



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 (Nr. 500 273 170)

Fiscal Nr. 500 273 170

## **REPORT AND ACCOUNTS**

**1<sup>ST</sup> HALF 2006**

*(Translation from the Portuguese original)*



# **REPORT OF THE BOARD OF DIRECTORS**

**1<sup>ST</sup> HALF 2006**



Sonae, SGPS, SA - Sociedade Aberta  
 Lugar do Espido Via Norte Apartado 1011  
 4471-909 Maia Portugal  
 Share Capital Euro 2 000 000 000.00  
 Maia Commercial Registry (Nr. 500 273 170)  
 Fiscal Nr. 500 273 170

(Translation from the Portuguese original)

## REPORT OF THE BOARD OF DIRECTORS

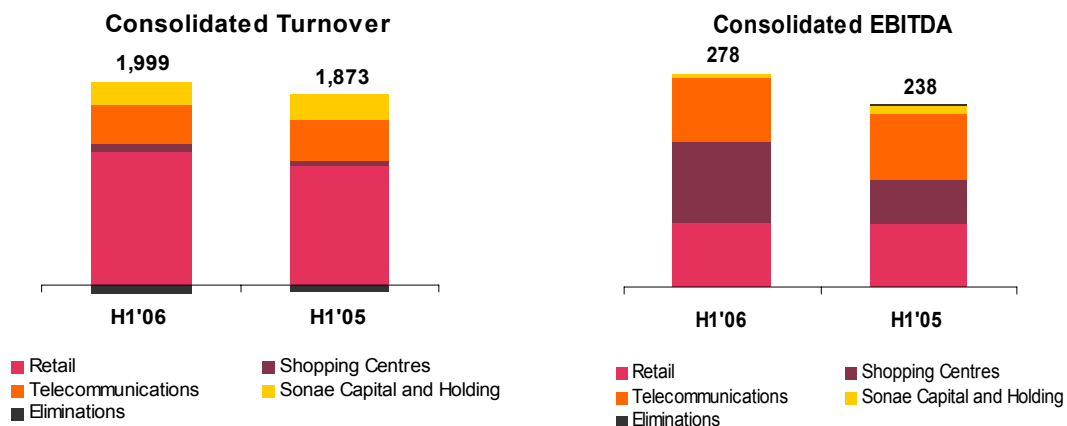
### FIRST HALF OF 2006

(Unless otherwise stated, the figures presented in this report relate to the first half of 2006. The figures shown in brackets are the comparable<sup>1</sup> figures for the previous year.)

### CONSOLIDATED HIGHLIGHTS

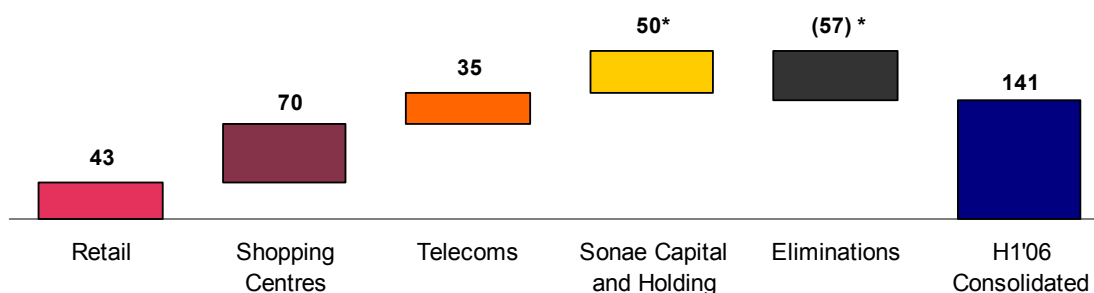
Values in million euro

Economic Indicators	30.06.2006	30.06.2005 Proforma <sup>1</sup>	Δ
Turnover	1,999.1	1,872.7	+6.7%
Operational Cash-Flow (EBITDA)	277.5	238.2	+16.5%
EBITDA margin	13.9%	12.7%	+1.2 p.p.
Operational Profit (EBIT)	164.2	132.5	+23.9%
Profit for the period	140.8	122.8	+14.7%
Profit Attributable to Equity Holders of Sonae	85.1	84.3	+0.9%



<sup>1</sup> The consolidated profit and loss accounts for the first half of 2006 are not directly comparable with the figures for the first half of 2005, because of: the spin-off of the Wood Based Panels business (with accounting effects from 1 October 2005), the change in the method of consolidation of the Shopping Centres business from full to proportionate (following the sale to Grosvenor, on 29 December 2005, of 17.04% of the share capital of Sonae Sierra) and the sale of the shareholding in Imocapital/Gescartão in the first quarter of 2005. 2006 actual figures are compared with 2005 pro-forma figures, which take account of these changes in the consolidation perimeter.

### Contributions to Consolidated Profit for the Period



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

Values in million euro

Financial Indicators	30.06.2006	31.12.2005	Δ
Total Assets	6,092.1	6,306.7	-3.4%
Total Equity	1,625.7	1,535.4	+5.9%
Net Debt	2,064.1	1,620.1	+27.4%
Annualised <sup>2</sup> Interest cover	6.9	6.1	+13.1%
Net Debt/annualised <sup>2</sup> EBITDA	3.3	1.7	+94.1%

### MAIN CORPORATE EVENTS DURING THE PERIOD

Following the announcement made on 22 December 2004, a further 3.92% of ba Vidro was sold for 12 million euro, generating a capital gain of 3.2 million euro.

On 20 April 2006, in an over the counter transaction, Sonae, SGPS, SA acquired, through Sonae Investments BV, 146,625,000 shares (13.3295% of the share capital) of its affiliate Modelo Continente, SGPS, SA, for the sum of 265.8 million euro. The transaction was made under the terms of the Call Option contract signed on 16 November 2004 between Sonae, SGPS, SA and Banco Santander Central Hispano, SA and its affiliated companies. As a result of this acquisition, Sonae owns directly and indirectly, through Sonae Investments BV, 88.965% of the share capital of Modelo Continente, SGPS, SA, with 98.06% of the share capital and voting rights of the company being attributed to Sonae.

Prior to the date of this report, on 25 July 2006, the Executive Committee of Sonae, SGPS, SA decided to request a General Meeting of Shareholders of Modelo Continente, SGPS, SA, in which it will propose that this company loses its status of a public company (de-listing). Sonae, SGPS, SA commits to acquire shares from those shareholders of the company who do not vote in favour of its proposal, at a price of 2.05 euro per share. The terms of the consideration offered will be subject to approval by the Stock Exchange Regulator (CMVM). After approval is granted by the

<sup>2</sup> Annualised = Last twelve months.

CMVM of the loss of the status of public company, Sonae, SGPS, SA will immediately proceed to acquire shares with a view to control 100% of the company, by offering remaining shareholders in Modelo Continente, SGPS, SA the same price per share. On the same date, the Executive Committee decided to exercise the Call Option of Banco Santander Central Hispano, SA and its affiliates for 100,000,000 shares of Modelo Continente, SGPS, SA, as a result of which Sonae, SGPS, SA will own 98.06% of the shares and voting rights of the company.

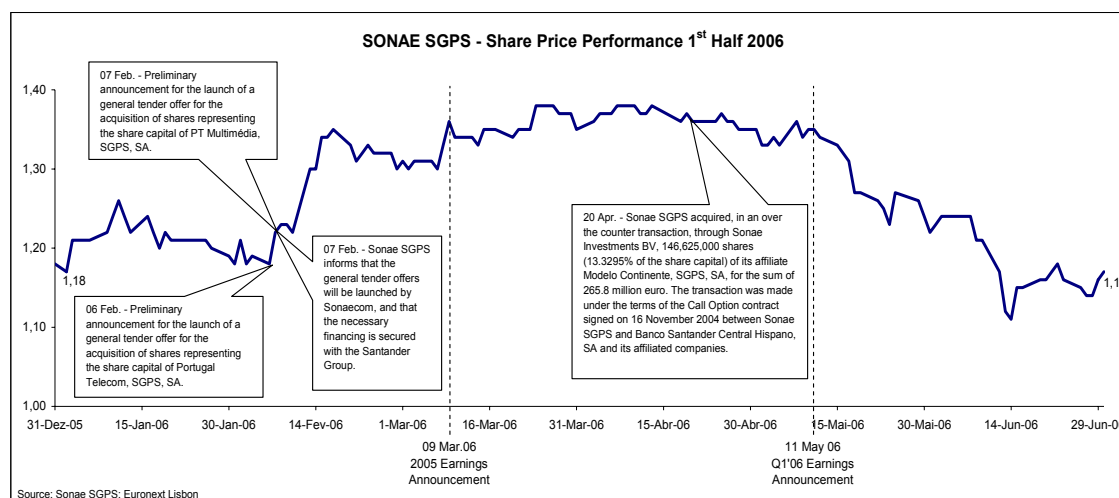
On 27 July 2006, the affiliated company Sonaecom, SGPS, SA reached an agreement with 093X – Telecomunicações Celulares, SA, whereby the terms of the roll-up of 093X total shareholding in Optimus – Telecomunicações, SA representing 25.72% of the share capital, in exchange for 58.3 million new Sonaecom ordinary shares were established. The share capital increase required to implement the roll-up is subject to approval by the General Shareholders Meeting of Sonaecom.

A similar agreement was signed on 6 September 2006 for the roll-up of the shares held by Parpublica – Participações Publicas, SA in Optimus – Telecomunicações, SA, representing 5.04% of the share capital, in exchange for 11.42 million new Sonaecom ordinary shares. The share capital increase required to implement this roll-up is also subject to approval by the General Shareholders Meeting of Sonaecom.

## **CORPORATE GOVERNANCE**

There were no significant changes in the period that deserve mention, and the guidelines set in the 2005 Report of the Board of Directors remain unchanged.

## SHARE PERFORMANCE



Up to 30 June 2006, Sonae SGPS's share price decreased 1%, compared with a general stock market gain of 10%, as measured by the Portuguese Stock Market Index (PSI-20). In the meantime the share price recovered to 1.29 euro at the date of this report.

The highest closing price in the first half of the year 2006 was achieved on 24 March at 1.38 euro per share, and the average daily transaction volume was around 10.9 million shares.

## OWN SHARES

On 12 May 2006, Sonaecom, SGPS, SA transferred, in an over the counter transaction and in accordance with its Deferred Performance Bonus Plan, 557,574 Sonae, SGPS, SA shares to employees. After this transaction, Sonae, SGPS, SA holds directly or through its affiliated companies 133,418,572 own shares, representing 6.671% of its share capital.

## BUSINESS ANALYSIS <sup>3</sup>



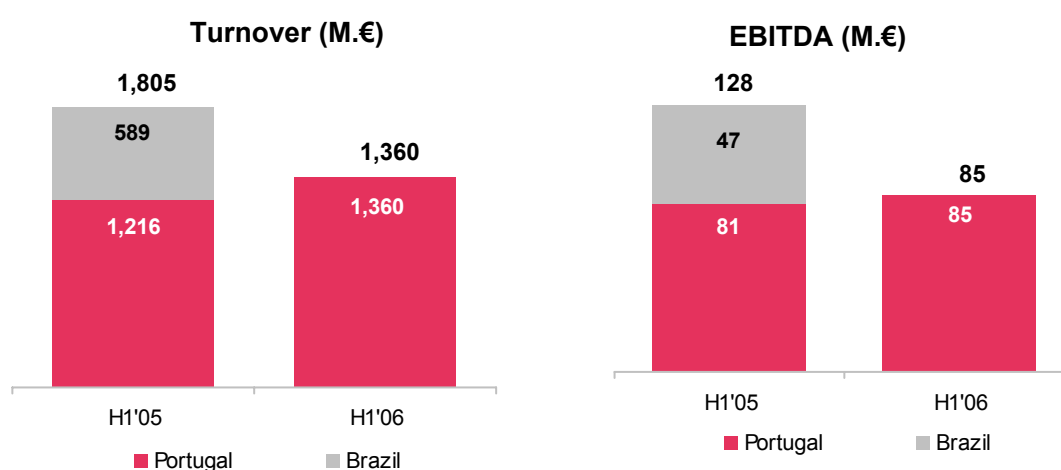
On 13 December 2005, the Retail business sold the whole of its stake in the Brazilian operation, ceasing activity in that market. Therefore, consolidated figures regarding the first halves of 2006 and 2005 are not directly comparable.

### RETAIL

Values in million euro

	H1'06	H1'05	Δ
Turnover	1,360	1,805	-25%
Operational Cash-Flow (EBITDA)	85	128	-33%
EBITDA Margin (% of turnover)	6.2%	7.1%	-0.9 p.p.
Profit Attributable to Equity Holders of Modelo Continente	43	43	-

	30 Jun'06	31 Dec'05	Δ
Net Debt	441	195	+126%



<sup>3</sup> The figures included in this section are those from the consolidated financial statements of each business.

## **Main highlights**

- Turnover amounted to 1,360 million euro (1,805 million euro), representing a 12% increase in the Portuguese market (the Brazilian operations contributed 589 million euro to turnover in the first half of 2005). This increase was due to the positive performance of the like for like store portfolio, to the opening of new stores over the last 12 months (over 52 thousand m<sup>2</sup> of sales area), and to the acquisition, in February 2006, of control of Star, the travel agency format, which has strengthened the portfolio of non food formats.
- Consolidated operational cash flow (EBITDA) was 85 million euro (128 million euro), 4 million euro above the cash flow generated in the Portuguese market in the first half of 2005 (the contribution of the Brazilian operations in the first half of 2005 totalled 47 million euro).
- Consolidated net profit for the period was 44 million euro (43 million euro), including 12 million euro relating to the price adjustment arising from the due diligence completed in accordance with the agreement with Wal-Mart for the sale of the Brazilian operations. The consolidated net profit in the first half of 2005 also included 29 million euro of non-recurrent profits associated with the sale of 10 stores in the São Paulo area.
- As at 30 June 2006, net debt totalled 441 million euro (731 million euro), a low level of indebtedness which reinforced the company's capital structure. This significant decrease benefited from the proceeds of the sale of Brazilian retail operations and from the continuous cash flow generation from operations in Portugal, and exceeded the investment made in the last 12 months which amounted to over 480 million euro.



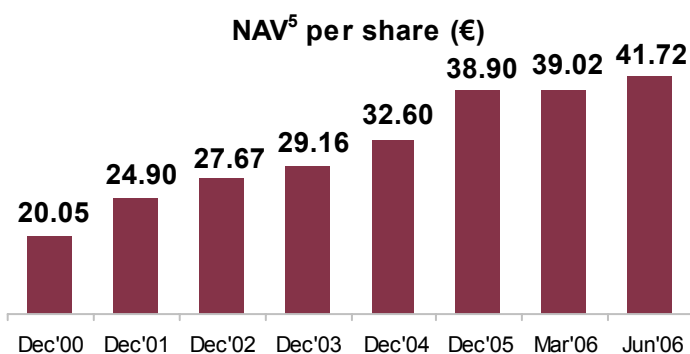


## SHOPPING CENTRES

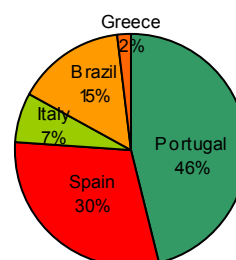
Values in million euro

	H1'06	H1'05	Δ
Operational Cash-Flow (EBITDA)	74	57	+30%
Direct Profits <sup>4</sup>	41	27	+51%
Profit Attributable to Equity Holders of Sonae Sierra	87	40	+118%

	30 Jun'06	31 Dec'05	Δ
NAV <sup>5</sup> per share	41.72	38.9	+7%
Asset gearing <sup>6</sup>	32.8%	31.9%	+0.9 p.p.



**GLA<sup>7</sup> under management**  
Total: 1.99 million square metres



<sup>4</sup> Direct Profits = Net Profit before Minorities + Deferred Tax – Value created on Investments – Income realised on Properties.

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

<sup>6</sup> NAV – Net Asset Value.

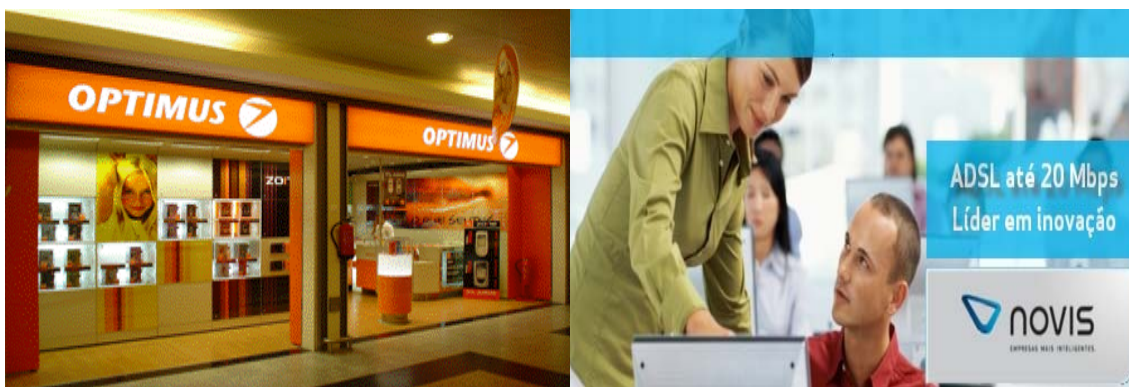
<sup>7</sup> GLA – Gross Lettable Area.

