



**SONAE**  
**REPORT AND ACCOUNTS FIRST HALF 2008**

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### Notes:

- (1) This document was prepared in accordance with article 508-C, nr. 6, of the Portuguese Companies Act and applies to both consolidated and individual accounts of Sonae SGPS;
- (2) The consolidated and individual financial information contained in this report is subject to limited review procedures and based on financial statements that have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union, for the purposes of interim financial reporting (IAS 34);
- (3) In order to facilitate comparison of YTD results against the previous year, the 1H07 comparative figures have been restated (1H07<sup>R</sup>) to exclude Sonae Capital's contribution to the Sonae consolidated accounts during the 1H07, given the conclusion of the Sonae Capital demerger and consequent exclusion from the Sonae consolidation perimeter, from October 2007;
- (4) Sonae sub-holding's financial figures, as reported in section 2 - Consolidated results, are reported on the basis of their contribution to the consolidated accounts;
- (5) Sonae sub-holding's financial figures, as reported in section 3 – Business analysis, are reported on a stand-alone basis.

# MANAGEMENT REPORT

## Message from Paulo Azevedo, CEO of Sonae

During 1H08, Sonae achieved a very strong growth in turnover (+23.6%) and in underlying EBITDA (+11.6%, excluding value created on investment properties). Our net earnings have been affected by impacts of the increases in capitalization yields on the valuation of our shopping centres (69.2 million euros negative impact) and resulting negative value created on investment properties y.o.y (21.7 million euros non-cash negative impact) and the increases in rates Euribor (7 million euros increase in financial expenses).

Our businesses have overcome the effects of the slowdown on consumer expenditure and continued to perform well, making us more confident that we have the right strategy to face the current challenges and to take advantage of the opportunities that a tough environment always generates. Our team is committed to achieving strong results and improve our competitive positions in our markets: our Retail business continued strengthening its leadership in the Portuguese market and started internationalizing non-food operations; our Shopping Centre business continued extending its portfolio of assets under management and increased the importance of our services divisions; and our Telecommunications business has been able to accelerate growth.

Our Retail business recorded sound results in the semester, with Turnover up by 26%, including the acceleration of organic growth rates from 10% in 1H07 to 11% in 1H08, and with EBITDA, excluding non-recurrent real estate transactions, increasing by 16%. The Company continued delivering further growth on a like-for-like basis from its existing food retail stores (+2%) and non-food stores (+2%), an impressive performance if accounting for the impact on sales of the loyalty card launch in January 2007, the current adverse economic environment and the continued increase in the retail sales area in the Portuguese retail market. Retail's internationalization process is running according to plan, with two Sportzone stores already opened in Spain, out of the four units scheduled to open until the end of 2008 and the launch of Worten in the Spanish market, with the acquisition of Boulanger's Spanish stores, specializing in household appliances and consumer electronics. It is worth mentioning the continued push for innovation, visible with the launch of new retail concepts during the semester, namely a casual footwear format, Loop.

Our Shopping Centre business posted a strong improvement in the operational performance of the portfolio partially offsetting the negative impacts of the financial and real estate crisis. Sonae Sierra's positive results at the operational level show a 4.5% like-for-like increase in fixed rents in 1H08 compared to 1H07 and good EBITDA growth (27%, excluding value created on investment properties), partially mitigating the impact of the increase in capitalization yields of the properties and higher net financial costs. Notwithstanding the current market environment, and on the same methodology basis, Sonae Sierra ended 1H08 with a Net Asset Value per share of 51.2 euros, that decreased by only 2.8% when compared to year end 2007 (-1.6%, adjusting for dividends paid). Importantly, Sonae Sierra sold an additional 18% of the Sierra Portugal Fund (SPF) (8.3% after the reporting period), valued at year end 2007 NAV value, thereby decreasing its shareholding position in the fund to approximately 42%.

Our Telecommunications business continued to successfully implement its expansion strategy, posting strong organic growth as a result of a very active semester, during which the Company implemented a number of important commercial activities to increase brand awareness, sustain market leadership in the mobile broadband market and push to gain mobile residential market share by targeting the youth segment. During 1H08, Sonaecom achieved a material growth of customer revenues, up 20.9% (8.4% on a like-for-like basis) compared to the homologous period, driven by a significant increase of both its mobile customer base (+11.5%) and wireline accesses (10.1% on a like-for-like basis), despite the competitive pressures in the Portuguese telecoms market, with all players launching very aggressive promotions and lowered price offers. The fibre investment plan announced is under way, with the mass market roll-out of the 3-play offer under fibre network planned for 2H08.

Importantly, regarding the Cash Settled Equity Swap over 6.64% of Sonae shares, closed by end 2007 the company decided that, at current market price levels, it will consider the possibility of acquiring the underlying asset at the maturity date of the transaction.

Sonae faces the current market environment with a solid balance sheet, with low liquidity risk and no significant amortizations of bank loans until second half 2010. This, together with the results achieved in the first semester gives us confidence that, notwithstanding the slowdown in Portuguese and global economic growth, Sonae's determination, capacity to innovate and ambition will allow us to continue to successfully fulfil our commitment to deliver sustainable growth and value creation. However, Group net earnings will naturally depend on the impacts of the evolution of capitalization yields for the shopping centre business and of the levels of interbank interest rates on Group financing costs.

## 1. Key figures

During 1H08, Sonae continued to push for profitable growth in all its units, mitigating the stronger competitive pressures in both the Retail and Telecommunications markets, the downturn cycle felt in the real estate market as well as the negative impact of the slowdown of the macroeconomic environment on consumer expenditure.

Million euros	1H07 <sup>(R)</sup>	1H08	y.o.y
<b>CONSOLIDATED HIGHLIGHTS</b>			
Turnover	1,972.2	2,436.7	23.6%
Value created on investment properties <sup>(1)</sup>	102.8	-21.7	-
Operating expenses	1,907.3	2,401.3	25.9%
EBITDA excl. value created on invest. prop.	218.7	243.9	11.6%
EBITDA margin excl. value created on invest. prop (%)	11.1%	10.0%	-1.1pp
EBITDA <sup>(2)</sup>	321.4	222.3	-30.8%
EBITDA margin (%) <sup>(3)</sup>	16.3%	9.1%	-7.2pp
EBIT	199.1	78.2	-60.7%
Net income - group share <sup>(4)</sup>	100.4	24.2	-75.9%
CAPEX <sup>(5)</sup>	353.1	401.2	13.6%
CAPEX as a % of Turnover	17.9%	16.5%	-1.4pp
Net debt	2,270.3	3,138.4	38.2%
Net debt/EBITDA (last 12 months)	3.8 x	5.3 x	1.5x
EBITDA /interest expenses (last 12 months) <sup>(6)</sup>	5.5 x	3.6 x	-1.9x
Total employees	28,885	35,213	21.9%
Corporate center	55	49	-10.9%

(1) Increase (decrease) in the valuation of the shopping centres proportionally consolidated; (2) EBITDA = Turnover + value created on investment properties + other revenues - impairment reversion - operating costs; (3) EBITDA margin = EBITDA / Turnover; (4) Net income attributable to Sonae shareholders; (5) Capex includes gross investments in tangible, intangible, investment properties and investments in acquisitions; (6) Interest cover; (R) Restated to exclude Sonae Capital contribution in 1H07.

- Consolidated turnover grew strongly by 23.6% to 2,436.7 million euros in 1H08, compared to 1,972.2 million euros in 1H07<sup>(R)</sup>. The Retail business delivered most of the growth in turnover, with an increase in contribution of 384.4 million euros in 1H08, being able to deliver further growth on a like-for-like basis from the existing retail stores, by organically expanding its store portfolio and by successfully integrating the retail operation acquired by end of 2007.
- EBITDA excluding the impact of value created on investment properties (i.e. the increase/decrease in the market value of the shopping centres proportionally consolidated) increased 11.6%, from 218.6 million euros in 1H07<sup>(R)</sup> to 243.9 million euros in 1H08, mainly driven by a 11.3% higher contribution from the retail business, explained by the strong operational performance achieved. Total EBITDA decreased by 30.8% to 222.3 million euros in 1H08, mainly explained by lower value created on investment properties y.o.y (-21.7 million euros versus +102.8 million euros): whereas in 1H07<sup>(R)</sup> the strong compression of yields impacted positively value created on investment properties, in 1H08 the increase of the capitalization yields, although being mitigated by the good operational performance of the assets and the opening of a new shopping centre, resulted in a slightly negative value created on investment properties.
- Net income group share for the half-year amounted to 24.2 million euros, compared to 100.4 million euros in 1H07<sup>(R)</sup>, mainly reflecting the increase on capitalization yields following historically low levels reached in the previous quarters, the increase in net financial costs and lower investment income.
- CAPEX increased by 48.1 million euros in 1H08 to 401.2 million euros, compared to 1H07<sup>(R)</sup>, driven by the acceleration of investments in the extension of coverage and capacity of the mobile network at the Telecommunications business, and by the opening of 31 new stores by the Retail business, which increased its sales area by 15 thousand m2 in 1H08.
- Consolidated Net Debt amounted to 3,138.4 million euros, an increase of 517 million euros over year end 2007, mainly due to an increase of the Retail business net debt, reflecting its working capital seasonality and the Company's strong expansion plan in line with the targets disclosed of adding more 60,000 m2 before the end of 2008.

## 2. Consolidated results

### 2.1. Consolidated income statement

Million euros			
<b>CONSOLIDATED INCOME STATEMENT</b>			
	1H07 <sup>(R)</sup>	1H08	y.o.y
<b>Turnover</b>	<b>1,972.2</b>	<b>2,436.7</b>	<b>23.6%</b>
Retail	1,490.6	1,875.0	25.8%
Shopping centres <sup>(1)</sup>	67.7	84.7	25.1%
Telecommunications	408.1	465.9	14.2%
Holding & others	5.8	11.0	88.4%
<b>Value created on investment properties <sup>(2)</sup></b>	<b>102.8</b>	<b>-21.7</b>	<b>-</b>
Other revenues	154.7	209.1	35.2%
<b>Operating costs</b>	<b>1,907.3</b>	<b>2,401.3</b>	<b>25.9%</b>
COGS	1,170.2	1,490.0	27.3%
Personnel costs	249.8	299.7	20.0%
General & administrative expenses	455.8	572.4	25.6%
Other operating costs	31.6	39.1	23.9%
<b>EBITDA excl. value created on invest. prop.</b>	<b>218.7</b>	<b>243.9</b>	<b>11.6%</b>
EBITDA margin excl. value created on invest. prop. (%)	11.1%	10.0%	-1.1pp
Retail	113.8	126.7	11.3%
Shopping centres <sup>(1)</sup>	28.6	43.9	53.4%
Telecommunications	79.1	73.5	-7.1%
Holding & others	-2.8	-0.2	94.5%
<b>EBITDA <sup>(3)</sup></b>	<b>321.4</b>	<b>222.3</b>	<b>-30.8%</b>
EBITDA margin (%) <sup>(4)</sup>	16.3%	9.1%	-7.2pp
Provisions and impairment losses	12.9	11.5	-10.6%
Depreciation & amortization	110.4	133.1	20.6%
<b>EBIT</b>	<b>199.1</b>	<b>78.2</b>	<b>-60.7%</b>
<b>Net financial results</b>	<b>-49.8</b>	<b>-77.6</b>	<b>-55.7%</b>
Financial income	24.6	19.9	-18.9%
Financial expenses	74.4	97.5	31.1%
Share of results of associated undertakings	0.9	1.3	45.0%
Investment income <sup>(5)</sup>	31.1	8.2	-73.6%
<b>EBT</b>	<b>181.3</b>	<b>10.1</b>	<b>-94.4%</b>
Taxes	42.3	0.2	-99.6%
Net income	139.0	9.9	-92.9%
<b>Net income - group share <sup>(6)</sup></b>	<b>100.4</b>	<b>24.2</b>	<b>-75.9%</b>
Attributable to minority interests	38.6	-14.3	-

(1) Shopping centres are proportionally consolidated; (2) Increase (decrease) in the valuation of the shopping centres proportionally consolidated (50%); (3) (2) EBITDA = Turnover + value created on investment properties + other revenues - impairment reversion - operating costs; (4) EBITDA margin = EBITDA / Turnover; (5) Capital gains (losses) with financial investments plus dividends received; (6) Net income attributable to Sonae shareholders; (R) Restated to exclude Sonae Capital contribution in 1H07.

### Turnover

Consolidated turnover increased<sup>(R)</sup> by 23.6% in 1H08 compared to 1H07<sup>(R)</sup>, amounting to 2,436.7 million euros, driven by turnover growth across all the business units:

- (i) 25.8% higher contribution from Retail, totalling 384.4 million euros, mainly reflecting the positive like-for-like performance achieved in the half-year (2%), the aggressive pace of organic growth over the last 12 months, with the opening of additional 63 thousand m2, and the impact of the retail stores acquired, notwithstanding the slowdown in consumer spending and the significant positive impact on sales of the loyalty card launch during the 1Q07;
- (ii) 14.2% increase from Telecommunications, totalling 57.8 million euros, mainly driven by significant customer revenue growth both in the Wireline (70.6%) and Mobile areas (5.9%), more than compensating the lower level of roaming-in tariffs and the competitive pressures in the Portuguese telecoms market;
- (iii) 25.1% higher contribution from Shopping Centres, totalling 17 million euros, primarily due to a 24.9% increase in rental income, reflecting new shopping centres opened and acquired, the increase in ownership of several shopping centres in Brazil and Portugal and the like-for-like fixed growth in fixed rents of 4.5% for the whole portfolio; services business posted a 24.1% increase in turnover, derived from the extension of the portfolio of shopping centres under management and the increase of the number and dimension of the projects in the pipeline.

### EBITDA

EBITDA excluding value created on investment properties amounted to 243.9 million euros, 11.6% above 1H07<sup>(R)</sup>, reflecting the following contributions:

- (i) The Retail business increased its contribution to EBITDA by 11.3%, when compared to 1H07<sup>(R)</sup>. On a recurrent basis and excluding the real estate capital gains impacting y.o.y figures, the Retail contribution to EBITDA grew by 12.9 million euros, up by 12.3% over 1H07<sup>(R)</sup>, reflecting the strong expansion plan combined with a focus on productivity enhancing programmes, and the integration of the newly acquired stores;
- (ii) The Shopping Centre business contribution to EBITDA, excluding value created in investment properties, grew by 15.3 million euros, up by 53% over 1H07<sup>(R)</sup>, reflecting the good operational performance of the portfolio and the increase in the number of properties under management;
- (iii) The Telecommunications business contribution to consolidated EBITDA decreased 5.6 million euros when compared to 1H07<sup>(R)</sup>, as a result of the planned push for organic growth that drove material top line increase in the period. The planned costs associated with the business growth efforts, including the costs of commercial initiatives implemented, the increase in competitiveness in the market and the integration costs related with the acquisitions made during 2007, explain the profitability in the period.

Total EBITDA amounted to 222.3 million euros in 1H08, 30.8% below that in 1H07<sup>(R)</sup>, generating a margin of 9.1% compared to a margin of 16.3% in 1H07<sup>(R)</sup>. This performance is mostly explained by lower value created on investment properties at the Shopping Centres business in 1H08 compared to 1H07 (-21.7 million euros versus +102.8 million euros): whereas in 1H07<sup>(R)</sup> the strong compression of yields impacted positively value created on investment properties, in 1H08 the increase of the capitalization yields, although being mitigated by the good operational performance of the assets and the opening of a new shopping centre, resulted in slightly negative value created on investment properties.

#### **Net financial results**

Net Financial results deteriorated by 55.7% to a negative 77.6 million euros in 1H08 compared to a negative 49.8 million euros in 1H07<sup>(R)</sup>, mainly reflecting: (i) a 31.1% increase in financial expenses, explained by the Group's higher average net debt in 1H08 and by the increase of the Euribor market rates (the 3 and 6 months Euribor increasing by 0.7pp and 0.6pp, respectively compared to 1H07); and (ii) a 18.9% decrease in financial income, from 24.6 million euros to 19.9 million euros. The Group's higher average net debt in 1H08, when compared to 1H07<sup>(R)</sup>, is primarily explained by the financing requirements of the retail acquisition and the progress in the development pipeline of the Shopping Centre unit, accounting with 7 more projects under development when compared to 1H07.

#### **Investment income**

Investment income totalled 8.2 million euros in 1H08, mainly comprising gains related to the launch of Sierra Portugal Fund on 27 March 2008, Sonae Sierra's second investment fund comprising 8 Portuguese shopping centres and 3 projects under development, and the corresponding placement of 49.7% of the fund to reference investors (an additional 8.3% shareholding was sold after the reporting period). When compared to 1H07<sup>(R)</sup>, the investment income came down by 22.9 million euros in 1H08, with the former mainly comprising capital gains resulting from the sale of Sonaecom shares.

#### **Net income Group share**

Consolidated net income group share in 1H08 decreased by 75.9% to 24.2 million euros, compared to 100.4 million euros in 1H07<sup>(R)</sup>, mostly due to the slight reduction of the value of the shopping centres portfolio, higher net financial charges incurred in the period and the 20.6% higher depreciation & amortization charges, the later driven by the increased asset base resulting from store network expansion at Retail and the extension of the mobile and wireline network at Telecommunications.

Taxes for 1H08 showed a charge of only 0.2 million euros, compared to 42.3 million euros in 1H07<sup>(R)</sup>, and comprised a current tax charge of 8.8 million euros and movements in deferred taxes that generated a benefit of 8.6 million euros. The latter was driven by the recognition of additional deferred tax assets at Sonae Distribuição and Sonaecom.



## 2.2. Consolidated balance sheet

Million euros

<b>CONSOLIDATED BALANCE SHEET</b>	1H07 <sup>(R)</sup>	1H08	y.o.y	2007 <sup>(5)</sup>	Δ
<b>Total Net Assets</b>	<b>6,110.5</b>	<b>7,167.1</b>	<b>17.3%</b>	<b>7,041.2</b>	<b>1.8%</b>
Non Current Assets	4,354.9	5,822.6	33.7%	5,626.3	3.5%
Tangible and Intangible Assets	2,088.7	2,704.0	29.5%	2,579.7	4.8%
Goodwill	214.0	690.1	-	683.1	1.0%
Investment properties in operation <sup>(1)</sup>	1,592.8	1,905.2	19.6%	1,868.7	2.0%
Investment properties under development <sup>(2)</sup>	231.8	220.7	-4.8%	193.5	14.1%
Other investment	91.4	95.3	4.3%	85.6	11.3%
Deferred Tax Assets	94.7	146.8	55.1%	141.0	4.1%
Others	41.6	60.5	45.4%	74.6	-18.9%
Current Assets	1,755.5	1,344.6	-23.4%	1,415.0	-5.0%
Stocks	406.8	494.6	21.6%	471.5	4.9%
Trade Debtors	178.4	224.0	25.5%	229.1	-2.2%
Liquidity <sup>(3)</sup>	727.1	184.5	-74.6%	346.5	-46.7%
Others	443.2	441.5	-0.4%	367.9	20.0%
<b>Total equity</b>	<b>1,503.5</b>	<b>1,670.0</b>	<b>11.1%</b>	<b>1,618.0</b>	<b>3.2%</b>
Group Share	1,067.1	1,167.6	9.4%	1,169.7	-0.2%
Minority Interests	436.4	502.4	15.1%	448.4	12.0%
<b>Total Liabilities</b>	<b>4,607.0</b>	<b>5,497.2</b>	<b>19.3%</b>	<b>5,423.2</b>	<b>1.4%</b>
Non Current Liabilities	2,658.7	3,692.9	38.9%	3,597.8	2.6%
Bank Loans	995.6	1,358.3	36.4%	1,059.7	28.2%
Other Loans <sup>(4)</sup>	1,260.1	1,668.9	32.4%	1,769.4	-5.7%
Deferred Tax Liabilities	304.7	354.6	16.4%	345.1	2.8%
Provisions	47.1	74.4	58.0%	110.6	-32.7%
Others	51.2	236.8	-	313.0	-24.4%
Current Liabilities	1,948.3	1,804.3	-7.4%	1,825.4	-1.2%
Bank Loans	460.5	189.5	-58.8%	129.2	46.7%
Other Loans <sup>(4)</sup>	281.2	106.2	-62.2%	9.1	-
Trade Creditors	653.5	852.2	30.4%	990.0	-13.9%
Others	553.2	656.4	18.7%	697.1	-5.8%

(1) Value of shopping centres in operation owned by Sonae Sierra; (2) Properties under development owned by Sonae Sierra; (3) Liquidity includes cash & equivalents and current investments; (4) Other loans include bonds, leasing, derivatives and shareholder loans; (5) 2007 figures restated for the fair value allocation on the Carrefour acquisition; (R) Restated to exclude Sonae Capital contribution in 1H07.

Gross tangible and intangible assets totalled 4,411 million euros at the end of 1H08, compared to 4,173 million euros at end 2007 and cumulative depreciation and amortization totalled 1.707 million euros, compared to 1,594 million euros at end 2007. Liquidity decreased by 162 million euros to 184.5 million euros in 1H08, compared to end 2007, including the acquisition of approximately 10.3 million Sonaecom shares during the half-year period, the use of cash applications to repay debt at Sonaecom, and the 102 million euros impact from the obligations regarding the mark-to-market of the Cash Settled Equity Swap, covering a total of 132.8 million Sonae shares. Total investment properties were up 2% over that at the end of 2007, with the opening of one new asset at Sonae Sierra and the valuation gains in Brazil offsetting the 69.2 million euros reduction in the value of the shopping centres owned in Europe. Trade creditors reached 852.2 million euros, a reduction of 136.6 million euros compared to end 2007, mainly driven by the Retail business, as a result of payments to suppliers after the strong Christmas season.

### Capex

Capex increased by 48.1 million euros to 401.2 million euros in 1H08, compared to 1H07<sup>(R)</sup>, representing 16.5% of turnover.

Million euros

<b>CAPEX</b>	1H07 <sup>(R)</sup>	1H08	y.o.y
<b>Total CAPEX<sup>(1)</sup></b>	<b>353.1</b>	<b>401.2</b>	<b>13.6%</b>
Retail	79.7	132.8	66.6%
Shopping Centres <sup>(2)</sup>	194.4	81.3	-58.2%
Telecommunications	78.7	162.1	106.0%
Holding & others	0.3	25.0	-
CAPEX as a % of turnover	17.9%	16.5%	1.4pp
EBITDA minus CAPEX	-31.6	-178.9	-

(1) Capex includes gross investments in tangible, intangible, investment properties and investments in acquisitions; (2) shopping centres proportionally consolidated; (R) Restated to exclude Sonae Capital contribution in 1H07.

The contribution to consolidated Capex from the Telecommunications business amounted to 162.1 million euros, compared to 78.7 million euros in 1H07<sup>(R)</sup>, mainly comprising investments at the Mobile division, totalling 146.4 million euros (+105.8 million euros increase in 1H08 over 1H07), of which 89 million euros related to the recognition, as a license cost, of the net present

value of obligations assumed under the “e-Initiatives” programme, a governmental initiative which offers laptops and discounts in broadband access to school teachers and students. The remainder Capex was geared to accelerate the extension of coverage and capacity of its 2G/3G network to improve quality of service and consolidate the leading position in the mobile broadband market. Noteworthy, the Telecommunications business also started to roll-out its announced fibre optics Next Generation Network. Retail Capex, responsible for 33.1% of the consolidated investment as at 1H08, was directed towards the Company’s strong expansion plan, with the opening of 31 new stores during 1H08 with a total of 15 thousand m2, the preparation work for future openings, the refurbishment of the older store network, the development of new business concepts and the upgrading of the logistic warehouse units. Shopping Centres contribution to consolidated Capex amounted to 81.3 million euros, mainly comprising investments in development activities, now with a pipeline of 15 projects under development and an estimated investment of 1,864 million euros, scheduled to open up to the end of 2011. The 1H07<sup>(R)</sup> investment figure includes 97 million euros of acquisitions (Munster Arkaden, in Germany and River Plaza Mall, in Romania). Capex at the Holding reached 25 million euros when compared to 0.3 million euros at 1H07<sup>(R)</sup>, mainly comprising the acquisition of approximately 10.3 million Sonaecom shares in the semester.

