</b>	<b>31 December 2008</b>	<b>31 December 2009</b>	<b>31 December 2008</b>
Amounts under finance leases:				
N+1	3,970,072	2,920,970	3,306,770	1,957,324
N+2	4,047,469	2,785,982	3,497,493	1,932,271
N+3	2,762,267	2,844,623	2,248,022	2,102,575
N+4	2,762,267	1,497,815	2,296,850	841,395
N+5	2,762,267	1,497,815	2,346,980	886,577
After N+5	20,181,962	14,072,970	18,589,312	11,051,734
	36,486,304	25,620,175	32,285,427	18,771,876
Future Interest	(4,200,877)	(6,848,299)		
	32,285,427	18,771,876		
Up-front fees			(135,960)	-
Current obligations under finance leases			3,306,770	1,957,324
Obligations under finance leases - net of current obligations			28,842,697	16,814,552

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 2009 and 2008, 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 2009 and 2008, the book value of assets acquired under finance leases can be detailed as follows:

	<b>31 December 2009</b>	<b>31 December 2008</b>
<b>Assets acquired under finance leases</b>		
Land and Buildings	3,950,101	3,950,101
Plant and machinery	32,182,175	17,638,796
Vehicles	921	32,400
Tools	17,649	31,518
Fixtures and Fittings	134,396	138,587
Total tangible assets (Note 10)	36,285,242	21,791,402

## 26. DERIVATIVES

### **Interest rate derivatives**

As at 31 December 2009, the Group had no derivative instruments in place. Previously contracted instruments have matured

### **Fair value of derivatives**

The fair value of derivatives is as follows:

	Assets		Liabilities	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Non-Hedge accounting derivatives				
Interest rate	-	-	-	-
Hedge accounting derivatives				
Interest rate (Note 24)	-	-	-	(306,449)
Other derivatives	-	-	-	-
	-	-	-	(306,449)

## 27. OTHER CURRENT LIABILITIES

As at 31 December 2009 and 2008 Other current liabilities can be detailed as follows:

	31 December 2009	31 December 2008
<b>Loans and other amounts payable to related parties</b>		
Plaza Mayor Parque de Ocio, SA	2,288,446	2,317,828
Intragroup elimination with discontinued operations	-	(9,443,000)
Others	960,000	700,000
	<u>3,248,448</u>	<u>(6,425,172)</u>
<b>Other creditors</b>		
Creditors in the restructuring process of Torralta	30,141,462	30,141,462
Fixed assets suppliers	-	1,337,500
Others	12,553	8,553
	<u>30,154,015</u>	<u>31,487,515</u>
<b>Deferred Income</b>		
Gains deferred	3,003,042	
Obligations by share-based payments (Note 28)	278,562	
	<u>3,281,604</u>	<u>-</u>
<b>Pension fund responsibilities</b>	<u>136,203</u>	<u>116,537</u>
<b>Continued Operations</b>	<u>36,820,270</u>	<u>25,178,880</u>
<b>Discontinued Operations</b>	<u>-</u>	<u>41,038,203</u>
<b>Total Operations</b>	<u>36,820,270</u>	<u>66,217,083</u>

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 2009 and 2008, Other creditors balances maturity can be detailed as follows:

31 December 2009	N+1	N+2	N+3	N+4	N+5	Total
Fixed assets suppliers	-	-	-	-	-	-
Other non current creditors	-	-	-	-	30,154,015	30,154,015
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,154,015</b>	<b>30,154,015</b>

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
Continued Operations	50,000	50,000	50,000	50,000	31,287,515	31,487,515

## 28. SHARE-BASED PAYMENTS

In 2009 and in 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.

As at 31 December 2009 and 2008, 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 2009	31 December 2008
<b>Shares</b>					
	2006	2009	4	-	73,981
	2007	2010	4	75,080	49,081
	2008	2011	6	207,760	120,607
	2009	2012	7	420,165	-
<b>Total</b>				<b>703,005</b>	<b>243,669</b>

As at 31 December 2009 and 2008, 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 2009	31 December 2008
Other non current liabilities (Note 27)	278,562	146,904
Other current liabilities	75,080	-
Reserves	37,509	464,971
Staff Costs	316,133	(318,068)



## 29. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

As at 31 December 2009 and 2008 Trade accounts payable can be detailed as follows:

	31 December 2009	Payable		
		Less than 90 days	90 to 180 days	More than 180 days
Trade creditors current account				
Turismo	26,616,506	9,011,368	7,946,013	9,659,125
Spred	21,186,670	20,035,440	687,732	463,498
Holding and Others	500,200	409,857	48,492	41,851
	48,303,376	29,456,665	8,682,237	10,164,474
Trade creditors - Invoices Accruals	2,140,801	2,043,961	1,682	95,158
<b>Total</b>	<b>50,444,177</b>	<b>31,500,626</b>	<b>8,683,919</b>	<b>10,259,632</b>

	31 December 2008	Payable		
		Less than 90 days	90 to 180 days	More than 180 days
Trade creditors current account				
Turismo	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
	38,496,581	35,972,995	2,273,140	250,446
Trade creditors - Invoices Accruals	2,190,326	2,180,215	6,805	3,306
<b>Continued Operations</b>	<b>40,686,908</b>	<b>38,153,210</b>	<b>2,279,945</b>	<b>253,752</b>
<b>Discontinued Operations</b>	<b>12,292,570</b>			
<b>Total Operations</b>	<b>52,979,478</b>			

As at 31 December 2009 and 2008, 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 2009 and 2008 Other creditors can be detailed as follows:

	31 December 2009	Payable		
		Less than 90 days	90 to 180 days	More than 180 days
<b>Other creditors</b>				
Fixed assets suppliers	2,553,533	1,423,774	397,507	732,252
Others	3,572,044	2,997,223	14,593	560,230
	6,125,577	4,420,997	412,100	1,292,482
Advances from customers and down payments	5,081,527			
	11,207,104			
<b>Related parties</b>	209,181			
<b>Total</b>	<b>11,416,285</b>			

	31 December 2008	Payable		
		Less than 90 days	90 to 180 days	More than 180 days
<b>Other creditors</b>				
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			
<b>Related parties</b>	328,881			
<b>Other liabilities</b>				
<b>Continued Operations</b>	60,221,366			
<b>Discontinued Operations</b>	19,117,634			
<b>Total Operations</b>	79,339,000			

As at 31 December 2009 and 2008, 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 and down payments from financial institutions regarding the discount of letters of credit over customers. The Board of Directors believes that the fair market value of these payables is approximately their book value, and that effects of discounting these balances are immaterial.

### 31. OTHER CURRENT LIABILITIES

As at 31 December 2009 and 2008 Other current liabilities can be detailed as follows:

	31 December 2009	31 December 2008
Staff Costs	6,975,657	6,895,030
Amounts invoiced for works not yet completed	6,821,540	3,818,919
Other external supplies and services	1,143,909	908,497
Interest payable	1,329,796	2,444,463
Expenses with construction contracts	1,534,444	11,855,567
Investment aid	3,686,149	-
Others	3,791,964	8,518,160
<b>Continued Operations</b>	25,283,459	34,440,636
<b>Discontinued Operations</b>	-	5,527,248
<b>Total Operations</b>	25,283,459	39,967,884

## 32. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses over the period ended 31 December 2009 and 2008 were as follows:

Captions	Balance as at 1 January 2009	Increase	Decrease	Balance as at 31 December 2009
<b>Accumulated impairment losses on:</b>				
Other Investments (Note 13)	8,270,356	234,699	(558,718)	7,946,337
Other non-current assets (Note 14)	323,988	-	(289,072)	34,916
Trade accounts receivable (Note 16)	5,715,588	530,477	(1,172,938)	5,073,127
Other current debtors (Note 17)	29,386,321	88,953	(513,544)	28,961,730
Stocks (Note 15)	9,876,851	115,274	(2,133,752)	7,858,373
<b>Non-current provisions</b>	<b>23,456,843</b>	<b>902,387</b>	<b>(20,363,861)</b>	<b>3,995,369</b>
<b>Current provisions</b>	<b>1,298,200</b>	<b>1,300,000</b>	<b>(219,198)</b>	<b>2,379,002</b>
	<b>78,328,147</b>	<b>3,171,790</b>	<b>(25,251,083)</b>	<b>56,248,854</b>

Captions	Balance as at 1 January 2009	Increase	Decrease	Discontinued Operations	Balance as at 31 December 2009
<b>Accumulated impairment losses on:</b>					
Other Investments (Note 13)	28,720,049	138,091	-	(20,587,784)	8,270,356
Other non-current assets (Note 14)	790,840	-	(466,852)	-	323,988
Trade accounts receivable (Note 16)	7,294,172	595,823	(2,180,396)	5,989	5,715,588
Other current debtors (Note 17)	23,634,981	5,920,663	(272,831)	103,508	29,386,321
Stocks (Note 15)	7,474,353	2,899,163	(1,523,522)	1,026,857	9,876,851
<b>Non-current provisions</b>	<b>16,654,464</b>	<b>16,850,846</b>	<b>(14,479,766)</b>	<b>4,431,299</b>	<b>23,456,843</b>
<b>Current provisions</b>	<b>3,815,464</b>	<b>330,000</b>	<b>(2,847,264)</b>	<b>-</b>	<b>1,298,200</b>
	<b>88,384,323</b>	<b>26,734,586</b>	<b>(21,770,631)</b>	<b>(15,020,131)</b>	<b>78,328,147</b>

As at 31 December 2009 and 2008 increases in provisions and impairment losses can be detailed as follows:

	31 December 2009	31 December 2008
Provisions and impairment losses	6,898,852	10,694,800
Impairment losses not included in this note		
Tangible assets	(4,078,521)	(2,989,895)
Financial Investments	-	15,925,722
Provisions for impairment losses recorded in cost of goods sold (Note 15)	100,413	2,040,188
Others	251,046	1,063,771
	<b>3,171,790</b>	<b>26,734,586</b>

As at 31 December 2009 and 2008 detail of other provisions was as follows:

	31 December 2009	31 December 2008
Judicial claims	2,709,600	5,340,899
Risks associated with Elmo and its affiliates	-	15,925,722
Others	3,664,771	3,488,422
	<b>6,374,371</b>	<b>24,755,043</b>

Impairment losses are deducted from the book value of the corresponding asset.

