



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

Sociedade Aberta

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

Share Capital: Euro 2,000,000,000

Maia Commercial Registry Nr. 14 168

Fiscal Nr. 500 273 170

FINANCIAL STATEMENTS

1ST QUARTER 2005

(Translation from the Portuguese original)



REPORT OF THE BOARD OF DIRECTORS
1ST QUARTER 2005



Sonae SGPS, SA - Sociedade Aberta
 Lugar do Espido Via Norte Apartado 1011
 4471-909 Maia Portugal
 Share Capital Euro 2 000 000 000.00
 Maia Commercial Registry (Nr. 14168)
 Fiscal Nr. 500 273 170

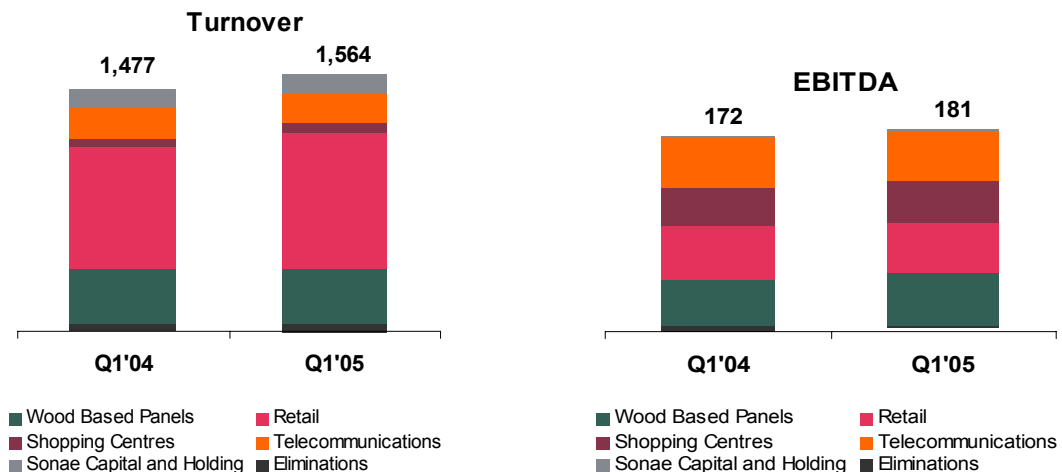
REPORT OF THE BOARD OF DIRECTORS ¹

FIRST QUARTER OF 2005

FACT SHEET

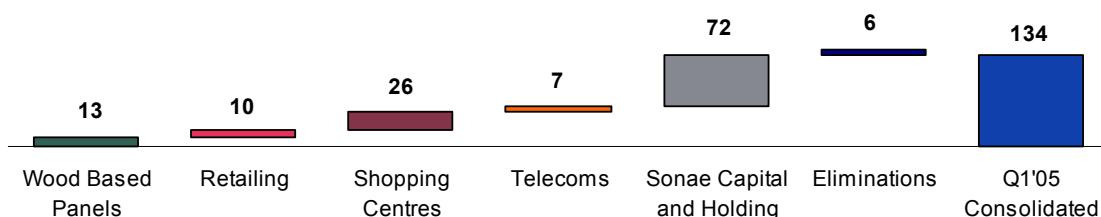
Values in million euro

Economic Indicators	31.03.2005	31.03.2004	Δ
Turnover	1,564.1	1,477.2	5.9%
Operating Cash-Flow (EBITDA)	181.1	172.3	5.1%
EBITDA margin	11.6%	11.7%	-0.1 p.p.
Operating Profit (EBIT)	99.2	76.5	29.7%
Profit for the period	134.3	17.3	117.0
Profit Attributable to Equity Holders of Sonae	120.5	2.7	117.8



¹ Unaudited financial information for the quarters ending 31 March 2005 and 2004, produced and restated under International Financial Reporting Standards (IFRS) for the first time.

Contributions to Profit for the Period



Values in million euro

Financial Indicators	31.03.2005	31.12.2004	Δ
Total Assets	8,524.8	8,597.6	-0.8%
Total Equity	1,986.3	1,890.4	5.1%
Net Debt	3,074.3	2,821.7	9.0%
Annualised Interest cover	5.6	5.1	9.8%

MAIN CORPORATE EVENTS DURING THE QUARTER

On 11 February 2005, Sonae, SGPS, SA announced that it had agreed the terms and conditions for the sale to Europac SA of all of its shares and loans in Imocapital, SGPS, SA, which holds 65% of the share capital of Gescartão, SGPS, SA, as well as its direct shareholding of 3.58% in Gescartão. The sale of the share capital of Imocapital was subject to the approval of the Competition Authority as required by Portuguese Law, and this was obtained after the quarterly balance sheet date, on 6 April 2005. As at 31 March 2005, this sale impacted the consolidated net profit attributable to Sonae equity holders by circa 39 million euro. The cash inflow associated with this transaction, circa 97.9 million euro, was received in the month of April.

Following the announcement made on 22 December 2004, a further 27.8% of ba Vidro was sold, resulting in a capital gain of 37.8 million euro and a cash inflow of 97.4 million euro (including share sales proceeds, reimbursement of shareholders' loans and dividends).

The decision to spin-off Sonae Indústria was announced and Sonae, SGPS, SA expects this to be completed by the end of 2005.

CORPORATE GOVERNANCE

There were no significant changes in the period that deserve mention, and the guidelines set in the 2004 Report of the Board of Directors remain unchanged.

BUSINESS ANALYSIS²



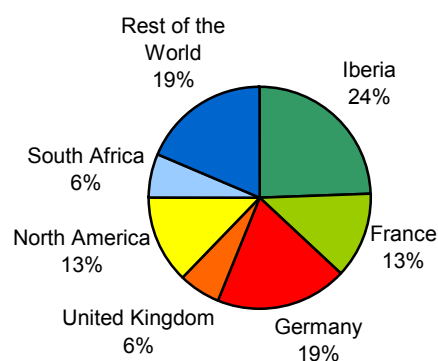
WOOD BASED PANELS

Values in million euro

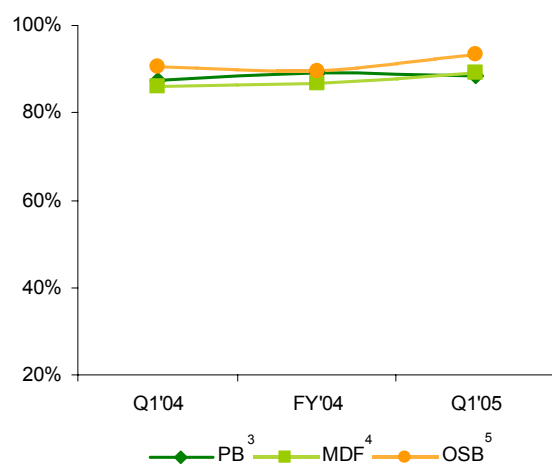
	Q1'05	Q1'04	Δ
Turnover	362	364	-1%
Operational Cash-Flow (EBITDA)	60	45	34%
EBITDA Margin	16.5%	12.3%	4.2 p.p.
Profit Attributable to Equity Holders of Sonae Indústria	15	1	14

	31 Mar'05	31 Dec'04	Δ
Net Debt	586	564	4%

Turnover by market



Capacity Utilisation



² The figures included in this section are those from the consolidated financial statements of each business.

³ PB – Particleboard.

⁴ MDF – Medium Density Fibreboard.

⁵ OSB – Oriented Strands Board.

Main highlights

- Sales volumes increased by 2.2% over the previous quarter and decreased 1.2% over the same period last year;
- Overall, average prices showed an increase of 1% over the fourth quarter of 2004 – positive trend in the prices of Particleboard based products and downward pressure on OSB⁶ (mainly in the North American market). MDF⁷ prices are expected to suffer some downward pressure in the coming quarters;
- Capacity utilisation at a consolidated level reached 89%, compared with 87% in the same period last year;
- On a like for like basis, excluding Gescartão from the 2004 consolidation perimeter, consolidated turnover posted an increase of 5.6% and EBITDA increased around 58% (quarter on quarter);
- Net Debt increased 22 million euro in the quarter, due to lower use of receivables securitisation (circa 18 million euro) and to the impact of seasonal factors on working capital;
- The financial independence of Sonae Indústria will be achieved in the second quarter of 2005. Part of the proceeds from the recent bond issues has already been used to repay Sonae SGPS's loans (163 million euro) and external debt of Group companies.
- **Iberia:** last year's positive trend continued during the quarter, both in terms of prices and export markets. Turnover grew 1.2% to 114 million euro and EBITDA reached 19.5 million euro;
- **France:** despite adverse weather conditions, production increased 3.2% (year on year). Turnover grew 1.3% to 70 million euro and EBITDA for the quarter reached 2.9 million euro, a significant improvement compared to that of the first quarter of 2004;
- **Germany:** sales volumes increased 1.9%, compared to 2004, while turnover rose 6.4% due to better product mix. All plants worked at nearly full capacity utilisation. EBITDA for the period was 9.1% of turnover;
- **United Kingdom:** the market started to react slowly after the Christmas holiday period, leading to a fall of 10% in sales volume compared to the same period of 2004. This decrease was partly offset by the recovery of sales prices (versus the previous quarter and the same period last year). The Knowsley factory had a record month in March, producing in excess of 39 thousand cubic metres. EBITDA for the period was 4% of turnover;

⁶ OSB – Oriented Strands Board.

⁷ MDF – Medium Density Fibreboard.

- **Canada:** the market remained firm in the quarter. Turnover increased 12% and output was up by 2.4%, compared to the first quarter of 2004. Higher volumes, better product mix and higher prices were the drivers of the increase in turnover. Profitability increases have partially offset raw material cost increases;
- **Brazil:** the internal market was stable. Sales volumes showed a slight decrease compared to 2004 figures (-1.5%), but sales in Brazilian Real grew 22.6% compared to the same period last year. The major increase occurred in the internal market (24.2%), while exports grew circa 11.3%. EBITDA margin reached 19% (7.4% in the first quarter 2004);
- **South Africa:** compared to the same period last year, there were significant increases both in turnover (25%) and sales volume (22%). Prices have fully recovered from the erosion suffered in 2004, and plant capacity availability has significantly improved in the Panbult and White River factories. EBITDA margin was 28.5%, an increase of 11 percentage points over the same period last year.



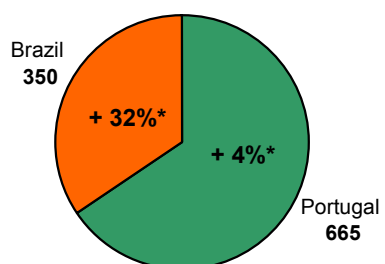
RETAIL

Values in million euro

	Q1'05	Q1'04	Δ
Gross Sales	1,015	903	12%
Operational Cash-Flow (EBITDA)	47	49	-5%
EBITDA Margin (% of net sales)	5.3%	6.3%	-0.9 p.p.
Profit Attributable to Equity Holders of Modelo Continente	10	9	9%

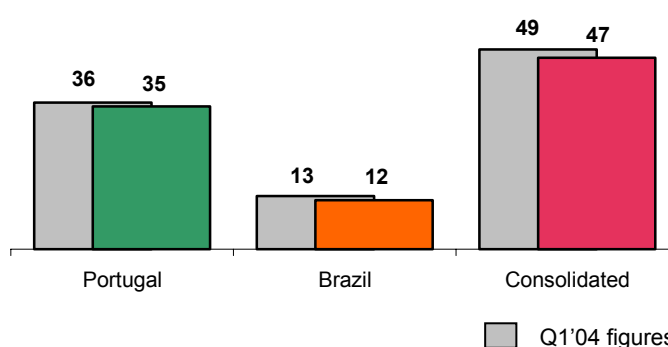
	31 Mar'05	31 Mar'04	Δ
Net Debt	754	829	-9%

Gross Sales by market



* Quarter on Quarter change
(Q1'05 / Q1'04)

Contributions to EBITDA



Main highlights

- Gross sales increased 12% to 1,015 million euro;
- The financial strength of the company is reflected in the sustained reduction of its debt level over the last two years, and means that it can ensure the level of investment that the company intends to make in 2005 (around 250 million euro);
- **Portugal**
 - The retail sector showed moderate growth compared to last year and was positively impacted by the seasonal effect of the Easter holiday;
 - Food retail sales grew 2% compared to the first quarter 2004 to 509 million euro, and non food retail sales grew 12% to a total of 156 million euro;
 - Modelo Continente opened a further 4 thousand square metres during the first three months of 2005, a growth of 3.5% compared to that at the end of 2004;
 - EBITDA margin was 6% of net sales, at about the same level as that of the same period last year;
- **Brazil**
 - Modelo Continente's performance in the first quarter of 2005 was clearly above market average and that of its main competitors, strengthening key business indicators and increasing market share;
 - Gross sales totalled 1,209 million Brazilian Real, an increase of 27% in local currency. Converted to Euro, this increase is of 32% taking into account the impact of the appreciation of the Brazilian Real against the Euro;
 - The company's operations in Brazil have had continuous growth in profitability. EBITDA margin was 4% of net sales and, despite being lower, compares positively with last year since the 2004 figure includes 8 million euro of non-recurring income.



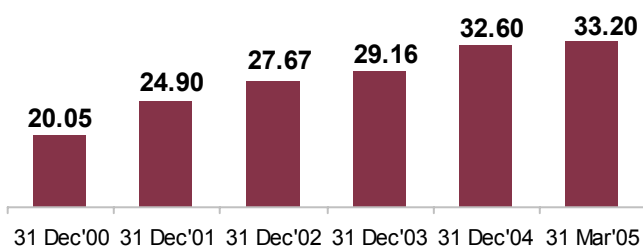
SHOPPING CENTRES

Values in million euro

	Q1'05	Q1'04	Δ
Operational Cash-Flow (EBITDA)	29	24	20%
Direct Profits	13	12	8%
Profit Attributable to Equity Holders of Sonae Sierra	22	13	70%

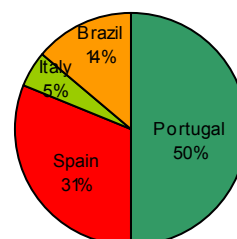
	31 Mar'05	31 Dec'04	Δ
NAV per share	33.2	32.6	2%
Asset gearing ⁸	30.5%	28.8%	1.7 p.p.

NAV⁹ per share (€)



GLA¹⁰ under management

Total: 1.87 million square metres



⁸ Asset Gearing = Net Bank Debt / (Total Assets – Cash and Cash Equivalents and Current Investments).

⁹ NAV – Net Asset Value.

¹⁰ GLA – Gross Lettable Area.

Main highlights

- In the first quarter of 2005, Sonae Imobiliária changed its name to Sonae Sierra. This global scale operation is part of the company's international expansion strategy of recent years and reinforces its position as a specialist in shopping and leisure centres;
- EBITDA growth of around 20%, compared to the first quarter of 2004, was mainly due to the growth of the company's portfolio after the opening, during 2004, of four new shopping and leisure centres in Spain and of a new shopping centre and an extension in Brazil;
- In the first quarter of 2005, the Plaza Éboli shopping centre opened in Spain, representing an investment of 56.1 million euro, in partnership with the Eroski Group. The company has also signed an agreement with Mall Inversiones for a new shopping and leisure centre (Las Medulas) in Ponferrada, Spain, with an investment of around 110 million euro;
- The company has six new projects under construction: in Portugal, Rio Sul (Seixal), SerraShopping (Covilhã) and Loureshopping (Loures); in Germany, Alexa (Berlin); in Italy, Freccia Rossa (Brescia); and in Greece, Mediterranean Cosmos (Salonika);
- Sonae Sierra is the owner or co-owner of 32 operating shopping and leisure centres and 1 retail park, which together amount to 1.334 million square metres of GLA¹¹;
- The company manages 6,200 contracts with tenants, occupying 1.87 million square metres of GLA¹¹.

¹¹ GLA – Gross Lettable Area.



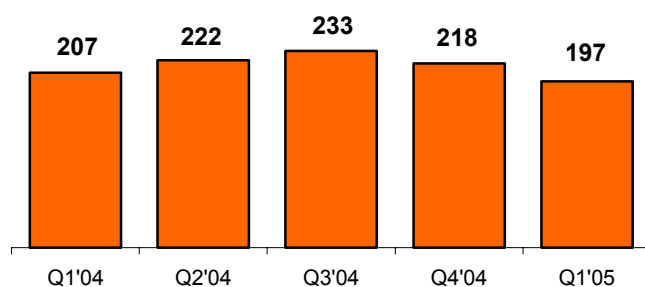
TELECOMMUNICATIONS

Values in million euro

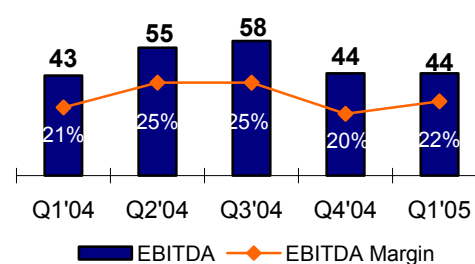
	Q1'05	Q1'04	Δ
Turnover	197	207	-5%
Operational Cash-Flow (EBITDA)	44	43	2%
EBITDA Margin	22%	21%	1 p.p.
Profit Attributable to Equity Holders of Sonaecom	5	0	5

	31 Mar'05	31 Mar'04	Δ
Net Debt	293	330	-11%

Turnover trend



EBITDA



Main highlights

- Consolidated Turnover reached 197 million euro, 5% below that achieved in the same period last year. This decrease was mainly due to the 9% fall in Optimus Operator Revenues and to lower Turnover generated by Público (a 21% fall compared to the first quarter of 2004);
- Consolidated EBITDA increased 2% to 44 million in the quarter, generating an EBITDA margin of 22%, up from 21% in the first quarter of 2004.
- Consolidated net results improved significantly, quarter on quarter, to circa 9 million euro, driven by the EBITDA performance and lower net financial charges, mainly due to a reduction in nominal gross debt, but also by a lower tax charge (impact of deferred taxes);
- Consolidated nominal net debt recorded a 6% increase in the first quarter of 2005 compared to the end of the previous quarter, to 293 million euro, driven by a reduction in consolidated liquidity (associated with the acquisition of Maxistar's 2.77% stake in Optimus);

• Telecom businesses

- Service revenues decreased 3% in the first quarter of 2005 compared to the same period last year, with customer revenues in line with the first quarter 2004 offset by lower operator revenues;
- Traffic from fixed operators continued to decline as a percentage of overall traffic, reflecting the continued trend in fixed to mobile substitution;
- More than 14 thousand customers have been activated, following the re-launch of Optimus Home (due to promotional airtime offered, the impact on revenues will only be felt in the second quarter of 2005);
- Reductions in mobile to mobile and fixed to mobile termination rates, which came into effect on 7 March, had a negative impact on Operator Revenues. EBITDA is only negatively impacted by the reduction in fixed to mobile rates;
- Optimus EBITDA increased 8% compared to the first quarter of 2004, to 43.5 million euro, as a result of reductions in interconnection costs and in leased lines and network costs. EBITDA margin was 29.6%, compared to 26.2% in the first quarter 2004;
- Sonaecom's Fixed Service Revenues were up 1% on the same period 2004, and were generated by Direct Voice Services (17%), Indirect Service Revenues (39%) and Wholesale Revenues (44%). Sonaecom's Fixed EBITDA deteriorated from 87 thousand euro in the first quarter 2004 to losses of 1.2 million euro, due to the continued loss in narrowband and indirect voice traffic, coupled with increases in operational expenditure and the comparatively slower growth in service revenues from direct access solutions;
- By the end of March 2005, Clix had circa 11.3 thousand direct services;

- At the end of March, 79 central offices had been unbundled (34 of which with ADSL 2+). Sonaecom expects to have 130 central offices unbundled by the end of 2005 (total population coverage of circa 50% and circa 80% in both Lisbon and Porto);

- **Media**

- Público's consolidated Turnover was 21% lower than in the first quarter of 2004;
- As a result of the delay in launching new Associated Product collections, and of the decrease in newspaper circulation, Público's EBITDA deteriorated from 158 thousand euro in the first quarter 2004 to a 433 thousand euro loss in the same period of 2005;

- **S&SI** ¹²

- The S&SI business registered a quarter on quarter 8% growth, to 20 million euro, mainly driven by Enabler (growth in stand-alone Turnover of 22% to 7.4 million euro) and WeDo (increased Turnover by 13% to 5.4 million euro), which posted growth in their main international markets;
- S&SI EBITDA increased 26% to circa 3 million euro, driven by the overall improvement in topline growth and high consultant occupancy rates recorded at both WeDo and Enabler. EBITDA margin posted strong growth from 13% in the first quarter 2004 to 15% in the first quarter 2005.

