



SONAE DISTRIBUIÇÃO, SGPS, SA

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

Share Capital 1.100.000.000 Euros

Porto Commercial Registry and Fiscal Number 501 532 927

REPORT AND ACCOUNTS

30 SEPTEMBER 2007



REPORT OF THE BOARD OF DIRECTORS

30 SEPTEMBER 2007

Management Report

Sonae Distribuição – S.G.P.S., S.A.

To the Shareholders,

In accordance with Portuguese Law and the company's articles of association, we hereby present the management report of Sonae Distribuição - S.G.P.S., S.A. (previously called Modelo Continente, SGPS, S.A.) for the first nine months of 2007.

Performance during the period

Consolidated turnover of Sonae Distribuição totalled 2,394 million Euro for the nine months of 2007. This figure is equal to an increase of 9% compared to the same period last year. In overall terms and for most brands, the very positive performance of stores on a like for like basis (4% growth) and the consistent organic growth of the company over the last 12 months, with the opening of 93 stores with around 56,000 m² of sales area, should be highlighted.

The company's food retail brands showed significant growth in sales (+8%), as a result of the expansion plan (+21,000 m² over the last 12 months) and the positive performance of stores on a like for like basis (+3%).

The company's non food retail brands also showed a very positive trend, with a very significant growth in sales (+15%). In this universe, which accounts for 28% of the company's turnover, the main highlights were the growth on a like for like basis (+4%), and the strong rate of expansion achieved (+35,000m² over the last 12 months for a total of 84 new stores).

In the first nine months of the year, consolidated operational cash-flow of the company rose to 195 million Euro. This amount includes an increase of 36 million Euro over the same period of 2006, representing an increase of 23%. This increase was positively impacted by the non recurring profit of 12 million Euro, as a result of the sale of the real estate assets of the Albufeira and Portimão Shopping Galleries. If these sales had not taken place, consolidated operational cash-flow for the period would have grown 15% (increase of 0.4 p.p. in the operational profitability margin of the company).

At the end of the first 3 quarters of 2007, the consolidated net profit of the company rose to 100 million Euro, demonstrating an increase of 10% compared to the same period of last year. This performance is very positive, taking in consideration that it is influenced by the negative trend of the net financial expenses of the company, which, compared to last year, incorporate an increase in the interest rates (~1 p.p. over the last 12 months) and the acquisition of 100 million of own shares at the end of 2006 for a total cost of 205

million Euro. Excluding this last effect (acquisition of own shares), the consolidated net profit would have increased more than 17% compared to the same period of 2006.

Expansion

Sonae Distribuição initiated the last quarter of 2007 with 535 stores spread among thirteen brands, with a total of 574,000 m² of sales area.

- In food based retail, and from the beginning of the year until September, the company strengthened its presence in the Portuguese market, with the opening of two new mini-hypermarkets Modelo and the conversion of the Ovar and the São João da Madeira units from Modelo to Continente brand. The “Outlet Continente” was also launched, a store concept with a very specific role in the offer of opportunities.
- Over the same period, and in non food retail, the company continued its strong pace of opening of new stores, making available around 22,000 new m², along 57 units.

During this period, the company's gross investment on growth and modernisation of its store portfolio totalled 171 million Euro. This amount allowed the creation of 2,500 new job positions (at 30 September 2007, Sonae Distribuição accounted with a workforce of 27,750 employees).

Taking in consideration the openings that already happened, as well as the new stores to be opened until the end of the year, the company believes that it will surpass the target announced previously in terms of organic growth for the year (both in number of stores as well as in sales area). Sonae Distribuição anticipates that it will reach the end of 2007 with an increase of around 12% in its total sales area, representing 65,000 new m² (+25,000 m² concerning the food based formats and +40,000 respecting the non food universe). Therefore, the company will reach around 608,000 m² at the end of the year, of which 77% will be associated with own real estate that supports more than 80% of the company consolidated sales.

Concerning the acquisition of 99.8648% of the share capital of Carrefour (Portugal) – Sociedade de Exploração de Centros Comerciais, SA., Sonae Distribuição still waits the Portuguese Competition Authority decision, and continues to be confident that the referred operation will not be opposed.

Matosinhos, 31 October 2007
The Board of Directors



CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2007

SONAE DISTRIBUIÇÃO, S.G.P.S., S.A. (Note 1)

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

(Amounts expressed in Euro)

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

		IFRS	
ASSETS	Notes	30-09-2007	31-12-2006
NON CURRENT ASSETS			
Tangible and intangible assets	7	1.467.915.492	1.394.687.009
Goodwill	8	58.700.069	61.141.604
Investments	9	72.998.971	52.053.404
Deferred tax assets	12	19.429.281	23.413.248
Other non-current assets	10	1.816.995	1.825.831
Total non-current assets		1.620.860.808	1.533.121.096
CURRENT ASSETS			
Inventory		413.415.347	340.651.297
Trade and other accounts receivables	11	377.513.431	176.777.383
Investments	9	24.544.951	33.261.362
Cash and cash equivalents	13	515.161.945	359.415.148
Total current assets		1.330.635.674	910.105.190
TOTAL ASSETS		2.951.496.482	2.443.226.286
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	14	1.100.000.000	1.100.000.000
Own Shares		(205.000.000)	(205.000.000)
Reserves and retained earnings		(224.384.548)	(307.971.049)
Net profit for the period attributable to the shareholders of the Parent Company		98.727.264	158.079.602
Total equity attributable to the Shareholders of the Parent Company		769.342.716	745.108.553
Minority interests		11.763.726	10.930.910
TOTAL EQUITY		781.106.442	756.039.463
LIABILITIES:			
NON CURRENT LIABILITIES			
Loans	15	1.256.905.838	601.531.169
Other non current liabilities	17	12.440.187	13.001.800
Deferred tax liabilities	12	34.686.092	36.985.189
Provisions	20	22.675.830	21.978.393
Total non-current liabilities		1.326.707.947	673.496.551
CURRENT LIABILITIES			
Loans	15	13.864.045	167.863.379
Trade creditors and other current liabilities	19	829.678.945	845.687.790
Provisions	20	139.103	139.103
Total current liabilities		843.682.093	1.013.690.272
TOTAL LIABILITIES		2.170.390.040	1.687.186.823
TOTAL EQUITY AND LIABILITIES		2.951.496.482	2.443.226.286

The accompanying notes are part of these consolidated financial statements

The Board of Directors,

SONAE DISTRIBUIÇÃO, S.G.P.S., S.A. (Note 1)

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Amounts expressed in Euro)

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

		IFRS			
		2007		2006	
	Notes	3rd Quarter 07	30-09-2007	3rd Quarter 06	30-09-2006
Operating Income:					
Sales		852.655.672	2.282.641.035	792.476.165	2.096.247.241
Services rendered		46.087.961	111.244.746	44.538.289	100.979.413
Other operating income		73.407.851	222.979.740	61.406.928	180.365.981
Total operating income		<u>972.151.484</u>	<u>2.616.865.521</u>	<u>898.421.382</u>	<u>2.377.592.635</u>
Operating expenses:					
Cost of sales		(666.075.937)	(1.788.020.580)	(621.220.152)	(1.650.481.150)
External supplies and services		(122.271.428)	(327.512.759)	(108.046.995)	(289.094.575)
Staff costs		(90.527.523)	(274.777.377)	(82.222.556)	(247.676.597)
Depreciation and amortization	7	(21.702.893)	(64.435.326)	(20.278.368)	(59.355.590)
Provisions and impairment losses	20	(349.519)	(531.049)	(3.839.668)	(4.640.816)
Other operational expenses		(12.258.981)	(31.470.385)	(9.941.156)	(27.956.413)
Total operational expenses		<u>(913.186.281)</u>	<u>(2.486.747.476)</u>	<u>(845.548.895)</u>	<u>(2.279.205.141)</u>
Net operating profit/(loss)		<u>58.965.203</u>	<u>130.118.045</u>	<u>52.872.487</u>	<u>98.387.494</u>
Financial profit/(loss)		(8.353.850)	(25.928.262)	(4.038.184)	(13.340.650)
Profit/(loss) related to associated companies		567.785	99.861	621.512	492.685
Profit/(loss) related to investments		-	(587.173)	1.064.055	13.529.552
Profit/(loss) before income tax		<u>51.179.138</u>	<u>103.702.471</u>	<u>50.519.870</u>	<u>99.069.081</u>
Income tax	23	(937.409)	(4.144.611)	(3.190.949)	(8.197.192)
Profit/(loss) after income tax		<u>50.241.729</u>	<u>99.557.860</u>	<u>47.328.921</u>	<u>90.871.889</u>
Consolidated profit/(loss) for the period		<u>50.241.729</u>	<u>99.557.860</u>	<u>47.328.921</u>	<u>90.871.889</u>
Attributable to:					
Equity holders of the Parent Company		49.650.749	98.727.264	46.402.309	89.196.624
Minority interests		<u>590.980</u>	<u>830.596</u>	<u>926.613</u>	<u>1.675.266</u>
Profit/(loss) per share (basic and diluted)	24	<u>0,05</u>	<u>0,10</u>	<u>0,04</u>	<u>0,08</u>

The accompanying notes are part of these consolidated financial statements

The Board of Directors,

SONAE DISTRIBUIÇÃO, S.G.P.S., S.A. (Note 1)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Amounts expressed in Euro)

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

	Attributable to Shareholders of Parent Company							Minority interests	Total Equity	
	Share Capital	Own Shares	Legal Reserves	Conversion reserves	Hedging Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss)			Total
Balance at 1 January 2006	1.100.000.000		90.200.000	125.389		(557.829.549)	214.122.570	846.618.410	8.717.734	855.336.144
Appropriation of consolidated profit of 2005										
Transfer to legal reserves and retained earnings	-					214.122.570	(214.122.570)	-	-	-
Distributed dividends	-					(55.000.000)	-	(55.000.000)	-	(55.000.000)
Changes in reserves								-		
Generated in current period	-		-	(166.064)	-	-	-	(166.064)	-	(166.064)
Transferred to net income	-		-	-		-	-	-	-	-
Acquisition of subsidiaries	-		-	-	-	-	-	-	31.182	31.182
Others	-		-	-	-	(39.352)	-	(39.352)		(39.352)
Net consolidated profit (loss) for the period	-		-	-	-	-	89.196.624	89.196.624	1.675.266	90.871.890
Balance at 30 September 2006	1.100.000.000		90.200.000	(40.675)	-	(398.746.331)	89.196.624	880.609.618	10.424.182	891.033.800
Balance at 1 January 2007	1.100.000.000	(205.000.000)	90.200.000	510.709		(398.681.758)	158.079.602	745.108.553	10.930.910	756.039.463
Appropriation of consolidated profit of 2006										
Transfer to legal reserves and retained earnings	-		4.800.000	-	-	153.279.602	(158.079.602)	-	-	-
Distributed dividends	-		-	-	-	(75.000.000)	-	(75.000.000)	(10.256)	(75.010.256)
Changes in reserves								-		
Generated in current period	-		-	561.608	(54.952)	-	-	506.656	-	506.656
Transferred to results	-		-	-		-	-	-	-	-
Acquisition of subsidiaries	-		-	-	-	-	-	-	12.476	12.476
Others	-		-	-	-	243	-	243		243
Net consolidated profit (loss) for the period	-		-	-	-	-	98.727.264	98.727.264	830.596	99.557.860
Balance at 30 September 2007	1.100.000.000	(205.000.000)	95.000.000	1.072.317	(54.952)	(320.401.913)	98.727.264	769.342.716	11.763.726	781.106.442

