CONSOLIDATED RESULTS
1st QUARTER 2008
January – March

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Notes:

(i) The Consolidated Financial Information contained in this report is unaudited and is based on Financial Statements that have been prepared in accordance with International Financial Reporting Standards ("IAS/IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union.

1. Message from Ângelo Paupério, CEO of Sonaecom

This quarter was a very active one for Sonaecom during which we implemented a number of important initiatives, in particular the Optimus rebranding, the fibre deployment announcement, our announced reorganisation and several commercial initiatives including the preparation for the launch of "TAG", our innovative mobile offer aimed at the youth market. Notwithstanding the challenging competitive environment, our operating and financial results were also positive and broadly in line with our expectations with significant growth in customers and customer revenues, higher costs but generating an EBITDA result equal to that of last year in absolute terms.

The first quarter has highlighted the significant competitive pressures that the Portuguese telecoms market is under, with all of the main operators already active in, or planning to enter, all key segments of the market. The quarter saw new and aggressive offers and promotions across fixed voice, wireline broadband, mobile broadband and TV services including the announcement of the launch of a third satellite TV platform. These developments have gone some way to accelerate the move towards integration and convergence, a trend that Sonaecom has anticipated for some time and is well positioned to take advantage of.

Notwithstanding this competitive market environment, we have been able to achieve our objectives to accelerate growth and strengthen market shares during 2008. Accordingly, I am pleased to be able to report 1Q08 results that broadly reflect our expectations and guidance given to the market with continued growth in our telecoms and SSI businesses:

- Material growth in mobile active customers (+8.2%);
- Significant growth of our direct wireline accesses (+68.2%), reflecting both the organic growth and the acquisitions carried out in 2007. Excluding the impact of these acquisitions, wireline direct accesses would have increase by 27.3%;
- Increased rate of growth of customer revenues, with a higher year-on-year growth rate than in 4Q07; up 25.4% or 11.2% excluding recent acquisitions;
- Significant growth in our mobile data revenues, that grew by more than 78% (excluding SMSs) against 1Q07;
- Consolidated EBITDA result was maintained at the same level of last year due principally to the performance of our wireline business and notwithstanding the deterioration in EBITDA and EBITDA margin in our mobile business;
- Substantial growth of EBITDA at our Wireline Business, reflecting mainly the benefits of the continued organic growth in its direct access business.

All our businesses had an active quarter in terms of commercial activities with the following initiatives worth highlighting:

- Optimus rebranding, with the launch of a totally new brand and corporate image;
- preparation for the launch of an innovative offer aimed at the youth market ("TAG"), which introduces, for the first time, unlimited communications among user groups at a attractive flat fees;
- introduction of BlackBerry solutions in our offers to the Corporate and SME market;
- launch of a new entry level broadband ADSL offer at 4Mbs and upgrade of the customers with the previous 2Mbs offer to 6Mbs speeds, with no additional charge;
- reinforcement of our IPTV offer by adding new broadcast channels and new functionalities;
- replacement of our wireline customers' set-top boxes, for free, offering one of the most advanced equipments available in the market, which will allow for the improvement of image and sound quality, as well as the rendering of HDTV;
- Mainroad becoming the first SAP Hosting Partner in Portugal;
- change of corporate identity and image of WeDo to "WeDo Technologies", a reflection of its expansion and the consolidation of the acquired companies, bringing all assets under one single brand; and
- campaigns implemented by Público, associated with its 18th anniversary, including special editions, the recirculation of the first edition and the launch of a new Saturday supplement.

During the quarter, our Telco business and SSI have also focused on the integration of the businesses acquired during 2007. In the wireline arena, efforts have been made to accelerate the full migration of customers to our systems, which we expect to be completed by the end of 2Q08 in the case of Oni customers and, in the case of Tele2, at the beginning of the 3Q08. In addition, focus has been on the migration and up-selling of indirect customers to our direct voice and broadband services. These efforts are expected to have a positive impact during 2H08 with the implementation of measures aimed at achieving the expected synergies and improved profitability.

We began to implement our investment plans for this year to extend our 3G network coverage and increase its capacity and to enlarge our ULL network coverage. In addition, we announced a three year investment plan of 240 million euros for the deployment of a Next Generation Fibre Network, with a targeted coverage of over 1 million homes and approximately 25% of the Portuguese population. Our fibre plan is aimed at building the most advanced telecommunications network in Portugal. As part of this plan, we have proposed an 'open access' policy for the fibre access network aimed at all interested national operators, aligning with regulatory recommendations and best practices in Europe. After tests performed during 2007, we are now implementing the initial phase of the plan, targeting new office and residential developments and priority areas in Lisbon and Porto.

I would like to highlight that, contrary to all expectations, the final decision by Anacom in relation to changes in MTRs for 2008, was not taken during 1Q08. Had Anacom's draft decision been implemented during 1Q08, our mobile business would have achieved an EBITDA margin close to that generated last year. It is of public knowledge that approximately 6 months ago, Anacom released a draft decision for the new MTRs programme for 2008 that envisaged further cuts in these rates and the introduction of asymmetry in favour of Optimus. This draft decision was taken with the purpose of fostering competition in the Portuguese mobile sector, which will ultimately benefit consumers. As the final decision is still to be implemented, our mobile business continued during 1Q08 to have significant imbalances of mobile termination charges in favour of its larger competitors. Recent decisions in relation to MTRs in other EU countries, such as Belgium, have reinforced our belief that the key elements of the draft decision released in October 2007 will be upheld.

Going forward, it is clear that the current competitive market dynamics are likely to be sustained for a few more quarters and that this will lead to more pressure on short term profitability for the sector as a whole. We expect the final decision by Anacom on the 2008 MTRs in the short term.

I am pleased with the progress achieved during 1Q08 in terms of customer and top-line growth in all our businesses and believe that the ambitious investment plan announced for the current year will prove to be the right strategy in order to enhance our competitive market position and provide for sustained future growth.

Based on the regulatory framework presented by Anacom in its draft decision and given our 1Q08 results, we are confident that notwithstanding the current competitive environment, we should be able to achieve our full year 2008 targets.

2. Quarter highlights

During 1Q08, Sonaecom was able to maintain the high level of growth in customers and customer revenues achieved in 4Q07 in its telecoms businesses, while maintaining a focus on cost control, despite the continuous investment in our brands, in new products and services and the increased commercial activities implemented in the quarter.

Operational Highlights

OPERATING KPI's	1Q07	1Q08	y.o.y	4Q07	q.o.q
Mobile Business					
Customers (EOP) ('000)	2,629.2	2,926.9	11.3%	2,893.5	1.2%
Active Customers (1)	2,117.1	2,290.2	8.2%	2,276.9	0.6%
Data as % Service Revenues	16.0%	20.6%	4,6pp	19.4%	1,2pp
MOU (2) (min.)	116.4	117.9	1.3%	120.6	-2.2%
Wireline Business					
Total Acesses (EOP)	393,483	775,163	97.0%	815,623	-5.0%
Direct	309,461	520,649	68.2%	510,673	2.0%
Indirect	84,022	254,514	-	304,950	-16.5%
Direct access as % Customer Revenues	75.7%	65.8%	-9,9pp	60.1%	5,8pp
Sonaecom					
Employees	1,847	1,943	5.2%	1,961	-0.9%

(1) Active Customers w ith Revenues generated during the last 90 days; (2) Minutes of Use per Customer per month.

Consolidated Financial Highlights

Million euros

CONSOLIDATED FINANCIAL KPI's	1Q07	1Q08	y.o.y	4Q07	q.o.q
Turnover	198.9	237.7	19.5%	248.4	-4.3%
Service Revenues	183.2	217.1	18.5%	224.3	-3.2%
Customer Revenues	137.1	171.9	25.4%	175.9	-2.2%
Operator Revenues	46.2	45.1	-2.2%	48.4	-6.8%
EBITDA	34.0	34.1	0.2%	41.4	-17.8%
EBITDA Margin (%)	17.1%	14.3%	-2.8pp	16.7%	-2.3pp
EBT	-6.8	-7.4	-8.5%	-0.9	-
Net Results - Group Share (1)	-6.0	-5.5	8.0%	33.8	-
Operating CAPEX (2)	28.7	32.7	13.8%	52.3	-37.5%
Operating CAPEX as % of Turnover	14.5%	13.8%	-0.7pp	21.1%	-7.3pp
EBITDA - Operating CAPEX	5.2	1.3	-74.3%	-10.9	-
Total CAPEX	29.6	35.4	19.3%	76.5	-53.8%
FCF (3)	63.2	-32.7	-	3.9	-

(1) Net Results after Minority Interests; (2) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments; (3) FCF Levered after Financial Expenses but before Capital Flow s and Financing related up-front Costs.

- **Customers:** (i) Mobile customers increased by 11.3% to 2.927 million at the end of 1Q08; net additions in the quarter were 33.3 thousand, up by 22.0% when compared to 1Q07. Data revenues represented 20.6% of service revenues in the quarter, up 4.6 pp from 1Q07 and 1.2pp from 4Q07; (ii) Wireline accesses totalled 775 thousand at 1Q08 against 393 thousand in 1Q07. Direct accesses increased to 520.6 thousand, 68.2% above 1Q07, with significant underlying like-for-like growth of 27.3%. Wireline customer revenues (o.w. 65.8% are related to direct access) represented, in 1Q08, 65.1% of service revenues.

- **Personnel:** total employees increased by 5.2% compared to 1Q07 but have decreased by 0.9% compared to the previous quarter. The y.o.y. increase is mostly due to the integration of personnel from the acquisitions carried out during 2007 (mainly Cape and Tele2 Portugal). The evolution of the headcount includes a decrease of 2.3% in shared services and corporate centre.

- **Consolidated Service Revenues** continued to grow at a high pace, increasing by 18.5% against 1Q07, as a result of a 25.4% increase in customer revenues (or 11.2% if we exclude the contributions of the companies acquired in 2007) that more than compensated the 2.2% reduction in operator revenues, driven by the negative impact of Mass Calling Services on operator revenues at our wireline business.

- **Consolidated EBITDA** increased by 0.2% to 34.1 million euros, driven primarily by the improved contribution from the Wireline Business. EBITDA margin, as expected, deteriorated by 2.8 pp to 14.3% due to: (i) the increased marketing & sales costs in the Telco Business; (ii) the costs associated with the integration of the acquired businesses; (iii) the negative impact of lower roaming-in tariffs; and (iv) at SSI, the significant increase of IT products sales that carry lower margins.

3. Consolidated Results

3.1. Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT	1Q07	1Q08	y.o.y	4Q07	q.o.q
Turnover	**198.9**	**237.7**	**19.5%**	**248.4**	**-4.3%**
Mobile	142.8	151.6	6.2%	164.4	-7.8%
Wireline	54.0	75.2	39.2%	77.8	-3.4%
Público	7.2	7.8	8.8%	9.5	-18.2%
SSI	15.0	27.1	80.8%	26.1	3.6%
Other & Eliminations	-20.0	-23.9	-19.7%	-29.5	18.8%
Other Revenues	**1.3**	**1.5**	**15.1%**	**2.2**	**-30.1%**
Operating Costs	**162.7**	**201.1**	**23.6%**	**206.2**	**-2.5%**
COGS	22.3	25.8	15.9%	33.9	-23.9%
Network Costs (1)	68.4	83.7	22.5%	82.8	1.2%
Personnel Costs	23.4	26.1	11.3%	25.9	0.6%
Marketing & Sales	19.0	26.5	39.5%	26.9	-1.7%
Outsourcing Services (2)	15.2	21.6	41.6%	19.8	9.2%
General & Administrative Expenses	11.3	13.8	22.4%	12.8	8.3%
Other Operating Costs	3.1	3.6	15.1%	4.2	-14.8%
Provisions and Impairment Losses	**3.6**	**4.1**	**13.6%**	**2.9**	39.2%
EBITDA	**34.0**	**34.1**	**0.2%**	**41.4**	**-17.8%**
EBITDA Margin (%)	17.1%	14.3%	-2,8pp	16.7%	-2,3pp
Mobile	35.0	33.1	-5.2%	35.5	-6.7%
Wireline	0.2	2.5	-	5.4	-53.4%
Público	-1.2	-1.2	1.6%	0.2	-
SSI	1.2	0.9	-27.4%	0.4	134.0%
Other & Eliminations	-1.2	-1.3	-5.1%	-0.1	-
Depreciation & Amortization	36.6	37.3	1.7%	38.5	-3.2%
EBIT	**-2.6**	**-3.2**	**-21.1%**	**2.9**	**-**
Net Financial Results	**-4.1**	**-4.2**	**-0.4%**	**-3.8**	**-8.1%**
Financial Income	9.2	0.8	-91.5%	0.8	-0.9%
Financial Expenses	13.3	4.9	-63.0%	4.6	6.6%
EBT	**-6.8**	**-7.4**	**-8.5%**	**-0.9**	**-**
Tax results	0.8	1.9	125.7%	34.9	-94.6%
Net Results	**-5.9**	**-5.5**	**8.0%**	**34.0**	**-**
Group Share	-6.0	-5.5	8.0%	33.8	-
Attributable to Minority Interests	0.1	0.0	-14.0%	0.2	-72.4%

(1) Network Costs = Interconnection plus Leased Lines plus Content plus Other Network Operating Costs; (2) Outsourcing Services = Customer Services plus Consultants plus Subcontracts.

Turnover

Consolidated turnover totalled 237.7 million euros in 1Q08, almost 20% above 1Q07.

Consolidated service revenues increased materially by 18.5%, to 217.1 million euros. The main drivers behind this performance were the following:

a) 38.8% higher service revenues at our Wireline Business or 6.0% on a like-for-like basis, i.e., excluding the businesses acquired during 2007 (Oni's residential & SOHO customer base and Tele 2 Portugal);
b) 6.7% increase in service revenues at our Mobile Business (the highest y.o.y increase of the last 3 years), despite the impact of lower roaming-in tariffs;
c) 44.9% higher service revenues at SSI, driven by the positive performance of all its businesses. If we exclude the companies acquired by WeDo during 2007, SSI's services revenues would still have grown by a material 26%; and
d) the 2.0% decrease in advertising revenues at Público.

Importantly, consolidated customer revenues continue to grow at a high pace: 25.4% when compared to 1Q07, driven by strong customer revenue growth at both our Wireline (+84.9%) and Mobile (8.4%) Businesses.

Excluding the contributions from the businesses acquired during 2007, consolidated service revenues and customer revenues would have still grown significantly by 7.8% and 11.2%, respectively, compared to 1Q07, on a like-for-like basis, a strong achievement in the current competitive market environment.

Operating costs

Total operating costs reached 201.1 million euros in 1Q08, an increase of 23.6% y.o.y.. Total operating costs excluding COGS were 24.8% higher than in 1Q07, representing 80.7% of service revenues, approximately 4.1pp above the level registered in the first quarter of 2007. As explained above for turnover, it should be noted that 1Q08 operating costs include the costs associated with the companies acquired during 2007 and the respective integration costs.

Besides the contributions of the acquired companies, it is worth noting that the higher operating costs in the quarter were primarily growth related:

a) 22.5% higher network costs when compared to 1Q07, driven by a 18.9% increase in interconnection & content costs, due to higher level of traffic volumes and to the enlarged ULL customer base, which led to significantly higher ULL monthly fee related costs; and by a 37.2% increase in leased lines and network expenses, as a result of the reinforcement of our mobile network (driven by the success of mobile broadband) and by the network costs associated with the companies acquired during last year. Network costs have increased by only 1.2% when compared to 4Q07;
b) marketing & sales costs and handset subsidisation costs increased by 22.7% driven mainly by the Telco Division investments in customer acquisition, in the launch of new products and services, and in the major re-launch of the Optimus brand at the beginning of the quarter and related advertising campaigns; and
c) general & administrative costs and outsourcing costs that increased by 22.4% and 41.6%, respectively, mainly explained by: (i) the increased customer base at our Mobile Business and related license costs; and (ii) the significant growth of post-paid mobile customers and larger customer base at our Wireline Business (with the consequent billing & support requirements and related expenses). The fact that ONI and Tele2's customers are still not being fully served by our own network and systems (the migration of the last customer is expected to be accomplished during 3Q08), also contributed to the increased outsourcing costs.

Staff costs increased by 11.3% against 1Q07 (0.6% when compared to 4Q07) reflecting the additional staff related costs of the acquired companies.

Provisions and impairment losses increased y.o.y. in 1Q08 by 0.5 million euros due to a combination of higher provisions for stock depreciation at our Telco Businesses, driven mainly by the replacement of set-top boxes at our Wireline Business, that was partially offset by lower provisions for bad debt.

EBITDA

Consolidated EBITDA improved by 0.2% to 34.1 million euros in 1Q08 generating a margin of 14.3%, compared to a margin of 17.1% in 1Q07. This performance was mainly driven by strong operational results at our Wireline Business, that were almost fully off-set by the increased commercial costs at the Mobile business (driven by the rebranding operation and the cost of growth) and the costs of integration of the companies acquired during 2007. The breakdown of EBITDA performance by business was as follows:

a) EBITDA at our Mobile Business was of 33.1 million euros, down by 1.9 million euros when compared to 1Q07, explained by the increase in marketing & sales costs in the quarter and by the negative impact from lower roaming-in tariffs;
b) The Wireline Business generated an EBITDA of 2.5 million euros (2.3 million euros improvement over 1Q07) clearly reflecting the scale benefits of the continued organic growth in its direct access business;
c) EBITDA at SSI decreased from 1.2 million euros in 1Q07 to 0.9 million euros in 1Q08. The higher service revenues in all SSI companies and the improved EBITDA performance at Mainroad and Bizdirect, were not sufficient to compensate for the costs of integration and the improving but still negative contributions in 1Q08 of the companies acquired by WeDo;
d) Público's EBITDA was negative 1.2 million euros, which nevertheless represented an improvement of 1.6% when compared to 1Q07, with improved performance in product sales (17.6% above 1Q07), almost fully offset by the negative performance in advertising revenues and the growth in marketing & sales costs, which partly reflects the 1Q08 marketing campaign to reinforce Sexta's (the free weekly newspaper launched in 4Q07) positioning and brand awareness.

Net Profit

Net results group share were negative 5.5 million euros in 1Q08, an improvement of 8% when compared to the negative 6 million euros result in 1Q07.

Depreciation & amortization charges increased marginally to 37.3 million euros (a 1.7% increase compared to 1Q07), driven by the increased asset base resulting from our investments in expanding both our mobile and wireline networks.

Net financial charges increased by 0.4 million euros against the 4Q07, to 4.2 million euros in 1Q08, reflecting: (i) higher interest expenses, up by 0.3 million euros, due to the slightly higher average cost of debt (5.1% in 1Q08 compared to 5.0% in 4Q07) mainly as a consequence of the increase in market rates; (ii) approximately stable interest income, at 0.8 million euros; and (iii) increase in foreign exchange losses in the amount of 0.1 million, associated with SSI's international activities, driven by the EUR appreciation.

The tax line in 1Q08 showed a benefit of 1.9 million euros, compared to 0.8 million euros in 1Q07, due mostly to movements in deferred tax assets at our Telecoms Business.

3.2. Consolidated Balance Sheet

Million euros

CONSOLIDATED BALANCE SHEET	1Q07	1Q08	y.o.y	4Q07	q.o.q
Total Net Assets	**1,676.4**	**1,694.9**	**1.1%**	**1,758.6**	**-3.6%**
Non Current Assets	1,226.1	1,353.8	10.4%	1,353.9	0.0%
Tangible and Intangible Assets	654.3	720.4	10.1%	722.6	-0.3%
Goodwill	507.1	528.1	4.2%	528.2	0.0%
Investments	1.9	2.0	1.1%	2.0	0.5%
Deferred Tax Assets	62.8	103.3	64.4%	101.1	2.1%
Current Assets	450.3	341.0	-24.3%	404.7	-15.7%
Trade Debtors	138.6	191.0	37.8%	192.0	-0.5%
Liquidity	189.5	5.5	-97.1%	83.9	-93.4%
Others	122.2	144.5	18.2%	128.8	12.1%
Shareholders' Funds	**889.9**	**932.5**	**4.8%**	**935.4**	**-0.3%**
Group Share	889.3	931.6	4.8%	934.6	-0.3%
Minority Interests	0.6	0.9	62.0%	0.9	6.4%
Total Liabilities	**786.5**	**762.3**	**-3.1%**	**823.2**	**-7.4%**
Non Current Liabilities	484.9	379.4	-21.8%	422.6	-10.2%
Bank Loans	461.9	329.6	-28.6%	373.2	-11.7%
Provisions for Other Liabilities and Charges	21.2	31.7	50.0%	30.9	2.8%
Others	1.8	18.1	-	18.5	-2.3%
Current Liabilities	301.6	383.0	27.0%	400.6	-4.4%
Bank Loans	0.8	0.3	-65.3%	0.6	-57.1%
Trade Creditors	136.9	174.7	27.6%	185.3	-5.7%
Others	163.9	208.0	26.9%	214.6	-3.1%
Operating CAPEX (1)	28.7	32.7	13.8%	52.3	-37.5%
Operating CAPEX as % of Turnover	14.5%	13.8%	-0.7pp	21.1%	-7.3pp
Total CAPEX	29.6	35.4	19.3%	76.5	-53.8%
EBITDA - Operating CAPEX	5.2	1.3	-74.3%	-10.9	-
Operating Cash Flow (2)	-18.6	-28.6	-53.5%	18.3	-
FCF (3)	63.2	-32.7	-	3.9	-
Gross Debt	465.6	349.3	-25.0%	393.7	-11.3%
Net Debt	276.1	343.7	24.5%	309.8	10.9%
Net Debt/ EBITDA last 12 months	1.5 x	2.1 x	0.6x	1.9 x	0.21x
EBITDA/Interest Expenses (4)	2.9 x	7.6 x	4.7x	9.9 x	-2.2x
Debt/Total Funds (Debt + Shareholders' Funds)	34.4%	27.2%	-7.1pp	29.6%	-2.4pp

(1) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments; (2) Operating Cash Flow = EBITDA - Operating CAPEX - Change in WC -Non Cash item & Other; (3) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs; (4) Interest Cover.

Capital structure

As a consequence of the refinancing operation carried out in 2007, before the turmoil in the credit markets, consolidated gross debt continues to be primarily contracted by Sonaecom SGPS and internal funding movements are being used to allocate cash between our subsidiaries. At end of 1Q08, the weighted average maturity of Sonaecom Group credit lines stood at approximately 4.2 years, compared to circa 2.5 years in 1Q07, before we completed the refinancing process.

Consolidated gross debt totalled 349.3 million euros, 44.4 million euros below the level at the end of 2007 and comprised: (i) 150 million euros long-term privately placed Bonds, due in 2013; (ii) an amount of 180.5 million euros used under the underwritten committed Commercial Paper Programme (with a total available amount of 250 million euros) contracted in 2007 and with final maturity in 2012 and (iii) 19.4 million euros of long term financial leases.

Consolidated net debt at the end of 1Q08 stood at 343.7 million euros, an increase of 33.9 million euros compared to the end of 2007, mainly reflecting the FCF evolution in the quarter.

Sonaecom's capital structure continues to be conservative as demonstrated by its key financial ratios at the end of 1Q08. Net debt to annualised EBITDA deteriorated marginally, when compared to YE07, to 2.1x, reflecting the above mentioned increase in net debt registered in the quarter. Interest cover improved from 2.9x, in 1Q07 to 7.6x in 1Q08, as a result of the significantly lower level of interest expenses. It should be noted that interest expenses in 1Q07 included interest paid on a loan from Sontel BV, associated with the Tender Offer for PT, which was fully repaid by the end of that quarter. Interest expense in the quarter increased by only 0.31 million euros against 4Q07. The ratio of Consolidated Debt to Total Funds improved from 29.6% in YE07 to 27.2% in 1Q08, reflecting the above mentioned movements in gross debt and the 2.9 million euros decrease in Shareholder's Funds. The latter resulted mainly from the net losses generated in the period and by the delivery of own shares to employees under our Medium Term Incentive Plan (which had a net effect of increasing shareholders funds by 2.0 million euros).

At the end of 1Q08, the sum of cash and non-utilized committed credit lines at the Sonaecom Group stood at approximately 155 million euros. As identified above, no amortizations of bank loans are scheduled until 2010.

CAPEX

Consolidated CAPEX was 35.4 million euros while operating CAPEX reached 32.7 million euros, 13.8% above 1Q07, and representing 13.8% of turnover.

The increase in Operating CAPEX was driven by higher investments in our Mobile Business (+57.8% increase over 1Q07, to 25.9 million euros), as a reflection of our decision to accelerate the extension of coverage and capacity of our 2.5G/3G network in order to improve quality of service and consolidate our leading position in mobile broadband.

Operating CAPEX spend during 1Q08 was mainly applied as follows: 30% invested in the deployment of the UMTS/HSDPA network, 21% was related to the GSM/GPRS network, 16% related to Information Technology/Information Systems investments; and approximately 12% was invested in our ULL and FTTh access networks.

Other balance sheet items

Gross tangible and intangible assets were 1,701 million euros at the end of 1Q08, compared to 1,666 million euros at YE07 and cumulative depreciation and amortization totalled 980.9 million euros, compared to 943.7 million euros in the previous quarter. Both financial investments and goodwill were approximately stable in comparison to 4Q07 registering, in 1Q08, 2.0 million euros and 528.1 million euros, respectively.

At the end of 1Q08, Sonaecom shareholders' funds totalled 932.5 million euros, compared to 935.4 million euros at the end of 2007, reflecting mainly the net losses of 5.5 million euros generated in the quarter.

FCF

Million euros LEVERED FREE CASH FLOW	1Q07	1Q08	y.o.y	4Q07	q.o.q
EBITDA-Operating CAPEX	**5.2**	**1.3**	**-74.3%**	**-10.9**	**-**
Change in WC	-24.7	-32.1	-30.4%	24.7	-
Non Cash Items & Other	0.8	2.2	178.4%	4.6	-51.3%
Operating Cash Flow	**-18.6**	**-28.6**	**-53.5%**	**18.3**	**-**
Financial Investments	108.2	-1.1	-	-10.1	89.3%
Own shares	-8.9	0.0	100.0%	0.0	-
Public Tender Offer	-13.1	-0.1	99.1%	-0.3	65.8%
Financial results	-4.2	-2.9	31.7%	-4.0	27.2%
Income taxes	-0.1	0.0	100.0%	0.0 -	
FCF	**63.2**	**-32.7**	**-**	**3.9**	**-**

Consolidated FCF in 1Q08 was negative 32.7 million euros, compared to a positive 63.2 million euros in 1Q07 that included the positive impact of the disposal of PT shares (108.2 million Euros). Excluding this effect, the impact of the acquisition of own shares and of the payments associated with the Public Tender Offer in 1Q07, consolidated FCF would, on a like-for-like basis, have deteriorated by approximately 9.5 million euros against 1Q07.

