

relatório  
& **CONTAS 07**

*management report*



**MUNDICENTER**

# Índex

## **Economic Background**

Consolidated Accounts 4

## **Operational Activity and Outlook**

Consolidated Accounts 4

## **Sustainable Development**

Consolidated Accounts 7

## **Mundicenter Investments**

Consolidated Accounts 7

## **Human Resources**

Consolidated Accounts 8

## **Economic and Financial Analysis**

Consolidated Accounts 10

## **Outlook for 2008**

Consolidated Accounts 13

## **Conclusions**

Consolidated Accounts 13

## **Accounting Documents**

Consolidated Accounts 14

## **Legal Certification of the Financial Statements**

Consolidated Accounts 21

## **Governing Bodies**

24

## **Institutional Framework Of Mundicenter SGPS,SA**

26

## **Proposal for the Distribution of Results**

Individual Accounts 29

## **Closing Remarks**

Individual Accounts 29

## **Accounting Documents**

Individual Accounts 30

## **Legal Certification of the Financial Statements**

Individual Accounts 37



01

Management Report  
**Consolidated Accounts**



# 01

## Management Report Consolidated Accounts

This report relating to the consolidated accounts of Mundicenter – S.G.P.S., S.A. has been drawn up within the terms and for the purposes envisaged in the prevailing legislation.

### I. ECONOMIC BACKGROUND

#### I.1. Macro-economic Background

In 2007 the world economy was affected by a high degree of instability in the financial markets. The “subprime crisis” that triggered the process was accompanied by an abrupt switch in investor confidence in the context of a generalised increase in the price of raw materials, and oil in particular. This situation led to a gradual economic slowdown in the second half of the year.

In the euro zone, the first half of the year saw consolidation of the economic recovery that had already been apparent in 2006. The European Central Bank raised its reference rate from 3.5% to 4% in the first half and this, combined with the sharp retraction of liquidity in the markets, for the reasons outlined above, along with the rise in the value of the euro, caused a slight slowing of the economy in the second half of 2007.

The Portuguese economy, after weak growth in 2006, continued to see modest growth over the course of 2007. The need to correct the Portuguese economy’s excessive deficit, along with uncertainty over the impact of the steps taken to achieve that goal, continued to moderate the increase in economic activity. GDP growth, at 1.9%, was the lowest in the euro zone and corresponds to roughly half average growth in the zone. Thus the forecast economic recovery was still not enough to relaunch the process of real convergence of our economy with that of the euro zone countries taken together.

At the same time, the climate of financial instability that prevailed in the second half of the year provoked a decline in consumer confidence.

#### I.2. Context - Our Business Sector

In the Greater Lisbon region, where four of Mundicenter’s seven shopping centres are located, gross lettable area increased by 15,524m<sup>2</sup> with the expansion of Jumbo in Alfragide, which became Centro Comercial Alegro.

In Greater Oporto, Trindade Domus, Porto Grand Plaza and 8<sup>a</sup> Avenida all opened, representing a total of approximately 42,700m<sup>2</sup> of GLA.

In other parts of the country a further three shopping centres opened with a total of 53,000m<sup>2</sup> of GLA – Dolce Vita Funchal and Ovar and Fórum Castelo Branco - and approximately five retail parks.

Between 2008 and 2009 we should see various new developments coming onto the market, increasing competition and dividing the market yet further.

A major expansion in new formats is also anticipated: eight new retail parks are expected to open in 2008.

### 2. OPERATIONAL ACTIVITY AND OUTLOOK

#### 2.1. MUNDICENTER’S global performance

In 2007 Grupo Mundicenter continued to focus its activities on running its shopping centres (Amoreiras, Olivais Shopping Center, Oeiras Parque, Braga Parque, Odivelas Parque and Campus S. João), letting and running its office and business development (Amoreiras Square), developing new projects and refurbishing/expanding the existing properties. The Group’s global performance was

in line with expectations and it met its targets despite the increase in competition. Operating income excluding joining fees rose by 3.5%.

The overall value of balances to be collected from clients of Grupo Mundicenter in relation to operation of the shopping centres decreased by 26.8% relative to the end of the previous year. The collections rate stood at 102.98% in the shopping centres.

## 2.2. Shopping Centers

In 2007, although the macroeconomic context continued to display a degree of instability, with repercussions for private consumption, Grupo Mundicenter's shopping centres generally turned in a positive performance in terms of both footfall and sales.

When compared with the monthly levels of traffic at shopping centres in Portugal published by Footfall, Mundicenter's malls continued to outperform the index in almost every month.

Bearing in mind the increase in competition implicit in the opening of new units, that performance is no mean achievement.

### **Amoreiras**

2007 was a very positive year for Amoreiras Shopping Center.

Footfall at Amoreiras continued to rise, reaching 12,487,614 visitors, meaning an increase of approximately 6%. Likewise the majority of stores that report sales saw them increase; higher sales at anchors were particularly notable.

Over the course of the year the shopping centre's management continued to work to improve commercial mix and quality of service and environment, prioritising

quality and differentiation among the new operators brought into the centre and thus making a significant contribution to its strong performance.

Amoreiras showed that it remains a reference in the shopping centre market in Portugal. Management's objective is to continue to reinforce its positioning and differentiation.

Thus in 2008 the quality of the commercial mix and of the physical space will continue to be at the top of the Amoreiras management's list of priorities.

### **Olivais**

The shopping centre's management addressed two main areas:

- Day-to-day management aimed at stabilising operational running of the centre by striking a balance between an acceptable level of commercial supply and management of the contracts and current accounts of storeholders.
- Preparations for the start of refurbishment work on the centre, specifically by relocating storeholders and freeing up the space involved in the first phase of the work.

Bearing in mind the adverse conditions both internally and externally, the centre's performance can be considered to be very positive. Footfall increased by 1.7%, although sales were down by 5.8% overall. It is nevertheless worth emphasising the strong performance of the supermarket.

In 2008 management's priority will be to implement the refurbishment project at the centre and complete the task of marketing the new spaces.

### **Oeiras**

In 2007 Oeiras Parque continued to perform well, with 100% occupancy of the commercial units and total sales rising approximately 2.3%, despite a slight decrease in traffic (1%).

The centre's management continued to focus its attention on two main areas:

- Improving the commercial mix
- Improving profitability

In 2008 management will continue to concentrate on these two areas and on alterations to the restaurant area.

### **Odivelas**

In 2007 Odivelas Parque faced an adverse economic environment that impacted on private consumption and made itself particularly acutely felt in its immediate area of influence; despite this it managed to improve its performance compared with 2006.

Thus footfall decreased by a lesser margin than in the previous year (-2.4%) and total sales rose by 1.8%, after falling in 2006.

It is worth noting the opening in December of the Loja do Cidadão (Citizens' Advice Bureau), which will undoubtedly help to stimulate traffic through the shopping centre.

