SONUS COM

Annual Report 2009

We're often asked why we place more emphasis on people rather than technology. Our answer is simple: people communicate with people, not technology. Giving our customers the freedom to communicate whenever they want, wherever they are enriches their lives and empowers them to contribute more meaningfully to the world we share. That's why people's needs and aspirations will always be at the heart of our business.

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1.0

Our year

We achieved a very good set of results in 2009, thanks to the successful implementation of the strategic guidelines we have set. Despite the severity of the recession, the telecoms industry remained relatively unaffected, further proof of the sector's resilience. Our positive cash flow performance during 2009 has allowed us to further improve our capital structure, a particularly notable achievement in the current environment.

1.1 Group at a glance

Sonaecom's ambition is to be Portugal's best communications service provider. Its portfolio comprises three main business units: Telecommunications (mobile and wireline), Software and System Information Services (SSI) and Online & Media. Its defining strengths lie in its ambition, innovation, marketing skills and execution together with its proprietary telecommunications infrastructure and ability to understand and exceed customers' expectations.

1.1.1 About Sonaecom

Our mission

Sonaecom is an entrepreneurial growth company whose ambition is to be the best Portuguese communication services provider and the company of choice for exceptional people to work and unlock their full potential.

Sonaecom relentlessly pursues the creation of innovative products, services and solutions that fulfil the needs of its markets and generate superior economic value.

1.1.2 Our values

Customer centric

- Meet the needs of our customers, finding out what they think and wish for, to revolutionise consumer habits;
- Add value to the customer by developing quality and tailor-made products, services and solutions;
- The customer is the responsibility of everybody in our organisation.

Innovation

- Develop and be recognised for new ways of communicating: simpler, more effective and profitable, while also contributing to an increase in social wellbeing;
- Exploit our renowned technological expertise, appeal to our creativity and entrepreneurship and aim to surpass all our achievements to date;
- Break away from conventions, surprising the market.

Social responsibility

- Commit to our community, following good environmental practices and being socially responsible;
- Care for the present and future.

People oriented

- Maximise the skills of our professionals and develop their ideas and initiatives;
- Encourage human development and ensure a balance between personal and professional life;
- Loyalty, professionalism and honesty are key values for our teams;
- Be transparent and respect the market and social ethics.

Value driven

- Search for maximum profitability to fund our growth and fulfil our mission, assuring a superior return for our shareholders;
- Strive for solid financials and economic stability.

Ambition

- Be the best in Portugal;
- Be able to face and exceed our challenges;
- Believe in our skills and competencies;
- Be relentless in pursuit of our goals, acting with integrity.

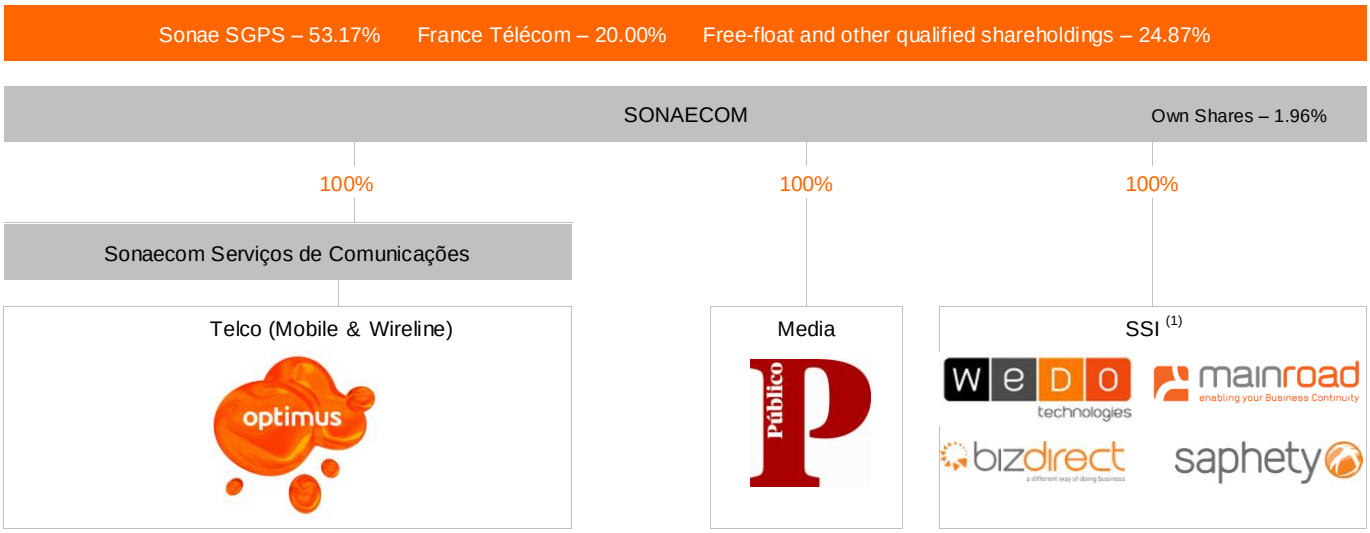
1.1 Group at a glance (continued)

1.1.3 Structure and corporate profile

Sonaecom is a holding company that controls a portfolio of three main business units: Telecommunications (mobile and wireline), SSI and Online & Media. Sonaecom has two main reference shareholders, Sonae SGPS and France Telecom, both providing significant strategic support to the business. Sonaecom is currently one of the largest communication traffic generators in Portugal, based on a proprietary national telecommunications infrastructure.

Sonaecom has been an active agent of transformation across the Portuguese Telecoms sector, and is today the integrated player best positioned to constitute a true alternative to the incumbent operator. When it comes to telecommunications services, Sonaecom contributes significantly to the promotion of the Information Society in Portugal.

Sonaecom's simplified structure



(1) Software and systems information.

Telecommunication services

Sonaecom's mobile activities are carried out under the brand Optimus, launched in 1998 after the award of the third mobile GSM licence in Portugal.

Until 2007, Optimus Telecomunicações, S.A. was the subsidiary that carried out our mobile communications activities. During 2007, this entity was merged into Novis Telecom, S.A. (our previous wireline subsidiary) and the new company adopted the name of Sonaecom – Serviços de Comunicações, S.A..

Optimus offers a broad range of mobile communications services to residential, SME's (Small and Medium Enterprises) and corporate customers in Portugal, including traditional voice, data, mobile TV and a large range of mobile solutions and roaming services, as well as wholesale services to third parties. With its innovative, convergent fixed-mobile substitution product Optimus Home, its leading mobile broadband product Kanguru and its closed-user group product aimed at the youth market TAG, Optimus has further consolidated its position in the Portuguese market. It had circa 3.4 million subscribers and a market share of around 20%, at the end of 2009.

In relation to wireline activities, Sonaecom is present in both the residential and corporate markets, offering voice, data and TV services. These activities are now also carried out under the Optimus brand. Already in 2008, the Optimus brand was extended to our wireline corporate and SME offers (previously under the 'Novis' brand). A similar decision was taken at the end of 2009 in relation to the wireline residential activities (previously under the 'Clix' brand) and Optimus was adopted as the 'umbrella' brand for all telco activities. This integration was a natural step for Optimus, which currently controls a fully convergent network infrastructure and a set of unique and integrated processes and systems capable of responding, in a flexible and efficient manner, to customer needs.

Wireline operations were launched after the liberalisation of the market in Portugal in 2000 and Novis Telecom, S.A. was, until 2007, the subsidiary that carried out our activities in this segment. As mentioned above, during 2007, Novis Telecom, S.A. was merged with Optimus Telecomunicações, S.A. and adopted the name of Sonaecom – Serviços de Comunicações, S.A.. Also in 2007, we further strengthened our wireline services with the acquisitions of Tele2 Portugal and the residential and SOHO customer base of one of our previous competitors.

Through the years, we have strengthened our position as the leading integrated alternative operator in Portugal, providing voice, internet and television services to residential, SME and corporate customers, as well as providing voice and data capacity and connectivity services to telecommunications operators around the globe.

1.1 Group at a glance (continued)

Online & Media

Sonaecom's presence in the Media sector is mainly carried out through its subsidiary Público, a reference daily newspaper in Portugal launched in 1990. The newspaper ranks third in terms of audience share, reaching, at the end of September 2009, approximately 11.0% of market share of paid circulation, and obtaining, at the end of November 2009, 11.7% in terms of market share of advertising.

In the context of significant challenges facing the newspaper industry in general, Público was able during 2009 to sustain its readership figures, notwithstanding the entry into the market of a new player, and consolidated the third place ranking among daily paid generalist newspapers as its audience figures demonstrated greater resilience than its main competitors.

Público continues to be at the forefront among Portuguese daily newspapers in terms of online access, continuing to achieve substantial growth of traffic figures on its website, in terms of total pageviews, visitors and unique users.

It is also worth noting that Público won the prestigious 'D&AD Award' in the category of Magazine & Newspaper Design and has also won several other local prizes both in terms of design and quality of information.

Software and system information services

These activities are carried out by our SSI division. Created at the end of 2002, today its portfolio comprises four main companies: WeDo, Bizdirect, Mainroad and Saphety.

WeDo Technologies is a provider of Business Assurance solutions, addressing the optimisation of both business performance and risk management systems and processes. Over the past eight years, the company has installed its solutions in more than 125 companies in 67 countries across five continents and delivered consulting services to more than 100 operators worldwide through its successful consulting division Præsidium. WeDo Technologies' software houses are currently located in Dublin (Ireland), Braga (Portugal) and Poznan (Poland). Since 2007, with the acquisition of Cape Technologies Limited (a company based in Ireland), WeDo became the world leader in the Revenue Assurance software integration market.

Bizdirect, with BPI and AITEC as minority shareholders, is a major player in the commercialisation of multi-brand IT solutions, supported by partnerships with the market's main manufacturers, and in the management of corporative software licensing contracts, based on innovative business models.

Mainroad is a leading player in information technology, providing services and solutions of IT Managed Services, Security, Business Continuity, IT Service Management and ITIL consulting, supported on its redundant data centres.

Saphety, a company carved out from our wireline operations in 2006, is a provider of trusted services, such as electronic invoice and secure messaging on B2B transactions and a reference player in business process automation. At the end of 2008, a decision was taken to integrate the former 'B2B' unit of Bizdirect into Saphety. This restructuring was designed to capitalise on the synergies between the two businesses. With its newly enlarged scale and capabilities, the integrated business has grown in several B2B areas, with solutions that cover electronic invoicing, electronic transactions security, paperless offices and fully integrated invoicing solutions.

Additionally, SSI has a minority (11.5%) participation in Altitude Software, a worldwide leading vendor of contact centre software, with a customer base across four continents.

1.1.4 Competitive strengths

Since the incorporation of Sonaecom and the launch of our various businesses, we have continuously surprised the market with new products and services, better segmentation, significant operational gains, continuous improvements and exploitation of synergies between our businesses.

Taking into account the characteristics of the market and of our competitors, our success factors could not be based on scale, market power or relative size. On the contrary, we believe that our current competitive advantages and distinctive factors, developed over the years, are based on the following key elements:

- Knowledge and understanding of our markets and of customer's needs;
- Superior marketing and distribution capabilities and integrated approach to the market;
- Full ownership of a state-of-the-art telecommunications infrastructure, with national coverage, continuously reducing the dependence on the incumbent;
- Leaner, resilient and agile organisation, quickly able to adapt to, and pre-empt, market dynamics;
- Capacity of our young and motivated team, with a proven track-record of innovation and dynamism, to work together and pursue our common objectives;

1.1 Group at a glance (continued)

- Built-in capacity to look at the problems in a different way, constantly innovating, differentiating and surprising our customers;
- Clear, stable shareholder base, constantly challenging our business in pursuit of superior value.

Our positioning as an integrated telecommunications provider (mobile, wireline, broadband and TV services) has allowed us to obtain important commercial synergies between the various Group businesses, resulting in cross-selling opportunities and generating added value for our customers.

The search for operational efficiency, process improvement and cost-effective synergies led to an integrated management and an organisational structure that includes a highly developed shared services division and integrated customer service, IT / IS platform and Technical (network) team. When implementing this strategy, our objectives have been to maximise our ability to develop new business opportunities, encourage product development and promote cross-marketing opportunities between our mobile and fixed businesses.

Sonaecom's organisational structure and headcount as at 31 December 2009 (1)

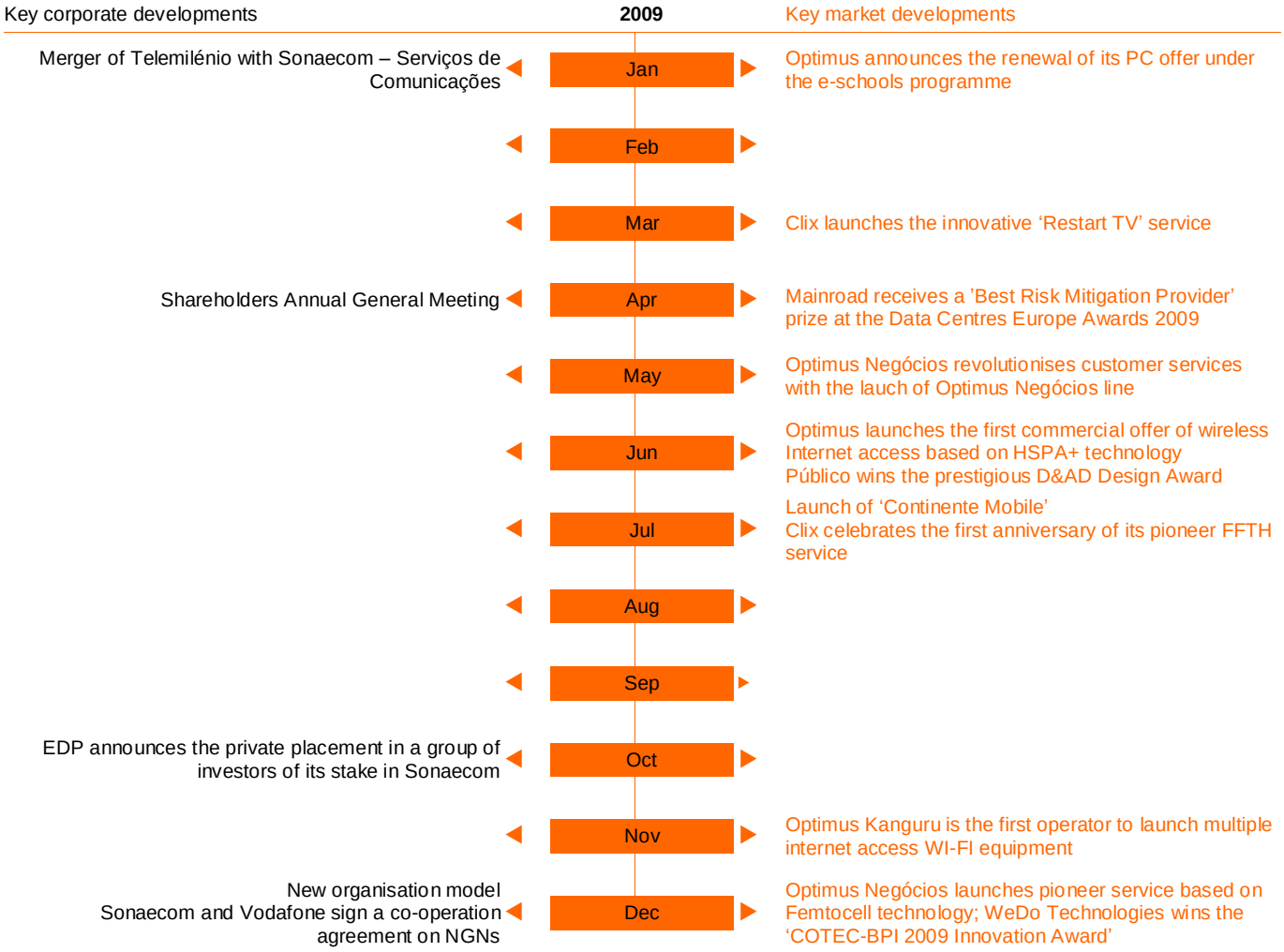
Corporate centre – 22 Senior Management, Planning and Control, Corporate Finance, Internal Audit, Investor Relations, Legal		
Shared services – 155 Financial and Accounting, Human Resources, Corporate Communication, Regulation, Environment, Facilities		
Integrated services – 625 Customer Service, IT / IS, Network		
Telco – 432	Media – 257	SSI – 522

(1) The 2009 headcount figures don't include trainees

Furthermore, Sonaecom has implemented a fully integrated multi-service network, for both the mobile and wireline service offerings, to enhance network capacity and flexibility while minimising operational costs. During 2009, further significant steps were taken towards the integration and improvement of our network (see 'Our network' section).

1.1 Group at a glance (continued)

1.1.5 Main events 2009



1.2 Key figures

The Consolidated Financial Information contained in this report 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.

Million euros	**2009**	2008	Year on year
Consolidated income statement			
Turnover	**949.4**	976.2	(2.7%)
Mobile	**607.0**	629.1	(3.5%)
Wireline	**245.2**	291.4	(15.9%)
Online & Media	**30.4**	32.4	(6.3%)
SSI	**149.9**	120.1	24.8%
EBITDA	**175.7**	160.4	9.5%
Mobile	**166.7**	142.4	17.1%
Wireline	**5.7**	14.0	(59.1%)
Online & Media	**(2.7)**	(3.2)	17.4%
SSI	**8.4**	7.1	17.8%
EBITDA margin (%)	**18.5%**	16.4%	2.1pp
EBIT	**23.9**	2.8	-
Net financial results	**(12.7)**	(17.8)	28.6%
EBT	**11.2**	(15.0)	-
Net results Group share[1]	**5.7**	5.0	15.0%
CAPEX and levered free cash flow			
Operating CAPEX[2]	**135.9**	192.1	(29.3%)
Operating CAPEX as % of turnover	**14.3%**	19.7%	(5.4pp)
EBITDA – operating CAPEX	**39.8**	(31.7)	-
Total CAPEX	**151.8**	289.7	(47.6%)
Operating cash flow[3]	**44.5**	(59.5)	-
Levered FCF[4]	**7.50**	14.07	(46.7%)
Consolidated balance sheet			
Total net assets	**1,920.11**	1,973.40	(2.7%)
Tangible and intangible assets	**857.1**	858.6	(0.2%)
Liquidity	**83.6**	105.7	(20.9%)
Shareholders' funds	**935.6**	929.0	0.7%
Minority interests	**0.5**	0.5	12.2%
Gross debt	**382.2**	405.5	(5.7%)
Net debt	**298.5**	299.7	(0.4%)
Net debt / EBITDA last 12 months	**1.7 x**	1.9x	(0.2x)
Debt / (debt + shareholders' funds)	**29.0%**	30.4%	(1.4pp)

1.2 Key figures (continued)

Million euros	**2009**	2008	Year on year
Key operating data – mobile			
Customers (EOP) ('000)	**3,432.6**	3,191.6	7.6%
Net additions ('000)	**241.0**	298.1	(19.1%)
Data as % service revenues	**28.1%**	22.5%	5.6pp
MOU[5] (min.)	**132.4**	128.4	3.1%
ARPU (euros)	**14.8**	16.8	(11.9%)
Key operating data – wireline			
Total accesses (EOP)	**483,613**	592,900	(18.4%)
Direct accesses	**403,212**	455,027	(11.4%)
Direct access as % customer revenues	**76.8%**	71.4%	5.3pp
Average revenue per access (retail)[6]	**22.9**	21.5	6.2%
Unbundled central offices with ADSL2+	**179**	174	2.9%
Sonaecom operating data			
Employees	**2,013**	1,968	2.3%
Turnover / employee ('000 euros)	**472**	496	(4.9%)
EBITDA / employee ('000 euros)	**87**	81	7.7%

(1) Net results after minority interests.

(2) Operating CAPEX excludes financial investments and provisions for sites dismantling and other non-operational investments.

(3) Operating cash flow = EBITDA – Operating CAPEX – Change in WC – Non-cash items and other.

(4) FCF Levered after financial expenses but before capital flows and raising finance related up-front costs.

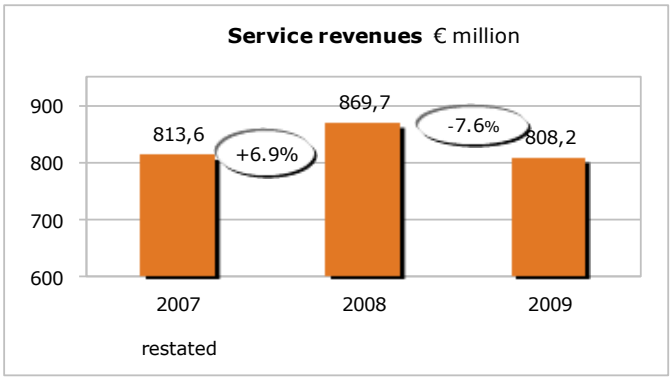
(5) Minutes of use per customer (including 'Optimus home').

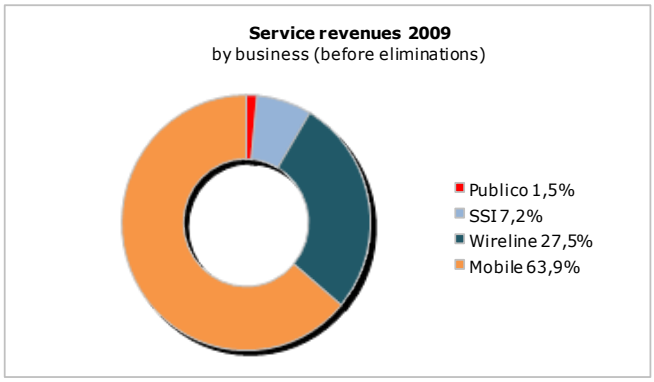
(6) Excluding mass calling services' revenues.

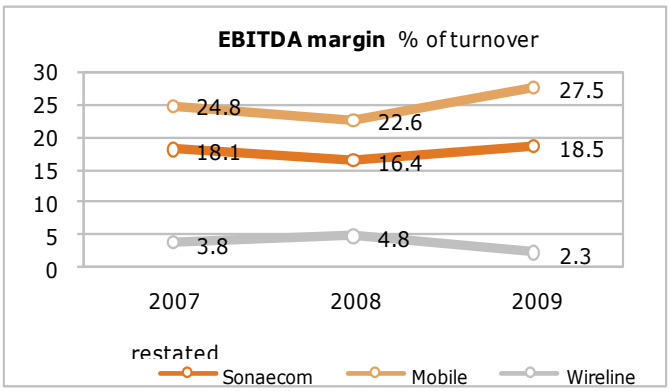
1.2 Key figures (continued)

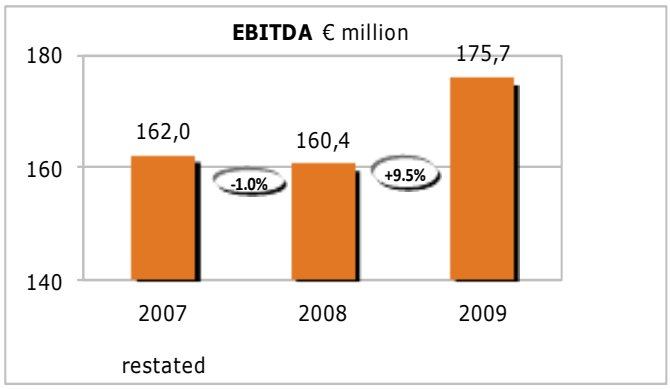
Group highlights

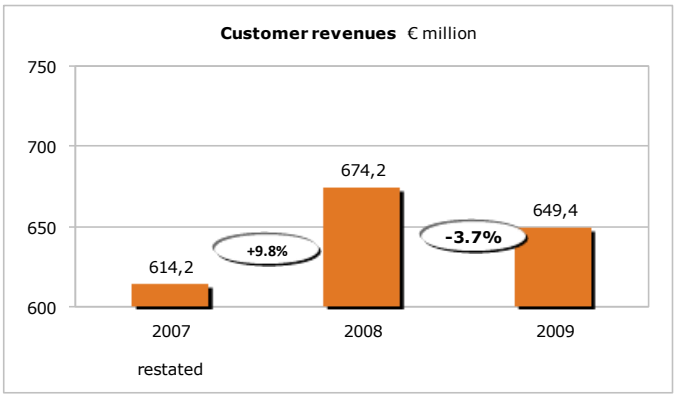
The 2007 full year figures results include certain costs associated with the public tender offer for Portugal Telecom. To isolate these non-recurrent costs from the operational performance of the year, 2007 figures have been restated for comparative purposes. All comparisons, when stated, are made on this like-for-like or restated basis.

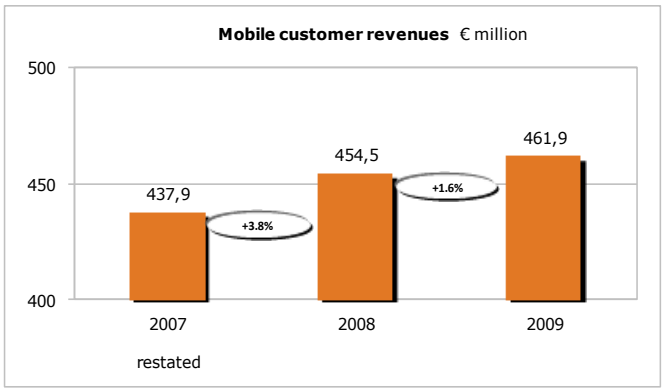




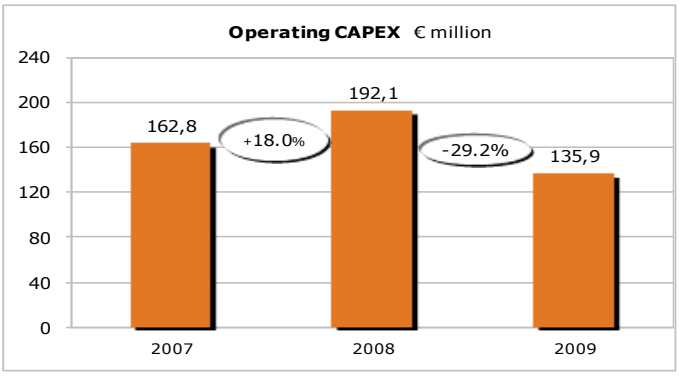


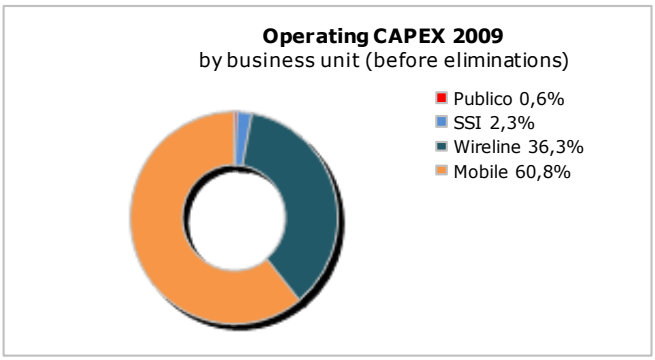


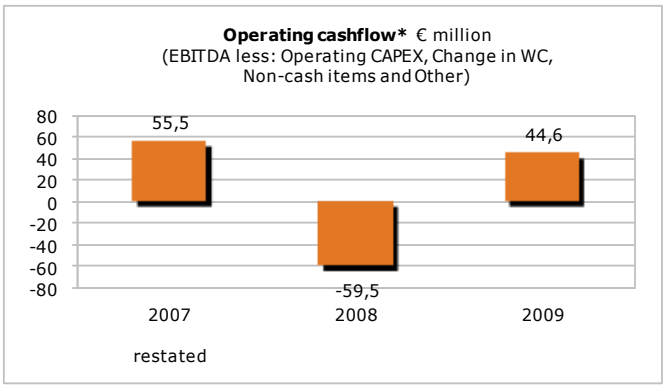


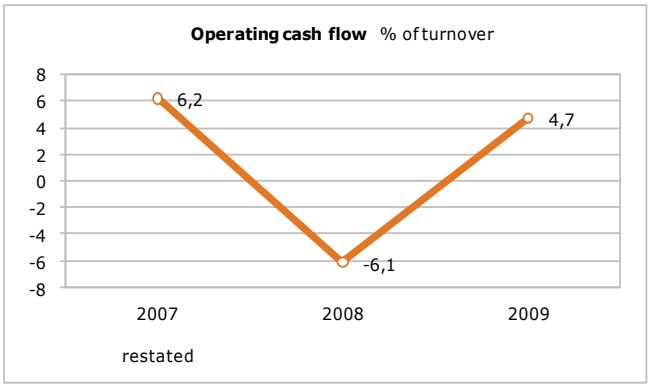


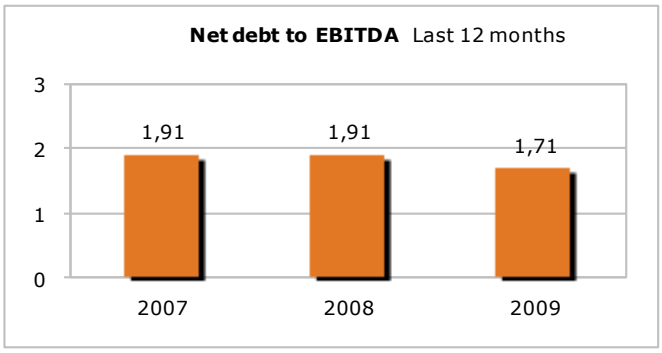
1.2 Key figures (continued)

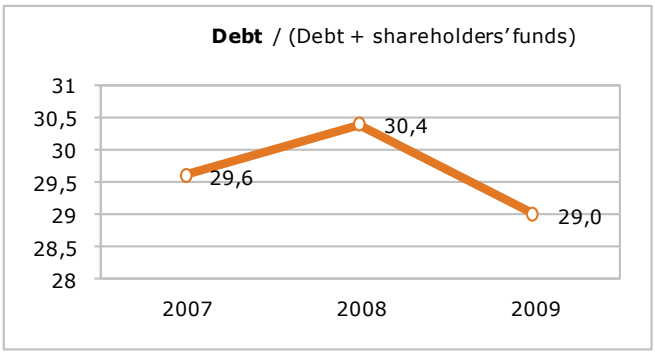












1.3 CEO's message

Sonaecom achieved a very good set of results in 2009, thanks to the successful implementation of the strategic guidelines we have set. 2009 was another challenging year, with a severe global recession leading to the launch of unprecedented forms of governmental support, aimed at delivering economic recovery. Against this turbulent background, the global telecoms industry remained relatively unaffected, further proof of the resilience of the sector, mainly explained by the fact that telecommunication services are increasingly considered as an item of non-discretionary spending. The Portuguese telecoms market was no exception, notwithstanding our very competitive home market.

Our strategy delivers

Following a long path to integration of our telco business, Optimus is now our umbrella brand for all our telecommunication activities and commands a significant presence in all market segments. As far back as 2001, we started by implementing various fixed and mobile shared services areas, in pursuit of internal cost synergies. Afterwards, we pioneered technological convergence, by merging network platforms and teams. As the true alternative to the incumbent, anticipating SMEs and corporate demand, we now have fully integrated sales and marketing teams to cover our mobile, fixed and convergent services for these segments.

Meanwhile, our Software and Systems Information (SSI) business continues to expand its international footprint, delivering strong growth while improving profitability.

To achieve greater clarity and agility, we strengthened our internal organization by introducing a new management structure that incorporates a more focused team to manage our telecommunication activities. The objective is to support the execution of our strategy by giving the three key areas of our business greater autonomy.

We believe that revitalizing our organization, while opening up new opportunities for our people, is fundamental to sparking the energy that is essential to overcoming our challenges and exceeding our growth and value creation ambitions.

Our results exceeded the targets set at the beginning for a challenging year

We have successfully delivered a solid top line performance with continued growth in Mobile Customer Revenues and an excellent performance from our SSI division.

Having implemented a series of successful cost control initiatives, we are keeping our structure costs under tight control and rigorously managing our CAPEX spend.

These factors have translated into a significantly improved Consolidated EBITDA performance, of 175.7 million euros, 9.5% above last year.

Importantly, these improvements enabled us to achieve a positive Consolidated Free Cash Flow of 7.5 million euros, which represented, on a comparable basis, an impressive 112.7 million euros increase in cash flow generation compared with 2008.

Our positive cash flow performance has allowed us to further improve Sonaecom's capital structure. Given the prevailing macroeconomic environment, we believe this is a particularly notable achievement.

Leading innovation

Following our proven track record as the clear leader in innovation, we have continued to launch the most advanced services and solutions through our leading-edge network.

In terms of our business model, we adopted a 'capital light' deployment strategy for our FTTH network, focusing on the services we deliver to our customers while improving the economic rationale for our infrastructure investments. This approach aligns directly with our longheld argument in favour of a single shared next generation network (NGN) in Portugal.

During 2009, we established important partnerships with Vodafone Portugal and DST (the subsidiary of a national construction group) aimed at further expanding our fibre coverage. With Vodafone Portugal, we signed an agreement that will be implemented via a new company responsible for a shared FTTH network. Additionally, we signed an agreement to explore DST's current and future FTTH networks. Through the provision of our retail offers, we also partnered DST during the public tenders for NGNs in more sparsely populated areas of Portugal. In early 2010, DST was awarded the contracts for the North, Alentejo and Algarve regions.

1.3 CEO message (continued)

Once again, WeDo Technologies' success was publicly recognised, as the company won the COTEC-BPI 2009 Innovation Award, an annual initiative that recognises the top Portuguese SME, in terms of innovation and main achievements.

We are confident in our future

During 2010, we will continue to pursue our strategy of establishing Optimus as the best integrated telecommunications operator in Portugal. To this end, we will continue to support the rapid expansion of our services by investing in our market leading, state-of-the-art network.

At SSI, we intend to keep growing in the Portuguese and international markets by extending our worldwide leadership in the Revenue Assurance market, in the Telecommunications sector, by broadening our portfolio into complementary Fraud Management solutions, and by expanding to other sectors.

At Público, we will continue to explore emerging online and brand extension opportunities and, at the same time, reinforce the newspaper's role as a source of independent information in Portugal.

Final note

I would like to conclude by emphasising that, although we expect 2010 to be another challenging year, we face our future with considerable optimism and confidence, certain that our strategy is the right one when it comes to creating long-term value for our Shareholders. We know that we can count on a comfortable capital structure and a stable shareholding base, including reference Shareholders who are experienced and committed to our sector. I am equally confident that we have the right organisation, with an experienced and motivated team, with the expertise to nurture our innovation-based culture, while adopting robust sustainability practices.

Ângelo Paupério, CEO, Sonaecom
March 2010

1.4 Corporate developments in 2009

These were the main corporate developments during 2009:

Merger of Telemilénio with Sonaecom - Serviços de Comunicações

With accounting effects from 1 January 2009, Telemilénio Telecomunicações, Sociedade Unipessoal, Lda. (former 'Tele2 Portugal') was merged into Sonaecom - Serviços de Comunicações, S.A (our telco operational subsidiary). This process was aimed at assuring both the quality of service and Sonaecom functionalities and services to previous Tele2 customers and has finally eliminated all the hurdles, namely in terms of network, that delayed the achievement of the expected synergies during part of 2008.

2009 Shareholders Annual General Meeting

At the Company's Annual General Meeting held on 17 April 2009, Shareholders have approved, among others, the following proposals:

1) To approve the Annual Report, Individual and Consolidated Accounts of Sonaecom, SGPS, S.A. for the year ended 31 December 2008, as presented;

2) To approve the proposed application of the Company's positive Net Result;

3) To authorise the Board of Directors to, over the next 18 months and subject to the limits established by law, purchase and sell own shares, under the terms of the proposal that was presented by the Board;

4) To authorise the purchase and holding of shares of Sonaecom, over the next 18 months, by directly or indirectly controlled companies.

Resignation of member of the Board of Directors

On 4 May 2009, Christopher Lawrie presented his resignation as a member of the Board of Directors and as the CFO of the Company. As announced by the Sonae Group (Sonaecom's main shareholder), on the same date Christopher Lawrie has taken up a new role as CEO of a recently created retail real estate business unit.

Acquisition of own shares

During 2009, Sonaecom purchased, through the Euronext Lisbon Stock Exchange, a total of 2,033,802 own shares, representing approximately 0.56% of its share capital, for the purposes of the employees' Medium Term Incentive Plan. The weighted average price of all the purchases referred to above stood at 1.54 euros per share.

As at the end of 2009, Sonaecom was the holder of 7,169,574 own shares, representing approximately 1.96% of its share capital.

Sale of EDP's stake

On 20 October 2009, Sonaecom received a notice from EDP – Energias de Portugal, S.A., informing that, in line with its previously disclosed strategy: (i) OPTEP, SGPS, S.A., a company fully owned by EDP had sold, as of that date, 26,979,748 shares representing 7.4% of the share capital and voting rights of Sonaecom, SGPS, S.A. and (ii) as a consequence thereof, EDP no longer held any shares in the share capital of Sonaecom.

BCP S.A. qualified participation

On 23 October 2009, Sonaecom received a notice from Pensõesgere – Sociedade Gestora de Fundos de Pensões S.A., informing that it was the owner of 12,400,000 shares, representing 3.386% of the share capital of Sonaecom. On that same day, Sonaecom also received a notice from Banco Comercial Português S.A. (BCP), in which, as required by Article 16 of the Portuguese Securities Code, it stated that the 12,400,000 shares mentioned above were attributable to BCP. It further informed a total of 12,500,998 shares, corresponding to 3.413% of the total share capital and voting rights of Sonaecom were attributable to BCP as of that date.

Resignation of member of the Board of Directors

On 10 December 2009, Luís Filipe Reis presented his resignation as a member of the Board of Directors of Sonaecom. According to a statement disclosed by Sonae SGPS, Luís Filipe Reis has taken up a new role as Sonae's Chief Corporate Centre Officer.

New organisation model

On 10 December 2009, Sonaecom informed that the Board of Directors had approved the new organisation model proposed by the Executive Committee, following an analysis carried out with the objective of granting a greater degree of autonomy to the different business areas and, consequently, allowing for an improved execution of Sonaecom's strategy. As a result, the telecommunication activities of the Company became under the responsibility of a dedicated management team, headed by Miguel Almeida, who has also assumed the role of Sonaecom's Deputy CEO. Similarly, the software and systems information became under the direct responsibility of Cláudia Azevedo, who also maintained her current role in the Media area.

JV with Vodafone

On 21 December 2009, Sonaecom reached an agreement with Vodafone Portugal, regarding mutual co-operation in the construction, management, maintenance and operation of a fibre optic next generation network (NGN) in the main urban centres. This project, which will imply the creation of a joint-venture, was established with the purpose of obtaining synergies and efficiency gains, totally in line with what Sonaecom has long defended in terms of shared networks.

1.5 Subsequent events

Santander qualified participation

On 6 January 2010, Sonaecom received a notice from 'Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliários, S.A.', informing that funds managed by it held, since 20 October 2009, a total of 7,408,788 shares, representing 2.032% of the share capital and voting rights of Sonaecom.

Wireline residential rebranding

On 20 January 2010, following the decision to concentrate all the Group's telecommunications businesses in one single brand, Optimus became the Sonaecom brand for the telecommunications business, by integrating the wireline residential activities under the brand 'Optimus Clix'. This integration was a natural step for Optimus, which currently holds a fully convergent network infrastructure.

New MTRs glide-path

On 20 January, Anacom published a draft decision regarding the wholesale market for voice call termination on individual mobile networks. This decision includes the market definition, an assessment of significant market power and the review of the obligations imposed, in which price control is included.
Regarding price control, the new glide-path proposed by the Portuguese regulator presents a price reduction (on a quarterly basis), which starts on 1 February 2010 and reaches €0.035 by 1 April 2011. The total reduction, considering the price prevailing as at 31 December 2009 (€0.065), corresponds to approximately 46%.
Anacom maintained symmetrical prices between the three operators. The proposed glide-path was as follows:

	TMN and Vodafone €	Optimus €
As of 31 December 2009	0,065	0,065
1 February 2010	0,060	0,060
1 April 2010	0,055	0,055
1 July 2010	0,050	0,050
1 October 2010	0,045	0,045
1 January 2011	0,040	0,040
1 April 2011	0,035	0,035

Closing of bond issue

On 3 February 2010, Sonaecom completed a three-year bond issue, by private placement, in the total amount of Euros 30,000,000.00 (30 million euros), an issue arranged by Banco Espírito Santo de Investimento. The bonds are unsecured, with a bullet repayment in February 2013 and a request will be made for its listing on the Euronext Lisbon exchange.

NGNs public tender results

On 6 February 2010, the Portuguese Government announced the results of the public tender process for the deployment of NGNs in Portugal's more sparsely populated areas. DST Telecom, the construction company that has partnered with Sonaecom in this process, won the tender in the North and in Alentejo and Algarve, regions which cover up to 750 thousand residents.

E-schools programme

At the beginning of January 2010, of the outstanding amount as of 31 December 2009 of 16.6 million euros, the 'Fundação para a Sociedade de Informação' has paid a net amount of 10.7 million euros, thus reducing the amount owed to Sonaecom to, approximately, 5.9 million euros. This payment has closed all the pending obligations between Sonaecom and 'Fundação para a Sociedade de Informação' as of September 2009.

1.6 Proposal for the application of results

As at 31 December 2009, Sonaecom's Consolidated Accounts presented a positive net result of 5,748,497 euros and the Individual Accounts a negative net result of 6,056,465.24 euros. The Board of Directors proposes that the net results in the Individual Accounts are transferred to other reserves, in the amount of 5,292,286.35 and the remainder, in the amount of 764,179.89 euros, to accumulated reserves.

Additionally, we propose the coverage of the negative retained results with Legal Reserves in the amount of 764,179.89 euros.

1.7 Acknowledgements

Final note

Sonaecom would like to thank its Statutory External Auditor for the valuable advice and help given during 2009 and its Statutory Audit Board for the close monitoring of our business.

We would also like to express our gratitude to our suppliers, commercial partners, financial institutions and the Group's other associates for their continuing involvement with our businesses and the confidence in our organisation they have again demonstrated during 2009.

Sonaecom's Executive Committee would like to thank the Non-Executive Directors for another year of valuable supervision and advice.

2.0

Our business

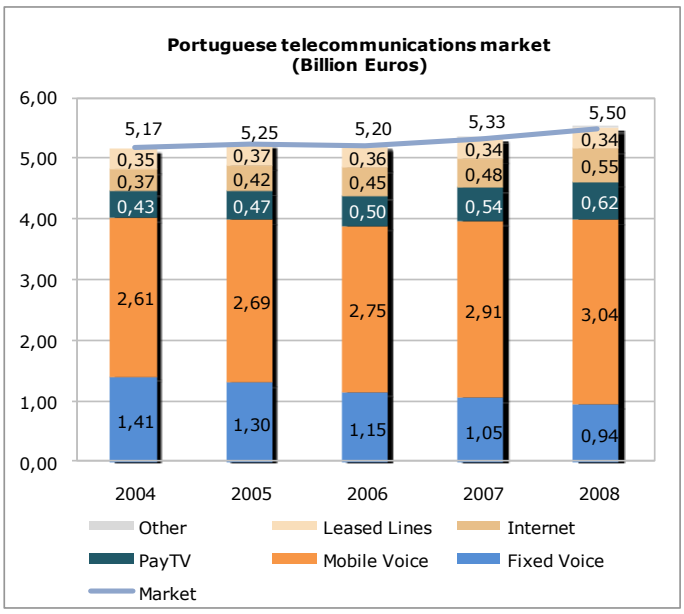
Portugal's highly competitive telecoms market proved remarkably resilient to the global recession. While the internet and pay TV segments recorded the highest growth levels, the mobile segment continued to generate the highest level of revenues. Despite the tough operating conditions across all our activities, we achieved a significantly improved consolidated EBITDA performance of 175.7 million euros, 9.5% ahead of 2008 – testimony to the enduring strength of our business.

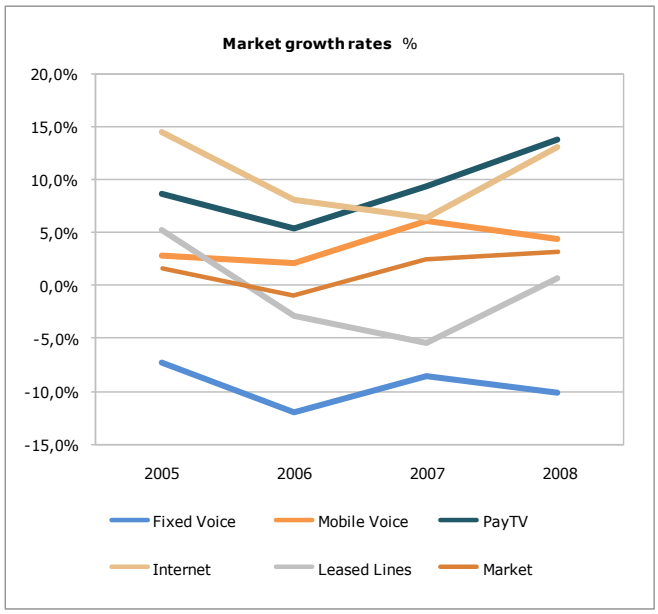
2.1 The Portuguese telecoms market

2009 was marked by a deep financial crisis that affected all sectors in different ways. The Portuguese telecommunications market proved to be relatively resilient, showing positive growth across a number of key segments. Mobile penetration continued to increase, primarily as a result of increased mobile broadband usage. The Pay-TV market, a segment controlled completely by PTM (now Zon) before the spin-off from PT, became one of the most aggressive markets in the Portuguese Telecommunications arena.

According to ANACOM, the total revenues generated by businesses in the sector, at the end of 2008 (last available data), were approximately 7.7 billion euros (including interconnection revenues between operators), representing an increase of 6.2% compared to 2007. Importantly, total sector revenues as a percentage of GDP grew from 4.5% in 2007 to 4.6% in 2008 while the sector's direct contribution to national employment remained stable at 0.25%.

Introduction





The consolidated Portuguese Telecommunications market is estimated to be worth 5.5 billion euros in terms of revenues (excluding interconnection revenues between operators), showing a positive growth trend since 2007. In 2008, the most recent data available, the market grew by 3.2% and only the Fixed Voice segment showed declining revenues. At the end of 2008, the Fixed Voice segment represented only 17.1% of the total market. On the other hand, all the other segments showed positive growth (including the Leased Lines segment, which had shown a negative growth trend since 2006) driven by both retail and wholesale revenues. The segments that showed the highest growth were the Pay-TV and internet segments, growing 13.8% and 13.1%, respectively compared to the previous year. Also, in terms of relative weight, both the Pay-TV and internet segments showed significant growth of 1.1pp and 0.9pp, respectively, to 11.3% and 10.0% of the total market. The segment that continued to generate the highest turnover was the mobile segment, which posted a 4.4% growth and represented 55.3% of the total Portuguese telecommunications market, an increase of 0.6pp compared to 2007.

Mobile market

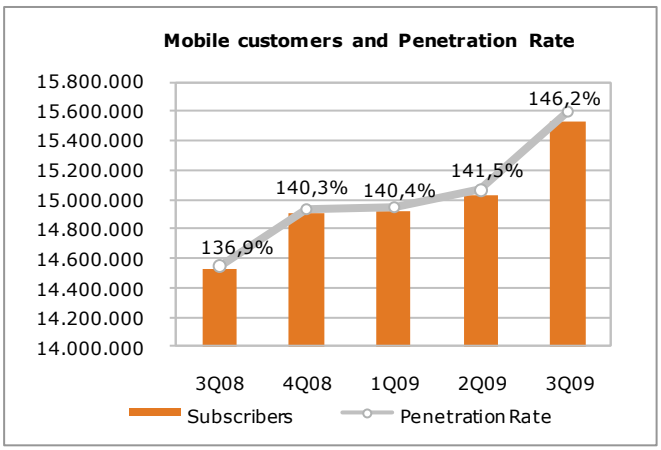
In the 12-month period to September 2009 (based on ANACOM's latest market data), total mobile subscribers increased by 6.9% to 15.5 million customers, which corresponded to a market penetration of 146.2% (9.3pp above September 2008), clearly above the EU27 average that stood at 122.4% in June 2009. It is important to note that this growth was driven not only by growth in pre-paid customers (+3.9%), but mainly by high growth among post-paid subscribers (+16.0%). At the 3Q09, post-paid subscribers represented 27.4% of total subscribers in the market, compared to 25.2% the previous year. This growth in post-paid subscribers was primarily driven by the increase in the number of customers who have contracted UMTS services, such as mobile broadband. Generally, this implies the payment of a monthly fee. In fact, the number of customers who have contracted and were effectively using UMTS services at the end of the 3Q09, was 2.4 million (15.3% of the total mobile customer base), a significant 123.6% increase over the previous year.

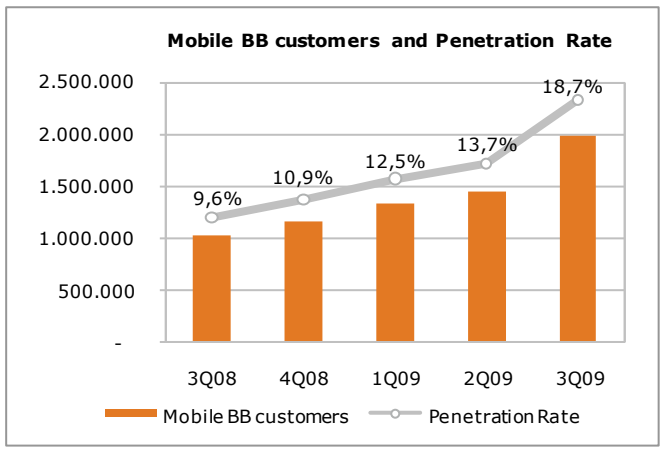
2.1 The Portuguese telecoms market (continued)

During the same 12-month period, the total volume of mobile traffic, expressed in minutes, increased by 16.3%, while the number of calls only increased by 8.9%. The average duration of a call reached 2.1 minutes, an increase of 6.8% compared to the same period in 2008. SMS usage continued to grow, registering an 11.2% rise compared to the same period in 2008. Although it still represents relatively low traffic volumes, multimedia messages service (MMS) continued to grow significantly, increasing by 37.9% versus the comparable period in 2008.