¹² S&SI – Software and Systems Integration.



SONAE CAPITAL¹³

Sonae Capital is made up of businesses in Tourism, Construction, Engineering and Residential Development, Transport and Logistics, Insurance Brokerage, Auto Sector and Others.

Sonae Capital's contribution to **consolidated turnover** grew circa 14% in the first quarter of 2005 compared to the same period last year, to 121 million euro.

The contribution to **consolidated operational cash-flow (EBITDA)** in the quarter was 3.6 million euro, 0.9 million euro up on the first quarter of 2004.

In the first quarter of 2005, Sonae Capital contributed 59 million euro to the **consolidated net profit for the period**, recovering from a negative contribution of 8 million euro in the same period of 2004. The contribution in 2005 was positively impacted by the capital gain obtained on the sale of a further 27.8% stake in ba Vidro (circa 38 million euro).

¹³ The figures in this section are Sonae Capital's contributes to the consolidated financial statements of Sonae.

PROFITABILITY

Consolidated turnover for the quarter was 1,564 million euro, an increase of 6% compared to the 1,477 million euro achieved in the same period last year. In absolute terms, the Retail business posted the most significant increase, benefiting from a strong improvement in the contribution from Brazilian operations, whilst the contributions of the Wood Based Panels and Telecommunications businesses decreased slightly, compared to the same period last year. The Wood Based Panels contribution in 2004 included Gescartão, which was disposed of in the first quarter of 2005. On a like for like basis, the Wood Based Panels contribution increased 6%. For the Telecommunications business, lower mobile incoming traffic from fixed operators and lower mobile termination rates set by the regulator, explain the lower contribution to consolidated turnover.

Consolidated operational cash-flow (EBITDA) generated in the first three months of 2005 was 181 million euro, an increase of around 5% compared to the same period last year. The Wood Based Panels business was the major contributor to EBITDA growth, reflecting the more favourable market conditions in the quarter and the effects of the cost optimisation measures put in place. The **consolidated EBITDA margin** was 11.6%, in line with the margin for the first quarter of 2004.

Consolidated operating profits (EBIT) improved by 22 million euro to 99 million euro, from 77 million euro in the first quarter of 2004. The Wood Based Panels business was the main positive contributor to consolidated EBIT.

Consolidated net financial expenses totalled 43.3 million euro, compared to 54.6 million euro in the first quarter of 2004. This improvement was mainly due to a reduction in interest expenses, as a result of lower average debt levels (quarter on quarter), and to net exchange gains, compared to net exchange losses in the same period of last year.

Consolidated net profit for the period was 134 million euro, 117 million euro up on the first quarter 2004. In addition to better operational and financial performance, the first quarter's profit includes around 90 million euro of investment income, most of which was the result of the sale of shareholdings in Imocapital/Gescartão and ba Vidro.

The **consolidated net profit attributable to equity holders of Sonae** for the quarter was 120 million euro (3 million euro in the same period in 2004). This significant increase is the result of the better operational performance in the businesses where Sonae owns a higher share, as well as of the higher proportion of investment income obtained in companies which are wholly owned by Sonae.

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

Values in million euro		
	Turnover	EBITDA
Wood Based Panels	361.8	50.3
Retail	877.9	46.6
Shopping Centres	65.8	38.0
Telecommunications	196.9	47.1
Sonae Capital & Holding	121.8	1.8
Eliminations	(60.1)	(2.7)
TOTAL	1,564.1	181.1

FINANCIAL STRUCTURE

Consolidated net debt ¹⁴ at the end of the quarter was 3,074 million euro, an increase of 252 million euro compared to the end of 2004 (decrease of 140 million euro compared to the end of the same quarter 2004). The increase in the contribution of the Retail business results from business seasonality. At the Sonae Capital and Holding level, the decrease in the quarter is a result of the sale of 27.8% of ba Vidro.

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

Values in million euro			
	31 Mar'05	31 Dec'04	Δ
Wood Based Panels	435.7	429.9	5.8
Retail	779.1	496.9	282.2
Shopping Centres	850.2	811.0	39.2
Telecommunications	278.3	260.9	17.4
Sonae Capital & Holding	721.8	768.7	-46.9
Eliminations	9.2	54.3	-45.1
TOTAL	3,074.3	2,821.7	252.6

¹⁴ Net Debt = Non-Current Borrowings + Current Borrowings – Cash and Cash Equivalents – Current Investments

The **ratio of net debt to annualised operational cash flow (EBITDA)** was 3.2. **Annualised interest cover** was 5.6 for the quarter, up from 5.1 at 31 December 2004. This improvement results from the good performance in operational cash flow and the reduction in interest charges, driven by better financial conditions achieved due to renegotiation of some of the major loan contracts and by an increase in the proportion of debt issued directly in the capital markets.

OUTLOOK

The Wood Based Panels business expects, in the short term, some negative impact to profitability of OSB and MDF. As a result, EBITDA growth achieved in the first quarter is not expected to continue in the remainder of the year. In the outlook by country, we highlight: Germany, where the economic outlook for the coming months is less promising and suggests that the second quarter of 2005 will be weaker than the first; Brazil, where stable demand and expected difficulties on exports, due to less favourable exchange rates, have led to a more conservative forecast for the second quarter; and South Africa, with a positive outlook, based on continued increased activity in the building sector and on a 50 basis point reduction in the prime lending rate by the Reserve Bank.

Modelo Continente is preparing a number of projects aimed at strengthening its competitive position in the Portuguese market. Focus will be placed on the execution of the expansion plan for the year 2005. The more immediate and significant projects are the opening of 2 Continente hypermarkets located in Antas, Porto (opened on 6 May 2005) and Loures, Lisbon. Under the terms of the new licensing law and depending on the progress of projects on hand, the company forecasts the opening of 5 new Modelo mini shopping centres in 2005, in addition to other non-food retail units. The process of selecting and licensing new store locations will continue, reinforcing the company's asset base. In Brazil, as far as new projects are concerned, the company will continue to be prudent, with progress dependent on the capability of the local operations to generate its own cash flow and also on interest rates.

The Shopping Centres business intends to continue its investment plans, pursuing leadership positions in the markets where it operates. Sonae Sierra has announced the development of two new shopping and leisure centres in Italy, a strategic market for the company. Together, these centres are expected to involve an overall investment of around 320 million euro.

In the Telecommunications business, the decision to invest for growth during 2005, aimed at developing specific market opportunities (fixed-mobile substitution, ultra broadband, launch of triple play), will increase spending on network development, marketing expenses and customer acquisition costs. The impact of this strategy on the topline and EBITDA will only materially benefit the company's performance as from 2006.

Maia, 16 May 2005

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

1ST QUARTER 2005

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

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2005 AND AS AT 31 DECEMBER 2004

(Amounts expressed in euro)

ASSETS	Notes	IFRS		LOCAL GAAP
		31.03.2005	31.12.2004	31.12.2004
NON-CURRENT ASSETS:				
Tangible and intangible assets	9	3,386,199,020	3,452,680,051	4,700,852,146
Investment properties	10	2,252,915,131	2,204,846,415	-
Goodwill	11	475,185,974	453,242,056	-
Investments	12	95,718,617	106,235,352	347,102,653
Deferred Tax Assets	15	214,826,762	216,951,425	
Other Non-Current Assets	13	99,630,472	111,497,267	89,019,748
Total Non-Current Assets		6,524,475,976	6,545,452,566	5,136,974,547
CURRENT ASSETS:				
Stocks		670,431,472	673,858,951	672,703,272
Trade Debtors and Other Current Assets	14	952,175,065	802,507,030	1,222,534,169
Investments	12	85,503,258	89,558,911	182,274,470
Cash and Cash Equivalents	16	292,210,866	486,213,442	340,808,878
Total Current Assets		2,000,320,662	2,052,138,333	2,418,320,789
TOTAL ASSETS		8,524,796,638	8,597,590,900	7,555,295,336
EQUITY AND LIABILITIES				
EQUITY:				
Share Capital	17	2,000,000,000	2,000,000,000	2,000,000,000
Own Shares	17	(144,537,597)	(144,537,597)	(144,537,597)
Reserves and Retained Earnings		(754,199,773)	(1,034,084,068)	(1,365,429,064)
Profit/(Loss) for the Period Attributable to the Equity Holders of Sonae		120,480,000	283,521,010	192,060,205
Equity Attributable to the Equity Holders of Sonae		1,221,742,629	1,104,899,345	682,093,544
Equity Attributable to Minority Interests	18	764,577,133	785,515,291	527,771,715
TOTAL EQUITY		1,986,319,762	1,890,414,636	1,209,865,259
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Borrowings	19	2,611,060,467	2,447,782,272	2,220,386,496
Other Non-Current Liabilities	21	928,649,072	940,739,879	827,530,423
Deferred Tax Liabilities	15	384,577,175	388,090,849	-
Provisions	25	52,613,965	57,189,153	-
Total Non-Current Liabilities		3,976,900,679	3,833,802,153	3,047,916,919
CURRENT LIABILITIES:				
Borrowings	19	840,950,483	949,660,987	805,324,564
Trade Creditors and Other Current Liabilities	24	1,707,419,424	1,909,775,272	2,344,147,178
Provisions	25	13,206,290	13,937,852	148,041,416
Total Current Liabilities		2,561,576,197	2,873,374,111	3,297,513,158
TOTAL EQUITY AND LIABILITIES		8,524,796,638	8,597,590,900	7,555,295,336

The accompanying notes are part of these financial statements.

The Board of Directors

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

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE QUARTERS ENDED 31 MARCH 2005 AND 31 MARCH 2004

(Amounts expressed in euro)

	Notes	IFRS		LOCAL GAAP
		31.03.2005	31.03.2004	31.03.2004
Operational Income				
Sales		1,290,058,807	1,202,726,590	1,223,642,764
Services Rendered		274,059,151	274,426,369	290,355,894
Value Created on Investment Properties	10	8,511,062	9,615,183	-
Other Operational Income		109,396,953	85,622,754	61,392,766
Total Operational Income		<u>1,682,025,973</u>	<u>1,572,390,896</u>	<u>1,575,391,424</u>
Operational Expenses				
Cost of Goods Sold and Materials Consumed		(894,402,143)	(807,853,581)	(818,712,706)
Changes in Stocks of Finished Goods and Work in Progress		(162,426)	(12,373,058)	(10,001,703)
External Supplies and Services		(363,321,527)	(345,135,772)	(387,870,994)
Staff Costs		(214,054,250)	(203,822,404)	(205,511,423)
Depreciation and Amortisation	9	(81,150,270)	(86,264,777)	(90,827,011)
Provisions and Impairment Losses	9, 11 e 25	(755,292)	(9,496,571)	(10,779,440)
Other Operational Expenses		(28,979,478)	(30,903,986)	(14,867,202)
Total operational Expenses		<u>(1,582,825,386)</u>	<u>(1,495,850,148)</u>	<u>(1,538,570,480)</u>
Operational Profit/(Loss)		99,200,587	76,540,747	36,820,944
Net Financial Expenses		(43,276,174)	(54,628,474)	(37,601,083)
Share of Results of Associated Undertakings		1,383,293	2,956,423	2,973,387
Investment Income		89,764,604	11,098,922	29,481,357
Profit/(Loss) before Taxation		<u>147,072,311</u>	<u>35,967,617</u>	<u>31,674,605</u>
Taxation	29	<u>(12,740,101)</u>	<u>(18,719,988)</u>	<u>(8,840,977)</u>
Profit/(Loss) after Taxation		134,332,210	17,247,629	22,833,628
Profit/(Loss) after Tax from Discontinuing Operations		-	-	-
Profit/(Loss) for the Period		<u>134,332,210</u>	<u>17,247,629</u>	<u>22,833,628</u>
Attributable to:				
Equity Holders of Sonae		120,480,000	2,684,382	8,421,221
Minority Interests		<u>13,852,210</u>	<u>14,563,247</u>	<u>14,412,407</u>
Profit/(Loss) per share				
Basic		0.064572	0.001439	0.004513
Diluted		<u>0.064572</u>	<u>0.001439</u>	<u>0.004513</u>

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 QUARTERS ENDED 31 MARCH 2005 AND 31 MARCH 2004

(Amounts expressed in euro)

Notes	Attributable to Equity Holders of Sonae				Total	Minority Interests	Total Equity
	Share Capital	Own Shares	Reserves and Retained Earnings	Net Profit/(Loss)			
Balance as at 1 January 2004 (1)	2,000,000,000	(144,537,597)	(1,054,128,192)	-	801,334,211	921,125,745	1,722,459,956
Dividends distributed	-	-	(27,987,330)	-	(27,987,330)	-	(27,987,330)
Purchase/(Sale) of own shares	-	-	-	-	-	-	-
Changes in conversion reserves	-	-	14,767,317	-	14,767,317	4,039,695	18,807,012
Changes in hedge and fair value reserves	-	-	(4,572,686)	-	(4,572,686)	(1,612,482)	(6,185,168)
Changes in other reserves	-	-	(8,567,262)	-	(8,567,262)	(10,840,467)	(19,407,729)
Consolidated Profit/(Loss) for the quarter ended 31 March 2004	-	-	-	2,684,382	2,684,382	14,563,247	17,247,629
Others	-	-	-	-	-	-	-
Balance as at 31 March 2004	<u>2,000,000,000</u>	<u>(144,537,597)</u>	<u>(1,080,488,153)</u>	<u>2,684,382</u>	<u>777,658,632</u>	<u>927,275,738</u>	<u>1,704,934,370</u>
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 2004:	-	-	-	-	-	-	-
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 conversion reserves	-	-	24,623,435	-	24,623,435	2,732,864	27,356,299
Changes in hedge and fair value reserves	-	-	24,874,100	-	24,874,100	592,399	25,466,499
Changes in other reserves (2)	18	-	(15,817,812)	-	(15,817,812)	(38,115,631)	(53,933,443)
Consolidated Profit/(Loss) for the quarter ended 31 March 2005	-	-	-	120,480,000	120,480,000	13,852,210	134,332,210
Others	-	-	-	-	-	-	-
Balance as at 31 March 2005	<u>2,000,000,000</u>	<u>(144,537,597)</u>	<u>(754,199,774)</u>	<u>120,480,000</u>	<u>1,221,742,629</u>	<u>764,577,133</u>	<u>1,986,319,762</u>

The accompanying notes are part of these financial statements.

The Board of Directors

(1) The 2003 consolidated profit for the year is included in "Reserves and Retained Earnings" because 1 January 2004 is the date of transition;

(2) Includes 17,729,243 relating to the write-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 QUARTERS ENDED 31 MARCH 2005 AND 31 MARCH 2004
(Amounts expressed in euro)

<u>OPERATING ACTIVITIES</u>	<u>Notes</u>	<u>31.03.2005</u>	<u>31.03.2004</u>
Net cash flow from operating activities (1)		<u>(121,406,273)</u>	<u>(47,765,728)</u>
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments		122,998,823	157,299,533
Tangible and intangible assets		7,045,496	23,471,281
Dividends		13,487,036	99,172
Others		15,493,230	28,232,103
		<u>159,024,585</u>	<u>209,102,089</u>
Cash Payments arising from:			
Investments		(51,528,320)	(22,020,098)
Tangible and intangible assets		(128,282,776)	(95,392,173)
Others		(8,879,616)	(77,240,680)
		<u>(188,690,712)</u>	<u>(194,652,951)</u>
Net cash used in investment activities (2)		<u>(29,666,127)</u>	<u>14,449,138</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Loans obtained		295,087,920	399,074,839
Capital increases, additional paid in capital and share premiums		1,148,547	670,617
Sale of own shares		-	-
Others		-	2,289,269
		<u>296,236,467</u>	<u>402,034,725</u>
Cash Payments arising from:			
Loans obtained		(244,560,920)	(467,011,724)
Interest and similar charges		(51,593,782)	(73,162,668)
Reimbursement of capital and paid in capital		(72,367)	(4,045,191)
Dividends		(810,621)	(300)
Purchase of own shares		-	-
Others		(39,747,599)	-
		<u>(336,785,289)</u>	<u>(544,219,883)</u>
Net cash used in financing activities (3)		<u>(40,548,822)</u>	<u>(142,185,158)</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>(191,621,222)</u>	<u>(175,501,748)</u>
Effect of foreign exchange rate		<u>(1,120,740)</u>	<u>(1,441,467)</u>
Cash and cash equivalents at the beginning of the period		459,157,625	398,650,362
Cash and cash equivalents at the end of the period	16	<u>268,657,143</u>	<u>224,590,081</u>

The accompanying notes are part of these financial statements.

The Board of Directors

SONAE SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH 2005

(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 31.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accompanying consolidated financial statements are as follows:

2.1. 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 2005.

International Financial Reporting Standards ("IFRS") were adopted for the first time in 2005. As a result, the transition date from Portuguese generally accepted accounting principles to the standards referred to above is 1 January 2004, as established by IFRS 1 – "First Time Adoption of International Financial Reporting Standards".

According to that standard, adjustments as at the date of transition to IFRS (1 January 2004) are recorded in Equity and described in Note 34. This note also includes the description of adjustments made to the last annual consolidated financial statements presented (31 December 2004).

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

The accompanying consolidated financial statements have been prepared from the books and accounting records of the companies included in the consolidation (Notes 4 to 6) on a going concern basis and under the historical cost convention, except for investment properties and financial instruments which are stated at fair value (Notes 2.4 and 2.14).

2.2. Consolidation principles

The consolidation methods adopted by the Group are as follows:

a) Investments in Group companies

Investments in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights at Shareholders' General Meetings and is able to establish financial and operational policies so as to benefit from its activities (definition of control normally used by the Group), are included in the consolidated financial statements using the full consolidation method. Equity and net profit attributable to minority shareholders are shown separately, under the caption Minority Interests, in the consolidated balance sheet and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 4.

When losses attributable to minority interests exceed the minority interest in the equity of the Group company, the excess, and any further losses attributable to minority interests, are charged against the equity holders of Sonae except to the extent that minority shareholders have a binding obligation and are able to cover such losses. If the Group company subsequently reports profits, such profits are allocated to the equity holders of Sonae until the minority's share of losses previously absorbed by the equity holders of Sonae has been recovered.

Assets and liabilities of each Group company are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the Group's interest in the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2.2.d)). Any excess of the Group's share in the fair value of the identifiable net assets acquired over cost, is recognised as income in profit or loss for the period of acquisition, after reassessment of the estimated fair value. Minority interests include their proportion of the fair value of net identifiable assets and liabilities recognised on acquisition of Group companies.

The results of Group companies acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Adjustments to the financial statements of Group companies are performed, whenever necessary, in order to adapt accounting policies to those used by the Group. All intra-group transactions, balances, income and expenses and distributed dividends are eliminated on consolidation.

Financial investments in companies excluded from consolidation are recorded at acquisition cost (Note 7).

Whenever the Group has, in substance, control over other entities created for a specific purpose, even if no share capital interest is directly held in those entities, these are consolidated by the full consolidation method. Such entities, when applicable, are disclosed in Note 4.

b) Investments in jointly controlled companies

Investments in jointly controlled companies are included in the accompanying consolidated financial statements in accordance with the proportionate consolidation method as from the date joint control is acquired. In accordance with this method the Group includes in the accompanying consolidated financial statements its share of assets, liabilities, income and expenses of these companies, on a line-by-line basis.

Any excess of the cost of acquisition over the Group's interest in the fair value of identifiable net assets acquired is recognised as goodwill (Note 2.2.d)). Any excess of the Group's share in the fair value of net assets acquired over cost is recognised as income in the profit or loss for the period of acquisition after reassessment of the estimated fair value of the net assets acquired.

The Group's share of inter-company balances, transactions and dividends distributed are eliminated.

Investments in jointly controlled companies are classified as such based on shareholders' agreements that establish joint control.

Companies included in the accompanying consolidated financial statements in accordance with the proportionate method are listed in Note 5.

c) Investments in associated companies

Investments in associated companies (companies where the Group exercises significant influence but does not establish financial and operational policies – usually corresponding to holdings between 20% and 50% in a company's share capital) are accounted for in accordance with the equity method.