## Main highlights

- Consolidated direct income from investments totalled 120 million euro (99 million euro), up 21%, and EBITDA increased by around 30% to 74 million euro (57 million euro). Such improvements were mainly due to additions to the company's portfolio, arising from: (i) the openings, in 2005, of Plaza Éboli, in Madrid, LoureShopping, in Loures, Serra Shopping, in Covilhã, and Mediterranean Cosmos, in Salonika; (ii) opening of Rio Sul, in Seixal, in the first quarter of 2006; (iii) the acquisition of Valecenter, in Venice (April 2005), Airone, in Padova (April 2005) and Plaza Sul, in São Paulo (November 2005); (iv) and the start up of new projects in Portugal (São João da Madeira and Lima Retail Park) and in Germany (Weiterstadt, near Frankfurt).
- Consolidated net profit increased strongly by 93%, to 140 million euro (73 million euro), and was positively impacted by the acquisitions and openings which occurred in 2005 and 2006, as well as by the increase in the value created in investment properties as a result of an overall decrease in yields in both Portugal and Spain.
- As at 30 June 2006, the open market value (OMV) of Sonae Sierra total assets amounted to 4,454 million euro (a 9% increase over 31 December 2005), of which 2,691 million euro are attributable to Sonae Sierra.
- On 21 March 2006, the company inaugurated a further shopping centre, RioSul Shopping (Seixal, Portugal), representing an investment of 68 million euro and circa 40 thousand m<sup>2</sup> of GLA<sup>8</sup>.
- As at the date of this report Sonae Sierra is the owner or co-owner of 39 shopping and leisure centres, with more than 1.6 million m<sup>2</sup> of GLA<sup>8</sup>.
- As at 30 June 2006, the company had fourteen new projects under development: in Portugal, Setúbal Retail Park (Setúbal), Lima Retail Park (Viana do Castelo), VIII Avenida (São João da Madeira) and Évora shopping and leisure centre (Évora); in Spain, Plaza Mayor Shopping (Malaga) and El Rosal shopping and leisure center (Ponferrada); in Germany, Alexa (Berlin), 3Do (Dortmund) and Weiterstadt (Frankfurt); in Italy, Freccia Rossa (Brescia), Gli Orsi (Biella) and Le Terrazze (La Spezia); in Greece, Galatsi Olympic Hall (Athens); and in Brazil, Shopping Campo Limpo (São Paulo).

---

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

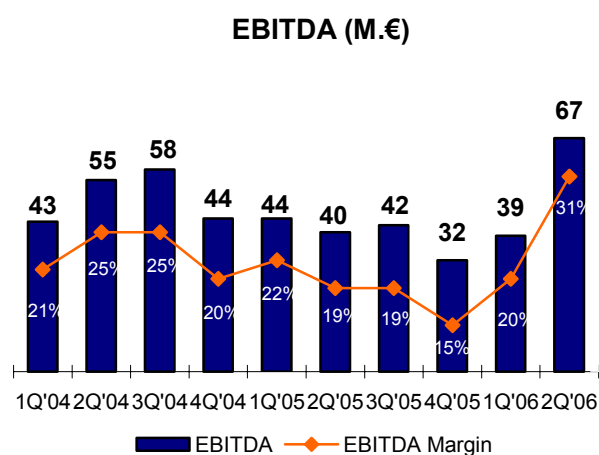
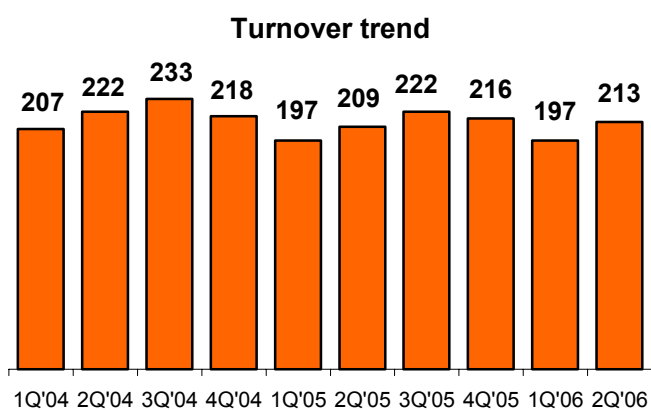


## TELECOMMUNICATIONS

Values in million euro

	H1'06	H1'05	Δ
Turnover	410	406	+1%
Operational Cash-Flow (EBITDA)	106	84	+26%
EBITDA Margin	25.8%	20.6%	+5.2 p.p.
Profit Attributable to Equity Holders of Sonaecom	24	6	+18

	30 Jun'06	31 Dec'05	Δ
Net Debt	367	247	+49%



## **Main highlights**

- Consolidated turnover increased 1% to 410 million euro (406 million euro), driven by growth of new services and products and despite the impact of programmed decreases in mobile termination rates.
- Consolidated EBITDA rose 26% to 106 million euro (84 million euro), generating an EBITDA margin of 26% (21%). This increase was driven by the higher EBITDA contributions from Optimus and Sonaecom Fixed, and includes the 25 million euro capital gain from the sale of Enabler.
- Consolidated net profit increased 19 million euro to 33 million euro (14 million euro), driven by the positive EBITDA performance. As a consequence, profit attributable to equity holders of Sonaecom increased 18 million euro to 24 million euro (6 million euro). The consolidated net profit was negatively impacted by: (i) the 3 million euro increase in depreciation and amortisation charges, explained by the extension of Optimus' network and by investments in the network to support direct access; (ii) increased net financial charges, which amounted to 8 million euro (6 million euro), reflecting the 150 million euro bond issue completed in June 2005 and the 25 basis points increase in Euribor rates at the end of last year.
- Consolidated gross debt stood at 463 million euro (460 million euro). Consolidated liquidity decreased 84 million euro to 96 million euro, reflecting the use of liquidity to acquire the 1% shareholding in Portugal Telecom and the cash inflow from the sale of Enabler. Consolidated net debt as at 30 June 2006 amounted to 367 million euro (280 million euro), 120 million euro up on net debt as at 31 December 2005.



## SONAE CAPITAL

Sonae Capital is made up of businesses in Tourism, Construction, Engineering and Residential Development, Transport and Logistics, Insurance Brokerage, Auto Sector and Others.

**Consolidated turnover** of Sonae Capital decreased around 11% to 232 million euro (261 million euro), mainly due to a decrease in the contribution of the Tourism business which resulted from the sale of control over Star, the travel agency format, to the Retail business. Excluding this impact, consolidated turnover would have increased 7.5%.

**Consolidated operational cash flow (EBITDA)** decreased 42% to 6.2 million euro (10.6 million euro), mostly due to lower contributions from the Plywood and Construction businesses. In the first half of 2005, the latter was impacted by a capital gain on the sale of a parcel of land.

**Consolidated net profit for the period** was 12 million euro (71 million euro), a 59 million euro decrease. In the first half of 2005, net income included 52 million euro of investment income arising from the sale of a 27.8% shareholding in ba Vidro.

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

The activity of Sonae, SGPS, SA, as a stand alone company, focused on the management of its holdings in affiliated companies.

During the first half of 2006 Sonae, SGPS, SA announced the acquisition of a further 13.3295% of the share capital of Modelo Continente, SGPS, SA, through Sonae Investments BV, as a result of which its direct and indirect shareholding corresponds to 88.965% of the share capital of Modelo Continente, SGPS, SA.

Also of significance was a bond issue of 250 million euro with a tenure of 5 years.

Net profits for the half year amounted to 133 million euro, and were favourably impacted by dividends from its affiliated companies Modelo Continente and Sonae Sierra.

## **CONSOLIDATED PROFITABILITY<sup>9</sup>**

**Consolidated turnover** for the half year amounted to 1,999 million euro (1,873 million euro), a 7% increase driven by: (i) like for like growth and new openings in the Retail business; (ii) higher number of centres in the Shopping Centres business asset portfolio; (iii) and positive impact of new services and products in the Telecommunications business, despite the reduction in mobile termination rates set by the regulator. The lower contribution from Sonae Capital and Holding in the half year resulted from the sale of the travel agency format to the Retail business in the first quarter of 2006.

**Consolidated operational cash flow (EBITDA)** was 278 million euro (238 million euro), corresponding to a consolidated EBITDA margin of 13.9% (12.7%). The Shopping Centres business delivered most of the growth, through the increase in the valuation of investment properties, both due to the higher number of shopping centres under operation and to lower yields in Portugal and Spain. The operational improvement achieved by the Telecommunications business in the second quarter of 2006, mostly at Optimus and Sonaecom Fixed, partially offset the lower contribution arising in the first quarter of the year. The Retail business achieved a slight increase in its contribution to consolidated EBITDA, reflecting the strategy outlined by the company, based on aggressive growth and value creation.

**Consolidated operational profit (EBIT)** improved 31 million euro, amounting to 164 million euro (133 million euro). The Shopping Centres business, through the impact of the value created on investment properties, was by far the largest contributor to consolidated EBIT.

---

<sup>9</sup> The consolidated profit and loss account for the first half of 2006 is not directly comparable with the figures for the first half of 2005, because of: the spin-off of the Wood Based Panels business (with accounting effects from 1 October 2005), the sale of the Retail operations in Brazil (with accounting effects from 1 December 2005), the change in the method of consolidation of the Shopping Centres business from full to proportionate (following the sale to Grosvenor, on 29 December 2005, of 17.04% of the share capital of Sonae Sierra) and the sale of the shareholding in Imocapital/Gescartão in the first quarter of 2005. 2006 actual figures are compared with 2005 pro-forma figures, which take account of these changes in the consolidation perimeter.

**Consolidated net financial expenses** for the half year totalled 41.2 million euro remaining broadly in line with last year's first half figure (40.8 million euro).

**Consolidated profit for the period** was 141 million euro (123 million euro), with the impact of better operational performance being partially offset by lower investment income. Investment income in the half year was 49 million euro and included the gain on the sale of an additional 3.92% shareholding in ba Vidro, the price adjustment on the sale of the Brazilian retail operations to Wal-Mart and the gain on the sale of Enabler. In the first half of 2005 investment income totalled 52 million euro, most of which resulted from the gain on the sale of a 27.8% shareholding in ba Vidro.

The **consolidated net profit attributable to equity holders of Sonae** amounted to 85 million euro, remaining in line with the figure for the same period of the previous year (84 million euro).

Contributions to the consolidated total of Sonae, SGPS, SA were as follows:

Values in million euro

	Turnover	EBITDA <sup>10</sup>	Profit for the Period
Retail	1,366	85	43
Shopping Centres	71	106	70
Telecommunications	410	84	35
Sonae Capital & Holding	237	3	50 *
Eliminations	(85)	0	(57) *
<b>TOTAL</b>	<b>1,999</b>	<b>278</b>	<b>141</b>

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

<sup>10</sup> EBITDA = Operational Profit (EBIT) + Depreciation and Amortisation + Provisions and Impairment Losses – Reversal of Impairment Losses (included in Other Operational Income and amounting to 2.6 M.€ in the first half of 2006 and 3.0 M.€ in the first half of 2005 pro-forma).

## FINANCIAL STRUCTURE

**Consolidated net debt**<sup>11</sup> as at 30 June 2006 amounted to 2,064 million euro, an increase of 444 million euro and 380 million euro compared to the end of 2005 and the end of the first quarter of the year, respectively. These increases reflect the seasonality of most consumer businesses and also the acquisition, during the second quarter of the year, of around 13% of the share capital of Modelo Continente in a partial execution of the Call Option contract signed with Banco Santander and its affiliated companies. Consolidated net debt reduced 1,266 million euro compared to the end of the first half of 2005 (3,330 million euro) when changes to the consolidation perimeter had not yet been implemented. Of the total consolidated net debt as at 30 June 2006, 567 million euro are attributable to the Shopping Centres business and are fully and exclusively guaranteed by its own assets.

Contributions to the consolidated net debt of Sonae, SGPS, SA were as follows:

	30 Jun'06	31 Dec'05	Δ
Retail	431	196	235
Shopping Centres	567	499	68
Telecommunications	366	250	116
Sonae Capital & Holding	662	501	161
Eliminations	38	174	(136)
<b>TOTAL</b>	<b>2,064</b>	<b>1,620</b>	<b>444</b>

Values in million euro

The **ratio of consolidated net debt to annualised**<sup>12</sup> **consolidated operational cash flow (EBITDA)** was 3.3, which compares with 3.4 as at 30 June 2005, 1.7 as at 31 December 2005 and 2.9 as at 31 March 2006. **Annualised**<sup>12</sup> **interest cover** was 6.9 (6.0), up from 6.1 at the end of 2005. This increase reflects not only the operational improvements achieved but also the reduction in interest expenses, mainly driven by better financial conditions negotiated on some of the major loan contracts.

## OUTLOOK

Over the next months, the development of the **Retail** business will be based on growth and strengthening of its value proposal. To grow, the company will continue to invest in the Portuguese market, mainly in locations where it is still not present or where it needs to strengthen its presence. At the same time, it will invest further in innovation aiming at increasing customer satisfaction. Investment plans for 2006 include the opening 12 new Modelo hypermarkets and the refurbishment of over 30

<sup>11</sup> Net Debt = Non-Current Borrowings + Current Borrowings – Cash and Cash Equivalents – Current Investments.

<sup>12</sup> Annualised = Last 12 months.



stores from the existing food portfolio. Regarding non-food retail stores the company will continue its rapid expansion plan, expanding further the range of products and services offered.

The **Shopping Centres** business will maintain its steady growth strategy which will entail looking at new investment opportunities, now also in some Eastern European markets. The company is currently developing 14 projects in Portugal, Spain, Italy, Germany, Greece and Brazil.

In the second half of the year, the **Telecommunications** business will maintain its focus on growth regarding its telecoms businesses: in mobile, through innovating and promoting enhanced 3G services and fixed-mobile substitution; and in fixed, by growing the direct access broadband business, while improving efficiency gains and reducing activation costs. At S&SI, efforts will be focused on growing existing businesses, pursuing international growth opportunities. At Público, the focus will be placed on the implementation of a new strategy involving a significant redesign of the newspaper, a reduction in fixed costs and process improvements.

Maia, 07 September 2006

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

Luíz Felipe Palmeira Lampreia

Michel Marie Bon

Nuno Manuel Moniz Trigo Jordão

Nuno Miguel Teixeira de Azevedo

**DISCLOSURE OF SHARES AND OTHER SECURITIES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND OF  
TRANSACTIONS DURING THE YEAR INVOLVING SHARES AND OTHER SECURITIES**

As required by article 9, nr. 1 b) of CMVM Regulation 04/2004, the following is a summary of the information disclosed to the company:

	Date	Purchases		Sales		Balance as of
		Quantity	Aver. Price €	Quantity	Aver. Price €	30.06.2006
						Quantity
<b>Belmiro Mendes de Azevedo</b>						
Efanor Investimentos, SGPS, SA (1)						49,999,997
Sonae, SGPS, SA						14,901
Sonaecom, SGPS, SA						75,537
<b>Álvaro Carmona e Costa Portela</b>						
Sonae, SGPS, SA						25,934
Sonaecom, SGPS, SA						5,000
<b>Ângelo Gabriel Ribeirinho dos Santos Paupério</b>						
Sonae, SGPS, SA						4,564
Sonae.com, SGPS, SA						60,070
<b>Duarte Paulo Teixeira de Azevedo</b>						
Efanor Investimentos, SGPS, SA (1)						1
Imparfin, SGPS, SA (3)						150,000
Sonae, SGPS, SA						596,909
Shares attributed under a Share Based Compensation Plan	11.05.2006	236,318	0			
Sonaecom, SGPS, SA						387,342
Shares attributed under a Share Based Compensation Plan	13.03.2006	71,547	0			
<b>Luiz Felipe Lampreia</b>						
Sonae, SGPS, SA						10,000
<b>Michel Marie Bon</b>						
Sonae, SGPS, SA						36,963
Purchase	13.01.2006	4,000	1.24			
Purchase	17.05.2006	3,400	1.33			
<b>Nuno Miguel Teixeira de Azevedo</b>						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA						14,320

	Date	Purchases		Sales		Balance as of
		Quantity	Aver. Price €	Quantity	Aver. Price €	30.06.2006
						Quantity
<b>(1) Efanor Investimentos, SGPS, SA</b>						
Sonae, SGPS, SA						658,804,410
Pareuro, BV (2)						20,000
Sonaecom, SGPS, SA						1,000
<b>(2) Pareuro, BV</b>						
Sonae, SGPS, SA						400,000,000
<b>(3) Imparfin, SGPS, SA</b>						
Sonae, SGPS, SA						4,105,273

**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 d) of CMVM Regulation 04/2004, the following shareholders held more than 2% of the company's share capital:

Shareholder	Nr. of shares	% of Voting Rights
Efanor Investimentos, SGPS, S.A.	658,804,410	35.295%
Pareuro, BV	400,000,000	21.430%
Maria Margarida CarvalhaisTeixeira de Azevedo	14,901	0.001%
Maria Cláudia Teixeira de Azevedo	342,287	0.018%
Duarte Paulo Teixeira de Azevedo	596,909	0.032%
Nuno Miguel Teixeira de Azevedo	14,320	0.001%
Total attributable to Efanor Investimentos, SGPS, S.A.	<u>1,059,772,827</u>	<u>56.776%</u>
Banco BPI, S.A.	51,868	0.003%
Banco Português de Investimento, S.A.	6,149,558	0.329%
Pension Funds managed by BPI - Sociedade Gestora de Fundos de Pensões, S.A.	2,253,776	0.121%
Investment funds managed by BPI - Gestão de Fundos de Investimento Mobiliário, S.A.	31,693,846	1.698%
BPI Vida - Companhia de Seguros de Vida, S.A.	199,523	0.011%
Institutional customers of the Bank which manages their portfolio	934,513	0.050%
Private customers of the Bank which manages their portfolio	844,765	0.045%
Total attributable to Banco BPI, S.A.	<u>42,127,849</u>	<u>2.257%</u>
Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.671%
Total attributable to Fundação Berardo	<u>49,849,514</u>	<u>2.671%</u>



# **CONSOLIDATED FINANCIAL STATEMENTS**

**1<sup>ST</sup> HALF 2006**

SONAE, SGPS, SA

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2006 AND 31 DECEMBER 2005

(Amounts expressed in euro)

ASSETS	Notes	IFRS	
		30.06.2006	31.12.2005
<b>NON-CURRENT ASSETS:</b>			
Tangible and intangible assets	9	2,293,105,595	2,229,679,896
Investment properties	10	1,486,718,476	1,357,421,085
Goodwill	11	243,390,448	245,578,246
Investments	12	264,970,259	157,628,576
Deferred tax assets	15	111,627,298	108,484,039
Other non-current assets	13	36,272,622	35,739,020
Total Non-Current Assets		<u>4,436,084,698</u>	<u>4,134,530,862</u>
<b>CURRENT ASSETS:</b>			
Stocks		489,357,824	460,480,885
Trade account receivables and other current assets	14	597,203,370	788,701,424
Investments held for trading	12	10,588,523	10,681,441
Cash and cash equivalents	16	558,856,511	912,294,316
Total Current Assets		<u>1,656,006,228</u>	<u>2,172,158,066</u>
<b>TOTAL ASSETS</b>		<u><u>6,092,090,926</u></u>	<u><u>6,306,688,928</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	17	2,000,000,000	2,000,000,000
Own shares		(142,961,431)	(143,630,520)
Reserves and retained earnings		(762,292,167)	(1,228,449,591)
Profit/(Loss) for the year attributable to the equity holders of sonae		85,073,514	512,803,285
Equity attributable to the equity holders of Sonae		<u>1,179,819,916</u>	<u>1,140,723,174</u>
Equity attributable to minority interests	18	445,844,218	394,707,612
<b>TOTAL EQUITY</b>		<u>1,625,664,134</u>	<u>1,535,430,786</u>
<b>LIABILITIES:</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Loans	19	2,086,576,191	1,848,626,142
Other non-current liabilities	21	311,986,972	586,412,836
Deferred tax liabilities	15	264,941,220	238,184,261
Provisions	24	61,494,419	54,477,919
Total Non-Current Liabilities		<u>2,724,998,802</u>	<u>2,727,701,158</u>
<b>CURRENT LIABILITIES:</b>			
Loans	19	546,943,328	694,492,525
Trade creditors and other non-current liabilities	23	1,192,208,898	1,346,779,476
Provisions	24	2,275,764	2,284,983
Total Current Liabilities		<u>1,741,427,990</u>	<u>2,043,556,984</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>6,092,090,926</u></u>	<u><u>6,306,688,928</u></u>

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 2006 AND 2005

(Amounts expressed in euro)

	Notes	IFRS		
		30.06.2006	30.06.2005	
		Total Operations <sup>1</sup>	Pro-forma	Total Operations <sup>1</sup>
Operational income				
Sales	30	1,443,408,431	1,344,700,287	2,642,848,686
Services rendered	30	555,685,148	527,999,553	562,473,144
Value created on investment properties	10	71,424,760	29,125,667	58,216,325
Other operational income		186,828,667	177,631,555	274,748,696
Total operational income		<u>2,257,347,006</u>	<u>2,079,457,062</u>	<u>3,538,286,852</u>
Operational expenses				
Cost of goods sold and materials consumed		(1,129,747,548)	(1,051,380,342)	(1,840,554,836)
Changes in stocks of finished goods and work in progress		6,284,440	(1,195,311)	6,691,326
External supplies and services		(533,075,546)	(493,120,835)	(761,125,131)
Staff costs		(285,395,280)	(257,545,645)	(424,414,203)
Depreciation and amortisation		(110,170,576)	(104,181,116)	(166,566,941)
Provisions and impairment losses		(5,590,862)	(4,481,693)	(16,931,017)
Other operational expenses		(35,441,204)	(35,001,413)	(67,468,387)
Total operational expenses		<u>(2,093,136,576)</u>	<u>(1,946,906,355)</u>	<u>(3,270,369,189)</u>
Operational profit/(loss)		164,210,430	132,550,707	267,917,663
Net financial expenses		(41,229,773)	(40,893,196)	(84,443,626)
Share of results of associated undertakings		2,395,618	1,139,470	1,245,377
Investment income		49,322,652	52,438,223	94,756,531
Profit/(Loss) before taxation		<u>174,698,927</u>	<u>145,235,204</u>	<u>279,475,946</u>
Taxation	27	(33,952,450)	(22,474,823)	(51,203,539)
Profit/(Loss) after taxation		<u>140,746,477</u>	<u>122,760,381</u>	<u>228,272,406</u>
Profit/(Loss) for the period		<u>140,746,477</u>	<u>122,760,381</u>	<u>228,272,406</u>
Attributable to:				
Equity holders of Sonae		85,073,514	84,264,936	164,656,786
Minority interests	18	<u>55,672,963</u>	<u>38,495,445</u>	<u>63,615,620</u>
Profit/(Loss) per share				
Basic	28	0.045587	0.045161	0.088246
Diluted	28	<u>0.045587</u>	<u>0.045161</u>	<u>0.088246</u>

The accompanying notes are part of these financial statements.

<sup>1</sup> Subject to a limited review by external auditors as required by CMVM (Stock Exchange Regulator) for half year financial statements.

The Board of Directors

SONAE, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE QUARTERS ENDED 30 JUNE 2006 AND 2005

(Amounts expressed in euro)

	Notes	IFRS		
		2006	2005	
		2 <sup>nd</sup> Quarter	2 <sup>nd</sup> Quarter Pro-forma	2 <sup>nd</sup> Quarter
Operational income				
Sales		755,064,868	689,625,001	1,352,789,879
Services rendered		283,696,618	273,723,646	288,413,994
Value created on investment properties	10	66,003,779	24,843,976	49,705,263
Other operational income		100,914,493	94,641,036	165,351,743
Total operational income		<u>1,205,679,758</u>	<u>1,082,833,659</u>	<u>1,856,260,879</u>
Operational expenses				
Cost of goods sold and materials consumed		(585,534,235)	(540,376,296)	(946,152,693)
Changes in stocks of finished goods and work in progress		1,955,223	789,194	6,853,752
External supplies and services		(277,985,892)	(260,091,865)	(397,803,605)
Staff costs		(142,398,663)	(125,279,629)	(210,359,953)
Depreciation and amortisation		(55,839,469)	(53,161,709)	(85,416,671)
Provisions and impairment losses		(4,003,762)	(4,817,374)	(16,175,724)
Other operational expenses		(20,159,018)	(18,037,750)	(38,488,909)
Total operational expenses		<u>(1,083,965,816)</u>	<u>(1,000,975,429)</u>	<u>(1,687,543,803)</u>
Operational profit/(loss)		121,713,942	81,858,230	168,717,076
Net financial expenses		(20,687,910)	(21,913,311)	(41,167,452)
Share of results of associated undertakings		1,830,024	(243,823)	(137,916)
Investment income		29,874,434	1,500,129	4,991,927
Profit/(Loss) before taxation		<u>132,730,490</u>	<u>61,201,225</u>	<u>132,403,635</u>
Taxation	27	<u>(26,890,289)</u>	<u>(17,118,694)</u>	<u>(38,463,438)</u>
Profit/(Loss) after taxation		105,840,201	44,082,531	93,940,197
Profit/(Loss) for the period		<u>105,840,201</u>	<u>44,082,531</u>	<u>93,940,197</u>
Attributable to:				
Equity holders of Sonae		60,417,033	13,918,806	44,176,786
Minority interests		<u>45,423,168</u>	<u>30,163,725</u>	<u>49,763,411</u>
Profit/(Loss) per share				
Basic	28	0.032372	0.007459	0.023675
Diluted	28	<u>0.032372</u>	<u>0.007459</u>	<u>0.023675</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 PERIOD ENDED 30 JUNE 2006 AND 2005

(Amounts expressed in euro)

	Attributable to Equity Holders of Sonae						Total Equity
	Share Capital	Own Shares	Reserves and Retained Earnings	Net Profit/(Loss)	Total	Minority Interests	
Balance as at 1 January 2005	2,000,000,000	(144,537,597)	(1,034,084,068)	283,521,010	1,104,899,345	785,515,291	1,890,414,636
Appropriation of profit of 2005:							
Transfer to legal reserves and retained earnings	-	-	283,521,010	(283,521,010)	-	-	-
Dividends distributed	-	-	(37,316,439)	-	(37,316,439)	-	(37,316,439)
Changes in conversion reserves	-	-	185,260,050	-	185,260,050	16,024,832	201,284,882
Changes in hedge and fair value reserves	-	-	24,136,518	-	24,136,518	(2,007,191)	22,129,327
Changes in other reserves (1)	-	-	(35,514,785)	-	(35,514,785)	(76,099,806)	(111,614,591)
Consolidated Profit/(Loss) for the half year ended 30 June 2005	-	-	-	164,656,786	164,656,786	63,615,620	228,272,406
Others	-	907,077	-	-	907,077	-	907,077
<b>Balance as at 30 June 2005</b>	<b><u>2,000,000,000</u></b>	<b><u>(143,630,520)</u></b>	<b><u>(613,997,714)</u></b>	<b><u>164,656,786</u></b>	<b><u>1,407,028,552</u></b>	<b><u>787,048,746</u></b>	<b><u>2,194,077,298</u></b>
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 conversion reserves	-	-	915	-	915	(30,249)	(29,334)
Changes in hedge and fair value reserves	-	-	1,491,352	-	1,491,352	1,243,283	2,734,635
Changes in other reserves (2)	-	669,089	(1,487,532)	-	(818,443)	(811,587)	(1,630,030)
Consolidated Profit/(Loss) for the half year ended 30 June 2006	-	-	-	85,073,514	85,073,514	55,672,963	140,746,477
Others	-	-	-	-	-	-	-
<b>Balance as at 30 June 2006</b>	<b><u>2,000,000,000</u></b>	<b><u>(142,961,431)</u></b>	<b><u>(762,292,167)</u></b>	<b><u>85,073,514</u></b>	<b><u>1,179,819,916</u></b>	<b><u>445,844,218</u></b>	<b><u>1,625,664,134</u></b>

The accompanying notes are part of these financial statements.

The Board of Directors

(1) Includes 17,729,243 euro relating to the writte-off of negative goodwill of the Gescartão group, sold in the period;



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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2006 AND 2005

(Amounts expressed in euro)

	Notes	IFRS		
		30.06.2006	30.06.2005	
		Total Operations <sup>1</sup>	Pro-forma	Total Operations <sup>1</sup>
<b>OPERATING ACTIVITIES</b>				
Net cash flow from operating activities (1)		15,151,521	(50,673,269)	53,902,724
<b>INVESTMENT ACTIVITIES</b>				
Cash receipts arising from:				
Investments		323,189,763	202,579,784	210,291,253
Tangible, intangible assets and propertie investments		17,251,721	11,729,389	77,411,203
Dividends		2,688,914	13,063,207	13,056,736
Others		22,465,856	236,926,574	110,474,340
		<u>365,596,254</u>	<u>464,298,954</u>	<u>411,233,532</u>
Cash Payments arising from:				
Investments		(411,098,098)	(266,368,918)	(318,789,140)
Tangible, intangible assets and propertie investments		(264,409,623)	(203,769,708)	(342,849,142)
Others		(14,668,752)	(11,647,455)	(20,216,399)
		<u>(690,176,473)</u>	<u>(481,786,081)</u>	<u>(681,854,681)</u>
Net cash used in investment activities (2)		<u>(324,580,219)</u>	<u>(17,487,127)</u>	<u>(270,621,149)</u>
<b>FINANCING ACTIVITIES</b>				
Cash receipts arising from:				
Loans obtained		1,062,062,311	1,975,204,333	2,315,420,208
Capital increases, additional paid in capital and share premiums		267,305	3,230,294	3,505,589
Sale of own shares		-	1,586,339	1,586,339
Others		-	131,260	175,010
		<u>1,062,329,616</u>	<u>1,980,152,226</u>	<u>2,320,687,146</u>
Cash Payments arising from:				
Loans obtained		(987,840,447)	(1,969,457,042)	(2,092,722,350)
Interest and similar charges		(60,714,285)	(53,430,931)	(121,180,711)
Reimbursement of capital and paid in capital		-	(36,183)	(72,367)
Dividends		(57,005,274)	(42,211,835)	(46,013,071)
Purchase of own shares		-	-	-
Others		(238,156)	(39,839,310)	(39,842,484)
		<u>(1,105,798,162)</u>	<u>(2,104,975,301)</u>	<u>(2,299,830,983)</u>
Net cash used in financing activities (3)		<u>(43,468,546)</u>	<u>(124,823,075)</u>	<u>20,856,163</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>(352,897,244)</u>	<u>(192,983,471)</u>	<u>(195,862,262)</u>
Effect of foreign exchange rate		197,236	(470,391)	(8,514,448)
Cash and cash equivalents at the beginning of the period		893,621,051	303,236,259	461,406,436
Cash and cash equivalents at the end of the period	16	<u>540,526,571</u>	<u>110,723,179</u>	<u>274,058,622</u>

The accompanying notes are part of these financial statements

<sup>1</sup> Subject to a limited review by external auditors as required by CMVM (Stock Exchange Regulator) for half year financial statements

The Board of Directors

SONAE, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED AS AT 30 JUNE 2006

(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, 4470-909 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 30.

The consolidated profit and loss account and the consolidated statement of cash flows for the first semester of 2006 are not directly comparable with the statements for the first semester of 2005, because of: the spin-off of the Wood Based Panels business (with accounting effects from 1 October 2005), the sale of the Retail operations in Brazil (with accounting effects from 1 December 2005), the change in the method of consolidation of the Shopping Centres business from full to proportionate consolidation (following the sale to Grosvenor, on 29 December 2005, of 17.04% of share capital of Sonae Sierra) and the sale of the shareholding in Imocapital/Gescartão in the first quarter of 2005.

The pro-forma consolidated income statement and the consolidated statement of cash flows as at 30 June 2005 include the above mentioned changes in the consolidation perimeter as from 1 January 2005.

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 2005.

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 2006.