Voice traffic associated with roaming-in and roaming-out recorded year-on-year decreases of 1.2% and 8.2% respectively, with the global crisis negatively affecting these services. This reduction in volume was registered despite the positive effect that was expected to arise from the roaming price cuts imposed by the European Commission.

In relation to market share, and based on companies' reported figures, the market remained relatively stable. At the 3Q09 and compared to the 3Q08, Sonaecom/Optimus increased its market share by 0.4pp to 20.5% although PT/TMN decreased 0.5pp to 43.7% while maintaining the market leadership.





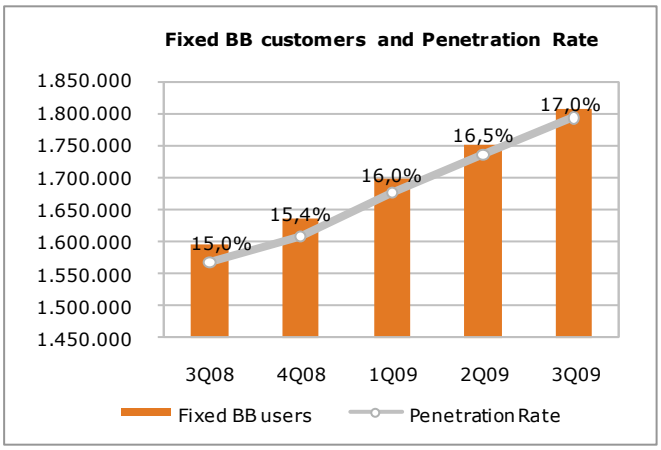
2.1 The Portuguese telecoms market (continued)

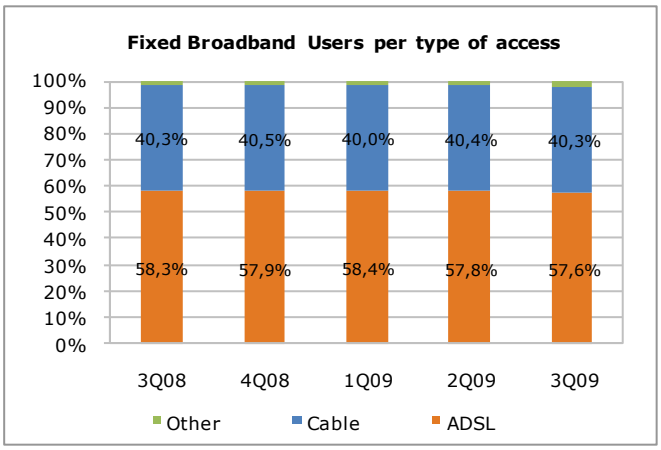
Broadband market

Over the past few years, data transmission services have continued to post one of the most interesting and sustained growth rates within the Portuguese telecommunications market. This trend is largely supported by three internet access technologies: ADSL, Cable and, especially, mobile broadband access. Portugal's position amongst the EU27 is, however, quite different when it comes to fixed and mobile internet. On the one hand, Portuguese fixed internet penetration remained significantly below the European average, reaching 17.0% at the end of the 3Q09 (+2.0pp compared to the 3Q08) versus the EU27 average of 23.8% (July 2009). On the other hand, mobile internet penetration reached 18.7%, with Portugal ranking number three amongst EU27 countries.

With respect to customer numbers: in the 12-month period to 30 September 2009, fixed broadband users grew by 13.2% to more than 1.8 million driven by all technologies, with ADSL representing 57.6% of the total number of customers. In terms of growth: (i) ADSL customers grew by 11.9% (110.2 thousand net additions); (ii) cable broadband customers grew by 13.4% (85.8 thousand net additions); and (iii) other technologies, mainly driven by the increased FTTH coverage, grew by 64.7%, corresponding to 15.0 thousand net additions.

Turning to market distribution per operator: at the end of the 3Q09, the fixed broadband market was mostly divided between PT (with a 43.3% market share) and Zon (with 32.3%). These operators have increased their respective market shares by 2.5pp and 4.4pp, respectively. Sonaecom ranked third, with a market share of 10.4%, a decrease of 3.7pp compared to the previous year. The remaining operators had an aggregate market share of 14.1% compared with 17.2% in September 2008.





2.1 The Portuguese telecoms market (continued)

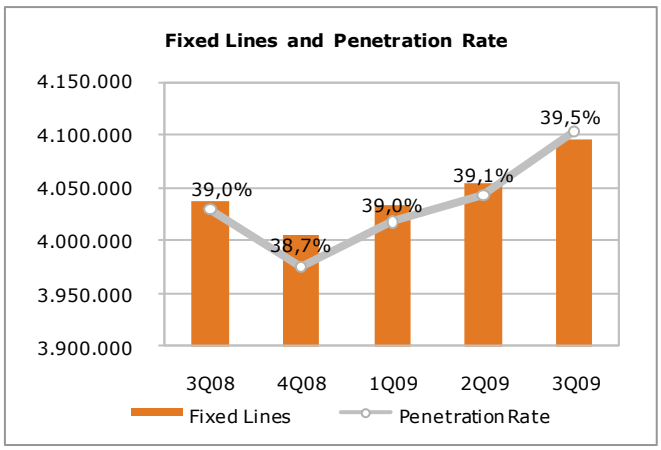
Wireline market

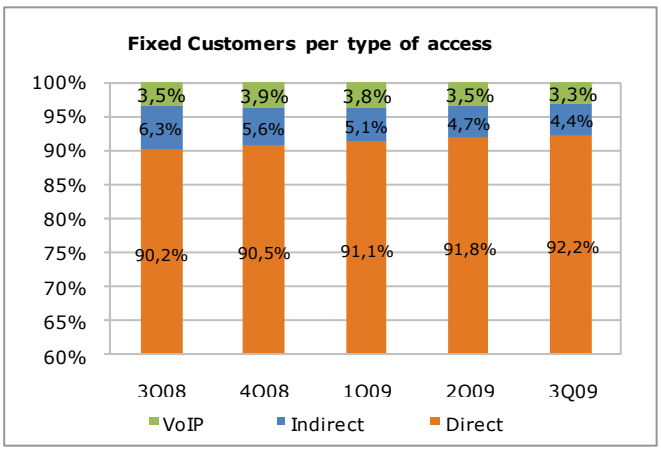
In the 12-month period up to September 2009, the total number of wireline accesses installed at customers' request increased by 1.5% to 4.096 million accesses, mainly as a result of the increase in the number of customers supplied with GSM solutions (+7.7%) and in the number of customers supplied with other technologies, mainly cable telephony, which increased by 56.8% to 641.4 thousand. As a result, wireline penetration reached 39.5%, a marginal 0.5pp increase on the previous year.

Fixed Voice customers also grew by 2.2% to 3.6 million, firstly as a result of a 4.6% increase in the number of direct customers to 3.29 million by 3Q09; and, secondly, as the result of a 28.6% decrease to 157.8 thousand in the number of indirect customers, indicating that this service may be coming to the end of its lifecycle.

In the same period, wireline traffic decreased by 5.9% in terms of number of calls and 1.8% in terms of voice traffic in minutes. This was a result of: (i) continued migration of narrowband customers to internet broadband solutions (ADSL, cable and also mobile), which translated into another significant drop (-41.3%) in narrowband traffic compared to the same period in 2008; and (ii) fixed-to-mobile substitution as total voice traffic in the sector continues to increase. As in the mobile segment, the average length of a call in the wireline segment also increased, this time to 3.1 minutes, up 5.2% compared to the year before.

During 2009, alternative wireline operators continued to gain market share against the incumbent. In the 3Q09, Portugal Telecom accounted for 62.7% of all Portuguese voice traffic expressed in minutes versus 66.5% the year before, and achieved approximately 59% of total direct customers (down from 64.6% in the 3Q08). However, among alternative carriers, the only operator that achieved a significant increase in market share in the period was Zon (up from 3.7% to 11.4%), with Vodafone slightly increasing its share and the remaining operators losing market share: Sonaecom down from 20.0% to 17.5% and Cabovisão down from 7.8% to 7.2%.





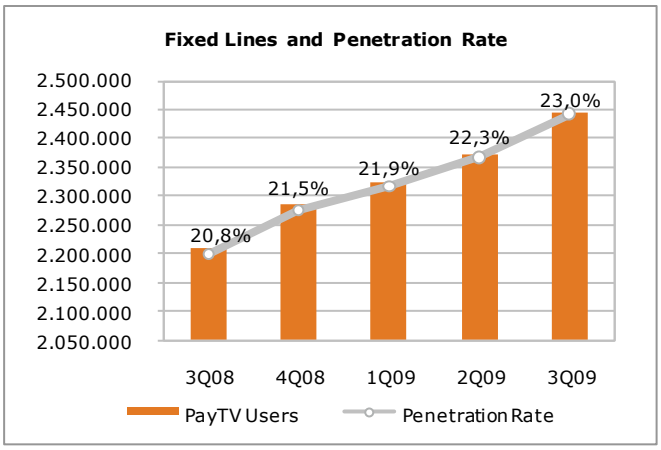
2.1 The Portuguese telecoms market (continued)

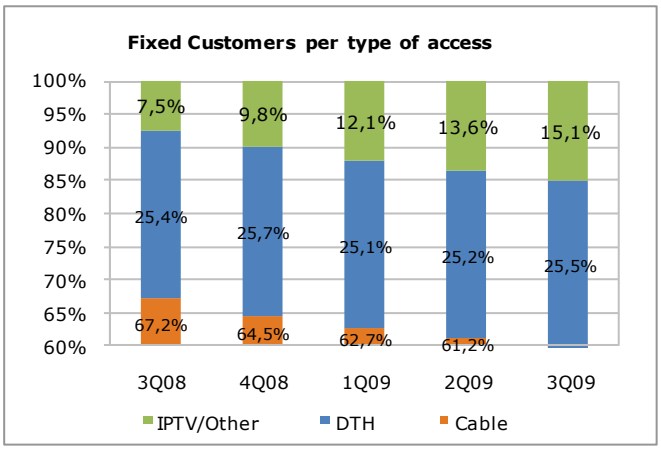
Pay-TV market

In the 12-month period to September 2009, the total number of Pay-TV users grew by 10.5% to 2.4 million, which corresponds to a penetration rate of 23.0%, an increase of 2.2pp compared to 2008.

This growth resulted from a combination of different factors: (i) cable customers, despite accounting for the majority of the accesses (59.4%), decreased by 2.2% to 1.45 million, probably as a result of migration to other offers; (ii) IPTV, including fibre offers, increased by 122.7% to 368.3 thousand customers; and (iii) DTH has also increased by 11.2% to 623.6 thousand users at the end of the 3Q09.

As for market share, as a result of the strong investments carried out by PT in the segment, Zon's market share decreased by 7.7pp to 66.6%. In the same period, PT saw its market share increase by 11.1pp to 20.7%, while Cabovisão registered a 2.7pp decrease to 10.6% of the market. Sonaecom, mainly as a result of its FTTH offers, grew its market share by 0.4pp, which nevertheless still represents less than 1% of the total Pay-TV market.

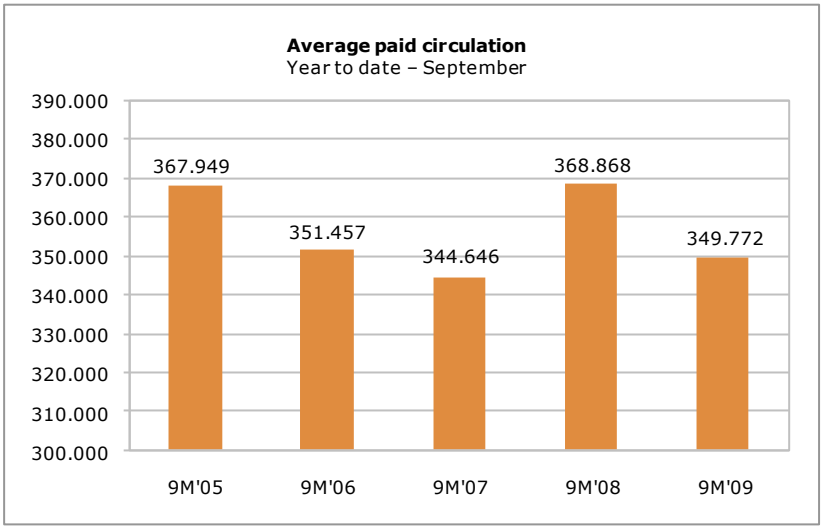




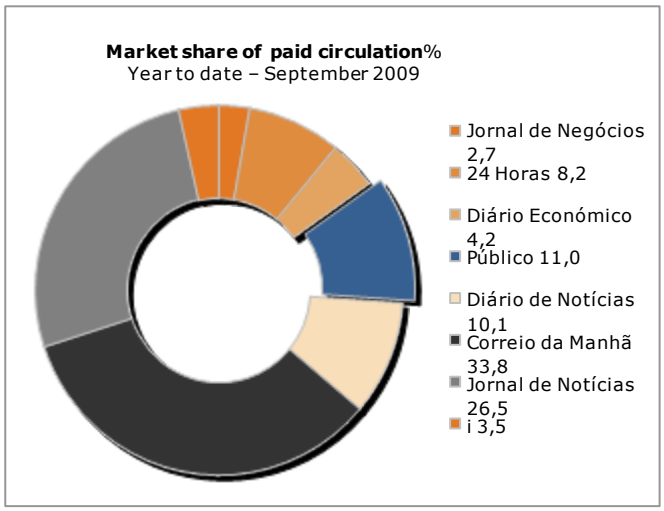
Media

According to the latest available data, the daily generalist press's average daily paid circulation between January and September 2009 decreased by 5.2% from 368,868 units to 349,772 units compared to the same period in 2008.

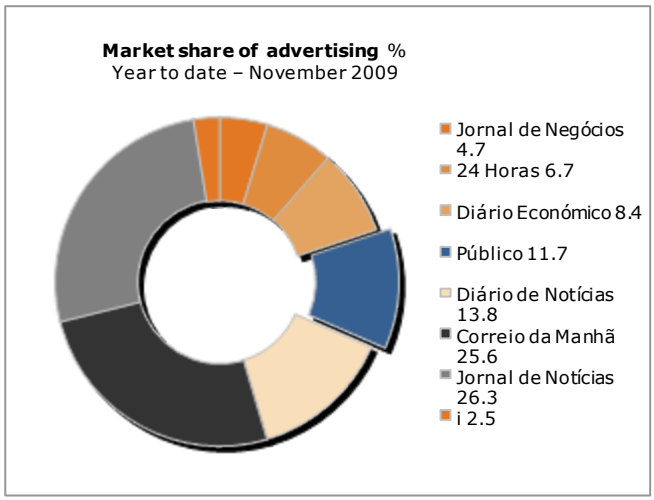
During the same period, Correio da Manhã increased its market leadership by 1.7pp to 33.8%, while all the other daily generalist titles decreased their respective market shares. This trend includes Público, which saw its market share fall by 0.5pp to 10.9%. It should also be noted that the business newspapers increased their average circulation during 2009, consequently reinforcing their positions in the marketplace.



2.1 The Portuguese telecoms market (continued)



Meanwhile, advertising on total daily press decreased by 9.7% for the 11-month period ending November 2009, and the daily generalist paid advertising market fell by 6.0%. During the same period, Público decreased its advertising revenue market share by 0.6pp to 11.7%.



Source: Marktest/Media Monitor

2.1 The Portuguese telecoms market (continued)

2.1.1 Regulatory environment

The following review summarises some of the more relevant regulatory developments during 2009:

Next Generation Access Networks (NGNs)
Following the public consultation launched in June 2008, ANACOM published a report in January 2009 on the regulatory approach to NGNs. This report introduces a set of proposals representing the regulator's vision on this issue. Among other conclusions, the regulator proposes a division of the national territory into competitive and non-competitive areas, in line with the decision taken for Markets 4 and 5.

Regarding the transition between ULL and NGN, ANACOM recognises the need to protect the investment made by alternative operators. In this context, the incumbent should ensure a timely publication of information on the evolution of the copper network to NGN while continuing to provide access to the copper infrastructure (MDF and loops) for a reasonable period of time.

The provisions regarding PT's copper network are expected to be approved at the beginning of 2010, while there is still no timetable for the remaining proposals.

Legal regime on infrastructure access
During the 1Q09, the Portuguese Government announced the adoption of a decree-law that defines a new legal regime for the access and use of networks and infrastructures for electronic communications. According to the press release from the Portuguese Council of Ministers, the legislation aims to promote NGN developments by removing or mitigating barriers to the infrastructure construction necessary to accommodate electronic communications networks.

The decree-law establishes the requirements for building telecommunications infrastructure during construction and urbanisation (ITUR), and strengthens the current legal regime applying to the in-building telecommunications infrastructure (ITED), whereby the installation of optical fibre is now made compulsory. As well as establishing clear rules for ITUR and ITED, there was a concern to impose rules that prevent the monopolisation of infrastructure by the first operator to be installed inside a building.

Subsequently, the legal regime that defines the terms for construction, access and installation of electronic communications networks and infrastructures was published at the end of May 2009.

Alongside rules for constructing new infrastructures and extending existing infrastructures, this decree-law foresees granting electronic communication providers access rights to all ducts and infrastructure owned by the Portuguese state and other public entities. It is also worth noting the creation of the Sistema de Informação Centralizado (Centralised Information System), which will gather all the information about ducts and other infrastructure held by operators and by any public entity.

This decree-law also obliges the first operator who accesses a specific building to install the vertical optical fibre network in a manner that allows other operators to share it. These operators will have to bear part of the costs incurred by the first mover.

New mobile licence (450-470 MHz)
During 1Q09, ANACOM decided to dismiss the application of Rede Nacional de Telecomunicações, S.A. (RNT) for a further extension to the deadline to comply with the obligations to provide the bank guarantee in respect of the development of its information society commitments. Following this process, the regulator issued a decision cancelling the award of the frequencies in the 450-470 MHz band to RNT.

Portability regulation
ANACOM's decision on the new portability regulation was published during the 1Q09. This new regulation came into force in March 2009 despite legal actions filed by TMN and PTC aimed at suspending the effects of this decision. ANACOM responded to these actions by citing public interest. The main changes introduced involved the reduction of certain timings, with significant implications for portability processes, and the introduction of financial compensation for breach of terms covering the porting processes.

It should also be noted that in January 2010, PT was fined by ANACOM for the serious and repeated breach of the portability regulation. The breaches are related to PT's unjustified refusal of portability requests.

EU roaming regulation
During 2Q09, the European Parliament and the European Council approved new regulation covering international roaming services (EC regulation number 544/009). This regulation extends the control over roaming voice services pricing until 2012, imposes per-second billing and introduces regulation over retail and wholesale SMS roaming pricing. In relation to data services, the new regulation establishes control over wholesale prices and foresees the adoption of several measures aimed at increasing consumer visibility over pricing.

Broadband wireless access: terms of tender
ANACOM launched a public consultation on the terms of the tender process for granting frequencies rights in the 3400-3800 MHZ band for the purpose of providing broadband wireless access (BWA) services.

2.1 The Portuguese telecoms market (continued)

In line with previous consultations on the matter, the proposed terms for the tender include a two-stage process. In the first stage, the following entities are not allowed to participate: (i) holders of frequency rights in this band and/or other frequencies rights for the rendering of mobile services; (ii) operators designated as having significant market power in market 5 (wholesale broadband access) and; (iii) entities which are subsidiaries or which control companies that fall under the previous categories.

On 30 December 2009, ANACOM decided to allow the applications from three entities to the auction process:

- Bravesensor, Unipessoal, Lda;
- Município de Sintra;
- Onitelecom - Infocomunicações, S.A.

The auction is currently ongoing. In November 2009, the regulator indicated that a final decision should be taken by the end of 1H10.

Local Loop Unbundling Reference Offer (ORALL)
During 3Q09, ANACOM released the draft decision in relation to amendments to the Local Loop Unbundling Reference Offer (ORALL). The proposed changes, which had been requested by Sonaecom for a long time, address a number of key concerns including:

a) Mandatory rendering of extended information, which will have a positive impact on the alternative operators' triple-play market reach, as well as over their capacity to access new unbundling points;

b) Greater visibility over changes to PT's access network, including the introduction of a pre-notice period of 12 to 60 months for the remotisation of central offices and strict conditions for the displacement of local loops already unbundled;

c) New service levels (SLAs), which will allow for the differentiation of offers in accordance with current market demands;

d) Reinforcement of the penalties system, with the objective of further dissuading breach of obligations.

The draft decision foresees the maintenance of current prices for all services rendered under the ORALL.

Digital Dividend
During the public consultation launched by ANACOM, one of the issues that came up for discussion most frequently was the possibility of assigning part of the Digital Dividend to the rendering of mobile broadband services – particularly in the 790-862 MHz sub-band. The Digital Dividend refers to the amount of spectrum that will be freed-up in the switchover from analogue to digital terrestrial TV. A consensus emerged on the need to define, in the short-term, the specific conditions for granting these frequencies. In this respect, the regulator has highlighted the option, already adopted by several European countries, of making this sub-band available for mobile broadband.

It should also be noted that on 10 July 2009, the European Commission launched a public consultation on the issue of the Digital Dividend, where it proposes the adoption of certain measures aimed at harmonising this sub-band, allowing these frequencies to be made readily available across the member states. Subsequently, in October 2009, the Commission issued a recommendation requesting member states to take measures to execute the analogue switch-off until 1 January 2012 and award frequencies in the 790-862 MHz band to electronic communications services harmoniously across Europe.

Amendments to the GSM Directive/900MHz *refarming*
During 3Q09, the European Council of Ministries approved certain amendments to the GSM Directive. This Directive had been identified as an obstacle to rendering UMTS services in the 900 MHz band because it foresaw the exclusive use of this frequency for the purpose of GSM services.

The approved changes foresee the possibility of immediate use of UMTS systems in the 900 MHz band, as well as the possible use of other systems in this band, provided the possibility of their co-existence with GSM and UMTS is demonstrated.

The revised directive became effective during November 2009 and is supposed to be transposed into national legislation within a maximum period of six months.

Additionally, the Commission issued a decision which defines the technical conditions that assure the co-existence of GSM and UMTS systems in the 900 MHz and 1800 MHz band. This created the right conditions for the *refarming* of 900 MHz and 1800 MHz frequencies.

Regulatory fees
In the 4Q09, ANACOM approved the percentage that determines the amount due from network suppliers and electronic communications services providers as regulatory activity fee for 2009. This percentage has been fixed at 0.005826%. The regulatory activity fee should be paid annually by operators and service providers on the basis of income related to the provision of communications services. The percentage applicable to the relevant income shall be reviewed annually by the regulator, in accordance with the total income of the sector and the

2.1 The Portuguese telecoms market (continued)

administrative costs of the regulatory activity, given that this regulatory activity fee is meant to cover all the costs associated with ANACOM's regulatory activity. Additionally, operators have to pay spectrum and numbering fees to the regulator.

New regulatory framework

In December 2009, the EU Directive which lays down the new regulatory framework for the electronic communications sector was published and became effective.

Overall, the changes introduced aimed to achieve greater harmonisation between measures applied within EU countries. In this context, it is important to highlight the creation of the Body of European Regulators for Electronic Communications (BEREC), which is set to become directly involved in regulation at EU level by strengthening co-operation between national regulatory authorities and the European Commission.

The Commission's powers of intervention have also been strengthened. For example, it is now possible for the Commission to propose recommendations and/or decisions to achieve a harmonised regulatory framework within the EU. However, the Commission was not given the right to veto solutions put forward by national regulatory authorities, although this possibility was raised in the initial draft proposal.

The new EU regulatory framework should be transferred into national law within 18 months or by 25 May 2011.

Market analysis: voice call termination on mobile networks

On 20 January 2010, ANACOM published a draft decision regarding the wholesale market for voice call termination on individual mobile networks (market 7). This decision includes the market definition, an assessment of significant market power, and a review of the imposed obligations, among them price control.

Regarding price control, the new glide path proposed by the Portuguese regulator presents a significant price reduction on a quarterly basis. Starting on 1 February 2010, this reduction will reach Euro 0.035 by 1 April 2011. The total reduction, given the prevailing price on 31 December 2009 (Euro 0.065), corresponds to 46%. ANACOM maintained symmetrical prices between the three operators. The proposed glide path is as follows:

	TMN and Vodafone	Optimus
At 31 December 2009	0.065	0.065
1 February 2010	0.060	0.060
1 April 2010	0.055	0.055
1 July 2010	0.050	0.050
1 October 2010	0.045	0.045
1 January 2011	0.040	0.040
1 April 2011	0.035	0.035

2.2 Business overview

2.2.1 Consolidated perspective

In 2009, Sonaecom's consolidated activity main highlights were as follows:

Customers: (i) Mobile customers increased by 7.6% to 3.43 million at the end of 2009, with net additions in the period reaching 241.0 thousand. Data revenues represented 28.1% of Service Revenues in 2009, up 5.6pp against 2008; (ii) Total Wireline direct accesses reached 403.2 thousand, 23.2 thousand less than at the end of the previous quarter.

Personnel: total headcount has increased by 2.3% when compared to the previous year, reaching a total of 2,013 employees at the end of 2009, mostly due to the headcount growth (i) at SSI, driven by increased activity and by the international expansion of WeDo Technologies (which already has 153 employees outside of Portugal); and (ii) at the shared services division, mostly due to the decision to reduce the use of certain outsourcing services. Corporate Centre staff has been reduced in relation to 2008 and represented less than 1.1% of total headcount at the end of 2009.

Consolidated Service Revenues decreased by 7.1% against 2008, as a result of both a 18.8% reduction in Operator Revenues, resulting from the negative impacts of regulated tariffs (roaming pricing and, mainly, the introduction of the new mobile termination rates) and a 3.7% decrease in Customer Revenues, fully driven by the negative evolution at the Wireline Residential business.

Consolidated EBITDA was 175.7 million euros, almost 10% higher than in 2008, mainly as a result of the improved contributions from the Mobile and SSI Businesses. EBITDA margin has improved by 2.1pp, from 16.4% in 2008 to 18.5% in 2009, mainly due to: (i) a better service margin, reflecting the increased Mobile Customer Revenues; (ii) lower commercial costs, particularly marketing and sales costs, at our Mobile business; and; (iii) a 11.9% reduction in General and Administrative expenses, as a result of the cost saving initiatives implemented throughout the year.

2.2 Business overview (continued)

2.2.2 Consolidated income statement

Million euros	2009	2008	Year on year
Turnover	**949.4**	976.2	(2.7%)
Mobile	**607.0**	629.1	(3.5%)
Wireline	**245.2**	291.4	(15.9%)
Online & Media	**30.4**	32.4	(6.3%)
SSI	**149.9**	120.1	24.8%
Other and eliminations	**(83.1)**	(96.9)	14.2%
Other revenues		10.5	(33.0%)
Operating costs	**761.7**	804.5	(5.3%)
Personnel Costs	**98.0**	94.8	3.4%
Direct Servicing Costs(1)	**268.4**	320.1	(16.1%)
Commercial Costs(2)	**248.2**	235.9	5.2%
Other operating Costs(3)	**147.1**	153.7	(4.3%)
EBITDAP	**194.7**	182.3	6.8%
Provisions and Impairment Losses	**19.0**	21.9	(13.0%)
EBITDA	**175.7**	160.4	9.5%
EBITDA margin (%)	**18.5%**	16.4%	2.1pp
Mobile	**166.7**	142.4	17.1%
Wireline	**5.7**	14.0	(59.1%)
Online & Media	**(2.7)**	(3.2)	17.4%
SSI	**8.4**	7.1	17.8%
Other and eliminations	**(2.5)**	0.0	-
Depreciation and amortisation	**151.8**	157.6	(3.7%)
EBIT	**23.9**	2.8	-
Net financial results	**(12.7)**	(17.8)	28.6%
Financial income	**5.9**	3.8	57.3%
Financial expenses	**18.6**	21.5	(13.6%)
EBT	**11.2**	(15.0)	-
Tax results	**(5.1)**	20.2	-
Net results	**6.1**	5.2	16.3%
Group Share	**5.7**	5.0	15.0%
Attributable to minority interests	**0.3**	0.2	44.9%

(1) Direct servicing costs = interconnection and content + leased lines + other network operating costs.

(2) Commercial costs = cost of goods supplied (COGS) + Marketing and Sales Sosts.

(3) Other operating costs = outsourcing services + general & administrative (G&A) + others.

Turnover

Consolidated Turnover totalled 949.4 million euros in 2009, benefiting from higher SSI Turnover (+24.8%) and higher Mobile Customer Revenues (+1.6%), although 2.7% below 2008, mainly driven by a 22.2% reduction in Mobile Operator Revenues.

Consolidated Service Revenues decreased by 7.1% to 808.2 million euros. The lower Service Revenues at our Telecommunications and Online & Media divisions were not completely offset by the higher Service Revenues at SSI.

Consolidated Customer Revenues were down by 3.7% when compared to 2008, despite the positive performance of Mobile Customer Revenues and higher SSI Service Revenues, mainly driven by lower Customer Revenues at our Wireline business.

2.2 Business overview (continued)

Operating costs

Total operating costs reached 761.7 million euros, 5.3% below 2008, representing 80.2% of 2009 total Turnover, a clear sign that the cost control initiatives implemented throughout 2009 are delivering results.

The main drivers of the evolution of operating costs in 2009 were the following:

a) Personnel Costs were up by 3.4% against 2008, reaching 98.0 million euros in 2009, partly driven by the 2.3% increase in total headcount;

b) Direct Servicing Costs decreased by 16.1%, when compared to 2008, driven mainly by a 20.6% decrease in interconnection and content costs, due to the new MTR programme and to lower ULL related costs;

c) Commercial Costs increased y.o.y by 5.2%, to 248.2 million euros in 2009, as a result of the higher level of COGS at SSI, driven by the continuing success of Bizdirect product sales, not fully compensated by lower marketing and sales costs at our Telco Business;

d) Other Operating Costs decreased 4.3% against 2008, mainly as a consequence of reductions in general and administrative costs (circa 12.0% y.o.y.).

Provisions and Impairment Losses decreased y.o.y. in 2009 by approximately 2.9 million euros as a result of lower provisions for bad debt, driven by a good performance in our collections, despite the deteriorating economic environment, and also lower provisions for other risks and charges.

2.2 Business overview (continued)

EBITDA

As a result of the performance detailed above, in terms of revenues and costs, Consolidated EBITDA improved in 2009 by 9.5% to 175.7 million euros generating a margin of 18.5%, compared to a margin of 16.4% in 2008. The breakdown of EBITDA performance by business was as follows:

a) EBITDA at our Mobile Business of 166.7 million euros, was up by 17.1% when compared to 2008, mainly explained by higher Customer Revenues and lower commercial and interconnection costs, which were partly offset by lower roaming revenues. The Mobile Business achieved an EBITDA margin of 27.5%, 4.8pp above 2008 EBITDA margin, an excellent achievement given the prevailing sector conditions;

b) The Wireline Business generated an EBITDA of 5.7 million euros (8.3 million euros below 2008). Notwithstanding the positive performance at both the Wholesale and at the Corporate & SMEs segments, which continue to grow both in terms of customers and Customer Revenues, this decrease is a result of the loss of indirect access revenues and competition in the Residential market;

c) EBITDA at SSI increased by 47.1% when compared to 2008 on a comparable basis, to circa 8.4 million euros in 2009, mainly as a result of a substantially improved EBITDA performance at WeDo and Bizdirect, which have increased EBITDA by 1.7 and 0.8 million euros y.o.y, respectively, and at Saphety (+0.6 million euros). Including the 1.4 million euros one-off gain registered in 2008 related to the acquisition of Tecnológica, SSI's EBITDA grew by 17.8% y.o.y.;

d) Online & Media's EBITDA in 2009, despite better than last year by 17.4%, was negative by 2.7 million euros. However, it should be noted that it improved 40.9% between the third and the fourth quarter of 2009, as a result of the continuing implementation of cost optimisation measures and the higher level of advertising revenues.

Net profit

Net Results Group Share were positive by 5.7 million euros in 2009, compared to approximately 5.0 million euros in 2008, mainly due to the much improved EBITDA performance and to the 28.6% decrease in net financial results, despite the impact of the securitisation transaction.

Depreciation and amortisation charges decreased by approximately 3.7% when compared to last year, reaching 151.8 million euros in 2009, due to an update of the estimated useful life of some specific technical assets. Our asset base continued to increase, as a consequence of our strategy in expanding our mobile and fibre access network.

When compared to 2008, net financial charges decreased by 28.6%, to 12.7 million euros in 2009, reflecting:

a) lower financial expenses, down by 2.9 million euros, due to (i) the lower average Gross Debt in 2009 and (ii) the decrease in the average cost of debt (from 5.1% in 2008 to 2.3% in 2009), as a reflection of movements in market rates; and

b) a 2.1 million increase in financial income, driven by the higher level of average liquidity in 2009 mainly as a result of the increased liquidity generated by the completion of the receivables securitisation transaction at the end of 2008.

The tax line in 2009 showed a cost of 5.1 million euros, compared to a benefit of 20.2 million euros in 2008, driven mainly by the improved EBT performance (from a negative 15.0 million euros to a positive 11.2 million euros),

2.2 Business overview (continued)

2.2.3 Consolidated balance sheet

Million euros	2009	2008	Year on year
Total net assets	**1,920.11**	1,973.4	(2.7%)
Non-current assets	**1,506.38**	1,510.7	(0.3%)
Tangible and intangible assets	**857.1**	858.6	(0.2%)
Goodwill	**526.1**	526	0.0%
Investments	**1.2**	1.2	0.0%
Deferred tax assets	**121.9**	124.9	(2.4%)
Current assets	**413.7**	462.8	(10.6%)
Trade debtors	**158.9**	173.7	(8.5%)
Liquidity	**83.6**	105.7	(20.9%)
Others	**171.2**	183.4	(6.6%)
Shareholders' funds	**935.6**	929	0.7%
Group share	**935.1**	928.5	0.7%
Minority interests	**0.5**	0.5	12.2%
Total liabilities	**984.47**	1,044.50	(5.7%)
Non-current liabilities	**444.7**	572.4	(22.3%)
Bank loans	**299.1**	381.7	(21.6%)
Provisions for other liabilities and charges	**32.2**	32.2	(0.1%)
Others	**113.4**	158.5	(28.4%)
Current liabilities	**539.7**	472.1	14.3%
Bank loans	**59.3**	5.0	-
Trade creditors	**195.3**	179.1	9.1%
Others	**285.2**	288	(1.0%)
Operating CAPEX(1)	**135.9**	192.1	(29.3%)
Operating CAPEX as % of turnover	**14.31%**	19.70%	(5.4pp)
Total CAPEX	**151.8**	289.7	(47.6%)
EBITDA – Operating CAPEX	**39.8**	(31.7)	-
Operating cash flow(2)	**44.5**	(59.5)	-
FCF (3)	**7.5**	14.1	(46.7%)
Gross debt	**382.2**	405.5	(5.7%)
Net debt	**298.5**	299.7	(0.4%)
Net debt/EBITDA last 12 months	**1.7 x**	1.9x	(0.2x)
EBITDA/interest expenses(4) (last 12 months)	**9.8 x**	8.1x	1.8x
Debt/(debt + shareholders' funds)	**29.0%**	30.4%	(1.4pp)
Excluding the securitisation transaction:			
Net debt	**377.8**	399.0	(5.3%)
Net debt/EBITDA last 12 months	**2.2 x**	2.5x	(0.3x)
EBITDA/interest expenses (last 12 months)	**9.8 x**	8.1x	1.8x

(1) Operating CAPEX excludes financial investments, provisions for sites dismantling and other non-operational investments.

(2) Operating cash flow = EBITDA – operating CAPEX – change in working capital – non-cash item snd other.

(3) Free cash flow (FCF) levered after financial expenses but before capital flows and financing-related up-front costs.

(4) Interest cover.

2.2 Business overview (continued)

Capital structure

Consolidated Gross Debt as at the end of 2009 totalled 382.2 million euros, 23.3 million euros below the level registered at the end of 2008 and mainly comprised:

- 150 million euros long-term privately placed Bonds, due in June 2013;
- 165 million euros used under the underwritten committed 250 million euros Commercial Paper Programme contracted in 2007 and with final maturity in July 2012;
- 40 million euros used under the underwritten committed 70 million euros Commercial Paper Programme contracted in 2005 and committed for a rolling period of 364 days;
- 3.5 million euros of short-term debt, out of a total of approximately 30 million euros of short-term credit facilities; and
- 23.8 million euros of financial leases.

With the final maturity in June 2009 of the last Interest Rate Swap negotiated during 2007, all of the outstanding debt is now based on floating rates, which has allowed the capture of the full benefits arising from lower market rates

Consolidated Net Debt at the end of 2009 stood at 298.5 million euros, a 0.4% reduction when compared to 2008, mainly reflecting the positive FCF evolution between the two periods, including the amortisation of 20 million euros related to the securitisation transaction executed last year, and a 5 million euros increase in leasings.

In terms of evolution of the key financial ratios, Net Debt to EBITDA reached 1.7x in 2009, which reflects an improvement of 0.2x in relation to the end of 2008. This positive evolution was determined by both a decrease in Net Debt and a higher EBITDA level in 2009. The Interest Cover ratio evolved from 8.1x in 2008 to 9.8x at the end of 2009, as a consequence of the improved EBITDA performance and a lower level of financial expenses. The ratio of Consolidated Debt to Total Funds improved slightly, having reached 29.0% in 2009 (against 30.4% in 2008), reflecting the above mentioned movements in gross debt, and the 0.7% increase in Shareholder's Funds. The latter resulted mainly from the positive net income generated in the period, which has more than compensated the net effect of the movements in own shares, which amounted to approximately 3.1 million euros in 2009, pursuant to the authorisations granted by shareholders at Sonaecom's Shareholders General Meetings aimed at covering the obligations arising from the employees' Medium Term Incentive Plan.

Excluding the impact of the receivables securitisation, at the end of 2009, Consolidated Net Debt stood at 377.8 million euros, 5.3% below the level registered at the end of 2008, reflecting primarily the positive FCF generated between the two dates.

Additionally, in relation to the securitisation transaction, it should be noted that, during 2009, a principal amount of 20 million euros was repaid to noteholders.

Consolidated Gross Debt continues to be mainly contracted by Sonaecom SGPS and efficient internal cash management is being used to allocate cash between our subsidiaries. At the end of 2009, the sum of cash and non-utilised committed credit lines at the Sonaecom Group stood at approximately 225.6 million euros.

2.2 Business overview (continued)

CAPEX

During 2009, we maintained our investments in the coverage and capacity of our mobile network, upgrading our 3G network with HSPA and increasing the backhaul capacity, placing, once again, our mobile network at the forefront of technology, coverage and capacity. In relation toFTTH, by pursuing our 'capital light' strategy through 2009, we have successfully exceeded our stated target of 200 thousand homes passed.

Total Consolidated CAPEX during 2009 was 151.8 million euros while Operating CAPEX reached 135.9 million euros, 29.3% below 2008, and representing 14.3% of Turnover. The level of CAPEX in 2009 was in accordance with our investment plan for last year.

Shareholders' Funds

At the end of 2009, Shareholders' Funds totalled 935.6 million euros, compared to 929.0 million euros at the end of 2008, reflecting mainly the net profits generated in the period, which has more than offset the net impact of the movements in own shares between the two dates, associated with our employee MTIP obligations.

FCF

Levered free cash flow

Million euros	**2009**	2008	Year on year
EBITDA – operating CAPEX	**39.8**	(31.7)	-
Change in Working Capital	**(4.1)**	(26.2)	84.3%
Non-cash items and other	**8.8**	2.8	-
Operating cash flow	**44.5**	(59.5)	-
Financial investments	**0.0**	(0.2)	100.0%
Securitisation transaction	**(20.0)**	99.3	-
Own shares	**(3.1)**	(8.8)	64.5%
Public tender offer	**0.0**	(0.1)	100.0%
Financial results	**(13.9)**	(16.6)	16.3%
Income taxes	**0.0**	(4.3)	-
Free Cash Flow	**7.5**	14.1	(46.7%)

Consolidated FCF in 2009 was positive 7.5 million euros, compared to a positive 14.1 million euros in 2008. 2009 was the third consecutive year with positive FCF and, importantly, on a comparable basis, i.e. excluding the net impact from the securitisation transaction: (i) the 99.3 million euros inflow in 2008; and (ii) the 20.0 million euros outflow in 2009, our Consolidated FCF improved from negative 85.2 million euros to positive 27.5 million euros, an increase of 112.7 million euros. This positive performance, also visible in terms of Operating Cash Flow evolution, is a clear sign of strong delivery on the stated objective of cash flow control during the year.

On what concerns 2009, Consolidated FCF comprised the following main elements:

- A positive EBITDA minus Operating CAPEX of 39.8 million euros, 71.5 million euros above the level registered in 2008, reflecting both a higher EBITDA and a lower Operating Capex, benefiting from our "capital light" approach;
- A marginal negative Working Capital of 4.1 million euros (an improvement of 26.5 million euros when compared to 2008), mainly as a result of lower credit from Fixed Asset Suppliers as the level of investment in 2009 was lower than that of 2008.
- Notwithstanding the partial payments that 'Fundação para as Comunicações Móveis' made through the year, which enabled a reduction of the amount outstanding, it should be noted that investment in Working Capital includes an extraordinary net amount, of approximately 16.6 million euros, to be received from this foundation, which was created to promote the information society in Portugal, in which our participation in the 'e-Initiatives' programme is included.
- Outflows in the amount of 20 million euros related to receivables allocated to the securitisation transaction;
- Payments related to the movements in own shares during 2009, in the amount of 3.1 million euros associated with our employee MTIP obligations; and

2.2 Business overview (continued)

- Financial outflows of 13.9 million euros, approximately 1.3 million euros below the level registered in 2008, mainly driven by a lower cost of debt determined by reductions in market rates, despite the financial expenses associated with the securitisation transaction.

2.3 Telco business

Financially and operationally, the performance of our Telecommunications business remained strong throughout 2009. During the year, we consolidated all our telecoms service under a single name: Optimus, which now commands a significant presence in all market segments. We have also strengthened our internal organization by introducing a new management structure that incorporates a more focused team to manage our telecommunication activities.

2.3.1 Key market developments 2009

Residential mobile segment

Innovative segment initiatives

Optimus Kids

Children are becoming an increasingly important demographic target for the telecommunications market. As well as representing the consumer base of the future, children already represent an interesting segment, with their own purchasing power and with significant influence over parental purchasing decisions. A 55% penetration of mobile phones in this segment was estimated at the beginning of 2009.

Optimus Kids was our response to the needs of the children's segment. This offer presents a very simple tariff plan, without mandatory recharges, complemented by a group of services designed to answer parents' needs and concerns. These services comprise several innovative functions, including Zone Kids: a mobile portal with exclusive content for Optimus Kids customers.

In addition to this offer, Optimus launched a mobile phone co-licensed with the Winx Club brand. The Winx Club series stands for magic, coolness and fashion, and it tops the list of girls' preferences. Samsung 250i Winx Club is a mobile phone with a young look and all the features that today's children demand, including a camera, MP3 functionality and Bluetooth.

TAG

A new concept for the youth segment introduced to the market during 2008, TAG combines free voice and text communication between members, a multi-platform service available via mobile phones and PCs, and a social community based on a web platform.

In 2009, we worked hard to establish TAG as the best-value proposition for the unlimited category in the youth segment. To do so, we needed to keep TAG at the forefront of its target customers' thinking. We achieved this by establishing a visible profile in places frequented by these customers, among them high schools, universities, shopping malls and so on. To establish an emotional bond with these customers, we also offered tickets to various events including music shows and clubbing nights as well as social responsibility initiatives. In addition, we took care to ensure TAG stayed in tune with the latest trends.

During 2009, we also implemented a number of targeted commercial initiatives, including:

- **TAG first time** – which awards new customers a free one-month trial of all Optimus data services;
- **TAG Casting** – a contest which challenged TAG customers to star in the next TAG TV commercial;
- **You don't deserve it** – a TV campaign emphasising the compelling benefits of our TAG offering compared to similar offerings on the market;
- **TAG Air Bus** – a member-get-member campaign that rewarded customers with 100 plane tickets to a night out in Ibiza;
- **Back to School** – a campaign where TAG SIM cards were offered in high schools and universities enjoy on a free seven-day trial.

Continente Mobile

Following an analysis of its customers' needs, Modelo-Continente, Sonae's food retail company, verified that the telecommunications sector accounts for a significant slice of the typical family's budget. It responded in July 2009 by launching Continente Mobile – an innovative customer-approach for this retailer. In fact, Modelo-Continente was the first retailer in the country to offer a mobile telecommunications solution that generates savings for its customers – a particularly attractive proposition in the current economic climate.

Continente Mobile combines the best tariff in the marketplace with discounts on purchases at Modelo-Continente supermarkets. Continente Mobile is a product line operating under the Continente brand and commercialised by Modelo-Continente. This service is supported by Optimus' network and infrastructure.

Rede 4

2.3 Telco business (continued)

In 2009, Rede 4, Optimus' discount brand, celebrated its fourth anniversary. During the year, the brand successfully maintained close contact with its customers by launching an innovative monthly campaign that offered – among other incentives –100 free SMSs to all networks, 25% bonus in recharges and mobile phones at reduced prices. These incentives were communicated to customers via the internet and SMS.

Rede 4 also achieved a stronger presence in the retail market through a high level of promotion and trade marketing activity. The strategy for the product remained focused on creating an offer that consistently ensures the best market price for communications with all networks – including significant savings on voice and SMS services – based on the principles of simplicity and a commitment to meeting customers' needs.

Innovative handsets

Customers continue to place great importance on their handsets, and enhancing Optimus' handset offering was among the brand's key priorities in 2009.This was especially important during a year that saw unprecedented changes in terms of what the industry is able to deliver and how customers expect to communicate and share content. The increasing popularity of social networks is testimony to the impact of these changes.

Touchscreens are increasing their penetration in the market, which explains the notable success, for example, of Optimus' LG Cookie launch, a touchscreen handset which was made accessible to all customers.

In July 2009, Optimus launched the iPhone 3GS, the faster, more powerful version of the iPhone, onto the Portuguese market at the same time as it was unveiled worldwide. Throughout the year, we executed our strategy to extensively communicate smartphones and to introduce BlackBerry phones to the residential segment.

During 2009, we also launched several special editions. The campaign associated with Hello Kitty's special edition mobile phone was re-launched during February, specially for Valentine's Day. In spring, to celebrate Optimus's sponsorship of 30 years of Xutos & Pontapés, a leading rock band in Portugal, we launched two special editions incorporating band members' autographs and special contents, such as the band's latest album. Finally, we also launched a special edition phone as part of the campaign for Optimus Alive!09, a high-profile music festival sponsored by Optimus.

Summer and Christmas are always important times to communicate with customers. It is worth noting that this year's Christmas campaign focused specifically on smartphones, promoting the use of the internet and social networks to share music, pictures and other content with friends and family.

Innovative products and services

Online tariff plans

In July 2009, after a lengthy and detailed analysis of its online target, Optimus launched Tarifários Online (our on-line tariff plans), a totally new and innovative platform for the Portuguese telecommunications market that is only available with online subscriptions. This offer includes the lowest recharging values and, importantly, a wide range of options that enable customers to build their own tariff plan. Once customers have chosen the communications that match their specific needs most closely and request a customised tariff plan, which comes with a free SIM card, they can immediately start to save on their monthly spend.

Cartão Férias (Holiday card)

During the summer, Optimus welcomed the return of Portuguese emigrants to the country. We launched a specific new product (Cartão Férias) to satisfy these customers' needs during their stay in Portugal. The new product has a specific tariff plan with competitive prices for national and international calls. It was made available through our traditional sales channels but it was also included in a welcome pack offered at the main entry points into the country. This pack included a free SIM card, Portuguese road map and other useful information.

Cross-selling

During 2009, we undertook several cross-selling promotions to our Clix and Optimus Kanguru customers, offering them a wide range of incentives to become Optimus mobile customers. These benefits included monthly payment discounts, exclusive mobile rate plans and equipment discounts.

Customer Service

Self-care development

Optimus's focus on the web self-care channel remained a priority throughout 2009. That is because we believe there is an increasing customer interest in this type of solution. We also believe it helps to improve operational efficiency. Optimus invested in new functionalities for the website customer account management, offering more and improved information and processes.

2.3 Telco business (continued)

In addition, Optimus launched a new SMS-based channel during 2009. Using this tool, customers can now access a range of different information just by sending simple SMS codes.

It is also worth highlighting the introduction, in April 2009, of the electronic invoice. This solution offers a greener, faster and easier way of sending and receiving invoices. With total security, Optimus' customers are now able to receive their invoice via e-mail and easily analyse all details and related information of their personal account at www.optimus.pt.

We are also currently testing a customer support channel based on web chat. The service is already available for handset sales support and we expect to expand it to our general Optimus customer service during 2010.

Attitude+

Optimus continued to focus on complaint management, building on the solution it implemented in 2008. Analysing complaints we have already solved enables us to continuously improve our model. We extended the process to Optimus' retail stores – a major step towards achieving complete consistency in terms of the customer experience.

Independent market research confirms that our approach to handling customer complaints is making a positive contribution to raising satisfaction levels among Optimus customers.

Wireless broadband – Optimus Kanguru

2009 was another year of milestone developments for our Optimus Kanguru business. It was marked by major innovations in products and the strong growth of our customer base in a product category created by Optimus in 2005, when we launched Kanguru, Broadband globally.

In February 2009, Optimus was among the first operators in the world to test HSPA+ technology and in June, the business launched the first commercial wireless internet access offer based on HSPA+ technology. This offer allows download speeds of up to 21.6 Mbps and upload speeds of up to 5.76 Mbps. As a pioneer of this service, Optimus once again demonstrated its ability to implement the most advanced mobile broadband technologies, which it offers to the market through innovative commercial services while continuously improving the user experience across its customer base. Thanks to sustained investment in upgrading our network coverage and capacity and our customer support systems, Optimus Kanguru continued to improve its position in internal and external satisfaction indexes and is already considered one of the best ISPs in Portugal in this area.

In June 2009, the introduction of a new Kanguru pre-paid tariff plan enabled a significant increase in customer acquisition, especially among those customers seeking supplementary broadband access for less frequent use, particularly when away from home.

