

MODELO CONTINENTE

**CONSOLIDATED
FINANCIAL STATEMENTS
IAS/IFRS
30 June 2006**

(Translation of financial statements originally issued in Portuguese - Note 28)

MODELO CONTINENTE, SGPS, SA
Sociedade Gestora de Participações Sociais
Head Office: R. João Mendonça, 529 - 4464-501 SENHORA DA HORA
Porto Commercial Registry Nr. 38045
Fiscal Nr. 501 532 927 - Share Capital 1,100,000,000 Euro
" sociedade com o capital aberto ao investimento do público "

Board of Directors' Report - Modelo Continente, S.G.P.S., S.A.

In accordance with Portuguese Law and the statutes of the company, we hereby present to shareholders the Report of Modelo Continente, S.G.P.S., S.A. for the six months ended 30 June 2006.

Notes

On 13 December 2005, Modelo Continente, SGPS, S.A. disposed of its entire shareholding in the Brazilian company Sonae Distribuição Brasil, S.A., thus ceasing its retail activity in the country. As a result, it is not possible to directly compare the results for 2006 with those of the previous year.

Economic and market background

During the first half of 2006, the economic climate in Portugal continued the same negative trend as that of the year 2005. Nonetheless, the six months ended with some signs of a very modest recovery of economic activity for the next few months.

The Bank of Portugal and the IMF have improved their forecasts for the Portuguese economy in 2006/2007. According to the Bank of Portugal, the latest forecasts for 2006 indicate a growth of GDP of 1.2%, and growth of private consumption of 1.3% (compared to 0.8% and 1.2% respectively in the forecasts made during the winter of 2005).

Economic recovery continues to be dependent on a number of structural imbalances, in particular the high debt levels of Portuguese households. This factor, given the current environment of rising interest rates, may dampen the growth of internal demand.

In addition, the constant external pressure from the factors and the growing competition from a number of emerging economies, underlines the difficult situation that exists at the moment.

This background will tend to increase the negative gap in growth rates between Portugal and the Euro zone, a situation already mentioned in the 2005 year end report.

The modern retail market in Portugal continued the trend that began again in 2005 of a strong increase in stores and sales area. This growth was around 6% of the installed base (measured by the change in m² of sales area), but there has been no identical increase in demand, with the result that competitive pressures have intensified.

Business Summary

The consolidated turnover of Modelo Continente for the first half of 2006 totalled 1,360 million Euro. In Portugal, where the company is now focusing its activity, turnover grew by 12% compared to the same period of last year. This positive trend was due to the following:

- a positive performance from the store network on a like for like basis;
- the organic growth that the company has achieved over the last twelve months – an additional 52 thousand m² of sales area (approximately 16 thousand m² in the first six months of 2006 and 36 thousand m² during the second half of 2005);
- taking control of the Star Travel Agency¹, contributing positively towards broadening the offer made available to customers.

On a consolidated basis, the company's turnover fell by 25% compared to the first half of 2005.

This fall is explained by the disposal of the retail activity in Brazil last December, which had contributed 589 million Euro to consolidated turnover in the same period of 2005.

In the first six months of this year, consolidated operational cash flow totalled 85 million Euro. This value, which refers solely to business activity in Portugal, compares positively with the 81 million Euro which the company generated in 2005.

On a consolidated basis, operational cash flow fell by 43 million Euro, and is explained by the disposal of the company's Brazilian operation, which took place at the end of 2005.

In addition, the operational cash flow of the Brazilian business benefited from a non recurring inflow of 29 million Euro, relating to the disposal of 10 stores located in São Paulo, Brazil.

The company ended the first half of the year with a consolidated net profit of 44 million Euro. The figure for 2006 benefited from a non recurring profit of 12 million Euro as a result of a positive adjustment at the beginning of this year to the price agreed for the sale of Sonae Distribuição Brasil, following the conclusion of the contractually agreed due diligence process.

Excluding non recurring items, consolidated net profits compare favourably with the first half of 2005, given that, as explained above, non recurring profits of 29 million Euro, resulting from the sale of 10 stores in São Paulo, Brazil, were included in the 2005 figures.

¹ Modelo Continente owns 90% of the share capital of this company since February 2006

Financial structure

At the end of June 2006, the consolidated net debt of the company amounted to 441 million Euro, a reduction of around 290 million Euro compared to the same period of last year.

Modelo Continente has thus reached a significantly lower debt level, strengthening the already high level of financial solidity that it has always had. The fall in debt levels compared to the same period of 2005 is explained by the following factors:

- the financial inflow resulting from disposal of the retail operation in Brazil;
- the continued cash inflows from its business activity in Portugal;

the total of which exceeded the investments made over the last 12 months that amounted to over 480 million Euro.

Investment Programme

Modelo Continente continued its intensive plan of store openings and refurbishments during the first six months of 2006, while also preparing to continue the programme over the coming periods. The company thus ended the first half of 2006 with 430 stores covering an area of more than 510,000 m² of sales area.

In food retail, Modelo Continente strengthened its presence in the Portuguese market, opening 3 new stores, which added around 5,000 new m² to the sales area existing at the end of 2005. The company thus increased its market share in this sector, while covering new regional markets and providing its services to an increasingly wider range of customers.

In the non food sector, the company maintained its fast rate of opening of new stores, adding around 10,000 new m² among 92 units. In line with its defined commitments and growth strategy, it continued to study the development of new business areas that so far have taken form in the launch of Worten Mobile and the Área Saúde.

The pace of the opening new stores will remain high over the next few months, in line with organic growth goals previously defined.

Corporate Governance

As communicated to the market at 5 April 2006, the Shareholders' General Meeting of 31 March 2006 elected for a mandate of four years (2006/2009) the following members for the Board of Directors:

- Eng.º Belmiro Mendes de Azevedo - Chairman
- Dr. Nuno Manuel Moniz Trigo Jordão
- Eng.º Ângelo Gabriel Ribeirinho dos Santos Paupério

- Eng.º Álvaro Carmona e Costa Portela
- Eng.º Duarte Paulo Teixeira de Azevedo

Besides the election above mentioned, no significant changes occurred during the first six months of 2006, and the guidelines concerning the Corporate Governance specified in the Board of Directors' Report of the year 2005 remain unchanged.

Outlook

Over the next few months, Modelo Continente will focus its activity on two previously defined strategic goals: growth and improving the value proposal.

To continue its growth objectives, Modelo Continente will continue to invest in increasing its presence in the Portuguese market, giving priority to locations where the company does not yet have business activity or where its presence should be strengthened.

At the same time, the company will also focus on strengthening its value proposal. This will be achieved through constant innovation both in operational procedures and in customer relations, which, as in the past, have allowed the company increasing recognition by the public and to win an increasing number of customers.

Matosinhos, 6 September 2006

The Board of Directors

Modelo Continente, S.G.P.S., S.A.**DISCLOSURE OF SHARES AND OTHER SECURITIES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND OF TRANSACTIONS DURING THE FIRST SEMESTER OF 2006 INVOLVING SHARES AND OTHER SECURITIES**

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

	Date	Acquisitions		Acquisitions		Balance as of
		Quantity	Aver. Price - Euro	Quantity	Aver. Price - Euro	30.06.2006
THE BOARD OF DIRECTORS						
Belmiro Mendes de Azevedo						
Efanor Investimentos, SGPS, SA (1)					49.999.997	
Sonae, SGPS, SA					14.901	
Ángelo Gabriel Ribeirinho dos Santos Paupério						
Sonae, SGPS, SA					4.564	
Álvaro Carmona e Costa Portela						
Sonae, SGPS, SA					25.934	
Duarte Paulo Teixeira de Azevedo						
Efanor Investimentos, SGPS, SA (1)					1	
Imparfin, SGPS, SA (3)					150.000	
Sonae, SGPS, SA					596.909	
Shares attributed under a Share Based Compensation Plan	11.05.2006	236.318	0			
Notes:						
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA					658.804.410	
Pareuro, BV (2)					20.000	
(2) Pareuro, BV						
Sonae, SGPS, SA					400.000.000	
(3) Imparfin, SGPS, SA						
Sonae, SGPS, SA					4.105.273	

Modelo Continente, S.G.P.S., S.A.

QUALIFIED PARTICIPATIONS

As required by article 9, nr. 1 d) of CMVM Regulation 04/2004, we indicate the shareholders with qualified participations at 30.June.2006:

Shareholders	Number of shares	% Voting rights
Sonae, SGPS, SA		
Sonae, SGPS, SA	831.991.399	75,64%
Sonae Investments, BV	146.625.000	13,33%
Vote rights under paragraph e), articleº 20 of the Stock Exchange Comission (CVM) (1)	100.000.000	9,09%
Total atributable	1.078.616.399	98,06%
Santander Totta, SGPS, SA		
Banco Santander Totta, SA	100.000.000	9,09%
Santander - Fundo de Pensões CPP	499.600	0,05%
Santander - Fundo de Pensões BTA	300.000	0,03%
Santander - Fundo de Pensões Santander	200.000	0,02%
Total atributable	100.999.600	9,18%

Notas:

(1) Atributable under the agreements with Santander Totta Group

MODELO CONTINENTE, S.G.P.S., S.A.

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

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 28)

ASSETS	Notes	IFRS	
		30-06-2006	31-12-2005
NON CURRENT ASSETS			
Tangible and intangible assets	7	1.365.188.770	1.220.878.083
Goodwill	8	63.980.187	47.164.598
Investments	9	58.108.586	61.888.443
Deferred tax assets	11	25.744.296	24.126.376
Other non-current assets		830.800	839.152
Total non current assets		<u>1.513.852.639</u>	<u>1.354.896.652</u>
CURRENT ASSETS			
Inventory		345.281.655	325.206.095
Other current assets	10	142.491.250	241.935.839
Investments	9	10.588.022	10.560.475
Cash and cash equivalents	12	237.584.346	563.855.996
Total current assets		<u>735.945.273</u>	<u>1.141.558.405</u>
TOTAL ASSETS		<u><u>2.249.797.912</u></u>	<u><u>2.496.455.057</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	13	1.100.000.000	1.100.000.000
Reserves and retained earnings		(308.039.502)	(467.504.160)
Net profit for the period attributable to the shareholders of Modelo Continente		42.794.315	214.122.570
Total equity attributable to the Shareholders of Modelo Continente		<u>834.754.813</u>	<u>846.618.410</u>
Minority interests		9.487.347	8.717.734
TOTAL EQUITY		<u><u>844.242.160</u></u>	<u><u>855.336.144</u></u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans	14	602.889.157	602.203.217
Other non-current liabilities	15	11.957.990	17.719.446
Deferred tax liabilities	11	37.902.535	37.487.973
Provisions	18	26.144.407	27.775.929
Total non-current liabilities		<u>678.894.089</u>	<u>685.186.565</u>
CURRENT LIABILITIES			
Loans	14	76.177.820	168.411.148
Other current liabilities	17	650.311.230	787.521.200
Provisions	18	172.613	-
Total current liabilities		<u>726.661.663</u>	<u>955.932.348</u>
TOTAL LIABILITIES		<u><u>1.405.555.752</u></u>	<u><u>1.641.118.913</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>2.249.797.912</u></u>	<u><u>2.496.455.057</u></u>

The accompanying notes are part of these financial statements

The Board of Directors

MODELO CONTINENTE, S.G.P.S., S.A.