### Capital structure

Million euros	1H07 <sup>(R)</sup>	1H08	y.o.y	2007	Δ
<b>CAPITAL STRUCTURE</b>					
Gross debt <sup>(1)</sup>	2,997.4	3,322.9	10.9%	2,967.4	12.0%
<b>Net debt <sup>(2)</sup></b>	<b>2,270.3</b>	<b>3,138.4</b>	<b>38.2%</b>	<b>2,621.0</b>	<b>19.7%</b>
Retail	586.2	1,369.9	133.7%	1,072.4	27.7%
Shopping Centres <sup>(3)</sup>	721.9	890.2	23.3%	839.5	6.0%
Telecommunications	353.3	365.2	3.4%	307.4	18.8%
Holding & others	608.9	513.0	-15.8%	401.7	27.7%
Net debt/EBITDA (last 12 months)	3.8 x	5.3 x	1.5x	3.7 x	1.6x
EBITDA /interest expenses (last 12 months) <sup>(4)</sup>	5.5 x	3.6 x	-1.9x	4.9 x	-1.3x
Gross Debt/(Gross Debt+Total equity) <sup>(5)</sup>	66.6%	66.6%	0pp	64.7%	1.8pp

(1) Gross debt = non current borrowings + current borrowings; (2) Net debt = gross debt - liquidity; (3) Shopping Centres are proportionally consolidated; (4) Interest cover; (5) Net Gearing; (R) Restated to exclude Sonae Capital contribution in 1H07.

Consolidated net debt at the end of 1H08 stood at 3,138.4 million euros, an increase of 517.4 million euros over year end 2007, reflecting: (i) a 296.5 million euros increase in the contribution to consolidated net debt from the Retail business, in 1H08, reflecting the strong programme of organic growth and store refurbishment and the seasonal change in working capital; (ii) a 111.3 million euros higher contribution to net debt from the Holding, as a result of the payments of the obligations related to the cash settled equity swap contracted and the acquisition of Sonaecom shares; (iii) a 57.8 million euros increase in the contribution from the Telecommunications business, mainly reflecting its investment for growth and the development of its technical infrastructure; and (iv) a 50.7 million euros increase in the contribution to consolidated net debt from the Shopping Centre business, related with financing needs for the on-going development pipeline. At end of 1H08, the weighted average maturity of Sonae Group debt stood at approximately 5.3 years. The sum of cash and undrawn committed credit facilities stood at 1,200 million euros.

At the end of 1H08, net debt to EBITDA (last 12 months) reached 5.3x, reflecting the above mentioned increase in net debt registered in the semester and the lower level of EBITDA in the preceding 12 months. In 1H08, 12 months’ trailing interest cover deteriorated to 3.6x, when compared to 4.9x at year end 2007, due to higher interest costs in the semester, as a result of increased market interest index rates and higher average net debt levels. The ratio of consolidated gross debt to total funds remained stable at 66.6%, only 1.8pp above that in year end 2007, reflecting the increase in gross debt that has been partially offset by an increase in total equity for the period. It should be noted that EBITDA (last 12 months) only includes one semester contribution from the retail operation acquired, while net debt for the period reflects the full payment of the acquisition price on 31 December 2007.

The majority of the gross debt as at end 1H08 attributable to the Shopping Centres business is fully and exclusively guaranteed by the assets of each project. Excluding Sonae Sierra’s contribution to consolidated debt, net debt to EBITDA (last 12 months) reached 4.7x and

interest cover reached 4.0x in 1H08, when compared to 3.8x and 4.5x, respectively, at year end 2007.

### 3. Business analysis – main highlights

#### 3.1. Retail

During 1H08, Sonae Distribuição accomplished to achieve a solid turnover and like-for-like sales growth, despite the tough economic environment with a decrease of the consumer disposable income, and the competitive pressures in the Portuguese market, with the increased supply in the food retail market<sup>1</sup> surpassing the nominal rate of increase in demand<sup>2</sup>.

<b>OPERATING REVIEW</b>	1H07	1H08	y.o.y.
Sales growth (%)	9.9%	25.7%	15.8pp
Food	10.1%	21.7%	11.6pp
Non-Food	13.7%	18.8%	5.1pp
LFL sales growth (%)	5%	2%	-3pp
Food	5%	2%	-4pp
Non-Food	3%	2%	-2pp
Number of stores (EOP)	517	677	30.9%
Food	126	176	39.7%
Non-Food	391	501	28.1%
Sales area (000 m2)	565	725	28.3%
Food	356	462	29.8%
Non-Food	209	263	25.8%
% Sales area owned (%)	-	74.6%	-
Food	-	86.9%	-
Non-Food	-	53.5%	-
Total employees	26,108	32,293	23.7%

#### Sales

Food retail registered a solid 21.7% sales growth in 1H08, compared to 1H07, despite greater competitive pressures and a challenging macroeconomic environment, and notwithstanding the significant sales benefit obtained in 1H07 from effects of the launch of the loyalty card. This performance in sales was mainly explained by: (i) the underlying 2% like-for-like growth; (ii) the accelerated expansion plan in progress, with the opening of 22 new food retail stores, totalling 21 thousand m2 of sales area, in the last 12 months; and (iii) the integration of the 12 retail stores acquired, with additional 85 thousand m2 of sales area, although no major refurbishment investments have yet been concluded.

Non-food retail sales increased by 18.8% in 1H08 against 1H07. This increase was primarily the result of: (i) an underlying 2% like-for-like growth, despite the negative like-for-like performance in the 2Q08, reflecting the slowing down of the consumer demand and the consequent postponement of purchases, as well as the impact of the early Easter when compared to 2Q07; (ii) expansion of the store network, with the opening of 97 new non-food retail stores, equal to approximately 42 thousand m2 of additional sales area, in the last 12 months; (iii) integration of the heavy bazaar from the stores acquired; and (iv) increased consumer awareness and improved operational performance of the maturing non-food formats.

#### Stores network

Sonae Distribuição ended 1H08 with 677 stores and fourteen brands<sup>3</sup>, amounting to a total of 725 thousand m2 of sales area, 28.3% above the 565 thousand m2 sales area at end 1H07. Total sales area owned reached 544 thousand m2 at end 1H08, representing approximately 75% of the stores network sales area and responsible for approximately 80% of the 1H08 annualized sales. Noteworthy, and through keeping its strong focus on innovation, the Company extended its activity to two new businesses: a casual footwear brand, Loop, and a bookstore concept, Book.it, that brings together in a single area a book shop, stationery and tobacco. After the reporting period, the Company expanded its sales network by 12 new stores, reaching a total of 43 new stores in 2008, including the opening of an additional Sportzone store in Spain.

<sup>1</sup> Measured in m2 of sales area

<sup>2</sup> Measured by the trend of sales of the major market operations

<sup>3</sup> Modelo Bonjour is classified as Modelo since January 2008

In August 2008, and falling within the planned internationalization process, Sonae Distribuição launched Worten in the Spanish market, with the acquisition of Boulanger's Spanish operation specialized in household appliances and consumer electronics, comprising 9 operating stores.

Million euros	1H07	1H08	y.o.y
<b>FINANCIAL REVIEW</b>			
<b>Turnover</b>	<b>1,495.1</b>	<b>1,879.3</b>	<b>25.7%</b>
Food	1,076.2	1,309.4	21.7%
Non-Food	415.4	493.4	18.8%
Others & eliminations <sup>(1)</sup>	3.6	76.5	-
<b>EBITDA</b>	<b>113.6</b>	<b>126.7</b>	<b>11.5%</b>
EBITDA margin (%) <sup>(2)</sup>	7.6%	6.7%	-0.9pp
Food	78.4	94.0	19.9%
Non-Food	19.4	21.3	9.8%
Others & eliminations <sup>(1)</sup>	15.8	11.2	-28.9%
EBIT	71.2	69.9	-1.8%
Net financial results	-17.6	-31.4	-78.9%
<b>Net income - group share <sup>(3)</sup></b>	<b>49.1</b>	<b>39.4</b>	<b>-19.7%</b>
Gross debt	906.0	1,491.0	64.6%
Net debt	586.3	1,379.3	135.3%
Net debt/EBITDA (last 12 months)	2.1 x	4.4 x	2.3x
EBITDA/interest expenses (last 12 months) <sup>(4)</sup>	13.1 x	6.7 x	-6.5x
Gross Debt/(Gross Debt+Total equity) <sup>(5)</sup>	55.3%	64.9%	9.6pp
CAPEX	104.0	107.1	3.0%
EBITDA minus CAPEX	9.6	19.6	103.3%

(1) Includes petrol stations and real estate rents received from galleries; (2) EBITDA margin = EBITDA / Turnover; (3) Net income attributable to Sonae Distribuição shareholders; (4) Interest cover; (5) Net gearing.

## Turnover

Turnover increased by a significant 25.7% to 1,879.3 million euros, compared to 1,495.1 million euros in 1H07, mainly due to the positive underlying like-for-like growth achieved on both food and non-food based retail sales, the expanded store network over the last 12 months, driven by the ongoing investment in organic growth and the inclusion of the retail stores acquired in 2007.

In 1H08, Turnover included the revenue generated by the eight Petrol Stations acquired as part of the purchase of a retail company in 2007. On February 2008, Sonae Distribuição announced their operational transfer to GALP, which is still pending Competition authority approval.

## EBITDA

EBITDA in 1H08 reached 126.7 million euros, up by 11.5% when compared to 113.6 million euros in 1H07. Two extraordinary impacts affected both 1H08 and 1H07 results: (i) a 9 million euros capital gain in 1H08, related to the sale of a Brazilian site in Florianópolis; and (ii) a 12 million euros capital gain in 1H07, generated by the sale of the real estate assets of the Albufeira and Portimão Shopping galleries in 2007. Excluding the impact of these non-recurrent capital gains, EBITDA rose by 15.9%, from 101.6 million euros in 1H07, to 117.7 million euros in 1H08, reflecting the Company's ongoing focus on containing costs and achieving productivity gains in operations. Food retail EBITDA has increased 19.9% over 1H07 to 94 million euros and Non-food retail reached an EBITDA of 21.3 million euros, up 9.8% over 1H07.

EBITDA generated a margin of 6.7%, 0.9pp down on the 7.6% margin in 1H07, mainly due to: (i) the impact on margin of the Petrol Stations acquired as part of the purchase of a retail company in 2007; (ii) the non-recurrent capital gains impacting EBITDA trends; and (iii) integration costs of the acquired stores mainly related to headcount and stocks optimization. Food retail EBITDA margin reached 7.2% in 1H08, similar to that in 1H07, and non-food retail margin amounted to 4.3%, compared to 4.7% in 1H07, a slight decrease mainly explained by: (i) an extended new store network, opened during the last two years, with a performance still below that expected on a on-going basis; (ii) the macroeconomic environment of lower consumer spending; and (iii) the marketing & sales efforts to promote sales growth.

### 3.2. Shopping centres

Sonae Sierra was able to optimize the operating performance of its well-located, well-designed and well-managed shopping centres, mitigating the negative economic environment prevailing in the real estate market where the Company operates, reflected in the upwards shift of the capitalization yields in Europe and, consequently, in a reduction of the estimated market value of the property. More importantly, and given the limited scope for further yield compression, the

Company continued to shift focus to developments, with an increased pipeline of projects under development and the sale of 49.7% of the new Sierra Portugal Fund at year end 2007 NAV valuation.

<b>OPERATING REVIEW</b>	1H07	1H08	y.o.y	2007	°
Real estate open market value (million euros) <sup>(1)</sup>	5,429.9	6,377.0	17.4%	6,153.5	3.6%
Real estate NAV (million euros) <sup>(2)</sup>	1,595.0	1,728.8	8.4%	1,713.2	0.9%
Sierra Investments	867.0	1,080.7	24.7%	1,114.4	-3.0%
Sierra Brazil	164.0	238.0	45.1%	201.3	18.2%
Others <sup>(3)</sup>	563.0	410.0	-27.2%	398.0	3.0%
NAV per share (euros)	49.0	53.2	8.5%	52.7	0.9%
Openings & acquisitions (EOP)	3	1	-66.7%	8	-87.5%
Shopping centres owned/co-owned (EOP)	44	48	9.1%	47	2.1%
GLA owned/co-owned <sup>(4)</sup>	1,730.0	1,883.6	8.9%	1,855.4	1.5%
Occupancy rate of GLA owned (%)	96.5%	96.3%	-0.2pp	95.5%	0.8pp
Projects under development (EOP) <sup>(5)</sup>	10	15	50.0%	12	25.0%
Projects in planning stage (EOP) <sup>(6)</sup>	13	15	15.4%	15	0.0%
GLA under development (thousand m2) <sup>(4)</sup>	508.0	684.9	34.8%	473.8	44.6%
Shopping centres managed (EOP)	57	61	7.0%	63	-3.2%
GLA under management (thousand m2) <sup>(4)</sup>	2,027.0	2,064.9	1.9%	2,183.1	-5.4%
<b>Total employees</b>	<b>756</b>	<b>831</b>	<b>9.9%</b>	<b>789</b>	<b>5.3%</b>

(1) Open market value = fair value of real estate in operation (100%), provided by an independent entity; equivalent to assets under management; (2) Net asset value = Open market value minus net debt minus minorities plus deferred tax liabilities; (3) Others = Projects under development in Europe + Cash; (4) Gross Lettable area in operating centres; (5) Projects in planning and construction; (6) Projects committed but not fully licensed.

### New projects, openings, acquisitions and disposals

As at the end of 1H08, Sonae Sierra owned or co-owned 48 shopping centres, compared to 44 shopping centres by end 1H07, with more than 1.88 million GLA, compared to 1.73 million GLA in 1H07. Average occupancy rate remained stable, reaching 96.3% by end 1H08 versus 96.5% as of end 1H07, despite the difficult economic environment reflected in a deterioration of European consumer's confidence and disposable income. As to shopping centres managed, Sonae Sierra continued to manage properties beyond those that are owned, servicing 61 units by end of 1H08, compared to 57 in 1H07.

The Company ended the half-year with 30 new projects in the pipeline, of which 15 under development and scheduled to open until end 2011, and the remaining still uncommitted. It is noticeable the focus on the development activity area, with seven more projects in pipeline when compared to 1H07 and five new projects committed and fully licensed against the end of 2007. During the 1H08, Sonae Sierra announced the following additional projects: (i) the development of a shopping centre in Brazil, in the city of Londrina, due to be inaugurated in March 2010; (ii) the development of Parklake Plaza, one of Europe's biggest shopping centres located in Bucharest, Romania, scheduled to open in April 2011; and (iii) the development of a shopping centre in Brazil, in the city of Uberlândia, scheduled to be opened in 2010. Total projects under development amounted to an estimated investment of 1,864 million euros (Gross Lettable Area of 685 thousand m2), of which 1,173 million euros from Sonae Sierra, with the following breakdown of investment: 47.4% Romania, 11.2% Italy, 10.7% Germany, 8.9% Spain, 8.8% Brazil, 7.8% Greece and 5.3% Portugal. In the period, Sonae Sierra successfully opened Freccia Rossa, its first shopping centre development in Italy, located in the city of Brescia.

Also worth of note was the launch, in March 2008, of the Sierra Portugal Fund, a fund with a 300 million euros equity, seeded with eight shopping centres and a pipeline of three projects. By end of 1H08, the Company had placed approximately 49.7% of the Fund's equity with international institutional investors, namely a Finnish pension fund, a Finnish mutual pension insurance company, two real estate funds managed by Schroeder Investment Management and one client of Aberdeen Property Investors. Importantly, after 30 June 2008, Sonae Sierra concluded an additional placement of the Fund, reducing its shareholding position to 42%. Additional closings are planned for 2008, through which Sonae Sierra intends to further reduce its holding.

### Investment Property portfolio value

At end 1H08, the open market value of 100% of Sonae Sierra's real estate properties, as provided by an independent entity, Cushman & Wakefield, increased by 223.5 million euros to 6,377 million euros when compared to the latest valuation of 6,154 million euros as at end 2007. This increase mainly reflects three important factors: (i) valuation gains in Brazil, a market that has not been affected by the European property crisis and where average yields have

compressed by 48bp when compared to end 2007; Brazil properties contributed to an increase of the property value by 110.2 million euros; (ii) recognition of a new asset valued at 180.5 million euros, with the opening of Freccia Rossa; and (iii) operational optimization of the shopping centres, reflected in a positive impact of 144 million euros, driven by the increase of estimated rents, key money, other net income and maintenance and capital expenditures. These factors mitigated 211 million euros of losses from yield expansion on most of the European countries where Sonae Sierra operates, with the exception of Germany (maintenance of yields). When compared to end 2007, average yield in Portugal increased by 16bp, in Spain increased by 44bp and in Romania by 30bp.

The NAV at end of 1H08 of the properties attributable to Sonae Sierra was 1,729 million euros, corresponding to a value per share of 53.17 euros. To emphasize that, at end 1H08, Sonae Sierra decided to assess its NAV on the basis of the guidelines published by INREV<sup>4</sup>, an association of which the Company is a member. On a same methodology basis, compared to year end 2007, NAV decreased by 2.8%, from 1,713 million euros to 1,665 million euros.

Million euros	1H07	1H08	y.o.y
<b>FINANCIAL REVIEW</b>			
<b>Turnover</b>	<b>128.9</b>	<b>156.8</b>	<b>21.7%</b>
Services Business	26.0	32.2	24.1%
Asset management	9.7	12.7	31.0%
Developments	5.1	6.4	25.5%
Property management	11.2	13.2	17.6%
Investments	96.8	121.0	24.9%
Others & eliminations	6.1	3.6	-40.9%
<b>EBITDA excl. value created on invest. Prop.</b>	<b>70.8</b>	<b>89.7</b>	<b>26.7%</b>
EBITDA margin (%) <sup>(1)</sup>	54.9%	57.2%	2.3pp
Services EBITDA margin (%)	64.5%	-	-
Services Business	16.8	-18.4	-
Asset management	4.3	6.3	45.4%
Developments <sup>(2)</sup>	10.0	-27.5	-
Property management	2.4	2.8	16.0%
Investments	78.3	94.0	20.0%
Others & eliminations	-24.3	14.1	-
EBIT	69.9	88.6	26.9%
Net financial results	-15.6	-44.2	-182.5%
Gains realized on investments <sup>(3)</sup>	0.1	13.6	-
Value created on investment properties <sup>(4)</sup>	182.6	-47.0	-
<b>Net income - group share <sup>(5)</sup></b>	<b>100.5</b>	<b>17.5</b>	<b>-82.6%</b>
Gross debt	1,597.2	1,868.4	17.0%
Net debt	1,341.2	1,776.9	32.5%
Loan to Value <sup>(6)</sup>	41.8%	46.1%	4.3pp
Net debt/EBITDA (last 12 months)	9.2 x	14.6 x	5.5x
EBITDA/interest expenses (last 12 months) <sup>(7)</sup>	2.4 x	1.7 x	-0.7x
Debt/(Debt+ Total equity) <sup>(8)</sup>	48.8%	49.4%	0.6pp
CAPEX <sup>(9)</sup>	126.2	132.9	5.3%

(1) EBITDA margin = EBITDA / Turnover; (2) EBITDA Developments = EBITDA plus value created in projects; (3) Capital gains (losses) with shopping centres disposals; (4) Increase in the valuation of the shopping centres; (5) Net income attributable to Sonae Sierra shareholders; (6) Net debt / Investment properties; (7) EBITDA/interest expenses; (8) Net gearing; (9) CAPEX does not include investments in acquisitions.

## Turnover

Turnover increased by 21.7% to 156.8 million euros, compared to 128.9 million euros in 1H07. Services business income amounted to 32.2 million euros, up 24.1% when compared to 26 million euros in 1H07, with main contributions coming from: (i) 31.0% higher Asset Management income, mainly driven by the extension of the portfolio of shopping centres under management and the increase in valuation for the same portfolio of centres when compared to 1H07; (ii) 25.5% higher operating income at Developments, with the increase of the number and dimension of the projects in the pipeline explaining the higher project development fees charged; and (iii) 17.6% growth in Property Management income, explained by the higher number of properties under management (Alexa, 8<sup>a</sup> Avenida, River Plaza and El Rosal) and a higher letting services income, up 23% compared to 1H07. Sierra Investments turnover increased by 17.6% to 121 million euros, mainly explained by a 25.8% increase in rental income to 103.7 million euros, due to a combination of acquisitions (acquisition of Munster and River Plaza), increases in ownership share of two shopping centres in Portugal (50% of Arrábida Shopping and Gaia Shopping) and organic growth of the existing portfolio (opening of El Rosal); on a like-for-like basis, fixed rental income increased 4.5% compared to 1H07.

<sup>4</sup> European Association for investors in Non-listed Real Estate vehicles

### EBITDA

Sonae Sierra's EBITDA, excluding value created on investment properties, reached 89.7 million euros in 1H08, an increase of 26.7% over 1H07. EBITDA of the various Services was negative 18.4 million euros in 1H08, mainly explained by the 27.5 million euros EBITDA loss at the Development division, compared with an EBITDA totalling 10 million euros in 1H07. This performance is mainly explained by the reduction of the estimates of value created on several projects under development until opening and consequent cancellation of margins accrued in previous quarters. Notwithstanding this performance, and partially offsetting its impact, the Asset Management Division generated an EBITDA of 6.3 million euros, 45% above 1H07, reflecting the scale benefits from Sonae Sierra's portfolio expansion and productivity gains, and the Property Management division reached an EBITDA of 2.8 million euros, 16% above 1H07, as a result of more dynamic letting activity and the larger portfolio under management. The Investments EBITDA was 94 million euros, up 15.7 million euros compared to 1H07, driven mainly by the acquisition of new shopping centres and the organic growth of the portfolio of assets owned.

### Gains realized on investments

The income from gains realized on investment properties of 13.6 million, is mainly related with the 49.7% placement of the Sierra Portugal Fund, net of set-up costs, reflecting the deferred tax liabilities related to valuation gains on investment properties, that had been accounted for in the balance sheet under the IFRS rules and not considered for pricing purposes.

### Value created on Investment properties

Value created on investment properties reached a negative 47 million euros in 1H08, compared to positive 182.6 million euros in 1H07, explained by the general yield increase in Europe of the shopping centres in the portfolio (-138.3 million euros), as compared to a yield compression trend still prevailing in 1H07. This upward tendency was partially offset by a yield decrease in Brazil (+11.7 million euros), an improved performance of the Shopping centres owned and managed by Sonae Sierra (+74.9 million euros) and the gain from the opening of the Freccia Rossa centre during 1H08 (+8.7 million euros).

## 3.3. Telecommunications

During 1H08, Sonaecom was able to deliver a high level of growth in customers and customer revenues, despite the increased level of competition in the Portuguese telecoms market. This growth was achieved on the back of a number of important commercial initiatives, with the continuous launch of new products and services.

