



SONAE - SGPS, SA

Sociedade Aberta

Lugar do Espido - Via Norte – Apartado 1011

4471- 909 Maia - Portugal

Share Capital: Euro 2,000,000,000

Maia Commercial Registry (Nr. 14 168)

Fiscal Nr. 500 273 170

CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2004



Sonae SGPS, SA - Sociedade Aberta
Lugar do Espido Via Norte Apartado 1011
4471-909 Maia Portugal
Share Capital Eur 2 000 000 000
Maia Commercial Registry (Nr. 14168)
Fiscal Nr. 500 273 170

(Translation from the Portuguese original)

REPORT OF THE BOARD OF DIRECTORS

1ST HALF OF 2004

THE ECONOMIC ENVIRONMENT

After an abnormally long period of recession, the **World economy** showed increasingly strong and more sustained signs of recovery during the first six months of 2004. This was particularly noticeable in the Asian economies (growth rates of 8.3% for China and 3% for Japan, significantly higher than those forecast at the beginning of the year). With growth forecast at 4.7%, a recovery is also visible in the United States. However, the weak performance of the European economies goes against this positive scenario with growth in the Euro zone of only 1.6% (a rate significantly affected by the very modest growth of two of the biggest economies in the European Union, Germany and Italy, 0.9% and 1.1%, respectively).

There seems to be no doubt in the short term about the recovery of the **American economy**. Growth rates should continue in 2005 above 3.5%, supported by growth in private investment of 7.3% and 6%, in 2004 and 2005, respectively, in spite of the very modest growth in employment (restrained by the sustained growth of labour productivity in the private sector) which is the reason for a lower rate of growth in private consumption than is normal at this phase of the economic cycle. In the long term, growth will be negatively impacted by the high budget deficit (4.8% in 2004 and 3.9% in 2005) and the foreign trade deficit (that will deteriorate from the expected 4.7% in 2004 to 4.8% of GDP in 2005). These continued imbalances will lead to increases in long term interest rates, and a tighter monetary policy, that will lead to rises in short term interest rates sooner than would otherwise occur. The weak dollar trend will accelerate due to these imbalances, with a negative impact on the economies of other countries.

The recovery of the **Euro zone economy** is proving to be slower, with expected growth rates always below those of the United States and unlikely to exceed 2% at a sustainable level. In Germany, the potential level of growth is forecast at only 1.5%, which is one of the worst rates amongst the larger European nations (only Italy has a lower growth rate forecast for 2005 - 1.3%). The French economy, where the growth rate may reach 2.5% in 2005 (1.7% in 2004), continues to perform better than Germany in almost all economic indicators, with the exception of inflation and unit

labour costs. In contrast to Germany, in which the export sector is recovering, the domestic market continues to be the main driver of the French economy, where levels of private and public consumption and public investment are less depressed. The control of public spending and increased market flexibility and efficiency, especially in the labour market, are the key factors to improve growth rates in the Euro zone.

The **United Kingdom** started from a more favourable position than the Euro zone and took advantage of its sound public finances to counteract the economic cycle. A key element was the growth of more than 20% in public capital spending, over the last two years. The current budget deficit of around 3% of GDP is a clear indication of the extent to which this policy was used. Another factor was the behaviour of the housing market that together with an unemployment rate of around 5% (considerably lower than that of the major continental European countries) helped to sustain the wealth of families, with a positive impact on private consumption. The fact that the budget deficit is now at the limit imposed by the Stability and Growth Pact and the probable need to tighten monetary policy to contain inflation within an acceptable range (2%), will probably lead to a more restrictive economic policy over the coming years.

In contrast to what has happened to the **Portuguese economy**, one of the most depressed in the Euro zone, the **Spanish economy** lived through the recession with growth rates always above 2% (2.9% in 2004 compared to 0.8% in Portugal). Likewise, the potential level of growth in Portugal fell progressively over the last twenty years (around 1.5% at present). In Spain, however, it has remained stable and relatively high in European terms, at around 2.5%. With inflation constantly above the European average (although converging towards it) and a deterioration of its foreign trade balance, the Spanish economy is most likely to lose competitiveness. Hence the need for increased productivity which will only be possible with urgent reforms to make the labour market more flexible. There is, however, still a lot of room for manoeuvre in terms of fiscal policy, due to the budget surplus, in spite of a particularly extended period of economic crisis. In addition to a fall in the potential level of growth, the prospects for the Portuguese economy are still affected by the need to control excessive spending, both private and public (with a public deficit that remains within the Stability and Growth Pact limits thanks to extraordinary revenues that are, at minimum, 2% of GDP).

Latin American countries are enjoying a positive background, benefiting from the world economic recovery, and other factors, such as the increase in the price of various raw materials of which they are net exporters. This is also the case in **Brazil** where growth returned in 2004 to rates of around 3% after rates of -0.2% recorded in 2003. This return to satisfactory growth rates has been achieved, until now, without worsening the budget deficit (benefiting from a reduction in the country risk premium on public debt), and maintaining the downward trend of the inflation rate (6.5% in 2004, compared to 9.3% in 2003). The increase in imports that always results from economic growth in countries with severely limited internal supply, reduced the trade surplus to 0.2% of GDP. Unfortunately, the sharp increase in export prices was not enough to prevent this. Available data seems to indicate that the Brazilian economy is now more stable with the resulting reduction in the country's risk premium and a fall in nominal interest rates. As far as private consumption is concerned, the last few months indicate a trend towards improvement, with a favourable reaction to the strengthening of key economic indicators.

PORTFOLIO MANAGEMENT

The main highlights of the first half of 2004 were as follows:

- In March, Sonae, SGPS, SA acquired 50% of the share capital of Sonae Imobiliária, SGPS, SA from its affiliated undertaking Sonae Investments BV. The shareholding of the Sonae Group in Sonae Imobiliária, SGPS, SA remains at the same level, 67.04% of its share capital;
- In January, Sonae, SGPS, SA acquired 299,000 shares of Sonaecom, SGPS, SA at an average price of 2.94 euro per share. In March and April, Sonae Investments BV sold 1,038,262 shares of Sonaecom, SGPS, SA at an average price of 3.11 euro per share. After these transactions, the shareholding of the Sonae Group in Sonaecom, SGPS, SA stands at 82.46% of its share capital.

ALLOCATION OF FINANCIAL RESOURCES

Gross investment in the first half of the year totalled 287 million euro, which compares with 216 million euro in the first half of 2003. The main investments were as follows:

- Modelo Continente: an investment of 62 million euro in one new Modelo store and 10 non food retail stores next to Modelo shopping centres in Portugal, and 4 new stores in Brazil;
- Sonae Imobiliária: an investment of 103 million euro in the continued development of a number of ongoing projects. The most significant amounts relate to the Shopping Centres: Covilhã Shopping (Covilhã, Portugal), LoureShopping (Loures, Portugal), Centro Tejo (Seixal, Portugal), Luz del Tajo (Toledo, Spain), Plaza Éboli (Pinto, Madrid, Spain), Zubiarte (Bilbao, Spain), Plaza Mayor Shopping (Malaga, Spain) and Shopping Penha (São Paulo, Brazil);
- Sonaecom: an investment of 45 million euro which includes the maintenance and improvement of infrastructure and information systems, and the acquisition of KPNQwest Portugal.

Divestment in the six months was around 66 million euro.

BUSINESS ACTIVITY¹

WOOD BASED PANELS

Consolidated turnover rose to 787,7 million euro. This figure represents an increase of 5,3% over the first half of 2003, despite a 4.5% decrease in the contribution from Gescartão. The panel business continues to perform well for the third consecutive quarter, due to strong demand in particleboard and OSB². Although prices have been continuously recovering since October 2003, the consolidated average price for the half-year is still lower than in the same period of last year. However, comparing prices in June of the two years, a small improvement has been achieved.

¹ The information in this section considers each sub-holding as a stand-alone business, unless otherwise stated.

² OSB – Oriented Strands Board

Consolidated operational cash-flow (EBITDA), in the first half of 2004, reached 104.6 million euro, an increase of 38.8% over the first half of 2003. This figure represents 13.3% of turnover, which compares to 10.1% in the same period of 2003. The panel business improved its EBITDA by 34.8 million euro, on a like for like basis, which resulted in an absolute increase of 3.8 percentage points on turnover.

Consolidated earnings before taxes (EBT) improved by 52.0 million euro. This improvement reflects a positive variation of 35.4 million euro in operating profit, a reduction in net financial charges of 7.9 million euro and an increase in extraordinary profits of 7.8 million euro.

Consolidated net results after minority interests improved by 51.3 million euro to 9.8 million euro.

Improving the balance sheet structure remains a priority and **consolidated net debt** was reduced by 68.2 million euro during the first half of 2004 to 903.3 million euro.

Capacity utilization, due to stronger market demand, improved at a consolidated level to 92%. The most significant improvement was in OSB⁴ that operated at full capacity and, to a lesser extent, particleboard that increased capacity utilization by 13 percentage points.

Operating Review

Iberia

The first half of 2004 compared positively with the first half of 2003. Demand is stronger in both Iberian and export markets. Prices have been recovering but have not yet returned to the levels of the first half of 2003. Sales of particleboard, raw and surfaced, were 23% above those in the first half of 2003, whilst MDF³ showed growth of 8%.

Capacity utilization grew in both particleboard and MDF³. EBITDA for the period was 26% above that in the first half of 2003, mainly driven by price increases, reductions in operating costs and increased capacity utilization.

France

In the first half of 2004, the French operation posted EBITDA of 6.5 million euro, which represents an improvement of 2.7 million euro (71%). Sales increased by 18% over the first half of 2003. In terms of production, with the exception of Ussel, all the plants were able to benefit from the increase in demand and improved capacity utilization. Variable costs improved, despite increases in wood prices. Working capital was reduced to a historical low of 42 days of sales.

Germany

In the first half of 2004, sales, in all segments, were significantly stronger than in the first half of 2003, increasing by 30%. The main drivers for this growth were OSB⁴, raw particleboard and tongue & groove. New production records were set at the Nettgau production lines of particleboard and OSB⁴. Cost increases of raw materials, in

³ MDF – Medium Density Fibreboard

⁴ OSB – Oriented Strands Board

particular wood and energy, were partially compensated by strict cost management and reductions achieved in fixed costs. Net results at Glunz were positive for the first time in more than ten years.

United Kingdom

The price of particleboard has increased by 10% since the beginning of 2004, due to strong construction activity. The furniture market remains less buoyant, with installed capacity exceeding total demand. The demand for laminate flooring appears to have stabilized and prices continue to deteriorate as a result of retail competition. Capacity utilization was affected by the high use of recycled material (> 90%) creating high levels of wear on critical components of the plant. The recovery in the Packaging Recovery Notes market helped to improve financial performance.

Canada

The North American market has been very strong since the beginning of the year, for both raw and surfaced particleboard. Net sales showed an improvement of 13.7% over the first half of 2003 in spite of a 7% depreciation of the US dollar vis-à-vis the Canadian currency. This improvement is mainly due to higher volumes of sales and better prices. Wood costs continue to be a concern, as they remain significantly higher than last year. A shortage of log supply to sawmills has reduced the availability of wood by-products. However, Tafisa Canada has not lost days of production due to lack of fibre since January 2004. Higher glue costs have been completely offset by a significant reduction in glue consumption when compared with last year. A reduction in fixed costs also contributed to the improved performance in the first half of 2004.

Brazil

In the first half of the year, there was a slow recovery in the economy with interest rates kept high, which affected growth of internal consumption.

Despite that, the wood based panels sector grew 24% in overall volume, 29% in particleboard and 17% in MDF⁵. Tafisa Brazil grew 17% in volume in the internal market with a significant reduction in exports due to the lack of infrastructures in the ports and an increase in shipping costs. The level of activity was affected by wood supply problems due to adverse weather conditions that also caused increases in costs.

South Africa

Sales for the first half of 2004 were 10.4% up on the first half of 2003, overcoming the traditional slow start to the year. Variable costs, particularly of imported products, were lower than expected due to the strength of the Rand. Volumes and variable costs were the main reasons for improved profitability with EBITDA reaching 90 million Rands, which is 27% above that in the first half of 2003. The residential building industry has seen a significant increase in growth, which is a positive sign for the later part of this year.

⁵ MDF – Medium Density Fibreboard

Productivity improvements at White River have been disappointing, whilst the downtime at Panbult has reduced significantly. The competition from imported products was less significant than experienced in the second half of 2003, due to increased transportation costs and reduced availability of supply.

Contribution to Sonae's Consolidated Financial Statements

In terms of the consolidated financial statements of Sonae, SGPS, SA, Wood Based Panels contributed the following:

	Euro million
Turnover	764.6
Operational Cash-Flow (EBITDA)	104.1
Profit/(Loss) before Minority Interests	9.7
Total Net Investment	24.7
Net Interest bearing Debt	542.0
Shareholders' Funds plus Minority Interests	730.7

RETAILING

Consolidated gross sales of Modelo Continente for the six months of 2004 totalled 1,856 million euro, an increase of 4% over the same period of 2003, and were favourably impacted by significant growth of turnover in Brazil that increased 12% in local currency. In euro terms, growth was 10%, impacted by a 2% depreciation of the Brazilian real to the euro over the six months.

In the same period, **consolidated operational cash-flow (EBITDA)** was 101 million euro, equal to 6.3% on net sales (a fall of 7% compared to the same period of 2003), due to the promotional cycle in Portugal taking place earlier than in prior years.

Profits on ordinary activities totalled 25 million euro, an increase of 4% compared to the first half of 2003 resulting from a reduction in financial charges, due to a sustained reduction in debt and a fall in the company's cost of debt.

Consolidated profits after minority interests were 32 million euro, trebling those of the first six months of 2003. This result was favourably impacted by the positive contribution from the Brazilian operations of Modelo Continente which last year were loss making.

Operating Review

Portugal

Competition in the Portuguese retail market continued to intensify with sales area (measured in square meters of sales area available to consumers) growing around 5%, well above the less than 3% increase in demand (measured by growth in sales of the main retailers).

In the period, gross sales of Modelo Continente in the Portuguese market were 1,310 million euro, an increase of 2% compared to the first half of 2003.

Operational cash-flow (EBITDA) was 89 million euro (7.7% of net sales). This number is 10% less than that in the same period of 2003 and is the result of the promotional cycle of the company taking place earlier than in prior years.

Brazil

In the first half of 2004, the retail market grew in line with average inflation, that was close to 6%.

The market continued to show no real signs of improvement, reflecting the downward pressure on consumer's disposable income. However, in the last few months, it would seem that there has been some improvement, with consumption reacting favourably to the strengthening of the key economic indicators, particularly export growth.

Gross sales of Modelo Continente in Brazil in the first half of 2004 were 1,986 million Brazilian real, increasing 12% compared to the same period of 2003. Business growth thus exceeded market benchmarks and comparable indicators of main competitors, with a growth in sales in the second quarter of this year of 16% in local currency.

In euro, gross sales were 546 million, 10% higher than in the same period last year, and would have been even higher if it were not for a 2% depreciation of the Brazilian real against the euro during the period.

Operations in Brazil contributed 13 million euro to the operational cash-flow (EBITDA) of Modelo Continente in the first half of 2004. This is equal to an increase of 14%, and a ratio of operational cash-flow to net sales (EBITDA margin) of 2.8%.

Expansion Programme

Modelo Continente ended the first half of 2004 with 444 stores, equal to 859,000 square meters of sales area, shared equally between Portugal and Brazil.

In Portugal, expansion led to an increase of 5,000 square meters of sales area, corresponding to the opening of 10 stores in non food retail, including a pilot store for a new concept in the children's apparel segment. After the end of the period, a new Modelo store was opened in Gulpilhares, in the Porto metropolitan area.

In Brazil, 6,000 square meters of new sales area were opened in Rio Grande do Sul state. This includes 4 new stores, including a BIG hypermarket in the city of Esteio. In July, a new Nacional supermarket was also opened in Gramado.

Future brand expansion is based on the development of ongoing projects among which are Continente hypermarkets in Antas and Loures, in Portugal (to open in 2005), as well as 3 new hypermarkets in the Brazilian states of Rio Grande do Sul and Santa Catarina (with opening planned during the next eighteen months).

Overall, net investment for the six months was 62 million euro, mainly relating to the store refurbishment and expansion programmes.

Contribution to Sonae's Consolidated Financial Statements

In terms of the consolidated financial statements of Sonae, SGPS, SA, Retailing contributed the following:

	Euro million
Turnover	1,594.4
Operational Cash-Flow (EBITDA)	100.8
Profit/(Loss) before Minority Interests	33.7
Total Net Investment	56.3
Net Interest bearing Debt	797.6
Shareholders' Funds plus Minority Interests	345.0

SHOPPING CENTRES⁶

Sonae Imobiliária ended the first half of 2004 with **direct income from investments** of 130.9 million euro, an increase of 14.9% compared to the same period last year.

Consolidated operational cash-flow (EBITDA) reached 46.2 million euro, a 1.3% increase over the first half of 2003, despite the sale of 50% of Vasco da Gama to ING Real Estate in March 2003, with the consequent reduction in rents and other income.

Consolidated operational cash-flow (EBITDA) was positively influenced by the openings of Parque Atlântico (Azores, Portugal), Coimbra Retail Park (Coimbra, Portugal), Estação Viana (Viana do Castelo, Portugal) and the expansion of CascaiShopping (Cascais, Portugal) in 2003, as well as by the openings of Dos Mares (Murcia, Spain), Avenida M40 (Madrid, Spain) and Boavista Shopping (São Paulo, Brazil) in the first half of 2004.

⁶ Sonae Imobiliária presents its consolidated financial statements in accordance with International Accounting Standards (IAS) since 2001. The financial data contained in this section of the report, relating to 2004 and 2003, is in agreement with these standards. In the Sonae, SGPS, SA consolidated financial statements the business continues to be consolidated using Portuguese accounting standards (POC). As a result the figures shown at the end of this section differ from those reported by Sonae Imobiliária.

The **indirect profit** for the first half of 2004 was 31.5 million euro and includes 42.6 million euro of value created on investments, of which 32.3 from shopping and leisure centres already operating at year end 2003 and 10.3 million euro from openings in the first half of 2004, net of deferred taxes of 10.7 million euro.

Consolidated net profit after minority interests was 32.2 million euro. In the same period of last year, the consolidated net profit reached 64.6 million euro. However, this did not consider the minority interests from the sale of 49.9% of the SIERRA Fund, as well as the minority interests on Dos Mares and Avenida M40 of 35% and 40%, respectively.

The sound financial position of Sonae Imobiliária is reflected in a gearing ratio (measured as net debt as a percentage of total assets less cash and equivalents) of 25.5%, a very favourable figure for this type of business.

Operating Review

Sonae Imobiliária Assets

In Portugal, Sonae Imobiliária owns or co-owns 14 shopping and leisure centres, 1 retail park and 2 commercial galleries, with a total of 651 thousand square meters of GLA (Gross Lettable Area). During the first half of 2004, this portfolio of assets increased its total rental income by 13.2% versus the same period of 2003, including the effect of Parque Atlântico (Azores), Estação Viana (Viana do Castelo) and Coimbra Retail Park (Coimbra) which opened in the fourth quarter of 2003. On a like-for-like basis, total rental income increased 6.3%.

In Spain, Sonae Imobiliária owns or co-owns 8 shopping and leisure centres, with a total of 385 thousand square meters of GLA. During this first half-year, total rental income increased 6.7% versus the same period of 2003, including the effect of Dos Mares (Murcia) and Avenida M40 (Madrid) which opened in 2004. On a like-for-like basis, total rental income increased 2%.

Sonae Imobiliária Development

In Portugal, the construction and marketing of the three shopping centres under development, Covilhã Shopping (Covilhã), LoureShopping (Loures) and Centro Tejo (Seixal), continued as planned, representing a total investment of 155.8 million euro and 93,900 square meters of GLA. The openings are expected to happen in the autumn of 2005.

Setúbal Retail Park (Setúbal), a joint venture (50/50) with Miller Developments, awaits the issuance of its construction license. It represents a 22.1 million euro investment.

