

REPORT AND ACCOUNTS

31 DECEMBER 2011

(Translation from the Portuguese Original)




CHAIRMAN'S STATEMENT



Dear Shareholders,

Unsurprisingly, the year 2011 turned out difficult. The economic and financial crisis that Portugal is facing, and particularly the crisis in the real estate sector, had a significant impact on Sonae Capital's results which nevertheless improved over the previous year. The impacts of the ongoing adjustment process which has been impacting the Portuguese Economy, led to a drop in the activity and profitability levels of businesses which are closer to final consumers (resorts, hotels and fitness) and to the construction industry (refrigeration, ventilation and air conditioning). However, in 2011 significant capital gains were generated from the sale of non-strategic assets, representing a further significant step in the path Sonae Capital has been pursuing in the last years towards a more focused business portfolio.

In 2011 **troia**resort recorded a decrease in the number of residential units sold, reflecting the current macroeconomic environment and, particularly, the increased perceived risk of Portugal for markets and international investors and, in Portugal, the restrictions in accessing bank financing. Nevertheless, we cannot stress enough the pride we feel in carrying out this project which, in our opinion, is important to the Portuguese economy as it represents a significant investment in a project with potential international reach and relevant for the development of Tourism, a strategic sector for the Portuguese economy. We have come a long way since we took over a failed project (former Torralta) and nearly completed the territorial planning of Tróia, with all detailed plans approved and issued or about to be issued. The creation of a new tourism destination, as is the case, will take time to accomplish. So far we have been following this path almost alone but convinced that this investment created an anchor for the development of tourism in Tróia and coastal Alentejo and that it will generate positive externalities which will benefit a few major projects expected, but delayed, for the area and which are necessary for the confirmation of the destiny. Our investment has largely exceeded the commitment assumed with the Portuguese Government – circa 266 million euro versus 200 million euro – according to the objectives of the contract signed in 2000 which are in substance more than assured. Thus, it is




difficult to understand the Government's reservation on the accomplishment level and the insistence on the need to conclude non-strategic projects in a time of scarce and expensive funding caused by *crowding out*, when the priority is to capture foreign investment and focus available financial resources in maintaining what has been done so far, in jobs created and in international promotion.

Hotel and Fitness businesses, inevitably impacted by the significant reduction in consumers' available income and by the negative impact of the VAT increase, have also evidenced a decrease in revenues generated. 2011 was also a year of important changes in management teams and we are now focused in implementing measures to increase revenues and reduce costs in order to obtain short term results so that these businesses can have a solid base which will allow their sustainable development over the medium term.

SC Assets, responsible for the ownership and management of the real estate portfolio of Sonae Capital, grew circa 36% as a result of higher sales of real estate assets. We have been promoting efforts to progress with licensing and project stages of some relevant real estate assets with the objective of increasing their potential for sale. We have the intention to significantly increase, over the next years, the sales pace of real estate assets with little strategic importance while striking a balance between generating cash flow and maximizing the value of those assets.

The Refrigeration, Ventilation and Air Conditioned business has also evidenced a contraction in the activity level of around 13%. This business was inevitably affected by the strong contraction of investment in the construction and retail, in particular food retail, sectors. The maturity of this business in the home market, together with our leadership position, honed skills and experience, allow us to look for other growth opportunities and build a base to ensure sustainable growth in international markets, both in countries where we are already present as well as in new geographies.

The Energy and Environment business recorded significant growth compared to 2010 driven by the start of operations of the second cogeneration facility under management. This business area has the objective of investing in opportunities in distributed generation, in the Portuguese and foreign markets, as a priority growth path for the Group.



In 2011, processes and systems were modernized across the board, the organizational and human resources structure was adjusted for potential future activity levels and we carried on with the project of optimizing cost structures so as to improve operations profitability, safeguarding internal control procedures which will allow the Group to achieve its strategic goals.

We restate our objective to sell non-strategic assets in the future thus proceeding with the objective of focusing our portfolio and reducing debt.

This will be my last executive mandate and, in that sense, besides Álvaro Portela, the Board of Directors has now Cláudia Azevedo as an executive director.

I would like to address a special thanks to Sonae Capital's employees for the work performed throughout the year and express confidence in the accomplishment of the goals that we have set to aim.

Maia, 30 March 2012

Belmiro de Azevedo

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REPORT OF THE BOARD OF DIRECTORS

31 DECEMBER 2011

Report of the Board of Directors 31 December 2011

(Translation from the Portuguese original)

- **The impact of the slowdown in activity experienced by most significant businesses throughout the year was offset by gains generated on the sale of non-core assets...**
 - **Turnover of 136.9 M.€ (151.9 M.€ in FY10);**
 - **Negative EBITDA of 2.2 M.€ (positive 1.8 M.€ in FY10);**
 - **Net Profit of 3.8 M.€ (net loss of 11.0 M.€ in FY10).**
- **In 2011, sales of real estate assets amounted to 21.7 M.€ (including the 9.2 M.€ sale of Tróia B3), which compares to sales of 16.9 M.€ in 2010.**
- **Net debt as at 31 December 2011 was 261.1 M.€, down 16.1 M.€ compared to 31.12.10, reflecting the use of a significant portion of the proceeds from the sale of the Group's shareholding in TP to reduce debt.**
- **An internal reorganisation was carried out in 2011 at both operating and corporate levels, aimed at improving team skills, consolidating expertise, and optimising processes and cost structures, which will allow the Group to weather the current economic downturn.**

Disclaimer:

Unless otherwise stated, comparable figures (presented within brackets), percent or absolute changes mentioned in this report refer to the comparable period of the previous year for performance figures and to the year 2010 for financial position figures.

Following the sale of the shareholding in Box Lines, which took effect as from 16 September 2010, this business unit's contribution to performance figures is disclosed in the profit and loss statement under discontinued operations in 2010 and is no longer included in the consolidated financial position of the company as at 31 December 2010.

In view of the above considerations, comparisons presented throughout this report are made on a like for like basis, with discontinued operations not being taken into account in the 2010 consolidated profit and loss statement.

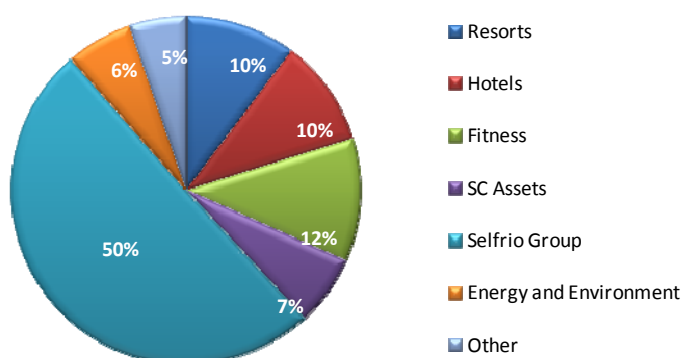
1. Key Figures

		Values in 10 ⁶ euro	
		FY	
		2011	2010 ¹
▪	Turnover	136.9	151.9
▪	EBITDA	(2.2)	1.8
▪	Net Income	3.8	(11.0)

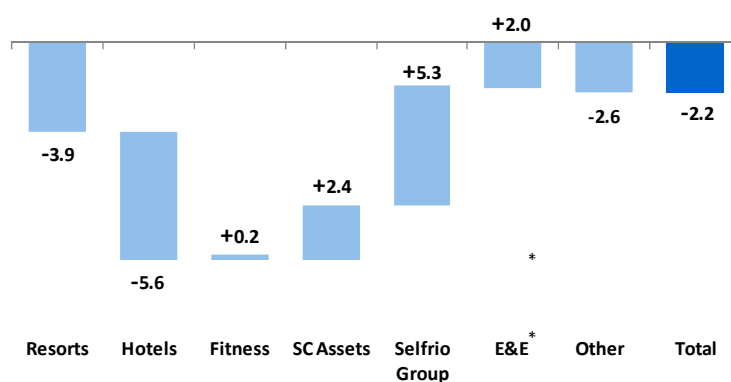
		31.12.11	31.12.10
▪	Net Debt	261.1	277.2
▪	Capex	11.0	10.2 ¹

¹ Relates to continued operations.

% Contribution to Turnover FY 11



Contributions to EBITDA FY11 (10⁶ euro)



	Contributions to Consolidated Figures					
	Turnover			EBITDA		
	FY 11	FY 10	Δ	FY 11	FY 10	Δ
Resorts	14,140.8	20,737.1	-31.8%	-3,942.5	-2,189.3	-80.1%
Resort Development	6,687.2	14,112.0	-52.6%	-3,906.3	-889.2	<-100%
Resort Management (Golf, Marina and Market)	2,382.3	2,158.6	+10.4%	-762.0	-993.3	+23.3%
Atlantic Ferries ¹	5,071.3	4,466.5	+13.5%	725.7	-306.9	-
Hotels	13,496.2	14,541.1	-7.2%	-5,576.1	-6,203.8	+10.1%
Fitness	15,708.5	18,526.4	-15.2%	220.8	2,621.1	-91.6%
Other	5.7	0.2	>100%	-361.2	-673.7	+46.4%
Sonae Turismo's contribution	43,351.3	53,804.8	-19.4%	-9,659.1	-6,445.8	-49.9%
Residential Property Development	3,229.9	1,777.5	+81.7%	657.9	-1,194.7	-
Operating Assets	2,510.9	2,564.2	-2.1%	2,125.0	2,824.5	-24.8%
Other Assets	3,161.5	2,216.3	+42.6%	-400.1	316.4	-
SC Assets's contribution	8,902.4	6,558.0	+35.7%	2,382.7	1,946.2	+22.4%
Selfrio Group	69,024.7	79,741.7	-13.4%	5,279.8	6,332.8	-16.6%
Energy and Environment	8,432.1	5,127.9	+64.4%	2,005.9	964.0	>100%
Other ²	6,936.7	6,385.5	+8.6%	-40.9	267.4	-
Spred's contribution	84,393.5	91,255.1	-7.5%	7,244.8	7,564.2	-4.2%

¹ Included in Spred in 2010.

² Includes Entertainment, included in Sonae Turismo in 2010.

2. Macroeconomic Environment

In 2011, the **World Economy slowed sharply**, mostly driven by the performance of advanced economies. During the year, forecasts for World GDP (Gross Domestic Product) were successively revised downwards by leading international institutions, as evidence of a deeper and more prolonged crisis in the Euro Area began to emerge. World GDP grew by 3.8% in 2011 (5.2% in 2010), mostly due to the emerging and developing economies, in particular by BRIC countries which still had the highest growth rates albeit at a slower pace than in 2010. The supply disruptions from the Japan earthquake and the impact of rising commodity prices are considered to be temporary factors impacting World economic performance in 2011. In the United States, the slowdown in economic growth in 2011 (+1.8%) is reflected in the downgrade of the country's sovereign credit rating and was affected by the instability resulting from the Eurozone crisis. As in most markets, consumer and business confidence has been impacted, and pressure to deleverage debt levels quickly is expected to have a significant effect on consumption and investment levels. At the same time, persistently high levels of unemployment also pose additional pressures on private consumption. Although the growth rates of BRIC countries were below those of 2010, they still achieved significant growth in 2011, the only exception being Brazil (2.9% growth compared to 7.5% in 2010). The drivers of growth continue to be of a varied nature within this group of countries, with investment being the most important in China, private consumption in India and strong commodity prices in Russia. Nonetheless, even these countries are facing downward pressures as a result of the global economic slowdown.

In the **Euro Area**, GDP grew by 1.6% in 2011, slightly below the 1.9% growth posted in 2010, and as the year progressed, increased fears of a far reaching debt crisis in the Euro Area had a significant negative impact on stock market performance and on the cost of financing. Events have moved quickly in the Eurozone, and the possible demise of the Euro and the resulting chaos has been haunting political and business leaders over the last few months.

The IMF forecasts growth of 3.3% in World GDP in 2012, in which a recession scenario is forecast for the Euro Area (GDP drop of 0.5%), and reflects the impact in the Euro economies of measures taken to overcome sovereign debt crises and deleverage most of the European economies. In a political and economic situation characterised by uncertainty and volatility, investors have been demanding higher risk premiums, thus maintaining the pressure on a tendency towards higher spreads on financing and downward pressure on stock exchange market indices. In the Euro Area, inflation should remain at low levels in 2012 (circa 1.5% according to IMF's Autumn World Economic Outlook) while the unemployment rate should remain stable at around 10% (according to the same source).

During 2011, commodity prices, other than oil, have in general adjusted to the slowdown in global demand, with downside pressures expected over the medium term. Oil prices peaked at 116 dollars a barrel in April 2011, easing thereafter and ending the year at 104 dollars. The most recent forecasts for 2012 point to an average price of 100 dollars a barrel, as a consequence of the expected slowdown in world economic activity and increased stability in MENA (Middle East and North Africa) countries.

The implementation of the economic austerity programme by the Portuguese Government was the major factor affecting the performance of the **Portuguese Economy** in 2011 and will have a widespread impact over the coming years. The country's sovereign debt crisis, the first signs of which were apparent in late 2009, culminated in the resignation of the Government in March 2011 and parliamentary elections took place in June, leading to a change in Government. The austerity measures address serious fiscal, banking and structural shortcomings, and aim at restoring the confidence of financial markets in the country and correcting the chronic indebtedness which has been a characteristic of the Portuguese Economy over the past decade. The extent of these measures and the planned timing of their implementation will seriously impact disposable income, with an inevitable negative effect on private consumption and investment, whilst also increasing the probability of social instability through rising unemployment and more cut backs in social aid programmes. It remains uncertain as to whether adhering to the programme will improve the competitiveness of the country's economy or be enough to avoid a second rescue plan. The most recent forecasts in the Winter Bulletin of the Bank of Portugal, published in January 2012, point to a 1.6% decrease in GDP in 2011 (1.4% growth in 2010), driven by a sharp 5.6% contraction in internal demand, partially offset by an increase of 4.1% in net exports. Inflation is expected to rise to 3.6% in 2011 (+1.4% in 2010) and the unemployment rate has risen to the highest level ever, ending the year at 14%, significantly above the latest forecasts from the Bank of Portugal and European Commission. The implementation of measures over and above those planned in the adjustment program, were expected to result in a reduction of the Government deficit to 5.9% of GDP in 2011, compared to 9.6% as at the end of 2010. According to Portuguese Government statistics, the deficit totalled 4% of GDP in 2011, having been in part improved by transferring part of bank pension funds, a step which was not considered by the IMF to be a true adjustment to the country's structural imbalances.

Much uncertainty exists when attempting to forecast the key economic indicators for the Portuguese Economy, whether the source is a leading financial institution or the Government itself, the latter of which is preparing a revised budget to be presented until the end of March. Latest forecasts by the Bank of Portugal and European Commission are that the economy will contract by around 3% in 2012

and recover from then onwards. Continued falls in internal demand, due to lower private and public consumption and investment, should continue to drive GDP downward, with the Government projecting a 3.3% fall in 2012 and expecting a slower recovery pace from then onwards. According to the latest Government forecasts, unemployment should rise up to 14.5% in 2012, and the Government deficit should be around 4.5% of GDP.

3. Main Events

During 2011, the following material events were announced to the market:

Financing
<p>17 January 2011 Sonae Capital, SGPS, SA announced the completion of an unsecured bond issue, by private placement, arranged and led by Banco BPI, in the amount of 10 million euro, with a tenor of 5 years and call and put options at the end of the third year.</p>
Asset disposals
<p>14 March 2011 Sonae Capital, SGPS, SA informed about the agreement signed with <i>Finerge – Gestão de Projectos Energéticos, SA</i>, a company owned by <i>Enel Green Power España, SL</i>, regarding the terms for the sale of the whole of its 50% shareholding in the share capital of <i>TP – Sociedade Térmica Portuguesa, SA</i>.</p>
<p>9 June 2011 Sonae Capital, SGPS, SA informed that the terms for the sale of the whole of its 50% shareholding in the share capital of <i>TP – Sociedade Térmica Portuguesa, SA</i> became effective as of this date. The transaction generated a cash inflow of 37.2 million euro and a positive impact of 20.3 million euro on the 2011 consolidated results of Sonae Capital.</p>
<p>20 July 2011 Sonae Capital, SGPS, SA informed about the sale of the whole of its 20% shareholding in the share capital of <i>Sociedade Imobiliária Tróia B3, SA</i>, including loans made to this company, to <i>Salvor – Sociedade de Investimento Hoteleiro, SA</i>, a company held by the Pestana Group. The transaction will result in a cash inflow of around 9.2 million euro, 1.8 million of which was received on this date and the remainder of which will be paid in three equal annual instalments, beginning in 2012, with a positive impact of 6.2 million euro on the 2011 consolidated results of Sonae Capital.</p>
Corporate Governance
<p>31 March 2011 Sonae Capital, SGPS, SA informed about resolutions taken at the Shareholders' General Meeting and about decisions of the Board of Directors taken on that date.</p>

Earnings Announcement
2 March 2011 Sonae Capital, SGPS, SA informed about FY10 results.
25 May 2011 Sonae Capital, SGPS, SA informed about 1Q11 results.
25 August 2011 Sonae Capital, SGPS, SA informed about 1H11 results.
23 November 2011 Sonae Capital, SGPS, SA informed about 9M11 results.

4. Consolidated Financial Statements Review

4.1. Consolidated Profit and Loss Statement

Values in 10³ euro

	FY 11 Total Operations (A)	FY 10 Continued Operations (B)	Δ (A/B)
Turnover	136,884.9	151,868.4	-9.9%
Other Operational Income	11,571.3	10,445.3	+10.8%
Total Operational Income	148,456.2	162,313.7	-8.5%
Cost of Goods Sold	-38,941.9	-40,039.7	+2.7%
Change in Stocks of Finished Goods	-3,581.3	-10,486.9	+65.9%
External Supplies and Services	-55,810.7	-57,776.0	+3.4%
Staff Costs	-41,357.7	-42,394.0	+2.4%
Other Operational Expenses	-4,635.6	-6,113.2	+24.2%
Total Operational Expenses	-144,327.2	-156,809.8	+8.0%
Operational Cash-Flow (EBITDA)	-2,180.2	1,790.0	-
Amortisation and Depreciation	-13,734.9	-14,885.0	+7.7%
Provisions and Impairment Losses	-3,034.1	-5,245.0	+42.2%
Operational Profit/(Loss) (EBIT)	-12,640.1	-14,626.1	+13.6%
Net Financial Expenses	-10,437.1	-8,539.9	-22.2%
Share of Results of Associated Undertakings	5,166.2	5,620.4	-8.1%
Investment Income	28,361.7	296.3	>100%
Profit before Taxation	10,450.7	-17,249.4	-
Taxation	-6,664.8	6,202.6	-
Net Profit	3,785.9	-11,046.7	-
Attributable to Equity Holders of Sonae Capital	2,994.3	-11,847.0	-
Attributable to Non-Controlling Interests	791.6	800.3	-1.1%

4.1.1. Year to Date Results

Consolidated turnover for the year amounted to 136.9 million euro, equal to a 10% decrease over last year's figure of 151.9 million euro, and consolidated EBITDA was negative 2.2 million euro, compared to positive 1.8 million euro in 2010.

Resort Development made up 6.7 million euro (14.1 million euro) of the year's consolidated turnover and generated a negative 3.9 million euro (negative 0.9 million euro) contribution to EBITDA, which included the impact of the 13 sales deeds signed in the year at **troiaresort**, compared to 25 in the year 2010.

Hotels contribution to consolidated turnover fell by 7%, totalling 13.5 million euro for the year, the largest contributor being the Porto Palácio Hotel with 6.7 million euro, down 14%. In this hotel unit, food and beverage revenues decreased by around 17% and lodging indicators also performed poorly compared to the previous year, with room nights sold falling 5%, as a result of lower group occupancy, partially offset by a 5% increase in bookings for individual customers, while average daily revenue fell slightly by 3% fall to 88.9 euro. Aqualuz **troiaresort** units turnover, 5.0 million euro, includes a minor 1% drop in the number of room nights sold, a positive result given that the Aqualuz **troiario** was shut down for around 5 months in 2011 for refurbishment works, and a 6% increase in average daily revenue to 105.2 euro. The improvement in the lodging indicators was entirely offset by a 12% fall in food and beverage revenues, so that turnover remained in line with last year's figure. Aqualuz Lagos' turnover grew by 2% to 1.8 million euro, mainly due to a 14% increase in food and beverage revenues, with the number of room nights sold increasing 8% and average daily revenue falling 8% to 69.6 euro. The EBITDA contribution of hotels was negative 5.6 million euro (negative 6.2 million euro). The business has been undergoing an internal reorganisation over the last two years, and EBITDA for 2010 and 2011 includes non recurrent operating costs. Excluding the impact of such costs in both periods, EBITDA grew by 13% in the year which, given the drop in turnover for the year shows the beneficial impact of the implementation of cost saving measures across the business.

The impact of the economic crisis on consumer spending has undoubtedly taken its toll on the Fitness business in 2011. The number of active members dropped by circa 11%, both due to a fall in new memberships and an increase in the number of cancellations. As a result, turnover fell to 15.7 million euro, compared to 18.5 in 2010. EBITDA totalled 0.2 million euro (2.6 million euro), as a result of the fall in turnover, the continued negative contribution of the unit which was opened in early 2011, the VAT increase on sporting activities that was not entirely passed through to customers through increased prices, the negative contribution of the fitness unit in Spain, and the impact of non recurrent restructuring and brand re-launch costs incurred in the second half of the year.

Atlantic Ferries performed positively during the year, with turnover growing 14% to 5.1 million euro and EBITDA of positive 0.7 million euro (negative 0.3 million euro), resulting from ticket price increases and cost savings from improvements made during the year, which helped to drive the year's operational performance. The fact that the business' EBITDA does not include costs from financial leases, amounting to 0.5 million euro up to the end of 2011, should be noted.

Resort Management's turnover increased 0.2 million euro to 2.4 million euro, driven by improved sales at **troia**golf (green fees were up by 34%) and higher occupancy of **troia**marina (up 13.6 p.p.). Contribution to EBITDA performed accordingly, increasing 23% to negative 0.8 million euro.

SC Assets increased its turnover by 2.3 million euro, approximately equal to the sale of a plot of land at Quinta das Sedas, to 8.9 million euro. Four sales deeds for City Flats apartments were signed in 2011, compared to 6 in the previous year.

Selfrio's contribution to turnover fell by 13%, totalling 69.0 million euro for the year. Contraction in construction and modern retail activity in Portugal explains the lower turnover in the cold engineering and HVAC businesses, which fell by 10.3 million euro in Portugal. Turnover from international operations increased by 0.1 million euro in the year to 8.2 million euro. The company's EBITDA reflected this lower turnover, with the EBITDA margin remaining at last year's figure of 8%.

The Energy and Environment business cash flow generation profile continued to show sustained growth with turnover of 8.4 million euro, up 3.3 million euro, and EBITDA double last year's figure at 2.0 million (1.0 million euro).

Net profit for the year was 3.8 million euro (net loss of 11.0 million euro) which included, in addition to the operational factors mentioned above, the following major contributions:

- Provisions and impairment losses of 3.0 million euro (5.2 million euro), which include the impact of 32.2 million euro impairment losses on real estate assets recorded in the period and partially offset against the 29.8 million euro adjustment to the fair value of creditors from the acquisition of Torralta (currently Troia Resort) and related to those assets;
- Net financial expenses of 10.4 million euro, up 22%, explained by the higher average debt level in the first half of the year and increased costs from debt refinancing;
- Share of results of associated undertakings of 5.2 million euro (5.6 million euro), the main contributors being the Imosede Fund (2.6 million euro), Norscut (1.6 million euro) and TP (1.5 million euro contribution until the date of its sale);
- Investment income for the period totalled 28.4 million euro (0.3 million euro), and includes capital gains generated on the sale of the Group's shareholdings in TP and in *Sociedade Imobiliária Tróia B3*, amounting to 26.5 million euro, and the positive price adjustment from the sale of Choice Car, as set out in the respective sales agreement.

4.2. Consolidated Balance Sheet

Values in 10³ euro

	31.12.2011	31.12.2010	Δ
Tangible and Intangible Assets	243,567.0	264,939.8	-8.1%
Goodwill	61,028.5	61,133.3	-0.2%
Non-Current Investments	61,075.6	73,517.4	-16.9%
Other Non-Current Assets	45,384.1	36,897.2	+23.0%
Stocks	209,213.3	229,782.6	-9.0%
Trade Debtors and Other Current Assets	49,581.6	61,697.0	-19.6%
Cash and Cash Equivalents	3,980.6	3,199.3	+24.4%
Total Assets	673,830.8	731,166.7	-7.8%
Total Equity attributable to Equity Holders of Sonae Capital	327,628.9	326,914.8	+0.2%
Total Equity attributable to Non-Controlling Interests	9,241.8	12,454.8	-25.8%
Total Equity	336,870.7	339,369.6	-0.7%
Non-Current Borrowings	182,564.9	151,893.4	+20.2%
Deferred Tax Liabilities	11,535.4	3,616.0	>100%
Other Non-Current Liabilities	10,341.5	39,827.7	-74.0%
Non-Current Liabilities	204,441.7	195,337.1	+4.7%
Current Borrowings	82,557.5	128,515.5	-35.8%
Trade Creditors and Other Current Liabilities	49,960.9	67,944.5	-26.5%
Current Liabilities	132,518.3	196,460.0	-32.5%
Total Liabilities	336,960.1	391,797.1	-14.0%
Total Equity and Liabilities	673,830.8	731,166.7	-7.8%

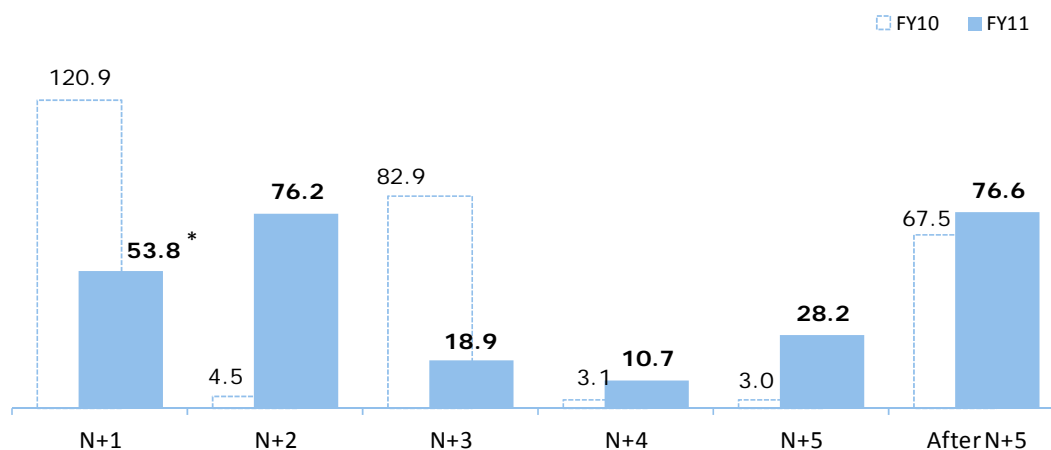
Capex for the year totalled 11.0 million euro, of which 5.3 million euro relates to **troiaresort** (refurbishment of Aqualuz **troiario** hotel unit and construction of the Events Centre) and 3.7 million euro to Energy and Environment (Colombo cogeneration facility). Minor amounts were spent by SC Assets (0.9 million euro, mostly for licenses), Fitness (0.3 million euro, mainly maintenance capex), and Selfrio (0.2 million euro, which includes maintenance capex).