OPERATING REVIEW	1H07	1H08	y.o.y
<b>Mobile</b>			
Customers (EOP) ('000)	2,673.9	2,982.1	11.5%
ARPU (euros) <sup>(1)</sup>	17.8	16.9	-5.0%
<b>Wireline</b>			
Total accesses (EOP) <sup>(2)</sup>	411,177	741,098	80.2%
Direct accesses (EOP)	336,779	522,540	55.2%
Average revenue per access - retail <sup>(3)</sup>	23.5	20.8	-11.1%
<b>Media</b>			
Average paid circulation <sup>(4)</sup>	42,657	42,726	0.2%
Market share of advertising (%) <sup>(5)</sup>	14.1%	13.3%	-0.8pp
<b>SSJ</b>			
IT service revenues / employee ('000 euros) <sup>(6)</sup>	55.1	57.9	5.1%
Total employees	1,851	1,921	3.8%

(1) Average revenues per user; (2) Accesses according to "revenue generator unit" criteria; (3) excluding Mass Calling services' revenues; (4) Estimated value, updated in the following quarter; (5) 2Q08= May YTD; (6) Excluding employees dedicated to equipment sales.

### Customer base

Sonaecom's mobile customer base increased by 11.5% to 2,982 thousand customers at the end of 1H08, compared to 2,674 thousand customers at end of 1H07, with net additions in excess of 89 thousand in the half-year, up by 22.9% compared to 1H07, reflecting investments to support the brand, particularly in the residential segment; to improve distribution capacity; and the continuous development of Sonaecom's fixed-mobile convergent product 'Optimus Home' and wireless broadband service 'Kanguru'. The launch of "TAG" in the semester, an innovative offer aimed at the youth market, also contributed to the strong growth of the customer base.

Mobile customers generated an ARPU of 16.9 euros in 1H08, down from an ARPU of 17.8 euros in 1H07, of which 13.1 euros related to customer monthly bill and 3.8 euros related to operator revenues, which compares to 13.6 euros and 4.2 euros respectively in 1H07. This lower ARPU is mainly explained by: (i) the 11% decrease in operator revenues ARPU, due to reductions in roaming tariffs; (ii) the decrease of 3.2% in customer monthly bill, due to the lower Average Revenue per Minute, explained by the higher price pressures on voice tariffs, mainly in the SME and Corporate segments and; (iii) to the increased weight of Sonaecom's fixed-mobile convergent product within the customer base, which was not fully offset by the higher average minutes of use per customer in the period. By end of 1H08, data revenues represented 20.9% of service revenues, 4.4pp higher than in 1H07, a demonstration of the Company's leading position in wireless broadband and its success to push for a material growth of data usage through the promotion of retail sales of its mobile broadband product "Kanguru".

Sonaecom's wireline accesses reached 741 thousand at end 1H08, an increase of 80.2% compared to 1H07 and 10.1% on a like-for-like basis, excluding the impact of ONI's residential and SoHo customer base and Tele2 Portugal customers. Total direct accesses have grown to represent 70.5% of Sonaecom's wireline customer base in 1H08, compared to 81.9% in 1H07, reflecting the higher indirect customer base resulting mostly from the acquisition of Tele2 during 3Q07. Direct net additions in 1H08 were, approximately, 12 thousand, a lower level when compared to 1H07, as a result of: (i) the increased competitive pressures in the market, pressing for higher churn; (ii) the problems faced in porting numbers from the incumbent operator, leading to a significant increase in the average number of days to activate an ULL customer; (iii) the lower rate of expansion of the ULL addressable market, with the opening of only 5 new Central Offices for ULL ADSL2+ services in the semester; and (iv) the growing competition from mobile broadband services.

Million euros	1H07	1H08	y.o.y
<b>FINANCIAL REVIEW</b>			
<b>Turnover</b>	<b>413.4</b>	<b>475.6</b>	<b>15.0%</b>
Mobile	293.5	303.1	3.3%
Wireline	110.7	147.6	33.3%
Media	16.7	17.2	3.5%
SSI	32.8	54.5	66.2%
Others & eliminations	-40.2	-46.8	-16.4%
Other revenues	2.1	4.3	109.7%
<b>EBITDA<sup>(1)</sup></b>	<b>73.2</b>	<b>68.7</b>	<b>-6.1%</b>
EBITDA margin (%) <sup>(2)</sup>	17.7%	14.4%	-3.3pp
Mobile	73.7	62.1	-15.7%
Wireline	0.8	4.0	-
Media	-1.9	-1.5	20.4%
SSI	2.7	3.6	36.1%
Others & eliminations	-2.0	0.4	-
EBIT	6.1	-9.1	-
Net financial results	-8.2	-7.9	4.2%
<b>Net income - group share<sup>(3)</sup></b>	<b>-4.7</b>	<b>-12.2</b>	<b>-159.5%</b>
Gross debt	482.6	374.3	-22.4%
Net debt	284.2	367.4	29.3%
Net debt/EBITDA (last 12 months)	1.9 x	2.3 x	0.5x
EBITDA/interest expenses (last 12 months) <sup>(4)</sup>	5.7 x	8.0 x	2.3x
Gross Debt/(Gross Debt+Total equity) <sup>(5)</sup>	35.1%	28.9%	-6.2pp
CAPEX	69.9	161.6	131.3%
Operating CAPEX <sup>(6)</sup>	56.3	67.7	20.4%
EBITDA minus CAPEX	3.3	-92.9	-
Free Cash Flow	75.0	-57.8	-

(1) EBITDA includes provisions and impairment losses; (2) EBITDA margin = EBITDA / Turnover; (3) Net income after minority interests; (4) Interest cover; (5) Net gearing; (6) Operating CAPEX excludes financial investments, provisions for sites dismantling and other non operational investments.

## Turnover

Sonaecom turnover increased by 15% in 1H08 to 475.6 million euros compared to 1H07, notwithstanding the significant competitive pressures in the Portuguese telecoms market, with aggressive promotions being launched and new price points introduced in the market by all players. The main contributions to this performance came from: (i) 33.2% higher service revenues from the Wireline business (4.8% on a like-for-like basis), mainly due to the significant increase in customer revenues, up by 70.6% (13.2% on a like-for-like basis), driven by the growth in direct access revenues, up 51.0% on 1H07, and indirect access revenues, up by 151.1% to 27.4 million euros; the expected trend of reduction in indirect access customers has determined q.o.q. reductions in the corresponding revenue line; (ii) 3.9% increase in Mobile's



service revenues, with the 5.9% growth of customer revenues more than offsetting the negative impact of lower roaming tariffs, and notwithstanding the increased competitiveness in the market reflected in a 5.0% decrease of the average revenue per minute; (iii) 44.1% higher service revenues from SSI, driven by the good performance of all its businesses; and (iv) the 3.5% growth in Media's service revenues, driven by higher advertising revenues.

Excluding the contributions from the businesses acquired during 2007<sup>5</sup>, Sonaecom's turnover would have grown by 6.5%, compared to 1H07, reflecting the increase in service revenues by 5.2%, a material achievement in the current competitive market environment.

#### **EBITDA**

EBITDA reached 68.7 million euros in 1H08, generating a margin of 14.4%, compared to an EBITDA of 73.2 million euros and a margin of 17.7% in 1H07. This performance was mainly driven by strong operational results at the Wireline and SSI businesses, which were fully off-set by the increased marketing & sales costs at the Mobile division, the increased level of competition and the integration costs related with acquisitions. The Mobile business generated EBITDA of 62.1 million euros, compared to 73.7 million euros in 1H07, mainly driven by increase marketing & sales costs in the half-year and increased handset subsidies, combined with the negative impact from lower roaming tariffs. The Wireline business generated an EBITDA of 4 million euros compared to 0.8 million euros in 1H07, reflecting the scale benefits of an higher direct access customer base, achieved via organic growth, which is generating an increasingly positive contribution to profitability, and the positive contributions from the businesses acquired during 2007. EBITDA at SSI increased from 2.7 million in 1H07 to 3.7 million in 1H08, driven by higher service revenues in all its businesses and by a one-off effect related to the recognition of a 1.4 million euros gain in relation to the final closure of Tecnológica's acquisition process. Público's EBITDA was negative 1.5 million euros, a 20.4% improvement when compared to 1H07, driven by a better performance in associated product sales, up by 11.9% over 1H07, and by an increase in advertising revenues, up by 2.5% over 1H07.

#### **3.4. Sonae SGPS individual financial results**

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

Total turnover increased by 36.5% to 1 million euros, compared to 1H07, and EBITDA amounted to negative 2.9 million euros, compared to negative 3.7 million euros in 1H07. Net profit for the 1H08 amounted to 114.9 million euros, which was favourably impacted by dividends received from its affiliated companies Sonae Distribuição and Sonae Sierra.

### **4. Main corporate developments**

#### **Sonae**

- Following the completion of the demerger of Sonae Capital from Sonae, with the attribution of 0.125 of a share of the new company for each Sonae share, a rights trading period was available to Sonae shareholders from 9 January 2008 to 15 January 2008, inclusive, and over-the-counter continued up to 18 January 2008, inclusive. The listing on Euronext Lisbon of the new shares took place on 28 January 2008.
- Sonae acquired, through a wholly owned subsidiary, additional 10,4 million Sonaecom shares, purchased at an average price of 2.35 euros per share. With this acquisition, the Company ended the 1H08 with a shareholding position of 53.3%.

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<sup>5</sup> In 2007, Sonaecom acquired ONI residential and SOHO customers, Tele2 Portugal, Cape Technologies, Praesidium and Tecnológica.

## Retail

- Sonae Distribuição announced that it has reached an agreement with Galp Energia for the operation of eight petrol stations located next to Continente hypermarkets. These filling stations were acquired by Sonae Distribuição as part of the purchase of the retail operation concluded at end December 2007, and will be integrated into the programme of joint promotional actions, allowing customers of both companies to take advantage of discounts on purchases in Galp stations and in Continente and Modelo hypermarkets.
- Sonae Distribuição successfully opened its first SportZone store in Spain, in the new Isla Azul shopping centre at Carabanchel, Madrid, with a space area of 2 thousand m<sup>2</sup> and 55 employees. After the reporting period, a second SportZone store was opened in Ferrol. These openings fall within the Company's goal of internationalizing its sportswear chain. Two more Sportzone stores will be opened in Spain before the end of 2008 and between 20 and 25 stores until 2010. The estimated investment is approximately 8 million euros in 2008.

The following event, which took place after 30 June 2008 but before the approval of the half-year accounts by the Board, should be noted:

- Sonae Distribuição signed with Auchan a sale agreement of the Modelo shopping centre in Eiras and in Lagoa, and of a property located in Condeixa for which the development of a Modelo store, a Worten store and a Modalfa store had already been granted. This operation was made in respect to the commitments made by the Company following the acquisition of Carrefour Portugal, whereby a number of assets in the Coimbra and Portimão Metropolitan areas had to be sold. The assets subject to these transactions were valued at 21.7 million euros.
- Sonae Distribuição and RAR formalized an agreement to merge their travel operations, Geotur and Star, creating a new Company, with a 50% stake for each Group and a joint management team. The new company will have an aggregated turnover of approximately 230 million euros and a retail network of 75 agencies covering the Portuguese territory.
- Sonae Distribuição announced the acquisition of Boulanger's Spanish stores, specializing in consumer electronics, for an Enterprise Value of 25 million euros. This operation comprises the acquisition of the following: (i) nine stores in operation, in the Spanish main cities, with a total of 22 thousand m<sup>2</sup> of sales area and a turnover above 100 million euros; (ii) a logistics warehouse; (iii) three licensed projects; and (iv) three real estate assets (from three units in operation) with a total of 12 thousand m<sup>2</sup> of GLA.

## Shopping centres

- Sonae Sierra announced the development of its 11th shopping centre in Brazil, in Londrina, through a partnership with a local associate company, Marco Zero. The project is due to be inaugurated in March 2010 with an estimated investment of approximately 135 million reais (53 million euros).
- Sonae Sierra launched its second shopping centre investment fund – the Sierra Portugal Fund (SPF) – with a total equity of 300 million euros. Three reference investors have joined Sonae Sierra in the initial closing of the fund with combined commitments of 120 million euros. Further closings are planned later in 2008. The SPF is seeded with eight Portuguese shopping centres, representing a total market value of over 425 million euros and also benefits from a pipeline of three projects currently being developed in Portugal. Their market value, after completion, is estimated to be 235 million.
- Sonae Sierra concluded a closing of the Sierra Portugal Fund (SPF) of 9.7% at year end 2007 NAV, decreasing its interest in the SPF to approximately 50.3%.
- Sonae Sierra and Caelum Development, a specialist retail developer in Eastern Europe, have established a 50:50 Joint Venture for the development of Parklake Plaza, one of Europe's

biggest shopping centres, located in Bucharest, Romania, with an estimated total gross investment of 591 million euros, which is scheduled to open in April 2011.

- Sonae Sierra inaugurated "Freccia Rossa" shopping and leisure centre in Brescia, Italy, a 144 million euros investment with 119 shops on 29,7 thousand m<sup>2</sup> GLA.
- Sonae Sierra through its subsidiary Sonae Sierra Brasil, announced the development of its 12<sup>th</sup> shopping centre in Brazil, in the city of Uberlândia. This project represents an investment of approximately 43.5 million euros and is scheduled to be opened in 2010

The following events, which took place after 30 June 2008 but before the approval of the half-year accounts by the Board, should be noted:

- Sonae Sierra announced the development of a new shopping centre in Leiria, scheduled to be opened in the of 2010, with a Gross Lettable Area of 43,2 thousand m<sup>2</sup> and an estimated investment of 75 million euros.
- Sonae Sierra completed a 5 year bond issue, by private placement, of 75 million euros. The bonds were unsecured and were arranged by Caixa - Banco de Investimento. The proceeds of the issue are to be used to fund Sonae Sierra's national and international plans.
- Sonae Sierra concluded an additional closing of the Sierra Portugal Fund (SPF) of 8.3% at year end 2007 NAV, decreasing its interest in the SPF to approximately 42%.
- Sonae Sierra announced a new development in Brazil, in the city of Goiania, due to be opened in 2011, with a Gross Lettable Area of 78,5 thousand m<sup>2</sup> and an estimated investment of 123 million euros.

### Telecommunications

- Sonaecom announced its 3-year investment plan totalling 240 million euros for the deployment of fibre, which will allow coverage of over 1 million homes and approximately 25% of the Portuguese population. As part of this plan, Sonaecom proposed to give access to its fibre network to all interested national operators, aligning with regulatory recommendations and best practice in Europe.
- Anacom, the Portuguese telecoms regulator, issued a final decision in relation to Mobile Termination Rates, determining the maximum tariffs applicable from 15 July 2008. The decision envisages the introduction of asymmetric prices (20%) in mobile traffic, in favour of Optimus until 1 October 2009, date upon which prices should converge to 0.065 euros per minute.

## 5. Outlook

Sonae is confident of its strategy to face current challenges and on fulfilling its commitment to achieve profitable growth, despite the current economic environment and the clear slowdown of consumer demand. In the current context, guidance disclosed for 2008, although more difficult to achieve, continues to be valid. During 2H08, Group companies will continue to seek for non-organic growth opportunities arising from the current market conditions and to focus on executing on-going initiatives to deliver organic growth and efficiency gains.

Our Retail business will continue to target high organic growth rates, as a means of consolidating its leadership in the Portuguese market. Total sales area will increase by approximately 60 thousand m<sup>2</sup> by year end 2008, including the opening of 3 new Hypermarkets Continente from the 12 retail projects acquired in 2007. Productivity gains from the integration of the 12 hypermarkets acquired in 2007 will start impacting positively margin and new non-food format openings in available space at these stores will contribute to sales performance increase. Sonae Distribuição will also continue with the internationalization plan for non-food formats, by

increasing its presence in Spain, as a result of opening additional Sportzone and Worten stores, as well as looking for expansion opportunities allowing entry into other geographical areas.

Our Shopping Centres business will continue to focus on the operational optimization of the centres and on increasing the scale of the development activities. The Company will be focusing on increasing its pipeline of projects under development, as, given that yields are at historically low levels in Europe, the scope for further valuation gains is limited.

Our Telecommunications business will remain focused on organic growth by innovating and promoting mobile broadband and direct broadband services. The Company will accelerate the extension of coverage and capacity of its mobile and wireline networks and will launch its 3-play offer supported on fibre network on a wider scale.

## **6. Corporate Governance**

A detailed annual Corporate Governance Report is included in Sonae's Full Year 2007 Management Report and Accounts available on its website ([www.sonae.pt](http://www.sonae.pt)). Sonae's website also has a specific section dedicated to corporate governance.

Highlighted below are the main developments that occurred during 1H08 in relation to corporate governance issues.

### **Amendment to the Articles of Association**

At the Shareholders' Annual General Meeting held on 24 April 2008, it was resolved to change the company's book-entry bearer shares into book-entry registered shares and, as a consequence thereof, the Company's Articles of Association were amended accordingly.

### **Board of Directors**

Luiz Filipe Lampreia, a member of the Sonae Board, resigned as a Director of the Company, effective from 30 April 2008.

Maia, 26 August 2008

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Belmiro Mendes de Azevedo  
President of the Board of Directors

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Álvaro Cuervo Garcia  
Member of the Board of Directors

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Michel Marie Bon  
Member of the Board of Directors

---

José Neves Adelino  
Member of the Board of Directors

---

Duarte Paulo Teixeira de Azevedo  
President of the Executive Committee

---

Álvaro Carmona e Costa Portela  
Member of the Executive Committee

---

Ângelo Gabriel Ribeirinho dos Santos  
Paupério  
Member of the Executive Committee

---

Nuno Manuel Moniz Trigoso Jordão  
Member of the Executive Committee

# APPENDIX

**Statement under the terms of the Article 246, paragraph 1, c) of the Securities code**

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared in accordance with International Financial Reporting Standards, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the Management Report faithfully describes the business evolution and position of the issuer and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Maia, 26 August 2008

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Belmiro Mendes de Azevedo  
President of the Board of Directors

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Duarte Paulo Teixeira de Azevedo  
President of the Executive Committee

---

Álvaro Cuervo Garcia  
Member of the Board of Directors

---

Álvaro Carmona e Costa Portela  
Member of the Executive Committee

---

Michel Marie Bon  
Member of the Board of Directors

---

Ângelo Gabriel Ribeirinho dos Santos  
Paupério  
Member of the Executive Committee

---

José Neves Adelino  
Member of the Board of Directors

---

Nuno Manuel Moniz Trigo Jordão  
Member of the Executive Committee

**Information of the Board of Directors complying with Article 9, paragraph 1, b) of the CMVM regulation number 04/2004**

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.

	Date	Purchases		Sales		Balance as of
		Quantity	Aver. Price €	Quantity	Aver. Price €	30.06.2008 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						125,934
Purchase	11.06.2008	100,000	0.91			
Sonaecom, SGPS, SA						5,000
<b>Ângelo Gabriel Ribeirinho dos Santos Paupério</b>						
Sonae, SGPS, SA						250,000
Purchase	11.01.2008	245,436	1.30			
Sonae.com, SGPS, SA						225,000
Purchase	11.01.2008	59,930	2.89			
Purchase	14.01.2008	61,000	3.00			
Purchase	15.01.2008	44,000	2.87			
<b>Duarte Paulo Teixeira de Azevedo</b>						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (3)						69,996
Sonae, SGPS, SA						3,293
<b>Michel Marie Bon</b>						
Sonae, SGPS, SA						78,113
Purchase	17.01.2008	4,600	1.30			
Purchase	28.05.2008	7,250	1.04			

	Date	Purchases		Sales		Balance as of
		Quantity	Aver. Price €	Quantity	Aver. Price €	30.06.2008 Quantity
<b>(1) Efanor Investimentos, SGPS, SA</b>						
Sonae, SGPS, SA						658,804,424
Pareuro, BV (2)						2,000,000
Increase in share capital	21.01.2008	1,980,000	151.51			
Sonaecom, SGPS, SA						1,000
<b>(2) Pareuro, BV</b>						
Sonae, SGPS, SA						400,000,000
<b>(3) Migracom, SGPS, SA</b>						
Sonae, SGPS, SA						1,485,000
Purchase	17.01.2008	193,500	1.29			
Purchase	18.01.2008	1,500	1.24			
Sonaecom, SGPS, SA						387,342
Imparfin, SGPS, SA (4)						150,000
<b>(4) Imparfin, SGPS, SA</b>						
Sonae, SGPS, SA						4,105,280
Purchase	03.01.2008	7	1.92			



## Qualified holdings

Shares held and voting rights of companies owning more than 2% of the share capital of the company.

Shareholder	Nr. of shares	% of Share Capital	% of Voting Rights
Efanor Investimentos, SGPS, S.A.	658,804,424	32.940%	32.940%
Pareuro, BV	400,000,000	20.000%	20.000%
Maria Margarida Carvalhais Teixeira de Azevedo	14,901	0.001%	0.001%
Maria Cláudia Teixeira de Azevedo	351,296	0.018%	0.018%
Duarte Paulo Teixeira de Azevedo	1,488,293	0.074%	0.074%
Nuno Miguel Teixeira de Azevedo	14,320	0.001%	0.001%
Total attributable to Efanor Investimentos, SGPS, S.A.	<u>1,060,673,234</u>	<u>53.034%</u>	<u>53.034%</u>
Banco BPI, S.A.	132,851,868	6.643%	6.643%
Banco Português de Investimento, S.A.	365,199	0.018%	0.018%
Fundos de Pensões do Banco BPI	40,071,372	2.004%	2.004%
BPI Vida - Companhia de Seguros de Vida, S.A.	4,751,416	0.238%	0.238%
Total attributable to Banco BPI, S.A.	<u>178,039,855</u>	<u>8.902%</u>	<u>8.902%</u>
Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.492%	2.492%
Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social	<u>49,849,514</u>	<u>2.492%</u>	<u>2.492%</u>
ABN AMRO Holding N.V.			
ABN AMRO Bank	70,117,704	3.506%	3.506%
Total attributable to ABN AMRO Holding N.V.	<u>70,117,704</u>	<u>3.506%</u>	<u>3.506%</u>

**CONSOLIDATED  
FINANCIAL  
STATEMENTS**



SONAE, SGPS, S.A.

CONSOLIDATED BALANCE SHEET FOR THE PERIODS ENDED AT 30 JUNE 2008 AND 2007 PRO-FORMA

AND FOR THE PERIOD ENDED AT 31 DECEMBER 2007

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese.  
In case of discrepancies the Portuguese version prevails.)

