



SONAE, SGPS, SA

Sociedade Aberta

Head Office: Lugar do Espido - Via Norte - 4471- 909 MAIA

Share Capital: Euro 2,000,000,000

Maia Commercial Registry and Fiscal Number 500 273 170

## **REPORT AND ACCOUNTS**

**30 JUNE 2007**

*(Translation from the Portuguese original)*



# **REPORT OF THE BOARD OF DIRECTORS**

**30 JUNE 2007**



**SONAE, SGPS, SA – Sociedade Aberta**  
 Lugar do Espido, Via Norte, Apartado 1011  
 4471-909 Maia Portugal  
 Share Capital: € 2,000,000,000.00  
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## REPORT OF THE BOARD OF DIRECTORS

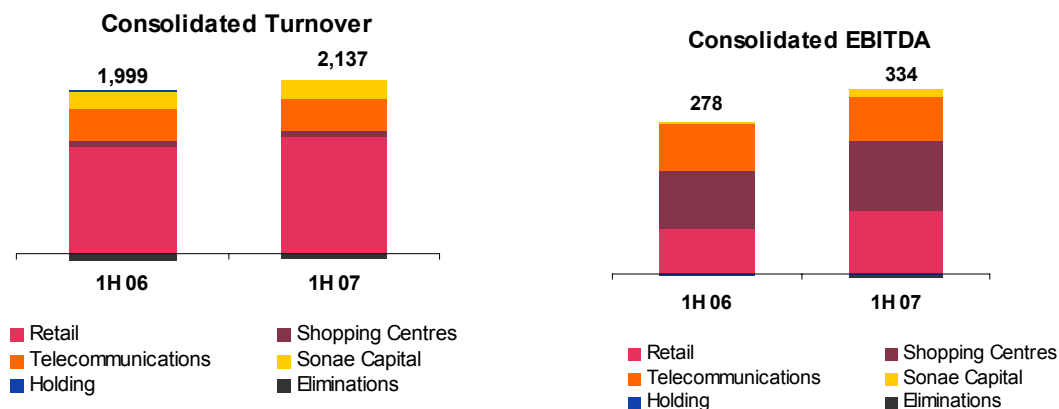
### FIRST HALF OF 2007

(Unless otherwise stated, the figures presented in this report relate to the first half or second quarter of 2007. The figures shown in brackets are the comparable figures for the same period of the previous year.)

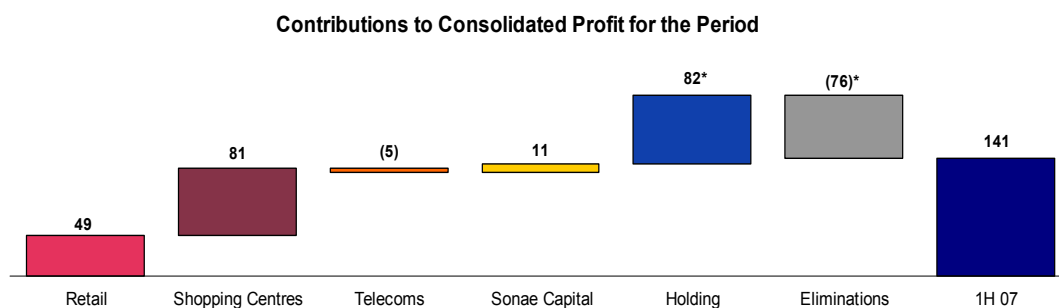
### CONSOLIDATED HIGHLIGHTS

Values in million euro

Economic Indicators	30.06.2006	30.06.2007	Δ
Turnover	1,999.1	2,137.3	+6.9%
Operational Cash Flow (EBITDA)	277.5	333.9	+20.3%
EBITDA margin	13.9%	15.6%	+ 1.7 p.p.
Operational Profit (EBIT)	164.2	205.4	+25.1%
Profit for the period	140.7	141.2	+0.4%
Profit Attributable to Equity Holders of Sonae	85.1	102.0	+19.9%



Values in million euro



\* Includes dividends paid by the Retail business and the Shopping Centres business.

Values in million euro

Financial Indicators	31.12.2006	30.06.2007	Δ
Total Assets	6.320,9	<b>6.711,8</b>	+6.2%
Total Equity	1.694,7	<b>1.809,0</b>	+6.7%
Net Debt	2.062,8	<b>2.380,2</b>	+15.4%
Annualised Interest cover	6,1	<b>5,4</b>	-11.5%
Net Debt/annualised EBITDA	3,4	<b>3,6</b>	+5.9%

## MAIN CORPORATE EVENTS DURING THE SECOND QUARTER OF 2007

Following its ambitious growth strategy, Sonaecom, SGPS, SA sought to reinforce its fixed customers base through the following acquisitions:

- On 21 June 2007, Sonaecom, SGPS, SA informed that OniTelecom – Infocomunicações, SA and Novis Telecom, SA have agreed on the acquisition by Novis Telecom, SA of the electronic communications services business developed by OniTelecom - Infocomunicações, SA on the residential and Small Office/Home Office segments, as well as a set of assets related thereto owned by that company, for 25 million euro. Implementation of the agreement is conditional upon the permissions required by law.
- On 28 June 2007, Sonaecom, SGPS, SA informed about the successful completion of negotiations with Tele2 Europe, SA, agreeing on the acquisition of the total share capital of Telemilénio – Telecomunicações, Sociedade Unipessoal, Lda, which operates in the Portuguese fixed telecoms market under the brand TELE2, for the amount of 16 million euro. Implementation of the agreement is conditional upon the permissions required by law.

As a result of the on going preparation for Sonae Capital, SGPS, SA's spin off from Sonae SGPS, SA, several transactions occurred in the second quarter of the year aimed to clarify its portfolio:

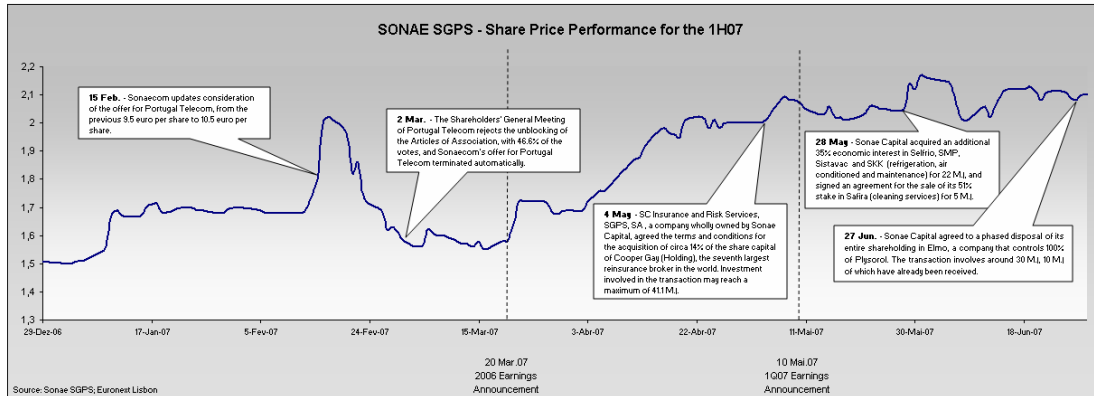
- On 4 May 2007, SC Insurance and Risk Services, SGPS, SA, a company wholly owned by Sonae Capital, SGPS, SA agreed the terms and conditions for the acquisition of circa 14% (with the possibility of subscribing up to 28%) of the share capital of Cooper Gay (Holding) Limited. The investment related with the transaction may reach a maximum of 41.1 million euro. On 29 June 2007, Sonae SGPS, SA announced that it has completed this acquisition through its subsidiary SC Insurance and Risk Services, SGPS, SA, having from that date on 28% of that company's voting rights.
- As announced on 28 May 2007, Sonae Capital, SGPS, SA acquired indirectly, through one of its subsidiaries, an additional 35% economic interest in Selfrio, SMP, Sistavac and SKK (refrigeration, air conditioned and maintenance) for 22 million euro, and signed an agreement for the sale of the whole of its indirect holding of 51% in Safira (cleaning services) for 5 million euro. This sale was finalised on 30 June 2007.
- On 27 June 2007, Sonae Capital, SGPS, SA agreed to a phased disposal of its entire shareholding in ELMO, SGPS, SA, a company that controls 100% of Plysorol SAS, leader in the plywood industry in France. A shareholding of 40% was already sold to companies controlled by Eng.º Jaime Teixeira. The remaining shareholding will be sold until 31 December 2011. The sale of shares and the reimbursement of shareholders' loans represents a cash inflow of around 30 million euro, of which 10 million euro were already received. The remaining 20 million euro are conditional to the achievement of profitability criteria, as measured by the operational cash flow (EBITDA) performance in the years 2007 to 2011. As a result of the loss of control, arising from the sale of the 40% shareholding, these companies were excluded from consolidation from that date.

Prior to the date of this report, on 27 July 2007, Sonae Distribuição – SGPS, SA, announced that it has reached 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, SA, for a total enterprise value of 662 million euro. The transaction is still subject to approval by the Competition Authority.

## **CORPORATE GOVERNANCE**

Main changes to Corporate Governance practices of Sonae, SGPS, SA were already described in the Report of the Board of Directors for the first quarter of 2007.

## SHARE PERFORMANCE



Up to 30 June 2007, Sonae SGPS's share price rose 39.1%, compared to a 19.5% growth in the Portuguese Stock Market Index (PSI-20). In the second quarter of the year, subsequent to the termination of the offer over Portugal Telecom, the share price grew 24.3%, which compares to a 14.9% increase in PSI-20. The market is expectant as to future portfolio restructurings, namely the spin off of Sonae Capital, and to growth initiatives promoted within each of the Group's core businesses.

On 1 June 2007, Sonae SGPS's share price achieved an historical maximum at 2.2 euro per share. On average, approximately 16,825,489 shares were traded daily during the first six months of the year (around 16.6 million shares in the second quarter).

## OWN SHARES

On 31 May 2007, Sonae, SGPS, SA acquired, in an over the counter transaction, 50,000 Sonae, SGPS, SA shares from Sonae Distribuição, SGPS, SA.

On 31 May 2007, Sonaeacom, SGPS, SA transferred, in an over the counter transaction, and in accordance with its Medium Term Incentive Plan, 369,317 Sonae, SGPS, SA shares to its employees.

After these transactions, Sonae, SGPS, SA holds, directly or indirectly through its affiliated companies, 133,049,255 own shares, representing 6.652% of its share capital.

## BUSINESS ANALYSIS<sup>1</sup>

### RETAIL

Values in million euro

	2Q 06	2Q 07	Δ QoQ	1H 06	1H 07	Δ YoY
Turnover	714	770	+7.8%	1,360	1,495	+9.9%
Operational Cash Flow (EBITDA)	50	68	+36.0%	85	114	+34.1%
EBITDA Margin (% of Turnover)	7.1%	8.8%	+1.7p.p.	6.3%	7.6%	+1.3 p.p.
Profit Attributable to Equity Holders of Sonae Distribuição	22	34	+54.5%	43	49	+14.0%

	30.06.06	30.06.07	Δ
Net Debt	430	586	+156

### Operational data

As at 30 June 2007, the Retail business had 517 stores spread between thirteen different formats, representing 565 thousand m<sup>2</sup> of sales area. 77% of the total sales area relates to stores owned by Sonae Distribuição, which represent around 80% of annualised net sales. As at 30 June 2007, the book value of the company's real estate amounted to 1,089 million euro.

In 2007, the Retail business will expand its sales area by over 10%, representing circa 50,000 m<sup>2</sup>. In the first six months of the year, gross investment exceeded 100 million euro, comprising 2 new food stores (7 thousand m<sup>2</sup>) and 40 non-food stores (16 thousand m<sup>2</sup>).

On top of the outlined organic growth plan (both for Portugal and Spain, namely with non-food formats), which will represent an annual investment close to 200 million euro over the next three years, the Retail business signed an agreement with Carrefour for the acquisition of 99.8648% of the company Carrefour (Portugal) – Sociedade de Exploração de Centros Comerciais, SA. The company is confident in the approval from the Competition Authority and, once the decision is taken, the company will strengthen its leadership in the Portuguese food retail market, increasing its sales area by 17% and annual turnover by 16%. In addition, it will push its organic growth program for the next years, via projects under development in the target company.

<sup>1</sup> The figures included in this section are those from the consolidated financial statements of each business

## Financial data

Quarterly consolidated turnover amounted to 770 million euro (714 million euro), an 8% increase which reflects the positive like for like performance in most formats as a result, amongst others, of the strong adherence to the company's loyalty cards, and the impact of the aggressive organic growth pursued by the company. In the last 12 months 87 new stores were opened, representing circa 54,000 m<sup>2</sup> of sales area. On the half year, consolidated turnover grew by 10% to 1,495 million euro (1,360 million euro), with a like for like growth of 5%. This positive performance is even more meaningful when considering the increased competitive market pressures, namely in food retail. Food sales grew by 10% in the half year (5% like for like growth) as a direct result of the launch of the company's loyalty programs, and non food sales grew 14% (3% like for like growth).

Consolidated operational cash flow (EBITDA) increased 36% in the second quarter of the year to 68 million euro (50 million euro), leading to a 34% increase in the half year to 114 million euro (85 million euro). Half year operational cash flow (EBITDA) includes circa 12 million euro of non-recurrent results related to the sale of real estate assets in Albufeira and Portimão. Excluding this effect, half year operational cash-flow (EBITDA) would have grown 17 million euro, to 102 million euro, representing a 0.5 p.p. improvement in the operating margin.

Consolidated net profit for the quarter was 34 million euro (22 million euro), a 55% increase which reflects the good operational performance in the quarter. Net profit for the half year increased 14% to 49 million euro (43 million euro).

As at 30 June 2007, consolidated net debt was 586 million euro (430 million euro). This increase was due to the acquisition, in the end of 2006, of 100 million own shares by 205 million euro. In spite of this increase, the business maintains its financial strength, as seen in its debt to EBITDA ratio<sup>2</sup> of 1.8.

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<sup>2</sup> The ratio is calculated based on the average debt resulting from the last four figures published by the company and on the operational cash flow over the last twelve months



## SHOPPING CENTRES

Values in million euro

	2Q 06	2Q 07	Δ QoQ	1H 06	1H 07	Δ YoY
Net Operating Margin	36	34	-5.6%	72	71	-1.4%
Direct Net Profit <sup>3</sup>	19	22	+15.8%	39	44	+12.8%
Indirect Net Profit	94	123	+30.9%	101	120	+18.8%
Total Net Profit	114	145	+27.2%	140	164	+17.1%
Profit Attributable to Equity Holders of Sonae Sierra	65	87	+33.8%	87	101	+16.1%

	31.12.06	30.06.07	Δ
NAV <sup>4</sup> per share	45.82	49.06	+7.1%
Asset gearing <sup>5</sup>	29.4%	34.6%	+5.2 p.p.

### Operational data

As at 30 June 2007, the Shopping Centres business owned or co-owned 45 shopping centres, representing 1,729 thousand m<sup>2</sup> of GLA<sup>6</sup>, managed 7,519 tenant contracts covering 2,308 thousand m<sup>2</sup> of GLA<sup>6</sup>, and had 14 centres under development, with circa 511 thousand m<sup>2</sup> of GLA<sup>6</sup>.

In the second quarter of the year, the portfolio of centres increased through:

- Acquisition of River Plaza Mall (Ramnicu Valcea, Romania) from a Romanian developer (GLA<sup>6</sup> of 12,358 m<sup>2</sup> featuring 90 stores);
- Acquisition of 5% of Shopping Tivoli (São Paulo, Brazil) to a total ownership of 30% (GLA<sup>6</sup> of 21,900 m<sup>2</sup> distributed between 135 stores and 1,600 parking places);
- Acquisition of 10% of Plaza Sul Shopping (São Paulo, Brazil) to a total ownership of 30% (GLA<sup>6</sup> of 28,100 m<sup>2</sup> distributed between 226 stores and 1,600 parking places);
- Opening to the public of Lima Retail Park (Viana do Castelo, Portugal), a 13 million euro investment developed in a 50/50 partnership with Miller Developments (GLA<sup>6</sup> of 10,900 m<sup>2</sup> distributed by 12 stores and 416 parking places).

<sup>3</sup> Direct Net Profit = Net Profit before Minorities + Deferred Tax – Value created on Investments – Gains realised on Properties

<sup>4</sup> NAV – Net Asset Value

<sup>5</sup> Asset Gearing = Net Bank Debt / (Total Assets – Cash and Cash Equivalents and Current Investments).

<sup>6</sup> GLA – Gross Lettable Area

As at the date of this report, shopping centres under development include:

### **Portugal**

<b>Asset</b>	<b>% Sonae Sierra</b>	<b>Investment (M.€)</b>	<b>GLA<sup>7</sup> (m<sup>2</sup>)</b>	<b>Opening</b>	<b>Stores</b>	<b>Parking Places</b>
8ª Avenida (São João da Madeira)	100%	48.5	32,085	27 Sep'07	130	1,700
Centro Comercial e de Lazer de Évora (Évora)	100%	60.0	25,310	2009	95	n.a.
Setúbal Retail Park (Setúbal)	50%	23.0	20,300	Autumn 2008	18	880

### **Spain**

<b>Asset</b>	<b>% Sonae Sierra</b>	<b>Investment (M.€)</b>	<b>GLA<sup>7</sup> (m<sup>2</sup>)</b>	<b>Opening</b>	<b>Stores</b>	<b>Parking Places</b>
El Rosal (Ponferrada)	70%	111.0	50,000	23 Oct'07	152	2,370
Pulianas (Granada)	50%	107.0	45,000	2009	n.a.	2,630
Plaza Mayor Shopping (Málaga)	75%	47.0	18,750	Autumn 2008	58	900

### **Italy**

<b>Asset</b>	<b>% Sonae Sierra</b>	<b>Investment (M.€)</b>	<b>GLA<sup>7</sup> (m<sup>2</sup>)</b>	<b>Opening</b>	<b>Stores</b>	<b>Parking Places</b>
Freccia Rossa (Brescia)	50%	117.0	29,400	Spring 2008	130	2,500
Gli Orsi (Biella)	100%	87.0	40,200	Autumn 2008	119	3,200
Le Terrazze (La Spezia)	50%	105.0	39,100	Spring 2009	125	2,050

### **Germany**

<b>Asset</b>	<b>% Sonae Sierra</b>	<b>Investment (M.€)</b>	<b>GLA<sup>7</sup> (m<sup>2</sup>)</b>	<b>Opening</b>	<b>Stores</b>	<b>Parking Places</b>
Alexa (Berlin)	50%	290.0	56,200	12 Sep'07	180	1,600
Loop 5 (Weiterstadt)	50%	215.0	61,327	Autumn 2008	172	3,000

### **Greece**

<b>Asset</b>	<b>% Sonae Sierra</b>	<b>Investment (M.€)</b>	<b>GLA<sup>7</sup> (m<sup>2</sup>)</b>	<b>Opening</b>	<b>Stores</b>	<b>Parking Places</b>
Galatsi Olympic Hall (Athens)	50%	69.0	38,695	Autumn 2008	208	1,530
Pantheon Plaza (Larissa)	50%	76.3	22,000	Spring 2008	120	784

<sup>7</sup> GLA – Gross Lettable Area

## **Brazil**

<b>Asset</b>	<b>% Sonae Sierra</b>	<b>Investment (M.€)</b>	<b>GLA<sup>8</sup> (m<sup>2</sup>)</b>	<b>Opening</b>	<b>Stores</b>	<b>Parking Places</b>
Manauara Shopping (Manaus)	50%	60.0	43,309	Spring 2009	252	2,716

### **Financial data**

Consolidated net operating margin decreased around 6% in the second quarter of the year to 34 million euro (36 million euro), being unfavourably influenced by the sale of 50% of Sonae Sierra Brazil in October 2006 and by team reinforcement costs. On the half year, consolidated net operating margin amounted to 71 million euro (72 million euro).

Consolidated direct net profit grew 16% in the second quarter of the year to 22 million euro (19 million euro), being favourably impacted by circa 5 million euro related to gains on derivative contracts to cover reinvestment commitments in Brazil and to foreign currency gains in the acquisition of the shopping centre in Romania. On the half year, consolidated direct net profit grew 13% to 44 million euro (39 million euro).

The 31% quarterly increase in consolidated indirect net profit to 123 million euro (94 million euro) reflects the impact of revaluation gains which resulted from the general yield compression in Europe (particularly in Portugal, Spain and Italy) and in Brazil. Accordingly, consolidated indirect net profit grew 19% in the half year to 120 million euro (101 million euro).

Consolidated net profit amounted to 145 million euro in the quarter (114 million euro) and to 164 million euro in the half year (140 million euro), growing 27% and 17%, respectively.

The open market value of all of Sonae Sierra's real estate assets was 5,430 million euro as at 30 June 2007, which compares with 4,728 million euro as at 31 December 2006, of which the part controlled by Sonae Sierra represents 3,213 million euro. On a like for like basis the value increased by 9.3%. As at 30 June 2007, the NAV<sup>9</sup> per share of the attributable property portfolio stood at 49.06 euro, a 7.1% increase on the 45.82 euro as at 31 December 2006.

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<sup>8</sup> GLA – Gross Lettable Area

<sup>9</sup> NAV – Net Asset Value

In the first half of the year, contributions of business divisions to Net Asset Value and to Net Operating Margin (NOM) were as follows:

Values in million euro		
<b>Value Metrics</b>	<b>NAV<sup>10</sup></b>	<b>NOM</b>
Investments	867	65
Developments	322	10
Asset Management	3	4
Property Management	(18)	2
Brazil	164	6
Cash	256	-
<b>Total</b>	<b>1,594</b>	<b>87</b>

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<sup>10</sup> NAV – Net Asset Value

## TELECOMMUNICATIONS

Consolidated figures for the first half and second quarter of 2007 and 2006 are not directly comparable, as Enabler was sold at the end of the first half of 2006. The capital gain on this sale had a positive impact of 26.6 million euro and 26.5 million euro in the second quarter 2006 EBITDA and Net Profits, respectively.

