SONAE

SONAE, SGPS, SA

Sociedade Aberta

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

Share Capital: Euro 2,000,000,000

Maia Commercial Registry (Nr. 500 273 170)

Fiscal Nr. 500 273 170

REPORT AND ACCOUNTS

FOR THE NINE MONTHS ENDED

30 SEPTEMBER 2006

(Translation from the Portuguese original)

REPORT OF THE BOARD OF DIRECTORS

FOR THE NINE MONTHS ENDED

30 SEPTEMBER 2006

Sonae, SGPS, SA - Sociedade Aberta
Lugar do Espido Via Norte Apartado 1011
4471-909 Maia Portugal
Share Capital Euro 2 000 000 000.00
Maia Commercial Registry (Nr. 500 273 170)
Fiscal Nr. 500 273 170

(Translation from the Portuguese original)

REPORT OF THE BOARD OF DIRECTORS

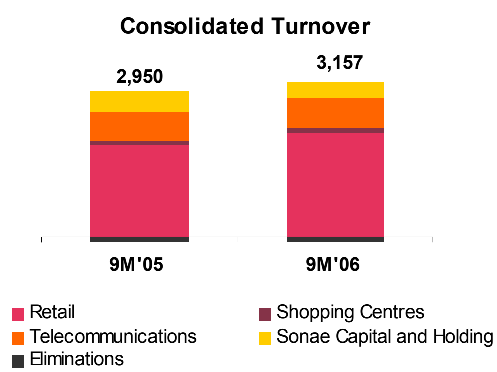
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

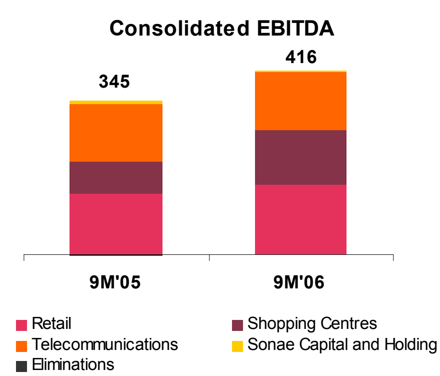
(Unless otherwise stated, the figures presented in this report relate to the first nine months of 2006. The figures shown in brackets are the comparable[1] figures for the previous year.)

CONSOLIDATED HIGHLIGHTS

Values in million euro

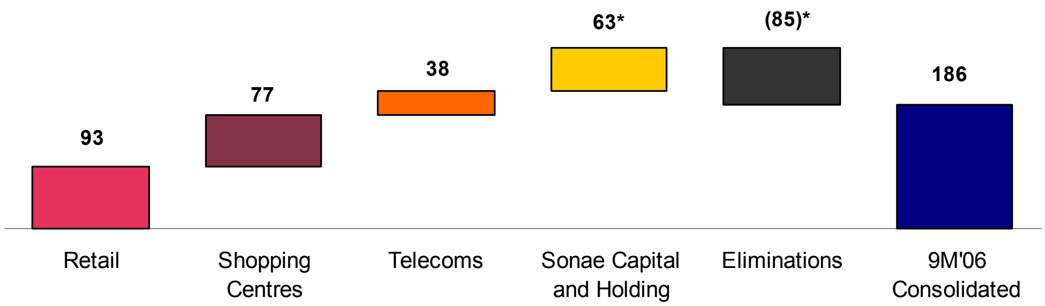
Economic Indicators	30.09.2006	30.09.2005 Proforma[1]	Δ
Turnover	**3,157.1**	2,950.2	+7%
Operational Cash-Flow (EBITDA)	**416.1**	345.2	+20.5%
EBITDA margin	**13.2%**	11.7%	+1.5 p.p.
Operational Profit (EBIT)	**242.9**	187.0	+29.9%
Profit for the period	**185.6**	155.2	+19.6%
Profit Attributable to Equity Holders of Sonae	**122.7**	111.3	+10.2%





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

Contributions to Consolidated Profit for the Period



* Includes dividends paid by the Retail and the Shopping Centres businesses.

Values in million euro

Financial Indicators	30.09.2006	31.12.2005	Δ
Total Assets	**5,814.8**	6,306.7	-7.8%
Total Equity	**1,652.7**	1,535.4	+7.6%
Net Debt	**2,175.9**	1,620.1	+34.3%
Annualised[2] Interest cover	**7.1**	6.1	+16.4%
Net Debt/annualised[2] EBITDA	**3.3**	1.7	+94.1%

MAIN CORPORATE EVENTS DURING THE PERIOD

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

On 20 April 2006, in an over the counter transaction, Sonae, SGPS, SA acquired, through Sonae Investments BV, 146,625,000 shares (13.3295% of the share capital) of its affiliate Modelo Continente, SGPS, SA, for the sum of 265.8 million euro. The transaction was made under the terms of the Call Option contract signed on 16 November 2004 between Sonae, SGPS, SA and Banco Santander Central Hispano, SA and its affiliated companies. On 6 September 2006, in a similar transaction, Sonae, SGPS, SA and Sonae Investments BV acquired, over the counter, 100,000,000 shares (9.09% of the share capital) of its affiliate Modelo Continente, SGPS, SA for the sum of 183.7 million euro. With this acquisition the call option contract ceased to exist.

On 16 October 2006, following the registration with the Commercial Registration Office of the acquisition of all of the shares in Modelo Continente, SGPS, SA, Sonae became, together with a wholly-owned subsidiary, the holder of 100% of the share capital of Modelo Continente, SGPS, SA.

[2] Annualised = Last twelve months.

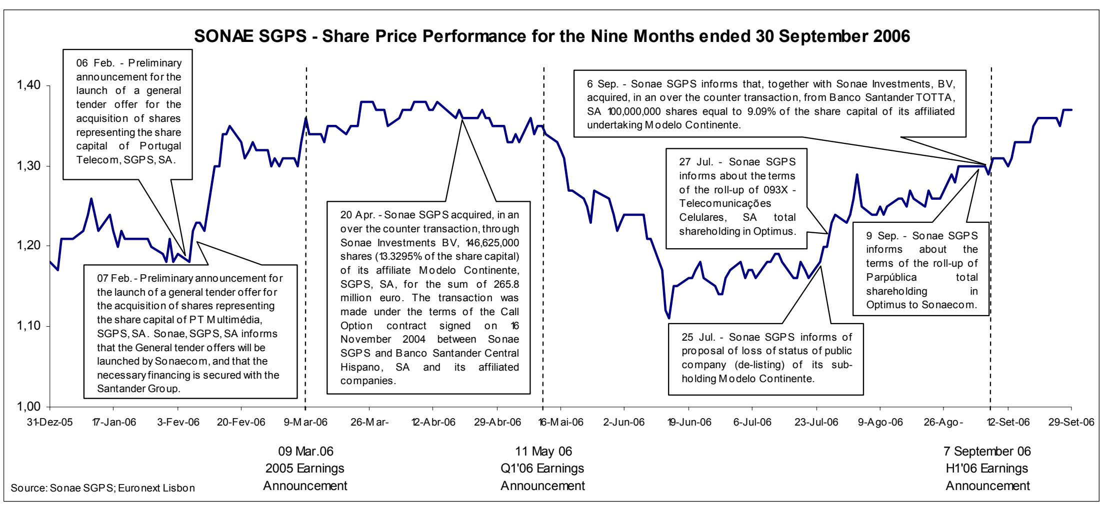
On 18 October 2006 the notary deed was signed for the share capital increase of Sonaecom, SGPS, SA from 296,526,868 euro to 366,246,868 euro, through the issuance of 69,720,000 new shares, each with a nominal value of 1 euro and with a corresponding total share premium of 275,657,217 euro, subscribed by 093X - Telecomunicações Celulares, SA and Parpública - Participações Públicas, SGPS, SA by means of contribution of their respective shareholdings, including supplementary capital, in Optimus - Telecomunicações, SA.

On 20 October 2006, Sonae Sierra, SGPS, SA signed an agreement for the sale of 50% of the share capital of Sonae Sierra Brazil, BV/Sarl to Developers Diversified, a company listed in the New York Stock Exchange. The transaction price was US$ 150 million (118.8 million euros using the exchange rate as at 30 September 2006). The gain arising from this transaction is estimated to be circa 16 million euros, at the average exchange rate as at 30 September 2006.

CORPORATE GOVERNANCE

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

SHARE PERFORMANCE



Up to 29 September 2006, Sonae SGPS's share price increased 16%, compared with a general stock market gain of 20%, as measured by the Portuguese Stock Market Index (PSI-20). As at the date of this report the share price was 1.49 euro.

The highest closing price in the first nine months of the year 2006 was achieved on 24 March at 1.38 euro per share, and the average daily transaction volume was around 9 million shares. Since the end of the period under review, the highest closing price has been 1.50 euro.

OWN SHARES

On 12 May 2006, Sonaecom, SGPS, SA transferred, in an over the counter transaction and in accordance with its Deferred Performance Bonus Plan, 557,574 Sonae, SGPS, SA shares to employees. After this transaction, Sonae, SGPS, SA holds directly or through its affiliated companies 133,418,572 own shares, representing 6.671% of its share capital.

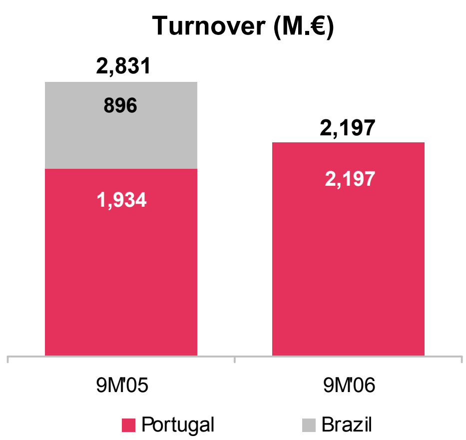
BUSINESS ANALYSIS [3]

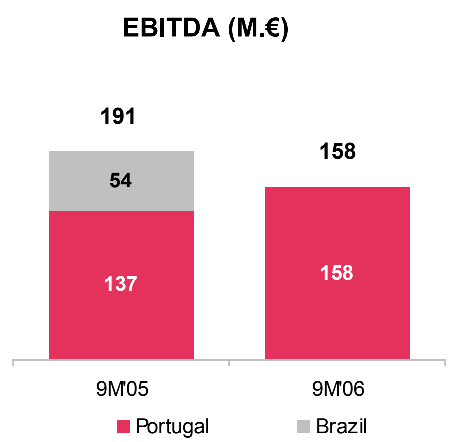
On 13 December 2005, the Retail business sold the whole of its stake in the Brazilian operations, ceasing activity in that market. Therefore, consolidated figures regarding the first nine months of 2006 and 2005 are not directly comparable.

RETAIL

Values in million euro

	9M'06	9M'05	Δ
Turnover	2,197	2,831	-22%
Operational Cash-Flow (EBITDA)	158	191	-17%
EBITDA Margin (% of turnover)	7.2%	6.7%	+0.5 p.p.
Profit Attributable to Equity Holders of Modelo Continente	89	65	+ 24





[3] The figures included in this section are those from the consolidated financial statements of each business.

Main highlights

- Turnover amounted to 2,197 million euro (2,831 million euro), representing a 14% increase in the Portuguese market (the Brazilian operations contributed 896 million euro to turnover in the first nine months of 2005). This increase was due to the positive performance of the like for like store portfolio, to the opening of new stores over the last 12 months (over 46 thousand m^2 of sales area), and to the acquisition, in February 2006, of control of Star, the travel agency format, which has strengthened the portfolio of non food formats.

- Consolidated operational cash flow (EBITDA) was 158 million euro (191 million euro), 21 million euro above the cash flow generated in the Portuguese market in the first nine months of 2005 (the contribution of the Brazilian operations in the first nine months of 2005 totalled 54 million euro).

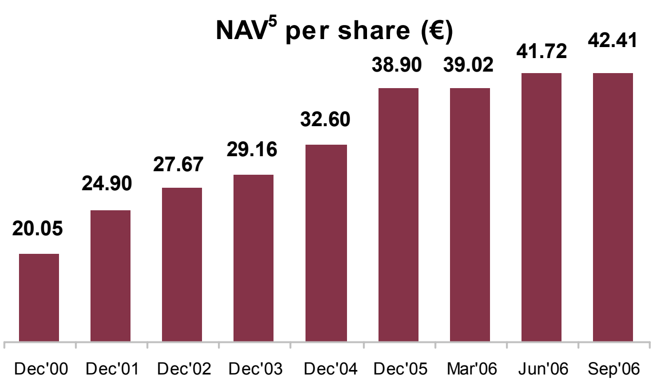
- Consolidated net profit for the period was 91 million euro (65 million euro), including 12 million euro relating to the price adjustment arising from the due diligence completed in accordance with the agreement for the sale of the Brazilian operations. The consolidated net profit in the first nine months of 2005 also included 29 million euro of non-recurrent profits associated with the sale of 10 stores in the São Paulo area.

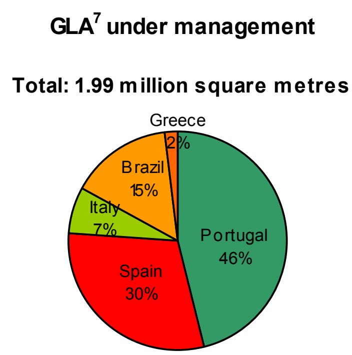
SHOPPING CENTRES

Values in million euro

	9M'06	9M'05	Δ
Operational Cash-Flow (EBITDA)	111	90	+24%
Direct Profits[4]	61	47	+28%
Profit Attributable to Equity Holders of Sonae Sierra	98	66	+49%

	30 Sep'06	31 Dec'05	Δ
NAV[5] per share	42.41	38.9	+9%
Asset gearing[6]	33.1%	31.9%	+1.2 p.p.





[4] Direct Profits = Net Profit before Minorities + Deferred Tax – Value created on Investments – Income realised on Properties.
[5] NAV – Net Asset Value.
[6] Asset Gearing = Net Bank Debt / (Total Assets – Cash and Cash Equivalents and Current Investments).
[7] GLA – Gross Lettable Area.

Main highlights

- Consolidated direct income from investments totalled 193 million euro (163 million euro), up 19%, and Operational Cash-Flow (EBITDA) increased by around 24% to 111 million euro (90 million euro). Such improvements were mainly due to additions to the company's portfolio, arising from: (i) the openings, in 2005, of Plaza Éboli, in Madrid, LoureShopping, in Loures, Serra Shopping, in Covilhã, and Mediterranean Cosmos, in Salonika; (ii) opening of Rio Sul, in Seixal, in the first quarter of 2006; (iii) and the acquisition of Valecenter, in Venice (April 2005), Airone, in Padova (April 2005) and Plaza Sul, in São Paulo (November 2005).
- Consolidated net profit increased 52%, to 155 million euro (102 million euro), and was positively impacted by the acquisitions and openings which occurred in 2005 and 2006, as well as by the increase in the value created in investment properties as a result of an overall decrease in yields in both Portugal and Spain.
- On 21 March 2006, the company inaugurated a further shopping centre, RioSul Shopping (Seixal, Portugal), representing an investment of 68 million euro and circa 40 thousand m^2 of GLA[8].
- As at the date of this report Sonae Sierra is the owner or co-owner of 40 shopping and leisure centres, with more than 1.6 million m^2 of GLA[8].
- As at 30 September 2006, the company had fourteen new projects under development: in Portugal, Setúbal Retail Park (Setúbal), Lima Retail Park (Viana do Castelo), VIII Avenida (São João da Madeira) and Évora shopping and leisure centre (Évora); in Spain, Plaza Mayor Shopping (Malaga) and El Rosal shopping and leisure center (Ponferrada); in Germany, Alexa (Berlin), 3Do (Dortmund) and Weiterstadt (Frankfurt); in Italy, Freccia Rossa (Brescia), Gli Orsi (Biella) and Le Terrazze (La Spezia); in Greece, Galatsi Olympic Hall (Athens); and in Brazil, Shopping Campo Limpo (São Paulo).

