



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

Sociedade Aberta

Headoffice: Lugar do Espido - Via Norte - 4471- 909 MAIA

Share Capital: Euro 2 000 000 000

Maia Commercial Registry nr. 14 168

Corporate Fiscal nr. 500 273 170

Report and Consolidated Accounts

1st Half 2003

(Translation from the Portuguese original)



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)
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REPORT OF THE BOARD OF DIRECTORS

1ST HALF OF 2003

THE ECONOMIC ENVIRONMENT

During the first half of 2003, the world economy continued to show hesitant and geographically differentiated signs of recovery. The persistence of underlying pessimism concerning consumer and business confidence and capital market trends affected growth, despite the low level of interest rates in industrialised countries. The Iraq war had a negative effect on world economic growth although hostilities ended sooner than most had predicted.

The driver of world economic recovery, **the United States**, showed less vigour than had been expected. In particular, there were marked differences in the trend of the different components of internal demand. Private consumption, affected by consumer uncertainty, continued to grow slowly, while business investment began to strengthen, a trend that became clear after the end of the Iraq war and the announcement of improved earnings in the business sector. Public spending rose sharply, basically due to military spending, leading to a worsening of the budget deficit. The depreciation of the US dollar led to increased exports and a slight reduction in the substantial trade deficit. The data available would indicate a sustained economic recovery with a growth rate that will increase as the year 2004 approaches. It is possible that initially growth will take place without inflationary pressure. However, 2004 should see increases in interest rates and the introduction of policies to reduce the budget deficit.

Japan continued to show gradual but slow growth driven by weak private demand and poorer export performance. Fiscal policies were still unable to stimulate growth despite their expansionary nature. Against a deflationary background and continued high unemployment, consumer and business confidence continues to be very low, reflected in a fall in investment in real terms. In other Far Eastern economies, however, there was continued robust growth that will tend to strengthen further as the world economic recovery gets underway.

The **European Union** countries once again showed how dependent they are on recovery in the United States, and even more so in a situation where the euro has appreciated against the dollar. GDP growth in the EU was slow during the first half of the year and significantly below expectations, against a background of increased unemployment and controlled inflation. In most countries, confidence indices fell resulting in a weak trend of internal demand, despite cuts in base interest rates by the European Central Bank. There were increasing difficulties for a number of countries to control budget deficits within the parameters imposed by the stability and growth pact, caused by insufficient economic growth and structural problems of managing public spending. This was particularly the case in Germany and France. Recovery amongst the European economies should accelerate during the second half of the year and reach sustainable levels in 2004 although below growth registered in the 90s, a situation made worse by delays in making the necessary structural reforms in the markets for goods and services, and labour.

In the first half of 2003, the **Portuguese economy**, sensitive to the influence of world economic conditions, continued the downward trend that has been apparent since the second half of last year. GDP fell by 1.8%, confirming successive downward revisions of growth forecasts. The unemployment rate that up to the beginning of 2002, had remained flat at its “natural” level, showed an abrupt and rapid increase at the end of last year affecting consumer and business confidence indices that fell to historic lows.

The various components of internal demand all moved adversely, with special mention for demand for durable goods and fixed capital formation, a situation made worse by the measures taken to restrict public spending. The trend of inflation was favourable due to weak demand, the gradual fading out of the impact of the VAT increase in 2002 and also the beneficial effect of the appreciation of the euro against the dollar. Insufficient growth in its main export markets also impacted export levels, which nevertheless allowed a reduction in the trade balance. Under these circumstances and given the unlikelihood of strong world economic recovery, Portugal will end 2003 in economic recession, further increasing the gap to other European Union member states.

The **Brazilian economy** was expected to recover in 2003 from the recession that spread across South America in 2002, but in fact showed unexpected negative growth that can in part be explained by the low output of the industrial sector. Data for the first half of 2003 show that GDP fell by around 1.1%, driven by a sharp drop in internal demand, in particular in private consumption – especially consumer durables – and fixed capital formation. Only exports showed a favourable trend, which together with net inflows of direct foreign investment, eased pressure on the balance of payments. At the same time as the inflation rate gradually fell, and is now seemingly under control, unemployment steadily increased during the first half of the year, making it unclear whether positive growth will be achieved in 2003.

President Lula da Silva's new government continues to have a pragmatic approach to the key financial constraints and intends to follow prudent and restrictive economic policies. It promises to introduce reforms in such areas as government administration, taxes, social welfare and foreign trade – increasingly seen by analysts and investors as areas in need of urgent attention. There has been significant improvement in the trade balance and some success in containing the public deficit. Improvement in the latter though will be slow due to weak growth and the high proportion of interest charges on a public debt that is mainly dollar based. In spite of the fact that the Brazilian risk factor has improved throughout the first half of 2003, these improvements are still not enough to stabilise the Brazilian Real and at the same time reduce the high internal interest rates, a chronic indicator of investors' lack of confidence in the economy.

Overall, economic conditions, as observed in the first half of the year and expected for the final months of 2003, would appear to confirm the forecast made for the Sonae Group's business activities earlier in the year. The Group will be heavily dependent both on the uncertainty as to the momentum and pace of economic recovery – both in Portugal and internationally -, and on the depressed state of consumer and business confidence.

PORTFOLIO MANAGEMENT

The main highlights of the first half of 2003, were as follows:

- In January 2003, the subscription of 70,630,580 shares in the share capital increase of Modelo Continente, SGPS, SA from 1,000 to 1,100 million euro, through the issue of 100,000,000 new shares at nominal value, an investment of 76.4 million euro;
- Purchase of the shares held by an affiliated company of Suzano in Sonae Produtos e Derivados Florestais, SGPS, SA, for 136.2 million euro.

ALLOCATION OF FINANCIAL RESOURCES

Gross investment in the first half of the year, totalled 216 million euro, less than that of the first half of 2002, due to the completion of the investment cycle of Sonae Indústria and the economic slowdown in Portugal and especially Brazil. Lower investment levels compared to previous years were considered necessary because of these two factors. The main investment highlights were as follows:

- Modelo Continente: an investment of 59 million euro in one new Modelo Bonjour unit and 6 non food retail units next to Modelo shopping centres in Portugal, and the refurbishment of various stores in Brazil;
- Sonae Imobiliária: an investment of 80 million euro in the continued development of a number of on going projects. The most significant amounts relate to the Shopping Centres: Parque Atlântico (Ponta Delgada, Azores, Portugal), Estação Viana (Viana do Castelo, Portugal), Avenida M40 (Madrid, Spain), Luz del Tajo (Toledo, Spain), Dos Mares (San Javier, Murcia, Spain), Plaza Éboli (Pinto, Madrid, Spain), Zubiarte (Bilbao, Spain) and Boavista (Santo Amaro, São Paulo, Brazil), and the expansion of Cascaishopping (Cascais, Lisbon, Portugal);
- Sonaecom: an investment of 44 million euro in the maintenance and improvement of infrastructure and information systems.

Divestment in the six months was around 177 million euro. The main items were the sale to ING Retail Property Fund Ibérica of 50% of the company that owns the Vasco da Gama Centre as part of Sonae Imobiliária's normal practice of establishing partnerships, and sale of the non strategic shareholding in Banco BPI.

BUSINESS ACTIVITY¹

WOOD BASED PANELS

Consolidated turnover for the first half of 2003 was 748.4 million euro, a fall of 2.6% compared to the same period of 2002. This fall was due to the continued worsening of world economic conditions, pressure on sales prices in all markets, and depreciation of the Brazilian real, pound Sterling and Canadian dollar, compared to the first half of 2002. In those markets where Sonae Indústria operates, there were significant increases in turnover in the UK, Canada, Brazil and South Africa, while there were falls in Iberia, Germany and France. The increase in turnover in the UK, Brazil and Canada was offset by currency depreciation. At constant exchange rates, turnover increased by 1.3% to around 778.1 million euro.

Consolidated operational cash flow (EBITDA) for the six months was 75.4 million euro, a drop of 15.4% compared to the same period of 2002, and equal to an EBITDA margin of 10.1% on turnover. The unfavourable trend of the EBITDA margin was the result of downward pressure on sales prices for most products and in most markets, currency depreciation, increases in the prices of chemical products (due to rises in the prices of oil and oil based products), and unfavourable economic conditions. At constant exchange rates, consolidated operational cash flow (EBITDA) was 80.3 million euro.

Net financial charges improved by 12.8% to 42.3 million euro because of reduced interest costs (as a result of a fall in net debt to 629.9 million euro due to lower investment levels) and lower exchange transaction losses.

Consolidated net loss after minority interests for the six months was 41.5 million euro compared to a loss of 38.1 million euro in the same period of 2002.

Operational Review

In **Iberia**, excessive installed production capacity and a downturn in the construction sector continue to be the main factors affecting business. In the six months, Sonae Indústria's turnover fell by 6% compared to the same period last year.

In the **UK**, the construction sector continued its growth, driven particularly by a high level of activity in the non residential public segment (schools and hospitals), leading to an increase of 7% in turnover in local currency. In Euro, however, turnover fell by 3% due to currency depreciation.

In **Central Europe**, the German and French markets continued to shrink, as was the case in the previous quarter. Turnover for the first half of 2003 in Germany and France fell by 3% and 5%, respectively, compared to the same period last year.

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

Outside the European Union, a number of different factors affected those markets in which Sonae Indústria is present, leading to a favourable business trend.

In **Canada**, turnover rose by more than 25% in local currency compared to the same period of last year. In Euro, its contribution to consolidated turnover increased by around 10%.

In **Brazil**, turnover was strongly impacted by depreciation of the Real against the Euro, despite a 38% increase in local currency.

In **South Africa**, there was a significant increase in turnover of 26% compared to the same period last year that was even higher in Euro, due to appreciation of the Rand in the first half of 2003 compared to the first half of 2002.

Contribution to Sonae's Consolidated Financial Statements

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

	Euro million
Turnover	739.9
Operational Cash Flow (EBITDA)	74.9
Profit/(Loss) before Minority Interests	(44.4)
Total Net Investment	15.1
Net Interest bearing Debt	663.3
Shareholders' Funds plus Minority Interests	845.3

RETAILING

The consolidated net sales of Modelo Continente for the six months were 1,557 million euro, which compares with 1,729 million euro in the first half of 2002. At constant exchange rates, consolidated net sales grew by around 6% compared to the same period of last year.

Consolidated operational cash flow (EBITDA) totalled 109 million euro, a fall of 9% compared to the first six months of 2002. This includes a lower contribution from the Brazilian operation, despite an increase in the contribution from operations in Portugal. Overall, profitability, as measured by the ratio of operational cash flow (EBITDA) to net sales, was 7%, which compares with 6.9% for the same period last year.

Consolidated operational profit was 55 million euro (3.6% of net sales) and profit on ordinary activities totalled 24 million euro. Net financial charges fell to 31 million euro due to a sustained reduction in debt levels.

Consolidated net profit after minority interests of Modelo Continente was around 11 million euro compared to 22 million in the same period of last year.

Consolidated net debt as at 30 June 2003 amounted to 824 million euro, an improvement over the same period of 2002, due to strong cash flow generation and the lower cash requirements arising from the more modest expansion plans.

Operating Review

Portugal

Portugal contributed 1,136 million euro to consolidated net sales in the six months, 3% higher than the same period in 2002.

Food retail net sales were 923 million euro, 1% less than last year. Non food retail sales were 214 million euro, 24% up on the same period of last year. This was due partly to the inclusion of Maxmat's sales that were not formerly consolidated, but also to the excellent performance of these formats and the opening of stores in the main urban centres across the country.

Operational cash flow (EBITDA) in Portugal totalled 98 million euro, 7% up on the same period last year, and equal to an increase in profitability to 8.6%, a figure that was the same for both food and non food retail.

Brazil

In Brazil, Modelo Continente continued to consolidate its leadership position in the southern region of the country by fine tuning its operations and increasing the attractiveness of its stores.

Modelo Continente's net sales for the six months were 1,501 million Real, up 11% compared to the same period last year. However this good performance was not reflected in turnover in Euro due to continued heavy depreciation of the Real during the six months. Thus, Brazil's contribution to the company's turnover was 421 million euro, a fall of 32% compared to the same period of last year.

Operational cash flow (EBITDA) of the Brazilian operation totalled 11 million euro, equal to 2.6% of net sales. This profitability is significantly less than that in the same period of 2002 and was strongly impacted by the following: sharp depreciation of the Real, poor economic conditions in the country, evidenced by weakening consumer purchase power, highly competitive market conditions and increases in most fixed costs in line with inflation.

Contribution to Sonae's Consolidated Financial Statements

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

	Euro million
Turnover	1,554.0
Operational Cash Flow (EBITDA)	109.5
Profit/(Loss) before Minority Interests	14.9
Total Net Investment	54.7
Net Interest bearing Debt	823.6
Shareholders' Funds plus Minority Interests	416.0

SHOPPING CENTRES²

Sonae Imobiliária's operational income for the first six months of 2003 was 113.9 million euro, a fall of 7% compared to the 122.3³ million euro of the first half of 2002. The operational income of the first half of 2002 included 5.5 million euro arising from the sale in April 2002 of the Praedium residential development business. Also, this year's income includes a capital gain arising from the disposal of SPEL, totalling 2.4 million euro.

Consolidated operational cash flow (EBITDA) was 45.6 million euro, down 3% compared to the same period last year. The fall is explained by the sale of 50% of the Vasco da Gama Centre. Net financial charges of 15.3 million euro fell compared to 19.2 million euro in the first half of 2002, but the latter figure included 8.4 million euro of exchange rate losses in Brazil. The resulting increase in net financial charges was the result of the consolidation of the ex-Filo assets after its acquisition in the second half of 2002.

² 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 2003 and 2002, are in agreement with these standards. In the Sonae SGPS, SA consolidated financial statements the business continues to be reported using Portuguese accounting standards (POC). As a result the figures shown at the end of this section differ from those shown by Sonae Imobiliária.

³ Sonae Imobiliária recalculated total income and costs for 2002, changing the way in which intragroup transactions were eliminated between 100% owned management companies and investment-owning companies, included using the proportional method of accounting. This change led to a reduction in income and costs of around 33.7 million euro compared to the first half of 2002. As a result, total operational income for the first half of 2002 shown above differs from that shown last year (156 million euro).

Indirect investment income was 60.6 million euro of which 25.6 million euro came from the sale of 50% of the company owning the Vasco da Gama Centre, and the remaining 35 million euro from the valuation of investment properties at market prices (as valued by an independent valuer). It should be noted that the total of indirect income for the first half of 2002 of 112.7 million euro, includes income from shopping centres opened during that period (Parque D. Pedro, São Paulo, Brazil and Plaza Mayor, Malaga, Spain).

Net profit after minority interests was 64.6 million euro compared to 92 million euro for the first half of 2002.

The NAV (Net Asset Value) of land and buildings attributable to Sonae Imobiliária, as at 30 June 2003, was 1,129 million euro, up 9% on that at the end of 2002.

Operating Review

Sonae Imobiliária owns or co-owns in **Portugal** 12 shopping centres, 1 Retail Park and 2 Galleries with a total area of 615 thousand m² of GLA (Gross Lettable Area). Total rental income grew by 5.6% compared to the same period last year.

This year, Sonae Imobiliária plans to open Parque Atlântico in Ponta Delgada, Azores, the Estação Viana, in Viana do Castelo, the Coimbra Retail Park, in Coimbra, and the expansion of Cascaishopping, in Cascais, thus increasing the installed shopping centre area by around 60 thousand m² of GLA. Work continued on the Setúbal Retail Park, in Setúbal, with opening planned for the autumn of next year, as well as on the analysis of new investment opportunities. Sonae Imobiliária manages a total of around 873 thousand m² of GLA in shopping centres, galleries and a retail park. There were slight falls in visits and shop sales (less than one percentage point), compared to the first half of 2002, due to the slower pace of consumer demand.