### 33. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2009 and 2008 the most important contingent liabilities referred to guarantees given and were made up as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
<b>Guarantees given:</b>		
on tax claims	3,238,961	4,213,279
on judicial claims	1,897,406	309,450
on municipal claims	3,175,167	5,964,208
Others	46,176,125	59,341,316

Others include the following guarantees:

- 7,019,255 euro (5,989,454 euro as at 31 December 2008) of guarantees on construction works given to clients;
- 37,406,741 euro (37,417,063 euro as at 31 December 2008) of guarantees given concerning building permits in the Tourism business.

The Group has not registered provisions for the events/disagreements for which these guarantees were given since the Group believes that the above mentioned events will not result in a loss for the group.

### 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 2009 and 2008 amounted to 5,549,533 euro and 5,601,173 euro, respectively.

Additionally, as at 31 December 2009 and 2008, the Group had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

Due in:	<u>31 December 2009</u>	<u>31 December 2008</u>
N+1 automatically renewed	2,210,683	6,217,740
N+1	311,312	343,440
N+2	305,552	343,150
N+3	313,129	351,127
N+4	320,958	359,305
N+5	328,982	343,631
After N+5	-	-
	<u>3,790,616</u>	<u>7,958,393</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 2009 and 2008 amounted to 6,366,163 euro and 6,931,875 euro, respectively.

Additionally, as at 31 December 2009 and 2008, the Group had operational lease contracts, as a lessee, whose minimum lease payments (fixed income) had the following payment schedule:

Due in:	31 December 2009	31 December 2008
N+1 automatically renewed	2,241,642	2,334,225
N+1	3,834,219	4,976,679
N+2	1,253,668	1,200,424
N+3	1,140,263	1,123,087
N+4	1,034,472	1,036,381
N+5	955,233	974,351
After N+5	4,468,031	4,628,585
	14,927,528	16,273,732

### 35. TURNOVER

Turnover for the year ended 31 December 2009 and 2008 was as follows:

	31 December 2009	31 December 2008
Sale of goods	11,806,199	12,038,649
Sale of products	155,178,258	110,424,088
	166,984,457	122,462,737
Services Rendered	105,252,609	108,074,833
<b>Continued Operations</b>	272,237,066	230,537,570
<b>Discontinued Operations</b>	-	20,307,700
<b>Total Operations</b>	272,237,066	250,845,270

### 36. OTHER OPERATIONAL INCOME

Other operational income for the year ended 31 December 2009 and 2008 was as follows:

	31 December 2009	31 December 2008
Own work capitalised	1,544,183	2,074,344
Gains on sales of assets	3,902,662	739,172
Reversal of impairment losses	1,266,270	954,284
Supplementary income	3,289,456	2,732,217
Others	11,682,884	1,750,185
<b>Continued Operations</b>	21,685,455	8,250,202
<b>Discontinued Operations</b>	-	513,532
<b>Total Operations</b>	21,685,455	8,763,734

As at 31 December 2009 Others include 7,500,000 euro regarding advance payments which were retained as a result of the termination of the promissory purchase agreement for the parcel of land where the Hotel Resort will be built.

### 37. CHANGES IN STOCKS

Changes in stocks for the years ended 31 December 2009 and 2008 was as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Finished goods		85,927,463
Work in progress		(27,944,159)
Impairment losses on goods and work in progress		13,915
<b>Continued Operations</b>	<u>-</u>	<u>57,997,219</u>
<b>Discontinued Operations</b>	<u>-</u>	<u>(703,500)</u>
<b>Total Operations</b>	<u>(9,718,300)</u>	<u>57,293,719</u>

Changes in stocks were calculated as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Opening stocks	183,030,695	96,318,341
Change in perimeter	(349,109)	-
Stock adjustments	14,879,257	(28,729,050)
Closing stocks (Note 15)	187,833,180	183,030,695
	<u>(9,727,663)</u>	<u>57,983,304</u>
Impairment losses	(14,861)	(15,354)
Reversion of impairment losses	24,224	29,269
<b>Continued Operations</b>	<u>(9,718,300)</u>	<u>57,997,219</u>
<b>Discontinued Operations</b>	<u>-</u>	<u>(703,500)</u>
<b>Total Operations</b>	<u>(9,718,300)</u>	<u>57,293,719</u>

Stock adjustments are mostly related to the transfer from tangible assets of amounts regarding real estate projects in Troia (Note 10).



### 38. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2009 and 2008, external supplies and services were made up as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Subcontracts	84,583,406	130,721,699
Services	6,476,061	9,660,484
Rents	8,634,413	8,151,524
Fees	2,952,249	2,981,695
Maintenance	3,261,957	2,532,567
Cleaning, health and safety	3,679,200	2,762,655
Electricity	3,257,426	2,836,480
Travelling expenses	1,234,055	1,444,960
Publicity	939,659	2,353,020
Fuel	1,745,291	1,376,396
Security	1,023,384	868,654
Communication	1,236,404	1,097,117
Commissions	3,696,283	1,390,764
Other fluids	1,714,782	1,766,853
Insurance	1,141,592	1,410,063
Others	3,877,920	3,697,810
<b>Continued Operations</b>	<u>129,454,082</u>	<u>175,052,741</u>
<b>Discontinued Operations</b>	<u>5,377</u>	<u>6,534,148</u>
<b>Total Operations</b>	<u>129,459,459</u>	<u>181,586,889</u>

### 39. STAFF COSTS

As at 31 December 2009 and 2008, staff costs were made up as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Salaries	37,577,826	35,824,542
Social security contributions	7,238,293	6,685,509
Insurance	702,247	584,859
Welfare	151,426	629,106
Other staff costs	2,282,903	1,674,855
<b>Continued Operations</b>	<u>47,952,695</u>	<u>45,398,871</u>
<b>Discontinued Operations</b>	<u>-</u>	<u>4,857,596</u>
<b>Total Operations</b>	<u>47,952,695</u>	<u>50,256,467</u>

#### 40. OTHER OPERATIONAL EXPENSES

As at 31 December 2009 and 2008, Other operational expenses were made up as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Losses on sales of assets	70,211	2,099,571
Other taxes	1,227,583	2,123,760
Property tax	597,011	1,345,163
Doubtful debts written-off	688,317	65,087
Others	2,044,041	2,379,152
<b>Continued Operations</b>	<u>4,627,163</u>	<u>8,012,733</u>
<b>Discontinued Operations</b>	<u>1,064</u>	<u>906,981</u>
<b>Total Operations</b>	<u>4,628,227</u>	<u>8,919,714</u>

#### 41. NET FINANCIAL EXPENSES

As at 31 December 2009 and 2008, Net financial expenses were made up as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
<b>Expenses:</b>		
Interest payable		
related with bank loans and overdrafts	(3,909,293)	(6,373,557)
related with non convertible bonds	(2,966,614)	(5,189,564)
related with finance leases	(534,584)	(1,015,203)
others	-	(757,172)
	<u>(7,410,491)</u>	<u>(13,335,496)</u>
Exchange losses	(1,133,843)	(269,353)
Payment discounts given	(3,446)	(10,427)
Up front fees	-	(257,287)
Other financial expenses	(1,474,974)	(1,493,253)
	<u>(10,022,754)</u>	<u>(15,365,816)</u>
<b>Income</b>		
Interest receivable	2,009,549	2,886,460
Exchange gains	380,229	1,271,775
Payment discounts received	43,591	84,255
Other financial income	206,536	106,750
	<u>2,639,905</u>	<u>4,349,240</u>
<b>Net financial expenses</b>		
<b>Continued Operations</b>	<u>(7,382,849)</u>	<u>(11,016,576)</u>
<b>Discontinued Operations</b>	<u>(1,734,300)</u>	<u>(931,987)</u>
<b>Total Operations</b>	<u>(9,117,149)</u>	<u>(11,948,563)</u>

## 42. INVESTMENT INCOME

As at 31 December 2009 and 2008, Investment income was made up as follows:

