SONAE

SONAE
HALF-YEAR 2008 RESULTS
JANUARY – JUNE

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Notes:

(1) The consolidated financial information contained in this report is subject to limited review procedures and based on financial statements that have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union, for the purposes of interim financial reporting (IAS 34). The financial information regarding 2Q07, 2Q07$^{(R)}$ and 2Q08 was not subject to a limited review;

(2) In order to facilitate comparison of YTD results against the previous year, the 2Q07 and 1H07 comparative figures have been restated (2Q07^{R} and 1H07^{R}) to exclude Sonae Capital's contribution to the Sonae consolidated accounts during the 1H07, given the conclusion of the Sonae Capital demerger and consequent exclusion from the Sonae consolidation perimeter, from October 2007;

(3) Sonae sub-holding's financial figures, as reported in section 2 - Consolidated results, are reported on the basis of their contribution to the consolidated accounts;

(4) Sonae sub-holding's financial figures, as reported in section 3 – Business analysis, are reported on a stand-alone basis.

Message from Paulo Azevedo, CEO of Sonae

During 1H08, Sonae achieved a very strong growth in turnover (+23.6%) and in underlying EBITDA (+11.6%, excluding value created on investment properties). Our net earnings have been affected by impacts of the increases in capitalization yields on the valuation of our shopping centres (69.2 million euros negative impact) and resulting negative value created on investment properties y.o.y (21.7 million euros non-cash negative impact) and the increases in rates Euribor (7 million euros increase in financial expenses).

Our businesses have overcome the effects of the slowdown on consumer expenditure and continued to perform well, making us more confident that we have the right strategy to face the current challenges and to take advantage of the opportunities that a tough environment always generates. Our team is committed to achieving strong results and improve our competitive positions in our markets: our Retail business continued strengthening its leadership in the Portuguese market and started internationalizing non-food operations; our Shopping Centre business continued extending its portfolio of assets under management and increased the importance of our services divisions; and our Telecommunications business has been able to accelerate growth.

Our Retail business recorded sound results in the semester, with Turnover up by 26%, including the acceleration of organic growth rates from 10% in 1H07 to 11% in 1H08, and with EBITDA, excluding non-recurrent real estate transactions, increasing by 16%. The Company continued delivering further growth on a like-for-like basis from its existing food retail stores (+2%) and non-food stores (+2%), an impressive performance if accounting for the impact on sales of the loyalty card launch in January 2007, the current adverse economic environment and the continued increase in the retail sales area in the Portuguese retail market. Retail's internationalization process is running according to plan, with two Sportzone stores already opened in Spain, out of the four units scheduled to open until the end of 2008 and the launch of Worten in the Spanish market, with the acquisition of Boulanger's Spanish stores, specializing in household appliances and consumer electronics. It is worth mentioning the continued push for innovation, visible with the launch of new retail concepts during the semester, namely a casual footwear format, Loop.

Our Shopping Centre business posted a strong improvement in the operational performance of the portfolio partially offsetting the negative impacts of the financial and real estate crisis. Sonae Sierra's positive results at the operational level show a 4.5% like-for-like increase in fixed rents in 1H08 compared to 1H07 and good EBITDA growth (27%, excluding value created on investment properties), partially mitigating the impact of the increase in capitalization yields of the properties and higher net financial costs. Notwithstanding the current market environment, and on the same methodology basis, Sonae Sierra ended 1H08 with a Net Asset Value per share of 51.2 euros, that decreased by only 2.8% when compared to year end 2007 (-1.6%, adjusting for dividends paid). Importantly, Sonae Sierra sold an additional 18% of the Sierra Portugal Fund (SPF) (8.3% after the reporting period), valued at year end 2007 NAV value, thereby decreasing its shareholding position in the fund to approximately 42%.

Our Telecommunications business continued to successfully implement its expansion strategy, posting strong organic growth as a result of a very active semester, during which the Company implemented a number of important commercial activities to increase brand awareness, sustain market leadership in the mobile broadband market and push to gain mobile residential market share by targeting the youth segment. During 1H08, Sonaecom achieved a material growth of customer revenues, up 20.9% (8.4% on a like-for-like basis) compared to the homologous period, driven by a significant increase of both its mobile customer base (+11.5%) and wireline accesses (10.1% on a like-for-like basis), despite the competitive pressures in the Portuguese telecoms market, with all players launching very aggressive promotions and lowered price offers. The fibre investment plan announced is under way, with the mass market roll-out of the 3-play offer under fibre network planned for 2H08.

Importantly, regarding the Cash Settled Equity Swap over 6.64% of Sonae shares, closed by end 2007 the company decided that, at current market price levels, it will consider the possibility of acquiring the underlying asset at the maturity date of the transaction.

Sonae faces the current market environment with a solid balance sheet, with low liquidity risk and no significant amortizations of bank loans until second half 2010. This, together with the results achieved in the first semester gives us confidence that, notwithstanding the slowdown in Portuguese and global economic growth, Sonae's determination, capacity to innovate and ambition will allow us to continue to successfully fulfil our commitment to deliver sustainable growth and value creation. However, Group net earnings will naturally depend on the impacts of the evolution of capitalization yields for the shopping centre business and of the levels of interbank interest rates on Group financing costs.

1. Key figures

During 1H08, Sonae continued to push for profitable growth in all its units, mitigating the stronger competitive pressures in both the Retail and Telecommunications markets, the downturn cycle felt in the real estate market as well as the negative impact of the slowdown of the macroeconomic environment on consumer expenditure.

Million euros

CONSOLIDATED HIGHLIGHTS	2Q07(R)	2Q08	y.o.y	1H07(R)	1H08	y.o.y
Turnover	1,015.6	1,232.5	21.4%	1,972.2	2,436.7	23.6%
Value created on investment properties (1)	99.9	-21.7	-	102.8	-21.7	-
Operating expenses	970.9	1,207.4	24.4%	1,907.3	2,401.3	25.9%
EBITDA excl. value created on invest. prop.	119.9	133.7	11.5%	218.7	243.9	11.6%
EBITDA margin excl. value created on invest. prop (%)	11.8%	10.8%	-1pp	11.1%	10.0%	-1.1pp
EBITDA (2)	219.8	112.0	-49.0%	321.4	222.3	-30.8%
EBITDA margin (%) (3)	21.6%	9.1%	-12.6pp	16.3%	9.1%	-7.2pp
EBIT	158.6	35.4	-77.6%	199.1	78.2	-60.7%
Net income - group share (4)	89.6	12.1	-86.5%	100.4	24.2	-75.9%
CAPEX (4)	229.5	267.5	16.6%	353.1	401.2	13.6%
CAPEX as a % of Turnover	22.6%	21.7%	-0.9pp	17.9%	16.5%	-1.4pp
Net debt	2,270.3	3,138.4	38.2%	2,270.3	3,138.4	38.2%
Net debt/EBITDA (last 12 months)	3.8 x	5.3 x	1.5x	3.8 x	5.3 x	1.5x
EBITDA /interest expenses (last 12 months) (6)	5.5 x	3.6 x	-1.9x	5.5 x	3.6 x	-1.9x
Total employees	28,885	35,213	21.9%	28,885	35,213	21.9%
Corporate center	55	49	-10.9%	55	49	-10.9%

(1) Increase (decrease) in the valuation of the shopping centres proportionally consolidated; (2) EBITDA = Turnover + value created on investment properties + other revenues - impairment reversion - operating costs; (3) EBITDA margin = EBITDA / Turnover; (4) Net income attributable to Sonae shareholders; (5) Capex includes gross investments in tangible, intangible, investment properties and investments in acquisitions;(6) Interest cover; (R) Restated to exclude Sonae Capital contribution in 1H07.

- Consolidated turnover grew strongly by 23.6% to 2,436.7 million euros in 1H08, compared to 1,972.2 million euros in 1H07(R). The Retail business delivered most of the growth in turnover, with an increase in contribution of 384.4 million euros in 1H08, being able to deliver further growth on a like-for-like basis from the existing retail stores, by organically expanding its store portfolio and by successfully integrating the retail operation acquired by end of 2007.

- EBITDA excluding the impact of value created on investment properties (i.e. the increase/decrease in the market value of the shopping centres proportionally consolidated) increased 11.6%, from 218.6 million euros in 1H07(R) to 243.9 million euros in 1H08, mainly driven by a 11.3% higher contribution from the retail business, explained by the strong operational performance achieved. Total EBITDA decreased by 30.8% to 222.3 million euros in 1H08, mainly explained by lower value created on investment properties y.o.y (-21.7 million euros versus +102.8 million euros): whereas in 1H07(R) the strong compression of yields impacted positively value created on investment properties, in 1H08 the increase of the capitalization yields, although being mitigated by the good operational performance of the assets and the opening of a new shopping centre, resulted in a slightly negative value created on investment properties.