In Spain, shopping and leisure centre Luz del Tajo (Toledo), a joint venture with the Eroski Group (65/35), will open to the public on 28 September and represents an investment of 77 million euro. The marketing continues to be a success with 92% of the 42,500 square meters of GLA already let. It will have 132 shops and will create 2,000 direct jobs.

The construction and marketing of the shopping and leisure centre Zubiarte (Bilbao) are proceeding at a brisk pace. This joint venture between Sonae Imobiliária and the ING Group (50/50) is scheduled to open next autumn. This project represents an investment of 83.4 million euro, with 20,700 square meters of GLA.

Construction and marketing continues at Plaza Éboli shopping and leisure centre in Pinto (Madrid region). The centre, in partnership with the Eroski Group (65/35), represents an investment of 55.5 million euro. It will have 32,900 square meters of GLA with 112 shops and parking for about 1,000 cars. It is scheduled to open in March 2005.

Construction is expected to begin on Plaza Mayor Shopping (Malaga) by the end of the current year, as soon as the construction license is obtained. This joint venture with Castle City (75/25) represents a 41 million euro investment with 16,800 square meters of GLA.

In Germany, the shopping and leisure centre in Alexander Platz (Berlin) is being developed in a joint venture with Foncière Euris (51/49). It will have 53,000 square meters of GLA and represents an investment of around 290 million euro. The construction license has already been requested and construction works are expected to start before year-end.

The development of the shopping and leisure centre 3DO (Dortmund) continues. The investment is estimated to amount to 250 million euro with 58,000 square meters of GLA. Construction is expected to start at the beginning of next year after finalising negotiations with Deutsche Bahn (German Railway company).

In Greece, construction and marketing continues at the Mediterranean Cosmos shopping and leisure centre (Thessalonica). This centre, held 39.9% by Sonae Charagionis, and 60.1% by LAMDA Developments will have 47,000 square meters of GLA and represents an investment of around 104 million euro. It is scheduled to open in April 2005.

Efforts continue, through Sonae Charagionis SA, the company's joint venture with Charagionis Group (50/50), to obtain the necessary licenses to develop Aegean Park. This shopping and leisure centre in the Greater Athens area represents an investment of around 152 million euro with 60,500 square meters of GLA.

In Brescia, Italy, construction of a new shopping centre should start at the beginning of next year, as soon as the construction license is obtained. This 29,000 square meters shopping and leisure centre, with an investment of about 114 million euro, is being developed in partnership with AIG (40%) and Coimpredil (10%). The opening is planned for the spring of 2006.

Sonae Imobiliária Property Management

In Portugal, this business manages 936 thousand square meters of GLA. This portfolio performed well, with sales and visits increasing respectively, 9.5% and 4.4%, compared to the same period of last year. On a like-for-like basis, sales increased 3.9% and visits were at the same level.

The total portfolio under management in Spain comprises 9 shopping centres and 2 galleries, representing 440 thousand square meters of GLA. The performance was positive during the first half of 2004, with a 16.6% increase in sales and a 10.6% increase in visits. On a like-for-like basis, sales and visits increased 11% and 2.8%, respectively.

In Italy, Sonae Imobiliária, manages Orio Center in Bergamo, through a joint venture with Espansione Commerciale. This centre has 56 thousand square meters of GLA. Sales and visits remained at the same level as last year. Sonae Imobiliária has signed a contract with Pirelli Real Estate for the management of two new shopping centres owned by this company.

Sonae Imobiliária Brazil

With the opening of Boavista Shopping (São Paulo) on 27 April, Sonae Imobiliária now owns (or co-owns) 7 shopping and leisure centres, totalling 242 thousand square meters of GLA.

During this half-year, the total rental income from the Brazilian portfolio increased 13% in Brazilian real, compared to the same period of 2003. On a like-for-like basis, growth was 10.5%.

The portfolio received 30.2 million visits (an 18.8% increase on the same period of last year), corresponding to sales of more than 582.3 million Brazilian real (153.6 million euro) an increase of 15.3% (in Brazilian real) on the same period of last year. On a like-for-like basis, visits increased 15% and sales increased 13.5%. Occupancy reached 91.6%.

The Shopping Penha (east side of São Paulo) expansion and renovation is underway, which will add 10,900 square meters of GLA, a total investment of 11.6 million euro, totally financed by Sonae Imobiliária. After the expected opening in this autumn, Sonae Imobiliária will be the major shareholder of the centre.

Contribution to Sonae's Consolidated Financial Statements

In terms of the consolidated financial statements of Sonae, SGPS, SA, Shopping Centres contributed the following:

	Euro million
Turnover	141.6
Operational Cash-Flow (EBITDA)	37.0
Profit/(Loss) before Minority Interests	17.9
Total Net Investment	87.3
Net Interest bearing Debt	368.9
Shareholders' Funds plus Minority Interests	319.1

TELECOMMUNICATIONS⁷

Consolidated turnover grew by 9% in the first half of 2004 to 429 million euro compared with the first half of 2003. Although Optimus is still the main contributor to consolidated turnover, contributing 71%, other businesses are gradually increasing their contribution.

Consolidated operational cash-flow (EBITDA) increased by 53% in the first half of 2004 to 98 million euro generating an EBITDA margin of 23%, an improvement of 7 p.p. against the first half of 2003. All main businesses are now positive contributors to EBITDA with the exception of Clix. Optimus EBITDA margin in the first half of 2004 was 29% which includes the benefit of a one-off incremental EBITDA contribution associated with the European football championship of circa 3.5 million euro.

Consolidated net financial charges were 10.8 million euro in the first half of 2004 compared to 9.1 million euro in the first half of 2003. The deterioration is explained primarily by costs associated with the refinancing of Optimus.

With its improved profitability profile, Sonaecom has now delivered positive net profits after minority interests for the past two quarters. In the first half of 2004, **consolidated net profits attributable to Sonaecom** were 6 million euro, compared to losses of 11 million euro in the first half of 2003.

Gross investment in the first half of 2004 was 13% higher than in first half of 2003 as a result of Novis' acquisition of KPNQwest Portugal in April and of the initial UMTS rollout investments by Optimus.

Sonaecom's capital structure continues to show improvement. At the end of first half of 2004, **consolidated net debt** was 339 million euro (378 million euro at the end of the first half of 2003).

Operating Review

Mobile Telecommunications

Optimus posted significant growth in service revenues, up 8% in the first half of 2004 compared with the same period in 2003. The growth in service revenues is explained mainly by the increased customer revenues (which grew 9% to 187 million euro) and the increased roaming revenues which in the first half of 2004 increased circa 34% in comparison to first half of 2003, due mainly to the effect of the European football championship hosted in Portugal during most of June and early July (circa 3.5 million euro).

At the end of the first half of 2004, Optimus had 2,093 thousand registered subscribers and in this period the ARPU (Average Revenue per User) amounted to 23.7 euro, of which 15 euro related to the Customer Monthly Bill.

⁷ Sonaecom presents its consolidated financial statements in accordance with International Accounting Standards (IAS) since 2003. The financial data contained in this section of the report, relating to 2004 and 2003, is in agreement with these standards. In the Sonae, SGPS, SA consolidated financial statements the business continues to be consolidated using Portuguese accounting standards (POC). As a result, the figures shown at the end of this section differ from those reported by Sonaecom.

Mobile data revenues represented 9.2% of Optimus' total service revenues in the first half of 2004, circa 27 million euro, recording growth of 19% in comparison with data revenues generated in the first half of 2003.

Optimus launched its UMTS promotional campaign in June 2004. Optimus is a firm believer in the future potential of mobile data, although it feels that representative mass-market take-up of UMTS will only occur in the medium term – 2005/2006 – due to the current very limited range of available handsets and their still expensive pricing in comparison with existing GSM/GPRS phones.

Driven by the increase in service revenues explained above and the delivery of additional cost savings, in the first half of 2004 Optimus achieved an EBITDA margin of 29%, up from 23% in the first half of 2003.

Fixed Telecommunications

Novis is showing strong growth in all its business lines with the exception of Wholesale Internet. Total service revenues grew by 23% in the first half of 2004 compared to the same period of 2003. The two periods are not directly comparable as Novis started to manage Optimus' international traffic from the beginning of 2004 and KPNQwest Portugal was consolidated into Novis accounts as from 23 April 2004, thus contributing with a little more than 2 months of additional revenues in the first half of 2004 (circa 2.3 million euro).

Novis recorded a significant increase in its main business lines with the SME⁸ and SoHo⁹ markets growing by 38% and 59% in terms of traffic and customers, respectively. At the end of the first half of 2004, Novis had 228 thousand active customers, circa 3 thousand of which use direct access connections. At the end of the first half of 2004, KPNQwest Portugal had 1,822 customers, and total traffic generated in the half-year amounted to 432 million minutes. Novis is clearly the leading alternative telecommunications player for the SME⁸, SoHo⁹ and Residential markets in Portugal, with market shares of customers amongst alternative operators of 42.5%, 40.4% and 40.6%, respectively.

By the end of June, Novis had unbundled 55 local switches with SHDSL. ADSL is being deployed over unbundled local loop in 11 of these.

As a result of its focused market positioning and continuing efforts to optimize its cost structure, Novis became EBITDA breakeven during the fourth quarter of 2003. Profitability continues to grow and in the first half of 2004, Novis generated operational cash-flow (EBITDA) of circa 3 million euro, including the contribution of 54 thousand euros from KPNQwest Portugal.

Internet and Media

Portugal Telecom, the incumbent operator, is benefiting from an effective monopoly in the Portuguese residential Internet market and is proving successful in eliminating its competition. Unless there is a dramatic turnaround in the current regulatory and competitive environment, it will not be possible for Clix to continue its operations, as is likely to be the case with other alternative Internet service providers.

⁸ SME – Small and Medium Enterprises

⁹ SoHo – Small offices and Home offices

Throughout the first half of 2004, Clix continued to witness a reduction in narrowband customers, traffic and revenues and was unable to compete in the residential broadband arena due to the many restrictions imposed by Portugal Telecom. Additional savings in operating costs, 21% compared with the first half of 2003, were not sufficient to compensate the loss in access revenues. As such, Clix registered an increase in negative EBITDA margin to 7%.

Turnover at Público grew by 11% in the first half of 2004 compared to the first half of 2003. Público has maintained its success with associated products and in the first half of 2004 launched a number of new collections and supplements such as an Encyclopedia, a Portuguese Fado collection in CD's and a children's book collection. Associated product sales generated a substantial portion of Público's operational cash-flow (EBITDA) in the first half of 2004, albeit on a lower number of copies sold than recorded in previous collections, due mostly to the numerous competing collections on offer. Sales of newspapers recorded a decline in the first half of 2004 compared with the first half of 2003 to 6 million euro. Average daily circulation was 50.9 thousand copies in the first half of 2004, down 9%, in part due to lower sales at the weekend and influenced by the lower levels of demand for associated products in 2004 compared with previous years. Público maintains its position as the third daily paper in terms of circulation with a market share of 12.8%.

Público increased advertising revenues by 14% to 9.1 million euro in the first half of 2004, compared with the first half of 2003. Público is showing a marked improvement in terms of overall profitability with an increase in operational cash-flow (EBITDA) from losses of 0.3 million euro in the first half of 2003 to positive operational cash-flow (EBITDA) of 1 million euro in the first half of 2004. The improvement was driven by the positive contribution from associated product sales and the gradual improvement in advertising activity.

Software & Systems Integration (S&SI)

S&SI businesses achieved important new developments in their customer portfolios in the first half of 2004, amongst which: Enabler reinforced its position in the German market having won new accounts and additional projects in existing accounts; BizDirect is now actively working with the Ministry of Health and the Ministry of Agriculture in eGovernment projects; WeDo entered a partnership with Hewlett Packard Latin America to distribute its flagship software product – RAID (Revenues Assurance) and won a contract to supply RAID to an European subsidiary of Vodafone and to Telemar.

S&SI turnover increased by 11% in the first half of 2004 compared to the first half of 2003. Operational cash-flow (EBITDA) posted an improvement of 13% to 4 million euro in the first half of 2004.

Contribution to Sonae's Consolidated Financial Statements

In terms of the consolidated financial statements of Sonae, SGPS, SA, Telecommunications contributed the following:

	Euro million
Turnover	415.5
Operational Cash-Flow (EBITDA)	86.2
Profit/(Loss) before Minority Interests	5.5
Total Net Investment	32.5
Net Interest bearing Debt	378.6
Shareholders' Funds plus Minority Interests	597.9

SONAE CAPITAL

Consolidated turnover of Sonae Capital (including Sonae Turismo and Praedium) for the first half of 2004 was 210.5 million euro, which compares with 147.2 in the same period of last year. This half-year includes the Plywood business, acquired on 30 June last year. Adjusting for this effect, and on a like for like basis, turnover decreased 0.5%.

Consolidated operational cash-flow (EBITDA) was 9.2 million euro (4.2 million euro in the first half of 2003). On a like for like basis, i.e., without Plywood, EBITDA grew 88.8%, mainly due to improvements achieved in the Construction, Logistics and Tourism businesses.

Consolidated net profit after minority interests was 3.8 million euro compared to 14.7 million euro in the same period of last year. The figure for the first half of 2003 included extraordinary profits of 20.3 million euros (5.2 million euro in the first half of 2004).

Tourism

The consolidated turnover of Sonae Turismo totalled 55 million euro, an increase of 15% over the same period last year. The Travel business contributed with a turnover of 42 million euro (76% of the total).

The Detailed Plan of UNOP 1, approved in January by the Grândola municipal council, and the partnership signed with Amorim Turismo, in December 2003, for the sale of Grano Salis (company responsible for the development of the casino, congress centre and a hotel) are still awaiting ratification by the Government. This fact negatively impacts the profitability of the "TroiaResort" project.

Operational cash-flow (EBITDA) was negative (372 thousand euro) compared to 2 million euro negative in the first half of 2003.

Consolidated net losses after minority interests were 2 million euro compared to 6 million euro in the first half of 2003.

In the Travel business, the re-launch of the Star brand was completed in the period, involving the restructuring, expansion and refurbishing of stores.

Residential Development

Prædium is the Sonae Group company focused on quality residential developments for high-income customers. Apartments in Edifícios Sedas continued to be delivered to customers with 124 now sold out of a total of 158. Meanwhile, one of the plots of land of the Quinta das Sedas project (for which a building license had already been issued), was sold.

Praedium is still awaiting local council approval to begin the EFANOR project.

No progress was made on the licensing process of the D. João V project, in Lisbon. Praedium and its partner, Grupo Lar, are studying the necessary actions to take.

Turnover in the first half of the year was 10 million euro while operational cash-flow (EBITDA) and net profits were 1.9 million and 0.8 million euro, respectively.

Joint Ventures and Venture Capital

	<u>Shareholding</u>	<u>Turnover</u>	Million euro <u>Net Profit/ (Loss)</u>
ba Vidro ¹⁰	49.9%	99.2	11.2
Grupo Selfrio	70.0%	18.6	0.5

Consolidated turnover of **ba Vidro**¹¹ was 99.2 million euro, 10.9% up on the same period last year.

Consolidated operational cash-flow (EBITDA) totalled 30.0 million euro, 25.5% up on the same period of last year. EBITDA margin increased to 30.3%, due to an increased focus on operational efficiency.

Net profits were 11.2 million euros, up 63.2% on the same period of last year.

Consolidated turnover of the **Selfrio Group** in the first half of 2004 was 18.6 million euro, up 11% on the same period of last year (16.8 million euro), and net profits were 0.5 million euro.

The customer order book would indicate a continuous improvement of turnover and profits in the second half of the year, confirming the recovery begun in the second half of last year.

¹⁰ Company accounted for using the equity method

Construction, Energy and Engineering

	<u>Shareholding</u>	<u>Turnover</u>	Million euro <u>Net Profit/ (Loss)</u>
Contacto	100%	28.5	1.7
Cinclus	100%	6.0	0.3
TP ¹¹	50%	13.9	0.8
Sodesa ¹¹	50%	1.6	0.6

Contacto, a private and public sector construction company, had a turnover of 28.5 million euro, down 42% compared to the same period last year, due to the current market slowdown in the sector. However, the company is in a stable situation, given the size of the construction project order book and its cost structure, having started business in Spain during the period.

The results for the half year were positive with an operational cash-flow (EBITDA) of 2.0 million euro and net profits of 1.7 million euro.

Cinclus, a project management and control company, had a turnover of 6.0 million euro, an operational cash-flow (EBITDA) of 499 thousand euro and net profits of 338 thousand euro.

Sonae's partnership with Endesa in the energy sector involves two companies: TP-Térmica Portuguesa and Sodesa.

TP¹¹, in the cogeneration and renewable energy segments, had a turnover of 13.9 million euro, operational cash-flow (EBITDA) of 3.7 million euro and net profits of 836 thousand euro.

Sodesa¹¹, which sells energy in open market segments, already has customers consuming an estimated 1,713 GWH/year, with operational cash-flow (EBITDA) of 809 thousand euro and net profits of 586 thousand euro.

Auto Sector¹²

	<u>Shareholding</u>	<u>Turnover</u>	Million euro <u>Net Profit/ (Loss)</u>
Carplus	50%	7.8	(0.09)
Finlog	50%	15.0	0.2
Guérin	50%	7.0	(1.5)

Choice Car – SGPS, SA, was set up in 2000 to concentrate investments that the Sonae Group held at that time in businesses in the auto sector. It is a 50/50 partnership with the Salvador Caetano Group.

¹¹ Companies accounted for using the equity method.

¹² Companies excluded from consolidation.

Carplus increased market share in the nearly new car market, reflected in an increase in the number of units sold (from 583 to 620) and in turnover and margins achieved. 5 new stores opened in the last 12 months. Turnover increased from 7.2 million euro in the first half of 2003 to 7.8 million euro this half-year. Operational profits amounted to 33 thousand euro, a significant improvement from losses of 411 thousand euro in the first half of 2003.

Turnover of **Finlog** during the six months of this year was 15 million euro, a 6% decrease compared with the same period of last year. The amount of capital employed reached 31 million euro and the number of operational leasing contracts was 3,700. Finlog finished this half-year with 6,813 fleet management contracts.

Guérin is recovering to normal levels of activity after a difficult year in 2003. Nevertheless, turnover decreased from 7.9 million euro in the first half of 2003 to 7.0 million euro this year.

The merger process between Império Pneus Group and Autocenter, which resulted in a network of 46 outlets giving coverage across Portugal under the trade name of **Império Autocenter**, has been completed.

Logistics and Services

	<u>Shareholding</u>	<u>Turnover</u>	Million euro <u>Net Profit/ (Loss)</u>
Logistics	100%	21.5	1.0
mds ¹³	100%	2.0	0.2

Consolidated turnover of the **Logistics** business that includes Invicta, Box Lines, Sontrade Lines and Interport Logistics, the last two based in Bristol, U.K., was around 21.5 million euro, 10.9% up on the same period of last year. Non Sonae Group customers represent 71% of turnover. Box Line's turnover totalled 17.9 million euro (83% of logistics' turnover), up 19% on the same period last year.

Operational cash-flow (EBITDA) was 1.22 million euro and the net profit totalled 962 thousand euro.

Box Lines' operational cash-flow (EBITDA) was 1.17 million euros, significantly higher than in the same period of 2003, representing an EBITDA margin of 6.6%. Net profit was 976 thousand euro, which compares with 118 thousand euro of net loss in the same period of last year.

Mds¹⁴, an insurance broker, reached a turnover of around 2 million euro for the period, 38% higher than in the first half of 2003. Operational cash-flow (EBITDA) was 363 thousand euro and net profits reached 201 thousand euro, 5% up on the same period of last year. During the period, mds acquired the insurance portfolio of its competitor MSE, which has offices in Lisbon and Coimbra.

¹³ A company excluded from consolidation.

¹⁴ Companies excluded from consolidation

In France, Pérouse Assurances¹⁴ ended the fiscal year in June with a turnover around 3.1 million euro and net profits of 665 thousand euro, 28% up on last year. FirstAssur¹⁴, which also ended the fiscal year in June, had a turnover of 2.6 million euro with net profits of 70 thousand euro.