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to the Group's share of changes in equity (including net profit) of associated companies and to dividends received.

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2.2.d)), which is included in the caption Investment in associated companies. Any excess of the Group's share in the fair value of the identifiable net assets acquired over cost is recognised as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired.

An assessment of investments in associated companies is performed when there is an indication that the asset might be impaired. Any impairment loss is disclosed in the income statement. Impairment losses recorded in prior years that are no longer justifiable, are reversed.

When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported at nil value and recognition of losses is discontinued, unless the Group is committed beyond the value of its investment.

The Group's share in unrealized gains arising from transactions with associated companies is eliminated. Unrealized losses are eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

Investments in associated companies are disclosed in Note 6.

d) Goodwill

The excess of the cost of acquisition of investments in group, jointly controlled and associated companies over the Group's share in the fair value of the assets and liabilities of those companies at the date of acquisition is shown as Goodwill or as Investments in associated companies (Note 11). The excess of the cost of acquisition of investments in foreign companies over the fair value of their identifiable assets and liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Group's currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are disclosed in Reserves and retained earnings.

Goodwill is not amortised, but it is subject to impairment tests on an annual basis. Impairment losses identified in the period are disclosed in the income statement under Provisions and impairment losses, and may not be reversed.

Any excess of the Group's share in the fair value of identifiable assets and liabilities in group, jointly controlled and associated companies over cost, is recognised as income in the profit or loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets and liabilities acquired.

Goodwill recognised prior to the transition date

Goodwill arising from acquisitions made prior to the date of transition to IFRS (1 January 2004) is stated using the carrying amounts, net of accumulated amortisation, calculated in accordance with generally accepted accounting principals in Portugal, adjusted for intangible assets which do not meet IFRS criteria, and is subject to impairment tests. Impacts of these adjustments were recorded in Retained earnings, in accordance with IFRS 1. Goodwill arising from foreign companies was recalculated retrospectively using the functional currency of each such company. Exchange rate differences generated in the translation are also disclosed as Retained earnings (IFRS 1).

e) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the individual financial statements of foreign companies are translated to euro using exchange rates at the balance sheet date. Profit and loss and cash flows are converted to euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under Translation reserves in Reserves and retained earnings. Exchange rate differences that originated prior to 1 January 2004 (date of transition to IFRS) were written-off through Retained earnings.

Goodwill and fair value adjustments arising from the acquisition of foreign companies are recorded as assets and liabilities of those companies and translated to euro using exchange rates at the balance sheet date.

Whenever a foreign company is sold, accumulated exchange rate differences are recorded in the income statement as a gain or loss on the disposal, in the caption Investment income.

Exchange rates used on translation of foreign group, jointly controlled and associated companies are listed below:

	31.03.05		31.12.04	31.03.04	
	End of period	Average of period	End of period	End of period	Average of period
Pound Sterling	1.45243	1.44179	1.41824	1.50173	1.47092
Brazilian Real	0.28782	0.28582	0.27665	0.28190	0.27640
South African Rand	0.12361	0.12696	0.13004	0.12855	0.11817
Canadian Dollar	0.63545	0.62184	0.60916	0.62582	0.60706
Swiss Franc	0.64574	0.64568	0.64813	0.64127	0.63757

Source: Bloomberg

2.3. Tangible assets

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition cost, or revalued acquisition cost, in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Tangible assets acquired after that date are recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciation is calculated on a straight line basis, as from the date the asset is first used, over the expected useful life for each class of assets.

The depreciation rates used correspond to the following estimated useful lives:

	Years
Buildings	10 to 50
Plant and machinery	10 to 20
Vehicles	4 to 5
Tools	4 to 8
Fixture and fittings	3 to 10
Other tangible assets	4 to 8

Maintenance and repair costs related to tangible assets are recorded directly as expenses in the year they are incurred.

Tangible assets in progress represent fixed assets still under construction/development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or start being used.

Gains or losses on sale or disposal of tangible assets are calculated as the difference between the selling price and the carrying amount of the asset at the date of its sale/disposal. These are recorded in the income statement under either Other operational income or Other operational expenses.

2.4. Investment properties

Investment properties consist of shopping centre buildings and other constructions that are held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of business.

Investment properties are initially recorded at cost and then adjusted to their fair value based on half-yearly valuations performed by an independent valuer. Changes in fair values of investment properties are accounted for in the period in which they occur, in the income statement under the caption Value created on Investment Properties.

Assets built and developed, which qualify as investment properties, are recognised as such only when they start being used. During the construction or development period of assets, which will qualify as investment properties, such assets are accounted for at cost in the caption Investment properties under development. At the end of the construction and development period, the difference between cost and the fair value at that date is accounted for in the consolidated income statement under the caption Value created on Investment Properties.

Costs incurred with investment properties in use, such as maintenance, repairs, insurance and property taxes, are recognised in the consolidated income statement for the period to which they refer.

2.5. Intangible assets

Intangible assets are stated at acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognised if it is probable that future economic benefits will flow from them, if they are controlled by the Group and if their cost can be reliably measured.

Expenditure on research associated with new technical know-how is recognised as an expense recorded in the income statement when it is incurred.

Expenditure on development is recognised as an intangible asset if the Group demonstrates the technical feasibility and its intention to complete the asset, its ability to sell or use it and the probability that the asset will generate future economic benefits. Expenditure on development which does not fulfill these conditions is recorded as an expense in the period in which it is incurred.

Internal costs associated with maintenance and development of software are recorded as an expense in the period in which they are incurred. Only costs directly attributable to projects for which the generation of future economic benefits is probable are capitalized as intangible assets.

Amortisation is calculated on a straight line basis, as from the date the asset is first used, over the expected useful life which normally is 5 years, except for property occupation rights which are amortised over the duration of the contract which establishes these rights.

Brands and patents with indefinite useful lives are not amortised, but are subject to impairment tests on an annual basis.

2.6. Accounting for leases

Accounting for leases where the Group is the lessee

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

Whether a lease is classified as a finance or an operating lease depends on the substance of the transaction rather than the form of the contract.

Tangible assets acquired through finance lease contracts are recorded as assets and corresponding obligations as liabilities in the balance sheet. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Both the finance charge and the depreciation expense for depreciable assets are taken to the income statement in the period in which they are incurred.

Lease payments under operating lease contracts are recognised as an expense on a straight line basis over the lease term.

Accounting for leases where the Group is the lessor

Most of the cases where the Group is the lessor arise from contracts with shopping centre tenants. These contracts are usually for a period of six years and establish the payment by the tenant of a monthly fixed rent - invoiced in advance -, a variable rent, invoiced if the monthly sales of the tenant are higher than the limit established in the contract and the payment of the tenant's share in the shopping centre operational expenses. The contract with the tenant may also establish the payment of an entrance fee to the shopping centre (key money). These contracts can be renewed or cancelled by any of the parties involved (the company or the tenant). If the cancellation is made by the tenant it must pay a cancellation fee which is established in the contract.

These contracts are classified as operating leases. Rents (fixed and variable) and common charges are recognised as income in the period to which they refer. Costs as well as entrance fees (key money) and cancellation fees arising from operating leases are recorded as expenses or income in the period in which they are incurred or earned.

2.7. Government grants

Government grants are recorded at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants received as compensation for expenses, namely grants for personnel training, are recognised as income in the same period as the relevant expense.

Grants related to depreciable assets are disclosed as Other non-current liabilities and are recognised as income on a straight line basis over the expected useful lives of those assets.

2.8. Impairment of non-current assets, except for goodwill

Assets are assessed for impairment at each balance sheet date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement under Provisions and impairment losses.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognised in prior years is only recorded when it is concluded that the impairment losses recognised for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognised has been reversed. The reversal is recorded in the income statement as Operational income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for that asset in prior years.

2.9. Borrowing costs

Borrowing costs are normally recognised as an expense in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of tangible and intangible assets are capitalised as part of the cost of the qualifying asset. Borrowing costs are capitalised from the time of preparation of the activities to construct or develop the asset up to the time the production or construction is complete or when asset development is interrupted. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the borrowing costs that qualify for capitalisation.

2.10. Non-current assets held for sale

Non-current assets are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the sale must be highly probable and the asset or disposal group is available for immediate sale in its present condition. In addition, the sale should be expected to occur within 12 months from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. These assets are not depreciated.

2.11. Stocks

Consumer goods and raw materials are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

Finished goods and work in progress are stated at the lower of the weighted average production cost or net realisable value. Production cost includes cost of raw materials, labour costs and overheads (including depreciation of production equipment based on normal levels of activity).

Net realisable value is the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale.

Differences between cost and net realisable value, if negative, are shown as operating expenses under Cost of sales or Changes in stocks of finished goods and work in progress, depending on whether they refer to consumer goods and raw materials or finished goods and work in progress.

2.12. Construction contracts

Income and costs associated with construction contracts are recorded using the stage of completion method. Under this method, at the end of each period, income and expenses are recognised by reference to the stage of completion of the contract activity. The stage of completion is determined by the ratio between costs incurred until the closing balance sheet date and total estimated contract costs. The difference between income determined by this ratio and total amounts invoiced is recorded in Other current assets or Other current liabilities.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recorded only to the extent of the amount of contract costs incurred that will probably be recoverable. Contract costs are recorded as expenses in the period in which they are incurred.

Revenue arising from contract variations, claims and completion premiums is recorded when these are agreed with the customer, or when negotiations are at an advanced stage and it is probable that these will be favorable to the Group.

2.13. Provisions

Provisions are recognised when, and only when, the Group has an obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the balance sheet date to reflect the best estimate as of that date.

Restructuring provisions are recorded by the Group whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

2.14. Financial instruments

a) Investments

Investments are classified into the following categories:

- Held to maturity
- Investments measured at fair value through profit or loss
- Available-for-sale

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the balance sheet date. Investments classified as held to maturity have defined maturities and the Group has the intention and ability to hold them until the maturity date. Investments measured at fair value through profit or loss are classified as current assets. Available-for-sale investments are classified as non-current assets.

All purchases and sales of investments are recognised on the trade date, independently of the settlement date.

Investments are initially measured at cost, which is the fair value of the consideration paid for them, including transaction costs.

Available-for-sale investments and investments measured at fair value through profit or loss are subsequently carried at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their quoted market price at the balance sheet date. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured, are stated at cost, less impairment losses.

Gains or losses arising from a change in fair value of available-for-sale investments are recognised directly in equity, under Fair value reserve, included in Reserves and retained earnings until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is transferred to net profit or loss for the period.

Changes in the fair value of investments measured at fair value through profit or loss are included in the consolidated income statement for the period.

Held to maturity investments are carried at amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Accounts receivable

Receivables are stated at net realisable value, corresponding to their nominal value less impairment losses (recorded under the caption Impairment losses in accounts receivable).

c) Classification as Equity or Liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

d) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.9. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

e) Trade accounts payable

Accounts payable are stated at their nominal value.

f) Derivatives

The Group uses derivatives in the management of its financial risks, only to hedge such risks. Derivatives are not used by the Group for trading purposes.

Derivatives classified as cash flow hedge instruments are used by the Group mainly to hedge interest and exchange rate risks on loans obtained. Conditions established for these cash flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges.

The Group's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured;
- there is adequate documentation of the hedging relationships at the inception of the hedge;
- the forecasted transaction that is being hedged is highly probable.

Cash flow hedge instruments used by the Group to hedge the exposure to changes in interest and exchange rates of its loans are initially accounted for at cost and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, and then recognised in the income statement over the same period in which the hedged instrument affects income statement.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption Hedging reserve are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

In those cases in which derivatives, in spite of having been negotiated to hedge financial risks inherent to the business (essentially, currency “forwards” to cover future imports), no longer meet the criteria for hedge accounting under IAS 39, changes in the fair value are recorded directly in the income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host contract, and this is not stated at fair value.

Additionally, the Group also negotiates, in specific situations, interest rate derivatives in order to hedge fair values. In these cases, derivatives are stated at fair value through profit or loss. When the hedged instrument is not measured at fair value (i.e. loans which are recorded at amortised cost) the book value is adjusted by the amount which is effectively hedged through profit or loss.

g) Equity instruments

Equity instruments are those that represent a residual interest on the Group's net assets and are recorded at the amount received, net of costs incurred with their issuance.

h) Own shares

Own shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of own shares are recorded in Reserves and retained earnings under Other reserves.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the balance sheet caption Borrowings.

2.15. Retirement benefit plans

As referred to in Note 22, some of the Group companies are committed to provide pension complements to their employees. These commitments are considered as defined benefit plans.

In order to estimate its obligations, the Group obtains, annually, actuarial valuations according to the “Projected Unit Credit Method”. When unrecognised cumulative actuarial gains and losses exceed the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of plan assets, these are recorded as income or expense on a straight line basis over the average remaining service period of the participants.

Past service costs are recorded immediately when benefits are being paid. Otherwise, these are recorded on a straight line basis over the average remaining service period until they vest (generally, the date of retirement if they still work for the Group).

Obligations recorded at the closing balance sheet date reflect the present value of obligations for defined benefits adjusted for actuarial gains or losses and/or past service costs not recorded, net of the fair value of net assets of the pension fund.

2.16. Share-based payments

Share based payments result from Deferred Performance Bonus Plans that are referenced to the Sonae share price and/or that of its publicly listed affiliated companies (Sonae Sierra uses the "Net Asset Value" as a reference) and vest within a period of 3 years after being granted.

Share-based payment liabilities are measured at fair value on the date they are granted (normally in March of each year) and are subsequently remeasured at the end of each reporting period, based on the number of shares or share options granted and the corresponding fair value at the closing date. The fair value of share options is estimated based on the "Black-Scholes" model. These obligations are stated as Personnel costs and Other liabilities, and are recorded on a straight-line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates, when the Group has the choice to settle the transaction in cash. In the case of equity-settled share-based payment transactions, these obligations are stated as Personnel expenses and Reserves and are recorded on a straight line basis between the date the shares are granted and their vesting date.

2.17. Contingent assets and liabilities

Contingent liabilities are not recorded in the consolidated financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

Contingent assets are not recorded in the consolidated financial statements but disclosed when future economic benefits are probable.

2.18. Income tax

Current income tax is determined based on the taxable income of companies included on consolidation, in accordance with the tax rules in force in the respective country of incorporation, considering the interim period profit and using the estimated effective average annual income tax rate.

Deferred taxes are calculated using the balance sheet liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore are expected to apply in the periods when the temporary differences are expected to reverse.

Deferred tax assets are recognised only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognised and expected to reverse in the same period. At each balance sheet date a review is made of the deferred tax assets recognised, which are reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in equity.

2.19. Revenue recognition and accrual basis

Revenue from the sale of goods is recognised in the consolidated income statement when the risks and benefits have been transferred to the buyer and the amount of the revenue can be measured reasonably. Sales are recognised net of sales taxes and discounts and other expenses arising from the sale, and are measured as the fair value of the amount received or receivable.

Revenue from services rendered is recognised in the consolidated income statement taking into consideration the stage of completion of the transaction at the balance sheet date.

Dividends are recognised as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

Other current assets and Other current liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they will be recognised in the income statement.

2.20. Balances and transactions expressed in foreign currencies

Transactions in currencies other than the Euro, are translated to Euro using the exchange rate as at the transaction date.

At each balance sheet date, all monetary assets and liabilities expressed in foreign currencies are translated to the functional currency of each foreign company at the exchange rates as at that date. All non-monetary assets and liabilities recorded at fair value and stated in foreign currencies are converted to the functional currency of each company, using the exchange rate at the date the fair value was determined.

Exchange gains and losses arising from differences between historical exchange rates and those prevailing at the date of collection, payment or the date of the balance sheet, are recorded as income or expenses of the period, except for those related to non-monetary assets or liabilities, for which adjustments to fair value are directly recorded under equity.

When the Group wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.14.f)).

2.21. Subsequent events

Events after the balance sheet date that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the consolidated financial statements. Events after the balance sheet date that are non-adjusting events are disclosed in the notes when material.

2.22. Segment information

All business and geographic segments of the Group are identified annually.

Information regarding business and geographic segments identified is included in Note 31.

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 capital held by the Group as at 31 March 2005 and 31 December 2004 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31.03.2005		31.12.2004	
		Direct	Total	Direct	Total
Sonae - SGPS, S.A.	Maia	Holding	Holding	Holding	Holding
Sonae Indústria					
Aglom.-Soc.Ind.Madeiras e Aglom.,SA	a) Oliveira do Hospital	100.00%	88.45%	100.00%	89.90%
Cia.de Industrias e Negócios,SA	a) Madrid (Spain)	100.00%	88.45%	100.00%	89.90%

Ecociclo - Energia e Ambiente, SA	a)	Matosinhos	100.00%	97.02%	100.00%	97.02%
Euro Decorative Boards,Ltd	a)	Peterlee (U.K.)	100.00%	88.45%	100.00%	89.90%
Euromegantic,Lteé	a)	Quebec (Canada)	100.00%	88.45%	100.00%	89.90%
Euroresinas-Indústrias Químicas,SA	a)	Maia	100.00%	97.02%	100.00%	97.02%
Explotaciones Com.Ind. e Servicios,SA	a)	Madrid (Spain)	100.00%	88.45%	100.00%	89.90%
Explotaciones Madereras Catalan,SA	a)	Madrid (Spain)	100.00%	88.45%	100.00%	89.90%
Florestal y Maderera, SA	a)	Madrid (Spain)	100.00%	88.45%	100.00%	89.90%
Glunz AG	a)	Hamm (Germany)	99.12%	87.67%	99.12%	89.11%
Glunz Service GmbH	a)	Hamm (Germany)	100.00%	87.67%	100.00%	89.11%
Glunz UK Holdings Ltd	a)	London (U.K.)	100.00%	87.67%	100.00%	89.11%
Glunz Uka GmbH	a)	Hamm (Germany)	100.00%	87.67%	100.00%	89.11%
1) Gollin,Gmbh	a)	Bad Oeynhausen (Germany)	90.00%	78.90%	90.00%	80.20%
Ipaper-Industria Papeis Impregnados,SA	a)	Maia	100.00%	72.53%	100.00%	65.89%
Isoroy SAS	a)	Boulogne (France)	100.00%	88.45%	100.00%	89.90%
Isoroy Transformation	a)	St. Dizier (France)	100.00%	88.45%	100.00%	89.90%
Maiequipa-Gestão Florestal,SA	a)	Maia	100.00%	97.02%	100.00%	97.02%
2) Manipulaciones Forestales,SA	a)	Madrid (Spain)	100.00%	88.45%	100.00%	89.90%
Megantic BV	a)	Amsterdam (Netherlands)	100.00%	88.45%	100.00%	89.90%
Movelpartes-Comp.para Ind.Mobiliária,SA	a)	Paredes	100.00%	97.02%	100.00%	97.02%
Novobord (PTY) Ltd	a)	Rosebank (South Africa)	100.00%	88.45%	100.00%	89.90%
Orpin, SA	a)	Madrid (Spain)	100.00%	88.45%	100.00%	89.90%
OSB Deustchland GmbH	a)	Hamm (Germany)	100.00%	88.45%	100.00%	89.90%
Poliface Brasil, Ltda	a)	Curitiba (Brazil)	100.00%	97.02%	100.00%	97.02%
Poliface North America	a)	Quebec (Canada)	100.00%	88.45%	100.00%	89.90%
Racionaliz. y Manufact.Florestais,SA	a)	Madrid (Spain)	100.00%	88.45%	100.00%	89.90%
Resoflex-Mob.e Equip. Gestão,SA	a)	Vila de Conde	100.00%	97.02%	100.00%	97.02%
SCS Beheer,BV	a)	Amsterdam (Netherlands)	100.00%	88.45%	100.00%	89.90%
Siaf-Soc.Iniciat.Aprov.Florestais,SA	a)	Mangualde	100.00%	88.45%	100.00%	89.90%
Soc.Inic.Aproveit.Florest.-Energias,SA	a)	Mangualde	100.00%	88.50%	100.00%	89.91%
Socelpac SGPS,SA	a)	Maia	100.00%	97.02%	100.00%	97.02%
Société Industrielle et Financière Isoroy	a)	Rungis (France)	100.00%	88.45%	100.00%	89.90%
Somit Imobiliária,SA	a)	Oliveira do Hospital	100.00%	88.45%	100.00%	89.90%
Sonae 4P, SA	a)	Madrid (Spain)	100.00%	88.45%	100.00%	89.90%
Sonae Espanha, SA	a)	Madrid (Spain)	99.94%	96.96%	99.94%	96.96%
Sonae Ind., Prod. e Com.Deriv.Mad.,SA	a)	Maia	100.00%	88.69%	100.00%	97.02%
Sonae Indústria Brasil,Ltda	a)	Sao Paulo (Brazil)	100.00%	97.02%	100.00%	97.02%
Sonae Industria de Revestimentos,SA	a)	Maia	100.00%	97.02%	100.00%	97.02%
Sonae Indústria-SGPS,SA	a)	Maia	97.02%	97.02%	97.02%	97.02%
Sonae Novoboard (PTY) Ltd	a)	Woodnead (South Africa)	100.00%	88.45%	100.00%	89.90%
Sonae Serviços de Gestão,SA	a)	Maia	100.00%	97.02%	100.00%	97.02%
Sonae Tafibra (UK),Ltd	a)	Hants (U.K.)	100.00%	88.45%	100.00%	89.90%
Sonae Tafibra Benelux,BV	a)	Woerden (Netherlands)	100.00%	88.45%	100.00%	89.90%
Sonae UK,Ltd	a)	Londres (U.K.)	100.00%	88.45%	100.00%	89.90%
Spanboard Products,Ltd	a)	Belfast (U.K.)	100.00%	88.45%	100.00%	89.90%
Tableros Tradema,SL	a)	Madrid (Spain)	100.00%	88.45%	100.00%	89.90%
Tafiber,Tableros de Fibras Ibéricas,SL	a)	Madrid (Spain)	100.00%	88.45%	100.00%	89.90%
Tafibra South Africa,SA	a)	South Africa	100.00%	88.45%	100.00%	89.90%
Tafibras Participações,SA	a)	Curitiba (Brazil)	54.32%	48.07%	54.32%	48.53%
Tafibra-Tableros AglomeradosFibras,AIE	a)	Madrid (Spain)	100.00%	89.53%	100.00%	90.80%
Tafisa Brasil,SA	a)	Curitiba (Brazil)	100.00%	55.48%	100.00%	56.39%
Tafisa Canadá Société en Commandite	a)	Quebec (Canada)	100.00%	88.45%	100.00%	89.90%
Tafisa France,SA	a)	Paris (France)	100.00%	88.45%	99.99%	89.90%
Tafisa UK,Ltd	a)	Petrelee (U.K.)	100.00%	88.45%	100.00%	89.90%
Tafisa-Tableros de Fibras,SA	a)	Madrid (Spain)	91.16%	88.45%	92.66%	89.90%
Taiber,Tableros Aglomerados Ibéricos,SL	a)	Madrid (Spain)	100.00%	88.45%	100.00%	89.90%
Tavapan,SA	a)	Tavannes (Switzerland)	100.00%	87.67%	100.00%	89.11%
Teconologias del Medio Ambiente,SA	a)	Barcelona (Spain)	100.00%	88.45%	100.00%	89.90%
Tool GmbH	a)	Germany	100.00%	87.67%	100.00%	89.11%