	31 December 2009		31 December 2008	
<b>Dividends</b>	-	126,090	-	2,829,840
Sale of Sonae Indústria's shares	8,690,139	-	-	-
Sale of Textil do Marco	(843,081)	-	-	-
Partial sale (20%) of Atlantic Ferries	687,145	-	-	-
Increase in the share capital and reduction in the shareholding in the Imosedo Fund	1,365,089	-	-	-
Sale of Contacto - Soc. Construções	-	-	46,361,584	-
Sale of Águas Furtadas Imobiliária	-	-	103,763	-
Sale of Azulino Imobiliária	-	-	880,728	-
Partial sale (12.25%) of Spinveste - Promoção Imobiliária	-	-	639,175	-
Partial sale (12.25%) of Spinveste - Gestão Imobiliária	-	-	(875,009)	-
Others	7,755	-	-	-
<b>Gains on disposal of investments in group companies</b>		<b>9,907,047</b>		<b>47,110,241</b>
Sale of Choice Car SGPS	-	-	9,059,871	-
<b>Gains on disposal in associated and in jointly controlled companies</b>				<b>9,059,871</b>
Sale of 9% from the 10% owned in STAR - Viagens e Turismo	-	-	1,589,025	-
<b>Gains/(Losses) on sale of investments in assets available for sale</b>				<b>1,589,025</b>
<b>Impairment losses on investments</b>				<b>(9,325,722)</b>
<b>Others</b>				<b>1,821,407</b>
<b>Investment Income</b>				
<b>Continued Operations</b>	-	<b>10,033,137</b>	-	<b>53,084,662</b>
<b>Discontinued Operations</b>	-	-	-	-
<b>Total Operations</b>	-	<b>10,033,137</b>	-	<b>53,084,662</b>

### 43. TAXATION

As at 31 December 2009 and 2008, Taxation was made up as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Current tax	6,743,949	4,813,098
Deferred tax (Note 20)	4,987,680	(1,048,382)
<b>Taxation</b>		
<b>Continued Operations</b>	<u>11,731,629</u>	<u>3,764,716</u>
<b>Discontinued Operations</b>	<u>3,356</u>	<u>77,470</u>
<b>Total Operations</b>	<u>11,734,985</u>	<u>3,842,186</u>

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2009 and 2008 may be summarised as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Profit before income tax	36,156,625	26,793,875
Difference between accounting and tax treatment of capital gains/(losses)	(49,829,824)	(53,361,657)
Share of gains/(losses) of associated undertakings (Note 6)	(2,608,502)	2,099,784
Provisions and impairment losses not accepted for tax purposes	2,997,697	11,486,334
Other permanent differences	(3,959,938)	7,130,188
Taxable Profit	<u>(17,243,942)</u>	<u>(5,851,476)</u>
Use of tax losses carried forward	(2,633,920)	(24,827,132)
Recognition of tax losses that have not originated deferred tax assets	58,780,267	46,669,123
	<u>38,902,405</u>	<u>15,990,515</u>
Income tax rate in Portugal	25.00%	25.00%
	9,725,601	3,997,629
Effect of different income tax rates in other countries	(132,120)	(677,548)
Effect of increases or decreases in deferred taxes	1,093,507	(579,263)
Municipality tax	820,131	760,028
Under / (over) taxation estimates	57,518	98,728
Autonomous taxes and tax benefits	170,348	242,612
Taxation	<u>11,734,985</u>	<u>3,842,186</u>

#### 44. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 31 December 2009 and 2008, the reconciliation of consolidated net profit can be analysed as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Aggregate net profit	70,441,445	91,693,541
Harmonisation adjustments	11,357,034	(28,505,553)
Elimination of intragroup dividends	(179,009,882)	(40,464,917)
Share of gains/(losses) of associated undertakings (Note 6)	2,501,370	(2,099,789)
Elimination of intragroup capital gains/(losses)	512,581	(7,205,026)
Elimination of intragroup provisions	21,319,636	9,701,449
Adjustments of gains/(losses) on assets disposals	3,604,311	-
Adjustments of gains/(losses) of financial shareholdings sale	95,423,494	5,302,465
Others	15,748	(29,705)
<b>Consolidated net profit for the year</b>		
<b>Continued Operations</b>	<u>26,165,737</u>	<u>28,392,465</u>
<b>Discontinued Operations</b>	<u>(1,744,097)</u>	<u>(5,440,776)</u>
<b>Total Operations</b>	<u>24,421,640</u>	<u>22,951,689</u>

## 45. RELATED PARTIES

Balances and transactions during the periods ended 31 December 2009 and 2008 with related parties are detailed as follows:

<b>Transactions</b>	Sales and services rendered		Purchases and services obtained	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Parent company and group companies excluded from consolidation (a)	-	341,622	-	393,615
Associated companies	-	3,876	109,750	162,093
Other partners in Group companies	74,505,387	81,130,202	9,778,336	8,435,016
	<b>74,505,387</b>	<b>81,475,700</b>	<b>9,888,086</b>	<b>8,990,724</b>

<b>Transactions</b>	Interest income		Interest expenses	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Parent company and group companies excluded from consolidation (a)	-	-	-	-
Associated companies	1,802,034	1,497,726	-	-
Other partners in Group companies	-	18,059	155,542	182,468
	<b>1,802,034</b>	<b>1,515,785</b>	<b>155,542</b>	<b>182,468</b>

<b>Balances</b>	Accounts receivable		Accounts payable	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Parent company and group companies excluded from consolidation (a)	-	208,004	115	119,339
Associated companies	954,616	24,123	39,774	176,157
Other partners in Group companies	14,076,242	19,760,304	4,391,160	5,948,939
	<b>15,030,858</b>	<b>19,992,431</b>	<b>4,431,049</b>	<b>6,244,435</b>

<b>Balances</b>	Loans obtained		Loans granted	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Parent company and group companies excluded from consolidation (a)	-	-	-	-
Associated companies	-	-	28,262,784	22,451,938
Other partners in Group companies	2,288,445	2,317,826	1	-
	<b>2,288,445</b>	<b>2,317,826</b>	<b>28,262,785</b>	<b>22,451,938</b>

a) The parent company is Efanor Investimentos, SGPS, SA; balances and transactions with Sonae, SGPS, SA and Sonae Indústria, SGPS, SA are included under Other partners in Group companies..

Remunerations attributed in 2009 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 1,324,347 (1,465,578 euro in 2008), of which 976,500 euro (976,500 euro in 2008) are fixed remunerations and 347,847 euro (489,078 euro) are performance bonuses.



## 46. EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2009 and 2008 were calculated taking into consideration the following amounts:

	<u>31 December 2009</u>	<u>31 December 2008</u>
<b>Net profit continued operations</b>		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	24,818,365	24,668,135
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>24,818,365</u>	<u>24,668,135</u>
<b>Number of shares</b>		
Weighted average number of shares used to calculate 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 calculate diluted earnings per share	<u>250,000,000</u>	<u>250,000,000</u>
<b>Earnings per share (basic and diluted):</b>		
<b>Continued Operations</b>	<u>0.099273</u>	<u>0.098673</u>
<b>Discontinued Operations</b>	<u>(0.006976)</u>	<u>(0.013099)</u>
<b>Total Operations</b>	<u>0.092297</u>	<u>0.085574</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 2009 and 2008, cash receipts and cash payments related to investments can be analysed as follows:

	31 December 2009		31 December 2008	
	Amount received	Amount paid	Amount received	Amount paid
Sale of Sonae Indústria SGPS shares	23,488,062	-	-	-
Sale of 20% of Atlantic Ferries	1,803,000	-	-	-
Sale of Contacto Soc. Construções	-	-	81,500,000	-
Sale of Previciclo	800,000	-	-	-
Partial sale of Spinveste Promoção Imobiliária	-	-	2,700,000	-
Partial sale of Spinveste Gestão Imobiliária	-	-	2,300,000	-
Sale of Choice Car SGPS	-	-	12,500,000	-
Sale of Star Viagens	-	-	3,140,000	-
Sale of Granosalis	-	-	11,000,000	-
Purchase of Ecociclo II	-	7,247,935	-	-
Purchase of Norscut shares	-	-	-	603,050
Purchase of additional paid-in capital in Norscut	-	-	-	3,973,736
Purchase of Sonae Indústria SGPS shares	-	-	-	3,447,328
Others	1,796,452	754,320	2,697,437	106,085
<b>Continued Operations</b>	<b>27,887,514</b>	<b>8,002,255</b>	<b>115,837,437</b>	<b>8,130,199</b>
<b>Discontinued Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operations</b>	<b>27,887,514</b>	<b>8,002,255</b>	<b>115,837,437</b>	<b>8,130,199</b>

## 48. SEGMENT INFORMATION

In 31 December 2009 and 2008, the following were identified as segments:

- Sonae Turismo:
  - Resort & Residential Development
  - Real Estate Asset Management
  - Tourism Operations
  - Other
- Spred:
  - Atlantic Ferries
  - Box Lines
  - Selfrio Group
  - Other
- Holding & Others

The contribution of the business segments to the income statement of the periods ended 31 December 2009 and 2008 can be detailed as follows:

31 December 2009																
Total Operations	Resort & Residential Development	Real Estate Asset Management	Tourism Operations	Other	Adjustments	Total Tourism	Atlantic Ferries	Box Lines	Selfrio Group	Other	Adjustments	Total Spred	Holding & Others	Adjustments	Total Holding & Others	Consolidated
	Operational income															
Sales	82,142,081	824,650	1,641,609	-	-	<b>84,608,340</b>	-	-	74,444,688	7,931,429	-	<b>82,376,117</b>	-	-	-	<b>166,984,457</b>
Services rendered	472,327	5,854,614	37,831,703	5,124	-	<b>44,163,768</b>	4,781,253	39,159,470	12,229,954	4,671,904	-	<b>60,842,581</b>	246,261	-	<b>246,261</b>	<b>105,252,609</b>
Other operational income	13,174,237	543,598	2,326,852	57,554	(3,589,616)	<b>12,512,625</b>	67,517	300,617	2,505,569	1,650,605	(579,525)	<b>3,944,783</b>	1,065,610	4,162,438	<b>5,228,048</b>	<b>21,685,455</b>
Inter-segment income	95,788,644	7,222,862	41,800,164	62,678	(3,589,616)	<b>141,284,732</b>	4,848,770	39,460,087	89,180,211	14,253,938	(579,525)	<b>147,163,480</b>	1,311,871	4,162,438	<b>5,474,309</b>	<b>293,922,521</b>
	599,104	2,089,580	2,508,762	3,301,478			-	81,798	988,567	212,672			4,586,480			
	96,387,749	9,312,441	44,308,926	3,364,156			4,848,770	39,541,886	90,168,778	14,466,610			5,898,351			
Operational cash-flow (EBITDA)	44,580,848	3,574,929	(1,632,247)	243,006	-	<b>46,766,536</b>	(242,365)	696,949	7,835,588	(1,510,213)	-	<b>6,779,959</b>	(2,013,204)	-	<b>(2,013,204)</b>	<b>51,533,292</b>
Depreciation and amortisation						<b>(10,781,939)</b>						<b>(2,438,878)</b>			<b>(47,758)</b>	<b>(13,268,575)</b>
Provisions and impairment losses						<b>(4,315,413)</b>						<b>(1,683,439)</b>			<b>(900,000)</b>	<b>(6,898,852)</b>
Reversal of provisions and impairment losses <sup>1</sup>						<b>442,102</b>						<b>64,660</b>			<b>759,508</b>	<b>1,266,270</b>
Operational profit (EBIT)	Information not used by management for intermediate segments.					<b>32,111,286</b>	Information not used by management for intermediate segments.					<b>2,722,303</b>	Information not used by management for intermediate segments.		<b>(2,201,454)</b>	<b>32,632,135</b>
Net financial expenses						<b>(19,675,918)</b>						<b>(1,355,891)</b>			<b>11,914,660</b>	<b>(9,117,149)</b>
Share of results of associated undertakings						<b>(268,433)</b>						<b>146,523</b>			<b>2,730,412</b>	<b>2,608,502</b>
Investment income						<b>687,145</b>						<b>(716,990)</b>			<b>10,062,982</b>	<b>10,033,137</b>
Profit before taxation						<b>12,854,080</b>						<b>795,944</b>			<b>22,506,601</b>	<b>36,156,625</b>
Taxation						<b>(9,460,569)</b>						<b>(1,603,943)</b>			<b>(670,473)</b>	<b>(11,734,985)</b>
Net profit for the period						<b>3,393,511</b>						<b>(807,999)</b>			<b>21,836,128</b>	<b>24,421,639</b>
- attributable to equity holders of Sonae Capital																<b>23,074,268</b>
- attributable to minority interests																<b>1,347,372</b>

<sup>1</sup> Amount included in the caption Other operational income but added back in the calculation of Operational Cash-flow (EBITDA).

31 December 2008

Total Operations	Resort & Residential Development	Real Estate Asset Management	Tourism Operations	Other	Adjustments	Total Tourism	Atlantic Ferries	Box Lines	Selfrio Group	Other	Adjustments	Total Spred	Holding & Others	Adjustments	Total Holding & Others	Consolidated
Operational Income																
Sales	33,230,652	2,902,825	651,112	-	-	<b>36,784,589</b>	-	-	73,722,231	32,253,866	-	<b>105,976,097</b>	-	-	-	<b>142,760,686</b>
Services rendered	144,610	6,797,722	34,201,807	8,960	-	<b>41,153,099</b>	4,849,812	45,596,342	10,998,364	5,129,324	-	<b>66,573,842</b>	357,643	-	<b>357,643</b>	<b>108,084,584</b>
Other operational income	1,748,211	1,199,663	1,146,103	352,526	(2,497,656)	<b>1,948,846</b>	346,158	218,062	2,698,059	807,379	121,316	<b>4,190,974</b>	259,947	2,363,967	<b>2,623,914</b>	<b>8,763,734</b>
	35,123,473	10,900,210	35,999,022	361,486	(2,497,656)	<b>79,886,534</b>	5,195,970	45,814,404	87,418,654	38,190,568	121,316	<b>176,740,912</b>	617,589	2,363,967	<b>2,981,557</b>	<b>259,609,005</b>
Inter-segment income	1,602,407	1,756,873	865,149	1,323,459	-		1,836	164,204	1,063,988	281,351	-		2,608,799	-		
	36,725,880	12,657,083	36,864,171	1,684,945	-		5,197,807	45,978,608	88,482,641	38,471,919	-		3,226,389	-		
Operational cash-flow (EBITDA)	4,781,777	3,631,011	(1,559,936)	(770,161)	-	<b>6,082,691</b>	157,137	1,487,708	8,073,380	(3,565,757)	-	<b>6,152,468</b>	(2,000,159)	-	<b>(2,000,159)</b>	<b>10,235,000</b>
Depreciation and amortisation						<b>(8,330,615)</b>						<b>(2,578,395)</b>			<b>(32,428)</b>	<b>(10,941,437)</b>
Provisions and impairment losses						<b>(9,395,162)</b>						<b>(1,299,638)</b>			<b>-</b>	<b>(10,694,800)</b>
Reversal of provisions and impairment losses <sup>1</sup>						<b>(1,039,298)</b>						<b>98,099</b>			<b>100,000</b>	<b>(841,198)</b>
Operational profit (EBIT)						<b>(12,682,383)</b>						<b>2,372,534</b>			<b>(1,932,587)</b>	<b>(12,242,436)</b>
Net financial expenses						<b>(26,307,953)</b>						<b>(2,099,593)</b>			<b>16,458,983</b>	<b>(11,948,564)</b>
Share of results of associated undertakings						<b>(428,269)</b>						<b>(2,277,786)</b>			<b>606,266</b>	<b>(2,099,789)</b>
Investment income						<b>4,189,770</b>						<b>46,228,784</b>			<b>2,666,108</b>	<b>53,084,662</b>
Profit before taxation						<b>(35,228,835)</b>						<b>44,223,939</b>			<b>17,798,770</b>	<b>26,793,873</b>
Taxation						<b>(999,732)</b>						<b>(2,346,464)</b>			<b>(495,990)</b>	<b>(3,842,186)</b>
Net profit for the period						<b>(36,228,567)</b>						<b>41,877,476</b>			<b>17,302,780</b>	<b>22,951,688</b>
- attributable to equity holders of Sonae Capital																<b>21,393,605</b>
- attributable to minority interests																<b>1,558,084</b>

<sup>1</sup> 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 2009 and 2008 can be detailed as follows:

31 December 2009																
Total Operations	Resort & Residential Development	Real Estate Asset Management	Tourism Operations	Other	Eliminations	Total Tourism	Atlantic Ferries	Box Lines	Selfrio Group	Other	Eliminations	Total Spred	Holding & Others	Eliminations	Total Holding & Others	Consolidated
<b>Fixed Assets</b>																
Tangible	81,026,412	38,116,242	125,746,976	928,864	-	245,818,494	27,329,828	490,904	701,851	9,502,242	-	38,024,825	79,360	-	79,360	283,922,679
Intangible	4,721	21,107	7,082,732	206,485	-	7,315,045	83,109	25,515	14,556	9,653	-	132,832	50,902	-	50,902	7,498,780
Goodwill	23,973,167	11,480,644	399,249	21,266	-	35,874,326	-	216,643	24,221,576	1,005,344	-	25,443,563	32,081	-	32,081	61,349,970
Investments	585,044	1,023,043	50,000	18,774,078	-	20,432,165	-	-	0	2,837,146	-	2,837,146	48,568,562	-	48,568,562	71,837,873
Deferred tax assets	1,414,482	5,249,222	2,238,911	88,397	-	8,991,013	1,065,601	6,084	25,367	555,281	-	1,652,333	-	-	-	10,643,346
Other assets	234,866,022	95,800,875	33,664,370	329,275,788	(455,245,795)	238,361,260	2,185,677	11,444,564	60,280,991	16,946,544	(10,379,877)	80,477,900	581,493,823	(568,624,183)	12,869,640	331,708,799
Cash, cash equivalents and current investments	72,851	540,461	318,508	16,293	-	948,113	52,691	233,532	1,094,329	58,117	-	1,438,669	418,499	-	418,499	2,805,280
<b>Total Assets</b>	<b>341,942,697</b>	<b>152,231,596</b>	<b>169,500,747</b>	<b>349,311,171</b>	<b>(455,245,795)</b>	<b>557,740,416</b>	<b>30,716,905</b>	<b>12,417,242</b>	<b>86,338,670</b>	<b>30,914,327</b>	<b>(10,379,877)</b>	<b>150,007,268</b>	<b>630,643,226</b>	<b>(568,624,183)</b>	<b>62,019,044</b>	<b>769,766,728</b>
<b>Non-current Liabilities</b>																
Bank Loans	1,500,000	0	2,408,796	0	-	3,908,796	21,632,989	-	2,100,000	6,287,371	-	30,020,360	201,993,362	-	201,993,362	235,922,518
Deferred tax liabilities	1,678,843	443,923	714,647	101,591	-	2,939,003	480	1,867	-	-	-	2,346	201,640	-	201,640	3,142,990
Other non-current liabilities	207,184,045	116,597,254	130,848,992	512,835,643	(931,882,688)	35,583,246	-	-	-	38,939,666	(35,971,487)	2,968,179	2,264,214	-	2,264,214	40,815,639
<b>Current Liabilities</b>																
Bank Loans	89,857	(0)	1,282,392	23,642	-	1,395,891	1,474,655	-	1,403,360	1,416,995	-	4,295,010	39,109,659	-	39,109,659	44,800,559
Other current liabilities	44,907,216	5,293,054	22,543,223	38,685,854	(59,307,564)	52,121,784	2,029,504	8,391,931	27,790,583	14,572,889	(9,413,505)	43,371,402	4,939,711	(287,265)	4,652,446	100,145,634
<b>Total Liabilities</b>	<b>255,359,961</b>	<b>122,334,231</b>	<b>157,798,050</b>	<b>551,646,730</b>	<b>(991,190,252)</b>	<b>95,948,720</b>	<b>25,137,627</b>	<b>8,393,798</b>	<b>31,293,943</b>	<b>61,216,820</b>	<b>(45,384,992)</b>	<b>80,657,296</b>	<b>248,508,587</b>	<b>(287,265)</b>	<b>248,221,322</b>	<b>424,827,339</b>
<b>Technical investment</b>	<b>10,547,276</b>	<b>26,440,345</b>	<b>6,990,295</b>	<b>73,688</b>	<b>-</b>	<b>44,051,604</b>	<b>1,280,047</b>	<b>292,710</b>	<b>132,270</b>	<b>674,605</b>	<b>-</b>	<b>2,379,633</b>	<b>135,300</b>	<b>-</b>	<b>135,300</b>	<b>46,566,537</b>
<b>Gross Debt</b>	<b>1,589,857</b>	<b>0</b>	<b>3,691,189</b>	<b>23,642</b>	<b>-</b>	<b>5,304,688</b>	<b>23,107,644</b>	<b>-</b>	<b>3,503,360</b>	<b>7,704,367</b>	<b>-</b>	<b>34,315,371</b>	<b>241,103,022</b>	<b>-</b>	<b>241,103,022</b>	<b>280,723,077</b>
<b>Net Debt</b>	<b>1,517,007</b>	<b>(540,461)</b>	<b>3,372,681</b>	<b>7,349</b>	<b>-</b>	<b>4,356,575</b>	<b>23,054,952</b>	<b>(233,532)</b>	<b>2,409,031</b>	<b>7,646,250</b>	<b>-</b>	<b>32,876,702</b>	<b>240,684,524</b>	<b>-</b>	<b>240,684,524</b>	<b>277,917,797</b>