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006 AND 2005

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 28)

	Notes	IFRS			
		30-06-2006	30-06-2005		
		TOTAL	Activities		
		Continued	Discontinued	TOTAL	
Operating income:					
Sales		1.303.771.076	1.206.292.258	587.558.820	1.793.851.078
Services rendered		56.441.124	9.375.922	1.783.089	11.159.011
Other operating income		118.959.053	117.655.769	54.301.649	171.957.418
Total operating income		<u>1.479.171.253</u>	<u>1.333.323.949</u>	<u>643.643.558</u>	<u>1.976.967.507</u>
Operating expenses:					
Cost of sales		(1.029.260.998)	(961.165.861)	(459.562.053)	(1.420.727.914)
External supplies and services		(181.047.580)	(126.289.977)	(65.397.585)	(191.687.562)
Staff costs		(165.454.041)	(145.972.776)	(54.584.640)	(200.557.416)
Depreciation and amortization	7	(39.077.222)	(34.267.766)	(11.391.674)	(45.659.440)
Provisions and impairment losses	18	(801.148)	459.572	(7.751.442)	(7.291.870)
Other operational expenses		(18.015.257)	(17.940.817)	(17.951.379)	(35.892.196)
Total operational expenses		<u>(1.433.656.246)</u>	<u>(1.285.177.625)</u>	<u>(616.638.773)</u>	<u>(1.901.816.398)</u>
Net operating profit		45.515.007	48.146.324	27.004.785	75.151.109
Financial profit/(loss)		(9.302.466)	(12.678.729)	(12.906.173)	(25.584.902)
Profit/(loss) related to associated companies		(128.827)	262.323		262.323
Profit/(loss) related to investments	22	12.465.497	(512.304)		(512.304)
Profit/(loss) before income tax		48.549.211	35.217.614	14.098.612	49.316.226
Income tax	21	(5.006.243)	(6.751.277)	620.527	(6.130.750)
Profit/(loss) after income tax		43.542.968	28.466.337	14.719.139	43.185.476
Consolidated profit/(loss) for the period		<u>43.542.968</u>	<u>28.466.337</u>	<u>14.719.139</u>	<u>43.185.476</u>
Attributable to:					
Equity holders of Modelo Continente		42.794.315	28.069.538	14.719.139	42.788.677
Minority interests		748.653	396.799		396.799
Profit/(loss) per share (basic and diluted)	23	0,04	0,03	0,01	0,04

The accompanying notes are part of these financial statements

The Board of Directors

MODELO CONTINENTE, S.G.P.S., S.A.

CONSOLIDATED INCOME STATEMENT BY NATURE

FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2006 AND 2005

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 28)

	IFRS			
	2nd Quarter 2006 ¹	2nd Quarter 2005 ¹		TOTAL
		Activities		
TOTAL	Continued	Discontinued	TOTAL	
Operating income:				
Sales	678.856.330	619.842.789	301.680.755	921.523.544
Services rendered	35.487.105	4.682.222	936.908	5.619.130
Other operating income	58.734.567	57.128.552	44.941.066	102.069.618
Total operating income	773.078.002	681.653.563	347.558.729	1.029.212.292
Operating expenses:				
Cost of sales	(528.191.932)	(490.117.032)	(234.734.198)	(724.851.230)
External supplies and services	(101.849.466)	(63.647.778)	(35.490.442)	(99.138.220)
Staff costs	(82.197.989)	(73.676.659)	(29.402.006)	(103.078.665)
Depreciation and amortization	(19.758.773)	(17.328.712)	(6.139.573)	(23.468.285)
Provisions and impairment losses	(671.810)	(956.144)	(6.942.181)	(7.898.325)
Other operational expenses	(10.221.000)	(8.073.673)	(12.607.155)	(20.680.828)
Total operational expenses	(742.890.970)	(653.799.999)	(325.315.554)	(979.115.553)
Net operating profit/(loss)	30.187.032	27.853.564	22.243.175	50.096.739
Financial profit/(loss)	(5.193.594)	(6.543.611)	(6.104.306)	(12.647.917)
Profit/(loss) related to associated companies	15.343	386.489	-	386.489
Profit/(loss) related to investments	(84.608)	(512.304)	-	(512.304)
Profit/(loss) before income tax	24.924.173	21.184.138	16.138.869	37.323.007
Income tax	(2.185.995)	(4.957.896)	769.367	(4.188.529)
Profit/(loss) after income tax	22.738.178	16.226.242	16.908.236	33.134.478
Consolidated profit/(loss) for the three month period	22.738.178	16.226.242	16.908.236	33.134.478
Attributable to:				
Equity holders of Modelo Continente	22.225.981	16.072.666	16.908.236	32.980.902
Minority interests	512.197	153.576	-	153.576
Profit/(loss) per share (basic and diluted)	0,02	0,01	0,02	0,03

1) Prepared in accordance with International Financial Reporting Standards (IAS/IFRS) but not subject to limited review by external auditors

The accompanying notes are part of these financial statements

The Board of Directors

MODELO CONTINENTE, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006 AND 2005

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 28)

	Attributable to Shareholders of Parent Company					Net profit/(loss)	Total	Minority interests	Total Equity
	Share capital	Statutory reserves	Conversion reserves	Hedging reserves	Others reserves and retain earnings				
Balance at 1 January 2005	1.100.000.000	86.000.000	8.384.886	907.257	(672.289.083)	119.088.499	642.091.559	7.331.008	649.422.567
Appropriation of consolidated profit of 2004:									
Transfer to legal reserves and retained earnings	-	4.200.000			114.888.499	(119.088.499)	-	-	-
Changes in reserves									
Generated in current year	-	-	114.264.570	(2.554.014)	-	-	111.710.556	-	111.710.556
Others	-	-	-	-	418.539	-	418.539	(191)	418.348
Net consolidated profit (loss) for the six month period ending 30 June 2005	-	-	-	-	-	42.788.677	42.788.677	396.799	43.185.476
Balance at 30 June 2005	1.100.000.000	90.200.000	122.649.456	(1.646.757)	(556.982.045)	42.788.677	797.009.331	7.727.616	804.736.947
Balance at 1 January 2006	1.100.000.000	90.200.000	125.389		(557.829.549)	214.122.570	846.618.410	8.717.734	855.336.144
Appropriation of consolidated profit of 2005:									
Transfer to legal reserves and retained earnings	-	-	-	-	214.122.570	(214.122.570)	-	-	-
Distributed dividends	-	-	-	-	(55.000.000)	-	(55.000.000)	-	(55.000.000)
Changes in reserves									
Generated in current year	-	-	359.170	-	-	-	359.170	-	359.170
Acquisition of subsidiaries	-	-	-	-	-	-	-	20.960	20.960
Others	-	-	-	-	(27.083)	-	(27.083)	-	(27.083)
Net consolidated profit (loss) for the six month period ending 30 June 2006	-	-	-	-	-	42.794.315	42.794.315	748.653	43.542.968
Balance at 30 June 2006	1.100.000.000	90.200.000	484.559	-	(398.734.062)	42.794.315	834.744.812	9.487.347	844.232.159

The accompanying notes are part of these financial statements

The Board of Directors

MODELO CONTINENTE, S.G.P.S., S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006 AND 2005
(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 28)

	Notes	30-06-2005		Total
		30-06-2006	Activities	
		Continued	Discontinued	
OPERATING ACTIVITIES				
Net cash flow from operating activities (1)		(51.081.680)	(147.473.366)	28.741.386
INVESTING ACTIVITIES				
Cash receipts related to:				
Investments		28.086.119	(223.142)	30.319
Tangible and intangible assets		508.750	11.257.496	50.436.797
Interest and similar income		3.055.756	3.665.415	4.912.436
Dividends		162.169	141	-
Loans granted		13.976.000	-	-
		45.788.794	14.699.910	55.379.552
Cash payments related to:				
Investments		(33.278.770)	(22.682.756)	6.414.395
Tangible and intangible assets		(110.056.587)	(65.985.687)	(35.516.029)
Loans granted		(3.257)	-	-
		(143.338.614)	(88.668.443)	(29.101.634)
Net cash used in investing activities (2)		(97.549.820)	(73.968.533)	26.277.918
FINANCING ACTIVITIES				
Cash receipts related to:				
Loans obtained		609.000.392	405.316.553	132.921.278
Share capital increase in group companies		16.000	-	-
		609.016.392	405.316.553	132.921.278
Cash payments related to:				
Loans obtained		(720.173.296)	(371.279.266)	(164.188.723)
Interest and similar charges		(13.976.768)	(15.220.531)	(17.523.652)
Dividends		(54.999.980)	(74)	-
		(789.150.044)	(386.499.871)	(181.712.375)
Net cash used in financing activities (3)		(180.133.652)	18.816.682	(48.791.097)
Net increase/(decrease) in cash and cash equivalents (4)=(1)+(2)+(3)		(328.765.152)	(202.625.217)	6.228.207
Effect of foreign exchange rate		78.154	(58.337)	(8.765.149)
Cash and cash equivalents at the beginning of the period	12	(560.773.649)	(226.754.010)	(28.955.309)
Cash and cash equivalents at the end of the period	12	231.930.343	24.187.130	43.948.665

The accompanying notes are part of these financial statements

The Board of Directors

MODELO CONTINENTE, SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese – Note 28)

1. INTRODUCTION

MODELO CONTINENTE, SGPS, S.A. (“the Company” or “Modelo Continente”), with head-office in Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Portugal, is the Parent-company of a group of companies, as detailed in Notes 4 and 5 (“Modelo Continente Group”).

2. BASIS OF PRESENTATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATION

The subsidiaries, its head offices and percentage of capital held as of 30 June 2006 and 31 December 2005 are as follows:

Company	Head Office	Percentage of Capital held 30.06.06		Percentage of Capital held 31.12.05	
		Direct	Total	Direct	Total
Parent Company					
Modelo Continente SGPS, S. A.	Matosinhos				
Modelo Continente					
Best Offer – Prestação de Informações pela Internet, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
b) Bertimóvel - Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%		
Bikini, Portal de Mulheres, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Cacetinho – Comércio Retalhista e Expl. Centros Comerciais, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Canasta – Empreendimentos Imobiliários, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Carnes do Continente – Industria e Distribuição Carnes, S.A.	Santarém	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Contibomba - Comércio e Distribuição de Combustíveis, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, S.A.	Castelo Paiva	100.00%	100.00%	100.00%	100.00%
Difusão - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Distrifin - Comercio y Prestacion de Servicios, S.A.	Madrid(Spain)	100.00%	100.00%	100.00%	100.00%
Efanor – Design e Serviços, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Efanor - Industria de Fios, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
a) Equador & Mendes - Agencia de Viagens e Turismo, Lda	Lisbon	75.00%	67.50%	-	-
Estevão Neves - Hipermercados da Madeira, S.A.	Madeira	100.00%	100.00%	100.00%	100.00%
a) Exit - Travel - Agencia de Viagens e Turismo On Line, S.A.	Maia	100.00%	90.00%	-	-