Management continued to focus its efforts on managing storeholders to find solutions capable of sustaining a level of performance acceptable to all parties in economic and financial terms.

It also remained committed to a series of steps designed to increase the loyalty of users of the mall.

In 2008, attention will continue to be concentrated on managing storeholders, renewing contracts, increasing visitor loyalty and improving the commercial and service mix, by way of new anchors, brands and activities.

### **Braga Parque**

2007 was a fairly positive year for Braga Parque, despite a decrease in footfall of approximately 10.3% due to expansion work that involved, among other things, closing the cinemas for several months.

Global sales rose by 11.4 %. This increase reflects an improved commercial mix, with the opening of new high quality stores in the expansion that opened in November, namely a Fnac store covering an area of approximately 1,900 m<sup>2</sup>, along with consolidation of the stores already present in the centre. In addition, nine new screens, including one with 3D projection, opened in the cinema, which has enjoyed a high occupancy rate.

In 2008 the mall's management will devote particular attention to construction and marketing of the new expansion phase.

### **Campus S. João**

In 2007 Campus continued to register significant increases both in terms of visitor numbers, which rose 9.9% to 2,551,000, and sales, up 20.9% to 10,978,000€. The restaurant area and the supermarket remain the most important attractions.

Because footfall continues to be concentrated mainly on weekdays at lunch time, Campus management have undertaken a series of initiatives to attract visitors outside these periods.

In 2008 the management's attention will continue to focus on sustainable profitability of operation.

### **Arena Shopping**

Arena opened for business on October 16; its space is fully let.

Performance was in line with expectations: by December 31 it had achieved sales of approximately 16.7M€ and had been visited by more than an estimated 1,000,000 people.

In 2008 the management will concentrate on consolidation of the centre and steps to recruit and encourage loyalty among visitors within its area of influence.

### **2.3. Offices – Edifício Amoreiras Square**

Over the course of 2007 tenants were found for the various spaces still unoccupied. As a result a total of approximately 15.000 m2 of lets, i.e. 100% of the building, had been achieved by the end of the year.

The Livraria Byblos bookshop, which occupies the whole of the commercial area of the main building of Amoreiras Square, opened in December/07.

We foresee that the building will continue to enjoy 100% occupancy in 2008.

## **3. SUSTAINABLE DEVELOPMENT**

Over the course of the year Grupo Mundicenter remained active in terms both of implementing environmental protection measures and taking steps to achieve sustainable development.

In this context the following developments are worth noting:

- Mundicenter's shopping centres joined SIRER – the Integrated System for Electronic Registration of Waste, which identified and classified waste generated.

SIRER will help operators – waste producers and handlers - to fill in the MIRR - Integrated Waste Registration Chart – in order to optimise the process of reporting data on waste.

The following activities undertaken in the shopping centres are of particular note

### **A. Half-yearly / annual audits of:**

- Internal air quality
- Quality of drinking water and waste water
- Food quality
- Passive safety equipment
- HVAC - electricity, building safety maintenance

### **Analysis of energy consumption, implementing measures intended to meet Decree-Laws nos. 78-79-80/06 on:**

- Ambient air quality and specific energy consumption.
- RS ECE – Regulation on Building Air Conditioning Energy Systems.
- RCCTE – Regulation on Technical Characteristics of Building

In the realm of hygiene, health and safety at work we conducted training and awareness-raising events. These had visible results in terms of lowering the accident rate.

## **4. GRUPO MUNDICENTER INVESTMENTS**

Mundicenter's total financial investment in 2007 amounted to approximately 45.4 million euros. It was focused essentially on completion of building work on Arena Shopping in Torres Vedras, in which more than 22 million euros were invested, and on enlargement of Braga Parque, at a cost of approximately 18.4 million euros. Approximately 2 million euros were invested in maintenance and refurbishment of existing undertakings,

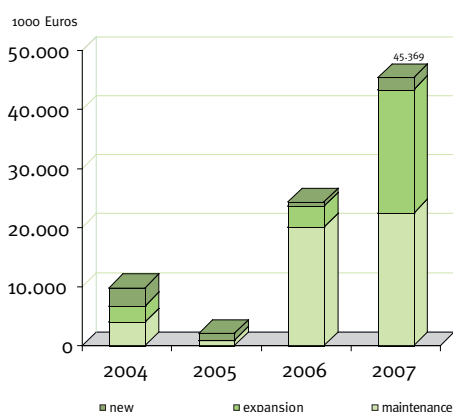
and notably in the Loja do Cidadão (Citizen's Advice Bureau) at Odivelas Parque.

Of the other investment projects that the Group has in its portfolio (second phase of Oeiras Parque, refurbishment of Olivais shopping, Cascais Parque/Mundiparque and the residential building in Campo de Ourique) some are at the development phase and others at the stage of obtaining municipal approvals.

The accumulated value of investment in new projects is as follows:

(Thousand Euros)	
To 31/12/2007	
Mundiparque Project	15.004
Campo de Ourique	1.002
Braga Parque 3rd Phase	2.400
Liscenter-Olivais	887
Oeiras Parque	4.383

Over the last four years, investment has evolved as shown below:



In 2008 Mundicenter foresees investments of approximately 35 million euros, essentially spread across the following projects:

- Internal alterations to Olivais Shopping.
- Construction of Braga Parque Phase 3.
- Interior renovation of Amoreiras Shopping center.

## 5. HUMAN RESOURCES

In response to its new structural requirements and to deal with the opening of Arena Shopping and the expansion of Braga Parque, the company promoted ten existing employees and took on six new members of staff.

Thus 2007 was a particularly rich year in terms of changes of role, career progression and arrival of new ideas, knowledge and practices within the group.

The start of the year also saw the launch of the performance evaluation system, which covers all employees (with the exception of those belonging to Servassist external teams).

This is a management aid based on two performance evaluation tools; management by objectives and skills management. Its purpose is to increase teams' knowledge in order to guide and improve their performance.

We would also emphasise the ongoing efforts in the area of training to equip employees with more and better know-how with which to carry out their respective duties, efforts that reflect the company's commitment to increasing skills and technical capacity.

These are the key training statistics for the three-year period 2005/2007

- 100 participants
- 7,241 training hours
- 165,886€ invested

Total staff numbers at the companies that make up Grupo Mundicenter as at 31/12/2007 were 175, with the following breakdown:

- Central offices and shopping centre management 93
- Engineering and maintenance services (Servassiste) 82

The profile of human resources is as follows (not including Servassiste):

	TOTAL	%
<b>Gender</b>		
Men	37	40%
Women	56	60%
<b>Age range</b>		
> 65 years of age	1	1%
50 to 64	12	13%
40 to 49	27	29%
30 to 39	44	47%
19 to 29	9	10%
<b>Academic qualifications</b>		
Master's Degree/ Other Econ./Fin./Management Degree	8	9%
Engineering Degree	17	18%
Other Degrees	6	6%
Baccalaureate level qualification	17	18%
12th grade	3	3%
9th grade and below	21	23%
<b>Work place</b>		
Central offices	32	34%
Operational units	54	58%
Car park	7	8%

## 6. ECONOMIC AND FINANCIAL ANALYSIS

### 6.1. General Remarks

In addition to the parent company (MUNDICENTER – S.G.P.S., S.A.), Grupo Mundicenter is made up of a set of 11 companies included in the account consolidation process. As stated in the notes to accounts, of the 11 companies included, eight were included using the full consolidation method and three - Mundiparque, S.A., Urbaminho, S.A and Vialojas - were consolidated using the full consolidation method with recognition of minority interests.

