



SONAE - SGPS, SA

Sociedade Aberta

Lugar do Espido - Via Norte – Apartado 1011

4471- 909 Maia - Portugal

Share Capital: Euro 2,000,000,000

Maia Commercial Registry (Nr. 14 168)

Fiscal Nr. 500 273 170

## **INDIVIDUAL FINANCIAL STATEMENTS**

**30 JUNE 2004**

**Sonae SGPS, SA - Sociedade Aberta**  
**Lugar do Espido Via Norte Apartado 1011**  
**4471-909 Maia Portugal**  
**Share Capital Euro 2 000 000 000,00**  
**Maia Commercial Registry (Nr. 14168)**  
**Fiscal Nr. 500 273 170**

## **REPORT OF THE BOARD OF DIRECTORS**

### **1ST HALF 2004**

To the Shareholders:

We hereby present the Board of Directors' report and financial statements for the first half of 2004. These documents refer to the individual holding company of the Group, Sonae, SGPS, SA, and not the consolidated report and financial statements that is presented in a separate report.

#### **1. BUSINESS ACTIVITY**

During the first half of the year, the following significant changes in the company's shareholdings occurred:

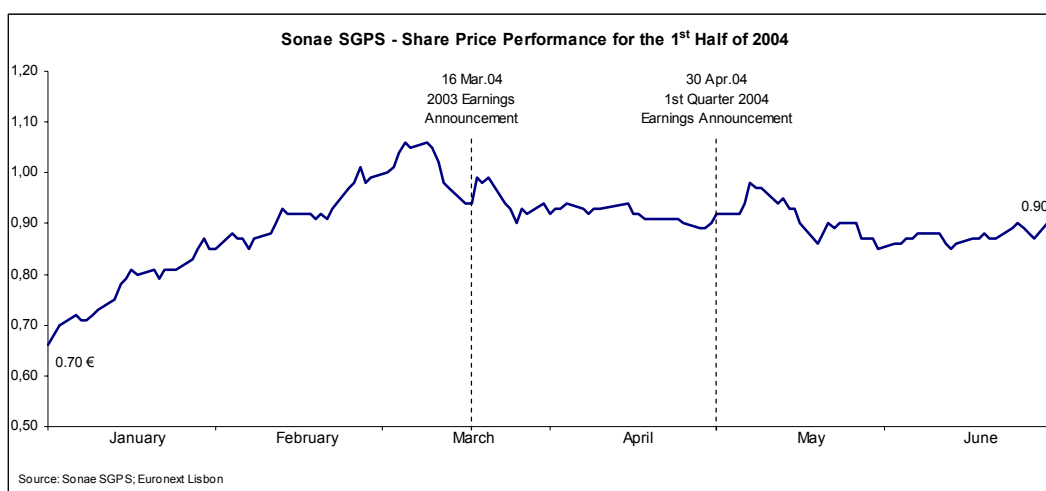
- the acquisition in January of 299,000 shares of Sonaecom, SGPS, SA for around 0.9 million euro;
- the acquisition in March from the affiliated undertaking Sonae Investments BV of 50% of the shares of Sonae Imobiliária, SGPS, SA for 469.5 million euro.

In the period, shareholders' loans totaling 340 million euro were made to affiliated undertakings while shareholders' loans of 767 million euro in affiliated undertakings were repaid.

## 2. PROFITABILITY AND FINANCIAL SITUATION

The company made a net profit of almost 7.7 million euro in the first half of 2004, mainly as a result of interest received on shareholders' loans made to affiliated undertakings less interest paid on bank loans and operating expenses.

## 3. SHARE PERFORMANCE



During the six months, the Sonae share increased in value by about 36%, compared to an increase in the PSI 20 Index of around 9.5%.

## 4. OWN SHARES

During the first half of 2004, the company did not sell or buy any own shares. The number of own shares held remained at 134,128,021 with an average purchase cost of around 1.07 euro. The share price as at 30 June 2004 was 0.9 euro.