Company	Head Office	Percentage of Capital held 30.06.06		Percentage of Capital held 31.12.05	
		Direct	Total	Direct	Total
Fozimo - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Fozmassimo – Comércio e Indústria de Produtos Alimentares, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Fundo Fechado de Investimento Imobiliário Efisa Imobiliário	Lisbon	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Imosonae Dois	Maia	100.00%	100.00%	99.98%	99.98%
Global S Hipermercado, Lda.	Matosinhos	100.00%	100.00%	100.00%	100.00%
IGI – Investimento Imobiliário, S.A.	Porto	100.00%	100.00%	100.00%	100.00%
Igimo – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Imoconti – Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro – Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoponte – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Imoresultado – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema – Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Informeios - Projectos e Representações, S.A.	Lisbon	100.00%	100.00%	100.00%	100.00%
Infofield – Informática, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Inventory - Acessórios de Casa, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Marcas MC, zRT	Budapest	100.00%	100.00%	100.00%	100.00%
Maxoffice – Artigos e Serviços para Escritório, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
MJLF-Empreendimentos Imobiliários, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Modelo - Distribuição de Materiais de Construção, S.A.	Maia	50.00%	50.00%	50.00%	50.00%
Modis Internacional Trade, S.A.	Madrid(Spain)	100.00%	100.00%	100.00%	100.00%
Modalfa – Comércio e Serviços, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Modelo.Com - Vendas por Correspondência, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Modelo – Sociedade Gestora de Participações Sociais, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Modelo Continente Hipermercados, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Modelo Continente – Operações de Retalho, S.G.P.S., S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Modelo Hiper Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
c) Modelo Investimentos Brasil, S.A.	São Paulo(Brazil)	100.00%	100.00%	100.00%	100.00%
Modis - Distribuição Centralizada, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
a) Nova Equador Internacional - Agencia de Viagens e Turismo, Lda	Lisbon	75.00%	67.50%	-	-
Ok Bazar - Comércio Geral, S.A.	Ermesinde	100.00%	100.00%	100.00%	100.00%
Predicomercial – Promoção Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Peixes do Continente-Indústria e Distribuição de Peixes, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Pinto Ribeiro – Supermercados, S.A.	Viana do Castelo	100.00%	100.00%	100.00%	100.00%
Selifa - Sociedade de Empreendimentos Imobiliários de Fafe, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Sempre à Mão - Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Sesagest – Projectos e Gestão Imobiliária, S.A.	Porto	100.00%	100.00%	100.00%	100.00%
Sociloures – Sociedade Imobiliária, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Socijofra – Sociedade Imobiliária, S.A.	Gondomar	100.00%	100.00%	100.00%	100.00%
Softorin, B.V.	Amsterdam(Holland)	100.00%	100.00%	100.00%	100.00%
c) Sonae Capital Brasil, Ltda	São Paulo(Brazil)	100.00%	100.00%	-	-
d) SM Empreendimentos Imobiliários, Ltda	Porto Alegre(Brazil)	100.00%	100.00%	100.00%	100.00%
Sonae Retalho España – Servicios Generales, S.A.	Madrid(Spain)	100.00%	100.00%	100.00%	100.00%
Sondis Imobiliária, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Sontária - Empreendimentos Imobiliários, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
Sonvecap, B.V.	Amsterdam(Holland)	100.00%	100.00%	100.00%	100.00%
Sport Zone – Comércio de Artigos de Desporto, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
SRE - Projectos e Consultadoria, S.A.	Maia	100.00%	100.00%	100.00%	100.00%
a) Star-Viagens e Turismo, S.A.	Lisbon	90.00%	90.00%	50.00%	50.00%
Tlantic Sistemas de Informação, Ltda	Porto Alegre(Brazil)	100.00%	100.00%	100.00%	100.00%
Todos os Dias – Comércio Ret. E Explor.Centros Comerciais, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%
Worten – Equipamentos para o Lar, S.A.	Matosinhos	100.00%	100.00%	100.00%	100.00%

These subsidiaries were included in the consolidated financial statements by the full consolidation method.

- a) On 31 January 2006 the group purchased an additional 40% of the share capital of Star – Viagens e Turismo, S.A. and therefore the full consolidation method was adopted for the company and its subsidiaries (equity method on December 2005)
- b) Subsidiary purchased on 26 May 2006
- c) Subsidiary Modelo Investimentos Brasil, Ltda, was incorporated by merger in Sonae Capital Brasil, Ltda. on 31 March 2006.
- d) Former Sonae Medicamentos, Ltda

5. INVESTMENTS IN ASSOCIATED COMPANIES

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

Company	Head Office	Percentage of Capital held		Percentage of Capital held		Carrying amount	
		30.06.06		31.12.05		30.06.06	31.12.05
		Direct	Total	Direct	Total		
a) Star - Viagens e Turismo, S.A.	Porto	-	-	50,00%	50,00%	-	7.478.262
b) Mundo Vip-Operadores Turísticos, S.A.	Lisboa	33,33%	33,33%	-	-	2.772.825	-
Sonaegest-Soc. Gestora de Fundos de Investimento,S.A.	Maia	40,00%	40,00%	40,00%	40,00%	555.350	554.402
Sempre a Postos-Produtos Alimentares e Utilidades, S.A.	Lisboa	25,00%	25,00%	25,00%	25,00%	4.396	48.097
						3.332.571	8.080.761

Associated companies were included in the consolidation under the equity method.

- a) As a result of the additional purchase of 40% of this company's share capital, the company became a subsidiary of the Group.
- b) Associated company acquired on 31 January 2006.

6. CHANGES IN CONSOLIDATION PERIMETER

The main purchases and disposals of companies over the six month period ending on 30 June 2006 were as follows:

Purchases

Company	Head Office	Percentage of Capital held		Percentage of Capital held	
		30.06.06		31.12.05	
		Direct	Total	Direct	Total
Bertimóvel-Sociedade Imobiliária, S.A.	Matosinhos	100,00%	100,00%	-	-
Equador & Mendes-Agencia de Viagens e Turismo, Lda	Lisboa	75,00%	67,50%	50,00%	37,50%
Exit-Travel-Agencia de Viagens e Turismo On Line, S.A.	Maia	100,00%	90,00%	50,00%	25,00%
Nova Equador Internacional-Agencia de Viagens e Turismo, Lda	Lisboa	75,00%	67,50%	50,00%	37,50%
Star-Viagens e Turismo, S.A.	Maia	90,00%	90,00%	50,00%	50,00%

Effect of purchases and disposals

The purchases referred to above had the following impact upon the consolidated financial statements as at 30 June 2006:

	Acquisition date	30.06.06
	Book Value	Book Value
Net assets purchased		
Tangible and intangible assets	17.891.538	19.109.910
Other current assets	18.170.445	19.140.395
Cash and cash equivalents	737.907	1.495.029
Deferred taxes	1.035.918	1.066.460
Loans	(1.277.895)	(831.329)
Other liabilities	(39.636.320)	(43.248.863)
	<u>(3.078.407)</u>	<u>(3.268.398)</u>
Goodwill (Note 8)	9.337.327	
Minority interests	11.809	
Provision recorded in previous years for accumulated losses on associated companies	775.929	
Purchase price	<u>7.046.658</u>	
Net cash-flow outcoming from purchase		
Payments made	7.046.658	
Cash and cash equivalents purchased	(737.907)	
	<u>6.308.751</u>	

The impact of the purchase referred to above (reported on 31 January 2006) on the consolidated income statement was made up as follows:

Operating income	50,023,487
Operating costs	(50,100,872)
Financial profit	<u>(176,237)</u>
Net profit before tax	<u>(253,622)</u>
Income tax	<u>(47,633)</u>
Net profit for the period	<u>(205,989)</u>

7. TANGIBLE AND INTANGIBLE ASSETS

During the six month period ending 30 June 2006, movements in tangible and intangible assets as well as depreciations and accumulated impairment losses, were made up as follows:

Tangible assets

	Land and buildings	Machinery and equipment	Transport equipment	Office equipment	Tools and utensils	Reusable containers	Other tangible assets	Tangible assets in progress a)	Advances on account of tangible assets b)	Total
Gross assets:										
Opening balance	978.230.779	405.610.342	14.117.345	89.651.881	5.710.422	80.429	1.950.524	38.286.374	5.848.553	1.539.486.649
Changes in consolidation perimeter	10.867.929	1.606.960	-	2.103.400	92.475	-	87.713	1.467.690	887.860	17.114.027
Capital expenditure	11.883.165	274.952	37.358	2.994.772	6.896	-	-	64.397.334	5.785.119	85.379.596
Disposals	-	(1.885.707)	(343.364)	(578.853)	(8.753)	-	-	(990)	-	(2.817.667)
Foreign exchange rate effect	(93.273)	(3.966)	(299)	(7.335)	-	-	20	(18.759)	-	(123.612)
Transfers	17.634.541	38.746.915	462.400	185.893	1.075.577	-	(2.101)	(62.740.294)	(1.644.162)	(6.281.231)
Closing balance	<u>1.018.523.141</u>	<u>444.349.496</u>	<u>14.273.440</u>	<u>94.349.758</u>	<u>6.876.617</u>	<u>80.429</u>	<u>2.036.156</u>	<u>41.391.355</u>	<u>10.877.370</u>	<u>1.632.757.762</u>
Accumulated depreciations, amortizations and impairment losses										
Opening balance	111.186.506	198.616.711	11.511.048	53.769.753	3.401.061	80.429	1.758.334	-	-	380.323.842
Changes in consolidation perimeter	479.243	438.036	-	1.156.155	8.514	-	56.986	-	-	2.138.934
Depreciations for the period	8.352.393	19.245.104	463.823	5.130.347	532.635	-	22.329	-	-	33.746.631
Disposals	-	(1.350.365)	(302.746)	(428.440)	(8.659)	-	-	-	-	(2.090.210)
Foreign exchange rate effect	(7.307)	(1.818)	(140)	(1.384)	-	-	-	-	-	(10.649)
Transfers	(121.899)	(1.202.172)	(396)	(2.235.841)	8.494	-	2	-	-	(3.551.812)
Closing balance	<u>119.888.936</u>	<u>215.745.496</u>	<u>11.671.589</u>	<u>57.390.590</u>	<u>3.942.045</u>	<u>80.429</u>	<u>1.837.651</u>	<u>-</u>	<u>-</u>	<u>410.556.736</u>
Carrying amount	<u>898.634.205</u>	<u>228.604.000</u>	<u>2.601.851</u>	<u>36.959.168</u>	<u>2.934.572</u>	<u>-</u>	<u>198.505</u>	<u>41.391.355</u>	<u>10.877.370</u>	<u>1.222.201.026</u>

Intangible assets

	Development costs	Industrial property and other rights	Software	Premiums paid for property occupations right	Intangible assets in progress a)	Advances on account of intangible asset:	Total
Gross assets:							
Opening balance	369.198	3.930.825	86.413.655	11.679.303	7.374.640		109.767.621
Changes in consolidation perimeter		26.400	1.498.648	3.051.103	626.982		5.203.133
Capital expenditure		75.061.008	44.145		8.220.269	469.500	83.794.922
Disposals							-
Foreign exchange rate effect			(2.421)				(2.421)
Transfers		1.765.575	268.291	(871.700)	(1.311.108)		(148.942)
Closing balance	369.198	80.783.808	88.222.318	13.858.706	14.910.783	469.500	198.614.313
Accumulated depreciations, amortizations and impairment losses							
Opening balance	71.896	1.813.564	35.776.724	10.390.161			48.052.345
Changes in consolidation perimeter		19.670	797.700	1.469.318			2.286.688
Depreciations for the period	36.920	369.114	4.410.111	514.444			5.330.589
Disposals							-
Foreign exchange rate effect			(214)				(214)
Transfers		584.955	(572.742)	(55.052)			(42.839)
Closing balance	108.816	2.787.303	40.411.579	12.318.871	-	-	55.626.569
Carrying amount	260.382	77.996.505	47.810.739	1.539.835	14.910.783	469.500	142.987.744

- a) The most significant amounts included in the caption "Tangible and intangible assets in progress" correspond to the following projects:

	30.06.06	31.12.05
Remodelling and expansion of stores in Portugal	38,568,650	33,637,911
New projects in Portugal	14,519,778	9,948,271
	<u>53,088,428</u>	<u>43,586,182</u>

- b) The most significant amounts included under the caption "Advances on account of tangible assets" refer to prepayments made related to Modelo's stores projects.
- c) During the first semester of 2006, the Group purchased from Sonae, SGPS, S.A. a joint of commercial brands, including Continente's brand, for the total amount of 75,000,000 Euros.

