



Consolidated Management Report





9M15 NOS Consolidated Management Report

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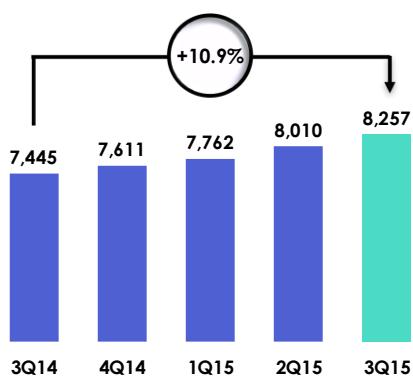
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Key Performance Indicators

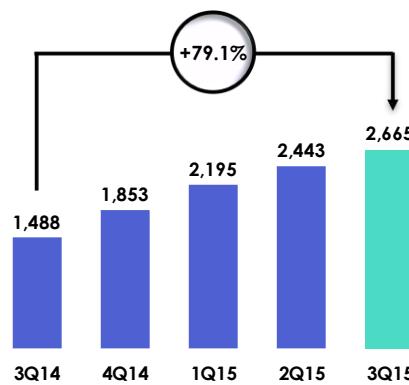
Operational Highlights

(Thousands)

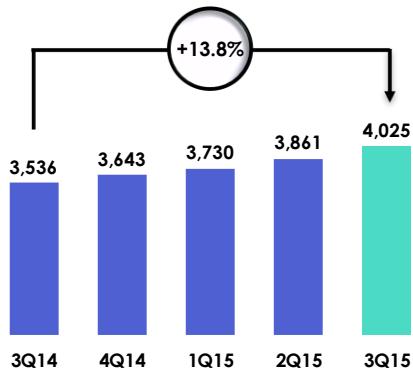
RGUs



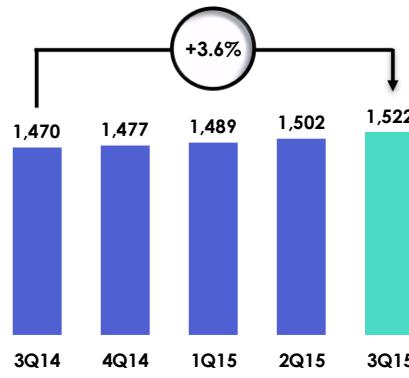
Convergent RGUs



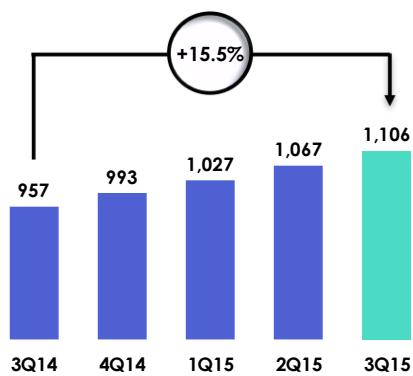
Mobile Subscribers



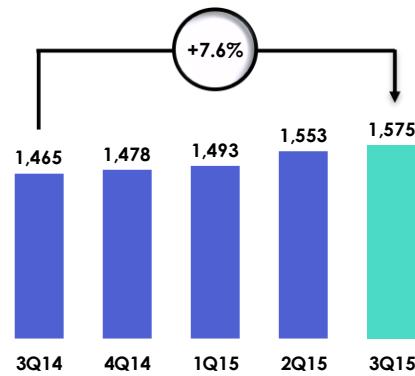
Pay TV



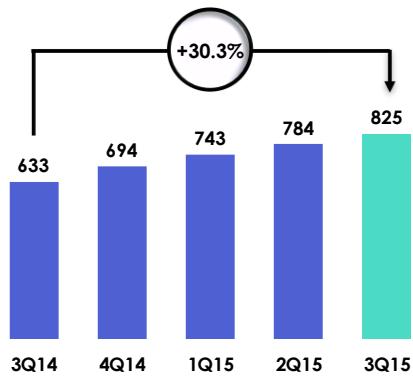
Fixed Broadband



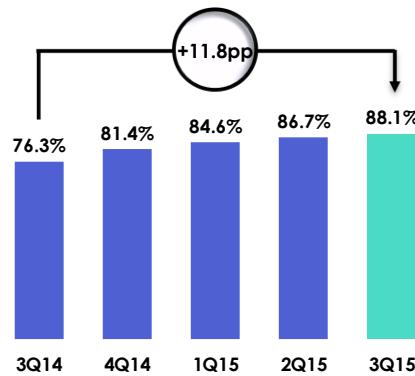
Fixed Voice



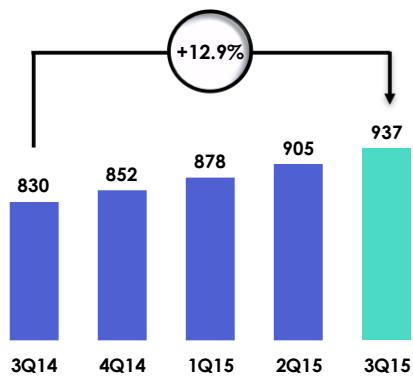
IRIS Subscribers



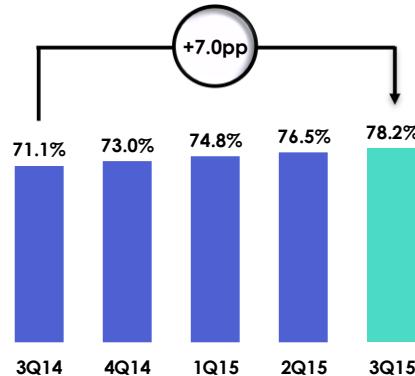
% of 3,4&5P Subscribers (fixed access) with IRIS



3,4&5P Subscribers (fixed access)



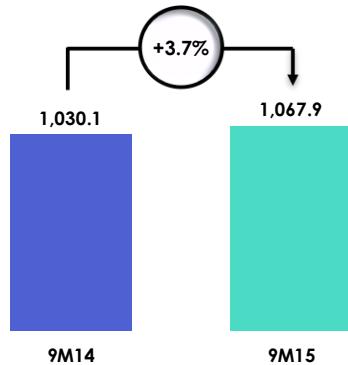
% of 3,4&5P Subscribers (fixed access)



Financial Highlights

(Millions of Euros)

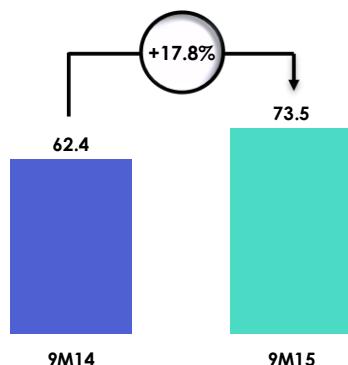
Operating Revenues



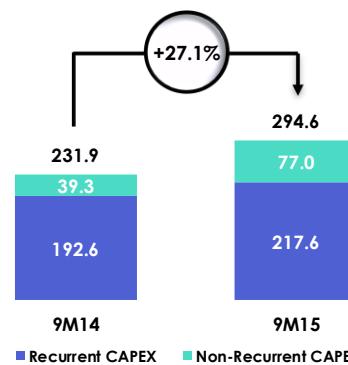
EBITDA (EBITDA margin as % of revenues)



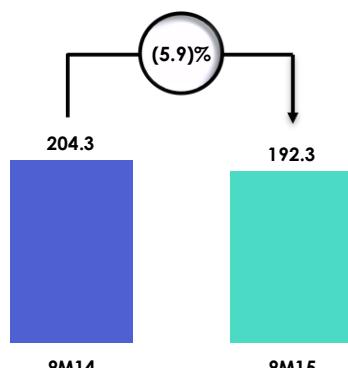
Net Income



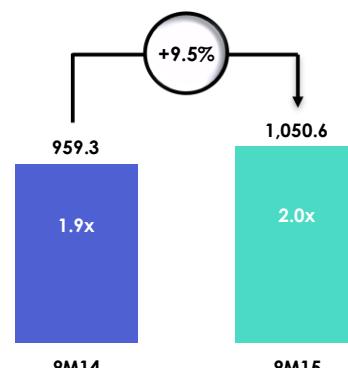
CAPEX



EBITDA – Recurrent CAPEX



Net Financial Debt



9M15 Highlights

9M15 Highlights	9M14	9M15	9M15 / 9M14
Operational Highlights			
Total RGUs (Net Adds)	232.2	646.7	178.6%
Convergent RGUs (Net Adds)	1,275.3	811.7	(36.4%)
Mobile (Net Adds)	292.4	381.9	30.6%
Pay TV (Net Adds)	(48.4)	45.2	n.a.
IRIS Subscribers (Net Adds)	195.6	131.6	(32.7%)
Convergent RGUs	1,487.7	2,665.0	79.1%
Convergent Customers	303.3	555.6	83.2%
Convergent Customers as % of Fixed Access Customers	23.8%	40.2%	16.5pp
Residential ARPU / Unique Subscriber With Fixed Access (Euros)	37.7	42.0	11.5%
Financial Highlights			
Operating Revenues	1,030.1	1,067.9	3.7%
Telco Revenues	986.0	1,013.6	2.8%
EBITDA	397.0	409.8	3.2%
EBITDA Margin	38.5%	38.4%	(0.2pp)
Net Income	62.4	73.5	17.8%

INTENSE GROWTH DRIVING OPERATIONAL PERFORMANCE AND ACCELERATING FINANCIAL TURNAROUND, SUPPORTED BY STRONG INVESTMENT

CONSOLIDATED RESULTS

Acceleration in yoy financial trends led by intense momentum in the core telco business and further enhanced by the strong performance of audiovisuals and cinema

- Operating revenues increased 3.7% yoy to 1,067.9 million euros;
- EBITDA was up yoy by 3.2% to 409.8 million euros, representing a margin of 38.4%;
- Total CAPEX amounted to 294.6 million euros, up by 27.1% yoy on the back of higher telco growth related investment.

TELCO BUSINESS

Operational growth momentum remains very strong with strong RGU net-adds

- RGU net adds of 646.7 thousand in 9M15;
- Pay TV subscribers grew by 45.2 thousand in 9M15, with 3Q15 accelerating the positive trend of the previous quarters and further reinforcing NOS' market share;
- Fixed voice and broadband services increased by 97.7 and 112.8 thousand respectively, led by strength in convergence and cross selling over the increasing pay consumer TV base;
- Mobile net adds reached 381.9 thousand, led by still strong performance in convergent services, net growth in stand-alone mobile services and by the seasonal uptake in mobile voice and data cards during the summer months;
- Convergent bundles grew by 171 thousand to 555.6 thousand, already representing 36.5% of the pay TV subscriber base and 40.2% of fixed access pay TV subscribers;
- Residential ARPU increased by 11.5% yoy to 42.0 euros led by increased RGU penetration per household;
- Positive impact of large corporate accounts on business revenues;
- B2B RGUs posted growth of 160 thousand in 9M15 translating continued growth in market presence.

Continued improvement in yoy financial trends in the core telco segment led by strong operational growth

- Telco Revenues increased by 2.8% to 1,013.6 million euros and EBITDA increased by 1.8% yoy to 375.7 million euros, representing an EBITDA margin of 37.1%;
- Intense commercial growth driving higher levels of investment with recurrent telco CAPEX reaching 189.4 million euros in 9M15.

AUDIOVISUALS and CINEMA BUSINESS

Exceptionally good line up of box office hits driving very strong performance in audiovisual distribution and cinema exhibition

- Ticket sales reached 2.677 million in 3Q15, the best quarter ever for NOS' exhibition business and up by 39.1% yoy. In 9M15, ticket sales reached 6.662 million, representing growth of 28.2% yoy;
- Cinema revenues grew by 24.7% yoy to 43.6 million euros and revenues from the Audiovisuals division increased by 24.8% to 52.9 million;
- Combined EBITDA increased by 22.7% to 34.2 million euros, representing a margin of 40.4%.

Governing Bodies

As at the date of this report, 4 November 2015, NOS' Governing Bodies had the following composition:

Board of Directors

Chairman of the Board of Directors	Jorge de Brito Pereira
Chairman of the Executive Committee	Miguel Almeida
Members of the Executive Committee	José Pedro Pereira da Costa, Vice-Presidente, CFO Ana Paula Marques André Almeida Manuel Ramalho Eanes
Members	Ângelo Paupério António Lobo Xavier António Domingues Catarina Tavira Cláudia Azevedo Fernando Martorell Isabel dos Santos Joaquim de Oliveira Lorena Fernandes Mário Leite da Silva
Chairman of the Fiscal Board	Paulo Cardoso Correira da Mota Pinto
Members	Eugénio Ferreira Nuno Sousa Pereira
Alternate	Luís Filipe da Silva Ferreira

Officials of the General Meeting of Shareholders

Chairman

Pedro Canastra de Azevedo Maia

Secretary

Tiago Antunes da Cunha Ferreira de Lemos

Statutory Auditor

In Office

ERNST & YOUNG AUDIT & ASSOCIADOS, SROC, S.A.,
inscrita na OROC sob o número 178 e inscrita na
CMVM sob o número 9011, representada por Ricardo
Filipe de Frias Pinheiro (ROC n.º 739);

Alternate

Paulo Jorge Luís da Silva (ROC n.º 1334)

Management

Report

Business Review

Pay TV base increasing yoy, led by strength of commercial proposition and increased network footprint

Pay TV net adds first turned positive in 4Q14 and have been increasing in scale ever since, taking the total pay TV base up to 1,522 thousand by the end of 9M15, 3.6% higher yoy. Total net adds in 9M15 reached 45.2 thousand, compared with negative 48.4 thousand in 9M14. Growth occurred in both the fixed access and DTH customer base, with fixed access customers posting growth of 31.5 thousand net adds and the DTH base increasing by 13.7 thousand. The successful turnaround of the pay TV base after a long-term trend of market share decline reflects the strength of NOS' convergent value proposition and successful network expansion and the increased focus and effectiveness of a more proactive retention activity which in turn is driving materially lower levels of churn and higher levels of customer loyalty.

Very strong RGU net adds led by growth across all business lines, supported by convergence, cross-selling and B2B growth

All core telco services posted material growth in 9M15 with total RGU net adds increasing to 646.7 thousand, from 232.2 thousand in 9M14.

The main drivers of the positive performance are the success of convergent bundles and cross-selling. By the end of 9M15, over 555 thousand customers were subscribing to convergent bundles, representing 36.5% of the Pay TV customer base. Of the fixed access pay TV base, over 40.2% were subscribers to convergent offers.

The total number of RGUs within convergent bundles grew by 79.1% yoy to 2.665 million RGU, representing an average of 4.8 RGUs per unique convergent customer.

NOS segments its convergent offers to address all market segments with offers ranging from a low end Pay TV and mobile double play offer, NOS Dois, up to a high-end five service offer, NOS Cinco, that offers top of the range Pay TV (158 channels), Broadband (100 Mbps), Mobile 4G Broadband (6GB), Fixed Voice and Mobile Voice and Data (standard 1 GB per SIM card). Results are proving very encouraging with a good proportion of mobile data sensitive customers subscribing to the higher-end NOS Quatro offer for 54.99 euros in order to benefit from the 500MB/1 GB data allowances per SIM card.

Fixed broadband and voice customers also posted material growth in 9M15 of 112.8 thousand and 97.7 thousand respectively, compared with negative 50.4 thousand fixed voice net adds and 35.2 thousand fixed broadband net adds in 9M14, led by the strong performance of the pay TV base, cross selling activity and convergent take-up, over both the fixed and DTH networks and growth in the business segment.

The "IRIS" TV interface which is included by default in NOS' convergent offers is now present in 88% of the 3,4&5 play customer base. With its client server architecture, IRIS provides a multidevice NOS ecosystem that also allows for more agile and flexible platform developments and upgrades than other solutions in the market.

NOS launched a new version of IRIS in March 2015, and is today the default interface for all offers. Increasing penetration of IRIS is a strategic priority as it is a key enabler of customer satisfaction and retention.

NOS has continuously surprised customers with innovative new services, driving new international standards for TV usage and experience. Launched four years ago, NOS pioneered the TV experience with innovative features such as restart TV, 7 day automatic recording, IRIS Online and NPVR all of which have become mainstream in Portugal. With the recent launch of the next generation of IRIS, NOS has once again set the pace of innovation by reaching a whole new level of content personalized to user preferences. The new IRIS provides viewers with a completely personalized experience, recommending the most relevant content based on usage and time slot whilst renewing the look and feel of the interface. Personalized content recommendations are now available across the entire platform, in an extremely intuitive and easy to access organization.

In addition to the new IRIS, NOS also launched the IRIS app which merges the TV content navigation and recommendation with the tablet in an innovative multidevice environment. Free for iOS and Android tablets, NOS IRIS enhances the personalized recommendation and navigation experience. As an example, the app can be synced with the TV to search for content related to the live programme being broadcast or else to navigate content according to user preference and then flick to watch on TV with a simple flick of the hand over the tablet screen.

On 9 September NOS pioneered the launch of an in-house OTT like platform, "N Play". The new service is available to all IRIS customers within their TV set top box, computer and tablet, replicating the IRIS ecosystem for all devices. The service is a subscription based content library that enables customers to access a broad array of movies and series that are refreshed on a monthly basis. For a promotional period the first three months are offered for free and will then be charged at 7.5 euros per month.

Further strong growth in mobile customers led by convergence, stand-alone mobile recovery and holiday seasonality

Mobile net-adds were 381.9 thousand in 9M15, taking the total subscriber base up to 4.025 million and further reinforcing NOS' mobile market share. This strong pace of growth in the mobile base is happening not only in the mostly convergent post-paid base but also in pre-paid subscribers that reversed the negative trend of previous periods with net adds of 4.5 thousand in 9M15 compared with negative net adds of 165.8 thousand in 9M14.

The recovery performance of the pre-paid segment resulted from a combination of lower migration to convergent products from within the NOS mobile customer base and is also due to the success of offers targeting niche segments of the stand-alone mobile market, namely the youth brand WTF which continues to show encouraging growth trends.

Post-paid customers now represent 49% of the mobile customer base, up from just 41% at the end of 9M14.

Positive contribution of large corporate accounts and solid RGU growth in Mass Business

Revenues from large corporate accounts won in the last quarters of 2014 had a material impact in 9M15 as well as a ramp up in revenues from additional accounts won throughout the first quarters of 2015. NOS has gained significant traction in this market through a segmented approach by sector and due to its much enhanced competitive and technological positioning as a result of the merger. Delivery has been particularly noteworthy given the simultaneous scheduling and execution work required for most of these very technically sophisticated and demanding new institutional clients. Additional growth drivers are also materializing in the ICT segment, in areas such as datacentre management, information system outsourcing, cloud based services and application management.

The SoHo and SME segment is posting material growth in RGUs consolidating the reversal in long term negative trends and is now also starting to grow in terms of number of unique accounts. However, yoy trends in revenues are still negative due to the still very challenging pricing environment in this segment which have not yet been offset by the strong growth in volume.

In 9M15 total RGUs in the Business segment increased by 17.2% yoy to 1.225 million and net adds reached 160 thousand, led by growth across all core services.

Residential ARPU continues to grow due to increased RGU penetration per household

Average revenues per household continue to grow as a result of the continued growth in convergent bundles and cross-selling of services to the residential customer base. Residential ARPU increased by 11.5% yoy to 42.0 euros.

ARPU per RGU in the business segment continued to post a negative trend yoy due to the continued impact of backbook repricing in the SoHo and SME segment, albeit declining at a lower pace than before.

Operating Indicators ('000)	3Q14	2Q15	3Q15	3Q15 / 3Q14	3Q15 / 2Q15	9M14	9M15	9M15 / 9M14
Telco⁽¹⁾								
Aggregate Indicators								
Homes Passed	3,252.4	3,468.0	3,543.5	9.0%	2.2%	3,252.4	3,543.5	9.0%
Total RGUs	7,445.2	8,010.2	8,257.3	10.9%	3.1%	7,445.2	8,257.3	10.9%
Mobile	3,535.8	3,861.2	4,025.1	13.8%	4.2%	3,535.8	4,025.1	13.8%
Pre-Paid	2,085.2	2,030.1	2,065.7	(0.9%)	1.8%	2,085.2	2,065.7	(0.9%)
Post-Paid	1,450.5	1,831.1	1,959.4	35.1%	7.0%	1,450.5	1,959.4	35.1%
ARPU / Mobile Subscriber (Euros)	9.7	9.2	9.2	(5.4%)	(0.8%)	9.4	8.9	(5.0%)
Pay TV	1,469.6	1,502.5	1,522.0	3.6%	1.3%	1,469.6	1,522.0	3.6%
Fixed Access ⁽²⁾	1,166.1	1,183.6	1,198.1	2.7%	1.2%	1,166.1	1,198.1	2.7%
DTH	303.5	318.9	323.9	6.7%	1.6%	303.5	323.9	6.7%
Fixed Voice	1,464.6	1,553.0	1,575.3	7.6%	1.4%	1,464.6	1,575.3	7.6%
Broadband	957.3	1,066.9	1,105.7	15.5%	3.6%	957.3	1,105.7	15.5%
Others and Data	17.9	26.6	29.2	62.7%	9.5%	17.9	29.2	62.7%
3,4&5P Subscribers (Fixed Access)	829.6	904.9	936.7	12.9%	3.5%	829.6	936.7	12.9%
% 3,4&5P (Fixed Access)	71.1%	76.5%	78.2%	7.0pp	1.7pp	71.1%	78.2%	7.0pp
Convergent RGUs	1,487.7	2,443.2	2,665.0	79.1%	9.1%	1,487.7	2,665.0	79.1%
Convergent Customers	303.3	509.8	555.6	83.2%	9.0%	303.3	555.6	83.2%
Fixed Convergent Customers as % of Fixed Access Customers	23.8%	37.5%	40.2%	16.5pp	2.8pp	23.8%	40.2%	16.5pp
% Convergent Customers	20.6%	33.9%	36.5%	15.9pp	2.6pp	20.6%	36.5%	15.9pp
IRIS Subscribers	633.2	784.2	825.1	30.3%	5.2%	633.2	825.1	30.3%
IRIS as % of 3,4&5P Subscribers (Fixed Access)	76.3%	86.7%	88.1%	11.8pp	1.4pp	76.3%	88.1%	11.8pp
Net Adds								
Homes Passed	9.1	75.0	75.5	n.a.	0.7%	10.5	217.8	1968.3%
Total RGUs	149.6	248.4	247.1	65.1%	(0.5%)	232.2	646.7	178.6%
Mobile	138.7	130.8	163.9	18.2%	25.3%	292.4	381.9	30.6%
Pre-Paid	(24.0)	5.1	35.6	n.a.	n.a.	(165.8)	4.5	n.a.
Post-Paid	162.6	125.7	128.3	(21.1%)	2.0%	458.1	377.4	(17.6%)
Pay TV	(4.7)	13.9	19.5	n.a.	40.9%	(48.4)	45.2	n.a.
Fixed Access ⁽²⁾	(6.1)	9.6	14.6	n.a.	52.2%	(37.6)	31.5	n.a.
DTH	1.4	4.3	5.0	252.7%	15.6%	(10.8)	13.7	n.a.
Fixed Voice	(7.9)	59.6	22.3	n.a.	(62.5%)	(50.4)	97.7	n.a.
Broadband	22.8	39.5	38.8	70.1%	(1.8%)	35.2	112.8	220.3%
Others and Data	0.8	4.6	2.5	237.6%	(45.1%)	3.4	9.2	173.5%
3,4&5P Subscribers (Fixed Access)	19.0	26.8	31.9	67.7%	19.0%	22.6	85.1	276.3%
Convergent RGUs	480.0	248.7	221.7	(53.8%)	(10.8%)	1,275.3	811.7	(36.4%)
Convergent Customers	101.6	53.0	45.8	(54.9%)	(13.6%)	258.0	171.0	(33.7%)
IRIS Subscribers	71.9	41.6	41.0	(43.1%)	(1.4%)	195.6	131.6	(32.7%)

(1) Portuguese Operations

(2) Fixed Access Subscribers include customers served by the HFC, FTTH and ULL networks and indirect access customers.

Operating Indicators ('000)	3Q14	2Q15	3Q15	3Q15 / 3Q14	3Q15 / 2Q15	9M14	9M15	9M15 / 9M14
Telco ⁽¹⁾								
Indicators per Segment								
Consumer								
Total RGUs	6,400.6	6,839.7	7,032.7	9.9%	2.8%	6,400.6	7,032.7	9.9%
Unique Subscribers With Fixed Access ⁽²⁾	1,107.3	1,113.9	1,126.0	1.7%	1.1%	1,107.3	1,126.0	1.7%
Pay TV	1,387.6	1,404.5	1,418.5	2.2%	1.0%	1,387.6	1,418.5	2.2%
Fixed Access	1,102.3	1,110.6	1,121.4	1.7%	1.0%	1,102.3	1,121.4	1.7%
DTH	285.2	293.9	297.2	4.2%	1.1%	285.2	297.2	4.2%
IRIS Subscribers	611.1	753.7	791.9	29.6%	5.1%	611.1	791.9	29.6%
Broadband	870.5	969.9	1,004.8	15.4%	3.6%	870.5	1,004.8	15.4%
Fixed Voice	1,265.6	1,306.7	1,318.4	4.2%	0.9%	1,265.6	1,318.4	4.2%
Mobile	2,876.8	3,158.6	3,291.0	14.4%	4.2%	2,876.8	3,291.0	14.4%
% 1P (Fixed Access)	12.5%	9.2%	8.3%	(4.2pp)	(0.8pp)	12.5%	8.3%	(4.2pp)
% 2P (Fixed Access)	17.1%	15.1%	14.2%	(2.9pp)	(0.9pp)	17.1%	14.2%	(2.9pp)
% 3,4&5P (Fixed Access)	70.4%	75.7%	77.5%	7.1pp	1.8pp	70.4%	77.5%	7.1pp
ARPU / Unique Subscriber With Fixed Access (Euros)	38.4	42.3	42.3	10.0%	(0.0%)	37.7	42.0	11.5%
Net Adds								
Total RGUs	134.5	167.9	193.0	43.5%	15.0%	169.4	486.7	187.4%
Unique Subscribers With Fixed Access	(13.5)	5.2	12.2	n.a.	134.3%	(71.0)	19.5	n.a.
Pay TV	(10.8)	8.5	14.0	n.a.	65.7%	(61.6)	27.2	n.a.
Fixed Access	(9.8)	5.5	10.7	n.a.	95.9%	(47.0)	18.8	n.a.
DTH	(1.0)	3.0	3.3	n.a.	10.5%	(14.6)	8.4	n.a.
IRIS Subscribers	68.2	38.7	38.1	(44.0%)	(1.5%)	186.2	123.5	(33.7%)
Broadband	18.3	34.4	34.9	90.4%	1.3%	25.0	101.0	304.9%
Fixed Voice	(8.8)	16.3	11.6	n.a.	(28.7%)	(54.2)	41.7	n.a.
Mobile	135.9	108.6	132.4	(2.5%)	21.9%	260.1	316.8	21.8%
Business								
Total RGUs	1,044.7	1,170.5	1,224.5	17.2%	4.6%	1,044.7	1,224.5	17.2%
Pay TV	82.0	98.0	103.4	26.1%	5.6%	82.0	103.4	26.1%
IRIS Subscribers	22.1	30.5	33.3	50.9%	9.2%	22.1	33.3	50.9%
Broadband	104.8	123.6	130.1	24.2%	5.2%	104.8	130.1	24.2%
Fixed Voice	198.9	246.3	257.0	29.2%	4.3%	198.9	257.0	29.2%
Mobile	658.9	702.6	734.1	11.4%	4.5%	658.9	734.1	11.4%
ARPU per RGU (Euros)	19.0	18.6	17.7	(6.8%)	(5.0%)	19.8	18.4	(7.1%)
Net Adds								
Total RGUs	15.1	80.5	54.0	257.6%	(32.9%)	62.8	160.0	154.8%
Pay TV	6.1	5.4	5.5	(10.6%)	1.8%	13.2	18.0	36.9%
IRIS Subscribers	3.8	2.8	2.8	(25.2%)	(0.3%)	9.4	8.1	(14.1%)
Broadband	5.3	9.7	6.5	23.2%	(33.5%)	13.6	20.9	53.8%
Fixed Voice	0.9	43.2	10.7	n.a.	(75.3%)	3.8	55.9	n.a.
Mobile	2.8	22.2	31.4	n.a.	41.6%	32.2	65.1	101.9%

(1) Portuguese Operations

(2) Fixed Access Subscribers include customers served by the HFC, FTTH and ULL networks and indirect access customers.

Cinemas and Audiovisuals

Operating Indicators ('000)	3Q14	2Q15	3Q15	3Q15 / 3Q14	3Q15 / 2Q15	9M14	9M15	9M15 / 9M14
Cinema⁽¹⁾								
Revenue per Ticket (Euros)	4.7	4.7	4.6	(2.2%)	(1.5%)	4.7	4.6	(1.4%)
Tickets Sold	1,924.4	2,003.6	2,676.8	39.1%	33.6%	5,196.7	6,661.7	28.2%
Screens (units)	214	215	215	0.5%	0.0%	214	215	0.5%

⁽¹⁾ Portuguese Operations

In 9M15, NOS' Cinema ticket sales posted an increase of 28.2% to 6.662 million tickets, which compares with an increase in total market ticket sales of 25.6%¹. The third quarter was exceptionally positive with 2.677 million tickets sold, actually the best quarter ever, with August beating the record also as the best ever month in terms of ticket sales with 1.2 million tickets sold.

The most successful films shown in 9M15 were "Minions", "Furious 7", "O Pátio das Cantigas", "Fifty Shades of Grey" and "Inside Out". "Minions" became the all-time second best-selling movie in Portugal, with 932 thousand tickets sold, only behind "Avatar", while "O Pátio das Cantigas" became the all time best-selling Portuguese movie with 602 thousand tickets sold.

NOS opened the first IMAX® DMR - Digital 3D screen in Lisbon in June 2013, with a second screen opening in Oporto in April 2015. Having now completed 10 quarters of operation, this premium cinema experience continues to prove very successful.

Average revenue per ticket sold posted a yoy decline of 1.4% to 4.6 euros in 9M15.

NOS' gross box-office revenues increased by 26.4% in 9M15, which compares with 24.3% for the market as a whole, as NOS continues to maintain its leading market position, with a market share of 62.4% in terms of gross revenues in 9M15. Total Cinema Exhibition revenues improved by 24.7% yoy in 9M15 to 43.6 million euros.

Revenues in the Audiovisuals division improved by 24.8% yoy, to 52.9 million euros in 9M15. Revenues were driven primarily by the improved performance in Cinema Distribution. Of the top 10 cinema box-office hits in 9M15, NOS distributed 9 (the top 9 movies), "Minions", "Furious 7", "O Pátio das Cantigas", "Fifty Shades of Grey", "Inside Out", "Jurassic World", "Mission: Impossible – Rogue Nation", "Avengers: Age of Ultron" and "Ted2", therefore maintaining its leading position.

¹ Source: ICA – Portuguese Institute For Cinema and Audiovisuals

ZAP

ZAP has become a reference operator in Angola and Mozambique, with continued success of its commercial operations. To maintain this successful trend, ZAP opened five new stores in Angola ("Benfica", "Samba", "Benguela II", "Waku-Kungo" and "Ulengo") two in Mozambique ("Alberto Lituly" and "Quelimane") and revamped its existing stores adding digital posters to increase the effectiveness of its marketing and communications campaigns.

Following the launch of "ZAP Fibra", a TV and internet bundle based on an FTTH solution, in the first quarter of this year, ZAP is now engaged in growing its FTTH subscribers and progressively increasing the footprint of its network in Luanda.

ZAP continues to differentiate from its competition in these countries by improving its content line-up. During 9M15, ZAP increased the coverage of Angolan sports events, broadcasting local matches of the Football, Handball and Basketball Leagues as well as an international swimming competition hosted in Luanda. ZAP also added TV Sucesso to its packages, a new generalist Mozambican channel that presents some of the most recognized Mozambican TV Stars, and a new feed of AXN, aimed at the Angolan and Mozambican markets with some of its content dubbed in Portuguese. ZAP also added SIC Radical to its packages, a channel that targets young people between the ages of 15 and 35 years. This channel is characterized by its irreverent and alternative programming and also by the coverage of the best Portuguese musical festivals.

ZAP added 3 exclusive channels from Globo Network, bringing to ZAP a mix of the best entertainment, news and sports programming from Brazil. The channels added were (i) Globo TV (available in HD), a general entertainment channel where the most recent productions from Globo Network are broadcast, (ii) PFC, a sports channel featuring the matches of the Brazilian Football League and (iii) Globo ON, a channel produced exclusively for ZAP that airs the most successful Globo Network productions from the past years.

ZAP has also secured the non-exclusive rights to broadcast the Spanish Football League (La Liga) for the Angolan territory. Local surveys show that La Liga is one of the main international sports competitions followed by the Angolan people and ZAP is now broadcasting up to 10 of its matches every match day.