- Net income group share for the half-year amounted to 24.2 million euros, compared to 100.4 million euros in 1H07(R), mainly reflecting the increase on capitalization yields following historically low levels reached in the previous quarters, the increase in net financial costs and lower investment income.

- CAPEX increased by 48.1 million euros in 1H08 to 401.2 million euros, compared to 1H07(R), driven by the acceleration of investments in the extension of coverage and capacity of the mobile network at the Telecommunications business, and by the opening of 31 new stores by the Retail business, which increased its sales area by 15 thousand m2 in 1H08.

- Consolidated Net Debt amounted to 3,138.4 million euros, an increase of 517 million euros over year end 2007, mainly due to an increase of the Retail business net debt, reflecting its working capital seasonality and the Company's strong expansion plan in line with the targets disclosed of adding more 60,000 m2 before the end of 2008.

2. Consolidated results

2.1. Consolidated income statement

Million euros

CONSOLIDATED INCOME STATEMENT	2Q07(R)	2Q08	y.o.y	1H07(R)	1H08	y.o.y
Turnover	**1,015.6**	**1,232.5**	**21.4%**	**1,972.2**	**2,436.7**	**23.6%**
Retail	767.5	950.7	23.9%	1,490.6	1,875.0	25.8%
Shopping centres (1)	33.6	42.4	26.0%	67.7	84.7	25.1%
Telecommunications	211.4	232.9	10.2%	408.1	465.9	14.2%
Holding & others	3.1	6.5	111.6%	5.8	11.0	88.4%
Value created on investment properties (2)	**99.9**	**-21.7**	**-**	**102.8**	**-21.7**	**-**
Other revenues	75.8	108.7	43.4%	154.7	209.1	35.2%
Operating costs	**970.9**	**1,207.4**	**24.4%**	**1,907.3**	**2,401.3**	**25.9%**
COGS	590.1	739.5	25.3%	1,170.2	1,490.0	27.3%
Personnel costs	124.6	149.5	20.1%	249.8	299.7	20.0%
General & administrative expenses	242.1	300.1	24.0%	455.8	572.4	25.6%
Other operating costs	14.2	18.3	29.1%	31.6	39.1	23.9%
EBITDA excl. value created on invest. prop.	**119.9**	**133.7**	**11.5%**	**218.7**	**243.9**	**11.6%**
EBITDA margin excl. value created on invest. prop (%)	11.8%	10.8%	-1pp	11.1%	10.0%	-1.1pp
Retail	68.1	77.8	14.3%	113.8	126.7	11.3%
Shopping centres (1)	13.9	21.6	55.3%	28.6	43.9	53.4%
Telecommunications	39.7	38.1	-4.1%	79.1	73.5	-7.1%
Holding & others	-1.9	-3.9	-107.1%	-2.8	-0.2	94.5%
EBITDA (3)	**219.8**	**112.0**	**-49.0%**	**321.4**	**222.3**	**-30.8%**
EBITDA margin (%) (4)	21.6%	9.1%	-12.6pp	16.3%	9.1%	-7.2pp
Provisions and impairment losses	9.3	7.3	-22.0%	12.9	11.5	-10.6%
Depreciation & amortization	52.5	69.4	32.3%	110.4	133.1	20.6%
EBIT	**158.6**	**35.4**	**-77.6%**	**199.1**	**78.2**	**-60.7%**
Net financial results	**-24.8**	**-38.4**	**-54.4%**	**-49.8**	**-77.6**	**-55.7%**
Financial income	11.2	9.3	-16.6%	24.6	19.9	-18.9%
Financial expenses	36.0	47.7	32.4%	74.4	97.5	31.1%
Share of results of associated undertakings	0.9	-0.3	-	0.9	1.3	45.0%
Investment income (5)	29.1	2.3	-92.2%	31.1	8.2	-73.6%
EBT	**163.8**	**-0.9**	**-**	**181.3**	**10.1**	**-94.4%**
Taxes	36.2	-0.3	-	42.3	0.2	-99.6%
Net income	127.6	-0.7	-	139.0	9.9	-92.9%
Net income - group share (6)	**89.6**	**12.1**	**-86.5%**	**100.4**	**24.2**	**-75.9%**
Attributable to minority interests	38.0	-12.7	-	38.6	-14.3	-

(1) Shopping centres are proportionally consolidated; (2) Increase (decrease) in the valuation of the shopping centres proportionally consolidated (50%); (3) (2) EBITDA = Turnover + value created on investment properties + other revenues -impairment reversion - operating costs; (4) EBITDA margin = EBITDA / Turnover; (5) Capital gains (losses) with financial investments plus dividends received; (6) Net income attributable to Sonae shareholders; (R) Restated to exclude Sonae Capital contribution in 1H07.

Turnover

Consolidated turnover increased by 23.6% in 1H08 compared to 1H07(R), amounting to 2,436.7 million euros, driven by turnover growth across all the business units:

(i) 25.8% higher contribution from Retail, totalling 384.4 million euros, mainly reflecting the positive like-for-like performance achieved in the half-year (2%), the aggressive pace of organic growth over the last 12 months, with the opening of additional 63 thousand m2, and the impact of the retail stores acquired, notwithstanding the slowdown in consumer spending and the significant positive impact on sales of the loyalty card launch during the 1Q07;

(ii) 14.2% increase from Telecommunications, totalling 57.8 million euros, mainly driven by significant customer revenue growth both in the Wireline (70.6%) and Mobile areas (5.9%), more than compensating the lower level of roaming-in tariffs and the competitive pressures in the Portuguese telecoms market;

(iii) 25.1% higher contribution from Shopping Centres, totalling 17 million euros, primarily due to a 24.9% increase in rental income, reflecting new shopping centres opened and acquired, the increase in ownership of several shopping centres in Brazil and Portugal and the like-for-like fixed growth in fixed rents of 4.5% for the whole portfolio; services business posted a 24.1% increase in turnover, derived from the extension of the portfolio of shopping centres under management and the increase of the number and dimension of the projects in the pipeline.

EBITDA

EBITDA excluding value created on investment properties amounted to 243.9 million euros, 11.6% above 1H07(R), reflecting the following contributions:

(i) The Retail business increased its contribution to EBITDA by 11.3%, when compared to 1H07(R). On a recurrent basis and excluding the real estate capital gains impacting y.o.y figures, the Retail contribution to EBITDA grew by 12.9 million euros, up by 12.3% over 1H07(R), reflecting the strong expansion plan combined with a focus on productivity enhancing programmes, and the integration of the newly acquired stores;
(ii) The Shopping Centre business contribution to EBITDA, excluding value created in investment properties, grew by 15.3 million euros, up by 53% over 1H07(R), reflecting the good operational performance of the portfolio and the increase in the number of properties under management;
(iii) The Telecommunications business contribution to consolidated EBITDA decreased 5.6 million euros when compared to 1H07(R), as a result of the planned push for organic growth that drove material top line increase in the period. The planned costs associated with the business growth efforts, including the costs of commercial initiatives implemented, the increase in competitiveness in the market and the integration costs related with the acquisitions made during 2007, explain the profitability in the period.

Total EBITDA amounted to 222.3 million euros in 1H08, 30.8% below that in 1H07(R), generating a margin of 9.1% compared to a margin of 16.3% in 1H07(R). This performance is mostly explained by lower value created on investment properties at the Shopping Centres business in 1H08 compared to 1H07 (-21.7 million euros versus +102.8 million euros): whereas in 1H07(R) the strong compression of yields impacted positively value created on investment properties, in 1H08 the increase of the capitalization yields, although being mitigated by the good operational performance of the assets and the opening of a new shopping centre, resulted in slightly negative value created on investment properties.

Net financial results
Net Financial results deteriorated by 55.7% to a negative 77.6 million euros in 1H08 compared to a negative 49.8 million euros in 1H07(R), mainly reflecting: (i) a 31.1% increase in financial expenses, explained by the Group's higher average net debt in 1H08 and by the increase of the Euribor market rates (the 3 and 6 months Euribor increasing by 0.7pp and 0.6pp, respectively compared to 1H07); and (ii) a 18.9% decrease in financial income, from 24.6 million euros to 19.9 million euros. The Group's higher average net debt in 1H08, when compared to 1H07(R), is primarily explained by the financing requirements of the retail acquisition and the progress in the development pipeline of the Shopping Centre unit, accounting with 7 more projects under development when compared to 1H07.

Investment income
Investment income totalled 8.2 million euros in 1H08, mainly comprising gains related to the launch of Sierra Portugal Fund on 27 March 2008, Sonae Sierra's second investment fund comprising 8 Portuguese shopping centres and 3 projects under development, and the corresponding placement of 49.7% of the fund to reference investors (an additional 8.3% shareholding was sold after the reporting period). When compared to 1H07(R), the investment income came down by 22.9 million euros in 1H08, with the former mainly comprising capital gains resulting from the sale of Sonaecom shares.