Values in million euro						
	2Q 06	2Q 07	ΔQoQ	1H 06	1H 07	ΔYoY
Turnover	213	215	+0.9%	410	413	+0.7%
Operational Cash Flow (EBITDA)	67	39	-41.8%	106	73	-31.1%
EBITDA Margin (% of Turnover)	31.3%	18.3%	-13 p.p.	25.8%	17.7%	-8.1 p.p.
Profit Attributable to Equity Holders of Sonaecom	24	1	-95.8%	24	(5)	-

	31.12.06	30.06.07	Δ
Net Debt	338.1	284.2	-15.9%

### Operational data

During the second quarter of 2007, the Telecommunications business continued to grow its customer base and customer revenues, through continuous investment in mobile, broadband, fixed-mobile convergence and direct wireline services and expansion of networks.

### Mobile

During the quarter, the mobile business reinforced its wireless broadband leadership and was able to push up data usage through the extension of its Kanguru product range. It also became the first Portuguese operator to make mobile TV available in two specific terminals, with more than 23 available TV channels. Also of importance was the pioneering launch of a truly fixed-mobile offer for the business segment.

Customers increased by 10% to 2.7 million at the end of the second quarter (2.4 million), with 44.7 thousand net additions in the quarter compared to 27.3 thousand in the first quarter of 2007. Data revenues represented 16.9% of service revenues in the second quarter of 2007, up 3.1 p.p. (13.8%), as a result of promotional focus on increasing usage of data services and success of wireless broadband solutions. Minutes of use per customer remained stable at 114.6 minutes, with total voice traffic growing 12.8% in the quarter.

During the quarter, mobile customers generated an Average Revenue Per User (ARPU) of 17.9 euro (19.4 euro). This decrease is mostly explained by the impact of lower operator revenues due to the phased reductions in mobile termination rates and roaming tariffs.

### **Fixed**

During the second quarter of 2007, the fixed business continued to promote, on a mass market scale, its double play offer of voice and internet enhanced with the inclusion of IPTV and Home Video, and its triple play offer, which now includes more than 100 channels and 600 video films. Important for business customers was the pioneer implementation of an IP Multimedia System platform in its network which will enable integration, flexibility, mobility and innovation.

At the end of the second quarter, total services reached 411.2 thousand, an increase of 14.8% compared to the second quarter of 2006 and 8.0% above the last quarter of 2006. Compared with the previous quarter, the increase in direct access services was 8.8%. Fixed voice traffic increased 10.3% in the quarter to 384.8 million minutes (348.8 million minutes) mainly as a result of the 25.1% increase in retail traffic.

### **Media**

Público continued to focus on implementing its new strategy based on its totally redesigned, all-colour newspaper and supplements, launched in mid-February 2007, and a re-dimensioned cost structure.

Average paid circulation increased 9.5% in the quarter compared to the end of the first quarter of 2007, from an average level of 41 thousand units to 44.9 thousand units, despite the continuous reduction in the size of paid press market and competitive pressures, particularly from “free” newspapers.

Advertising market share does not yet reflect the positive impact of improved circulation performance, reaching an average of 13.4% at the end of the second quarter, down 0.8 p.p. and 1.9 p.p. as compared to the end of the first quarter of 2007 and the second quarter of 2006, respectively.

### **Software and Systems Information**

Service revenues amounted to 10.3 million euro in the second quarter of 2007, which is 6,5 million euro below the same period in 2006 (excluding the contribution of Enabler in the second quarter in 2006, service revenues increased 6.5%), and equipment sales increased by 3.8% to 7.5 million euro.

WeDo continued to invest in building its international footprint, obtaining four new key accounts during the second half of the year for implementation of its RAID solution with DiGi in Malaysia, Djezzy in Algeria, Orange in Netherlands and a Data Warehouse solution with DU in Dubai. During the quarter the company has also

completed the acquisition of Tecnológica, a Brazilian software company focused on Revenue Assurance with customers in Brazil and Latin America.

## **Financial data**

Consolidated turnover amounted to 215 million euro in the quarter (213 million euro), a 1% increase notwithstanding the negative impact of lower termination rates on operator revenues, circa 4 million euro, of lower roaming in mobile tariffs and of the sale of Enabler at the end of the first half of 2006. On a like for like basis, service revenues increased by 8.5% to 194.1 million euro. The main contributions to this performance came from: (i) 17.2% higher service revenues at Sonaecom Fixed; (ii) 4.1% increase in Optimus' service revenues, with the growth of customer revenues offsetting the negative impact of lower mobile termination rates on operator revenues for the third quarter since the programmed reduction began; (iii) 6.5% higher service revenues at Software and Systems Information, mainly driven by the good performance of WeDo; and (iv) notwithstanding the 11.9% decrease of Público's service revenues driven by lower advertising revenues. Consolidated turnover for the half year followed the quarter's trend, growing around 1% to 413 million euro (410 million euro).

Consolidated operational cash flow (EBITDA) totalled 39 million euro in the quarter (67 million euro), posting a 42% decrease and generating an EBITDA margin of 18% (31%). Excluding the impact of the sale of Enabler, consolidated operational cash flow (EBITDA) remained 2% below the same period of the previous year due to mobile business' lower contribution. This decrease was due to a higher level of operating costs (reflection of the strong growth in the customer base and of the network extension) and to lower mobile termination rates. Consolidated operational cash flow (EBITDA) for the half year decreased 31% to 73 million euro (106 million euro), with the mobile business decreasing its contribution by 15% to 74 million euro (87 million euro).

Depreciation and amortisation decreased around 10% in the quarter to 30 million euro (34 million euro) due to the decision to extend the depreciation period in respect of sites and other GSM related assets (following the renewal by ANACOM of the GSM licenses of TMN and Vodafone for a further 15 years). Net financial results had a slight increase in the quarter, to negative 4.1 million euro (negative 4.2 million euro), due to a higher level of liquidity and higher interest rates in the period (which more than compensated the higher average cost of debt in the period).

Consequently, consolidated net profit for the quarter decreased to 1.4 million euro (27 million euro). Excluding the impact of the sale of Enabler, consolidated net profit grew 57%, from 0.9 million euro, reflecting lower depreciation and amortisation and lower net financial costs. Consolidated net profit for the first half of 2007 amounted to negative 5 million euro (positive 33 million euro and positive 6 million euro on a like for like basis).

Consolidated gross debt amounted to 483 million euro as at 30 June 2007, 19 million euro above the 464 million euro as at 31 December 2006. Circa 16 million euro of this increase refers to long term financial leasing contracts related to Sonaecom Fixed backbone network. Consolidated liquidity increased 73 million euro to 199 million euro, reflecting the free cash flow generated in the first half of the year, positively impacted by the sale of the 1% shareholding in Portugal Telecom in the first quarter of 2007. Consequently, consolidated net debt as at 30 June 2007 stood at 284 million euro (367 million euro), 54 million euro below net debt as at 31 December 2006.



## SONAE CAPITAL

Sonae Capital's current portfolio of businesses includes Tourism, Engineering, Services and Real Estate, Insurance Brokerage and Risk Management and Seed and Risk Capital.

Values in million euro

	1H 06 <sup>1</sup>	1H 07	Δ
Turnover	232	229	-1.3%
Operational Cash-Flow (EBITDA)	6	15	+150%
Operational profit (EBIT)	4	9	+125%
Profit for the period	12	9	-25%

<sup>1</sup>Sum of Sonae Capital's consolidated accounts with Sonae Turismo's consolidated accounts. Sonae Capital acquired the majority stake in Sonae Turismo on 26 July 2006, and from that date onwards Sonae Turismo was included in the consolidated accounts by the full consolidation method.

Consolidated turnover decreased 3.2 million euro in the first half of the year, to 228.8 million euro. The Tourism business increased its contribution to consolidated turnover by circa 4.5 million euro, namely in Hotels and Fitness, as a result of refurbishments and fine-tuning of the value proposal. The Selfrio Group (refrigeration, air conditioning and maintenance) continued to increase its contribution to consolidated turnover of Sonae Capital, by around 5 million euro, partly due to the high number of openings and refurbishments by food retail operators in Portugal, many of which are Selfrio's customers. Contacto contributed 52 million euros to consolidated turnover, a decrease of 22% due to lower levels of works outside the Sonae Capital Group. Consolidated turnover was still impacted by 76.6 million euro (74 million euro) arising from Plysorol's and Safira's contributions. Excluding this impact, consolidated turnover amounted to 152.2 million euro (158 million euro).

Consolidated operational cash flow (EBITDA), excluding Plysorol and Safira, grew 28% to 7.3 million euro, driven by the 2.3 million euro improvement in Fitness, 1.7 growth in Engineering and Real Estate and 0.4 million euro in the Selfrio Group. EBITDA for the half year includes, up to the exit of the Plysorol Group's and of Safira's, their respective contributions in a total of 7.8 million euro (0.6 million euro).

Investment income totalled 6 million euro and related essentially to the gain obtained, 4.8 million euro, on the sale of an additional 3.92% shareholding in ba Vidro. In the first half of 2006, investment income included 4.6 million euro associated with the sale of ba Vidro shareholding and a 7.8 million euro gain on the sale of Star Viagens to Sonae Distribuição.

Consolidated net profit for the period amounted to 8.7 million euro (12 million euro), with the decrease being explained by the increase in financial charges and by a decrease in investment income.

As at 30 June 2007, consolidated net financial debt, including Sonae SGPS's loans, amounted to 258.1 million euro (165.5 million euro). Excluding the impact of the Plysorol Group and of Safira, net financial debt increased 125.8 million euro. This increase reflects:

- the acquisition of Investalentejo (majority shareholder in Atlantic Ferries and Soltróia, and of land in the Alentejo);
- the increase in the economic interest in Selfrio to 70% and in Engineering and Real Estate Development to 100%;
- the acquisition of 14% of the UK reinsurance broker Cooper Gay (28% of voting rights);
- the development of the Tróia project;
- refurbishments in hotels in Porto and Lagos;
- opening of a new fitness unit in Lagos.

## **Business analysis**

### **Tourism**

The **Troiaresort project** progressed as planned, following the fast construction pace during 2006. Construction of the marina and of land infrastructures of the new ferry pier were concluded and works on the first apartment buildings continued. The refurbishment of aparthotels Rosamar and Tulipamar began and projects for residential building plots in the beach area were concluded, with construction expected to start immediately. Infrastructure work on the Tróia Peninsula carried on, and will be followed by the landscape and environmental requalification. Recovery and preservation works of the archaeological findings of Tróia's Roman Ruins are underway. Sales of the first apartments and of residential building plots exceeded expectations, with 40% of units for sale being already promised to be sold or in the process of finalising sales contracts. The municipality of Grândola approved the detailed plan for UNOP 3 (where an Hotel Resort will be developed) and detailed plans for UNOPs 4 (where an Eco-Resort will be developed), 7 and 8 (Soltróia) are being prepared.

In **Fitness**, the first half of 2007 was focused on the reinforcement and consolidation of the operational and commercial reorganisation started in the previous year, and on strengthening the Solinca-Health & Fitness brand positioning. Expansion plans continued with the opening of a new unit in Lagos, in the Aqualuz aparthotel, with an area of 3 thousand m<sup>2</sup>. Consolidated turnover grew 60% in the half year (34% if only units opened in the last 12 months are considered) to 8.5 million euro and EBITDA generated was over 2 million euro.

Regarding **Hotels**, first half highlights refer to:

- Turnover of 5.3 million euro in the Boavista complex (Porto), representing a 58% increase over the same period last year. This significant increase is a strong indicator of the profitable growth potential of the group and is the outcome of a transformation process started in 2006 (involving an investment of over 30 million euro). This process added to the catchment area of Porto Palácio Hotel: the Congress Centre, the Porto Beer restaurant (both in the second half of 2006), refurbishment of all bedrooms and public areas of the hotel and opening of a food court with 5 restaurants (both in the second quarter of 2007), and the opening of a SPA and VIP Lounge (by the end of August 2007), involving more than 20 thousand visits, per month, for business and leisure in the Boavista complex. The focus on operational quality and customer service that has been driving the development of this complex has been recognised internationally, with the acceptance by the Leading Hotels of the World of Porto Palácio Hotel's submission (with effect from April 2007), and by customers, with average daily rate increasing around 28% over the same period last year. Solinca Eventos e Catering improved its market positioning with a 52% growth in turnover and an EBITDA margin of 21%.
- On 14 February, Aqualuz – Suite Hotel Apartamentos, in Lagos, opened, with refurbishment and expansion being concluded in July 2007, representing a total investment of 17.5 million euro. This unit now has 163 apartments, 5 business meeting rooms, new food and beverages areas and a Solinca healthclub with 3 thousand m<sup>2</sup>, unique in Algarve's hotel industry. 2007 peak season indicators signal its potential to be highly competitive in an ever more competitive and demanding market.
- Hotels in Tróia are partially closed (only Magnóliamar is in operation), and refurbishment and improvement works have started in Rosamar and Magnoliamar, comprised in the development of UNOP's 1 project.

Progress in the **Tróia Golf** was strongly conditioned in this half year by the increased pace in the development of the Tróia project. In spite of these constraints, turnover grew 4%, and the business was profitable. During the first half of the year, special attention was set on the improvement project of the golf course, which will be closed down between October 2007 and February 2008, in order to replace the entire water system and the lake, in a 1.3 million euro investment. Tróia's golf course was ranked number 80 amongst the 100 best courses outside USA (Golf Digest of May 2007). This list includes only two Portuguese golf courses, of which Tróia is the best placed.

### **Engineering, Services and Real Estate**

**Contacto**, a civil and public works construction company, reached a turnover of 82 million euro, a 12% increase over the same period last year, generating an operational cash-flow (EBITDA) of 3.1 million euro and a net profit of 3.3 million euro.

**Cinclus**, a project management and control company, had a turnover of 2.9 million euro, and generated an operational cash-flow (EBITDA) of 0.3 million euro and a net profit of 0.2 million euro.

**Prædium** and **Spinveste**, the companies focused on residential development, reached a turnover of 2.5 million euro and a negative operational cash-flow of 0.3 million euro. Construction of the 212 apartments City Flats/City Lofts building, in Quinta das Sedas, Senhora da Hora, was concluded in the half year. 68 apartments are already promised to be sold and the respective sales contracts should be signed in the second half of the year. On the Efanor project, infrastructure and environmental works were concluded and environmental certification of the complex was obtained. Launching of the construction of the first residential building is underway.

Consolidated turnover of Publimeios (mother company of the **Selfrio Group**) totalled 48.6 million euro, a 14.8% increase over the same period last year. Special mention to the 10.6% growth in Selfrio (industrial and commercial refrigeration), the 32.5% growth in Sistavac (AVAC) and the 22.2% growth in Sopair (AVAC and refrigeration in Spain). Operational cash flow (EBITDA) in the half year was 3.5 million euro, a 27.6% increase, reflecting the good operational performance. Net profit amounted to 5.7 million euro, and includes the gain on the sale, in June, of the whole shareholding in Safira amounting to 3.7 million euro. On a recurrent basis, net profit grew 26% to 2 million euro. Contribution of Safira to half year figures was 15 million euro to turnover and 1.1 million euro to EBITDA.

### **Insurance Brokerage and Risk Management**

In the first half of 2007, **mds**, continued to consolidate its leadership in the Portuguese insurance brokerage market, focused on increased organic growth. The year 2007 is marked by the beginning of activity of mds with Unibroker and Becim already merged. Turnover in the period amounted to 5.5 million euro (3.5 million euro), with a result from activity of circa 0.7 million euro (same level of the previous year). 2007 figures are not directly comparable with 2006 figures since the merger of Unibroker and Becim was concluded on 30 June 2006.

mds continued the expansion of its international activity, through the promotion and leadership of the brokers network Brokers Link, which is present in the whole of Europe and extends to several countries in Latin America, Asia, Africa, United States of America and Canada.

**SC Insurance and Risk Services, SGPS, SA**, acquired circa 14% (with the possibility of subscribing up to 28%) of the share capital of Cooper Gay (Holding) Limited. The investment related with the transaction may reach a maximum of 41.1 million euro. Cooper Gay, a company with presence at Lloyds, is the seventh largest worldwide reinsurance broker, with an important activity in insurance brokerage in Germany. Cooper Gay is a global international network, with more than 20 offices and over 450 employees operating in countries across the Americas, Europe, Asia and Australia.

In the first half of 2007, Cooper Gay's turnover amounted to 34.7 million pounds (51.4 million euro), compared with 34.5 million pound (50.2 million euro) in the first half of 2006, with the devaluation of the dollar having a negative impact of around 2 million

pounds (3 million euro). Operational profits had a significant 8.5 million pounds (12.4 million euro) improvement to 11.9 million pounds (17.6 million euro), due to cost reduction measures implemented.

In Brazil, Lazammds, a partnership between Sonae and the Feffer Group, concluded in the beginning of the year the acquisition of Providence, a broker representing around 50 million reais (18.4 million euro) of annual premiums. Turnover in the half year was 7.5 million reais (2.8 million euro), a 7% decrease over the previous year. EBITDA represented around 2 million reais (0,7 million euro), compared to 2.8 million reais (1 million euro) in the first half 2006 .

### **Seed and Risk Capital**

Consolidated turnover of **Box Lines**, shipping company, was 23.5 million euro, 6.8% up on the first half of 2006. Consolidated operational cash-flow (EBITDA) was 0.9 million euro (0.8 million euro) and net profits amounted to 0.6 million euro (0.5 million euro).

**Finlog**<sup>11</sup>, fleet management and leasing of vehicles, ended the half year of 2007 with a fleet under management of 7,789 vehicles, a 9% growth over the beginning of the year. During the first half of the year, the company developed and implemented a new information system. At the same time, the company began the strengthening of its commercial team, namely in the south region of the country. Turnover totalled 21.2 million euro and the company disclosed a net loss before taxes close to zero.

**Carplus**<sup>11</sup>, sale of used cars, felt persistently unfavourable market conditions. In the first half of 2007, turnover, measured by units sold, dropped 6.6%, to 469 units (502 units). Thus, gross margin decreased to 0.8 million euro, 5.6% below that in the same period last year. Nevertheless, the implementation of internal restructuring measures led to an improvement in losses before taxes, which were reduced to 0.3 million euro, 17.8% less than in the first half of 2006. Results were, however, negatively impacted by the change in non recurrent items, which were positive at 0.4 million euro in the first half of 2006 and are positive at 0.1 million euro in the first half of 2007 partly due to restructuring costs.

**Guérin**<sup>11</sup>, a rent a car company, grew total rental days from 451,712 in the first half of 2006 to 577,566 in the first half of 2007, which represents a 28% growth. Turnover totalled 12.6 million euro in the period (10.3 million euro), a 22% increase. Operation yields decreased significantly due to increased competition but also to increase in the average length of contracts. The company posted net losses, reflecting the normal seasonal pattern in this business, of 0.8 million euro (1 million euro).

**Isoroy Casteljalous**, manufacturer of softboard for thermal and acoustic insulation, experienced a significant improvement in profitability in the first half of the year, achieving operational profits. Turnover increased 9.7% to 7.2 million euro. As a consequence of the increase in sales and cost reductions, EBITDA margin improved from negative 3.2% in 2006 to positive 2.9% in 2007 and net losses from 6.7% in 2006 to 0.3% in 2007. The objective of achieving breakeven in 2007 is considered to be attainable.

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<sup>11</sup> Owned by Choice Car, SGPS, SA, a joint venture (50/50) with the Salvador Caetano Group. Company accounted for using the equity method

**Essences Fines Isoroy**, manufacturer of veneer, is confirming the recovery signs identified in the end of 2006. Turnover totalled 5.7 million euro in the first half, a 7.6% increase compared to the previous year. Operational cash-flow (EBITDA) was close to zero, which reflects a significant improvement on negative 0.8 million euro in the same period last year. Net losses improved significantly from 1.4 million euro to 0.3 million euro in the first half of the year. This trend is expected to continue throughout the second half of the year.

**TP**<sup>12</sup>, in the cogeneration and renewable energy business, had a consolidated turnover of 16.7 million euro, operational cash-flow (EBITDA) of 4.5 million euro and net profit of 1.9 million euro. TP has a 20% share in the *Éolicas de Portugal* consortium, which has been granted a license, by the Portuguese State, to install wind power farms generating up to 1,200 MW. The public tender launched by the Government initially intended to grant the winner a license for 1,000 MW of power but this limit was increased, since the consortium's proposal was considered to have "special merit". Total investment planned by the consortium will amount to 1,500 million euro and will be phased over time until 2011.

**Sodesa**<sup>12</sup>, which sells energy in open market segments, generated in the first half of the year an operational cash-flow (EBITDA) of 0.6 million euro and a net profit of 0.4 million euro.

On 24 June 2007, **Norscut**<sup>13</sup> and **Operscut**<sup>14</sup>, working on a *SCUT*<sup>15</sup> concession for the construction and operation of the Interior Norte or A24 motorway, opened the last sections between Fortunho – Vila Pouca de Aguiar (20.6 km) and Pedras Salgadas – Chaves (36 Km). With these openings, the 155 km motorway is fully operational. The investment in construction amounted to 657 million euro.

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<sup>12</sup> Joint venture (50/50) with Endesa Group. Company accounted for using the equity method

<sup>13</sup> Company accounted for using the equity method (shareholding amounting to 25%).

<sup>14</sup> Company accounted for using the equity method (shareholding amounting to 15%).