In **Spain**, Sonae Imobiliária owns or co-owns 6 shopping centres with a total GLA of 312 thousand m² that had an increase of 21% in rents received compared to the first half of 2002. This growth was due to contributions from the Plaza Mayor Shopping Centre, in Malaga (opened in April 2002), and from four shopping centres acquired in partnership with ING Real Estate Asset Management in September of last year (Grancasa, in Zaragoza, Max Centre, in Bilbao, Valle Real, in Santander, and La Farga, in Barcelona). On a like for like basis, rental income increased by 11%. As for shopping centre development, work proceeded well on the construction and sale of the Avenida M40, in Madrid, and Dos Mares, in S. Javier (Murcia), planned for opening in the spring of 2004, and of the following centres planned to open in the autumn of 2004: Luz del Tajo, in Toledo, Plaza Éboli, in Pinto (Madrid), and Zubiarte, in Bilbao. The portfolio of real estate assets under management in the country (351 thousand m²) showed an increase of 13.9% in shopping sales and a fall of 21% in numbers of visitors. On a like for like basis, taking out the impact of the start up of management of the Parque Principado and the end of the management of the Urbil Gallery and various Eroski Galleries, sales and visitors grew by 14.3% and 2.2% respectively.

Meanwhile, promotional work continued on the following on-going projects in **Europe**: Brescia Centre, in Brescia (Italy), Borgarello Centre, in Pavia (Italy), Aegean Park, in Athens (Greece), Mediterranean Cosmos, in Salonika (Greece), 3DO, in Dortmund (Germany), and Alexander Platz, in Berlin (Germany).

In **Brazil**, the portfolio of 6 shopping centres owned or co-owned (225 thousand m² of GLA) showed a growth of 34% in local currency in rental income compared to the same period of 2002, with an important contribution from Parque D. Pedro, Campinas (São Paulo), opened in March of last year. As for on-going projects, construction and marketing of Boavista Shopping, in São Paulo, and the expansion of Shopping Penha, in São Paulo, continued, both planned to open in the spring of next year. The shopping centres management business reflects positively the trend of visitors and sales showing growth of 8% and 36.4%, respectively (in Brazilian Real). On a like for like basis, visitors fell by 4.1% and sales increased by 5.8%.

Contribution to Sonae's Consolidated Financial Statements

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

	Euro million
Turnover	123.5
Operational Cash Flow (EBITDA)	35.3
Profit/(Loss) before Minority Interests	88.6
Total Net Investment	(18.3) ⁴
Net Interest bearing Debt	378.2
Shareholders' Funds plus Minority Interests	284.4

TELECOMMUNICATIONS⁵

The consolidated turnover of Sonaecom for the six months was 394 million euro, 3% up on the same period of 2002. The main contributors to turnover: Optimus (290 million euro), Novis (40 million euro), Internet and Media (44 million euro) and Software & Systems Integration (20 million euro).

Consolidated operational cash flow (EBITDA) was positive in the first half of 2003 totalling 64 million euro, compared to 31 million euro in the same period of 2002. Thus, the consolidated EBITDA margin was 16% compared to 8% in 2002. This performance reflects the efforts made to reduce costs, restructure the organisation and improve business processes.

The consolidated net loss after minority interests of Sonaecom was 11 million euro, an improvement of 20 million euro over the first six months of 2002.

⁴ Net investment is negative due to sale of 50% of the company that owns the Vasco da Gama Centre and the sale of 50% of SPEL.

⁵ For the first time, in 2003, Sonaecom presents its consolidated financial statements in accordance with International Accounting Standards (IAS). The financial data contained in this section of the report, relating to 2003 and 2002, are in agreement with these standards. In the Sonae SGPS, SA consolidated financial statements the business continues to be reported using Portuguese accounting standards (POC). As a result, the figures shown at the end of this section differ from those shown by Sonaecom.

Consolidated investment for the six months of 2003 was 44 million euro, 34% less than in the same period of 2002, of which 36 million euro relate to Optimus and 5 million to Novis.

Consolidated net debt fell from 563 million euro to 378 million euro as at 30 June 2003 driven by an improvement in cash flow generated as a result of a significant increase in EBITDA levels, improved working capital management and lower investment levels.

Operating Review

Mobile Communications

One of the key events of the first half of 2003 was the relaunch of the brand and a repositioning of all its stores and products in May. Another was the launching of the multimedia messaging platform, Optimus Zone, which incorporates the MMS experience (Image, Sound and Video), Internet access and a mobile portal.

Optimus acquired in the first half of 2003, an additional 68 thousand subscribers bringing its total subscriber base to 2.188 million. This is equivalent to growth of 9% compared to the same period last year or an increase of 188 thousand customers.

Optimus' turnover for the six months was 295 million euro, 1% below that of the same period last year. Customer revenues increased by 4%, while operator revenues fell by 14% due to a progressive reduction in interconnection rates, imposed by the Regulator in 2002, and to a change in traffic mix, with a lower proportion of incoming traffic from fixed line operators. Thus Average Revenue per user (ARPU) was 21.3 euro in the first half of 2003 compared to 24.4 euro in the same period of last year.

Operational cash flow (EBITDA) showed positive growth increasing by 32% to 67 million euro (23% of turnover). This higher profitability is the result of tight cost control measures and savings made through improved business processes.

Net profit for the period was 7 million euro compared to a loss of 9 million euro in the same period of last year.

Already in July, Optimus renegotiated its debt and increased its maturity. Its investment plans are now fully financed.

Fixed Communications

Novis increased its active customer base during the six months to 146 thousand, an increase of 30% compared to the first half of 2002. Total traffic increased to 1,449 million minutes in the first half of 2003 of which 360 million minutes were ADSL customers.

Novis' turnover for the six months was 75 million euro. This figure is not directly comparable with that of the first half of 2002, given that I.T. equipment sales were recorded in the company BizDirect (part of S&SI) and not Novis, as from the beginning of 2003. Adjusting for this, turnover grew by 8% compared to the same period last year.

Operational cash flow (EBITDA), despite being negative (5.3 million euro), showed significant improvement compared to the first half of 2002 (18.1 million euro negative), as a result of continued focus on cost control and improved business processes and systems.

Internet and Media

Clix's turnover was 18 million euro for the six months, up 4% compared to the same period of 2002. Clix's traffic in the first half of 2003 was 948 million minutes of which 212 million minutes were generated by ADSL customers. There was a fall in turnover in the second quarter of 2003 compared to the same quarter in 2002, in part due to the fact that the wholesale offer for Internet broadband access made by the incumbent operator, is not competitive. Nevertheless, steps taken to reduce costs and improve operational efficiency allowed EBITDA to improve significantly in the period (0.6 million euro negative).

Publico's turnover for the six months was 26 million euro, a growth of 52% compared to the first half of 2002. This growth was due to an increase in average paid daily circulation (56 thousand copies in 2003 against 53 thousand in the same period of last year), coupled with the launch of new editorial products (in particular, a second book collection "Mil Folhas 2" and "Y" DVD film series). Operational cash flow (EBITDA) was positive for the half year totalling 145 thousand euro, compared to negative 995 thousand euro in the same period of last year.

Software & Systems Integration

The "Software & Systems Integration" (S&SI) unit of Sonaecom, set up in 2002, delivered 19% growth in turnover to 30 million euro. Operational cash flow (EBITDA) fell by 11% to 3.6 million euro compared to the same period of last year.

Contribution to Sonae's Consolidated Financial Statements

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

	Euro million
Turnover	379.9
Operational Cash Flow (EBITDA)	54.4
Profit/(Loss) before Minority Interests	(27.7)
Total Net Investment	38.6
Net Interest bearing Debt	461.1
Shareholders' Funds plus Minority Interests	568.5

SONAE CAPITAL

Consolidated turnover of Sonae Capital (including Sonae Turismo and Praedium) for the first half of 2003 was 147 million euro, 2.3% higher than in the same period of last year.

Consolidated operational cash flow (EBITDA) was 4.2 million euro (2.3 million euro in the first half of 2002).

Consolidated net profit after minority interests was 14.7 million euro compared to a loss of 9.8 million euro in 2002.

Tourism

The consolidated turnover of Sonae Turismo totalled 48 million euro, an increase of 18% over the same period last year. The Travel business contributed with a turnover of 34 million euro (72% of the total).

Sonae Turismo's activity was severely penalised by successive delays in planning approvals by the public authorities involving detailed planning for the Tróia Touristic development area, that have hampered the profitability of investments in progress in this area. It should, however, be noted that the public consultation process for the UNOP 1 Detailed Planning document began.

Operational cash flow (EBITDA) was negative (2 million euro) compared to 0.7 million negative in the first half of 2002.

Consolidated net loss after minority interests was 7 million euro compared to 6.3 million in the first half of 2002.

Operating highlights were the merger of the three travel companies, the opening of a new health club in Oeiras, and closure of the Hotel Golfinho in Lagos for refurbishment.

Residential Development

Praedium is the Sonae Group company focused on quality residential developments for high-income customers. Apartments in the Edifício Sedas continued to be delivered to customers with 73 now sold out of a total of 78. Meanwhile, construction of the second residential building (Edifício Sedas II) was completed according to schedule. Sales contracts have been signed for 31 out of the 80 apartments available while a request for planning permission for a third building has been made to the local council as part of the Quinta das Sedas project.

As far as other projects are concerned, Praedium awaits local council approval to begin the EFANOR project involving around 800 apartments.

All the necessary steps have been taken to obtain building permits for the D. João V building, in Lisbon, and feedback is currently awaited from the local Town Council.

Turnover in the first half of the year was 1.8 million euro while operational cash flow (EBITDA) and the net loss were 0.4 million negative and 2.2 million euro, respectively.

Joint Ventures and Venture Capital

		Million euro	
	<u>Shareholding</u>	<u>Turnover</u>	<u>Net Profit/</u>
			<u>(Loss)</u>
ba Vidro ⁶	49.9%	89.5	7.0
Grupo Selfrio	70.0%	18.3	0.5

Consolidated turnover of **ba Vidro⁶** was 89.5 million euro, a level similar to that of the same period last year.

Consolidated operational cash flow (EBITDA) totalled 23.9 million euro, up 7.7% on the same period of last year. This was due to an increase in operational efficiency, which together with a fall in net financial charges allowed net consolidated profit to be doubled to 7 million euro.

The management of debt levels continues to be a key priority, with the level of net debt falling by around 6.5 million euro in the period, compared to the end of 2002.

Turnover of the **Selfrio Group** in the first half was 18.3 million euro, up 13% on the same period of last year, and net profit was 0.5 million euro.

Open orders confirm the recovery of business levels and a stronger increase both in turnover and profits are expected for the second half of the year.

Construction, Energy and Engineering

		Million euro	
	<u>Shareholding</u>	<u>Turnover</u>	<u>Net Profit/</u>
			<u>(Loss)</u>
Contacto	100%	49	4.1
Cinclus	100%	6.3	0.4
TP ⁶	50%	14	0.2
Sodesa ⁶	50%	0.7	0.1

Contacto, a civil and public works construction company, had a turnover of 49 million euro, up by around 17% compared to the same period last year, despite the current market slowdown in the sector.

As a result of restructuring carried out last year that downsized the company in line with market conditions, the results for the half year were positive with an operational cash flow (EBITDA) of 4.6 million euro and a net profit of 4.1 million euro.

Cinclus, a company in project management and control, had a turnover of 6.3 million euro, generated an operational cash flow (EBITDA) of 689 thousand euro and a net profit of 440 thousand euro.

Sonae's partnership with Endesa in the energy sector takes the shape of two companies - TP-Térmica Portuguesa and Sodesa.

⁶ Companies accounted for using the equity method

TP⁷ in the cogeneration and renewable energy business, had a turnover of 14 million euro, operational cash flow (EBITDA) of 3.7 million euro and net profit of 241 thousand euro.

Sodesa⁷, which sells energy in open market segments, already has customers consuming an estimated 1,330 GWH/year with operational cash flow (EBITDA) and net profit of 111 thousand euro.

Auto Sector⁸

			Million euro
	<u>Shareholding</u>	<u>Turnover</u>	<u>Net Profit/</u>
			<u>(Loss)</u>
Carplus	50%	7.2	(0.6)
Finlog	50%	16	(0.2)
Guérin	50%	7.9	(2.7)

Choice Car is a 50/50 partnership with the Salvador Caetano Group, and brings together businesses in the automotive sector. These include the sale of used vehicles (semi-new), short and long term rentals, the sale of parts and accessories, and the supply of rapid car maintenance services.

Carplus' turnover was 7.2 million euro in the six months compared to 6 million euro in the same period of 2002. This growth was mainly the result of the opening of a new mega store in Cascais. Net losses continued in the period totalling 0.6 million euro. Two factors contributed to this situation: the particularly difficult conditions in the automotive sector and a negative contribution from the Cascais store that is currently in the start up phase of its activity.

Finlog's turnover during the first half of 2003 was 16 million euro, an increase of 6% compared to the same period at the last year. Total capital employed at the end of the period was around 38 million euro for 4,023 contracts, very similar figures compared to the same date last year.

Guérin's turnover was around 7.9 million euro in the period compared to 7.7 million euro in the first half of 2002.

The main highlight of this sector was the partnership of Choice Car with Império Pneus, in order to strengthen its leadership in the car service sector. A new brand, IMPÉRIO AUTOCENTER, was established with a network of 46 stores and nation-wide coverage, together with a wide range of products and services aimed at car maintenance.

⁷ Companies accounted for using the equity method.

⁸ Companies excluded from consolidation.

Logistics and Services

	<u>Shareholding</u>	<u>Turnover</u>	Million euro <u>Net Profit/</u> <u>(Loss)</u>
Logistics	100%	19.5	(0.1)
mds ⁹	100%	1.4	0.2

Consolidated turnover of the **Logistics** business that includes Box Lines, Invicta, Sontrade Lines and Interport Logistics, the last two based in Bristol, U.K., was around 19.5 million euro, 4.4% up on the same period of last year. Non Sonae Group customers already represent 71% of turnover. Box Line's turnover totalled 15.1 million euro (77.5% of logistics' turnover), up 11.4% on the same period last year.

Operational cash flow (EBITDA) was 245.5 thousand euro of which 122 thousand euro contributed by Box Lines, and the net loss totalled 79.6 thousand euro.

A key event in terms of the company structure of the Logistics business, was the merger of the freight forwarding business of Star Transportes Internacionais into Box Lines Navegação in March 2003. For legal and accounting purposes, this merger became effective as from 1 January 2003.

In the insurance broking sector, **mds**⁹ ended the six months with a turnover of around 1.4 million euro with a net profit of 175 thousand euro. Meanwhile, its associate French Broker, Perouse Assurance, had turnover of almost 3 million euro and a net profit of 534 thousand euro.

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	108.5
Operational Cash Flow (EBITDA)	1.8
Profit/(Loss) before Minority Interests	(6.8)
Total Net Investment	11.6
Net Interest bearing Debt	128.5
Shareholders' Funds plus Minority Interests	273.7

⁹ A company excluded from consolidation.

FINANCIAL STRUCTURE

Gross investment amounted to 216 million euro in the first half of 2003, a significant fall to that of the same period of last year. Due to divestment that took place during the period, in particular the sale of 50% of the company owning the Vasco da Gama Centre to ING Retail Property Fund Iberica, and disposal of shares held in BPI, **net investment** was 39 million euro compared to 278 million euro in the same period of last year.