The accompanying notes are part of these consolidated financial statements

The Board of Directors,

SONAE DISTRIBUIÇÃO, S.G.P.S., S.A. (Note 1)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2007 AND 2006
(Amounts expressed in Euro)

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

	Notes	30-09-2007	30-09-2006
<u>OPERATING ACTIVITIES</u>			
Net cash flow from operating activities (1)		58.208.162	113.485.774
<u>INVESTING ACTIVITIES</u>			
Cash receipts related to:			
Investments		27.270.292	28.106.348
Tangible and intangible assets		41.743.951	16.514.231
Interest and similar income		3.737.304	4.547.783
Dividends		225.169	1.344.815
Loans granted		164.342.000	329.276.000
		<u>237.318.716</u>	<u>379.789.177</u>
Cash payments related to:			
Investments		(47.080.957)	(48.418.204)
Tangible and intangible assets		(154.066.174)	(152.900.941)
Loans granted		(331.907.265)	(535.789.837)
		<u>(533.054.396)</u>	<u>(737.108.982)</u>
Net cash flow used in investing activities (2)		<u>(295.735.680)</u>	<u>(357.319.805)</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts related to:			
Loans obtained		1.989.716.000	722.000.071
Capital increase in subsidiaries		36	16.000
		<u>1.989.716.036</u>	<u>722.016.071</u>
Cash payments related to:			
Loans obtained		(1.492.598.461)	(897.588.963)
Interest and similar charges		(35.264.255)	(24.911.690)
Dividends		(75.010.292)	(54.999.980)
		<u>(1.602.873.008)</u>	<u>(977.500.633)</u>
Net cash Flow used in financing activities (3)		<u>386.843.028</u>	<u>(255.484.562)</u>
Net increase/(decrease) in cash and cash equivalents (4)=(1)+(2)+(3)		149.315.510	(499.318.593)
Effect of foreign exchange rate		68.931	20.150
Cash and cash equivalents at the beginning of the period		357.690.993	560.773.649
Cash and cash equivalents at the end of the period	13	<u>507.075.434</u>	<u>61.475.206</u>

SONAE DISTRIBUIÇÃO, SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2007

(Amounts expressed in Euro)

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

1. INTRODUCTION

SONAE DISTRIBUIÇÃO, SGPS, S.A. (“the Company” or “Sonae Distribuição”), formerly known as Modelo Continente, SGPS, S.A., with head-office in Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Portugal, is the Parent-company of a group of companies, as detailed in Notes 4 and 5 (“Sonae Distribuição Group”).

2. BASIS OF PRESENTATION

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

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those used in the preparation of the financial statements for the year ended 31 December 2006.

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATION

The subsidiaries, its head offices and percentage of capital held as at 30 September 2007 and 31 December 2006 are as follows:

Company	Head Office	Percentage of Capital held 30.09.2007		Percentage of Capital held 31.12.2006	
		Direct	Total	Direct	Total
<u>Parent company</u>					
Sonae Distribuição SGPS, S. A.	Matosinhos				
<u>Sonae Distribuição</u>					
Best Offer – Prestação de Informações pela Internet, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Bikini, Portal de Mulheres, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
g) Cacetinho – Comércio Retalhista e Expl. Centros Comerciais, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Canasta – Empreendimentos Imobiliários, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Carnes do Continente – Industria e Distribuição Carnes, S.A.	Santarém	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Contibomba - Comércio e Distribuição de Combustíveis, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, S.A.	Castelo Paiva	100.00%	100.00%	100.00%	100.00%
Difusão - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Distrifin - Comercio y Prestacion de Servicios, S.A.	Madrid(Spain)	100.00%	100.00%	100.00%	100.00%
Efanor – Design e Serviços, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Efanor - Industria de Fios, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Equador & Mendes - Agencia de Viagens e Turismo, Lda	Lisbon	75.00%	67.50%	75.00%	67.50%
Estevão Neves - Hipermercados da Madeira, S.A.	Madeira	100.00%	100.00%	100.00%	100.00%
Fozimo - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Fozmassimo - Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
b) Fundo Fechado de Investimento Imobiliário Efisa Imobiliário	Lisbon	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Imosonae Dois	Maia	100.00%	100.00%	100.00%	100.00%
Global S Hipermercado, Lda.	Matosinhos	100.00%	100.00%	100.00%	100.00%
IGI – Investimento Imobiliário, S.A.	Porto	100.00%	100.00%	100.00%	100.00%
Igimo – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
e) Iginha – Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	-	-
Imoconti – Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro – Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
f) Imoponte – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Imoresultado – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Infofield – Informática, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Inventory - Acessórios de Casa, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Marcas MC, zRT	Budapest	100.00%	100.00%	100.00%	100.00%
Maxoffice – Artigos e Serviços para Escritório, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
MJLF-Empreendimentos Imobiliários, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Modelo - Distribuição de Materiais de Construção, S.A.	Maia	50.00%	50.00%	50.00%	50.00%
Modalfa – Comércio e Serviços, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Modelo.Com - Vendas por Correspondência, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
a) Modelo – Sociedade Gestora de Participações Sociais, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Continente Hipermercados, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Modelo Continente – Operações de Retalho, S.G.P.S., S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
h) Modelo Continente Seguros – Sociedade de Mediação, S.A.	Porto	75.00%	75.00%	-	-
Modelo Hiper Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Percentage of Capital held 30.09.2007		Percentage of Capital held 31.12.2006	
		Direct	Total	Direct	Total
g) Modis - Distribuição Centralizada, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
d) NA - Equipamentos para o Lar, S.A.	Matosinhos	100.00%	100.00%	-	-
d) NA - Comércio de Artigos de Desporto, S.A.	Matosinhos	100.00%	100.00%	-	-
Nova Equador Internacional - Agencia de Viagens e Turismo, Lda	Lisbon	75.00%	67.50%	75.00%	67.50%
g) Ok Bazar - Comércio Geral, S.A.	Ermesinde	100.00%	100.00%	100.00%	100.00%
a) Parciun Imobiliária, S.A.	Porto	100.00%	100.00%	100.00%	100.00%
c) Pharmacontinente-Saúde e Higiene, S.A.	Matosinhos	100.00%	100.00%	-	-
Predicomercial – Promoção Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Peixes do Continente-Indústria e Distribuição de Peixes, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Solaris Supermercados, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Selifa - Sociedade de Empreendimentos Imobiliários de Fafe, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Sempre à Mão - Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sesagest – Projectos e Gestão Imobiliária, S.A.	Porto	100.00%	100.00%	100.00%	100.00%
Sociloures – Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Socijofra – Sociedade Imobiliária, S.A.	Gondomar	100.00%	100.00%	100.00%	100.00%
Soflorin, B.V.	Amsterdam	100.00%	100.00%	100.00%	100.00%
Sonae Capital Brasil, Ltda	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
SM Empreendimentos Imobiliários, Ltda	Porto Alegre (Brazil)	100.00%	100.00%	100.00%	100.00%
Sonae Retalho Espanha – Servicios Generales, S.A.	Madrid (Espanha)	100.00%	100.00%	100.00%	100.00%
Sondis Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Sontária - Empreendimentos Imobiliários, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Sonvecap, B.V.	Amsterdam	100.00%	100.00%	100.00%	100.00%
Sport Zone – Comércio de Artigos de Desporto, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
g) SRE - Projectos e Consultadoria, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Star-Viagens e Turismo, S.A.	Lisbon	90.00%	90.00%	90.00%	90.00%
Tlantic Sistemas de Informação, Ltda	Porto Alegre (Brazil)	100.00%	100.00%	100.00%	100.00%
Todos os Dias – Comércio Ret. E Explor. Centros Comerciais, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Worten – Equipamentos para o Lar, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%

These subsidiaries were included in the consolidated financial statements by the full consolidation method.

- a) Subsidiaries incorporated by merger in Modelo Continente, SGPS, S.A. on 1 January 2007.
- b) Subsidiary liquidated on 30 March 2007.
- c) Subsidiary created on 9 February 2007.
- d) Subsidiaries created on 29 March 2007.
- e) Subsidiary purchased on 11 April 2007.
- f) Subsidiary disposed on 31 May 2007.
- g) Subsidiaries incorporated by merger in Modelo Continente Hipermercados, S.A. on 1 April 2007.
- h) Subsidiary purchased on 16 Julho 2007.

5. INVESTMENTS IN ASSOCIATED COMPANIES

The associated companies, their head offices and the percentage of the share capital held as at 30 September 2007 and 31 December 2006 are as follows:

Company	Head Office	Percentage of Capital held		Percentage of Capital held		Carrying amount	
		30.09.2007		31.12.2006		30.09.2007	31.12.2006
		Direct	Total	Direct	Total		
Fundo de Investimento Imobiliário Fechado Imosede	Maia	42.16%	42.16%	33.81%	33.81%	34,469,515	13,734,183
Mundo Vip - Operadores Turísticos, S.A.	Lisbon	33.33%	33.33%	33.33%	33.33%	2,946,472	3,023,478
Sonaegest - Soc. Gestora de Fundos de Investimento, S.A.	Maia	40.00%	40.00%	40.00%	40.00%	637,840	558,894
Sempre a Postos - Produtos Alimentares e Utilidades, S.A.	Lisbon	25.00%	25.00%	25.00%	25.00%	880,962	506,796
						38,934,789	17,823,351

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

6. CHANGES IN CONSOLIDATION PERIMETER

The main purchases and disposals of companies over the period ending on 30 September 2007 were as follows:

Purchases

Company	Head Office	Percentage of Capital held		Percentage of Capital held	
		30.09.2007		31.12.2006	
		Direct	Total	Direct	Total
Iginha-Sociedade Imobiliária, S.A	Matosinhos	100.00%	100.00%		
Modelo Continente Seguros-Sociedade de Mediação, Ldª	Porto	75.00%	75.00%		

The purchase referred to above had the following impact upon the consolidated financial statements as at 30 September 2007:

	Aquisition Date	30.09.2007
	Book Value	Book Value
Net assets purchased		
Tangible and intangible assets (note 7)	13,827,627	16,002,652
Other current assets	1,712,202	4,311
Cash and cash equivalents	54,282	58,986
Deferred taxes	8,808	58,740
Loans	(6,821,755)	
Other liabilities	(8,670,391)	(16,148,940)
	110,773	(24,251)
Goodwill (Note 8)	21,953	
Minority interests	(12,476)	
Purchase price	120,250	
Payments made	6,942,005	
Financial Debt on the acquisition date	(6,821,755)	
	120,250	
Net cash-flow outcoming from purchase		
Payments made	6,942,005	
Cash and cash equivalents purchased	(54,282)	
	6,887,723	

Considering the goodwill generated in this purchase, as well as the operations of the purchased company, no imputation of fair value during the purchase process was made.