[8] GLA – Gross Lettable Area.

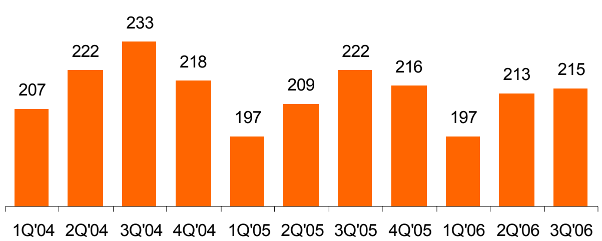
TELECOMMUNICATIONS

Values in million euro

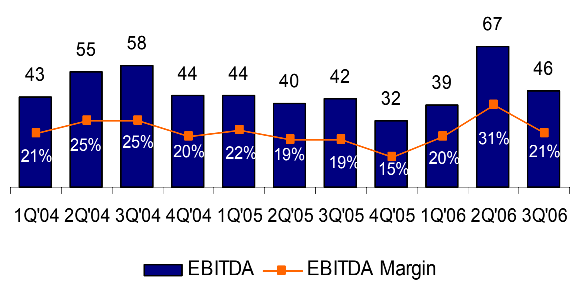
	9M'06	9M'05	Δ
Turnover	624	620.7	+1%
Operational Cash-Flow (EBITDA)	151.3	124.3	+22%
EBITDA Margin	24.2%	20.0%	+4.2 p.p.
Profit Attributable to Equity Holders of Sonaecom	27	7	+20

	30 Sep'06	31 Dec'05	Δ
Net Debt	349	247	+41%

Turnover trend



EBITDA (M. €)



Main highlights[9]

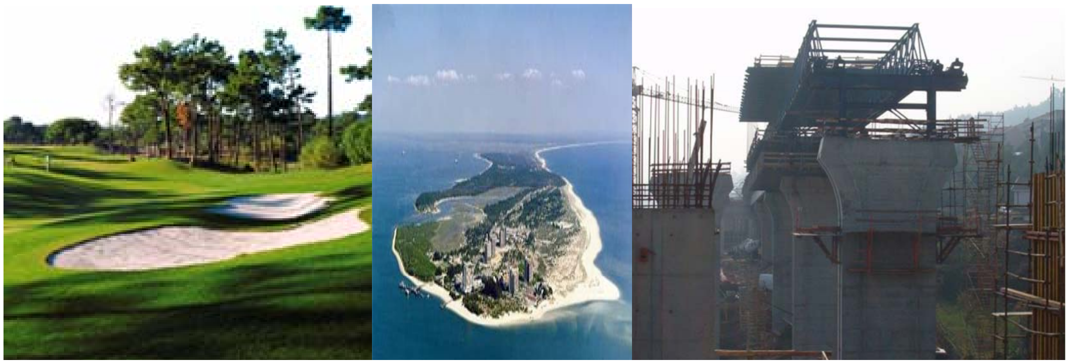
- Consolidated turnover increased 0.5% to 624 million euro (621 million euro), driven by growth of new services and products and despite the impact of regulated decreases in mobile termination rates.

- Consolidated Operational Cash-Flow (EBITDA) rose 22% to 151 million euro (124 million euro), generating an EBITDA margin of 24% (20%). This increase was driven by the higher EBITDA contributions from Optimus and Sonaecom Fixed, reflecting the results of investments focused on convergent products and mobile internet access and the result of the investment in ADSL 2+ broadband services over ULL.

- Consolidated net profit increased 17 million euro to 35 million euro (18 million euro), driven by the positive EBITDA performance. As a consequence, profit attributable to equity holders of Sonaecom increased 20 million euro to 27 million euro (7 million euro). The consolidated net profit was negatively impacted by: (i) the 6 million euro increase in depreciation and amortisation charges, explained by the extension of Optimus' network and by investments in the network to support direct access; (ii) increased net financial charges, which amounted to 13 million euro (10 million euro), due to higher average cost of debt and lower interest income, driven by the decrease in liquidity, a consequence of the use of cash for the acquisition of just over 1% of PT's share capital during 2Q06.

- Consolidated gross debt stood at 464 million euro similar to the level in December 2005 which was 461 million euro. Consolidated liquidity decreased 94 million euro to 115 million euro, reflecting the acquisition of a 1% shareholding in Portugal Telecom and the cash inflow from the sale of Enabler. Consolidated net debt as at 30 September 2006 amounted to 349 million euro (262 million euro), 98 million euro up on net debt as at 31 December 2005.

[9] 9M05 are pro-forma figures excluding Enabler's contribution which was sold in 2Q06.



SONAE CAPITAL

Sonae Capital is made up of businesses in Tourism, Real Estate Development and Engineering Services, Facility Management, Insurance Brokerage and Risk Management and Seed and Risk Capital.

Consolidated turnover of Sonae Capital decreased around 21% to 322 million euro (410 million euro), mainly due to a decrease in the contribution of the Tourism business which resulted from the sale of control over Star, the travel agency format, to the Retail business and to a lower level of activity in the Construction business.

Consolidated operational cash flow (EBITDA) decreased 22% to 10.4 million euro (13.4 million euro), mostly due to lower contributions from the Plywood and Construction businesses, despite higher contributions from Insurance Brokerage and Facility Management.

Consolidated net profit for the period was 10.5 million euro (74.5 million euro). In the first nine months of 2005, net income included 52 million euro of investment income arising from the sale of a 27.8% shareholding in ba Vidro.

SONAE, SGPS, SA – Stand Alone Activity

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

During the first nine months of 2006 Sonae, SGPS, SA and its wholly-owed subsidiary Sonae Investments, BV purchased, on the stock market, shares of Modelo Continente, SGPS, SA, as a result of which its direct and indirect shareholding corresponds, as at 30 September 2006, to 99.39% of the share capital of Modelo Continente, SGPS, SA.

Also of significance was a bond issue of 250 million euro with a tenure of 5 years.

Net profits for the first nine months amounted to 157.6 million euro, and were favourably impacted by dividends from its affiliated companies Modelo Continente and Sonae Sierra.

CONSOLIDATED PROFITABILITY[10]

Consolidated turnover for the first nine months amounted to 3,157 million euro (2,950 million euro), a 7% increase driven by: (i) like for like growth and new store openings in the Retail business; (ii) inaugurations and acquisitions of new shopping centres; and (iii) positive impact of new services and products in the Telecommunications business, which largely compensated the reduction in mobile termination rates set by the regulator. The lower contributions from Sonae Capital and Holding, in the nine months, resulted from the sale of the travel agency format to the Retail business in the first quarter of 2006 and from a lower level of activity in the Construction business.

Consolidated operational cash flow (EBITDA) for the first nine months was 416 million euro (345 million euro), corresponding to a **consolidated EBITDA margin** of 13.2% (11.7%). The Shopping Centres business delivered most of the growth, through the increase in the valuation of investment properties, both due to the higher number of shopping centres under operation and to lower yields in Portugal and Spain. The Retail business achieved a sharp increase in its contribution to consolidated EBITDA, reflecting its strategy focused on growth. The operational improvement achieved by the Telecommunications business in the third quarter of 2006, mainly at Optimus and Sonaecom Fixed, combined with the performance in the second quarter, offset the lower contribution arising in the first quarter of the year.

Consolidated operational profit (EBIT) improved by 56 million euro in the first nine months to 243 million euro (187 million euro).

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

In the first nine months, **consolidated net financial expenses** totalled 65 million euro, remaining broadly in line with last year's first nine months figure (63.8 million euro). In spite of increases in interest rates, better financial conditions negotiated on some of the major loan contracts allowed net financial expenses to remain at the same level.

Consolidated profit for the first nine months was 186 million euro (155 million euro), with the impact of better operational performance and better results from associated undertakings being partially offset by lower investment income. Investment income in the first nine months was 52 million euro and included the gain on the sale of an additional 3.92% shareholding in ba Vidro, the price adjustment on the sale of the Brazilian retail operations and the gain on the sale of Enabler. In the first nine months of 2005, investment income totalled 62 million euro, most of which resulted from the gain on the sale of a 27.8% shareholding in ba Vidro.

The **consolidated net profit attributable to equity holders of Sonae** slightly improved for the first nine months, compared with the same period of last year, to 123 million euro (111 million euro).

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

Values in million euro

	Turnover	EBITDA[11]	Profit for the Period
Retail	2,203	158	93
Shopping Centres	109	125	77
Telecommunications	624	132	38
Sonae Capital & Holding	329	4	63 *
Eliminations	(108)	(3)	(85) *
TOTAL	**3,157**	**416**	**186**

* Includes dividends paid by the Retail and the Shopping Centres businesses.

[11] EBITDA = Operational Profit (EBIT) + Depreciation and Amortisation + Provisions and Impairment Losses – Reversal of Impairment Losses (included in Other Operational Income and amounting to 6.5 M.€ in the first nine months of 2006 and 3.2 M.€ in the first nine months of 2005 pro-forma).

FINANCIAL STRUCTURE

Consolidated net debt[12] as at 30 September 2006 amounted to 2,176 million euro, an increase of 556 million euro and 112 million euro compared to the end of 2005 and the end of the first half of the year, respectively. The increase in the quarter reflects the seasonality of most consumer businesses. Of the total consolidated net debt as at 30 September 2006, 582 million euro are attributable to the Shopping Centres business and are fully and exclusively guaranteed by its own assets.

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

Values in million euro

	30 Sep'06	31 Dec'05	Δ
Retail	535	196	339
Shopping Centres	582	499	83
Telecommunications	348	250	98
Sonae Capital & Holding	657	501	168
Eliminations	54	174	(120)
TOTAL	**2,176**	**1,620**	**568**

The **ratio of consolidated net debt to annualised**[13] **consolidated operational cash flow (EBITDA)** was 3.3, which compares with 3.7 as at 30 September 2005, 1.7 as at 31 December 2005, 2.9 as at 31 March 2006 and 3.3 as at 30 June 2006. **Annualised**[13] **interest cover** was 7.1 (5.7), up from 6.1 at the end of 2005. This increase reflects the operational improvements achieved.

[12] Net Debt = Non-Current Borrowings + Current Borrowings – Cash and Cash Equivalents – Current Investments.
[13] Annualised = Last 12 months

OUTLOOK

The performance in the first three quarters leads us to believe that 2006 will be a good year. Businesses are delivering on their growth strategies whilst improving overall operational profitability.

Significant events are expected during the last quarter of the year as a result of the public offer for Portugal Telecom, following final decisions. We remain confident that our bid will be successful.

Maia, 09 November 2006

The Board of Directors

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Álvaro Cuervo García

Ângelo Gabriel Ribeirinho dos Santos Paupério

Duarte Paulo Teixeira de Azevedo

Luíz Felipe Palmeira Lampreia

Michel Marie Bon

Nuno Manuel Moniz Trigoso Jordão

Nuno Miguel Teixeira de Azevedo

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

30 SEPTEMBER 2006

SONAE, SGPS, SA

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2006 AND 31 DECEMBER 2005

(Amounts expressed in euro)

		IFRS	
ASSETS	Notes	30.09.2006	31.12.2005
NON-CURRENT ASSETS:			
Tangible and intangible assets	9	2,334,380,419	2,229,679,896
Investment properties	10	1,513,321,295	1,357,421,085
Goodwill	11	241,599,401	245,578,246
Investments	12	277,111,097	157,628,576
Deferred tax assets	15	109,314,683	108,484,039
Other non-current assets	13	30,343,179	35,739,020
Total Non-Current Assets		4,506,070,074	4,134,530,862
CURRENT ASSETS:			
Stocks		479,306,532	460,480,885
Trade account receivables and other current assets	14	616,055,217	788,701,424
Investments held for trading	12	12,021,626	10,681,441
Cash and cash equivalents	16	201,302,262	912,294,316
Total Current Assets		1,308,685,638	2,172,158,066
TOTAL ASSETS		5,814,755,712	6,306,688,928
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	17	2,000,000,000	2,000,000,000
Own shares		(142,961,431)	(143,630,520)
Reserves and retained earnings		(755,785,467)	(1,228,449,591)
Profit/(Loss) for the year attributable to the equity holders of sonae		122,742,052	512,803,285
Equity attributable to the equity holders of Sonae		1,223,995,154	1,140,723,174
Equity attributable to minority interests	18	428,748,392	394,707,612
TOTAL EQUITY		1,652,743,546	1,535,430,786
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	19	2,164,351,600	1,848,626,142
Other non-current liabilities	21	114,160,976	586,412,836
Deferred tax liabilities	15	269,390,238	238,184,261
Provisions	24	63,403,818	54,477,919
Total Non-Current Liabilities		2,611,306,632	2,727,701,158
CURRENT LIABILITIES:			
Loans	19	224,894,669	694,492,525
Trade creditors and other non-current liabilities	23	1,323,514,985	1,346,779,476
Provisions	24	2,295,881	2,284,983
Total Current Liabilities		1,550,705,534	2,043,556,984
TOTAL EQUITY AND LIABILITIES		5,814,755,712	6,306,688,928

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006 AND 2005

(Amounts expressed in euro)

		IFRS		
		30.09.2006	30.09.2005	
	Notes	Total Operations	Pro-forma	Total Operations
Operational income				
Sales		2,299,848,553	2,121,314,921	4,064,292,965
Services rendered		857,296,099	828,861,468	878,500,151
Value created on investment properties		72,312,615	28,664,330	57,345,972
Other operational income		285,907,827	266,606,794	404,992,138
Total operational income		3,515,365,093	3,245,447,513	5,405,131,226
Operational expenses				
Cost of goods sold and materials consumed		(1,799,599,847)	(1,674,271,018)	(2,856,738,189)
Changes in stocks of finished goods and work in progress		9,937,280	1,113,573	4,562,118
External supplies and services		(827,238,349)	(781,489,360)	(1,185,829,004)
Staff costs		(422,461,346)	(392,773,529)	(643,398,837)
Depreciation and amortisation		(167,105,601)	(154,349,472)	(249,178,355)
Provisions and impairment losses		(12,619,274)	(7,078,753)	(21,607,733)
Other operational expenses		(53,398,988)	(49,603,812)	(93,920,433)
Total operational expenses		(3,272,486,125)	(3,058,452,371)	(5,046,110,433)
Operational profit/(loss)		242,878,968	186,995,141	359,020,793
Net financial expenses		(65,012,628)	(63,758,443)	(127,322,986)
Share of results of associated undertakings		3,388,078	1,642,438	2,099,982
Investment income		51,673,037	61,628,685	104,031,597
Profit/(Loss) before taxation		232,927,455	186,507,822	337,829,384
Taxation		(47,376,709)	(31,313,163)	(63,299,536)
Profit/(Loss) after taxation		185,550,746	155,194,659	274,529,848
Profit/(Loss) for the period		185,550,746	155,194,659	274,529,848
Attributable to:				
Equity holders of Sonae		122,742,052	111,348,242	193,814,537
Minority interests		62,808,694	43,846,417	80,715,311
Profit/(Loss) per share				
Basic		0.065772	0.059674	0.103870
Diluted		0.065772	0.059674	0.103870

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE QUARTERS ENDED 30 SEPTEMBER 2006 AND 2005

(Amounts expressed in euro)

		IFRS		
		2006	2005	
	Notes	3rd Quarter	3rd Quarter Pro-forma	3rd Quarter
Operational income				
Sales		856,440,122	776,614,634	1,421,444,279
Services rendered		301,610,951	300,861,915	316,027,006
Value created on investment properties		887,856	(461,336)	(870,354)
Other operational income		99,079,159	88,975,238	130,243,444
Total operational income		1,258,018,087	1,165,990,451	1,866,844,375
Operational expenses				
Cost of goods sold and materials consumed		(669,852,299)	(622,890,676)	(1,016,183,353)
Changes in stocks of finished goods and work in progress		3,652,840	2,308,884	(2,129,208)
External supplies and services		(294,162,803)	(288,368,525)	(424,703,873)
Staff costs		(137,066,065)	(135,227,884)	(218,984,633)
Depreciation and amortisation		(56,935,025)	(50,168,355)	(82,611,414)
Provisions and impairment losses		(7,028,413)	(2,597,059)	(4,676,717)
Other operational expenses		(17,957,783)	(14,602,400)	(26,452,047)
Total operational expenses		(1,179,349,549)	(1,111,546,016)	(1,775,741,245)
Operational profit/(loss)		78,668,538	54,444,434	91,103,130
Net financial expenses		(23,782,856)	(22,865,247)	(42,879,360)
Share of results of associated undertakings		992,460	502,968	854,605
Investment income		2,350,385	9,190,463	9,275,065
Profit/(Loss) before taxation		58,228,528	41,272,618	58,353,440
Taxation		(13,424,260)	(8,838,340)	(12,095,997)
Profit/(Loss) after taxation		44,804,268	32,434,277	46,257,443
Profit/(Loss) for the period		44,804,268	32,434,277	46,257,443
Attributable to:				
Equity holders of Sonae		37,668,538	27,083,192	29,157,750
Minority interests		7,135,730	5,351,085	17,099,693
Profit/(Loss) per share				
Basic		0.020180	0.014514	0.015626
Diluted		0.020180	0.014514	0.015626

The accompanying notes are part of these financial statements.