Operating cash flow was negative by 28.6 million euros in 1Q08, down from negative 18.6 million euros in 1Q07, mainly driven by: (i) a deterioration of 3.9 million euros in EBITDA-Operating Capex; and (ii) a deterioration in working capital of 32.1 million euros, reflecting the lower credit from trade creditors and fixed asset suppliers at both the Mobile and Wireline Business (a normal evolution during the first quarter of the year) and the advance payments of 5.5 million euros made, during 1Q08, by our Mobile Business to fixed asset suppliers in order to take advantage of financial discounts offered.

4. Telecommunications

4.1. Mobile Business

Our mobile business had an active quarter in terms of commercial activity, and was able to sustain strong customer and customer revenue growth, as a result of the planned investment to support the brand, particularly in the residential segment; to improve distribution capacity; and with the continuous development of our fixed-mobile convergent product 'Optimus Home' and our wireless broadband service "Kanguru". Optimus was able to sustain its leading position in wireless broadband in the residential market and achieved significant growth in overall data usage.

4.1.1. Operational data

MOBILE OPERATIONAL KPI's	1Q07	1Q08	y.o.y	4Q07	q.o.q
Customers (EOP) ('000)	2,629.2	2,926.9	11.3%	2,893.5	1.2%
Net Additions ('000)	27.3	33.3	22.0%	132.4	-74.8%
% Pre-paid Customers	75.9%	70.8%	-5,1pp	73.1%	-2,3pp
Active Customers (1)	2,117.1	2,290.2	8.2%	2,276.9	0.6%
Data as % Service Revenues	16.0%	20.6%	4,6pp	19.4%	1,2pp
Total #SMS/month/user	45.0	42.2	-6.3%	45.1	-6.4%
MOU (2) (min.)	116.4	117.9	1.3%	120.6	-2.2%
ARPU (euros)	17.7	17.0	-4.2%	18.1	-6.2%
ARPM (3) (euros)	0.15	0.14	-5.4%	0.15	-4.0%
SAC&SRC (4) (million euros)	27.1	36.2	33.8%	40.1	-9.8%
Employees (5)	1,034	980	-5.2%	977	0.3%
Shared Services Division	766	746	-2.6%	748	-0.3%

(1) Active Customers with Revenues generated on last 90 days; (2) Minutes of Use per Customer per month; (3) Average Revenue per Minute; (4) Total Acquisition & Retention Costs; (5) Includes Shared Services Division.

Customer base

Mobile customer base increased by 11.3% to 2.927 million customers at the end of 1Q08, compared to 2.629 million at the end of 1Q07 and 2.893 million at 4Q07, with net additions reaching 33 thousand in the quarter, up by 22% compared to 1Q07, a demonstration of the continued progress in our growth strategy. Active customers at the end of 1Q08 totalled 2.290 million, as compared to 2.117 million at the end of 1Q07, an increase of approximately 8.2%.

Contract customers continued to increase their weight in the total customer base. At the end of 1Q08, pre-paid customers represented 70.8% of total customers, a reduction of 5.1pp against 1Q07 and 2.3pp against 4Q07.

During 1Q08, Mobile customer's ARPU was 17.0 euros, down from 17.7 euros in 1Q07. Of the 1Q08 ARPU, 13.2 euros were related to customer monthly bill and 3.8 euros to operator revenues, compared to 13.5 euros and 4.2 euros respectively, in 1Q07. The lower ARPU is mainly explained by the decrease of 9.1% in operator revenues ARPU, due to reductions in roaming-in tariffs. The fall in the level of customer monthly bill, was driven by the decrease in Average Revenue per Minute ("ARPM"), explained by the higher price pressures on voice tariffs mainly in the SME and Corporate segments, but also due to the increased weight of "Optimus Home" (our fixed-mobile convergence product) within the customer base, that was partially offset by increased usage per customer, as demonstrated by the 1.3% increase in average Minutes of Use ("MoU").

Data usage
During 1Q08, we were able to maintain our leading position in wireless broadband and achieved a material growth of data usage, namely through the promotion of our mobile broadband product "Kanguru", based on HSDPA/HSUPA technologies, now offering download speeds of up to 7.2 Mbps and upload speeds of up to 1.4Mbps, including a recently launched Pen Modem. The governmental programme ("e-Initiatives") aimed at the development of the 'Information Society' in Portugal, continues to contribute to maintaining mobile broadband market growth at a high pace and all three incumbent mobile operators have been active in contributing to this programme.

Data revenues represented 20.6% of service revenues in 1Q08, an improvement of 4.6pp versus 1Q07 and 1.2 pp over 4Q07, as the result of our promotional efforts to increase usage of data services and the success of our wireless broadband solutions. Non-SMS related data services continued to increase their weight in data revenues, accounting for approximately 61% of total data revenues in 1Q08, compared to only 47% in 1Q07. The revenues from non-SMS data services have increase by approximately 78.2% from 1Q07 to 1Q08.

Traffic
In 1Q08, total voice traffic[1] was 12,8% higher than that recorded in 1Q07 as a result of both the enlarged customer base and of the increase in MoU per customer to 117.9 minutes (from 116.4 minutes in 1Q07), reflecting the continuous success of our investment effort to enhance voice usage.

[1] Total voice traffic = total incoming traffic plus total outgoing traffic plus total Roaming out

4.1.2. Financial data

Million euros

MOBILE INCOME STATEMENT	1Q07	1Q08	y.o.y	4Q07	q.o.q
Turnover	**142.8**	**151.6**	**6.2%**	**164.4**	**-7.8%**
Service Revenues	134.9	144.0	6.7%	149.4	-3.7%
Customer Revenues	103.1	111.8	8.4%	113.9	-1.8%
Operator Revenues	31.8	32.2	1.2%	35.5	-9.5%
Equipment Sales	7.9	7.6	-3.1%	15.0	-49.1%
Other Revenues	**8.4**	**10.2**	**20.8%**	**9.9**	**2.7%**
Operating Costs	**114.9**	**126.0**	**9.7%**	**136.5**	**-7.7%**
COGS	16.7	15.2	-9.0%	27.5	-44.9%
Interconnection & Contents	32.6	35.6	9.3%	36.0	-1.2%
Leased Lines & Other Network Operating Costs	14.2	14.9	4.7%	14.4	3.3%
Personnel Costs	13.1	12.7	-2.8%	13.2	-3.8%
Marketing & Sales	15.3	20.9	36.4%	19.8	5.4%
Outsourcing Services (1)	12.5	15.0	20.6%	14.0	7.5%
General & Administrative Expenses	7.9	8.4	7.4%	7.8	8.0%
Other Operating Costs	2.7	3.3	21.7%	3.7	-12.1%
Provisions and Impairment Losses	**1.4**	**2.6**	**92.7%**	**2.3**	**13.0%**
Service Margin (2)	**102.3**	**108.3**	**5.9%**	**113.4**	**-4.5%**
Service Margin (%)	75.8%	75.3%	-0,6pp	75.9%	-0,6pp
EBITDA	**35.0**	**33.1**	**-5.2%**	**35.5**	**-6.7%**
EBITDA Margin (%)	24.5%	21.9%	-2,6pp	21.6%	0,3pp
Depreciation & Amortization	31.6	29.0	-8.4%	29.9	-3.1%
EBIT	**3.3**	**4.2**	**24.9%**	**5.6**	**-25.9%**
Operating CAPEX (3)	16.4	25.9	57.8%	36.5	-29.1%
Operating CAPEX as % of Turnover	11.5%	17.1%	5,6pp	22.2%	-5,1pp
EBITDA - Operating CAPEX	18.6	7.2	-61.0%	-1.0	-
Total CAPEX	17.1	28.6	67.9%	39.3	-27.2%

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Service Margin = Service Revenues minus Interconnection & Content Costs; (3) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

Service revenues increased by 6.7% to 144.0 million euros compared to 134.9 million euros in 1Q07, the highest y.o.y increase of the last 3 years, driven primarily by the 8.4% growth in customer revenues but also by the 1.2% growth in operator revenues (despite the lower level of roaming-in tariffs).

EBITDA

Mobile EBITDA in 1Q08 reached 33.1 million euros and generated a margin of 21.9%, representing a decrease of 2.6pp, when compared to 1Q07. This decline was primarily the result of the combination of higher Marketing & Sales costs (mainly Optimus brand re-launch), lower roaming-in tariffs and higher outsourcing services (+20.6%) when compared to 1Q07.

4.2. Wireline Business

In the Wireline arena, we have continued to focus on growing the direct access broadband business with particular efforts made to sustain our leading position in the ULL market, expand our double play offering and reinforce our broadband IPTV and Home Video services, while continuously working to improve customer service. Efforts have also been made to transform the acquired indirect customers to direct services, a process that will take time but one that is progressing broadly in line with expectations. The full migration of the acquired Oni and Tele2 customers to our own systems is also in progress but will not be completed until 3Q08.

4.2.1. Operational data

In order to facilitate the analysis of our Wireline Business we have reorganized the operational KPIs' table, bringing the indicators in line with the way most of our peers are reporting (including the change of terminology from “services” to “accesses”), aligning it with the most recent developments in terms of drivers for the business performance. We have also introduced a new indicator of Average Revenue per Access.

WIRELINE OPERATIONAL KPI's	1Q07	1Q08	y.o.y	4Q07	q.o.q
Total Acesses (EOP) (1)	393,483	775,163	97.0%	815,623	-5.0%
Voice	217,221	495,909	128.3%	534,067	-7.1%
Direct	170,910	280,989	64.4%	277,252	1.3%
Indirect	46,311	214,920	-	256,815	-16.3%
ADSL	143,830	250,138	73.9%	249,040	0.4%
Direct	132,078	221,947	68.0%	217,648	2.0%
Indirect	11,752	28,191	139.9%	31,392	-10.2%
Other & Data	32,432	29,116	-10.2%	32,516	-10.5%
Direct	6,473	17,713	173.6%	15,773	12.3%
Indirect	25,959	11,403	-56.1%	16,743	-31.9%
Total Direct Accesses	309,461	520,649	68.2%	510,673	2.0%
Total Indirect Accesses	84,022	254,514	-	304,950	-16.5%
Unbundled Central Offices with transmission	149	173	16.1%	169	2.4%
Unbundled Central Offices with ADSL2+	141	164	16.3%	161	1.9%
Direct access as % Customer Revenues	75.7%	65.8%	-9.9pp	60.1%	5.8pp
Blended ARPU - Retail (2)	23.4	21.1	-9.9%	20.8	1.4%

(1) Acesses w ere restated according to a "revenue generator unit" criteria since 1Q07; (2) Average Revenue per Acess (excluding Mass Calling services' revenues)

Customer base

At the end of 1Q08, total accesses reached 775.2 thousand, an increase of 97% compared to 1Q07 (14.2% on a like-for-like basis, i.e., excluding the impact of the acquisitions carried out in 2007). Even more importantly, direct accesses have grown by 68.2% against 1Q07 and by 27.3% on a like-for-like basis. Total direct accesses represented 67.2% of the Wireline Business total accesses in 1Q08, compared to 78.6% in 1Q07 (as a result of the increase in the indirect customer base determined mostly by the acquisition of Tele 2 during 3Q07) and 62.6% in 4Q07.

We continue to enlarge the addressable market of our direct offers by opening new Central Offices ("COs"). During 1Q08 we extended our transmission capacity to four additional COs and have unbundled three additional COs with ADSL2+. The addressable market of our ULL network now covers more than 55% of total households.

Direct net additions in 1Q08 were, approximately, 10 thousand accesses, a decrease from the 28 thousand accesses in 1Q07 as a result of the slower expansion rate of unbundling of COs for ADSL2+, the increased competitive pressures currently prevailing in the market and of the growing use of mobile broadband services.

Wireline retail ARPU increased to 21.1 euros, up by 1.4pp against 4Q07, driven mainly by the increased weight of direct customers and by the negative impact of the promotion campaigns carried out in the quarter, on the back of similar pricing campaigns launched by our main competitors.

Services

During 1Q08, through our residential brand Clix, we promoted the replacement, for free, of current customers' set top boxes for a new MPEG4 model, one of the most advanced set top boxes currently available in the market, which will allow our TV customers to access HD channels, DTT and to benefit from an improved sound quality.

We have introduced a new entry level of the ADSL offer at 4Mbs and launched new and very attractive promotions for the residential market aimed at reinforcing Clix's position in the market. Additionally customers with 2Mbs ADSL offers were upgraded to 6Mbs speeds, with no additional cost.

We have also reinforced our IPTV offer by adding new contents, including new broadcast channels such as TVGlobo and World Made Channel, as well as new functionalities: Kids Club (a new portal with design and contents specially adapted to the children's target) and a parental control tool.

4.2.2. Financial data

Million euros WIRELINE INCOME STATEMENT	1Q07	1Q08	y.o.y	4Q07	q.o.q
Turnover	**54.0**	**75.2**	**39.2%**	**77.8**	**-3.4%**
Service Revenues	54.0	75.0	38.8%	77.0	-2.6%
Customer Revenues	26.4	48.8	84.9%	50.1	-2.6%
Direct Access Revenues	20.0	32.1	60.7%	30.1	6.7%
Indirect Access Revenues	5.7	15.5	172.9%	19.0	-18.4%
Other	0.7	1.1	59.3%	1.0	16.1%
Operator Revenues	27.7	26.2	-5.2%	26.9	-2.4%
Equipment Sales	0.0	0.2	-	0.8	-78.0%
Other Revenues	**1.0**	**0.7**	**-36.1%**	**1.2**	**-45.1%**
Operating Costs	**52.6**	**72.0**	**36.7%**	**73.1**	**-1.5%**
COGS	-0.1	0.3	-	1.0	-66.4%
Interconnection	28.1	34.9	24.4%	33.6	3.9%
Leased Lines & Other Network Operating Costs	8.9	13.6	53.4%	14.6	-6.8%
Personnel Costs	2.4	2.6	6.6%	2.6	0.2%
Marketing & Sales	2.8	4.4	59.6%	5.8	-23.3%
Outsourcing Services (1)	7.9	12.7	60.1%	12.6	0.9%
General & Administrative Expenses	2.3	3.1	37.9%	2.6	21.1%
Other Operating Costs	0.4	0.3	-30.0%	0.3	-15.9%
Provisions and Impairment Losses	**2.2**	**1.4**	**-37.6%**	**0.5**	**161.7%**
Service Margin (2)	**25.9**	**40.1**	**54.4%**	**43.4**	**-7.6%**
Service Margin (%)	48.0%	53.4%	5,4pp	56.3%	-2,9pp
EBITDA	**0.2**	**2.5**	**-**	**5.4**	**-53.4%**
EBITDA Margin (%)	0.4%	3.3%	2,9pp	6.9%	-3,6pp
Depreciation & Amortization	4.7	8.0	69.2%	13.6	-41.1%
EBIT	**-4.5**	**-5.5**	**-22.1%**	**-8.2**	**33.1%**
Operating CAPEX (3)	12.2	6.7	-44.9%	16.1	-58.1%
Operating CAPEX as % of Turnover	22.6%	9.0%	-13,7pp	20.7%	-11,7pp
EBITDA - Operating CAPEX	-12.0	-4.2	64.8%	-10.7	60.5%
Total CAPEX	12.2	6.7	-44.9%	13.7	-50.8%

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Service Margin = Service Revenues minus Interconnection Costs; (3) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

When comparing to 1Q07, it should be noted that the 1Q08 results of the Wireline Business and consequently, those of Sonaecom Consolidated include revenues generated by Tele2 Portugal and by the customers acquired from Oni.

Turnover in 1Q08 amounted to 75.2 million euros, an increase of 39.2% over 1Q07, mainly due to the significant increase in customer revenues, up by 84.9%, driven by the growth in both direct access revenues (60.7% higher than in 1Q07 and 6.7% higher than in the previous quarter) and indirect access revenues that increased by 9.8 million euros. In part, growth was driven by the contributions from the acquired customer base of Oni and of Tele2 Portugal. In 1Q08, the total revenue contribution from the businesses acquired during 2007 was of 17.7 million euros. Excluding this contribution, customer revenues would still have grown by a material 17.8% when compared to 1Q07.

Direct access revenues accounted for 65.8% of customer revenues in the quarter, an increase of 5.8pp compared to the 4Q07 (which already incorporated the acquired companies), as a result of the continued focus on the direct access business. The contribution of mass calling services has, as expected, decreased from 4.7 million euros in 1Q07 to 2.8 million euros in 1Q08, which was partially off-set by growth of wholesale traffic and revenues.

EBITDA

Wireline EBITDA was positive 2.5 million euros, compared to only 0.2 million euros in 1Q07, and generated a margin of 3.3%. This improvement was primarily due both to the increased size of the ULL customer base achieved via organic growth that has been generating an increasingly positive contribution to profitability since the second half of 2006, and the positive contribution from the businesses acquired last year.

5. Software and Systems Information (SSI)

SSI achieved a good set of operational results with top-line growth driven by the performance of WeDo that continued to expand its customer base through its leading Revenue Assurance product (“RAID”) and by the increased profitability at Mainroad (our IT company focused in IT Management, Security and Business Continuity).

WeDo continued to focus on the integration of the companies acquired during 2007 with particular focus on the integration of Cape Technologies that has, and will continue to, require significant effort and resources. Simultaneously, efforts have been made to consolidate WeDo's international presence, grow its leading position in the international Revenue Assurance market, expand beyond its traditional telecoms customer base, and improve its product portfolio. More than 60% of its revenues in 1Q08 were obtained outside of the Sonaecom Group (versus approximately 48% at the same period in 2007).

5.1. Operational data

SSI OPERATIONAL KPI's	1Q07	1Q08	y.o.y	4Q07	q.o.q
IT Service Revenues/Employee (1) ('000 euros)	27.3	28.2	3.5%	27.3	3.5%
Equipment Sales as % Turnover	33.6%	46.8%	13.2pp	41.3%	5.4pp
Equipment Sales/Employee (2) ('000 euros)	461.4	975.8	111.5%	836.1	16.7%
EBITDA/Employee ('000 euros)	3.5	1.9	-46.5%	0.8	134.9%
Employees	344	460	33.7%	467	-1.5%

(1) Excluding employees dedicated to Equipment Sales; (2) Bizdirect.

SSI inverted the negative trend in productivity levels registered in 4Q07 (due to the integration of the companies acquired in 2007 and their comparatively lower productivity, a natural outcome during integration phases) with IT service revenues per employee increasing to 28.2 thousand euros in 1Q08 (3.5% above the level registered in 4Q07 and in 1Q07), while equipment sales per employee have more than doubled when compared to 1Q07. Total headcount at the end of 1Q08 decreased by 7 to 460, when compared to YE07, but increased by 116 employees against 1Q07, mainly due to: (i) the consolidation of the companies acquired by WeDo during 2007 (Tecnológica, Cape Technologies and Praesidium); and (ii) the need for additional internal consultants to support the increased level of activity.

Of the total WeDo's headcount at the end of 1Q08, approximately 38% are based outside of Portugal.

Importantly, during the quarter, Mainroad became the first SAP Hosting Partner in Portugal (and only the second in Iberia), successfully passing a thorough certification process. Mainroad has also been nominated for the DataCentres Awards Europe 2008, as one of the three "Best Disaster Recovery Providers on Europe", on a contest promoted annually by BroadGroup, an UK research organization specialized in the Datacentre Business.

5.2. Financial data

Million euros

SSI CONSOLIDATED INCOME STATEMENT	1Q07	1Q08	y.o.y	4Q07	q.o.q
Turnover	**14.96**	**27.05**	**80.8%**	**26.10**	**3.6%**
Service Revenues	9.94	14.40	44.9%	15.32	-6.0%
Equipment Sales	5.02	12.65	151.8%	10.78	17.3%
Other Revenues	**0.19**	**0.07**	**-63.0%**	**0.04**	**61.4%**
Operating Costs	**13.94**	**26.19**	**87.9%**	**25.74**	**1.8%**
COGS	4.83	12.48	158.4%	10.57	18.1%
Personnel Costs	5.00	6.94	39.0%	7.25	-4.3%
Marketing & Sales	0.28	0.30	8.7%	0.47	-35.4%
Outsourcing Services (1)	2.11	4.19	98.7%	4.68	-10.5%
General & Administrative Expenses	1.57	2.29	46.5%	2.62	-12.5%
Other Operating Costs	0.16	-0.02	-	0.15	-
Provisions and Impairment Losses	**0.01**	**0.06**	**-**	**0.04**	**64.9%**
EBITDA	**1.20**	**0.87**	**-27.4%**	**0.37**	**134.0%**
EBITDA Margin (%)	8.0%	3.2%	-4.8pp	1.4%	1.8pp
Depreciation & Amortization	0.33	0.50	48.5%	0.53	-6.6%
EBIT	**0.87**	**0.38**	**-56.7%**	**-0.16**	**-**
Operating CAPEX (2)	0.15	0.13	-13.0%	0.35	-64.1%
Operating CAPEX as % of Turnover	1.0%	0.5%	-0.5pp	1.4%	-0.9pp
EBITDA - Operating CAPEX	1.06	0.75	-29.4%	0.02	-
Total CAPEX	0.39	0.02	-94.3%	24.14	-99.9%

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

When comparing to 1Q07, it should be noted that the 1Q08 results of SSI (and the consolidated results of Sonaecom) include the contributions of Cape Technologies, Praesidium and Tecnológica, all acquired by WeDo during 2007.

SSI turnover increased by 80.8% in 1Q08 to 27.1 million euros, as a result of both higher IT equipment sales, which increased by 151.8% to 12.7 million euros, and higher service revenues, up by 44.9%, mainly driven by the 54.0% increase in service revenues at WeDo (up 24.6% on a like-for-like basis, i.e., excluding the contributions from the companies acquired in 2007). When compared to 1Q07, WeDo's top line growth was particularly strong in Latin America and Middle East & Africa regions. Significantly, all SSI's businesses have posted a y.o.y turnover growth above 20%.

During 1Q08, equipment sales represented 46.7% of turnover, an increase of 5.4 pp over the level registered in 4Q07, driven by a positive contribution from the sale of computers at Bizdirect, partly related with the "e-Initiatives" programme launched by the Portuguese Government.

EBITDA

SSI EBITDA was 0.87 million euros in 1Q08, a reduction of 0.33 million euros versus 1Q07. The reduction in EBITDA was driven primarily by costs relating to the integration of Cape Technologies. The EBITDA margin improved by 1.8 pp against the previous quarter, although still significantly below the levels achieved in 1Q07 due to the continuously improving but still negative impact of Cape Technologies and the significantly higher level of product sales at Bizdirect that carry lower margins. Excluding Cape Technologies, WeDo's EBITDA would have increased by a 40.2% in 1Q08 and generated an EBITDA margin of 16%. It should also be noted that both Bizdirect, and particularly, Mainroad, have shown a positive evolution at the EBITDA level. Mainroad improved its EBITDA margin by 3.5pp against the first quarter of 2007.

6. Público

Market dynamics have been severe for daily paid generalist press with circulation decreasing by 2.0%[2] and advertising revenues, in first two months of 2008, decreasing by 1.1%[3] compared to the same period of the previous year (this number refers to advertising space calculated at reference table figures - competitive pressures continue to lead to higher price discounts). During the same period, the free newspapers' advertising revenues is estimated to have increased by more than 50%.

As a way to celebrate its 18th anniversary with its readers, Público implemented a number of related campaigns during 1Q08, including special editions of certain supplements, the recirculation of the first edition of the newspaper and the launch, under the format of a magazine, of a new Saturday supplement dedicated to leisure.

6.1. Operational data

PÚBLICO OPERATIONAL KPI's	1Q07	1Q08	y.o.y	4Q07	q.o.q
Average Paid Circulation (1)	41,031	43,530	6.1%	39,615	9.9%
Market Share of Advertising (%) (2)	14.2%	12.3%	-1,9pp	13.9%	-1,7pp
Employees	263	255	-3.0%	257	-0.8%

(1) Estimated value updated in the follow ing quarter; (2) 1Q08 = February YTD.

Público continues to rank third in terms of paid circulation among daily generalist press, with an average market share of paid circulation in 4Q07 (the latest available information) of 11.9%, in line with 4Q06. Although the restructuring of the product, implemented at the end of 2006, was well received by readers, the difficult market dynamics have influenced the circulation figures.

In 1Q08, average paid circulation increased by 6.1% when compared to 1Q07 and by 9.9% when compared to the previous quarter, mainly as a result of the campaigns implemented to promote circulation. Nevertheless, as mentioned above, the paid press market continues to face competitive challenges, with average circulation decreases and increased competition from 'free' newspapers (estimated to have increased circulation by circa 42%). Público's advertising market share continues to be

[2] Source: APCT: 2007 vs 2006 (latest available data)
[3] Source: Marktest/Media Monitor

under pressure, reaching an average of 12.3% during 1Q08, down 1.9pp as compared to 1Q07. The good performance shown in terms of circulation should lead to a positive impact over advertising revenues in the coming quarters.