### 6.2. Results – Capacity to Generate Funds

In 2007, despite the difficult economic context, the Group improved its capacity to generate funds. It is therefore possible to reaffirm that, in addition to helping to finance planned investments, the financial flows forecast for the Group will permit repayment and/or amortisation of loans taken out by Grupo Mundicenter companies.

Grupo Mundicenter's turnover came to approximately 66 million euros and its operational profitability improved compared with the figures for the previous year.

This primarily reflects the combined effects of the positive performance of the Group's shopping centres and its lower operating costs.

The net book result was 10,049,136 euros after tax, which represents an increase on the previous year (+1.29 million euros); the operating result was 1.1 million euros higher than the year-earlier figure.

The table below summarises the Group's performance over the past three years in terms of results:

	(Euros)		
	2005	2006	2007
Operating Result	14.637.296	18.907.890	19.970.918
Financial Result	(4.481.237)	(4.524.307)	(5.505.247)
Pre-Tax Result	9.661.349	13.876.660	14.083.279
Net Result	6.679.959	8.759.043	10.049.136
Cash-flow	24.320.827	24.679.429	27.523.471

### 6.3. Balance Sheet and Group Finances

Essentially reflecting investment activity (investment in completing construction of the shopping centre in Torres Vedras and building the second phase of Braga Parque shopping centre), consolidated net assets increased by 11%, maintaining the upward trend seen in the previous year.

From a comparison of the main headings of the balance sheet over the last three years, it can be concluded that the Group has maintained a good equilibrium in terms of its assets and liabilities:

(1000 Euros)

ASSETS	2005	2006	2007
Net assets	268.714	278.492	301.863
Financial investments	2.418	1.917	1.917
Available + Realisable	15.017	16.434	21.880
Accruals and deferrals	3.369	2.849	7.236
<hr/>			
Share Capital + Reserves + Result	135.477	141.173	147.872
Minority interests	11.155	14.947	14.572
Payable m/l term – financial	124.175	112.360	138.891
Payable short term		7.547	-
Other liabilities	7.699	14.057	20.993
Accruals and deferrals	11.012	9.609	10.568

Within this overall picture it is worth highlighting the structure of bank finance, which has evolved as follows over the past two years:

(1000 euros)

	2006	2007	Δ
M/L Term Debt	112.360	138.891	26.531
Short Term Debt	7.547		(7.547)
Total	119.907	138.891	18.984

The following financial operations contracted/used over the course of the year in question contributed to the change in indebtedness:

- Urbaminho, S.A., in the context of investment worth approximately 20 million, recorded a 13.5 million increase in borrowing.
- Vialojas took out a m/l term loan of 24M€ and a short-term credit line of 7M€ to finance construction of the new shopping centre in Torres Vedras
- Liscenter negotiated a 15M€ euro m/l term loan to finance alterations to the Olivais Shopping Center;

This restructuring of debt maturities improved borrowing terms, with narrower financial spreads, which in turn worked to offset some of the increase in reference rates and also to finance Mundicenter's investment plan for the next two years. Thus Grupo Mundicenter undertook a series of steps to restructure its finances which will

considerably increase the availability of funds and the flexibility of the timing of use of those funds for investments in progress, while leaving a margin for other opportunities that may arise.

The Group's equity increased by 4.7%, from 141,172,935 euros at the end of 2006 to 147,872,011 euros at the end of 2007.

From a comparison of consolidated figures for 2006 and 2007 we may also affirm the following:

- The net pre-tax result of 14 083 279 euros gives us earnings per share of 0.98 euros, which represents a maintaining of value in relation to the previous year.

Between 2005 and 2007 the ratio of equity to long-term debt capital evolved as follows (in thousands of euros):

	31/12/2005	%	31/12/2006	%	31/12/2007	%
Equity + Min. Ints.	146.632	55,0	156.120	58,2	162.444	53,91
MLT Debt Capital	124.175	45,0	112.360	41,8	138.891	46,09
TOTAL	270.807	100,0	268.480	100,0	301.335	100,0

## 7. OUTLOOK FOR 2008

Even in a context of scant prospects for domestic economic growth it is still anticipated that various new shopping complexes will be opened in Greater Lisbon over the next few years. This will lead to a steep increase in GLA (gross lettable area) to approximately 1.1 million m<sup>2</sup>.

Given that the shopping centre business is now a mature one, the appearance of several large-scale units essentially concentrated in the Greater Lisbon area increases the level of competition. It will have the effect of significantly reducing rates of return on new investments and increasing the risk associated with existing operations. In this context, Grupo Mundicenter's approach continues to be:

- a) To improve the terms on which existing units are operated
- b) To investigate and implement enlargements, adaptations and/or transformations of existing units
- c) To analyse new business opportunities carefully.

Mundicenter's organisational and functional structure is well equipped to meet existing challenges and remains sufficiently flexible to deal with future challenges.

## 8. CONCLUSIONS

As far as the shopping centres currently in operation are concerned, Mundicenter will continue to pay very particular attention to the quality and safety of its malls, while at the same time keeping a close eye on cost control.

For 2008 and subsequent years Mundicenter has a number of investments planned, such as promotion of a residential building next to Amoreiras Shopping Center, renovation/renewal of existing equipment – Amoreiras – enlargement of Braga Parque and alterations to Olivais Shopping.

In 2008 Grupo Mundicenter expects to maintain a positive performance, although it is foreseeable that this will not yet be a year of economic expansion. This performance will be achieved by sticking to a prudent policy of growth supported by a good level of self-financing.