The Board of Directors

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2006 AND 2005

(Amounts expressed in euro)

	Attributable to Equity Holders of Sonae						
	Share Capital	Own Shares	Reserves and Retained Earnings	Net Profit/(Loss)	Total	Minority Interests	Total Equity
Balance as at 1 January 2005	2,000,000,000	(144,537,597)	(1,034,084,068)	283,521,010	1,104,899,345	785,515,291	1,890,414,636
Appropriation of profit of 2005:							
Transfer to legal reserves and retained earnings	-	-	283,521,010	(283,521,010)	-	-	-
Dividends distributed	-	-	(37,316,439)	-	(37,316,439)	-	(37,316,439)
Changes in convertion reserves	-	-	231,358,510	-	231,358,510	28,379,895	259,738,405
Changes in hedge and fair value reserves	-	-	26,931,684	-	26,931,684	(1,432,265)	25,499,419
Changes in other reserves (1)	-	-	(24,448,498)	-	(24,448,498)	(89,900,155)	(114,348,653)
Consolidated Profit/(Loss) for the nine months ended 30 September 2005	-	-	-	193,814,537	193,814,537	80,715,311	274,529,848
Others	-	907,077	-	-	907,077	-	907,077
Balance as at 30 September 2005	2,000,000,000	(143,630,520)	(554,037,801)	193,814,537	1,496,146,216	803,278,077	2,299,424,293
Balance as at 1 January 2006	2,000,000,000	(143,630,520)	(1,228,449,591)	512,803,285	1,140,723,174	394,707,612	1,535,430,786
Appropriation of profit of 2005:							
Transfer to legal reserves and retained earnings	-	-	512,803,285	(512,803,285)	-	-	-
Dividends distributed	-	-	(46,650,596)	-	(46,650,596)	(4,525,759)	(51,176,355)
Changes in convertion reserves	-	-	4,959,844	-	4,959,844	43,251	5,003,095
Changes in hedge and fair value reserves	-	-	3,769,880	-	3,769,880	800,182	4,570,062
Changes in other reserves (2)	-	669,089	(2,218,289)	-	(1,549,200)	(25,085,587)	(26,634,789)
Consolidated Profit/(Loss) for the nine months ended 30 September 2006	-	-	-	122,742,052	122,742,052	62,808,694	185,550,746
Others	-	-	-	-	-	-	-
Balance as at 30 September 2006	2,000,000,000	(142,961,431)	(755,785,467)	122,742,052	1,223,995,154	428,748,392	1,652,743,546

The accompanying notes are part of these financial statements.

The Board of Directors

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2006 AND 2005

(Amounts expressed in euro)

		IFRS		
		30.09.2006	30.09.2005	
		Total Operations	Pro-forma	Total Operations
OPERATING ACTIVITIES	Notes			
Net cash flow from operating activities (1)		240,494,193	135,711,305	248,468,808
INVESTMENT ACTIVITIES				
Cash receipts arising from:				
Investments		335,194,109	247,674,237	225,276,079
Tangible, intangible assets and propertie investments		18,492,471	17,422,314	77,681,610
Dividends		4,114,630	14,493,593	14,540,650
Others		28,851,059	219,360,711	82,866,282
		386,652,269	498,950,855	400,364,621
Cash Payments arising from:				
Investments		(624,980,669)	(299,307,394)	(365,513,022)
Tangible, intangible assets and propertie investments		(376,328,015)	(301,922,557)	(461,233,971)
Others		(14,463,925)	(29,399,394)	(43,631,452)
		(1,015,772,609)	(630,629,345)	(870,378,445)
Net cash used in investment activities (2)		(629,120,340)	(131,678,490)	(470,013,824)
FINANCING ACTIVITIES				
Cash receipts arising from:				
Loans obtained		1,693,703,517	2,834,691,852	3,238,070,269
Capital increases, additional paid in capital and share premiums		1,122,732	3,327,973	3,505,946
Sale of own shares		-	1,586,339	1,586,339
Others		-	276,624	553,238
		1,694,826,249	2,839,882,788	3,243,715,792
Cash Payments arising from:				
Loans obtained		(1,875,053,491)	(2,778,382,245)	(2,927,682,396)
Interest and similar charges		(86,801,396)	(79,608,778)	(154,155,017)
Reimbursement of capital and paid in capital		(895,881)	(779,334)	(1,564,636)
Dividends		(57,715,549)	(42,237,454)	(46,064,311)
Others		(376,030)	(39,931,345)	(39,934,474)
		(2,020,842,347)	(2,940,939,156)	(3,169,400,834)
Net cash used in financing activities (3)		(326,016,098)	(101,056,368)	74,314,958
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(714,642,245)	(97,023,553)	(147,230,058)
Effect of foreign exchange rate		(89,446)	(559,933)	(7,336,435)
Cash and cash equivalents at the beginning of the period		893,621,051	298,584,461	461,406,436
Cash and cash equivalents at the end of the period	16	179,068,252	202,120,841	321,512,813

The accompanying notes are part of these financial statements.

SONAE, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED AS AT 30 SEPTEMBER 2006

(Amounts expressed in euro)

1. INTRODUCTION

SONAE, SGPS, SA ("the Company" or "Sonae"), whose head-office is at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal, is the parent company of a group of companies, as detailed in Notes 4 to 7 ("Sonae Group"). The Group's operations and business segments are described in Note 30.

The consolidated profit and loss account and the consolidated statement of cash flows for the nine months ended as at 30 September 2006 are not directly comparable with the statements for the first nine months of 2005, because of: the spin-off of the Wood Based Panels business (with accounting effects from 1 October 2005), the sale of the Retail operations in Brazil (with accounting effects from 1 December 2005), the change in the method of consolidation of the Shopping Centres business from full to proportionate consolidation (following the sale to Grosvenor, on 29 December 2005, of 17.04% of share capital of Sonae Sierra) and the sale of the shareholding in Imocapital/Gescartão in the first quarter of 2005.

The pro-forma consolidated income statement and the consolidated statement of cash flows as at 30 September 2005 include the above mentioned changes in the consolidation perimeter as from 1 January 2005.

2. PRINCIPAL ACCOUNTING POLICIES

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

Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" – previously named International Accounting Standards – "IAS"), issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), applicable to financial years beginning on 1 January 2006.

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

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the period there were no changes in accounting policies or prior period errors.

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by the Group as at 30 September 2006 and 31 December 2005 are as follows:

				Percentage of capital held			
				30.09.2006		31.12.2005	
	COMPANY		Head Office	Direct	Total	Direct	Total
	Sonae - SGPS, S.A.		Maia	HOLDING	HOLDING	HOLDING	HOLDING
	Modelo Continente						
2)	Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	99.39%	100.00%	100.00%
	Best Offer-Prest. Inf. p/Internet, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Bikini, Portal de Mulheres, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Cacetinho-Com. Retalhista e Expl.Centros Com., SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	Canasta – Empreendimentos Imobiliários, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Carnes do Continente-Ind.Distr.Carnes, SA	a)	Santarém	100.00%	99.39%	100.00%	98.06%
	Chão Verde-Soc.Gestora Imobiliária, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Citorres-Sociedade Imobiliária, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Contibomba-Comérc.Distr.Combustiveis, SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	Contimobe-Imobil.Castelo Paiva, SA	a)	Castelo de Paiva	100.00%	99.39%	100.00%	98.06%
	Cumulativa - Sociedade Imobiliária, SA	a)	Marinha Grande	100.00%	99.39%	100.00%	98.06%
	Difusão-Sociedade Imobiliária, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Distrifin-Comercio y Prest.Servicios, SA	a)	Madrid (Spain)	100.00%	99.39%	100.00%	98.06%
	Efanor-Design e Serviços, SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	Efanor-Indústria de Fios, SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
2) 4)	Equador & Burnay, Lda	a)	Lisboa	100.00%	99.45%	100.00%	99.01%
2)	Equador & Mendes, Lda	a)	Lisboa	75.00%	74.59%	75.00%	74.25%
	Estevão Neves-Hipermercados Madeira, SA	a)	Madeira	100.00%	99.39%	100.00%	98.06%
2) 4)	Exit Travel, SA	a)	Maia	100.00%	99.45%	100.00%	99.01%
	Fozimo-Sociedade Imobiliária, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Fozmassimo-Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	Fundo de Investimento Imobiliário Imosonae Dois	a)	Maia	100.00%	99.39%	99.98%	98.03%
	Fundo Fechado de Investimento Imobiliário Efisa Imobiliário	a)	Lisboa	100.00%	99.39%	100.00%	98.06%
	Global S-Hipermercado, Lda	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	IGI-Investimento Imobiliário, SA	a)	Porto	100.00%	99.39%	100.00%	98.06%
	Igimo-Sociedade Imobiliária, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Imoconti- Soc.Imobiliária, SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	Imoestrutura-Soc.Imobiliária, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Imomuro-Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	Imoponte-Soc.Imobiliaria, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Imoresultado-Soc.Imobiliaria, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Imosistema-Sociedade Imobiliária, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Infofield-Informática, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
9)	Informeios-Projectos e Representacões, SA	a)	Lisboa	100.00%	99.39%	100.00%	98.06%
	Inventory-Acessórios de Casa, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Marcas MC, zRT	a)	Budapest	100.00%	99.39%	100.00%	98.06%
	Max Office Artigos Serviços p/escrit., SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	MJLF – Empreendimentos Imobiliários, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Modalfa-Comércio e Serviços, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Modelo - Dist.de Mat. de Construção, SA	b)	Maia	50.00%	49.69%	50.00%	49.03%
	Modelo Continente Hipermercados,SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	Modelo Continente, SGPS, SA	a)	Matosinhos	99.39%	99.39%	98.06%	98.06%
	Modelo Continente-Oper.Retalho SGPS, SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	Modelo Hiper Imobiliária, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
3)	Modelo Investimentos (Brasil), Ltda	a)	São Paulo (Brazil)	100.00%	99.39%	100.00%	98.06%
	Modelo,SGPS, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Modelo.com-Vendas p/Correspond., SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Modis Distribuição Centralizada, SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%

5)	Modis Internacional Trading, SA	a)	Madrid (Spain)	100.00%	99.39%	100.00%	98.06%
2)	Nova Equador Internacional,Ag.Viag.T, Lda	a)	Lisboa	75.00%	74.59%	75.00%	74.25%
	OK Bazar-Comércio Geral, SA	a)	Ermesinde	100.00%	99.39%	100.00%	98.06%
	Peixes do Continente - Indústria e Distribuição de Peixes, SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	Predicomercial-Promoção Imobiliária, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
2) 4)	Santos Taborda & Carvalho,SU, Lda	a)	Lisboa	100.00%	99.45%	100.00%	99.01%
	Selifa – Empreendimentos Imobiliários, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	Sesagest-Proj.Gestão Imobiliária, SA	a)	Porto	100.00%	99.39%	100.00%	98.06%
6)	SM Empreendimentos Imobiliários, Ltda	a)	Porto Alegre (Brazil)	100.00%	99.39%	100.00%	98.06%
	Socijofra-Sociedade Imobiliária, SA	a)	Gondomar	100.00%	99.39%	100.00%	98.06%
	Sociloures-Soc.Imobiliária, SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	Soflorin, BV	a)	Amsterdam (The Netherlands)	100.00%	99.39%	100.00%	98.06%
10)	Solaris - Supermercados, SA	a)	Viana do Castelo	100.00%	99.39%	100.00%	98.06%
2)	Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	99.39%	100.00%	100.00%
	Sonae Retalho Espana-Servicios Gen., SA	a)	Madrid (Spain)	100.00%	99.39%	100.00%	98.06%
	Sondis Imobiliária, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Sontária-Empreend.Imobiliários, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
	Sonvecap, BV	a)	Amsterdam (The Netherlands)	100.00%	99.39%	100.00%	98.06%
	Sport Zone-Comércio Art.Desporto, SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	SRE-Projectos e Consultadoria, SA	a)	Maia	100.00%	99.39%	100.00%	98.06%
2)	Star-Viagens e Turismo, SA	a)	Lisboa	100.00%	99.45%	100.00%	99.01%
	Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	99.39%	100.00%	98.06%
	Todos os Dias-Com.Ret.Expl.C.Comer., SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	Worten-Equipamento para o Lar, SA	a)	Matosinhos	100.00%	99.39%	100.00%	98.06%
	Sonaecom						
	Digitmarket-Sistemas de Informação, SA	a)	Maia	75.10%	46.37%	75.10%	46.98%
7)	Enabler & Retail Consult, GmbH	a)	Germany	85.00%	37.38%	85.00%	37.88%
7)	Enabler Brasil, Ltda	a)	Curitiba (Brazil)	99.99%	43.97%	99.99%	44.56%
7)	Enabler France	a)	France	100.00%	43.97%	100.00%	44.56%
7)	Enabler UK, Ltd	a)	U.K.	100.00%	43.97%	100.00%	44.56%
7)	Enabler-Informática, SA	a)	Maia	98.50%	43.97%	98.50%	44.56%
	M3G-Edições Digitais, SA	a)	Lisboa	100.00%	61.13%	100.00%	62.56%
	Mainroad Information Tecnology, SA	a)	Maia	100.00%	61.75%	100.00%	62.56%
	Miauger-Org. Gestão Leilões El., SA	a)	Maia	100.00%	61.75%	100.00%	62.56%
	Novis Telecom, SA	a)	Maia	100.00%	61.75%	100.00%	62.56%
	Optimus Telecomunicações, SA	a)	Maia	69.24%	42.76%	69.24%	43.31%
	Optimus Towering-Explor. Torres Telecom, SA	a)	Maia	100.00%	42.76%	100.00%	43.31%
	Per-Mar-Sociedade de Construções, SA	a)	Maia	100.00%	42.76%	100.00%	43.31%
	Público-Comunicação Social, SA	a)	Porto	99.00%	61.13%	99.99%	62.56%
7)	Retailbox, BV	a)	Amsterdam (The Netherlands)	75.50%	44.64%	75.50%	45.24%
	Sonae Matrix Multimédia, SGPS, SA	a)	Maia	100.00%	61.75%	100.00%	62.56%
	Sonae Telecom SGPS, SA	a)	Maia	100.00%	61.75%	100.00%	62.56%
	Sonae Telecom, BV	a)	Amsterdam (The Netherlands)	100.00%	61.75%	100.00%	62.56%
	Sonae.com,SGPS, SA	a)	Maia	61.75%	61.75%	62,56%	62.56%
	Sonae.com-Sistemas de Informação, SGPS, SA	a)	Maia	100.00%	61.75%	100.00%	62.56%