<sup>15</sup> SCUT is an abbreviation in Portuguese for "without cost for the user".

## **SONAE, SGPS, SA – Stand Alone Activity**

During the first quarter of 2007, Sonae, SGPS, SA, sold 40,481,436 Sonaecom, SGPS, SA's shares (11.05% of the corresponding share capital) to Sontel, BV, decreasing its direct shareholding to 1.66%.

On 25 April 2007, Sonae, SGPS, SA sold 5,000,000 Sonaecom, SGPS, SA shares, decreasing its direct shareholding to 0,006%. As from that date, Sonae, SGPS, SA owns 50.107% of the share capital of Sonaecom, SGPS, SA, either directly or indirectly.

On 11 April 2007, Sonae, SGPS, SA completed a bond issue of 150 million euro, refinancing existing debt under more favourable terms and extending debt maturity.

Net profits for the first half of 2007 were close to 5 million euro, favourably impacted by net interest income, since dividends received were offset by losses on sales of investments to subsidiaries, mostly.

## CONSOLIDATED PROFITABILITY

### Segmental information

M.€	2Q06	2Q07	% chg 2Q07/2Q06	1H06	1H07	% chg 1H07/1H06
<b>Turnover</b>	<b>1,038.8</b>	<b>1,094.5</b>	<b>+5.4%</b>	<b>1,999.1</b>	<b>2,137.3</b>	<b>+6.9%</b>
Retail	714.3	769.7	+7.7%	1,366.2	1,495.1	+9.4%
Shopping Centres	35.3	36.7	+3.7%	71.2	73.5	+3.2%
Telecommunications	212.6	214.5	+0.9%	409.5	413.4	+1.0%
Sonae Capital	120.7	117.7	-2.5%	231.7	228.3	-1.5%
Holding	2.7	4.0	+48.1%	4.9	8.3	+69.4%
Eliminations & Adjustments	(46.9)	(48.1)	-2.6%	(84.5)	(81.3)	+3.6%
<b>Operational Cash-Flow (EBITDA)</b>	<b>180.0</b>	<b>226.3</b>	<b>+25.7%</b>	<b>277.5</b>	<b>333.9</b>	<b>+20.3%</b>
Retail	50.5	67.8	+34.5%	84.9	116.1	+36.7%
Shopping Centres	82.7	113.7	+37.5%	106.2	131.5	+23.8%
Telecommunications	44.0	40.6	-7.7%	84.1	77.9	-7.4%
Sonae Capital	4.1	7.3	+78.0%	6.0	13.8	> 100%
Holding	(1.2)	(1.9)	-58.3%	(3.5)	(3.3)	+5.7%
Eliminations & Adjustments	(0.1)	(1.4)	< -100%	(0.2)	(2.1)	< -100%
<b>Profit for the Period</b>	<b>105.8</b>	<b>125.3</b>	<b>+18.4%</b>	<b>140.7</b>	<b>141.4</b>	<b>+0.5%</b>
Retail	22.6	31.4	+38.9%	43.3	48.5	+12.0%
Shopping Centres	56.8	71.8	+26.4%	70.1	80.9	+15.4%
Telecommunications	30.1	1.2	-96.0%	35.3	(4.7)	-
Sonae Capital	0.9	4.6	> 100%	3.0	10.5	> 100%
Holding	(3.4)	(2.2)	+35.3%	47.0	81.9*	+74.3%
Eliminations & Adjustments	(1.1)	18.3	-	(58.0)	(76.0)*	-31.0%

\* Includes dividends paid by the Retail business and the Shopping Centres business.

Consolidated turnover for the half year amounted to 2,137 million euro (1,999 million euro), a 7% increase mostly driven by the Retail business, which increased its contribution by around 129 million euro, circa 9%, driven by the 5% like for like growth (reflecting the success of the loyalty programs launched by the company) and by new openings (in the last 12 months, the Retail business opened 87 stores, representing around 54 thousand m<sup>2</sup> of sales area). The Shopping Centres business increased its contribution to consolidated turnover by 3%, to 74 million euro (71 million euro), as a result of the growth in the company's portfolio of assets under operation. The Telecommunications business has also evidenced a slight growth in its contribution, up to 413 million euro (410 million euro), notwithstanding the negative impact of lower termination rates and roaming in tariffs and the sale of Enabler at the end of the first half of 2006. Consolidated turnover for the second quarter grew 5% to 1,095 million euro (1,039 million euro).



Consolidated operational cash flow (EBITDA) for the half year was 334 million euro (278 million euro), generating a consolidated EBITDA margin of 15.6% (13.9%). The Shopping Centres business grew its contribution to consolidated EBITDA to 132 million euro (106 million euro) through the value created on investment properties, which benefited from the general yield compression in Europe (particularly in Portugal, Spain and Italy) and in Brazil. Retail's contribution grew 31 million euro to 116 million euro (85 million euro), reflecting productivity and efficiency gains achieved throughout the company. The higher level of operating costs, associated with the strong growth in the customer base and network extension, and the lower mobile termination rates led to a 7% decrease in the contribution of the Telecommunications business, which amounted to 78 million euro (84 million euro). The 8 million euro increase in Sonae Capital's contribution, up to 14 million euro (6 million euro) is mostly attributable to operational improvements in the Seed and Risk Capital business area. Consolidated operational cash-flow (EBITDA) for the quarter was 226 million euro (180 million euro), with the corresponding EBITDA margin reaching 20.7% (17.3%).

In the half year, net financial expenses totalled 56 million euro (41 million euro). This increase is mostly explained by the higher level of interest expenses associated with the increase in interest rates and to a higher level of average gross debt.

Investment income totalled 32 million euro in the half year (49 million euro) and included gains on the sale of the plywood business and of the cleaning business that were part of Sonae Capital's portfolio and on the sale of part of the shareholding in Sonaecom. In the first half of 2006, investment income was mostly explained by the gain on the sale of Enabler.

Profit for the half year stood at a similar level to that of last year (141 million euro).

## FINANCIAL STRUCTURE

### Segmental information

M.€	FY06	1H07	% chg 1H07/FY06
<b>Net Debt</b>	<b>2,062.8</b>	<b>2,380.2</b>	<b>+ 15.4%</b>
Retail	376.7	586.3	+55.6%
Shopping Centres	532.8	722.1	+35.5%
Telecommunications	337.3	283.7	-15.9%
Sonae Capital	101.3	103.4	+2.1%
Holding	621.1	613.3	-1.3%
Eliminations & Adjustments	93.6	71.2	-23.9%

**Consolidated net investment** for the half year was 223 million euro. The Retail business made up around 33% of this total, increasing its portfolio of food stores by 2, representing circa 7 thousand m<sup>2</sup> of sales area, and opening 40 non-food stores, corresponding to 16 thousand m<sup>2</sup>. The Shopping Centres contribution to consolidated investment amounted to 181 million euro. Most of the investment in the first half of the year reflects the acquisition of Münster Arkaden, in Germany and of River Plaza, in Romania, and progress on shoppings under development. In the first half of 2007, the Telecommunications business invested in the deployment of networks and sold the 1% shareholding in Portugal Telecom, which led to a negative contribution to consolidated investment of around 42 million euro. Investment in Sonae Capital amounted to around 46 million euro, most of which was associated with the development of the Tróia project, the opening of fitness centres and refurbishment of hotels, the acquisition of 14% in Cooper Gay, the acquisition of Investalentejo and of an additional stake in Selfrio.

Consolidated net debt as at 30 June 2007 amounted to 2,380 million euro, an increase of 317 million euro and 147 million euro compared to the end of 2006 and the end of the first quarter of the year, respectively. The Retail business increased its contribution to consolidated net debt by 209 million euro as a result of normal business seasonality. Of the total consolidated net debt as at 30 June 2007, 722 million euro are attributable to the Shopping Centres business and are fully and exclusively guaranteed by its own assets. The increase in Sonae Sierra's contribution reflects the acquisitions of the year and the financing of projects under development.

The ratio of consolidated net debt to consolidated EBITDA for the last 12 months was 3.6 (3.3), which compares with 3.4 as at 31 December 2006. Annualised interest cover reduced to 5.4 (6.9), reflecting the higher level of interest expenses.

## OUTLOOK

The **Retail** business will maintain its plan of action focused on growth and on strengthening the value proposal for its customers, through the continuous investment in efficiency and innovation. The company intends to grow both organically, in Portugal and Spain, namely with non-food formats, and through acquisitions. On the latter, the company is confident on the approval of the acquisition of Carrefour's operation in Portugal, and believes that the operation will

generate an adequate return due to existing synergies. Organic growth in the next three years should represent an investment of around 200 million euro per annum.

The **Shopping Centres** business will continue to develop the existing portfolio of projects, comprising 14 shopping centres, while identifying new projects (greenfield and acquisitions), in the existing markets and in new geographies. In the second half of 2007, the company will open three shopping centres: 8ª Avenida (São João da Madeira, Portugal), El Rosal (Ponferrada, Spain) and Alexa (Berlin, Germany).

The **Telecommunications** business will accelerate growth within its portfolio of businesses, continuing to pursue productivity gains and seeking financial and capital structure efficiencies. The company will be targeting improvements in customer service and customer satisfaction in its telecom businesses and will consider acquisition opportunities in both the telecommunications and software and systems information businesses.

**Sonae Capital** will continue to prepare the spin-off, continuing to revise the portfolio of assets, strengthening management teams and implementing an organisational structure capable of responding to future challenges.

**Sonae SGPS**, as a portfolio manager, will continue to challenge its businesses, supporting their growth and fostering synergies and knowledge sharing.

Maia, 27 August 2007

The Board of Directors

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Álvaro Cuervo García

Ângelo Gabriel Ribeirinho dos Santos Paupério

Duarte Paulo Teixeira de Azevedo

José Manuel Neves Adelino

Luíz Felipe Palmeira Lampreia

Michel Marie Bon

Nuno Manuel Moniz Trigo Jordão

## SHARES HELD AND VOTING RIGHTS OF COMPANIES OWNING MORE THAN 2% OF THE SHARE CAPITAL OF THE COMPANY

As required by article 9, nr. 1 e) of CMVM Regulation 04/2004, the following shareholders held more than 2% of the company's share capital:

Shareholder	Nr. of shares	% of Share Capital	% of Voting Rights
Efanor Investimentos, SGPS, S.A.	658.804.410	32,940%	35,288%
Pareuro, BV	400.000.000	20,000%	21,425%
Maria Margarida Carvalhais Teixeira de Azevedo	14.901	0,001%	0,001%
Maria Cláudia Teixeira de Azevedo	351.293	0,018%	0,019%
Duarte Paulo Teixeira de Azevedo	744.285	0,037%	0,040%
Nuno Miguel Teixeira de Azevedo	14.320	0,001%	0,001%
Total attributable to Efanor Investimentos, SGPS, S.A.	<u>1.059.929.209</u>	<u>52,996%</u>	<u>56,774%</u>
Banco BPI, S.A.	51.868	0,003%	0,003%
Banco Português de Investimento, S.A.	2.200.204	0,110%	0,118%
Fundos de Pensões do Banco BPI	37.878.620	1,894%	2,029%
BPI Vida - Companhia de Seguros de Vida, S.A.	784.501	0,039%	0,042%
Total attributable to Banco BPI, S.A.	<u>40.915.193</u>	<u>2,046%</u>	<u>2,192%</u>
Fundação Berardo, Instituição Particular de Solidariedade Social	49.849.514	2,492%	2,670%
Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social	<u>49.849.514</u>	<u>2,492%</u>	<u>2,670%</u>
ABN AMRO Holding N.V.			
ABN AMRO Bank	70.117.704	3,506%	3,756%
Total attributable to ABN AMRO Holding N.V.	<u>70.117.704</u>	<u>3,506%</u>	<u>3,756%</u>
Deutsche Bank AG	65.311.155	3,266%	3,498%
Deutsche Asset Management Investmentgesellschaft mbH	409.267	0,020%	0,022%
Total attributable to Deutsche Bank AG	<u>65.720.422</u>	<u>3,286%</u>	<u>3,520%</u>

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# **CONSOLIDATED FINANCIAL STATEMENTS**

**30 JUNE 2007**

## SONAE, SGPS, SA

## CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2007 AND 31 DECEMBER 2006

(Amounts expressed in euro)

ASSETS	Notes	30.June.2007	31.December.2006
<b>NON-CURRENT ASSETS:</b>			
Tangible and intangible assets	9	2,395,053,850	2,396,093,382
Investment properties	10	1,823,023,688	1,520,211,259
Goodwill	11	278,333,427	250,842,655
Investments	6,7 and 12	209,885,244	264,647,797
Deferred tax assets	15	104,599,117	102,767,409
Other non-current assets	13	55,237,643	44,081,686
<b>Total Non-Current Assets</b>		<b>4,866,132,969</b>	<b>4,578,644,188</b>
<b>CURRENT ASSETS:</b>			
Stocks		533,817,063	481,185,712
Trade account receivables and other current assets	14	566,704,016	565,303,755
Investments held for trading	12	37,001,722	33,261,860
Cash and cash equivalents	16	708,240,489	662,475,440
<b>Total Current Assets</b>		<b>1,845,763,290</b>	<b>1,742,226,767</b>
<b>TOTAL ASSETS</b>		<b>6,711,896,259</b>	<b>6,320,870,955</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	17	2,000,000,000	2,000,000,000
Own shares	17	(139,441,418)	(142,961,431)
Reserves and retained earnings		(590,499,747)	(806,219,141)
Profit/(Loss) for the year attributable to the equity holders of sonae		102,006,054	241,822,233
Equity attributable to the equity holders of Sonae		1,372,064,889	1,292,641,661
Equity attributable to minority interests	18	436,918,955	402,058,314
<b>TOTAL EQUITY</b>		<b>1,808,983,844</b>	<b>1,694,699,975</b>
<b>LIABILITIES:</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Loans	19	2,378,203,026	2,142,696,898
Other non-current liabilities	21	86,868,665	105,487,112
Deferred tax liabilities	15	310,522,757	272,056,372
Provisions	24	68,040,694	63,234,735
<b>Total Non-Current Liabilities</b>		<b>2,843,635,142</b>	<b>2,583,475,117</b>
<b>CURRENT LIABILITIES:</b>			
Loans	19	747,224,944	615,931,494
Trade creditors and other non-current liabilities	23	1,302,865,979	1,424,300,278
Provisions	24	9,186,350	2,464,091
<b>Total Current Liabilities</b>		<b>2,059,277,273</b>	<b>2,042,695,863</b>
<b>TOTAL LIABILITIES</b>		<b>4,902,912,415</b>	<b>4,626,170,980</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,711,896,259</b>	<b>6,320,870,955</b>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE SIX MONTHS ENDED 30 JUNE 2007 AND 2006

(Amounts expressed in euro)

	Notes	30.June.2007	30.June.2006
Operational income			
Sales		1,563,820,185	1,443,408,431
Services rendered		573,361,296	555,685,148
Value created on investment properties	10	102,773,063	71,424,760
Other operational income		211,673,686	186,828,667
Total operational income		<u>2,451,628,230</u>	<u>2,257,347,006</u>
Operational expenses			
Cost of goods sold and materials consumed		(1,229,888,734)	(1,129,747,548)
Changes in stocks of finished goods and work in progress		32,851,703	6,284,440
External supplies and services		(583,692,834)	(533,075,546)
Staff costs		(298,243,615)	(285,395,280)
Depreciation and amortisation		(115,050,855)	(110,170,576)
Provisions and impairment losses		(14,836,476)	(5,590,862)
Other operational expenses		(37,507,732)	(35,441,204)
Total operational expenses		<u>(2,246,368,543)</u>	<u>(2,093,136,576)</u>
Operational profit/(loss)		205,259,687	164,210,430
Net financial expenses		(55,709,460)	(41,229,773)
Share of results of associated undertakings		(173,506)	2,395,618
Investment income		32,367,283	49,322,652
Profit/(Loss) before taxation		<u>181,744,004</u>	<u>174,698,927</u>
Taxation	27	<u>(40,534,133)</u>	<u>(33,952,450)</u>
Profit/(Loss) after taxation		141,209,871	140,746,477
Profit/(Loss) for the year	28	<u>141,209,871</u>	<u>140,746,477</u>
Attributable to:			
Equity holders of Sonae		102,006,054	85,073,514
Minority interests		<u>39,203,817</u>	<u>55,672,963</u>
Profit/(Loss) per share			
Basic	29	0.054647	0.045587
Diluted	29	<u>0.054647</u>	<u>0.045587</u>

The accompanying notes are part of these financial statements.

The Board of Directors



SONAE, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2007 AND 2006

(Amounts expressed in euro)

	<u>Notes</u>	<u>2<sup>nd</sup> Quarter 2007 Unaudited</u>	<u>2<sup>nd</sup> Quarter 2006 Unaudited</u>
Operational Income			
Sales		798,561,478	755,064,869
Services rendered		295,912,135	283,696,618
Value created on investment properties		99,903,727	66,003,779
Other operational income		104,690,458	100,914,493
Total operational income		<u>1,299,067,798</u>	<u>1,205,679,758</u>
Operational expenses			
Cost of goods sold and materials consumed		(619,039,038)	(585,534,235)
Changes in stocks of finished goods and work in progress		22,509,127	1,955,223
External supplies and services		(308,441,026)	(277,985,892)
Staff costs		(149,638,747)	(142,398,663)
Depreciation and amortisation		(54,711,051)	(55,839,469)
Provisions and impairment losses		(10,968,508)	(4,003,763)
Other operational expenses		(17,387,777)	(20,159,018)
Total operational expenses		<u>(1,137,677,020)</u>	<u>(1,083,965,816)</u>
Operational profit/(loss)		161,390,778	121,713,942
Net financial expenses		(28,049,073)	(20,687,910)
Share of results of associated undertakings		(470,955)	1,830,024
Investment income		25,610,061	29,874,434
Profit/(Loss) before taxation		<u>158,480,811</u>	<u>132,730,490</u>
Taxation		<u>(33,295,510)</u>	<u>(26,890,289)</u>
Profit/(Loss) after taxation		125,185,301	105,840,201
Profit/(Loss) for the year		<u>125,185,301</u>	<u>105,840,201</u>
Attributable to:			
Equity holders of Sonae		87,333,269	60,417,033
Minority interests		<u>37,852,032</u>	<u>45,423,168</u>
Profit/(Loss) per share			
Basic	29	0.046785	0.032372
Diluted	29	<u>0.046785</u>	<u>0.032372</u>

The accompanying notes are part of these financial statements.

The Board of Directors

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2007 AND 2006

(Amounts expressed in euro)

	Attributable to Equity Holders of Sonae						
	Share Capital	Own Shares	Reserves and Retained Earnings	Net Profit/(Loss)	Total	Minority Interests	Total Equity
Balance as at 1 January 2006	2,000,000,000	(143,630,520)	(1,228,449,591)	512,803,285	1,140,723,174	394,707,612	1,535,430,786
Appropriation of profit of 2005:							
Transfer to legal reserves and retained earnings	-	-	512,803,285	(512,803,285)	-	-	-
Dividends distributed	-	-	(46,650,596)	-	(46,650,596)	(4,937,804)	(51,588,400)
Changes in reserves							
In conversion reserves	-	-	915	-	915	(30,249)	(29,334)
In hedge and fair value reserves	-	-	1,491,352	-	1,491,352	1,243,283	2,734,635
In other reserves	-	669,089	(1,487,532)	-	(818,443)	(811,587)	(1,630,030)
Consolidated Profit/(Loss) for the six months ended 30 June 2006	-	-	-	85,073,514	85,073,514	55,672,963	140,746,477
Balance as at 30 June 2006	<u>2,000,000,000</u>	<u>(142,961,431)</u>	<u>(762,292,167)</u>	<u>85,073,514</u>	<u>1,179,819,916</u>	<u>445,844,218</u>	<u>1,625,664,134</u>
Balance as at 1 January 2007	2,000,000,000	(142,961,431)	(806,219,141)	241,822,233	1,292,641,661	402,058,314	1,694,699,975
Appropriation of profit of 2006:							
Transfer to legal reserves and retained earnings	-	-	241,822,233	(241,822,233)	-	-	-
Dividends distributed	-	-	(55,997,443)	-	(55,997,443)	(12,650,787)	(68,648,230)
Changes in reserves							
In conversion reserves	-	-	5,771,471	-	5,771,471	250,984	6,022,455
In hedge and fair value reserves	-	-	25,334,093	-	25,334,093	(688,762)	24,645,331
In other reserves	-	3,520,013	(1,210,960)	-	2,309,053	8,745,389	11,054,442
Consolidated Profit/(Loss) for the six months ended 30 June 2007	-	-	-	-	-	-	-
	-	-	-	102,006,054	102,006,054	39,203,817	141,209,871
Balance as at 30 June 2007	<u>2,000,000,000</u>	<u>(139,441,418)</u>	<u>(590,499,747)</u>	<u>102,006,054</u>	<u>1,372,064,889</u>	<u>436,918,955</u>	<u>1,808,983,844</u>

The accompanying notes are part of these financial statements.