The affiliated undertaking Modelo Continente, SGPS, SA continued to hold 50,000 shares of Sonae SGPS, SA at the end of the first half of 2004 at a cost of 0.5 million euro.

## 5. CORPORATE GOVERNANCE

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

The Board of Directors has the following members:

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

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

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

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

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

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

- a) to appoint the Chairman of the Board;
- b) to co-opt a substitute for a member of the Board;
- c) to convene Shareholders' General Meetings;

- d) to approve the Annual Report and Accounts;
- e) to grant any pledges, guarantees or charges over the assets of the Company;
- f) to decide to change the Company's registered office or to approve any share capital increases;
- g) to decide on mergers, de-mergers, or modifications to the corporate format of the Company;
- h) to approve the annual portfolio management strategy;
- i) to approve the annual business plan and significant changes to it.

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

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

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

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

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

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

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

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

Maia, 31 July 2004

**The Board of Directors**

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Álvaro Cuervo Garcia

Ângelo Gabriel Ribeirinho dos Santos Paupério

Duarte Paulo Teixeira de Azevedo

Luíz Felipe Palmeira Lampreia

Michel Marie Bon

Nuno Manuel Moniz Trigos Jordão

Nuno Miguel Teixeira de Azevedo

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

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

		Purchases		Sales		Balance as of
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	30.06.2004
						Quantity
<b>Belmiro Mendes de Azevedo</b>						
Efanor Investimentos, SGPS, SA (1)						49,999,997
Imparfin, SGPS, SA (3)						150,000
Sonae, SGPS, SA						14,901
Sonaecom, SGPS, SA						75,537
<b>Álvaro Carmona e Costa Portela</b>						
Sonae, SGPS, SA						25,934
Sonaecom, SGPS, SA						5,000
Sale	08.03.2004			30,000	3.42	
Sale	09.03.2004			10,462	3.45	
Sale	12.03.2004			148	3.16	
Sale	12.03.2004			5,000	3.156	
Sale	12.03.2004			3,107	3.15	
Sale	17.03.2004			6,083	3.15	
<b>Ângelo Gabriel Ribeirinho dos Santos Paupério</b>						
Sonae, SGPS, SA						4,564
Sonae.com, SGPS, SA						59,800
<b>Duarte Paulo Teixeira de Azevedo</b>						
Efanor Investimentos, SGPS, SA (1)						1
Imparfin, SGPS, SA (3)						150,000
Sonae, SGPS, SA						277,486
Sonaecom, SGPS, SA						278,967
Shares attributed under a Share Based Compensation Plan	01.04.2004	14,092	0			
<b>Michel Marie Bon</b>						
Sonae, SGPS, SA						3,136
<b>Nuno Manuel Moniz Trigo Jordão</b>						
Sonaecom, SGPS, SA						0
Sale	05.03.2004			59,800	3.41	
<b>Nuno Miguel Teixeira de Azevedo</b>						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA						14,320
Sonaecom, SGPS, SA						0
Sale	04.03.2004			29,900	3.41	

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

As required by article 9, nr. 1 d) of CMVM Regulation 04/2004, the following shareholders held more than 2% of the company's share capital:

<b>Shareholder</b>	<b>Nr. of shares</b>	<b>% of Voting Rights</b>
Efanor Investimentos, SGPS, S.A.	949,983,715	50.915%
Pareuro, BV	108,820,695	5.832%
Maria Margarida Carvalhais Teixeira de Azevedo	14,901	0.001%
Maria Cláudia Teixeira de Azevedo	321,012	0.017%
Duarte Paulo Teixeira de Azevedo	274,193	0.015%
Total attributable to Efanor Investimentos, SGPS, S.A.	<u>1,059,414,516</u>	<u>56.780%</u>
Banco BPI, S.A.	51,868	0.003%
Banco Português de Investimento, S.A.	6,149,558	0.330%
Pension funds managed by BPI - Sociedade Gestora de Fundos de Pensões, S.A.	2,253,776	0.121%
Investment funds managed by BPI - Gestão de Fundos de Investimento Mobiliário, S.A.	31,693,846	1.699%
BPI Vida - Companhia de Seguros de Vida, S.A.	199,523	0.011%
Institutional customers whose portfolio is managed under discretionary management	934,513	0.050%
Private individuals whose portfolio is managed under discretionary management	844,765	0.045%
Total attributable to Banco BPI, S.A.	<u>42,127,849</u>	<u>2.258%</u>