1)	Sonaecom BV	a)	Amsterdam (The Netherlands)	100.00%	61.75%	-	-
	We Do Brasil-Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.89%	60.19%	100.00%	59.66%
	We Do Consulting-SI, SA	a)	Maia	96,71%	60.25%	95.47%	59.72%
	Sonae Capital						
	Águas Furtadas - Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Aqualuz - Turismo e Lazer, Lda	a)	Lagos	100.00%	100.00%	100.00%	100.00%
	Aquapraia Investimentos Turísticos, SGPS, SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
	Aquapraia-Investimentos Turísticos, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
	Azulino Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Becim - Corretora de Seguros, Lda	a)	Santa Maria da Feira	100.00%	100.00%	100.00%	100.00%
	Bloco Q-Sociedade Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Bloco W-Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Box Lines Navegação, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Campimeios - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Casa da Ribeira - Hotelaria e Turismo, SA	a)	Marco de Canaveses	100.00%	100.00%	100.00%	100.00%
	Centro Residencial da Maia,Urban., SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Cinclus Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Cinclus-Plan. e Gestão de Projectos, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Contacto Concessões, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Contacto-SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Contacto-Sociedade de Construções, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Country Club da Maia-Imobiliaria, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Cronosaúde – Gestão Hospitalar, SA	a)	Porto	50.00%	50.00%	50.00%	50.00%
	Elmo SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Empreend.Imob.Quinta da Azenha, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Espimaia -Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Friengineering, SA	a)	Matosinhos	100.00%	50.10%	100.00%	50.10%
1)	Fundo de Investimento Imobiliário Imosede	a)	Maia	100.00%	99.79%	-	-
	Gestholdings-SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Golf Time - Golfe e Inv.Turisticos, SA	a)	Porto	75.00%	75.00%	75.00%	75.00%
	Imoareia Investimentos Turisticos, SGPS, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imobiliária da Cacela, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imoclub-Serviços Imobilários, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imodivor - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imoferro-Soc.Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Imohotel-Emp.Turist.Imobiliários, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Imopenínsula - Sociedade Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
	Imoresort - Sociedade Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
	Imosedas-Imobiliária e Seviços, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Implantação - Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Inparvi SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Insulatroia - Sociedade Imobiliária, SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
	Integrum-Serviços Partilhados, SA	a)	Maia	100.00%	35.07%	100.00%	35.07%
	Interlog-SGPS, SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
8)	Invicta - Comércio Internacional, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	INVSAUDE - Gestão Hospitalar, SA	a)	Maia	50.00%	50.00%	50.00%	50.00%
	ISF - Imobiliário, Serviços e Participações	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Isoroy Casteljaloux	a)	Casteljaloux (France)	100.00%	100.00%	100.00%	100.00%
	Leroy Gabon, SA	a)	Libreville (Gabon)	99.99%	99.99%	99.99%	99.99%
	Libra Serviços, Lda	a)	Funchal	100.00%	100.00%	100.00%	100.00%

Marimo -Exploração Hoteleira Imobiliária	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Marina de Troia, SA	a)	Troia	100.00%	100.00%	100.00%	100.00%
Marina Magic - Exploração de Centros Lúd.	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
Marmagno-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Martimope - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Marvero-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
MDS - Corrector de Seguros, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
NAB, Sociedade Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Parcomarco, Gest Parq Est Centros Comer	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Partnergiro-Empreendimentos Turisticos, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
PJP - Equipamento de Refrigeração, Lda	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
Placage d'Okoumé du Gabon	a)	Libreville (Gabon)	99.88%	99.88%	99.88%	99.88%
Plysorol SAS	a)	Niort (France)	100.00%	100.00%	100.00%	100.00%
Plysorol SNC	a)	Lisieux (France)	98.01%	98.01%	98.01%	98.01%
Porturbe-Edificios e Urbanizações, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Praedium II-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Praedium III-Serviços Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Praedium-SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Prédios Privados Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Predisedas-Predial das Sedas, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Promessa Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Promosedas-Prom.Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Publimeios-Soc.Gestora Part. Finan., SA	a)	Maia	50.10%	50.10%	50.10%	50.10%
Quinta da Covilhã-Empr.Imobiliários, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Rochester Real Estate, Ltd	a)	Kent (U.K.)	100.00%	100.00%	100.00%	100.00%
Safira Services-Limpeza Espaços Verd., SA	a)	Porto	51.00%	25.55%	51.00%	25.55%
Saúde Atlântica - Gestão Hospitalar, SA	a)	Maia	50.00%	50.00%	50.00%	50.00%
SC Insurance Risks Services, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
SC-Consultadoria,SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Selfrio,SGPS, SA	a)	Matosinhos	70.00%	35.07%	70.00%	35.07%
Selfrio-Engenharia do Frio, SA	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
SII - Soberana Investimentos Imobiliários, SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
Sistavac-Sist.Aquecimento,V.Ar C., SA	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
SKK-Central de Distr., SA	a)	Porto	100.00%	35.07%	100.00%	35.07%
SKKFOR - Ser. For. e Desen. de Recursos	a)	Maia	96.00%	33.67%	96.00%	33.67%
SMP-Serv. de Manutenção Planeamento	a)	Matosinhos	100.00%	35.07%	100.00%	35.07%
Société de Tranchage Isoroy SAS	a)	France	100.00%	100.00%	100.00%	100.00%
Société des Essences Fines Isoroy	a)	Honfleur (France)	100.00%	100.00%	100.00%	100.00%
Soconstrução, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Soira-Soc.Imobiliária de Ramalde, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Solinca III-Desporto e Saúde, SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
Solinca Lazer,SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Solinca-Investimentos Turísticos, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Solinfitness - Club Malaga, SL	a)	Malaga (Spain)	100.00%	100.00%	100.00%	100.00%
Sonae Capital,SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae International, Ltd	a)	London (U.K.)	100.00%	100.00%	100.00%	100.00%
Sonae Turismo Gestão e Serviços, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae Turismo-SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae Wood Products, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%

7)	Sontrade Lines, Ltd	a)	Hants (U.K.)	63.75%	63.75%	63.75%	63.75%
	Sontur, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sopair, SA	a)	Madrid (Spain)	60.00%	30.06%	60.00%	30.06%
	Sótaqua - Soc. de Empreendimentos Turist	a)	Maia	100.00%	100.00%	100.00%	100.00%
	Spinarq, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Spinveste - Promoção Imobiliária, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Spinveste-Gestão Imobiliária SGII, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
9)	Terceiro Frente - Imobiliária, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Textil do Marco, SA	a)	Marco de Canaveses	90.37%	90.37%	90.37%	90.37%
	Torre São Gabriel-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
11)	Troiaresort - Investimentos Turisticos, SA	a)	Grândola	100.00%	100.00%	99.78%	99.78%
	Troiaverde-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
	Tulipamar-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	99.78%
	Unibroker - Correctores de Seguros, SA	a)	Santa Maria da Feira	100.00%	100.00%	100.00%	100.00%
	Urbisedas-Imobiliária das Sedas, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
	Venda Aluga-Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
	World Trade Center Porto, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
	Others						
1)	Agloma Investimentos, SGPS, SA	a)	Maia	100.00%	100.00%	-	-
2)	Aserraderos de Cuellar, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Atlantic Ferries - Traf.Loc.Flu.e Marit., SA	a)	Grândola	100.00%	72.80%	100.00%	72.80%
	Casa Agrícola João e António Pombo, SA	a)	Portel	66.67%	32.67%	66.67%	32.67%
	Iginha-Sociedade Imobiliária, SA	a)	Matosinhos	100.00%	49.00%	100.00%	49.00%
2)	Imoplamac Gestão de Imóveis, SA	a)	Santarém	100.00%	100.00%	100.00%	100.00%
	Investalentejo, SGPS, SA	b)	Vila de Conde	49.00%	49.00%	49.00%	49.00%
	Ipaper-Industria Papeis Impregnados, SA	a)	Maia	100.00%	24.99%	100.00%	28.25%
	Sete e Meio - Investimentos e Consultadoria, SA	a)	Grândola	100.00%	49.00%	100.00%	49.00%
	Sete e Meio Herdades - Investimentos Agricolas e Turismo, SA	a)	Grândola	100.00%	49.00%	100.00%	49.00%
	Soltroia-Imob.de Urb.Turismo de Troia, SA	a)	Lisboa	100.00%	73.99%	100.00%	73.99%
2)	Somit-Soc.Mad.Ind.Transformadas, SA	a)	Oliveira do Hospital	100.00%	100.00%	100.00%	100.00%
	Sonae Investments, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
	Sonaegest-Soc.Gest.Fundos Investimentos	a)	Maia	80.00%	69.76%	80.00%	70.56%

1) Company acquired or incorporated in the period;
2) Company shown under Sonae Capital in the previous year;
3) Company merged into Sonae Capital Brasil, Lda;
4) Company merged into Star-Viagens e Turismo, SA;
5) Company merged into Sonae Retalho Espana - Servicios Gen.SA;
6) Ex - Sonae Medicamentos, Ltda;
7) Company sold in the period;
8) Company merged into Box Lines Navegação, SA;
9) Company dissolved in the period;
10) Ex - Pinto Ribeiro - Supermercados, SA;
11) Ex - Torralta-Clube Internacional Férias, SA.

a) Majority of voting rights;
b) Management control.

These group companies are consolidated using the full consolidation method.

5. JOINTLY CONTROLLED COMPANIES

Jointly controlled companies included in the consolidated financial statements, their head offices and the percentage of share capital held by the Group as at 30 September 2006 and 31 December 2005 are as follows:

			Percentage of capital held			
			30.09.2006		31.12.2005	
	COMPANY	Head Office	Direct	Total	Direct	Total
	Sonae Sierra					
	3DO Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	3DO ShoppingCentre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	3shoppings - Holding,SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Aegean Park, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	ALEXA Administration Gmbh	Dusseldorf (Germany)	100.00%	24.75%	99.00%	24.75%
	ALEXA Holding GmbH	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
	ALEXA Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	25.00%	100.00%	25.00%
	ALEXA Site Gmbh & Co. KG	Dusseldorf (Germany)	99.00%	24.75%	99.00%	24.75%
	Algarveshopping- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Arrábidashopping- Centro Comercial, SA	Vila Nova de Gaia	50.00%	12.53%	50.00%	12.53%
	Avenida M-40, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	50.00%
	Avenida M-40, SA	Madrid (Spain)	100.00%	25.05%	100.00%	50.00%
	Boavista Shopping Centre, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Cascaishopping- Centro Comercial, SA	Lisboa	100.00%	12.53%	100.00%	12.53%
	Cascaishopping Holding I, SGPS, SA	Lisboa	100.00%	25.05%	100.00%	25.05%
	Cascaishopping Holding II, SGPS, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Centro Colombo- Centro Comercial, SA	Lisboa	50.00%	12.53%	50.00%	12.53%
	Centro Vasco da Gama-Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Clérigoshopping- Gestão do C.Comerc., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Coimbrashopping- Centro Comercial, SA	Porto	100.00%	25.05%	100.00%	25.05%
2)	Dortmund Tower Gmbh	Dusseldorf (Germany)	100.00%	50.00%	-	-
	Dos Mares - Shopping Centre, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Dos Mares-Shopping Centre, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Estação Oriente-Gest.de Galerias Com., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Estação Viana- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Freccia Rossa- Shopping Centre, Srl	Sondrio (Italy)	50.00%	25.00%	50.00%	25.00%
	Fundo Investimento Imob. Shopping Parque D. Pedro	São Paulo (Brazil)	100.00%	48.27%	100.00%	48.95%
	Gaiashopping I- Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
	Gaiashopping II- Centro Comercial, SA	Maia	100.00%	12.53%	100.00%	12.53%
3)	Gli Orsi - Shopping Centre, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Guimarãeshopping- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Iberian Assets, SA	Barcelona (Spain)	49.78%	12.47%	49.78%	12.47%
	Inparsa-Gestão de Galeria Comerc., SA	Maia	100.00%	50.00%	100.00%	50.00%
	La Farga - Shopping Centre, SL	Barcelona (Spain)	100.00%	12.47%	100.00%	12.47%
7)	Le Terrazze - Shopping Centre, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
8)	Lima Retail Park, SA	Viana do Castelo	50.00%	25.00%	50.00%	25.00%
	Loureshopping- Centro Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Luz del Tajo - Centro Comercial, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Luz del Tajo, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Madeirashopping- Centro Comercial, SA	Funchal	50.00%	12.53%	50.00%	12.53%
	Maiashopping- Centro Comercial, SA	Maia	100.00%	25.05%	100.00%	25.05%

	MC Property Management, SA	Athens (Greece)	75.00%	18.75%	75.00%	18.75%
	Monselice Center, Srl	Venice (Italy)	100.00%	25.05%	100.00%	25.05%
	NorteShop. Retail and Leisure Centre, BV	Amsterdam (The Netherlands)	50.00%	12.53%	50.00%	12.53%
	Norteshopping-Centro Comercial, SA	Porto	100.00%	12.53%	100.00%	12.53%
1)	Oriogest, Srl	Milan (Italy)	80.00%	20.00%	80.00%	20.00%
2)	Park Avenue Develop. of Shop. Centers, SA	Athens (Greece)	100.00%	25.00%	-	-
	Parque Atlântico Shopping - Centro Comercial SA	Ponta Delgada	50.00%	12.53%	50.00%	12.53%
	Parque D. Pedro 1, BV	Luxemburg	100.00%	50.00%	100.00%	50.00%
	Parque D. Pedro 2, BV	Luxemburg	100.00%	50.00%	100.00%	50.00%
	Parque de Famalicão - Empr. Imob., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Parque Principado, SL	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
	Pátio Boavista Shopping, Ltda	São Paulo (Brazil)	100.00%	46.61%	100.00%	48.85%
	Pátio Penha Shopping, Ltda	Brazil	99.99%	46.61%	99.99%	50.00%
2)	Pátio Sertório Shopping Ltda	Brazil	100.00%	46.61%	-	-
	Plaza Eboli - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Plaza Eboli, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Plaza Mayor Holding, SGPS, SA	Maia	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ócio, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ocio, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Shopping, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Plaza Mayor Shopping, SA	Maia	75.00%	37.50%	75.00%	37.50%
	Pridelease Investments, Ltd	Cascais	100.00%	50.00%	100.00%	50.00%
	Proj.Sierra Charagionis 1 -Dev.Sh.C., SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	Project SC 1, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	Project Sierra 1 – Shopping Centre, GmbH	Vienne (Austria)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
2)	Project Sierra 2 - Shopping Centre Gmbh	Dusseldorf (Germany)	100.00%	50.00%	-	-
	Project Sierra 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
2)	Project Sierra 3, BV	Amsterdam (The Netherlands)	100.00%	50.00%	-	-
2)	Project Sierra 4, BV	Amsterdam (The Netherlands)	100.00%	50.00%	-	-
	Project Sierra Brazil 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany 1- Shopping Centre, GmbH	Germany	100.00%	50.00%	100.00%	50.00%
	Project Sierra Holding Portugal IV, SGPS, SA	Matosinhos	100.00%	50.00%	100.00%	50.00%
	Project Sierra Holding Portugal V, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Italy 1 - Shopping Centre, Srl	Italy	100.00%	50.00%	100.00%	50.00%
2)6)	Project Sierra Italy 3, Srl	Torino (Italy)	100.00%	50.00%	25.00%	12.50%
	Project Sierra Portugal I- C.Comercial, SA	Maia	50.00%	25.00%	50.00%	25.00%
	Project Sierra Portugal II-C.Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal III-C.Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal IV-C.Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal V-C.Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Portugal VI - C. Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
4)	Project Sierra Portugal VII - C. Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
5)	Project Sierra Portugal VIII - C Comercial, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 1-C.Comercial, SA	Madrid (Spain)	70.00%	35.00%	70.00%	35.00%
	Project Sierra Spain 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 2-C. Comerial, SA	Madrid (Spain)	100.00%	50.00%	75.00%	37.50%