31 December 2008																
Total Operations	Resort & Residential Development	Real Estate Asset Management	Tourism Operations	Other	Eliminations	Total Tourism	Atlantic Ferries	Box Lines	Selfrio Group	Other	Eliminations	Total Spred	Holding & Others	Eliminations	Total Holding & Others	Consolidated
<b>Fixed Assets</b>																
Tangible	83,533,024	122,556,962	147,034,627	1,024,215	-	354,148,828	27,449,233	409,066	759,574	30,870,623	-	59,488,496	53,709	-	53,709	413,691,033
Intangible	4,767	8,212	721,054	263,599	-	997,632	44,845	30,075	15,873	402,240	-	493,033	0	-	0	1,490,665
Goodwill	23,973,167	11,480,644	97,743	372,030	-	35,923,584	-	216,643	24,221,576	1,372,737	-	25,810,956	32,081	-	32,081	61,766,621
Investments	592,802	902,597	(0)	217,143	-	1,712,542	-	-	30,000	915,815	-	945,815	41,572,275	-	41,572,275	44,230,632
Deferred tax assets	6,750,277	4,310,065	3,238,221	-	-	14,298,563	513,535	1,086	-	601,993	-	1,116,614	342,739	-	342,739	15,757,915
Other assets	242,733,434	145,578,434	72,319,084	605,966,598	(829,749,753)	236,847,797	500,208	12,745,501	53,849,720	199,341,582	(138,029,971)	128,407,039	620,384,826	(613,621,822)	6,763,004	372,017,841
Cash, cash equivalents and current investments	1,045,654	10,016,101	253,127	82,146	-	11,397,028	73,803	33,898	1,215,936	1,632,413	-	2,956,050	4,963,907	-	4,963,907	19,316,985
<b>Total Assets</b>	<b>358,633,125</b>	<b>294,853,016</b>	<b>223,663,857</b>	<b>607,925,730</b>	<b>(829,749,753)</b>	<b>655,325,974</b>	<b>28,581,623</b>	<b>13,436,269</b>	<b>80,092,679</b>	<b>235,137,402</b>	<b>(138,029,971)</b>	<b>219,218,002</b>	<b>667,349,538</b>	<b>(613,621,822)</b>	<b>53,727,715</b>	<b>928,271,692</b>
<b>Non-current Liabilities</b>																
Bank Loans	86,670	0	2,765,151	23,618	-	2,875,439	14,336,043	-	3,500,000	2,085,028	-	19,921,071	129,014,621	-	129,014,621	151,811,132
Deferred tax liabilities	1,757,357	497,823	554,702	107,962	-	2,917,844	-	-	-	-	-	-	246,326	-	246,326	3,164,170
Other non-current liabilities	174,053,393	142,509,672	144,101,343	755,404,015	(1,182,263,079)	33,805,343	-	-	748,798	131,132,128	(94,061,459)	37,819,467	18,046,370	2,745	18,049,115	89,673,926
<b>Current Liabilities</b>																
Bank Loans	95,080	7,934	1,273,611	31,424	-	1,408,048	719,202	-	1,427,960	12,950,856	-	15,098,018	124,756,438	-	124,756,438	141,262,504
Other current liabilities	120,353,232	25,359,085	34,507,922	46,918,837	(128,265,669)	98,873,406	6,381,706	8,604,858	37,493,743	118,770,871	(89,389,046)	81,862,133	92,884,284	(87,425,039)	5,459,245	186,194,785
<b>Total Liabilities</b>	<b>296,345,731</b>	<b>168,374,514</b>	<b>183,202,728</b>	<b>802,485,855</b>	<b>(1,310,528,748)</b>	<b>139,880,080</b>	<b>21,436,951</b>	<b>8,604,858</b>	<b>43,170,501</b>	<b>264,938,884</b>	<b>(183,450,505)</b>	<b>154,700,690</b>	<b>364,948,039</b>	<b>(87,422,294)</b>	<b>277,525,746</b>	<b>572,106,517</b>
<b>Technical investment</b>	<b>48,369,020</b>	<b>27,112,484</b>	<b>38,244,983</b>	<b>9,892</b>	<b>-</b>	<b>113,736,379</b>	<b>5,360,778</b>	<b>160,485</b>	<b>297,770</b>	<b>(27,949)</b>	<b>-</b>	<b>5,791,083</b>	<b>62,233</b>	<b>-</b>	<b>62,233</b>	<b>119,589,696</b>
<b>Gross Debt</b>	<b>181,749</b>	<b>7,934</b>	<b>4,038,762</b>	<b>55,042</b>	<b>-</b>	<b>4,283,487</b>	<b>15,055,245</b>	<b>-</b>	<b>4,927,960</b>	<b>15,035,885</b>	<b>-</b>	<b>35,019,089</b>	<b>253,771,059</b>	<b>-</b>	<b>253,771,059</b>	<b>293,073,635</b>
<b>Net Debt</b>	<b>(863,905)</b>	<b>(10,008,167)</b>	<b>3,785,635</b>	<b>(27,104)</b>	<b>-</b>	<b>(7,113,541)</b>	<b>14,981,442</b>	<b>(33,898)</b>	<b>3,712,024</b>	<b>13,403,472</b>	<b>-</b>	<b>32,063,040</b>	<b>248,807,152</b>	<b>-</b>	<b>248,807,152</b>	<b>273,756,651</b>

The contribution of the main business segments to the cash-flow statement for the periods ended 31 December 2009 and 2008 can be detailed as follows:

31 December 2009				
	Turismo	Spred	Holding and Others	Consolidated
Operating activities	17,937,906	9,768,621	(5,252,278)	22,454,249
Investment activities	(27,719,175)	(8,831,697)	19,871,111	(16,679,761)
Financing activities	730,692	202,544	(21,849,454)	(20,916,218)
<b>Change in cash and cash equivalents</b>				
<b>Total Operations</b>	<u>(9,050,577)</u>	<u>1,139,468</u>	<u>(7,230,621)</u>	<u>(15,141,730)</u>

31 December 2008				
	Turismo	Spred	Holding and Others	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)
<b>Change in cash and cash equivalents</b>				
<b>Total Operations</b>	<u>(87,730,198)</u>	<u>(34,434,629)</u>	<u>98,341,775</u>	<u>(23,823,052)</u>

Net debt of the Holding can be analysed as follows:

<b>Inflows</b>	
Gross bank debt	241,103,021
Cash and cash equivalents	418,499
Net bank debt	<u>240,684,523</u>
Sonae Turismo	0
Spred	0
Intercompany ST Loans Obtained	0
Total Inflows	<u>240,684,523</u>
<b>Outflows</b>	
Sonae Turismo	520,399,935
Spred	37,160,167
Intercompany Loans Granted	<u>557,560,102</u>



Sonae Capital's headcount can be detailed as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Turismo	674	691
Spred	898	985
Holding and Others	80	66
<b>Continued Operations</b>	<u>1,652</u>	<u>1,742</u>
<b>Discontinued Operations</b>	<u>-</u>	<u>801</u>
<b>Total</b>	<u>1,652</u>	<u>2,543</u>

#### 49. COMPLIANCE WITH LEGAL REQUIREMENTS

##### Decree Law Nr. 185/09 article 11

During the years ended 31 December 2009 and 31 December 2008, the following amounts have been paid to the company's external auditor:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Audit and Statutory Audit <sup>1</sup>	158,542	154,387
Other Assurance <sup>2</sup>	-	8,500
Tax Consultancy <sup>2</sup>	10,000	45,000
Other Services <sup>2</sup>	33,750	-
<b>Total</b>	<u>202,292</u>	<u>207,887</u>

<sup>1</sup> Fees agreed for the year.