The impact of the purchase on the consolidated income statement is made up as follows:

Operating profits	526,517
Operating expenses	(337,198)
Financial profit/(loss)	(399,378)
Net profit/(Loss) before tax	(210,059)
Income tax	48,608
Net profit/(Loss) for the period	(161,451)

Disposals

Company	Head Office	Percentage of Capital held		Percentage of Capital held	
		Disposal date		31.12.2006	
		Direct	Total	Direct	Total
Imoponte-Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%

Net assets of this subsidiary as at the date of disposal are as follows:

	Disposed Subsidiary Disposal Date	31-12-2006
Net assets disposed of		
Tangible assets	9,928,908	9,700,630
Deferred tax assets	910,761	871,296
Other current assets	150,898	150,544
Cash and cash equivalents	3,683	421
Other non-current liabilities	(4,316,000)	(11,837,000)
Deferred tax liabilities	(12)	(16)
Other current liabilities	(10,396)	(920,356)
	6,667,842	(2,034,481)
Disposal loss	(842,841)	
Price of disposal	5,825,001	
Net cash-flow outcoming from disposal		
Cash received	10,141,001	
Cash and cash equivalents disposed of	(3,683)	
	10,137,318	
Financial Debt on the disposal date	(4,316,000)	
Transaction value	5,821,318	

The financial debt above mentioned is related to the value of the loans granted by the shareholder of the subsidiary disposed and are included in the cash received of 10,141,001 Euro.

The impact of this disposal on the income statement in the period ending as of 30 September 2007 can be detailed as follows:

	Disposed subsidiary 2007
Services rendered	57
Other operating expenses	102
Financial profit/(loss)	(265,584)
Profit/(loss) before income tax	(265,425)
Income tax	39,470
Profit/(loss) after income tax	(225,955)
	(225,955)

7. TANGIBLE AND INTANGIBLE ASSETS

During the nine month period ending 30 September 2007, movements in tangible and intangible assets as well as depreciations and accumulated impairment losses, were made up as follows:

Tangible assets - September 2007

	Land and buildings	Machinery and equipment	Transport equipment	Office equipment	Tools and utensils	Reusable containers	Other tangible assets	Tangible assets in progress a)	Advances on account of tangible assets b)	Total
Gross assets:										
Opening balance	1,027,788,651	479,043,575	15,346,401	96,146,283	8,319,375	80,429	2,006,122	29,402,940	17,147,599	1,675,281,375
Changes in consolidation Perimeter - Purchases	13,005,970	698,298	-	-	-	-	-	287,226	-	13,991,494
Changes in consolidation Perimeter - Disposals	(9,928,909)	-	-	-	-	-	-	-	-	(9,928,909)
Capital expenditure	8,175,548	929,734	184,950	1,653,217	26,041	-	-	119,357,710	14,993,383	145,320,583
Disposals c)	(20,919,134)	(5,451,081)	(386,929)	(724,063)	(33,987)	(13,862)	(279,443)	(311,583)	-	(28,120,082)
Foreign exchange rate effect	434,066	76,590	3,852	40,410	-	-	-	18,743	-	573,661
Transfers	22,410,559	37,460,363	438,475	(6,742)	1,741,257	-	(264)	(55,668,163)	(12,064,996)	(5,689,511)
Closing balance	1,040,966,751	512,757,479	15,586,749	97,109,105	10,052,686	66,567	1,726,415	93,086,873	20,075,986	1,791,428,611
Accumulated depreciation, amortization and impairment losses										
Opening balance	128,715,051	224,445,608	12,011,068	58,138,134	4,544,535	80,429	1,824,070	-	-	429,758,895
Changes in consolidation Perimeter - Purchases	126,232	37,635	-	-	-	-	-	-	-	163,867
Depreciations for the period	12,972,024	34,008,997	837,584	7,424,686	1,273,727	-	34,953	-	-	56,551,971
Disposals	(2,366,778)	(3,913,781)	(367,012)	(604,374)	(30,217)	(13,862)	(279,429)	-	-	(7,575,453)
Foreign exchange rate effect	12,086	15,263	968	8,557	-	-	-	-	-	36,874
Transfers	(3,042)	(789,044)	(12,416)	(2,523,696)	(3,629)	-	(5,398)	-	-	(3,337,225)
Closing balance	139,455,573	253,804,678	12,470,192	62,443,307	5,784,416	66,567	1,574,196	-	-	475,598,929
Carrying amount	901,511,178	258,952,801	3,116,557	34,665,798	4,268,270	-	152,219	93,086,873	20,075,986	1,315,829,682

Intangible assets - September 2007

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

- a) The most significant amounts included in the captions "Tangible and intangible assets in progress" correspond to the following projects:

	30.09.2007	31.12.2006
Remodelling and expansion of stores in Portugal	90,112,513	27,214,918
Installation licenses	4,624,982	3,352,407
Software projects	12,285,072	8,752,631
	107,022,567	39,319,956

- b) The most significant amounts included under the caption "Advances on account of tangible assets" refer mainly to projects of Modelo and Continente's stores for which advance payments were made
- c) The most significant amounts recorded as disposals under the caption "Land and Buildings", refer to the disposal of commercial galleries in Albufeira and Portimão. The carrying amount of these assets amounted to 18,550,000 Euro. This disposal originated a gain for the Group amounting to 13 million Euro. This gain is included in the caption "Other operating income".

8. GOODWILL

Over the nine month period ending 30 September 2007 and for the year ended 31 December 2006, movements in goodwill, as well as in the corresponding impairment losses, were as follows:

	30.09.2007	31.12.2006
Gross value:		
Opening balance	63,980,187	47,164,598
New companies in the consolidation perimeter (note 6)	21,953	9,337,327
Transfers	62,855	7,478,262
Decreases	(3,990,700)	-
Closing balance	<u>60,074,295</u>	<u>63,980,187</u>
Accumulated Impairment Losses (note 19):		
Opening balance	2,838,583	-
Increases	62,855	2,838,583
Decreases	(1,527,212)	-
Closing balance	<u>1,374,226</u>	<u>2,838,583</u>
Net value	<u>58,700,069</u>	<u>61,141,604</u>

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

9. INVESTMENTS

As at 30 September 2007 and 2006, movements in this caption are made up as follows:

	30.09.2007		30.09.2006	
	Non Current	Current	Non Current	Current
<u>Investments in associated companies</u>				
Opening balance at 1 January	17,823,351	-	8,080,761	-
Purchases over the period	21,011,577	-	16,383,901	-
Transfers (Note 8)	-	-	(7,478,262)	-
Equity method effect	99,861	-	492,685	-
Closing balance at 30 September (Note 5)	<u>38,934,789</u>	<u>-</u>	<u>17,479,085</u>	<u>-</u>
<u>Other financial investments</u>				
Opening balance at 1 January	33,804,781	33,211,904	54,278,095	10,500,000
Purchases over the period	-	3,964,163	11,389,604	1,490,511
Disposals over the period	(2,209,745)	(13,475,266)	(11,363,289)	(232,290)
Increase/(decrease) in fair value	935,462	763,661	693,938	128,802
Foreign exchange rate effect	-	-	(4,351)	57,800
Closing balance at 30 September	<u>32,530,498</u>	<u>24,464,462</u>	<u>54,993,997</u>	<u>11,944,823</u>
Accumulated impairment losses (Note 20)	<u>(26,316)</u>	<u>-</u>	<u>(496,728)</u>	<u>-</u>
	<u>32,504,182</u>	<u>24,464,462</u>	<u>54,497,269</u>	<u>11,944,823</u>
<u>Derivative financial instruments</u>				
Opening balance at 1 January	-	49,458	-	60,475
Purchases over the period	-	27	-	46,608
Disposals over the period	-	(49,458)	-	(60,475)
Increase/(decrease) in fair value	-	80,462	-	20,579
Closing balance at 30 September	<u>-</u>	<u>80,489</u>	<u>-</u>	<u>67,187</u>
<u>Advances on financial investments</u>				
Opening balance at 1 January	900,000	-	-	-
Purchases over the period	660,000	-	660,000	-
Closing balance at 30 September	<u>1,560,000</u>	<u>-</u>	<u>660,000</u>	<u>-</u>
	<u>72,998,971</u>	<u>24,544,951</u>	<u>72,636,354</u>	<u>12,012,010</u>

The detail of the other financial investments is made up as follows:

- a) 754,183 Euro (1,304,411 Euros on 30 September 2006), essentially refers to shares held in non-listed companies. The investment in non-listed companies and which fair value was not estimated due to the fact that it could not be measured reliably are recorded at acquisition cost less impairment losses. The shares of listed companies are recorded at fair value.
- b) 56,082,703 Euro (64,322,740 Euro on 30 September 2006), relate to deposited amounts on an escrow account that are invested in Participation Units in a monetary investment fund of superior rating. Of the total amount invested, 24,332,703 Euro are classified as current asset (10,628,802 Euro on 30 September 2006) and 31,750,000 Euro as non-current asset (53,689,586 Euro on 30 December 2006) in accordance with the maturity of the guarantee rendered and provisions that have been recorded (Note 20).

10. OTHER NON-CURRENT ASSETS

As at 30 September 2007 and 31 December 2006, other non current assets are detailed as follows:

	30.09.2007	31.12.2006
Loans granted to associated companies	1,013,481	1,006,538
Trade accounts receivable and other debtors	803,514	819,293
	<u>1,816,995</u>	<u>1,825,831</u>

The amount recorded under "Trade accounts receivable and other debtors" mainly refers to legal deposits made by a Brazilian subsidiary.