In August, we launched our Optimus Kanguru Unlimited offer, which effectively offered unlimited internet access traffic via a mobile network for the first time. Once again, Optimus was a global pioneer in this area. Launching this product was made possible by combining the capabilities of multiple technological platforms. This ensured network integrity and the quality of customer experience within a framework of material growth in traffic volumes.

We made the product more accessible by progressively reducing the price of terminal equipment during the year and by rationalising and simplifying the terminal range. Over the course of 2009, we launched new equipment, including a new Wi-Fi router in October 2009. Used in combination with an Optimus Kanguru pen drive, this solution enables multiple users to share one connection easily and safely.

Retail customer acquisition accelerated further following the launch of successive multimedia promotional campaigns, which reinforced the already strong association between this category and the Optimus Kanguru brand. We also reinforced distribution capacity across all relevant channels.

In terms of e-schools, Optimus significantly increased its share of new customers. This success was based on (i) the quality and diversity of our range of PCs, which includes the most recent models from major brands such as HP, Acer, Toshiba and Dell; and (ii) our unique capacity for immediate delivery to more than 30 stores throughout the country. As a result of this effort, the Optimus Kanguru e-school offer was recognised by the prestigious magazine Exame Informática as having the most diversified selection of PCs and the best PC available. We further supported our commitment to this segment with specific promotional campaigns and by constantly updating broadband access tariff plans and equipment.

Over the course of 2009, Optimus was therefore able to reinforce the importance of Portugal's wireless broadband access category, which already represents about 90% of multi-operator retail sales. In parallel, Optimus Kanguru has been able to maintain its leading position in terms of retail sales, confirming the importance of Sonaecom's investments in this high growth, high potential area.

Fixed-mobile convergent product – Optimus Home

Our Optimus Home business faced formidable challenges during 2009 as the addressable market for mono-products based only on voice began to contract in line with predictions. This negative market trend was driven by the overall competitive market environment, characterised by intensive promotional activity from multi-play operators. Their bundled offerings have included fixed-voice services at discounted prices – or even for free.

2.3 Telco business (continued)

In this challenging situation, Optimus Home's strategy in 2009 principally involved maximising the contribution margin it generated by focusing its activities in three main areas: (i) controlled investments in customer acquisition; (ii) churn rate control; and (iii) reduction of operating costs, without compromising customer satisfaction.

To drive customer acquisition, and with the aim of reinforcing the relevance of the Optimus Home value proposition, we launched an aggressive offer involving calls to international destinations during 2009. This new offer was taken up by a significant number of the customers we acquired during the year and proved useful in terms of up-selling initiatives. As a result, it made a positive contribution to top line growth and helped to improve sales force productivity. We significantly reduced friction in our customer acquisition process by extending our on-line activation process to all our sales channels.

We introduced a number of active and proactive measures to control churn. In terms of proactive retention, it is worth noting the implementation of targeted campaigns – involving, for example, handset renewal – as well as initiatives based on new predictive churn models. We also took active steps to improve our customer service and after sales service.

In relation to cost initiatives, it is worth noting that our sustained focus on continuously improving our customer service processes has already delivered a significant reduction in the number of incoming calls per active user. In addition, consolidating the range of equipment we make available has had a positive impact on provisioning and inventory costs.

Significantly, the most recent and relevant market surveys indicate that during 2009 Optimus Home further strengthened its leading position among Fixed Voice solution providers in terms of customer satisfaction (Marktest, December 2009).

Residential wireline segment - Optimus Clix

Context

In 2009, 'fibre' became the buzzword for household telecommunications services. All main operators launched commercial offers focusing on speed and quality of service. The competition in this segment reached unprecedented levels with aggressive promotions offering reduced monthly fees and activation costs.

Fibre-to-the-home (FTTH)

Despite this competitive landscape, Clix maintained its leading position in the fibre market, with more gross additions than any other operator, due to a highly competitive product plus the launch of attractive and innovative functionality. Additionally, we added new features to our fibre voice products, with the launch of services such as: conference calls, anonymous call rejection, selective call forwarding, hide blocking services, call waiting and call hold.

With fibre, we explored new segments such as greenfield areas and real estate, which allowed us to develop new business models and partnerships with contractors. Under these partnerships, we pre-installed our services in contractors' newly-built premises, offering free TV, broadband and voice to the incoming residents. We first implemented this new approach successfully at Tróia Resort, comprising 360 households, and projects in Leça (134 households) and Óbidos (248 households). We plan to expand this concept by implementing other projects around the country.

By the end of 2009, our fibre service was available in approximately 200 thousand households. It should be noted that the latest report issued by ANACOM on the wireline market, indicated that by the 3Q09, Sonaecom was serving more FTTH customers than any other Portuguese operator.

Unbundling the Local Loop (ULL)

During 2009, Clix's principal activity remained providing 2P and 3P services under the ULL model. At the end of the year, the addressable market for our ULL offers comprised more than 1.5 million households. Our existing ULL customer base was constantly challenged during 2009, which translated into higher churn levels as our competitors launched strong win-back initiatives and aggressive promotions.

In March 2009, we revamped and reformulated the Clix offer with a new concept based on abundance, simplicity, competitiveness and completeness. To achieve these values, we upgraded all our customers to the maximum speed provided by their respective copper line. We also created new bundles that adapted our products to our customer's needs while reducing the price of our core offers in line with the latest market practices. Throughout 2009, we implemented dynamic monthly promotions designed to ensure our service offering remained competitive and attractive to customers.

During 2009, we also explored new ways of winning customers by forming partnerships with other businesses to give customers a certain discount on monthly fees and through cross-selling initiatives targeting other Sonaecom customers.

2.3 Telco business (continued)

Quality and better customer service

We aimed to improve the quality of our services by simplifying the installation process and improving the customer experience. Additionally, we have implemented new, simplified processes that enabled customers to upgrade to additional services or switch between services in our portfolio. This evolution has also enabled us to match our offers to our customers' real needs more effectively and more easily. To ensure our customers enjoyed the full benefit of our services, we also offered them new web support and detailed installation process manuals highlighting all the advantages that our services bring.

Proactive and reactive retention processes were also an important feature of the marketing campaigns we targeted at our current customers. We developed new retention tools and adapted our service offerings to match customer demands more closely. In parallel, we reinforced our retention teams and improved all our retention processes. These measures are already delivering positive results, with our retention calls achieving very high success rates.

Customer value management

We developed and implemented a series of up-selling initiatives during the year, aimed at our 2Play internet and voice customers eligible for TV, as well as former Oni and Tele2 customers. Our objective was to increase value while updating their service offerings. In October 2009, we launched new campaigns offering LCDs, laptops and TV services to our customers as part of a milestone communication campaign to raise brand recognition among our customer base.

To deepen our understanding of our customer base, Clix developed a scoring model that was adapted to both the ULL and fibre customer bases. This scoring data is now being used to plan reinforcement actions, dependent on the customer value, but also to segment the market in more detail, and plan future up-selling and communication actions.

TV services

Driven by 2009's increasingly competitive business environment, Clix constantly improved and introduced innovative new functionality to its TV offer, maintaining a comprehensive and attractive offer to existing and potential customers.

Product innovation and a constant focus on improving the customer experience helped to substantially increase our TV customer base in 2009.

We significantly enhanced our IPTV offer by adding more and better content and new functionalities to give customers a better TV experience. We reinforced our broadcast TV service with 26 new channels, six in high-definition, to produce an offer that now comprises more than 130 channels, one of the most comprehensive in the Portuguese market.

We also increased the quality and quantity of titles available as on-demand content and non-linear content for VoD. Currently, more than 3,000 titles are available, distributed within several categories targeting different needs and user preferences. Likewise, we signed new contracts with the major studios in 2009, along with other important local content providers. We also added the Disney and Sony studios, which allowed Clix to enhance its offer with some of the latest and most successful blockbusters in SD and HD. Additionally, Clix pioneered the launch of a dynamic, on-demand karaoke offer on its IPTV platform. Featuring more than 400 international titles, this service is helping to improve penetration rates across the customer base.

The convergence between TVs, PCs and mobile phones has emerged as a clear market trend that we take into account when developing new functionalities for our TV service. One example is the launch of a Wikipedia service for Clix's TV customers called Clixopedia. This service allows customers the convenience of looking up any item on Wikipedia from their TV set.

We also introduced new interactive functionalities in Clix's TV service, among them:

- Restart TV – unique in the Portuguese market, it allows customers to view any programme which is being broadcasted at any given moment from the beginning;
- SMS notifications – an alert service that allows customers to keep track of their favourite programes;
- Profiling and recommendations – provide recommendations for live linear TV, allowing a personalised TV experience.

Following a comprehensive usability study, we launched a totally new TV portal in November 2009. Among other enhancements, the improved interface features an enhanced design along with simpler navigation and search tools, giving users friendlier and faster access to content.

Another important development took place in September 2009, when Clix successfully introduced radio frequency overlay (RF) technology to its fibre commercial offers. RF technology reduces the amount of active equipment on the customer's premises, allowing the distribution of 70 television channels all over the customer's home using a single TV box and existing coaxial cable infrastructure.

Reducing the amount of active equipment produces a number of important benefits: (i) the offer becomes more competitive and simpler for customers to understand because it involves renting only one TV box, thus making home installation similar to existing cable offers; (ii) the

2.3 Telco business (continued)

installation itself becomes easier because it uses the coaxial TV infrastructure that exists in almost all Portuguese households; and (iii) technical after-sales support also becomes simpler because less equipment is installed at the customer's premises.

Given the high cable penetration in Portugal, the implementation of RF represented a material improvement in our product offerings, eliminating a significant barrier to customer acquisition. Traditional cable customers now have access to a state-of-the-art TV service, with the use of just one set-up-box. As a result, Clix is able to compete more effectively with cable operators.

2.3 Telco business (continued)

SMEs & SOHOs segment - Optimus Negócios

In 2009 Optimus Negócios consolidated its global operator positioning and approach to the SMEs and SOHO´s segments, launching products in all the areas of telecommunications: mobile, fixed, voice and broadband while innovating in converged services.

Central ON was the first example of this innovative strategy in action. A unique solution that allows groups of mobile and fixed users to link up, Central ON provides a set of functionalities typically associated with wireline communications, such as speed dialling and call transfer. As a replacement for the traditional PBX, this solution offers companies more services for less investment.

Optimus Negócios was also one of only 10 operators worldwide, and the first in Portugal, to launch a femtocell offer. Signal On, the offer developed using this advanced technology, promotes fixed-mobile convergence: through fixed internet access, making it possible to strengthen and amplify the radio signal in areas where network coverage is insufficient, for example deep indoors.

The e-Phone service won a Messaging Services Innovation award in the Innovation of Service category at the prestigious Global Telecoms Business Innovation Awards. Optimus Negócios enhanced its functionalities and launched the Optimus Enterprise Communicator, an advanced communications system that optimises corporate communications by making it possible to reproduce a mobile phone's main functionalities through a computer, while incorporating additional functionalities developed specifically for corporate needs.

During 2009, Optimus Negócios completed the challenging task of simplifying and updating the tariffs in all its product categories. This new approach was aimed at integrating product categories and enabling the sale of multiple services to individual customers. Simultaneously, we launched new products following a convergent approach, reinforcing Optimus Negócios' reputation as an innovative player in this market. A special mention should be made to the launch of Rede Única, a mobile and Fixed Voice product designed for several users, allowing customers to access both mobile and wireline numbers through the same device.

In the mobile and Fixed Voice segments, Optimus Negócios brought to market new offers that included a pricing harmonisation between communications in Spain and Portugal. This innovation offers clear advantages to businesses operating within the Iberian arena.

As far as roaming is concerned, it is significant that Optimus Negócios anticipated by three months the EU tariff reductions and brought to market new promotions on mobile voice and data roaming, delivering on its strategy of offering the best roaming service to its customers.

The mobile broadband highlight was the launch of a new product that allows several users to share network traffic. In September 2009, we introduced yet another innovative offer to the market: unlimited downloads. Following a route we first took in 2008, we also strengthened our focus on mobile data, launching new pricing plans specifically designed for premium devices such as the BlackBerry and the iPhone.

To support its distribution channels, Optimus Negócios launched Negócios 360, a Siebel-based web platform that allows better information exchange with its sales agents. With this new tool, commercial partners and agents can directly access customer information, share records on prospective customers and assign new business opportunities.

During 2009, we continued to push the use of web tools to achieve faster and more efficient activation processes. Our commercial activity is now primarily supported on Activação 360 (Activation 360, a web data entry platform) and Arquivo 360 (Archive 360, a web upload documentation platform). Together, these platforms allowed a significant reduction in delivery times combined with high control over the provisioning processes and service activation.

In line with the Optimus vision – putting customers at the heart of our business – 2009 was the year in which we consolidated our commitment to customer attention and support. Introducing a new customer care line for all business and corporate customers allowed us to deliver consistent customer service in various ways, including the use of special assistants to address critical satisfaction processes. Thanks to a consistent communication plan, the new dedicated line had already achieved an 80% share of inbound calls to customer service by mid-2009. In pursuing our goal of maximising customer satisfaction, we continuously improved our customers' contract conditions, specifically by upgrading traffic and download speeds at no additional cost to our broadband customer base.

During the year, Optimus Negócios took the final steps towards integrating customers into Clube Negócios, our customer loyalty programme. This programme gives all customers, fixed and mobile, access to a series of exclusive advantages including discounts on mobile handsets, fixed service equipment and communication packages. Simultaneously, we integrated all products and services, including fixed and mobile subscriptions, into a single invoice. Not only is this good for the environment, but it also gives the customer a simpler and more efficient payment method.

2.3 Telco business (continued)

Corporate segment – Optimus Corporate

Optimus Corporate is an integrated solutions provider and a source of integrated, convergent, innovative and technologically-advanced products and services capable of creating maximum value for its customers.

During 2009, Optimus Corporate consolidated the integration of its fixed and mobile business. In particular, it focused on voice service integration from an operational, pricing and communications perspective. It also updated its data and contact solutions portfolio through the introduction of new features and the integration of convergent functions.

Again, innovation was one of our defining strengths during 2009. Among other firsts, we launched the Optimus Carrier Ethernet Services. Among the first corporate service ranges supported on a next generation metro Ethernet network range, this solution comprises high-performance, simple data transmission services supported on a fibre optic network over Ethernet technology. This offer is also characterised by sophisticated and differentiating service quality mechanisms and bandwidths of up to multiples of 10Gbps. It integrates separate company sites into a new configuration where local (LAN) and wide area (WAN) networks make up a sole global network, eliminating traditional frontiers and distances in a simple and uniform manner.

Additionally, Optimus successfully launched one of the first corporate offers supported on IMS architecture (IP Multimedia Subsystem): Optimus IP Centrex. A managed voice service, including telephone extensions, this fully convergent solution applies the virtualisation concept to fixed corporate communications. Among other benefits, it enables users to replace traditional physical telephone exchanges with virtual exchanges based on the Optimus IMS core service platform, fully integrated with Optimus mobile VPN solutions.

With its effective communications strategy, a competitive and unique offer, important service improvements and a thriving relationship-first culture, Optimus Corporate achieved a retention rate very close to 100% while winning a significant number of new customers, among them some of Portugal's leading private and state-owned companies.

In conclusion, Optimus Corporate delivered a strong performance throughout 2009, with growth in customers, customer revenues and margins. Simultaneously, data service and fixed-mobile convergence solution sales grew significantly throughout the year. This is clearly reflected in the fact that the number of customers which are exclusively supplied by Sonaecom more than doubled during 2009. These achievements clearly demonstrate that our customer-first, integrated approach to the corporate market is the right one. What's more, the efforts that our talented team are putting into executing this approach are already delivering solid results.

Wholesale

Sonaecom Wholesale offers voice and data services and has implemented a uniquely customer-oriented approach to this segment. The business unit serves national and international operators, carriers and resellers looking for quality carrier services in Portugal and abroad with back-up from an effective and focused customer support team. Long-term win-win relationships with solid customers and partners are core to its portfolio.

Despite the global economic downturn, Sonaecom Wholesale successfully increased its operational figures and market presence in 2009. Nevertheless, the profitability of the segment was negatively affected by market pressure together with a decrease in regulated interconnection and termination rates, locally and internationally.

Importantly, during 2009, Sonaecom was able to maintain its leading position among alternative players in Portugal's wholesale market.

2.3 Telco business (continued)

2.3.2 Mobile operational data

2009 was a positive year for our Mobile business, both in terms of operational and financial indicators. The several commercial initiatives implemented and the investments made in supporting the brand, in the coverage and capacity of our network and in improving our distribution capacity and customer service, are delivering good results across all Mobile segments.

Mobile operational KPIs

	2009	2008	Year on year
Customers (EOP) ('000)	**3,432.57**	3,191.60	7.6%
Net additions ('000)	**241.0**	298.1	(19.1%)
Data as % service revenues	**28.1%**	22.5%	5.6pp
Total #SMS/month/user	**48.8**	51.4	(5.1%)
MOU(1) (min.)	**132.4**	128.4	3.1%
ARPU(2) (euros)	**14.8**	16.8	(11.9%)
Customer Monthly Bill	**12.1**	13.0	(7.0%)
Interconnection	**2.8**	3.8	(28.4%)
ARPM(3) (euros)	**0.11**	0.13	(14.5%)

(1) Minutes of use per customer per month.

(2) Average monthly revenue per user.

(3) Average revenue per minute.

Customer base

At the end of 2009, our Mobile customer base increased by 7.6% to more than 3.43 million customers, compared to circa 3.19 million at the end of 2008, with net additions reaching circa 106 thousand in the 4Q09, approximately 82% above the level registered in the previous quarter, with growth being achieved across all our Mobile segments.

Contract customers continue to increase their weight in the total customer base, having reached in 2009 approximately 31.5% of the total mobile base, an increase of 1.4pp against the end of 2008.

During 2009, Mobile customer's ARPU was 14.8 euros, down by approximately 2.0 euros against 2008, due to a combination between lower interconnection revenues (which decreased from 3.8 euros to 2.8 euros) and the lower Customer Monthly Bill (which decreased from 13.0 euros to 12.1 euros), notwithstanding the 3.1% increase in the level of MOU.

Data services and mobile broadband

We have been able to sustain a material growth of data usage, namely through the promotion of our mobile broadband product 'Kanguru', based on HSPA technologies. Optimus was the first operator to introduce a commercial offer of a wireless broadband product based on HSPA+. With download speeds of up to 21.6 Mbps and upload speeds of up to 5.7 Mbps, the new Kanguru Xpress offer and the new Optimus Kanguru Pen were made available at the end of the 1H09.

During the 4Q09, after leading the most important innovations in the category, Optimus Kanguru concluded another important step in its course for technological evolution with the tests on MIMO (Multiple Input Multiple Output) which, together with HSPA+ technology, already implemented in our network, allows maximum speeds of up to 28 Mbps. Also, we are already preparing a 3G technology evolution, using 'Dual Carrier' technology, which will allow download speeds of up to 42 Mbps.

Data Revenues represented 28.1% of Service Revenues in 2009, an improvement of 5.6pp compared with 2008, 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 72.3% of total data revenues in 2009, compared to 64.7% in 2008. Importantly, the revenues from non-SMS data services continue to post significant increases, having grown y.o.y. in 2009 by more than 35%.

2.3 Telco business (continued)

2.3.3 Mobile business financial data
Mobile income statement

Million euros	2009	2008	Year on year
Turnover	**607.0**	629.1	(3.5%)
Service Revenues	**566.4**	588.9	(3.8%)
Customer Revenues	**461.9**	454.5	1.6%
Operator Revenues	**104.5**	134.4	(22.2%)
Equipment Sales	**40.6**	40.2	0.9%
Other Revenues	**36.2**	46.5	(22.3%)
Operating Costs	**465.5**	518.9	(10.3%)
Personnel Costs	**53.7**	51.2	5.0%
Direct Servicing Costs(1)	**167.8**	192.7	(13.0%)
Commercial Costs(2)	**134.7**	158.0	(14.7%)
Other Operating Costs(3)	**109.4**	117.0	(6.5%)
EBITDAP	**177.7**	156.8	13.3%
Provisions and Impairment Losses	**10.9**	14.4	(23.9%)
EBITDA	**166.7**	142.4	17.1%
EBITDA margin (%)	**27.5%**	22.6%	4.8pp
Operating CAPEX(4)	**82.8**	145.6	(43.2%)
Operating CAPEX as % of turnover	**13.6%**	23.1%	(9.5pp)
EBITDA – operating CAPEX	**83.9**	(3.2)	-
Total CAPEX	**98.7**	244.7	(59.7%)

(1) Direct Servicing Costs = Interconnection and Content + Leased Lines + Other Network Operating Costs.

(2) Commercial Costs = COGS + Marketing and Sales Costs.

(3) Other Operating Costs = Outsourcing Services + G&A + others.

(4) Operating CAPEX excludes financial investments, provisions for sites dismantling and other non-operational investments.

2.3 Telco business (continued)

2.3.4 Wireline business operational data

During 2009, we continued to leverage our network to provide, under the Optimus brand, convergent services to the Corporate and SMEs markets, in which our strategic positioning as an integrated and global player has been particularly appealing to customers, and where we have been consistently delivering positive results, both in terms of increased customer base and in terms of profitability.

Besides Corporate and SMEs, we also provide Wholesale and Residential solutions. In the Wholesale segment, providing voice and data services to national and international operators, carriers and resellers that are looking for quality carrier services in Portugal and abroad, we continued to achieve our goals. In the Wireline Residential segment, we have been increasingly focusing on providing multiple play services, including voice, Internet and TV, supported over our own next generation access network, as reflected in the increased average Wireline Revenue per Access of 22.9 euros, up by 6.2% against 2008.

Wireline operational KPIs

	2009	2008	Year on year
Total accesses (EOP)	**483,613**	592,900	(18.4%)
Direct Acesses	**403,212**	455,027	(11.4%)
Direct Voice	**214,865**	246,032	(12.7%)
Direct Broadband	**146,349**	188,304	(22.3%)
Other direct Services	**41,998**	20,691	103.0%
Indirect Acesses	**80,401**	137,873	(41.7%)
Unbundled central offices with transmission	**198**	184	7.6%
Unbundled central offices with ADSL2+	**179**	174	2.9%
Direct access as % customer revenues	**76.8%**	71.4%	5.3pp
Average revenue per access – retail[(2)]	**22.9**	21.5	6.2%

(1) Excluding mass calling services' revenues and recalculated in the 3Q08 according to the restated number of accesses

Customer base

In 2009, the Corporate and SMEs segment was able to increase its market presence, with the number of Total Accesses evolving positively, both in terms of indirect accesses and in terms of direct accesses.

Notwithstanding this positive evolution, Wireline Total Accesses reached 483.6 thousand, a decrease of 18.4% compared to the end of 2008, explained by an 11.4% decrease in direct accesses and, mainly, by a 41.7% reduction in indirect accesses.

Quarterly direct access net additions were negative in 4Q09, by circa 23.2 thousand accesses, as a result of the trends evidenced in the Wireline Residential segment since the second part of 2008, namely slower expansion of the addressable market for our ULL offers.

Fibre access network

We have continued the implementation of FTTH in certain areas of Porto and Lisbon, having exceeded our coverage goal of 200 thousand homes passed. It's important to note that more than 80% of our fibre customers have subscribed to triple play packages. We are also pleased with our experience so far in terms of up-selling new services to existing customers who have migrated from ULL onto our FTTH network, one of the economic drivers behind our fibre deployment.

With the aim of further improving customer experience and answering the needs of certain market segments, we have introduced an 'RF Overlay' functionality in our services, which enables TV multi room viewing without additional set top boxes.

In accordance with our strategy to pursue a 'capital light' deployment, we have completed during the 3Q09 an agreement with DST to commercially explore the current and future zones passed by that company's fibre project. In parallel, we have agreed to partner with DST in the public tender process for the deployment of NGNs in the Alentejo, Algarve, North and Centre regions, providing our retail services under the bid presented by that company.

Moreover, in December 2009, Sonaecom reached an agreement with Vodafone Portugal, regarding mutual cooperation in the construction, management, maintenance and operation of a fibre optic next generation network (NGN) in the main urban centres. This project, which will involve the creation of a joint-venture, was established with the purpose of obtaining synergies and efficiency gains, being totally in line with what Sonaecom has been long defending in terms of shared networks. In one of the most competitive sectors of the Portuguese economy and in an area as important as NGNs, this move is especially significant as it improves the economic rationale for the investment, with clear benefits to customers and to the development of the Information Society in Portugal.

2.3 Telco business (continued)

2.3.5 Wireline business financial data

Wireline income statement

Million euros	2009	2008	Year on year
Turnover	**245.2**	291.4	(15.9%)
Service Revenues	**243.4**	289.8	(16.0%)
Customer Revenues	**138.7**	173.1	(19.9%)
Direct Access Revenues	**106.4**	123.7	(14.0%)
Indirect Access Revenues	**28.0**	45.8	(38.9%)
Other	**4.2**	3.6	16.6%
Operator Revenues	**104.7**	116.6	(10.3%)
Equipment Sales	**1.8**	1.6	13.7%
Other Revenues	**2.5**	4.2	(39.7%)
Operating Costs	**234.2**	273.4	(14.3%)
Personnel Costs	**4.8**	9.8	(50.9%)
Direct Servicing Costs(1)	**154.4**	192.1	(19.6%)
Commercial Costs(2)	**22.8**	19.3	18.2%
Other operating Costs(3)	**52.3**	52.3	0.1%
EBITDAP	**13.5**	22.2	(39.2%)
Provisions and Impairment Losses	**7.8**	8.2	(5.1%)
EBITDA	**5.7**	14.0	(59.1%)
EBITDA margin (%)	**2.3%**	4.8%	(2.5pp)
Operating CAPEX(4)	**49.4**	44.5	11.1%
Operating CAPEX as % of turnover	**20.2%**	15.3%	4.9pp
EBITDA – operating CAPEX	**(43.7)**	(30.5)	(43.4%)
Total CAPEX	**49.4**	45.4	8.9%

(1) Direct servicing costs = interconnection and content + leased lines + other network operating costs.

(2) Commercial costs = cost of goods supplied (COGS) + marketing and sales costs.

(3) Other operating costs = outsourcing services + general & administrative (G&A) + others.

(4) Operating CAPEX excludes financial investments, provisions for sites dismantling and other non-operational investments.

2.4 Software and Systems Information

SSI once again achieved a good set of operational and financial results, registering significant top line and profitability growth. This evolution continues to be driven by the international expansion of WeDo Technologies, as well as by the increased market penetration of all other operating companies: Mainroad (IT Management, Security and Business Continuity), Bizdirect (value added IT Products) and Saphety (Business process automation, electronic invoicing and security on B2B transactions).

2.4.1 Key market developments in 2009

WeDo Technologies

WeDo Technologies continued to consolidate its global presence and reinforce its leading position in the telecom Revenue Assurance market.

In 2009, the business made important steps towards evolving the Business Assurance concept, taking revenue assurance and fraud protection to the next level in the telecommunications industry while targeting the retail, utilities and finance sectors.

According to David Moorhouse, Chairman of Lloyd's Register, Business Assurance is defined as "the use of systems to improve operational effectiveness and manage risk" WeDo Technologies is committed to leveraging the virtuous circle created by its world-leading Business Assurance RAID software platform, its Praesidium consulting services, a satisfied customer base and a highly-reputed delivery services team.

Business Assurance RAID version 6.0 was concluded in December 2009 and will be publicly presented at the beginning of 2010 at the NRF retail event in New York, the Mobile World Congress in Barcelona, the Next Generation Utilities Summit in Bremen, and at the IACON internal auditors' event in London. With version 6.0, the market will get the best out of previous WeDo Technologies' Revenue Assurance software products (RAID and Revenue Office) and an integrated approach to Business Assurance, empowering the different assurance stakeholders inside each company.

Over the past eight years, the company has installed its solutions in more than 125 companies in 67 countries across five continents and delivered consulting services to more than 100 operators worldwide through its successful consulting division Præsidium. WeDo Technologies' software houses are currently located in Dublin (Ireland), Braga (Portugal) and Poznan (Poland).

2009 was a year of strengthening relationships with the existing customer base in the telecoms industry. WeDo Technologies' key clients include leading operators such as Oi Brazil, Orange, Vodafone, Telefonica, Orascom, Vimpelcom, Cablevision Mexico and the Etisalat Group.

In terms of geographies, 2009 was particularly positive in Latin America and Central and Eastern Europe. It is worth noting the following events in these regions:

- Signing a large roaming process optimisation with a leading telecom customer;
- Closing the first reference for a Revenue Assurance and Fraud integrated approach Cablevision (Mexico);
- Signing a reference deal with a leading telecom customer for the Incentives product (CMS);
- Enlarging the scope of a previously signed deal using the Customer Value Management solution (CHURN);
- Completing the first fraud reference in the finance industry for a leading insurance company in Brazil;
- Signing two new key accounts in the Central and European region in Slovakia and Armenia.

2009 was an equally positive year for Praesidium. Our business consulting unit expanded its market presence in terms of risk management and security assignments in the telecommunications sector, and won very promising projects in the finance and utilities sectors.

It is important to highlight some other major events which have marked 2009. WeDo Technologies won the COTEC-BPI 2009 Innovation Award. The winner was announced by the CEO of Banco BPI, and the award was presented to Rui Paiva, CEO of WeDo Technologies, by the President of the Republic of Portugal. COTEC distinguishes every year the Portuguese SME which demonstrates the country's most outstanding innovation efforts.

Also in 2009, WeDo obtained the Retail industry's first Business Assurance software reference. In addition, the company expanded its marketing and alliance activities during the year, introducing a strong events plan and hosting its annual worldwide user group meeting. Despite the global economic downturn, this event achieved a record attendance in 2009.

Mainroad

During 2009, Mainroad continued to focus its efforts on providing high-availability and continuity services to the Portuguese market. In parallel, the company began its internationalisation and expansion to Spain, with the opening a new local office in May 2009. Importantly, the business exceeded the challenging growth targets it set itself for customers outside of Sonae Group. This important achievement, and the 12 Spanish customers it acquired during the year, clearly demonstrate that Mainroad is a trusted Iberian partner in its markets, known for the quality of its services and solutions, and the know-how of its team.

2.4 Software and systems information (continued)

The quality of Mainroad's solutions won high-level public recognition during 2009. The company was ranked second in the Best Risk Mitigation Provider category at the Data Centres Europe Awards 2009, after winning a similar distinction in the Best Disaster Recovery Provider category in 2008. These awards demonstrate a growing international awareness of Mainroad's ability to deliver innovative data centre solutions, specifically when it comes to disaster recovery and risk mitigation services. Mainroad also retained its SAP Hosting Partner title, the first company to achieve this in Portugal and only the second in Iberia. Finally, Mainroad won recognition as the best Portuguese partner from Computer Associates.

2009 also saw the completion of the expansion of Mainroad's Porto data centre. Implemented between 2008 and 2009, this milestone investment has allowed the creation of two additional rooms to house customers' servers.

During the year, Mainroad completed the certification of its Quality Management System under the new standard NP EN ISO 9001:2008.

Finally, it's worth noting that Mainroad's flagship innovation initiative, Green IT, won approval from the Portuguese Government after the business submitted a project to QREN, the government's strategic programme that oversees the allocation of EU funds. As a result, the business will receive QREN funding during 2010 to implement a new product to measure and control energy consumption in data centres, a solution that Mainroad is already implementing in its own data centre.

Bizdirect

At the end of 2008, we restructured our SSI business portfolio by integrating Bizdirect's B2B unit into Saphety. This meant that 2009 was the first year in which Bizdirect was able to focus specifically and exclusively on reselling IT products and services.

During the year, the business built on its strong performance over recent years, meeting its key objectives, enlarging its presence in the Portuguese IT/IS market, and reinforcing its competitive position, specifically through partnerships with key producers. The strong growth it achieved in 2009 was particularly visible in three areas:

- **e-schools**, as Optimus' partner for the supply of computer equipment;
- **software licensing**, an area where we have doubled the number of managed accounts;
- **value-added solutions**, through the development of the added value vOffice portfolio.

Importantly, 2009 also marked the entry of Bizdirect in the state sector as an IT infrastructure supplier. This is another area that Bizdirect will continue to explore during the coming year.

Saphety

As mentioned above, at the end of 2008 Shareholders in both companies decided to integrate Bizdirect's B2B unit into Saphety. This restructuring was designed to capitalise on the synergies between the two businesses. With its newly enlarged scale and capabilities, the integrated business has grown in several B2B areas, with solutions that cover electronic invoicing, electronic transactions security, paperless offices and fully integrated invoicing solutions.

During 2009, the business's strategic focus was primarily on electronic invoicing as it aimed to become a leading Portuguese player in handling B2B electronic transactions. In line with this strategy, the business has already won the trust of some of Portugal's leading retailers – including Modelo Continente, Jerónimo Martins and Auchan – to operate electronic invoicing for a substantial number of their respective suppliers. Saphety solution covers all paper and electronic formats and the digital archiving of all invoices, combined with full legal and fiscal compliance.

At the same time, Saphety also focused on electronic public contracting through the introduction of our BizGov platform, which is aimed at the state sector. In this segment of the market, Saphety won important new contracts during 2009.

Finally, it is worth noting that Saphety won important recognition from COTEC, a business association devoted to promoting the competitiveness of companies established in Portugal. As well recognising Saphety as a centre of innovation, COTEC invited the business to join the association's Innovative SMEs Network.

2.4 Software and systems information (continued)

2.4.2 Operational data

SSI operational KPIs

	2009	2008	Year on year
IT services revenues/employee[1]	**125.9**	120.6	4.4%
Equipment sales as % of turnover (%)	**57.6%**	49.3%	8.2pp
Equipment sales/employee[2]	**4,514.7**	4,413.6	2.3%
EBITDA/Employee [3]	**16.2**	11.7	38.7%
Employees	**522**	475	9.9%

(1) Excluding employees dedicated to equipment sales.

(2) Bizdirect.

(3) 2008 EBITDA includes the 1.4 million euros gain registered in the period, in relation to Tecnológica's purchase process.

IT Service Revenues per employee reached 125.9 thousand euros in 2009, 4.4% above 2008, while equipment sales per employee have increased y.o.y by almost 2.3%. Both indicators clearly demonstrate the continuous efficiency gains achieved by SSI companies. Importantly, efficiency gains are not only seen in terms of productivity but also in terms of profitability as EBITDA per employee reached 16.2 thousand euros, an increase of 38.7% when compared to 2008.

Total headcount at the end of 2009 increased to 522, a 9.9% y.o.y growth, mainly due to the need for additional internal consultants to support the increased level of activity at all subsidiaries and to the growing international footprint of WeDo Technologies.

WeDo Technologies continued to consolidate its global presence and reinforce its leading position in the Telecom Revenue Assurance market, while expanding its product portfolio and enlarging its offer beyond its traditional telecoms customer base. Another sign of the company's international expansion is related to the number of employees placed outside Portugal: 153 in 2009, against 130 in 2008, representing an increase of 17.7%, spread across offices in 12 countries.

2.4 Software and systems information (continued)

2.4.3 Financial data

SSI Consolidated income statement

Million euros	2009	2008	Year on year
Turnover	**149.91**	120.13	24.8%
Service revenues	**63.63**	60.87	4.5%
Equipment sales	**86.28**	59.26	45.6%
Other Revenues	**0.43**	2.39	(82.1%)
Operating costs	**141.83**	115.27	23.0%
Personnel Costs	**28.25**	27.07	4.3%
Commercial Costs(1)	**85.67**	59.31	44.4%
Other Operating Costs(2)	**27.92**	28.89	(3.4%)
EBITDAP	**8.50**	7.25	17.3%
Provisions and impairment losses	**0.12**	0.13	(8.5%)
EBITDA	**8.38**	7.12	17.8%
EBITDA margin (%)	**5.6%**	5.9%	(0.3pp)
Operating CAPEX(3)	**3.18**	1.79	77.8%
Operating CAPEX as % of turnover	**2.1%**	1.5%	0.6pp
EBITDA – operating CAPEX	**5.21**	5.33	(2.3%)
Total CAPEX	**3.18**	(0.55)	**-**

(1) Commercial costs = cost of goods supplied (COGS) + Marketing and Sales Costs.

(2) Other operating costs = outsourcing services + general & administrative (G&A) + others.

(3) Operating CAPEX excludes financial investments, provisions for sites dismantling and other non-operational investments.

Turnover

SSI Turnover again increased significantly y.o.y and was up 24.8% in 2009 to, approximately, 150 million euros, as a result of both higher IT Equipment Sales, which have grown by 45.6%, to 86.28 million euros, and higher Service Revenues, up by 4.5%. It should, nevertheless, be noted that WeDo Technologies continues to account for the majority (67.5% in 2009) of SSI's Service Revenues.

During 2009, Equipment Sales represented approximately 57.6% of Turnover, an increase of circa 8pp over the level registered in the same period of 2008, driven by a positive contribution from the sale of software licenses and computers at Bizdirect, partly explained by the success of laptop sales under the e-schools programme.

EBITDA

SSI EBITDA was positive 8.38 million euros in 2009, up by 47.1% against last year on a comparable basis, with EBITDA margin improving by 0.9pp to 5.6%, due to the better EBITDA generated by the majority of the companies.

In relation to EBITDA margin, WeDo Technologies achieved a positive 10.4% margin in 2009, an increase of 3.8pp from the 6.6% margin registered in 2008, again, on a comparable basis (excluding the gain related to the final closure of Tecnológica's purchase process).

2.5 Online & Media

Given the significant challenges facing the newspaper industry in general, it is important to acknowledge some of the positive achievements of our media business during 2009. During the year, Público was able to sustain its readership figures, despite the entry into the market of a new player. It also consolidated its third-place ranking among daily paid generalist newspapers as its audience figures demonstrated greater resilience than its main competitors.

2.5.1 Key market developments in 2009

Throughout 2009, market dynamics remained severe for the daily paid generalist press. The total level of advertising spend in Portugal was the weakest since 2002. According to the latest available figures, total advertising spend is estimated to have fallen approximately 18%, with advertising expenditure on the daily newspaper segment declining by approximately 29%.

This slump was severely influenced by the strong decline of advertising revenues in free newspapers. Online advertising was the only segment with positive growth, having registered a record increase of 18% compared to 2008. Within the current negative environment, advertisers continue to shift their budgets towards other media vehicles, such as television, as they are typically associated with higher audiences and price discounts.

Total circulation numbers for the daily paid generalist press decreased by 7.3% (source: APCT October 09/08 Bulletin), despite the entry of a new title, 'i'.

Traffic figures on Público's website remained very strong, having achieved an increase of 11% in terms of total page-views and 30% in terms of visitors and unique users (source: Nestcope data December 09). These figures clearly demonstrate that Público is still in the forefront among Portuguese daily newspapers in terms of online access.

It should also be noted that Público implemented a number of campaigns during 2009 designed to sustain its circulation and advertising figures. They included special editions of certain supplements such as Dia da Terra, Ranking Escolas, Publica de Natal and Fugas Verão.

Brand extension products – including books, movies and music – continued to perform well. Examples of successful initiatives on this front during 2009 included collections such as Arqueologia, Pantera Cor de Rosa and Bossa Nova.

During the year, we also launched a customer publishing project involving the use of Público' know-how in the editorial management and publishing of third-party magazines. Público won a few customers in this area during 2009, and the number is expected to grow substantially.

It is also worth noting that, during 2009, Público won a prestigious D&AD Award in the Magazine & Newspaper Design category alongside other local prizes for its design and information quality.

2.5.2 Operational data

Público operational KPIs

	2009	2008	Year on year
Average paid circulation(1)	**37,335**	41,374	(9.8%)
Market share of advertising (%)	**11.7%**	12.3%	(0.6pp)
Audience(2) (%)	**4.4%**	4.3%	0.1pp
Employees	**245**	256	(4.3%)

(1) Estimated value updated in the following quarter.

(2) As % of addressable population; source: Bareme Imprensa (data not gathered in the 3rd quarter)

Throughout 2009, market dynamics continued to be severe for daily generalist press both in terms of circulation and advertising revenues.

According to latest figures made available by APCT, total paid circulation (9M09 vs 9M08) has decreased by 6.5%, notwithstanding the entry of the new journal, 'i'. Público's average paid circulation reached 37.3 thousand newspapers sold in 2009, a decrease of 9.8% when compared to 2008.

In what concerns advertising, according to data from Marktest / Media Monitor, 2009 was the worst year since 2002 in terms of total advertisement investment in Portugal. The latest figures indicate that total advertising spend has fallen by 13.4% y.o.y, with advertising in daily newspapers declining 9.7%, strongly influenced by the severe reductions suffered by free newspapers. As a reflection of the lower circulation level and despite the increased audience, Público's advertising market share reached 11.7% in 2009, approximately 0.6pp below the level registered in 2008.

2.5 Público (continued)

Online advertising was the only segment with positive figures, with a record increased of 18%. Advertisers continue to concentrate their budgets in television, being familiar with its power and higher price discounts.

2.5.3 Financial data

Público consolidated income statement

Million euros	2009	2008	Year on year
Turnover	**30.40**	32.44	(6.3%)
Advertising sales[1]	**13.19**	13.46	(2.0%)
Newspaper sales	**12.42**	12.04	3.2%
Associated Product Sales	**4.79**	6.94	(30.9%)
Other Revenues	**0.29**	0.60	(52.4%)
Operating Costs	**33.14**	36.08	(8.1%)
Personnel Costs	**11.89**	11.28	5.3%
Commercial Costs[2]	**10.35**	12.60	(17.9%)
Other Operating Costs[3]	**10.90**	12.19	(10.6%)
EBITDAP	**(2.45)**	(3.04)	19.4%
Provisions and impairment losses	**0.21**	0.18	14.8%
EBITDA	**(2.66)**	(3.22)	17.4%
EBITDA margin (%)	**(8.7)%**	(9.9)%	1.2pp
Operating CAPEX[3]	**0.79**	0.84	(5.2%)
Operating CAPEX as % of turnover	**2.6%**	2.6%	0pp
EBITDA – operating CAPEX	**(3.45)**	(4.06)	14.9%
Total CAPEX	**0.79**	0.84	(5.2%)

(1) Includes contents.

(2) Commercial costs = cost of goods supplied (COGS) + Marketing and Sales costs.

(3) Other operating costs = outsourcing services + general & administrative (G&A) + others.

(4) Operating CAPEX excludes financial investments, provisions for sites dismantling and other non-operational investments.

Turnover

During 2009, the Online & Media Turnover decreased by 6.3% to 30.40 million euros, as a result of the following trends in its revenue lines: (i) a slightly negative evolution in Advertising Sales (2.0% below 2008), driven by the negative market trends; and (ii) a 30.9% reduction in Associated Product Sales, partly driven by the different mix of associated products offered in the period. Importantly, in terms of quarterly evolution, positive improvements were achieved in 4Q09, when compared to 3Q09, at both the level of Advertising Sales, which has grown by 5.2% and at the level of Associated Product Sales (18.3% above 3Q09). It's significant to add that the level of Newspaper Sales has grown, not only when compared to 3Q09 but also when compared to 2008.

It should be noted that Público increased its shareholding in Unipress to 50% at the end of 2008. Consequently, this subsidiary, a printing company that carries Público's as well as other newspapers' printing in the northern part of Portugal, started, from 1 January 2009, to be proportionally consolidated in the accounts of our Online & Media business.

EBITDA

In 2009, our Online & Media business generated a negative EBITDA of 2.66 million euros, which nevertheless represents a 17.4% improvement over 2008, as the negative trend at the top line level was more than compensated by savings achieved in most of its cost lines, including a 17.9% reduction in Commercial Costs and a 10.6% reduction in Other Operating Costs. This performance in terms of costs was achieved notwithstanding the 5.3% increase in Personnel Costs, driven by both the enlarged perimeter of this unit and the ongoing restructuring process that is being implemented since the 3Q09.

As indicated before, Público will continue to explore brand extension opportunities, expand the newspaper's online presence, seeking to extract complementarities between the online and paper versions, and rationalise costs wherever possible.

2.6 Sonaecom SGPS individual results

Sonaecom SGPS' main sources of income during 2009 were the rendering of services to group companies, as well as interest and dividends received from its subsidiaries. Total corporate centre costs represented approximately 0.6% of Group consolidated turnover as at 31 December 2009, in line with 2008.

2.6.1 Operational data

Sonaecom SGPS individual results for the years ended 31 December 2009 and 2008 are summarised below:

Sonaecom SGPS results overview

Million euros	2009	2008	Difference	%
Service revenues	**7.1**	7.0	0.1	1.2%
Other operating revenues	**0.0**	0.0	(0.0)	(40.2%)
Operating costs[(1)]	**(8.3)**	(8.1)	(0.2)	2.1%
EBITDA	**(1.1)**	(1.0)	(0.1)	9.6%
EBIT	**(1.3)**	(1.1)	(0.1)	10.3%
Dividend received	**3.5**	21.4	(17.9)	(83.7%)
Net financial activity	**1.4**	9.8	(8.4)	(86.3%)
Other financial results	**(9.6)**	(10.3)	0.7	(7.0%)
EBT	**(6.0)**	19.8	(25.8)	(130.3%)
Net income	**(6.1)**	19.7	(25.7)	(130.8%)

(1) Excluding depreciation and amortisation, provisions and tender offer costs.

In 2009, Sonaecom generated service revenues of 7.1 million euros, essentially comprising services provided to its subsidiaries in relation to:

- Managing the regulatory environment;
- Support in seeking new financing;
- Group internal audit and risk management;
- Fiscal and legal support;
- Temporary assignment of employees to subsidiaries.

In 2009, total staff costs amounted to 4.6 million euros compared to 4.4 million euros in 2008. Total corporate centre costs represented approximately 0.6% of Group consolidated turnover as at 31 December 2009, a level in line with that registered in 2008. Total operating expenses (excluding depreciation, amortisation charges and provisions) amounted to 8.3 million euros, which compares with 8.1 million euros for the same period of 2008.

EBITDA was a negative 1.1 million euros compared to a negative 1.0 million euros in 2008, mainly due to the increase in operating costs.

Sonaecom's SGPS main source of financial income was the 3.5 million euros dividends received from Sonae Telecom SGPS (0.4 million euros) and Sonaecom Sistemas de Informação, SGPS, SA (3.1 million euros). In 2008, Sonaecom received 21.4 million euros dividends from Sonaecom Serviços de Comunicação, S.A.

Net financial activity (interest income less interest expenses) was a positive 1.4 million euros, significantly below 2008 (9.8 million euros) due to a lower level of applications and loans placed in subsidiaries.

Other financial results were a negative 9.6 million euros, fully driven by impairment recognition on Sonaetelecom BV (7.2 million euros in 2009, compared to 10.3 million euros in 2008) and on Miauger (2.4 million euros in 2009).

Net results for the year were a negative 6.1 million euros, 25.7 million euros below the level registered in 2008 mainly due to: (i) a lower level of dividends received from subsidiaries; and (ii) a lower contribution from the net financial activity, as explained above.

2.6 Sonaecom SGPS individual results (continued)

2.6.2 Financial data

The following table summarises the major cash movements that occurred during 2009:

Changes in Sonaecom SGPS liquidity	Million euros
Sonaecom SGPS stand alone liquidity as at 31 December 2008	50.1
Commercial Paper Programme (CPP)	(26.0)
Other external debt	(1.4)
Treasury applications from subsidiaries received (repaid)	50.1
Net acquisitions and supplementary capital	(3.2)
Acquisition of Own Shares	(3.1)
Supplementary capital on Miauger	(0.8)
Reimbursement of Sonaecom Sistemas de Informação SGPS Supplementary Capital	0.7
Net Shareholder loans repaid (granted)	71.0
Artis	(81.1)
Sonaetelecom BV	(1.1)
Sonaecom BV	19.8
WeDo	(8.5)
Lugares Virtuais	(0.1)
Financial and operational movements	4.6
Interest paid	(12.6)
Dividend received	3.5
Interest received	15.6
Operational free cash flow and others	(1.9)
Total movements in the period	(46.9)
Sonaecom SGPS stand alone liquidity as at 31 December 2009	3.2

During 2009, Sonaecom's stand alone liquidity decreased by 46.9 million euros from 50.1 to 3.2 million euros due to the following movements:

a) Gross nominal external debt: 27.4 million euros decrease

During 2009, gross nominal external debt decreased by 27.4 million euros, of which 26 million euros were related to the Commercial Paper Programme (CPP) and 1.4 million euros to overdrafts. Since 2007, when Sonaecom completed the negotiation of a 250 million euros committed underwritten Commercial Paper Pprogramme, Sonaecom's gross debt is fully contracted by Sonaecom SGPS and internal funding movements are used to allocate cash between our subsidiaries. As part of this internal funding process, Sonaecom SGPS is using Shareholder loans and/or treasury applications, depending on the expected maturity of amounts lent to subsidiaries.

At year end 2009, Sonaecom SGPS' gross debt comprised two long-term facilities: (1) a 150 million euros Bond issue; and (2) a 250 million euros committed underwritten CPP.

b) Treasury applications from subsidiaries: 50.1 million euros increase

During the year, the main financial movements in terms of treasury operations were as follows: Sonaecom Serviços de Comunicação, S.A. increased its treasury application by 63.0 million euros, while Be Towering decreased its application by 7.4 million euros, Sonaecom Sistemas de Informação SGPS, SA decreased its application by 2.6 million euros, Mainroad decreased its application by 1.5 million euros and Público decreased its application by 0.9 million euros.

c) Net acquisitions and supplementary capital: net cash-out of 3.2 million euros

During 2009, the major outflows related to acquisitions and investments comprised the following:

- Additional 0.8 million euros of supplementary capital injected in Miauger;
- Sonaecom Sistemas de Informação SGPS reimbursed 0.7 million euros of supplementary capital;
- Spend of 3.1 million euros in the acquisition of own shares.