In Brazil, Lazam-mds¹⁴, a 50/50 partnership between Sonae and the Feffer Group, had a turnover of 4 million Brazilian real and net profits of 469 thousand Brazilian real.

Contribution to Sonae's Consolidated Financial Statements

In terms of the consolidated financial statements of Sonae SGPS, SA, Sonae Capital contributed the following:

	Euro million
Turnover	185.5
Operational Cash-flow (EBITDA)	8.3
Profit/(Loss) before Minority Interests	(0.5)
Total Net Investment	18.6
Net Interest bearing Debt	108.1
Shareholders' Funds plus Minority Interests	220.3

FINANCIAL STRUCTURE

Gross investment amounted to 286.6 million euro in the first half of 2004, which compares with 215.8 million euro in the same period of last year. **Net investment** was 220.8 million euro compared to 39 million euro in the same period of last year. Last year's figure included the sale of 50% of the company owning the Vasco da Gama Centre to ING Retail Property Fund Iberica and the disposal of shares held in Banco BPI.

Consolidated net debt, as at 30 June 2004, was 2,818 million euro, a fall of 513 million euro compared to the same period of last year. This significant reduction was the result of sustained internal cash-flow generation and reduced levels of investment in the last six months of 2003.

The **ratio of operational cash-flow (EBITDA) to interest charges** was 4, which compares with 2.8 in the first half of last year. This improvement was achieved due to a strong increase in operational cash-flow and a reduction in interest charges. As a result, the **ratio of net debt to annualised operational cash-flow (EBITDA)** improved to 4 compared with 5.2 in the same period last year.

Since 2001, goodwill has been written off against reserves. If this write off had not taken place, intangible assets and shareholders' funds, as at 30 June 2004, would have been higher by 734.5 million euro and amortisation for the six months by 32.8 million euro.

PROFITABILITY

Consolidated turnover for the first half of the year was 3,108 million euro, compared to 2,914 million euro in the same period of last year, equal to an increase of 6.7%. This growth was achieved in almost all group businesses.

Consolidated operational cash-flow (EBITDA) generated in the first six months of 2004 was 332 million euro, 22.5% up on the 271 million euro reported in the first half of last year. This growth was particularly noticeable in the Wood Based Panels and Telecommunications businesses.

The **consolidated EBITDA margin** was 10.7%, which compares with 9.3% in the first half of 2003. The improvement in EBITDA margin was the result of significantly increased contributions from Wood Based Panels and Telecommunications, which offset lower contributions from other businesses. Margins in the Wood Based Panels business improved in almost all markets. The Telecommunications business continued to show sustained improvement in profitability.

Consolidated operational profit in the period was 125 million euro, doubling that of the same period last year (62 million euro). This significant increase was due to improvement in operational cash-flow, with amortisation and provisions remaining at similar levels.

Net financial charges reduced 30 million euro, from 116 million euro in the first six months of last year to 86 million euro this year. This was due to lower interest paid in Wood Based Panels, Retail and the Holding company.

Consolidated extraordinary profits for the six months totalled 33 million euro compared to 97 million euro in the same period of last year. Last year's extraordinary profits included three transactions that together resulted in capital gains of 96.7 million euro - sale of 50% of the company owning the Vasco da Gama Centre to ING Retail Property Fund Iberica, sale of all shares held in Banco BPI (4.31%) and sale of the 50% shareholding held in Crediuniverso, to Banco BPI.

The **consolidated net profit before minority interests** was 55.6 million euro compared to 22.8 million euro in the first half of 2003. The improvement is due to better operational profits, with lower levels of extraordinary gains compared to last year, reflecting the achievement of the operational improvement guidelines implemented by the businesses.

The **consolidated net profit after minority interests** for the period was 24.0 million euro compared to 2.7 million euro in the first half of 2003.

CORPORATE GOVERNANCE

Significant changes were introduced to Corporate Governance at the Shareholders General Meeting held on 31 March 2004. The number of members of the Board of Directors was increased from 5 to 9 and 4 non executive directors were elected, 3 of which are independent directors.

The Board of Directors has the following members:

- Belmiro Mendes de Azevedo (Chairman and Chief Executive Officer)
- Álvaro Carmona e Costa Portela (executive)
- Álvaro Cuervo Garcia (non-executive)
- Ângelo Gabriel Ribeirinho dos Santos Paupério (executive)
- Duarte Paulo Teixeira de Azevedo (executive)
- Luíz Felipe Palmeira Lampreia (non-executive)
- Michel Marie Bon (non-executive)
- Nuno Manuel Moniz Trigoso Jordão (executive)
- Nuno Miguel Teixeira de Azevedo (non-executive)

The non-executive members of the Board of Directors bring together wide experience in the world of business, finance, academia and politics, and exercise an important influence in the decision making process and development of company strategy.

The Board aims to meet at least four times a year. The quorum for any Board meeting requires that the majority of members are present. Each member has equal voting rights and decisions are taken by a majority of votes cast. The duties of the Board of Directors are as defined by Portuguese law.

The new Board of Directors appointed Belmiro Mendes de Azevedo as Chairman of the Board of Directors and appointed an Executive Committee with the following members:

- Belmiro Mendes de Azevedo (simultaneously Chairman of the Board of Directors and Chief Executive Officer)
- Álvaro Carmona e Costa Portela
- Ângelo Gabriel Ribeirinho dos Santos Paupério
- Duarte Paulo Teixeira de Azevedo
- Nuno Manuel Moniz Trigoso Jordão

The Executive Committee has been delegated the powers and responsibilities to manage and execute the day-to-day operations of the Company except:

- a) to appoint the Chairman of the Board;
- b) to co-opt a substitute for a member of the Board;
- c) to convene Shareholders' General Meetings;
- d) to approve the Annual Report and Accounts;
- e) to grant any pledges, guarantees or charges over the assets of the Company;
- f) to decide to change the Company's registered office or to approve any share capital increases;
- g) to decide on mergers, de-mergers or modifications to the corporate format of the Company;
- h) to approve the annual portfolio management strategy;
- i) to approve the annual business plan and significant changes to it.

Resolutions are taken by majority in the Executive Committee and all significant decisions are reported to the Board of Directors. The Executive Committee currently meets at least once every month.

The Board of Directors appointed a Board Audit and Finance Committee (BAFC) composed of the following non-executive directors:

- Michel Marie Bon (Chairman) (independent)
- Álvaro Cuervo Garcia (independent)
- Luíz Felipe Palmeira Lampreia (independent)
- Nuno Miguel Teixeira de Azevedo

The BAFC meets at least 5 times a year. Amongst its tasks and powers, the BAFC is responsible for monitoring and reviewing the company's financial reporting processes and accounting policies, for evaluating risk associated with the company's activities on behalf of the Board, and overseeing Corporate Governance. The BAFC meets directly with the external auditors and the internal audit team.

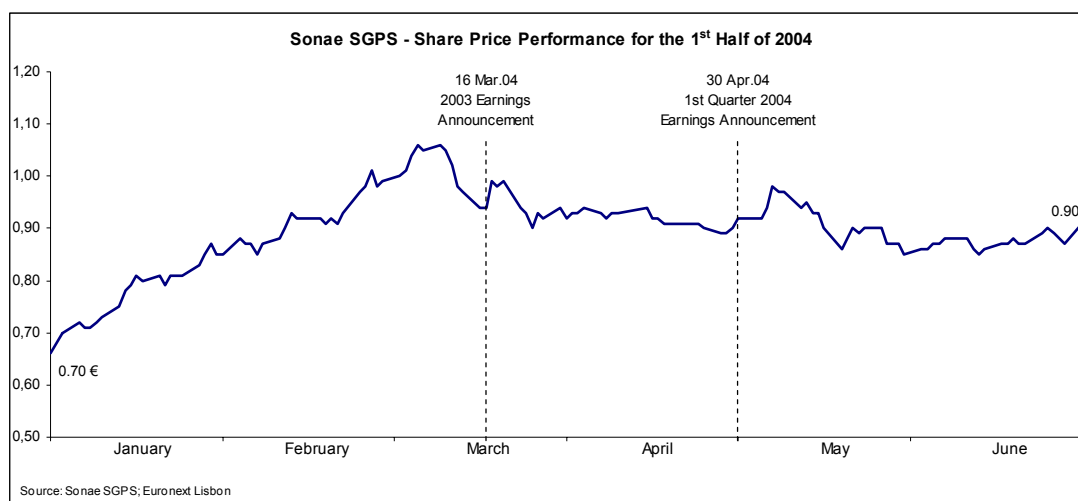
A Board Nomination and Remuneration Committee (BNRC) was also appointed, consisting of the following directors:

- Belmiro Mendes de Azevedo (Chairman)
- Luíz Felipe Palmeira Lampreia (independent)
- Michel Marie Bon (independent)

The BNRC meets at least once a year. It is responsible for supervising the preparation of proposals on remuneration of executive and non executive directors and liaises with the Shareholders' Remuneration Committee ("Comissão de Vencimentos").

The remaining content of the 2003 Report on Corporate Governance has not changed.

SHARE PERFORMANCE



During the period, the Sonae share price rose by around 36.4% in comparison to an increase in the PSI 20 Index of around 9.5%.

The average daily transaction volume of the Sonae share for the six months was close to 6.5 million shares, almost doubling the average volume of the first half of 2003.

OWN SHARES

During the first half of 2004, the company neither purchased nor sold own shares. The number of own shares held remained at 134,178,021 (6.7% of the share capital) at an average cost of around 1.07 euro. The share price at the end of the period was 0.90 euro.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IAS/IFRS)

The Sonae Group continued to evaluate the impact of changing its consolidated financial reporting to IAS/IFRS from 1 January 2005 onwards, in particular the impact of the changes introduced by the International Accounting Standards Board in December 2003 and March 2004.

Information systems have been adapted in most companies to record transactions, on a test basis, simultaneously in local GAAP and IAS/IFRS.

During the last six months further training was given to bring change management teams up to date with the latest developments.

The Sonae Group has not yet been able to determine with reasonable assurance the impacts of the change to IAS/IFRS on its consolidated financial statements. As soon as these impacts are available the market will be informed.

OUTLOOK

Forecasts for 2005 confirm the trend of sustained economic recovery although growth in the OECD countries is expected to fall slightly from 3.4% (in 2004) to 3.3%. With the US economy reaching "cruising speed" (a growth rate of 3.7%), and Japan continuing to grow at the same rate as in 2004 (2.8%), more uniform growth is expected, with Euro zone growth rising from 1.6% in 2004 to 2.4% in 2005. Worldwide, the most consistent indicator of the sustainability of this new economic cycle is the recovery of private investment. Price increases of most raw materials, and in particular oil, prompted by growth in certain areas of the world, especially China, should only marginally affect sustained recovery. The same applies to their impact on inflation which should continue to be mitigated by moderation in the remaining cost elements.

Our half-year results confirm our earlier expectations of an improvement in our profitability, in particular in Wood Based Products and Telecommunications, and will allow us to anticipate the strengthening of the Group's financial structure. We will continue with our intention to extend debt maturities and improve terms and conditions of our financing.

Sonae Indústria will continue to focus on operational performance improvements and financial restructuring, whilst keeping overall capacity utilisation at acceptable levels. The sustainability of demand from Asian markets will be of paramount importance.

Modelo Continente will begin a new growth cycle in Portugal, which, together with continued innovation in the company's value proposal, should result in sustainable levels of growth. In Brazil, the objective will be to consolidate the leadership position in the southern region based on continued operational and commercial improvements and new investment opportunities.

Sonae Imobiliária will maintain its growth path with innovative concepts across Europe whilst exercising prudence and caution in analysing investment opportunities in Brazil.

Sonaecom aims at sustaining operational profitability and improving free cash-flow generation, based on the solid progress made in the first half of the year.

All the above and indeed the success of the Group as a whole are based on capable and motivated management teams. We will ensure therefore that due care and attention in developing our Human Capital continues to be a top priority.

Maia, 10 September 2004

The Board of Directors

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Álvaro Cuervo Garcia

Ângelo Gabriel Ribeirinho dos Santos Paupério

Duarte Paulo Teixeira de Azevedo

Luíz Filipe Palmeira Lampreia

Michel Marie Bon

Nuno Manuel Moniz Trigo Jordão

Nuno Miguel Teixeira de Azevedo

SONAE, SGPS, SA

Consolidated Balance Sheet 30 June 2004

euro

Assets	04.06.30			03.06.30
	Assets	Depreciation & Provisions	Net Assets	Net Assets
Fixed Assets				
Intangible assets:				
Start-up costs.....	259,815,166	201,142,393	58,672,773	129,935,421
Research and development costs.....	76,839,977	58,411,081	18,428,896	27,398,751
Patents and other similar rights.....	28,842,129	15,252,776	13,589,353	10,629,144
Premiums paid for property occupation rights.....	24,143,402	11,128,748	13,014,654	15,034,129
Projects in course.....	168,980,873		168,980,873	139,408,321
	558,621,547	285,934,998	272,686,549	322,405,766
Tangible assets:				
Land.....	464,386,204	2,791,174	461,595,030	425,404,918
Buildings.....	1,931,462,261	357,417,166	1,574,045,095	1,498,749,209
Plant and machinery.....	3,150,494,845	1,483,615,115	1,666,879,730	1,748,426,225
Vehicles.....	44,769,909	38,655,864	6,114,045	7,294,144
Tools.....	14,046,056	10,646,439	3,399,617	3,697,505
Fixtures and fittings.....	460,801,670	191,517,115	269,284,555	257,135,627
Containers.....	283,502	275,312	8,190	10,453
Others.....	52,522,296	37,534,763	14,987,533	14,872,269
In construction.....	247,604,421		247,604,421	272,843,410
Advances.....	37,657,271		37,657,271	31,601,976
	6,404,028,435	2,122,452,948	4,281,575,487	4,260,035,736
Investments:				
Shares in related undertakings.....	212,338,192	61,555,687	150,782,505	208,464,418
Loans to related undertakings.....	169,598,380	15,691,483	153,906,897	129,856,302
Shares in other undertakings.....	210,160,222		210,160,222	244,189,278
Other investments other than loans.....	1,842,541	541,040	1,301,501	4,078,412
Loans to other undertakings.....	355,101	106,135	248,966	284,555
In constructions.....	1,513,114		1,513,114	898,077
Advances.....	2,010,112		2,010,112	6,331,667
	597,817,662	77,894,345	519,923,317	594,102,709
Current assets:				
Stocks:				
Raw materials and consumables.....	119,149,074	2,540,718	116,608,356	116,060,095
Work in progress.....	45,103,325		45,103,325	43,582,324
By-products.....	891,648		891,648	762,515
Finished goods.....	75,915,386	1,922,610	73,992,776	94,868,328
Goods for resale.....	429,467,453	13,606,353	415,861,100	434,025,324
Payments on account.....	538,095		538,095	157,686
	671,064,981	18,069,681	652,995,300	689,456,272
Debtors: amounts falling due after more than one year:				
Trade debtors.....	1,219,805		1,219,805	676,316
Doubtful debtors.....	1,188,812	1,187,107	1,705	1,704
Related undertakings.....	71,980		71,980	968,045
Taxes recoverable.....	6,236,949		6,236,949	18,131,227
Other debtors.....	64,129,772	60,506	64,069,266	47,952,465
	72,847,371	1,247,613	71,599,758	67,729,757
Debtors: amounts falling due within one year				
Trade debtors.....	378,837,675	10,950,093	367,887,582	471,626,211
Bills receivable.....	31,219,222		31,219,222	41,275,056
Doubtful debtors.....	107,081,749	102,872,812	4,208,937	4,764,363
Related undertakings.....	66,203,760		66,203,760	44,383,239
Other shareholders.....	181		181	181
Advances to trade creditors.....	5,358,483		5,358,483	3,609,152
Advances to fixed asset suppliers.....	94,494		94,494	251,704
Taxes recoverable.....	121,754,661		121,754,661	92,443,679
Other debtors.....	197,404,168	22,357,171	175,046,997	159,770,775
	907,954,393	136,180,076	771,774,317	818,124,360
Short term investments:				
Other negotiable instruments.....	29,788,216	75,363	29,712,853	141,211,963
Others.....	184,230,574		184,230,574	23,107,941
	214,018,790	75,363	213,943,427	164,319,904
Cash at bank:				
Bank.....	169,692,368		169,692,368	310,411,659
Cash.....	3,085,701		3,085,701	8,044,091
	172,778,069		172,778,069	318,455,750
Accrued income and prepayments				
Accrued income.....	252,319,666		252,319,666	272,202,370
Prepayments.....	261,390,552		261,390,552	278,871,679
	513,710,218		513,710,218	551,074,049
Total depreciation		2,408,387,946		
Total provisions		233,467,078		
Total assets	10,112,841,466		7,470,986,442	7,785,704,303

The Board of Directors

SONAE, SGPS, SA

Consolidated Balance Sheet 30 June 2004

euro

Shareholders' funds and liabilities	04.06.30	03.06.30
Shareholders' funds		
Called up share capital.....	2,000,000,000	2,000,000,000
Own shares - nominal value.....	-134,178,021	-134,178,021
Own shares - premium.....	-10,388,623	-10,388,623
Post acquisition share of accumulated reserves of associated undertakings.....	13,491,587	6,016,951
Revaluation reserve.....	64,353,847	64,353,847
Other reserves:		
Legal reserve.....	152,113,582	150,629,362
Other reserves	-1,546,684,414	-1,560,392,173
	538,707,958	516,041,343
Profit for the financial period	23,956,198	2,665,408
Total shareholders' funds	562,664,156	518,706,751
Minority interests	718,463,677	760,116,565
Liabilities		
Provisions for liabilities and charges:		
Pension Provisions	24,164,653	24,295,376
Tax Provision.....	534,417	676,032
Other provisions.....	125,897,757	68,154,390
	150,596,827	93,125,798
Creditors: amounts falling due after more than one year:		
Bonds		
Non convertible.....	331,639,369	234,718,325
Bank loans.....	1,628,049,438	1,842,533,364
Trade creditors.....	23,761	2,504
Related undertakings.....	103,089,046	56,321,904
Other shareholders.....	1,852,421	
Other loans.....	194,025,709	191,359,222
Fixed asset creditors.....	56,533,399	40,047,970
Taxes and contributions payable.....	12,303,133	11,630,673
Other creditors.....	619,929,548	595,410,293
	2,947,445,824	2,972,024,255
Creditors: amounts falling due within one year:		
Bonds		
Non convertible.....	81,501,345	99,431,865
Bank loans and overdrafts.....	966,468,378	1,444,095,884
Advances on account of sales.....	1,335,308	4,204,615
Trade creditors.....	607,930,408	678,009,412
Accruals - invoices.....	143,176,891	87,362,536
Bills payable.....	30,936,568	28,847,221
Fixed asset suppliers - bills payable.....	28,372,360	4,501,127
Related undertakings.....	45,580,336	123,724,442
Other shareholders.....	25,385	6,318,016
Advances from trade debtors.....	10,061,810	10,104,277
Other loans.....	3,171,873	2,161,599
Fixed asset suppliers.....	129,752,036	63,100,325
Taxes and contributions payable (including income taxation).....	97,611,202	103,750,994
Other creditors.....	126,675,383	116,063,302
	2,272,599,283	2,771,675,615
Accruals and deferred income		
Accruals.....	462,667,048	398,249,305
Deferred income.....	356,549,625	271,806,014
	819,216,673	670,055,319
Total liabilities	6,189,858,607	6,506,880,987
Total Shareholders' funds, minority interests and liabilities	7,470,986,442	7,785,704,303