The change in tangible and intangible assets includes, apart from capex and depreciation for the period, the 32.2 million euro impact of impairment losses on real estate assets which were recognised in the year, while other non-current liabilities include the 29.8 million euro adjustment on the fair value of creditors arising from the acquisition of Torralta (currently Troia Resort), which relate to the assets for which impairment losses were recorded.

As at 31 December 2011, the property portfolio of Sonae Capital (excluding properties located in the Boavista Complex and the Sonae Companies' Business Park held by real estate funds in which the Group has shareholdings) was reviewed by Cushman & Wakefield. A Summary Valuation Report is available on the Company's website (www.sonaecapital.pt). The total value of the properties involved was put at 594.6 million euro (379.7 million euro of which correspond to the market valuation of properties and 215.0 million euro of which are based on an opinion of value). Regarding real estate funds, Sonae Capital holds a 45.45% shareholding in Imosede Fund (net global value of 159.3 million euro as at 31 December 2011), a 99.84% shareholding in WTC Fund (net global value of 70.6 million euro as at 31 December 2011) and a 0.09% shareholding in Imosonae II Fund (net global value of 200.0 million euro as at 31 December 2011).

Net debt was 261.1 million euro at year end, 16.1 million euro down on the figure at 31 December 2010, reflecting the use of a significant portion of the proceeds from the sale of the shareholding in TP to reduce debt. Gearing was 77.5% as at 31 December 2011 (81.7% as at 31 December 2010).

The forecasted repayment schedule of borrowings (in million euro), as at 31 December 2011, taking into consideration commitment periods in relation to each financing operation, was as follows:



N: Reporting Date

* Includes 18.5 million euro from commercial paper taken under short term lines of credit with automatic renewals and 30.0 million euro bond loan. Following the policies and measures implemented to manage liquidity and bank relationship risks, the Group does not foresee any risks which may affect businesses as a going concern.

5. Individual Financial Statements

Sonae Capital, SGPS, SA, the Group's holding company, posted a 918,206 euro net loss in the year, compared with a 2,324,988 euro net profit in 2010. Last year's net profit included 2,871,845 euro from investment income arising from dividends paid by an associated company and the 2011 results continued to be impacted by some reorganisation costs incurred during the year.

6. Own Shares

As a consequence of Sonae Capital's share performance on the Portuguese Stock Exchange during 2011, and in accordance with the approval given at the last Shareholders' General Meeting, Sonae Capital acquired, from 8 December to 30 December 2011, 151,600 own shares on NYSE Euronext Lisbon stock exchange market, at an average transaction price of 0.236 euro. After these transactions, as at 31 December 2011, Sonae Capital held 151,600 own shares representing circa 0.061% of its share capital.

7. Share Price Performance

For information on Sonae Capital's share price performance during the year 2011, please refer to paragraph III.4 of the Company's 2011 Corporate Governance Report.

8. Outlook

2011 was a challenging year given the macroeconomic background. The Group managed to successfully conclude the process of refinancing the group's debt, which began in 2010, and raised cash to a total of around 38.7 million euro, as a result of the sale of non-core shareholdings (TP and Sociedade Imobiliária Tróia B3), in accordance with the group's strategic priority set in 2010.

Expectations for 2012 are that economic difficulties will persist and that there will be continued restrictions on the ability to access credit. During the year, management of the business units plan to focus their efforts on increasing sales in order to improve the top line and implement cost cutting programmes to positively impact the bottom line.

Selling strategies will be reviewed and revised, in particular in Sonae Turismo's business operations, and the payback on this investment in commercial action should become more visible in 2012. Part of this approach is already underway in relation to the repositioning of the Solinca Health and Fitness' brand, involving new pricing packages and innovative service offers. The Energy and Environment business should continue to be a growth path for the Group while the refrigeration and HVAC businesses should see international expansion in the coming years, offsetting stagnant demand in the Portuguese market.

Capex will continue to be strictly controlled and limited to proposals which are of critical importance to the growth and performance of the businesses and which add value. The Group will continue to pursue the sale of remaining non-core assets, which are likely to deliver significant cash inflows and allow the company to pursue its goal of reducing debt in the medium term.

9. Activity carried out by Non Executive Board Members

At the Shareholders' General Meeting that took place on 31 March 2011, changes in the makeup of the Board of Directors were approved and three Non Executive Board Members were elected, two of whom were re-elected from the previous mandate. In view of their high profile professional and academic backgrounds, these Non Executive Board Members were consulted on a range of issues and continued to provide important insights in relation to specific business issues and on the group's strategic guidelines, while they also maintained close contact with executive management, consulted directly with business managers as and when necessary, and attended meetings of the Board of Directors of the Group's sub-holdings. In addition to being members of Sonae Capital's Board, two Non Executive Directors are members of the Board Audit and Finance Committee, with one of them also being a member of the Board Nomination and Remunerations Committee (for more information on the responsibilities and activities of these bodies, please refer to chapter II of the Company's Corporate Governance Report).



10. Profit Appropriation Proposal

Sonae Capital, SGPS, SA, as the holding company of the Group, posted a net loss of 918.205,90 euro in the year 2011. The Board of Directors proposes to the Shareholders' General Meeting the use of Free Reserves to cover the year's net loss.

11. Acknowledgments

The Board of Directors would like to thank all Company stakeholders for their continued support and trust during this challenging year, in particular the cooperation and work of the Statutory Audit Board and the Statutory External Auditor and also the continued commitment and hard work of our employees through the year. We are aware that a difficult year lies ahead of us but are confident of the sustainability of our businesses and the opportunities for growth in the future.

Maia, 29 February 2012

The Board of Directors,



Glossary

- Average Daily Revenue = Lodging Revenues / Number of rooms sold.
- Capex = Investment in Tangible and Intangible Assets.
- Gearing = Net Debt / Equity.
- HVAC = Heating, Ventilation and Air Conditioning.
- 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).

APPENDIX TO THE REPORT OF THE BOARD OF DIRECTORS

31 DECEMBER 2011

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 2011 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, 29 February 2012

Belmiro Mendes de Azevedo
Chairman of the Board of Directors

Francisco de La Fuente Sánchez
Member of the Board of Directors

Álvaro Carmona e Costa Portela
Member of the Board of Directors

Maria Cláudia Teixeira de Azevedo
Member of the Board of Directors

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

GOVERNING BODIES

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 €	31.12.2011 Quantity
Belmiro Mendes de Azevedo						
Attributable through Efanor Investimentos, SGPS, SA (*) (**) (***)						156,504,947
Álvaro Carmona e Costa Portela						
Directly owned						3,242
Attributable through Sonae, SGPS, SA (**)						16,600,000
Maria Cláudia Teixeira de Azevedo						
Attributable through Efanor Investimentos, SGPS, SA (**) (****)						156,504,947
Paulo José Jubilado Soares de Pinho						
Directly owned						12,650
Attributable through Change Partners, SCR, SA (**)						8,125

(*) Majority shareholder.

(**) Member of the Board of Directors.

(***) Includes 837,000 shares directly owned (1,862 of which by the spouse).

(****) Includes 43,912 shares owned by Linhacom, SGPS, SA, company where Maria Cláudia Teixeira de Azevedo is a member of the Board of Directors and c

APPENDIX TO THE REPORT OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2011 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 31.12.2011</u>
Efanor Investimentos, SGPS, SA	
Sonae Capital, SGPS, SA	88,859,200
Pareuro, BV	2,000,000
Sonae, SGPS, SA	122,400,000
Pareuro, BV	
Sonae Capital, SGPS, SA	50,000,000
Sonae, SGPS, SA	937,250,000
Sonae, SGPS, SA	
Sonae Capital, SGPS, SA	16,600,000

QUALIFIED SHAREHOLDINGS

As required by number 1, c) of article 9 of CMVM Regulation Nr. 05/2008, the following shareholders held more than 2% of the company's share capital, as at 31 December 2011:

Shareholder	Nr. of Shares	% of Share Capital	% of Voting Rights
Efanor Investimentos, SGPS, S.A.			
Directly Owned	88,859,200	35.544%	35.544%
Through Pareuro, BV (controlled by Efanor)	50,000,000	20.000%	20.000%
Through Sonae, SGPS, SA (controlled by Efanor)	16,600,000	6.640%	6.640%
Through Belmiro Mendes de Azevedo (Chairman of the Board of Directors of Efanor)	837,000	0.335%	0.335%
Through Maria Margarida Carvalhais Teixeira de Azevedo (Member of the Board of Directors of Efanor)	1,862	0.001%	0.001%
Through Linhacom, SGPS, S.A. (controlled by the Member of the Board of Directors of Efanor Maria Cláudia Teixeira de Azevedo)	43,912	0.018%	0.018%
Through Migracom, SGPS, S.A. (controlled by the Member of the Board of Directors of Efanor Duarte Paulo Teixeira de Azevedo)	161,250	0.065%	0.065%
Through descendants of Duarte Paulo Teixeira de Azevedo (Member of the Board of Directors of Efanor)	411	0.000%	0.000%
Through descendants of Nuno Miguel Teixeira de Azevedo (Member of the Board of Directors of Efanor)	1,312	0.001%	0.001%
Total attributable	<u>156,504,947</u>	<u>62.602%</u>	<u>62.602%</u>
CAIXA GEST - Técnicas de Gestão de Fundos, SA			
Through Fundo CXG ACC Portugal (controlled by Caixa Gest)	3,566,421	1.427%	1.427%
Through Fundo CXG PPA (controlled by Caixa Gest)	1,438,218	0.575%	0.575%
Total attributable	<u>5,004,639</u>	<u>2.002%</u>	<u>2.002%</u>
Mohnish Pabrai			
Through Pabrai Investment Fund II, L.P. (controlled by Mohnish Pabrai)	3,957,000	1.583%	1.583%
Through Pabrai Investment Fund 3, L.P. (controlled by Mohnish Pabrai)	5,624,000	2.250%	2.250%
Through Pabrai Investment Fund IV, L.P. (controlled by Mohnish Pabrai)	7,422,315	2.969%	2.969%
Through Dalal Street, L.L.C. (controlled by Mohnish Pabrai)	28,000	0.011%	0.011%
Through Dakshana Foundation (controlled by Mohnish Pabrai)	132,625	0.053%	0.053%
Through Harina Kapoor (spouse of Mohnish Pabrai)	2,500	0.001%	0.001%
Total attributable	<u>17,166,440</u>	<u>6.867%</u>	<u>6.867%</u>



**TRANSACTIONS OF SECURITIES MADE BY PERSONS DISCHARGING MANAGERIAL RESPONSABILITIES AND
THEIR CONNECTED PERSONS DURING THE 2ND HALF OF 2011**

As required by number 6 article 14 of CMVM Regulation Nr. 5/2008, we inform that no person discharging managerial responsibilities nor their connected persons have carried out transactions of Sonae Capital's securities during the 2nd Half of 2011.



CORPORATE GOVERNANCE REPORT

31 DECEMBER 2011

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.

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.

0.2 Compliance with the Corporate Governance Code

Recommendation		Compliance	Reference in this report
I.	General Meeting		
I.1	General Meeting Board		
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	Yes	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	Yes	I.1
I.2	Participation at the Meeting		
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	Yes	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	Yes	I.2
I.3	Voting and Exercising Voting Rights		
I.3.1	Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting	Yes	I.3
I.3.2	The statutory deadline for receiving early voting ballots by mail may not exceed three working days	Yes	I.3

Recommendation		Compliance	Reference in this report
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	Yes	I.3
I.4	Resolution-Fixing Quorum		
I.4.1	Companies shall not set a resolution-fixing quorum that outnumbers that which is prescribed by law	Yes	I.4
I.5	Minutes and Information on Resolutions Passed		
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	Yes	I.5
I.6	Measures on Corporate Control		
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	Not Applicable	0.3 (2); 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	Yes	I.6
II.	Board of Directors and Fiscal Board		
II.1	General Points		
II.1.1	Structure and Duties		
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	Yes	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	Yes	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	Yes	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	Yes	II.8
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	Yes	II.2; II.5

Recommendation		Compliance	Reference in this report
II.1.2	Governance Incompatibility and Independence		
II.1.2.1	The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity	Yes	II.2
II.1.2.2	Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Board Directors	Yes	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	Yes	II.2
II.1.3	Eligibility and Appointment Criteria		
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	Yes	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	Yes	II.2
II.1.4	Policy on the Reporting of Irregularities		
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 be 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
II.1.5	Remuneration		
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.10; III.6

Recommendation		Compliance	Reference in this report
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 ²	At least one of the Remuneration Committee's representatives shall be present at the Annual General Meeting for Shareholders ² The CMVM Corporate Governance Code does not include any recommendation with number II.1.5.5	Yes	I.7
II.2	Board of Directors		
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	Yes	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	Yes	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	Yes	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	Yes	II.2; II.4
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	Not Applicable	0.3 (3); II.2
II.3	Chief Executive Officer (CEO), Executive Committee and Executive Board of Directors		
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	Yes	II.3
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	Yes	II.3

Recommendation		Compliance	Reference in this report
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	Not Applicable	0.3 (4)
II.4	General and Supervisory Board, Financial Matters Committee, Audit Committee and Fiscal Board		
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	Not Applicable	0.3 (5)
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 must be disclosed on the company's website	Yes	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	Yes	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	Yes	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	Yes	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	Yes	II.8
II.5	Special Committees		
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	Yes	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	No	0.3 (1); 1.7
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	Yes	1.7
II.5.4	All the Committees shall draw up minutes of the meetings held	Yes	II.4

Recommendation		Compliance	Reference in this report
III.	Information and Auditing		
III.1	General Disclosure Duties		
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	Yes	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 General Meetings	Yes	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	Yes	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	Yes	II.6
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	Yes	II.6
IV.	Conflicts of Interest		
IV.1	Shareholder Relationship		
IV.1.1	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	Yes	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	Yes	III.7

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.

The following recommendation was not complied with by Sonae Capital in 2011:

- (1) Recommendation II.5.2 - This recommendation relates to the independence of the members of the Shareholders' Remuneration Committee from the Board of Directors. Belmiro Mendes de Azevedo, Chairman of the Board of Directors and of the Executive Committee is also a member of the Shareholders' Remuneration Committee, having been elected for that body as a representative of the largest shareholder, Efanor Investimentos, SGPS, SA, by the Shareholders' General Meeting. He intervenes in the Shareholders' Remuneration Committee representing the interests of the shareholder. In order to ensure independence in the carry out of his duties, Belmiro Mendes de Azevedo does not take part in discussions or decisions from which conflicts of interest may arise.

The following recommendations were not applicable to Sonae Capital in 2011:

- (2) Recommendation I.6.1 – The Company has not implemented measures aimed at preventing successful takeover bids hence considers this recommendation not applicable.
- (3) Recommendation II.2.5 – The Company considers this recommendation not applicable since the Board of Directors has not assigned the responsibility of financial matters to any Board member, with this function being carried out by the Chairman of the Board of Directors.
- (4) 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 External Auditor.
- (5) 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 External Auditor.

I. Governing Bodies

The governing bodies of the Company are the Shareholders' General Meeting, the Board of Directors, the Fiscal Board and the Statutory External Auditor. The members of the governing bodies are elected by the Shareholders' General Meeting, which also elects the members of its own Board and the members of the Remuneration Committee.

I.1 Board of the Shareholders' General Meeting

As at 31 December 2011, the Board of the Shareholders' General Meeting had the following members, mandated for the two year period 2011-2012:

- 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 2011.

I.2 Presence at the Shareholders' General Meeting

The Decree Law nr. 49/2010 introduced changes to rules of shareholder participation in Shareholder's General meetings of publicly listed companies in regulated markets. Among changes introduced it is worth mentioning the elimination of a blocking period as a requirement to attend the Shareholders' General Meeting, the introduction of a record date as the relevant period to prove shareholder status and the ability to exercise the corresponding participation and voting rights at the meeting, and the rules regulating participation and voting of shareholders that, professionally, hold shares in their name and on behalf of clients.

The Company, changed in the last Shareholders' General Meeting its Articles of Association, henceforth the attendance of the Shareholders' General Meeting is done in accordance with the terms of the law. Therefore, there is no need for a blocking period either to attend the Shareholders' General Meeting or during the suspension period.

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.

Shareholders may be represented at the Meeting by means of a written representation letter addressed to the Chairman of the Board of the Shareholders' General Meeting and delivered up to the beginning of the meeting, indicating the name and address of the representative nominated, as well as the date of the meeting. That written communication can be made using e-mail in accordance with instructions of the meeting's notice.

A shareholder may appoint several representatives related to owned shares held through different share accounts, without undermining the principle of vote unity and the ability of professional shareholders to vote differently according with representation of different shareholders.

The Company makes available, within timings comprised in the law, adequate information, so that shareholders take seat in the Shareholders' General Meeting directly or through

representatives, as well as a minute of representation letter in its website (www.sonaecapital.pt).

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.

Shareholders may vote using written voting papers in all matters subject to the approval of the Shareholders' General Meeting. Votes may be cast using electronic means, if these are made available to shareholders and mentioned in the meetings' notice.

Written voting papers shall only be considered valid if they are received at the Company's registered office at least three working 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 with a reference to the record date. 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. 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. Written voting papers will be revoked if the shareholders that issued those votes is present or represented at the meeting. 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 means set out to ensure confidentiality of written voting papers are described in the notice of the meeting.

The Company makes available to shareholders minutes of written voting papers on the Company's website (www.sonaecapital.pt), after notice has been given of the Shareholders' General Meeting.

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 2% 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) and on the Information Disclosure System of the Portuguese Securities Market Commission (www.cmvm.pt), at least 21 days prior to the Shareholders' General Meeting.

The Company keeps a record, on its website (www.sonaecapital.pt), of the attendance lists, agenda and decisions of the Shareholders' General Meetings of the previous three years (at least). Information on the decisions of the Shareholders' General Meetings is disclosed on the 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.

The Shareholders' Remuneration Committee did not hire, for support in the carrying out of its duties, any person or entity that provides or has provided, in the last three years, services to the Board of Directors or to any structure under his dependence nor any entity that currently supports the company with consultancy services.

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, the company Efanor Investimentos, SGPS, SA (largest shareholder of the Company) represented by Belmiro Mendes de Azevedo (Chairman) and José Fernando Oliveira de Almeida Côrte-Real. Belmiro Mendes de Azevedo is also Chairman and CEO of Sonae Capital and does not take part in the discussion nor votes on any decision from which a conflict of interest may arise.

The experience and professional qualifications of the members of the Shareholders' Remuneration Committee allows them to carry out their duties in a rigorous and competent manner in safeguard of the interests of the Company.

The Shareholders' Remuneration Committee is always represented at the Shareholders' General Meeting at least by one of its members.

The table below summarizes the attendance of members of the Shareholders' Remuneration Committee at the Shareholders' General Meetings since the incorporation of Sonae Capital.

Date of the Shareholders' General Meeting	Attendance of members of the Shareholders' Remuneration Committee
09 April 2008	Belmiro Mendes de Azevedo
28 April 2009	Belmiro Mendes de Azevedo
28 April 2010	Belmiro Mendes de Azevedo
31 March 2011	Belmiro Mendes de Azevedo

II. Management and Supervision 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, based on best practices in corporate governance.

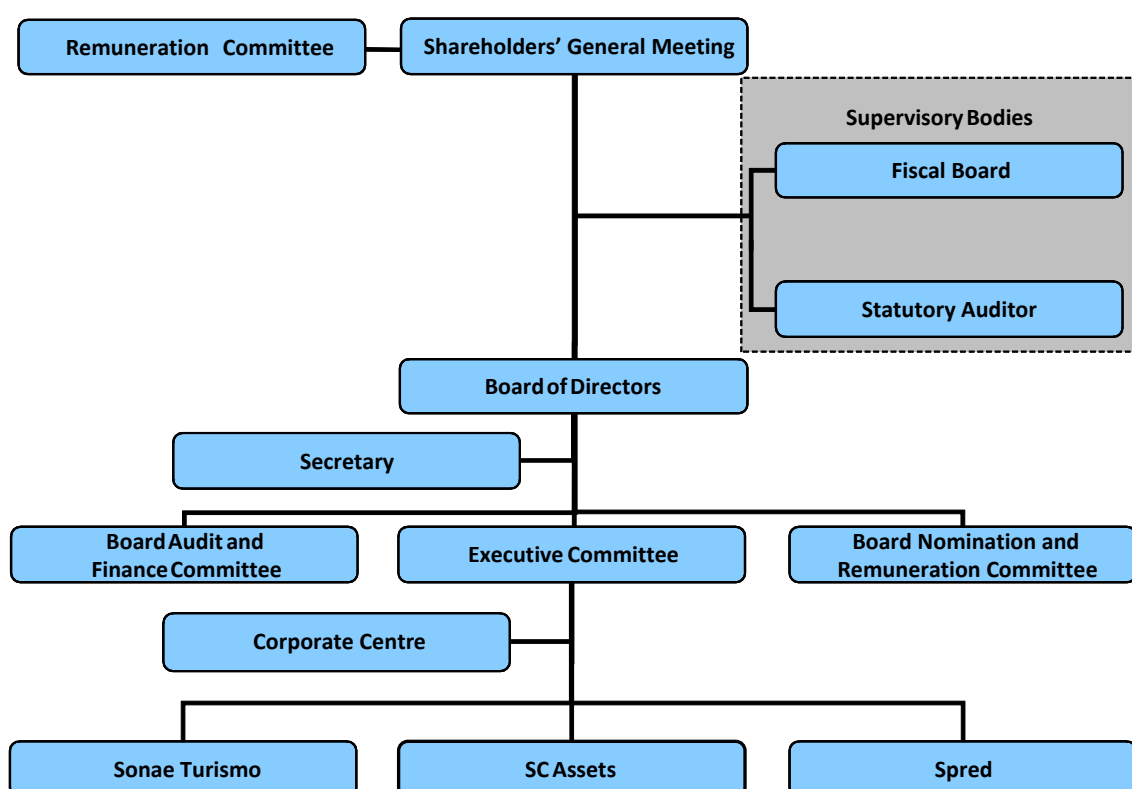
At the date of its incorporation, Sonae Capital adopted a model based on a Board of Directors, a Fiscal Board and a Statutory External Auditor. The Board of Directors has the responsibility of management while the remaining two bodies have supervisory responsibility.

The significant changes introduced few 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 within the Company's Board of Directors, with supervision and counselling responsibilities. The scope of their activity is described in section I.4 of this report. 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, through the Board Audit and Finance Committee has implemented a formal annual assessment on corporate governance issues in order to evaluate, on a regular basis, on existing structures and functioning. Conclusions of that judgement are presented to the Board of Directors that, if deemed necessary, will fine tune procedures and policies.

II.1 Governing bodies and functional structure



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. 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 External 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 is instrumental in supporting the Executive Committee and the Board of Directors in defining and executing major strategies, policies and objectives and is composed

of seven sovereign functions and three shared services functions which provide services to all Group companies.

Those functions are the following:

Sovereign functions	Shared services functions
Corporate Finance	Financial Services
Legal	Accounting & Consolidation
Planning and Control	Administrative Human Resources
Corporate Human Resources	
Internal Audit & Risk Management	
Mergers & Acquisitions	
Information Systems	

The Corporate Finance function has the responsibility to define and implement financial strategies and policies to ensure an integrated and across the board view of the Group's needs as well as ensuring the liaison with capital, debt and banking markets. 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 Legal function provides legal support in all domains, ensuring the safeguard of the Groups' interests and promoting the strategy defined by the Board of Directors.

The Planning and Control function plays a role in supporting the strategic planning of the Group, in defining management information policies and in ensuring consolidated management reporting. This function includes the Investor Relations Office which has as main responsibilities external reporting and ensuring a permanent contact with institutional investors, shareholders and analysts.

Corporate Human Resources have the responsibility of defining and implementing the strategy and policy of Human Resources of the Group as well as the planning and management of talent and careers of senior managers.

Mergers & Acquisitions has the main role of assisting the Board of Directors of Sonae Capital in projects of organic growth and in the management of Group's businesses, as well as in projects of portfolio optimization including the analysis and negotiation of investment or divestment opportunities.

The Internal Audit & Riks Management function defines and executes internal audit activities and evaluates systematically and independently Group's activities, with the objective of ensuring the efficacy of management systems and processes and internal control. Simultaneously, it supports the Board of Directors in identifying, modelling and accompanying Group's risks with the objective of controlling and mitigating those risks and also to include risk assessment in strategic and operational decision making.

Information Systems function has the role of ensuring the alignment of information systems with Group's strategy, creating value by providing solutions that promote efficacy, efficiency and innovation in processes.

Sovereign functions report to the Executive Committee of Sonae Capital.

Financial Services have the mission of optimizing Group's financial flows by efficiently coordinating external partners, namely clients, suppliers and banks. The function is coordinated by the sovereign function of Corporate Finance.

Accounting & Consolidation has the purpose of maintaining the accounting organization to guarantees the availability and integrity of financial and accounting information and assets of the whole organization through an integrated information system. The function is coordinated by a manager at the Corporate Centre level.

Administrative Human Resources ensure the coordination of administrative management activities of human resources and alignment with businesses. The function is coordinated by the sovereign function of Corporate Human Resources.

II.2 Composition of the 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 seven members, elected at the Shareholders' General Meeting. The Chairman of the Board has a casting vote.

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.

For the actual mandate, 2011-2012, the Board of Directors is made up of five members, two executive and three non executive, of which two are independent:

Name	Position	First appointment on
Belmiro Mendes de Azevedo	Chairman and CEO	December 2007
Álvaro Carmona e Costa Portela	Executive	March 2011
Francisco de La Fuente Sánchez	Non Executive (Independent)	April 2008
Maria Cláudia Teixeira de Azevedo	Non Executive	March 2011
Paulo José Jubilado Soares de Pinho	Non Executive (Independent)	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.

Non executive members of the Board of Directors, Francisco de La Fuente Sánchez and Paulo José Jubilado Soares de Pinho, 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 (2 from a total of 5 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.

Executive Directors do not have, and never had, any influence in the selection of candidates to Non Executive Directors. Their appointment is made through proposal and decision of shareholders.

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

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

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

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

No specific responsibilities are assigned to each member of the Board, within the Company's business segments. The responsibility for financial matters is currently assumed by the Chairman of the Executive Committee.

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 elected in 2011 appointed an Executive Committee. 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 the Board Audit and Finance Committee, 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 internal 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 2011, the Board of Directors held six meetings.

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).

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 31 March 2011, and its term of office ceases with that of the Board, and has the following members:

Name	Position
Belmiro Mendes de Azevedo	Chief Executive Officer
Álvaro Carmona e Costa Portela	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. Independently from regular contacts held by Executive Committee members in the periods between meetings, there were sixteen meetings during the year 2011.

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 three working days in advance. 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 2011, the approved minutes of the Executive Committee meetings were made available to Non Executive Board members and Fiscal Board members. Members of the Executive Committee provide timely and adequate information whenever requested by members of other statutory bodies.

II.4 Internal Committees

On 31 March 2011, the Board of Directors decided to appoint the former members of the Board Audit and Finance Committee (BAFC) for a new mandate and appointed new members to the Board Nomination and Remuneration Committee (BNRC), with their office ceasing with the Board's term of office.

Therefore, as at 31 December 2011, the BAFC is composed of two Non Executive independent Directors, Francisco de La Fuente Sánchez (Chairman) and Paulo José Jubilado Soares de Pinho and the BNRC is composed of Belmiro Mendes de Azevedo (Chairman and also Chairman of the Board of Directors) and Francisco de La Fuente Sánchez (Non Executive Independent Director).