ASSETS	Notes	30.June.2008	30.June.2007 Pro- forma (Note 1)	31.December.2007 (1)
<b>NON CURRENT ASSETS:</b>				
Tangible and intangible assets	9	2,703,983,531	2,088,664,494	2,579,734,786
Investment properties	10	2,125,884,311	1,824,622,454	2,062,128,926
Goodwill	11	690,117,724	214,032,911	683,136,658
Associated investments	6	70,484,102	52,288,926	73,548,640
Other investments	7 and 12	24,809,603	39,071,155	12,055,157
Deferred tax assets	15	146,821,212	94,673,205	141,044,708
Other non current assets	13	60,486,666	41,585,895	74,616,749
<b>Total Non Current Assets</b>		<b>5,822,587,149</b>	<b>4,354,939,040</b>	<b>5,626,265,624</b>
<b>CURRENT ASSETS:</b>				
Inventories		494,563,085	406,801,782	471,531,429
Trade debtors and other current assets	14	649,816,729	621,653,409	590,949,208
Investments	12	67,741,707	37,001,223	60,069,924
Cash and cash equivalents	16	116,758,675	690,076,211	286,401,453
<b>Total Current Assets</b>		<b>1,328,880,196</b>	<b>1,755,532,625</b>	<b>1,408,952,014</b>
Assets available for sale	9	15,680,523	-	6,006,580
<b>TOTAL ASSETS</b>		<b>7,167,147,868</b>	<b>6,110,471,665</b>	<b>7,041,224,218</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY:</b>				
Share capital	17	2,000,000,000	2,000,000,000	2,000,000,000
Own shares	17	(138,568,275)	(139,441,418)	(138,568,275)
Reserves and retained earnings		(718,055,013)	(893,817,474)	(975,815,015)
Profit/(Loss) for the year attributable to the equity holders of sonae		24,218,043	100,366,258	284,044,038
Equity attributable to the equity holders of Sonae		1,167,594,755	1,067,107,366	1,169,660,748
Equity attributable to minority interests	18	502,392,074	436,377,701	448,380,172
<b>TOTAL EQUITY</b>		<b>1,669,986,829</b>	<b>1,503,485,067</b>	<b>1,618,040,920</b>
<b>LIABILITIES:</b>				
<b>NON CURRENT LIABILITIES:</b>				
Loans	19	3,027,137,591	2,255,720,903	2,829,116,990
Other non current liabilities	21	236,782,367	51,183,381	313,023,126
Deferred tax liabilities	15	354,583,609	304,673,861	345,065,194
Provisions	24	74,368,920	47,073,002	110,584,226
<b>Total Non Current Liabilities</b>		<b>3,692,872,487</b>	<b>2,658,651,147</b>	<b>3,597,789,536</b>
<b>CURRENT LIABILITIES:</b>				
Loans	19	295,713,227	741,695,215	138,317,111
Trade creditors and other current liabilities	23	1,506,014,841	1,198,377,415	1,684,410,694
Provisions	24	2,560,484	8,262,821	2,665,957
<b>Total Current Liabilities</b>		<b>1,804,288,552</b>	<b>1,948,335,451</b>	<b>1,825,393,762</b>
<b>TOTAL LIABILITIES</b>		<b>5,497,161,039</b>	<b>4,606,986,598</b>	<b>5,423,183,298</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,167,147,868</b>	<b>6,110,471,665</b>	<b>7,041,224,218</b>

The accompanying notes are part of these financial statements.

(1) The subsidiary Continente Hipermercados, S.A. (ex-Carrefour) was acquired in the end of 2007 and therefore no fair value allocation was made as at that date. During the first half of 2008 a preliminary fair value allocation was made and is now reflected in these financial statements (Note 8).

The Board of Directors



SONAE SGPS, S.A.

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE SIX MONTHS ENDED 30 JUNE 2008, 2007 AND 2007 PRO-FORMA

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese.  
In case of discrepancies the Portuguese version prevails.)

	Notes	30.June.2008	30. June.2007 Pro-forma (Note 1)	30.June.2007
Operational income				
Sales		1,852,621,758	1,464,113,597	1,563,820,185
Services rendered	10	584,041,449	508,078,277	573,361,296
Value created on investment properties		(21,663,667)	102,773,897	102,773,063
Other operational income		209,067,278	154,668,296	211,673,686
Total operational income		<u>2,624,066,818</u>	<u>2,229,634,067</u>	<u>2,451,628,230</u>
Operational expenses				
Cost of goods sold and materials consumed		(1,490,041,322)	(1,170,193,011)	(1,229,888,734)
Changes in stocks of finished goods and work in progress		-	-	32,851,703
External supplies and services		(572,404,685)	(455,756,806)	(583,692,834)
Staff costs		(299,712,962)	(249,753,648)	(298,243,615)
Depreciation and amortisation	9	(133,066,982)	(110,370,641)	(115,050,855)
Provisions and impairment losses		(11,540,231)	(12,905,847)	(14,836,476)
Other operational expenses		(39,142,337)	(31,584,470)	(37,507,732)
Total operational expenses		<u>(2,545,908,519)</u>	<u>(2,030,564,423)</u>	<u>(2,246,368,543)</u>
Operational profit/(loss)		78,158,299	199,069,644	205,259,687
Financial expenses		(97,533,955)	(74,419,519)	(78,168,328)
Financial income		19,938,447	24,588,665	22,458,868
Net financial expenses		(77,595,508)	(49,830,854)	(55,709,460)
Share of results of associated undertakings	6	1,302,927	898,779	(173,506)
Investment income		8,226,470	31,122,904	32,367,283
Profit before income tax		10,092,188	181,260,473	181,744,004
Income tax	27	(178,719)	(42,302,871)	(40,534,133)
Consolidated profit for the six months period	28	<u>9,913,469</u>	<u>138,957,602</u>	<u>141,209,871</u>
Attributable to:				
Equity holders of Sonae		24,218,043	100,366,258	102,006,054
Minority interests		(14,304,574)	38,591,344	39,203,817
Profit/(loss) per share				
Basic	29	0.012970	0.053768	0.054647
Diluted	29	<u>0.012970</u>	<u>0.053768</u>	<u>0.054647</u>

The accompanying notes are part of these financial statements.

The Board of Directors



SONAE, SGPS, S.A.

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE THREE MONTHS ENDED 30 JUNE 2008, 2007 AND 2007 PRO-FORMA

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese.  
In case of discrepancies the Portuguese version prevails.)

	2 <sup>nd</sup> Quarter ended 30 June 2008 Unaudited	2 <sup>nd</sup> Quarter ended 30 June 2007 Pro-forma (Note 1) Unaudited	2 <sup>nd</sup> Quarter ended 30 June 2007 Unaudited
Operational income			
Sales	936,335,922	751,573,837	798,561,478
Services rendered	296,117,963	263,999,033	295,912,135
Value created on investment properties	(21,663,667)	99,904,561	99,903,727
Other operational income	108,731,331	75,829,086	104,690,458
Total operational income	<u>1,319,521,549</u>	<u>1,191,306,517</u>	<u>1,299,067,798</u>
Operational expenses			
Cost of goods sold and materials consumed	(739,474,335)	(590,103,164)	(619,039,038)
Changes in stocks of finished goods and work in progress	-	-	22,509,127
External supplies and services	(300,072,798)	(242,066,892)	(308,441,026)
Staff costs	(149,531,853)	(124,555,183)	(149,638,747)
Depreciation and amortisation	(69,411,250)	(52,479,909)	(54,711,051)
Provisions and impairment losses	(7,286,044)	(9,336,974)	(10,968,508)
Other operational expenses	(18,295,943)	(14,175,526)	(17,387,777)
Total operational expenses	<u>(1,284,072,223)</u>	<u>(1,032,717,648)</u>	<u>(1,137,677,020)</u>
Operational profit/(loss)	35,449,326	158,588,869	161,390,778
Financial losses	(47,658,017)	(35,996,734)	(37,881,189)
Financial profits	9,307,332	11,163,258	9,832,116
Net financial expenses	(38,350,685)	(24,833,476)	(28,049,073)
Share of results of associated undertakings	(312,662)	923,950	(470,955)
Investment income	2,271,095	29,095,739	25,610,061
Profit/(Loss) before income tax	<u>(942,926)</u>	<u>163,775,082</u>	<u>158,480,811</u>
Income tax	273,807	(36,193,419)	(33,295,510)
Consolidated profit/(loss) for the period	<u>(669,119)</u>	<u>127,581,663</u>	<u>125,185,301</u>
Attributable to:			
Equity holders of Sonae	12,077,476	89,553,437	87,333,269
Minority interests	<u>(12,746,595)</u>	<u>38,028,226</u>	<u>37,852,032</u>
Profit/(loss) per share			
Basic	29 0.006468	0.047974	0.046785
Diluted	29 0.006468	0.047974	0.046785

The accompanying notes are part of these financial statements.

The Board of Directors



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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 2007

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese.  
In case of discrepancies the Portuguese version prevails.)

Notes	Attributable to Equity Holders of Sonae					Minority Interests	Total Equity
	Share Capital	Own Shares	Reserves and Retained Earnings	Net Profit/(Loss)	Total		
Balance as at 1 January 2007	2,000,000,000	(142,961,431)	(806,219,141)	241,822,233	1,292,641,661	402,058,314	1,694,699,975
Appropriation of profit of 2006:							
Transfer to legal reserves and retained earnings	-	-	241,822,233	(241,822,233)	-	-	-
Dividends distributed	-	-	(55,997,443)	-	(55,997,443)	(12,650,787)	(68,648,230)
Changes in reserves							
In conversion reserves	-	-	5,771,471	-	5,771,471	250,984	6,022,455
In hedge and fair value reserves	-	-	25,334,093	-	25,334,093	(688,762)	24,645,331
In other reserves	-	3,520,013	(1,210,960)	-	2,309,053	8,745,389	11,054,442
Consolidated Profit/(Loss) for the six months ended 30 June 2007	-	-	-	102,006,054	102,006,054	39,203,817	141,209,871
Balance as at 30 June 2007	<u>2,000,000,000</u>	<u>(139,441,418)</u>	<u>(590,499,747)</u>	<u>102,006,054</u>	<u>1,372,064,889</u>	<u>436,918,955</u>	<u>1,808,983,844</u>
Balance as at 1 January 2008 (1)	2,000,000,000	(138,568,275)	(975,815,015)	284,044,038	1,169,660,748	448,380,172	1,618,040,920
Appropriation of profit of 2007:							
Transfer to legal reserves and retained earnings	-	-	284,044,038	(284,044,038)	-	-	-
Dividends distributed	30	-	(56,016,000)	-	(56,016,000)	(3,352,350)	(59,368,350)
Changes in reserves							
In conversion reserves	-	-	2,280,951	-	2,280,951	191,096	2,472,047
In hedge and fair value reserves	-	-	5,998,966	-	5,998,966	4,065,021	10,063,987
Adjustments of Sonae Capital right shares related to the spin-off	12 e 17	-	23,762,601	-	23,762,601	-	23,762,601
Aquisitions and sales of shares of affiliated undertakings	-	-	-	-	-	27,086,463	27,086,463
Capital increases	-	-	-	-	-	37,425,000	37,425,000
In other reserves	-	-	(2,310,554)	-	(2,310,554)	2,901,246	590,692
Consolidated Profit/(Loss) for the six months ended 30 June 2008	-	-	-	24,218,043	24,218,043	(14,304,574)	9,913,469
Balance as at 30 June 2008	<u>2,000,000,000</u>	<u>(138,568,275)</u>	<u>(718,055,013)</u>	<u>24,218,043</u>	<u>1,167,594,755</u>	<u>502,392,074</u>	<u>1,669,986,829</u>

The accompanying notes are part of these financial statements.

(1) The subsidiary Continente Hipermercados, S.A. (ex-Carrefour) was acquired in the end of 2007 and therefore no fair value allocation was made as at that date. During the first half of 2008 a preliminary fair value allocation was made and is now reflected in these financial statements (Note 8).

The Board of Directors



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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR  
THE SIX MONTHS PERIODS ENDED 30 JUNE 2008, 2007 PRO-FORMA AND 2007

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese.  
In case of discrepancies the Portuguese version prevails.)

	30.June.2008	30.June.2007 Pro-forma (Note 1)	30.June.2007
<b>OPERATING ACTIVITIES</b>			
Notes			
Net cash flow from/ (used in) operating activities (1)	<u>(13,426,647)</u>	<u>31,067,407</u>	<u>27,995,075</u>
<b>INVESTING ACTIVITIES</b>			
Cash receipts arising from:			
Investments	83,916,996	167,128,194	172,090,222
Tangible, intangible assets and investment properties	7,805,722	26,612,821	28,601,133
Dividends	150,169	421,164	1,345,290
Others	<u>15,764,920</u>	<u>98,228,523</u>	<u>31,671,868</u>
	<u>107,637,807</u>	<u>292,390,702</u>	<u>233,708,513</u>
Cash Payments arising from:			
Investments	(37,820,185)	(39,810,369)	(95,996,963)
Tangible, intangible assets and investment properties	(295,712,214)	(332,737,415)	(374,363,811)
Others	<u>(23,636,892)</u>	<u>(140,118,582)</u>	<u>(9,504,320)</u>
	<u>(357,169,291)</u>	<u>(512,666,366)</u>	<u>(479,865,094)</u>
Net cash from/ (used in) investing activities (2)	<u>(249,531,484)</u>	<u>(220,275,664)</u>	<u>(246,156,581)</u>
<b>FINANCING ACTIVITIES</b>			
Cash receipts arising from:			
Loans obtained	3,111,077,337	4,771,714,309	4,933,195,779
Capital increases, additional paid in capital and share premiums	<u>1,608,000</u>	<u>-</u>	<u>1,027,676</u>
	<u>3,112,685,337</u>	<u>4,771,714,309</u>	<u>4,934,223,455</u>
Cash Payments arising from:			
Loans obtained	(2,758,665,568)	(4,391,973,629)	(4,514,431,021)
Interest and similar charges	(95,997,678)	(71,749,303)	(74,473,353)
Reimbursement of capital and paid in capital	-	(83,322)	(83,322)
Dividends	(62,278,286)	(68,465,241)	(68,465,241)
Others	<u>(112,162,224)</u>	<u>(2,360,378)</u>	<u>(2,474,327)</u>
	<u>(3,029,103,756)</u>	<u>(4,534,631,873)</u>	<u>(4,659,843,942)</u>
Net cash from/ (used in) financing activities (3)	<u>83,581,581</u>	<u>237,082,436</u>	<u>274,379,513</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	<u>(179,376,550)</u>	<u>47,874,179</u>	<u>56,218,007</u>
Effect of foreign exchange rate	<u>(15,286)</u>	<u>(387,436)</u>	<u>(405,859)</u>
Cash and cash equivalents at the beginning of the period	16 <u>275,625,572</u>	16 <u>640,915,659</u>	16 <u>648,811,274</u>
Cash and cash equivalents at the end of the period	16 <u>96,264,308</u>	16 <u>689,177,274</u>	16 <u>705,435,140</u>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST HALF ENDED 30 JUNE 2008

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese.  
In case of discrepancies the Portuguese version prevails)

1. INTRODUCTION

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

The consolidated income statements and the consolidated statement of cash flows for the six months period ended as at 30 June 2008 are not directly comparable with the statements for the six months period ended 30 June 2007, because of the spin-off of the Sonae Capital business (with accounting effects from 1 October 2007).

The pro-forma consolidated income statement and the pro-forma consolidated statement of cash flows as at 30 June 2007 include the above mentioned changes as if occurred on the 1 January 2007.

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 2007.

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 2008.

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

The accompanying consolidated financial statements have been prepared from the books and accounting records of the companies included in the consolidation (Notes 4 to 6) on a going concern basis and under the historical cost convention, except for investment properties and financial instruments which are stated at fair value.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the period there were neither changes in accounting policies nor correction of 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 2008 and 31 December 2007 are as follows:

COMPANY	Head Office	Percentage of capital held				
		30 June 2008		31 December 2007		
		Direct	Total	Direct	Total	
<b>Sonae - SGPS, S.A.</b>	Maia	HOLDING	HOLDING	HOLDING	HOLDING	
<b>Retail</b>						
Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Best Offer - Prest. Inf. pela Internet, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Bikini, Portal de Mulheres, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Canasta - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Carnes do Continente - Ind. Distr. Carnes, SA	a)	Santarém	100.00%	100.00%	100.00%	100.00%
Chão Verde - Soc. de Gestão Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Contibomba - Comérc. Distr. Combustíveis, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobil.Castelo Paiva, SA	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Continente Hipermercados, SA	a)	Lisboa	99.90%	99.90%	99.86%	99.86%
Cumulativa - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Difusão - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
1) Edições Book.it, SA	a)	Matosinhos	100.00%	100.00%	-	-
Efanor - Design e Serviços, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Efanor - Indústria de Fios, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Equador & Mendes Agência de Viagens e Turismo, Lda	a)	Lisboa	67.50%	67.50%	67.50%	67.50%
Estevão Neves - Hipermercados Madeira, SA	a)	Madeira	100.00%	100.00%	100.00%	100.00%
Fozimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%



Fozmassimo - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosonae Dois	a)	Maia	100.00%	100.00%	100.00%	100.00%
Global S - Hipermercado, Lda	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
IGI - Investimento Imobiliário, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Igimo - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Iginha - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoconti - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoresultado - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Infofield - Informática, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Inventory - Acessórios de Casa, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
MJLF - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modalfa - Comércio e Serviços, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modelo - Dist.de Mat. de Construção, SA	b)	Maia	50.00%	50.00%	50.00%	50.00%
Modelo Continente - Operações Retalho SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Modelo Continente Hipermercados,SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Modelo Continente Seguros - Sociedade Mediação, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Hipermercados Trading, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Modelo.com - Vendas p/Correspond., SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
NA - Comércio de Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
NA - Equipamentos para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Nova Equador Internacional,Ag.Viag.T, Lda	a)	Lisboa	67.50%	67.50%	67.50%	67.50%
Nova Equador P.C.O. e Eventos, SA	a)	Lisboa	67.50%	67.50%	67.50%	67.50%
Peixes do Continente - Indústria e Distribuição de Peixes, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Predicomercial - Promoção Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Selifa - Empreendimentos Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
5) SM Empreendimentos Imobiliários, Ltda	a)	Porto Alegre (Brazil)	100.00%	100.00%	100.00%	100.00%
Socijofra - Sociedade Imobiliária, SA	a)	Gondomar	100.00%	100.00%	100.00%	100.00%
Sociloures - Soc.Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Soforin, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Solaris - Supermercados, SA	a)	Viana do Castelo	100.00%	100.00%	100.00%	100.00%
Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Sonae Distribuição, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sonae Retalho Espana - Servicios Generales, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Sondis Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sontária - Empreend.Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sonvecap, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Sport Zone - Comércio Artigos de Desporto, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sport Zone Espana - Comércio de Artículos de Deporte, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Star - Viagens e Turismo, SA	a)	Lisboa	90.00%	90.00%	90.00%	90.00%
Tlantic Portugal - Sistemas de Informação, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	100.00%	100.00%	100.00%
Todos os Dias - Com. Ret. Expl. C. Comer., SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Valor N, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Worten - Equipamento para o Lar, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Worten Espanã, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
<b>Telecommunications</b>						
2) Be Artis - Concepção, Construção e Gestão de Redes de Comunicações, SA	a)	Maia	100.00%	53.32%	100.00%	50.52%
3) Be Towering - Explor. Torres Telecom, SA	a)	Maia	100.00%	53.32%	100.00%	50.52%
Cape Asia Pac Pty Limited	a)	Australia	100.00%	53.32%	100.00%	50.52%
Cape Poland Sp.Z.o.o.	a)	Posnan (Poland)	100.00%	53.32%	100.00%	50.52%
Cape Technologies (U.K) Limited	a)	Cardiff (U.K.)	100.00%	53.32%	100.00%	50.52%
Cape Technologies Americas, Inc.	a)	Delaware (USA)	100.00%	53.32%	100.00%	50.52%
Cape Technologies Limited	a)	Dublin (Ireland)	100.00%	53.32%	100.00%	50.52%
Digitmarket - Sistemas de Informação, SA	a)	Maia	75.10%	40.05%	75.10%	37.94%
M3G - Edições Digitais, SA	a)	Lisboa	100.00%	53.32%	100.00%	50.52%
Mainroad Serviços em Tecnologias de Informação, SA	a)	Maia	100.00%	53.32%	100.00%	50.52%
Miauger - Org. Gestão Leilões El., SA	a)	Maia	100.00%	53.32%	100.00%	50.52%
Per-Mar - Sociedade de Construções, SA	a)	Maia	100.00%	53.32%	100.00%	50.52%
Praesidium Servises Limited	a)	Berkshire (U.K.)	100.00%	53.32%	100.00%	50.52%
Praesidium Technologies Limited	a)	Berkshire (U.K.)	100.00%	53.32%	100.00%	50.52%
Público - Comunicação Social, SA	a)	Porto	100.00%	53.32%	100.00%	50.52%
Saphety Level - Trusted Services, SA	a)	Maia	100.00%	53.32%	100.00%	50.52%
Sonae Telecom, SGPS, SA	a)	Maia	100.00%	53.32%	100.00%	50.52%
Sonaecom - Serviços de Comunicação, SA	a)	Maia	100.00%	53.32%	100.00%	50.52%
Sonaecom - Sistemas de Informação, SGPS, SA	a)	Maia	100.00%	53.32%	100.00%	50.52%

Sonaecom BV	a)	Amsterdam (The Netherlands)	100.00%	53.32%	100.00%	50.52%
Sonaecom, SGPS, SA	a)	Maia	53.32%	53.32%	50.52%	50.52%
Sonaetelecom, BV	a)	Amsterdam (The Netherlands)	100.00%	53.32%	100.00%	50.52%
Tecnológica Telecomunicações Ltda	a)	Rio de Janeiro (Brazil)	99.99%	53.27%	99.99%	50.47%
Telemilénio - Telecomunicações Soc.Unipessoal, Lda	a)	Lisboa	100.00%	53.32%	100.00%	50.52%
We Do Brasil - Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.91%	53.27%	99.91%	50.47%
We Do Consulting - Sistemas de Informação, SA	a)	Maia	100.00%	53.32%	100.00%	50.42%
6) We Do Technologies (UK) Limited	a)	Berkshire (U.K.)	100.00%	53.32%	100.00%	50.52%
<b>Others</b>						
Libra Serviços, Lda	a)	Funchal	100.00%	100.00%	100.00%	100.00%
MDS - Corretor de Seguros, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
4) MDS, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sonae Investments, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae RE, SA	a)	Luxembourg	100.00%	100.00%	100.00%	100.00%
1) Sonaecenter Serviços, SA	a)	Maia	100.00%	100.00%	-	-
Sonaegest-Soc.Gest.Fundos Investimentos, SA	a)	Maia	80.00%	70.00%	80.00%	70.00%
Sontel, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%

- 1) Company incorporated in the period;
- 2) Ex - Optimus Artis - Conceção, Construção e Gestão de Redes de Comunicações, SA;
- 3) Ex - Optimus Towering - Explor. Torres Telecom, SA;
- 4) Ex - Resolução, SGPS, SA;
- 5) Company merged into Sonae Capital Brasil, Lda;
- 6) Ex - Praesidium Holdings Limited.