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 2006 and 31 December 2005 are as follows:

COMPANY	Head Office	Percentage of capital held			
		30.06.2006		31.12.2005	
		Direct	Total	Direct	Total
<b>Sonae - SGPS, S.A.</b>	Maia	HOLDING	HOLDING	HOLDING	HOLDING
<b>Modelo Continente</b>					
2) Bertimóvel - Sociedade Imobiliária, SA	a) Matosinhos	100.00%	98.06%	100.00%	100.00%
Best Offer-Prest. Inf. p/Internet, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Bikini, Portal de Mulheres, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Cacelinho-Com. Retalhista e Expl.Centros Com., SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Canasta – Empreendimentos Imobiliários, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Carnes do Continente-Ind.Distr.Carnes, SA	a) Santarém	100.00%	98.06%	100.00%	98.06%
Chão Verde-Soc.Gestora Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Citorres-Sociedade Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Contibomba-Comérc. Distr. Combustíveis, SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Contimobe-Imobil.Castelo Paiva, SA	a) Castelo de Paiva	100.00%	98.06%	100.00%	98.06%
Cumulativa - Sociedade Imobiliária, SA	a) Marinha Grande	100.00%	98.06%	100.00%	98.06%
Difusão-Sociedade Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Distrifin-Comercio y Prest.Servicios, SA	a) Madrid (Spain)	100.00%	98.06%	100.00%	98.06%
Efanor-Design e Serviços, SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Efanor-Indústria de Fios, SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
2) 4) Equador & Burnay, Lda	a) Lisboa	100.00%	98.25%	100.00%	99.01%
2) Equador & Mendes, Lda	a) Lisboa	75.00%	73.69%	75.00%	74.25%
Estevão Neves-Hipermercados Madeira, SA	a) Madeira	100.00%	98.06%	100.00%	98.06%
2) Exit Travel, SA	a) Maia	100.00%	98.25%	100.00%	99.01%
Fozimo-Sociedade Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Fozmassimo-Sociedade Imobiliária, SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Fundo de Investimento Imobiliário Imonsoae Dois	a) Maia	100.00%	98.06%	99.98%	98.03%
Fundo Fechado de Investimento Imobiliário Efisa Imobiliário	a) Lisboa	100.00%	98.06%	100.00%	98.06%
Global S-Hipermercado, Lda	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
IGI-Investimento Imobiliário, SA	a) Porto	100.00%	98.06%	100.00%	98.06%
Igimo-Sociedade Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Imoconti- Soc.Imobiliária, SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Imoestrutura-Soc.Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Imomuro-Sociedade Imobiliária, SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Imoponte-Soc.Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Imoresultado-Soc.Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Imosistema-Sociedade Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Infofield-Informática, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Informeios-Projectos e Representações, SA	a) Lisboa	100.00%	98.06%	100.00%	98.06%
Inventory-Acessórios de Casa, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Marcas MC, zRT	a) Budapest (Hungary)	100.00%	98.06%	100.00%	98.06%
Max Office Artigos Serviços p/escrit., SA	a) Maia	100.00%	98.06%	100.00%	98.06%
MJLF – Empreendimentos Imobiliários, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Modalfa-Comércio e Serviços, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Modelo - Dist.de Mat. de Construção, SA	b) Maia	50.00%	49.03%	50.00%	49.03%
Modelo Continente Hipermercados,SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Modelo Continente, SGPS, SA	a) Matosinhos	98.06%	98.06%	98.06%	98.06%
Modelo Continente-Oper.Retalho SGPS, SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Modelo Hiper Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%

3)	Modelo Investimentos (Brasil), Ltda	a)	São Paulo (Brazil)	100.00%	98.06%	100.00%	98.06%
	Modelo,SGPS, SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
	Modelo.com-Vendas p/Correspond., SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
	Modis Distribuição Centralizada, SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
5)	Modis Internacional Trading, SA	a)	Madrid (Spain)	100.00%	98.06%	100.00%	98.06%
2)	Nova Equador Internacional,Ag.Viag.T, Lda	a)	Lisboa	75.00%	73.69%	75.00%	74.25%
	OK Bazar-Comércio Geral, SA	a)	Ermesinde	100.00%	98.06%	100.00%	98.06%
	Peixes do Continente - Indústria e Distribuição de Peixes, SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
	Pinto Ribeiro - Supermercados, SA	a)	Viana do Castelo	100.00%	98.06%	100.00%	98.06%
	Predicomercial-Promoção Imobiliária, SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
2) 4)	Santos Taborda & Carvalho,SU, Lda	a)	Lisboa	100.00%	98.25%	100.00%	99.01%
	Selifa – Empreendimentos Imobiliários, SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
	Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
	Sesagest-Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	98.06%	100.00%	98.06%
6)	SM Empreendimentos Imobiliários, Ltda	a)	Porto Alegre (Brazil)	100.00%	98.06%	100.00%	98.06%
	Socijofra-Sociedade Imobiliária, SA	a)	Gondomar	100.00%	98.06%	100.00%	98.06%
	Socioures-Soc.Imobiliária, SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
	Soflorin, BV	a)	Amsterdam (The Netherlands)	100.00%	98.06%	100.00%	98.06%
2)	Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	98.06%	100.00%	100.00%
	Sonae Retalho Espana-Servicios Gen., SA	a)	Madrid (Spain)	100.00%	98.06%	100.00%	98.06%
	Sondis Imobiliária, SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
	Sontária-Empreend.Imobiliários, SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
	Sonvecap, BV	a)	Amsterdam (The Netherlands)	100.00%	98.06%	100.00%	98.06%
	Sport Zone-Comércio Art.Desporto, SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
	SRE-Projetos e Consultadoria, SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
2)	Star-Viagens e Turismo, SA	a)	Lisboa	100.00%	98.25%	100.00%	99.01%
	Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	98.06%	100.00%	98.06%
	Todos os Dias-Com.Ret.Expl.C.Comer., SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
	Worten-Equipamento para o Lar, SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
<b>Sonaecom</b>							
	Digitmarket-Sistemas de Informação, SA	a)	Maia	75.10%	46.36%	75.10%	46.98%
7)	Enabler & Retail Consult, GmbH	a)	Germany	85.00%	37.38%	85.00%	37.88%
7)	Enabler Brasil, Ltda	a)	Curitiba (Brazil)	99.99%	43.97%	99.99%	44.56%
7)	Enabler France	a)	France	100.00%	43.97%	100.00%	44.56%
7)	Enabler UK, Ltd	a)	U.K.	100.00%	43.97%	100.00%	44.56%
7)	Enabler-Informática, SA	a)	Maia	98.50%	43.97%	98.50%	44.56%
	M3G-Edições Digitais, SA	a)	Lisboa	100.00%	61.12%	100.00%	62.56%
	Mainroad-Serviços em Tecnol. de Informação, SA	a)	Maia	100.00%	61.73%	100.00%	62.56%
	Miauger-Org. Gestão Leilões El., SA	a)	Maia	100.00%	61.73%	100.00%	62.56%
	Novis Telecom, SA	a)	Maia	100.00%	61.73%	100.00%	62.56%
	Optimus Telecomunicações, SA	a)	Maia	69.24%	42.74%	69.24%	43.31%
	Optimus Towering-Explor. Torres Telecom, SA	a)	Maia	100.00%	42.74%	100.00%	43.31%
	Per-Mar-Sociedade de Construções, SA	a)	Maia	100.00%	42.74%	100.00%	43.31%
	Público-Comunicação Social, SA	a)	Porto	99.00%	61.12%	99.99%	62.56%
7)	Retailbox, BV	a)	Amsterdam (The Netherlands)	75.50%	44.64%	75.50%	45.24%
	Sonae Matrix Multimédia, SGPS, SA	a)	Maia	100.00%	61.73%	100.00%	62.56%
	Sonae Telecom SGPS, SA	a)	Maia	100.00%	61.73%	100.00%	62.56%
	Sonae Telecom, BV	a)	Amsterdam (The Netherlands)	100.00%	61.73%	100.00%	62.56%
	Sonae.com,SGPS, SA	a)	Maia	61.73%	61.73%	62.56%	62.56%
	Sonae.com-Sistemas de Informação, SGPS, SA	a)	Maia	100.00%	61.73%	100.00%	62.56%
1)	Sonaecom BV	a)	Amsterdam (The Netherlands)	100.00%	61.73%	-	-
	We Do Brasil-Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.89%	59.65%	100.00%	59.66%
	We Do Consulting-SI, SA	a)	Maia	96,71%	59.70%	95.47%	59.72%
<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, SGPS, SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
Aquapraia-Investimentos Turísticos, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
Aserraderos de Cuellar, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Becim - Corretora de Seguros, Lda	a)	Santa Maria da Feira	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%
Campimeios - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Casa da Ribeira - Hotelaria e Turismo, SA	a)	Marco de Canaveses	100.00%	100.00%	100.00%	100.00%
Centro Residencial da Maia,Urban., SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Cinclus Imobiliária, SA	a)	Porto	100.00%	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-SGPS, SA	a)	Porto	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%
Cronosáude – Gestão Hospitalar, SA	a)	Porto	50.00%	50.00%	50.00%	50.00%
Elmo SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Empreend.Imob.Quinta da Azenha, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Espimaia -Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Friengineering, SA	a)	Matosinhos	100.00%	50.10%	100.00%	50.10%
Gestholdings-SGPS, SA	a)	Porto	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%
Imoareaia 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%
Imodivor - 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%
Imopeninsula - Sociedade Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Imoplamac Gestão de Imóveis, SA	a)	Santarém	100.00%	100.00%	100.00%	100.00%
Imoresort - Sociedade Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
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%	99.78%
Integrum-Serviços Partilhados, SA	a)	Maia	100.00%	35.07%	100.00%	35.07%
Interlog-SGPS, SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
8) Invicta - Comércio Internacional, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
INVAUDE - Gestão Hospitalar, SA	a)	Maia	50.00%	50.00%	50.00%	50.00%
ISF - Imobiliário, Serviços e Participações	a)	Porto	100.00%	100.00%	100.00%	100.00%
Isoroy Casteljaloux	a)	Casteljaloux (France)	100.00%	100.00%	100.00%	100.00%
Leroy Gabon, SA	a)	Libreville (Gabon)	99.99%	99.99%	99.99%	99.99%
Libra Serviços, Lda	a)	Funchal	100.00%	100.00%	100.00%	100.00%
Marimo -Exploração Hoteleira Imobiliária	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Marina Magic - Exploração de Centros Lúd	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
Marina Troia, SA	a)	Troia	100.00%	100.00%	100.00%	100.00%
Marmagno-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
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%	99.78%
MDS - Corrector 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%
Parcomarco, Gest Parq Est Centros Comer	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Partnergiro-Empreendimentos Turísticos, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
PJP - Equipamento de Refrigeração, Lda	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
Placage d'Okoumé du Gabon	a)	Libreville (Gabon)	99.88%	99.88%	99.88%	99.88%

Plysol SAS	a)	Niort (France)	100.00%	100.00%	100.00%	100.00%
Plysol SNC	a)	Lisieux (France)	98.01%	98.01%	98.01%	98.01%
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%
Publimeios-Soc.Gestora Part. Finan., SA	a)	Maia	50.10%	50.10%	50.10%	50.10%
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%
Safira Services-Limpeza Espaços Verd., SA	a)	Porto	51.00%	25.55%	51.00%	25.55%
Saúde Atlântica - Gestão Hospitalar, SA	a)	Maia	50.00%	50.00%	50.00%	50.00%
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%	35.07%	70.00%	35.07%
Selfrio-Engenharia do Frio, SA	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
SII - Soberana Investimentos Imobiliários, SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Sistavac-Sist.Aquecimento,V.Ar C., SA	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
SKK-Central de Distr., SA	a)	Porto	100.00%	35.07%	100.00%	35.07%
SKKFOR - Ser. For. e Desen. de Recursos	a)	Maia	96.00%	33.67%	96.00%	33.67%
SMP-Serv. de Manutenção Planeamento	a)	Matosinhos	100.00%	35.07%	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 Lazer,SGPS, SA	a)	Porto	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%
Somit-Soc.Mad.Ind.Transformadas, SA	a)	Oliveira do Hospital	100.00%	100.00%	100.00%	100.00%
Sonae Capital,SGPS, SA	a)	Porto	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 Gestão e Serviços, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae Turismo-SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae Wood Products, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
7) Sontrade Lines, Ltd	a)	Hants (U.K.)	63.75%	63.75%	63.75%	63.75%
Sontur, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Sopair, SA	a)	Madrid (Spain)	60.00%	30.06%	60.00%	30.06%
Sótaqua - Soc. de Empreendimentos Turist	a)	Maia	100.00%	100.00%	100.00%	100.00%
Spinarg, 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%
9) Terceiro Frente - Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Textil do Marco, SA	a)	Marco de Canaveses	90.37%	90.37%	90.37%	90.37%
Torralta-Clube Internacional Férias, SA	a)	Grândola	100.00%	100.00%	99.78%	99.78%
Torre São Gabriel-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Troiaverde-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Tulipamar-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Unibroker - Correctores de Seguros, SA	a)	Santa Maria da Feira	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>						
Atlantic Ferries - Traf.Loc.Flu.e Marit., SA	a)	Grândola	100.00%	72.80%	100.00%	72.80%

Casa Agrícola João e António Pombo, SA	a)	Portel	66.67%	32.67%	66.67%	32.67%
Iginha-Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	49.00%	100.00%	49.00%
Investalentejo, SGPS, SA	b)	Vila de Conde	49.00%	49.00%	49.00%	49.00%
Ipaper-Industria Papeis Impregnados, SA	a)	Maia	100.00%	24.99%	100.00%	28.25%
Sete e Meio - Investimentos e Consultadoria, SA	a)	Grândola	100.00%	49.00%	100.00%	49.00%
Sete e Meio Herdades - Investimentos Agrícolas e Turismo, SA	a)	Grândola	100.00%	49.00%	100.00%	49.00%
Soltroia-Investimentos Turísticos, SA	a)	Lisboa	100.00%	73.99%	100.00%	73.99%
Sonae Investments, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae Gest-Soc.Gest.Fundos Investimentos	a)	Maia	80.00%	69.22%	80.00%	70.56%

- 1) Company acquired or incorporated in the period;
- 2) Company shown under Sonae Capital in the previous year;
- 3) Company merged into Sonae Capital Brasil, Lda;
- 4) Company merged into Star-Viagens e Turismo, SA;
- 5) Company merged into Sonae Retalho Espana - Servicios Gen.SA;
- 6) Ex - Sonae Medicamentos, Ltda;
- 7) Company sold in the period;
- 8) Company merged into Box Lines Navegação, SA;
- 9) Company dissolved in the period.

- 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 2006 and 31 December 2005 are as follows:

COMPANY	Head Office	Percentage of capital held			
		30.06.2006		31.12.2005	
		Direct	Total	Direct	Total
<b>Sonae Sierra</b>					
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, SA	Atenas (Grécia)	100.00%	25.00%	100.00%	25.00%
ALEXA Administration GmbH	Dusseldorf (Germany)	100.00%	24.75%	99.00%	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%
Arrábidashopping- Centro Comercial, SA	Vila Nova de Gaia	50.00%	12.53%	50.00%	12.53%
Avenida M-40, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	50.00%
Avenida M-40, SA	Madrid (Spain)	100.00%	25.05%	100.00%	50.00%
Boavista Shopping Centre, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Cascaishopping- Centro Comercial, SA	Lisboa	100.00%	12.53%	100.00%	12.53%
Cascaishopping Holding I, SGPS, SA	Lisboa	100.00%	25.05%	100.00%	25.05%
Cascaishopping Holding II, SGPS, SA	Maia	50.00%	12.53%	50.00%	12.53%
Centro Colombo- Centro Comercial, SA	Lisboa	50.00%	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	Porto	100.00%	25.05%	100.00%	25.05%
2) Dortmund Tower GmbH	Dusseldorf (Germany)	100.00%	50.00%	-	-
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%

	Estação Oriente-Gest.de Galerias Com., SA	Maia	100.00%	50.00%	100.00%	50.00%
	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	São Paulo (Brazil)	100.00%	48.95%	100.00%	48.95%
	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%
3)	Gli Orsi - Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Guimarãeshopping- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Iberian Assets, SA	Barcelona (Spain)	49.78%	12.47%	49.78%	12.47%
	Inparsa-Gestão de Galeria Comerc., SA	Maia	100.00%	50.00%	100.00%	50.00%
	La Farga - Shopping Centre, SL	Barcelona (Spain)	100.00%	12.47%	100.00%	12.47%
7)	Le Terrazze - Shopping Centre, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
	Limadarque, Retail Park, SA	Viana do Castelo	50.00%	25.00%	50.00%	25.00%
	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%
	Monselice Center, Srl	Venice (Italy)	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	Porto	100.00%	12.53%	100.00%	12.53%
1)	Oriogest, Srl	Milan (Italy)	80.00%	20.00%	80.00%	20.00%
	Parque Atlântico Shopping - Centro Comercial SA	Ponta Delgada	50.00%	12.53%	50.00%	12.53%
	Parque D. Pedro 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Parque D. Pedro 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Parque de Famalicão - Empr. Imob., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Parque Dom Pedro Shopping, SA	São Paulo (Brazil)	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%	47.63%	100.00%	48.85%
	Pátio Penha Shopping, Ltda	Brazil	99.99%	50.00%	99.99%	50.00%
	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 -Dev.Sh.C., 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%
	Project Sierra 1 – Shopping Centre, GmbH	Austria	100.00%	50.00%	100.00%	50.00%
	Project Sierra 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
2)	Project Sierra 2 - Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	-	-
	Project Sierra 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
2)	Project Sierra 3, BV	Amsterdam (The Netherlands)	100.00%	50.00%	-	-
2)	Project Sierra 4, BV	Amsterdam (The Netherlands)	100.00%	50.00%	-	-
	Project Sierra Brazil 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany 1- Shopping Centre, GmbH	Germany	100.00%	50.00%	100.00%	50.00%
	Project Sierra Holding Portugal IV, SGPS, SA	Matosinhos	100.00%	50.00%	100.00%	50.00%
	Project Sierra Holding Portugal V - C. Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 1 - Shopping Centre, Srl	Italy	100.00%	50.00%	100.00%	50.00%
2)6)	Project Sierra Italy 3, Srl	Torino (Italy)	100.00%	50.00%	25.00%	12.50%
	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%
4)	Project Sierra Portugal VII - C. Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
5)	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 1-C.Comercial, SA	Madrid (Spain)	70.00%	35.00%	70.00%	35.00%
	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%	75.00%	37.50%
	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)	100.00%	50.00%	100.00%	50.00%
	Rio Sul - Centro Comercial, SA	Maia	50.00%	25.00%	50.00%	25.00%
	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%
1)	Segest, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
	Serra Shopping - Centro Comercial, S.A.	Maia	50.00%	25.00%	100.00%	25.00%
	Shopping Centre Parque Principado, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Shopping Penha, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Asset Management-Gest. Activos, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Brazil 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	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%
2)	Sierra Development Greece, SA	Athens (Greece)	100.00%	50.00%	-	-
	Sierra Developments Germany Gmbh	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 Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Spain-Prom.C.Com., SL	Amsterdam (The Netherlands)	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, SA	São Paulo (Brazil)	50.00%	25.00%	50.00%	25.00%
	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%	50.00%
	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	Porto	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	Matosinhos	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	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Management Italy, Srl	Milan (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%
	Sonae Sierra Brasil, SA	Brazil	100.00%	50.00%	100.00%	50.00%
	Sonae Sierra Brazil, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	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	Porto	100.00%	12.53%	100.00%	12.53%
	Torre Colombo Oriente-Imobiliária, SA	Porto	100.00%	12.53%	100.00%	12.53%

Unishopping Administradora, Ltda	São Paulo (Brazil)	99.99%	24.99%	99.99%	25.00%
Unishopping Consultoria Imob., Ltda	São Paulo (Brazil)	99.98%	24.99%	99.98%	25.00%
Valecenter Sierra 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	Barcelona (Spain)	49.83%	12.48%	49.83%	24.91%

- 1) Company sold in the period;
- 2) Company acquired or incorporated in the period;
- 3) Ex - Project Sierra Italy 2-Shop.Centre, Srl;
- 4) Ex - Project Sierra Holding Portugal I,SGPS, SA;
- 5) Ex - Project Sierra Holding Portugal III, SA;
- 6) Ex - Torino Shopping Centre Srl;
- 7) Ex - Corso Magenta 85, Sarl.

