



SONAE, SGPS, SA

Sociedade Aberta

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

Share Capital: Euro 2,000,000,000

Maia Commercial Registry Nr. 14 168

Fiscal Nr. 500 273 170

## **REPORT AND ACCOUNTS**

**31 MARCH 2006**

*(Translation from the Portuguese original)*



# **REPORT OF THE BOARD OF DIRECTORS**

**31 MARCH 2006**



Sonae, SGPS, SA - Sociedade Aberta  
 Lugar do Espido Via Norte Apartado 1011  
 4471-909 Maia Portugal  
 Share Capital Euro 2 000 000 000.00  
 Maia Commercial Registry (Nr. 14168)  
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## REPORT OF THE BOARD OF DIRECTORS

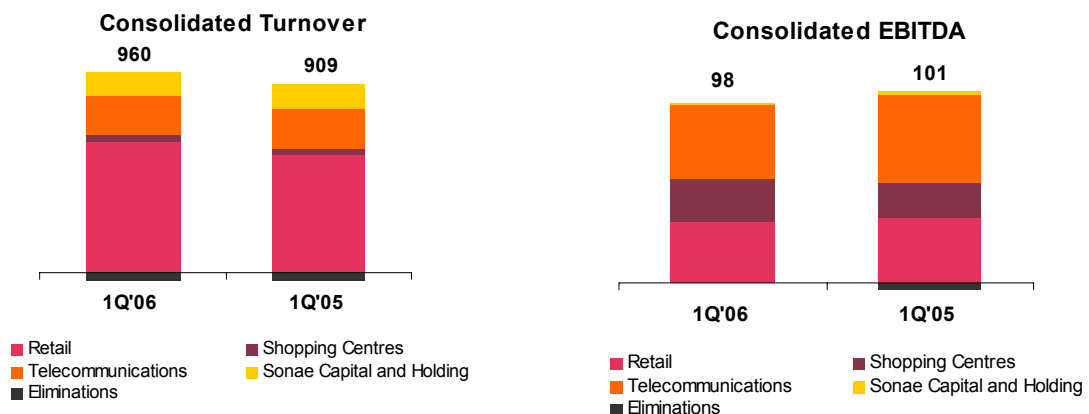
### FIRST QUARTER OF 2006

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

### CONSOLIDATED HIGHLIGHTS

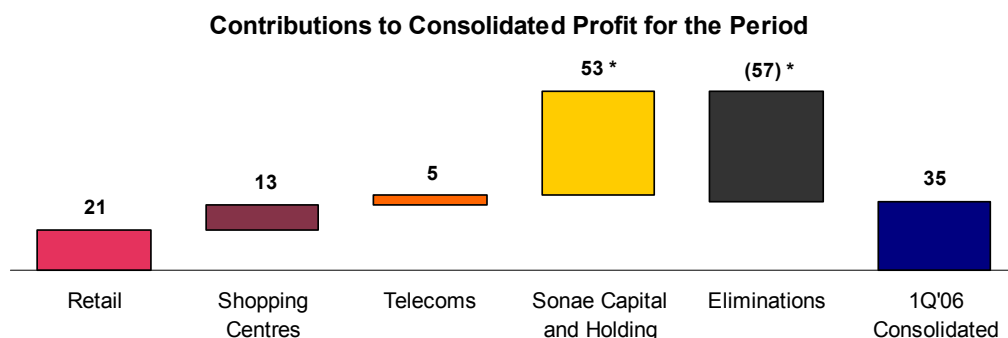
Values in million euro

Economic Indicators	31.03.2006	31.03.2005 Proforma <sup>1</sup>	Δ
Turnover	960.3	909.3	+5.6%
Operating Cash-Flow (EBITDA)	97.5	100.8	-3.3%
EBITDA margin	10.1%	11.1%	-1.0 p.p.
Operating Profit (EBIT)	42.5	50.7	-16.2%
Profit for the period	34.9	78.7	-55.7%
Profit Attributable to Equity Holders of Sonae	24.7	70.4	-64.9%



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

Values in million euro



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

Values in million euro

Financial Indicators	31.03.2006	31.12.2005	Δ
Total Assets	5,738.7	6,306.7	-9.0%
Total Equity	1,525.7	1,535.4	-0.6%
Net Debt	1,684.1	1,620.1	+4.0%
Net Debt/Annualised EBITDA	2.9	1.7	+70.6%
Annualised Interest cover	6.5	6.1	+6.6%

## MAIN CORPORATE EVENTS DURING THE PERIOD

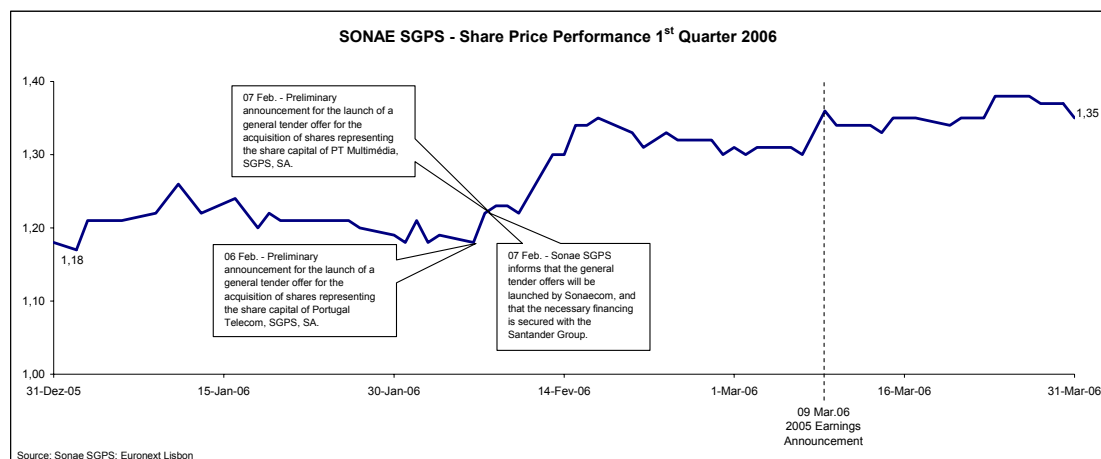
Following the announcement made on 22 December 2004, a further 3.92% of ba Vidro was sold for 12 million euro, generating a capital gain of 3.2 million euro.

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

## CORPORATE GOVERNANCE

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

## SHARE PERFORMANCE



A total dividend of 46.7 million euro was approved at the Annual General Meeting of Shareholders held on 6 April 2006. Together with the attribution of Sonae Indústria's shares, this represents over 1,000 million euro of value made available to Sonae's shareholders. Notwithstanding, the Sonae share price recovered significantly to 1.35 euro as at 31 March 2006.

Up to 31 March 2006, Sonae SGPS's share price increased by 14.41%, which compares with a general stock market gain of 19.01%, as measured by the Portuguese Stock Market Index (PSI-20).

The highest closing price in the period was achieved on 24 March at 1.38 euro per share, and on average, approximately 14.6 million shares were traded daily.

## OWN SHARES

No own shares were purchased or sold during the first quarter of 2006. As at 31 March 2006, Sonae, SGPS, SA continues to hold directly or through its affiliated companies 133,976,146 own shares (representing 6.70% of its share capital).

## BUSINESS ANALYSIS <sup>2</sup>



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

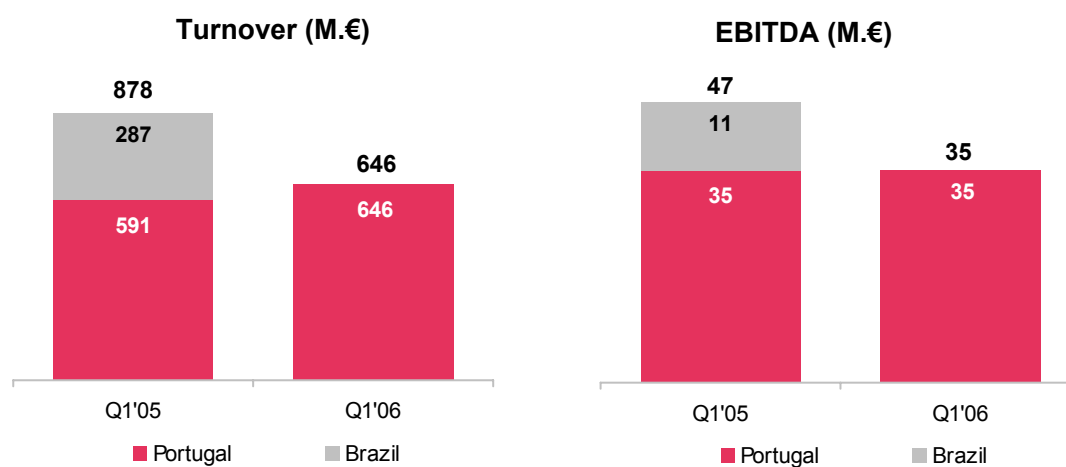
### RETAIL

Values in million euro

	Q1'06	Q1'05	Δ
Turnover	646	878	-26%
Operational Cash-Flow (EBITDA)	35	47	-25%
EBITDA Margin (% of turnover)	5.4%	5.3%	+0.1 p.p.
Profit Attributable to Equity Holders of Modelo Continente	21	10	+110%

	31 Mar'06	31 Dec'05	Δ
Net Debt	428	195	+120%



<sup>2</sup> The figures included in this section are those from the consolidated financial statements of each business.

## **Main highlights**

- Turnover amounted to 646 million euro (878 million euro), corresponding to a 9% increase in the Portuguese market (the contribution of the Brazilian operations in the first quarter of 2005 was 287 million euro). This increase was due to the opening of new stores over the last 12 months, and to the acquisition of control of Star, the travel agency format in February 2006, which has strengthened the non food formats portfolio.
- Consolidated operational cash flow (EBITDA) was 35 million euro (47 million euro), in line with the figure attributable to the Portuguese market in the first quarter of 2005. The consolidated EBITDA trend was negatively impacted by the Easter holiday, which did not contribute to 1<sup>st</sup> quarter 2006 turnover, in contrast to the same quarter of 2005.
- Consolidated net profit for the period was 21 million euro (10 million euro), and includes circa 13 million euro related to the price adjustment resulting from the due diligence completed according to the agreement with Wal-Mart for the sale of the Brazilian operations.
- As at 31 March 2006, net debt totalled 428 million euro (754 million euro). This significantly low level benefited from the proceeds of the sale of Brazilian retail operations, which has further strengthened the company's capital structure.

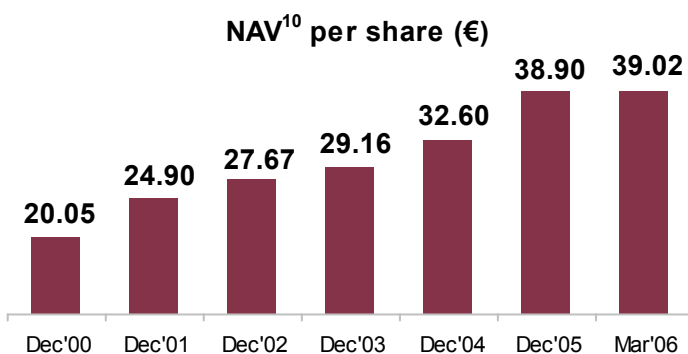


## SHOPPING CENTRES

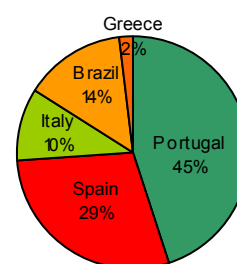
Values in million euro

	Q1'06	Q1'05	Δ
Operational Cash-Flow (EBITDA)	37	29	+28%
Direct Profits <sup>8</sup>	21	13	+58%
Profit Attributable to Equity Holders of Sonae Sierra	22	22	-

	31 Mar'06	31 Dec'05	Δ
NAV <sup>10</sup> per share	39.0	38.9	+0.3%
Asset gearing <sup>9</sup>	33.4%	31.9%	+1.5 p.p.



**GLA<sup>11</sup> under management**  
Total: 2.02 million square metres



<sup>8</sup> Direct Profits = Net Profit before Minorities + Deferred Tax – Value created on Investments – Income realised on Properties

<sup>9</sup> Asset Gearing = Net Bank Debt / (Total Assets – Cash and Cash Equivalents and Current Investments).

<sup>10</sup> NAV – Net Asset Value.

<sup>11</sup> GLA – Gross Lettable Area.



## Main highlights

- Consolidated direct income from investments grew 20% to 60 million euro (50 million euro), and EBITDA reached 37 million euro (29 million euro), up 27%. These increases were mainly due to additions to the portfolio of shopping centres, arising from 3 openings in the last quarter of 2005 (LoureShopping, in Loures, Serra Shopping, in Covilhã, and Mediterranean Cosmos, in Salonika) and from acquisitions in the year, namely Valecenter, in Venice (April 2005), Airone, in Padova (April 2005) and Plaza Sul, in São Paulo (November 2005), and to the renewal of important contracts in the portfolio under management.
- Consolidated net profit decreased 3%, to 26.6 million euro (27.5 million euro). This decrease is solely explained by the positive impact, on 2005 deferred taxes, of the creation of the Parque D. Pedro property fund.
- On 21 March 2006, the company inaugurated a further shopping centre, RioSul Shopping (Seixal, Portugal), representing an investment of 68 million euro and circa 40 thousand m<sup>2</sup> of GLA<sup>12</sup>.
- As at the date of this report Sonae Sierra is the owner or co-owner of 39 shopping and leisure centres, with more than 1.6 million m<sup>2</sup> of GLA<sup>12</sup>.
- As at 31 March 2006, the company had thirteen new projects under development: in Portugal, Setúbal Retail Park (Setúbal), Lima Retail Park (Viana do Castelo) and Nova Avenida Shopping (São João da Madeira); in Spain, Plaza Mayor Shopping (Malaga) and El Rosal shopping and leisure center (Ponferrada); in Germany, Alexa (Berlin) and 3Do (Dortmund); in Italy, Freccia Rossa (Brescia), Caselle (Turin), shopping and leisure centres in Biella and La Spezia; in Greece, Aegean Park (Athens); and in Brazil, Shopping Campo Limpo (São Paulo).

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<sup>11</sup> GLA – Gross Lettable Area.