Lisbon, 31 January 2008

## THE BOARD OF DIRECTORS

Chairman	Nuno Miguel Ribeiro Pereira de Sousa
Vice-Chairman	Vítor Manuel da Silva Ribeiro
Directors	João Francisco Justino
	Manuel João Matos Silva Alves Ribeiro
	José Manuel Esteves dos Santos
	Fernando José Silva Muñoz de Oliveira
	José Fernandes Malta

Mundicenter SGPS, SA

## Consolidated Balance Sheet as at 31<sup>st</sup> December 2007

Unit: euro

	Financial Year				
		31/12/07			31/12/06
Assets	Gross Assets	Dep. & Prov.	Net Assets	Net Assets	
<b>Assets:</b>					
Intangible fixed assets:					
Instalation cost	18,789,090	14,230,583	4,558,507	3,352,097	
Research & development expenses					
Industrial property and other rights					
Godwill	10,380,461	5,536,264	4,844,197	5,536,234	
Intangible fixed assets in progress	1,213,156		1,213,156	3,170,692	
Advances on intangible fixed assets					
	<b>30,382,707</b>	<b>19,766,847</b>	<b>10,615,860</b>	<b>12,059,023</b>	
Tangible fixed assets:					
Land and natural resources	72,106,073		72,106,073	69,355,248	
Buildings and other constructions	294,219,173	99,723,989	194,495,184	159,914,724	
Basic equipment	2,467,818	2,072,937	394,881	242,794	
Transport equipment	1,014,333	601,155	413,178	245,419	
Tools and utensils	351,640	272,903	78,737	56,831	
Administrative equipment	2,649,015	2,200,937	448,078	518,860	
Containers					
Other tangible fixed assets	1,088,043	738,878	349,165	404,544	
Tangible fixed assets in progress	20,496,006		20,496,006	35,477,256	
Advanced payment for tangible fixed assets	2,465,838		2,465,838	217,473	
	<b>396,857,939</b>	<b>105,610,799</b>	<b>291,247,140</b>	<b>266,433,149</b>	

Unit: euro

	Financial Year			
		31/12/07		31/12/06
Assets	Gross Assets	Dep. & Prov.	Net Assets	Net Assets
<b>Financial Investments:</b>				
Shareholdings in group companies				
Loans to group companies				
Shareholdings in associated companies				
Loans to associated companies				
Securities and other financial applications	1,917,523		1,917,523	1,917,523
Other loans granted				
Fixed assets in progress				
Advances on financial investments				
	1,917,523		1,917,523	1,917,523
<b>Current Assets:</b>				
<b>Inventory:</b>				
Raw, secondary and consumable materials	101,219		101,219	202,294
Products and works in progress				
By-products, waste, residues and scrap				
Finished and semi-finished products				
Goods	38,407		38,407	38,407
Advances for purchases				
	139,626		139,626	240,701
<b>Short term receivables:</b>				
Trade debtors - current account	2,617,826		2,617,826	3,996,659
Trade debtors - bills receivable				
Trade debtors - doubtful debts	3,890,807	2,937,607	953,200	1,681,525
Group companies				
Related companies				
Other shareholders				
Advances to suppliers				
Advances to suppliers of fixed assets				
State and other public entities	6,860,493		6,860,493	5,460,115
Other Debtors	746,428		746,428	285,506
Capital subscribers				
	14,115,554	2,937,607	11,177,947	11,423,805

Unit: euro

	Financial Year			
		31/12/07	31/12/06	
Assets	Gross Assets	Dep. & Prov.	Net Assets	Net Assets
Negotiable securities:				
Other treasury applications				
Bank deposits and cash:				
Bank deposits	10,523,414		10,523,414	4,730,171
Cash	38,910		38,910	39,920
	10,562,324		10,562,324	4,770,091
<b>Accruals and deferrals:</b>				
Accrued income	1,250,206		1,250,206	993,598
Deferred costs	5,985,692		5,985,692	1,855,602
Assets due to deferred taxes				
	7,235,898		7,235,898	2,849,200
Total depreciations		125,377,646		
Total provisions		2,937,607		
<b>Total assets</b>	<b>461,211,571</b>	<b>128,315,253</b>	<b>332,896,318</b>	<b>299,693,492</b>

Unit: euro

	Financial Year	
	31/12/07	31/12/06
<b>Equity capital, Minority Interests and Liabilities</b>		
<b>Equity:</b>		
Share capital	71,250,000	71,250,000
Own shares:		
Nominal value	(1,766,351)	(1,762,356)
Discounts and premiums	(1,005,911)	(999,120)
Supplementary entries		
Share issuing premiums		
Consolidation differences	13,521,919	13,521,919
Adjust. to shareh. in subs. and associated companies		
Revaluation reserves	876,682	876,682
Reserves:		
Legal reserves	11,298,220	10,193,911
Statutory reserves	1,154,717	1,154,717
Contractual reserves		
Other reserves	38,240,559	34,493,568
Retained earnings	4,253,040	3,684,571
Consolidated net profit for the year	10,049,136	8,759,043
Interim dividends		
<b>Total equity</b>	<b>147,872,011</b>	<b>141,172,935</b>
<b>Minority interests:</b>	<b>14,572,064</b>	<b>14,947,260</b>
<b>Liabilities:</b>		
Third-party payables - Medium and long term:		
Debenture loans:		
Non-convertible		30,000,000
Loans through participation securities	55,000,000	60,000,000
Debts to credit institutions	83,890,564	22,360,213
Suppliers of fixed assets, current account		
	<b>138,890,564</b>	<b>112,360,213</b>

Unit: euro

	Financial Year	
	31/12/07	31/12/06
<b>Equity capital, Minority Interests and Liabilities</b>		
Third-party payables - Short term:		
Debenture loans:		
Non-convertible		
Loans through participation securities		
Debts to credit institutions		7,547,091
Advances on sales		661,580
Suppliers - current accounts	4,687,508	4,038,635
Suppliers - invoices received and being checked		
Suppliers - bills payable		
Suppliers - of fixed assets - bills payables		
Group companies		
Related companies		
Shareholders	27,568	21,389
Advances from clients		
Other loans obtained		
Suppliers of fixed assets - current account	7,916,883	4,743,212
State and other public entities	7,194,728	4,144,786
Other creditors	1,166,558	447,181
	<b>20,993,245</b>	<b>21,603,874</b>
<b>Accruals and Deferrals:</b>		
Accrued costs	3,526,457	3,638,499
Deferred income	5,475,049	4,290,536
Deferred tax liabilities	1,566,928	1,680,175
	<b>10,568,434</b>	<b>9,609,210</b>
<b>Total liabilities</b>	<b>170,452,243</b>	<b>143,573,297</b>
<b>Total equity, minorit. int. and liabilities</b>	<b>332,896,318</b>	<b>299,693,492</b>

The Accountant:  
Rosendo Manuel da Silva José

Board of Directors:  
Nuno Miguel Ribeiro Pereira de Sousa  
Vitor Manuel da Silva Ribeiro  
João Francisco Justino  
Fernando José Silva Muñoz de Oliveira  
José Manuel Esteves dos Santos  
Manuel João Matos Silva Alves Ribeiro  
José Fernandes Malta

Mundicenter SGPS, SA  
**Consolidated Profit and Loss Statement  
 by Nature as at 31<sup>st</sup> December 2007**