This joint of brands was classified as intangible assets with indefinite useful life, which is not being amortized, but subjected to impairment tests at least once a year.

8. GOODWILL

Over the six month period ending 30 June 2006 and 2005, movements in goodwill, as well as in the corresponding impairment losses, were as follows:

	30.06.06	30.06.05
Gross value		
Opening balance	47,164,598	265,293,994
New companies in the consolidation perimeter (Note 6)	9,337,327	2,210,490
Transfers (Note 9)	7,478,262	-
Foreign exchange rate effect	-	58,852,153
Closing balance	<u>63,980,187</u>	<u>326,356,637</u>

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

The amount referred as "Transfers" is entirely related to goodwill of the subsidiary Star - Viagens e Turismo, S.A, which were recorded in 31 December 2005, as "Investments in associated companies" (note 9) and were transferred to this caption, as a result of the acquisition of an additional 40% share capital of that company (note 6).

9. INVESTMENTS

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

	30.06.06		30.06.05	
	Non current	Current	Non current	Current
<u>Investments in associated companies</u>				
Opening balance at 1 January	8.080.761	-	40.590.323	-
Purchases over the six month period	2.858.899	-	6.397.309	-
Disposals over the six month period	-	-	(31.899.205)	-
Transfers (note 8)	(7.478.262)	-	-	-
Equity method effect	(128.827)	-	365.202	-
Closing balance at 30 June	3.332.571	-	15.453.629	-
<u>Other financial investments</u>				
Opening balance at 1 January	54.278.095	10.500.000	1.224.596	-
Purchases over the six month period	11.815.368	-	-	-
Disposals over the six month period	(11.470.030)	-	-	-
Increase/(decrease) in fair value	-	207.286	-	-
Foreign exchange rate effect	(10.690)	(146.498)	-	-
Closing balance at 30 June	54.612.743	10.560.788	1.224.596	-
Accumulate impairment losses (note 18)	(496.728)	-	(470.413)	-
	54.116.015	10.560.788	754.183	-
<u>Derivative financial instruments</u>				
Opening balance at 1 January	-	60.475	-	87.325.645
Purchases over the six month period	-	6.814	-	-
Disposals over the six month period	-	(60.475)	-	-
Increase/(decrease) in fair value	-	20.420	-	(17.262.958)
Closing balance at 30 June	-	27.234	-	70.062.687
<u>Advances on financial investments</u>				
Opening balance at 1 January	-	-	7.760.486	-
Purchases over the six month period	660.000	-	(8.005.445)	-
Foreign exchange rate effect	-	-	560.959	-
Closing balance at 30 June	660.000	-	316.000	-
	58.108.586	10.588.022	16.523.812	70.062.687

The detail of the other financial investments is made up as follow:

a) 1,304,411 Euro, relates mainly to companies shares. The investment in non-listed shares and whose fair value was not estimated because it was not reliably measured, is maintained as acquisition cost, deducted of eventual impairment losses. The shares of listed companies are recorded by their fair value.

b) 63,869,120 Euro relates to deposit amounts on an Escrow Account and that are invested in Participation Units of a high rating investment fund. That amount is classified in current asset (10,560,788 Euro) and non-current asset (53,308,332 Euro) in accordance with the time maturity of the guarantee rendered.

10. OTHER CURRENT ASSETS

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

	<u>30.06.06</u>	<u>31.12.05</u>
Trade accounts receivable	38,055,145	28,760,170
Taxes recoverable	42,392,129	37,793,072
Other debtors	65,369,716	85,310,181
Advances to fix suppliers	199,255	75,201,741
Other loans conceded (Note 20)		21,018,647
Other current assets	<u>18,865,950</u>	<u>10,661,819</u>
	164,882,195	258,745,630
Accumulated impairment losses (Note 18)	<u>(22,390,945)</u>	<u>(16,809,791)</u>
	<u><u>142,491,250</u></u>	<u><u>241,935,839</u></u>

The caption "Other debtors" is essentially composed by receivables related with: (i) the sale of the Brazilian subsidiaries amounting to 4,418,261 Euro (Note 17) (8,850,000 Euro as at 31 December 2005); (ii) suppliers' accounts receivable amounting to 31,268,462 Euro (28,107,111 Euro as at 31 December 2005); (iii) the amount of 14,576,053 Euro (equal on 31 December 2005) related to the Special Regime for the Settlement of Debts to the Tax Authorities and Social Security refers to taxes paid subject to appeal, the outcome of which the Board of Directors believes will be favourable to the Company; (iv) VAT recoverable from real estate assets amounting to 8,154,788 Euro (8,572,458 Euro as at 31 December 2005).

The caption "Other current assets" is essentially made of interests receivable amounting to 1,094,498 Euro (252,324 Euro as at 31 December 2005); commercial bonus receivable from suppliers amounting to 5,434,038 Euro (3,055,670 Euro as at 31 December 2005); prepayments of advertising amounting to 1,415,011 Euro (120,285 Euro as at 31 December 2005); prepaid rents amounting to 3,906,908 Euro (2,707,938 Euro as at 31 December 2005) and insurance amounting to 2,157,239 Euro (1,038,293 Euro as at 31 December 2005).

11. DEFERRED TAX

Deferred tax assets and liabilities as at 30 June 2006 and 31 December 2005 can be detailed, taking into consideration its temporary differences, as follows:

	<u>Deferred tax assets</u>		<u>Deferred tax liabilities</u>	
	<u>30.06.06</u>	<u>31.12.05</u>	<u>30.06.06</u>	<u>31.12.05</u>
Diference between fair value and purchase cost	-	-	1.588.037	1.588.037
Harmonization adjustments (amortizations and depreciations)	204.795	252.939	29.622.611	29.115.608
Provisions and impairment losses not accepted for tax purposes	3.092.667	2.925.739	-	-
Write off of fixed assets	11.055.659	11.100.684	-	-
Write off of deferred costs	28.227	37.385	-	-
Valuation of financial derivatives	17.730	47.738	6.676	16.631
Reinvestment of capital gains			3.686.095	3.726.929
Revaluation of tangible fixed assets			2.999.116	3.040.768
Tax losses carried forward	11.345.218	9.761.891	-	-
	<u>25.744.296</u>	<u>24.126.376</u>	<u>37.902.535</u>	<u>37.487.973</u>

Carried forward tax losses in accordance with tax returns and income tax estimates of the group companies that recorded the corresponding deferred tax assets and the expiry date of the referred losses as at 30 June 2006 and 31 December 2005 (considering exchange rates at that dates) are made up as follows:

	30.06.06			31.12.05		
	Tax losses	Deferred tax asset	Expiry date	Tax losses	Deferred tax asset	Expiry date
Withold expiry date						
Originated in 2000	84,974	23,368	2006			
Originated in 2001	3,092,430	850,419	2007	3,229,649	888,154	2007
Originated in 2002	12,993,062	3,573,094	2008	12,876,252	3,540,969	2008
Originated in 2003	10,699,912	2,942,476	2009	9,154,493	2,517,486	2009
Originated in 2004	4,522,481	1,243,682	2010	2,848,318	783,287	2010
Originated in 2005	7,418,745	2,040,155	2011	7,389,076	2,031,995	2011
Originated in 2006	2,443,727	672,024	2012			2012
	<u>41,255,331</u>	<u>11,345,218</u>		<u>35,497,788</u>	<u>9,761,891</u>	

The deferred tax assets recorded arising from tax losses carried forward were evaluated, and were only recorded if it was probable that taxable profits would occur in the future which may be offset against available tax losses or against deductible temporary differences. This evaluation was based on Modelo Continente's companies business plans, periodically reviewed and updated, and on available and identified tax planning opportunities.

As at 30 June 2006 there are tax losses carried forward amounting to 274,733,496 Euro for which no deferred tax assets was recognized for prudential reasons.

	30.06.06			31.12.05		
	Tax losses	Deferred tax asset	Expiry date	Tax losses	Deferred tax asset	Expiry date
Originated in 2000	46.580	12.810	2006	46.285	12.729	2006
Originated in 2001	4.381.866	1.205.013	2007	2.079.478	571.856	2007
Originated in 2002	68.062.582	18.717.211	2008	68.969.158	18.966.518	2008
Originated in 2003	1.675.073	460.645	2009	64.524	17.744	2009
Originated in 2004	1.521.758	418.483	2010	49.655	13.655	2010
Originated in 2005	198.963.577	54.714.982	2011	181.347.805	49.870.646	2011
Originated in 2006	82.060	22.567	2012			
	<u>274.733.496</u>	<u>75.551.711</u>		<u>252.556.905</u>	<u>69.453.148</u>	

12. CASH AND CASH EQUIVALENTS

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

	30.06.06	31.12.05
Cash at hand	3,014,848	1,964,645
Bank deposits	234,068,544	555,850,840
Treasury applications	500,954	6,040,511
Cash and cash equivalents on balance sheet	<u>237,584,346</u>	<u>563,855,996</u>
Bank overdrafts (Note 14)	(5,654,003)	(3,082,347)
Cash and cash equivalents on statement of cash flows	<u>231,930,343</u>	<u>560,773,649</u>

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

13. SHARE CAPITAL

As at 30 June 2006, the share capital, which is fully subscribed and paid for, is made up by 1,100,000,000 ordinary shares which do not hold right to any fixed income, with a nominal value of 1 Euro each. As at that date, the company and the group companies did not hold any own shares.

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

Entity	%
Sonae, S.G.P.S, S.A.	75.64

14. LOANS

As at 30 June 2006 and 31 December 2005, loans were made up as follows:

	30.06.06				31.12.05			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non current	Current	Non current	Current	Non current	Current	Non current
Bank loans	66.231.329	1.400.000	66.231.329	1.400.000	161.011.020	1.400.000	161.011.020	1.400.000
Bond loans	-	592.723.028	-	597.000.000	-	592.279.778	-	597.000.000
Other loans	-	326.063	-	326.063	-	326.063	-	326.063
Bank overdraft (Note 12)	5.654.003	-	5.654.003	-	3.082.347	-	3.082.347	-
Derivative financial instruments	64.471	-	-	-	198.293	-	-	-
	71.949.803	594.449.091	71.885.332	598.726.063	164.291.660	594.005.841	164.093.367	598.726.063
Obligations under finance leases	4.228.017	8.440.066	4.228.017	8.440.066	4.119.488	8.197.376	4.119.488	8.197.376
	76.177.820	602.889.157	76.113.349	607.166.129	168.411.148	602.203.217	168.212.855	606.923.439

The repayment schedule of nominal value of borrowing may be summarized as follows:

	30.06.06	31.12.05
2006	74,195,652	168,212,855
2007	4,944,560	4,191,861
2008	2,714,156	1,978,287
2009	102,192,444	101,629,680
2010	267,033,812	266,924,755
After 2010	232,198,854	232,198,856
	683,279,478	775,136,294

Bond loans

As at 30 June 2006 bond loans are as follows:

Modelo Continente / 2003	82,000,000
Modelo Continente / 2004	100,000,000
Modelo Continente / 2005/2010	265,000,000
Modelo Continente / 2005/2012	150,000,000

MODELO CONTINENTE / 2003 BONDS

1,640,000 bonds – Nominal Value: 50 Euro.