Modelo Continente						
Best Offer-Prest. Inf. p/Internet,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Bikini, Portal de Mulheres,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Cacetinho-Grandes Armazéns,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Carnes do Continente-Ind.Dist.Carnes,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
CESS	a)	São Leopoldo (Brazil)	100.00%	98.06%	100.00%	98.06%
Chão Verde-Soc.Gestora Imobiliária,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Citorres-Sociedade Imobiliária,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
3) Comcerne-Madeiras e Derivados, SA	a)	Maia	100.00%	98.06%	-	-
Contibomba-Com.Distr.Combustiveis,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Contifin,SGPS,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Contimobe-Imobil.Castelo Paiva,SA	a)	Castelo de Paiva	100.00%	98.06%	100.00%	98.06%
Difusão-Sociedade Imobiliária,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Distrifin-Comercio y Prest.Servicios,SA	a)	Madrid (Spain)	100.00%	98.06%	100.00%	98.06%
Efanor-Design e Serviços,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Efanor-Indústria de Fios,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Estêvão Neves-Hiper. Madeira,SA	a)	Madeira	100.00%	98.06%	100.00%	98.06%
Fozimo-Sociedade Imobiliária,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Fozmassimo-Com.Indust.Prod.Alim,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Global S-Hipermercado,Lda	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
IGI-Investimento Imobiliário,SA	a)	Porto	100.00%	98.06%	100.00%	98.06%
Igimo-Sociedade Imobiliária,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Iginha-Sociedade Imobiliária,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Imoconti- Soc.Imobiliária,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Imoestrutura-Soc.Imobiliária,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Imomuro-Sociedade Imobiliária,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Imoponte-Soc.Imobiliaria,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Imoresultado-Soc.Imobiliaria,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Imosistema-Sociedade Imobiliária,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Infofield-Informática,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Informeios-Project. e Representações,SA	a)	Lisboa	100.00%	98.06%	100.00%	98.06%
Inventory-Acessórios de Casa,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Max Office Artigos Serviços p/escrit.,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Modalfa-Comércio e Serviços,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Modelo - Dist.de Mat. de Construção,SA	a)	Maia	50.00%	49.03%	50.00%	49.03%
Modelo Continente Hipermercados,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Modelo Continente, SGPS,SA	a)	Matosinhos	98.06%	98.06%	98.06%	98.06%
Modelo Continente-Oper.Ret. SGPS,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Modelo Hiper Imobiliária,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Modelo Investimentos (Brasil),Ltda	a)	Sao Paulo (Brazil)	100.00%	98.06%	100.00%	98.06%
Modelo,SGPS,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Modelo.com-Vendas p/Correspond.,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Modis Distribuição Centralizada,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Modis Internacional Trading,SA	a)	Madrid (Spain)	100.00%	98.06%	100.00%	98.06%
Modis-SGPS,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
OK Bazar-Comércio Geral,SA	a)	Ermesinde	100.00%	98.06%	100.00%	98.06%
Predicomercial-Promoção Imobiliária,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Sempre à Mão – Soc. Imobiliária,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Sesagest-Proj.Gestão Imobiliária,SA	a)	Porto	100.00%	98.06%	100.00%	98.06%
Socijofra-Sociedade Imobiliária,SA	a)	Gondomar	100.00%	98.06%	100.00%	98.06%
Sociloures-Soc.Imobiliária,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Soflorin,BV	a)	Amsterdam (Netherlands)	100.00%	98.06%	100.00%	98.06%
3) Sonae Ad. Cartões Cred. PR. V. Ltda	a)	Porto Alegre (Brazil)	97.00%	95.11%	-	-
Sonae Distribuição Brasil,SA	a)	Porto Alegre (Brazil)	97.67%	95.77%	96.56%	94.68%
Sonae Retalho Espana-Serv. Gen.,SA	a)	Madrid (Spain)	100.00%	98.06%	100.00%	98.06%
Sondis BV	a)	Linne (Netherlands)	100.00%	98.06%	100.00%	98.06%
Sondis Imobiliária,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Sontaria-Empreend.Imobiliários,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Sonvecap BV	a)	Amsterdam (Netherlands)	100.00%	98.06%	100.00%	98.06%

Sport Zone-Comércio Art.Desporto,SA	a)	Vila Nova Famalicão	100.00%	98.06%	100.00%	98.06%
SRE-Projectos e Consultadoria,SA	a)	Maia	100.00%	98.06%	100.00%	98.06%
Todos os Dias-Com.Ret.Exp.C.Com.,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Worten-Equipamento para o Lar,SA	a)	Matosinhos	100.00%	98.06%	100.00%	98.06%
Sonae Sierra						
3DO Holding GmbH	a)	Dusseldorf (Germany)	100.00%	67.04%	100.00%	67.04%
3DO Shopping GmbH	a)	Dusseldorf (Germany)	100.00%	67.04%	100.00%	67.04%
Covilhãshopping- Centro Comercial, SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Algarveshopping- Centro Comercial, SA	a)	Maia	100.00%	33.59%	100.00%	33.59%
Project Sierra Holding Portugal I,SGPS,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Avenida M-40,SA	a)	Madrid (Spain)	60.00%	40.22%	60.00%	40.22%
5) ALEXA Shopping Centre GmbH	a)	Dusseldorf (Germany)	50.00%	17.10%	100.00%	34.19%
Cascaishopping Holding I, SGPS, SA	a)	Lisboa	100.00%	33.59%	100.00%	33.59%
Sierra Management Spain-G. C.Com.SA	a)	Madrid (Spain)	100.00%	67.04%	100.00%	67.04%
Sierra Developments-Ser.Pro.Imob., SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Project Sierra Holding Portugal II, SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Project Sierra Holding Portugal III,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Project Sierra Portugal II-C.Comerc.,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Datavenia-Gest. de Centros Comerc.,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Parque D. Pedro 1 BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Parque D. Pedro 2 BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Project Sierra Portugal I- C.Comerc.,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Parque de Famalicão - Empr. Imob.,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Rio Sul – Centro Comercial, SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Plaza Mayor Shopping, SA	a)	Maia	75.00%	50.28%	75.00%	50.28%
Sierra Man.New Tech.Bus.-Ser.C..CC,SA	a)	Matosinhos	100.00%	67.04%	100.00%	67.04%
Guimarãesshopping- Cent.Comercial,SA	a)	Maia	100.00%	33.59%	100.00%	33.59%
Boavista Shopping Centre - Brazil BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Project Sierra Brazil 1 BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Sonae Sierra, SGPS,SA	a)	Maia	67.04%	67.04%	67.04%	67.04%
Sierra Investments (Holland) 2 BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Plaza Eboli BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Dos Mares - Shopping Centre BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Sierra Developments Holding BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Project Sierra Spain 2-Centro Comer. SA	a)	Madrid (Spain)	75.00%	50.28%	75.00%	50.28%
Sierra Develop. Germany Holding BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Project Sierra 1BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Sierra Italy Holding BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Project Sierra 2 BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Sierra Corporate Services Holland,BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Shopping Penha BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Shopping Centre Parque Principado BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Avenida M-40 BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Plaza Mayor Shopping BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Plaza Mayor Parque de Ócio BV	a)	Amsterdam (Netherlands)	100.00%	33.59%	100.00%	33.59%
Luz del Tajo BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Sierra Investments (Holland) 1 BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Project Sierra Spain 1 BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Project Sierra Spain 2 BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Project Sierra Spain 3 BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Sierra Investments Holding BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Sierra Management Italy Srl	a)	Milan (Italy)	100.00%	67.04%	100.00%	67.04%
Loureshopping- Centro Comercial, SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Maiashopping- Centro Comercial, SA	a)	Maia	100.00%	33.59%	100.00%	33.59%
Project Sierra Portugal III-C.Comerc.,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Project Sierra Italy 1-Shop.Centre Srl	a)	Italy	100.00%	67.04%	100.00%	67.04%
Project Sierra Portugal IV-C.Comerc.,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Norteshopping 2-Gestão C. Comercial,SA	a)	Porto	100.00%	67.04%	100.00%	67.04%

Coimbrashopping- Cent. Comercial,SA	a)	Porto	100.00%	33.59%	100.00%	33.59%
Pátio Boavista Shopping Ltda	a)	Sao Paulo (Brazil)	100.00%	65.40%	100.00%	65.40%
Estação Oriente-Gest.de Gal. Com.,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Project Sierra – Shopping Centre GmbH	a)	Austria	100.00%	67.04%	100.00%	67.04%
Parque Dom Pedro Shopping,SA	a)	Sao Paulo (Brazil)	100.00%	65.63%	100.00%	65.63%
Plaza Eboli - Centro Comercial SA	a)	Madrid (Spain)	65.00%	43.58%	65.00%	43.58%
Plaza Mayor Parque de Ocio,SA	a)	Madrid (Spain)	100.00%	33.59%	100.00%	33.59%
Project Sierra Spain 1-C.Comercial-SA	a)	Madrid (Spain)	100.00%	67.04%	100.00%	67.04%
Pátio Penha Shopping Ltda	a)	Brazil	100.00%	67.04%	100.00%	67.04%
Clérigosshopping- Gest. do C.Comerc.,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Pridelease Investments, Lda	a)	Cascais	100.00%	67.04%	100.00%	67.04%
Project Sierra Spain 3-Centro Comer. SA	a)	Madrid (Spain)	100.00%	67.04%	100.00%	67.04%
3) Project Sierra Italy 2-Shop.Centre Srl	a)	Milan (Italy)	100.00%	67.04%	-	-
Luz del Tajo - Centro Comercial SA	a)	Madrid (Spain)	65.00%	43.58%	65.00%	43.58%
Sierra Mangement II-Gestão de C.C. SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Plaza Mayor Holding, SGPS,SA	a)	Maia	100.00%	33.59%	100.00%	33.59%
3shoppings - Holding,SGPS,SA	a)	Maia	100.00%	33.59%	100.00%	33.59%
Dos Mares-Shopping Centre,SA	a)	Madrid (Spain)	65.00%	43.58%	65.00%	43.58%
Sierra Management Germany GmbH	a)	Dusseldorf (Germany)	100.00%	67.04%	100.00%	67.04%
Sonae Imob. Brasil Ltda	a)	Brazil	100.00%	67.04%	100.00%	67.04%
Sierra European R.R.E. Assets Hold. BV	a)	Amsterdam (Netherlands)	50.10%	33.59%	50.10%	33.59%
Sierra GP Ltd	a)	Guernsey (U.K.)	100.00%	67.04%	100.00%	67.04%
Sierra Asset Management-Gest. Activ,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Sierra Investments, SGPS,SA	a)	Porto	100.00%	67.04%	100.00%	67.04%
Sonae Sierra Brazil BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Sierra Developments Spain-P..C.Com.SL	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Sierra Developments, SGPS,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Sierra Develop.Iberia 1, Prom.Imob.,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Sierra Corporate Services- Ap.Gestão,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Sierra Developments Italy Srl	a)	Milan (Italy)	100.00%	67.04%	100.00%	67.04%
Sierra Management, SGPS,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Sierra Management Portugal-Gest. CC,SA	a)	Lisboa	100.00%	67.04%	100.00%	67.04%
Sierra Brazil 1 BV	a)	Amsterdam (Netherlands)	100.00%	67.04%	100.00%	67.04%
Sierra Developments Germany AG	a)	Germany	100.00%	67.04%	100.00%	67.04%
Estação Viana- Centro Comercial,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Project Sierra Portugal V-C.Comercial,SA	a)	Maia	100.00%	67.04%	100.00%	67.04%
Sonaecom						
Clixgest-Internet e Contéudos,SA	a)	Matosinhos	56.67%	46.73%	56.67%	46.73%
Digitmarket-Sistemas de Informação,SA	a)	Maia	75.10%	61.93%	75.10%	61.93%
Enabler-Informática,SA	a)	Maia	97.30%	54.63%	97.30%	54.63%
Enabler Brasil,Ltda	a)	Curitiba (Brazil)	99.99%	54.62%	99.99%	54.62%
Enabler & Retail Consult, GmbH	a)	Germany	85.00%	46.44%	85.00%	46.44%
Enabler UK,Ltd	a)	U.K.	100.00%	54.63%	100.00%	54.63%
Exit Travel,SA	a)	Maia	100.00%	86.32%	100.00%	86.32%
JAUA, SGPS,SA	a)	Lisboa	100.00%	46.73%	100.00%	46.73%
KPNQwest Portugal Telecomunicações,Lda	a)	Lisboa	100.00%	46.73%	100.00%	46.73%
M3G-Edições Digitais,SA	a)	Lisboa	100.00%	82.46%	100.00%	82.46%
MAINROAD Information Technology	a)	Maia	100.00%	46.73%	100.00%	46.73%
Sonae Matrix Multimédia, SGPS,SA	a)	Matosinhos	100.00%	82.46%	100.00%	82.46%
Miauger-Org. Gestão Leilões El.,SA	a)	Maia	100.00%	82.46%	100.00%	82.46%
Noriema, SGPS,SA	a)	Lisboa	100.00%	46.73%	100.00%	46.73%
Novis Telecom,SA	a)	Maia	56.67%	46.73%	56.67%	46.73%
Optimus Telecomunicações,SA	b)	Maia	49.06%	40.46%	46.29%	38.17%
Per-Mar-Sociedade de Construções,SA	a)	Loures	100.00%	40.46%	100.00%	38.17%
Público-Comunicação Social,SA	a)	Matosinhos	99.99%	82.46%	99.99%	82.46%
Publico.pt-Serv.Digitais Multimedia,SA	a)	Porto	100.00%	82.46%	100.00%	82.46%
Retailbox BV	a)	Amsterdam (Netherlands)	70.00%	56.15%	70.00%	56.15%
Sonae.com-Sistemas de Informação,SGPS,SA	a)	Maia	100.00%	82.46%	100.00%	82.46%

Optimus Towering-Gestão Torres Telec, SA	a)	Matosinhos	100.00%	40.46%	100.00%	38.17%
Sonae.com,SGPS,SA	a)	Maia	82.46%	82.46%	82.46%	82.46%
Sonae Telecom BV	a)	Amsterdam (Netherlands)	100.00%	82.46%	100.00%	82.46%
Sonae Telecom SGPS,SA	a)	Porto	100.00%	82.46%	100.00%	82.46%
We Do Consulting-SI,SA	a)	Maia	100.00%	82.46%	100.00%	82.46%
We Do Brasil-Soluções Informáticas,Ltda	a)	Brazil	99.89%	82.37%	99.89%	82.37%
XS-Comunicação,Inf e Lazer,SA	a)	Maia	100.00%	82.46%	100.00%	82.46%

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%	99.98%	100.00%	99.98%
Aquapraia,SGPS,SA	a)	Lisboa	100.00%	99.98%	100.00%	99.98%
Aquapraia-Investimentos Turísticos,SA	a)	Grandola	100.00%	99.98%	100.00%	99.98%
Aserraderos de Cuellar,SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Atlantic Ferries,SA	a)	Grandola	100.00%	99.98%	100.00%	99.98%
Azulino Imobiliária,SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária,SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Bloco Q-Sociedade Imobiliária,SA	a)	Porto	100.00%	99.98%	100.00%	99.98%
Bloco W-Sociedade Imobiliária,SA	a)	Matosinhos	100.00%	99.98%	100.00%	99.98%
Box Lines Navegação,SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Campimeios - Sociedade Imobiliária,SA	a)	Maia	100.00%	99.98%	100.00%	99.98%
Casa da Ribeira - Hotelaria e Turismo,SA	a)	Marco de Canaveses	100.00%	99.98%	100.00%	99.98%
Casino Hotel Troia,SA	a)	Grandola	100.00%	99.98%	100.00%	99.98%
Centro Residencial da Maia,Urban.,SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Cequip-Equipamentos de Construção,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%
Clinica da Maia - Gest Proj de Saúde SA	a)	Maia	50.00%	50.00%	50.00%	50.00%
CMO-Construções,Lda	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%
Contry Club da Maia-Imobiliaria,SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
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%
Equador & Burnay,Lda	a)	Lisboa	100.00%	97.88%	75.00%	73.41%
Equador & Mendes,Lda	a)	Lisboa	75.00%	73.41%	75.00%	73.41%
Espimaia -Sociedade Imobiliária,SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Gestholdings-SGPS,SA	a)	Porto	100.00%	99.98%	100.00%	99.98%
Golfe time Inv.Turísticos,SA	a)	Porto	100.00%	99.98%	100.00%	99.98%
Grano Salis, Lda	a)	Grandola	100.00%	99.98%	100.00%	99.98%
Imoareia,SGPS,SA	a)	Matosinhos	100.00%	99.98%	100.00%	99.98%
Imobiliária da Cacula,SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoclub-Serviços Imobiliários,SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imodiv - Sociedade Imobiliária,SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imoferro-Soc.Imobiliária,SA	a)	Maia	100.00%	99.98%	100.00%	99.98%
Imohotel-Emp.Turist.Imobiliários,SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imopenínsula - Sociedade Imobiliária, SA	a)	Grandola	100.00%	88.69%	100.00%	88.69%
Imoplamac Gestão de Imóveis,SA	a)	Santarém	100.00%	100.00%	100.00%	100.00%
Imoresort - Sociedade Imobiliária,SA	a)	Grandola	100.00%	88.69%	100.00%	88.69%
Imosedas-Imobiliária e Serviços,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)	Grandola	100.00%	88.69%	100.00%	88.69%
Interlog-SGPS,SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
Invicta - Comércio Internacional,SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
INVSAUDE - Gestão Hospitalar,SA	a)	Maia	100.00%	50.00%	100.00%	50.00%
ISF - Imobiliário, Serviços e Participaç.	a)	Porto	100.00%	100.00%	100.00%	100.00%
Isoroy Casteljaloux	a)	Casteljaloux (France)	100.00%	100.00%	100.00%	89.90%