11. OTHER CURRENT ASSETS

As at 30 September 2007 and 31 December 2006 other current assets are made up as follows:

	30.09.2007	31.12.2006
Trade accounts receivable	44,013,670	41,467,482
Taxes and contributions receivable	69,725,048	58,282,812
Other debtors	78,636,014	82,008,773
Advances to suppliers of fixed assets	459,211	333,380
Other loans (Note 22)	167,566,975	
Other current assets	34,689,553	12,315,265
	<u>395,090,471</u>	<u>194,407,712</u>
Accumulated impairment losses (Note 20)	<u>(17,577,040)</u>	<u>(17,630,329)</u>
	<u>377,513,431</u>	<u>176,777,383</u>

The caption "Other debtors" includes receivables related to: (i) debtor balances of suppliers in a total amount of 43,490,522 Euro (27,974,728 Euro in 31 December 2006); (ii) the amount of 14,576,053 Euro (equal amount as at 31 December 2006) described as Special Regime for the Settlement of Debts to the Tax Authorities and Social Security, refers to taxes paid subject to appeal, the outcome of which the Board of Directors believes will be favourable to the Company; (iii) recoverable VAT, that was originated by property transactions, in a total amount of 187,956 Euro (15,533,273 Euro as at 31 de December 2006).

The caption "Other current assets" is essentially composed by receivable interests amounting to 2,954,152 Euro (444,314 Euro on 31 December 2006); an amount of 18,891,066 Euro of discount receivable from suppliers (3,341,600 Euro on 31 December 2006); receivable commissions amounting to 873,682 Euro (701,512 Euro on 31 December 2006); 2,927,515 Euro of rents paid in advance (2,922,485 Euro on 31 de December 2006) and insurance paid in advance amounting to 3,141,220 Euro (969,948 Euro in 31 December 2006).

12. DEFERRED TAX

As at 30 September 2007 and 31 December 2006 deferred Tax Assets and Liabilities, according to the temporary differences that generated them, are made up as follows:

	Deferred tax assets		Deferred tax liabilities	
	30.09.2007	31.12.2006	30.09.2007	31.12.2006
Difference between fair value and purchase cost	-	-	1,588,037	1,588,037
Harmonization adjustments (amortizations and depreciations)	163,711	181,106	28,278,436	27,903,609
Provisions and impairment losses not accepted for tax purposes	2,809,638	4,270,132	-	-
Write off of fixed assets	7,212,622	9,340,215	-	-
Write off of deferred costs	12,275	20,165	34,455	43,932
Valuation of financial derivatives	60,091	30,751	-	13,106
Reinvestment of capital gains	-	-	2,407,668	3,512,705
Revaluation of tangible fixed assets	-	-	2,247,246	2,328,427
Exchange rate differences not included for tax purposes	-	-	130,250	1,595,373
Tax losses carried forward	9,170,944	9,570,879		
	<u>19,429,281</u>	<u>23,413,248</u>	<u>34,686,092</u>	<u>36,985,189</u>

As at 30 September 2007 and 31 December 2006, the carried forward tax losses in accordance with tax returns and income tax estimates of the group companies that recorded the corresponding deferred tax assets, (considering an exchange rate at that dates) had the following expiration dates:

	30-09-2007			31-12-2006		
	Tax Losses	Deferred tax assets	Expiration Date	Tax Losses	Deferred tax assets	Expiration Date
With expiration date						
Originated in 2000			2006	16.638	4.160	2006
Originated in 2001	1.672.193	418.048	2007	2.509.559	627.389	2007
Originated in 2002	12.872.509	3.218.127	2008	12.905.938	3.226.484	2008
Originated in 2003	9.154.494	2.288.623	2009	10.304.696	2.576.173	2009
Originated in 2004	2.847.598	711.900	2010	3.172.510	793.128	2010
Originated in 2005	7.405.973	1.851.493	2011	7.435.642	1.858.911	2011
Originated in 2006	386.230	96.558	2012	362.870	90.718	2012
Originated in 2007	950.203	237.551				
	<u>35.289.200</u>	<u>8.822.300</u>		<u>36.707.853</u>	<u>9.176.963</u>	
Without expiration date	1.025.423	348.644		1.158.580	393.916	
	<u>36.314.623</u>	<u>9.170.944</u>		<u>37.866.433</u>	<u>9.570.879</u>	

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

As at 30 September 2007 there are tax losses carried forward amounting to 128,211,822 Euro (166,813,413 Euro on 31 December 2006), for which no deferred tax assets were recognized for prudential reasons.

	30-09-2007			31-12-2006		
	Tax Losses	Deferred tax credit	Expiration date	Tax Losses	Deferred tax credit	Expiration date
With expiration date						
Originated in 2001	2,302,388	575,597	2007	3,661,629	915,408	2007
Originated in 2002	3,529,310	882,328	2008	3,871,960	967,991	2008
Originated in 2003	1,675,290	418,823	2009	1,675,290	418,823	2009
Originated in 2004	1,521,758	380,440	2010	1,521,758	380,440	2010
Originated in 2005	109,306,146	27,326,536	2011	146,488,121	36,622,030	2011
Originated in 2006	340,626	85,156	2012	340,626	85,156	2012
Originated in 2007			2013			
	<u>118,675,518</u>	<u>29,668,880</u>		<u>157,559,384</u>	<u>39,389,848</u>	
With expiration date different from those mentioned above	9,279,067	3,015,697		9,250,041	3,237,514	
Without expiration date	257,237	87,460		3,718	1,264	
	<u>128,211,822</u>	<u>32,772,037</u>		<u>166,813,143</u>	<u>42,628,626</u>	

13. CASH AND CASH EQUIVALENTS

As at 30 September 2007 and 31 December 2006 cash and cash equivalents can be detailed as follows:

	30.09.2007	31.12.2006
Cash at hand	3.758.041	3.396.197
Bank deposits	511.368.907	355.570.923
Treasury applications	34.997	448.028
Cash and cash equivalents on balance sheet	515.161.945	359.415.148
Bank overdrafts (Note 15)	(8.112.687)	(1.724.154)
Cash and cash equivalents on the cash flow statement	507.049.258	357.690.994

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

14. SHARE CAPITAL

As at 30 September 2007, the share capital, which is fully subscribed and paid for, is made up by 1,100,000,000 ordinary shares which do not hold right to any fixed income, with a nominal value of 1 Euro each.

As at 30 September 2007, the following entities held the share capital of the company:

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

As at 30 September 2007, Efanor Investimentos, SGPS, S.A. and its subsidiaries held 52.94% of the shares of Sonae, SGPS, S.A..

15. LOANS

As at 30 September 2007 and 31 December 2006, loans are made up as follows:

	30.09.2007				31.12.2006			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current
Bank loans	1,531,091	150,000,000	1,531,091	150,000,000	161,815,664	-	161,815,664	-
Bond loans	-	1,100,333,911	-	1,106,925,000	-	593,166,278	-	597,000,000
Other loans	25,408	287,151	25,408	287,151	12,285	313,779	12,285	313,779
Bank overdraft (Note 13)	8,112,687	-	8,112,687	-	1,724,154	-	1,724,154	-
	9,669,186	1,250,621,062	9,669,186	1,257,212,151	163,552,103	593,480,057	163,552,103	597,313,779
Derivatives	252,379	-	-	-	116,043	-	-	-
Obligations under finance leases	3,942,480	6,284,776	3,942,480	6,284,776	4,195,233	8,051,112	4,195,233	8,051,112
	13,864,045	1,256,905,838	13,611,666	1,263,496,927	167,863,379	601,531,169	167,747,336	605,364,891

The repayment schedule of nominal value of borrowing (including bank loans and finance leases) may be detailed as follows:

	30.09.2007	31.12.2006
2007	10,703,227	167,747,336
2008	3,742,023	3,253,851
2009	103,105,680	102,610,174
2010	67,332,016	267,302,013
2011	82,056,785	82,029,992
2012	350,042,467	150,042,467
After 2012	660,126,395	126,394
	1,277,108,593	773,112,227

Bond Loans

Bond loans can be detailed as follows:

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

Bonds - MODELO CONTINENTE - 2003

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

Maximum term: 8 (eight) years.

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

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

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

Bonds - MODELO CONTINENTE - 2004

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

Maximum term: 5 (five) years.

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

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

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

Bonds - MODELO CONTINENTE 2005/2010

265,000 bonds - Nominal Value: 1,000 Euro.

Maximum Term: 5 (five) years.

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

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

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

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

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

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

Bonds - MODELO CONTINENTE 2005/2012

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

Maximum term: 7 (seven) years.

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

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

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

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

Bonds - MODELO CONTINENTE 2007/2012

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

Maximum term: 5 (five) years.

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

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

Redemption: at par, in one payment on 30 April 2012 the payment date of the 10th coupon. Early redemption is not possible, either by initiative of the issuer or the bondholders.

Bonds - Sonae Distribuição / 2007/2015

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

Maximum term: 8 (eight) years

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

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

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

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

Bonds - Sonae Distribuição September 2007/2015

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

Maximum term: 8 (eight) years.

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

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

Redemption: at par in the following terms:

50% on the date of the 12th coupon payment, in other words, on 10 September 2013;

50% on the date of the 16th coupon payment, in other words, on 10 September 2015.

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

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

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

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

Other loans - non current

At 30 September 2007 this caption relates to repayable grants granted by IAPMEI under the Measure of Support to the Energy Potential and Rationalization (MAPE). These subsidies do not bear interests and have been attributed for a 12 year period, with a grace period of 3 years redemption after contribution. The grants will be redeemed in half-yearly instalments, occurring the first six months after the grace period. At present, 25,408 Euro are classified as "Other loans - current".

Bank loans

This caption includes the issue of short term commercial paper in the amount of 150,000,000 Euro (160,000,000 Euro on 31 December 2006), classified as "Non Current" for it is the board of directors expectation that it will be maintained for a period greater than one year and it each issuing is assured until 29 August 2014 by a first line financial institution. The issuing bears interests at usual market rates. Additionally, a bank loan reimbursable in 2007 in the amount of 1,400,000 Euro, that bears interest at usual market rates, is classified as "Current".

16. DERIVATIVES

Currency derivatives

The Group uses currency derivatives, essentially, to hedge future exchange rate fluctuations.

As at 30 September 2007, the fair value of the currency instruments, calculated taking into consideration present market value of equivalent financial instruments, is estimated as follows:

	<u>30.09.2007</u>	<u>31.12.2007</u>
Assets	27	49.458
Liabilities	<u>(154.531)</u>	<u>(116.043)</u>
	<u>(154.504)</u>	<u>(66.585)</u>

Gains and losses for the nine month period arising from changes in fair value of instruments that did not qualify for hedging accounting treatment, amounted to (87,920) Euro and were directly recorded in the income statement under financial profit/(loss).

Interest rate derivatives

As at 30 September 2007, the interest rate derivatives used by the Group, refer, mainly, to swaps. These were negotiated to hedge the interest rate risk inherent to bank loans by the group. According to the accounting policies adopted, these derivatives fulfil the requirements to be classified as hedging instruments.

