



SONAE CAPITAL, SGPS, SA

Head Office: Lugar do Espido, Via Norte, Maia

Share Capital: 250,000,000 Euro

Maia Commercial Registry and Fiscal Number 508 277 756

Sociedade Aberta

## **REPORT AND ACCOUNTS**

**31 MARCH 2008**

***(Translation from the Portuguese Original)***



**REPORT OF THE BOARD OF DIRECTORS**  
**31 MARCH 2008**

***(Translation from the Portuguese Original)***

## **Report of the Board of Directors 1st Quarter 2008**

### **1. Highlights**

#### **1.1. Performance in the period**

- Turnover grew 8% to 45 million euro...

...reflecting progress in the sale of City Flats apartments and the outcome of more aggressive commercial policies in Spred's businesses

- EBITDA amounted to negative 1.2 million euro...

...mostly due to non-capitalised costs associated with the development of the Troiaresort

- Profit for the period totalled 39.2 million euro...

...mostly reflecting the capital gain on the sale of Contacto – Sociedade de Construções, SA (46.4 million euro), highlighting Sonae Capital's commitment to pursue the review of its business portfolio

### **2. Consolidated Financial Statements Review**

#### **2.1. Disclaimer**

Given that Sonae Capital, SGPS, SA was incorporated as part of a demerger from Sonae, SGPS, SA, no historical consolidated financial statements exist for the company, since it was exempt from preparing them as a wholly owned affiliate of Sonae, SGPS, SA.

Thus, to ensure comparability of financial data, pro forma financial statements were produced for the year 2007 (profit and loss account for the three month period ended 31 March 2007 and balance sheet as at 31 December 2007), considering a historical business portfolio equivalent to the current business portfolio of Sonae Capital, SGPS, SA.

Therefore, the pro forma consolidated financial statements do not include the contribution of Contacto – Sociedade de Construções, SA sold on 21 February 2008.

## 2.2. Profit and Loss Account

<b>Turnover</b>	<b>1Q 2008</b>	<b>1Q 2007</b>	<b>Δ</b>
Tourism	11,433.1	9,633.4	+18.7%
Spred	33,748.5	32,315.7	+4.4%
Holding & Others	136.8	344.3	-60.3%
Eliminations & Adjustments	(337.4)	(499.6)	+32.5%
<b>Total</b>	<b>44,981.1</b>	<b>41,793.8</b>	<b>+7.6%</b>

Unit: 10<sup>3</sup> Euro

Main drivers for the 3.2 million euro increase in consolidated turnover for the quarter were as follows:

- Around 61% of the 1.8 million euro increase in Tourism's contribution was due to the sale of City Flats apartments. Fitness and hotel businesses have also posted positive contributions to the increase in consolidated turnover in the quarter;
- Spred increased its contribution by 1.5 million euro as a result of higher turnover at the Selfrio Group, arising from a strong growth in turnover from the air conditioning business due to a sales strategy sustained by a more aggressive commercial policy.

<b>Operational Cash-Flow (EBITDA)<sup>1</sup></b>	<b>1Q 2008</b>	<b>1Q 2007</b>	<b>Δ</b>
Tourism	(1,349.9)	(1,224.5)	-10.2%
Spred	956.4	1,759.0	-45.6%
Holding & Others	(656.3)	(577.9)	-13.6%
Eliminations & Adjustments	(117.7)	0.1	-
<b>Total</b>	<b>(1,167.6)</b>	<b>(43.3)</b>	<b>&gt; -100%</b>

Unit: 10<sup>3</sup> Euro

The 1.1 million euro decrease in consolidated operational cash-flow (EBITDA) reflects:

- The impact of costs associated with the marketing and promotion of the Troiaresort project (not yet materialised in sales);
- Lower margin at Selfrio Group, namely in the refrigeration business;
- Box Lines lower contribution as a result of higher fuel costs.

Operational profit (EBIT) amounted to negative 4.8 million euro, a 3.0 million euro decrease, as a result of lower operational cash-flow (EBITDA) and impairment losses recorded on Other Debtors.

<sup>1</sup> Operational Cash-Flow (EBITDA) = Operating Profit (EBIT) + Amortisations and Depreciations + Provisions and Impairment Losses – Reversal of Impairment Losses and Provisions (included in Other Operating Income)

Net Financial Expenses amounted to 2.9 million euro, compared to 1.9 million euro in the same period last year. Zooming in on financial expenses, the increase is explained by the increase in market interest rates.

The 48.8 million euro Investment Income for the quarter relates mostly to the capital gain on the sale of Contacto – Sociedade de Construções, SA (46.4 million euro) and dividends of Sonae Indústria (2.7 million euro). Investment income in the first quarter of 2007 amounted to 4.8 million euro, arising from the sale of an additional 3.92% stake in ba Vidro.

## 2.3. Balance Sheet

Capex <sup>2</sup>	1Q 2008
Tourism	16,034.8
Spred	1,737.3
Holding & Others	18.2
<b>Total</b>	<b>17,790.3</b>

Unit: 10<sup>3</sup> Euro

Capex for the period reached 17.8 million euro, most of which associated with Troiaresort delivering a close to 10 million euro contribution. Other major contributors were Imosede, which owns the Business Park in Maia, and Atlantic Ferries, with a 4.6 million euro and a 1.6 million euro contribution, respectively.

As at 31 March 2008, net debt<sup>3</sup> stood at 184.9 million euro, a 12.7 million euro increase compared to 31 December 2007, mostly explained by the financing of the Troiaresort project.

Gearing<sup>4</sup> was 44.9%, compared to 48.1% in 2007. Interest cover<sup>5</sup> for the last 12 months amounted to 0.5, which compares with 0.6 as at 31 December 2007.

## 3. Business Review

### 3.1. Resort and Residential Development

	1Q 2008	1Q 2007	Δ
Turnover	1,253.5	-	-
Operational Cash-Flow (EBITDA)	(2,768.3)	(2,504.0)	-10.5%

Contribution to consolidated figures

Unit: 10<sup>3</sup> Euro

Turnover for the first quarter of 2008 reached 1.2 million euro, reflecting sales deeds of City Flats apartments, and operational cash-flow (EBITDA) was negative 2.8 million euro (negative 2.5 million euro in the first quarter of 2007) impacted by costs associated with the marketing and promotion of the Troiaresort project (not yet materialised in sales).

<sup>2</sup> Capex = Investment in Fixed Assets.

<sup>3</sup> Net Debt = Non Current Loans + Current Loans – Cash and Cash Equivalents – Current Investments.

<sup>4</sup> Gearing = Net Debt / Equity.

<sup>5</sup> Interest Cover ratio = EBITDA / Net Financial Charges.



[Marina Apartments - Troiaresort]

The Troiaresort project continues according to planned, and the development of investment projects is underway.

During the first quarter of 2008, works carried out included:

- construction of touristic apartments (Beach, Marina and Central Building);
- construction of 90 villas in the beach area (Troia Village);
- construction of common infrastructure and full refurbishment of Aparthotels Aqualuz Troia Mar, Troia Rio and Troia Lagoa; and
- urban upgrade (landscaping) of the Troia Peninsula.

### **Sales data (as at 15 May 2008)**

#### **Resorts**

Sales of touristic apartments is progressing according to expectations, with promissory sales agreements signed for 46% of Beach apartments and 63% of Marina apartments.

Promissory sales agreements for second-house villa plots have been signed for 22 plots out of a total of 96.

	<b>Promissory Sales Agreements</b>	<b>Average Area (m<sup>2</sup>)</b>	<b>Average Sales Price (€/m<sup>2</sup>)</b>	<b>Average Sales Price (€/m<sup>2</sup> GCA<sup>6</sup>)</b>
Beach Apartments [211 units]	98	127.1*	4,005	n.a.
Marina Apartments [78 units]	49	83.8*	3,853	n.a.
Golf and Beach Villa Plots [96 units]	22	2,117**	564	3,473

\* Includes indoor area as well as balcony and terrace areas.

\*\* All plots have a GCA of 343.8 m<sup>2</sup>.

<sup>6</sup> GCA = Gross Construction Area.



## **Residential Property Development**

Out of a total of 212 City Flats apartments, 87 sales deeds and 2 promissory sales agreements have been signed.



[Delfim Pereira da Costa building]

Construction of *Delfim Pereira da Costa* building, included in the Efanor project, started. The building comprises 40 apartments with a gross construction area above ground of 12,600 m<sup>2</sup> (11,162 m<sup>2</sup> of total selling area), and the first promissory sales agreement was signed in the period.

Renovation of the old Efanor community building, to accommodate the Efanor School, is proceeding as scheduled, and should be concluded by the end of July, so that the school can start operations during the academic year 2008/2009. After the conclusion of works, the building will be rented to *Fundação Belmiro de Azevedo* (non profit organisation) that will run the school.

	<b>Apartments Sold*</b>	<b>Average Area (m<sup>2</sup>)**</b>	<b>Average Sales Price (€/m<sup>2</sup>)</b>	<b>Rentals</b>
City Flats/Lofts ( <i>Quinta das Sedas</i> – Building E) [106 units]	2	41.4	2,239	11
City Flats/Lofts ( <i>Quinta das Sedas</i> – Building F) [106 units]	87	49.7	2,018	-
Efanor – Building <i>Delfim Pereira da Costa</i> [40 units]	1	190.2	2,497	n.a.

\* 87 sales deeds already signed.

\*\* Includes indoor area as well as balcony and terrace areas.

## **3.2. Real Estate Asset Management**

	<b>1Q 2008</b>	<b>1Q 2007</b>	<b>Δ</b>
Turnover	2,305.1	2,459.6	-6.3%
Operational Cash-Flow (EBITDA)	1,163.1	929.0	+25.2%

Contribution to consolidated figures

Unit: 10<sup>3</sup> Euro

Turnover for the first quarter of 2008 amounted to 2.3 million euro and operational cash-flow (EBITDA) reached 1.2 million euro, compared to 2.4 million euro and 0.9 million euro in the first quarter of 2007, respectively.

Turnover for the period comprises income from: rents (1.5 million euro), representing 66% of total turnover; sale of real estate assets (0.4 million euro) and; others, namely condominium management, car parks and management services (0.4 million euro).

Turnover by Area	1Q 2008	
Sale of Real Estate Assets	432.0	19%
Rents	1,516.9	66%
Car Parks	141.5	6%
Condominium Management	191.4	8%
Management Services	23.3	1%
<b>Total</b>	<b>2,305.1</b>	<b>100%</b>

Unit: 10<sup>3</sup> Euro

### 3.3. Touristic Operations

	1Q 2008	1Q 2007	Δ
Turnover	7,874.0	7,173.2	+9.8%
- Hotels	2,567.5	2,260.5	+13.6%
- Fitness	4,570.1	4,142.4	+10.3%
- Funcenter	736.4	638.5	+15.3%
- Other	-	131.8	-
Operational Cash-Flow (EBITDA)	365.3	607.1	-39.8%
- Hotels	(1,165.7)	(612.0)	-90.5%
- Fitness	1,434.3	1,136.0	+26.3%
- Funcenter	257.9	73.0	> 100%
- Other	(161.2)	10.1	-

Contribution to consolidated figures

Unit: 10<sup>3</sup> Euro

#### ► Hotels

The first quarter of the year is usually less positive for the hotel business, since it typically follows a seasonal pattern.

Regarding contributions per hotel (Hotel Porto Palácio and Aparthotels Aqualuz Lagos, Troia Mar, Troia Rio and Troia Lagoa) the following should be highlighted:



[Apartment – Troia Mar and Troia Rio]

Hotels in the Troia Peninsula remained closed, following the refurbishment and improvement works within the development project of UNOP<sup>7</sup> 1 of Troiaresort. Reopening of these units, with 232 apartments, is expected during 2008.

<sup>7</sup> UNOP = Operational Planning Unit.



The renewed hotel complex *Pólo da Boavista*, which includes a 5 star hotel with 251 rooms, and a series of complementary products (congress centre, SPA, VIP Lounge, catering and events organisation, and a restaurant area with 5 restaurants), was the major contributor to growth in the quarterly turnover of the Hotel business.

Turnover generated by the hotel and congress centre amounted to around 2.5 million euro, a 13% growth over the same period of the previous year.



[Hotel Porto Palácio]

Average revenue per sold room during the period confirms the excellence of Hotel Porto Palácio, which has been implementing commercial policies aimed at increasing the occupancy rate. Operational cash-flow (EBITDA) was of negative 0.6 million euro due to the combined effect of expected first quarter lower activity level and to the initial stage of growth and market recognition of recently opened assets, with less than one year of operation – new restaurants and SPA.

## ➡ Fitness



[Aqualuz health club]

Performance of the Fitness business reflects the implementation of policies which ensure continued growth and improved activity levels. Actions carried out intended to consolidate existing units, taking proactive steps to spot new locations to the expansion of the business.

Maintaining 10 health clubs under operation, the average number of active members reached 29,550, higher than the average number in 2007.

Turnover totalled, in the first quarter of 2008, around 4.6 million euro, a 10% growth on the same period last year, and operational cash-flow (EBITDA) was 1.4 million euro, representing a 26% increase over the first quarter of 2007.

## **Funcenter**



[Bowling – Funcenter Colombo]

As for the entertainment business, the good quarterly performance of Funcenter Colombo, confirms the winning concept put into operation in this location and the additional efficiency gains arising from the commercial policies and operational optimisation assumed.

The 15% growth in turnover to 0.7 million euro, together with a strong cost decrease, generated an operational cash flow (EBITDA) of circa 0.3 million euro, more than double that of last year's comparable period.