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:

	30.06.2006	31.12.2005	30.06.2005
Non-current assets	3,387,873,941	3,076,799,370	1,669,226,047
Current assets	547,290,969	566,999,550	75,587,079
Non-current liabilities	1,569,369,117	1,416,384,042	1,172,060,297
Current liabilities	552,346,758	552,252,436	116,255,458

	30.06.2006	31.12.2005	30.06.2005 Pro-forma
Income	184,530,638	219,332,169	126,534,274
Expenses	118,306,010	134,524,337	88,211,621

## 6. INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies, their head offices and the percentage of share capital held as at 30 June 2006 and 31 December 2005 are as follows:

COMPANY	Head Office	Percentage of capital held			
		30.06.2006		31.12.2005	
		Direct	Total	Direct	Total
<b>Modelo Continente</b>					
Mundo Vip – Operadores Turísticos, SA	Lisboa	33.33%	32.69%	33.33%	33.33%
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisboa	25.00%	24.51%	25.00%	24.51%
<b>Sonae Sierra</b>					
Campo Limpo Lda	S. Paulo (Brazil)	20.00%	5.00%	20.00%	5.00%
Mediterranean Cosmos Shop. Centre Investments, SA	Athens (Greece)	39.90%	9.98%	39.90%	9.98%
SIC Indoor – Gest. Suportes Publicitários, SA	Oeiras	35.00%	17.50%	35.00%	17.50%
<b>Sonaecom</b>					
Net Mall SGPS, SA	Maia	39.51%	24.39%	37.51%	24.72%
1) Profimetrics - Software Solutions, SA	Maia	30.00%	18.52%	-	-
SIRS – Sociedade Independente de Radiodifusão Sonora, SA	Porto	45.00%	27.50%	45.00%	28.15%
Unipress - Centro Gráfico, Lda	Vila Nova de Gaia	40.00%	24.45%	40.00%	25.02%
<b>Sonae Capital</b>					
Andar - Sociedade Imobiliária, SA	Maia	50.00%	50.00%	50.00%	50.00%
Autocenter - Serviços, Acessórios e Peças para Viaturas, SA	Maia	50.00%	25.00%	50.00%	25.00%
CarPlus – Comércio de Automóveis, SA	Vila Nova de Gaia	100.00%	50.00%	100.00%	50.00%
Change, SGPS, SA	Porto	25.00%	25.00%	25.00%	25.00%
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%
Developpement & Partenariat Assurances, SA	Paris (France)	35.00%	35.00%	35.00%	35.00%
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%
Interclean, SA	Brazil	49.99%	12.77%	49.99%	12.77%
Lazam Corretora, Ltda	Brazil	45.00%	45.00%	45.00%	45.00%
Lidergraf - Artes Gráficas, Lda	Vila de Conde	25.50%	25.50%	25.50%	25.50%
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%
Pargeste SGPS, SA	Maia	40.00%	40.00%	40.00%	40.00%
Sociedade de Construções do Chile, SA	Lisboa	100.00%	50.00%	100.00%	50.00%
Sociedade Imobiliária Troia - B3, SA	Grândola	20.00%	16,96%	20.00%	16,96%
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%
Operscut - Operação e Manutenção de Auto-estradas, SA	Lisboa	15.00%	15.00%	15.00%	15.00%
Sodesa, SA	Lisboa	50.00%	50.00%	50.00%	50.00%
TP - Sociedade Térmica, SA	Porto	50.00%	50.00%	50.00%	50.00%

1) Company acquired in the period;

Associated companies are consolidated using the equity method.

7. GROUP COMPANIES, JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES EXCLUDED FROM CONSOLIDATION AND OTHER SHAREHOLDINGS

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 2006 and 31 December 2005 are made up as follows:

COMPANY	Reason for exclusion	Head Office	Percentage of capital held				Book Value	
			30.06.2006		31.12.2005		30.06.2006	31.12.2005
			Direct	Total	Direct	Total		
<b>Modelo Continente</b>								
Dispar – Distrib. de Participações, SGPS, SA		Lisboa	7.14%	7.00%	7.14%	7.00%	4,988	4,988
Inscoc – Insular de Hipermercados, SA		Ponta Delgada	10.00%	9.81%	10.00%	9.81%	748,197	748,197
<b>Sonae Sierra</b>								
Ercasa Cogeneracion SA		Grancasa (Spain)	32.01%	1.60%	32.01%	1.60%	23,933	23,933
Pátio Sertório		S.Paulo (Brazil)	100.00%	45.00%	100.00%	45.00%	1,497	1,497
<b>Sonaeacom</b>								
Altitude, SGPS, SA		Lisboa	11.54%	7.12%	11.50%	7.19%	1,000,000	1,000,000
Despegar.com		Porto	5.50%	3.40%	5.50%	3.44%	-	-
Lusa - Agência de Notícias de Portugal, SA		Lisboa	1.38%	0.84%	1.38%	0.86%	197,344	197,344
Minhodigital.com - Inv. na Área Tecnológ., SA		Porto	4.76%	2.84%	4.76%	2.84%	-	-
Outsystems, Software de Rede, SA		Oeiras	1.50%	0.90%	1.50%	0.90%	-	-
Portugal Telecom, SGPS, SA		Lisboa	1.00%	0.62%	-	-	106,593,243	-
<b>Sonae Capital</b>								
1) Bar-Bar-Idade Glass - Serviços de Gestão e Investimentos, SA		Porto	7.83%	7.83%	11.75%	11.75%	12,060,507	17,999,964
Delphinus – Soc. de Tur. e Div. de Tróia, SA	a)	Grândola	79.00%	79.00%	79.00%	79.00%	-	-
3) Etablissement A. Mathe, SA		France	27,74%	27,74%	-	-	69,350	-
Plysorol Contreplaques, SAS	a)	France	100.00%	100.00%	100.00%	100.00%	37,000	37,000
Sonae Indústria, SGPS, SA	b)	Maia	6.66%	6.66%	5.95%	5.95%	62,739,442	53,263,065
Sonae RE, SA	a)	Luxemburg	100.00%	100.00%	100.00%	100.00%	1,250,000	1,250,000
Fun International Entertainment, SA	a)	Porto	50.00%	50.00%	50.00%	50.00%	825,002	825,001
Infracria – Emp. de Infraest. de Troia, E.N.	a)	Grândola	25.90%	25.90%	25.90%	25.90%	55,659	55,659
Net, SA		Lisboa	2.80%	2.80%	2.80%	2.80%	11,132	11,132
Sear - Sociedade Europeia de Arroz, SA		Santiago do Cacém	15.00%	15.00%	15.00%	15.00%	150,031	150,031
Société Naturel de Bois Gabonais		Gabon	4.24%	4.24%	4.24%	4.24%	-	-
Spidouro S.P.E.I. Douro e Trás-os-Montes, SA		Vila Real	8.30%	8.30%	8.30%	8.30%	-	-
<b>Others</b>								
Esprit du Monde SA	a)	Portel	100.00%	32.67%	-	-	50,000	-
Sonae Investimentos América Latina, Lda	a)	São Paulo (Brazil)	99.99%	99.99%	99.99%	99.99%	25,687	25,687
First Assur, SA		France	11.01%	11.01%	11.01%	11.01%	959,647	959,647
2) Sonae Indústria, SGPS, SA	b)	Maia	-	-	0.71%	0.71%	-	6,400,000

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;

b) Investment measured at fair value.

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

2) Company sold to Sonae Capital in the period.

3) Company acquired in the period;

## 8. CHANGES TO THE CONSOLIDATION PERIMETER

Main disposals of companies over the six month period ended 30 June 2006 are as follows:

### Disposals

COMPANY	Head Office	Percentage of capital held	
		30.06.2006	
		Direct	Total
<b>Sonae Sierra</b>			
Oriogest, Srl	Milan (Italy)	80.00%	20.00%
Segest, Srl	Milan (Italy)	50.00%	25.00%
<b>Sonaecom</b>			
Enabler & Retail Consult, GmbH	Germany	85.00%	37.38%
Enabler Brasil, Ltda	Curitiba (Brazil)	99.99%	43.97%
Enabler France	France	100.00%	43.97%
Enabler UK, Ltd	U.K.	100.00%	43.97%
Enabler-Informática, SA	Maia	98.50%	43.97%
Retailbox, BV	Amsterdam (The Netherlands)	75.50%	44.64%
<b>Sonae Capital</b>			
Sontrade Lines, Ltd	Hants (U.K.)	63.75%	63.75%

Net assets of group companies sold and the corresponding carrying amounts as at the date of disposal and as at 31 December 2005 are as follows:

	Date of disposal	31.12.2005
Net assets disposed of		
Tangible and intangible assets (Note 9)	659,125	1,352,610
Deferred tax assets	66,198	7,129
Other assets	9,782,038	9,080,692
Cash and cash equivalents	4,972,842	4,903,819
Other liabilities	(6,353,057)	(8,288,804)
Provisions	(350,282)	(10,873)
	<u>8,776,864</u>	<u>7,044,573</u>
Goodwill	1,936,347	1,962,882
Intercompany results	(2,990,859)	-
Minority interests (Note 18)	(925,013)	(320,259)
	<u>6,797,339</u>	<u>8,687,196</u>
Gain/(loss) on sale	<u>26,465,274</u>	
Total consideration	<u>33,262,613</u>	
Cash received	25,946,503	
Amounts receivable	7,316,110	
	<u>33,262,613</u>	
Net cash inflow arising from disposals		
Cash consideration received	25,946,503	
Cash and cash equivalents disposed of	(4,972,842)	
	<u>20,973,661</u>	

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

	Date of disposal	31.12.2005
Turnover	11,725,262	23,689,831
Other operational income	3,427,304	7,897,785
Other operational expenses	(13,837,767)	(28,585,944)
Net financial expenses	65,553	40,523
Investment income and share of results in associated undertakings	63,376	(567,907)
	Profit before taxation	2,474,288
Taxation	(313,425)	(1,174,571)
	Profit for the period	1,299,717

## 9. TANGIBLE AND INTANGIBLE ASSETS

During the six months period ended 30 June 2006, 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	Tangible assets in progress	Total Tangible Assets
<b>Gross cost:</b>					
<b>Opening balance as at 1 January 2006</b>	1,441,897,812	1,190,596,282	280,269,665	85,169,758	2,997,933,517
Changes in consolidation perimeter	-	(2,413,638)	(949,672)	-	(3,363,310)
Capital expenditure	22,277,312	3,454,083	7,012,624	144,301,825	177,045,844
Disposals	(18,400,723)	(5,843,119)	(2,022,721)	(1,298,622)	(27,565,185)
Exchange rate effect	(102,408)	(10,037)	(13,726)	(18,759)	(144,930)
Transfers	26,712,599	75,298,956	6,776,896	(115,194,471)	(6,406,020)
<b>Closing balance as at 30 June 2006</b>	1,472,384,592	1,261,082,527	291,073,066	112,959,731	3,137,499,916
<b>Accumulated depreciation and impairment losses</b>					
<b>Opening balance as at 1 January 2006</b>	264,496,740	630,899,802	194,131,334	271,167	1,089,799,043
Changes in consolidation perimeter	-	(2,080,044)	(667,738)	-	(2,747,782)
Charge for the period	19,125,724	56,341,878	15,256,680	-	90,724,282
Disposals	(5,280,018)	(4,476,520)	(1,514,151)	(15,965)	(11,286,654)
Exchange rate effect	(4,175)	(4,556)	(5,231)	-	(13,962)
Transfers	(161,984)	(2,983,219)	(361,818)	545,866	(2,961,155)
<b>Closing balance as at 30 June 2006</b>	278,176,287	677,697,341	206,839,076	801,068	1,163,513,772
<b>Carrying amount</b>					
<b>As at 30 June 2006</b>	1,194,208,305	583,385,186	84,233,990	112,158,663	1,973,986,144

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

	30.06.2006
Refurbishment and expansion of stores located in Portugal	37,966,500
New projects in Portugal of the Retail business segment	14,519,778
Troia project	14,436,035
Deployment of mobile and fixed network	8,059,984
	74,982,297

	Intangible assets			
	Patents and other similar rights	Others	Intangible assets	Total
			in progress	Intangible Assets
<b>Gross cost:</b>				
<b>Opening balance as at 1 January 2006</b>	230,752,504	281,456,631	15,469,653	527,678,788
Capital expenditure	(32,035)	(386,957)	-	(418,992)
Disposals	373,329	1,071,630	16,262,648	17,707,607
Exchange rate effect	(6,855)	(178,665)	(468,249)	(653,769)
Transfers	(29)	(3,209)	-	(3,238)
<b>Closing balance as at 30 June 2006</b>	<b>1,771,471</b>	<b>7,814,621</b>	<b>(6,198,324)</b>	<b>3,387,768</b>
	<u>232,858,385</u>	<u>289,774,051</u>	<u>25,065,728</u>	<u>547,698,164</u>
<b>Accumulated depreciation and impairment losses</b>				
<b>Opening balance as at 1 January 2006</b>	23,481,840	182,651,525	-	206,133,365
Charge for the period	(22,345)	(353,050)	-	(375,395)
Disposals	7,175,363	12,897,401	-	20,072,764
Exchange rate effect	(16,445)	(9,551)	-	(25,996)
Transfers	-	(664)	-	(664)
<b>Closing balance as at 30 June 2006</b>	<b>558,655</b>	<b>2,215,984</b>	<b>-</b>	<b>2,774,639</b>
	<u>31,177,068</u>	<u>197,401,645</u>	<u>-</u>	<u>228,578,713</u>
<b>Carrying amount</b>				
<b>As at 30 June 2006</b>	<u>201,681,317</u>	<u>92,372,406</u>	<u>25,065,728</u>	<u>319,119,451</u>

As at 30 June 2006, the amount under the caption Patents and other similar rights includes net assets related with UMTS technology (121,385,508 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 2006, Investment properties are detailed as follows:

	30.06.2006	31.12.2005
Investment properties in operation	1,327,162,467	1,232,476,111
Investment properties in progress	159,556,009	124,944,974
	<u>1,486,718,476</u>	<u>1,357,421,085</u>

As at 30 June 2006, Investment properties in operation correspond to the fair value of the Group's share of shopping centres, which can be detailed as follows:

	30.06.2006		31.12.2005	
	Amount	Yield	Amount	Yield
Portugal	796,358,750	5,75% a 6,75%	718,685,026	6,25% to 7,25%
Spain	370,307,864	5,25% a 7,25%	357,728,006	5,25% to 7,50%
Italy	60,250,500	6,25% a 7,25%	58,257,500	6,50% to 7,50%
Brazil	100,245,353	11,00% a 12,50%	97,805,579	11,00% to 12,50%
	<u>1,327,162,467</u>		<u>1,232,476,111</u>	

The fair value of each investment property was determined by a valuation as at 30 June 2006, performed by an independent entity, based on valuation criteria generally accepted in the real estate business.