<sup>2</sup> Amounts already paid.

#### 50. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 31 December 2009.

#### 51. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 24 March 2010 and are still subject to approval by the Shareholders General Meeting.

The Board of Directors



# **INDIVIDUAL FINANCIAL STATEMENTS**

**31 DECEMBER 2009**

SONAE CAPITAL, SGPS, SA

INDIVIDUAL BALANCE SHEETS AS AT 31 DECEMBER 2009 AND 2008

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

ASSETS	Notes	31 December 2009	31 December 2008
<b>NON CURRENT ASSETS:</b>			
Tangible assets		2,643	5,285
Investments	4	382,639,453	382,638,753
Deferred tax assets		-	342,739
Other non current assets	5	343,547,500	116,153,000
Total Non Current Assets		<u>726,189,596</u>	<u>499,139,777</u>
<b>CURRENT ASSETS</b>			
Other current assets	6	12,860,560	44,731,586
Cash and cash equivalents	7	55,597	25,516
Total Current Assets		<u>12,916,157</u>	<u>44,757,102</u>
<b>TOTAL ASSETS</b>		<u>739,105,753</u>	<u>543,896,879</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
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		(849,780)	(1,509)
Profit / (Loss) for the period		163,822,537	(848,271)
<b>TOTAL EQUITY</b>		<u>545,611,010</u>	<u>381,483,724</u>
<b>LIABILITIES:</b>			
<b>NON CURRENT LIABILITIES</b>			
Bank loans	10	102,750,107	29,934,516
Bonds	10	49,884,766	49,825,545
Other non current liabilities		140,821	-
Deferred tax liabilities		41,282	59,985
Total Non Current Liabilities		<u>152,816,976</u>	<u>79,820,046</u>
<b>CURRENT LIABILITIES</b>			
Suppliers		54,384	22,134
Bank overdrafts	10	39,100,000	21,850,000
Other creditors	12	2,350	59,230,978
Other current liabilities	13	1,521,033	1,489,997
Total Current Liabilities		<u>40,677,767</u>	<u>82,593,109</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>739,105,753</u>	<u>543,896,879</u>

The accompanying notes are part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENTS BY NATURE

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2009 AND 2008

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

	Notes	31 December 2009	31 December 2008
Operational income:			
Other operational income		12,918	10,055
Total operational income		<u>12,918</u>	<u>10,055</u>
Operational expenses:			
External supplies and services	14	(543,426)	(560,648)
Staff costs	16	(1,154,294)	(1,167,426)
Depreciation and amortisation		(2,642)	(2,642)
Other operational expenses		(56,999)	(54,095)
Total operational expenses		<u>(1,757,361)</u>	<u>(1,784,812)</u>
Operational profit/(loss)		<u>(1,744,443)</u>	<u>(1,774,757)</u>
Financial income	17	10,604,607	5,544,698
Financial expenses	17	(7,055,350)	(4,898,944)
Net financial income/(expenses)		<u>3,549,257</u>	<u>645,754</u>
Investment income	18	162,500,000	-
Profit/(loss) before taxation		<u>164,304,814</u>	<u>(1,129,004)</u>
Taxation	19	(482,277)	280,733
Profit/(loss) for the period		<u><u>163,822,537</u></u>	<u><u>(848,271)</u></u>
Profit/(loss) per share			
Basic	20	0.655290	(0.003393)

The accompanying notes are part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENTS BY NATURE

FOR THE THREE MONTHS ENDED 31 DECEMBER 2009 AND 2008

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

	<u>4<sup>th</sup> Quarter 2009</u> <u>(Unaudited)</u>	<u>4<sup>th</sup> Quarter 2008</u> <u>(Unaudited)</u>
Operational income:		
Other operational income	4,987	(6,788)
Total operational income	<u>4,987</u>	<u>(6,788)</u>
Operational expenses:		
External supplies and services	(178,937)	(239,193)
Staff costs	(295,383)	(295,388)
Depreciation and amortisation	(661)	(661)
Other operational expenses	(5,747)	(26,004)
Total operational expenses	<u>(480,728)</u>	<u>(561,247)</u>
Operational profit/(loss)	<u>(475,741)</u>	<u>(568,034)</u>
Financial income	3,529,262	2,016,509
Financial expenses	(749,600)	(1,731,146)
Net financial income/(expenses)	<u>2,779,662</u>	<u>285,363</u>
Investment income	-	-
Profit/(loss) before taxation	<u>2,303,921</u>	<u>(282,673)</u>
Taxation	(536,121)	281,285
Profit/(loss) for the period	<u>1,767,800</u>	<u>(1,388)</u>
Profit/(loss) per share		
Basic	0.0070712	(0.000006)

The accompanying notes are part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2009 AND 2008

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

	<u>31 December 2009</u>	<u>31 December 2008</u>
Net profit for the period	163,822,537	(848,271)
Exchange differences on translating foreign operations	-	-
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	-	-
Change in the fair value of assets available for sale	-	-
Change in the fair value of cash flow hedging derivatives	304,749	(304,749)
Gains on property revaluation	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period	<u>304,749</u>	<u>(304,749)</u>
Total comprehensive income for the period	<u><u>164,127,286</u></u>	<u><u>(1,153,020)</u></u>

The accompanying notes are part of these financial statements

The Board of Directors



SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED 31 DECEMBER 2009 AND 2008

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

	<u>4<sup>th</sup> Quarter 2009</u> <u>(Unaudited)</u>	<u>4<sup>th</sup> Quarter 2008</u> <u>(Unaudited)</u>
Net profit for the period	1,767,800	(1,388)
Exchange differences on translating foreign operations	-	-
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	-	-
Change in the fair value of assets available for sale	-	-
Change in the fair value of cash flow hedging derivatives	-	(580,772)
Gains on property revaluation	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period	-	(580,772)
Total comprehensive income for the period	<u>1,767,800</u>	<u>(582,160)</u>

The accompanying notes are part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA  
INDIVIDUAL STATEMENT OF CHANGES IN EQUITY  
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2009 AND 2008

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

	Share Capital	Own Shares	Legal Reserve	Legal Revaluation Reserve	Reserves Fair Value Reserve	Hedging Reserve	Other Reserves	Retained Earnings	Net profit / (loss)	Total Equity
Balance as at 1 January 2008	250,000,000	-	-	-	-	-	132,638,253	-	(2,012)	382,636,241
Total comprehensive income for the period	-	-	-	-	(304,749)	-	-	-	(848,271)	(1,153,020)
Appropriation of profits:										
Transfer to legal reserve and retained earnings	-	-	-	-	-	-	-	(2,012)	2,012	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-
Acquisition/(disposal) of own shares	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	503	-	503
Balance as at 31 December 2008	<u>250,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(304,749)</u>	<u>-</u>	<u>132,638,253</u>	<u>(1,509)</u>	<u>(848,271)</u>	<u>381,483,724</u>
Balance as at 1 January 2009	250,000,000	-	-	-	(304,749)	-	132,638,253	(1,509)	(848,271)	381,483,724
Total comprehensive income for the period	-	-	-	-	304,749	-	-	-	163,822,537	164,127,286
Appropriation of profits:										
Transfer to legal reserve and retained earnings	-	-	-	-	-	-	-	(848,271)	848,271	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-
Acquisition/(disposal) of own shares	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2009	<u>250,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,638,253</u>	<u>(849,780)</u>	<u>163,822,537</u>	<u>545,611,010</u>

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

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2009 AND 2008

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

	<u>31 December 2009</u>	<u>31 December 2008</u>
<u>OPERATING ACTIVITIES</u>		
Cash paid to trade creditors	533,438	504,945
Cash paid to employees	974,713	834,586
Cash flow generated by operations	<u>(1,508,151)</u>	<u>(1,339,531)</u>
Income taxes (paid)/received	(26,338)	29,056
Other cash receipts/(payments) relating to operating activities	<u>(968,249)</u>	<u>85,435</u>
Net cash flow from operating activities [1]	<u>(2,450,062)</u>	<u>(1,283,152)</u>
<u>INVESTMENT ACTIVITIES</u>		
Cash receipts arising from:		
Interest and similar income	7,774,409	2,217,250
Dividends	162,500,000	-
	<u>170,274,409</u>	<u>2,217,250</u>
Cash payments arising from:		
Investments	700	500
Tangible assets	-	7,927
Loans granted	191,940,200	107,772,300
	<u>(191,940,900)</u>	<u>(107,780,727)</u>
Net cash flow from investment activities [2]	<u>(21,666,491)</u>	<u>(105,563,476)</u>
<u>FINANCING ACTIVITIES</u>		
Cash receipts arising from:		
Loans obtained	90,050,000	110,981,400
	<u>90,050,000</u>	<u>110,981,400</u>
Cash Payments arising from:		
Interest and similar costs	6,771,966	4,110,618
Loans obtained	59,131,400	-
	<u>(65,903,366)</u>	<u>(4,110,618)</u>
Net cash from financing activities [3]	<u>24,146,634</u>	<u>106,870,782</u>
Net increase/(decrease) in cash and cash equivalents [4] = [1]+[2]+[3]	30,081	24,154
Cash and cash equivalents at the beginning of the period	25,516	1,363
Cash and cash equivalents at the end of the period	<u>55,597</u>	<u>25,516</u>

The accompanying notes are part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED 31 DECEMBER 2009 AND 2008

(Translation of the individual financial statements originally issued in Portuguese)

(Amounts expressed in euro)