Maximum term: eight years

Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.75% per annum.

Interest Payment: half yearly in arrears, on 15 April and 15 October of each year.

Redemption: at par, in one payment on 15 October 2011, the maturity date of the loan. Early redemption is not possible, either by initiative of the issuer or the bondholders.

MODELO CONTINENTE / 2004 BONDS

10,000,000 bonds – Nominal Value: 10 Euro.

Maximum term: five years.

Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 1.15% per annum.

Interest Payment: half yearly in arrears, on 18 March and 18 September of each year.

Redemption: at par, in one payment on 18 March 2009, the maturity date of the loan.

Early redemption is not possible, either by initiative of the issuer or the bondholders.

MODELO CONTINENTE / 2005/2010 BONDS

265,000 bonds – Nominal Value: 1,000 Euro.

Maximum term: five years.

Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.70% per annum.

Interest Payment: half yearly in arrears, on 3 February and 3 August of each year.

Redemption: at par, in one payment on 3 August 2010, the maturity date of the loan, except if an early redemption occurs.

Early redemption (Call-Option): early redemption is possible by initiative of the issuer, either totally or partially (by reducing the nominal value of the bonds), on the 2nd, 3rd or 4th year of maturity. In this situation the issuer is obliged to pay a prize of 0.125% over de reimbursed value.

MODELO CONTINENTE / 2005/2012 BONDS

15,000,000 bonds – Nominal Value: 10 Euro.

Maximum term: seven years.

Annual interest rate: the interest rate, which is variable, is indexed to the EURIBOR 6 month rate on the second working day preceding the interest period, with a spread of 0.85% per annum.

Interest Payment: half yearly in arrears, on 2 February and 2 August of each year.

Redemption: at par, in one payment on 2 August 2012 the payment date of the 14th coupon, except if an early redemption occurs.

Early redemption (call option): early redemption is possible by initiative of the issuer, either totally or partially (by reducing the nominal value of the bonds), on the payment dates of 10th, 11th, 12th and 13th coupon, without the obligation of paying any prize.

Bank loans – non current

A bank loan of 2,800,000 Euro obtained from a financial institution, repayable up to 2007, bearing interest payable half yearly at usual market rates. As of 30 June 2006, 1,400,000 Euro are considered as current loans.

Other loans – non currents

At 30 June 2006 this caption relates with repayable subsidies granted by IAPMEI under the Measure of Support to the Energy Potential and Rationalization (MAPE). These subsidies do not bear interests and had been attributed by a 12 years period, with a grace period of 3 years redemption after contribution. The subsidies will be redeemed in half-yearly instalments, occurring the first six months after the grace period.

15. OTHER NON CURRENT LIABILITIES

As at 30 June 2006 and 31 December 2005 other non current liabilities caption were made up as follows:

	<u>30.06.06</u>	<u>31.12.05</u>
Participating companies (Note 20)	10,000,000	14,398,994
Other non current trade accounts payable	775,313	1,233,523
Share-based payments (Note 16)	<u>1,182,677</u>	<u>2,086,929</u>
	<u>11,957,990</u>	<u>17,719,446</u>

16. SHARE BASED PAYMENT PLANS

In 2006 and in previous years, Modelo Continente Group granted deferred performance bonuses to its directors and eligible employees. These are based on shares to be acquired at nil cost, three years after they were attributed to the employee. The purchase 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 its responsibilities in cash rather than through shares. The option can only be exercised if the employee still works for the Group at the vesting date.

Liabilities arising from deferred performance bonuses at 30 June 2006 and 31 December 2005 are made up as follows:

	Year of grant	Expiry year	Number of participants	Fair value	
				<u>30.06.06</u>	<u>31.12.05</u>
Shares					
	2003	2006	38	-	5.050.842
	2004	2007	40	2.301.762	2.215.319
	2005	2008	39	1.902.034	1.830.150
	2006	2009	42	<u>1.389.959</u>	
Total				<u>5.593.755</u>	<u>9.096.311</u>

The amounts recorded as at 30 June 2006 and 31 December 2005 relates to the responsibilities incurred from the date in which each plan was granted to the period then ended can be presented as follows:

Recorded under Other non current liabilities (Note 15)	1.182.677	2.086.929
Recorded under Other current liabilities (note 17)	1.918.135	5.050.842
Recorded under Reserves in Equity	<u>(1.093.837)</u>	<u>(1.654.230)</u>
Amounts recorded under Staff costs	<u>2.006.975</u>	<u>5.483.541</u>

17. OTHER CURRENT LIABILITIES

As at 30 June 2006 and 31 December 2005 the caption "Other current liabilities" were made up as follows:

	<u>30.06.06</u>	<u>31.12.05</u>
Suppliers	477,070,255	598,484,705
Related undertaking	104	340,395
a) Other accounts payable	63,071,873	84,489,611
Taxes and contributions payable	17,646,765	29,088,267
Accrued costs	88,457,652	68,483,611
Deferred income	2,146,446	1,583,769
Share-based payments (Note 16)	<u>1,918,135</u>	<u>5,050,842</u>
	<u>650,311,230</u>	<u>787,521,200</u>

a) the caption "Other accounts payable" includes a put option over the shares of a disposed group company during 2005 conceded to former shareholders of that company amounting 40,189,119 BRL (74,139,801 BRL as at 31 December 2005), approximately 14 millions Euro (27 million Euro as at 31 December 2005). In the event of the exercise of this put option the Group will resell the acquired shares by 4,418,261 Euro (8,850,000 Euro as of 31 December

2005), as defined in the sale agreement of that subsidiary (Note 10). During the period the previous shareholders exercised 50% of put option and the acquired shares were sold to the buyer of that former subsidiary.

18. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and impairment losses over the six month period ending 30 June 2006 were as follows:

Caption	Opening balance	Increases a)	Decreases	Closing balance
Accumulated impairment losses in investments (Note 9)	470.413	26.315	-	496.728
Accumulated impairment losses in current assets (Note 10)	16.809.791	6.056.689	(475.535)	22.390.945
Impairment losses - inventory	10.696.473	6.251.505	(5.775.424)	11.172.554
Provisions	27.775.929	172.613	(1.631.522) b)	26.317.020
	55.752.606	12.507.122	(7.882.481)	60.377.247

a) Increases include 5,458,061 Euro related to companies purchased during the period.

b) Provisions include the amount of (360,518) Euros, regarding the foreign exchange rate effect of the opening balances, as well the amount of (775,929) Euro regarding a provision to cover accumulated losses recorded by a subsidiary.

Impairment losses are deducted from the corresponding asset.

19. CONTINGENT ASSETS AND LIABILITIES

	30.06.06	31.12.05
Guarantees rendered:		
related to tax claims awaiting outcome	55,952,112 a)	54,009,154
related to local and municipal claims awaiting outcome	9,326,457	8,439,969
Others	5,509,943	4,538,251

a) Includes guarantees amounting to 27,733,183 Euro and 27,207,854 Euro related to corporate income tax assessments and to VAT processes respectively.

20. RELATED PARTIES

As at 30 June 2006 and 31 December 2005 balances and transactions with related parties were made up as follows:

Transactions	Sales and services rendered		Purchases and services attained		Interest income		Interest expense	
	30.06.06	30.06.05	30.06.06	30.06.05	30.06.06	30.06.05	30.06.06	30.06.05
Parent company	151.724	132.918	229.305	211.012	987.890	355.869		
Associated companies	132.564	423.049	162.537					
Participated companies	20.916.097	20.262.556						
Participating companies							173.045	168.757
Other related parties	9.056.802	12.037.773	44.562.437	26.690.605			12.872	
	<u>30.257.187</u>	<u>32.856.296</u>	<u>44.954.279</u>	<u>26.901.617</u>	<u>987.890</u>	<u>355.869</u>	<u>185.917</u>	<u>168.757</u>

Transactions of fixed assets	Purchase of assets		Disposal of assets	
	30.06.06	30.06.05	30.06.06	30.06.05
Parent Company	75.000.000			
Other related parties	31.294.304	29.195.902	33.714	111.112
	<u>106.294.304</u>	<u>29.195.902</u>	<u>33.714</u>	<u>111.112</u>

Balance	Accounts receivable		Accounts payable		Loans			
	30.06.06	31.12.05	30.06.06	31.12.05	Payable		Receivable	
	30.06.06	31.12.05	30.06.06	31.12.05	30.06.06	31.12.05	30.06.06	31.12.05
Parent company	9.681	75.000.000	136.055	260.400				13.861.000
Associated companies	18.685	166.988	66.403	241.837			3.148	7.107.000
Participated companies	8.475.646	12.498.470	62.843	83.436				
Participating companies				45.955	10.000.000	14.325.652		
Other related parties	4.748.390	20.258.645	23.503.554	40.054.083		73.338		
	<u>13.252.402</u>	<u>107.924.103</u>	<u>23.768.855</u>	<u>40.685.711</u>	<u>10.000.000</u>	<u>14.398.990</u>	<u>3.148</u>	<u>20.968.000</u>

The amount recorded under Loans payable to participating companies refers to loans granted by shareholders of subsidiaries which bear interest at market rates.

21. INCOME TAX

Income tax for the six month period ended 30 June 2006 and 2005 is made up as follows:

	30.06.06	30.06.05
Current tax	5,173,052	6,905,428
Deferred tax	(166,809)	(774,678)
	<u>5,006,243</u>	<u>6,130,750</u>

22. NET PROFIT RELATED TO INVESTMENTS

Net profit related to investments includes, approximately, 12,300,000 Euro related to adjustments to the sale price of the subsidiary Sonae Distribuição Brasil, S.A. which occurred in 2005.

23. EARNING PER SHARE

Earning per share for the period was calculated taking into consideration the following amounts:

	30.06.06		30.06.05	
	Activities		Activities	
	Continued	Continued	Discontinued	Total
Net profit				
Net profit taken into consideration to calculate diluted earnings per share (Net profit for the period)	42.794.315	28.069.538	14.719.139	42.788.677
Net profit taken into consideration to calculate diluted earnings per share	<u>42.794.315</u>	<u>28.069.538</u>	<u>14.719.139</u>	<u>42.788.677</u>
Number of share				
Weighted average number of shares used to calculated basic Earnings per share	1.100.000.000	1.100.000.000		1.100.000.000
Weighted average number of shares used to calculated the diluted earnings per share	<u>1.100.000.000</u>	<u>1.100.000.000</u>		<u>1.100.000.000</u>
Earning per share (basic and diluted)	0,04	0,03		0,04

24. DIVIDENDS

In the Annual General Meeting held on 31 March of 2006 it was approved the distribution of dividends amounting to 55,000,000 Euro corresponding to 0.05 Euro per share.