Unit: euro

	Financial Year			
	31/12/07		31/12/06	
<b>Cost and Losses</b>				
<b>Cost of goods sold and material used</b>				
Goods			11,645	
Materials	480,212	480,212	327,547	339,192
<b>External supplies and services</b>		20,719,828		20,215,609
<b>Personnel Costs</b>				
Wages	4,789,358		4,462,575	
Social costs:				
Pensions	157,126			
Other	1,310,172	6,256,656	1,287,309	5,749,884
<b>Depreciation of tangible and intangible fixed assets</b>	17,363,529		14,646,203	
<b>Adjustments</b>	110,806		1,274,183	
<b>Provisions</b>		17,474,335		15,920,386
<b>Taxes</b>	1,334,505		1,410,140	
<b>Other operating costs and losses</b>	139,801	1,474,306	294,569	1,704,709
<b>(A)</b>		<b>46,405,337</b>		<b>43,929,780</b>
<b>Losses in group and associated companies</b>				
<b>Depr. and provis. for financial applic. and investments</b>				
<b>Interest and similar costs</b>				
Other	5,784,801	5,784,801	4,714,701	4,714,701
<b>(C)</b>		<b>52,190,138</b>		<b>48,644,481</b>
<b>Extraordinary costs and losses</b>		1,309,016		600,115
<b>(E)</b>		<b>53,499,154</b>		<b>49,244,596</b>
<b>Taxes on income for the year</b>		4,229,340		4,825,248
<b>(G)</b>		<b>57,728,494</b>		<b>54,069,844</b>
<b>Minority interests</b>		<b>(195,197)</b>		<b>292,369</b>
<b>Consolidated net profit for the year</b>		<b>10,049,136</b>		<b>8,759,043</b>
		<b>67,582,433</b>		<b>63,121,256</b>

Unidade: euro

	Financial Year			
	31/12/07		31/12/06	
<b>Income and Gains</b>				
<b>Sales:</b>				
Goods			8,500	
Products				
<b>Services rendered</b>	64,590,471	64,590,471	62,169,844	62,178,344
<b>Work for the group</b>		657,319		124,456
<b>Supplementary earnings</b>	418,103		511,635	
<b>Operation subsidies</b>				
<b>Other operating income and gains</b>	6,274		6,045	
<b>Depreciation and adjustment reversions</b>	704,088	1,128,465	17,190	534,870
<b>(B)</b>		<b>66,376,255</b>		<b>62,837,670</b>
<b>Gains in group and associated companies</b>				
<b>Earnings from shareholdings</b>	2,701		6,077	
<b>Earn. from negot. securities and other financ. applic.</b>				
Other				
<b>Other interest and similar income</b>				
Other	276,853	279,554	184,317	190,394
<b>(D)</b>		<b>66,655,809</b>		<b>63,028,064</b>
<b>Extraordinary earnings and gains</b>		926,624		93,192
<b>(F)</b>		<b>67,582,433</b>		<b>63,121,256</b>
<b>Summary:</b>				
Operating profit/(loss): (B) - (A)		<b>19,970,918</b>		<b>18,907,890</b>
Financial profit/(loss): (D - B) - (C - A)		<b>(5,505,247)</b>		<b>(4,524,307)</b>
Current profit/(loss): (D) - (C)		<b>14,465,671</b>		<b>14,383,583</b>
Pre-tax profit/(loss): (F) - (E)		<b>14,083,279</b>		<b>13,876,660</b>
Consol. profit/(loss) for year w/minority inter.: (F) - (G)		<b>9,853,939</b>		<b>9,051,412</b>

 The Accountant:  
 Rosendo Manuel da Silva José

 The Board of Directors:  
 Nuno Miguel Ribeiro Pereira de Sousa  
 Vitor Manuel da Silva Ribeiro  
 João Francisco Justino  
 Fernando José Silva Muñoz de Oliveira  
 José Manuel Esteves dos Santos  
 Manuel João Matos Silva Alves Ribeiro  
 José Fernandes Malta

## LEGAL CERTIFICATION OF CONSOLIDATED ACCOUNTS

### Introduction

I have examined the consolidated financial statements of MUNDICENTER - S.G.P.S., SA., which consist of the balance sheet as at December 31, 2007, which shows a total of €332,896,318 and total equity of €147,872,011, including a net result of €10,049,136, the consolidated income statements by nature and function and the consolidated cash flow statement for the year ended on that date, and the corresponding notes to accounts.

### Responsibilities

It is the responsibility of the Board of Directors to prepare financial statements that present a true and fair picture of the financial position of the set of companies included in the consolidation, the consolidated result of their operations and their consolidated cash flows, to adopt appropriate accounting criteria and policies and to maintain an appropriate system of internal control.

My responsibility consists of expressing an independent professional opinion based on my examination of those financial statements.

### Scope

My audit was conducted in accordance with the Technical Standards and Audit Guidelines of the Order of Official Auditors, which require that it be planned and executed with the objective of achieving an acceptable degree of certainty as to whether the consolidated financial statements are free of material distortions. To this end the aforementioned audit included:

- checking that the financial statements of the companies included in the consolidation had been appropriately audited;
- checking consolidation operations and application of the equity method;

- assessing the appropriateness of the accounting policies adopted, the uniformity of their application and their disclosure, taking into account the circumstances;
- checking the applicability of the going concern principle; and
- assessing the appropriateness, in global terms, of the presentation of the consolidated financial statements.

My audit also included checking that the financial information shown in the consolidated management report concurred with the consolidated financial statements.

I believe that the audit conducted provides an acceptable basis on which to express my opinion.

### Opinion

In my opinion, the aforementioned consolidated financial statements present a true and fair picture, in all material respects, of the consolidated financial position of MUNDICENTER - S.G.P.S., SA., as at December 31, 2007, the consolidated result of its operations and its consolidated cash flows in the year ended on that date, in accordance with the accounting principles generally accepted in Portugal.

Lisbon, February 12, 2008

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Fernando Vassalo Namorado Rosa  
Official Auditor no. 138





02

Governing **Bodies**



# 02

## Governing Bodies

(In Office as at 31 st DECEMBER 2007)

### GENERAL MEETING BOARD

CHAIRMAN	Dr. Luís Alberto de Sequeira Lopes Gallego
VICE-CHAIRMAN	Dr. Francisco Xavier Ferreira de Silva
SECRETARY	Dra. Ana Paula Pais Romão Ribeiro Mesquita de Bragança Barroso

### BOARD OF DIRECTORS

CHAIRMAN	Eng. Nuno Miguel Ribeiro Pereira de Sousa
VICE-CHAIRMAN	Eng. Vítor Manuel da Silva Ribeiro
DIRECTORS	Comendador João Francisco Justino Dr. José Manuel Esteves dos Santos Eng. Manuel João Matos Silva Alves Ribeiro Dr. Fernando José Silva Muñoz de Oliveira Dr. José Fernandes Malta

### OFFICIAL AUDITOR

IN OFFICE:	Dr. Fernando Vassalo Namorado Rosa
ALTERNATE:	O. Lima, N. Silva, F. Colaço, A. Coelho e L. Rosa, SROC, Lda.