### **3.4. Selfrio Group (70% Sonae Capital, 30% Johnson Controls Inc.)**

	<b>1Q 2008</b>	<b>1Q 2007</b>	<b>Δ</b>
Turnover	17,767.7	15,859.5	+12.0%
Operational Cash-Flow (EBITDA)	1,112.3	1,313.5	-15.3%

Contribution to consolidated figures

Unit: 10<sup>3</sup> Euro



[Maintenance services]

In the first quarter of 2008 the consolidated turnover of Selfrio Group companies reached 17.7 million euro, increasing 12% compared with the previous year's quarter.

The reason for this increase in turnover is linked mainly to a strong growth of Sistavac<sup>8</sup> sales in the air conditioning business due to a sales strategy sustained by a more aggressive commercial policy.

This increase in Sistavac<sup>8</sup> sales was also sufficient to absorb the decline that Selfrio<sup>9</sup> had in sales due to postponements of investments that are still expected to be recovered at the end of this semester or beginning of the next.

<sup>8</sup> Sistavac – Air conditioning, ventilation and related electrical installations.

<sup>9</sup> Selfrio – Refrigeration, in particular commercial and industrial cold for retail and hotel chains.

Consolidated operational cash-flow (EBITDA) of the Group reached 1.1 million euro decreasing 15% compared with the previous year's quarter. Despite Sistavac's<sup>10</sup> good performance, the activity of air conditioning was not enough to generate operational cash-flow to offset the decreases felt in Selfrio<sup>11</sup> and Sopair (company in Spain).

At the end of the first semester operational cash-flow (EBITDA) is expected to revert the trend, positively comparing with historical figures and accompanying the growth of turnover.

### 3.5. Atlantic Ferries

	1Q 2008	1Q 2007	Δ
Turnover	833.0	-	-
Operational Cash-Flow (EBITDA)	(138.8)	(49.3)	> -100%

Contribution to consolidated figures

Unit: 10<sup>3</sup> Euro



[Ferries *Pato Real* and *Rola do Mar*]

Indicators for the period are not comparable with those of the first quarter of 2007, because transport activity only began on 9 October 2007.

However, compared with that of last quarter of 2007, turnover increased 32.2%.

During the quarter, 2,800 monthly passenger tickets were sold. Sales of single tickets for the different tariffs were as follows:

219,018 passengers	100,132 light vehicles	2,573 heavy vehicles	2,124 two wheel vehicles
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<sup>10</sup> Sistavac – Air conditioning, ventilation and related electrical installations.

<sup>11</sup> Selfrio – Refrigeration, in particular commercial and industrial cold for retail and hotel chains.

### 3.6. Box Lines

	1Q 2008	1Q 2007	Δ
Turnover	10,991.7	11,459.3	-4.1%
Operational Cash-Flow (EBITDA)	262.8	449.2	-41.5%
Contribution to consolidated figures			Unit: 10 <sup>3</sup> Euro



[S. Gabriel, one of Box Lines freighted ships]

During the first quarter of the year the business performed in line with budget.

The cabotage market is undergoing a small decrease (2.5%), reflecting the slowdown in economic activity.

The company is actively looking for other business developments outside the cabotage area.

### 3.7. TP<sup>12</sup> (50% Sonae Capital, 50% Endesa Group)

	1Q 2008	1Q 2007	Δ
Turnover	8,448.4	8,514.2	-0.8%
Operational Cash-Flow (EBITDA)	1,823.4	2,387.9	-23.6%
Statutory accounts			Unit: 10 <sup>3</sup> Euro



[Wind Farm Serra da Capucha]

TP's first quarter of 2008 turnover is in line with the same period last year in spite of the forecasted end of the operation of Companhia Térmica Lusol cogeneration unit (with a 0.5 million euro contribution to the first quarter of 2007 turnover).

The EBITDA was impacted by i) the end of operation of Companhia Térmica Lusol; ii) the lag (of around 6 months) between the increase in fuel prices and the increase in electrical tariffs (in fuel cogeneration units only) and, iii) some operational problems in two cogeneration units, leading to both margin decrease and accrued maintenance costs.

<sup>12</sup> Company accounted for using the Equity Method.



### 3.8. Auto Sector<sup>13</sup> (50% Sonae Capital, 50% Salvador Caetano Group)

The Group's activity in the auto sector is carried out by a number of companies, the most significant being Finlog, in the car fleet management business, and Guérin, which operates in the Rent-a-Car business.

#### ➡ **Finlog**

	1Q 2008	1Q 2007	Δ
Turnover	10,755.5	7,819.0	+37.5%
Operational Cash-Flow (EBITDA)	5,326.8	3,955.9	+34.6%

Statutory accounts

Unit: 10<sup>3</sup> Euro

At the end of the first quarter of 2008, Finlog had 7,942 active contracts, in line with the end of 2007. Nevertheless, the weight of renting contracts in its core business grew by 7.8%, while management of used vehicles guarantees decreased. This trend follows that of the passenger auto sector, which grew 3.9% compared to the same period last year.

Turnover amounted to 10.7 million euro and profit before taxes was negative 0.4 million euro.

#### ➡ **Guérin**

	1Q 2008	1Q 2007	Δ
Turnover	6,362.8	5,191.8	+22.5%
Operational Cash-Flow (EBITDA)	281.0	(251.5)	-

Statutory accounts

Unit: 10<sup>3</sup> Euro

In the first quarter of 2008 rental days reached 331,660, compared to 263,191 rental days in the same period of 2007. Turnover grew from 5.2 million euro in the first quarter of 2007 to 6.4 million euro in the period.

Profit before taxes was negative 1.6 million euro, as usual during winter months, compared to negative 1.1 million euro in the same period last year.

<sup>13</sup> Companies accounted for using the Equity Method.

### 3.9. Norscut<sup>14</sup>

	1Q 2008	1Q 2007	Δ
Turnover	25,083.5	-	-
Operational Cash-Flow (EBITDA)	23,503.5	(70.8)	-
Statutory accounts			

Unit: 10<sup>3</sup> Euro



[Overpass in A24 motorway]

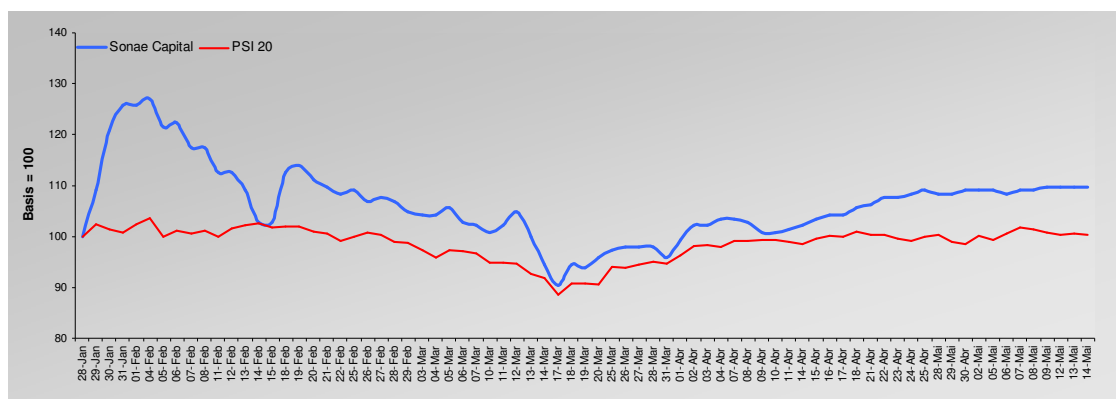
Norscut highway traffic has increased 17% in the first quarter of 2008<sup>15</sup>, leading to a turnover in line with the project tender forecast.

Financial costs are also in line with forecasts (Norscut has a full interest rate hedge in the current project phase).

### 3.10. Sonae Indústria

Sonae Capital, SGPS, SA has a 6.801% shareholding in Sonae Indústria, SGPS, SA. The shares of Sonae Indústria are listed on the Euronext Lisbon stock exchange. Taking into account the closing share price of Sonae Indústria as at 31 March 2008, 4.40 euro, the market value of this shareholding was 41.9 million euro.

## 4. Share Price Performance



Source: Euronext Lisbon

The shares of Sonae Capital were listed on Euronext Lisbon on 28 January 2008. Since that date and until the end of the first quarter, Sonae Capital's share price performance was influenced by the downward market trend.

<sup>14</sup> Company accounted for using the Equity Method.

<sup>15</sup> Year forecast according to historical seasonality.



Up to 31 March 2008, Sonae Capital's share price declined 4.2%, slightly better than the 5.3% decrease in the Portuguese Stock Market reference index (PSI-20). Taking 14 May 2008 as a reference, share price grew 9.7%, compared to a 0.4% increase in the PSI-20.

Sonae Capital's share was considerably liquid during the quarter since nearly 43% of the issued shares were traded on the regulated market.

<b>Closing Price:</b>	<b>Date</b>	<b>€</b>
- Beginning of Period	28-Jan-08	1.44
- End of Period	31-Mar-08	1.38
- Maximum	04-Feb-08	1.83
- Minimum	17-Mar-08	1.30

**Average daily traded quantity:** 2,429,694

*Source: Euronext Lisbon*

During the first quarter of the year, the following events were announced to the market:

- 21 February 2008  
Sale of the whole shareholding in Contacto – Sociedade de Construções, SA to Soares da Costa, Construção, SGPS, SA, following the terms of the initial agreement of 3 January 2008. The sales price was settled at 81.5 million euro, generating a cash inflow of 17.5 million euro.
- 3 March 2008  
On this date, SC, SGPS, SA, a wholly owned subsidiary of Sonae Capital, SGPS, SA, completed an unsecured bond issue of 50 million euro, with a tenor of 10 years and a put exercisable from the end of the eighth year onwards.
- 31 March 2008  
Sale of 12.25% of the share capital of Spinveste – Promoção Imobiliária, SA and 12.25% of the share capital of Spinveste – Gestão Imobiliária, SGII, SA for 5 million euro, to Espimaia (owned by former Sonae managers). Additionally, a call option was granted to Espimaia for the remaining shareholding in both companies, to be exercised up to 31 December 2011. This transaction implies a net asset valuation of 40.8 million euro.

After the reporting date, Sonae Capital, SGPS, SA announced:

- The agreement reached with Salvador Caetano Auto, SGPS, SA about the terms for the definitive sale of the shareholding of 50% in Choice Car, SGPS, SA for a total price of 12.5 million euro.
- The negotiation of the end of the agreement regarding the phased disposal of its entire shareholding in ELMO, SGPS, SA, company that controls 100% of Plysorol SAS and its subsidiaries.

- The promissory agreement signed with a company wholly owned by Hagen Imobiliária, SA for the sale of a parcel of land where the Hotel Resort, within the Troiaresort project, will be built. The promissory sale will have an estimated impact of 13 million euro on the consolidated results of Sonae Capital, to be recognized on the date of the definitive sale agreement.

## **5. Corporate Governance**

The Shareholders' General Meeting held on 9 April 2008 approved the following resolutions in order to comply with corporate governance best practices.

### **5.1. Board of Directors**

Four non-executive independent Directors were appointed to the Board of Directors, leading to an increase in the number of its members from 3 to 7. Configuration of the Board of Directors complies with recommendations, 5-A and 6, on Corporate Governance issued in November 2005 by the Portuguese Securities Market Commission (CMVM) – “Recomendações da CMVM sobre o Governo das Sociedades Cotadas”. These recommendations regard, respectively, to the inclusion of a sufficient number of non-executive members in the Board of Directors and to the inclusion of a sufficient number of independent members among the latter.

Presently the Board of Directors is made up as follows:

- Belmiro Mendes de Azevedo (Chairman)
- Francisco de La Fuente Sánchez (non-executive)
- José Luís dos Santos Lima Amorim (executive)
- Mário Pereira Pinto (executive)
- Paulo José Jubilado Soares de Pinho (non-executive)
- Pedro Manuel Bastos Mendes Rezende (non-executive)
- Rafael Cerezo Laporta (non-executive).

This resolution aims at strengthening the skills of the Board of Directors, namely in what regards the approval of the portfolio configuration strategy and of the annual business plan and any significant changes to it. Non-executive members are acknowledged professionals in business, finance, academia and consultancy and, together with executive directors, will define the company's strategic guidelines and goals to ensure value creation for shareholders.

A meeting of the Board of Directors shall normally be held at least once every quarter and, in addition, whenever the Chairman or two Board Directors convene a meeting. The Board of Directors can only take decisions if the majority of Board members are present or represented. Decisions shall be taken by a majority of votes.

## 5.2. Internal Committees

The Board of Directors appointed, on 9 April 2008, an Executive Committee with the following members:

- Belmiro Mendes de Azevedo (Chairman of the Board of Directors and Chief Executive Officer)
- José Luís dos Santos Lima Amorim (Chief Financial Officer)
- Mário Pereira Pinto.

The Executive Committee is responsible for managing and executing day-to-day operations, with particular emphasis on the management of the portfolio of businesses and financial coordination. The powers and responsibilities of the Executive Committee exclude:

- a) Appointing the Chairman of the Board;
- b) Co-optation of a substitute for a member of the Board;
- c) Convening Shareholders' General Meetings;
- d) Approving the Annual Report and Accounts;
- e) Granting any pledges, guarantees or charges over the assets of the Company;
- f) Deciding to change the Company's registered office or to approve any share capital increases;
- g) Deciding on mergers, de-mergers or modifications to the corporate format of the Company;
- h) Approving the annual portfolio management strategy;
- i) Approving the annual business plan and significant changes to it.

