

**Management report and  
Financial statements  
June 2002**

**SONAE.COM, S.G.P.S., S.A.**

## **I. Management report**

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## **1. Activity**

During the first six months of 2002, the profitability of all Sonae.Com's business units continued to improve and the organisation structure, processes and systems continued to be rationalised. This was made possible by the commitment and dedication of the entire Sonae.Com team.

Sonae.Com's portfolio of participations has remained relatively stable, exposure to the Internet and multimedia been reduced, management focussing more on cost control.

During the first half of 2002, Sonae.Com transferred cash totalling Euro 2,370,000 and Euro 1,170,000 to Sonae Matrix, S.G.P.S., S.A. and Sonae.com Ventures, S.G.P.S., S.A., respectively, to cover their losses.

Shareholders' loans totalling Euro 37,078,000, Euro 1,513,063, Euro 2,045,000, Euro 14,304,060 and Euro 120,000 were granted to Novis Telecom, S.A., Sonaatelecom, BV, Sonae Matrix, S.G.P.S., S.A., Sonae Telecom, S.G.P.S., S.A. and Sonae.com Ventures, S.G.P.S., S.A., respectively.

Sonae.com received repayment of Euro 1,240,000, Euro 1,170,000 and Euro 3,860,000 on loans to Sonaatelecom, BV, to Sonae.com Ventures, S.G.P.S., S.A. and to Sonae Matrix, S.G.P.S., S.A., respectively.

During the first half of 2002, Optimus, a subsidiary of Sonae Telecom S.G.P.S., S.A. increased its share capital by 100 million euros. The issue was fully subscribed for and 30% has already been paid up, with the balance callable at any time by the Board.

At the end of the first quarter of 2002, Sonae.Com announced that it was going to propose a capital increase of 45,25 million shares at a price of 2,25 euros/share. The capital increase was subsequently approved in an Extraordinary Shareholders' Meeting on the June 17 and Sonae SGPS confirmed that it would underwrite the offer. The subscription period of the offer runs from July 8 to 22 2002.

Allotment of the new shares will be made on July 25 and financial settlement of the operation will be finalised on July 31. The new shares are expected to start being traded in mid-August

Sonae.Com's share capital after the issue will amount to 226,25 million euros, represented by an equal number of shares.

## **2. Sonae.Com's Share Price Performance**

Sonae.Com's share price performance has been conditioned by the negative attitude towards the telecom sector in general. The economic slowdown has been an additional factor preventing the markets from showing signs of recovery.

In 2002 the European telecom sector has fallen around 40%, (as measured by the DJ Stoxx 600 Telecom). Sonae.Com's share price has fallen 38% over the same period, which outperforms the sector by approximately 6%.

The announcement of a capital increase by Sonae.Com on the April 29 2002 had a specific effect on the price of the Company's shares. The market reacted negatively to the announcement bringing the share price down to the 2,25 Euro price of the issue, or even lower.

Management believes that the share price does not reflect the underlying value of Sonae.Com's assets nor the Company's good operating performance, proven ability to deliver results and its ability to create shareholder value.

### **3. Segment activities**

Sonae.Com registered continued growth in its customer base during the first half of 2002. At the end of the period, Sonae.Com had over 2,4 million customers, which compares with 2,3 million at the end of 2001.

#### **Mobile network**

Optimus reached 2 million subscribers, after a little more than 3,5 years of operations, with a net growth in customers of 85 thousand in the first half year of 2002. However growth in the mobile market has fallow, when compared with previous periods. At the end of the period customers with post payment contracts represented more than 19% of total customers of Optimus and, of the gross additions in the period, 28% were post-paid customers. Inactive customers represented 11,5% of the customer base at the end of the half year.

Regarding data products, Optimus continues to expand its SMS (short message service) based offer, especially value-added services, developed in partnership, such as television voting, which is becoming very popular and an important element of data revenue for Optimus. Data revenue at the end of the first half of 2002 represented over 9% of a customer's monthly bill.

In the first half year of 2002 Optimus launched multimedia messaging solutions (MMS) commercially, enabling multimedia text, image and sound messages to be sent and received over the Optimus network. At the launching of this service Optimus offered its customers the possibility trying MMS services free of charge and plans to make new and more attractive equipment available in the near future and believes that MMS will be a significant source of data revenue.

#### **Fixed Line**

Novis increased its active customer base by 15% in the half year to 143 thousand customers, with particular focus on capturing more profitable customers by providing integrated telecommunications services to the SME micro-company segments. The number of direct accesses increased by 56% to 1.627 at the end of June.

For the third consecutive quarter, Novis led the SME market amongst alternative operators. In the quarter, market share amounted to 7,3% and for the full 1H02, market share was 7,9% (source : Barómetro Telecomunicações dataE).

## **Internet and Media**

Clix maintained its leadership of the residential Internet access market, and increased total connectivity in the half year by 4% in comparison with the previous half year. This increase was marked by the slowdown in growth of Internet penetration and narrowband usage, and by the stronger competition from broadband offers that attracted some of the heavier Internet users. In September, Clix plans to launch “Clix Turbo”, its ADSL based broadband residential access offer. In the meantime, a pre-registration campaign has been launched and take-up to date has been extremely successful .

In May, Público launched the largest marketing campaign in its history – “Mil Folhas” - entailing the sale of renowned novels with its Wednesday edition during 30 weeks. Not only did paid circulation on Wednesday editions rise to 70 thousand copies in the second quarter of 2002 from 47 thousand in the first quarter of 2001, but also average weekly circulation in June increased to 58 thousand compared with an average of 52 thousand in June 2001. Average daily circulation for the full six months of the year was 53,4 thousand.