### REMUNERATION COMMITTEE

José Filipe Gonçalves de Araújo Leal
Eng. João Carlos Ribeiro Pereira de Sousa
Dr. José João Silva Ribeiro da Costa Morais

### COMPANY SECRETARY

IN OFFICE:	Dra. Ana Paula Pais Romão Ribeiro Mesquita de Bragança Barroso
ALTERNATE:	Dra. Catarina Matias Mascarenhas



03

Management Report 2007  
**Individual Accounts**



# 03

## Management Report 2007 Individual Accounts

Dear Shareholders,

In compliance with the prevailing legislation we submit to you the management report and financial statements of MUNDICENTER – S.G.P.S., S.A. for the year 2007.

Mundicenter – S.G.P.S., S.A. has produced consolidated accounts, on which the Board of Directors has issued a detailed report which will be the object of examination and publication. Thus it is considered that the content of the information to be produced for the individual accounts is similar to that produced for the consolidated accounts, with the addition however in the latter document of certain items that are obligatory within the terms of the law.

### I. Institutional Framework of MUNDICENTER – S.G.P.S., S.A.

#### I. I. Shareholder Structure and Company Institutions

The Alves Ribeiro Group, through various of its member companies, holds approximately 86% of the share capital. The Esteves dos Santos family holds 6.44%, Commander João Francisco Justino owns 4.51% of the company and Mr. José Filipe Gonçalves holds approximately 0.5% of the share capital.

As at 31/12/2007 Mundicenter-S.G.P.S., S.A. had in its portfolio 353,587 of its own shares, corresponding to 2.48% of its share capital; in 2007 it acquired 799 shares.

Shares held by the Company Institutions

Within the terms and for the purposes of the provisions of article 447 of the Companies Code, it is declared that as at 31/12/2007 directors of the company held the following shares:

Names	Shares Held	
	31.12.2007	31.12.2006
Eng. Nuno Miguel Pereira de Sousa	-	-
Eng. Vítor Manuel da Silva Ribeiro	-	-
Comendador João Francisco Justino	642.751	642.751
Dr. José Manuel Esteves dos Santos	-	-
Dr. Fernando José Silva Muñoz de Oliveira	-	-
Eng. Manuel João Alves Ribeiro	-	-
Dr. José Fernandes Malta	-	-

The sole auditor and the members of the Board of the Shareholders' Meeting did not hold any shares representative of the company's share capital.

Holdings in the company's share capital  
 Within the terms and for the purposes of the provisions of article 448 of the Companies Code, it is declared that, according to the notifications received, the following companies and/or individuals have a qualified shareholding in the company:

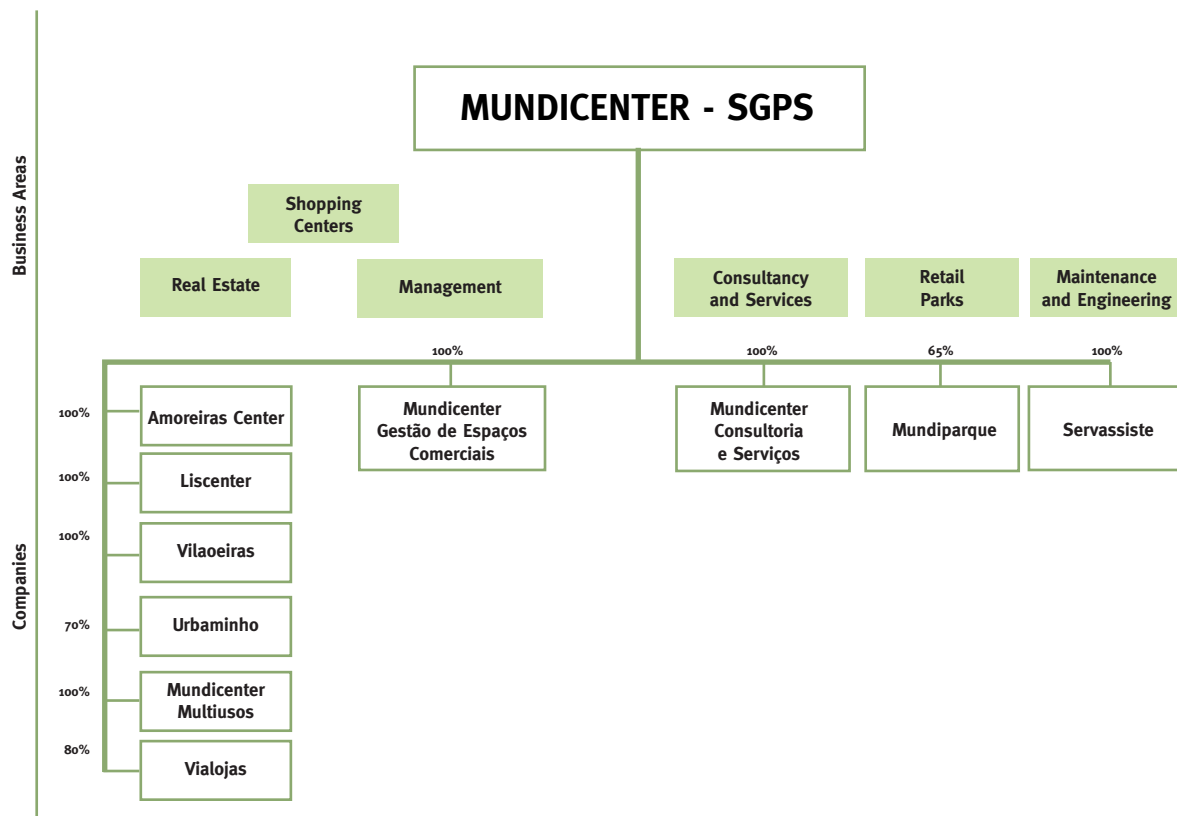
Shareholder	Nº of shares	% of share capital	Votes	
			Number	%
<b>Alves Ribeiro Group</b>	<b>12 222 880</b>	<b>85,77%</b>	<b>122 228</b>	<b>87,55%</b>
Alves Ribeiro, S.A.	5 530 737	38,81%	55 307	39,62%
Alves Ribeiro - Consultoria e Gestão, S.A.	5 580 928	39,16%	55 809	39,97%
Alrisa – Sociedade Imobiliário, S.A.	251 262	1,76%	2 512	1,80%
Centro Comercial de Alvalade	508 521	3,57%	5 085	3,64%
Alves Ribeiro – Internacional, SGPS, S.A.	351 432	2,47%	3 514	2,52%
<b>Comendador João Francisco Justino</b>	<b>642 751</b>	<b>4,51%</b>	<b>6 428</b>	<b>4,60%</b>
<b>HOS, SGPS, SA</b>	<b>472 950</b>	<b>3,32%</b>	<b>4 729</b>	<b>3,39%</b>
<b>Eng<sup>a</sup>. Aurora Gomes Esteves dos Santos</b>	<b>444 806</b>	<b>3,12%</b>	<b>4 448</b>	<b>3,18%</b>
<b>Own Shares</b>	<b>353 587</b>	<b>2,48%</b>		
Mundicenter – S.G.P.S., S.A.	352 801	2,48%		
Grupo Mundicenter	786			

### 1.2. Legal Structure

During this year there was no change in the make-up of the group and its strategic positioning was maintained.