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 reviews, on behalf of the Board, the internal audit and risk management activities and assesses processes and procedures in order to ensure monitoring of internal control and the efficient management of risks. 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 2011, the BAFC held five meetings, having decided to hold in one session two of the meetings.

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 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.

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.

The following members were appointed for the mandate 2011-2012:

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

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, hence its President has all the necessary skills to carry out his duties.

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, comprising among other subjects, the coordination of tasks with the Statutory Auditor including:

- Approval of the annual work plan of the Statutory Auditor;
- Follow-up of work performed and review of conclusions of the audit work and of interim and annual statutory audits;
- Overseeing the independence of the Statutory Auditor, and;
- Joint meeting with the Board Audit and Finance Committee (BAFC) for the review of matters regarding Internal and External Audit.

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.

To support the Fiscal Board's activity, the Company provides human and technical resources needed for scheduling meetings, preparing agendas, minutes and support documents and ensuring their timely distribution. Additionally, internal staff deemed relevant for matters in the agenda, is also present in the meetings, to present and explain the main questions raised by the Fiscal Board. Items in the agenda regarding External Audit issues are discussed, at the request of the Fiscal Board, without the presence of other department's staff. Lastly, reports prepared by the Statutory Auditor are simultaneously sent to the Board of Directors and to the Fiscal Board, since the latter holds meetings before the meetings of the Board of Directors.

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 and corporate governance report presented by the Board of Directors, in order to meet the legal deadlines for presentation of those documents to the annual Shareholders' General Meeting. The Fiscal Board's report on annual activity is included in the annual reports made available on the Company's website (www.sonaecapital.pt).

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

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.

II.6 Statutory External Auditor

The Company's Statutory External Auditor for the period 2011 to 2012 is PricewaterhouseCoopers & Associados, SROC, represented by Hermínio António Paulos Afonso or by António Joaquim Brochado Correia, serving its first mandate. The Statutory External Auditor was elected by the Shareholders' General Meeting, by proposal of the Fiscal Board.

During 2011, the total remuneration paid to the Company's external auditors was 90,436 euro, corresponding to the following services provided:

	Values in Euro					
	2011	%	2010	%	2009	%
Statutory Audit ¹	90,436	100.0	140,171	68.6	158,542	78.4
Other Assurance ²	0	0.0	0	0.0	0	0.0
Tax Consultancy ²	0	0.0	21,450	10.5	10,000	4.9
Other Services ²	0	0.0	42,250	20.7	33,750	16.7
Total	90,436	100.0	203,871	100.0	202,292	100.0

¹ Fees agreed for the year.

² Amounts invoiced.

In order to ensure External Auditor independence, tax consultancy services and other services (mostly related with management consulting) were provided by different teams than those involved in audit services. The Board Audit and Finance Committee and the Fiscal Board reviewed the scope of other services and concluded they did not affect the independence of Auditors.

In 2010, the Board of Directors approved a policy regarding audit and other related services rendered by the External Auditor. The implementation of this policy aimed to ensure the independence of the External Auditor, defining other excluded services and establishing a threshold for other related services which can be rendered by the External Auditor to Sonae Capital Group companies, aligning the Company with best practices and complying with applicable laws and regulations. Within this policy, any services not comprised in the list of excluded services and that do not fulfil the criteria set for allowed services, have to be

approved by the Board Audit and Finance Committee and by the Fiscal Board before they are committed, following a proposal of the related Administrative Department. The Board Audit and Finance Committee and the Fiscal Board shall be informed of fees invoiced regarding authorized services as they are being rendered. Every half year a summary of such fees must always be produced by the secretary of each of these bodies and reported to the Board Audit and Finance Committee and the Fiscal Board.

As part of its work plan, the external auditor confirmed the application of policies and remuneration systems, as well as the effectiveness and performance of internal control mechanisms, and has not identified any material issues that should be reported to the Company's Fiscal Board.

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 nine 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. Nevertheless, in 2011 the Shareholders' General Meeting elected a new Statutory External Auditor.

II.7 Company Secretary

The Board of Directors appointed Anabela Nogueira Matos and Hélio Jacinto Sousa Brites 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 Control Systems 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.

Risk management materializes with coordinated plans and systems aimed at managing and controlling opportunities and threats which may affect business objectives and Group companies, preventing errors and irregularities from occurring, minimizing their consequences and maximizing the organisation's performance and the reliability of its information on a going concern basis.

II.8.1. Risk Control

The management and monitoring by Sonae Capital of its main risks is completed through several approaches and agents, among which are:

Policies and procedures of internal control 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.

The Internal Audit team regularly carries out audit assignments with the objective of complying at all times with implemented policies and procedures.

Risk management 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.

External Audit evaluates and reports the risks of reliability and integrity of accounting and financial information, thereby validating the internal control system set up for that purpose at Sonae Capital and that materializes in the clear distinction between producers and users of such information and 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 shared service function of Accounting & Consolidation of the Corporate Centre 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 shared service function of Accounting & Consolidation of the Company's Corporate Centre. This represents an additional control 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 Auditor performs 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 Investor Relations Office is responsible for preparing the Report of the Board of Directors. The Statutory Auditors also review the content of this report (annual and half year 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. Supporting staff of the Corporate Centre, with relevance for the issues under discussion, 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.

II.8.2. Risk Management Organization

Risk management, as a support to Sonae Capital's corporate culture and objectives, is inherent in all management processes and is a continued concern for 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.

The activity of Risk Management is supported by the Internal Audit and Risk Management functions:

- (i) The Internal Audit function, acting as an independent entity of internal counseling, identifies and evaluates the efficacy and efficiency of management and control of risks of business processes and information systems, as well as risks of non conformity with legislation, contracts, policies and procedures of companies.
The annual work plan of Internal Audit comprises audit assignments to critical business processes, conformity, financial and information system audits.
- (ii) The Risk Management function promotes, coordinates, facilitates and supports the development of risk management processes thereby promoting the inclusion of risk in strategic and operational decisions.

The Risk Management and Internal Audit functions are coordinated by a single manager at Sonae Capital's Corporate Centre level, and its activities are reported and followed up by the Board Audit and Finance Committee of the Board of Directors. 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.

At Sonae Capital there are two types of risk managed by functions different from Internal Audit and Risk Management, namely:

- (i) Financial risks – managed and monitored by the Corporate Finance function;
- (ii) Legal risks - managed and monitored by the Legal function.

Like the Internal Audit and Risk Management functions, the management of financial and legal risks are also coordinated by two managers, at the Corporate Centre level of Sonae Capital and its activities are reported and followed up by the Board Audit and Finance Committee and by the Fiscal Board.

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 to 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.

II.8.3. Activities and Actions carried out in 2011

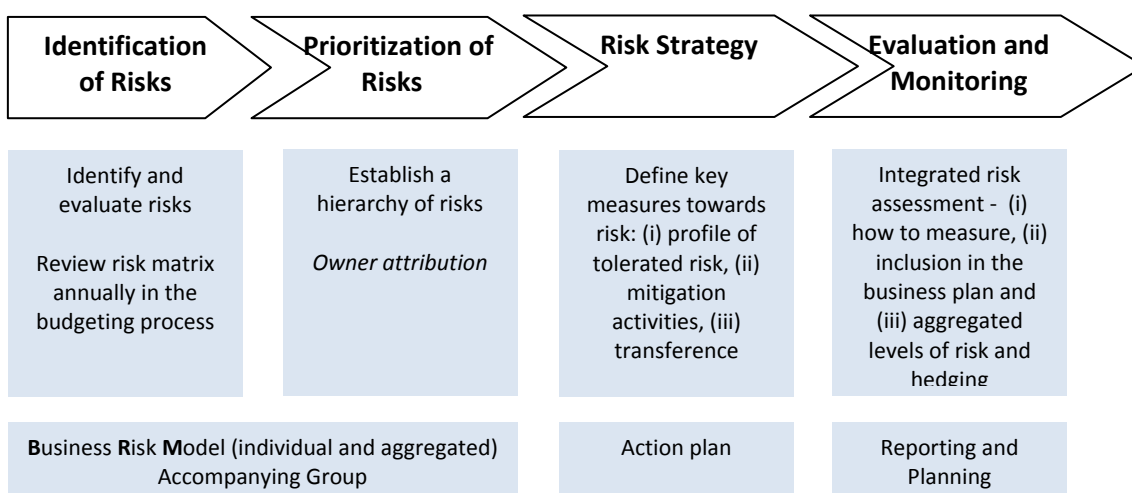
The Internal Audit function promoted activities according to an annual plan previously approved and based on an evaluation of business risks.

During 2011, this plan included works, in several Group companies, in the areas of:

- (i) business processes - Invoicing and revenue control, collection processes, cash management, purchase processes, insurance management, inventories and changes in stock.
- (ii) compliance – food safety and Health & Safety
- (iii) information systems.

The Risk Management function continued the development of the Enterprise Risk Management process initiated in 2008 with the Fitness business and 2010 for the troiaresort project, based on the international model of Enterprise Risk Management – Integrated Framework of COSO,

Taking into consideration the diversity of businesses and risks, in 2012 the Group intends to proceed and replicate, in 2012, the following process to all business areas of the Group:



II.8.4. Main Risks to which the Company and its Affiliates are exposed

II.8.4.1. General Risks

Financial Risks: Sonae Capital is exposed to a variety of financial risks namely interest rates (since the majority of financial debt is negotiated at variable rates), transaction and translation foreign currency exchange rates, liquidity and debt and equity financial market fluctuations, counterpart and credit risk (especially relevant in scenarios of economic downturn), commodity and raw material prices.

Sonae Capital's financial risk management policy seeks to minimize potential adverse effects of the volatility of financial markets, and with that end in mind, a coherent set of systems and processes are implemented at Sonae Capital allowing the identification, monitoring and management by the Corporate Finance function, on a timely basis.

The current situation of financial markets places liquidity risk, credit risk and fluctuations in capital and debt markets assume a forefront position in companies concerns due to potential impact in the continuity and development of businesses. In fact, the development of businesses of some companies held by Sonae Capital may require additional investment from Sonae Capital in its affiliates or Sonae Capital may intend to expand its businesses through organic growth or acquisitions and also business continuity demands the maintenance of appropriate liquidity reserves to face company's activities. The additional investment and the maintenance of liquidity reserves 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 in which case plans for business expansion may have to be altered or postponed.

In this context, the abovementioned systems and processes of financial risks management, which are centralised in the Company's Corporate Centre, are set out in order to mitigate those risks and to ensure liquidity management through:

- (i) short, medium and long term financial planning based on cash flow forecasts;
- (ii) treasury and cash management control instruments;
- (iii) rigorous credit policies towards customers and follow up of risk evolution;
- (iv) a variety of sources of and counterparts to funding;
- (v) the adjustment of debt maturity profiles to cash flow generation; and
- (vi) maintenance of an adequate level of liquidity through contractual arrangements with relationship banks for short term credit facilities.

Additionally, 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 or the arrangement of insurance credit whenever adequate. The Company does not therefore enter into derivatives or other financial instruments that are unrelated to its operating businesses.

Legal Risks: Sonae Capital and its businesses have a legal and tax function permanently dedicated to its activities, which are closely carried out with the remaining sovereign functions and businesses, in order to ensure, preventively, the protection of Sonae Capital's interests while complying with legal obligations and applying best practices. Legal and tax function is also guaranteed, on a national and international level, by external professionals, selected from reputed firms and based on criteria of competence, ethics and experience.

Information Systems Risks: Information systems of Sonae Capital are characterized by being comprehensive, wide-ranging and spread. From an information security stand point, several actions to mitigate risks of compromising confidentiality, availability and integrity of business data have been carried out. Among those actions are off site backups, implementation of high-availability systems, network redundancies, control and quality check of flows between software, management of accesses and profiles and implementation of antivirus. On a recurrent basis, the Internal Audit function carries out audit assignments in several domains: software, servers and networks with the purpose to identify and correct potential vulnerabilities that may have a negative impact in the business as well as to ensure the protection of confidentiality, availability and integrity of information.

People 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.

Insurable Risks: In relation to the transfer of insurable risks (technical and operational), Group companies negotiate insurance coverage with the objective of rationalizing these types of risk by searching to establish a sound insurance capital structure for the capital values at risk, based on the constant changes in the businesses involved. On another level, insurance coverage and retention levels have also been optimized in accordance with the needs of each business, ensuring internally effective insurance management.

II.8.4.2. Company's Risks

Sonae Capital's main assets, 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.

II.8.4.3. Affiliates Risks

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.

- **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 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 properties are 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.
- 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 **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.

Activities related to **refrigeration, air conditioning and related maintenance services** 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:

- 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 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 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.

The area of **Energy and Environment** carries out its activity mainly in the development and management of cogeneration projects and micro generation. 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:

- 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 in the case of projects of Sonae Capital). 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 CO₂ emission licences. Up to 2012, licences for the emission of CO₂ 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.
- Cogeneration has 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 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. The introduction of austerity measures within the carry out of the economic austerity programme signed with European Union, European Central Bank and the International Monetary Fund may bring additional barriers to develop new projects.

The production of energy in cogeneration facilities, 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. This contract may be changed as a result of ongoing negotiations endorsed by the Portuguese government, which intends to change the operating model, paying the concessionary for the availability of the infrastructure and not for its use. These contractual changes have not yet been agreed and may have a significant impact in the Company's activity.

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).

During 2011, the Fiscal Board has not received, through the available means, any communication that falls under the ruling of this policy.

II.10 Remuneration and Other Compensation

The remuneration of the members of the statutory governing bodies of the Company is decided by the Remunerations Committee, elected by the Shareholders' General Meeting for that effect.

Regarding remuneration of the members of the Board of Directors, the Nomination and Remunerations Committee liaises with the Shareholders' Remuneration Committee, contributing with proposals before a decision is taken.

In accordance with Law nr. 28/2009, the Remunerations Committee or the Board of Directors shall submit, annually, the remuneration policy for statutory governing bodies to the Shareholders' General Meeting,

The remuneration policy for the members of the statutory governing bodies and key management staff ("*dirigentes*") of Sonae Capital, SGPS, SA was approved at the Shareholder's General Meeting held on 31 March 2011 and it is available on www.sonaecapital.pt (Shareholders' General Meeting section).

The approved remuneration and compensation policy regarding statutory governing bodies is based on the understanding that initiative, effort and commitment are essential foundations for delivering good performance. It also aims at aligning individual contributions and that the latter should be aligned with the medium and long term objectives of the company, ensuring its sustainability.

The approved remuneration policy regarding statutory governing bodies 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 effort towards the company's overall performance should be annually evaluated and should impact the fixed and variable compensation, the latter regarding only Executive Directors, to be attributed.

Under these guidelines, fixed remuneration is primarily linked to personal skills and the responsibility level inherent to each function and is benchmarked against market studies for listed companies of similar sizes, while variable remuneration is linked to the level of success achieved by the company as well as by companies managed by each individual.

The compensation policy approved by the Shareholders' General Meeting follows these guiding principles:

- non attribution of remuneration or compensation to Directors, or members of other statutory governing bodies, in case of termination of the mandate, either at the end of the mandate period or, by any reason, before the end of the mandate period, always in compliance with legal requirements on this matter;

- non inclusion of any benefit system, namely pension plans, involving members of the statutory governing bodies, fiscal bodies and remaining key management staff ("dirigentes");

- guarantee, to ensure effectiveness and transparency of the objectives of the Remuneration and Compensation policy, that the executive directors:

- i) have not signed contracts with the company or third parties aimed at mitigating the risk inherent to changes in the remuneration that was set by the Company;

- ii) have not sold in the year of the term of their mandate, nor should they sell during the new mandate, company shares that have been attributed as variable remuneration, up to two and a half times the total annual remuneration, exception being given to shares which need to be sold in order to pay tax arising from the attribution of such shares as variable remuneration.

Remuneration of Executive Directors

The compensation policy for Executive Directors balances Executive Directors performance regarding predefined objectives and positioning regarding market benchmarks. Remuneration of Executive Directors is set, considering comparable companies practices, market studies and individual responsibility and performance appraisal of each Executive Director.

Thus, remuneration policy is a formal mechanism which promoted the alignment between the management team and shareholders' interests, since the variable component of the total compensation package is totally perceptible and dependant on both individual and Company's performance. This approach promotes management orientation towards long term interests of the company and the adoption of risk weighting approaches.

The structure of the remuneration policy includes control mechanisms, liaising with individual and group performance, preventing the assumption of excessive risks. This objective is also ensured by setting a maximum limit to each Key Performance Indicator (KPI).

Remuneration and compensation policy for Executive Directors (ED) may include (i) a fixed remuneration, including a Base Salary and an annual responsibility allowance (ii) a variable remuneration, paid in the first quarter of the following year to which it relates and conditional to the fulfilment of the objectives set in the previous year, divided in two components of equal value, (a) a Short Term Variable Bonus, payable immediately after the granting date, and b) a Medium Term Variable Bonus, which will be payable on the third anniversary of the granting date.

- (i) Fixed remuneration of the Executive Director is defined according to individual skills and the responsibility level of each Executive Director, and will be reviewed annually.

- (ii) The variable remuneration aims at rewarding the achievement of predefined objectives,

based on key performance indicators of business activity, of teams under his responsibility and on his/her individual performance and is attributed after the Company's earnings are known and performance appraisal has been done. Since the attribution of the variable component is dependent on the achievement of objectives, its payment is not guaranteed. Variable remuneration is set annually, and the value of the pre-defined objective varies between 30% and 60% of total annual remuneration (fixed remuneration and target for variable remuneration). Business KPIs, both economic and financial, account for circa 70% of this value and are made up of objective indicators divided between group and team KPIs. Group KPIs include economic and financial indicators based on budget, the performance of each business unit, as well as on the company's consolidated performance. Team KPIs per function/business have a similar nature, being directly impacted by the performance of the executive director. The remaining 30% result from personal KPIs, which are subjective.

The alignment of the Executive Directors interests with those of all shareholders is ensured not only through the definition of business KPI's but also through the deferral of half of the amount corresponding to Variable Remuneration. The Company believes that exposing Executive Directors to the fluctuation in share price is the most suitable way to align the interests of Directors with those of shareholders.

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.

Remuneration paid to members of the Board of Directors

During 2011, 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):

Name	Values in Euro			
	Fixed Remuneration	Performance Bonus Paid	Deferred Performance Bonus Paid	Total
Board of Directors in office				
Belmiro Mendes de Azevedo	191,000	88,200	0	279,200
Álvaro Carmona e Costa Portela	56,450	0	0	56,450
Sub-total Executive Directors	247,450	88,200	0	335,650
Francisco de La Fuente Sánchez	17,500	0	0	17,500
Maria Cláudia Teixeira de Azevedo	12,500	0	0	12,500
Paulo José Jubilado Soares de Pinho	17,500	0	0	17,500
Sub-total Non executive Directors	47,500	0	0	47,500
Total	294,950	88,200	0	383,150

Directors that ceased office in 2011				
José Luis dos Santos Lima Amorim	39,000	47,000	11,199	97,199
Mário Pereira Pinto	17,100	0	13,614	30,714
Sub-total Executive Directors	56,100	47,000	24,813	127,913
Rafael Cerezo Laporta	0	0	0	0
Pedro Manuel Bastos Mendes Rezende	0	0	0	0
Sub-total Non Executive Directors	0	0	0	0
Total	56,100	47,000	24,813	127,913
Full Total	351,050	135,200	24,813	511,063

The Company does not have any benefit system, namely pension or early retirement plans, involving its Directors.

There is no agreement with members of the Board of Directors which foresees payment of compensation in case of mandate cease or non renewal, nor is there any policy regarding the attribution of compensation in such circumstances. The Company considers that legal instruments available under the Portuguese legal framework are adequate to comply with Recommendation II.1.5.1., paragraph vii. During 2011 four Directors ceased their mandate, and no compensation was paid for end of mandate.

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.

During 2011, members of the Fiscal Board of Sonae Capital, SGPS, SA were paid the following fixed remuneration (no other remuneration was paid):

Values in Euro

	Fixed Remuneration
Manuel Heleno Sismeiro	8,000
Armando Luís Vieira de Magalhães	6,500
Jorge Manuel Felizes Morgado	6,500
Total	21,000

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.

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 50% 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.

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 2011, 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.	156,504,947	62.602%	62.602%
Mohnish Pabrai	17,166,440	6.867%	6.867%
Caixagest – Técnicas de Gestão de Fundos, S.A.	5,004,639	2.002%	2.002%

III.3 Shares held by members of Governing Bodies

Shares, of the Company or of any group company, held by members of governing bodies of the Company, directly or through related parties, are disclosed in the appendix to the report of the Board of Directors in accordance with and for the purposes of article 447 of the Portuguese Company Law and in accordance with number 6, article 14 of CMVM's Regulation 5/2008.

During 2011, 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:

Name: Sonae Capital, SGPS, SA

Security's issuer: Sonae Capital, SGPS, SA

Listing date: 28 January 2008

Share capital: 250,000,000 €

Listed amount: 250,000,000 shares

Treasury stock: The Company owns, as at 31 December 2011, 151,600 own shares.

ISIN code:

PTSNPOAE0008

NYSE Euronext:

SONC

Reuters:

SONAC LS

Bloomberg:

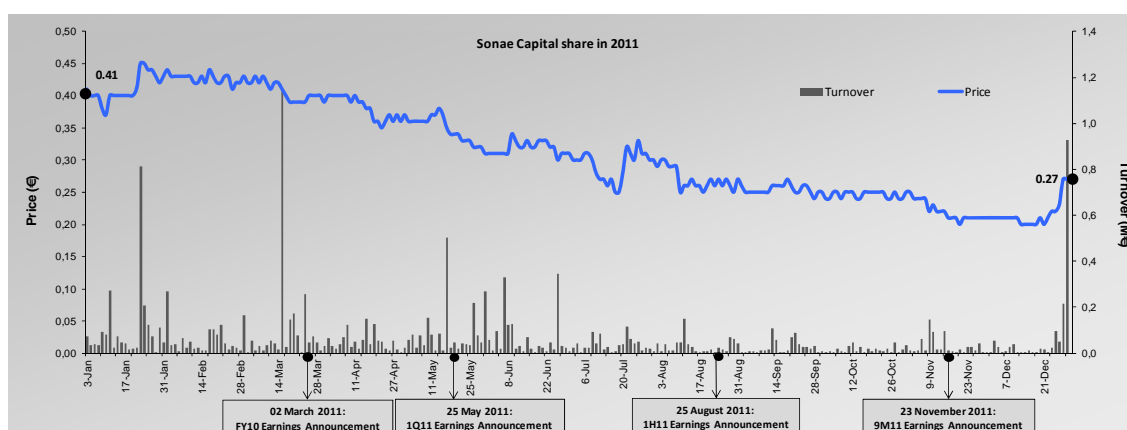
SONC.PL

During 2011, Sonae Capital's share price fell 34% which compared with a drop of 28% in the Portuguese Stock Market reference index (PSI20).

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

Euronext Lisbon	2011	2010
Closing prices		
31 December N-1	0.41 €	0.83 €
Maximum price	0.45 € (21 Jan.11)	0.83 € (05 Jan.10)
Minimum price	0.20 € (21 Nov. 11)	0.39 € (30 Nov.10)
31 December N	0.27 €	0.41 €
Transactions		
Average daily quantity	175,998	353,094
Total shares traded	45,231,488	91,098,154
Turnover		
Total (million euro)	14.8	52.0
Average daily turnover (million euro)	0.06	0.20
Market Capitalisation (a)		
Year end (31 December N)	67,500,000 €	102,500,000 €

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



During 2011, and further to the earnings disclosure identified in the previous graph, highlight to the following corporate events announced to the market:

- **14 March 2011**
SC, SGPS, SA, company wholly owned by Sonae Capital, SGPS, SA agreed the terms for the sale for the whole of its 50% shareholding in the share capital of TP – Sociedade Térmica Portuguesa, SA. The agreement produced effects on 9 June 2011;
- **20 July 2011**
Troiaresort – Investimentos Turísticos, SA sold the whole of its 20% shareholding in the share capital of Sociedade Imobiliária de Tróia – B3, SA, including loans made to this company.

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

According to the plan approved by the Shareholders' General Meeting, eligible members are granted the right to acquire, at nil cost, a number of shares corresponding to the division between the amount of the medium term variable bonus granted and the lower of the following closing share prices, in the Portuguese stock market: i) closing share price of the first business day after the Shareholders' General Meeting, or ii) the average closing share price of the thirty-day period of trading prior to the Shareholders' General Meeting.

If dividends are distributed, changes in the nominal value of shares or in the share capital if the Company occur or any other change in equity with impact in the economic value of attributed rights, after the granting date and before its exercise, the amount converted in shares will be adjusted to an equivalent figure considering the effect of the mentioned changes.

On the vesting date, the Company reserves the right to settle in cash, equivalent to the market value of shares. The right to exercise is dependent on the maintenance of a contractual link between the Director and the Company three years after the grant date.

During the 2011 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. 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.

Between 2008 and 2011, the Group has granted on an annual basis deferred performance bonuses based on shares of Sonae Capital, SGPS, SA, under terms similar to those described above.

As at 31 December 2011, 2010 and 2009, 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 ¹	Fair value		
			31. Dec.11	31 Dec.10	31 Dec.09
2007	2010	-	-	-	75,080
2008	2011	-	-	34,015	207,760
2009	2012	3	75,054	141,664	420,165
2010	2013	3	77,011	145,478	-
2011	2014	4	132,017	-	-
Total			284,082	321,157	703,005

¹ As at 31 December 2011

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.

In 2010, the Fiscal Board approved a regulation regarding transactions of the Company with shareholders owning qualified shareholdings (under the terms of articles 16 and 20 of the Securities Code) and their related parties (according to definition of nr. 1 of article 20 of the Securities Code), which defines the threshold above which transactions must be communicated by the Executive Committee to the Board Audit and Finance Committee and the Fiscal Board. According to this regulation, together with the notification of the transaction, the Executive Committee should describe to the Board Audit and Finance Committee and the Fiscal Board the procedures adopted to ensure that the transaction is made under normal market conditions and that it is safeguarded from any potential conflicts of interest. After obtaining all the relevant information, the Fiscal Board will issue its opinion on the transactions which were submitted. In 2011, the Fiscal Board was not required to issue any opinion since no such transactions have occurred.

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).

The Company makes available on the Company's official website (www.sonaecapital.pt) all the information disclosed to the market as well as the information required by article 5 of CMVM regulation nr. 1/2010.