Público is the leading reference paper in Portugal and the success of the “Mil Folhas” campaign demonstrated that the Público brand and market position is an asset that can be leveraged to develop and promote new initiatives. Market surveys for 2Q02 (Marktest) show that Público is the most widely read newspaper in the AB segment with a 29,5% market share.

## **Software and Systems Integration**

Enabler and WeDo continue to increase their international customer base. Both have acquired new customers in Spain and, in the case of Enabler, in Germany. During the first half year of 2002, WeDo opened local offices in Brazil and Spain with a view to better servicing and increasing its customer base in these markets.

## **Focus on quality of customer base**

The management teams of all Sonae.Com’s operating companies are focusing on customer acquisition / retention efforts in market segments that reflect higher margins and growth prospects. As such, the companies have aimed to reduce inactive customer bases. Novis in particular has tightened its inactive customer policy with a stringent dunning programme. Total customers grew 15% whereas activated pre-selected customers rose by 33% to 126 thousand at the end of June, from 94 thousand at the end of 2001.

## **Sonae.Com is the second largest traffic generator in Portugal**

Traffic over the Sonae.Com network continues to grow, having increased from 2.394 million minutes in second half of last year to 2.581 million minutes in the first half of 2002. Mobile traffic comprised 49% of the total, fixed and Internet accounting for 15% and 36%, respectively.

### **Sonae.Com Network**

During the first half of 2002, Sonae.Com further developed its own telecommunications infrastructure by completing its Lisbon MAN (metropolitan area network). In terms of network built, Novis ended the half year with 899 kms of fibre in its backbone (high capacity network) and 212 kms of fibre in its MANs. Importantly, in the first half of 2002, more than 1,3 thousand million minutes of traffic passed through the Novis network compared to 1,2 thousand million in the second half of 2001.

In 2Q02, Optimus announced a “Towering” joint-venture (named SITUS) with Vodafone in which each one will retain a 50% shareholding. The joint-venture will enable both companies to co-locate sites (towers and roof-tops) reducing investment in supporting infrastructures, total costs and the environmental impact of deploying the future UMTS network. The joint venture has now been cleared by the Competition Authorities and Optimus and Vodafone are working on implementation of the joint-venture.

### **4. Results and financial position**

In the first half of 2002 Sonae.Com incurred net loss of 3,12 million Euro.

The Company incurred an operating loss of 0.77 million Euro due mainly to staff and administrative costs necessary to implement the projects carried out during the period.

Net financial expenses amounted to 2 million Euro, and correspond essentially to provisions recorded for investments and interest income on treasury applications, mainly with Novis and Sonae S.G.P.S

During the first half of 2002, Sonae.Com increase the investments from 398 million euros to 450 million euros.

As a result of the aforementioned investments, liquidity decreased significantly from 68 million Euro available at the beginning of the year, to 28 million Euro at the end of the half year ended 30 June 2002. The main movements in funds during the half year were as follows:

<b>Transaction</b>	<b>Amount</b> (Thousands of Euro)
Capital increases:	
Sonae Matrix	(2,370)
Sonae.Com Ventures	(1,170)
Shareholders' loans:	
Novis	(37,078)
Sonae Telecom	(14,304)
Others	(253)
Operating expenses	(2,353)
Loans from group companies	11,315
Repayment of loans granted	2,865
Interest received	568
Others	2,370
<b>Sub-total</b>	<b>(40,410)</b>
Sonae.Com's liquidity at 12.31.2001	68,269
<b>Sonae.Com's liquidity at 06.30.2002</b>	<b>27,859</b>

## 5. Sector Consolidation

It is Sonae.Com's conviction that consolidation of the telecommunications market is imperative and inevitable both nationally and internationally. Sonae.Com has taken the initiative of looking for opportunities to achieve greater volume within the Portuguese Telecoms market, which could eventually lead to consolidation within Portugal and in the future Europe.

## 6. Looking Forward

Continued cost rationalisation and improved business systems will continue to be key objectives for Sonae.Com in the future while seeking opportunities to stimulate growth. Growth in mobile communications will be conditioned by economic recovery and improved consumer confidence although the Company is confident that it will be able to capture additional value from new data services that will soon become available. Equally, growth in internet penetration and usage has slowed and the ability of Clix to deliver broadband access services to the Internet to residential customers is essential to the Company's future performance.

Sonae.Com will continue to seek consolidation and/or alliance opportunities that clearly provide shareholder value enhancement.

## 7. Acknowledgements

We thank our Statutory Auditor for his involvement and support during this half year. We would also like to thank our bankers, suppliers, customers and other business partners for the confidence they have shown in our Group.

Finally, we would like to express our sincere thanks to all the staff of the Sonae.Com Group, who have worked tirelessly to ensure that our continued success, and whose efforts are fully recognised

Maia, 10 July , 2002

**Board of Directors**

Belmiro Mendes de Azevedo

Duarte Paulo Teixeira Azevedo

António Castelo Branco Borges

António José Santos Silva Casanova

David Graham Shenton Bain

Diogo António Rodrigues da Silveira

Dudley Graham Eustace

Luis Filipe Campos Dias de Castro Reis

Richard Henry O'Toole



## **II. FINANCIAL STATEMENTS**

## Balance sheets as of 30 June 2002 and 2001

(Translation of statements originally issued in Portuguese - Note 53)  
(Amounts expressed in Euro)