**Sonae-SGPS,SA**
**Balance Sheet - 30 June 2004**

euro

Assets	04.06.30			03.06.30
	Assets	Depreciation & Provisions	Net Assets	Net Assets
<b>Fixed Assets</b>				
Intangible assets:				
Start-up costs.....	16,191,325	16,191,325		
Patents and other similar rights.....	19,486	19,486		
	16,210,811	16,210,811		
Tangible assets:				
Plant and machinery.....	17,352	13,889	3,463	5,198
Vehicles .....	195,502	194,955	547	
Fixtures and fittings .....	1,886,291	1,578,689	307,602	31,162
Others.....	723	262	461	
In construction.....	381,952		381,952	
	2,481,820	1,787,795	694,025	36,360
Investments:				
Shares in related (including associated) undertakings.....	3,025,421,126		3,025,421,126	2,553,950,843
Loans to related (including associated) undertakings.....	1,040,339,645		1,040,339,645	1,475,548,767
Other investments other than loans.....	49,880		49,880	49,880
	4,065,810,651		4,065,810,651	4,029,549,490
<b>Current assets:</b>				
Debtors: amounts falling due after more than one year:				
Other debtors.....	20,725		20,725	31,072
	20,725		20,725	31,072
Debtors: amounts falling due within one year:				
Trade debtors.....	402,177		402,177	
Related undertakings .....	1,193,727		1,193,727	104,080,531
Taxes recoverable.....	842,654		842,654	4,037,917
Other debtors.....	670,443		670,443	1,355,895
	3,109,001		3,109,001	109,474,343
Cash at bank:				
Banks.....	69,207		69,207	104,083
Cash.....	2,500		2,500	2,500
	71,707		71,707	106,583
<b>Accrued income and prepayments</b>				
Accrued income.....	9,800,889		9,800,889	14,606,414
Prepayments.....	700,770		700,770	309,895
	10,501,659		10,501,659	14,916,309
<b>Total depreciation</b>		17,998,606		
<b>Total provisions</b>				
<b>Total assets</b>	4,098,206,374		4,080,207,768	4,154,114,157

The Accountant

The Board of Directors

**Sonae-SGPS,SA**
**Balance Sheet - 30 June 2004**

euro

Shareholders' funds and liabilities	04.06.30	03.06.30
<b>Shareholders' funds</b>		
Called up share capital.....	2,000,000,000	2,000,000,000
Own shares - nominal value.....	-134,128,021	-134,128,021
Own shares - premium.....	-9,856,199	-9,856,199
Other reserves:		
Legal reserve.....	152,113,582	150,629,362
Other reserves .....	1,405,988,354	1,405,775,521
	3,414,117,716	3,412,420,663
Profit/(Loss) for the financial year	7,662,646	17,159,969
<b>Total shareholders' funds</b>	<b>3,421,780,362</b>	<b>3,429,580,632</b>
<b>Liabilities</b>		
Creditors: amounts falling due after more than one year:		
Bonds		
Non convertible.....	149,639,369	149,639,369
Bank loans.....	37,500,000	43,750,000
	187,139,369	193,389,369
Creditors: amounts falling due within one year:		
Bonds		
Non convertible.....		49,879,790
Bank loans and overdrafts.....	270,824,795	342,349,505
Trade creditors.....	192,770	267,668
Related undertakings.....	157,769,385	96,609,635
Other shareholders.....	24,477	64,508
Fixed asset suppliers.....	748,957	
Taxes and contributions payable (including income taxation).....	180,600	84,915
Other creditors.....	35,222,921	35,268,535
	464,963,905	524,524,555
Accruals and deferred income		
Accruals.....	6,324,132	6,619,601
	6,324,132	6,619,601
<b>Total liabilities</b>	<b>658,427,406</b>	<b>724,533,525</b>
<b>Total shareholders' funds and liabilities</b>	<b>4,080,207,768</b>	<b>4,154,114,157</b>