Value created on investment properties over the six month periods ended 30 June 2006 and 2005 can be detailed as follows:

	2 <sup>nd</sup> Quarter 2006	1 <sup>st</sup> Half 2006	2 <sup>nd</sup> Quarter 2005	1 <sup>st</sup> Half 2005
Properties which were under development and were concluded during the six month period	143,000	5,563,980	1,124,192	9,635,254
Changes in fair value of investment properties in operation	65,860,779	65,860,780	55,772,009	55,772,009
Adjustments to construction cost estimates of properties under development which were transferred to investment properties	-	-	(7,190,938)	(7,190,938)
	<u>66,003,779</u>	<u>71,424,760</u>	<u>49,705,263</u>	<u>58,216,325</u>

As at 30 June 2006 and 31 December 2005, Investment properties in progress can be detailed as follows:

	30.06.2006	31.12.2005
Portugal:		
Alverca	2,858,800	2,838,625
Cacém Shopping	904,478	875,176
Parque de Famalicão	1,495,356	1,427,234
Setubal Retail Park	784,851	736,764
Lima Retail Park	2,352,522	2,148,968
Torres Colombo	4,113,170	4,271,352
Rio Sul	-	16,534,179
VIII Avenida	4,328,223	-
ArrabidaShopping - expansion	1,100,335	-
Others	1,029,756	605,518
Germany:		
Alexander Platz	43,891,067	36,016,961
3DO	9,133,546	7,932,227
Weiterstadt	27,787,924	-
Others	1,013	-
Brazil:		
Others	117,433	114,655
Spain:		
El Rosal	23,801,897	20,337,249
Plaza Mayor Shopping	8,811,607	6,319,577
Dos Mares - expansion	1,654,902	1,650,387
Others	52,897	-
Greece:		
Aegean Park	4,769,483	4,725,071
Others	10,800	10,160
Italy:		
Freccia Rossa	15,320,535	13,930,831
Gli Orsi	4,526,120	4,071,824
Le Terraze	650,499	-
Others	58,795	398,219
	<u>159,556,009</u>	<u>124,944,974</u>



As at 30 June 2006, the following investment properties were mortgaged:

3DO	La Farga
Airone	Las Medulas
Alexander Platz	Loureshopping
Algarveshopping	Luz del Tajo
Arrabidashopping	Madeirashopping
Avenida M40	Maiashopping
Cascaishopping	Norteshopping
Centro Colombo	Parque Atlántico
Centro Vasco da Gama	Parque Príncipado
Coimbra Retail Park	Plaza Éboli
Coimbrashopping	Plaza Mayor
Dos Mares	Plaza Mayor Shopping
Estação Viana	Rio Sul
Freccia Rossa	Serra Shopping
Gaiashopping	Valecenter
Grancasa	Valle Real
Guimarãesshopping	Viacatarina
Kareaga	Zubiarte

#### 11. GOODWILL

During the six months period ended 30 June 2006, movements in goodwill, as well as in corresponding impairment losses, are as follows:

	30.06.2006
<b>Gross value:</b>	
Opening balance	248,887,726
Increases	124,379
Decreases	(2,312,177)
Closing balance	<u>246,699,928</u>
<b>Accumulated impairment losses:</b>	
Opening balance	3,309,480
Increases	-
Decreases	-
Closing balance	<u>3,309,480</u>
<b>Carrying amount:</b>	<u>243,390,448</u>

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

## 12. INVESTMENTS

As at 30 June 2006, this caption is made up as follows:

	30.06.2006	
	Non current	Current
<b><u>Investments in group companies, jointly controlled companies or associated companies excluded from consolidation</u></b>		
Opening balance as at 1 January 2006	8,795,694	-
Acquisitions in the year	779,850	-
Disposals in the year	(500)	-
Transfers	2,659,933	-
Closing balance as at 30 June 2006	12,234,977	-
Accumulated impairment losses (Note 24)	(7,957,738)	-
	<u>4,277,239</u>	<u>-</u>
<b><u>Investment in associated companies</u></b>		
Opening balance as at 1 January 2006	21,254,852	-
Acquisitions in the year	1,035,716	-
Disposals in the year	-	-
Equity method effect	1,494,973	-
Transfers	(2,526,585)	-
Closing balance as at 30 June 2006	21,258,956	-
Goodwill	2,958,551	-
Accumulated impairment losses (Note 24)	(844,130)	-
	<u>23,373,377</u>	<u>-</u>
<b><u>Investments held for sale</u></b>		
Fair value (net of impairment losses) as at 1 January 2006		
Acquisitions in the year	133,421,347	10,620,966
Disposals in the year	117,464,111	414,842
Increase/(Decrease) in fair value	(17,409,488)	(366,660)
Transfers	4,000,613	(107,858)
Fair value (net of impairment losses) as at 30 June 2006	(156,940)	-
	<u>237,319,643</u>	<u>10,561,290</u>
<b><u>Derivative financial instruments (Note 20)</u></b>		
Fair value as at 1 January 2006	-	60,475
Acquisitions in the year	-	2,538,272
Disposals in the year	-	(2,591,934)
Increase/(Decrease) in fair value	-	20,420
Fair value as at 30 June 2006	-	<u>27,233</u>
	<u>264,970,259</u>	<u>10,588,523</u>

Investments held for sale are disclosed above net of accumulated impairment losses (Note 24) amounting to 2.740.080 euro.

The caption Investments held for sale includes (63,869,120) euro of deposits in an Escrow Account, of which (10,560,788) disclosed as current assets and (53,308,332) 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 high ratings.

### 13. OTHER NON-CURRENT ASSETS

As at 30 June 2006 and 31 December 2005, Other non-current assets are detailed as follows:

	30.06.2006			31.12.2005		
	Gross Value	Accumulated	Carrying Amount	Gross Value	Accumulated	Carrying Amount
		impairment losses (Note 24)			impairment losses (Note 24)	
<b>Loans granted to related parties</b>						
Bar-Bar-Idade Glass - Serviç. de Gest. e Investment, SA	6,402,717	-	6,402,717	12,000,000	-	12,000,000
Andar - Sociedade Imobiliária, SA	2,787,173	-	2,787,173	2,650,673	-	2,650,673
Others	5,034,624	(270,488)	4,764,136	4,416,301	(294,805)	4,121,496
	<u>14,224,514</u>	<u>(270,488)</u>	<u>13,954,026</u>	<u>19,066,974</u>	<u>(294,805)</u>	<u>18,772,169</u>
<b>Trade accounts receivable and other debtors</b>						
Legal deposits	811,884	-	811,884	823,385	-	823,385
Accounts receivable from the sale of investments	1,730,137	-	1,730,137	1,911,424	-	1,911,424
Lisbon and Malaga Town Councils	4,400,585	-	4,400,585	4,723,019	-	4,723,019
Others	8,444,444	(184,944)	8,259,500	12,243,096	(4,722,917)	7,520,179
	<u>15,387,050</u>	<u>(184,944)</u>	<u>15,202,106</u>	<u>19,700,924</u>	<u>(4,722,917)</u>	<u>14,978,007</u>
<b>Derivative financial instruments (Note 20)</b>	3,974,907	-	3,974,907	-	-	-
<b>Other non-current assets</b>	3,141,583	-	3,141,583	1,988,844	-	1,988,844
	<u>36,728,054</u>	<u>(455,432)</u>	<u>36,272,622</u>	<u>40,756,742</u>	<u>(5,017,722)</u>	<u>35,739,020</u>

### 14. TRADE DEBTORS AND OTHER CURRENT ASSETS

As at 30 June 2006 and 31 December 2005, Trade debtors and other current assets are detailed as follows:

	30.06.2006	31.12.2005
Trade accounts receivable	342,087,716	340,892,988
Taxes recoverable	92,180,235	87,636,005
Securitisation of trade receivables	1,722,667	1,684,510
Trade suppliers - debit balances	29,802,021	32,445,023
Other debtors	70,572,540	86,267,475
Accounts receivable from the sale of investments	34,093,213	260,410,243
Accounts receivable from the sale of tangible assets	2,775,629	4,336,373
Loans granted to associated companies	28,155,184	19,758,938
Invoices to be issued	57,446,695	37,549,383
Other current assets	45,175,942	28,026,710
	<u>704,011,842</u>	<u>899,007,648</u>
Accumulated impairment losses (Note 24)	(106,808,472)	(110,306,224)
	<u>597,203,370</u>	<u>788,701,424</u>

## 15. DEFERRED TAXES

Deferred tax assets and liabilities as at 30 June 2006 and 31 December 2005 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	30.06.2006	31.12.2005	30.06.2006	31.12.2005
Difference between fair value and acquisition cost in investment properties	-	-	225,844,908	200,453,376
Harmonisation adjustments	239,005	282,358	24,850,241	24,696,174
Provisions and impairment losses not accepted for tax purposes	13,721,527	13,201,778	3,444,326	2,560,614
Write off of tangible and intangible assets	27,854,605	28,640,493	-	-
Write off of deferred costs	30,986,128	23,436,106	2,256,348	2,067,858
Valuation of hedging derivatives	(1,108,309)	320,595	6,676	16,631
Revaluation of tangible assets	-	-	3,692,475	3,838,774
Tax losses carried forward	39,750,734	42,886,889	-	-
Reinvested capital gains/(losses)	485,963	-	4,435,956	4,485,183
Others	(302,355)	(284,180)	410,290	65,651
	<u>111,627,298</u>	<u>108,484,039</u>	<u>264,941,220</u>	<u>238,184,261</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 2006 and 31 December 2005, and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

	30.06.2006			31.12.2005		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2000	624,249	161,637	2006	1,860,520	464,590	2006
Generated in 2001	5,822,472	1,586,875	2007	7,365,362	2,010,374	2007
Generated in 2002	39,769,925	10,940,243	2008	61,090,945	16,727,473	2008
Generated in 2003	33,599,715	8,848,084	2009	32,257,714	9,013,529	2009
Generated in 2004	4,833,159	1,328,531	2010	5,295,699	1,317,769	2010
Generated in 2005	10,416,439	3,322,037	2011	10,614,908	2,926,903	2011
Generated in 2006	6,664,242	1,832,665	2012	-	-	
	<u>101,730,201</u>	<u>28,020,072</u>		<u>118,485,148</u>	<u>32,460,638</u>	
Without limited time use	11,836,251	3,933,668		9,122,035	3,250,519	
With a time limit different from the above mentioned	22,309,359	7,796,994		20,502,091	7,175,732	
	<u>34,145,610</u>	<u>11,730,662</u>		<u>29,624,126</u>	<u>10,426,251</u>	
	<u>135,875,811</u>	<u>39,750,734</u>		<u>148,109,274</u>	<u>42,886,889</u>	

As at 30 June 2006 and 31 December 2005, 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 2006 tax losses carried forward, amounting to 1,317,125,028 euro, have not originated deferred tax assets for prudential reasons. These may be summarised as follows:

	30.06.2006			31.12.2005		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2000	60,906,730	16,749,351	2006	67,743,331	18,629,417	2006
Generated in 2001	111,922,416	30,772,320	2007	125,518,521	34,517,593	2007
Generated in 2002	589,906,060	162,139,391	2008	679,213,519	186,783,717	2008
Generated in 2003	68,278,171	19,321,018	2009	65,091,201	18,520,346	2009
Generated in 2004	43,102,146	11,782,535	2010	41,053,702	11,326,503	2010
Generated in 2005	263,476,408	72,449,306	2011	229,033,258	62,990,282	2011
Generated in 2006	31,641,394	8,699,045	2012	-	-	
	<u>1,169,233,325</u>	<u>321,912,966</u>		<u>1,207,653,532</u>	<u>332,767,858</u>	
Without limited time use	147,891,703	51,181,831		133,678,160	46,113,016	
	<u>1,317,125,028</u>	<u>373,094,797</u>		<u>1,341,331,692</u>	<u>378,880,874</u>	

## 16. CASH AND CASH EQUIVALENTS

As at 30 June 2006 and 31 December 2005, Cash and cash equivalents can be detailed as follows:

	30.06.2006	31.12.2005
Cash at hand	4,314,497	2,799,622
Bank deposits	489,687,306	795,834,935
Treasury applications	64,854,708	113,659,759
Cash and cash equivalents in the balance sheet	<u>558,856,511</u>	<u>912,294,316</u>
Bank overdrafts (Note 19)	(18,329,940)	(18,673,265)
Cash and cash equivalents in the statement of cash flows	<u>540,526,571</u>	<u>893,621,051</u>

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

## 17. SHARE CAPITAL

As at 30 June 2006, 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 133,418,572 own shares, at a cost of 142,961,431 euro.

As at 30 June 2006, 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 six months period ended 30 June 2006 are as follows:

	30.06.2006
Opening balance as at 1 January	394,707,612
Dividends	(4,937,804)
Changes resulting from currency translation	(30,249)
Acquisition of companies	-
Disposal of companies (Note 8)	(925,013)
Changes in hedge and fair value reserves	1,243,283
Others	113,426
Profit for the period attributable to minority interests	55,672,963
Closing balance as at 30 June	<u>445,844,218</u>

## 19. BORROWINGS

As at 30 June 2006 and 31 December 2005, Borrowings are made up as follows:

	30.06.2006			31.12.2005			Repayable on
	Amount limit	Outstanding amount		Amount limit	Outstanding amount		
		Current	Non Current		Current	Non Current	
<b>Bank loans</b>							
e) Sonae SGPS, SA - commercial paper	350,000,000	222,500,000	-	350,000,000	340,950,000	-	Aug/2014
e) Modelo Continente, SGPS,SA	163,000,000	64,000,000	-	-	-	-	Sep/2009
a)b) Sonae Sierra affiliated undertakings	474,037,488	34,774,382	342,663,766	480,737,488	9,933,335	363,688,431	Jun/2009 to May/2027
a)c) Sonae Sierra affiliated undertakings	286,750,649	4,733,197	216,066,391	265,528,904	10,336,188	144,467,761	Apr/2006 to Dec/2025
Valecenter S.p.a.	-	-	-	26,000,000	26,000,000	-	-
Optimus	450,000,000	-	324,458,200	450,000,000	-	324,458,200	Jun/2009
Sonae Investments BV	32,154,000	6,150,940	7,688,675	32,154,000	6,150,940	10,764,146	Sep/2008
Sonae Investments BV	47,385,800	8,100,000	-	47,385,800	-	-	Jun/2007
d) Investalentejo	40,000,000	40,000,000	-	40,000,000	-	40,000,000	Fev/2007
d) Imoareaia	34,791,153	34,791,153	-	34,791,153	34,791,153	-	Aug/2006
Others		14,023,236	13,110,178		145,316,357	28,714,745	
		<u>429,072,908</u>	<u>903,987,210</u>		<u>573,477,973</u>	<u>912,093,283</u>	
<b>Bonds:</b>							
Bonds Sonae / 97		74,819,686	74,819,685		74,819,686	74,819,684	Oct/2007
Bonds Sonae / 05		-	100,000,000		-	100,000,000	Mar/2013
Bonds Sonae 2006/2011		-	250,000,000		-	-	May/2011
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		-	265,000,000		-	265,000,000	Aug/2010
Bonds Modelo Continente / 2005		-	150,000,000		-	150,000,000	Aug/2012
Bonds Sonae Imobiliária / 99		15,000,000	-		15,000,000	-	Dec/2006
Bonds Sonaecom / 2005		-	150,000,000		-	150,000,000	Jun/2013
		<u>89,819,686</u>	<u>1,171,819,685</u>		<u>89,819,686</u>	<u>921,819,684</u>	
Obligations under finance leases (Note 25)		9,242,019	30,681,842		11,030,610	36,194,019	
Other loans		762,217	7,934,750		1,082,647	8,164,831	
Bank overdrafts (Note 16)		18,329,940	-		18,673,265	-	
Hedging derivatives (Note 20)		368,597	288,714		959,050	481,953	
Amortised cost for bank loans and bonds		(652,039)	(28,136,010)		(550,705)	(30,127,628)	
		<u>546,943,328</u>	<u>2,086,576,191</u>		<u>694,492,525</u>	<u>1,848,626,143</u>	

- 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) Commercial paper programme.

Derivatives are recorded at fair value (Note 20).

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

	30.06.2006	31.12.2005
2006	405,830,848	694,084,181
2007	233,706,419	144,560,638
2008	129,003,880	126,167,422
2009	349,664,771	349,217,525
2010	333,694,092	333,764,184
After 2010	1,209,750,247	924,562,049
	<u>2,661,650,257</u>	<u>2,572,355,997</u>

## 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 2006, the fair value of exchange rate derivatives, calculated based on present market value of equivalent financial instruments, is of 64,471 euro and is included in Current liabilities and 6.813 euros (60,475 euro as at 31 December 2005) on the caption Current investments.

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment, amounting to -118,133 euro, were recorded directly in the income statement in the caption Net financial expenses.

### Interest rate derivatives

As at 30 June 2006, 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 309,606,833 euro (255,692,090 euro as at 31 December 2005). The fair value of these derivatives amounts to 3,402,486 euro (-1,441,003 euro as at 31 December 2005), and are disclosed as Investments 3,995,327 euro and as current liabilities 592,840 euro, of which 20,420 euro relate to assets and 109,898 euro (454.221 euro as at 31 December 2005) relate to derivatives on loans which were reimbursed during the year and as such no longer qualify as hedge derivatives, in spite of continuing to hedge interest risk.