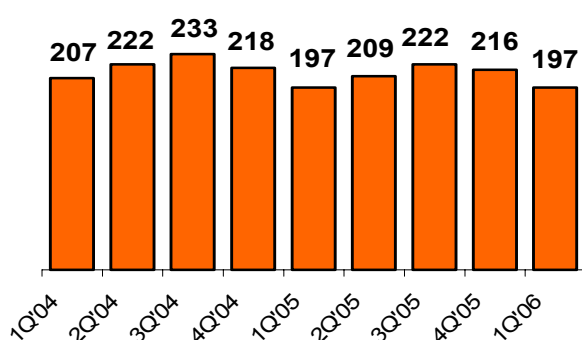
## TELECOMMUNICATIONS

Values in million euro

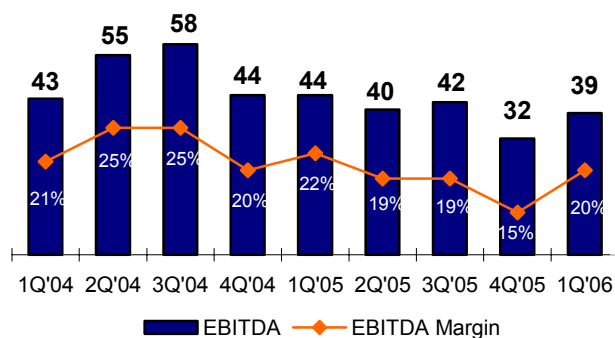
	Q1'06	Q1'05	Δ
Turnover	197	197	-
Operational Cash-Flow (EBITDA)	39	44	-11%
EBITDA Margin	19.8%	22.4%	-2.6 p.p.
Profit Attributable to Equity Holders of Sonaecom	0	5	-97%

	31 Mar'06	31 Dec'05	Δ
Net Debt	267	247	+8%

Turnover trend



EBITDA (M.€)



## Main highlights

- Consolidated turnover remained in line with the figure for the previous year, at 197 million euro, despite the impact of decreasing mobile termination rates and the continuing fall in incoming traffic from fixed operators.
- Consolidated EBITDA fell 11% to 39 million euro (44 million euro), generating an EBITDA margin of 20% (22%). This decrease was driven by: higher investment in customer acquisition and other costs related with the unbundling of the local loop at Sonaecom Fixed, lower turnover performance at Público and lower service revenues at S&SI<sup>12</sup>. Optimus posted a 44 million euro contribution to consolidated EBITDA, 2% up on last year's figure, due to the positive impact on turnover of new products and services launched during 2005, namely Optimus Home, Kanguru and Rede4.
- Consolidated net profits decreased 4 million euro to 5 million euro, mostly driven by the EBITDA performance and by higher net financial charges, reflecting of the 150 million bond issue completed in June 2005 and of the 25 base point increase in Euribor rates at the end of last year. Profit attributable to equity holders of Sonaecom fell from 4.6 million euro to 0.1 million euro, due to the impact on minority interests of the roll-up of France Télécom's shareholdings in Optimus and Sonaecom Fixed.
- Consolidated gross debt stood at 457 million euro (309 million euro), reflecting the impact of the 150 million euro bond issue completed in June 2005. Consolidated liquidity increased around 156 million euro, primarily due to the net proceeds from the bond issue that have been invested in treasury applications. Consolidated net debt as at 31 March 2006 amounted to 267 million euro (275 million euro), 21 million euro up on net debt as at 31 December 2005.

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<sup>12</sup> S&SI – Software and Systems Integration.



## SONAE CAPITAL

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

**Consolidated turnover** of Sonae Capital was 111 million euro (121 million euro), an 8% decrease, mainly due to a decrease in the contribution of the Tourism business which resulted from the sale of control over Star, the travel agency format, to the Retail business. Excluding this impact, turnover would have increased 7.7%.

**Consolidated operational cash flow (EBITDA)** decreased 47% to 1.9 million euro (3.6 million euro), mainly due to lower contributions from the Plywood and Construction businesses. In the first quarter of 2005, the latter was impacted by a capital gain on the sale of a parcel of land.

**Consolidated net profit for the period** was 6 million euro (61 million euro), a 55 million euro decrease. In the first quarter of 2005, net income included 53 million euro of investment income arising from the sale of a 27.8% shareholding in ba Vidro.

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

The activity of Sonae, SGPS, SA as a stand alone company focused on the management of its holdings in affiliated companies. During the first quarter of 2006 there were no changes in the portfolio.

Net profits for the quarter amounted to 55 million euro, and were favourably impacted by dividends from its affiliated companies Modelo Continente and Sonae Sierra.

## **CONSOLIDATED PROFITABILITY<sup>12</sup>**

**Consolidated turnover** for the quarter was 960 million euro (909 million euro), an increase of 6%. In absolute terms, the Retail business was the major contributor to this growth, followed by the Shopping Centres business. All other businesses maintained or slightly reduced their contributions to consolidated turnover. The contribution of the Retail business grew 9%, a significant increase, especially in view of the fact that Easter this year did not contribute to the quarter's turnover, and was the result of the opening of several stores in the last 12 months and the acquisition of control over Star, the travel agency format. The slight increase in the contribution of the Shopping Centres business, around 3 million euro, reflects the higher number of shopping centres in the company's asset portfolio. Despite the impact of decreasing mobile termination rates and the continuing fall in incoming traffic from fixed operators, the contribution of the Telecommunications business remained in line with that of the first quarter of 2005.

**Consolidated operational cash flow (EBITDA)** decreased 3%, totalling 98 million euro (101 million euro). The corresponding **consolidated EBITDA margin** was 10.1% (11.1%). The Shopping Centres business was the only positive contributor to the consolidated EBITDA quarter on quarter trend. Again, this increase was mainly due to additions to the portfolio of shopping centres, arising both from the three centres opened in the last quarter of 2005 and from acquisitions during the second and fourth quarters of 2005 (in Italy and Brazil, respectively). The Retail business contribution was maintained at the same level in spite of the Easter timing effect. As for the Telecommunications business, the lower contribution was mainly driven by stronger investment in customer acquisition and other costs associated with the aggressive push of direct access broadband services, a decrease in turnover at Público and to lower service revenues at the S&SI<sup>13</sup> business unit.

**Consolidated operational profit (EBIT)** decreased 16% to 43 million euro (51 million euro), reflecting increased depreciation arising from strong investments in the last 12 months.

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<sup>12</sup> The consolidated profit and loss account for the first quarter of 2006 is not directly comparable with the figures for the first quarter of 2005, because of: the spin-off of the Wood Based Panels business (with accounting effects from 1 October 2005), the sale of the Retail operations in Brazil (with accounting effects from 1 December 2005), the change in the method of consolidation of the Shopping Centres business from full to proportionate consolidation (following the sale to Grosvenor, on 29 December 2005, of 17.04% of the share capital of Sonae Sierra) and the sale of the shareholding in Imocapital/Gescartão in the first quarter of 2005. 2006 actual figures are compared with 2005 pro forma figures, which take account of these changes in the consolidation perimeter.

<sup>13</sup> S&SI – Software and Systems Integration.

**Consolidated net financial expenses** increased slightly to 20.5 million euro (19 million euro), due to a decrease in the level of interest income. Interest expenses have actually decreased by close to 3 million euro, quarter on quarter, reflecting better financial conditions resulting from the renegotiation of major loans.

**Consolidated profit for the quarter** was 35 million euro (79 million euro). Most of this decrease is explained by the investment income caption. In the first quarter of 2006, investment income totalled 19.4 million euro, corresponding to the gain on the sale of an additional 3.92% shareholding in ba Vidro and the price adjustment on the sale of the Brazilian retail operation to Wal-Mart, resulting from the completion of the due diligence process, whereas in the first quarter of 2005 investment income totalled 50.9 million euro, most of which resulted from the gain on the sale of a 27.8% shareholding in ba Vidro.

This largely explains the **consolidated profit attributable to equity holders of Sonae** which decreased 45 million euro to 25 million euro (70 million euro).

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

Values in million euro

	Turnover	EBITDA <sup>12</sup>	Profit for the Period
Retail	652	35	21
Shopping Centres	36	23	13
Telecommunications	197	40	5
Sonae Capital & Holding	113	0	53 *
Eliminations	(38)	0	(57) *
<b>TOTAL</b>	<b>960</b>	<b>98</b>	<b>35</b>

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

## FINANCIAL STRUCTURE

**Consolidated net debt**<sup>13</sup> as at 31 March 2006 amounted to 1,684 million euro, a significant reduction from the 3,074 million euro disclosed as at 31 March 2005, resulting from cash flow generated by operations and significant changes in the Group's portfolio, which occurred during 2005. When compared to 1,620 million euro as at 31 December 2005, consolidated net debt<sup>13</sup> increased 64 million euro, because of the normal seasonal increase in the contribution of the Retail business which was partially offset by the proceeds of the sale to Grosvenor of 17.04% of Sonae Sierra's share capital. Of the total consolidated net debt as at 31 March 2006, 556 million euro are attributable to the Shopping Centres business and are fully and exclusively guaranteed by its own assets.

<sup>12</sup> EBITDA = Operational Profit (EBIT) + Depreciation and Amortisation + Provisions and Impairment Losses – Reversal of Impairment Losses (included in Other Operational Income and amounting to 0.8 M.€ in the first quarter of 2006 and 0.6 M.€ in the first quarter of 2005).

<sup>13</sup> Net Debt = Non-Current Borrowings + Current Borrowings – Cash and Cash Equivalents – Current Investments.

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

	Values in million euro		
	31 Mar'06	31 Dec'05	Δ
Retail	428	196	232
Shopping Centres	556	499	57
Telecommunications	270	250	20
Sonae Capital & Holding	265	501	(236)
Eliminations	165	174	(9)
<b>TOTAL</b>	<b>1,684</b>	<b>1,620</b>	<b>64</b>

The **ratio of consolidated net debt to annualised consolidated operational cash flow (EBITDA)** was 2.9, which compares with 1.7 as at 31 December 2005. **Annualised interest cover** was 6.5 (5.7), up from 6.1 at the end of 2005. This increase was mostly due to a reduction in interest expenses resulting from the better financial conditions renegotiated on some of the major loan contracts.

## OUTLOOK

In Portugal, the **Retail** business will continue to consolidate its market share in food formats through the opening of new stores in regional markets. Investment plans for 2006 include the opening of 12 Modelo hypermarkets and the refurbishment of over 30 stores. In non food, the company aims to increase its network of stores in Portugal, expanding further the range of products and services offered. In the first quarter of 2006, the company has added Star, the travel agency business, to its non food formats portfolio. At the same time, the Retail business will promote further studies to support the possibility of entering new geographies with existing businesses as well developing new business areas.

The **Shopping Centres** business will continue to pursue its expansion strategy, improving existing assets, developing a significant portfolio of projects in different stages of development, and finding new business opportunities to enhance its portfolio, either in markets where the company is already present or in new geographies. The company is currently developing 13 projects in Portugal, Spain, Italy, Germany, Greece and Brazil.

In 2006, the **Telecommunications** business will continue to build on its growth strategy in its telecoms businesses: in mobile, through building on the new services launched in 2005 and, in particular, promoting enhanced 3G services; and in fixed, by continuing to focus on growing the direct access broadband business, both through its current double play offering and through the launch of its IPTV services. At S&SI, the company will continue to promote and pursue international growth opportunities, and at Público efforts will continue to turn around the current performance and to achieve an acceptable level of profitability. 2006 results will continue to be affected by progressive cuts in mobile termination rates and higher network costs at Optimus, higher customer acquisition costs at Sonaecom Fixed,

costs associated with the launch of the triple play service and by the poor economic climate that will continue to restrict consumer confidence and spending. The company expects that growth at the Telecoms and S&SI businesses will help to partially mitigate these negative impacts.

Maia, 11 May 2006

The Board of Directors

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Álvaro Cuervo García

Ângelo Gabriel Ribeirinho dos Santos Paupério

Duarte Paulo Teixeira de Azevedo

Luíz Felipe Palmeira Lampreia

Michel Marie Bon

Nuno Manuel Moniz Trigo Jordão

Nuno Miguel Teixeira de Azevedo





# **CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2006**

SONAE, SGPS, SA

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2006 AND 31 DECEMBER 2005

(Amounts expressed in euro)

ASSETS	Notes	IFRS	
		31.03.2006	31.12.2005
<b>NON-CURRENT ASSETS:</b>			
Tangible and intangible assets	8	2,260,380,009	2,229,679,896
Investment properties	9	1,401,492,407	1,357,421,085
Goodwill	10	245,503,739	245,578,246
Investments	11	176,610,622	157,628,576
Deferred tax assets	14	111,616,559	108,484,039
Other non-current assets	12	32,379,122	35,739,020
Total Non-Current Assets		<u>4,227,982,458</u>	<u>4,134,530,862</u>
<b>CURRENT ASSETS:</b>			
Stocks		486,781,582	460,480,885
Trade account receivables and other current assets	13	584,129,712	788,701,424
Investments held for trading	11	13,058,077	10,681,441
Cash and cash equivalents	15	426,780,015	912,294,316
Total Current Assets		<u>1,510,749,385</u>	<u>2,172,158,066</u>
<b>TOTAL ASSETS</b>		<u><b>5,738,731,843</b></u>	<u><b>6,306,688,928</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	16	2,000,000,000	2,000,000,000
Own shares		(143,630,520)	(143,630,520)
Reserves and retained earnings		(763,853,645)	(1,228,449,591)
Profit/(Loss) for the period attributable to the equity holders of sonae		24,656,481	512,803,285
Equity attributable to the equity holders of Sonae		<u>1,117,172,316</u>	<u>1,140,723,174</u>
Equity attributable to minority interests	17	408,527,285	394,707,612
<b>TOTAL EQUITY</b>		<u>1,525,699,600</u>	<u>1,535,430,786</u>
<b>LIABILITIES:</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Loans	18	1,894,653,274	1,848,626,143
Other non-current liabilities	20	584,496,564	586,412,834
Deferred tax liabilities	14	242,753,708	238,184,261
Provisions	23	58,167,682	54,477,919
Total Non-Current Liabilities		<u>2,780,071,229</u>	<u>2,727,701,158</u>
<b>CURRENT LIABILITIES:</b>			
Loans	18	229,340,799	694,492,525
Trade creditors and other non-current liabilities	22	1,201,206,174	1,346,779,476
Provisions	23	2,414,041	2,284,983
Total Current Liabilities		<u>1,432,961,013</u>	<u>2,043,556,983</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>5,738,731,843</b></u>	<u><b>6,306,688,928</b></u>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE. SGPS. SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2006 AND 2005