Net income Group share
Consolidated net income group share in 1H08 decreased by 75.9% to 24.2 million euros, compared to 100.4 million euros in 1H07(R), mostly due to the slight reduction of the value of the shopping centres portfolio, higher net financial charges incurred in the period and the 20.6% higher depreciation & amortization charges, the later driven by the increased asset base resulting from store network expansion at Retail and the extension of the mobile and wireline network at Telecommunications.

Taxes for 1H08 showed a charge of only 0.2 million euros, compared to 42.3 million euros in 1H07(R), and comprised a current tax charge of 8.8 million euros and movements in deferred taxes that generated a benefit of 8.6 million euros. The latter was driven by the recognition of additional deferred tax assets at Sonae Distribuição and Sonaecom.

2.2. Consolidated balance sheet

Million euros

CONSOLIDATED BALANCE SHEET	1H07(R)	1H08	y.o.y	2007 (5)	Δ
Total Net Assets	**6,110.5**	**7,167.1**	**17.3%**	**7,041.2**	**1.8%**
Non Current Assets	4,354.9	5,822.6	33.7%	5,626.3	3.5%
Tangible and Intangible Assets	2,088.7	2,704.0	29.5%	2,579.7	4.8%
Goodwill	214.0	690.1	-	683.1	1.0%
Investment properties in operation (1)	1,592.8	1,905.2	19.6%	1,868.7	2.0%
Investment properties under development (2)	231.8	220.7	-4.8%	193.5	14.1%
Other investment	91.4	95.3	4.3%	85.6	11.3%
Deferred Tax Assets	94.7	146.8	55.1%	141.0	4.1%
Others	41.6	60.5	45.4%	74.6	-18.9%
Current Assets	1,755.5	1,344.6	-23.4%	1,415.0	-5.0%
Stocks	406.8	494.6	21.6%	471.5	4.9%
Trade Debtors	178.4	224.0	25.5%	229.1	-2.2%
Liquidity (3)	727.1	184.5	-74.6%	346.5	-46.7%
Others	443.2	441.5	-0.4%	367.9	20.0%
Total equity	**1,503.5**	**1,670.0**	**11.1%**	**1,618.0**	**3.2%**
Group Share	1,067.1	1,167.6	9.4%	1,169.7	-0.2%
Minority Interests	436.4	502.4	15.1%	448.4	12.0%
Total Liabilities	**4,607.0**	**5,497.2**	**19.3%**	**5,423.2**	**1.4%**
Non Current Liabilities	2,658.7	3,692.9	38.9%	3,597.8	2.6%
Bank Loans	995.6	1,358.3	36.4%	1,059.7	28.2%
Other Loans (4)	1,260.1	1,668.9	32.4%	1,769.4	-5.7%
Deferred Tax Liabilities	304.7	354.6	16.4%	345.1	2.8%
Provisions	47.1	74.4	58.0%	110.6	-32.7%
Others	51.2	236.8	-	313.0	-24.4%
Current Liabilities	1,948.3	1,804.3	-7.4%	1,825.4	-1.2%
Bank Loans	460.5	189.5	-58.8%	129.2	46.7%
Other Loans (4)	281.2	106.2	-62.2%	9.1	-
Trade Creditors	653.5	852.2	30.4%	990.0	-13.9%
Others	553.2	656.4	18.7%	697.1	-5.8%

(1) Value of shopping centres in operation owned by Sonae Sierra; (2) Properties under development owned by Sonae Sierra; (3) Liquidity includes cash & equivalents and current investments; (4) Other loans include bonds, leasing, derivatives and shareholder loans; (5) 2007 figures restated for the fair value allocation on the Carrefour acquisition;(R) Restated to exclude Sonae Capital contribution in 1H07.

Gross tangible and intangible assets totalled 4,411 million euros at the end of 1H08, compared to 4,173 million euros at end 2007 and cumulative depreciation and amortization totalled 1.707 million euros, compared to 1,594 million euros at end 2007. Liquidity decreased by 162 million euros to 184.5 million euros in 1H08, compared to end 2007, including the acquisition of approximately 10.3 million Sonaecom shares during the half-year period, the use of cash applications to repay debt at Sonaecom, and the 102 million euros impact from the obligations regarding the mark-to-market of the Cash Settled Equity Swap, covering a total of 132.8 million Sonae shares. Total investment properties were up 2% over that at the end of 2007, with the opening of one new asset at Sonae Sierra and the valuation gains in Brazil offsetting the 69.2 million euros reduction in the value of the shopping centres owned in Europe. Trade creditors reached 852.2 million euros, a reduction of 136.6 million euros compared to end 2007, mainly driven by the Retail business, as a result of payments to suppliers after the strong Christmas season.

Capex

Capex increased by 48.1 million euros to 401.2 million euros in 1H08, compared to 1H07(R), representing 16.5% of turnover.

Million euros

CAPEX	2Q07(R)	2Q08	y.o.y	1H07(R)	1H08	y.o.y
Total CAPEX (1)	**229.5**	**267.5**	**16.6%**	**353.1**	**401.2**	**13.6%**
Retail	36.7	78.6	114.2%	79.7	132.8	66.6%
Shopping Centres (2)	153.3	52.5	-65.7%	194.4	81.3	-58.2%
Telecommunications	40.1	126.7	-	78.7	162.1	106.0%
Holding & others	-0.6	9.7	-	0.3	25.0	-
CAPEX as a % of turnover	22.6%	21.7%	-0.9pp	17.9%	16.5%	1.4pp
EBITDA minus CAPEX	-9.7	-155.5	-	-31.6	-178.9	-

(1) Capex includes gross investments in tangible, intangible, investment properties and investments in acquisitions; (2) shopping centres proportionally consolidated; (R) Restated to exclude Sonae Capital contribution in 1H07.

The contribution to consolidated Capex from the Telecommunications business amounted to 162.1 million euros, compared to 78.7 million euros in 1H07(R), mainly comprising investments at the Mobile division, totalling 146.4 million euros (+105.8 million euros increase in 1H08 over 1H07), of which 89 million euros related to the recognition, as a license cost, of the net present value of obligations assumed under the “e-Initiatives” programme, a governmental initiative which offers laptops and discounts in broadband access to school teachers and students. The remainder Capex was geared to accelerate the extension of coverage and capacity of its 2G/3G network to improve quality of service and consolidate the leading position in the mobile broadband market. Noteworthy, the Telecommunications business also started to roll-out its announced fibre optics Next Generation Network. Retail Capex, responsible for 33.1% of the consolidated investment as at 1H08, was directed towards the Company's strong expansion plan, with the opening of 31 new stores during 1H08 with a total of 15 thousand m2, the preparation work for future openings, the refurbishment of the older store network, the development of new business concepts and the upgrading of the logistic warehouse units. Shopping Centres contribution to consolidated Capex amounted to 81.3 million euros, mainly comprising investments in development activities, now with a pipeline of 15 projects under development and an estimated investment of 1,864 million euros, scheduled to open up to the end of 2011. The 1H07[(R)] investment figure includes 97 million euros of acquisitions (Munster Arkaden, in Germany and River Plaza Mall, in Romania). Capex at the Holding reached 25 million euros when compared to 0.3 million euros at 1H07[(R)], mainly comprising the acquisition of approximately 10.3 million Sonaecom shares in the semester.

Capital structure

Million euros

CAPITAL STRUCTURE	1H07[(R)]	1H08	y.o.y	2007	Δ
Gross debt [(1)]	2,997.4	3,322.9	10.9%	2,967.4	12.0%
Net debt [(2)]	**2,270.3**	**3,138.4**	**38.2%**	**2,621.0**	**19.7%**
Retail	586.2	1,369.9	133.7%	1,072.4	27.7%
Shopping Centres [(3)]	721.9	890.2	23.3%	839.5	6.0%
Telecommunications	353.3	365.2	3.4%	307.4	18.8%
Holding & others	608.9	513.0	-15.8%	401.7	27.7%
Net debt/EBITDA (last 12 months)	3.8 x	5.3 x	1.5x	3.7 x	1.6x
EBITDA /interest expenses (last 12 months) [(4)]	5.5 x	3.6 x	-1.9x	4.9 x	-1.3x
Gross Debt/(Gross Debt+Total equity) [(5)]	66.6%	66.6%	0pp	64.7%	1.8pp

(1) Gross debt = non current borrowings + current borrowings; (2) Net debt = gross debt - liquidity; (3) Shopping Centres are proportionally consolidated; (4) Interest cover; (5) Net Gearing; (R) Restated to exclude Sonae Capital contribution in 1H07.