It's fair value amounts to:

	<u>30.09.07</u>	<u>31.12.06</u>
Assets	80,462	
Liabilities	<u>(97,848)</u>	
	<u>(17,386)</u>	<u>-</u>

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

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

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets (Note 9)		Liabilities (Note 19)	
	30.09.07	31.12.06	30.09.07	31.12.06
Derivatives not qualified as hedging derivatives	27	49.458	(154.531)	(116.043)
Hedging derivatives	80.462		(97.848)	
	<u>80.489</u>	<u>49.458</u>	<u>(252.379)</u>	<u>(116.043)</u>

17. OTHER NON CURRENT LIABILITIES

As at 30 September 2007 and 31 December 2006 the caption "Other non-current liabilities" was made up as follows:

	30.09.2007	31.12.2006
Participating companies (Note 22)	10,000,000	10,000,000
Other non current trade accounts payable	825,464	767,334
Share-based payments (Note 18)	1,614,723	2,234,466
	<u>12,440,187</u>	<u>13,001,800</u>

As at 30 September 2007 and 31 December 2006, the caption "Other non-current liabilities" refers mainly to the estimated amounts to fulfil the legal and tax obligations of Brazilian subsidiaries which were considered appropriate to face future losses on lawsuits and for which legal deposits exist, which are recorded under the caption "Other non-current trade accounts receivables" (Note 10).

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

18. SHARE BASED PAYMENT PLANS

In 2007 and in previous years, Sonae Distribuição Group granted deferred performance bonuses to its directors and eligible employees. These are based on shares to be acquired at nil cost, three years after they were attributed to the employee. The purchase can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the choice to settle its responsibilities in cash rather than through shares. The option can only be exercised if the employee still works for the Group at the due date.

Liabilities arising from deferred performance bonuses at 30 September 2007 and 31 December 2006 are made up as follows:

	Years of grant	Expiry date	Number of participants	Fair value	
				30.09.2007	31.12.2006
<u>Shares</u>					
	2004	2007	40	-	2,970,651
	2005	2008	39	2,964,099	2,454,762
	2006	2009	42	2,170,161	1,793,878
	2007	2010	41	1,847,794	
<u>Total</u>				<u>6,982,054</u>	<u>7,219,291</u>

The amounts recorded as at 30 September 2007 and 31 December 2006 related to the responsibilities incurred from the date in which each plan was granted to the period then ended can be presented as follows:

	30.09.2007	31.12.2006
Recorded under Other non current liabilities (note 17)	1,614,723	2,234,466
Recorded under Other current liabilities (note 19)	2,719,292	2,970,651
Recorded in profit and loss in previous years	(1,870,696)	(1,093,837)
Recorded in Staff costs	<u>2,463,319</u>	<u>4,111,280</u>

The share based payment plans costs are recognized during the year between the grant and vesting date as Staff Costs.

19. OTHER CURRENT LIABILITIES

As at 30 September 2007 and 31 December 2006 the caption "Other current liabilities" was made up as follows:

	30.09.2007	31.12.2006
Suppliers	632,500,554	637,520,855
Participating and participated companies	68	319,071
a) Other accounts payable	24,728,589	33,270,702
Fixed Assets' suppliers	40,162,582	40,549,692
Taxes and contributions payable	23,738,129	44,717,120
Accrued costs	104,345,933	84,411,503
Deferred income	1,483,798	1,928,196
Share-based payments (Note 18)	<u>2,719,292</u>	<u>2,970,651</u>
	<u>829,678,945</u>	<u>845,687,790</u>

- a) The caption "Other accounts payable" includes 17,206,881 Euro (7,331,133 Euro at 31 December 2006) related to means of payment withheld by clients, namely vouchers, gift cards and discount coupons.

20. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and impairment losses during the period ended in 30 September 2007 were as follows:

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

- a) Increases include 1,650,133 Euro, related to the effect of changes in the foreign exchange rate in opening balances

Impairment losses are deducted from the corresponding asset.

The caption Provisions includes 22,675,830 Euro (21,978,393 Euro on 31 December 2006) to face future outflows in consequence of the disposal of Sonae Distribuição Brazil, S.A., occurred in 2005. This provision is being used as obligations arise.

21. CONTINGENT ASSETS AND LIABILITIES

	30.09.2007	31.12.2006
Guarantees rendered:		
related to tax claims awaiting outcome	82,481,927 a)	50,887,200
related to local and municipal claims awaiting outcome	11,578,249	8,568,362
Others	33,249,747 b)	16,099,991

a) Includes guarantees amounting to 51,244,718 Euro (29,550,873 Euro on 31 December 2006) and 27,840,052 Euro (18,110,885 Euro on 31 December 2006), related to corporate income tax assessments and to VAT processes respectively.

b) Includes guarantees amounting 24,101,908 Euro related to VAT reimbursement requests.

During the period ended at 30 September 2007, the subsidiary Sonae Capital Brasil, Ltda, rendered a guarantee in the amount of 25 millions Euro (65,570,000 BRL), related to a tax claim that is being judged in a Brazilian tax court concerning corporate income tax.

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

22. RELATED PARTIES

As at 30 September 2007 and 31 December 2006 balances and transactions with related parties were made up as follows:

	Sales and services rendered		Purchases and services attained		Interest income		Interest expense	
<u>Transactions</u>	30.09.2007	30.09.2006	30.09.2007	30.09.2006	30.09.2007	30.09.2006	30.09.2007	30.09.2006
Parent company	275,147	232,781	365,467	335,355	1,624,986	2,557,711		
Associated companies	460,000	298,033	9,136,361	224,414	210,289			
Participated companies	36,069,691	33,528,857						
Participating companies	201,371		62,816				305,608	246,006
Other related parties ¹	11,887,253	13,338,661	69,344,628	68,189,480	155,711	1,528	41,969	21,208
	<u>48,893,462</u>	<u>47,398,332</u>	<u>78,909,272</u>	<u>68,749,249</u>	<u>1,990,986</u>	<u>2,559,239</u>	<u>347,577</u>	<u>267,214</u>
	Purchase of assets		Disposal of assets					
<u>Transactions of fixed assets</u>	30.09.2007	30.09.2006	30.09.2007	30.09.2006				
Parent company		75,000,000	523,913					
Associated companies	21,011,577		18,760	15,769,755				
Other related parties ¹	59,314,307	44,381,437	37,048,731	44,474				
	<u>80,325,884</u>	<u>119,381,437</u>	<u>37,591,404</u>	<u>15,814,229</u>				
	Accounts receivable		Accounts payable		Loans			
<u>Balance</u>	30.09.2007	31.12.2006	30.09.2007	31.12.2006	Payable		Receivable	
Parent company	1,681,873	59,854	106,964	203,095			167,559,000	
Associated companies	1,142,656	683,776	2,200,039	391,909			1,000,000	1,000,000
Participated companies	12,780,468	12,804,052		155,357				
Participating companies (Note 17)	32,271		339,864		10,000,000	10,000,000	13,480	6,358
Other related parties ¹	6,773,196	10,526,303	33,634,852	19,711,625				
	<u>22,410,464</u>	<u>24,073,985</u>	<u>36,281,719</u>	<u>20,461,986</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>168,572,480</u>	<u>1,006,358</u>

1) The Subsidiaries or companies under joint control of Efanor SGPS, SGPS that are not integrated in the Group Sonae Distribuição, SGPS, SA are classified as "Other related parties".

The amount recorded under Loans payable to participating companies refers to loans granted by shareholders of subsidiaries which bear interests at market rates.

23. INCOME TAX

Income tax for the nine month period ended 30 September of 2007 and 2006 is made up as follows:

	30.09.2007	30.09.2006
Current tax	5,686,738	8,039,714
Deferred tax	(1,542,127)	157,478
	<u>4,144,611</u>	<u>8,197,192</u>

24. EARNINGS PER SHARE

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

	<u>3rd. Quarter.2007</u>	<u>30.09.2007</u>	<u>3rd. Quarter.2006</u>	<u>30.09.2006</u>
Net profit				
Net profit taken into consideration to calculate diluted earnings per share (Net profit for the period)	49,650,749	98,727,264	46,402,309	89,196,624
Net profit taken into consideration to calculate diluted earnings per share	<u>49,650,749</u>	<u>98,727,264</u>	<u>46,402,309</u>	<u>89,196,624</u>
Number of share				
Weighted average number of shares used to calculated basic Earnings per share	1,000,000,000	1,000,000,000	1,100,000,000	1,100,000,000
Weighted average number of shares used to calculated the diluted earnings per share	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,100,000,000</u>	<u>1,100,000,000</u>
Earning per share (basic and diluted)	0.05	0.10	0.04	0.08

25. DIVIDENDS

In the Annual General Meeting held on 2 May of 2007 was approved the distribution of dividends amounting to 75,000,000 Euro.

26. SEGMENT INFORMATION

Geographical segments that have been identified in the nine months period ended in 30 September 2007 and 2006 were:

- Portugal
- Brazil

The contribution of the main segments to the consolidated Income Statement for the six months period ended 30 September 2007 and 2006 can be detailed as follows:

	Portugal		Brazil (a)		Consolidated	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006	30.09.2007	30.09.2006
Turnover	2,393,885,781	2,197,226,654	-	-	2,393,885,781	2,197,226,654
Operating Cash-Flow (EBITDA)	194,500,081	158,054,391	-	-	194,500,081	158,054,391
Operating profit (EBIT)	130,118,045	98,387,495	-	-	130,118,045	98,387,495
FTE's	22,651	20,977	-	-	22,651	20,977
Number of stores	535	442	-	-	535	442
Sales area [.000m2]	574	517	-	-	574	517

	Portugal		Brazil (a)		Consolidated	
	30.09.2007	31.12.2006	30.09.2007	31.12.2006	30.09.2007	31.12.2006
Gross fixed assets	2,064,585,895	1,940,833,372	6,296,766	5,850,310	2,070,882,661	1,946,683,682
Other assets and liabilities	(221,817,907)	(341,724,240)	(24,207,584)	(33,399,879)	(246,025,491)	(375,124,119)
Depreciations and amortizations	(544,267,099)	(490,855,069)	-	-	(544,267,099)	(490,855,069)
Non current investments	41,248,971	19,553,034	31,750,000	32,500,370	72,998,971	52,053,404
Net employed capital	1,339,749,860	1,127,807,097	13,839,182	4,950,801	1,353,589,042	1,132,757,898

a) Remaining assets and operations of the operations discontinued in 2005.

27. SUBSEQUENT EVENTS

On the 27th July 2007, the Company has reached an agreement with the Carrefour Group on the acquisition of 99,8648% of the share capital of Carrefour (Portugal) - Sociedade de Exploração de Centros Comerciais, S.A., for a total enterprise value of 662 million Euro.

This transaction is still subject to the approval of the Portuguese Competition Authority.

28. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 31 October 2007.

29. NOTE ADDED TO TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese language in accordance with International Financial Reporting Standards. In the event of discrepancies the Portuguese language version prevails.