The Accountant

The Board of Directors

**Sonae-SGPS,SA**
**Profit and Loss Account by natures for the period ended 30 June 2004**
**euro**

Charges	04.06.30		03.06.30	
External supplies and services.....		1,121,225		846,759
Staff costs:				
Wages and salaries.....	2,030,623		1,217,137	
Social costs:.....				
Others.....	1,091,564	3,122,187	198,724	1,415,861
Depreciation and amortisation of tangible and intangible fixed assets .....	62,333		8,029	
Provisions.....		62,333		8,029
Taxes, excluding income taxes.....	1,170,201		854,873	
Other operating charges.....	62,389	1,232,590	82,140	937,013
(A)		5,538,335		3,207,662
Interest and similar charges:				
Related undertakings.....	2,145,444		2,360,799	
Others.....	11,029,717	13,175,161	13,945,606	16,306,405
(C)		18,713,496		19,514,067
Extraordinary charges.....		12,204		40,084
(E)		18,725,700		19,554,151
Income taxation.....				
(G)		18,725,700		19,554,151
Profit for the financial year.....		7,662,646		17,159,969
		26,388,346		36,714,120
Income				
Services rendered.....	708,245	708,245		
Supplementary income.....	75,925		4,592	
Other operating income.....		75,925		4,592
(B)		784,170		4,592
Dividend income:				
Relating undertakings.....	1,019,471			
Investment income:				
Related undertakings.....	109,230		2,848,979	
Other interest received and similar income:				
Related undertakings.....	24,458,337		33,004,815	
Others.....	466	25,587,504	25,665	35,879,459
(D)		26,371,674		35,884,051
Extraordinary income.....		16,672		830,069
(F)		26,388,346		36,714,120
Summary:				
Operating profit/(loss): (B) - (A) =		-4,754,165		-3,203,070
Net financial profit: [(D) - (B)] - [(C) - (A)] =		12,412,343		19,573,054
Profit on ordinary activities: (D) - (C) =		7,658,178		16,369,984
Profit/(Loss) before taxation: (F) - (E) =		7,662,646		17,159,969
Profit/(Loss) for the financial year: (F) - (G) =		7,662,646		17,159,969

**The Accountant**
**The Board of Directors**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2004

(Amounts expressed in Euro)

**INTRODUCTION**

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 financial statements, only the notes that are applicable are included, although the standard numbering has been retained.

**1. DEPARTURE FROM PORTUGUESE ACCOUNTING PRINCIPLES**

Fixed assets investments are valued in these financial statements at cost. Portuguese accounting directive nr. 9/92 requires the use of the equity method to value fixed assets investments. Management has decided not to use the equity method because, had it been used, these financial statements would still not present a true and fair view of the assets and operations of the company and its affiliated undertakings, which is the purpose of the consolidated financial statements, presented separately. In addition, under IAS, the use of the equity method to value fixed assets investments is not mandatory when presenting consolidated financial statements.

**3. PRINCIPAL ACCOUNTING POLICIES**

The financial statements, which are based on the Company's accounting records, were prepared on a going concern and accruals basis and using the historical cost convention, modified by the revaluation of tangible fixed assets, which include successive legal revaluations. A summary of the more important accounting policies used is set out below:

a) Tangible fixed assets

Tangible fixed assets are stated at purchase cost (including costs of acquisition) or valuation. Valuations are calculated using general purchasing indices allowed by Portuguese fiscal legislation as explained in note 12.

Depreciation is calculated on a straight-line monthly basis over the expected useful lives of the assets.

b) Intangible fixed assets

Intangible fixed assets are stated at cost and amortised on a straight-line basis over a period of three years.

c) Fixed Assets Investments

Investments in related undertakings are stated at cost, including related purchase expenses. Loans to related undertakings and other loans are stated at their nominal value.