(Amounts expressed in euro)

	Notes	<u>IFRS</u>		
		<u>31.03.06</u>	<u>31.03.2005</u>	
		<u>Total Operations</u>	<u>Pro-forma</u>	<u>Total Operations</u>
Operational income				
Sales		688,343,562	655,075,285	1,290,058,807
Services rendered		271,988,529	254,275,907	274,059,151
Value created on investment properties		5,420,980	4,281,691	8,511,062
Other operational income		85,914,176	82,990,520	109,396,953
Total operational income		<u>1,051,667,248</u>	<u>996,623,403</u>	<u>1,682,025,973</u>
Operational expenses				
Cost of goods sold and materials consumed		(544,213,313)	(511,004,046)	(894,402,143)
Changes in stocks of finished goods and work in progress		4,329,217	(1,984,505)	(162,426)
External supplies and services		(255,089,654)	(233,028,970)	(363,321,527)
Staff costs		(142,996,617)	(132,266,016)	(214,054,250)
Depreciation and amortisation		(54,331,107)	(51,019,408)	(81,150,270)
Provisions and impairment losses		(1,587,099)	335,681	(755,292)
Other operational expenses		(15,282,186)	(16,963,662)	(28,979,478)
Total operational expenses		<u>(1,009,170,759)</u>	<u>(945,930,926)</u>	<u>(1,582,825,386)</u>
Operational profit/(loss)		42,496,488	50,692,477	99,200,587
Net financial expenses		(20,541,862)	(18,979,885)	(43,276,174)
Share of results of associated undertakings		565,594	1,383,293	1,383,293
Investment income		19,448,218	50,938,094	89,764,604
Profit/(Loss) before taxation		<u>41,968,438</u>	<u>84,033,979</u>	<u>147,072,311</u>
Taxation	26	(7,062,161)	(5,356,129)	(12,740,101)
Profit/(Loss) after taxation		<u>34,906,277</u>	<u>78,677,850</u>	<u>134,332,210</u>
Profit/(Loss) for the period		<u>34,906,277</u>	<u>78,677,850</u>	<u>134,332,210</u>
Attributable to:				
Equity holders of Sonae		24,656,481	70,346,243	120,480,000
Minority interests		10,249,796	8,331,606	13,852,210
Profit/(Loss) per share				
Basic	27	0.013213	0.037703	0.064572
Diluted	27	<u>0.013213</u>	<u>0.037703</u>	<u>0.064572</u>

The accompanying notes are part of these financial statements.

The Board of Directors

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2006 AND 2005

(Amounts expressed in euro)

	Attributable to Equity Holders of Sonae						
	Share Capital	Own Shares	Reserves and Retained Earnings	Net Profit/(Loss)	Total	Minority Interests	Total Equity
Balance as at 1 January 2005	2,000,000,000	(144,537,597)	(1,034,084,068)	283,521,010	1,104,899,345	785,515,291	1,890,414,636
Appropriation of profit of 2005:							
Transfer to legal reserves and retained earnings	-	-	283,521,010	(283,521,010)	-	-	-
Dividends distributed	-	-	(37,316,439)	-	(37,316,439)	-	(37,316,439)
Changes in conversion reserves	-	-	24,623,435	-	24,623,435	2,732,864	27,356,299
Changes in hedge and fair value reserves	-	-	24,874,100	-	24,874,100	592,399	25,466,499
Changes in other reserves (1)	-	-	(15,817,811)	-	(15,817,811)	(38,115,631)	(53,933,443)
Consolidated Profit/(Loss) for the three months ended 31 March 2005	-	-	-	120,480,000	120,480,000	13,852,210	134,332,210
Others	-	-	-	-	-	-	-
<b>Balance as at 31 March 2005</b>	<b><u>2,000,000,000</u></b>	<b><u>(144,537,597)</u></b>	<b><u>(754,199,773)</u></b>	<b><u>120,480,000</u></b>	<b><u>1,221,742,629</u></b>	<b><u>764,577,133</u></b>	<b><u>1,986,319,762</u></b>
Balance as at 1 January 2006	2,000,000,000	(143,630,520)	(1,228,449,591)	512,803,285	1,140,723,174	394,707,612	1,535,430,786
Appropriation of profit of 2005:							
Transfer to legal reserves and retained earnings	-	-	512,803,285	(512,803,285)	-	-	-
Dividends distributed	-	-	(59,790,522)	-	(59,790,522)	-	(59,790,522)
Changes in conversion reserves	-	-	2,068,173	-	2,068,173	146,504	2,214,677
Changes in hedge and fair value reserves	-	-	13,269,751	-	13,269,751	887,724	14,157,475
Changes in other reserves (2)	-	-	(3,754,741)	-	(3,754,741)	2,535,649	(1,219,093)
Consolidated Profit/(Loss) for the three months ended 31 March 2006	-	-	-	24,656,481	24,656,481	10,249,796	34,906,277
Others	-	-	-	-	-	-	-
<b>Balance as at 31 March 2006</b>	<b><u>2,000,000,000</u></b>	<b><u>(143,630,520)</u></b>	<b><u>(763,853,645)</u></b>	<b><u>24,656,481</u></b>	<b><u>1,117,172,316</u></b>	<b><u>408,527,285</u></b>	<b><u>1,525,699,600</u></b>

The accompanying notes are part of these financial statements.

The Board of Directors

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2006 AND 2005

(Amounts expressed in euro)

	<u>Notes</u>	IFRS		
		31.03.06	31.03.05	
		<u>Total Operations</u>	<u>Pro-forma</u>	<u>Total Operations</u>
<u>OPERATING ACTIVITIES</u>				
Net cash flow from operating activities (1)		<u>(132,641,009)</u>	<u>(118,176,959)</u>	<u>(121,406,273)</u>
<u>INVESTMENT ACTIVITIES</u>				
Cash receipts arising from:				
Investments		273,624,150	116,663,188	122,998,823
Tangible, intangible assets and propertie investments		9,590,139	10,347,773	7,045,496
Dividends		1,503,115	13,474,763	13,487,036
Others		9,421,628	11,905,575	15,493,230
		<u>294,139,032</u>	<u>152,391,299</u>	<u>159,024,585</u>
Cash Payments arising from:				
Investments		(13,964,825)	(51,399,921)	(51,528,320)
Tangible, intangible assets and propertie investments		(136,235,192)	(86,658,878)	(128,282,776)
Others		(12,801,150)	(12,083,663)	(8,879,616)
		<u>(163,001,167)</u>	<u>(150,142,462)</u>	<u>(188,690,712)</u>
Net cash used in investment activities (2)		<u>131,137,865</u>	<u>2,248,837</u>	<u>(29,666,127)</u>
<u>FINANCING ACTIVITIES</u>				
Cash receipts arising from:				
Loans obtained		168,462,467	190,990,073	295,087,920
Capital increases, additional paid in capital and share premiums		251,119	977,118	1,148,547
Sale of own shares		-	-	-
Others		-	-	-
		<u>168,713,586</u>	<u>191,967,191</u>	<u>296,236,467</u>
Cash Payments arising from:				
Loans obtained		(610,523,057)	(209,761,836)	(244,560,920)
Interest and similar charges		(45,239,529)	(28,523,601)	(51,593,782)
Reimbursement of capital and paid in capital		-	(36,183)	(72,367)
Dividends		(184,073)	(933,368)	(810,621)
Purchase of own shares		-	-	-
Others		(115,215)	(39,751,548)	(39,747,599)
		<u>(656,061,874)</u>	<u>(279,006,536)</u>	<u>(336,785,289)</u>
Net cash used in financing activities (3)		<u>(487,348,288)</u>	<u>(87,039,345)</u>	<u>(40,548,822)</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>(488,851,432)</u>	<u>(202,967,467)</u>	<u>(191,621,222)</u>
Effect of foreign exchange rate		<u>(141,749)</u>	<u>(77,854)</u>	<u>(1,120,740)</u>
Cash and cash equivalents at the beginning of the period		<u>893,621,052</u>	<u>295,725,649</u>	<u>459,157,625</u>
Cash and cash equivalents at the end of the period	15	<u>404,911,369</u>	<u>92,836,036</u>	<u>268,657,143</u>

The accompanying notes are part of these financial statements.

The Board of Directors



#### 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 31 March 2006 and 31 December 2005 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31.03.2006		31.12.2005	
		Direct	Total	Direct	Total
Sonae - SGPS, S.A.	Maia	HOLDING	HOLDING	HOLDING	HOLDING
Modelo Continente					
Best Offer-Prest. Inf. p/Internet, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Bikini, Portal de Mulheres, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Cacetinho-Com. Retalhista e Expl.Centros Com., SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Canasta – Empreendimentos Imobiliários, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Carnes do Continente-Ind.Distr.Carnes, SA	a) Santarém	100.00%	98.06%	100.00%	98.06%
Chão Verde-Soc.Gestora Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Citorres-Sociedade Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Contibomba-Comérc.Distr.Combustiveis, SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Contimobe-Imobil.Castelo Paiva, SA	a) Castelo de Paiva	100.00%	98.06%	100.00%	98.06%
Cumulativa - Sociedade Imobiliária, SA	a) Marinha Grande	100.00%	98.06%	100.00%	98.06%
Difusão-Sociedade Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Distrifin-Comercio y Prest.Servicios, SA	a) Madrid (Spain)	100.00%	98.06%	100.00%	98.06%
Efanor-Design e Serviços, SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Efanor-Indústria de Fios, SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
2) Equador & Burnay, Lda	a) Lisboa	100.00%	98.25%	100.00%	99.01%
2) Equador & Mendes, Lda	a) Lisboa	75.00%	73.69%	75.00%	74.25%
Estevão Neves-Hipermercados Madeira, SA	a) Madeira	100.00%	98.06%	100.00%	98.06%
2) Exit Travel, SA	a) Maia	100.00%	98.25%	100.00%	99.01%
Fozimo-Sociedade Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Fozmassimo-Com.Indust.Prod.Alim., SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Fundo Fechado de Investimento Imobiliário Efisa Imobiliário	a) Lisboa	100.00%	98.06%	100.00%	98.06%
Fundo de Investimento Imobiliário Imosonae Dois	a) Maia	99.98%	98.06%	99.98%	98.03%
Global S-Hipermercado, Lda	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
IGI-Investimento Imobiliário, SA	a) Porto	100.00%	98.06%	100.00%	98.06%
Igimo-Sociedade Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Imoconti- Soc.Imobiliária, SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Imoestrutura-Soc.Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Imomuro-Sociedade Imobiliária, SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Imponte-Soc.Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Imoresultado-Soc.Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Imosistema-Sociedade Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Infofield-Informática, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Informeios-Projectos e Representações, SA	a) Lisboa	100.00%	98.06%	100.00%	98.06%
Inventory-Acessórios de Casa, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Marcas MC, zRT	a) Budapest (Hungary)	100.00%	98.06%	100.00%	98.06%
Max Office Artigos Serviços p/escrit., SA	a) Maia	100.00%	98.06%	100.00%	98.06%
MJLF – Empreendimentos Imobiliários, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Modalfa-Comércio e Serviços, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Modelo - Dist.de Mat. de Construção, SA	b) Maia	50.00%	49.03%	50.00%	49.03%
Modelo Continente Hipermercados,SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Modelo Continente, SGPS, SA	a) Matosinhos	98.06%	98.06%	98.06%	98.06%
Modelo Continente-Oper.Retalho SGPS, SA	a) Matosinhos	100.00%	98.06%	100.00%	98.06%
Modelo Hiper Imobiliária, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Modelo Investimentos (Brasil), Ltda	a) São Paulo (Brazil)	100.00%	98.06%	100.00%	98.06%
Modelo,SGPS, SA	a) Maia	100.00%	98.06%	100.00%	98.06%
Modelo.com-Vendas p/Correspond., SA	a) Maia	100.00%	98.06%	100.00%	98.06%