Matosinhos, 31 October 2007



INDIVIDUAL FINANCIAL STATEMENTS

30 SEPTEMBER 2007

SONAE DISTRIBUIÇÃO, S.G.P.S., S.A. (Note 1)

COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

(Amounts expressed in Euro)

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

		IFRS	
ASSETS	Notes	30-09-2007	31-12-2006
NON CURRENT ASSETS			
Tangible and intangible assets		453.241	705.711
Investments	5	1.909.558.076	1.350.118.831
Deferred tax assets		20.433	1.649
Other non-current assets	6	712.517.043	457.114.129
Total non-current assets		2.622.548.793	1.807.940.320
CURRENT ASSETS			
Other current assets	7	580.850.994	935.777.090
Derivatives		80.462	-
Cash and cash equivalents	8	420.051.069	50.033.177
Total current assets		1.000.982.525	985.810.267
TOTAL ASSETS			
		3.623.531.318	2.793.750.587
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	9	1.100.000.000	1.100.000.000
Own Shares	10	-	(205.000.000)
Reserves and retained earnings	11	919.921.839	995.736.702
Net profit for the period		66.263.018	80.335.955
TOTAL EQUITY		2.086.184.857	1.971.072.657
LIABILITIES:			
NON CURRENT LIABILITIES			
Loans	12	1.250.333.911	593.166.278
Deferred tax liabilities		58.360	115.282
Total non-current liabilities		1.250.392.271	593.281.560
CURRENT LIABILITIES			
Loans	12	1.426.645	161.402.594
Derivatives		97.848	-
Other current liabilities	13	285.429.697	67.993.776
Total current liabilities		286.954.190	229.396.370
TOTAL LIABILITIES			
		1.537.346.461	822.677.930
TOTAL EQUITY AND LIABILITIES			
		3.623.531.318	2.793.750.587

The accompanying notes are part of these financial statement:

The Board of Directors,

SONAE DISTRIBUIÇÃO, S.G.P.S., S.A. (Note 1)

COMPANY INCOME STATEMENTS BY NATURE

FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2007 AND 2006

(Amounts expressed in Euro)

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

	Notes	IFRS		IFRS	
		3rd Quarter 07	30-09-2007 YTD	3rd Quarter 06	30-09-2006 YTD
Operating Income:					
Services rendered		811.641	2.353.103	4.513.634	13.390.727
Other operating income		(81.814)	2.259.706	478.399	970.025
Total operating income		729.827	4.612.809	4.992.033	14.360.752
Operating expenses:					
External supplies and services		(264.558)	(1.046.513)	(310.974)	(1.026.586)
Staff costs		(64.767)	(1.566.170)	(603.185)	(1.410.643)
Depreciation and amortization		(70.823)	(212.470)	(70.529)	(211.586)
Other operational expenses		(985.354)	(2.333.788)	(418.078)	(878.212)
Total operational expenses		(1.385.502)	(5.158.941)	(1.402.766)	(3.527.027)
Net operating profit/(loss)		(655.675)	(546.132)	3.589.267	10.833.725
Financial profit/(loss)	15	921.377	12.327.602	23.265.751	36.636.327
Investment income / (loss)	16	(1)	49.345.485	-	17.891.933
Profit/(loss) before income tax		265.701	61.126.955	26.855.018	65.361.985
Income tax		9.237.204	5.136.063	9.073.648	7.149.442
Net profit/(loss) for the period	17	9.502.905	66.263.018	35.928.666	72.511.428
Profit/(loss) per share (basic and diluted)	17	0,01	0,07	0,03	0,07

The accompanying notes are part of these financial statements

The Board of Directors,

SONAE DISTRIBUIÇÃO, S.G.P.S., S.A. (Note 1)

COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2007 AND 2006

(Amounts expressed in Euro)

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

	Notes	Share Capital	Own Shares	Legal Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss)	Total Equity
Balance at 1 January 2006		1.100.000.000	-	90.200.000	1.188.222.252	(227.707.550)	2.150.714.702
Appropriation of net profit of 2006		-	-	-	(227.707.550)	227.707.550	-
Appropriation of net profit/(loss) of 2006		-	-	-	(55.000.000)	-	(55.000.000)
Distributed dividends		-	-	-	-	-	-
Net profit (loss) for the nine months period ending 30 September 2006		-	-	-	-	72.511.428	72.511.428
Balance at 30 September 2006		<u>1.100.000.000</u>	<u>-</u>	<u>90.200.000</u>	<u>905.514.702</u>	<u>72.511.428</u>	<u>2.168.226.130</u>
Balance at 1 January 2007		1.100.000.000	(205.000.000)	90.200.000	905.536.702	80.335.955	1.971.072.657
Appropriation of net profit of 2006		-	-	-	75.535.955	(80.335.955)	-
Appropriation of net profit/(loss) of 2006		-	-	4.800.000	(75.000.000)	-	(75.000.000)
Distributed dividends		-	-	-	-	-	-
Changes in reserves		-	-	-	-	-	-
Own shares hand over	2	-	205.000.000	-	-	-	205.000.000
Merger	2	-	-	-	(81.095.866)	-	(81.095.866)
Others		-	-	-	(54.952)	-	(54.952)
Net profit (loss) for the nine months period ending 30 September 2007		-	-	-	-	66.263.018	66.263.018
Others		-	-	-	-	-	-
Balance at 30 September 2007		<u>1.100.000.000</u>	<u>-</u>	<u>95.000.000</u>	<u>824.921.836</u>	<u>66.263.018</u>	<u>2.086.184.857</u>

The accompanying notes are part of these financial statement:

The Board of Directors,

SONAE DISTRIBUIÇÃO, S.G.P.S., S.A. (Note 1)

COMPANY STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2007 AND 30 SEPTEMBER 2006

(Amounts expressed in Euro)

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

	<u>Notes</u>	<u>30-09-2007</u>	<u>30-09-2006</u>
<u>OPERATING ACTIVITIES</u>			
Net cash flow from operating activities (1)		<u>33.507.261</u>	<u>28.149.331</u>
<u>INVESTING ACTIVITIES</u>			
Cash receipts related to:			
Investments		97.008.064	-
Tangible and intangible assets		40.000	-
Interest and similar income		26.723.312	43.451.928
Dividends		18.193.658	14.200.887
Loans granted		1.881.747.988	2.589.062.000
Other cash receipts from investing activities		<u>75.000.000</u>	<u>-</u>
		<u>2.098.713.022</u>	<u>2.646.714.815</u>
Cash payments related to:			
Investments		(175.199.457)	(31.456.524)
Tangible and intangible assets		(42)	(469.500)
Loans granted		(2.200.721.637)	(2.797.465.500)
Other cash payments from investing activities	2	<u>(4.969.473)</u>	<u>-</u>
		<u>(2.380.890.609)</u>	<u>(2.829.391.524)</u>
Net cash used in investing activities (2)		<u>(282.177.587)</u>	<u>(182.676.709)</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts related to:			
Loans obtained		<u>2.475.660.890</u>	<u>798.106.000</u>
		<u>2.475.660.890</u>	<u>798.106.000</u>
Cash payments related to:			
Loans obtained		(1.749.050.090)	(1.017.529.520)
Interest and similar charges		(31.644.654)	(20.715.040)
Dividends		(75.000.035)	(54.999.980)
		<u>(1.855.694.779)</u>	<u>(1.093.244.540)</u>
Net cash used in financing activities (3)		<u>619.966.111</u>	<u>(295.138.540)</u>
Net increase/(decrease) in cash and cash equivalents (4)=(1)+(2)+(3)		<u>371.295.785</u>	<u>(449.665.918)</u>
Effect of foreign exchange rate		-	-
Cash and cash equivalents at the beginning of the period	8	50.030.583	449.715.072
Cash and cash equivalents - Effects of the Merger	2	(1.301.944)	-
Cash and cash equivalents at the end of the period	8	<u>420.024.424</u>	<u>49.154</u>

The accompanying notes are part of these financial statements

The Board of Directors,

SONAE DISTRIBUIÇÃO, S.G.P.S., S.A.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2007

(Amounts expressed in Euro)

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

1. INTRODUCTION

SONAE DISTRIBUIÇÃO, SGPS, S.A. (“the Company” or “Sonae Distribuição”), formerly known as Modelo Continente, SGPS, S.A., is a Portuguese Corporation, which holds its head-office in Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Portugal.

The Company’s main activity is the management of investments (Note 5).

2. MERGER BY INCORPORATION

During the period ended 30 September 2007, the Company’s subsidiaries Modelo, SGPS, S.A. and Parcium Imobiliária, S.A. were merged into the Company, with the assets and liabilities of these two companies transferred at their carrying amount, as these companies were under common control.

The merge produced accounting effects since 1 January 2007 and the carrying amount of the assets and liabilities merged, as at that date, were as follows:

Assets	457,860,106
Investments (Note 5)	230,072,099
Other non-current assets	75,274,153
Other current assets	45,046
Cash and cash equivalents	<u>763,251,404</u>
Liabilities	
Other current liabilities	<u>(625,615,353)</u>
Net assets merged	<u>137,636,051</u>
Own shares attributed to the shareholders of the merged companies (Note 10)	205,000,000
Cash to be paid to the shareholders of the merged companies (Note 10)	4,969,473
Company's carrying amount of the investment in the incorporated Companies	8,762,444
Merger effect recorded on equity	
Other reserves (Note 11)	<u>(81,095,866)</u>
	<u>137,636,051</u>

As a consequence, the financial statements for the period ended 30 September de 2007 are not directly comparable with those of 2006 for the same period.

3. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted are consistent with those used in the preparation of the financial statements for the year ended 31 December 2006.

4. ACCOUNTING POLICIES CHANGES AND CORRECTION OF FUNDAMENTAL ERRORS

During the period there were no changes neither in accounting policies nor correction of errors.