Consolidated net debt, as at 30 June 2003, was 3,332 million euro, a fall of 196 million euro compared to the same period of last year and of 268 million euro compared to the end of the first quarter. This fall is the result of continued internal cash flow generation and reduced levels of investment in the period.

The **ratio of operational cash flow (EBITDA) to interest charges** was 2.4, the same as that for the first half of 2002, while the **ratio of net debt to annualised operational cash flow (EBITDA)** was 5.2 compared to 5.6 for the same period last year.

As in 2001 and 2002, goodwill was written off against reserves. If this write off had not taken place, fixed assets and shareholders' funds, as at 30 June 2003, would have been higher by 835.1 million euro and amortisation for the six months by 37.1 million euro.

PROFITABILITY

Consolidated turnover for the first half of the year was 2,914 million euro, compared to 3,084 million euro in the same period of last year. At constant exchange rates, turnover was 3,217 million euro, a growth of 4.3%.

Consolidated operational cash flow (EBITDA) generated in the first six months of 2003 was 271 million euro, a level similar to that of the same period last year. At constant exchange rates, operational cash flow (EBITDA) was 286 million euro.

The **consolidated EBITDA margin** was 9.3%, which compares with 9% in the first half of 2002. The slight improvement in EBITDA margin was the result of increased contribution from Shopping Centres and Telecommunications, which almost offset lower contributions from other businesses. Margins in the Retail business remained at the same level despite the background of stagnant consumer demand and continued competitive pressure. The Telecommunications business continued to show clear signs of sustained improvement in profitability with an increase in its contribution to consolidated EBITDA of more than 45%.

Consolidated operational profit was 62 million euro in the six months compared to 59 million euro in the same period last year, an increase of 4.4%.

Net financial charges were 116 million euro, an improvement over the same period of 2002 (121 million euro).

Consolidated extraordinary profits in the six months totalled 97 million euro compared to a 4 million extraordinary loss in the same period of last year. The main items were a capital gain made on the sale to ING Retail Property Fund Iberica of 50% of the company owning the Vasco da Gama Centre, sale of all shares held in Banco BPI (4.31%), and sale of the 50% shareholding held in Crediuniverso, to Banco BPI.

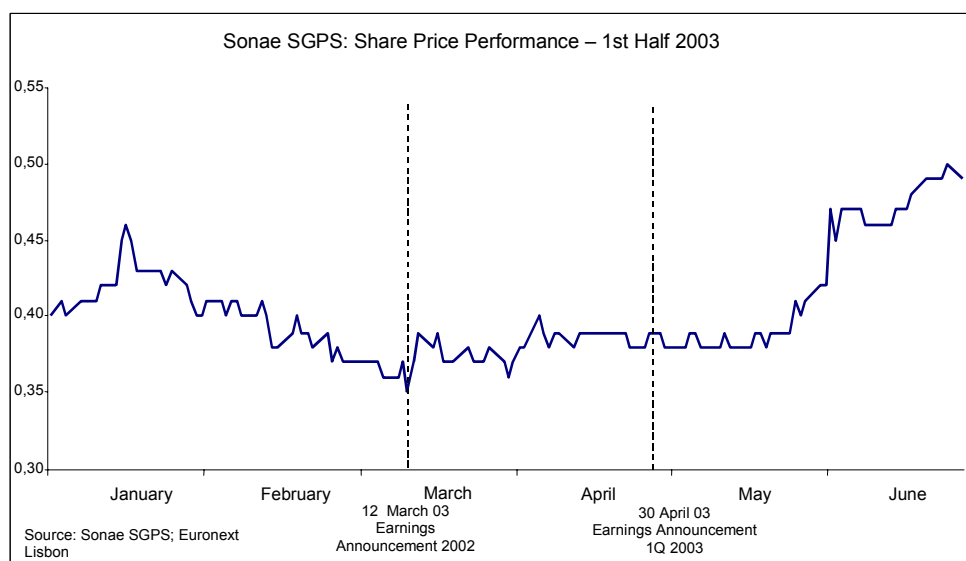
The **consolidated net profit before minority interests** was 22.8 million euro compared to a loss of 63 million euro in the first half of 2002. The improvement is basically due to the level of extraordinary profits in the period, despite an increase in taxation from 0.3 to 24.7 million euro.

The **consolidated net profit after minority interests** for the period was 2.7 million euro compared to a loss of 51.6 million euro in the first half of 2002.

CORPORATE GOVERNANCE

There were no significant changes in the period that deserve mention, and the guidelines described in the 2002 Report of the Board of Directors remain unchanged.

SHARE PERFORMANCE



During the period, the Sonae share rose in value by around 23% in comparison to a slight increase in the PSI 20 Index of around 0.3%.

The trend of the index reflects the general lack of confidence that has affected the capital markets in Portugal as a result of the country's current economic crisis.

The average daily transaction volume of the Sonae share for the six months was around 3.4 million shares, 23% lower than the average in the first half of 2002.

OWN SHARES

During the first half of 2003, the company neither purchased nor sold own shares. As a result, the number of own shares held was 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 0.49 euro.

OUTLOOK

As noted in the introduction to this report, the economic outlook continues to be highly dependent on uncertainty and lack of consumer and business confidence, both at an international – particularly in the Central European and the Brazilian markets – and national level. In Portugal, the sharp increase in unemployment dampened consumer demand, which, together with the need to control public spending, restrict growth.

Although recovery is foreseeable, it is still uncertain when the upturn will occur and what the rate of growth will be.

In this environment business in the Sonae Group will continue at levels similar to those of last year, although the measures taken by management over the last 18 months, mean that the outlook for profitability levels is likely to be more encouraging.

By containing costs, it will be possible to maintain cash flow at current levels. This, together with lower levels of investment (with the exception of Sonae Imobiliária that will continue its investment programme) will result in a fall in debt levels.

Sonae is likely to continue to divest from non-strategic assets as was the case with the recent sale by Sonae Turismo of the Palmares site.

Solutions will continue to be sought that ensure a more efficient use of capital employed and that will allow debt levels to be reduced or their maturity dates to be extended without compromising control of strategically relevant assets.

Difficult economic conditions are an opportunity for businesses in that they drive companies to restructure and to take advantage of their full potential. As we stand today, we are better prepared to take advantage of the economic recovery, which, although still uncertain, will inevitably occur.

Maia, 24 September 2003

The Board of Directors

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Nuno Manuel Moniz Trigo Jordão

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

SONAE, SGPS, SA
Consolidated Balance Sheet 30 June 2003

Assets	03.06.30			02.06.30
	Assets	Depreciation & Provisions	Net Assets	Net Assets
Fixed Assets				
Intangible assets:				
Start-up costs.....	340,601,799	210,666,378	129,935,421	173,372,982
Research and development costs.....	76,278,288	48,879,537	27,398,751	37,566,464
Patents and other similar rights.....	24,021,153	13,392,009	10,629,144	8,869,128
Premiums paid for property occupation rights.....	23,781,709	8,747,580	15,034,129	8,311,198
In progress.....	139,408,321		139,408,321	148,383,712
	604,091,270	281,685,504	322,405,766	376,503,484
Tangible assets:				
Land.....	428,110,558	2,705,640	425,404,918	423,277,718
Buildings.....	1,815,215,275	316,466,066	1,498,749,209	1,572,998,425
Plant and machinery.....	3,055,693,227	1,307,267,002	1,748,426,225	1,809,860,703
Vehicles.....	46,338,337	39,044,193	7,294,144	8,808,256
Tools.....	13,001,421	9,303,916	3,697,505	2,686,494
Fixtures and fittings.....	412,385,313	155,249,686	257,135,627	249,989,104
Containers.....	282,195	271,742	10,453	8,947
Others.....	48,377,464	33,505,195	14,872,269	17,595,263
In construction.....	272,843,410		272,843,410	234,415,436
Advances.....	31,601,976		31,601,976	35,317,390
	6,123,849,176	1,863,813,440	4,260,035,736	4,354,957,736
Investments:				
Shares in related (including associated) undertakings.....	264,220,643	55,756,225	208,464,418	136,847,558
Loans to related (including associated) undertakings.....	145,708,468	15,852,166	129,856,302	68,030,159
Shares in other undertakings.....	244,189,278		244,189,278	247,929,280
Other investments other than loans.....	16,087,803	12,009,391	4,078,412	77,553,705
Loans to other undertakings.....	355,111	70,556	284,555	624,173
In progress.....	898,077		898,077	616,354
Advances.....	6,331,667		6,331,667	1,832,297
	677,791,047	83,688,338	594,102,709	533,433,526
Current Assets				
Stocks:				
Raw materials and consumables.....	120,506,591	4,446,496	116,060,095	116,952,729
Work in progress.....	43,582,324		43,582,324	49,233,674
By-products.....	762,515		762,515	10,987,601
Finished goods.....	97,177,155	2,308,827	94,868,328	88,409,226
Goods for resale.....	441,938,478	7,913,154	434,025,324	456,758,770
Payments on account.....	157,686		157,686	417,910
	704,124,749	14,668,477	689,456,272	722,759,910
Debtors: Amounts falling due after more than one year:				
Trade debtors.....	706,602	30,286	676,316	1,219,342
Doubtful debtors.....	378,000	376,296	1,704	
Related undertakings.....	968,045		968,045	101,176
Taxes recoverable.....	18,131,227		18,131,227	29,397,464
Other debtors.....	48,077,437	124,972	47,952,465	48,134,789
	68,261,311	531,554	67,729,757	78,852,771
Debtors: Amounts falling due within one year:				
Trade debtors.....	482,521,235	10,895,024	471,626,211	478,137,379
Bills receivable.....	41,276,388	1,332	41,275,056	47,571,732
Doubtful debtors.....	108,351,353	103,586,990	4,764,363	5,383,169
Related undertakings.....	44,383,239		44,383,239	49,823,698
Other shareholders.....	181		181	45,682
Advances to trade creditors.....	3,609,152		3,609,152	5,029,028
Advances to fixed assets suppliers.....	251,704		251,704	2,104,525
Taxes recoverable.....	92,443,679		92,443,679	145,290,500
Other debtors.....	175,754,678	15,983,903	159,770,775	144,184,102
	948,591,609	130,467,249	818,124,360	877,569,815
Short term investments:				
Other negotiable instruments.....	141,275,684	63,721	141,211,963	102,099,360
Other.....	23,107,941		23,107,941	40,588,178
	164,383,625	63,721	164,319,904	142,687,538
Banks and cash				
Banks.....	310,411,659		310,411,659	376,248,503
Cash.....	8,044,091		8,044,091	4,258,719
	318,455,750		318,455,750	380,507,222
Accrued Income and Prepayments				
Accrued income.....	272,202,370		272,202,370	277,488,749
Prepayments.....	278,871,679		278,871,679	310,827,085
	551,074,049		551,074,049	588,315,834
Total depreciation		2,145,498,944		
Total provisions		229,419,339		
Total Assets	10,160,622,586		7,785,704,303	8,055,587,836

The Board of Directors

SONAE, SGPS, SA
Consolidated Balance Sheet 30 June 2003

euro

Shareholders' funds, minority interests and liabilities	03.06.30	02.06.30
Shareholders' funds		
Called up share capital.....	2,000,000,000	2,000,000,000
Own shares - nominal value.....	-134,178,021	-121,165,754
Own shares - premium.....	-10,388,623	-17,948,289
Post acquisition share of accumulated reserves of associated undertakings.....	6,016,951	6,286,163
Revaluation reserve.....	64,353,847	64,353,847
Other reserves:		
Legal reserve.....	150,629,362	150,629,362
Other reserves and retained earnings.....	-1,560,392,173	-1,377,388,926
	516,041,343	704,766,403
Profit for the financial period	2,665,408	-51,585,423
Total Shareholders' funds	518,706,751	653,180,980
Minority interests	760,116,565	820,386,703
Liabilities		
Provisions for liabilities and charges:		
Pension provisions.....	24,295,376	22,504,927
Tax provisions.....	676,032	571,847
Other provisions.....	68,154,390	74,715,163
	93,125,798	97,791,937
Creditors: amounts falling due after more than one year:		
Bonds:		
Non convertible.....	234,718,325	399,216,326
Bank Loans.....	1,842,533,364	2,237,637,645
Trade creditors.....	2,504	2,924
Related (including associated) undertakings.....	56,321,904	39,071,344
Other loans.....	191,359,222	104,694,752
Fixed assets suppliers.....	40,047,970	31,496,081
Taxes and contributions payable.....	11,630,673	11,087,867
Other creditors.....	595,410,293	441,473,426
	2,972,024,255	3,264,680,365
Creditors: amounts falling due within one year:		
Bonds:		
Non convertible.....	99,382,769	41,195,529
Participating bonds.....	49,096	
Bank loans and overdrafts.....	1,444,095,884	1,265,099,019
Advances on account of sales.....	4,204,615	6,601,002
Trade creditors.....	678,009,412	706,805,645
Accruals - invoices.....	87,362,536	79,829,494
Bills payable.....	28,847,221	27,241,757
Fixed assets suppliers - Bills payable.....	4,501,127	2,433,038
Related (including associated) undertakings.....	123,724,442	86,734,801
Other related undertakings.....	6,318,016	28,806,512
Advances from trade debtors.....	10,104,277	4,914,038
Other loans.....	2,161,599	3,412,106
Fixed assets suppliers.....	63,100,325	83,740,939
Taxes and contributions payable (including income tax).....	103,750,994	106,992,162
Other creditors.....	116,063,302	157,692,854
	2,771,675,615	2,601,498,896
Accruals and Deferred Income		
Accruals.....	398,249,305	430,549,577
Deferred income.....	271,806,014	187,499,378
	670,055,319	618,048,955
Total Liabilities	6,506,880,987	6,582,020,153
Total Shareholders' funds, minority interests and liabilities	7,785,704,303	8,055,587,836

The Board of Directors

SONAE, SGPS, SA
Consolidated profit and loss account for the six month period ended 30 June 2003

euro

	03.06.30		02.06.30	
Charges				
Cost of goods sold and materials consumed:				
Goods.....	1,290,118,059		1,440,916,093	
Materials.....	331,457,185	1,621,575,244	333,989,886	1,774,905,979
External supplies and services.....		767,508,600		760,186,478
Staff costs				
Wages and salaries.....	305,666,827		314,747,184	
Social costs:				
Pensions.....	2,629,571		2,294,786	
Others.....	90,821,081	399,117,479	97,132,496	414,174,466
Depreciation and amortisation of tangible and intangible fixed assets.....	189,851,497		192,590,406	
Provisions.....	19,194,418	209,045,915	25,026,413	217,616,819
Taxes, excluding income taxes.....	22,035,394		23,407,936	
Other operating charges.....	4,032,614	26,068,008	5,011,166	28,419,102
(A)				
Depreciation and provision for investments.....	1,350,877	3,023,315,246	3,952,399	3,195,302,844
Interest and similar charges:				
Related undertakings.....	960,967		352,972	
Others.....	166,815,362	169,127,206	172,441,025	176,746,396
(C)				
Share of losses in associated undertakings.....		3,192,442,452		3,372,049,240
Extraordinary charges.....		2,427,780		2,185,148
		41,945,996		64,574,107
(E)				
Income taxation:		3,236,816,228		3,438,808,495
Current tax.....	21,660,670		19,789,591	
Deferred tax.....	3,016,709	24,677,379	-19,478,992	310,599
(G)				
Profit attributable to minority interests.....		3,261,493,607		3,439,119,094
Profit for the financial period.....		20,162,736		-11,453,160
		2,665,408		-51,585,423
		3,284,321,751		3,376,080,511
Income				
Sales:				
Goods.....	1,620,338,383		1,794,307,997	
Products.....	740,392,546		756,871,864	
Services rendered.....	552,750,024	2,913,480,953	533,028,773	3,084,208,634
Change in stocks of finished goods and work in progress.....		9,821,723		-3,296,355
Own work capitalised.....		38,001,336		39,457,579
Supplementary income.....	115,240,146		121,307,933	
Trading subsidies.....	313,304		499,457	
Other operating income.....	8,275,389	123,828,839	12,337,535	134,144,925
(B)				
Dividend Income:		3,085,132,851		3,254,514,783
Other undertakings.....	8,389,271		11,676,257	
Investment income:				
Related undertakings.....	1,561,610		638,355	
Others.....	6,553,280		402,612	
Other interest and similar income:				
Related undertakings.....	4,400,490		3,027,313	
Others.....	31,946,576	52,851,227	39,569,957	55,314,494
(D)				
Share of profits in associated undertakings.....		3,137,984,078		3,309,829,277
Extraordinary income.....		6,915,716		5,863,783
		139,421,957		60,387,451
(F)				
		3,284,321,751		3,376,080,511
Summary				
Operating profit: (B) - (A) =		61,817,605		59,211,939
Net financial charges: [(D) - (B)] - [(C) - (A)] =		-116,275,979		-121,431,902
Profit on ordinary activities: (D) - (C) =		-54,458,374		-62,219,963
Profit before taxation: (F) - (E) =		47,505,523		-62,727,984
Profit for the financial period before minority interests: (F) - (G) =		22,828,144		-63,038,583

The Board of Directors

SONAE - SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Previous Note: 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.