	Modis Distribuição Centralizada, SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
	Modis Internacional Trading, SA	a)	Madrid (Spain)	100.00%	98.06%	100.00%	98.06%
2)	Nova Equador Internacional,Ag.Viag.T, Ldt	a)	Lisboa	75.00%	73.69%	75.00%	74.25%
	OK Bazar-Comércio Geral, SA	a)	Ermesinde	100.00%	98.06%	100.00%	98.06%
	Peixes do Continente - Indústria e Distribuição de Peixes, SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
	Pinto Ribeiro - Supermercados, SA	a)	Viana do Castelo	100.00%	98.06%	100.00%	98.06%
	Predicomercial-Promoção Imobiliária, SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
2)	Santos Taborada & Carvalho,SU, Lda	a)	Lisboa	100.00%	98.25%	100.00%	99.01%
	Selifa – Empreendimentos Imobiliários, SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
	Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
	Sesagest-Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	98.06%	100.00%	98.06%
	Socijofra-Sociedade Imobiliária, SA	a)	Gondomar	100.00%	98.06%	100.00%	98.06%
	Socioures-Soc.Imobiliária, SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
	Soflorin, BV	a)	Amsterdam (The Netherlands)	100.00%	98.06%	100.00%	98.06%
	Sonae Medicamentos, Ltda	a)	Porto Alegre (Brazil)	100.00%	98.06%	100.00%	98.06%
	Sonae Retalho Espana-Servicos Gen., SA	a)	Madrid (Spain)	100.00%	98.06%	100.00%	98.06%
	Sondis Imobiliária, SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
	Sontária-Empreend.Imobiliários, SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
	Sonvecap, BV	a)	Amsterdam (The Netherlands)	100.00%	98.06%	100.00%	98.06%
	Sport Zone-Comércio Art.Desporto, SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
	SRE-Projetos e Consultadoria, SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
2)	Star-Viagens e Turismo, SA	a)	Lisboa	100.00%	98.25%	100.00%	99.01%
	Tiatic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	98.06%	100.00%	98.06%
	Todos os Dias-Com.Ret.Expl.C.Comer., SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
	Worten-Equipamento para o Lar, SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Sonaecom							
	Digitmarket-Sistemas de Informação, SA	a)	Maia	75.10%	46.44%	75.10%	46.98%
	Enabler & Retail Consult, GmbH	a)	Germany	85.00%	37.44%	85.00%	37.88%
	Enabler Brasil, Ltda	a)	Curitiba (Brazil)	99.99%	44.04%	99.99%	44.56%
	Enabler France	a)	France	100.00%	44.05%	100.00%	44.56%
	Enabler UK, Ltd	a)	U.K.	100.00%	44.05%	100.00%	44.56%
	Enabler-Informática, SA	a)	Maia	98.50%	44.05%	98.50%	44.56%
	M3G-Edições Digitais, SA	a)	Lisboa	100.00%	61.22%	100.00%	62.56%
	Mainroad-Serviços em Tecnol. de Informação, SA	a)	Maia	100.00%	61.84%	100.00%	62.56%
	Miauger-Org. Gestão Leilões EI., SA	a)	Maia	100.00%	61.84%	100.00%	62.56%
	Novis Telecom, SA	a)	Maia	100.00%	61.84%	100.00%	62.56%
	Optimus Telecomunicações, SA	a)	Maia	69.24%	42.81%	69.24%	43.31%
	Optimus Towering-Explor. Torres Telecom, SA	a)	Maia	100.00%	42.81%	100.00%	43.31%
	Per-Mar-Sociedade de Construções, SA	a)	Maia	100.00%	42.81%	100.00%	43.31%
	Público-Comunicação Social, SA	a)	Porto	99.99%	61.22%	99.99%	62.56%
	Retailbox, BV	a)	Amsterdam (The Netherlands)	75.50%	44.72%	75.50%	45.24%
	Sonae Matrix Multimédia, SGPS, SA	a)	Maia	100.00%	61.84%	100.00%	62.56%
	Sonae Telecom SGPS, SA	a)	Maia	100.00%	61.84%	100.00%	62.56%
	Sonae Telecom, BV	a)	Amsterdam (The Netherlands)	100.00%	61.84%	100.00%	62.56%
	Sonae.com,SGPS, SA	a)	Maia	61.84%	61.84%	62.56%	62.56%
1)	Sonaecom BV	a)	Amsterdam (The Netherlands)	100.00%	61.84%	-	-
	Sonae.com-Sistemas de Informação, SGPS, SA	a)	Maia	100.00%	61.84%	100.00%	62.56%
	We Do Brasil-Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.89%	59.58%	100.00%	59.66%
	We Do Consulting-SI, SA	a)	Maia	96.46%	59.65%	95.47%	59.72%
Sonae Capital							
	Águas Furtadas - Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Aqualuz - Turismo e Lazer, Lda	a)	Lagos	100.00%	100.00%	100.00%	100.00%
	Aquapraia, SGPS, SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
	Aquapraia-Investimentos Turísticos, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Aserraderos de Cuellar, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Azulino Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%



Becim - Corretora de Seguros, Lda	a)	Santa Maria da Feira	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Bloco Q-Sociedade Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Bloco W-Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Box Lines Navegação, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Campimeios - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Casa da Ribeira - Hotelaria e Turismo, SA	a)	Marco de Canaveses	100.00%	100.00%	100.00%	100.00%
Centro Residencial da Maia,Urban., SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Cinclus Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Cinclus-Plan. e Gestão de Projectos, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Contacto Concessões, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Contacto-SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Contacto-Sociedade de Construções, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Country Club da Maia-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Cronosaúde – Gestão Hospitalar, SA	a)	Porto	50.00%	50.00%	50.00%	50.00%
Elmo SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Empreend.Imob.Quinta da Azenha, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Espim Maia -Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Friengineering, SA	a)	Matosinhos	100.00%	50.10%	100.00%	50.10%
Gestholdings-SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Golfe time Inv.Turísticos, SA	a)	Porto	75.00%	75.00%	75.00%	75.00%
Imoarea, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imobiliária da Cacela, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoclub-Serviços Imobiliários, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imodivor - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imoferro-Soc.Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imohotel-Emp.Turist.Imobiliários, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Impopenínsula - Sociedade Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Imoplamac Gestão de Imóveis, SA	a)	Santarém	100.00%	100.00%	100.00%	100.00%
Imoresort - Sociedade Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Imosedas-Imobiliária e Serviços, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Implantação - Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Inparvi SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Insulatroia - Sociedade Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Integrum-Serviços Partilhados, SA	a)	Maia	100.00%	35.07%	100.00%	35.07%
Interlog-SGPS, SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
Invicta - Comércio Internacional, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
INVSAUDE - Gestão Hospitalar, SA	a)	Maia	50.00%	50.00%	50.00%	50.00%
ISF - Imobiliário, Serviços e Participações	a)	Porto	100.00%	100.00%	100.00%	100.00%
Isoroy Casteljaloux	a)	Casteljaloux (France)	100.00%	100.00%	100.00%	100.00%
Leroy Gabon, SA	a)	Libreville (Gabon)	99.99%	99.99%	99.99%	99.99%
Libra Serviços, Lda	a)	Funchal	100.00%	100.00%	100.00%	100.00%
Marimo -Exploração Hoteleira Imobiliária	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Marina Magic - Exploração de Centros Lúd	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
Marina Troia, SA	a)	Troia	100.00%	100.00%	100.00%	100.00%
Marmagno-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Martimope - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Marvero-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
MDS-Soc.Mediadora de Seguros, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
NAB, Sociedade Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Parcomarco, Gest Parq Est Centros Comer	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Partnergiro-Part.Neg.Ren.G.Int.Rec, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
PJP - Equipamento de Refrigeração, Lda	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
Placage d'Okoumé du Gabon	a)	Libreville (Gabon)	99.88%	99.88%	99.88%	99.88%
Physorol SAS	a)	Niort (France)	100.00%	100.00%	100.00%	100.00%
Physorol SNC	a)	Lisieux (France)	98.01%	98.01%	98.01%	98.01%
Porturbe-Edifícios e Urbanizações, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Praedium II-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Praedium III-Serviços Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%

Pradium-SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Prédios Privados Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Predisedas-Predial das Sedas, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Promessa Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Promosedas-Prom.Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Publimeios-Soc.Gestora Part. Finan., SA	a)	Maia	50.10%	50.10%	50.10%	50.10%
Quinta da Covilhã-Empr.Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Rochester Real Estate, Ltd	a)	Kent (U.K.)	100.00%	100.00%	100.00%	100.00%
Safira Services-Limpeza Espaços Verd., SA	a)	Porto	51.00%	25.55%	51.00%	25.55%
Saúde Atlântica - Gestão Hospitalar, SA	a)	Maia	50.00%	50.00%	50.00%	50.00%
SC Insurance Risks Services, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
SC-Consultadoria,SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Selfrio,SGPS, SA	a)	Matosinhos	70.00%	35.07%	70.00%	35.07%
Selfrio-Engenharia do Frio, SA	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
Sistavac-Sist.Aquecimento,V.Ar C., SA	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
SKK-Central de Distr., SA	a)	Porto	100.00%	35.07%	100.00%	35.07%
SKKFOR - Ser. For. e Desen. de Recursos	a)	Maia	96.00%	33.67%	96.00%	33.67%
SMP-Serv. de Manutenção Planeamento	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
Soberana-Investimentos Imobiliários, SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Société de Tranchage Isoroy SAS	a)	France	100.00%	100.00%	100.00%	100.00%
Société des Essences Fines Isoroy	a)	Honfleur (France)	100.00%	100.00%	100.00%	100.00%
Soconstrução, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Soira-Soc.Imobiliária de Ramalde, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Solinca III-Desporto e Saúde, SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
Solinca Lazer,SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Solinca-Investimentos Turísticos, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Solinfitness - Club Malaga, SL	a)	Malaga (Spain)	100.00%	100.00%	100.00%	100.00%
Somit-Soc.Mad.Ind.Transformadas, SA	a)	Oliveira do Hospital	100.00%	100.00%	100.00%	100.00%
Sonae Capital,SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae International, Ltd	a)	London (U.K.)	100.00%	100.00%	100.00%	100.00%
Sonae Turismo Gestão e Serviços, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae Turismo-SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae Wood Products, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Sontrade Lines, Ltd	a)	Hants (U.K.)	63.75%	63.75%	63.75%	63.75%
Sontur, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Sopair, SA	a)	Madrid (Spain)	60.00%	30.06%	60.00%	30.06%
Sótaqua - Soc. de Empreendimentos Turist	a)	Maia	100.00%	100.00%	100.00%	100.00%
Spinaq, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Spinveste - Promoção Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Spinveste-Gestão Imobiliária SGI, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Terceiro Frente - Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Textil do Marco, SA	a)	Marco de Canaveses	90.37%	90.37%	90.37%	90.37%
Torralta-Clube Internacional Férias, SA	a)	Grândola	100.00%	100.00%	99.78%	99.78%
Torre São Gabriel-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Troiaverde-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Tulipamar-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Urbisedas-Imobiliária das Sedas, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Unibroker - Correctora de Seguros, SA	a)	Santa Maria da Feira	100.00%	100.00%	100.00%	100.00%
Venda Aluga-Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
World Trade Center Porto, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Others						
Atlantic Ferries, SA	a)	Grândola	100.00%	72.80%	100.00%	72.80%
Casa Agrícola João e António Pombo, SA	a)	Portel	66.67%	32.67%	66.67%	32.67%
Iginha-Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	49.00%	100.00%	49.00%
Investalentejo, SGPS, SA	b)	Vila de Conde	49.00%	49.00%	49.00%	49.00%
Ipaper-Indústria Papeis Impregnados, SA	a)	Maia	100.00%	24.99%	100.00%	28.25%
Sete e Meio - Investimentos e Consultadoria, SA	a)	Grândola	100.00%	49.00%	100.00%	49.00%

Sete e Meio Herdades - Investimentos Agrícolas e Turismo, SA	a)	Grândola	100.00%	49.00%	100.00%	49.00%
Soltroia-Investimentos Turísticos, SA	a)	Lisboa	100.00%	73.99%	100.00%	73.99%
Sonae Investments, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonaegest-Soc.Gest.Fundoss Investimentos	a)	Maia	80.00%	69.22%	80.00%	70.56%

- 1) Company acquired or incorporated in the period;
- 2) Company shown under Sonae Capital in the previous year;

- 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 31 March 2006 and 31 December 2005 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31.03.2006		31.12.2005	
		Direct	Total	Direct	Total
Sonae Sierra					
3DO Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
3DO ShoppingCentre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
3shoppings - Holding,SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
Aegean Park, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
ALEXA Administration GmbH	Dusseldorf (Germany)	99.00%	24.75%	99.00%	24.75%
ALEXA Holding GmbH	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
ALEXA Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	25.00%	100.00%	25.00%
ALEXA Side GmbH & Co. KG	Dusseldorf (Germany)	99.00%	24.75%	99.00%	24.75%
Algarveshopping- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
Arrábidasshopping- Centro Comercial, SA	Vila Nova de Gaia	50.00%	12.53%	50.00%	12.53%
Avenida M-40, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Avenida M-40, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
Boavista Shopping Centre, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Cascaishopping- Centro Comercial, SA	Lisboa	100.00%	12.53%	100.00%	12.53%
Cascaishopping Holding I, SGPS, SA	Lisboa	100.00%	25.05%	100.00%	25.05%
Cascaishopping Holding II, SGPS, SA	Maia	50.00%	12.53%	50.00%	12.53%
Centro Colombo- Centro Comercial, SA	Lisboa	50.00%	12.53%	50.00%	12.53%
Centro Vasco da Gama-Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
Clérigosshopping- Gestão do C.Comerc., SA	Maia	100.00%	50.00%	100.00%	50.00%
Coimbrashopping- Centro Comercial, SA	Porto	100.00%	25.05%	100.00%	25.05%
Corso Magenta 85, Sarl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
Dos Mares - Shopping Centre, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
Dos Mares-Shopping Centre, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
Estação Oriente-Gest.de Galerias Com., SA	Maia	100.00%	50.00%	100.00%	50.00%
Estação Viana- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
Freccia Rossa- Shopping Centre, Srl	Sondrio (Italy)	50.00%	25.00%	50.00%	25.00%
Fundo Investimento Imob. Shopping Paroue D. Pedro	São Paulo (Brazil)	100.00%	48.95%	100.00%	48.95%
Gaiashopping I- Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
Gaiashopping II- Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
Guimarãeshopping- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
Iberian Assets	Barcelona (Spain)	49.78%	12.47%	49.78%	12.47%
Inparsa-Gestão de Galeria Comerc., SA	Maia	100.00%	50.00%	100.00%	50.00%
La Farga Shopping Centre, SL	Barcelona (Spain)	100.00%	12.47%	100.00%	12.47%
Limadarque, Retail Park, SA	Viana do Castelo	50.00%	25.00%	50.00%	25.00%
Loureshopping- Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%