2.6 Sonaecom SGPS individual results (continued)

d) Net Shareholder loans: 71.0 million euros increase

During 2009, total Shareholder loans applied by Sonaecom SGPS in subsidiaries increased by 71.0 million euros, including the following main movements:

- Sonaecom SGPS placed additional Shareholder loans in the amount of 81.1 million euros with Artis, while Sonaetelecom BV reimbursed approximately 1.1 million euros of outstanding loans;
- The 80 million euros that were transferred, in 2008, to Sonaecom BV as payment in advance in relation to the increase in the participation on Sonaecom Serviços de Comunicações were converted into loans during 2009, net of the 19.8 million euros that had already been reimbursed to Sonaecom SGPS, SA.;
- Shareholder loans in Lugares Virtuais increased by 0.1 million euros and shareholder loans placed with WeDo increased by 8.5 million euros.

e) Sonaecom financial movements: positive 4.6 million euros

Sonaecom SGPS' operational and financial activity generated a net inflow of 4.6 million euros which was essentially driven by the following movements:

- Dividends of 3.1 million euros received from Sonaecom Sistemas de Informação, S.A. and of 0.4 million euros from Sonaetelecom SGPS, S.A.;
- A positive net financial activity of 3.0 million euros, resulting from the interest earned on funds placed with subsidiaries.

2.7 Our responsibility

A responsible approach to business is fundamental to the success of our business as we seek to build trust and confidence with our employees, suppliers and business partners, Shareholders and customers. At Sonaecom, we seek to meet the expectations of those who depend on us by integrating this responsible approach into how we do our business.

Throughout the year, we continued to implement our strategy to reduce the impact of our activities and to contribute more actively to the balanced development of the wider economy and society.

Code of Conduct

In 2009, we wanted to be clear that our organisation's responsibility is part of our strategic priorities. Based on a commitment to working with our principal stakeholders to build a positive reputation based on an ethical and transparent approach to business, we reviewed our Code of Conduct.

Sonaecom's Code of Conduct promotes and encourages the adoption of values, principles and codes of behaviour in areas such as integrity, transparency, respect, corporate responsibility, environmental efforts, healthcare and security. It also lays down the rules we apply to confidentiality, use of privileged information, managing conflicts of interest and communicating irregularities.

Sonaecom's employees and suppliers, including external consultants, are required to comply with these guidelines when carrying out their activities. These values underpin our relationships with all interested parties and are intended to guarantee that our business operates in an ethical and responsible manner. Sonaecom's Ethics Commission is the internal entity responsible for supervising the Code of Conduct and its responsibilities also include clarifying any uncertainty related to the assessment of correct conduct and reporting and dealing with situations which may violate the Code.

Within this area, Sonaecom's main objective is to ensure the involvement of all its employees in the creation of a healthy and balanced working environment, through the effective installation of procedures and the implementation of all efforts required to resolve alleged irregularities. A more detailed description of the Sonaecom Code of Conduct can be found on the Company's website.

Smile – Sonaecom's community intervention programme

After its restructuring in 2008, Smile continued to inspire new ways of intervening in the community. In 2009, Smile developed the first team building initiative for a Sonaecom team. These tailor-made initiatives included volunteer work that combines: (i) individual development and group skills; (ii) recovery of run-down areas in the target institutions; and (iii) environmental prevention and recovery actions. The activities carried out during 2009 included a re-qualifying of the outdoor space at Casa Sol (SOL Association), the recovery of spaces at Aldeia de Crianças SOS in Gulpilhares, at Casa de Cedofeita, at Casa do Vale of the CrescerSer association and at the Casa da Juventude. At Casa do Caminho, the team of Smile volunteers, which also included two employees from the institution itself, set out to develop digital photographic archives, develop databases and optimise inventory management. To make these projects more effective for the institution, training will also be given to the employees of Casa do Caminho in these areas. Globally, these projects involved 40 volunteers representing 179 volunteer hours.

During 2009, Smile also organised five blood donation campaigns and two bone marrow donation campaigns. These initiatives involved a total of 258 Sonaecom employees. Smile also organised a mobile phone recycling campaign in partnership with AMI (Associação Médica Internacional, a Portuguese NGO) and Público. It is also worth highlighting the fact that Smile has donated approximately 6,000 books to AidGlobal, aimed at equipping a number of libraries in Cape Verde.

Environmental management

In 2009, Sonaecom renewed, for the second time, the certification of its Environmental Management System in compliance with the requirements of the ISO 14001 standard. Since 2003, our commitment to improving our environmental performance has been recognised by the Portuguese certification association, APCER.

During 2009, we continued to improve our internal management processes while encouraging other interested parties to become more involved and better informed about our environmental management programmes.

2.7 Our responsibility (continued)

Recognising the important role that the information technology and communication sectors have in reducing of greenhouse gas emissions, we have started an in-depth study of our carbon footprint, using 2008 as the year of reference. As part of this process, we have defined organisational and operational boundaries, established an accurate data gathering system, characterised the main sources of emissions, created a benchmark for comparison with best practices, and completed a critical review of the results with the various process managers. This project ended with an action and communication plan for the management of carbon, which will be implemented throughout the years to come.

Further information on Sonaecom's environmental, economic and social efforts can be found in our annual Sustainability Report.

2.8 Our customer service

Our ambition is to provide the best customer service in the Portuguese telecommunications market and we believe this is only possible by fostering a culture in which everybody in the organisation feels responsible for customer concerns and needs.

Customer-oriented approach

To further expand and disseminate our businesses' customer-centred culture, we created Take-off, now a well-know programme across Sonaecom. Although its was introduced some years ago, we relaunched it during 2009 with an extensive internal communication campaign and slight adjustments to the agenda, designed to convince more employees to live this one-day experience. Under this programme, employees from outside the Customer Service department are invited to visit and take part in the department's daily activities, mainly in areas involving close contact with customers.

Customer Care Contact Centres

In Sonaecom, we strongly believe that the quality of service we provide to our customers is directly related to the quality and motivation of our people, who are in direct or indirect contact with our customers every day.

During 2009, we began to relocate our call centre activities to regions with lower population density. This move offers clear benefits in terms of job creation and improving the balance of Portugal's national development. In parallel, it allows us to reduce the attrition rates typically associated with call centre activities. In addition to Lisbon and Porto, Sonaecom currently has two major service centres, one in Setúbal and the other in Vila Nova de Famalicão.

The implementation of strategy had to be carried out without affecting the quality of our services. In order to accomplish this challenging task, we made a significant investment in three key areas:

- **Technology** - We used the latest VoIP and VPN/VDI systems to virtualise our call centre activities;
- **Partnerships** – During the year, we put in place a new relationship model with the partners who provide our call centre service, creating a different split of responsibilities and risks between the parties. These changes were implemented together with tighter controls over service teams' performance. We also introduced a variable element designed to reward improvements in the quality of service that our partners provide while helping to build stronger relationships with them;
- **People** – We revised the training plans we provide to the people who work in our customer contact activities. Our aim was to guarantee continuous improvement in their know-how and provide the essential skills our teams need in order to answer customer requests and complaints effectively.

As a result of the emphasis we have placed over the last few years on improving the level of customer relationship management provided by our contact centres, Optimus received a second place award in the category of telecommunications from the National Association of Call Centres (APCC). It should also be noted that Optimus would rank first within the group of contact centres involved with the mass market.

Alternative contact channels

A growing number of our customers are moving away from traditional service channels to alternative channels, such as self care. In response, we introduced a series of new features and information, primarily technical guidelines, on the support pages of the Optimus and Clix websites. These changes have improved the usability and functionality of these customer access points.

By January 2010, we had integrated the Clix website into the Optimus website following the integration of all our telecommunications activities into the Optimus brand. During 2009, Kanguru's website underwent a similar transition.

We also opened Chat, a new alternative contact channel previously only available to Optimus Kanguru customers, to our Clix customers. The popularity of this channel exceeded our initial expectations. Teams responsible for our chat and e-mail contact channels are now better organised and have received training focusing in detail on these channels. The launch of a new, dedicated IVR for our SME customer base gave these customers an exclusive channel to obtain quicker answers to their requests and complaints.

Customer contacts and complaints management

The growing demand for convergence offers presented our systems with a significant challenge when it came to maintaining the quality of our processes and services. To meet this challenge, we integrated our Billing and CRM systems in 2009. We have also developed a set of relevant actions designed to reduce complexity and enhance the consistency of our processes.

2.8 Our customer service (continued)

Simplifying a number of processes and empowering frontline call centre teams proved vital to improving our Key Performance Indicators. Here is a brief review of three important projects we carried out during 2009 in the areas of first call resolution and service quality improvements:

- The IFIX project aimed to detect the most likely root cause of any technical fault, improving the chances of achieving a resolution at first call while speeding up answers to any problems assigned to a second-line team. The implementation of IFIX also led to a reduction in resolution times for the vast majority of the technical faults;
- With the ICreate project, the teams that respond to customer's technical complaints were reorganised to improve knowledge sharing, create greater specialisation and, consequently, resolve technical complaints more quickly and satisfactorily;
- Launched in 2007, the Atitude+ model, which introduced a new approach to managing customer complaints, is now fully rolled out across all channels, business units and retail stores. This model introduces a clear concept of complaint and the differentiation of problem severity. Under Attitude+, all complaints should be solved within a pre-defined time-window, depending on its degree of severity. The model has proved its value by helping to improve customer satisfaction levels and reducing the rate of repeat complaints. We will, nevertheless, seek to continuously improve our complaint management processes.

During 2009, we also made significant efforts to closely monitor the efficiency of our customer service and to effectively track customer satisfaction. We made important investments in new systems and processes, which allowed for a quicker, easier and more detailed analysis of customer calls and customer information.

The positive results we achieved and the positive customer feedback we attracted, has strengthened the motivation and commitment of our whole Customer Service team and reinforced our belief that we are on the right path to realising our ambition: to provide the best customer service in the Portuguese telecommunications market.

2.9 Our telecoms network

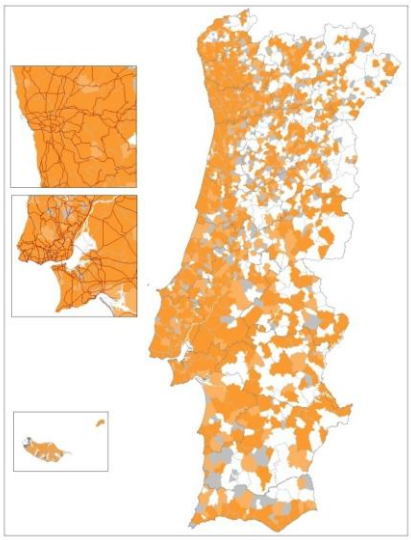
To achieve recognition as the operator that provides the best service quality in the Portuguese market, Sonaecom is continuously improving and reinforcing its leading-edge telecommunications network. These efforts allow us to continuously introduce new and better services to the market. As a result, our network now supports an increasing number of diversified services – mobile, wireline and convergent. In 2009, we made important investments in our network to answer the intensifying demand for bandwidth while delivering best-in-class quality levels.

2.9.1. Innovation and quality of service improvement

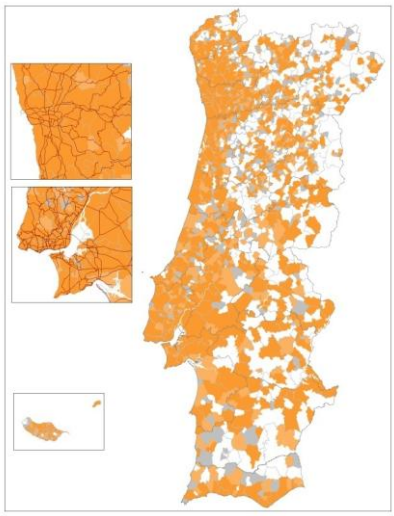
The investments we made in our services platforms, core, access and transport network enabled us to introduce an impressive number of additional services to our customers, while supporting the development of new convergent offers.

To offer the best mobile broadband service through Optimus Kanguru, it is fundamental to ensure the best possible 3G coverage. During 2009, Sonaecom substantially expanded its network's coverage and capacity through an ambitious roll out plan. As a result, we had 90% of the population covered with UMTS and over 85% with HSDPA by the end 2009.

3G Coverage



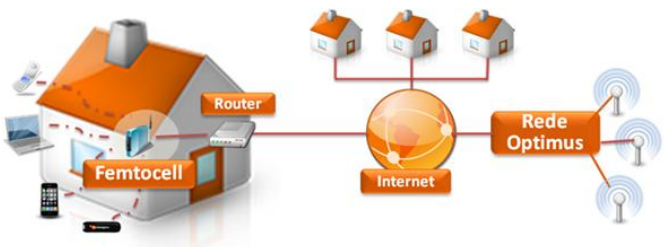
HSDPA Coverage



Leading once again in terms of innovation in the mobile broadband arena, Sonaecom was the first Portuguese operator to introduce HSPA+ (21 Mbps) to its live network and to offer a HSPA+ modem in its stores. HSPA+ significantly enhances the user experience, increasing the standard 7.2 Mbps offer to up to 21 Mbps. Following consumer trends, we also raised upstream capacity from 2 Mbps to up to 5.7 Mbps. This important enhancement gives users a better experience when uploading personal information or e-mails to the internet.

Our mobile 3G access network will soon support 42 Mbps downstream offers (Dual Carrier and MIMO Technology), preparing for the introduction of Long-Term Evolution (LTE). We expect LTE will enable us to further extend our mobile broadband capacity, allowing user rates up to 100 Mbps. This will clear the way for more sophisticated and demanding services while improving the user experience even further.

Furthermore, we became the first mobile operator in Iberia, and only the ninth operator worldwide, to introduce a Femtocell commercial offering to the market. Femtocells are an exciting new product that allow users to connect to the mobile operator's network using their fixed broadband connection and standard 3G phones through a secure, low-power access point. Sonaecom launched this offering when Optimus Negócios gave SME customers access to a convenient convergent package incorporating both fixed and mobile services. In its initial phase, the service is primarily designed to enhance coverage in indoor environments. But additional services are expected to be developed soon, taking full advantage of this new technology.



2.9 Our telecoms network (continued)

With the implementation of FTTH, Sonaecom is able to deliver end-to-end wireline services to the residential, SME and corporate segments, using the most advanced technology available. At the end of 2009, our FTTH coverage exceeded 200 thousand homes. Strengthening our TV offers, we introduced the RF-Overlay service to our FTTH network. With complementary analogue TV services, this service delivers more than 60 channels to every TV set in the home. This functionality allowed customers to benefit from multi-room viewing without the need to introduce additional set-top-boxes.

In 2009, we also completed the roll out of a new advanced IP-based national transport network, fully carrier Ethernet enabled. With this new and leading-edge infrastructure in place, we launched our Infrastructure as a Service (IaaS) and Platform as a Service (PaaS) offers, bringing new, value-added carrier Ethernet services and IP Centrex services to our corporate customers. Capitalising on this new architecture, we are exploring the value in the 'cloud' by offering new and convenient services that address the real needs of the corporate and SME segments more effectively.

Additionally, we continued to leverage our IMS investment by providing new services and functionalities to our existing IMS-based portfolio, offering click2dial functionalities to our TAG customers, and upgrading the functionality of our webphone PC service. Importantly, this service won international recognition during 2009 with a Communication Service Innovation award from GTB (Global Telecoms Business).

Aiming to sustain our leadership on the mobile broadband front, we have also upgraded our core network to support the launch and roll out of Kanguru unlimited, the unlimited traffic mobile broadband offer introduced during the year.

2.9.2 Network architecture and cost structure optimisation

During the year, we updated our 2G access network in the south of Portugal, replacing the legacy BSC platform, which has allowed a concentration of a number of BSCs. This initiative resulted in significant operational expenditure reductions in the costs associated with remote sites. For example: operation and maintenance, energy and site rentals. With this newly installed configuration, we will take advantage of high traffic capacity, reduced energy consumption and the option of enabling advanced GSM/GPRS functionalities. Additionally, our network can now easily support IP over the GSM/GPRS network, enabling an improved user experience and better quality combined with a convergent IP/3G approach.

In parallel, we also put in place a process for updating the 2G access network in the northern part of the country, including the complete swap of our legacy 2G network supplier. The effective implementation of this project will start at the beginning of 2010 and will enable the upgrading of all BTSs. This upgrade will allow for a material decrease in the cost of ownership, with significantly lower levels of energy consumption and considerable improvements in radio performance and capacity.

At the same time, our new access network will be ready to accommodate any future developments. For example: a migration to a full IP backhaul. Moreover, the base stations we plan to install will be multi-system platforms. In other words, they will be able to accommodate 2G/3G and LTE expansion easily, with significant CAPEX savings and synergies compared to the previous one station/one technology approach. And similar to what we implemented in the southern region, it will be possible to concentrate and reduce the number of BSCs, allowing important cost reductions and enabling access to new GSM/GPRS functionalities. Besides supporting a more effective operation, reducing operating and capital expenditure and significantly improving network performance, the modernisation of the 2G network will contribute to our efforts to cut our carbon footprint.

In our continuous effort to reduce mobile backhaul costs and anticipate the increasing mobile broadband bandwidth requirements, we continued to roll out connections to our mobile sites with fibre optics or microwave with Ethernet capability. In 2009, mobile sites in urban areas were connected with fibre network, which guarantees the required capacity and scalability. In response to the traffic growth in rural areas and to prepare the transport network for the evolution to LTE, we introduced Microwaves Ethernet. Following the success of this project, with the technology proving to be a more efficient transport for packet data traffic, we have adopted a massive roll out of this technology across new and existing sites.

As for our ADSL2+ network, in order to provide a uniform customer experience and service to our customers, all Tele2 customers were migrated to our platform during 2009. Implemented with minimum impact to our customers, this operation means we can now offer our complete service portfolio to all our wireline residential customers.

During 2009, we also carried out significant updates and upgrades to our packet core network to reinforce the cost reduction programme while expanding network capacity to cope with the significant demand resulting from the new offers and from the increasing bandwidth consumption per customer. We deployed a new generation of high-capacity nodes, which improved efficiency with a significant reduction in the cost per traffic unit. We also increased the intelligence levels of the core control nodes to allow the introduction of new and innovative offers to our wireless broadband customers.

To respond more effectively to demands from our commercial team, we implemented a new pre-paid network topology that allows greater flexibility and increased functionality. This project was concluded after two years of continuous collaboration with our network suppliers.

2.9 Our telecoms network (continued)

We also leveraged our integrated core network to optimise its international connectivity architecture, adding new connections to London and Madrid, further raising the service levels offered to our customers.

As a result of this continuous investment, Sonaecom today owns a reference network architecture 100% based on international standards, allowing us to offer the best and most advanced services – mobile, fixed and convergent – to our residential and corporate customers.

2.9.3. Quality of Service proactive control and monitoring

During 2009, we enhanced the experience of our TV customers by implementing the new Visual Quality Experience Platform (VQE). With VQE, IPTV-based television over ADSL and FTTH (GPON) takes advantage of error-repair and monitoring technologies that detect and repair packet loss. This functionality significantly improves video quality and customer service. VQE also allows our network to support additional features and, importantly, to reduce 'zapping' delays, reducing channel-change times from several seconds to milliseconds.

During 2009, we continued to make substantial efforts to monitor and control the quality of customers' experience and our network's performance, aiming to achieve the highest levels of customer satisfaction.

We also made significant investments in all business areas (IPTV, mobile broadband, VoIP) with the aim of ensuring end-to-end control over the customer experience. Among other challenges, these efforts involved deploying specific monitoring tools that provide a remote view of the quality of service level each and every customer receives. These tools are primarily intended to enhance customer satisfaction levels by pre-empting every potential service disturbance.

2.10 Our information systems

During 2009, our Information Systems department implemented several initiatives designed to help us fulfil our mission of becoming the best telecommunications services provider in Portugal and delivering greater value to our customers through the deployment of better and more effective information systems.

2.10.1. Innovation and operational improvements

The most significant initiatives implemented during the year included:

- Development of a virtual desktop infrastructure enabling the decentralisation of call centres to our partners' sites. This platform supports approximately 800 call centre operators, who gain remote access to all the relevant applications within a highly secure available environment. EMC Portugal – a leading storage and virtualisation solutions provider – awarded Sonaecom its 2009 innovation award for this solution;
- Deployment of Enterprise Instant Messaging for all Sonaecom employees to help encourage more collaboration between departments and with external partners. This tool eliminates unnecessary travel and supports the use of video and voice communications;
- Investment in a new workforce management platform to improve our field customer operations. This has resulted in improved service to our customers and increased productivity among our operations staff;
- Technical upgrade of Sonaecom's IT governance solution, which supports our needs, projects, portfolio management and financial process approvals for IT investments; and of the Siebel system (CRM Management System), which will support all our telecommunications customers in 2010;
- SAP implementation for production and control quality process. We have switched from a stand alone solution to our SAP system for equipment assembly and quality control. This project was part of our strategy to consolidate systems, with the additional advantage of streamlining information flows;
- Also at the level of IT, we are committed to environmentally-friendly initiatives and to reducing paper consumption. In line with these commitments, we have implemented electronic exchange processes with our customers, suppliers and distribution partners. Example processes include: electronic purchase orders, electronic invoices to customers, electronic invoices from suppliers, self-billing and self-invoicing solutions;
- We enabled our geographical information systems (GIS) to display and search Google Maps data. This means our GIS is now up-to-date with the latest market trends in terms of user interface, enabling our users to benefit from richer and more complete information.

2.10.2. Development of business solutions

Within the scope developing business solutions, the following initiatives are worth noting:

- To support our business strategy, we completed a new phase of the fixed-mobile convergence project aimed at converging our billing and data warehouse systems into one system, supporting all the technologies and services provided by Sonaecom;
- Associated with the launch of Optimus Kanguru's unlimited traffic offering, we have developed IT interfaces for user traffic profile management, web campaign management and integration of traffic with IT systems;
- Implementation of a new customer service business intelligence platform to support information about customers' life cycles;
- Implementation of a multi-system/multi-company process project to support the transactions between the Sonaecom and Sonae Retail systems for the launch of the Continente Mobile offering;
- Deployment and redesign of new functionalities on our web self-care platforms. This initiative has allowed for a reduction in the number of calls to our call centres and the provision of better service to our customers;
- Implementation of a new user interface on the IPTV platform to provide end users with the best interactive TV experience. Other innovative functionalities were added to the platforms, including start over TV functionalities, mobile integration of EPG and SMS notifications, subscription video on demand and live channels libraries.

Regulatory obligations with impact on IT systems

We took all the necessary measures and invested in new systems to comply with the Portuguese Republic law number 31/2008 and directive 2006/24/EC of the European Parliament on the retention of data generated or processed in connection with the provision of publicly available electronic communications services or of public communications.

2.10 Our information systems (continued)

Our accounting system, based on a commercial package from SAP, was already set up to work on the international and national accounting standards prevailing until 2009. With the aim of accommodating the introduction of the new national accounting standards (Sistema de Normalização Contabilistico, or SNC), which became effective from 1 January 2010, we have migrated our system and data to ensure compliance with the new SNC requirements.

Finally, during 2009, we prepared our billing and accounting applications for the compulsory legal requirements of SAFT (Standard Audit File for Tax Purposes).

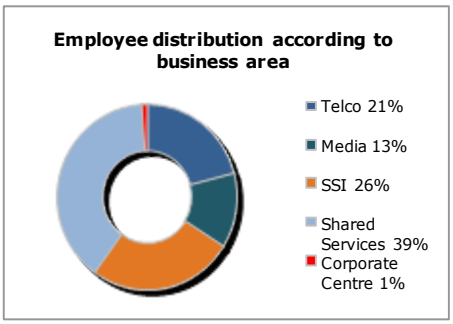
2.11 Our people

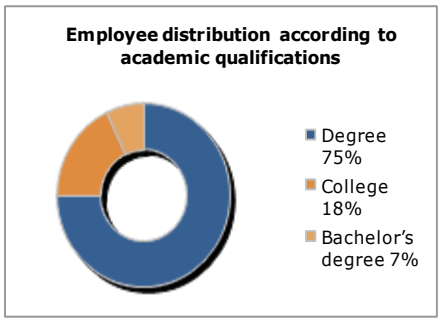
Sonaecom has a culture of continuously challenging its own limits. We love and nurture employees who innovate and are eager for success. An important part of this nurturing process involves empowering employees to pursue their career ambitions. With this goal in mind, during 2009 we gave all our employees access to detailed career information and aligned career management processes specific to each area. The launch of the dedicated website careers@sonaecom in June was a clear step forward in career management at Sonaecom.

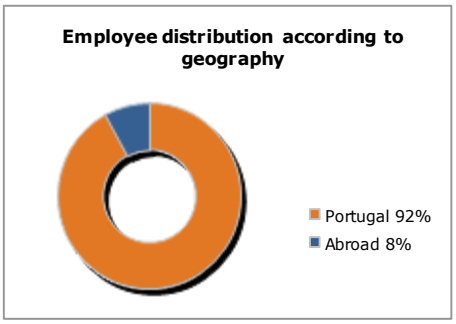
Facts about Sonaecom employees

At 31 December 2009, Sonaecom employed 2,013 people, generating total staff costs of approximately 98 million euros.

Our business is defined by determined, tenacious people single-mindedly focused on business objectives. With an average age of 35 our people combine youth, dynamism and resilience with a sense of mission, the ability to learn and a willingness to innovate. Most Sonaecom employees have university degrees, but our business constantly challenges them with educational solutions. It is important to note that employees based abroad are beginning to make up a significant proportion of our headcount, increasing their relative weight from 5% in 2008 to 8% of the total employees in 2009.







Training

Sonaecom Learning Centre (SCLC)

The SCLC is a centralised educational resource. Covering most training activities, it is aimed at employees in each business area within our organisation. It acts as the principal channel for communicating our culture and values and plays an important part in developing our core management and technical competencies. The SCLC seeks to sustain our employees' career development in a focused and proactive fashion and represents a significant part of our investment in training. In 2009, this represented an overall direct investment of approximately 1.8 million euros.

During 2009, the SCLC delivered 419 training actions, totalling approximately 58.454 hours and involving 1.268 employees.

Financing post-graduate studies

Financing post-graduate studies is directed primarily at MBA degrees in Portuguese or foreign universities, and executive training in international management schools.

By definition, these programmes have a very significant impact on the career development of our most talented employees, aiming to reinforce their technical, managerial or leadership skills so they may further develop key competencies. With this objective in mind, Sonaecom operates an incentive policy covering post-graduate studies. During 2009, we gave financial support to 17 employees on post-graduate and/or MBA courses.

2.11 Our people (continued)

HR OnLine – employee portal

All our key HR processes and information are available on-line in real time to our entire organisation through HR Online. Designed to improve process efficiency and quality while making team and personal management more effective, this centralized portal acts as a unique source of all our HR information. In 2009, we focused on adapting HR Online to the changing needs of our business as we became increasingly international. Currently, this HR tool is available everywhere, in Portuguese and English, and is adapted to each country's specific needs and requirements.

In addition, HR Online hosts several websites specifically designed to make employees' daily life easier and more enjoyable.

b_connected is a communication website giving access to information on employee benefits, partnerships and other initiatives promoted by Sonaecom for its employees and their families. It aims to develop higher levels of engagement and each employee is asked to actively contribute their suggestions. Launched in late 2008, this website is becoming a major tool for employees, averaging 11,000 page views per month during 2009.

Sonaecom Learning Centre is a website designed to provide clear and detailed information about the training Sonaecom offers to employees. It sums up the main courses available as well as their objectives, contents and schedules.

Careers@sonaecom

Launched in June 2009, this website aims to make Sonaecom's career model more transparent, to increase employees' awareness about their careers and to promote internal mobility.

Careers@sonaecom gathers information about career development in each Sonaecom career area, such as technical, sales or IT/IS. By introducing this website, we aimed to provide a comprehensive approach to each employee's specific career needs, clearly pointing out the career stages, high-value skills, and the training available in each career area.

3.0

Our shares

During 2009, Sonaecom shares registered the PSI-20's second-best performance (+92.2%) – compelling evidence of our resilience and a resounding vote of confidence in the merits of our strategy from the market. Our share performance may also have been driven by the positive results that Sonaecom consistently achieved quarter after quarter throughout the year, including the delivery of increased profitability and, importantly, cash flow generation.

3.1 Equity Capital Markets

Sonaecom shares have been listed on the Portuguese Stock Exchange – Euronext Lisbon – since June 2000, with the symbol SNC. The following table provides the main statistics related to Sonaecom's 2009 stock performance.

Sonaecom shares on the stock market during 2009

Stock market	Euronext Lisbon
Ticker	SNC
ISIN	PTSNC0AE0006
Bloomberg Code	SNC PL Equity
Reuters Code	SNC.LS
Number of shares outstanding	366,246,868
Share Capital	366,246,868
Stock Price as of last day December (euros)	1.932
Stock Price – High (euros)	2.115
Stock Price – Low (euros)	1.001
Average Daily Volume – 2009 (shares)	450,726
Average Daily Volume – 2008 (shares)	599,258
Market Capitalisation as of last day December (euros)	707,588,949

Market performance

The European Stock Telecommunications index, DJ Euro Stoxx Telecoms, ended 2009 with an annual increase of approximately 6.7%. This positive performance, which was more evident during the second half of 2009, clearly reveals the sector's relatively higher resilience to the economic and financial crisis. The market seemed to recognise that, in difficult economic times, the industry is less exposed to the downturn than most other sectors, as consumers seem to be treating their telecoms bill as non-discretionary spend.

As regards the Portuguese market, the main local stock index (PSI-20) ended 2009 at 8.463,85 points, which reflects a positive evolution of approximately 33.5% against year end 2008. As at 31 December 2009, all PSI-20 constituent companies registered a positive annual share price performance. The partial recovery of confidence levels, together with the general improvement in the international financial markets' environment, helped to reverse the negative market trends that prevailed since the second half of 2007. This improvement allowed the equity market to partly recover the heavy losses registered during 2008. It should also be noted that the volatility of the PSI-20 in 2009 was 18.4%, almost half the volatility registered during 2008 (32.6%).

The Portuguese stock market's (Euronext Lisbon) total turnover decreased considerably during 2009 (circa 42.0%), to approximately 30.1 billion euros, which compares to 51.9 billion euros in 2008. Since the beginning of what became known as the 'subprime crisis', the increased risk aversion and the relatively small size of Portuguese stock market seems to have led to a reduction in the presence of foreign institutional investors in the local market. In addition, funds placed with public funds and other investment vehicles have been reduced since the beginning of the crisis, with investors seeking to reduce their relative exposure to the equity capital markets. These factors are likely to have influenced the levels of liquidity in the Portuguese stock market.

Sonaecom's share performance

The market price of Sonaecom's shares increased by 92.2% in 2009. This positive growth, which represents a significant improvement in relation to the performance registered in 2008, may have been partly driven by the positive results that Sonaecom has consistently delivered quarter after quarter during 2009, including the delivery of increased profitability and cash flow generation. Taking into account the prevailing macroeconomic environment, the performance of Sonaecom's shares in 2009 seems to evidence the fact that investors have recognised Sonaecom as a resilient company.

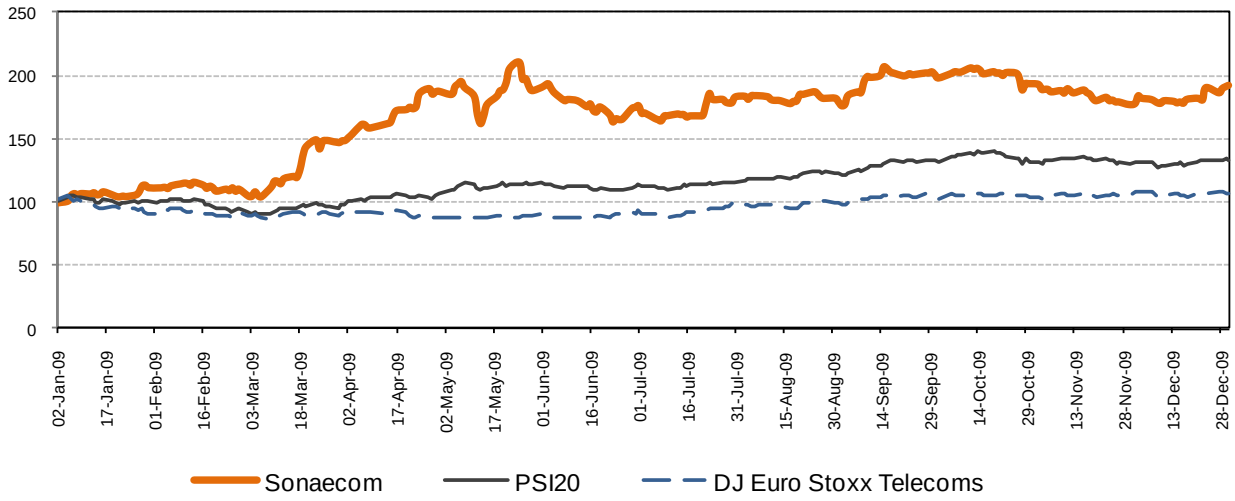
In addition, Sonaecom shares are likely to have been influenced by the following news flow during the year:

- 8 March 2009: release of the full year 2008 consolidated results;
- 27 March 2009: information on Orange S.A. 20.00% indirect qualifying holding participation;
- 17 April 2009: information on the decisions approved at the Shareholders' Annual General Meeting held on that same day;
- 4 May 2009: release of the first quarter 2009 consolidated results;
- 31 July 2009: release of the second quarter 2009 consolidated results;

3.2 Share price evolution during 2009

- 20 October 2009: information on EDP's 7.37% qualifying holding alienation;
- 23 October 2009: information on BCP's 3.41% qualifying holding participation;
- 2 November 2009: release of the third quarter 2009 consolidated results;
- 10 December 2009: announcement of the new organisation model proposed by the Executive Committee and approved by the Board of Directors;
- 21 December 2009: announcement of an agreement with Vodafone Portugal, regarding mutual co-operation in the construction, management, maintenance and operation of a fibre optic next generation network (NGN).

Sonaecom relative share price performance in 2009



Sonaecom's shares ended 2009 with a market price of 1.932 euros per share, 92.2% above the closing price of 1.005 euros per share at 31 December 2008. The share price reached a maximum of 2.115 euros per share on 25 May 2009 and a minimum of 1.001 euros on 2 January 2009. Among the PSI-20 constituent companies, Sonaecom's shares registered the second best performance in 2009. Sonaecom shares outperformed not only the majority of the PSI-20 constituents but also the main international stock indexes of the industry.

At the end of 2009, Sonaecom's market capitalisation stood at approximately 708 million euros.

The average daily trading volume reached approximately 451 thousand shares, a decrease of approximately 25% compared to 2008 (599 thousand shares), which, nevertheless, as indicated above, still represents a better performance than the one registered in terms of overall market volumes.

3.3 Shareholder structure

In accordance with the Portuguese Securities Code, shareholdings amounting to or exceeding the thresholds of 2%, 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66% and 90% of the total share capital must be reported to the Portuguese Securities Market Commission and disclosed to the capital market. Reporting is also required if the shareholdings fall below the same percentages.

In relation to transactions occurred during 2009, the following notifications were made to Sonaecom:

Sonaecom Qualified Holdings notifications during 2009

Date	Shareholder	Type of announcement	Number shares held	% Shareholding at notification date
27 March 2009	Orange S.A.	Changes in Attribution of Qualified Participation	73.249.374	20.00%
20 October 2009	EDP S.A.	Loss of Qualified Participation	0	0.00%
23 October 2008	BCP S.A.	Announcement of Qualified Participation	12.500.998	3.41%
24 December 2009	Sontel BV	Decrease of Qualified Participation	183.374.470	50.07%
24 December 2009	Sonae Investments BV	Increase of Qualified Participation	10.500.000	2.87%
6 January 2010	Santander Asset Management	Announcement of Qualified Participation	7.408.788	2.02%

Sonaecom's largest Shareholder continues to be Sonae SGPS, a Portuguese multinational group with interests in retail, shopping centres and insurance, with a total shareholding position of approximately 53.17%, and France Telecom, one of the largest telecom operators in the world, with a 20.00% stake in Sonaecom.

The free float, as at 31 December 2009 (% of shares not held or controlled by Shareholders with qualified holdings and excluding own shares) stood at approximately 19.44%, which compares with 17.35% at the end of 2008, reflecting the private placement, to a group of investors, of the stake previously controlled by EDP.

During 2009, there were no changes to the number of shares issued by Sonaecom.

3.4 Own shares

During 2009, in accordance with the authorisations granted by the Shareholders' General Assembly and for the purpose of fulfilling the obligations arising from the employees' Medium Term Incentive Plan (MTIP), Sonaecom acquired own shares, in the stock market, during two different periods: from 13 March to 8 April 2009 and from 18 December to 31 December 2009. In these two periods, Sonaecom purchased, through the Euronext Lisbon Stock Exchange, a total of 2,033,802 own shares, representing approximately 0.56% of its share capital. The weighted average price of these purchases stood at 1.54 euros per Sonaecom share.

As a result of the purchases identified above and of the delivery of shares to employees under the terms of the MTIP, at the end of 2009, Sonaecom was the holder of 7,169,574 own shares, representing approximately 1.96% of its share capital.

4.0

Our management

During the year, Sonaecom's Board of Directors provided the risk monitoring, continuity and leadership that are essential to creating shareholder value while reinforcing our position as Portugal's premier communications provider. In line with governance best practices, Sonaecom's Board of Directors includes an appropriate number of non-executive members, including three independent members, to ensure the effective supervision of the Executive Directors' activities.

4.0 Our management (continued)

Management changes in 2009

The current governing bodies of the Company were elected at the Annual General Meeting held on 16 April 2008 for a four-year mandate (2008-2011). After Christopher Lawrie and Luís Filipe Reis resign, during 2009, Sonaecom has presently three Executive Directors.

Composition of Board of Directors and appointed committees

Sonaecom's Board of Directors and appointed Committees	Executive [1]	Non-Executive [2]		Audit and Finance Committee	Nominations and Remunerations Committee
		Independent [3]	Non-Independent		
Chairman					
Duarte Paulo Teixeira de Azevedo					
Directors					
António Sampaio e Mello					
David Charles Denholm Hobley					
Franck Emmanuel Dangeard					
Gervais Gilles Pellissier					
Jean-François René Pontal					
Nuno Manuel Moniz Trigoso Jordão					
Ângelo Gabriel Ribeirinho S. Paupério (CEO)					
Maria Cláudia Teixeira de Azevedo					
Miguel Nuno Santos Almeida					

(1) Executive Directors = members of the Board of Directors and Executive Committee, with executive management responsibilities.

(2) Non-Executive Directors = members of the Board of Directors, without executive management responsibilities.

(3) independent Non-Executive Directors = Directors not associated with any specific interest groups in the Company or Groups which are, under any circumstance, capable of affecting their objectiveness.

The Board of Directors is responsible for ensuring the management of the Company's business, monitoring risks, managing conflicts of interests and developing the organisation's goals and strategy. Sonaecom's Articles of Association allow the Board to delegate the day-to-day company business, duties and responsibilities, as considered appropriate, to an Executive Committee. The Board of Directors has also two specialised committees, namely the Board Audit and Finance Committee (BAFC) and the Board Nomination and Remuneration Committee (BNRC). It is worth noticing that the BAFC is solely constituted by non-executive members who, during 2009, have periodically met and exercised an important influence over decision-making process and the development of strategy and policy, and did not encounter any restraints in the performance of their duties.

4.0 Our management

Board of Directors

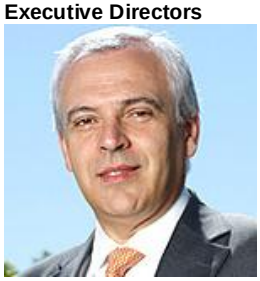
The main role of the Board of Directors is to supervise the management of Sonaecom's businesses, monitor risks and help develop the Group's goals and strategy. It is also responsible for the remuneration and other compensation policies of the Group's employees.

The qualifications and professional experience of members of the Board of Directors are detailed in 4.1 below.

Chairman

Paulo Teixeira de Azevedo

Executive Directors



Angelo Paupério (CEO)

Miguel Almeida

Cláudia Teixeira de Azevedo

Non-Executive Directors

António Sampaio e Mello

David Hobley

Jean-François Pontal

Gervais Gilles Pellissier

Franck E. Dangeard

Nuno Manuel Jordão

According to CMVM Regulation no. 10 / 2005, there are no circumstances that may affect the Independent Non-Executive Directors' analysis or decision making capabilities and these Directors, as well as the other Non-Executive Directors, exercise an important influence over the decision making process and the development of Company strategy and policy. Sonaecom's Board of Directors exhibits a healthy balance between the total number of Non-Executive Directors and the number of Independent Non-Executive Directors.

4.0 Our management (continued)

Executive Committee

Sonaecom's Executive Committee manages and executes Sonaecom's day-to-day operations under formal delegated powers from the Board of Directors.

Composition

In addition to the three Executive Directors named above, Sonaecom's Executive Committee also comprises the following advisor to the Board of Directors:

António Lobo Xavier
Academic qualifications: Degree in Law and Master in Economics Law, both from the University of Coimbra.
Professional experience: Partner and member of the Board of MLGTS;
Non-executive member of the Board of BPI and Mota-Engil.

The roles and responsibilities of the Executive Management Team are detailed in the table below:

Executive Management Team and their roles

Ângelo Paupério	Miguel Almeida	Cláudia Azevedo	António Lobo Xavier
Chief Executive Officer	Deputy CEO Optimus CEO	SSI CEO Online % Media CEO	Advisor of the Board of Directors

4.1 Qualifications of the Board of Directors

Duarte Paulo Teixeira de Azevedo
Date of birth: 31 December 1965

Academic qualifications: Degree in Chemical Engineering from the École Politechnique Federal de Lausanne; MBA from EGP-UPBS (ex. ISEE).

Professional experience: CEO of Sonae SGPS; Non-Executive Director of Sonae Indústria; CEO of Sonaecom; CEO of Optimus; Executive Director of Modelo Continente.

Responsibilities at Sonaecom: Chairman of the Board of Sonaecom; Chairman of the Board Nominations and Remunerations Committee.

Ângelo Gabriel Ribeirinho dos Santos Paupério
Date of birth: 14 September 1959

Academic qualifications: Degree in Civil Engineering from Porto University; MBA from EGP-UPBS (ex. ISEE).

Professional experience: Executive Vice-President of Sonae SGPS; Director of Sonae Investimentos, SGPS, S.A. (ex. Sonae Distribuição, SGPS, S.A.) and Sonae Sierra SGPS.

Invited lecturer at EGP-UPBS (ex. ISEE).

Responsi\bilities at Sonaecom: CEO of Sonaecom.

Miguel Nuno Santos Almeida
Date of birth: 15 March 1967

Academic qualifications: Degree in Mechanical Engineering from the Faculty of Engineering of Porto University; MBA from the INSEAD, Fontainebleau.

Professional experience: Executive Director of Sonaecom – Serviços de Comunicações; Non-Executive Director of WeDo Consulting – Sistemas de Informação S.A; Non-Executive Director of Público.

Previously, he has been Marketing Director of Modelo Continente.

Responsibilities at Sonaecom: Deputy CEO and Executive Director of Sonaecom – Telco business.

Maria Cláudia Teixeira de Azevedo
Date of birth: 13 January 1970

Academic qualifications: Degree in Business Studies from the Universidade Católica do Porto; MBA from INSEAD (Fontainebleu).

Professional experience: Member of the Board of Directors of Público; Executive Director of Sonaecom Sistemas de Informação (SSI); Non-Executive Director of Sonaecom – Serviços de Comunicações.

Previously, she has been an Executive Director of Sonae Matrix Multimedia residential unit; Marketing Director of Optimus.

Responsibilities at Sonaecom: Executive Director of Sonaecom – Media and SSI.

António Sampaio e Mello

Date of birth: 29 January 1955

Academic qualifications: Phd in Economics, London Business School; MBA, Columbia University; Master In Economics, Columbia University; B.Sc in Engineering, Technical University of Lisbon.

Professional experience: Managing Director of Bank Robert Baird; Head of Corporate Finance of Banco Comercial Português; Head of Economic Research and Statistics of the Central Bank of Portugal; past President of the European Financial Management Association; Board member of the US Financial Management Association; Professor at MIT; President of the Social Sciences and Humanities Commission at the Junta Nacional de Investigação Científica e Tecnológica.

Responsibilities at Sonaecom: Independent Non-Executive Director of Sonaecom; Member of the Board Audit and Finance Committee.

David Charles Denholm Hobley

Date of birth: 9 December 1946

Academic qualifications: Fellow of the Institute of Chartered Accountants of England and Wales.

Professional experience: Managing Director of Deutsche Bank AG, London; Director of certain Orange Group companies.

Responsibilities at Sonaecom: Non-Executive Director of Sonaecom; Member of the Board Audit and Finance Committee.

Gervais Gilles Pellissier

Date of birth: 14 May 1959

Academic qualifications: Degree in Business Law (Université Paris XI); graduation of HEC (International Management – joint programme with Berkeley University and the University of Cologne).

Professional experience: Member of France Telecom Group Management Committee; Deputy CEO in charge of Finance and Information System. Previously he had supervised the operational and geographic integration of France Telecom's businesses in Spain and, was Vice-Chairman of the Board of Bull (2004-2005).

Responsibilities at Sonaecom: Non-Executive Director of Sonaecom.

Franck Emmanuel Dangeard

Date of birth: 25 February 1958

Academic qualifications: Graduate from École des Hautes Études Commerciales; Graduate from the Institut d'Études Politiques de Paris; Harvard Law School (Fulbright Scholar, HLS Fellow).

Professional experience: Chairman and CEO of Thomson; Senior Executive Vice-President of France Télécom; Managing Director of SBC Warburg France.

Responsibilities at Sonaecom: Independent Non-Executive Director of Sonaecom; Member of the Board Nominations and Remunerations Committee.

Jean-François René Pontal

Date of birth: 17 April 1943

Academic qualifications: Degree in Engineering from the Centre d'Études Supérieures des Techniques Industrielles, in France.

Professional experience: CEO of the Spanish branch of Carrefour – PRYCA; Member of the Board of Directors of Carrefour; Group Executive Vice-President in charge of Mass Market Products & Services of France Telecom; CEO of Orange.

Responsibilities at Sonaecom: Independent Non-Executive Director of Sonaecom; Chairman of the Board Audit and Finance Committee; Member of the Board Nominations and Remunerations Committee.

Nuno Manuel Moniz Trigoso Jordão

Date of birth: 27 April 1956

Academic qualifications: Degree in Economics by the ISCTE – University of Lisbon.

Professional experience: Member of the Board of Directors and CEO of Sonae Investimentos, SGPS, S.A. (ex. Sonae Distribuição, SGPS, S.A.); Executive Vice-President of Sonae SGPS, S.A.

Responsibilities at Sonaecom: Non-Executive Director of Sonaecom.

4.2 Other offices held by members of the Board of Directors

Duarte Paulo Teixeira de Azevedo

Offices held in companies in which Sonaecom is a shareholder:
Does not hold any office in any company in which Sonaecom is a shareholder.

Other offices held:

Azulino – Imobiliária, S.A.
(Member of the Board of Directors)

Bertimóvel – Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Canastra – Empreendimentos Imobiliários, S.A.
(Member of the Board of Directors)

Chão Verde – Sociedade de Gestão Imobiliária, S.A.
(Member of the Board of Directors)

Citorres – Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Contimobe – Imobiliária de Castelo de Paiva, S.A.
(Member of the Board of Directors)

Cumulativa – Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Difusão - Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Efanor Investimentos, SGPS, S.A.
(Member of the Board of Directors)

Fozimo - Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Fozmassimo - Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Igimo - Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Iginha - Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Imoconti - Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Imoestrutura - Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Imomuro - Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Imoresultado - Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Imosistema - Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Imparfin, SGPS, S.A.
(Member of the Board of Directors)

MDS, SGPS, S.A.
(Chairman of the Board of Directors)

Migracom, SGPS, S.A.
(Chairman of the Board of Directors)

MJLF – Empreendimentos Imobiliários, S.A.
(Member of the Board of Directors)

Modelo Hiper Imobiliária, S.A.
(Member of the Board of Directors)

Predicomercial – Promoção Imobiliária, S.A.
(Member of the Board of Directors)

Selifa – Sociedade de Empreendimentos Imobiliários, S.A.
(Member of the Board of Directors)

Sempre à Mão – Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Sesagest – Projectos e Gestão Imobiliária, S.A.
(Member of the Board of Directors)

Socijofra – Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Sociloures – Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

Sonae Center Serviços II, S.A.
(Member of the Board of Directors)

Sonae Indústria, SGPS, S.A.
(Member of the Board of Directors)

Sonae Investimentos, SGPS, S.A. (ex. Sonae Distribuição, SGPS, S.A.)
(Chairman of the Board of Directors)

Sonae MC – Modelo Continente, SGPS, S.A.
(Member of the Board of Directors)

Sonae, SGPS S.A.
(Member of the Board of Directors, CEO)

Sonae Sierra, SGPS, S.A.
(Chairman of the Board of Directors)

Sonaegest, Sociedade Gestora de Fundos de Investimentos
(Chairman of the Board of Directors)

Sonaerp – Retail Properties, S.A.
(Member of the Board of Directors)

Sondis Imobiliária, S.A.
(Member of the Board of Directors)

Sontária – Empreendimentos Imobiliários, S.A.
(Member of the Board of Directors)

Valor N, S.A.
(Member of the Board of Directors)

4.2 Other offices held by members of the Board of Directors (continued)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Offices held in companies in which Sonaecom is a shareholder:
Be Artis, Concepção, Construção e Gestão de Redes de Comunicações, S.A.
(Chairman of the Board of Directors)

Público – Comunicação Social, S.A.
(Chairman of the Board of Directors)

Sonae Telecom, SGPS, S.A.
(Chairman of the Board of Directors)

Sonaecom – Serviços de Comunicações, S.A.
(Chairman of the Board of Directors)

Sonaecom – Sistemas de Informação, SGPS, S.A.
(Chairman of the Board of Directors)

WeDo Consulting, Sistemas de Informação, S.A.
(Chairman of the Board of Directors)

Other offices held:
Cooper Gay (Holdings) Limited
(Member of the Board of Directors)

MDS SGPS, S.A.
(Member of the Board of Directors)

Sonae SGPS, S.A.
(Member of the Board of Directors)

Sonae Investments, B.V. (Managing Director)

Sonae Investimentos, SGPS, S.A. (ex. Sonae Distribuição, SGPS, S.A.)
(Member of the Board of Directors)

Sonae Sierra SGPS, S.A.
(Member of the Board of Directors)

Sontel B.V. (Managing Director)

Enxomil SGPS, S.A. (Managing Director)

Enxomil – Sociedade Imobiliária, S.A.
(Managing Director)

Lapidar SGPS, S.A.
(Member of the Board of Directors)

Love Letters – Galeria de Arte, S.A.
(Member of the Board of Directors)

Maria Cláudia Teixeira de Azevedo

Offices held in companies in which Sonaecom is a shareholder:
Digitmarket – Sistemas de Informação, S.A.
(Chairman of the Board of Directors)

Lugares Virtuais, S.A.
(Chairman of the Board of Directors)

Mainroad – Serviços de Tecnologias de Informação, S.A. (Chairman of the Board of Directors)

Miauger – Organização e Gestão de Leilões Electrónicos, S.A.
(Chairman of the Board of Directors)

Público Comunicação Social, S.A.
(Member of the Board of Directors)

Saphety Level – Trusted Services, S.A.
(Chairman of the Board of Directors)

Sonaecom Serviços de Comunicações, S.A.
(Member of the Board of Directors)

Sonaecom Sistemas de Informação, S.A.
(Member of the Board of Directors)

WeDo Consulting, Sistemas de Informação, S.A.
(Member of the Board of Directors)

WeDo Technologies Mexico, S. De R.L. De C.V. (Director)

WeDo Technologies Egypt (Director)

WeDo Technologies, B.V. (Director)

Cape Technologies Limited (Ireland) (Director)

WeDo Poland Sp. Z.o.o. (Director)

WeDo Technologies Australia PTY Limited (Director)

WeDo Technologies (UK) Limited (Director)

Praesidium Services Limited (Director)

Other offices held:
Efanor – Serviços de Apoio à Gestão, S.A.
(Chairman of the Board of Directors)

Efanor Investimentos, SGPS, S.A.
(Member of the Board of Directors)

Fundação Belmiro de Azevedo
(Member of the Board of Directors)

Imparfin, SGPS, S.A.
(Chairman of the Board of Directors)

Linhacom, SGPS, S.A.
(Chairman of the Board of Directors)

Praça Foz – Sociedade Imobiliária, S.A.
(Member of the Board of Directors)

4.2 Other offices held by members of the Board of Directors (continued)

Miguel Nuno Santos Almeida

Offices held in companies in which Sonaecom is a shareholder:
Be Artis, Concepção, Construção e Gestão de Redes de Comunicações, S.A. (Member of the Board of Directors)

Be Towering – Gestão de Torres de Telecomunicações, S.A.
(Member of the Board of Directors)

Per-Mar, Sociedade de Construções, S.A.
(Chairman of the Board of Directors)

Público – Comunicação Social, S.A.
(Member of the Board of Directors)

Sonae Telecom, SGPS, S.A.
(Member of the Board of Directors)

Sonaecom – Serviços de Comunicações, S.A.
(Member of the Board of Directors)

WeDo Consulting – Sistemas de Informação, S.A.
(Member of the Board of Directors)

Other offices held:
Does not hold any office in any other company.