ZAP inaugurated a new Head Office in Mozambique, providing improved work conditions and a more efficient platform for growth.

Consolidated Financial Review

Consolidated Income Statement

The consolidated accounts for 9M15 were subject to limited review.

Profit and Loss Statement (Millions of Euros)	3Q14	2Q15	3Q15	3Q15 / 3Q14	3Q15 / 2Q15	9M14	9M15	9M15 / 9M14
Operating Revenues	347.8	355.9	367.9	5.8%	3.4%	1,030.1	1,067.9	3.7%
Telco	332.3	338.3	347.6	4.6%	2.7%	986.0	1,013.6	2.8%
Consumer Revenues	204.0	213.3	215.0	5.4%	0.8%	614.9	638.5	3.8%
Business and Wholesale Revenues	99.1	102.4	104.0	5.0%	1.6%	294.2	298.7	1.5%
Equipment Sales	12.3	9.8	13.2	6.9%	34.4%	29.5	31.3	6.1%
Others and Eliminations	17.0	12.9	15.4	(9.4%)	19.3%	47.5	45.1	(4.9%)
Audiovisuals	14.0	18.0	18.2	30.0%	0.6%	42.4	52.9	24.8%
Cinema ⁽¹⁾	12.8	12.9	16.9	31.9%	30.9%	35.0	43.6	24.7%
Others and Eliminations	(11.3)	(13.5)	(14.7)	30.1%	9.3%	(33.3)	(42.2)	26.9%
Operating Costs Excluding D&A	(214.4)	(217.4)	(224.5)	4.7%	3.3%	(633.2)	(658.0)	3.9%
W&S	(21.4)	(20.3)	(23.4)	9.7%	15.4%	(61.1)	(65.3)	6.9%
Direct Costs	(99.7)	(110.7)	(107.8)	8.1%	(2.6%)	(296.9)	(319.7)	7.7%
Commercial Costs ⁽²⁾	(31.7)	(19.2)	(28.2)	(10.9%)	47.3%	(76.2)	(68.6)	(10.0%)
Other Operating Costs	(61.6)	(67.2)	(65.1)	5.6%	(3.2%)	(199.0)	(204.4)	2.7%
EBITDA	133.4	138.5	143.5	7.5%	3.6%	397.0	409.8	3.2%
EBITDA Margin	38.4%	38.9%	39.0%	0.6pp	0.1pp	38.5%	38.4%	(0.2pp)
Telco	123.8	129.0	129.8	4.8%	0.6%	369.1	375.7	1.8%
EBITDA Margin	37.3%	38.1%	37.3%	0.1pp	(0.8pp)	37.4%	37.1%	(0.4pp)
Cinema Exhibition and Audiovisuals	9.6	9.5	13.7	42.6%	44.8%	27.9	34.2	22.7%
EBITDA Margin	39.5%	35.1%	45.2%	5.7pp	10.1pp	39.7%	40.4%	0.8pp
Share of results of associates and joint ventures	4.0	0.5	(2.9)	n.a.	n.a.	11.6	5.0	(57.4%)
EBITDA including results of associates and joint ventures	137.5	139.0	140.5	2.2%	1.1%	408.6	414.8	1.5%
Depreciation and Amortization	(81.5)	(90.7)	(89.3)	9.5%	(1.6%)	(251.6)	(267.6)	6.4%
(Other Expenses) / Income	(18.3)	(5.4)	(4.9)	(73.3%)	(9.1%)	(33.7)	(16.3)	(51.6%)
Operating Profit (EBIT) ⁽³⁾	37.6	43.0	46.4	23.2%	7.9%	123.2	130.8	6.2%
(Financial Expenses) / Income	(14.9)	(10.8)	(7.1)	(52.4%)	(34.5%)	(44.2)	(29.7)	(32.9%)
Income Before Income Taxes	22.8	32.2	39.3	72.6%	22.2%	79.0	101.1	28.1%
Income Taxes	(4.0)	(8.2)	(13.1)	226.5%	59.4%	(16.1)	(27.7)	72.0%
Income From Continued Operations	18.8	23.9	26.2	39.8%	9.5%	62.8	73.4	16.8%
o.w. Attributable to Non-Controlling Interests	0.0	0.1	(0.0)	n.a.	n.a.	(0.4)	0.1	n.a.
Net Income	18.8	24.1	26.2	39.8%	9.0%	62.4	73.5	17.8%

(1) Includes operations in Mozambique.

(2) Commercial costs include commissions, marketing and publicity expenses and costs of equipment sold.

(3) EBIT = Income Before Financials and Income Taxes.

Operating Revenues

Consolidated Operating Revenues in 3Q15 posted a material sequential improvement in yoy trend with growth of 5.8%, accelerating from 3.2% in 2Q15 and 2% in 1Q15. In 9M15 Consolidated Operating Revenues grew by 3.7% yoy to 1,067.9 million euros.

The momentum for core Telco revenues continues to accelerate with yoy growth of 4.6% in 3Q15 to 347.6 million euros, up from 2.5% in 2Q15 and 1.3% in 1Q15. In 9M15, Telco Revenues increased by 2.8% to 1,013.6 million euros.

Consumer telco revenues recorded a 3.8% increase yoy to 638.5 million euros reflecting the combination of very positive yoy growth in residential revenues of 9.1% which more than offset the negative yoy trend in personal revenues. Stand-alone personal services posted a negative revenue trend yoy due to the lower subscriber base with the migration to convergent bundles and to the higher proportion of lower monthly bill pre-paid subscribers in the personal segment mix.

Business telco revenues grew by 1.5% yoy to 298.7 million euros in 9M15. Large Corporate accounts acquired over the past quarters are the main explanation for the yoy increase in customer revenues (+11.6% yoy), helping to compensate for the still negative yoy revenue trends in the SoHo and SME market (-9.4% yoy). Wholesale revenues declined by 2.5% yoy in 9M15 impacted by the volume decline in mass calling services in the first half of the year. In the second and third quarters this was partially offset by the capture of a greater number of wholesale accounts and a strong market share of roaming traffic.

Audiovisual and Cinema revenues both recorded an impressive performance in 9M15. Cinema exhibition revenues increased by 24.7% yoy to 43.6 million euros and revenues from the audiovisuals division grew by 24.8% yoy to 52.9 million euros. The very good slate of box-office hits during 2015 to date has been driving this division's extraordinarily strong performance. Still, the fact that the Portuguese market is outperforming markets like the USA and the UK (24% gross box-office revenue growth year-to-date, which compares with 4% for the USA and 11% for the UK) may indicate this business is benefitting from some positive macro recovery. This exceptional performance is not likely to be repeated in coming quarters due to a not so exceptional line up of new box-office hits.

Revenues from the Angolan Pay TV joint venture continued to grow significantly, with NOS' 30% stake in revenues posting a 24.2% yoy increase to 55.2 million euros. Although still positive, the pace of growth of the Angolan economy has slowed materially due to the global weakness in oil prices.

EBITDA

In 9M15, Consolidated EBITDA grew by 3.2% to 409.8 million euros. The pace of quarterly growth accelerated significantly throughout the year, from negative 1.5% in 1Q15 to positive 3.6% in 2Q15 and 7.5% in 3Q15, led by strong acceleration in quarterly performance in the telco business and exceptionally strong growth in the cinema and audiovisuals division.

Consolidated EBITDA margin, as a percentage of Revenues, was 38.4% in 9M15, remaining relatively stable in comparison with 9M14.

In 9M15, Telco EBITDA recorded an improvement of 1.8% yoy to 375.7 million euros. Telco EBITDA posted material improvement yoy in 3Q15 with growth of 4.8% to 129.8 million euros, compared with yoy growth of 3.3% in 2Q15 and negative 2.9% in 1Q15 driven by the strong revenue momentum.

Audiovisuals and Cinema EBITDA increased by 22.7% to 34.2 million euros representing a 40.4% margin as a percentage of Revenues.

The EBITDA of NOS' 30% stake in ZAP increased by 1.9% yoy to 17.3 million euros, with a significant decrease in the growth rate mainly due to the negative impact of the Angolan currency devaluation of the past quarters, down by 32% in the first 9 months of 2015. A relevant proportion of ZAP's supplier contracts are USD based, thus putting pressure on the cost structure.

Consolidated Operating Costs Excluding D&A

Consolidated Operating Costs grew by 3.9% yoy to 658 million euros still impacted by the intense activity related costs due to the strong commercial operations and focus on growth. Integration projects are being implemented according to expectations and delivering important savings in key areas of operations. The most material projects currently underway are related to more complex, longer-term execution projects that are tied in directly with systems development and integration or that are dependent on systems and technical process implementation.

Wages and Salaries posted a 6.9% increase yoy to 65.3 million euros in 9M15 due primarily to a yoy increase in headcount, impacted by the acquisition of NOS Sistemas (previously Mainroad) in September 2014. Still, the headcount increase of 5.6% yoy, of which around 50% resulted from the acquisition of NOS Sistemas, has driven this cost item.

Direct Costs recorded a 7.7% increase yoy to 319.7 million euros, an increase driven by a 10% rise in activity based and wholesale traffic costs which represent close to 50% of this cost aggregate. The significant increase of the past quarters in mobile customers who are subscribing to all-net mobile tariffs included in convergent tariff plans, is driving higher termination costs from increased volume of calls made to other operator networks. The other main driver of the increase in Direct Costs was Programming and Royalty costs which posted an increase of 10% yoy due to the very strong performance in the cinema and audiovisuals division driving higher royalties paid to the major studios.

Commercial Costs declined by 10.0% yoy to 68.6 million euros due to the lower volume of non-customer acquisition and retention related commissions, on the back of lower levels of churn, and due to a yoy reduction in advertising and publicity related costs. A seasonal pick up in regular commercial advertising and publicity costs is to be expected in the latter part of the year and was already felt in 3Q15.

Other Operating Costs increased by 2.7% yoy to 204.4 million euros in 9M15. The main cost items in this aggregate, support services and supplies and external services posted similar levels to 9M14 with cost items like customer care and maintenance and repairs being affected by a larger customer base, and other items like energy costs being affected by the deployment of the cable/FTTH network and higher levels of traffic and activity on the network.

Net Income

Net Income was 73.5 million euros in 9M15, compared with 62.4 million euros in 9M14 representing a 17.8% improvement in comparison with last year.

NOS' Share of Associates and Joint Ventures declined significantly due to non-recurrent charges in Sport TV in 3Q15, which have resulted in negative Net Income at Sport TV. Net Income at ZAP was positive, with EBITDA of 17.3 million euros being impacted materially by the aforementioned currency devaluation in Angola driving lower operating margins and which negatively impacted ZAP's operating results due to costs contracted in USD and that generated a negative financial charge below EBITDA due to the foreign exchange impact on USD trade accounts, in the amount of 3.6 million euros. In total, this aggregate amounted to 5.0 million euros, compared with 11.6 million euros in 9M14.

Depreciation and Amortization increased by 6.4% yoy to 267.6 million euros as a result of the higher level of investment in both network assets and customer related costs.

Other Expenses* of 16.3 million euros in 9M15 relate to non-recurrent costs, with merger related integration costs representing 12.2 million euros of this amount.

Net Financial Expenses fell by 32.9% to 29.7 million euros in 9M15 compared with 44.2 million euros in 9M14 as a result of the lower average cost of new debt contracted in previous quarters. Net interest charges and other financial costs in 9M15 were 28.3 million euros compared with 43.2 million euros in 9M14, a reduction achieved due to savings arising from lower funding costs as a result of refinancing activity. Further details on funding developments are presented in the capital structure section below.

Income Tax provision amounted to 27.7 million euros in 9M15 representing 27% as a percentage of Income before Income Taxes, the higher rate being explained primarily by the lower contribution of associate companies to net results.

* In accordance with IAS 1, the caption "Other expenses" reflects material and unusual expenses that should be disclosed separately from usual line items, to avoid distortion of the financial information from regular operations, namely restructuring costs resulting from the merger (including curtailment costs) as well as one-off non-cash items that result from alignment of estimates between the two companies.

CAPEX

CAPEX (Millions of Euros)	3Q14	2Q15	3Q15	3Q15 / 3Q14	3Q15 / 2Q15	9M14	9M15	9M15 / 9M14
Telco	59.8	62.6	67.6	13.0%	8.0%	168.3	189.4	12.5%
Infrastructure	20.2	29.5	31.8	57.3%	7.7%	60.6	83.7	38.2%
Customer Related CAPEX	35.1	30.7	34.4	(1.9%)	12.0%	99.0	101.2	2.2%
Other	4.5	2.4	1.4	(69.3%)	(41.4%)	8.7	4.5	(48.7%)
Audiovisuals and Cinema Exhibition	8.3	9.8	9.5	14.8%	(2.7%)	24.3	28.2	16.1%
Recurrent CAPEX	68.0	72.3	77.1	13.3%	6.5%	192.6	217.6	13.0%
Non-Recurrent CAPEX	18.6	30.0	20.9	12.4%	(30.5%)	39.3	77.0	96.1%
Total CAPEX	86.6	102.4	97.9	13.1%	(4.3%)	231.9	294.6	27.1%

Total CAPEX increased yoy by 27.1% to 294.6 million euros and Recurrent CAPEX increased by 13% in comparison with 9M14 to 217.6 million euros. Non-recurrent CAPEX in the amount of 77.0 million euros is a result of the network coverage expansion programme underway, with an additional 217.8 thousand households covered in 9M15 and of increased commercial investment.

Audiovisuals and Cinema CAPEX of 28.2 million euros is related mostly with the capitalization of certain movie rights in the Audiovisuals division.

As a percentage of revenues, total CAPEX amounted to 27.6% in 9M15 and Telco recurrent CAPEX represented 18.7% of Telco Revenues.

Cash Flow

Cash Flow (Millions of Euros)	3Q14	2Q15	3Q15	3Q15 / 3Q14	3Q15 / 2Q15	9M14	9M15	9M15 / 9M14
EBITDA	133.4	138.5	143.5	7.5%	3.6%	397.0	409.8	3.2%
Recurrent CAPEX	(68.0)	(72.3)	(77.1)	13.3%	6.5%	(192.6)	(217.6)	13.0%
EBITDA - Recurrent CAPEX	65.4	66.2	66.4	1.5%	0.4%	204.3	192.3	(5.9%)
Non-Cash Items Included in EBITDA - Recurrent CAPEX ⁽¹⁾ and Change in Working Capital	(7.6)	(38.5)	6.0	n.a.	n.a.	(53.4)	(59.3)	11.1%
Operating Cash Flow After Investment	57.9	27.7	72.4	25.1%	161.3%	151.0	132.9	(11.9%)
Long Term Contracts	(3.5)	(4.3)	(5.5)	55.3%	28.7%	(11.6)	(13.8)	19.0%
Net Interest Paid and Other Financial Charges	(6.7)	(10.4)	(5.8)	(12.8%)	(44.0%)	(35.9)	(21.6)	(40.0%)
Income Taxes Paid	10.8	(0.6)	(2.1)	n.a.	272.5%	9.3	(4.0)	n.a.
Other Cash Movements	0.3	0.3	(0.7)	n.a.	n.a.	0.9	(0.3)	n.a.
Recurrent Free Cash-Flow	58.8	12.7	58.2	(0.9%)	n.a.	113.7	93.3	(17.9%)
Taxes Paid	0.0	(1.2)	3.0	n.a.	n.a.	0.0	1.2	n.a.
Disposals	0.0	0.0	2.2	n.a.	n.a.	0.0	2.2	n.a.
Non-Recurrent CAPEX	(18.6)	(24.2)	(16.7)	(10.3%)	(31.3%)	(35.7)	(65.0)	81.9%
Cash Restructuring Payments	(8.1)	(4.0)	(4.4)	(45.6%)	10.2%	(20.0)	(14.6)	(27.1%)
FCM Receivables	0.0	0.0	6.5	n.a.	n.a.	0.0	6.5	n.a.
Free Cash Flow Before Dividends & Financial Acquisitions	32.1	(16.8)	49.0	52.7%	n.a.	58.0	23.7	(59.2%)
Foreign Currency Debt Exchange Effect	0.1	0.0	0.0	(100.0%)	n.a.	0.1	(0.0)	n.a.
Acquisitions of Financial Investments	(14.0)	0.0	0.0	(100.0%)	n.a.	(14.0)	0.0	(100.0%)
New Companies' Net Debt	0.6	0.0	0.0	(100.0%)	n.a.	0.6	0.0	(100.0%)
Dividends	0.0	(72.2)	0.0	n.a.	(100.0%)	(62.0)	(72.2)	16.4%
Total Free Cash Flow	18.7	(89.0)	49.0	161.2%	n.a.	(17.4)	(48.6)	179.7%
Debt Variation Through Accruals & Deferrals & Others	(6.8)	(10.5)	1.1	n.a.	n.a.	1.4	(16.6)	n.a.
Change in Net Financial Debt	12.0	(99.5)	50.1	n.a.	n.a.	(16.0)	(65.1)	n.a.

(1) This caption includes non-cash provisions included in EBITDA.

Operating Cash Flow after Investment was 132.9 million euros in 9M15 posting a decrease of 11.9% yoy on the back of the 13% yoy increase in Recurrent CAPEX and the 11.1% increase of Working Capital requirements and other non-cash items included in EBITDA-Recurrent CAPEX.

Recurrent FCF declined in 9M15 to 93.3 million euros due to the aforementioned decrease in OCF After Investment and the income tax paid during 9M15 of 4.0 million euros, which compares with a positive cash tax inflow of 9.3 million euros in 9M14. These related to the recovery in 2014 of advance tax payments previously made in excess, which were partially offset by the 40% decline in Net Interest Paid and Other Financial Charges.

Non-recurrent cash impacts on CAPEX and OPEX in 9M15 amounted to 65 million euros and 14.6 million euros, respectively, and were mainly related with cash payments within the context of the cable/FTTH network deployment and additional commercial activity as explained in the section on CAPEX and to integration related CAPEX and OPEX from the restructuring/merger process. In 3Q15, a cash inflow of 6.5 million was also recorded, related to the end of the "e-escolas" programme and subsequent closure of the Foundation for Mobile Communications.

Free Cash Flow before Dividends and Financial Acquisitions amounted to 23.7 million euros in 9M15. Adjusted for interest accruals and deferrals on debt variations, Net Financial Debt increased by 65.1 million euros in 9M15. Most of this impact relates to the accounting of the financial leasing contracts related to the large corporate accounts. The increase in Net Financial Debt is mostly related to the dividend payment in the amount of 72.2 million euros which occurred in 2Q15.

Consolidated Balance Sheet

Balance Sheet (Millions of Euros)	2014	9M15
Non-current Assets	2,488.0	2,496.0
Fixed Assets, Net	1,141.8	1,160.2
Intangible Assets, Net	1,164.2	1,170.8
Investments in Group Companies	31.5	31.4
Deferred Taxes	141.1	122.2
Other Non-current Assets	9.3	11.5
Current Assets	468.0	488.4
Inventories, Net	33.0	33.4
Accounts Receivable, Net	359.2	371.2
Taxes Receivable	5.0	5.7
Cash and Equivalents	21.1	13.0
Prepaid Expenses and Other Current Assets	49.7	64.9
Total Assets	2,955.9	2,984.4
Equity Before Non-Controlling Interests	1,050.3	1,047.4
Share Capital	5.2	5.2
Issue Premium	854.2	854.2
Own Shares	(11.8)	(7.0)
Reserves, Retained Earnings and Other	128.0	121.5
Net Income	74.7	73.5
Non-Controlling Interests	9.8	9.5
Total Shareholders' Equity	1,060.1	1,057.0
Non-current Liabilities	793.8	1,197.8
Medium and Long Term Debt	616.5	1,027.2
Non-current Provisions and Other Liabilities	177.3	170.5
Current Liabilities	1,102.0	729.7
Short Term Debt	503.5	137.0
Accounts Payable	391.7	365.8
Accrued Expenses	163.2	170.1
Deferred Income	29.1	29.4
Taxes Payable	14.6	27.2
Current Provisions and Other Liabilities	0.0	0.2
Total Liabilities	1,895.8	1,927.5
Total Liabilities and Shareholders' Equity	2,955.9	2,984.4

Capital Structure

At the end of 9M15, Net Financial Debt stood at 1,050.6 million euros.

Total financial debt at the end of 9M15 amounted to 1,063.7 million euros, which was offset with a cash and short-term investment position on the balance sheet of 13.0 million euros. At the end of 9M15, NOS also had 220 million euros of non-issued commercial paper programs. The all-in average cost of NOS' Net Financial Debt posted a decline to 3.16% in 9M15 (2.43% in 3Q15, 3.41% in 2Q15 and 3.70% in 1Q15) compared with 5.05% in 9M14.

In line with its global funding strategy to extend maturities, diversify debt sources and reduce cost of debt, during 9M15 NOS executed a series of deals that contributed favorably to the funding strategy:

- In February NOS had already renegotiated two commercial paper programmes with Caixa Geral de Depósitos/Caixa BI and Novo Banco/BESI. The new lines represented together a reduction in contracted debt from 250 million euros to 175 million euros, an extension of maturities to 2018 and significantly more favorable financial terms;
- In March, NOS announced a private placement bond issue totaling 150 million euros, with a bullet maturity of 7 years, priced at 172 bps spread (plus Euribor 6 Months);
- In May and June, NOS negotiated with Banco Popular and BBVA 2 additional commercial paper programmes of 50 million euros each, both with a 5 year maturity, and also issued a 50 million euro Bond at a fixed rate of 126 bps (95 bps plus fixed swap rate) and a bullet maturity of 4 years. This placement was organized by Caixa Bank;
- Renewal of a commercial paper line in the amount of 30 million euros, contracted with Caixa Geral de Depósitos/CaixaBI, which matures in July 2019;
- New "NOS Floating Rates Notes 2015-2019" bonds, in the amount of 50 million euros, organized and placed by Caixabank, with a bullet maturity in June 2019 (4 years) and paying interest at a floating rate corresponding to a spread of 95 bps plus the Euribor 6 months rate;
- New Commercial Paper Program with Banco Santander Totta, in the amount of 50 million euros, maturing in September 2019.

The new financing deals, together with the reimbursement of a 200M Euros Retail Bond in June (which was paying a 6.85% coupon), are reflected in the material decline of the all-in average cost of NOS' Net Financial Debt.

Net Financial Gearing was 49.9% at the end of 9M15 and Net Financial Debt / EBITDA (last 4 quarters) now stands at 2.0x. The average maturity of NOS' Net Financial Debt at the end of 9M15 was 3.8 years.

Taking into account the loans issued at a fixed rate and the interest rate hedging operations in place the proportion of NOS' issued debt that is protected against variations in interest rates is approximately 52%.

Net Financial Debt (Millions of Euros)	2014	9M15	9M15 / 2014
Short Term	483.9	121.3	(74.9%)
Bank and Other Loans	468.6	103.0	(78.0%)
Financial Leases	15.2	18.2	19.6%
Medium and Long Term	522.7	942.4	80.3%
Bank and Other Loans	493.8	912.1	84.7%
Financial Leases	28.9	30.3	4.9%
Total Debt	1,006.6	1,063.7	5.7%
Cash and Short Term Investments	21.1	13.0	(38.2%)
Net Financial Debt	985.5	1,050.6	6.6%
Net Financial Gearing ⁽¹⁾	48.2%	49.9%	1.7pp
Net Financial Debt / EBITDA	1.9x	2.0x	n.a.

(1) Net Financial Gearing = Net Financial Debt / (Net Financial Debt + Total Shareholders' Equity).



Consolidated Financial Statements

**Consolidated statement of financial position at 30 September 2014 (reported and restated),
31 December 2014 and 30 September 2015**

(Amounts stated in thousands of euros)

	NOTES	30-09-2014 REPORTED	30-09-2014 RESTATED	31-12-2014	30-09-2015
ASSETS					
NON - CURRENT ASSETS					
Tangible assets	7	1,094,066	1,094,080	1,141,770	1,160,185
Investment property		765	765	708	676
Intangible assets	8	1,158,265	1,158,062	1,164,207	1,170,774
Investments in jointly controlled companies and associated companies	9	30,868	30,868	31,544	31,397
Accounts receivable - other		3,699	3,699	4,311	7,126
Tax receivable	10	4,232	4,232	4,232	3,617
Available-for-sale financial assets		18,423	18,423	77	77
Deferred income tax assets	11	138,416	138,350	141,115	122,196
TOTAL NON - CURRENT ASSETS		2,448,735	2,448,480	2,487,964	2,496,048
CURRENT ASSETS:					
Inventories		34,727	34,727	33,013	33,435
Accounts receivable - trade	12	311,998	311,998	331,527	358,430
Accounts receivable - other		30,888	30,888	27,652	12,799
Tax receivable	10	7,477	7,477	5,022	5,745
Prepaid expenses		44,520	44,520	47,742	64,248
Non-current assets held-for-sale		678	678	1,574	699
Derivative financial instruments	13	356	356	368	-
Cash and cash equivalents	14	40,862	40,862	21,070	13,011
TOTAL CURRENT ASSETS		471,506	471,506	467,968	488,367
TOTAL ASSETS		2,920,241	2,919,986	2,955,931	2,984,415
SHAREHOLDER'S EQUITY					
Share capital	15.1	5,152	5,152	5,152	5,152
Capital issued premium	15.2	854,219	854,219	854,219	854,219
Own shares	15.3	(9,416)	(9,416)	(11,791)	(6,987)
Legal reserve	15.4	3,556	3,556	3,556	3,556
Other reserves and accumulated earnings	15.4	122,339	122,339	124,464	117,976
Net income		62,438	62,438	74,711	73,529
EQUITY BEFORE NON - CONTROLLING INTERESTS		1,038,288	1,038,288	1,050,311	1,047,445
Non-controlling interests	28	9,856	9,856	9,818	9,519
TOTAL EQUITY		1,048,144	1,048,144	1,060,129	1,056,964
LIABILITIES					
NON - CURRENT LIABILITIES					
Borrowings	16	811,867	811,867	616,526	1,027,249
Accounts payable - other		44	44	-	-
Provisions	17	128,152	127,897	127,221	138,205
Accrued expenses		27,439	27,439	24,954	9,654
Deferred income		6,159	6,159	5,984	5,395
Derivative financial instruments	13	1,640	1,640	1,899	2,729
Deferred income tax liabilities	11	16,560	16,560	17,237	14,548
TOTAL NON - CURRENT LIABILITIES		991,861	991,606	793,821	1,197,780
CURRENT LIABILITIES:					
Borrowings	16	303,217	303,217	503,508	136,994
Accounts payable - trade	18	314,490	314,490	340,721	327,267
Accounts payable - other		62,182	62,182	50,934	38,545
Tax payable	10	17,827	17,827	14,576	27,217
Accrued expenses		154,295	154,295	163,165	170,060
Deferred income		28,098	28,098	29,076	29,424
Derivative financial instruments	13	127	127	-	164
TOTAL CURRENT LIABILITIES		880,236	880,236	1,101,980	729,671
TOTAL LIABILITIES		1,872,097	1,871,842	1,895,801	1,927,451
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		2,920,241	2,919,986	2,955,931	2,984,415

The Notes to the Financial Statements form an integral part of the consolidated statement of financial position as at 30 September 2015.

Accountant

The Board of Directors

Consolidated statement of income by nature for the three and nine months ended on 30 September 2014 and 2015

(Amounts stated in thousands of euros)

	NOTES	3 ^Q QUARTER 14	9M 14	3 ^Q QUARTER 15	9M 15
REVENUES:					
Services rendered		329,274	977,270	345,450	1,012,138
Sales		15,863	40,448	18,274	45,321
Other operating revenues		2,681	12,419	4,226	10,438
	19	347,818	1,030,137	367,950	1,067,897
COSTS, LOSSES AND GAINS:					
Wages and salaries	20	21,351	61,126	23,427	65,329
Direct costs	21	99,693	296,898	107,775	319,719
Costs of products sold	22	14,900	37,030	13,998	35,218
Marketing and advertising		11,471	23,485	10,046	21,656
Support services	23	21,707	65,824	21,431	69,053
Supplies and external services	23	43,522	136,816	46,383	135,417
Other operating losses / (gains)		130	882	226	533
Taxes		6,030	16,219	6,376	19,673
Provisions and adjustments	24	(4,427)	(5,100)	(5,163)	(8,550)
Net losses / (gains) of affiliated companies	9 and 25	(4,024)	(11,633)	2,926	(4,957)
Depreciation, amortisation and impairment losses	26	81,539	251,642	89,265	267,649
Restructuring costs	20	12,445	25,492	4,417	12,188
Losses / (gains) on sale of assets, net		(1,330)	(1,304)	(507)	(355)
Other losses / (gains) non recurrent net		7,163	9,551	968	4,499
		310,170	906,928	321,568	937,072
INCOME BEFORE FINANCIAL RESULTS AND TAXES					
		37,648	123,209	46,382	130,825
Financial costs	27	9,255	27,843	4,651	19,651
Net foreign exchange losses / (gains)		89	99	289	1,190
Net losses / (gains) on financial assets		11	940	-	249
Net other financial expenses / (income)	27	5,529	15,356	2,141	8,607
		14,884	44,238	7,081	29,697
INCOME BEFORE TAXES					
Income taxes	11	4,005	16,126	13,075	27,735
NET CONSOLIDATED INCOME					
		18,759	62,845	26,226	73,393
ATTRIBUTABLE TO:					
Non-controlling interests	28	(3)	407	7	(136)
NOS GROUP SHAREHOLDERS					
		18,762	62,438	26,219	73,529
EARNINGS PER SHARES					
Basic - euros	29	0.04	0.12	0.05	0.14
Diluted - euros	29	0.04	0.12	0.05	0.14

As standard practice, only the annual accounts are audited, the quarterly results are not audited separately.

The Notes to the Financial Statements form an integral part of the consolidated statement of income by nature for the nine months ended on 30 September 2015.

Accountant

The Board of Directors

Consolidated statement of comprehensive income for the three and nine months ended on 30 September 2014 and 2015

(Amounts stated in thousands of euros)

	NOTES	3 ^Q QUARTER 14	9M 14	3 ^Q QUARTER 15	9M 15
NET CONSOLIDATED INCOME		18,759	62,845	26,226	73,393
OTHER INCOME					
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:					
Accounting for equity method	9	(239)	(247)	(315)	(941)
Fair value of interest rate swap	13	1,383	915	(1,370)	(830)
Deferred income tax - interest rate swap	13	(80)	49	319	197
Fair value of exchange rate forward	13	348	488	(11)	(532)
Deferred income tax - exchange rate forward	13	(124)	(163)	(8)	174
Currency translation differences and others		22	-	(393)	(1,176)
INCOME RECOGNISED DIRECTLY IN EQUITY		1,310	1,042	(1,778)	(3,108)
TOTAL COMPREHENSIVE INCOME		20,069	63,887	24,448	70,285
ATTRIBUTABLE TO:					
NOS Group Shareholders		20,072	63,480	24,441	70,421
Non-controlling interests		(3)	407	7	(136)

As standard practice, only the annual accounts are audited, the quarterly results are not audited separately.

The Notes to the Financial Statements form an integral part of the consolidated statement of comprehensive income for the nine months ended on 30 September 2015.

Accountant

The Board of Directors

Consolidated statement of changes in shareholders' equity for the three and nine months ended on 30 September 2014 and 2015

(Amounts stated in thousands of euros)

	NOTES	SHARE CAPITAL	CAPITAL ISSUED PREMIUM	OWN SHARES	OWN SHARES, DISCOUNTS AND PREMIUMS	LEGAL RESERVE	OTHER RESERVES AND ACCUMULATED EARNINGS	NET INCOME	NON - CONTROLLING INTERESTS	TOTAL
BALANCE AS AT 1 JANUARY 2014		5,152	854,219	(4)	(1,999)	3,556	178,864	10,810	9,615	1,060,213
Result appropriation										
Transfers to reserves		-	-	-	-	-	10,810	(10,810)	-	-
Dividends paid	15.4	-	-	-	-	-	(61,818)	-	(194)	(62,012)
Aquisition of own shares	15.3	-	-	(51)	(25,970)	-	-	-	-	(26,021)
Loan of own shares	15.3	-	-	(10)	(4,859)	-	4,869	-	-	-
Reimbursement and payment of the loan of own shares	15.3	-	-	6	2,942	-	(4,838)	-	-	(1,890)
Distribution of own shares - share incentive scheme	15.3	-	-	21	10,933	-	(10,954)	-	-	-
Distribuition of own shares - other remunerations	15.3	-	-	18	9,557	-	(223)	-	-	9,352
Share Plan - costs incurred in the period and others	33	-	-	-	-	-	5,139	-	28	5,167
Comprehensive Income		-	-	-	-	-	1,042	62,438	407	63,887
Other		-	-	-	-	-	(552)	-	-	(552)
BALANCE AS AT 30 SEPTEMBER 2014		5,152	854,219	(20)	(9,396)	3,556	122,339	62,438	9,856	1,048,144
BALANCE AS AT 1 JANUARY 2015		5,152	854,219	(25)	(11,766)	3,556	124,464	74,711	9,818	1,060,129
Result appropriation										
Transfers to reserves		-	-	-	-	-	74,711	(74,711)	-	-
Dividends paid	15.4	-	-	-	-	-	(72,043)	-	(173)	(72,216)
Aquisition of own shares	15.3	-	-	(6)	(4,445)	-	-	-	-	(4,451)
Distribution of own shares - share incentive scheme	15.3	-	-	19	8,961	-	(9,961)	-	-	(981)
Distribuition of own shares - other remunerations	15.3	-	-	1	274	-	141	-	-	416
Share Plan - costs incurred in the period and others	33	-	-	-	-	-	3,891	-	8	3,899
Comprehensive Income		-	-	-	-	-	(3,108)	73,529	(136)	70,285
Other		-	-	-	-	-	(119)	-	2	(117)
BALANCE AS AT 30 SEPTEMBER 2015		5,152	854,219	(11)	(6,976)	3,556	117,976	73,529	9,519	1,056,964

As standard practice, only the annual accounts are audited, the quarterly are not audited separately.