The Board of Directors

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2007 AND 2006

(Amounts expressed in euro)

		30.June.2007	30.June.2006
<u>OPERATING ACTIVITIES</u>	<u>Notes</u>		
Net cash flow from operating activities (1)		27,995,075	15,151,521
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments		172,090,222	323,189,763
Tangible, intangible assets and propertie investments		28,601,133	17,251,721
Dividends		1,345,290	2,688,914
Others		31,671,868	22,465,856
		233,708,513	365,596,254
Cash Payments arising from:			
Investments		(95,996,963)	(411,098,098)
Tangible, intangible assets and propertie investments		(374,363,811)	(264,409,623)
Others		(9,504,320)	(14,668,752)
		(479,865,094)	(690,176,473)
Net cash used in investment activities (2)		(246,156,581)	(324,580,219)
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Loans obtained		4,933,195,779	1,062,062,311
Others		1,027,676	267,305
		4,934,223,455	1,062,329,616
Cash Payments arising from:			
Loans obtained		(4,514,431,021)	(987,840,447)
Interest and similar charges		(74,473,353)	(60,714,285)
Dividends		(68,465,241)	(57,005,274)
Others		(2,474,327)	(238,156)
		(4,659,843,942)	(1,105,798,162)
Net cash used in financing activities (3)		274,379,513	(43,468,546)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		56,218,007	(352,897,244)
Effect of foreign exchange rate		(405,859)	197,236
Cash and cash equivalents at the beginning of the period	16	648,811,274	893,621,051
Cash and cash equivalents at the end of the period	16	705,435,140	540,526,571

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED AS AT 30 JUNE 2007

(Amounts expressed in euro)

1. INTRODUCTION

SONAE, SGPS, SA ("the Company" or "Sonae"), whose head-office is at Lugar do Espido, Via Norte, Apartado 1011, 4471-909 Maia, Portugal, is the parent company of a group of companies, as detailed in Notes 4 to 7 ("Sonae Group"). The Group's operations and business segments are described in Note 31.

2. PRINCIPAL ACCOUNTING POLICIES

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

Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" – previously named International Accounting Standards – "IAS"), issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), applicable to financial years beginning on 1 January 2007.

Interim financial statements are presented quarterly, in accordance with IAS 34 – "Interim Financial Reporting".

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

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

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by the Group as at 30 June 2007 and 31 December 2006 are as follows:

COMPANY	Head Office	Percentage of capital held			
		30 June 2007		31 December 2006	
		Direct	Total	Direct	Total
<b>Sonae - SGPS, S.A.</b>	Maia	HOLDING	HOLDING	HOLDING	HOLDING
<b>Sonae Distribuição</b>					
Bertimóvel - Sociedade Imobiliária, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Best Offer-Prest. Inf. p/Internet, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Bikini, Portal de Mulheres, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
7) Cacetinho-Com. Retalhista e Expl.Centros Com., SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Canasta – Empreendimentos Imobiliários, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Carnes do Continente -Ind. Distr. Carnes, SA	a) Santarém	100.00%	100.00%	100.00%	100.00%
Chão Verde - Soc.Gestora Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Citorres-Sociedade Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Contibomba - Comérc. Distr. Combustíveis, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Contimobe-Imobil.Castelo Paiva, SA	a) Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Difusão-Sociedade Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%

	Distrifin - Comercio y Prest.Servicios, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Efanor-Design e Serviços, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Efanor-Indústria de Fios, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Equador & Mendes, Lda	a)	Lisboa	75.00%	75.00%	75.00%	75.00%
	Estevão Neves-Hipermercados Madeira, SA	a)	Madeira	100.00%	100.00%	100.00%	100.00%
	Fozimo-Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Fozmassimo-Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Fundo de Investimento Imobiliário Imosonae Dois	a)	Maia	100.00%	100.00%	100.00%	100.00%
4)	Fundo Fechado de Investimento Imobiliário Efisa Imobiliário	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
	Global S-Hipermercado, Lda	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	IGI-Investimento Imobiliário, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Igimo-Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
3)	Iginha-Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	49.00%
	Imoconti- Soc.Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoestrutura-Soc.Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imomuro-Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoresultado-Soc.Imobiliaria, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imosistema-Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Infocfield-Informática, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Inventory-Acessórios de Casa, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
	Max Office Artigos Serviços p/escrit., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	MJLF – Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modalfa-Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modelo - Dist.de Mat. de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
	Modelo Continente Hipermercados,SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo Continente-Oper.Retalho SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
2)	Modelo,SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Modelo.com-Vendas p/Correspond., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
7)	Modis Distribuição Centralizada, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
1)	NA - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	-	-
1)	NA - Equipamentos para o Lar, SA	a)	Matosinhos	100.00%	100.00%	-	-
	Nova Equador Internacional,Ag.Viag.T, Lda	a)	Lisboa	75.00%	75.00%	75.00%	75.00%
7)	OK Bazar-Comércio Geral, SA	a)	Ermesinde	100.00%	100.00%	100.00%	100.00%
2)	Parcium - Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Peixes do Continente - Indústria e Distribuição de Peixes, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
1)	Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	-	-
	Predicomercial-Promoção Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Selifa – Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sesagest-Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	SM Empreendimentos Imobiliários, Ltda	a)	Porto Alegre (Brazil)	100.00%	100.00%	100.00%	100.00%
	Socijofra-Sociedade Imobiliária, SA	a)	Gondomar	100.00%	100.00%	100.00%	100.00%
	Sociloures-Soc.Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Soflorin, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Solaris - Supermercados, SA	a)	Viana do Castelo	100.00%	100.00%	100.00%	100.00%
	Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
8)	Sonae Distribuição, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Sonae Retalho Espana-Servicios Gen., SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Sondis Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sontária-Empreend.Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Sonvecap, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%

	Sport Zone-Comércio Art.Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
7)	SRE-Projectos e Consultadoria, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Star-Viagens e Turismo, SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
	Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	100.00%	100.00%	100.00%
	Todos os Dias-Com.Ret.Expl.C.Comer., SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Worten-Equipamento para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
<b>Sonaecom</b>							
	Digitmarket-Sistemas de Informação, SA	a)	Maia	75.10%	37.83%	75.10%	38.99%
	M3G-Edições Digitais, SA	a)	Lisboa	100.00%	49.86%	100.00%	51.40%
	Mainroad Serviços em Tecnologias de Informação, SA	a)	Maia	100.00%	50.37%	100.00%	51.92%
	Miauger-Org. Gestão Leilões El., SA	a)	Maia	100.00%	50.37%	100.00%	51.92%
	Novis Telecom, SA	a)	Maia	100.00%	50.37%	100.00%	51.92%
	Optimus Telecomunicações, SA	a)	Maia	100.00%	50.37%	100.00%	51.92%
	Optimus Towering-Explor. Torres Telecom, SA	a)	Maia	100.00%	50.37%	100.00%	51.92%
	Per-Mar-Sociedade de Construções, SA	a)	Maia	100.00%	50.37%	100.00%	51.92%
	Público-Comunicação Social, SA	a)	Porto	99.00%	49.86%	99.00%	51.40%
	Saphety Level - Trusted Services, SA	a)	Maia	100.00%	50.37%	100.00%	51.92%
	Sonae Matrix Multimédia, SGPS, SA	a)	Maia	100.00%	50.37%	100.00%	51.92%
	Sonae Telecom SGPS, SA	a)	Maia	100.00%	50.37%	100.00%	51.92%
	Sonae.com,SGPS, SA	a)	Maia	50.62%	50.37%	51.92%	51.92%
	Sonae.com-Sistemas de Informação, SGPS, SA	a)	Maia	100.00%	50.37%	100.00%	51.92%
	Sonaecom BV	a)	Amsterdam (The Netherlands)	100.00%	50.37%	100.00%	51.92%
	Sonaetelecom, BV	a)	Amsterdam (The Netherlands)	100.00%	50.37%	100.00%	51.92%
1)	Tecnológica Telecomunicações Ltda	a)	Rio de Janeiro (Brazil)	99.99%	49.97%	-	-
	We Do Brasil-Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.91%	49.98%	99.91%	50.66%
	We Do Consulting-Sistemas de Informação, SA	a)	Maia	99.32%	50.03%	97.66%	50.71%
<b>Sonae Capital</b>							
	Águas Furtadas - Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Aqualuz - Turismo e Lazer, Lda	a)	Lagos	100.00%	100.00%	100.00%	100.00%
	Aquapraia-Investimentos Turísticos, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
3)	Atlantic Ferries - Traf.Loc.Flu.e Marit., SA	a)	Grândola	100.00%	100.00%	100.00%	72.80%
	Azulino Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Bloco Q-Sociedade Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Bloco W-Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Box Lines Navegação, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
3) 5)	Casa Agrícola João e António Pombo, SA	a)	Portel	66.67%	66.67%	66.67%	32.67%
	Casa da Ribeira - Hotelaria e Turismo, SA	a)	Marco de Canaveses	100.00%	100.00%	100.00%	100.00%
	Centro Residencial da Maia,Urban., SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Cinclus Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Cinclus-Plan. e Gestão de Projectos, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Contacto Concessões, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Contacto-Sociedade de Construções, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Country Club da Maia-Imobiliaria, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Cronosaúde – Gestão Hospitalar, SA	a)	Porto	100.00%	50.00%	100.00%	100.00%
1)	DMJB, SGPS, SA	a)	Maia	100.00%	100.00%	-	-
10)	Elmo SGPS, SA	a)	Maia	60.00%	60.00%	100.00%	100.00%
	Empreend.Imob.Quinta da Azenha, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Espimaia - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
3) 5)	Esprit du Monde, SA	a)	Portel	100.00%	66.67%	100.00%	32.67%
	Frengineering, SA	a)	Matosinhos	100.00%	70.00%	100.00%	50.10%
	Fundo de Investimento Imobiliário Imosede	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Golf Time - Golfe e Inv.Turísticos, SA	a)	Porto	75.00%	75.00%	75.00%	75.00%
	Imoarea Investimentos Turísticos, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%

	Imobiliária da Cacela, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoclub-Serviços Imobiliários, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imodiv - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imoferro-Soc.Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imohotel-Emp.Turist.Imobiliários, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imopenínsula - Sociedade Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
9)	Imoponte-Soc.Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imoresort - Sociedade Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Imosedas-Imobiliária e Serviços, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Implantação - Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Inparvi SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Insulatroia - Sociedade Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Integrum-Serviços Partilhados, SA	a)	Maia	100.00%	70.00%	100.00%	35.07%
	Interlog-SGPS, SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
3)	Investalentejo, SGPS, SA	b)	Vila de Conde	100.00%	100.00%	49.00%	49.00%
	INVSAUDE - Gestão Hospitalar, SA	a)	Maia	100.00%	50.00%	100.00%	100.00%
3) 5)	Ipaper-Industria Papeis Impregnados, SA	a)	Maia	100.00%	51.00%	100.00%	24.99%
	Isoroy Casteljaloux	a)	Casteljaloux (France)	100.00%	100.00%	100.00%	100.00%
10)	Leroy Gabon, SA	a)	Libreville (Gabon)	99.99%	59.99%	99.99%	99.99%
	Libra Serviços, Lda	a)	Funchal	100.00%	100.00%	100.00%	100.00%
	Marimo -Exploração Hoteleira Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Marina de Troia, SA	a)	Troia	100.00%	100.00%	100.00%	100.00%
	Marina Magic - Exploração de Centros Lúd., SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
	Marmagno-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Martimope - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Marvero-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	MDS - Corretores de Seguros, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	NAB, Sociedade Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
4)	Parcomarco, Gest Parq Est Centros Comer	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
1)	Pargeste, SGPS, SA	a)	Maia	89.99%	89.99%	-	-
	Partnergiro-Empreendimentos Turísticos, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	PJP - Equipamento de Refrigeração, Lda	a)	Matosinhos	100.00%	70.00%	100.00%	35.07%
10)	Placage d'Okoumé du Gabon	a)	Libreville (Gabon)	99.88%	59.93%	99.88%	99.88%
10)	Plysorol SAS	a)	Niort (France)	100.00%	60.00%	100.00%	100.00%
	Porturbe-Edifícios e Urbanizações, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Praedium II-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Praedium III-Serviços Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Praedium-SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Prédios Privados Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Predisedas-Predial das Sedas, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Promessa Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Promosedas-Prom.Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Publmeios-Soc.Gestora Part. Finan., SA	a)	Maia	100.00%	100.00%	50.10%	50.10%
4)	Quinta da Covilhã-Empr.Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Rochester Real Estate, Ltd	a)	Kent (U.K.)	100.00%	100.00%	100.00%	100.00%
5)	Safira Services-Limpeza Espaços Verd., SA	a)	Porto	51.00%	51.00%	51.00%	25.55%
	Saúde Atlântica - Gestão Hospitalar, SA	b)	Maia	50.00%	50.00%	100.00%	100.00%
6)	SC - Engenharia e Promoção Imobiliária, SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	SC Insurance Risks Services, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	SC-Consultadoria,SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Selfrio,SGPS, SA	a)	Matosinhos	70.00%	70.00%	70.00%	35.07%
	Selfrio-Engenharia do Frio, SA	a)	Matosinhos	100.00%	70.00%	100.00%	35.07%
3)	Sete e Meio - Investimentos e Consultadoria, SA	a)	Grândola	100.00%	100.00%	100.00%	49.00%
3)	Sete e Meio Herdades - Investimentos Agrícolas e Turismo, SA	a)	Grândola	100.00%	100.00%	100.00%	49.00%
	SII - Soberana Investimentos Imobiliários, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%

	Sistavac-Sist.Aquecimento,V.Ar C., SA	a)	Matosinhos	100.00%	70.00%	100.00%	35.07%
	SKK-Central de Distr., SA	a)	Porto	100.00%	70.00%	100.00%	35.07%
	SKKFOR - Ser. For. e Desen. de Recursos, SA	a)	Maia	96.00%	67.20%	96.00%	33.67%
	SMP-Serv. de Manutenção Planeamento, SA	a)	Matosinhos	100.00%	70.00%	100.00%	35.07%
	Société de Tranchage Isoroy SAS	a)	France	100.00%	100.00%	100.00%	100.00%
	Société des Essences Fines Isoroy	a)	Honfleur (France)	100.00%	100.00%	100.00%	100.00%
	Soconstrução, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Soira-Soc.Imobiliária de Ramalde, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Solinca III-Desporto e Saúde, SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
	Solinca-Investimentos Turísticos, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Solinfitness - Club Malaga, SL	a)	Malaga (Spain)	100.00%	100.00%	100.00%	100.00%
3)	Soltroia-Imob.de Urb.Turismo de Troia, SA	a)	Lisboa	100.00%	100.00%	100.00%	73.99%
	Sonae Capital,SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Sonae Financial Participations, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sonae International, Ltd	a)	London (U.K.)	100.00%	100.00%	100.00%	100.00%
	Sonae Turismo - SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Sonae Turismo Gestão e Serviços, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Sontur, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sopair, SA	a)	Madrid (Spain)	100.00%	70.00%	60.00%	30.06%
	Sótaqua - Soc. de Empreendimentos Turist, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1)	Spigur - Mediação de Seguros, Lda	a)	Porto	100.00%	100.00%	-	-
	Spinaeq, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Spinveste - Promoção Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Spinveste-Gestão Imobiliária SGII, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Textil do Marco, SA	a)	Marco de Canaveses	90.37%	90.37%	90.37%	90.37%
	Torre São Gabriel-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Troiaresort - Investimentos Turísticos, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Troiaverde-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Tulipamar-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Urbisedas-Imobiliária das Sedas, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Venda Aluga-Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	World Trade Center Porto, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
<b>Others</b>							
5)	Agloma Investimentos, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
5)	Aserraderos de Cuellar, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
4)	Espmen - Investimentos Imobiliários, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
5)	Imoplamac Gestão de Imóveis, SA	a)	Santarém	100.00%	100.00%	100.00%	100.00%
5)	Somit-Soc.Mad.Ind.Transformadas, SA	a)	Oliveira do Hospital	100.00%	100.00%	100.00%	100.00%
	Sonae Investments, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sonaegest-Soc.Gest.Fundos Investimentos, SA	a)	Maia	80.00%	70.00%	80.00%	70.00%
	Sontel, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%

- 1) Company acquired or incorporated in the period;
  - 2) Company merged into Sonae Distribuição, SGPS, SA;
  - 3) Company shown under Others in the previous period;
  - 4) Company wound up in the period;
  - 5) Company sold in the period;
  - 6) Ex - Contacto - SGPS, SA.
  - 7) Company merged into Modelo Continente Hipermercados, SA;
  - 8) Ex - Modelo Continente, SGPS, SA;
  - 9) Company shown under Sonae Distribuição in the previous period;
  - 10) Due to the sale of 40% of the share capital of Elmo, SGPS, SA on 27 June 2007 with transfer of control, this company and all its subsidiaries were excluded from consolidation since that date;
- a) Majority of voting rights;



b) Management control.

These group companies are consolidated using the full consolidation method.

## 5. JOINTLY CONTROLLED COMPANIES

Jointly controlled companies included in the consolidated financial statements, their head offices and the percentage of share capital held by the Group as at 30 June 2007 and 31 December 2006 are as follows:

		Percentage of capital held			
		30 June 2007		31 December 2006	
COMPANY	Head Office	Direct	Total	Direct	Total
Sonae Sierra					
3DO Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
3DO ShoppingCentre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
3shoppings - Holding,SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
Aegean Park Constructions Real Estate and Development, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
3) Airone - Shopping Centre, Srl	Venice (Italy)	100.00%	25.05%	100.00%	25.05%
ALEXA Administration GmbH	Dusseldorf (Germany)	100.00%	24.75%	100.00%	24.75%
ALEXA Holding GmbH	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
ALEXA Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	25.00%	100.00%	25.00%
ALEXA Site GmbH & Co. KG	Dusseldorf (Germany)	99.00%	24.75%	99.00%	24.75%
Algarveshopping- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
Arrábidoshopping- Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
1) Athienitis Larissa, SA	Larissa (Greece)	100.00%	25.00%	-	-
Avenida M-40, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
Avenida M-40, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
Boavista Shopping Centre, BV	Amsterdam (The Netherlands)	100.00%	25.00%	100.00%	25.00%
Cascaishopping- Centro Comercial, SA	Maia	50.00%	12.53%	100.00%	12.53%
Cascaishopping Holding I, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
Centro Colombo- Centro Comercial, SA	Maia	100.00%	12.53%	50.00%	12.53%
Centro Vasco da Gama-Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
Clérigosshopping- Gestão do C.Comerc., SA	Maia	100.00%	50.00%	100.00%	50.00%
Coimbrashopping- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
Dortmund Tower GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
1) Dory, SA	Larissa (Greece)	100.00%	25.00%	-	-
Dos Mares - Shopping Centre, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
Dos Mares-Shopping Centre, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
El Rosal Shopping, SA	Madrid (Spain)	70.00%	35.00%	70.00%	35.00%
Estação Viana- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
Freccia Rossa- Shopping Centre, Srl	Sondrio (Italy)	50.00%	25.00%	50.00%	25.00%
Fundo Investimento Imob. Shopping Parque D. Pedro Shopping, SA	São Paulo (Brazil)	100.00%	24.30%	100.00%	24.13%
Gaiashopping I- Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
Gaiashopping II- Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
Gli Orsi - Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
Guimarãesshopping- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
Iberian Assets, SA	Madrid (Spain)	49.78%	12.47%	49.78%	12.47%
Inparsi-Gestão de Galeria Comerc., SA	Maia	100.00%	50.00%	100.00%	50.00%
1) Kamaras, SA	Larissa (Greece)	100.00%	25.00%	-	-
La Farga - Shopping Centre, SL	Madrid (Spain)	100.00%	12.47%	100.00%	12.47%
1) Larissa Development of Shopping Centres, SA	Athens (Greece)	100.00%	25.00%	-	-
Le Terrazze - Shopping Centre, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
Lima Retail Park, SA	Viana do Castelo	50.00%	25.00%	50.00%	25.00%
6) Loop 5, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Loureshopping- Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%

	Luz del Tajo - Centro Comercial, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Luz del Tajo, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Madeirashopping- Centro Comercial, SA	Funchal	50.00%	12.53%	50.00%	12.53%
	MaiaShopping- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	MC Property Management, SA	Athens (Greece)	75.00%	18.75%	75.00%	18.75%
7)	Munster Arkadeh BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	NorteShop. Retail and Leisure Centre, BV	Amsterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%
	Norteshopping-Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
	Oeste Retail Park - Gestão de G.Comerc., SA	Maia	50.00%	25.00%	100.00%	50.00%
2)	Paracentro - Gestão de Gal.Comerc. SA	Maia	100.00%	50.00%	100.00%	50.00%
	Park Avenue Develop. of Shop. Centers, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	Parque Atlântico Shopping - Centro Comercial SA	Ponta Delgada	50.00%	12.53%	50.00%	12.53%
	Parque D. Pedro 1, BV	Luxemburg	100.00%	25.00%	100.00%	25.00%
	Parque D. Pedro 2, BV	Luxemburg	100.00%	25.00%	100.00%	25.00%
	Parque de Famalicão - Empr. Imob., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Parque Principado, SL	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
	Pátio Boavista Shopping, Ltda	São Paulo (Brazil)	100.00%	23.64%	100.00%	23.30%
	Pátio Penha Shopping, Ltda	São Paulo (Brazil)	99.99%	23.64%	99.99%	23.30%
	Pátio São Bernardo Shopping Ltda	São Paulo (Brazil)	100.00%	23.64%	100.00%	23.30%
	Pátio Sertório Shopping Ltda	São Paulo (Brazil)	100.00%	23.64%	100.00%	23.30%
	Plaza Eboli - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Plaza Eboli, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Plaza Mayor Holding, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ócio, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ocio, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Shopping, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Plaza Mayor Shopping, SA	Maia	75.00%	37.50%	75.00%	37.50%
	Pridelease Investments, Ltd	Cascais	100.00%	50.00%	100.00%	50.00%
	Proj.Sierra Charagionis 1, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	Project SC 1, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
1)	Project SC 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	-	-
	Project Sierra – Shopping Centre, GmbH	Vienne (Austria)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
1)	Project Sierra 5, BV	Amsterdam (The Netherlands)	100.00%	50.00%	-	-
	Project Sierra Brazil 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	25.00%
	Project Sierra Germany 1- Shopping Centre, GmbH	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
	Project Sierra Germany 2 (two) - Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
1)	Project Sierra Germany 3 (three), Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	50.00%	-	-
1)	Project Sierra Germany 4 (four), Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	50.00%	-	-
4)	Project Sierra Holding Portugal IV, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Holding Portugal V, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 1 - Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 2 - Dev.of Shopping Centres, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 3 - Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal I- C.Comercial, SA	Maia	50.00%	25.00%	50.00%	25.00%
	Project Sierra Portugal II-C.Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal III-C.Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal IV-C.Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal V-C.Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal VI - C. Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal VII - C. Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal VIII - C Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%