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)	Grandola	100.00%	88.69%	100.00%	88.69%
Marina Magic - Exploração de Centros Lúd.	a)	Lisboa	100.00%	99.98%	100.00%	99.98%
Marmagno-Expl.Hoteleira Imob.,SA	a)	Grandola	100.00%	88.64%	100.00%	88.64%
Martimope - Sociedade Imobiliária,SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Marvero-Expl.Hoteleira Imob.,SA	a)	Grandola	100.00%	88.64%	100.00%	88.64%
MDS-Soc.Mediadora 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%
Nova Equador Internacional,Ag.Viag.T,Lda	a)	Lisboa	75.00%	73.41%	75.00%	73.41%
Parcomarco, Gest Parq Est Centros Comer.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Partnergiro-Part.Neg.Ren.G.Int.Rec,SA	a)	Maia	100.00%	99.98%	100.00%	99.98%
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)	98.00%	98.00%	98.00%	98.00%
Porturbe-Edifícios 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-Desenvolvimento Imobiliário,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,Limited	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%
Santos Taborda & Carvalho,SU,Lda	a)	Lisboa	100.00%	97.88%	100.00%	97.88%
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%
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%
Soberana-Investimentos Imobiliários,SA	a)	Grandola	100.00%	88.64%	100.00%	88.64%
Société de Tranchage Isoroy SAS	a)	France	100.00%	100.00%	100.00%	89.90%
Société des Essences Fines Isoroy	a)	Honfleur (France)	100.00%	100.00%	100.00%	89.90%
Soconstrução BV	a)	Amsterdam (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%	99.98%	100.00%	99.98%
Solinca Lazer,SGPS,SA	a)	Porto	100.00%	99.98%	100.00%	99.98%
Solinca-Investimentos Turísticos,SA	a)	Porto	100.00%	99.98%	100.00%	99.98%
Solinfitness - Club Malaga, SL	a)	Malaga (Spain)	100.00%	99.98%	100.00%	99.98%
Soltroia-Investimentos Turísticos,SA	a)	Lisboa	58.93%	58.92%	58.93%	58.92%
Somit-Soc.Mad.Ind.Transformadas,SA	a)	Oliveira do Hospital	100.00%	100.00%	100.00%	100.00%
4) Sonae 3P, SA	a)	Maia	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)	Londres (U.K.)	100.00%	100.00%	100.00%	100.00%
Sonae Retalho Especializado-SGPS,SA	a)	Matosinhos	100.00%	99.05%	100.00%	99.05%
Sonae Turismo Gestão e Serviços,SA	a)	Porto	100.00%	99.98%	100.00%	99.98%
Sonae Turismo-SGPS,SA	a)	Porto	100.00%	99.98%	100.00%	99.98%
Sonae Wood Product BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sontrade Lines,Ltd	a)	Hants (U.K.)	63.75%	63.75%	63.75%	63.75%
Sontur BV	a)	Amsterdam (Netherlands)	100.00%	99.98%	100.00%	99.98%
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%
Star-Viagens e Turismo,SA	a) Lisboa	100.00%	97.88%	100.00%	97.88%
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%
Torraltá-Clube Internacional Férias,SA	a) Grandola	88.69%	88.64%	88.69%	88.64%
Torre São Gabriel-Imobiliária,SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Troiaverde-Expl.Hoteleira Imob.,SA	a) Grandola	100.00%	88.64%	100.00%	88.64%
Tulipamar-Expl.Hoteleira Imob.,SA	a) Grandola	100.00%	88.64%	100.00%	88.64%
Urbisedas-Imobiliária das Sedas,SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Venda Aluga-Sociedade Imobiliária,SA	a) Maia	100.00%	99.98%	100.00%	99.98%
World Trade Center Porto,SA	a) Porto	100.00%	99.98%	100.00%	100.00%
Others					
Integrum – Serviços Partilhados,SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Investalentejo, SGPS,SA	b) Vila do Conde	100.00%	49.00%	100.00%	35.97%
Sonae Investments,BV	a) Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonaegeest-Soc.Gest.Fundos Investimentos	a) Maia	100.00%	92.04%	100.00%	92.04%

- 1) Company sold in the period;
- 2) Company merged into Teconologias del Medio Ambiente,SA;
- 3) Company acquired or incorporated in the period;
- 4) Company shown under Others in the previous year;
- 5) Proportionate method applied as from the date of partial sale.

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

These group companies are consolidated using the full consolidation method as described in Note 2.2.a).

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 31 March 2005 and 31 December 2004 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31.03.2005		31.12.2004	
		Direct	Total	Direct	Total
Sonae Sierra					
Aegean Park,SA	Athens (Greece)	100.00%	33.52%	100.00%	33.52%
Berlin Alexanderstraße G. mbH & Co. KG	Dusseldorf (Germany)	99.00%	33.85%	50.00%	17.10%
Berlin Alexanderstraße Verwaltung. MbH	Dusseldorf (Germany)	100.00%	33.85%	50.00%	17.10%
Arrábidashopping- Centro Comercial,SA	Vila Nova de Gaia	50.00%	16.79%	50.00%	16.79%
SRP-Parque Comercial de Setúbal,SA	Maia	50.00%	33.52%	50.00%	33.52%
Centro Colombo- Centro Comercial,SA	Lisboa	50.00%	16.79%	50.00%	16.79%
Hospitalet Center SL	Barcelona (Spain)	50.10%	8.38%	50.10%	8.38%
Iberian Assets	Barcelona (Spain)	49.78%	16.72%	49.78%	16.72%
ALEXA Holding GmbH	Dusseldorf (Germany)	51.00%	34.19%	51.00%	34.19%
Norteshopping-Centro Comercial,SA	Porto	100.00%	16.79%	100.00%	16.79%
SC Aegean BV	Amsterdam (Netherlands)	50.00%	33.52%	50.00%	33.52%
SC Mediterraneum Cosmos BV	Amsterdam (Netherlands)	50.00%	33.52%	50.00%	33.52%
Project SC BV	Amsterdam (Netherlands)	50.00%	33.52%	50.00%	33.52%
NorteShop. Retail and Leisure Centre BV	Amsterdam (Netherlands)	50.00%	16.79%	50.00%	16.79%
Gaiashopping II- Centro Comercial,SA	Maia	100.00%	16.79%	100.00%	16.79%
Madeirashopping- Centro Comercial,SA	Funchal	50.00%	16.79%	50.00%	16.79%
MC Property Management SA	Athens (Greece)	75.00%	25.14%	75.00%	25.14%

Micaelense Shopping-Empr.Imobiliários,SA	Ponta Delgada	50.00%	16.79%	50.00%	16.79%
Cascaishopping Holding II, SGPS,SA	Maia	50.00%	16.79%	50.00%	16.79%
Oriogest SRL	Milan (Italy)	80.00%	26.82%	80.00%	26.82%
Parque Principado SL	Madrid (Spain)	50.00%	33.52%	50.00%	33.52%
Sierra Charagionis Propert.Management SA	Athens (Greece)	50.00%	33.52%	50.00%	33.52%
Sonae Charagionis Services,SA	Athens (Greece)	50.00%	33.52%	50.00%	33.52%
Segest -Sonae Espansione Gestione,SRL	Milan (Italy)	50.00%	33.52%	50.00%	33.52%
Sonae Enplanta,SA	São Paulo (Brazil)	50.00%	33.52%	50.00%	33.52%
Cascaishopping- Centro Comercial,SA	Lisboa	100.00%	16.79%	100.00%	16.79%
CRP-Parque Comercial de Coimbra,SA	Porto	50.00%	33.52%	50.00%	33.52%
Gaiashopping I- Centro Comercial,SA	Maia	50.00%	16.79%	50.00%	16.79%
Torre Colombo Ocidente-Imobiliária,SA	Porto	100.00%	16.79%	100.00%	16.79%
Torre Colombo Oriente-Imobiliária,SA	Porto	100.00%	16.79%	100.00%	16.79%
Freccia Rossa- Shopping Centre Srl	Sondrio (Italy)	50.00%	33.52%	50.00%	33.52%
Unishopping Consultoria Imob. Ltda	Sao Paulo (Brazil)	99.98%	33.51%	99.98%	33.51%
Unishopping Administradora Ltda	Sao Paulo (Brazil)	99.99%	33.52%	99.99%	33.52%
Centro Vasco da Gama-Centro Comercial,SA	Maia	50.00%	16.79%	50.00%	16.79%
Via Catarina- Centro Comercial,SA	Maia	50.00%	16.79%	50.00%	16.79%
Proj.Sierra Charagionis 1-Dev.Sh.C.,SA	Athens (Greece)	100.00%	33.52%	100.00%	33.52%
Zubiarte Inversiones Inmob,SA	Barcelona (Spain)	49.83%	33.40%	49.83%	33.40%

Others

1) Celnave-Agência de Navegação,Lda	Viana do Castelo	100.00%	34.17%	100.00%	34.17%
1) Celpap-Terminal de Cel. Papel Por,Lda	Viana do Castelo	100.00%	34.17%	100.00%	34.17%
1) Emprobal-Emp.Prod. e Com.Emb.,Lda	Funchal	60.00%	21.58%	60.00%	21.58%
1) Gescartão,SGPS,SA	Lisboa	68.58%	35.97%	68.58%	35.97%
1) Imocapital,SGPS,SA	Maia	50.00%	50.00%	50.00%	50.00%
1) Lepe-Empresa Portuguesa Embalagens,SA	Marinha Grande	100.00%	35.97%	100.00%	35.97%
1) Papelnova Recolha Recup.Desperdícios,SA	Mourão	100.00%	35.97%	100.00%	35.97%
1) Portucel Embalagem-Emp.Prod.E.Cartão,SA	Cascais	100.00%	35.97%	100.00%	35.97%
1) Portucel Espana,SA	Madrid (Spain)	100.00%	35.97%	100.00%	35.97%
1) Portucel Recicla-Indústria Papel R.,SA	Mourão	100.00%	35.97%	100.00%	35.97%
1) Portucel Viana-Emp.Prod.P.Ind.,SA	Viana do Castelo	100.00%	35.97%	100.00%	35.97%
1) Portucel Viana Energia - Empresa de Cogeração Energética,SA	Viana do Castelo	100.00%	35.97%	100.00%	35.97%
1) Sulpac, Emp. Prod. Emb. Cartão, SGPS,SA	Mourão	100.00%	35.97%	100.00%	35.97%

1) Companies sold in the period.

These entities are consolidated using the proportionate consolidation method, as referred to in Note 2.2.b).

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

	31.03.2005	31.12.2004	31.03.2004
Non-current assets	3,251,980,371	3,565,806,926	3,090,468,346
Current assets	130,565,371	261,422,128	327,623,990
Non-current liabilities	2,335,014,556	2,387,332,390	2,063,566,546
Current liabilities	217,928,315	275,458,757	289,804,025
	Three month period ended on 31.03.2005	2004	Three month period ended on 31.03.2004
Income	58,895,937	571,569,054	105,823,400
Expenses	46,582,653	417,016,795	94,609,122

6. INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies, their head offices and the percentage of share capital held as at 31 March 2005 and 31 December 2004 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31.03.2005		31.12.2004	
		Direct	Total	Direct	Total
Sonae Indústria					
Promodeco - Projecto Imobiliário Decoração e Construção,Lda	Maia	27.60%	24.87%	27.60%	26.46%
Serradora Boix	Barcelona (Spain)	31.25%	28.09%	31.25%	28.29%
Stinnes Holz Gmbh	Germany	35.25%	31.41%	35.25%	31.33%
Comfloresta - Companhia Catarinense de Empreendimentos Florestais,SA	Brazil	4.55%	2.52%	4.55%	2.52%
Modelo Continente					
Sempre a Postos - Produtos Alimentares e Utilidades,Lda	Lisboa	25.00%	24.51%	25.00%	18.92%
Sonaecom					
Global S - Centro Comercial Lda	Matosinhos	99.89%	13.65%	50.00%	13.34%
Global S - Tecnologias de Informação Lda	Matosinhos	75.00%	20.02%	99.89%	13.65%
Global S 24, SGPS,SA	Matosinhos	50.00%	13.34%	75.00%	20.02%
Global S, SGPS,SA	Matosinhos	64.73%	26.69%	64.73%	26.69%
Net Mall, SGPS,SA	Maia	50.00%	41.23%	50.00%	41.23%
SIRS – Sociedade Independente de Radiodifusão Sonora,SA	Porto	45.00%	37.11%	45.00%	37.11%
Unipress - Centro Gráfico,Lda	Vila Nova de Gaia	40.00%	32.98%	40.00%	32.98%
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%
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%
Holdingpar, SGPS,SA	Porto	40.00%	40.00%	40.00%	40.00%

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%
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%
1) ba - Fábrica de Vidros Barbosa & Almeida,SA	Porto	13,49%	11,99%	45.00%	40.09%
1) Bar-Bar-Idade Glass - Serviços de Gestão e Investimentos,SA	Porto	11,86%	11,86%	39.55%	39.55%
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) Sale of 27.80% of the share capital of the associated company.

Associated companies are consolidated using the equity method, as referred to in Note 2.2.c).

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 31 March 2005 and 31 December 2004 are made up as follows:

COMPANY	Head Office	Reason for exclusion	Percentage of capital held				Book Value	
			31.03.2005		31.12.2004		31.03.2005	31.12.2004
			Direct	Total	Direct	Total		
Sonae Indústria								
OKO Zentrum NRW	Germany	a)	25.00%	22.28%	25.00%	22.22%	-	-
Plysol BV	Soest (Netherlands)	a)	100.00%	89.90%	100.00%	90.53%	72,574	72,574
Tarnaise des Panneaux,SA	Labruguière (France)	a)	99.99%	88.44%	99.99%	89.89%	-	-
Construction Modulaire de l'Ouest SARL	Lisieux (France)		15.00%	13.27%	15.00%	13.27%	20,489	20,489
Modelo Continente								
Dispar – Distribuição de Participações, SGPS,SA	Lisboa		7.14%	7.00%	7.14%	7.00%	4,988	4,988
Insco – Insular de Hipermercados,SA	Ponta Delgada		10.00%	9.81%	10.00%	9.81%	748,197	748,197
Sonae Sierra								
Lamda Pylea,SA	Athens (Greece)	a)	39.90%	13.37%	39.90%	13.37%	2,787,769	2,787,769
SIC Indoor - Gestão de Suportes Publicitários,SA	Oeiras	a)	35.00%	23.46%	35.00%	23.46%	17,500	17,500
Sonaecom								
Altitude, SGPS,SA	Lisboa		11.50%	9.48%	11.50%	9.48%	1,000,000	1,000,000
Despegar.com	Porto		5.90%	4.87%	5.90%	4.87%	2	2
Lusa - Agência de Noticias de Portugal,SA	Lisboa		1.38%	1.14%	1.38%	1.14%	197,344	197,344
Minhodigital.com - Inv. na Área Tecnológica,SA	Porto		4.76%	3.93%	4.76%	3.93%	-	-
Outsystems, Software de Rede,SA	Oeiras		2.03%	1.67%	2.03%	1.67%	-	-
SESI - Soc. de Ensino Superior e Investigação,SA	Porto		9.75%	3.94%	9.75%	3.94%	1	1
Sonae Capital								
Delphinus – Soc. de Turismo e Diversão de Tróia,SA	Grândola	a)	79.00%	78.98%	79.00%	99.98%	0	0
Friengineering,SA	Matosinhos	a)	100.00%	50.10%	100.00%	50.10%	69,438	69,438

Plysolor Contreplaques, SAS	France	a)	100.00%	100.00%	100.00%	100.00%	37,000	2,775
Sonae Capital Brasil,Ltda	Sao Paulo (Brazil)	a)	100.00%	100.00%	100.00%	100.00%	5,312	5,312
Sonae RE,SA	Luxembourg	a)	100.00%	100.00%	100.00%	100.00%	1,250,000	1,250,000
Developpement & Partenariat Assurances,SA	Paris (France)	a)	35.00%	35.00%	35.00%	35.00%	372,428	372,428
Fun International Entertainment,SA	Porto	a)	50.00%	49.99%	50.00%	49.99%	361,000	361,000
Infratroia - Empresa de Infraestruturas de Troia,EN	Grândola	a)	25.90%	25.89%	25.90%	25.89%	55,659	55,659
Portuguese Paradise INC	Panamá	a)	42.50%	42.49%	42.50%	42.49%	4,838	4,838
Sociedade Imobiliária Troia - B3,SA	Grândola	a)	20.00%	17.74%	20.00%	17.74%	468,571	408,425
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
Société 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%	-	-
Others								
Sonae Investimentos América Latina,Lda	Sao Paulo (Brazil)	a)	99.99%	99.99%	99.99%	99.99%	25,687	25,687
1) Enercicla,Lda	Mourão	a)	100.00%	35.97%	100.00%	35.97%	-	-
First Assur,SA	France		10.80%	10.80%	10.80%	10.80%	837,244	837,244

1) Company sold in the period.

(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.