6.2. Financial data

Million euros PÚBLICO CONSOLIDATED INCOME STATEMENT	1Q07	1Q08	y.o.y	4Q07	q.o.q
Turnover	**7.18**	**7.81**	**8.8%**	**9.55**	**-18.2%**
Advertising Sales [1]	3.22	3.16	-2.0%	4.16	-24.0%
Newspaper Sales	2.86	3.05	6.6%	2.77	9.8%
Associated Product Sales	1.10	1.61	46.6%	2.62	-38.8%
Other Revenues	**0.07**	**0.06**	**-8.6%**	**0.08**	**-22.9%**
Operating Costs	**8.37**	**9.00**	**7.5%**	**9.38**	**-4.1%**
COGS	1.71	2.13	24.8%	2.50	-14.8%
Personnel Costs	2.83	2.91	2.6%	2.82	3.0%
Marketing & Sales	0.43	0.87	102.8%	0.93	-6.6%
Outsourcing Services [2]	2.67	2.36	-11.6%	2.41	-2.1%
General & Administrative Expenses	0.74	0.73	-1.1%	0.72	1.8%
Other Operating Costs	0.00	0.00	-	0.01	-33.3%
Provisions and Impairment Losses	**0.05**	**0.04**	**-29.5%**	**0.05**	**-30.2%**
EBITDA	**-1.18**	**-1.16**	**1.6%**	**0.20**	**-**
EBITDA Margin (%)	-16.5%	-14.9%	1,6pp	2.1%	-
Depreciation & Amortization	0.17	0.18	9.0%	0.18	-0.5%
EBIT	**-1.35**	**-1.35**	**0.3%**	**0.01 -**	
Operating CAPEX [3]	0.25	0.10	-58.4%	0.20	-46.9%
Operating CAPEX as % of Turnover	3.5%	1.3%	-2,2pp	2.1%	-0,7pp
EBITDA - Operating CAPEX	-1.43	-1.27	11.5%	0.00	-
Total CAPEX	0.25	0.10	-58.4%	0.20	-46.9%

(1) Includes Contents; (2) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (3) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

During 1Q08, turnover increased by 8.8% to 7.81 million euros, compared to 7.18 million euros in 1Q07, reflecting a material growth (+6.6%) in newspaper sales (or +9.8% over 4Q07) but also in associated product revenues (+46.6% when compared to 1Q07). These positive trends in terms of turnover have been partly off-set by a 2.0% decrease in advertising revenues, in line with the overall evolution of advertising spend in the daily generalist paid press.

“Sexta”, the free weekly newspaper launched in 4Q07, through a 50:50 joint-venture with “A Bola”, and consolidated in Público since November 2007 (proportional consolidation), is still in the initial stages of development. Circulation and advertising indicators in the coming quarters will enable a better assessment of its impact in the market.

EBITDA

In 1Q08, Público generated a negative EBITDA of 1.16 million euros, which represents a 1.6% improvement over 1Q07. Notwithstanding the top-line growth registered in the quarter, the 24.8% increase in COGS (driven mainly by the increased circulation figures and by the inclusion of Sexta), and the growth in marketing & sales costs (partly driven by circulation campaigns implemented in 1Q08) have determined the limited improvement at the EBITDA level. It should also be noted that the EBITDA generated by the associated products increased by approximately 35% when compared to 1Q07.

The contribution of Sexta for Público’s EBITDA was still marginally negative in 1Q08. On a like-for-like basis, Público’s EBITDA would have increased by circa 19% against the first quarter of 2007.

7. Main Regulatory Developments

The following are some of the more important regulatory developments during 1Q08:

- **Licensing of frequencies in the 450-470 MHz**
  Following the results of the public consultation carried out during 2007, Anacom approved in March 2008 the draft conditions for the tendering process related to the allocation of frequencies in the 450-470 MHz band. The proposed conditions include, among other, the following: (i) the granting of

frequencies to one single entity; (ii) exclusion of the current mobile operators as well as operators that offer services supported in CDMA450, such as Radiomóvel; and (iii) the requirement for a guarantee in the amount of five million euros to secure the obligations associated with contribution to the Information Society, which is one of the evaluation criteria. The market consultation in relation to these draft conditions will take place until 12 May 2008 and only after the results are presented the regulator will initiate the tendering process.

- **Universal Service**
  In February 2008, Anacom launched a public consultation on the universal service (minimum communication services defined by law, available to all users, independently of geographical location, and under special conditions to certain people). In this consultation, the regulator has asked for comments in relation to a number of different aspects of the universal service, including its scope, conditions for the designation of the entities that can render the service and the calculation of the respective cost. The consultation also included the request for indications of interest for the granting of the service.

- **Anacom's understanding on the spin-off of Zon Multimedia**
  Anacom recently published its understanding on the spin-off of Zon Multimédia, clarifying that it considers Zon no longer a part of the PT Group. As a consequence, the obligations that arise from the analysis of regulated markets to the PT Group are not applicable to Zon. In addition, as the spin-off has a material impact on markets 4 and 5 (wholesale unbundled and wholesale broadband accesses), Anacom announced that it will give priority to the reanalysis of those markets, foreseeing the launch of the respective consultation proceedings until May 2008.

8. Main Corporate Developments

- On 21 February 2008, Sonaecom announced its 3-year plan for the deployment of fibre, aimed at building the most advanced telecommunications network in Portugal. As part of this plan, Sonaecom proposed to give access to its fibre network to all interested national operators, aligning with regulatory recommendations and the best practices in Europe.
  Sonaecom further announced that it will invest 240 million euros during a 3 year period in developing this Next Generation Network, which will allow coverage of over 1 million homes and approximately 25% of the Portuguese population.

9. Shareholders General Meeting held on 16 April 2008

At the Shareholders General Meeting held on 16 April 2008, the following proposals, amongst others, were approved by the shareholders of Sonaecom:

- Approval of the Full Year Management Report and Individual and Consolidated Accounts of Sonaecom, SGPS, SA for the year ended 31 December 2007, including the proposal for appropriation of the Net Results for 2007 , as presented;

- Appointment of the following members to the statutory governing bodies of Sonaecom, SGPS, SA, for the mandate beginning in 2008 and ending in 2011:

  Board of the Shareholders' General Meeting:
  Chairman: João Augusto Esmeriz Vieira de Castro
  Secretary: António Agostinho Cardoso da Conceição Guedes

  Board of Directors:
  Duarte Paulo Teixeira de Azevedo - Chairman

  Ângelo Gabriel Ribeirinho dos Santos Paupério
  George Christopher Lawrie
  Luís Filipe Campos Dias de Castro Reis
  Maria Cláudia Teixeira de Azevedo
  Miguel Nuno Santos Almeida

  António Sampaio e Mello

David Charles Denholm Hobley
Gervais Gilles Pellissier
Jean-François René Pontal
Nuno Manuel Moniz Trigoso Jordão

Statutory Audit Board:
Arlindo Dias Duarte Silva (Chairman)
Armando Luís Vieira de Magalhães
Óscar José Alçada da Quinta
Substitute: Jorge Manuel Felizes Morgado

Shareholders' Remuneration Committee
SONAE, SGPS, S.A., represented by a person to be appointed by that company;
SONTEL, B.V., represented by a person to be appointed by that company

- Appointment of the audit firm Deloitte & Associados, SROC, SA, represented by Jorge Manuel Araújo de Beja Neves or by João Luís Falua Costa da Silva as Statutory External Auditor ("Revisor Oficial de Contas") of Sonaecom, SGPS, SA, for the mandate beginning in 2008 and ending in 2011;

- Change of Sonaecom's shares from book-entry bearer shares to book-entry registered shares and, as a consequence thereof, approval of the corresponding amendments to the Company's Articles of Association;

- Authorisation for Sonaecom SGPS, S.A. or companies which are directly or indirectly controlled (as defined in Article 486 of Portuguese Company Law) to purchase and hold shares issued by Sonaecom, within the limits permitted by law and exclusively for delivery to executive members of the Board of Directors and employees, under the terms of the Sonaecom Medium Term Incentive Plan.

The complete list of proposals is available in the Investor Relations section of our website (www.sonae.com).

10. Consolidated Financial Statements

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT BY NATURE

FOR THE QUARTERS ENDED AT 31 MARCH 2008 AND 2007 AND THE YEAR ENDED AT 31 DECEMBER 2007

(Amounts expressed in Euro)

	Notes	March 2008	March 2007	December 2007
Sales		20,622,514	15,724,760	79,052,510
Services rendered		217,072,204	183,219,065	813,641,181
Other operating revenues		1,529,894	1,329,424	6,421,176
		239,224,612	200,273,249	899,114,867
Cost of sales		(25,790,971)	(22,253,402)	(108,621,905)
External supplies and services	20	(145,632,952)	(113,908,940)	(507,530,381)
Staff expenses		(26,071,899)	(23,423,800)	(95,000,392)
Depreciation and amortisation	1. d), 1. e), 6 and 7	(37,270,824)	(36,630,606)	(139,982,820)
Provisions and impairment losses	1.p), 1.w) and 18	(4,097,488)	(3,605,463)	(12,176,960)
Other operating costs	1.x)	(3,563,578)	(3,095,966)	(13,791,210)
		(242,427,712)	(202,918,177)	(877,103,668)
Gains and losses on associated companies	21	9,456	(87,573)	224,427
Gains and losses on investments available for sale	21	-	-	5,578,307
Other financial expenses	1.n), 1.o), 1.w), 1.x) and 21	(4,940,353)	(13,250,670)	(39,460,766)
Other financial income	1.o), 1.w) and 21	776,601	9,202,055	12,176,948
Current income/(loss)		**(7,357,396)**	**(6,781,116)**	**530,115**
Income taxation	1.q), 11 and 22	1,885,222	835,092	36,635,013
Consolidated net income/(loss)		**(5,472,174)**	**(5,946,024)**	**37,165,128**
Attributed to:				
Shareholders of parent company	26	**(5,526,045)**	**(6,004,250)**	**36,777,870**
Minority interests		53,871	58,226	387,258
Earnings per share				
Including discontinued operations				
Basic		(0.02)	(0.02)	0.10
Diluted		(0.02)	(0.02)	0.10
Excluding discontinued operations				
Basic		(0.02)	(0.02)	0.10
Diluted		(0.02)	(0.02)	0.10

The notes are an integral part of the consolidated financial statements at 31 March 2008 and 2007.

The Chief Accountant **The Board of Directors**

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES

CONSOLIDATED MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE QUARTERS ENDED AT 31 MARCH 2008 AND 2007

(Amounts expressed in Euro)

2008

			Reserves										
	Share capital	Own Shares (Note 20)	Legal reserves	Share premium	Other reserves	Reserves Medium Term Incentive Plans	Hedging Reserve	Reserves of Own shares	Fair value reserves (Note 10)	Total reserves	Minority Interests	Net income/(loss)	Total
Balance at 31 December 2007	366,246,868	(8,938,165)	1,002,287	775,290,377	(248,360,691)	3,186,678	412,910	8,938,165	-	540,469,726	-	36,777,870	934,556,299
Appropriation of the consolidated result of 2007	-	-		-	36,777,870	-	-	-	-	36,777,870	-	(36,777,870)	-
Consolidated net income/(loss) for the quarter ended 31 March 2008	-	-	-	-	-	-	-	-	-	-	-	(5,526,045)	(5,526,045)
Delivery of own shares under Medium Term Incentive Plans	-	4,275,838	-	-	2,073,731	-	-	(4,275,838)	-	(2,202,107)	-	-	2,073,731
Fair value reserves	-	-	-	-	-	-	(171,764)	-		(171,764)	-	-	(171,764)
Medium Term Incentive Plans recognition	-	-	-	-	-	862,123	-	-	-	862,123	-	-	862,123
Adjustments in foreign currency translation reserves and others	-	-	-	-	(198,619)	-	-	-	-	(198,619)	-	-	(198,619)
Balance at 31 March 2008	366,246,868	(4,662,327)	1,002,287	775,290,377	(209,707,709)	4,048,801	241,146	4,662,327	-	575,537,229	-	(5,526,045)	931,595,725
Minority interests													
Balance at 31 December 2007	-	-	-	-	-	-	-	-	-	-	865,131	-	865,131
Minority interests on results	-	-	-	-	-	-	-	-	-	-	53,871	-	53,871
Other changes	-	-	-	-	-	-	-	-	-	-	1,445	-	1,445
Balance at 31 March 2008	-	-	-	-	-	-	-	-	-	-	920,447	-	920,447
Total	366,246,868	(4,662,327)	1,002,287	775,290,377	(209,707,709)	4,048,801	241,146	4,662,327	-	575,537,229	920,447	(5,526,045)	932,516,172

2007

			Reserves										
	Share capital	Own Shares (Note 20)	Legal reserves	Share premium	Other reserves	Reserves Medium Term Incentive Plans	Hedging Reserve	Reserves of Own shares	Fair value reserves (Note 10)	Total reserves	Minority Interests	Net income/(loss)	Total
Balance at 31 December 2006	366,246,868	-	559,078	775,290,377	(225,277,495)	952,390	-	-	5,121,876	556,646,226	-	(13,883,168)	909,009,926
			-	-	-	-	-	-	-				
Appropriation of the consolidated result of 2006	-	-	443,209	-	(14,326,377)	-	-	-	-	(13,883,168)	-	13,883,168	-
Consolidated net income/(loss) for the quarter ended 31 March 2007	-	-	-	-	-	-	-	-	-	-	-	(6,004,250)	(6,004,250)
Acquisition of own shares	-	(8,938,165)	-	-	(8,938,165)	-	-	8,938,165	-	-	-	-	(8,938,165)
Fair value reserves	-	-	-	-	-	-	-	-	(5,121,876)	(5,121,876)	-	-	(5,121,876)
Medium Term Incentive Plans recognition	-	-	-	-	-	442,770	-	-	-	442,770	-	-	442,770
Adjustments in foreign currency translation reserves and others	-	-	-	-	(95,951)	-	-	-	-	(95,951)	-	-	(95,951)
Balance at 31 March 2007	366,246,868	(8,938,165)	1,002,287	775,290,377	(248,637,988)	1,395,160	-	8,938,165	-	537,988,001	-	(6,004,250)	889,292,454
Minority interests													
Balance at 31 December 2006	-	-	-	-	-	-	-	-	-	-	471,382	-	471,382
Minority interests on results	-	-	-	-	-	-	-	-	-	-	58,226	-	58,226
Other changes	-	-	-	-	-	-	-	-	-	-	38,376	-	38,376
Balance at 31 March 2007	-	-	-	-	-	-	-	-	-	-	567,984	-	567,984
Total	366,246,868	(8,938,165)	1,002,287	775,290,377	(248,637,988)	1,395,160	-	8,938,165	-	537,988,001	567,984	(6,004,250)	889,860,438

The notes are an integral part of the consolidated financial statements at 31 March 2008 and 2007.

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT

FOR THE QUARTERS ENDED AT 31 MARCH 2008 AND 2007

(Amounts expressed in Euro)

	March 2008		March 2007	
Operating activities				
Receipts from trade debtors	235,370,410		200,870,089	
Payments to trade creditors	(181,940,681)		(151,001,973)	
Payments to employees	(31,606,431)		(36,231,079)	
Cash flows from operating activities	**21,823,298**		**13,637,037**	
Payments/receipts relating to income taxes, net	(918,653)		(1,315,150)	
Other payments/receipts relating to operating activities, net	1,965,990		5,846,855	
Cash flows from operating activities (1)	**22,870,635**	**22,870,635**	**18,168,742**	**18,168,742**
Investing activities				
Receipts from:				
Investments	-		108,461,473	
Tangible assets	129,349		396,812	
Intangible assets	3,361		2,922	
Interest and similar income	783,160	915,870	5,809,215	114,670,422
Payments for:				
Investments	(765,050)		-	
Tangible assets	(46,633,532)		(38,546,361)	
Intangible assets	(5,388,410)	(52,786,992)	(3,430,377)	(41,976,738)
Cash flows from investing activities (2)		**(51,871,122)**		**72,693,684**
Financing activities				
Receipts from:				
Loans obtained	115,384	115,384	-	-
Payments for:				
Leasing	(400,055)		(360,728)	
Interest and similar expenses	(4,040,797)		(18,752,830)	
Own shares	-		(8,938,165)	
Loans obtained	(44,500,000)	(48,940,852)	-	(28,051,723)
Cash flows from financing activities (3)		**(48,825,468)**		**(28,051,723)**
Net cash Flows (4)=(1)+(2)+(3)		**(77,825,955)**		**62,810,703**
Effect of the foreign exchanges		(29,135)		63,942
Cash and cash equivalents at the beginning of the period		**(83,227,155)**		**(125,842,737)**
Cash and cash equivalents at end of the period		**5,372,065**		**188,717,382**

The notes are an integral part of the consolidated financial statements at 31 March 2008 and 2007.

Chief Accountant **The Board of Directors**

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE QUARTERS ENDED AT 31 MARCH 2008 AND 2007

(Amounts expressed in Euro)

	March 2008	March 2007
1 - Acquisition or sale of subsidiaries or other businesses		
a) **Amounts paid from acquisitions of previous years**		
Tecnológica Telecomunicações, Ltda.	765,050	-
b) **Amount of other assets and liabilities sold**		
Shares of Portugal Telecom, S.G.P.S., S.A.	-	108,461,473
	765,050	108,461,473
2 - Details of cash and cash equivalents		
Cash in hand	346,367	845,346
Cash at bank	4,732,624	7,969,162
Treasury applications	451,906	180,675,537
Overdrafts	(158,832)	(772,663)
Cash and cash equivalents	5,372,065	188,717,382
Overdrafts	158,832	772,663
Cash assets	5,530,897	189,490,045
3 - Description of non monetary financing activities		
a) Bank credit granted and not used	149,411,397	225,441,176
b) Purchase of company through the issue of shares	Not applicable	Not applicable
c) Conversion of loans into shares	Not applicable	Not applicable

4 - Cash flow by segments

Activity	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Net cash flows
Telecommunication	35,478,443	(50,942,705)	(1,267,970)	(16,732,233)
Multimedia	(436,882)	(114,323)	(2,255)	(553,461)
Information Systems	(7,956,778)	(863,598)	63,717	(8,756,658)
Others	(4,214,148)	49,504	(47,618,960)	(51,783,603)
	22,870,635	(51,871,122)	(48,825,468)	(77,825,955)

The notes are an integral part of the consolidated financial statements at 31 March 2008 and 2007.

The Chief Accountant **The Board of Directors**

Notes to the consolidated financial statements at 31 March 2008 and 2007

(Amounts expressed in Euro)

SONAECOM, S.G.P.S., S.A. (hereinafter referred to as “the Company” or “Sonaecom”) was established on 6 June 1988, under the name Sonae – Tecnologias de Informação, S.A. and has its head office at Lugar de Espido, Via Norte, Maia – Portugal. It is the parent company of the group of companies listed in Notes 2, 3 and 4 (“the Group”).

Pargeste, S.G.P.S., S.A.’s subsidiaries in the communications and information technology area were transferred to the Company through a demerger-merger process, executed by public deed dated 30 September 1997.

On 3 November 1999 the Company’s share capital was increased, its articles of association were modified and its name was changed to Sonae.com, S.G.P.S., S.A.. Since then the Company’s corporate object has been the management of investments in other companies. Also on 3 November 1999, the Company’s share capital was re-denominated to Euro, being represented by one hundred and fifty million shares with a nominal value of 1 Euro each.

On 1 June 2000, the Company carried out a Combined Share Offer, involving the following:

- A Retail Share Offer of 5,430,000 shares, representing 3.62% of the share capital, made in the domestic market and aimed at: (i) employees of the Sonae Group; (ii) customers of the companies controlled by Sonaecom; and (iii) the general public.

- An Institutional Offering for sale of 26,048,261 shares, representing 17.37% of the share capital, aimed at domestic and foreign institutional investors.

In addition to the Combined Share Offer, the Company’s share capital was increased under the terms explained below. The new shares were fully subscribed for and paid up by Sonae, S.G.P.S., S.A. (a shareholder of Sonaecom, hereinafter referred to as “Sonae”). The capital increase was subscribed for and paid up on the date the price of the Combined Share Offer was determined, and paid up in cash, 31,000,000 new ordinary shares of 1 Euro each being issued. The subscription price for the new shares was the same as that fixed for the sale of shares in the aforementioned Combined Share Offer, which was Euro 10.

In addition, Sonae sold 4,721,739 Sonaecom shares under an option granted to the banks leading the Institutional Offer for Sale and 1,507,865 shares to Sonae Group managers and to the former owners of the companies acquired by Sonaecom.

By decision of the Shareholders’ General Meeting held on 17 June 2002, Sonaecom’s share capital was increased from Euro 181,000,000 to Euro 226,250,000 by public subscription reserved for the existing shareholders, 45,250,000 new shares of 1 Euro each having been fully subscribed for and paid up at the price of Euro 2.25 per share.

On 30 April 2003, the company’s name was changed by public deed to SONAECOM, S.G.P.S., S.A..

By decision of the Shareholders’ General Meeting held on 12 September 2005, Sonaecom’s share capital was increased in Euro 70,276,868, from Euro 226,250,000 to Euro 296,526,868, by the issuance of 70,276,868 new shares of 1 Euro each and with a share premium of Euro 242,455,195, fully subscribed by France Telecom. The corresponding public deed was executed on 15 November 2005.

By decision of the Shareholders General Meeting held on 18 September 2006, Sonaecom's share capital was increased in Euro 69,720,000, from Euro 296,526,868 to Euro 366,246,868, by the issuance of 69,720,000 new shares of 1 Euro each and with a share premium of Euro 275,657,217, subscribed by 093X – Telecomunicações Celulares, S.A. (EDP) and Parpública – Participações Públicas, SGPS, S.A.(Parpública). The corresponding public deed was executed on 18 October 2006.

By decision of the Shareholders General Meeting held on 16 April 2008, book-entry bearer shares were converted into book-entry registered shares.

The Group's business consists essentially of:

-Mobile telecommunications operations;
-Fixed telecommunications operations and Internet;
-Multimedia;
-Information systems consultancy.

The Group operates in Portugal and has some subsidiaries (from the information systems consultancy segment) operating in Brasil, United Kingdom, Irland, Poland, Australia and United States of America.

Since 1 January 2001 all Group companies based in the Euro zone have adopted the Euro as their base currency for processing, systems and accounting.

The consolidated financial statements are also presented in Euro, rounded at unit, and the transactions in foreign currencies are included in accordance with the accounting policies detailed below.

1. Basis of presentation

The accompanying financial statements relate to the consolidated financial statements of the Sonaecom Group and have been prepared on a going concern basis, based on the accounting records of the companies included in the consolidation (Notes 2, 3 and 4) in accordance with International Financial Reporting Standards ("IAS/IFRS") as adopted by the European Union ("EU"). These financial statements were prepared based on the acquisition cost, except for the revaluation of financial instruments.

For Sonaecom, there are no differences between IFRS as adopted by European Union and IFRS published by the *International Accounting Standards Board*.

Sonaecom adopted "IAS/IFRS" for the first time according to SIC 8 (First time adoption of IAS) on 1 January 2003.

During the first quarter 2008, there were no changes in accounting policies in comparison with the accounting policies used in the consolidated financial statements at 31 December 2007.

On 29 March 2007, with mandatory effect as from 1 January 2009, but with earlier adoption allowed, the IASB issued a revised IAS 23 – "Borrowing Costs", which in relation to its previous version, eliminated the possibility of immediate recognition in the profit and loss statement of borrowing costs relating to assets that require a substantial period of time to be ready for use or sale. Sonaecom had already adopted the procedure of capitalizing such costs as part of the cost of the related assets and, consequently, the revision of this standard did not have any impact on the groups consolidated financial statements.

Additionally, the following standards and interpretations were issued, but their application was not mandatory or the endorsement by the European Union has not occurred yet:

- Amendment IFRS 2 – “Share –based Payment” – (mandatory 1 January 2009);
- Review of IFRS 3 – “Business concentration” – (mandatory at 1 July2009);
- IFRS 8 – “Operating Segments” – (mandatory 1 January2009);
- Review and Amendment IAS 1 – “Presentation of Financial Statements” – (mandatory 1 January 2009);
- Review of IAS 23 – “Borrowing Costs” – (mandatory 1 January 2009);
- Amendment IAS 27 – “Consolidated and Separate Financial Statements” – (mandatory 1 July 2009);
- Amendment IAS 31 – “Interests in Joint Ventures” – (mandatory 1 July 2009);
- Amendment IAS 32 – “Financial Instruments: Presentation” – (mandatory 1 January 2009);
- IFRIC 12 – “Service Concession Arrangements” – (mandatory 1 January 2008);
- IFRIC 13 – “Customer Loyalty Programmes” – (mandatory 1 July 2008);
- IFRIC 14 – “IAS 19 – “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” ” – (mandatory 1 January 2008).

At 31 March 2008, the Group has already adopted IFRIC 13, the other standards and interpretations not having a significant effect on the Group’s consolidated financial statements.

Main accounting policies

The main accounting policies used in the preparation of the accompanying consolidated financial statements are as follows:

a) Investments in Group companies

Investments in companies in which the Group has direct or indirect voting rights at Shareholders’ General Meetings, in excess of 50%, or in which it has control over the financial and operating policies (definition of control used by the Group) were fully consolidated in the accompanying consolidated financial statements. Third party participations in the shareholders’ equity and net results of those companies are recorded separately in the consolidated balance sheet and in the consolidated profit and loss statement, respectively, under the caption ‘Minority interests’.

When losses attributable to minority shareholders exceed minority interests in shareholders’ funds of the subsidiaries, the Group absorbs the excess together with any additional losses, except when the minority shareholders have the obligation and are able to cover those losses. If subsidiaries subsequently report profits, the Group appropriates all the profits until the amount of the minority interests in the losses absorbed by the Group is recovered.

In the acquisition of subsidiaries, the purchase method is applied. The results of subsidiaries bought or sold during the year are included in the profit and loss statement as from the date of acquisition (or of control acquisition) or up to the date of sale (or of control cession). Intra Group transactions, balances and dividends are eliminated.

The expenses incurred with the acquisition of investments in Group companies are considered as part of the acquisition cost.

The fully consolidated companies are listed in Note 2.

b) Investments in associated companies

Investments in associated companies (generally investments representing between 20% and 50% of a company’s share capital) are recorded using the equity method.

In accordance with the equity method, investments are adjusted annually by the amount corresponding to the Group’s share of the net results of associated companies, against the corresponding entry to gain or loss for the year, and by the amount of dividends received, as well as by other changes in the equity of the associated companies, which are recorded by a corresponding entry to the caption ‘Other reserves’. An assessment of the investments in associated companies is performed annually, with the aim of detecting possible impairment situations.

When the Group’s share of accumulated losses of an associated company exceeds the book value of the investment, the investment is recorded at nil value, except when the Group has assumed commitments to the associated company, in which case a provision is recorded under the caption ‘Provisions for other liabilities and charges’.