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

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

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


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

The Legal Representative for Capital Market Relations is Anabela Nogueira Matos (Telephone: +351 22 010 79 25; Fax: + 351 22 010 79 35; e-mail: anm@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, 29 February 2012

The Board of Directors



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: 74

Nationality: Portuguese

Education:

- Graduation in Chemical Engineering - Porto University (1963)
- PMD (Programme for Management Development) - Harvard Business School (1973)
- Financial Management Programme - Stanford University (1985)
- Strategic Management - Wharton University (1987)
- Global Strategy – University of California (1995)

Positions held in Group Companies:

Chairman of the Board of Directors of the following companies:

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

Positions held in Other Companies:

- Chairman of the Board of Directors of EGP-UPBS (University of Porto Business School)
- Founding Member of Manufature Portugal Forum
- Member of the European Advisory Board of Harvard Business School
- Member of WBCSD - Order of Outstanding Contributors to Sustainable Development
- Member of the International Advisory Board of Allianz AG

Main Professional activities in the last five years:

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

Álvaro Carmona e Costa Portela

Executive Director of Sonae Capital, SGPS, SA

Age: 60

Nationality: Portuguese

Education:	<ul style="list-style-type: none">▪ Graduation in Mechanical Engineering – FEUP (1974)▪ Master in Business Administration – MBA (Universidade Nova de Lisboa – 1983)▪ AMP /ISMP – Harvard Business School - 1997
Positions held in Group Companies:	Member of the Board of Directors of the following companies: <ul style="list-style-type: none">▪ SC, SGPS, SA▪ Sonae Turismo, SGPS, SA▪ Spred, SGPS, SA
Positions held in Other Companies:	Non-Executive Director of the following companies: <ul style="list-style-type: none">▪ COPAM – Companhia Portuguesa de Amidos, SA▪ Casa Agrícola HMR, SA▪ Sonae, SGPS, SA▪ Sonae RP <p>Non Executive Chairman of MAF Properties (UAE)</p> <p>Member of the Investment Committee of the European Prime Shopping Centre Fund (Germany)</p> <p>Member of the Investment Advisory Committee of the PanEuropean Property Limited Partnership (United Kingdom)</p>
Main Professional activities in the last five years:	<ul style="list-style-type: none">▪ 1990-2010 – Executive Chairman of Sonae Sierra, SGPS, SA and all of its companies▪ 1999-2010 – Executive Director and Vice-President of Sonae, SGPS, SA▪ 2004-2009 – Trustee of ESCT – European Shopping Centre Trust (United Kingdom)▪ 2004-2009 – Member of the International Advisory Board Member of Eurohypo (Germany)▪ 2005-2008 – Trustee and Member of the International Advisory Board of ICSC – International Council of Shopping Centres (USA)▪ Since 2010 – Chairman of the Board of Representatives of <i>Faculdade de Economia da Universidade do Porto</i>▪ Since 2010 – Trustee of the Urban Land Institute (USA)

Francisco de La Fuente Sánchez

Non Executive Director of Sonae Capital, SGPS, SA

Age: 70

Nationality: Portuguese

Education:	<ul style="list-style-type: none">▪ Graduation in Electro technical Engineering – Instituto Superior Técnico (1965)
Positions held in Group Companies:	-
Positions held in Other Companies:	<ul style="list-style-type: none">▪ Chairman of the Board of the Shareholders’ General Meeting of Iberwind – Desenvolvimento e Projectos, SA▪ Co-option member of Instituto Superior Técnico School Council▪ Non Executive Chairman of the Board of Directors of EFACEC Capital▪ Invited 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▪ Member of the Patronage of Hidroeléctrica del Cantábrico Foundation▪ Member of the Consulting Council of the Competitiveness Forum▪ Honorary Chairman of Hidroeléctrica del Cantábrico, SA▪ Member of the Curators Council of the Luso-Brazilian Foundation▪ Member of the Ibero American Forum▪ Member of the Curators Council of the Luso-Spanish Foundation▪ Member of the Shareholders’ Remuneration Committee of Sonae, SGPS, SA▪ Member of the Shareholders’ Remuneration Committee of Sonaecom, SGPS, SA
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">▪ 2005 - 2009 – Chairman of EDP Foundation▪ 2006 - 2007 – Advisor to the Board of Directors of EDP – Electricidade de Portugal, SA▪ 2004 - 2006 – Chairman of ELECPOR - Associação Portuguesa das Empresas do Sector Eléctrico▪ 2003 - 2006 – Chairman of the Board of Directors of EDP - Energias de Portugal, SA <p>In the Electrical Sector outside Portugal:</p> <ul style="list-style-type: none">▪ Since 2005 - Honorary Chairman of Hidroeléctrica del Cantábrico, SA▪ 2002 - 2005 – Board Member of Hidroeléctrica del Cantábrico, SA <p>In Other Sectors:</p> <ul style="list-style-type: none">▪ Since 2010 – Chairman of the Board of the Shareholders’ General Meeting of Iberwind – Desenvolvimento e Projectos, SA▪ Since 2009 - Co-option member of Instituto Superior Técnico School Council▪ Since 2007 - Non Executive Chairman of the Board of Directors of EFACEC Capital - 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
- Since 2003 - Member of the Ibero American Forum
- Since 2002 - Member of the Curators Council of the Luso-Spanish Foundation
- 2007 - 2009 - Chairman of the Corporate Governance Committee of the Supervisory Board of Millennium BCP – Banco Comercial Português
- 2006 - 2009 – Member of the Supervisory Board of Millennium BCP – Banco Comercial Português
- 2006 - 2007 - Non Executive Vice-Chairman of the Board of Directors of Efacec Capital
- 2004 - 2010 - Member of the Consultative Council of the Portuguese Institute of Corporate Governance
- 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
- 2001 - 2006 – Member of the Consulting Council of APDC – Associação Portuguesa para o Desenvolvimento das Comunicações
- 2000 -2010 – Non Executive Director of Portugal-África Foundation
- 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

Maria Cláudia Teixeira de Azevedo

Non Executive Director of Sonae Capital, SGPS, SA

Age: 42

Nationality: Portuguese

Education:

- Graduation in Business Administration - Universidade Católica Portuguesa
- MBA by Insead (Fontainebleau)

Positions held in Group Companies: Member of the Board of Directors of the following companies:

- Sonae Turimo, SGPS, SA

Positions held in Other Companies: Chairman of the Board of Directors of the following companies:


- Digitmarket – Sistemas de Informação, SA
- Lugares Virtuais, SA
- M3G – Edições Digitais, SA
- Mairoad – Serviços de Tecnologias de Informação, SA
- Miauger – Organização e Gestão de Leilões Electrónicos, SA
- Saphety Level – Trusted Services, SA
- WeDo Technologies Americas, INC
- Efanor – Serviços de Apoio à Gestão, SA
- Imparfin, SGPS, SA
- Linhacom, SGPS, SA

Member of the Board of Directors of the following companies:

- Público Comunicação Social, SA
- Optimus – Comunicações, SA
- Sonaecom, SGPS, SA
- Sonaecom Sistemas de Informação, SGPS, SA
- WeDo Consulting, Sistemas de Informação, SA
- Efanor Investimentos, SGPS, SA
- Fundação Belmiro de Azevedo
- Praça Foz – Sociedade Imobiliária, SA

Director of the following companies:

- WeDo Technologies Mexico, S. De R.L. de C.V.
- WeDo Technologies Egypt
- WeDo Technologies, BV
- Cape Tehnologies Limited (Ireland)
- WeDo Technologies Poland Sp. Z.o.o.
- WeDo Technologies (UK) Limited
- WeDo Technologies Chile, SPA
- WeDo Technologies Panamá, SA
- WeDo Technologies Singapore PTE LTD
- Sonaecom – Sistemas de Información España, SL
- Praesidium Services Limited



Main Professional activities in the last five years:

- Executive Director of Sonaecom, SGPS, SA

Member of the Board of Directors of the following companies:

- Sonaecom Sistemas de Informação, SGPS, SA
 - Sonae Matrix Multimédia
 - WeDo Consulting, Sistemas de Informação, SA
 - Profimetrics
 - Efanor Investimentos, SGPS, SA
-

Paulo José Jubilado Soares de Pinho

Non Executive Director of Sonae Capital, SGPS, SA

Age: 49

Nationality: Portuguese

Education:	<ul style="list-style-type: none">▪ Graduation in Economics - Faculdade de Economia da Universidade Nova de Lisboa (1985)▪ MBA - Master in Business Administration - Faculdade de Economia da Universidade Nova de Lisboa (1989)▪ PhD in Banking and Finance - City University Business School, London (1994)▪ Negotiation Analysis - Amsterdam Institute of Finance (2005)▪ Advanced Course - European Venture Capital and Private Equity Association (2006)▪ Valuation Guidelines Masterclass - European Venture Capital and Private Equity Association (2007)▪ Private Equity and Venture Capital Programme - Harvard Business School (2007)
Positions held in Group Companies:	-
Positions held in Other Companies:	<ul style="list-style-type: none">▪ Member of the Board of Directors of Change Partners, SCR, SA▪ Member of the Advisory and Strategic Board of Fundo Fast Change Venture Capital
Main Professional activities in the last five years:	<ul style="list-style-type: none">▪ 2004-2007 - Executive Director and Member of the Board of Directors of REN - Redes Energéticas Nacionais, SA▪ Since 2003 – Chairman of the General Council of Venture Capital Syndication Fund PME-IAPMEI▪ Since 2005 - Member of the Advisory and Strategic Board of Fundo Fast Change Venture Capital▪ 2007-2008 - Member of the Board of Directors of Xis Vending - Serviços de Vending, SA▪ 2007 – 2010 - Senior Advisor for Iberia of Profit Technologies, USA▪ Since 2007 - Senior Advisor of New Next Moves Consultants, Portugal▪ Since 2007 - Director of Venture Valuation, Switzerland (Representative for Portugal)▪ Since 2008 - Visiting Professor at Cass Business School, London▪ Associate Professor and Associate Dean of Faculdade de Economia from Universidade Nova de Lisboa

Manuel Heleno Sismeiro

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

Education:	<ul style="list-style-type: none">▪ Bachelor degree in Accounting - ICL, Lisbon (1964)▪ Graduation in Finance - ISCEF, Lisbon (1971)
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">▪ OCP Portugal Produtos Farmacêuticos, SA▪ Sonae Indústria, SGPS, SA 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">▪ 1980 - 2008 - Partner of Coopers & Lybrand and of Bernardes, Sismeiro & Associados▪ Since 2008 - Advisor, namely on matters of internal audit and internal control

Armando Luís Vieira de Magalhães

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

Education:	<ul style="list-style-type: none">▪ Bachelor degree in Accounting, ISCAP (1972)▪ Graduation in Economics - Faculdade de Economia, Porto University (1978)▪ Executive MBA - European Management, IESF/IFG (1996)
Positions held in Group Companies:	-
Positions held in Other Companies:	Member of the Fiscal Board of the following companies: <ul style="list-style-type: none">▪ Sonaecom, SGPS, SA▪ Sonae Indústria, SGPS, SA▪ Futebol Clube do Porto - Futebol SAD▪ Fundação Eça de Queiroz▪ PortoComercial – Sociedade de Comercialização, Licenciamento e Sponsorização, SA▪ Porto Estádio – Gestão e Exploração de Equipamentos Desportivos, SA
Main Professional activities in the last five years:	<ul style="list-style-type: none">▪ 1989 - 2010 - Statutory Auditor and Managing Partner of Santos Carvalho & Associados, SROC, SA▪ Since 2010 – Statutory Auditor and Partner of Armando Magalhães, Carlos Silva & Associados, SROC, SA

Jorge Manuel Felizes Morgado

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

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



CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

SONAE CAPITAL, SGPS, SA

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2011 AND 31 DECEMBER 2010

(Amounts expressed in euro)

ASSETS	Notes	31.12.2011 Total Operations	31.12.2010 Total Operations
NON-CURRENT ASSETS:			
Tangible assets	10	236,088,219	257,689,745
Intangible assets	11	7,478,779	7,250,028
Goodwill	12	61,028,512	61,133,327
Investments in associated companies	6	60,060,236	72,378,266
Other investments	7, 9 and 13	1,015,381	1,139,123
Deferred tax assets	20	23,563,437	19,655,868
Other non-current assets	9 and 14	21,820,629	17,241,368
Total Non-Current Assets		<u>411,055,193</u>	<u>436,487,724</u>
CURRENT ASSETS:			
Stocks	15	209,213,344	229,782,596
Trade account receivables	9 and 16	26,595,961	36,019,835
Other Debtors	9 and 17	7,904,975	10,892,396
Taxes recoverable	18	12,385,331	12,781,799
Other current assets	19	2,695,344	2,003,005
Cash and cash equivalents	9 and 21	3,980,640	3,199,298
Total Current Assets		<u>262,775,595</u>	<u>294,678,929</u>
TOTAL ASSETS		<u><u>673,830,788</u></u>	<u><u>731,166,653</u></u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	22	250,000,000	250,000,000
Own Shares	22	(36,143)	-
Reserves and retained earnings		74,670,814	81,335,203
Profit/(Loss) for the year attributable to the equity holders of Sonae Capital		2,994,272	(4,420,429)
Equity attributable to the equity holders of Sonae Capital		<u>327,628,943</u>	<u>326,914,774</u>
Equity attributable to non-controlling interests	23	9,241,777	12,454,796
TOTAL EQUITY		<u><u>336,870,720</u></u>	<u><u>339,369,570</u></u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank Loans	9 and 24	91,421,464	42,915,789
Bonds	9 and 24	59,509,816	79,406,319
Obligation under finance leases	9, 24 and 25	27,409,503	25,507,742
Other loans	9 and 24	4,224,101	4,063,556
Other non current liabilities	9 and 27	7,155,507	36,641,690
Deferred tax liabilities	20	11,535,355	3,616,046
Provisions	32	3,185,974	3,185,974
Total Non-Current Liabilities		<u>204,441,720</u>	<u>195,337,116</u>
CURRENT LIABILITIES:			
Bank Loans	9 and 24	49,135,397	124,034,932
Bonds	9 and 24	30,000,000	-
Obligation under finance leases	9, 24 and 25	2,607,993	3,479,253
Other loans	9 and 24	814,103	1,001,327
Trade creditors	9 and 29	14,851,465	26,672,579
Other creditors	9 and 30	3,986,803	4,861,940
Taxes and contribution payables	18	5,596,653	5,975,560
Other current liability	31	24,470,718	27,729,467
Provisions	32	1,055,216	2,704,909
Total Current Liabilities		<u>132,518,348</u>	<u>196,459,967</u>
TOTAL LIABILITIES		<u><u>336,960,068</u></u>	<u><u>391,797,083</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>673,830,788</u></u>	<u><u>731,166,653</u></u>

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 PERIODS ENDED 31 DECEMBER 2011 AND 2010

(Amounts expressed in euro)

	Notes	31.12.2011	31.12.2010		
		Total Operations	Total Operations	Discontinued Operations	Continued Operations
Operational income					
Sales	35	74,130,471	88,038,449	-	88,038,449
Services rendered	35	62,754,429	90,543,744	26,713,773	63,829,971
Other operational income	36	11,571,340	10,540,104	94,852	10,445,252
Total operational income		148,456,240	189,122,297	26,808,625	162,313,672
Operational expenses					
Cost of goods sold and materials consumed	15	(38,941,946)	(40,038,998)	685	(40,039,683)
Changes in stocks of finished goods and work in progress	37	(3,581,253)	(10,486,938)	-	(10,486,938)
External supplies and services	38	(55,810,735)	(82,289,391)	(24,513,409)	(57,775,982)
Staff costs	39	(41,357,695)	(43,525,403)	(1,131,418)	(42,393,985)
Depreciation and amortisation	10 and 11	(13,734,933)	(15,045,481)	(160,454)	(14,885,027)
Provisions and impairment losses	32	(3,034,123)	(5,257,167)	(12,194)	(5,244,973)
Other operational expenses	40	(4,635,621)	(6,254,936)	(141,732)	(6,113,204)
Total operational expenses		(161,096,306)	(202,898,314)	(25,958,522)	(176,939,792)
Operational profit/(loss)		(12,640,066)	(13,776,017)	850,103	(14,626,120)
Financial Expenses	41	(12,018,377)	(10,053,031)	(12,409)	(10,040,622)
Financial Income	41	1,581,241	1,504,035	3,351	1,500,684
Net financial expenses		(10,437,136)	(8,548,996)	(9,058)	(8,539,938)
Share of results of associated undertakings	6	5,166,233	5,620,378	-	5,620,378
Investment income	42	28,361,670	6,936,327	6,639,998	296,329
Profit/(Loss) before taxation		10,450,701	(9,768,308)	7,481,043	(17,249,351)
Taxation	43	(6,664,829)	6,148,147	(54,488)	6,202,635
Profit/(Loss) for the year	44	3,785,872	(3,620,161)	7,426,555	(11,046,716)
Attributable to:					
Equity holders of Sonae Capital		2,994,272	(4,420,429)	7,426,555	(11,846,984)
Non-controlling interests	23	791,600	800,268	-	800,268
Profit/(Loss) per share					
Basic	46	0.011979	(0.017682)	0.029706	(0.047388)
Diluted	46	0.011979	(0.017682)	0.029706	(0.047388)

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE 4th QUARTERS OF 2011 AND 2010

(Amounts expressed in euro)

	Notes	Continued Operations	
		4 th Quarter 11 ¹	4 th Quarter 10 ¹
Operational income:			
Sales		20,692,728	25,090,512
Services rendered		13,766,386	15,348,753
Other operational income		1,700,380	3,058,949
Total operational income		<u>36,159,494</u>	<u>43,498,214</u>
Operational expenses			-
Cost of goods sold and materials consumed		(7,350,735)	(12,214,561)
Changes in stocks of finished goods and work in progress		(1,248,472)	(2,396,430)
External supplies and services		(13,657,075)	(16,152,027)
Staff costs		(11,057,852)	(10,953,134)
Depreciation and amortisation		(3,603,912)	(4,781,926)
Provisions and impairment losses		(2,958,776)	(1,709,400)
Other operational expenses		(707,710)	(1,762,446)
Total operational expenses		<u>(40,584,532)</u>	<u>(49,969,924)</u>
Operational profit/(loss)		(4,425,038)	(6,471,710)
Financial Expenses		(3,036,886)	(2,981,552)
Financial Income		632,104	319,883
Net financial expenses		<u>(2,404,782)</u>	<u>(2,661,669)</u>
Share of results of associated undertakings		853,993	3,237,909
Investment income		2	1,193,406
Profit/(Loss) before taxation		<u>(5,975,825)</u>	<u>(4,702,064)</u>
Taxation		(5,672,740)	1,092,494
Profit/(Loss) for the period		<u>(11,648,565)</u>	<u>(3,609,570)</u>
Attributable to:			
Equity holders of Sonae Capital		(11,698,109)	(4,019,709)
Non-controlling interests		<u>49,544</u>	<u>410,139</u>
Profit/(Loss) per share			
Basic		(0.046791)	(0.016079)
Diluted		<u>(0.046791)</u>	<u>(0.016079)</u>

The accompanying notes are part of these financial statements.

¹ Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2011 AND 2010

(Amounts expressed in euro)

	<u>31.12.2011</u>		<u>31.12.2010</u>	
	<u>Total</u>	<u>Total</u>	<u>Discontinued</u>	<u>Continued</u>
	<u>Operations</u>	<u>Operations</u>	<u>Operations</u>	<u>Operations</u>
Consolidated net profit/(loss) for the period	3,785,872	(3,620,161)	7,426,555	(11,046,716)
Exchange differences on translating foreign operations	(74,637)	156,656	-	156,656
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	192,478	(1,826,803)	-	(1,826,803)
Change in the fair value of assets available for sale	-	-	-	-
Change in the fair value of cash flow hedging derivatives	(901,204)	(863,913)	-	(863,913)
Other comprehensive income for the period	<u>(783,363)</u>	<u>(2,534,060)</u>	-	<u>(2,534,060)</u>
Total comprehensive income for the period	<u>3,002,509</u>	<u>(6,154,221)</u>	<u>7,426,555</u>	<u>(13,580,776)</u>
Attributable to:				
Equity holders of Sonae Capital	2,253,542	(6,992,453)	7,426,555	(14,419,008)
Non-controlling interests	<u>748,967</u>	<u>838,232</u>	-	<u>838,232</u>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 4th QUARTERS OF 2011 AND 2010

(Amounts expressed in euro)

	4 th Quarter 11 ¹	Continued Operations 4th Quarter 10 ¹
Consolidated net profit/(loss) for the period	(11,648,565)	(3,609,570)
Exchange differences on translating foreign operations	32,833	50,542
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	362,933	(1,844,575)
Change in the fair value of assets available for sale	-	-
Change in the fair value of cash flow hedging derivatives	29,382	695,935
Other comprehensive income for the period	425,148	(1,098,098)
Total comprehensive income for the period	(11,223,417)	(4,707,668)
Attributable to:		
Equity holders of Sonae Capital	(11,273,201)	(5,143,971)
Non-controlling interests	49,784	436,303

The accompanying notes are part of these financial statements.

¹ Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2011 AND 2010

(Amounts expressed in Euro)

	Attributable to Equity Holders of Sonae Capital							Sub total	Net Profit/(Loss)	Total	Non-Controlling Interests	Total Equity
	Share Capital	Own shares	Demerger Reserve (Note 16)	Translation Reserves	Fair Value Reserves	Hedging Reserves	Other Reserves and Retained Earnings					
Balance as at 1 January 2010	250,000,000	-	132,638,253	(1,239,053)	-	-	(70,853,320)	60,545,880	23,074,268	333,620,148	11,319,241	344,939,389
Total consolidated comprehensive income for the period	-	-	-	109,659	-	(854,880)	(1,826,803)	(2,572,024)	(4,420,429)	(6,992,453)	838,232	(6,154,221)
Appropriation of profit of 2009												
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	23,074,268	23,074,268	(23,074,268)	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	287,079	287,079	-	287,079	297,323	584,402
Balance as at 31 December 2010	250,000,000	-	132,638,253	(1,129,394)	-	(854,880)	(49,318,776)	81,335,203	(4,420,429)	326,914,774	12,454,796	339,369,570
Balance as at 1 January 2011	250,000,000	-	132,638,253	(1,129,394)	-	(854,880)	(49,318,776)	81,335,203	(4,420,429)	326,914,774	12,454,796	339,369,570
Total consolidated comprehensive income for the period	-	-	-	(50,108)	-	(883,100)	192,478	(740,730)	2,994,272	2,253,542	748,967	3,002,509
Appropriation of profit of 2010												
Acquisition of own shares	-	(36,143)	-	-	-	-	-	-	-	(36,143)	-	(36,143)
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	(4,420,429)	(4,420,429)	4,420,429	-	-	-
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	(1,596,425)	(1,596,425)	-	(1,596,425)	(4,103,272)	(5,699,697)
Other changes	-	-	-	-	-	-	93,195	93,195	-	93,195	141,286	234,481
Balance as at 31 December 2011	250,000,000	(36,143)	132,638,253	(1,179,502)	-	(1,737,980)	(55,049,957)	74,670,814	2,994,272	327,628,943	9,241,777	336,870,720

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS AND THREE MONTHS ENDED DECEMBER 2011 AND 2010

(Amounts expressed in Euro)

Notes	31.12.2011	31.12.2010	4 th quarter 11 ¹	4 th quarter 10 ¹	
OPERATING ACTIVITIES:					
Cash receipts from trade debtors	142,830,165	175,808,967	37,688,482	35,217,048	
Cash receipts from trade creditors	(102,949,672)	(142,114,393)	(28,728,792)	(28,385,707)	
Cash paid to employees	(41,027,715)	(44,162,736)	(11,361,458)	(11,705,637)	
Cash flow generated by operations	(1,147,222)	(10,468,162)	(2,401,768)	(4,874,296)	
Income taxes (paid) / received	(1,869,478)	(9,469,722)	(2,051,930)	(2,610,393)	
Other cash receipts and (payments) relating to operating activities	(3,445)	8,246,258	1,062,424	2,966,775	
Net cash flow from operating activities (1)	(3,020,145)	(11,691,626)	(3,391,274)	(4,517,914)	
INVESTMENT ACTIVITIES:					
Cash receipts arising from:					
Investments	47	45,314,594	11,389,515	310,522	6,922,872
Tangible assets		1,282,208	6,622,126	340,011	1,424,443
Interest and similar income		575,583	1,224,783	306,632	952,761
Loans granted		96,856	12,819,258	-	1,393,889
Dividends		201,314	574,640	-	346,407
		47,470,555	32,630,322	957,165	11,040,372
Cash Payments arising from:					
Investments	47	(6,199,799)	(1,206,985)	(1,934)	(133,509)
Tangible assets		(11,916,883)	(7,366,318)	(1,115,959)	(2,259,832)
Intangible assets		(277,326)	(74,439)	155,670	(27,635)
Loans granted		(170,000)	(96,856)	-	12,000
		(18,564,008)	(8,744,598)	(962,223)	(2,408,976)
Net cash used in investment activities (2)		28,906,547	23,885,724	(5,058)	8,631,396
FINANCING ACTIVITIES:					
Cash receipts arising from:					
Loans obtained		61,692,285	3,186,238	(25,950,619)	565,739
Capital increases, additional paid in capital and share premiums		-	310,000	-	310,000
		61,692,285	3,496,238	(25,950,619)	875,739
Cash Payments arising from:					
Loans obtained		(76,038,697)	(5,408,195)	33,816,122	(1,696,188)
Interest and similar charges		(11,024,417)	(9,759,883)	(2,356,436)	(3,043,447)
Purchase of own shares		(36,143)	-	(36,143)	-
		(87,099,257)	(15,168,078)	31,423,543	(4,739,635)
Net cash used in financing activities (3)		(25,406,972)	(11,671,840)	5,472,924	(3,863,896)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		479,430	522,258	2,076,592	249,586
Effect of foreign exchange rate		(9,430)	(31,929)	(13,804)	(1,537)
Cash and cash equivalents at the beginning of the period	21	2,497,210	1,943,023	895,674	2,246,087
Cash and cash equivalents at the end of the period	21	2,986,070	2,497,210	2,986,070	2,497,210

The accompanying notes are part of these financial statements.

¹ Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited

The Board of Directors

SONAE CAPITAL, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2011 AND 2010

(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 was reorganized according to its strategic objective, set out on the development of three distinct and autonomous business areas:

- The first business area, headed by Sonae Turismo, SGPS, SA, includes businesses in tourism, through the development and management of tourism resorts, in hotels, through management of hotels and services, and in health and fitness through management of health clubs;
- The second business area, headed by SC Assets, SGPS, SA, which became autonomous from Sonae Turismo, SGPS, SA in the beginning of 2010, is focused on investment in and management of real estate properties, comprising the ownership and management of real estate assets for the development of both resorts and residential properties, and services regarding land and buildings, among which management of leased buildings, technical management of buildings and condominium management;
- The third business area, headed by Spred, SGPS, SA, includes businesses in three segments: mature businesses with generation of steady cash-flows in refrigeration, air conditioning and maintenance; energy and environment businesses (cogeneration, energy efficiency and sustainable buildings); identifying new business opportunities in emerging sectors or sectors undergoing restructuring and management of a financial portfolio.

2. MAIN ACCOUNTING POLICIES

The main 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 2011.

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 2011:

	<u>Date of endorsement by the EU</u>	<u>Effective Date (Started on or after)</u>
IAS 32 – Amendments (Financial Instruments presentation)	23-12-2009	01-01-2011
IFRS 1 – Amendments (limited exemption from comparative IFRS7 disclosures for first time adopters)	30-06-2010	01-07-2010
Revision of IAS 24 (related party disclosures)	19-07-2010	01-01-2011
IFRIC 14 – Amendments (prepayments of a minimum funding requirement)	19-07-2010	01-01-2011
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	23-07-2010	01-07-2010
Improvements to International Financial Reporting Standards (2010)	18-02-2011	01-01-2011
IFRS 7 Financial instruments – Amendments (disclosure – transfers of financial assets)	22-11-2011	01-07-2011

The adoption of the above mentioned standards has not led to material impacts on the consolidated financial statements of Sonae Capital at 31 December 2011.

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 Non-controlling 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.

Comprehensive income and other components of equity are attributable to non-controlling interests, even if these captions show negative values.

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 recognized as income in profit or loss for the period of acquisition, after reassessment of the estimated fair value of net assets acquired. Non-controlling 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:

	31.12.2011		31.12.2010	
	End of Period	Average of Period	End of Period	Average of Period
Pound Sterling	1.16850	1.14966	1.161780	1.166680
Brazilian Real	0.41083	0.43213	0.450920	0.429820
Angolan Kwanza	0.00792	0.00764	-	-

Source: Bloomberg

2.3 Tangible assets

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

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

Depreciation is calculated on a straight line basis, as from the date the asset is first used, over the expected useful life for each class of assets and 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.