		30 June 2002			30 June 2001
ASSETS	Notes	Gross	Amort. Dep. and Provisions	Net	Net
FIXED ASSETS					
Intangible assets					
Start-up costs	3.a), 8 and 10	2.628.779	1.807.141	821.638	1.496.204
Patents and trademarks	3.a) and 10	932	26	906	-
Work in progress	3.a) and 10	17.252	-	17.252	-
		2.646.963	1.807.167	839.796	1.496.204
Tangible assets					
Buildings	3.b) and 10	317.060	62.449	254.611	268.913
Fixtures and fittings	3.b) and 10	123.800	32.941	90.859	75.690
Work in progress	3.b) and 10	5.197	-	5.197	-
		446.057	95.390	350.667	344.603
Investments					
Investments in subsidiaries	3.c), 10, 16 and 34	188.892.778	2.763.000	186.129.778	163.170.000
Loans to subsidiaries	3.c) e 10 and 34	216.776.792	3.700.000	213.076.792	136.570.802
Investments in associated companies	3.c), 10 and 16	-	-	-	3.374.999
Loans in associated companies	3.c) and 10	-	-	-	1.245.748
Other investments	3.c) and 10	44.766.666	-	44.766.666	17.906.667
		450.436.236	6.463.000	443.973.236	322.268.216
CURRENT ASSETS					
State and other public entities	6	855.400	-	855.400	208.574
Other debtors		352.446	-	352.446	722.605
		1.207.846	-	1.207.846	931.179
Negotiable Securities					
Treasury applications	48	27.776.345	-	27.776.345	150.619.947
Cash					
Cash at bank		81.640	-	81.640	10.676
Cash in hand		1.779	-	1.779	1.906
		83.420	-	83.420	12.582
Accruals and deferrals					
Deferred tax assets	3.f) and 6	103.000	-	103.000	-
Accrued income	3.d) and 50	3.573.885	-	3.573.885	4.411.584
Deferred costs and prepayments	3.d)	128.355	-	128.355	2.699
		3.805.240	-	3.805.240	4.414.283
Total amortisation and depreciation			1.902.557		
Total provisions			6.463.000		
Total assets		486.402.104	8.365.557	478.036.549	480.087.012

The accompanying notes form an integral part of these balance sheets

Chief Accountant

Board of Directors

## Balance sheets as of 30 June 2002 and 2001

(Translation of balance sheets originally issued in Portuguese - Note 53)  
(Amounts expressed in Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30 June 2002	30 June 2001
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	36, 37 and 40	181.000.000	181.000.000
Share premium	40	279.257.041	279.257.041
Legal reserves	40	114.360	114.360
Other reserves	40	1.329.131	1.329.131
Accumulated losses	40	(3.167.377)	-
Net profit /(loss) for the half year	40	(3.121.072)	1.480.765
<b>Total shareholders' equity</b>		<b>455.412.083</b>	<b>463.181.297</b>
<b>LIABILITIES</b>			
<b>Provisions for risks and charges</b>			
Other provisions for risks and charges	3.e) and 34	700.000	-
<b>Current liabilities</b>			
Bank loans and overdrafts		-	68.443
Subsidiaries	47	20.405.000	15.576.503
Suppliers of fixed assets, current accounts		5.197	193.367
State and other public entities	6	90.659	83.910
Other creditors		250.367	396.029
		<b>20.751.223</b>	<b>16.318.252</b>
<b>Accruals and deferrals</b>			
Accrued expenses	3.d)	1.049.186	587.465
Deferred income	3.d)	124.057	-
		<b>1.173.243</b>	<b>587.465</b>
<b>Total liabilities</b>		<b>22.624.466</b>	<b>16.905.717</b>
<b>Total shareholders' equity and liabilities</b>		<b>478.036.549</b>	<b>480.087.012</b>

The notes on pages 13 to 23 are an integral part of these financial statements

Chief Accountant

Board of Directors

**Statements of Profit and loss**  
**for the half years ended 30 June 2002 and 2001**

(Translation of statements originally issued in Portuguese - Note 53)

(Amounts expressed in Euro)

	Notes	30 June 2002		30 June 2001	
<b>EXPENSES</b>					
Third party supplies and services	49		1.003.393		744.263
Personnel costs					
Wages and salaries	7 and 43	843.300		538.363	
Social charges and other costs	7 and 43	161.846	1.005.146	241.368	779.731
Depreciation and amortisation of tangible and intangible assets	10		442.342		410.725
Taxes			2.788		276
	( a )		2.453.670		1.934.995
	45	3.700.000			
Provisions for investments					
Group companies	45	172.507		125.374	
Others	45	1.588	3.874.095	3.337	128.711
	( c )		6.327.764		2.063.706
Extraordinary expenses	46		8.456		-
	( e )		6.336.220		2.063.706
Income tax			286.190		799.963
	( g )		6.622.410		2.863.669
Net profit/(loss) for the half year			(3.121.072)		1.480.765
<b>Total expenses</b>			<b>3.501.338</b>		<b>4.344.434</b>
<b>INCOME</b>					
Services rendered	( b )		1.682.832		-
Interest and similar income					
Group companies	45	1.813.630		4.280.822	
Others	45	4.876	1.818.506	63.612	4.344.434
	( d )		3.501.338		4.344.434
Extraordinary income	46		-		-
	( f )		3.501.338		4.344.434
<b>Total income</b>			<b>3.501.338</b>		<b>4.344.434</b>
<b>Net operating profit/(loss): (b) - (a) =</b>			<b>(770.838)</b>		<b>(1.934.995)</b>
<b>Net financial income/(expenses): (d - b) - (c - a) =</b>			<b>(2.055.588)</b>		<b>4.215.723</b>
<b>Current profit/(loss): (d) - (c) =</b>			<b>(2.826.426)</b>		<b>2.280.728</b>
<b>Net profit/(loss) before income tax : (f) - (e) =</b>			<b>(2.834.882)</b>		<b>2.280.728</b>
<b>Net profit/(loss) for the half year: (f) - (g) =</b>			<b>(3.121.072)</b>		<b>1.480.765</b>