25. SEGMENT INFORMATION

Geographical segments that have been identified in six month period 2006 and 2005 were:

- Portugal
- Brazil

The contribution of the principal business segments to the Consolidated Income Statement for the six month period ending on 30 June 2006 and 2005 can be detailed as follows:

	Portugal		Brazil	Consolidated	
	30.06.06	30.06.05	30.06.05	30.06.06	30.06.05
Operating income					
Sales	1,360,212,200	1,215,535,732	589,474,357	1,360,212,200	1,805,010,089
Operating cash-flow (EBITDA)	85,026,589	81,000,428	47,101,991	85,026,589	128,102,419
Operating profits (EBIT)	45,515,007	47,498,182	27,652,927	45,515,007	75,151,109
FTE's	20,676	18,466	21,534	20,676	40,000
Number of stores	430	304	160	430	464
Sales areas ('000 m ²)	511	459	372	511	831

26. SUBSEQUENT EVENTS

As of 25 July 2006 the Executive Committee of the shareholder Sonae, S.G.P.S., S.A. decided to request a General Meeting of the Company's Shareholders in which it will propose that this company loses its status of a public company (de-listing). Sonae, SGPS, S.A., commits to acquire shares from those shareholders of the company who do not vote in favour of its proposal, at a price of 2.05 Euro per share.

In same meeting it decided, after approval is granted by the CMVM of the loss of the status of public company (de-listing), to immediately proceed to acquire shares with a view to

control 100% of the company, under the terms of Article 490 of the Company's Law, by offering the same price of 2.05 Euro per share.

It also decided to exercise the Call Option on Banco Santander Central Hispano, S.A. and its affiliates for 100,000,000 shares of Modelo Continente SGPS, S.A.

27. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 6 September 2006.

28. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese according to International Accounting Standard 34 - "Interim Financial Reporting" as adopted by the European Union. In the event of discrepancies the Portuguese language version prevails.

Matosinhos, 6 September 2006

MODELO CONTINENTE, S.G.P.S., S.A.

INDIVIDUAL FINANCIAL STATEMENTS

IAS / IFRS

30.JUNE.2006

MODELO CONTINENTE, S.G.P.S., S.A.

BALANCE SHEETS AS AT 30 JUNE 2006 AND AS AT 31 DECEMBER 2005

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 18)

ASSETS	Notes	IFRS	
		30-06-2006	31-12-05
NON CURRENT ASSETS			
Tangible and intangible assets		1.040.282	711.839
Investments	4	1.342.747.759	1.321.128.781
Deferred tax assets		2.812	75.490
Other non-current assets	5	323.063.192	312.434.192
Total non current assets:		<u>1.666.854.045</u>	<u>1.634.350.302</u>
CURRENT ASSETS			
Other debtors and other current assets	6	950.624.718	902.927.669
Cash and cash equivalents	7	200.007.235	450.008.364
Total current assets:		<u>1.150.631.953</u>	<u>1.352.936.033</u>
TOTAL ASSETS		<u><u>2.817.485.998</u></u>	<u><u>2.987.286.335</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	8	1.100.000.000	1.100.000.000
Reserves and retained earnings:		995.714.702	1.278.422.253
Net profit/(loss) for the period		36.582.761	(227.707.550)
TOTAL EQUITY		<u>2.132.297.463</u>	<u>2.150.714.703</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans	9	594.123.028	593.679.778
Deferred tax liabilities:		163.728	157.879
Total non-current liabilities:		<u>594.286.756</u>	<u>593.837.657</u>
CURRENT LIABILITIES			
Loans	9	69.708.686	161.304.312
Other current liabilities:	10	21.193.093	81.429.663
Total current liabilities:		<u>90.901.779</u>	<u>242.733.975</u>
TOTAL LIABILITIES		<u>685.188.535</u>	<u>836.571.632</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2.817.485.998</u></u>	<u><u>2.987.286.335</u></u>

The accompanying notes are part of these financial statements

The Board of Directors

MODELO CONTINENTE, S.G.P.S., S.A.

INCOME STATEMENT BY NATURE

FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2006 AND 2005

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 18)

	Notes	IFRS ¹		IFRS ¹	
		2nd Quarter 06	30-06-06 Accumulated	2nd Quarter 05	30-06-05 Accumulated
Operating income:					
Services rendered		4.429.234	8.877.093	4.090.810	8.199.561
Other operating income		304.746	491.626	1.249.334	3.087.168
Total operating income		<u>4.733.980</u>	<u>9.368.719</u>	<u>5.340.144</u>	<u>11.286.729</u>
Operating expenses:					
External supplies and services		(398.175)	(715.612)	(283.337)	(581.424)
Staff costs		353.232	(807.458)	(888.415)	(1.623.721)
Depreciation and amortization		(70.528)	(141.057)	(70.501)	(140.949)
Other operational expenses		(150.219)	(460.134)	(926.374)	(3.137.631)
Total operational expenses		<u>(265.690)</u>	<u>(2.124.261)</u>	<u>(2.168.627)</u>	<u>(5.483.725)</u>
Net operating profit/(loss)		<u>4.468.290</u>	<u>7.244.458</u>	<u>3.171.517</u>	<u>5.803.004</u>
Financial profit/(loss)	12	6.355.868	13.370.576	8.336.109	15.538.354
Profit/(loss) related to investments	13	3.691.046	17.891.933	3.227.070	16.020.665
Extraordinary income					
Profit/(loss) before income tax		<u>14.515.204</u>	<u>38.506.967</u>	<u>14.734.696</u>	<u>37.362.023</u>
Income tax		(579.104)	(1.924.206)	(3.365.011)	(6.074.866)
Profit/(loss) for the six month period	14	<u>13.936.100</u>	<u>36.582.761</u>	<u>11.369.685</u>	<u>31.287.157</u>
Profit/(loss) per share (basic and diluted)		<u>0,01</u>	<u>0,03</u>	<u>0,01</u>	<u>0,03</u>

The accompanying notes are part of these financial statements

1) Prepared in accordance with International Financial Reporting Standards (IFRS) and subject to a limited review by an external auditor in compliance with the half-year reporting requirements issued by the Comissão de Mercado de Valores Mobiliários (CMVM).

The Board of Directors

MODELO CONTINENTE, S.G.P.S., S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006 AND 2005

(Amounts expressed in Euro)
(Translation of financial statements originally issued in Portuguese - Note 18)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Net profit/(loss)</u>	<u>Total Equity</u>
Balance at 1 January 2005	1.100.000.000	1.198.418.311	80.003.942	2.378.422.253
Appropriation of profit of 2004				
Appropriation of net profit/loss of 2004		80.003.942	(80.003.942)	-
Net profit/(loss) for the six month period ending 30 June 2004			31.287.157	31.287.157
Balance at 30 June 2005	<u>1.100.000.000</u>	<u>1.278.422.253</u>	<u>31.287.157</u>	<u>2.409.709.410</u>
Balance at 1 January 2006	1.100.000.000	1.278.422.252	(227.707.550)	2.150.714.702
Appropriation of consolidated profit of 2005				
Appropriation of net profit/loss of 2005	-	(227.707.550)	227.707.550	-
Distribution of retained earnings	-	(55.000.000)	-	(55.000.000)
Net profit (loss) for the six month period ending 30 June 2006	-		36.582.761	36.582.761
Balance at 30 June 2006	<u>1.100.000.000</u>	<u>995.714.702</u>	<u>36.582.761</u>	<u>2.132.297.463</u>

The accompanying notes are part of these financial statements:

The Board of Directors

MODELO CONTINENTE, S.G.P.S., S.A.

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2006 AND 2005

(Amounts expressed in Euro)

(Translation of financial statements originally issued in Portuguese - Note 18)

	<u>Notes</u>	<u>30-06-2006</u>	<u>30-06-2005</u>
<u>OPERATING ACTIVITIES</u>			
Net cash flow from operating activities (1)		<u>28.778.468</u>	<u>25.798.673</u>
<u>INVESTING ACTIVITIES</u>			
Cash receipts related to:			
Investments		-	10.200
Interests and similar income		25.663.801	22.293.669
Dividends		14.200.887	16.015.465
Loans granted		<u>1.719.865.000</u>	<u>792.299.525</u>
		<u>1.759.729.688</u>	<u>830.618.859</u>
Cash payments related to:			
Investments		(17.927.932)	
Tangible and intangible assets		(469.500)	(5.346)
Loans granted		<u>(1.803.256.000)</u>	<u>(909.960.114)</u>
		<u>(1.821.653.432)</u>	<u>(909.965.460)</u>
Net cash used in investing activities (2)		<u>(61.923.744)</u>	<u>(79.346.601)</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts related to:			
Loans obtained		<u>403.354.000</u>	<u>460.521.300</u>
		<u>403.354.000</u>	<u>460.521.300</u>
Cash Payments related to:			
Loans obtained		(558.241.020)	(449.151.300)
Interest and similar charges		(10.984.247)	(4.141.079)
Dividends		<u>(54.999.980)</u>	<u>(74)</u>
		<u>(624.225.247)</u>	<u>(453.292.453)</u>
Net cash used in financing activities (3)		<u>(220.871.247)</u>	<u>7.228.847</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>(254.016.523)</u>	<u>(46.319.081)</u>
Cash and cash equivalents at the beginning of the period		<u>449.715.072</u>	<u>45.241.354</u>
Cash and cash equivalents at the end of the period	7	<u>195.698.549</u>	<u>(1.077.726)</u>

The accompanying notes are part of these financial statements

The Board of directors

MODELO CONTINENTE, SGPS, S.A.
ANEXO ÀS DEMONSTRAÇÕES FINANCEIRAS
PARA O PERÍODO FINDO EM 30 DE JUNHO DE 2006

(Montantes expressos em euros)

1. NOTA INTRODUTÓRIA

A MODELO CONTINENTE, SGPS, S.A. (“Empresa” ou “Modelo Continente”) é uma sociedade anónima, com acções cotadas na Euronext Lisboa, que tem a sua sede social na Rua João Mendonça n° 529, 4464-501 Senhora da Hora, Matosinhos, Portugal.

A Empresa tem como actividade principal a gestão de participações sociais (Nota 4).

2. BASES DE APRESENTAÇÃO

As demonstrações financeiras intercalares são apresentadas trimestralmente de acordo com a IAS 34 – “Relato Financeiro Intercalar”.

3. PRINCIPAIS POLÍTICAS CONTABILÍSTICAS

As políticas contabilísticas adoptadas são consistentes com as utilizadas nas demonstrações financeiras apresentadas para o exercício findo em 31 de Dezembro de 2005.