Investments in associated companies are listed in Note 4.

c) Companies jointly controlled

The financial statements of companies jointly controlled have been consolidated in the accompanying financial statements by the proportional method, since their acquisition date. According to this method, assets, liabilities, income and costs of these companies have been included into the accompanying consolidated financial statements, in the proportion attributable to the Group.

The excess of cost in relation to the fair value of identifiable assets and liabilities of the jointly controlled companies at the time of their acquisition is recorded as Goodwill (Note 9). If the difference between cost and the fair value of the net assets and liabilities acquired is negative, it is recognised as income for the period, after reconfirmation of the fair value of the identifiable assets and liabilities.

The transactions, balances and dividends distributed among Group companies and jointly controlled companies are eliminated in the proportion attributable to the Group.

The classification of financial investments as jointly controlled is determined, among other things, on the Shareholders’ Agreements that govern the jointly controlled companies.

A detail of the companies jointly controlled is disclosed in Note 3.

d) Tangible assets

Tangible assets are recorded at their acquisition cost less accumulated depreciation and less estimated accumulated impairment losses.

Depreciation is provided on a straight-line monthly basis as from the date the assets are available for use in the necessary conditions to operate as intended by the management, by a corresponding charge to the profit and loss statement caption ‘Depreciation and amortisation’.

Impairment losses detected in the realization value of tangible assets are recorded in the year in which they arise, by a corresponding charge to the caption ‘Depreciation and amortisation’ of the profit and loss statement.

The annual depreciation rates used correspond to the estimated useful life of the assets, which are as follows:

	Years of useful life
Buildings	50
Other constructions	10 - 20
Network	10 - 20
Other plant and machinery	8
Vehicles	4
Fixtures and fittings	3 - 10
Tools	5 - 8
Other tangible assets	4 - 8

Current maintenance and repair costs of fixed assets are recorded as costs in the year in which they occur. Improvements of significant amount, which increase the estimated useful life of the assets, are capitalised and depreciated in accordance with the remaining estimated useful life of the corresponding assets.

The estimated costs related with the mandatory dismantling and removal of tangible assets, incurred by the Group, are capitalised and amortised in accordance with the estimated useful life of the corresponding assets.

Work in progress corresponds to fixed assets still in the construction/development stage which are recorded at their acquisition cost. These assets are depreciated as from the moment they are in condition to be used and when they are ready to operate as intended by the management. Good conditions in terms of network coverage and/or necessary quality and technical reliability to ensure minimum services are examples of conditions evaluated by the management.

During the second half of 2007, based on independent specialised entity reports, the Group reassessed, on a prospective basis, the useful life of certain assets recorded under 'Tangible assets', (Note 6).

e) Intangible assets

'Intangible assets' are recorded at their acquisition cost less accumulated amortisation and less estimated accumulated impairment losses. Intangible assets are only recognised if it is likely that they will bring future economic benefits to the Group, if the Group controls them and if their cost can be reasonably measured.

Intangible assets correspond, essentially, to software (excluding the one included in tangible assets – telecommunication sites' software), industrial property, costs incurred with the mobile network operator licenses (GSM and UMTS) and the fixed network operator licenses as well as the costs incurred with the acquisition of customer portfolios (value attributed under the purchase price allocation in business combinations).

Amortisations are calculated on a straight-line monthly basis, over the estimated useful life of the assets (three to six years) as from the month in which the corresponding expenses are incurred. Mobile and fixed network operator licenses are amortised over the period for which they were granted (15 years). The UMTS license is being amortised on a straight-line basis for an 11 year period, which corresponds to the period between the commercial launch date and the maturity date of the license. Additional license costs, namely costs relating to the commitments assumed under the UMTS license, regarding the contributions to the "Information Society", are amortised from the moment they are incurred up to the end of the license. The amortisation of the customer's portfolios is provided on a straight-line basis over the estimated average retention period of the customers.

Internally-generated intangible assets, namely research and development expenditures, are recognised in net income when incurred. Development expenditures can only be recognised initially as an intangible asset if the Group demonstrates the ability to complete the project and is able to put it in use or available for sale.

Amortisation for the year is recorded in the profit and loss statement the caption 'Depreciation and amortisation'.

f) Brands and patents

Brands and patents are recorded at their acquisition cost and are amortised on a straight-line basis over their respective estimated useful life. When the estimated useful life is undefined, they are not depreciated, but subject to annual impairment tests.

g) Goodwill

Differences between the cost of investments in subsidiaries and associated companies and the amount attributed to the fair value of their identifiable assets and liabilities at the time of their acquisition, when positive, are recorded under the caption 'Goodwill', and, when negative, after a reapreciation of its calculation, are recorded directly in the profit and loss statement. Until 1 January 2004, ‘Goodwill’ was amortised over the estimated period of recovery of the investments, usually ten years, and the annual amortisation was recorded in the profit and loss statement under the caption ‘Depreciation and amortisation’. Since 1 January 2004 and in accordance with the IFRS 3 – “Business Combinations”, the Group has ceased the amortisation of the ‘Goodwill’. Impairment losses of goodwill are recorded in the profit and loss statement for the year under the caption ‘Depreciation and amortisation’**.**

In subsequent acquisitions of financial investments already held by the Group, an amount of Goodwill is registered equal to the difference between the acquisition cost of such financial investment and the proportional amount of the shareholders funds of the acquired company.

h) Investments

The Group classifies its investments in the following categories: ‘financial assets at fair value through profit or loss’, ‘loans and receivables’, ‘held-to-maturity investment’, and ‘available-for-sale financial assets’. The classification depends on the purpose for which the investments were acquired.

The classification of the investments is determined at initial recognition and re-evaluated every quarter.

a) ‘Financial assets at fair value through profit or loss’
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term or if the adoption of this method allows reducing or eliminating an accounting mismatch. Derivatives are also registered as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to mature within twelve months of the balance sheet date.

b) ‘Loans and receivables’
Loans and receivables are non-derivative financial assets with fixed or variable payments that are not quoted in an active market. These financial investments arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are carried at amortised cost using the effective interest method, deducted from any impairment losses.

Loans and receivables are recorded as current assets, except when its maturity is greater than twelve months from the balance sheet date, situation in which they are classified as non-current assets. Loans and receivables are included in the caption ‘trade debtors’ and ‘other current debtors’ in the balance sheet.

c) ‘Held-to-maturity investments’
Held-to-maturity investments are non-derivative financial assets with fixed or variable payments and with fixed maturities that the Group’s management has the positive intention and ability to hold until their maturity.

d) ‘Available-for-sale financial assets’
Available-for-sale financial assets are non-derivatives investments that are either designated in this category or not classified in any of the other above referred categories. They are included in non-current assets unless management intends to dispose them within twelve months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. The ‘Financial assets at fair value through profit or loss’ are initially recognised at fair value and the transaction costs are recorded in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred substantially all the risks and rewards of its ownership.

‘Available-for-sale financial assets’ and ‘Financial assets at fair value through profit or loss’ are subsequently carried at fair value.

‘Loans and receivables’ and ‘Held-to-maturity investments’ are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets classified at fair value through profit or loss are recognised in the income statement. Realised and unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

The fair value of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer’s specific circumstances. The fair value of listed investments is determined based on the closing Euronext share price at the balance sheet date.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In case of equity securities classified as available for sale, a significant or prolonged decline (decline above 25% for two consecutive quarters) in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

i) Financial and operational leases

Lease contracts are classified as financial leases, if, in substance, all risks and rewards associated with the detention of the leased asset are transferred by the lease contract or as operational leases, if, in substance, there is no transfer of risks and rewards associated with the detention of the leased assets.

The lease contracts are classified as financial or operational in accordance with the substance and not with the form of the respective contracts.
Fixed assets acquired under finance lease contracts and the related liabilities are recorded in accordance with the financial method. Under this method the tangible assets, the corresponding accumulated depreciation and the related liabilities are recorded in accordance with the contractual financial plan at fair value or, if less, at the present value of payments. In addition, interest included in lease payments and depreciation of the tangible assets are recognised as expenses in the profit and loss statement for the year to which they relate.

Assets under long term rental contracts are recorded in accordance with the operational lease method. In accordance with this method, the rents paid are recognised as an expense, over the rental period.

j) Inventories

Inventories are stated at their acquisition cost, net of any impairment losses, which reflects its estimated net realisable value.

Accumulated inventory impairment losses reflect the difference between the acquisition cost and the realisable amount of inventories, as well as the estimated impairment losses due to low turnover, obsolescence and deterioration (Note 18).

k) Trade and other current debtors

Trade and other current debtors are recorded at their net realisable value and do not include interests, because the discount effect is not significant.

These financial investments arise when the Group provides money, supplies goods or provides services directly to a debtor with no intention of trading the receivable.

The amount of this caption is presented net of any impairment losses. Future reversals of impairment losses are recorded in the profit and loss statement under the caption 'Other operating revenues'.

l) Cash and cash equivalents

Amounts included under the caption 'Cash and cash equivalents' correspond to amounts held in cash and term bank deposits and other treasury applications where the risk of any change in value is insignificant.

The consolidated cash flow statement has been prepared in accordance with IAS 7, using the direct method. The Group classifies in the caption 'Cash and cash equivalents', investments that mature in less than three months, for which the risk of change in value is insignificant. The caption 'Cash and cash equivalents' in the cash flow statement also includes bank overdrafts, which are reflected in the balance sheet caption 'Short-term loans and other loans'.

The cash flow statement is classified by operating, financing and investing activities. Operating activities include collections from customers, payments to suppliers, payments to personnel and other captions relating to operating activities. Cash flows from investing activities include the acquisition and sale of investments in associated and subsidiaries companies and receipts and payments resulting from the purchase and sale of fixed assets. Cash flows from financing activities include payments and receipts relating to loans obtained and finance lease contracts.

All amounts included under this caption are likely to be realised in the short term and there are no amounts given or pledged as guarantee.

m) Loans

Loans are recorded as liabilities by the "amortised cost". Any expenses incurred in setting up loans are recorded as a deduction to the nominal debt and recognised during the period of the financing, based on the effective interest rate method. The interests incurred but not yet due are added to the loans caption until their payment.

n) Financial expenses relating to loans obtained

Financial expenses relating to loans obtained are generally recognised as expenses at the time they are incurred. Financial expenses relating to loans obtained directly for the acquisition, construction or production of fixed assets are capitalised as part of the cost of the assets. These expenses are capitalised starting from the time of preparation for the construction or development of the asset. The capitalization is interrupted when the assets are operating or at the end of the production or construction phases or when the associated project is suspended.

o) Derivatives

The Group only uses derivatives in the management of its financial risks to hedge against such risks. The Group does not use derivatives for trading purposes.

The cash flow hedges used by the Group are related to interest rate swap operations to hedge against interest rate risks on loans obtained. The amounts, interest payment dates and repayment dates of the underlying interest rate swaps are similar in all respects to the conditions established for the contracted loans. Changes in the fair value of cash flow hedges are recorded in assets or liabilities, against a corresponding entry under the caption 'Hedging reserves' in shareholders' funds.

In cases where the hedge instrument is not effective, the amounts that arise from the adjustments to fair value are recorded directly in the profit and loss statement.

p) Provisions and contingencies

Provisions are recognised when, and only when, the Group has a present obligation (either legal or implicit) resulting from a past event, the resolution of which is likely to involve the disbursement of funds by an amount that can be reasonably estimated. Provisions are reviewed at the balance sheet date and adjusted to reflect the best estimate at that date.

Provisions for restructurings are only registered if the Group has a detailed plan and if that plan has already been communicated to the parties involved.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes, if the possibility of a cash outflow affecting future economic benefits is not remote.

Contingent assets are not recognised in the consolidated financial statements but are disclosed in the notes when future economic benefits are likely to occur.

q) Income tax

Income tax for the year is determined based on the taxable results of the companies included in the consolidation and takes into consideration deferred taxation.

Current income tax is determined based on the taxable results of the companies included in the consolidation, in accordance with the tax regulations in force in the location of the head office of each Group company.

Deferred taxes are calculated using the liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the respective amounts for tax purposes.

Deferred tax assets are only recognised when there is reasonable expectation that sufficient taxable profits shall arise in the future to allow such deferred tax assets to be used. At the end of each year a review is made of the recorded and unrecorded deferred tax assets and they are reduced whenever their realisation ceases to be probable, or recorded if it is probable that taxable profits will be generated in the future to enable them to be recovered (Note 11).

Deferred taxes are calculated with the tax rate that is expected to be in effect at the time the asset or liability is used.

Whenever deferred taxes derive from assets or liabilities directly registered in Shareholders' funds, its recording is also made in Shareholders' funds caption. In all other situations, deferred taxes are always registered in the profit and loss statement.

r) Government subsidies

Subsidies awarded to finance personnel training are recognised as income during the period in which the Group incurs the associated costs and are included in the profit and loss statement as a deduction to such costs.

Subsidies awarded to finance investments in tangible assets are registered as deferred income and are included in the profit and loss statement during the estimated useful life of the corresponding assets.

s) Accrual basis and revenue recognition

Expenses and income are recorded in the year to which they relate, regardless of their date of payment or receipt. Estimated amounts are used when actual amounts are not known.

The captions of ‘Other non-current assets’, ‘Other current assets’, ‘Other non-current liabilities’ and ‘Other current liabilities’ include expenses and income relating to the current period, where payment and receipt will occur in future periods, as well as payments and receipts in the current period but which relate to future periods. The latter shall be included, by the corresponding amount, in the results of the periods that they relate to.
Revenue from telecommunications services is recognised in the period in which it occurs. Such services are invoiced on a monthly basis. Revenues not yet invoiced, from the last invoicing cycle to the end of the month, are estimated and recorded based on actual traffic. Differences between the estimated and actual amounts, which are usually not material, are recorded in the following period.

Sales revenues are recognised in the consolidated profit and loss statement when the significant risks and rewards associated with the ownership of the assets are transferred to the buyer and the amount of the corresponding revenue can be reasonably quantified. Sales are recognised net of taxes and discounts.

The income related to pre-paid cards is recognised whenever the minutes are used. At the end of each period the minutes still to be used are estimated and the amount of income associated with those minutes is deferred.

Costs relating to customer loyalty programmes, under which points are awarded by the subsidiary Sonaecom – Serviços de Comunicações, S.A., are calculated taking in consideration the probability of the redemption of the points, and are recognised, as a deduction to income, at the time the points are generated, by a corresponding entry in the caption ‘Other current liabilities’.

The revenues and costs of the consultancy projects developed in the area of information systems, are recognized in each period, according to the percentage of completion method.

Non-current financial assets and liabilities are recorded at fair value and, in each period, the financial actualisation of the fair value is recorded in the profit and loss statement under the caption ‘Other financial expenses’ and ‘Other financial income’.

Dividends are recognised when the shareholders rights to receive such amounts are appropriately established and communicated.

t) Balance sheet classification

Assets and liabilities due in more than one year from the date of the balance sheet are classified, respectively, as non-current assets and non-current liabilities.
In addition, considering their nature, the deferred taxes and the provisions for other liabilities and charges, are classified as non current assets and liabilities (Notes 11 and 17).

u) Reserves

Share premiums
The Share premiums relates to premiums generated in the issuance of capital or in capital increases. According to Portuguese law, Share Premiums follow the same requirements of ‘Legal reserves’, i.e., they are not distributable, except in case of liquidation, but they can be used to absorb losses, after all the other reserves are exhausted or to increase share capital.

Legal Reserve
Portuguese commercial legislation requires that at least 5% of the annual net profit must be appropriated to a legal reserve, until such reserve reaches at least 20% of the share capital. This reserve is not distributable, except in the case of liquidation of the Company, but may be used to absorb losses, after all the other reserves are exhausted, or to increase the share capital.

Reserves - Medium Term Incentive Plans

According to IFRS 2, the responsibility related with the equity settled plans is registered under the heading of Medium Term Incentive Plan Reserves, which are not distributable and which can not be used to absorb losses.

Hedging reserve

Hedging reserve reflects the changes in fair value of “cash flow” hedging derivates that are considered effective (Note 1.o) and it is not distributable nor can it be used to absorb losses.

Own Shares reserve

The own shares reserve reflects the acquisition value of the own shares and follows the same requirements of legal reserves.

Under Portuguese law, the amount of distributable reserves is determined in accordance with the individual financial statements of the Company, presented in accordance with IAS/IFRS. At 31 March 2008, Sonaecom, SGPS, S.A., did not have any reserves which by their nature could be considered as distributable.

v) Own Shares

Own shares are recorded as a deduction of shareholders funds. Gains or losses related to the sale of own shares are recorded under the heading "Other Reserves”.

w) Foreign currency

All assets and liabilities expressed in foreign currency were translated into Euro using the exchange rates in force on the balance sheet date.

Favourable and unfavourable foreign exchange differences resulting from changes in the rates in force at transaction date and those in force at the date of collection, payment or at the balance sheet date are recorded as income and expenses in the consolidated profit and loss statement of the year, in financial results.

Entities operating abroad with organisational, economic and financial autonomy are treated as foreign entities.

Assets and liabilities of the financial statements of foreign entities are translated into Euro using the rates of exchange in force on the balance sheet date, while expenses and income in such financial statements are translated into Euro using the average rate of exchange for the year. The resulting exchange differences are recorded in the shareholders’ funds caption ‘Other reserves’.
Goodwill and adjustments to fair value generated in the acquisitions of foreign entities reporting in a functional currency other than Euro are translated into Euro using the exchange rates prevailing on the balance sheet date.

The following rates were used to translate into Euro the financial statements of foreign subsidiaries:

	2008		2007	
	31.03.2008	Average	31.03.2007	Average
Pounds Sterling	1.25660	1.32128	1.47102	1.49142
Brazilian Real	0.36292	0.38462	0.36898	0.36207
American Dollar	0.63243	0.66840	-	-
Zloti (Poland)	0.28393	0.27959	-	-
Australian Dollar	0.57690	0.60537	-	-

x) Assets impairment

Impairment tests are performed at the date of each balance sheet and whenever an event or change of circumstances indicates that the recorded amount of an asset may not be recoverable. Whenever the book value of an asset is greater than the amount recoverable, an impairment loss is recognised and recorded in the profit and loss statement under the caption 'Depreciation and amortisation' in the case of fixed assets and goodwill, under the caption 'Other financial expenses' in the case of financial investments or under the caption 'Provisions and impairment losses', in relation to the other assets. The amount recoverable is the greater of the net selling price and the value of use. Net selling price is the amount obtainable upon the sale of an asset in a transaction within the capability of the parties involved, less the costs directly related to the sale. The value of use is the present amount of the estimated future cash flows expected to result from the continued use of the asset and of its sale at the end of its useful life. The recoverable value is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

Evidence of the existence of impairment in accounts receivables appears when:

- the counterparty presents significant financial difficulties;
- there are significant delays in interest payments and in other leading payments from the counterparty;
- it is probable that the debtor goes into liquidation or into a financial restructuring.

For certain categories of financial assets for which it is not possible to determine the impairment for each asset individually, the analysis is made for a group of assets. Evidence of an impairment loss in a portfolio of accounts receivable may include past experience in terms of collections, increasing number of delays in collections, as well as changes in national or local economic conditions that are related with the collections capacity.

For Goodwill and Financial Investments, the recoverable amount is determined based on business plans duly approved by the Group's Board of Directors and supported by reports prepared by independent entities. For accounts receivables, the Group uses historical and statistic information to estimate the amounts in impairment. For inventories, the impairment is calculated based on market evidence and several indicators of stock rotation.

y) Medium Term Incentive Plans

The Accounting Treatment of Medium Term Incentive Plans is based on IFRS 2 – "Share-based Payments".

Under IFRS 2, when the settlement of plans established by the Group involves the delivery of Sonaecom's own shares, the estimated responsibility is recorded, as a credit entry, under the caption 'Reserves – Medium Term Incentive Plans', within the heading 'Shareholders' funds' and is charged as an expense under the caption 'Staff expenses' in the profit and loss statement.

The quantification of this responsibility is based on fair value and is recognised over the vesting period of each plan (from the award date of the plan until its vesting or settlement date). The total responsibility, at any point of time, is calculated based on the proportion of the vesting period that has "elapsed" up to the respective accounting date.

When the responsibilities associated with any plan are covered by a hedging contract, i.e., when those responsibilities are replaced by a fixed amount payable to a third party and when Sonaecom is no longer the party that will deliver the Sonaecom shares, at the settlement date of each plan, the above accounting treatment is subject to the following changes:

a) The total gross fixed amount payable to third parties is recorded in the balance sheet as either 'Other non current liabilities' or 'Other current liabilities';
b) The part of this responsibility that has not yet been recognised in the profit and loss statement (the "unelapsed" proportion of the cost of each plan) is deferred and is recorded, in the balance sheet as either 'Other non current assets' or 'Other current assets';
c) The net effect of the entries in (a) and (b) above eliminate the original entry to 'Shareholders' funds';

d) In the profit and loss statement, the "elapsed" proportion continues to be charged as an expense under the caption 'Staff expenses'.

Equity-settled plans to be liquidated through the delivery of shares of the parent company are recorded as if they were settled in cash, which means that the estimated liability is recorded in the balance sheet captions 'Other non current liabilities' and 'Other current liabilities' by a corresponding entry to the income statement caption 'Staff expenses', for the cost relating to the deferred period elapsed. The liability is quantified based on the fair value of the shares as of each balance sheet date.

When the liability is covered by a hedging contract, it is recognised in the same way as described above, but with the liability being quantified based on the amount fixed in the contract.

At 31 March 2008, only one of Sonaecom's share plans was covered by detention of own shares. The other two plans were not covered. Therefore, the impacts of the share plans of the Medium Term Incentive Plans are registered, in the balance sheet, in the caption 'Reserve - Medium Term Incentive Plans'. The cost is recognised in the income statement caption 'Staff expenses'.

In relation to the two plans which shall be liquidated through the delivery of shares of the parent company, the Group signed contracts with an external entity, under which the price for the acquisition of those shares was fixed. The responsibility associated to those plans is recorded based on that fixed price, proportionally to the period of time elapsed since the award date until the accounting date. For the non-covered plan, the responsibility has been recorded based on its fair value at the balance sheet date, in proportion to the period of time elapsed from the date the benefit is attributed to the date it is recorded.

z) Subsequent events

Events occurring after the date of the balance sheet which provide additional information about conditions prevailing at the time of the balance sheet (adjusting events) are reflected in the consolidated financial statements. Events occurring after the balance sheet date that provide information on post-balance sheet conditions (non adjusting events), when material, are disclosed in the notes to the consolidated financial statements.

aa) Judgements and estimates

The most significant accounting estimates reflected in the consolidated financial statements as at 31 March 2008 and 2007, are as follows:

a) Useful lives of tangible and intangible assets;
b) Impairment analysis of goodwill and of other tangible and intangible assets;
c) Recognition of impairment losses on assets and provisions;
d) Assessment of the responsibilities associated with the customers' loyalty programs.

Estimates used are based on the best information available during the preparation of the consolidated financial statements and are based on the best knowledge of past and present events. Although future events, are not controlled by the Group neither foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by the management that occur after the approval date of these consolidated financial statements, will be recognised in net income, in accordance with IAS 8, using a prospective methodology.

The main estimates and assumptions in relation to future events included in the preparation of these consolidated financial statements are disclosed in the correspondent notes.

ab) Financial risk management

The Group's activities expose it to a variety of financial risks such as market risk, liquidity risk and credit risk.

Those risks arise from the unpredictability of financial markets that affect the capacity of project cash flows and profits. The Group financial risk management, subject to a perspective of long term ongoing, seeks to minimize potential adverse effects that derive from that uncertainty, using, every time that is possible and advisable, derivative financial instruments to hedge certain risks exposure (Note 1. o)).

Market risk

a. Foreign exchange risk

The Group operates internationally, having subsidiaries that operate in Brazil, United Kingdom, Ireland, Poland, United States of America and Australia and so it is exposed to foreign exchange rate risk.

Foreign exchange risk management seeks to minimize the volatility of investments and transactions made in foreign currency and contributes to reduce the sensitivity of Group results to changes in foreign exchange rates.

Whenever possible, the Group uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such procedure is not possible, the Group adopts derivatives financial hedging instruments.

The Group's exposure to the foreign exchange rate risk, results essentially from the fact that some of its subsidiaries report in a currency different from Euro, being the risk of operational activity immaterial.

b. Interest rate risk

Sonaecom's total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility in the Group results or in its shareholders´ funds is mitigated by the effect of the following factors (i) relatively low level of financial leverage; (ii) possibility to use derivative instruments that hedge the interest rate risk, as mentioned below; (iii) possible correlation between the level of market interest rates and economic growth having this one a positive effect in other lines of the Group's results (particularly in operational), and in this way partially offsetting the increase of the financial costs ("natural hedge"); and (iv) the existence of stand alone or consolidated liquidity which is also bearing interest at variable rate.

The Group only uses derivatives or similar transactions to hedge those interest rate risks considered as significant. Three main principles are respected in all instruments selected and used to hedge interest rate risk:

- For each derivative or instrument used to hedge a specific loan, the interest payment dates on the loans subject to the hedging must equalize with the settlement dates under the hedging instrument;
- Perfect match between the base rates: the base rate used in the derivative or hedging instrument should be the same as that of the facility / transaction which is being hedged;
- As from the start of the transaction, the maximum cost of the debt, resulting from the hedging operation is known and limited, even in scenarios of extreme changes in market interest rates, so that the resulting rates are within the cost of the funds considered in the Group's business plan.

As all Sonaecom's borrowings (Note 16) are at variable rates, interest rate swaps and other derivatives are used to hedge future changes in cash flow relating to interest payments. Interest rate swaps have the financial effect of converting the respective borrowings from floating rates to fixed rates. Under the interest rate swaps, the Company agrees with third parties (banks) to exchange, in pre-determined periods, the difference between the amount of interest calculated at the fixed contract rate and the floating rate at the time of re-fixing, by reference to the respective agreed notional amounts.

The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, being the Group's policy, when contracting such instruments, to give preference to financial institutions that form part of its financing transactions. In order to select the counterparty for occasional operations, Sonaecom requests proposals and indicative prices from a representative number of banks in order to ensure adequate competitiveness of these operations.