5. INVESTMENTS

As at 30 September 2007 and 31 December 2006, the detail of investments was as follows:

Company	30.September.2007		31.December.2006	
	% Held	Closing Balance	% Held	Closing Balance
Bertimóvel - Sociedade Imobiliária, S.A. (1)	100,00%	700.000	-	-
Canasta - Empreendimentos Imobiliários, S.A. (1)	100,00%	1.579.375	-	-
Chão Verde - Sociedade de Gestão Imobiliária, S.A. (1)	100,00%	2.244.591	-	-
Citorres - Sociedade Imobiliária, S.A. (1)	100,00%	477.848	-	-
Contibomba - Comércio e Distribuição de Combustíveis, S.A.	100,00%	372.000	100,00%	372.000
Contimobe - Imobiliária Castelo Paiva, S.A. (1)	100,00%	231.318.722	10,00%	10.728.063
Cumulativa - Sociedade Imobiliária, S.A. (1)	100,00%	2.095.191	-	-
Difusão - Sociedade Imobiliária, S.A. (1)	100,00%	50.000	-	-
Fozimo - Sociedade Imobiliária, S.A.	100,00%	24.940	100,00%	24.940
Fozmassimo - Sociedade Imobiliária, S.A. (1)	100,00%	6.264.902	-	-
Fundo de Investimento Imobiliário Imosona Dois	100,00%	182.228.145	100,00%	117.425.732
Fundo Fechado de Investimento Imobiliário Efisa Imobiliário	100,00%	-	100,00%	43.913.700
Fundo de Investimento Imobiliário Fechado Imosede	42,16%	34.536.577	33,81%	13.525.000
IGI - Investimento Imobiliário, SA (1)	100,00%	114.495.350	-	-
Igimo - Sociedade Imobiliária, S.A.	100,00%	220.000	100,00%	220.000
Iginha - Sociedade imobiliária, S.A.	100,00%	109.000	-	-
Imoconti - Sociedade Imobiliária, S.A.	100,00%	50.000	100,00%	50.000
Imoestrutura - Sociedade Imobiliária, S.A. (1)	100,00%	24.940	-	-
Imomuro - Sociedade Imobiliária, S.A.	100,00%	439.940	100,00%	439.940
Imoresultado - Sociedade Imobiliária, S.A.	100,00%	109.736	100,00%	109.736
Imosistema - Sociedade Imobiliária, S.A. (1)	100,00%	280.000	-	-
Infofield - Informática, S.A.	10,00%	530.459	10,00%	530.459
Marcas MC zRt	100,00%	72.784.761	100,00%	79.545
MJLF - Empreendimentos Imobiliários, S.A. (1)	100,00%	1.619.397	-	-
Modalfa - Comércio e Serviços, S.A. (1)	10,00%	27.933	-	-
Modelo Continente - Operações de Retalho, SGPS, S.A.	100,00%	1.050.000.000	100,00%	1.000.000.000
Modelo Continente Hipermercados, S.A.	56,00%	76.990.240	46,20%	2.304.446
Modelo Continente Seguros - Sociedade de Mediação, Lda	75,00%	11.250	-	-
Modelo, SGPS, S.A. (2)	-	-	0,15%	562.444
Modelo-Com - Vendas por Correspondência, S.A.	100,00%	12.637.016	100,00%	12.637.016
Ok Bazar - Comércio Geral, S.A.	-	-	100,00%	1.953.945
Parcium Imobiliária, S.A. (2)	-	-	100,00%	8.200.000
Predicomercial - Promoção Imobiliária, S.A. (1)	100,00%	6.372.293	10,00%	187.548
Selifa - Sociedade de Empreendimentos Imobiliários, S.A. (1)	100,00%	1.333.379	-	-
Sempre à Mão - Sociedade Imobiliária, S.A.	100,00%	50.000	100,00%	50.000
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	25,00%	249.399	25,00%	249.399
Sesagest - Projectos e Gestão Imobiliária, S.A.	100,00%	36.677.088	100,00%	36.677.088
Socijofra - Sociedade Imobiliária, S.A. (1)	100,00%	550.000	-	-
Sociloures - Sociedade Imobiliária, S.A.	100,00%	10.000.000	100,00%	10.000.000
Soflorin, B.V.	100,00%	57.309.037	100,00%	57.309.037
Sonae Capital Brasil, S.A.	37,00%	23.334.858	37,00%	23.334.858
Sonae Retalho Espanha, S.A.	100,00%	2.549.831	100,00%	2.549.831

Sonae, SGPS, S.A.	-	-	0,003%	75.500
Sonaegest - Soc. Gest. de Fundos de Investimentos, S.A. (1)	20,00%	159.615	-	-
Sondis Imobiliária, S.A. (1)	100,00%	49.940	-	-
Sontária - Empreendimentos Imobiliários, S.A. (1)	100,00%	10.600.000	-	-
Sonvecap, B.V.	100,00%	3.000.000	100,00%	3.000.000
Sportzone - Comércio de Artigos de Desporto, S.A.	10,00%	706.326	10,00%	706.326
SRE - Projectos de Consultadoria, S.A.	-	-	100,00%	1.259.784
Todos os Dias-Comércio Ret. e Expl. de Centros Comerciais, S.A.	100,00%	1.180.000	100,00%	1.180.000
Worten - Equipamentos para o Lar, S.A.	10,00%	462.494	10,00%	462.494
		1.946.806.573		1.350.118.831
Impairment losses on Investments (3)		(38.568.497)	-	-
Advances on Financial Investments		1.320.000	-	-
		1.909.558.076		1.350.118.831

(1) – Investments incorporated by merger process (Note 2)

(2) – Investments extinguished by merger process (Note 2)

(3) – The “Impairment losses on Investments” balance caption includes 35,145,900 Euro which were recorded in the caption “Other reserves”, as a result of the merger (Note 2) and 3,422,506 Euro recorded in the income statement caption “Impairment losses on investments” (Note 16).

6. OTHER NON-CURRENT ASSETS

As at 30 September 2007 and 31 December 2006, the caption “Other non current assets” is detailed as follows (Note 19):

	30.September.2007	31.December.2006
Loans to Group companies (Note 19)	712.517.043	457.114.129

The loans bear interest at the market rate.

7. OTHER CURRENT ASSETS

As at 30 September 2007 and 31 December 2006 the caption “Other current assets” was detailed as follows:

	30.September.2007	31.December.2006
Clients	1,062,263	21,191,886
Group companies	520,391,156	897,186,218
Other debtors	6,742,478	2,922,270
Taxes and contributions receivable	9,556,751	10,954,848
Deferred costs	870,533	59,591
Accrued income	42,227,813	3,462,277
	580,850,994	935,777,090

- a) The caption “Group companies” includes: (i) the amount of 503,531,600 Euro relating to short term loans to group companies (Note 19); (ii) the amount of 16,859,556 Euro relating to income tax calculated by the group companies taxed in accordance with the Special Regime for Taxing Groups of Companies.
- b) The caption “Other Debtors” includes the amount of approximately 5,790,800 Euro, related to tax claims. The Board of Directors of Sonae Distribuição understands that the outcome of these claims will be favourable to the company, so no adjustments have been recorded to cover eventual losses.

8. CASH AND CASH EQUIVALENTS

As at 30 September 2007 and 31 December 2006, the caption "Cash and Cash Equivalents" can be detailed as follows:

	30.September.2007	31.December.2006
Bank deposits	420.016.072	50.033.177
Treasury applications	34.997	-
Cash and cash equivalents	420.051.069	50.033.177
Bank overdrafts (Note 12)	(26.645)	(2.594)
Cash and cash equivalents on the cash flows' statement	420.024.424	50.030.583

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

9. SHARE CAPITAL

As at 30 September 2007 and 31 December 2006, the share capital, which is fully subscribed and paid for, is made up of 1,100,000,000 ordinary shares with a nominal value of 1 Euro each.

As at 30 September 2007, the subscribed share capital was distributed as follows:

Entity	%
Sonae, SGPS, S.A.	74.98
Sonae Investments, B.V.	15.93
Soflorin, B.V.	9.09

Efanor Investimentos, SGPS, S.A. and its subsidiaries held 52.94% of Sonae S.G.P.S., S.A..

10. OWN SHARES

As at 30 September 2007 and 31 December 2006, the caption "Own shares" can be detailed as follows:

	30.September.2007	31.December.2006
Own shares - nominal value	-	100,000,000
Own Shares - discounts and prizes	-	105,000,000
	-	205,000,000

The merger of Modelo, SGPS, S.A. and Parcium Imobiliária, S.A. into Sonae Distribuição, SGPS, S.A. led to an exchange of assets under the following terms:

Each share of the merged company Modelo, SGPS, S.A. corresponds to 7,327 Sonae Distribuição, SGPS, S.A. shares. As a result, 100,000,000 own shares, with a nominal value of 1 Euro corresponding to a total amount of 205,000,000 Euro, were handed over to Soflorin, B.V. the sole shareholder of Modelo, SGPS, S.A., together with an amount of 4,969,473 Euro paid in cash.

In accordance with the Portuguese Company's Act, the shares above mentioned are considered own shares because the company Soflorin, B.V. is wholly owned by Sonae Distribuição.

11. RESERVES

	30.September.2007	31.December.2006
Legal reserves	95,000,000	90,200,000
	95,000,000	90,200,000
Other reserves and retained earnings:		
Reserves under Article 324º of the CSC	205,000,000	205,000,000
Fair value reserves	42,500	42,500
Other reserves	619,879,339	700,494,202
	824,921,839	905,536,702
	919,921,839	995,736,702

As at 30 September 2007 the company held 95,000,000 Euro of legal reserves. According to Portuguese Commercial Law (Portuguese Company's Act, "Código das Sociedades Comerciais") these reserves cannot be distributed except upon dissolution of the company, but can be used to absorb losses after all the other reserves have been used up, or to increase capital.

As a result of the acquisition of own shares in 2006, free reserves in the same amount of the acquisition cost were made unavailable in accordance with article 324 of Portuguese Company's Act. This reserve cannot be used until the referred own shares are extinct or disposed to a company outside the group (Note 10).

12. LOANS

As at 30 September 2007 and 31 December 2006, loans were made up as follows:

	30.September.2007				31.December.2006			
	Book Value		Nominal Value		Book Value		Nominal Value	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Bank loans	1.400.000	150.000.000	1.400.000	150.000.000	161.400.000	-	161.400.000	-
Bank overdrafts	26.645	-	26.645	-	2.594	-	2.594	-
Bond loans	-	1.100.333.911	-	1.106.925.000	-	593.166.278	-	597.000.000
	1.426.645	1.250.333.911	1.426.645	1.256.925.000	161.402.594	593.166.278	161.402.594	597.000.000

Bond loans can be detailed as follows:

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

Bonds - MODELO CONTINENTE - 2003

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

Maximum term: 8 (eight) years.

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

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

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

Bonds - MODELO CONTINENTE - 2004

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

Maximum term: 5 (five) years.

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

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

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

Bonds - MODELO CONTINENTE - 2005 / 2010

265,000 bonds - Nominal Value: 1,000 Euro.

Maximum term: 5 (five) years

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

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

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

Early redemption (call-option): early redemption is possible by initiative of the issuer, either totally or partially (by reducing the nominal value of the bonds), on the 2nd, 3rd or 4th year of maturity. In this situation the issuer is obliged to pay a prize of 0,125% over de reimbursed value. On the 3rd of August 2007, the Company partially reimbursed the bonds, according to the issuing conditions. The amount reimbursed per bond was 755 Euro plus a premium of 0.94375 Euro. After the reimbursement, the loan was reduced to 64,925,000 Euro (265,000 bonds with a 245 Euro nominal value).

Bonds - MODELO CONTINENTE - 2005 / 2012

15,000,000 bonds - Nominal Value: 10 Euro

Maximum term: 7 (seven) years

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

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

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

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

Bonds - MODELO CONTINENTE - 2007 / 2012

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

Maximum term: 5 (five) years.