	Luz del Tajo - Centro Comercial, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Luz del Tajo, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Madeirashopping- Centro Comercial, SA	Funchal	50.00%	12.53%	50.00%	12.53%
	Maiashopping- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Mediterranean Cosmos Property Management, SA	Athens (Greece)	75.00%	18.75%	75.00%	18.75%
	Monselice Center, Srl	Venice (Italy)	100.00%	25.05%	100.00%	25.05%
	NorteShop. Retail and Leisure Centre, BV	Amsterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%
	Norteshopping-Centro Comercial, SA	Porto	100.00%	12.53%	100.00%	12.53%
1)	Oriogest, Srl	Milan (Italy)	80.00%	20.00%	80.00%	20.00%
	Parque Atlântico Shopping - Centro Comercial SA	Ponta Delgada	50.00%	12.53%	50.00%	12.53%
	Parque D. Pedro 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Parque D. Pedro 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Parque de Famalicão - Empr. Imob., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Parque Dom Pedro Shopping, SA	São Paulo (Brazil)	100.00%	50.00%	100.00%	50.00%
	Parque Principado, SL	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
	Pátio Boavista Shopping, Ltda	São Paulo (Brazil)	100.00%	48.85%	100.00%	48.85%
	Pátio Penha Shopping, Ltda	Brazil	99.99%	50.00%	99.99%	50.00%
	Plaza Eboli - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Plaza Eboli, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Plaza Mayor Holding, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ocio, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ocio, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Shopping, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Plaza Mayor Shopping, SA	Maia	75.00%	37.50%	75.00%	37.50%
	Pridelease Investments, Ltd	Cascais	100.00%	50.00%	100.00%	50.00%
	Proj.Sierra Charagonis 1 -Dev.Sh.C., SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	Project SC, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	Project Sierra – Shopping Centre, GmbH	Austria	100.00%	50.00%	100.00%	50.00%
	Project Sierra 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 2, BV	Amsterdam (The Netherlands)	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 1, GmbH	Germany	100.00%	50.00%	100.00%	50.00%
	Project Sierra Holding Portugal I,SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Holding Portugal III, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Holding Portugal IV, SGPS, SA	Matosinhos	100.00%	50.00%	100.00%	50.00%
	Project Sierra Holding Portugal V, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal I- C.Comerc., SA	Maia	50.00%	25.00%	100.00%	67.04%
	Project Sierra Portugal VI, Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 1, Srl	Italy	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 2-Shop.Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal II-C.Comerc., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal III-C.Comerc., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal IV-C.Comerc., 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 Spain 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 1-C.Comercial, SA	Madrid (Spain)	70.00%	35.00%	70.00%	35.00%
	Project Sierra Spain 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 2-Centro Comer., SA	Madrid (Spain)	75.00%	37.50%	75.00%	37.50%
	Project Sierra Spain 3, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 3-Centro Comer., SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Rio Sul - Centro Comercial, SA	Maia	50.00%	25.00%	50.00%	25.00%
	SC Aegean, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	SC Mediterraneum Cosmos, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
1)	Segest , Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
	Serra Shopping - Centro Comercial, S.A.	Maia	50.00%	25.00%	100.00%	25.00%
	Shopping Centre Parque Principado, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%

Shopping Penha, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Asset Management-Gest. Activos, SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Brazil 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Charagionis Develop. of Shop, Centers, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
Sierra Charagionis Propert.Management, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
Sierra Corporate Services- Ap.Gestão, SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Corporate Services Holland, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Develop.Iberia 1, Prom.Imob., SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Developments Germany AG	Germany	100.00%	50.00%	100.00%	50.00%
Sierra Developments Germany Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Developments Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Developments Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
Sierra Developments Spain-Prom.C.Com., SL	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Developments, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Developments-Serv. Prom.Imob., SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Enplanta, SA	São Paulo (Brazil)	50.00%	25.00%	50.00%	25.00%
Sierra European R.R.E. Assets Hold., BV	Amsterdam (The Netherlands)	50.10%	25.05%	50.10%	25.05%
Sierra GP, Ltd	Guernsey (U.K.)	100.00%	50.00%	100.00%	50.00%
Sierra Investments (Holland) 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Investments (Holland) 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Investments Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Investments SGPS, SA	Porto	100.00%	50.00%	100.00%	50.00%
Sierra Italy Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sierra Man.New Tech.Bus.- Serv.Comu.CC, SA	Matosinhos	100.00%	50.00%	100.00%	50.00%
Sierra Management Germany, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
Sierra Management Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
Sierra Management Portugal-Gest. CC, SA	Lisboa	100.00%	50.00%	100.00%	50.00%
Sierra Management Spain-Gestión C.Com., SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
Sierra Management, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
Sierra Management II-Gestão de C.C., SA	Maia	100.00%	50.00%	100.00%	50.00%
Sonae Sierra Brasil, SA	Brasil	100.00%	50.00%	100.00%	50.00%
Sonae Sierra Brazil, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
Sonae Sierra, SGPS, SA	Maia	50.00%	50.00%	50.00%	50.00%
SRP-Parque Comercial de Setúbal, SA	Maia	50.00%	25.00%	50.00%	25.00%
2) Torino Shopping Centre Srl	Torino (Italy)	100.00%	50.00%	25.00%	12.50%
Torre Colombo Ocidente-Imobiliária, SA	Porto	100.00%	12.53%	100.00%	12.53%
Torre Colombo Oriente-Imobiliária, SA	Porto	100.00%	12.53%	100.00%	12.53%
Unishopping Administradora, Ltda	São Paulo (Brazil)	99.99%	25.00%	99.99%	25.00%
Unishopping Consultoria Imob., Ltda	São Paulo (Brazil)	99.98%	25.00%	99.98%	25.00%
Valecenter Sierra Srl	Venice (Italy)	100.00%	25.05%	100.00%	25.05%
Via Catarina- Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
Zubiarte Inversiones Inmob, SA	Barcelona (Spain)	49.83%	12.48%	49.83%	24.91%

1) Company sold in the period;

2) Company acquired or incorporated in the period;

These entities are consolidated using the proportional consolidation method.

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

	31.03.2006	31.12.2005	31.03.2005
Non-current assets	3,287,471,518	3,076,799,370	1,625,135,815
Current assets	627,265,197	566,999,550	65,252,906
Non-current liabilities	1,569,591,228	1,416,384,042	1,166,971,344
Current liabilities	607,730,875	552,252,436	108,931,698
	31.03.2006	31.12.2005	31.03.2005 Pro-forma
Income	61,881,361	219,332,169	53,154,985
Expenses	49,312,660	134,524,337	40,290,141

## 6. INVESTMENTS IN ASSOCIATED COMPANIES

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

COMPANY	Head Office	Percentage of capital held			
		31.03.2006		31.12.2005	
		Direct	Total	Direct	Total
Modelo Continente					
Mundo Vip – Operadores Turísticos, SA	Lisboa	33.34%	32.69%	33.34%	33.34%
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisboa	25.00%	24.51%	25.00%	24.51%
Sonae Sierra					
Campo Limpo Lda	S. Paulo (Brazil)	20.00%	5.00%	20.00%	5.00%
Mediterranean Cosmos Shop. Centre Investments, SA	Athens (Greece)	39.90%	9.98%	39.90%	9.98%
SIC Indoor – Gest. Suportes Publicitários, SA	Oeiras	35.00%	17.50%	35.00%	17.50%
Sonaeacom					
Net Mall SGPS, SA	Maia	39.51%	24.43%	37.51%	24.72%
SIRS – Sociedade Independente de Radiodifusão Sonora, SA	Porto	45.00%	27.55%	45.00%	28.15%
Sonae Capital					
Andar - Sociedade Imobiliária, SA	Maia	50.00%	50.00%	50.00%	50.00%
Autocenter - Serviços, Acessórios e Peças para Viaturas, SA	Maia	50.00%	25.00%	50.00%	25.00%
CarPlus – Comércio de Automóveis, SA	Vila Nova de Gaia	100.00%	50.00%	100.00%	50.00%
Change, SGPS, SA	Porto	25.00%	25.00%	25.00%	25.00%
Choice Car - Comércio de Automóveis, SA	Porto	100.00%	50.00%	100.00%	50.00%
Choice Car SGPS, SA	Maia	50.00%	50.00%	50.00%	50.00%
Developpement & Partenariat Assurances, SA	Paris (France)	35.00%	35.00%	35.00%	35.00%
Finlog - Aluguer e Comércio de Automóveis, SA	Matosinhos	100.00%	50.00%	100.00%	50.00%
Guerin – Rent a Car (Dois), Lda	Lisboa	100.00%	50.00%	100.00%	50.00%
Interclean, SA	Brasil	49.99%	12.77%	49.99%	12.77%
Lazam Corretora, Ltda	Brasil	45.00%	45.00%	45.00%	45.00%
Lidergraf - Artes Gráficas, Lda	Vila de Conde	25.50%	25.50%	25.50%	25.50%
Luso Assistência - Gestão de Acidentes, SA	Porto	100.00%	50.00%	100.00%	50.00%
Norscut - Concessionária de Scut Interior Norte, SA	Lisboa	25.00%	25.00%	25.00%	25.00%
Pargeste SGPS, SA	Maia	40.00%	40.00%	40.00%	40.00%
Sociedade de Construções do Chile, SA	Lisboa	100.00%	50.00%	100.00%	50.00%
Sociedade Imobiliária Troia - B3, SA	Grândola	20.00%	16,96%	20.00%	16,96%
Vastgoed One - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%

	Vastgoed Sun - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Operscut - Operação e Manutenção de Auto-estradas, SA	Lisboa	15.00%	15.00%	15.00%	15.00%
1)	ba - Fábrica de Vidros Barbosa & Almeida, SA	Porto	7.06%	7.83%	10.58%	11.75%
1)	Bar-Bar-Idade Glass - Serviços de Gestão e Investimentos, SA	Porto	7.83%	7.83%	11.75%	11.75%
	Sodesa, SA	Lisboa	50.00%	50.00%	50.00%	50.00%
	TP - Sociedade Térmica, SA	Porto	50.00%	50.00%	50.00%	50.00%

1) Sale of 3,92% of the share capital of the associated company in the period;

Associated companies are consolidated using the equity method.

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

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, percentage of share capital held and book value as at 31 March 2006 and 31 December 2005 are made up as follows:

COMPANY	Reason for exclusion	Head Office	Percentage of capital held				Book Value	
			31.03.2006		31.12.2005		31.03.2006	31.12.2005
			Direct	Total	Direct	Total		
<b>Modelo Continente</b>								
	Dispar – Distrib. de Participações, SGPS, SA	Lisboa	7.14%	7.00%	7.14%	7.00%	4,988	4,988
	Inesco – Insular de Hipermercados, SA	Ponta Delgada	10.00%	9.81%	10.00%	9.81%	748,197	748,197
<b>Sonae Sierra</b>								
	Ercasa Cogeneracion SA	Grancasa (Spain)	32.01%	1.60%	32.01%	1.60%	23,933	23,933
	Pátio Sertório	S.Paulo (Brazil)	100.00%	45.00%	100.00%	45.00%	1,497	1,497
<b>Sonaeacom</b>								
	Altitude, SGPS, SA	Lisboa	11.54%	7.14%	11.50%	7.19%	1,000,000	1,000,000
	Despegar.com	Porto	5.50%	3.40%	5.50%	3.44%	2	2
	Lusa - Agência de Notícias de Portugal, SA	Lisboa	1.38%	0.84%	1.38%	0.86%	197,344	197,344
	Minhodigital.com - Inv. na Área Tecnológ., SA	Porto	4.76%	2.84%	4.76%	2.84%	-	-
	Outsystems, Software de Rede, SA	Oeiras	1.50%	0.90%	1.50%	0.90%	-	-
1)	Profimetrics - Software Solutions, SA	Maia	30.00%	18.55%	-	-	150,000	-
	SESI - Soc. de Ens. Sup. e Investigação, SA	Porto	9.75%	4.17%	9.75%	4.22%	-	1
	Unipress - Centro Gráfico, Lda	Vila Nova de Gaia	40.00%	24.49%	40.00%	25.02%	437,522	437,522
<b>Sonae Capital</b>								
	Delphinus – Soc. de Tur. e Div. de Tróia, SA	a) Grândola	79.00%	79.00%	79.00%	79.00%	-	-
	Plysorol Contreplaques, SAS	a) France	100.00%	100.00%	100.00%	100.00%	37,000	37,000
	Sonae Capital Brasil, Lda	a) São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%	5,312	5,312
	Sonae Indústria, SGPS, SA	b) Maia	5.95%	5.95%	5.95%	5.95%	64,082,125	53,263,065
	Sonae RE, SA	a) Luxemburg	100.00%	100.00%	100.00%	100.00%	1,250,000	1,250,000
	Fun International Entertainment, SA	a) Porto	50.00%	50.00%	50.00%	50.00%	825,002	825,001
	Infratroia – Emp. de Infraest. de Troia, E.N.	a) Grândola	25.90%	25.90%	25.90%	25.90%	55,659	55,659
	Net, SA	Lisboa	2.80%	2.80%	2.80%	2.80%	11,132	11,132
	Sear - Sociedade Europeia de Arroz, SA	Santiago do Cacém	15.00%	15.00%	15.00%	15.00%	150,031	150,031
	Société Naturel de Bois Gabonais	Gabon	4.24%	4.24%	4.24%	4.24%	-	-
	Spidouro S.P.E.I. Douro e Trás-os-Montes, SA	Vila Real	8.30%	8.30%	8.30%	8.30%	-	-
<b>Others</b>								
	Esprit du Monde SA	a) Portel	100.00%	100.00%	-	-	50,000	-
	Sonae Investimentos América Latina, Lda	a) São Paulo (Brazil)	99.99%	99.99%	99.99%	99.99%	25,687	25,687
	First Assur, SA	França	11.01%	11.01%	11.01%	11.01%	959,647	959,647
	Sonae Indústria, SGPS, SA	b) Maia	0.71%	0.71%	0.71%	0.71%	7,700,000	6,400,000

- a) Group company, jointly controlled company or associated company for which, at the date of the issuance of these financial statements, complete financial information was not available;  
b) Investment measured at fair value.  
1) Company acquired in the period.