In determining the fair value of hedging operations, the Group uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates prevailing at the balance sheet date. Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the valuation.

The fair value of the derivatives contracted, that are considered as fair value hedges or the ones that are considered not sufficiently effective for cash flow hedge (in accordance with the provisions established in IAS 39), is recognised under borrowings captions and changes in the fair value of such derivatives are recognised directly in the profit and loss statement for the year. The fair value of derivatives of cash flow hedge, that are considered effective according to IAS 39, is recognised under borrowing captions and changes in the fair value are recognised in equity.

Sonaecom Board of Directors approves the terms and conditions of the financing with significant impact in the Group, based on the analysis of the debt structure, the risks and the different options in the market, particularly as to the type of interest rate (fixed /variable). Under the policy defined above, the Executive Committee is responsible for the decision on the occasional interest rate hedging contracts, through the monitoring of the conditions and alternatives existing in the market.

c. Liquidity risk

The existence of liquidity in the Group requires the definition of some policies for an efficient and secure management of the liquidity, allowing to maximize the profitability and to minimize the opportunity costs related with that liquidity.

The liquidity risk management has a threefold objective: (i) Liquidity, i.e., to ensure the permanent access in the most efficient way to obtain sufficient funds to settle current payments in the respective dates of maturity as well as any eventual not forecasted requests for funds, in the deadlines set for this; (ii) Safety, i.e, to minimize the probability of default in any reimbursement of application of funds; and (iii) Financial Efficiency, i.e., to ensure that the Group maximizes the value / minimizes the opportunity cost of holding excess liquidity in the short term.

The main underlying policies correspond to the variety of instruments allowed, the maximum acceptable level of risk, the maximum amount of exposure by counterparty and the maximum periods for investments.

The existing liquidity in the Group should be applied to the alternatives and by the order described below:

i. Amortization of short term debt- after comparing the opportunity cost of amortization and the opportunity cost related to alternative investments;
ii. Consolidated management of liquidity - the existing liquidity in Group companies, should mainly be applied in Group companies, to reduced the use of bank debt at a consolidated level;
iii. Applications in the market.

The applications in the market are limited to eligible counterparties, with ratings previously established by the Board and limited to certain maximum amounts by counterparty.

The definition of maximum amounts intends to assure that the application of liquidity in excess is made in a prudent way and taking in consideration the best practices in terms of bank relationships.

The maturity of applications should equalize the forecasted payments (or the applications should be easily convertible, in case of assets investments, to allow urgent and not estimated payments), considering a threshold for eventual deviations on the estimates. The threshold depends on the accuracy level of treasury estimates and would be determined by the business. The accuracy of the estimates is a determinant variable to quantify the amounts and the maturity of the applications in the market.

The maturity analysis for the loans obtained is presented in the Note 16.

d. Credit Risk

The Goup's exposure to credit risk is mainly associated with the accounts receivable related to current operational activities. The credit risk associated to financial operations is mitigated by the fact that the Group only negotiates with entities with high credit quality.

The management of this risk seeks to guarantee that the amounts owing are effectively collected within the periods negotiated without affecting the financial health of the Group. The Group uses credit rating agencies and has specific departments responsible for risk control, collections and management of processes in litigation, which all contribute to the mitigation of credit risk.

The amounts included in the financial statements related to trade debtors and other debtors, net from impairment losses, represent the maximum exposure of the Group to credit risk.

2. Companies included in the consolidation

Group companies included in the consolidation through full consolidation method, their head offices, main activity, shareholders and percentage of share capital held at 31 March 2008 and 2007, are as follows:

			Percentage of share capital held				
				2008		2007	
Company (Commercial Brand)	Head Office	Main activity	Shareholder	Direct	Effective*	Direct	Effective*
Parent company:							
SONAECOM, S.G.P.S., S.A. ("Sonaecom")	Maia	Management of shareholdings.	-	-	-	-	-
Subsidiary:							
Be Artis - Concepção, Construção e Gestão de Redes de Comunicações, S.A. ("Artis") (a) (b)	Maia	Design, construction, management and exploitation of electronic communications networks and their equipment and infrastructure,management of technologic assets and rendering of related services.	Sonaecom	100%	100%	-	-
Be Towering – Exploração de Torres de Telecomunicações, S.A. ("Be Towering") (c)	Maia	Implementation, installation and exploitation of towers and other sites for the instalment of telecommunications equipment.	Sonaecom Serviços de Comunicações	100%	100%	-	-
			Optimus	-	-	100%	100%
Cape AsiaPac PTY Limited ("Cape Asia") (d)	New South Wales	Rendering of consultancy services in the area of information systems.	Cape Technologies	100%	100%	-	-
Cape Poland Sp. Z.o.o. ("Cape Poland") (d)	Posnan	Rendering of consultancy services in the area of information systems.	Cape Technologies	100%	100%	-	-
Cape Technologies Americas, Inc ("Cape America") (d)	Delaware	Rendering of consultancy services in the area of information systems.	Cape Technologies	100%	100%	-	-
Cape Technologies Limited ("Cape Technologies") (d)	Dublin	Rendering of consultancy services in the area of information systems.	We Do	100%	100%	-	-
Cape Technologies (UK) Limited ("Cape UK") (d)	Cardiff	Rendering of consultancy services in the area of information systems.	Cape Technologies	100%	100%	-	-
Digitmarket – Sistemas de Informação, S.A. ("Digitmarket" – usando a marca "Bizdirect")	Maia	Development of management platforms and commercialisation of products, services and information, with the internet as its main support.	Sonae.com Sistemas de Informação	75.10%	75.10%	75.10%	75.10%
Mainroad – Serviços em Tecnologias de Informação, S.A. ("Mainroad")	Maia	Rendering of consultancy services in IT areas.	Sonae.com Sistemas de Informação	100%	100%	100%	100%

* Sonaecom effective participation

(a) Company formerly known as "Optimus Artis - Concepção, Construção e Gestão de Redes de Comunicações, S.A.".

(b) Company established in October 2007.

(c) Company formerly known as "Optimus Towering – Exploração de Torres de Telecomunicações, S.A.".

(d) Companies acquired in October 2007.

Company (Commercial Brand)	Head Office	Main activity	Shareholder	Percentage of share capital held 2008 Direct	2008 Effective*	2007 Direct	2007 Effective*
Miauger – Organização e Gestão de Leilões Electrónicos, S.A. ("Miauger")	Maia	Organisation and management of electronic auctions of products and services on-line.	Sonaecom	100%	100%	100%	100%
M3G – Edições Digitais, S.A. ("M3G")	Lisbon	Digital publishing, electronic publishing and production of Internet contents.	Público	100%	100%	100%	99%
Optimus – Telecomunicações, S.A. ("Optimus")	Maia	Rendering of mobile telecommunications services and the establishment, management and operation of telecommunications networks.	Sonae Telecom	(Merged)		49.06%	49.06%
			Sonaecom			50.94%	50.94%
Per-Mar – Sociedade de Construções, S.A. ("Per-Mar")	Maia	Purchase, sale, renting and operation of property and commercial establishments.	Sonaecom Serviços de Comunicações	100%	100%	-	-
			Optimus	-	-	100%	100%
Praesidium Holdings Limited ("Praesisium Hld") (a)	Berkshire	Management of shareholdings.	We Do	100%	100%	-	-
Praesidium Services Limited ("Praesidium Services") (a)	Berkshire	Rendering of consultancy services in the area of information systems.	Praesidium Hld	100%	100%	-	-
Praesidium Technologies Limited ("Praesidium Technologies") (a)	Berkshire	Rendering of consultancy services in the area of information systems.	Praesidium Hld	100%	100%	-	-
Público – Comunicação Social, S.A. ("Público")	Oporto	Editing, composition and publication of periodical and non-periodical material.	Sonaetelecom BV	100%	100%	99%	99%
Saphety Level – Trusted Services, S.A. (Saphety)	Maia	Rendering services, training, consultancy services in the area of communication, process and electronic certification of data; trade, development and representation of software.	Sonae.com Sistemas de Informação	100%	100%	100%	100%
Sonaecom BV	Amsterdam	Management of shareholdings.	Sonaecom	100%	100%	100%	100%
Sonaecom - Serviços de Comunicações, S.A. ("Novis" e "Optimus")	Maia	Implementation, operation, exploitation and offer of networks and rendering services of electronic comunications and related resources; offer and commercialisation of products and equipments of electronic communications.	Sonaecom	53.54%	53.54%	58.33%	58.33%
			Sonae Telecom	37.94%	37.94%	-	-
			Sonaecom BV	8.52%	8.52%	-	-
			Sonae Matrix	-	-	41.67%	41.67%
Sonae.com - Sistemas de Informação, S.G.P.S., S.A. ("Sonae.com Sistemas de Informação")	Maia	Management of shareholdings in the area of corporate ventures and joint ventures.	Sonaecom	100%	100%	100%	100%
Sonae Matrix Multimédia, S.G.P.S., S.A. ("Sonae Matrix")	Maia	Management of shareholdings in the area of multimedia trade.	Sonaecom	(Liquidated)		100%	100%

* Sonaecom effective participation
(d) Companies acquired in October 2007.

Company (Commercial Brand)	Head Office	Main activity	Shareholder	Percentage of share capital held 2008 Direct	2008 Effective*	2007 Direct	2007 Effective*
Sonae Telecom, S.G.P.S., S.A. ("Sonae Telecom")	Maia	Management of shareholdings in the area of mobile telecommunications.	Sonaecom	100%	100%	100%	100%
Sonaetelecom BV	Amsterdam	Management of shareholdings.	Sonaecom	100%	100%	100%	100%
Tecnológica Telecomunicações, LTDA. ("Tecnológica") (a)	Rio de Janeiro	Rendering of consultancy and technical assistance in the area of IT systems and telecommunications.	We Do Brasil	99.99%	99.90%	-	-
Telemilénio Telecomunicações - Sociedade Unipessoal, Lda. ("Tele2") (b)	Lisbon	Rendering of mobile telecommunications services, including fixed telecommunications and internet service.	Sonaecom	100%	100%	-	-
We Do Consulting – Sistemas de Informação, S.A. ("We Do")	Maia	Rendering of consultancy services in the area of information systems.	Sonae.com Sistemas de Informação	100%	100%	99.08%	99.08%
Wedo do Brasil Soluções Informáticas, Ltda. ("We Do Brasil")	Rio de Janeiro	Commercialisation of software and hardware. Rendering of consultancy and technical assistance related to information technology and data processing.	We Do	99.91%	99.91%	99.91%	98.99%

* Sonaecom effective participation
(a) Company acquired in April 2007.
(b) Company acquired in September 2007.

All the above companies were included in the consolidation in accordance with the full consolidation method under the terms of IAS 27 (majority of voting rights, through the ownership of shares in the companies).

3. Companies jointly controlled

At 31 March 2008, the Group jointly controlles and consolidates through the proportional method the following companies:

Company (Commercial Brand)	Head Office	Main activity	Shareholder	Percentage of share capital held 2008 Direct	2008 Effective*	2007 Direct	2007 Effective*
Vipu Ace ("Sexta") (a)	Lisbon	Optimization of resources for activity of editing of periodic contents for revisions in paper to digital media, video or TV.	Público	50%	50%	-	-

* Sonaecom effective participation
(a) Joint venture established in October 2007

At 31 March 2008, the main contributes from this jointly controlled entity to the consolidated accounts of the Group are as follows (debit/ (credit)):

	2008
Non current assets	13,138
Current assets	75,219
Current liabilities	-304,296
Net results	206,357
Total revenues	-111,941
Total costs	318,298

4. Investments in associated companies

At 31 March 2008 and 2007, this caption included investments in associated companies, which head offices, main activities, shareholders, percentage of share capital held and book value were as follows:

				Percentage of share capital held				Book value	
				2008		2007			
Company (Commercial brand)	Head Office	Main activity	Shareholder	Direct	Effective*	Direct	Effective*	2008	2007
Associated companies:									
Net Mall, S.G.P.S., S.A. ("Net Mall")	Maia	Management of shareholdings.	Sonae.Com Sistemas de Informação	39.51%	39.51%	39.51%	39.51%	(a)	(a)
Sociedade Independente de Radiodifusão Sonora, S.A. ("S.I.R.S." – using the brand name " Rádio Nova")	Oporto	Sound broadcasting. Radio station.	Público	45%	45%	45%	45%	(a)	(a)
Unipress – Centro Gráfico, Lda. ("Unipress")	V.N. Gaia	Trade and industry of graphic design and publishing.	Público	40%	40%	40%	40%	757,069	735,613
Profimetrics – Software Solutions, S.A. (Profimetrics)	Maia	Development of software solutions to optimize the retail sales.	Sonae.com Sistemas de Informação	(Sold)		30%	30%	-	(a)
								757,069	735,613

* Sonaecom effective participation
(a) Investment recorded at a nil book value

At 31 March 2008 and 2007 the movement occurred in the caption investments in associated companies refers to the application of the equity method to Unipress.

The associated companies were included in the consolidated financial statements in accordance with the equity method, as referred in Note 1. b). It was not necessary to make any adjustment between the accounting policies of the associated companies and the Group accounting policies, since there were no significant differences.

At 31 March of 2008, the assets, liabilities, total revenues and net results of associated companies were as follows:

Company	Assets	Liabilities	Total revenues	Net results
Unipress - Centro Gráfico, Lda (1)	9,828,695	7,947,107	3,581,171	53,639
Sociedade Independente de Radiodifusão Sonora, S.A.	535,583	551,012	301,060	28,663
Netmall, S.G.P.S., S.A.	14,573	21,060	55	(770)

(1) Values at 31.12.2007

5. Changes in the Group

5. a) Acquistions

During the period ended 31 March 2008, no changes occurred in the Group as a result of new acquisitions.

Related to the period ended 31 March 2007, the following changes occurred in the composition of the Group:

2007				
Purchaser	Subsidiary	Date	% acquired	Current % shareholding
Sonae.com SI	We Do	Jan-07	0.70%	98.36%
Sonae.com SI	We Do	Feb-07	0.66%	99.02%
Sonae.com SI	We Do	Mar-07	0.06%	99.08%

During the period ended 31 March 2007 and as a result of the above mentioned acquisitions, additional Goodwill of Euro 177,778 was recorded (Note 9).

5. b) Others

On 1 November 2007, occurred the merger of Optimus into Novis, i.e., the merger of the mobile and fixed telecommunications divisions was completed. This operation represented an internal reorganization and a natural step in the development of the integrated telecommunications strategy which intends to: (i) reinforce the Group's growth strategy both in organic and non organic terms; (ii) position the organisation to be able to anticipate and react to market trends that are moving more and more towards Fixed/Mobile convergence; (iii) facilitate the further development of new products and services; and (iv) improve operating efficiencies and reduce costs.

6. Tangible Assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in the periods ended 31 March 2008 and 2007 was as follows:

	Land	Buildings and other constructions	Plant and machinery	Vehicles	Fixtures and fittings	Tools	Other tangible assets	Work in progress	Total
GROSS ASSETS									
Balance at 31.12.2007	**1,391,593**	**235,216,110**	**842,983,026**	**129,546**	**143,432,036**	**1,096,920**	**2,728,382**	**36,846,800**	**1,263,824,413**
Additions	-	395,276	1,473,859	5,030	2,555,245	-	1,400,021	23,210,965	29,040,396
Disposals	-	(5,156)	(60,537)	(8,554)	(220,343)	-	-	-	(294,590)
Transfers and write-offs	-	1,831,346	12,034,154	-	854,348	10,135	1,851	(14,803,694)	(71,860)
Balance at 31.03.2008	**1,391,593**	**237,437,576**	**856,430,502**	**126,022**	**146,621,286**	**1,107,055**	**4,130,254**	**45,254,071**	**1,292,498,359**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES:									
Balance at 31.12.2007	**-**	**118,050,343**	**492,489,934**	**94,160**	**116,612,257**	**1,040,128**	**2,371,081**	**-**	**730,657,903**
Depreciation for the year	-	3,133,902	21,110,996	6,634	3,754,283	5,619	116,981	-	28,128,415
Disposals	-	(71)	(3,305)	(741)	(76,896)	-	-	-	(81,013)
Transfers and write-offs	-	60,000	(1,400)	1	(10,648)	-	1,575	-	49,528
Balance at 31.03.2008	**-**	**121,244,174**	**513,596,225**	**100,054**	**120,278,996**	**1,045,747**	**2,489,637**	**-**	**758,754,833**
Net value	**1,391,593**	**116,193,402**	**342,834,277**	**25,968**	**26,342,290**	**61,308**	**1,640,617**	**45,254,071**	**533,743,526**

	Land	Buildings and other constructions	Plant and machinery	Vehicles	Fixtures and fittings	Tools	Other tangible assets	Work in progress	Total
GROSS ASSETS									
Balance at 31.12.2006	**1,391,593**	**223,133,165**	**744,209,079**	**53,271**	**134,075,541**	**1,087,839**	**2,567,599**	**22,560,357**	**1,129,078,444**
Additions	-	978,239	813,990	13,522	106,991	-	8,270	24,275,820	26,196,832
Disposals	-	(73,098)	(189,545)	(30,506)	(10,024)	-	-	(9,972)	(313,145)
Transfers and write-offs	-	2,977,268	23,367,827	19,321	1,336,126	-	-	(26,989,057)	711,485
Balance at 31.03. 2007	**1,391,593**	**227,015,574**	**768,201,351**	**55,608**	**135,508,634**	**1,087,839**	**2,575,869**	**19,837,148**	**1,155,673,616**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES:									
Balance at 31.12. 2006	**-**	**108,987,153**	**418,800,773**	**48,768**	**103,280,214**	**1,021,794**	**2,168,000**	**-**	**634,306,702**
Depreciation for the year	-	5,439,213	19,845,409	507	3,595,227	4,899	54,463	-	28,939,718
Reversal of impairment losses in the year	-	(8,863)	(120,207)	-	(79,516)	(228)	(16)	-	(208,830)
Disposals	-	(5,394)	(37,805)	(1,672)	(6,282)	-	-	-	(51,153)
Transfers and write-offs	-	(26,643)	19,265	-	(36,278)	(21)	(1)	-	(43,678)
Balance at 31.03. 2007	**-**	**114,385,466**	**438,507,435**	**47,603**	**106,753,365**	**1,026,444**	**2,222,446**	**-**	**662,942,759**
Net value	**1,391,593**	**112,630,108**	**329,693,916**	**8,005**	**28,755,269**	**61,395**	**353,423**	**19,837,148**	**492,730,857**

The additions during the year includes: assets associated with the UMTS operation (Universal Mobile Telecommunications Service); HSDPA (Kanguru Express); ULL assets (unbundling of the local loop); and assets related with the Triple Play project and FTTH (Fibre-to-the-Home).

The reversals of impairment losses have been recorded under the heading of 'Other operating income".

The acquisition cost of Tangible assets held by the Group under finance lease contracts, amounted to Euro 25,434,823 and Euro 9,378,039 as of 31 March 2008 and 2007, respectively and their net book value as of those dates amounted to Euro 20,681,415 and Euro 5,019,816, respectively.

The revision of the useful life of certain assets related to the telecommunications sites and other related assets, made in the second half of 2007 (Note 1.d)), resulted in a decrease in the depreciation charges of around Euro 3,3 million for the period ended 31 March 2008, in comparison to the amount that would have been recorded if the previous useful lives had been used.

At 31 March 2008, the heading ‘Tangible assets’ does not include any asset pledged or given as a guarantee for loans obtained, except for the assets acquired under financial lease contracts.

Tangible assets in progress at 31 March 2008 and 2007 were made up as follows:

	2008	2007
Development of mobile network	36,884,068	10,536,852
Development of fixed network	3,579,669	6,477,410
Information systems	2,814,298	2,687,498
Other projects in progress	1,976,037	135,388
	45,254,071	19,837,148

At 31 March 2008 and 2007, the amounts of commitments to third parties relating to investments to be made were as follows:

	2008	2007
Network	41,093,662	25,150,299
Information systems	5,283,150	9,167,867
	46,376,812	34,318,166

7. Intangible assets

In the periods ended 31 March 2008 and 2007, the movement in Intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

	Brands and patents and other rights	**Software**	**Intangible assets in progress**	**Total**
GROSS ASSETS:				
Balance at 31.12.2007	**184,616,429**	**212,851,390**	**5,011,298**	**402,479,117**
Additions	2,753,248	1,012,768	2,655,456	6,421,472
Disposals	-	(3,590)	-	(3,590)
Transfers and write-offs	9,001	(127,617)	82,553	(36,063)
Balance at 31.03.2008	**187,378,678**	**213,732,951**	**7,749,307**	**408,860,936**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:				
Balance at 31.12.2007	**48,060,543**	**164,981,940**	**-**	**213,042,483**
Amortisation for the year	5,282,144	3,860,265	-	9,142,409
Disposals	-	(229)	-	(229)
Transfers and write-offs	(1)	(26,560)	-	(26,561)
Balance at 31.03.2008	**53,342,686**	**168,815,416**	**-**	**222,158,102**
Net value	**134,035,992**	**44,917,535**	**7,749,307**	**186,702,834**

	Brands and patents and other rights	Software	Intangible assets in progress	Total
GROSS ASSETS:				
Balance at 31.12.2006	**147,400,303**	**190,159,744**	**7,986,808**	**345,546,855**
Additions	5,148	150,355	3,048,825	3,204,328
Disposals	-	(2,291)	(630)	(2,921)
Transfers and write-offs	61,505	1,548,717	(2,321,674)	(711,452)
Balance at 31.03.2007	**147,466,956**	**191,856,525**	**8,713,329**	**348,036,810**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:				
Balance at 31.12.2006	**31,677,199**	**147,204,682**	**-**	**178,881,881**
Amortisation for the year	3,315,357	4,375,531	-	7,690,888
Reversal of impairment losses in the year	(236)	(131,636)	-	(131,872)
Disposals	-	(2,291)	-	(2,291)
Transfers and write-offs	(148)	43,981	-	43,833
Balance at 31.03.2007	**34,992,172**	**151,490,267**	**-**	**186,482,439**
Net value	**112,474,784**	**40,366,258**	**8,713,329**	**161,554,371**

The additions for the period ended 31 March 2008 include the amount of Euro 2.7 million related with the commitments assumed under the Information Society.

At 31 March 2008 and 2007, the Group has recorded under the heading 'Intangible assets' the amounts of Euro 110,931,747 and Euro 111,802,442 , respectively, that correspond to the investments net of depreciations made in the development of the UMTS network, including: (i) Euro 69,756,698 (amount of Euro 78,757,563 in 2007) related to the license; (ii) Euro 23,308,270 (amount of Euro 26,315,789 in 2007) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators in Portugal with UMTS licenses; (iii) Euro 7,158,674 related to a contribution to the Information Society Fund, established in 2007, under an agreement entered into between the Ministry of Public Works, Transport and Communications ('Ministério das Obras Públicas, Transportes e Comunicações') and the three mobile telecommunication operators in Portugal; and (iv) Euro 4,748,054 related with the program "Iniciativas E", these last two associated to the commitments assumed by the Group in relation to the Information Society Fund (Note 29).

The intangible assets in progress, at 31 March 2008 and 2007, were mainly composed by software development.

Intangible and tangible assets include interest and other financial expenses incurred, directly related to the construction of certain items of work in progress.

At 31 March 2008 and 2007 such expenses amounted to Euro 14,689,752 and Euro 13,314,243, respectively. The amount capitalised on the years ended 31 March 2008 and 2007 were Euro 323,992 and Euro 217,733 respectively. An interest capitalization rate of 5.14% was used in 2008 (4.47% in 2007), which corresponds to the average interest rate supported by the Group.

8. Breakdown of financial statements

At 31 March 2008 and 2007, the breakdown of financial instruments was as follows:

2008

	Investments recorded at fair value through profit and loss	Loans and receivables	Held-to-maturity investments	Investments available for sale	Subtotal	Others not covered by IFRS 7	Total
Non current Assets							
Investments available for sale	-	-	-	1,207,320	1,207,320	-	1,207,320
	-	-	-	1,207,320	1,207,320	-	1,207,320
Current Assets							
Trade debtors	-	191,036,282	-	-	191,036,282	-	191,036,282
Other trade debtors	-	8,675,962	-	-	8,675,962	8,094,024	16,769,986
Cash and cash equivalents	-	5,530,897	-	-	5,530,897	-	5,530,897
	-	205,243,141	-	-	205,243,141	8,094,024	213,337,165

2007

	Investments recorded at fair value through profit and loss	Loans and receivables	Held-to-maturity investments	Investments available for sale	Subtotal	Others not covered by IFRS 7	Total
Non current Assets							
Investments available for sale	-	-	-	1,207,320	1,207,320	-	1,207,320
	-	-	-	1,207,320	1,207,320	-	1,207,320
Current Assets							
Trade debtors	-	138,607,237	-	-	138,607,237	-	138,607,237
Other trade debtors	-	5,258,911	-	-	5,258,911	11,816,234	17,075,145
Investments recorded at fair value through profit and loss	950,625	-	-	-	950,625	-	950,625
Cash and cash equivalents	-	189,490,045	-	-	189,490,045	-	189,490,045
	950,625	333,356,193	-	-	334,306,818	11,816,234	346,123,052

2008	Liabilities recorded at fair value through profit and loss	Derivatives	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
Non current liabilities							
Medium and long-term loans - net of short-term portion	-	(241,146)	329,798,754	-	329,557,608	-	329,557,608
Other non current financial liabilities	-	-	-	17,696,902	17,696,902	-	17,696,902
	-	(241,146)	329,798,754	17,696,902	347,254,510	-	347,254,510
Current Liabilities							
Short-term loans and other loans	-	-	267,708	-	267,708	-	267,708
Trade creditors	-	-	-	174,705,592	174,705,592	-	174,705,592
Other financial liabilities	-	-	-	1,745,124	1,745,124	-	1,745,124
Other creditors	-	-	-	12,012,582	12,012,582	9,396,847	21,409,429
	-	-	267,708	188,463,298	188,731,006	9,396,847	198,127,853

2007	Liabilities recorded at fair value through profit and loss	Derivatives	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
Non current liabilities							
Medium and long-term loans - net of short-term portion	-	114,511	461,770,873	-	461,885,384	-	461,885,384
Other non current financial liabilities	-	-	-	1,316,850	1,316,850	-	1,316,850
	-	114,511	461,770,873	1,316,850	463,202,234	-	463,202,234
Current Liabilities							
Short-term loans and other loans	-	-	772,663	-	772,663	-	772,663
Trade creditors	-	-	-	136,930,882	136,930,882	-	136,930,882
Other financial liabilities	-	-	-	1,645,945	1,645,945	-	1,645,945
Other creditors	-	-	-	9,478,962	9,478,962	9,744,502	19,223,464
	-	-	772,663	148,055,789	148,828,452	9,744,502	158,572,954

Considering the nature of the balances, the amounts to be paid and received from ‘State and other public entities’ were considered outside the scope of IFRS 7. Also, the captions of ‘Other current assets’ and ‘Other current liabilities’ were not included in this note, as the nature of the amounts are not within the scope of IFRS 7.