4. INVESTIMENTOS

Em 30 de Junho de 2006 e em 31 de Dezembro de 2005, o detalhe dos investimentos era o seguinte:

Empresa	30.Junho.2006		31.Dezembro.2005	
	% de detenção	Valor de Aquisição	% de detenção	Valor de Aquisição
Contibomba - Comércio e Distribuição de Combustíveis, S.A.	100,00%	372.000	100,00%	372.000
Contimobe - Imobiliária Castelo Paiva, S.A.	10,00%	10.728.063	10,00%	10.728.063
Fozimo - Sociedade Imobiliária, S.A.	100,00%	24.940	100,00%	24.940
Fundo Fechado de Investimento Imobiliário Efisa Imobiliário	100,00%	43.913.700	100,00%	43.913.700
Fundo de Investimento Imobiliário Imosonae Dois	100,00%	133.625.251	99,98%	115.697.320
Igimo - Sociedade Imobiliária, S.A.	100,00%	220.000	100,00%	220.000
Imoconti - Sociedade Imobiliária, S.A.	100,00%	50.000	100,00%	50.000
Imomuro - Sociedade Imobiliária, S.A.	100,00%	439.940	100,00%	439.940
Imoresultado - Sociedade Imobiliária, S.A.	100,00%	109.736	100,00%	109.736
Infofield - Informática, S.A.	10,00%	420.459	10,00%	420.459
Marcas MC zRt	100,00%	79.545	100,00%	79.545
Modelo Continente - Operações de Retalho, SGPS, S.A.	100,00%	1.000.000.000	100,00%	1.000.000.000
Modelo Continente Hipermercados, S.A.	46,20%	2.304.446	46,20%	2.304.446
Modelo Investimentos Brasil, S.A.			37,35%	19.640.219
Modelo, SGPS, S.A.	0,15%	562.444	0,15%	562.444
Modelo.Com - Vendas por Correspondência, S.A.	100,00%	11.387.016	100,00%	11.387.016
Ok Bazar - Comércio Geral, S.A.	100,00%	1.953.945	100,00%	1.953.945
Predicomercial - Promoção Imobiliária, S.A.	10,00%	187.548	10,00%	187.548
Sempre à Mão - Sociedade Imobiliária, S.A.	100,00%	50.000	100,00%	50.000
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	25,00%	249.399	25,00%	249.399
Sesagest - Projectos e Gestão Imobiliária, S.A.	100,00%	36.677.088	100,00%	36.677.088
Sociloures - Sociedade Imobiliária, S.A.	100,00%	10.000.000	100,00%	10.000.000
Soflorin, B.V.	100,00%	57.309.037	100,00%	57.309.037
Sonae, SGPS, S.A.	0,003%	53.500	0,003%	53.500
Sonae Capital Brasil, Lda	36,99%	23.331.266		
Sonae Retalho Espanha, S.A.	100,00%	2.549.832	100,00%	2.549.832
Sonvecap, B.V.	100,00%	3.000.000	100,00%	3.000.000
Sportzone - Comércio de Artigos de Desporto, S.A.	10,00%	706.326	10,00%	706.326
SRE - Projectos e Consultoria, S.A.	100,00%	1.259.784	100,00%	1.259.784
Todos os Dias - Comércio Ret. e Expl. Centros Comerciais, S.A.	100,00%	1.180.000	100,00%	1.180.000
Worten - Equipamentos para o Lar, S.A.	10,00%	2.494	10,00%	2.494
		<u>1.342.747.759</u>		<u>1.321.128.781</u>

Durante o semestre foram adquiridas unidades de participação do fundo imobiliário fechado de subscrição particular Fundo de Investimento Imobiliário Imosonae Dois, passando a sociedade a deter 100% das unidades de participação daquele fundo.

Adicionalmente durante o semestre a filial Modelo Investimentos Brasil, S.A. foi incorporada na sociedade Sonae Capital Brasil, Lda

5. OUTROS ACTIVOS NÃO CORRENTES

Em 30 de Junho de 2006 e em 31 de Dezembro de 2005, o detalhe dos outros activos não correntes era o seguinte:

	30.Junho.2006	31.Dezembro.2005
Empréstimos concedidos a empresas do grupo	323.063.192	312.434.192

6. OUTROS ACTIVOS CORRENTES

Em 30 de Junho de 2006 e em 31 de Dezembro de 2005, o detalhe dos outros activos correntes era o seguinte:

	30.Junho.2006	31.Dezembro.2005
Clientes	176	20.047.466
Empresas do grupo	909.555.054	795.283.310
Adiantamentos a fornecedores de imobilizado	2.041	75.002.041
Outras dívidas de terceiros	2.853.029	2.679.180
Estado e outros entes públicos	4.323.578	6.837.566
Custos diferidos	430.202	53.728
Acréscimo de proveitos	33.440.218	3.024.378
Derivados	20.420	
	<u>950.624.718</u>	<u>902.927.669</u>

a) A rubrica do activo “Empresas do grupo” integra: (i) montante de 829.881.100 Euros referente a empréstimos de curto prazo a Empresas do Grupo; (ii) bem como o montante de 273.558 Euros relativo a juros debitados a empresas do grupo e ainda não liquidados; (iii) o montante de 4.692 relativos a outras dívidas de empresas do grupo; (iv) o montante de 75.000.000 Euros relativo à cessão de crédito à sociedade Marcas MC ZRT, pela aquisição de marcas por essa sociedade; (v) o montante de 4.395.704 Euros relativo ao imposto do exercício apurado pelas empresas do grupo, tributadas de acordo com o Regime Especial de Tributação de Grupos de Sociedades.

b) A rubrica de “Outras dívidas de terceiros” inclui o montante de aproximadamente 2.650.000 Euros, relativo a impostos que se encontram reclamados junto das autoridades fiscais, sendo entendimento do Conselho de Administração da Modelo Continente que o resultado da reclamação efectuada lhe será favorável.

c) A rubrica “Acréscimos de proveitos” inclui o montante de 24.520.694 Euros relativo a juros especializados referente a empréstimos concedidos a Empresas do Grupo; bem como o montante de 8.900.635 Euros relativo à especialização de serviços prestados a Empresas do Grupo Modelo Continente, SGPS, S.A., em Portugal.

7. CAIXA E EQUIVALENTES DE CAIXA

Em 30 de Junho de 2006 e em 31 de Dezembro de 2005, o detalhe de caixa e equivalentes de caixa era o seguinte:

	30.Junho.2006	31.Dezembro.2005
Depósitos bancários	200.007.235	450.008.364
Caixa e equivalentes de caixa no balanço	200.007.235	450.008.364
Descobertos bancários (Nota 9)	(4.308.686)	(293.292)
Caixa e equivalentes de caixa na demonstração de fluxos de caixa	<u>195.698.549</u>	<u>449.715.072</u>

Em descobertos bancários estão considerados os saldos credores de contas correntes com instituições financeiras, incluídos no balanço na rubrica de empréstimos bancários.

8. CAPITAL SOCIAL

Em 30 de Junho de 2006 e em 31 de Dezembro de 2005, o capital social, integralmente subscrito e realizado, está representado por 1.100.000.000 de acções ordinárias, com o valor nominal de 1 euro cada uma.

Em 30 de Junho de 2006 as seguintes pessoas colectivas detêm mais de 20% do capital subscrito:

Entidade	%
Sonae, SGPS, S.A.	75,64

9. EMPRÉSTIMOS

Em 30 de Junho de 2006 e em 31 de Dezembro de 2005 os empréstimos tinham o seguinte detalhe:

	30.Junho.2006				31.Dezembro.2005			
	Valor Contabilístico		Valor nominal		Valor Contabilístico		Valor nominal	
	Corrente	Não Corrente	Corrente	Não Corrente	Corrente	Não Corrente	Corrente	Não Corrente
Empréstimos bancários	65.400.000	1.400.000	65.400.000	1.400.000	161.011.020	1.400.000	161.011.020	1.400.000
Descobertos bancários	4.308.686		4.308.686		293.292		293.292	
Empréstimos obrigacionistas		592.723.028		597.000.000		592.279.778		597.000.000
	69.708.686	594.123.028	69.708.686	598.400.000	161.304.312	593.679.778	161.304.312	598.400.000

Os empréstimos obrigacionistas podem ser resumidos como segue:

Modelo Continente - 2003	82.000.000
Modelo Continente - 2004	100.000.000
Modelo Continente - 2005/2010	265.000.000
Modelo Continente - 2005/2012	150.000.000

Empréstimo por obrigações - MODELO CONTINENTE - 2003

1.640.000 obrigações - Valor Nominal: 50 euros.

Prazo Máximo do Empréstimo: Será de 8 (oito) anos.

Taxa de Juro anual: A taxa de juro é variável, indexada à taxa EURIBOR a 6 meses verificada no segundo dia útil Target anterior ao início do período de contagem de juros, adicionada de um spread de 0,75% a. a..

Pagamento de Juros: Semestral e postecipado, com pagamentos em 15 de Abril e em 15 de Outubro de cada ano.

Reembolso: Será amortizado ao seu valor nominal, de uma só vez, no termo do prazo do empréstimo, em 15 de Outubro 2011. Não existe possibilidade de reembolso antecipado nem por parte da emitente nem por parte dos obrigacionistas.

Empréstimo por obrigações - MODELO CONTINENTE - 2004

10.000.000 obrigações - Valor Nominal: 10 euros.

Prazo Máximo do Empréstimo: Será de 5 (cinco) anos.

Taxa de Juro anual: A taxa de juro é variável, indexada à taxa EURIBOR a 6 meses verificada no segundo dia útil Target anterior ao início do período de contagem de juros, adicionada de um spread de 1,15% a. a..

Pagamento de Juros: Semestral e postecipado, com pagamentos em 18 de Março e em 18 de Setembro de cada ano.

Reembolso: Será amortizado ao seu valor nominal, de uma só vez, no termo do prazo do empréstimo, em 18 de Março 2009. Não existe possibilidade de reembolso antecipado nem por parte da emitente nem por parte dos obrigacionistas.

Empréstimo por obrigações - MODELO CONTINENTE - 2005/2010

265 000 obrigações - Valor Nominal: 1.000 euros.

Prazo Máximo do Empréstimo: Será de 5 (cinco) anos.

Taxa de Juro anual: A taxa de juro é variável, indexada à taxa EURIBOR a 6 meses verificada no segundo dia útil Target anterior ao início do período de contagem de juros, adicionada de um spread de 0,70%a. a..

Pagamento de Juros: Semestral e postecipado, com pagamentos em 3 de Fevereiro e em 3 de Agosto de cada ano.

Reembolso: Será amortizado ao seu valor nominal, no final do 5º cupão de vida do empréstimo, ou seja, em 3 de Agosto de 2010, salvo se ocorrer reembolso antecipado.

Reembolso antecipado (Call-Option): O empréstimo poderá ser reembolsado antecipadamente por iniciativa da Emitente, total ou parcialmente, por redução ao valor nominal das obrigações, no 2º, 3º ou 4º ano de vida do empréstimo mediante o pagamento de um prémio de 0,125% sobre o valor reembolsado.

Empréstimo por obrigações - MODELO CONTINENTE - 2005/2012

15.000.000 obrigações - Valor Nominal: 10 euros.

Prazo Máximo do Empréstimo: Será de 7 (sete) anos.

Taxa de Juro anual: A taxa de juro é variável, indexada à taxa EURIBOR a 6 meses verificada no segundo dia útil Target anterior ao início do período de contagem de juros, com um spread de 0,85%.

Pagamento de Juros: Semestral e postecipado com pagamento em 2 de Fevereiro e em 2 de Agosto de cada ano.

Reembolso: Ao par, na data de pagamento do 14º cupão, ou seja, em 2 de Agosto de 2012, salvo se ocorrer reembolso antecipado.