The Board of Directors

SONAE, SGPS, SA

Consolidated profit and loss statement by natures for the period ended 30 June 2004

euro

Charges	04.06.30		03.06.30	
Cost of goods sold and materials consumed:				
Goods.....	1,296,076,728		1,290,118,059	
Materials.....	374,815,797	1,670,892,525	331,457,185	1,621,575,244
External supplies and services.....		790,216,239		767,508,600
Staff costs:				
Wages and salaries.....	318,909,173		305,666,827	
Social costs.....				
Pensions.....	1,669,475		2,629,571	
Others.....	94,190,838	414,769,486	90,821,081	399,117,479
Depreciation of tangible and intangible fixed assets.....	185,259,759		189,851,497	
Provisions.....	21,780,765	207,040,524	19,194,418	209,045,915
Taxes, excluding income taxes.....	24,274,847		22,035,394	
Other operating charges.....	6,156,425	30,431,272	4,032,614	26,068,008
(A) Depreciation and provisions for investments.....		3,113,350,046	1,350,877	3,023,315,246
Interest payable and similar charges:				
Related undertakings.....	521,876		960,967	
Others.....	138,828,694	139,350,570	166,815,362	169,127,206
(C) Losses relating to associated undertakings.....		3,252,700,616		3,192,442,452
Extraordinary charges.....		308,622		2,427,780
		36,616,490		41,945,996
(E) Income taxation.....		3,289,625,728		3,236,816,228
Current tax.....	18,432,234		21,660,670	
Deferred tax.....	4,620,425	23,052,659	3,016,709	24,677,379
(G) Profit attributable to minority interests.....		3,312,678,387		3,261,493,606
Profit for the financial period.....		31,626,103		20,162,736
		23,956,198		2,665,408
		3,368,260,668		3,284,321,751
Income				
Sales:				
Goods.....	1,712,882,904		1,620,338,383	
Products.....	798,805,632		740,392,546	
Services rendered.....	596,639,458	3,108,327,994	552,750,024	2,913,480,953
Change in stocks of finished goods and in work in progress.....		-17,540,195		9,821,723
Own work capitalised.....		36,062,659		38,001,336
Supplementary income.....	103,050,746		115,240,146	
Trading subsidies.....	254,989		313,304	
Other operating income.....	7,913,057	111,218,792	8,275,389	123,828,839
(B) Dividend income:		3,238,069,250		3,085,132,851
Relating undertakings.....	10,288,866		8,389,271	
Investment income:				
Related undertakings.....	158,447		1,561,610	
Others.....	4,427,224		6,553,280	
Other interest received and similar income:				
Related undertakings.....	4,629,195		4,400,490	
Others.....	34,077,850	53,581,582	31,946,576	52,851,227
(D) Share of profits of associated undertakings.....		3,291,650,832		3,137,984,078
Extraordinary income.....		7,487,970		6,915,716
		69,121,886		139,421,957
(F)		3,368,260,688		3,284,321,751
Summary:				
Operating profit: (B) - (A) =		124,719,204		61,817,605
Net financial charges: [(D) - (B)] - [(C) - (A)] =		-85,768,988		-116,275,979
Profit on ordinary activities: (D) - (C) =		38,950,216		-54,458,374
Profit before taxation: (F) - (E) =		78,634,960		47,505,523
Profit for the financial year before minority interests: (F) - (G) =		55,582,301		22,828,144

The Board of Directors

SONAE - SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 0. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Portuguese accounting principles, consolidation methods and rules, as required by the Official Chart of Accounts and taking into account changes introduced by Decree-Law nr. 238/91, of 2 July 1991.

A summary of the more important group accounting policies, used in the preparation of these consolidated financial statements, is set out below:

(a) Basis of accounting

The consolidated financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of tangible fixed assets, which include successive legal revaluations as well as market revaluations, as explained in note 41.

(b) Basis of consolidation

The consolidated financial statements include the company and all its affiliated undertakings. The results of affiliated undertakings acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Consolidation adjustments are made, where necessary, to conform to the Group's accounting policies. Inter-group balances, transactions and profits are eliminated.

(c) Fixed assets investments

Investments in affiliated undertakings not consolidated in accordance with art. 4 of Decree- Law nr. 238/91 and in other undertakings are stated at cost.

Undertakings in which the Group has holdings between 20% and 50% and is able to exercise significant influence are accounted for as associated undertakings using the equity method. The group's share of profits and losses for the year of associated undertakings is included in the consolidated profit and loss account in the captions "share of profits and losses in associated undertakings". The group's share of their net assets is included in the consolidated balance sheet in the caption "Investments - shares in related (including associated) undertakings". Where the amounts involved are significant, consolidation adjustments are made to conform to the group's accounting policies. Balances, transactions and profits with associated undertakings are eliminated proportionally on consolidation.

(d) Short term investments

Short-term investments are stated at cost including related purchase expenses. If the market value of the short term investments is lower than acquisition cost and the difference is estimated to be permanent, a provision is set up.

(e) Tangible fixed assets

Tangible fixed assets are stated at purchase cost (including costs of acquisition) or valuation. Valuations are either calculated using general purchasing indices allowed by Portuguese fiscal legislation or are based on independent market valuations, as explained in note 41.

Investment grants received or receivable that relate to specific assets are treated as deferred income, which is then credited to the profit and loss account over the useful life of the related asset. Non-specific grants are credited to the profit and loss account when received.

(f) Depreciation

Depreciation is calculated on a straight-line monthly basis over the expected useful lives of the related assets. The principal annual rates used are:

	%
Buildings	2
Plant and machinery	6,6 - 10
Vehicles	20
Fixtures and fittings	10
Intangible assets	20

(g) Patents and other similar rights

Patents and other similar rights are stated at cost and amortised over the lower of the useful and legal life of the related assets.

(h) Premiums paid for property occupation rights

Premiums paid for property occupation rights represent the excess of the fair value of the consideration given over the fair value of the net assets acquired and are amortized between five and twelve years.

(i) Goodwill arising on consolidation

Goodwill on consolidation is calculated at the date of acquisition of investments in related and associated undertakings, as the difference between the consideration paid and the value attributable to the net assets acquired. Goodwill is then written-off against "Other Reserves".

(j) Capitalisation of interest expense

Interest expense directly related to specific assets is capitalised until the respective assets become operational and amortised according to rates defined in paragraph (f) above.

(k) Start-up, research and development costs

Start-up, research and development costs directly related to specific commercial projects are capitalised provided that estimated future income exceeds costs already incurred including future production, distribution and administrative costs. The costs capitalised are written off over a period of 5 years.

Costs incurred before the opening of each new store are disclosed under the caption Start-up Costs, provided that they exceed related income.

(l) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a moving average basis using the following methods:

Raw materials and goods for resale

- Purchase cost including transport and handling;

Work in progress and finished goods

- All costs relating to work in progress;
- All direct expenditures and an allocation of production overheads based on normal levels of activity;

Goods for resale

- Average purchase cost.

(m) Assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are translated to Euro at the rates of exchange at each balance sheet date.

Where foreign currency balances at the year end are covered by forward exchange contracts the contract rate is used for currency conversion.

The assets and liabilities of foreign affiliated undertakings are translated at year-end market rates. The statements of profit and loss of foreign affiliated undertakings are translated at the average exchange rate for the year. Exchange differences arising on the translation of opening net investments in foreign affiliated undertakings are taken to "Other reserves".

The exchange rates used to translate the financial statements of foreign affiliated undertakings to Euro are set out in note 24.

(n) Minority interests

The proportion of shareholders' funds held by third parties in affiliated undertakings included on consolidation is shown as minority interests in the consolidated balance sheet.

The share of the results for the year that relate to third party participation are shown as profit attributable to minority interests and are deducted from the Group's results.

(o) Income tax

Income tax for the period is based on the taxable income of each individual company calculated in accordance with Portuguese Tax Regulations. Deferred taxes are accounted for when material.

Deferred taxes, when material, are calculated using the balance sheet method based on temporary differences, being differences between the carrying value of an asset or liability and the amount attributed to it for tax purposes.

Deferred tax assets and liabilities are calculated and annually revalued using tax rates that have been enacted or substantively enacted and therefore expected to apply in the periods when the temporary differences are expected to revert.

Deferred tax assets arising from tax losses carried forward are only recorded if there is a reasonable expectation that taxable profits will be generated in the future that are sufficient to use existing tax losses.

(p) Leasing

Leased assets and their corresponding liabilities are included in the balance sheet in accordance with Portuguese accounting standard nr 25.

(q) Provisions

Provisions are made whenever an estimated loss is expected to arise.

The Portuguese Official Chart of Accounts requires the inclusion of a standardised set of notes to the accounts with a predefined numbering system. In these consolidated financial statements only the notes that are applicable are included, although the standard numbering has been retained. As a result the following

numbers are not used:

- Note 5. Companies accounted for by the proportional method
 Note 8. Circumstances in which consolidated accounting principles are not appropriate
 Note 9. Exceptions to normal accounting principles applied to the consolidation financial statements
 Note 12. Consolidation adjustments not made as considered insignificant
 Note 13. Events occurring after the date of the financial statements
 Note 15. Use of accounting policies or valuation methods different from those defined for consolidation
 Note 16. Exceptional adjustments made exclusively for tax purposes
 Note 17. Goodwill on consolidation being depreciated over more than five years
 Note 19. Significant differences between accounting and market values of current assets
 Note 20. Use of accounting policies and valuation methods by associated undertakings different from those used on consolidation
 Note 21. Financial commitments not included in the consolidated balance sheet
 Note 25. Start-up, Research and Development Costs
 Note 26. Depreciation over more than five years of premiums paid for property occupation rights
 Note 29. Extraordinary depreciation and provisions made exclusively for tax purposes
 Note 30. Differences between cost of current assets and related market values
 Note 31. Current asset values below the lower of cost and market value
 Note 32. Extraordinary provisions in relation to current assets
 Note 35. Differences between amounts owing and corresponding amounts received
 Note 37. Effect on results for the year of the use of valuation methods in order to obtain fiscal advantages
 Note 40. Advances and loans guaranteed to members of the boards of the holding company
 Note 43. Comments on contents of the accounts which are not comparable with previous years
 Note 48. Bills receivable or payable not shown as such in the consolidated balance sheet
 Note 49. Other information required by law

I - INFORMATION IN RESPECT OF COMPANIES INCLUDED IN OR EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY	Legal Reason for Inclusion Registered Office		% Capital Held			
			04.06.30		03.06.30	
			Direct	Total	Direct	Total
Sonae - SGPS, S.A.	Holding	Maia	Holding	Holding	Holding	Holding
Sonae Indústria						
Aglom - Sociedade Industrial de Madeira Aglomerada, S.A.	a)	Oliveira do Hospital	100.00%	90.33%	100.00%	90.84%
Aglom Financial Investments, S.A.	a)	Cayman	100.00%	90.33%	100.00%	90.84%
Casca - Sociedade de Revestimento, S.A.	a)	Águeda	100.00%	90.35%	100.00%	90.84%
Celnave - Agência de Navegação, Lda	b)	Viana do Castelo	100.00%	34.59%	100.00%	31.16%
Celpap - Terminal de Celulose e Papel de Portugal, Lda	b)	Viana do Castelo	100.00%	34.59%	100.00%	31.16%
Cia. De Industrias y Negocios, S.A.	a)	Madrid (Spain)	100.00%	90.33%	100.00%	90.84%
Eociclo - Energia e Ambiente, S.A.	a)	Matosinhos	100.00%	95.87%	100.00%	95.87%
Emprobal - Emp. Prod. e Comercialização de Embalagens, Lda	b)	Funchal	60.00%	20.75%	60.00%	18.70%
Euro Decorative Boards Ltd.	a)	Peterlee (U.K.)	100.00%	90.33%	100.00%	90.84%
Euroregantic Lteé	a)	Quebec (Canada)	100.00%	90.33%	100.00%	90.84%
Euroresinas - Industrias Quimicas, S.A.	a)	Maia	100.00%	95.87%	100.00%	95.87%
Explotaciones Comerciales, Industriales y de Servicios, S.A.	a)	Madrid (Spain)	100.00%	90.33%	100.00%	90.84%
Explotaciones Madereras Catalanas, S.A.	a)	Madrid (Spain)	100.00%	90.33%	100.00%	90.84%
Gescartão, SGPS, S.A.	b)	Lisboa	68.58%	34.59%	65.00%	31.16%
Glunz AG	a)	Hamm (Germany)	98.17%	88.68%	98.17%	89.17%
Gollin GmbH	a)	Bad Oeynhausen (Germany)	90.00%	79.81%	90.00%	80.26%
Imocapital - Sociedade Gestora de Participações Sociais, S.A.	b)	Maia	50.00%	47.94%	50.00%	47.94%
Investalentejo, SGPS, S.A.	a)	Vila de Conde	100.00%	34.59%	-	-
Isoroy Chatellerault, S.A.	a)	Labruguière (France)	100.00%	90.33%	100.00%	90.84%
Isoroy Diffusion SNC	a)	Alfortville (France)	100.00%	90.33%	100.00%	90.84%
Isoroy Le Creusot, SAS	a)	Torcy (France)	99.99%	90.33%	99.99%	90.84%
Isoroy Panneaux de Fibras S.A.	a)	St. Dizier (France)	99.99%	90.33%	99.99%	90.84%
Isoroy SAS	a)	Boulogne (France)	100.00%	90.33%	100.00%	90.84%
Isoroy Transformation S.A.	a)	St. Dizier (France)	99.99%	90.33%	99.99%	90.83%
Lepe - Empresa Portuguesa de Embalagens, S.A.	b)	Marinha Grande	100.00%	34.59%	100.00%	31.16%
Maichave - Consultadoria e Gestão, S.A.	a)	Maia	100.00%	95.87%	100.00%	95.87%
Maiequipa - Gestão Florestal, S.A.	a)	Maia	100.00%	95.87%	100.00%	95.87%
Manipulaciones Forestales, S.A.	a)	Madrid (Spain)	100.00%	90.33%	100.00%	90.84%
Megantic B.V.	a)	Amsterdam (Netherlands)	100.00%	90.33%	100.00%	90.84%
Movelpartes - Componentes para a Indústria do Mobiliário, S.A.	a)	Paredes	100.00%	95.87%	100.00%	95.87%
Novobord (Pty) Ltd	a)	Rosebank (South Africa)	100.00%	90.33%	100.00%	90.84%
2) Papelnova - Recolha e Recuperação de Desperdícios, S.A.	b)	Mourão	100.00%	34.59%	-	-
Poliface - Componentes e Sist. para Mob. e Construção, S.A.	a)	Maia	100.00%	95.87%	100.00%	95.87%
Portucel Embalagem - Emp. Prod. de Embalagens de Cartão, S.A.	b)	Cascais	100.00%	34.59%	100.00%	31.16%
Portucel España	b)	Madrid (Spain)	100.00%	34.59%	-	-
Portucel Recicla - Indústria de Papel Reciclado, S.A.	b)	Mourão	100.00%	34.59%	100.00%	31.16%
Portucel Viana - Empresa Produtora de Papeis Industriais, S.A.	b)	Viana do Castelo	100.00%	34.59%	100.00%	31.16%
2) Portucel Viana Energia - Empresa de Cogeração Energética, S.A.	b)	Viana do Castelo	100.00%	34.59%	-	-
Racionalización y Manufacturas Forestales, S.A.	a)	Madrid (Spain)	100.00%	90.33%	100.00%	90.84%
Resoflex - Mobiliário e Equipamentos de Gestão, S.A.	a)	Vila de Conde	100.00%	95.87%	100.00%	95.87%

SCS Beheer, BV	a)	Amesterdam (Netherlands)	100.00%	90.33%	100.00%	90.84%
Siáf – Sociedade de Iniciativa e Aproveitamentos Florestais, S.A.	a)	Mangualde	100.00%	90.33%	100.00%	90.84%
Soc. de Iniciativa e Aproveitamentos Florestais - Energias, S.A.	a)	Mangualde	100.00%	90.34%	100.00%	90.85%
Socelpac – SGPS, S.A.	a)	Maia	100.00%	95.87%	100.00%	95.87%
Société Civile Bois de la Duchesse	a)	Auxerre (France)	100.00%	90.33%	100.00%	90.84%
Société Civile de Chamouille	a)	St. Dizier (France)	100.00%	90.33%	100.00%	90.84%
Société Civile de la Route de Caen	a)	Saint-Pierre (France)	100.00%	90.33%	100.00%	90.84%
Societe des Panneaux Isoroy S.A.	a)	Ussel (France)	100.00%	90.33%	100.00%	90.84%
Somit – Imobiliária, S.A.	a)	Oliveira do Hospital	100.00%	90.33%	100.00%	90.84%
Sonae 4P, S.A.	a)	Madrid (Spain)	100.00%	90.33%	100.00%	90.84%
Sonae Indústria - SGPS, S.A.	a)	Maia	95.87%	95.87%	95.87%	95.87%
Sonae Indústria Consultadoria e Gestão, S.A.	a)	Maia	100.00%	95.87%	100.00%	95.87%
Sonae Indústria de Revestimentos, S.A.	a)	Maia	100.00%	95.87%	100.00%	95.87%
Sonae Novobord (Pty) Ltda	a)	Woodhead (South Africa)	100.00%	90.33%	100.00%	90.84%
Sonae Serviços de Gestão, S.A.	a)	Maia	100.00%	95.87%	100.00%	95.87%
Sonae Táfibra - Gestão Comercial, S.A.	a)	Maia	100.00%	95.87%	100.00%	95.87%
Sonae Táfibra (UK) Ltd	a)	Hants (U.K.)	100.00%	90.33%	100.00%	90.84%
Sonae Táfibra Benelux, BV	a)	Woerden (Netherlands)	100.00%	88.68%	100.00%	89.17%
Sonae UK, Limited	a)	Londres (U.K.)	100.00%	90.33%	100.00%	90.84%
Spanboard Products Ltd	a)	Belfast (U.K.)	100.00%	90.33%	100.00%	90.84%
Sulpac - Empresa Produtora de Embalagens de Cartão, S.A.	b)	Mourão	100.00%	34.59%	-	-
Tableros de Fibras, S.A.	a)	Madrid (Spain)	94.22%	90.33%	94.75%	90.84%
Tableros Tradema, S.L.	a)	Madrid (Spain)	100.00%	90.33%	100.00%	90.84%
Tafiber, Tableros de Fibras Ibéricas, S.L.	a)	Madrid (Spain)	100.00%	90.33%	100.00%	90.84%
Tafibra - Tableros Aglomerados y de Fibras, A.I.E.	a)	Madrid (Spain)	100.00%	90.34%	100.00%	90.85%
Tafibra South Africa (Pty), Limited	a)	South Africa	100.00%	90.33%	100.00%	90.84%
Tafibras Participações, S.A.	a)	Curitiba (Brazil)	53.99%	48.77%	53.99%	49.04%
Tafisa Brasil, S.A.	a)	Curitiba (Brazil)	100.00%	56.66%	100.00%	56.98%
Tafisa Canadá Société en Commandite	a)	Quebec (Canada)	100.00%	90.33%	67.23%	61.07%
Tafisa France, S.A.	a)	Paris (France)	99.99%	90.33%	99.99%	90.84%
Tafisa U.K.Ltd.	a)	Petrelee (U.K.)	100.00%	90.33%	100.00%	90.84%
Talber, Tableros Aglomerados Ibéricos, S.L.	a)	Madrid (Spain)	100.00%	90.33%	100.00%	90.84%
Tavapan, S.A.	a)	Tavannes (Switzerland)	100.00%	88.68%	100.00%	89.17%
Tecnologias del Medio Ambiente, S.A.	a)	Barcelona (Spain)	100.00%	90.33%	100.00%	90.84%
Tool, GMBH	a)	Germany	100.00%	88.68%	100.00%	89.17%
Modelo Continente						
Best Offer - Prestações de Informações pela Internet, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Bikini, Portal de Mulheres, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Cacetinho – Grandes Armazéns, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
Carnes do Continente - Ind.e Distribuição de Carnes, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
2) CESS - Informática, Ltda	a)	São Leopoldo (Brazil)	100.00%	75.68%	-	-
Chão Verde - Sociedade Gestora Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Citorres - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Contibomba - Comércio e Distribuição de Combustíveis, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
Contifin., S.G.P.S., S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
Contimobe - Imobiliária de Castelo de Paiva, S.A.	a)	Castelo de Paiva	100.00%	75.68%	100.00%	75.68%
Difusão - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Distrifin - Comercio e Prestacion de Servicios, S.A.	a)	Madrid (Spain)	100.00%	75.68%	100.00%	75.68%
Efanor - Indústria de Fios, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
Efanor Design e Serviços, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
Estevão Neves – Hipermercados da Madeira, S.A.	a)	Madeira	100.00%	75.68%	51.00%	38.60%
Fozimo - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Fozmassimo –Com. e Ind. de Produtos Alimentares, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
Global S - Hipermercado, Lda	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
IGI - Investimento Imobiliário, S.A.	a)	Porto	100.00%	75.68%	100.00%	75.68%
Igimo - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Iginha - Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
Imoconti - Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
Imoestrutura - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Imomuro - Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
Imoponte - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Imoresultado - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Imosistema - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Infofield - Informática, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Informeios – Projectos e Representações, S.A.	a)	Lisboa	100.00%	75.68%	100.00%	75.68%
Inventory - Acessórios de Casa, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Max Office - Artigos e Serviços para Escritórios, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Modalfa - Comércio e Serviços, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Modelo - Distribuição de Materiais de Construção, S.A.	b)	Maia	50.00%	37.84%	50.00%	37.84%
Modelo - Sociedade Gestora de Participações Sociais, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Modelo Continente - Operações de Retalho, SGPS, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
Modelo Continente Hipermercados, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
3) Modelo Continente, S.G.P.S., S.A.	a)	Matosinhos	75.68%	75.68%	75.68%	75.68%
Modelo Hiper Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Modelo Investimentos (Brasil), Ltda	a)	São Paulo (Brazil)	100.00%	75.68%	100.00%	75.68%
Modelo.Com – Vendas por Correspondência, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
Modis Distribuição Centralizada, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%