The accompanying notes form an integral part of these statements

Chief Accountant

Board of Directors

## **Notes to the financial statements**

***Notes to the  
financial statements***

(Translation of notes originally issued in Portuguese – Note 53)

(Amounts expressed in Euro)

**Introductory note**

Sonae.com, S.G.P.S., S.A., (hereafter called the “Company” or “SonaeCom”) was incorporated on 6 June 1988 under the name Sonae – Tecnologias de Informação, S.A..

The merger-demerger of Pargeste, S.G.P.S., S.A., was executed by public deed on September 30, 1997, with the Company incorporating the financial holdings of the companies linked to the communications and information technology areas of the merged company.

On 3 November 1999, share capital was increased and the Company’s articles of association modified, changing the corporate name to that currently used - Sonae.com, S.G.P.S., S.A.. Since then, the main object of the company has been the management of investments in other companies. The Company’s share capital was re-denominated into Euros being represented by one hundred and fifty million shares with a nominal value of 1 Euro each.

On 1 June 2000, the Company was the object of a Combined Share Offer, which involved the following:

- a Retail Offer for Sale of 5,430,000 shares representing 3.62% of the share capital made in the domestic market aimed at (i) employees of the Sonae Group; (ii) customers of the companies controlled by SonaeCom; and (iii) the general public.
- an Institutional Share Offer of 26,048,261 shares, representing 17.37% of the share capital, aimed at domestic and foreign institutional investors.

As a complement to the Combined Share Offer, and under the terms given below, the Company’s share capital was increased. The new shares were fully subscribed and paid up by Sonae, S.G.P.S., S.A. (a shareholder of SonaeCom, hereinafter referred to as Sonae). This increase in capital was subscribed for and paid up on the same date as the price of the Combined Share Offer was determined, and was paid up in cash. 31,000,000 new ordinary shares were issued with a nominal value of 1 Euro each. The subscription price for the new shares was the same as the price fixed for the sale of shares in the aforementioned Combined Share Offer, which was Euro 10.

In addition, Sonae sold 4,721,739 SonaeCom shares, under an option granted to the banks leading the Institutional Share Offer, and 1,507,865 shares to Sonae Group managers and to the former owners of companies acquired by SonaeCom.

By deliberation of the General Shareholder’s Meeting held on 17 June 2002, SonaeCom’s share capital was increased from Euro 181,000,000 to Euro 226,500,000 by public subscription reserved for the existing shareholders that took place from 8 to 22 July 2002.

The following notes respect the sequential numbering defined by the Portuguese Official Chart of Accounts (Plano Oficial de Contabilidade – “POC”) approved by Decree-Law nr. 410/89 of November 21, and modified by Decree-Law nr. 238/91 of July 2. The notes whose numbers are not included in these Notes to the financial statements are either not applicable to the Company or are not significant.

### **1. Portuguese Accounting Standards not adopted in the financial statements**

The equity method established by Portuguese Accounting Directive nr. 9/92 has not been adopted in these financial statements. As the Company presents consolidated financial statements, management considers that application of this method in the non consolidated accounts would not give a true and fair view of the assets and the activities of the Company, including its subsidiaries and associated companies. Furthermore, application of the aforementioned method is not compulsory under international accounting standards, when a company presents consolidated financial statements.

### **3. Basis of presentation, accounting policies and valuation methods**

The financial statements were prepared from the Company’s books and accounting records, which (with the exception explained in Note 1 above) are kept on a going concern basis in accordance with generally accepted accounting principles in Portugal. The main accounting policies and valuation methods used in the preparation of these financial statements were as follows:

#### **a) Intangible assets**

Intangible assets are stated at cost and include expenses incurred in establishing and modifying the Company’s articles of association, in increasing share capital and as a result of the Combined Share Offer.

Amortisation is provided on a straight-line monthly basis over a period of three years, starting in the month the corresponding expenses are incurred. The annual rates used are the maximum rates accepted for tax purposes in Portugal.

#### **b) Tangible assets**

Tangible assets are valued at cost. Depreciation is calculated on a straight-line basis and is recorded monthly, starting in the month when the asset was first used. The annual rates reflect the maximum rates accepted for tax purposes in Portugal and correspond to the following useful lives:

	<u>Years of useful life</u>
Buildings	10
Fixtures and fittings	5

#### **c) Investments**

Equity investments in subsidiary and associated companies are recorded at cost of acquisition or incorporation (Note 1). Loans to these companies are recorded at their nominal value.

Provisions are recorded where the estimated long term realisable value of investments is below their cost or nominal value.

**d) Accruals and deferrals**

Expenses and income are recorded in the year to which they refer, regardless of the date of payment or receipt. Expenses and income whose actual amount is not known are accounted by means of an estimate.

The captions accruals and deferrals include expenses and income relating to the current year where the payment and the receipt will only occur in future financial years, as well as payments and receipts which have already occurred but which relate to future years, in which the amounts attributable to each year will be included.

**e) Provision for liabilities and charges**

The liabilities arising from the stock option plans and other equity based incentive plans are recorded over the period during which they are expected to influence staff retention or motivation.