Estimated permanent losses in the value of fixed assets investments and loans, whenever their realisable value is lower than cost, are stated in the caption "Provisions for investments"

Fixed assets investments sold are valued using purchase lots.

d) Debts to and from third parties

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange at each balance sheet date. Where foreign currency balances at year end are covered by forward exchange contracts, the contract rate is used for currency conversion. The resulting exchange gains and losses are recorded in the profit and loss account

e) Recognition of expenses and income

The Company records income and expenses on an accruals basis. On this basis, income and expenses are recognised in the period to which they relate, independently of when the amounts are received or paid.

f) Provisions

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

g) Income tax

Income tax for the period is calculated based on the taxable income of the Company in accordance with Portuguese tax regulations.

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

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

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.

## 7. EMPLOYEE INFORMATION

The average number of employees of the company as of 30 June 2004, is as follows:

	<b>04.06.30</b>
Employees	<u>56</u>

## 10. DETAILS FIXED ASSETS

Movements in fixed assets and in depreciation and provisions during the period can be summarised as follows:

<b>Gross Assets</b>					euro
Captions	Opening Balance	Increase	Decrease	Transfers and write-offs	Closing Balance
<b>Intangible Assets:</b>					
Start-up costs	16,191,325				16,191,325
Patents and other similar rights	19,486				19,486
	<u>16,210,811</u>				<u>16,210,811</u>
<b>Tangible Assets:</b>					
Plant and machinery	17,352				17,352
Vehicles	194,407	1,095			195,502
Fixtures and fittings	1,558,129	344,257	16,095		1,886,291
Others		723			723
In construction		381,952			381,952
	<u>1,769,888</u>	<u>728,027</u>	<u>16,095</u>		<u>2,481,820</u>
<b>Investments:</b>					
Shares in related (including associated) undertakings	2,553,950,843	471,520,283	50,000		3,025,421,126
Loans to related (including associated) undertakings	1,455,391,482	340,132,297	766,865,150	11,681,016	1,040,339,645
Other investments other than loans	49,880				49,880
	<u>4,009,392,205</u>	<u>811,652,580</u>	<u>766,915,150</u>	<u>11,681,016</u>	<u>4,065,810,651</u>
<b>Accumulated depreciation</b>					euro
Captions	Opening Balance	Increase	Decrease	Transfers and write-offs	Closing Balance
<b>Intangible Assets:</b>					
Start-up costs	16,191,325				16,191,325
Patents and other similar rights	19,486				19,486
	<u>16,210,811</u>				<u>16,210,811</u>
<b>Tangible Assets:</b>					
Plant and machinery	13,021	868			13,889
Vehicles	194,407	548			194,955
Fixtures and fittings	1,534,129	60,655	16,095		1,578,689
Others		262			262
	<u>1,741,557</u>	<u>62,333</u>	<u>16,095</u>		<u>1,787,795</u>

## 12. REVALUATIONS OF TANGIBLE ASSETS

Tangible assets held by the company were revalued in previous years as allowed by:

- Decree-Laws nrs. 118-B/86 of 27 May, 111/88 of 2 April, 49/91 of 25 January, 264/92 of 24 November.

## 13. REVALUATION OF TANGIBLE ASSETS

The effect of the revaluations of tangible assets in net book value is nil.