8. CHANGES TO THE CONSOLIDATION PERIMETER

Main acquisitions and disposals of companies over the three month period ended 31 March 2005 are as follows:

Acquisitions

COMPANY	Head Office	Percentage of capital held	
		31.03.2005	
		Direct	Total
Modelo Continente			
Comcerne-Madeiras e Derivados,SA	Maia	100.00%	98.06%
Sonae Ad. Cartões Cred. PR. V. Ltda	Porto Alegre (Brazil)	97.00%	95.11%
Sonae Sierra			
Project Sierra Italy 2-Shop.Centre Srl	Milan (Italy)	100.00%	67.04%

Disposals

COMPANY	Head Office	Percentage of capital held	
		31.03.2005	
		Direct	Total
Sonae Indústria			
Gollin,Gmbh	Bad Oeynhausen (Germany)	90.00%	78.90%
Others			
Celnave-Agência de Navegação,Lda	Viana do Castelo	100.00%	34.17%
Celpap-Terminal de Cel. Papel Por,Lda	Viana do Castelo	100.00%	34.17%
Emprobal-Emp.Prod. e Com.Emb.,Lda	Funchal	60.00%	21.58%
Gescartão,SGPS,SA	Lisboa	68.58%	35.97%
Imocapital,SGPS,SA	Maia	50.00%	50.00%
Lepe-Empresa Portuguesa Embalagens,SA	Marinha Grande	100.00%	35.97%

Papelnova Recolha Recup.Desperdícios,SA	Mourão	100.00%	35.97%
Portucel Embalagem-Emp.Prod.E.Cartão,SA	Cascais	100.00%	35.97%
Portucel Espana,SA	Madrid (Spain)	100.00%	35.97%
Portucel Recicla-Indústria Papel R.,SA	Mourão	100.00%	35.97%
Portucel Viana-Emp.Prod.P.Ind.,SA	Viana do Castelo	100.00%	35.97%
Portucel Viana Energia - Empresa de Cogeração Energética,SA	Viana do Castelo	100.00%	35.97%
Sulpac, Emp. Prod. Emb. Cartão, SGPS,SA	Mourão	100.00%	35.97%
Enercicla,Lda	Mourão	100.00%	35.97%

Net assets of the group companies sold and the corresponding carrying amounts as at 31 December 2004 are as follows:

	Date of disposal	31.12.2004
Net assets acquired		
Tangible and intangible assets	72,041,239	72,041,239
Investments	760,422	760,422
Stocks	10,802,781	10,802,781
Other current assets	7,327,505	7,327,505
Cash and cash equivalents	6,502,777	6,502,777
Other assets	8,816,257	8,816,257
Deferred taxes	(2,929,973)	(2,929,973)
Borrowings	(4,468,471)	(4,468,471)
Other liabilities	(20,894,828)	(20,894,828)
Provisions	(113,595)	(113,595)
	<u>77,844,114</u>	<u>77,844,114</u>
Goodwill	(15,796,569)	(15,796,569)
Minority interests	<u>6,628,966</u>	<u>6,628,966</u>
	68,676,511	<u>68,676,511</u>
Gain on sale	<u>29,190,249</u>	
Total consideration	<u>97,866,760</u>	
Cash received	-	
Amounts receivable	<u>97,866,760</u>	
	<u>97,866,760</u>	
Net cash inflow arising from disposals		
Cash consideration received	-	
Cash and cash equivalents disposed of	<u>6,502,777</u>	
	<u>6,502,777</u>	

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

	Date of disposal	31.12.2004
Operational income	-	92,359,642
Operational expenses	-	(81,060,159)
Net financial expenses		66,604
Investment income	-	12,361
Profit before taxation	-	11,378,448
Taxation	-	(2,058,823)
Profit for the period	-	9,319,625

9. TANGIBLE AND INTANGIBLE ASSETS

During the three months period ended 31 March 2005, movements in tangible and intangible assets as well as depreciation and accumulated impairment losses, are made up as follows:

	31.03.2005									
	Tangible assets					Intangible assets				
	Land and buildings	Plant and Machinery	Other tangible assets	Tangible assets in progress	Total tangible	Patents and other similar rights	Other intangible assets	Intangible assets in progress	Total intangible	Total fixed assets
Gross cost:										
Opening balance	1,727,616,246	2,958,818,634	388,224,825	111,637,032	5,186,296,737	236,158,799	272,055,450	13,183,616	521,397,865	5,707,694,602
Changes in consolidation perimeter	(40,678,212)	(108,900,098)	(16,108,270)	(1,555,550)	(167,242,130)	(27,410)	(2,545,718)	(2,017,088)	(4,590,216)	(171,832,346)
Capital expenditure	4,071,076	5,739,122	1,869,148	51,577,489	63,256,835	556,293	445,227	5,002,127	6,003,647	69,260,482
Disposals	(971,367)	(1,061,763)	(2,306,001)	(1,251,627)	(5,590,758)	(26,762)	(561,888)	(241,288)	(829,938)	(6,420,696)
Exchange rate effect	7,858,772	17,794,771	1,717,619	220,184	27,591,346	79,821	274,268	-	354,089	27,945,435
Transfers	11,927,780	21,654,899	5,181,909	(32,974,505)	5,790,083	135,495	(320,851)	(3,870,773)	(4,056,129)	1,733,954
Closing balance	1,709,824,295	2,894,045,565	378,579,230	127,653,023	5,110,102,113	236,876,236	269,346,488	12,056,594	518,279,318	5,628,381,431
Accumulated depreciation, amortisation and impairment losses										
Opening balance	344,754,929	1,483,094,824	240,382,179	713,997	2,068,945,929	14,448,820	171,619,802	-	186,068,622	2,255,014,551
Changes in consolidation perimeter	(12,613,262)	(68,799,981)	(13,722,798)	-	(95,136,041)	(20,239)	(2,275,317)	-	(2,295,556)	(97,431,597)
Charge for the period	10,494,350	50,313,380	9,692,754	289,921	70,790,405	3,543,998	6,815,867	-	10,359,865	81,150,270
Disposals	(38,322)	(895,015)	(1,276,123)	-	(2,209,460)	(16,781)	(207,031)	-	(223,812)	(2,433,272)
Exchange rate effect	931,424	6,796,429	906,767	-	8,634,620	13,378	177,284	-	190,662	8,825,282
Transfers	(1,038,796)	(16,895,304)	19,783,517	-	1,849,417	760,928	(5,553,168)	-	(4,792,240)	(2,942,823)
Closing balance	342,490,323	1,453,614,333	255,766,296	1,003,918	2,052,874,870	18,730,104	170,577,437	-	189,307,541	2,242,182,411
Carrying amount	1,367,333,972	1,440,431,232	122,812,934	126,649,105	3,057,227,243	218,146,132	98,769,051	12,056,594	328,971,777	3,386,199,020

The amount under Changes in consolidation perimeter refers mainly to assets of companies disposed of, as stated in Note 8.

As at 31 March 2005, the amount under the caption Patents and other similar rights includes assets related with UMTS technology (141,616,426 euro) and the fair value attributed to a group of brands, among which the "Continente" brand (75,000,000 euro).

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

Refurbishment and expansion of stores located in Portugal	19,635,904
New projects in Portugal of the Retail business segment	47,735,161
Troia project	12,216,886
	<u>79,587,951</u>

10. INVESTMENT PROPERTIES

As referred to in Note 2.4, investment properties are recorded at fair value.

As at 31 March 2005, investment properties in operation correspond to the fair value of the Group's share of shopping centres, which can be detailed as follows:

	31.03.2005		31.12.2004	
	Amount	Yield	Amount	Yield
Portugal	1,225,424,500	6.50% to 8.25%	1,225,424,500	6.50% to 8.25%
Spain	656,960,755	6.60% to 7.75%	604,979,752	6.60% to 7.75%
Brazil	159,725,929	11.00% to 13.00%	153,527,129	11.00% to 13.00%
	<u>2,042,111,184</u>		<u>1,983,931,381</u>	

The fair value of each investment property was determined by a valuation as at 31 December 2004, performed by an independent entity, based on valuation criteria generally accepted in the real estate business.

Value created on investment properties over the three month periods ended 31 March 2005 and 2004 can be detailed as follows:

	31.03.2005	31.03.2004
Properties which were under development and were concluded during the three month period	8,511,062	10,606,227
Changes in fair value of investment properties bought	-	-
Adjustments to construction cost estimates of properties under development which were transferred to investment properties	-	(991,044)
	<u>8,511,062</u>	<u>9,615,183</u>

As at 31 March 2005 and 31 December 2004, investment properties in progress are made up as follows:

	31.03.2005	31.12.2004
Portugal:		
Parque de Famalicão	2,905,483	2,902,631
Setubal Retail Park	510,928	1,349,363
Louresshopping	35,412,834	27,697,819
Torres Colombo	8,473,808	8,541,831
Cacém Shopping	1,666,882	1,641,090
Covilhã Shopping	6,435,185	3,989,183
Rio Sul	24,983,164	20,605,857
Others	1,188,102	627,898
Germany:		
Berlin Alexanderplatz	53,145,450	58,645,410
3DO	11,221,502	10,241,710
Brazil:		
Others	590,985	-
Spain:		
Plaza Mayor Shopping	10,280,484	9,651,675
Plaza Éboli	-	29,403,151
Dos Mares - expansão	3,305,289	2,805,289
Others	249,438	101,942
Greece:		
Aegean Park	18,528,846	18,496,605
Others	16,316	
Italy:		
Brescia Centre	24,689,251	24,213,580
Biella	7,200,000	-
	<u>210,803,947</u>	<u>220,915,034</u>

As at 31 March 2005, the following investment properties were mortgaged:

- | | |
|---------------------|------------------------|
| · Centro Colombo | · Centro Vasco da Gama |
| · Norteshopping | · Cascaishopping |
| · Gaiashopping | · Viacatarina |
| · Maiashopping | · Coimbrashopping |
| · Guimarãesshopping | · Parque Atlântico |
| · Arrabidashopping | · Algarveshopping |
| · Madeirashopping | · Parque Principado |
| · Plaza Mayor | · Grancasa |
| · Kareaga | · Valle Real |
| · La Farga | · Dos Mares |
| · Avenida M40 | · Coimbra Retail Park |
| · Zubiarte | · Luz del Tajo |
| · Plaza Éboli | |

11. GOODWILL

During the three month period ended 31 March 2005, movements in goodwill, as well as in the corresponding impairment losses, are as follows:

	Goodwill
Gross value:	
Opening balance	453,242,056
New companies	-
Increases	27,831,484
Decreases	(5,887,566)
Closing balance	<u>475,185,974</u>
Accumulated impairment losses:	
Opening balance	
Increases	-
Decreases	
Closing balance	<u>-</u>
Carrying amount:	<u><u>475,185,974</u></u>

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

During the period, increases in shareholdings generated goodwill amounting to 16,319,632 euro.

Goodwill increases include 11,387,799 euro of exchange rate differences.

12. INVESTMENTS

As at 31 March 2005, this caption is made up as follows:

	Investments	
	Non current	Current
<u>Investments in group companies, jointly controlled companies or associated companies excluded from consolidation</u>		
Opening balance as at 1 January 2005	61,402,567	-
Acquisitions in the three month period	433,909	-
Disposals in the three month period	-	-
Closing balance as at 31 March 2005	61,836,476	-
Accumulated impairment losses (Note 25)	(43,236,089)	-
	<u>18,600,387</u>	<u>-</u>
<u>Investment in associated companies</u>		
Opening balance as at 1 January 2005	46,243,883	-
Acquisitions in the three month period	4,730,161	-
Disposals in the three month period	(37,051,410)	-
Equity method effect	20,527,584	-
Closing balance as at 31 March 2005	34,450,218	-
Accumulated impairment losses (Note 25)	(10,028,231)	-
	<u>24,421,987</u>	<u>-</u>
<u>Investments held for sale</u>		
Fair value as at 1 January 2005	32,926,853	-
Acquisitions in the three month period	73,480	-
Disposals in the three month period	(40,782)	-
Increase/(Decrease) in fair value	19,736,692	-
Fair value as at 31 March 2005	<u>52,696,243</u>	<u>-</u>
<u>Investments measured at fair value through profit and loss</u>		
Fair value as at 1 January 2005	-	2,233,266
Acquisitions in the three month period	-	8,228,243
Disposals in the three month period	-	(6,168,727)
Increase/(Decrease) in fair value	-	(179,541)
Fair value as at 31 March 2005	-	<u>4,113,241</u>
<u>Derivative financial instruments (Note 20)</u>		
Fair value as at 1 January 2005	-	87,325,644
Acquisitions in the three month period	-	-
Disposals in the three month period	-	-
Increase/(Decrease) in fair value	-	(5,935,627)
Fair value as at 31 March 2005	-	<u>81,390,017</u>
	<u>95,718,617</u>	<u>85,503,258</u>

Investments in associated companies include goodwill amounting to 5,002,255 euro (20,524,891 euro as at 31 December 2004). During the period part of a shareholding in an associated company was disposed of, with the remaining shareholding recorded at fair value under the caption Investments held for sale.

Investments in group companies, jointly controlled companies and associated companies excluded from consolidation include 12,860,813 euro relating to advances made for the acquisition of investments.

13. OTHER NON-CURRENT ASSETS

As at 31 March 2005 and 31 December 2004, other non-current assets are detailed as follows:

	31.03.2005	31.12.2004
Loans granted to associated companies	1,930,888	1,928,849
Other loans granted	38,162,578	25,096,753
Trade accounts receivable and other debtors	74,210,644	95,310,775
Taxes recoverable	4,759,055	5,175,261
Other non-current assets	2,217,579	6,046,821
	121,280,744	133,558,459
Accumulated impairment losses (Note 25)	(21,650,272)	(22,061,192)
	99,630,472	111,497,267

14. TRADE DEBTORS AND OTHER CURRENT ASSETS

As at 31 March 2005 and 31 December 2004, other current assets are made up as follows:

	31.03.2005	31.12.2004
Trade accounts receivable	471,579,224	471,035,636
Taxes recoverable	119,863,942	116,962,237
Other debtors	204,563,021	190,779,764
Accounts receivable from the sale of investments	97,903,611	12,986,746
Accounts receivable from the sale of tangible assets	24,214,444	22,500,900
Loans granted to associated companies	38,814,321	53,789,657
Invoices to be issued	59,899,845	39,094,202
Other current assets	75,647,697	36,114,802
	1,092,486,105	943,263,944
Accumulated impairment losses (Note 25)	(140,311,040)	(140,756,914)
	952,175,065	802,507,030

15. DEFERRED TAX

Deferred tax assets and liabilities as at 31 March 2005 and 31 December 2004 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31.03.2005	31.12.2004	31.03.2005	31.12.2004
Difference between fair value and acquisition cost			309,491,423	315,370,711
Harmonisation adjustments	3,715,148	1,280,059	51,643,817	53,638,912
Provisions and impairment losses not accepted for tax purposes	9,656,197	9,281,199	2,057,911	(1,141,273)
Write off of tangible and intangible assets	12,167,566	11,619,107	12,933	(101,621)
Write off of deferred costs	1,286,306	211,763	1,805,172	1,547,494
Valuation of hedging derivatives	4,196,381	4,852,097	2,782,720	3,542,519
Revaluation of tangible fixed assets	-	-	3,852,103	3,875,316
Tax losses carried forward	183,976,042	189,801,921		
Reinvested capital gains/losses			5,426,745	5,455,564
Others	(170,878)	(94,721)	7,504,351	5,903,227
	214,826,762	216,951,425	384,577,175	388,090,849

16. CASH AND CASH EQUIVALENTS

As at 31 March 2005 and 31 December 2004 cash and cash equivalents can be detailed as follows:

	31.03.2005	31.12.2004
Cash at hand	4,690,402	3,839,186
Bank deposits	123,071,351	337,966,921
Treasury applications	164,449,113	144,407,335
Cash and cash equivalents on the balance sheet	292,210,866	486,213,442
Bank overdrafts	(23,553,723)	(24,735,790)
Cash and cash equivalents on the statement of cash flows	268,657,143	461,477,652

Bank overdrafts are recorded in the balance sheet under Current borrowings.

17. SHARE CAPITAL

As at 31 March 2005, 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 134,178,021 own shares, recorded at 144,537,597 euro.

As at 31 March 2005, the following entities held more than 20% of the subscribed share capital:

Entity	%
Efanor Investimentos, SGPS, SA	50.91

18. MINORITY INTERESTS

Movements in minority interests in the three month period ended 31 March 2005 are as follows:

	31.03.2005
Opening balance as at 1 January	785,515,291
Acquisitions of new companies	(32,583,538)
Changes in the equity of group companies	6,081,473
Changes resulting from currency translation	2,732,864
Sale of group companies	(11,613,566)
Changes in financial instruments hedges	592,399
Profit for the period attributable to minority interests	13,852,310
Closing balance as at 31 March	764,577,233

19. BORROWINGS

As at 31 March 2005 and 31 December 2004, borrowings are made up as follows:

	31.03.2005				31.12.2004			
	Amount in the Balance Sheet ¹		Nominal value		Amount in the Balance Sheet ¹		Nominal value	
	Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current
Bank loans	675,709,464	1,842,401,310	676,305,254	1,898,468,891	775,285,056	1,826,719,407	775,922,177	1,868,172,461
Bonds	23,138,966	585,458,735	23,138,966	596,794,956	35,080,762	434,636,276	35,080,762	436,116,630
Obligations under finance leases	11,788,021	37,697,397	11,788,021	37,697,397	11,439,067	40,779,698	11,439,067	40,779,698
Other loans	10,291,800	145,503,025	10,291,800	141,242,503	5,381,527	145,646,891	5,381,527	140,758,506
Bank overdrafts	23,553,723	-	23,553,723	-	24,735,790	-	24,735,790	-
Hedging derivatives (Note 20)	96,468,509	-	-	-	97,738,786	-	-	-
	840,950,483	2,611,060,467	745,077,764	2,674,203,747	949,660,988	2,447,782,272	852,559,323	2,485,827,295

¹ Amount in the Balance Sheet is defined as amortised cost for bank loans and bonds and as fair value for derivatives.

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

	31.03.2005	31.12.2004
2005	635,326,440	852,630,539
2006	875,365,573	757,798,417
2007	166,991,820	160,912,179
2008	179,212,903	179,019,440
2009	479,029,885	478,382,160
2010	115,781,587	112,039,422
After 2010	967,573,303	797,604,461
	<u>3,419,281,511</u>	<u>3,338,386,618</u>

Major loans can be summarised as follows:

- A bank loan of 340,000,000 euro, of which 200,000,000 euro is a revolving facility, repayable in 2006, bearing interest payable half-yearly at market rates, obtained by an affiliated company of Modelo Continente from a syndicate of banks. As at 31 March 2005, 270,000,000 euro are disclosed in the caption Non-current borrowings and 70,000,000 euro in the caption Current borrowings;
- A bank loan in the amount of 86,036,370 brazilian real (24,762,988 euro), including exchange rate hedging financial instruments, repayable in 2009, bearing interest payable monthly at market rates, obtained by an affiliated company of Modelo Continente in Brazil;
- In 1999 several Sonae Indústria's affiliated companies negotiated a revolving syndicated loan up to 400,000,000 euro. The loan reduced to 300,000,000 euro on 20 December 2002, to 100,000,000 euro on 20 December 2004, and is repayable in full on 20 December 2006. Interest is paid at an annual interest rate equal to Euribor 3 or 6 months plus a spread which varies in line with financial ratios;
- Bank loans of 119,000,000 euro, obtained by an affiliated company of Sonae Indústria, in 2002. These loans bear interest at market rates and are repayable in sixteen half-yearly instalments beginning in June 2005;
- Tafisa Canada signed in prior years a financing arrangement in the amount of 101,200,000 canadian dollars. This loan bears interest at market rates and 45% of notional is repayable in 9 half-yearly instalments, started in June 2000, and 55% of notional in a bullet payment in June 2005. As at 31 March 2005, the outstanding amount is 38,246,156 euro;
- Sonae UK obtained a loan in the amount of 35,000,000 pounds sterling. This loan bears interest at market rates and is repayable in 15 equal half-yearly instalments, started June 2002. As at 31 March 2005 the outstanding amount is 23,723,024 euro, which is disclosed as Non-current borrowings;
- Optimus signed a 5 year guarantee and revolving credit facilities on 6 August 2004, with an international bank syndicate, in the amount of 450,000,000 euro. This facility has been used to refinance all of Optimus' existing debt facilities obtained under the previous project finance agreement (dated July 2003) and will be used to fully fund its business plan. Interest rate equals Euribor plus a spread linked to Optimus' financial performance, measured amongst others by the ratio of Net Debt to EBITDA. The guarantee facility used to secure loans made by the European Investment Bank (EIB) will be repaid in 2 instalments (30% June 2008 and 70% in June 2009). The revolving credit facility will be repaid in June 2009. As at 31 March 2005 the outstanding amount is of 324,458,200 euro, which is disclosed as Non-current borrowings;
- Bank loans of 556,862,682 euro, obtained by affiliated companies of Sonae Sierra from several financial institutions, bearing interest at market rates, repayable from March 2005 to September 2026. As at 31 March 2005 outstanding amount is 451,107,493 euro, of which 445,255,128 euro are disclosed as Non-current borrowings and 5,852,365 euro as Current borrowings. These loans are guaranteed by mortgages of investment properties held by these affiliated companies and are non-recourse;

- Bank loans of 163,014,433 euro, obtained by affiliated companies of Sonae Sierra from several financial institutions, bearing interest at market rates, repayable from May 2010 to August 2016. As at 31 March 2005, the outstanding amount is 146,684,145 euro, of which 143,427,145 euro are disclosed as Non-current borrowings and 3,257,000 euro as Current borrowings. These loans are guaranteed by mortgages of investment properties held by these affiliated companies and by a pledge of shares held in those affiliated companies, and are non-recourse;
- A bank loan of 50,000,000 euro, obtained by Sonae SGPS, repayable in half-yearly instalments from 15 December 2003 (two instalments disclosed as current) to 15 June 2011, bearing interest at market rates (34,350,036 disclosed in non-current borrowings);
- Bank loans of 64,308,000 euro, obtained by an affiliated company of Sonae SGPS from a syndicate of banks in 2001. The loan bears interest at market rates and is repayable in twenty quarterly instalments with a two year grace period. As at 31 March 2005 the amount disclosed in the caption Non-current borrowings amounted to 29,846,651 euro;
- Bonds MODELO CONTINENTE / 2003 amounting to 82,000,000 euro, repayable in full after 8 years, in one instalment, on 15 October 2011. Interest rate equal to Euribor 6 months plus 0.75%;
- Bonds MODELO CONTINENTE / 2004 amounting to 100,000,000 euro, repayable after 5 years, in one instalment, on 18 March 2009. Interest rate equal to Euribor 6 months plus 1.15%;
- 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 Lisbor² plus 0.17% from the 1st to the 13th coupon, Lisbor² plus 1.17% in the 14th coupon and Lisbor² plus 1.22% from the 15th to the 20th coupons;
- 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 IMOBILIÁRIA / 99 amounting to 50,000,000 euro repayable in full in December 2006. Earning interest at a rate equal to Euribor 6 months plus 0.5% from the 1st to the 10th coupon and Euribor 6 months plus 0.55% from the 11th to the 14th coupon. This loan had a put option exercisable on the 10th coupon by its bondholders. The bondholders exercised this put option in December 2004 and therefore a reimbursement of 20,000,000 euro was made;
- Bonds TAFISA / 98 amounting to 30,050,605 euro repayable in full in 2005, and earning interest at an annual rate equal to Mibor² plus 0.75%. The amount outstanding as at 31 March 2005 is of 19,532,893 euro;
- Bonds SONAE INDÚSTRIA / 2004 amounting to 80,000,000 euro, repayable after 5 years, in one instalment, on 15 October 2009, and earning interest at a rate equal to Euribor 6 months plus 0.875%;
- Bonds SONAE INDÚSTRIA / 2005 amounting to 55,000,000 euro, repayable after 8 years, in one instalment, on 31 March 2013, and earning interest at a rate equal to Euribor 6 months plus 0.875%;
- The caption Other non-current loans includes a loan granted by a third party, bearing interest at market rates, repayable in 2006. For disclosure purposes, this loan is offset against a risk free treasury application amounting to 27,500,000 euro, with the same maturity. The offset amount is 157,499,755 euro.