	Project Sierra Spain 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 2-C. Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 3, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 3-C. Comercial, SA	Madrid (Spain)	50.00%	25.00%	100.00%	50.00%
	Project Sierra Spain 5 BV	Amsterdam (The Netherlands)	50.00%	25.00%	100.00%	50.00%
1)	Project Sierra Srl	Bucharest (Romania)	100.00%	50.00%	-	-
	Rio Sul - Centro Comercial, SA	Maia	50.00%	25.00%	50.00%	25.00%
8)	River Plaza BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
1)	S.C.Settler Mina Srl	Ramnicu Valcea (Romania)	100.00%	50.00%	-	-
	SC Aegean, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	SC Mediterraneum Cosmos, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	Serra Shopping - Centro Comercial, S.A.	Lisboa	50.00%	25.00%	50.00%	25.00%
5)	Shopping Centre Colombo Holding, BV	Amsterdam (The Netherlands)	50.00%	12.53%	100.00%	50.00%
	Shopping Centre Parque Principado, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Shopping Penha, BV	Amsterdam (The Netherlands)	100.00%	25.00%	100.00%	25.00%
	Sierra Asset Management-Gest. Activos, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Brazil 1, BV	Amsterdam (The Netherlands)	100.00%	25.00%	100.00%	25.00%
	Sierra Charagionis Develop. of Shop, Centers, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
	Sierra Charagionis Propert.Management, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
	Sierra Corporate Services- Ap.Gestão, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Corporate Services Holland, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Develop.Iberia 1, Prom.Imob., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Germany GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Germany Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Greece, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Italy, Srl	Sondrio (Italy)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Spain-Prom.C.Com., SL	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Developments-Serv. Prom.Imob., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Enplanta, Ltda	São Paulo (Brazil)	100.00%	23.64%	100.00%	23.30%
	Sierra European R.R.E. Assets Hold., BV	Amsterdam (The Netherlands)	50.10%	25.05%	50.10%	25.05%
	Sierra GP, Ltd	Guernsey (U.K.)	100.00%	49.99%	100.00%	49.99%
	Sierra Investimentos Brasil Ltda	São Paulo (Brazil)	100.00%	23.64%	100.00%	23.30%
	Sierra Investments (Holland) 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments (Holland) 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Italy Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Man.New Tech.Bus.- Serv.Comu.CC, SA	Lisboa	100.00%	50.00%	100.00%	50.00%
	Sierra Management Germany, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Sierra Management II-Gestão de C.C., SA	Lisboa	100.00%	50.00%	100.00%	50.00%
	Sierra Management Italy, Srl	Sondrio (Italy)	100.00%	50.00%	100.00%	50.00%
	Sierra Management Portugal-Gest. CC, SA	Lisboa	100.00%	50.00%	100.00%	50.00%
	Sierra Management Spain-Gestión C.Com., SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Sierra Management, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
1)	Sierra Property Management, Srl	Bucharest (Romania)	100.00%	50.00%	-	-
	Sol Retail Park - Gestão de G. Comerc., SA	Maia	50.00%	25.00%	100.00%	50.00%
	Sonae Sierra Brasil, Ltda	São Paulo (Brazil)	94,54%	23.64%	93.21%	23.30%
	Sonae Sierra Brazil, BV	Luxemburg	50.00%	25.00%	50.00%	25.00%

Sonae Sierra, SGPS, SA	Maia	50.00%	50.00%	50.00%	50.00%
SRP-Parque Comercial de Setúbal, SA	Maia	50.00%	25.00%	50.00%	25.00%
Torre Colombo Ocidente-Imobiliária, SA	Maia	100.00%	12.53%	100.00%	12.53%
Torre Colombo Oriente-Imobiliária, SA	Maia	100.00%	12.53%	100.00%	12.53%
Unishopping Administradora, Ltda	São Paulo (Brazil)	100.00%	23.64%	100.00%	23.30%
Unishopping Consultoria Imob., Ltda	São Paulo (Brazil)	99.98%	23.64%	99.98%	23.30%
Valecenter Srl	Venice (Italy)	100.00%	25.05%	100.00%	25.05%
Via Catarina- Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
Zubiarte Inversiones Inmob, SA	Madrid (Spain)	49.83%	12.48%	49.83%	12.48%

- 1) Company acquired or incorporated in the period;
- 2) Ex - Estação Oriente - Gestão de Galerias Comerciais, SA;
- 3) Ex - Monselice Center, Srl;
- 4) Company merged into Project Sierra Holding V, SGPS, SA;
- 5) Ex - Project Sierra Spain 4 BV;
- 6) Ex - Project Sierra 1, BV;
- 7) Ex - Project Sierra 3, BV;
- 8) Ex - Project Sierra 4, BV.

These entities are consolidated using the proportional consolidation method.

Aggregate amounts, excluding intragroup eliminations, corresponding to the percentage of capital held in these jointly controlled companies included in the financial statements for the period, using the proportional consolidation method, can be summarised as follows:

	30 June 2007	31 December 2006	30 June 2006
Non-current assets	3,975,481,517	3,373,955,684	3,387,873,941
Current assets	428,634,840	410,950,166	547,290,969
Non-current liabilities	1,839,232,240	1,536,668,427	1,569,369,117
Current liabilities	429,442,108	321,914,057	552,346,758

	30 June 2007	31 December 2006	30 June 2006
Income	221,971,623	359,865,987	184,530,638
Expenses	141,129,341	238,446,235	118,306,010

## 6. INVESTMENTS IN ASSOCIATED COMPANIES

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

		Percentage of capital held					
		30 June 2007		31 December 2006		Book Value	
COMPANY	Head Office	Direct	Total	Direct	Total	30 June 2007	31 December 2006
<b>Sonae Distribuição</b>							
Mundo Vip – Operadores Turísticos, SA	Lisboa	33.33%	33.33%	33.33%	33.33%	2,850,057	3,097,390
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisboa	25.00%	25.00%	25.00%	25.00%	709,774	506,796
<b>Sonae Sierra</b>							
Campo Limpo Lda	São Paulo (Brazil)	20.00%	4.70%	20.00%	5.00%	1,053,262	851,744
Mediterranean Cosmos Shop. Centre Investments, SA	Athens (Greece)	39.90%	9.98%	39.90%	9.98%	9,915,269	9,196,940
SIC Indoor – Gest. Suportes Publicitários, SA	Oeiras	35.00%	17.50%	35.00%	17.50%	-	-
<b>Sonaecom</b>							
Profimetrics - Software Solutions, SA	Maia	30.00%	15.11%	30.00%	15.58%	7,788	29,530
SIRS – Sociedade Independente de Radiodifusão Sonora, SA	Porto	45.00%	22.44%	45.00%	23.13%	171,699	143,674
Unipress - Centro Gráfico, Lda	Vila Nova de Gaia	40.00%	19.94%	40.00%	20.56%	463,740	476,980
<b>Sonae Capital</b>							
Andar - Sociedade Imobiliária, SA	Maia	50.00%	50.00%	50.00%	50.00%	-	-
CarPlus – Comércio de Automóveis, SA	Vila Nova de Gaia	100.00%	50.00%	100.00%	50.00%	-	-
Change, SGPS, SA	Porto	50.00%	50.00%	50.00%	50.00%	2,069,241	2,043,244
Choice Car - Comércio de Automóveis, SA	Porto	100.00%	50.00%	100.00%	50.00%	-	-
Choice Car SGPS, SA	Maia	50.00%	50.00%	50.00%	50.00%	108,329	1,057,626
3) Cooper Gay (Holding) Limited	U.K.	13.68%	13.68%	-	-	19,546,789	-
Developpement & Partenariat Assurances, SA	Paris (France)	35.00%	35.00%	35.00%	35.00%	1,187,266	1,338,660
Etablissement A. Mathe, SA	France	27,74%	27,74%	27,74%	27,74%	-	57,475
Finlog - Aluguer e Comércio de Automóveis, SA	Matosinhos	100.00%	50.00%	100.00%	50.00%	-	-
Guerin – Rent a Car (Dois), Lda	Lisboa	100.00%	50.00%	100.00%	50.00%	-	-
1) Interclean, SA	Brazil	49.99%	12.77%	49.99%	12.77%	-	436,750
Lazam Corretora, Ltda	Brazil	45.00%	45.00%	45.00%	45.00%	2,760,170	2,278,646
Lidergraf - Artes Gráficas, Lda	Vila de Conde	25.50%	25.50%	25.50%	25.50%	762,260	1,153,522
Luso Assistência - Gestão de Acidentes, SA	Porto	100.00%	50.00%	100.00%	50.00%	-	-
Norscut - Concessionária de Scut Interior Norte, SA	Lisboa	25.00%	25.00%	25.00%	25.00%	-	-
Operscut - Operação e Manutenção de Auto-estradas, SA	Lisboa	15.00%	15.00%	15.00%	15.00%	24,000	24,000
2) Pargeste SGPS, SA	Maia	40.00%	40.00%	40.00%	40.00%	-	131
Sociedade de Construções do Chile, SA	Lisboa	100.00%	50.00%	100.00%	50.00%	-	-
Sociedade Imobiliária Troia - B3, SA	Grândola	20.00%	20.00%	20.00%	20.00%	458,478	478,162
Sodesa, SA	Lisboa	50.00%	50.00%	50.00%	50.00%	673,237	676,236
TP - Sociedade Térmica, SA	Porto	50.00%	50.00%	50.00%	50.00%	8,694,448	7,743,948
Vastgoed One - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
Vastgoed Sun - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
<b>Total (Note 12)</b>						<b>51,455,807</b>	<b>31,591,454</b>

1) Associated company sold in the period;

2) Due to the acquisition of 49.99% of the share capital of the associated company, this company was included on consolidation;

3) Associated company acquired in the period.

Nil balances shown result from the reduction to acquisition cost of amounts determined by the equity method.

Associated companies are consolidated using the equity method.

As at 30 June 2007 and 31 December 2006, aggregate values of main financial indicators of associated companies can be analysed as follows:

	30 June 2007	31 December 2006	30 June 2006
Total Assets	1,880,409,720	1,383,264,475	1,106,664,763
Total Liabilities	1,640,646,111	1,207,976,396	982,150,634
Income	219,991,461	408,902,543	163,843,692
Expenses	230,401,021	360,623,116	178,313,184

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

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, percentage of share capital held and book value as at 30 June 2007 and 31 December 2006 are made up as follows:

		Percentage of capital held						
		30 June 2007		31 December 2006		Book Value		
COMPANY	Reason for exclusion	Head Office	Direct	Total	Direct	Total	30 June 2007	31 December 2006
<b>Sonae Distribuição</b>								
		Lisboa	7.14%	7.14%	7.14%	7.14%	4,988	4,988
		Lisboa	7.14%	7.14%	7.14%	7.14%	4,988	4,988
		Ponta Delgada	10.00%	10.00%	10.00%	10.00%	748,197	748,197
<b>Sonae Sierra</b>								
		Grancasa (Spain)	10.00%	1,25%	10.00%	1,25%	24,045	23,949
<b>Sonaecom</b>								
		Lisboa	11.54%	5.97%	11.54%	5.99%	1,000,000	1,000,000
		Porto	5.50%	2.85%	5.50%	2.86%	-	-
		Lisboa	1.38%	0.71%	1.38%	0.71%	197,344	197,344
		Porto	4.76%	2.44%	4.76%	2.41%	-	-
		Oeiras	1.50%	0.77%	1.50%	0.75%	-	-
1)		Lisboa	1.00%	0.52%	1.00%	0.52%	-	111,109,905
<b>Sonae Capital</b>								
5)		Porto	100.00%	100.00%	-	-	9,986,500	-
2)3)		Porto	3.92%	3.92%	7.83%	7.83%	6,117,133	12,060,507
	a)	Grândola	79.00%	79.00%	79.00%	79.00%	-	-
4)		Maia	60.00%	60.00%	100.00%	100.00%	-	-
	a)	Porto	50.00%	50.00%	50.00%	50.00%	-	-
	a)	Grândola	25.90%	25.90%	25.90%	25.90%	55,662	55,662
		Lisboa	2.80%	2.80%	2.80%	2.80%	11,132	11,132
1)	a)	França	100.00%	100.00%	100.00%	100.00%	-	37,000
		Santiago do Cacém	15.00%	15.00%	15.00%	15.00%	150,031	150,031
2)		Maia	6.80%	6.80%	6.80%	6.80%	102,357,553	71,414,143
	a)	Luxemburg	100.00%	100.00%	100.00%	100.00%	1,250,000	1,250,000
		Vila Real	8.30%	8.30%	8.30%	8.30%	-	-
<b>Others</b>								
		São Paulo (Brazil)	11.08%	11.08%	11.08%	11.08%	959,724	959,724
	a)	France	99.99%	99.99%	99.99%	99.99%	25,687	25,687
Other investments							35,541,441	34,008,074
<b>Total (Note 12)</b>							<b>158,429,437</b>	<b>233,056,343</b>

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

1) Company sold in the period;

2) Investment measured at fair value;

3) Sale of 3.92% of the share capital of the associated company in the period;

4) Due to the sale of 40% of the share capital of Elmo, SGPS, SA on 27 June 2007 with transfer of control, this company and all its subsidiaries were excluded from consolidation since that date;

5) Company acquired in the period, but excluded from consolidation due to the existence of purchase and sale options on these shares.

Nil balances shown above result from deduction of impairment losses from related investments (Note 12).

The caption other investments includes 33,095,056 euro (32,500,370 euro as at 31 December 2006) of deposits in an Escrow Account. Amounts in the escrow account are invested in funds with superior rating (Note 12).

## 8. CHANGES TO THE CONSOLIDATION PERIMETER

Main disposals of companies over the six months period ended 30 June 2007 are as follows:

### Aquisitions

FIRMA	Head Office	Percentage of capital held	
		30 June 2007	
		Directo	Total
<b>Sonae Sierra</b>			
Athienitis Larissa, SA	Larissa (Greece)	100.00%	25.00%
Dory, SA	Larissa (Greece)	100.00%	25.00%
Kamaras, SA	Larissa (Greece)	100.00%	25.00%
S.C.Setler Mina Srl	Ramnicu Valcea (Romania)	100.00%	50.00%
<b>Sonaecom</b>			
Tecnológica Telecomunicações Ltda	Rio de Janeiro (Brazil)	99.99%	49.97%
<b>Sonae Capital</b>			
DMJB, SGPS, SA	Maia	100.00%	100.00%
Pargeste, SGPS, SA	Maia	89.99%	89.99%
Spigur - Mediação de Seguros, Lda	Porto	100.00%	100.00%

### Disposals

COMPANY	Head Office	Percentage of capital held	
		30 June 2007	
		Direct	Total
<b>Sonae Capital</b>			
Casa Agrícola João e António Pombo, SA	Portel	66.67%	66.67%
Elmo SGPS, SA	Maia	60.00%	60.00%
Esprit du Monde, SA	Portel	100.00%	66.67%
Ipaper-Industria Papeis Impregnados, SA	Maia	100.00%	51.00%
Leroy Gabon, SA	Libreville (Gabon)	99.99%	59.99%
Placage d'Okoumé du Gabon	Libreville (Gabon)	99.88%	59.93%
Plysorol SAS	Niort (France)	100.00%	60.00%
Safira Services-Limpeza Espaços Verd., SA	Porto	51.00%	51.00%
<b>Others</b>			
Agloma Investimentos, SGPS, SA	Maia	100.00%	100.00%
Aserraderos de Cuellar, SA	Madrid (Spain)	100.00%	100.00%
Imoplamac Gestão de Imóveis, SA	Santarém	100.00%	100.00%
Somit-Soc.Mad.Ind.Transformadas, SA	Oliveira do Hospital	100.00%	100.00%

Acquisitions mentioned above had the following impact on the financial statements as at 30 June 2007:

	Acquisition Date	30 June 2007
Net assets acquired		
Investment Properties	26,385,906	28,781,133
Tangible and intangible assets (Note 9)	2,359,354	2,992,971
Other assets	7,062,227	459,600
Cash and cash equivalents	830,526	440,081
Borrowings	(10,959,872)	-
Deferred tax liabilities	(2,022,144)	(3,045,442)
Other liabilities	(310,975)	(757,967)
	23,345,022	28,870,376
Goodwill (Note 11)	16,862,338	
Total consideration paid	40,207,360	
Cash consideration paid	38,057,840	
Amounts payable	2,149,520	
	40,207,360	
Net cash outflow arising from acquisitions		
Cash consideration paid	38,057,840	
Cash and cash equivalents acquired	(830,526)	
	37,227,314	

The impact of these acquisitions on the income statement is immaterial.

Net assets of group companies sold and the corresponding carrying amounts as at the date of disposal and as at 31 December 2006 are as follows:

	Date of disposal	31 December 2006
Net assets disposed of		
Tangible and intangible assets (Note 9)	48,731,550	47,640,074
Stocks	31,870,494	30,876,735
Other assets	86,772,050	45,838,683
Cash and cash equivalents	8,127,079	429,810
Borrowings	(20,671,442)	(18,004,898)
Other liabilities	(114,764,553)	(88,654,106)
	40,065,178	18,126,298
Goodwill (Note 11)	1,705,596	719,606
Minority interests	(2,171,988)	(1,338,294)
	39,598,786	17,507,610
Impairment of amounts receivable	19,794,479	
Gain/(loss) on sale	(204,475)	
Total consideration	59,188,790	
Amounts received		
Sales price received	26,484,899	
Loans reimbursed	9,985,596	
Amounts to be received	22,718,295	
	59,188,790	
Net cash inflow arising from disposals		
Cash consideration received	36,470,495	
Cash and cash equivalents disposed of	(8,127,079)	
	28,343,416	



The impact of these disposals on the income statement is as follows:

	Date of disposal	31 December 2006
Turnover	74,170,916	151,154,359
Other operational income	8,952,245	19,126,166
Cost of goods sold and materials consumed	(44,802,613)	(78,293,520)
Other operational expenses	(30,873,100)	(91,671,419)
Net financial expenses	(2,891,003)	(7,149,503)
Investment income and share of results in associated undertakings	228,525	9,492
Profit before taxation	4,784,970	(6,824,425)
Taxation	(277,873)	(598,170)
Profit for the period	4,507,097	(7,422,595)

## 9. TANGIBLE AND INTANGIBLE ASSETS

During the six months period ended 30 June 2007, movements in Tangible and Intangible assets as well as depreciation and accumulated impairment losses, are made up as follows:

	Tangible assets			
	Land and Buildings	Plant and Machinery	Others	Total Tangible Assets
<b>Gross cost:</b>				
Opening balance as at 1 January 2007	1,541,496,347	1,352,497,051	294,607,327	3,188,599,725
Changes in consolidation perimeter (Note 8)	(58,531,712)	(69,886,366)	(12,353,519)	(140,771,607)
Capital expenditure	8,999,241	2,886,096	1,953,031	13,838,368
Disposals	(24,664,827)	(4,893,977)	(1,876,622)	(31,435,426)
Exchange rate effect	481,328	89,090	66,922	637,340
Transfers	21,388,587	78,373,553	5,660,252	105,422,392
Closing balance as at 30 March 2007	1,489,168,964	1,359,065,447	288,057,391	3,136,291,802
<b>Accumulated depreciation and impairment losses</b>				
Opening balance as at 1 January 2007	299,267,901	726,645,865	212,044,751	1,237,958,517
Changes in consolidation perimeter (Note 8)	(29,776,815)	(54,132,973)	(11,864,892)	(95,774,680)
Charge for the period	16,767,512	62,292,927	14,408,279	93,470,418
Disposals	(7,293,068)	(3,688,137)	(1,664,140)	(12,645,345)
Exchange rate effect	12,735	19,515	25,019	57,269
Transfers	(511,207)	123,816	(378,607)	(765,998)
Closing balance as at 30 June 2007	278,467,058	731,261,013	212,570,410	1,222,300,619
<b>Carrying amount</b>				
As at 30 June 2007	1,210,701,906	627,804,434	75,486,981	2,013,993,321

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

Refurbishment and expansion of stores Retail segment located in Portugal	47,661,374
Deployment of mobile network	13,227,827
Deployment of fixed network	7,686,494
Troia project	23,493,859
Ferrie boat project	16,972,799
Hotel Aqualuz refurbishment	8,271,778
Others	42,872,755
	160,186,886

	Intangible assets			
	Patents and other similar rights	Others	Intangible assets in progress	Total Intangible Assets
<b>Gross cost:</b>				
<b>Opening balance as at 1 January 2007</b>	235,905,652	311,575,079	21,733,405	569,214,136
Changes in consolidation perimeter (Note 8)	(2,475,605)	1,716,452	-	(759,153)
Capital expenditure	8,787,595	310,631	14,329,656	23,427,882
Disposals	-	(317,782)	(330,296)	(648,078)
Exchange rate effect	133	116,094	-	116,227
Transfers	1,437,355	7,679,770	(12,955,961)	(3,838,836)
<b>Closing balance as at 30 June 2007</b>	<b>243,655,130</b>	<b>321,080,244</b>	<b>22,776,804</b>	<b>587,512,178</b>
<b>Accumulated depreciation and impairment losses</b>				
<b>Opening balance as at 1 January 2007</b>	38,004,148	209,692,503	-	247,696,651
Changes in consolidation perimeter (Note 8)	(1,941,717)	(631,064)	-	(2,572,781)
Charge for the period	8,034,205	13,569,004	-	21,603,209
Disposals	(261)	(390,391)	-	(390,652)
Exchange rate effect	-	5,123	-	5,123
Transfers	243,842	53,143	-	296,985
<b>Closing balance as at 30 June 2007</b>	<b>44,340,217</b>	<b>222,298,318</b>	<b>-</b>	<b>266,638,535</b>
<b>Carrying amount</b>				
<b>As at 30 June 2007</b>	<b>199,314,913</b>	<b>98,781,926</b>	<b>22,776,804</b>	<b>320,873,643</b>

As at 30 June 2007, the amount under the caption Patents and other similar rights includes net assets related with UMTS technology (116,459,535 euro) and the fair value attributed to a group of brands with indefinite useful lives, among which the "Continente" brand (75,000,000 euro).