**f) Income tax**

The Company recognises deferred taxation in accordance with Portuguese Accounting Directive nr. 28, of 29 June 2001 (Note 6).

**6. Income tax**

In accordance with current tax legislation in Portugal, the Portuguese Tax Authorities may review the Company's tax returns during the subsequent four years (for years from the year 1998) and during the subsequent five years (for years up to the year 1997). Therefore, the tax returns for years since 1997 could still be subject to inspection and revision. Social Security contributions are subject to inspection for a period of 10 years.

**7. Average number of employees**

On the first semester ending on 30 June 2002, the Company employed, on average, 24 employees.

**8. Intangible assets**

The increase of Euro 9,660 in the caption Start-up costs during the first half of 2002 (Note 10), relates mainly to infrastructure and risk management costs.



## 10. Movements in fixed assets

During the half year ended 30 June 2002 the movement in intangible and tangible fixed assets and investments, as well in the accumulated amortisation, depreciation and provision accounts, was as follows:

Gross amount	Opening balance	Additions	Disposals	Transfers and write- offs	Closing balance
<b>Intangible assets:</b>					
Start-up costs	2,619,119	9,660	-	-	2,628,779
Patents and trademarks	-	932	-	-	932
Work in progress	-	17,252	-	-	17,252
	<u>2,619,119</u>	<u>27,844</u>	<u>-</u>	<u>-</u>	<u>2,646,963</u>
<b>Tangible assets:</b>					
Buildings	317,060	-	-	-	317,060
Vehicles	-	9,701	(9,701)	-	-
Fixtures and fittings	107,356	16,444	-	-	123,800
Work in progress	-	5,197	-	-	5,197
	<u>424,417</u>	<u>31,342</u>	<u>(9,701)</u>	<u>-</u>	<u>446,057</u>
<b>Investments:</b>					
Investment in subsidiaries	185,372,778	3,540,000	(20,000)	-	188,892,778
Loans to subsidiaries	167,986,669	55,060,123	(6,270,000)	-	216,776,792
Investments in associated companies	-	-	-	-	-
Loans to associated companies	-	-	-	-	-
Other Investments	44,766,666	-	-	-	44,766,666
	<u>398,126,113</u>	<u>58,600,123</u>	<u>(6,290,000)</u>	<u>-</u>	<u>450,436,236</u>
<b>Accumulated amortization, depreciation and provisions</b>	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers and write- offs</b>	<b>Closing balance</b>
<b>Intangible assets (Note 34):</b>					
Start-up costs	1,391,405	415,736	-	-	1,807,141
Patents and trademarks	-	26	-	-	26
	<u>1,391,405</u>	<u>415,762</u>	<u>-</u>	<u>-</u>	<u>1,807,167</u>
<b>Tangible assets:</b>					
Buildings	46,626	15,823	-	-	62,449
Fixtures and fittings	22,184	10,757	-	-	32,941
	<u>68,810</u>	<u>26,580</u>	<u>-</u>	<u>-</u>	<u>95,390</u>
<b>Investments:</b>					
Investments in subsidiaries	2,763,000	-	-	-	2,763,000
Loans to subsidiaries	-	3,700,000	-	-	3,700,000
	<u>2,763,000</u>	<u>3,700,000</u>	<u>-</u>	<u>-</u>	<u>6,463,000</u>

The additions to investments in subsidiaries during first half of 2002 relates to the transfer of funds to cover accumulated losses, as follows:

Sonae Matrix, S.G.P.S., S.A.(“Matrix”)	2,370,000
Sonae.com Ventures, S.G.P.S., S.A.(“Ventures”)	<u>1,170,000</u>
	<u><u>3,540,000</u></u>

The additions occurred in the heading Loans to subsidiaries correspond to loans granted to the following subsidiaries:

Novis Telecom , S.A.(“Novis”)	37,078,000
Sonae Telecom, S.G.P.S., S.A.(“Sonae Telecom,S.G.P.S.”)	14,304,060
Matrix	2,045,000
Sonaetelecom BV(“Sonaetelecom”)	1,513,063
Ventures	<u>120,000</u>
	<u><u>55,060,123</u></u>

The decrease in the caption Shares in subsidiaries corresponds to the subsidiary RetailBox BV(“RetailBox”)

The reductions occurred in the heading Loans to subsidiaries, correspond to the reimbursement of loans granted to the following subsidiaries:

Matrix	3,860,000
Sonaetelecom	1,240,000
Ventures	<u>1,170,000</u>
	<u><u>6,270,000</u></u>

## 16. Subsidiaries and associated companies

The Company will prepare consolidated financial statements as of 30 June 2002 which will in turn be included in the consolidated financial statements of Sonae, with registered office at Lugar do Espido, Via Norte, Maia, Portugal (Note 37).

The subsidiary and associated companies are as follows:

	<b>Head Office</b>	<b>30 June 2002</b>			<b>30 June 2001</b>		
		<b>% holding</b>	<b>Company shareholders' equity</b>	<b>Company Net profit/ (loss)</b>	<b>% holding</b>	<b>Company shareholders' equity</b>	<b>Company Net profit/ (loss)</b>
Novis	Maia	50%	19,647,378	(41,351,370)	56.67%	12,866,747	(39,887,323)
Sonae Telecom. S.A.	Madrid	100%	50,224	(6,937)	100%	53,545	(3,616)
Sonaetelecom	Maia	100%	105,427,792	(40,262)	100%	105,740,469	(46,699)
Enabler- Informática,S.A. ("Enabler")	Maia	100%	4,806,103	2,166,913	100%	3,388,773	1,899,814
Matrix	Maia	100%	(297,597)	(333,553)	100%	(1,130,518)	(1,160,998)
Ventures	Maia	100%	(36,295)	(72,463)	100%	44,352	(5,648)
Move							
On,S.G.P.S.,S.A. ("Move On")	Maia	-	-	-	100%	(254,252)	(304,265)
Clixgest- Internet e Conteúdos, S.A.("Clixgest")	Maia	56.67%	17,931,285	(2,326,690)	56.67%	18,707,767	(4,596,581)
Digitmarket, Sistemas de Informação,S.A. ("Digitmarket")	Lisboa	-	-	-	45%	6,664,099	(832,962)
Investimento Directo, Sociedade Financeira de Corretagem,S.A.("In vestimento Directo")	Lisbon	49%	9,543,489	1,010,865	55%	9,593,139	(74,936)
Sonaetelecom	Amsterdam	100%	516,317	(23,775)	100%	(9,499)	(12,726)

## 34. Movement in provisions

During the period ending on 30 June 2002 the movement in provisions was as follows:

	<b>Opening Balance</b>	<b>Increases</b>	<b>Utilisation and Decreases</b>	<b>Closing balance</b>
Provision for liabilities and charges	700,000	-	-	700,000
Provision for investments:				
- Investments in subsidiaries	2,763,000	-	-	2,763,000
- Loans to subsidiaries	-	3,700,000	-	3,700,000
	<u>3,463,000</u>	<u>3,700,000</u>	<u>-</u>	<u>7,163,000</u>

The Provision for liabilities and charges relates to the liability arising from stock options plans and other equity based incentives in respect of SonaeCom Group personnel in accordance with Note 3.e) and the additional explanations included in Note 51.

The Provision for investments in the amount of Euro 2,763,000 results from the restructuring the portfolio of investments which took place in the SonaeCom Group in 2001. The increase of Euro 3,700,000 in the first half of 2002 is to cover the estimated loss on realisation of assets in accordance with the accounting procedures explained in Note 3. c) and was recorded under the caption financial expenses (Note 45).

### 36. Composition of the Company's share capital

At 30 June 2002 the SonaeCom's share capital was represented by 181,000,000 bearer shares of 1 Euro each.

### 37. The Company's shareholders

At 30 June 2002 the entities having participations of more than 20% in SonaeCom. were as follows:

	<u>2002</u>	<u>%</u>	<u>2001</u>	<u>%</u>
Sonae	24,692,135	13.64%	42,792,135	23.64%
Sonae Investments B.V.	118,600,000	65.53%	100,500,000	55.53%

### 40. Movements in Shareholders' equity

The movements in Shareholders' equity, during first half of 2002, was as follows:

	<u>Opening balance</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Closing balance</u>
Share capital	181,000,000	-	-	181,000,000
Share premium	279,257,041	-	-	279,257,041
Legal reserves	114,360	-	-	114,360
Other reserves	1,329,131	-	-	1,329,131
Accumulated loss	-	-	(3,167,378)	(3,167,378)
Net profit/(loss) for the year	<u>(3,167,378)</u>	<u>(5,621,072)</u>	<u>3,167,378</u>	<u>(5,621,072)</u>
Total Shareholders' equity	<u>458,533,154</u>	<u>(5,621,072)</u>	<u>-</u>	<u>452,912,082</u>

### 43. Remuneration of Board members

The remuneration attributed to the members of the Board of Directors during the half years ended on 30 June 2002 and 2001 totalled Euro 593,511 and Euro 400,643, respectively.

#### 45. Statement of net financial results

Net financial income/(expenses) for the half years ended on 30 June 2002 and 2001, are made up as follows:

	<b>2002</b>	<b>2001</b>
<b>Expenses:</b>		
Interest expense	173,154	127,897
Foreign currency exchange losses	47	54
Provisions for investments (Note 34)	3,700,000	
Other financial expenses	893	761
Net financial income / (expenses)	(2,055,588)	4,215,723
	<u>1,818,506</u>	<u>4,344,434</u>
<b>Income:</b>		
Interest income	1,818,506	4,344,433
Foreign currency exchange gains	-	1
	<u>1,818,506</u>	<u>4,344,434</u>

#### 46. Statement of net extraordinary items

Net extraordinary items for the half years ended 30 June 2002 and 2001 are made up as follows:

	<b>2002</b>	<b>2001</b>
<b>Expenses:</b>		
Loss on fixed assets	8,454	-
Other extraordinary expenses	2	-
Net extraordinary items	(8,456)	-
	<u>-</u>	<u>-</u>
<b>Income:</b>	<u>-</u>	<u>-</u>

#### 47. Treasury applications of associated companies

Treasury applications movements received of associated companies. during the first half of 2002. were as follows:

	<u>Opening balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing balance</u>
Novis	-	13,000,000	-	13,000,000
Clixgest	6,380,442	7,700,000	10,345,442	3,735,000
Enabler	-	2,000,000	-	2,000,000
We Do Consulting, S.A. ("We Do")	2,340,000	5,480,000	6,370,000	1,450,000
Sonae.com Ventures	-	460,000	315,000	145,000
Bikini, Portal de Mulheres, S.A. ("Bikini")	-	425,000	350,000	75,000
Fun On Line – Actividades Lúdicas, S.A.("Fun On Line")	-	500,000	500,000	-
Miauger – Organização de Leilões Electrónicos, S.A. ("Miauger")	370,000	200,000	570,000	-
	<u>9,090,442</u>	<u>29,765,000</u>	<u>18,450,442</u>	<u>20,405,000</u>

The short-term treasury applications of subsidiaries are recorded in the liability caption Subsidiaries. They mature in less than one year and remunerated at market interest rates.