20. DERIVATIVES

Exchange rate derivatives

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

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

As at 31 March 2005, the fair value of exchange rate derivatives, calculated based on present market value of equivalent financial instruments, is estimated as follows:

² Subsequently changed to Euribor.

	31.03.2005	31.12.2004
Assets	70,740,847	73,008,242
Liabilities	(85,844,363)	(85,788,124)
	<u>(15,103,516)</u>	<u>(12,779,882)</u>

Gains and losses for the three month period arising from changes in the fair value of hedging instruments (identified in accordance with IAS 39) amounting to -2,402,001 euro (-32,117,535 euro for the year ended on 31 December 2004) were recorded in equity.

Gains and losses for the three month period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment, amounting to 78,367 euro (111,106 euro for the year ended 31 March 2004), were recorded directly in the income statement in the caption Net financial expenses.

Additionally, the group sold currency call options in order to hedge the fair value of currency put options embedded in non-current loans obtained. The fair value of these options, which is identical to the fair value of the hedged options, amounts to 5,160,315 euro (5,494,113 euro as at 31 December 2004).

Interest rate derivatives

As at 31 March 2005, 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 554,308,000 euro (554,308,000 euro as at 31 December 2004). The fair value of these derivatives amounts to -5,463,831 euro (-6,456,549 euro as at 31 December 2004).

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” model 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.

Additionally, the Group negotiated interest rate derivatives (interest rate swaps) with the objective of hedging the fair value of specific fixed interest rate loans. The fair value of these derivatives was recorded in the income statement. The portion of the hedge which is effective has adjusted related loans, which are measured at amortised cost. The fair value of these derivatives amounts to 5,488,856 euro (8,823,291 euro as at 31 December 2004).

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Investments (Note 12)		Borrowings (Note 19)	
	31.03.2005	31.12.2004	31.03.2005	31.12.2004
Exchange rate derivatives	73,813			573
Hedging derivatives (Note 19)	81,316,204	87,325,644	96,468,509	97,738,213
	<u>81,390,017</u>	<u>87,325,644</u>	<u>96,468,509</u>	<u>97,738,786</u>

21. OTHER NON-CURRENT LIABILITIES

As at 31 March 2005 and 31 December 2004 other non-current liabilities were made up as follows:

	31.03.2005	31.12.2004
Shareholder loans	97,946,339	106,324,498
Investments grants	81,540,004	84,845,088
Fixed assets suppliers	38,915,912	38,657,095
Other non-current liabilities	649,313,684	652,750,726
Taxes and contributions payable	15,378,715	14,056,100
Retirement benefits (Note 22)	21,456,388	23,758,519
Share based payments (Note 23)	24,098,030	20,347,853
	<u>928,649,072</u>	<u>940,739,879</u>

The caption Other non-current liabilities includes 598,466,031 euro (593,463,454 euro as at 31 December 2004) which corresponds to the present value of the consideration paid by Santander Group for Modelo Continente, SGPS, SA shares, currently amounting to 30% of the share capital, under the terms of the call option agreement.

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).

In January 2003 the Santander Group subscribed shares representing 5.7% of the capital increase of Modelo Continente, SGPS, SA, under the same contractual arrangement. 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.

Under the contract terms, generally accepted accounting principles establish that those shares must be maintained in Sonae, SGPS, S.A.'s assets, because of the existence of the share repurchase option which determines that Sonae maintains control over those shares, in spite of all rights and obligations having been legally transferred to the acquirer (the Santander Group). To exercise this repurchase option, one affiliated company included in the consolidation was appointed. A liability has been recognised corresponding to the amount payable to the Santander Group if and when the share repurchase option is actioned.

22. RETIREMENT BENEFIT PLANS

Some Group companies provide defined benefit plans for its employees, under which they are entitled to complementary retirement pensions.

These complementary retirement pensions are calculated based on the employee's years of service and on an increased percentage of annual salaries.

The group company Glunz AG has an unfunded defined benefit plan, calculated according to IAS 19 based on an actuarial valuation made by an independent entity. The company has recorded a 20,432,590 euro provision, under the caption Non-current Provisions, to cover the present value of the obligations calculated according to the actuarial valuation as at 31 December 2004

Some group companies have a funded defined benefit plan, managed by an external entity, calculated according to IAS 19 based on an actuarial valuation made by an independent entity. This plan applies to all employees recruited until 31 December 1994 that, after retirement and for the rest of their lives, will receive a monthly pension corresponding to 20% of their salary at retirement date. Obligations for past service as at 31 March 2005, according to an actuarial valuation reported to 31 December 2004, amount to 1,934,556 euro, guaranteed by the fund and by a provision recorded under the caption Non-current provisions, of 1,187,196 euro and 1,023,798 euro, respectively.

	31.03.2005	31.12.2004
Present value of obligations	22,367,146	24,669,277
Fair value of plan assets	1,187,196	1,187,196
Excess provision	276,438	276,438
Non-current liabilities	21,456,388	23,758,519

23. SHARE-BASED PAYMENTS

In 2005 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.

Liabilities arising from deferred performance bonuses are valued in accordance with note 2.16 and, as at 31 March 2005 and 31 December 2004, can be detailed as follows:

	Year of grant	Vesting year	Number of participants	Fair value	
				31.03.2005	31.12.2004
<u>Shares</u>					
	2002	2005	314	6,910,441	6,701,663
	2003	2006	296	11,138,222	10,564,485
	2004	2007	469	8,674,729	8,187,276
	2005	2008	485	7,393,573	
				<u>34,116,965</u>	<u>25,453,424</u>
<u>Options</u>					
	2001	2004	67	561,344	654,041
	2002	2005	122	5,374,674	4,830,099
	2003	2006		-	-
	2004	2007		-	-
	2005	2008		-	-
				<u>5,936,018</u>	<u>5,484,140</u>
<u>Total</u>				<u>40,052,983</u>	<u>30,937,564</u>
Personnel costs				3,482,413	10,033,207
Retained Earnings				<u>20,615,617</u>	<u>10,314,646</u>
				<u>24,098,030</u>	<u>20,347,853</u>
Other current liabilities				-	-
Other non-current liabilities				<u>24,098,030</u>	<u>20,347,853</u>
				<u>24,098,030</u>	<u>20,347,853</u>

The movement in the number of options open for the three month period is as follows:

	31.03.2005
Opening balance	3,086,290
Granted in the period	-
Expired in the period	-
Expired and not exercised in the period	(282,316)
Closing balance	<u>2,803,974</u>

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	561,344	5,374,674	-	-	-	5,936,018
Recorded liability	561,344	4,031,006	-	-	-	4,592,350
Number of options open	524,062	2,279,912	-	-	-	2,803,974
Number of options exercised in the three month period	-	-	-	-	-	-
Number of options expired but not exercised in the three month period	(208,443)	(7,933)	-	-	-	(216,376)
Average market-price of options exercised in the three month period						

During the three month period, the Group recorded Personnel costs arising from Sonaecom options amounting to 1,173,799 euro (1,243,815 euro for the same period in 2004).

24. OTHER CURRENT LIABILITIES

As at 31 March 2005 and 31 December 2004, other current liabilities were made up as follows:

	31.03.2005	31.12.2004
Trade creditors	928,835,288	1,098,881,938
Shareholders	44,792,149	12,256,999
Fixed asset suppliers	75,142,318	122,228,489
Other accounts payable	173,406,831	210,919,424
Taxes and contributions payable	91,335,062	100,032,108
Accrued expenses	339,377,287	313,359,307
Deferred income	54,530,489	52,097,007
	<u>1,707,419,424</u>	<u>1,909,775,272</u>

25. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and impairment losses over the three month period ended 31 March 2005 are as follows:

	Opening balance	Increase	Decrease	Closing balance
Accumulated impairment losses on investments (Note 12)	53,682,219		(417,899)	53,264,320
Accumulated impairment losses on other non-current assets (Note 13)	22,061,191	1,327	(412,246)	21,650,272
Accumulated impairment losses on current assets (Note 14)	140,756,914	4,700,205	(5,146,079)	140,311,040
Provisions	<u>71,127,005</u>	<u>2,756,718</u>	<u>(8,063,468)</u>	<u>65,820,255</u>
	<u>287,627,329</u>	<u>7,458,250</u>	<u>(14,039,692)</u>	<u>281,045,887</u>

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

26. CONTINGENT ASSETS AND LIABILITIES

	31.03.2005	31.12.2004
Guarantees given:		
on tax claims	54,457,104	40,705,123
on judicial claims	469,680	407,830
Others	<u>73,259,680</u>	<u>52,717,572</u>

27. RELATED PARTIES

Balances as at 31 March 2005 and 31 December 2004 and transactions during the three month periods ended 31 March 2005 and 2004 with related parties are detailed as follows:

Transactions	Sales and services rendered		Purchases and services obtained		Interest income		Interest expenses	
	31.03.2005	31.03.2004	31.03.2005	31.03.2004	31.03.2005	31.03.2004	31.03.2005	31.03.2004
Parent company and group companies	84,421	81,443	3,238,243	17,605	-	36,404	-	-
Jointly controlled companies	3,626,821	5,818,122	873,592	3,124,491	516	819,531	1,066,987	167,993
Associated companies	588,851	230,637	2,289,246	1,496,393	52,249	286,011	-	4,950
Companies held by members of the Board of Directors	-	-	-	-	-	-	-	-
	<u>4,300,093</u>	<u>6,130,202</u>	<u>6,401,081</u>	<u>4,638,489</u>	<u>52,765</u>	<u>1,141,946</u>	<u>1,066,987</u>	<u>172,943</u>

Balance	Accounts receivable		Accounts payable		Loans		Other liabilities	
	31.03.2005	31.12.2004	31.03.2005	31.12.2004	Obtained	Granted	31.03.2005	31.12.2004
Parent company and group companies	133,337	22,661,281	161,754	148,801	1,750,000	1,750,000	14,370,087	14,132,899
Jointly controlled companies	2,445,267	2,444,300	2,542,766	3,441,742	259,429	-	1,101,086	7,141,832
Associated companies	659,403	838,034	425,064	387,313	-	-	27,406,974	8,416,670
Companies held by members of the Board of Directors	-	-	-	-	102,294,543	110,983,248	31,312,656	42,848,656
	<u>3,238,007</u>	<u>25,943,615</u>	<u>3,129,584</u>	<u>3,977,856</u>	<u>104,303,972</u>	<u>112,733,248</u>	<u>74,190,803</u>	<u>72,540,057</u>

28. INCOME TAX

Income tax for the three month period ended 31 March 2005 and 2004 is made up as follows:

	31.03.2005	31.03.2004
Current tax	12,269,355	7,742,224
Deferred tax	470,746	10,977,764
	<u>12,740,101</u>	<u>18,719,988</u>

29. EARNINGS PER SHARE

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

	31.03.2005	31.03.2004
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period attributable to equity holders of Sonae)	120,480,000	2,684,382
Effect of dilutive potential shares		
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share:	<u>120,480,000</u>	<u>2,684,382</u>
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	1,865,821,979	1,865,821,979
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Weighted average number of shares used to calculated diluted earnings per share	<u>1,865,821,979</u>	<u>1,865,821,979</u>

There are no discontinuing operations, therefore the respective basic earnings per share was not calculated. There are no convertible instruments included in Sonae, SGPS shares thereby, hence is no dilutive effect.

30. DIVIDENDS

In the Annual General Meeting held on 6 April 2005, payment of a gross dividend of 0.02 euro per share (0.015 euro per share in 2003) was approved. This was paid on 6 May 2005, the total amount paid being 37,316,439.58 euro (27,987,329.69 euro in 2003).

31. SEGMENT INFORMATION

In 2005 and 2004, the following were identified as business segments:

- Wood Based Panels
- Retailing
- Shopping Centres
- Telecommunications
- Others

The geographic segments identified in 2005 and 2004 are listed as follows:

- Portugal
- Spain
- France
- United Kingdom
- Germany
- Other European countries
- Brazil
- Canada
- South Africa

The contribution of the business segments to the income statement for the three month periods ended on 31 March 2005 and 2004 can be detailed as follows:

euro							
31 March 2005	Wood Based Panels	Retailing	Shopping Centres	Telecommunications	Others	Consolidation adjustments	Consolidated
Operational income							
Sales	358,736,515	872,323,743	-	15,211,907	43,786,642	-	1,290,058,807
Services rendered	701,564	1,799,549	62,311,858	175,720,213	33,525,967	-	274,059,151
Other operational income	(3,523,181)	56,067,356	15,011,890	7,245,396	44,408,377	(1,301,823)	117,908,015
	355,914,898	930,190,648	77,323,748	198,177,515	121,720,986	-1,301,823	1,682,025,973
Inter-segment income	14,527,736	17,575,866	2,200,179	3,323,456	3,403,693	(41,030,930)	-
	370,442,634	947,766,514	79,523,927	201,500,972	125,124,679	-42,332,753	1,682,025,973
Operational cash-flow (EBITDA)	50,334,624	46,639,083	37,963,021	47,055,890	1,836,845	(2,723,313)	181,106,149
Operational profit/(loss)	25,120,755	25,443,745	37,068,339	12,503,164	707,370	(1,642,786)	99,200,587
Net profit/(loss)	12,971,264	9,910,030	25,752,057	6,780,027	72,843,641	6,075,190	134,332,210
- attributable to Equity holders of Sonae							120,480,000
- attributable to Minority interests							13,852,210
euro							
31 March 2004	Wood Based Panels	Retailing	Shopping Centres	Telecommunications	Others	Consolidation adjustments	Consolidated
Operational income							
Sales	359,650,544	778,592,254	-	22,162,379	42,321,412	-	1,202,726,590
Services rendered	1,543,371	1,689,325	54,281,755	177,622,273	39,289,645	-	274,426,369
Other operational income	3,851,534	33,991,786	14,403,799	7,820,737	35,170,081	-	95,237,936
	365,045,449	814,273,365	68,685,554	207,605,389	116,781,139	-	1,572,390,896
Inter-segment income	17,123,045	18,568,778	6,851,709	2,969,752	1,214,931	(46,728,215)	-
	382,168,494	832,842,142	75,537,263	210,575,141	117,996,070	-46,728,215	1,572,390,896
Operational cash-flow (EBITDA)	43,646,059	48,950,487	35,696,554	46,346,158	2,183,804	(4,520,967)	172,302,095
Operational profit/(loss)	13,616,061	27,955,803	34,630,488	9,785,124	(5,611,599)	(3,835,130)	76,540,747
Net profit/(loss)	(480,692)	10,127,031	14,931,433	4,620,042	(14,629,516)	2,679,331	17,247,629
- attributable to Equity holders of Sonae							2,684,382
- attributable to Minority interests							14,563,247

32. SUBSEQUENT EVENTS

Several events occurred after 31 March 2005 which, due to their relevance, are detailed as follows:

- On 20 April 2005, Sonae Sierra acquired two shopping centres in Italy: Valecenter, in Venice, with 54,800 m² of Gross Lettable Area (GLA), and Airone, in Monselice, Padova, with 16,200 m² of GLA;
- On 27 April 2005, Sonae Sierra acquired the shareholdings of Eroski in four shopping centres in Spain: 35% of Dos Mares (Múrcia), Luz del Tajo (Toledo) and Plaza Éboli (Madrid) and 40% of Avenida M40 (Madrid);
- Sonae Indústria, SGPS, SA issued, on 27 April 2005, a bond loan of 100,000,000 euro repayable after 3 years and a bond loan of 150,000,000 euro repayable after 8 years, both without guarantees;
- On 4 May 2005, Sonae, SGPS, SA sold to Sonaecom, SGPS, SA 1,321,949 shares of Sonae, SGPS, SA, of which 201,875 were granted to Sonaecom employees, under the deferred performance bonus plan. After these transactions, the number of Sonae, SGPS, SA own shares, held directly or indirectly, decreased to 133,976,146 corresponding to 6,7% of the share capital.

33. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 16 May 2005.

34. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group adopted International Financial Reporting Standards (“IFRS”) in 2005, having taken into consideration “IFRS 1 – First-Time Adoption of International Financial Reporting Standards”. In terms of presentation of the financial statements, the transition date was set at 1 January 2004.

The effect on the balance sheets as at 1 January 2004 and 31 December 2004 of converting financial statements prepared under Portuguese GAAP (“POC”) to financial statements re-expressed under International Financial Reporting Standards (“IFRS”) can be detailed as follows:

	01.01.2004			31.12.2004		
	POC	Transition adjustments to IFRS	IFRS	POC	Transition adjustments to IFRS	IFRS
NON CURRENT ASSETS						
Tangible and intangible assets	4,529,088,468	(1,097,920,835)	3,431,167,633	4,700,852,146	(1,248,172,096)	3,452,680,051
Investment properties	-	1,798,066,946	1,798,066,946	-	2,204,846,415	2,204,846,415
Goodwill	-	346,346,597	346,346,597	-	453,242,056	453,242,056
Investments	508,785,437	(238,129,851)	270,655,585	347,102,653	(240,867,301)	106,235,352
Deferred Tax Assets	-	237,832,317	237,832,317	-	216,951,425	216,951,425
Other Non-Current Assets	59,521,228	71,466,338	130,987,566	89,019,748	22,477,519	111,497,267
Total Non-Current Assets	5,097,395,133	1,117,661,512	6,215,056,645	5,136,974,547	1,408,478,018	6,545,452,566
CURRENT ASSETS						
Stocks	680,092,444	(1,174,104)	678,918,340	672,703,272	1,155,679	673,858,951
Trade Debtors and Other Current Assets	1,245,560,174	(461,815,067)	783,745,107	1,222,534,169	(420,027,137)	802,507,030
Investments	379,979,627	(130,544,552)	249,435,074	182,274,470	(92,715,559)	89,558,911
Cash and Cash Equivalents	271,654,983	216,787,242	488,442,226	340,808,878	145,404,564	486,213,442
Total Current Assets	2,577,287,228	(376,746,481)	2,200,540,747	2,418,320,789	(366,182,454)	2,052,138,334
TOTAL ASSETS	7,674,682,361	740,915,031	8,415,597,392	7,555,295,336	1,042,295,564	8,597,590,900
EQUITY						
Share Capital	2,000,000,000	0	2,000,000,000	2,000,000,000	0	2,000,000,000
Own Shares	(144,537,597)	0	(144,537,597)	(144,537,597)	0	(144,537,597)
Reserves and Retained Earnings	(1,272,970,680)	218,842,489	(1,054,128,191)	(1,365,429,064)	331,345,141	(1,034,084,068)
Profit/(Loss) for the Period Attributable to the Equity Holders of Sonae				192,060,205	91,460,805	283,521,010
Equity Attributable to the Equity Holders of Sonae	582,491,722	218,842,489	801,334,212	682,093,544	422,805,946	1,104,899,345
Minority Interests	749,664,275	171,461,470	921,125,745	527,771,715	257,743,576	785,515,291
TOTAL EQUITY	1,332,155,997	390,303,959	1,722,459,957	1,209,865,259	680,549,523	1,890,414,636
LIABILITIES						
NON-CURRENT LIABILITIES						
Borrowings	2,074,762,849	322,118,429	2,396,881,277	2,220,386,496	227,395,776	2,447,782,272
Other Non-Current Liabilities	789,279,202	87,895,506	877,174,708	827,530,423	113,209,456	940,739,879
Deferred Tax Liabilities	-	328,125,407	328,125,407	-	388,090,849	388,090,849
Provisions	-	53,696,014	53,696,014	-	57,189,153	57,189,153
Total Non-Current Liabilities	2,864,042,051	791,835,356	3,655,877,407	3,047,916,919	785,885,234	3,833,802,153
CURRENT LIABILITIES						
Borrowings	1,151,066,667	106,777,505	1,257,844,172	805,324,564	144,336,423	949,660,987
Trade Creditors and Other Current Liabilities	2,178,391,620	(416,548,674)	1,761,842,946	2,344,147,178	(434,372,051)	1,909,775,272
Provisions	149,026,026	(131,453,115)	17,572,911	148,041,416	(134,103,565)	13,937,852
Total Current Liabilities	3,478,484,313	(441,224,284)	3,037,260,029	3,297,513,158	(424,139,193)	2,873,374,111
TOTAL EQUITY AND LIABILITIES	7,674,682,361	740,915,031	8,415,597,392	7,555,295,336	1,042,295,564	8,597,590,900

As at 1 January 2004 and 31 December 2004, main impacts of the transition to IFRS in equity can be detailed as follows:

	Transition adjustments to IFRS	
	01.01.2004	31.12.2004
Adjustments to Portuguese GAAP financial statements		
Investment Properties	327,922,054	419,434,124
Goodwill	357,968,891	452,690,551
Tangible and Intangible Assets	(252,550,020)	(239,764,253)
Deferrals and Accruals	(134,593,148)	(106,183,565)
Proportionate Consolidation	168,658,896	214,233,933
Inclusion of previously excluded companies	(7,752,415)	(4,213,889)
Derivative instruments	(51,343,220)	(42,150,698)
Others	(18,007,079)	(13,496,680)
Total adjustments from conversion to IFRS	390,303,959	680,549,523

In POC, **investment properties** were shown as tangible assets and were measured at acquisition or construction cost (01.01.04: 1,313,346,387 euro; 31.12.04: 1,475,670,137 euro). Buildings were depreciated over 50 years and land was not depreciated. In IFRS, investment properties are shown on a separate line on the balance sheet and are measured at fair value based on independent valuations performed every six months (01.01.04: 1,798,165,533 euro; 31.12.04: 2,098,849,495 euro). Changes in fair value are recorded in the profit and loss account and shown on a separate line (31.12.04: 111,451,062 euro). Investment properties under development are maintained at construction cost until the properties are used. At that moment, properties are valued and the difference between fair value and construction cost is recorded in the profit and loss account.