## 10. INVESTMENT PROPERTIES

Investment properties are recorded at fair value. These assets are owned by the shopping centres business and as such are consolidated using the proportional method.

As at 30 June 2007 and 31 December 2006, Investment properties are detailed as follows:

	30 June 2007	31 December 2006
Investment properties in operation	1,591,246,263	1,346,937,845
Investment properties in progress	231,777,425	173,273,414
	<b>1,823,023,688</b>	<b>1,520,211,259</b>

Investment properties in operation correspond to the fair value of the Group's share of shopping centres, which can be detailed as follows:

	30 June 2007		31 December 2006	
	Amount	Yield	Amount	Yield
Portugal	935,373,000	4,90% e 6,75%	840,682,401	5,50% e 6,50%
Spain	390,808,585	5,00% e 6,90%	381,610,876	5,00% e 7,15%
Germany	82,505,500	5.50%	-	-
Brazil	82,227,188	9,50% e 10,50%	57,312,068	10,50% e 11,50%
Italy	79,004,500	5,15% e 6,50%	67,332,500	5,15% e 6,50%
Romania	21,330,490	7.00%	-	-
	<b>1,591,249,263</b>		<b>1,346,937,845</b>	

The fair value of each investment property was determined by a valuation as at 30 June 2007, performed by an independent entity, based on valuation criteria generally accepted in the real estate business.

Value created on investment properties over the six months periods ended 30 June 2007 and 2006 can be detailed as follows:

	30 June 2007	30 June 2006
Properties which were under development and were concluded during the nine months period	619,381	5,563,980
Changes in fair value of investment properties in operation	102,153,682	65,860,780
Adjustments to construction cost estimates of properties under development which were transferred to investment properties	-	-
	<u>102,773,063</u>	<u>71,424,760</u>

As at 30 June 2007 and 31 December 2006, Investment properties in progress can be detailed as follows:

	30 June 2007	31 December 2006
Portugal:		
8ª Avenida	19,444,687	10,509,651
Alverca	2,858,800	2,858,800
Arrabidashopping - expansion	137,836	131,250
Cacém Shopping	974,627	937,807
Caldas da Rainha Shopping	949,746	623,843
Lima Retail Park	-	2,918,714
MaiaShopping - expansion	760,973	63,300
Parque de Famalicão	627,500	1,498,238
Setubal Retail Park	785,017	784,989
Torres Colombo	1,242,449	920,697
Others	223,064	100,566
Germany:		
Alexander Platz	67,856,250	54,525,305
Loop 5	17,968,974	15,416,661
Others	239,302	10,586
Brazil:		
Manauara Shopping	2,428,871	19,504
Others	66,687	58,379
Spain:		
Dos Mares - expansão	1,669,352	1,660,352
El Rosal	43,472,848	32,249,181
Las Pulianas	1,911,617	1,289,297
Plaza Mayor Shopping	14,518,297	11,580,899
Greece:		
Aegean Park	4,810,881	4,771,822
Pantheon Plaza	8,650,878	-
Galatsi Olympic Hall	2,314,727	1,106,965
Others	12,218	11,445
Italy:		
Freccia Rossa	24,914,077	19,419,339
Gli Orsi	8,676,559	8,671,559
Le Terraze	1,339,219	960,723
Pavia	2,845,746	-
Others	76,223	173,543
	<u>231,777,425</u>	<u>173,273,414</u>

As at 30 June 2007, the following investment properties were mortgaged:

8ª Avenida	Loop 5
Airone	Loureshopping
Albufeira	Luz del Tajo
Alexander Platz	Madeirashopping
Algarveshopping	Maiashopping
Arrabidashopping	Munster Arkaden
Avenida M40	Norteshopping
Cascaishopping	Parque Atlântico
Centro Colombo	Parque Principado
Centro Vasco da Gama	Plaza Éboli
Coimbrashopping	Plaza Mayor
Dos Mares	Plaza Mayor Shopping
El Rosal	Portimão
Estação Viana	Rio Sul
Freccia Rossa	Serra Shopping
Gaiashopping	Galatsi Olympic Hall
Grancasa	Valecenter
Guimarãesshopping	Valle Real
Kareaga	Viacatarina
La Farga	Weiterstadt
Lima Retail Park	Zubiarte

## 11. GOODWILL

During the six months period ended 30 June 2007, movements in goodwill, as well as in corresponding impairment losses, are as follows:

	30 June 2007
<b>Gross value:</b>	
Opening balance	264,411,899
Increases arising from acquisition of companies (Note 8)	16,862,338
Increases arising from changes in percentage of ownership	17,984,083
Decreases arising from disposals of companies (Note 8)	(1,705,596)
Decreases arising from changes in percentage of ownership	(10,254,437)
Closing balance	287,298,287
<b>Accumulated impairment losses:</b>	
Opening balance	13,569,244
Increases	1,301,596
Decreases	(5,905,980)
Closing balance	8,964,860
<b>Carrying amount:</b>	278,333,427

## 12. INVESTMENTS

As at 30 June 2007, this caption is made up as follows:

	30 June 2007	
	Non current	Current
<b><u>Investment in associated companies</u></b>		
Opening balance as at 1 January	28,632,903	-
Acquisitions in the period	25,324,781	-
Disposals in the period	(433,877)	-
Equity method effect	(23,387,009)	-
Transfers	170,709	-
Closing balance as at 30 June	30,307,507	-
Goodwill	21,148,300	-
Accumulated impairment losses (Note 24)	-	-
<b><u>Investment in associated companies (Note 6)</u></b>	<b>51,455,807</b>	<b>-</b>
<b><u>Investments in group companies, jointly controlled companies or associated companies excluded from consolidation</u></b>		
Opening balance as at 1 January	12,671,340	-
Acquisitions in the period	2,284,619	-
Disposals in the period	(2,319,119)	-
Transfers	(145,195)	-
Closing balance as at 30 June	12,491,645	-
Accumulated impairment losses (Note 24)	(7,957,744)	-
	<b>4,533,901</b>	<b>-</b>
<b><u>Investments held for sale and held for trading</u></b>		
Fair value (net of impairment losses) as at 1 January	229,462,747	33,212,402
Acquisitions in the period	9,986,500	181,185
Disposals in the period	(119,102,819)	(342,290)
Increase/(Decrease) in fair value	30,943,410	(1,935,523)
Transfers	2,605,698	2,580,374
Fair value (net of impairment losses) as at 30 June	153,895,536	33,696,148
<b><u>Other Investments (Note 7)</u></b>	<b>158,429,437</b>	<b>33,696,148</b>
<b><u>Derivative financial instruments (Note 20)</u></b>		
Fair value as at 1 January	-	49,458
Acquisitions in the year	-	9,773
Disposals in the year	-	(49,458)
Increase/(Decrease) in fair value	-	3,295,801
Fair value as at 30 June	-	3,305,574
	<b>209,885,244</b>	<b>37,001,722</b>

Investments held for sale are disclosed above, net of accumulated impairment losses (Note 24) amounting to 23,327,848 euro.

The use of the equity method had the following impacts: -173,506 euro are recorded in Share of results of associated undertakings, -427,300 are recorded in Dividends, -18,189,749 are recorded as goodwill and -4,596,454 euro are recorded as Other changes in Reserves.

The caption Investments held for sale and held for trading includes 66,190,112 euro of deposits in an Escrow Account, of which 33,095,056 euro disclosed as current assets and 33,095,056 euro as non-current assets, in accordance with the time schedule of the guarantee. Amounts in the escrow account are invested in investment funds with superior rating and guarantee contractual contingent liabilities which may arise from the sale of the Brazilian subsidiaries.

In 2005, at the moment of the sale of Brazilian subsidiaries, was recorded a provision of 27,000,000 euro for future commitments, the balance of this provision is 23,116,622 euro at 30 June 2007 (Note 24).

### 13. OTHER NON-CURRENT ASSETS

As at 30 June 2007 and 31 December 2006, Other non-current assets are detailed as follows:

	30 June 2007			31 December 2006		
	Gross Value	Accumulated losses impairment (Note 24)	Carrying Amount	Gross Value	Accumulated losses impairment (Note 24)	Carrying Amount
<b>Loans granted to related parties</b>						
Bar-Bar-Idade Glass - Serviç.de Gest.e Invest., SA	-	-	-	6,402,717	-	6,402,717
Andar - Sociedade Imobiliária, SA	3,164,673	-	3,164,673	2,953,673	-	2,953,673
Norscut - Concessionária de Scut Interior Norte, SA	12,664,713	-	12,664,713	6,019,613	-	6,019,613
Others	1,627,735	(270,489)	1,357,246	1,932,716	(270,489)	1,662,227
	<u>17,457,121</u>	<u>(270,489)</u>	<u>17,186,632</u>	<u>17,308,719</u>	<u>(270,489)</u>	<u>17,038,230</u>
<b>Trade accounts receivable and other debtors</b>						
Legal deposits	774,165	-	774,165	803,525	-	803,525
Assets arising from to the sale of financial investments	16,701,883	-	16,701,883	12,444,829	-	12,444,829
Lisbon and Malaga Town Councils	4,400,585	-	4,400,585	4,400,585	-	4,400,585
Rent deposits from tenants	4,062,057	-	4,062,057	4,077,459	-	4,077,459
Others	2,191,872	(656,796)	1,535,076	1,714,853	(721,326)	993,527
	<u>28,130,562</u>	<u>(656,796)</u>	<u>27,473,766</u>	<u>23,441,251</u>	<u>(721,326)</u>	<u>22,719,925</u>
<b>Derivative financial instruments (Note 20)</b>	10,577,245	-	10,577,245	4,035,714	-	4,035,714
<b>Other non-current assets</b>	-	-	-	287,817	-	287,817
	<u>56,164,928</u>	<u>(927,285)</u>	<u>55,237,643</u>	<u>45,073,501</u>	<u>(991,815)</u>	<u>44,081,686</u>

### 14. TRADE DEBTORS AND OTHER CURRENT ASSETS

As at 30 June 2007 and 31 December 2006 , Trade debtors and other current assets are detailed as follows:

	30 June 2007	31 December 2006
Trade accounts receivable	302,276,897	344,504,959
Taxes recoverable	103,196,458	108,120,283
Securitisation of trade receivables	-	3,421,873
Trade suppliers - debit balances	35,527,375	27,236,144
Special regime for payment of tax and social security debts	14,576,053	14,576,053
VAT recoverable on retail estate assets	13,516,942	16,805,134
Other debtors	48,029,998	42,206,687
Accounts receivable from the sale of investments	35,552,815	14,009,841
Accounts receivable from the sale of tangible assets	842,978	3,136,367
Loans granted to associated companies	9,130,424	8,875,129
Invoices to be issued	67,261,979	49,928,069
Commercial discounts	5,537,264	5,004,703
Deferred cost - Rents	8,921,807	3,533,571
Deferred cost - External supplies and services	14,716,078	10,669,057
Other current assets	25,206,996	11,391,737
	<u>684,294,064</u>	<u>663,419,607</u>
Accumulated impairment losses (Note 24)	<u>(117,590,048)</u>	<u>(98,115,852)</u>
	<u>566,704,016</u>	<u>565,303,755</u>

## 15. DEFERRED TAXES

Deferred tax assets and liabilities as at 30 June 2007 and 31 December 2006 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Difference between fair value and acquisition cost in investment properties	-	-	267,986,124	231,612,650
Harmonisation adjustments	145,312	221,230	23,690,064	23,557,165
Provisions and impairment losses not accepted for tax purposes	11,255,056	12,559,298	5,219,288	4,277,987
Write off of tangible and intangible assets	23,076,880	24,983,311	-	-
Write off of deferred costs	34,298,174	31,301,988	2,449,078	2,154,133
Valuation of hedging derivatives	28,628	106,066	3,730,643	1,182,960
Revaluation of tangible assets	-	-	2,892,665	2,973,586
Tax losses carried forward	34,996,766	33,155,303	-	-
Reinvested capital gains/(losses)	-	-	4,179,843	4,227,223
Others	798,301	440,213	375,052	2,070,668
	<u>104,599,117</u>	<u>102,767,409</u>	<u>310,522,757</u>	<u>272,056,372</u>

In accordance with the tax statements and tax estimates presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 30 June 2007 and 31 December 2006, and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

	30 June 2007			31 December 2006		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2001	2,030,462	507,616	2007	2,985,335	746,334	2007
Generated in 2002	17,774,581	4,443,645	2008	21,471,094	5,367,773	2008
Generated in 2003	19,924,721	4,981,180	2009	30,965,815	7,741,453	2009
Generated in 2004	9,738,950	2,434,738	2010	4,448,448	1,112,113	2010
Generated in 2005	12,302,591	3,075,649	2011	12,472,541	3,118,136	2011
Generated in 2006	19,000,025	4,750,005	2012	14,719,573	3,679,893	2012
Generated in 2007	8,164,087	2,041,153	2013	-	-	
	<u>88,935,417</u>	<u>22,233,986</u>		<u>87,062,806</u>	<u>21,765,702</u>	
Without limited time use	12,418,032	4,065,642		11,098,655	3,626,486	
With a time limit different from the above mentioned	28,666,715	8,697,138		25,509,200	7,763,115	
	<u>41,084,747</u>	<u>12,762,780</u>		<u>36,607,855</u>	<u>11,389,601</u>	
	<u>130,020,164</u>	<u>34,996,766</u>		<u>123,670,661</u>	<u>33,155,303</u>	

As at 30 June 2007 and 31 December 2006, Deferred tax assets resulting from tax losses carried forward were re-assessed against each company's business plans, which are regularly updated, and available tax planning opportunities. Deferred tax assets have only been recorded to the extent that future profits will arise which may be offset against available tax losses or against deductible temporary differences.

As at 30 June 2007 tax losses carried forward, amounting to 1,193,442,220 euro, have not originated deferred tax assets for prudential reasons. These may be summarised as follows:

	30 June 2007			31 December 2006		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2001	114,054,537	28,513,633	2007	117,286,551	29,321,637	2007
Generated in 2002	496,072,029	124,018,009	2008	500,522,978	125,130,749	2008
Generated in 2003	46,198,574	11,549,644	2009	58,549,755	14,637,441	2009
Generated in 2004	28,633,179	7,158,295	2010	39,704,702	9,926,178	2010
Generated in 2005	203,294,095	50,823,524	2011	208,993,098	52,248,279	2011
Generated in 2006	73,386,469	18,346,616	2012	58,965,992	14,741,500	2012
Generated in 2007	34,239,219	8,560,086	2013	-	-	
	<u>995,878,102</u>	<u>248,969,807</u>		<u>984,023,076</u>	<u>246,005,784</u>	
Without limited time use	11,301,232	4,076,090		195,577,768	59,103,221	
With a time limit different from the above mentioned	186,262,886	55,403,908		39,974,434	13,464,826	
	<u>1,193,442,220</u>	<u>308,449,805</u>		<u>1,219,575,278</u>	<u>318,573,831</u>	

## 16. CASH AND CASH EQUIVALENTS

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

	30 June 2007	31 December 2006
Cash at hand	4,066,900	4,173,072
Bank deposits	518,713,439	527,873,385
Treasury applications	185,460,150	130,428,983
Cash and cash equivalents in the balance sheet	708,240,489	662,475,440
Bank overdrafts (Note 19)	(2,805,349)	(13,664,166)
Cash and cash equivalents in the statement of cash flows	705,435,140	648,811,274

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

## 17. SHARE CAPITAL

As at 30 June 2007, the share capital, which is fully subscribed and paid for, is made up of 2,000,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each. As at that date, the company and group companies held 133,049,255 own shares (133,418,572 shares as at 31 December 2006), at a cost of 139,441,418 euro (142,961,431 euro as at 31 December 2006).

As at 30 June 2007, the following entities held more than 20% of the subscribed share capital:

Entity	%
Efanor Investimentos, SGPS, SA and associated companies	52.94

## 18. MINORITY INTERESTS

Movements in minority interests in the periods ended 30 June 2007 and 31 December 2006 are as follows:

	30 June 2007	31 December 2006
Opening balance as at 1 January	402,058,314	394,707,612
Dividends	(12,650,787)	(5,348,382)
Changes resulting from currency translation	250,984	(140,357)
Disposal of companies	(2,171,988)	(925,013)
Increased shareholding by acquisitions	6,532,746	(85,479,259)
Changes in hedge and fair value reserves	(688,762)	1,165,585
Others	4,384,631	1,222,284
Profit for the period attributable to minority interests	39,203,817	96,855,844
Closing balance	436,918,955	402,058,314



## 19. BORROWINGS

As at 30 June 2007 and 31 December 2006, Borrowings are made up as follows:

	30 June 2007			31 December 2006			
		Outstanding amount			Outstanding amount		
	Amount limit	Current	Non Current	Amount limit	Current	Non Current	Repayable on
Bank loans							
Sonae, SGPS, SA - commercial paper	350,000,000	232,500,000	-	350,000,000	260,500,000	-	Aug/2014
Modelo Continente, SGPS,SA - commercial paper	163,000,000	100,000,000	-	163,000,000	160,000,000	-	Sep/2009
a)b) Sonae Sierra subsidiaries	520,922,005	10,024,705	429,184,110	517,922,005	13,396,517	358,307,169	Jul/2007 to May/2027
a)c) Sonae Sierra subsidiaries	420,176,674	6,028,220	349,896,960	408,176,674	4,280,961	263,292,660	May/2010 to Dec/2025
Optimus	450,000,000	97,337,460	227,120,740	450,000,000	-	324,458,200	Jun/2009
Sonae Investments BV	32,154,000	6,150,940	1,537,735	32,154,000	6,150,940	4,613,205	Sep/2008
e) Sonae Turismo - commercial paper	110,000,000	-	103,199,990	110,000,000	-	73,050,000	Aug/2009
d) Investalentejo	-	-	-	40,000,000	40,000,000	-	Fev/2007
Others		10,515,716	7,900,001		12,636,383	8,078,556	
		462,557,041	1,118,839,535		496,964,801	1,031,799,790	
Bank overdrafts (Note 16)		2,805,349	-		13,664,166	-	
Amortised cost for bank loans and bonds		(539,645)	(12,104,877)		(577,968)	(14,698,227)	
Bank loans		464,822,745	1,106,734,658		510,050,999	1,017,101,563	
Bonds:							
Bonds Sonae / 97		74,819,686	-		74,819,686	-	Oct/2007
Bonds Sonae / 05		-	100,000,000		-	100,000,000	Mar/2013
Bonds Sonae 2006/2011		-	250,000,000		-	250,000,000	May/2011
Bonds Sonae 2007/2014		-	150,000,000		-	-	Apr/2014
Bonds Modelo Continente / 2003		-	82,000,000		-	82,000,000	Oct/2011
Bonds Modelo Continente / 2004		-	100,000,000		-	100,000,000	Mar/2009
Bonds Modelo Continente / 2005		200,075,000	64,925,000		-	265,000,000	Aug/2010
Bonds Modelo Continente / 2005		-	150,000,000		-	150,000,000	Aug/2012
Bonds Modelo Continente / 2007		-	200,000,000		-	-	Apr/2012
Bonds Sonaecom / 2005		-	150,000,000		-	150,000,000	Jun/2013
Amortised cost for bank loans and bonds		(432,091)	(9,865,475)		(42,394)	(10,020,068)	
Bonds		274,462,595	1,237,059,525		74,777,292	1,086,979,932	
Other loans		339,445	7,142,151		21,707,821	7,369,965	
Hedging derivatives (Note 20)		88,693	154,265		116,043	121,116	
Other loans		428,138	7,296,416		21,823,864	7,491,081	
Obligations under finance leases		7,511,466	27,112,427		9,279,339	31,124,322	
		747,224,944	2,378,203,026		615,931,494	2,142,696,898	

- a) These amounts are proportionate considering the percentage held by the group;
- b) These loans are guaranteed by mortgages of investment properties held by these affiliated companies;
- c) These loans are guaranteed by a pledge of shares held in those affiliated companies;
- d) This loan is guaranteed by Sonae, SGPS, SA;
- e) Sonae Capital, SGPS, SA is a co-guarantor in this loan.

Credit facilities at Optimus bear interest at a rate equal to Euribor plus a spread linked to Optimus' financial performance, measured amongst others by the ratio of Net Debt to EBITDA. The revolving credit facility will be repaid in September 2007.

Interest rate of the bonds are equal to Euribor 6 months plus a spread between 0.50% and 1.15%. In the non current bonds are included 614,925,000 euro that have the option to make whole or partial reimbursements in certain conditions.

Derivatives are recorded at fair value (Note 20).

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

	30 June 2007	31 December 2006
N+1 <sup>a)</sup>	748,107,987	616,442,048
N+2	257,867,609	129,570,172
N+3	275,532,677	424,233,376
N+4	342,916,579	334,879,674
N+5	123,452,333	354,825,551
After N+5	1,400,249,915	923,779,069
	<u>3,148,127,100</u>	<u>2,783,729,890</u>

a) Includes amounts drawn under commercial paper programmes.