## 8. TANGIBLE AND INTANGIBLE ASSETS

During the three months period ended 31 March 2006, 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 cost:</b>					
Opening balance as at 1 January 2006	1,441,897,812	1,190,596,282	280,269,665	85,169,758	2,997,933,517
Changes in consolidation perimeter	-	-	(1,498)	-	(1,498)
Capital expenditure	10,873,405	1,875,179	3,384,536	69,104,312	85,237,432
Disposals	(7,858,249)	(1,766,218)	(799,912)	(468,334)	(10,892,713)
Exchange rate effect	244,161	22,278	32,655	6,560	305,654
Transfers	9,219,362	39,969,921	1,291,889	(53,367,856)	(2,886,684)
Closing balance as at 31 March 2006	1,454,376,491	1,230,697,442	284,177,335	100,444,440	3,069,695,708
<b>Accumulated depreciation and impairment losses</b>					
Opening balance as at 1 January 2006	264,496,740	630,899,802	194,131,334	271,167	1,089,799,043
Changes in consolidation perimeter	-	-	(740)	-	(740)
Charge for the period	9,476,774	27,557,847	7,382,140	-	44,416,761
Disposals	(871,929)	(997,343)	(657,427)	-	(2,426,699)
Exchange rate effect	4,620	7,775	10,910	-	23,305
Transfers	(151,978)	(206,178)	(2,665,597)	86,250	(2,937,503)
Closing balance as at 31 March 2006	272,954,227	657,261,903	198,300,620	357,417	1,128,874,167
<b>Carrying amount</b>					
As at 31 March 2006	1,181,422,264	573,435,539	85,876,715	100,087,023	1,940,821,541

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

	31.03.2006
Refurbishment and expansion of stores located in Portugal	41,487,930
New projects in Portugal of the Retail business segment	10,888,178
Troia project	12,523,269
	<u>64,899,377</u>





Value created on investment properties over the three month periods ended 31 March 2006 and 2005 can be detailed as follows:

	<u>31.03.2006</u>	<u>31.03.2005</u>
Properties which were under development and were concluded during the three month period	5.420.980	8.511.062
Changes in fair value of investment properties in operation	-	-
Adjustments to construction cost estimates of properties under development which were transferred to investment properties	-	-
	<u>5.420.980</u>	<u>8.511.062</u>

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

	<u>31.03.2006</u>	<u>31.12.2005</u>
Portugal:		
Alverca	2.854.012	2.838.625
Cacém Shopping	889.154	875.176
Parque de Famalicão	1.428.618	1.427.234
Setubal Retail Park	784.504	736.764
Lima Retail Park	2.249.399	2.148.968
Torres Colombo	4.271.352	4.271.352
Rio Sul	-	16.534.179
Others	918.467	605.518
Germany:		
Alexander Platz	37.388.640	36.016.961
3DO	8.534.562	7.932.227
Weiterstadt	26.031.426	-
Brazil:		
Others	136.738	114.655
Spain:		
Las Medulas	21.597.764	20.337.249
Plaza Mayor Shopping	7.057.083	6.319.577
Dos Mares - expansion	1.650.387	1.650.387
Others	48.006	-
Greece:		
Aegean Park	4.764.958	4.725.071
Others	10.377	10.160
Italy:		
Freccia Rossa	14.769.001	13.930.831
Biella	4.291.698	4.071.824
Others	556.535	398.219
	<u>140.232.681</u>	<u>124.944.974</u>

As at 31 March 2006, the following investment properties were mortgaged:

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

#### 10. GOODWILL

During the three months period ended 31 March 2006, movements in goodwill, as well as in corresponding impairment losses, are as follows:

	31.03.2006
<b>Gross value:</b>	
Opening balance	248.887.726
Increases	200.346
Decreases	(274.852)
Closing balance	<u>248.813.219</u>
<b>Accumulated impairment losses:</b>	
Opening balance	3.309.480
Increases	-
Decreases	-
Closing balance	<u>3.309.480</u>
<b>Carrying amount:</b>	<u>245.503.739</u>

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

## 11. INVESTMENTS

As at 31 March 2006, this caption is made up as follows:

	31.03.2006	
	Non current	Current
<b><u>Investments in group companies, jointly controlled companies</u></b>		
<b><u>or associated companies excluded from consolidation</u></b>		
Opening balance as at 1 January 2006	8.795.694	-
Acquisitions in the year	200.000	-
Disposals in the year	-	-
Transfers	144.994	-
Closing balance as at 31 March 2006	9.140.688	-
Accumulated impairment losses (Note 23)	(7.957.738)	-
	<u>1.182.950</u>	<u>-</u>
<b><u>Investment in associated companies</u></b>		
Opening balance as at 1 January 2006	21.254.852	-
Acquisitions in the year	698.250	-
Disposals in the year	-	-
Equity method effect	219.292	-
Transfers	(6.170)	-
Closing balance as at 31 March 2006	22.166.224	-
Goodwill	2.958.551	-
Accumulated impairment losses (Note 23)	(844.130)	-
	<u>24.280.645</u>	<u>-</u>
<b><u>Investments held for sale</u></b>		
Fair value (net of impairment losses) as at 1 January 2006	133.421.347	-
Acquisitions in the year	11.698.202	-
Disposals in the year	(5.945.332)	-
Increase/(Decrease) in fair value	12.119.060	-
Transfers	(146.250)	-
Fair value (net of impairment losses) as at 31 March 2006	<u>151.147.027</u>	<u>-</u>
<b><u>Investments measured at fair value through profit and loss</u></b>		
Fair value as at 1 January 2006	-	10.620.966
Acquisitions in the year	-	414.842
Disposals in the year	-	(366.660)
Increase/(Decrease) in fair value	-	(142.530)
Fair value as at 31 March 2006	<u>-</u>	<u>10.526.618</u>
<b><u>Derivative financial instruments (Note 19)</u></b>		
Fair value as at 1 January 2006	-	60.475
Acquisitions in the year	-	2.531.459
Disposals in the year	-	(60.475)
Increase/(Decrease) in fair value	-	-
Fair value as at 31 March 2006	<u>-</u>	<u>2.531.459</u>
	<u>176.610.622</u>	<u>13.058.077</u>

Investments held for sale are disclosed above net of accumulated impairment losses (Note 23) amounting to 2,886,330 euro.

The caption Investments held for sale includes 63,500,000 euro of deposits in an Escrow Account, of which 10,500,000 disclosed as current assets and 53,000,000 euro as non-current assets, in accordance with the time schedule of the guarantee.

## 12. OTHER NON-CURRENT ASSETS

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

	31.03.2006			31.12.2005		
	Gross Value	Accumulated	Carrying Amount	Gross Value	Accumulated	Carrying Amount
		impairment losses (Note 23)			impairment losses (Note 23)	
<b>Loans granted to associated companies</b>						
Bar-Bar-Idade Glass - Serviç. de Gest. e Investment, SA	6.402.717	-	6.402.717	12.000.000	-	12.000.000
Others	2.840.705	(34.916)	2.805.789	2.687.500	(34.916)	2.652.584
	<u>9.243.422</u>	<u>(34.916)</u>	<u>9.208.506</u>	<u>14.687.500</u>	<u>(34.916)</u>	<u>14.652.584</u>
<b>Other loans granted</b>						
Andar - Sociedade Imobiliária, SA	2.713.173	-	2.713.173	2.650.673	-	2.650.673
Others	1.993.184	(259.889)	1.733.295	1.728.801	(259.889)	1.468.912
	<u>4.706.357</u>	<u>(259.889)</u>	<u>4.446.468</u>	<u>4.379.474</u>	<u>(259.889)</u>	<u>4.119.585</u>
<b>Trade accounts receivable and other debtors</b>						
Legal deposits	855.852	-	855.852	823.385	-	823.385
Accounts receivable from the sale of investments	1.804.687	-	1.804.687	1.911.424	-	1.911.424
Lisbon and Malaga Town Councils	4.400.585	-	4.400.585	4.723.019	-	4.723.019
Others	12.705.540	(4.865.917)	7.839.623	12.243.096	(4.722.917)	7.520.179
	<u>19.766.664</u>	<u>(4.865.917)</u>	<u>14.900.747</u>	<u>19.700.924</u>	<u>(4.722.917)</u>	<u>14.978.007</u>
<b>Other non-current assets</b>	<u>3.823.401</u>	<u>-</u>	<u>3.823.401</u>	<u>1.988.844</u>	<u>-</u>	<u>1.988.844</u>
	<u>37.539.844</u>	<u>(5.160.722)</u>	<u>32.379.122</u>	<u>40.756.742</u>	<u>(5.017.722)</u>	<u>35.739.020</u>

## 13. TRADE DEBTORS AND OTHER CURRENT ASSETS

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

	31.03.2006	31.12.2005
Trade accounts receivable	325.471.830	340.892.988
Taxes recoverable	98.191.720	87.636.005
Securitisation of trade receivables	1.878.552	1.684.510
Trade suppliers - debit balances	25.659.617	32.445.023
Other debtors	71.826.123	86.267.475
Accounts receivable from the sale of investments	42.448.231	260.410.243
Accounts receivable from the sale of tangible assets	3.248.994	4.336.373
Loans granted to associated companies	36.826.211	19.758.938
Invoices to be issued	43.613.359	37.549.373
Other current assets	42.585.447	28.026.720
	<u>691.750.084</u>	<u>899.007.648</u>
Accumulated impairment losses (Note 23)	(107.620.372)	(110.306.224)
	<u>584.129.712</u>	<u>788.701.424</u>

#### 14. DEFERRED TAXES

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

	Deferred tax assets		Deferred tax liabilities	
	31.03.2006	31.12.2005	31.03.2006	31.12.2005
Difference between fair value and acquisition cost in investment properties		-	204.034.158	200.453.376
Harmonisation adjustments	258.604	282.358	25.193.526	24.696.174
Provisions and impairment losses not accepted for tax purposes	13.172.196	13.201.778	2.560.614	2.560.614
Write off of tangible and intangible assets	27.915.226	28.640.493	-	-
Write off of deferred costs	28.542.894	23.436.106	2.753.469	2.067.858
Valuation of hedging derivatives	(586.002)	320.595	-	16.631
Revaluation of tangible assets	-	-	3.813.856	3.838.774
Tax losses carried forward	42.583.763	42.886.889	-	-
Reinvested capital gains/(losses)	-	-	4.460.564	4.485.183
Others	(270.122)	(284.180)	(62.479)	65.651
	<u>111.616.559</u>	<u>108.484.039</u>	<u>242.753.708</u>	<u>238.184.261</u>

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 31 March 2006 and 31 December 2005, and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

	31.03.2006			31.12.2005		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2000	1.138.039	302.845	2006	1.860.520	464.590	2006
Generated in 2001	6.274.950	1.710.428	2007	7.365.362	2.010.374	2007
Generated in 2002	55.223.047	15.113.802	2008	61.090.945	16.727.473	2008
Generated in 2003	32.401.422	9.013.529	2009	32.257.714	9.013.529	2009
Generated in 2004	5.122.482	1.290.748	2010	5.295.699	1.317.769	2010
Generated in 2005	10.696.991	2.904.619	2011	10.614.908	2.926.903	2011
Generated in 2006	5.637.675	1.567.198	2012	-	-	
	<u>116.494.606</u>	<u>31.903.169</u>		<u>118.485.148</u>	<u>32.460.638</u>	
Without limited time use	9.758.654	3.278.939		9.122.035	3.250.519	
With a time limit different from the above mentioned	21.149.214	7.401.657		20.502.091	7.175.732	
	<u>30.907.868</u>	<u>10.680.596</u>		<u>29.624.126</u>	<u>10.426.251</u>	
	<u>147.402.474</u>	<u>42.583.765</u>		<u>148.109.274</u>	<u>42.886.889</u>	

As at 31 March 2006 and 31 December 2005, Deferred tax assets resulting from tax losses carried forward were re-assessed against each company's business plans, which are regularly updated, and available tax planning opportunities. Deferred tax assets have only been recorded to the extent that future profits will arise which may be offset against available tax losses or against deductible temporary differences.

As at 31 March 2006 tax losses carried forward, amounting to 1,338,892,874 euro, have not originated deferred tax assets for prudential reasons. These may be summarised as follows:

	31.03.2006			31.12.2005		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
<b>With limited time use</b>						
Generated in 2000	61.504.325	16.447.472	2006	67.743.331	18.629.417	2006
Generated in 2001	115.713.976	31.679.606	2007	125.518.521	34.517.593	2007
Generated in 2002	668.377.395	183.589.062	2008	679.213.519	186.783.717	2008
Generated in 2003	64.854.041	18.336.923	2009	65.091.201	18.520.346	2009
Generated in 2004	42.919.047	11.593.381	2010	41.053.702	11.326.503	2010
Generated in 2005	234.238.913	64.075.964	2011	229.033.258	62.990.282	2011
Generated in 2006	12.941.477	3.556.691	2012	-	-	
	<u>1.200.549.174</u>	<u>329.279.099</u>		<u>1.207.653.532</u>	<u>332.767.858</u>	
<b>Without limited time use</b>						
	138.343.700	953.103		133.678.160	46.113.016	
	<u>1.338.892.874</u>	<u>330.232.202</u>		<u>1.341.331.692</u>	<u>378.880.874</u>	

## 15. CASH AND CASH EQUIVALENTS

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

	31.03.2006	31.12.2005
Cash at hand	3.737.371	2.799.622
Bank deposits	359.497.755	795.834.935
Treasury applications	63.544.889	113.659.759
Cash and cash equivalents in the balance sheet	<u>426.780.015</u>	<u>912.294.316</u>
Bank overdrafts (Note 18)	(21.868.646)	(18.673.265)
Cash and cash equivalents in the statement of cash flows	<u>404.911.369</u>	<u>893.621.051</u>

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

## 16. SHARE CAPITAL

As at 31 March 2006, the share capital, which is fully subscribed and paid for, is made up of 2,000,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each. As at that date, the company and group companies held 133,976,146 own shares, at a cost of 143,630,520 euro.

As at 31 March 2006, the following entities held more than 20% of the subscribed share capital:

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

## 17. MINORITY INTERESTS

Movements in minority interests in the three months period ended 31 March 2006 are as follows:

	31.03.2006
Opening balance as at 1 January	394.707.612
Dividends	(1.172.948)
Changes resulting from currency translation	146.504
Acquisition of companies	-
Disposal of companies	-
Others	4.596.321
Profit for the period attributable to minority interests	<u>10.249.796</u>
Closing balance as at 31 March	<u>408.527.285</u>

## 18. BORROWINGS

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

	31.03.2006			31.12.2005			Repayable on
	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	23.500.000	-	350.000.000	340.950.000	-	Aug/2014
a)b) Sonae Sierra affiliated undertakings	471.737.488	10.174.741	365.258.756	480.737.488	9.933.335	363.688.431	Jun/2009 to May/2027
a)c) Sonae Sierra affiliated undertakings	291.903.904	9.811.404	204.154.233	265.528.904	10.336.188	144.467.761	Apr/2006 to Dec/2025
Valecenter S.p.a.	26.000.000	-	-	26.000.000	26.000.000	-	-
Optimus	450.000.000	-	324.458.200	450.000.000	-	324.458.200	Jun/2009
Sonae Investments BV	32.154.000	6.150.940	9.226.411	32.154.000	6.150.940	10.764.146	Sep/2008
d) Sonae Investments BV	40.000.000	-	40.000.000	40.000.000	-	40.000.000	Fev/2007
d) Imoareaia	34.791.153	34.791.153	-	34.791.153	34.791.153	-	Jun/2006
Others		22.292.448	12.502.464		145.316.357	28.714.745	
		106.720.686	955.600.064		573.477.973	912.093.283	
<b>Bonds:</b>							
Bonds Sonae / 97		74.819.686	74.819.684		74.819.686	74.819.684	Oct/2006
Bonds Sonae / 05		-	100.000.000		-	100.000.000	Mar/2013
Bonds Modelo Continente / 2003		-	82.000.000		-	82.000.000	Oct/2011
Bonds Modelo Continente / 2004		-	100.000.000		-	100.000.000	Mar/2009
Bonds Modelo Continente / 2005		-	265.000.000		-	265.000.000	Aug/2010
Bonds Modelo Continente / 2005		-	150.000.000		-	150.000.000	Aug/2012
Bonds Sonae Imobiliária / 99		15.000.000	-		15.000.000	-	Dec/2006
Bonds Sonaecom / 2005		-	150.000.000		-	150.000.000	Jun/2013
		89.819.686	921.819.684		89.819.686	921.819.684	
Obligations under finance leases (Note 25)		9.814.345	37.635.643		11.030.610	36.194.019	
Other loans		959.171	8.023.766		1.082.647	8.164.831	
Bank overdrafts (Note 15)		21.868.646	-		18.673.265	-	
Hedging derivatives (Note 19)		674.477	358.239		959.050	481.953	
Amortised cost for bank loans and bonds		(516.211)	(28.784.122)		(550.705)	(30.127.628)	
		229.340.799	1.894.653.274		694.492.525	1.848.626.143	

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

Derivatives are recorded at fair value (Note 19).