The Notes to the Financial Statements form an integral part of the consolidated statement of changes in shareholders' equity for the nine months ended on 30 September 2015.

Accountant

The Board of Directors

Consolidated statement of cash flows for the nine months ended on 30 September 2014 and 2015

(Amounts stated in thousands of euros)

	NOTES	9M 14	9M 15
OPERATING ACTIVITIES			
Collections from clients		1,205,594	1,256,589
Payments to suppliers		(671,007)	(765,151)
Payments to employees		(75,797)	(83,808)
Receipts / (Payments) relating to income taxes		8,934	(1,617)
Other cash receipts / (payments) related with operating activities		(62,926)	(2,066)
CASH FLOW FROM OPERATING ACTIVITIES (1)		404,798	403,947
INVESTING ACTIVITIES			
CASH RECEIPTS RESULTING FROM			
Financial investments		100	-
Tangible assets		524	1,254
Intangible assets		2	6
Loans granted		1,678	-
Interest and related income		5,688	5,686
Other		1	1,376
		7,993	8,322
PAYMENTS RESULTING FROM			
Financial investments	4	(14,000)	-
Tangible assets		(167,684)	(219,556)
Intangible assets		(101,413)	(125,928)
		(283,097)	(345,484)
CASH FLOW FROM INVESTING ACTIVITIES (2)		(275,104)	(337,162)
FINANCING ACTIVITIES			
CASH RECEIPTS RESULTING FROM			
Borrowings		1,951,934	1,612,957
		1,951,934	1,612,957
PAYMENTS RESULTING FROM			
Borrowings		(1,962,600)	(1,559,000)
Lease rentals (principal)		(18,754)	(17,099)
Interest and related expenses		(41,659)	(33,787)
Dividends	15.4	(62,013)	(72,216)
Aquisition of own shares	15.3	(30,890)	(4,313)
		(2,115,916)	(1,686,415)
CASH FLOW FROM FINANCING ACTIVITIES (3)		(163,982)	(73,458)
Change in cash and cash equivalents (4)=(1)+(2)+(3)		(34,288)	(6,673)
Effect of exchange differences		26	(123)
Changes in the consolidated perimeter	4	646	-
Cash and cash equivalents at the beginning of the year		70,142	19,591
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		36,526	12,795
Cash and cash equivalents	14	40,862	13,011
Bank overdrafts	16	(4,336)	(216)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		36,526	12,795

As standard practice, only the annual accounts are audited, the quarterly are not audited separately.

The Notes to the Financial Statements form an integral part of the consolidated statement of cash flows for the nine months ended on 30 September 2015.

Accountant

The Board of Directors

Notes to the consolidated financial statements as at 30 September 2015

(Amounts stated in thousands of euros, unless otherwise stated)

1. Introductory Note

NOS, SGPS, S.A. ("NOS" or "Company"), formerly named ZON OPTIMUS, SGPS, S.A. ("ZON OPTIMUS") and until 27 august 2013 named ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. ("ZON"), with Company headquarters registered at Rua Actor António Silva, 9, Campo Grande, was established by Portugal Telecom, SGPS, S.A. ("Portugal Telecom") on July 15, 1999 for the purpose of implementing its multimedia business strategy.

During the 2007 financial year, Portugal Telecom proceeded with the spin-off of ZON through the attribution of its participation in the company to their shareholders, which become fully independent from Portugal Telecom.

During the 2013 financial year, ZON and Optimus, SGPS, S.A. ("Optimus SGPS") have merged through the incorporation of Optimus SGPS into ZON. Thereafter, the Company adopted the designation of ZON OPTIMUS, SGPS, S.A..

On 20 June 2014, as a result of ZON TV Cabo's merger into Optimus and the launch of the new brand "NOS" on 16 May 2014, the General Meeting of Shareholders approved the change of the Company's name to NOS, SGPS, S.A..

The businesses operated by NOS and its associated companies, form the "NOS Group" or "Group", which includes cable and satellite television services, voice and Internet access services, video production and sale, advertising on Pay TV channels, cinema exhibition and distribution, the production of channels for Pay TV, management of data centers and consulting services in IT.

NOS shares are listed on the Euronext Lisbon market. The Group's shareholder's structure as at 30 September 2015 is shown in Note 15.

Cable and satellite television in Portugal is mainly provided by NOS Comunicações, S.A. ("NOS SA") and its subsidiaries, NOS Açores and NOS Madeira. These companies carry out: a) cable and satellite television distribution; b) the operation of the latest generation mobile communication network, GSM/UMTS/LTE; c) the operation of electronic communications services, including data and multimedia communication services in general; d) IP voice services ("VOIP" - Voice over IP); e) Mobile Virtual Network Operator ("MVNO"), and f) the provision of consultancy and similar services directly or indirectly related to the above mentioned activities and services. The business of NOS SA, NOS Açores and NOS Madeira is regulated by Law no. 5/2004 (Electronic Communications Law), which establishes the legal regime governing electronic communications networks and services.

NOS PUB and NOS Lusomundo TV operate in the television and content production business, and currently produce films and series channels, which are distributed, among other operators, by NOS SA and its subsidiaries. NOS PUB also manages the advertising space on Pay TV channels and in the cinemas of NOS Cinemas.

NOS Audiovisuais and NOS Cinemas, together with their associated companies, operate in the audiovisual sector, which includes video production and sale, cinema exhibition and distribution, and the acquisition/negotiation of Pay TV and VOD (video-on-demand) rights.

NOS Sistemas is a company dedicated to data center management and consulting services in IT.

A listing of the other Group companies and their respective business is included in this report. (Annexes)

These Notes to the Consolidated Financial Statements follow the order in which the items are shown in the consolidated financial statements.

The consolidated financial statements for the nine month ended on 30 September 2015 were approved by the Board of Directors and their issue authorized on 4 November 2015.

The Board of Directors believes that the financial statements give a true and fair view of the Company's operations, financial performance and cash flows.

2. Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are described below. These policies were consistently applied to all the financial years presented, unless otherwise indicated.

2.1. Principles of presentation

The consolidated financial statements of NOS were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and Interpretations issued by the International Financial Reporting Committee ("IFRIC") or the previous Standing Interpretations Committee ("SIC"), adopted by the European Union, in force as at 1 January 2015.

These consolidated financial statements are presented in accordance with IAS 34 — Interim Financial Reporting ("IAS 34"). Therefore, these financial statements do not include all the information required by the IFRS and so they should be analysed together with the consolidated financial statements of the year ended at 31 December 2014.

The consolidated financial statements are presented in euros as this is the main currency of the Group's operations. The financial statements of subsidiaries located abroad were converted into euros in accordance with the accounting policies described in Note 2.3.18.

The consolidated financial statements were prepared on a going concern basis from the ledgers and accounting records of the companies included in the consolidation (Annex A)), using the historical cost convention, adjusted where necessary for the valuation of financial assets and liabilities (including derivatives) at their fair value.

In preparing the consolidated financial statements in accordance with IFRS, the Board used estimates, assumptions and critical judgments with impact on the value of assets and liabilities and the recognition of income and costs in each reporting period. Although these estimates were based on the best information available at the date of preparation of the consolidated financial statements, current and future results may differ from these estimates. The areas involving a higher element of judgment and estimates are described in Note 3.

Changes in accounting policies and disclosures

The standards and interpretations that became effective as of 1 January 2015 are as follows:

- IAS 19 (Amendment), "Employee benefits" (effective for annual periods beginning on or after 1 July 2014). This amendment clarifies the circumstances in which employee contribution plans for post-employment benefits are a reduction in the cost of short-term benefits. This standard is not applicable to the Group.

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years, have not yet been endorsed by the European Union, at the date of approval of these financial statements:

- IFRS 9 (new), "Financial instruments – classification and measurement" (effective date to be designated). The initial phase of IFRS 9 forecasts two types of measurement: amortised cost and fair value. All equity instruments are measured at fair value. A financial instrument is measured at amortised cost only if the company has it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise, financial instruments are measured at fair value through profit and loss.
- IFRS 7 and 9 (Amendment), "Financial Instruments" (effective date to be designated). The amendment to IFRS 9 is part of the draft revision of IAS 39 and establishes the requirements for the application of hedge accounting. IFRS 7 was also revised as a result of this amendment.
- IFRS 10 and IAS 28 (amendments), "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective for annual periods beginning on or after 1 January 2016). The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.
- IFRS 10, IFRS 12 and IAS 28 (amendments), "Investment Entities: Applying the consolidation exception" (effective from annual periods beginning on or after 1 January 2016). These amendments deal with issues that arose in the application of exception of consolidation of investment entities. This standard is not applicable to the Group.
- IFRS 11 (amendment), "Accounting for acquisitions of interest in Joint Operations" (effective for annual periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.
- IFRS 14 (new), "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016). This standard's main purpose is to improve comparability of financial reports for companies in regulated markets, allowing the companies that currently record assets and liabilities in result of the regulation form the markets where they operate, in accordance with the adopted accounting principles, do not have the need to eliminate those assets and liabilities in the first time adoption of the IFRS. This standard will have no impact on the Group's consolidated financial statements.
- IFRS 15 (new), "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018). This standard establishes a single, comprehensive framework for revenue recognition. The framework will be applied consistently across transactions, industries and capital markets, and will improve comparability in the 'top line' of the financial statements of companies globally. IFRS 15 replaces the following standards and interpretations: IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.
- IAS 1 (amendment), "Disclosure initiative" (effective for annual periods beginning on or after 1 January 2016). This amendment has as main objective to encourage companies to apply professional judgment to determine what information to disclose in its financial statements. For example, the amendments make it clear that the materiality applies to the whole of the financial statements and that the inclusion of irrelevant information could difficult the interpretation of financial disclosures.
- IAS 16 and 38 (amendment), "Clarification of acceptable methods of depreciation and amortisation" (effective for annual periods beginning on or after 1 January 2016). This amendment has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

- IAS 16 and 41 (amendment), "Agriculture: Bearer Plants" (effective for annual periods beginning on or after 1 January 2016). IAS 41 required all biological assets related to agricultural activity to be measured at fair value less costs to sell. This amendment decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16, because their operation is similar to that of manufacturing. This standard is not applicable to the Group.
- IAS 27 (amendments), "Equity Method in Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2016). This amendment permits choose to presentation, in the separate financial statements, for investments in subsidiaries, jointly controlled companies or associates in accordance with Equity Method. This standard will have no impact on the Group's consolidated financial statements.
- Improvements to Financial Reporting Standards (2012-2014 cycle effective for annual periods beginning on or after 1 January 2016). These improvements involve the review of several standards.

The Group is calculating the impact of these changes and will apply these standards as soon as they become effective.

Impact of changes in fair value

Following the preliminary fair value allocation of the acquired assets and assumed liabilities related to the merger between ZON and Optimus SGPS, the price allocation of this business combination was subject to alterations during one year since the acquisition date, as established by IFRS 3 – Business Combinations.

During the one year period, ended on 26 August 2014, the Company changed the fair value allocation of the acquired assets and assumed liabilities. This change, in result of a revaluation of the litigation and registered deferred taxes, was applied retrospectively, as allowed by IFRS 3 - Business Combinations.

The effects resulting of changes in the fair value of the acquired assets and the liabilities assumed in the consolidated statement of financial position are presented in the table below.

	31 DECEMBER 2013		
	REPORTED	CHANGES IN THE FAIR VALUE	RESTATED
ASSETS			
Intangible assets	1,111,107	49,492	1,160,599
Deferred income tax assets	165,416	(8,949)	156,467
Other assets	1,612,807	-	1,612,807
TOTAL ASSETS	2,889,330	40,543	2,929,873
LIABILITIES			
Provisions	92,429	40,543	132,972
Other liabilities	1,736,688	-	1,736,688
TOTAL LIABILITIES	1,829,117	40,543	1,869,660
TOTAL EQUITY	1,060,213	-	1,060,213
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	2,889,330	40,543	2,929,873

These changes did not have any impact in the consolidated statements of income by nature, consolidated statement of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statement of cash flows.

Similarly, following the preliminary identification of the fair value of acquired assets and assumed liabilities in the acquisition of Mainroad, the price allocation of this business combination was subject to change for one year from the control date as provided by IFRS 3 - Business Combinations.

Thus, until the period ended on 30 September 2015, the Company changed the fair value allocation of the acquired assets and assumed liabilities. This change was applied retrospectively, as allowed by IFRS 3 - Business Combinations.

The effects arising from changes in fair value of assets acquired and liabilities assumed in the statement of financial position are presented in the table below.

	30 SEPTEMBER 2014		
	REPORTED	CHANGES IN THE FAIR VALUE	RESTATED
ASSETS			
Intangible assets	1,158,265	(203)	1,158,062
Deferred income tax assets	138,416	(66)	138,350
Other assets	1,623,560	14	1,623,574
TOTAL ASSETS	2,920,241	(255)	2,919,986
LIABILITIES			
Provisions	128,152	(255)	127,897
Other liabilities	1,743,945	-	1,743,945
TOTAL LIABILITIES	1,872,097	(255)	1,871,842
TOTAL EQUITY	1,048,144	-	1,048,144
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	2,920,241	(255)	2,919,986

These changes did not have any impact in the consolidated statements of income by nature, consolidated statement of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statement of cash flows.

2.2. Bases of consolidation

Controlled companies

Controlled companies were consolidated by the full consolidation method. Control is deemed to exist when the Group is exposed or has rights, as a result of their involvement, to a variable return of the entity's activities, and has capacity to affect this return through the power over the entity. Namely, when the Company directly or indirectly holds a majority of the voting rights at a General Meeting of Shareholders or has the power to determine the financial and operating policies. In situations where the Company has, in substance, control of other entities created for a specific purpose, although it does not directly hold equity in them, such entities are consolidated by the full consolidation method. The entities in these situations are listed in Annex A).

The interest of third parties in the equity and net profit of such companies income presented separately in the consolidated statement of financial position and in the consolidated statement, respectively, under the item "Non-controlling Interests" (Note 28).

The identifiable acquired assets and the liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date, irrespective of the existence of non-controlled interests. The excess of acquisition cost over the fair value of the Group's share of identifiable acquired assets and liabilities is stated in Goodwill. Where the acquisition cost is less than the fair value of the identified net assets, the difference is recorded as a gain in the income statement in the period in which the acquisition occurs.

The interests of minority shareholders are initially recognised as their proportion of the fair value of the identifiable assets and liabilities.

On the acquisition of additional equity shares in companies already controlled by the Group, the difference between the share of capital acquired and the corresponding acquisition value is recognised directly in equity.

Where an increase in position in the capital of an associated company results in the acquisition of control, with the latter being included in the consolidated financial statements by the full consolidation method, the share of the fair values assigned to the assets and liabilities, corresponding to the percentages previously held, is stated in the income statement.

The directly attributable transaction costs are recognised immediately in profit or loss.

The results of companies acquired or sold during the year are included in the income statements as from the date of acquisition or until the date of their disposal, respectively.

Intercompany transactions, balances, unrealised gains on transactions and dividends distributed between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction shows evidence of impairment of the transferred asset.

Where necessary, adjustments are made to the financial statements of controlled companies in order to align their accounting policies with those of the Group.

Jointly controlled companies

The classification of investments as jointly controlled companies is determined based on the existence of shareholder agreements which show and regulate the joint control. Financial investments of jointly controlled companies (Annex C)) are stated by the equity method. Under this method, financial investments are adjusted periodically by an amount corresponding to the share in the net profits of jointly controlled companies, as a contra entry in "Net Losses / (gains) of affiliated companies" in the income statement. Direct changes in the post-acquisition equity of associated companies are recognised as the value of the shareholding as a contra entry in reserves, in equity.

Additionally, financial investments may also be adjusted for recognition of impairment losses.

Any excess of acquisition cost over the fair value of identifiable net assets and liabilities (goodwill) is recorded as part of the financial investment of jointly controlled companies and subject to impairment testing when there are indicators of loss of value. Where the acquisition cost is less than the fair value of the identified net assets, the difference is recorded as a gain in the income statement in the period in which the acquisition occurs.

Losses in jointly controlled companies which exceed the investment made in them are not recognised, except where the Group has entered into undertakings with that company.

Dividends received from these companies are recorded as a reduction in the value of the financial investments.

Associated companies

An associated company is a company in which the Group exercises significant influence through participation in decisions about its financial and operating policies, but in which does not have control or joint control.

Any excess of the acquisition cost of a financial investment over the fair value of the identifiable net assets is recorded as goodwill and is added to the value of the financial investment and its recovery is reviewed annually or whenever there are indications of possible loss of value. Where the acquisition cost is less than the fair value of the identified net assets, the difference is recorded as a gain in the statement of comprehensive income in the period in which the acquisition occurs.

Financial investments in the majority of associated companies (Annex B)) are stated by the equity method. Under this method, financial investments are adjusted periodically by an amount corresponding to the share in the net

profits of associated companies, as a contra entry in "Net Losses / (gains) of affiliated companies" in the income statement. Direct changes in the post-acquisition equity of associated companies are recognised as the value of the shareholding as a contra entry in reserves, in equity. Additionally, financial investments may also be adjusted for recognition of impairment losses.

Losses in associated companies which exceed the investment made in them are not recognised, except where the Group has entered into undertakings with that associated company.

Dividends received from these companies are recorded as a reduction in the value of the financial investments.

Balances and transactions between group companies

Balances and transactions and unrealised gains between Group companies, and between them and the parent company, are eliminated in the consolidation.

The part of unrealised gains arising from transactions with associated companies or jointly controlled companies attributable to the Group is eliminated in the consolidation. Unrealised losses are similarly eliminated except where they show evidence of impairment of the transferred asset.

2.3 Accounting policies

2.3.1 Segment reporting

As stipulated in IFRS 8, the Group presents operating segments based on internally produced management information.

Operating segments are reported consistently with the internal management information model provided to the chief operating decision maker of the Group, who is responsible for allocating resources to the segment and for assessing its performance, and for taking strategic decisions.

2.3.2 Classification of the statement of financial position and income statement

Realisable assets and liabilities due in less than one year from the date of the statement of financial position are classified as current in assets and liabilities, respectively.

In accordance with IAS 1, "Restructuring costs", "Losses / (gains) on disposal of assets" and "Other losses / (gains)" reflect unusual expenses that should be disclosed separately from the usual lines items, to avoid distortion of the financial information from regular operations.

2.3.3 Tangible assets

Tangible assets are stated at acquisition cost, less accumulated depreciation and impairment losses, where applicable. Acquisition cost includes, in addition to the purchase price of the asset: (i) costs directly attributable to the purchase; and (ii) the estimated costs of decommissioning and removal of the assets and restoration of the site, which in Group applies to the cinema operation business, telecommunication towers and offices (Notes 2.3.12 and 7).

Estimated losses resulting from the replacement of equipment before the end of its useful life due to technological obsolescence are recognised by a deduction from the corresponding asset as a contra entry in profit and loss. The costs of current maintenance and repairs are recognised as a cost when they are incurred. Significant costs incurred on renovations or improvements to the asset are capitalised and depreciated over the corresponding estimated payback period when it is probable that there will be future economic benefits associated with the asset and when these can be measured reliably.

Non-current assets held for sale

Non-current assets (or discontinued operations), are classified as held for sale if their value is realisable through a sale transaction rather than through their continued use.

This situation is deemed to arise only where: (i) the sale is highly probable and the asset is available for immediate sale in its present condition; (ii) the Group has given an undertaking to sell; and (iii) it is expected that the sale will be realised within 12 months. In this case, non-current assets are valued at the lesser of their book value or their fair value less the sale costs.

From the time that certain tangible assets become deemed as "held for sale", the depreciation of such assets ceases and they are classified as non-current assets held for sale. Gains and losses on disposals of tangible assets, corresponding to the difference between the sale price and the net book value, are recognised in results in "Losses/gains on disposals of assets".

Depreciation

Tangible assets are depreciated from the time they are completed or ready to be used. These assets, less their residual value, are depreciated by the straight-line method, in twelfths, from the month in which they become available for use, according to the useful life of the assets defined as their estimated utility.

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

	2014 (YEARS)	2015 (YEARS)
Buildings and other constructions	2 - 50	2 - 50
Technical equipment:		
Network Installations and equipment	7 - 40	7 - 40
Terminal equipment	3 - 8	2 - 8
Other telecommunication equipment	3 - 10	3 - 10
Other technical equipment	1 - 16	1 - 16
Transportation equipment	3 - 4	3 - 4
Administrative equipment	2 - 10	2 - 10
Other tangible assets	4 - 8	4 - 8

2.3.4 Intangible assets

Intangible assets are stated at acquisition cost, less accumulated amortisation and impairment losses, where applicable. Intangible assets are recognised only where they generate future economic benefits for the Group and where they can be measured reliably.

Intangible assets consist mainly of goodwill, satellite and distribution network capacity utilisation rights, customer portfolios, costs incurred in raising customers' loyalty contracts, telecom and software licenses, content utilisation rights and other contractual rights.

Goodwill

Goodwill represents the excess of acquisition cost over the net fair value of the assets, liabilities and contingent liabilities of a subsidiary, jointly controlled company or associated company at the acquisition date, in accordance with IFRS 3.

Goodwill is recorded as an asset and included in "Intangible Assets" (Note 8) in the case of a controlled company, and in "Investments in jointly controlled companies and associated companies" (Note 9) in the case of jointly controlled company or an associated company.

Goodwill is not amortised and is subject to impairment tests at least once a year, on a specified date, and whenever there are changes in the test's underlying assumptions at the date of the statement of financial position which may result in a possible loss of value. Any impairment loss is recorded immediately in the income statement in "Impairment losses" and is not liable to subsequent reversal.

For the purposes of impairment tests, goodwill is attributed to the cash-generating units to which it is related (Note 8), which may correspond to the business segments in which the Group operates, or a lower level.

Internally generated intangible assets

Internally generated intangible assets, including expenditure on research, are expensed when they are incurred. Research and development costs are only recognised as assets where the technical capability to complete the intangible asset is demonstrated and where it is available for use or sale.

Industrial property and other rights

Assets classified under this item relate to the rights and licenses acquired under contract by the Group to third parties and used in realising the Group's activities, and include:

- Satellite capacity utilisation rights;
- Distribution network utilisation rights;
- Telecom licenses;
- Software licenses;
- Customer portfolios;
- Costs incurred in raising customers loyalty contracts;
- Content utilisation rights;
- Other contractual rights.

Intangible assets in-progress

Group companies periodically carry out an impairment assessment of intangible assets in-progress. This impairment assessment is also carried out whenever events or changes in circumstances indicate that the amount at which the asset is recorded may not be recoverable. Where such indications exist, the Group calculates the recoverable value of the asset in order to determine the existence and extent of the impairment loss.

Amortisation

These assets are amortised by the straight-line method, in twelfths, from the beginning of the month in which they become available for use. The amortisation rates used correspond to the following estimated useful lives:

	2014 (YEARS)	2015 (YEARS)
Rights of using capacities	Period of the contract	Period of the contract
Telecom licences	30	30
Software licences	1 to 8	1 to 8
Customer portfolios	5 and 6	5 and 6
Costs incurred in raising customers loyalty contracts	Loyalty contract period	Loyalty contract period
Content utilization rights	Period of the contract	Period of the contract
Other	1 to 8	1 to 8

2.3.5 Impairment of non-current assets, excluding goodwill

Group companies periodically carry out an impairment assessment of non-current assets. This impairment assessment is also carried out whenever events or changes in circumstances indicate that the amount at which the asset is recorded may not be recoverable. Where such indications exist, the Group calculates the recoverable value of the asset in order to determine the existence and extent of the impairment loss.

The recoverable value is estimated for each asset individually or, if that is not possible, assets are grouped at the lowest levels for which there are identifiable cash flows to the cash-generating unit to which the asset belongs. Each of the Group's businesses is a cash-generating unit, except for the assets allocated to the cinema exhibition business which are grouped into regional cash-generating units. The recoverable amount is calculated as the higher of the net sale price and the current use value. The net sale price is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable entities, less the costs directly attributable to the sale. The current use value is the current value of the estimated future cash flows resulting from continued use of the asset or of the cash-generating unit. Where the amount at which the asset is recorded exceeds its recoverable value, it is recognised as an impairment loss.

The reversal of impairment losses recognised in previous years is recorded when there are indications that these losses no longer exist or have decreased. The reversal of impairment losses is recognised in the statement of comprehensive income in the year in which it occurs. However, an impairment loss can only be reversed up to the amount that would be recognised (net of amortisation or depreciation) if no impairment loss had been recorded in previous years.

2.3.6 Financial assets

Financial assets are recognised in the statement of financial position of the Group on the trade or contract date, which is the date on which the Group undertakes to purchase or sell the asset.

Initially, financial assets are recognised at their fair value plus directly attributable transaction costs, except for assets at fair value through profit or loss where transaction costs are recognised immediately in profit or loss. These assets are derecognised when: (i) the Group's contractual rights to receive their cash flows expire; (ii) the Group has substantially transferred all the risks and benefits associated with their ownership; or (iii) although it retains part but not substantially all of the risks and benefits associated with their ownership, the Group has transferred control of the assets.

Financial assets and liabilities are offset and shown as a net value when, and only when, the Group has the right to offset the recognised amounts and intends to settle for the net value.

The Group classifies its financial assets into the following categories: financial investments at fair value through profit or loss, financial assets available for sale, investments held to maturity and borrowings and receivables. The classification depends on management's intention at the time of their acquisition.

Financial assets at fair value through profit and loss

This category includes non-derivative financial assets acquired with the intention of selling them in the short term. This category also includes derivatives that do not qualify for hedge accounting purposes. Gains and losses resulting from changes in the fair value of assets measured at fair value through profit or loss are recognised in results in the year in which they occur under "Losses/gains on financial assets", including the income from interest and dividends.

Financial assets available for sale

Financial assets available for sale are non-derivative financial assets which: (i) are designated as available for sale at the time of their initial recognition; or (ii) do not fit into the other categories of financial assets above. They are recognised as non-current assets except where there is an intention to sell them within 12 months following the date of the statement of financial position.

Shareholdings other than shares in Group companies, jointly controlled companies or associated companies are classified as financial investments available for sale and are recognised in the statement of financial position as non-current assets.

Investments are initially recognised at their acquisition cost. After initial recognition, investments available for sale are revalued at their fair value by reference to their market value at the date of the statement of financial position, without any deduction for transaction costs that may occur until their sale. In situations where investments are equity instruments not listed on regulated markets and for which it is not possible to reliably estimate their fair value, they are maintained at acquisition cost less any impairment losses.

The potential resulting capital gains and losses are recognised directly in reserves until the financial investment is sold, received or otherwise disposed of, at which time the accumulated gain or loss previously recognised in equity is included in the income statement.

Dividends on equity instruments classified as available for sale are recognised in results for the year under "Losses/(gains) on financial assets", where the right to receive the payment is established.

Investments held to maturity

Investments held to maturity are classified as non-current investments except where they mature in less than 12 months from the date of the statement of financial position. This item includes investments with defined maturities which the Group has the intention and ability to keep until that date. Investments held to maturity are valued at amortised cost, less any impairment losses.

Borrowing and receivables

The assets classified in this category are non-derivative financial assets with fixed or determinable payments not listed on an active market.

Accounts receivable are initially recognised at fair value and subsequently valued at amortised cost, less adjustments for impairment, where applicable. Impairment losses on customers and accounts receivable are recorded where there is objective evidence that they are not recoverable under the initial terms of the transaction. The identified impairment losses are recorded in the income statement under "Provisions and adjustments", and subsequently reversed by results, when the impairment indicators reduce or cease to exist.

Cash and cash equivalents

The amounts included in "Cash and cash equivalents" correspond to the amounts of cash, bank deposits, term deposits and other investments with maturities of less than three months which may be immediately realisable and with a negligible risk of change of value.

For the purposes of the statement of cash flows, "Cash and cash equivalents" also includes bank overdrafts included in the statement of financial position under "Borrowings" (where applicable).

2.3.7 Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to their contractual substance irrespective of their legal form. Equity instruments are contracts that show a residual interest in the Group's assets after deducting the liabilities. The equity instruments issued by Group companies are recorded at the amount received, net of the costs incurred in their issue. Financial liabilities and equity instruments are recognised only when extinguished, i.e. when the obligation is settled, cancelled or extinguished.

Borrowings

Loans are stated as liabilities at their nominal value, net of the issuance costs of the loans. Financial charges, calculated in accordance with the effective rate of interest, including premiums payable, are recognised in accordance with the accruals principle.

Accounts Payable

Accounts payable are recognised initially at their fair value and subsequently at amortised cost in accordance with the effective interest rate method. Accounts payable are recognised as current liabilities unless they are expected to be settled within 12 months from the date of the statement of financial position.

Derivative financial instruments

See accounting policy 2.3.9.

2.3.8 Impairment of financial assets

At the date of each statement of financial position, the Group examines whether there is objective evidence that a financial asset or group of financial assets is impaired.

Financial assets available for sale

In the case of financial assets classified as available for sale, a significant or prolonged decline in the fair value of the instrument below its cost is considered as an indicator that the instrument is impaired. If any similar evidence exists for financial assets classified as available for sale, the accumulated loss – measured as the difference between the acquisition cost and the current fair value, less any impairment of the financial asset that has already been recognised in results – is removed from equity and recognised in the income statement.

Impairment losses on equity instruments recognised in results are not reversed through the income statement.

Customers, other debtors and other financial assets

Adjustments are made for impairment losses when there are objective indications that the Group will not receive all the amounts to which it is entitled under the original terms of the contracts. Various indicators are used to identify impairment situations, such as default analysis, financial difficulties of the debtor, including probability of insolvency of the debtor.

The adjustment for impairment losses is calculated as the difference between the recoverable value of the financial asset and its value in the statement of financial position and is stated in profit and loss for the year. The value of these assets in the statement of financial position is reduced to the recoverable amount by means of an adjustments account. When an amount receivable from customers and other debtors is considered non recoverable, it is written off using the adjustments account for impairment losses. The subsequent recovery of amounts that have been written off is recognised in profit and loss.

When there are receivables from customers or other debtors that are overdue, and these are subject to renegotiation of their terms, these are no longer regarded as overdue and become treated as new receivables.

2.3.9 Derivative Financial Instruments

The Group has a policy of contracting derivative financial instruments with the objective of hedging the financial risks to which it is exposed, resulting from variations in exchange rates and interest rates. The Group does not contract derivative financial instruments for speculative purposes, and the use of this type of financial instruments complies with the internal policies determined by the Board.

In relation to financial derivative instruments which, although contracted in order to provide hedging in line with the Group's risk management policies, do not meet all the requirements of IAS 39 – Financial Instruments: recognition and measurement in terms of their classification as hedge accounting or which have not been specifically assigned to a hedge relationship, the related changes in fair value are stated in the income statement for the period in which they occur.

Derivative financial instruments are recognised on the respective trade date at their fair value. Subsequently, the fair value of the derivative financial instruments is revalued on a regular basis, and the gains or losses resulting from this revaluation are recorded directly in profit and loss for the period, except in the case of hedge derivatives. Recognition of the changes in fair value of hedge derivatives depends on the nature of the risk hedged and the type of hedge used.

Hedge accounting

The possibility of designating a derivative financial instrument as a hedging instrument meets the requirements of IAS 39 - Financial instruments: recognition and measurement.