## 16. AFFILIATED AND ASSOCIATED UNDERTAKINGS

At 30 June 2004 the Company held investments in the following affiliated and associated undertakings:

euro				
Company	Head Office	% Held	Shareholder's Equity as at 30 June 2004	Net Profit / (Loss)
Integrum - Serviços Partilhados, SA	Maia	85.00	-49,913	-344,925
Interlog, SGPS, SA	Lisbon	1.02	18,294,702	140,083
Modelo Continente, SGPS, SA	Matosinhos	57.03	2,330,132,738	37,841,962
Sonae Capital, SGPS, SA	Maia	100.00	117,886,694	-87,506
Sonae Indústria, SGPS, SA	Maia	95.87	811,549,962	-681,604
Sonae Investimentos América Latina, Lda	S. Paulo	99.99	15,455	854
Sonae Investments, BV	The Netherlands	100.00	-463,205	252,512,561
Sonae Produtos e Derivados Florestais, SGPS, SA	Maia	100.00	244,814,849	882,833
Sonae Turismo, SGPS, SA	Maia	97.89	198,558,182	-9,437
Sonaeacom, SGPS, SA	Maia	17.40	480,919,249	-6,348,859
Sonae Imobiliária, SGPS, SA	Maia	50.00	740,020,298	112,250,153
Sonaegest Soc. Gest. Fundos Imobiliários, SA	Maia	20.00	1,394,375	-10,857

As ruled by the Portuguese Securities and Exchange Commission, Management informs that the acquisition of 7,467 shares of Interlog, SGPS, SA under the terms of article 490 of the Portuguese Company Law is being disputed in court.

The Company presents its consolidated financial statements, which in turn are consolidated into Efanor Investimentos, SGPS, SA, located in Porto.

## 27. BONDS

### SONAE / 97 BONDS

14,963,936,912 bonds - Nominal Value: 0.01 euro, arising from the restatement of 3,000,000 bonds with a nominal value of 10,000 Escudos.

Type: Classic Bonds

Subscription: Private on 24 October 1997

Form: Non-titled Bonds

Payment: In one payment, at nominal value, at the time of subscription.

Maturity: 10 years, unless early repayment occurs.

Nominal Interest Rate:

1st to 13th coupon - indexed to EURIBOR 6 month rate (formerly Lisbor) published two working days prior to the first day preceding the interest period, with a spread of 0.17% p.a.

14th coupon - indexed to EURIBOR 6 month published two working days prior to the first day preceding the interest period, with a spread of 1.17% (\*)

15th to 20th coupon - indexed to EURIBOR 6 month published two working days prior to the first day preceding the interest period, with a spread of 1.22% (\*)

Interest Payment: half yearly in arrears, on 24 April and 24 October of each year

Repayment: at nominal value, in two equal instalments, on the maturity date of the 18th and 20th coupons (24 October 2005 and 24 October 2006, respectively).(\*)

Tax regime: Liable to withholding tax at a rate of 20% (flat rate for personal income tax purposes, except when included in taxable income) and exempt from gift and inheritance tax.  
Listed on the secondary market on 11 May 1998.

(\*) - Changes to original terms, approved in the Bondholders' General Meeting of 31 March 2004

#### "INPARSA / 98" BONDS

This loan was fully repaid on 11 January 2004

## **29. AMOUNTS OWING REPAYABLE AFTER MORE THAN 5 YEARS**

The amount recorded in the caption "Bank loans - amounts falling due after more than one year" refers to a loan obtained from a financial institution, in the initial amount of 50,000,000 euros, for which the Company is solidarily responsible with its affiliated undertaking Sonae Indústria, SGPS, SA. The loan bears interest at normal market rates and is repayable in half year instalments from 15 December 2003 (instalments due 15 December 2004 and 15 June 2005 are disclosed under short term) to 15 June 2011.

## **31. FINANCIAL COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET**

As at 30 June 2004 the financial commitments not included in the balance sheet were as follows:

	euro
Long term rental instalments not yet due	136,466

## **32. RESPONSIBILITIES FOR GUARANTEES GIVEN**

At 30 June 2004 responsibilities for guarantees given were as follows:

Guarantees:

	euro
Maia Tax department	1,668,260
Porto Administrative Court	280,708
Porto Civil Court	74,491
European Investment Bank (a)	162,750,000

(a) Includes 119.000.000 euro relating to guarantees given together with the affiliated undertakings Sonae Indústria, SGPS, SA and Glunz, AG.

Guarantee given to Caixa Geral de Depósitos relating to a 21,323,610.11 euro loan granted to the affiliated undertaking Imoareaia - Sociedade Imobiliária, S.A..