- 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 2008 and 31 December 2007 are as follows:

COMPANY	Head Office	Percentage of capital held			
		30 June 2008		31 December 2007	
		Direct	Total	Direct	Total
<b>Shopping Centres</b>					
3DO Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
3DO Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
3shoppings - Holding, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
8ª Avenida Centro Comercial, SA	Maia	100.00%	25.15%	100.00%	50.00%
Aegean Park Constructions Real Estate and Development, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
Airone - Shopping Centre, Srl	Milan (Italy)	100.00%	25.05%	100.00%	25.05%
ALEXA Administration GmbH	Berlin (Germany)	100.00%	25.00%	100.00%	25.00%
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%
Algarveshopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
Arrábidasshopping - Centro Comercial, SA	Maia	50.00%	25.10%	50.00%	37.53%
Avenida M-40, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
Avenida M-40, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
Cascaishopping - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
Cascaishopping Holding I, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
Centro Colombo - Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
Centro Vasco da Gama - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
Clérigosshopping - Gestão do C.Comerc., SA	Maia	100.00%	50.00%	100.00%	50.00%
Coimbrashopping - Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
Colombo Towers Holding, BV	Haya (The Netherlands)	50.00%	25.00%	50.00%	25.00%
Dortmund Tower GmbH	Dusseldorf (Germany)	100.00%	50.00%	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%
El Rosal Shopping, SA	Madrid (Spain)	70.00%	35.00%	70.00%	35.00%
Estação Viana - Centro Comercial, SA	Viana do Castelo	100.00%	25.05%	100.00%	25.05%
Freccia Rossa - Shopping Centre, Srl	Sondrio (Italy)	50.00%	25.00%	50.00%	25.00%

Fundo Investimento Imob. Shopping Parque D. Pedro Shopping, SA	São Paulo (Brazil)	100.00%	24.33%	100.00%	24.33%
Gaiashopping I - Centro Comercial, SA	Maia	50.00%	25.10%	50.00%	37.53%
Gaiashopping II - Centro Comercial, SA	Maia	100.00%	25.10%	100.00%	37.53%
Gil 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	Madrid (Spain)	49.78%	12.48%	49.78%	12.48%
Inparsa - Gestão de Galeria Comerc., SA	Maia	100.00%	50.00%	100.00%	50.00%
Ioannina Development of Shopping Centres, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
KLC Holdings XII SA	Luxembourg	100.00%	50.00%	100.00%	50.00%
La Farga - Shopping Centre, SL	Madrid (Spain)	100.00%	12.48%	100.00%	12.48%
Larissa Development of Shopping Centres, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
Le Terrazze - Shopping Centre, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
Lembo Services Ltd	Cyprus	100.00%	50.00%	100.00%	50.00%
Loop 5 - Shopping Centre GmbH	Dusseldorf (Germany)	50.00%	50.00%	50.00%	25.00%
Loureshopping - Centro Comercial, SA	Maia	100.00%	12.58%	100.00%	25.00%
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%
Munster Arkaden BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
NorteShop. Retail and Leisure Centre, BV	Amsterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%
Norteshopping - Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
Oeste Retail Park - Gestão de G.Comerc., SA	Maia	50.00%	12.58%	50.00%	25.00%
1) Pantheon Plaza 1, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
1) Pantheon Plaza 2, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
1) Pantheon Plaza 3, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
Pantheon Plaza BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
Paracentro - Gestão de Gal.Comerc. SA	Maia	100.00%	50.00%	100.00%	50.00%
Park Avenue Develop. of Shop. Centers, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
Parque Atlântico Shopping - Centro Comercial SA	Ponta Delgada	50.00%	12.53%	50.00%	12.53%
Parque D. Pedro 1, BV Sarl	Luxembourg	100.00%	25.00%	100.00%	25.00%
Parque D. Pedro 2, BV Sarl	Luxembourg	100.00%	25.00%	100.00%	25.00%
Parque de Famalicão - Empr. Imob., SA	Maia	100.00%	50.00%	100.00%	50.00%
Parque Principado, SL	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
Pátio Boavista Shopping, Ltda	São Paulo (Brazil)	100.00%	23.69%	100.00%	23.69%
2) Pátio Goiânia Shopping, Ltda	São Paulo (Brazil)	100.00%	23.69%	-	-
2) Pátio Londrina Empreendimentos e Participações, Ltda	São Paulo (Brazil)	100.00%	23.69%	-	-
Pátio Penha Shopping, Ltda	São Paulo (Brazil)	99.99%	23.69%	99.99%	23.69%
Pátio São Bernardo Shopping Ltda	São Paulo (Brazil)	100.00%	23.69%	100.00%	23.69%
Pátio Sertório Shopping Ltda	São Paulo (Brazil)	100.00%	23.69%	100.00%	23.69%
Pátio Uberlândia Shopping Ltda	São Paulo (Brazil)	100.00%	23.69%	100.00%	23.69%
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	Madrid (Spain)	75.00%	37.50%	75.00%	37.50%
Pridelease Investments, Ltd	Cascais	100.00%	50.00%	100.00%	50.00%
Project 4, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
Project SC 1, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
Project SC 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra - 1 Shopping Centre, GmbH	Vienne (Austria)	100.00%	50.00%	100.00%	50.00%
Project Sierra 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 5, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 6, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra 7 BV	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
Project Sierra Brazil 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%

Project Sierra Germany 2 (two), Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
Project Sierra Germany 3 (three), Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
Project Sierra Germany 4 (four), Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
Project Sierra Germany Shopping Centre 1 BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra Germany Shopping Centre 2 BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra Holding Portugal V, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
Project Sierra Italy 1 - Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
Project Sierra Italy 2 - Dev.of Shopping Centres, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
Project Sierra Italy 3 - Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
Project Sierra Italy 5 - Development of Shopping Centrs Sarl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
Project Sierra One Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
Project Sierra Portugal I - C.Comercial, SA	Maia	50.00%	25.00%	50.00%	25.00%
Project Sierra Portugal II - C.Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
Project Sierra Portugal IV - C.Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
Project Sierra Portugal V - C.Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
Project Sierra Portugal VI - C. Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
Project Sierra Portugal VII - C. Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
Project Sierra Portugal VIII - C.Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
Project Sierra Spain 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra Spain 2 - C. Comerical, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
Project Sierra Spain 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Project Sierra Spain 3 - C. Comercial, SA	Madrid (Spain)	50.00%	25.00%	50.00%	25.00%
Project Sierra Spain 3, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
2) Project Sierra Spain 6, BV	Amsterdam (The Netherlands)	100.00%	50.00%	-	-
2) Project Sierra Spain 7, BV	Amsterdam (The Netherlands)	100.00%	50.00%	-	-
Project Sierra Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
Project Sierra Three Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
Project Sierra Two Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
Rio Sul - Centro Comercial, SA	Lisboa	50.00%	12.58%	50.00%	25.00%
River Plaza BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
River Plaza Mall, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
S.C. Microcom Doi Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
SC Aegean, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
SC Mediterraneo Cosmos, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
Serra Shopping - Centro Comercial, S.A.	Covilhã	50.00%	12.58%	50.00%	25.00%
Shopping Centre Colombo Holding, BV	Amsterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%
Shopping Centre Parque Principado, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
Sierra Asset Management - Gest. Activos, SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Brazil 1, BV	Amsterdam (The Netherlands)	100.00%	25.00%	100.00%	25.00%
Sierra Charagonis Develop. of Shop. Centers, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
Sierra Charagonis Propert.Management, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
Sierra Corporate Services - Ap.Gestão, SA	Lisboa	100.00%	50.00%	100.00%	50.00%

Sierra Corporate Services Holland, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Develop.Iberia 1, Prom.Imob., SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Development Greece, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
Sierra Developments - Serv. Prom.Imob., SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Developments Germany GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
Sierra Developments Germany Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Developments 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 Services Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
Sierra Developments Spain - Prom.C.Com., SL	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
Sierra Developments, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Enplanta, Ltda	São Paulo (Brazil)	100.00%	23.69%	100.00%	23.69%
Sierra European R.R.E. Assets Hold., BV	Amsterdam (The Netherlands)	50.10%	25.05%	50.10%	25.05%
Sierra GP, Limited	Guernsey (U.K.)	100.00%	49.99%	100.00%	49.99%
Sierra Investimentos Brasil Ltda	São Paulo (Brazil)	100.00%	23.69%	100.00%	23.69%
Sierra Investments (Holland) 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Investments (Holland) 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Investments Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Investments SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Italy Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Man.New Tech.Bus. - Serv.Comu.CC, SA	Lisboa	100.00%	50.00%	100.00%	50.00%
Sierra Management Germany, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
Sierra Management Greece, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
Sierra Management II - Gestão de C.C., SA	Lisboa	100.00%	50.00%	100.00%	50.00%
Sierra Management Italy, Srl	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 Romania, Srl	Bucharest (Romania)	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%
Sol Retail Park - Gestão de G. Comerc., SA	Maia	50.00%	12.58%	50.00%	25.00%
Sonae Sierra Brasil, SA	São Paulo (Brazil)	94,54%	23.69%	94,54%	23.69%
Sonae Sierra Brazil, BV Sarl	Luxembourg	50.00%	25.00%	50.00%	25.00%
Sonae Sierra, SGPS, SA	Maia	50.00%	50.00%	50.00%	50.00%
SPF - Sierra Portugal Real Estate, Sarl	Luxembourg	100.00%	25.15%	100.00%	50.00%
SPF - Sierra Portugal, Sarl	Luxembourg	100.00%	50.00%	100.00%	50.00%
SRP - Parque Comercial de Setúbal, SA	Maia	50.00%	25.00%	50.00%	25.00%
3) SRP Development, SA	Bucharest (Romania)	100.00%	50.00%	-	-
Torre Ocidente - Imobiliária, SA	Maia	50.00%	12.50%	50.00%	12.50%
Torre Oriente - Imobiliária, SA	Maia	50.00%	12.50%	50.00%	12.50%
Unishopping Administradora, Ltda	São Paulo (Brazil)	100.00%	23.69%	100.00%	23.69%
Unishopping Consultoria Imob., Ltda	São Paulo (Brazil)	99.98%	23.69%	99.98%	23.69%
Valecenter Srl	Milan (Italy)	100.00%	25.05%	100.00%	25.05%
Via Catarina - Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
Weiterstadt Shopping BV	Amsterdam (The Netherlands)	100.00%	25.00%	100.00%	25.00%
Zubiarte Inversiones Inmob, SA	Madrid (Spain)	49.83%	12.48%	49.83%	12.48%
<b>Telecommunications</b>					
Vipu ACE	Lisboa	50.00%	26.66%	50.00%	25.26%

1) Company merged into Larissa Development of Shopping Centres, SA.

2) Company incorporated in the period;

3) Company acquired in the period.

These entities are consolidated using the proportional consolidation method.



**7. GROUP COMPANIES, JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES EXCLUDED FROM CONSOLIDATION AND OTHER NON CURRENT INVESTMENTS**

Group companies, jointly controlled companies and associated companies excluded from consolidation and other non current investments, their head offices, percentage of share capital held and book value as at 30 June 2008 and 31 December 2007 are made up as follows:

COMPANY	Exclusion Reason	Head Office	Percentage of capital held				Book Value	
			30 June 2008		31 December 2007		30 June 2008	31 December 2007
			Direct	Total	Direct	Total		
<b>Retail</b>								
Dispar - Distrib. de Participações, SGPS, SA		Lisboa	7.14%	7.14%	7.14%	7.14%	4,988	4,988
Inscó - Insular de Hipermerc., SA		Ponta Delgada	10.00%	10.00%	10.00%	10.00%	748,197	748,197
<b>Shopping Centres</b>								
Ercasa Cogeneracion SA		Grancasa (Spain)	10.00%	1,25%	10.00%	1,25%	23,949	23,949
<b>Telecommunications</b>								
Altitude, SGPS, SA		Lisboa	11.54%	6.04%	11.54%	5.83%	1,000,000	1,000,000
Lusa - Agén. de Noticias de Portugal, SA		Lisboa	1.38%	0.72%	1.38%	0.70%	197,344	197,344
Minhodigital.com - Inv. na Área Tecnológ., SA		Porto	4.76%	2.49%	4.76%	2.40%	-	-
<b>Others</b>								
Sonae Investimentos América Latina, Lda	a)	São Paulo (Brazil)	99.99%	99.99%	99.99%	99.99%	25,687	25,687
Other investments							22,809,438	10,054,992
<b>Total (Note 12)</b>							<b>24,809,603</b>	<b>12,055,157</b>

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

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

As at 31 December 2007, "Other investments" included 8,155,301 euro related with the advance payment for the acquisition of a owner of an investment property named Ploiesti and which acquisition was concluded during the first half of 2008. As at 30 June 2008, this caption also includes 20,916,000 euro related to the fair value of Sonae Capital, SGPS, S.A. shares attributable to Sonae SGPS and not recognized as explained in Note 17.

**8. CHANGES TO THE CONSOLIDATION PERIMETER**

The subsidiary Continente Hipermercados S.A. (ex-Carrefour Portugal) was acquired by the end of 2007, and therefore no fair value allocation to the acquired assets was made at that date. This allocation was provisionally made during the first half of 2008, reported to 31 December 2007, and is reflected in these financial statements. The process is expected to be entirely concluded by the end of the current year, in accordance with the International Financial Reporting Standards ("IFRS").

	Acquisition date			31 December 2007
	Book Value	Adjustments to Fair Value	Fair Value	Book Value
<b>Acquired net assets</b>				
Tangible and intangible assets (Note 9)	267,013,229	77,796,876	344,810,105	267,013,229
Stocks	34,475,424	(10,371,772)	24,103,652	34,475,424
Other assets	5,788,904		5,788,904	5,788,904
Cash and cash equivalents	1,347,294		1,347,294	1,347,294
Deferred tax liabilities	1,845,583	(5,406,243)	(3,560,660)	1,845,583
Loans	(83,038,919)		(83,038,919)	(83,038,919)
Other liabilities	(150,218,081)	(4,157,381)	(154,375,462)	(150,218,081)
	<u>77,213,434</u>	<u>57,861,480</u>	<u>135,074,914</u>	<u>77,213,434</u>
Goodwill (Note 11)		57,802,012	450,397,819	504,847,714
Minority interests		59,468	(163,861)	(104,393)
Purchase amount		<u>57,861,480</u>	<u>585,308,872</u>	<u>581,956,755</u>
<b>Payments made</b>				
Amounts receivable as result of the price adjustment			611,200,000	611,200,000
Costs arising on acquisition			(30,113,103)	(30,414,000)
			<u>4,221,975</u>	<u>1,170,755</u>
			<u>585,308,872</u>	<u>581,956,755</u>
<b>Net cash outflow arising from acquisition</b>				
Payments made			611,200,000	611,200,000
Costs arising on acquisition			4,221,975	1,170,755
Cash and cash equivalents purchased			(1,347,294)	(1,347,294)
Cash receipts resulting from the price adjustment			(30,113,103)	-
			<u>583,961,578</u>	<u>611,023,461</u>

In the consolidated statements of cash flows for the six months period ended 30 June 2008, the caption "Cash receipts related to Investments" includes the price adjustment in the amount of 30,113,103 Euro.

**9. TANGIBLE AND INTANGIBLE ASSETS**

During the six months period ended 30 June 2008 and 2007 pro-forma, movements in Tangible and Intangible assets as well as depreciation and accumulated impairment losses, are made up as follows:

	Tangible assets				Total Tangible Assets
	Land and Buildings	Plant and Machinery	Others	Tangible assets in progress	
<b>Gross costs:</b>					
<b>Opening balance as at 1 January 2008</b>	1,549,793,886	1,434,332,293	304,444,152	176,493,351	3,465,063,682
Adjustments to fair value (Note 8)	52,144,720	25,447,540	(5,402,044)	(925,928)	71,264,288
<b>Opening balance as at 1 January 2008 adjusted</b>	1,601,938,606	1,459,779,833	299,042,108	175,567,423	3,536,327,970
Capital expenditure	4,335,508	4,680,265	8,673,550	150,896,911	168,586,234
Disposals	(248,876)	(8,223,547)	(10,467,403)	(812,086)	(19,751,912)
Exchange rate effect	12,437	46,933	24,392	-	83,762
Transfers	9,628,942	69,969,175	6,887,418	(107,560,499)	(21,074,964)
<b>Closing balance as at 30 June 2008</b>	1,615,666,617	1,526,252,659	304,160,065	218,091,749	3,664,171,090
<b>Accumulated depreciation and impairment losses</b>					
<b>Opening balance as at 1 January 2008</b>	309,924,688	774,612,718	226,256,512	-	1,310,793,918
Adjustments to fair value (Note 8)	(17,571,285)	15,536,400	(4,497,703)	-	(6,532,588)
<b>Opening balance as at 1 January 2008 adjusted</b>	292,353,403	790,149,118	221,758,809	-	1,304,261,330
Charge for the period	16,870,125	70,795,615	18,349,862	-	106,015,602
Disposals	(21,373)	(6,908,763)	(10,189,612)	-	(17,119,748)
Exchange rate effect	6,408	14,964	3,725	-	25,097
Transfers	(2,383,063)	734,131	(262,963)	-	(1,911,895)
<b>Closing balance as at 30 June 2008</b>	306,825,500	854,785,065	229,659,821	-	1,391,270,386
<b>Carrying amount</b>					
<b>As at 30 June 2008</b>	1,308,841,117	671,467,594	74,500,244	218,091,749	2,272,900,704
<b>Tangible assets</b>					
	Land and Buildings	Plant and Machinery	Others	Tangible assets in progress	Total Tangible Assets
<b>Gross costs:</b>					
<b>Opening balance as at 1 January 2007 pro-forma</b>	1,245,290,430	1,227,901,679	265,679,558	70,467,119	2,809,338,786
Capital expenditure	5,761,039	2,120,881	1,624,041	125,336,316	134,842,277
Disposals	(21,766,608)	(3,889,540)	(1,629,023)	(576,819)	(27,861,990)
Exchange rate effect	457,737	88,338	61,741	13,065	620,881
Transfers	20,044,259	74,212,703	5,477,076	(101,532,559)	(1,798,521)
<b>Closing balance as at 30 June 2008 pro-forma</b>	1,249,786,857	1,300,434,061	271,213,393	93,707,122	2,915,141,433
<b>Accumulated depreciation and impairment losses</b>					
<b>Opening balance as at 1 January 2007 pro-forma</b>	236,152,091	645,988,456	187,879,320	-	1,070,019,867
Charge for the period	15,132,630	60,110,139	13,720,662	-	88,963,431
Disposals	(7,201,718)	(2,796,184)	(1,479,393)	-	(11,477,295)
Exchange rate effect	12,735	19,515	18,979	-	51,229
Transfers	(511,669)	(198,467)	(378,784)	-	(1,088,920)
<b>Closing balance as at 30 June 2008 pro-forma</b>	243,584,069	703,123,459	199,760,784	-	1,146,468,312
<b>Carrying amount</b>					
<b>As at 30 June 2007 pro-forma</b>	1,006,202,788	597,310,602	71,452,609	93,707,122	1,768,673,121



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

	30 June 2008	30 June 2007 Pro-forma
Refurbishment and expansion of stores in the retail segment located in Portugal	127,736,001	47,661,374
Projects of "Modelo" and "Continente" stores for which advance payments were made	35,127,836	19,511,486
Deployment of mobile network	36,867,165	13,227,827
Deployment of fixed network	7,816,717	7,686,494
Others	10,544,030	5,619,941
	<u>218,091,749</u>	<u>93,707,122</u>

The heading Transfers for the six months period ended 30 June 2008, includes 15,680,523 Euro related to assets that were reclassified to the caption "Non current assets held for sale". During the period, the Group disposed land and buildings held by a Brazilian subsidiary SM – Medicamentos, Ltda which were classified under the caption "Non current assets held for sale" as at 31 December 2007, generating a gain of, approximately, 9 million Euro recorded under the caption "Other operating income".

	Intangible assets			
	Patents and other similar rights		Intangible assets in progress	Total Intangible Assets
	similar rights	Others	in progress	Assets
<b>Gross costs:</b>				
<b>Opening balance as at 1 January 2008</b>	274,917,793	340,533,967	21,477,187	636,928,947
Capital expenditure	96,263,221	1,212,384	13,826,367	111,301,972
Disposals	(485)	(359,713)	(589,530)	(949,728)
Exchange rate effect	72	95,250	-	95,322
Transfers	288,300	7,381,942	(7,982,669)	(312,427)
<b>Closing balance as at 30 June 2008</b>	<u>371,468,901</u>	<u>348,863,830</u>	<u>26,731,355</u>	<u>747,064,086</u>
<b>Accumulated depreciation and impairment losses</b>				
<b>Opening balance as at 1 January 2008</b>	54,460,087	234,800,716	-	289,260,803
Charge for the period	11,902,585	15,148,795	-	27,051,380
Disposals	(461)	(352,944)	-	(353,405)
Exchange rate effect	-	22,997	-	22,997
Transfers	(410)	(106)	-	(516)
<b>Closing balance as at 30 June 2008</b>	<u>66,361,801</u>	<u>249,619,458</u>	<u>-</u>	<u>315,981,259</u>
<b>Carrying amount</b>				
<b>As at 30 June 2008</b>	<u>305,107,100</u>	<u>99,244,372</u>	<u>26,731,355</u>	<u>431,082,827</u>

	Intangible assets			
	Patents and other similar rights		Intangible assets in progress	Total Intangible Assets
	similar rights	Others	in progress	Assets
<b>Gross costs:</b>				
<b>Opening balance as at 1 January 2007 pro-forma</b>	232,779,039	308,541,993	21,623,062	562,944,094
Capital expenditure	8,771,224	304,299	14,279,067	23,354,590
Disposals	-	(317,782)	(330,296)	(648,078)
Exchange rate effect	133	116,094	-	116,227
Transfers	1,436,945	10,037,011	(12,911,714)	(1,437,758)
<b>Closing balance as at 30 June 2007 pro-forma</b>	<u>242,987,341</u>	<u>318,681,615</u>	<u>22,660,119</u>	<u>584,329,075</u>
<b>Accumulated depreciation and impairment losses</b>				
<b>Opening balance as at 1 January 2007 pro-forma</b>	35,798,979	207,227,948	-	243,026,927
Charge for the period	7,939,949	13,467,261	-	21,407,210
Disposals	(261)	(390,391)	-	(390,652)
Exchange rate effect	-	5,123	-	5,123
Transfers	243,433	45,661	-	289,094
<b>Closing balance as at 30 June 2007 pro-forma</b>	<u>43,982,100</u>	<u>220,355,602</u>	<u>-</u>	<u>264,337,702</u>
<b>Carrying amount</b>				
<b>As at 30 June 2007 pro-forma</b>	<u>199,005,241</u>	<u>98,326,013</u>	<u>22,660,119</u>	<u>319,991,373</u>

At 30 June 2008 and 2007, the Group has recorded under the heading "Patents and other similar rights" the amounts of 199,575,948 euro and 116,459,535 euro, respectively, that correspond to the investments net of depreciations made in the development of the UMTS network, including: (i) 67,506,482 euro (amount of 76,507,347 euro in 2007) relating to the license; (ii) 22,556,391 euro (amount of 25,563,910 euro in 2007) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators in Portugal with UMTS licenses; (iii) 6,927,749 euro (amount of 7,851,441 euro in 2007) related to a contribution to the Information Society Fund, established in 2007, under an agreement entered into between the Ministry of Public Works, Transport and Communications ("Ministério das Obras Públicas, Transportes e Comunicações") and the three mobile telecommunication operators in Portugal; and (iv) 96,817,534 euro relating to the "Initiatives E" program, the latter relating to commitments assumed by the Group in the "Fund for Information Society" (Note 32).

Additionally, this heading also includes the fair value attributed to a group of brands with indefinite useful lives, among which the "Continente" brand, 75,000,000 euro (the same amount as at December 2007).