	Modis International Trading, S.A.	a)	Madrid (Spain)	100.00%	75.68%	100.00%	75.68%
	Modis, S.G.P.S., Lda	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
	OK Bazar - Comércio Geral, S.A.	a)	Ermesinde	100.00%	75.68%	100.00%	75.68%
	Predicomercial - Promoção Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
1)	Sempre à Mão - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
	Sesagest - Projectos e Gestão Imobiliária, S.A.	a)	Porto	100.00%	75.68%	100.00%	75.68%
	Socijofra - Sociedade Imobiliária, S.A.	a)	Gondomar	100.00%	75.68%	100.00%	75.68%
	Socioures - Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
	Softorin BV	a)	Amsterdam (Netherlands)	100.00%	75.68%	100.00%	75.68%
	Sonae Distribuição Brasil, S.A.	a)	Porto Alegre (Brazil)	96.29%	72.87%	92.79%	70.23%
	Sonae Retalho Espana - Servicios Generales, S.A.	a)	Madrid (Spain)	100.00%	75.68%	100.00%	75.68%
	Sondis B.V.	a)	Linne (Netherlands)	100.00%	75.68%	100.00%	75.68%
	Sondis Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
	Sontária - Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
	Sonvecap, B.V.	a)	Amsterdam (Netherlands)	100.00%	75.68%	100.00%	75.68%
	Sport Zone - Comércio de Artigos de Desporto, S.A.	a)	Vila Nova Famalicão	100.00%	75.68%	100.00%	75.68%
	SRE - Projectos e Consultoria, S.A.	a)	Maia	100.00%	75.68%	100.00%	75.68%
	Todos os Dias - Com. Ret. e Exploração de Centros Comerciais, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
	Worten - Equipamentos para o Lar, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	75.68%
Sonae Imobiliária							
	Algarveshopping - Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	33.59%	100.00%	67.04%
	Avenida M-40, S.A.	a)	Madrid (Spain)	60.00%	40.22%	60.00%	40.22%
	Caisgere, S.G.P.S., S.A.	a)	Lisboa	100.00%	33.59%	100.00%	67.04%
	Centerstation - Imobiliária, S.A.	a)	Maia	100.00%	67.04%	50.00%	33.52%
	Centro Retail Park - Parques Comerciais, S.A.	a)	Maia	50.00%	33.52%	50.00%	33.52%
	Comercial de Pinto Shopping, S.A.	a)	Madrid (Spain)	65.00%	43.58%	65.00%	43.58%
	Comercial San Javier Shopping, S.A.	a)	Madrid (Spain)	65.00%	43.58%	65.00%	43.58%
	Consultoria de Centros Comerciais, S.A.	a)	Madrid (Spain)	100.00%	67.04%	100.00%	67.04%
	D. Pedro I, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	D. Pedro II, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Dataveria - Gestão de Centros Comerciais, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Gal Park S.A.	a)	Maia	75.00%	50.28%	75.00%	50.28%
	Guimarãesshopping - Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	33.59%	100.00%	67.04%
5)	Have Fun - Prest. Serv.de Com., Marketing e Pub. a Centros Com., S.A.	a)	Matosinhos	100.00%	67.04%	100.00%	67.04%
	Imo R - Companhia Imobiliária, S.A.	b)	Porto	50.00%	16.79%	50.00%	33.52%
	Imobrasil I, B.V.	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imobrazil II BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imobrazil III BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imocolombo Investments, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imoconstruction, B.V.	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imocontrol, B.V.	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imodevelopment, B.V.	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imogermany, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imoitale II BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imopraedium, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imospain III, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imospain IX, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imospain V, BV	a)	Amsterdam (Netherlands)	100.00%	33.59%	100.00%	67.04%
	Imospain VII, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imospain VIII, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imospain, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imovalue, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
	LouresShopping - Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Madeirashopping - Sociedade de Centros Comerciais, S.A.	a)	Funchal	50.00%	16.79%	50.00%	33.52%
	Maiashopping - Empreendimentos Imobiliários, S.A.	a)	Maia	33.59%	33.59%	100.00%	67.04%
	Norteshopping - Gestão de Centro Comercial, S.A.	a)	Porto	100.00%	67.04%	100.00%	67.04%
	Omala - Imobiliária e Gestão, S.A.	a)	Porto	100.00%	33.59%	100.00%	67.04%
	OMNE - Sociedade Gestora de Participações Sociais, S.A.	a)	Maia	50.00%	16.79%	50.00%	33.52%
	Pa Zehnte Beteiligungsverwaltungs, GmbH	a)	Austria	100.00%	67.04%	100.00%	67.04%
	Paracentro - Plan.Com. e Gestão de Centros Comerciais, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Parque de Famalicão - Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Parque Dom Pedro Shopping, S.A.	a)	São Paulo (Brazil)	97.90%	64.22%	97.52%	66.06%
	Parque Jôquei - Empreendimentos Comerciais, Ltda	a)	São Paulo (Brazil)	99.99%	67.02%	90.00%	60.34%
4)	Parque Seixal - Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Pátio Boavista Shopping, Ltda	a)	São Paulo (Brazil)	99.99%	67.03%	99.93%	67.00%
	Patio Penha Shopping, Ltda	a)	Brazil	100.00%	63.59%	99.99%	67.03%
	Plaza Mayor - Parque de Ocio, S.A.	a)	Madrid (Spain)	100.00%	33.59%	100.00%	67.04%
	Prediguarda - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Pridelease Investments, Ltd	b)	Cascais	100.00%	67.04%	100.00%	67.04%
	Proyecto Shopping 2001, S.A.	a)	Madrid (Spain)	65.00%	43.58%	65.00%	43.58%
	RPU, SGPS, S.A.	a)	Maia	100.00%	33.59%	100.00%	67.04%
	Rule, S.G.P.S., S.A.	a)	Maia	100.00%	33.59%	100.00%	67.04%
	SM - Empreendimentos Imobiliários, S.A.	a)	Lisboa	100.00%	16.79%	100.00%	33.52%
	Sonae Germany, GmbH	a)	Dusseldorf (Germany)	100.00%	67.04%	100.00%	67.04%
	Sonae Imobiliária - Asset Management, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Sonae Imobiliária - Gestão, S.A.	a)	Lisboa	100.00%	67.04%	100.00%	67.04%
	Sonae Imobiliária Assets, SGPS, S.A.	a)	Porto	100.00%	67.04%	100.00%	67.04%

Sonae Imobiliária Brasil BV	a)	Amesterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Sonae Imobiliária Brasil, Ltda	a)	Brazil	100.00%	67.04%	99.99%	67.03%
Sonae Imobiliária Desarrollo, S.L.	a)	Amesterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Sonae Imobiliária Development II, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
Sonae Imobiliária Development, SGPS, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
Sonae Imobiliária European Real Estate Assets Holdings B.V.	a)	Amesterdam (Netherlands)	50.10%	33.59%	100.00%	67.04%
Sonae Imobiliária III - Serviços de Apoio a Empresas, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
Sonae Imobiliária Property & Management, SGPS, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
Sonae Imobiliária, S.G.P.S., S.A.	a)	Maia	67.04%	67.04%	67.04%	67.04%
Sonae Projekt Berlin, GmbH	a)	Dusseldorf (Germany)	100.00%	34.19%	100.00%	67.04%
Sonae West Shopping, AG	a)	Germany	95.00%	63.69%	95.00%	63.69%
Sonaeimo, BV	a)	Amesterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Vilalambert – Sociedade Imobiliária, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
SonaeCom						
Clixgest – Internet e Conteúdos, S.A.	a)	Matosinhos	56.67%	46.73%	56.67%	46.92%
Digitmarket - Sistemas de Informação, S.A.	a)	Maia	75.10%	61.93%	75.10%	62.18%
7) Douro - Centro de Produções Artísticas, Lda	a)	Matosinhos	100.00%	82.46%	100.00%	82.79%
Enabler - Informática, S.A.	a)	Maia	100.00%	57.72%	100.00%	54.64%
6) Enabler & Retail Consult, GmbH	a)	Germany	85.00%	49.07%	50.00%	27.32%
Enabler Brasil, Ltda	a)	Curitiba (Brazil)	99.99%	57.15%	99.00%	54.10%
Enabler UK, Ltd	a)	U.K.	85.00%	47.62%	65.00%	35.52%
Exit Travel - Agência de Viagens, Turismo e Lazer Online, S.A.	a)	Maia	100.00%	83.49%	75.00%	62.09%
2) Jaua, S.G.P.S., S.A.	a)	Lisboa	100.00%	46.73%	-	-
2) KPNQwest Portugal - Telecomunicações, Lda.	a)	Lisboa	100.00%	46.73%	-	-
M3G - Edições Digitais, S.A.	a)	Lisboa	100.00%	82.46%	100.00%	82.79%
Mainroad - Serviços em Tecnologias de Informação, S.A.	a)	Maia	100.00%	46.73%	-	-
Miauger - Organização e Gestão de Leilões Electrónicos, S.A.	a)	Maia	100.00%	82.46%	100.00%	82.79%
2) Noriema, S.G.P.S., S.A.	a)	Lisboa	100.00%	46.73%	-	-
Novis Telecom, S.A.	a)	Maia	56.67%	46.73%	56.67%	46.92%
Optimus Telecomunicações, S.A.	b)	Maia	46.29%	38.17%	46.29%	38.33%
8) Optimus Towering - Gestão de Torres de Telecomunicações, S.A.	a)	Matosinhos	100.00%	38.17%	50.00%	19.17%
Per - Mar - Sociedade de Construções, S.A.	a)	Loures	100.00%	38.17%	100.00%	38.33%
7) Portais Verticais.com, S.G.P.S., S.A.	a)	Lisboa	100.00%	82.46%	50.00%	41.40%
Público – Comunicação Social, S.A.	a)	Matosinhos	99.99%	82.46%	99.99%	82.79%
Publico.pt - Serviços Digitais Multimedia, S.A.	a)	Porto	100.00%	82.46%	100.00%	82.79%
Retailbox BV	a)	Amesterdam (Netherlands)	70.00%	57.72%	66.00%	54.64%
Sonae Matrix Multimédia, S.G.P.S., S.A.	a)	Matosinhos	100.00%	82.46%	100.00%	82.79%
Sonae Telecom, SGPS, S.A.	a)	Porto	100.00%	82.46%	100.00%	82.79%
Sonae.com - Sistemas de Informação, SGPS, S.A.	a)	Maia	100.00%	82.46%	100.00%	82.79%
Sonaeacom, SGPS, S.A.	a)	Maia	82.47%	82.46%	82.79%	82.79%
Sonaeatelecom, B.V.	a)	Amesterdam (Netherlands)	100.00%	82.46%	100.00%	82.79%
We Do Brasil - Soluções Informáticas, Ltda	a)	Brazil	99.89%	82.46%	99.89%	82.70%
We Do Consulting - Sistemas de Informação, S.A.	a)	Maia	100.00%	82.46%	100.00%	82.79%
XS - Comunicação, Informação e Lazer, S.A.	a)	Maia	100.00%	82.46%	100.00%	82.79%
Sonae Capital						
Aquapraia – Investimentos Turísticos, S.A.	a)	Grandola	100.00%	99.75%	100.00%	99.75%
Aquapraia, S.G.P.S., S.A.	a)	Lisboa	100.00%	99.75%	100.00%	99.75%
9) Aveíria - Sociedade Imobiliária, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
1) Bertimóvel - Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	75.68%
Bloco Q – Sociedade Imobiliária, S.A.	a)	Porto	100.00%	99.75%	100.00%	99.75%
Bloco W - Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	99.75%	100.00%	99.75%
Box Lines – Navegação, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Casino Hotel Troia, S.A.	a)	Grandola	100.00%	99.75%	100.00%	99.75%
Centro Residencial da Maia - Urbanismo, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Cequip - Equipamentos de Construção, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Cinclus - Planeamento e Gestão de Projectos, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Cinclus Imobiliária, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
CMO - Construções, Lda	a)	Porto	100.00%	100.00%	100.00%	100.00%
Contacto - S.G.P.S., S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Contacto - Sociedade de Construções, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Country Club da Maia - Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Elmo, SGPS, S.A.	a)	Maia	100.00%	100.00%	100.00%	67.04%
Empreendimentos Imobiliários Quinta da Azenha, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Equador & Burnay, Lda	a)	Lisboa	75.00%	64.94%	75.00%	65.79%
Equador & Mendes, Lda	a)	Lisboa	75.00%	64.94%	75.00%	65.79%
Espimaia - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Gestholding - Sociedade Gestora de Participações Sociais, S.A.	a)	Porto	100.00%	99.75%	100.00%	99.75%
Grano Salis, Lda	a)	Grandola	100.00%	99.75%	100.00%	99.75%
Imoarea, SGPS, S.A.	a)	Matosinhos	100.00%	99.75%	100.00%	99.75%

Imoclub - Serviços Imobiliários, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoferro – Sociedade Imobiliária, S.A.	a)	Maia	100.00%	99.75%	100.00%	99.75%
Imohotel - Empreendimentos Turísticos Imobiliários, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imosedas - Imobiliária e Serviços, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Interlog – Sociedade Gestora de Participações Sociais, S.A.	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
Isoroy Casteljaloux	a)	Casteljaloux (France)	100.00%	90.33%	100.00%	90.84%
Leroy Gabon S.A.	a)	Libreville (Gabon)	99.99%	99.99%	99.99%	90.83%
Libra Serviços, Lda	a)	Funchal	100.00%	100.00%	100.00%	100.00%
Marmagno – Exploração Hoteleira Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00%	88.44%
Marvero - Exploração Hoteleira Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00%	88.44%
NAB, Sociedade Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Nova Equador Internacional, Agência de Viagens e Turismo, Lda	a)	Lisboa	75.00%	64.94%	75.00%	65.79%
Partnergiro – Empreendimentos Turísticos, Lda	a)	Maia	100.00%	99.75%	100.00%	99.75%
Placage d’Okoumé du Gabon S.A.	a)	Libreville (Gabon)	99.87%	99.88%	99.87%	90.72%
Plysorol SAS	a)	Niort (France)	100.00%	100.00%	99.99%	90.84%
Plysorol SNC	a)	Lisieux (France)	98.01%	98.01%	100.00%	90.84%
Porturbe – Edifícios e Urbanizações, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Praedium II – Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Praedium III – Serviços Imobiliários, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Praedium, SGPS, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Prédios Privados Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Predisedas - Predial das Sedas, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Promosedas - Promoção Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Prosa – Programação Informática, S.A.	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
Publimeios, SGPS, S.A.	a)	Maia	50.10%	50.10%	50.10%	50.10%
Quinta da Covilhã – Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Rhodes Investments Ltd.	a)	Hants (U.K.)	100.00%	100.00%	100.00%	100.00%
Rochester Real Estate, Limited	a)	Kent (U.K.)	100.00%	100.00%	100.00%	100.00%
11) Roteiro - Prestação de Serviços de Turismo, S.A.	a)	Lisboa	100.00%	86.58%	100.00%	86.58%
Safira Services – Limpeza e Espaços Verdes, S.A.	a)	Porto	51.00%	25.55%	51.00%	25.55%
Santos Tabora & Carvalho, Sociedade Unipessoal, Lda	a)	Lisboa	100.00%	86.58%	100.00%	87.71%
Selfrio - Engenharia de Frio, S.A.	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
Selfrio, Sociedade Gestora de Participações Sociais, S.A.	a)	Matosinhos	70.00%	35.07%	70.00%	35.07%
Sistavac - Sist. de Aquec. Ventilação e Ar Condicionado, S.A.	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
SKK - Central de Dist. para a Refrigeração e Climatização, S.A.	a)	Porto	100.00%	35.07%	100.00%	35.07%
SMP - Serviços de Manutenção e Planeamento, S.A.	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
Soberana – Investimentos Imobiliários, S.A.	a)	Grandola	100.00%	88.44%	100.00%	88.44%
Société de Tranchage Isoroy S.A.S.	a)	France	99.82%	90.33%	99.99%	90.67%
Société Essences Fines Isoroy	a)	Honfleur (France)	100.00%	90.33%	100.00%	90.84%
Soconstrução, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Soira - Sociedade Imobiliária de Ramalde, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Solinca – Investimentos Turísticos, S.A.	a)	Porto	100.00%	99.75%	100.00%	99.75%
Solinca III - Desporto e Saúde, S.A.	a)	Lisboa	100.00%	99.75%	100.00%	99.75%
Solinca Lazer, S.G.P.S., S.A.	a)	Porto	100.00%	99.75%	100.00%	99.75%
Soltroia – Investimentos Turísticos, S.A.	a)	Lisboa	52.08%	51.95%	52.08%	51.95%
Sonae Capital, SGPS, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae International Ltd	a)	Londres (U.K.)	100.00%	100.00%	100.00%	100.00%
Sonae Retalho Especializado – SGPS, S.A.	a)	Matosinhos	100.00%	88.08%	100.00%	88.08%
Sonae Turismo Gestão e Serviços, S.A.	a)	Porto	100.00%	99.75%	100.00%	99.75%
Sonae Turismo, SGPS, S.A.	a)	Porto	100.00%	99.75%	100.00%	99.75%
Sontrade Lines Ltd	a)	Hants (U.K.)	63.75%	63.75%	63.75%	63.75%
Sontur, BV	a)	Amsterdam (Netherlands)	100.00%	99.75%	100.00%	99.75%
Spinaraq, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Spinveste - Gestão Imobiliária SGLI, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Spinveste - Promoção Imobiliária, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Spred - SGPS, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
10) Star Viagens e Turismo, S.A.	a)	Lisboa	100.00%	86.58%	100.00%	87.71%
11) Star Viagens e Turismo, S.A.	a)	Lisboa	100.00%	86.58%	100.00%	86.58%
Têxtil do Marco, S.A.	a)	Marco de Canaveses	90.37%	90.37%	90.37%	90.37%
Torralta – Clube Internacional de Férias, S.A.	a)	Grandola	88.66%	88.44%	88.66%	88.44%
Torre São Gabriel - Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Troiaverde - Exploração Hoteleira Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00%	88.44%
Tulipamar - Exploração Hoteleira Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00%	88.44%
Urbisedas – Imobiliária das Sedas, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Venda Aluga – Sociedade Imobiliária, S.A.	a)	Maia	100.00%	99.75%	100.00%	99.75%
Others						
Aserraderos de Cuellar, S.A.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Imoplamac – Gestão de Imóveis, S.A.	a)	Santarém	100.00%	100.00%	100.00%	100.00%
Integrum - Serviços Partilhados, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Somit – Soc. Madeiras Industrializadas e Transformadas, S.A.	a)	Oliveira do Hospital	100.00%	100.00%	100.00%	100.00%
Sonae Investments, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae Produtos e Derivados Florestais, SGPS, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae Wood Products, B.V.	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%

a) paragraph a), nº1, art.1 of Decree-Law nr. 238/91 - majority holding;

b) paragraph b), nº 1, art.1 of Decree-Law nr. 238/91 - management control exercised.