António Sampaio e Mello

Offices held in companies in which Sonaecom is a shareholder:
Does not hold any office in any company in which Sonaecom is a shareholder.

Other offices held:
Nakoma Capital Management
(Member of the Board of Directors)

Central Healthcare
(Member of the Board of Directors)

David Charles Denholm Hobley

Offices held in companies in which Sonaecom is a shareholder:
Does not hold any office in any company in which Sonaecom is a shareholder.

Other offices held:
Egyptian Company for Mobile Services S.A.
(Member of the Board of Directors)

Mobinil, S.A. (Member of the Board of Directors)

Nectar Capital LLC (Member of the Board of Directors)

Orange Brand Services Limited
(Member of the Board of Directors)

Westgate Nominees Hall Limited
(Member of the Board of Directors)

Velti plc (Member of the Board of Directors)

Deutsche Bank AG, London Branch (Managing Director)

Franck Emmanuel Dangeard

Offices held in companies in which Sonaecom is a shareholder:
Does not hold any office in any company in which Sonaecom is a shareholder.

Other offices held:
Harcourt, S.L. (Managing Director)

Calyon – Crédit Agricole Group (Director)

Atari (Chairman; Member of the Audit Committee; Member of the Remuneration Committee)

Symantec (US) (Member of the Audit Committee; Member of the Nomination and Governance Committee)

Moser Baer (India) (Member of the Strategy Committee)

PricewatherhouseCoopers-France (Chairman of the Strategy Board)

Bruegel (Member of the Board of Directors)

Energos (Member of the Advisory Board)

Reech AIM (UK) (Member of the Advisory Board)

HEC (Member of the Advisory Board)

HBS (Member of the International Advisory Board)

Gervais Gilles Pellissier

Offices held in companies in which Sonaecom is a shareholder:
Does not hold any office in any company in which Sonaecom is a shareholder.

Other offices held:
France Telecom Spain (Member of the Board of Directors)

Mobistar (Member of the Board of Directors)

Studio 37 (Member of the Board of Directors)

Fram (Member of the Supervisory Board)

Jean-François René Pontal

Offices held in companies in which Sonaecom is a shareholder:
Does not hold any office in any company in which Sonaecom is a shareholder.

Other Offices held:
Ing Direct, France (Member of the Advisory Board)

Oger Telecom, Dubai
(Member of the Board of Directors)

Nuno Manuel Moniz Trigoso Jordão

Offices held in companies in which Sonaecom is a shareholder:
Does not hold any office in any company in which Sonaecom is a shareholder.

Other offices held:
Arat Inmuebles, S.A.
(Chairman of the Board of Directors)

BB Food Service, S.A.
(Member of the Board of Directors)

Best Offer – Prestação de Informações pela Internet, S.A.
(Member of the Board of Directors)

4.2 Other offices held by members of the Board of Directors (continued)

Bikini – Portal de Mulheres, S.A.
(Member of the Board of Directors)

Bom Momento – Comércio Retalhista, S.A.
(Member of the Board of Directors)

Carnes do Continente – Industria e Distribuição de Carnes, S.A.
(Member of the Board of Directors)

Contibomba – Comércio e Distribuição de Combustiveis, S.A.
(Member of the Board of Directors)

Continente Hipermercados, S.A.
(Member of the Board of Directors)

Edições Book.it – S.A.
(Member of the Board of Directors)

Efanor – Design e Serviços, S.A.
(Member of the Board of Directors)

Estevão Neves – Hipermercados da Madeira, S.A.
(Member of the Board of Directors)

Farmácia Selecção, S.A.
(Member of the Board of Directors)

Global S – Hipermercado, Lda.
(Member of the Board of Directors)

Good and Cheap – Comércio Retalhista, S.A.
(Member of the Board of Directors)

Hipotética – Comércio Retalhista, S.A.
(Member of the Board of Directors)

Infofield – Informática, S.A.
(Member of the Board of Directors)

Inventory – Acessórios de Casa, S.A.
(Member of the Board of Directors)

Just Sport – Comércio de Artigos de Desporto, S.A.
(Member of the Board of Directors)

Modalfa – Comércio e Serviços, S.A.
(Member of the Board of Directors)

Modalloop – Vestuário e Calçado, S.A.
(Member of the Board of Directors)

Modelo – Distribuição de Materiais de Construção, S.A.
(Member of the Board of Directors)

Modelo Continente Hipermercados, S.A.
(Member of the Board of Directors)

Modelo Continente Hipermercados, S.A., Sucursal en España
(Chairman of the Board of Directors)

Modelo Continente International Trade, S.A
(Chairman of the Board of Directors)

Modelo Continente Seguros – Sociedade de Mediação, Lda.
(Member of the Board of Directors)

Modelo.Com – Vendas por Correspondência, S.A.
(Member of the Board of Directors)

NA – Comércio de Artigos de Desporto, S.A.
(Member of the Board of Directors)

NA – Equipamentos Para o Lar, S.A.
(Member of the Board of Directors)

Peixes do Continente – Indústria e Distribuição de Peixes, S.A.
(Member of the Board of Directors)

Pharmaconcept – Actividades em Saúde, S.A.
(Member of the Board of Directors)

Pharmacontinente – Saúde e Higiene, S.A.
(Member of the Board of Directors)

Solaris – Supermercados, S.A.
(Member of the Board of Directors)

Sonae Investimentos, SGPS, S.A. (ex. Sonae Distribuição, SGPS, S.A.)
(Member of the Board of Directors)

Sonae – Specialized Retail, SGPS, S.A.
(Member of the Board of Directors)

Sonae Retalho Espanã – Servicios Generales, S.A.
(Chairman of the Board of Directors)

Sonae MC – Modelo Continente, SGPS, S.A.
(Member of the Board of Directors)

Sport Zone – Comércio de Artigos de Desporto, S.A.
(Member of the Board of Directors)

Sport Zone España – Comercio de Articulos de Deporte, S.A.
(Chairman of the Board of Directors)

Tlantic Portugal – Sistemas de Informação, S.A.
(Member of the Board of Directors)

Todos os Dias – Comércio Retalhista e Exploração de Centros Comerciais S.A.
(Member of the Board of Directors)

Well W – Electrodomésticos e Equipamentos, S.A.
(Member of the Board of Directors)

Worten – Equipamentos para o Lar, S.A.
(Member of the Board of Directors)

Worten España Distribución S.L.
(Chairman of the Board of Directors)

Zippy – Comércio e Distribuição, S.A.
(Member of the Board of Directors)

Zippy – Comércio Y Distribuición, S.A.
(Chairman of the Board of Directors)

4.3 Articles 447, 448 and qualified holdings

Article 447 and CMVM Regulation no 05/2008

In accordance with article 447 of the Portuguese Company Law and CMVM Regulation no. 05/2008

Shares held by the Board of Directors and Management and respective transactions during 2009:

Board of Directors

		Additions		Reductions		Balance at 31 December 2009
	Date	Quantity	Average value €	Quantity	Average value €	Quantity
Duarte Paulo Teixeira de Azevedo						
Efanor Investimentos, SGPS, SA [1]						1
Migracom, SGPS, SA [3]						1,969,996
Sonae, SGPS, SA [6]						3,293
Ângelo Gabriel Ribeirinho dos Santos Paupério						
Sonae, SGPS, SA [6]						250,000
Sonaecom, SGPS, SA [9]						225,000
Miguel Nuno Santos Almeida						
Sonaecom, SGPS, SA						20,857
Shares attributed under the Medium Term Incentive Plan	10.03.2009	2,600	0.00			
Maria Cláudia Teixeira de Azevedo						
Efanor Investimentos, SGPS, SA [1]						1
Linhacom, SGPS, SA [4]						99,996
Sonaecom, SGPS, SA [9]						170
Shares attributed under the Medium Term Incentive Plan	10.03.2009	1,861	0.00			
Sale	17.03.2009			1,861	1.21	

Management

		Additions		Reductions		Balance at 31December 2009
	Date	Quantity	Average value €	Quantity	Average value €	Quantity
António Bernardo Aranha da Gama Lobo Xavier						
Sonaecom, SGPS, SA [9]						2,603
Shares attributed under the Medium Term Incentive Plan	10.03.2009	2,603	0.00			
Sonae, SGPS, SA [6]						16,634

4.3 Articles 447, 448 and qualified holdings (continued)

Article 447 and CMVM Regulation no 05/2008

In accordance with article 447 of the Portuguese Company Law and CMVM Regulation no. 05/2008

Notes:

		Additions		Reductions		Balance at 31 December 2009
	Date	Quantity	Average value €	Quantity	Average value €	Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA [6]						659,650,000
Pareuro, BV [2]						2,000,000
Sonaecom, SGPS, SA [9]						1,000
(2) Pareuro, BV						
Sonae, SGPS, SA [6]						400,000,000
(3) Migracom, SGPS, SA						
Imparfin, SGPS, SA [5]						150,000
Sonae, SGPS, SA [6]						1,485,000
Sonaecom, SGPS, SA [9]						387,342
(4) Linhacom,SGPS, SA						
Imparfin, SGPS, SA [5]						150,000
Sonae, SGPS, SA [6]						351,296
Sonaecom, SGPS, SA [9]						38,044
Acquisition	17.03.2009	1,861	1.21			
(5) Imparfin, SGPS, SA						
Sonae, SGPS, SA [6]						4,105,280
(6) Sonae, SGPS, SA						
Sonaecom, SGPS, SA [9]						838,649
Sonae Investments BV [7]						2,000,000
Sontel BV [8]						4,286
[7] Sonae Investments BV						
Sontel BV [8]						5,714
Sonaecom, SGPS, SA [9]						10,500,000
Aquisition	Dec. 09	10,500,000	1,822			
[8] Sontel BV						
Sonaecom, SGPS, SA [9]						183,374,470
Acquisition	Jan. 09	323,955	1.06			
Acquisition	Dec. 09			10,500,000	1,822	
[9] Sonaecom, SGPS, SA						7,169,574
Sale	10.03.2009			786,243	0.00	
Acquisition	Mar.09	966,554	1.328			
Acquisition	Apr.09	453,248	1.554			
Sale	02.11.2009			8,628	0.00	
Acquisition	Dec. 09	614,000	1.868			

4.3 Articles 447, 448 and qualified holdings (continued)

Article 448

In accordance with article 448 of the Portuguese Company Law:

	Number of shares as of 31 December 2009
Efanor Investimentos, SGPS, SA	
Sonae, SGPS, SA	659,650,000
Pareuro, BV	2,000,000
Sonaecom, SGPS, SA	1,000
Pareuro, BV	
Sonae, SGPS, SA	400,000,000
Sonae, SGPS, SA	
Sonaecom, SGPS, SA	838,649
Sonae Investments BV	2,000,000
Sontel BV	4,286
Sonae Investments BV	
Sonaecom, SGPS, SA	10,500,000
Sontel BV	5,714
Sontel BV	
Sonaecom, SGPS, SA	183,374,470
Atlas Services Belgium, S.A.	
Sonaecom, SGPS, SA	73,249,374

4.3 Articles 447, 448 and qualified holdings (continued)

Qualified holdings

In compliance with sub-paragraph b), number 1, of the article 8 of the CMVM Regulation no. 05/2008, we declare the qualifying holdings as at 31 December 2009:

			%Voting rights	
Shareholder	Number of shares	%of Share capital	With own shares	Without own shares
Sontel BV	183,374,470	50.07%	50.07%	51.07%
Sonae Investments BV	10,500,000	2.87%	2.87%	2.92%
Sonae SGPS	838,649	0.23%	0.23%	0.23%
Migracom, SGPS, SA	387,342	0.11%	0.11%	0.11%
Ângelo Gabriel Ribeirinho dos Santos Paupério[(1),(2),(4)]	225,000	0.06%	0.06%	0.06%
Belmiro Mendes de Azevedo[(1),(3)]	75,537	0.02%	0.02%	0.02%
Linhacom,SGPS, SA	38,044	0.01%	0.01%	0.01%
Miguel Nuno Santos Almeida[(4)]	20,857	0.01%	0.01%	0.01%
Álvaro Carmona e Costa Portela[(1)]	5,000	0.00%	0.00%	0.00%
Efanor Investimentos, SGPS, SA	1,000	0.00%	0.00%	0.00%
Maria Cláudia Teixeira de Azevedo[(3),(4)]	170	0.00%	0.00%	0.00%
Total attributable	195,466,069	53.37%	53.37%	54.44%
France Telecom, S.A.				
Atlas Services Belgium, S.A.	73,249,374	20.00%	20.00%	20.40%
Total attributable	73,249,374	20.00%	20.00%	20.40%
BCP				
Banco Comercial Português, S.A.	100,998	0.03%	0.03%	0.03%
Fundo de Pensões Grupo BCP	12,400,000	3.39%	3.39%	3.45%
Total attributable	12,500,998	3.41%	3.41%	3.48%
Santander				
Fundo Santander PPA	527,749	0.14%	0.14%	0.15%
Fundo Santander Acções Portugal	3,375,379	0.92%	0.92%	0.94%
Fundo Santander Acções Europa	725,705	0.20%	0.20%	0.20%
Fundo Santander Selecção Acções	363,539	0.10%	0.10%	0.10%
Fundo Santander Euro-Futuro Telecomunicações Média e Componentes Electrónicas do Agrupamento de Fundos Euro Futuro	83,685	0.02%	0.02%	0.02%
Fundo Santander Global	2,332,731	0.64%	0.64%	0.65%
Total attributable	7,408,788	2.02%	2.02%	2.06%

(1) Member of the Board of Directors of Sonae, SGPS, SA.

(2) Member of the Board of Directors of Sonae Investments, BV and Sontel BV.

(3) Member of the Board of Directors of Efanor Investimentos, SGPS, SA.

(4) Member of the Board of Directors of Sonaecom, SGPS, SA.

5.0

Our governance

We never compromise on following best practice in all areas of corporate governance. This commitment is reflected throughout our organisation, our principles and our disclosure. In the interests of transparency, we also publish our governance rules on our website (**www.sonae.com**).

5.1 Statement of compliance (continuation)

As required by Portuguese regulations and in line with the recommendations on corporate governance issued in September 2007 by the Portuguese Securities Commission (CMVM), the following section explains the roles, responsibilities and composition of our principal statutory and non-statutory governing bodies. This section also includes detailed disclosure and an explanation of our remuneration policy and of Directors' shareholdings.

Disclosure of the availability of information

The full text of the corporate governance guidelines currently adopted by Sonaecom, whether published by specific regulation, recommendation or voluntarily, including our Code of Conduct and, in particular, our guidelines covering Share Dealing and Conflicts of Interest – are made publicly available on our website www.sonae.com <http://www.sonae.com> and also at www.cmvm.pt <http://www.cmvm.pt>.

CMVM recommendations on Corporate Governance

The table below sets out all of the CMVM's recommendations on Corporate Governance (as issued in September 2007) and our assessment of our compliance as at 31 December 2009:

CMVM recommendations		Sonaecom compliance	Comments
1	**Shareholders' General Meetings**		
1.1	Board of the Shareholders' General Meeting		
1.1.1	The Chairman of the Board of the Shareholders' General Meeting shall be given adequate human and logistical resources, taking into consideration the financial position of the Company.	Yes	All resources requested have been made available by Sonaecom, via the relevant departments: Legal, Facilities, Finance, and others
1.1.2	The remuneration of the Chairman of the Board of the Shareholders' General Meeting shall be disclosed in the annual Corporate Governance Report.	Yes	The remuneration is disclosed (see '*Remuneration*')
1.2	Participation at the meeting		
1.2.1	The requirement to deposit or block shares before Shareholders' General Meetings, contained in the Articles of Association, shall not exceed five working days.	Yes	The requirement contained in Sonaecom's Articles of Association is five working days (see '*Blocking of shares*')
1.2.2	Should the Shareholders' General Meeting be suspended, the Company shall not require share blocking during the full period until the meeting is resumed, but shall apply the same period as for the first session.	Yes	In case of suspension, the Articles of Association only require the share blocking during the five working days prior to the date on which the meeting is resumed (see '*Rules applicable to the blocking of shares in case of suspension of the General Meeting*')
1.3	Voting and exercising voting rights		
1.3.1	Companies should not impose any statutory restriction on postal voting.	Yes	There are no restrictions on postal voting (see '*Postal voting*')
1.3.2	The statutory advance deadline for receiving voting ballots by post shall not exceed three working days.	Yes	Our statutory deadline is three days (see '*Deadline for receiving postal votes*')
1.3.3	The Company's Articles of Association shall respect the one share-one vote principle.	Yes	Sonaecom's Articles of Association respect the one share-one vote principle (see '*Number of shares corresponding to one vote*')
1.4	Quorum and resolutions		
1.4.1	Companies shall not set a constitutive or deliberative quorum that exceeds the minimum required by Portuguese Company Law.	No	See '*CMVM Recommendations compliance*'

CMVM recommendations		Sonaecom compliance	Comments
1.5	Attendance lists, minutes and information on resolutions adopted		
1.5.1	The minutes of the Shareholders' General Meetings shall be made available to Shareholders on the Company's website within a five day period, irrespective of the fact that such information may not be legally classified as material information. The lists of attendees, agendas items and resolutions adopted shall be kept in a historic file on the Company's website, covering meetings held for at least the last three years.	Yes	All required elements are made and remain available on the Company's website
1.6	Measures relating to changes in control		
1.6.1	Measures aimed at preventing the success of takeover bids, shall respect the interests of the both the Company and its shareholders.	Yes	No such measures exist (see '*Defensive measures in case of change of control or changes in the Board of Directors*')
1.6.2	In accordance with the principle established in the previous sub-paragraph, any Company that has Articles of Association with clauses that restrict or limit the number of votes that may be held or exercised by a single shareholder, either individually or acting in concert with other shareholders, shall also require that, at least once every five years, the continuation of such clauses must be ratified at a Shareholders' General Meeting, at which the quorum shall not exceed the legal minimum and all votes cast shall count, without applying any restriction.	Yes	There are no clauses that restrict or limit the number of votes
1.6.3	Defensive measures that automatically lead to serious erosion in the value of the Company's assets should not be adopted when there has been a change in control or a change in the Company's management, as this prevents the free transmission of shares and the ability of shareholders to effectively evaluate those responsible for managing the Company.	Yes	No such measures exist (see '*Defensive measures in case of change of control or changes in the Board of Directors*')
2	**Management and audit boards**		
2.1	General points		
2.1.1	Structure and duties		
2.1.1.1	In the Corporate Governance Report, the Board of Directors shall assess the governance model adopted by the Company, by identifying any restrictions that are holding back performance and by proposing actions to be taken that are judged to be appropriate to resolve them.	Yes	See '*Identification and Composition*'
2.1.1.2	Companies shall set up internal control systems designed to detect risks relating to the Company's activity, in order to protect its assets and keep its corporate governance transparent.	Yes	These systems are in place and are further described in this report (see '*Risk control*')
2.1.1.3	The Board of Directors and Statutory Audit Board shall establish internal regulations, which shall be disclosed on the Company's website.	Yes	These internal regulations are available on our website (see '*Regulations on the functioning of the Company's governing bodies*')
2.1.2	Incompatibility and independence		
2.1.2.1	The Board of Directors shall include a sufficient number of non-executive members to ensure that there is the capacity to effectively supervise, audit and assess the activity of the executive members.	Yes	Out of total of twelve members, there are seven non-executive members on Sonaecom's Board of Directors (see '*Management and Auditing bodies - Identification and Composition*')
2.1.2.2	Non-executive members shall include an adequate number of independent members, taking into account the size of the Company and its shareholder structure, but this shall never be less than one quarter of the total number of Board members.	Yes	There are currently three independent non-executive members on our Board of Directors (corresponding to one quarter of the total number of Board members authorised by the Articles of Association) (see '*Management and Auditing bodies - Identification and Composition*')

CMVM recommendations		Sonaecom compliance	Comments
2.1.3	Eligibility criteria for appointment		
2.1.3.1	Depending on the governance model adopted, the Chairman of either the Statutory Audit Board, the Board Audit Committee or Financial Matters Committee shall be independent and possess the necessary skills to perform their duties.	Yes	Compliance with legal requirements on independence and necessary skills for the members of our Statutory Audit Board was confirmed through specific questionnaires implemented by Sonaecom (see '*Identification of the members of the Statutory Audit Board*')
2.1.4	Policy on the reporting of irregularities		
2.1.4.1	The Company shall adopt a policy on reporting any irregularities that have allegedly occurred, which includes the following information: i) the means through which any irregularities may be reported internally, including the persons who are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should this be requested by the reporter.	Yes	Sonaecom has adopted a policy that fully meets this recommendation (see '*Whistle-blowing policy*')
2.1.4.2	General guidelines from this policy should be disclosed in the Corporate Governance Report.	Yes	Sonaecom discloses the general guidelines in this report and on our website (see '*Whistle-blowing policy*')
2.1.5	Remuneration		
2.1.5.1	The remuneration of the members of the Board of Directors shall be structured to be aligned with the interests of the Shareholders. For this purpose: i) The remuneration of Directors carrying out executive duties should include a variable component based on performance linked to a performance assessment that shall be carried out periodically by the governance body or committee appointed for this purpose; ii) the variable component shall be consistent with the maximisation of the long-term performance of the Company, and shall be dependent on sustainability of the variables adopted to measure performance; iii) non-executive members of the Board of Directors shall only receive fixed remuneration, unless the legal requirements dictate otherwise.	Yes	Alignment with the interests of the Shareholders is ensured and this recommendation is fully met (see '*Group Remuneration Policy and Remuneration of Management and Audit Bodies*')
2.1.5.2	The Shareholders' Remuneration Committee and the Board of Directors shall present to the Shareholders' Annual General Meeting a statement of the remuneration policy applied to the Statutory Governing Bodies (including the Board of Directors and Statutory Audit Board), as well as to other persons discharging managerial responsibilities ('Dirigentes') as defined in Article 248º-B, Clause 3 of the Portuguese Securities Code. The information to Shareholders shall include the criteria and main indicators proposed to be used in assessing performance and determining the variable component, independently of whether this is in the form of bonuses paid in shares, share options, annual bonuses or other awards.	Yes	A clear statement of remuneration policy was approved by the 2008 Shareholders' Annual General Meeting for the current four year mandate 2008-2011
2.1.5.3	At least one representative of the Shareholders' Remuneration Committee shall be present at the Shareholders' Annual General Meeting (AGM).	Yes	A representative of the Shareholders' Remuneration Committee has been present at the AGM
2.1.5.4	A proposal shall be submitted to the Shareholders' General Meeting to approve plans to grant shares and / or share options or award compensation based on variations in share prices, to members of the Statutory Governing Bodies (including the Board of Directors and Statutory Audit Board), as well as to other persons discharging managerial responsibilities ('Dirigentes') as defined in Article 248º-B, Clause 3 of the Portuguese Securities Code. The proposal shall include all information necessary for a comprehensive assessment of the plan. The proposal shall be presented together with the regulation that governs the plan or if this has not yet been prepared, the general conditions that will be applied. Similarly, the main characteristics of any retirement benefit plan that benefits the Statutory Governing Bodies (including the Board of Directors and Statutory Audit Board), as well as other persons discharging managerial responsibilities ('Dirigentes') as defined in Article 248º-B, Clause 3 of the Portuguese Securities Code, shall also be approved at a Shareholders' General Meeting.	Yes	Sonaecom's Medium Term Incentive Plan (MTIP) was approved at the 2007 Shareholders' General Meeting and the format of the MTIP has not changed since that date. No retirement benefit plans are in place. (see '*Group remuneration policy*')

CMVM recommendations		Sonaecom compliance	Comments
2.1.5.5	The remuneration of the members of the Statutory Governing Bodies (including the Board of Directors and Statutory Audit Board) shall be individually disclosed on an annual basis. Fixed and variable components must be disclosed separately, when applicable, as well as any other remuneration received from other companies within the same Group or from companies controlled by shareholders with qualifying share holdings.	Yes	This disclosure is made. See '*Remuneration and compensation received by the Board of Directors*'
2.2	Board of Directors		
2.2.1	Within the limits established by Portuguese Company Law for each management and audit governance structure, and unless the Company is restricted by its size, the Board of Directors shall delegate the day-to-day running of the Company and the powers and terms of the delegation should be set out in the Corporate Governance Report.	Yes	The day-to-day running of the Company is delegated to an Executive Committee (see '*Corporate Structure Organisation – Roles and Competencies*')
2.2.2	The Board of Directors shall ensure that the Company acts in accordance with its objectives, and should not delegate its own responsibilities, including: i) definition of the Company's strategy and general policies; ii) definition of the corporate structure of the Group; and iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.	Yes	Such responsibilities are not delegated (see '*Corporate Structure Organisation – Roles and Competencies*')
2.2.3	Should the Chairman of the Board of Directors have an executive role, the Board of Directors shall set up efficient mechanisms to co-ordinate the work of the non-executive members, to ensure that they may take decisions in an independent and informed manner, and shall also explain these mechanisms to the Shareholders in the Corporate Governance Report.	Yes	The Chairman of the Board of Directors does not have an executive role at Sonaecom (see '*Members of the Board of Directors*')
2.2.4	The Annual Management Report shall include a description of the activity carried out by the non-executive Board Members and shall, in particular, report any restrictions that they encountered.	Yes	This description is included in Section 4 of the Annual Management Report
2.2.5	The governing body responsible for management (Board of Directors) should promote the rotation of the Board member responsible for financial matters (CFO) at least at the end of every two mandates.	No	See '*CMVM Recommendations compliance*'
2.3	Chief Executive Officer (CEO), Executive Committee and Executive Board of Directors		
2.3.1	When Directors who carry out executive duties are requested by other Board Members to supply information, they shall provide answers in a timely manner with information that adequately responds to the request made.	Yes	Sonaecom Executive Directors meet this recommendation
2.3.2	The Chairman of the Executive Committee shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the Board of Directors and, when applicable, to the Chairman of the Statutory Audit Board or the Audit Committee.	Yes	The Chairman of the Executive Committee meets this recommendation
2.3.3	The Chairman of the Executive Board of Directors shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee.	Not applicable	Sonaecom has not adopted either of these governance models
2.4	General and Supervisory Board, Financial Matters Committee, Audit Committee and Statutory Audit Board		
2.4.1	In addition to fulfilling its supervisory and verification roles, the General and Supervisory Board shall fulfil the role of advisor, as well as monitor and continually assess the management of the Company by the Executive Board of Directors. Amongst the other matters on which the General and Supervisory Board should form an opinion are the following: i) definition of the strategy and general policies of the Company; ii) the corporate structure of the Group; and iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.	Not applicable	Sonaecom has not adopted this governance model
2.4.2	The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall be disclosed on the Company's website together with the financial statements.	Yes	The annual report of the Statutory Audit Board is disclosed on Sonaecom's website
2.4.3	The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall include a description of the supervisory and verification work completed and shall, in particular, report any restrictions that they encountered.	Yes	The Statutory Audit Board's report includes such a description

CMVM recommendations		Sonaecom compliance	Comments
2.4.4	The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted) shall represent the Company, for all purposes, in the relationship with the external auditor. This shall include proposing who will provide this service, their respective remuneration, and ensuring that the Company provides adequate conditions to allow them to deliver their service, and also acting as the point of contact with the Company and being the first recipient of their reports.	Yes	Sonaecom fully complies with Portuguese Company Law in terms of the role and functioning of the Statutory Audit Board. The Statutory Audit Board liaises with the Board Audit and Finance Committee in this area as described later in this report
2.4.5	The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted), shall assess the external auditor on an annual basis and should propose to the Shareholders' General Meeting that the external auditor be discharged, should justifiable grounds exist.	Yes	The Statutory Audit Board makes this annual assessment
2.5	Special purpose or specialised committees		
2.5.1	Unless the Company is restricted by its size, the Board of Directors and the General and Supervisory Committee, depending on the governance model adopted, shall set up the necessary committees in order to: i) ensure that a robust and independent assessment of the performance of the Executive Directors is carried out, as well as of its own overall performance and including the performance of all existing committees; and ii) consider the governance system adopted, assess its efficiency and propose measures to make improvements to the relevant bodies.	Yes	Board Audit and Finance Committee and, especially, the Board Nomination and Remuneration Committee were set up for these purposes (see '*Corporate Structure Organisation – Roles and Competencies*')
2.5.2	Members of the Shareholders' Remuneration Committee or similar, shall be independent from the members of the Board of Directors.	Yes	See explanations below in respect of the effective independence of Paulo Azevedo (see '*CMVM Recommendations compliance*')
2.5.3	All committees shall draw up minutes of the meetings they hold.	Yes	Our Board committees draw up minutes
3.	**Information and auditing**		
3.1	General disclosure requirements		
3.1.2	Companies shall ensure that permanent contact is maintained with the market, upholding the principle of equal treatment for all Shareholders and avoiding any asymmetry in the access to information by investors. To achieve this, the Company shall set up an Investor Relations Office.	Yes	Sonaecom has set up an Investor Relations Office (see '*Investor Relations*')
3.1.3	The following information disclosed on the Company's Internet website, shall be available in English: a) The Company, its listed company status, registered office and the remaining information set out in Article 171 of Portuguese Company Law; b) Articles of Association; c) Identification of the members of the Statutory Governing Bodies and of the Representative for Relations with the Market; d) Investor Relations Office - its functions and contact details; e) Financial Statements; f) Half-yearly Calendar of Company Events; g) Proposals presented to Shareholders' General Meetings; h) Notices convening Shareholders' General Meetings.	Yes	All the information indicated is available in English on our website

CMVM Recommendations compliance

As at 31 December 2009, Sonaecom was fully compliant with all CMVM's Recommendations on Corporate Governance, with the exception of the following:

- Recommendation 1.4.1. (Quorum): Sonaecom does not agree with this recommendation, as we do not consider that it is good governance to allow a Shareholders' General Meeting to be convened and pass valid resolutions, in first session, when, in the extreme, only one share may be represented, as it is possible for certain resolutions under Portuguese Company Law. Sonaecom believes that a substantial minimum quorum encourages Shareholder engagement without risking blocking decision making, given that there is no minimum quorum when a General Meeting reconvenes in second session.

- Recommendation 2.2.5. (CFO Rotation): Sonaecom does not agree with this recommendation, which to the best of our knowledge does not exist in any other international Corporate Governance Code or in any of the Best Practice Guidelines issued by institutional investors or their advisors. We believe that there would be no benefit to Shareholders or to the Company from rotating a competent and successful CFO after serving two mandates.
- Recommendation 2.5.2. (Independence of the members of the Shareholders' Remuneration Committee): We consider that we are compliant with this recommendation in terms of substance, although formally we do not comply as one of the members of this Committee (Duarte Paulo Teixeira de Azevedo) is also the Chairman of our Board of Directors. Our opinion is based on the following considerations: (i) Duarte Paulo Teixeira de Azevedo represents our major reference Shareholder at the Shareholder's Remuneration Committee in his capacity of CEO of Sonae SGPS, S.A., which is fully consistent with the purpose of this committee; (ii) he is a Non-Executive Chairman of our Board; (iii) he does not take part in any discussion where a conflict of interest might arise with his role as Chairman of our Board (for example, he does not discuss his own remuneration at Sonaecom, which is decided by the other independent member of our Shareholders' Remuneration Committee); and (iv) additionally, his remuneration at Sonaecom is not a significant value, being approximately 60,000 euros in 2009.

  In relation to independence, one further point to stress is that our Board Nomination and Remuneration Committee liaises with our Shareholders' Remuneration Committee to ensure that the latter has all the necessary information to assess the performance of our Directors (especially the Executive Directors), as the Shareholders' Remuneration Committee does not closely monitor their activity throughout the year. This support does not in any way impair the independence of the members of the Shareholders' Remuneration Committee but facilitates the assessments they make and the remuneration decisions they approve on behalf of our Shareholders.

5.2 Shareholders' General Meeting

Composition of the Board of Shareholders' General Meeting

João Augusto Esmeriz Vieira de Castro	Chairman
António Agostinho Cardoso da Conceição Guedes	Secretary

Mandates

The current mandate of the members of the Board of the Shareholders' General Meeting covers the period from 2008 to 2011.

Remuneration

The Chairman of the Shareholders' General Meeting receives a fixed annual fee of 5,000 euros and the Secretary a fixed annual fee of 1,500 euros (both equal to the amounts received during 2008).

Blocking of shares

The Shareholders' General Meeting is composed of shareholders with the right to vote based on shares they own or equivalent subscription rights that have, within the five working days period prior to the General Meeting, provided confirmation of ownership to the Company.

Rules applicable to the blocking of shares in case of suspension of the General Meeting

The Articles of Association of the Company stipulate that, in the event of a suspension of the General Meeting, the blocking of shares applicable to the date on which the meeting is resumed is five working days.

Number of shares corresponding to one vote

Each share corresponds to one vote.

Statutory rules on limitations of the number of votes

The Articles of Association do not include any restrictions on the number of votes that may be counted nor do they allow for the existence of shares that do not grant the right to vote.

Postal voting

Postal voting is allowed in respect of all proposals for discussion and decision at a Shareholders' General Meeting, according to the terms and conditions set out in the Company's Articles of Association. The Chairman of the Board of the Shareholder's General Meeting is responsible for the authenticity and confidentiality of such votes.

Form used for postal voting

Printed postal voting forms are available and may also be downloaded from Sonaecom's website.

Deadline for receiving postal votes

Postal voting bulletins must be received at least three days before the Shareholders' General Meeting at the Company's Registered Office by means of registered mail or electronically and must be addressed to the Chairman of the Board of the Shareholder's General Meeting.

Electronic voting

Electronic voting is allowed for under Sonaecom's Articles of Association, provided the requirements imposed by the Chairman of the Shareholders' General Meeting, in the notice convening the respective General Meeting, in order to assure an equivalent level of security and authenticity, are respected.

Possibility of access to the extracts of the minutes of the General Meetings on the website of the Company

All shareholders have access to the extracts of the minutes on Sonaecom's website within the following five days.

5.2 Shareholders' General Meeting (continuation)

Member of the Shareholders´ Remuneration Committee that attended the General Meeting

The member of the Shareholders´ Remuneration Committee who attended the 2009 Shareholders' General Meeting was Duarte Paulo Teixeira de Azevedo.

Approval of remuneration policy and assessment of the management of the Company

The Shareholders' Remuneration Committee (elected by the Shareholders' General Meeting) is responsible for approving the remuneration and other compensation of members of Sonaecom's Statutory Governing Bodies, including Executive and Non-Executive Directors, following the remuneration and other compensation policies already approved by Shareholders at Shareholders' General Meetings.

As required by Portuguese Company Law, the agenda for each AGM includes a point covering the assessment of the management and audit of the Company, under which the Shareholders have the opportunity to make this assessment.

Approval of share plans

Sonaecom's share plans are approved by the General Meeting and all relevant information is provided to the Shareholders in detail, in order to enable them to decide on a fully informed basis. The current plan was approved at the 2007 AGM and all relevant data is available on the Company's website.

Approval of retirement benefits

Sonaecom does not have any retirement benefits in place.

Existence of a statutory provision regarding the resolution of the General Meeting aiming at maintaining or revoking a statutory provision referring to the limitation on the number of votes that may be counted

No such provision exists, as there are no limitations on the number of votes that may be counted.

Defensive measures in case of change of control or changes in the Board of Directors

None of the so-called defensive measures exist.

Agreements with ownership clauses

A change in control of Sonaecom would allow France Télécom to terminate the Strategic Partnership Agreement entered into on 9 June 2005, which was renewed on 24 October 2008.

Agreements with members of the Board of Directors and other persons discharging managerial responsibilities ('Dirigentes') in case of termination of the mandate

There are no agreements between the Company and any of its Directors or other persons discharging managerial responsibilities that provide any compensation in the event of termination of their employment agreements as a consequence of a takeover bid. In the event of dismissal from office of any of the Directors of the Company, it is the policy of Sonaecom Group to pay the compensation required by the Law and each particular case may impose a different amount that is deemed fair by both parties. Directors of the Company do not receive any additional compensation and the applicable criteria are the same as those used with all employees.

5.3 Management and auditing bodies

a) Identification and composition

Board of Directors

Composition

Under Sonaecom's Articles of Association, the Board of Directors may be composed of any number of members between three and 12, elected at a Shareholder's General Meeting. Board mandates are of four years, with the possibility of re-election. The current Board mandate covers the period from 2008 to 2011. The Board of Directors shall elect its Chairman.

Members

Duarte Paulo Teixeira de Azevedo	Chairman
António Sampaio e Mello	Independent Non-Executive Director
David Charles Denholm Hobley	Non-Executive Director *
Gervais Gilles Pellisser	Non-Executive Director
Jean-François René Pontal	Independent Non-Executive Director
Franck Dangeard	Independent Non-Executive Director
Nuno Manuel Jordão	Non-Executive Director
Ângelo Gabriel Ribeirinho dos Santos Paupério	Executive – CEO
Maria Cláudia Teixeira de Azevedo	Executive Director
Miguel Nuno Santos Almeida	Executive Director

Sonaecom's Board of Directors exhibits a healthy balance between the total number of Non-Executive Directors and the number of Independent Non-Executive Directors.

*See 'Independence Criteria'.

Statutory Audit Board ('Conselho Fiscal')

Composition

Sonaecom's Statutory Audit Board is composed of the following members:

Members

Arlindo Dias Duarte Silva	Chairman
Armando Luís Vieira de Magalhães	Member
Óscar José Alçada da Quinta	Member
Jorge Manuel Felizes Morgado	Substitute

Statutory External Auditor

Composition

Sonaecom's Statutory External Auditor is Deloitte & Associados, SROC, S.A. represented by Jorge Manuel Araújo de Beja Neves, who may be substituted, if required, by João Luís Falua Costa da Silva.

Company Secretary

Composition

Sonaecom's Secretary is Filipa Santos Carvalho, who may be substituted, if required, by Pedro Teixeira Sá.

5.3 Management and auditing bodies (continuation)

Other committees with management and auditing competencies

In order to improve the operational efficiency of the Board and to meet best practices in Corporate Governance, Sonaecom's Board has created three Board Committees: the Executive Committee, the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee.

Executive Committee

Composition

Under Sonaecom's Articles of Association, the Executive Committee is selected from the members of the Board of Directors. The Group's CEO and the two other Executive Directors comprise the Executive Committee. The Executive Committee's meetings are also attended by the other members of the Executive Management Team, who are identified below:

Members

Ângelo Gabriel Ribeirinho dos Santos Paupério	Executive Director – CEO
Miguel Nuno Santos Almeida	Executive Director – Telecomunications and Deputy CEO
Maria Cláudia Teixeira de Azevedo	Executive Director – SSI and Media
António Lobo Xavier	Advisor to the Board – Legal, Regulation, PR and Tax

Board Audit and Finance Committee

Composition

Sonaecom's Board Audit and Finance Committee (BAFC) consists of three members who are appointed by and from among the members of the Board. The fourth member is the Board and Corporate Governance Officer. The Committee currently includes three Non-Executive Directors, two of whom are independent, and is chaired by an Independent Non-Executive Director.

Members

Jean-François René Pontal	Chairman – Independent Non-Executive Director
António Sampaio e Mello	Independent Non-Executive Director
David Charles Denholm Hobley	Non-Executive Director*
David Graham Shenton Bain	Board and Corporate Governance Officer

*See 'Independence Criteria'.

Board Nomination and Remuneration Committee

Composition

Sonaecom's Board Nomination and Remuneration Committee (BNRC) consists of three members and includes the Chairman of the Board of Directors and two Independent Non-Executive Directors. The current composition is shown in the table below.

Members

Duarte Paulo Teixeira de Azevedo	Chairman – Non-Executive Director
Jean-François René Pontal	Independent Non-Executive Director
Franck Emmanuel Dangeard	Independent Non-Executive Director

5.3 Management and auditing bodies (continuation)

Ethics Committee

Composition

Sonaecom's Ethics Committee consists of four members appointed by the Board of Directors, including one Independent Non-Executive Director, as Chairman of the Committee, the Board & Corporate Governance Officer, the Advisor to the Board responsible for the Legal, Regulation, PR and Tax departments and the head of the Human Resources department. The current composition is shown in the table below.

Members

Jean-François René Pontal	Chairman – Independent Non-Executive Director
António Lobo Xavier	Advisor to the Board – Legal, Regulation, PR and Tax
David Graham Shenton Bain	Corporate Governance Officer
Anabela Magalhães	Head of the Human Resources Department

Board and Corporate Governance Officer

Composition

Sonaecom's Board and Corporate Governance Officer (BCGO) is David Graham Shenton Bain.

Shareholders' Remuneration Committee

Composition

Sonaecom's Shareholders' Remuneration Committee ('Comissão de Vencimentos') comprises two members appointed by the Shareholders' General Meeting, under a four-year mandate, currently 2008 to 2011:

Sonae SGPS, S.A. represented by	Duarte Paulo Teixeira de Azevedo[(1)]
Sontel, BV, represented by	Bruno Walter Lehmann[(2)]

(1) CEO of Sonae, SGPS, S.A.

(2) Partner – Egon Zehnder International, with vast experience in remuneration policy matters.

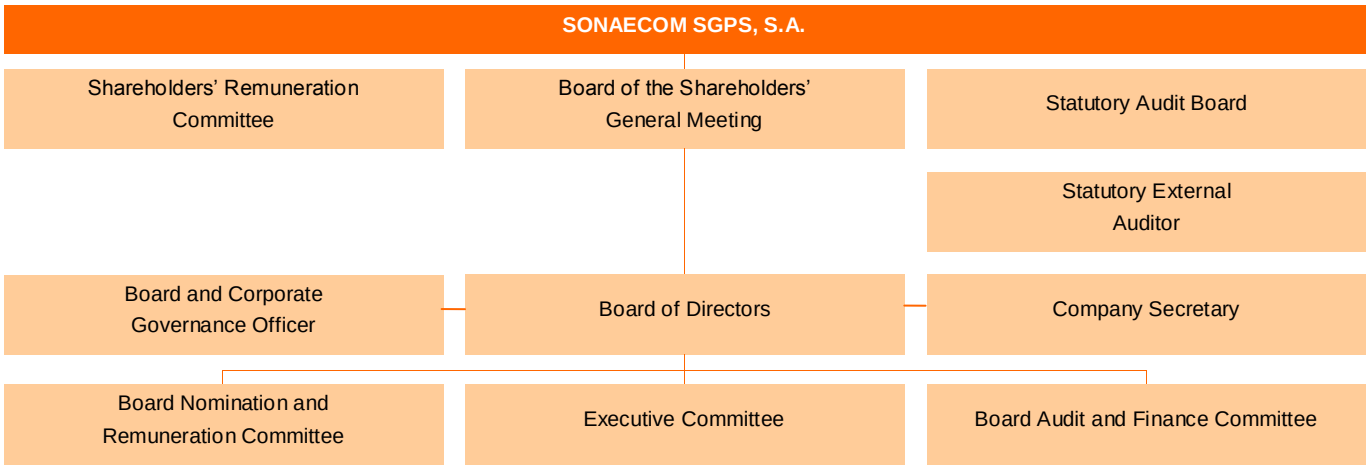
As explained above, Duarte Paulo Teixeira de Azevedo, besides being CEO of Sonae SGPS, S.A. which determines his presence at the Shareholders' Remuneration Committee, is also Chairman (Non-Executive) of Sonaecom's Board.

5.3 Management and auditing bodies (continuation)

b) Corporate structure organisation – roles and competencies

Sonaecom's Corporate Governance structure sets out clearly the roles, duties and responsibilities of its different governing bodies.

Sonaecom's governing bodies



We highlight below the key duties and responsibilities of Sonaecom's governing bodies:

Board of Directors

The Board of Directors is responsible for assuring the management of the Company's business, monitoring risks, managing conflicts of interests and developing the organisation's goals and strategy.

Sonaecom's Articles of Association permit the Board to delegate day-to-day Company business, duties and responsibilities, as considered appropriate, to an Executive Committee (as described in more detail under the Executive Committee section) but do not allow the Board to approve share capital increases, which must be approved at a Shareholders' General Meeting.

Statutory Audit Board

The main responsibilities of Sonaecom's Statutory Audit Board consist of auditing the Company's activities, assessing the Company's management and supervisory bodies and monitoring the Company's compliance with the law and the Company's Articles of Association.

The annual report on the activity of the Statutory Audit Board includes a description of the analysis and verification work completed and, in particular, any restrictions encountered. These reports are available on the Company's website.

The Statutory Audit Board appraises the work of the external auditor on an annual basis and should propose to the Shareholders' General Meeting that the external auditor be discharged, should justifiable grounds exist.

Statutory External Auditor

The Statutory External Auditor is responsible for verifying the accounts and all the financial documents of the Company and issuing a legal certification of the accounts and an audit report.

Shareholders' Remuneration Committee

The Committee is responsible for approving the remuneration and other compensation of members of Sonaecom's Board of Directors and of its other Statutory Governing Bodies, on behalf of the Shareholders, in accordance with the remuneration and other compensation policies approved by Shareholders at a Shareholders' General Meeting.

5.3 Management and auditing bodies (continuation)

Company Secretary

The Company Secretary is responsible for:

(i) Keeping the formal minute books and attendance lists at Shareholders' General Meetings;

(ii) Forwarding the legal documentation to convene Shareholders' General Meetings;

(iii) Supervising the preparation of supporting documentation for the Shareholders' General Meetings and meetings of the Board of Directors and preparing the respective formal minutes;

(iv) Responding to Shareholders' requests for information within the scope of the law;

(v) Legal registration of any act or resolutions of the Company's Statutory Governing Bodies.

Executive Committee

The Executive Committee may deliberate on matters that relate to general management and not on matters that are exclusively within the powers of the Board of Directors. Powers and the responsibility to manage and carry out Sonaecom's day-to-day operations are delegated to the Executive Committee, except as follows:

(i) To appoint the Chairman of the Board;

(ii) To co-opt a substitute to replace a member of the Board;

(iii) To convene Shareholders' General Meetings;

(iv) To approve the Annual Report and Accounts;

(v) To grant any pledge, guarantee or charge over Sonaecom's assets, if those are in excess of an accumulated value of 500,000 euros in any financial year;

(vi) To decide to change the registered office or to approve any share capital increases;

(vii) To decide on mergers, demergers, modifications to the corporate format and any other projects relating to association with other legal entities to form new companies;

(viii) To approve Sonaecom Group's Business Plan and Annual Budget;

(ix) To define the key features of personnel compensation policies, including stock incentive plans and variable compensation plans applicable to Executives (Sonaecom Group Management Levels G3 and above), in areas that do not require decisions from the Shareholders' Remuneration Committee ('Comissão de Vencimentos') or deliberations at Shareholders' General Meetings;

(x) To define or change major accounting policies of any company included in the consolidation perimeter of the Group;

(xi) To approve Sonaecom's quarterly Accounts and half-year Report and Accounts;

(xii) To sell, acquire directly or by long-term lease or transact, in any other way, investments classified as tangible fixed assets where the individual transaction value is in excess of 1,000,000 euros, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board;

(xiii) To purchase or subscribe for new shares in the share capital of any subsidiary companies where the accumulated amount exceeds 5,000,000 euros in any financial year, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board;

(xiv) To invest in any other companies or in other financial assets when the accumulated value is in excess of 1,000,000 euros in any financial year, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board;

(xv) To make any other financial investments which exceed the accumulated amount of 1,000,000 euros in any financial year, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board;

(xvi) To dispose of assets or make other divestments, if such transaction has a significant effect on Sonaecom's operating results (defined as equal to or greater than 5%) or affects the jobs of more than 100 employees, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board.