## 20. DERIVATIVES

### Exchange rate derivatives

The Group uses exchange rate derivatives, essentially to hedge future cash flows.

The Group contracted several exchange rate forwards and options in order to manage its exchange rate exposure.

As at 30 June 2007, the fair value of exchange rate derivatives, calculated based on present market value of equivalent financial instruments, is of 88,693 euro (116,043 euro as at 31 December 2006), included in Current liabilities, and of 3,305,574 euro (49,458 euro as at 31 December 2006) in the caption Current investments. The total amount of 3,295,801 euro recorded as assets relates to exchange rate hedging of investment obligations arising from the sale of 50% of Sonae Sierra Brazil to DDR.

Gains in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment, amounting to 2,148,435 euro, were recorded directly in the income statement in the caption Net financial expenses.

### Interest rate derivatives

As at 30 June 2007, derivatives used by the Group essentially refer to "swaps" and interest rate options ("cash flow hedges"). These were negotiated to hedge the interest rate risk of loans amounting to 491,701,948 euro (315,050,239 euro as at 31 December 2006). The fair value of these derivatives amounts to 10,422,980 euro (3,914,598 euro as at 31 December 2006), and is disclosed as Investments 10,577,245 euro (4,035,714 euro as at 31 December 2006) and as current liabilities 154,265 euro (121,116 euro as at 31 December 2006). As at 30 June 2007 all derivatives are hedge derivatives.

These interest rate derivatives are valued at fair value, at the balance sheet date, based on valuations performed by the Group using specific software and on external valuations when this software does not deal with specific instruments. The fair value of swaps was calculated, as at the balance sheet date, based on 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. The calculation of the fair value of options was based on the "Black-Scholes" and similar models.

The hedging principles used by the Group when negotiating these financial derivatives are as follows:

- Perfect "matching" between cash in-flows and out-flows, i.e., rate setting dates of bank loans coincide with those of the interest rate derivative;
- Perfect "matching" of indices used: the index of the hedging derivative and that of the related loan are the same;
- In a scenario of an extreme increase in interest rates, the maximum financing cost is limited.

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

### Interest rate and exchange rate derivatives

As at 30 June 2007 no contracts existed related to interest rate and exchange rate derivatives.

## Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Investments		Borrowings	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Derivatives not qualified as hedging	2,148,435	49,458	88,693	116,043
Hedging derivatives				
Exchange rate	1,157,138	-	-	-
Interest rate	10,577,245	4,035,714	154,265	121,116
Interest and exchange rate	-	-	-	-
Other derivatives	-	-	-	-
	<u>13,882,818</u>	<u>4,085,172</u>	<u>242,958</u>	<u>237,159</u>

## 21. OTHER NON-CURRENT LIABILITIES

As at 30 June 2007 and 31 December 2006, Other non-current liabilities were made up as follows:

	30 June 2007	31 December 2006
Shareholder loans	27,236,139	39,583,455
Fixed assets suppliers	12,086,104	12,134,380
Other non-current liabilities	34,289,267	34,158,804
Share based payments (Note 22)	13,257,155	19,610,473
	<u>86,868,665</u>	<u>105,487,112</u>

## 22. SHARE-BASED PAYMENTS

In 2007 and in previous years, the Sonae Group granted deferred performance bonuses to its directors and eligible employees. These are either based on shares to be acquired at nil cost, three years after they were attributed to the employee, or based on share options with the exercise price equal to the share price at the grant date, to be exercised three years later. In both cases, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the choice to settle in cash instead of shares. The option can only be exercised if the employee still works for the Group on the vesting date.

As at 30 June 2007 and 31 December 2006, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

	Year of grant	Vesting year	Number of participants	Fair value	
				30 June 2007	31 December 2006
<b><u>Shares</u></b>					
	2003	2006	-	-	1,092,254
	2004	2007	54	-	11,900,666
	2005	2008	446	12,066,902	10,292,929
	2006	2009	481	9,048,932	8,178,748
	2007	2010	513	9,162,187	-
				<u>30,278,021</u>	<u>31,464,597</u>
<b><u>Options</u></b>					
	2002	2005	-	-	-
	2003	2006	-	-	-
	2004	2007	-	-	-
	2005	2008	-	-	-
	2006	2009	-	-	-
				<u>-</u>	<u>-</u>
<b><u>Total</u></b>				<u>30,278,021</u>	<u>31,464,597</u>

As at 30 June 2007 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	30 June 2007	31 December 2006
Staff costs	7,146,265	14,685,014
Retained earnings	8,960,985	7,896,110
	<u>16,107,250</u>	<u>22,581,124</u>
Other current liabilities	2,850,095	2,970,651
Other non-current liabilities	13,257,155	19,610,473
	<u>16,107,250</u>	<u>22,581,124</u>

The movement in the number of options open in the six months period ended 30 June 2007 is as follows:

	30 June 2007
Opening balance	588,404
Granted in the period	-
Exercised in the period	(527,360)
Expired and not exercised in the period	(61,044)
Closing balance	<u>0</u>

Options are only granted on Sonaecom shares, and may be summarised as follows:

Vesting date	2005	2006	2007	2008	Total
Exercisable until:	31.03.06	31.03.07	31.03.08	31.03.09	
Exercise price (defined at date of grant)	1.694 €	-	-	-	
Total liability	-	-	-	-	-
Recorded liability	-	-	-	-	-
Number of options open	-	-	-	-	-
Number of options exercised in the period	(527,360 )	-	-	-	(527,360 )
Number of options expired but not exercised in the period	(61,044 )	-	-	-	(61,044 )
Average market-price of options exercised in the period	5.679 €				

## 23. TRADE CREDITORS AND OTHER NON-CURRENT LIABILITIES

As at 30 June 2007 and 31 December 2006, Trade creditors and other non-current liabilities were made up as follows:

	30 June 2007	31 December 2006
Trade creditors	712,672,857	829,754,736
Shareholders	24,488,534	8,742,299
Fixed asset suppliers	67,220,498	117,671,933
Other accounts payable	84,221,415	72,435,771
Taxes and contributions payable	56,114,337	79,599,406
Property investments accruals	32,200,515	10,099,852
Holiday pay and bonuses	96,279,396	101,953,829
Interest payable	22,435,876	19,120,931
Invoices to be issued	56,389,524	42,812,640
Commissions	7,642,323	10,255,583
Marketing expenses	14,955,842	10,723,832
Other external supplies and services	35,875,610	32,380,739
Accrued income - trade debtors	14,773,436	15,293,328
Accrued income - rents	4,914,729	4,597,545
Pre-paid minutes not yet used	18,288,765	18,324,662
Others	54,392,322	50,533,192
	<u>1,302,865,979</u>	<u>1,424,300,278</u>

## 24. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the six months period ended 30 June 2007 are as follows:

	Balance as at 31 December 2006	Increase	Decrease	Balance as at 30 June 2007
Accumulated impairment losses on investments (Note 12)	11,817,808	20,663,277	(1,195,493)	31,285,592
Accumulated impairment losses on other non-current assets (Note 13)	991,815	5,000	(69,530)	927,285
Accumulated impairment losses on trade accounts receivable and other debtors (Note 14)	98,115,852	25,332,252	(5,858,056)	117,590,048
Accumulated impairment losses on stocks	25,098,215	1,373,242	(1,913,932)	24,557,525
Non-current provisions	63,234,735	9,059,160	(4,253,201)	68,040,694
Current provisions	2,464,091	7,133,728	(411,469)	9,186,350
	<u>201,722,516</u>	<u>63,566,659</u>	<u>(13,701,681)</u>	<u>251,587,494</u>

As at 30 June 2007 and 31 December 2006, Provisions can be analysed as follows:

	30 June 2007	31 December 2006
Expenses to be incurred with the sale of the Brazilian subsidiaries in 2005 (Note 12)	23,116,622	21,978,393
Dismantling of telecommunication sites	17,748,220	15,105,140
Judicial claims	10,386,129	9,508,036
Client guarantees	4,500,345	4,468,711
Others	21,475,728	14,638,546
	<u>77,227,044</u>	<u>65,698,826</u>

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

## 25. CONTINGENT ASSETS AND LIABILITIES

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

	30 June 2007	31 December 2006
Guarantees given:		
on tax claims	96,066,006	59,497,367
on judicial claims	4,480,401	4,648,827
on municipal claims	17,392,413	17,678,401
others	131,179,550	126,839,733

Others include the following guarantees:

- 29,136,054 euro (29,731,051 euro as at 31 December 2006) related to guarantees on construction works given to clients;
- 28,107,045 euro (33,330,121 euro as at 31 December 2006) to guarantee partially debts of Sonae Sierra subsidiaries related with the acquisition, sale and exchange of land.

During the period ended 30 June 2007, a company in Brazil from the retail segment granted a guarantee of 25 million of euro (65,570,000 Brazilian real) on a tax claim.

## 26. RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
Parent company and group companies excluded from consolidation	26,331,184	21,195,976	46,261	83,662
Jointly controlled companies	17,377,462	16,683,706	8,265,158	7,734,411
Associated companies	847,073	808,599	9,726,468	9,571,458
Other partners in Group companies	26,284,016	30,360,031	7,868,306	8,509,495
	<u>70,839,735</u>	<u>69,048,312</u>	<u>25,906,193</u>	<u>25,899,026</u>

<b>Transactions</b>	Interest income		Interest expenses	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
Parent company and group companies excluded from consolidation	-	6,859	62,860	44,463
Jointly controlled companies	134,449	110,945	569,512	479,961
Associated companies	3,863	21,510	-	-
Other partners in Group companies	45,949	-	1,324,662	1,176,092
	<u>184,261</u>	<u>139,314</u>	<u>1,957,034</u>	<u>1,700,516</u>

<b>Balances</b>	Accounts receivable		Accounts payable	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Parent company and group companies excluded from consolidation	14,815,585	14,552,845	101,486	153,280
Jointly controlled companies	8,989,405	7,957,621	4,817,463	5,773,297
Associated companies	2,054,945	1,717,859	1,422,483	2,240,411
Other partners in Group companies	5,378,681	11,244,638	6,215,313	13,826,646
	<u>31,238,616</u>	<u>35,472,963</u>	<u>12,556,745</u>	<u>21,993,634</u>

<b>Balances</b>	Loans			
	Obtained		Granted	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Parent company and group companies excluded from consolidation	12,750,000	12,750,000	444,936	6,402,717
Jointly controlled companies	1,174,440	1,179,061	160,246	72,035
Associated companies	-	-	15,829,386	8,432,023
Other partners in Group companies	37,018,207	31,346,566	-	-
	<u>50,942,647</u>	<u>45,275,627</u>	<u>16,434,568</u>	<u>14,906,775</u>

## 27. TAXATION

As at 30 June 2007 and 2006, Taxation is made up as follows:

	30 June 2007	30 June 2006
Current tax	11,934,739	12,071,659
Deferred tax	<u>28,599,394</u>	<u>21,880,791</u>
	<u>40,534,133</u>	<u>33,952,450</u>

## 28. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 30 June 2007 and 2006, the reconciliation of consolidated net profit can be analysed as follows:

	30 June 2007	30 June 2006
Aggregate net profit	956,478,732	775,311,642
Use of the proportionate method	(299,141,005)	(256,817,172)
Harmonisation adjustments	(56,326,068)	(1,829,267)
Elimination of intragroup dividends	(199,573,798)	(266,043,024)
Elimination of intragroup capital gains and losses	(316,337,684)	(79,788,875)
Elimination of intragroup provisions	(1,430,000)	(28,652,000)
Consolidation adjustments to gains/(losses) on sales of investments	52,675,778	(3,637,069)
Others	<u>4,863,916</u>	<u>2,202,242</u>
Consolidated net profit for the period	<u>141,209,871</u>	<u>140,746,477</u>

## 29. EARNINGS PER SHARE

Earnings per share for the period, excluding the effect of discontinuing operations, were calculated taking into consideration the following amounts:

	30 June 2007		30 June 2006	
	2 <sup>nd</sup> Quarter	Total	2 <sup>nd</sup> Quarter	Total
<b>Net profit</b>				
Net profit taken into consideration to calculate basic earnings per share (Net profit for the nine months period attributable to equity holders of Sonae)	87,333,269	102,006,054	60,417,033	85,073,514
Effect of dilutive potential shares				
Interest related to convertible bonds (net of tax)	-	-	-	-
Net profit taken into consideration to calculate diluted earnings per share:	87,333,269	102,006,054	60,417,033	85,073,514
<b>Number of shares</b>				
Weighted average number of shares used to calculated basic earnings per share	1,866,704,534	1,866,642,981	1,866,333,617	1,866,178,736
Effect of dilutive potential ordinary shares from convertible bonds	-	-	-	-
Weighted average number of shares used to calculated diluted earnings per share	1,866,704,534	1,866,642,981	1,866,333,617	1,866,178,736
<b>Earnings per share (basic and diluted)</b>	0.046785	0.054647	0.032372	0.045587

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

## 30. DIVIDENDS

In the Shareholders Annual General Meeting held on 3 May 2007, payment of a gross dividend of 0.03 euro per share (0.025 euro per share in 2006) was approved. The total amount attributed being 55,997,442.84 euro (46,650,596.35 euro in 2005).

## 31. SEGMENT INFORMATION

In 2007 and 2006, the following were identified as primary business segments:

- Retail
- Shopping Centres
- Telecommunications
- Sonae Capital
- Holding and Others

The contribution of the business segments to the income statement for the six months periods ended on 30 June 2007 and 2006 can be detailed as follows:

30 June 2007	Retail	Shopping Centres	Telecomm.	Sonae Capital	Holding and Others	Consolidation Adjustments	Total Operations
Operational income							
Sales	1,429,828,163	-	33,920,377	96,282,230	3,789,415	-	1,563,820,185
Services rendered	59,662,973	67,142,243	373,311,858	73,008,168	236,054	-	573,361,296
Value created on investments properties	-	102,773,063	-	-	-	-	102,773,063
Other operational income	126,900,035	4,542,559	7,720,911	74,225,142	637,936	(2,352,897)	211,673,686
	1,616,391,171	174,457,865	414,953,146	243,515,540	4,663,405	(2,352,897)	2,451,628,230
Inter-segment income	30,674,636	3,167,838	3,790,709	6,540,072	4,005,025	(48,178,280)	-
	1,647,065,807	177,625,703	418,743,855	250,055,612	8,668,430	(50,531,177)	2,451,628,230
Operational cash-flow (EBITDA)	116,067,599	131,534,269	77,930,897	13,779,787	(3,309,597)	(2,148,198)	333,854,757
Depreciation and amortisation	(42,569,302)	(474,609)	(67,059,657)	(4,730,152)	(514,034)	296,899	(115,050,855)
Provisions and impairment losses	(181,530)	(7,445,052)	(5,279,304)	(629,033)	-	(1,301,557)	(14,836,476)
Operational profit (EBIT)	73,764,252	123,718,761	5,946,569	8,954,538	(3,823,265)	(3,301,168)	205,259,687
Net financial expenses	(17,308,829)	(7,615,683)	(10,916,321)	(6,133,542)	(13,764,594)	29,509	(55,709,460)
Share of results of associated undertakings	-	-	-	-	-	(173,506)	(173,506)
Investment income	(4,650,073)	952,523	2,763,388	6,319,976	99,589,482	(72,608,013)	32,367,283
Profit before taxation	51,805,350	117,055,601	(2,206,364)	9,140,972	82,001,623	(76,053,178)	181,744,004
Taxation	(3,261,866)	(36,133,589)	(2,461,319)	1,374,243	(110,805)	59,203	(40,534,133)
Net profit for the period	48,543,484	80,922,012	(4,667,683)	10,515,215	81,890,818	(75,993,975)	141,209,871
- attributable to equity holders of Sonae							102,006,054
- attributable to minority interests							39,203,817
30 June 2006	Retail	Shopping Centres	Telecomm.	Sonae Capital	Holding and Others	Consolidation Adjustments	Total Operations
Operational income							
Sales	1,303,773,214	-	41,406,868	94,367,853	3,860,496	-	1,443,408,431
Services rendered	56,215,385	66,098,796	357,408,617	75,689,559	272,790	-	555,685,148
Value created on investments properties	-	71,424,760	-	-	-	-	71,424,760
Other operational income	96,140,856	8,776,275	19,647,610	68,511,570	489,093	(6,736,736)	186,828,667
	1,456,129,455	146,299,830	418,463,095	238,568,981	4,622,379	(6,736,736)	2,257,347,006
Inter-segment income	29,115,169	2,732,367	(1,578,962)	4,046,444	418,344	(34,733,362)	-
	1,485,244,624	149,032,197	416,884,133	242,615,425	5,040,723	(41,470,097)	2,257,347,006
Operational cash-flow (EBITDA)	84,859,904	106,160,293	84,120,363	6,037,336	(3,549,017)	(151,770)	277,477,109
Depreciation and amortisation	(38,957,951)	(482,976)	(66,297,171)	(4,275,048)	(523,298)	365,868	(110,170,576)
Provisions and impairment losses	(801,148)	(722,236)	(4,069,477)	1,907	-	91	(5,590,862)
Operational profit (EBIT)	45,467,594	105,115,511	13,835,657	3,649,794	(4,072,315)	214,189	164,210,430
Net financial expenses	(9,522,410)	(11,080,081)	(7,821,273)	(1,908,378)	(11,173,814)	276,183	(41,229,773)
Share of results of associated undertakings	-	1,608,593	-	-	-	787,025	2,395,618
Investment income	12,465,497	2,088,141	28,199,030	3,652,158	62,203,105	(59,285,277)	49,322,652
Profit before taxation	48,410,681	97,732,164	34,213,414	5,393,574	46,956,975	(58,007,881)	174,698,927
Taxation	(5,069,166)	(27,668,211)	1,099,494	(2,371,632)	2,290	54,775	(33,952,450)
Net profit for the period	43,341,516	70,063,952	35,312,908	3,021,942	46,959,265	(57,953,106)	140,746,478
- attributable to equity holders of Sonae							85,073,514
- attributable to minority interests							55,672,963



The contribution of the business segments to the balance sheets as at 30 June 2007 and 31 December 2006 can be detailed as follows:

30 June 2007	Retail	Shopping Centres	Telecomm.	Sonae Capital	Holding and Others (1)	Consolidation Adjustments	Consolidated
Fixed assets							
Intangible	151,647,366	3,724,928	180,927,072	932,280	-	(16,357,999)	320,873,646
Tangible	1,257,450,652	1,034,760	499,470,172	316,767,368	142,970	(685,718)	2,074,180,204
Investment properties	-	1,825,194,718	-	-	-	(2,171,030)	1,823,023,688
Goodwill	-	-	-	-	-	278,333,427	278,333,427
Investments	57,285,642	11,144,836	1,606,421	171,112,815	1,035,290	(32,299,760)	209,885,244
Deferred tax assets	19,583,057	15,071,095	59,971,233	9,667,620	-	306,112	104,599,117
Other assets	582,872,762	128,614,615	261,041,946	281,341,455	162,081,859	(260,193,915)	1,155,758,722
Cash, Cash Equivalents and Current Investments	319,737,936	74,803,168	198,868,844	23,009,663	198,362,301	(69,539,701)	745,242,211
Total assets	2,388,577,415	2,059,588,120	1,201,885,687	802,831,201	361,622,421	(102,608,585)	6,711,896,259
Non-current liabilities							
Borrowings	600,309,344	774,802,539	382,581,044	120,982,124	498,229,221	1,298,754	2,378,203,026
Deferred tax liabilities	31,182,477	273,233,300	192,228	5,874,379	-	40,373	310,522,757
Other non-current liabilities	35,553,035	34,576,751	24,198,849	81,795,991	-	(21,215,268)	154,909,359
Current liabilities							
Borrowings	305,695,912	22,126,435	100,048,751	5,452,160	313,454,067	447,619	747,224,944
Other current liabilities	755,651,246	135,578,053	293,424,254	291,051,807	139,177,836	(302,830,869)	1,312,052,329
Total liabilities	1,728,392,015	1,240,317,078	800,445,126	505,156,461	950,861,124	(322,259,390)	4,902,912,415
Technical investment	90,329,956	182,493,665	69,470,396	40,850,649	76,635	-	383,221,301
Gross Debt	906,005,256	796,928,974	482,629,795	126,434,283	811,683,288	1,746,374	3,125,427,970
Net Debt	586,267,320	722,125,806	283,760,950	103,424,621	613,320,987	71,286,075	2,380,185,759
31 December 2006	Retail	Shopping Centres	Telecomm.	Sonae Capital	Holding and Others (1)	Consolidation Adjustments	Consolidated
Fixed assets							
Intangible	149,164,530	3,898,736	183,128,579	1,692,559	87,552	(16,454,471)	321,517,485
Tangible	1,229,588,393	877,259	494,771,214	272,917,217	77,751,742	(1,329,928)	2,074,575,897
Investment properties	-	1,522,237,384	-	-	-	(2,026,125)	1,520,211,259
Goodwill	-	-	-	-	-	250,842,655	250,842,655
Investments	56,106,456	10,021,115	112,712,411	122,445,833	1,035,290	(37,673,308)	264,647,797
Deferred tax assets	23,413,248	13,657,457	61,786,653	3,908,399	8,808	(7,156)	102,767,409
Other assets	519,251,478	108,644,666	250,159,826	333,476,092	91,860,203	(212,821,112)	1,090,571,153
Cash, Cash Equivalents and Current Investments	392,676,510	109,714,339	126,766,719	28,334,380	132,240,352	(93,995,000)	695,737,300
Total assets	2,370,200,615	1,769,050,956	1,229,325,402	762,774,480	302,983,947	(113,464,445)	6,320,870,955
Non-current liabilities							
Borrowings	601,531,168	620,655,759	462,215,429	91,073,464	367,424,693	(203,615)	2,142,696,898
Deferred tax liabilities	32,788,293	234,199,737	-	5,012,714	-	55,628	272,056,372
Other non-current liabilities	34,980,193	46,691,951	24,621,313	81,972,987	2,976,525	(22,521,122)	168,721,847
Current liabilities							
Borrowings	167,863,379	21,873,536	1,783,529	38,525,298	385,890,938	(5,186)	615,931,494
Other current liabilities	850,778,495	93,912,978	321,745,867	225,053,325	210,437,408	(275,163,704)	1,426,764,369
Total liabilities	1,687,941,528	1,017,333,961	810,366,138	441,637,788	966,729,564	(297,837,999)	4,626,170,980
Technical investment	193,732,752	109,107,040	146,123,704	68,176,450	20,255,893	-	537,395,839
Gross Debt	769,394,547	642,529,295	463,998,958	129,598,762	753,315,631	(208,801)	2,758,628,392
Net Debt	376,718,037	532,814,956	337,232,239	101,264,382	621,075,279	93,786,199	2,062,891,092

- 1) Net Debt in "Holding and others" is made up as follows:

	30 June 2007	31 December 2006
<b>Inflows</b>		
Bank debt	811,683,288	753,315,631
Cash and cash equivalents	<u>(198,362,301)</u>	<u>(132,240,352)</u>
Net bank debit	613,320,987	621,075,279
Modelo Continente	-	-
Sonae Sierra	55,894,440	55,894,440
SonaeCom	69,420,000	90,000,000
Sonae Capital	<u>-</u>	<u>-</u>
Intercompany short term loans obtained	<u>125,314,440</u>	<u>145,894,440</u>
Total Inflows	<u><u>738,635,427</u></u>	<u><u>766,969,719</u></u>
<b>Outflows</b>		
Sonae Capital	151,894,780	40,208,280
Others	<u>-</u>	<u>34,916</u>
Intercompany loans granted	<u><u>151,894,780</u></u>	<u><u>40,243,196</u></u>

### 32. SUBSEQUENT EVENTS

On 27 July 2007, Sonae Distribuição - SGPS, SA has reached 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, SA, for a total enterprise value of 662 million euro. This transaction is still subject to approval by the Portuguese Competition Authority.