- 1) Company excluded from the prior year due to immateriality;
- 2) Company incorporated or acquired in the period;
- 3) Includes shares sold to the Santander Group for Which purchase options were entered into as explained in Note 61. below;
- 4) Formerly - Fimaia - Serv. na Área Económica e Gestão de Investimentos, S.A.;
- 5) Formerly - Grama – Grandes Armazéns, S.A.;
- 6) Full consolidation method applied as from the date of acquisition of a further 35% of the share capital;
- 7) Company dissolved in the period;
- 8) Formerly - Situs - Exploração de Torres de Telecomunicações e Sites, S.A.;
- 9) Company merged into Spinveste - Promoção Imobiliária, S.A.;
- 10) Formerly - Equador - Agência de Viagens e Turismo, S.A.;
- 11) Company merged into Star Viagens e Turismo, S.A. (Formerly - Equador - Agência de Viagens e Turismo, S.A.).

NOTE 2. COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY	Legal Reason for Exclusion	Registered Office	% Capital Held			
			04.06.30		03.06.30	
			Direct	Total	Direct	Total
Sonae Indústria						
Eiweiler Sperrholz GmbH	a)	Germany	100.00%	88.68%	100.00%	89.18%
Enercicla, Lda	a)	Mourão	100.00%	34.59%	100.00%	31.16%
Florestal y Maderera, S.A.	a)	Madrid (Spain)	100.00%	90.33%	100.00%	90.84%
Glunz Service GmbH	a)	Hamm (Germany)	100.00%	88.68%	100.00%	89.18%
Glunz UK Holdings Ltd	a)	Londres (U.K.)	100.00%	88.68%	100.00%	89.18%
Glunz Uka GmbH	a)	Hamm (Germany)	100.00%	88.68%	100.00%	89.18%
Novobord GmbH	a)	Hamm (Germany)	100.00%	88.68%	100.00%	89.18%
Orpin, S.A.	a)	Madrid (Spain)	100.00%	90.33%	100.00%	90.84%
OSB Deutschland GmbH	a)	Germany	100.00%	90.33%	100.00%	90.84%
Plysorol BV	a)	Soest (Netherlands)	100.00%	90.33%	100.00%	90.84%
Poliface Brasil, Ltda	a)	Brazil	100.00%	95.87%	100.00%	95.87%
Poliface North America	a)	Quebec (Canada)	100.00%	90.33%	100.00%	90.84%
Société Industrielle et Financière Isoroy, SAS	a)	France	100.00%	90.33%	100.00%	90.84%
Sonae Espanha, S.A.	a)	Madrid (Spain)	99.94%	95.81%	99.94%	95.81%
Sonae Indústria Brasil, Ltda	a)	São Paulo (Brazil)	100.00%	95.87%	100.00%	95.87%
Sonae North América Inc.	a)	Quebec (Canada)	100.00%	95.87%	100.00%	95.87%
Tarnaise des Panneaux, S.A.	a)	Labruguière (France)	99.99%	90.30%	99.99%	90.68%
Sonae Imobiliária						
Alfange - Imobiliária e Gestão, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
Ameia, SGPS, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
4) Arquifecha - Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
2) Castelo do Queijo - Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
Circe, SGPS, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
Conquista, SGPS, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
Imoground BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Imospain X, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Imospain XII, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Imostructure, BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
INMO Development & Investment S.A.	a)	Madrid (Spain)	75.00%	50.28%	75.00%	50.28%
5) Mosquete - Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
Naviglio 2003, S.R.L.	a)	Italy	100.00%	67.04%	100.00%	67.04%
6) Nô Górdio - Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
Oriogest S.R.L.	a)	Milão (Italy)	80.00%	26.82%	100.00%	67.04%
Procoginm, S.A.	a)	Madrid (Spain)	100.00%	67.04%	100.00%	67.04%
Proyecto Park S.A.	a)	Madrid (Spain)	100.00%	67.04%	100.00%	67.04%
8) R&W - E Merkur Ypsilon GmbH	a)	Dusseldorf (Germany)	100.00%	67.04%	-	-
8) R&W - E Pluto Alpha GmbH	a)	Dusseldorf (Germany)	100.00%	67.04%	-	-
7) Sonae Imobiliária - Property Management II - Consul. e Gestão Imob., S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
3) Sonae Imobiliária Development IV - Consultoria e Prom. Imobiliária, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
Sonae Imobiliária European Retail Real Estate Assets GP Ltd	a)	Guernsey (U.K.)	100.00%	67.04%	-	-
Sonae Imobiliária Itália Property Management, S.R.L.	a)	Milão (Italy)	100.00%	67.04%	100.00%	67.04%
Sonae Imobiliária Itália, S.R.L.	a)	Sondrio (Italy)	100.00%	67.04%	100.00%	67.04%
SonaeCom						
1) Contacto Útil - Serviços de Gestão de Atendimento a Clientes, S.A.	a)	Maia	100.00%	38.17%	100.00%	38.32%
Sonae Capital						
Águas Furtadas - Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Aqualuz – Turismo e Lazer, Lda	a)	Lagos	100.00%	99.75%	100.00%	99.75%
Atlantic Ferries, S.A.	a)	Grandola	100.00%	99.75%	100.00%	99.75%
Azulino – Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Bloco Y – Sociedade Imobiliária, S.A.	a)	Porto	100.00%	99.75%	100.00%	99.75%
Campimeios - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	99.75%	100.00%	99.75%
Casa da Ribeira – Hotelaria e Turismo, S.A.	a)	Marco de Canaveses	100.00%	99.75%	100.00%	99.75%
Contacto Concessões, SGPS, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Delphinus – Sociedade de Turismo e Diversão de Tróia, S.A.	a)	Grandola	79.00%	69.83%	79.00%	69.83%
Friengineering, S.A.	a)	Matosinhos	100.00%	50.10%	100.00%	50.10%

Golf Time - Gófe e Investimentos Turísticos, S.A.	a)	Porto	100.00%	99.75%	100.00%	99.75%
Imobiliária da Cacela, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imodivor - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imopenínsula - Sociedade Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00%	88.44%
Imoresort - Sociedade Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00%	88.44%
Implantação - Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
8) Inparvi, S.G.P.S., S.A.	a)	Maia	100.00%	100.00%	-	-
Insulatroia - Sociedade Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00%	88.44%
Interport Logistics, Ltd	a)	Bristol (U.K.)	65.00%	65.00%	65.00%	65.00%
Invicta - Comércio Internacional, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
ISF - Imobiliário, Serviços e Participações, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Marímo – Exploração Hoteleira e Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00%	88.44%
Marina Magic - Exploração de Centros Lúdicos e Marítimos, Lda	a)	Lisboa	100.00%	99.75%	100.00%	99.75%
Martimope - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
MDS - Sociedade Mediadora de Seguros, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Parcomarco, Gestão de Parques de Estacionamento e Centros Comerciais, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
PJP - Equipamento de Refrigeração, Lda	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
Plysorol Contreplaques, SAS	a)	France	100.00%	100.00%	100.00%	90.84%
Promessa – Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
SC - Sociedade de Consultoria, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
SKKFOR - Ser. For. e Desen. de Recursos Humanos, Lda	a)	Maia	96.00%	33.67%	96.00%	33.67%
Solinfitness - Club Malaga, S.L.	a)	Malaga (Spain)	100.00%	99.75%	100.00%	99.75%
Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Sonae RE, S.A.	a)	Luxemburg	100.00%	100.00%	100.00%	100.00%
Sopair, S.A.	a)	Madrid (Spain)	60.00%	30.10%	60.00%	30.10%
Sótaqua - Soc. de Empreendimentos Turísticos da Quarteira, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Terceiro Frente - Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
World Trade Center Porto, S.A.	a)	Porto	100.00%	99.75%	100.00%	99.75%
Others						
Sonae 3P, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Sonae Investimentos América Latina, Lda	a)	São Paulo (Brazil)	99.99%	99.99%	99.99%	99.99%
Sonaeinvest - Sociedade Gestora de Fundos de Investimentos, S.A.	a)	Maia	100.00%	82.85%	100.00%	82.85%

a) nº 1 of art. 4 of Decree-Law nr. 238/91 - not significant.

- 1) Company dissolved in the period;
- 2) Formerly - Castelo do Queijo, SGPS, S.A.;
- 3) Formerly - Ciclop - Gestão de Centros Comerciais, S.A.;
- 4) Formerly - Esteiros, SGPS, S.A.;
- 5) Formerly - Mosquete, SGPS, S.A.;
- 6) Formerly - Nó Górdio, SGPS, S.A.;
- 7) Formerly - Querubim - Gestão de Centros Comerciais, S.A.;
- 8) Company incorporated or acquired in the period.

NOTE 3. COMPANIES ACCOUNTED FOR AS ASSOCIATED UNDERTAKINGS (USING THE EQUITY METHOD)

COMPANY	Registered Office	% Capital Held			
		04.06.30		03.06.30	
		Direct	Total	Direct	Total
Sonae Imobiliária					
Aegean Park Constructions, Real Estate and Development, S.A.	Atenas (Greece)	50.00%	33.52%	50.00%	33.52%
Capital Plus - Investimentos e Participações, S.A.	Vila Nova de Gaia	25.05%	16.79%	50.00%	33.52%
CCG - Centros Comerciais de Gaia, S.A.	Vila Nova de Gaia	25.05%	16.79%	50.00%	33.52%
Empreendimentos Imobiliários Colombo, S.A.	Lisboa	25.05%	16.79%	50.00%	33.52%
Hospitaleat Center, S.L.	Barcelona (Spain)	12.49%	8.38%	24.89%	8.31%
Iberian Assets, S.A.	Barcelona (Spain)	24.94%	16.72%	49.78%	33.37%
2) Inmolor, S.A.	Barcelona (Spain)	24.94%	16.72%	100.00%	75.68%
Inparsa - Industrias e Participações, SGPS, S.A.	Maia	25.05%	16.79%	50.00%	33.52%
Lisedi – Urbanização e Edifícios, S.A.	Maia	25.05%	16.79%	50.00%	33.52%
LL Port Retail SGPS, S.A.	Vila Nova de Gaia	25.05%	16.79%	50.00%	33.52%
1) Sintra Retail Park - Parques Comerciais, S.A.	Maia	25.05%	16.79%	50.00%	33.52%
Sonae Enplanta, S.A.	São Paulo (Brazil)	50.00%	33.52%	50.00%	33.52%
Teleporto – Empreendimentos Imobiliários, S.A.	Maia	25.05%	16.79%	50.00%	33.52%
Unishopping Administradora, Lda	São Paulo (Brazil)	50.00%	33.52%	50.00%	33.52%
Vasco da Gama - Promoção de Centros Comerciais, S.A.	Maia	25.05%	16.79%	100.00%	67.04%
Viacatarina - Empreendimentos Imobiliários, S.A.	Maia	25.05%	16.79%	50.00%	33.52%
WXI - Grupo Lar Parque Principado, SL	Madrid (Spain)	25.00%	16.76%	25.00%	16.76%
Zubiarte Inversiones Inmobiliarias, S.A.	Barcelona (Spain)	49.80%	33.39%	49.80%	33.39%
SonaeCom					
Global S - Centro Comercial Lda	Matosinhos	16.55%	13.65%	37.46%	31.02%
Global S - Tecnologias de Informação Lda	Matosinhos	12.14%	20.02%	33.42%	27.67%
Global S 24, SGPS, S.A.	Matosinhos	16.18%	13.35%	-	-
Global S, SGPS, S.A.	Matosinhos	32.37%	26.70%	50.10%	41.48%

Investimento Directo - Sociedade Financeira de Corretagem, S.A.	Lisboa	55.00%	45.36%	55.00%	45.53%
Net Mall SGPS, S.A.	Maia	50.00%	41.24%	50.00%	41.40%
Sonae Capital					
ba - Fábrica de Vidros Barbosa & Almeida, S.A.	Porto	49.97%	49.97%	49.97%	49.97%
Bar-Bar-Idade Glass - Serviços de Gestão e Investimentos, S.A.	Porto	49.97%	49.97%	49.97%	49.97%
Sodesa, S.A.	Lisboa	50.00%	50.00%	50.00%	50.00%
TP - Sociedade Térmica, S.A.	Porto	50.00%	50.00%	50.00%	50.00%

- 1) Company sold in the period;
2) Company merged into Iberian Assets, S.A..

NOTE 4. COMPANIES NOT ACCOUNTED FOR AS ASSOCIATED UNDERTAKINGS USING THE EQUITY METHOD

COMPANY	Legal Reason for Exclusion	Registered Office	% Capital Held			
			04.06.30		03.06.30	
			Direct	Total	Direct	Total
Sonae Indústria						
OKO Zentrum NRW	a)	Germany	25.00%	22.17%	25.00%	22.29%
Promodeco - Projecto Imobiliário Decoração e Construção, Lda	a)	Maia	27.60%	26.46%	27.60%	26.46%
Serradora Boix	a)	Barcelona (Spain)	31.25%	28.23%	31.25%	28.39%
Stinnes Holz GmbH	a)	Germany	35.25%	31.26%	35.25%	31.43%
Modelo Continente						
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	a)	Lisboa	25.00%	18.92%	25.00%	18.92%
Sonae Imobiliária						
Imogreece II, BV	a)	Amsterdam (Netherlands)	50.00%	33.52%	50.00%	33.52%
Imogreece III, BV	a)	Amsterdam (Netherlands)	50.00%	33.52%	50.00%	33.52%
Imogreece IV, BV	a)	Amsterdam (Netherlands)	50.00%	33.52%	50.00%	33.52%
Lamda Pylea, S.A.	a)	Atenas (Greece)	19.95%	13.37%	19.95%	13.37%
1) MC Property Management, S.A.	a)	Atenas (Greece)	50.00%	33.52%	-	-
Micaelense Shopping - Empreendimentos Imobiliários, S.A.	a)	Ponta Delgada	50.00%	33.52%	50.00%	33.52%
Segest - Sonae Espansão Gestione, S.R.L	a)	Milão (Italy)	50.00%	33.52%	50.00%	33.52%
SIC Indoor - Gestão de Suportes Publicitários, S.A.	a)	Oeiras	35.00%	23.46%	35.00%	23.46%
Sóguia - Sociedade Imobiliária, S.A.	a)	Porto	50.00%	33.52%	50.00%	33.52%
Sonae - Charagionis Services, S.A.	a)	Atenas (Greece)	50.00%	33.52%	50.00%	33.52%
Sonae Charagionis Property Management, S.A.	a)	Atenas (Greece)	50.00%	33.52%	-	-
Torre Colombo Ocidente - Imobiliária, S.A.	a)	Porto	25.05%	16.79%	50.00%	33.52%
Torre Colombo Oriente - Imobiliária, S.A.	a)	Porto	25.05%	16.79%	50.00%	33.52%
Transalproject 2000, SRL	a)	Sondrio (Italy)	50.00%	33.52%	100.00%	67.04%
Unishopping Consultadoria, Lda	a)	São Paulo (Brazil)	50.00%	33.52%	50.00%	33.52%
Victoria Park Constructions, Real Estate and Development, S.A.	a)	Atenas (Greece)	50.00%	33.52%	50.00%	33.52%
SonaeCom						
SIRS - Sociedade Independente de Radiodifusão Sonora, S.A.	a)	Porto	45.00%	37.11%	90.00%	74.51%
Unipress - Centro Gráfico, Lda	a)	Vila Nova de Gaia	40.00%	32.98%	40.00%	33.12%
Sonae Capital						
Andar - Sociedade Imobiliária, S.A.	a)	Maia	50.00%	50.00%	50.00%	50.00%
2) Autocenter - Serviços, Acessórios e Peças para Viaturas, S.A.	a)	Maia	50.00%	25.00%	50.00%	50.00%
CarPlus - Comércio de Automóveis, S.A.	a)	Vila Nova de Gaia	50.00%	50.00%	50.00%	50.00%
Change, SGPS, S.A.	a)	Porto	25.00%	25.00%	25.00%	25.00%
Choice Car - Comércio de Automóveis, S.A.	a)	Porto	50.00%	50.00%	50.00%	50.00%
Choice Car SGPS, S.A.	a)	Maia	50.00%	50.00%	50.00%	50.00%
Developpement & Partenariat Assurances, S.A.	a)	Paris (France)	35.00%	35.00%	35.00%	35.00%
Finlog - Aluguer e Comércio de Automóveis, S.A.	a)	Matosinhos	50.00%	50.00%	50.00%	50.00%
Fun International Entertainment, S.A.	a)	Porto	50.00%	49.87%	50.00%	49.87%
Guerin - Rent a Car (Dois), Lda	a)	Lisboa	50.00%	50.00%	50.00%	50.00%
Holdingpar, SGPS, S.A.	a)	Porto	40.00%	40.00%	40.00%	40.00%
Infratroia - Empresa de Infraestruturas de Troia, E.N.	a)	Grandola	25.90%	25.84%	25.90%	22.84%
Interclean, S.A.	a)	Brazil	49.99%	12.77%	49.99%	12.77%
Invesaúde - Gestão Hospitalar, S.A.	a)	Maia	50.00%	50.00%	-	-
Lazam Corretora, Lda	a)	Porto	45.00%	45.00%	45.00%	45.00%
Lidergraf - Artes Gráficas, Lda	a)	Vila de Conde	25.50%	25.50%	25.50%	25.50%
Luso Assistência - Gestão de Acidentes, S.A.	a)	Porto	50.00%	50.00%	50.00%	50.00%
Norscut - Concessionária de Scut Interior Norte, S.A.	a)	Lisboa	25.00%	25.00%	25.00%	25.00%
Pargeste SGPS, S.A.	a)	Maia	40.00%	40.00%	40.00%	40.00%
Perjovim - Imobiliária e Construções, S.A.	a)	Matosinhos	49.96%	49.96%	49.96%	49.96%
Portuguese Paradise INC	a)	Panamá	42.50%	42.39%	42.50%	42.39%
Saúde Atlântica - Gestão Hospitalar, S.A.	a)	Maia	50.00%	50.00%	50.00%	50.00%
Sociedade de Construções do Chile, S.A.	a)	Lisboa	50.00%	50.00%	50.00%	50.00%
Sociedade Imobiliária Troia - B3, S.A.	a)	Grandola	20.00%	17.69%	20.00%	17.64%
Vastgoed One - Sociedade Imobiliária, S.A.	a)	Maia	50.00%	50.00%	50.00%	50.00%
Vastgoed Sun - Sociedade Imobiliária, S.A.	a)	Maia	50.00%	50.00%	50.00%	50.00%

Others						
3)	Portucel Industrial – Empresa Produtora de Pasta e Papel, S.A.	b)	Lisboa	25.00%	25.00%	29.18%
						29.18%

a) Nr 1 of art. 4 of Decree-Law nr. 238/91 - not significant;

b) Due to the privatisation process in progress, this undertaking was accounted at cost.