Consolidated net debt at the end of 1H08 stood at 3,138.4 million euros, an increase of 517.4 million euros over year end 2007, reflecting: (i) a 296.5 million euros increase in the contribution to consolidated net debt from the Retail business, in 1H08, reflecting the strong programme of organic growth and store refurbishment and the seasonal change in working capital; (ii) a 111.3 million euros higher contribution to net debt from the Holding, as a result of the payments of the obligations related to the cash settled equity swap contracted and the acquisition of Sonaecom shares; (iii) a 57.8 million euros increase in the contribution from the Telecommunications business, mainly reflecting its investment for growth and the development of its technical infrastructure; and (iv) a 50.7 million euros increase in the contribution to consolidated net debt from the Shopping Centre business, related with financing needs for the on-going development pipeline. At end of 1H08, the weighted average maturity of Sonae Group debt stood at approximately 5.3 years. The sum of cash and undrawn committed credit facilities stood at 1,200 million euros.

At the end of 1H08, net debt to EBITDA (last 12 months) reached 5.3x, reflecting the above mentioned increase in net debt registered in the semester and the lower level of EBITDA in the preceding 12 months. In 1H08, 12 months' trailing interest cover deteriorated to 3.6x, when compared to 4.9x at year end 2007, due to higher interest costs in the semester, as a result of increased market interest index rates and higher average net debt levels. The ratio of consolidated gross debt to total funds remained stable at 66.6%, only 1.8pp above that in year end 2007, reflecting the increase in gross debt that has been partially offset by an increase in total equity for the period. It should be noted that EBITDA (last 12 months) only includes one semester contribution from the retail operation acquired, while net debt for the period reflects the full payment of the acquisition price on 31 December 2007.

The majority of the gross debt as at end 1H08 attributable to the Shopping Centres business is fully and exclusively guaranteed by the assets of each project. Excluding Sonae Sierra's contribution to consolidated debt, net debt to EBITDA (last 12 months) reached 4.7x and interest cover reached 4.0x in 1H08, when compared to 3.8x and 4.5x, respectively, at year end 2007.

3. Business analysis – main highlights

3.1. Retail

During 1H08, Sonae Distribuição accomplished to achieve a solid turnover and like-for-like sales growth, despite the tough economic environment with a decrease of the consumer disposable income, and the competitive pressures in the Portuguese market, with the increased supply in the food retail market[1] surpassing the nominal rate of increase in demand[2].

OPERATING REVIEW	2Q07	2Q08	y.o.y	1H07	1H08	y.o.y
Sales growth (%)	7.7%	23.8%	16.1pp	9.9%	25.7%	15.8pp
Food	5.8%	20.3%	14.5pp	10.1%	21.7%	11.6pp
Non-Food	13.7%	14.0%	0.3pp	13.7%	18.8%	5.1pp
LFL sales growth (%)	3%	1%	-2pp	5%	2%	-3pp
Food	3%	2%	-1pp	5%	2%	-4pp
Non-Food	4%	-3%	-6pp	3%	2%	-2pp
Number of stores (EOP)	517	677	30.9%	517	677	30.9%
Food	126	176	39.7%	126	176	39.7%
Non-Food	391	501	28.1%	391	501	28.1%
Sales area ('000 m2)	565	725	28.3%	565	725	28.3%
Food	356	462	29.8%	356	462	29.8%
Non-Food	209	263	25.8%	209	263	25.8%
% Sales area owned (%)	-	74.6%	-	-	74.6%	-
Food	-	86.9%	-	-	86.9%	-
Non-Food	-	53.5%	-	-	53.5%	-
Total employees	26,108	32,293	23.7%	26,108	32,293	23.7%

Sales

Food retail registered a solid 21.7% sales growth in 1H08, compared to 1H07, despite greater competitive pressures and a challenging macroeconomic environment, and notwithstanding the significant sales benefit obtained in 1H07 from effects of the launch of the loyalty card. This performance in sales was mainly explained by: (i) the underlying 2% like-for-like growth; (ii) the accelerated expansion plan in progress, with the opening of 22 new food retail stores, totalling 21 thousand m2 of sales area, in the last 12 months; and (iii) the integration of the 12 retail stores acquired, with additional 85 thousand m2 of sales area, although no major refurbishment investments have yet been concluded.

Non-food retail sales increased by 18.8% in 1H08 against 1H07. This increase was primarily the result of: (i) an underlying 2% like-for-like growth, despite the negative like-for-like performance in the 2Q08, reflecting the slowing down of the consumer demand and the consequent postponement of purchases, as well as the impact of the early Easter when compared to 2Q07; (ii) expansion of the store network, with the opening of 97 new non-food retail stores, equal to approximately 42 thousand m2 of additional sales area, in the last 12 months; (iii) integration of the heavy bazaar from the stores acquired; and (iv) increased consumer awareness and improved operational performance of the maturing non-food formats.

Stores network

Sonae Distribuição ended 1H08 with 677 stores and fourteen brands[3], amounting to a total of 725 thousand m2 of sales area, 28.3% above the 565 thousand m2 sales area at end 1H07. Total sales area owned reached 544 thousand m2 at end 1H08, representing approximately 75% of the stores network sales area and responsible for approximately 80% of the 1H08 annualized sales. Noteworthy, and through keeping its strong focus on innovation, the Company extended its activity to two new businesses: a casual footwear brand, Loop, and a bookstore concept, Book.it, that brings together in a single area a book shop, stationery and tobacco. After the reporting period, the Company expanded its sales network by 12 new stores, reaching a total of 43 new stores in 2008, including the opening of an additional Sportzone store in Spain.

In August 2008, and falling within the planned internationalization process, Sonae Distribuição launched Worten in the Spanish market, with the acquisition of Boulanger's Spanish operation specialized in household appliances and consumer electronics, comprising 9 operating stores.

[1] Measured in m2 of sales area
[2] Measured by the trend of sales of the major market operations
[3] Modelo Bonjour is classified as Modelo since January 2008

Million euros

FINANCIAL REVIEW	2Q07	2Q08	y.o.y	1H07	1H08	y.o.y
Turnover	**769.7**	**952.9**	**23.8%**	**1,495.1**	**1,879.3**	**25.7%**
Food	551.3	663.4	20.3%	1,076.2	1,309.4	21.7%
Non-Food	216.6	246.8	14.0%	415.4	493.4	18.8%
Others & eliminations (1)	1.8	42.7	-	3.6	76.5	-
EBITDA	**67.8**	**77.8**	**14.7%**	**113.6**	**126.7**	**11.5%**
EBITDA margin (%) (2)	8.8%	8.2%	-0.6pp	7.6%	6.7%	-0.9pp
Food	52.3	64.0	22.4%	78.4	94.0	19.9%
Non-Food	12.4	13.8	11.3%	19.4	21.3	9.8%
Others & eliminations (1)	3.1	-0.1	-	15.8	11.2	-28.9%
EBIT	46.2	48.0	3.9%	71.2	69.9	-1.8%
Net financial results	-9.7	-16.9	-74.0%	-17.6	-31.4	-78.9%
Net income - group share (3)	**34.4**	**30.2**	**-12.2%**	**49.1**	**39.4**	**-19.7%**
Gross debt	906.0	1,491.0	64.6%	906.0	1,491.0	64.6%
Net debt	586.3	1,379.3	135.3%	586.3	1,379.3	135.3%
Net debt/EBITDA (last 12 months)	2.1 x	4.4 x	2.3x	2.1 x	4.4 x	2.3x
EBITDA/interest expenses (last 12 months) (4)	13.1 x	6.7 x	-6.5x	13.1 x	6.7 x	-6.5x
Gross Debt/(Gross Debt+Total equity) (5)	55.3%	64.9%	9.6pp	55.3%	64.9%	9.6pp
CAPEX	88.0	51.0	-42.0%	104.0	107.1	3.0%
EBITDA minus CAPEX	-20.2	26.8	-	9.6	19.6	103.3%

(1) Includes petrol stations and real estate rents received from galleries; (2) EBITDA margin = EBITDA / Turnover; (3) Net income attributable to Sonae Distribuição shareholders; (4) Interest cover; (5) Net gearing.

Turnover

Turnover increased by a significant 25.7% to 1,879.3 million euros, compared to 1,495.1 million euros in 1H07, mainly due to the positive underlying like-for-like growth achieved on both food and non-food based retail sales, the expanded store network over the last 12 months, driven by the ongoing investment in organic growth and the inclusion of the retail stores acquired in 2007.

In 1H08, Turnover included the revenue generated by the eight Petrol Stations acquired as part of the purchase of a retail company in 2007. On February 2008, Sonae Distribuição announced their operational transfer to GALP, which is still pending Competition authority approval.