#### 48. Treasury applications

The caption Treasury applications at 30 June 2002 includes short term operations with Group companies and is made up as follows:

Sonae	23,985,004
Público Comunicação Social, S.A.(Público)	3,791,341
	<u>27,776,345</u>

These treasury applications bear interest at market rates.

#### 49. Third party supplies and services

This caption for the half years ended 30 June 2002 and 2001 is made up as follows:

	2002	2001
Other specialised services	204,842	98,698
Share group services	179,011	242,891
Advertising and publicity	178,664	179,374
Travel and lodging	127,228	101,053
Consultancy	113,832	12,692
Rent	57,118	79,603
Other	142,698	29,952
	<u>1,003,393</u>	<u>744,263</u>

#### 50. Accrued income

The caption Accrued income relates mainly to interest and management support services rendered which are going to be charged to subsidiaries.

#### 51. Other relevant information

i) In the beginning of 2001, SonaeCom implemented a Stock Option plan, for certain employees of the SonaeCom Group, under which the employees receive, every year, at no cost, a certain number of options to buy shares in the company. The options, which are subdivided into the IPO plan and the Regular Plan, may be exercised during a period of one year, beginning, respectively, two and three years after the options have been granted. The reference dates for the the IPO Plan and for the first and second years of the Regular Plan were 2 June 2000, 31 March 2001 and 31 March 2002 respectively. The exercise price of the options granted under the IPO Plan is the price of the public Offer (Euro 10). The exercise price of the options granted under the Regular Plan is the average trading price of the shares on the Lisbon and Oporto Stock Exchange during the month preceding the date of the options are granted. Eligibility depends upon the level of responsibility and the value of the options granted (valued using the Black and Scholes model) and is a function of total individual remuneration, adjusted according to individual performance, measured using the employee evaluation methodology currently employed. The number of the shares subject to options for each of these plans is 1,172,967, 1,425,833 and 3,376,725, respectively. The number of shares subject to the 2001 and 2002 Regular Plans are 417,060 and 1,321,499, respectively. The terms of the plans may be modified to reflect changes in the remuneration policy and/or in the financial position of the company and its subsidiaries. Following a decision at the SonaeCom Group level, changes are currently being finalised for the Regular Plan for 2000.

ii) During 2001 the Company agreed to establish an equity based incentive plan for certain employees of the subsidiary We Do. Under this plan, these employees have the right to receive shares in We Do on 1 January 2005, with a value of up to 30% of the increase in the Company's adjusted equity value up to 31 December 2004 (using a predefined valuation model).

iii) During 2001, the Company agreed to sell 34% of Enabler's shares to certain Directors and employees of that subsidiary. The sale is expected to take place before the end of 2002. The sales price corresponds to SonaeCom's acquisition cost in July 2000 (adjusted by pre-defined variables).

The total amount of the liability under the schemes described in paragraphs iv), v) and vi) above at 30 June 2002, is estimated to be Euro 700,000, and is fully provided for under the caption Provision for liabilities and charges (Note 46).

## **52. Subsequent events**

The subscription period for SonaeCom's share capital increase, from Euro 181,000,000 to Euro 226,500,000, through the issuance of 45,250,000 shares of Euro 1 each at a subscription price of 2.25 euros, took place from 8 to 22 July 2002. The shares were reserved for the existing shareholders according to their voting rights. Any shares not subscribed for by the shareholders were offered to institutional investors that have showed interest in the subscription. Sonae committed itself by taking up any remaining shares not subscribed for by the institutional investors, securing complete subscription of the share capital increase.

## **53. Note added for translation**

The accompanying financial statements are a translation of financial statements originally issued in Portuguese in accordance with generally accepted accounting principles in Portugal and the disclosures required by the Portuguese Official Chart of Accounts, some of which may not conform with or be required by generally accepted accounting principles in other countries. In the event of discrepancies the Portuguese language version prevails.



## Declaration

In compliance with sub-paragraph b) of article 7 of the Securities Market Regulation Board (Regulamento da Comissão de Mercado de Valores Mobiliários) nr. 11/2000, with the changes introduced by Regulation nr. 24/2000, we declare that we have received the following information:

	Date	Additions		Reductions		Balance at
		Number	Avg price €	Number	Avg price €	30.06.2002
Number						
BOARD OF DIRECTORS						
Belmiro Mendes de Azevedo						
Efanor Investimentos, SGPS, SA (1)						49.999.997
Imparfin, SGPS, SA (3)						112.500
Sonae, SGPS, SA						14.901
Sonae.com, SGPS, SA						60.430
Duarte Paulo Teixeira de Azevedo						
Efanor Investimentos, SGPS, SA (1)						1
Imparfin, SGPS, SA (3)						112.500
Sonae, SGPS, SA						277.486
Modelo Continente, SGPS, SA						0
Sale	09.05.02			31.667	1,85	
Sonae.com, SGPS, SA						211.900
Sonae Indústria/98 Bounds						2.013.647
Modelo Continente/95 Bounds						598.558
António Castelo Branco Borges						
Sonae, SGPS, SA						2.593
Sonae.com, SGPS, SA						3.000
António José Santos Silva Casanova						
Sonae, SGPS, SA						200.000
Sonae.com, SGPS, SA						60.330
David Graham Shenton Bain						
Sonae, SGPS, SA						3.518
Sonae.com, SGPS, SA						30.340
Diogo António Rodrigues da Silveira						
Sonae.com, SGPS, SA						60.240
Dudley Graham Eustace						
Sonae.com, SGPS, SA						3.000
Luís Filipe Campos Dias de Castro Reis						
Sonae.com, SGPS, SA						29.900
Richard Henry O'Toole						
Sonae.com, SGPS, SA						3.000
Shareholder's Meeting Board						
Clara Maria Azevedo Rodrigues Gomes						
Sonae.com, SGPS, SA						530