The Sonae Group, in accordance with IFRS, presents **goodwill** as an asset that is not depreciated but is subject to annual impairment tests. Goodwill resulting from the acquisition of affiliated, jointly controlled and associated companies is allocated to each company, and as such is expressed in their functional currency and translated into the reporting currency of the Group at the closing exchange rate. Exchange rate differences arising from this translation are disclosed as currency translation reserves.

This accounting treatment differs from that adopted by the Sonae Group since 2001 which consisted of writing off goodwill against reserves. This is a different approach to that recommended by POC as mentioned in previously reported financial statements.

Goodwill arising from acquisitions prior to the date of transition to IFRS (1 January 2004) was maintained at the carrying amount calculated under POC, adjusted for intangible assets that do not meet the criteria of IFRS and subject to impairment tests (01.01.04: 538,678,125 euro; 31.12.04: 628,760,403 euro). The impact of these adjustments is shown in retained earnings, as specified in IFRS 1. In the case of foreign affiliated companies, goodwill was reexpressed in the functional currency of each company, retrospectively. Exchange differences arising from the translation process are shown in retained earnings (IFRS 1) (01.01.04: -206,029,653 euro; 31.12.04: -160,729,564 euro).

Tangible and intangible assets are valued at their acquisition cost, less accumulated depreciation and impairment losses. On the transition date, all tangible and intangible assets that did not meet IFRS requirements were written off against retained earnings (01.01.04: 146,566,180 euro; 31.12.04: 122,706,443 euro). Any such tangible and intangible assets recorded under POC after that date were written-back to expenses in the profit and loss account (31.12.04: 6,378,829 euro). Useful lives, previously used on consolidation under POC, were reviewed to take in account the difference in the nature of assets used in each business (with the following impact on equity, 01.01.04: -125,007,688 euro; 31.12.04: -134,006,998 euro).

Deferred costs that did not meet the requirements of IFRS were written back to retained earnings (with the following impact on equity, 01.01.04: -134,593,148 euro; 31.12.04: -106,183,565 euro), thus no longer being treated as deferred costs during the deferral period.

Interests in jointly controlled companies were consolidated for the first time using the **proportionate method**, as from the date on which joint control is acquired. In accordance with this method, the Group's share of assets, liabilities, income and expenses has been included in each accounting line in the consolidated financial statements. The excess of the acquisition cost over the fair value of identifiable assets and liabilities of jointly controlled companies, is recognised as goodwill (01.01.04: 11,420,982 euro; 31.12.04: 20,890,568 euro). The Group's share of transactions, balances and dividends distributed between these companies and Group companies is eliminated. The accounting classification of interests in jointly controlled companies is based on shareholders agreements that define the terms of joint control.

According to IFRS all companies must be included on consolidation, therefore the adjustment **inclusion of previously excluded companies** reflects the inclusion of companies that were not included under POC, mostly because they were immaterial or engaged in dissimilar activities.

Most **derivatives** used by the Sonae Group are cash flow hedges associated with loans. Current Investments and Current Borrowings include derivatives, mostly interest rate and currency swaps (note 20).

Additionally, the effect of the conversion to IFRS on the balance sheet as at 31 March 2004 can be detailed as follows:

	31.03.2004		
	POC	Transition adjustments to IFRS	IFRS
NON CURRENT ASSETS			
Tangible and intangible assets	4,549,394,308	(1,132,405,816)	3,416,988,492
Investment properties	-	1,840,568,517	1,840,568,517
Goodwill	-	360,371,075	360,371,075
Investments	522,889,068	(247,941,038)	274,948,030
Deferred Tax Assets	-	239,140,636	239,140,636
Other Non-Current Assets	60,022,279	90,204,939	150,227,218
Total Non-Current Assets	5,132,305,655	1,149,938,313	6,282,243,968
CURRENT ASSETS			
Stocks	692,641,978	(3,817,246)	688,824,732
Trade Debtors and Other Current Assets	1,388,247,456	(444,713,877)	943,533,579
Investments	190,756,146	(127,585,602)	63,170,544
Cash and Cash Equivalents	199,392,485	185,205,761	384,598,246
Total Current Assets	2,471,038,065	(390,910,964)	2,080,127,101
TOTAL ASSETS	7,603,343,720	759,027,349	8,362,371,069
EQUITY			
Share Capital	2,000,000,000	0	2,000,000,000
Own Shares	(144,537,597)	0	(144,537,597)
Reserves and Retained Earnings	(1,316,169,236)	235,681,083	(1,080,488,153)
Profit/(Loss) for the Period Attributable to the Equity Holders of Sonae	8,421,221	(5,736,839)	2,684,382
Equity Attributable to the Equity Holders of Sonae	547,714,388	229,944,244	777,658,632
Minority Interests	751,755,245	175,520,493	927,275,738
TOTAL EQUITY	1,299,469,632	405,464,737	1,704,934,370
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	2,189,054,827	246,516,798	2,435,571,625
Other Non-Current Liabilities	782,310,869	147,666,658	929,977,527
Deferred Tax Liabilities	-	338,284,851	338,284,851
Provisions	-	57,189,153	57,189,153
Total Non-Current Liabilities	2,971,365,696	789,657,460	3,761,023,156
CURRENT LIABILITIES			
Borrowings	1,061,323,905	113,120,156	1,174,444,060
Trade Creditors and Other Current Liabilities	2,120,629,912	(418,268,822)	1,702,361,091
Provisions	150,554,574	(130,946,182)	19,608,392
Total Current Liabilities	3,332,508,391	(436,094,848)	2,896,413,543
TOTAL EQUITY AND LIABILITIES	7,603,343,720	759,027,349	8,362,371,069

As at 31 March 2004, main impacts of the transition to IFRS in equity can be detailed as follows:

Adjustments to Portuguese GAAP financial statements	
Investment Properties	343,535,580
Goodwill	360,401,311
Tangible and Intangible Assets	(258,051,998)
Deferrals and Accruals	(119,428,125)
Proportionate Consolidation	163,012,961
Inclusion of previously excluded companies	(24,860,534)
Derivative instruments	(59,315,488)
Others	171,030
Total adjustments from conversion to IFRS	405,464,737

The nature of these adjustments is the same as the adjustments described for the transition date (1 January 2004) and 31 December 2004.

Main impacts on the income statements for the year ended 31 December 2004 and for the three month period ended 31 March 2004 can be detailed as follows:

	31.12.2004			31.03.2004		
	POC	Transition Adjustments to IFRS	IFRS	POC	Transition Adjustments to IFRS	IFRS
Operational Income						
Sales	5,398,949,241	(84,742,122)	5,314,207,119	1,223,642,764	(20,916,174)	1,202,726,590
Services Rendered	1,235,043,902	(84,960,457)	1,150,083,445	290,355,894	(15,929,525)	274,426,369
Value Created on Investment Properties	-	111,451,062	111,451,062	-	9,615,183	9,615,183
Other Operational Income	344,345,577	100,313,399	444,658,976	61,392,766	24,229,988	85,622,754
Total Operational Income	6,978,338,720	42,061,881	7,020,400,601	1,575,391,424	(3,000,528)	1,572,390,896
Operational Expenses						
Cost of Goods Sold and Materials Consumed	(3,658,222,905)	14,144,201	(3,644,078,704)	(818,712,706)	10,859,125	(807,853,581)
Changes in Stock of Finished Goods and Work in Progress	(8,851,856)	660,199	(8,191,657)	(10,001,703)	(2,371,355)	(12,373,058)
External Supplies and Services	(1,646,506,633)	175,505,975	(1,471,000,658)	(387,870,994)	42,735,222	(345,135,772)
Staff Costs	(826,481,369)	7,809,106	(818,672,263)	(205,511,423)	1,689,019	(203,822,404)
Depreciation and Amortisation	(382,592,797)	56,004,704	(326,588,093)	(90,827,011)	4,562,234	(86,264,777)
Provisions and Impairment Losses	(40,959,050)	22,623,769	(18,335,281)	(10,779,440)	1,282,870	(9,496,571)
Other Operational Expenses	(59,583,569)	(80,539,908)	(140,123,477)	(14,867,202)	(16,036,784)	(30,903,986)
Total operational Expenses	(6,623,198,179)	196,208,045	(6,426,990,134)	(1,538,570,480)	42,720,331	(1,495,850,148)
Operational Profit/(Loss)	355,140,541	238,269,926	593,410,467	36,820,944	39,719,803	76,540,747
Net Financial Expenses	(167,049,653)	(33,505,902)	(200,555,555)	(37,601,083)	(17,027,391)	(54,628,474)
Share of Results of Associated Undertakings	15,755,063	3,025,200	18,780,263	2,973,387	(16,964)	2,956,423
Investment Income	122,556,665	(9,578,018)	112,978,647	29,481,357	(18,382,435)	11,098,922
Profit/(Loss) before Taxation	326,402,616	198,211,206	524,613,822	31,674,605	4,293,012	35,967,617
Taxation	(56,544,690)	(52,186,547)	(108,731,237)	(8,840,977)	(9,879,011)	(18,719,988)
Profit/(Loss) after Taxation	269,857,926	146,024,659	415,882,585	22,833,628	(5,585,999)	17,247,629
Profit/(Loss) after Tax from Discontinuing Operations	-	-	-	-	-	-
Profit/(Loss) for the Period	269,857,926	146,024,659	415,882,585	22,833,628	(5,585,999)	17,247,629
Attributable to:						
Equity Holders of Sonae	192,060,205	91,460,805	283,521,010	8,421,221	(5,736,839)	2,684,382
Minority Interests	77,797,721	54,563,889	132,361,610	14,412,407	150,840	14,563,247

Main impacts of transition adjustments to International Financial Reporting Standards, on the net profit for the year ended 31 December 2004 and for the three month period ended 31 March 2004, can be detailed as follows:

	31.12.2004	31.03.2004
Investment Properties	94,435,515	8,864,861
Tangible and Intangible Assets	19,183,958	2,546,288
Deferrals and Accruals	28,732,394	8,244,288
Proportionate Consolidation	(13,880,996)	(8,609,762)
Inclusion of previously excluded companies	9,482,645	(354,494)
Derivative Instruments	(354,887)	(6,550,333)
Others	8,426,030	(9,726,847)
Total adjustments from conversion to IFRS	146,024,659	(5,585,999)

Main impacts on the statements of cash flows refer to the restatement of payments related with intangible assets, from investment activities, which, under IFRS, are not considered as such and are reclassified to operational expenses. Therefore no adjustments were made.



INDIVIDUAL FINANCIAL STATEMENTS

1ST QUARTER 2005

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

BALANCE SHEET AS AT 31 MARCH 2005 AND AS AT 31 DECEMBER 2004

(Amounts expressed in euro)

ASSETS	IFRS		LOCAL GAAP
	31.03.05	31.12.04	31.12.04
NON-CURRENT ASSETS:			
Tangible and Intangible Assets	514,690	573,614	573,615
Investments (1)	3,125,097,466	3,046,689,003	4,249,761,501
Other Non-Current Assets	733,155,174	807,328,131	13,897
Total Non-Current Assets	3,858,767,330	3,854,590,748	4,250,349,013
CURRENT ASSETS:			
Trade Debtors and Other Current Assets	106,790,016	21,741,073	22,473,892
Cash and Cash Equivalents	65,224	415,418	30,732,998
Total Current Assets	106,855,240	22,156,491	53,206,890
 TOTAL ASSETS	 <u>3,965,622,570</u>	 <u>3,876,747,239</u>	 <u>4,303,555,903</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share Capital	2,000,000,000	2,000,000,000	2,000,000,000
Own Shares	(143,984,221)	(143,984,221)	(143,984,221)
Reserves and Retained Earnings	1,227,978,534	1,131,494,011	1,558,101,937
Profit/(Loss) for the Period	19,898,581	12,724,783	12,151,572
TOTAL EQUITY	3,103,892,894	3,000,234,573	3,426,269,288
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Borrowings	281,158,914	183,691,632	184,014,369
Total Non-Current Liabilities	281,158,914	183,691,632	184,014,369
CURRENT LIABILITIES:			
Borrowings	297,584,021	402,131,441	401,729,790
Trade Creditors and Other Current Liabilities	282,986,741	290,689,593	291,542,456
Total Current Liabilities	580,570,762	692,821,034	693,272,246
 TOTAL EQUITY AND LIABILITIES	 <u>3,965,622,570</u>	 <u>3,876,747,239</u>	 <u>4,303,555,903</u>

(1) - In the International Financial Reporting Standards (IFRS) Financial Statements, Investments are carried at fair value (measured by the quoted market price or by independent valuations) whenever this is available.

The Board of Directors

INCOME STATEMENTS BY NATURE

FOR THE QUARTERS ENDED 31 MARCH 2005 AND 31 MARCH 2004

(Amounts expressed in euro)

	IFRS		LOCAL GAAP
	31.03.05	31.03.04	31.03.04
Operational Income			
Services Rendered	331,717	331,732	331,732
Other Operational Income	37,111	31,798	31,163
Total Operational Income	<u>368,828</u>	<u>363,530</u>	<u>362,895</u>
Operational Expenses			
External Supplies and Services	(546,356)	(623,588)	(623,588)
Staff Costs	(1,328,272)	(1,375,324)	(1,310,849)
Depreciation and Amortisation	(62,784)	(2,961)	(2,961)
Other Operational Expenses	(179,561)	(695,542)	(970,709)
Total Operational Expenses	<u>(2,116,973)</u>	<u>(2,697,415)</u>	<u>(2,908,107)</u>
Operational Profit/(Loss)	<u>(1,748,145)</u>	<u>(2,333,885)</u>	<u>(2,545,212)</u>
Net Financial Expenses	739,985	7,694,822	8,007,083
Investment Income	20,906,741	-	(9,342)
Profit/(Loss) before Taxation	<u>19,898,581</u>	<u>5,360,937</u>	<u>5,452,529</u>
Taxation	-	-	-
Profit/(Loss) for the Period	<u>19,898,581</u>	<u>5,360,937</u>	<u>5,452,529</u>
Profit/(Loss) per share			
Basic	0.0107	0.0029	0.0029
Diluted	<u>0.0107</u>	<u>0.0029</u>	<u>0.0029</u>

The Board of Directors

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE QUARTERS ENDED 31 MARCH 2005 AND 31 MARCH 2004

(Amounts expressed in euro)

	Share Capital	Own Shares	Reserves and Retained Earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2004	2,000,000,000	(143,984,221)	743,775,282	29,684,383	2,629,475,444
Appropriation of profit of 2003:					
Transfer to legal reserves	-	-	1,484,220	(1,484,220)	-
Dividends distributed	-	-	-	(27,987,330)	(27,987,330)
Transfer retained earnings	-	-	212,833	(212,833)	-
Purchase/(Sale) of own shares	-	-	-	-	-
Changes in reserves	-	-	186,706,648	-	186,706,648
Profit/(Loss) for the quarter ended 31 March 2004	-	-	-	5,360,937	5,360,937
Balance as at 31 March 2004	<u>2,000,000,000</u>	<u>(143,984,221)</u>	<u>932,178,983</u>	<u>5,360,937</u>	<u>2,793,555,699</u>
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 2004:					
Transfer to legal reserves	-	-	607,579	(607,579)	-
Dividends distributed	-	-	(25,772,446)	(11,543,993)	(37,316,439)
Transfer retained earnings	-	-	573,211	(573,211)	-
Purchase/(Sale) of own shares	-	-	-	-	-
Changes in reserves	-	-	121,076,179	-	121,076,179
Profit/(Loss) for the quarter ended 31 March 2005	-	-	-	19,898,581	19,898,581
Balance as at 31 March 2005	<u>2,000,000,000</u>	<u>(143,984,221)</u>	<u>1,227,978,534</u>	<u>19,898,581</u>	<u>3,103,892,894</u>

The Board of Directors

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

CASH FLOW STATEMENTS

FOR THE QUARTERS ENDED 31 MARCH 2005 AND 31 MARCH 2004

(Amounts expressed in euro)

<u>OPERATING ACTIVITIES</u>	<u>31.03.05</u>	<u>31.03.04</u>
Net cash flow from operating activities (1)	<u>(1,281,573)</u>	<u>(2,229,169)</u>
<u>INVESTMENT ACTIVITIES</u>		
Cash Receipts arising from:		
Investments	11,605	-
Tangible and intangible assets	-	100
Others	<u>172,235,864</u>	<u>209,665,411</u>
	<u>172,247,469</u>	<u>209,665,511</u>
Cash Payments arising from:		
Investments	(7,657,036)	(879,060)
Tangible and intangible assets	(3,753)	(2,279)
Others	<u>(102,858,636)</u>	<u>(285,102,887)</u>
	<u>(110,519,425)</u>	<u>(285,984,226)</u>
Net cash used in investment activities (2)	<u>61,728,044</u>	<u>(76,318,715)</u>
<u>FINANCING ACTIVITIES</u>		
Cash Receipts arising from:		
Loans obtained	<u>971,941,827</u>	<u>396,033,549</u>
	<u>971,941,827</u>	<u>396,033,549</u>
Cash Payments arising from:		
Loans obtained	(989,271,599)	(384,646,439)
Interest and similar charges	(3,800,176)	(4,971,643)
Dividends	(51)	-
Others	<u>(39,666,666)</u>	<u>-</u>
	<u>(1,032,738,492)</u>	<u>(389,618,082)</u>
Net cash used in financing activities (3)	<u>(60,796,665)</u>	<u>6,415,467</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	(350,194)	(72,132,417)
Cash and cash equivalents at the beginning of the period	<u>415,418</u>	<u>(7,973,007)</u>
Cash and cash equivalents at the end of the period	<u>65,224</u>	<u>(80,105,424)</u>

The Board of Directors