On that same date, the Board of Directors appointed a Board Audit and Finance Committee (BAFC) and a Board Nomination and Remuneration Committee (BNRC).

The BAFC is composed of the following non-executive independent directors:


- Francisco de La Fuente Sánchez (Chairman)
- Paulo José Jubilado Soares de Pinho

Amongst its tasks and powers, the BAFC is responsible for monitoring and auditing the company's financial reporting processes and accounting policies, for evaluating risk associated with the company's activities on behalf of the Board, and overseeing Corporate Governance. The BAFC meets directly with the external auditors and the internal audit team.

The BNRC appointed consists of the following non-executive independent directors:

- Rafael Cerezo Laporta (Chairman)
- Pedro Manuel Bastos Mendes Rezende

The BNRC is responsible for supervising the preparation of proposals on remuneration of executive and non-executive directors and liaises with the Shareholders' Remunerations Committee ("Comissão de Vencimentos"). The compensation policy to be followed by the Remunerations Committee was approved in the Shareholders' General Meeting held on 9 April 2008, therefore complying with recommendation 8-A of CMVM's recommendations on Corporate Governance.



The proposed policy to be applied to the members of the statutory governing bodies is based on the understanding that initiative, effort and commitment are essential foundations for delivering good performance. It also aims to align individual contributions with the company's strategic objectives, focussing primarily on performance compensation.

Under these guidelines, fixed remuneration is primarily linked to personal skills and the responsibility level inherent to each function, while variable remuneration is linked to the level of success achieved by the company as well as by the companies managed by each individual.

The compensation policy corresponding to the period 2007 to 2010 follows these guiding principles:

#### Executive Directors

a) the compensation policy for executive Directors includes three components: (i) a Fixed Remuneration, established on an annual basis, (ii) a Short Term Variable Bonus, established on the first quarter of the following year to which it respects, and (iii) a Medium/Long Term Variable Bonus, with the aim of aligning the interests of executive Directors with the ones of all shareholders, attributed annually, discretionary and with deferred payment;

b) Individual compensation considers that (i) the definition of each executive Director fixed remuneration is based on personal skills and the responsibility level inherent to each function. This remuneration will be based on the company situation and market practices; (ii) the Short Term Variable Bonus is based on the achievement of predefined objectives, based on performance indicators of the business and of the teams under their responsibility, as well as to individual performance indicators; (iii) the Medium/Long Term Variable Bonus is based on the responsibility inherent to each function and on individual skills, and on the achievement of predefined objectives, which are linked to performance indicators, and may be converted in Sonae Capital shares or its equivalent in cash on the date of payment, calculated using the share market price on the due date.

#### Non Executive Directors


The remuneration of non-executive Directors is made up of a fixed amount which is based on the company situation and market practices.

#### Fiscal Board

The remuneration of members of the Fiscal Board is made up of a fixed amount which is based on the company situation and market practices.

#### Board of the General Shareholders Meeting

The remuneration of the members of the Board of the General Shareholders Meeting shall be made up of a fixed amount based on the company situation and market practices.



The compensation policy is in accordance with recommendation 8-A of CMVM's recommendations on Corporate Governance, except for the disclosure of the individual remuneration of Directors on an annual basis.

The remaining content of the 2007 Corporate Governance Report has not changed.

Maia, 15 May 2008

***The Board of Directors***

Belmiro Mendes de Azevedo

Francisco de La Fuente Sánchez

José Luís dos Santos Lima Amorim

Mário Pereira Pinto

Paulo José Jubilado Soares de Pinho

Pedro Manuel Bastos Mendes Rezende

Rafael Cerezo Laporta



# **CONSOLIDATED FINANCIAL STATEMENTS**

## **31 MARCH 2008**



SONAE CAPITAL, SGPS, SA

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008 AND 31 DECEMBER 2007

(Amounts expressed in euro)

		Pro-forma		
ASSETS	Notes	31.03.2008	31.12.2007 <sup>1)</sup>	31.12.2007
NON-CURRENT ASSETS:				
Tangible and intangible assets	8	344,815,318	328,841,785	329,842,000
Goodwill	9	61,726,752	62,517,465	63,796,454
Investments	10	73,426,332	96,171,935	96,171,935
Deferred tax assets	13	14,662,988	14,117,740	14,320,920
Other non-current assets	11	15,879,426	24,311,811	24,318,632
Total Non-Current Assets		510,510,816	525,960,736	528,449,941
CURRENT ASSETS:				
Stocks		150,209,020	142,074,734	143,489,662
Trade account receivables and other current assets	12	86,638,897	83,787,980	100,924,346
Investments held for trading	18	22,720	499	499
Cash and cash equivalents	14	26,834,431	43,956,550	44,333,841
Total Current Assets		263,705,068	269,819,763	288,748,348
TOTAL ASSETS		774,215,884	795,780,499	817,198,289
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	15	250,000,000	250,000,000	250,000,000
Reserves and retained earnings		80,977,574	62,453,731	91,854,242
Profit/(Loss) for the year attributable to the equity holders of Sonae Capital		39,009,061	8,579,429	14,994,319
Equity attributable to the equity holders of Sonae Capital		369,986,635	321,033,160	356,848,561
Equity attributable to minority interests	16	41,571,779	36,758,832	36,758,832
TOTAL EQUITY		411,558,414	357,791,992	393,607,393
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Bank Loans	17	201,651,285	191,453,586	191,453,586
Other non-current liabilities	19	34,560,232	34,461,335	39,150,435
Deferred tax liabilities	13	2,303,868	2,307,082	7,526,370
Provisions	22	8,964,515	11,442,155	16,654,464
Total Non-Current Liabilities		247,479,900	239,664,158	254,784,855
CURRENT LIABILITIES:				
Bank Loans	17	10,122,038	24,751,003	24,751,003
Trade creditors and other non-current liabilities	21	103,873,030	169,757,882	140,239,574
Provisions	22	1,182,502	3,815,464	3,815,464
Total Current Liabilities		115,177,570	198,324,349	168,806,041
TOTAL LIABILITIES		362,657,470	437,988,507	423,590,896
TOTAL EQUITY AND LIABILITIES		774,215,884	795,780,499	817,198,289

The accompanying notes are part of these financial statements.

1) Continued Operations

The Board of Directors

Belmiro Mendes de Azevedo

Francisco de La Fuente Sanchez

José Luís dos Santos Lima Amorim

Mário Pereira Pinto

Paulo José Jubilado Soares de Pinho

Pedro Manuel Bastos Mendes Rezende

Rafael Cerezo Laporta

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE

FOR THE THREE MONTHS ENDED 31 MARCH 2008 AND 2007

(Amounts expressed in euro)

			Pró-forma
	Notes	31.03.2008	31.12.2007 <sup>1)</sup>
Operational income			
Sales		19,992,972	17,735,745
Services rendered		24,988,130	24,058,065
Value created on investment properties		-	-
Other operational income		<u>1,537,895</u>	<u>970,522</u>
Total operational income		<u>46,518,997</u>	<u>42,764,332</u>
Operational expenses		-	-
Cost of goods sold and materials consumed		(8,696,987)	(9,163,564)
Changes in stocks of finished goods and work in progress		11,957,949	2,534,717
External supplies and services		(38,912,346)	(25,925,208)
Staff costs		(10,459,961)	(9,307,238)
Depreciation and amortisation		(1,973,750)	(1,705,109)
Provisions and impairment losses		(2,333,909)	(101,984)
Other operational expenses		<u>(915,460)</u>	<u>(822,833)</u>
Total operational expenses		<u>(51,334,464)</u>	<u>(44,491,219)</u>
Operational profit/(loss)		<u>(4,815,467)</u>	<u>(1,726,887)</u>
Financial Expenses		(3,888,601)	(3,674,359)
Financial Income		1,000,302	1,744,370
Net financial expenses		(2,888,299)	(1,929,989)
Share of results of associated undertakings	10	(1,374,815)	634,479
Investment income		<u>48,791,859</u>	<u>4,806,028</u>
Profit/(Loss) before taxation		<u>39,713,278</u>	<u>1,783,631</u>
Taxation	25	<u>(463,943)</u>	<u>(277,984)</u>
Profit/(Loss) after taxation		<u>39,249,335</u>	<u>1,505,647</u>
Profit/(Loss) for the year	26	<u><u>39,249,335</u></u>	<u><u>1,505,647</u></u>
Attributable to:		-	-
Equity holders of Sonae Capital		39,009,061	926,238
Minority interests		<u>240,274</u>	<u>579,409</u>
Profit/(Loss) per share		-	-
Basic	26	0.156036	0.003705
Diluted	26	<u>0.156036</u>	<u>0.003705</u>

The accompanying notes are part of these financial statements.

1) Continued Operations

The Board of Directors

Belmiro Mendes de Azevedo

Francisco de La Fuente Sanchez

José Luís dos Santos Lima Amorim

Mário Pereira Pinto

Paulo José Jubilado Soares de Pinho

Pedro Manuel Bastos Mendes Rezende

Rafael Cerezo Laporta

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2008 AND 2007

(Amounts expressed in euro)

	Attributable to Equity Holders of Sonae Capital					
	Share Capital	Reserves and Retained Earnings	Net Profit/(Loss)	Total	Minority Interests	Total Equity
Balance as at 1 January 2007	250,000,000	(10,979,229)	(6,166,995)	232,853,776	18,876,352	251,730,128
Appropriation of profit of 2006:						
Transfer to legal reserves and retained earnings	-	(6,166,995)	6,166,995	-	-	-
Dividends distributed	-	-	-	-	-	-
Changes in reserves						
In conversion reserves	-	(44,823)	-	(44,823)	26,331	(18,492)
In hedge and fair value reserves	-	11,776,520	-	11,776,520	-	11,776,520
Affiliated and associated undertakings excluded for sale	-	(16,016,190)	-	(16,016,190)	-	(16,016,190)
Aquisition of affiliated and associated undertakings	-	(2,295,000)	-	(2,295,000)	-	(2,295,000)
In other reserves	-	684,188	-	684,188	(320,601)	363,587
Consolidated Profit/(Loss) for the six months ended 31 March 2007	-	-	926,238	926,238	579,409	1,505,647
Balance as at 31 March 2007 <sup>1</sup>	250,000,000	(23,041,529)	926,238	227,884,709	19,161,491	247,046,200
Balance as at 1 January 2008	250,000,000	98,269,130	8,579,431	356,848,561	36,758,832	393,607,393
Appropriation of profit of 2007:		-	-	-	-	-
Transfer to legal reserves and retained earnings	-	8,579,431	(8,579,431)	-	-	-
Dividends distributed	-	-	-	-	-	-
Changes in reserves	-	-	-	-	-	-
In conversion reserves	-	(591,252)	-	(591,252)	(27,784)	(619,036)
In hedge and fair value reserves	10	(21,424,084)	-	(21,424,084)	-	(21,424,084)
Other changes	-	(3,855,651)	-	(3,855,651)	4,600,457	744,806
Consolidated Profit/(Loss) for the twelve months ended 31 March 2008	-	-	39,009,061	39,009,061	240,274	39,249,335
Balance as at 31 March 2008	250,000,000	80,977,574	39,009,061	369,986,635	41,571,779	411,558,414

1) Pro-Forma Equity

The Board of Directors

\_\_\_\_\_  
Belmiro Mendes de Azevedo

\_\_\_\_\_  
Francisco de La Fuente Sanchez

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José Luís dos Santos Lima Amorim

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Mário Pereira Pinto

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Paulo José Jubilado Soares de Pinho

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Pedro Manuel Bastos Mendes Rezende

\_\_\_\_\_  
Rafael Cerezo Laporta

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2008 AND 2007

(Amounts expressed in euro)

		31.03.2008	Pró-forma 31.12.2007 <sup>1)</sup>
<u>OPERATING ACTIVITIES</u>	<u>Notes</u>		
Cash receipts from trade debtors		54,037,726	52,795,646
Cash paid to trade creditors		(47,322,492)	(42,329,058)
Cash paid to employees		(8,822,131)	(8,980,763)
Cash flow generated by operations		<u>(2,106,897)</u>	<u>1,485,825</u>
Income taxes (paid) / received		(1,176,782)	(529,712)
Other cash receipts and (payments) relating to operating activities		<u>1,579,061</u>	<u>(9,504,974)</u>
Net cash flow from operating activities (1)		<u>(1,704,618)</u>	<u>(8,548,861)</u>
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:		-	-
Investments		81,127,822	5,256,835
Tangible assets		751,813	652,457
Intangible assets		6,721	-
Interest and similar income		668,074	1,282,444
Loans granted		1,938,776	26,082,782
Dividends		-	1,041,922
Others		-	-
		<u>84,493,206</u>	<u>34,316,440</u>
Cash Payments arising from:			
Investments		(100,811)	(4,417,507)
Tangible assets		(19,438,210)	(4,086,932)
Intangible assets		(156,593)	(74,300)
Loans granted		(99,000)	(14,263,174)
Others		(63,826)	-
		<u>(19,858,440)</u>	<u>(22,841,913)</u>
Net cash used in investment activities (2)		<u>64,634,766</u>	<u>11,474,527</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Loans obtained		125,195,691	70,628,909
Capital increases, additional paid in capital and share premiums		212,500	-
		<u>125,408,191</u>	<u>70,628,909</u>
Cash Payments arising from:			
Loans obtained		(198,984,155)	(74,669,153)
Interest and similar charges		(6,167,245)	(2,469,053)
Reimbursement of capital and paid in capital		-	-
Dividends		-	-
Purchase of own shares		-	-
Others		-	-
		<u>(205,151,400)</u>	<u>(77,138,206)</u>
Net cash used in financing activities (3)		<u>(79,743,209)</u>	<u>(6,509,297)</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	14	<u>(16,813,061)</u>	<u>(3,583,631)</u>
Effect of foreign exchange rate		513,070	42,684
Cash and cash equivalents at the beginning of the period		41,383,143	13,086,955
Cash and cash equivalents demerged		-	-
Cash and cash equivalents at the end of the period	14	<u>24,057,012</u>	<u>9,460,640</u>

The accompanying notes are part of these financial statements.