**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 2008 and 31 December 2007, Investment properties are detailed as follows:

	30 June 2008	31 December 2007
Investment properties in operation	1,907,896,584	1,868,656,061
Investment properties in progress	217,987,727	193,472,865
	<u>2,125,884,311</u>	<u>2,062,128,926</u>

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

	30 June 2008		31 December 2007	
	Amount	Yield range	Amount	Yield range
Portugal	1,035,797,912	5.05% to 7.15%	1,038,302,637	4.90% to 7.00%
Spain	433,516,570	5.40% to 7.80%	454,290,823	5.00% to 6.90%
Germany	171,852,000	5.50%	172,792,000	5.50%
Brazil	114,503,852	8.00% to 9.25%	97,664,101	8.50% to 10.50%
Italy	132,193,250	5.05% to 6.40%	84,255,000	5.50% to 6.15%
Romania	20,033,000	7.00%	21,351,500	6.75%
	<u>1,907,896,584</u>		<u>1,868,656,061</u>	

The fair value of each investment property was determined by a valuation as at 30 June 2008, performed by an independent entity, based on valuation criteria generally accepted in the real estate business.

Value created on investment properties over the six months periods ended 30 June 2008 and 2007 pro-forma can be detailed as follows:

	30 June 2008	30 June 2007 Pro-forma
Properties which were under development and were concluded during the six months period	9,659,185	619,381
Changes in fair value of investment properties in operation	(31,322,852)	102,154,516
Adjustments to construction cost estimates of properties under development which were transferred to investment properties	-	-
	<u>(21,663,667)</u>	<u>102,773,897</u>

As at 30 June 2008 and 31 December 2007, Investment properties in progress can be detailed as follows:

	30 June 2008	31 December 2007
<b>Portugal:</b>		
Arrábidasshopping - expansion	-	2,375,011
Alverca	3,015,652	2,995,036
Caldas da Rainha Shopping	1,037,420	1,192,538
Cacém Shopping	1,082,714	1,036,919
Torres Oriente e Ocidente	1,111,347	192,426
Setubal Retail Park	786,154	786,164
Parque de Farnalhão	627,500	627,500
Others	309,017	1,220,554
<b>Germany:</b>		
Loop 5	30,808,545	25,612,284
Alexa	7,320,992	7,320,992
Others	140,461	-
<b>Brazil:</b>		
Manauara Shopping	10,535,224	5,628,846
Pátio Uberlândia	1,601,241	1,530,607
Others	345,515	-
<b>Spain:</b>		
Plaza Mayor Shopping	22,444,108	17,733,934
Alfaz del Pí	9,803,421	-
Puerta Granada	5,222,156	5,746,847
Dos Mares - expansion	1,404,902	1,404,902
<b>Greece:</b>		
Pantheon Plaza	13,651,801	13,855,607
Ioannina	11,296,401	10,395,799
Aegean Park	4,877,130	4,845,206
Galatsi Shopping	3,323,103	3,159,277
<b>Italy:</b>		
Freccia Rossa	-	32,263,488
Gli Orsi	37,451,838	23,397,730
Caldogno	4,472,414	4,138,655
Pavia	3,645,250	3,641,489
Le Terraze	1,654,296	1,891,179
Others	69,931	-
<b>Romania:</b>		
Craiova	23,006,410	20,479,875
Plotiesti	16,942,784	-
	<u>217,987,727</u>	<u>193,472,865</u>

As at 30 June 2008, the following investment properties were mortgaged:

8ª Avenida	Loureshopping
Airone	Luz del Tajo
C.C. Modelo de Albufeira	Madeirashopping
Alexa	Maiashopping
Algarveshopping	Max Center
Arrabidashopping	Munster Arkaden
Avenida M40	Norteshopping
Cascaishopping	Parque Atlântico
Centro Colombo	Parque Principado
Centro Vasco da Gama	Plaza Éboli
Coimbrashopping	Plaza Mayor
Dos Mares	Plaza Mayor Shopping
El Rosal	C.C. Continente de Portimão
Estação Viana	Rio Sul
Freccia Rossa	River Plaza Mall
Gaiashopping	Serra Shopping
Galatsi	Valecenter
Grancasa	Valle Real
Guimarãesshopping	Viacatarina
La Farga	Zubiarte
Loop 5	Torre Occidente
	Torre Oriente

## 11. GOODWILL

During the six months period ended 30 June 2008 and 2007 pro-forma and the twelve months period ended 31 December 2007, movements in goodwill, as well as in corresponding impairment losses, were made up as follows:

	30 June 2008	30 June 2007 Pro-forma	31 December 2007 Restated (Note 8)
<b>Gross value:</b>			
Opening balance	693,049,656	228,273,461	264,411,899
New companies in the consolidation perimeter	1,800,257	1,830,401	477,403,248
Increases	18,114,550	1,749,761	30,035,581
Decreases	(12,933,741)	(10,274,740)	(12,999,103)
Demerger	-	-	(65,801,969)
Closing balance	<u>700,030,722</u>	<u>221,578,883</u>	<u>693,049,656</u>
<b>Accumulated impairment losses:</b>			
Opening balance	9,912,998	7,545,972	13,569,244
Increases	-	-	3,659,303
Decreases	-	-	(7,315,549)
Closing balance	<u>9,912,998</u>	<u>7,545,972</u>	<u>9,912,998</u>
<b>Carrying amount:</b>	<u>690,117,724</u>	<u>214,032,911</u>	<u>683,136,658</u>

During the period, an adjustment to the goodwill value in the amount of (57,802,012) Euro was recorded resulting from the fair value allocation made to the accounts of the subsidiary Continente Hipermercados, S.A. (ex-Carrefour Portugal) acquired at 31 December 2007.

**12. INVESTMENTS**

As at 30 June 2008 and 2007 Pro-forma, this caption is made up as follows:

	30 June 2008		30 June 2007 Pro-forma	
	Non current	Current	Non current	Current
<b>Investments in group companies, jointly controlled companies or associated companies excluded from consolidation</b>				
Opening balance as at 1 January	9,376,193	-	3,130,999	-
Acquisitions in the period	-	-	660,000	-
Disposals in the period	-	-	-	-
Transfers	(8,155,301)	-	-	-
Closing balance as at 30 June	1,220,892	-	3,790,999	-
Accumulated impairment losses	-	-	-	-
	1,220,892	-	3,790,999	-
<b>Investments available for sale</b>				
Fair value (net of impairment losses) as at 1 January	2,678,964	56,093,108	145,795,375	33,211,904
Acquisitions in the period	18,750	5,219,106	-	181,185
Disposals in the period	(25,000)	(1,182,312)	(113,045,429)	(342,290)
Increase/(Decrease) in fair value	(2,846,681)	(595,921)	-	(1,935,523)
Transfers (Note 17)	23,762,678	2,014,342	2,530,210	2,580,373
Fair value (net of impairment losses) as at 30 June	23,588,711	61,548,323	35,280,156	33,695,649
	24,809,603	61,548,323	39,071,155	33,695,649
<b>Derivative financial instruments (Note 20)</b>				
Fair value as at 1 January	-	3,976,816	-	49,458
Acquisitions in the period	-	-	-	9,773
Disposals in the period	-	(1,971)	-	(49,458)
Increase/(Decrease) in fair value	-	2,218,539	-	3,295,801
Fair value as at 30 June	-	6,193,384	-	3,305,574
	24,809,603	67,741,707	39,071,155	37,001,223

The financial investments in group companies, jointly controlled companies or associated companies excluded from consolidation are recorded at the acquisition cost net of impairment losses. It is Group understanding that no reliable fair value estimate could be made as there is no market data available for these investments. The heading of Investments available for sale includes 2,672,682 euro (35,280,156 euro in 30 June 2007 pro-forma) of investments recorded at the cost net of impairment losses for the same reasons.

The investments available for sale are net impairment losses (Note 24) amounting 26,314 euro (2,565,541 euro in 30 June 2007 pro-forma).

The caption Investments available for sale includes 56,094,121 euro (33,095,056 euro as non current and 33,095,056 euro as current on 30 June 2007) of deposits in an Escrow Account which are invested in investment funds with superior rating and guarantee contractual liabilities which may arise from the sale of the Brazilian subsidiaries in the Retail segment and for which provisions were recognized (Note 24).

**13. OTHER NON CURRENT ASSETS**

As at 30 June 2008 and 31 December 2007, Other non current assets are detailed as follows:

	30 June 2008			31 December 2007		
	Gross Value	Accumulated losses impairment (Note 24)	Carrying Amount	Gross Value	Accumulated losses impairment (Note 24)	Carrying Amount
<b>Loans granted to related parties</b>						
Mundo Vip - Operadores Turísticos, SA	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Cooper Gay (Holding) Limited	14,476,560	-	14,476,560	1,943,295	-	1,943,295
Others	209,967	(170,125)	39,842	346,654	(170,125)	176,529
	15,686,527	(170,125)	15,516,402	3,289,949	(170,125)	3,119,824
<b>Trade accounts receivable and other debtors</b>						
Legal deposits	819,521	-	819,521	792,644	-	792,644
Lisbon Town Councils	3,888,477	-	3,888,477	3,888,477	-	3,888,477
Malaga Town Councils	512,108	-	512,108	512,108	-	512,108
Rent deposits from tenants	5,020,458	-	5,020,458	4,394,235	-	4,394,235
Others	508,760	(131,446)	377,314	582,691	(131,446)	451,245
	10,749,324	(131,446)	10,617,878	10,170,155	(131,446)	10,038,709
<b>Non current derivatives (Note 20)</b>	18,357,127	-	18,357,127	7,346,945	-	7,346,945
<b>Total financial instruments</b>	44,792,978	(301,571)	44,491,407	20,807,049	(301,571)	20,505,478
<b>Reinsurer's' share of technical provisions (Note 24)</b>	15,944,281	-	15,944,281	54,060,294	-	54,060,294
<b>Other non current assets</b>	50,978	-	50,978	50,977	-	50,977
	60,788,237	(301,571)	60,486,666	74,918,320	(301,571)	74,616,749

**14. TRADE DEBTORS AND OTHER CURRENT ASSETS**

As at 30 June 2008 and 31 December 2007, Trade debtors and other current assets are detailed as follows:

	30 June 2008	31 December 2007
Trade accounts receivable	312,749,326	315,058,659
Taxes recoverable	100,464,583	86,514,614
Trade suppliers - debit balances	53,081,355	46,822,333
Special regime for payment of tax and social security debts	14,576,053	14,576,053
VAT recoverable on retail estate assets	5,176,803	4,776,482
Vouchers and gift cards	4,965,967	1,971,192
Other debtors	37,925,406	27,983,812
Accounts receivable from the disposal of investments	11,630,818	4,328,720
Accounts receivable from the disposal of tangible fixed assets	9,564,196	790,575
Amount receivable regarding price adjustments of acquired subsidiaries (Note 8)	-	30,414,000
Advances for real estate project acquisitions	7,500,000	-
Advances to suppliers	14,478,427	22,236,065
Accounts receivable related to reinsurance operations	20,088,109	9,072,963
Invoices to be issued	72,585,574	70,459,857
Commercial discounts	28,337,119	5,887,081
Commissions	1,872,866	6,260,720
Prepayments - Rents	8,750,494	3,833,921
Prepayments - external supplies and services	22,205,813	15,178,385
"Initiatives E" program	15,319,880	-
Other current assets	7,978,714	20,019,622
	<u>749,251,503</u>	<u>686,185,054</u>
Accumulated impairment losses (Note 24)	<u>(99,434,774)</u>	<u>(95,235,846)</u>
	<u>649,816,729</u>	<u>590,949,208</u>

**15. DEFERRED TAX**

Deferred tax assets and liabilities as at 30 June 2008 and 31 December 2007 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	30 June 2008	31 December 2007 Restated (Note 8)	30 June 2008	31 December 2007 Restated (Note 8)
Difference between fair value and acquisition cost	3,400,404	5,503,979	310,651,072	307,198,707
Harmonisation adjustments	81,657	81,897	25,701,429	24,978,921
Provisions and impairment losses not accepted for tax purposes	14,124,478	12,900,045	-	-
Write off of tangible and intangible assets	61,287,038	60,114,242	-	-
Write off of deferred costs	42,520,616	41,026,618	2,409,354	2,097,786
Valuation of hedging derivatives	190,008	296,245	5,671,239	2,614,826
Revaluation of tangible assets	-	-	2,491,307	2,523,410
Tax losses carried forward	25,630,194	20,969,753	-	-
Reinvested capital gains/(losses)	-	-	3,388,540	3,428,201
Others	(413,183)	151,929	4,270,668	2,223,343
	<u>146,821,212</u>	<u>141,044,708</u>	<u>354,583,609</u>	<u>345,065,194</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 2008 and 31 December 2007, and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

	30 June 2008			31 December 2007		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2002	12,343,361	3,085,839	2008	12,816,002	3,204,001	2008
Generated in 2003	11,431,383	2,857,845	2009	10,854,186	2,713,546	2009
Generated in 2004	4,793,922	1,198,481	2010	2,660,665	665,166	2010
Generated in 2005	8,850,900	2,212,725	2011	8,378,182	2,094,546	2011
Generated in 2006	12,221,776	3,055,444	2012	4,576,150	1,144,037	2012
Generated in 2007	3,982,270	995,810	2013	3,960,967	990,242	2013
Generated in 2008	3,174,972	793,744	2014			
	<u>56,798,584</u>	<u>14,199,888</u>		<u>43,246,152</u>	<u>10,811,538</u>	
Without limited time use	7,069,360	1,944,406		6,783,431	1,922,301	
With a time limit different from the above mentioned	31,978,904	9,485,900		27,620,047	8,235,914	
	<u>39,048,264</u>	<u>11,430,306</u>		<u>34,403,478</u>	<u>10,158,215</u>	
	<u>95,846,848</u>	<u>25,630,194</u>		<u>77,649,630</u>	<u>20,969,753</u>	

As at 30 June 2008 and 31 December 2007, 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 recognized to the extent that future taxable profits will arise which may be offset against available tax losses or against deductible temporary differences.

As at 30 June 2008 tax losses carried forward, amounting to 1,165,982,105 euro (1,013,542,711 euro at 31 December 2007), have not originated deferred tax assets for prudential reasons. These may be summarised as follows:

	30 June 2008			31 December 2007		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use						
Generated in 2002	426,239,118	106,559,778	2008	433,259,735	108,315,185	2008
Generated in 2003	40,471,180	10,117,796	2009	41,896,110	10,474,030	2009
Generated in 2004	21,723,512	5,430,878	2010	23,869,128	5,967,282	2010
Generated in 2005	54,904,363	13,726,091	2011	89,006,183	22,251,545	2011
Generated in 2006	60,356,933	15,089,234	2012	68,204,804	17,051,201	2012
Generated in 2007	106,845,874	26,711,469	2013	103,549,416	25,887,353	2013
Generated in 2008	20,663,272	5,165,818	2014			
	<u>731,204,252</u>	<u>182,801,064</u>		<u>759,785,376</u>	<u>189,946,596</u>	
Without limited time use	29,764,921	8,800,178		34,124,969	10,101,615	
With a time limit different from the above mentioned	405,012,932	116,800,623		219,632,366	63,700,019	
	<u>1,165,982,105</u>	<u>308,401,865</u>		<u>1,013,542,711</u>	<u>263,748,230</u>	

## 16. CASH AND CASH EQUIVALENTS

As at 30 June 2008 and 31 December 2007, Cash and cash equivalents can be detailed as follows:

	30 June 2008	31 December 2007
Cash at hand	6,014,333	6,482,624
Bank deposits	87,011,502	190,688,029
Treasury applications	23,732,840	89,230,800
Cash and cash equivalents on the balance sheet	<u>116,758,675</u>	<u>286,401,453</u>
Bank overdrafts (Note 19)	(20,494,367)	(10,775,881)
Cash and cash equivalents on the statement of cash flows	<u>96,264,308</u>	<u>275,625,572</u>

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

## 17. SHARE CAPITAL

As at 30 June 2008, 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 dividend, with a nominal value of 1 euro each.

On 15 November 2007, Sonae SGPS, SA sold, 132,856,072 Sonae SGPS, SA shares directly owned by the Company. The shares were sold in a market operation at the unit price of 2.06 euro per share and resulted on a cash inflow (net of brokerage commissions) of 273,398,877 euro.

On the same date, Sonae Investments, BV, wholly owned by Sonae SGPS, SA, entered into a derivative financial instrument - Cash Settled Equity Swap - over a total of 132,800,000 Sonae SGPS, SA shares, representative of 6.64% of its capital.

This transaction has a maximum maturity of three years and a strictly financial liquidation, without any duty or right for the Company or any of its associated companies in the purchase of these shares. This transaction allows Sonae to totally maintain the economic exposure to the sold shares.

In this context, although legally all the rights and obligations inherent to these shares have been transferred to the buyer, Sonae SGPS, SA did not derecognize its own shares, recording a liability in the caption Other non-current liabilities (Note 21). According to the interpretation made by the Group of IAS 39, applied by analogy to own equity instruments, the derecognition of own shares is not allowed as the group maintains the risks and rewards arising on the instruments sold.

Consequently, the Group maintains the deduction from Equity amounting to the acquisition cost of the 132,800,000 shares (138,568,275 euro), and has accounted for the consideration received for the above mentioned sale of own shares in the caption Other non-current liabilities (273,568,000 euro).

Due to the detach of Sonae Capital SGPS, SA demerger rights attributable to the 132,800,000 Sonae SGPS, SA shares subject of the above mentioned agreement, the Group recognized an asset measured at its' fair value of those rights. This asset as not been derecognized as the Group also entered into a Cash Settled Equity Swap over the Sonae Capital SGPS, SA shares, and therefore a liability was recognized. Consequently, and in relation with this operation the full liability amount can be detailed as follows: market value of Sonae SGPS, SA shares amounting to 101,592,000 euro and market value of Sonae Capital SGPS, SA shares amounting to 20,916,000 euro.

These liabilities are adjusted at the end of each month by the effect of the change in Sonae, SGPS, S.A. or Sonae Capital, SGPS, S.A. share price, as applicable, being recognized an asset/liability in order to present the right/obligation related to the cash settlement of the operation that resets monthly (Notes 21 and 23).

Additionally, the costs related to the "floating amount" based on Euribor 1 month are recorded in the income statement.

The receivable amount arising on dividends distributed by the Company is credited to Equity in order to offset the charge of the distribution. The dividends attributable to the above mentioned share amount to 3,984,000 euro and were credited to Equity.

The number of shares taken into consideration to calculate earnings per share includes the shares referred to above as a deduction to the shares issued by the Company (Note 29).

As at 30 June 2008, the following entities held more than 20% of the subscribed share capital:

Entity	%
Efanor Investimentos, SGPS, S.A. and associated companies	52.94

#### 18. MINORITY INTERESTS

Movements in minority interests during the periods ended 30 June 2008 and 2007 pro-forma and 31 December 2007 are as follows:

	30 June 2008	30 June 2007 Pro-forma	31 December 2007 Adjusted (Note 8)
Opening balance as at 1 January	448,380,172	411,547,735	402,058,314
Dividends	(3,352,350)	(12,649,552)	(21,887,082)
Exchange rate effect	191,096	273,839	373,748
Acquisition of subsidiaries	-	-	(9,618,297)
Disposal of subsidiaries	-	-	(2,171,988)
Demerger of Sonae Capital	-	-	9,310,396
Increase of capital and premium on subsidiaries	37,425,000	-	-
Increased shareholding by acquisitions	(12,666,733)	(7,775,274)	(8,454,103)
Decreased shareholding by disposals	39,778,232	-	-
Changes in hedge and fair value reserves	4,065,021	(744,921)	868,668
Others	2,876,210	7,134,533	5,230,472
Profit for the period attributable to minority interests	(14,304,574)	38,591,341	72,670,044
Closing balance	502,392,074	436,377,701	448,380,172

#### 19. BORROWINGS

As at 30 June 2008 and 31 December 2007, Borrowings are made up as follows:

	30 June 2008			31 December 2007		
	Amount limit	Outstanding amount		Amount limit	Outstanding amount	
		Current	Non Current		Current	Non Current
<b>Bank loans</b>						
Sonae, SGPS, SA - commercial paper	350,000,000	29,000,000	-	350,000,000	-	-
Sonae Distribuição, SGPS, SA - commercial paper	563,000,000	25,000,000	249,000,000	163,000,000	-	-
a)b) Sonae Sierra subsidiaries	510,907,209	22,642,241	433,361,708	498,624,959	16,476,410	417,635,936
a)b)c) Sonae Sierra subsidiaries	508,144,816	9,152,078	452,840,527	452,885,624	5,971,751	401,044,158
Sonaeacom SGPS, SA - commercial paper	250,000,000	-	207,500,000	250,000,000	-	225,000,000
Continente Hipermercados SA - commercial paper	80,000,000	80,000,000	-	80,000,000	80,000,000	-
Sonae Investments BV	32,154,000	1,537,735	-	32,154,000	4,613,205	-
Others		2,388,915	22,428,276		12,047,631	22,532,078
		169,720,969	1,365,130,511		119,108,997	1,066,212,172
Bank overdrafts (Note 16)		20,494,367	-		10,775,881	-
Up-front fees bearded with the issuance of borrowings		(691,700)	(6,843,142)		(677,170)	(6,521,094)
<b>Bank loans</b>		<b>189,523,636</b>	<b>1,358,287,369</b>		<b>129,207,708</b>	<b>1,059,691,078</b>
<b>Bonds:</b>						
Bonds Sonae / 05		-	100,000,000		-	100,000,000
Bonds Sonae 2006/2011		-	250,000,000		-	250,000,000
Bonds Sonae 2007/2014		-	150,000,000		-	150,000,000
Bonds Modelo Continente / 2003		-	82,000,000		-	82,000,000
Bonds Modelo Continente / 2004		100,000,000	-		-	100,000,000
Bonds Modelo Continente 2005/2010		-	64,925,000		-	64,925,000
Bonds Modelo Continente 2005/2012		-	150,000,000		-	150,000,000
Bonds Modelo Continente 2007/2012		-	200,000,000		-	200,000,000
Bonds Modelo Continente 2007/2015		-	200,000,000		-	200,000,000
Bonds Modelo Continente 2007/2016		-	310,000,000		-	310,000,000
Bonds Sonaeacom / 2005		-	150,000,000		-	150,000,000
Up-front fees bearded with the issuance of borrowings		(71,388)	(11,187,670)		-	(12,074,291)
<b>Bonds</b>		<b>99,928,612</b>	<b>1,645,737,330</b>		<b>-</b>	<b>1,744,850,709</b>
<b>Other loans</b>		<b>24,952</b>	<b>267,948</b>		<b>36,229</b>	<b>276,330</b>
Derivative instruments (Note 20)		176,711	610,213		363,463	828,199
<b>Other loans</b>		<b>201,663</b>	<b>878,161</b>		<b>399,692</b>	<b>1,104,529</b>
Obligations under finance leases		6,059,316	22,234,731		8,709,711	23,470,674
		<b>295,713,227</b>	<b>3,027,137,591</b>		<b>138,317,111</b>	<b>2,829,116,990</b>

- These amounts are proportionate considering the percentage held by the group;
- These loans are guaranteed by mortgages of investment properties held by these affiliated companies;
- These loans are guaranteed by a pledge of shares held in those affiliated companies;

Interest rate of the bonds are equal to Euribor 6 months plus a spread between 0.25% and 1.15%.

Bank loans bear interests at market rates based on Euribor for each interest payment term, therefore the fair value of bank loans are estimated to be similar to their market value.

The derivative instruments are recorded at fair value (Note 20).