	<u>4<sup>th</sup> Quarter 2009</u> (Unaudited)	<u>4<sup>th</sup> Quarter 2008</u> (Unaudited)
<u>OPERATING ACTIVITIES</u>		
Cash paid to trade creditors	100,173	187,955
Cash paid to employees	229,413	207,906
Cash flow generated by operations	<u>(329,586)</u>	<u>(395,861)</u>
Income taxes (paid)/received	500	44,674
Other cash receipts/(payments) relating to operating activities	(815,844)	76,569
Net cash flow from operating activities [1]	<u>(1,145,930)</u>	<u>(332,730)</u>
 <u>INVESTMENT ACTIVITIES</u>		
Cash receipts arising from:		
Interest and similar income	325,979	139,019
Dividends	-	-
	<u>325,979</u>	<u>139,019</u>
Cash payments arising from:		
Investments	700	500
Tangible assets	-	-
Loans granted	(55,636,000)	70,048,300
	<u>55,635,300</u>	<u>(70,048,800)</u>
Net cash flow from investment activities [2]	<u>55,961,279</u>	<u>(69,909,780)</u>
 <u>FINANCING ACTIVITIES</u>		
Cash receipts arising from:		
Loans obtained	6,600,000	71,981,400
	<u>6,600,000</u>	<u>71,981,400</u>
Cash Payments arising from:		
Interest and similar costs	2,561,886	1,724,598
Loans obtained	58,823,200	-
	<u>(61,385,086)</u>	<u>(1,724,598)</u>
Net cash from financing activities [3]	<u>(54,785,086)</u>	<u>70,256,802</u>
Net increase/(decrease) in cash and cash equivalents [4] = [1]+[2]+[3]	<u>30,263</u>	<u>14,292</u>
Cash and cash equivalents at the beginning of the period	<u>25,334</u>	<u>11,225</u>
Cash and cash equivalents at the end of the period	<u>55,597</u>	<u>25,516</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 2009 AND 2008

(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 set up on 14 December 2007 by public deed, following the demerger from Sonae, SGPS, SA of the whole of the shareholding in 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.

The Company's financial statements are presented as required by the Commercial Companies Code. According to Decree-Law 35/2005 of 17 February 2007, the Company's financial statements have been prepared in accordance with International Financial Reporting Standards.

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 2009.

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 forecast 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 recorded at cost, if any, and subsequently measured at fair value. 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 arising from these derivatives 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.

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 of the Institutions;
- to determine the fair value of 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 2009 would have been lower or higher by 1,396,667.13 euro, respectively (as at 31 December 2008 they would have been lower by 278,111.02 euro or higher by 320,658.52 euro).

## 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 arise 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:

- a) Only executes transactions with counterparts with an Investment Grade minimum rating;
- b) Diversifies its counterparts, in order to avoid an excessive concentration of credit risk;
- c) Defines a limited range of eligible 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 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 2009 and 31 December 2008 investments are detailed as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Investments in affiliated and associated undertakings	382,638,253	382,638,253
Investments in other companies (Sonae RE - 0,04%)	1,200	500
	<u>382,639,453</u>	<u>382,638,753</u>

##### 4.1 Investments in affiliated and associated undertakings

As at 31 December 2009 and 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 2009				31 December 2008			
	% Held	Fair Value	Book Value	Fair Value Reserve	% Held	Fair Value	Book Value	Fair Value Reserve
SC, SGPS, SA	100.00%	-	382,638,253	-	100.00%	-	382,638,253	-
Total		-	382,638,253	-		-	382,638,253	-

#### 5. OTHER NON CURRENT ASSETS

As at 31 December 2009 and 31 December 2008 other non current assets are detailed as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Loans granted to group companies:		
SC, SGPS, SA	343,547,500	116,153,000
	<u>343,547,500</u>	<u>116,153,000</u>

This asset was not due or impaired as at 31 December 2009. 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 2009 and 31 December 2008 other current assets can be detailed as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Group companies - Short term loans:		
Change, SGPS, SA	2,052,000	-
SC, SGPS, SA	3,862,000	40,133,300
SC - Sociedade de Consultadoria, SA	-	1,235,000
Group companies - Interest:		
SC, SGPS, SA	5,945,846	2,802,326
Income tax withheld	212,237	27,538
Other Debtors	2,632	-
Accrued income	9,063	533,422
Deferred costs	776,782	-
	<u>12,860,560</u>	<u>44,731,586</u>

## 7. CASH AND CASH EQUIVALENTS

As at 31 December 2009 and 31 December 2008 cash and cash equivalents can be detailed as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Cash	1,003	1,000
Bank deposits	54,594	24,516
Cash and cash equivalents in the balance sheet	<u>55,597</u>	<u>25,516</u>
Bank overdrafts	-	-
Cash and cash equivalents in the cash flow statement	<u>55,597</u>	<u>25,516</u>

## 8. SHARE CAPITAL

As at 31 December 2009 share capital consisted of 250,000,000 ordinary shares of 1 euro each.

## 9. OTHER RESERVES

As at 31 December 2009, 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 (382,638,253 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 2009 and 31 December 2008 this caption included the following loans:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Bank loans - Commercial paper	102,800,000	30,000,000
Up-front fees not yet charged to income statement	(49,893)	(65,484)
Bank loans - non current	<u>102,750,107</u>	<u>29,934,516</u>
Nominal value of bonds	50,000,000	50,000,000
Up-front fees not yet charged to income statement	(115,234)	(174,455)
Bonds	<u>49,884,766</u>	<u>49,825,545</u>
Non-current loans	<u>152,634,873</u>	<u>79,760,061</u>
Bank loans - Commercial paper	<u>39,100,000</u>	<u>21,850,000</u>
Current bank loans	<u>39,100,000</u>	<u>21,850,000</u>

Bonds Sonae Capital 2007/2012 1<sup>st</sup> Bond issue, amounting to 20,000,000 euro, repayable after 5 years, in one instalment, on 31 December 2012, except if total or partial early repayment occurs, which can happen on 31 December 2010.

Bonds Sonae Capital 2007/2012 2<sup>nd</sup> 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%.

Bonds totalling 20,000,000 euro are included in the financial statements based on their full lives, although prior call/put options exist. In the case of early repayment, it is considered that the borrowing could be refinanced on a similar basis and the borrowing structure maintained.

The caption Non Current Bank Loans, relates to amounts issued under four Commercial Paper Programmes with guaranteed subscription, one of which launched on 14 March 2008 with the maximum amount of 30,000,000 euro and valid for a period of 5 years, and three other launched on 26 and 28 August 2009 with the maximum amount of 36,600,000 euro each and valid for a period of 2 years.

The caption Current Bank Loans includes two issues of commercial paper programmes. One, with a maximum limit of 60,000,000 euro, without subscription guarantee, launched on 28 March 2008, valid for a ten year period, which may be extended at the option of the Company, and another, with a maximum limit of 15,000,000 euro, with subscription guarantee, launched on 22 December 2008, valid for one year period, extendable for two annual periods, which may not be renewed at the discretion of both parties.

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 loans and the estimated nominal values of interest to be paid on them have the following maturity dates:

	31 December 2009		31 December 2008	
	Capital	Interest	Capital	Interest
N+1	39,100,000	4,726,172	21,850,000	3,499,342
N+2	72,800,000	2,506,662	20,000,000	2,576,018
N+3	50,000,000	1,657,727	-	2,576,018
N+4	30,000,000	446,936	30,000,000	2,583,076
N+5	-	-	30,000,000	155,046
After N+5	-	-	-	-
	<u>191,900,000</u>	<u>9,337,497</u>	<u>101,850,000</u>	<u>11,389,500</u>

As at 31 December 2009 and 31 December 2008, available credit lines may be summarised as follows:

	31 December 2009		31 December 2008	
	Commitments		Commitments	
	less than 1Y	over 1 Y	less than 1Y	over 1 Y
Amounts of credit lines available	28,600,000	48,150,000	14,150,000	15,000,000
Amounts of credit lines contracted	43,350,000	120,950,000	36,000,000	15,000,000

## 11. DERIVATIVES

There are no Derivatives as at 31 December 2009.

## 12. OTHER CREDITORS

As at 31 December 2009 and 31 December 2008, these captions were made up as follows:

	31 December 2009	31 December 2008
<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	2,350	99,578
	<u>2,350</u>	<u>59,230,978</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 2009 and 31 December 2008, these captions were made up as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
<u>Other current liabilities</u>		
Taxes payable	185,865	28,326
Accruals:		
Staff costs	344,130	314,842
Interest payable	977,733	800,023
Other accruals	6,947	33,569
Deferred income	6,358	6,788
Derivative hedging instruments (Note 11)	-	306,449
	<u>1,521,033</u>	<u>1,489,997</u>

### 14. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2009 and 31 December 2008, External Supplies and Services can be detailed as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Operational rents	19,195	12,864
Insurance costs	66,366	68,846
Travelling expenses	53,731	95,841
Fees	-	11,020
Services obtained	391,013	361,433
Other services	13,120	10,644
	<u>543,426</u>	<u>560,648</u>

### 15. OPERATIONAL LEASES

As at 31 December 2009 and 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 2009</u>	<u>31 December 2008</u>
N+1	28,191	13,834
N+2	28,191	13,834
N+3	28,191	13,834
N+4	14,357	13,834
N+5	1,196	-
	<u>100,126</u>	<u>55,336</u>

## 16. STAFF COSTS

As at 31 December 2009 and 31 December 2008, Staff Costs are made up as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Governing bodies' remunerations	1,042,937	1,093,959
Social security contributions	65,919	59,876
Other staff costs	45,438	13,591
	<u>1,154,294</u>	<u>1,167,426</u>

## 17. NET FINANCIAL EXPENSES

As at 31 December 2009 and 31 December 2008, Net Financial Expenses can be detailed as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Interest payable and similar expenses		
Interest arising from:		
Bank loans	(2,443,027)	(1,588,348)
Bonds	(1,388,268)	(2,791,156)
Other	(2,267,705)	(271,563)
Other financial expenses	(956,350)	(247,877)
	<u>(7,055,350)</u>	<u>(4,898,944)</u>
Interest receivable and similar income		
Interest income	10,604,607	5,544,698
	<u>10,604,607</u>	<u>5,544,698</u>
Net financial expenses	<u>3,549,257</u>	<u>645,754</u>

## 18. INVESTMENT INCOME

As at 30 December 2009, the caption Investment Income refers to dividends attributed by SC, SGPS, SA, in accordance with the resolution of the Shareholders General Meeting held on 30 March 2009.