9. Goodwill

For the periods ended at 31 March 2008 and 2007, the movements occurred in goodwill were as follows:

	2008	2007
Opening balance	528,216,604	506,902,772
Increase of participations (Note 5. a))	-	177,778
Others	(67,309)	-
Closing balance	528,149,295	507,080,550

The caption “Others” includes, mainly, the exchange rate update of the Praesidium Group Goodwill.

In accordance with IFRS 3, the Group suspended the amortization of the ‘Goodwill’ at 1 January 2004.

Goodwill at 31 March 2008 and 2007 was made up as follows:

	2008	2007
Sonaecom - Serviços de Comunicações ("Optimus")	389,902,620	389,902,620
Sonaecom - Serviços de Comunicações ("Novis")	95,189,755	95,189,755
Público	20,000,000	20,000,000
Cape	19,875,417	-
WeDo	1,971,668	1,857,389
Praesidium	1,079,049	-
SIRS	72,820	72,820
Permar	47,253	47,253
Optimus Towering	10,713	10,713
	528,149,295	507,080,550

The evaluation of the existence of impairment losses in Goodwill was based on business plans, which includes projected cash flows for periods of 5 years. The discount rates used were based on the estimated weighted average cost of capital, which depends on the business segment of each Company. In perpetuity, the Group considered a growth rate of circa 3%.

10. Investments available for sale

At 31 March 2008 and 2007, this caption included investments classified as available for sale and was made up as follows:

		2008			2007		
	%	Gross amount	Accumulated impairment losses (Note 18)	Net amount	Gross amount	Accumulated impairment losses (Note 18)	Net amount
Despegar.com	1.00%	-	-	-	2,539,229	(2,539,229)	-
Altitude, SGPS, S.A.	5.50%	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Lusa – Agência de Notícias de Portugal, S.A.	11.54%	197,344	-	197,344	197,344	-	197,344
Others	-	9,976	-	9,976	9,976	-	9,976
		1,207,320	-	1,207,320	3,746,549	(2,539,229)	1,207,320

In August 2007, the participation in Despegar was sold.

At 31 March 2008, these investments correspond to participations of immaterial amount, in unlisted companies in which the Group has no significant influence, and in which the book value of such investment is a reasonable approximation of their fair value, adjusted where applicable, by the respective impairment losses.

The financial information regarding these investments is detailed below (in thousands of Euro):

	Assets	Shareholders fund's	Gross Debt	Turnover	Operational results	Net Income
Altitude, SGPS, S.A.	17,237	6,314	2,329	22,391	1,788	610
Lusa – Agência de Notícias de Portugal, S.A.	23,787	7,311	11,115	18,348	1,974	1,058

Values expressed in thousands Euros at 31-12-06

During the periods ended 31 March 2008 and 2007, the movements in "Investments available for sale" were as follows:

	2008	2007
Opening balance	1,207,320	112,317,225
Fair value adjustments recorded in reserves	-	(5,121,876)
Sales	-	(108,461,474)
Capital gain recorded under profit and loss statement (Note 21)	-	2,473,445
Closing balance	1,207,320	1,207,320

Sales and corresponding capital gains recognised at the period ended 31 March 2007, regard to the sale of 1% of the share capital of Portugal Telecom, S.G.P.S., S.A..

11. Deferred tax assets

Deferred tax assets at 31 March 2008 and 2007, in the amount of Euro 103,275,882 and Euro 62,819,612, respectively, arise mainly from timing differences relating to tax losses carried forward, non tax deductible provisions and from differences between the accounting and tax amount of some fixed assets.

The movements in deferred tax assets in the periods ended 31 March 2008 and 2007 were as follows:

	2008	2007
Opening balance	101,118,096	61,786,654
Impact on results		
Tax losses carried forward	1,162,319	240,352
Deferred tax assets not recorded in previous years, as its utilization was not expected (Cape and Miauger)	434,000	1,014,498
Temporary differences between the tax and the accounting amount of certain fixed assets	569,388	(220,847)
Sub-total effect on results (Note 22)	2,165,707	1,034,003
Others	(7,921)	(1,045)
Closing balance	103,275,882	62,819,612

At 31 December 2007 and 2006, assessments of the deferred taxes to be recognised were made. Potential deferred tax assets were recorded to the extent that future taxable profits were expected to be generated, against which the tax losses and deductible tax differences could be used. These assessments were made based on the business plans of the Group companies involved, which are periodically reviewed and updated.

The rate used at 31 March 2008 and 2007 to calculate the deferred tax assets, relating to tax losses carried forward, was of 25%. The rate used to calculate deferred tax assets, resulting from temporary differences, was of 26.5%.

In accordance with the tax returns and other information prepared by the companies that have registered deferred tax assets, the detail of such deferred tax assets by nature at 31 March 2008 was as follows:

Nature	Sonaecom Serviços de Comunicações	We Do	Praesidium	Digitmarket	Mainroad	Miauger	Cape	Total
Tax losses:								
To be used until 2008	-	-	-	97,944	-	-	-	97,944
To be used until 2009	-	-	-	447,096	-	60,795	-	507,891
To be used until 2010	-	-	-	257,298	-	156,991	-	414,289
To be used until 2011	-	2,182		210,662	-	82,214	-	295,058
To be used until 2012	530,399	-	-	-	100,393	-	-	630,792
To be used until 2013	-	-	-	-	131,607	-	-	131,607
Unlimited Utilization	-	-	107,001	-	-	-	134,000	241,001
	530,399	2,182	107,001	1,013,000	232,000	300,000	134,000	2,318,582
Tax provisions not accepted and other temporary differences	8,361,312	255,736	-	-	-	-	-	8,617,048
Adjustments in the conversion to IAS/ IFRS	41,203,900	5,212	-	-	-	-	-	41,209,112
Differences between the tax and accounting amount of certain fixed assets and others	50,963,325	-	-	-	-	-	-	50,963,325
Others	167,815	-	-	-	-	-	-	167,815
Total	101,226,751	263,130	107,001	1,013,000	232,000	300,000	134,000	103,275,882

At 31 March 2008 and 2007, the Group has other situations where potential deferred tax assets could be recognised but since it is not expected that sufficient taxable profits will be generated in the future to cover those losses, such deferred tax assets were not recorded:

	2008	2007
Tax losses	97,596,259	92,375,068
Temporary differences (mainly provisions not accepted for tax purposes)	18,788,395	20,896,545
Adjustments in the conversion to IAS/IFRS	5,771	2,275,537
	116,390,425	115,547,150

At 31 March 2008, tax losses for which deferred tax assets were not recognised have the following due dates:

Due date	2008
2008	26,281,975
2009	10,009,474
2010	5,647,060
2011	13,094,164
2012	17,332,247
2013	19,303,692
2014	1,245,824
2015	2,108,678
2016	1,856,648
2017	121,032
Unlimited	595,465
	97,596,259

The years 2015 and following are applicable to subsidiaries located in countries with a reporting period of tax losses greater than 6 years.

The reconciliation between the earnings before taxes and the taxes recorded for the periods ended 31 March 2008 and 2007 is as follows:

	2008	2007
Earnings before taxes	(7,357,396)	(6,781,116)
Income tax rate (26.5%)	1,949,710	1,796,996
Deferred tax assets not recognised in the individual accounts and/or resulting from consolidation adjustments and other adjustments to taxable income	(1,067,876)	(1,699,844)
Adjustments to tax base	-	(55,711)
Deferred tax assets not recognised in previous years	434,000	1,014,498
Movements in the temporary differences between the tax and accounting amount of certain fixed assets	569,388	(220,847)
Income taxation recorded in the period (Note 22)	1,885,222	835,092

Portuguese Tax Authorities can review the income tax returns of the Company and of its subsidiaries for a period of four years (ten years for Social Security until 31 December 2000 and five years after that date), except when tax losses have been generated, tax benefits have been granted or when any review, claim or impugnation is in course, in which circumstances, the periods are extended or suspended. Consequently, tax returns of each year, since the year 2004 (inclusive) are still subject to such review. The Board of Directors believe that any correction that may arise as a result of such review would not produce a significant impact in the accompanying consolidated financial statements.

Supported by the Company's lawyers and Tax consultants, the Board of Directors believes that there are no assets or liabilities not provisioned in the financial statements, associated to probable tax contingencies that should be registered or disclosed in the notes to the accounts, at 31 March 2008.

12. Investments recorded at fair value through profit and loss

During the periods ended 31 March 2008 and 2007, the movements in this heading were as follows:

	2008	2007
Balance at the beginning of the year	-	849,375
Increases/ reductions to fair value (Note 21)	-	101,250
	-	950,625

At 31 March 2008, 'Investments recorded at fair value through profit and loss' refer to 562,500 shares of Sonae, S.G.P.S., S.A., acquired to fulfil future obligations under the Medium Term Incentive Plans and which were recorded based on the closing share price of Euronext at the balance sheet date.

During the year ended at 31 December 2007, 369,317 shares were delivered to employees and 193,183 shares were sold.

13. Cash and cash equivalents

At 31 March 2008 and 2007, the detail of cash and cash equivalents was as follows:

	2008	2007
Cash	346,367	845,346
Bank deposits repayable on demand	4,732,624	7,969,162
Treasury applications	451,906	180,675,537
Cash and cash equivalents	5,530,897	189,490,045
Bank overdrafts (Note 16)	(158,832)	(772,663)
	5,372,065	188,717,382

At 31 March 2008 and 2007, the 'Treasury applications' had the following breakdown:

	2008	2007
Bank short term deposits:		
Sonaecom	380,000	222,004
WeDoBrasil	71,906	1,162,533
Sonaecom BV	-	112,980,000
Optimus	-	65,586,000
Mainroad	-	585,000
Digitmarket	-	140,000
	451,906	180,675,537

During the period ended at 31 March 2008, the above referred treasury applications bearded interests at an average rate of 4.11% (3.635% in 2007).

14. Share Capital

At 31 March 2008 and 2007 the share capital of Sonaecom was comprised by 366,246,868 ordinary bearer shares of 1 Euro each. At those dates, the shareholder structure was as follows:

	2008		2007	
	Number of shares	%	Number of shares	%
Sontel BV	190,778,077	52.09%	183,489,681	50.10%
Shares traded on the Portuguese Stock Exchange (´Free float´)	75,048,721	20.49%	76,333,573	20.84%
Wirefree Services Belgium, S.A.	70,276,868	19.19%	70,276,868	19.19%
093X (EDP)	29,150,000	7.96%	29,150,000	7.96%
Own Shares	968,553	0.26%	1,894,326	0.52%
Sonae	23,649	0.01%	5,023,649	1.37%
Efanor Investimentos, S.G.P.S., S.A	1,000	0.00%	1,000	0.00%
Sonae Investments BV	-	-	77,771	0.02%
	366,246,868	100.00%	366,246,868	100.00%

At 31 March 2008 and 2007 the share capital of Sonaecom is comprised by 366,246,868 shares authorised, subscribed and paid. All shares have the same rights and each share correspond to one vote.

15. Own shares

During the period ended 31 March 2008, Sonaecom delivered to its employees 925,773 own shares under its Medium Term Incentive Plans. The company still holds, at 31 March 2008, 968,553 own shares, representative of 0.26% of its share capital to hedge the responsibilities associated with this plan.

16. Loans

At 31 March 2008 and 2007, the heading Loans had the following breakdown:

a) Medium and long-term loans net of short-term portion

					Amount outstanding	
Company	Issue denomination	Limit	Maturity	Type of reimbursement	2008	2007
Sonaecom SGPS	"Obrigações Sonaecom SGPS 2005"	150.000.000	Jun-13	Final	150.000.000	150.000.000
	Costs associated with financing set-up	-	-	-	(2.772.388)	(3.247.130)
	Interests incurred but not yet due	-	-	-	2.419.100	-
	Fair value of swaps	-	-	-	9.803	-
					149.656.515	146.752.870
Sonaecom SGPS	Commercial paper	250.000.000	Jul-12	-	180.500.000	-
	Costs associated with financing set-up	-	-	-	(686.609)	-
	Interests incurred but not yet due	-	-	-	338.652	-
	Fair value of swaps	-	-	-	(250.950)	-
					179.901.093	-
Optimus	European Investment Bank (a)	324.458.200	Jun-09	30% - Jun 08 70% - Jun 09	-	324.458.200
	Costs associated with financing set-up	-	-	-	-	(9.440.196)
	Fair value of swaps	-	-	-	-	114.510
					-	315.132.514
					329.557.608	461.885.384

(a) As a guarantee of EIB loans, the banks participating in the Optimus syndicated credit facility issued a bank guarantee in favour of EIB (cancelled in 2007 with the reimbursement of the loan).

b) Short-term loans and other loans:

			Amount outstanding	
Company	Lender	Type	2008	2007
Wedo Brasil	ABN	Short term loan	108.876	-
Various	Various	Bank overdrafts	158.832	772.663
			267.708	772.663

In July 2007, Sonaecom contracted a Commercial Paper Program Issuance with a maximum amount of Euro 250 million with subscription grant and maturity of five years, organized by Banco Santander de Negócios Portugal and by Caixa – Banco de Investimento.

The placing underwriting consortium is composed by the following institutions: Banco Santander Totta, Caixa Geral de Depósitos, Banco BPI, Banco Bilbao Vizcaya Argentina (Portugal), Banco Comercial Português and BNP Paribas (in Portugal).

In September 2007, the subsidiary Optimus – Telecomunicações, S.A., reimbursed its financing from European Investment Bank (BEI), in an amount of Euro 324 million.

With this refinancing, the group was able to, under the current favorable market conditions, increase the weighted average maturity, extinguish some of the contractual, financial and operational restrictions imposed by the previous Optimus contract and obtain higher efficiency in terms of the consolidated liquidity management.

These loans bear interest at market rates indexed to the Euribor for the respective term, and were all contracted in Euros. Consequently, it is estimated that the fair value of those loans does not differ significantly from their market value.

The spread on the medium and long term loans is established between 22.5 and 87.5 basis points.

All of the loans above are unsecured and the fulfillment of the obligations under these loans is exclusively guaranteed by the underlying activities and the companies respective cash flows.

At 31 March 2008 and 2007, the repayment schedule of medium and long term loans and of interests, for both bonds and commercial paper was as follows:

	2008					
	N+1	N+2	N+3	N+4	N+5	After N+5
Bond Loan						
Reimbursements	-	-	-	-	150,000,000	-
Interests	8,656,583	8,656,583	8,656,583	8,656,583	4,055,550	-
Commercial paper						
Reimbursements	-	30,500,000	-	150,000,000	-	-
Interests	9,245,822	8,661,396	7,851,602	4,477,869	-	-
	17,902,405	47,817,979	16,508,185	163,134,453	154,055,550	-

	2007					
	N+1	N+2	N+3	N+4	N+5	After N+5
Bond Loan						
Reimbursements	-	-	-	-	-	150,000,000
Interests	7,873,575	7,873,575	7,873,575	7,873,575	7,873,575	7,873,575
European Investment Bank						
Reimbursements	-	-	324,458,200	-	-	-
Interests	12,556,532	12,556,532	8,789,573	-	-	-
	20,430,107	20,430,107	341,121,348	7,873,575	7,873,575	157,873,575

Although the maturity of commercial paper issuance is six months, the counterparties assumed the placement and the maintenance of those limits for a period of five years.

At 31 March 2008 and 2007, the available credit lines of the Group are as follows:

2008

Company	Credit	Limit	Amount outstanding	Amount available	Maturity: Until 12 months	Maturity: More than 12 months
Sonaecom	Commercial paper	250.000.000	180.500.000	69.500.000		x
Sonaecom	Commercial paper	70.000.000	-	70.000.000		x
Sonaecom	Overdraft facilities	5.000.000	-	5.000.000	x	
Sonaecom	Bond Loan	150.000.000	150.000.000	-		x
Público	Overdraft facilities	1.496.394	-	1.496.394	x	
Público	Overdraft facilities	1.500.000	-	1.500.000	x	
Público	Authorized Overdrafts	1.246.995	-	1.246.995	x	
WeDo Brasil	Overdraft facilities	368.009		368.009	x	
		479.611.398	**330.500.000**	**149.111.398**		

2007

Company	Credit	Limit	Amount outstanding	Amount available	Maturity: Until 12 months	Maturity: More than 12 months
Optimus	European Investment Bank	324.458.200	324.458.200	-		x
Optimus	Revolving	125.541.800	-	125.541.800		x
Optimus	Overdraft facilities	4.987.979	-	4.987.979	x	
Sonaecom SGPS	Bound loan	150.000.000	150.000.000	-		x
Sonaecom SGPS	Commercial paper	70.000.000	-	70.000.000		x
Sonaecom SGPS	Overdraft facilities	20.000.000	-	20.000.000	x	
Público	Overdraft facilities	1.496.394	-	1.496.394	x	
Público	Overdraft facilities	1.500.000	-	1.500.000	x	
Público	Authorized overdrafts	1.246.995	-	1.246.995	x	
WeDo Brasil	Overdraft facilities	368.009		368.009	x	
		699.599.377	**474.458.200**	**225.141.177**		

The following interest rate hedging instruments were outstanding at 31 March 2008 and 2007:

Company	Hedged loan	Notional amount	Maturity date	Base rate	Fixed rate contracted	Fair value of the derivative instruments
Sonaecom	Commercial paper	110.000.000	Mar-09	Euribor 6m	4,573%	(250.949)
Sonaecom	Bond Loan	75.000.000	Jun-09	Euribor 6m	4,565%	9.803
						(241.146)

In September 2007, Sonaecom contracted a interest rate swap, with a notional amount of Euro 110 million, for a period of 18 months re-fixed every semester, to hedge the risk associated to the interest rate of one plot of the commercial paper issued in 13 September 2007, for the same amount and the same period. This plot will be renewed for the same amount and for the same period, at least, until 13 March 2009, which means, until the maturity date of this new interest rate swap.

In December 2007 Sonaecom contracted a interest rate swap, with a notional amount of Euro 75 million, for a period of 18 months re-fixed every semester, to hedge the 50% risk associated to the interest rate of the bond loan issued in June 2005, for the amount of Euro 150 million and for the period of eight years with re-fixations every semester. The payments of interest on the bond loan and on the swap are made simultaneously, by its net amount.

During the period ended at 31 March 2008, the movements occurred in the fair value of the swaps related to the Commercial Paper Programme, in the amount of Euro 218,155 and the bond loans, in the amount of Euro (46,391), were recorded in reserves, as the hedging is effective, in accordance with IAS 39.

Through the execution of these derivative financial instruments, at 31 March 2008, approximately 56% of gross debt is, in an indirect way, subject to fixed interest rates. The remaining 44% of gross debt is exposed to changes in the interest rates.

17. Other non current financial liabilities

At 31 March 2008 and 2007, this caption was made up of accounts payable to fixed assets suppliers related to leasing contracts that are due in more than one year in the amount of Euro 17,696,902 and Euro 1,316,850, respectively.

At 31 March 2008 and 2007, accounts payable to fixed assets suppliers related to leasing contracts are due as follows:

	2008		2007	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
2007	-	-	1,422,572	1,350,361
2008	2,436,181	1,526,883	957,718	906,046
2009	2,388,166	1,521,723	477,035	457,943
2010	2,070,704	1,266,084	228,719	220,614
2011	1,869,068	1,124,586	27,907	27,831
2012	1,885,669	1,196,417	-	-
2013	1,677,995	1,043,570	-	-
2014 and follows	14,996,915	11,762,761	-	-
	27,324,698	19,442,025	3,113,951	2,962,795
Interests	(7,882,673)	-	(151,156)	-
	19,442,025	19,442,025	2,962,795	2,962,795
Short term liability (Note 19)	-	(1,745,124)	-	(1,645,945)
	19,442,025	17,696,902	2,962,795	1,316,850

As these lease contracts bear interest at market rates, their fair value is estimated not to differ significantly from their book value.

The medium and long term agreements made with the suppliers of the fibre optic network capacity, under which the Group has the right to use that network, which is considered as a specific asset, are recorded as finance leases in accordance with IAS 17 – “Leases” and IFRIC 4 – “Determining whether an arrangement contains a Lease”. These contracts have a 15 to 20 year maturity.

18. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the years ended 31 December 2007 and 2006 were as follows:

2008						
Heading	Opening balance	Transfers	Increases	Utilisations	Decreases	Closing balance
Accumulated impairment losses on accounts receivables	66.167.308	(60.714)	2.653.119	(2.492.000)	(146.395)	66.121.318
Accumulated impairment losses on inventories	8.663.703	-	966.010	-	-	9.629.713
Provisions for other liabilities and charges	30.885.378	318.715	544.401	(12.898)	-	31.735.595
	105.716.389	258.000	4.163.530	(2.504.898)	(146.395)	107.486.626

2007						
Heading	Opening balance	Transfers	Increases	Utilisations	Decreases	Closing balance
Accumulated impairment losses on accounts receivables	61.060.155	(194.000)	2.978.271	(1.271.317)	(12.704)	62.560.405
Accumulated impairment losses on inventories	6.122.085	-	249.000	-	(31.000)	6.340.085
Accumulated impairment losses on investments available for sale (Note 10)	2.539.229	-	-	-	-	2.539.229
Provisions for other liabilities and charges	20.078.571	194.000	1.031.492	(109.121)	(34.506)	21.160.436
	89.800.040	-	4.258.763	(1.380.438)	(78.210)	92.600.155

The increase of ‘Provisions for other liabilities and charges’ includes the amount of Euro 2,724 associated with the dismantling of sites (Euro 653,300 in 2007), as foreseen in IAS 16 (Note 1.d.)) and the amount of Euro 63,318 registered in the financial statements, under the caption ‘Income tax for the year’. As such, the total amount included under increase of provisions and of impairment losses, registered against a corresponding entry in the profit and loss statement, corresponds to Euro 4,097,488 (Euro 3,605,463 in 2007).

The heading utilisations refers, essentially, to the use of provisions by the subsidiary Sonaecom – Serviços de Comunicações, S.A., which were registered against an entry in customers’ current accounts.

At 31 March 2008 and 2007, the breakdown of the provisions for other liabilities and charges were as follows:

	2008	2007
Dismantling of sites	18,891,544	15,758,440
Several contingencies	6,658,355	1,086,029
Legal processes in progress	2,416,073	2,746,524
Indemnities	569,432	498,280
Others	3,200,191	1,071,163
	31,735,595	21,160,436

The heading of 'Several contingencies' relates to contingent liabilities arising from transactions carried out in previous years and for which an outflow of funds is probable.

In relation to the provisions recorded for legal process in progress and for other risks and charges, given the uncertainty of such proceedings, the Board of Directors is unable to estimate, with reliability, the moment when such provisions will be used.

19. Other financial liabilities

At 31 March 2008, this caption includes the amount of Euro 1,745,124 (Euro 1,645,945 in 2007) related to the short term portion of lease contracts (Note 17).

20. External supplies and services

'External supplies and services' for the years ended 31 March 2008 and 2007 are made up as follows:

	2008	2007
Interconnection costs	62,668,961	52,939,124
Specialised works	17,255,696	12,345,966
Advertising and promotion	14,249,027	6,035,719
Commissions	12,214,160	12,962,814
Leased lines	10,325,787	5,863,140
Rents	8,244,308	7,670,830
Energy	2,133,868	2,012,302
Travelling costs	1,195,209	898,584
Others	17,345,936	13,180,461
	145,632,952	113,908,940

The commitments assumed by the Group in 31 March 2008 and 2007 related with operational leases are as follows:

Minimum payments of operational leases	2008	2007
2007	-	3.011.702
2008	7.845.563	3.343.754
2009	6.048.872	1.933.256
2010	4.483.379	736.548
2011	3.351.415	37.362
2012	1.221.003	-
2013	158.863	-
2014	904.842	-
Renewable by periods of 1 year	2.372.957	-
	26.386.895	9.062.622

During the period ended at 31 March 2008 an amount of Euro 2,777,550 was recorded in the heading 'External supplies and services' related with operational leasing rents (exception of the leased lines).

The rents associated to the rental of facilities are mainly justified by the lease, established in 2007, of the Sonaecom building which has a 5 year period with the possibility of annual renewal.
The actualisation of the rents will occur at the end of the first contract cycle (after the first five years).

21. Financial results

Net financial results for the years ended 31 March 2008 and 2007 are made up as follows:

	2008	2007
Financial results related to associated companies		
Losses on associated companies	-	(87,573)
Gains on associated companies	9,456	-
	9,456	(87,573)
Other financial expenses:		
Interest expenses	(4,468,114)	(11,748,602)
Other loans	-	(6,507,134)
Bank loans	(4,192,488)	(5,123,534)
Swap interests	-	(68,444)
Leasing	(233,051)	(33,317)
Other interests	(42,575)	(16,173)
Foreign exchange losses	(379,751)	(27,018)
Other financial expenses	(92,488)	(1,475,050)
Set up costs (Note 16)	(12,500)	(1,277,509)
Swap fair value (Note 16)	-	(7,048)
Others	(79,988)	(190,493)
	(4,940,353)	(13,250,670)
Other financial income:		
Interest income	727,883	6,535,494
Foreign exchange gains	51,588	91,866
Adjustments to fair value on investments recorded at fair value through profit and loss (Note 12)	-	101,250
Gains on investments available for sale (Note 10)	-	2,473,445
Other financial income	(2,870)	-
	776,601	9,202,055

At 31 March 2008, this caption includes, mainly, interests on late payments associated with cases in litigation and interests related with swaps contracted by Sonaecom. At 31 March 2007, the 'Interest income' includes, mainly, interests earned on the treasury applications granted to Sonae and on bank deposits.