	Project Sierra Spain 3, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 3-C. Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Rio Sul - Centro Comercial, SA	Maia	50.00%	25.00%	50.00%	25.00%
	SC Aegean, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
	SC Mediterraneum Cosmos, BV	Amsterdam (The Netherlands)	50.00%	25.00%	50.00%	25.00%
1)	Segest, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
	Serra Shopping - Centro Comercial, S.A.	Maia	50.00%	25.00%	100.00%	25.00%
	Shopping Centre Parque Principado, BV	Amsterdam (The Netherlands)	100.00%	25.05%	100.00%	25.05%
	Shopping Penha, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Asset Management-Gest. Activos, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Brazil 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Charagionis Develop. of Shop, Centers, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
	Sierra Charagionis Propert.Management, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
	Sierra Corporate Services- Ap.Gestão, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Corporate Services Holland, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Develop.Iberia 1, Prom.Imob., SA	Maia	100.00%	50.00%	100.00%	50.00%
2)	Sierra Development Greece, SA	Athens (Greece)	100.00%	50.00%	-	-
	Sierra Developments Germany Gmbh	Germany	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Germany Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments Spain-Prom.C.Com., SL	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Developments-Serv. Prom.Imob., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Enplanta, Ltda	São Paulo (Brazil)	100.00%	46.61%	50.00%	25.00%
	Sierra European R.R.E. Assets Hold., BV	Amsterdam (The Netherlands)	50.10%	25.05%	50.10%	25.05%
	Sierra GP, Ltd	Guernsey (U.K.)	100.00%	49.99%	100.00%	50.00%
9)	Sierra Investimentos Brasil Ltda	São Paulo (Brazil)	100.00%	46.61%	100.00%	50.00%
	Sierra Investments (Holland) 1, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments (Holland) 2, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments SGPS, SA	Porto	100.00%	50.00%	100.00%	50.00%
	Sierra Italy Holding, BV	Amsterdam (The Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Man.New Tech.Bus.-Serv.Comu.CC, SA	Matosinhos	100.00%	50.00%	100.00%	50.00%
	Sierra Management Germany, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Sierra Management II-Gestão de C.C., SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sierra Management Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Sierra Management Portugal-Gest. CC, SA	Lisboa	100.00%	50.00%	100.00%	50.00%
	Sierra Management Spain-Gestión C.Com., SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Sierra Management, SGPS, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Sonae Sierra Brasil, Ltda	Brasil	100.00%	46.61%	100.00%	50.00%
	Sonae Sierra Brazil, BV	Luxemburg	100.00%	50.00%	100.00%	50.00%
	Sonae Sierra, SGPS, SA	Maia	50.00%	50.00%	50.00%	50.00%
	SRP-Parque Comercial de Setúbal, SA	Maia	50.00%	25.00%	50.00%	25.00%
	Torre Colombo Ocidente-Imobiliária, SA	Porto	100.00%	12.53%	100.00%	12.53%

Torre Colombo Oriente-Imobiliária, SA	Porto	100.00%	12.53%	100.00%	12.53%
Unishopping Administradora, Ltda	São Paulo (Brazil)	99.99%	46.60%	99.99%	25.00%
Unishopping Consultoria Imob., Ltda	São Paulo (Brazil)	99.98%	46.59%	99.98%	25.00%
Valecenter Sierra Srl	Venice (Italy)	100.00%	25.05%	100.00%	25.05%
Via Catarina- Centro Comercial, SA	Maia	50.00%	12.53%	50.00%	12.53%
Zubiarte Inversiones Inmob, SA	Barcelona (Spain)	49.83%	12.48%	49.83%	24.91%

1) Company sold in the period;
2) Company acquired or incorporated in the period;
3) Ex - Project Sierra Italy 2-Shop.Centre, Srl;
4) Ex - Project Sierra Holding Portugal I,SGPS, SA;
5) Ex - Project Sierra Holding Portugal III, SA;
6) Ex - Torino Shopping Centre Srl;
7) Ex - Corso Magenta 85, Sarl;
8) Ex - Limadarque, Retail Park, SA;
9) Ex - Parque Dom Pedro Shopping, SA.

These entities are consolidated using the proportional consolidation method.

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

	30.09.2006	31.12.2005	30.09.2005
Non-current assets	3,501,807,920	3,076,799,370	1,692,002,259
Current assets	486,768,404	566,999,550	75,067,698
Non-current liabilities	1,614,587,744	1,416,384,042	1,177,830,777
Current liabilities	466,422,021	552,252,436	119,203,191

	30.09.2006	31.12.2005	30.09.2005 Pro-forma
Income	247,697,634	219,332,169	175,267,749
Expenses	172,556,423	134,524,337	127,975,134

6. INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies, their head offices and the percentage of share capital held as at 30 September 2006 and 31 December 2005 are as follows:

		Percentage of capital held			
		30.09.2006		31.12.2005	
COMPANY	Head Office	Direct	Total	Direct	Total
Modelo Continente					
Mundo Vip – Operadores Turísticos, SA	Lisboa	33.33%	33.14%	33.33%	33.33%
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisboa	25.00%	24.85%	25.00%	24.51%

	Sonae Sierra					
	Campo Limpo Lda	S. Paulo (Brazil)	20.00%	9.32%	20.00%	5.00%
	Mediterranean Cosmos Shop. Centre Investments, SA	Athens (Greece)	39.90%	9.98%	39.90%	9.98%
	SIC Indoor – Gest. Suportes Publicitários, SA	Oeiras	35.00%	17.50%	35.00%	17.50%
	Sonaecom					
	Net Mall SGPS, SA	Maia	39.51%	24.40%	37.51%	24.72%
1)	Profimetrics - Software Solutions, SA	Maia	30.00%	18.53%	-	-
	SIRS – Sociedade Independente de Radiodifusão Sonora, SA	Porto	45.00%	27.51%	45.00%	28.15%
	Unipress - Centro Gráfico, Lda	Vila Nova de Gaia	40.00%	24.45%	40.00%	25.02%
	Sonae Capital					
	Andar - Sociedade Imobiliária, SA	Maia	50.00%	50.00%	50.00%	50.00%
	Autocenter - Serviços, Acessórios e Peças para Viaturas, SA	Maia	50.00%	25.00%	50.00%	25.00%
	CarPlus – Comércio de Automóveis, SA	Vila Nova de Gaia	100.00%	50.00%	100.00%	50.00%
	Change, SGPS, SA	Porto	25.00%	25.00%	25.00%	25.00%
	Choice Car - Comércio de Automóveis, SA	Porto	100.00%	50.00%	100.00%	50.00%
	Choice Car SGPS, SA	Maia	50.00%	50.00%	50.00%	50.00%
	Developpement & Partenariat Assurances, SA	Paris (France)	35.00%	35.00%	35.00%	35.00%
	Finlog - Aluguer e Comércio de Automóveis, SA	Matosinhos	100.00%	50.00%	100.00%	50.00%
	Guerin – Rent a Car (Dois), Lda	Lisboa	100.00%	50.00%	100.00%	50.00%
	Interclean, SA	Brazil	49.99%	12.77%	49.99%	12.77%
	Lazam Corretora, Ltda	Brazil	45.00%	45.00%	45.00%	45.00%
	Lidergraf - Artes Gráficas, Lda	Vila de Conde	25.50%	25.50%	25.50%	25.50%
	Luso Assistência - Gestão de Acidentes, SA	Porto	100.00%	50.00%	100.00%	50.00%
	Norscut - Concessionária de Scut Interior Norte, SA	Lisboa	25.00%	25.00%	25.00%	25.00%
	Pargeste SGPS, SA	Maia	40.00%	40.00%	40.00%	40.00%
	Sociedade de Construções do Chile, SA	Lisboa	100.00%	50.00%	100.00%	50.00%
	Sociedade Imobiliária Troia - B3, SA	Grândola	20.00%	20.00%	20.00%	16.96%
	Vastgoed One - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Vastgoed Sun - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%
	Operscut - Operação e Manutenção de Auto-estradas, SA	Lisboa	15.00%	15.00%	15.00%	15.00%
	Sodesa, SA	Lisboa	50.00%	50.00%	50.00%	50.00%
	TP - Sociedade Térmica, SA	Porto	50.00%	50.00%	50.00%	50.00%

1) Company acquired in the period;

Associated companies are consolidated using the equity method.

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

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, percentage of share capital held and book value as at 30 September 2006 and 31 December 2005 are made up as follows:

				Percentage of capital held					
		Reason for exclusion		30.09.2006		31.12.2005		Book Value	
	COMPANY		Head Office	Direct	Total	Direct	Total	30.09.2006	31.12.2005
	Modelo Continente								
	Dispar – Distrib. de Participações, SGPS, SA		Lisboa	7.14%	7.10%	7.14%	7.00%	4,988	4,988
	Insco – Insular de Hipermercados, SA		Ponta Delgada	10.00%	9.94%	10.00%	9.81%	748,197	748,197
	Sonae Sierra								
	Ercasa Cogeneracion SA		Grancasa (Spain)	10.00%	1.25%	32.01%	1.60%	23,933	23,933
	Sonaecom								
	Altitude, SGPS, SA		Lisboa	11.50%	7.10%	11.50%	7.19%	1,000,000	1,000,000
	Despegar.com		Porto	5.50%	3.40%	5.50%	3.44%	-	-
	Lusa - Agência de Noticias de Portugal, SA		Lisboa	1.38%	0.84%	1.38%	0.86%	197,344	197,344
	Minhodigital.com - Inv. na Área Tecnológ., SA		Porto	4.76%	2,87%	4.76%	2.84%	-	-
	Outsystems, Software de Rede, SA		Oeiras	1.50%	0.90%	1.50%	0.90%	-	-
	Portugal Telecom, SGPS, SA		Lisboa	1.00%	0.62%	-	-	111,222,822	-
	Sonae Capital								
1)	Bar-Bar-Idade Glass - Serviços de Gestão e Investimentos, SA		Porto	7.83%	7.83%	11.75%	11.75%	12,060,507	17,999,964
	Delphinus – Soc. de Tur. e Div. de Tróia, SA	a)	Grândola	79.00%	79.00%	79.00%	79.00%	-	-
3)	Etablissement A. Mathe, SA		France	27.74%	27.74%	-	-	69,350	-
	Plysorol Contreplaques, SAS	a)	France	100.00%	100.00%	100.00%	100.00%	37,000	37,000
	Sonae Indústria, SGPS, SA	b)	Maia	6.66%	6.66%	5.95%	5.95%	66,561,607	53,263,065
	Sonae RE, SA	a)	Luxemburg	100.00%	100.00%	100.00%	100.00%	1,250,000	1,250,000
	Fun International Entertainement, SA	a)	Porto	50.00%	50.00%	50.00%	50.00%	1,120,002	825,001
	Infratroia – Emp. de Infraest. de Troia, E.N.	a)	Grândola	25.90%	25.90%	25.90%	25.90%	55,659	55,659
	Net, SA		Lisboa	2.80%	2.80%	2.80%	2.80%	11,132	11,132
	Sear - Sociedade Europeia de Arroz, SA		Santiago do Cacém	15.00%	15.00%	15.00%	15.00%	150,031	150,031
	Societé Naturel de Bois Gabonais		Gabon	4.24%	4.24%	4.24%	4.24%	-	-
	Spidouro S.P.E.I. Douro e Trás-os-Montes, SA		Vila Real	8.30%	8.30%	8.30%	8.30%	-	-
	Outras								
	Esprit du Monde SA	a)	Portel	100.00%	32.67%	-	-	50,000	-
	Sonae Investimentos América Latina, Lda	a)	São Paulo (Brazil)	99.99%	99.99%	99.99%	99.99%	25,687	25,687
	First Assur, SA		France	11.01%	11.01%	11.01%	11.01%	959,647	959,647
2)	Sonae Indústria, SGPS, SA	b)	Maia	-	-	0.71%	0.71%	-	6,400,000

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

b) Investment measured at fair value.

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

2) Company sold to Sonae Capital in the period;

3) Company acquired in the period.

8. CHANGES TO THE CONSOLIDATION PERIMETER

Main disposals of companies over the nine months period ended 30 September 2006 are as follows:

Disposals

COMPANY	Head Office	Percentage of capital held 30.09.2006 Direct	Total
Sonae Sierra			
Oriogest, Srl	Milan (Italy)	80.00%	20.00%
Segest , Srl	Milan (Italy)	50.00%	25.00%
Sonaecom			
Enabler & Retail Consult, GmbH	Germany	85.00%	37.38%
Enabler Brasil, Ltda	Curitiba (Brazil)	99.99%	43.97%
Enabler France	France	100.00%	43.97%
Enabler UK, Ltd	U.K.	100.00%	43.97%
Enabler-Informática, SA	Maia	98.50%	43.97%
Retailbox, BV	Amsterdam (The Netherlands)	75.50%	44.64%
Sonae Capital			
Sontrade Lines, Ltd	Hants (U.K.)	63.75%	63.75%

Net assets of group companies sold and the corresponding carrying amounts as at the date of disposal and as at 31 December 2005 are as follows:

	Date of disposal	31.12.2005
Net assets disposed of		
Tangible and intangible assets (Note 9)	659,125	1,352,610
Deferred tax assets	66,198	7,129
Other assets	9,782,038	9,080,692
Cash and cash equivalents	4,972,842	4,903,819
Other liabilities	(6,353,057)	(8,288,804)
Provisions	(350,282)	(10,873)
	8,776,864	7,044,573
Goodwill	1,936,347	1,962,882
Intercompany results	(2,990,859)	-
Minority interests (Note 18)	(925,013)	(320,259)
	6,797,339	8,687,196
Gain/(loss) on sale	26,465,274	
Total consideration	33,262,613	
Cash received	25,946,503	
Amounts receivable	7,316,110	
	33,262,613	
Net cash inflow arising from disposals		
Cash consideration received	25,946,503	
Cash and cash equivalents disposed of	(4,972,842)	
	20,973,661	

The impact of these disposals on the income statement is as follows:

	Date of disposal	31.12.2005
Turnover	11,725,262	23,689,831
Other operational income	3,427,304	7,897,785
Other operational expenses	(13,837,767)	(28,585,944)
Net financial expenses	65,553	40,523
Investment income and share of results in associated undertakings	63,376	(567,907)
Profit before taxation	1,443,728	2,474,288
Taxation	(313,425)	(1,174,571)
Profit for the period	1,130,303	1,299,717

9. TANGIBLE AND INTANGIBLE ASSETS

During the nine months period ended 30 September 2006, movements in Tangible and Intangible assets as well as depreciation and accumulated impairment losses, are made up as follows:

	Tangible assets				
	Land and Buildings	Plant and Machinery	Others	Tangible assets in progress	Total Tangible Assets
Gross cost:					
Opening balance as at 1 January 2006	1,441,897,812	1,190,596,282	280,269,665	85,169,758	2,997,933,517
Changes in consolidation perimeter	-	(2,378,996)	(801,810)	-	(3,180,806)
Capital expenditure	30,424,788	4,044,681	7,920,408	219,331,954	261,721,831
Disposals	(19,334,092)	(7,683,688)	(4,873,241)	(1,364,626)	(33,255,647)
Exchange rate effect	35,168	3,514	3,213	(4,020)	37,875
Transfers	48,159,414	107,434,372	9,689,193	(166,261,597)	(978,618)
Closing balance as at 30 September 2006	1,501,183,090	1,292,016,165	292,207,428	136,871,469	3,222,278,152
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2006	264,496,740	630,899,802	194,131,334	271,167	1,089,799,043
Changes in consolidation perimeter	-	(2,060,274)	(557,138)	-	(2,617,412)
Charge for the period	29,246,368	85,179,811	22,826,688	10,114	137,262,981
Disposals	(5,396,572)	(5,468,434)	(4,107,135)	-	(14,972,141)
Exchange rate effect	1,513	1,490	1,630	-	4,633
Transfers	(206,952)	(2,811,257)	(809,002)	834,019	(2,993,192)
Closing balance as at 30 September 2006	288,141,097	705,741,138	211,486,377	1,115,300	1,206,483,912
Carrying amount					
As at 30 September 2006	1,213,041,993	586,275,027	80,721,051	135,756,169	2,015,794,240

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

	30.09.2006
Refurbishment and expansion of stores located in Portugal	54,946,491
New projects in Portugal of the Retail business segment	18,908,806
Troia project	20,265,214
Deployment of mobile and fixed network	9,066,824
	103,187,335

	Intangible assets			
	Patents and other similar rights	Others	Intangible assets in progress	Total Intangible Assets
Gross cost:				
Opening balance as at 1 January 2006	230,752,504	281,456,631	15,469,653	527,678,788
Changes in consolidation perimeter	(31,018)	(376,701)	-	(407,719)
Capital expenditure	426,643	1,122,436	25,196,977	26,746,056
Disposals	(6,855)	(182,264)	(490,754)	(679,873)
Exchange rate effect	9	592	-	601
Transfers	2,166,049	12,804,442	(10,938,679)	4,031,812
Closing balance as at 30 September 2006	233,307,332	294,825,136	29,237,197	557,369,665
Accumulated depreciation and impairment losses				
Opening balance as at 1 January 2006	23,481,840	182,651,525	-	206,133,365
Changes in consolidation perimeter	(22,345)	(351,323)	-	(373,668)
Charge for the period	10,806,248	19,548,774	-	30,355,022
Disposals	(23,713)	(11,495)	-	(35,208)
Exchange rate effect	-	266	-	266
Transfers	558,040	2,145,669	-	2,703,709
Closing balance as at 30 September 2006	34,800,070	203,983,416	-	238,783,486
Carrying amount				
As at 30 September 2006	198,507,262	90,841,720	29,237,197	318,586,179

As at 30 September 2006, the amount under the caption Patents and other similar rights includes net assets related with UMTS technology (118,191,153 euro) and the fair value attributed to a group of brands with indefinite useful lives, among which the "Continente" brand (75,000,000 euro).