1) Continued Operations

The Board of Directors

Belmiro Mendes de Azevedo

Francisco de La Fuente Sanchez

José Luís dos Santos Lima Amorim

Mário Pereira Pinto

Paulo José Jubilado Soares de Pinho

Pedro Manuel Bastos Mendes Rezende

Rafael Cerezo Laporta

SONAE CAPITAL, SGPS, SA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED AS AT 31 MARCH 2008

(Amounts express in euro)

1. INTRODUCTION

SONAE CAPITAL, SGPS, SA ("the Company" or "Sonae Capital") whose head-office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, is the parent company of a group of companies, as detailed in Notes 4 to 6 ("Sonae Capital Group") and was set up on 14 December 2007 as a result of the demerger of the shareholding in SC, SGPS, SA (previously named Sonae Capital, SGPS, SA) from Sonae, SGPS, SA, which was approved by the Board of Directors on 8 November 2007 and by the Shareholder's General Meeting held on 14 December 2007.

Sonae Capital's business portfolio was reorganized into two main strategic businesses areas:

- The first business area, led by Sonae Turismo, SGPS, SA, includes businesses in tourism, through development, management and sale of touristic resorts, real estate, through development and sale of high quality residential buildings, in hotels, through ownership and management of hotels, and in services, through activities such as restaurants, catering and events and health and fitness;
- The second business area, led by Spred, SGPS, SA (previously named Publimeios, SGPS, SA), includes businesses in three segments: identifying new business opportunities in emerging sectors or sectors undergoing restructuring, ownership and management of businesses with high potential for future development, whenever considered necessary in joint ventures with specialized third parties, and management of a financial portfolio.

1.1. Pro-forma Consolidated Financial Statements

In accordance with IFRS 5, and to ensure comparability between 2008 and 2007, consolidated income statements and consolidated cash flow statements present are pro-forma for March and December 2007, which were prepared on the basis of the same assumptions taken into consideration for the consolidated financial statements presented as at 31 December 2007.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted are in accordance with those presented on 31 December 2007.

Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" – previously named International Accounting Standards – "IAS"), issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the "International Financial Reporting Interpretations Committee" ("IFRIC"), previously named "Standing Interpretations Committee" ("SIC"), beginning on 1 January 2007.

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

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

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

#### 4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by the Group as at 31 March 2008 and 31 December 2007 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31.March.2008		31.December.2007	
		Direct	Total	Direct	Total
<b>Sonae Capital SGPS, SA</b>	Maia	HOLDING	HOLDING	HOLDING	HOLDING
<b>Tourism</b>					
Águas Furtadas - Imobiliária, SA	a) Matosinhos	100.00%	87.74%	100.00%	100.00%
Aqualuz - Turismo e Lazer, Lda	a) Lagos	100.00%	100.00%	100.00%	100.00%
Aquapraia-Investimentos Turísticos, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, SA	a) Matosinhos	100.00%	87.74%	100.00%	100.00%
Bloco Q-Sociedade Imobiliária, SA	a) Porto	100.00%	100.00%	100.00%	100.00%
Bloco W-Sociedade Imobiliária, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Casa da Ribeira - Hotelaria e Turismo, SA	a) Marco de Canaveses	100.00%	100.00%	100.00%	100.00%
Centro Residencial da Maia,Urban., SA	a) Porto	100.00%	100.00%	100.00%	100.00%
Cinclus Imobiliária, SA	a) Porto	100.00%	87.74%	100.00%	100.00%
Country Club da Maia-Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Empreend.Imob.Quinta da Azenha, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosede	a) Maia	57.84%	57.84%	57.84%	57.84%
Golf Time - Golfe e Inv.Turísticos, SA	a) Porto	75.00%	75.00%	75.00%	75.00%
Imoarea Investimentos Turísticos, SGPS, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Imobiliária da Cacela, SA	a) Matosinhos	100.00%	87.74%	100.00%	100.00%
Imoclub-Serviços Imobiliários, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Imodiv - Sociedade Imobiliária, SA	a) Maia	100.00%	87.74%	100.00%	100.00%
Imoferro-Soc.Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Imohotel-Emp.Turist.Imobiliários, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Imopenínsula - Sociedade Imobiliária, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Imoponte-Soc.Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Imoresort - Sociedade Imobiliária, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Imosedas-Imobiliária e Serviços, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Implantação - Imobiliária, SA	a) Matosinhos	100.00%	87.74%	100.00%	100.00%
Insulatroia - Sociedade Imobiliária, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Investalentejo, SGPS, SA	a) Vila de Conde	100.00%	100.00%	100.00%	100.00%
Marimo - Exploração Hoteleira Imobiliária, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Marina de Troia, SA	a) Troia	100.00%	100.00%	100.00%	100.00%
Marina Magic - Exploração de Centros Lúd, SA	a) Lisboa	100.00%	100.00%	100.00%	100.00%
Marmagno-Expl.Hoteleira Imob., SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Marvero-Expl.Hoteleira Imob., SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Partnergiro-Empreendimentos Turísticos, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Porturbe-Edifícios e Urbanizações, SA	a) Maia	100.00%	87.74%	100.00%	100.00%
Praedium II-Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Praedium III-Serviços Imobiliários, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Praedium-SGPS, SA	a) Porto	100.00%	100.00%	100.00%	100.00%
Prédios Privados Imobiliária, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Predisedas-Predial das Sedas, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Promessa Sociedade Imobiliária, SA	a) Maia	100.00%	100.00%	100.00%	100.00%
Promosedas-Prom.Imobiliária, SA	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Sete e Meio - Investimentos e Consultadoria, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Sete e Meio Herdades - Investimentos Agrícolas e Turismo, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
SC - Engenharia e Promoção Imobiliária, SGPS, SA	a) Porto	100.00%	100.00%	100.00%	100.00%
SII - Soberana Investimentos Imobiliários, SA	a) Grândola	100.00%	100.00%	100.00%	100.00%
Soconstrução, BV	a) Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Soira-Soc.Imobiliária de Ramalde, SA	a) Porto	100.00%	87.74%	100.00%	100.00%



Solinca III-Desporto e Saúde, SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
Solinca-Investimentos Turísticos, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Solinfitness - Club Malaga, SL	a)	Malaga (Spain)	100.00%	100.00%	100.00%	100.00%
Soltroia-Imob.de Urb.Turismo de Troia, SA	a)	Lisboa	100.00%	100.00%	100.00%	100.00%
Sonae Turismo - SGPS, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae Turismo Gestão e Serviços, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sontur, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Sótaqua - Soc. de Empreendimentos Turísticos, SA	a)	Maia	100.00%	87.74%	100.00%	100.00%
1) Spinveste - Promoção Imobiliária, SA	a)	Porto	87.74%	87.74%	100.00%	100.00%
1) Spinveste-Gestão Imobiliária SGII, SA	a)	Porto	87.74%	87.74%	100.00%	100.00%
Torre São Gabriel-Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Trolaresort - Investimentos Turísticos, SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
Troiaverde-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
Tulpamar-Expl.Hoteleira Imob., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
Urbisedas-Imobiliária das Sedas, SA	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Venda Aluga-Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
World Trade Center Porto, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
2) Vistas do Freixo-Emp.Tur.imobiliárias,SA	a)	Porto	100.00%	100.00%	100.00%	100.00%

#### Spred

Atlantic Ferries - Traf.Loc.Flu.e Marit., SA	a)	Grândola	100.00%	100.00%	100.00%	100.00%
Box Lines Navegação, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
3) Contacto - Sociedade de Construções, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Contacto Concessões, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Cronosaúde – Gestão Hospitalar, SA	a)	Porto	100.00%	50.00%	100.00%	50.00%
Frengineering, SA	a)	São Paulo (Brazil)	100.00%	70.00%	100.00%	70.00%
Inparvi SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Integrum-Serviços Partilhados, SA	a)	Maia	100.00%	70.00%	100.00%	70.00%
Invsauúde - Gestão Hospitalar, SA	a)	Maia	100.00%	50.00%	100.00%	50.00%
4) Martimope - Sociedade Imobiliária, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
PJP - Equipamento de Refrigeração, Lda	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
Spred SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Saúde Atlântica - Gestão Hospitalar, SA	a)	Maia	50.00%	50.00%	50.00%	50.00%
SC Insurance Risks Services, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Selfrio,SGPS, SA	a)	Matosinhos	70.00%	70.00%	70.00%	70.00%
Selfrio-Engenharia do Frio, SA	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
Sistavac-Sist.Aquecimento,V.Ar C., SA	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
SKK-Central de Distr., SA	a)	Porto	100.00%	70.00%	100.00%	70.00%
SKKFOR - Ser. For. e Desen. de Recursos, SA	a)	Maia	100.00%	70.00%	100.00%	70.00%
SMP-Serv. de Manutenção Planeamento, SA	a)	Matosinhos	100.00%	70.00%	100.00%	70.00%
Société de Tranchage Isoroy SAS	a)	Honfleur (France)	100.00%	100.00%	100.00%	100.00%
Société des Essences Fines Isoroy	a)	Honfleur (France)	100.00%	100.00%	100.00%	100.00%
Sopair, SA	a)	Madrid (Spain)	100.00%	70.00%	100.00%	70.00%
Spinark, SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Textil do Marco, SA	a)	Marco de Canaveses	90.37%	90.37%	90.37%	90.37%

#### Others

DMJB, SGPS, SA	a)	Maia	100.00%	100.00%	100.00%	100.00%
Interlog-SGPS, SA	a)	Lisboa	98.98%	98.98%	100.00%	100.00%
Pargeste SGPS, SA		Maia	89.99%	89.99%	89.99%	89.99%
Rochester Real Estate, Ltd	a)	Kent (U.K.)	100.00%	100.00%	100.00%	100.00%
SC-Consultadoria,SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
SC-S.G.P.S., SA	a)	Porto	100.00%	100.00%	100.00%	100.00%
Sonae Financial Participations, BV	a)	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae International, Ltd	a)	London (U.K.)	100.00%	100.00%	100.00%	100.00%

a) Majority of voting rights.

1) Sale of 12.25% of the share capital on 31 March 2008.

2) Company included in the Spred segment in the last period.

3) Company sold in the period.

4) Company included in the Tourism segment in the last period.

## 5. INVESTMENTS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

Associated and jointly controlled companies included in the consolidated financial statements, their head offices and the percentage of share capital held by the Group as at 31 March 2008 and 31 December 2007 are as follows:

COMPANY	Head Office	Percentage of capital held				Book Value	
		31.March.2008		31.December.2007		31.March.2008	31.December.2007
		Direct	Total	Direct	Total		
<b>Tourism</b>							
Andar - Sociedade Imobiliária, SA	Maia	50.00%	50.00%	50.00%	50.00%	998,730	-
Sociedade de Construções do Chile, SA	Lisboa	100.00%	50.00%	100.00%	50.00%	-	-
Sociedade Imobiliária Troia - B3, SA	Grândola	20.00%	20.00%	20.00%	20.00%	447,350	450,631
Vastgoed One - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
Vastgoed Sun - Sociedade Imobiliária, SA	Maia	100.00%	50.00%	100.00%	50.00%	-	-
<b>Spred</b>							
CarPlus – Comércio de Automóveis, SA	Vila Nova de Gaia	100.00%	50.00%	100.00%	50.00%	-	-
Cinclus-Plan. e Gestão de Projectos, SA	Porto	25.00%	25.00%	25.00%	25.00%	635,898	567,259
Change, SGPS, SA	Porto	50.00%	50.00%	50.00%	50.00%	2,009,632	2,035,846
Choice Car - Comércio de Automóveis, SA	Porto	100.00%	50.00%	100.00%	50.00%	-	-
Choice Car SGPS, SA	Maia	50.00%	50.00%	50.00%	50.00%	2,615,344	3,750,798
Etablissement A. Mathe, SA	France	27.74%	27.74%	27.74%	27.74%	1,854	31,937
Finlog - Aluguer e Comércio de Automóveis, SA	Matosinhos	100.00%	50.00%	100.00%	50.00%	-	-
Guerin – Rent a Car (Dois), Lda	Lisboa	100.00%	50.00%	100.00%	50.00%	-	-
Lidergraf - Artes Gráficas, Lda	Vila de Conde	24.50%	24.50%	24.50%	24.50%	729,085	813,764
Luso Assistência - Gestão de Acidentes, SA	Porto	100.00%	50.00%	100.00%	50.00%	-	-
Norscut - Concessionária de Scut Interior Norte, SA	Lisboa	25.00%	25.00%	25.00%	25.00%	-	1,547,478
Operscut - Operação e Manutenção de Auto-estradas, SA	Lisboa	15.00%	15.00%	15.00%	15.00%	24,002	24,000
Sodesa, SA	Lisboa	50.00%	50.00%	50.00%	50.00%	476,244	482,661
TP - Sociedade Térmica, SA	Porto	50.00%	50.00%	50.00%	50.00%	9,638,504	9,281,288
Total (Note 10)						17,576,643	18,985,662

Nil balances shown result from the reduction to acquisition cost of amounts determined by the equity method.