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 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 over a period 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 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 reassessed using tax rates that have been enacted or substantively enacted 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 10.

(q) Provisions

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

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			
			03.06.30		02.06.30	
			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%	90.84%	100.00%	89.60%
Aglom Financial Investments, S.A.	a)	Cayman Islands	100.00%	90.84%	100.00%	89.60%
Casca - Sociedade de Revestimento, S.A.	a)	Águeda	100.00%	90.84%	100.00%	89.60%
Celnave - Agência de Navegação, Lda	b)	Viana do Castelo	100.00%	31.16%	100.00%	30.75%
Celpap - Terminal de Celulose e Papel de Portugal, Lda	b)	Viana do Castelo	100.00%	31.16%	100.00%	30.75%
Cia. De Industrias y Negocios, S.A.	a)	Madrid (Spain)	100.00%	90.84%	100.00%	89.60%
Emprobal - Emp. Prod. e Comercialização de Embalagens, Lda	b)	Funchal	60.00%	18.70%	60.00%	18.45%
Euro Decorative Boards Ltd.	a)	Peterlee (U.K.)	100.00%	90.84%	100.00%	89.60%
Euromegantic Ltee	a)	Quebec (Canada)	100.00%	90.84%	100.00%	89.60%
Euroresinas - Indústrias Químicas, S.A.	a)	Maia	100.00%	95.87%	100.00%	94.62%
Explotaciones Comerciales, Industriales y de Servicios, S.A.	a)	Madrid (Spain)	100.00%	90.84%	100.00%	89.60%
Explotaciones Madereras Catalanas, S.A.	a)	Madrid (Spain)	100.00%	90.84%	100.00%	89.60%
Gescartão, SGPS, S.A.	b)	Lisboa	65.00%	31.16%	65.00%	30.75%
Glunz AG	a)	Hamm (Germany)	98.17%	89.17%	98.17%	87.96%
Gollin GmbH	a)	Bad Oeynhausen (German)	90.00%	80.26%	90.00%	79.16%
Imocapital - Sociedade Gestora de Participações Sociais, S.A.	b)	Maia	50.00%	47.94%	50.00%	47.31%
Industrias Químicas del Carbono, S.A.	a)	Valencia (Spain)	100.00%	90.84%	100.00%	89.60%
Isoroy Casteljalous	a)	Casteljalous (France)	100.00%	90.84%	100.00%	89.60%
Isoroy Chatellerault, S.A.	a)	Labruguière (France)	100.00%	90.84%	100.00%	89.60%
Isoroy Diffusion SNC	a)	Alfortville (France)	100.00%	90.84%	100.00%	89.60%

Isoroy Le Creusot, SAS	a)	Torcy (France)	99.99%	90.84%	99.99%	89.60%
Isoroy Panneaux de Fibras S.A.	a)	St. Dizier (France)	99.99%	90.84%	99.99%	89.60%
Isoroy SAS	a)	Boulogne (France)	100.00%	90.84%	100.00%	89.60%
Isoroy Transformation S.A.	a)	St. Dizier (France)	99.99%	90.83%	99.99%	89.60%
Lepe - Empresa Portuguesa de Embalagens, S.A.	b)	Marinha Grande	100.00%	31.16%	100.00%	30.75%
Leroy Gabon S.A.	a)	Libreville (Gabon)	99.99%	90.83%	99.99%	89.59%
Maichave – Consultadoria e Gestão, S.A.	a)	Maia	100.00%	95.87%	100.00%	94.62%
Maiequipa – Gestão Florestal, S.A.	a)	Maia	100.00%	95.87%	100.00%	94.62%
Manipulaciones Forestales, S.A.	a)	Madrid (Spain)	100.00%	90.84%	100.00%	89.60%
Megantic B.V.	a)	Amesterdão (Netherlands)	100.00%	90.84%	100.00%	89.60%
Movelpartes – Componentes para a Indústria do Mobiliário, S.A.	a)	Paredes	100.00%	95.87%	100.00%	94.62%
NAB, Sociedade Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	94.62%
Novobord (Pty) Ltd	a)	Rosebank (South Africa)	100.00%	90.84%	100.00%	89.60%
Placage d’Okoumé du Gabon S.A.	a)	Libreville (Gabon)	99.87%	90.72%	89.76%	80.42%
Plysol SAS	a)	Niort (France)	99.99%	90.84%	99.99%	89.60%
Plysol SNC	a)	Lisieux (France)	100.00%	90.84%	100.00%	89.60%
Poliface – Componentes e Sist.para Mob. e Construção, S.A.	a)	Maia	100.00%	95.87%	100.00%	94.62%
Poliface Componentes y Sist.para Mobiliário y Construcción, S.L.	a)	Madrid (Spain)	100.00%	95.87%	100.00%	94.62%
Portucel Embalagem – Emp. Prod. de Embalagens de Cartão, S.A.	b)	Cascais	100.00%	31.16%	100.00%	30.75%
Portucel Recicla – Indústria de Papel Reciclado, S.A.	b)	Mourão	100.00%	31.16%	100.00%	30.75%
Portucel Viana – Empresa Produtora de Papeis Industriais, S.A.	b)	Viana do Castelo	100.00%	31.16%	100.00%	30.75%
R.G.R. – Reciclagem e Gestão de Resíduos, S.A.	a)	Mangualde	100.00%	95.87%	100.00%	94.62%
Racionalización y Manufacturas Forestales, S.A.	a)	Madrid (Spain)	100.00%	90.84%	100.00%	89.60%
Resoflex – Mobiliário e Equipamentos de Gestão, S.A.	a)	Vila de Conde	100.00%	95.87%	100.00%	94.62%
SCS Beheer, BV	a)	Amesterdão (Netherlands)	100.00%	90.84%	100.00%	89.60%
Selvicola del Norte, S.A.	a)	Madrid (Spain)	100.00%	90.84%	100.00%	89.60%
Siaf – Sociedade de Iniciativa e Aproveitamentos Florestais, S.A.	a)	Mangualde	100.00%	90.84%	100.00%	89.60%
Soc. de Iniciativa e Aproveitamentos Florestais - Energias, S.A.	a)	Mangualde	100.00%	90.85%	100.00%	89.60%
Socelpac – SGPS, S.A.	a)	Maia	100.00%	95.87%	100.00%	94.62%
Société Civile Bois de la Duchesse	a)	Auxerre (France)	100.00%	90.84%	100.00%	89.60%
Société Civile de Chamouille	a)	St. Dizier (France)	100.00%	90.84%	100.00%	89.60%
Société Civile de la Route de Caen	a)	Saint-Pierre (France)	100.00%	90.84%	100.00%	89.60%
Société de Tranchage Isoroy S.A.S.	a)	France	99.99%	90.67%	99.82%	89.43%
Societe des Panneaux Isoroy S.A.	a)	Ussel (France)	100.00%	90.84%	100.00%	89.60%
Société Essences Fines Isoroy	a)	Honfleur (France)	100.00%	90.84%	100.00%	89.60%
Somit – Imobiliária, S.A.	a)	Oliveira do Hospital	100.00%	90.84%	100.00%	89.60%
Sonae Indústria - SGPS, S.A.	a)	Maia	95.87%	95.87%	94.62%	94.62%
Sonae Industria Consultadoria e Gestão, S.A.	a)	Maia	100.00%	95.87%	100.00%	94.62%
Sonae Indústria de Revestimentos, S.A.	a)	Maia	100.00%	95.87%	100.00%	94.62%
Sonae Novobord (Pty) Ltda	a)	Woodnead (South Africa)	100.00%	90.84%	100.00%	89.60%
Sonae Serviços de Gestão, S.A.	a)	Maia	100.00%	95.87%	100.00%	94.62%
Sonae Táfira - Gestão Comercial, S.A.	a)	Maia	100.00%	95.87%	100.00%	94.62%
Sonae Táfira (UK) Ltd	a)	Hants (U.K.)	100.00%	90.84%	100.00%	94.62%
Sonae Táfira Benelux, BV	a)	Woerden (Netherlands)	100.00%	89.17%		87.96%
Sonae UK, Limited	a)	Londres (U.K.)	100.00%	90.84%	100.00%	89.60%
Spanboard Products Ltd	a)	Belfast (U.K.)	100.00%	90.84%	100.00%	89.60%
Tableros de Fibras, S.A.	a)	Madrid (Spain)	94.75%	90.84%	94.69%	89.60%
Tableros Tradema, S.L.	a)	Madrid (Spain)	100.00%	90.84%	100.00%	89.60%
Tafiber, Tableros de Fibras Ibéricas, S.L.	a)	Madrid (Spain)	100.00%	90.84%	100.00%	89.60%
Táfira - Tableros Aglomerados y de Fibras, A.I.E.	a)	Madrid (Spain)	100.00%	90.85%	96.54%	86.51%
Táfira South Africa (Pty), Limited	a)	South Africa	100.00%	90.84%	100.00%	89.60%
Tafibras Participações, S.A.	a)	Curitiba (Brazil)	53.99%	49.04%	53.99%	48.37%
Tafisa Brazil, S.A.	a)	Curitiba (Brazil)	100.00%	56.98%	100.00%	56.20%
Tafisa Canada Société en Commandite	a)	Quebec (Canada)	67.23%	61.07%	67.23%	60.23%
Tafisa France, S.A.	a)	Paris (France)	99.99%	90.84%	99.99%	89.60%
Tafisa U.K.Ltd.	a)	Petrelee (U.K.)	100.00%	90.84%	100.00%	89.60%
Taiber, Tableros Aglomerados Ibéricos, S.L.	a)	Madrid (Spain)	100.00%	90.84%	100.00%	89.60%
Tavapan, S.A.	a)	Tavannes (Switzerland)	100.00%	89.17%	100.00%	87.96%
Tecnologias del Medio Ambiente, S.A.	a)	Barcelona (Spain)	100.00%	90.84%	100.00%	89.60%
Tool, GMBH	a)	Germany	100.00%	89.17%	100.00%	87.96%
Modelo Continente						
Best Offer - Prestações de Informações pela Internet, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
Bikini, Portal de Mulheres, S.A.	a)	Maia	100.00%	75.68%	100.00%	79.17%
Cacetinho – Grandes Armazéns, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
Chão Verde - Sociedade Gestora Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
Citorres - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
1) Contibomba - Comércio e Distribuição de Combustíveis, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
Contifin., S.G.P.S., S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
Contimobe - Imobiliária de Castelo de Paiva, S.A.	a)	Castelo de Paiva	100.00%	75.68%	100.00%	74.97%
Difusão - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
Efanor - Indústria de Fios, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	100.00%
Efanor Design e Serviços, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	100.00%
Estevão Neves – Hipermercados da Madeira, S.A.	a)	Madeira	51.00%	38.60%	51.00%	38.24%

	Fozimo - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
	Fozmassimo –Com. e Ind. de Produtos Alimentares, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
	Global S - Hipermercado, Lda	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
	IGI - Investimento Imobiliário, S.A.	a)	Porto	100.00%	75.68%	100.00%	74.97%
	Igimo - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
	Iginha - Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
	Imoconti - Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
	Imoestrutura - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
	Imomuro - Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
1)	Imoponte - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
1)	Imoresultado - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
	Imosistema - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
	Infocfield - Informática, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
	Informeios – Projectos e Representações, S.A.	a)	Lisboa	100.00%	75.68%	100.00%	74.97%
	Inventory - Acessórios de Casa, S.A.	a)	Maia	100.00%	75.68%	100.00%	100.00%
2)	Max Mat España, Distribucion de Materiales de Construcción, S.A.	b)	Madrid (Spain)	50.00%	37.84%	50.00%	37.49%
	Max Office - Artigos e Serviços para Escritórios, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
	Modalfa - Comércio e Serviços, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
2)	Modelo - Distribuição de Materiais de Construção, S.A.	b)	Maia	50.00%	37.84%	50.00%	37.49%
	Modelo - Sociedade Gestora de Participações Sociais, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
	Modelo Continente - Operações de Retalho, SGPS, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
	Modelo Continente Hipermercados, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
11)	Modelo Continente, S.G.P.S., S.A.	a)	Matosinhos	75.68%	75.68%	74.97%	74.97%
	Modelo Hiper Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
	Modelo Investimentos (Brazil), Ltda	a)	São Paulo (Brazil)	100.00%	75.68%	100.00%	74.97%
	Modelo.Com – Vendas por Correspondência, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
	Modis Distribuição Centralizada, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
	Modis International Trading, S.A.	a)	Madrid (Spain)	100.00%	75.68%	100.00%	74.97%
	Modis, S.G.P.S., Lda	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
	OK Bazar - Comércio Geral, S.A.	a)	Ermesinde	100.00%	75.68%	100.00%	74.97%
	Predicomercial - Promoção Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
	Sesagest - Projectos e Gestão Imobiliária, S.A.	a)	Porto	100.00%	75.68%	100.00%	74.97%
	Socijofra – Sociedade Imobiliária, S.A.	a)	Gondomar	100.00%	75.68%	100.00%	74.97%
	Sociolours - Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
	Soforlin BV	a)	Amesterdão (Netherlands)	100.00%	75.68%	100.00%	100.00%
	Sonae Distribuição Brazil, S.A.	a)	Porto Alegre (Brazil)	92.79%	70.23%	89.90%	67.40%
	Sonae Retalho Espana – Servicios Generales, S.A.	a)	Madrid (Spain)	100.00%	75.68%	100.00%	74.97%
	Sondis B.V.	a)	Linne (Netherlands)	100.00%	75.68%	100.00%	74.97%
	Sondis Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
	Sontária - Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	75.68%	100.00%	100.00%
	Sonvecap, B.V.	a)	Amesterdão (Netherlands)	100.00%	75.68%	100.00%	74.97%
	Sport Zone - Comércio de Artigos de Desporto, S.A.	a)	Vila Nova Famalicão	100.00%	75.68%	100.00%	74.97%
3)	Distrifin - Comercio e Prestacion de Servicios, S.A.	a)	Madrid (Spain)	100.00%	75.68%	100.00%	74.97%
	SRE - Projectos e Consultoria, S.A.	a)	Maia	100.00%	75.68%	100.00%	74.97%
	Worten – Equipamentos para o Lar, S.A.	a)	Matosinhos	100.00%	75.68%	100.00%	74.97%
Sonae Imobiliária							
	Algarveshopping – Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Amarras, SGPS, S.A.	a)	Maia	100.00%	67.04%	-	-
4)	Ascendente, SGPS, S.A.	a)	Maia	100.00%	67.04%	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%	67.04%	100.00%	67.04%
	Colombogest - Gestão de Centros Comerciais, S.A.	a)	Lisboa	100.00%	67.04%	100.00%	67.04%
	Comercial de Pinto Shopping, S.A.	a)	Madrid (Spain)	65.00%	43.58%	-	-
	Comercial San Javier Shopping, S.A.	a)	Madrid (Spain)	65.00%	43.58%	-	-
	Consultoria de Centros Comerciales, S.A.	a)	Madrid (Spain)	100.00%	67.04%	60.00%	40.22%
	D. Pedro I, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	D. Pedro II, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Datavenia - Gestão de Centros Comerciais, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Fimaia - Serv. na Área Económica e Gestão de Investimentos, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Gal Park S.A.	a)	Maia	75.00%	50.28%	100.00%	67.04%
	Gramma – Grandes Armazéns, S.A.	a)	Matosinhos	100.00%	67.04%	100.00%	33.52%
	Guimarãesshopping - Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
5)	Sonae Projekt Berlin, GmbH	a)	Dusseldorf (Germany)	100.00%	67.04%	100.00%	67.04%
	Imo R - Companhia Imobiliária, S.A.	b)	Porto	50.00%	33.52%	50.00%	33.52%
	ImoBrazil I, B.V.	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imocolombo Investments, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imoconstruction, B.V.	a)	Amesterdão (Netherlands)	100.00%	67.04%	-	-
	Imocontrol, B.V.	a)	Amesterdão (Netherlands)	100.00%	67.04%	-	-
	Imodevelopment, B.V.	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imogermany, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imoitatie II BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imopraedium, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imospain III, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%