On 3 August 2007, Sonae Distribuição - SGPS, SA has reimbursed partially bonds denominated Modelo Continente 2005/2010 represented by 265,000 bonds at a nominal value of 1,000 euro each. The amount reimbursed per bond was 755 euro plus a premium of 0.94375 euro.

On 6 August 2007, Sonaecom SGPS, SA has completed the negotiation of a 250,000,000 euro Commercial Paper Programme, with guaranteed subscription and a maturity of five years. This facility was arranged by Banco Santander de Negócios and Caixa - Banco de Investimento.

### 33. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 27 August 2007.

The Board of Directors



# **INDIVIDUAL FINANCIAL STATEMENTS**

**30 JUNE 2007**

SONAE, SGPS, SA

BALANCE SHEETS AS AT 30 JUNE 2007 AND 31 DECEMBER 2006

(Amounts expressed in euro)

ASSETS	Notes	30.June.2007	31.December.2006
<b>NON-CURRENT ASSETS:</b>			
Tangible and intangible assets		118,957	103,640
Investments	4	2,874,038,232	3,072,592,917
Other non-current assets	5	1,697,538,948	813,344,492
Total Non-Current Assets		<u>4,571,696,137</u>	<u>3,886,041,049</u>
<b>CURRENT ASSETS:</b>			
Trade account receivables and other current assets	6	181,502,986	80,992,631
Cash and cash equivalents	7	196,730,687	130,514,092
Total Current Assets		<u>378,233,673</u>	<u>211,506,723</u>
<b>TOTAL ASSETS</b>		<u><u>4,949,929,810</u></u>	<u><u>4,097,547,772</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	8	2,000,000,000	2,000,000,000
Own shares		(138,150,363)	(138,044,363)
Reserves and retained earnings		1,504,825,553	1,364,273,482
Profit/(Loss) for the period		4,955,378	65,138,044
<b>TOTAL EQUITY</b>		<u>3,371,630,568</u>	<u>3,291,367,163</u>
<b>LIABILITIES:</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Loans	9	496,691,486	347,187,348
Total Non-Current Liabilities		<u>496,691,486</u>	<u>347,187,348</u>
<b>CURRENT LIABILITIES:</b>			
Loans	9	307,303,127	335,277,291
Trade creditors and other non-current liabilities	10	774,304,629	123,715,970
Total Current Liabilities		<u>1,081,607,756</u>	<u>458,993,261</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>4,949,929,810</u></u>	<u><u>4,097,547,772</u></u>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

INCOME STATEMENTS BY NATURE

FOR THE QUARTERS AND SIX MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Amounts expressed in euro)

	Notes	2 <sup>nd</sup> Quarter 2007 (Unaudited)	30.June.2007	2 <sup>nd</sup> Quarter 2006 (Unaudited)	30.June.2006
Operational income					
Services rendered		369,737	719,865	359,997	687,082
Other operational income		44,313	312,490	75,041,672	75,081,199
Total operational income		<u>414,050</u>	<u>1,032,355</u>	<u>75,401,669</u>	<u>75,768,281</u>
Operational expenses					
External supplies and services		(587,483)	(1,223,269)	(565,056)	(1,282,580)
Staff costs		(1,764,195)	(3,207,736)	(1,040,830)	(2,647,871)
Depreciation and amortisation		(22,925)	(43,451)	(66,063)	(130,028)
Other operational expenses		(135,213)	(316,394)	(100,895)	(391,383)
Total operational expenses		<u>(2,509,816)</u>	<u>(4,790,850)</u>	<u>(1,772,843)</u>	<u>(4,451,861)</u>
Operational profit/(loss)		<u>(2,095,766)</u>	<u>(3,758,495)</u>	<u>73,628,826</u>	<u>71,316,420</u>
Net financial expenses		4,815,320	11,406,712	1,950,713	2,748,870
Investment income	12	<u>2,647,114</u>	<u>(2,692,835)</u>	<u>2,284,219</u>	<u>59,295,207</u>
Profit/(Loss) before taxation		<u>5,366,668</u>	<u>4,955,382</u>	<u>77,863,758</u>	<u>133,360,497</u>
Taxation		(4)	(4)	-	-
Profit/(Loss) for the period		<u><u>5,366,664</u></u>	<u><u>4,955,378</u></u>	<u><u>77,863,758</u></u>	<u><u>133,360,497</u></u>
Profit/(Loss) per share					
Basic	13	0.0029	0.0027	0.0417	0.0715
Diluted	13	<u>0.0029</u>	<u>0.0027</u>	<u>0.0417</u>	<u>0.0715</u>

The accompanying notes are part of these financial statements.

The Board of Directors

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2007 AND 2006

(Amounts expressed in euro)

	Notes	Share Capital	Own Shares	Reserves and Retained Earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2006		2,000,000,000	(138,044,363)	980,366,233	98,055,074	2,940,376,944
Appropriation of profit of 2005:						
Transfer to legal reserves		-	-	4,902,754	(4,902,754)	-
Dividends distributed		-	-	-	(46,650,596)	(46,650,596)
Transfer retained earnings		-	-	-	-	-
Purchase/(Sale) of own shares		-	-	-	-	-
Changes in hedge and fair value reserves	14	-	-	(98,366,647)	(46,501,724)	(144,868,371)
Transfer to profit/(loss) of the period		-	-	(6,095,102)	-	(6,095,102)
Profit/(Loss) for the six months ended 30 June 2006		-	-	-	133,360,497	133,360,497
Balance as at 30 June 2006		<u>2,000,000,000</u>	<u>(138,044,363)</u>	<u>880,807,238</u>	<u>133,360,497</u>	<u>2,876,123,372</u>
Balance as at 1 January 2007		2,000,000,000	(138,044,363)	1,364,273,482	65,138,044	3,291,367,163
Appropriation of profit of 2006:						
Transfer to legal reserves		-	-	3,256,902	(3,256,902)	-
Dividends distributed		-	-	-	(55,997,443)	(55,997,443)
Transfer retained earnings		-	-	-	-	-
Changes in reserves	14	-	-	58,353,781	(5,883,699)	52,470,082
Transfer to profit/(loss) of the period		-	-	78,941,388	-	78,941,388
Profit/(Loss) for the six months ended 30 June 2007		-	-	-	4,955,378	4,955,378
Others		-	(106,000)	-	-	(106,000)
Balance as at 30 June 2007		<u>2,000,000,000</u>	<u>(138,150,363)</u>	<u>1,504,825,553</u>	<u>4,955,378</u>	<u>3,371,630,568</u>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

CASH FLOW STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007 AND 2006

(Amounts expressed in euro)

<u>OPERATING ACTIVITIES</u>	<u>Notes</u>	<u>30.June.2007</u>	<u>30.June.2006</u>
Net cash flow from operating activities (1)		<u>(4,452,303)</u>	<u>(5,729,267)</u>
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments		247,777,285	267,365,998
Tangible and intangible assets		150	1,331
Interest and similar income		21,497,823	10,138,190
Dividends		76,848,426	53,613,493
Others		400,000	-
Loans granted		861,241,791	161,001,998
		<u>1,207,765,475</u>	<u>492,121,010</u>
Cash Payments arising from:			
Tangible and intangible assets		(66,042)	(15,440)
Loans granted		(1,820,401,995)	(416,458,548)
		<u>(1,820,468,037)</u>	<u>(416,473,988)</u>
Net cash used in investment activities (2)		<u>(612,702,562)</u>	<u>75,647,022</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Loans obtained		5,181,208,786	1,569,296,600
		<u>5,181,208,786</u>	<u>1,569,296,600</u>
Cash Payments arising from:			
Loans obtained		(4,420,970,400)	(1,595,861,940)
Interest and similar charges		(20,777,144)	(12,120,366)
Dividends		(55,983,782)	(46,639,216)
Purchase of own shares		(106,000)	-
		<u>(4,497,837,326)</u>	<u>(1,654,621,522)</u>
Net cash used in financing activities (3)		<u>683,371,460</u>	<u>(85,324,922)</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		66,216,595	(15,407,167)
Cash and cash equivalents at the beginning of the period		130,514,092	197,418,083
Cash and cash equivalents at the end of the period	7	<u>196,730,687</u>	<u>182,010,916</u>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, S.A.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2007

(Amounts expressed in euro)

1. INTRODUCTION

SONAE, SGPS, SA ("the Company" or "Sonae"), with head-office is at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal.

2. BASIS OF PREPARATION

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 followed in the preparation of annual financial statements for the year ended 31 December 2006.

4. INVESTMENTS

As at 30 June 2007 and 31 December 2006 the Company held investments in the following affiliated and associated undertakings:

Companies	30.June.2007				31.December.2006			
	% Held	Fair Value	Book Value	Fair Value Reserve	% Held	Fair Value	Book Value	Fair Value Reserve
Sonae Distribuição, SGPS, SA (a)	74.98%	1,690,800,661	1,326,729,831	364,070,830	74.98%	1,690,800,661	1,326,729,831	364,070,830
Sonae Sierra SGPS, SA	50.00%	797,568,420	490,113,339	307,455,081	50.00%	744,950,500	490,113,339	254,837,161
Sonaecom, SGPS, SA	0.01%	115,880	109,495	6,385	12.72%	233,796,451	314,518,614	(80,722,163)
Others	-	385,553,271	385,553,271	-	-	403,045,305	403,045,305	-
<b>Total</b>		<b>2,874,038,232</b>	<b>2,202,505,936</b>	<b>671,532,296</b>		<b>3,072,592,917</b>	<b>2,534,407,089</b>	<b>538,185,828</b>

(a) Previously Modelo Continente, SGPS, SA

5. OTHER NON-CURRENT ASSETS

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

	30.June.2007	31.December.2006
Loans granted to group companies	1,697,531,743	813,195,145
Guarantee deposits	7,205	7,744
Other	-	141,603
	<u>1,697,538,948</u>	<u>813,344,492</u>



## 6. TRADE ACCOUNT RECEIVABLES AND OTHER CURRENT ASSETS

As at 30 June 2007 and 31 December 2006 trade account receivables and other current assets are detailed as follows:

	<u>30.June.2007</u>	<u>31.December.2006</u>
Trade account receivables	355,970	790,914
Group companies	176,133,742	77,456,177
Taxes and contributions receivable	2,022,200	1,206,759
Accrued income and prepayments	2,259,445	858,220
Others	731,629	680,561
	<u>181,502,986</u>	<u>80,992,631</u>

## 7. CASH AND CASH EQUIVALENTS

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

	<u>30.June.2007</u>	<u>31.December.2006</u>
Cash at hand	2,500	2,500
Bank deposits	196,728,187	130,511,592
Cash and cash equivalents on the balance sheet	<u>196,730,687</u>	<u>130,514,092</u>
Bank overdrafts	-	-
Cash and cash equivalents on the cash flow statement	<u>196,730,687</u>	<u>130,514,092</u>

## 8. SHARE CAPITAL

As at 30 June 2007 and 31 December 2006 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

## 9. LOANS

As at 30 June 2007 and 31 December 2006 this caption included the following loans:

	<u>30.June.2007</u>	<u>31.December.2006</u>
Nominal value of bonds	500,000,000	350,000,000
Up-front fees not yet charged to income statement	(3,308,514)	(2,812,652)
Bonds	<u>496,691,486</u>	<u>347,187,348</u>
Non-current loans	<u>496,691,486</u>	<u>347,187,348</u>
Commercial paper	232,500,000	260,500,000
Nominal value of Sonae/97 bonds	74,819,685	74,819,685
Up-front fees not yet charged to income statement	(16,558)	(42,394)
Current loans	<u>307,303,127</u>	<u>335,277,291</u>

Bonds SONAE / 05 amounting to 100,000,000 euro, repayable after 8 years, in one instalment, on 31 March 2013. Interest rate equal to Euribor 6 months plus 0.875%, with interest paid half-yearly.

Bonds Sonae 2006/2011 amounting to 250,000,000 euro, repayable after 5 years, in one instalment, on 10 May 2011. Interest rate equal to Euribor 6 months plus 0.65%, with interest paid half-yearly. The company has the option to make whole or partial reimbursements, at no extra cost, on the date of the 6th and 8th coupons.

Bonds Sonae 2007/2014 amounting to 150,000,000 euro, repayable after 7 years, in one instalment, on 11 April 2014. Interest rate equal to Euribor 6 months plus 0.6%, with interest paid half-yearly. The company has the option to make whole or partial reimbursements, at no extra cost, on the date of the 10th and 12th coupons.

Bonds SONAE / 97 amounting to 149,639,369 euro repayable, at par value, in two equal instalments on the 18th and 20th coupons. Interest rate equal to Lisbor (subsequently changed to Euribor) plus 0.17% from the 1st to the 13th coupon, plus 1.17% in the 14th coupon and plus 1.22% from the 15th to the 20th coupons. Half of this loan (74,819,685 euro) was reimbursed at par value in October 2006. The amount owing as at 30 June 2007 will be reimbursed in October 2007.

#### 10. OTHER CURRENT LIABILITIES

As at 30 June 2007 and 31 December 2006, other current liabilities were made up as follows:

	<u>30.June.2007</u>	<u>31.December.2006</u>
Trade creditors	303,481	300,191
Group companies	751,733,801	112,718,000
Taxes and contributions payable	342,604	457,862
Accrued expenses	21,875,186	10,197,321
Others	49,557	42,596
	<u>774,304,629</u>	<u>123,715,970</u>

#### 11. CONTINGENT LIABILITIES

	<u>30.June.2007</u>	<u>31.December.2006</u>
Guarantees given:		
on tax claims	1,776,135	1,776,135
on judicial claims	355,199	355,199
Others	-	40,000,000

#### 12. INVESTMENT INCOME

As at 30 June 2007 and 2006, investment income can be detailed as follows:

	<u>30.June.2007</u>	<u>30.June.2006</u>
Dividends received	76,848,426	53,613,493
Gains/(Losses) on sale of investments	(79,541,261)	5,681,714
	<u>(2,692,835)</u>	<u>59,295,207</u>

### 13. EARNINGS PER SHARE

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

	30.June.2007		30.June.2006	
	2nd Quarter	Cumulative	2nd Quarter	Cumulative
<b>Net profit</b>				
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	5,366,664	4,955,378	77,863,758	133,360,497
Effect of dilutive potential shares	-	-	-	-
Interest related to convertible bonds (net of tax)	-	-	-	-
Net profit taken into consideration to calculate diluted earnings per share:	<u>5,366,664</u>	<u>4,955,378</u>	<u>77,863,758</u>	<u>133,360,497</u>
<b>Number of shares</b>				
Weighted average number of shares used to calculated basic earnings	1,866,704,534	1,866,642,981	1,866,333,617	1,866,178,736
Effect of dilutive potential ordinary shares from convertible bonds	-	-	-	-
Weighted average number of shares used to calculated diluted earnings per share	<u>1,866,704,534</u>	<u>1,866,642,981</u>	<u>1,866,333,617</u>	<u>1,866,178,736</u>
<b>Profit/(Loss) per share (basic and diluted)</b>	<u>0.0029</u>	<u>0.0027</u>	<u>0.0417</u>	<u>0.0715</u>

### 14. CHANGES IN RESERVES

Details of changes in reserves in the six months ended on 30 June 2007 and 2006 may be summarised as follows:

	30.June.2007	30.June.2006
Fair value reserve	52,470,082	(144,868,371)
Free reserves	5,883,699	46,501,724
	<u>58,353,781</u>	<u>(98,366,647)</u>

### 15. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 27 August 2007.

16. INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

In the six months ended 30 June 2007 shareholders' loan contracts were entered into with the following companies:

Sonae Investments, BV  
Sontel, BV

In the six months ended 30 June 2007 short-term loan contracts were entered into with the following companies:

Público Comunicação Social, SA  
Sonae Capital, SGPS, SA  
Sonae Distribuição, SGPS, SA  
Sonae Investments, BV

As at 30 June 2007 amounts owed by affiliated undertakings can be summarized as follows:

Loans granted

Companies	Closing Balance
Sonae Capital, SGPS, SA	154,644,780
Sonae Investments, BV	1,473,426,443
Sontel, BV	204,105,300
	<u>1,832,176,523</u>

As at 30 June 2007 amounts owed to affiliated undertakings can be summarized as follows:

Loans obtained

Companies	Closing Balance
Sonae Investments, BV	682,313,801
Sonaecom, SGPS, SA	69,420,000
	<u>751,733,801</u>

The Board of Directors



## **LIMITED REVIEW REPORT**

**30 JUNE 2007**

LIMITED REVIEW REPORT PREPARED BY THE AUDITOR REGISTERED WITH  
CMVM ON HALF-YEAR FINANCIAL INFORMATION

(Translation of a report originally issued in Portuguese)

**Introduction**

1. In accordance with the Securities Market Code, we hereby present our Limited Review Report on the financial information of Sonae, SGPS, S.A. ("Company") for the half-year ended 30 June 2007 included in: the Report of the Board of Directors, the consolidated and individual Balance Sheets (that reflect a total of 6,711,896,259 Euro and 4,949,929,810 Euro, respectively, and a consolidated and individual equity of 1,808,983,844 Euro and 3,371,630,568 Euro respectively, including a consolidated net profit attributable to the Company's equity holders of 102,006,054 Euro and an individual net profit of 4,955,378 Euro, respectively), the consolidated and individual Statements of profit and loss, changes in equity and cash flows for the half-year then ended and the related notes.
2. The amounts in the financial statements, as well as the additional consolidated and individual financial information, are in accordance with the accounting records of the Company and its subsidiaries.

**Responsibilities**

3. The Company's Board of Directors is responsible for: (i) the preparation of consolidated and individual financial information that present a true and fair view of the financial position of the Company and of the companies included in the consolidation and the consolidated and individual results of their operations, changes in equity and cash flows; (ii) the preparation of historical financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and that is complete, true, timely, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria; (iv) the maintenance of an appropriate internal control system; and (v) informing any significant facts that have influenced their operations, financial position or results.
4. Our responsibility is to examine the financial information contained in the above mentioned documents, namely verifying that, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Securities Market Code, and to issue a moderate assurance, professional and independent report on that financial information based on our work.

**Scope**

5. The objective of our work was to obtain moderate assurance as to whether the above mentioned financial information is free of material misstatement. Our work was performed in accordance with the Auditing Standards issued by the Portuguese Institute of Statutory Auditors, was planned in accordance with that objective, and consisted essentially of enquiries and analytical procedures with the objective of reviewing: (i) the reliability of the assertions included in the consolidated and individual financial information; (ii) the adequacy of the accounting principles used, taking into consideration the circumstances and the consistency of their application; (iii) the applicability, or not, of the going concern concept; (iv) the presentation of the consolidated and individual financial information; and (v) whether, in all material respects, the consolidated and individual financial information is complete, true, timely, clear, objective and licit as required by the Securities Market Code.
6. Our work also included verifying that the consolidated and individual financial information included in the Report of the Board of Directors is consistent with the other above mentioned financial information.
7. We believe that our work provides a reasonable basis for issuing the present limited review report on the half-year financial information.

## **Opinion**

8. Based on our work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the consolidated and individual financial information for the half-year ended 30 June 2007 referred to in paragraph 1 above of Sonae, S.G.P.S., S.A. is not exempt from material misstatement that affects its conformity with International Financial Reporting Standards as adopted by the European Union and that, in terms of the definitions included in the Auditing Standards referred to in paragraph 5 above, it is not complete, true, timely, clear, objective and licit.

Porto, 27 August 2007

DELOITTE & ASSOCIADOS, SROC, S.A.  
Represented by António Marques Dias