Guarantee given to Caixa Geral de Depósitos relating to a 13,467,543.22 euro loan granted to the affiliated undertaking Imoareaia - Sociedade Imobiliária, S.A..

The Company is responsible for several loans obtained by its affiliated undertaking Sonae Investments, BV, amounting to 21,996,043.29 euro.

The Company is responsible for a loan of 119,000,000 euro obtained by its affiliated undertaking Sonae Indústria, SGPS, SA and Glunz, AG.

The Company is responsible for a loan of up to 2,000,000 GBP given to its affiliated undertaking Sonae Tfibra UK. As at 30 June 2004 the amounts drawn down totalled 172,661.08 GBP.

The Company is responsible for loans obtained by its affiliated undertakings Sonae Indústria, S.G.P.S., S.A. and Tableros Aglomerados Ibericos, S.A. up to 12,000,000 Euro. As of 30 June 2004 the balance drawn down amounts to 1,590,920.72 euro.

Pledge over 31.83% of Modelo Continente, SGPS, SA's share capital granted to the Santander Group arising from put/call options on Modelo Continente, SGPS, SA shares entered into by an affiliated undertaking.

Guarantee given to a financial institution relating to financial commitments totalling 117,532,153 of the affiliated undertaking Sonae Investments B.V..

### 36. SHARE CAPITAL

As at 30 June 2004 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

### 37. CORPORATE ENTITIES HOLDING 20% OR MORE OF THE SHARE CAPITAL

As at 30 June 2004 the following entities held more than 20% of the share capital:

Entity	%
Efanor Investimentos, SGPS, SA	50.91

### 40. MOVEMENTS IN EQUITY

Movements in equity in the 1<sup>st</sup> half of 2004 may be summarised as follows:

	Opening Balance	Increase	Decrease	euro Closing Balance
Share Capital	2,000,000,000			2,000,000,000
Own Shares:				
Nominal value	-134,128,021			-134,128,021
Discount/(Premium)	-9,856,199			-9,856,199
Reserves:				
Legal reserve	150,629,362	1,484,220		152,113,582
Other reserves:				
Free	1,261,266,966	212,833		1,261,479,799
Captive reserve (1)	144,508,555			144,508,555
	3,412,420,663	1,697,053		3,414,117,716

(1) Under article 324 of the Portuguese Companies Act shareholders are not allowed to distribute reserves equal to amounts paid for own shares.

As decided at the annual Shareholders' General Meeting, the net profit for the year 2003 was transferred to:

	euro
Legal reserve	1,484,220.00
Dividends paid	27,987,329.69
Free reserves	212,833.35
	29,684,383.04

### 43. REMUNERATION OF THE MEMBERS OF THE STATUTORY BOARDS

	euro
Board of Directors	830,786 a)
Auditor	18,240 a)

a) includes only remunerations paid directly by the Holding Company.



#### 45. ANALYSIS OF NET FINANCIAL CHARGES

	euro	
Charges	04.06.30	03.06.30
Interest expense	10,701,808	14,226,760
Other financial charges	2,473,353	2,079,645
Net financial charges	12,412,343	19,573,054
	25,587,504	35,879,459
Income	04.06.30	03.06.30
Interest income	24,567,958	35,879,350
Exchange gains	75	109
Gain on disposal of short term investments	1,019,471	
	25,587,504	35,879,459

#### 46. ANALYSIS OF NET EXTRAORDINARY ITEMS

	euros	
Charges	04.06.30	03.06.30
Donations		40,000
Loss on the sale of fixed assets	1,950	
Fines and penalties paid	10,254	
Other extraordinary charges		84
Net extraordinary gains	4,468	789,985
	16,672	830,069
Income	04.06.30	03.06.30
Gain on the sale of fixed assets	142	47,252
Gains relating to prior years	2,019	
Other extraordinary income	14,511	782,817
	16,672	830,069