Derivative financial instruments used for hedging purposes can be classified as hedges for accounting purposes where they cumulatively meet the following conditions:

- a) At the start date of the transaction, the hedge relationship is identified and formally documented, including the identification of the hedged item, the hedging instrument and the evaluation of effectiveness of the hedge;
- b) There is the expectation that the hedge relationship is highly effective at the start date of the transaction and throughout the life of the operation;
- c) The effectiveness of the hedge can be reliably measured at the start date of the transaction and throughout the life of the operation;
- d) For cash flow hedge operations, it must be highly probable that they will occur.

Exchange rate and interest rate risk

Where expectations of changes in exchange rates and interest rates so warrant, the Group aims to anticipate any adverse impact through the use of derivatives. Operations that qualify as cash flow hedging instruments are stated in the statement of financial position at their fair value and, where they are considered to be effective hedges, the changes in the fair value of the instruments are initially stated as a contra entry in equity and subsequently reclassified as financial costs.

Where hedge transactions are ineffective, they are stated directly in profit and loss. Accordingly, in net terms the cash flows associated with the hedged operations are accrued at the rate applying to the contracted hedge operation.

When a hedge instrument expires or is sold, or when the hedge ceases to fulfil the criteria required for hedge accounting, the accumulated variations in the fair value of the derivative in reserves are shown in profit and loss when the operation hedged also affects profit and loss.

2.3.10 Inventories

Inventories, which mainly include mobile phones, customer terminal equipment and DVDs, are valued at the lower of their cost or net realisable value.

The acquisition cost includes the invoice price, freight and insurance costs, using the weighted average cost as the method of costing goods sold.

Inventories are adjusted for technological obsolescence, as well as for the difference between the purchase cost and the net realisable value, whichever is the lower, and this reduction is recognised directly in the income statement.

The net realisable value corresponds to the normal sale price less restocking costs and selling costs.

The differences between the cost and the corresponding net realisable value of inventories, where this is less than the cost, are recorded as operating costs in "Cost of goods sold".

Inventories in transit, since they are not available for consumption or sale, are separated out from other inventories and are valued at their specific acquisition cost.

2.3.11 Subsidies

Subsidies are recognised at their fair value where there is a reasonable assurance that they will be received and Group companies will meet the requirements for their award.

Operating subsidies, mainly for employee training, are recognised in the statement of comprehensive income by deduction from the corresponding costs incurred.

Investment subsidies are recognised in the statement of financial position as deferred income.

If the subsidy is considered as deferred income, it is recognised as income on a systematic and rational basis during the useful life of the asset.

2.3.12 Provisions and contingent liabilities

Provisions are recognised where: (i) there is a present obligation arising from past events and it is likely that in settling that obligation the expenditure of internal resources will be necessary; and (ii) the amount or value of such obligation can be reasonably estimated. Where one of the above conditions is not met, the Group discloses the events as a contingent liability unless the likelihood of an outflow of funds resulting from this contingency is remote, in which case they are not disclosed.

Provisions for legal procedures taking place against the Group are made in accordance with the risk assessments carried out by the Group and by their legal advisers, based on success rates.

Provisions for restructuring are only recognised where the Group has a detailed, formal plan identifying the main features of the restructuring programme and after these facts have been reported to the entities involved.

Provisions for decommissioning costs, removal of assets and restoration of the site are recognised when the assets are installed, in line with the best estimates available at that date (Note 17).

The amount of the provisioned liability reflects the effects of the passage of time and the corresponding financial indexing is recognised in results as a financial cost.

Obligations that result from onerous contracts are registered and measured as provisions. There is an onerous contract when the Company is an integral part of the provisions of an agreement contract, which entail costs that cannot be avoided and which exceed the economic benefits derived from the agreement.

Provisions for potential future operating losses are not covered.

Contingent liabilities are not recognised in the financial statements, unless the exception provided under IFRS 3 business combination, and are disclosed whenever there is a good chance to shed resources including economic benefits. Contingent assets are not recognised in the financial statements, being disclosed when there is a likelihood of a future influx of financial resources.

Provisions are reviewed and brought up to date at the date of the statement of financial position to reflect the best estimate at that time of the obligation concerned.

2.3.13 Leases

Leasing contracts are classified as: (i) finance leases, if substantially all the risks and benefits incident to ownership of the corresponding assets concerned have been transferred; or (ii) operating leases, if substantially all risks and rewards incident to ownership of those assets have not been transferred.

The classification of leases as finance or operating leases is made on the basis of substance rather than contractual form.

The assets acquired under finance leases and the corresponding liabilities are recorded using the financial method, and the assets, related accumulated depreciation and pending debts are recorded in accordance with the contractual finance plan. In addition, the interest included in the rentals and the depreciation of the tangible and intangible fixed assets are recognised in the statement of comprehensive income for the period to which they relate.

In the case of operating leases, the rentals due are recognised as costs in the income statement over the period of the leasing contract.

2.3.14 Income Tax

NOS is covered by the special tax regime for groups of companies, which covers all the companies in which it directly or indirectly owns at least 75% of the share capital and which simultaneously are resident in Portugal and subject to Corporate Income Tax (IRC).

The remaining subsidiaries not covered by the special tax regime for groups of companies are taxed individually on the basis of their respective taxable incomes and the applicable tax rates.

Income tax is stated in accordance with the IAS 12 criteria. In calculating the cost relating to income tax for the period, in addition to current tax, allowance is also made for the effect of deferred tax calculated in accordance with the liability method, taking into account the temporary differences resulting from the difference between the tax basis of assets and liabilities and their values as stated in the consolidated financial statements, and the tax losses carried forward at the date of the statement of financial position. The deferred income tax assets and liabilities were calculated on the basis of the tax legislation currently in force or of legislation already published for future application.

As stipulated in the above standard, deferred income tax assets are recognised only where there is reasonable assurance that these may be used to reduce future taxable profit, or where there are deferred income tax liabilities whose reversal is expected to occur in the same period in which the deferred income tax assets are reversed. At the end of each period an assessment is made of deferred income tax assets, and these are adjusted in line with the likelihood of their future use.

The amount of tax to be included either in current tax or in deferred tax resulting from transactions or events recognised in equity accounts is recorded directly under those items and does not affect the results for the period.

In a business combination the deferred tax benefits acquired are recognised as follow:

- a) The deferred tax benefits acquired recognised in the measurement period of one year after the date of merger and that result from new information about facts and circumstances that existed at the date of acquisition are recorded against the goodwill carrying amount related to the acquisition. If the goodwill carrying amount is null, any remaining deferred tax benefits are recognised in the income statement.
- b) All the other acquired deferred tax benefits performed are recognised in the income statement (when applicable, directly in shareholders' equity).

2.3.15 Share-based payments

The benefits granted to employees under share purchase or share option incentive plans are recorded in accordance with the requirements of IFRS 2 – Share-based payments.

In accordance with IFRS 2, since it is not possible to reliably estimate the fair value of the services received from employees, their value is measured by reference to the fair value of equity instruments in accordance with their share price at the grant date.

The cost is recognised, linearly over the period in which the service is provided by employees, under the caption "Wages and salaries" in the income statement, with the corresponding increase in equity.

The accumulated cost recognised at the date of each statement of financial position up to the vesting reflects the best estimate of the number of own shares that will be vested, weighted by the time elapse between the grant and the vesting. The impact on the income statement each year corresponds to the accumulated cost valuation between the beginning and the end of the year.

In turn, benefits granted on the basis of shares but paid in cash lead to the recognition of a liability valued at fair value at the date of the statement of financial position.

2.3.16 Revenue

The main types of revenue of NOS's subsidiaries are as follows:

i) **Revenues of Telecommunications Services:**

Cable Television, fixed broadband and fixed voice: The revenues from services provided using the fibre optic cable network result from: (a) basic channel subscription packages that can be sold in a bundle with fixed broadband/fixed voice services; (b) premium channel subscription packages and S-VOD; (c) terminal equipment rental; (d) consumption of content (VOD); (e) traffic and voice termination; (f) service activation; (g) sale of equipment; and (h) other additional services (ex: firewall, antivirus).

Satellite Television: Revenues from the satellite television service mainly result from: (a) basic and premium channel subscription packages; (b) equipment rental; (c) consumption of content (VOD); (d) service activation; and (e) sale of equipment.

Mobile broadband and voice services: Revenues from mobile broadband Internet access services and mobile voice services result mainly from monthly subscriptions and/or usage of the Internet and voice service, as well as the traffic associated with the type chosen by the client.

Revenue from telecommunications services is counted from the time at which those services are provided. Amounts that have not been invoiced for are included based on estimates. The differences between the estimated amounts and the actual amounts, which are normally small, are recorded in the next financial year.

Discounts granted to clients within fidelization programs are allocated to the entire contract for which the client is fidelized. Therefore, the discount is recognised as the goods and services are made available to the client.

Profits made from selling equipment are included when the buyer takes on the risks and advantages of taking possession of goods and the value of the benefits are reasonably quantified.

Until 31 December 2014, revenue from penalties, due to the inherent uncertainties, was recorded only at the moment when it was received, and the amount was disclosed as a contingent asset (Note 32). From 1 January 2015, Revenue from penalties is recognised taking into account an estimated collectability rate taking into account the Group's collection history.

ii) **Advertising Revenue:** Advertising revenues mainly derive from the attraction of advertising for Pay TV channels to which the Group has publicity rights and in cinemas. These revenues are recognised from when they are received, taken off any discounts given.

iii) **Film Showings and Distribution:** Distribution revenue pertains to the distribution of films to film exhibitors not distributed by the Group, that are included in the film showings, whilst income from film showings mostly derive from cinema ticket sales and the product sales in the bars; the film showings revenue includes the revenue from ticket sales and bar sales respectively.

iv) **Revenue from Producing and Distributing Channel Content:** Revenue from production and distribution essentially includes the sale of DVDs, the sale of content and the distribution of television channels subscriptions to third parties and count from the time at which they are sold, shown and made available for distribution to telecommunications operators, respectively.

v) Consultancy and datacenter Management: information systems consultancy and datacenter management are the major services rendered by NOS Sistemas.

Interest revenue is recognised using the effective interest method, only where they generate future economic benefits for the Group and where they can be measured reliably.

2.3.17 Accruals

Group's revenues and costs are recognised in accordance with the accruals principle, under which they are recognised as they are generated or incurred, irrespective of when they are received or paid.

The costs and revenues related to the current period and whose expenses and income will only occur in future periods are registered under "Accounts receivable – trade", "Accounts receivable – other", "Prepaid expenses", "Accrued expenses" and "Deferred income", as well as the expenses and income that have already occurred that relate to future periods, which will be recognised in each of those periods, for the corresponding amount.

The costs related to the current period and whose expenses will only occur in future periods are registered under "Accrued expenses" when it's possible to estimate with certainty the related amount, as well as the timing of the expense's materialization. If uncertainty exists related to any of these aspects, the value is classified as Provisions (Note 2.3.12).

2.3.18 Assets, liabilities and transactions in foreign currencies

Transactions in foreign currencies are converted into the functional currency at the exchange rate on the transactions dates. On each accounting date, outstanding balances (monetary items) are updated by applying the exchange rate prevailing on that date. The exchange rate differences in this update are recognised in the income statement for the year in which they were calculated. Exchange rate variations generated on monetary items which constitute enlargement of the investment denominated in the functional currency of the Group or of the subsidiary in question are recognised in equity. Exchange rate differences on non-monetary items are classified in "Other reserves" in equity.

The financial statements of subsidiaries denominated in foreign currencies are converted at the following exchange rates:

- The exchange rate obtaining on the date of the statement of financial position for the conversion of assets and liabilities;
- The average exchange rate in the period for the conversion of items in the income statement;
- The average exchange rate in the period, for the conversion of cash flows (in cases where the exchange rate approximates to the real rate, and for the remaining cash flows the rate of exchange at the date of the operations is used);
- The historical exchange rate for the conversion of equity accounts.

Exchange differences arising from the conversion into euros of the financial statements of subsidiaries denominated in foreign currencies are included in equity under "Other reserves".

At 31 December 2014 and 30 September 2015, assets and liabilities expressed in foreign currencies were converted into euros using the following exchange rates of such currencies against the euro, as published by the Bank of Portugal:

	31-12-2014	30-09-2015
US Dollar	1.2141	1.1203
Angolan Kwanza	125.1110	151.6340
British Pound	0.7789	0.7385
Mozambique Metical	38.5300	44.6400
Canadian Dollar	1.4063	1.5034
Swiss Franc	1.2024	1.0915
Real	3.2207	4.4808

In the nine months ended at 30 September 2014 and 2015, the income statements of subsidiaries expressed in foreign currencies were converted to euros at the average exchange rates of the currencies of their countries of origin against the euro, which are as follows:

	9M 14	9M 15
Angolan Kwanza	131.4182	128.8018
Mozambique Metical	41.2733	40.9400

2.3.19 Financial charges and borrowings

Financial charges related to borrowings are recognised as costs in accordance with the accruals principle, except in the case of loans incurred (whether these are generic or specific) for the acquisition, construction or production of an asset that takes a substantial period of time (over one year) to be ready for use, which are capitalised in the acquisition cost of that asset.

2.3.20 Investment property

Investment property mainly includes buildings held to generate rents rather than for use in the production or supply of goods or services, or for administrative purposes, or for sale in the ordinary course of business. These are measured initially at cost.

Subsequently, the Group uses the cost model for the valuation of investment property since use of the fair value model would not result in material differences.

An investment property is eliminated from the statement of financial position on disposal or when the investment property is taken permanently out of use and no financial benefit is expected from its disposal.

2.3.21 Fair value measurement

The group measure part of the financial assets, (such as financial assets available for sale), and some of its non-financial assets, such as investment properties, at fair value on the date of the financial statements.

The fair value measurement assumes that the asset or liability is exchanged in an orderly transaction among market participants to sell the asset or transfer the liability at the measurement date under current market conditions. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability may occur:

- On the main market of the assets and liabilities, or
- In the absence of a primary market, it is assumed that the transaction occurs in the most advantageous market. This is what maximizes the amount that would be received to selling asset or minimizes the amount that would be paid to transfer the liability, after considering transaction costs and transport costs.

Because different entities and businesses within a single entity can have access to different markets, the main or most advantageous market for the same asset or liability can vary from one entity to another, or even between businesses within the same entity, but it is assumed that they are accessible to the Group.

The fair value measurement uses assumptions that market participants use in defining price of the asset or liability, assuming that market participants would use the asset to maximize its value.

The group uses valuation techniques appropriate to the circumstances whenever there is information to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities measured at fair value or of which disclosure is mandatory, are rated on a fair value hierarchy, which ranks data in three levels to be used in the measurement at fair value, and detailed below:

Level 1 – Listed and unadjusted market prices, in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - valuation techniques using inputs that aren't quoted, but which are directly or indirectly observable;

Level 3 - valuation techniques using inputs not based on observable market data, based on unobservable inputs.

The fair value measurement is classified in the same fair value hierarchy level at the lowest level of input which is significant to the measurement as a whole.

2.3.22 Assets and liabilities offsetting

Financial assets and liabilities are offset and presented at the net amount when, and only when, the Group has the right to offset the recognised amounts and intends to settle for the net amount.

2.3.23 Employee benefits

Personnel expenses are recognised when the service is rendered by employees independently of their date of payment. Here are some specificities:

a) Termination of employment. The benefits for termination of employment are due for payment when there is cessation of employment before the normal retirement date or when an employee accepts leaving voluntarily in exchange for these benefits. The Group recognizes these benefits when it can be shown to be committed to a termination of current employees according to a detailed formal plan for termination and there is no realistic possibility of withdrawal or these benefits are granted to encourage voluntary redundancy. Where the benefits of cessation of employment are due more than 12 months after the balance sheet date, they are updated to their present value.

b) Holiday, holiday allowances and bonuses. According to the labor law, employees are entitled to 22 days annual leave, as well as one month of holiday allowances, rights acquired in the year preceding payment. These liabilities of the Group are recorded when incurred, independently of the moment of payment, and are reflected under the item "Accounts payable and other".

c) Labor Compensation Fund (FCT) and the Labour Compensation Guarantee Fund (FGCT). Based on the publication of Law No 70/2013 and subsequent regulation by Order No. 294-A / 2013, entered into force on 1 October the Labor Compensation Fund schemes (FCT) and the Guarantee Fund Compensation of Labor (FGCT). In this context, companies that hire a new employee are required to deduct a percentage of the respective salary for these two new funds (0.925% to 0.075% and the FCT for FGCT), in order to ensure, in the future, the partial payment the compensation for dismissal. Considering the characteristics of each Fund, the following is considered:

-The monthly deliveries to FGCT, made by the employer are recognised as expense in the period to which they relate.

-The monthly deliveries to FCT, made by the employer are recognised as a financial asset of the entity, measured at fair value with changes recognised in the respective results.

2.3.24 Statement of cash flows

The statement of cash flows is prepared in accordance with the direct method. The Group classifies under "Cash and cash equivalents" the assets with maturities of less than three months and for which the risk of change in value is negligible. For purposes of the statement of cash flows, the balance of cash and cash equivalents also include bank overdrafts included in the statement of financial position under "Borrowings".

The statement of cash flows is divided into operating, investment and financing activities.

Operating activities include cash received from customers and payments to suppliers, staff and others related to operating activities.

The cash flows included in investment activities include acquisitions and disposals of investments in subsidiaries and cash received and payments arising from the purchase and sale of tangible and intangible assets, amongst others.

Financing activities include cash received and payments relating to borrowings, the payment of interest and similar costs, finance leases, the purchase and sale of own shares and the payment of dividends.

2.3.25 Subsequent events

Events occurring after the date of the statement of financial position which provide additional information about conditions that existed at that date are taken into account in the preparation of financial statements for the year.

Events occurring after the date of the statement of financial position which provide information on conditions that occur after that date are disclosed in the notes to the financial statements, when they are materially relevant.

3. JUDGEMENTS AND ESTIMATES

3.1. Relevant accounting estimates

The preparation of consolidated financial statements requires the Group's management to make judgments and estimates that affect the statement of financial position and the reported results. These estimates are based on the best information and knowledge about past and/or present events, and on the operations that the Company considers may it may implement in the future. However, at the date of completion of such operations, their results may differ from these estimates.

Changes to these estimates that occur after the date of approval of the consolidated financial statements will be corrected in the income statement in a prospective manner, in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".

The estimates and assumptions that imply a greater risk of giving rise to a material adjustment in assets and liabilities are described below:

Impairment of non-current assets, excluding goodwill

The determination of a possible impairment loss can be triggered by the occurrence of various events, such as the availability of future financing, the cost of capital or other market, economic and legal changes or changes with an adverse effect on the technological environment, many of which are beyond the Group's control.

The identification and assessment of impairment indicators, the estimation of future cash flows and the calculation of the recoverable value of assets involve a high degree of judgment by the Board.

Impairment of goodwill

Goodwill is subjected to impairment tests annually or whenever there are indications of a possible loss of value, in accordance with the criteria described in Note 8. The recoverable values of the cash-generating units to which goodwill is allocated are determined on the basis of the calculation of current use values. These calculations require the use of estimates by management.

Intangible and tangible assets

The life of an asset is the period during which the Company expects that an asset will be available for use and this should be reviewed at least at the end of each financial year.

The determination of the useful lives of assets, the amortisation/depreciation method to be applied and the estimated losses resulting from the replacement of equipment before the end of its useful life due to technological obsolescence is crucial in determining the amount of amortisation/depreciation to be recognised in the consolidated income statement each year.

These three parameters are defined using management's best estimates for the assets and businesses concerned, and taking account of the practices adopted by companies in the sectors in which the Group operates.

The capitalised costs with the audiovisual content distribution rights acquired for commercialisation in the various windows of exhibition are amortised over the period of exploration of the respective contracts. Additionally, these assets are subject to impairment tests whenever there are indications of changes in the pattern generation of future revenue underlying each contract.

Provisions

The Group periodically reviews any obligations arising from past events which should be recognised or disclosed. The subjectivity involved in determining the probability and amount of internal resources required to meet obligations may give rise to significant adjustments, either due to changes in the assumptions made, or due to the future recognition of provisions previously disclosed as contingent liabilities.

Deferred income tax assets

Deferred income tax assets are recognised only where there is strong assurance that there will be future taxable income available to use the temporary differences or where there are deferred tax liabilities whose reversal is expected in the same period in which the deferred tax assets are reversed. The assessment of deferred income tax assets is undertaken by management at the end of each period taking account of the expected future performance of the Group.

Impairment of account receivables

The credit risk on the balances of accounts receivable is assessed at each reporting date, taking account of the customer's history and their risk profile. Accounts receivable are adjusted for the assessment made by management and the estimated collection risks at the date of the statement of financial position, which may differ from the effective risk incurred.

Fair value of financial assets and liabilities

When the fair value of an asset or liabilities is calculated, on an active market, the respective market price is used. Where there is no active market, which is the case with some of the Group's financial assets and liabilities, valuation techniques generally accepted in the market, based on market assumptions, are used.

The Group uses evaluation techniques for unlisted financial instruments such as derivatives, financial instruments at fair value through profit and loss, and assets available for sale. The valuation models that are used most frequently are discounted cash flow models and options models, incorporating, for example, interest rate and market volatility curves.

For certain types of more complex derivatives, more advanced valuation models are used containing assumptions and data that are not directly observable in the market, for which the Group uses internal estimates and assumptions.

3.2. Errors, estimates and changes to accounting policies

In the periods ended at 30 September 2014 and 2015, no material errors relating to previous years were recognised.

4. Changes in the consolidation perimeter

During the periods ended on 30 September 2014, the changes in the consolidated perimeter were as follow:

1. on 15 May 2014 it was constituted NOS Communications S.à.r.l (Annex A));
2. on 16 May 2014 the Company completed a merger operation by incorporation of ZON TV Cabo Portugal, S.A. in Optimus – Comunicações, S.A., thereafter named NOS Comunicações, S.A.. This merger didn't have any impacts in the Group's consolidated financial statements.
3. on 24 September 2014, ZON TV Cabo, SGPS, S.A. and ZON Audiovisual, SGPS S.A. merged into NOS SA and NOS Audiovisual, respectively. The mergers didn't have any impact on the consolidated financial statements;
4. on 30 September 2014 NOS SA acquired the entire share capital of Mainroad, currently designated NOS Sistemas, by the amount of 12.620 thousand euros (which includes 1.295 thousand euros of supplementary capital) and Mainroad's debt to the previous shareholder's in the amount of 1.380 thousand euros (Annex A)). The amount paid may be reduced, until a maximum amount of 5,416 thousand euros, as a result of the gap between the present value of the revenues agreed in the contract and the present value of the revenues that will be obtained until 31 December 2022.

Following the acquisition, the Company performed a preliminary assessment of the fair value of acquired assets and assumed liabilities through this operation. As permitted by IFRS 3 - Business Combinations, the preliminary assessment of the fair value of acquired assets and assumed liabilities in this operation was subject to changes during the period of one year starting from the control date, which ended on 30 September 2015 (Note 2).

The detail of the net assets of Mainroad and goodwill recorded in connection with this transaction, is as follows:

	BOOK VALUE	ADJUSTMENTS TO THE FAIR VALUE	FAIR VALUE
ACQUIRED ASSETS			
Tangible fixed assets	2,438	(56)	2,382
Intangible assets	171	910	1,081
Deferred tax assets	170	41	211
Accounts receivable and other assets	3,897	-	3,897
Cash and cash equivalents	646	-	646
	7,321	895	8,217
ACQUIRED LIABILITIES			
Borrowings	1,447	-	1,447
Provisions	316	166	482
Deferred tax liabilities	-	250	250
Accounts payable and other liabilities	5,630	-	5,630
	7,393	416	7,809
TOTAL NET ASSETS ACQUIRED	(72)	479	407
GOODWILL			12,213
ACQUISITION PRICE			12,620
ACQUISITION OF MAINROAD'S DEBT			1,380
TOTAL PAID			14,000

The fair value of net assets acquired was determined through several valuation methodologies for each type of asset or liability, based on the best information available. The main fair value adjustments made in this process were: (i) customer portfolio (1.1 million euros), which will be amortised linearly during 5 years; and (ii) contingent liabilities related to present obligations in the amount of 0.4 million euros, as permitted by IFRS 3.

The methodology used in the customers portfolio's fair value adjustment was the discounted cash flows model (Level 3 in fair value hierarchy).

For the remaining assets and liabilities there were not identified significant differences between the fair value and their book value.

As usual on mergers and acquisitions, also in this operation, there was a part of the acquisition price which was not possible to allocate to the fair value of some identified assets and liabilities, that was considered as Goodwill and recorded in "Intangible Assets". This Goodwill is related to a number of different elements, which cannot be individually quantified and isolated in a viable way and include, for example, synergies, qualified workforce and technical skills.

The contribution of Mainroad to the consolidated income for the period ended 30 September 2014 is null. If the company had been consolidated from 1 January 2014, the amounts of consolidated operating revenues and net income before non-controlling interests, after elimination of the transactions with the Group's related parties, would be as follows:

	AMOUNT
REVENUES:	
Sales and services rendered	1,025,536
Other operating revenues	12,046
	1,037,582
COSTS, LOSSES AND GAINS:	
Wages and salaries	64,557
Direct costs	296,693
Support services	67,909
Supplies and external services	137,721
Provisions and adjustments	(5,058)
Depreciation, amortisation and impairment losses	252,158
Other losses / (gains), net	111,389
	913,736
INCOME BEFORE FINANCIAL RESULTS AND TAXES	123,846
Financial results	44,336
INCOME BEFORE TAXES	79,510
Income taxes	16,243
NET CONSOLIDATED INCOME	63,267

During the periods ended on 30 September 2015, the changes in the consolidated perimeter were as follow:

- 1) On 30 March 2015, the spin-off project of NOS Comunicações, SA materialized, giving rise to the creation of a new entity, NOS Inovação, SA, to which was transferred the Product Development Department assets, which include, among others, the IRIS platform. The spin-off had no impact on the Group's consolidated financial statements.
- 2) On 30 July 2015 the company NOS Sistemas Espanha, SL. was established.

5. Segment reporting

The business segments are as follows:

- Telco – TV, Internet (fixed and mobile) and voice (fixed and mobile) services rendered and includes the following companies: NOS Technology, NOS Towering, Per-mar, Sontária, NOS, NOS Açores, NOS Communications, NOS Madeira, NOSPUB, NOS SA, NOS Lusomundo TV, ZON Finance, Teliz Holding, NOS Sistemas, NOS Sistemas Espanha and NOS Inovação.
- Audiovisual – the supply of video production services and sales, cinema exhibition and distribution and the acquisition/negociation of Pay TV and VOD (video-on-demand) rights and includes the following companies: NOS Audiovisuais, NOS Cinemas, Lusomundo Moçambique, Lda ("Lusomundo Moçambique"), Lusomundo Espanha, SL ("Lusomundo Espanha"), Lusomundo Imobiliária 2, S.A. ("Lusomundo Imobiliária 2"), Lusomundo

Sociedade de Investimentos Imobiliários, SGPS, S.A. ("Lusomundo SII") and Empracine – Empresa Promotora de Atividades Cinematográficas, Lda ("Empracine").

Assets and liabilities by segment at 31 December 2014 and 30 September 2015 are shown below:

	31-12-2014		
	TELCO	AUDIOVISUALS	ELIMINATIONS
ASSETS			GROUP
NON - CURRENT ASSETS:			
Tangible assets	1,126,465	15,305	-
Intangible assets	1,068,015	96,192	-
Investments in jointly controlled companies and associated companies	123,847	2,715	(95,018)
Accounts receivable - other	68,209	18,456	(82,354)
Deferred income tax assets	129,431	11,683	-
Other non-current assets	4,309	708	-
TOTAL NON - CURRENT ASSETS	2,520,276	145,059	(177,373)
CURRENT ASSETS:			
Inventories	31,921	1,092	-
Account receivables	344,836	57,318	(42,975)
Prepaid expenses	45,270	2,498	(26)
Other current assets	3,745	1,753	1,466
Cash and cash equivalents	19,911	1,160	-
TOTAL CURRENT ASSETS	445,683	63,821	(41,536)
TOTAL ASSETS	2,965,960	208,880	(218,909)
SHAREHOLDER'S EQUITY			
Share capital	5,152	31,704	(31,704)
Capital issued premium	854,219	-	-
Own shares	(11,791)	-	-
Legal reserve	3,556	1,087	(1,087)
Other reserves and accumulated earnings	115,302	104,291	(95,129)
Net income	73,715	(39,959)	40,952
EQUITY BEFORE NON - CONTROLLING INTERESTS	1,040,153	97,123	(86,967)
Non-controlling interests	9,775	23	20
TOTAL EQUITY	1,049,928	97,146	(86,946)
LIABILITIES			
NON - CURRENT LIABILITIES:			
Borrowings	638,622	44,708	(66,804)
Provisions	121,532	5,690	-
Accrued expenses	24,978	50	(74)
Other non-current liabilities	7,883	-	-
Deferred income tax liabilities	16,271	966	-
TOTAL NON - CURRENT LIABILITIES	809,286	51,414	(66,877)
CURRENT LIABILITIES:			
Borrowings	502,232	1,472	(196)
Accounts payable	411,371	43,877	(63,593)
Tax payable	9,962	3,150	1,464
Accrued expenses	154,351	11,551	(2,737)
Deferred income	28,831	271	(26)
TOTAL CURRENT LIABILITIES	1,106,747	60,320	(65,087)
TOTAL LIABILITIES	1,916,033	111,734	(131,964)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	2,965,960	208,880	(218,909)
			2,955,931

30-09-2015			
	TELCO	AUDIOVISUALS	ELIMINATIONS
ASSETS			GROUP
NON - CURRENT ASSETS:			
Tangible assets	1,145,744	14,441	-
Intangible assets	1,073,863	96,911	-
Investments in jointly controlled companies and associated companies	122,932	5,278	(96,813)
Accounts receivable - other	70,764	18,692	(82,330)
Deferred income tax assets	110,371	11,826	(1)
Other non-current assets	3,694	676	-
TOTAL NON - CURRENT ASSETS	2,527,368	147,824	(179,144)
CURRENT ASSETS:			
Inventories	32,385	1,050	-
Account receivables	362,797	64,606	(56,174)
Prepaid expenses	62,452	1,840	(44)
Other current assets	4,683	1,761	-
Cash and cash equivalents	12,029	982	-
TOTAL CURRENT ASSETS	474,346	70,239	(56,218)
TOTAL ASSETS	3,001,714	218,063	(235,362)
SHAREHOLDER'S EQUITY			
Share capital	5,152	31,704	(31,704)
Capital issued premium	854,219	-	-
Own shares	(6,987)	-	-
Legal reserve	3,556	1,087	(1,087)
Other reserves and accumulated earnings	108,116	65,846	(55,986)
Net income	69,546	3,983	-
EQUITY BEFORE NON - CONTROLLING INTERESTS	1,033,602	102,620	(88,777)
Non-controlling interests	9,461	21	37
TOTAL EQUITY	1,043,063	102,641	(88,740)
LIABILITIES			
NON - CURRENT LIABILITIES:			
Borrowings	1,049,938	67,493	(90,182)
Provisions	132,062	6,143	-
Accrued expenses	9,658	57	(61)
Other non-current liabilities	8,124	-	-
Deferred income tax liabilities	13,734	814	-
TOTAL NON - CURRENT LIABILITIES	1,213,516	74,507	(90,243)
CURRENT LIABILITIES:			
Borrowings	135,783	1,234	(23)
Accounts payable	393,940	24,748	(52,876)
Tax payable	24,907	2,310	-
Accrued expenses	161,260	12,235	(3,435)
Deferred income	29,081	388	(45)
Derivative financial instruments	164	-	-
TOTAL CURRENT LIABILITIES	745,135	40,915	(56,379)
TOTAL LIABILITIES	1,958,651	115,422	(146,622)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	3,001,714	218,063	(235,362)
			2,984,415

The results by segment and investments in tangible and intangible fixed assets for the periods ended on 30 September 2014 and 2015 are shown below:

	TELCO		AUDIOVISUALS		ELIMINATIONS		GROUP	
	3 ^Q QUARTER 14	9M 14	3 ^Q QUARTER 14	9M 14	3 ^Q QUARTER 14	9M 14	3 ^Q QUARTER 14	9M 14
REVENUES:								
Services rendered	318,854	948,272	20,152	57,230	(9,732)	(28,232)	329,274	977,270
Sales	12,007	28,527	3,857	11,924	(1)	(3)	15,863	40,448
Other operating revenues	2,460	11,633	317	1,097	(96)	(311)	2,681	12,419
	333,321	988,432	24,326	70,251	(9,829)	(28,546)	347,818	1,030,137
COSTS, LOSSES AND GAINS:								
Wages and salaries	18,836	53,995	2,518	7,140	(3)	(9)	21,351	61,126
Direct costs	101,151	302,395	5,999	16,447	(7,457)	(21,944)	99,693	296,898
Costs of products sold	14,702	36,255	196	774	2	1	14,900	37,030
Marketing and advertising	11,455	23,484	1,296	3,922	(1,280)	(3,921)	11,471	23,485
Support services	21,447	65,448	1,043	2,701	(783)	(2,325)	21,707	65,824
Supplies and external services	39,129	123,407	4,688	13,757	(295)	(348)	43,522	136,816
Other operating losses / (gains)	142	847	1	35	(13)	-	130	882
Taxes	5,999	16,111	31	108	-	-	6,030	16,219
Provisions and adjustments	(4,379)	(5,009)	(48)	(91)	-	-	(4,427)	(5,100)
	208,482	616,933	15,724	44,793	(9,829)	(28,546)	214,377	633,180
EBITDA	124,839	371,499	8,602	25,458	-	-	133,441	396,957
Net losses / (gains) of affiliated companies	(3,776)	(10,737)	(248)	(896)	-	-	(4,024)	(11,633)
EBITDA INCLUING LOSSES / (GAINS) OF AFFILIATED COMPANIES, NET	128,615	382,236	8,850	26,354	-	-	137,465	408,590
Depreciation, amortisation and impairment losses	73,095	224,749	8,444	26,893	-	-	81,539	251,642
Other losses / (gains), net	19,317	34,599	(1,039)	(860)	-	-	18,278	33,739
	92,412	259,348	7,405	26,033	-	-	99,817	285,381
INCOME BEFORE FINANCIAL RESULTS AND TAXES	36,203	122,888	1,445	321	-	-	37,648	123,209
Financial costs	8,489	25,665	766	2,178	-	-	9,255	27,843
Net foreign exchange losses / (gains)	159	187	(70)	(88)	-	-	89	99
Net losses / (gains) on financial assets	-	905	11	35	-	-	11	940
Net other financial expenses / (income)	5,540	15,312	(11)	44	-	-	5,529	15,356
	14,188	42,069	696	2,169	-	-	14,884	44,238
INCOME BEFORE TAXES	22,015	80,819	749	(1,848)	-	-	22,764	78,971
Income taxes	3,860	17,433	145	(1,307)	-	-	4,005	16,126
NET INCOME	18,155	63,386	604	(541)	-	-	18,759	62,845
CAPEX	77,134	206,388	9,463	25,483	-	-	86,597	231,871
EBITDA - CAPEX	47,705	165,111	(861)	(25)	-	-	46,844	165,086

	TELCO	AUDIOVISUALS		ELIMINATIONS		GROUP		
	3 ^Q QUARTER 15	9M 15	3 ^Q QUARTER 15	9M 15	3 ^Q QUARTER 15	9M 15	3 ^Q QUARTER 15	9M 15
REVENUES:								
Services rendered	330,576	972,196	25,445	71,983	(10,571)	(32,041)	345,450	1,012,138
Sales	13,365	32,075	4,934	13,281	(25)	(35)	18,274	45,321
Other operating revenues	4,020	10,236	400	1,243	(194)	(1,041)	4,226	10,438
	347,961	1,014,507	30,779	86,507	(10,790)	(33,117)	367,950	1,067,897
COSTS, LOSSES AND GAINS:								
Wages and salaries	20,992	58,147	2,435	7,193	-	(11)	23,427	65,329
Direct costs	109,002	324,224	7,507	22,872	(8,734)	(27,377)	107,775	319,719
Costs of products sold	13,971	35,166	39	64	(12)	(12)	13,998	35,218
Marketing and advertising	9,934	20,968	1,539	4,822	(1,427)	(4,134)	10,046	21,656
Support services	21,323	68,775	395	1,136	(287)	(858)	21,431	69,053
Supplies and external services	41,592	121,179	5,119	14,962	(328)	(724)	46,383	135,417
Other operating losses / (gains)	212	481	14	52	-	-	226	533
Taxes	6,337	19,554	41	120	(2)	(1)	6,376	19,673
Provisions and adjustments	(5,092)	(8,622)	(71)	72	-	-	(5,163)	(8,550)
	218,271	639,872	17,018	51,293	(10,790)	(33,117)	224,499	658,048
EBITDA	129,690	374,635	13,761	35,214	-	-	143,451	409,849
Net losses / (gains) of affiliated companies	3,189	(4,175)	(263)	(782)	-	-	2,926	(4,957)
EBITDA INCLUDING LOSSES / (GAINS) OF AFFILIATED COMPANIES, NET	126,501	378,810	14,024	35,996	-	-	140,525	414,806
Depreciation, amortisation and impairment losses	79,603	239,098	9,662	28,551	-	-	89,265	267,649
Other losses / (gains), net	4,842	16,057	36	275	-	-	4,878	16,332
	84,445	255,155	9,698	28,826	-	-	94,143	283,981
INCOME BEFORE FINANCIAL RESULTS AND TAXES	42,056	123,655	4,326	7,170	-	-	46,382	130,825
Financial costs	4,322	18,805	329	846	-	-	4,651	19,651
Net foreign exchange losses / (gains)	304	466	(15)	724	-	-	289	1,190
Net losses / (gains) on financial assets	-	249	-	-	-	-	-	249
Net other financial expenses / (income)	2,131	8,562	10	45	-	-	2,141	8,607
	6,757	28,082	324	1,615	-	-	7,081	29,697
INCOME BEFORE TAXES	35,299	95,573	4,002	5,555	-	-	39,301	101,128
Income taxes	11,847	26,163	1,228	1,572	-	-	13,075	27,735
NET INCOME	23,452	69,410	2,774	3,983	-	-	26,226	73,393
CAPEX	88,436	265,831	9,498	28,763	-	-	97,934	294,594
EBITDA - CAPEX	41,254	108,804	4,263	6,451	-	-	45,517	115,255

Inter-segment transactions are performed on market terms and conditions in a comparable way to transactions performed with third parties.

6. Financial assets and liabilities classified in accordance with the IAS 39 categories – financial instruments: recognition and measurement

The accounting policies set out in IAS 39 for financial instruments were applied to the following items:

	31-12-2014			
	LOANS AND ACCOUNTS RECEIVABLE	AVAILABLE-FOR-SALE FINANCIAL ASSETS	INVESTMENTS HELD-TO-MATURITY	DERIVATIVES
ASSETS				
Available-for-sale financial assets	-	77	-	-
Derivative financial instruments (Note 13)	-	-	-	368
Accounts receivable - trade (Note 12)	331,527	-	-	-
Accounts receivable - other	25,929	-	-	-
Cash and cash equivalents (Note 14)	21,070	-	-	-
TOTAL FINANCIAL ASSETS	378,526	77	-	368
LIABILITIES				
Borrowings (Note 16)	-	-	-	-
Derivative financial instruments (Note 13)	-	-	-	1,899
Accounts payable - trade (Note 18)	-	-	-	-
Accounts payable - other	-	-	-	-
Accrued expenses	-	-	-	-
TOTAL FINANCIAL LIABILITIES	-	-	-	1,899
	31-12-2014			
	OTHER FINANCIAL LIABILITIES	TOTAL FINANCIAL ASSETS AND LIABILITIES	NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
ASSETS				
Available-for-sale financial assets	-	77	-	77
Derivative financial instruments (Note 13)	-	368	-	368
Accounts receivable - trade (Note 12)	-	331,527	-	331,527
Accounts receivable - other	-	25,929	6,034	31,963
Cash and cash equivalents (Note 14)	-	21,070	-	21,070
TOTAL FINANCIAL ASSETS	-	378,971	6,034	385,005
LIABILITIES				
Borrowings (Note 16)	1,120,034	1,120,034	-	1,120,034
Derivative financial instruments (Note 13)	-	1,899	-	1,899
Accounts payable - trade (Note 18)	340,721	340,721	-	340,721
Accounts payable - other	50,741	50,741	193	50,934
Accrued expenses	163,165	163,165	-	163,165
TOTAL FINANCIAL LIABILITIES	1,674,661	1,676,560	193	1,676,753

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	LOANS AND ACCOUNTS RECEIVABLE	AVAILABLE- FOR-SALE FINANCIAL ASSETS	INVESTMENTS HELD-TO- MATURITY	DERIVATIVES
ASSETS				
Available-for-sale financial assets	-	77	-	-
Derivative financial instruments (Note 13)	-	-	-	-
Accounts receivable - trade (Note 12)	358,430	-	-	-
Accounts receivable - other	13,361	-	-	-
Cash and cash equivalents (Note 14)	13,011	-	-	-
TOTAL FINANCIAL ASSETS	384,802	77	-	-
LIABILITIES				
Borrowings (Note 16)	-	-	-	-
Derivative financial instruments (Note 13)	-	-	-	2,893
Accounts payable - trade (Note 18)	-	-	-	-
Accounts payable - other	-	-	-	-
Accrued expenses	-	-	-	-
TOTAL FINANCIAL LIABILITIES	-	-	-	2,893

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	OTHER FINANCIAL LIABILITIES	TOTAL FINANCIAL ASSETS AND LIABILITIES	NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
ASSETS				
Available-for-sale financial assets	-	77	-	77
Derivative financial instruments (Note 13)	-	-	-	-
Accounts receivable - trade (Note 12)	-	358,430	-	358,430
Accounts receivable - other	-	13,361	6,564	19,925
Cash and cash equivalents (Note 14)	-	13,011	-	13,011
TOTAL FINANCIAL ASSETS	-	384,879	6,564	391,443
LIABILITIES				
Borrowings (Note 16)	1,164,243	1,164,243	-	1,164,243
Derivative financial instruments (Note 13)	-	2,893	-	2,893
Accounts payable - trade (Note 18)	327,267	327,267	-	327,267
Accounts payable - other	38,467	38,467	78	38,545
Accrued expenses	170,060	170,060	-	170,060
TOTAL FINANCIAL LIABILITIES	1,700,037	1,702,930	78	1,703,008

Considering its nature, the balances of the amounts to be paid and received to/from state and other public entities were considered outside the scope of IFRS 7. Also, the captions of "Prepaid expenses" and "Deferred Income" were not included in this note, as the nature of such balances are not included in the scope of IFRS 7.

The Board of Directors believes that, the fair value of the breakdown of financial instruments recorded at amortised cost or registered at the present value of the payments does not differ significantly from their book value. This decision is based in the contractual terms of each financial instrument.

The Group's activity is subject to a variety of financial risks, such as market risk, liquidity risk and economical and judicial risks, which are described in the Management Report.

7. Tangible assets

At 31 December 2014 and 30 September 2015, this item was as follows:

	31-12-2014	30-09-2015
ACQUISITION COST		
Land	919	919
Buildings and other constructions	301,266	316,469
Basic equipment	2,285,138	2,467,177
Transportation equipment	11,031	10,853
Tools and dies	1,238	1,253
Administrative equipment	309,352	324,019
Other tangible assets	41,535	42,038
Tangible assets in-progress	93,172	55,273
	3,043,651	3,218,001
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES		
Land	37	37
Buildings and other constructions	151,513	163,091
Basic equipment	1,420,704	1,546,741
Transportation equipment	5,349	6,209
Tools and dies	1,213	1,222
Administrative equipment	283,293	299,964
Other tangible assets	39,773	40,552
	1,901,882	2,057,816
	1,141,770	1,160,185

At 31 December 2014 and 30 September 2015, the tangible fixed assets net value is composed mainly by basic equipment, namely:

- i) network and telecommunications infrastructure (fiber optic network and cabling, network equipment, and other equipment) in the amount of 773.0 million euros (31 December 2014: 718.5 million euros);
- ii) Terminal equipment installed on client premises, included under Basic equipment, amounts to 147.4 million euros (31 December 2014: 145.9 million euros).

The acquisition cost of the "Tangible Assets" and "Intangible Assets" held by the Group under finance lease contracts at 31 December 2014 and 30 September 2015, amounted to 204.4 million euros and 216.9 million euros, and their net book value as of those dates amounted to 133.1 million euros and 126.7 million euros, respectively.

Tangible and intangible assets include interests and other financial expenses incurred directly related to the construction of certain tangible or intangible assets in progress. At 30 September 2015, total net value of these costs amounted to 15.3 million euros (31 December 2014: 14.4 million euros). The amount capitalised in the period ended on 30 September 2015 amounted to 1.8 million euros (31 December 2014: 2.7 million euros).

8. Intangible assets

At 31 December 2014 and 30 September 2015, this item was as follows:

	31-12-2014	30-09-2015
ACQUISITION COST		
Industrial property and other rights	1,414,048	1,464,751
Goodwill	641,599	641,599
Intangible assets in-progress	41,929	24,723
	2,097,576	2,131,073
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES		
Industrial property and other rights	933,369	956,554
Intangible assets in-progress	-	3,745
	933,369	960,299
	1,164,207	1,170,774

At 30 September 2015, the item "Industrial property and other rights" includes mainly:

(1) A net amount of 144.5 million euros (31 December 2014: 160 million euros) mainly related to the investment, net of depreciation, made in the development of the UMTS network by NOS SA, including: (i) 45.8 million euros (31 December 2014: 48 million euros) related to the license, (ii) 15.3 million euros (31 December 2014: 16 million euros) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal, (iii) 4.7 million euros (31 December 2014: 4.9 million euros) related to the "Fundação para as Comunicações Móveis", established in 2007, under an agreement entered with Ministério das Obras Públicas, Transportes e Comunicações and the three mobile telecommunication operators in Portugal; and (iv) 66.9 million euros (31 December 2014: 79 million euros) related with the programme "Initiatives E"; and the net amount of 7.9 million euros (31 December 2014: 8.3 million euros) corresponding to the valuation of the license in the fair value allocation process resulting from the merger;

During the third quarter of 2015 and as a result of negotiations between NOS, the Ministry of Economy, the Ministry of Finance and the "Fundação para as Comunicações Móveis", the outstanding amounts were received in the amount of 7.9 million euros and it was agreed that no responsibility of NOS is unfulfilled, therefore the responsibility which was open under non-recurrent accruals, amounting to 14 million euros, was written off against intangible assets.

(2) A net amount of 99 million euros (31 December 2014: 101 million euros) corresponding to the current value of future payments related with the acquisition of rights of use for frequencies (spectrum) bands of 800 MHz, 1800 MHz, 2600 MHz, which will be used to develop 4th generation services (LTE - Long Term Evolution) and a net amount of 3.4 million euros (31 December 2014: 3.5 million euros) corresponding to the valuation of the license in the fair value allocation process resulting from the merger;

(3) A net amount of 60.4 million euros (31 December 2014: 66 million euros) relating to the contract for the exclusive acquisition of satellite capacity celebrated between NOS SA and Hispasat, which is recorded as a finance lease;

(4) Net amounts of approximately 57.7 million euros (31 December 2014: 42 million euros) and 20.3 million euros (31 December 2014: 20 million euros) corresponding to the capitalised costs related to customers' loyalty contracts and future rights to use movies and series, respectively;

(5) A net amount of approximately 28.8 million euros (31 December 2014: 38 million euros) corresponding to the valuation of Optimus customer portfolio under the fair value allocation process resulting from the merger.

Impairment tests on goodwill

Goodwill was allocated to the cash-generating units of each reportable segment, as follows:

	31-12-2014	30-09-2015
Telco	564,998	564,998
Audiovisuais	76,601	76,601
	641,599	641,599

In 2014 impairment tests were performed based on assessments in accordance with the discounted cash flow method, which corroborate the recoverability of the book value of the Goodwill. The amounts in these assessments are based on the historical performances and forecast growth of the businesses and their markets, incorporated in medium to long term plans approved by the Board.

These estimates are based on the following assumptions:

	TELCO SEGMENT	AUDIOVISUALS SEGMENT	
		NOS AUDIOVISUAIS	NOS CINEMAS
Discount rate (before taxes)	8.2%	8.2%	8.2%
Assessment period	5 years	5 years	5 years
EBITDA* Growth	2.7%	3.2%	6.5%
Perpetuity growth rate	2.0%	2.0%	2.0%

* EBITDA = Operational result + Depreciation and amortisation

In the Telco segment, the assumptions used are based on past performance, evolution of the number of customers, expected development of regulated tariffs, current market conditions and expectations of future development.

The number of years specified in the impairment tests depends on the degree of maturity of the various businesses and markets, and were determined on the basis of the most appropriate criterion for the valuation of each cash-generating unit.

Sensitivity analyses were performed on variations in discount rates of approximately 10%, from which no impairments resulted.

Sensitivity analyses were also performed for a perpetuity growth rate of 0%, from which no impairments also resulted.

At 30 September 2015, it was understood that the assumptions mentioned above in the impairment tests carried out in 2014 did not have relevant changes, therefore there is no evidence of impairment.

9. Investments in jointly controlled companies and associated companies

At 31 December 2014 and 30 September 2015, this item was composed as follows:

	31-12-2014	30-09-2015
INVESTMENTS - EQUITY METHOD		
Sport TV	26,772	23,319
Dreamia	2,466	3,254
Finstar	2,059	4,345
Mstar	(63)	216
Upstar	66	86
Distodo	98	92
Canal 20 TV, S.A.	(1)	17
East Star	36	36
Big Picture 2 Films	47	32
	31,480	31,397
ASSETS	31,544	31,397
LIABILITIES (NOTE 17)	(64)	-

Movements in "Investments in jointly controlled companies and associated companies" in the periods ended on 30 September 2014 and 2015 were as follows:

	9M 14	9M 15
AS AT JANUARY 1		
Gains / (losses) for the year (Note 25)	11,633	4,957
Dividends i)	-	(4,100)
Dissolutions	(100)	-
Entry of companies	36	-
Changes in equity ii)	(247)	(941)
AS AT SEPTEMBER 30	29,024	31,397

i) Dividends which were deliberated but not yet received from Finstar, were recorded under "Accounts receivable - Other" in the non - current assets.

ii) Amounts related to changes in equity of the companies registered by the equity method of consolidation are mainly related to foreign exchange impacts of the investment in other currencies than euro.

The Group's interest in the results and assets and liabilities of the jointly controlled companies and associated companies in the year ended on 31 December 2014 and period ended on 30 September 2015 is as follows:

ENTITY	ASSETS	LIABILITIES	EQUITY	REVENUE	NET INCOME	% HELD	GAIN/(LOSS) ATTRIBUTED TO THE GROUP
							2014
Sport TV	111,895	58,352	53,543	111,419	(6,239)	50.00%	(3,120)
Dreamia	14,957	10,026	4,932	3,646	1,406	50.00%	703
Finstar	80,335	73,471	6,864	190,538	52,782	30.00%	15,835
Mstar	13,509	13,719	(211)	16,496	1,266	30.00%	380
Upstar	42,823	42,602	221	58,150	22	30.00%	7
Distodo	66	10	56	213	166	50.00%	83
Canal 20 TV, S.A.	55	57	(2)	-	-	50.00%	-
East Star	137	17	120	-	-	30.00%	-
Big Picture 2 Films	2,498	2,262	236	7,642	237	20.00%	47
	266,276	200,515	65,761	388,103	49,640		13,935
2015							
ENTITY	ASSETS	LIABILITIES	EQUITY	REVENUE	NET INCOME	% HELD	GAIN/(LOSS) ATTRIBUTED TO THE GROUP
Sport TV	145,031	98,393	46,638	87,732	(6,905)	50.00%	(3,453)
Dreamia	17,597	11,088	6,508	4,006	1,577	50.00%	788
Finstar	123,472	108,989	14,483	179,018	24,552	30.00%	7,365
Mstar	9,874	9,156	718	16,547	748	30.00%	224
Upstar	118,044	117,757	287	59,297	65	30.00%	20
Distodo	50	6	45	0	(0)	50.00%	-
Canal 20 TV, S.A.	36	1	35	56	37	50.00%	19
East Star	137	17	120	-	-	30.00%	-
Big Picture 2 Films	2,168	2,010	158	3,733	(34)	20.00%	(6)
	416,409	347,417	68,992	350,389	20,039		4,957

10. Taxes payable and receivable

At 31 December 2014 and 30 September 2015, these items were composed as follows:

	31-12-2014		30-09-2015	
	RECEIVABLE	PAYABLE	RECEIVABLE	PAYABLE
CURRENT				
Value-added tax	2,378	10,721	2,671	23,081
Income taxes	2,214	-	2,644	-
Personnel income tax withholdings	-	1,730	-	2,164
Social Security contributions	-	1,990	-	1,909
Other	430	135	430	63
	5,022	14,576	5,745	27,217
NON CURRENT				
Tax authorities (Note 32)	7,640	-	7,025	-
Provision	(3,408)	-	(3,408)	-
	4,232	-	3,617	-
	9,254	14,576	9,362	27,217

At 31 December 2014 and 30 September 2015 the amounts of IRC (Corporate Income Tax) receivable and payable were composed as follows:

	31-12-2014	30-09-2015
Estimated current tax on income	(3,612)	(3,338)
Payments on account	4,393	2,204
Withholding income taxes	684	2,853
Other	749	925
	2,214	2,644

11. Income tax expense

During the period ended on 30 September 2015, NOS and its associated companies are subject to IRC - Corporate Income Tax at the rate of 21% (16.8% in the case of NOS Açores), plus IRC surcharge at the maximum rate of 1.5% on taxable profit, giving an aggregate rate of approximately 22.5%. Following the introduction of the austerity measures approved by Law 66-B/2012 of 31 December, this rate was raised in 3% on the amount of a company's taxable profit between 1.5 million euros and 7.5 million euros, and in 5% on the amount of a company's taxable profit exceeding 7.5 million euros. Additionally, in the measures approving the IRC reform, published by Law 2/2014 of 16 January, a new level was added to the IRC surcharge where the rate is raised in 7% over the company's taxable profit above 35 million euros.

In the calculation of taxable income, to which the above tax rates apply, amounts which are not fiscally allowable are added to and subtracted from the book results. These differences between accounting income and taxable income may be of a temporary or permanent nature.

NOS is taxed in accordance with the special taxation regime for groups of companies (RETGS), which covers the companies in which it directly or indirectly holds at least 75% of their share capital and which fulfill the requirements of Article 69 of the IRC Code.

The companies covered by the RETGS in 2015 are:

- NOS (parent company)
- Empracine
- Lusomundo Imobiliária 2
- Lusomundo SII
- NOS Sistemas
- NOS Audiovisuais
- NOS Cinemas
- NOS Inovação
- NOS Lusomundo TV
- NOS Madeira
- NOSPUB
- NOS SA
- NOS Technology
- NOS Towering
- Per-mar
- Sontária

Under current legislation, tax declarations are subject to review and correction by the tax authorities for a period of four years (five years in the case of Social Security), except where tax losses have occurred (where the period is five or six years) or tax benefits have been obtained or inspections, appeals or disputes are in progress, in which case, depending on the circumstances, the periods are extended or suspended.

The Board of Directors of NOS, based on information from its tax advisers, believes that these and any other revisions and corrections to these tax declarations, as well as other contingencies of a fiscal nature, will not have a significant effect on the consolidated financial statements as at 30 September 2015.

A) Deferred tax

NOS and its associated companies have reported deferred tax relating to temporary differences between the taxable basis and the book amounts of assets and liabilities, and tax losses carried forward at the date of the statement of financial position.

The movements in deferred tax assets and liabilities for the periods ended on 30 September 2014 and 2015 were as follows:

	31-12-2013 RESTATED	CHANGES IN THE CONSOLIDATED SCOPE (NOTE 4)	DEFERRED TAXES OF THE PERIOD	30-09-2014 RESTATED
DEFERRED INCOME TAX ASSETS				
Doubtful accounts receivable	16,073	-	(8,013)	-
Inventories	3,216	-	910	-
Other provision and adjustments	81,869	145	(6,818)	-
Intragroup gains	27,876	-	(2,077)	-
Liabilities recorded as part of the allocation of fair value to the liabilities acquired in the merger	12,347	-	(1,816)	-
Derivatives	693	-	-	(27)
Tax incentives	14,393	65	(487)	-
	156,467	211	(18,301)	(27)
				138,350
DEFERRED INCOME TAX ASSETS				
Revaluation of fixed assets	1,415	-	(1,341)	-
Revaluations of assets as part of the allocation of fair value to the assets acquired in the merger	13,134	250	789	-
Derivatives	-	-	-	87
Other	907	-	1,319	-
	15,456	250	767	87
				16,560
NET DEFERRED TAX	141,011	(39)	(19,068)	(114)
				121,790
	31-12-2014	CHANGES IN THE CONSOLIDATED SCOPE (NOTE 4)	DEFERRED TAXES OF THE PERIOD	30-09-2015
DEFERRED INCOME TAX ASSETS				
Doubtful accounts receivable	7,442	-	(1,422)	-
Inventories	3,784	-	(996)	-
Other provision and adjustments	79,817	-	(4,973)	-
Intragroup gains	19,973	-	(1,082)	-
Liabilities recorded as part of the allocation of fair value to the liabilities acquired in the merger	9,744	-	(1,053)	-
Derivatives	427	-	-	234
Tax incentives	19,297	-	(8,996)	-
Tax losses carried forward	631	-	(631)	-
	141,115	-	(19,153)	234
				122,196
DEFERRED INCOME TAX LIABILITIES				
Revaluation of fixed assets	3	-	(1)	-
Revaluations of assets as part of the allocation of fair value to the assets acquired in the merger	14,617	-	(2,703)	-
Derivatives	137	-	-	(137)
Other	2,480	-	152	-
	17,237	-	(2,552)	(137)
				14,548
NET DEFERRED TAX	123,878	-	(16,601)	371
				107,648

At 30 September 2015, the deferred tax assets related to the other provisions and adjustments are mainly due: i) impairments and acceleration of amortisations beyond the acceptable fiscally and other adjustments in tangible and intangible assets, amounted to 58.4 million euros (31 December 2014: 62.1 million euros); ii) other provisions amounted to 16.5 million euros (31 December 2014: 17.7 million euros).

At 30 September 2015, the deferred tax liability related to the revaluation of assets relates mainly to the appreciation of customers' portfolio, telecommunications licenses and other assets of Optimus Group companies.

At 30 September 2015 deferred tax assets were not recognised in the amount of 1.7 million euros (31 December 2014: 13.9 million euros) related to: i) tax losses of 0.8 million euros (31 December 2014: 10.3 million euros), originated in the financial year 2013, not recorded due to the deduction of tax provisions (Note 17), ii) tax incentives amounting to 0.7 million euros (31 December 2014: 3.4 million euros), and iii) temporary differences in the amount of 0.2 million euros (31 December 2014: 0.2 million euros).

Deferred tax assets were recognised where it is probable that taxable profits will occur in future that may be used to absorb tax losses or deductible tax differences. This assessment was based on the business plans of the Group's companies, which are regularly revised and updated.

At 30 September 2015, the tax rate used to calculate the deferred tax assets relating to tax losses carried forward was 21% (31 December 2014: 21%). In the case of temporary differences, the rate used was 22.5% (31 December 2014: 22.5%) increased to a maximum of 6.2% (31 December 2014: 6.2%) of state surcharge when understood as likely the taxation of temporary differences in the estimated period of application of the state surcharge. Tax benefits, related to deductions from taxable income, are considered 100%, and in some cases, their full acceptance is conditional upon the approval of the authorities that grants such tax benefits.

Under the terms of Article 88 of the IRC Code, the Company is subject to autonomous taxation on a series of charges at the rates set out in that Article.

Under the terms of current legislation in Portugal, tax losses generated up to 2009, or in 2010 and 2011, and from 2012 to 2013 and from 2014 onwards may be carried forward for a period of six years, four years, five years and twelve years, respectively, after their occurrence and may be deducted from taxable profits generated during that period, up to a limit of 75% of the taxable profit in 2013 and 70% of taxable profit in the following years.

B) Effective tax rate reconciliation

In the quarters ended on 30 September 2014 and 2015, the reconciliation between the nominal and effective rates of tax was as follows:

	3 ^o QUARTER 14	9M 14	3 ^o QUARTER 15	9M 15
Income before taxes	22,764	78,971	39,301	101,128
Statutory tax rate	24.5%	24.5%	22.5%	22.5%
ESTIMATED TAX	5,577	19,348	8,843	22,754
Permanent differences i)	(538)	(2,369)	703	(672)
Income tax related to previous years	(16)	(2,760)	951	368
Tax benefits ii)	(1,575)	(2,513)	-	(374)
State surcharge	733	3,157	2,164	4,921
Autonomous taxation	344	1,031	188	563
Provisions (Note 17)	92	944	3	(87)
Other	(612)	(712)	223	262
INCOME TAXES	4,005	16,126	13,075	27,735
Effective Income tax rate	17.6%	20.4%	33.3%	27.4%
Income tax	(170)	(2,942)	6,996	11,134
Deferred tax	4,175	19,068	6,079	16,601
	4,005	16,126	13,075	27,735

i) At 30 September 2014 and 2015 the permanent differences were composed as follows:

	3 ^o QUARTER 14	9M 14	3 ^o QUARTER 15	9M 15
Equity method (Note 25)	(4,024)	(11,633)	2,926	(4,957)
Other	1,828	1,962	198	1,971
	(2,196)	(9,671)	3,124	(2,986)
	24.5%	24.5%	22.5%	22.5%
	(538)	(2,369)	703	(672)

ii) This item corresponds to the amount of deferred taxes and the use of tax benefits for which there was no record of deferred taxes: SIFIDE (Business Research and Development Tax Incentives System), a tax benefit introduced by Law 40/2005 of 3 August, of the RFAI (Investment Tax Incentive Regime) introduced by Law 10/2009 of 10 March and of the CFEI (Tax Credit for Extraordinary Investment) introduced by Law 49/2013 of 16 July. Under the terms of the IRC (Corporate Income Tax) Code, the tax paid may not be less than 90% of the amount which would result if the Company did not benefit from tax benefits. Therefore, this amount corresponds to that difference, given that the amount is recorded in the controlling company under the Special Taxation Regime for Groups of Companies, and the tax benefits are recorded in the controlled companies.

12. Accounts receivable – trade

At 31 December 2014 and 30 September 2015, this item was as follows:

	31-12-2014	30-09-2015
Trade receivables	257,873	289,432
Doubtful accounts for trade receivables	175,789	182,203
Unbilled revenues	73,654	68,998
	507,316	540,633
Impairment of trade receivable	(175,789)	(182,203)
	331,527	358,430

Unbilled revenues mainly correspond to revenues related to services rendered that will only be invoiced in the month following the provision of the service.

The movements occurred in impairment adjustments were as follows:

	9M 14	9M 15
AS AT JANUARY 1	180,383	175,789
Change in the consolidation scope (Note 4)	137	-
Increases and decreases (Note 24)	(568)	(8,525)
Penalties - i)	-	16,616
Receivables written off and others	13	(1,677)
AS AT SEPTEMBER 30	179,965	182,203

i) Penalties correspond to the estimated amount of uncollectible invoiced penalties recognised in the period, deducted from revenue, as described in note 32.6.

13. Derivative financial instruments

13.1 Exchange rate derivatives

Exchange rate risk is mainly related to exposure resulting from payments made to certain producers of audiovisual content and equipment for the Pay TV, broadband and voice business. Business transactions between the Group and these suppliers are mainly denominated in US dollars.

Depending on the balance of accounts payable resulting from transactions denominated in a currency different from the Group's operating currency, the NOS Group may contract financial instruments, namely short-term foreign currency forwards, in order to hedge the risk associated with these balances. At the date of the statement of financial position there were foreign currency forwards open for 4,375 thousand Dollars (31 December 2014: 8,885 thousand Dollars), the fair value amounts to a loss of about 164 thousand euros (31 December 2014: loss of about 368 thousand euros) which is stated in liabilities (assets in 2014) as a contra entry in shareholder's equity.

13.2 Interest rate derivatives

At 30 September 2015, NOS had contracted four interest rate swaps totaling of 375 million euros (31 December 2014: 275 thousand euros), whose maturities expire in 2017 (two swaps in the amount of 125 million euros) and 2019 (two swaps in the amount of 250 million euros). The fair value of interest rate swaps, in the negative amount of 2.7 million euros (31 December 2014: negative amount of 1.9 million euros) was recorded in liabilities, against shareholder's equity.

Derivative financial instruments

NOTIONAL	31-12-2014			
	ASSETS		LIABILITIES	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Interest rate swaps	275,000	-	-	1,899
Exchange rate forward	7,118	368	-	-
	282,118	368	-	1,899

NOTIONAL	30-09-2015			
	ASSETS		LIABILITIES	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Interest rate swaps	375,000	-	-	2,729
Exchange rate forward	3,905	-	164	-
	378,905	-	164	2,729

Movements during the periods ended on 30 September 2014 and 2015 were as follows:

	31-12-2013	RESULT	EQUITY	30-09-2014
Fair value interest rate swaps	(2,682)	-	915	(1,767)
Fair value exchange rate forward	(132)	-	488	356
CASH FLOW HEDGE DERIVATIVES	(2,814)	-	1,403	(1,411)
Deferred income tax liabilities	-	-	(87)	(87)
Deferred income tax assets	693	-	(27)	666
DEFERRED INCOME TAX	693	-	(114)	579
	(2,121)	-	1,289	(832)
	31-12-2014	RESULT	EQUITY	30-09-2015
Fair value interest rate swaps	(1,899)	-	(830)	(2,729)
Fair value exchange rate forward	368	-	(532)	(164)
CASH FLOW HEDGE DERIVATIVES	(1,531)	-	(1,362)	(2,893)
Deferred income tax liabilities	(137)	-	137	-
Deferred income tax assets	427	-	234	661
DEFERRED INCOME TAX	290	-	371	661
	(1,241)	-	(991)	(2,232)

14. Cash and cash equivalents

At 31 December 2014 and 30 September 2015, this item was composed as follows:

	31-12-2014	30-09-2015
Caixa	1,539	199
Depósitos à ordem	10,865	12,812
Depósitos a prazo i)	8,666	-
	21,070	13,011

i) At 31 December 2014, term deposits have short-term maturities and bear interest at normal market rates.