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

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 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 includes 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 a 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, 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 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 2011 would have been lower by 1,026,125 and higher by 1,004,629 euro (as at 31 December 2010 they would have been higher/lower by 1,012,471 euro) . The impact in equity (excluding the impact on net profit) of the interest rate sensitivity analysis as at 31 December 2011 would have been lower/higher by around 0 euro (as at 31 December 2010 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 a risk, 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 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), requiring authorization from the Board of Directors to use alternative instruments;
- 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.
- Negotiation of contract terms which reduce the possibility of early termination of loans.

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 2011 and 2010 are as follows:

Company	Head Office	Percentage of capital held			
		31 December 2011		31 December 2010	
		Direct	Total	Direct	Total
Sonae Capital SGPS, SA	Maia	Holding	Holding	Holding	Holding
Tourism					
Aqualuz - Turismo e Lazer, Lda	a) Lagos	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%
1) Atlantic Ferries - Traf.Loc.Flu.e Marit., SA	a) Grândola	80.00%	80.00%	80.00%	80.00%
Golf Time - Golfe e Inv.Turisticos, SA	a) Porto	100.00%	100.00%	100.00%	100.00%
Imoareia Investimentos Turísticos, SGPS, 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%
Imoresort - 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%
2) 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%
Marvero - Expl.Hoteleira Imob., SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Modus Faciendi – Gestão e Serviços, SA	a) Porto	100.00%	100.00%	100.00%	100.00%
SII - Soberana Investimentos Imobiliários, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Sete e Meio - Investimentos e Consultadoria, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
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 Málaga, SL	a) Málaga (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) Amsterdam (Netherlands)	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%
Troiareort - 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%

SC Assets							
	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%
	Empreend.Imob.Quinta da Azenha, SA	a)	Maia	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%	100.00%	100.00%	87.74%
	Country Club da Maia-Imobiliaria, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
3)	Espimaia, SGPS, SA	a)	Porto	100.00%	100.00%	-	-
4)	Fundo Especial de Investimento Imobiliário Fechado WTC	a)	Maia	99.84%	99.84%	-	-
	Imobiliária da Cacela, SA	a)	Matosinhos	100.00%	100.00%	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%	100.00%	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%
	Imoponte - Soc.Imobiliária, SA	a)	Maia	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%	100.00%	100.00%	87.74%
	Porturbe - Edifícios e Urbanizações, SA	a)	Maia	100.00%	100.00%	100.00%	87.74%
	Praedium II-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	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%
	SC Assets, SGPS, SA	a)	Maia	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%
	Soconstrução, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
	Soira - Soc.Imobiliária de Ramalde, SA	a)	Porto	100.00%	100.00%	100.00%	87.74%
	Sótaqua - Soc. de Empreendimentos Turísticos, SA	a)	Maia	100.00%	100.00%	100.00%	87.74%
	Spinveste - Promoção Imobiliária, SA	a)	Porto	100.00%	100.00%	87.74%	87.74%
	Spinveste - Gestão Imobiliária SGII, SA	a)	Porto	100.00%	100.00%	87.74%	87.74%
	Torre São Gabriel-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Urbisedas - Imobiliária das Sedas, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
2)	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%
Spred							
	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%
	Ecociclo II - Energias, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Edifícios Saudáveis Consultores - Ambiente e Energia em Edifícios, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	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%

	Integrum Colombo - Energia, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Integrum - Energia, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
5)	Integrum - Serviços Partilhados, SA	a)	Maia	100.00%	70.00%	100.00%	70.00%
4)	Integrum – Vale do Caima – Energia, SA	a)	Maia	100.00%	100.00%	-	-
	Invesaúde - Gestão Hospitalar, SA	a)	Maia	100.00%	50.00%	100.00%	50.00%
6)	Martimope - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	PJP - Equipamento de Refrigeração, Lda	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
	Saúde Atlântica - Gestão Hospitalar, SA	a)	Maia	50.00%	50.00%	50.00%	50.00%
	SC - Eng. e Promo Imobiliária,SGPS,SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Selfrio, SGPS, SA	a)	Matosinhos	70.00%	70.00%	70.00%	70.00%
5)	Selfrio - Engenharia do Frio, SA	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
	Sistavac, SA	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
	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%
5)	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%
	Sopair, SA	a)	Madrid (Spain)	100.00%	70.00%	100.00%	70.00%
7)	Spinarq – Engenharia, Energia e Ambiente, SA	a)	Luanda (Angola)	99.90%	99.90%	-	-
	Spred SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Others							
	Interlog - SGPS, SA	a)	Lisbon	98.98%	98.98%	98.98%	98.98%
	Rochester Real Estate, Ltd	a)	Kent (U.K.)	100.00%	100.00%	100.00%	100.00%
	SC - Sociedade de 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%
	SC Finance, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%

a) Majority of voting rights.

- 1) Company included in the Spred segment in 2010
- 2) Company dissolved in the period
- 3) Company acquired in the period
- 4) Company incorporated in the period
- 5) Company merged with Sistavac, SA
- 6) Company included in the Tourism segment in 2010
- 7) Company consolidated in the current period and excluded in the previous

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 2011 and 2010 are as follows:

Company	Head Office	Percentage of capital held				Book Value	
		31 December 2011		31 December 2010		31 December 2011	31 December 2010
		Direct	Total	Direct	Total		
Tourism and SC Assets							
Andar - Sociedade Imobiliária, SA	Maia	50.00%	50.00%	50.00%	50.00%	860,217	942,174
Sociedade de Construções do Chile, SA	Lisbon	100.00%	50.00%	100.00%	50.00%	-	-
Fundo de Investimento Imobiliário Fechado Imosedo	Maia	45.45%	45.45%	45.45%	45.45%	57,713,465	55,156,588
1) Sociedade Imobiliária Tróia - B3, SA	Grândola	-	-	20.00%	20.00%	-	438,004
Vastgoed One - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
Vastgoed Sun - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
Spred							
1) Cinclus - Plan. e Gestão de Projectos, SA	Porto	-	-	25.00%	25.00%	-	606,678
Lidergraf - Artes Gráficas, Lda	Vila do Conde	24.50%	24.50%	24.50%	24.50%	400,936	489,822
Norscut - Concessionária de Scut Interior Norte, SA	Lisbon	36.00%	36.00%	36.00%	36.00%	1,061,618	742,338
Operscut - Operação e Manutenção de Auto-estradas, SA	Lisbon	15.00%	15.00%	15.00%	15.00%	24,000	24,000
2) Sodesa, SA	Lisbon	-	-	50.00%	50.00%	-	10,548
1) TP - Sociedade Térmica, SA	Porto	-	-	50.00%	50.00%	-	13,968,114
Total						60,060,236	72,378,266

- 1) Company disposed in the period
2) Company dissolved in the period

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

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

As at 31 December 2011 and 2010, aggregate values of main financial indicators of associated and jointly controlled companies can be analysed as follows:

	31 December 2011	31 December 2010
Total Assets	815,672,321	987,199,563
Total Liabilities	639,016,620	784,329,964
Income	124,980,188	178,412,566
Expenses	114,912,419	161,303,622

In the amounts referred to in this note on the main financial indicators of associates, stands out the Fundo de Investimento Imobiliário Fechado Imosede with the more relevant investment amount, with the following values in the Balance Sheet and Income Statement:

Total Assets 131,620,071 euro (126,499,644 euro in December 2010) and 4,637,751 euro of liabilities (5,143,016 euro in December 2010) and 11,357,838 euro in total income (10 661.096 euro in December 2010) and 5,732,146 euro in total costs (5,735,843 euro in December 2010).

During the periods ended 31 December 2011 and 2010, movements in investments and associated companies may be summarized as follows:

	31 December 2011	31 December 2010
Opening balance as at 1 January	72,410,209	69,265,672
Acquisitions in the period	346,712	150,736
Disposals in the period	(18,023,453)	(625,697)
Equity method	5,358,711	3,793,574
Dividends received	-	(174,078)
Transfers	-	2
Closing balance as at 31 December	60,092,179	72,410,209
Accumulated impairment losses (Note 32)	(31,943)	(31,943)
	<u>60,060,236</u>	<u>72,378,266</u>

The use of the equity method had the following impacts: 5,166,233 euro recorded in Share of results of associated undertakings (5,620,377 euro at 31 December 2010) and 192,478 euro in changes in reserves (- 1,826,803 euro at 31 December 2010).

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 2011 and 2010 are made up as follows:

Company	Reason for exclusion	Head Office	Percentage of capital held				31 December 2011	31 December 2010
			31 December 2011		31 December 2010			
			Direct	Total	Direct	Total		
Tourism								
1) Delphinus - Soc. de Tur. e Div. de Tróia, 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%	-	-
SC Assets								
Fundo de Investimento Imobiliário Imosonae Dois		Maia	0.09%	0.09%	-	-	112,025	-
Spred								
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
Fundo de Capital de Risco F-HITEC		Lisbon	7.14%	7.14%	7.14%	7.14%	250,000	250,000
2) Spinarq - Engenharia, Energia e Ambiente, SA		Luanda	-	-	99.90%	99.90%		191,507
Other investments							427,446	471,705
Total (Note 13)							1,015,381	1,139,122

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) Inactive subsidiary

2) Company consolidated in the current period and excluded in the previous

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

8. CHANGES TO THE CONSOLIDATION PERIMETER

In 2011 occurred the following acquisition:

Company	Head Office	Percentage of capital held	
		At the date of acquisition	
		Direct	Total
Espimaia, SGPS, SA	Porto	100.00%	100.00%

The acquisition that occurred in the period of twelve months ended December 31, 2011 was as follows:

	Acquisition Date	31 December 2011
Net assets acquired		
Investments	5,000,000	-
Other assets	117,858	107,691
Cash and cash equivalents	2,033	273
Other liabilities	(1,085)	(501)
	<u>5,118,806</u>	<u>107,463</u>
Equity	<u>699,696</u>	
Acquisition price	<u>5,818,502</u>	
Payments made	<u>5,818,502</u>	
Net cash flow from the acquisition		
Payments made	5,818,502	
Cash and equivalents acquired	(2,033)	
	<u>5,816,469</u>	

9. FINANCIAL INSTRUMENTS

Financial Instruments, in accordance with the policies described in Note 2.1, were classified as follows:

Financial Assets	Note	Financial Instruments					Total
		Borrowings and accounts receivable	Available for sale	Investments held to maturity	Sub-total	Assets not covered by IFRS 7	
As at 31 de December 2011							
Non-Current Assets							
Other Investments	13	-	1,015,381	-	1,015,381	-	1,015,381
Other non-current assets	14	21,820,629	-	-	21,820,629	-	21,820,629
		<u>21,820,629</u>	<u>1,015,381</u>	<u>-</u>	<u>22,836,010</u>	<u>-</u>	<u>22,836,010</u>
Current Assets							
Trade account receivables	16	26,595,961	-	-	26,595,961	-	26,595,961
Other debtors	17	7,904,975	-	-	7,904,975	-	7,904,975
Cash and cash equivalents	21	3,980,640	-	-	3,980,640	-	3,980,640
		<u>38,481,576</u>	<u>-</u>	<u>-</u>	<u>38,481,576</u>	<u>-</u>	<u>38,481,576</u>
		<u>60,302,205</u>	<u>1,015,381</u>	<u>-</u>	<u>61,317,586</u>	<u>-</u>	<u>61,317,586</u>
As at 31 de December 2010							
Non-Current Assets							
Other Investments	13	-	1,139,122	-	1,139,122	-	1,139,122
Other non-current assets	14	17,241,368	-	-	17,241,368	-	17,241,368
		<u>17,241,368</u>	<u>1,139,122</u>	<u>-</u>	<u>18,380,490</u>	<u>-</u>	<u>18,380,490</u>
Current Assets							
Trade account receivables	16	36,019,835	-	-	36,019,835	-	36,019,835
Other debtors	17	10,892,397	-	-	10,892,397	-	10,892,397
Cash and cash equivalents	21	3,199,298	-	-	3,199,298	-	3,199,298
		<u>50,111,530</u>	<u>-</u>	<u>-</u>	<u>50,111,530</u>	<u>-</u>	<u>50,111,530</u>
		<u>67,352,898</u>	<u>1,139,122</u>	<u>-</u>	<u>68,492,020</u>	<u>-</u>	<u>68,492,020</u>

Financial Liabilities	Note	Financial liabilities recorded at amortised cost	Liabilities not covered by IFRS 7	Total
As at 31 de December 2011				
Non-Current Liabilities				
Bank Loans	24	91,421,464	-	91,421,464
Bonds	24	59,509,816	-	59,509,816
Other loans	24	31,633,604	-	31,633,604
Other non-current liabilities	27	4,045,519	3,109,988	7,155,507
		<u>186,610,403</u>	<u>3,109,988</u>	<u>189,720,391</u>
Current Liabilities				
Bank Loans	21 and 24	49,135,397	-	49,135,397
Other loans	24	3,422,096	-	3,422,096
Bonds	24	30,000,000	-	30,000,000
Trade Creditors	29	14,851,465	-	14,851,465
Other current liabilities	30	1,940,444	2,046,359	3,986,803
		<u>99,349,401</u>	<u>2,046,359</u>	<u>101,395,760</u>
		<u>285,959,804</u>	<u>5,156,347</u>	<u>291,116,151</u>

Financial Liabilities	Note	Financial liabilities recorded at amortised cost	Liabilities not covered by IFRS 7	Total
As at 31 de December 2010				
Non-Current Liabilities				
Bank Loans	24	42,915,789	-	42,915,789
Bonds	24	79,406,319	-	79,406,319
Other loans	24	29,571,298	-	29,571,298
Other non-current liabilities	27	33,495,713	3,145,977	36,641,690
		<u>185,389,119</u>	<u>3,145,977</u>	<u>188,535,096</u>
Current Liabilities				
Bank Loans	21 and 24	124,034,932	-	124,034,932
Other loans	24	4,480,580	-	4,480,580
Trade Creditors	29	26,672,579	-	26,672,579
Other current liabilities	30	2,492,984	2,368,956	4,861,940
		<u>157,681,075</u>	<u>2,368,956</u>	<u>160,050,030</u>
		<u>343,070,194</u>	<u>5,514,933</u>	<u>348,585,126</u>

10. TANGIBLE ASSETS

During the periods ended 31 December 2011 and 2010, 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	
Gross Cost:							
Opening balance as at 1 January 2010	206,122,259	117,483,533	1,779,230	6,826,414	3,764,326	30,525,157	366,500,919
Changes in consolidation perimeter (companies out)	(4,459,919)	(4,538,451)	(384,064)	(516,890)	(113,317)	-	(10,012,641)
Capital expenditure	144,257	321,105	136,636	41,216	6,195	9,528,000	10,177,409
Disposals	(5,907,236)	(1,239,927)	(173,950)	(89,987)	(7,862)	(127,223)	(7,546,185)
Exchange rate effect	34,981	2,499	-	4,724	7,385	-	49,589
Transfers	4,584,802	6,977,778	46,701	284,491	(193,203)	(26,151,731)	(14,451,162)
Opening balance as at 1 January 2011	200,519,144	119,006,537	1,404,553	6,549,968	3,463,524	13,774,203	344,717,929
Capital expenditure	351,691	67,228	253,389	38,436	13,609	9,868,575	10,592,928
Disposals	(1,252,858)	(371,140)	(59,708)	(1,011,482)	(1,188,396)	(1,563)	(3,885,147)
Exchange rate effect	(8,584)	(975)	9,658	(2,242)	(4,962)	-	(7,105)
Transfers	15,435,777	13,073,158	141	100,146	123,449	(14,283,117)	14,449,554
Closing balance as at 31 December 2011	215,045,171	131,774,808	1,608,033	5,674,826	2,407,224	9,358,098	365,868,160
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2010	45,544,496	28,002,830	1,316,726	5,007,396	2,706,792	-	82,578,240
Changes in consolidation perimeter (companies out)	(4,459,919)	(4,298,428)	(300,733)	(490,208)	(105,607)	-	(9,654,895)
Charges for the period 1)	5,055,194	10,825,620	186,819	498,552	213,078	-	16,779,263
Disposals 2)	(1,739,566)	(483,908)	(112,071)	(85,515)	(7,378)	-	(2,428,438)
Exchange rate effect	8,129	1,256	-	3,987	4,816	-	18,188
Transfers	(74,131)	(13,423)	(1,262)	(6,944)	(168,414)	-	(264,174)
Opening balance as at 1 January 2011	44,334,203	34,033,947	1,089,479	4,927,268	2,643,287	-	87,028,184
Charges for the period 1)	35,057,892	9,785,373	182,352	468,765	77,038	-	45,571,420
Disposals 2)	(498,447)	(253,894)	(59,709)	(996,801)	(740,741)	-	(2,549,592)
Exchange rate effect	(2,275)	(1,020)	1,421	(2,999)	(3,335)	-	(8,208)
Transfers	6	(202,917)	(33,726)	(19,430)	(5,797)	-	(261,864)
Closing balance as at 31 December 2011	78,891,380	43,361,489	1,179,817	4,376,804	1,970,453	-	129,779,941
Carrying amount							
As at 31 December 2010	156,184,941	84,972,590	315,074	1,622,700	820,237	13,774,203	257,689,745
As at 31 December 2011	136,153,791	88,413,319	428,216	1,298,023	436,772	9,358,098	236,088,219

1) Includes impairment losses amounting to 32,227,417 euro (2,127,967 euro at December 2010)

2) Includes reversal of impairment losses amounting to 9,797 (1,209,793 euro at December 2010)

In December 2010, transfers from tangible assets in progress include transfers to stocks of amounts related with real estate projects for sale at Troia, in the amount of 12,864,587 euro. During 2011, there were transfers of stocks in the amount of 15,505,287 euro regarding real estate projects which are temporarily under management for tourism related activities.

The acquisition cost of Tangible assets held by the Group under finance lease contracts amounted to 37,426,837 euro and 39,063,398 euro as at 31 December 2011 and 2010, respectively, and their net book value as of those dates amounted to 31,329,630 euro and 33,774,414 euro, respectively (Note 25).

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

	<u>31 December 2011</u>	<u>31 December 2010</u>
Troiaresort	8,074,490	8,449,772
Boavista Complex refurbishment	-	1,393,937
Cogeneration Project Integrum Colombo	-	1,913,071
Others	1,283,608	2,017,423
	<u>9,358,098</u>	<u>13,774,203</u>

11. INTANGIBLE ASSETS

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

	Intangible Assets				Total Intangible Assets
	Patents and other similar rights	Software	Others	Intangible Assets in progress	
Gross Cost:					
Opening balance as at 1 January 2010	7,446,843	2,716,769	37,262	100,915	10,301,789
Changes in consolidation perimeter (companies out)	(2,138)	(455,508)	(956)	-	(458,602)
Capital expenditure	-	17,613	-	68,692	86,305
Disposals	(17,316)	-	(28,104)	-	(45,420)
Exchange rate effect	-	2,519	-	-	2,519
Transfers	14,367	368,069	-	(132,819)	249,617
Opening balance as at 1 January 2011	7,441,756	2,649,462	8,202	36,788	10,136,208
Capital expenditure	332,175	30,227	-	79,799	442,201
Disposals	(489)	(154,822)	-	-	(155,311)
Exchange rate effect	-	(1,768)	-	-	(1,768)
Transfers	32,358	63,321	166,620	(49,660)	212,639
Closing balance as at 31 December 2011	7,805,800	2,586,420	174,822	66,927	10,633,969
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2010	692,599	2,073,376	37,034	-	2,803,009
Changes in consolidation perimeter (companies out)	(2,138)	(444,719)	(956)	-	(447,813)
Charges for the period	163,195	230,763	228	-	394,186
Disposals	(17,311)	-	(28,104)	-	(45,415)
Exchange rate effect	-	1,457	-	-	1,457
Transfers	(220)	180,976	-	-	180,756
Opening balance as at 1 January 2011	836,125	2,041,853	8,202	-	2,886,180
Charges for the period	177,956	186,049	26,752	-	390,757
Disposals	(489)	(138,331)	-	-	(138,820)
Exchange rate effect	-	(1,081)	-	-	(1,081)
Transfers	2	18,833	(680)	-	18,155
Closing balance as at 31 December 2011	1,013,594	2,107,323	34,274	-	3,155,191
Carrying amount					
As at 31 December 2010	<u>6,605,631</u>	<u>607,609</u>	<u>-</u>	<u>36,788</u>	<u>7,250,028</u>
As at 31 December 2011	<u>6,792,206</u>	<u>479,098</u>	<u>140,548</u>	<u>66,927</u>	<u>7,478,779</u>

As at December 2011 net assets of Marina de Troia amount to 6,433,873 euro (6,555,408 euro at 31 December 2010).

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 2011 and 2010, movements in goodwill, as well as in corresponding impairment losses, are as follows:

	31 December 2011	31 December 2010
Gross amount:		
Opening balance	62,434,923	62,651,566
Acquisitions with increase in percentage ownership	-	-
Increases - acquisition of affiliated companies	-	-
Decreases - disposals of affiliated companies (Note 8)	-	(216,643)
Decreases - disposals of assets from affiliated companies	(104,815)	-
Write-off	-	-
Closing balance	62,330,108	62,434,923
Accumulated impairment losses:		
Opening balance	1,301,596	1,301,596
Increases	-	-
Decreases	-	-
Closing balance	1,301,596	1,301,596
Total Operations	61,028,512	61,133,327

As at 31 December 2011 and 2010, Goodwill may be split as follows:

	31 December 2011	31 December 2010
SC Assets	11,384,551	11,489,366
Tourism	24,384,960	24,384,960
Spred	25,235,730	25,235,730
Holding and Others	23,271	23,271
	61,028,512	61,133,327

A significant part of goodwill in Tourism and SC Assets relates to real estate assets, which have been valued by an external independent valuer in 2011.

13. INVESTMENTS

During the periods ended 31 December 2011 and 2010, movements in investments, were as follows:

	31 December 2011		31 December 2010	
	Non-current	Current	Non-current	Current
<u>Investments in group companies, jointly controlled companies or associated companies excluded from consolidation</u>				
Opening balance as at 1 January	8,324,249	-	8,229,277	-
Acquisitions in the period	119,553	-	734,652	-
Disposals in the period	(51,787)	-	(639,680)	-
Transfers	-	-	-	-
Changes in consolidation perimeter	(191,507)	-	-	-
Closing balance as at 31 December	8,200,508	-	8,324,249	-
Accumulated impairment losses (Note 32)	(7,707,935)	-	(7,707,935)	-
	492,573	-	616,314	-
<u>Investments held for sale</u>				
Fair value as at 1 January	651,807	-	2,289,261	-
Acquisitions in the period	-	-	119,215	-
Disposals in the period	-	-	(1,756,669)	-
Increase/(Decrease) in fair value	-	-	-	-
Transfers	-	-	-	-
Fair value as at 31 December	651,807	-	651,807	-
Accumulated impairment losses (Note 32)	(128,999)	-	(128,999)	-
Fair value (net of impairment losses) as at 31 December	522,808	-	522,808	-
<u>Other Investments (Note 7)</u>	1,015,381	-	1,139,122	-

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.

14. OTHER NON-CURRENT ASSETS

As at 31 December 2011 and 2010, Other non-current assets are detailed as follows:

	31 December 2011	31 December 2010
Loans granted to related parties		
Norscut - Concessionária de Scut Interior Norte, SA	15,689,170	15,222,745
Others	34,916	89,916
	<u>15,724,086</u>	<u>15,312,661</u>
Impairment losses (Note 32)	(34,916)	(34,916)
	<u>15,689,170</u>	<u>15,277,745</u>
Trade accounts receivable and other debtors		
Amounts receivable on sale of financial investments	4,914,984	536,000
Others	1,216,475	1,427,623
Impairment losses (Note 32)	-	-
	<u>6,131,459</u>	<u>1,963,623</u>
Total financial instruments (Note 9)	<u>21,820,629</u>	<u>17,241,368</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 2011 and 2010, the ageing of Trade accounts receivable and other debtors can be detailed as follows:

	Trade accounts receivable and other debtors	
	31 December 2011	31 December 2010
Not due	5,009,984	680,427
Due but not impaired		
< 6 months	-	-
6 - 12 months	-	-
> 1 year	1,121,475	1,283,196
	<u>1,121,475</u>	<u>1,283,196</u>
Due and impaired		
> 1 year	-	-
	<u>6,131,459</u>	<u>1,963,623</u>

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

15. STOCKS

Stocks as at 31 December 2011 and 2010 can be detailed as follows, highlighting the value attributable to real estate developments:

	31 December 2011		31 December 2010	
	Total	of which Real Estate Developments	Total	of which Real Estate Developments
Raw materials, by-products and consumables	1,047,342	-	970,130	-
Goods for sale	34,749,797	29,160,330	46,410,044	44,141,062
Finished goods	96,759,113	96,759,113	118,169,443	118,169,444
Work in progress	80,094,214	78,978,708	71,891,012	68,202,152
Payments on account	68,459	-	68,459	-
	<u>212,718,924</u>	<u>204,898,151</u>	<u>237,509,088</u>	<u>230,512,658</u>
Accumulated impairment losses on stocks (Note 32)	(3,505,580)	(3,437,121)	(7,726,492)	(7,658,033)
	<u>209,213,344</u>	<u>201,461,030</u>	<u>229,782,596</u>	<u>222,854,625</u>

Cost of goods sold as at 31 December 2011 and 2010 amounted to 38,941,947 euro and 40,038,998 euro, respectively, and may be detailed as follows:

	31 December 2011	31 December 2010
Opening Stocks	47,380,174	47,505,351
Exchange rate effect	25,814	18,636
Changes in consolidation perimeter	-	(1,227,900)
Purchases	39,627,454	41,123,526
Adjustments	(10,334,473)	244
Closing Stocks	35,797,138	47,380,174
	<u>40,901,831</u>	<u>40,039,683</u>
Impairment losses (Note 32)	1,219,211	-
Reversion of impairment losses	(3,179,095)	-
Continued Operations	<u>38,941,947</u>	<u>40,039,683</u>
Discontinued Operations	-	(685)
Total Operations	<u>38,941,947</u>	<u>40,038,998</u>

16. TRADE ACCOUNTS RECEIVABLE

As at 31 December 2011 and 2010, Trade accounts receivable are detailed as follows:

	31 December 2011	31 December 2010
Trade accounts receivable		
SC Assets	765,734	681,821
Tourism	2,978,183	3,004,338
Spred	23,015,920	30,949,008
Holding and Others	158,728	384,151
	<u>26,918,564</u>	<u>35,019,318</u>
Trade Debtors, bills receivable	327,414	1,646,969
Doubtful debtors	3,785,494	3,720,802
	<u>31,031,472</u>	<u>40,387,089</u>
Accumulated impairment losses on Trade Debtors (Note 32)	(4,435,511)	(4,367,254)
Total Operations	<u><u>26,595,961</u></u>	<u><u>36,019,835</u></u>

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

As at 31 December 2011 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 2011 and 2010, the ageing of Trade Accounts Receivables can be detailed as follows:

31 December 2011	Trade Accounts Receivable				
	SC Assets	Tourism	Spred	Holding and Others	Total
Not Due	179,714	518,061	12,677,318	24,511	13,399,604
Due but not impaired					
0 - 30 days	66,815	148,998	5,466,996	14,019	5,696,828
30 - 90 days	134,584	748,269	3,130,384	15,088	4,028,325
+ 90 days	359,369	592,033	2,162,552	105,110	3,219,064
Total	<u>560,768</u>	<u>1,489,300</u>	<u>10,759,932</u>	<u>134,217</u>	<u>12,944,217</u>
Due and impaired					
0 - 90 days	2,250	47,718	-	-	49,968
90 - 180 days	3,373	80,804	-	-	84,177
180 - 360 days	23,267	148,746	19,837	-	191,850
+ 360 days	218,749	2,324,255	1,365,146	453,508	4,361,657
Total	<u>247,638</u>	<u>2,601,523</u>	<u>1,384,983</u>	<u>453,508</u>	<u>4,687,652</u>
Total Operations before impairments	<u><u>988,119</u></u>	<u><u>4,608,884</u></u>	<u><u>24,822,233</u></u>	<u><u>612,236</u></u>	<u><u>31,031,472</u></u>

31 December 2010	SC Assets	Tourism	Spred	Holding and Others	Total
Not Due	185,310	611,109	21,037,481	38,414	21,872,313
Due but not impaired					
0 - 30 days	163,298	150,296	3,440,843	3,149	3,757,586
30 - 90 days	42,913	558,753	6,325,910	24,693	6,952,269
+ 90 days	264,288	644,835	1,810,884	317,896	3,037,902
Total	470,499	1,353,884	11,577,637	345,738	13,747,757
Due and impaired					
0 - 90 days	3,364	212,953	14,395	-	230,712
90 - 180 days	31,307	53,493	14,546	-	99,345
180 - 360 days	9,920	182,480	14,980	-	207,380
+ 360 days	253,057	2,234,041	1,168,976	573,508	4,229,582
Total	297,648	2,682,967	1,212,897	573,508	4,767,020
Total Operations before impairments	953,457	4,647,959	33,828,015	957,659	40,387,090

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 2011 and 2010, Other debtors are made up as follows:

	31 December 2011	31 December 2010
Loans granted to and other amounts to be received from related parties		
Sit B3	-	2,559,886
Others	224,547	152,997
	<u>224,547</u>	<u>2,712,883</u>
Other Debtors		
Suppliers with a debtor balance	1,130,303	817,490
Sale of assets	4,859	17,824
Sale of financial investments	24,756,968	25,546,339
Others	9,521,048	9,704,647
	<u>35,413,178</u>	<u>36,086,300</u>
Other Debtors	<u>35,637,725</u>	<u>38,799,183</u>
Accumulated impairment losses on Other Debtors (Note 32)	(27,732,750)	(27,906,786)
Total financial instruments (Note 9)	<u><u>7,904,975</u></u>	<u><u>10,892,397</u></u>

Loans granted to related parties bear interest at market rates and do not have a defined maturity.