To ensure that the Board of Directors is kept well informed by the Executive Committee, all significant decisions taken by the Executive Committee are systematically extracted from the minutes of their meetings and are reported, in writing, to the Board of Directors.

5.3 Management and auditing bodies (continuation)

Board Audit and Finance Committee (BAFC)

The BAFC operates under Terms of Reference approved by the Board and is responsible for monitoring and supervising Sonaecom's financial reporting processes, reviewing accounting policies and for evaluating risk associated with its activities on behalf of the Board, and additionally for overseeing Corporate Governance within the Company. The BAFC also meets directly with the Group's Statutory External Auditors and the Internal Audit Team. The duties of the BAFC are:

(i) To review the Company's annual and interim financial statements and reports to the market, and report its findings to the Board, before these documents are approved or signed by the Board;

(ii) To advise the Board on its reports to Shareholders and financial markets to be included in the Company's annual and half-year Accounts and in the quarterly Earnings Announcements;

(iii) To advise the Board on the adequacy and appropriateness of internal information provided by the Executive Committee, including systems and standards on internal business controls applied by the Executive Committee;

(iv) To advise the Board on the appointment of, the assignments to and the remuneration of the Statutory External Auditor and also on the appointment of the Internal Audit Manager;

(v) To review the scope of the Internal Audit Function and its relation to the scope of the Statutory External Audit and discuss with the Statutory External Auditor and Internal Auditor Manager their intermediate and year-end reports, as well as their reports on internal control, and advise the Board thereon.

The full Terms of Reference of the BAFC are available on the Company's website (www.sonae.com).

Sonaecom's BAFC reports in writing, on a regular basis, to the Board of Directors concerning the work accomplished, results obtained and concerns identified, thus ensuring the effectiveness of the Committee's work.

Board Nomination and Remuneration Committee (BNRC)

The BNRC operates under Terms of Reference approved by Sonaecom's Board and is responsible for identifying candidates for appointment to the Board of Directors or Senior Management positions within the Group, for supervising the preparation of proposals on remuneration and other compensation on behalf of the Board of Directors, for the succession planning and for monitoring Sonaecom's talent management and contingency planning processes. The BNRC reports in writing to the Board, whenever necessary, and liaises with Sonaecom's Shareholders' Remuneration Committee ('Comissão de Vencimentos') to obtain their approval, on behalf of shareholders, for the remuneration and other compensation of the Board of Directors and other Statutory Governing Bodies. The BNRC may receive assistance from external entities, which are required to ensure absolute confidentiality in relation to all the information obtained.

The full Terms of Reference of the BNRC are available on the Company's website (www.sonae.com).

Ethics Committee

The Ethics Committee is responsible for supervising and maintaining the Company's Code of Conduct and for monitoring its application and ensuring compliance by all Officers and employees of Sonaecom companies.

The Committee is also responsible for reporting to the Company's Board of Directors on compliance with the Code of Conduct, at least once a year, and additionally, whenever requested.

It is the responsibility of the Ethics Committee to receive, discuss, investigate and assess any alleged irregularities that are reported, in accordance with Sonaecom's 'whistle-blowing' policy. The Committee decides the appropriate measures that should be taken in each case reported.

The full Terms of Reference of the Ethics Committee are available on the Company's website (www.sonae.com).

Board and Corporate Governance Officer (BCGO)

The BCGO reports to the Board of Sonaecom as a whole, through the Chairman, and also, when appropriate, through the senior Independent Non-Executive Director.

In particular, the main duties of the BCGO are:

(i) Ensuring the smooth running of the Board and Board Committees;

5.3 Management and auditing bodies (continuation)

(ii) Participating in Board Meetings and relevant Board Committee Meetings and, when appointed, serving as a member;

(iii) Facilitating the acquisition of information by all Board and Committee members;

(iv) Supporting the Board in defining its role, objectives and operating procedures; Taking a leading role in organising Board evaluations and assessments;

(v) Keeping under close review all Legislative, Regulatory and Corporate Governance issues; Supporting and challenging the Board to achieve the highest standards in Corporate Governance;

(vi) Ensuring that the Board is conscious of the concept of stakeholders and the need to protect minority interests, when important business decisions are being taken;

(vii) Helping to ensure that the procedure to nominate and appoint Directors is properly carried out and assist in the induction of new Board Members;

(viii) Acting as a primary point of contact and source of advice and guidance for, particularly, Non-Executive Directors as regards the Company and its activities; Facilitating and supporting the Independent Non-Executive Directors in the assertion of their 'independence';

(ix) Helping to ensure compliance with the continuing obligations of the Portuguese Listing Rules;

(x) Participating in making arrangements for and managing the whole process of Shareholders' General Meetings;

(xi) Participating in the arrangement of insurance cover for Directors and Officers;

(xii) Participating, on behalf of the Company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

The full job description of the BGCO is available on the Company's website (www.sonae.com).

c) Governing bodies – terms of reference, nomination and substitution

The terms of reference of the corporate bodies and the established committees are available on the Company's website. There is neither an internal definition of incompatibilities nor a maximum number of offices held by members of the Board of Directors in other companies.

Members of the Board of Directors and of the Statutory Audit Board are elected and removed by the Shareholders' General Meeting, without prejudice to legal rules applicable to the appointment of members of the Board of Directors.

According to our Articles of Association, if Shareholders representing at least 10% of the share capital of the Company have voted against the successful proposal for the appointment of the members of the Board of Directors, then there will be an election of an additional Director, which will be voted on by the respective minority Shareholders, at the same General Meeting, and the Director so elected shall automatically replace the least voted Director from the successful list or, in case of even voting, shall automatically replace the last person mentioned on that list. In these circumstances, should candidates be proposed by more than one group of Shareholders, there will be a vote taken to choose between them.

If Shareholders representing at least 19% of the share capital of the Company have voted against the successful proposal for the appointment of the members of the Board of Directors, then there will be an election of a second Director, which will be voted on only by the Shareholders of the second minority, at the same General Meeting, and the Director so elected shall automatically replace the second least voted Director from the successful list or, in case of even voting, shall automatically replace the second last person mentioned on that list. In these circumstances, only Shareholders or a group of Shareholders holding shares representing more than 19% and less than 30% of the share capital of the Company may propose candidates.

d) Information on the number of meetings held during 2009

Board meetings

Sonaecom's Board of Directors meets at least four times a year, as required by its Articles of Association, and whenever the Chairman or two Board members call for a meeting. During 2009, there were five Board meetings and the attendance rate was 95%.

Sonaecom's Non-Executive Directors (NEDs) also hold separate meetings to discuss their ability to assert their independence within the Board and to make suggestions to improve Board procedures and Corporate Governance in general. During 2009, there were two NED meetings and the attendance rate was 86%. The NEDs have confirmed, at these meetings, that there have been no restrictions on the scope of their activities during 2009.

5.3 Management and auditing bodies (continuation)

Statutory Audit Board meetings

The Statutory Audit Board meets at least once every quarter. There were six formal Statutory Audit Board meetings during 2009 and the attendance record was 100%.

Executive Committee meetings

Sonaecom's Executive Committee normally meets once every week and whenever the CEO or a majority of its members call for a meeting. There were 37 meetings of the Executive Committee in 2009 and the attendance rate was 91.2%.

BAFC meetings

The BAFC meets at least five times a year and whenever the Chairman, the Board of Directors, the Executive Committee or, exceptionally, the Statutory External Auditor believe a meeting is necessary. Between meetings, the BAFC follows projects and monitors activity by conference calls. During 2009, the Committee met five times with an attendance rate of 100% and also held four conference calls.

BNRC meetings

The BNRC meets at least twice a year and whenever the Chairman or the Board of Directors deem necessary. There were two formal BNRC meetings during 2009 and the attendance rate was 100%.

Shareholders' Remuneration Committee meetings

This Committee meets at least once a year. There were two meetings during 2009 and the attendance rate was 100%.

Ethics Committee meetings

The Ethics Committee normally meets once per semester and whenever its Chairman or two of its members deem necessary. There were two meetings during 2009 and the attendance rate was 100%.

e) Executive and Non-Executive members of the Board of Directors

The list below identifies again the members of the Board of Directors, with a distinction between executive and non-executive members and, among the latter, the identification of independent members, who fulfil the independence criteria set out in Article 414º nº 5 of Portuguese Company Law and are not subject to any of the circumstances foreseen in Article 414-A, 1 of that Law:

Duarte Paulo Teixeira de Azevedo	Chairman – Non-Executive
António Sampaio e Mello	Independent Non-Executive
David Charles Denholm Hobley	Non-Executive*
Gervais Gilles Pellisser	Non-Executive
Jean-François René Pontal	Independent Non-Executive
Franck Dangeard	Independent Non-Executive
Nuno Manuel Jordão	Non-Executive
Ângelo Gabriel Ribeirinho dos Santos Paupério	Executive – CEO
Maria Cláudia Teixeira de Azevedo	Executive
Miguel Nuno Santos Almeida	Executive

*See 'Independence Criteria'.

Independence Criteria

During 2009, three Independent Non-Executive Directors served on Sonaecom's Board of Directors: António Sampaio e Mello, Jean-François René Pontal and Franck Dangeard.

To the best of the Board of Directors' knowledge and belief, the independence of these three non-executive members has not been affected, since their election, by any subsequent events. The assessment of the independence was made by reference to the legal requirements and, especially, as a result of the enquires addressed to them, that have confirmed that these Directors are not associated with any special interest

groups connected to Sonaecom nor are they affected by any circumstance which might threaten the independence of their analysis or restrict their decision making capabilities.

Sonaecom considers David Hobley to be an Independent Non-Executive Board member, as he effectively acts as such. His nomination was based on a proposal presented by Sonae SGPS (and not by France Télécom) and his independence was assessed and accepted by Sonaecom's Board Nomination and Remuneration Committee prior to his election. However, David Hobley is not formally classified as Independent, due to the fact that he also serves as an Independent Non-Executive Director within the France Telecom Group, which owns a 20% stake in Sonaecom.

It should also be noted that all the members of the Statutory Audit Board fulfil the independence criteria set out in Article 414º nº 5 of Portuguese Company Law and are not subject to any of the circumstances foreseen in Article 414-A, 1 of that Law.

f) Qualifications, experience and offices held by members of the management bodies

Board of Directors

A description of the qualifications, professional experience and responsibilities during the preceding five-year period and the number of Sonaecom shares held by each member of Sonaecom's Board of Directors are disclosed in the Appendix to this Report.

The month and the year of first appointment of each member of the Board of Directors is as follows:

Duarte Paulo Teixeira de Azevedo	September 1998
António Sampaio e Mello	July 2006
David Charles Denholm Hobley	September 2005
Gervais Gilles Pellisser	July 2006
Jean-François René Pontal	July 2003
Franck Dangeard	July 2008
Nuno Manuel Jordão	April 2008
Ângelo Gabriel Ribeirinho dos Santos Paupério	April 2007
Maria Cláudia Teixeira de Azevedo	April 2006
Miguel Nuno Santos Almeida	April 2005

Offices held by the members of the Board of Directors

Information on other offices held by each of the members of Sonaecom's Board of Directors – distinguishing between offices within Sonaecom Group and others – are disclosed in the Appendix to this Report.

Statutory Audit Board

A description of the qualifications, professional experience and responsibilities during the preceding five-year period and the number of Sonaecom shares held by each member of Sonaecom's Statutory Audit Board are disclosed in the Appendix to this Report.

The month and year of first appointment of each member of the Statutory Audit Board is as follows:

Arlindo Dias Duarte Silva	April 2007
Armando Luís Vieira de Magalhães	April 2007
Óscar José Alçada da Quinta	April 2007
Jorge Manuel Felizes Morgado	April 2007

The period of the term of office of the members of the Statutory Audit Board is the same as for all Statutory Governing Bodies under the current four-year mandate, which is from 2008 until 2011.

5.3 Management and auditing bodies (continuation)

Offices held by the members of the Statutory Audit Board

Information on other offices held by each of the members of Sonaecom's Statutory Audit Board – distinguishing between offices in Sonaecom Group and others – can be found in the Appendix to this Report.

5.4 Group Remuneration policy, management and audit bodies' remuneration

To promote initiative and build high levels of commitment, Sonaecom once again carried out its established annual performance appraisal process for all employees, during 2009. Each individual's activity, performance and contribution to the organisation's success were assessed and decisions were taken on the variable remuneration and other compensation to be attributed accordingly.

a) Remuneration components

Sonaecom's remuneration policy for all employees includes two basic components:

(i) Fixed remuneration, which is paid as annual salary (salaries are paid 14 times per annum in Portugal);

(ii) Annual performance bonus, which is paid in the first quarter of the following year.

In addition, a discretionary third component may be awarded to more senior employees (Sonaecom Group Management Levels – 'Grupos Funcionais' or 'GF' 1 to 6), on 10 March of the following year, in the form of deferred compensation, under the Sonaecom Medium Term Incentive Plan (MTIP).

Fixed remuneration
Annual remuneration and other elements of the compensation package are defined as a function of each employee's level of responsibility and are reviewed annually. Each employee is classified under a 'Sonaecom Management Level' grid, designed using Hay's international model for classification of corporate functions to facilitate market comparisons as well as to help promote internal equity.

Annual Performance Bonus
The Annual Performance Bonus is aimed at rewarding the achievement of certain pre-defined annual objectives which are linked to both Business and Personal Key Performance Indicators (KPIs).

The target bonus amount is based on a percentage of the employee's fixed remuneration, which ranges between 15% and 70%, depending on the employee's Management Level. Business KPIs (which include economic, operational and financial indicators based on approved budgets, relative share price performance, individual business unit performance as well as the performance of the Group as a whole) drive 70% of the Annual Performance Bonus and are normally objective indicators.

The remaining 30% of the Annual Performance Bonus is based on Personal KPIs, which are a mix of objective and subjective indicators. Annual Performance Bonuses paid relate to the actual performance achieved or assessed and can represent anything from 0% to 120% of the target bonus for Business KPIs and 0% to 120% of the target bonus for Personal KPIs. Combining both components, the maximum range that can apply to any individual is 0% to 120% of the target bonus.

The Business KPIs and their weightings for 2009 were:

Indicator – Description	Weight
Turnover	30%
EBITDA	30%
Net Debt	30%
Relative Share Price Performance	10%

b) Medium term incentive plan (MTIP)

The MTIP is an equity-based discretionary deferred compensation plan with a three year period between the award date and the date on which the award vests. MTIP awards are made in March each year, in respect of performance during the previous financial year. The size of an award made under the MTIP is linked to an individual's Annual Performance Bonus paid for the same 'performance year'. Historically, the MTIP awards were made on 31 March of each year, but, for 2006 onwards, the award date has been changed to 10 March or the last working day before that date. The vesting dates for all open plans have also been adjusted to this new timing.

As the MTIP is share based, Sonaecom's Board of Directors decided that the plan should be presented to Shareholders for approval at the Shareholders' Annual General Meeting in 2007, in order to comply with best practice in Corporate Governance. The MTIP was approved by shareholders at the Annual General Meeting held on 2 May 2007.

Sonaecom's MTIP is aimed at enhancing employees' loyalty, aligning their interests with those of Shareholders, and increasing their awareness of the importance of their performance on the overall success of the organisation, as reflected by changes in Sonaecom's share price.

5.4 Group Remuneration policy, management and audit bodies' remuneration (continuation)

MTIP assessment

All Sonaecom employees with Management Levels GF1 to GF6, are eligible to participate in the MTIP, as long they joined the Company before the 31 December of the year being evaluated or they are promoted to GF6, or above, at the annual review process in the first quarter of that year.

The value awarded is determined by applying the following percentages to the Annual Performance Bonuses paid in respect of the last financial year, according to Sonaecom Management Levels:

Sonaecom Management Levels ('Grupos Funcionais') [1]	Percentage of Annual Performance Bonus
GF6	Up to 70%
GF5	Up to 80%
GF4	Up to 90%
GF3	Up to 100%
GF2	100%
GF1	100%

(1) Sonaecom Group Management Levels ('Grupos Funcionais' or 'GF') are attributed according to Hay's international model for the classification of corporate functions. Sonaecom has defined internally that Managers with levels equal to or higher than GF3 may be Executive Committee members of Sonaecom Group companies.

For Sonaecom's senior employees who are at Group Senior Executive Level (GF1), up to 40% of the awards under the MTIP are linked to Sonae SGPS shares (the 'Sonae SGPS Share Plans'), and , for Sonaecom's senior employees who are at the Senior Executive Level (GF2), up to 30% of the awards under the MTIP are linked to Sonae SGPS shares. This link to Sonae SGPS shares was introduced to promote cooperation, maximise synergies and promote the exchange of knowledge between the Company and Sonae SGPS, Sonaecom's controlling Shareholder. For Senior Executive or above (GF1, GF2) with Executive Management positions in Sonaecom or any of its Companies, the MTIP awarded is equal to the Annual Performance Bonus attributed.

For the MTIP awards delivered as deferred rights to shares, the number of shares is calculated by dividing the MTIP amount awarded by the average share price in the month prior to the award date. However, for the 2006 Plan the share price was the average share price between 3 March and 5 April 2007, due to the timing of the end of the Portugal Telecom bid and was approved by the Board Nomination and Remuneration Committee. On vesting, the shares, corresponding to the initial number of shares, adjusted for dividends and other changes in issued share capital, are transferred to the beneficiaries on the third anniversary of the award date at zero cost. The Company, subject to approval from the Board Nomination and Remuneration Committee, has the option to pay the cash equivalent to the value of the shares at the vesting date.

Summary of shares under the MTIP – Sonaecom's Share Plans

The awards outstanding under the Sonaecom Share Plans in 2009 can be summarised as follows:

Sonaecom Share Plans outstanding during 2009

		Vesting period		At 31 December 2009	
	Share price at award date*	Award date	Vesting date	Aggregate of number participants	Number of options / shares
Sonaecom Shares					
2005 Plan	4.093	10 March 2006	09 March 2009	-	-
2006 Plan	4.697	09 March 2007	08 March 2010	384	956,091
2007 Plan	2.447	10 March 2008	09 March 2011	396	1,794,438
2008 Plan	1.117	10 March 2009	09 March 2012	412	3,825,338

* Average share price for the month prior to the award date, except for the 2006 Plan for which the share price corresponds to the average share price between 3 March and 5 April 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 at that time.

5.4 Group Remuneration policy, management and audit bodies' remuneration (continuation)

The number of shares awarded, and shares unvested or vested under Sonaecom's MTIP in the year ended 31 December 2009, are shown in the following table:

Sonaecom's shares under the MTIP

	Sonaecom shares	
	Aggregate number of participants[1]	Number of shares
Outstanding at 31 December 2008		
Unvested	1,146	3,709,121
Total	1,146	3,709,121
Movements in the year		
Awarded	415	3,896,332
Vested	(356)	(836,716)
Vested early	(3)	(8,628)
Cancelled / Lapsed	(10)	(184,242)
Outstanding at 31 December 2009		
Unvested	1,192	6,575,867
Total	1,192	6,575,867

(1) The number of participants is the cumulative number for all plans. The participant in three plans counts as three.

Summary of shares under the MTIP – Sonae SGPS Share Plans

Awards under the Sonae SGPS Share Plans outstanding during 2009 can be summarised as follows:

Sonae SGPS Share Plans outstanding during 2009

		Vesting period		At 31 December 2009	
	Share price at award date*	Award date	Vesting date	Aggregate number of participants	Number of shares
Sonae SGPS shares					
2005 Plan	1.34	10 March 2006	09 March 2009	-	-
2006 Plan	1.68	09 March 2007	08 March 2010	5	131,764
2007 Plan	1.16	10 March 2008	09 March 2011	6	242,633
2008 Plan	0.53	10 March 2009	09 March 2012	6	503,257

*The lower of the average closing share prices for the 30 trading days prior to the Annual General Meeting and the closing share price on the day after the Annual General Meeting, except for the 2006 Plan for which the share price corresponds to the average closing share price between 13 February and 26 March 2007. This exception was due to the timing of the end of the Portugal Telecom bid and was approved by the Board Nominations and Remunerations Committee.

The number of awarded, unvested or vested, and cancelled, lapsed or adjusted Sonae SGPS shares under the MTIP in the year ended 31 December 2009, are shown in the following table:

5.4 Group Remuneration policy, management and audit bodies' remuneration (continuation)

Sonae SGPS shares under the MTIP

	Sonae SGPS shares	
	Aggregate number of participants[1]	Number of shares
Outstanding at 31 December 2008		
Unvested	25	563,816
Movements in the year		
Awarded	7	541,655
Vested	(12)	(147,924)
Cancelled / lapsed / adjusted[2]	(3)	(79,893)
Outstanding at 31 December 2009		
Unvested	17	877,654

(1) The number of participants is the cumulative number for all plans. The participant in three plans counts as three.

(2) Adjustments are made to allow for the effects of dividends paid and changes in share capital.

MTIP hedging agreements and accounting impact

Sonaecom has hedged its MTIP and related obligations, up to and including the 2008 Plan. The plans are hedged through own shares acquired in 2007 to 2009 and held by Sonaecom. Sonae SGPS shares plans have been hedged through a cash-settled share swap transaction, with an external party. Sonaecom has entered into agreements with its subsidiaries to recharge the corresponding hedging costs to each one of them.

During the year, the Board of Directors of Sonaecom decided to convert the settlement of its Medium Term Incentive Plans from settlement in cash to settlement in shares, as this option is provided for in such plans. For Sonaecom's share plans, the total responsibility is calculated taking into consideration the share price at 2 January 2009, the date as from which the change to the form of settlement of share plans is effective, with the exception of the plan attributed in 2009, which responsibility is calculated based on the corresponding award date. The total responsibility for the mentioned plans is 2,977,695 euros and was recorded under the heading of 'Reserves'.

The Sonae SGPS shares plans correspond to the delivery of Sonae SGPS shares, but, as they are attributed by Sonaecom and not by Sonae SGPS, the plans are treated as cash-settled plans. As a result of the cash-settled share swap transactions implemented to hedge these plans, the liability is included under 'Other Liabilities' capped at a maximum share price of 1.761 euros, 1.074 euros and 0.6636 euros for the MTIP 2006, 2007 and 2008, respectively. At 31 December 2009, the total amount provided for is 471,160 euros.

The cost of Sonaecom's MTIP is recognised in the accounts over the respective deferral period for each annual plan. As at 31 December 2009, 23.4 million euros had been recognised as a cost (2.2 million euros during 2009 and 21.2 million euros in previous years).

c) Directors remuneration

Sonaecom's Directors' compensation policy is aimed at remunerating in a fair, effective and competitive manner, taking into consideration the individual responsibilities and performance of each Director, both at a subsidiary company level and at a Sonaecom Group level.

Sonaecom's Shareholders' Remuneration Committee is responsible for the approval of the remuneration and other compensation of the Board of Directors, including both Executive and Non-Executive Directors following the remuneration and other compensation policies approved by Shareholders at a Shareholders' General Meeting.

Executive Directors

Remuneration and compensation proposals for Sonaecom's Executive Directors (excluding the CEO) are based on proposals made by the CEO, which are prepared taking into account:

(i) Market comparables;

(ii) Other Sonaecom and Sonae comparables;

(iii) Individual appraisals of each Executive Director.

5.4 Group Remuneration policy, management and audit bodies' remuneration (continuation)

The Executive Directors' remuneration and other compensation include Fixed Remuneration and an Annual Performance Bonus and they also benefit from compensation under the Medium Term Incentive Plan (MTIP), as further detailed below.

CEO and Non-Executive Directors

Remuneration and other compensation for the CEO and remuneration for the Non-Executive Directors (excluding the Chairman) are based on proposals made by the Sonaecom Chairman.

The remuneration of the Chairman is decided by the other independent member of the Shareholders' Remuneration Committee.

For the CEO, the methodology used is the same as for the Executive Directors. Non-Executive Directors do not receive Annual Performance Bonuses nor do they participate in the Sonaecom MTIP.

For each Non-Executive Director, fixed remuneration assumes an agreed commitment of time during 2009, including the preparation and attendance of at least five Board Meetings each year. In addition, for External Non-Executive Directors who are Chairmen of Board Committees, fixed remuneration is further increased by approximately 5%. Meeting attendance fees are payable for each meeting actually attended by each Non-Executive Director as follows: Board meetings: 940 euros, BAFC meetings: 650 euros and BNRC meetings: 390 euros. The Chairman of the Board does not receive attendance fees for Board Committee meetings.

Additionally, an annual responsibility allowance is paid to each Non-Executive Director, which amounted, in 2009, to 1,900 euros.

The BNRC may define additional remuneration for specific projects allocated to individual NEDs by the Board or by the Board Committees.

On resignation of any member of the Board, it is Group policy to pay whatever compensation is legally required, or to negotiate, in each situation, a value considered to be fair and appropriate by the parties involved. No additional compensation conditions exist for members of the Board who are treated in the same way as all employees.

Remuneration and compensation received by the Board of Directors

The remuneration of Sonaecom's Directors was as follows during 2009 and 2008. These values include fixed remuneration and Annual Performance Bonuses (both computed on an accruals basis) and the Medium Term Incentive Plans in respect to the performance years of 2009 and 2008, and that will be awarded in 2010, for 2009 values, and were awarded in 2009, for 2008 values.

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5.4 Group Remuneration policy, management and audit bodies' remuneration (continuation)

Amounts in euros	2009 Fixed Remuneration	2009 Annual Performance Bonus	2009 Medium Term Incentive Plan	2009 Total	2008 Fixed Remuneration	2008 Annual Performance Bonus	2008 Medium Term Incentive Plan	2008 Total
Individual breakdown								
Executive Directors								
Ângelo Gabriel Ribeirinho dos Santos Paupério (CEO)	**415,283**	**287,900**	**287,900**	**991,083**	421,233	266,700	266,700	954,633
Maria Cláudia Teixeira de Azevedo	**209,469**	**88,400**	**88,400**	**386,269**	203,829	75,800	75,800	355,429
Miguel Nuno Santos Almeida	**251,477**	**119,900**	**119,900**	**491,277**	245,211	105,000	105,000	455,211
Luís Filipe Campos Dias Castro Reis[1]	**311,736**	**164,300**	**164,300**	**640,336**	307,850	145,500	145,500	598,850
George Christopher Lawrie (four months in 2009)[2]	**73,603**	**37,633**	**37,633**	**148,870**	223,583	102,200	102,200	427,983
	1,261,568	**698,133**	**698,133**	**2,657,835**	1,401,706	695,200	695,200	2,792,106
Non-Executive Directors								
Duarte Paulo Teixeira de Azevedo (Chairman)	**60,600**	–	–	**60,600**	62,353	**–**	**–**	62,353
Jean François René Pontal	**40,180**	–	–	**40,180**	42,590	**–**	**–**	42,590
David Charles Denholm Hobley	**37,450**	–	–	**37,450**	40,303	**–**	**–**	40,303
António Maria Theotonio Pereira Sampaio Melo	**37,450**	–	–	**37,450**	40,303	**–**	**–**	40,303
Nuno M. M. Trigoso Jordão (eight months in 2008)	**34,200**	–	–	**34,200**	24,760	**–**	**–**	24,760
Frank Emmanuel Dangeard (six months in 2008)	**34,980**	–	–	**34,980**	19,170	**–**	**–**	19,170
Gervais Pellissier	–	–	–	**–**	**–**	**–**	**–**	–
	244,860	**–**	**–**	**244,860**	229,480	–	–	229,480
Total	**1,506,428**	**698,133**	**698,133**	**2,902,695**	1,631,186	695,200	695,200	3,021,586

(1) On 10 December 2009, Luís Filipe Reis resigned from the Board of Directors. The amount for the 2009 remuneration refers to 12 months. .

(2) On 4 May 2009, George Christopher Lawrie resigned from the Board of Directors.

In presenting the figures above, the remuneration for each Board member has been disclosed based on the period of their Board service.

Sonaecom's Non-Executive Directors do not receive Annual Performance Bonuses. The Annual Performance Bonuses of the Executive Directors in the table above represent the actual values for performance during 2009. The final values have been determined after real performance has been fully assessed and after the resulting bonuses have been approved by the Board Nomination and Remuneration Committee, on behalf of the Board of Directors, and by the Shareholders' Remuneration Committee, on behalf of the Shareholders.

Directors' participation in the MTIP

Sonaecom Executive Directors have been awarded compensation under the Sonaecom MTIP. Sonaecom's Non-Executive Directors do not participate in the MTIP.

There are no further performance conditions attaching to MTIP awards, other than future share price performance, as these awards are based upon an individual's Annual Performance Bonus for which KPIs have already been satisfied.

The shares awarded to Executive Directors as part of the MTIP that vested, were exercised or remain unvested during 2009, are summarised below.

5.4 Group Remuneration policy, management and audit bodies' remuneration (continuation)

Directors' other compensation – participation in the Sonaecom MTIP (see below)

	Unvested				
	Plan 2005[1]	Plan 2006	Plan 2007	Plan 2008	Total
Award date	10 March 2006	09 March 2007	10 March 2008	10 March 2009	
Sonaecom shares					
Share price at award date[2]	4.093	4.697	2.447	1.117	
Share price at vesting date	1.171	–	–	–	
Share price at 31 December 2009[3]	1.932	1.932	1.932	1.932	
Ângelo Gabriel Ribeirinho dos Santos Paupério (CEO)					
Number of shares at 01 January 2009	–	–	67,086	–	67,086
Number of shares at 31 December 2009	–	–	67,086	143,259	210,345
Luís Filipe Campos Dias Castro Reis					
Number of shares at 01 January 2009	18,488	27,839	44,655	–	90,982
Number of shares at 31 December 2009	–	27,839	44,655	91,182	163,676
Miguel Nuno Santos Almeida					
Number of shares at 01 January 2009	12,998	18,942	31,009	–	62,949
Number of shares at 31 December 2009	–	18,942	31,009	65,801	115,752
Maria Claúdia Teixeira de Azevedo					
Number of shares at 01 January 2009	9,304	11,818	21,369	–	42,491
Number of shares at 31 December 2009	–	11,818	21,369	47,502	80,689
George Christopher Lawrie[6]					
Number of shares at 01 January 2009	14,434	19,180	31,067	–	64,681
Number of shares at 31 December 2009	–	–	–	–	–
Total					
Number of shares at 01 January 2009	55,224	77,779	195,186	–	328,189
Number of shares at 31 December 2009	–	58,599	164,119	347,744	570,462
Sonae SGPS shares					
Share price at award date	1.34	1.68	1.16	0.526	
Share price at vesting date	0.471	–	–	–	
Share price at 31 December 2009[4]	0.870	0.870	0.870	0.870	
Ângelo Gabriel Ribeirinho dos Santos Paupério (CEO)					
Number of shares at 01 January 2009	–	–	97,015	–	97,015
Number of shares at 31 December 2009	–	–	101,008	211,160	312,168
Luís Filipe Campos Dias Castro Reis					
Number of shares at 01 January 2009	29,408	39,786	41,514	–	110,708
Number of shares at 31 December 2009	–	41,423	43,222	86,400	171,045
Miguel Nuno Santos Almeida					
Number of shares at 01 January 2009	20,676	27,070	28,827	–	76,573
Number of shares at 31 December 2009	–	28,184	30,014	62,350	120,548
Maria Claúdia Teixeira de Azevedo					
Number of shares at 01 January 2009	14,799	16,890	19,866	–	51,555
Number of shares at 31 December 2009	–	17,585	20,683	45,011	83,279
George Christopher Lawrie[6]					
Number of shares at 01 January 2009	22,961	27,411	28,881	–	79,253
Number of shares at 31 December 2009	–	–	–	–	0
Total					
Number of shares at 01 January 2009	87,844	111,157	216,103	–	415,104
Number of shares at 31 December 2009	–	87,192	194,927	404,921	687,040

5.4 Group Remuneration policy, management and audit bodies' remuneration (continuation)

	Unvested				
	Plan 2005[1]	Plan 2006	Plan 2007	Plan 2008	Total
Values					
CEO					
Value at award date	200,595[5]	332,201[5]	273,600	266,689	–
Value at vesting date	216,203[5]	296,647[5]	–	–	–
Value at 31 December 2009	–	–	217,487	460,486	677,973
Luís Filipe Campos Dias Castro Reis					
Value at award date	115,078	197,600	157,427	–	470,105
Value at vesting date	35,501	–	–	–	35,501
Value at 31 December 2009	–	89,823	123,877	251,332	465,032
Miguel Nuno Santos Almeida					
Value at award date	80,907	134,448	109,318	–	324,673
Value at vesting date	24,959	–	–	–	24,959
Value at 31 December 2009	–	61,116	86,022	181,372	328,510
Maria Claúdia Teixeira de Azevedo					
Value at award date	57,912	83,884	75,335	–	217,131
Value at vesting date	17,865	–	–	–	17,865
Value at 31 December 2009	–	38,131	59,279	130,933	228,343
George Christopher Lawrie[6]					
Value at award date	89,846	136,139	109,523	–	335,508
Value at vesting date	27,717	–	–	–	27,717
Value at 31 December 2009	–	–	–	–	–
Total					
Value at award date	544,338	884,273	725,202	266,689	2,420,503
Value at vesting date	322,245	296,647	–	–	618,892
Value at 31 December 2009	–	189,070	486,664	1,024,123	1,699,857

(1) Vested on 10 March 2009. In some cases, cash equivalents were paid in lieu of the delivery of Sonaecom shares. The Sonae SGPS shares were delivered on 10 March 2009, and the Company decided to pay in cash in lieu of the delivery of Sonae SGPS shares;

(2) Average share price in the month prior to the award date, except for the 2006 Plan where share price corresponds to the average share price between 3 March and 5 April 2007;

(3) On 25 May 2009, the share price hit a high of 2.115 euros per share and a low of 1.001 euros per share on 2 January 2009;

(4) On 14 October 2009, the share price hit a high of 0.977 euros per share and a low of 0.430 euros per share on 24 February 2009;

(5) For the former CEO, the vesting of the 2005 and 2006 deferred plans was anticipated and cash equivalents were paid on 31 December 2007, in lieu of the delivery of Sonaecom and Sonae SGPS shares. For the former CEO plans for 2005 and 2006, the vesting date corresponds to the anticipated vesting date (3 May 2007).

(6) On 4 May 2009, George Christopher Lawrie resigned from the Board of Directors, therefore the open MTIP were cancelled.

Compensation for Board members on termination of office

As mentioned above, in the event of early termination of office of any member of the Board, it is the Group policy to pay whatever compensation is legally required, or to negotiate, in each situation, a value considered to be fair and appropriate by the parties involved. No additional compensation conditions exist for members of the Board, who are treated in the same way as all employees.

5.4 Group Remuneration policy, management and audit bodies' remuneration (continuation)

d) Remuneration of the members of the Statutory Audit Board

The remuneration of the members of the Statutory Audit Board was as follows during 2009 and 2008:

Amounts in euros	**2009**	2008
Individual breakdown		
Statutory Audit Board		
Arlindo Dias Duarte Silva	**9,900**	14,600
Armando Luís Vieira Magalhães	**7,900**	12,600
Óscar José Alçada Quinta	**7,900**	12,600
Jorge Manuel Felizes Morgado	–	–
Total	**25,700**	39,800

These amounts correspond to the fixed remuneration. The members of the Statutory Audit Board do not receive Annual Performance Bonuses and do not participate in the Sonaecom MTIP.

5.5 Risk management

Sonaecom is committed to developing and implementing best practices in terms of risk management and risk control, as these areas are considered to be one of the fundamental pillars of a sound Corporate Governance system. At Sonaecom, we acknowledge that certain risks are involved in all management processes. Accordingly, managers at the various levels of the organisation have to be aware of the specific risks in their areas and are held responsible for managing those risks.

The management and control of Sonaecom's main risks is achieved through the following key approaches:

- **Aligning the risk management cycle with the strategic planning cycle**. This approach, applicable to all our subsidiaries, allows Sonaecom to prioritise and identify critical risks that might compromise its performance and goals and to take actions to manage those risks, within the pre-defined levels of acceptance. This is achieved through constant monitoring of risks and the implementation of certain corrective measures (see framework below). This framework is aligned with Sonae Group's 'Standard for Risk Management';
- **Implementing an internal business continuity management process,** with the objective of mitigating business interruption risks, which may arise as a consequence of disasters, technical, operating or human failures (see framework below). The scope of this process also includes the assessment and the management of physical security risks at critical Sonaecom sites;
- **Setting in place risk management cycles/processes**, which enable the mitigation of critical risks that can impact certain processes, areas or entities, positioning these risks within the levels defined by management.

The diagrams bellow illustrate the main phases included in Sonaecom's risk management policies, which apply to all business units in its portfolio.

Approach to risk management cycle

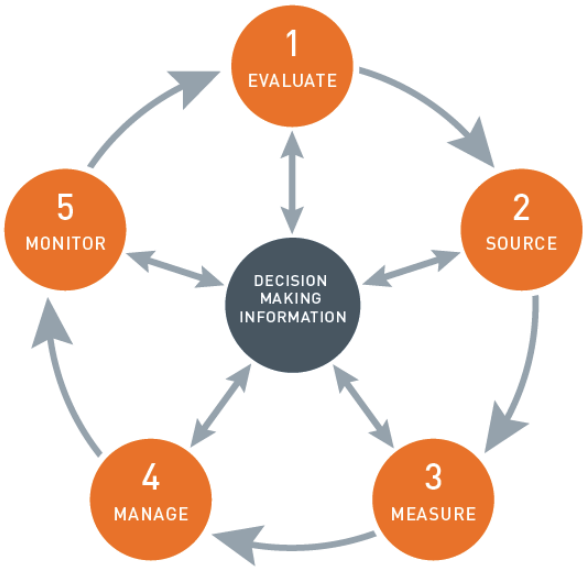
Phase 1: Identify business risks
• Identify relevant business risks
• Prioritise business risks

Phase 2: Identify sources
• Identify drivers of critical business risks
• Define critical risks key drivers
• Identify underlying causes
• Define key triggers

Phase 3: Measure triggers
• Determine trigger indicators
• Select risk indicators
• Measure current value of indicators and set target value

Phase 4: Manage risks
• Identify and determine risk management options
• Establish action plans to manage risk
• Integrate risk management action plans into business planning

Phase 5: Monitor risks
• Monitor progress of action plan's execution
• Monitor changes in risk indicators
• Report progress



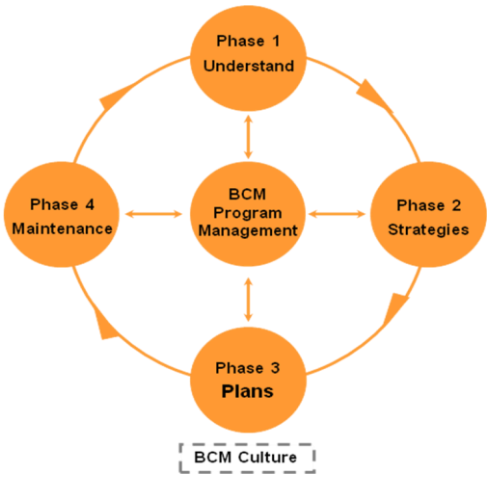
Framework is based on the 'Standard for Risk Management', from the Sonae Risk Management Consulting Group (2008)

5.5 Risk management (continuation)

Approach to Business Continuity Management (BCM)

Phase 4: Maintain, Test and Audit BCM
- Maintain plans up-to-date
- Plan testing and simulating
- BCM processes auditing

Entrench BCM CULTURE in the organisation
- Training and communication to employees
- Implementation of BCM culture
- Monitor change



Phase 1: Business understanding
- Business impact analysis
- Risk assessment
- BCM focus

Phase 2: Definition of BCM strategies
- Identification of recovery strategies
- Definition of measures to manage risks
- Analysis of advantages/ disadvantages for each strategy

Phase 3: Development and implementation of BCM plans
- Corporate Crisis Management Plan
- Business Continuity Plans
- Development and implementation of continuity solutions

Framework is based on the 'Good Practice Guidelines', from BCI - Business Continuity Institute (2005/2008)

Risk management organisation

The Company's risk management activities are supported by the Internal Audit and Risk Management teams. Their mission is to contribute to the effective management of Sonaecom business risks:

- Internal Audit evaluates the risk exposure of Sonaecom's business processes, information and telecommunication systems. It proposes measures to improve controls and monitors the evolution of risk exposure associated to the main audit findings.
- Risk Management contributes with tools, methodology, support and know-how to the business units. It also promotes and monitors the implementation of programmes and actions aimed at bringing risk levels to the acceptable boundaries established by management.

In accordance with international best practices, there are 12 certifications in Audit standards and in Risk Management programmes. These include the Certified Internal Auditor (CIA), Certified Information System Auditor (CISA), Certified Information System Security Professional (CISSP), Certification in Control Self Assessment (CCSA), Associated Business Continuity Professional (ABCP), Certified by Business Continuity Institute (CBCI), Certified Continuity Manager (CCM) and Project Management Professional (PMP).

In relation to risk management responsibilities in the organisation, the functional departments of Sonaecom's business units are, as part of their responsibility over the functional processes, responsible for managing and controlling their specific risks.

The Planning and Control department promotes and supports the integration of risk management in the planning and management control processes of Sonaecom Group companies.

In addition, for the implementation of certain risk management programmes, a specific risk management organisation can be set up, comprising an executive sponsor, a committee of business unit managers and a group of business unit gatekeepers.

Periodic reporting

Sonaecom' Board of Directors has assigned to the Board Audit and Finance Committee (BAFC) the responsibility, on behalf of the Board, for evaluating the risks associated with the Company's activities, supervising the Internal Audit team and the activities of the Statutory External Auditor, among other risk management activities (see also section 5.1.3).

5.5 Risk management (continuation)

The Internal Audit and Risk Management team report quarterly to the BAFC, presenting a summary of all relevant corporate risks findings. In addition, a follow-up procedure aimed at monitoring the effective adoption of corrective measures is carried out on a semi-annual basis.

There are also quarterly reports delivered to the relevant entities of the Sonae Group. As part of these procedures, the audit activities are reported to Sonae's Board Audit and Finance Committee. The risk management and control activities and results are shared with Sonae's Risk Management Consulting Group, allowing for transfer of knowledge and sharing of best practices.

Key actions undertaken during 2009

Sonaecom corporate risks

During 2009, in relation to Sonaecom's corporate risks, a particular focus was placed on the telecommunications business unit. The status of its main risks was updated, through a high-level review of the most relevant risk drivers and of the actions carried out to manage those risks.

Economic risks

Business Continuity Management

Sonaecom further developed its Business Continuity Management processes, through the implementation of several actions, including:

- Development of additional resilience strategies for several platforms of the telecommunications' network, designed to take advantage of the resilience capabilities of each technology (*telco grade*);
- Planning for the update of the existing IT/IS disaster recovery solution, envisaging geographic high-availability for critical applications;
- Implementation of redundant logical accesses to the corporate network (VPN), in relation to the information systems that support the outsourced customer care activities, carried out in external locations;
- Implementation of specific actions to improve the resilience of the telecommunications and data centre services provided to critical Corporate customers, including tests and simulations of business interruptions, enhancements in the customer support model and crisis communication procedures;
- Completion of the plans to address the pandemic flu risks. This was the most significant part of the 2009 business continuity activities, involving all business units across the Group, with particular focus on the telecommunications and SSI areas. The objective was to minimise the health impact on employees and on their relatives, and in order to guarantee business continuity, ensuring the delivery of critical services. These activities were supported by a coherent and structured communication plan aimed at the different stakeholders and coordinated with the governmental entities;
- Initiation of several Health & Safety measures regarding employees' protection, such as travelling procedures, reinforcement of cleaning measures, employee preventive behaviour guidelines and a vaccination campaign for pandemic influenza A (H1N1), aimed at critical functions, in coordination with instructions of the public health authorities;
- Implementation of actions to ensure business continuity during a pandemic flu scenario, such as strengthening the capacity of the network to cope with possible traffic increases, expanding existing remote access solutions to enable all critical employees to work from home, in case of need, and eliminating Single Points of Failure (SPF) in critical functions through the development of resilience and contingency procedures;
- Review the crisis management organisational charts for all telecommunication and SSI areas;
- Update the status of recommendations from previous audits to physical security risks associated with critical facilities;
- Promotion of the coordination with external official entities for catastrophic scenarios, security of critical infrastructures and crisis communication. Benchmarking for best practices in business continuity management with other private entities, including other telecom companies.

Customer information and security

During 2009, our efforts in terms of telecommunications services security were concentrated in the implementation of the following actions:

- Identification, analysis and prevention of six mobile *malware* and malicious applications threats, to protect the Company and customers from eventual attacks;

5.5 Risk management (continuation)

- Creation of the Information Center for Security Risks (ICSR), a reference database containing information about the best security practices when using telecoms services and about security alerts on mobile *malware* threats;
- Entry into the GSMA SAS (Security Accreditation Scheme), which assures a security certification, by the GSMA, of all Optimus' mobile SIM card producers. This certification ensures that these producers meet all requirements for the prevention of security breaches or fraud vulnerabilities during the production and distribution of Optimus SIM cards;
- Update of customer information on the Optimus Clix website, with the objective of creating security user awareness for common security risks and recommending the security solutions provided by Optimus, in partnership with Panda and McAfee;
- Development of the e-Privacy project to mitigate and protect the access to sensitive customer information at the business operational support systems;
- Participation at the GSM MoU Association Security Group, in order to study best practices and to propose cost-effective technical security measures to avoid telecommunications fraud and to prevent security breaches at the level of the service support platforms and network.

Telecommunications Revenue Assurance

Throughout 2009, supported by the 'RAID' system (a leading application developed by WeDo Technologies), our telecommunications businesses have continued to improve Revenue Assurance and monitoring, with the following key objectives:

- Detect any register loss between customer handset usage and invoicing;
- Mitigate losses in the quality of service or deterioration caused by integrity breaches;
- Prevent revenue loss arising from the implementation of new products and services.

This platform is already prepared to include our fixed-mobile convergent offers.

Revenue Assurance and monitoring processes have started to broaden their scope to *cost assurance* activities, including items such as the efficient allocation of resources in the network. This trend is expected to be continued throughout 2010.

Telecommunications Fraud Management

During 2009, in the area of telecommunications Fraud Management, we have concentrated our efforts on the development and implementation of the following actions:

- Redefinition of a strategic approach to Fraud Management by helping WeDo Technologies in the further development of its Fraud Management System (RAID FMS) into a state-of-the-art solution;
- Focus on the mitigation and control of fraud at Sonaecom business processes and services, with special emphasis and positive results on the management of IRSF (International Revenue Share Fraud), namely on the areas of fraudulent acquisition of services and interconnect *bypass* fraud;
- Improvement of fraud monitoring and detection in roaming services, through the implementation of Near Real Time Roaming Data Exchange (NRTRDE) and the progressive inclusion of NRT provisions in the roaming agreements signed with telecommunication partners around the world;
- Active participation at the GSM MoU Association Fraud Forum, in order to share experiences, study the common fraud types committed against telecommunications companies and foster the worldwide coordination of mitigation and detection actions against those crimes.

Other risk management cycles or processes

At Sonaecom, other specific risk management processes are also being addressed, including the following:

- The Information Security Policy was again reassessed, in coordination with the other Sonae Group companies;
- The Risk Transfer Policy (Insurance Policy) was reanalysed, in coordination with the other Sonae Group companies. Sonaecom started to review the matching between insurances and risks coverages and to implement some improvements in the insurance operational processes, which are expected to be continued throughout 2010.

5.5 Risk management (continuation)

Financial risks

Sonaecom's attitude towards financial risks management is conservative and prudent, and those principles were followed during 2009. The Sonaecom Group operations are exposed to some financial risks, related to financial markets, including exchange rate risk, interest rate risk, liquidity risk and credit risk.

These risks are controlled and managed by the Financial and Accounting department and by the Corporate Finance department. Financial risks exposure is also supervised by the Board Audit and Finance Committee (see section 5.1.3 – b).

The controls implemented in the process of financial reporting are based on best practices that include segregation of duties, authorisation of transactions, records retention, supervision and monitoring of operations, controls over information and several review levels (internal and external). During 2009, financial risks were managed in accordance with the description included in the notes to Sonaecom's Consolidated Financial Statements (namely in section 6.2).

Legal risks

In relation to legal risks, the most relevant issues are associated with regulation of the telecommunications business unit. This business is subject to specific rules, mainly those defined by the sector's National Regulatory Authority (ANACOM).

The decisions of ANACOM may have a great impact on the development of Sonaecom's activities, including those relating to: mobile termination rates, conditions of wholesale offers (namely, local loop unbundling or access to ducts) and universal service financing. There are also other issues that may affect the Company's activity, which are directly decided by the Portuguese Government (with the assistance of ANACOM), including, for example, the designation of the universal service provider, the definition of regulatory fees (spectrum, numbering, regulatory activity) to be imposed on the communications' providers and the legal rules applicable to the sharing of fibre networks.

Sonaecom has a dedicated team to monitor these risk drivers, as well as to assure the fulfilment of the legal and regulatory framework currently in place. Despite these efforts, we cannot completely exclude the possibility of infringement processes against Sonaecom due to different views over the practical meaning of the legal and regulatory framework. Sonaecom also collaborates with the authorities aiming at the definition of a legal and regulatory framework that, according to our view, promotes the development of the communications sector in Portugal. Such collaboration may be proactive or made via our comments to the public consultations launched by ANACOM.

Whistle-blowing policy

Sonaecom has a policy and process for communicating internal irregularities which sets out procedures to efficiently and fairly respond to alleged irregularities reported, including:

(i) Anyone wishing to communicate any irregularity believed or known to have been committed by any of Sonaecom's Officers or members of staff, must address a letter or an e-mail containing a summary description of the facts to the Ethics Committee. The identity of the whistle-blower will be kept anonymous if explicitly requested;

(ii) The letter will be analysed by the Ethics Committee and if the Committee finds grounds for the reported irregularity, measures will be taken, as deemed appropriate.

It is the responsibility of Sonaecom's Ethics Committee to review and evaluate the efficiency with which the policy and process for communicating irregularities operate.