15. Shareholder's equity

15.1 Share capital

At 31 December 2014 and 30 September 2015 the share capital of NOS was 5,151,613.80 euros, represented by 515,161,380 shares registered book-entry shares, with a nominal value of 1 euro cent per share.

The main shareholders as of 31 December 2014 and 30 September 2015 are:

	31-12-2014		30-09-2015	
	NUMBER OF SHARES	% SHARE CAPITAL	NUMBER OF SHARES	% SHARE CAPITAL
ZOPT, SGPS, SA ⁽¹⁾	257,632,005	50.01%	257,632,005	50.01%
Morgan Stanley	11,902,331	2.31%	33,409,890	6.49%
Banco BPI, SA ⁽²⁾	23,287,499	4.52%	23,473,904	4.56%
Sonaecom, SGPS, SA ⁽³⁾	11,012,532	2.14%	11,012,532	2.14%
Norges Bank	-	-	10,891,068	2.11%
TOTAL	303,834,367	58.98%	336,419,399	65.30%

(1) In accordance with subparagraphs 1.b) and 1.c) of Article 20 and Article 21 of the Security Code, a qualified shareholding of 52.15% of the share capital and voting rights of company, calculated in accordance with Article 20.^o of the Securities Code, is attributable to ZOPT, Sonaecom and the following entities:

- a. Kento Holding Limited and Unitel International Holdings B.V., as well as Isabel dos Santos, being (i) Kento Holding Limited and Unitel International Holdings, B.V., companies directly and indirectly controlled by Isabel Santos, and (ii) ZOPT, a jointly controlled company by its shareholders Kento Holding Limited, Unitel International Holdings B.V. and Sonaecom under the shareholder agreement signed between them;
- b. Entities in a control relationship with Sonaecom, namely, Sontel B.V., Sonae Investments B.V., Sonae, SGPS, S.A., Efanor Investimentos, SGPS, S.A. and Belmiro Mendes de Azevedo, also due of such control and of the shareholder agreement mentioned in a.

(2) Under the terms of paragraph 1 of Article 20 of the Portuguese Securities Code, the voting rights corresponding to 4.56% of NOS Share Capital, held by Banco BPI Pension Fund and BPI Vida - Companhia de Seguros de Vida, S.A are attributable to Banco BPI.

(3) Qualified Shareholding according to the results of the Public Offer disclosed by Sonaecom, SGPS, SA on 20 February 2014.

15.2 Capital issued premium

On 27 August 2013, and following the completion of the merger between ZON and Optimus SGPS, the Company's share capital was increased by 856,404,278 euros, corresponding to the total number of issued shares (206,064,552 shares), based on the closing market price of August 27. The capital increase is detailed as follows:

- i) share capital in the amount of 2,060,646 euros;
- ii) premium for issue of shares in the amount of 854,343,632 euros.

Additionally, the premium for issue of shares was deducted in the amount of 125 thousand euros related to costs with the respective capital increase.

The capital issued premium is subject to the same rules as for legal reserves and can only be used:

- a) To cover part of the losses on the balance of the year that cannot be covered by other reserves;
- b) To cover part of the losses carried forward from the previous year that cannot be covered by the net income of the year or by other reserves;
- c) To increase the share capital.

15.3 Own shares

Company law regarding own shares requires the establishment of a non-distributable reserve of an amount equal to the purchase price of such shares, which becomes frozen until the shares are disposed of or distributed. In addition, the applicable accounting rules determine that gains or losses on the disposal of own shares are stated in reserves.

At 30 September 2015 there were 1,169,197 own shares, representing 0.2270% of the share capital (31 December 2014: 2,496,767 own shares, representing 0.4847% of the share capital).

Movements in the periods ended on 30 September 2014 and 2015 were as follows:

	QUANTITY	VALUE
BALANCE AS AT 1 JANUARY 2014	403,382	2,003
Acquisition of own shares	5,162,564	26,021
Loan of own shares	950,000	4,869
Reimbursement of the loan of own shares	(576,100)	(2,948)
Distribution of own shares - share incentive scheme	(2,107,202)	(10,954)
Distribution of own shares - share Public Offering	(1,706,761)	(8,915)
Distribution of own shares - other remunerations	(128,331)	(660)
BALANCE AS AT 30 SEPTEMBER 2014	1,997,552	9,416
BALANCE AS AT 1 JANUARY 2015	2,496,767	11,791
Acquisition of own shares	631,379	4,451
Distribution of own shares - share incentive scheme	(1,901,179)	(8,980)
Distribution of own shares - other remunerations	(57,770)	(275)
BALANCE AS AT 30 SEPTEMBER 2015	1,169,197	6,987

During the first semester of 2014, NOS received, reimbursed and paid the totality of the 950,000 own shares loan with Sonaecom, SGPS, S.A. ("Sonaecom").

NOS made a Public Offering in a maximum of 1,750,000 ordinary, registered and nominative shares, with a value of 0.01 euros each, representative of 0.340% of NOS's share capital, destined to the Group's employees. The Offer was made under the NOS's Short and Mid Term Variable Remuneration Regulation and relates to the employees' short term variable remuneration. Relating to that Offer, purchase orders in an amount of 1,706,761 shares representative of NOS's share capital were received and processed and therefore the same amount of 1,706,761 shares was acquired by the employees that presented the related purchase order, at the acquisition price corresponding to the NOS' shares' closing price as at 12 May 2014 (5.125 euros), with a discount of 90% over that price (price of 0.5125 euros per share).

The Offer's main goals were: (i) to align the interest of those to whom the Offer was addressed with the goals and interest of NOS' shareholders, (ii) to promote their loyalty to the Group, and also, consequently, (iii) to foster the Group's corporate results.

15.4 Reserves

Legal reserve

Company law and NOS's Articles of Association establish that at least 5% of the Company's annual net profit must be used to build up the legal reserve until it corresponds to 20% of the share capital. This reserve cannot be distributed except in the event of liquidation of the company, but it may be used to absorb losses after all other reserves have been exhausted, or for incorporation in the share capital.

Other reserves

Under Portuguese law, the amount of distributable reserves is determined according to the individual financial statements of the company prepared in accordance with IAS / IFRS. Thus, on 30 September 2015, NOS had reserves which by their nature are considered distributable in the amount of approximately 114 million euros.

Dividends

The General Meeting of Shareholders held on 23 April 2014 approved a proposal by the Board of Directors for payment of an ordinary dividend per share of 0.12 euros, totaling 61,819 thousand euros. The dividend attributable to own shares, totaling one thousand euros.

DIVIDENDS	
Dividends	61,819
Dividends of own shares	(1)
	61,818

Additionally, in 2014 dividends totaling 194 thousand euros were paid to the minority shareholders of NOS Madeira.

The General Meeting of Shareholders held on 6 May 2015 approved a proposal by the Board of Directors for payment of an ordinary dividend per share of 0.14 euros, totaling 72,123 thousand euros. The dividend attributable to own shares, totaling 80 thousand euros.

DIVIDENDS	
Dividends	72,123
Dividends of own shares	(80)
	72,043

Additionally, in 2015 dividends totaling 173 thousand euros were paid to the minority shareholders of NOS Madeira.

16. Borrowings

At 31 December 2014 and 30 September 2015, the composition of borrowings was as follows:

	31-12-2014		30-09-2015	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
LOANS - NOMINAL VALUE	470,876	494,958	100,216	915,714
Debenture loan	240,000	275,000	-	525,000
Commercial paper	130,000	115,000	100,000	285,000
Foreign loans	99,397	104,958	-	105,714
Bank overdrafts	1,479	-	216	-
LOANS - ACCRUALS AND DEFERRALS	(2,232)	(1,171)	2,811	(3,663)
FINANCIAL LEASES	34,863	122,739	33,967	115,198
Long Term Contracts	19,614	93,807	15,737	84,850
Other	15,249	28,932	18,230	30,348
	503,508	616,526	136,994	1,027,249

During the periods ended on 30 September 2015, the average cost of debt of the used lines was approximately 3.03% (4.55% in 2014).

The NOS Group uses a sensitivity analysis technique which measures the expected impacts on results and equity of an immediate increase or decrease of 0.25% (25 basis points) in market interest rates, for the rates applying at the date of the statement of financial position for each class of financial instrument, with all other variables remaining constant. This analysis is for illustrative purposes only, since in practice market rates rarely change in isolation.

Under these assumptions, an increase or decrease of 0.25% in market interest rates for loans that are not covered or loans with variable interest at 30 September 2015 would have resulted in an increase or decrease in periodical profit before tax of approximately 0.8 million euros.

16.1 Debenture loans

At 31 December 2014, the Company had issued a bond loan assembled and organized by Caixa - Banco de Investimento, amounting to 40 million euros contracted by Sonaecom in March 2010 and handed over to the NOS in 2013 following the merger. The issue bears interest at a variable rate indexed to Euribor, payable semiannually and matured in March 2015.

Additionally, in 31 December 2014, the Company has issued "ZON Multimédia Bonds 2012-2015", in the amount of 200 million euros. NOS launched a Public Offer for Subscription of Bonds for the general public, in June 2012, with a maturity of three years and interest paid semiannually at a fixed rate. These bonds were paid in June 2015.

At 30 September 2015, the Company has the following bonds issued, totaling 525 million euros, with maturity after 30 September 2016:

- i) A bond loan in the amount 100 million euros organised by BPI Bank in May 2014 and maturing in November 2019. The loan bears interest at variable rates, indexed to Euribor and paid semiannually.
- ii) A bond loan organised by four financial institutions, amounting to 175 million euros and maturing in September 2020. The loan bears interest at variable rates, indexed to Euribor and paid semiannually.

- iii) A private placement in the amount of 150 million euros organised by BPI Bank and Caixa - Banco de Investimento in March 2015 maturing in March 2022. The loan bears interest at variable rates, indexed to Euribor and paid semiannually.
- iv) Two bond issues organized by Caixabank amounting to 50 million euros each, and both maturing in June 2019. The first issue, held in June 2015, pays interest quarterly at a fixed rate. The issue made in July 2015, bears interest at a variable rate indexed to Euribor and paid semiannually.

The amount of 3,653 thousand euros, corresponding to interest and commissions, was deducted from this amount and recorded in the item "Loans - accruals and deferrals".

16.2 Commercial paper

The Company has borrowings of 385 million euros, in the form of commercial paper contracted with five banks, corresponding to seven programs, earning interest at market rates. Grouped commercial paper programmes with maturities over 1 year totaling 285 million euros are classified as non-current, since the Company has the ability to unilaterally renew the current issues on or before the programmes' maturity dates and because they are underwritten by the organizer. This amount, although it has current maturity, was classified as non-current for purposes of presentation in the statement of financial position.

An amount of 3,255 thousand euros, corresponding to interest and commissions, was added to this amount and recorded in the item "Loans - accruals and deferrals".

16.3 Foreign Loans

In September 2009, NOS and NOS SA signed a Next Generation Network Project Finance Contract with the European Investment Bank in the amount of 100 million euros and is intended for investments relating to the implementation of the next generation network. This loan matured in September 2015.

Additionally, in November 2013, NOS signed a Finance Contract with the European Investment Bank in the amount of 110 million euros to support the development of the mobile broadband network in Portugal. In June 2014 the total amount of funds was used. This contract matures in a maximum period of 8 years from the use of the funds. At 30 September 2015, an amount of 4,286 thousand euros was deducted from this amount, corresponding to the benefit associated with the fact that the loan is at a subsidized rate.

An amount of 303 thousand euros, corresponding to interest and commissions, was deducted from this amount and recorded in the item "Loans - accruals and deferrals".

16.4 Financial leases

On 31 December 2014 and 30 September 2015, the long-term contracts are mainly related to contracts signed by NOS SA for the acquisition of exclusive satellite use, to the contracts signed by NOS SA and NOS Technology related to the purchase of rights to use the distribution network and the contract signed by NOS Cinemas regarding the acquisition of digital equipment.

These medium and long term agreements under which the group has the right to use a specific asset are recorded as finance leases in accordance with IAS 17 - Leases and IFRIC 4 - "Determining whether an arrangement contains a lease".

Financial leases – payments

	31-12-2014	30-09-2015
Until 1 year	37,535	54,119
Between 1 and 5 years	98,821	82,434
Over 5 years	48,584	39,979
	184,941	176,532
Future financial costs	(27,339)	(27,367)
PRESENT VALUE OF FINANCE LEASE LIABILITIES	157,602	149,165

Financial leases – present value

	31-12-2014	30-09-2015
Until 1 year	34,863	33,967
Between 1 and 5 years	79,525	67,725
Over 5 years	43,214	47,473
	157,602	149,165

All bank borrowings contracted (with the exception of new EIB loan of 110 million euros, bond loan in the amount 50 million euros and finance leases) are negotiated at variable short term interest rates and their book value is therefore broadly similar to their fair value.

The maturities of the loans obtained are as follows:

	31-12-2014			30-09-2015		
	UNTIL 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	UNTIL 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS
Debenture loan	238,997	99,971	174,757	(151)	371,719	149,628
Commercial paper	128,771	114,588	-	103,265	284,990	-
Foreign loans	99,397	50,984	53,487	(303)	87,098	18,616
Bank overdrafts	1,479	-	-	216	-	-
Financial Leases	34,863	79,525	43,214	33,967	67,725	47,473
	503,508	345,067	271,459	136,994	811,532	215,717

17. Provisions and adjustments

At 31 December 2014 and 30 September 2015, the provisions were as follows:

	31-12-2014	30-09-2015
Litigation and other - i)	50,129	63,137
Financial investments - ii)	64	-
Dismantling and removal of assets - iii)	18,131	21,970
Contingent liabilities - iv)	34,673	34,673
Contingencies - other - v)	24,224	18,425
	127,221	138,205

- i) The amount under the item "Litigation and other" corresponds to provisions to cover the legal and tax claims of which stand out:
 - a. Future credits transferred: for the year ended at 31 December 2010, the subsidiary NOS SA was notified of the Report of Tax Inspection, where it is considered that the increase, when calculating the taxable profit for the year 2008, of the amount of 100 million euros, with respect to initial price of future credits transferred to securitization, is inappropriate. Given the principle of periodisation of taxable income, NOS SA was subsequently notified of the improper deduction of the amount of 20 million euros in the calculation of taxable income between 2009 and 2012 (tax inspection report received in January 2015). Given that the increase made in 2008 was not accepted due to not complying with Article 18 of the CIRC, also in the years following, the deduction corresponding to credits generated in that year, will eliminate the calculation of taxable income, to meet the annual amortisation hired as part of the operation (20 million per year during 5 years). NOS SA challenged the decisions regarding the 2008, 2009, 2010, 2011 and 2012 fiscal year. Regarding the year 2008, the Administrative and Fiscal Court of Porto has already decided unfavorably, in March 2014. The company has appealed;
 - b. Infringement proceedings due to an alleged failure, by NOS SA, to apply the resolutions taken by ANACOM on 26 October 2005, concerning termination rates for fixed calls. Following a deliberation of Board of Directors of the regulator, in April 2012, a fine of approximately 6.5 million euros was applied to NOS SA; NOS SA has appealed for the judicial review of the decision and the court has declared the process's nullity (violation of NOS, SA's right of defense). In April 2014 ANACOM has notified NOS SA of a new judicial process, based on the same accusations. This process is a repetition of the initial one. In September 2014, ANACOM, based on the same facts, fine on NOS SA in the amount of 6.5 million euros. This decision was contested by NOS SA. In May 2015, it was acquitted, which revoked the decision by ANACOM and the fine which had been applied. ANACOM appealed the decision and the process is currently on appeal in Lisbon Court of Appeal;
 - c. Supplementary Capital: the fiscal authorities are of the opinion that NOS SA has broken the principle of full competition under the terms of (1) of article 58 of the Corporate Tax Code (CIRC), by granting supplementary capital to its subsidiary Be Towering, without having been remunerated at a market interest rate. In consequence, it has been notified, with regard to the years 2004, 2005, 2006 and 2007, of corrections to the determination of its taxable income in the total amount of 20.5 million euros. NOS SA contested the decision with regard to all the above mentioned years. As for the year 2007, the Fiscal and Administrative Court of Oporto has already decided unfavorably. The company has contested this decision;
 - d. Action brought by MEO against NOS Madeira, claiming the payment of 1.6 million euros, plus interest, for the alleged i) use of ducts, ii) supply of the MID service, iii) supply of video and audio channels, iv) operating, maintenance and management costs of the Madeira/Porto Santo undersea cable and v) the use of two fiber optic circuits. NOS contested the action, in particular the prices concerned, the services and the legitimacy of

MEO in respect of the ducts. A decision was handed down in late July 2013, favorable to NOS Madeira. As a consequence of this decision, MEO appealed to the Lisbon Court of Appeal. In June 2015, the decision was handed down which fully acquitted NOS Madeira relative to MID and confirmed the lower court decision. This decision has been appealed by MEO to the Federal Court of Justice.

- e. Infringement proceedings in the amount of approximately 4.5 million euros, established by the National Commission for Data Protection ("CNPD") against NOS SA subsidiary, for alleged violations of rules relating to legal protection of data. During the project phase of decision, NOS SA argued, firstly, a set of procedural irregularities and, secondly, a set of fact and law arguments that the Board understood to impose a final decision to dismiss the case. However, on 16 January 2014, NOS SA received a settlement notice regarding the fine imposed by the CNPD, against which appealed to the courts. On 8 September 2014, the Court for Competition, Regulation and Supervision ("Tribunal da Concorrência, Regulação e Supervisão") reduced the value of the fine to 600 thousand euros. NOS SA appealed against this decision. Following this decision, the provision was reduced by 3.9 million euros. On 5 February 2015, the Court of Appeal Lisbon, partially upholding the appeal of NOS SA, set the fine at 100 thousand euros, a decision which became final and unappealable. NOS reverted the provision in the amount of 500 thousand euros and paid the fine in April 2015.
- ii) The amount under the item "Financial investments" corresponds to the liabilities assumed, in addition to the investment made, by the Group in jointly controlled companies and associated companies (Note 9);
- iii) The amount under the item "Dismantling and removal of assets" refers to the estimated future costs discounted to the present value, related with the termination of the use of the space where there are telecommunication towers and cinemas;
- iv) The amount in the item "Contingent liabilities" refers to several provisions recorded for present but not likely obligations, related to the merger by incorporation of Optimus SGPS, namely:
 - a) Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU): The Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU) is legislated in Articles 17 to 22 of Law nr 35/2012, of 23 August. From 1995 until June 2014, PT Comunicações, SA (PTC) was the sole provider for the universal service of electronic communications, having been designated administratively by the government, i.e without a tender procedure, which constitutes an illegality, as acknowledged by the European Court of Justice who, through its decision taken in June 2014, condemned the Portuguese State to pay a fine of 3M € for illegally designating Portugal Telecom. In accordance with Article 18 of the abovementioned Law 35/2012, the net costs incurred by the operator responsible for providing the universal service, approved by ICP-ANACOM, must be shared between other companies who provide, in national territory public communication networks and publicly accessible electronic communications services. NOS is therefore within the scope of this extraordinary contribution given that PTC has been requesting the payment of CLSU to the compensation fund of the several periods during which it was responsible for providing the services. The compensation fund can be activated to compensate the net costs of the electronic communications universal service, relative to the period before the designation of the provider by tender, whenever, cumulatively (i) there are net costs, considered excessive, the amount of which is approved by ICP-ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requester the Government compensation for the net costs approved under the terms previously mentioned. In September 2013, ICP-ANACOM delivered to approve the final results of the CLSU audit presented by PTC, relative to the period from 2007 to 2009, in a total amount of 66.8 million euros, a decision which was contested by NOS and about which NOS was, in June 2014, notified of the argument provided by ICP-ANACOM. Also in June 2014, ICP-ANACOM requested NOS to send the information regarding the revenue eligible, for the purpose of the contribution toward the compensation fund relative to the period from 2007 to 2009. This information was sent

with the reservation that it did not signal NOS' acceptance or agreement as to the existence of any obligation to pay the extraordinary contribution. In November 2014, ICP – ANACOM deliberated to approve the final results of the CLSU audit by PTC, relative to the period from 2010 to 2011, in a total amount of 47 million euros, a decision also contested by NOS. Upon completion of an audit to the amount of revenues eligible reported in June 2014, in January 2015, ANACOM issued the settlement notes in the amount of 18.6 million euros related to NOS CLSU 2007 to 2009, which were contested in March 2015 and for which a bail was presented by NOS SGPS (Note 30) to avoid Tax Execution Proceedings. In June 2015, ANACOM has notified NOS SA with regards to the probable decision regarding the results of the audit to CLSU presented by PTC, for the year 2012, in the amount of 26.4 million euros. In September 2015 resolved on the approval of these results for the year 2012. This decision will timely be contested by NOS. It is expected that PTC will submit to ICP-ANACOM the CLSU calculations incurred in the period from 2013 and the first semester of 2014. At the moment, It is estimated that the contribution of NOS, SA, relative to the period from 2013 to June 2014, amounts to 9.1 million euros.

It is the opinion of the Board of Directors of NOS that these extraordinary contributions to SU (not designated through a tender procedure) flagrantly violate the Directive of Universal Service. Moreover, considering the existing legal framework since NOS began its activity, the request of payment of the extraordinary contribution violates the principle of the protection of confidence, recognised on a legal and constitutional level in Portuguese domestic law. For these reasons, NOS will continue judicially challenge the liquidation of each extraordinary contributions, once the Board of Directors is convinced it will be successful in all challenges, both future and already undertaken;

- b) Other tax proceedings: which the Board of Directors is convinced that there are strong arguments to obtain a favorable decision for NOS SA, but considers that they correspond to a contingent liability under the fair value allocation of assumed liabilities related to the merger operation;
- v) The amount under the caption "Contingencies - other" refers to provisions for risks related to miscellaneous events/disputes of various kinds, the settlement of which may result in outflows of cash, and other likely liabilities related to several transactions from previous periods, and whose outflow of cash is probable, namely, costs charged to the current period or previous years, for which it is not possible to estimate reliably the time of occurrence of the expense.

During the periods ended on 30 September 2014 and 2015, movements in provisions were as follows:

	31-12-2013 RESTATED	CHANGES OF SCOPE	INCREASES	DECREASES	OTHER	30-09-2014 RESTATED
Litigation and other	16,530	70	10,578	(5,936)	30,908	52,150
Financial investments	13,912	-	-	(12,068)	-	1,844
Dismantling and removal of assets	14,509	216	514	-	(50)	15,189
Contingent liabilities	66,133	166	-	-	(29,873)	36,426
Contingencies - other	21,887	30	1,721	(852)	(498)	22,288
	132,972	482	12,813	(18,856)	487	127,897

	31-12-2014	CHANGES OF SCOPE	INCREASES	DECREASES	OTHER	30-09-2015
Litigation and other	50,129	-	6,135	(2,241)	9,114	63,137
Financial investments	64	-	-	(64)	-	-
Dismantling and removal of assets	18,131	-	206	-	3,633	21,970
Contingent liabilities	34,673	-	-	-	-	34,673
Contingencies - other	24,224	-	533	(291)	(6,041)	18,425
	127,221	-	6,874	(2,596)	6,706	138,205

During the period ended on 30 September 2014, the amount recorded in the item "Other" in the amount of 487 thousand euros correspond mainly to the use of provisions made for redundancy payments in the amount of 3 million euros paid to employees and the reclassification of cost estimates for which it is not possible to reliably estimate the time of realisation of the expense in the amount of 1.4 million euros.

Additionally, during the period ended on 30 September 2014, there were recorded provisions for litigations which risk assessment has been changed to likely, in the sequence of recent unfavorable decisions, which led to the reclassification (Column "Other") from "Contingent liabilities" to "Litigation and other" in the amount of 31 million euros.

During the period ended on 30 September 2015, increases of provisions mainly refer to the update of the value of contingencies and respective interest claims. The decreases in provisions include the reduction of the fine, in the amount of 500 thousand euros, of the proceeding brought by CNPD, abovementioned.

The amount recorded in the item "Litigation and other" under the heading "Other" in the amount of 9.1 million euros corresponds mainly to a reclassification from deferred tax assets, since they were reducing the deferred tax assets of tax losses (Note 11), in the amount of 9.9 million euros.

The amount recorded in the item "Dismantling and removal of assets" under the heading "Other" in the amount of 3.6 million euros was recorded against "Tangible Assets", and relates to the update of the present value of those costs at the average rate of the cost of debt of the NOS group.

Additionally, the movement recorded in "Other" in the amount of 6 million euros refers mainly to the use of provisions made for redundancy payments in the amount of 1 million euros and the reclassification of cost estimates for which it is not possible to reliably estimate the time of realisation of the expense in the amount of 5 million euros.

The net movements for the periods ended on 30 September 2014 and 2015 reflected in the income statement under "Provisions and adjustments" were as follows:

	9M 14	9M 15
Provisions and adjustments (Note 24)	(4,936)	(600)
Financial investments (Note 9)	(12,068)	(64)
Other losses / (gains) non-recurrent	8,657	3,523
Interests - dismantling	514	206
Other interests	654	1,288
Income tax (Note 11)	944	(87)
Other	192	12
INCREASES AND DECREASES IN PROVISIONS	(6,043)	4,278

18. Accounts payable -trade

At 31 December 2014 and 30 September 2015, this item was composed as follows:

	31-12-2014	30-09-2015
Suppliers current account	323,969	316,203
Invoices in reception and conference	16,753	11,064
	340,721	327,267

19. Operating revenues

Consolidated operating revenues for the three and nine months ended on 30 September 2014 and 2015 are distributed as follows:

	3 ^o QUARTER 14	9M 14	3 ^o QUARTER 15	9M 15
SERVICES RENDERED:				
Telco i)	313,627	933,860	325,357	956,143
Audiovisuals and cinema exhibition ii)	15,647	43,410	20,093	55,995
	329,274	977,270	345,450	1,012,138
SALES:				
Telco iii)	12,007	28,527	13,339	32,040
Audiovisuals and cinema exhibition iv)	3,856	11,921	4,935	13,281
	15,863	40,448	18,274	45,321
OTHER OPERATING REVENUES:				
Telco	2,377	11,380	3,791	9,547
Audiovisuals and cinema exhibition	304	1,039	435	891
	2,681	12,419	4,226	10,438
	347,818	1,030,137	367,950	1,067,897

These operating revenues are shown net of inter-company eliminations.

- i) This item mainly includes revenue relating to: (a) basic channel subscription packages that can be sold in a bundle with fixed broadband/fixed voice services; (b) premium channel subscription packages and S-VOD; (c) terminal equipment rental; (d) consumption of content (VOD); (e) traffic and mobile and fixed voice termination; (f) service activation; (g) mobile broadband access and (h) other additional services (ex: firewall, antivirus) and services rendered related to datacenter management and consulting services in IT.
- ii) This item mainly includes:
 - a. Box office revenue and publicity at the cinemas of NOS Cinemas;
 - b. Revenue relating to film distribution to other cinema exhibitors in Portugal and the production and sale of audiovisual content.
- iii) Revenue relating to the sale of terminal equipment, telephones and mobile phones.
- iv) This item mainly includes sales of bar products by NOS Cinemas and DVD sales.

20. Wage and salaries

In the three and nine months ended on 30 September 2014 and 2015, this item was composed as follows:

	3º QUARTER 14	9M 14	3º QUARTER 15	9M 15
Remuneration	16,486	46,705	17,953	49,680
Social taxes	4,125	12,221	4,264	12,607
Social benefits	331	1,219	408	1,026
Other	409	981	802	2,016
	21,351	61,126	23,427	65,329

In the periods ended on 30 September 2014 and 2015, the average number of employees of the companies included in the consolidation was 2,366 and 2,509, respectively. At period ended on 30 September 2015, the number of employees of the companies included in the consolidation was 2,506 employees.

The costs of compensations paid to employees, since they are non-recurring costs, are recorded in the item "restructuring costs".

Additionally, during the quarter ended on 31 March 2015 2.3 million euros related to costs of bonuses paid to employees (Executive Commission not included) were recorded in the item "restructuring costs", since they are non-recurring costs. These bonuses recognise the excellent performance of all employees in the merger of NOS.

21. Direct costs

In the three and nine months ended on 30 September 2014 and 2015, this item was composed as follows:

	3º QUARTER 14	9M 14	3º QUARTER 15	9M 15
Exhibition costs	37,228	114,066	39,126	120,402
Traffic costs	47,301	135,122	51,163	148,939
Capacity costs	11,448	35,323	12,986	37,462
Shared advertising revenues	2,732	9,332	2,924	9,292
Other	984	3,055	1,576	3,624
	99,693	296,898	107,775	319,719

22. Cost of products sold

In the three and nine months ended on 30 September 2014 and 2015, this item was composed as follows:

	3º QUARTER 14	9M 14	3º QUARTER 15	9M 15
Costs of products sold	14,628	34,693	13,520	34,455
Inventories impairment	272	2,337	478	763
	14,900	37,030	13,998	35,218

23. Support services and supplies and external services

In the three and nine months ended on 30 September 2014 and 2015, this item was composed as follows:

	3º QUARTER 14	9M 14	3º QUARTER 15	9M 15
SUPPORT SERVICES:				
Call centers and customer support	8,861	25,194	7,933	24,929
Information systems	3,273	10,920	4,111	12,817
Administrative support and other	9,573	29,710	9,387	31,307
	21,707	65,824	21,431	69,053
SUPPLIES AND EXTERNAL SERVICES:				
Maintenance and repair	8,370	31,478	11,452	32,973
Rentals	10,432	31,401	10,722	31,447
Commissions	5,329	15,687	4,191	11,745
Professional services	3,550	12,369	3,463	10,407
Communications	2,234	5,883	2,126	6,199
Installation and removal of terminal equipment	1,812	5,023	1,238	4,389
Other supplies and external services	11,795	34,977	13,191	38,257
	43,522	136,816	46,383	135,417

24. Provisions and adjustments

In the three and nine months ended on 30 September 2014 and 2015, this item was composed as follows:

	3º QUARTER 14	9M 14	3º QUARTER 15	9M 15
Provisions (Note 17)	(4,249)	(4,936)	(217)	(600)
Impairment of account receivables - trade (Note 12)	(301)	(568)	(5,063)	(8,525)
Impairment of account receivables - other	124	407	39	498
Debts recovery	(1)	(3)	78	77
	(4,427)	(5,100)	(5,163)	(8,550)

25. Losses / (gains) of affiliated companies

In the three and nine months ended on 30 September 2014 and 2015, this item was composed as follows:

	3º QUARTER 14	9M 14	3º QUARTER 15	9M 15
EQUITY METHOD (NOTE 9)				
Sport TV	1,045	1,790	3,515	3,453
Dreamia	(236)	(868)	(259)	(788)
Finstar	(4,730)	(12,179)	(207)	(7,365)
Mstar	(83)	(333)	(92)	(224)
Upstar	(8)	(15)	(8)	(20)
Other	(12)	(28)	(23)	(13)
	(4,024)	(11,633)	2,926	(4,957)

26. Depreciation, amortisation and impairment losses

In the three and nine months ended on 30 September 2014 and 2015, this item was composed as follows:

	3 ^o QUARTER 14	9M 14	3 ^o QUARTER 15	9M 15
TANGIBLE ASSETS				
Buildings and other constructions	2,288	8,085	2,832	8,411
Basic equipment	42,606	131,359	45,604	134,126
Transportation equipment	358	781	271	861
Tools and dies	4	8	4	9
Administrative equipment	3,584	13,167	5,083	17,566
Other tangible assets	580	1,650	238	680
	49,420	155,050	54,032	161,653
INTANGIBLE ASSETS				
Industrial property and other rights	31,541	95,107	35,223	105,965
Other intangible assets	579	1,485	-	-
	32,120	96,592	35,223	105,965
INVESTMENT PROPERTY				
Investment property	-	-	10	31
	-	-	10	31
	81,539	251,642	89,265	267,649

27. Financing costs and net other financial expenses / (income)

In the three and nine months ended on 30 September 2014 and 2015, financing costs and other net financial expenses / (income) were composed as follows:

	3 ^o QUARTER 14	9M 14	3 ^o QUARTER 15	9M 15
FINANCING COSTS:				
INTEREST EXPENSE:				
Borrowings	7,688	24,390	4,899	18,121
Derivatives	1,248	3,075	290	727
Finance leases	1,490	4,537	803	3,768
Other	908	1,553	787	2,536
	11,334	33,555	6,779	25,152
INTEREST EARNED	(2,079)	(5,712)	(2,128)	(5,501)
	9,255	27,843	4,651	19,651
NET OTHER FINANCIAL EXPENSES / (INCOME):				
Comissions and guarantees	3,902	11,492	1,566	6,250
Other	1,627	3,864	575	2,357
	5,529	15,356	2,141	8,607

Interest earned mainly corresponds to default interests charged to customers.