	Imospain IX, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imospain V, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imospain VIII, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imospain VIII, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imospain, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Imovalue, BV	a)	Amesterdão (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%	33.52%	50.00%	33.52%
	MaiaShopping – Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	67.04%	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%	67.04%	100.00%	67.04%
	OMNE - Sociedade Gestora de Participações Sociais, S.A.	a)	Maia	50.00%	33.52%	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)	97.52%	66.06%	97.51%	65.38%
	Pátio Boavista Shopping, Ltda	a)	São Paulo (Brazil)	99.93%	67.00%	90.00%	60.34%
	Plaza Mayor - Parque de Ocio, S.A.	a)	Madrid (Spain)	100.00%	67.04%	75.00%	50.28%
	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%	100.00%	67.04%
	RPU, SGPS, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Rule, S.G.P.S., S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	SM – Empreendimentos Imobiliários, S.A.	a)	Lisboa	100.00%	33.52%	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 Brazil BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
	Sonae Imobiliária Desarrollo, S.L.	a)	Amesterdão (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 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 West Shopping, AG	a)	Germany	95.00%	63.69%	75.10%	50.35%
	Sonaeimo – Empreendimentos Comerciais, Ltda	a)	São Paulo (Brazil)	100.00%	67.04%	100.00%	67.04%
	Sonaeimo, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00%	67.04%
6)	SPEL - Sociedade de Parques de Estacionamento, S.A.	b)	Porto	50.00%	33.52%	50.00%	33.52%
	Transalproject 2000, SRL	a)	Sondrio (Italy)	100.00%	67.04%	100.00%	67.04%
10)	Vasco da Gama - Promoção de Centros Comerciais, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Vasco da Gama Dois Gest – Gestão de Cent. Comerciais, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Viacatarina Gest - Gestão de Centros Comerciais, S.A.	a)	Maia	100.00%	67.04%	100.00%	67.04%
	Viallambert – 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%	46.92%	56.67%	44.86%
	Digitmarket - Sistemas de Informação, S.A.	a)	Maia	75.10%	62.18%	45.00%	35.63%
	Douro - Centro de Produções Artísticas, Lda	a)	Matosinhos	100.00%	82.79%	100.00%	79.17%
	Enabler - Informática, S.A.	a)	Maia	100.00%	54.64%	100.00%	79.17%
	Enabler Brazil, Ltda	a)	Curitiba (Brazil)	99.00%	54.10%	100.00%	79.17%
	Enabler UK, Ltd	a)	U.K.	65.00%	35.52%	67.50%	53.44%
	Fun Online - Actividades Lúdicas, S.A.	a)	Maia	100.00%	82.79%	100.00%	79.17%
	Harpa, Beheer, BV	a)	Amesterdão (Netherlands)	100.00%	82.79%	100.00%	79.17%
1)	M3G - Edições Digitais, S.A.	a)	Lisboa	100.00%	82.79%	100.00%	79.16%
	Miauger - Organização e Gestão de Leilões Electrónicos, S.A.	a)	Maia	100.00%	82.79%	70.00%	55.42%
	Move On SGPS, S.A.	a)	Maia	100.00%	82.79%	100.00%	79.17%
	Novis Telecom, S.A.	a)	Maia	56.67%	46.92%	56.67%	44.86%
	Optimus Telecomunicações, S.A.	b)	Maia	46.29%	38.33%	45.89%	36.33%
	Per - Mar - Sociedade de Construções, S.A.	a)	Loures	100.00%	38.33%	100.00%	36.33%
	Público – Comunicação Social, S.A.	a)	Matosinhos	99.99%	82.79%	99.99%	79.17%
	Publico.pt - Serviços Digitais Multimedia, S.A.	a)	Porto	100.00%	82.79%	100.00%	79.17%
	Retailbox BV	a)	Amesterdão (Netherlands)	66.00%	54.64%	100.00%	79.17%
	Santo Bosque - Espaço de Entretenimento Lda	a)	Matosinhos	100.00%	82.79%	100.00%	79.17%
	SIRS – Sociedade Independente de Radiodifusão Sonora, S.A.	a)	Porto	90.00%	74.51%	90.00%	71.25%
	Sonae Matrix Multimédia, S.G.P.S., S.A.	a)	Matosinhos	100.00%	82.79%	100.00%	79.17%
	Sonae Telecom, SGPS, S.A.	a)	Porto	100.00%	82.79%	100.00%	79.17%
	Sonae.com - Sistemas de Informação, SGPS, S.A.	a)	Maia	100.00%	82.79%	100.00%	79.17%
	Sonae.Com, SGPS, S.A.	a)	Maia	82.79%	82.79%	79.17%	79.17%
	Sonaetelecom, B.V.	a)	Amesterdão (Netherlands)	100.00%	82.79%	100.00%	79.17%
	We Do Brazil - Soluções Informáticas, Ltda	a)	Brazil	99.89%	82.70%	99.00%	78.38%
	We Do Consulting - Sistemas de Informação, S.A.	a)	Maia	100.00%	82.79%	100.00%	79.17%
	XS - Comunicação, Informação e Lazer, S.A.	a)	Maia	100.00%	82.79%	100.00%	79.17%

Sonae Capital						
	Aquapraia – Investimentos Turísticos, S.A.	a)	Grandola	100.00%	99.75%	100.00%
	Aquapraia, S.G.P.S., S.A.	a)	Lisboa	100.00%	99.75%	100.00%
	Aveiria - Sociedade Imobiliária, S.A.	a)	Porto	100.00%	100.00%	100.00%
	Bloco Q – Sociedade Imobiliária, S.A.	a)	Porto	100.00%	99.75%	100.00%
	Bloco W - Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	99.75%	100.00%
	Box Lines – Navegação, S.A.	a)	Porto	100.00%	100.00%	95.00%
	Casino Hotel Troia, S.A.	a)	Grandola	100.00%	99.75%	100.00%
	Centro Residencial da Maia - Urbanismo, S.A.	a)	Porto	100.00%	100.00%	100.00%
	Cequip - Equipamentos de Construção, S.A.	a)	Porto	100.00%	100.00%	100.00%
	Cinclus - Planeamento e Gestão de Projectos, S.A.	a)	Porto	100.00%	100.00%	100.00%
	Cinclus Imobiliária, S.A.	a)	Porto	100.00%	100.00%	100.00%
	CMO - Construções, Lda	a)	Porto	100.00%	100.00%	100.00%
	Consolimar - Urbanizadora Internacional, S.A.	a)	Lisboa	100.00%	99.75%	100.00%
	Contacto - S.G.P.S.,S.A.	a)	Porto	100.00%	100.00%	100.00%
	Contacto - Sociedade de Construções, S.A.	a)	Porto	100.00%	100.00%	100.00%
	Country Club da Maia - Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%
	Empreendimentos Imobiliários Contacto II, SA	a)	Porto	100.00%	100.00%	100.00%
	Empreendimentos Imobiliários Quinta da Azenha, S.A.	a)	Maia	100.00%	100.00%	100.00%
	Equador - Agência de Viagens e Turismo, S.A.	a)	Lisboa	100.00%	87.71%	65.91%
	Equador & Burnay, Lda	a)	Lisboa	75.00%	65.79%	75.00%
	Equador & Mendes, Lda	a)	Lisboa	75.00%	65.79%	75.00%
	Espimaia - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%
	Gestholding - Sociedade Gestora de Participações Sociais, S.A.	a)	Porto	100.00%	99.75%	100.00%
	Grano Salis, Lda	a)	Grandola	100.00%	99.75%	100.00%
	Imoarea, SGPS, S.A.	a)	Matosinhos	100.00%	99.75%	100.00%
	Imoclub - Serviços Imobiliários, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%
	Imoferro – Sociedade Imobiliária, S.A.	a)	Maia	100.00%	99.75%	100.00%
7)	Imohora - Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%
	Imohotel - Empreendimentos Turísticos Imobiliários, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%
	Imosedas - Imobiliária e Serviços, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%
	Interlog – Sociedade Gestora de Participações Sociais, S.A.	a)	Lisboa	100.00%	100.00%	100.00%
	Libra Serviços, Lda	a)	Funchal	100.00%	100.00%	100.00%
	Marmagno – Exploração Hoteleira Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00%
	Marvero - Exploração Hoteleira Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00%
	Nova Equador Internacional, Agência de Viagens e Turismo, Lda	a)	Lisboa	75.00%	65.79%	75.00%
	Palmares - Companhia de Empreendimentos Turísticos de Lagos, S.A.	a)	Lisboa	100.00%	99.75%	100.00%
	Palmares Investimentos e Urbanizações, S.A.	a)	Lisboa	100.00%	99.75%	100.00%
	Partnergiro – Empreendimentos Turísticos, Lda	a)	Maia	100.00%	99.75%	100.00%
	Porturbe – Edifícios e Urbanizações, S.A.	a)	Maia	100.00%	100.00%	100.00%
8)	Praedium, SGPS, S.A.	a)	Porto	100.00%	100.00%	100.00%
	Praedium II – Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%
	Praedium III – Serviços Imobiliários, S.A.	a)	Maia	100.00%	100.00%	100.00%
	Prédios Privados Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%
	Predisedas - Predial das Sedas, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%
	Promosedas - Promoção Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%
	Prosa – Programação Informática, S.A.	a)	Lisboa	100.00%	100.00%	100.00%
	Publimeios, SGPS, S.A.	a)	Maia	50.10%	50.10%	50.10%
	Quinta da Covilhã – Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	100.00%	100.00%
	Rhodes Investments Ltd.	a)	Hants (U.K.)	100.00%	100.00%	100.00%
	Rochester Real Estate, Limited	a)	Kent (U.K.)	100.00%	100.00%	100.00%
	Roteiro - Prestação de Serviços de Turismo, S.A.	a)	Lisboa	100.00%	86.58%	50.00%
	Safira Services – Limpeza e Espaços Verdes, S.A.	a)	Porto	51.00%	25.55%	51.00%
	Santos Taborda & Carvalho, Sociedade Unipessoal, Lda	a)	Lisboa	100.00%	87.71%	100.00%
	Selfrio - Engenharia de Frio, S.A.	a)	Matosinhos	100.00%	35.07%	100.00%
	Selfrio, Sociedade Gestora de Participações Sociais, S.A.	a)	Matosinhos	70.00%	35.07%	70.00%
	Sistavac - Sist. de Aquec. Ventilação e Ar Condicionado, S.A.	a)	Matosinhos	100.00%	35.07%	100.00%
	SKK - Central de Dist. para a Refrigeração e Climatização, S.A.	a)	Porto	100.00%	35.07%	100.00%
	SMP - Serviços de Manutenção e Planeamento, S.A.	a)	Matosinhos	100.00%	35.07%	100.00%
	Soberana – Investimentos Imobiliários, S.A.	a)	Grandola	100.00%	88.44%	100.00%
	Soconstrução, BV	a)	Amesterdão (Netherlands)	100.00%	100.00%	100.00%
	Soira - Sociedade Imobiliária de Ramalde, S.A.	a)	Porto	100.00%	100.00%	100.00%
	Solinca – Investimentos Turísticos, S.A.	a)	Porto	100.00%	99.75%	100.00%
	Solinca III - Desporto e Saúde, S.A.	a)	Lisboa	100.00%	99.75%	100.00%
	Solinca Lazer, S.G.P.S., S.A.	a)	Porto	100.00%	99.75%	100.00%
	Soltroia – Investimentos Turísticos, S.A.	a)	Lisboa	52.08%	51.95%	50.33%
6)	Solução - Apoio à Gestão, S.A.	a)	Maia	100.00%	100.00%	100.00%
	Sonae Capital, SGPS, S.A.	a)	Porto	100.00%	100.00%	100.00%
	Sonae International Ltd	a)	Londres (U.K.)	100.00%	100.00%	100.00%
	Sonae Retalho Especializado – SGPS, S.A.	a)	Matosinhos	100.00%	88.08%	100.00%
	Sonae Turismo Gestão e Serviços, S.A.	a)	Porto	100.00%	99.75%	100.00%
	Sonae Turismo, SGPS, S.A.	a)	Porto	100.00%	99.75%	100.00%
	Sontrade Lines Ltd	a)	Hants (U.K.)	63.75%	63.75%	63.75%
	Sontur, BV	a)	Amesterdão (Netherlands)	100.00%	99.75%	100.00%

	Spinarq, S.A.	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Spinveste - Gestão Imobiliária SGII, 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%
9)	Star Transportes Internacionais, S.A.	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
	Star Viagens e Turismo, S.A.	a)	Lisboa	100.00%	86.58%	100.00%	98.84%
	Textil 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%	88.39%	88.39%
	Torre São Gabriel - Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Torre São Rafael - 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%	88.39%
	Tulipamar - Exploração Hoteleira Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00%	88.39%
	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%	100.00%
Other							
	Aserraderos de Cuellar, S.A.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	50.01%
1)	Imoplamac – Gestão de Imóveis, S.A.	a)	Santarém	100.00%	100.00%	100.00%	94.62%
	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%	50.01%
	Sonae Investments, BV	a)	Amesterdão (Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sonae Produtos e Derivados Florestais, SGPS, S.A.	a)	Porto	100.00%	100.00%	50.01%	50.01%
	Sonae Wood Products, B.V.	a)	Amesterdão (Netherlands)	100.00%	100.00%	100.00%	50.01%

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

b) Paragraph b), nr 1, art.1 of Decree-Law nr. 238/91 - management control exercised.

1) Company excluded from the previous period due to immateriality;

2) Company included in the previous period by the equity method;

3) Formerly - Sport Zone España - Comercio Artigos de Desporto, S.A.;

4) 50% of the share capital of the company was sold, after which the company has been included by the equity method;

5) Formerly - ImmoProject, Gmbh;

6) Company sold in May 2002;

7) Company dissolved in the period;

8) Formerly - Praedium - Desenvolvimento Imobiliário, S.A.;

9) Company merged into Box Lines - Navegação, S.A.;

10) 50% of its holding sold, see 4) above;

11) Includes shares sold to the Santander Group for which purchase options were entered into as explained in Note 61 below.