Associated and jointly controlled companies are consolidated using the equity method.

As at 31 March 2008 and 31 December 2007, aggregate values of main financial indicators of associated and jointly controlled companies can be analysed as follows:

	31.March.2008	31.December.2007
Total Assets	1,295,373,076	1,242,669,996
Total Liabilities	1,189,515,674	1,139,976,914
	31.March.2008	31.December.2007
Income	69,547,327	48,135,897
Expenses	73,275,445	46,582,474

6. GROUP COMPANIES, JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES EXCLUDED FROM CONSOLIDATION AND INVESTMENTS HELD FOR SALE

Group companies, jointly controlled companies and associated companies excluded from consolidation, their head offices, percentage of share capital held by the Group and book value as at 31 March 2008 and 31 December 2007 are made up as follows:

			Percentage of capital held						
COMPANY	Reason for exclusion	Head Office	31.March.2008		31.December.2007		Book Value		
			Direct	Total	Direct	Total	31.March.2008	31.December.2007	
<b>Tourism</b>									
1)	Delphinus – Soc. de Tur. e Div. de Tróia, SA	a)	Grândola	79.00%	79.00%	79.00%	79.00%	-	-
	Fun International Entertainment, SA	a)	Porto	-	-	50.00%	50.00%	-	-
	Infratroia – Emp. de Infraest. de Troia, E.N.	a)	Grândola	25.90%	25.90%	25.90%	25.90%	64,747	64,747
	Spidouro S.P.E.I. Douro e Trás-os-Montes, SA		Vila Real	8.30%	8.30%	8.30%	8.30%	-	-
	Star-Viagens e Turismo, SA		Lisboa	10.00%	10.00%	10.00%	10.00%	1,550,976	1,550,976
<b>Spred</b>									
2)	Arbiworld BV		Porto	100.00%	100.00%	100.00%	100.00%	9,988,577	9,988,577
	Net, SA		Lisboa	2.80%	2.80%	2.80%	2.80%	11,132	11,132
	Sear - Sociedade Europeia de Arroz, SA		Santiago do Cacém	15.00%	15.00%	15.00%	15.00%	150,031	150,031
3)	Sonae Indústria, SGPS, SA		Maia	6.80%	6.80%	6.80%	6.80%	41,895,987	63,320,071
	Real Change FCR - Fundo		Porto	13.33%	13.33%	13.33%	13.33%	1,800,000	1,800,000
	Fundo de Capital de Risco F-HITEC		Lisboa	7.14%	7.14%	-	-	37,500	-
Other Investments								350,739	300,739
Total (Note 10)								55,849,689	77,186,273

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

1) Sale, in 2007, of the entire shareholding.

2) Company acquired in 2007, in relation to which call and put options exist, and as such was excluded from consolidation.

3) Investment measured at fair value.

Nil balances shown above result from deduction of impairment losses from related investments (Note 10).

7. CHANGES TO THE CONSOLIDATION PERIMETER

Main disposals of companies over the three months period ended 31 March 2008 are as follows:

COMPANY	Head Office	Percentage of capital held	
		31.March.2008	
		Direct	Total
<b>Spred</b>			
Contacto - Sociedade de Construções, SA	Porto	100.00%	100.00%

Net Assets of the company sold as at the date of disposal are as follows:

	31.December.2007
Net assets disposed of	
Tangible and intangible assets	283,817
Other assets	102,717,889
Cash and cash equivalents	378,941
Loans	-
Other liabilities	(69,521,129)
	33,859,518
Goodwill (Note 9)	1,278,898
	35,138,416
Gain/(loss) on sale	46,361,584
Sales price	81,500,000
Cash received	81,500,000
Amounts receivable	-
	81,500,000
Net cash inflow arising from the disposal	
Cash consideration received	81,500,000
Cash and cash equivalents disposed of	(378,941)
	81,121,059

This company has been excluded from consolidation from 1 January 2008 onwards.

## 8. TANGIBLE AND INTANGIBLE ASSETS

During the three months period ended 31 March 2008, movements in Tangible and Intangible assets as well as depreciation and accumulated impairment losses, are made up as follows:

	Tangible assets				Total Tangible Assets
	Land and Buildings	Plant and Machinery	Others	Tangible assets in progress	
<b>Gross cost:</b>					
Opening balance as at 1 January 2008	243,070,156	73,812,265	4,358,727	78,619,871	399,861,019
Changes in consolidation perimeter	(546,763)	(5,372,295)	(468,783)	(333,387)	(6,721,228)
Capital expenditure	4,687,587	191,725	1,879	12,854,257	17,735,448
Disposals	(251,827)	(2,335,884)	(105,024)	(1,656,788)	(4,349,523)
Exchange rate effect	(18,332)	(2,310)	(2,538)	-	(23,180)
Transfers	3,376,599	(3,341,817)	(187,097)	(1,499,358)	(1,651,673)
<b>Closing balance as at 31 March 2008</b>	<b>250,317,420</b>	<b>62,951,684</b>	<b>3,597,164</b>	<b>87,984,595</b>	<b>404,850,863</b>
<b>Accumulated depreciation and impairment losses:</b>					
Opening balance as at 1 January 2008	34,337,745	33,438,181	3,055,187	-	70,831,113
Changes in consolidation perimeter	(109,841)	(5,122,628)	(454,546)	-	(5,687,015)
Charge for the period	858,123	1,022,133	74,916	-	1,955,172
Disposals	(38,918)	(1,776,938)	(103,739)	-	(1,919,595)
Exchange rate effect	-	-	(5,889)	-	(5,889)
Transfers	-	(4,177,180)	(189,465)	-	(4,366,645)
<b>Closing balance as at 31 March 2008</b>	<b>35,047,109</b>	<b>23,383,568</b>	<b>2,376,464</b>	<b>-</b>	<b>60,807,141</b>
<b>Carrying amount as at 31 March 2008</b>	<b>215,270,311</b>	<b>39,568,116</b>	<b>1,220,700</b>	<b>87,984,595</b>	<b>344,043,722</b>

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

Troia	41,129,294
Aparthotel Aqualuz refurbishment	7,152,045
Ferry boat construction	24,086,188
Troia Marina	6,857,895
Boavista refurbishment	3,056,265
Hotel Tróia Mar refurbishment	3,232,921
Others	2,469,987
	<b>87,984,595</b>

	Intangible assets			Total Intangible Assets
	Patents and other similar rights	Others	Intangible assets in progress	
<b>Gross cost:</b>				
Opening balance as at 1 January 2008	691,162	2,495,880	57,341	3,244,383
Changes in consolidation perimeter	(8,557)	-	-	(8,557)
Capital expenditure	630	30,355	23,935	54,920
Disposals	(24,362)	(44,245)	-	(68,607)
Exchange rate effect	-	-	-	-
Transfers	(586)	27,792	(12,552)	14,654
<b>Closing balance as at 31 March 2008</b>	<b>658,287</b>	<b>2,509,782</b>	<b>68,724</b>	<b>3,236,793</b>
<b>Accumulated depreciation and impairment losses:</b>				
Opening balance as at 1 January 2008	386,648	2,045,641	-	2,432,289
Changes in consolidation perimeter	-	-	-	-
Charge for the period	13,405	50,321	-	63,726
Disposals	(24,362)	(37,516)	-	(61,878)
Exchange rate effect	-	-	-	-
Transfers	(56)	31,116	-	31,060
<b>Closing balance as at 31 March 2008</b>	<b>375,635</b>	<b>2,089,562</b>	<b>-</b>	<b>2,465,197</b>
<b>Carrying amount as at 31 March 2008</b>	<b>282,652</b>	<b>420,220</b>	<b>68,724</b>	<b>771,596</b>

## 9. GOODWILL

During the three months period ended 31 March 2008, movements in goodwill, as well as in corresponding impairment losses, are as follows:

	31.March.2008
<b>Gross Value:</b>	
Opening balance	65,098,050
New companies (Note 7)	-
Acquisitions with increase in percentage ownership	-
Decreases by disposals of companies (Note 7)	(1,278,898)
Decreases of percentage held	(790,804)
Closing balance	63,028,348
<b>Accumulated impairment losses:</b>	
Opening balance	1,301,596
Increases	-
Decreases	-
Closing balance	1,301,596
<b>Carrying amount</b>	<b>61,726,752</b>

## 10. INVESTMENTS

As at 31 March 2008, this caption is made up as follows:

	31.March.2008	
	Non Current	Current
<b><u>Investment in associated companies</u></b>		
Opening balance as at 1 January	17,121,634	-
Acquisitions in the period	-	-
Disposals in the period	-	-
Equity method effect	(649,919)	-
Transfers	(759,100)	-
Closing balance as at 31 March	15,712,615	-
Goodwill transferred to Investments	1,864,028	-
Accumulated impairment losses (Note 22)	-	-
<b><u>Investment in associated companies (Note 5)</u></b>	<b>17,576,643</b>	<b>-</b>
<b><u>Investments in group companies, jointly controlled companies or associated companies excluded from consolidation</u></b>		
Opening balance as at 1 January	9,631,930	-
Acquisitions in the period	50,000	-
Disposals in the period	-	-
Transfers	-	-
Closing balance as at 31 March	9,681,930	-
Accumulated impairment losses (Note 22)	(7,707,938)	-
	1,973,992	-
<b><u>Investments held for sale</u></b>		
Fair value (net of impairment losses) as at 1 January	75,262,281	-
Acquisitions in the period	37,500	-
Disposals in the period	-	-
Increase/(Decrease) in fair value	(21,424,084)	-
Transfers	-	-
Fair value (net of impairment losses) as at 31 March	53,875,697	-
<b><u>Other investments (Note 6)</u></b>	<b>55,849,689</b>	<b>-</b>
	<b>73,426,332</b>	<b>-</b>

Investments held for sale are disclosed above, net of accumulated impairment losses (Note 22) amounting to 21,012,111 euro.

The use of the equity method had the following impacts: -1,374,815 euro are recorded in Share of results of associated undertakings and 724,895 euro are recorded as Other changes in Reserves.

## 11. OTHER NON-CURRENT ASSETS

As at 31 March 2008 and 31 December 2007, Other non-current assets are detailed as follows:

	31.March.2008	31.December.2007
<b>Loans granted to related parties</b>		
Norscut - Concessionária de Scut Interior Norte, SA	14,069,052	14,069,052
Andar - Sociedade Imobiliária, SA	-	3,338,173
Others	300,604	289,989
	14,369,656	17,697,214
Impairment losses (Note 22)	(270,489)	(270,489)
	14,099,167	17,426,725
<b>Trade accounts receivable and other debtors</b>		
Assets arising from the sale of financial investments	5,510,000	5,510,000
Others	1,033,757	1,899,477
	6,543,757	7,409,477
Impairment losses (Note 22)	(4,763,498)	(520,351)
	1,780,259	6,889,126
<b>Taxes Recoverable</b>	-	2,781
<b>Other non-current assets</b>	15,879,426	24,318,632

## 12. TRADE DEBTORS AND OTHER CURRENT ASSETS

As at 31 March 2008 and 31 December 2007, Trade debtors and other current assets are detailed as follows:

	31.March.2008	31.December.2007
<b>Trade accounts receivable</b>	41,667,601	56,040,609
<b>Taxes recoverable</b>	12,074,104	19,444,523
<b>Loans granted to related parties</b>		
Sonae Indústria, SGPS, SA	2,666,108	-
Sit B3	2,485,702	2,485,702
Others	5,923	6,090
	5,157,733	2,491,792
<b>Other current assets</b>		
Trade suppliers - debit balances	1,992,746	1,446,131
Other debtors	15,039,992	9,762,822
Accounts receivable from the sale of investments	35,056,077	35,056,077
Accounts receivable from the sale of tangible assets	15,265	15,348
Income related with construction contracts	-	1,790,984
Indemnities receivable	-	-
Interest receivable	367,841	135,205
Deferred costs - Rents	259,312	231,105
Deferred costs - External supplies and services	4,582,929	3,576,303
Other current assets	1,028,927	1,862,601
	58,343,089	53,876,576
	117,242,527	131,853,500
<b>Accumulated impairment losses(Note 22)</b>	(30,603,630)	(30,929,154)
<b>Trade Debtors and Other Current Assets</b>	86,638,897	100,924,346

In "Accounts receivable from the sale of investments" as at 31 March 2008 and 31 December 2007, most significant values are related to the debt on the sale of Grano Salis in 2006 (11,532,035 euro) and on the sale of Elmo, SGPS, SA in 2007 (19,794,479 euro), the latter subject to an impairment loss (Note 22).