#### 47. INFORMATION REQUIRED BY LAW

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

During the 1<sup>st</sup> half of 2004 shareholders' loan contracts were entered into with the following companies:

Sonae Capital, SGPS, SA  
Sonae Investments BV

During the 1<sup>st</sup> half of 2004 short-term loan contracts were entered into with the following companies:

Efanor Investimentos, SGPS, SA  
Imoplamac - Gestão de Imóveis, SA  
Modelo Continente, SGPS, SA  
Sonae Imobiliária, SGPS, SA  
Sonaecom, SGPS, SA

As at 30 June 2004 the amounts owed by affiliated undertakings can be summarized as follows:

##### Loans granted

	euro
Companies	Closing Balance
Integrum - Serviços Partilhados, SA	1,183,367
Sonae Capital, SGPS, SA	226,937,854
Sonae Indústria, SGPS, SA	225,734,806
Sonae Investments BV	587,666,985
	1,041,523,012

As at 30 June 2004 the amounts owed to affiliated undertakings may be summarized as follows:

Loans obtained

	euro
Companies	Closing Balance
Sonae Imobiliária, SGPS, SA	16,760,000
Sonae Produtos e Derivados Florestais, SGPS, SA	94,362,950
Sonaecom, SGPS, SA	42,015,000
Prosa - Programação Informática, SA	4,631,400
	<u>157,769,350</u>

#### 48. OTHER INFORMATION

On 30 April 2003, the Company signed a financial derivative contract, under which it has an option to acquire 116,625,111 shares of Portucel - Empresa Produtora de Pasta de Papel, S.A. at the same share price at which they were acquired by a financial institution from an affiliated undertaking under a sale agreement with suspensive conditions. That agreement also establishes that the shares can be sold to others by the financial institution, if the Company does not object.

Charges arising from the above mentioned agreement are recorded as financial charges (Note 45).

As of 29 December 2003, the Company granted Banco de Investimento Global, SA (Bank) the right to sell, wholly or partially, 6,700,000 shares of Portucel - Empresa Produtora de Pasta de Papel, SA, between 1 July and 31 December 2004. Simultaneously, the bank granted the Company a preference right on the disposal of such shares, and the right to include them in a future sale of other Portucel shares. These rights ceased by mutual agreement in July 2004.

The Accountant

The Board of Directors

**LIMITED REVIEW STATUTORY REPORT**  
**ON HALF YEAR NON-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 non-consolidated financial statements of Sonae, SGPS, S.A. for the half year ended 30 June 2004 which comprise: the Report of the Board of Directors, the Balance Sheet (that reflects a total of 4,080,207,768 Euro and a shareholders' equity of 3,421,780,362 Euro, including a net profit of 7,662,646 Euro), the 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.

**Responsibilities**

3. The Company's Board of Directors is responsible for: (i) the preparation of historical financial statements in accordance with generally accepted accounting principles and that is complete, true, timely, clear, objective and licit, as required by the Securities Market Code; (ii) the adoption of adequate accounting policies and criteria; (iii) the maintenance of an appropriate internal control system; and (v) informing any significant facts that have influenced its operations, financial position or results.
4. Our responsibility is to examine the financial information contained in the above mentioned 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 financial statements, based on our work.

**Scope**

5. The purpose of our work was to obtain moderate assurance as to whether the above mentioned financial statements 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 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 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 financial information included in the Report of the Board of Directors is consistent with the other above mentioned financial statements.
7. We believe that our work provides a reasonable basis for issuing the present limited review report on the half-year financial statements.

**Opinion**

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

**Emphasis**

9. The financial statements mentioned in paragraph 1 above relate to the non-consolidated activity of the Company and were prepared for publishing in compliance with applicable legislation. As mentioned in note 3.a) investments in affiliated and associated undertakings are stated at the lower of cost and realisable value this being calculated based on financial forecasts. The Company will prepare and present, in compliance with applicable legislation, consolidated financial statements as of 30 June 2004 that better reflect the financial position and results of the operations of the Company and its affiliated and associated undertakings.

Porto, 31 July 2004

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