EBITDA

EBITDA in 1H08 reached 126.7 million euros, up by 11.5% when compared to 113.6 million euros in 1H07. Two extraordinary impacts affected both 1H08 and 1H07 results: (i) a 9 million euros capital gain in 1H08, related to the sale of a Brazilian site in Florianópolis; and (ii) a 12 million euros capital gain in 1H07, generated by the sale of the real estate assets of the Albufeira and Portimão Shopping galleries in 2007. Excluding the impact of these non-recurrent capital gains, EBITDA rose by 15.9%, from 101.6 million euros in 1H07, to 117.7 million euros in 1H08, reflecting the Company's ongoing focus on containing costs and achieving productivity gains in operations. Food retail EBITDA has increased 19.9% over 1H07 to 94 million euros and Non-food retail reached an EBITDA of 21.3 million euros, up 9.8% over 1H07.

EBITDA generated a margin of 6.7%, 0.9pp down on the 7.6% margin in 1H07, mainly due to: (i) the impact on margin of the Petrol Stations acquired as part of the purchase of a retail company in 2007; (ii) the non-recurrent capital gains impacting EBITDA trends; and (iii) integration costs of the acquired stores mainly related to headcount and stocks optimization. Food retail EBITDA margin reached 7.2% in 1H08, similar to that in 1H07, and non-food retail margin amounted to 4.3%, compared to 4.7% in 1H07, a slight decrease mainly explained by: (i) an extended new store network, opened during the last two years, with a performance still below that expected on a on-going basis; (ii) the macroeconomic environment of lower consumer spending; and (iii) the marketing & sales efforts to promote sales growth.

3.2. Shopping centres

Sonae Sierra was able to optimize the operating performance of its well-located, well-designed and well-managed shopping centres, mitigating the negative economic environment prevailing in the real estate market where the Company operates, reflected in the upwards shift of the capitalization yields in Europe and, consequently, in a reduction of the estimated market value of the property. More importantly, and given the limited scope for further yield compression, the Company continued to shift focus to developments, with an increased pipeline of projects under development and the sale of 49.7% of the new Sierra Portugal Fund at year end 2007 NAV valuation.

OPERATING REVIEW	2Q07	2Q08	y.o.y	1H07	1H08	y.o.y	2007	∆
Real estate open market value (million euros) (1)	5,429.9	6,377.0	17.4%	5,429.9	6,377.0	17.4%	6,153.5	3.6%
Real estate NAV (million euros) (2)	1,595.0	1,728.8	8.4%	1,595.0	1,728.8	8.4%	1,713.2	0.9%
Sierra Investments	867.0	1,080.7	24.7%	867.0	1,080.7	24.7%	1,114.4	-3.0%
Sierra Brazil	164.0	238.0	45.1%	164.0	238.0	45.1%	201.3	18.2%
Others (3)	563.0	410.0	-27.2%	563.0	410.0	-27.2%	398.0	3.0%
NAV per share (euros)	49.0	53.2	8.5%	49.0	53.2	8.5%	52.7	0.9%
Openings & acquisitions (EOP)	3	1	-66.7%	3	1	-66.7%	8	-87.5%
Shopping centres owned/co-owned (EOP)	44	48	9.1%	44	48	9.1%	47	2.1%
GLA owned/co-owned (4)	1,730.0	1,883.6	8.9%	1,730.0	1,883.6	8.9%	1,855.4	1.5%
Occupancy rate of GLA owned (%)	96.5%	96.3%	-0.2pp	96.5%	96.3%	-0.2pp	95.5%	0.8pp
Projects under development (EOP) (5)	10	15	50.0%	10	15	50.0%	12	25.0%
Projects in planning stage (EOP) (6)	13	15	15.4%	13	15	15.4%	15	0.0%
GLA under development (thousand m2) (4)	508.0	684.9	34.8%	508.0	684.9	34.8%	473.8	44.6%
Shopping centres managed (EOP)	57	61	7.0%	57	61	7.0%	63	-3.2%
GLA under management (thousand m2) (4)	2,027.0	2,064.9	1.9%	2,027.0	2,064.9	1.9%	2,183.1	-5.4%
Total employees	756	831	9.9%	756	831	9.9%	789	5.3%

(1) Open market value = fair value of real estate in operation (100%), provided by an independent entity; equivalent to assets under management; (2) Net asset value = Open market value minus net debt minus minorities plus deferred tax liabilities; (3) Others = Projects under development in Europe + Cash; (4) Gross Lettable area in operating centres; (5) Projects in planning and construction; (6) Projects committed but not fully licensed.

New projects, openings, acquisitions and disposals

As at the end of 1H08, Sonae Sierra owned or co-owned 48 shopping centres, compared to 44 shopping centres by end 1H07, with more than 1.88 million GLA, compared to 1.73 million GLA in 1H07. Average occupancy rate remained stable, reaching 96.3% by end 1H08 versus 96.5% as of end 1H07, despite the difficult economic environment reflected in a deterioration of European consumer's confidence and disposable income. As to shopping centres managed, Sonae Sierra continued to manage properties beyond those that are owned, servicing 61 units by end of 1H08, compared to 57 in 1H07.

The Company ended the half-year with 30 new projects in the pipeline, of which 15 under development and scheduled to open until end 2011, and the remaining still uncommitted. It is noticeable the focus on the development activity area, with seven more projects in pipeline when compared to 1H07 and five new projects committed and fully licensed against the end of 2007. During the 1H08, Sonae Sierra announced the following additional projects: (i) the development of a shopping centre in Brazil, in the city of Londrina, due to be inaugurated in March 2010; (ii) the development of Parklake Plaza, one of Europe's biggest shopping centres located in Bucharest, Romania, scheduled to open in April 2011; and (iii) the development of a shopping centre in Brazil, in the city of Uberlândia, scheduled to be opened in 2010. Total projects under development amounted to an estimated investment of 1,864 million euros (Gross Lettable Area of 685 thousand m2), of which 1,173 million euros from Sonae Sierra, with the following breakdown of investment: 47.4% Romania, 11.2% Italy, 10.7% Germany, 8.9% Spain, 8.8% Brazil, 7.8% Greece and 5.3% Portugal. In the period, Sonae Sierra successfully opened Freccia Rossa, its first shopping centre development in Italy, located in the city of Brescia.

Also worth of note was the launch, in March 2008, of the Sierra Portugal Fund, a fund with a 300 million euros equity, seeded with eight shopping centres and a pipeline of three projects. By end of 1H08, the Company had placed approximately 49.7% of the Fund´s equity with international institutional investors, namely a Finnish pension fund, a Finnish mutual pension insurance company, two real estate funds managed by Schroeder Investment Management and one client of Aberdeen Property Investors. Importantly, after 30 June 2008, Sonae Sierra concluded an additional placement of the Fund, reducing its shareholding position to 42%. Additional closings are planned for 2008, through which Sonae Sierra intends to further reduce its holding.

Investment Property portfolio value

At end 1H08, the open market value of 100% of Sonae Sierra's real estate properties, as provided by an independent entity, Cushman & Wakefield, increased by 223.5 million euros to 6,377 million euros when compared to the latest valuation of 6,154 million euros as at end 2007. This increase mainly reflects three important factors: (i) valuation gains in Brazil, a market that has not been affected by the European property crisis and where average yields have compressed by 48bp when compared to end 2007; Brazil properties contributed to an increase of the property value by 110.2 million euros; (ii) recognition of a new asset valued at 180.5 million euros, with the opening of Freccia Rossa; and (iii) operational optimization of the shopping centres, reflected in a positive impact of 144 million euros, driven by the increase of estimated rents, key money, other net income and maintenance and capital expenditures.

These factors mitigated 211 million euros of losses from yield expansion on most of the European countries where Sonae Sierra operates, with the exception of Germany (maintenance of yields). When compared to end 2007, average yield in Portugal increased by 16bp, in Spain increased by 44bp and in Romania by 30bp.

The NAV at end of 1H08 of the properties attributable to Sonae Sierra was 1,729 million euros, corresponding to a value per share of 53.17 euros. To emphasize that, at end 1H08, Sonae Sierra decided to assess its NAV on the basis of the guidelines published by INREV[4], an association of which the Company is a member. On a same methodology basis, compared to year end 2007, NAV decreased by 2.8%, from 1,713 million euros to 1,665 million euros.