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

	31.03.2006	31.12.2005
2006	192.367.316	694.084.181
2007	168.822.910	144.560.638
2008	136.543.185	126.167.422
2009	350.014.219	349.217.525
2010	336.018.402	333.764.184
After 2010	968.495.660	924.562.049
	2.152.261.691	2.572.355.998



## 19. 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 31 March 2006, the fair value of exchange rate derivatives, calculated based on present market value of equivalent financial instruments, is of 47,115 euro and is included in Current liabilities. As at 31 March 2006 no similar assets existed (60,475 euro as at 31 December 2005).

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment, amounting to -107,591 euro, were recorded directly in the income statement in the caption Net financial expenses.

### Interest rate derivatives

As at 31 March 2006, derivatives used by the Group essentially refer to "swaps" and interest rate options ("cash flow hedges"). These were negotiated to hedge the interest rate risk of loans amounting to 271,844,129 euro (255,692,090 euro as at 31 December 2005). The fair value of these derivatives amounts to 1,545,857 euro (-1,441,003 euro as at 31 December 2005), and are disclosed as Investments 2,531,459 euro and as current liabilities 985,602 euro, of which 303,230 (454.221 euro as at 31 December 2005) relate to derivatives on loans which were reimbursed during the year and as such no longer qualify as hedge derivatives, in spite of continuing to hedge interest risk.

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

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

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

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

### Interest rate and exchange rate derivatives

As at 31 March 2006 no contracts existed related to interest rate and exchange rate derivatives.

### Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Investments		Borrowings	
	31.03.2006	31.12.2005	31.03.2006	31.12.2005
Derivatives not qualified as hedging	-	60.475	350.345	454.221
Hedging derivatives				
Exchange rate	-	-	-	-
Interest rate	2.531.459	-	682.371	986.782
Interest and exchange rate	-	-	-	-
Other derivatives	-	-	-	-
	<u>2.531.459</u>	<u>60.475</u>	<u>1.032.716</u>	<u>1.441.003</u>

## 20. OTHER NON-CURRENT LIABILITIES

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

	31.03.2006	31.12.2005
Shareholder loans	41.034.396	50.411.714
Fixed assets suppliers	25.130.874	25.410.132
Other non-current liabilities	500.125.860	481.162.419
Share based payments (Note 21)	18.205.434	29.428.569
	<u>584.496.564</u>	<u>586.412.834</u>

The caption Other non-current liabilities includes 464,198,596 euro (460,085,361 euro as at 31 December 2004) which correspond to the present value of the consideration paid by the Santander Group for Modelo Continente, SGPS, SA shares, currently amounting to 22.42% of the share capital of that affiliated company, under the terms of the call option agreement.

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

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

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

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

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

On 19 May 2005, in an over the counter transaction, Sonae, SGPS, SA acquired 83,375,000 shares (7.58% of the share capital) of its affiliate Modelo Continente, SGPS, SA, for 150.4 million euro, under the terms of the Call Option contract signed on 16 November 2004. After 31 March 2006, the Group acquired, under the same terms, shares representing 13.3295% of the share capital of its affiliate Modelo Continente, SGPS, SA (Note 30).

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

## 21. SHARE-BASED PAYMENTS

In 2006 and in previous years, the Sonae Group granted deferred performance bonuses to its directors and eligible employees. These are either based on shares to be acquired at nil cost, three years after they were attributed to the employee, or based on share options with the exercise price equal to the share price at the grant date, to be exercised three years later. In both cases, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the choice to settle in cash instead of shares. The option can only be exercised if the employee still works for the Group on the vesting date.

As at 31 March 2006 and 31 December 2005, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

	Year of grant	Vesting year	Number of participants	Fair value	
				31.03.2006	31.12.2005
<b>Shares</b>					
	2003	2006	83	12.058.506	15.973.503
	2004	2007	436	10.283.947	9.654.065
	2005	2008	461	8.964.385	8.446.941
	2006	2009	499	7.106.531	-
				<u>38.413.369</u>	<u>34.074.509</u>
<b>Options</b>					
	2002	2005	76	-	4.203.376
	2003	2006	-	-	-
	2004	2007	-	-	-
	2005	2008	-	-	-
	2006	2009	-	-	-
				<u>-</u>	<u>4.203.376</u>
<b>Total</b>				<u>38.413.369</u>	<u>38.277.885</u>

As at 31 March 2006 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	31.03.2006
Staff costs	5.007.174
Retained earnings	19.062.374
	<u>24.069.548</u>
Other current liabilities	5.864.113
Other non-current liabilities	18.205.435
	<u>24.069.548</u>

The movement in the number of options open in the three months period ended 31 March 2006 is as follows:

	31.03.2006
Opening balance	2.406.224
Granted in the period	-
Exercised in the period	(935.784)
Expired and not exercised in the period	(112.180)
Closing balance	<u>1.358.260</u>

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

Vesting date	2004	2005	2006	2007	2008	Total
Exercisable until:	31.03.05	31.03.06	31.03.07	31.03.08	31.03.09	
Exercise price (defined at date of grant)	3,014 €	1,694 €	-	-	-	
Total liability	-	-	-	-	-	-
Recorded liability	-	-	-	-	-	-
Number of options open	-	1.340.260	-	-	-	1.340.260
Number of options exercised in the period	(285.406)	(668.378)	-	-	-	(953.784)
Number of options expired but not exercised in the period	-	(112.180)	-	-	-	(112.180)
Average market-price of options exercised in the period	4,087 €	3,947 €				

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

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

	31.03.2006	31.12.2005
Trade creditors	609.319.629	808.680.981
Shareholders	92.504.987	29.107.161
Fixed asset suppliers	69.650.998	79.751.868
Other accounts payable	76.595.565	68.099.536
Factoring	19.825.985	18.282.079
Taxes and contributions payable	58.448.991	69.814.568
Holiday Pay and Bonuses	88.778.251	98.573.788
Accrued expenses	144.546.469	136.010.564
Deferred income	41.535.299	38.458.931
	<u>1.201.206.174</u>	<u>1.346.779.476</u>

## 23. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the three months period ended 31 March 2006 are as follows:

	Balance as at 31.12.2005	Increase	Decrease	Balance as at 31.03.2006
Accumulated impairment losses on investments (Note 11)	11.571.901	116.297	-	11.688.198
Accumulated impairment losses on other non-current assets (Note 12)	5.017.722	143.000	-	5.160.722
Accumulated impairment losses on trade accounts receivable and other debtors (Note 13)	110.306.224	926.101	(3.611.953)	107.620.372
Accumulated impairment losses on stocks	25.230.922	1.308.767	(1.805.778)	24.733.911
Non-current provisions	54.477.919	5.567.230	(1.877.467)	58.167.682
Current provisions	2.284.983	218.979	(89.921)	2.414.041
	<u>208.889.671</u>	<u>8.280.374</u>	<u>(7.385.119)</u>	<u>209.784.926</u>

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

## 24. CONTINGENT ASSETS AND LIABILITIES

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

	31.03.2006	31.12.2005
Guarantees given:		
on tax claims	63.236.970	64.279.059
on judicial claims	1.717.397	2.135.699
others	161.786.236	265.851.124

Others include the following guarantees:

- 58,035,552 euro related to guarantees on construction works given to clients;
- 16,817,472 euro to guarantee partially debts of Sonae Sierra subsidiaries related with the acquisition, sale and exchange of land;

As at 31 March 2006 and 31 December 2005, shares representing 31.83% of the share capital of Modelo Continente, SGPS, S.A. were pledged to the Santander Group as part of the of contractual obligations arising from the call and put option agreements on Modelo Continente's shares.

## 25. RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

<b>Transactions</b>	Sales and services rendered		Purchases and services obtained	
	31.03.2006	31.03.2005	31.03.2006	31.03.2005
Parent company and group companies excluded from consolidation	10.726.289	84.421	382.075	3.238.243
Jointly controlled companies	7.256.916	3.626.821	3.766.151	873.592
Associated companies	669.371	588.851	3.557.319	2.289.246
Other partners in Group companies	14.236.191	-	4.378.923	-
	<b>32.888.767</b>	<b>4.300.093</b>	<b>12.084.468</b>	<b>6.401.081</b>

<b>Transactions</b>	Interest income		Interest expenses	
	31.03.2006	31.03.2005	31.03.2006	31.03.2005
Parent company and group companies excluded from consolidation	-	-	22.108	-
Jointly controlled companies	55.117	516	278.626	1.066.987
Associated companies	17.762	52.249	-	-
Other partners in Group companies	-	-	575.758	-
	<b>72.879</b>	<b>52.765</b>	<b>876.492</b>	<b>1.066.987</b>

<b>Balances</b>	Accounts receivable		Accounts payable	
	31.03.2006	31.12.2005	31.03.2006	31.12.2005
Parent company and group companies excluded from consolidation	8.489.045	12.640.910	300.158	367.578
Jointly controlled companies	10.900.120	29.268.146	1.576.449	3.757.773
Associated companies	611.839	6.929.214	941.581	2.283.497
Other partners in Group companies	6.958.598	9.553.739	2.700.293	13.688.689
	<b>26.959.602</b>	<b>58.392.009</b>	<b>5.518.481</b>	<b>20.097.537</b>

<b>Balances</b>	Loans			
	Obtained		Granted	
	31.03.2006	31.12.2005	31.03.2006	31.12.2005
Parent company and group companies excluded from consolidation	2.750.000	2.750.000	14.767.357	2.208.335
Jointly controlled companies	29.131.468	23.133.138	1.411.041	1.254.924
Associated companies	-	-	2.531.888	20.129.907
Other partners in Group companies	29.832.614	36.809.925	-	-
	<b>61.714.082</b>	<b>62.693.063</b>	<b>18.710.286</b>	<b>23.593.166</b>

## 26. TAXATION

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

	Pro-forma		
	31.03.2006	31.03.2005	31.03.2005
Current tax	6.632.005	8.314.633	12.269.355
Deferred tax	430.156	(2.958.504)	470.746
	<b>7.062.161</b>	<b>5.356.129</b>	<b>12.740.101</b>

#### 45. EARNINGS PER SHARE

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

	31.03.2006	31.03.2005	
	Total Operations	Pro-forma	Total Operations
<b>Net profit</b>			
Net profit taken into consideration to calculate basic earnings per share (Net profit for the three months period attributable to equity holders of Sonae)	24.656.481	70.346.243	120.480.000
Effect of dilutive potential shares			
Interest related to convertible bonds (net of tax)	-	-	-
Net profit taken into consideration to calculate diluted earnings per share:	24.656.481	70.346.243	120.480.000
<b>Number of shares</b>			
Weighted average number of shares used to calculate basic earnings per share	1.866.023.854	1.865.821.979	1.865.821.979
Effect of dilutive potential ordinary shares from convertible bonds	-	-	-
Weighted average number of shares used to calculate diluted earnings per share	1.866.023.854	1.865.821.979	1.865.821.979
<b>Earnings per share (basic and diluted)</b>	0,013213	0,037703	0,064572

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

#### 28. DIVIDENDS

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

#### 29. SEGMENT INFORMATION

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

- Retailing
- Shopping Centres
- Telecommunications
- Others

The geographic segments (secondary) identified in 2006 and 2005 are listed as follows:

- Portugal
- Spain
- Germany
- Other European countries
- Brazil

The contribution of the business segments to the income statement for the three months periods ended on 31 March 2006 and 2005 can be detailed as follows:

31 March 2006						
	Retail	Shopping Centres	Telecomm.	Other Segments	Consolidation Adjustments	Total Operations
<b>Operational income</b>						
Sales	624.918.858	-	15.791.763	47.632.941	-	688.343.562
Services rendered	23.767.209	33.491.788	175.153.920	39.575.612	-	271.988.529
Other operational income	48.584.741	9.532.366	6.341.111	26.830.811	46.128	91.335.157
	697.270.808	43.024.154	197.286.794	114.039.364	46.128	1.051.667.248
Inter-segment income	14.847.276	1.598.408	2.755.781	2.389.235	(21.590.700)	-
	712.118.084	44.622.562	200.042.575	116.428.599	(21.544.572)	1.051.667.248
Operational cash-flow (EBITDA)	34.375.584	23.490.517	40.103.154	(395.499)	(34.030)	97.539.726
Operational profit (EBIT)	15.146.991	22.873.763	6.540.037	(2.276.683)	212.380	42.496.488
Net profit for the period	20.710.508	13.301.051	5.184.158	52.562.380	(56.851.821)	34.906.277
- attributable to equity holders of Sonae						24.656.481
- attributable to minority interests						10.249.796

31 March 2005						
	Retail	Shopping Centres	Telecomm.	Other Segments	Consolidation Adjustments	Pro-forma
<b>Operational income</b>						
Sales	586.446.290	-	15.479.154	53.149.841	-	655.075.285
Services rendered	3.192.863	31.185.901	176.106.073	43.791.070	-	254.275.907
Other operational income	49.187.361	6.897.512	6.573.406	25.968.074	(1.354.142)	87.272.211
	638.826.514	38.083.413	198.158.633	122.908.985	-1.354.142	996.623.403
Inter-segment income	14.203.350	1.700.770	3.342.339	2.222.656	(21.469.115)	-
	653.029.864	39.784.183	201.500.972	125.131.641	-22.823.257	996.623.403
Operational cash-flow (EBITDA)	35.812.705	18.981.510	47.055.890	1.821.568	(2.882.455)	100.789.218
Operational profit (EBIT)	20.670.644	18.534.170	12.503.164	750.860	(1.766.361)	50.692.477
Net profit for the period	12.086.637	12.876.029	6.780.027	50.063.320	(3.128.163)	78.677.850
- attributable to equity holders of Sonae						70.346.243
- attributable to minority interests						8.331.606

### 30. SUBSEQUENT EVENTS

On 20 April 2006, in an over the counter transaction, Sonae, SGPS, SA acquired 146,625,000 shares (13.3295% of the share capital) of its affiliate Modelo Continente, SGPS, SA, for 265,792,158.65 euro, under the terms of the Call Option contract signed on 16 November 2004.