28. Non-controlling interests

The movements in non-controlling interests in the nine month ended on 30 September 2014 and 2015 and the profits attributable to non-controlling interests in the period were as follows:

	31-12-2013	ATTRIBUTABLE PROFITS	OTHER	30-09-2014
NOS Madeira Comunicações	6,722	444	(172)	6,994
NOS Açores Comunicações	2,849	(37)	7	2,819
Lusomundo SII	6	-	-	6
Empracine	1	-	-	1
Lusomundo Imobiliária 2, SA	37	-	-	37
	9,615	408	(165)	9,858

	31-12-2014	ATTRIBUTABLE PROFITS	OTHER	30-09-2015
NOS Madeira Comunicações	6,978	(49)	(176)	6,753
NOS Açores Comunicações	2,796	(87)	(1)	2,708
Lusomundo SII	6	-	17	23
Empracine	1	-	(1)	-
Lusomundo Imobiliária 2, SA	37	-	(2)	35
	9,818	(136)	(163)	9,519

29. Net earnings per share

Earnings per share for the three and nine months ended on 30 September 2014 and 2015, were calculated as follow:

	3º QUARTER 14	9M 14	3º QUARTER 15	9M 15
Consolidated net income attributable to shareholders	18,762	62,438	26,219	73,529
Number of ordinary shares outstanding during the period (weighted average)	513,882,998	514,214,240	514,286,864	514,062,172
Basic earnings per share - euros	0.04	0.12	0.05	0.14
Diluted earnings per share - euros	0.04	0.12	0.05	0.14

In the above periods there were no diluting effects on net earnings per share, so the diluted earnings per share are equal to the basic earnings per share.

30. Guarantees and financial undertakings

30.1. Guarantees

At 31 December 2014 and 30 September 2015, the Group had furnished sureties, guarantees and comfort letters in favor of third parties corresponding to the following situations:

	31-12-2014	30-09-2015
Financial institutions i)	210,425	110,264
Tax authorities ii)	19,288	12,161
Other iii)	15,581	12,963
	245,294	135,388

- i) At 31 December 2014 and 30 September 2015, this amount relates to guarantees issued by NOS in connection with the loans from EIB. The reduction result from the settlement of the loans in September 2015 (Note 16).
- ii) At 31 December 2014 and 30 September 2015, this amount relates to guarantees demanded by the tax authorities in connection with tax proceedings contested by the Company and its subsidiaries (Note 32).
- iii) At 31 December 2014 and 30 September 2015, this amount mainly relates to guarantees provided in connection with Municipal Wayleave Tax proceedings and guarantees provided to cinema owners, and bank guarantees given to providers of satellite capacity renting services (Note 32).

At 30 September 2015, in connection with the finance obtained by Upstar from BES, totaling 20 million euros, NOS signed a promissory note, proportional to the participation held, of 30% of the loan.

Additionally, during 2014, in connection with a contract between Upstar and a supplier of TV contents, NOS signed a personal guarantee, in the form of a partial endorsement, proportional to NOS's shareholder position of 30%, as a counter guarantee of a guarantee by Novo Banco in the amount of 30 million dollars, to pledge the fulfillment of the contract's obligations.

Under a financing obtained by Finstar with Finibanco amounting to 250 million AKZ, NOS issued during the third quarter of 2015 one comfort letter being responsible up to 30% of the funding.

Additionally, in the third quarter of 2015, NOS issued a comfort letter to CGD as part of an issue of a bank guarantee to Sport TV amounting to 23.1 million euros.

During the first semester of 2015 and following the settlement note to CLSU 2007-2009 (Note 17), NOS constituted guarantees in favor of the Universal Service Compensation Fund in the amount of 23.6 million euros, so as to prevent a tax enforcement process in order to enforce recovery of the liquidated value (Note 17).

In addition to the guarantees required by the Tax Authorities sureties were set up for the current fiscal processes. NOS was a surety for NOS SA for the amount of 15.3 million euros.

30.2. Operating leases

The rentals due on operating leases have the following maturities:

	31-12-2014			30-09-2015				
	AUTOMATIC RENEWAL	UNTIL 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	AUTOMATIC RENEWAL	UNTIL 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS
Stores, movie theatre and other buildings	1,943	36,367	84,462	40,560	2,352	29,862	79,360	27,587
Telecommunication towers and rooftops	7,720	5,664	15,939	13,235	8,031	9,002	20,183	3,154
Equipment	-	300	147	-	-	590	456	-
Vehicles	-	1,923	3,252	-	-	2,593	4,164	7
	9,664	44,254	103,799	53,796	10,383	42,047	104,163	30,748

30.3. Other undertakings

Covenants

The EIB loan amounting to 110 million euros, maturing in 2022, is intended exclusively to finance the investment project to support the development of mobile broadband network in Portugal. This amount shall not, under any circumstances, exceed 50% of the project cost.

Of the loans obtained (excluding financial leases), in addition to being subject to the Group complying with its operating, legal and fiscal obligations, 100% are subject to cross-default clauses, Pari Passu clauses, Negative Pledge clauses and 80% to Ownership clauses.

In addition, approximately 41% of the total loans obtained require that the consolidated net financial debt does not exceed 3 times consolidated EBITDA, 4% of the total loans obtained require that the consolidated net financial debt does not exceed 3.5 times consolidated EBITDA and 14% of the total loans obtained require that the consolidated net financial debt does not exceed 4 times consolidated EBITDA.

Commitments under the merger between ZON and Optimus SGPS

Following the final decision of the Competition Authority not to oppose the merger between ZON and Optimus SGPS were made the following commitments:

- To ensure that NOS SA will be open to negotiate, for a determined period of time, with a requested third party, a contract which allows wholesale access to its fiber network;
- To ensure that NOS SA will present to and negotiate with Vodafone, for a determined period of time, a contract that gives the option of buying its fiber network.

31. Related parties

31.1. Summary list of related parties

Detailed summary of related parties as at 30 September 2015:

RELATED PARTIES	
3shoppings - Holding, SGPS, S.A.	Capwatt Engenho Novo - Heat Power, S.A.
8ª Avenida Centro Comercial, SA	Capwatt Hectare - Heat Power, ACE
Accive Insurance Cons. e Franchising, Lda	Capwatt II - Heat Power, S.A.
Accive Insurance-Corretor de Seguros, SA	Capwatt III - Heat Power, S.A.
ADD Avaliações Engenharia de Avaliações e Perícias Ltda	Capwatt Maia - Heat Power, S.A.
Adlands B.V.	Capwatt Martim Longo - Solar Power, S.A.
Aegean Park, S.A.	Capwatt Vale do Caima - Heat Power, S.A.
Agepan Eiweiler Management GmbH	Capwatt Vale do Tejo - Heat Power, S.A.
Agloia Investimentos, Sgps, S.A.	CAPWATT, SGPS, S.A.
Águas Furtadas Sociedade Agrícola, SA	Carvemagere-Manut.e Energias Renov., Lda
ALBCC Albufeirashopping C.Comercial SA	Casa Agrícola de Ambrães, S.A.
ALEXA Administration GmbH	Casa da Ribeira-Sociedade Imobiliária,SA
ALEXA Asset GmbH & Co KG	Cascaishopping - Centro Comercial, S.A.
ALEXA Holding GmbH	Cascaishopping Holding I, SGPS, S.A.
ALEXA Shopping Centre GmbH	CCCB Caldas da Rainha - Centro Comercial,SA
Algarveshopping - Centro Comercial, S.A.	Centro Colombo - Centro Comercial, S.A.
Alpêssego - Soc. Agrícola, S.A	Centro Residencial da Maia, Urban., S.A.
Andar - Sociedade Imobiliária, S.A.	Centro Vasco da Gama - Centro Comercial, S.A.
Apor - Agência para a Modernização do Porto	Chão Verde - Soc.Gestora Imobiliária, S.A.
Aqualuz - Turismo e Lazer, Lda	Ciminvest - Sociedade de Investimentos e Participações, S.A.
Arat inmebles, S.A.	Cinclus Imobiliária, S.A.
ARP Alverca Retail Park,SA	Cinveste, SGPS, SA
Arrábidashopping - Centro Comercial, S.A.	Citic Capital Sierra Limited
Aseraderos de Cuellar, S.A.	Citic Capital Sierra Prop. Man. Limited
Atelgen-Produção Energia, ACE	Citorres - Sociedade Imobiliária, S.A.
Atlantic Ferries - Tráf.Loc,Flu.e Marít, S.A.	Coimbrashopping - Centro Comercial, S.A.
Avenida M - 40 B.V.	Colombo Towers Holding, BV
Azulino Imobiliária, S.A.	Companhia de Pesca e Comércio de Angola (Cosal), SARL
BA Business Angels, SGPS, SA	Companhia Térmica do Serrado, ACE
BA Capital, SGPS, SA	Companhia Térmica Tagol, Lda.
Banco BPI, SA	Condis - Sociedade de distribuição, S.A.
BB Food Service, S.A.	Contacto Concessões, SGPS, S.A.
Beeskow Holzwerkstoffe	Contibomba - Comérc.Distr.Combustiveis, S.A.
Beralaids BV	Contimobe - Imobil.Castelo Paiva, S.A.
Bertimóvel - Sociedade Imobiliária, S.A.	Continente Hipermercados, S.A.
Big Picture 2 Films, SA	Contry Club da Maia-Imobiliaria, S.A.
Blackrock, Inc.	Cooper Gay Swett & Crawford Lt
Bloco Q - Sociedade Imobiliária, S.A.	Craiova Mall BV
Boavista Shopping Centre BV	CTE-Central Termoeléct. do Estuário, Lda
BOM MOMENTO - Comércio Retailista, SA	Cumulativa - Sociedade Imobiliária, S.A.
Caixanet - Telecomunicações e Telemática, SA	Digitmarket - Sistemas de Informação, S.A.
Canal 20 TV	Discovery Sports, SA
Canasta - Empreendimentos Imobiliários, S.A.	Distodo - Distribuição e Logística, Lda.
Cape Technologies Limited	Dortmund Tower GmbH
CAPWATT - Brainpower, S.A.	Dos Mares - Shopping Centre B.V.
Capwatt ACE, S.A.	Dos Mares - Shopping Centre, S.A.
Capwatt Colombo - Heat Power, S.A.	Dreamia - Serviços de Televisão, S.A.

RELATED PARTIES

Dreamia Holding B.V.	HighDome PCC Limited (Cell Europe)
East Star Ltd	Hipergest, S.A.
Ecociclo - Energia e Ambiente, S.A.	Iberian Assets, S.A.
EFACEC Electric Mobility, S.A.	Igimo - Sociedade Imobiliária, S.A.
EFACEC ENERGIA - Máquinas e Equipamentos Eléctricos S.A.	Iginha - Sociedade Imobiliária, S.A.
EFACEC Engenharia e Sistemas, S.A.	Imoareia - Invest. Turísticos, SGPS, S.A.
EFACEC Marketing Internacional, S.A.	Imobeauty, SA
EFACEC Power Solutions, SGPS, S.A.	Imoclub - Serviços Imobiliários, S.A.
EFACEC Serviços Corporativos, S.A.	Imoconti - Soc. Imobiliária, S.A.
Efanor Investimentos, SGPS, S.A.	Imocontíente, S.A.
Efanor Serviços de Apoio à Gestão, S.A.	Imodivor - Sociedade Imobiliária, S.A.
Emfísico Boavista	Imoestrutura - Soc. Imobiliária, S.A.
Empreend. Imob. Quinta da Azenha, S.A.	Imogamek, S.A.
Enerlousado-Recursos Energéticos, Lda.	Imohotel - Emp. Turist. Imobiliários, S.A.
Equador & Mendes, Lda	Imoluanda, S.A.
Estação Viana - Centro Comercial, S.A.	Imomuro - Sociedade Imobiliária, S.A.
Euroresinas - Indústrias Químicas, S.A.	Imopenínsula - Sociedade Imobiliária, S.A.
Farmácia Seleção, S.A.	Imoplamac Gestão de Imóveis, S.A.
Fashion Division Canárias, SL	Imoponte - Soc. Imobiliária, S.A.
Fashion Division, S.A.	Imoresort - Sociedade Imobiliária, S.A.
Feneralt-Produção de Energia, ACE	Imoresultado - Soc. Imobiliária, S.A.
Fidequity - Serviços de Gestão, S.A.	Imosedas - Imobiliária e Serviços, S.A.
Filmes Mundáfrica, SARL	Imosistema - Sociedade Imobiliária, S.A.
Finisantoro Holding Limited	Impaper Europe GmbH & Co. KG
FINSTAR - Sociedade de Investimentos e Participações, SA	Implantação - Imobiliária, S.A.
Fozimo - Sociedade Imobiliária, S.A.	Infofield - Informática, S.A.
Freccia Rossa - Shopping Centre S.r.l.	Infratroi, EM
Fundação José Berardo	Inparvi SGPS, S.A.
Fundo de Invest. Imobiliário Imosedede	Interlog - SGPS, S.A.
Fundo Esp. Inv. Imo. Fec. WTC	Ioannina Development of Shopping Centres, SA
Fundo I.I. Parque Dom Pedro Shop.Center	IPI - Investimentos e Participações Industriais, S.A.
Fundo Invest. Imobiliário Imosonae Dois	Isoroy SAS
Fundo Invest. Imob. Shopp. Parque D. Pedro	ITRUST - Cyber Security and Intellig., SA
Fundo Investimento para Cinema e Audiovisual	Kento Holding Limited
Gaiashopping I - Centro Comercial, S.A.	Laminate Park GmbH Co. KG
Gaiashopping II - Centro Comercial, S.A.	Land Retail B.V.
Gesgráfica - Projectos Gráficos, Lda	Landscape - Promoções e Projectos Imobiliários, Lda
GHP GmbH	Larim Corretora de Resseguros Ltda
Gli Orsi Shopping Centre 1 Srl	Larissa Develop. Of Shopping Centers, S.A.
Glunz AG	Lazam - MDS Corretora e Administradora de Seguros, S.A.
Glunz Service GmbH	LCC LeiriaShopping Centro Comercial SA
Glunz UK Holdings Ltd	Le Terrazze - Shopping Centre 1 Srl
Glunz Uka GmbH	Libra Serviços, Lda.
GMET, ACE	Lidergraf - Artes Gráficas, Lda.
Golf Time - Golfe e Invest. Turísticos, S.A.	Lookwise, S.L.
Gots - Gestão, Organização, Desenvolvimento e Serviços, S.A.	Loop5 Shopping Centre GmbH
Grupo Visabeira, SGPS, SA	Loureshopping - Centro Comercial, S.A.
Guimarãeshopping - Centro Comercial, S.A.	Lusitânia - Companhia de Seguros, SA
Harvey Dos Iberica, S.L.	Lusitânia Vida - Companhia de Seguros, SA
Herco Consultoria de Risco, S.A.	Luz del Tajo - Centro Comercial S.A.
Herco Consultoria de Riscos e Corretora de Seguros Ltda	Luz del Tajo B.V.
HighDome PCC Limited	Madeirashopping - Centro Comercial, S.A.

RELATED PARTIES

MaiaShopping - Centro Comercial, S.A.	Parque D. Pedro 1 B.V.
Maiequipa - Gestão Florestal, S.A.	Parque de Famalicão - Empr. Imob., S.A.
Marcas MC, ZRT	Pátio Boavista Shopping Ltda.
Marina de Tróia S.A.	Pátio Campinas Shopping Ltda
Marmagno - Expl. Hoteleira Imob., S.A.	Pátio Goiânia Shopping Ltda
Marvero - Expl. Hoteleira Imob., S.A.	Pátio Londrina Empreend. e Particip. Ltda
MDS Affinity - Sociedade de Mediação, Lda	Pátio São Bernardo Shopping Ltda
MDS Africa SGPS, SA	Pátio Sertório Shopping Ltda
MDS AUTO - Mediação de Seguros, SA	Pátio Uberlândia Shopping Ltda
MDS Corretor de Seguros, S.A.	PCJ - Público, Comunicação e Jornalismo, S.A.
Mds Knowledge Centre, Unipessoal, Lda	Pharmaconcept - Actividades em Saúde, S.A.
MDS Malta Holding Limited	PHARMACONTINENTE - Saúde e Higiene, S.A.
MDS RE - Mediador de resseguros	Plaza Éboli - Centro Comercial S.A.
MDS, SGPS, SA	Plaza Mayor Parque de Ócio BV
Megantic BV	Plaza Mayor Parque de Ocio, SA
Metalgest - Sociedade de Gestão, SGPS, SA	Plaza Mayor Shopping BV
Microcom Doi Srl	Plaza Mayor Shopping, SA
MJB-Design, Lda	Poliface North America
MJLF - Empreendimentos Imobiliários, S.A.	Ponto de Chegada - Soc. Imobiliária, SA
Modalfa - Comércio e Serviços, S.A.	PORTCC - PortimãoShopping Centro Comercial, SA
MODALLOOP - Vestuário e Calçado, S.A.	Porturbe - Edifícios e Urbanizações, S.A.
Modelo - Dist. de Mat. de Construção, S.A.	Praedium - Serviços, S.A.
Modelo Continente Hipermercados, S.A.	Praedium II - Imobiliária, S.A.
Modelo Continente International Trade, SA	Praedium SGPS, S.A.
Modelo Hiper Imobiliária, S.A.	Praesidium Services Limited
Modelo.com - Vendas p/Correspond., S.A.	Predicomercial - Promoção Imobiliária, S.A.
Movelpartes - Comp. para Ind. Imobiliária, S.A.	Predilugar - Sociedade Imobiliária, SA
Movimento Viagens - Viag. e Turismo U.Lda	Prédios Privados Imobiliária, S.A.
Mstar, SA	Predisedas - Predial das Sedas, S.A.
Munster Arkaden, BV	Proj. Sierra Germany 4 (four) - Sh.C.GmbH
Niara Holding, SGPS, Lda	Proj. Sierra Germany 2 (two) - Sh.C.GmbH
Niara Power, Lda	Project SC 1 BV
Norges Bank	Project Sierra 10 BV
Norscut - Concessionária de Scut Interior Norte, S.A.	Project Sierra 11 BV
Norteshopping - Centro Comercial, S.A.	Project Sierra 12 BV
Norteshopping Retail and Leisure Centre, BV	Project Sierra 2 BV
Nova Cimangola, S.A.	Project Sierra 8 BV
Nova Equador Internacional, Ag. Viag. T, Ld	Project Sierra Four Srl
Nova Equador P.C.O. e Eventos	Project Sierra Four, SA
Novodecor (PTY), LTD	Project Sierra Spain 1 B.V.
Ongoing Strategy Investments, SGPS, SA	Project Sierra Spain 2 - Centro Comer. S.A.
Operscut - Operação e Manutenção de Auto-estradas, S.A.	Project Sierra Spain 3 B.V.
OSB Deustchland Gmbh	Project Sierra Two Srl
Overseas Investments SA	Promessa Sociedade Imobiliária, S.A.
Panorama Equity Investments BV	Prosa - Produtos e serviços agrícolas, S.A.
PantheonPlaza BV	Público - Comunicação Social, S.A.
Paracentro - Gest. de Galerias Com., S.A.	QCE-Desenv. e Fabrico de Equipamentos, SA
Pareuro, BV	Racionaliz. y Manufact. Florestales, S.A.
Park Avenue Develop. of Shop. Centers S.A.	RASO - Viagens e Turismo, S.A.
Parklake Shopping, SA	RASO II-Viagens e Turismo, Unipessoal Lda
Parque Atlântico Shopping - C.C., S.A.	RASO, SGPS, S.A.

RELATED PARTIES

Rio Sul - Centro Comercial, S.A.	Sierra Germany GmbH
River Plaza Mall, Srl	Sierra GP Limited
River Plaza, BV	Sierra Greece, SA
Ronfegen-Recursos Energéticos, Lda.	Sierra Investimentos Brasil Ltda
RSI Corretora de Seguros Ltda	Sierra Investments (Holland) 1 B.V.
S.C. Microcom Doi Srl	Sierra Investments (Holland) 2 B.V.
S21 Sec Barcelona, S.L.	Sierra Investments Holding B.V.
S21 Sec Brasil, Ltda	Sierra Investments SGPS, S.A.
S21 Sec Ciber Seguridad, S.A. de CV	Sierra Italy, Srl
S21 Sec Fraud Risk Management, S.L.	Sierra Management, SGPS, S.A.
S21 SEC Gestión, S.A.	Sierra Portugal, S.A.
S21 Sec Inc.	Sierra Project Nürnberg BV
S21 Sec Information Security Labs, S.L.	Sierra Real Estate Greece BV
S21 Sec Institute, S.L.	Sierra Romania Sh. Centers Services Srl
S21 Sec México, S.A. de CV	Sierra Services Holland 2 BV
S21 Sec, S.A. de CV	Sierra Solingen Holding GmbH
Santoro Finance - Prestação de Serviços, S.A.	Sierra Solingen Holding GmbH
Santoro Financial Holding, SGPS, S.A.	Sierra Spain ShoppinG Centers Services S.A.U.
Saphety - Transacciones Electrónicas SAS	Sierra Turkey Gayrim.Yön.P.Dan.An.Sirket
Saphety Brasil Transações Eletrônicas Ltda.	Sierra Zenata Project BV
Saphety Level - Trusted Services, S.A.	SII - Soberana Invest. Imobiliários, S.A.
Saúde Atlântica - Gestão Hospitalar, S.A.	SIRS - Sociedade Independente de Radiodifusão Sonora, S.A.
SC - Consultadoria, S.A.	SISTAVAC, S.A.
SC - Eng. e promoção imobiliária, SGPS, S.A.	SISTAVAC, SGPS, S.A.
SC Aegean B.V.	SISTAVAC-Sistemas HVAC-R do Brasil, Ltda
SC Finance BV	Soc.Inic.Aproveit.Florest.-Energias,SA
SC For-Serv.Form.e Desenv.R.H.,Unip.,Lda	Sociedade de Construções do Chile, S.A.
SC Hospitality, SGPS , S.A.	Société de Tranchage Isoroy S.A.S.
SC, SGPS, SA	Socijofra - Sociedade Imobiliária, S.A.
SDSR - Sports Division SR, S.A.	Sociloures - Soc. Imobiliária, S.A.
Selifa - Empreendimentos Imobiliários, S.A.	Socip - Sociedade de Investimentos e Participações, S.A.
Sempre à Mão - Sociedade Imobiliária, S.A.	Soflorin, BV
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Soira - Soc. Imobiliária de Ramalde, S.A.
Serra Shopping - Centro Comercial, S.A.	Solinca - Health and Fitness, SA
Servicios de Int.Estratégica Global,S.L.	Solinca - Investimentos Turísticos, S.A.
Sesagest - Proj.Gestão Imobiliária, S.A.	Solinfitness - Club Malaga, S.L.
Sete e Meio - Invest. Consultadoria, S.A.	Solingen Shopping Center GmbH
Sete e Meio Herdades - Inv. Agr. e Tur., S.A.	Soltroia - Imob.de Urb.Turismo de Tróia, S.A.
SGC, SGPS, SA	Somit Imobiliária, SA
Shopping Centre Colombo Holding BV	Sonae Capital Brasil, Lda
Shopping Centre Parque Principado B.V.	Sonae Capital, SGPS, S.A.
SIAL Participações Ltda	Sonae Center Serviços II, SA
Sierra - OST Property Management	Sonae com - Sistemas Informação, SGPS, S.A.
Sierra Asia Limited	Sonae Financial Services, S.A.
Sierra Berlin Holding BV	Sonae Ind., Prod. e Com.Deriv.Madeira, S.A.
Sierra Brazil 1 BV	Sonae Indústria - SGPS, S.A.
Sierra Central S.A.S	Sonae Industria (UK),Ltd
Sierra Cevital Shopping Center, Spa	Sonae Industria de Revestimentos, S.A.
Sierra Corporate Services Holland, BV	Sonae Indústria Manag. Serv, SA
Sierra Developments Holding B.V.	Sonae Investimentos, SGPS, SA
Sierra Developments, SGPS, S.A.	Sonae Investments BV
Sierra European R.R.E. Assets Hold. B.V.	Sonae MC - Modelo Continente, SGPS, SA

RELATED PARTIES

Sonae Novobord (PTY) Ltd	Tecmasa Reciclados de Andalucia, SL
Sonae RE, S.A.	Tecnológica Telecomunicações LTDA.
Sonae Retalho Espana - Servicios Gen., S.A.	Teconologias del Medio Ambiente, SA
Sonae SGPS, S.A.	Terra Peregín - Participações SGPS, S.A.
Sonae Sierra Brasil S.A.	Têxtil do Marco, S.A.
Sonae Sierra Brazil, BV / SARL	The Artist Porto Hot.&Bistrô-Act.Hot., SA
Sonae Sierra, SGPS, S.A.	TLANTIC B.V.
Sonae Specialized Retail, SGPS, SA	Tlantic Portugal - Sist. de Informação, S.A.
Sonae SR Malta Holding Limited	Tlantic Sistemas de Informação Ltd ^a
Sonae Tafibra Benelux, BV	TM Administration Services B.V.
Sonae Turismo, SGPS, S.A.	Tool Gmbh
Sonaecenter Serviços, S.A.	Troia Market, S.A.
Sonaecom - Serviços Partilhados, S.A.	Tróia Natura, S.A.
Sonaecom - Sistemas de Información España, S.L.	Troiaresort - Investimentos Turísticos, S.A.
Sonaecom BV	Troiaverde - Expl. Hoteleira Imob., S.A.
Sonaecom, SGPS, S.A.	Tulipamar - Expl. Hoteleira Imob., S.A.
Sonaecom-Cyber Security and Int., SGPS, SA	Turismo da Samba (Tusal), SARL
Sonaegest - Soc. Gest. Fundos Investimentos	Unipress - Centro Gráfico, Lda
Sonaerp - Retail Properties, SA	Unishoping Consultoria Imob. Ltda.
SONAESR - Serviços e logística, SA	Unitel International Holdings, B.V.
Sonaetelecom BV	Unitel STP
Sondis Imobiliária, S.A.	Unitel T+ Telecomunicações, S.A.
Sontel BV	UPK-Gestão de Facilities e Manutenção, SA
Sonvecap BV	Upstar Comunicações SA
Sopair, S.A.	Urbinveste - Promoções e Projectos Imobiliários, S.A.
Sotáqua - Soc. de Empreendimentos Turist	Urbisedas - Imobiliária das Sedas, S.A.
Soternix-Produção de Energia, ACE	Valor N, S.A.
Spanboard Products, Ltd	Vastgoed One - Sociedade Imobiliária, S.A.
SPF - Sierra Portugal Real Estate, Sarl	Vastgoed Sun - Sociedade Imobiliária, S.A.
SPF - Sociedade de Participações Financeiras, Lda	Via Catarina - Centro Comercial, S.A.
Spinarp - Engenharia, Energia e Ambiente, SA	Viajens y Turismo de Geotur España, S.L.
Spinarp Moçambique, Lda	Vidatel, Ltd
Spinveste - Gestão Imobiliária SGII, S.A.	Vistas do Freixo, SA
Spinveste - Promoção Imobiliária, S.A.	Vuelta Omega, S.L.
Sport TV Portugal, S.A.	WeDo Consulting - Sistemas de Informação, S.A.
Sport Zone Canárias, SL	WeDo do Brasil - Soluções Informáticas, Ltda
Sport Zone España-Com.Art.de Deporte, SA	WeDo Poland Sp. Z.o.o.
Sport Zone spor malz.per.satis ith.ve ti	WeDo Technologies (UK) Limited
Spred, SGPS, SA	WeDo Technologies Americas, Inc.
SSI Angola, S.A.	WeDo Technologies Australia PTY Limited
Stinnes Holz GmbH	WeDo Technologies BV
STP Cabo SARL	WeDo Technologies BV - Sucursal Malaysia
Tableros Tradema, S.L.	WeDo Technologies Egypt LLC
Tafiber, Tableros de Fibras Ibéricas, SL	WeDo Technologies Mexico, S de R.L.
Tafibra South Africa (PTY) Ltd.	Weiterstadt Shopping BV
Tafibra Suisse, SA	Winterfell 2 Limited
Tafisa - Tableros de Fibras, S.A.	Winterfell Industries Limited
Tafisa Canadá Société en Commandite	Wise Intelligence Solutions Holding Limited
Tafisa Développement	Wise Intelligence Solutions Limited
Tafisa France, S.A.	Worten - Equipamento para o Lar, S.A.
Tafisa UK, Ltd	Worten Canárias, SL
Taiber, Tableros Aglomerados Ibéricos, SL	Worten España Distribución, SL

RELATED PARTIES

Yako - Retalho Alimentar, S.A.	ZIPPY - Comercio y Distribución, S.A.
ZAP Cinemas, S.A.	Zippy cocuk malz.dag.ith.ve tic.ltd.sti
ZAP Media, S.A.	ZOPT, SGPS, S.A.
ZAP Publishing, S.A.	Zubiarte Inversiones Inmobiliarias, S.A.
Zenata Commercial Project S.A.	ZYEVOLUTION-Invest.Desenv.,SA.
ZIPPY - Comercio e Distribuição, SA	

31.2. Balances and transactions between related parties

Transactions and balances between NOS and companies of the NOS Group were eliminated in the consolidation process and are not subject to disclosure in this Note.

The balances at 31 December 2014 and 30 September 2015 and transactions in the nine months ended on 30 September 2014 and 2015 between NOS Group and its associated companies, joint ventures and other related parties are as follows:

Transactions at 30 September 2014

	REVENUES	WAGES AND SALARIES	DIRECT COSTS	MARKETING AND ADVERTISING	SUPPORT SERVICES	SUPPLIES AND EXTERNAL SERVICES	OTHER OPERATING LOSSES / (GAINS)	FINANCIAL INCOME AND (EXPENSES)
SHAREHOLDERS								
BPI	-	-	-	-	-	12	-	(4,435)
SonaeCom	22	(451)	-	-	(7)	65	19	-
JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES								
Big Picture 2 Films	9	-	3,172	-	-	72	-	-
Distodo	-	-	11	2	-	84	-	-
Dreamia Holding BV	224	-	-	-	-	-	-	155
Dreamia SA	3,089	(71)	(2)	33	-	-	-	-
Finstar	496	-	-	-	-	-	-	-
Mstar	8	-	-	-	-	-	-	-
Sport TV	142	-	34,540	14	-	8	-	-
Upstar	5,846	-	(361)	-	-	-	-	119
ZAP Media	296	-	-	-	-	-	-	-
OTHER RELATED PARTIES								
Continente Hipermercados	221	-	-	-	-	35	-	-
Digitmarket	28	(0)	11	-	491	217	0	-
NOS Sistemas (a)	752	(5)	205	-	1,542	382	0	-
MDS - Corretor de Seguros	155	-	-	-	-	60	-	-
Modalfa - Comércio e Serviços	173	-	-	-	-	-	-	-
Modelo - Dist.de Mat. de Construção	155	-	-	-	-	-	-	-
Modelo Continente Hipermercados	3,192	-	(353)	216	2	(14)	-	-
Pharmacontinente - Saúde e Higiene	132	-	-	-	-	-	-	-
Público - Comunicação Social	86	38	23	0	(5)	(6)	-	-
Raso - Viagens e Turismo	97	45	-	314	44	1,042	0	-
Saphety Level	66	(0)	-	-	432	1	0	-
SDSR - Sports Division SR	299	-	-	-	-	-	-	-
Sierra Portugal	1,014	-	-	178	32	582	-	-
SISTAVAC	153	-	-	-	-	67	-	-
Sonae Indústria PCDM	269	-	-	-	-	-	-	-
Sonaecenter II	793	211	-	-	35	-	-	-
Spinreste - Promoção Imobiliária	-	-	-	-	-	200	-	-
Traiadeerde-Expl.Hoteleira Imob.	45	66	-	4	-	-	-	-
We Do Consulting	278	(0)	-	-	3,265	15	(29)	-
Worten	5,139	-	0	777	-	860	0	-
Other related parties	1,037	54	(5)	48	6	169	0	-
	24,216	(114)	37,241	1,585	5,836	3,852	(9)	(4,161)

(a)Formerly named Mainroad

Additionally, during the first semester 2014, NOS received, reimbursed and paid the whole of the 950,000 own shares loaned by Sonaecom, SGPS, SA (Note 15.3).