Million euros

FINANCIAL REVIEW	2Q07	2Q08	y.o.y	1H07	1H08	y.o.y
Turnover	**65.6**	**77.1**	**17.5%**	**128.9**	**156.8**	**21.7%**
Services Business	**12.9**	**15.8**	**22.9%**	**26.0**	**32.2**	**24.1%**
Asset management	4.7	6.6	40.9%	9.7	12.7	31.0%
Developments	2.6	2.7	6.7%	5.1	6.4	25.5%
Property management	5.6	6.5	15.4%	11.2	13.2	17.6%
Investments	49.4	60.0	21.4%	96.8	121.0	24.9%
Others & eliminations	3.3	1.3	-61.0%	6.1	3.6	-40.9%
EBITDA excl. value created on invest. Prop.	**34.5**	**42.0**	**21.9%**	**70.8**	**89.7**	**26.7%**
EBITDA margin (%) (1)	52.6%	54.5%	2pp	54.9%	57.2%	2.3pp
Services EBITDA margin (%)	62.0%	-	-	64.5%	-	-
Services Business	**8.0**	**-32.6**	**-**	**16.8**	**-18.4**	**-**
Asset management	1.9	2.8	44.8%	4.3	6.3	45.4%
Developments (2)	4.9	-36.1	-	10.0	-27.5	-
Property management	1.2	0.7	-42.7%	2.4	2.8	16.0%
Investments	43.5	48.2	10.6%	78.3	94.0	20.0%
Others & eliminations	-17.0	26.5	-	-24.3	14.1	
EBIT	34.0	41.5	21.9%	69.9	88.6	26.9%
Net financial results	-7.1	-17.6	-148.7%	-15.6	-44.2	-182.5%
Gains realized on investments (3)	0.1	2.7	-	0.1	13.6	-
Value created on investment properties (4)	182.3	-45.8	-	182.6	-47.0	-
Net income - group share (5)	**86.5**	**-1.2**	**-**	**100.5**	**17.5**	**-82.6%**
Gross debt	1,597.2	1,868.4	17.0%	1,597.2	1,868.4	17.0%
Net debt	1,341.2	1,776.9	32.5%	1,341.2	1,776.9	32.5%
Loan to Value (6)	41.8%	46.1%	4.3pp	41.8%	46.1%	4.3pp
Net debt/EBITDA (last 12 months)	9.2 x	14.6 x	5.5x	9.2 x	14.6 x	5.5x
EBITDA/interest expenses (last 12 months) (7)	1.8 x	0.9 x	-0.9x	2.4 x	1.7 x	-0.7x
Debt/(Debt+Total equity) (8)	48.8%	49.4%	0.6pp	48.8%	49.4%	0.6pp
CAPEX (9)	78.9	78.5	-0.5%	126.2	132.9	5.3%

(1) EBITDA margin = EBITDA / Turnover; (2) EBITDA Developments = EBITDA plus value created in projects; (3) Capital gains (losses) with shopping centres disposals; (4) Increase in the valuation of the shopping centres; (5) Net income attributable to Sonae Sierra shareholders; (6) Net debt / Investment properties; (7) EBITDA/interest expenses; (8) Net gearing; (9) CAPEX does not include investments in acquisitions.

Turnover

Turnover increased by 21.7% to 156.8 million euros, compared to 128.9 million euros in 1H07. Services business income amounted to 32.2 million euros, up 24.1% when compared to 26 million euros in 1H07, with main contributions coming from: (i) 31.0% higher Asset Management income, mainly driven by the extension of the portfolio of shopping centres under management and the increase in valuation for the same portfolio of centres when compared to 1H07; (ii) 25.5% higher operating income at Developments, with the increase of the number and dimension of the projects in the pipeline explaining the higher project development fees charged; and (iii) 17.6% growth in Property Management income, explained by the higher number of properties under management (Alexa, 8ª Avenida, River Plaza and El Rosal) and a higher letting services income, up 23% compared to 1H07. Sierra Investments turnover increased by 17.6% to 121 million euros, mainly explained by a 25.8% increase in rental income to 103.7 million euros, due to a combination of acquisitions (acquisition of Munster and River Plaza), increases in ownership share of two shopping centres in Portugal (50% of Arrábida Shopping and Gaia Shopping) and organic growth of the existing portfolio (opening of El Rosal); on a like-for-like basis, fixed rental income increased 4.5% compared to 1H07.

EBITDA

Sonae Sierra's EBITDA, excluding value created on investment properties, reached 89.7 million euros in 1H08, an increase of 26.7% over 1H07. EBITDA of the various Services was negative 18.4 million euros in 1H08, mainly explained by the 27.5 million euros EBITDA loss at the

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Development division, compared with an EBITDA totalling 10 million euros in 1H07. This performance is mainly explained by the reduction of the estimates of value created on several projects under development until opening and consequent cancellation of margins accrued in previous quarters. Notwithstanding this performance, and partially offsetting its impact, the Asset Management Division generated an EBITDA of 6.3 million euros, 45% above 1H07, reflecting the scale benefits from Sonae Sierra's portfolio expansion and productivity gains, and the Property Management division reached an EBITDA of 2.8 million euros, 16% above 1H07, as a result of more dynamic letting activity and the larger portfolio under management. The Investments EBITDA was 94 million euros, up 15.7 million euros compared to 1H07, driven mainly by the acquisition of new shopping centres and the organic growth of the portfolio of assets owned.

Gains realized on investments

The income from gains realized on investment properties of 13.6 million, is mainly related with the 49.7% placement of the Sierra Portugal Fund, net of set-up costs, reflecting the deferred tax liabilities related to valuation gains on investment properties, that had been accounted for in the balance sheet under the IFRS rules and not considered for pricing purposes.

Value created on Investment properties

Value created on investment properties reached a negative 47 million euros in 1H08, compared to positive 182.6 million euros in 1H07, explained by the general yield increase in Europe of the shopping centres in the portfolio (-138.3 million euros), as compared to a yield compression trend still prevailing in 1H07. This upward tendency was partially offset by a yield decrease in Brazil (+11.7 million euros), an improved performance of the Shopping centres owned and managed by Sonae Sierra (+74.9 million euros) and the gain from the opening of the Freccia Rossa centre during 1H08 (+8.7 million euros).

3.3. Telecommunications

During 1H08, Sonaecom was able to deliver a high level of growth in customers and customer revenues, despite the increased level of competition in the Portuguese telecoms market. This growth was achieved on the back of a number of important commercial initiatives, with the continuous launch of new products and services.

OPERATING REVIEW	2Q07	2Q08	y.o.y	1H07	1H08	y.o.y
Mobile						
Customers (EOP) ('000)	2,673.9	2,982.1	11.5%	2,673.9	2,982.1	11.5%
ARPU (euros) (1)	17.9	16.8	-5.9%	17.8	16.9	-5.0%
Wireline						
Total accesses (EOP) (2)	411,177	741,098	80.2%	411,177	741,098	80.2%
Direct accesses (EOP)	336,779	522,540	55.2%	336,779	522,540	55.2%
Average revenue per access - retail (3)	23.7	20.4	-13.8%	23.5	20.8	-11.1%
Media						
Average paid circulation (4)	44,282	42,167	-4.8%	42,657	42,726	0.2%
Market share of advertising (%) (5)	13.9%	13.7%	-0.2pp	14.1%	13.3%	-0.8pp
SSI						
IT service revenues / employee ('000 euros) (6)	27.8	29.7	6.7%	55.1	57.9	5.1%
Total employees	1,851	1,921	3.8%	1,851	1,921	3.8%

(1) Average revenues per user; (2) Accesses according to "revenue generator unit" criteria; (3) excluding Mass Calling services' revenues; (4) Estimated value, updated in the following quarter; (5) 2Q08= May YTD; (6) Excluding employees dedicated to equipment sales.

Customer base

Sonaecom's mobile customer base increased by 11.5% to 2,982 thousand customers at the end of 1H08, compared to 2,674 thousand customers at end of 1H07, with net additions in excess of 89 thousand in the half-year, up by 22.9% compared to 1H07, reflecting investments to support the brand, particularly in the residential segment; to improve distribution capacity; and the continuous development of Sonaecom's fixed-mobile convergent product 'Optimus Home' and wireless broadband service 'Kanguru'. The launch of "TAG" in the semester, an innovative offer aimed at the youth market, also contributed to the strong growth of the customer base.

Mobile customers generated an ARPU of 16.9 euros in 1H08, down from an ARPU of 17.8 euros in 1H07, of which 13.1 euros related to customer monthly bill and 3.8 euros related to operator revenues, which compares to 13.6 euros and 4.2 euros respectively in 1H07. This lower ARPU is mainly explained by: (i) the 11% decrease in operator revenues ARPU, due to reductions in roaming tariffs; (ii) the decrease of 3.2% in customer monthly bill, due to the lower Average Revenue per Minute, explained by the higher price pressures on voice tariffs, mainly in the SME and Corporate segments and; (iii) to the increased weight of Sonaecom's fixed-mobile convergent product within the customer base, which was not fully offset by the higher average minutes of use per customer in the period. By end of 1H08, data revenues represented 20.9% of service revenues, 4.4pp higher than in 1H07, a demonstration of the Company's leading position in wireless broadband and its success to push for a material growth of data usage through the promotion of retail sales of its mobile broadband product "Kanguru".