NOTE 2. COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY	Legal Reason for Exclusion	Registered Office	% Capital Held			
			03.06.30		02.06.30	
			Direct	Total	Direct	Total
Sonae Indústria						
Ecociclo - Energia e Ambiente, S.A.	a)	Matosinhos	100.00%	95.87%	100.00%	94.62%
Eiweiler Sperrholz Gmbh	a)	Germany	100.00%	89.18%	100.00%	87.96%
Enercicia. Lda	a)	Mourão	100.00%	31.16%	100.00%	30.75%
Florestal y Maderera, S.A.	a)	Madrid (Spain)	100.00%	90.84%	100.00%	89.60%
Glunz Service GmbH	a)	Hamm (Germany)	100.00%	89.18%	100.00%	87.96%
Glunz UK Holdings Ltd	a)	Londres (U.K.)	100.00%	89.18%	100.00%	87.96%
Glunz Uka Gmbh	a)	Hamm (Germany)	100.00%	89.18%	100.00%	87.96%
Orpin, S.A.	a)	Madrid (Spain)	100.00%	90.84%	100.00%	89.60%
OSB Deustchland Gmbh	a)	Germany	100.00%	90.84%	100.00%	89.60%
Plysorol BV	a)	Soest (Netherlands)	100.00%	90.84%	100.00%	89.60%
Plysorol Contreplaques, SAS	a)	France	100.00%	90.84%	-	-
Poliface Brazil, Ltda	a)	Brazil	100.00%	95.87%	100.00%	94.62%
Poliface North America	a)	Quebec (Canada)	100.00%	90.84%	100.00%	92.17%
1) Resoflex I - Racionalização de Espaços, Lda	a)	Braga	100.00%	95.87%	100.00%	94.62%
Novobord Gmbh	a)	Hamm (Germany)	100.00%	89.18%	100.00%	87.96%
Société Industrielle et Financière Isoroy, SAS	a)	France	100.00%	90.84%	-	-
Sonae Spain, S.A.	a)	Madrid (Spain)	99.94%	95.81%	99.94%	94.56%
Sonae Indústria Brazil, Ltda	a)	São Paulo (Brazil)	100.00%	95.87%	100.00%	94.62%
Sonae North América Inc.	a)	Quebec (Canada)	100.00%	95.87%	100.00%	94.62%
Tafisa Trading, S.A.	a)	Madrid (Spain)	100.00%	90.84%	100.00%	89.60%
Tarnaise des Panneaux, S.A.	a)	Labruguière (France)	99.99%	90.68%	99.99%	89.60%

Modelo Continente						
	Bertimóvel - Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	75.68%	100.00% 74.97%
	Carnes do Continente - Ind.e Distribuição de Carnes, S.A.	a)	Matosinhos	100.00%	75.68%	- -
	Sempre à Mão - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	75.68%	100.00% 74.97%
	Todos os Dias - Com. Ret. e Exploração de Centros Comerciais, S.A.	a)	Matosinhos	100.00%	75.68%	- -
Sonae Imobiliária						
2) 3)	Lizestacionamentos - Deserv., Expl. Construção Parques de Estacioname	a)	Maia	51.00%	34.19%	100.00% 67.04%
	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%	- -
	Castelo do Queijo, SGPS, S.A.	a)	Maia	100.00%	67.04%	- -
	Ciclop - Gestão de Centros Comerciais, S.A.	a)	Maia	100.00%	67.04%	100.00% 67.04%
	Circe, SGPS, S.A.	a)	Maia	100.00%	67.04%	- -
	Conquista, SGPS, S.A.	a)	Maia	100.00%	67.04%	- -
	Elmo, SGPS, S.A.	a)	Maia	100.00%	67.04%	- -
	Esteiros, SGPS, S.A.	a)	Maia	100.00%	67.04%	- -
	Imobrazil II BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00% 67.04%
	Imoground BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	- -
	Imoretail BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	- -
	Imospain X, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00% 67.04%
	Imospain XII, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	100.00% 67.04%
	Imostructure, BV	a)	Amesterdão (Netherlands)	100.00%	67.04%	- -
	INMO Development & Investment S.A.	a)	Madrid (Spain)	75.00%	50.28%	100.00% 67.04%
	Mosquete, SGPS, S.A.	a)	Maia	100.00%	67.04%	- -
4)	Naviglio 2003, S.R.L.	a)	Italy	100.00%	67.04%	- -
	Nó Górdio, SGPS, S.A.	a)	Maia	100.00%	67.04%	100.00% 67.04%
	Oriogest S.R.L.	a)	Milão (Italy)	100.00%	67.04%	- -
	Parque Jóquei - Empreendimentos Comerciais, Ltda	a)	São Paulo (Brazil)	90.00%	60.34%	90.00% 60.34%
4)	Patio Penha Shopping, Ltda	a)	Brazil	99.99%	67.03%	- -
	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%
	Querubim - Gestão de Centos Comerciais, S.A.	a)	Maia	100.00%	67.04%	100.00% 67.04%
4)	Sonae Imobiliária Brazil, Ltda	a)	Brazil	99.99%	67.03%	- -
4)	Sonae Imobiliaria European Real Estate Assets Holdings B.V.	a)	Amesterdão (Netherlands)	100.00%	67.04%	- -
	Sonae Imobiliária Italy Property Management, S.R.L.	a)	Milão (Italy)	100.00%	67.04%	- -
	Sonae Imobiliária Italy, S.R.L.	a)	Sondrio (Italy)	100.00%	67.04%	100.00% 67.04%
SonaeCom						
	Contacto Útil - Serviços de Gestão de Atendimento a Clientes, S.A.	a)	Maia	100.00%	38.32%	100.00% 36.33%
1)	Sonae Telecom, S.A.	a)	Madrid (Spain)	100.00%	82.79%	100.00% 79.17%
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% 100.00%
	Aquapraia Gestão e Serviços, S.A.	a)	Porto	100.00%	99.75%	100.00% 100.00%
	Atlantic Ferries, S.A.	a)	Grandola	100.00%	99.75%	100.00% 99.63%
	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% 100.00%
	Campimeios - Sociedade Imobiliária, S.A.	a)	Maia	100.00%	99.75%	100.00% 100.00%
	Casa da Ribeira – Hotelaria e Turismo, S.A.	a)	Marco de Canaveses	100.00%	99.75%	100.00% 100.00%
	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% 75.55%
1)	Gaiaproject – Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	100.00%	100.00% 100.00%
	Golf Time - Golfe e Investimentos Turísticos, S.A.	a)	Porto	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% 88.39%
	Imoresort - Sociedade Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00% 88.39%
	Implantação - Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00% 100.00%
	Insulatroia - Sociedade Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00% 88.39%
	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%
	Marimo – Exploração Hoteleira e Imobiliária, S.A.	a)	Grandola	100.00%	88.44%	100.00% 88.39%
	Marina Magic - Exploração de Centros Lúdicos e Marítimos, Lda	a)	Lisboa	100.00%	99.75%	100.00% 100.00%
	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 Comercial	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%
	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%
	Solasa - Sociedade de Lavandaria, Lda	a)	Porto	100.00%	99.75%	100.00% 100.00%

Solinca - Catering e Eventos, S.A.	a)	Lisboa	100.00%	99.75%	100.00%	100.00%
Solinca II - Gestão e Serviços de Hotelaria, S.A.	a)	Lisboa	100.00%	99.75%	100.00%	100.00%
Solifitness - Club Malaga, S.L.	a)	Malaga (Spain)	100.00%	99.75%	-	-
Sonae Capital Brazil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Sonae RE, S.A.	a)	Luxemborg	100.00%	100.00%	100.00%	100.00%
Sopair, S.A.	a)	Madrid (Spain)	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%	100.00%
Other						
Barmins - Serviços e Gestão Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sonae 3P, S.A.	a)	Maia	100.00%	100.00%	-	-
Sonae Investimentos América Latina, Lda	a)	São Paulo (Brazil)	99.99%	99.99%	99.99%	99.99%
Sonaegest - Sociedade Gestora de Fundos de Investimentos, S.A.	a)	Maia	100.00%	82.85%	100.00%	82.32%
3) Sonaudit – Gestão e Consultoria Financeira, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%

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

- 1) Company dissolved in the period;
2) Formerly - 5ª Coluna - Gestão e Promoção de Emp. Imobiliários, S.A.;
3) Company sold in May 2003;
4) Company incorporated in the period.

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

COMPANY	Registered Office	% Capital Held				
		03.06.30		02.06.30		
		Direct	Total	Direct	Total	
Sonae Indústria						
	Comfloresta - Companhia Catarinense de Empreendimentos Florestais, S.A.	Brazil	36.00%	20.51%	36.00%	20.27%
Modelo Continente						
1)	Crediuniverso - Serviços de Marketing, S.A.	Maia	50.00%	37.84%	50.00%	37.49%
Sonae Imobiliária						
	Aegean Park Constructions, Real Estate and Development, S.A.	Atenas (Greece)	50.00%	33.52%	50.00%	33.52%
5)	Ascendente, SGPS, S.A.	Maia	50.00%	33.52%	100.00%	67.04%
	Capital Plus - Investimentos e Participações, S.A.	Vila Nova de Gaia	50.00%	33.52%	50.00%	33.52%
	CCG - Centros Comerciais de Gaia, S.A.	Vila Nova de Gaia	50.00%	33.52%	50.00%	33.52%
	Empreendimentos Imobiliários Colombo, S.A.	Lisboa	50.00%	33.52%	50.00%	33.52%
	Hospitalet Center, S.L.	Barcelona (Spain)	24.89%	8.31%	-	-
	Iberian Assets, S.A.	Barcelona (Spain)	49.78%	33.37%	-	-
	Imogreece, BV	Amesterdão (Netherlands)	50.00%	33.52%	50.00%	33.52%
2)	Viacatarina Holdings, SGPS, S.A.	Lisboa	50.00%	33.52%	50.00%	33.52%
	Inmolor, S.A.	Barcelona (Spain)	49.78%	33.37%	-	-
	Inparsa - Industrias e Participações, SGPS, S.A.	Maia	50.00%	33.52%	50.00%	33.52%
	Lisedi – Urbanização e Edifícios, S.A.	Maia	50.00%	33.52%	50.00%	33.52%
	LL Port Retail SGPS, S.A.	Vila Nova de Gaia	50.00%	33.52%	50.00%	33.52%
	Sintra Retail Park - Parques Comerciais, S.A.	Maia	50.00%	33.52%	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	50.00%	33.52%	50.00%	33.52%
	Unishopping Administradora, Lda	São Paulo (Brazil)	50.00%	33.52%	50.00%	33.52%
	Viacatarina - Empreendimentos Imobiliários, S.A.	Maia	50.00%	33.52%	50.00%	33.52%
	WXI - Grupo Lar Parque Principado, SL	Madrid (Spain)	25.00%	16.76%	25.00%	16.76%
6)	Vasco da Gama - Promoção de Centros Comerciais, S.A.	Maia	50.00%	33.52%	100.00%	67.04%
	Zubiarte Inversiones Inmobiliarias, S.A.	Barcelona (Spain)	49.80%	33.39%	-	-
SonaeCom						
	Exit Travel - Agência de Viagens, Turismo e Lazer Online, S.A.	Maia	37.50%	31.05%	37.50%	29.68%
	Global S - Centro Comercial Lda	Matosinhos	24.97%	20.68%	24.97%	19.77%
3)	Global S - Distribuição e Logística, Lda	Matosinhos	25.05%	20.74%	25.05%	19.83%
3)	Global S - Marketing e Serviços, Lda	Matosinhos	18.79%	15.55%	18.79%	14.87%
	Global S - Tecnologias de Informação Lda	Matosinhos	16.71%	13.83%	16.71%	13.62%
	Global S, SGPS, S.A.	Matosinhos	25.05%	20.74%	25.05%	19.83%
3)	Global S - Consultadoria Empresarial, Lda	Matosinhos	25.05%	20.74%	25.05%	19.83%
	Investimento Directo - Sociedade Financeira de Corretagem, S.A.	Lisboa	55.00%	45.53%	55.00%	43.54%
	Myplace - Conteúdos Imobiliários na Internet S.A.	Maia	33.35%	27.61%	66.67%	26.38%
	Net Mall SGPS, S.A.	Maia	50.00%	41.40%	50.00%	39.59%
	Portais Verticais.com, S.G.P.S., S.A.	Lisboa	50.00%	41.40%	50.00%	39.57%

	Sonae Capital				
	ba - Fábrica de Vidros Barbosa & Almeida, S.A.	Porto	49.97%	49.97%	49.97%
4)	Sodesa, S.A.	Lisboa	50.00%	50.00%	50.00%
4)	TP - Sociedade Térmica, S.A.	Porto	50.00%	50.00%	48.50%

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

	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%	42.50%
	Sociedade de Construções do Chile, S.A.	a)	Lisboa	50.00%	50.00%	50.00%	50.00%
	Sonae Imobiliária Troia - B3, S.A.	a)	Grandola	20.00%	17.64%	20.00%	17.68%
	Spel Serviços Auto, 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	29.18%	29.18%	29.18%	14.59%
2)	Bar-Bar-Idade Glass - Serviços de Gestão e Investimentos, S.A.	a)	Porto	49.97%	49.97%	-	-

a) n° 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 dissolved in the period;

2) Company incorporated or acquired in the period;

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

NOTE 6. OTHER RELATED UNDERTAKINGS

COMPANY	Registered Office	% Capital Held	
		03.06.30	02.06.30
	Netherlands	6.31%	6.30%
	Altitude, SGPS, S.A.	11.50%	-
1)	BPI, SGPS, S.A.	4.31%	4.31%
	Construction Modulaire de l'Ouest S.A.R.L.	15.00%	15.00%
	Despegar	5.90%	5.90%
	Dispar – Distribuição de Participações, SGPS, S.A.	7.14%	7.14%
	First Assur, S.A.	10.80%	10.80%
2)	Idea Tradema – Betanzos, AIE	15.00%	15.00%
	Insco – Insular de Hipermercados, S.A.	10.00%	10.00%
	Lusa - Agência de Notícias de Portugal, S.A.	1.38%	1.38%
	Net, S.A.	2.26%	2.26%
	Operscut - Operação e Manutenção de Auto-estradas, S.A.	15.00%	15.00%
	Outsystems, Software de Rede, S.A.	2.03%	-
	Sear - Sociedade Europeia de Arroz, S.A.	15.00%	15.00%
	SESI - Sociedade de Ensino Superior e Investigação, S.A.	9.75%	9.75%
	Société Naturel de Bois Gabonais	4.24%	4.24%
	Spidouro – Soc. Prom. De Empresas e Inv. Do Douro e Trás-os-Montes, S.A.	8.30%	8.30%
2)	Viverfoga	1.96%	1.96%

1) Company sold in the period;

2) 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	8,486	Directors and managers	4,617
Retailing	36,608	Technical	4,588
Real Estate	464	Administrative	5,208
Telecom	2,520	Operational	37,444
Other activities	3,779		
Total	51,857	Total	51,857

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
	03.06.30	02.12.31	
Initial positive goodwill	-31,694,387	-31,674,160	-20,227
Positive goodwill	1,120,704,651	1,085,496,698	35,207,953
Negative goodwill	98,688,902	97,802,372	886,530

The net variance in positive goodwill includes 14,376,734 euro relating to the acquisition of 49.9% of the share capital of SPDF.

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 835,080,340 euro and amortization for the period would increase by 37,126,239 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 2003:

- Full consolidation method

Modelo Continente

- a) Contibomba - Comércio e Distribuição de Combustíveis, S.A.
- a) Imoponte - Sociedade Imobiliária, S.A.
- a) Imoresultado - Sociedade Imobiliária, S.A.
- b) Max Mat España, Distribucion de Materiales de Construcción, S.A.
- b) Modelo - Distribuição de Materiais de Construção, S.A.