22. Income taxation

Income taxes recognised during the periods ended 31 March 2008 and 2007 are made up as follows (costs)/gains:

	2008	2007
Current tax	(291,656)	(83,997)
Deferred tax asset (Note 11)	2,165,707	1,034,003
Deferred tax liability	11,171	(114,914)
	1,885,222	835,092

23. Related parties

During the periods ended 31 March 2008 and 2007, the balances and transactions with related parties mainly relate to the normal operational activity of the Group (providing communications and consultancy services) and to the concession and obtainance of loans.

The most significant balances and transactions with related parties at 31 March 2008 and 2007 were as follows:

Balances at 31 March 2008				
	Accounts receivable	Accounts payable	Treasury applications	Accruals
Sonae	125,024	-	-	(6,967)
Modelo Continente Hipermercados, S.A.	1,999,625	379,208	-	203,329
Worten	7,874,325	2,170,249	-	(1,544,646)
France Telecom	4,604,168	5,606,705	-	(14,680,618)
	14,603,142	8,156,161	-	(16,028,902)

Balances at 31 March 2007				
	Accounts receivable	Accounts payable	Treasury applications	Accruals
Sonae	52,247	31,974	222,004	751,305
Modelo Continente Hipermercados, S.A.	3,246,842	1,722,472	-	55,973
Worten	1,888,814	-	-	111,798
France Telecom	2,810,591	5,520,840	-	2,726
Sonae Investments BV	-	-	-	(2,371,169)
	7,998,494	7,275,286	222,004	(1,449,367)

Transactions at 31 March 2008

	Sales and services rendered	Supplies and services received	Interest and similar income/ (expense)	Supplementary income
Sonae	98,223	10,523	-	11,280
Modelo Continente Hipermercados, S.A.	1,643,536	110,155	-	169,429
Worten	1,788,740	397,817	-	-
France Telecom	3,225,017	3,299,227	-	-
	6,755,516	3,817,722		180,709

Transactions at 31 March 2007

	Sales and services rendered	Supplies and services received	Interest and similar income/ (expense)	Supplementary income
Sonae	97,898	42,667	650,965	-
Modelo Continente Hipermercados, S.A.	381,918	1,104,491	-	60,256
Worten	1,569,089	53,598	-	-
France Telecom	633,477	1,716,533	-	-
	2,682,382	2,917,289	650,965	60,256

The transactions between Group companies were eliminated in consolidation, and therefore are not disclosed in this note.

Accounts receivable and payable to related companies will be settled in cash and are not covered by guarantees. During the periods ended at 31 March 2008 and 2007, no impairment losses in accounts receivable from related entities were recognised.

A complete list of the Sonaecom Group’s related parties is presented in appendix to this report.

24. Guarantees provided to third parties

Guarantees provided to third parties at 31 March 2008 and 2007 were as follows:

Company	Beneficiary	Description	2008	2007
Sonaecom	BBVA – Portugal, ING Belgium Portugal and Millennium BCP	Commercial paper	320,000,000	70,000,000
Sonaecom - Serviços de Comunicações, Público and Sonaecom	Direcção de Contribuições e Impostos (Portuguese tax authorities)	VAT Reimbursements	8,876,695	-
Sonaecom - Serviços de Comunicações	Direcção de Contribuições e Impostos (Portuguese tax authorities)	IRC - Tax assessment	1,650,000	1,650,000
Sonaecom - Serviços de Comunicações and Público	Direcção de Contribuições e Impostos (Portuguese tax authorities)	VAT - Impugnation process	598,000	598,000
Sonaecom - Serviços de Comunicações and Tele2	Direcção Geral do Tesouro (Portuguese tax authorities)	IRC – Witholding tax on payments to non-residents	470,954	164,000
Sonaecom - Serviços de Comunicações	Câmara Municipal de Coimbra, Lisboa, Braga, Elvas e Caldas da Rainha (Coimbra, Lisbon, Braga, Elvas and Caldas da Rainha Municipalities)	Performance bond - works	287,494	280,565
Público	Tribunal de Trabalho de Lisboa (Lisbon Labour Court)	Execution action n. 199A/92	271,511	271,511
Público	Fazenda Pública do Porto (Oporto Public Treasury)	Tax process n. 3190/98	209,493	209,493
WeDo	API (Portuguese Investment Agency)	Application to PRIME subsidies	184,004	184,004
Sonaecom - Serviços de Comunicações and Digitmarket	Hewlett Packard	Finance lease and services provider contracts	159,859	159,859
Sonaecom - Serviços de Comunicações	Governo Civil de Santarém (Santarém Local Government)	Guarantee the fulfilment of legal obligations	119,703	119,703
Sonaecom - Serviços de Comunicações	Governo Civil de Lisboa (Lisbon Government Civil)	Guarantee the fulfilment of legal obligations	63,279	98,195
Optimus	European Investment Bank	Loan	-	324,458,200
Optimus	ANACOM	UMTS License	-	2,493,989
Various	Others		953,856	623,717
			333,844,849	401,311,236

At 31 March 2008 and 2007, the Board of Directors of the Group believes that the decision of the court proceedings and ongoing tax assessment in progress will not have significant impacts in the consolidated financial statements.

25. Information by business segment

The following business segments were identified for the periods ended at 31 March 2008 and 2007:

- Telecommunications
- Multimedia
- Information systems

During the year ended 2007, as a result of the merger occurred between Optimus and Novis (Note 5.b)) (business mobile telecommunications and business fixed telecommunications), the Group decided to change the presentation of segment information. These two business areas were added into a single segment called "Telecommunications". As established in IAS 8, the information for the period ended at 31 March 2007, was re-expressed taking in consideration such change.

The remaining activities of the Group and corporate services have been classified as unallocated.

Inter-segment transactions at 31 March 2007 and 2006 were eliminated in the consolidation process.

Due to the immateriality of the assets and transactions of the Group outside Portugal, segment information by geographical markets is not presented.

Inter-segment transfers or transactions are entered under the normal commercial terms and conditions that would also be available to unrelated third parties and are mainly related to interconnection, interest on treasury applications and management fees.

Overall information by business segment at 31 March 2008 and 2007 can be summarised as follows:

	Telecomunications		Multimedia		Information Systems		Other		Sub-Total		Eliminations		Total	
	March 08	March 07	March 08	March 07	March 08	March 07	March 08	March 07	March 08	March 07	March 08	March 07	March 08	March 07
Revenues:														
Sales and services rendered	213,490,936	183,311,673	7,807,170	7,175,526	27,050,171	14,962,977	1,863,232	1,698,806	250,211,508	207,148,982	(12,516,790)	(8,205,157)	237,694,718	198,943,825
Other operating revenues	2,495,162	2,004,259	63,732	69,649	70,546	192,104	20,575	77,729	2,650,014	2,343,741	(1,120,120)	(1,014,317)	1,529,894	1,329,424
Total revenues	215,986,098	185,315,932	7,870,902	7,245,175	27,120,717	15,155,081	1,883,807	1,776,535	252,861,522	209,492,723	(13,636,910)	(9,219,474)	239,224,612	200,273,249
Depreciation and amortisation	(36,977,390)	(36,356,630)	(182,407)	(166,636)	(496,413)	(334,216)	(34,472)	(81,582)	(37,690,682)	(36,939,064)	419,858	308,457	(37,270,824)	(36,630,606)
Net operating income/(loss) for the segment	(1,311,268)	(991,599)	(1,345,018)	(1,348,212)	376,199	868,813	(362,606)	(1,506,816)	(2,642,693)	(2,977,815)	(560,407)	332,887	(3,203,100)	(2,644,928)
Net interests	(3,781,666)	(3,186,096)	(31,309)	(27,633)	(31,596)	170,443	104,339	(2,142,714)	(3,740,231)	(5,186,000)	-	(27,108)	(3,740,231)	(5,213,108)
Gains and losses in associated companies	-	-	-	-	-	(60,751)	-	-	-	(60,751)	9,456	(26,822)	9,456	(87,573)
Other financial results	(80,856)	(1,256,892)	11,410	(2,443)	(367,639)	(60,101)	40,027,288	2,218,464	39,590,203	899,029	(40,013,723)	265,464	(423,521)	1,164,493
Income taxation	1,553,226	1,091,524	(5,296)	(5,156)	(99,572)	(249,120)	269,049	(2,156)	1,717,406	835,092	167,815	-	1,885,222	835,092
Consolidated net income/(loss) for the year	(3,620,564)	(4,343,063)	(1,370,213)	(1,383,444)	(122,608)	669,284	40,038,070	(1,433,222)	34,924,685	(6,490,445)	(40,396,859)	544,421	(5,472,174)	(5,946,024)
Attributable to:														
Shareholders of Parent Company	(3,620,564)	(4,343,063)	(1,370,213)	(1,383,444)	(177,329)	608,744	40,038,070	(1,433,222)	34,869,964	(6,550,986)	(40,396,009)	546,736	(5,526,045)	(6,004,250)
Minority interests	-	-	-	-	54,721	60,541	-	-	54,721	60,541	(850)	(2,315)	53,871	58,226
Assets:														
Fixed assets and Goodwill	722,683,734	662,892,005	2,009,916	2,187,259	64,600,136	41,967,071	1,884,755	2,018,114	791,178,541	709,064,449	457,417,114	452,301,329	1,248,595,655	1,161,365,778
Inventories	25,495,084	19,610,109	1,389,740	1,464,847	1,852,245	3,916	-	-	28,737,069	21,078,871	-	-	28,737,069	21,078,871
Financial investments	1,282,025	1,282,025	1,097,695	1,097,695	907,494	907,495	1,234,486,251	1,215,137,995	1,237,773,465	1,218,425,210	(1,235,809,076)	(1,216,482,276)	1,964,389	1,942,933
Other non current assets	102,623,114	61,127,186	-	1,373,335	1,749,131	1,983,269	489,746,750	490,420,228	594,118,995	554,904,018	(490,843,113)	(492,084,406)	103,275,882	62,819,612
Other current assets of the segment	284,471,361	311,465,660	8,934,556	9,729,832	33,226,709	29,596,425	104,360,322	138,602,472	430,992,949	489,394,389	(118,702,165)	(60,200,939)	312,290,784	429,193,451
	1,136,555,318	1,056,376,985	13,431,907	15,852,968	102,335,715	74,458,176	1,830,478,078	1,846,178,809	3,082,801,019	2,992,866,937	(1,387,937,240)	(1,316,466,292)	1,694,863,779	1,676,400,645
Liabilities:														
Liabilities of the segment	800,209,294	682,645,436	15,602,692	17,688,689	46,806,407	22,914,260	500,284,313	394,352,382	1,362,902,706	1,117,600,767	(600,555,098)	(331,060,560)	762,347,608	786,540,207
	800,209,294	682,645,436	15,602,692	17,688,689	46,806,407	22,914,260	500,284,313	394,352,382	1,362,902,706	1,117,600,767	(600,555,098)	(331,060,560)	762,347,608	786,540,207
CAPEX	35,380,923	29,292,672	103,770	250,051	22,494	385,017	13,431	4,991	35,520,619	29,932,731	(160,594)	(293,011)	35,360,025	29,639,720

Despite the merger occurred in 2007, for some headings of the balance sheet and of the profit and loss statement, the Board of Directors of the Group decided to maintain a separate analysis of the business as follows:

	Mobile Network		Fixed Network and internet		Eliminations		Telecommunications	
	March 08	March 07	March 08	March 07	March 08	March 07	March 08	March 07
Income:								
Services rendered	151,569,381	142,773,317	75,198,420	54,032,498	(13,276,865)	(13,494,142)	213,490,936	183,311,673
Other operational income	10,187,427	8,432,179	649,643	1,018,373	(8,341,908)	(7,446,293)	2,495,162	2,004,259
Total revenues	161,756,808	151,205,496	75,848,063	55,050,871	(21,618,773)	(20,940,435)	215,986,098	185,315,932
Depreciation and amortisation	(28,962,815)	(31,618,691)	(8,014,575)	(4,737,939)	-	-	(36,977,390)	(36,356,630)
Operational results of segments	4,167,095	3,337,783	(5,495,779)	(4,500,477)	17,416	171,095	(1,311,268)	(991,599)
Assets								
Tangible assets and Goodwill	424,813,813	550,502,277	297,869,921	112,291,881	-	97,847	722,683,734	662,892,005
Inventories	22,345,572	17,767,063	3,149,512	1,843,046	-	-	25,495,084	19,610,109
Financial investments	1,282,025	1,282,025	-	-	-	-	1,282,025	1,282,025
Increases in tangible assets	28,635,896	17,056,717	6,745,027	12,233,405	-	2,550	35,380,923	29,292,672

During the periods ended at 31 March 2008 and 2007, the inter-segments rendered sales and services were as follows:

	2008			
	Telecommunications	Multimedia	Information Systems	Others
Telecommunications	-	-	10,056,180	1,625,291
Multimedia	481,304	-	52,839	49,685
Information Systems	167,014	10,270	-	34,456
Sonaecom others	17,483	-	22,268	-
Others	212,825,135	7,796,900	16,918,883	153,800
	213,490,936	7,807,170	27,050,171	1,863,232

	2007			
	Telecommunications	Multimedia	Information Systems	Others
Telecommunications	-	-	6,158,999	1,493,465
Multimedia	138,995	-	164,394	41,372
Information Systems	100,120	-	-	26,784
Sonaecom others	19,332	44,914	16,782	-
Others	183,053,226	7,130,612	8,622,802	137,185
	183,311,673	7,175,526	14,962,977	1,698,806

26. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the consolidated net income attributable to the Group of the period (Euro 5,526,045 negative in 2008 and Euro 6,004,250 negative in 2007) by the average number of shares outstanding during the periods ended at 31 March 2008 and 2007, net of own shares (364,661,133 in 2008 and 365,615,426 in 2007).

27. Medium Term Incentive Plans

In June 2000, Sonaecom Group created a discretionary Medium Term Incentive Plan for more senior employees, based on Sonaecom options and shares and Sonae S.G.P.S., S.A. shares. The vesting occurs three years after the award of each plan, assuming that the employees are still employed in the Group.

The Sonaecom plans outstanding at 31 March 2008 can be summarised as follows:

	Share price at award date *	Vesting period		31-Mar-2008	
		Award date	Vesting date	Aggregate number of participations	Number of options/ shares
Sonaecom shares					
2003 Plan	3.19	31-Mar-04	09-Mar-07	-	-
2004 Plan	3.96	31-Mar-05	10-Mar-08	-	-
2005 Plan	4.093	10-Mar-06	09-Mar-09	371	866,801
2006 Plan	4.697	09-Mar-07	08-Mar-10	405	1,029,177
2007 Plan	2.24	10-Mar-08	09-Mar-11	423	1,942,469
Sonae SGPS shares					
2003 Plan	0.93	31-Mar-04	09-Mar-07	-	-
2004 Plan	1.17	31-Mar-05	10-Mar-08	-	-
2005 Plan	1.34	10-Mar-06	09-Mar-09	12	143,855
2006 Plan	1.68	09-Mar-07	08-Mar-10	6	149,730
2007 Plan	1.165	10-Mar-08	09-Mar-11	7	250,398

* Average share price in the month prior to the award date, for Sonaecom shares and the lower of the average share price for the month prior to the Annual General Meeting and the share price on the day after the Annual General Meeting, for Sonae SGPS shares. However, for the 2006 Plans the share price was: Sonaecom shares - the average share price between 3rd March and 5th April 2007; Sonae SGPS shares - the average share price between 13rd February and 26th March 2007. This exception was due to the timing of the end of the Portugal Telecom bid and was approved by the Board Nomination and Remuneration Committee.

During the period ended at 31 March 2008, the movements occurred in the plans can be summarised as follows:

	Sonaecom shares		**Sonae SGPS shares**	
	Aggregate number of participations	**Number of shares**	**Aggregate number of participations**	**Number of shares**
Outstanding at 31.12.2007				
Exercisable	-	-	-	-
Unvested	1,142	2,902,082	30	496,440
Total	1,142	2,902,082	30	496,440
Movements in year				
Awarded	423	1,942,469	7	250,398
Vested	(349)	(976,395)	(12)	(274,202)
Cancelled/Lapsed *	(17)	(29,709)	-	71,347
Outstanding at 31.03.2008				
Exercisable	-	-	-	-
Unvested	1,199	3,838,447	25	543,983
Total	1,199	3,838,447	25	543,983

* Corrections are made according to the dividend paid or by changes in the capital.

Sonaecom signed agreements to cover the execution and hedging of its Medium Term Incentive Plans and related obligations and acquired own shares with the same purpose. Due to the agreements and the acquisitions made, Sonaecom's liabilities are currently limited to a maximum of Euro 4,338,343.

Sonaecom has entered into mirror agreements with its subsidiaries to transfer the corresponding liabilities to each subsidiary.

For Sonaecom's share plans, the total responsibility calculated attending to the share price at award date is Euro 4,048,801 and was recorded in 'Reserves for Medium Term Incentive Plans'. For the Sonae SGPS share plans the Group entered into hedging contracts with external entities, and the liabilities are calculated based on the prices agreed on those contracts and was recorded under the headings of 'Other current liabilities' and 'Other non current liabilities', with the exception of the plan awarded in 2008 which is not covered and which responsibility is calculated using the price at the balance sheet date.

The costs of the Option and Share Plans are recognised in the accounts over the period between the award and the vesting date of those shares and options. The costs recognised in previous years and in the period ended at 31 March 2008, were as follows:

	Amount
Costs recognised in previous years	21.950.820
Costs recognised in the period	1.324.029
Costs of plans from subsidiary Exit (no longer consolidated)	(8.882)
Costs of plans vested in previous year	(14.990.425)
Costs of plans vested in the period	(3.937.199)
Total cost of the plans	**4.338.343**
Recorded in Other current liabilities	(178.437)
Recorded in Other non current liabilities	(111.105)
Reserves	(4.048.801)

28. Others matters

i) As of 31 March 2008, accounts receivable from customers and payable to suppliers include Euro 37,139,253 and Euro 29,913,608, respectively, and 'Other current assets' and 'Other current liabilities' include Euro 411,649 and Euro 6,856,200, respectively, resulting from a dispute between the subsidiary Optimus and the operator TMN – Telecomunicações Móveis Nacionais, S.A., in relation to interconnection tariffs, already recorded on the year ended 31 December 2001. The Company has considered the most penalising tariffs in the consolidated financial statements. In the lower court, the decision was favourable to Optimus but the higher courts decided that the case should be judged again. At the moment, the period to TMN to appeal from that decision is still in course.

(ii) In the Arbitration Court proceeding imposed to solve the conflict between Maxistar and the other shareholders of Sonaecom – Serviços de Comunicações, S.A. (at the time Optimus) - for breach of a clause of the Shareholders' Agreement, Maxistar was condemned to pay an indemnity of Euro 2,344,350 plus legal interest calculated until the date of payment or, alternatively, to subject itself to a purchase option over its participation in Sonaecom – Serviços de Comunicações at 70% of its actual value. Maxistar has appealed against the decision of the Arbitration Court but that appeal has already been rejected in the lower courts. In consequence of this rejection, Maxistar appealed to the 'Tribunal da Relação de Lisboa' (Lisbon Court of Appeal).

As a way to execute the amounts due to be paid by Maxistar, and after having informed Maxistar of their preference for the payment in cash, some shareholders have proposed an execution action. Before the decision of the Arbitration Court, Maxistar paid those shareholders, as a way of avoiding the execution, a total amount of Euro 4,068,048 (capital plus interest), of which Euro 2,183,899 were paid to Sonaecom.

The 'Tribunal da Relação de Lisboa' rejected the Maxistar's appeal, confirming the previous decision.

Maxistar can still appeal of this decision; however the Board of Directors maintains the conviction that the probability of an appeal is reduced.

29. Commitments associated to "Information Society"

Under the attribution of UMTS License, Sonaecom – Serviços de Comunicações committed to contribute to the promotion and development of the information society in the total amount of Euro 274 million, to be realised until the end of the license period (2015).

In accordance with the Agreement established on 5 June 2007 with the Ministry of Public Works, Transport and Communications ("MOPTC"), a part of these commitments, up to Euro 159 million would be realised through own projects eligible as contributions to the Information society and incurred under the normal activity of Sonaecom – Serviços de Comunicações (investments in network and technology, not related with the accomplishment of the obligations assumed under the UMTS License, and activities of research, development and promotion of services, contents and applications). These own projects must be recognized by the MOPTC and by entities created specially for this purpose. At the date of approval of the financial statements, Euro 64 million have already been realised in previous years and validated by the entities referred above. The remainder are under evaluation or are not yet realised. These charges will be recorded at the moment the projects are carried out.

The remaining commitments, up to Euro 116 million, will be realised as agreed between Sonaecom-Serviços de Comunicações and MOPTC, through contributions to the project "Initiatives E" (offer of modems, discounts on tariffs, cash contributions, among others, assigned to the widespread use of broadband internet for students and teachers). These contributions will be made through an Open fund, called Fund for the Information Society, to be created by the three mobile operators with business in Portugal. Contributions under this project will be recorded as intangible fixed asset as an additional cost of the UMTS licence, for its discounted value, and will be amortized on a straight-line basis during the remainder period of the license. The success of this project, initiated in the end of 2007, depends on the beneficiaries' participation in the various initiatives (e-opportunities, e-school and e-teacher) and will determine an eventual revision of the current conditions of the project, to a new model of contributions, to be determined after at least 12 months from the beginning of the project. As so, considering that: (i) the Open fund is not yet created and as a consequence, no financial flows occurred between the Fund and the operators; (ii) the agreement that establishes the specific conditions for implementation of the project "Initiatives E" is still not signed, (iii) the responsibility to recognize depends on uncertain future events, not totally controlled by the company, associated to the uncertainty, at this date, about the success and the future participation on the various iniciatives, and as a consequence, uncertainty about the present value of the responsibility to be recognised; and (iv) if the participation in the iniciatives are not sufficient, the current contract conditions can be reviewed to a new model of contributions (12 months after the beginning of the contract) which can assume the same nature of own projects eligible as contributions to the Information society and incurred under the normal activity, as referred above, so it is not possible to estimate and quantify the correspondent impact in the financial statements; therefore the Board of Directors considers that there is not sufficient information to constitute a secure and reliable estimate of the total responsibility. As a consequence, the company, at 31 March 2008, recognized only in intangible asset the responsibility related to the contributions already effective, in an amount of 4.7 million Euros (Note 7).

Also by agreement, between MOPTC, Sonaecom - Serviços de Comunicações and the other mobile operators, it has been clarified and extinguished the commitment of the three operators regarding the acquisition of rights over the usage of frequencies corresponding to the UMTS license from ONIWAY - Infocomunicações, S.A.. In order to settle this responsibility, Optimus was obliged to contribute, in cash, with the amount of Euro 8,313,298.28 for the establishment of the Information Society Fund (Note 7). However, this commitment is guaranteed by shareholders of Oniway until this date.

These consolidated financial statements were approved by the Board of Directors on 29 April 2008.

APPENDIX

At 31 de March 2008, the related parties of Sonaecom Group are as follows:

Key management personnel	
Álvaro Carmona e Costa Portela	Jean François Pontal
Álvaro Cuervo Garcia	Luís Filipe Campos Dias Castro Reis
Angêlo Gabriel Ribeirinho dos Santos Paupério	Luís Filipe Palmeira Lampreia
António Bernardo Aranha da Gama Lobo Xavier	Maria Cláudia Teixeira de Azevedo
António de Sampaio e Mello	Michel Marie Bom
Belmiro de Azevedo	Miguel Nuno Santos Almeida
David Hobley	Nuno Manuel Moniz Trigoso Jordão
Duarte Paulo Teixeira de Azevedo	Nuno Miguel Teixeira Azevedo
George Christopher Lawrie	Paulo Jorge Henriques Pereira
Gervais Pellissier	Pedro Miguel Freitas Ramalho Carlos

Sonae Group Companies	
3DO Holding GmbH	Bloco W-Sociedade Imobiliária,S.A.
3DO Shopping Centre GmbH	Boavista Shopping Centre BV
3shoppings - Holding,SGPS, S.A.	Box Lines Navegação,S.A.
Aegean Park,S.A.	Campo Limpo, Lda
Agepan Eiweiler Management GmbH	Canasta-Empreendimentos Imobiliários,S.A.
Agepan Flooring Products, S.A.RL	Carnes do Continente-Ind.Distr.Carnes,S.A.
Agepan Tarket Laminate Park GmbH Co. KG	CarPlus – Comércio de Automóveis, S.A.
Agloma Investimentos, Sgps, S.A.	Casa Agrícola de Ambrães, S.A.
Agloma-Soc.Ind.Madeiras e Aglom.,S.A.	Casa Agrícola João e A. Pombo, S.A.
Águas Furtadas - Imobiliária, S.A.	Casa da Ribeira - Hotelaria e Turismo,S.A.
Airone - Shopping Center, Srl	Cascaishopping- Centro Comercial, S.A.
ALEXA Administration GmbH	Cascaishopping Holding I, SGPS, S.A.
ALEXA Holding GmbH	Centro Colombo- Centro Comercial, S.A.
ALEXA Shopping Centre GmbH	Centro Residencial da Maia,Urban.,S.A.
Alexa Site GmbH & Co. KG	Centro Vasco da Gama-Centro Comercial,S.A.
Algarveshopping- Centro Comercial, S.A.	Change, SGPS, S.A.
Andar - Sociedade Imobiliária, S.A.	Chão Verde-Soc.Gestora Imobiliária,S.A.
Aqualuz - Turismo e Lazer, Lda	Choice Car - Comércio de Automóveis, S.A.
Aquapraia - Investimentos Turísticos,S.A.	Choice Car SGPS, S.A.
Arrábidashopping- Centro Comercial, S.A.	Cia.de Industrias e Negócios,S.A.
Aserraderos de Cuellar,S.A.	Cinclus Imobiliária,S.A.
Atlantic Ferries-Tráf.Loc,Flu.e Marít,S.A.	Citorres-Sociedade Imobiliária,S.A.
Avenida M-40 B.V.	Clérigoshopping- Gestão do C.Comerc.,S.A.
Avenida M-40,S.A.	Coimbrashopping- Centro Comercial, S.A.
Azulino Imobiliária, S.A.	Colombo Towers Holding, BV
Bertimóvel - Sociedade Imobiliária, S.A.	Contacto Concessões, SGPS, S.A.
Best Offer-Prest. Inf. p/Internet,S.A.	Contacto-SGPS,S.A.
Bikini, Portal de Mulheres,S.A.	Contibomba-Comérc.Distr.Combustiveis,S.A.
Bloco Q-Sociedade Imobiliária,S.A.	Contimobe-Imobil.Castelo Paiva,S.A.