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

	30 June 2008	31 December 2007
N+1	296,299,604	138,630,818
N+2	56,241,952	123,716,946
N+3	417,763,736	226,053,892
N+4	114,201,637	357,710,073
N+5	793,728,337	528,494,772
After N+5	1,662,622,528	1,610,908,493
	<u>3,340,857,794</u>	<u>2,985,514,994</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 2008, the fair value of exchange rate derivatives, calculated based on present market value of equivalent financial instruments, is of 175,879 euro included in Current liabilities (281,123 euro as of 31 December 2007) and 2,206,803 euro on the caption Current investments (2,151,335 euro as at 31 December 2007). From the total amount registered in Assets, 2,174,839 euro refers to exchange rate derivative transactions (Non Deliverable Forwards - "NDF") entered into during 2008 in order to hedge the exchange rate exposure as consequence of the share purchase agreement with the Sonae Sierra partner in Brazil (DDR), to reinvest the amount of 300,000,000 Brazilian Real until the end of 2009. The notional of the NDF amounts to 115.042.000 Brazilian Real.

The non-deliverable forward foreign exchange contracts (NDFs) are stated at their fair value at the balance sheet date, in accordance with a valuation made by the bank with which the NDF were contracted.

The computation of the fair value of these financial instruments was made taking into consideration the present value at balance sheet date of the forward settlement amount of the relevant NDF contract. The settlement amount considered in the valuation, is equal to the reference currency notional amount (foreign currency) multiplied by the difference between the contracted forward exchange rate and the forward exchange market rate to the settlement date as at the valuation date.

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

### Interest rate derivatives

As at 30 June 2008, derivatives used by the Group refer essentially to interest rate options ("cash flow hedges"). These were negotiated to hedge the interest rate risk of loans amounting to 1,409,127,391 euro (1,302,514,561 euro as at 31 December 2007). The fair value of these derivatives amounts to 21,733,495 euro (8,344,227 euro as at 31 December 2007), and is disclosed as assets amounting to 22,343,708 euro (9,172,426 euro as at 31 December 2007) and as liabilities amounting to 610,213 euro (828,199 euro as at 31 de December de 2007). As at 30 June 2008, 832 euro of the amount disclosed as liabilities (82,340 euro as at 31 December 2007) relates to derivatives on loans which no longer qualify as hedging derivatives, although continuing to hedge interest risks.

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.

### Interest rate and exchange rate derivatives

As at 30 June 2008 no contracts existed related to interest rate and exchange rate derivatives.



Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Derivatives not qualified as hedging				
Exchange rate	2,176,352	2,151,335	175,879	281,123
Interest rate	-	-	832	82,340
Hedging derivatives				
Exchange rate	30,451	-	-	-
Interest rate	22,343,708	9,172,426	610,213	828,199
Interest and exchange rate	-	-	-	-
Other derivatives	-	-	-	-
	<u>24,550,511</u>	<u>11,323,761</u>	<u>786,924</u>	<u>1,191,662</u>

**21. OTHER NON CURRENT LIABILITIES**

As at 30 June 2008 and 31 December 2007, Other non current liabilities were made up as follows:

	30 June 2008	31 December 2007
Shareholder loans	16,052,172	24,107,894
Fixed assets suppliers	13,049,585	11,597,003
"Initiatives E" program (Note 32)	72,422,000	-
Other non current liabilities	135,258,610	277,318,229
	<u>236,782,367</u>	<u>313,023,126</u>

The caption Other non-current liabilities includes the amount of 122,508,000 euro (263,059,508 euro as at 31 December 2007) related to the fair value of the derivative on Sonae SGPS, SA shares referred to in Note 17.

**22. SHARE-BASED PAYMENTS**

In 2008 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 2008 and 31 December 2007, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

	Grant year	Vesting year	Number of participants	Fair value	
				30 June 2008	31 December 2007
<b>Shares</b>					
	2005	2008	67	-	8,956,701
	2006	2009	453	4,152,727	7,472,751
	2007	2010	481	3,908,270	7,856,374
	2008	2011	494	3,728,836	-
<b>Total</b>				<u>11,789,833</u>	<u>24,285,826</u>

As at 30 June 2008 and 31 December 2007 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	30 June 2008	31 December 2007
Staff costs	(681,037)	12,906,145
Recorded in previous years	8,429,243	4,368,199
	<u>7,748,206</u>	<u>17,274,344</u>
Other liabilities	<u>7,748,206</u>	<u>17,274,344</u>

**23. TRADE CREDITORS AND OTHER CURRENT LIABILITIES**

As at 30 June 2008 and 31 December 2007, Trade creditors and other current liabilities were made up as follows:

	30 June 2008	31 December 2007
Trade creditors	852,161,633	988,803,378
Shareholders	5,118,874	30,616,400
Fixed asset suppliers	76,390,575	97,446,196
Creditors related with reinsurance operations	14,340,555	84,767
Other accounts payable	52,369,821	41,501,888
Taxes and contributions payable	43,575,076	62,131,632
Effect of changes in the share price of Sonae SGPS and Sonae Capital (Note 17)	41,832,000	10,624,000
Vouchers	14,387,783	13,182,904
Property investments accruals	10,522,401	27,231,695
Fixed assets accrued costs	25,462,194	23,507,992
"Initiatives E" program (Note 32)	17,557,099	-
Holiday pay and bonuses	101,369,372	103,767,265
Interest payable	34,718,062	33,975,996
Invoices to be issued	60,159,404	67,830,234
Commissions	6,748,199	7,922,541
Marketing expenses	14,868,204	27,152,426
Other external supplies and services	50,687,694	49,632,490
Accrued income - trade debtors	10,267,500	9,802,707
Accrued income - rents	5,535,952	5,260,081
Prepaid minutes not yet used	17,978,221	36,572,193
Others	49,964,222	47,363,909
	<u>1,506,014,841</u>	<u>1,684,410,694</u>

**24. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES**

Movements in Provisions and impairment losses over the six months period ended 30 June 2008 and 2007 pro-forma were as follows:

	Balance as at 31 December 2007	Adjustments to fair value	Balance as at 31 December 2007 restated (Note 8)	Increase	Decrease	Balance as at 30 June 2008
Accumulated impairment losses on investments (Note 12)	26,314	-	26,314	-	-	26,314
Accumulated impairment losses on other non current assets (Note 13)	301,571	-	301,571	-	-	301,571
Accumulated impairment losses on trade account receivables and other debtors (Note 14)	95,235,848	-	95,235,848	8,859,235	(4,660,309)	99,434,774
Accumulated impairment losses on inventories	24,759,431	-	24,759,431	9,585,449	(8,072,188)	26,272,692
Non current provisions	107,984,226	2,600,000	110,584,226	9,739,308	(45,954,614)	74,368,920
Current provisions	2,295,457	370,500	2,665,957	-	(105,473)	2,560,484
	<u>230,602,847</u>	<u>2,970,500</u>	<u>233,573,347</u>	<u>28,183,992</u>	<u>(58,792,584)</u>	<u>202,964,755</u>
	Balance as at 31 December 2006	Increase	Decrease	Balance as at 30 June 2007 Pro-forma		
Accumulated impairment losses on investments (Note 12)	2,565,541	-	-	2,565,541		
Accumulated impairment losses on other non current assets	131,445	5,000	-	136,445		
Accumulated impairment losses on trade account receivables and other debtors	85,764,579	5,291,610	(4,985,271)	86,070,918		
Accumulated impairment losses on inventories	17,664,557	1,373,242	(487,010)	18,550,789		
Non current provisions	42,812,924	6,129,529	(1,869,451)	47,073,002		
Current provisions	1,156,389	7,131,139	(24,707)	8,262,821		
	<u>150,095,435</u>	<u>19,930,520</u>	<u>(7,366,439)</u>	<u>162,659,516</u>		



<b>Balances</b>	Accounts receivable		Accounts payable	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Parent company and group companies excluded from consolidation	10,178,582	11,915,663	17,554	18,659
Jointly controlled companies	3,647,196	2,744,092	3,459,707	5,300,970
Associated companies	2,387,166	1,856,039	1,174,914	2,231,505
Other partners in Group companies	4,074,714	5,787,280	16,760,574	28,092,208
	<u>20,287,658</u>	<u>22,303,074</u>	<u>21,412,749</u>	<u>35,643,342</u>

  

<b>Balances</b>	Loans			
	Obtained		Granted	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Parent company and group companies excluded from consolidation	-	-	-	-
Jointly controlled companies	-	-	-	63,427
Associated companies	-	-	-	-
Other partners in Group companies	10,039,204	44,297,395	20,112	15,475
	<u>10,039,204</u>	<u>44,297,395</u>	<u>20,112</u>	<u>78,902</u>

The caption "Other partners in Group companies" includes Sonae Industria, SGPS, SA and Sonae Capital, SGPS, SA affiliated, associated and jointly controlled companies and also other shareholders of affiliated companies or jointly controlled companies of Sonae Group, as well as other affiliated companies of the parent company Efanor Investimentos, SGPS, SA.

## 27. INCOME TAX

As at 30 June 2008, 2007 and 2007 pro-forma, Income tax is detailed as follows:

	30 June 2008	30 June 2007 Pro-forma	30 June 2007
Current tax	8,806,829	9,446,629	11,934,739
Deferred tax	(8,628,110)	32,856,242	28,599,394
	<u>178,719</u>	<u>42,302,871</u>	<u>40,534,133</u>

## 28. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 30 June 2008, 2007 pro forma and 2007, the reconciliation of consolidated net profit can be analysed as follows:

	30 June 2008	30 June 2007 Pro-forma	30 June 2007
Aggregate net profit	421,144,785	1,011,329,317	956,478,732
Use of the proportionate method	(80,872,901)	(299,141,005)	(299,141,005)
Harmonisation adjustments	99,774,524	(51,689,114)	(56,326,068)
Elimination of intragroup dividends	(437,785,340)	(192,728,807)	(199,573,798)
Elimination of intragroup capital gains and losses	1,217,095	(312,411,561)	(316,337,684)
Elimination of intragroup provisions	4,573,720	-	(1,430,000)
Consolidation adjustments to gains/(losses) on sales of investments	1,649,695	(14,706,237)	52,675,778
Others	211,891	(1,694,991)	4,863,916
Consolidated net profit for the period	<u>9,913,469</u>	<u>138,957,602</u>	<u>141,209,871</u>

**29. EARNINGS PER SHARE**

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

	30 June 2008		30 June 2007 Pro-forma		30 June 2007	
	2nd Quarter	Total	2nd Quarter	Total	2nd Quarter	Total
<b>Net profit</b>						
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	12,077,476	24,218,043	89,553,437	100,366,258	87,333,269	102,006,054
Effect of dilutive potential shares	-	-	-	-	-	-
Interest related to convertible bonds (net of tax)	-	-	-	-	-	-
Net profit taken into consideration to calculate diluted earnings per share	12,077,476	24,218,043	89,553,437	100,366,258	87,333,269	102,006,054
<b>Number of shares</b>						
Weighted average number of shares used to calculate basic earnings per share	1,867,200,000	1,867,200,000	1,866,704,534	1,866,642,981	1,866,704,534	1,866,642,981
Effect of dilutive potential ordinary shares from convertible bonds	-	-	-	-	-	-
Weighted average number of shares used to calculate diluted earnings per share	1,867,200,000	1,867,200,000	1,866,704,534	1,866,642,981	1,866,704,534	1,866,642,981
<b>Earnings per share (basic and diluted)</b>	0.006468	0.012970	0.047974	0.053768	0.046785	0.054647

There are no convertible instruments on Sonae, SGPS shares, hence there is no dilutive effects.

**30. DIVIDENDS**

In the Shareholders Annual General Meeting held on 21 April 2008, the payment of a gross dividend of 0.03 euro per share (0.03 euro per share in 2007) corresponding to a total of 60,000,000 euro (55,997,442.84 euro in 2007) was approved. On 21 April 2008 the amount related with dividends attributable to the shares underlying the derivative mentioned in Note 17 amounted to 3,984,000 euro. This amount was credited in equity.

**31 SEGMENT INFORMATION**

In 2008 and 2007, the following were identified as business segments:

- Retail
- Shopping Centres
- Telecommunications
- Holding and Others

The contribution of the business segments to the income statement for the six months periods ended at 30 June 2008 and 2007 Pro-forma can be detailed as follows:

	30 June 2008					
	Retail	Shopping Centres	Telecommunications	Holding and Others	Consolidation Adjustments	Consolidated
<b>Operating income</b>						
Sales	1,813,642,729	-	38,979,029	-	-	1,852,621,758
Services rendered	61,352,105	84,702,439	426,967,276	11,019,629	-	584,041,449
Value created on investment properties	-	(21,663,667)	-	-	-	(21,663,667)
Other operating income	187,574,698	9,693,742	10,744,162	272,169	782,507	209,067,278
	2,062,569,532	72,732,514	476,690,467	11,291,798	782,507	2,624,066,818
Inter-segment income	15,833,824	1,461,544	6,039,712	872,285	(24,207,365)	-
	2,078,403,356	74,194,058	482,730,179	12,164,083	(23,424,858)	2,624,066,818
<b>Operating cash-flow (EBITDA)</b>	126,654,940	22,457,161	73,391,497	(157,804)	(62,365)	222,283,429
Depreciation and amortisation	54,471,344	534,037	75,997,855	214,373	1,849,368	133,066,977
Provisions and impairment losses	2,313,905	2,859,472	6,312,320	-	54,534	11,540,231
<b>Operating profit (EBIT)</b>	70,104,210	19,135,637	(8,770,088)	(400,117)	(1,911,343)	78,158,299
Financial profit/(loss)	(31,446,961)	(21,538,857)	(7,900,131)	(16,704,734)	(4,825)	(77,595,508)
Share of results of associated undertakings	-	-	-	-	1,302,927	1,302,927
Investment income	150,169	7,389,874	-	109,873,210	(109,186,783)	8,226,470
Profit before income tax	38,807,418	4,986,654	(16,670,219)	92,768,359	(109,800,024)	10,092,188
Income tax	425,636	(4,567,649)	4,957,606	(1,023,252)	28,940	(178,719)
Net profit for the period	39,233,054	419,005	(11,712,613)	91,745,107	(109,771,084)	9,913,469
- attributable to equity holders of Sonae						24,218,043
- attributable to minority interests						(14,304,574)

30 June 2007 Pro-forma						
	Retail	Shopping Centres	Telecommunications	Holding and Others	Consolidation Adjustments	Consolidated Pro-forma
<b>Operating income</b>						
Sales	1,429,984,523	-	34,129,074	-	-	1,464,113,597
Services rendered	60,567,147	67,725,285	373,936,475	5,849,370	-	508,078,277
Value created on investment properties	-	102,773,897	-	-	-	102,773,897
Other operating income	143,294,996	5,705,185	7,655,738	365,274	(2,352,897)	154,668,296
	1,633,846,666	176,204,367	415,721,287	6,214,644	(2,352,897)	2,229,634,067
Inter-segment income	13,219,141	3,505,882	3,022,569	521,856	(20,269,448)	-
	1,647,065,807	179,710,249	418,743,856	6,736,500	(22,622,345)	2,229,634,067
<b>Operating cash-flow (EBITDA)</b>	116,067,599	131,534,269	77,930,897	(2,848,962)	(1,243,945)	321,439,858
Depreciation and amortisation	42,569,302	474,609	67,059,657	213,536	53,536	110,370,640
Provisions and impairment losses	181,530	7,445,052	5,279,304	-	(39)	12,905,847
<b>Operating profit (EBIT)</b>	73,764,252	123,718,761	5,946,569	(3,062,498)	(1,297,440)	199,069,644
Financial profit/(loss)	(17,308,829)	(7,615,683)	(10,916,321)	(13,951,147)	(38,874)	(49,830,854)
Share of results of associated undertakings	-	-	-	-	898,779	898,779
Investment income	(4,650,073)	23,910,706	2,763,388	94,209,482	(85,110,599)	31,122,904
<b>Profit before income tax</b>	51,805,350	140,013,784	(2,206,364)	77,195,837	(85,548,134)	181,260,473
Income tax	(3,261,866)	(36,133,589)	(2,461,319)	(459,630)	13,533	(42,302,871)
<b>Net profit for the period</b>	48,543,484	103,880,195	(4,667,683)	76,736,207	(85,534,601)	138,957,602
- attributable to equity holders of Sonae						100,366,258
- attributable to minority interests						38,591,344

The contribution of the major business segments to the consolidated balance sheets as at 30 June 2008 and 31 December 2007 can be detailed as follows:

30 June 2008						
	Retail	Shopping Centres	Telecommunications	Holding and Others	Consolidation Adjustments	Consolidated
<b>Fixed assets</b>						
Intangible	154,189,127	3,348,569	279,125,720	88,402	(5,668,991)	431,082,827
Tangible	1,724,791,711	1,603,964	535,145,679	1,744,789	9,614,561	2,272,900,704
Investment properties	-	2,126,447,200	-	-	(562,889)	2,125,884,311
Goodwill	-	-	-	-	690,117,724	690,117,724
Investments	43,887,151	15,731,235	7,102,202	43,777,864	(15,204,747)	95,293,705
Deferred tax assets	26,349,074	13,505,211	106,986,289	28,223	(47,585)	146,821,212
Other assets	717,409,915	109,751,723	345,001,132	67,455,634	(19,071,401)	1,220,547,003
Cash, Cash Equivalents and Current Investments	111,732,211	46,118,637	6,928,032	18,235,635	1,485,867	184,500,382
<b>Total assets</b>	2,778,359,189	2,316,506,539	1,280,289,054	131,330,547	660,662,539	7,167,147,868
<b>Non current liabilities</b>						
Borrowings	1,255,074,354	903,041,086	373,052,201	497,310,122	(1,340,172)	3,027,137,591
Deferred tax liabilities	45,426,582	305,404,554	708,186	2,999,235	45,052	354,583,609
Other non current liabilities	30,063,376	32,997,499	104,619,370	150,137,086	(6,666,044)	311,151,287
<b>Current liabilities</b>						
Borrowings	226,592,085	33,520,917	1,726,753	33,886,571	(13,099)	295,713,227
Other current liabilities	937,671,398	118,709,124	393,510,834	78,760,313	(20,076,344)	1,508,575,325
<b>Total liabilities</b>	2,494,827,795	1,393,673,180	873,617,344	763,093,327	(28,050,607)	5,497,161,039
<b>Total investment</b>	132,751,222	81,340,737	162,103,334	24,965,185	-	401,160,478
<b>Gross Debt</b>	1,481,666,439	936,562,003	374,778,954	531,196,694	(1,353,273)	3,322,850,817
<b>Net Debt</b>	1,369,934,229	890,443,366	367,850,922	512,961,059	(2,839,140)	3,138,350,436

31 December 2007						
	Retail	Shopping Centres	Telecommunications	Holding and Others	Consolidation Adjustments	Consolidated
<b>Fixed assets</b>						
Intangible	154,559,265	3,553,684	192,416,571	118,561	(2,979,937)	347,668,144
Tangible	1,686,690,440	1,176,095	533,165,965	1,391,131	9,643,011	2,232,066,642
Investment properties	-	2,062,673,604	-	-	(544,678)	2,062,128,926
Goodwill	-	-	-	-	683,136,658	683,136,658
Investments	43,887,151	20,359,968	7,102,202	22,861,867	(8,607,391)	85,603,797
Deferred tax assets	27,725,259	12,212,701	101,118,096	37,213	(48,561)	141,044,708
Other assets	626,308,962	77,482,995	320,676,431	78,948,664	39,686,914	1,143,103,966
Cash, Cash Equivalents and Current Investments	125,062,227	34,994,583	83,851,612	101,744,777	818,178	346,471,377
<b>Total assets</b>	<b>2,664,233,304</b>	<b>2,212,453,630</b>	<b>1,238,330,877</b>	<b>205,102,213</b>	<b>721,104,194</b>	<b>7,041,224,218</b>
<b>Non current liabilities</b>						
Borrowings	1,106,503,697	836,262,512	391,596,174	497,000,804	(2,246,197)	2,829,116,990
Deferred tax liabilities	43,211,172	299,080,440	284,402	2,416,071	73,109	345,065,194
Other non current liabilities	31,581,199	32,739,640	30,393,470	328,573,323	319,720	423,607,352
<b>Current liabilities</b>						
Borrowings	90,935,924	38,433,460	2,550,499	6,411,526	(14,298)	138,317,111
Other current liabilities	1,117,111,379	149,590,790	396,728,752	35,201,242	(11,555,512)	1,687,076,651
<b>Total liabilities</b>	<b>2,389,343,371</b>	<b>1,356,106,842</b>	<b>821,553,297</b>	<b>869,602,966</b>	<b>(13,423,178)</b>	<b>5,423,183,298</b>
<b>Total investment</b>	<b>800,086,030</b>	<b>411,103,512</b>	<b>235,657,425</b>	<b>124,438,780</b>	<b>-</b>	<b>1,571,285,747</b>
<b>Gross Debt</b>	<b>1,197,439,621</b>	<b>874,695,972</b>	<b>394,146,673</b>	<b>503,412,330</b>	<b>(2,260,495)</b>	<b>2,967,434,101</b>
<b>Net Debt</b>	<b>1,072,377,395</b>	<b>839,706,865</b>	<b>310,295,061</b>	<b>401,667,553</b>	<b>(3,084,150)</b>	<b>2,620,962,724</b>

### 32. COMMITMENTS ASSOCIATED TO "INFORMATION SOCIETY"

Under the agreed terms resulting from the grant of the UMTS License, Sonaecom – Serviços de Comunicações (Optimus at the time) committed to contribute to the promotion and development of a 'Information Society' in Portugal. The total amount of the obligations assumed arose to 274 million euro, part of these commitments (up to 116 million euro), will be realised as agreed between Sonaecom - Serviços de Comunicações and MOPTC, through contributions to the "Initiatives E" project (modem offers, discounts on tariffs, cash contributions, among others, assigned to the widespread use of broadband internet for students and teachers). These contributions are made through an open fund, called 'Fund for the Information Society', established by the three mobile operators with businesses in Portugal. The success of this project, initiated in the end of 2007, was dependent on the beneficiaries' participation to the various initiatives (e-opportunities, e-school and e-teacher) and could have been subject to revision during a period of 12 months, i.e., until June 2008. As at 31 December 2007, it was not possible to estimate in a reliable way the success of this project, and therefore, at that date it was not possible to produce a secure and reliable estimate of the responsibilities to be recognized.

Taking in consideration the success of the project during the first semester of 2008, Sonaecom considered that were in place conditions to produce a reliable estimate of the total responsibilities associated with "Initiatives E" project. The present value of these responsibilities is 89 million euro and the costs incurred in the period amount to 6 million euro. Therefore, such responsibilities were recorded as an increase in the caption "Patent and other similar rights" (Note 9), against an entry in the caption "Other non current liabilities" (Note 21) and "Other current liabilities" (Note 23).

### 33 SUBSEQUENT EVENTS

Resulting from the acquisition of the exclusive control of Carrefour (Portugal) and according to the terms imposed by the decision of non-opposition by the Portuguese Competition Authority ("Autoridade da Concorrência"), Sonae Distribuição committed to several actions, which included the obligation to dispose assets in the regions of Coimbra and Portimão.

In the fulfilment of those commitments, on the 14th of July 2008, Sonae Distribuição signed with Auchan, a contract for the disposal of Modelo of Eiras and Lagoa, as well as a tangible asset (Land) in Condeixa for which the installation of Modelo, Worten and Modalfa stores was already authorized.

On 22 July 2008, Sonae Distribuição announced the agreement established with RAR Group to join both group's travel operations, Geotur and Star, creating a new company which will be held in equal parts and with joint management. The operation is still waiting decision of non-opposition from the Portuguese Competition Authority ("Autoridade da Concorrência").