Reembolso antecipado (Call-Option): O empréstimo poderá ser reembolsado antecipadamente por iniciativa da Emitente, sem penalização, total ou parcialmente, por redução ao valor nominal das obrigações, nas datas de pagamento do 10º, 11º, 12º e 13º cupões.

Empréstimos Bancários

Inclui:

a) Empréstimo bancário obtido junto de uma instituição financeira, no valor de 2.800.000 euros com vencimentos sucessivos em 2006 e 2007 e com pagamento de juros semestrais calculados com base em taxas de mercado. Actualmente encontram-se classificados como não correntes 1.400.000 euros e 1.400.000 euros em correntes;

b) O montante de 4.308.686 euros referente a descobertos bancários (Nota 7);

c) Emissão de papel comercial no montante de 64.000.000 Euros.

10. OUTROS PASSIVOS CORRENTES

Em 30 de Junho de 2006 e em 31 de Dezembro de 2005, o detalhe dos outros passivos correntes era o seguinte:

	30.Junho.2006	31.Dezembro.2005
Fornecedores	80.991	12.872
Empresas do grupo	7.136.210	65.837.200
Outras dívidas a terceiros	4.013.446	37.701
Estado e outros entes públicos	226.898	4.928.417
Acréscimo de Custos	9.735.548	10.415.180
Derivados		198.293
	<u>21.193.093</u>	<u>81.429.663</u>

- a) A rubrica do passivo “Empresas do grupo” integra: (i) montante de 4.999.000 Euros referente empréstimos de curto prazo de Empresas do Grupo; (ii) bem como o montante de 2.137.210 Euros relativo ao imposto do exercício, apurado pelas empresas do grupo tributadas de acordo com o Regime Especial de Tributação de Grupos de Sociedades.

11. ACTIVOS E PASSIVOS CONTINGENTES

Em 30 de Junho de 2006 e em 31 de Dezembro de 2005, o detalhe de activos e passivos contingentes era o seguinte:

	<u>30.Junho.2006</u>	<u>31.Dezembro.2005</u>
Garantias Prestadas:		
por processos fiscais em curso	20.779.158	19.065.102

Não foi criada qualquer provisão para fazer face a eventuais riscos relacionados com os diferendos para os quais foram prestadas garantias, por ser entendimento do Conselho de Administração que da resolução dos referidos diferendos não resultarão quaisquer passivos para a Sociedade.

12. RESULTADOS FINANCEIROS

Em 30 de Junho de 2006 esta rubrica inclui o montante de 24.923.549 Euros (26.224.459 Euros em 30 de Junho de 2005) relativos a juros obtidos e o montante de 11.032.347 Euros (9.795.802 Euros em 30 de Junho de 2005) relativos a juros suportados.

13. RESULTADOS RELATIVOS A INVESTIMENTOS

Em 30 de Junho de 2006 e em 30 de Junho de 2005 o detalhe dos resultados relativos a investimentos era o seguinte:

	<u>2006</u>		<u>2005</u>	
	<u>2º Trimestre</u>	<u>Acumulado</u>	<u>2º Trimestre</u>	<u>Acumulado</u>
Dividendos		14.200.887	3.221.870	16.015.465
Ganhos/Perdas na alienação de investimentos	(24.750.954)	(24.750.954)	5.200	5.200
Reversão (Perdas) imparidade de investimentos	28.442.000	28.442.000		
	<u>3.691.046</u>	<u>17.891.933</u>	<u>3.227.070</u>	<u>16.020.665</u>

Em resultado da operação de fusão referida na Nota 4, foi registado um custo com investimentos financeiros da filial Modelo Investimentos Brasil, S.A. e revertida a perda de imparidade associada aquele investimento, conforme demonstrado.

14. RESULTADOS POR ACÇÃO

Os resultados por acção do período, foram calculados, tendo em consideração os seguintes montantes:

	<u>30.Junho.2006</u>	<u>30.Junho.2005</u>
Resultados		
Resultados para efeito de cálculo do resultado líquido por acção básico (resultado líquido do exercício)	36.582.761	31.287.157
Resultados para efeito do cálculo do resultado líquido por acção diluído	<u>36.582.761</u>	<u>31.287.157</u>
Número de acções		
Número médio ponderado de acções para efeito de cálculo do resultado líquido por acção básico	1.100.000.000	1.100.000.000
Número médio ponderado de acções para efeito de cálculo do resultado líquido por acção diluído	<u>1.100.000.000</u>	<u>1.100.000.000</u>
Resultado por acção (básico e diluído)	<u>0,03</u>	<u>0,03</u>

Conforme Assembleia Geral de Accionistas de 31 de Março de 2006, foram atribuídos 55.000.000,00 Euros, a título de dividendos, correspondendo a atribuição de 0,05 Euros, a cada uma das 1.100.000.000 de acções representativas do capital social.

15. APROVAÇÃO DAS DEMONSTRAÇÕES FINANCEIRAS

As demonstrações financeiras foram aprovadas pelo Conselho de Administração e autorizadas para emissão em 6 de Setembro de 2006.

16. CUMPRIMENTO DE DISPOSIÇÕES LEGAIS

Decreto-Lei nº 318/94 artº 5º nº 4

Durante o período findo a 30 de Junho de 2006, foram celebrados contratos de operações de tesouraria com as seguintes empresas:

- Contibomba – Comércio e Distribuição de Combustíveis, S.A.
- Imoresultado – Sociedade Imobiliária, S.A.
- SRE – Projectos e Consultoria, S.A.
- Sonvecap, B.V.

As respectivas posições credoras em 30 de Junho de 2006 são as seguintes:

Empréstimos concedidos a CP e MLP:

EMPRESAS	Saldo final
Contibomba - Comércio e Distribuição de Combustíveis, S.A.	132.000
Contimobe - Imobiliária de Castelo de Paiva, S.A.	35.000.000
Fozimo – Sociedade Imobiliária, S.A.	2.175.000
Igimo – Sociedade Imobiliária, S.A.	691.000
Imoconti – Sociedade Imobiliária, S.A.	20.732.965
Imomuro - Sociedade Imobiliária, S.A.	4.260.897
Imoresultado – Sociedade Imobiliária, S.A.	415.000
Infocfield – Informática, S.A.	11.845.000
Modelo, SGPS, S.A.	544.200.100
Modelo.Com - Vendas por Correspondência, S.A.	3.266.998
Modelo Continente Hipermercados, S.A.	130.543.000
Modelo Continente - Operações de Retalho, SGPS, S.A.	55.092.000
Ok Bazar - Comércio Geral, S.A.	12.732.000
Predicomercial - Promoção Imobiliária, S.A.	11.806.000
Sempre à Mão - Sociedade Imobiliária, SA	40.000
Sesagest - Projectos e Gestão Imobiliária, S.A.	55.712.000
Sociloures - Sociedade Imobiliária, S.A.	42.795.000
Soflorin, B.V.	37.631.330
Sonae Retalho Espanha, S.A.	526.002
Sonvecap, B.V.	157.841.000
Sportzone - Comércio de Artigos de Desporto, S.A.	6.941.000
SRE - Projectos e Consultoria, S.A.	0
Todos os Dias - Comércio Ret. e Expl. de Centros Comerciais, S.A.	1.031.000
Worten - Equipamentos para o Lar, S.A.	17.535.000
	1.152.944.292

As respectivas posições devedoras relativas aos contratos mencionados à data de 30 de Junho de 2006 eram como se segue:

Empréstimos Obtidos a CP:

EMPRESAS	Saldo final
Modelo.Com - Vendas por Correspondência, S.A.	(3.315.000)
Modelo Hiper - Imobiliária, S.A.	(1.677.000)
SRE - Projectos de Consultoria, S.A.	(7.000)
	<u>(4.999.000)</u>

17. EVENTOS SUBSEQUENTES

Em 25 de Julho de 2006 a Comissão Executiva da accionista Sonae, SGPS, S.A. anunciou ter deliberado a convocação de uma Assembleia Geral de accionistas da Sociedade, onde irá propor a perda de qualidade de sociedade aberta, vinculando-se a adquirir aos accionistas que não votarem favoravelmente aquela proposta as acções de que forem titulares, ao preço por acção de 2,05 Euros.

Informou ainda ter deliberado, proceder imediatamente, após deferimento da CMVM da perda da qualidade de sociedade aberta, à aquisição tendente ao domínio total, a realizar nos termos do artigo 490ª Código das Sociedades Comerciais, mediante a contrapartida de igual valor de 2,05 Euros por acção.

Matosinhos, 6 de Setembro de 2006

LIMITED REVIEW REPORT PREPARED BY THE AUDITOR REGISTERED WITH
CMVM ON HALF-YEAR FINANCIAL INFORMATION

Introduction

1. In accordance with the Securities Market Code, we hereby present our Limited Review Report on the financial information of Modelo Continente, SGPS, S.A. ("Company") for the half-year ended 30 June 2006 included in: the Report of the Board of Directors, the consolidated and individual Balance Sheets (that reflect a total of 2,249,797,912 Euro and 2,817,485,998 Euro, respectively, and a consolidated and individual equity of 844,242,160 Euro and 2,132,297,463 Euro respectively, including a consolidated net profit attributable to Equity holders and an individual net profit of 42,794,315 Euro and 36,582,761 Euro, respectively), the consolidated and individual Statements of profit and loss, changes in equity and cash flows for the half-year then ended and the related notes.
2. The amounts in the financial statements, as well as the additional consolidated and individual financial information, are in accordance with the accounting records of the Company and its subsidiaries.

Responsibilities

3. The Company's Board of Directors is responsible for: (i) the preparation of consolidated and individual financial information that present a true and fair view of the financial position of the Company and of the companies included in the consolidation and the consolidated and individual results of their operations, changes in equity and cash flows; (ii) the preparation of historical financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and that is complete, true, timely, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria; (iv) the maintenance of an appropriate internal control system; and (v) informing any significant facts that have influenced their operations, financial position or results.
4. Our responsibility is to examine the financial information contained in the above mentioned documents, namely verifying that, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Securities Market Code, and to issue a moderate assurance, professional and independent report on that financial information based on our work.

Scope

5. The objective of our work was to obtain moderate assurance as to whether the above mentioned financial information is free of material misstatement. Our work was performed in accordance with the Auditing Standards issued by the Portuguese Institute of Statutory Auditors, was planned in accordance with that objective, and consisted essentially of enquiries and analytical procedures with the objective of reviewing: (i) the reliability of the assertions included in the consolidated and individual financial information; (ii) the adequacy of the accounting principles used, taking into consideration the circumstances and the consistency of their application; (iii) the applicability, or not, of the going concern concept; (iv) the presentation of the consolidated and individual financial information; and (v) whether, in all material respects, the consolidated and individual financial information is complete, true, timely, clear, objective and licit as required by the Securities Market Code.
6. Our work also included verifying that the consolidated and individual financial information included in the Report of the Board of Directors is consistent with the other above mentioned financial information.
7. We believe that our work provides a reasonable basis for issuing the present limited review report on the half-year financial information.

Opinion

8. Based on our work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the consolidated and individual financial information for the half-year ended 30 June 2006 referred to in paragraph 1 above of Modelo Continente, SGPS, S.A. is not exempt from material misstatement that affects its conformity with International Financial Reporting Standards as adopted by the European Union and that, in terms of the definitions included in the Auditing Standards referred to in paragraph 5 above, it is not complete, true, timely, clear, objective and licit.

Porto, 6 September 2006

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