5.6 Other information

Share capital structure

Sonaecom's share capital is divided into three hundred and sixty six million, two hundred and forty six thousand and eight hundred and sixty eight ordinary, registered and book-entry shares with a nominal unit value of one Euro. There are no special share categories.

Qualified shareholdings

In accordance with the Portuguese Securities Code, shareholdings amounting to or exceeding the thresholds of 2%, 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66% and 90% of the total share capital must be reported to the Portuguese Securities Market Commission and disclosed to the capital market. Reporting is also required if the shareholdings fall below the same percentages.

Sonaecom qualified holdings

	Number shares held	% Shareholding as at 31 December 2009
Shareholder		
Sonae SGPS	194,714,119	53.17%
France Télécom	73,249,374	20.00%
BCP S.A.	12,500,998	3.41%
Santander Asset Management	7,408,788	2.02%

Sonaecom's largest Shareholders continue to be Sonae SGPS, a Portuguese multinational Group also with interests in retail, shopping centres and insurance, with a shareholding position of just over 53%, and France Télécom, one of the largest telecom operators in the world, with a 20% stake in Sonaecom.

The free float, as at 31 December 2009 (% of shares not held or controlled by Shareholders with qualified holdings and excluding own shares) stood at approximately 19.4%.

During 2009, there were no changes to the number of shares issued by Sonaecom.

Shareholders holding special rights

There are no Shareholders with special rights.

Restrictions on the transfer and ownership of shares

There are no restrictions on the transfer and ownership of shares.

Shareholders' agreements known to the Company

Sonaecom is not aware of any Shareholders' agreements which contain restrictions on the transfer of shares or voting rights in the Company.

Rules applicable to the amendment of Company's Articles of Association

Changes to the Company's Articles of Association require approval at a Shareholders' General Meeting, which decides, in accordance with the applicable law, by a majority of two-thirds of the votes cast.

Control mechanisms for employees participating in the share capital

There are no systems in place concerning the attribution of shares of the Company to its employees that result in the respective employees not being able to freely exercise their voting rights.

Share price performance

Sonaecom's shares ended 2009 with a market price of 1.932 euros per share, 92.2% above the closing price of 1.005 euros per share at 31 December 2008. The share price reached a maximum of 2.115 euros per share on 25 May 2009 and a minimum of 1.001 euros on 2 January 2009.

At the end of 2009, Sonaecom's market capitalisation was approximately 708 million euros. The average daily trading volume reached 451 thousand shares, a decrease of 25%, when compared to 2008. The total number of Sonaecom shares traded during 2009 exceeded 113 million shares, more than 30% of the total share capital of the Company.

During 2009, Sonaecom's share price evolution and liquidity were mainly influenced by the following news:

- 8 March 2009: release of the full year 2008 consolidated results;
- 27 March 2009: information on Orange S.A. 20% indirect qualifying holding participation;

5.6 Other information (continuation)

- 17 April 2009: information on the decisions approved at the Shareholders' Annual General Meeting held on that same day;
- 4 May 2009: release of the first quarter 2009 consolidated results;
- 31 July 2009: release of the second quarter 2009 consolidated results;
- 20 October 2009: information on EDP's 7.37% qualifying holding alienation;
- 23 October 2009: information on BCP's 3.41% qualifying holding participation;
- 2 November 2009: release of the third quarter 2009 consolidated results;
- 10 December 2009: announcement of the new organisation model proposed by the Executive Committee and approved by the Board of Directors; and
- 21 December 2009: announcement of an agreement with Vodafone Portugal, regarding mutual cooperation in the construction, management, maintenance and operation of a fibre optic next generation network (NGN).

Dividend distribution policy

At the Shareholders' Annual General Meeting, held on 17 April 2009, Sonaecom's Shareholders approved the proposal from the Board of Directors to apply net results to retained earnings, with no dividend distribution, reflecting Sonaecom's strategy and the business opportunities available.

Proposals to distribute dividends (as for every proposal for the appropriation of net results) are made by the Board of Directors, subject to compliance with Portuguese Company Law and the Company's Articles of Association, and the decision on any such proposals are taken by the Annual General Meeting as described below.

The Board of Directors prepares proposals relating to dividend distribution based on, among other considerations, business and investment opportunities and their corresponding profitability, the financing requirements of the Company and Shareholders' expectations.

There are no articles in the Company's Articles of Association that in any way limit dividend distribution or the proposals from the Board of Directors. Article 33 thereof provides that "The net results shown in the annual financial statements, after deduction of the amounts legally required to create or to add to the legal reserve, will be applied as determined by the Shareholders' General Meeting, which can distribute them totally or partially or transfer them to reserves".

The Company has not distributed any dividends in the last three financial years.

Relevant transactions with related parties

The relevant transactions with related parties are described in paragraph 21 of the Notes to the Individual Financial Statements. There were no other material non-operational transactions during 2009 with related parties (including Sonaecom Officers and Governing Bodies, such as members of the Board of Directors and the Statutory External Auditor, owners of qualified shareholdings or with controlling or Group companies), apart from the Strategic Partnership agreement with France Telecom entered into on 9 June 2005 and renewed on 24 October 2008.

Reports of the Statutory Audit Board

The annual report of the Statutory Audit Board is disclosed on Sonaecom's website.

Investor Relations

The Investor Relations department is responsible for managing Sonaecom's relationship with the financial community – current and potential investors, analysts and market authorities – with the goal of enhancing their knowledge and understanding of Sonaecom's businesses and activities, by providing relevant, timely and reliable information.

The department regularly prepares presentations and communications covering quarterly, half-year and annual results, as well as issuing announcements to the market whenever necessary, to disclose or clarify any relevant event that could influence Sonaecom's share price.

To further enhance the effective communication with the capital market and guarantee the quality of information provided, the Investor Relations department organises road-shows covering the most important financial centres of Europe and participates in various conferences. Also, a wide variety of investors and analysts have the opportunity to talk to management in one-on-one meetings or conference calls.

5.6 Other information (continuation)

Any interested party may contact the Investor Relations department using the following contact details:

Carlos Alberto Silva
Investor Relations Manager
Tel: (+351) 93 100 2444
Fax: (+351) 93 100 2229
Email: carlos.alberto.silva @sonae.com / investor.relations@sonae.com
Address: Rua Henrique Pousão, 432 – 7º Piso, 4460-191 Senhora da Hora, Portugal
Website: www.sonae.com

During 2009, the Investor Relations department participated in 36 one-on-one and group meetings, three roadshows and two investor and telecommunications conferences, providing analysts and investors with information on Sonaecom's performance and future prospects.

The representative for relations with capital markets and the Portuguese Securities Market Commission is António Lobo Xavier who can be contacted by phone or e-mail:

Tel: (+351) 93 100 2232
Fax: (+351) 93 100 2229
E-mail: antonio.xavier@sonae.com / investor.relations@sonae.com
Address: Rua Henrique Pousão, 432 – 7º Piso, 4460-191 Senhora da Hora, Portugal

Fees of the Statutory External Auditor

During 2009, Sonaecom Group paid the following fees to the Statutory External Auditor Deloitte and their network of companies:

	2009		2008	
Audit	**218,736**	**79%**	276,148	90%
Tax Consultancy Services	**58,301**	**21%**	31,301	10%
Other Compliance & Assurance Services	–	–	–	–
Other Services	–	–	–	–
Total	**277,037**	**100%**	307,449	100%

Sonaecom's Risk Management Policy, which is supervised by the BAFC in liaison with the Statutory Audit Board, monitors the non-audit services requested from the Statutory External Auditor and their respective network of companies, in order to ensure that auditor independence is not compromised. Annual fees paid by Sonaecom Group to the Deloitte Group represented less than 1% of their total global fees in Portugal. Additionally, an Independence Letter is obtained each year from Deloitte confirming that they meet international guidelines on auditor independence.

5.7 Articles 447, 448 and qualified shareholdings

Please refer to 4.4 under the 'Our management' section.

Appendix

1.1 Qualifications and professional experience of the members of the Board of Directors

Please refer to 4.1 under the 'Our management' section

1.2. Shares held by the members of the Board of Directors and respective transactions during 2009

Please refer to 4.3 under the 'Our management' section

1.3. Offices held by the members of the Board of Directors

Please refer to 4.2 under the 'Our management' section

1.4. Qualifications, professional experience and shares held by the members of the Statutory Audit Board

Arlindo Dias Duarte Silva

Academic qualifications: Degree in Economics from Porto University.

Professional experience: Member of the Institute of Statutory Auditors, Statutory External Auditor and member of several Statutory Audit Boards.

Number of Sonaecom shares held: does not hold any shares.

Armando Luís Vieira de Magalhães

Academic qualifications: Degree in Economics from Porto University. Executive MBA – European Management, from IESF/IFG.

Professional experience: Statutory Auditor in various Portuguese companies.

Number of Sonaecom shares held: does not hold any shares.

Óscar José Alçada da Quinta

Academic qualifications: Degree in Economics from Porto University.

Professional experience: Member of the Institute of Statutory Auditors, Partner of Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC and member of several Statutory Audit Boards.

Number of Sonaecom shares held: does not hold any shares.

Jorge Manuel Felizes Morgado

Academic qualifications: Degree in Economics from Porto University.

Professional experience: Statutory Auditor and Member of the Statutory Audit Board in various Portuguese companies.

Number of Sonaecom shares held: does not hold any shares.

5.7 Articles 447, 448 and qualified shareholdings (continuation)

1.5. Offices held by the members of the Statutory Audit Board

Arlindo Dias Duarte Silva

Offices held in companies in which Sonaecom is a Shareholder:
Does not hold any office in a company in which Sonaecom is a Shareholder.

Other offices held:
DMJB – Consultadoria de Gestão, S.A.
(Statutory External Auditor)
Loisir – Equipamentos de Diversão e Ocupação de Tempos Livres, S.A.
(Statutory External Auditor)
Orbirio – Imobiliário e Empreendimentos Turísticos, S.A.
(Statutory External Auditor)
Rochinvest – Investimentos Imobiliários e Turísticos, S.A.
(Member of the Statutory Audit Board)
Sintigraf II – Tintas Gráficas, S.A.
(Statutory External Auditor)
Sonae SGPS, S.A.
(Member of the Statutory Audit Board)
Sonae Distribuição SGPS, S.A.
(Member of the Statutory Audit Board)
Offices in non-profitable institutions:
ALADI – Associação Lavrense de Apoio ao Diminuído Intelectual
(Member of the Statutory Audit Board)
Centro Social e Paroquial Padre Ângelo Ferreira Pinto
(Member of the Statutory Audit Board)
Associação de Apoio Social de Perafita
(Member of the Statutory Audit Board)
Associação Cultural do Senhor do Padrão
(Member of the Statutory Audit Board)
Liga dos Amigos do Hospital Pedro Hispano
(Member of the Statutory Audit Board)

Armando Luís Vieira de Magalhães

Offices held in companies in which Sonaecom is a Shareholder:
Does not hold any office in a company in which Sonaecom is a Shareholder.

Other offices held:
Fundação Eça de Queirós
(Statutory Audit Board)
Futebol Clube do Porto – Futebol, S.A.D.
(Statutory Audit Board)
Sonae Capital, SGPS, S.A.
(Statutory Audit Board)
Sonae Indústria, SGPS, S.A.
(Statutory Audit Board)

Óscar José Alçada da Quinta

Offices held in companies in which Sonaecom is a Shareholder:
Does not hold any office in a company in which Sonaecom is a Shareholder.

5.7 Articles 447, 448 and qualified shareholdings (continuation)

Other offices held:
BA GLASS I – Serviços de Gestão e Investimentos, S.A.
(Statutory Audit Board)
Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC
(Member of the Board of Directors)
Sonae Distribuição, SGPS, S.A.
(Statutory Audit Board)
Sonae Indústria, SGPS, S.A.
(Statutory Audit Board)

Jorge Manuel Felizes Morgado

Offices held in companies in which Sonaecom is a Shareholder:
Does not hold any office in a company in which Sonaecom is a Shareholder.

Other offices held:
Sonae Capital, SGPS, S.A
(Statutory Audit Board)
Sonae Indústria, SGPS; S.A.
(Statutory Audit Board)
Sonae SGPS, S.A.
(Statutory Audit Board)
Sonae Sierra, S.A.
(Statutory Audit Board)

6.0

Our performance

The strength of our performance during 2009 is exemplified by the performance of our shares, which virtually doubled in value. The positives were not confined to the stock market. Profits were 5.7 million euros (against 5.0 million euros in 2008) on a turnover of 949.4 million euros. Our mobile customer base grew by 7.6% boosting our mobile customer revenue to 461.9 million euros – a yearly record for Optimus.

6.1 Sonaecom consolidated financial statements

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES
(Amounts expressed in euro)

Consolidated balance sheets

For the years ended at 31 December 2009 and 2008

	Notes	December 2009	December 2008
Assets			
Non-current assets			
Tangible assets	1.d), 1.i) and 6	**583.419.492**	585.741.539
Intangible assets	1.e), 1.f) and 7	**273.694.175**	272.817.888
Goodwill	1.g) and 9	**526.106.175**	526.030.904
Investments available for sale	1.h), 8 and 10	**1.207.320**	1.207.320
Other non-current assets	1.t)	**54.765**	–
Deferred tax assets	1.q) and 11	**121.894.677**	124.862.171
Total non-current assets		**1.506.376.604**	1.510.659.822
Current assets			
Inventories	1.j) and 12	**14.034.768**	29.613.696
Trade debtors	1.k), 8 and 13	**158.921.462**	173.693.076
Other current debtors	1.k), 8 and 14	**13.417.506**	39.861.834
Other current assets	1.s), 1.y) and 15	**143.726.837**	113.893.680
Cash and cash equivalents	1.l), 8 and 16	**83.629.417**	105.719.328
Total current assets		**413.729.990**	462.781.614
Total assets		**1.920.106.594**	1.973.441.436
SHAREHOLDERS' FUNDS AND LIABILITIES			
Shareholders' funds			
Share capital	17	**366.246.868**	366.246.868
Own shares	1.v) and 18	**(12.809.015)**	(13.499.750)
Reserves	1.u)	**575.946.086**	570.756.015
Consolidated net income/(loss) for the year		**5.748.497**	4.998.142
		935.132.436	928.501.275
Minority interests	19	**508.152**	452.717
Total Shareholders' funds		**935.640.588**	928.953.992
Liabilities			
Non-current liabilities			
Medium and long-term loans – net of short-term portion	1.m), 1.n), 8 and 20	**299.139.698**	381.717.412
Other non-current financial liabilities	1.i), 8 and 21	**20.707.936**	17.171.773
Provisions for other liabilities and charges	1.p), 1.t) and 22	**32.175.824**	32.205.441
Securitisation of receivables	8 and 23	**59.374.480**	79.090.793
Deferred tax liabilities	1.q) and 11	**106.929**	605.414
Other non-current liabilities	1.s), 1.t), 1.y) and 24	**33.218.100**	60.683.153
Total non-current liabilities		**444.722.967**	571.473.986
Current liabilities			
Short-term loans and other loans	1.m), 1.n), 8 and 20	**59.256.449**	5.018.044
Trade creditors	8 and 25	**195.303.884**	179.071.782
Other current financial liabilities	1.i), 8 and 26	**3.053.364**	1.553.506
Securitisation of receivables	8 and 23	**19.488.569**	19.478.607
Other creditors	8 and 27	**46.979.493**	30.130.988
Other current liabilities	1.s), 1.y) and 28	**215.661.280**	237.760.531
Total current liabilities		**539.743.039**	473.013.458
Total Shareholders' funds and liabilities		**1.920.106.594**	1.973.441.436

The notes are an integral part of the consolidated financial statements at 31 December 2009 and 2008.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo
Ângelo Gabriel Ribeirinho Paupério
Maria Cláudia Teixeira de Azevedo
Miguel Nuno Santos Almeida
António Sampaio e Mello
David Charles Denholm Hobley
Frank Emmanuel Dangeard
Gervais Gilles Pellissier
Jean-François René Pontal
Nuno Miguel Moniz Trigoso Santos Jordão

6.1 Sonaecom consolidated financial statements (continued)

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES
(Amounts expressed in euro)

Consolidated profit and loss account by nature

For the quarters and the years ended at 31 December 2009 and 2008

	Notes	December 2009	September to December 2009 (Not audited)	December 2008	September to December 2008 (Not audited)
Sales	29	**141.176.555**	**33.120.686**	106.556.250	33.705.573
Services rendered	29	**808.223.772**	**199.690.661**	869.663.720	215.613.739
Other operating revenues	30	**7.031.518**	**3.938.684**	10.493.123	4.750.820
		956.431.845	**236.750.031**	986.713.093	254.070.132
Cost of sales	12	**(153.951.259)**	**(38.646.010)**	(132.834.084)	(40.834.981)
External supplies and services	31	**(494.992.901)**	**(126.344.235)**	(562.645.655)	(135.481.693)
Staff expenses		**(98.036.453)**	**(24.606.767)**	(94.796.820)	(24.166.795)
Depreciation and amortisation	1.d), 1.e), 6 and 7	**(151.774.270)**	**(32.946.281)**	(157.575.667)	(39.314.206)
Provisions and impairment losses	1.p), 1.x) and 22	**(19.032.191)**	**(2.692.996)**	(21.875.618)	(7.203.453)
Other operating costs	32	**(14.750.258)**	**(5.317.525)**	(14.175.446)	(2.904.094)
		(932.537.332)	**(230.553.814)**	(983.903.290)	(249.905.222)
Gains and losses on associated companies	33	**–**	**–**	43.525	34.069
Other financial expenses	1.n), 1.o), 1.w), 1.x) and 33	**(18.599.132)**	**(3.355.007)**	(21.520.763)	(6.557.413)
Other financial income	1.o), 1.w) and 33	**5.905.914**	**1.565.957**	3.710.518	1.122.047
Current income / (loss)		**11.201.295**	**4.407.167**	(14.956.917)	(1.236.387)
Income taxation	1.q), 11 and 34	**(5.124.176)**	**(1.328.393)**	20.181.800	14.349.188
Consolidated net income / (loss)		**6.077.119**	**3.078.774**	5.224.883	13.112.801
Attributed to:					
Shareholders of parent company	38	**5.748.497**	**2.998.523**	4.998.142	13.101.903
Minority interests	19	**328.622**	**80.251**	226.741	10.898
Earnings per share					
Including discontinued operations:					
Basic		**0,02**	**0,01**	0,01	0,04
Diluted		**0,02**	**0,01**	0,01	0,04
Excluding discontinued operations:					
Basic		**0,02**	**0,01**	0,01	0,04
Diluted		**0,02**	**0,01**	0,01	0,04

The notes are an integral part of the consolidated financial statements at 31 December 2009 and 2008.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo
Ângelo Gabriel Ribeirinho Paupério
Maria Cláudia Teixeira de Azevedo
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6.1 Sonaecom consolidated financial statements (continued)

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES
(Amounts expressed in euro)

Consolidated statement of comprehensive income

For the years ended at 31 December 2009 and 2008

	Notes	December 2009	December 2008
Consolidated net income / (loss)		**6.077.119**	5.224.883
Components of other consolidated comprehensive income, net of tax:		**475.427**	(1.026.209)
Increase / (decrease) in financial hedging instruments' fair value	1.o) and 20	**307.068**	(719.978)
Changes in currency translation reserve and other	1.w)	**168.359**	(306.231)
Consolidated comprehensive income		**6.552.546**	4.198.674
Attributed to:			
Shareholders of parent company		**6.223.924**	3.971.933
Minority interests		**328.622**	226.741

The notes are an integral part of the consolidated financial statements at 31 December 2009 and 2008.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

Miguel Nuno Santos Almeida

António Sampaio e Mello

David Charles Denholm Hobley

Frank Emmanuel Dangeard

Gervais Gilles Pellissier

Jean-François René Pontal

Nuno Miguel Moniz Trigoso Santos Jordão

6.1 Sonaecom consolidated financial statements (continued)

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES
(Amounts expressed in euro)

Consolidated movements in shareholders' funds

For the years ended at 31 December 2009 and 2008

			Reserves									
	Share capital	Own shares (note 18)	Legal reserves	Share premium	Other reserves	Reserves for Medium Term Incentive Plans	Hedging reserve	Reserves of own shares	Total reserves	Minority interests	Net income / (loss)	Total
2009												
Balance at 31 December 2008	**366.246.868**	**(13.499.750)**	**1.002.287**	**775.290.377**	**(218.729.331)**	**–**	**(307.068)**	**13.499.750**	**570.756.015**	**–**	**4.998.142**	**928.501.275**
Appropriation of the consolidated net result of 2008	**–**	**–**	**982.894**	**–**	**4.015.248**	**–**	**–**	**–**	**4.998.142**	**–**	**(4.998.142)**	**–**
Consolidated comprehensive income for the year ended at 31 December 2009	**–**	**–**	**–**	**–**	**168.359**	**–**	**307.068**	**–**	**475.427**	**–**	**5.748.497**	**6.223.924**
Acquisition of own shares	**–**	**(3.134.877)**	**–**	**–**	**(3.134.877)**	**–**	**–**	**3.134.877**	**–**	**–**	**–**	**(3.134.877)**
Delivery of own shares under the Medium Term Incentive Plans (Notes 1.y) and 39)	**–**	**3.825.612**	**–**	**–**	**680.817**	**(837.553)**	**–**	**(3.825.612)**	**(3.982.348)**	**–**	**–**	**(156.736)**
Effect of the recognition of the Medium Term Incentive Plans (Notes 1.y) and 39)	**–**	**–**	**–**	**–**	**–**	**2.023.223**	**–**	**–**	**2.023.223**	**–**	**–**	**2.023.223**
Effect of the recognition of contracts with settlement in shares	**–**	**–**	**–**	**–**	**(116.398)**	**–**	**–**	**–**	**(116.398)**	**–**	**–**	**(116.398)**
Transfer fron liabilities of the reponsabilities associated with the Medium Term Incentive Plans (Notes 1.y) and 39)	**–**	**–**	**–**	**–**	**–**	**1.792.025**	**–**	**–**	**1.792.025**	**–**	**–**	**1.792.025**
Balance at 31 December 2009	**366.246.868**	**(12.809.015)**	**1.985.181**	**775.290.377**	**(217.116.182)**	**2.977.695**	**–**	**12.809.015**	**575.946.086**	**–**	**5.748.497**	**935.132.436**
Minority interests												
Balance at 31 December 2008	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**452.717**	**–**	**452.717**
Minority interests in comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**328.622**	**–**	**328.622**
Other changes	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(273.187)**	**–**	**(273.187)**
Balance at 31 December 2009	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**508.152**	**–**	**508.152**
Total	**366.246.868**	**(12.809.015)**	**1.985.181**	**775.290.377**	**(217.116.182)**	**2.977.695**	**–**	**12.809.015**	**575.946.086**	**508.152**	**5.748.497**	**935.640.588**

6.1 Sonaecom consolidated financial statements (continued)

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES
(Amounts expressed in Euro)

			Reserves									
	Share capital	Own shares (note 18)	Legal reserves	Share premium	Other reserves	Reserves for Medium Term Incentive Plans	Hedging reserve	Reserves of own shares	Total reserves	Minority interests	Net income / (loss)	Total
2008												
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 net result of 2007	–	–	–	–	36.777.870	–	–	–	36.777.870	–	(36.777.870)	–
Consolidated comprehensive income for the year ended at 31 December 2008	–	–	–	–	(306.231)	–	(719.978)	–	(1.026.209)	–	4.998.142	3.971.933
Acquisition of own shares	–	(8.837.423)	–	–	(8.837.423)	–	–	8.837.423	–	–	–	(8.837.423)
Delivery of own shares under the Medium Term Incentive Plans (Notes 1.y) and 39)	–	4.275.838	–	–	2.113.542	–	–	(4.275.838)	(2.162.296)	–	–	2.113.542
Effect of the recognition of contracts with settlement in shares	–	–	–	–	(116.398)	–	–	–	(116.398)	–	–	(116.398)
Transfer to liabilities of the reponsabilities associated with the Medium Term Incentive Plans (Notes 1.y) and 39)	–	–	–	–	(3.186.678)	–	–	–	(3.186.678)	–	–	(3.186.678)
Balance at 31 December 2008	366.246.868	(13.499.750)	1.002.287	775.290.377	(218.729.331)	–	(307.068)	13.499.750	570.756.015	–	4.998.142	928.501.275
Minority interests												
Balance at 31 December 2007	–	–	–	–	–	–	–	–	–	865.131	–	865.131
Minority interests in comprehensive income	–	–	–	–	–	–	–	–	–	226.741	–	226.741
Other changes	–	–	–	–	–	–	–	–	–	(639.155)	–	(639.155)
Balance at 31 December 2008	–	–	–	–	–	–	–	–	–	452.717	–	452.717
Total	366.246.868	(13.499.750)	1.002.287	775.290.377	(218.729.331)	–	(307.068)	13.499.750	570.756.015	452.717	4.998.142	928.953.992

The notes are an integral part of the consolidated financial statements at 31 December 2009 and 2008.

Consolidated cash flow statements

For the years ended at 31 December 2009 and 2008

		December 2009		December 2008
Operating activities				
Receipts from trade debtors	**964.521.213**		956.095.588	
Payments to trade creditors	**(673.570.538)**		(725.186.117)	
Payments to employees	**(111.403.068)**		(109.134.455)	
Cash flows from operating activities	**179.547.608**		121.775.016	
Payments / receipts relating to income taxes, net	**43.019**		(4.309.927)	
Other payments / receipts relating to operating activities, net	**4.601.559**		(13.336.428)	
Cash flows from operating activities (1)	**184.192.186**	**184.192.186**	104.128.661	104.128.661
Investing activities				
Receipts from:				
Investments	**–**		4.269.500	
Tangible assets	**1.844.265**		2.727.163	
Intangible assets	**50.067**		30.653	
Interest and similar income	**5.328.100**	**7.222.432**	3.191.080	10.218.396
Payments for:				
Investments	**–**		(1.900.464)	
Tangible assets	**(119.593.090)**		(140.950.203)	
Intangible assets	**(22.699.564)**	**(142.292.654)**	(26.538.933)	(169.389.600)
Cash flows from investing activities (2)		**(135.070.222)**		(159.171.204)
Financing activities				
Receipts from:				
Loans obtained	**–**	**–**	110.559.868	110.559.868
Payments for:				
Leasing	**(2.060.592)**		(1.926.048)	
Interest and similar expenses	**(19.070.408)**		(22.029.986)	
Reimbursement of supplementary capital	**(800.395)**		–	
Own shares	**(3.134.877)**		(8.837.422)	
Loans obtained	**(47.028.999)**	**(72.095.272)**	–	(32.793.456)
Cash flows from financing activities (3)		**(72.095.272)**		77.766.412
Net cash flows (4)=(1)+(2)+(3)		**(22.973.308)**		22.723.869
Effect of the foreign exchanges		**321.624**		(359.918)
Cash and cash equivalents at the beginning of the year		**105.598.556**		83.234.605
Cash and cash equivalents at end of the year		**82.946.871**		105.598.556

The notes are an integral part of the consolidated financial statements at 31 December 2009 and 2008.

Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo
Ângelo Gabriel Ribeirinho Paupério
Maria Cláudia Teixeira de Azevedo
Miguel Nuno Santos Almeida
António Sampaio e Mello
David Charles Denholm Hobley
Frank Emmanuel Dangeard
Gervais Gilles Pellissier
Jean-François René Pontal
Nuno Miguel Moniz Trigoso Santos Jordão

Notes to the consolidated cash flow statements

For the years ended at 31 December 2009 and 2008

1. Acquisition or sale of subsidiaries or other businesses

	December 2009	December 2008
a) Amounts paid of acquisitions from previous years		
Tecnológica Telecomunicações, Ltda.	–	631.216
Cape Technologies, Limited	–	594.390
Praesidium Holdings Limited	–	674.858
	–	1.900.464
b) Amounts received of sales from previous years		
Retailbox BV	–	2.622.580
Profimetrics Software Solutions, S.A.	–	150.000
c) Amounts received from acquisitions of previous years (price adjustments)		
Tecnológica Telecomunicações, Ltda.	–	1.496.920
	–	4.269.500

2. Details of cash and cash equivalents

	2009	2008
Cash in hand	**63.627**	351.455
Cash at bank	**3.875.125**	4.270.711
Treasury applications	**79.690.665**	101.097.162
Overdrafts	**(682.546)**	(120.772)
Cash and cash equivalents	**82.946.871**	105.598.556
Overdrafts	**682.546**	120.772
Cash assets	**83.629.417**	105.719.328

3. Description of non-monetary financing activities

	2009	2008
a) Bank credit obtained and not used	**142.000.000**	103.463.305
b) Purchase of company through the issue of shares	**Not applicable**	Not applicable
c) Conversion of loans into shares	**Not applicable**	Not applicable

Notes to the consolidated cash flow statements (continued)

For the years ended at 31 December 2009 and 2008

4. Cash flow breakdown by activity

Activity	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Net cash flows
Telecommunication	254.140.951	(134.602.048)	(28.717.949)	90.820.954
Multimedia	(1.232.742)	(1.755.051)	254.288	(2.733.505)
Information Systems	(63.195.259)	(1.993.020)	(976.864)	(66.165.143)
Holding	(5.474.639)	3.279.859	(42.654.693)	(44.849.473)
Others	(46.125)	38	(54)	(46.141)
	184.192.186	(135.070.222)	(72.095.272)	(22.973.308)

The notes are an integral part of the consolidated financial statements at 31 December 2009 and 2008.

Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

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6.2 Notes to the consolidated financial statements

AT 31 DECEMBER 2009 AND 2008
(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 by 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 by 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, bearer shares were converted into 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 subsidiaries (from the information systems consultancy segment) operating in Brazil, United Kingdom, Ireland, Poland, Australia, Mexico, Malaysia, Egypt and the 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 the 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 some 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.

The following standards, interpretations, amendments and revisions approved (endorsed) by the European Union have mandatory application to financial years beginning on or after 1 January 2009 and were first adopted in the year ended at 31 December 2009:

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 1 / IAS 27 – Amendments (Cost of an investment in a subsidiary, jointly controlled entity or associate)	**1-Jan-09**
These amendments address the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates on first-time adoption of IFRSs and the recognition of dividends from subsidiaries, in the separate financial statements of the parent company.	
IFRS 2 – Amendments (Vesting conditions and cancellations)	**1-Jan-09**
Comprehends the clarification of the definition of vesting conditions, the introduction of the concept of non-vesting conditions, and the clarification of the accounting treatment of cancellations.	
IFRS 3 – Business combinations and IAS 27 – Consolidated and separate financial statements (2008 revision)	**1-Jul-09**
This revision brings some changes concerning the record of business combinations, namely in respect to: (a) the measurement of non-controlling interests (new term for 'minority interest'); (b) recognition and subsequent measurement of contingent consideration; (c) treatment of direct costs associated with the acquisition; and (d) the record of the acquisition of additional shares in the subsidiary after control was obtained, and the partial disposal of an investment in a subsidiary while control is retained.	
IFRS 7 – Amendments (Disclosures on the fair value measurement and liquidity risk)	**1-Jan-09**
This amendment to IFRS 7 enhances disclosures on fair value measurement and liquidity risk.	
IFRS 8 – Operating segments	**1-Jan-09**
IFRS 8 is a standard that deals exclusively with the disclosures and replaced the previous IAS 14. This IFRS led to a redefinition of an entity reporting segments and the information to report on them.	
IAS 1 – Presentation of financial statements (revised)	**1-Jan-09**
The 2007 revision of IAS 1 introduced changes in terminology, including new names for the financial statements, as well as changes in the format and content of such statements.	
IAS 23 – Borrowing costs (revised)	**1-Jan-09**
This revision introduces the requirement for capitalisation of borrowing costs that relate to assets that qualify, thus removing the option of immediately recognising such costs as an expense in the period they are incurred.	
IAS 32 / IAS 1 – Amendments (Puttable financial instruments and obligations arising on liquidation)	**1-Jan-09**
These amendments change the classification criteria of a financial instrument between equity and financial liability, allowing some financial instruments that can be repurchase to be classified as equity.	
IAS 39 – Amendments (Eligible hedged items)	**1-Jul-09**
Includes clarifications related to following issues of hedge accounting: (i) designation of inflation as a hedged risk and (ii) hedging with financial options.	
IAS 39 – Amendments (Reclassification of financial assets)	**1-Jul-08**
These amendments allow, in rare circumstances, the reclassification of non-derivative financial instruments from fair value through profit or loss and available for sale to other classifications.	
IFRIC 9 and IAS 39 – Amendments (Reassessment of embedded derivatives)	**Annual periods beginning on or after 30-Jun-09**
The amendments clarify the circumstances which allow the subsequent reassessment of the requirement to separate an embedded derivative.	
IFRIC 13 – Customer loyalty programmes	**1-Jul-08**
This interpretation establishes that credits awarded to clients as part of a sales transaction are accounted as a separate component of the transaction.	
Improvements to IFRSs – 2007	**Various (mainly 1-Jan-09)**
This process included the review of 32 accounting standards.	

The application of these standards had no significant impacts on the consolidated financial statements of the Group besides the increased information that is disclosed. In particular, in the case of the IAS 23 and IFRIC 13 revisions, because they have been applied earlier by the Group.

The following standards, interpretations, amendments and revisions have been at the date of approval of these financial statements, approved (endorsed) by the European Union, whose application is mandatory only in future financial years:

Standard/Interpretation	Effective date (annual periods beginning on or after)
Revised IFRS 1– First-time adoption of IFRS	**1-Jan-10 ***
This standard was revised to consolidate the various amendments that have occurred since its first release.	
IAS 32 – Amendments (Classification of issuing rights)	**1-Feb-10**
The amendment states that if such rights are issued pro rata to an entity's all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.	
IFRIC 12 – Service concession arrangements	**1-Jan-10 ***
This interpretation introduces rules on recognition and measurement by the private operator involved in the provision of infrastructure construction and operating under public-private partnership concessions.	
IFRIC 15 – Agreements for the construction of real estate	**1-Jan-10 ***
This interpretation establishes the way to assess whether a construction agreement for a property is within the scope of IAS 11 – Construction Contracts or in the scope of IAS 18 – Revenue and how the corresponding revenue should be recognised.	
IFRIC 16 – Hedges of a net investment in a foreign operation	**1-Jun-09 ***
This interpretation provides guidance on hedge accounting for net investments in foreign operations.	
IFRIC 17 – Distribution of non-cash assets to owners	**1-Jan-10 ***
This interpretation provides guidance on the proper accounting for assets other than cash distributed to shareholders as dividends.	
IFRIC 18 – Transfer of assets from customers	**Transfers made on or after 01-Jul-09**
This interpretation provides guidance on accounting, by operators, of tangible assets 'of customers'.	

* The effective date in accordance with the adoption by the EU was subsequent to the effective date originally established by the standard.

These standards, although approved (endorsed) by the European Union, were not adopted by the Group for the year ended at 31 December 2009, as the application of these standards is not yet mandatory. No significant impacts are expected to arise in the financial statements resulting from the adoption of the same.

The following standards, interpretations, amendments and revisions have not yet been approved (endorsed) by the European Union, at the date of approval of these financial statements.

Standard/Interpretation	Effective date (annual periods beginning on or after)
IFRS 1 – Amendments (Additional exemptions for first-time adopters)	**1-Jan-10**
The amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process.	
IFRS 2 – Amendments (Accounting for group cash-settled share-based payment transactions)	**1-Jan-10**
The amendments clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements.	
IFRS 9 (Financial Instruments)	**1-Jan-13**
This standard is the first step in the project to replace IAS 39, it introduces new requirements for classifying and measuring financial assets.	
Revised IAS 24 (Related Party Disclosures)	**1-Jan-11**
The revised standard addresses concerns that the previous disclosure requirements and definition of a 'related party' were too complex and difficult to apply in practice, particularly in environments where government control is pervasive, by: (1) providing a partial exemption for government-related entities; (2) providing a revised definition of a related party.	
IFRIC 14 – Amendments (Voluntary pre-paid contributions)	**1-Jan-11**
The amendments correct an unintended consequence of IFRIC 14. Without the amendments, in some circumstances entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions.	
IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)	**1-Jul-10**
Clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to fully or partially settle the financial liability.	
Improvements to IFRSs – 2008	**Various (earliest is 01-Jan-09)**
This process included the review of 12 accounting standards.	

The application of these standards and interpretations, when applicable, will have no material effect on future consolidated financial statements.

The accounting policies and measurement criteria adopted by the Group at 31 December 2009 are comparable with those used in the preparation of the consolidated financial statements at 31 December 2008.

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 a 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 under 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, a situation when 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 was 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 of 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 description 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.

Depreciations are calculated 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 under the profit and loss statement caption 'Depreciation and amortisation'.

Impairment losses detected in the realisation value of tangible assets are recorded in the year in which they arise, by a corresponding charge under the caption 'Depreciation and amortisation' in 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
Networks	10-20
Other plant and machinery	8
Vehicles	4
Fixtures and fittings	3-10
Tools	5-8
Other tangible assets	4-8

During the last quarter of 2009, the Board of Directors of the Group proceeded with prospective effect to the revision of the estimated useful life of a set of assets related to the telecommunications networks and mobile telephones, based on evaluation reports produced by specialised independent agencies.

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 start operating 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.

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 comprise, essentially, 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 customers' 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 estimated period for which they were granted. During the third quarter of 2008, the Group's Board of Directors revised, with prospective effects, the estimated useful life of the UMTS license, given the high degree of probability of its renewal and the high degree of probability that such renewal shall be obtained without significant costs. Therefore, after 1 July 2008, the UMTS license is being amortised on a straight-line basis for the period between the commercial launch date and the new estimated end date of the license (2030). Additional license costs, namely the ones related to the commitments assumed by the Group under the UMTS license, regarding the contributions to the 'Information Society', are being amortised up to the estimated useful life of the license above indicated. The amortisation of the customer's portfolios is provided on a straight-line basis over the estimated average retention period of the customers (four to six years).

Expenditures with internally-generated intangible assets, namely research and development expenditures, are recognised in the profit and loss statement when incurred. Development expenditures can only be recognised 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 period is recorded in the profit and loss statement under 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 undetermined, they are not depreciated but are subject to annual impairment tests.

Sonaecom Group does not hold any brands or patents with undetermined useful life, therefore the second half of the above referred paragraph is not applicable.

g) Goodwill
Differences between the cost of investments in subsidiaries and associated companies and the amount attributed to the fair value of the identifiable assets and liabilities at the time of their acquisition, when positive, are recorded under the caption 'Goodwill', and, when negative, after a reappreciation 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 10 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', subjecting them to impairment tests (paragraph x). Impairment losses of Goodwill are recorded in the profit and loss statement for the period 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 investments', 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 the initial recognition and re-evaluated every quarter.

(i) '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 has been acquired mainly with the purpose of selling it 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 12 months of the balance sheet date.

(ii) '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 their maturity is greater than 12 months from the balance sheet date, a situation in which they are classified as non-current assets. Loans and receivables are included in the captions 'Trade debtors' and 'Other current debtors' in the balance sheet.

(iii) '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.

(iv) 'Available-for-sale financial assets'

Available-for-sale financial assets are non-derivative 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 12 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 profit and loss statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or all substantial risks and rewards of their ownership have been transferred.

'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 profit and loss 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 profit and loss statement as gains or losses from investment securities.

The fair value of quoted investments is 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 other valuation techniques. These include the use of recent arm's length transactions, reference to similar instruments, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. If none of these techniques can be used, the Group values those investments at cost net of any identified impairment losses. 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 (above 25%) or prolonged (in two consecutive quarters) decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If 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 losses on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit and loss 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 liability are recorded in accordance with the contractual financial plan at fair value or, if less, at the present value of payments. In addition, interests included in lease payments and the depreciation of the tangible assets are recognised as expenses in the profit and loss statement for the period 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 their 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.

k) Trade and other current debtors
Trade and other current debtors are recorded at their net realisable value and do not include interests, since 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 amounts of these captions are 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 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, under 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 flows related to operating activities. Cash flows from investing activities include the acquisition and sale of investments in associated and subsidiary companies, as well as 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 loan, 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 related to loans obtained 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 and are interrupted when the assets are ready to operate, 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 reserve' 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' expense represents the sum of the tax currently payable and deferred tax. Income tax is recognised in accordance with IAS 12 – 'Income Taxes'.

Sonaecom has adopted, since 1 January 2008, the special regime for the taxation of groups of companies, under which, the provision for income tax is determined on the basis of the estimated taxable income of all the companies covered by that regime, in accordance with such rules. The special regime for the taxation of groups of companies covers all subsidiaries on which the Group holds at least 90% of their share capital, with its headquarters located in Portugal and subject to Corporate Income Tax (IRC). The remaining Group companies not covered by the special regime for the taxation of groups of companies are taxed individually based on their respective taxable income, in accordance with the tax rules in force in the location of the headquarters of each 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 period the recorded and unrecorded deferred tax assets are revised and they are reduced whenever their realisation ceases to be probable, or increased if future taxable profits are, likely, enabling the recovery of such assets (note 11).

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

Whenever deferred taxes derive from assets or liabilities directly registered in Shareholders' funds, its recording is also made under the Shareholders' funds caption. In all other situations, deferred taxes are always recorded 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 are recorded as deferred income and are included in the profit and loss statement under the caption 'Other operating revenues'. If subsidies awarded are used to finance investments in tangible assets, they are recorded in the profit and loss statement during the estimated useful life of the corresponding assets. If the subsidies awarded are used to finance other investments then they are recorded as the investment expenditure is incurred.

s) Accrual basis and revenue recognition

Expenses and income are recorded in the period 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 amounts 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 before taxes and net of 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 into consideration the probability of the redemption of the points, and are recognised, as a deduction to income, at the time the points are granted, by a corresponding entry under the caption 'Other current liabilities'.

The revenues and costs of the consultancy projects developed in the information systems consultancy segment are recognised 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 captions '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 22).

u) Reserves

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 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.

Share premiums

The share premiums relate to premiums generated in the issuance of capital or in capital increases. According to Portuguese Commercial law, share premiums follow the same requirements of 'Legal reserves', ie, 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.

Medium Term Incentive Plans Reserves

According to IFRS 2 – 'Share-based Payment', the responsibility related with the Medium Term Incentive Plans is registered under the heading of 'Reserves for Medium Term Incentive Plans', 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' hedges derivatives that are considered effective (note 1.o)) and it is non-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 reserve.

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. Therefore, at 31 December 2009, Sonaecom, SGPS, S.A., did not have any reserves which by their nature are considered distributable.

v) Own shares

Own shares are recorded as a deduction of Shareholders' funds. Gains or losses arising from 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 at 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 exchange rates in force at the balance sheet date, while expenses and income in such financial statements are translated into euro using the average exchange rate for the period. The resulting exchange differences are recorded under 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 at the balance sheet date.

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

	2009		2008	
	31 December	**Average**	31 December	Average
Pounds Sterling	**1,1260**	**1,1232**	1,0499	1,2589
Brazilian Real	**0,3982**	**0,3628**	0,3083	0,3766
American Dollar	**0,6942**	**0,7190**	0,7186	0,6835
Polish Zloti	**0,2436**	**0,2315**	0,2408	0,2857
Australian Dollar	**0,6247**	**0,5670**	0,4932	0,5775
Mexican Peso	**0,0529**	**0,0533**	0,0520	0,0615
Egyptian Pound	**0,1265**	**0,1292**	0,1266	0,1238
Malaysian Ringgit	**0,2027**	**0,2040**	–	–

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 recoverable amount is the greater of the net selling price and the value in 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 in use is the present value 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 amount 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, calculated in terms of value in use, is determined based on the most recent business plans duly approved by the Group's Board of Directors. For Accounts receivables, the Group uses historical and statistical 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 'Medium Term Incentive Plans Reserve', 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, ie, 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:

(i) 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';

(ii) 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';

(iii) The net effect of the entries in (i) and (ii) above eliminate the original entry to 'Shareholders' funds';

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

For plans settled in cash, the estimated liability is recorded under the balance sheet captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry under the profit and loss statement caption 'Staff expenses', for the cost relating to the vesting period that has 'elapsed' up to the respective accounting date. 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, recognition is made in the same way as described above, but with the liability being quantified based on the contractually fixed amount.

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 under the balance sheet captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry under the profit and loss 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.

During the year ended 31 December 2009, the Board of Directors of Sonaecom decided to convert the settlement of its Medium Term Incentive Plans from cash settled to equity settled.

At 31 December 2009, all Sonaecom share plans were covered through the detention of own shares. The impacts associated to such plans as the Medium Term Incentive Plans are registered, in the balance sheet, under the caption 'Medium Term Incentive Plans Reserve'. The cost is recognised under the profit and loss statement caption 'Staff expenses'.

In relation to plans which will 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. Therefore the responsibility associated to such plans is recorded based on that fixed price, proportionally to the period of time elapsed since the award date until the date of record, under captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognised under the profit and loss statement caption 'Staff expenses'.

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 of the years ended at 31 December 2009 and 2008, are as follows:

(i) Useful lives of tangible and intangible assets;

(ii) Impairment analysis of goodwill and of other tangible and intangible assets;

(iii) Recognition of impairment losses on assets (Trade debtors and Inventories) and provisions;

(iv) Assessment of the responsibilities associated with the customers' loyalty programmes.

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 neither foreseeable nor controlled by the Group, some could occur and have impact on such 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 – 'Accounting Policies, Changes in Accounting Estimates and Errors', 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 corresponding notes.

ab) Financial risk management

Due to its activities, the Group is exposed to a variety of financial risks such as market risk, liquidity risk and credit risk.

These risks arise from the unpredictability of financial markets, which affect the capacity of project cash flows and profits. The Group financial risk management, subject to a long-term ongoing perspective, seeks to minimise potential adverse effects that derive from that uncertainty, using, whenever it is possible and advisable, derivative financial instruments to hedge the exposure to such risks (note 1. o)).

Market risk

a) Foreign exchange risk

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

Foreign exchange risk management seeks to minimise the volatility of investments and transactions made in foreign currencies 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 a procedure is not possible, the Group adopts derivative financial hedging instruments.

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

The Group's assets and liabilities (in euros) recorded in currency other than euro may be summarised as follows:

	Assets		Liabilities	
	31 December 2009	31 December 2008	**31 December 2009**	31 December 2008
American Dollar	**3.015.850**	68.868	**1.177.184**	642.915
Australian Dollar	**228.768**	29.935	**83.105**	32.093
Egyptian Pound	**116.618**	–	**136.838**	–
Pounds Sterling	**1.533.832**	1.184.179	**515.659**	861.351
Mexican Peso	**4.339.527**	156	**4.182.572**	3.037
Brazilian Real	**11.928.515**	8.241.024	**4.212.693**	2.846.656
Malaysian Ringgit	**353.828**	–	**109.155**	–
Swiss Franc	**–**	–	**21.923**	–
Polish Zloti	**80.858**	65.807	**330.046**	26.665

The Group's sensibility, in euros, to changes in exchange rates can be summarised as follows (increases / (decreases)):

	Change in exchange rates	**2009**		2008	
		Income	**Shareholders' funds**	Income	Shareholders' funds
American Dollar	1%	**1.578**	**19.965**	(799)	(827)
Australian Dollar	1%	**(360)**	**1.096**	(68)	410
Swiss Franc	1%	**–**	**(219)**	–	–
Egyptian Pound	1%	**1.558**	**1.356**	–	–
Pounds Sterling	1%	**7.883**	**18.065**	7.482	6.031
Mexican Peso	1%	**(716)**	**853**	49	12
Brazilian Real	1%	**(12.470)**	**64.688**	(13.755)	25.745
Malaysian Ringgit	1%	**(127)**	**2.320**	–	–
Polish Zloti	1%	**631**	**(1.861)**	(968)	(614)
		(2.023)	**46.602**	(8.059)	30.757

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

The Group only uses derivatives or similar transactions to hedge interest rate risks considered significant. Three main principles are followed 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 hedging must equalise the settlement dates defined 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 20) are at variable rates, interest rate swaps and other derivatives are used, when it is deemed necessary, 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 Group 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), are 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, are recognised under borrowing captions and changes in the fair value are recognised in equity.

Sonaecom's 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.

The analysis of sensibility to interest rate risk is presented in note 20.

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 us to maximise the profitability and to minimise the opportunity costs related to that liquidity.

The liquidity risk management has a threefold objective: (i) Liquidity, ie, to ensure the permanent access in the most efficient way to obtain sufficient funds to settle current payments within the respective dates of maturity as well as any eventual not forecasted requests for funds, within the deadlines set for this; (ii) Safety, ie to minimise the probability of default in any reimbursement of application of funds; and (iii) Financial Efficiency, ie, to ensure that the Group maximises the value / minimises 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) Amortisation of short-term debt – after comparing the opportunity cost of amortisation 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 reduce 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 ensure that the application of liquidity in excess is made in a prudent way and taking into consideration the best practices in terms of bank relationships.

The maturity of applications should equal the forecasted payments (or the applications should be easily convertible, in the case of asset 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 an important variable to quantify the amounts and the maturity of the applications in the market.

The maturity analysis for the loans obtained is presented in note 20.

Credit risk

The Group'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, in respect to telecommunications operators, 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 of impairment losses, represent the maximum exposure of the Group to credit risk.