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 2006 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	
	30.06.2006	31.12.2005	30.06.2006	31.12.2005
Derivatives not qualified as hedging	27,233	60,475	174,369	454,221
Hedging derivatives				
Exchange rate	-	-	-	-
Interest rate	3,974,907	-	482,942	986,782
Interest and exchange rate	-	-	-	-
Other derivatives				
	-	-	-	-
	<u>4,002,140</u>	<u>60,475</u>	<u>657,311</u>	<u>1,441,003</u>

## 21. OTHER NON-CURRENT LIABILITIES

As at 30 June 2006 and 31 December 2005, Other non-current liabilities were made up as follows:

	30.06.2006	31.12.2005
Shareholder loans	44,418,487	50,411,714
Fixed assets suppliers	25,128,630	25,410,132
Other non-current liabilities	229,821,320	481,162,419
Share based payments (Note 22)	12,618,535	29,428,569
	<u>311,986,972</u>	<u>586,412,834</u>

The caption Other non-current liabilities includes 188,268,368 euro (460,085,361 euro as at 31 December 2005) which correspond to the present value of the consideration paid by the Santander Group for Modelo Continente, SGPS, SA shares, currently amounting to 9.09% of the share capital of that affiliated company, under the terms of the call option agreement.

On 9 May 2002, the company sold shares representing 19.95% of the share capital of its affiliated company Modelo Continente, SGPS, S.A. to Banco Santander Central Hispano and related companies (the Santander Group). This sale was part of agreements entered into with the Santander Group on 8 February 2002 to launch a tender offer for the whole of the share capital of that affiliated company not yet owned by Sonae, and the sales price per share was the offer price (1.85 euro).

At the same time, agreements with the Santander Group were signed, giving Sonae an option to repurchase the shares mentioned in the previous paragraph (open to be exercised during 4 years by an affiliated company appointed on 16 December 2002 for that purpose) and the Santander Group an option to sell them (open between the end of the 3rd year up to the end of the 4<sup>th</sup> year to be exercised by an affiliated company appointed on 16 December 2002 for that purpose). The share prices for these options are specified in the agreements and are indexed to the sales price and to financial variables.

In January 2003 the Santander Group subscribed shares representing 5.7% of the capital increase of Modelo Continente, SGPS, SA, under the same contractual arrangements. Consequently, the Santander Group changed its shareholding to 18.65% of the share capital of this company.

On 16 November 2004, the agreements mentioned above were renegotiated including a portion of the Modelo Continente, SGPS, S.A. shares acquired during the year. Consequently, as at 31 December 2004, the Santander Group held 30% of the share capital of that affiliated company.

The terms of the renegotiation maintained the share call option held by Sonae over the shares owned by the Santander Group which can be exercised at any moment, as well as the put option held by the Santander Group which can only be exercised after 30 November 2008. The share prices for these options are specified in the agreements and are indexed to the sales price and to financial variables.



On 19 May 2005, in an over the counter transaction, Sonae, SGPS, SA acquired 83,375,000 shares (7.58% of the share capital) of its affiliate Modelo Continente, SGPS, SA, for 150.4 million euro, under the terms of the Call Option contract signed on 16 November 2004. On 20 April 2006, the Group acquired, under the same terms, shares representing 13.3295% of the share capital of its affiliate Modelo Continente, SGPS, SA for 265,792,158.65 euro. After 30 June 2006, the Group acquired, under the same terms, shares representing 9.09% of the share capital of Modelo Continente, SGPS, SA, corresponding to the remaining shares held by the Santander Group under this contract, which as a result ceased to exist.

Under the contract terms, generally accepted accounting principles establish that those shares must be maintained in Sonae, SGPS, S.A.'s assets, because of the existence of the share repurchase option which determines that Sonae maintains control over those shares, in spite of all rights and obligations having been legally transferred to the acquirer (the Santander Group). To exercise this repurchase option, one affiliated company included in the consolidation was appointed. A liability has been recognised corresponding to the amount payable to the Santander Group if and when the share repurchase option is actioned.

## 22. SHARE-BASED PAYMENTS

In 2006 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 2006 and 31 December 2005, 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	
				30.06.2006	31.12.2005
<b><u>Shares</u></b>					
	2003	2006	11	1,092,254	15,973,503
	2004	2007	428	9,582,035	9,654,065
	2005	2008	453	8,563,871	8,446,941
	2006	2009	493	6,745,076	-
				<u>25,983,236</u>	<u>34,074,509</u>
<b><u>Options</u></b>					
	2002	2005	-	-	4,203,376
	2003	2006	50	-	-
	2004	2007	-	-	-
	2005	2008	-	-	-
	2006	2009	-	-	-
				<u>-</u>	<u>4,203,376</u>
<b>Total</b>				<u>25,983,236</u>	<u>38,277,885</u>

As at 30 June 2006 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:

	<u>30.06.2006</u>
Staff costs	6,402,234
Retained earnings	8,081,163
	<u>14,483,397</u>
Other current liabilities	1,864,862
Other non-current liabilities	12,618,535
	<u>14,483,397</u>

The movement in the number of options open in the six months period ended 30 June 2006 is as follows:

	<u>30.06.2006</u>
Opening balance	2,406,224
Granted in the period	-
Exercised in the period	(1,248,580)
Expired and not exercised in the period	(112,180)
Closing balance	<u>1,045,464</u>

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

Vesting date	2004	2005	2006	2007	2008	Total
Exercisable until:	31.03.05	31.03.06	31.03.07	31.03.08	31.03.09	
Exercise price (defined at date of grant)	3.014 €	1.694 €	-	-	-	
Total liability	-	-	-	-	-	-
Recorded liability	-	-	-	-	-	-
Number of options open	-	1,045,464	-	-	-	1,045,464
Number of options exercised in the period	(285,406)	(963,174)	-	-	-	(1,248,580)
Number of options expired but not exercised in the period	-	(112,180)	-	-	-	(112,180)
Average market-price of options exercised in the period	4.087 €	4.075 €				

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

As at 30 June 2006 and 31 December 2005, Trade creditors and other non-current liabilities were made up as follows:

	<u>38,898</u>	<u>31.12.2005</u>
Trade creditors	670,727,848	808,680,981
Shareholders	31,294,048	29,107,161
Fixed asset suppliers	57,418,528	79,751,868
Other accounts payable	63,522,598	68,104,841
Factoring	20,837,813	18,282,079
Taxes and contributions payable	55,139,518	69,814,568
Holiday Pay and Bonuses	81,677,525	98,573,788
Accrued expenses	168,764,132	136,005,259
Deferred income	42,826,888	38,458,931
	<u>1,192,208,898</u>	<u>1,346,779,476</u>

## 24. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the six months period ended 30 June 2006 are as follows:

	Balance as at 31.12.2005	Increase	Decrease	Balance as at 30.06.2006
Accumulated impairment losses on investments (Note 12)	11,571,901	116,297	(146,250)	11,541,948
Accumulated impairment losses on other non-current assets (Note 13)	5,017,722	143,000	(4,705,290)	455,432
Accumulated impairment losses on trade accounts receivable and other debtors (Note 14)	110,306,224	3,709,540	(7,207,292)	106,808,472
Accumulated impairment losses on stocks	25,230,922	8,272,048	(7,858,054)	25,644,916
Non-current provisions	54,477,919	9,954,702	(2,938,202)	61,494,419
Current provisions	2,284,983	592,303	(601,522)	2,275,764
	<u>208,889,671</u>	<u>22,787,890</u>	<u>(23,456,610)</u>	<u>208,220,951</u>

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

## 25. CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2006 and 31 December 2005, Contingent assets and liabilities were made up as follows:

	30.06.2006	31.12.2005
Guarantees given:		
on tax claims	68,455,938	64,279,059
on judicial claims	4,648,695	2,135,699
others	161,010,366	265,851,124

Others include 67,953,822 euro related to guarantees on construction works given to clients.

As at 30 June 2006 and 31 December 2005, shares representing 31.83% of the share capital of Modelo Continente, SGPS, S.A. were pledged to the Santander Group as part of the of contractual obligations arising from the call and put option agreements on Modelo Continente's shares. This pledge was cancelled as a result of the exercise of the related purchase option (Note 31).

## 26. RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	30.06.2006	30.06.2005	30.06.2006	30.06.2005
Parent company and group companies excluded from consolidation	21,195,976	6,386,116	83,662	6,397,594
Jointly controlled companies	16,683,706	7,185,752	7,734,411	513,433
Associated companies	808,599	1,208,679	9,571,458	3,793,106
Other partners in Group companies	30,360,031	-	8,509,495	-
	<u>69,048,312</u>	<u>14,780,547</u>	<u>25,899,026</u>	<u>10,704,133</u>
Transactions	Interest income		Interest expenses	
	30.06.2006	30.06.2005	30.06.2006	30.06.2005
Parent company and group companies excluded from consolidation	6,859	406,102	44,463	25,146
Jointly controlled companies	110,945	68,391	479,961	-
Associated companies	21,510	31,055	-	-
Other partners in Group companies	-	-	1,176,092	-
	<u>139,314</u>	<u>505,548</u>	<u>1,700,516</u>	<u>25,146</u>

	Accounts receivable		Accounts payable	
	30.06.2006	31.12.2005	30.06.2006	31.12.2005
<b>Balances</b>				
Parent company and group companies excluded from consolidation	8,685,736	12,640,910	537,478	367,578
Jointly controlled companies	13,069,609	29,268,146	4,686,803	3,757,773
Associated companies	7,604,003	6,929,214	2,001,268	2,283,497
Other partners in Group companies	11,960,061	9,553,739	14,095,111	13,688,689
	<u>41,319,409</u>	<u>58,392,009</u>	<u>21,320,660</u>	<u>20,097,537</u>

	Loans			
	Obtained		Granted	
	30.06.2006	31.12.2005	30.06.2006	31.12.2005
<b>Balances</b>				
Parent company and group companies excluded from consolidation	2,750,000	2,750,000	12,402,717	2,208,335
Jointly controlled companies	24,129,765	23,133,138	24,628,088	1,254,924
Associated companies	-	-	5,058,699	20,129,907
Other partners in Group companies	45,593,469	36,809,925	19,706	-
	<u>72,473,234</u>	<u>62,693,063</u>	<u>42,109,210</u>	<u>23,593,166</u>

## 27. TAXATION

As at 30 June 2006 and 31 December 2005, Taxation is made up as follows:

	30.06.2006		30.06.2005		30.06.2005	
	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half	2 <sup>nd</sup> Quarter Pro- forma	1 <sup>st</sup> Half Pro-forma	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half
Current tax	5,439,654	12,071,659	6,135,684	14,450,317	9,766,325	22,035,680
Deferred tax	21,450,635	21,880,791	10,983,010	8,024,506	28,697,113	29,167,859
	<u>26,890,289</u>	<u>33,952,450</u>	<u>17,118,694</u>	<u>22,474,823</u>	<u>38,463,438</u>	<u>51,203,539</u>

## 28. EARNINGS PER SHARE

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

	30.06.2006		30.06.2005		30.06.2005	
	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half	2 <sup>nd</sup> Quarter Pro- forma	1 <sup>st</sup> Half Pro-forma	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Half
<b>Net profit</b>						
Net profit taken into consideration to calculate basic earnings per share (Net profit for the six months period attributable to equity holders of Sonae)	60,417,033	85,073,514	13,918,807	84,264,936	44,176,786	164,656,786
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>60,417,033</u>	<u>85,073,514</u>	<u>13,918,807</u>	<u>84,264,936</u>	<u>44,176,786</u>	<u>164,656,786</u>
<b>Number of shares</b>						
Weighted average number of shares used to calculate basic earnings per share	1,866,333,617	1,866,178,736	1,865,938,543	1,865,880,261	1,865,938,543	1,865,880,261
Effect of dilutive potential ordinary shares from convertible bonds	-	-	-	-	-	-
Weighted average number of shares used to calculate diluted earnings per share	<u>1,866,333,617</u>	<u>1,866,178,736</u>	<u>1,865,938,543</u>	<u>1,865,880,261</u>	<u>1,865,938,543</u>	<u>1,865,880,261</u>
<b>Earnings per share (basic and diluted)</b>	<u>0.032372</u>	<u>0.045587</u>	<u>0.007459</u>	<u>0.045161</u>	<u>0.023675</u>	<u>0.088246</u>

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

## 29. DIVIDENDS

In the Shareholders Annual General Meeting held on 6 April 2006, payment of a gross dividend of 0.025 euro per share (0.02 euro per share in 2005) was approved. This was paid on 5 May 2006, the total amount attributed being 46,650,596.35 euro (37,316,439.58 euro in 2005).

## 30. SEGMENT INFORMATION

In 2006 and 2005, the following were identified as primary business segments:

- Retailing
- Shopping Centres
- Telecommunications
- Others

The contribution of the business segments to the income statement for the three months periods ended on 30 June 2006 and 2005 can be detailed as follows:

30 June 2006	Retail	Shopping Centres	Telecomm.	Other Segments	Consolidation Adjustments	Total Operations
Operational income						
Sales	1,303,773,214	-	41,406,868	98,228,349	-	1,443,408,431
Services rendered	56,215,385	66,098,796	357,408,617	75,962,350	-	555,685,148
Other operational income	96,140,856	80,201,035	19,647,610	69,000,663	(6,736,736)	258,253,427
	1,456,129,455	146,299,830	418,463,095	243,191,362	(6,736,736)	2,257,347,006
Inter-segment income	29,115,169	2,732,367	(1,578,962)	4,464,788	(34,733,362)	-
	1,485,244,624	149,032,197	416,884,133	247,656,150	(41,470,098)	2,257,347,006
Operational cash-flow (EBITDA)	84,859,904	106,160,293	84,120,363	2,488,319	(151,771)	277,477,108
Operational profit (EBIT)	45,467,594	105,115,511	13,835,657	(422,521)	214,189	164,210,430
Net profit for the period	43,341,516	70,063,952	35,312,908	49,981,207	(57,953,106)	140,746,477
- attributable to equity holders of Sonae						85,073,514
- attributable to minority interests						55,672,963

30 June 2005	Retail	Shopping Centres	Telecomm.	Other Segments	Consolidation Adjustments	Pro-forma
Operational income						
Sales	1,206,287,900	-	40,683,779	97,728,607	-	1,344,700,287
Services rendered	6,251,372	61,629,517	354,525,463	105,593,201	-	527,999,553
Other operational income	93,537,406	35,039,550	12,970,702	65,632,811	(423,246)	206,757,223
	1,306,076,678	96,669,067	408,179,944	268,954,620	(423,246)	2,079,457,062
Inter-segment income	27,035,272	3,319,405	5,623,936	5,314,937	(41,293,550)	-
	1,333,111,950	99,988,471	413,803,880	274,269,557	(41,716,796)	2,079,457,062
Operational cash-flow (EBITDA)	80,949,884	59,282,885	87,835,736	7,543,192	2,597,404	238,209,101
Operational profit (EBIT)	48,704,447	55,502,654	20,703,072	4,201,901	3,438,632	132,550,707
Net profit for the period	31,166,850	36,305,885	13,155,714	58,102,535	(15,970,603)	122,760,381
- attributable to equity holders of Sonae						84,264,936
- attributable to minority interests						38,495,445

### 31. SUBSEQUENT EVENTS

On 25 July 2006, the Executive Committee announced that it has decided to request a general meeting of shareholders of Modelo Continente, SGPS, SA, in which it will propose that this company loses its status of a public company (de-listing), committing Sonae, SGPS, SA to acquire shares from those shareholders of the company who do not vote in favour of its proposal, at a price of 2.05 euro per each share.

On the same date, the Executive Committee informed of its decision, after approval is granted by the CMVM (Stock Exchange Regulator) of the loss of the status of public company (de-listing), to immediately proceed to acquire shares with a view to control 100% of the company, under the terms of article 490 of the Company's Law, by offering remaining shareholders of Modelo Continente, SGPS, SA the same price of 2.05 euro per share.

The Executive Committee has also informed of its decision to exercise the call option on Banco Santander Central Hispano and its affiliates for 100,000,000 shares in Modelo Continente, SGPS, SA. The financial settlement of the exercise of this call option occurred on 6 September 2006.

On 27 July 2006, the affiliated company Sonaecom, SGPS, SA reached an agreement with 093X – Telecomunicações Celulares, SA, whereby the terms of the roll-up of 093X total shareholding in Optimus – Telecomunicações, SA representing 25.72% of the share capital, in exchange for 58.3 million new Sonaecom ordinary shares were established. The share capital increase required to implement the roll-up is subject to approval by the General Shareholders Meeting of Sonaecom.

A similar agreement was signed on 6 September 2006 for the roll-up of the shares held by Parpublica – Participações Publicas, SA in Optimus – Telecomunicações, SA, representing 5.04% of the share capital, in exchange for 11.42 million new Sonaecom ordinary shares. The share capital increase required to implement this roll-up is also subject to approval by the General Shareholders Meeting of Sonaecom.