Continente Hipermercados, S.A.	Glunz Service GmbH
Contry Club da Maia-Imobiliaria,S.A.	Glunz UK Holdings Ltd
Cronosaúde - Gestão Hospitalar, S.A.	Glunz Uka Gmbh
Cumulativa - Sociedade Imobiliária, S.A.	Golf Time-Golfe e Invest. Turísticos, S.A.
Darbo S.A.S	Guerin – Rent a Car (Dois), Lda.
Developpement & Partenariat Assurances, S.A.	Guimarãeshopping- Centro Comercial, S.A.
Difusão-Sociedade Imobiliária,S.A.	Hornitex Polska Sp z.o.o
Distrifin-Comercio y Prest.Servicios,S.A.	Iberian Assets, S.A.
DMJB, SGPS, S.A.	IGI-Investimento Imobiliário,S.A.
Dortmund Tower GmbH	Igimo-Sociedade Imobiliária,S.A.
Dos Mares - Shopping Centre B.V.	Iginha-Sociedade Imobiliária,S.A.
Dos Mares-Shopping Centre, S.A.	IM Impregnation Management GmbH
Ecociclo - Energia e Ambiente, S.A.	Imoareia - Invest. Turísticos, SGPS, S.A.
Ecociclo II - Energias, S.A.	Imobiliária da Cacela, S.A.
Efanor Investimentos, SGPS, S.A.	Imoclub-Serviços Imobilários,S.A.
Efanor Serviços de Apoio à Gestão, S.A.	Imoconti- Soc.Imobiliária,S.A.
Efanor-Design e Serviços,S.A.	Imodivor - Sociedade Imobiliária, S.A.
Efanor-Indústria de Fios,S.A.	Imoestrutura-Soc.Imobiliária,S.A.
El Rosal Shopping, S.A.	Imoferro-Soc.Imobiliária,S.A.
Empreend.Imob.Quinta da Azenha,S.A.	Imohotel-Emp.Turist.Imobiliários,S.A.
Equador & Mendes,Lda	Imomuro-Sociedade Imobiliária,S.A.
Espimaia -Sociedade Imobiliária,S.A.	Imopenínsula - Sociedade Imobiliária, S.A.
Estação Oriente-Gest.de Galerias Com.,S.A.	Imoplamac Gestão de Imóveis,S.A.
Estação Viana- Centro Comercial, S.A.	Imoponte-Soc.Imobiliaria,S.A.
Estêvão Neves-Hipermercados Madeira,S.A.	Imoresort - Sociedade Imobiliária, S.A.
Etablissement A. Mathe, S.A.	Imoresultado-Soc.Imobiliaria,S.A.
Euro Decorative Boards,Ltd	Imosedas-Imobiliária e Seviços,S.A.
Euromegantic,Lteé	Imosistema-Sociedade Imobiliária,S.A.
Euroresinas-Indústrias Quimicas,S.A.	Imosonae II
Finlog - Aluguer e Comércio de Automóveis, S.A.	Impaper Europe GmbH & Co. KG
Fozimo-Sociedade Imobiliária,S.A.	Implantação - Imobiliária, S.A.
Fozmassimo - Sociedade Imobiliária, S.A.	Infofield-Informática,S.A.
Freccia Rossa- Shopping Centre S.r.l.	Inparsa - Gestão Galeria Comercial, S.A.
Friengineering International Ltda	Inparvi SGPS, S.A.
Fundo de Invest. Imobiliário Imosede	Insulatroia - Sociedade Imobiliária, S.A.
Fundo Invest.Imob.Shopp. Parque D.Pedro	Integrum-Serviços Partilhados,S.A.
Gaiashopping I- Centro Comercial, S.A.	Interclean, S.A.
Gaiashopping II- Centro Comercial, S.A.	Interlog-SGPS,S.A.
GHP Gmbh	Inventory-Acessórios de Casa,S.A.
Gli Orsi - Shopping Centre, Srl	Investalentejo, SGPS, S.A.
Global S-Hipermercado,Lda	Invsaude - Gestão Hospitalar, S.A.
Glunz AG	Ipaper-Industria Papeis Impregnados,S.A.

ISF - Imobiliário, Serviços e Participaç	Mundo Vip - Operadores Turisticos, S.A.
Isoroy SAS	NAB, Sociedade Imobiliária,S.A.
KLC Holdings XII SA	NA-Comércio de Artigos de Desporto, S.A.
La Farga - Shopping Center, SL	NA-Equipamentos para o Lar, S.A.
Larissa Develop. Of Shopping Centers, S.A.	Net Mall SGPS, S.A.
Lazam Corretora, Ltda.	Norscut - Concessionária de Scut Interior Norte, S.A.
Le Terrazze - Shopping Centre S.r.l.	Norte Shop. Retail and Leisure Centre BV
Lembo Services Ltd (Euro)	Norteshopping-Centro Comercial, S.A.
Libra Serviços, Lda.	Nova Equador Internacional,Ag.Viag.T,Ld
Lidergraf - Artes Gráficas, Lda.	Nova Equador P.C.O. e Eventos
Lima Retail Park, S.A.	Novobord (PTY) Ltd.
Loureshopping- Centro Comercial, S.A.	Oeste Retail Park - Gestão G.Comerc., S.A.
Luso Assistência - Gestão de Acidentes, S.A.	Operscut - Operação e Manutenção de Auto-estradas, S.A.
Luz del Tajo - Centro Comercial S.A.	OSB Deustchland Gmbh
Luz del Tajo B.V.	Paracentro - Gest.de Galerias Com., S.A.
Madeirashopping- Centro Comercial, S.A.	Pareuro, BV
Maiashopping- Centro Comercial, S.A.	Pargeste SGPS, S.A.
Maiequipa-Gestão Florestal,S.A.	Park Avenue Develop. of Shop. Centers S.A.
Marcas MC, ZRT	Parque Atlântico Shopping - C.C., S.A.
Marimo -Exploração Hoteleira Imobiliária	Parque D. Pedro 1 B.V.
Marina de Tróia S.A.	Parque D. Pedro 2 B.V.
Marinamagic-Expl.Cent.Lúdicos Marít,Lda	Parque de Famalicão - Empr. Imob., S.A.
Marmagno-Expl.Hoteleira Imob.,S.A.	Parque Principado SL
Martimope - Sociedade Imobiliária, S.A.	Partnergiro - Empreend. Turísticos, Lda
Marvero-Expl.Hoteleira Imob.,S.A.	Pátio Boavista Shopping Ltda.
MC Property Management S.A.	Pátio Campinas Shopping Ltda
MDS Corretor de Seguros, S.A.	Pátio Goiânia Shopping Ltda
Mediterranean Cosmos Shop. Centre Investments, S.A.	Pátio Londrina Empreend. e Particip. Ltda
Megantic BV	Pátio Penha Shopping Ltda.
MJLF-Empreendimentos Imobiliários, S.A.	Pátio São Bernardo Shopping Ltda
Modalfa-Comércio e Serviços,S.A.	Pátio Sertório Shopping Ltda
Modelo - Dist.de Mat. de Construção,S.A.	Peixes do Continente-Ind.Dist.Peixes,S.A.
Modelo Cont. Seguros-Soc. De Mediação, Lda	PHARMACONTINENTE - Saúde e Higiene, S.A.
Modelo Continente - Oper.Retalho SGPS,S.A.	PJP - Equipamento de Refrigeração, Lda
Modelo Continente Hipermercados,S.A.	Plaza Eboli B.V.
Modelo Continente, SGPS,S.A.	Plaza Eboli - Centro Comercial S.A.
Modelo Hiper Imobiliária,S.A.	Plaza Mayor Holding, SGPS, S.A.
Modelo Hipermergados Trading, S.A.	Plaza Mayor Parque de Ócio B.V.
Modelo.com-Vendas p/Correspond.,S.A.	Plaza Mayor Parque de Ocio,S.A.
Monselice Centre Srl	Plaza Mayor Shopping B.V.
Movelpartes-Comp.para Ind.Mobiliária,S.A.	Plaza Mayor Shopping, S.A.

Ploiesti Shopping Center (Euro)	Project Sierra 7 BV
Poliface Brasil, Ltda	Project Sierra Brazil 1 B.V.
Poliface North America	Project Sierra Charagionis 1 S.A.
Porturbe-Edificios e Urbanizações,S.A.	Project Sierra Germany Shop. Center 1 BV
Praedium II-Imobiliária,S.A.	Project Sierra Germany Shop. Center 2 BV
Praedium III-Serviços Imobiliários,S.A.	Project Sierra Italy 5 Srl
Praedium SGPS, S.A.	Project Sierra One Srl
Predicomercial-Promoção Imobiliária,S.A.	Project Sierra Spain 1 B.V.
Prédios Privados Imobiliária,S.A.	Project Sierra Spain 2 B.V.
Predisedas-Predial das Sedas,S.A.	Project Sierra Spain 2-Centro Comer. S.A.
Pridelease Investments, Ltd	Project Sierra Spain 3 B.V.
Profimetrics - Software Solutions, S.A.	Project Sierra Spain 3-Centro Comer. S.A.
Proj. Sierra Germany 1 - Shop.C. GmbH	Project Sierra Spain 5 BV
Proj. Sierra Germany 4 (four)-Sh.C.GmbH	Project Sierra Srl
Proj. Sierra Italy 2 - Dev.of Sh.C. Srl	Project Sierra Srl
Proj.Sierra 1 - Shopping Centre GmbH	Project Sierra Three Srl
Proj.Sierra Germany 2 (two)-Sh.C.GmbH	Project Sierra Two Srl
Proj.Sierra Germany 3 (three)-Sh.C.GmbH	Promessa Sociedade Imobiliária, S.A.
Proj.Sierra Hold. Portugal V, SGPS,S.A.	Promosedas-Prom.Imobiliária,S.A.
Proj.Sierra Italy 1 -Shop.Centre Srl	Prosa-Produtos e serviços agrícolas,S.A.
Proj.Sierra Italy 2 -Dev. Of Sh.C.Srl	Publimeios-Soc.Gestora Part. Finan.,S.A.
Proj.Sierra Italy 3 - Shop. Centre Srl	Racionaliz. y Manufact.Florestales,S.A.
Proj.Sierra Portugal I- C.Comerc., S.A.	Resoflex-Mob.e Equipamentos Gestão,S.A.
Proj.Sierra Portugal II-C.Comerc.,S.A.	Resolução, SGPS, S.A.
Proj.Sierra Portugal III-C.Comerc.,S.A.	Rio Sul - Centro Comercial, S.A.
Proj.Sierra Portugal IV-C.Comerc.,S.A.	River Plaza Mall, Srl
Proj.Sierra Portugal V-C.Comercial,S.A.	Rochester Real Estate,Limited
Proj.Sierra Portugal VI-C.Comercial,S.A.	S. C. Setler Mina Srl
Proj.Sierra Portugal VII - C. Comerc.,S.A.	S.C. Microcom Doi Srl
Proj.Sierra Portugal VIII - C.Comerc.,S.A.	Saúde Atlântica - Gestão Hospitalar, S.A.
Project 4, Srl	SC Aegean B.V.
Project SC 1 BV	SC Insurance Risks Services, SGPS, S.A.
Project SC 2 BV	SC Mediterraneum Cosmos B.V.
Project Sierra 1 B.V.	SC-Consultadoria,S.A.
Project Sierra 2 B.V.	SC-Eng. e promoção imobiliária,SGPS,S.A.
Project Sierra 3 BV	SCS Beheer,BV
Project Sierra 4 BV	Selfrio,SGPS,S.A.
Project Sierra 5 BV	Selfrio-Engenharia do Frio,S.A.
Project Sierra 6 BV	Selifa-Empreendimentos Imobiliários,S.A.

Sempre à Mão - Sociedade Imobiliária,S.A.	Sierra Management II-Gestão de C.C. S.A.
Sempre a Postos - Produtos Alimentares e Utilidades , Lda	Sierra Management Italy S.r.l.
Serra Shopping - Centro Comercial, S.A.	Sierra Management Portugal-Gest. CC,S.A.
Sesagest-Proj.Gestão Imobiliária,S.A.	Sierra Management Spain-Gestión C.Com.S.A.
Sete e Meio - Invest. Consultadoria, S.A.	Sierra Management, SGPS, S.A.
Sete e Meio Herdades-Inv. Agr. e Tur.,S.A.	Sierra Portugal Fund, Sarl
Shopping Centre Colombo Holding, BV	Sierra Property Management, Srl
Shopping Centre Parque Principado B.V.	SII - Soberana Invest. Imobiliários, S.A.
Shopping Penha B.V.	SIRS - Sociedade Independente de Radiodifusão Sonora, S.A.
Siaf-Soc.Iniciat.Aprov.Florestais,S.A.	Sistavac-Sist.Aquecimento,V.Ar C.,S.A.
Sic Indoor - Gestão de Suportes Publicitários, S.A.	SKK-Central de Distr.,S.A.
Sierra Asset Management Luxemburg, Sarl	SKKFOR - Ser. For. e Desen. de Recursos
Sierra Asset Management-Gest. Activos,S.A.	SMP-Serv. de Manutenção Planeamento
Sierra Brazil 1 B.V.	Soc.Inic.Aproveit.Florest.-Energias,S.A.
Sierra Charagionis Develop.Sh. Centre S.A.	Sociedade de Construções do Chile, S.A.
Sierra Charagionis Propert.Management S.A.	Sociedade Imobiliária Troia - B3, S.A.
Sierra Corporate Services- Ap.Gestão, S.A.	Société de Tranchage Isoroy S.A.S.
Sierra Corporate Services Holland, BV	Société des Essences Fines Isoroy
Sierra Develop.Iberia 1, Prom.Imob.,S.A.	Sociéte Industrielle et Financére Isoroy
Sierra Development Greece, S.A.	Socijofra-Sociedade Imobiliária,S.A.
Sierra Developments Germany GmbH	Sociloures-Soc.Imobiliária,S.A.
Sierra Developments Germany Holding B.V.	Soconstrução BV
Sierra Developments Holding B.V.	Sodesa, S.A.
Sierra Developments Italy S.r.l.	Soflorin,BV
Sierra Developments Services Srl	Soira-Soc.Imobiliária de Ramalde,S.A.
Sierra Developments Spain-Prom.C.Com.SL	Sol Retail Park - Gestão G.Comerc., S.A.
Sierra Developments, SGPS, S.A.	Solaris Supermercados, S.A.
Sierra Developments-Serv. Prom.Imob., S.A.	Solinca III-Desporto e S.A.úde,S.A.
Sierra Enplanta Ltda	Solinca-Investimentos Turísticos,S.A.
Sierra European R.R.E. Assets Hold. B.V.	Solinfitness - Club Malaga, S.L.
Sierra GP Limited	Soltroia-Imob.de Urb.Turismo de Tróia,S.A.
Sierra Investimentos Brasil Ltda	Somit Imobiliária,S.A.
Sierra Investments (Holland) 1 B.V.	Somit-Soc.Mad.Ind.Transformadas,S.A.
Sierra Investments (Holland) 2 B.V.	Sonae Capital Brasil, Lda
Sierra Investments Holding B.V.	Sonae Capital,SGPS,S.A.
Sierra Investments SGPS, S.A.	Sonae Center Serviçoss, SA
Sierra Italy Holding B.V.	Sonae Financial Participations BV
Sierra Man.New Tech.Bus.-Serv.Comu.CC,S.A.	Sonae Ind., Prod. e Com.Deriv.Madeira,S.A.
Sierra Management Germany GmbH	Sonae Indústria Brasil, Ltda
Sierra Management Hellas SA	Sonae Industria de Revestimentos,S.A.

Sonae Indústria-SGPS,S.A.	Tafisa Canadá Societé en Commandite
Sonae International, Ltd	Tafisa France, S.A.
Sonae Investments,BV	Tafisa UK,Ltd
Sonae Novobord (PTY) Ltd	Tafisa-Tableros de Fibras, S.A.
Sonae RE, S.A.	Taiber,Tableros Aglomerados Ibéricos,SL
Sonae Retalho Espana-Servicios Gen.,S.A.	Tarkett Agepan Laminate Flooring SCS
Sonae Serviços de Gestão, S.A.	Tavapan,S.A.
Sonae SGPS, S.A.	Tecmasa Reciclados de Andalucia, SL
Sonae Sierra Brasil Ltda	Teconologias del Medio Ambiente,S.A.
Sonae Sierra Brazil B.V.	Textil do Marco,S.A.
Sonae Sierra, SGPS, S.A.	Tlantic Portugal-Sist. de Informação, SA
Sonae Tafibra (UK),Ltd	Tlantic Sistemas de Informação Ltdª
Sonae Tafibra Benelux, BV	Todos os Dias-Com.Ret.Expl.C.Comer.,S.A.
Sonae Turismo Gestão e Serviços,S.A.	Tool Gmbh
Sonae Turismo-SGPS,S.A.	Torre Colombo Ocidente-Imobiliária,S.A.
Sonae UK,Ltd.	Torre Colombo Oriente-Imobiliária,S.A.
Sonaegest-Soc.Gest.Fundos Investimentos	Torre São Gabriel-Imobiliária,S.A.
Sondis Imobiliária,S.A.	TP - Sociedade Térmica, S.A.
Sontaria-Empreend.Imobiliários,S.A.	Troiaresort-Investimentos Turísticos, S.A.
Sontel Bv	Troiaverde-Expl.Hoteleira Imob.,S.A.
Sontur BV	Tulipamar-Expl.Hoteleira Imob.,S.A.
Sonvecap BV	Unipress - Centro Gráfico, Lda
Sopair, S.A.	Unishopping Administradora Ltda.
Sótaqua - Soc. de Empreendimentos Turist	Unishopping Consultoria Imob. Ltda.
Spanboard Products,Ltd	Urbisedas-Imobiliária das Sedas,S.A.
Spinarq,S.A.	Valecenter Srl
Spinveste - Promoção Imobiliária, S.A.	Valor N, S.A.
Spinveste-Gestão Imobiliária SGII,S.A.	Vastgoed One - Sociedade Imobiliária, S.A.
Sport Zone-Comércio Art.Desporto,S.A.	Vastgoed Sun - Sociedade Imobiliária, S.A.
SRP Development, SA	Venda Aluga-Sociedade Imobiliária,S.A.
SRP-Parque Comercial de Setúbal, S.A.	Via Catarina- Centro Comercial, S.A.
Star-Viagens e Turismo,S.A.	World Trade Center Porto, S.A.
Tableros Tradema,S.L.	Worten España, S.A.
Tafiber,Tableros de Fibras Ibéricas,SL	Worten-Equipamento para o Lar,S.A.
Tafibras Participações, S.A.	Zubiarte Inversiones Inmob,S.A.
Tafisa Brasil, S.A.	

FT Group Companies	
France Telecom, S.A.	Wirefree Services Belgium, S.A.

11. Individual Financial Statements

SONAECOM, S.G.P.S., S.A.

BALANCE SHEETS FOR THE QUARTERS ENDED AT 31 MARCH 2008 AND 2007 AND FOR THE YEAR ENDED AT 31 DECEMBER 2007

(Amounts expressed in Euro)

ASSETS	March 2008	March 2007	December 2007
NON CURRENT ASSETS:			
Tangible assets	173.714	134.506	181.562
Intangible assets	65.042	86.942	71.121
Investments in group companies	934.496.771	852.656.668	920.727.475
Other non current assets	471.954.724	478.228.202	492.695.948
Total non current assets	1.406.690.251	1.331.106.318	1.413.676.106
CURRENT ASSETS:			
Other current debtors	8.804.007	11.086.525	9.022.179
Other current assets	7.058.585	2.103.333	3.766.451
Investments recorded at fair value through profit or loss	-	950.625	-
Cash and cash equivalents	84.173.919	4.665.472	145.779.175
Total current assets	100.036.511	18.805.955	158.567.805
Total assets	**1.506.726.762**	**1.349.912.273**	**1.572.243.911**

SHAREHOLDERS' FUNDS AND LIABILITIES	March 2008	March 2007	December 2007
SHAREHOLDERS' FUNDS:			
Share capital	366.246.868	366.246.868	366.246.868
Own shares	(4.662.327)	(8.938.165)	(8.938.165)
Reserves	776.566.983	793.579.549	794.137.940
Net income/(loss) for the period	23.104.760	(289.072)	(15.334.817)
Total Shareholders' Funds	1.161.256.284	1.150.599.179	1.136.111.826
LIABILITIES:			
NON CURRENT LIABILITIES:			
Medium and long-term loans - net of short-term portion	330.244.218	146.752.870	373.680.136
Provisions for other liabilities and charges	26.206	31.979	23.706
Other non current liabilities	10.522	277.542	129.379
Total non current liabilities	330.280.946	147.062.390	373.833.221
CURRENT LIABILITIES:			
Short-term loans and other loans	12.454.224	38.300.207	17.860.473
Other creditors	973.171	5.971.578	41.292.121
Other current liabilities	1.762.137	7.978.919	3.146.270
Total current liabilities	15.189.532	52.250.704	62.298.864
Total Shareholders' Funds and liabilities	**1.506.726.762**	**1.349.912.273**	**1.572.243.911**

The Chief Accountant **The Board of Directors**

SONAECOM, S.G.P.S., S.A.

PROFIT AND LOSS ACCOUNT BY NATURE

FOR THE QUARTERS ENDED AT 31 MARCH 2008 AND 2007 AND THE YEAR ENDED AT 31 DECEMBER 2007

(Amounts expressed in Euro)

	March 2008	March 2007	December 2007
Services rendered	1.651.607	1.513.691	6.776.984
Other operating revenues	18.838	68.827	24.183.266
	1.670.445	1.582.518	30.960.250
External supplies and services	(686.481)	(1.840.248)	(4.658.695)
Staff expenses	(1.367.395)	(1.198.444)	(5.170.239)
Depreciation and amortisation	(23.565)	(17.004)	(72.718)
Provisions and impairment losses	(2.500)	-	-
Other operating costs	(14.141)	(14.949)	(76.530)
	(2.094.082)	(3.070.645)	(9.978.182)
Gains and losses on group companies	21.414.813	101.250	(43.481.386)
Other financial expenses	(4.512.115)	(2.608.971)	(13.283.729)
Other financial income	6.654.797	3.708.893	20.460.321
Current income/(loss)	**23.133.858**	**(286.955)**	**(15.322.726)**
Income taxation	(29.098)	(2.117)	(12.091)
Net income/(loss)	**23.104.760**	**(289.072)**	**(15.334.817)**
Earnings per share			
Including discontinued operations			
Basic	0,06	(0,00)	(0,04)
Diluted	0,06	(0,00)	(0,04)
Excluding discontinued operations			
Basic	0,06	(0,00)	(0,04)
Diluted	0,06	(0,00)	(0,04)

The Chief Accountant

The Board of Directors

SONAECOM, S.G.P.S., S.A.

MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE QUARTERS ENDED AT 31 MARCH 2008 AND 2007

(Amounts expressed in Euro)

2008

			Reserves								
	Share capital	Own Shares	Share premium	Legal reserves	Reserves Medium Term Incentive Plans	Own Shares reserves	Hedging reserves	Other Reserves	Total reserves	Net income/(loss)	Total
Balance at 31 December 2007	366.246.868	(8.938.165)	775.290.377	1.002.287	304.296	8.938.165	412.910	8.189.905	794.137.940	(15.334.817)	1.136.111.826
Appropriation of result of 2007	-	-	-	-	-	-	-	(15.334.817)	(15.334.817)	15.334.817	-
Net income/(loss) for the period ended 31 March 2008	-	-	-	-	-	-	-	-	-	23.104.760	23.104.760
Acquisition of own shares	-	4.275.838	-	-	-	(4.275.838)	-	2.073.732	(2.202.106)	-	2.073.732
Fair value reserves	-	-	-	-	-	-	(171.764)	-	(171.764)	-	(171.764)
Medium Term Incentive Plans recognition	-	-	-	-	137.730	-	-	-	137.730	-	137.730
Balance at 31 March 2008	366.246.868	(4.662.327)	775.290.377	1.002.287	442.026	4.662.327	241.146	(5.071.180)	776.566.983	23.104.760	1.161.256.284

2007

			Reserves								
	Share capital	Own Shares	Share premium	Legal reserves	Reserves Medium Term Incentive Plans	Own Shares reserves	Hedging reserves	Other Reservs	Total reserves	Net income/(loss)	Total
Balance at 31 December 2006	366.246.868	-	775.290.377	559.078	108.132	-	-	8.449.654	784.407.241	9.121.625	1.159.775.734
Appropriation of result of 2006	-	-	-	443.209	-	-	-	8.678.416	9.121.625	(9.121.625)	-
Net income/(loss) for the period ended 31 March 2007	-	-	-	-	-	-	-	-	-	(289.072)	(289.072)
Acquisition of own shares	-	(8.938.165)	-	-	-	8.938.165	-	(8.938.165)	-	-	(8.938.165)
Medium Term Incentive Plans recognition	-	-	-	-	50.683	-	-	-	50.683	-	50.683
Balance at 31 March 2007	366.246.868	(8.938.165)	775.290.377	1.002.287	158.815	8.938.165	-	8.189.905	793.579.549	(289.072)	1.150.599.179

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This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts.

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

Although these statements reflect our current expectations, which we believe are reasonable, investors, analysts and, generally, the recipients of this document are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

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www.sonae.com

Media and Investor Contacts

Isabel Borgas
Public Relations Manager
isabel.borgas@sonae.com
Tel: +351 93 100 20 20

António Castro
Investor Relations Manager
antonio.gcastro@sonae.com
Tel: +351 93 100 20 99

Sonaecom SGPS, SA
Rua Henrique Pousão, 432 – 7th floor
4460-841 Senhora da Hora
Portugal