On 10 May 2006 the company completed a bond issue, by private placement, totalling 250,000,000 euro (two hundred and fifty million euro). The bonds are unsecured, have a term of 5 years, and the issue has been arranged by Caixa - Banco de Investimento.

### 31. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 11 May 2006.



# **INDIVIDUAL FINANCIAL STATEMENTS**

**31 MARCH 2006**



SONAE, SGPS, SA

BALANCE SHEET AS AT 31 MARCH 2006 AND 31 DECEMBER 2005

(Amounts expressed in euro)

ASSETS	Notes	IFRS	
		31.03.2006	31.12.2005
<b>NON-CURRENT ASSETS:</b>			
Tangible and intangible assets		278,204	338,581
Investments	4	2,927,049,904	3,002,481,945
Other non-current assets	5	467,510,093	499,617,624
Total Non-Current Assets		3,394,838,201	3,502,438,150
<b>CURRENT ASSETS:</b>			
Trade account receivables and other current assets		75,422,332	241,457,553
Investments held for trading		1,703,102	5,707,400
Cash and cash equivalents	6	146,740,367	197,441,606
Total Current Assets		223,865,801	444,606,559
<b>TOTAL ASSETS</b>		<b>3,618,704,002</b>	<b>3,947,044,709</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	7	2,000,000,000	2,000,000,000
Own shares		(138,044,363)	(138,044,363)
Reserves and retained earnings		982,651,951	980,366,233
Profit/(Loss) for the period		55,496,740	98,055,074
TOTAL EQUITY		2,900,104,328	2,940,376,944
<b>LIABILITIES:</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Loans	8	172,495,413	172,402,473
Total Non-Current Liabilities		172,495,413	172,402,473
<b>CURRENT LIABILITIES:</b>			
Loans	8	98,253,826	415,698,715
Trade creditors and other non-current liabilities	9	447,850,434	418,566,577
Total Current Liabilities		546,104,260	834,265,292
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,618,704,002</b>	<b>3,947,044,709</b>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

INCOME STATEMENTS BY NATURE

FOR THE THREE MONTHS ENDED 31 MARCH 2006 AND 2005

(Amounts expressed in euro)

		<u>IFRS</u>	
	<u>Notes</u>	<u>31.03.2006</u>	<u>31.03.2005</u>
Operational income			
Services rendered		327,085	331,717
Other operational income		39,527	37,111
Total operational income		<u>366,612</u>	<u>368,828</u>
Operational expenses			
External supplies and services		(717,524)	(546,356)
Staff costs		(1,607,041)	(1,328,272)
Depreciation and amortisation		(63,965)	(62,784)
Other operational expenses		(290,488)	(179,561)
Total operational expenses		<u>(2,679,018)</u>	<u>(2,116,973)</u>
Operational profit/(loss)		<u>(2,312,406)</u>	<u>(1,748,145)</u>
Net financial expenses		798,157	739,985
Investment income	11	<u>57,010,988</u>	<u>20,906,741</u>
Profit/(Loss) before taxation		<u>55,496,740</u>	<u>19,898,581</u>
Taxation		-	-
Profit/(Loss) for the period		<u><u>55,496,740</u></u>	<u><u>19,898,581</u></u>
Profit/(Loss) per share			
Basic	12	0.0297	0.0107
Diluted	12	<u>0.0297</u>	<u>0.0107</u>

The accompanying notes are part of these financial statements.

The Board of Directors

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2006 AND 2005

(Amounts expressed in euro)

Notes	Share Capital	Own Shares	Reserves and Retained Earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2005	2,000,000,000	(143,984,221)	1,131,494,011	12,724,783	3,000,234,573
Appropriation of profit of 2005:					
Transfer to legal reserves	-	-	607,579	(607,579)	-
Dividends distributed	-	-	(25,772,446)	(11,543,993)	(37,316,439)
Transfer retained earnings	-	-	573,221	(573,211)	-
Changes in hedge and fair value reserves	13	-	121,076,179	-	121,076,179
Profit/(Loss) for the three months ended 31 March 2005	-	-	-	19,898,581	19,898,581
Others	-	-	-	-	-
Balance as at 31 March 2005	<u>2,000,000,000</u>	<u>(143,984,221)</u>	<u>1,227,978,544</u>	<u>19,898,581</u>	<u>3,103,892,894</u>
Balance as at 1 January 2006	2,000,000,000	(138,044,363)	980,366,233	98,055,074	2,940,376,944
Appropriation of profit of 2005:					
Transfer to legal reserves	-	-	4,902,754	(4,902,754)	-
Dividends distributed	-	-	-	(46,650,596)	(46,650,596)
Transfer retained earnings	-	-	-	-	-
Changes in reserves	13	-	(2,617,036)	(46,501,724)	(49,118,760)
Profit/(Loss) for the three months ended 31 March 2006	-	-	-	-	-
Others	-	-	-	55,496,740	55,496,740
Balance as at 31 March 2006	<u>2,000,000,000</u>	<u>(138,044,363)</u>	<u>982,651,951</u>	<u>55,496,740</u>	<u>2,900,104,328</u>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

CASH FLOW STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2006 AND 2005

(Amounts expressed in euro)

<u>OPERATING ACTIVITIES</u>	<u>Notes</u>	<u>31.03.2006</u>	<u>31.03.2005</u>
Net cash flow from operating activities (1)		<u>(1,408,949)</u>	<u>(1,281,573)</u>
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments		251,717,051	11,605
Tangible and intangible assets		206	-
Interest and similar income		7,106,551	13,625,164
Loans granted		<u>50,942,000</u>	<u>158,610,700</u>
		<u>309,765,808</u>	<u>172,247,469</u>
Cash Payments arising from:			
Investments		-	(7,657,036)
Tangible and intangible assets		(2,007)	(3,753)
Loans granted		<u>(19,148,000)</u>	<u>(102,858,636)</u>
		<u>(19,150,007)</u>	<u>(110,519,425)</u>
Net cash used in investment activities (2)		<u>290,615,801</u>	<u>61,728,044</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Loans obtained		<u>352,830,000</u>	<u>971,941,827</u>
		<u>352,830,000</u>	<u>971,941,827</u>
Cash Payments arising from:			
Loans obtained		(689,447,600)	(989,271,599)
Interest and similar charges		(3,266,968)	(3,800,176)
Dividends		-	(51)
Others		-	(39,666,666)
		<u>(692,714,568)</u>	<u>(1,032,738,492)</u>
Net cash used in financing activities (3)		<u>(339,884,568)</u>	<u>(60,796,665)</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(50,677,716)	(350,194)
Cash and cash equivalents at the beginning of the period		<u>197,418,083</u>	<u>415,418</u>
Cash and cash equivalents at the end of the period	6	<u>146,740,367</u>	<u>65,224</u>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, S.A.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2006

(Amounts expressed in euro)

1. INTRODUCTION

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

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of annual financial statements for the year ended 31 December 2005.

4. INVESTMENTS

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

Companies	31.March.2006				31.December.2005			
	% Held	Fair Value	Book Value	Fair Value Reserve	% Held	Fair Value	Book Value	Fair Value Reserve
Modelo Continente, SGPS, SA	75.64%	1,580,783,658	1,456,491,762	124,291,896	75.64%	1,647,342,970	1,456,491,762	190,851,208
Sonae Sierra SGPS, SA	50.00%	634,348,140	490,113,339	144,234,801	50.00%	632,455,428	490,113,339	142,342,089
Sonaecom, SGPS, SA	13.27%	165,718,222	280,146,314	(114,428,092)	13.27%	144,068,574	280,146,314	(136,077,740)
Sonae Industria, SGPS, SA	0.71%	7,700,000	5,002,410	2,697,590	0.71%	6,400,000	5,002,410	1,397,590
Others	-	538,499,884	538,499,884	-	-	572,214,973	568,817,462	3,397,511
Total		2,927,049,904	2,770,253,709	156,796,195		3,002,481,945	2,800,571,287	201,910,658

5. OTHER NON-CURRENT ASSETS

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

	31.March.2006	31.December.2005
Loans granted to group companies	467,252,204	499,360,204
Guarantee deposits	13,998	13,529
Other	243,891	243,891
	<u>467,510,093</u>	<u>499,617,624</u>

## 6. CASH AND CASH EQUIVALENTS

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

	<u>31.March.2006</u>	<u>31.December.2005</u>
Cash at hand	2,500	2,500
Bank deposits	<u>146,737,867</u>	<u>197,439,106</u>
Cash and cash equivalents on the balance sheet	<u>146,740,367</u>	<u>197,441,606</u>
Bank overdrafts	-	23,523
Cash and cash equivalents on the cash flow statement	<u>146,740,367</u>	<u>197,418,083</u>

## 7. SHARE CAPITAL

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

## 8. LOANS

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

	<u>31.March.2006</u>	<u>31.December.2005</u>
Nominal value of bonds	174,819,684	174,819,685
Up-front fees not yet charged to income statement	<u>(2,324,271)</u>	<u>(2,417,212)</u>
Bonds	<u>172,495,413</u>	<u>172,402,473</u>
Non-current loans	<u>172,495,413</u>	<u>172,402,473</u>
Commercial paper	23,500,000	340,950,000
Nominal value of Sonae/97 bonds	74,819,684	74,819,685
Up-front fees not yet charged to income statement	(65,858)	(94,493)
Bank overdrafts	-	23,523
Current loans	<u>98,253,826</u>	<u>415,698,715</u>

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

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

## 9. OTHER CURRENT LIABILITIES

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

	<u>31.March.2006</u>	<u>31.December.2005</u>
Trade creditors	350,081	386,703
Group companies	279,205,150	298,372,750
Taxes and contributions payable	347,473	901,462
Accrued expenses	11,045,381	8,655,582
Others	<u>156,902,349</u>	<u>110,250,080</u>
	<u>447,850,434</u>	<u>418,566,577</u>

## 10. CONTINGENT ASSETS AND LIABILITIES

	<u>31.March.2006</u>	<u>31.December.2005</u>
Guarantees given:		
on tax claims	1,776,135	1,776,135
on judicial claims	355,199	355,199
Others	74,791,153	192,323,306

## 11. INVESTMENT INCOME

As at 31 March 2006 and 31 March 2005, investment income can be detailed as follows:

	<u>31.March.2006</u>	<u>31.December.2005</u>
Dividend received	53,613,493	-
Profit/(Loss) on sale of investments	<u>3,397,495</u>	<u>20,906,741</u>
	<u>57,010,988</u>	<u>20,906,741</u>

## 12. EARNINGS PER SHARE

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

	<u>31.March.2006</u>	<u>31.March.2005</u>
<b>Net profit</b>		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	55,496,740	19,898,581
Effect of dilutive potential shares		
Interest related to convertible bonds (net of tax)	-	-
	<u>55,496,740</u>	<u>19,898,581</u>
<b>Number of shares</b>		
Weighted average number of shares used to calculate basic earnings	1,866,023,854	1,865,821,979
Effect of dilutive potential ordinary shares from convertible bonds	-	-
	<u>1,866,023,854</u>	<u>1,865,821,979</u>
<b>Profit/(Loss) per share (basic and diluted)</b>	<u>0.0297</u>	<u>0.0107</u>

### 13. CHANGES IN RESERVES

Details of changes in reserves in the three months ended on 31 March 2006 and 31 March 2005 may be summarised as follows:

	<u>31.March.2006</u>	<u>31.March.2005</u>
Fair value reserve	(49,118,760)	120,881,503
Hedging reserve	-	194,676
Free reserves	<u>46,501,724</u>	<u>-</u>
	<u>(2,617,036)</u>	<u>121,076,179</u>

### 14. SUBSEQUENT EVENTS

The 2005 profit appropriation has been approved in the General Meeting of Shareholders held on 6 April 2006. Dividends amounting to 46,650,596.35 euro have been attributed and are already considered in these financial statements.

On 10 May 2006 the company completed a bond issue, by private placement, totalling 250,000,000 euro (two hundred and fifty million euro). The bonds are unsecured, have a term of 5 years, and were arranged by Caixa - Banco de Investimento.

### 15. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 11 May 2006.

### 16. INFORMATION REQUIRED BY LAW

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

In the three months ended 31 March 2006 shareholders' loan contracts were entered into with the following companies:

Sonae Investments, BV

In the three months ended 31 March 2006 short-term loan contracts were entered into with the following companies:

Público Comunicação Social, SA  
Sonae Sierra, SGPS, SA

As at 31 March 2006 the amounts owed by affiliated undertakings can be summarized as follows:

#### Loans granted

<u>Companies</u>	<u>Closing Balance</u>
Investalentejo, SGPS, SA	2,423,000
Choice Car, SGPS, SA	250,000
SC - Sociedade de Consultadoria, SA	80,000
Sonae Investments, BV	466,464,204
Sonae Turismo, SGPS, SA	<u>7,159,000</u>
	<u>476,376,204</u>



As at 31 March 2006 the amounts owed to affiliated undertakings can be summarized as follows:

Loans obtained

<u>Companies</u>	<u>Closing Balance</u>
Modelo, SGPS, SA	13,861,000
Atlantic Ferries, SA	4,039,000
Sonae Capital, SGPS, SA	97,832,150
Sonaecom, SGPS, SA	<u>163,473,000</u>
	<u>279,205,150</u>