### 32. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 7 September 2006.



# **INDIVIDUAL FINANCIAL STATEMENTS**

**1<sup>ST</sup> HALF 2006**

SONAE, SGPS, SA

BALANCE SHEET AS AT 30 JUNE 2006 AND 31 DECEMBER 2005

(Amounts expressed in euro)

ASSETS	Notes	IFRS	
		30.06.2006	31.12.2005
<b>NON-CURRENT ASSETS:</b>			
Tangible and intangible assets		224,517	338,581
Investments	4	2,825,861,235	3,002,481,945
Other non-current assets	5	737,756,197	499,617,624
Total Non-Current Assets		3,563,841,949	3,502,438,150
<b>CURRENT ASSETS:</b>			
Trade account receivables and other current assets		36,817,340	241,457,553
Investments held for trading		-	5,707,400
Cash and cash equivalents	6	182,028,665	197,441,606
Total Current Assets		218,846,005	444,606,559
<b>TOTAL ASSETS</b>		<b>3,782,687,954</b>	<b>3,947,044,709</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	7	2,000,000,000	2,000,000,000
Own shares		(138,044,363)	(138,044,363)
Reserves and retained earnings		880,807,237	980,366,233
Profit/(Loss) for the period		133,360,497	98,055,074
<b>TOTAL EQUITY</b>		<b>2,876,123,372</b>	<b>2,940,376,944</b>
<b>LIABILITIES:</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Loans	8	421,683,687	172,402,473
Total Non-Current Liabilities		421,683,687	172,402,473
<b>CURRENT LIABILITIES:</b>			
Loans	8	301,255,880	415,698,715
Trade creditors and other non-current liabilities	9	183,625,015	418,566,577
Total Current Liabilities		484,880,895	834,265,292
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,782,687,954</b>	<b>3,947,044,709</b>

The accompanying notes are part of these financial statements.

The Board of Directors



SONAE, SGPS, SA

INCOME STATEMENTS BY NATURE

FOR THE SIX MONTHS ENDED 30 JUNE 2006 AND 2005

(Amounts expressed in euro)

		<u>IFRS</u>			
		<u>30.06.2006</u>		<u>30.06.2005</u>	
<u>Notes</u>	<u>2<sup>nd</sup> Quarte 2006</u>	<u>Cumulative <sup>1</sup></u>	<u>2<sup>nd</sup> Quarte 2005</u>	<u>Cumulative <sup>1</sup></u>	
Operational income					
	359,997	687,082	357,148	688,865	
Services rendered					
Other operational income	75,041,672	75,081,199	995,037	1,032,148	11
Total operational income	<u>75,401,669</u>	<u>75,768,281</u>	<u>1,352,185</u>	<u>1,721,013</u>	
Operational expenses					
External supplies and services	(565,056)	(1,282,580)	(1,358,001)	(1,904,357)	
Staff costs	(1,040,830)	(2,647,871)	(1,134,322)	(2,462,594)	
Depreciation and amortisation	(66,063)	(130,028)	(63,898)	(126,682)	
Other operational expenses	(100,895)	(391,383)	(60,571)	(240,132)	
Total operational expenses	<u>(1,772,843)</u>	<u>(4,451,861)</u>	<u>(2,616,792)</u>	<u>(4,733,765)</u>	
Operational profit/(loss)	73,628,826	71,316,420	(1,264,607)	(3,012,752)	
Net financial expenses					
	1,950,713	2,748,870	(881,986)	(142,001)	
Investment income	2,284,219	59,295,207	6,138,017	27,044,758	12
Profit/(Loss) before taxation	<u>77,863,758</u>	<u>133,360,497</u>	<u>3,991,424</u>	<u>23,890,005</u>	
Taxation					
Profit/(Loss) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Profit/(Loss) per share					
Basic	0.0417	0.0715	0.0021	0.0128	13
Diluted	<u>0.0417</u>	<u>0.0715</u>	<u>0.0021</u>	<u>0.0128</u>	13

The accompanying notes are part of these financial statements.

<sup>1</sup> Subject to a limited review by external auditors as required by CMVM (Stock Exchange Regulator) for half year 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 2006 AND 2005

(Amounts expressed in euro)

Notes	Share Capital	Own Shares	Reserves and Retained Earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2005	2,000,000,000	(143,984,221)	1,131,494,011	12,724,783	3,000,234,573
Appropriation of profit of 2005:					
Transfer to legal reserves	-	-	607,579	(607,579)	-
Dividends distributed	-	-	(25,772,446)	(11,543,993)	(37,316,439)
Transfer to retained earnings	-	-	573,221	(573,211)	-
Purchase/(Sale) of own shares	-	5,939,858	-	-	5,939,858
Changes in hedge and fair value reserves	14	-	155,341,211	-	155,341,211
Profit/(Loss) for the six months ended 30 June 2005	-	-	-	23,890,005	23,890,005
Others	-	-	-	-	-
Balance as at 30 June 2005	<u>2,000,000,000</u>	<u>(138,044,363)</u>	<u>1,262,243,576</u>	<u>23,890,005</u>	<u>3,148,089,208</u>
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 to retained earnings	-	-	-	-	-
Changes in reserves	14	-	(104,461,749)	(46,501,724)	(150,963,473)
Profit/(Loss) for the six months ended 30 June 2006	-	-	-	133,360,497	133,360,497
Others	-	-	-	-	-
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>

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 2006 AND 2005

(Amounts expressed in euro)

<u>OPERATING ACTIVITIES</u>	<u>Notes</u>	<u>30.06.2006</u>	<u>30.06.2005</u>
Net cash flow from operating activities (1)		<u>(5,729,267)</u>	<u>(3,597,477)</u>
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments		267,365,998	73,265,026
Tangible and intangible assets		1,331	100
Interest and similar income		10,138,190	18,527,991
Dividends		53,613,493	8,718,968
Loans granted		<u>161,001,998</u>	<u>480,630,970</u>
		<u>492,121,010</u>	<u>581,143,055</u>
Cash Payments arising from:			
Investments		-	(340,915,676)
Tangible and intangible assets		(15,440)	(10,818)
Loans granted		<u>(416,458,548)</u>	<u>(225,049,108)</u>
		<u>(416,473,988)</u>	<u>(565,975,602)</u>
Net cash used in investment activities (2)		<u>75,647,022</u>	<u>15,167,453</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Loans obtained		1,569,296,600	2,314,232,593
Sale of own shares		-	1,586,339
		<u>1,569,296,600</u>	<u>2,315,818,932</u>
Cash Payments arising from:			
Loans obtained		(1,595,861,940)	(2,238,736,013)
Interest and similar charges		(12,120,366)	(11,849,924)
Dividends		(46,639,216)	(37,307,385)
Others		-	(39,666,666)
		<u>(1,654,621,522)</u>	<u>(2,327,559,988)</u>
Net cash used in financing activities (3)		<u>(85,324,922)</u>	<u>(11,741,056)</u>
Net decrease in cash and cash equivalents (4) = (1) + (2) + (3)		(15,407,167)	(171,080)
Cash and cash equivalents at the beginning of the period		<u>197,418,083</u>	<u>415,418</u>
Cash and cash equivalents at the end of the period	6	<u>182,010,916</u>	<u>244,338</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 2006

(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, 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 2005.

4. INVESTMENTS

As at 30 June 2006 and 31 December 2005 the Company held investments in the following affiliated and associated undertakings:

Companies	30.June.2006				31.December.2005			
	% Held	Fair Value	Book Value	Fair Value Reserve	% Held	Fair Value	Book Value	Fair Value Reserve
Modelo Continente, SGPS, SA	75.64%	1,439,345,120	1,456,491,762	(17,146,642)	75.64%	1,647,342,970	1,456,491,762	190,851,208
Sonae Sierra SGPS, SA	50.00%	679,542,600	490,113,339	189,429,261	50.00%	632,455,428	490,113,339	142,342,089
Sonaecom, SGPS, SA	13.27%	168,473,631	280,146,314	(111,672,683)	13.27%	144,068,574	280,146,314	(136,077,740)
Sonae Industria, SGPS, SA	-	-	-	-	0.71%	6,400,000	5,002,410	1,397,590
Others	-	538,499,884	538,499,884	-	-	572,214,973	568,817,462	3,397,511
Total		2,825,861,235	2,765,251,299	60,609,936		3,002,481,945	2,800,571,287	201,910,658

5. OTHER NON-CURRENT ASSETS

As at 30 June 2006 and 31 December 2005 other non-current assets are detailed as follows:

	30.June.2006	31.December.2005
Loans granted to group companies	737,600,596	499,360,204
Guarantee deposits	13,998	13,529
Other	141,603	243,891
	<u>737,756,197</u>	<u>499,617,624</u>

## 6. CASH AND CASH EQUIVALENTS

As at 30 June 2006 and 31 December 2005 cash and cash equivalents can be detailed as follows:

	<u>30.June.2006</u>	<u>31.December.2005</u>
Cash at hand	2,500	2,500
Bank deposits	<u>182,026,165</u>	<u>197,439,106</u>
Cash and cash equivalents on the balance sheet	<u>182,028,665</u>	<u>197,441,606</u>
Bank overdrafts	<u>17,749</u>	<u>23,523</u>
Cash and cash equivalents on the cash flow statement	<u>182,010,916</u>	<u>197,418,083</u>

## 7. SHARE CAPITAL

As at 30 June 2006 and 31 December 2005 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

## 8. LOANS

As at 30 June 2006 and 31 December 2005 this caption included the following loans:

	<u>30.June.2006</u>	<u>31.December.2005</u>
Nominal value of bonds	424,819,685	174,819,685
Up-front fees not yet charged to income statement	<u>(3,135,998)</u>	<u>(2,417,212)</u>
Bonds	<u>421,683,687</u>	<u>172,402,473</u>
Non-current loans	<u>421,683,687</u>	<u>172,402,473</u>
Commercial paper	222,500,000	340,950,000
Nominal value of Sonae/97 bonds	74,819,685	74,819,685
Up-front fees not yet charged to income statement	(36,907)	(94,493)
Derivative instruments	3,955,353	-
Bank overdrafts	<u>17,749</u>	<u>23,523</u>
Current loans	<u>301,255,880</u>	<u>415,698,715</u>

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) will be reimbursed at par value in October 2006.

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.

9. OTHER CURRENT LIABILITIES

As at 30 June 2006 and 31 December 2005, other current liabilities were made up as follows:

	<u>30.June.2006</u>	<u>31.December.2005</u>
Trade creditors	164,732	386,703
Group companies	140,257,410	298,372,750
Taxes and contributions payable	477,288	901,462
Accrued expenses	7,463,209	8,655,582
Others	<u>35,262,376</u>	<u>110,250,080</u>
	<u>183,625,015</u>	<u>418,566,577</u>

10. CONTINGENT ASSETS AND LIABILITIES

	<u>30.June.2006</u>	<u>31.December.2005</u>
Guarantees given:		
on tax claims	1,776,135	1,776,135
on judicial claims	355,199	355,199
Others	80,891,153	192,323,306

11. OTHER OPERATIONAL INCOME

This caption includes 74,999,997 euro corresponding to the gain on sale to an affiliated undertaking of a group of brands.

12. INVESTMENT INCOME

As at 30 June 2006 and 30 June 2005, investment income can be detailed as follows:

	<u>2006</u>		<u>2005</u>	
	<u>2nd Quarter</u>	<u>Cumulative</u>	<u>2nd Quarter</u>	<u>Cumulative</u>
Dividend received	-	53,613,493	8,718,968	8,718,968
Profit/(Loss) on sale of investments	<u>2,284,219</u>	<u>5,681,714</u>	<u>(2,580,951)</u>	<u>18,325,790</u>
	<u>2,284,219</u>	<u>59,295,207</u>	<u>6,138,017</u>	<u>27,044,758</u>

### 13. EARNINGS PER SHARE

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

	2006		2005	
	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)	77,863,758	133,360,497	3,991,424	23,890,005
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>77,863,758</u>	<u>133,360,497</u>	<u>3,991,424</u>	<u>23,890,005</u>
<b>Number of shares</b>				
Weighted average number of shares used to calculate basic earnings	1,866,333,617	1,866,178,736	1,865,938,543	1,865,880,261
Effect of dilutive potential ordinary shares from convertible bonds	-	-	-	-
Weighted average number of shares used to calculate diluted earnings per share	<u>1,866,333,617</u>	<u>1,866,178,736</u>	<u>1,865,938,543</u>	<u>1,865,880,261</u>
<b>Profit/(Loss) per share (basic and diluted)</b>	<u>0.0417</u>	<u>0.0715</u>	<u>0.0021</u>	<u>0.0128</u>

### 14. CHANGES IN RESERVES

Details of changes in reserves in the three months ended on 30 June 2006 and 30 June 2005 may be summarised as follows:

	30.June.2006	30.June.2005
Fair value reserve	(150,963,473)	168,991,473
Sale of own shares	-	(4,353,519)
Hedging reserve	-	(9,296,743)
Free reserves	46,501,724	-
	<u>(104,461,749)</u>	<u>155,341,211</u>

## 15. SUBSEQUENT EVENTS

On 25 July 2006, the Executive Committee announced that it has decided to request a general meeting of shareholders of Modelo Continente, SGPS, SA, in which it will propose that this company loses its status of a public company (de-listing), committing Sonae, SGPS, SA to acquire shares from those shareholders of the company who do not vote in favour of its proposal, at a price of 2.05 euro per each share.

On the same date, the Executive Committee informed of its decision, after approval is granted by the CMVM (Stock Exchange Regulator) of the loss of the status of public company (de-listing), to immediately proceed to acquire shares with a view to control 100% of the company, under the terms of article 490 of the Company's Law, by offering remaining shareholders of Modelo Continente, SGPS, SA the same price of 2.05 euro per share.

The Executive Committee has also informed of its decision to exercise the call option on Banco Santander Central Hispano and its affiliates for 100,000,000 shares in Modelo Continente, SGPS, SA. The financial settlement of the exercise of this call option occurred on 6 September 2006.

On 27 July 2006, the affiliated company Sonaecom, SGPS, SA reached an agreement with 093X – Telecomunicações Celulares, SA, whereby the terms of the roll-up of 093X total shareholding in Optimus – Telecomunicações, SA representing 25.72% of the share capital, in exchange for 58.3 million new Sonaecom ordinary shares were established. The share capital increase required to implement the roll-up is subject to approval by the General Shareholders Meeting of Sonaecom.

A similar agreement was signed on 6 September 2006 for the roll-up of the shares held by Parpublica – Participações Publicas, SA in Optimus – Telecomunicações, SA, representing 5.04% of the share capital, in exchange for 11.42 million new Sonaecom ordinary shares. The share capital increase required to implement this roll-up is also subject to approval by the General Shareholders Meeting of Sonaecom.

## 16. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 7 September 2006.

## 17. INFORMATION REQUIRED BY LAW

### Decree-Law nr 318/94 art 5 nr 4

In the six months ended 30 June 2006 shareholders' loan contracts were entered into with the following companies:

Sonae Investments, BV

In the six months ended 30 June 2006 short-term loan contracts were entered into with the following companies:

Gestholding, SGPS, SA  
Imoareia, Investimentos Turísticos, SGPS, SA  
Público Comunicação Social, SA  
SC - Sociedade de Consultadoria, SA  
Sonae Capital, SGPS, SA  
Sonae Sierra, SGPS, SA  
Sonae Turismo, SGPS, SA



As at 30 June 2006 the amounts owed by affiliated undertakings can be summarized as follows:

#### Loans granted

<u>Companies</u>	<u>Closing Balance</u>
Investalentejo, SGPS, SA	3,961,000
Imoareaia, Investimentos Turísticos, SGPS, SA	7,128,000
SC - Sociedade de Consultadoria, SA	475,158
Choice Car, SGPS, SA	250,000
Gestholding, SGPS, SA	15,000,000
Sonae Investments, BV	736,812,596
	<u>763,626,754</u>

As at 30 June 2006 the amounts owed to affiliated undertakings can be summarized as follows:

#### Loans obtained

<u>Companies</u>	<u>Closing Balance</u>
Atlantic Ferries, SA	4,008,000
Sonae Capital, SGPS, SA	97,926,410
Sonaecom, SGPS, SA	38,323,000
	<u>140,257,410</u>



# **LIMITED REVIEW REPORT**

**1<sup>ST</sup> HALF 2006**

LIMITED REVIEW REPORT PREPARED BY THE AUDITOR REGISTERED WITH THE STOCK  
EXCHANGE REGULATOR (CMVM) ON HALF-YEAR FINANCIAL INFORMATION

**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 2006 included in: the Report of the Board of Directors, the consolidated and individual Balance Sheets (that reflect a total of 6,092,090,926 Euro and 3,782,687,954 Euro, respectively, and a consolidated and individual equity of 1,625,664,134 Euro and 2,876,123,372 Euro respectively, including a consolidated net profit attributable to Equity holders and an individual net profit of 85,073,514 Euro and 133,360,497 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 consolidated and individual 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 2006 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, 7 September 2006

---

DELOITTE & ASSOCIADOS, SROC, S.A.

Represented by Jorge Manuel Araújo de Beja Neves