10. INVESTMENT PROPERTIES

Investment properties are recorded at fair value. These assets are owned by the shopping centres business and as such are consolidated using the proportional method.

As at 30 September 2006, Investment properties are detailed as follows:

	30.09.2006	31.12.2005
Investment properties in operation	1,330,860,489	1,232,476,111
Investment properties in progress	182,460,806	124,944,974
	1,513,321,295	1,357,421,085

As at 30 September 2006, Investment properties in operation correspond to the fair value of the Group's share of shopping centres, which can be detailed as follows:

	30.09.2006		31.12.2005	
	Amount	Yield	Amount	Yield
Portugal	793,968,000	5.75% to 6.75%	718,685,026	6.25% to 7.25%
Spain	369,696,649	5.25% to 7.25%	357,728,006	5.25% to 7.50%
Italy	60,250,500	6.25% to 7.25%	58,257,500	6.50% to 7.50%
Brazil	106,945,340	11.00% to 12.50%	97,805,579	11.00% to 12.50%
	1,330,860,489		1,232,476,111	

The fair value of each investment property was determined by a valuation as at 30 June 2006, performed by an independent entity, based on valuation criteria generally accepted in the real estate business.

Value created on investment properties over the nine months periods ended 30 September 2006 and 2005 can be detailed as follows:

	3rd Quarter 2006	9 Months 2006	3rd Quarter 2005	9 Months 2005
Properties which were under development and were concluded during the nine months period	-	5,563,980	19,681	9,654,936
Changes in fair value of investment properties in operation	5,315,507	71,176,286	(4,290,226)	51,481,784
Adjustments to construction cost estimates of properties under development which were transferred to investment properties	(4,427,651)	(4,427,651)	3,400,191	(3,790,747)
	887,856	72,312,615	(870,354)	57,345,972

As at 30 September 2006 and 31 December 2005, Investment properties in progress can be detailed as follows:

	30.09.2006	31.12.2005
Portugal:		
Alverca	2,858,800	2,838,625
Cacém Shopping	920,548	875,176
Parque de Famalicão	1,496,742	1,427,234
Setubal Retail Park	784,657	736,764
Lima Retail Park	2,557,773	2,148,968
Torres Colombo	4,113,358	4,271,352
Rio Sul	-	16,534,179
VIII Avenida	6,831,625	-
ArrabidaShopping - expantion	2,194,373	-
CaiscaisShopping - expantion	1,148,097	131,760
Others	3,740,928	473,759
Germany:		
Alexander Platz	49,268,570	36,016,961
3DO	9,969,018	7,932,227
Weiterstadt	28,374,175	-
Others	6,542	-
Brazil:		
Others	194,270	114,655
Spain:		
El Rosal	26,477,536	20,337,249
Plaza Mayor Shopping	9,620,653	6,319,577
Dos Mares - expantion	1,815,902	1,650,387
Others	1,444,525	-
Greece:		
Aegean Park	4,769,825	4,725,071
Park Avenue	952,992	-
Others	11,005	10,160
Italy:		
Freccia Rossa	17,243,312	13,930,831
Gli Orsi	4,841,020	4,071,824
Le Terraze	764,949	-
Others	59,611	398,219
	182,460,806	124,944,974

As at 30 September 2006, the following investment properties were mortgaged:

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

11. GOODWILL

During the nine months period ended 30 September 2006, movements in goodwill, as well as in corresponding impairment losses, are as follows:

	30.09.2006
Gross value:	
Opening balance	248,887,726
Increases	2,724,882
Decreases	(2,467,235)
Closing balance	249,145,373
Accumulated impairment losses:	
Opening balance	3,309,480
Increases	4,236,492
Decreases	-
Closing balance	7,545,972
Carrying amount:	241,599,401

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

12. INVESTMENTS

As at 30 September 2006, this caption is made up as follows:

	30.09.2006	
	Non current	Current
Investments in group companies, jointly controlled companies or associated companies excluded from consolidation		
Opening balance as at 1 January 2006	8,795,694	-
Acquisitions in the period	1,074,850	-
Disposals in the period	(500)	-
Transfers	2,659,730	
Closing balance as at 30 September 2006	12,529,774	-
Accumulated impairment losses (Note 24)	(7,957,738)	-
	4,572,036	-
Investment in associated companies		
Opening balance as at 1 January 2006	21,254,852	-
Acquisitions in the period	2,364,162	-
Disposals in the period	-	-
Equity method effect	3,174,499	-
Transfers	(2,526,873)	-
Closing balance as at 30 September 2006	24,266,640	-
Goodwill	2,958,551	
Accumulated impairment losses (Note 24)	(844,140)	-
	26,381,051	-
Investments held for sale		
Fair value (net of impairment losses) as at 1 January 2006	133,421,347	10,620,966
Acquisitions in the period	117,466,246	1,905,353
Disposals in the period	(17,409,488)	(874,547)
Increase/(Decrease) in fair value	12,827,273	(33,065)
Transfers	(147,368)	335,732
Fair value (net of impairment losses) as at 30 September 2006	246,158,010	11,954,439
Derivative financial instruments (Note 20)		
Fair value as at 1 January 2006	-	60,475
Acquisitions in the period	-	2,578,067
Disposals in the period	-	(2,591,934)
Increase/(Decrease) in fair value	-	20,579
Fair value as at 30 September 2006	-	67,187
	277,111,097	12,021,626

Investments held for sale are disclosed above net of accumulated impairment losses (Note 24) amounting to 2,740,070 euro.

The caption Investments held for sale includes (64,322,740) euro of deposits in an Escrow Account, of which (10,628,802) disclosed as current assets and (53,689,586) euro as non-current assets, in accordance with the time schedule of the guarantee. Amounts in the escrow account are invested in investment funds with high ratings.

13. OTHER NON-CURRENT ASSETS

As at 30 September 2006 and 31 December 2005, Other non-current assets are detailed as follows:

	30.09.2006			31.12.2005		
	Gross Value	Accumulated impairment losses (Note 24)	Carrying Amount	Gross Value	Accumulated impairment losses	Carrying Amount
Loans granted to related parties						
Bar-Bar-Idade Glass - Serviç. de Gest. e Investiment, SA	6,402,717	-	6,402,717	12,000,000	-	12,000,000
Andar - Sociedade Imobiliária, SA	2,853,673	-	2,853,673	2,650,673	-	2,650,673
Others	4,136,943	(270,488)	3,866,455	4,416,301	(294,805)	4,121,496
	13,393,333	(270,488)	13,122,845	19,066,974	(294,805)	18,772,169
Trade accounts receivable and other debtors						
Legal deposits	737,438	-	737,438	823,385	-	823,385
Accounts receivable from the sale of investments	1,399,509	-	1,399,509	1,911,424	-	1,911,424
Lisbon and Malaga Town Councils	4,400,585	-	4,400,585	4,723,019	-	4,723,019
Others	7,549,261	(184,944)	7,364,317	12,243,096	(4,722,917)	7,520,179
	14,086,793	(184,944)	13,901,849	19,700,924	(4,722,917)	14,978,007
Derivative financial instruments (Note 20)	2,542,596	-	2,542,596	-	-	-
Other non-current assets	775,889	-	775,889	1,988,844	-	1,988,844
	30,798,611	(455,432)	30,343,179	40,756,742	(5,017,722)	35,739,020

14. TRADE DEBTORS AND OTHER CURRENT ASSETS

As at 30 September 2006 and 31 December 2005 , Trade debtors and other current assets are detailed as follows:

	30.09.2006	31.12.2005
Trade accounts receivable	348,488,315	340,892,988
Taxes recoverable	99,897,599	87,636,005
Securitisation of trade receivables	1,425,473	1,684,510
Trade suppliers - debit balances	34,188,301	32,445,023
Other debtors	67,391,581	86,267,475
Accounts receivable from the sale of investments	24,093,558	260,410,243
Accounts receivable from the sale of tangible assets	2,994,545	4,336,373
Loans granted to associated companies	32,005,384	19,758,938
Invoices to be issued	55,888,065	37,549,383
Other current assets	55,818,520	28,026,710
	722,191,341	899,007,648
Accumulated impairment losses (Note 24)	(106,136,124)	(110,306,224)
	616,055,217	788,701,424

15. <u>DEFERRED TAXES</u>

Deferred tax assets and liabilities as at 30 September 2006 and 31 December 2005 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Difference between fair value and acquisition cost in investment properties	-	-	228,748,649	200,453,376
Harmonisation adjusments	211,359	282,358	25,106,533	24,696,174
Provisions and impairment losses not accepted for tax purposes	13,459,079	13,201,778	2,560,614	2,560,614
Write off of tangible and intangible assets	27,406,061	28,640,493	-	-
Write off of deferred costs	31,144,893	23,436,106	3,731,225	2,067,858
Valuation of hedging derivatives	102,322	320,595	775,449	16,631
Revaluation of tangible assets	-	-	3,660,995	3,838,774
Tax losses carried forward	37,392,458	42,886,889	-	-
Reinvested capital gains/(losses)	-	-	4,411,342	4,485,183
Others	(401,489)	(284,180)	395,431	65,651
	109,314,683	108,484,039	269,390,238	238,184,261

In accordance with the tax statements and tax estimates presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 30 September 2006 and 31 December 2005, and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

	30.09.2006			31.12.2005		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2000	555,914	142,845	2006	1,860,520	464,590	2006
Generated in 2001	5,756,452	1,568,720	2007	7,365,362	2,010,374	2007
Generated in 2002	24,273,386	6,678,697	2008	61,090,945	16,727,473	2008
Generated in 2003	33,355,143	9,239,172	2009	32,257,714	9,013,529	2009
Generated in 2004	3,805,597	1,047,487	2010	5,295,699	1,317,769	2010
Generated in 2005	10,406,515	2,870,649	2011	10,614,908	2,926,903	2011
Generated in 2006	12,232,984	3,302,460	2012	-	-	
	90,385,991	24,850,030		118,485,148	32,460,638	
Without limited time use	13,583,488	4,521,168		9,122,035	3,250,519	
With a time limit different from the above mentioned	22,918,224	8,021,260		20,502,091	7,175,732	
	36,501,712	12,542,428		29,624,126	10,426,251	
	126,887,703	37,392,458		148,109,274	42,886,889	

As at 30 September 2006 and 31 December 2005, Deferred tax assets resulting from tax losses carried forward were re-assessed against each company's business plans, which are regularly updated, and available tax planning opportunities. Deferred tax assets have only been recorded to the extent that future profits will arise which may be offset against available tax losses or against deductible temporary differences.

As at 30 September 2006 tax losses carried forward, amounting to 1,270,565,337 euro, have not originated deferred tax assets for prudential reasons. These may be summarised as follows:

	30.09.2006			31.12.2005		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2000	58,847,304	16,183,010	2006	67,743,331	18,629,417	2006
Generated in 2001	108,964,674	29,958,942	2007	125,518,521	34,517,593	2007
Generated in 2002	526,718,282	144,761,375	2008	679,213,519	186,783,717	2008
Generated in 2003	66,713,917	18,890,848	2009	65,091,201	18,520,346	2009
Generated in 2004	41,810,641	11,427,460	2010	41,053,702	11,326,503	2010
Generated in 2005	261,606,099	71,935,112	2011	229,033,258	62,990,282	2011
Generated in 2006	46,857,553	12,882,653	2012	-	-	
	1,111,518,470	306,039,400		1,207,653,532	332,767,858	
Without limited time use	159,046,867	47,473,099		133,678,160	46,113,016	
	1,270,565,337	353,512,499		1,341,331,692	378,880,874	

16. CASH AND CASH EQUIVALENTS

As at 30 September 2006 and 31 December 2005, Cash and cash equivalents can be detailed as follows:

	30.09.2006	31.12.2005
Cash at hand	4,074,761	2,799,622
Bank deposits	98,788,149	795,834,935
Treasury applications	98,439,352	113,659,759
Cash and cash equivalents in the balance sheet	201,302,262	912,294,316
Bank overdrafts (Note 19)	(22,234,011)	(18,673,265)
Cash and cash equivalents in the statement of cash flows	179,068,252	893,621,051

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

17. SHARE CAPITAL

As at 30 Setembro 2006, the share capital, which is fully subscribed and paid for, is made up of 2,000,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each. As at that date, the company and group companies held 133,418,572 own shares, at a cost of 142,961,431 euro.