SonaeCom

- a) M3G - Edições Digitais, S.A.

Others

- a) Imoplamac – Gestão de Imóveis, S.A.
- a) Companies excluded in 2002;
- b) Companies included by the equity method in the previous period.

- Equity method

Imobiliária

- b) Ascendente, SGPS, S.A.
- b) Vasco da Gama - Promoção de Centros Comerciais, S.A.

Sonae Capital

- a) Sodesa, S.A.
- a) TP - Sociedade Térmica, S.A.

- a) Companies excluded in 2002;
- b) 50 % of shares in Ascendente, SGPS, SA sold in the period. Consequently, this company and its affiliated Vasco da Gama - Promoção de Centros Comerciais, S.A are included by the equity method.

During the period ended 30 June 2003 the following companies were excluded from consolidation:

- Full consolidation method

Sonae Imobiliária

- SPEL - Sociedade de Parques de Estacionamento, S.A. sold;

Sonae Capital

- Imohora - Imobiliária, S.A. dissolved;
- Solução - Apoio à Gestão, S.A. sold.

- Equity method

Modelo Continente

- Crediuniverso - Serviços de Marketing, S.A. sold.

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 2003, the responsibilities for guarantees given by the companies included in the consolidation can be analysed as follows:

	euro
Guarantees (1)	836,550,110
Securities deposited	17,657,656
Mortgages and charges	495,396,490
Pledges and floating charges	6,886,703
Others	111,535,597

(1) Includes 18,813,667 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	
	03.06.30	Average rate
Swiss Franc	0.64334	0.67114
Pound Sterling	1.44259	1.46092
Brazilian Real	0.30407	0.28051
South African Rand	0.11707	0.11285
Canadian Dollar	0.64491	0.62313

VI - OTHER INFORMATION ON SPECIFIC ITEMS

NOTE 25. START-UP, RESEARCH AND DEVELOPMENT COSTS

The following were the main projects undertaken during the period ended in 30 June 2003 for which costs were capitalised:

Company	Project	euro
Sonae Distribuição Brazil, S.A.	Opening and refurbishment of stores	1,936,225

NOTE 27. DETAILS OF FIXED ASSETS

Movements in consolidated fixed assets and in depreciation and provisions during the period ended in 30 June 2003 can be summarised as follows:

GROSS COST OR VALUATION						euro
Items	At 1 January 2003	Expenditure	Disposals	Changes in Consolidation Perimeter d)	Transfers and Adjustments c)	At 30 June 2003
Intangible assets:						
Start-up costs	328,511,399	3,528,342	342,435	3,400,284	5,504,209	340,601,799
Research and development costs	75,681,810	1,169,243		1,053,887	-1,626,652	76,278,288
Patents and other similar rights	20,704,936	1,504,670		75,948	1,735,599	24,021,153
Premiums paid for property occupation rights	24,034,407	125,000		65,083	-442,781	23,781,709
b) In progress	133,966,530	8,687,258	4,278		-3,241,189	139,408,321
	582,899,082	15,014,513	346,713	4,595,202	1,929,186	604,091,270
Tangible Assets:						
Land	432,037,470	381,725	354,728	1,198,553	-5,152,462	428,110,558
Buildings	1,832,683,969	2,900,533	1,447,757	-46,539,440	27,617,970	1,815,215,275
Plant and machinery	2,946,082,569	15,395,334	2,202,717	-6,119,914	102,537,955	3,055,693,227
Vehicles	44,068,369	1,294,364	1,187,045	1,102,249	1,060,400	46,338,337
Tools	11,194,169	167,979	2,601	88,205	1,553,669	13,001,421
Fixtures and fittings	389,050,322	5,447,680	6,702,190	1,696,481	22,893,020	412,385,313
Containers	273,720	8,475				282,195
Others	46,352,410	1,548,510	44	-2,058,464	2,535,052	48,377,464
b) In construction	228,691,288	135,678,720	3,547,838	-1,627,915	-86,350,845	272,843,410
Advances	30,449,379	5,255,101	1,516,872		-2,585,632	31,601,976
	5,960,883,665	168,078,421	16,961,792	-52,260,245	64,109,127	6,123,849,176
Investments:						
a) Shares in related (including associated) undertakings	282,661,132	10,211,044	1,826,719	-933,245	-25,891,569	264,220,643
Loans to related (included associated) undertakings	135,923,647	17,595,568	16,173,399		8,362,652	145,708,468
Shares in other undertakings	244,189,280		2			244,189,278
Other investments other than loans	78,287,350	73,841	63,026,627		753,239	16,087,803
Loans to other undertakings	355,119				-8	355,111
In progress	598,799	299,278				898,077
Advances	1,802,426	4,528,500	18,500		19,241	6,331,667
	743,817,753	32,708,231	81,045,247	-933,245	-16,756,445	677,791,047

a) Shares in related (including associated) undertakings include -35,511,092 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
Fortuna del Piero project	50,875,127
Cascaishopping expansion project	16,741,716
Luz del Tajo project	17,574,181
Plaza Eboli project	11,515,155
Continente, Modelo and Worten stores	18,440,074
UMTS licence	99,759,579
Deployment of mobile network	39,082,814
Troia project	14,103,416
	268,092,062

c) Includes 77,931,343 euro relating to exchange differences arising from the translation of opening investments in foreign affiliated undertakings;

d) Includes -93,103,316 euro relating to fixed assets of affiliated undertakings disposed of during the period.

Accumulated depreciation and provisions:						euro
Items	At 1 January 2003	Charge for the period	Disposals	Changes in Consolidation Perimeter b)	Transfers and Adjustments a)	At 30 June 2003
Intangible Assets:						
Start-up costs	179,482,004	27,321,211	255,347	2,668,343	1,450,167	210,666,378
Research and development costs	42,173,330	6,185,672		618,428	-97,893	48,879,537
Patents and other similar rights	11,927,099	1,401,931		58,268	4,711	13,392,009
Premiums paid for property occupation rights	7,613,683	1,147,131		6,509	-19,743	8,747,580
	<u>241,196,116</u>	<u>36,055,945</u>	<u>255,347</u>	<u>3,351,548</u>	<u>1,337,242</u>	<u>281,685,504</u>
Tangible assets:						
Land	2,709,177	2,110			-5,647	2,705,640
Buildings	294,381,775	23,631,741	147,297	-2,105,175	705,022	316,466,066
Plant and machinery	1,195,594,248	106,783,081	1,048,509	-2,257,391	8,195,573	1,307,267,002
Vehicles	37,234,298	1,765,845	830,823	860,754	14,119	39,044,193
Tools	8,458,737	856,381	1,853	30,240	-39,589	9,303,916
Fixtures and fittings	136,483,566	20,157,801	1,860,594	628,557	-159,644	155,249,686
Containers	270,134	1,609			-1	271,742
Others	32,471,955	2,454,490	32	-1,494,583	73,365	33,505,195
	<u>1,707,603,890</u>	<u>155,653,058</u>	<u>3,889,108</u>	<u>-4,337,598</u>	<u>8,783,198</u>	<u>1,863,813,440</u>
Investments						
Shares in related (including associated) undertakings	55,754,686	1,539				55,756,225
Loans to related (including associated) undertakings	15,852,165				1	15,852,166
Other financial assets	10,648,790	1,362,137	1,536			12,009,391
Other loans	81,820				-11,264	70,556
	<u>82,337,461</u>	<u>1,363,676</u>	<u>1,536</u>		<u>-11,263</u>	<u>83,688,338</u>

a) Includes 18,099,733 euro relating to exchange differences arising from the translation of opening investments in foreign affiliated undertakings;

b) Includes 10,421,551 euro relating to depreciation of affiliated undertakings disposed of 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 2,654,470 euro.

NOTE 33. AMOUNTS OWING REPAYABLE AFTER MORE THAN FIVE YEARS

The consolidated balance sheet includes 466,958,237 euro of amounts owing repayable after more than five years.

NOTE 34. AMOUNTS OWING TO THIRD PARTIES COVERED BY GUARANTEES

At 30 June 2003 the amounts covered by guarantees given by companies included on consolidation were as follows:

	euro
Pledges and floating charges	403,180,409
Mortgages and charges	422,663,971

NOTE 36. TURNOVER ANALYSIS BY ACTIVITY AND MARKET

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

	euro	
	03.06.30	02.06.30
a) By activity:		
Wood based panels	739,877,147	759,455,267
Retailing	1,553,987,869	1,729,291,317
Real estate	123,456,787	112,520,910
Telecom	379,914,191	365,211,745
Sonae Capital	108,467,560	110,605,277
Others	7,777,399	7,124,118
Total	<u>2,913,480,953</u>	<u>3,084,208,634</u>

	euro	
b) By market:	03.06.30	02.06.30
Portugal	1,794,136,422	1,760,436,725
Spain	143,980,236	144,155,340
France	116,666,041	114,541,317
Germany	116,376,825	120,943,778
United Kingdom	63,057,947	60,882,623
South America	454,117,272	659,675,219
Canada	31,268,267	27,822,686
Others	193,877,943	195,750,946
Total	2,913,480,953	3,084,208,634

NOTE 38. DEFERRED TAXATION

At 30 June 2003 and 2002, 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	
	03.06.30	02.06.30	03.06.30	02.06.30
Fixed assets revaluations			27,013,139	27,471,294
Reinvested gains on disposals of fixed assets			6,301,590	5,029,206
Losses carried forward	184,420,614	148,862,126		
Depreciation disallowed for tax purposes	70,531		88,624	99,414
Harmonisation adjustments			80,579,556	67,715,498
Other	580,241	594,874	3,719,166	4,093,085
	185,071,386	149,457,000	117,702,075	104,408,497

Movements in deferred taxes during the period ended 30 June 2003 and 2002 were as follows:

	euro			
	Deferred Tax Assets		Deferred Tax Liabilities	
	03.06.30	02.06.30	03.06.30	02.06.30
Balance as at 1 January	175,744,259	125,648,835	109,131,979	78,483,129
Credits / (charges) to the profit and loss account:				
Depreciation arising from fixed assets revaluations			-329,578	-276,898
Depreciation arising from reinvested gains on disposals of fixed assets			-66,872	-44,564
Losses carried forward	5,921,577	30,063,115		
Harmonisation adjustments			8,674,322	11,246,435
Other	-301,434	596,646	358,980	255,797
	5,620,143	30,659,761	8,636,852	11,180,770
Credits / (charges) to retained earnings:				
Reinvested gains on disposals of fixed assets				3,119,892
Fixed assets revaluations			239,268	12,259,830
Exchange differences	3,700,043	-8,876,993	442,591	-1,183,844
Losses carried forward	256,591	2,164,870	35,648	
Other	-249,650	-139,473	-784,263	548,720
	3,706,984	-6,851,596	-66,756	14,744,598
Balance as at 30 June	185,071,386	149,457,000	117,702,075	104,408,497

The Company and its affiliated undertakings are committed under tax legislation to reinvest amounts resulting from sales of investments in prior years. As in previous years, it is the intention of the Boards of Directors of the Company and its affiliated undertakings to acquire investments or increase the share capital of affiliated companies with the objective of being exempt from capital gains tax. As a result, existing capital gains generated in previous years (including intercompany gains eliminated on consolidation) open for re-investment have no been included in taxable income.

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

	euro
Board of Directors	372,759

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 two affiliated and two associated 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	Revaluations	Accounts
	cost a)	a) b) c)	Value a)
Tangible assets:			
Land	332,125,807	93,279,111	425,404,918
Buildings	1,378,699,181	120,050,028	1,498,749,209
Plant and machinery	1,741,697,486	6,728,739	1,748,426,225
Vehicles	7,003,525	290,619	7,294,144
Tools	3,694,333	3,172	3,697,505
Fixtures and fittings	257,106,698	28,929	257,135,627
Containers	10,453		10,453
Others	14,763,633	108,636	14,872,269
	<u>3,735,101,116</u>	<u>220,489,234</u>	<u>3,955,590,350</u>

a) Net of depreciation;

b) Includes all revaluations to date;

c) Includes the effect of market valuations referred to in the previous note in the amount of 134,673,455 euro.

NOTE 44. ANALYSIS OF NET FINANCIAL CHARGES

Charges	euro	
	03.06.30	02.06.30
Interest expense	112,176,448	116,327,203
Provisions for short term investments	1,350,877	3,952,399
Exchange losses	15,518,760	21,619,656
Payment discounts given	8,408,125	4,371,861
Loss on disposal of short term investments	4,772	
a) Other financial charges	31,668,224	30,475,277
Net financial charges	<u>-116,275,979</u>	<u>-121,431,902</u>
	<u>52,851,227</u>	<u>55,314,494</u>
Income	03.06.30	02.06.30
Interest income	18,500,940	11,091,673
Freehold property income		1,590
Dividends received	8,389,271	11,676,257
Exchange gains	8,467,261	5,653,562
Payment discounts received	12,524,260	14,693,466
Gain on disposal of short term investments	39,118	4,192,119
Other financial income	<u>4,930,377</u>	<u>8,005,827</u>
	<u>52,851,227</u>	<u>55,314,494</u>

a) Includes mainly costs incurred with automatic payment systems.

NOTE 45. ANALYSIS OF EXTRAORDINARY ITEMS

	euro	
	03.06.30	02.06.30
Charges		
Donations	363,565	958,644
Doubtful debts written off	1,894,512	2,719,490
Abnormal stock losses	2,497,053	1,852,531
Loss on the sale of fixed assets	10,658,954	10,806,721
Fines and penalties paid	630,074	1,356,965
Exceptional depreciation and provisions	2,783,019	3,107,153
Charges relating to prior years	8,614,733	13,305,041
Others	14,504,086	30,467,562
Net extraordinary gains	97,475,961	-4,186,656
	139,421,957	60,387,451
Income		
Taxes refunded	1,771,701	103,350
Collection of doubtful debts written off	6,114	289,461
Abnormal stock gains	54,777	430,564
a) Gain on the sale of fixed assets	99,296,956	9,068,551
Contractual penalties received	158,329	300,284
Write back of provisions and depreciation	20,957,179	19,228,259
Gains relating to prior years	5,235,077	7,135,394
Others	11,941,824	23,831,588
	139,421,957	60,387,451

a) Includes the gains of investments sold on the amount of 96,760,578 Euro.