### 13. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 March 2008 and 31 December 2007 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31.March.2008	31.December.2007	31.March.2008	31.December.2007
Harmonisation adjustments	-	-	19	49
Provisions and impairment losses	-	203,180	-	5,219,288
Write off of tangible and intangible assets	2,097,906	2,174,715	1,510,830	1,510,830
Revaluation of tangible assets	-	-	792,665	795,849
Tax losses carried forward	12,079,813	11,589,253	-	-
Others	485,269	353,772	354	354
	<u>14,662,988</u>	<u>14,320,920</u>	<u>2,303,868</u>	<u>7,526,370</u>

In accordance with the tax statements and tax estimates presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 31 March 2008 and 31 December 2007, and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

	31.March.2008			31.December.2007		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2002	588,293	147,073	2008	1,209,557	302,389	2008
Generated in 2003	7,967,245	1,991,811	2009	9,126,348	2,281,587	2009
Generated in 2004	6,191,960	1,547,990	2010	6,627,219	1,656,805	2010
Generated in 2005	6,470,818	1,617,704	2011	7,025,798	1,756,449	2011
Generated in 2006	11,155,722	2,788,931	2012	11,702,529	2,925,632	2012
Generated in 2007	10,601,713	2,650,428	2013	8,743,671	2,185,919	2013
Generated in 2008	3,421,610	855,403	2014	-	-	
	<u>46,397,361</u>	<u>11,599,340</u>		<u>44,435,122</u>	<u>11,108,780</u>	
With a time limit different from the above mentioned	1,453,780	480,473		1,453,780	480,473	
	<u>1,453,780</u>	<u>480,473</u>		<u>1,453,780</u>	<u>480,473</u>	
	<u>47,851,141</u>	<u>12,079,813</u>		<u>45,888,902</u>	<u>11,589,253</u>	

As at 31 March 2008 and 31 December 2007, Deferred tax assets resulting from tax losses carried forward were re-assessed against each company's business plans, which are regularly updated, and available tax planning opportunities. Deferred tax assets have only been recorded to the extent that future profits will arise which may be offset against available tax losses or against deductible temporary differences.

As at 31 March 2008 tax losses carried forward, amounting to 120,162,992 euro, have not originated deferred tax assets for prudential reasons. These may be summarised as follows:

	31.March.2008			31.December.2007		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2002	30,831,948	7,707,988	2008	36,487,545	9,121,887	2008
Generated in 2003	8,018,081	2,004,521	2009	13,379,146	3,344,787	2009
Generated in 2004	6,599,023	1,649,757	2010	5,065,719	1,266,430	2010
Generated in 2005	8,798,807	2,199,702	2011	7,726,020	1,931,505	2011
Generated in 2006	14,088,178	3,522,045	2012	13,437,053	3,359,264	2012
Generated in 2007	22,808,080	5,702,019	2013	22,867,073	5,716,767	2013
Generated in 2008	13,032,285	3,258,071	2014	-	-	
	<u>104,176,402</u>	<u>26,044,103</u>		<u>98,962,556</u>	<u>24,740,640</u>	
Without limited time use	4,028,472	1,342,690		4,849,357	1,616,291	
With a time limit different from the above mentioned	11,958,118	3,491,728		11,525,185	3,403,077	
	<u>15,986,590</u>	<u>4,834,418</u>		<u>16,374,542</u>	<u>5,019,368</u>	
	<u>120,162,992</u>	<u>30,878,521</u>		<u>115,337,098</u>	<u>29,760,008</u>	

#### 14. CASH AND CASH EQUIVALENTS

As at 31 March 2008 and 31 December 2007, Cash and cash equivalents can be detailed as follows:

	31.March.2008	31.December.2007
Cash at hand	190,389	183,580
Bank deposits	26,324,497	43,040,144
Treasury applications	319,544	1,110,117
Cash and cash equivalents in the balance sheet	26,834,431	44,333,841
Bank overdrafts (Note 17)	(2,777,419)	(2,950,698)
Cash and cash equivalents in the statement of cash flows	24,057,012	41,383,143

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

#### 15. SHARE CAPITAL

The share capital of Sonae Capital, SGPS, SA is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each.

The demerger originated a reserve in the amount of 132,638,253 euro, which has a treatment similar to that of a Legal Reserve. According to Company Law, it cannot be distributed to shareholders, unless the company is liquidated, but can be used to make good prior year losses, once other reserves have been used fully, or for capital increases.

#### 16. MINORITY INTERESTS

Movements in minority interests in the periods ended 31 March 2008 and 31 December 2007 are as follows:

	31.March.2008	31.December.2007
Opening balance as at 1 January	36,758,832	18,876,352
Acquisitions with increase in percentage ownership	-	17,108,025
Disposal of companies (Note 7)	-	-
Changes resulting from currency translation	(27,784)	(22,328)
Changes in percentage ownership from disposal of companies	4,385,829	-
Others	214,628	(57,033)
Profit for the period attributable to minority interests	240,274	853,816
Closing balance	41,571,779	36,758,832

#### 17. BORROWINGS

As at 31 March 2008 and 31 December 2007, Borrowings are made up as follows:

	31.March.2008			31.December.2007			Repayable on
	Amount limit	Current	Non Current	Amount limit	Current	Non Current	
<b>Bank Loans</b>							
Sonae Capital SGPS - commercial paper	30,000,000	-	30,000,000	-	-	-	Mar/2013
a) d) Sonae Turismo - commercial paper	110,000,000	-	-	110,000,000	-	109,999,989	Aug/2009
b) SC, SGPS - commercial paper	110,000,000	-	41,399,996	-	-	-	Aug/2009
Prædium SGPS - commercial paper	7,500,000	5,000,000	-	7,500,000	1,250,000	-	Aug/2008
c) Imoferro	6,983,171	139,663	6,389,601	6,983,171	122,295	6,529,175	May/2027
Invesaúde	2,000,000	-	1,250,000	2,000,000	250,000	1,250,000	Aug/2010
d) SC-Insurance and Risk Services - commercial paper	1,977,175	-	-	1,977,175	1,977,175	-	Feb/2008
Selfrio Engenharia	3,850,000	318,750	3,531,250	3,850,000	1,068,750	2,781,250	May/2012
Others		307,506	1,627,422		93,474	2,150,000	
		5,765,919	84,198,269		4,761,694	122,710,414	
Bank overdrafts (Note 14)		2,777,419	-		2,952,348	-	
<b>Bank Loans</b>		<b>8,543,338</b>	<b>84,198,269</b>		<b>7,714,042</b>	<b>122,710,414</b>	
<b>Bonds</b>							
Bonds Sonae Capital 2007/2012		-	20,000,000		-	20,000,000	Dec/2012
Bonds Sonae Capital 2007/2012		-	30,000,000		-	30,000,000	Dec/2012
d) Bonds SC-Insurance		-	-		15,000,000	-	
Bonds SC, SGPS, S.A. 2008/2018		-	50,000,000		-	-	Mar/2018
Amortised cost for bank loans and bonds		-	(1,101,565)		-	(234,000)	
<b>Bonds</b>		-	<b>98,898,435</b>		<b>15,000,000</b>	<b>49,766,000</b>	
<b>Other loans</b>		-	-		176,635	250,577	
Derivatives		-	-		-	-	
Obligations under finance leases		1,578,700	18,554,581		1,860,326	18,726,595	
		<b>10,122,038</b>	<b>201,651,285</b>		<b>24,751,003</b>	<b>191,453,586</b>	

- a) SC, SGPS, SA is a co-guarantor in this loan.
- b) Sonae Turismo, SGPS, SA is a co-guarantor in this loan.
- c) This loans was guaranteed by mortgages of properties held by this affiliated company and has been fully repaid on 9 May 2008.
- d) These loans were fully paid in January and February 2008.

Sonae Capital SGPS - 2007/2012 Bonds 1<sup>st</sup> issue in the amount of 20,000,000 euro, with a 5 year maturity, and a sole reimbursement on 31 December 2012, except if the reimbursement is anticipated, fully or partially, which can happen on 31 December 2010.

Sonae Capital SGPS - 2007/2012 Bonds 2<sup>nd</sup> issue in the amount of 30,000,000 euro, with a 5 year maturity, and a sole reimbursement on 31 December 2012.

SC, SGPS, SA -2008/2018 Bonds in the amount of 50,000,000 euro, with a 10 year maturity, and a sole reimbursement on 3 March 2018, except if the reimbursement is anticipated, fully or partially, which can happen on 3 March 2016.

These bond loans bear interest every six months at 6 months Euribor interest rates plus spreads that range between 0.50% and 0.95%.

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

	31.March.2008		31.December.2007	
	Capital	Interests	Capital	Interests
N+1 <sup>a)</sup>	10,122,038	6,886,738	24,751,003	5,130,659
N+2	46,540,235	6,586,900	114,359,681	4,293,458
N+3	23,736,502	8,126,005	24,155,400	4,071,652
N+4	3,407,536	6,890,896	3,683,383	2,774,451
N+5	61,786,115	6,830,955	31,732,355	2,596,855
After N+5	67,282,459	18,189,186	17,756,767	6,532,429
	212,874,886	53,510,680	216,438,590	25,399,505

a) Includes amounts drawn under commercial paper programmes.

## 18. DERIVATIVES

### Interest rate derivatives

The hedging instruments used by the Group as at 31 March 2008 were mainly "swaps" and interest rate options (cash flow hedges) contracted with the goal of hedging interest rate risks on loans in the amount of 50,000,000 euro, whose net fair value was 22,221 euro. As at 31 March 2008, all derivatives are hedging derivatives.

These interest rate hedging instruments are valued at fair value as at the balance sheet date, determined by valuations made by the Group using derivative valuation calculation schedules and external valuations when these schedules do not permit the valuation of certain instruments. The determination of fair value of these financial instruments is based, for swaps, on updating on the balance sheet date the future cash flows resulting from the difference between the fixed interest rate of the fixed leg of the derivative and the variable interest rate indexed to the variable leg of the derivative. For options, fair value is determined using the Black-Scholes model and its variants.

The risk cover principles generally used by the Group to contractually arrange hedging instruments are as follows:

- Matching between cash flows received and paid, i.e., there is a perfect match between the dates of the re-fixing of interest rates on financing contracted with the bank and the dates of the re-fixing of interest rates on the derivative;
- Perfect matching between indices: the reference index for the hedging instrument and the for the financing to which the underlying derivative relates are the same;
- In the case of extreme rises in interest rates, the maximum cost of financing is limited.

The counterparts for derivatives are selected based on their financial strength and credit risk profile, with this profile being generally measured by a rating note attributed by rating agencies of recognised merit. The counterparts for derivatives are top level, highly prestigious financial institutions which are recognised nationally and internationally.

### Fair value of derivatives

The fair value of derivatives is accounted in Investments held for trading, as follows:

	Assets		Liabilities	
	31.March.2008	31.December.2007	31.March.2008	31.December.2007
Hedge accounting derivatives				
Interest rate	22,221	-	-	-
Other derivatives		-	-	-
	22,221	0	0	0

## 19. OTHER NON-CURRENT LIABILITIES

As at 31 March 2008 and 31 December 2007, Other non-current liabilities were made up as follows:

	31.March.2008	31.December.2007
<b>Loans and other amounts payable to related parties</b>		
Plaza Mayor Parque de Ocio, SA	2,335,214	2,323,820
Others	700,003	617,000
	<u>3,035,217</u>	<u>2,940,820</u>
<b>Other creditors</b>		
Creditors in the restructuring process of Torralta	30,141,462	30,141,462
Guarantees of suppliers	-	4,672,100
Fixed assets suppliers	1,375,000	1,387,500
Others	8,553	8,553
	<u>31,525,015</u>	<u>36,209,615</u>
<b>Other Non-Current Liabilities</b>	<u>34,560,232</u>	<u>39,150,435</u>

As at 31 March 2008 and 31 December 2007, "Other creditors" include 30,141,462 euro payable to creditors of an affiliated undertaking under the terms of a judicial restructuring process. The court decision dated 27 November 1997 (which confirms the terms approved in the creditors meeting of 23 September 1997) states that these credits will be payable 50 years from the date that the decision was confirmed (30 January 2003).

## 20. SHARE-BASED PAYMENTS

In 2007 and previous years, the Sonae Capital Group granted deferred performance bonuses to employees, based on shares of Sonae SGPS, SA to be acquired at nil cost, three years after they were attributed to the employee. In any case, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the choice to settle in cash instead of shares. The option can only be exercised if the employee still works for the Sonae Capital Group on the vesting date. On 28 January 2008 existing liabilities based on Sonae, SGPS, SA's shares have been recalculated to reflect liabilities based on Sonae Capital, SGPS, SA's shares. Closing share prices as at that date were used in this recalculation.