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

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

Redemption: at par, in one payment on 30 April 2012 the payment date of the 10th coupon. Early redemption is not possible, either by initiative of the issuer or the bondholders.

Bonds – SONAE DISTRIBUIÇÃO - 2007 / 2015

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

Maximum term: 8 (eight) years

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

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

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

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

Bonds - SONAE DISTRIBUIÇÃO SEPTEMBER- 2007/2015

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

Maximum term: 8 (eight) years.

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

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

Redemption: at par in the following terms:

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

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

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

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

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

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

Current Loans:

Includes:

a) A bank loan reimbursable in 2007, in the amount of 1,400,000 Euro.

b) Bank overdrafts in the amount of 26,645 Euro (Note 8).

13. OTHER CURRENT LIABILITIES

As at 30 September 2007 and 31 December 2006 “Other current liabilities” are made up as follows:

	30.September.2007	31.December.2006
Suppliers	45,770	81,620
Group companies	261,297,282	41,033,321
Other creditors	3,965,253	11,165,156
Tax and contributions payable	227,644	3,932,935
Accrued costs	19,893,748	11,780,743
	<u>285,429,697</u>	<u>67,993,775</u>

- a) The caption “Group companies” refers mainly to: (i) a payable amount of 258,893,000 Euro relating to a short term loan from group companies (Note 19); (ii) the amount of 2,404,282 Euro relating to income tax calculated by the group companies, taxed in accordance with the Special Regime for Taxing Groups of Companies.

14. CONTINGENT ASSETS AND LIABILITIES

As at 30 September 2007 and 31 December 2006, contingent assets and liabilities were made up as follows:

	30.September.2007	31.December.2006
Guarantees rendered:		
related to tax additional assesments	27.602.973	22.595.842
related to autarchical lawsuits	289.380	-
	<u>27.892.353</u>	<u>22.595.842</u>

No provision has been recognized for these tax additional assessments, to which some guarantees were rendered, as the Board of Directors expects them to be resolved with no additional liability to the company.

15. NET FINANCIAL PROFIT

As at 30 September 2007, this caption includes 49,495,504 Euro (54,821,086 Euro at 30 September 2006) concerning received interests and 35,700,231 Euro (17,336,657 Euro at 30 September 2006) related to interests incurred.

16. RESULTS RELATED TO INVESTMENTS

As at 30 September 2007 and 30 September 2006, profits/losses related to investments are made up as follows:

	2007		2006	
	3 rd Quarter	Acumulated	3 rd Quarter	Acumulated
Dividends	-	18.193.658	-	14.200.887
Disposal's profits	-	35.728.616	-	-
Disposal's losses	-	(5.454.530)	-	(24.750.954)
Impairment losses on Investments	-	(3.422.506)	-	-
Impairment losses reversion	-	4.300.248	-	28.442.000
	-	49.345.484	-	17.891.933

During the period ended 30 September 2007, the company sold 100% of the participation in Ok Bazar - Comércio Geral, S.A., 100% of the participation in the SRE - Projectos de Consultadoria, S.A. and 10% of the participation in Cacetinho - Comércio Retalhista e Exploração de Centros Comerciais, S.A. to its subsidiary Modelo Continente Hipermercados, S.A., having registered a net disposal profit of 35,668,833 Euro.

Additionally, the Company disposed to a Sonae SGPS, S.A. subsidiary, 100% of the shareholding in Imoponte - Sociedade Imobiliária, S.A., having registered a net loss of approximately 4,980,000 Euro and reversed an impairment loss in the amount of 3,851,835 Euro, which had been recorded as a consequence of Modelo, SGPS, S.A. merger (Note 2).

Also during the period, the Company has disposed the shares owned in Sonae, SGPS, S.A. This disposal has generated a net disposal loss of 417,913 Euro and the correspondent impairment loss that had been recognized was reverted.

17. EARNINGS PER SHARE

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

	30.September.2007	30.September.2006
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	66,263,018	72,511,428
Net profit taken into consideration to calculate diluted earnings per share	66,263,018	72,511,428
Number of shares		
Weighted average number of shares used to calculate basic Earnings per share	1,000,000,000	1,100,000,000
Weighted average number of share used to calculate the diluted earnings per share	1,000,000,000	1,100,000,000
Earnings per share (basic and diluted)	0.07	0.07

The Annual General Meeting held on 2 May of 2007 approved the distribution of dividends amounting to 75,000,000 Euro.

18. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on the 31st October 2007.

19. INFORMATION REQUIRED BY LAW

Art 5, item 4 of Decree-Law 3318/94

During the nine month period ended 30 September 2007 shareholders' loan agreements were signed with the following companies:

Canasta - Empreendimentos Imobiliários, S.A.
Chão Verde - Sociedade de Gestão Imobiliária, S.A.
Contimobe - Imobiliária Castelo Paiva, S.A.
Cumulativa - Sociedade Imobiliária, S.A.
Difusão - Sociedade Imobiliária, S.A.
IGI - Investimento Imobiliário, S.A.
Iginha – Sociedade Imobiliária, S.A.
Imoestrutura - Sociedade Imobiliária, S.A.
Imoponte - Sociedade Imobiliária, S.A.
Imosistema - Sociedade Imobiliária, S.A.
Infocfield – Informática, S.A.
Modelo Continente Hipermercados, S.A.
MJLF - Empreendimentos Imobiliários, S.A.
Selifa - Sociedade de Empreendimentos Imobiliários, S.A.
Socijofra - Sociedade Imobiliária, S.A.
Soflorin, B.V.
Sonae Retalho Espanha, S.A.
Sondis Imobiliária, S.A.
Sonvecap, B.V.
Sportzone - Comércio de Artigos de Desporto, S.A.
Worten - Equipamentos para o Lar, S A,

During the nine months period ended 30 September 2007, treasury application agreements were signed with the following companies:

Iginha – Sociedade Imobiliária, S.A.
Imoresultado – Sociedade Imobiliária, S.A.
Marcas MC zRt
Pharmacontinente – Saúde e Higiene, S.A.
Sonae, SGPS, S.A.

As at 30 September 2007 and 31 December 2006, the receivable balances related to the agreements mentioned above were as follows:

Loans granted short term (Note 7) and long term (Note 6):

Company	30.September.2007	31.December.2006
Bertimóvel - Sociedade Imobiliária, S.A.	14.703.000	-
Canasta - Empreendimentos Imobiliários, S.A.	2.934.000	-
Chão Verde - Sociedade de Gestão Imobiliária, S.A.	2.855.584	-
Citorres - Sociedade Imobiliária, S.A.	3.926.000	-
Contibomba - Comércio e Distribuição de Combustíveis, S.A.	202.000	172.000
Contimobe - Imobiliária Castelo Paiva, S.A.	85.141.000	35.000.000
Cumulativa - Sociedade Imobiliária, S.A.	3.029.000	-
Difusão - Sociedade Imobiliária, S.A.	20.525.000	-
Fozimo - Sociedade Imobiliária, S.A.	1.997.000	2.050.000
IGI - Investimento Imobiliário, S.A.	147.298.000	-
Igimo - Sociedade Imobiliária, S.A.	615.000	654.000
Iginha - Sociedade Imobiliária, S.A.	14.206.500	-
Imoconti - Sociedade Imobiliária, S.A.	19.274.221	19.763.401
Imoestrutura - Sociedade Imobiliária, S.A.	648.000	-
Imomuro - Sociedade Imobiliária, S.A.	4.215.897	4.175.897
Imoresultado - Sociedade Imobiliária, S.A.	385.000	357.000
Imosistema - Sociedade Imobiliária, S.A.	4.613.000	-
Infofield - Informática, S.A.	5.000.000	-
MJLF - Empreendimentos Imobiliários, S.A.	4.013.000	-
Modelo , SGPS, S.A.	-	575.286.000
Modelo Continente Hipermercados, S.A.	358.442.100	225.418.500
Ok Bazar - Comércio Geral, S.A.	-	10.044.000
Parcium Imobiliária, S.A.	-	41.259.000
Pharmacontinente - Saúde e Higiene, S.A.	3.582.000	-
Predicomercial - Promoção Imobiliária, S.A.	11.234.000	11.219.000
Selifa - Sociedade de Empreendimentos Imobiliários, S.A.	4.218.000	-
Sempre à Mão - Sociedade Imobiliária, S.A.	88.000	93.000
Sesagest - Projectos e Gestão Imobiliária, S.A.	49.666.000	50.169.000
Socijofra - Sociedade Imobiliária, S.A.	8.347.000	-
Sociloures - Sociedade Imobiliária, S.A.	32.407.347	39.281.000
Soflorin, B.V.	34.415.330	38.157.330
Sonae , S.G.P.S., S.A.	167.559.000	-
Sonae Retalho Espanha, S.A.	13.002	60.001
Sondis Imobiliária, S.A.	20.546.159	-
Sontária - Empreendimentos Imobiliários, S.A.	3.700.502	-
Sonvecap, B.V.	150.976.000	158.701.000
Sportzone - Comércio de Artigos de Desporto, S.A.	5.411.000	3.411.000
Todos os Dias - Comércio Ret. e Expl. de Centros Comerciais, S.A.	915.000	1.027.000
Worten - Equipamentos para o Lar, S.A.	28.947.000	20.472.609
	1.216.048.643	1.236.770.738

From the total amounts referred above, 712,517,043 Euro (457,114,129 Euro at 31 December 2006) are recorded as Non current Assets.

As at 30 September 2007 and 31 December 2006, the payable balances related to the agreements mentioned above were as follows:

Loans obtained - Short term (Note 13):

Company	30.September.2007	31.December.2006
Fozmassimo - Sociedade Imobiliária, S.A.	(4,170,000)	-
Marcas MC ZRT	(4,787,000)	-
Modalfa - Comércio e Serviços, S.A.	-	(1,878,000)
Modelo Continente - Operações de Retalho, SGPS, SA	(244,885,000)	(35,615,000)
Modelo Hiper - Imobiliária, S.A.	(1,785,000)	(2,040,000)
Modelo.Com - Vendas por Correspondência, S.A.	(3,266,000)	(194,201)
SRE - Projectos de Consultoria, S.A.	-	(192,000)
	(258,893,000)	(39,919,201)

20. SUBSEQUENT EVENTS

On the 27th July 2007, the Company has reached to an agreement with the Carrefour Group for the acquisition of 99,8648% of the share capital of Carrefour (Portugal) - Sociedade de Exploração de Centros Comerciais, S.A., for a total enterprise value of 662 million Euro.

This transaction is still subject to the approval by the Portuguese Competition Authority.

21. NOTE ADDED TO TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese language in accordance with International Financial Reporting Standards. In the event of discrepancies the Portuguese language version prevails.

Matosinhos, 31 October 2007