### 1.3. Organisational Structure of the Group

Companies in which Mundicenter – S.G.P.S., S.A. has participations are as follows:



## 2. Proposal for the distribution of earnings

The company's policy for distributing results has always been one of maintaining or increasing its equity without however neglecting to remunerate the capital invested by its shareholders.

The profit and loss statement, drawn up taking into consideration the methodology stipulated by Accounting Guideline no. 9, shows a net result for the year of 10,039,046.64 Euros, for which the following distribution is proposed:

- a) 503,000.00 euros to the Legal Reserve, thus satisfying the legal minimum of 5% of net result.
- b) 5,000,000.00 euros to Free Reserves.
- c) 3,613,271.74 euros as dividends, corresponding to 0.26 Euros for each share issued, excluding own shares.
- d) The remainder, 922,774.90 euros, to Retained Earnings.

## 3. Closing Remarks

Our task would have been much harder if we had not been able to count on the collaboration of many entities and individuals who, at the most diverse levels, helped us to carry out our duties.

We thank them all and hope to continue to deserve their trust and support.

- The chairmen, councillors and services of Braga, Cascais, Lisbon, Odivelas, Oeiras, Torres Vedras and Oporto municipal councils.
- Jerónimo Martins SGPS, S.A.
- The entrepreneurs who have demonstrated their confidence in our undertakings
- The credit institutions who have worked with us
- The chairman of the Board of the Shareholders' Meeting
- The official auditors
- The employees of the company and its subsidiaries
- Our shareholders

Lisbon, 31 January 2008

## THE BOARD OF DIRECTORS

Chairman	Nuno Miguel Ribeiro Pereira de Sousa
Vice-Chairman	Vítor Manuel da Silva Ribeiro
Directors	João Francisco Justino
	Manuel João Matos Silva Alves Ribeiro
	José Manuel Esteves dos Santos
	Fernando José Silva Muñoz de Oliveira
	José Fernandes Malta

Mundicenter SGPS  
**Balance Sheet as at 31<sup>st</sup> December 2007**

Unit: euro

Assets	Financial Year			31/12/06 Net Assets
	Gross Assets	31/12/07 Dep. & Prov.	31/12/07 Net Assets	
<b>Assets:</b>				
Intangible fixed assets:				
Instalation cost				
Research & development expenses				
Industrial property and other rights				
Godwill	10,380,461	5,536,264	4,844,196	5,536,234
Intangible fixed assets in progress				
Advances on intangible fixed assets				
	10,380,461	5,536,264	4,844,196	5,536,234
Intangible fixed assets in progress:				
Land and natural resources				
Buildings and other constructions				
Basic equipment				
Transport equipment	272,614	166,579	106,035	10,775
Tools and utensils				
Administrative equipment	107,415	107,415		
Containers				
Other tangible fixed assets	538	538		
Tangible fixed assets in progress				
Advanced payment for tangible fixed assets				
	380,567	274,532	106,035	10,775

Unit: euro

Assets	Financial Year			
	Gross Assets	Dep. & Prov.	Net Assets	Net Assets
	31/12/07		31/12/07	31/12/06
<b>Financial Investments:</b>				
Shareholdings in group companies	88,576,474		88,576,474	86,989,626
Loans to group companies	101,117,166		101,117,166	112,493,166
Shareholdings in associated companies				
Loans to associated companies				
Securities and other financial applications	139,846		139,846	139,846
Other loans granted				
Fixed assets in progress				
Advances on financial investments				
	<b>189,833,486</b>		<b>189,833,486</b>	<b>199,622,638</b>
<b>Current Assets:</b>				
<b>Inventory:</b>				
Raw, secondary and consumable materials				
Products and works in progress				
By-products, waste, residues and scrap				
Finished and semi-finished products				
Goods				
Advances for purchases				
<b>Short term receivables:</b>				
Trade debtors - current account				
Trade debtors - bills receivable				
Trade debtors - doubtful debts				
Group companies	6,073,191		6,073,191	4,441,183
Related companies				
Other shareholders				
Advances to suppliers				
Advances to suppliers of fixed assets				
State and other public entities	4,220,814		4,220,814	
Other Debtors	22,327,186		22,327,186	22,337,579
Capital subscribers				
	<b>32,621,190</b>		<b>32,621,190</b>	<b>26,778,762</b>

Unit: euro

Assets	Financial Year			31/12/06 Net Assets
	31/12/07	31/12/07	31/12/07	
	Gross Assets	Dep. & Prov.	Net Assets	Net Assets
Negotiable securities:				
Other treasury applications				
Bank deposits and cash:				
Bank deposits	5,820,855		5,820,855	2,689,355
Cash	500		500	500
	5,821,355		5,821,355	2,689,855
<b>Accruals and deferrals:</b>				
Accrued income	30,762		30,762	
Deferred costs	131,044		131,044	412,555
Assets due to deferred taxes				
	161,806		161,806	412,555
Total depreciations		5,810,797		
Total provisions				
<b>Total assets</b>	<b>239,198,864</b>	<b>5,810,797</b>	<b>233,388,067</b>	<b>235,050,817</b>

Unit: euro

	Financial Year	
	31/12/07	31/12/06
<b>Equity capital, Minority Interests and Liabilities</b>		
<b>Equity:</b>		
Share capital	71,250,000	71,250,000
Own shares:		
Nominal value	(1,764,005)	(1,760,010)
Discounts and premiums	(1,007,715)	(1,000,923)
Supplementary entries		
Share issuing premiums		
Consolidation differences		
Adjust. to shareh. in subs. and associated companies	35,731,471	34,122,723
Revaluation reserves	1,322	1,322
Reserves:		
Legal reserves	5,691,499	5,191,499
Statutory reserves		
Contractual reserves		
Other reserves	27,696,484	23,696,484
Retained earnings	353,642	874,696
Consolidated net profit for the year	10,039,047	8,923,215
Interim dividends		
<b>Total equity</b>	<b>147,991,746</b>	<b>141,299,005</b>
<b>Minority interests:</b>		
<b>Liabilities:</b>		
Third-party payables - Medium and long term:		
Debenture loans:		
Non-convertible		21,250,000
Loans through participation securities	55,000,000	60,000,000
Debts to credit institutions	20,480,000	
Suppliers of fixed assets, current account		
	<b>75,480,000</b>	<b>81,250,000</b>