## 19. TAXATION

As at 31 December 2009 and 31 December 2008, Taxation is made up as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
	<u>Total</u>	<u>Total</u>
Current tax	158,241	1,518
Deferred tax	324,036	(282,251)
	<u>482,277</u>	<u>(280,733)</u>

## 19.1 Reconciliation of effective tax charge

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2009 and 2008 as follows:

	31 December 2009	31 December 2008
	<u>Total</u>	<u>Total</u>
Profit before income tax	164,304,814	(1,129,004)
Difference between accounting and tax of capital gains/(losses)	(162,419,613)	11,361
Taxable Profit	1,885,201	(1,117,643)
Recognition of tax losses originating deferred taxes	(1,369,255)	1,117,643
Taxable Income	515,946	-
Tax Charge (24.70%)	127,423	-
Municipal surcharge	28,278	-
Autonomous taxes	2,540	1,518
Effect of increases or decreases in deferred taxes	324,036	(282,251)
Taxation	482,277	(280,733)
Effective tax rate	25.58%	-

## 19.2 Tax losses carried forward

	31 December 2009		31 December 2008	
	<u>Tax losses</u>	<u>To be used until</u>	<u>Tax losses</u>	<u>To be used until</u>
Generated in 2007	-	-	251,612	2013
Generated in 2008	-	-	1,117,643	2014

## 20. EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2009 and 2008 were calculated taking into consideration the following amounts:

	31 December 2009	31 December 2008
<b>Net profit</b>		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period )	163,822,537	(848,271)
Effect of dilutive potential shares		
Net profit taken into consideration to calculate diluted earnings per share	<u>163,822,537</u>	<u>(848,271)</u>
<b>Number of shares</b>		
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>
<b>Earnings per share (basic and diluted)</b>	<u>0.655290</u>	<u>(0.003393)</u>

21. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 24 March 2010.

22. INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

In the period ended 31 December 2009 shareholders' loan contracts were entered into with the following companies:

- SC, SGPS, SA

In the period ended 31 December 2009 short-term loan contracts were entered into with the following companies:

- SC, SGPS, SA
- Change, SGPS, SA

As at 31 December 2009 amounts owed by affiliated undertakings can be summarized as follows:

Loans granted	
<u>Companies</u>	<u>Closing Balance</u>
SC, SGPS, SA	347,409,500
Change, SGPS, SA	2,052,000
	<u>349,461,500</u>

As at 31 December 2009 there were no amounts owed to affiliated companies.

Decree-Law nr 185/09 art 11

In the 12 months ended 31 December 2009 and 31 December 2008, the following remunerations were paid to the external auditor of the company:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Audit and Statutory Audit <sup>1</sup>	27,786	27,084
Other Assurance	-	-
Tax Consultancy	-	-
	<u>27,786</u>	<u>27,084</u>

<sup>1</sup> Annual fees agreed.

The Board of Directors



# **REPORT AND OPINION OF THE FISCAL BOARD**

**31 DECEMBER 2009**





## **Report and Opinion of the Fiscal Board**

*(Translation of a report originally issued in Portuguese)*

To the Shareholders of  
Sonae Capital, SGPS, SA


In accordance with applicable legislation and the mandate given to the Fiscal Board, we hereby submit our Report and Opinion which covers the report of the Board of Directors and the consolidated and individual Financial Statements of Sonae Capital, SGPS, SA for the year ended 31 December 2009, which are the responsibility of the Company's Board of Directors.

### **Supervisory activities**

During the year, we have monitored the management of the Company, reviewed the development of the operations of the Company and of its main affiliates, and held meetings whenever considered necessary and with the appropriate scope. In face of the subject under review, these meetings were attended by key staff of the finance department, namely the Chief Financial Officer, of the planning and control department and of internal audit and risk management. We have also followed up closely the work of the statutory auditor and external auditor of the Company who kept us informed of the scope and conclusions of the audit work performed. In performing these tasks, the Fiscal Board has obtained from the Board of Directors, Company staff and affiliated companies' staff and from the statutory auditor all the necessary information and explanations, for a proper understanding and assessment of business developments, financial performance and position, as well as of risk management and internal control systems.

We have also reviewed the preparation and disclosure of financial information, as well as the statutory audit performed on the individual and consolidated accounts of the Company, having obtained from the statutory auditor all information and explanations requested. Additionally, within the scope of the mandate given to the Fiscal Board, we examined the individual and consolidated balance sheets as at 31 December 2009, the individual and consolidated statements of profit and loss by nature, statements of cash flows, statements of comprehensive income and statements of changes in equity for the year ended on that date and related notes.

We have also reviewed the report of the Board of Directors for the year 2009 and the Statutory Auditor's Report issued by the External Auditor of the Company, whose content we agree with.



Considering the above, we are of the opinion that the consolidated and individual financial statements referred to above were prepared in accordance with applicable accounting, legal and statutory standards and give a true and fair view of the assets and liabilities, financial position and results of Sonae Capital, SGPS, SA and of its main affiliates, and that the report of the Board of Directors faithfully describes business developments, performance and financial position of the Company and of its affiliates and the main risks and uncertainties they face.

We would like to express our gratitude to the Company's Board of Directors and staff.

### **Opinion**

In face of the above mentioned, we are of the opinion that the Shareholders' General Meeting can approve:

- a) The report of the Board of Directors, the individual and consolidated balance sheets as at 31 December 2009, the individual and consolidated financial statements of profit and loss by nature, of cash flows, of comprehensive income and of changes in equity for the year ended on that date and related notes;
- b) The profit appropriation proposal of the Board of Directors.

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

Under the terms of Article 245, paragraph 1, c) of the Portuguese Securities Code, the members of the Fiscal Board hereby declare that, to their knowledge, the information disclosed in the Report of the Board of Directors and other accounting documents, was prepared in accordance with applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and results of the Company and of its affiliates.

Moreover, members of the Fiscal Board consider that the Report of the Board of Directors faithfully describes business developments, the performance and the position of the Company and of its affiliates and the main risks and uncertainties they face.

Maia, 24 March 2010

The Fiscal Board

Manuel Heleno Sismeiro

Armando Luis Vieira de Magalhães

Jorge Manuel Felizes Morgado



# **STATUTORY AUDIT AND AUDITORS' REPORT**

**31 DECEMBER 2009**

## STATUTORY AUDIT AND AUDITORS' 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 compliance with applicable legislation, we hereby present our Statutory Audit and Auditors' 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 2009 of Sonae Capital, S.G.P.S., S.A. (Company which resulted from the demerger of the whole 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 (that present a total of 769,766,728 Euro and 739,105,753 Euro, respectively, and consolidated and individual equity of 344,939,389 Euro and 545,611,010 Euro, respectively, including consolidated net profit attributable to the Company's Equity Holders of 23,074,268 Euro and an individual net profit of 163,822,537 Euro), the Consolidated and Individual Statements of Profit and Loss, Comprehensive Income, Changes in Equity, and Cash flows for the year then ended and the corresponding notes.

### **Responsibilities**

2. The Company's Board of Directors is responsible for: (i) the preparation of consolidated and individual financial statements that present a true and fair view of the financial position of the Company and the companies included in the consolidation, the consolidated and individual results of their operations, comprehensive income, changes in equity and 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, results of operations and comprehensive income.
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 includes 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 2009, the consolidated and individual results of its operations, the consolidated and individual comprehensive income, changes in consolidated and individual equity 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.

Porto, 24 March 2010

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DELOITTE & ASSOCIADOS, SROC S.A.  
Represented by António Manuel Martins Amaral



# **EXTRACT FROM THE MINUTES OF THE ANNUAL GENERAL SHAREHOLDERS' MEETING**



**SONAE CAPITAL, SGPS, S. A.**  
Lugar do Espido, Via Norte, Maia  
Share Capital: € 250,000,000.00  
Maia Commercial Registry and Fiscal Number 508276756  
Sociedade Aberta

I hereby certify that, under the terms of Minute number three of the Shareholders' General Meeting held on 28 April 2010, the following proposals were approved:

One- "We propose that the Report of the Board of Directors, the individual and the consolidated Financial Statements for 2009, including appendices thereto, are approved as presented."

Two- "Under the terms of the law and of the Articles of Association, the Board of Directors proposes to the Shareholders General Meeting that the 2009 Net Profit of 163,822,536.53 euro, has the following appropriation:

Legal Reserve: € 8,191,126.83

Free Reserves: € 154,781,630.19

Retained Earnings: € 849,779.51".

Maia, 28 April 2010

The Company's Secretary