Sonaecom's wireline accesses reached 741 thousand at end 1H08, an increase of 80.2% compared to 1H07 and 10.1% on a like-for-like basis, excluding the impact of ONI's residential and SoHo customer base and Tele2 Portugal customers. Total direct accesses have grown to represent 70.5% of Sonaecom's wireline customer base in 1H08, compared to 81.9% in 1H07, reflecting the higher indirect customer base resulting mostly from the acquisition of Tele2 during 3Q07. Direct net additions in 1H08 were, approximately, 12 thousand, a lower level when compared to 1H07, as a result of: (i) the increased competitive pressures in the market, pressing for higher churn; (ii) the problems faced in porting numbers from the incumbent operator, leading to a significant increase in the average number of days to activate an ULL customer; (iii) the lower rate of expansion of the ULL addressable market, with the opening of only 5 new Central Offices for ULL ADSL2+ services in the semester; and (iv) the growing competition from mobile broadband services.

Million euros

FINANCIAL REVIEW	2Q07	2Q08	y.o.y	1H07	1H08	y.o.y
Turnover	**214.5**	**237.9**	**10.9%**	**413.4**	**475.6**	**15.0%**
Mobile	150.7	151.5	0.5%	293.5	303.1	3.3%
Wireline	56.7	72.4	27.7%	110.7	147.6	33.3%
Media	9.5	9.4	-0.6%	16.7	17.2	3.5%
SSI	17.8	27.4	53.9%	32.8	54.5	66.2%
Others & eliminations	-20.2	-22.9	-13.1%	-40.2	-46.8	-16.4%
Other revenues	0.7	2.8	-	2.1	4.3	109.7%
EBITDA (1)	**39.2**	**34.6**	**-11.7%**	**73.2**	**68.7**	**-6.1%**
EBITDA margin (%) (2)	18.3%	14.6%	-3.7pp	17.7%	14.4%	-3.3pp
Mobile	38.7	29.0	-25.1%	73.7	62.1	-15.7%
Wireline	0.5	1.5	180.5%	0.8	4.0	-
Media	-0.7	-0.4	50.6%	-1.9	-1.5	20.4%
SSI	1.5	2.8	87.8%	2.7	3.6	36.1%
Others & eliminations	-0.8	1.7	-	-2.0	0.4	-
EBIT	8.8	-5.9	-	6.1	-9.1	-
Net financial results	-4.1	-3.7	8.9%	-8.2	-7.9	4.2%
Net income - group share (3)	**1.3**	**-6.7**	**-**	**-4.7**	**-12.2**	**-159.5%**
Gross debt	482.6	374.3	-22.4%	482.6	374.3	-22.4%
Net debt	284.2	367.4	29.3%	284.2	367.4	29.3%
Net debt/EBITDA (last 12 months)	1.9 x	2.3 x	0.5x	1.9 x	2.3 x	0.5x
EBITDA/interest expenses (last 12 months) (4)	5.7 x	8.0 x	2.3x	5.7 x	8.0 x	2.3x
Gross Debt/(Gross Debt+Total equity) (5)	35.1%	28.9%	-6.2pp	35.1%	28.9%	-6.2pp
CAPEX	40.2	126.2	-	69.9	161.6	131.3%
Operating CAPEX (6)	27.5	35.0	27.3%	56.3	67.7	20.4%
EBITDA minus CAPEX	-1.0	-91.6	-	3.3	-92.9	-
Free Cash Flow	11.7	-25.1	-	75.0	-57.8	-

(1) EBITDA includes provisions and impairment losses; (2) EBITDA margin = EBITDA / Turnover; (3) Net income after minority interests; (4) Interest cover; (5) Net gearing; (6) Operating CAPEX excludes financial investments, provisions for sites dismantling and other non operational investments.

Turnover

Sonaecom turnover increased by 15% in 1H08 to 475.6 million euros compared to 1H07, notwithstanding the significant competitive pressures in the Portuguese telecoms market, with aggressive promotions being launched and new price points introduced in the market by all players. The main contributions to this performance came from: (i) 33.2% higher service revenues from the Wireline business (4.8% on a like-for-like basis), mainly due to the significant increase in customer revenues, up by 70.6% (13.2% on a like-for-like basis), driven by the growth in direct access revenues, up 51.0% on 1H07, and indirect access revenues, up by 151.1% to 27.4 million euros; the expected trend of reduction in indirect access customers has determined q.o.q. reductions in the corresponding revenue line; (ii) 3.9% increase in Mobile's service revenues, with the 5.9% growth of customer revenues more than offsetting the negative impact of lower roaming tariffs, and notwithstanding the increased competitiveness in the market reflected in a 5.0% decrease of the average revenue per minute; (iii) 44.1% higher service revenues from SSI, driven by the good performance of all its businesses; and (iv) the 3.5% growth in Media's service revenues, driven by higher advertising revenues.

Excluding the contributions from the businesses acquired during 2007[5], Sonaecom's turnover would have grown by 6.5%, compared to 1H07, reflecting the increase in service revenues by 5.2%, a material achievement in the current competitive market environment.

EBITDA

EBITDA reached 68.7 million euros in 1H08, generating a margin of 14.4%, compared to an EBITDA of 73.2 million euros and a margin of 17.7% in 1H07. This performance was mainly driven by strong operational results at the Wireline and SSI businesses, which were fully off-set by the increased marketing & sales costs at the Mobile division, the increased level of competition and the integration costs related with acquisitions. The Mobile business generated EBITDA of 62.1 million euros, compared to 73.7 million euros in 1H07, mainly driven by increase marketing & sales costs in the half-year and increased handset subsidies, combined with the negative impact from lower roaming tariffs. The Wireline business generated an EBITDA of 4 million euros compared to 0.8 million euros in 1H07, reflecting the scale benefits of an higher direct access customer base, achieved via organic growth, which is generating an increasingly positive contribution to profitability, and the positive contributions from the businesses acquired during 2007. EBITDA at SSI increased from 2.7 million in 1H07 to 3.7 million in 1H08, driven by higher service revenues in all its businesses and by a one-off effect related to the recognition of a 1.4 million euros gain in relation to the final closure of Tecnológica's acquisition process. Público's EBITDA was negative 1.5 million euros, a 20.4% improvement when compared to 1H07, driven by a better performance in associated product sales, up by 11.9% over 1H07, and by an increase in advertising revenues, up by 2.5% over 1H07.

4. Quarterly corporate developments

Sonae

- Sonae acquired, through a wholly owned subsidiary, additional 4.1 million Sonaecom shares, purchased at an average price of 2.24 euros per share. With this acquisition, the Company ended the 1H08 with a shareholding position of 53.3%.

Retail

- Sonae Distribuição successfully opened its first SportZone store in Spain, in the new Isla Azul shopping centre at Carabanchel, Madrid, with a space area of 2 thousand m2 and 55 employees. After the reporting period, a second SportZone store was opened in Ferrol. These openings fall within the Company's goal of internationalizing its sportswear chain. Two more Sportzone stores will be opened in Spain before the end of 2008 and between 20 and 25 stores until 2010. The estimated investment is approximately 8 million euros in 2008.

The following event, which took place after 30 June 2008 but before the approval of the half-year accounts by the Board, should be noted:

- Sonae Distribuição signed with Auchan a sale agreement of the Modelo shopping centre in Eiras and in Lagoa, and of a property located in Condeixa for which the development of a Modelo store, a Worten store and a Modalfa store had already been granted. This operation was made in respect to the commitments made by the Company following the acquisition of Carrefour Portugal, whereby a number of assets in the Coimbra and Portimão Metropolitan areas had to be sold. The assets subject to these transactions were valued at 21.7 million euros.

- Sonae Distribuição and RAR formalized an agreement to merge their travel operations, Geotur and Star, creating a new Company, with a 50% stake for each Group and a joint management team. The new company will have an aggregated turnover of approximately 230 million euros and a retail network of 75 agencies covering the Portuguese territory.

[5] In 2007, Sonaecom acquired ONI residential and SOHO customers, Tele2 Portugal, Cape Technologies, Praesidium and Tecnológica.

- Sonae Distribuição announced the acquisition of Boulanger's Spanish stores, specializing in consumer electronics, for an Enterprise Value of 25 million euros. This operation comprises the acquisition of the following: (i) nine stores in operation, in the Spanish main cities, with a total of 22 thousand m2 of sales area and a turnover above 100 million euros; (ii) a logistics warehouse; (iii) three licensed projects; and (iv) three real estate assets (from three units in operation) with a total of 12 thousand m2 of GLA.