NOTE 46. ANALYSIS OF PROVISIONS AS OF 30 JUNE 2003 AND MOVEMENT DURING THE PERIOD

The accumulated provisions at 30 June 2003 and movements during the period are as follows:

	euro			
	At 1 January 2003	Provisions created	Provisions written back	At 30 June 2003
Provisions				
Provisions for short term investments	63,721			63,721
Provisions for doubtful debts	129,462,295	13,154,827	11,618,319	130,998,803
Provisions for other risks and charges	101,314,500	8,688,757	16,877,459	93,125,798
Provisions for stock obsolescence	16,059,156	3,677,767	5,068,446	14,668,477
Provisions for fixed asset investments	82,337,461	1,352,413	1,536	83,688,338
	329,237,133	26,873,764	33,565,760	322,545,137

NOTE 50. SEGMENT REPORTING

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

	euro						
	Wood Based Panels	Retailing	Real Estate	Telecom	Sonae Capital	Others	Consolidated
Sales and							
Services rendered	739,877,147	1,553,987,869	123,456,787	379,914,191	108,467,560	7,777,399	2,913,480,953
Depreciation of fixed assets	68,077,018	51,138,550	9,464,441	54,922,043	4,338,596	1,910,849	189,851,497
Provisions	3,601,098	1,794,402	731,504	12,310,072	548,042	209,300	19,194,418
Operating profit	3,204,278	56,591,961	25,060,002	-12,790,615	-3,102,752	-7,145,269	61,817,605
Net Financial charges	-49,743,849	-31,228,954	-10,441,552	-11,939,796	-7,117,529	-5,804,299	-116,275,979
Profit/(Loss) on ordinary activities	-46,539,571	25,363,007	14,618,450	-24,730,411	-10,220,281	-12,949,568	-54,458,374
Net Extraordinary gains/(losses)	9,145,198	984,962	78,442,452	-2,291,679	409,514	10,785,514	97,475,961
Gains/(Losses) in associated undertakings	-722,850	131,775	2,498,031	-1,031,988	3,612,968		4,487,936
Profit before income tax	-38,117,223	26,479,744	95,558,933	-28,054,078	-6,197,799	-2,164,054	47,505,523
Profit before minority interests	-44,390,435	14,870,061	88,601,312	-27,699,130	-6,772,160	-1,781,504	22,828,144
Operating Cash-Flow (EBITDA)	74,882,394	109,524,913	35,255,947	54,441,500	1,783,886	-5,025,120	270,863,520

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	Consolidated
Fixed assets							
Intangible	36,690,439	96,478,815	13,160,324	161,138,497	12,345,650	2,592,041	322,405,766
Tangible	1,443,776,190	1,187,018,920	638,030,902	679,882,575	265,560,045	45,767,104	4,260,035,736
Investments	15,911,144	3,779,830	236,193,717	9,770,033	84,869,696	243,578,289	594,102,709
Stocks	201,601,967	375,707,993	21,163	9,681,610	100,641,346	1,802,193	689,456,272
Others	539,357,796	514,244,654	190,565,377	475,871,767	175,423,859	24,240,367	1,919,703,820
Total Assets	2,237,337,536	2,177,230,212	1,077,971,483	1,336,344,482	638,840,596	317,979,994	7,785,704,303
Liabilities							
Long-term	672,300,199	646,957,657	434,240,548	286,292,637	76,600,706	855,632,508	2,972,024,255
Short-term	472,637,897	992,846,485	168,114,280	338,770,350	235,840,743	563,465,860	2,771,675,615
Other liabilities	247,089,554	121,388,034	191,261,183	142,818,404	52,713,038	7,910,904	763,181,117
Total liabilities	1,392,027,650	1,761,192,176	793,616,011	767,881,391	365,154,487	1,427,009,272	6,506,880,987
Net fixed assets Investment	15,149,522	54,723,759	-18,256,175	38,585,977	11,635,491	-62,928,471	38,910,103
Investments - equity method	1,878,880		118,840,381	4,471,839	40,478,838		165,669,938
Total Debt	770,626,204	1,084,857,300	469,842,261	464,232,572	147,401,180	877,340,742	3,814,300,259
Net Debt	663,284,367	823,637,788	378,200,482	461,132,235	128,548,345	876,721,388	3,331,524,605

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

Others	euro
Sources	
Bank debt	877,340,742
Cash and equivalents	-619,354
Net bank debt	876,721,388
SonaeCom	81,906,000
Intercompany short term loans obtained	81,906,000
Total Sources	958,627,388
Outflows	
Sonae Indústria	366,708,461
Modelo Continente	45,000,000
Sonae Capital	168,923,035
Intercompany loans granted	580,631,496

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

NOTE 51 - RECONCILIATION OF CONSOLIDATED NET PROFIT

	euro	
	03.06.30	02.06.30
Aggregate net profit	42,423,927	-138,549,202
Harmonisation adjustments (a)	133,754,703	135,811,980
Elimination of intercompany dividends	-101,857,852	-85,309,131
Elimination of intercompany capital gains and losses	-155,237,730	23,571,937
Consolidation adjustments to gains/(losses) on sales of investments	103,789,862	-2,811,483
Others	-44,766	4,247,316
Consolidated net profit for the period before minority interests	22,828,144	-63,038,583

(a) Includes 43,530,992 euro relating to harmonisation of depreciation policies referred to in note 0.f).

NOTE 52. ACCRUALS AND DEFERRALS

1) Accrued income

Includes:

	euro	
	03.06.30	02.06.30
Deferred tax assets	185,071,386	149,457,000
Discounts receivable from suppliers	12,298,102	9,242,993
Invoices to be issued (a)	44,395,746	84,372,580
Contracts relating to assets under construction	2,292,495	1,869,908
Other revenues	28,144,641	32,546,268
	<u>272,202,370</u>	<u>277,488,749</u>

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

2) Deferred charges

Includes:

	euro	
	03.06.30	02.06.30
Customer acquisition costs (a)		
Handsets	67,184,758	88,727,577
Publicity	110,510,632	48,725,172
Commissions and others	4,213,291	68,002,955
Others	96,962,998	105,371,381
	<u>278,871,679</u>	<u>310,827,085</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	
	03.06.30	02.06.30
Holiday pay and bonuses	99,267,431	100,107,404
Deferred tax liabilities	117,702,075	104,408,497
Discounts payable to trade debtors	11,678,992	12,939,544
Interest payable	18,415,908	27,592,672
Commissions	11,679,134	11,500,244
Invoices to be issued (a)	24,834,317	54,623,148
Others	114,671,448	119,378,068
	<u>398,249,305</u>	<u>430,549,577</u>

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

4) Deferred income

Includes:

	euro	
	03.06.30	02.06.30
Investment subsidies	98,609,528	65,188,824
Key money received from tenants	24,856,977	36,780,015
Deferred clients revenues	29,029,501	26,209,197
Others	119,310,008	59,321,342
	<u>271,806,014</u>	<u>187,499,378</u>

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

This caption includes the following:

	euro	
	03.06.30	02.06.30
Suppliers - debit balances	29,264,177	23,302,110
Credit sales to third parties	10,852,243	19,465,409
Accounts receivable from the sale of investments	22,092,080	-
Investment subsidies	16,305,312	7,832,833
Current accounts - factoring	2,328,195	12,667,525

NOTE 54. OTHER CREDITORS

1) AMOUNTS FALLING DUE WITHIN ONE YEAR

This caption includes:

	euro	
	03.06.30	02.06.30
Subscribers of capital	841,789	15,715,940
Current accounts - Factoring	53,791,461	59,643,410

2) AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

a) Includes 26,212,474 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 30,998,662 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.

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 Note 62. below.

NOTE 55. BONDS

Bonds outstanding can be summarised as:

MODELO CONTINENTE / 95 amounting to 149,700,000 euro, repayable after 8 years, at par value, in two equal instalments on the 14th and 16th coupons, on 30 October 2002 and 30 October 2003. The interest rate equals Lisbor1 plus 0.25% rounded up to the 1/16 of one percent between the 2nd to the 10th coupons and plus 0.35% between the 11th to the 16th coupons;
A partial redemption of 115,986,440 euro was made on the 10th and 14th coupons. Consequently, bonds outstanding at 30 June 2003 amounts to 33,713,560 euro;

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;

As at 30 June 2003, the group holds 1,874,355 Modelo Continente / 99 bonds, recorded at acquisition cost as a reduction to the caption "Loans – non convertible bonds".

SONAE INDÚSTRIA / 98 amounting to 39,903,832 euro, repayable in full in March 2003. The interest rate equals Lisbor1 less 5 percentage points for the first 6 coupons and Lisbor plus 0.45 percentage points for the remaining coupons, notwithstanding that the interest rate cannot be less than 0%. Each bond gives right to a stock purchase warrant for 4 shares of Sonae Indústria, at 9.6 euro per share, exercisable in the months of May and November of each year following the maturity of the first coupon and up to the maturity of the sixth coupon. In March 2003 a final redemption was made amounting to 21,029,170 euro;

INPARSA / 98 amounting to 49,879,790 euro, repayable in full in January 2004. The interest rate equals Lisbor1 less 5 percentage points for the first six coupons, and Lisbor plus 0.35 percentage points for the remaining coupons, notwithstanding that the interest rate cannot be less than 0%. Each bond gives right to a stock purchase warrant (warrant A) for 2 shares of Inparsa, at 7.48 euro per share, exercisable up to the end of the second year and another stock purchase warrant (warrant B) for 2 shares Inparsa, at 7.48 euro per share, exercisable up to the end of the third year. During 1999, the company has anticipated the exercise of warrants A and B;

SONAE / 97 amounting to 149,639,369 euro repayable after 10 years, at par value, in two equal instalments on the 18th and 20th coupons. Interest rate equals Lisbor1 plus 0.17% from the 1st to the 14th coupon and Lisbor1 plus 0.22% 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. Earning interest at annual interest rate equal to Lisbor1 plus 0.25%. On January 2003 a partial redemption of 27,963,842 euro was made, consequently, bonds outstanding at 30 June 2003 amounts to 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;

TAFISA / 98 amounting to 30,050,605 euro repayable in full in 2004. Earning interest at an annual interest rate equal to Mibor1 plus 0.75%. In the first half year of 2003 a partial redemption of 6,911,639 euro was made, consequently, bonds outstanding at 30 June 2003 amounts to 23,138,966 euro;

¹ Changed to Euribor

Bonds totalling 334,101,094 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 half yearly at normal market rates obtained by a subsidiary of Modelo Continente from a syndicate of banks;

A bank loan of 177,630,092 reais (54,011,982 euro), repayable in 2008, bearing interest payable half yearly at normal market rates, obtained by a subsidiary of Modelo Continente, in Brazil, net of exchange rate hedging financial instruments amounting to 288,408,750 reais (nearly 87,696,489 euro valued at the exchange rate at the end of the period). On 30 June 2003 the valuation of this financial instrument amounts to 61,608,564 reais (nearly 18,713,316 euro). The Board of Directors considers this amount is linked to the bank liabilities used to finance that affiliated, and intends to end this instrument with the loan total repayment. Consequently, the net value of these amounts is recorded under "Bank Loans - amounts falling due after more than one year";

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 a subsidiary of Sonae Imobiliária;

Loans by credit facility contracts are obtained by a subsidiary 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 2003, repayable as from 2009;

A bank loan of 122,856,000 euro, contracted by an affiliate of Sonae Imobiliária, of which 110,735,640 euro had been used as at 30 June 2003. 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 will be reduced to 300,000 thousand euro on 20 December 2002, 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 thousand euro, repayable in 9.5 years, of which 61,114,696 euro are repayable in the short term. The loan is repayable in thirteen half yearly increasing instalments, starting on 15 December 2002. In June 2003 this loan has been replaced by a new financing agreement with another syndicate of banks amounting to 575,000,000 euro and repayable between the third and eight years.

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

Bank loans of 64,308,000 euro, obtained by a subsidiary 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.

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 6,445,174 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 17,369,680 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 subscribed shares representing 5.7% of the capital increase of Modelo Continente, SGPS, SA, under the same contractual terms. Consequently, at 30 June 2003, 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 the company 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 a 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".

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. and its subsidiaries ("Sonae Group") for the half year ended 30 June 2003 which comprise the Report of the Board of Directors, the consolidated Balance Sheet (that reflects a total of 7,785,704,303 Euro and a shareholders' equity of 518,706,751 Euro, including a net profit of 2,665,408 Euros), 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 information 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, timely, clear, objective and licit, as required by the Securities Market Code, and to issue a moderate assurance, professional and independent report on those consolidated financial statements, based on our work.

Scope

5. The purpose of our work was to obtain moderate assurance as to whether the above mentioned consolidated financial statements are 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, the Sonae Group 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, the Sonae Group 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 generally accepted accounting principles in Portugal, and had the Sonae Group maintained the accounting policy and amortisation periods adopted until 31 December 2000, assets and shareholders' equity as of 30 June 2003 would increase by 701,717,235 Euro and the consolidated net profit for the period then ended would decrease by 33,028,616 Euro, corresponding to the amortisation of goodwill for the half-year ended 30 June 2003.

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 2003 are not exempt from material misstatement that affects their conformity with generally accepted accounting principles and that, in terms of the definitions included in the Technical Standards referred to in paragraph 5 above, are not complete, true, timely, clear, objective and licit.

Emphases

10. The Sonae Group has recorded deferred tax assets of 109,329,000 Euro (of which 4,742,000 Euro recorded as income in the half-year ended 30 June 2003), relating to tax losses carried forward by some subsidiaries of Sonae Indústria, S.G.P.S, S.A., located mainly in France, and by its subsidiary Optimus – Telecomunicações, S.A.. The future use of these tax losses, and consequently the recovery of related deferred tax assets, is uncertain due to the restructuring process in progress in some of these subsidiaries and depends on the fulfilment of their business plans and the maintenance of the current conditions for carrying tax losses forward.
11. As explained in Note 38, the parent company and its subsidiaries sold investments in prior years and recorded capital gains thereon in their non consolidated financial statements (of which the more significant amounts occurred in the year 2000) which, in the part related to sales to other group companies, were eliminated in the consolidation process. In accordance with the policy adopted in preceding years, the Boards of Directors of the parent company and of its subsidiaries intend to comply with tax requirements for reinvestment in accordance with current legislation, through the acquisition of other investments.

Porto, 24 September 2003

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

**REPORT ON THE LIMITED REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2003**

(Translation of a report originally issued in Portuguese)

**To the Shareholders and the Board of Directors of
Sonae, S.G.P.S., S.A.**

1. We have reviewed the accompanying consolidated financial statements of Sonae, S.G.P.S., S.A. and its subsidiaries ("Sonae Group"), which comprise the consolidated Balance Sheet as of 30 June 2003, the consolidated Statement of Profit and Loss by nature for the half-year then ended and the related notes. The preparation of these consolidated financial statements is the responsibility of the Company's Board of Directors.
2. Our limited review of the half-year consolidated financial statements mentioned above consisted, essentially, of enquiries and interviews to management and other officials of the Sonae Group and of analytical procedures applied to the financial and accounting information. The scope of this limited review was substantially less than an audit performed in accordance with the generally accepted auditing standards, whose objective is to express an opinion on the financial statements as a whole. Consequently, we do not express such an opinion.
3. Up to 31 December 2000, the Sonae Group 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, the Sonae Group 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 the Sonae Group maintained the accounting policy and amortisation periods adopted until 31 December 2000, assets and shareholders' equity as of 30 June 2003 would increase by 701,717,235 Euro and the consolidated net profit for the period then ended would decrease by 33,028,616 Euro, corresponding to the amortisation of goodwill for the half-year ended 30 June 2003.
4. Based on our limited review, except for the effect of the matter referred to in paragraph 3 above, nothing came to our attention that affects significantly the compliance of the financial statements referred to in paragraph 1 above, with generally accepted accounting principles in Portugal.
5. The Sonae Group has recorded deferred tax assets of 109,329,000 Euro (of which 4,742,000 Euro recorded as income in the half-year ended 30 June 2003), relating to tax losses carried forward by some subsidiaries of Sonae Indústria, S.G.P.S., S.A., located mainly in France, and by its subsidiary Optimus – Telecomunicações, S.A.. The future use of these tax losses, and consequently the recovery of related deferred tax assets, is uncertain due to the restructuring process in progress in some of these subsidiaries and depends on the fulfilment of their business plans and the maintenance of the current conditions for carrying tax losses forward.

6. As explained in Note 38, the parent company and its subsidiaries sold investments in prior years and recorded capital gains thereon in their non consolidated financial statements (of which the more significant amounts occurred in the year 2000) which, in the part related to sales to other group companies, were eliminated in the consolidation process. In accordance with the policy adopted in preceding years, the Boards of Directors of the parent company and of its subsidiaries intend to comply with tax requirements for reinvestment in accordance with current legislation, through the acquisition of other investments.

Porto, 24 September of 2003

DELOITTE & TOUCHE