As at 31 December 2011 and 2010, ageing of Other debtors can be summarised as follows:

	Other Debtors	
	31 December 2011	31 December 2010
Not Due	3,675,792	4,489,666
Due but not impaired		
0 - 30 days	700,100	181,749
30 - 90 days	209,487	98,545
+ 90 days	3,130,263	3,407,219
Total	4,039,850	3,687,513
Due and impaired		
0 - 90 days	65	662
90 - 180 days	-	1,336
180 - 360 days	4,375	29,958
+ 360 days	27,693,096	27,877,166
Total	27,697,536	27,909,122
Total Operations before impairments	35,413,178	36,086,301

As at 31 December 2011 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 2011 and 2010, Taxes recoverable and taxes and contributions payable are made up as follows:

	31 December 2011	31 December 2010
Tax recoverable		
Income taxation - payments on account and amounts withheld	5,522,678	6,734,540
VAT	6,472,778	5,566,413
Other taxes	389,875	480,846
Total Operations	12,385,331	12,781,799
Taxes and contributions payable		
Income taxation	1,942,520	2,468,247
VAT	1,804,656	1,193,714
Staff income tax withheld	1,097,933	477,505
Social security contributions	637,483	661,789
Other taxes	114,061	1,174,305
Total Operations	5,596,653	5,975,560

19. OTHER CURRENT ASSETS

As at 31 December 2011 and 2010, other current assets are made up as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Interest receivable	1,098,341	506,646
Deferred costs - External supplies and services	740,609	698,899
Deferred costs - Rents	211,172	141,923
Other current assets	645,222	655,537
Total Operations	<u><u>2,695,344</u></u>	<u><u>2,003,005</u></u>

20. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2011 and 2010 can be detailed as follows, split between the different types of temporary differences:

	<u>Deferred tax assets</u>		<u>Deferred tax liabilities</u>	
	<u>31 December 2011</u>	<u>31 December 2010</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Amortisation and Depreciation harmonisation adjustments	963,841	1,498,863	2,077,347	1,469,476
Provisions and impairment losses of non-tax deductible	10,137,246	2,965,355	-	-
Write off of tangible and intangible assets	888,433	1,219,269	-	-
Write off of accruals	410,390	547,186	-	-
Revaluation of tangible assets	-	-	173,406	558,354
Tax losses carried forward	10,922,466	13,413,700	-	-
Write off of stocks	-	-	1,104,407	1,128,591
Taxable temporary differences arising from the fair value of non-current liabilities	-	-	7,757,222	-
Others	241,061	11,495	422,973	459,625
	<u><u>23,563,437</u></u>	<u><u>19,655,868</u></u>	<u><u>11,535,355</u></u>	<u><u>3,616,046</u></u>

During the periods ended 31 December 2011 and 2010, movements in deferred tax are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Opening balance	19,655,869	10,643,346	3,616,046	3,142,990
Effect in results (Note 43):				
Amortisation and Depreciation harmonisation adjustments	(535,022)	253,983	607,871	438,017
Provisions and impairment losses of non-tax deductible	7,171,891	2,965,355	-	-
Write off of tangible and intangible assets	(330,836)	(227,445)	-	-
Write off of accruals	(136,796)	(89,276)	-	-
Revaluation of tangible assets	-	-	(294,447)	(27,272)
Tax losses carried forward	(2,472,549)	6,108,018	-	-
Write off of stocks	-	-	(24,184)	227,545
Taxable temporary differences arising from the fair value of non-current liabilities	-	-	7,757,222	-
Others	229,565	6,572	(36,651)	(9,740)
	<u>3,926,253</u>	<u>9,017,207</u>	<u>8,009,811</u>	<u>628,550</u>
Effect in reserves:	(18,685)	-	(90,502)	(155,494)
Changes in consolidation perimeter	-	(4,684)	-	-
Closing balance	<u>23,563,437</u>	<u>19,655,869</u>	<u>11,535,355</u>	<u>3,616,046</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 2011 and 2010, and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

	31 December 2011			31 December 2010		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2005	-	-		3,809,015	952,254	2011
Generated in 2006	326,542	81,635	2012	6,879,972	1,719,993	2012
Generated in 2007	1,416,550	354,137	2013	2,832,608	708,152	2013
Generated in 2008	1,426,557	356,639	2014	7,747,724	1,936,931	2014
Generated in 2009	6,448,363	1,612,091	2015	11,338,921	2,834,730	2015
Generated in 2010	18,432,007	4,608,002	2014	20,705,765	5,176,440	2014
Generated in 2011	15,136,075	3,784,019	2015	-	-	2015
	<u>43,186,092</u>	<u>10,796,523</u>		<u>53,314,005</u>	<u>13,328,501</u>	
With a time limit different from the above mentioned	490,158	125,943		340,859	85,199	
	<u>43,676,250</u>	<u>10,922,466</u>		<u>53,654,864</u>	<u>13,413,700</u>	

As at 31 December 2011 and 2010, 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 2011, tax losses carried forward amounting to 172,302,504 euro (158,693,020 euro as at 31 December 2010), have not originated deferred tax assets for prudential reasons.

	31 December 2011			31 December 2010		
	Tax losses carried forward	Tax Credit	Time limit	Tax losses carried forward	Tax Credit	Time limit
With limited time use						
Generated in 2005	-	-		5,238,537	1,309,633	2011
Generated in 2006	16,259,895	4,064,974	2012	10,739,887	2,684,974	2012
Generated in 2007	18,052,642	4,513,161	2013	18,591,477	4,647,869	2013
Generated in 2008	37,313,096	9,328,274	2014	31,452,195	7,863,050	2014
Generated in 2009	49,919,363	12,479,840	2015	52,127,358	13,031,839	2015
Generated in 2010	18,523,204	4,630,801	2014	18,374,162	4,593,540	2014
Generated in 2011	17,677,579	4,419,395	2015	-	-	2015
	<u>157,745,779</u>	<u>39,436,445</u>		<u>136,523,615</u>	<u>34,130,906</u>	
Without limited time use	1,186,715	395,532		1,186,715	395,532	
With a time limit different from the above mentioned	13,370,010	3,944,355		20,982,690	5,802,011	
	<u>14,556,725</u>	<u>4,339,887</u>		<u>22,169,405</u>	<u>6,197,543</u>	
	<u>172,302,504</u>	<u>43,776,332</u>		<u>158,693,020</u>	<u>40,328,449</u>	

21. CASH AND CASH EQUIVALENTS

As at 31 December 2011 and 2010, cash and cash equivalents can be detailed as follows:

	31 December 2011	31 December 2010
Cash at hand	1,689,544	236,316
Bank deposits	2,291,097	2,962,982
Treasury applications	-	-
Cash and cash equivalents on the balance sheet	<u>3,980,640</u>	<u>3,199,298</u>
Bank overdrafts (Note 24)	(494,571)	(202,088)
Guarantee deposit	(500,000)	(500,000)
Cash and cash equivalents in the statement of cash-flows	<u>2,986,070</u>	<u>2,497,210</u>
Cash and cash equivalents on the balance sheet:		
Total Operations	<u>3,980,640</u>	<u>3,199,298</u>

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.

In 2011, Sonae Capital SGPS, S.A. bought 151,600 own shares on the stock market, representing 0.061% of its share capital, for a total consideration of 36,143 euro.

23. NON CONTROLLING INTERESTS

Movements in non controlling interests in the periods ended 31 December 2011 and 2010 are as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Opening balance as at 1 January	12,454,796	11,319,241
Changes in percentage by acquisition / increase capital	-	310,000
Changes in hedging reserves	(18,104)	(9,033)
Changes in the percentage of capital held in affiliated companies (Note 8)	(4,103,273)	-
Changes resulting from currency translation	(24,529)	46,997
Others	141,287	(12,677)
Profit for the period attributable to minority interests	791,600	800,268
Closing balance as at 31 December	<u>9,241,777</u>	<u>12,454,796</u>

24. BORROWINGS

As at 31 December 2011 and 2010, Borrowings are made up as follows:

	31 December 2011		31 December 2010		Repayable on
	Outstanding amount		Outstanding amount		
	Current	Non-Current	Current	Non-Current	
Bank loans					
Sonae Capital SGPS - commercial paper ^{a)}	-	30,000,000	-	30,000,000	Mar./2013
Sonae Capital SGPS - commercial paper ^{b)}	39,600,000	-	22,000,000	-	Mar./2018
Sonae Capital SGPS - commercial paper ^{e)}	-	12,250,000	4,000,000	12,250,000	Dec./2013
Sonae Capital SGPS - commercial paper ^{c) h)}	-	16,000,000	59,700,000	-	Aug./2016
Sonae Capital SGPS - commercial paper ^{d)}	-	-	36,600,000	-	Aug./2011
Sonae Capital SGPS - commercial paper ^{f)}	4,550,000	-	-	-	Feb./2016
Sonae Capital SGPS - commercial paper ⁱ⁾	3,000,000	-	-	-	Jun./2016
Selfrio Engenharia - commercial paper	700,000	-	1,400,000	700,000	May/2012
Sonae Capital SGPS ^{g)}	650,000	33,000,000	-	-	Jun./2017
Up-front fees	-	(437,911)	-	(34,211)	
Others	140,825	609,375	132,844	-	
	<u>48,640,825</u>	<u>91,421,464</u>	<u>123,832,844</u>	<u>42,915,789</u>	
Bank overdrafts (Note 21)	494,571	-	202,088	-	
Bank loans	<u>49,135,396</u>	<u>91,421,464</u>	<u>124,034,932</u>	<u>42,915,789</u>	
Bond Loans					
Sonae Capital 2007/2012 Bonds	30,000,000	-	-	-	Dec./2012
Sonae Capital 2011/2016 Bonds	-	10,000,000	-	30,000,000	Jan./2016
SC, SGPS, S.A. 2008/2018 Bonds	-	50,000,000	-	50,000,000	Mar./2018
Up-front fees	-	(490,184)	-	(593,681)	
Bond Loans	<u>30,000,000</u>	<u>59,509,816</u>	<u>-</u>	<u>79,406,319</u>	
Other loans	675,655	2,490,273	1,001,327	2,986,459	
Derivatives (Note 26)	138,448	1,733,828	-	1,077,097	
Obligations under finance leases (Note 25)	2,607,993	27,536,520	3,479,253	25,636,993	
Up-front fees on finance leases	-	(127,017)	-	(129,251)	
	<u>82,557,493</u>	<u>182,564,884</u>	<u>128,515,512</u>	<u>151,893,406</u>	

a) Commercial paper programme, with subscription guarantee, issued on 14 March 2008 and valid for a 5 year period.

b) Short term commercial paper programme, issued on 28 March 2008 and valid for a 10 year period.

c) Sonae Turismo, SGPS, SA is a co-guarantor in this loan.

d) Commercial paper programme, issued on 29 August 2010 and valid up to 29 August 2011.

e) Short term commercial paper programme, with subscription guarantee, issued on 30 December 2011, with annual renewals up to a maximum of 3 years.

f) Short term commercial paper programme, with subscription guarantee, issued on 17 February 2011, with annual renewals up to a maximum of 5 years.

g) Bank loan guaranteed by a mortgage on real estate assets, started on 2 June 2011 and valid for a 6 year period, with annual installments.

h) Commercial paper programme, with subscription guarantee, issued on 31 March 2011 and valid up to August 2016.

i) Short term commercial paper programme, with subscription guarantee, issued on 1 June 2011, with annual renewals up to a maximum of 5 years.

As at 31 December 2011, borrowings of the Group were as follows:

- 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. This bond loan bears interest every six months.
- 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. This bond loan bears interest every six months.
- Sonae Capital SGPS - 2011/2016 bond loan in the amount of 10,000,000 euro, with a 5 year maturity, and a sole reimbursement on 17 January 2016, except if the reimbursement is anticipated, fully or partially, which can happen on 17 January 2014. This bond loan bears interest every six months.

The interest rate on bonds in force on 31 December 2011 was on average 4.068%.

Bank loans pay interest rates that are indexed to the Euribor market rates of the period, and its fair value is considered close to its book value.

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

Other current loans include bills receivable not yet due.

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

	31 December 2011		31 December 2010	
	Nominal value	Interest	Nominal value	Interest
N+1 ^{a)}	82,419,045	8,892,411	128,515,511	5,703,005
N+2	55,571,186	6,799,605	37,457,919	3,234,236
N+3	18,899,142	5,918,320	41,255,250	2,020,753
N+4	10,656,839	5,305,279	3,051,392	1,538,673
N+5	20,205,855	4,019,406	3,025,754	1,480,122
After N+5	76,553,144	3,308,452	66,783,138	2,503,818
	<u>264,305,213</u>	<u>34,243,474</u>	<u>280,088,964</u>	<u>16,480,607</u>

- a) Includes amounts drawn under commercial paper programmes. Of the total amount maturing in N +1, 35% concerns to commercial paper taken under lines of credit with commitment exceeding one year.

As at 31 December 2011 and 2010, available credit lines may be summarised as follows:

	31 December 2011		31 December 2010	
	Commitments < 1 year	Commitments > 1 year	Commitments < 1 year	Commitments > 1 year
Value of available lines				
Spread	4,801,865	-	6,824,705	-
Holding and Others	24,949,398	20,600,000	33,849,398	-
	<u>29,751,263</u>	<u>20,600,000</u>	<u>40,674,103</u>	<u>-</u>
Value of contracted lines				
Spread	5,750,000	-	8,400,000	700,000
Holding and Others	44,599,398	78,850,000	152,399,398	42,250,000
	<u>50,349,398</u>	<u>78,850,000</u>	<u>160,799,398</u>	<u>42,950,000</u>

25. OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2011 and 2010, Obligations under finance leases are made up as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Amounts under finance leases:				
N+1	3,556,159	4,144,529	2,607,993	3,479,253
N+2	3,554,432	2,858,662	2,696,368	2,261,734
N+3	3,542,148	2,858,662	2,774,728	2,318,278
N+4	3,457,183	2,846,618	2,782,668	2,364,420
N+5	3,428,400	2,762,436	2,847,013	2,338,786
After N+5	18,015,247	17,792,438	16,435,744	16,353,775
	35,553,569	33,263,345	30,144,514	29,116,246
Future Interest	(5,409,056)	(4,147,099)		
	30,144,513	29,116,246		
Up-front fees			(127,017)	(129,251)
Current obligations under finance leases			2,607,993	3,479,253
Obligations under finance leases - net of current obligations			27,409,503	25,507,742

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 2011 and 2010, 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 2011 and 2010, the book value of assets acquired under finance leases can be detailed as follows:

	31 December 2011	31 December 2010
Assets acquired under finance leases		
Land and Buildings	-	3,950,101
Plant and machinery	31,316,342	29,721,345
Vehicles	403	921
Tools	2,218	6,596
Fixtures and Fittings	10,667	95,450
Total tangible assets (Note 10)	31,329,630	33,774,414

26. DERIVATIVES

Interest rate derivatives

Hedging instruments used by the Group as at 31 December 2011 were mainly interest rate options (cash-flow hedges) contracted with the goal of hedging interest rate risks on loans in the amount of 55,000,000 euro, whose fair value of 1,872,276 euro (1,077,097 euro at 31 December 2010) is recorded as liabilities (Note 24). As at 31 December 2011 and 2010, all derivatives are hedging derivatives.

These interest rate hedging instruments are valued at fair value as at the balance sheet date, determined by valuations made by the Group using derivative valuation calculation schedules and external valuations when these schedules do not permit the valuation of certain instruments. For options, fair value is determined using the Black-Scholes model and its variants.

The fair value of derivatives is calculated using valuation models based on assumptions which are confirmed by market benchmarks, thus complying with level 2 requirements set on the International Financial Accounting standard 7.

Risk coverage guidelines generally used by the Group in contractually arranged hedging instruments are as follows:

- Matching between cash-flows received and paid, i.e., there is a perfect match between the dates of the re-fixing of interest rates on financing contracted with the bank and the dates of the re-fixing of interest rates on the derivative;
- Perfect matching between indices: the reference index for the hedging instrument and that for the financing to which the underlying derivative relates are the same;
- In the case of extreme rises in interest rates, the maximum cost of financing is limited.

Counterparts for derivatives are selected based on their financial strength and credit risk profile, with this profile being generally measured by a rating note attributed by rating agencies of recognized merit. Counterparts for derivatives are top level, highly prestigious financial institutions which are recognized nationally and internationally.

Fair value of derivatives

The fair value of derivatives is as follows:

	Assets		Liabilities	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Non-Hedge accounting derivatives				
Interest rate	-	-	-	-
Hedge accounting derivatives				
Interest rate (Note 24)	-	-	1,872,276	1,077,097
Other derivatives				
	-	-	1,872,276	1,077,097

27. OTHER NON-CURRENT LIABILITIES

As at 31 December 2011 and 2010 other current liabilities can be detailed as follows:

	31 December 2011	31 December 2010
Loans and other amounts payable to related parties		
Plaza Mayor Parque de Ocio, SA	2,236,843	2,252,251
Others	1,298,000	1,098,000
	<u>3,534,843</u>	<u>3,350,251</u>
Other creditors		
Creditors in the restructuring process of Torralta	370,128	30,141,463
Fixed assets suppliers		-
Others	140,548	3,999
	<u>510,676</u>	<u>30,145,462</u>
Deferred income		
Gains deferred	3,003,042	3,003,042
Obligations by share-based payments (Note 28)	106,946	142,935
	<u>3,109,988</u>	<u>3,145,977</u>
Pension fund liabilities	-	-
Total Operations	<u><u>7,155,507</u></u>	<u><u>36,641,690</u></u>

Other creditors include 370,128 euro (30,141,462 euro at 31 December 2010) 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). In 2011, the Group assessed the possibility of anticipating the payment of those credits. In spite of deciding not to proceed with the early payment of such amount, the analysis carried out was used to set a discount rate which allowed the company to record those credits at present value.

As at 31 December 2011 and 2010, Other creditor's balances maturity can be detailed as follows:

31 December 2011	N+1	N+2	N+3	N+4	N+5	Total
Fixed assets suppliers	-	-	-	-	-	-
Other non-current creditors	140,548	-	-	-	29,642,665	29,783,213
Total Operations	<u>140,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,642,665</u>	<u>29,783,213</u>
31 December 2010	N+1	N+2	N+3	N+4	N+5	Total
Fixed assets suppliers	-	-	-	-	-	-
Other non-current creditors	-	-	-	-	30,145,462	30,145,462
Total Operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,145,462</u>	<u>30,145,462</u>

28. SHARE-BASED PAYMENTS

In 2011 and in previous years, the Sonae Capital Group granted deferred performance bonuses to employees, based on shares of Sonae Capital 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 2011 and 2010, 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	Fair Value	
				31 December 2011	31 December 2010
shares					
	2008	2011	-	-	34,015
	2009	2012	3	75,054	141,664
	2010	2013	3	77,011	145,478
	2011	2014	4	132,017	-
Total				284,082	321,157

As at 31 December 2011 and 2010, the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which have not yet vested:

	31 December 2011	31 December 2010
Other non-current liabilities (Note 27)	106,946	142,935
Other current liabilities	95,317	34,015
Reserves	143,765	293,939
Staff Costs	58,498	(116,989)

29. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

As at 31 December 2011 and 2010 trade accounts payable can be detailed as follows:

	31 December 2011	Payable		
		Less than 90 days	90 to 180 days	More than 180 days
Trade creditors current account				
SC Assets	498,512	414,292	64,896	19,324
Tourism	3,268,099	2,869,904	153,446	244,749
Spred	10,390,563	9,900,725	296,883	192,955
Holding and others	628,281	582,326	29,054	16,901
	14,785,455	13,767,247	544,279	473,929
Trade creditors - Invoices Accruals	66,010	17,161	17,357	31,492
Total Operations	14,851,465	13,784,408	561,636	505,421

	31 December 2010	Payable		
		Less than 90 days	90 to 180 days	More than 180 days
Trade creditors current account				
SC Assets	812,326	624,758	136,922	50,646
Tourism	6,484,508	4,253,086	658,458	1,572,964
Spred	18,430,304	16,940,539	1,200,913	288,852
Holding and others	861,042	793,492	10,690	56,860
	26,588,180	22,611,875	2,006,983	1,969,323
Trade creditors - Invoices Accruals	84,398	47,399	613	36,386
Total Operations	26,672,579	22,659,274	2,007,596	2,005,709

As at 31 December 2011 and 2010, 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 2011 and 2010 other creditors can be detailed as follows:

	31 December 2011	Payable		
		Less than 90 days	90 to 180 days	More than 180 days
Other creditors				
Fixed assets suppliers	514,752	389,388	852	124,512
Others	1,425,692	659,542	114,380	651,771
	1,940,444	1,048,930	115,232	776,283
Advances from customers and down payments	1,938,599			
	3,879,043			
Related parties	107,760			
Total	3,986,803			

	31 December 2010	Payable		
		Less than 90 days	90 to 180 days	More than 180 days
Other creditors				
Fixed assets suppliers	1,299,229	1,058,125	45,071	196,033
Others	1,193,755	608,625	83,747	501,383
	2,492,984	1,666,750	128,818	697,416
Advances from customers and down payments	2,166,714			
	4,659,698			
Related parties	202,241			
Total	4,861,940			

As at 31 December 2011 and 2010, 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 2011 and 2010 Other current liabilities can be detailed as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Staff Costs	6,555,743	6,271,783
Amounts invoiced for works not yet completed	4,400,408	8,078,357
Other external supplies and services	4,988,701	4,838,872
Interest payable	1,472,238	608,832
Expenses with construction contracts	509,507	970,584
Investment aid	1,699,859	1,757,658
Others	4,844,262	5,203,381
Total Operations	<u><u>24,470,718</u></u>	<u><u>27,729,467</u></u>

32. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses over the period ended 31 December 2011 and 2010 were as follows:

Captions	Balance as at 1 January 2011	Increases	Decreases	Balance as at 31 December 2011
Accumulated impairment losses on:				
Other Investments (Notes 6 and 13)	7,868,877	-	-	7,868,877
Other non-current assets (Note 14)	34,916	-	-	34,916
Trade accounts receivable (Note 16)	4,367,254	554,977	(486,720)	4,435,511
Other current debtors (Note 17)	27,906,786	23,239	(197,275)	27,732,750
Stocks (Note 15 and 37)	7,726,492	1,219,211	(5,440,123)	3,505,580
Non-current provisions	3,185,975	-	(1)	3,185,974
Current provisions	2,704,909	-	(1,649,693)	1,055,216
	<u>53,795,209</u>	<u>1,797,427</u>	<u>(7,773,812)</u>	<u>47,818,824</u>

Captions	Balance as at 1 January 2010	Increases	Decreases	Balance as at 31 December 2010
Accumulated impairment losses on:				
Other Investments (Note 13)	7,946,337	2,073,183	(2,150,643)	7,868,877
Other non-current assets (Note 14)	34,916	64,596	(64,596)	34,916
Trade accounts receivable (Note 16)	5,073,127	396,815	(1,102,688)	4,367,254
Other current debtors (Note 17)	28,961,730	1,085,693	(2,140,637)	27,906,786
Stocks (Note 15)	7,858,373	-	(131,881)	7,726,492
Non-current provisions	3,995,369	1,280,000	(2,089,394)	3,185,975
Current provisions	2,379,002	1,584,307	(1,258,400)	2,704,909
	<u>56,248,854</u>	<u>6,484,594</u>	<u>(8,938,239)</u>	<u>53,795,209</u>

As at 31 December 2011 and 2010 increases in provisions and impairment losses can be detailed as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Provisions and impairment losses	3,034,123	5,257,167
Impairment losses not included in this note		
Tangible assets 1)	(2,455,910)	(2,127,967)
Provisions and impairment losses recorded in cost of goods sold (Note 15)	1,219,211	-
Impairment losses on financial Investments	-	2,073,183
Others	-	1,282,211
	<u>1,797,424</u>	<u>6,484,594</u>

- 1) Includes the impact of 29,771,334 euro, arising from the adjustment to present value of the amount booked in Other creditors – Note 27 (amount payable to creditors of an affiliated undertaking under the terms of a judicial restructuring process, payable 50 years after 30 January 2003). This adjustment, combined with 28,985,949 euro impairment losses on several real estate assets of that cash generating unit (Tróia), and booked in tangible assets, translated into a net impact of 785,385 euro in the income statement. These impairment losses for the year were calculated based on an external independent valuation carried out in 2011.

As at 31 December 2011 and 2010 detail of other provisions was as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Judicial claims	1,707,327	2,887,019
Others	2,533,863	3,003,864
	<u>4,241,190</u>	<u>5,890,883</u>

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

33. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2011 and 2010 the most important contingent liabilities referred to guarantees given and were made up as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Guarantees given:		
on VAT reimbursements	7,606,253	1,295,000
on tax claims	2,367,143	2,702,720
on judicial claims	-	1,897,406
on municipal claims	3,700,393	3,175,168
Others	17,317,084	17,976,743

Others include the following guarantees:

- 6,923,850 euro (7,766,329 euro as at 31 December 2010) of guarantees on construction works given to clients;
- 8,643,933 euro as at December 2011 and 2010 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 2011 and 2010 amounted to 2,781,329 euro and 2,598,897 euro, respectively.