As at 31 March 2008 and 31 December 2007 the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

	Year of grant	Vesting year	Number of participants	Fair Value	
				31.March.2008	31.December.2007
<b><u>Shares</u></b>					
	2005	2008	6	298,658	573,543
	2006	2009	5	189,652	267,377
	2007	2010	4	153,936	218,103
	2008	2011	6	345,432	-
<b><u>Total</u></b>				<u>987,678</u>	<u>1,059,023</u>

As at 31 March 2008 and 31 December 2007 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which have not yet vested:

	31.March.2008	31.December.2007
Staff costs	157,480	559,369
Retained earnings	460,765	265,126
	<u>618,245</u>	<u>824,495</u>
Other liabilities	618,245	824,495
	<u>618,245</u>	<u>824,495</u>

## 21. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

As at 31 March 2008 and 31 December 2007, Trade accounts payable and Other current liabilities were made up as follows:

	31.March.2008	31.December.2007
<b>Trade creditors</b>	29,317,492	62,517,417
<b>Loans and other amounts payable to related parties</b>		
Others	4,198	-
	<u>4,198</u>	<u>-</u>
<b>Other current liabilities</b>		
Fixed assets suppliers	8,608,834	5,009,524
Amounts received as down payments	27,702,794	21,285,566
Advances from customers	1,688,816	1,333,157
Other accounts payable	5,431,211	3,598,684
Taxes and contributions payable	8,995,839	13,399,775
Cost accruals related to construction works	107,446	14,257,334
Staff Costs	7,023,667	6,809,301
Interest payable	1,206,302	712,251
Amounts invoiced for works not yet completed	5,053,009	3,686,414
Other external supplies and services	2,370,721	1,555,468
Others	6,362,701	6,074,683
	<u>74,551,340</u>	<u>77,722,157</u>
<b>Trade accounts payable and other current liabilities</b>	<u>103,873,030</u>	<u>140,239,574</u>

## 22. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the three months period ended 31 March 2008 are as follows:

Captions	Balance as at 31.December.07	Increases	Decreases	Balance as at 31.March.2008
Accumulated impairment losses on investments (Note 10)	28,720,049	-	-	28,720,049
Accumulated impairment losses on other non-current assets (Note 11)	790,840	4,243,148	-	5,033,988
Accumulated impairment losses on trade accounts receivable and on other current debtors (Note 12)	30,929,153	538,454	(863,977)	30,603,630
Accumulated impairment losses on stocks	7,474,353	323,353	(3,869)	7,793,837
Non-current provisions	16,654,464	52,541	(7,742,490)	8,964,515
Current provisions	3,815,464	-	(2,632,962)	1,182,502
	<u>88,384,323</u>	<u>5,157,496</u>	<u>(11,243,298)</u>	<u>82,298,521</u>

As at 31 March 2008 and 31 December 2007, Provisions can be analysed as follows:

	31.March.2008	31.December.2007
Guarantees on construction works given to clients	-	4,697,502
Judicial claims	50,000	3,954,369
Others	10,097,017	11,818,057
	<u>10,147,017</u>	<u>20,469,928</u>

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

## 23. CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2008 and 31 December 2007, Contingent assets and liabilities were made up as follows:

	31.March.2008	31.December.2007
Guarantees given:		
on tax claims	5,793,445	5,845,298
on judicial claims	2,696,996	2,696,996
on municipal claims	5,832,116	5,887,208
others	57,431,533	74,799,709

Others include the following guarantees:

- 5,062,547 euro (22,730,724 euro as at 31 December 2007) of guarantees on construction works given to clients;
- 37,899,252 euro as at 31 March 2008 and as at 31 December 2007 of guarantees given concerning building permits in the tourism business;
- 124,699 euro as at 31 March 2008 and as at 31 December 2007 of guarantees given for the construction of ferry boats;
- 12,000,000 euro as at 31 March 2008 and as at 31 December 2007 of guarantees given on the sale of the shareholding in Granosalis, SGPS, SA.

## 24. RELATED PARTIES

Balances and transactions with related parties are detailed as follows:

<u>Transactions</u>	Sales and services rendered		Purchases and services obtained	
	31.March.2008	31.March.2007	31.March.2008	31.March.2007
Parent company and group companies excluded from consolidation (a)	67,890	441,474	93,359	332,660
Associated companies	66,005	61,040	364,854	313,918
Other partners in Group companies	16,424,348	14,158,238	1,715,137	1,864,552
	<u>16,558,243</u>	<u>14,660,752</u>	<u>2,173,350</u>	<u>2,511,130</u>
<u>Transactions</u>	Interest income		Interest expenses	
	31.March.2008	31.March.2007	31.March.2008	31.March.2007
Parent company and group companies excluded from consolidation (a)	-	787,381	-	21,002
Associated companies	330,242	4,425	-	-
Other partners in Group companies	18,059	508,026	39,553	1,731,111
	<u>348,301</u>	<u>1,299,832</u>	<u>39,553</u>	<u>1,752,113</u>
<u>Balances</u>	Accounts receivable		Accounts payable	
	31.March.2008	31.December.2007	31.March.2008	31.December.2007
Parent company and group companies excluded from consolidation (a)	39,920	98,684	49,014	469,379
Associated companies	733,943	393,405	174,517	94,440
Other partners in Group companies	15,501,162	32,520,201	3,402,891	4,117,245
	<u>16,275,025</u>	<u>33,012,290</u>	<u>3,626,422</u>	<u>4,681,064</u>
<u>Balances</u>	Loans		Loans	
	Obtained		Granted	
	31.March.2008	31.December.2007	31.March.2008	31.December.2007
Parent company and group companies excluded from consolidation (a)	-	-	-	-
Associated companies	-	-	14,069,052	17,407,225
Other partners in Group companies	2,335,214	2,340,818	-	-
	<u>2,335,214</u>	<u>2,340,818</u>	<u>14,069,052</u>	<u>17,407,225</u>

(a) The parent company is Efanor Investimentos, SGPS, SA; balances and transactions with Sonae, SGPS, SA are included under Other partners in Group companies.

## 25. TAXATION

As at 31 March 2008 and 2007, Taxation is made up as follows:

	31.March.2008	31.March.2007
Current tax	1,053,903	758,735
Deferred tax	(589,960)	(480,751)
	<u>463,943</u>	<u>277,984</u>

## 26. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 31 March 2008 and 2007, the reconciliation of consolidated net profit can be analysed as follows:

	31.March.2008	31.March.2007
Aggregate net profit	78,040,834	16,520,784
Harmonisation adjustments	1,059,897	(3,407,999)
Elimination of intragroup dividends	(36,746,001)	(4,438,077)
Share of results of associated undertakings	(1,374,815)	634,479
Elimination of intragroup capital gains and losses	(1,148,091)	(4,149,789)
Elimination of intragroup provisions	(3,037,000)	(167,000)
Consolidation adjustments to gains/(losses) on sales of investments	2,450,135	(1,189,007)
Others	<u>4,376</u>	<u>(2,297,648)</u>
Consolidated net profit for the year	<u>39,249,335</u>	<u>1,505,743</u>

## 27. EARNINGS PER SHARE

Earnings per share for the periods ended 31 March 2008 and 2007 were calculated taking into consideration the following amounts:

	31.March.2008	31.March.2007
	<u>Total</u>	<u>Total</u>
<b>Net profit</b>		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period )	39,009,061	926,238
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	<u>39,009,061</u>	<u>926,238</u>
<b>Number of shares</b>		
Weighted average number of shares used to calculated basic earnings per share	250,000,000	250,000,000
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Weighted average number of shares used to calculated diluted earnings per share	<u>250,000,000</u>	<u>250,000,000</u>
<b>Earnings per share (basic and diluted)</b>	<u>0.156036</u>	<u>0.003705</u>

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

## 28. SEGMENT INFORMATION

As at 31 March 2008 and 2007, the following were identified as primary business segments:

- Tourism
- Spred
- Holding

No secondary business segments were disclosed since Group activities are almost all carried out in Portugal. Foreign activities are not significant enough to justify disclosure of a different geographical segment.

The contribution of the business segments to the income statement for the periods ended on 31 March 2008 and 2007 can be detailed as follows:

31.March.2008					
	Tourism	Spred	Holding	Consolidation Adjustments	Total
Operational income					
Sales	1,712,509	18,280,463	-	-	19,992,972
Services rendered	9,666,827	15,185,568	135,735	-	24,988,130
Other operational income	1,011,771	455,674	70,450	-	1,537,895
	12,391,107	33,921,705	206,185	-	46,518,997
Inter-segment income	354,380	73,288	16,152	(443,820)	-
	12,745,487	33,994,993	222,337	(443,820)	46,518,997
Operational cash-flow (EBITDA)	(1,349,956)	956,373	(656,341)	(117,734)	(1,167,659)
Depreciation and amortisation	(1,732,973)	(236,108)	(4,668)	-	(1,973,750)
Provisions and impairment losses	(2,281,368)	(52,541)	-	-	(2,333,909)
Reversal of provisions and impairment losses <sup>1</sup>	657,423	2,429	-	-	659,852
Operational profit (EBIT)	(4,706,875)	670,152	(661,009)	(117,734)	(4,815,467)
Net financial expenses	(5,871,979)	126,334	3,144,347	(287,002)	(2,888,299)
Share of results of associated undertakings	(105,378)	-	-	(1,269,437)	(1,374,815)
Investment income	(252,745)	43,928,360	-	5,116,243	48,791,859
Profit before taxation	(10,936,976)	44,724,846	2,483,338	3,442,071	39,713,278
Taxation	135,650	(504,572)	(95,022)	-	(463,943)
Net profit for the period	(10,801,326)	44,220,275	2,388,316	3,442,071	39,249,335
- attributable to equity holders of Sonae					39,009,061
- attributable to minority interests					240,274
31.March.2007					
	Tourism	Spred	Holding	Consolidation Adjustments	Total
Operational income					
Sales	681,778	17,053,967	-	-	17,735,745
Services rendered	8,902,706	14,820,489	334,870	-	24,058,065
Other operational income	237,963	759,380	(26,821)	-	970,522
	9,822,447	32,633,836	308,049	-	42,764,332
Inter-segment income	358,161	22,413	37,036	(417,610)	-
	10,180,608	32,656,249	345,085	(417,610)	42,764,332
Operational cash-flow (EBITDA)	(1,224,468)	1,759,026	(577,862)	-	(43,305)
Depreciation and amortisation	(1,466,495)	(233,464)	(25,000)	19,850	(1,705,109)
Provisions and impairment losses	(18,272)	(83,711)	-	-	(101,984)
Reversal of provisions and impairment losses <sup>1</sup>	79,124	44,387	-	-	123,511
Operational profit (EBIT)	(2,630,110)	1,486,237	(602,862)	19,850	(1,726,887)
Net financial expenses	(4,129,923)	(162,145)	2,362,079	-	(1,929,989)
Share of results of associated undertakings	-	-	-	634,479	634,479
Investment income	2,231,746	-	6,486,039	(3,911,758)	4,806,028
Profit before taxation	(4,528,287)	1,324,092	8,245,256	(3,257,429)	1,783,631
Taxation	184,395	(421,518)	(40,861)	-	(277,984)
Net profit for the period	(4,343,892)	902,574	8,204,395	(3,257,429)	1,505,647
- attributable to equity holders of Sonae					926,238
- attributable to minority interests					579,409

<sup>1</sup> Amount included in the caption Other operational income but added back in the calculation of Operational Cash-flow (EBITDA).



The contribution of the business segments to the balance sheets as at 31 March 2008 and 31 December 2007 can be detailed as follows:

31.March.2008					
	Tourism	Spred	Holding	Consolidation Adjustments	Total
Fixed assets					
Tangible and Intangible	317,530,769	28,001,770	41,733	(758,954)	344,815,318
Goodwill	-	-	-	61,726,752	61,726,752
Investments	3,423,760	9,071,409	78,004,427	(17,073,264)	73,426,332
Deferred tax assets	14,104,471	558,517	-	-	14,662,988
Other assets	199,407,141	136,793,285	477,284,301	(560,757,384)	252,727,343
Cash, Cash Equivalents and Current Investments	16,720,409	2,241,128	7,868,293	27,321	26,857,151
Total assets	551,186,550	176,666,109	563,198,754	(516,835,529)	774,215,884
Non-current liabilities					
Borrowings	10,293,176	21,059,677	170,300,627	(2,195)	201,651,285
Deferred tax liabilities	2,303,868	-	-	-	2,303,868
Other non-current liabilities	317,574,715	38,056,281	8,723,393	(320,829,642)	43,524,747
Current liabilities					-
Borrowings	7,359,943	2,762,095	-	-	10,122,038
Other current liabilities	180,899,469	72,172,674	76,447,692	(224,464,303)	105,055,532
Total liabilities	518,431,171	134,050,727	255,471,712	(545,296,140)	362,657,470
Capital expenditure	16,034,800	1,737,327	18,240	-	17,790,367
Gross Debt	17,653,119	23,821,771	170,300,626	(2,195)	211,773,321
Net Debt	932,711	21,580,643	162,432,333	(29,515)	184,916,172
31.December.2007					
	Tourism	Spred	Holding	Consolidation Adjustments	Total
Fixed assets					
Tangible and Intangible	302,435,989	26,830,791	575,220	-	329,842,000
Goodwill	-	-	-	63,796,454	63,796,454
Investments	2,451,539	10,571,412	99,803,510	(16,654,526)	96,171,935
Deferred tax assets	13,558,815	762,105	-	-	14,320,920
Other assets	197,350,492	262,464,964	323,309,310	(514,392,126)	268,732,640
Cash, Cash Equivalents and Current Investments	20,222,050	2,662,597	21,449,693	-	44,334,340
Total assets	536,018,885	303,291,869	445,137,733	(467,250,198)	817,198,289
Non-current liabilities					
Borrowings	120,455,895	21,231,691	49,766,000	-	191,453,586
Deferred tax liabilities	2,307,082	5,219,288	-	-	7,526,370
Other non-current liabilities	224,906,319	63,900,370	8,723,393	(241,725,183)	55,804,899
Current liabilities					
Borrowings	3,597,104	21,153,900	-	-	24,751,004
Other current liabilities	224,273,698	99,070,392	95,414,547	(274,703,600)	144,055,037
Total liabilities	575,540,098	210,575,641	153,903,940	(516,428,783)	423,590,896
Capital expenditure	73,123,914	31,406,734	24,084	-	104,554,732
Gross Debt	124,052,999	42,385,591	49,766,000	-	216,204,590
Net Debt	103,830,949	39,722,994	28,316,307	-	171,870,250

Net debt in "Holding" is made up as follows:

	31.March.2008	31.December.2007
<b>Inflows</b>		
Bank debt	170,300,626	49,766,000
Cash and cash equivalents	7,868,293	21,449,693
Net bank debt	162,432,333	28,316,307
Tourism	654,000	5,320,000
Spred	916,600	1,191,600
Intercompany short term loans obtained	1,570,600	6,511,600
<b>Total Inflows</b>	164,002,933	34,827,907
<b>Outflows</b>		
Tourism	384,782,584	271,501,584
Spred	40,841,170	36,695,533
Intercompany loans granted	425,623,754	308,197,117

## 29. SUBSEQUENT EVENTS

On 1 April 2008, Sonae Capital, SGPS, SA, agreed with Salvador Caetano Auto, SGPS, SA the terms for the definitive sale of the shares representing 50% of the share capital of Choice Car, SGPS, SA, for a total price of 12.5 million euro.