### Notas:

		Additions		Reductions		Balance at
	Date	Number	Avg price €	Number	Avg price €	30.06.2002
						Number
<b>(1) Efanor Investimentos, SGPS, SA</b>						
Sonae, SGPS, SA						948.101.424
Pareuro, BV (2)						20.000
<b>(2) Pareuro, BV</b>						
Sonae, SGPS, SA						108.820.695
<b>(3) Imparfin, SGPS, SA</b>						
Sonae, SGPS, SA						5.193.798

### Qualifying Holdings

In compliance with sub-paragraph d) of nr. 1 of article 7 of the Securities Market Regulation Board (Regulamento da Comissão de Mercado de Valores Mobiliários) nr. 11/2000, with the changes introduced by Regulation nr. 24/2000, we declare the ownerships of the qualifying holdings at 30th of June of 2002:

Shareholders	Nr. of Shares	% Voting Rights
Sonae, SGPS, S.A.	24.692.135	13,64%
Sonae Investments, BV	118.600.000	65,52%
Belmiro Mendes de Azevedo	60.430	0,03%
Álvaro Carmona e Costa Portela	59.800	0,03%
Nuno Manuel Moniz Trigo Jordão	59.800	0,03%
Duarte Paulo Teixeira de Azevedo	211.900	0,12%
Ângelo Gabriel Ribeirinho dos Santos Paupério	59.800	0,03%
Total	143.743.865	79,42%

## **LIMITED REVIEW REPORT PREPARED BY AN AUDITOR**

### **REGISTERED AT THE CMVM ON THE HALF YEAR INFORMATION**

(Translation of a report originally issued in Portuguese)

(Amounts expressed in Euro - €)

#### **Introduction**

1. Pursuant to article 246 of the Securities Market Code ("Código do Mercado de Valores Mobiliários") we hereby present our Limited Review Report on the information of Sonae.com, S.G.P.S., S.A. ("the Company") for the half year ended 30 June 2002, included in: the Directors' Report, balance sheet (which reflects a total of € 478,036,549 and total of shareholders' equity of € 455,412,082, including a net loss of € 3,121,072) and statement of profit and loss for the half year then ended and in the respective notes.
2. The amounts in the financial statements, as well the additional financial information, were obtained from the Company's accounting records.

#### **Responsibilities**

3. The Company's Board of Directors is responsible for: (i) preparing the historical financial information in accordance with generally accepted accounting principles that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (ii) adopting adequate accounting principles and criteria; (iii) the maintenance of an appropriate system of internal control; and (iv) informing on any significant facts that have influenced its operations, financial position or results.
4. Our responsibility is to verify the financial information included in the above mentioned documents of account, namely if, in all material respects, it is complete, true, up-to-date, clear, objective and licit, in conformity with the requirements of the Securities Market Code ("*Código dos Valores Mobiliários*"), and to issue a professional and independent moderate assurance report on that financial information based on our work.

#### **Scope**

5. Our work was performed, with the objective of obtaining moderate assurance about whether the financial information referred to above is free of material misstatement. Our work, which was based on the Technical Rules and Directives of the Portuguese Institute of Statutory Auditors ("Normas Técnicas e Directrizes de Revisão / Auditoria da Ordem dos Revisores Oficiais de Contas"), was planned in accordance with that objective and consisted mainly of enquiries and analytical procedures to review: (i) the reliability of the assertions included in the financial information; (ii) the adequacy of the accounting policies adopted considering the circumstances and their consistent application; (iii) the applicability, or otherwise, of the going concern concept; (iv) the presentation of the financial information; and (v) if, in all material respects, the financial information is complete, true, up-to-date, clear, objective and licit; and substantive tests of unusual and significant transactions.
6. Our work also included verification of the consistency of the financial information in the Directors' Report, with the remaining documents referred to above.

## **MAGALHÃES, NEVES E ASSOCIADOS**

7. We believe that our work provides a reasonable basis for issuing this report on the half year information.

**Qualification**

8. As mentioned in the notes to the financial statements, the investments in group and associated companies are stated at cost, and not in accordance with the equity method, as required by Portuguese Accounting Standard 9. Although Note 16 to the financial statements presents financial information on group and associated companies, the effect on the financial statements of not using the equity method to record the investments in group and associated companies has not been quantified at this time. The Company prepares separate consolidated financial statements as of 30 June 2002.

**Conclusion**

9. Based on our work, which was performed with the objective of obtaining moderate assurance, except for the effect of the matter referred to in paragraph 8 above, nothing came to our attention that leads us to believe that the financial information of Sonae.com, S.G.P.S., S.A. for the half year ended 30 June 2002 is not free of material misstatement that affects its conformity with generally accepted accounting principles and that it is not complete, true, up-to-date, clear, objective and licit, in accordance with the definitions set forth in the technical rules and directives referred to in paragraph 5 above,.

**Emphasis**

10. The financial statements for the half year ended 30 June 2001 were examined by us and our limited review report, dated 24 July 2001, contains one qualification similar to that referred to in paragraph 8 above.

Oporto, 11 July 2002

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MAGALHÃES, NEVES E ASSOCIADOS - SROC  
Represented by Jorge Manuel Araújo de Beja Neves