As at 30 September 2006, the following entities held more than 20% of the subscribed share capital:

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

18. MINORITY INTERESTS

Movements in minority interests in the nine months period ended 30 September 2006 are as follows:

	30.09.2006
Opening balance as at 1 January	394,707,612
Increased shareholding by acquisitions	(20,307,225)
Dividends	(4,525,759)
Changes resulting from currency translation	43,251
Acquisition of companies	-
Disposal of companies (Note 8)	(925,013)
Changes in hedge and fair value reserves	800,182
Others	(3,853,350)
Profit for the period attributable to minority interests	62,808,694
Closing balance as at 30 September	428,748,392

19. BORROWINGS

As at 30 September 2006 and 31 December 2005, Borrowings are made up as follows:

		30.09.2006			31.12.2005			
			Outstanding amount			Outstanding amount		
		Amount limit	Current	Non Current	Amount limit	Current	Non Current	Repayable on
	Bank loans							
	Sonae, SGPS, SA - commercial paper	350,000,000	32,500,000	-	350,000,000	340,950,000	-	Aug/2014
	Modelo Continente, SGPS,SA - commercial paper	163,000,000	-	-		-	-	Sep/2009
a)b)	Filiais da Sonae Sierra	474,037,488	13,219,734	347,202,756	480,737,488	9,933,335	363,688,431	Jan/2007 to May/2027
a)c)	Filiais da Sonae Sierra	286,750,649	3,343,193	252,249,067	265,528,904	10,336,188	144,467,761	May/2010 to Dec/2025
	Valecenter S.p.a.		-	-	26,000,000	26,000,000	-	-
	Optimus	450,000,000	-	324,458,200	450,000,000	-	324,458,200	Jun/2009
	Sonae Investments BV	32,154,000	6,150,940	6,150,940	32,154,000	6,150,940	10,764,146	Sep/2008
	Sonae Investments BV	47,385,800	4,580,000		47,385,800	-	-	Jun/2007
d)	Imoareia	34,791,153	-	-	34,791,153	34,791,153	-	Sep/2006
e)	Sonae Turismo - commercial paper	110,000,000	35,100,000	-		-	-	Aug/2009
	Others		9,782,368	50,579,605		145,316,357	68,714,745	
			104,676,234	980,640,569		573,477,973	912,093,283	
	Bonds:							
	Bonds Sonae / 97		74,819,686	74,819,684		74,819,686	74,819,684	Oct/2007
	Bonds Sonae / 05		-	100,000,000		-	100,000,000	Mar/2013
	Bonds Sonae 2006/2011		-	250,000,000		-	-	May/2011
	Bonds Modelo Continente / 2003		-	82,000,000		-	82,000,000	Oct/2011
	Bonds Modelo Continente / 2004		-	100,000,000		-	100,000,000	Mar/2009
	Bonds Modelo Continente / 2005		-	265,000,000		-	265,000,000	Aug/2010
	Bonds Modelo Continente / 2005		-	150,000,000		-	150,000,000	Aug/2012
	Bonds Sonae Imobiliária / 99		15,000,000			15,000,000	-	Dec/2006
	Bonds Sonaecom / 2005		-	150,000,000		-	150,000,000	Jun/2013
			89,819,686	1,171,819,685		89,819,686	921,819,684	
	Obligations under finance leases		8,248,636	30,030,961		11,030,610	36,194,019	
	Other loans		228,907	7,903,303		1,082,647	8,164,831	
	Bank overdrafts (Note 16)		22,234,011	-		18,673,265	-	
	Hedging derivatives (Note 20)		163,287	277,639		959,050	481,953	
	Amortised cost for bank loans and bonds		(476,092)	(26,320,557)		(550,705)	(30,127,628)	
			224,894,669	2,164,351,600		694,492,525	1,848,626,142	

a) These amounts are proportionate considering the percentage held by the group;

b) These loans are guaranteed by mortgages of investment properties held by these affiliated companies;

c) These loans are guaranteed by a pledge of shares held in those affiliated companies;

d) This loan is guaranteed by Sonae, SGPS, SA;

e) Sonae Capital, SGPS, SA ia a co-guarantor in this loan.

Derivatives are recorded at fair value (Note 20).

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

	30.09.2006	31.12.2005
2006	166,122,638	694,084,181
2007	184,586,661	144,560,638
2008	127,970,728	126,167,422
2009	349,967,816	349,217,525
2010	334,417,765	333,764,184
After 2010	1,252,536,384	924,562,049
	2,415,601,993	2,572,355,997

20. DERIVATIVES

Exchange rate derivatives

The Group uses exchange rate derivatives, essentially to hedge future cash flows.

The Group contracted several exchange rate forwards and options in order to manage its exchange rate exposure.

As at 30 September 2006, the fair value of exchange rate derivatives, calculated based on present market value of equivalent financial instruments, is of 26,079 euro and is included in Current liabilities and 46,608 euros (60,475 euro as at 31 December 2005) on the caption Current investments.

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment, amounting to -39,946 euro, were recorded directly in the income statement in the caption Net financial expenses.

Interest rate derivatives

As at 30 September 2006, derivatives used by the Group essentially refer to “swaps” and interest rate options (“cash flow hedges”). These were negotiated to hedge the interest rate risk of loans amounting to 346,408,172 euro (255,692,090 euro as at 31 December 2005). The fair value of these derivatives amounts to 2,148,328 euro (-1,441,003 euro as at 31 December 2005), and are disclosed as Investments 2,563,175 euro and as current liabilities 414,847 euro, of which 20,579 euro relate to assets and 51,732 euro (454.221 euro as at 31 December 2005) relate to derivatives on loans which no longer qualify as hedge derivatives, in spite of continuing to hedge interest risk.

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

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

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

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

Interest rate and exchange rate derivatives

As at 30 September 2006 no contracts existed related to interest rate and exchange rate derivatives.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Investments		Borrowings	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Derivatives not qualified as hedging	67,187	60,475	77,811	454,221
Hedging derivatives				
Exchange rate	-	-	-	-
Interest rate	2,542,596	-	363,115	986,782
Interest and exchange rate	-	-	-	-
Other derivatives	-	-	-	-
	2,609,783	60,475	440,926	1,441,003

21. OTHER NON-CURRENT LIABILITIES

As at 30 September 2006 and 31 December 2005, Other non-current liabilities were made up as follows:

	30.09.2006	31.12.2005
Shareholder loans	39,513,852	50,411,714
Fixed assets suppliers	23,403,339	25,410,132
Other non-current liabilities	34,136,223	481,162,419
Share based payments (Note 22)	17,107,562	29,428,569
	114,160,976	586,412,834

The caption Other non-current liabilities included 460,085,361 euro as at 31 December 2005 which corresponded to the present value of the consideration paid by the Santander Group for Modelo Continente, SGPS, SA shares.

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

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

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

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

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

On 19 May 2005, in an over the counter transaction, Sonae, SGPS, SA acquired 83,375,000 shares (7.58% of the share capital) of its affiliate Modelo Continente, SGPS, SA, for 150.4 million euro, under the terms of the Call Option contract signed on 16 November 2004.On 20 April 2006, the Group acquired, under the same terms, shares representing 13.3295% of the share capital of its affiliate Modelo Continente, SGPS, SA for 265,792,158.65 euro. On 9 Sptember 2006, the Group acquired, under the same terms, shares representing 9.09% of the share capital of Modelo Continente, SGPS, SA, corresponding to the remaining shares held by the Santander Group under this contract, which as a result ceased to exist.

22. SHARE-BASED PAYMENTS

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

As at 30 September 2006 and 31 December 2005, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

	Year of grant	Vesting year	Number of participants	Fair value 30.09.2006	Fair value 31.12.2005
Shares					
	2003	2006	11	1,092,254	15,973,503
	2004	2007	428	11,591,149	9,654,065
	2005	2008	453	10,046,799	8,446,941
	2006	2009	493	8,048,615	-
				30,778,817	34,074,509
Options					
	2002	2005	-	-	4,203,376
	2003	2006	50	-	-
	2004	2007	-	-	-
	2005	2008	-	-	-
	2006	2009	-	-	-
				-	4,203,376
Total				30,778,817	38,277,885

As at 30 September 2006 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	30.09.2006
Staff costs	11,682,077
Retained earnings	7,896,109
	19,578,186
Other current liabilities	2,470,624
Other non-current liabilities	17,107,562
	19,578,186

The movement in the number of options open in the nine months period ended 30 September 2006 is as follows:

	30.09.2006
Opening balance	2,406,224
Granted in the period	-
Exercised in the period	(1,467,859)
Expired and not exercised in the period	(14,691)
Closing balance	923,674

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

Vesting date	2004	2005	2006	2007	2008	Total
Exercisable until:	31.03.05	31.03.06	31.03.07	31.03.08	31.03.09	
Exercise price (defined at date of grant)	3.014 €	1.694 €	-	-	-	
Total liability	-	-	-	-	-	-
Recorded liability	-	-	-	-	-	-
Number of options open	-	923,674	-	-	-	923,674
Number of options exercised in the period	(285,406)	(1,182,453)	-	-	-	(1,467,859)
Number of options expired but not exercised in the period	-	(14,691)	-	-	-	(14,691)
Average market-price of options exercised in the period	4.087 €	4.199 €				

23. TRADE CREDITORS AND OTHER NON-CURRENT LIABILITIES

As at 30 September 2006 and 31 December 2005, Trade creditors and other non-current liabilities were made up as follows:

	30.09.2006	31.12.2005
Trade creditors	765,663,865	808,680,981
Shareholders	29,491,133	29,107,161
Fixed asset suppliers	60,800,291	79,751,868
Other accounts payable	72,891,975	68,104,841
Factoring	19,478,786	18,282,079
Taxes and contributions payable	57,815,467	69,814,568
Holiday Pay and Bonuses	105,491,966	98,573,788
Accrued expenses	167,480,208	136,005,259
Deferred income	44,401,294	38,458,931
	1,323,514,985	1,346,779,476

24. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the nine months period ended 30 September 2006 are as follows:

	Balance as at 31.12.2005	Increase	Decrease	Balance as at 30.09.2006
Accumulated impairment losses on investments (Note 12)	11,571,901	116,297	(146,250)	11,541,948
Accumulated impairment losses on other non-current assets (Note 13)	5,017,722	143,000	(4,705,290)	455,432
Accumulated impairment losses on trade accounts receivable and other debtors (Note 14)	110,306,224	7,849,243	(12,019,343)	106,136,124
Accumulated impairment losses on stocks	25,230,922	10,416,795	(11,074,582)	24,573,135
Non-current provisions	54,477,919	12,924,615	(3,998,716)	63,403,818
Current provisions	2,284,983	635,545	(624,647)	2,295,881
	208,889,671	32,085,495	(32,568,828)	208,406,339

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

25. CONTINGENT ASSETS AND LIABILITIES

As at 30 September 2006 and 31 December 2005, Contingent assets and liabilities were made up as follows:

	30.09.2006	31.12.2005
Guarantees given:		
on tax claims	67,958,248	64,279,059
on judicial claims	4,648,827	2,135,699
others	185,906,110	265,851,124

Others include 68,098,396 euro related to guarantees on construction works given to clients.

As at 31 December 2005, shares representing 31.83% of the share capital of Modelo Continente, SGPS, S.A. were pledged to the Santander Group as part of the contractual obligations arising from the call and put option agreements on Modelo Continente's shares.This pledge was cancelled as a result of the exercise of the related purchase option (Note 21).

26. RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

	Sales and services rendered		Purchases and services obtained	
Transactions	30.09.2006	30.09.2005	30.09.2006	30.09.2005
Parent company and group companies excluded from consolidation	33,523,392	20,457,052	561,834	10,293,040
Jointly controlled companies	27,976,927	11,086,598	11,593,009	830,183
Associated companies	1,458,864	1,632,404	14,778,916	5,796,184
Other partners in Group companies	50,237,243	-	12,106,488	1,716,567
	113,196,426	33,176,054	39,040,247	18,635,974

	Interest income		Interest expenses	
Transactions	30.09.2006	30.09.2005	30.09.2006	30.09.2005
Parent company and group companies excluded from consolidation	6,859	409,794	70,874	37,932
Jointly controlled companies	110,945	173,989	693,378	41,358
Associated companies	24,605	48,031	-	-
Other partners in Group companies	-	368,376	1,848,403	3,167,250
	142,409	1,000,190	2,612,655	3,246,540

Balances	Accounts receivable 30.09.2006	Accounts receivable 31.12.2005	Accounts payable 30.09.2006	Accounts payable 31.12.2005
Parent company and group companies excluded from consolidation	12,342,753	12,640,910	955,801	367,578
Jointly controlled companies	13,446,878	29,268,146	4,966,004	3,757,773
Associated companies	8,916,222	6,929,214	1,782,206	2,283,497
Other partners in Group companies	11,448,229	9,553,739	14,084,630	13,688,689
	46,154,082	58,392,009	21,788,641	20,097,537

	Loans			
	Obtained		Granted	
Balances	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Parent company and group companies excluded from consolidation	2,750,000	2,750,000	12,407,524	2,208,335
Jointly controlled companies	24,595,536	23,133,138	21,950	1,254,924
Associated companies	-	-	4,668,960	20,129,907
Other partners in Group companies	28,331,542	36,809,925	-	-
	55,677,078	62,693,063	17,098,434	23,593,166

27. TAXATION

As at 30 September 2006 and 31 December 2005, Taxation is made up as follows:

	30.09.2006		30.09.2005		30.09.2005	
	3rd Quarter	9 Months	3rd Quarter Pro-forma	9 Months Pro-forma	3rd Quarter	9 Months
Current tax	7,319,770	19,391,429	5,932,797	20,383,114	9,511,149	31,546,829
Deferred tax	6,104,490	27,985,280	2,905,543	10,930,049	2,584,848	31,752,707
	13,424,260	47,376,709	8,838,340	31,313,163	12,095,997	63,299,536

28. EARNINGS PER SHARE

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

	30.09.2006		30.09.2005		30.09.2005	
	3rd Quarter	9 Months	3rd Quarter Pro-forma	9 Months Pro-forma	3rd Quarter	9 Months
Net profit						
Net profit taken into consideration to calculate basic earnings per share (Net profit for the nine months period attributable to equity holders of Sonae)	37,668,538	122,742,052	27,083,192	111,348,242	29,157,750	193,814,537
Effect of dilutive potential shares						
Interest related to convertible bonds (net of tax)	-	-	-	-	-	-
Net profit taken into consideration to calculate diluted earnings per share:	37,668,538	122,742,052	27,083,192	111,348,242	29,157,750	193,814,537
Number of shares						
Weighted average number of shares used to calculated basic earnings per share	1,866,581,428	1,866,178,736	1,866,023,854	1,865,928,829	1,866,023,854	1,865,928,829
Effect of dilutive potential ordinary shares from convertible bonds	-	-	-	-	-	-
Weighted average number of shares used to calculated diluted earnings per share	1,866,581,428	1,866,178,736	1,866,023,854	1,865,928,829	1,866,023,854	1,865,928,829
Earnings per share (basic and diluted)	0.020180	0.065772	0.014514	0.059674	0.015626	0.103870

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

29. DIVIDENDS

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

30. SEGMENT INFORMATION

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

- Retailing
- Shopping Centres
- Telecommunications
- Others

The contribution of the business segments to the income statement for the nine months periods ended on 30 September 2006 and 2005 can be detailed as follows:

30 September 2006	Retail	Shopping Centres	Telecomm.	Other Segments	Consolidation Adjustments	Total Operations
Operational income						
Sales	2,096,247,471	-	60,299,539	143,301,543	-	2,299,848,553
Services rendered	98,077,280	101,287,605	547,134,821	110,796,393	-	857,296,099
Other operational income	144,881,918	86,605,994	24,851,238	108,617,982	(6,736,691)	358,220,442
	2,339,206,669	187,893,599	632,285,599	362,715,918	(6,736,691)	3,515,365,093
Inter-segment income	44,339,087	4,404,252	2,095,405	7,766,925	(58,605,669)	-
	2,383,545,756	192,297,851	634,381,004	370,482,843	(65,342,360)	3,515,365,093
Operational cash-flow (EBITDA)	157,880,708	125,215,937	132,231,643	3,570,804	(2,762,938)	416,136,154
Operational profit (EBIT)	101,257,488	123,492,980	25,664,484	(868,535)	(6,667,449)	242,878,968
Net profit for the period	93,188,078	77,182,695	38,194,059	62,751,952	(85,766,039)	185,550,746
- attributable to equity holders of Sonae						122,742,052
- attributable to minority interests						62,808,694

30 September 2005	Retail	Shopping Centres	Telecomm.	Other Segments	Consolidation Adjustments	Pro-forma
Operational income						
Sales	1,920,634,388	-	64,614,779	136,065,754	-	2,121,314,921
Services rendered	9,677,487	92,999,836	544,495,671	181,688,474	-	828,861,468
Other operational income	137,899,551	37,147,265	20,575,566	102,374,093	(2,725,351)	295,271,124
	2,068,211,425	130,147,101	629,686,016	420,128,321	(2,725,351)	3,245,447,513
Inter-segment income	42,112,361	4,097,235	9,075,033	9,438,414	(64,723,043)	-
	2,110,323,786	134,244,336	638,761,049	429,566,735	(67,448,394)	3,245,447,513
Operational cash-flow (EBITDA)	136,161,162	75,306,474	129,996,088	9,651,946	(5,918,821)	345,196,849
Operational profit (EBIT)	86,654,144	69,149,450	28,442,169	4,805,153	(2,055,775)	186,995,141
Net profit for the period	56,874,161	50,625,578	11,173,983	55,125,937	(18,605,001)	155,194,659
- attributable to equity holders of Sonae						111,348,242
- attributable to minority interests						43,846,417

31. SUBSEQUENT EVENTS

On 16 October 2006, following the registration with the Commercial Registration Office of the acquisition of all of the shares in Modelo Continente, SGPS, SA, Sonae became, together with a wholly-owned subsidiary, the holder of 100% of the share capital of Modelo Continente, SGPS, SA.