On 5 May 2008, Sonae Capital, SGPS, SA, informed that it is currently negotiating the end of the agreement of the phased disposal of its entire shareholding in Elmo, SGPS, SA (a company that controls 100% of Plysorol), signed on 27 June 2007, upon failure of the purchaser to assume the responsibilities associated with bank loans of Elmo and Plysorol's subsidiaries and to comply with the purchase obligation of 40.01% of the share capital of Elmo, SGPS, SA.

On 14 May 2008, Sonae Capital, SGPS, SA, signed a promissory agreement with a company wholly owned by Hagen Imobiliária, SA for the sale of a parcel of land where the Hotel Resort, within the Troiaresort project, will be built. The promissory sale will have an estimated impact of 13 million euro on the consolidated results of Sonae Capital, to be recognised on the date of the definitive sale agreement.

## 30. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 15 May 2008.

The Board of Directors

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Belmiro Mendes de Azevedo

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Francisco de La Fuente Sanchez

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José Luís dos Santos Lima Amorim

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Paulo José Jubilado Soares de Pinho

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Pedro Manuel Bastos Mendes Rezende

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Rafael Cerezo Laporta



# **INDIVIDUAL FINANCIAL STATEMENTS**

## **31 MARCH 2008**

SONAE CAPITAL, S.G.P.S., SA

INDIVIDUAL BALANCE SHEETS AS AT 31 MARCH 2008 AND 31 DECEMBER 2007

(Amounts expressed in euro)

ASSETS	Notes	31 March 2008	31 December 2007
NON CURRENT ASSETS:			
Tangible assets		7,266	-
Available for sale investments	4	382,638,253	382,638,253
Other non current assets	5	79,749,000	49,749,000
Total Non Current Assets		462,394,519	432,387,253
CURRENT ASSETS			
Other current assets	6	852,358	23,901
Investments held for trading	7	22,221	-
Cash and cash equivalents	8	49,341	1,363
Total Current Assets		923,920	25,264
TOTAL ASSETS		463,318,439	432,412,517
EQUITY AND LIABILITIES			
EQUITY:			
Share Capital	9	250,000,000	250,000,000
Translation and Fair Value Reserves		(2,195)	-
Other reserves		132,638,253	132,638,253
Retained earnings		(2,012)	-
Profit / (Loss) for the period		(297,210)	(2,012)
TOTAL EQUITY		382,336,836	382,636,241
LIABILITIES:			
NON CURRENT LIABILITIES			
Bank loans	10	29,923,232	-
Bonds	10	49,785,189	49,766,000
Total Non Current Liabilities		79,708,421	49,766,000
CURRENT LIABILITIES			
Suppliers		8,040	800
Other creditors	11	386,709	1,994
Taxes and other contributions payable		11,646	25
Other current liabilities	11	866,787	7,457
Total Current Liabilities		1,273,182	10,276
TOTAL EQUITY AND LIABILITIES		463,318,439	432,412,517

The accompanying notes are part of these financial statements

O Técnico Oficial de Contas

The Board of Directors

João Manuel Morais Pereira Russo

Belmiro Mendes de Azevedo

Francisco de La Fuente Sanchez

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Mário Pereira Pinto

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Rafael Cerezo Laporta

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

INDIVIDUAL INCOME STATEMENT BY NATURE

FOR THE THREE MONTHS ENDED 31 MARCH 2008

(Amounts expressed in euro)

	Notes	31 March 2008
Operational expenses:		
External supplies and services	12	(169,648)
Staff costs		(209,023)
Depreciation and amortisation		(660)
Other operational expenses		(6,363)
Total operational expenses		(385,695)
Operational profit/(loss)		(385,695)
Financial income	13	868,472
Financial expenses	13	(779,987)
Net financial income/(expenses)		88,485
Profit/(loss) before taxation		(297,210)
Taxation		-
Profit/(loss) for the period		(297,210)

The accompanying notes are part of these financial statements

O Técnico Oficial de Contas

The Board of Directors

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

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2008

(Amounts expressed in euro)

	Share Capital	Own Shares	Share Premium	Additional paid in Capital	Legal Reserve	Reserves					Retaineds Earnings	Net profit / (loss)	Total Equity
						Legal Revaluation Reserve	Fair Value Reserve	Hedging Reserve	Translation Reserve	Other Reserves			
Balance as at 1 January 2008	250,000,000	-	-	-	-	-	-	-	-	132,638,253	-	(2,012)	382,636,241
Appropriation of profits:													
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-	(2,012)	2,012	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition/(disposal) of own shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in fair value of hedging financial instruments	-	-	-	-	-	-	(2,195)	-	-	-	-	-	(2,195)
Deferred tax arising from increase/(decrease) in fair value of financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in fair value of investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax arising from increase/(decrease) in fair value of investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	(297,210)	(297,210)
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2008	250,000,000	-	-	-	-	-	(2,195)	-	-	132,638,253	(2,012)	(297,210)	382,336,836

The accompanying notes are part of these financial statements

O Técnico Oficial de Contas

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The Board of Directors

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Rafael Cerezo Laporta

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

INDIVIDUAL CASH FLOW STATEMENT

FOR THE THREE MONTHS ENDED 31 MARCH 2008

(Amounts expressed in euro)

	<u>31 March 2008</u>
OPERATING ACTIVITIES	
Cash receipts from trade debtors	161,608
Cash paid to employees	81,808
Cash flow generated by operations	<u>(243,416)</u>
Other cash receipts/(payments) relating to operating activities	30,190
Net cash flow from operating activities [1]	<u>(213,226)</u>
INVESTMENT ACTIVITIES	
Cash payments arising from:	
Tangible assets	7,927
Loans granted	30,000,000
	<u>30,007,927</u>
Net cash flow used in investment activities [2]	<u>(30,007,927)</u>
FINANCING ACTIVITIES	
Cash receipts arising from:	
Loans obtained	30,363,000
	<u>30,363,000</u>
Cash Payments arising from:	
Interest and similar costs	93,869
	<u>(93,869)</u>
Net cash used in financing activities [3]	<u>30,269,131</u>
Net increase/(decrease) in cash and cash equivalents	47,978
Cash and cash equivalents at the beginning of the period	1,363
Cash and cash equivalents at the end of the period	<u>49,341</u>

The accompanying notes are part of these financial statements

O Técnico Oficial de Contas

The Board of Directors

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SONAE CAPITAL, S.G.P.S., S.A.  
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2008

(Amounts expressed in euro)

1. INTRODUCTION

SONAE CAPITAL, S.G.P.S., S.A. ("the company" or "Sonae Capital") whose registered office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, was constituted on 14 December 2007 by public deed, following the demerger from Sonae, S.G.P.S., S.A. of the whole of the share capital of the company formerly named Sonae Capital, S.G.P.S., S.A., now named SC, S.G.P.S., S.A in compliance with paragraph a) of article 118 of the Commercial Companies Code.

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of annual financial statements for the year ended 31 December 2007.

4. AVAILABLE FOR SALE INVESTMENTS

As at 31 March 2008 and 31 December 2007 investments are detailed as follows:

	<u>31.March.2008</u>	<u>31.December.2007</u>
Investments in affiliated and associated undertakings	382,638,253	382,638,253
	<u>382,638,253</u>	<u>382,638,253</u>

4.1 Investments in affiliated and associated undertakings

As at 31 March 2008, the detail of investments in affiliated and associated companies is as shown in the table below. Investments carried at cost correspond to those in unlisted companies and for which a fair value cannot be reliably estimated.

Companies	31.March.2008				31.December.2007			
	% Held	Fair Value	Book Value	Fair Value Reserve	% Held	Fair Value	Book Value	Fair Value Reserve
SC, SGPS, SA	100.00%	-	382,638,253	-	100.00%	-	382,638,253	-
Total		-	382,638,253	-		-	382,638,253	-

During the year ended 31 December 2007, the demerger of Sonae, S.G.P.S., S.A.'s shareholding in SC, S.G.P.S., S.A. (previously named Sonae Capital, S.G.P.S., S.A.) took place. The transaction involved the spin off of the entire share capital of SC, S.G.P.S., S.A. held by Sonae, S.G.P.S., S.A. for its accounting value of 382,638,253 euro, with which the new company Sonae Capital, S.G.P.S., S.A. was incorporated.

5. OTHER NON-CURRENT ASSETS

As at 31 March 2008 and 31 December 2007 other non-current assets are detailed as follows:

	<u>31.March.2008</u>	<u>31.December.2007</u>
Loans granted to group companies:		
S C, SGPS, SA	79,749,000	49,749,000
	<u>79,749,000</u>	<u>49,749,000</u>

This asset was not due or impaired as at 31 March 2008. The fair value of loans granted to group companies is basically the same as their book value.



## 6. OTHER CURRENT ASSETS

As at 31 March 2008 and 31 December 2007 other current assets can be detailed as follows:

	<u>31.March.2008</u>	<u>31.December.2007</u>
Accrued income	852,358	8,301
Deferred costs	-	15,600
	<u>852,358</u>	<u>23,901</u>

## 7. INVESTMENTS HELD FOR TRADING

As at 31 March 2008 and 31 December 2007 investments held for trading can be detailed as follows:

	<u>31.March.2008</u>	<u>31.December.2007</u>
Derivative instruments	22,221	-
	<u>22,221</u>	<u>-</u>

As at 31 March 2008, the derivatives above were issued as cash flow hedging instruments to hedge interest rate risk on loans contracted in the amount of 50,000,000 euro. The fair value of these derivatives as at 31 March 2008 was 22,221 euro.

## 8. CASH AND CASH EQUIVALENTS

As at 31 March 2008 and 31 December 2007 cash and cash equivalents can be detailed as follows:

	<u>31.March.2008</u>	<u>31.December.2007</u>
Cash	793	-
Bank deposits	48,548	1,363
Cash and cash equivalents in the balance sheet	<u>49,341</u>	<u>1,363</u>
Bank overdrafts	-	-
Cash and cash equivalents in the cash flow statement	<u>49,341</u>	<u>1,363</u>

## 9. SHARE CAPITAL

As at 31 March 2008 share capital consisted of 250,000,000 ordinary shares of 1 euro each.

## 10. LOANS

As at 31 March 2008 and 31 December 2007 this caption included the following loans:

	<u>31.March.2008</u>	<u>31.December.2007</u>
Bank loans - Commercial paper	30,000,000	-
Up-front fees not yet charged to income statement	(76,768)	-
Bank loans	<u>29,923,232</u>	<u>-</u>
Nominal value of bonds	50,000,000	50,000,000
Up-front fees not yet charged to income statement	(214,811)	(234,000)
Bonds	<u>49,785,189</u>	<u>49,766,000</u>
Non-current loans	<u>79,708,421</u>	<u>49,766,000</u>

Sonae Capital SGPS – 2007/2012 Bond Issue 1st issue, amounting to 20,000,000 euro, reimbursable after 5 years, in one instalment on 31 December 2012, unless reimbursement is anticipated either totally or partially, which can take place on 31 December 2010.

Bonds Sonae Capital 2007/2012 2nd issue, amounting to 30,000,000 euro, repayable after 5 years, in one instalment, on 31 December 2012.

These bond issues pay interest every six months at Euribor six month interest rates plus spreads which vary between 0.50% and 0.60%.

The above loans are not guaranteed, and their fair value is considered to be close to their book value, in view of the fact that interest is payable on them at variable market rates.

Derivatives are booked at fair value (Note 7).

#### 11. OTHER CREDITORS AND OTHER CURRENT LIABILITIES

As at 31 March 2008 and 31 December 2007, other current liabilities were made up as follows:

	<u>31.March.2008</u>	<u>31.December.2007</u>
<u>Other creditors</u>		
Loans	363,000	-
Other creditors	<u>23,709</u>	<u>1,994</u>
	<u>386,709</u>	<u>1,994</u>
<u>Other current liabilities</u>		
Accruals:		
Staff costs	115,632	-
Interest payable	<u>751,155</u>	<u>7,457</u>
	<u>866,787</u>	<u>7,457</u>

#### 12. EXTERNAL SUPPLIES AND SERVICES

As at 31 March 2008 external supplies and services can be detailed as follows:

	<u>31.March.2008</u>
Insurance	9,229
Fees	20,953
Services obtained	130,077
Other services	<u>9,389</u>
	<u>169,648</u>

#### 13. NET FINANCIAL EXPENSES

As at 31 March 2008 net financial expenses can be detailed as follows:

	<u>31.March.2008</u>
Interest payable and similar expenses	
Interest arising from:	
Bank loans	(72,795)
Bonds	(669,333)
Other	(1,569)
Other financial expenses	<u>(36,290)</u>
	<u>(779,987)</u>
Interest receivable and similar income	
Interest income	<u>868,472</u>
	<u>868,472</u>
Net financial expenses	<u>88,485</u>

#### 14. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors and authorized for issue on 15 May 2008.

15. INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

In the three months ended 31 March 2008 shareholders' loan contracts were entered into with the following companies:

SC, SGPS, SA

As at 31 March 2008 amounts owed by affiliated undertakings can be summarized as follows:

Loans granted

Companies	Closing Balance
SC, SGPS, SA	79,749,000

As at 31 March 2008 amounts owed to affiliated undertakings can be summarized as follows:

Loans obtained

Companies	Closing Balance
SC, SGPS, SA	363,000

O Técnico Oficial de Contas

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