Shopping centres

- Sonae Sierra and Caelum Development, a specialist retail developer in Eastern Europe, have established a 50:50 Joint Venture for the development of Parklake Plaza, one of Europe's biggest shopping centres, located in Bucharest, Romania, with an estimated total gross investment of 591 million euros, which is scheduled to open in April 2011.

- Sonae Sierra inaugurated "Freccia Rossa" shopping and leisure centre in Brescia, Italy, a 144 million euros investment with 119 shops on 29,7 thousand m2 GLA.

- Sonae Sierra through its subsidiary Sonae Sierra Brasil, announced the development of its 12th shopping centre in Brazil, in the city of Uberlândia. This project represents an investment of approximately 43.5 million euros and is scheduled to be opened in 2010

- Sonae Sierra concluded a closing of the Sierra Portugal Fund (SPF) of 9.7% at year end 2007 NAV, decreasing its interest in the SPF to approximately 50.3%.

The following events, which took place after 30 June 2008 but before the approval of the half-year accounts by the Board, should be noted:

- Sonae Sierra announced the development of a new shopping centre in Leiria, scheduled to be opened in the of 2010, with a Gross Lettable Area of 43,2 thousand m2 and an estimated investment of 75 million euros.

- Sonae Sierra completed a 5 year bond issue, by private placement, of 75 million euros. The bonds were unsecured and were arranged by Caixa - Banco de Investimento. The proceeds of the issue are to be used to fund Sonae Sierra's national and international plans.

- Sonae Sierra concluded an additional closing of the Sierra Portugal Fund (SPF) of 8.3% at year end 2007 NAV, decreasing its interest in the SPF to approximately 42%.

- Sonae Sierra announced a new development in Brazil, in the city of Goiania, due to be opened in 2011, with a Gross Lettable Area of 78,5 thousand m2 and an estimated investment of 123 million euros.

Telecommunications

- Anacom, the Portuguese telecoms regulator, issued a final decision in relation to Mobile Termination Rates, determining the maximum tariffs applicable from 15 July 2008. The decision envisages the introduction of asymmetric prices (20%) in mobile traffic, in favour of Optimus until 1 October 2009, date upon which prices should converge to 0.065 euros per minute.

5. Outlook

Sonae is confident of its strategy to face current challenges and on fulfilling its commitment to achieve profitable growth, despite the current economic environment and the clear slowdown of consumer demand. In the current context, guidance disclosed for 2008, although more difficult to achieve, continues to be valid. During 2H08, Group companies will continue to seek for non-organic growth opportunities arising from the current market conditions and to focus on executing on-going initiatives to deliver organic growth and efficiency gains.

Our Retail business will continue to target high organic growth rates, as a means of consolidating its leadership in the Portuguese market. Total sales area will increase by approximately 60 thousand m2 by year end 2008, including the opening of 3 new Hypermarkets Continente from the 12 retail projects acquired in 2007. Productivity gains from the integration of the 12 hypermarkets acquired in 2007 will start impacting positively margin and new non-food format openings in available space at these stores will contribute to sales performance increase. Sonae Distribuição will also continue with the internationalization plan for non-food formats, by increasing its presence in Spain, as a result of opening additional Sportzone and Worten stores, as well as looking for expansion opportunities allowing entry into other geographical areas.

Our Shopping Centres business will continue to focus on the operational optimization of the centres and on increasing the scale of the development activities. The Company will be focusing on increasing its pipeline of projects under development, as, given that yields are at historically low levels in Europe, the scope for further valuation gains is limited.

Our Telecommunications business will remain focused on organic growth by innovating and promoting mobile broadband and direct broadband services. The Company will accelerate the extension of coverage and capacity of its mobile and wireline networks and will launch its 3-play offer supported on fibre network on a wider scale.

6. Additional information

6.1. Corporate centre net costs

Million euros

HOLDING NET COSTS	2Q07	2Q08	y.o.y	1H07	1H08	y.o.y
Operating income	**0.4**	**0.6**	**46.7%**	**1.0**	**1.4**	**36.0%**
Turnover	0.4	0.6	59.7%	0.7	1.4	91.4%
Other revenues	0.0	0.0	-62.1%	0.3	0.0	-91.7%
Operating costs	**2.5**	**2.4**	**-4.4%**	**4.7**	**4.8**	**1.5%**
Staff	1.8	1.2	-29.3%	3.2	2.6	-19.7%
External Supply and Services	0.6	1.1	91.6%	1.2	2.1	71.7%
Other Operating Costs	0.1	0.0	-97.1%	0.3	0.1	-54.5%
EBITDA	**-2.1**	**-1.8**	**14.7%**	**-3.7**	**-3.4**	**8.1%**

6.2. Net debt at the holding level

Million euros

HOLDING NET DEBT	1H07	1H08	y.o.y	2007	∆
Loans obtained	**734.2**	**513.0**	**-30.1%**	**412.3**	**24.4%**
Bank debt	812.1	531.2	-34.6%	514.0	3.3%
Cash and equivalentes	-203.2	-18.2	91.0%	-101.7	82.1%
Intercompany short term loans obtained	0.0	0.0	-	0.0	-
Retail	0.0	0.0	-	0.0	-
Shopping Centres	55.9	0.0	-100.0%	0.0	-
Telecoms	69.4	0.0	-100.0%	0.0	-
Services	0.0	0.0		0.0	-
Others	0.0	0.0	-	0.0	-100.0%
Loans granted	**-139.7**	**-14.5**	**89.6%**	**-1.9**	**-**
Intercompany short term loans granted	0.0	0.0	-	0.0	-
Retail	0.0	0.0	-	0.0	-
Shopping Centres	0.0	0.0	-	0.0	-
Telecoms	0.0	0.0	-	0.0	-
Services	-142.4	0.0	100.0%	0.0	-
Others	2.7	-14.5	-	-1.9	-
Total holding net debt	**594.5**	**498.5**	**-16.2%**	**410.4**	**21.5%**

6.3. Shopping centres market yields

%

MARKET YIELDS	1H07		1H08		y.o.y		2007		∆	
	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min
Portugal	6.8%	4.9%	7.2%	5.1%	0.4pp	0.2pp	7.0%	4.9%	0.1pp	0.2pp
Brazil	10.5%	9.5%	9.3%	8.0%	-1.3pp	-1.5pp	9.5%	8.5%	-0.3pp	-0.5pp
Spain	6.9%	5.0%	7.8%	5.4%	0.9pp	0.4pp	6.9%	5.0%	0.9pp	0.4pp
Italy	6.5%	5.2%	6.4%	5.1%	-0.1pp	-0.1pp	6.2%	5.5%	0.3pp	-0.5pp
Germany (1)	5.5%	5.5%	5.5%	5.5%	0pp	0pp	5.5%	5.5%	0pp	0pp
Romania (1)	7.0%	7.0%	7.0%	7.0%	0.1pp	0.1pp	6.8%	6.8%	0.3pp	0.3pp

(1) Germany and Romania only have operating assets since 2007.

6.4. Insurance brokerage business main financial figures

Million euros

INSURANCE BROKERAGE BUSINESS (1)	2Q07	2Q08	y.o.y	1H07	1H08	y.o.y
Operating income	**2.9**	**6.1**	**111.7%**	**5.5**	**10.4**	**88.2%**
Turnover	2.9	6.1	111.4%	5.5	10.3	87.2%
Other revenues	0.0	0.0	-	0.0	0.1	-
Operating costs	**2.4**	**3.1**	**28.2%**	**4.7**	**7.1**	**52.0%**
Staff	1.0	1.3	24.6%	2.0	2.5	26.3%
External Supply and Services	1.1	1.5	35.4%	2.2	4.0	80.4%
Other Operating Costs	0.3	0.3	11.2%	0.5	0.6	27.8%
EBITDA	**0.4**	**3.0**	**-**	**0.8**	**3.3**	**-**
EBIT	**0.4**	**2.8**	**-**	**0.7**	**3.1**	**-**
Net financial results	-0.1	-0.2	-60.1%	-0.2	-0.8	-
Share of results of associated undertakings	0.4	-0.4	-	0	0	-
Investment income (2)	0.0	0	-	0	0	-
EBT	**0.6**	**2.2**	**-**	**0.7**	**3.1**	**-**

(1) Includes MDS, an insurance brokerage firm (100% owned), and Sonae RE, a reinsurance brokerage firm (100% owned); the shareholding in the reinsurance brokerage company Cooper Gay (14%) and Lazam (45%) is accounted for on a equity method; (2) Capital gains (losses) with financial investments plus dividends received.

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These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in economic conditions and the effects of competition. Forward-looking statements may be identified by words such as "believes," "expects," "anticipates," "projects," "intends," "should," "seeks," "estimates," "future" or similar expressions.

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