Additionally, as at 31 December 2011 and 2010, the Group had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Due in:		
N+1 automatically renewed	2,266,774	2,287,115
N+1	649,986	507,429
N+2	656,855	497,550
N+3	647,516	493,011
N+4	233,675	482,352
N+5	148,413	87,448
After N+5	230,507	49,168
	<u>4,833,726</u>	<u>4,404,072</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 2011 and 2010 amounted to 4,814,510 euro and 5,447,969 euro, respectively.

Additionally, as at 31 December 2011 and 2010, the Group had operational lease contracts, as a lessee, whose minimum lease payments (fixed income) had the following payment schedule:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Due in:		
N+1 automatically renewed	1,973,854	1,659,434
N+1	1,770,714	1,749,871
N+2	1,025,766	1,277,166
N+3	912,486	1,132,138
N+4	810,623	1,062,716
N+5	740,934	1,018,988
After N+5	1,683,583	5,677,236
	<u>8,917,960</u>	<u>13,577,549</u>

35. TURNOVER

Turnover for the year ended 31 December 2011 and 2010 was as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Sale of goods	20,692,386	18,705,549
Sale of products	53,438,085	69,332,900
	<u>74,130,471</u>	<u>88,038,449</u>
Services Rendered	62,754,429	63,829,971
Continued Operations	<u><u>136,884,900</u></u>	<u><u>151,868,420</u></u>
Discontinued Operations	<u>-</u>	<u>26,713,773</u>
Total Operations	<u><u>136,884,900</u></u>	<u><u>178,582,193</u></u>

In continued operations, the sale of products includes amounts related with construction contracts, totalling 40,611,383 euro in 2011 and 52,814,929 euro in 2010.

36. OTHER OPERATIONAL INCOME

Other operational income for the year ended 31 December 2011 and 2010 was as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Own work capitalised	4,715,860	521,602
Gains on sales of assets	585,566	930,187
Reversal of impairment losses	2,088,327	3,697,322
Supplementary income	1,499,894	1,783,465
Others	2,681,693	3,512,676
Continued Operations	<u><u>11,571,340</u></u>	<u><u>10,445,252</u></u>
Discontinued Operations	<u>-</u>	<u>94,852</u>
Total Operations	<u><u>11,571,340</u></u>	<u><u>10,540,104</u></u>

37. CHANGES IN STOCKS

Changes in stocks for the years ended 31 December 2011 and 2010 was as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Finished goods	(3,747,093)	(8,024,168)
Work in progress	(2,095,188)	(2,479,378)
Impairment Gains / (Losses) on goods and work in progress (Note 32)	2,261,028	16,607
Total Operations	<u><u>(3,581,253)</u></u>	<u><u>(10,486,938)</u></u>

Changes in stocks were calculated as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Opening stocks	190,060,455	187,833,180
Changes in perimeter	-	(133,767)
Stock adjustments	(7,364,847)	12,864,587
Closing stocks (Note 15)	176,853,327	190,060,455
	<u>(5,842,281)</u>	<u>(10,503,545)</u>
Impairment losses	-	-
Reversion of impairment losses (Note 32)	2,261,028	16,607
Total Operations	<u><u>(3,581,253)</u></u>	<u><u>(10,486,938)</u></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 2011 and 2010, external supplies and services were made up as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Subcontracts	17,225,430	19,034,858
Services	5,615,480	5,669,928
Rents	7,662,118	7,359,226
Fees	3,247,165	3,121,848
Maintenance	2,968,515	3,180,525
Cleaning, health and safety	3,402,673	3,393,499
Electricity	2,736,686	2,859,555
Travelling expenses	1,044,181	1,144,141
Publicity	1,071,988	807,051
Fuel	1,317,119	1,179,362
Security	847,400	790,391
Communication	1,106,608	1,147,581
Commissions	811,788	1,410,497
Other fluids	1,844,718	1,782,444
Insurance	1,079,776	1,012,664
Others	3,829,090	3,882,412
Continued Operations	<u>55,810,735</u>	<u>57,775,982</u>
Discontinued Operations	<u>-</u>	<u>24,513,409</u>
Total Operations	<u>55,810,735</u>	<u>82,289,391</u>

39. STAFF COSTS

As at 31 December 2011 and 2010, staff costs were made up as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Salaries	32,168,068	33,101,655
Social security contributions	6,114,379	6,179,627
Insurance	637,438	706,935
Welfare	104,542	114,341
Other staff costs	2,333,268	2,291,427
Continued Operations	<u>41,357,695</u>	<u>42,393,985</u>
Discontinued Operations	<u>-</u>	<u>1,131,418</u>
Total Operations	<u>41,357,695</u>	<u>43,525,403</u>

40. OTHER OPERATIONAL EXPENSES

As at 31 December 2011 and 2010, Other operational expenses were made up as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Losses on sales of assets	673,926	572,843
Other taxes	636,911	939,083
Property tax	762,369	1,060,031
Doubtful debts written-off	4,384	3,574
Others	2,558,031	3,537,673
Continued Operations	<u>4,635,621</u>	<u>6,113,204</u>
Discontinued Operations	<u>-</u>	<u>141,732</u>
Total Operations	<u>4,635,621</u>	<u>6,254,936</u>

41. NET FINANCIAL EXPENSES

As at 31 December 2011 and 2010, net financial expenses were made up as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Expenses:		
Interest payable		
Related with bank loans and overdrafts	5,645,409	3,822,467
Related with bank non convertible bonds	2,432,673	1,805,376
Related with finance leases	873,121	645,567
Related with hedge accounting derivatives	-	629,457
Others	840,826	356,611
	<u>9,792,029</u>	<u>7,259,478</u>
Exchange Losses	11,796	12,918
Payment discounts given	25,108	11,905
Upfront fees	2,037,992	2,301,428
Other financial expenses	151,452	454,893
	<u>12,018,377</u>	<u>10,040,622</u>
Income:		
Interest receivable	1,186,689	1,425,151
Exchange gains	172,001	11,850
Payment discounts received	30,127	20,144
Gains on fair value of hedge derivatives	-	-
Other financial income	192,424	43,539
	<u>1,581,241</u>	<u>1,500,684</u>
Net financial expenses		
Continued Operations	<u>(10,437,136)</u>	<u>(8,539,938)</u>
Discontinued Operations	-	(9,058)
Total Operations	<u>(10,437,136)</u>	<u>(8,548,996)</u>

42. INVESTMENT INCOME

As at 31 December 2011 and 2010, investment income was made up as follows:

	31 December 2011		31 December 2010	
Dividends	-	201,314	-	400,561
	-	-	-	-
Sale of Essences Fines Isoroy	-	-	1,417,505	-
Sale of Textil do Marco	-	-	(443,145)	-
Gains on disposal of investments in group companies	-	-	-	974,360
Sale of TP - Soc.Térmica, SA	20,260,010	-	-	-
Sale of Sociedade Imobiliária Tróia B3, SA	6,219,558	-	-	-
Price adjustment of Choice Car, SGPS, SA	1,000,000	-	-	-
Sale of Cinclus Plan.e Gest. Projectos, SA	693,325	-	-	-
Dissolution of Sodesa , SA	(12,537)	-	-	-
Sale of Change, SGPS, SA	-	-	(620,707)	-
Price adjustment of Cinclus Plan. Gest. Projectos, SA	-	-	269,736	-
Gains on disposal in associated and in jointly controlled companies	-	28,160,356	-	(350,971)
Sale of Real Change FCR Fund	-	-	(1,701,666)	-
Sale of Solinca Eventos e Catering	-	-	974,045	-
Gains/(Losses) on sale of investments in assets available for sale	-	-	-	(727,621)
Investment Income	-	-	-	-
Continued Operations	-	28,361,670	-	296,329
Sale of Box Lines Navegação	-	-	-	6,639,998
Discontinued Operations	-	-	-	6,639,998
Total Operations	-	28,361,670	-	6,936,327

43. TAXATION

As at 31 December 2011 and 2010, taxation was made up as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Current tax	2,581,273	2,185,553
Deferred tax (Note 20)	4,083,556	(8,388,188)
Taxation		
Continued Operations	<u>6,664,829</u>	<u>(6,202,635)</u>
Discontinued Operations	<u>-</u>	<u>54,448</u>
Total Operations	<u>6,664,829</u>	<u>(6,148,147)</u>

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2011 and 2010 may be summarised as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Profit before income tax	10,450,701	(9,768,308)
Difference between accounting and tax treatment of capital gains/(losses)	(25,042,743)	(12,500,587)
Share of gains/(losses) of associated undertakings (Note 6)	(5,166,233)	(5,620,377)
Provisions and impairment losses not accepted for tax purposes	8,219,420	(161,048)
Other permanent differences	181,189	1,932,653
Taxable Profit	<u>(11,357,666)</u>	<u>(26,117,667)</u>
Use of tax losses carried forward	(8,549,049)	(7,286,348)
Recognition of tax losses that have not originated deferred tax assets	23,739,375	21,009,937
	<u>3,832,660</u>	<u>(12,394,078)</u>
Income tax rate in Portugal	25.00%	25.00%
	958,165	(3,098,520)
Effect of different income tax rates in other countries	(12,925)	(28,106)
Effect of increases or decreases in deferred taxes	4,750,550	(2,687,435)
Municipality tax	423,099	259,345
Under / (over) taxation estimates	347,905	(751,240)
Autonomous taxes and tax benefits	198,035	157,809
Taxation	<u>6,664,829</u>	<u>(6,148,147)</u>

44. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 31 December 2011 and 2010, the reconciliation of consolidated net profit can be analysed as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Aggregate net profit	31,531,213	2,242,231
Harmonisation adjustments	690,791	1,461,757
Elimination of Intra-group dividends	(7,417,841)	(53,891,478)
Share of gains/(losses) of associated undertakings	5,166,233	5,446,300
Elimination of Intra-group capital gains/(losses)	(20,896,421)	27,251,640
Elimination of Intra-group impairment	1,121,072	(9,385,044)
Reversal of impairment losses	-	3,457,708
Adjustments of gains/(losses) on assets disposals	(104,815)	-
Adjustments of gains/(losses) of financial shareholdings sale	(6,360,143)	12,330,950
Others	55,783	39,220
Consolidated net profit for the year		
Continued Operations	<u>3,785,872</u>	<u>(11,046,716)</u>
Discontinued Operations	<u>-</u>	<u>7,426,555</u>
Total Operations	<u>3,785,872</u>	<u>(3,620,161)</u>

45. RELATED PARTIES

Balances and transactions during the periods ended 31 December 2011 and 2010 with related parties are detailed as follows:

	Sales and services rendered		Purchases and services obtained	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Transactions				
Parent company and group companies excluded from consolidation (a)	-	-	-	-
Associated companies	605,083	1,072,721	509,932	534,169
Other partners in Group companies	30,507,919	55,837,809	6,947,867	7,018,995
	<u>31,113,002</u>	<u>56,910,530</u>	<u>7,457,799</u>	<u>7,553,164</u>
	Interest income		Interest expenses	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Transactions				
Parent company and group companies excluded from consolidation (a)	-	-	-	-
Associated companies	959,720	1,211,161	-	-
Other partners in Group companies	-	1,645	145,743	153,351
	<u>959,720</u>	<u>1,212,806</u>	<u>145,743</u>	<u>153,351</u>
	Accounts receivable		Accounts payable	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Balances				
Parent company and group companies excluded from consolidation (a)	-	-	365	115
Associated companies	902,395	562,039	57,485	24,598
Other partners in Group companies	9,645,265	15,874,001	3,335,962	5,346,467
	<u>10,547,660</u>	<u>16,436,040</u>	<u>3,393,812</u>	<u>5,371,180</u>
	Loans obtained		Loans granted	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Balances				
Parent company and group companies excluded from consolidation (a)	-	-	-	-
Associated companies	-	-	15,859,170	15,569,601
Other partners in Group companies	2,236,843	2,252,251	-	-
	<u>2,236,843</u>	<u>2,252,251</u>	<u>15,859,170</u>	<u>15,569,601</u>

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 2011 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 383,150 euro (803,800 euro in 2010), of which 294,950 euro (634,340 euro in 2010) are fixed remunerations and 88,200 euro (169,460 euro in 2010) are performance bonuses.

46. EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2011 and 2010 were calculated taking into consideration the following amounts:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Net profit continued operations		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	2,994,272	(11,846,984)
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>2,994,272</u>	<u>(11,846,984)</u>
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	249,962,100	250,000,000
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Weighted average number of shares used to calculated diluted earnings per share	<u>249,962,100</u>	<u>250,000,000</u>
Earnings per share (basic and diluted)		
Total Operations	<u>0.011979</u>	<u>(0.047388)</u>

There are no convertible instruments included in Sonae Capital, SGPS, SA shares, hence there is no dilutive effect.

47. CASH RECEIPTS/PAYMENTS RELATED TO INVESTMENTS

As at 31 December 2011 and 2010, cash receipts and cash payments related to investments can be analysed as follows:

	31 December 2011		31 December 2010	
	Amount received	Amount paid	Amount received	Amount paid
	37,210,954	-	-	-
	1,905,766	-	-	-
	1,300,000	-	-	-
	1,000,000	-	-	-
	-	-	5,816,469	-
Sale of Box Lines Navegação	3,800,000	-	6,650,000	-
Sale of Arbiworld BV	-	-	5,000,000	-
Price adjustment of Cinclus Plan. Gest. Projectos, SA	-	-	269,736	-
Sale of Textil do Marco	-	-	395,011	543,145
	97,874	383,330	(925,232)	663,840
Continued Operations	45,314,594	6,199,799	11,389,515	1,206,985
	-	-	-	-
Total Operations	45,314,594	6,199,799	11,389,515	1,206,985

48. SEGMENT INFORMATION

In 31 December 2011 and 2010, the following were identified as segments:

- Sonae Tourism:
 - Tourism Operations
 - Atlantic Ferries
 - Other
- SC Assets:
 - Residential Developments
 - Other Operating Assets
 - Other Assets
- Spred:
 - Energy and Environment
 - Selfrio Group
 - Other
- Holding and Others

The contribution of the business segments to the income statement of the periods ended 31 December 2011 and 2010 can be detailed as follows:

31 December 2011

Profit & Loss Account	Tourism Operations	Atlantic Ferries	Other	Intersegment Income	Total Tourism	Residential Property Development	Other Operating Assets	Other Assets	Intersegment Income	Total SC Assets	Energy and environment	Selfrio Group	Other	Intersegment Income	Total Spred	Holding & Others	Intersegment Income	Consolidated
Operational Income																		
Sales	7,400,901	-	-	-	7,400,901	2,753,900	5,349,767	-	(2,800,000)	5,303,667	7,859,758	58,181,992	1,721,765	(1,852,853)	65,910,662	-	(4,484,759)	74,130,471
Services rendered	30,964,907	5,074,632	1,774,110	(1,600,247)	36,213,402	1,052,718	6,321,043	-	(222,449)	7,151,312	797,858	18,167,305	5,215,396	(26,310)	24,154,249	4,237,970	(9,002,504)	62,754,429
Other operational income	3,845,606	101,191	268,131	(359,534)	3,855,394	150,230	773,756	90,551	(143,191)	871,346	658,201	930,709	867,447	(184)	2,456,173	784,655	3,603,772	11,571,340
	42,211,414	5,175,823	2,042,241	(1,959,781)	47,469,697	3,956,848	12,444,566	90,551	(3,165,640)	13,326,325	9,315,817	77,280,006	7,804,608	(1,879,347)	92,521,084	5,022,625	(9,883,491)	148,456,240
Operational cash-flow (EBITDA)	(10,668,877)	725,742	277,601	829	(9,664,705)	681,494	1,811,024	(86,658)	(25,894)	2,379,966	2,004,970	5,277,624	(40,916)	(518)	7,241,160	(2,148,723)	12,054	(2,180,248)

31 December 2010

Profit & Loss Account	Tourism Operations	Atlantic Ferries	Other	Intersegment Income	Total Tourism	Residential Property Development	Other Operating Assets	Other Assets	Intersegment Income	Total SC Assets	Box Lines	Energy and environment	Selfrio Group	Other	Intersegment Income	Total Spred	Holding & Others	Intersegment Income	Consolidated
Operational Income																			
Sales	14,903,358	-	-	-	14,903,358	1,200,650	1,603,862	-	-	2,804,512	-	4,367,361	65,413,202	851,560	-	70,632,123	-	(301,544)	88,038,449
Services rendered	34,511,520	4,466,669	2,923,461	(2,635,834)	39,265,816	1,184,090	7,040,813	-	(322,454)	7,902,449	26,897,082	918,679	15,316,359	5,536,716	(60,166)	48,608,670	4,587,225	(9,820,416)	90,543,744
Other operational income	4,716,090	105,812	2,005,953	(348,692)	6,479,163	264,477	1,778,621	794	(146,416)	1,897,476	116,613	473,095	952,358	749,156	(422)	2,290,800	493,095	(620,430)	10,540,104
	54,130,968	4,572,481	4,929,414	(2,984,526)	60,648,337	2,649,217	10,423,296	794	(468,870)	12,604,437	27,013,695	5,759,135	81,681,919	7,137,432	(60,588)	121,531,593	5,080,320	(10,742,390)	189,122,297
Operational cash-flow (EBITDA)	(5,705,769)	(306,857)	(429,507)	5,606	(6,436,527)	(1,233,037)	3,184,185	(26,647)	21,725	1,946,226	1,022,752	963,954	6,329,723	267,393	736	8,584,558	(1,274,678)	(6,877)	2,812,702

The contribution of the business segments to the balance sheets as at 31 December 2011 and 2010 can be detailed as follows:

31 December 2011																		
Balance Sheet	Tourism Operations	Atlantic Ferries	Other	Intersegment Adjustments	Total Tourism	Residential Property Development	Other Operating Assets	Other Assets	Intersegment Adjustments	Total SC Assets	Energy and environment	Selfrio Group	Other	Intersegment Adjustments	Total Spred	Holding & Others	Intersegment Adjustments	Consolidated
Fixed Assets Tangible and Intangible	92,839,325	24,755,340	271,898	-	117,866,563	339,537	111,878,325	-	-	112,217,862	11,253,391	322,342	1,820,079	-	13,395,812	86,761	-	243,566,998
Investments	247,390	-	274,154	-	521,544	17,822	903,500	57,716,010	-	58,637,332	2,546	0	1,905,304	-	1,907,850	8,890	-	61,075,617
Other Assets	181,511,412	1,672,236	186,549,251	(186,881,715)	182,851,184	50,546,041	114,187,323	133,708,180	(187,314,735)	111,126,809	4,506,946	54,857,951	46,052,081	(16,312,913)	89,104,064	422,196,516	(436,090,398)	369,188,174
Total Assets	274,598,127	26,427,576	187,095,303	(186,881,715)	301,239,291	50,903,400	226,969,148	191,424,190	(187,314,735)	281,982,003	15,762,883	55,180,293	49,777,464	(16,312,913)	104,407,726	422,292,166	(436,090,398)	673,830,788
Total Liabilities	231,673,239	23,305,133	229,583,855	(186,879,871)	297,682,356	48,691,236	131,829,728	184,198,370	(184,514,738)	180,204,596	14,147,725	19,283,480	21,587,619	(16,313,663)	38,705,161	259,478,733	(439,110,777)	336,960,068
Technical investment	5,828,655	78,690	2,310	-	5,909,655	333,150	597,029	-	-	930,179	3,748,308	162,018	264,854	-	4,175,179	20,116	-	11,035,130
Gross Debt	3,466,557	20,291,480	1,151	-	23,759,188	678	200	-	-	879	10,168,918	1,084,721	252,937	-	11,506,577	229,855,733	-	265,122,377
Net Debt	3,180,230	20,204,261	(4,919)	-	23,379,572	(509,228)	(258,880)	(4,931)	-	(773,039)	10,149,905	(854,719)	(248,699)	-	9,046,486	229,488,718	-	261,141,737

31 December 2010																		
Balance Sheet	Tourism Operations	Atlantic Ferries	Other	Intersegment Adjustments	Total Tourism	Residential Property Development	Other Operating Assets	Other Assets	Intersegment Adjustments	Total SC Assets	Energy and environment	Selfrio Group	Other	Intersegment Adjustments	Total Spred	Holding & Others	Intersegment Adjustments	Consolidated
Fixed Assets Tangible and Intangible	148,819,754	26,052,929	395,538	-	175,268,221	25,415	78,619,454	-	-	78,644,869	8,537,829	595,759	1,745,186	-	10,878,774	147,910	-	264,939,773
Investments	647,321	-	271,608	-	918,929	-	942,174	55,156,587	-	56,098,761	-	0	1,923,660	-	1,923,660	14,576,040	-	73,517,389
Other Assets	189,212,015	1,931,534	169,457,322	(170,467,915)	190,132,955	46,407,978	114,537,861	153,686,107	(190,744,145)	123,887,801	2,453,136	65,422,808	44,541,890	(3,350,353)	109,067,481	391,073,353	(421,452,100)	392,709,490
Total Assets	338,679,089	27,984,462	170,124,468	(170,467,915)	366,320,105	46,433,392	194,099,489	208,842,694	(190,744,145)	258,631,430	10,990,965	66,018,567	48,210,735	(3,350,353)	121,869,914	405,797,303	(421,452,100)	731,166,653
Total Liabilities	247,955,879	23,577,160	201,845,568	(170,467,453)	302,911,154	46,733,559	148,301,219	175,585,925	(190,744,356)	179,876,347	10,132,092	33,626,126	21,166,386	(6,570,541)	58,354,063	269,276,207	(418,620,688)	391,797,083
Technical investment	6,659,762	334,932	312,873	-	7,307,567	57,990	268,987	-	-	326,977	2,018,199	267,800	217,129	-	2,503,127	92,824	-	10,230,496
Gross Debt	3,358,544	21,670,957	25,095	-	25,054,597	-	718,081	-	-	718,081	6,288,323	3,234,171	164,391	-	9,686,885	244,949,354	-	280,408,918
Net Debt	3,155,772	21,404,648	(261,565)	-	24,298,855	(512,754)	517,864	(40,727)	-	(35,616)	6,264,546	1,749,199	41,367	-	8,055,112	244,891,269	-	277,209,620

The contribution of the main business segments to the cash-flow statement for the periods ended 31 December 2011 and 2010 can be detailed as follows:

31 December 2011					
	SC Assets	Tourism	Spred	Holding and Others	Consolidated
Operating activities	1,755,756	(2,178,291)	3,334,043	(5,931,653)	(3,020,145)
Investment activities	(6,266,605)	(4,952,217)	418,268	39,707,101	28,906,547
Financing activities	(578,807)	(1,656,599)	2,318,670	(25,490,236)	(25,406,972)
Change in cash and cash equivalents	-	-	-	-	-
Total Operations	(5,089,656)	(8,787,107)	6,070,981	8,285,212	479,430

31 December 2010					
	SC Assets	Tourism	Spred	Holding and Others	Consolidated
Operating activities	2,898,342	(17,724,131)	7,988,280	(4,854,121)	(11,691,630)
Investment activities	4,938,608	(3,628,408)	12,968,396	9,607,128	23,885,724
Financing activities	(690,932)	(892,521)	(4,427,525)	(5,660,858)	(11,671,836)
Change in cash and cash equivalents	-	-	-	-	-
Total Operations	7,146,018	(22,245,060)	16,529,151	(907,851)	522,258

Net debt of the Holding can be analysed as follows:

Inflows	
Gross bank debt	229,855,733
Cash and cash equivalents	367,016
Net bank debt	229,488,718
Sonae Turismo	-
SC Assets	-
Spred	23,248,908
Intercompany ST Loans Obtained	23,248,908
Total Inflows	252,737,626
Outflows	
Sonae Turismo	223,509,915
SC Assets	168,000,997
Spred	833,546
Intercompany Loans Granted	392,344,457

Sonae Capital's headcount can be detailed as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
SC Assets	16	30
Tourism	544	582
Spred	846	811
Holding and Others	90	79
Continued Operations	<u>1,496</u>	<u>1,502</u>
Discontinued Operations	<u>-</u>	<u>99</u>
Total Operations	<u>1,496</u>	<u>1,601</u>

49. COMPLIANCE WITH LEGAL REQUIREMENTS

Decree Law Nr. 185/09 article 11

During the years ended 31 December 2011 and 31 December 2010, the following amounts have been paid to the company's external auditor:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Audit and Statutory Audit ⁴	90,436	140,171
Tax Consultancy ²	-	21,450
Other Services ²	-	42,250
Total	<u>90,436</u>	<u>203,871</u>

¹ Fees agreed for the year.

² Amounts already paid.

50. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 31 December 2011.

51. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 29 February 2012 and are still subject to approval by the Shareholders General Meeting.