1) Company incorporated or acquired in the period;

2) Formerly - Spel Serviços Auto, S.A.;

3) Includes shares sold with suspensive condition as explained in Note 62 below;

NOTE 6. OTHER RELATED UNDERTAKINGS

COMPANY	Registered Office	% Capital Held	
		04.06.30	03.06.30
1) Altitude Software BV	Netherlands	6.31%	6.31%
Altitude, SGPS, S.A.	Lisboa	11.50%	11.50%
Comfloresta - Companhia Catarinense de Empreendimentos Florestais, S.A.	Brazil	4.50%	36.00%
Construction Modulaire de l'Ouest S.A.R.L.	Lisieux (France)	15.00%	15.00%
Despegar.com	Porto	5.90%	5.90%
Dispar – Distribuição de Participações, SGPS, S.A.	Lisboa	7.14%	7.14%
First Assur, S.A.	France	10.80%	10.80%
Inско – Insular de Hipermercados, S.A.	Ponta Delgada	10.00%	10.00%
Lusa - Agência de Notícias de Portugal, S.A.	Lisboa	1.38%	1.38%
Minhodigital.com - Investimentos na Área Tecnológica, S.A.	Porto	4.76%	-
Net, S.A.	Lisboa	2.80%	2.26%
Operscut - Operação e Manutenção de Auto-estradas, S.A.	Lisboa	15.00%	15.00%
Outsystems, Software de Rede, S.A.	Oeiras	2.03%	2.03%
Sear - Sociedade Europeia de Arroz, S.A.	Santiago do Cacém	15.00%	15.00%
SESI - Sociedade de Ensino Superior e Investigação, S.A.	Porto	9.75%	9.75%
Société Naturel de Bois Gabonais	Gabon	4.24%	4.24%
Spidouro – Soc. Prom. De Empresas e Inv. Do Douro e Trás-os-Montes, S.A.	Vila Real	8.30%	8.30%

1) Company dissolved in the period;

NOTE 7. EMPLOYEE INFORMATION

The average number of employees of the companies included in the consolidated financial statements was:

By activity:		By grade:	
Wood based panels	6,558	Directors and managers	4,836
Retailing	37,375	Technical	4,648
Real Estate	501	Administrative	4,391
Telecom	2,470	Operational	38,046
Other activities	5,017		
Total	51,921	Total	51,921

III - INFORMATION ON CONSOLIDATION PROCEDURES ADOPTED

NOTE 10. GOODWILL ARISING ON CONSOLIDATION

As mentioned in note 0.i) goodwill arising on consolidation was written-off against "Other Reserves". The net variance during the period can be shown as follows:

	euro		Net variance
	04.06.30	03.12.31	
Initial positive goodwill	-26,861,699	-26,880,868	19,169
Positive goodwill	1,063,811,991	1,053,267,640	10,544,351
Negative goodwill	100,940,042	97,185,108	3,754,934

NOTE 11. EXCEPTIONS TO CONSISTENCY OF ACCOUNTING PRINCIPLES

The accounting principle used as from 1 January 2001 for recording goodwill arising on consolidation (Note 0.i) above) is not in accordance with generally accepted accounting principles in Portugal which state that such goodwill must be shown as an intangible asset and be amortised on a straight line basis over the period estimated to recover related investments. Had the company applied this principle of the Portuguese Official Chart Of Accounts and maintained the amortisation rates used until 31 December 2000, intangible assets and shareholder's funds would be higher by 734,515,558 euro and amortization for the period would increase by 32,799,016 euro.

NOTE 14. COMPARABILITY OF FINANCIAL STATEMENTS

CHANGES TO THE CONSOLIDATION PERIMETER

The following companies were included on consolidation during the period ended 30 June 2004:

- Full consolidation method

Sonae Indústria

- b) Papelnova - Recolha e Recuperação de Desperdícios, S.A.
- c) Portucel Viana Energia - Empresa de Cogeração Energética, S.A.

Modelo Continente

- b) CESS - Informática, Ltda
- a) Sempre à Mão - Sociedade Imobiliária, S.A.

SonaeCom

- a) Enabler & Retail Consult, GmbH
- c) Jaua, S.G.P.S., S.A.
- c) KPNQwest Portugal - Telecomunicações, Lda.
- c) Noriema, S.G.P.S., S.A.
- a) Optimus Towering - Gestão de Torres de Telecomunicações, S.A.

Sonae Capital

- a) Bertimóvel - Sociedade Imobiliária, S.A.

- a) Companies excluded in 2003;
- b) Company incorporated in the period;
- c) Companies acquired during the period.

During the period ended at 30 June 2004 the following companies were excluded from consolidation:

- Full consolidation method

Sonaecom

- a) Douro - Centro de Produções Artísticas, Lda
- a) Portais Verticais.com, S.G.P.S.,S.A.

- a) Companies dissolved during the period;

- Equity method

Sonae Imobiliária

- Sintra Retail Park - Parques Comerciais, S.A. - sold during the period.

NOTE 18. ACCOUNTING FOR ASSOCIATED UNDERTAKINGS

The companies included in the consolidated financial statements have accounted for their holdings in associated undertakings in accordance with paragraph a), item 5.4.3.1. of Appendix 2 to the Portuguese Chart of Accounts (at purchase cost). However, in the cases set out in Note 3., consolidation adjustments were made to account for these undertakings as associated companies (by the equity method), in accordance with nr. 13.6.1 of the rules for consolidation.

IV - INFORMATION IN RELATION TO FINANCIAL COMMITMENTS

NOTE 22. RESPONSIBILITIES FOR GUARANTEES GIVEN

At 30 June 2004, the responsibilities for guarantees given by the companies included in the consolidation can be analysed as follows:

	euro
Guarantees (1)	921,060,856
Securities deposited	18,448,262
Mortgages and charges	488,682,102
Pledges and floating charges	2,162,162
Others	74,872,073

(1) Includes 15,859,044 euro due to a legal process contesting the additional payment of Income Taxation. No provision was made because no estimated loss is expected to arise.

In addition, shares representing 31,83% of the share capital of Modelo Continente, SGPS, S.A. were pledged to the Santander Group as part of the transaction described in Note 61. below.

V - INFORMATION REGARDING ACCOUNTING POLICIES

NOTE 23. VALUATION METHODS

See Note 0 - Principal Accounting Policies

NOTE 24 - EXCHANGE RATES USED TO CONVERT TO EURO

The exchange rates used to convert the consolidated financial statements of foreign related undertakings to Euro were:

	Rate at	
	30.06.2004	Average rate
Swiss Franc	1.524	1.553
Pound Sterling	0.671	0.673
Brazilian Real	3.784	3.639
South African Rand	7.618	8.193
Canadian Dollar	1.634	1.642

VI - OTHER INFORMATION ON SPECIFIC ITEMS

NOTE 27. DETAILS OF FIXED ASSETS

Movements in consolidated fixed assets and in depreciation and provisions during the period ended in 30 June 2004 can be summarised as follows:

GROSS COST OR VALUATION						euro
Items	At 1 January 2004	Expenditure	Disposals	Changes in Consolidation Perimeter d)	Transfers and Adjustments c)	At 30 June 2004
Intangible assets:						
Start-up costs	259,119,509	291,140	20,285	28,805	395,997	259,815,166
Research and development costs	77,076,212	368,308	297,513		-307,030	76,839,977
Patents and other similar rights	28,369,514	121,934	1,206	-12,669	364,556	28,842,129
Premiums paid for property occupation rights	24,145,896				-2,494	24,143,402
b) In progress	170,147,622	6,413,872	193,158		-7,387,463	168,980,873
	558,858,753	7,195,254	512,162	16,136	-6,936,434	558,621,547
Tangible Assets:						
Land	429,346,831	10,013,115	1,451,045	1,927,948	24,549,355	464,386,204
Buildings	1,847,166,144	13,207,843	4,914,133	24,813	75,977,594	1,931,462,261
Plant and machinery	3,093,377,401	17,478,166	5,376,286	-254,740	45,270,304	3,150,494,845
Vehicles	45,644,482	1,078,350	1,318,280		-634,643	44,769,909
Tools	13,841,889	86,768	8,120	-6,833	132,352	14,046,056
Fixtures and fittings	442,372,235	3,087,124	2,320,577	5,924,671	11,738,217	460,801,670
Containers	283,502					283,502
Others	50,926,731	181,987	5,788	649,743	769,623	52,522,296
b) In construction	255,781,832	169,301,039	10,815,386	304,273	-166,967,337	247,604,421
Advances	32,579,356	5,543,736	303,600	2,192,111	-2,354,332	37,657,271
	6,211,320,403	219,978,128	26,513,215	10,761,986	-11,518,867	6,404,028,435
Investments:						
a) Shares in related (including associated) undertakings	205,890,380	5,605,687	8,435,805	49,502	9,228,428	212,338,192
Loans to related (included associated) undertakings	160,363,841	46,883,208	36,607,167	-50,000	-991,502	169,598,380
Shares in other undertakings	210,160,218				4	210,160,222
Other investments other than loans	11,778,206	52,040	635	1,536	-9,988,606	1,842,541
Loans to other undertakings	355,101					355,101
In progress	1,513,114					1,513,114
Advances	3,274,350	237,446			-1,501,684	2,010,112
	593,335,210	52,778,381	45,043,607	1,038	-3,253,360	597,817,662

a) Shares in related (including associated) undertakings include 4,690,976 euro as a result of accounting for associated undertakings using the equity method;

b) The more significant amounts included in fixed assets in construction are as follows:

Intangible and tangible assets - in construction

	euro
Luz del Tajo project	35,052,819
Plaza Eboli project	18,460,059
Dos Mares project	5,956,222
Malaga Outlet project	8,524,788
Loureshopping project	9,796,120
3DO Dortmund project	6,549,536
Alexanderplatz project	6,679,963
Shopping Penha Expansion	7,536,866
Continente, Modelo and Worten stores	28,419,486
UMTS licence	133,092,912
Deployment of mobile network	47,696,253
Troia project	9,732,721
	317,497,745

c) Includes - 4,478,727 euro relating to exchange differences arising from the translation of opening investments in foreign affiliated undertakings.

d) Includes 6,634,400 euro relating to fixed assets of affiliated undertakings acquired during the period.

Accumulated depreciation and provisions:						euro
Items	At 1 January 2004	Charge for the period	Disposals	Changes in Consolidation Perimeter b)	Transfers and Adjustments a)	At 30 June 2004
Intangible Assets:						
Start-up costs	183,614,209	17,934,686	6,800	17,784	-417,486	201,142,393
Research and development costs	53,141,100	5,653,433	101,543		-281,909	58,411,081
Patents and other similar rights	13,827,292	1,690,854	21,399	-11,663	-232,308	15,252,776
Premiums paid for property occupation rights	9,959,346	1,169,655			-253	11,128,748
	<u>260,541,947</u>	<u>26,448,628</u>	<u>129,742</u>	<u>6,121</u>	<u>-931,956</u>	<u>285,934,998</u>
Tangible assets:						
Land	2,770,129	13,981			7,064	2,791,174
Buildings	338,254,169	27,241,103	741,111	-20,062	-7,316,933	357,417,166
Plant and machinery	1,385,694,882	106,217,436	3,632,554	-232,910	-4,431,739	1,483,615,115
Vehicles	38,793,586	1,640,260	937,450		-840,532	38,655,864
Tools	9,884,081	946,319	2,497	-3,606	-177,858	10,646,439
Fixtures and fittings	169,544,030	21,024,550	801,281	4,449,507	-2,699,691	191,517,115
Containers	273,724	1,587			1	275,312
Others	35,334,140	2,247,433	9,292	279,925	-317,443	37,534,763
	<u>1,980,548,741</u>	<u>159,332,669</u>	<u>6,124,185</u>	<u>4,472,854</u>	<u>-15,777,131</u>	<u>2,122,452,948</u>
Investments						
Shares in related (including associated) undertakings	57,964,647	5,356,157	1,908,448		143,331	61,555,687
Loans to related (including associated) undertakings	26,108,516	400,905	12,529,266		1,711,328	15,691,483
Other financial assets	394,790	146,250				541,040
Other loans	81,820				24,315	106,135
	<u>84,549,773</u>	<u>5,903,312</u>	<u>14,437,714</u>		<u>1,878,974</u>	<u>77,894,345</u>

a) Includes -1,129,965 euro relating to exchange differences arising from the translation of opening investments in foreign affiliated undertakings;

b) Includes 4,782,796 euro relating to depreciation of affiliated undertakings acquired during the period.

NOTE 28. INTEREST PAYABLE CAPITALISED DURING THE PERIOD

Interest payable relating to financing of fixed assets in construction capitalised during the period totalled 3,212,364 euro.

NOTE 33. AMOUNTS OWING REPAYABLE AFTER MORE THAN FIVE YEARS

The consolidated balance sheet includes 694,273,273 euro of amounts owing repayable after more than five years.

NOTE 34. AMOUNTS OWING TO THIRD PARTIES COVERED BY GUARANTEES

At 30 June 2004 the amounts covered by guarantees given by companies included on consolidation were as follows:

	euro
Pledges and floating charges	420,984,274
Mortgages and charges	443,210,937

NOTE 36. TURNOVER ANALYSIS BY ACTIVITY AND MARKET

The turnover analysis by activity and market can be summarised as follows:

	euro	
	04.06.30	03.06.30
a) By activity:		
Wood based panels	764,624,329	739,877,147
Retailing	1,594,407,856	1,553,987,869
Real estate	141,592,383	123,456,787
Telecom	415,547,862	379,914,191
Sonae Capital	185,541,970	108,467,560
Others	6,613,594	7,777,399
Total	<u>3,108,327,994</u>	<u>2,913,480,953</u>

b) By market:	euro	
	04.06.30	03.06.30
Portugal	1,853,219,599	1,794,136,422
Spain	152,882,066	143,980,236
France	158,294,612	116,666,041
Germany	155,317,342	116,376,825
United Kingdom	61,539,487	63,057,947
South America	483,982,963	454,117,272
Canada	35,683,495	31,268,267
Others	207,408,430	193,877,943
Total	3,108,327,994	2,913,480,953

NOTE 38. DEFERRED TAXATION

At 30 June 2004 and 2003, details of deferred tax assets and liabilities may be shown as follows, split between the different types of temporary differences:

	euro			
	Deferred Tax Assets		Deferred Tax Liabilities	
	04.06.30	03.06.30	04.06.30	03.06.30
Fixed assets revaluations			22,280,707	27,013,139
Reinvested gains on disposals of fixed assets			4,867,914	6,301,590
Losses carried forward	169,895,060	184,420,614		
Depreciation disallowed for tax purposes	192,045	70,531		88,624
Harmonisation adjustments	1,793,728		83,532,351	80,579,556
Other	1,343,342	580,241	5,795,869	3,719,166
	173,224,175	185,071,386	116,476,841	117,702,075

Movements in deferred taxes during the period ended 30 June 2004 and 2003 were as follows:

	euro			
	Deferred Tax Assets		Deferred Tax Liabilities	
	04.06.30	03.06.30	04.06.30	03.06.30
Balance as at 1 January	171,354,371	175,744,259	108,745,194	109,131,979
Credits or charges to the profit and loss account:				
Depreciation arising on fixed assets revaluations			-277,703	-329,578
Depreciation arising on reinvested gains on disposals of fixed assets			-45,063	-66,872
Losses carried forward	2,775,506	5,921,577		
Harmonisation adjustments	849,930		4,610,800	8,674,322
Tax rate change effects	64,968			
Other	-3,135,059	-301,434	887,736	358,980
	555,345	5,620,143	5,175,770	8,636,852
Credits or charges to retained earnings:				
Reinvested gains on disposals of fixed assets			259,109	239,268
Fixed assets revaluations				
Exchange differences	-1,138,407	3,700,043	-38,955	442,591
Losses carried forward			256,591	35,648
Other	2,452,866	-249,650	2,335,723	-784,263
	1,314,459	3,706,984	2,555,877	-66,756
Balance as at 30 June	173,224,175	185,071,386	116,476,841	117,702,075

NOTE 39. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE HOLDING COMPANY

	euro
Board of Directors (a)	2,980,846
Auditor's remuneration (b)	866,235

(a) Total fixed base remuneration (paid monthly throughout the year) plus variable annual bonuses for 2003 and deferred performance bonuses for 2001 (both paid in the first half of 2004) which are paid to the members of the Board of Directors by the company or by any affiliated or associated companies.

(b) Estimate of audit fees, attributable to the first half of 2004, of the company and its affiliated or associated undertakings.

NOTE 41. REVALUATIONS OF TANGIBLE FIXED ASSETS

Tangible fixed assets held by the various companies included on consolidation were revalued in previous years as allowed by Decree Laws nrs 430/78, of 27 December, 219/82, of 2 June, 278/85, of 17 July, 118/86, of 27 May, 111/88, of 2 April, 49/91, of 25 January, 264/92, of 24 November and 31/98, of 11 February.

In prior years, market valuations of real estate assets in four affiliated companies were recorded, which were based on reports of independent valuers, due to the

materiality of differences between cost of acquisition and related market value at the time of approval of respective real estate development projects (Note 42).

NOTE 42. REVALUATIONS

The effect of the revaluations of tangible fixed assets can be summarised as follows:

Items	euro		
	Historical cost a)	Revaluations a) b) c)	Accounts Value a)
Tangible assets:			
Land	365,430,119	96,164,911	461,595,030
Buildings	1,458,118,182	115,926,913	1,574,045,095
Plant and machinery	1,663,949,172	2,930,558	1,666,879,730
Vehicles	5,836,928	277,117	6,114,045
Tools	3,397,527	2,090	3,399,617
Fixtures and fittings	269,275,372	9,183	269,284,555
Containers	8,190		8,190
Others	14,949,699	37,834	14,987,533
	<u>3,780,965,189</u>	<u>215,348,606</u>	<u>3,996,313,795</u>

- a) Net of depreciation;
b) Includes all revaluations to date;
c) Includes the effect of market valuations referred to in paragraph b) in the amount of 140,031,290 euro.

NOTE 44. ANALYSIS OF NET FINANCIAL CHARGES

euro		
Charges	04.06.30	03.06.30
Interest expense	84,055,282	112,176,448
Provisions for short term investments		1,350,877
Exchange losses	6,974,510	15,518,760
Payment discounts given	8,727,482	8,408,125
Loss on disposal of short term investments		4,772
a) Other financial charges	39,593,296	31,668,224
Net financial charges	<u>-85,768,988</u>	<u>-116,275,979</u>
	53,581,582	52,851,227
Income	04.06.30	03.06.30
Interest income	12,779,039	18,500,940
Dividends received	10,288,866	8,389,271
Exchange gains	8,427,731	8,467,261
Payment discounts received	13,400,488	12,524,260
Gain on disposal of short term investments	6,634,234	39,118
Other financial income	2,051,224	4,930,377
	<u>53,581,582</u>	<u>52,851,227</u>

- a) Includes mainly costs incurred with automatic payment systems.