On 25 July 2008, Sonae Sierra, SGPS, SA issued a private subscription bond loan, amounted to 75 million euro, unsecured, for 5 years, organized by Caixa - Banco de Investimento.

On 28 July 2008 Sonae Sierra, SGPS, SA has concluded an additional sale of the share capital of SPF - Sierra Portugal Real Estate (SPF) corresponding to 8.3% of its share capital. With this closing, Sonae Sierra's interest in the SPF has decreased to approximately 42%.

On 25 August 2008, Sonae Distribuição, SGPS, SA, announced that has signed an acquisition agreement of Boulanger España – a Spanish retail company, specialized in consumer electronics, for an Enterprise Value of 25 million euros. The transaction involves the acquisition of: (i) a 9 store portfolio, in the main population centres of Spain, with a total of 22,000 m2 of sales area and a turnover of more than 100 million euro; (ii) a logistics warehouse; (iii) 3 licensed projects for near future openings; and (iv) the acquisition of 3 real estate assets, concerning 3 stores under operation with a total of 12.000 m2 of Gross Commercial Area.

**34 APPROVAL OF THE FINANCIAL STATEMENTS**

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 26 August 2008.

The Board of Directors

Belmiro de Azevedo

Álvaro Cuervo Garcia

Michel Marie Bon

José Neves Adelino

Duarte Paulo Teixeira de Azevedo

Álvaro Carmona e Costa Portela

Ângelo Gabriel Ribeirinho dos Santos Paupério

Nuno Manuel Moniz Trigoso Jordão



# INDIVIDUAL FINANCIAL STATEMENTS



SONAE, SGPS, SA

COMPANY BALANCE SHEETS AS AT 30 JUNE 2008  
AND 2007 AND AS AT 31 DECEMBER 2007

(Translation of individual financial statements originally issued in Portuguese.

In case of discrepancies the Portuguese version prevails.)

(Amounts expressed in euro)

ASSETS	Notes	30.June.2008	30.June.2007	31.December.2007
<b>NON CURRENT ASSETS:</b>				
Tangible and intangible assets		92,419	118,957	94,573
Investments	4	2,575,739,131	2,874,038,232	2,567,941,218
Other non current assets	5	1,289,829,182	1,697,538,948	1,086,871,182
<b>Total Non Current Assets</b>		<b>3,865,660,732</b>	<b>4,571,696,137</b>	<b>3,654,906,973</b>
<b>CURRENT ASSETS:</b>				
Trade account receivables and other current assets	6	64,205,887	181,502,986	97,569,972
Cash and cash equivalents	7	355,110	196,730,687	88,356,998
<b>Total Current Assets</b>		<b>64,560,997</b>	<b>378,233,673</b>	<b>185,926,970</b>
<b>TOTAL ASSETS</b>		<b>3,930,221,729</b>	<b>4,949,929,810</b>	<b>3,840,833,943</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY:</b>				
Share capital	8	2,000,000,000	2,000,000,000	2,000,000,000
Own shares		-	(138,150,363)	-
Reserves and retained earnings		1,281,310,440	1,504,825,553	1,316,594,330
Profit for the six months periods		114,906,936	4,955,378	16,503,135
<b>TOTAL EQUITY</b>		<b>3,396,217,376</b>	<b>3,371,630,568</b>	<b>3,333,097,465</b>
<b>LIABILITIES:</b>				
<b>NON CURRENT LIABILITIES:</b>				
Loans	9	497,310,122	496,691,486	497,000,804
<b>Total Non Current Liabilities</b>		<b>497,310,122</b>	<b>496,691,486</b>	<b>497,000,804</b>
<b>CURRENT LIABILITIES:</b>				
Loans	9	29,000,832	307,303,127	1,660,856
Trade creditors and other current liabilities	10	7,693,399	774,304,629	9,074,818
<b>Total Current Liabilities</b>		<b>36,694,231</b>	<b>1,081,607,756</b>	<b>10,735,674</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,930,221,729</b>	<b>4,949,929,810</b>	<b>3,840,833,943</b>

The accompanying notes are part of these financial statements.

The Board of Directors



SONAE, SGPS, SA

COMPANY INCOME STATEMENTS BY NATURE

FOR THE QUARTERS AND SIX MONTHS PERIODS ENDED 30 JUNE 2008 AND 2007

(Translation of individual financial statements originally issued in Portuguese.

In case of discrepancies the Portuguese version prevails.)

(Amounts expressed in euro)

	Notes	2 <sup>nd</sup> Quarter 2008 (Unaudited)	30.June.2008	2 <sup>nd</sup> Quarter 2007 (Unaudited)	30.June.2007
Operational income					
Services rendered		448,799	982,761	369,737	719,865
Other operational income		38,085	47,105	44,313	312,490
Total operational income		<u>486,884</u>	<u>1,029,866</u>	<u>414,050</u>	<u>1,032,355</u>
Operational expenses					
External supplies and services		(814,453)	(1,614,569)	(587,483)	(1,223,269)
Staff costs		(1,060,811)	(2,184,030)	(1,764,195)	(3,207,736)
Depreciation and amortisation		(10,171)	(20,341)	(22,925)	(43,451)
Other operational expenses		(7,036)	(147,013)	(135,213)	(316,394)
Total operational expenses		<u>(1,892,471)</u>	<u>(3,965,953)</u>	<u>(2,509,816)</u>	<u>(4,790,850)</u>
Operational profit/(loss)		<u>(1,405,587)</u>	<u>(2,936,087)</u>	<u>(2,095,766)</u>	<u>(3,758,495)</u>
Financial Expenses		(7,308,102)	(14,435,179)	(17,921,306)	(35,494,723)
Financial Income		18,875,436	37,298,623	22,736,626	46,901,435
Investment income/(loss)	12	-	94,979,579	2,647,114	(2,692,835)
Profit before income tax		<u>10,161,747</u>	<u>114,906,936</u>	<u>5,366,668</u>	<u>4,955,382</u>
Income tax		-	-	(4)	(4)
Profit for the period six months period		<u>10,161,747</u>	<u>114,906,936</u>	<u>5,366,664</u>	<u>4,955,378</u>
Profit/(Loss) per share					
Basic	13	0.0051	0.0575	0.0029	0.0027
Diluted	13	<u>0.0051</u>	<u>0.0575</u>	<u>0.0029</u>	<u>0.0027</u>

The accompanying notes are part of these financial statements.

The Board of Directors



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

COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2008 AND 2007

(Translation of individual financial statements originally issued in Portuguese.  
In case of discrepancies the Portuguese version prevails.)

(Amounts expressed in euro)

	Notes	Share Capital	Own Shares	Reserves and Retained Earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2007		2,000,000,000	(138,044,363)	1,364,273,482	65,138,044	3,291,367,163
Appropriation of profit of 2006:						
Transfer to legal reserves		-	-	3,256,902	(3,256,902)	-
Dividends distributed		-	-	-	(55,997,443)	(55,997,443)
Transfer to / (from) retained earnings		-	-	-	-	-
Changes in hedge and fair value reserves	14	-	-	58,353,781	(5,883,699)	52,470,082
Transfer to profit / (loss) of the period		-	-	78,941,388	-	78,941,388
Profit for the six months periods ended 30 June 2007		-	-	-	4,955,378	4,955,378
Others		-	(106,000)	-	-	(106,000)
Balance as at 30 June 2007		<u>2,000,000,000</u>	<u>(138,150,363)</u>	<u>1,504,825,553</u>	<u>4,955,378</u>	<u>3,371,630,568</u>
Balance as at 1 January 2008		2,000,000,000	-	1,316,594,330	16,503,135	3,333,097,465
Appropriation of profit of 2007:						
Transfer to legal reserves		-	-	825,157	(825,157)	-
Dividends distributed		-	-	(44,322,022)	(15,677,978)	(60,000,000)
Transfer to / (from) retained earnings		-	-	-	-	-
Changes in reserves	14	-	-	8,212,975	-	8,212,975
Transfer to profit / (loss) of the period		-	-	-	-	-
Profit for the six months periods ended 30 June 2008		-	-	-	114,906,936	114,906,936
Others		-	-	-	-	-
Balance as at 30 June 2008		<u>2,000,000,000</u>	<u>-</u>	<u>1,281,310,440</u>	<u>114,906,936</u>	<u>3,396,217,376</u>

The accompanying notes are part of these financial statements.

The Board of Directors



SONAE, SGPS, SA

COMPANY STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2008 AND 2007

(Translation of individual financial statements originally issued in Portuguese.  
In case of discrepancies the Portuguese version prevails.)

(Amounts expressed in euro)

<u>OPERATING ACTIVITIES</u>	<u>Notes</u>	<u>30.June.2008</u>	<u>30.June.2007</u>
Net cash flow from/ (used in) operating activities (1)		<u>(3,460,045)</u>	<u>(4,452,303)</u>
<u>INVESTING ACTIVITIES</u>			
Cash receipts arising from:			
Investments		141,603	247,777,285
Tangible and intangible assets		-	150
Interest and similar income		30,199,254	21,497,823
Dividends		94,979,579	76,848,426
Others		-	400,000
Loans granted		<u>183,676,000</u>	<u>861,241,791</u>
		<u>308,996,436</u>	<u>1,207,765,475</u>
Cash Payments arising from:			
Investments		(50,000)	-
Tangible and intangible assets		(4,776)	(66,042)
Loans granted		<u>(346,753,000)</u>	<u>(1,820,401,995)</u>
		<u>(346,807,776)</u>	<u>(1,820,468,037)</u>
Net cash from/ (used in) investing activities (2)		<u>(37,811,340)</u>	<u>(612,702,562)</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Loans obtained		<u>132,200,000</u>	<u>5,181,208,786</u>
		<u>132,200,000</u>	<u>5,181,208,786</u>
Cash Payments arising from:			
Loans obtained		(103,200,000)	(4,420,970,400)
Interest and similar charges		(14,083,169)	(20,777,144)
Dividends		(59,986,478)	(55,983,782)
Purchase of own shares		-	(106,000)
		<u>(177,269,647)</u>	<u>(4,497,837,326)</u>
Net cash from/ (used in) financing activities (3)		<u>(45,069,647)</u>	<u>683,371,460</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(86,341,032)	66,216,595
Cash and cash equivalents at the beginning of the period		86,696,142	130,514,092
Cash and cash equivalents at the end of the period	7	<u>355,110</u>	<u>196,730,687</u>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, S.A.
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008

(Translation of individual financial statements originally issued in Portuguese.  
In case of discrepancies the Portuguese version prevails)

(Amounts expressed in euro)

**1. INTRODUCTION**

SONAE, SGPS, SA (“the Company” or “Sonae”), has its head-office 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 2007.

**4. INVESTMENTS**

As at 30 June 2008 and 2007 and 31 December 2007 the Company held investments in the following affiliated and associated undertakings:

Company	30.June.2008			
	% Held	Carrying amount	Acquisition cost	Fair Value Reserve
Sonae Distribuição, SGPS, SA (a)	74.98%	1,690,800,661	1,326,729,831	364,070,830
Sonae Sierra SGPS, SA (b)	50.00%	864,377,819	490,113,339	374,264,480
Sonaecom, SGPS, SA	0.01%	50,136	109,495	(59,359)
MDS, SGPS, SA	100.00%	20,000,000	20,000,000	-
Sontel BV (c)	100.00%	100,000	100,000	-
Sonae Investments BV (d)	100.00%	18,151	18,151	-
Others	-	392,364	392,364	-
<b>Total</b>		<b>2,575,739,131</b>	<b>1,837,463,180</b>	<b>738,275,951</b>

Company	30.June.2007			
	% Held	Carrying amount	Acquisition cost	Fair Value Reserve
Sonae Distribuição, SGPS, SA (a)	74.98%	1,690,800,661	1,326,729,831	364,070,830
Sonae Sierra SGPS, SA (b)	50.00%	797,568,420	490,113,339	307,455,081
Sonaecom, SGPS, SA	0.01%	115,880	109,495	6,385
Sonae Capital, SGPS, SA	100.00%	382,638,253	382,638,253	-
Sontel BV (c)	100.00%	100,000	100,000	-
Sonae Investments BV (d)	100.00%	18,151	18,151	-
Others	-	2,796,867	2,796,867	-
<b>Total</b>		<b>2,874,038,232</b>	<b>2,202,505,936</b>	<b>671,532,296</b>

Company	31.December.2007			
	% Held	Carrying amount	Acquisition cost	Fair Value Reserve
Sonae Distribuição, SGPS, SA <sup>(a)</sup>	74.98%	1,690,800,661	1,326,729,831	364,070,830
Sonae Sierra SGPS, SA <sup>(b)</sup>	50.00%	856,602,000	490,113,339	366,488,661
Sonaecom, SGPS, SA	0.01%	78,041	109,495	(31,454)
MDS, SGPS, SA	100.00%	20,000,000	20,000,000	-
Sontel BV <sup>(c)</sup>	100.00%	100,000	100,000	-
Sonae Investments BV <sup>(d)</sup>	100.00%	18,151	18,151	-
Others	-	342,365	342,365	-
<b>Total</b>		<b>2,567,941,218</b>	<b>1,837,413,181</b>	<b>730,528,037</b>

(a) - Formely Modelo Continente, SGPS, SA. This investment is valued at the price paid in the public tender offer for de-listing occurred in 2006.

(b) - Market value was determined based on an independent valuation as the corresponding period of assets held by this jointly controlled company, after deduction of associated net debt and the share attributable to minority investments, and excluding promote fees and transaction costs.

(c) - Sontel BV owns 53.09% da Sonaecom, SGPS, SA as at 30 June 2008.

(d) - Sonae Investments BV owns 15.93% of Sonae Distribuição, SGPS, SA as at 30 June 2008.

## 5. OTHER NON CURRENT ASSETS

As at 30 June 2008 and 2007 and 31 December 2007 other non-current assets are detailed as follows:

	30.June.2008	30.June.2007	31.December.2007
Loans granted to group companies	1,289,824,999	1,697,531,743	1,086,866,999
Guarantee deposits	4,183	7,205	4,183
	<u>1,289,829,182</u>	<u>1,697,538,948</u>	<u>1,086,871,182</u>

## 6. TRADE ACCOUNT RECEIVABLES AND OTHER CURRENT ASSETS

As at 30 June 2008 and 2007 and 31 December 2007 trade account receivables and other current assets are detailed as follows:

	30.June.2008	30.June.2007	31.December.2007
Trade account receivables	578,822	355,970	1,392,495
Group companies	59,042,447	176,133,742	92,609,951
Taxes and contributions receivable	1,914,066	2,022,200	2,066,250
Accrued income and prepayments	1,282,570	2,259,445	521,229
Others	678,717	731,629	737,328
Cash flow hedge derivatives	709,265	-	242,719
	<u>64,205,887</u>	<u>181,502,986</u>	<u>97,569,972</u>

## 7. CASH AND CASH EQUIVALENTS

As at 30 June 2008 and 2007 and 31 December 2007 cash and cash equivalents are detailed as follows:

	30.June.2008	30.June.2007	31.December.2007
Cash at hand	1,388	2,500	2,500
Bank deposits	353,722	196,728,187	88,354,498
Cash and cash equivalents on the balance sheet	<u>355,110</u>	<u>196,730,687</u>	<u>88,356,998</u>
Bank overdrafts	-	-	1,660,856
Cash and cash equivalents on the cash flow statement	<u>355,110</u>	<u>196,730,687</u>	<u>86,696,142</u>

**8. SHARE CAPITAL**

As at 30 June 2008 and 2007 and 31 December 2007 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

**9. LOANS**

As at 30 June 2008 and 2007 and 31 December 2007 this caption included the following loans:

	<u>30.June.2008</u>	<u>30.June.2007</u>	<u>31.December.2007</u>
Nominal value of bonds	500,000,000	500,000,000	500,000,000
Up-front fees not yet charged to income statement	<u>(2,689,878)</u>	<u>(3,308,514)</u>	<u>(2,999,196)</u>
Bonds	<u>497,310,122</u>	<u>496,691,486</u>	<u>497,000,804</u>
Non-current loans	<u>497,310,122</u>	<u>496,691,486</u>	<u>497,000,804</u>
Commercial paper (a)	29,000,000	232,500,000	-
Nominal value of Sonae/97 bonds	-	74,819,685	-
Up-front fees not yet charged to income statement	-	(16,558)	-
Bank Overdrafts	-	-	1,660,856
Derivatives	832	-	-
Current loans	<u>29,000,832</u>	<u>307,303,127</u>	<u>1,660,856</u>

(a) Short term commercial paper programme, privately placed, launched on 23 August 2004, valid for a ten year period, which may be extended at the option of the company, with a maximum limit of 350,000,000 euro.

Bonds SONAE / 05 amounting to 100,000,000 euro, repayable after 8 years, in one instalment, on 30 June 2013. Interest rate equals 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 equals Euribor 6 months plus 0.65%, with interest paid half-yearly. The company has the option to make whole or partial reimbursements, with no extra cost, on the date of the 6th and 8th coupons.

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

**Maturity of Borrowings**

As at 30 June 2008 and 2007 and 31 December 2007 the analysis of the maturity of loans are as follows:

	<u>30.June.2008</u>	<u>30.June.2007</u>	<u>31.December.2007</u>
N+1	29,000,832	307,303,127	1,660,856
N+2	-	-	-
N+3	250,000,000	-	-
N+4	-	250,000,000	250,000,000
N+5	100,000,000	-	-
after N+5	150,000,000	250,000,000	250,000,000

**10. TRADE CREDITORS AND OTHER CURRENT LIABILITIES**

As at 30 June 2008 and 2007 and 31 December 2007, trade creditors and other current liabilities are detailed as follows:

	<u>30.June.2008</u>	<u>30.June.2007</u>	<u>31.December.2007</u>
Trade creditors	697,036	303,481	476,418
Group companies	-	751,733,801	-
Taxes and contributions payable	108,336	342,604	1,588,469
Accrued expenses	6,812,819	21,875,186	6,828,069
Others	<u>75,208</u>	<u>49,557</u>	<u>181,862</u>
	<u>7,693,399</u>	<u>774,304,629</u>	<u>9,074,818</u>



**11. CONTINGENT LIABILITIES**

	<u>30.June.2008</u>	<u>31.December.2007</u>
Guarantees given:		
on tax claims	1,776,135	1,776,135
on judicial claims	425,965	355,199

**12. INVESTMENT INCOME**

As at 30 June 2008 and 2007, investment income can be detailed as follows:

	<u>30.June.2008</u>	<u>30.June.2007</u>
Dividends received	94,979,579	76,848,426
Gains/(Losses) on sale of investments	-	(79,541,261)
	<u>94,979,579</u>	<u>(2,692,835)</u>

**13. EARNINGS PER SHARE**

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

	<u>30.June.2008</u>	<u>30.June.2007</u>
<b>Net profit</b>		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	114,906,936	4,955,378
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
	<u>114,906,936</u>	<u>4,955,378</u>
<b>Number of shares</b>		
Weighted average number of shares used to calculated basic earnings	2,000,000,000	1,866,642,981
Effect of dilutive potential ordinary shares from convertible bonds	-	-
	<u>2,000,000,000</u>	<u>1,866,642,981</u>
<b>Profit/(Loss) per share (basic and diluted)</b>	<u>0.0575</u>	<u>0.0027</u>

**14. CHANGES IN RESERVES**

The detail of changes in reserves in the three months ended on 30 June 2008 and 2007 may be summarised as follows:

	<u>30.June.2008</u>	<u>30.June.2007</u>
Fair value reserve	7,747,913	52,470,082
Free reserves	-	5,883,699
Hedging reserve	465,062	-
	<u>8,212,975</u>	<u>58,353,781</u>

**15. SUBSEQUENT EVENTS**

On 22 August 2008 Sonae SGPS, S.A. subscribed a capital increase in its subsidiary Sonae Investments BV of 549,981,800 euro, increasing its share capital to 2,000,000 euro with a premium of 548,000,000 euro.

On the same date Sonae SGPS, S.A. and Sonae Investments BV subscribed a capital increase in Sontel BV of 191,241,400 euro and 288,658,600 euro, respectively. The share capital of Sontel BV increased to 2,000,000 euro with a premium of 478,000,000 euro. After the mentioned share capital increase Sonae SGPS, S.A. direct holding in Sontel BV is 42.9% and the remaining is owned by Sonae Investments BV.

**16. APPROVAL OF THE FINANCIAL STATEMENTS**

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 26 August 2008.

**17. INFORMATION REQUIRED BY LAW**
Decree-Law nr 318/94 art 5 nr 4

In the six months ended 30 June 2008 shareholders' loan contracts were entered into with the following companies:

MDS, SGPS, SA  
 Sonae Investments, BV  
 Sontel, BV

In the six months ended 30 June 2008 short-term loan contracts were entered into with the following companies:

MDS Corretor de Seguros, SA  
 Sonae Distribuição, SGPS, SA  
 Sonaecenter, Serviços, SA

As at 30 June 2008 amounts owed by affiliated undertakings can be summarized as follows:

**Loans granted**

<u>Companies</u>	<u>Closing Balance</u>
MDS, SGPS, SA	72,690,260
Sonae Investments, BV	1,010,595,699
Sontel, BV	229,229,300
Sonaecenter, Serviços, SA	606,000
	<u>1,313,121,259</u>

As at 30 June 2008 there were no amounts owed to affiliated undertakings.

The Board of Directors

Belmiro de Azevedo

Álvaro Cuervo Garcia

Michel Marie Bon

José Neves Adelino

Duarte Paulo Teixeira de Azevedo

Álvaro Carmona e Costa Portela

Ângelo Gabriel Ribeirinho dos Santos Paupério

Nuno Manuel Moniz Trigoso Jordão

**AUDITOR'S LIMITED  
REVIEW REPORT**

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

(Translation of a report originally issued in Portuguese.  
In case of discrepancies the Portuguese version prevails)

**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 2008 included in: the Report of the Board of Directors, the consolidated and individual Balance Sheets (that reflect a total of 7,167,147,868 Euro and 3,930,221,729 Euro, respectively, and a consolidated and individual equity of 1,669,986,829 Euro and 3,396,217,376 Euro respectively, including a consolidated net profit attributable to the Company’s equity holders of 24,218,043 Euro and a individual net profit of 114,906,936 Euro), 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 consolidated and individual financial statements, as well as the additional 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 for the purposes of interim financial reporting (IAS 34) 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 review 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 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 financial information; and (v) whether, in all material respects, the consolidated and individual financial information is complete, true, timely, clear, objective and licit as required by the Securities Market Code.
6. Our work also included verifying that the consolidated and individual financial information included in the Report of the Board of Directors is consistent with the other above mentioned financial information.
7. We believe that our work provides a reasonable basis for issuing the present limited review report on the half-year financial information.

## **Opinion**

8. Based on our work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the consolidated and individual financial information for the half-year ended 30 June 2008 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 for the purposes of interim financial reporting (IAS 34) 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, 26 August 2008

DELOITTE & ASSOCIADOS, SROC, S.A.  
Represented by Luís Augusto Gonçalves Magalhães

## **SAFE HARBOUR**

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in economic conditions and the effects of competition. Forward-looking statements may be identified by words such as "believes," "expects," "anticipates," "projects," "intends," "should," "seeks," "estimates," "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors and analysts are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

Report available in Sonae SGPS's institutional website  
[www.sonae.pt](http://www.sonae.pt)

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Sonae SGPS is listed on the Euronext Stock Exchange.  
Information may be accessed on Reuters under the symbol  
SONP.IN and on Bloomberg under the symbol SONPL.

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