The Board of Directors



INDIVIDUAL FINANCIAL STATEMENTS

31 DECEMBER 2011

SONAE CAPITAL, SGPS, SA

INDIVIDUAL BALANCE SHEETS AS AT 31 DECEMBER 2011 AND 31 DECEMBER 2010

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

(Amounts expressed in euro)

ASSETS	Notes	31 December 2011	31 December 2010
NON CURRENT ASSETS:			
Tangible assets		-	-
Investments	4	542,141,999	542,139,453
Deferred tax assets	7	451,247	157,965
Other non current assets	5	164,370,542	220,718,043
Total Non Current Assets		<u>706,963,788</u>	<u>763,015,461</u>
CURRENT ASSETS:			
Other current assets	6	21,481,201	20,151,723
Cash and cash equivalents	8	350,634	27,355
Total Current Assets		<u>21,831,835</u>	<u>20,179,078</u>
TOTAL ASSETS		<u>728,795,623</u>	<u>783,194,539</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share Capital	9	250,000,000	250,000,000
Own shares	9	(36,143)	-
Legal reserve	10	8,307,376	8,191,127
Other reserves	10	289,628,622	287,419,883
Retained earnings		-	-
Profit / (Loss) for the period		(918,206)	2,324,988
TOTAL EQUITY		<u>546,981,649</u>	<u>547,935,998</u>
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans	11	90,812,089	42,215,789
Bonds	11	9,943,470	29,943,901
Other non current liabilities		63,054	97,003
Deferred tax liabilities	7	11,699	22,586
Total Non Current Liabilities		<u>100,830,312</u>	<u>72,279,279</u>
CURRENT LIABILITIES			
Suppliers		1,638,046	75,521
Bank loans	11	47,800,000	122,300,000
	11	30,000,000	-
Other creditors	12	31,923	39,693,292
Other current liabilities	13	1,513,693	910,449
Total Current Liabilities		<u>80,983,662</u>	<u>162,979,262</u>
TOTAL EQUITY AND LIABILITIES		<u>728,795,623</u>	<u>783,194,539</u>

The accompanying notes are an integral 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 2011 AND 2010

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

(Amounts expressed in euro)

	Notes	31 December 2011	31 December 2010
Operational income			
Other operational income		329,649	64,209
Total operational income		<u>329,649</u>	<u>64,209</u>
Operational expenses			
External supplies and services	14	(1,935,976)	(349,514)
Staff costs	16	(881,785)	(1,139,283)
Depreciation and amortisation		(1)	(2,642)
Other operational expenses		(6,067)	(219,847)
Total operational expenses		<u>(2,823,829)</u>	<u>(1,711,286)</u>
Operational profit/(loss)		<u>(2,494,180)</u>	<u>(1,647,077)</u>
Financial income	17	10,756,300	8,513,838
Financial expenses	17	(9,470,803)	(7,582,128)
Net financial income/(expenses)		<u>1,285,497</u>	<u>931,710</u>
Investment income	17	-	2,871,845
Profit/(loss) before taxation		<u>(1,208,683)</u>	<u>2,156,478</u>
Taxation	18	290,477	168,510
Profit/(loss) for the period		<u>(918,206)</u>	<u>2,324,988</u>
Profit/(loss) per share			
Basic and diluted	19	(0.003673)	0.009300

The accompanying notes are an integral part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENT BY NATURE

FOR THE THREE MONTHS ENDED 31 DECEMBER 2011 AND 2010

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

(Amounts expressed in euro)

	4 th Quarter 2011 (Unaudited)	4 th Quarter 2010 (Unaudited)
Operational income:		
Other operational income	4,067	8,371
Total operational income	4,067	8,371
Operational expenses:	-	-
External supplies and services	(1,738,924)	(120,743)
Staff costs	(182,917)	(303,993)
Depreciation and amortisation	-	(660)
Other operational expenses	(1,566)	(41,246)
Total operational expenses	(1,923,407)	(466,642)
Operational profit/(loss)	(1,919,340)	(458,271)
Financial income	2,824,324	1,710,174
Financial expenses	(2,275,684)	(957,806)
Net financial income/(expenses)	548,640	752,368
Investment income	-	-
Profit/(loss) before taxation	(1,370,700)	294,097
Taxation	337,724	(77,035)
Profit/(loss) for the period	(1,032,976)	217,062
Profit/(loss) per share		
Basic and diluted	(0.004132)	0.000868

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 2011 AND 2010

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

(Amounts expressed in euro)

	<u>31 December 2011</u>	<u>31 December 2010</u>
Net profit for the period	(918,206)	2,324,988
Exchange differences arising from translating foreign operations	-	-
Share of other comprehensive income of associated undertakings 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	-	-
Gains on property revaluations	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>(918,206)</u>	<u>2,324,988</u>

The accompanying notes are an integral 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 2011 AND 2010

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

(Amounts expressed in euro)

	<u>4th Quarter 2011</u> <u>(Unaudited)</u>	<u>4th Quarter 2010</u> <u>(Unaudited)</u>
Net profit for the period	(1,032,977)	217,062
Exchange differences on translating foreign operations	-	-
Share of other comprehensive income of associates and joint ventures accounted by the equity method	-	-
Change in the fair value of assets available for sale	-	-
Change in the fair value of cash flow hedging derivatives	-	-
Gains on property revaluation	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>(1,032,977)</u>	<u>217,062</u>

The accompanying notes are part of these financial statements

The Board of Directors

SONAE CAPITAL SGPS, SA
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2011 AND 2010

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

(Amounts expressed in euro)

	Share Capital	Own Shares	Legal Reserve	Translation Reserve	Fair Value Reserve	Hedging Reserve	Other Reserves	Retained Earnings	Sub total	Net profit / (loss)	Total Equity
Balance as at 1 January 2010	250,000,000	-	-	-	-	-	132,638,253	(849,780)	131,788,473	163,822,537	545,611,010
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	2,324,988	2,324,988
Appropriation of profits:											
Transfer to legal reserve and retained earnings	-	-	8,191,127	-	-	-	154,781,630	849,780	163,822,537	(163,822,537)	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-
Acquisition/(disposal) of own shares	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2010	250,000,000	-	8,191,127	-	-	-	287,419,883	-	295,611,010	2,324,988	547,935,998
Balance as at 1 January 2011	250,000,000	-	8,191,127	-	-	-	287,419,883	-	295,611,010	2,324,988	547,935,998
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	(918,206)	(918,206)
Appropriation of profits:											
Transfer to legal reserve and retained earnings	-	-	116,249	-	-	-	2,208,739	-	2,324,988	(2,324,988)	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-
Acquisition/(disposal) of own shares	-	(36,143)	-	-	-	-	-	-	-	-	(36,143)
Others	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2011	250,000,000	-	8,307,376	-	-	-	289,628,622	-	297,935,998	(918,206)	546,981,649

The accompanying notes are an integral part of these financial statements

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL CASH FLOW STATEMENTS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2011 AND 2010

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

(Amounts expressed in euro)

	31 December 2011	31 December 2010
<u>OPERATING ACTIVITIES</u>		
Cash paid to trade creditors	320,267	345,339
Cash paid to employees	784,945	980,229
Cash flow generated by operations	<u>(1,105,212)</u>	<u>(1,325,568)</u>
Income taxes (paid)/received	117,516	135,169
Other cash receipts/(payments) relating to operating activities	8,394	(91,601)
Net cash flow from operating activities [1]	<u><u>(1,214,334)</u></u>	<u><u>(1,552,338)</u></u>
<u>INVESTMENT ACTIVITIES</u>		
Cash receipts arising from:		
Interest and similar income	8,654,296	11,445,994
Dividends	-	2,871,845
Loans obtained	<u>76,104,046</u>	<u>194,968,257</u>
	<u>84,758,342</u>	<u>209,286,096</u>
Cash payments arising from:		
Investments	2,546	159,500,000
Tangible assets	-	-
Loans granted	<u>18,924,000</u>	<u>83,077,300</u>
	<u>18,926,546</u>	<u>242,577,300</u>
Net cash flow from investment activities [2]	<u><u>65,831,796</u></u>	<u><u>(33,291,204)</u></u>
<u>FINANCING ACTIVITIES</u>		
Cash receipts arising from:		
Loans obtained	<u>68,800,000</u>	<u>62,343,200</u>
	<u>68,800,000</u>	<u>62,343,200</u>
Cash Payments arising from:		
Interest and similar costs	9,064,840	7,527,901
Acquisition of own shares	36,143	-
Loans obtained	<u>123,993,200</u>	<u>20,000,000</u>
Net cash flow from financing activities [3]	<u>133,094,183</u>	<u>27,527,901</u>
	<u><u>(64,294,183)</u></u>	<u><u>34,815,299</u></u>
Net increase/(decrease) in cash and cash equivalents [4] = [1]+[2]+[3]	323,279	(28,243)
Cash and cash equivalents at the beginning of the period	27,355	55,597
Cash and cash equivalents at the end of the period	<u><u>350,634</u></u>	<u><u>27,355</u></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 THREE MONTHS ENDED 31 DECEMBER 2011 AND 2010

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

(Amounts expressed in euro)

	4 th Quarter 2011 (Unaudited)	4 th Quarter 2010 (Unaudited)
<u>OPERATING ACTIVITIES</u>		
Cash paid to trade creditors	110,507	77,970
Cash paid to employees	149,124	228,962
Cash flow generated by operations	<u>(259,631)</u>	<u>(306,932)</u>
Income taxes (paid)/received	192,592	134,361
Other cash receipts/(payments) relating to operating activities	66,704	62,538
Net cash flow from operating activities [1]	<u>(385,519)</u>	<u>(378,755)</u>
<u>INVESTMENT ACTIVITIES</u>		
Cash receipts arising from:		
Interest and similar income	1,163,716	811,094
Dividends	-	-
Loans granted	31,048,046	3,872,000
	<u>32,211,762</u>	<u>4,683,094</u>
Cash payments arising from:		
Investments	2,546	-
Tangible assets	-	-
Loans granted	(5,600,600)	18,261,402
	<u>(5,598,054)</u>	<u>18,261,402</u>
Net cash flow from investment activities [2]	<u>37,809,816</u>	<u>(13,578,308)</u>
<u>FINANCING ACTIVITIES</u>		
Cash receipts arising from:		
Loans obtained	(17,666,000)	34,306,793
	<u>(17,666,000)</u>	<u>34,306,793</u>
Cash Payments arising from:		
Interest and similar costs	3,069,224	2,677,710
Acquisition of own shares	-	-
Loans obtained	17,543,200	20,000,000
	<u>20,648,567</u>	<u>32,378,092</u>
Net cash from financing activities [3]	<u>(38,314,567)</u>	<u>11,629,083</u>
Net increase/(decrease) in cash and cash equivalents [4] = [1]+[2]+[3]	(890,270)	(2,327,980)
Cash and cash equivalents at the beginning of the period	980,227	2,355,334
Cash and cash equivalents at the end of the period	<u>350,634</u>	<u>27,355</u>

The Board of Directors

SONAE CAPITAL, SGPS, SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2011 AND 2010

(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 2011.

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 and 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.

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, 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 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 2011 would have been lower or higher by 753,336.84 euro, respectively. As at 31 December 2010 they would have been lower or higher by 598,820.22 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 arises mainly from (i) its relationships with financial institutions in the course of its day to day business activity, and (ii) the risk of non compliance by business counterparts in portfolio transactions.

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

To mitigate this risk, the Company:

- a) Only executes transactions with counterparts with Investment Grade minimum rating and/or financial institutions with high credit quality, giving preference to banking institutions with which the Company already works;
- 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, whose structure is not entirely known), requiring proper authorization from the Board of Directors for use of other alternative instruments;
- 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.

- Negotiation of contract terms which reduce the possibility of early termination of loans.

4. INVESTMENTS

As at 31 December 2011 and 31 December 2010 Investments are detailed as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Investments in affiliated and associated undertakings	542,138,253	542,138,253
Investments in other companies (Sonae RE - 0.04%)		
Sonae RE - (0,04%)	1,200	1,200
Fundo Invest. Imob. Imosonae Dois - (0,001%)	2,546	-
	<u>542,141,999</u>	<u>542,139,453</u>

4.1 Investments in affiliated and associated undertakings

As at 31 December 2011 and 31 December 2010, 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 2011				31 December 2010			
	% 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	-
Spred, SGPS SA	54.05%	-	40,000,000	-	54.05%	-	40,000,000	-
SC Assets, SGPS, SA	76.64%	-	82,000,000	-	76.64%	-	82,000,000	-
Sonae Turismo, SGPS SA	23.08%	-	37,500,000	-	23.08%	-	37,500,000	-
Total			542,138,253	-			542,138,253	-

Impairment tests on financial investments were performed, based on external valuations of the real estate of group companies, to assess the fair value of such investments. No adjustment was deemed necessary following the analysis performed.

5. OTHER NON CURRENT ASSETS

As at 31 December 2011 and 31 December 2010 Other Non Current Assets are detailed as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Loans granted to group companies:		
SC, SGPS, SA	106,142,743	171,414,243
SC Assets, SGPS, SA	58,227,800	49,303,800
	<u>164,370,543</u>	<u>220,718,043</u>

These assets were not due or impaired as at 31 December 2011. 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 2011 and 31 December 2010 Other Current Assets can be detailed as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Group companies - Short term loans:		
SC, SGPS, SA	1,690,381	16,852,500
SC Assets, SGPS, SA	3,413,021	-
	10,916,552	-
Suppliers	-	21,505
Income tax withheld	298,516	189,164
Other Debtors	9,956	3,877
Accrued income	5,128,767	3,022,754
Deferred costs	24,008	61,923
	<u>21,481,201</u>	<u>20,151,723</u>

Loans granted to group companies bear interest at market rates and are repayable within one year.

7. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2011 and 2010 can be detailed as follows, split between the different types of temporary differences:

	<u>Deferred tax assets</u>		<u>Deferred tax liabilities</u>	
	<u>31 December 2011</u>	<u>31 December 2010</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Tax losses carried forward	451,247	157,965	-	-
Others	-	-	11,699	22,586

During the periods ended 31 December 2011 and 2010, movements in Deferred tax are as follows:

	<u>Deferred tax assets</u>		<u>Deferred tax liabilities</u>	
	<u>31 December 2011</u>	<u>31 December 2010</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Opening balance	157,965	-	22,586	41,282
Effect in results (Nota 18):				
Tax losses carried forward	293,282	157,965	-	-
Others	-	-	(10,887)	(18,696)
	<u>451,247</u>	<u>157,965</u>	<u>11,699</u>	<u>22,586</u>
Effect in reserves:	-	-	-	-
Closing balance	<u>451,247</u>	<u>157,965</u>	<u>11,699</u>	<u>22,586</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 2011 and 2010, and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

	31 December 2011			31 December 2010		
	Prejuízo fiscal	Deferred tax assets	To be used until	Prejuízo fiscal	Deferred tax assets	To be used until
Generated in 2010	640,062	160,016	2014	631,864	-	2014
Generated in 2011	1,164,925	291,231	2015	-	-	
	<u>1,804,987</u>	<u>451,247</u>		<u>631,864</u>	<u>-</u>	

8. CASH AND CASH EQUIVALENTS

As at 31 December 2011 and 31 December 2010 Cash and Cash Equivalents can be detailed as follows:

	31 December 2011	31 December 2010
Cash	1,004	1,004
Bank deposits	349,631	26,351
Cash and cash equivalents in the balance sheet	<u>350,634</u>	<u>27,355</u>
Bank overdrafts	-	-
Cash and cash equivalents in the cash flow statement	<u>350,634</u>	<u>27,355</u>

9. SHARE CAPITAL

As at 31 December 2011 Share Capital consisted of 250,000,000 ordinary shares of 1 euro each.

In 2011, Sonae Capital SGPS, S.A. bought 151,600 own shares on the stock market, representing 0.061% of its share capital, for a total consideration of 36,143 euro.

10. RESERVES

As at 31 December 2011, and 31 December 2010 the caption Other Reserves can be detailed as follows:

	31 December 2011	31 December 2010
Free reserves	156,954,227	154,781,631
Demerger reserve	132,638,252	132,638,252
Own shares reserve	36,143	-
	<u>289,628,622</u>	<u>287,419,883</u>

The demerger reserve (Note 1), corresponds to the difference between the book value of the shareholding in SC, SGPS, SA (382,638,252 euro) which was spun off from Sonae, SGPS, SA to the

Company, and the value of the share capital of the Company (250,000,000 euro). This reserve, 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.

Legal Reserve: According to the Company Law, at least 5% of the annual net profit must be transferred to the legal reserve until it represents 20% of share capital. This reserve cannot be distributed to shareholders, unless the company is liquidated, but can be used to cover prior year losses, once other reserves have been used fully, or for capital increases. As at 31 December 2011 the value of this caption is 8,307,376 euro.

11. LOANS

As at 31 December 2011 and 31 December 2010 this caption included the following loans:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Bank loans - Commercial paper	58,250,000	42,250,000
Bank loans - Term loan	33,000,000	-
Up-front fees not yet charged to income statement	(437,911)	(34,211)
Bank loans - non current	<u>90,812,089</u>	<u>42,215,789</u>
Nominal value of bonds	10,000,000	30,000,000
Up-front fees not yet charged to income statement	(56,531)	(56,099)
Bond Loans	<u>9,943,469</u>	<u>29,943,901</u>
Non-current loans	<u><u>100,755,558</u></u>	<u><u>72,159,690</u></u>
Bank loans - Commercial paper	47,150,000	122,300,000
Bank loans - Term loan	650,000	-
Bond Loans	<u>30,000,000</u>	<u>-</u>
Current bank loans	<u><u>77,800,000</u></u>	<u><u>122,300,000</u></u>

Non Current Bank Loans

The caption Non Current Bank Loans relates to amounts issued detailed as follows:

- i) Commercial Paper Programme issued on 14 March 2008 with subscription guarantee and valid for a period of 5 years;
- ii) Commercial Paper Programme issued on 31 March 2011 with subscription guarantee and valid for a period of 5 years and 5 months;
- iii) Bank loan started on 2 June 2011 valid for six years and repayable in six annual instalments. This loan is guaranteed by a mortgage of investment properties and pays interest every three months;
- iv) Commercial Paper Programme issued on 30 December 2010 with subscription guarantee and valid for a period of 3 years;
- v) Sonae Capital, SGPS 2011/2016, amounting to 10,000,000 euro, repayable after 5 years, in one instalment, on 17 January 2016. Early repayment can occur under the terms of the Call / Put Option. This bond issue pays interest every six months.

The bank loans mentioned above bear interest at market rates, indexed to the Euribor of each issue period.

The average interest rate of these bond loans as at 31 December 2011 was 4.412%.

Current Bank Loans

The caption Current Bank Loans relates to amounts issued, detailed as follows:

- i. Commercial Paper Programme issued on 28 March 2008 without subscription guarantee, valid for a period of 10 years, which may be extended at the option of the Company;
- ii. Commercial Paper Programme issued on 1 June 2011 with subscription guarantee, valid for a period of 1 year, automatically renewable for equal periods to a maximum of five years, unless terminated by either party;
- iii. Commercial Paper Programme issued on 17 February 2011 with subscription guarantee, valid for a period of 1 year, automatically renewable for equal periods to a maximum of five years, unless terminated by either party;
- iv. Sonae Capital, SGPS 2007/2012^{2nd} Bond issue, amounting to 30,000,000 euro, repayable after 5 years, in one instalment, on 31 December 2012. This bond issue pays interest every six months

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.

There are no Derivatives.

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

	31 December 2011		31 December 2010	
	Capital	Interest	Capital	Interest
N+1	77,800,000	6,526,266	122,300,000	3,945,936
N+2	52,000,000	4,550,574	34,000,000	1,580,073
N+3	15,250,000	3,767,928	38,250,000	423,889
N+4	7,000,000	3,255,580	-	-
N+5	17,000,000	2,058,532	-	-
After N+5	10,000,000	364,961	-	-
	<u>179,050,000</u>	<u>20,523,840</u>	<u>194,550,000</u>	<u>5,949,898</u>

As at 31 December 2011 and 31 December 2010, available credit lines may be summarised as follows:

	31 December 2011		31 December 2010	
	Commitments		Commitments	
	less than 1Y	over 1 Y	less than 1Y	over 1 Y
Amounts of credit lines available	24,949,398	20,600,000	33,849,398	-
Amounts of credit lines contracted	44,599,398	78,850,000	152,399,398	42,250,000

12. OTHER CREDITORS

As at 31 December 2011 and 31 December 2010, these captions were made up as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
<u>Other creditors</u>		
Group companies - Short term loans:		
Inparvi, SGPS, SA	-	697,000
Interlog, SGPS, SA	-	20,999,000
SC Assets, SGPS, SA	-	100,000
SC Finance BV	-	300,000
Spred, SGPS, SA	-	17,597,200
Other creditors	<u>31,923</u>	<u>92</u>
	<u>31,923</u>	<u>39,693,292</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 2011 and 31 December 2010, these captions were made up as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
<u>Other current liabilities</u>		
Taxes payable	95,128	130,981
Accruals:		
Staff costs	376,622	519,335
Interest payable	993,925	246,980
Other accruals	42,717	6,795
Deferred income	<u>5,301</u>	<u>6,358</u>
	<u>1,513,693</u>	<u>910,449</u>

14. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2011 and 31 December 2010, External Supplies and Services can be detailed as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Operational rents	56,691	66,091
Insurance costs	49,132	56,419
Travelling expenses	20,169	39,428
Services obtained	1,794,763	160,245
Other services	<u>15,221</u>	<u>27,331</u>
	<u>1,935,976</u>	<u>349,514</u>

15. OPERATIONAL LEASES

As at 31 December 2011 and 31 December 2010, the Company had Operational Lease contracts, as a lessee, whose minimum lease payments (fixed income) had the following payment schedule:

	<u>31 December 2011</u>	<u>31 December 2010</u>
N+1	25,870	54,061
N+2	25,870	54,061
N+3	25,870	40,227
N+4	-	27,066
N+5	-	-
	<u>77,610</u>	<u>175,415</u>

16. STAFF COSTS

As at 31 December 2011 and 31 December 2010, Staff Costs are made up as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Governing bodies' remunerations	734,757	1,027,522
Staff's remunerations	63,311	-
Social security contributions	-	77,899
Other staff costs	23,867	33,862
	<u>821,936</u>	<u>1,139,283</u>

17. NET FINANCIAL EXPENSES AND INVESTMENT INCOME

As at 31 December 2011 and 31 December 2010, Net Financial Expenses and Investment Income can be detailed as follows:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Interest payable and similar expenses		
Interest arising from:		
Bank loans	(5,551,275)	(3,773,251)
Bonds	(1,211,508)	(798,018)
Other	(625,993)	(619,297)
Other financial expenses	(2,082,028)	(2,391,561)
	<u>(9,470,803)</u>	<u>(7,582,128)</u>
Interest receivable and similar income		
Interest income	10,756,300	8,513,838
	<u>10,756,300</u>	<u>8,513,838</u>
Net financial expenses	<u>1,285,497</u>	<u>931,710</u>
Investment income	-	2,871,845

As at 31 December 2010, Investment Income of 2,871,845 euro relates to dividends paid by an associated company.

18. TAXATION

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

	<u>31 December 2011</u>	<u>31 December 2010</u>
	<u>Total</u>	<u>Total</u>
Current tax	(13,692)	(8,150)
Deferred tax	304,169	176,660
	<u>290,477</u>	<u>168,510</u>

19. EARNINGS PER SHARE

Earnings per share for the three months periods ended 31 December 2011 and 2010 were calculated taking into consideration the following amounts:

	<u>31 December 2011</u>	<u>31 December 2010</u>
	<u>Total</u>	<u>Total</u>
Profit before income tax	(1,208,683)	2,156,478
Difference between accounting and tax of capital gains/(losses)	43,758	(2,788,342)
Taxable Profit	(1,164,925)	(631,864)
Recognition of tax losses originating deferred taxes	-	-
Taxable Income	(1,164,925)	(631,864)
Tax Charge (25%)	291,231	157,966
Under/Over taxation estimates	(14)	-
Municipal surcharge	-	(8,150)
Autonomous taxes	(13,678)	-
Effect of increases or decreases in deferred taxes	12,938	18,694
Taxation	290,477	168,510
Effective tax rate	24.94%	26.67%

20. RELATED PARTIES

Balances and transactions during the periods ended 31 December 2011 and 2010 with related parties are detailed as follows:

Transactions	Expenses		Income	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Parent company	-	-	-	-
Group and associated companies	2,022,740	703,945	10,754,033	8,515,891
	<u>2,022,740</u>	<u>703,945</u>	<u>10,754,033</u>	<u>8,515,891</u>
Balances	Accounts payable		Accounts receivable	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Parent company	-	-	-	-
Group and associated companies	1,679,946	107,682	5,134,312	3,041,956
	<u>1,679,946</u>	<u>107,682</u>	<u>5,134,312</u>	<u>3,041,956</u>
Balances	Loans obtained		Loans granted	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Parent company	-	-	-	-
Group and associated companies	-	39,693,200	180,390,497	237,570,543
	<u>-</u>	<u>39,693,200</u>	<u>180,390,497</u>	<u>237,570,543</u>

21. INFORMATION REQUIRED BY LAW

Art 5 nr 4 of Decree-Law nr 495/88 of 30 December changed by art 1 of Decree-Law nr 318/94 of 24 December

In the period ended 31 December 2011 shareholders' loan contracts were entered into with the companies SC, SGPS, SA and SC Assets, SGPS, SA.

In the period ended 31 December 2011 short-term loan contracts were entered with the companies SC Sociedade de Consultadoria, SA, Sonae Turismo, SGPS, SA and SC, SGPS, SA

As at 31 December 2011 amounts due by affiliated companies can be summarized as follows:

Loans and Short term loans granted

Companies	Closing Balance
SC, SGPS, SA	107,833,124
SC-Sociedade de Consultadoria,SA	3,413,021
Sonae Turismo-SGPS,SA	10,916,552
SC Assets, SGPS, SA	58,277,800
	<u>180,440,497</u>

As at 31 December 2011 no amounts were due to affiliated companies.

Decree-Law nr 185/09 art 11

In the 12 months ended 31 December 2011 and 31 December 2010, the following remunerations were paid to the external auditor of the company:

	<u>31 December 2011</u>	<u>31 December 2010</u>
Audit and Statutory Audit ¹	10,426	27,540
Tax Consultancy	-	-
	<u>10,426</u>	<u>27,540</u>

¹ Annual fees agreed.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 29 February 2012.

The Board of Directors

REPORT AND OPINION OF THE FISCAL BOARD

31 DECEMBER 2011

Report and Opinion of the Fiscal Board

(Translation of a report originally issued in Portuguese)

To the Shareholders of
Sonae Capital, S.G.P.S., S.A.

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, S.G.P.S., SA for the year ended 31 December 2011, 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 2011, 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 and the Corporate Governance Report for the year 2011, issued by the Board of Directors, 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, S.G.P.S., 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 hereby inform that the Corporate Governance report issued complies with article 245-A of the Portuguese Securities Code.

The Fiscal Board would like to express its gratitude to the Company's Board of Directors and staff for their cooperation.

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 2011, 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, 29 February 2012

The Fiscal Board,

Manuel Heleno Sismeiro

Armando Luís Vieira de Magalhães

Jorge Manuel Felizes Morgado

STATUTORY AUDIT AND AUDITORS' REPORT

31 DECEMBER 2011



Audit Report for Stock Exchange Regulatory Purposes in respect of the Consolidated and Individual Financial Information

(Free translation from the original version in Portuguese)

Introduction

1 As required by the Portuguese Securities Market Code, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached Consolidated and Individual Financial Statements of Sonae Capital, S.G.P.S., S.A., comprising the consolidated and individual statement of financial position as at 31 December 2011, (which shows total assets of 673.830.788 Euros and 728.795.623 Euros, respectively, a total consolidated equity of 336.870.720 Euros, which includes non-controlling interests of 9.241.777 Euros and individual of 546.981.649 Euros, a net consolidated profit of 3.785.872 Euros and a net individual loss of 918.206 Euros) the consolidated and individual statement of income by nature, the consolidated and individual Comprehensive Income, the consolidated and individual statements of changes in equity and the consolidated and individual cash flow statements for the year then ended and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and Consolidated and Individual Financial Statements that present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated and individual changes in equity, the consolidated and individual result of their operations, the consolidated and individual comprehensive income and their consolidated and individual cash flows; (ii) to prepare historical financial information in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU that is complete, true, timeliness, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) to adopt adequate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, the financial position or results of the company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

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Tel +351 225 433 000 Fax +351 225 433 499, www.pwc.com/pt
Matriculada na Conservatória do Registo Comercial sob o NUPC 506 628 752, Capital Social Euros 314.000*

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and individual financial statements are free from material misstatement. Accordingly, our audit included: (i) verification that the company and its subsidiaries' financial statements have been properly examined and for the cases where such an audit was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of Management used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations and the utilization of the equity method; (iii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated and individual financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated and individual financial information.

5 Our audit also covered the verification that the financial information included in the Board of Director's report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the consolidated and individual financial statements referred to above, present fairly in all material respects, the consolidated and individual financial position of Sonae Capital, S.G.P.S, S.A. as at 31 December 2011, the consolidated and individual results of their operations, the consolidated and individual comprehensive income, the consolidated and individual statements of changes in equity and their consolidated and individual cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the information included is complete, true, timely, clear, objective and licit.

Report on other legal requirements

8 Based on our work, nothing has come to our attention that leads us to conclude that the information included in the management report is not consistent with the consolidated and individual financial information for the period and the corporate governance report includes all the elements required by article nº 245-A of the Securities Market Commission Code.

29 February 2012

PricewaterhouseCoopers & Associados
– Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Hermínio António Paulos Afonso, R.O.C.



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 five of the Shareholders' General Meeting held on 30 March 2012, the following proposals were unanimously approved:

One - "We propose that the Report of the Board of Directors, the individual and the consolidated Financial Statements for 2011, 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 2011 Net Loss of 918,205.90 euro is covered by Free Reserves."

Maia, 30 March 2012

The Company's Secretary