NOTE 45. ANALYSIS OF EXTRAORDINARY ITEMS

euro		
Charges	04.06.30	03.06.30
Donations	2,204,707	363,565
Doubtful debts written off	4,103,904	1,894,512
Abnormal stock losses	1,066,232	2,497,053
Loss on the sale of fixed assets	8,327,644	10,658,954
Fines and penalties paid	794,374	630,074
Exceptional depreciation and provisions	7,849,085	2,783,019
Charges relating to prior years	3,246,816	8,614,733
Others	9,023,728	14,504,086
Net extraordinary gains	<u>32,505,396</u>	<u>97,475,961</u>
	69,121,886	139,421,957
Income	04.06.30	03.06.30
Taxes refunded	2,745,066	1,771,701
Collection of doubtful debts written off	935,035	6,114
Abnormal stock gains	143,917	54,777
Gain on the sale of fixed assets	11,144,000	99,296,956
Contractual penalties received	527,500	158,329
Write back of provisions and depreciation	20,597,893	20,957,179
Gains relating to prior years	4,525,246	5,235,077
Others	28,503,229	11,941,824
	<u>69,121,886</u>	<u>139,421,957</u>

NOTE 46. ANALYSIS OF PROVISIONS AS OF 30 JUNE 2004 AND MOVEMENT DURING THE PERIOD

The accumulated provisions at 30 June 2004 and movements during the period are as follows:

Provisions	euro			
	At 1 January 2004	Provisions created	Provisions written back	At 30 June 2004
Provisions for short term investments	75,587		224	75,363
Provisions for doubtful debts	137,201,816	12,094,655	11,868,782	137,427,689
Provisions for other risks and charges	149,026,026	9,189,511	7,618,710	150,596,827
Provisions for stock obsolescence	16,156,574	6,184,454	4,271,347	18,069,681
Provisions for fixed asset investments	84,549,773	8,587,492	15,242,920	77,894,345
	<u>387,009,776</u>	<u>36,056,112</u>	<u>39,001,983</u>	<u>384,063,905</u>

NOTE 47. FINANCIAL LEASING AND LONG TERM RENTAL CONTRACTS

Items	euro
Tangible assets:	
Land	11,797,119
Buildings	36,739,197
Plant and machinery	32,747,466
Vehicles	1,004,331
Fixtures and fittings	11,908
Containers	3,747,327
Others	<u>841,568</u>
	<u>86,888,916</u>

NOTE 50. SEGMENT REPORTING

The contributions of the main segments to the profit and loss account are as follows:

	euro						Consolidated
	Wood Based Panels	Retailing	Real Estate	Telecom	Sonae Capital	Others	
Sales and							
Services rendered	764,624,329	1,594,407,856	141,592,383	415,547,862	185,541,970	6,613,594	3,108,327,994
Depreciation of fixed assets	62,848,103	45,996,840	11,477,326	55,837,535	7,150,866	1,949,089	185,259,759
Provisions	3,169,062	4,706,143	788,240	11,561,016	1,556,304		21,780,765
Operating profit	38,064,402	50,064,997	24,711,149	18,771,253	-410,457	-6,482,140	124,719,204
Net Financial charges	-34,141,620	-23,885,315	-4,035,253	-13,133,891	-7,242,614	-3,330,295	-85,768,988
Profit/(Loss) on ordinary activities	3,922,782	26,179,682	20,675,896	5,637,362	-7,653,071	-9,812,435	38,950,216
Net Extraordinary gains/(losses)	11,701,196	14,410,554	1,674,467	1,910,563	2,484,481	324,135	32,505,396
Gains/(Losses)							
in associated undertakings	3		1,090,317	93,469	5,995,559		7,179,348
Profit before							
income tax	15,623,981	40,590,236	23,440,680	7,641,394	826,969	-9,488,300	78,634,960
Profit before							
minority interests	9,738,150	33,745,825	17,894,496	5,499,377	-513,366	-10,782,181	55,582,301
Operating Cash-Flow							
(EBITDA)	104,081,567	100,767,980	36,976,715	86,169,804	8,296,713	-4,533,051	331,759,728

The contributions of the main segments to the consolidated Balance Sheet are as follows:

	euro						
	Wood Based Panels	Retailing	Real Estate	Telecom	Sonae Capital	Others (a)	Consolidated
Fixed assets							
Intangible	30,321,023	33,253,974	15,276,531	179,660,357	12,637,391	1,537,273	272,686,549
Tangible	1,337,075,592	1,187,532,217	785,694,430	650,743,957	260,472,917	60,056,374	4,281,575,487
Investments	9,285,995	2,876,735	196,767,047	3,391,189	98,178,636	209,423,715	519,923,317
Stocks	175,839,840	372,323,399	101,460	11,077,356	91,997,613	1,655,632	652,995,300
Others	435,772,981	301,474,833	338,074,219	519,086,238	139,839,392	9,558,126	1,743,805,789
Total Assets	1,988,295,431	1,897,461,158	1,335,913,687	1,363,959,097	603,125,949	282,231,120	7,470,986,442
Liabilities							
Long-term	418,731,280	770,392,780	484,213,577	404,138,062	58,029,216	811,940,909	2,947,445,824
Short-term	573,287,532	648,213,833	238,567,484	198,768,483	220,345,945	393,416,006	2,272,599,283
Other liabilities	265,534,171	133,898,698	294,018,871	163,193,745	104,484,232	8,683,783	969,813,500
Total liabilities	1,257,552,983	1,552,505,311	1,016,799,932	766,100,290	382,859,393	1,214,040,698	6,189,858,607
Net Investment	24,683,868	56,319,363	87,338,614	32,454,254	18,576,052	1,398,951	220,771,102
Investments - equity method			77,632,164	4,447,707	20,650,893		102,730,764
Total Debt	652,002,967	857,514,945	525,938,634	425,516,106	120,410,562	623,472,898	3,204,856,112
Net Debt	542,004,749	797,567,324	368,899,964	378,567,453	108,093,825	623,001,301	2,818,134,616

a) Net Debt in "Others" is made up as follows:

Others	euro
Sources	
Bank debt	623,472,898
Cash and equivalents	-471,598
Net bank debt	623,001,300
Sonae Imobiliária	87,152,000
SonaeCom	42,015,000
Intercompany short term loans obtained	129,167,000
Total Inflows	752,168,300
Outflows	
Sonae Indústria	344,202,359
Sonae Capital	220,556,453
Intercompany loans granted	564,758,812

Others include mainly Sonae SGPS, Sonae Investments BV and SPDF, SGPS.

NOTE 51 - RECONCILIATION OF CONSOLIDATED NET PROFIT

	euro	
	04.06.30	03.06.30
Aggregate net profit	512,729,477	42,423,927
Harmonisation adjustments (a)	89,713,385	133,754,703
Elimination of intragroup dividends	-232,254,560	-101,857,852
Elimination of intragroup capital gains and losses	-316,415,596	-155,237,730
Consolidation adjustments to gains/(losses) on sales of investments	586,924	103,789,862
Others	1,222,671	-44,766
Consolidated net profit for the period before minority interests	55,582,301	22,828,144

(a) Includes 34,048,446 euro relating to harmonisation of depreciation policies referred to in note 0.f).

NOTE 52. ACCRUALS AND DEFERRALS

1) Accrued income

Includes:

	euro	
	04.06.30	03.06.30
Deferred tax assets	173,224,175	185,071,386
Discounts receivable from suppliers	7,508,442	12,298,102
Invoices to be issued (a)	48,331,910	44,395,746
Other revenues	23,255,139	30,437,136
	<u>252,319,666</u>	<u>272,202,370</u>

(a) Main amounts result from invoices issued by the Telecommunications business.

2) Deferred charges

Includes:

	euro	
	04.06.30	03.06.30
Customer acquisition costs (a)		
Handsets	46,286,492	67,184,758
Publicity	95,652,208	110,510,632
Others	119,451,852	101,176,289
	<u>261,390,552</u>	<u>278,871,679</u>

(a) Customer acquisition costs of the Telecommunications business are written back to the profit and loss account using the declining balance method according to estimated customers retention rates.

3) Accruals

Includes:

	euro	
	04.06.30	03.06.30
Holiday pay and bonuses	109,496,041	99,267,431
Deferred tax liabilities	116,476,841	117,702,075
Discounts payable to trade debtors	22,504,722	11,678,992
Interest payable	22,516,762	18,415,908
Commissions	8,682,081	11,679,134
Invoices to be issued (a)	38,959,502	24,834,317
Others	144,031,099	114,671,448
	<u>462,667,048</u>	<u>398,249,305</u>

(a) Main amounts correspond to invoices to be issued by the Telecommunications business.

4) Deferred income

Includes:

	euro	
	04.06.30	03.06.30
Investment subsidies	101,041,210	98,609,528
Key money received from tenants	28,818,362	24,856,977
Deferred clients revenues	26,698,110	29,029,501
Others	199,991,943	119,310,008
	<u>356,549,625</u>	<u>271,806,014</u>

NOTE 53. OTHER DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

This caption includes the following:

	euro	
	04.06.30	03.06.30
Suppliers - debit balances	36,936,038	29,264,177
Credit sales to third parties	25,563,927	10,852,243
Securitization of receivables (Note 63)	36,284,902	
Investment subsidies	3,396,609	16,305,312

NOTE 54. OTHER CREDITORS

1) AMOUNTS FALLING DUE WITHIN ONE YEAR

This caption includes:

	euro	
	04.06.30	03.06.30
Current accounts - Factoring	35,131,870	53,791,461

2) AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

a) Includes 30,903,328 euro of tax credits relating to an increase in the taxes of an affiliated company in Brazil which has been contested in a legal process. This process was subject to a legal deposit which amounts to 28,134,381 euro and it is recorded under "Other debtors – amounts falling due after more than one year".

b) Includes the net present value of the price paid by the Santander Group for the shares representing 19.95% of the share capital of Modelo Continente, SGPS, S.A. in accordance with the terms of the purchase option agreement mentioned in Note 61. below. It also includes the price paid by the Santander Group in the subscription of the capital increase, which has occurred in January of 2003.

c) Includes the price paid by a financial institution in the sale with suspensive condition of shares in Portucel - Empresa Produtora de Pasta de Papel, S.A., as mentioned in Nota 62. below.

NOTE 55. BONDS

Bonds outstanding can be summarised as:

MODELO CONTINENTE / 99 with warrants amounting to 25,000,000 euro, repayable in full after 5 years, on the due date (30 June 2004). The warrants subscription rights occurred in the year 2000 between 15 November and 15 December. As a result warrant holders subscribed 6,425 shares owned by the Company. The ones that were not exercised expired. On 30 June 2004 the balance outstanding amounting to 15,628,225 euro was fully repaid.

MODELO CONTINENTE / 2003 amounting to 82,000,000 euro, repayable after 8 years, in one instalment, on 15 October 2011. Interest rate equal to Euribor 6 months plus 0.75%;

MODELO CONTINENTE / 2004 amounting to 100,000,000 euro, repayable after 5 years, in one instalment, on 18 March 2009. Interest rate equal to Euribor 6 months plus 1.15%;

SONAE / 97 amounting to 149,639,369 euro repayable after 10 years, at par value, in two equal instalments on the 18 th and 20 th coupons. Interest rate equal to Lisbor ⁽¹⁾ plus 0.17% from the 1st to the 13th coupon, Lisbor ⁽¹⁾ plus 1.17% in the 14th coupon and Lisbor ⁽¹⁾ plus 1.22% from the 15th to the 20th coupons;

SONAE IMOBILIÁRIA / 98 amounting to 39,903,832 euro, repayable in full after 7 years, at par value, on the date of maturity of the last coupon (January 2005). Earning interest at an annual interest rate equal to Lisbor ⁽¹⁾ plus 0.25%. The amount outstanding at 30 June 2004 is of 11,939,990 euro;

SONAE IMOBILIÁRIA / 99 amounting to 50,000,000 euro, repayable in full in December 2006. Earning interest at an interest rate equal to Euribor 6 months plus 0.5% from the 1st to the 10th coupon and Euribor 6 months plus 0.55% from the 11th to the 14th coupon. This loan has a put option for 2004 and therefore is disclosed in short-term liabilities;

TAFISA / 98 amounting to 30,050,605 euro repayable in full in 2004. Earning interest at an annual interest rate equal to Mibor ⁽¹⁾ plus 0,75%. The amount outstanding at 30 June 2004 is of 19,532,893 euro;

¹ Subsequently changed to Euribor

Bonds totalling 413,140,714 euro are included in the financial statements based on their full lives, although prior call/put options exist. In the case of early repayment, it is considered that the borrowing could be refinanced on a similar basis and the borrowing structure maintained.

NOTE 56. BANK LOANS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

This caption includes:

A bank loan of 400,000,000 euro, repayable in 2006, bearing interest payable at normal market rates obtained by an affiliated undertaking of Modelo Continente from a syndicate of banks. As at 30 June 2004, 340,000,000 euro are recorded under the caption "Bank Loans - amounts falling due after more than one year" and 60,000,000 euro are recorded under the caption "Bank Loans - amounts falling due within one year".

A bank loan of 206,711,090 brazilian real (54,629,607 euro), repayable in 2007, bearing interest payable half yearly at normal market rates, obtained by an affiliated undertaking of Modelo Continente in Brazil, net of exchange rate hedging financial instruments amounting to 88,408,750 brazilian real (nearly 23,364,664 euro at period end exchange rate). At 30 June 2004 the valuation of this financial instrument amounts to -9,347,337 brazilian real (nearly -2,470,314 euro). The Board of Directors considers that this financial instrument was set up solely for the purpose of hedging the exposure arising from the loan and that it will be unwound once the loan is repaid. Consequently, "Bank Loans - amounts falling due after more than one year" disclose the net of the loan and the related exchange rate hedge;

A bank loan of 64,843,727 euro repayable in twenty five years in 23 instalments, starting in 2004, bearing annual interest at normal market rates, obtained by an affiliated undertaking of Sonae Imobiliária; as at 30 June 2004, 972,656 euro are recorded under the caption "Bank Loans - amounts falling due within one year".

Loans by credit facility contracts are obtained by an affiliated undertaking of Sonae Imobiliária in the total amount of 80,062,792 euro, of which 60,135,810 euro had been used as at 30 June 2004, repayable as from 2009;

A bank loan of 122,856,000 euro, contracted by an affiliated undertaking of Sonae Imobiliária. The loan will be repaid in consecutive annual amounts with the first repayment in 2005 and the last in 2028;

In 1999 several Sonae Indústria's affiliated companies negotiated a revolving syndicated loan amounting up to 400,000 thousand euro. The loan has been reduced to 300,000 thousand euro on 20 December 2002, will be reduced to 100,000 thousand euro on 20 December 2004, and is repayable in full on 20 December 2006;

On 30 July 1999 Optimus negotiated, with a syndicate of banks, a financing agreement amounting to 400,000,000 euro, repayable in 9.5 years. In July 2003 a new financing agreement with another syndicate of banks, amounting to 575,000,000 euro and repayable between the third and eight years, replaced the previous one. As at 30 June 2004, 400,000,000 euro had been used (disclosed under long term liabilities). On 6 August 2004 a new financing agreement replaced the previous one for an amount of up to 450,000,000 euro, repayable in 5 years, in two instalments in June 2008 (30%) and June 2009 (70%).

A bank loan of 50,000,000 euro, obtained by Sonae SGPS, repayable in half year instalments from 15 December 2003 (two instalments are disclosed as short-term) to 15 June 2011, bearing interest at normal market rates;

Bank loans of 64,308,000 euro, obtained by an affiliated undertaking of Sonae SGPS from a syndicate of banks in 2001. The loan bears interest at normal market rates and is repayable in twenty quarterly instalments with a two year grace period.

Bank loans of 119,000,000 euro, obtained by an affiliated undertaking of Sonae Indústria SGPS, in 2002. These loans bears interest at normal market rates and are repayable in sixteen half yearly instalments beginning on June 2005.

NOTE 57. OTHER BANK LOANS

This caption includes a financing agreement with an external entity which bears interest at market rates and is repayable in 2007.

NOTE 58. TAXES RECOVERABLE

1) AMOUNTS FALLING DUE WITHIN ONE YEAR

This caption includes 18,359,876 euro relating to VAT paid on purchases of land and buildings, which will be recoverable if the company renounces VAT exemption and this is accepted.

2) AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

This caption includes credits to be recovered in the future from the Brazilian Tax Authorities.

NOTE 59. TAX CONTINGENCIES

A Brazilian affiliated undertaking has tax contingencies amounting to approximately 15,096,718 euro; a mortgage has been set up in order to guarantee those contingencies.

NOTE 60. PENSIONS

Glunz AG and Gescartão have defined benefit pension plans. The pensions liability is calculated in accordance with International Accounting Standard 19, based on actuarial studies made by independent entities. In the case of Glunz AG, provisions have been set up in previous years which are adjusted annually to cover the full amount of the liability. Gescartão has set up a pension fund to which contributions have been made annually, which covers most of the liability.

NOTE 61 – SHARE REPURCHASE OPTION

On 9 May 2002, the company sold shares representing 19.95% of the share capital of its affiliated undertaking 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 undertaking not yet owned by the company, 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 the company 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 4th year, to be exercised by an affiliated company appointed on 16 December 2002 for that purpose). The share prices in these options are determined in the agreements and are indexed to the sales price and to financial variables.

Under these terms, generally accepted accounting principles establish that those shares must be maintained in Sonae, SGPS, S.A.'s assets, as a result of the existence of the share repurchase option which determines that control over those shares was maintained, in spite of all right and responsibilities having been legally transferred to the acquirer (the Santander Group). For the exercise of that repurchase option one affiliated included on 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.

In January 2003 the Santander Group subscribe shares representing 5.7% of the capital increase of the Modelo Continente, SGPS, SA, under the same contractual principles. Consequently, at 30 June 2004, the Santander Group holds 18.65% of the share capital of this company.

NOTE 62 – FINANCIAL DERIVATIVE

On 30 April 2003, the Company signed a financial derivative agreement, under which it has an option to acquire 116,625,111 shares of Portucel – Empresa Produtora de Pasta de Papel, S.A. at the same share price they were acquired by the financial institution to an affiliated undertaking under a sale agreement with suspensive condition clauses. The financial institution has the right to sell these shares in the open market provided the company does not oppose the sale.

Under these agreement, and since control over these shares is maintained, the consolidated financial statements still present, in the caption "Investments", the acquisition cost of that undertaking. The amount to be paid to the financial institution in case of exercise of the above mentioned option is recorded as a liability and the costs related to this derivative are included in the consolidated profit and loss account under the caption "Interest and similar charges".

NOTE 63 – SECURITIZATION OF RECEIVABLES

On 30 April 2004, several affiliated undertakings of Sonae Indústria signed, with a third party, a 5 year securitization agreement of accounts receivable.

Under this agreement invoices amounting up to 120,000,000 euro may be securitized. As at 30 June 2004 receivables totalling close to the maximum amount agreed had been securitized. These receivables were eliminated from the caption "Trade debtors". The total amount of invoices sold and retained by that third party is disclosed as "Other debtors".

The Board of Directors

LIMITED REVIEW STATUTORY REPORT

ON HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese)

Introduction

1. In compliance with Article 246 of the Securities Market Code, we hereby present our Limited Review Report on the consolidated financial statements of Sonae, SGPS, S.A. for the half year ended 30 June 2004 in which comprise: the Report of the Board of Directors, the consolidated Balance Sheet (that reflects a total of 7,470,986,442 Euro and a shareholders' equity of 562,664,156 Euro, including a net profit of 23,956,198 Euro), the consolidated Statement of profit and loss for the half-year then ended and the related notes.
2. The amounts in the financial statements, as well as the additional financial information, are in accordance with the accounting records of the Company and its subsidiaries.

Responsibilities

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

Scope

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

Qualification

8. Up to 31 December 2000, Sonae recorded goodwill arising on the acquisition of investments in group and associated companies under the caption Intangible Assets, and amortised it over the period estimated to recover the investments. In the beginning of 2001, Sonae decided to change this accounting policy and write off goodwill against Other Reserves, including the net book value of goodwill at 31 December 2000. The accounting policy currently adopted is not in accordance with the generally accepted accounting principles in Portugal, and had Sonae maintained the accounting policy and amortisation periods adopted until 31 December 2000 and without considering adjustments, if any, on the transition to International Financial Reporting Standards, assets and shareholders' equity as of 30 June 2004 would increase by 609,465,626 Euro and the consolidated net profit for the period then ended would decrease by 28,348,025 Euro, corresponding to amortisation of goodwill for the half-year ended 30 June 2004.

Opinion

9. Based on our work, which was performed with the objective of obtaining moderate assurance, except for the effect of the matter referred to in paragraph 8 above, nothing came to our attention that leads us to believe that the consolidated financial statements for the half-year ended 30 June 2004 is not exempt from material misstatement that affects its conformity with generally accepted accounting principles and that, in terms of the definitions included in the Technical Standards referred to in paragraph 5 above, it is not complete, true, timely, clear, objective and licit.

Emphasis

10. Although Sonae Industria, S.G.P.S., S.A. presents a consolidated net profit for the half-year ended 30 de June 2004, some of its subsidiaries, located mainly in Germany, France and the United Kingdom generated in prior years, significant losses that contributed for a significant decrease of the consolidated shareholder's equity of that subsidiary. Additionally, these subsidiaries have recorded in prior years, deferred tax assets related with tax losses, amounting to 52,266,000 Euro as of 30 June 2004. The full recovery of fixed assets and deferred tax assets of those subsidiaries depends upon the success of future operations of those subsidiaries and the maintenance of the current conditions for carrying tax losses forward.

Porto, 10 September 2004

DELOITTE & ASSOCIADOS, SROC, S.A.
Represented by Jorge Manuel Araújo de Beja Neves