Balances at 31 December 2014

	ACCOUNTS RECEIVABLES	ACCOUNTS PAYABLE	ACCRUED EXPENSES	DEFERRED INCOME	PREPAID EXPENSES	BORROWINGS
SHAREHOLDERS						
Sonaecom	643	23	120	-	-	-
BPI	77	-	-	-	-	-
JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES						
Big Picture 2 Films	2	552	583	-	-	-
Dreamia Holding BV	3,107	-	-	-	-	-
Dreamia SA	3,754	782	259	1	-	-
Finstar	6,589	-	-	-	-	-
Mstar	1	-	-	-	-	-
Sport TV	793	23,440	(638)	-	-	-
Upstar	5,025	-	-	6	-	-
ZAP Media	1,321	-	-	-	-	-
OTHER RELATED PARTIES						
Digitmarket	96	545	(3)	-	104	-
MDS - Corretor de Seguros	63	1	-	-	229	-
Modelo Continente Hipermercados	1,415	849	69	-	3	-
Raso - Viagens e Turismo	109	490	51	-	81	-
Saphety Level	63	326	(6)	-	59	-
SC Consultadoria	131	3	-	1	-	-
Sierra Portugal	766	538	(24)	4	1,505	-
Sonaecom PCDM	317	-	-	-	-	-
Sonaecenter II	518	244	(192)	-	-	-
We Do Consulting	249	186	(6)	-	43	-
Worten	5,349	100	944	-	-	-
Other related parties	1,033	475	(89)	13	135	4
	31,419	28,553	1,069	25	2,158	4

Transactions at 30 September 2015

	REVENUES	WAGES AND SALARIES	DIRECT COSTS	MARKETING AND ADVERTISING	SUPPORT SERVICES	SUPPLIES AND EXTERNAL SERVICES	OTHER OPERATING LOSSES / (GAINS)	FINANCIAL INCOME AND (EXPENSES)	FIXED ASSETS
SHAREHOLDERS									
Banco BPI	3,146	-	-	-	-	1	-	(573)	-
Sonae.com	14	3	-	-	(6)	(13)	71	-	-
JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES									
Big Picture 2 Films	55	-	2,143	-	-	49	-	-	-
Distofoto	-	-	-	-	-	1	-	-	-
Dreamia Holding BV	139	-	-	-	-	-	-	197	-
Dreamia SA	2,159	(1)	(736)	34	-	-	-	-	-
Finstar	885	-	-	-	-	-	-	-	-
Mstar	21	-	-	-	-	-	-	-	-
Sport TV	160	-	33,100	-	-	4	-	-	-
Upstar	8,810	-	(686)	-	-	30	382	(68)	-
ZAP Cinemas	223	-	-	-	-	-	-	-	-
ZAP Media	379	-	-	-	-	-	-	-	-
OTHER RELATED PARTIES									
Cascaishoping Centro Comercial	11	-	-	6	-	501	-	-	-
Continente Hipermercados	224	-	-	-	-	36	-	-	-
Digitmarket-Sistemas de Informação	173	-	20	-	205	127	-	-	2,782
ITRUST - Cyber Security and Intellig.	-	(1)	-	-	91	24	-	-	185
MDS - Corretor de Seguros	366	-	-	-	-	1	-	-	-
Modalfa - Comércio e Serviços	177	-	-	-	-	-	-	-	-
Modelo - Dist.de Mat. de Construção	155	-	-	-	-	-	-	-	-
Modelo Continente Hipermercados	3,857	117	10	241	-	(71)	-	-	-
Pharmacontinente - Saúde e Higiene	128	-	-	-	-	-	-	-	-
Público - Comunicação Social	132	-	7	18	-	-	-	-	-
Raso - Viagens e Turismo	288	64	-	203	29	1,582	-	-	-
Saphety Lev el - Trusted Services	82	-	-	-	440	116	-	-	30
SC-Consultadaria	795	22	-	-	-	-	-	-	-
SDSR - Sports Division SR	346	-	-	-	-	-	-	-	-
Sierra Portugal	2,871	-	-	218	3	3,701	-	-	-
SISTAVAC	136	-	-	-	-	59	-	-	-
Sonae Center Serviços II	1,346	97	402	-	21	-	-	-	-
Sonae Ind., Prod. e Com.Deriv .Madeira	688	-	-	-	-	-	-	-	-
Sonae.com - Serviços Partilhados	232	-	-	-	12	(13)	-	-	-
Sonae.com-Sistemas Información España	27	-	-	-	189	0	-	-	-
Spinreste - Promoção Imobiliária	-	-	-	-	-	215	-	-	-
Troiaverde-Expl.Hoteleira Imob.	111	-	-	-	-	-	-	-	-
UNITEL	1,069	-	533	-	-	-	-	-	-
We Do Consulting-Sist. de Informação	387	-	-	-	2,753	17	-	-	3,023
Worten - Equipamento para o Lar	2,983	-	-	411	-	588	-	-	1
Other related parties	1,065	2	-	23	7	267	-	-	-
	33,639	304	34,793	1,155	3,743	7,224	453	(444)	6,021

Balances at 30 September 2015

	ACCOUNTS RECEIVABLES	ACCOUNTS PAYABLE	ACCRUED EXPENSES	DEFERRED INCOME	PREPAID EXPENSES	BORROWINGS
SHAREHOLDERS						
Banco BPI	646	(12)	-	-	-	-
Sonaecom	119	50	-	-	-	-
JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES						
Big Picture 2 Films	2	746	183	-	-	-
Distodo	-	-	-	-	-	-
Dreamia Holding BV	3,444	-	-	-	-	-
Dreamia SA	3,903	1,725	255	-	-	-
Finstar	10,399	-	-	-	-	-
Mstar	1	-	-	-	-	-
Sport TV	726	9,910	4,108	-	-	-
Upstar	8,757	-	-	-	-	-
ZAP Cinemas	251	-	-	-	-	-
ZAP Media	1,684	-	-	-	-	-
OTHER RELATED PARTIES						
Worten	2,256	(39)	837	-	-	-
We Do Consulting	231	2,166	-	-	88	-
UNITEL	975	242	562	-	-	-
Digitmarket	34	1,105	(1)	4	356	-
Sierra Portugal	977	55	10	26	382	-
Modelo Continente Hipermercados	1,208	19	(32)	-	2	-
Raso - Viagens e Turismo	178	531	109	-	46	-
Sonaecenter II	324	64	-	11	-	-
Saphety Level	35	154	-	-	11	-
SC Consultadaria	153	-	-	8	-	-
Sonae Indústria PCDM	129	-	-	2	-	-
ITRUST - Cyber Security and Intellig.	4	116	-	-	-	-
Other related parties	967	80	44	14	99	-
	37,405	16,915	6,074	65	985	-

The Company regularly performs transactions and signs contracts with several parties within the NOS Group. Such transactions were performed on normal market terms for similar transactions, as part of the contracting companies' current activity.

The Company also regularly performs transactions and enters into financial contracts with various credit institutions which hold qualifying shareholdings in the Company. However, these are performed on normal market terms for similar transactions, as part of the contracting companies' current activity.

Due to the large number of low value related parties balances and transactions, it was grouped in the heading "Other related parties" the balances and transactions with entities whose amounts are less than 100 thousand euros.

32. Legal actions and contingent assets and liabilities

32.1. Legal actions with regulators

- On 8 July 2009, NOS SA was notified by the Competition Authority (AdC) in connection with infringement proceeding relating to the triple-play offer, requesting NOS SA to comment on the content of the notification, which it did in good time. The case is currently at the fact-finding stage in AdC and various information has been requested, to which NOS SA has responded. If it is concluded that an infringement has occurred, the AdC may levy a fine not exceeding 10% of the company's turnover in last year of infringement. In July 2015, NOS was notified of decision to dismiss the case by Competition Authority.
- NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of ICP-ANACOM's decisions in respect of the payment of the Annual Fee (for 2009, 2010, 2011, 2012, 2013 and 2014) for carrying on the business of Electronic Communications Services Networks Supplier in the amounts, respectively, of (i) 1,861 thousand euros, 3,808 thousand euros, 6,049 thousand euros, 6,283 thousand euros and 7,270 thousand euros; (ii) 29 thousand euros, 60 thousand euros, 95 thousand euros, 95 thousand euros, 104 thousand euros and 107 thousand euros; (iii) 40 thousand euros, 83 thousand euros, 130 thousand euros, 132 thousand euros, 149 thousand euros and 165 thousand euros, and seeking reimbursement of the amounts meanwhile paid in connection with the enforcement proceedings. This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. The scheme is being introduced gradually: $\frac{1}{3}$ in the first year, $\frac{2}{3}$ in the second year and 100% in the third year. NOS SA, NOS Açores and NOS Madeira claim, in addition to defects of unconstitutionality and illegality, that only revenues from the electronic communications business per se, subject to regulation by ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded.

On 18 December 2012 a ruling was passed on the proceedings instigated by NOS SA for the annual rate of 2009, for which the appeal was upheld, with no prior hearing, condemning ICP-ANACOM to pay the costs. ICP-ANACOM appealed and by decision of July 2013, this appeal was not upheld.

The remaining proceedings are awaiting trial and decision.

32.2 Tax authorities

During the course of the 2003 to 2014 financial years, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2012 financial years. Following these inspections, NOS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Group's tax losses, to VAT and stamp tax and to make the payments related to the corrections made to the above exercises. The total amount of the notifications is about 25.8 million euros. Note that the Group considered that the corrections were unfounded, and contested the amounts mentioned. The Group provided the bank guarantees demanded by the Tax Authorities in connection with these proceedings, as stated in Note 30.

At end of year 2013 and taking advantage of the extraordinary settlement scheme of tax debts, the Group settled 7.7 million euros (corresponding to notifications in the amount of 17.3 million euros less accrued interests). This amount was recorded as "taxes receivable" non-current net of the provision recorded in the amount of 3.5 million euros (Note 10).

As belief of the Board of Directors of the group, supported by our lawyers and tax advisors, the risk of loss of these proceedings is not likely and the outcome thereof will not affect materially the consolidated position.

32.3. Actions by Portugal Telecom against NOS Madeira and NOS Açores

- In 2011, PT brought an action in Lisbon Judicial Court against NOS SA, claiming payment of 10.3 million euros, as compensation for alleged undue portability of NOS SA in the period between March 2009 and July 2011. NOS SA lodged a contest and reply and completion of proof is in progress.
- PT made two court notices to NOS SA (April 2013 and July 2015), two to NOS Açores (March and June 2013) and two to NOS Madeira (March and June 2013), in order to stop the prescription of alleged damages resulting from claims of undue portability, absence of response time to requests submitted to them by PT and alleged illegal refusal of electronic requests.

PT doesn't indicate in all notifications the amounts in which it wants to be financially compensated, realizing only part of these, in the case of NOS SA, in the amount of 26 million euros (from August 2011 and May 2014), in the case of NOS Açores, in the amount of 195 thousand euros and NOS Madeira, amounting to 817 thousand euros.

- In 2011, NOS SA brought an action in Lisbon Judicial Court against PT, claiming payment of 22.4 million euros, for damages suffered by NOS SA, arising from violations of the Portability Regulation by PT, in particular, the large number of unjustified refusals of portability requests by PT in the period between February 2008 and February 2011. The court declared the compulsory performance of expert evidence, which is currently underway.

It is the understanding of the Board of Directors, supported by lawyers who monitor the process, that there is, in substance, a good chance of NOS SA winning the action, due to the fact that PT has already been convicted for the same offense, by ICP – ANACOM. However, it is impossible to determine the outcome of the action.

- In April 2012, following the decision made on 19 July 2011 in which NOS Açores was acquitted, PT brought two new actions against NOS Açores, one relating to the MID service and the other to the supply of video and audio channels, claiming payment of 222 thousand euros and 316 thousand euros respectively, plus interest. They are awaiting decision. A sentence, without impacting interests, reduced the amount payable by NOS Açores to about 97 thousand euros concerning the first action. Following the appeal filed by PT, which the "Tribunal da Relação" (Court of Appeal) judged to be unfounded, NOS Açores was ordered to pay 222 thousand euros. This decision again appealed in February 2015, this time to the Supreme Court which in April 2015 definitely came to rule the repeal of the decision of Appeal and the confirmation of the judgment at first instance, ie, the condemnation of the NOS Açores of payment of 97 thousand euros plus accrued interests in the amount of 55 thousand euros. In what concerns the second action, in the third quarter of 2014, NOS Açores was sentenced to pay 316 thousand euros, plus interest and legal costs. These amounts were paid in 2014.

32.4. Action against NOS SA

In 2014, a NOS SA provider's of marketing services has brought a civil lawsuit seeking a payment of about 1,243 thousand euros, by the alleged early termination of contract and for compensation. It is belief of the Board that the arguments used are not correct, so the outcome of the proceeding will not result in significant impact on the financial statements of the group. This action awaits for trial.

32.5. Action against Sport TV

- SPORT TV Portugal, S.A. was fined by the Competition Authority to the value of 3,730 thousand euros for the alleged abuse of its dominant position in the domestic market of subscription channels with premium sport content.

SPORT TV is not in agreement with the decision and has therefore challenged it in court, and in this context, the Court of Competition, Regulation and Supervision altered the value to 2,700 thousand euros. Meanwhile, Sport TV has appealed to the "Tribunal da Relação" (Court of Appeal) which has rejected said appeal as unfounded. Sport TV contested that decision.

- Action brought by Cogeco Cable Inc., former shareholder of Cabovisão, against Sport TV, NOS SGPS and a third, requesting, among others: (i) joint condemnation of the three institutions to pay compensation for damages caused by anti-competitive conduct, guilty and illegal, between 3 August 2006 and 30 March 2011, specifically for the excess price paid for Sport TV channels by Cabovisão, in the amount of 9.1 million euros; (ii) condemnation for damages corresponding to the remuneration of capital unavailable, in the amount 2.4 million euros; and (iii) condemnation for damages corresponding to the loss of business from anti-competitive practices of Sport TV, in connection with the enforcement proceedings. NOS contested the action, awaiting for trial.

It is the understanding of the Board of Directors, supported by lawyers who monitor the process, that, in particularly in formal motives, it is unlikely that NOS SA is responsible in this action.

- Cabovisão brought an action against the SPORT TV, in which it requests compensation from the latter for alleged losses resulting from abuse of a dominant position. The Board of Directors of Sport TV and lawyers, who monitor the process, predict a favorable outcome, not estimating impacts in the accounts, in addition to those already registered.

32.6. Contractual penalties

The general conditions that affect the agreement and termination of this contract between NOS and its clients, establish that if the products and services provided by the client can no longer be used prior to the end of the binding period, the client is obliged to immediately pay damages.

Until 31 December 2014, revenue from penalties, due to inherent uncertainties was recorded only at the moment when it was received, so at December 2014, the receivables by NOS SA, NOS Madeira and NOS Açores amount to a total of 112,759 thousand euros. During the period ended on 30 September 2015 3,612 thousand euros related to 2014 receivables were received and recorded in the income statement.

From 1 January 2015, Revenue from penalties is recognised taking into account an estimated collectability rate taking into account the Group's collection history. The penalties invoiced are recorded as accounts receivable and amounts determined as uncollectible are recorded as impairment by deducting revenue recognized upon invoicing (Note 12).

32.7. Interconnection tariffs

At 30 September 2015, accounts receivable and accounts payable include 37,139,253 euros and 29,913,608 euros, respectively, resulting from a dispute between the subsidiary NOS SA and, essentially, the operator MEO – Serviços de Comunicação e Multimédia, S.A. (previously named TMN – Telecomunicações Móveis Nacionais, S.A.), in relation to the indefiniteness of interconnection tariffs, recorded in the year ended at 31 December 2001. In the lower court, the decision was favorable to NOS SA. The "Tribunal da Relação" (Court of Appeal), on appeal, rejected the intentions of MEO. However, MEO again appealed to the "Supremo Tribunal de Justiça" (Supreme Court), for final and permanent decision, who upheld the decision of the "Tribunal da Relação" (Court of Appeal), thus concluding that the interconnection prices for 2001 were not defined. The settlement of outstanding amounts will depend on the price that will be established.

33. Share incentive scheme

On 23 April 2014, the General Meeting approved the Regulation on Short and Medium Term Variable Remuneration, which establishes the terms of the Share incentive Schemes ("NOS Plan"). This plan aimed at more senior employees with the vesting taking place three years being awarded, assuming that the employee are still with the company during that period.

In addition to the NOS Plan abovementioned, at 30 September 2015, are still unvested:

- i) The Share Incentive Schemes approved by the General Meetings of Shareholders on 27 April 2008 and 19 April 2010 ("Standard Plan" and "Senior Plan"). The Standard Plan is aimed at eligible members selected by the responsible bodies, regardless of the roles they perform. In this plan the vesting period for the assigned shares is five years, starting twelve months after the period to which the respective assignment relates, at a rate of 20% a year. The Senior Executive Plan, implemented following approval by the General Meeting of Shareholders in April 2010, has a vesting period of 3 years following the attribution of the shares.
- ii) The Optimus Group had implemented a share incentive scheme for more senior employees based on Sonaecom shares ("Optimus Plan"), subsequently converted into NOS shares in the date of the merger(27 August 2013). Optimus Plan was aimed to employees above a certain function level. The vesting occurs three years after the award of each plan, assuming that the employees are still employed in the Group, during that period.
- iii) NOS Sistemas, formerly named Mainroad, had implemented a share incentive scheme for more senior employees based on Sonaecom shares ("Mainroad Plan"), subsequently converted into NOS shares in the acquisition date (20 September 2014). Mainroad Plan was aimed to employees above a certain function level. The vesting occurs three years after the award of each plan, assuming that the employees are still employed in the Group, during that period.

As at 30 September 2015, the unvested plans are:

	NUMBER OF SHARES
SENIOR PLAN	
Plan 2013	163,909
STANDARD PLAN	
Plan 2009	14
Plan 2010	1,209
Plan 2011	65,767
Plan 2012	124,591
Plan 2013	187,870
OPTIMUS PLAN	
Plan 2013	1,174,348
MAINROAD PLAN	
Plan 2013	88,173
Plan 2014	44,433
NOS PLAN	
Plan 2014	880,318
Plan 2015	660,884

During the quarter ended on 30 September 2015, the movements that occurred in the plans, are detailed as follows:

	SENIOR PLAN	STANDARD PLAN	OPTIMUS PLAN	MAINROAD PLAN	NOS PLAN
BALANCE AS AT 31 DECEMBER 2014:	309,792	632,246	2,734,140	236,804	843,588
MOVEMENTS IN THE PERIOD:					
Awarded	-	-	-	-	650,158
Vested	(106,373)	(253,682)	(1,431,169)	(105,986)	(3,969)
Cancelled / elapsed / corrected ⁽¹⁾	(39,510)	887	(128,623)	1,788	51,425
BALANCE AS AT 30 SEPTEMBER 2015:	163,909	379,451	1,174,348	132,606	1,541,202

(1) Refers mainly to correction made for dividends paid, exit of employees not entitled to the vesting of shares and other adjustments resulting from the way the shares are vested.

The share plans costs are recognised over the year between the awarding and vesting date of those shares. The responsibility is calculated taking into consideration the share price at award date of each plan, however for the Optimus plan and Mainroad plan, the award date is the date of the merger and acquisition (the time of conversion of Sonaecom shares plans into NOS shares plans), respectively. As at 30 September 2015, the outstanding responsibility related to these plans is 8,843 thousand euros and is recorded in reserves.

The costs recognised in previous years and in the period, its liabilities are as follows:

	TOTAL
Costs recognised in previous years related to plans as at 31 December 2014	13,045
Costs of plans vested in the period	(7,538)
Costs recognised in the period and others	3,899
Costs of plans exceptionally settled in cash and others	(563)
TOTAL COST OF THE PLANS (REGISTERED IN RESERVES)	8,843

34. Subsequent events

On 5 October 2015 Morgan Stanley's position decreased to 4.65% of the voting rights and share capital of NOS SGPS, holding as of this date 23,976,850 Company shares.

Until the date of this document, there were no other significant subsequent events that merit disclosure in this report.

35. Annexes

A) Companies included in the consolidation by the full consolidation method

COMPANY	HEADQUARTERS	ACTIVITY	SHARE HOLDER	PERCENTAGE OF OWNERSHIP		
				EFFECTIVE 31-12-2014	DIRECT 30-09-2015	EFFECTIVE 30-09-2015
NOS, SGPS, S.A. (Holding)	Lisbon	Management of investments	-	-	-	-
Empracine - Empresa Promotora de Actividades Cinematográficas, Lda.	Lisbon	Movies exhibition	Lusomundo SII	100%	100%	100%
Lusomundo - Sociedade de investimentos imobiliários SGPS, SA	Lisbon	Management of Real Estate	NOS	100%	100%	100%
Lusomundo España, SL	Madrid	Management of investments relating to activities in Spain in the audiovisuals business	NOS	100%	100%	100%
Lusomundo Imobiliária 2, S.A.	Lisbon	Management of Real Estate	Lusomundo SII	100%	100%	100%
Lusomundo Moçambique, Lda.	Maputo	Movies exhibition and commercialization of other public events	NOS Cinemas	100%	100%	100%
NOS Sistemas, S.A. ('NOS Sistemas') (a)	Maia	Rendering of consulting services in the area of information systems	NOS SA	100%	100%	100%
NOS Sistemas España, S.L. (b)	Madrid	Rendering of consulting services in the area of information systems	NOS SA	-	100%	100%
NOS Açores Comunicações, S.A.	Ponta Delgada	Distribution of television by cable and satellite and operation of telecommunications services in the Azores area	NOS SA	84%	84%	84%
NOS Communications S.à r.l	Luxemburgo	Management of investments	NOS	100%	100%	100%
NOS Comunicações, S.A.	Lisbon	Implementation, operation, exploitation and offer of networks and rendering services of electronic communications and related resources; offer and commercialisation of products and equipments of electronic communications	NOS	100%	100%	100%
NOS Inovação, S.A. (c)	Matosinhos	Achievement and promotion of scientific activities and research and development as well as the demonstration, dissemination, technology transfer and formation in the fields of services and information systems and fixed solutions and last generation mobile, television, internet, voice and data, and licensing and engineering services and consultancy	NOS	-	100%	100%
NOS Lusomundo Audiovisuais, S.A.	Lisbon	Import, distribution, commercialization and production of audiovisual products	NOS	100%	100%	100%
NOS Lusomundo Cinemas , S.A.	Lisbon	Movies exhibition and commercialization of other public events	NOS	100%	100%	100%
NOS Lusomundo TV, Lda.	Lisbon	Movies distribution, editing, distribution, commercialization and production of audiovisual products	NOS Audiovisuais	100%	100%	100%
NOS Madeira Comunicações, S.A.	Funchal	Distribution of television by cable and satellite and operation of telecommunications services in the Madeira area	NOS SA	78%	78%	78%
NOSPUB, Publicidade e Conteúdos, S.A.	Lisbon	Comercialization of cable tv contents	NOS SA	100%	100%	100%
NOS TECHNOLOGY - Concepção, Construção e Gestão de Redes de Comunicações, S.A. ('Artis') (d)	Matosinhos	Design, construction, management and exploitation of electronic communications networks and their equipment and infrastructure, management of technologic assets and rendering of related services	NOS	100%	100%	100%
NOS TOWERING – Gestão de Torres de Telecomunicações, S.A. ('Be Towering') (d)	Lisbon	Implementation, installation and exploitation of towers and other sites for the instalment of telecommunications equipment	NOS	100%	100%	100%
Per-Mar – Sociedade de Construções, S.A. ('Per-Mar')	Maia	Purchase, sale, renting and operation of property and commercial establishments	NOS	100%	100%	100%
Sontária - Empreendimentos Imobiliários, S.A. ('Sontária')	Maia	Realisation of urbanisation and building construction, planning, urban management, studies, construction and property management, buy and sale of properties and resale of purchased for that purpose	NOS	100%	100%	100%
Teliz Holding B.V.	Amstelveen	Management of group financing activities	NOS	100%	100%	100%
ZON FINANCE B.V.	Amsterdam	Management of group financing activities	NOS SA / NOS	100%	50% / 50%	100%

a) During 2015, the Company's name changed from Mainroad to NOS Sistemas

b) Company established on 30 July 2015

c) Company established on 31 March 2015 by the spin-off project of NOS Comunicações, S.A.

d) On February 2015, the Company's name was changed from Be Artis to NOS Technology and from Be Towering to NOS Towering

B) Associated companies

COMPANY	HEADQUARTERS	ACTIVITY	SHARE HOLDER	PERCENTAGE OF OWNERSHIP		
				EFFECTIVE 31-12-2014	DIRECT 30-09-2015	EFFECTIVE 30-09-2015
Big Picture 2 Films, S.A.	Oeiras	Import, distribution, commercialization and production of audiovisual products	NOS Audiovisuais	20.00%	20.00%	20.00%
Canal 20 TV, S.A.	Madrid	Production, distribution and sale of contents rights for television films	NOS	50.00%	50.00%	50.00%
Distodo - Distribuição e Logística, Lda. ("Distodo")	Lisbon	Stocking, sale and distribution of audiovisuals material	NOS Audiovisuais	50.00%	50.00%	50.00%

C) Jointly controlled companies

COMPANY	HEADQUARTERS	ACTIVITY	SHARE HOLDER	PERCENTAGE OF OWNERSHIP		
				EFFECTIVE 31-12-2014	DIRECT 30-09-2015	EFFECTIVE 30-09-2015
Dreamia Holding B.V.	Amsterdam	Management of investments	NOS Audiovisuais	50.00%	50.00%	50.00%
Dreamia - Serviços de Televisão, S.A.	Lisbon	Conception, production, realization and commercialization of audiovisual contents and provision of publicity services	Dreamia Holding BV	50.00%	100.00%	50.00%
East Star Ltd	Port Louis	Management of investments involved in the development, operation and marketing, through any technological means, of telecommunications, television and audiovisual products and services	Teliz Holding B.V.	30.00%	30.00%	30.00%
FINSTAR - Sociedade de Investimentos e Participações, S.A.	Luanda	Distribution of television by satellite, operation of telecommunications services	Teliz Holding B.V.	30.00%	30.00%	30.00%
MSTAR, SA	Maputo	Distribution of television by satellite, operation of telecommunications services	NOS	30.00%	30.00%	30.00%
Sport TV Portugal, S.A.	Lisbon	Conception, production, realization and commercialization of sports programs for telebroadcasting, purchase and resale of the rights to broadcast sports programs for television and provision of publicity services	NOS	50.00%	50.00%	50.00%
Upstar Comunicações S.A.	Vendas Novas	Electronic communications services provider, production, commercialization, broadcasting and distribution of audiovisual contents	NOS	30.00%	30.00%	30.00%
ZAP Media S.A.	Luanda	Projects development and activities in the areas of entertainment, telecommunications and related technologies, the production and distribution of the contents and the design, implementation and operation of infrastructure and related facilities	FINSTAR	30.00%	100.00%	30.00%
ZAP Cinemas, S.A.	Luanda	Projects development and activities in the areas of entertainment, telecommunications and related technologies, the production and distribution of the contents and the design, implementation and operation of infrastructure and related facilities	FINSTAR	30.00%	100.00%	30.00%
ZAP Publishing, S.A.	Luanda	Projects development and activities in the areas of entertainment, telecommunications and related technologies, the production and distribution of the contents and the design, implementation and operation of infrastructure and related facilities	ZAP Media	30.00%	100.00%	30.00%

Financial investments whose participation is less than 50% were considered as joint arrangements due to shareholder agreements that confer joint control.

D) Companies recorded at cost

COMPANY	HEADQUARTERS	ACTIVITY	SHARE HOLDER	PERCENTAGE OF OWNERSHIP		
				EFFECTIVE 31-12-2014	DIRECT 30-09-2015	EFFECTIVE 30-09-2015
Turismo da Samba (Tusal), SARL (a)	Luanda	n.a.	NOS	30.00%	30.00%	30.00%
Filmes Mundáfrica, SARL (a)	Luanda	Movies exhibition	NOS	23.91%	23.91%	23.91%
Companhia de Pesca e Comércio de Angola (Cosal), SARL (a)	Luanda	n.a.	NOS	15.76%	15.76%	15.76%
Caixanet – Telecomunicações e Telemática, S.A.	Lisbon	Telecommunication services	NOS	5.00%	5.00%	5.00%
Apor - Agência para a Modernização do Porto	Porto	Development of modernizing projects in Oporto	NOS	3.98%	3.98%	3.98%
Lusitânia Vida - Companhia de Seguros, S.A ("Lusitânia Vida")	Lisbon	Insurance services	NOS	0.03%	0.03%	0.03%
Lusitânia - Companhia de Seguros, S.A ("Lusitânia Seguros")	Lisbon	Insurance services	NOS	0.02%	0.04%	0.04%

a) The financial investments in these companies are fully provisioned.

Limited Review Report Prepared by Auditor Registered in CMVM



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(Free translation of a report originally issued in Portuguese)

Limited Review Report on the Third Quarter Consolidated Financial Information Prepared by an Auditor Registered with the Securities Market Commission ("CMVM")

Introduction

1. In accordance with the Portuguese Securities Market Code (CVM), we present our limited review report on the consolidated financial information included in the Consolidated Management Report and in the consolidated financial statements of NOS, S.G.P.S., for the nine month period ended 30 September 2015, comprising of: the consolidated statement of financial position (which shows total assets of 2.984.415 thousand Euros and total equity of 1.056.964 thousand of Euros, including a consolidated net profit attributable to equity holders of the parent of 73.529 thousand Euros), the Consolidated Income statement and other comprehensive income, the Consolidated statement of changes in equity and the Consolidated statement of cash flows for the period then ended, and the related Notes to the consolidated financial statements.
2. The amounts in the consolidated financial statements, as well as those in the additional financial information, are extracted from the respective accounting records of the companies included in the consolidation, subsequently adjusted in the consolidation process as disclosed in the Note 2 to the consolidated financial statements.

Responsibilities:

3. The Company's Board of Directors is responsible for:
 - (a) the preparation of consolidated financial information which present a true and fair view of the financial position of the companies included in the consolidation, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated shareholder's equity and the consolidated cash flows;

Sociedade Anónima - Capital Social 1.335,000 euros - Inscrição n.º 178 na Ordem das Revisores Oficiais de Contas - Inscrição n.º 9011 na Comissão do Mercado de Valores Mobiliários
Contribuinte n.º 500 988 283 - C. R. Comercial de Lisboa sob o mesmo número
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- (b) the preparation of historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union, for the Interim Financial Reporting (IAS 34) and which is complete, true, current, clear, objective and licit, as required by the CVM;
- (c) the adoption of appropriate accounting policies and criteria;
- (d) the maintenance of appropriate systems of internal control; and
- (e) informing of any significant matters which have influenced the activity, financial position, results and comprehensive income.

4. Our responsibility is to verify the financial information included in the documents referred to above, namely if it is complete, true, current, clear, objective and licit, as required by the CVM, for the purpose of issuing an independent and professional report based on our work.

Scope

5. Our work was performed with the objective of obtaining moderate assurance about whether the financial information referred to above is free from material misstatement. Our work was performed in accordance with the technical standards and directives of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas") planned according to the objective, and consisted:

- a) principally of enquiries and analytical procedures to review:
 - (i) the reliability of the assertions included in the financial information;
 - (ii) the appropriateness of the accounting principles adopted, considering the circumstances, and their consistency;
 - (iii) the appropriateness, or not, of the going concern principle;
 - (iv) the presentation of the consolidated financial information; and
 - (v) as to whether the consolidated financial information is complete, true, current, clear, objective and licit; and
- b) of substantive tests of unusual significant transactions.

6. Our work also included the verification of the consistency of the consolidated financial information included in the Management Report with the remaining documents referred to above.

7. We believe that the work carried out provides a reasonable basis for the issue of this Limited Review Report on the half year consolidated financial information.

Conclusion

8. Based on the work performed, which was carried out with the aim of obtaining, a moderate level of assurance, nothing has come to our attention that causes us to believe that the consolidated financial information for the nine month period ended 30 September 2015 of NOS, S.G.P.S., S.A., is not free from material misstatements that affect its conformity with the International Financial Reporting Standards as adopted by the European Union for Interim Financial Reporting (IAS 34), and that is not complete, true, current, clear, objective and licit.

Report on other requirements

9. Based on the work performed, nothing has come to our attention that causes us to believe that the consolidated financial information included in the Management Report is not consistent with the consolidated financial information for the period.

Lisboa, 4 November 2015

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas (nº 178)
Represented by:

Ricardo Filipe de Frias Pinheiro (ROC nº 739)