On 18 October 2006 the notary deed was signed for the share capital increase of Sonaecom, SGPS, SA from 296,526,868 euro to 366,246,868 euro, through the issuance of 69,720,000 new shares, each with a nominal value of 1 euro and with a corresponding total share premium of 275,657,217 euro, subscribed by 093X - Telecomunicações Celulares, SA and Parpública - Participações Públicas, SGPS, SA by means of contribution of their respective shareholdings, including supplementary capital, in Optimus - Telecomunicações, SA.

On 20 October 2006, Sonae Sierra, SGPS, SA signed an agreement to sell 50% of the share capital of Sonae Sierra Brazil, BV at a price of 150 million dolares (118,8 million euro using the exchange rate as at 30 September 2006). Once the transation is complete, Sonae Sierra will hold 50% of the share capital of this affiliated company.

32. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 9 November 2006.

INDIVIDUAL FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

30 SEPTEMBER 2006

SONAE, SGPS, SA

BALANCE SHEETS AS AT 30 SEPTEMBER 2006 AND 31 DECEMBER 2005

(Amounts expressed in euro)

		IFRS	
ASSETS	Notes	30.09.2006	31.12.2005
NON-CURRENT ASSETS:			
Tangible and intangible assets		161,363	338,581
Investments	4	3,085,260,383	3,002,481,945
Other non-current assets	5	883,513,599	499,617,624
Total Non-Current Assets		3,968,935,345	3,502,438,150
CURRENT ASSETS:			
Trade account receivables and other current assets	6	75,473,982	241,457,553
Investments held for trading		-	5,707,400
Cash and cash equivalents	7	86,306	197,441,606
Total Current Assets		75,560,288	444,606,559
TOTAL ASSETS		4,044,495,633	3,947,044,709
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	8	2,000,000,000	2,000,000,000
Own shares		(138,044,363)	(138,044,363)
Reserves and retained earnings		1,209,072,309	980,366,233
Profit/(Loss) for the period		157,634,267	98,055,074
TOTAL EQUITY		3,228,662,213	2,940,376,944
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	9	421,823,713	172,402,473
Total Non-Current Liabilities		421,823,713	172,402,473
CURRENT LIABILITIES:			
Loans	9	107,312,826	415,698,715
Trade creditors and other non-current liabilities	10	286,696,881	418,566,577
Total Current Liabilities		394,009,707	834,265,292
TOTAL EQUITY AND LIABILITIES		4,044,495,633	3,947,044,709

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

INCOME STATEMENTS BY NATURE

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006 AND 2005

(Amounts expressed in euro)

		IFRS			
	Notes	3rd Quarter 2006	30.09.2006 Cumulative	3rd Quarter 2005	30.09.2005 Cumulative
Operational income					
Services rendered		320,494	1,007,576	429,030	1,117,895
Other operational income	12	39,094	75,120,293	300,970	1,333,118
Total operational income		359,588	76,127,869	730,000	2,451,013
Operational expenses					
External supplies and services		(502,644)	(1,785,224)	(1,135,469)	(3,039,826)
Staff costs		(1,232,958)	(3,880,829)	(1,375,530)	(3,838,124)
Depreciation and amortisation		(65,634)	(195,662)	(64,253)	(190,935)
Other operational expenses		(74,344)	(465,727)	(56,993)	(297,125)
Total operational expenses		(1,875,580)	(6,327,442)	(2,632,245)	(7,366,010)
Operational profit/(loss)		(1,515,992)	69,800,427	(1,902,245)	(4,914,997)
Net financial expenses		2,984,960	5,733,830	(1,256,342)	(1,398,343)
Investment income	13	22,804,804	82,100,011	2,270,275	29,315,033
Profit/(Loss) before taxation		24,273,772	157,634,268	(888,312)	23,001,693
Taxation		(1)	(1)	-	-
Profit/(Loss) for the period		24,273,771	157,634,267	(888,312)	23,001,693
Profit/(Loss) per share					
Basic	14	0.0130	0.0845	(0.0005)	0.0123
Diluted	14	0.0130	0.0845	(0.0005)	0.0123

The accompanying notes are part of these financial statements.

The Board of Directors

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006 AND 2005

(Amounts expressed in euro)

	Notes	Share Capital	Own Shares	Reserves and Retained Earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2005		2,000,000,000	(143,984,221)	1,131,494,011	12,724,783	3,000,234,573
Appropriation of profit of 2005:						
Transfer to legal reserves		-	-	607,579	(607,579)	-
Dividends distributed		-	-	(25,772,446)	(11,543,993)	(37,316,439)
Transfer retained earnings		-	-	573,221	(573,211)	-
Purchase/(Sale) of own shares		-	5,939,858	-	-	5,939,858
Changes in hedge and fair value reserves	15	-	-	399,987,207	-	399,987,207
Profit/(Loss) for the nine months ended 30 September 2005		-	-	-	23,001,693	23,001,693
Others		-	-	-	-	-
Balance as at 30 September 2005		2,000,000,000	(138,044,363)	1,506,889,572	23,001,693	3,391,846,892
Balance as at 1 January 2006		2,000,000,000	(138,044,363)	980,366,233	98,055,074	2,940,376,944
Appropriation of profit of 2005:						
Transfer to legal reserves		-	-	4,902,754	(4,902,754)	-
Dividends distributed		-	-	-	(46,650,596)	(46,650,596)
Transfer retained earnings		-	-	-	-	-
Changes in reserves	15	-	-	223,803,322	(46,501,724)	177,301,598
Profit/(Loss) for the nine months ended 30 September 2006		-	-	-	157,634,267	157,634,267
Others		-	-	-	-	-
Balance as at 30 September 2006		2,000,000,000	(138,044,363)	1,209,072,309	157,634,267	3,228,662,213

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, SA

CASH FLOW STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006 AND 2005

(Amounts expressed in euro)

OPERATING ACTIVITIES	Notes	30.09.2006	30.09.2005
Net cash flow from operating activities (1)		(6,672,639)	(4,452,302)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments		359,161,894	75,596,272
Tangible and intangible assets		1,631	100
Interest and similar income		20,146,756	8,718,968
Dividends		53,613,493	22,895,354
Loans granted		242,544,898	512,303,936
		675,468,672	619,514,630
Cash Payments arising from:			
Investments		(76,796,901)	(340,915,676)
Tangible and intangible assets		(18,176)	(14,331)
Loans granted		(644,644,031)	(244,060,108)
		(721,459,108)	(584,990,115)
Net cash used in investment activities (2)		(45,990,436)	34,524,515
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		2,247,106,600	2,736,180,499
Sale of own shares		-	1,586,339
		2,247,106,600	2,737,766,838
Cash Payments arising from:			
Loans obtained		(2,330,659,350)	(2,676,373,804)
Interest and similar charges		(14,477,513)	(14,856,281)
Dividends		(46,639,216)	(37,307,385)
Others		-	(39,666,666)
		(2,391,776,079)	(2,768,204,136)
Net cash used in financing activities (3)		(144,669,479)	(30,437,298)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(197,332,554)	(365,085)
Cash and cash equivalents at the beginning of the period		197,418,083	415,418
Cash and cash equivalents at the end of the period	7	85,529	50,333

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE, SGPS, S.A.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

(Amounts expressed in euro)

1. INTRODUCTION

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

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

4. INVESTMENTS

As at 30 September 2006 and 31 December 2005 the Company held investments in the following affiliated and associated undertakings:

	30.September.2006				31.December.2005			
Companies	% Held	Fair Value	Book Value	Fair Value Reserve	% Held	Fair Value	Book Value	Fair Value Reserve
Modelo Continente, SGPS, SA	79.43%	1,791,188,527	1,533,288,663	257,899,864	75.64%	1,647,342,970	1,456,491,762	190,851,208
Sonae Sierra SGPS, SA	50.00%	689,442,815	490,113,339	199,329,476	50.00%	632,455,428	490,113,339	142,342,089
Sonaecom, SGPS, SA	13.27%	207,836,629	280,146,314	(72,309,685)	13.27%	144,068,574	280,146,314	(136,077,740)
Sonae Industria, SGPS, SA	-	-	-	-	0.71%	6,400,000	5,002,410	1,397,590
Others	-	396,792,412	396,792,412	-	-	572,214,973	568,817,462	3,397,511
Total		3,085,260,383	2,700,340,728	384,919,655		3,002,481,945	2,800,571,287	201,910,658

5. OTHER NON-CURRENT ASSETS

As at 30 September 2006 and 31 December 2005 other non-current assets are detailed as follows:

	30.September.2006	31.December.2005
Loans granted to group companies	883,362,540	499,360,204
Guarantee deposits	9,456	13,529
Other	141,603	243,891
	883,513,599	499,617,624

6. TRADE ACCOUNT RECEIVABLES AND OTHER CURRENT ASSETS

As at 30 September 2006 and 31 December 2005 trade account receivables and other current assets are detailed as follows:

	30.September.2006	31.December.2005
Trade account receivables	289,593	1,207,534
Group companies	27,961,408	12,528,006
Taxes and contributions receivables	1,131,206	490,177
Debtors - sale of investments	37,602,288	226,362,317
Accrued income and prepayments	7,913,046	286,466
Others	576,441	583,053
	75,473,982	241,457,553

7. CASH AND CASH EQUIVALENTS

As at 30 September 2006 and 31 December 2005 cash and cash equivalents can be detailed as follows:

	30.September.2006	31.December.2005
Cash at hand	2,500	2,500
Bank deposits	83,806	197,439,106
Cash and cash equivalents on the balance sheet	86,306	197,441,606
Bank overdrafts	777	23,523
Cash and cash equivalents on the cash flow statement	85,529	197,418,083

8. SHARE CAPITAL

As at 30 September 2006 and 31 December 2005 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

9. LOANS

As at 30 September 2006 and 31 December 2005 this caption included the following loans:

	30.September.2006	31.December.2005
Nominal value of bonds	424,819,685	174,819,685
Up-front fees not yet charged to income statement	(2,995,972)	(2,417,212)
Bonds	421,823,713	172,402,473
Non-current loans	421,823,713	172,402,473
Commercial paper	32,500,000	340,950,000
Nominal value of Sonae/97 bonds	74,819,685	74,819,685
Up-front fees not yet charged to income statement	(7,636)	(94,493)
Bank overdrafts	777	23,523
Current loans	107,312,826	415,698,715

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

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

Bonds Sonae 2006/2011 amounting to 250,000,000 euro, repayable after 5 years, in one instalment, on 10 May 2011. Interest rate equal to Euribor 6 months plus 0.65%, with interest paid half-yearly. The company has the option to make whole or partial reimbursements, at no extra cost, on the date of the 6th and 8th coupons.

10. OTHER CURRENT LIABILITIES

As at 30 September 2006 and 31 December 2005, other current liabilities were made up as follows:

	30.September.2006	31.December.2005
Trade creditors	165,869	386,703
Group companies	273,270,000	298,372,750
Taxes and contributions payable	121,061	901,462
Accrued expenses	13,094,170	8,655,582
Others	45,781	110,250,080
	286,696,881	418,566,577

11. CONTINGENT ASSETS AND LIABILITIES

	30.September.2006	31.December.2005
Guarantees given:		
on tax claims	1,776,135	1,776,135
on judicial claims	355,199	355,199
Others	44,580,000	192,323,306

12. OTHER OPERATIONAL INCOME

This caption includes 74,999,997 euro corresponding to the gain on sale to an affiliated undertaking of a group of brands.

13. INVESTMENT INCOME

As at 30 September 2006 and 30 September 2005, investment income can be detailed as follows:

	2006		2005	
	3rd Quarter	Cumulative	3rd Quarter	Cumulative
Dividends received	-	53,613,493	-	8,718,968
Profit/(Loss) on sale of investments	22,804,804	28,486,518	2,270,275	20,596,065
	22,804,804	82,100,011	2,270,275	29,315,033

14. EARNINGS PER SHARE

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

	2006		2005	
	3rd Quarter	Cumulative	3rd Quarter	Cumulative
Net profit				
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	24,273,771	157,634,267	(888,312)	23,001,693
Effect of dilutive potential shares	-	-	-	-
Interest related to convertible bonds (net of tax)	-	-	-	-
Net profit taken into consideration to calculate diluted earnings per share:	24,273,771	157,634,267	-888,312	23,001,693
Number of shares				
Weighted average number of shares used to calculated basic earnings	1,866,581,428	1,866,178,736	1,866,023,854	1,865,928,829
Effect of dilutive potential ordinary shares from convertible bonds	-	-	-	-
Weighted average number of shares used to calculated diluted earnings per share	1,866,581,428	1,866,178,736	1,866,023,854	1,865,928,829
Profit/(Loss) per share (basic and diluted)	0.0130	0.0845	-0.0005	0.0123

15. CHANGES IN RESERVES

Details of changes in reserves in the nine months ended on 30 September 2006 and 30 September 2005 may be summarised as follows:

	30.September.2006	30.September.2005
Fair value reserve	177,301,598	404,059,118
Sale of own shares	-	(4,353,519)
Hedging reserve	-	281,608
Free reserves	46,501,724	-
	223,803,322	399,987,207

16. SUBSEQUENT EVENTS

On 16 October 2006, following the registration with the Commercial Registration Office of the acquisition of all of the shares in Modelo Continente, SGPS, SA, Sonae became, together with a wholly-owned subsidiary, the holder of 100% of the share capital of Modelo Continente, SGPS, SA.

On 18 October 2006 the notary deed was signed for the share capital increase of Sonaecom, SGPS, SA from 296,526,868 euro to 366,246,868 euro, through the issuance of 69,720,000 new shares, each with a nominal value of 1 euro and with a corresponding total share premium of 275,657,217 euro, subscribed by 093X - Telecomunicações Celulares, SA and Parpública - Participações Públicas, SGPS, SA by means of contribution of their respective shareholders, including supplementary capital, in Optimus - Telecomunicações, SA.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 9 November 2006.

18. <u>INFORMATION REQUIRED BY LAW</u>

Decree-Law nr 318/94 art 5 nr 4

In the nine months ended 30 September 2006 shareholders' loan contracts were entered into with the following companies:

Sonae Investments, BV

In the nine months ended 30 September 2006 short-term loan contracts were entered into with the following companies:

Agloma Investimentos, SGPS, SA
Gestholding, SGPS, SA
Imoareia, Investimentos Turísticos, SGPS, SA
Modelo Continente, SGPS, SA
Público Comunicação Social, SA
SC - Sociedade de Consultadoria, SA
Sete e Meio - Investimento e Consultadoria, SA
Sonae Capital, SGPS, SA
Sonae Sierra, SGPS, SA
Sonae Turismo, SGPS, SA

As at 30 September 2006 the amounts owed by affiliated undertakings can be summarized as follows:

Loans granted

Companies	Closing Balance
Agloma Investimentos, SGPS, SA	932,500
Choice Car, SGPS, SA	250,000
Investalentejo, SGPS, SA	4,283,500
SC - Sociedade de Consultadoria, SA	385,158
Sonae Capital, SGPS, SA	21,843,640
Sonae Investments, BV	882,574,540
	910,269,338

As at 30 September 2006 the amounts owed to affiliated undertakings can be summarized as follows:

Loans obtained

Companies	Closing Balance
Atlantic Ferries, SA	885,000
Modelo Continente, SGPS, SA	219,485,000
Sonaecom, SGPS, SA	52,900,000
	273,270,000

The Board of Directors