Unit: euro

	Financial Year	
	31/12/07	31/12/06
<b>Equity capital, Minority Interests and Liabilities</b>		
Third-party payables - Short term:		
Debenture loans:		
Non-convertible		
Loans through participation securities		
Debts to credit institutions		7,500,000
Advances on sales		
Suppliers - current accounts	16,654	820
Suppliers - invoices received and being checked		
Suppliers - bills payable		
Suppliers - of fixed assets - bills payables		
Group companies	3,310,908	1,920,041
Related companies		
Shareholders	12,343	10,108
Advances from clients		
Other loans obtained		
Suppliers of fixed assets - current account		
State and other public entities	5,632,434	2,211,319
Other creditors	6,949	57,992
	<b>8,979,288</b>	<b>11,700,281</b>
<b>Accruals and Deferrals:</b>		
Accrued costs	937,033	801,530
Deferred income		
Deferred tax liabilities		
	<b>937,033</b>	<b>801,530</b>
<b>Total liabilities</b>	<b>85,396,322</b>	<b>93,751,812</b>
<b>Total equity, minorit. int. and liabilities</b>	<b>233,388,067</b>	<b>235,050,817</b>

The Accountant:  
Rosendo Manuel da Silva José

Board of Directors:  
Nuno Miguel Ribeiro Pereira de Sousa  
Vitor Manuel da Silva Ribeiro  
João Francisco Justino  
Fernando José Silva Muñoz de Oliveira  
José Manuel Esteves dos Santos  
Manuel João Matos Silva Alves Ribeiro  
José Fernandes Malta

Mundicenter SGPS

## Profit and Loss Statement by Nature as at 31<sup>st</sup> December 2007

Unit: euro

	Financial Year			
	31/12/07	31/12/06		
<b>Cost and Losses</b>				
<b>Cost of goods sold and material used</b>				
Goods				
Materials				
<b>External supplies and services</b>		226,732		224,160
<b>Personnel Costs</b>				
Wages	2,508,298		2,159,284	
Social costs:				
Pensions	157,126			
Other	580,751	3,246,174	500,594	2,659,877
<b>Depreciation of tangible and intangible fixed assets</b>	738,158		721,409	
<b>Adjustments</b>				
<b>Provisions</b>		738,158		721,409
<b>Taxes</b>	2,120		472	
<b>Other operating costs and losses</b>	450	2,570	2,246	2,718
(A)		<b>4,213,634</b>		<b>3,608,164</b>
<b>Losses in group and associated companies</b>	2,769,929		707,840	
<b>Depr. and provis. for financial applic. and investments</b>				
<b>Interest and similar costs</b>				
Other	4,046,799	6,816,728	3,136,686	3,844,526
(C)		<b>11,030,362</b>		<b>7,452,690</b>
<b>Extraordinary costs and losses</b>		2,876		23,828
(E)		<b>11,033,238</b>		<b>7,476,518</b>
<b>Taxes on income for the year</b>		9,181		7,376
(G)		<b>11,042,419</b>		<b>7,483,894</b>
<b>Consolidated net profit for the year</b>		<b>10,039,047</b>		<b>8,923,215</b>
		<b>21,081,465</b>		<b>16,407,109</b>

Units: euro

	Financial Year			
	31/12/07		31/12/06	
<b>Income and Gains</b>				
<b>Sales:</b>				
Goods				
Products				
<b>Services rendered</b>	2,785,160	2,785,160	2,610,003	2,610,003
<b>Work for the group</b>				
<b>Supplementary earnings</b>				
<b>Operation subsidies</b>				
<b>Other operating income and gains</b>				
<b>Depreciation and adjustment reversions</b>				
<b>(B)</b>		<b>2,785,160</b>		<b>2,610,003</b>
<b>Gains in group and associated companies</b>	14,813,480		12,340,818	
<b>Earnings from shareholdings</b>	2,701		6,077	
<b>Earn. from negot. securities and other financ. applic.</b>				
Other				
<b>Other interest and similar income</b>				
Other	1,517,877	16,334,058	1,431,431	13,778,326
<b>(D)</b>		<b>19,119,218</b>		<b>16,388,328</b>
<b>Extraordinary earnings and gains</b>		1,962,247		18,780
<b>(F)</b>		<b>21,081,465</b>		<b>16,407,109</b>
<b>Summary:</b>				
Operating profit/(loss): (B) - (A)		<b>(1,428,474)</b>		<b>(998,161)</b>
Financial profit/(loss): (D) - (B) - (C) - (A)		<b>9,517,330</b>		<b>9,933,799</b>
Current profit/(loss): (D) - (C)		<b>8,088,856</b>		<b>8,935,638</b>
Pre-tax profit/(loss): (F) - (E)		<b>10,048,227</b>		<b>8,930,591</b>
Consol. profit/(loss) for year w/minority inter.: (F) - (G)		<b>10,039,047</b>		<b>8,923,215</b>

 The Accountant:  
 Rosendo Manuel da Silva José

 The Board of Directors:  
 Nuno Miguel Ribeiro Pereira de Sousa  
 Vitor Manuel da Silva Ribeiro  
 João Francisco Justino  
 Fernando José Silva Muñoz de Oliveira  
 José Manuel Esteves dos Santos  
 Manuel João Matos Silva Alves Ribeiro  
 José Fernandes Malta

## LEGAL CERTIFICATION OF ACCOUNTS

### Introduction

I have examined the financial statements of MUNDICENTER - S.G.P.S., SA., which consist of the balance sheet as at December 31, 2007, which shows a total of €233,388,067 and total equity of €147,991,746, including a net result of €10,039,047, the income statements by nature and function and the cash flow statement for the year ended on that date, and the corresponding notes to accounts.

### Responsibilities

It is the responsibility of the Board of Directors to prepare financial statements that present a true and fair picture of the financial position of the company, the result of its operations and its cash flows, to adopt appropriate accounting criteria and policies and to maintain an appropriate system of internal control.

My responsibility consists of expressing an independent professional opinion based on my examination of those financial statements.

### Scope

My audit was conducted in accordance with the Technical Standards and Audit Guidelines of the Order of Official Auditors, which require that it be planned and executed with the objective of achieving an acceptable degree of certainty as to whether the financial statements are free of material distortions. To this end the aforementioned audit included:

- checking on a sample basis the evidence for the amounts and disclosures contained in the financial statements and assessing the estimates, based on opinions and criteria defined by the Board of Directors, used in preparing them;

- assessing the appropriateness of the accounting policies adopted and their disclosure, taking into account the circumstances;
- checking the applicability of the going concern principle; and
- assessing the appropriateness, in global terms, of the presentation of the financial statements.

My audit also included checking that the financial information shown in the management report concurred with the financial statements.

I believe that the audit conducted provides an acceptable basis on which to express my opinion.

### Opinion

In my opinion, the aforementioned financial statements present a true and fair picture, in all material respects, of the financial position of MUNDICENTER - S.G.P.S., SA., as at December 31, 2007, the result of its operations and its cash flows in the year ended on that date, in accordance with the accounting principles generally accepted in Portugal.

Lisbon, February 12, 2008

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Fernando Vassalo Namorado Rosa  
Official Auditor no. 138



**MUNDICENTER**

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