6.2 Notes to the consolidated financial statements (continued)

AT 31 DECEMBER 2009 AND 2008
(Amounts expressed in euro)

2. Companies included in the consolidation

Group companies included in the consolidation through full consolidation method, their head offices, main activities, Shareholders and percentage of share capital held at 31 December 2009 and 2008, are as follows:

				Percentage of share capital held			
				2009		2008	
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.		–	–	–	–
Subsidiaries							
Be Artis – Concepção, Construção e Gestão de Redes de Comunicações, S.A. ('Artis')	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%**	100%	100%
Be Towering – Exploração de Torres de Telecomunicações, S.A. ('Be Towering')	Maia	Implementation, installation and exploitation of towers and other sites for the instalment of telecommunications equipment.	Sonaecom - Serviços de Comunicações	**100%**	**100%**	100%	100%
Cape Technologies Limited ('Cape Technologies')	Dublin	Rendering of consultancy services in the area of information systems.	We Do	**100%**	**100%**	100%	100%
Cape Technologies (UK) Limited ('Cape UK') (a)	Cardiff	Rendering of consultancy services in the area of information systems.	Cape Technologies	**Dissolved**		100%	100%
Digitmarket – Sistemas de Informação, S.A. ('Digitmarket' – using the brand 'Bizdirect')	Maia	Development of management platforms and commercialisation of products, services and information, with the internet as its main support.	Sonae com SI	**75,10%**	**75,10%**	75,10%	75,10%
Lugares Virtuais, S.A. (b) ('Lugares Virtuais')	Maia	Organisation and management of electronic online portals, content acquisition, management of electronic auctions, acquisition and deployment of products and services electronically and any related activities.	Miauger	**100%**	**100%**	100%	100%
Mainroad – Serviços em Tecnologias de Informação, S.A. ('Mainroad')	Maia	Rendering of consultancy services in IT areas.	Sonae com SI	**100%**	**100%**	100%	100%
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')	Maia	Digital publishing, electronic publishing and production of Internet contents.	Público	**100%**	**100%**	100%	100%
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%**	100%	100%
Praesidium Services Limited ('Praesidium Services')	Berkshire	Rendering of consultancy services in the area of information systems.	We Do UK	**100%**	**100%**	100%	100%
Praesidium Technologies Limited ('Praesidium Technologies') (c)	Berkshire	Rendering of consultancy services in the area of information systems.	We Do UK	**Dissolved**		100%	100%
Público – Comunicação Social, S.A. ('Público')	Oporto	Editing, composition and publication of periodical and non-periodical material.	Sonaetelecom BV	**100%**	**100%**	100%	100%

* Sonaecom effective participation

(a) Company dissolved in August 2009.
(b) Company established in June 2008.
(c) Company dissolved in December 2009.

6.2 Notes to the consolidated financial statements (continued)

AT 31 DECEMBER 2009 AND 2008
(Amounts expressed in euro)

				Percentage of share capital held			
				2009		2008	
Company (Commercial brand)	Head office	Main activity	Shareholder	**Direct**	**Effective***	Direct	Effective*
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 SI	**86,99%**	**86,99%**	100%	100%
Sonaecom BV	Amsterdam	Management of shareholdings.	Sonaecom	**100%**	**100%**	100%	100%
Sonaecom – Serviços de Comunicações, S.A. ('Sonaecom - Serviços de Comunicações')	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 Sonae Telecom Sonaecom BV	**53.54%** **35.86%** **10.60%**	**53.54%** **35.86%** **10.60%**	53.54% 37.94% 8.52%	53.54% 37.94% 8.52%
Sonae com – Sistemas de Informação, S.G.P.S., S.A. ('Sonae com SI')	Maia	Management of shareholdings in the area of corporate ventures and joint ventures.	Sonaecom	**100%**	**100%**	100%	100%
Sonae Telecom, S.G.P.S., S.A. ('Sonae Telecom')	Maia	Management of shareholdings in the area of telecommunications.	Sonaecom	**100%**	**100%**	100%	100%
Sonaetelecom BV	Amsterdam	Management of shareholdings.	Sonaecom	**100%**	**100%**	100%	100%
Tecnológica Telecomunicações, LTDA. ('Tecnológica')	Rio de Janeiro	Rendering of consultancy and technical assistance in the area of IT systems and telecommunications.	We Do Brasil	**99,99%**	**99,90%**	99,99%	99,90%
Telemilénio Telecomunicações – Sociedade Unipessoal, Lda. ('Tele2')	Lisbon	Rendering of mobile telecommunications services, including fixed telecommunications and internet service.	Sonaecom	**Merged in Sonaecom – Serviços de Comunicações**		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 SI	**100%**	**100%**	100%	100%
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%	99,91%
We Do Technologies Americas, Inc ('We Do US') (d)	Miami	Rendering of consultancy services in the area of information systems.	Cape Technologies	**100%**	**100%**	100%	100%
We Do Technologies BV ('We Do BV') (e)	Amsterdam	Management of shareholdings.	We Do	**100%**	**100%**	100%	100%
We Do Technologies BV – Sucursal Malaysia ('We Do Malásia') (f)	Kuala Lumpur	Rendering of consultancy services in the area of information systems.	We Do BV	**100%**	**100%**	100%	100%
We Do Technologies Mexico, S de R.L. ('We Do Mexico') (f)	Mexico City	Rendering of consultancy services in the area of information systems.	Sonaecom BV We Do BV	**5%** **95%**	**5%** **95%**	5% 95%	5% 95%
We Do Technologies Egypt LLC ('We Do Egypt') (f)	Cairo	Rendering of consultancy services in the area of information systems.	We Do BV Sonaecom BV Sonaetelecom BV	**90%** **5%** **5%**	**90%** **5%** **5%**	90% 5% 5%	90% 5% 5%
We Do Technologies (UK) Limited ('We Do UK')	Berkshire	Management of shareholdings.	We Do	**100%**	**100%**	100%	100%
We Do Technologies Australia PTY Limited ('We Do Asia')	Sydney	Rendering of consultancy services in the area of information systems.	Cape Technologies	**100%**	**100%**	100%	100%
We Do Poland Sp. Z.o.o. ('We Do Poland')	Posnan	Rendering of consultancy services in the area of information systems.	Cape Technologies	**100%**	**100%**	100%	100%

* Sonaecom effective participation

(d) Company formerly designated as 'Cape Technologies Americas, Inc'.
(e) Company established in June 2008.
(f) Companies established in September 2008.

All the above companies were included in the consolidation in accordance with the full consolidation method under the terms of IAS 27 – 'Consolidated and Separate Financial Statements' (majority of voting rights, through the ownership of shares in the companies).

3. Companies jointly controlled

At 31 December 2009 and 2008, the Group jointly controls and consolidates through the proportional method the following company:

				Percentage of share capital held			
				2009		2008	
Company (Commercial brand)	Head office	Main activity	Shareholder	**Direct**	**Effective***	Direct	Effective*
Vipu Ace ('Sexta') (a)	Lisbon	Optimisation of resources for the activity of editing of contents for periodic publications in paper to digital media, video or TV.	Público	**Dissolved**		50%	50%
Unipress – Centro Gráfico, Lda. ('Unipress')	V.N. Gaia	Trade and industry of graphic design and publishing.	Público	**50%**	**50%**	50%	50%

* Sonaecom effective participation

(a) Company dissolved in December 2009.

At 31 December 2009 and 2008, the main impacts arising from the consolidation by the proportional method of the above mentioned entities, are as follows (debit / (credit)):

	2009	2008
Non-current assets	**3.258.587**	3.891.947
Current assets	**558.019**	639.609
Non-current liabilities	**(3.134.245)**	(2.801.069)
Current liabilities	**(312.258)**	(1.262.164)
Net result	**(27.260)**	530.940
Total revenues	**(1.906.442)**	(295.084)
Total costs	**1.879.183**	826.024

Unipress is held by 50% since December 2008. Formerly it was consolidated by the equity method.

4. Investments in associated companies

At 31 December 2009 and 2008, this caption included an investment in an associated company, of which the head office, main activity, shareholder, percentage of share capital held and book value were as follows:

				Percentage of share capital held					
				2009		2008		Book value	
Company (Commercial brand)	Head office	Main activity	Shareholder	**Direct**	**Effective***	Direct	Effective*	**2009**	2008
Associated companies									
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)**
								–	**–**

* Sonaecom effective participation

(a) Investment recorded at a nil book value

The associated company was 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 adjustments between the accounting policies of the associated company and the Group accounting policies, since there were no significant differences.

At 31 December 2009 and 2008, the assets, liabilities, total revenues and net results of associated companies were as follows:

Company	**Assets**	**Liabilities**	**Total revenues**	**Net results**
2009				
Sociedade Independente de Radiodifusão Sonora, S.A.	**695,941**	**726,605**	**1,272,609**	**5,812**
2008				
Sociedade Independente de Radiodifusão Sonora, S.A.	664,222	700,699	1,371,650	7,616

5. Changes in the Group

During the years ended at 31 December 2009 and 2008, the following changes occurred in the composition of the Group:

a) Acquisitions

Purchaser	Subsidiary	Date	%acquired	Current % shareholding
2008				
Público	Unipress	December 2008	10.00%	50.00%

During the year ended at 31 December 2008, as a result of the above mentioned acquisition, additional Goodwill of Euro 321,698 was recorded (note 9).

b) Constitutions

Subsidiary	Subsidiary	Date	Share capital	Current % shareholding
2008				
Miauger	Lugares Virtuais	June 2008	50.000 EUR	100.00%
We Do	We Do BV	June 2008	18.000 EUR	100.00%
We Do BV e Sonaecom BV	We Do Mexico	September 2008	3.000 MXN	100.00%
We Do BV	We Do Malaysia (Branch Office)	September 2008	–	100.00%
We Do BV, Sonaecom BV e Sonaetelecom BV	We Do Egypt	October 2008	6.600 EUR	100.00%

c) Sales

Subsidiary	Subsidiary	Date	%sold	%shareholding
2008				
Sonae com SI	Saphety	December 2008	13.005%	86.995%

The sale of a portion of the investment in Saphety during 2008 generated a capital gain of circa Euro 246,000.

d) Liquidations

Subsidiary	Subsidiary	Date	%shareholding
2009			
Cape Technologies	**Cape UK**	**August 2009**	**100%**
We Do UK	**Praesidium Technologies**	**December 2009**	**100%**
Público	**Sexta**	**December 2009**	**50%**
2008			
Sonae com SI	Netmall	December 2008	39.51%

These liquidations did not have a significant impact on the accompanying consolidated financial statements.

e) Others

During the years ended at 31 December 2009 and 2008, the following changes occurred in the composition of the Group:

At 1 January 2009, the Group proceeded to the merger by incorporation of the subsidiary Telemilénio Telecomunicações, Sociedade Unipessoal, Lda. into the subsidiary Sonaecom – Serviços de Comunicações, S.A., enabling a greater operational efficiency and increased cost control. This transaction was approved by the General Shareholder Meetings of each company, both held on 24 November 2008.

During the year ended at 31 December 2008, the Cape Group's purchase price (acquired at October 2007) was adjusted since the deferred portion of the price, dependent on the fulfilling of a set of pre-established conditions, was not satisfied. Therefore, the purchase price and accordingly the Goodwill decrease in an amount of Euro 2,409,079 (note 9).

6. Tangible assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in the years ended at 31 December 2009 and 2008 was as follows:

	2009								
	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 December 2008	**1.391.593**	**252.295.915**	**891.297.575**	**161.116**	**157.107.115**	**1.189.329**	**5.139.704**	**88.154.502**	**1.396.736.849**
Additions	**–**	**207.267**	**9.642.812**	**554.880**	**13.535.261**	**54**	**126.166**	**90.085.008**	**114.151.448**
Disposals	**–**	**(341.988)**	**(2.452.817)**	**(384.083)**	**(256.784)**	**–**	**(1.002)**	**9.600**	**(3.427.074)**
Transfers and write-offs	**–**	**17.114.538**	**57.473.846**	**–**	**2.563.314**	**2.885**	**37.165**	**(78.460.570)**	**(1.268.822)**
Balance at 31 December 2009	**1.391.593**	**269.275.732**	**955.961.416**	**331.913**	**172.948.905**	**1.192.268**	**5.302.033**	**99.788.541**	**1.506.192.402**
Accumulated depreciation and impairment losses									
Balance at 31 December 2008	**–**	**130.910.565**	**545.294.870**	**125.491**	**130.529.609**	**1.131.114**	**3.003.661**	**–**	**810.995.310**
Depreciation for the year	**–**	**10.875.255**	**84.114.048**	**60.824**	**18.472.010**	**21.727**	**673.878**	**–**	**114.217.742**
Disposals	**–**	**(14.128)**	**(1.650.841)**	**(85.372)**	**(128.239)**	**–**	**(251)**	**–**	**(1.878.832)**
Transfers and write-offs	**–**	**(530.560)**	**30.707**	**–**	**(58.436)**	**(1.452)**	**(1.569)**	**–**	**(561.311)**
Balance at 31 December 2009	**–**	**141.241.132**	**627.788.784**	**100.943**	**148.814.944**	**1.151.389**	**3.675.719**	**–**	**922.772.910**
Net value	**1.391.593**	**128.034.600**	**328.172.632**	**230.971**	**24.133.961**	**40.879**	**1.626.314**	**99.788.541**	**583.419.492**

	2008								
	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 December 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
New companies (note 5.a))	–	608.162	7.866.461	18.598	25.774	72.170	75.638	–	8.666.803
Additions	–	3.764.094	5.434.510	69.451	11.157.075	2.000	2.325.329	147.019.980	169.772.439
Disposals	–	(678.251)	(29.150.148)	(56.479)	(656.077)	–	(8.786)	(550.000)	(31.099.741)
Transfers and write-offs	–	13.385.800	64.163.726	–	3.148.307	18.239	19.141	(95.162.278)	(14.427.065)
Balance at 31 December 2008	1.391.593	252.295.915	891.297.575	161.116	157.107.115	1.189.329	5.139.704	88.154.502	1.396.736.849
Accumulated depreciation and impairment losses									
Balance at 31 December 2007	–	118.050.343	492.489.934	94.160	116.612.257	1.040.128	2.371.081	–	730.657.903
New companies (note 5.a))	–	95.716	4.531.581	5.380	25.085	71.072	58.069	–	4.786.903
Depreciation for the year	–	12.929.697	85.186.011	29.016	16.443.053	21.322	580.866	–	115.189.965
Disposals	–	(221.625)	(28.474.806)	(3.065)	(437.662)	-	(7.930)	–	(29.145.088)
Transfers and write-offs	–	56.434	(8.437.851)	–	(2.113.123)	(1.408)	1.575	–	(10.494.373)
Balance at 31 December 2008	–	130.910.565	545.294.870	125.491	130.529.609	1.131.114	3.003.661	–	810.995.310
Net value	1.391.593	121.385.350	346.002.705	35.625	26.577.506	58.215	2.136.043	88.154.502	585.741.539

The additions that occurred during the period included: 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 acquisition cost of Tangible assets held by the Group under finance lease contracts, amounted to Euro 28,943,984 and Euro 26,329,587 as of 31 December 2009 and 2008, and their net book value as of those dates amounted to Euro 19,136,822 and Euro 19,309,439 respectively.

At 31 December 2009, the heading 'Tangible assets' included an amount of Euro 16.6 million that relates to the net book value of the telecommunications equipment delivered to customers, under free lease agreements with a pre-defined period, which are being amortised over the duration of their contracts.

At 31 December 2009, 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.

During 2009, the Board of Directors of the Group proceeded with prospective effect, to the revision of estimated useful life of a set of assets related to telecommunications networks and mobile telephones, which resulted in a depreciation of about Euro 15 million, compared with what would have resulted if it had used the previously estimated useful life.

Tangible assets in progress at 31 December 2009 and 2008 were made up as follows:

	2009	2008
Development of fixed network	**56.587.660**	19.471.996
Development of mobile network	**34.617.636**	62.159.389
Information systems	**4.951.431**	3.585.239
Other projects in progress	**3.631.814**	2.937.878
	99.788.541	88.154.502

At 31 December 2009, the movement that occurred in the amounts for the 'Development of fixed network' concern, essentially, to investments related to the development of the fibre network (FTTH).

At 31 December 2009 and 2008, the amounts of commitments to third parties relating to investments to be made were as follows:

	2009	2008
Network	**17.282.698**	26.750.521
Information systems	**3.451.214**	3.022.223
	20.733.912	29.772.744

7. Intangible assets

In the years ended at 31 December 2009 and 2008, the movement in Intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

				2009
	Brands and patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2008	**287.617.028**	**214.987.219**	**11.249.369**	**513.853.616**
Additions	**16.191.881**	**2.524.565**	**18.920.145**	**37.636.591**
Disposals	**(591)**	**(83.586)**	**(5.250)**	**(89.427)**
Transfers and write-offs	**273.315**	**11.741.494**	**(10.952.109)**	**1.062.699**
Balance at 31 December 2009	**304.081.633**	**229.169.691**	**19.212.155**	**552.463.479**
Accumulated amortisation and impairment losses				
Balance at 31 December 2008	**69.111.102**	**171.924.626**	**–**	**241.035.728**
Amortisation for the year	**17.495.227**	**20.061.301**	**–**	**37.556.528**
Disposals	**(102)**	**(65.620)**	**–**	**(65.722)**
Transfers and write-offs	**6**	**242.764**	**–**	**242.770**
Balance at 31 December 2009	**86.606.233**	**192.163.071**	**–**	**278.769.304**
Net value	**217.475.400**	**37.006.620**	**19.212.155**	**273.694.175**

2008

	Brands and patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2007	184.616.429	212.851.390	5.011.298	402.479.117
Acquired companies (note 5.a))	37.579	–	–	37.579
Additions	98.376.982	2.542.622	21.355.059	122.274.663
Disposals	–	(37.773)	–	(37.773)
Transfers and write-offs	4.586.038	(369.020)	(15.116.988)	(10.899.970)
Balance at 31 December 2008	287.617.028	214.987.219	11.249.369	513.853.616
Accumulated amortisation and impairment losses				
Balance at 31 December 2007	48.060.543	164.981.940	–	213.042.483
Acquired companies (note 5.a))	37.579	–	–	37.579
Amortisation for the year	20.509.842	21.875.860	–	42.385.702
Disposals	–	(7.136)	–	(7.136)
Transfers and write-offs	503.138	(14.926.038)	–	(14.422.900)
Balance at 31 December 2008	69.111.102	171.924.626	–	241.035.728
Net value	218.505.926	43.062.593	11.249.369	272.817.888

At 31 December 2009, the caption 'Brands and patents and other rights' includes the amount of Euro 111,5 million that represents the present value of the estimated responsibilities with the 'Initiatives E' project, recorded in June 2008 and updated in September 2009.

Under the agreed terms resulting from the grant of the UMTS License, Sonaecom – Serviços de Comunicações (Optimus at the time) committed to contribute to the promotion and development of an 'Information Society' in Portugal. The total amount of the obligations assumed arose to Euro 274 million which will have to be realised until the end of 2015.

In accordance with the Agreement established on 5 June 2007 with the Ministry of Public Works, Transportation and Communications (MOPTC), part of these commitments, up to Euro 159 million, would be realised through own projects eligible as contributions to the 'Information Society' which will be incurred under the normal course of Sonaecom – Serviços de Comunicações, S.A.'s business (investments in network and technology, if not directly related with the accomplishment of other obligations inherent to the attribution of the UMTS License, and activities of research, development and promotion of services, contents and applications). These own projects must be recognised by the MOPTC and by entities created specifically for this purpose. At 31 December 2009, the total amount was already incurred and validated by the above referred entities, so, at this date, there are no additional responsibilities related to these commitments. These charges were recorded in the attached financial statements at the moment the projects were carried out and the estimated costs became known.

The remaining commitments, up to Euro 116 million, will be realised, as agreed between Sonaecom – Serviços de Comunicações and MOPTC, through contributions to the 'Initiatives E' project (modem offers, discounts on tariffs, cash contributions, among others, assigned to the widespread use of broadband internet for students and teachers). These contributions are made through the 'Fund for the Information Society', now known as the 'Fundação para as Comunicações Móveis' (Foundation for Mobile Communications), established by the three mobile operators with businesses in Portugal. The success of this project, initiated at the end of 2007, depended on the beneficiaries' participation in the various initiatives (e-opportunities, e-school and e-teacher) and could have been subject to revision during a period of 12 months, ie, until June 2008. Due to these facts, it was not possible, at 31 December 2007, to estimate in a reliable way the success of this project, and therefore, at that date it was not possible to produce a secure and reliable estimate of the responsibilities to be recognised.

Taking into consideration the success of the project during the first semester of 2008, Sonaecom considered that the conditions to produce a reliable estimate of the total responsibilities associated with 'Initiatives E' project were in place. Therefore, such responsibilities were recorded, at 30 June 2008, as an added cost of the UMTS license, against an entry in the captions 'Other non-current liabilities' and 'Other current liabilities'. Thus, at 31 December 2009, all the responsibilities with such commitments are fully recorded in the attached consolidated financial statements (notes 15, 24 and 28).

During the third quarter of 2008, taking into account important facts occurred in recent months, namely that: incumbent operators were not allowed to take part in the fourth license tendering process; and current national and international practice of extension, without costs, of GSM licenses and the renewal of UMTS licenses; the Group's Board of Directors decided to revise the useful life of the UMTS license, extending the amortisation period from 2015 to 2030, given the high probability of its renewal and the high probability of such renewal being granted without significant costs. In accordance with IAS 8, the impacts of the estimated useful life revision were recorded prospectively.

At 31 December 2009 and 2008, the Group kept recorded under the heading 'Intangible assets' the amounts of Euro 202,090,404 and Euro 197,381,992, respectively, that correspond to the investments net of depreciations made in the development of the UMTS network, including: (i) Euro 63,006,050 (2008: Euro 66,006,338) related to the license; (ii) Euro 21,052,631 (2008: Euro 22,055,138) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal; (iii) Euro 6,465,899 (2008: Euro 6,773,799) related to a contribution to the 'Fundação para as Comunicações Móveis'', established in 2007, under an agreement entered with 'MOPCT' and the three mobile telecommunication operators in Portugal; and (iv) Euro 106,182,551 (2008: Euro 96,907,100) related with the programme 'Initiatives E', these last two associated to the commitments assumed by the Group in relation to the 'Information Society'.

The intangible assets in progress, at 31 December 2009 and 2008, were mainly connected with by software development.

The assessment of impairment for the main tangible and intangible assets, in the mobile and fixed segments, is carried out as described in note 9 ('Goodwill'), to the extent that such assets are closely related to the overall activity of the segment and consequently cannot be analysed separately.

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 December 2009 and 2008, such expenses amounted to Euro 18,511,070 and Euro 16,408,120, respectively. The amount capitalised in the years ended at 31 December 2009 and 2008 were Euro 1,576,563 and Euro 2,568,749, respectively. An interest capitalisation rate of 2.31% was used in 2009 (5.14% in 2008), which corresponds to the average interest rate supported by the Group.

8. Breakdown of financial instruments

At 31 December 2009 and 2008, the breakdown of financial instruments was as follows:

	Loans and receivables	Held-to-maturity investments	Investments available for sale	Subtotal	Others not covered by IFRS 7	Total
2009						
Non-current assets						
Investments available for sale (note 10)	–	–	**1.207.320**	**1.207.320**	–	**1.207.320**
	–	–	**1.207.320**	**1.207.320**	–	**1.207.320**
Current assets						
Trade debtors (note 13)	**158.921.462**	–	–	**158.921.462**	–	**158.921.462**
Other current debtors (note 14)	**7.703.616**	–	–	**7.703.616**	**5.713.890**	**13.417.506**
Cash and cash equivalents (note 16)	**83.629.417**	–	–	**83.629.417**	–	**83.629.417**
	250.254.495	–	–	**250.254.495**	**5.713.890**	**255.968.385**

	Loans and receivables	Held-to-maturity investments	Investments available for sale	Subtotal	Others not covered by IFRS 7	Total
2008						
Non-current assets						
Investments available for sale (note 10)	–	–	1.207.320	1.207.320	–	1.207.320
	–	–	1.207.320	1.207.320	–	1.207.320
Current assets						
Trade debtors (note 13)	173.693.076	–	–	173.693.076	–	173.693.076
Other current debtors (note 14)	8.691.062	–	–	8.691.062	31.170.772	39.861.834
Cash and cash equivalents (note 16)	105.719.328	–	–	105.719.328	–	105.719.328
	288.103.466	–	–	288.103.466	31.170.772	319.274.238

	Derivatives	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
2009						
Non-current liabilities						
Medium and long-term loans – net of short-term portion (note 20)	–	**299.139.698**	–	**299.139.698**	–	**299.139.698**
Other non-current financial liabilities (note 21)	–	–	**20.707.936**	**20.707.936**	–	**20.707.936**
Securitisation of receivables (note 23)	–	**59.374.480**	–	**59.374.480**	–	**59.374.480**
	–	**358.514.178**	**20.707.936**	**379.222.114**	–	**379.222.114**
Current liabilities						
Short-term loans and other loans (note 20)	–	**59.256.449**	–	**59.256.449**	–	**59.256.449**
Trade creditors (note 25)	–	–	**195.303.884**	**195.303.884**	–	**195.303.884**
Other current financial liabilities (note 26)	–	–	**3.053.364**	**3.053.364**	–	**3.053.364**
Securitisation of receivables (note 23)	–	**19.488.569**	–	**19.488.569**	–	**19.488.569**
Other creditors (note 27)	–	–	**36.666.068**	**36.666.068**	**10.313.425**	**46.979.493**
	–	**78.745.018**	**235.023.316**	**313.768.334**	**10.313.425**	**324.081.759**

	Derivatives	Liabilities recorded at amortised cost	Other financial liabilities	Subtotal	Others not covered by IFRS 7	Total
2008						
Non-current liabilities						
Medium and long-term loans – net of short-term portion (note 20)	307.068	381.410.344	–	381.717.412	–	381.717.412
Other non-current financial liabilities (note 21)	–	–	17.171.773	17.171.773	–	17.171.773
Securitisation of receivables (note 23)	–	79.090.793	–	79.090.793	–	79.090.793
	307.068	460.501.137	17.171.773	477.979.978	–	477.979.978
Current liabilities						
Short-term loans and other loans (note 20)	–	5.018.044	–	5.018.044	–	5.018.044
Trade creditors (note 25)	–	–	179.071.782	179.071.782	–	179.071.782
Other current financial liabilities (note 26)	–	–	1.553.506	1.553.506	–	1.553.506
Securitisation of receivables (note 23)	–	19.478.607	–	19.478.607	–	19.478.607
Other creditors (note 27)	–	–	3.170.216	3.170.216	26.960.772	30.130.988
	–	24.496.651	183.795.504	208.292.155	26.960.772	235.252.927

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 such balances are not within the scope of IFRS 7.

9. Goodwill

For the years ended at 31 December 2009 and 2008, the movements occurred in Goodwill were as follows:

	2009	2008
Opening balance	**526.030.904**	528.216.604
Increase of participations (note 5.a))	**–**	321.698
Others	**75.271**	(2.507.398)
Closing balance	**526.106.175**	526.030.904

In the year ended at 31 December 2009, the caption 'Others' includes, mainly, the exchange rate update of the Goodwill.

During the year ended at 31 December 2008, the caption 'Others' includes the amount of Euro 2,409,079 related to an update of the Cape Group's purchase price (note 5) and the remaining amount relates, mainly, to the exchange rate update of the Goodwill.

Goodwill at 31 December 2009 and 2008 was made up as follows:

	2009	2008
Sonaecom – Serviços de Comunicações	**485.092.375**	485.092.375
Público	**20.000.000**	20.000.000
Cape	**17.476.354**	17.476.354
WeDo	**1.971.668**	1.971.668
Praesidium	**1.113.294**	1.038.023
Unipress	**321.698**	321.698
SIRS	**72.820**	72.820
Permar	**47.253**	47.253
Optimus Towering	**10.713**	10.713
	526.106.175	526.030.904

The evaluation of the existence of impairment losses in Goodwill was based on the most recent business plans duly approved by the Group's Board of Directors, which are prepared attending to cash flow projections for periods of five years. The discount rates used were based on the estimated weighted average cost of capital, which depends on the business segment of each subsidiary, as indicated in the table below. In perpetuity, the Group considered a growth rate of circa 3%. In situations where the measurement of the existence, or not, of impairment is made based on the net selling price, values of similar transactions and other proposals made are used.

	Discount rate
Telecommunications	9,00%
Multimedia	9,45%
Information Systems	11,22%

10. Investments available for sale

At 31 December 2009 and 2008, this caption included investments classified as available-for-sale and was made up as follows:

	%	2009	2008
Altitude, SGPS, S.A.	11,54%	**1.000.000**	1.000.000
Lusa – Agência de Notícias de Portugal, S.A.	1,38%	**197.344**	197.344
Others	–	**9.976**	9.976
		1.207.320	1.207.320

At 31 December 2009, these investments correspond to shareholdings of immaterial amount, in unlisted companies, in which the Group has no significant influence, and in which the acquisition cost of such investments is a reasonable estimation of their fair value, adjusted where applicable, by the respective impairment losses.

The assessment of impairment in the investments described above is performed through comparisons with the value of the percentage of share capital detained by the Group and with multiples of sales and EBITDA of companies of the same sector.

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

	Assets	Shareholders' funds	Gross debt	Turnover	Operational results	Net income
Altitude, SGPS, S.A.	18.720	5.530	3.610	27.608	442	826
Lusa – Agência de Notícias de Portugal, S.A.	18.333	8.191	5.825	18.911	1.513	815

Amounts expressed in thousands euros at 31 December 2008.

During the years ended at 31 December 2009 and 2008, the heading 'Investments available for sale' did not present any movements.

11. Deferred taxes

Deferred tax assets at 31 December 2009 and 2008, amounted to Euro 121,894,677 and Euro 124,862,171, respectively, and arose, mainly, from tax losses carried forward, temporary differences and from differences between the accounting and tax amount of some fixed assets.

The movements in deferred tax assets in the years ended at 31 December 2009 and 2008 were as follows:

	2009	2008
Opening balance	**124.862.171**	101.118.096
Impact in results:		
Tax losses carried forward	**1.838.570**	1.936.846
Deferred tax assets not recorded in previous years, as its recovery was not expected (Mainroad, Miauger and Cape Ireland in 2008)	–	621.178
Movements in provisions not accepted for tax purposes and tax benefits	**1.604.469**	(162.949)
Tax benefits (SIFIDE)	**(98.000)**	1.200.399
Temporary net differences between the tax and the accounting amount of certain fixed assets	**(3.338.628)**	4.352.115
Temporary differences arising from the securitisation of receivables (Sonaecom – Serviços de Comunicações)	**(3.220.000)**	16.100.000
Sub-total effect on results (note 34)	**(3.213.589)**	24.047.589
Others	**246.095**	(303.514)
Closing balance	**121.894.677**	124.862.171

At 31 December 2008, deferred tax assets were recognised in the amount of Euro 16.1 million with regard to the securitisation of future receivables completed in December 2008 (note 23). As a result of that operation, and in accordance with the provisions of *Decreto-Lei* nº 219/2001 (Decree-Law) of 4 August, an amount of Euro 100 million was generated from that operation and it was added for purposes of determining the taxable income for the year 2008, thereby generating a temporary difference between accounting and taxable income result, which led to the recognition of a deferred tax asset to the extent that its use was, with reasonable safety, probable. In the year ended at 31 December 2009, an amount of Euro 3.2 million was reversed corresponding to the reversal of the above referred temporary difference during the year.

At 31 December 2009 and 2008, assessments of the deferred tax assets 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 most recent business plans duly approved by the Board of Directors of the Group companies, which are periodically reviewed and updated.

The main criteria used in those business plans are described in note 9.

The rate used at 31 December 2009 and 2008 to calculate the deferred tax assets relating to tax losses carried forward was 25%. The rate used to calculate other deferred tax assets was 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 December 2009 was as follows:

		Companies excluded from the tax group							
Nature	Companies included in the tax group	Sonaecom Serviços de Comunicações	Praesidium	Digitmarket	Saphety	Cape	We Do Brazil	Total	**Total Sonaecom Group**
Tax losses:									
To be used until 2010	2.946	–	–	–	–	–	–	–	**2.946**
To be used until 2011	31.676	–	–	204.470	–	–	–	204.470	**236.146**
To be used until 2012	170.616	300.583	–	–	–	–	–	300.583	**471.199**
To be used until 2013	126.085	–	–	–	138.000	–	–	138.000	**264.085**
To be used until 2014	–	–	–	–	–	–	–	–	–
To be used until 2015	–	9.903.311	–	–	–	–	–	9.903.311	**9.903.311**
Unlimited utilisation	–	–	95.880	–	–	134.506	–	230.386	**230.386**
Tax losses prior to the establishment of the tax group	331.323	10.203.894	95.880	204.470	138.000	134.506	–	10.776.750	**11.108.073**
Tax provisions not accepted and other temporary differences	–	10.205.077	–	–	–	–	–	10.205.077	**10.205.077**
Tax benefits (SIFIDE)	–	1.716.399	–	–	–	–	–	1.716.399	**1.716.399**
Adjustments in the conversion to IAS/IFRS	–	34.072.268	–	–	–	–	505.436	34.577.704	**34.577.704**
Temporary differences arising from the securitisation of receivables	–	12.880.000	–	–	–	–	–	12.880.000	**12.880.000**
Differences between the tax and accounting amount of certain fixed assets and others	–	51.407.424	–	–	–	–	–	51.407.424	**51.407.424**
Total	331.323	120.485.062	95.880	204.470	138.000	134.506	505.436	121.563.354	**121.894.677**

At 31 December 2009 and 2008, 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:

	2009	2008
Tax losses	**54.390.654**	57.831.938
Temporary differences (mainly provisions not accepted for tax purposes)	**36.654.708**	33.643.567
Adjustments in the conversion to IAS / IFRS	**(255.771)**	(250.600)
	90.789.591	91.224.905

At 31 December 2009 and 2008, tax losses for which deferred tax assets were not recognised have the following due dates:

Due date	**2009**	2008
2009	**1.013.287**	1.787.738
2010	**1.635.257**	8.383.268
2011	**11.743.719**	8.093.797
2012	**15.411.300**	11.051.863
2013	**14.927.816**	19.758.588
2014	**1.326.762**	2.533.903
2015	**3.556.967**	2.280.260
2016	**1.204.308**	1.204.308
2017	**1.771.661**	1.771.661
2018	**409.870**	–
Unlimited	**1.389.708**	966.552
	54.390.654	57.831.938

The years 2016 and following are applicable to the subsidiaries incorporated in countries in which the reporting period of tax losses is greater than six years.

The tax liabilities at 31 December 2009 and 2008 amounting to Euro 106,929 and Euro 605,414, respectively, result mainly from consolidation adjustments and IAS conversion adjustments.

The movements that occurred in deferred tax liabilities in the years ended at 31 December 2009 and 2008 were as follows:

	2009	2008
Opening balance	**(605.414)**	(284.402)
Impact on results:		
Consolidation adjustments	**605.414**	(605.414)
Adjustments in the conversion to IAS / IFRS	**(106.929)**	284.402
Total impact on results (note 34)	**498.485**	(605.414)
Closing balance	**(106.929)**	(605.414)

The reconciliation between the earnings before taxes and the taxes recorded for the years ended at 31 December 2009 and 2008 is as follows:

	2009	2008
Earnings before taxes	**11.201.295**	(14.956.917)
Income tax rate (25%)	**(2.800.324)**	3.739.229
Deferred tax assets not recognised in the individual accounts and / or resulting from consolidation adjustments and other adjustments to taxable income	**(2.724.338)**	(5.225.707)
Tax benefits (SIFIDE)	**(98.000)**	1.200.399
Deferred tax assets not recognised in previous years	**–**	621.178
Record of deferred tax liabilities	**498.485**	(605.414)
Temporary differences arising from the securitisation of receivables	**–**	16.100.000
Movements in the temporary differences between the tax and accounting amounts of certain fixed assets	**–**	4.352.115
Income taxation recorded in the year (note 34)	**(5.124.176)**	20.181.800

Portuguese Tax Authorities can review the income tax returns of the Company and of its subsidiaries with head office in Portugal for a period of four years (five years for Social Security), 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 2006 (inclusive) are still subject to such review. The Board of Directors believes that any correction that may arise as a result of such review would not have a significant impact on the accompanying consolidated financial statements.

Supported by the Company's lawyers and Tax consultants, the Board of Directors believes that there are no liabilities not provisioned in the consolidated financial statements, associated to probable tax contingencies that should have been registered or disclosed in the accompanying financial statements, at 31 December 2009.

12. Inventories

At 31 December 2009 and 2008, this caption was made up as follows:

	2009	2008
Raw materials	**630.975**	1.659.166
Merchandise	**26.093.875**	39.227.737
	26.724.850	40.886.903
Accumulated impairment losses on inventories (note 22)	**(12.690.082)**	(11.273.207)
	14.034.768	29.613.696

The cost of goods sold in the years ended at 31 December 2009 and 2008 amounted to Euro 153,951,259 and Euro 132,834,084, respectively, and was determined as follows:

	2009	2008
Opening inventories	**40.886.903**	32.700.243
New companies	**–**	36.108
Purchases	**162.992.321**	155.373.698
Inventory adjustments	**(23.203.115)**	(14.389.062)
Closing inventories	**(26.724.850)**	(40.886.903)
	153.951.259	132.834.084

The amounts recorded under the caption 'Inventory adjustments' at 31 December 2009 and 2008 correspond, essentially, to the transfer of telecommunications handsets from the caption 'Inventories' to the caption 'Tangible assets', as a result of the rental contracts agreements signed with customers by the subsidiary Sonaecom – Serviços de Comunicações (note 6).

The accumulated impairment losses on inventories reflect the difference between the acquisition cost and market net realisable value of the inventory, as well as the estimate of impairment losses due to low stock turnover, obsolescence and deterioration.

13. Trade debtors

At 31 December 2009 and 2008, this caption was made up as follows:

	2009	2008
Trade debtors:		
Telecommunications	**136.520.597**	150.556.821
Information Systems	**16.951.542**	16.157.876
Multimedia and others	**5.449.323**	6.978.379
	158.921.462	173.693.076
Doubtful debtors	**67.319.126**	75.297.043
	226.240.588	248.990.119
Impairment losses in accounts receivable (note 22)	**(67.319.126)**	(75.297.043)
	158.921.462	173.693.076

At 31 December 2009 and 2008, the accumulated impairment losses by segment were made up as follows:

	2009	2008
Impairment losses in accounts receivable:		
Telecommunications	**63.367.027**	71.626.230
Information Systems	**895.183**	690.568
Multimedia and others	**3.056.916**	2.980.245
	67.319.126	75.297.043

The Group's exposure to credit risk is mainly related to accounts receivable arising from its operational activity. The amounts included in the balance sheet are net of cumulative doubtful debtors impairment losses that were estimated by the Group, taking into consideration its past experience and an assessment of the current macroeconomic environment. The Board of Directors believes that the book value of the accounts receivable does not differ significantly from its fair value.

Trade debtors by age at 31 December 2009 and 2008 were as follows:

		Due without impairment				Due with impairment			
	Total	Not due	Until 30 days	From 30 to 90 days	More than 90 days	Until 90 days	From 90 to 180 days	From 180 to 360 days	More than 360 days
2009									
Trade debtors	**226.240.588**	**57.041.686**	**26.683.222**	**11.399.858**	**44.068.057**	**2.952.382**	**3.589.051**	**5.016.947**	**75.489.386**
2008									
Trade debtors	248.990.119	70.111.069	16.367.744	12.141.828	55.516.141	5.444.802	4.667.974	4.371.783	80.368.778

At 31 December 2009, of the total amount of accounts receivable impaired and overdue for more than 90 days, net of VAT, that the Group expects and makes efforts to recover, around 95% were covered by impairment adjustments.

Credit risk monitoring, which is performed on a continuous basis, can be resumed as follows:

The amounts receivable from operators are subject to review on an individual basis. The maximum exposure to risk is determined for each operator and the impairment adjustment is calculated based on the age of each balance, the existence of claims and the financial situation of the operator.

Agents are classified, in terms of risk, based on the regularity of the services rendered and their financial situation, the impairment adjustment is calculated by applying an uncollectibility percentage, based on historical data, to the accounts receivables overdue.

In the case of regular customers, impairment adjustment is calculated by applying an uncollectibility percentage based on historical data regarding collections, to the accounts receivables overdue.

In the case of the remaining accounts receivable, impairment adjustments are determined on a stand alone basis, based on the age of the receivables, net of the amounts payable.

Guarantees and pledges obtained from some operators and agents are not material.

14. Other current debtors

At 31 December 2009 and 2008, this caption was made up as follows:

	2009	2008
Other debtors	**5.003.632**	7.431.117
Advances to suppliers	**3.219.536**	1.750.969
State and other public entities	**5.713.890**	31.170.772
Accumulated impairment losses in accounts receivable (note 22)	**(519.552)**	(491.024)
	13.417.506	39.861.834

At 31 December 2009 and 2008, the caption 'Other debtors' refers essentially to accounts receivables from the subsidiary Sonaecom – Serviços de Comunicações, S.A..

At 31 December 2008, the caption 'State and other public entities' includes VAT reimbursement requests of Be Artis, in an amount of Euro 24,557,352, due essentially to the purchase of assets of Sonaecom – Serviços de Comunicações, at the end of that year.

Other debtors and advances to suppliers by age at 31 December 2009 and 2008 are as follows:

		Due without impairment				Due with impairment			
	Total	Not due	Until 30 days	From 30 to 90 days	More than 90 days	Until 90 days	From 90 to 180 days	From 180 to 360 days	More than 360 days
2009									
Other debtors	**5.003.632**	**1.184.834**	**543.648**	**1.097.131**	**835.251**	**888.509**	**41.612**	**944**	**411.703**
Advances to suppliers	**3.219.536**	**45.806**	**879.952**	**246.084**	**2.047.694**	–	–	–	–
	8.223.168	**1.230.640**	**1.423.600**	**1.343.215**	**2.882.945**	**888.509**	**41.612**	**944**	**411.703**
2008									
Other debtors	7.431.117	2.044.531	1.144.559	745.799	821.265	1.676.183	356.576	71.234	570.970
Advances to suppliers	1.750.969	–	655.039	183.646	912.284	–	–	–	–
	9.182.086	2.044.531	1.799.598	929.445	1.733.549	1.676.183	356.576	71.234	570.970

The amounts due and without impairment correspond, mostly, to Sonae Group companies and other entities, without credit risk.

15. Other current assets

At 31 December 2009 and 2008, this caption was made up as follows:

	2009	2008
Information Society	**75.145.779**	39.317.881
Invoices to be issued to clients for services rendered	**37.621.302**	38.490.949
Invoices to be issued to operators	**17.321.445**	22.408.510
Specialised work paid in advance	**9.542.595**	7.676.564
Other accrued income	**1.021.987**	1.972.727
Rappel discounts (annual quantity discounts)	**1.090.239**	1.600.591
Prepaid rents	**1.030.403**	1.085.182
Medium Term Incentive Plan (notes 1.y) and 39)	**252.015**	1.298.736
Other costs paid in advance	**701.072**	42.540
	143.726.837	113.893.680

At 31 December 2009, the net position of the Sonaecom Group with the 'Fundação para as Comunicações Móveis', under the 'Initiatives E' programme, amounts to a receivable of Euro 20,337,515 and can be broken down as follows:

	2009	2008
Assets		
Other current assets	**75.145.779**	39.317.881
	75.145.779	39.317.881
Liabilities		
Other creditors (note 27)	**(32.862.235)**	**–**
Other current liabilities (note 28)	**(21.946.029)**	(15.600.815)
	(54.808.264)	(15.600.815)
	20.337.515	23.717.066

Until the date of approval of these Consolidated Financial Statements an additional amount of about Euro 13.3 million was received from the 'Fundação para as Comunicações Móveis'.

Additionally, at 31 December 2009, the amounts of Euro 32,923,892 and Euro 33,480,367, are recorded in 'Other non-current liabilities' and 'Other current liabilities', respectively and relate to the parcels estimated but not yet realised, associated with the commitments made by the Company under the 'Initiatives E' programme (notes 7, 24 and 28).

The results of the projects in progress, carried out by the information systems segment, are recognised based on the completion percentage method, which is calculated taking into consideration the relation between the costs already incurred and the works performed to date and the comparison to the total estimated costs for the same project, except when these are not representative of the stage of completion of the project.

At 31 December 2009 and 2008, projects in progress could be summarised as follows:

	2009	2008
Number of projects in progress	**353**	560
Total costs recognised	**14.409.377**	12.794.543
Total revenues recognised	**23.306.775**	18.890.764
Total deferred revenues	**3.303.630**	5.445.114
Total accrued revenues	**3.652.042**	1.910.082

16. Cash and cash equivalents

At 31 December 2009 and 2008, the detail of cash and cash equivalents was as follows:

	2009	2008
Cash	**63.627**	351.455
Bank deposits repayable on demand	**3.875.125**	4.270.711
Treasury applications	**79.690.665**	101.097.162
Cash and cash equivalents	**83.629.417**	105.719.328
Bank overdrafts (note 20)	**(682.546)**	(120.772)
	82.946.871	105.598.556

At 31 December 2009 and 2008, the 'Treasury applications' had the following breakdown:

	2009	2008
Sonae Investments BV	**78.810.000**	100.000.000
Foreign bank applications	**880.665**	1.097.162
	79.690.665	101.097.162

During the year ended at 31 December 2009, the above mentioned treasury applications bear interests at an average rate of 2.65% (3.873% in 2008).

17. Share capital

At 31 December 2009 and 2008, the share capital of Sonaecom comprised of 366,246,868 ordinary registered shares of 1 euro each. At those dates, the Shareholder structure was as follows:

	2009		2008	
	Number of shares	**%**	Number of shares	%
Sontel BV	**183.374.470**	**50,07%**	193.550.515	52,85%
Atlas Service Belgium	**73.249.374**	**20,00%**	73.249.374	20,00%
Shares traded on the Portuguese Stock Exchange ('Free float')	**71.204.015**	**19,44%**	63.526.687	17,34%
Banco Comercial Português, S.A. (BCP)	**12.500.998**	**3,41%**	–	0,00%
Sonae Investments BV	**10.500.000**	**2,87%**	–	0,00%
Santander Asset Management	**7.408.788**	**2,02%**	–	0,00%
Own shares	**7.169.574**	**1,96%**	5.930.643	1,62%
Sonae SGPS	**838.649**	**0,23%**	838.649	0,23%
Efanor Investimentos, S.G.P.S., S.A.	**1.000**	**0,00%**	1.000	0,00%
093X (EDP)	**–**	**0,00%**	29.150.000	7,96%
	366.246.868	**100,00%**	366.246.868	100,00%

All shares that comprise the share capital of Sonaecom, are authorised, subscribed and paid. All shares have the same rights and each share corresponds to one vote.

18. Own shares

During the year ended 31 December 2009, Sonaecom delivered to its employees 794,871 own shares under its Medium Term Incentive Plan.

Additionally, during the year, Sonaecom acquired 2,033,802 shares (at an average price of Euro 1.54), holding at 31 December 2009 7,169,574 own shares, representative of 1.96% of its share capital at the average acquisition cost of Euro 1.79.

19. Minority interests

Minority interests at 31 December 2009 and 2008 are made up as follows:

	2009	2008
Digitmarket	**450.952**	442.209
Saphety	**54.331**	9.506
Others	**2.869**	1.002
	508.152	452.717

20. Loans

At 31 December 2009 and 2008, the caption 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	**2009**	2008
Sonaecom SGPS	'Obrigações Sonaecom SGPS 2005'	150.000.000	June 2013	Final	**150.000.000**	150.000.000
	Costs associated with financing set-up	–	–	–	**(1.912.757)**	(2.396.771)
	Interests incurred but not yet due	–	–	–	**85.800**	169.874
	Fair value of swaps	–	–	–	–	481.174
					148.173.043	148.254.277
Sonaecom SGPS	Commercial paper	150.000.000	July 2012	–	**150.000.000**	211.000.000
	Commercial paper	70.000.000	December 2010	–	–	20.000.000
	Costs associated with financing set-up	–	–	–	**(337.384)**	(368.299)
	Interests incurred but not yet due	–	–	–	**358.518**	2.429.089
	Fair value of swaps	–	–	–	–	(174.106)
					150.021.134	232.886.684
Unipress	Bank loan	–	–	–	**557.856**	189.583
Saphety	Minority shareholder loan's	–	–	–	**387.665**	386.868
					299.139.698	381.717.412

b) Short-term loans and other loans

					Amount outstanding	
Company	Issue denomination	Limit	Maturity	Type of reimbursement	**2009**	2008
Sonaecom SGPS	Commercial paper	100.000.000	July 2010	–	**15.000.000**	–
		70.000.000	December 2010	–	**40.000.000**	–
	Interests incurred but not yet due	–	–	–	**73.903**	–
					55.073.903	–
Sonaecom SGPS	Overdraft facility – CGD	–	–	–	**3.500.000**	4.873.000
Unipress	Overdraft facility	–	–	–	**–**	24.272
Several	Bank overdrafts	–	–	–	**682.546**	120.772
					59.256.449	5.018.044

In July 2007, Sonaecom signed a Commercial Paper Programme Issuance with a maximum amount of Euro 250 million with subscription guarantee and maturity of five years, organised 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 Argentaria (Portugal), Banco Comercial Português and BNP Paribas (in Portugal).

With this refinancing, the Group was able to increase the weighted average maturity of contracted debt, 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 marketable rates, indexed to the Euribor for the respective term, and were all contracted in euros.

The average interest rate applied to the Bond Loan for the period was 3.18%.

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

At 31 December 2009 and 2008, the repayment schedule of medium and long-term loans and of interests (nominal values), for both bonds and commercial paper were as follows (values based on the latest interest rate established for each type of loan):

	N+1	N+2	N+3	N+4	N+5
2009					
Bond loan:					
Reimbursements	**–**	**–**	**–**	**150.000.000**	**–**
Interests	**2.808.000**	**2.808.000**	**2.815.693**	**1.315.529**	**–**
Commercial paper:					
Reimbursements	**–**	**–**	**150.000.000**	**–**	**–**
Interests	**1.494.000**	**1.494.000**	**867.748**	**–**	**–**
	4.302.000	**4.302.000**	**153.683.441**	**151.315.529**	**–**
2008					
Bond loan:					
Reimbursements	–	–	–	–	150.000.000
Interests	6.132.255	6.115.500	6.115.500	6.132.255	2.865.070
Commercial paper:					
Reimbursements	–	81.000.000	–	150.000.000	–
Interests	10.837.621	9.301.079	8.142.050	4.729.081	–
	16.969.876	96.416.579	14.257.550	160.861.336	152.865.070

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

Minority Shareholder loan's have no maturity defined.

At 31 December 2009 and 2008, the available credit lines of the Group were as follows:

					Maturity	
Company	Credit	Limit	Amount outstanding	Amount available	Until 12 months	More than 12 months
2009						
Sonaecom	Commercial paper	**150.000.000**	**150.000.000**	–		**x**
Sonaecom	Commercial paper	**100.000.000**	**15.000.000**	**85.000.000**	**x**	
Sonaecom	Commercial paper	**70.000.000**	**40.000.000**	**30.000.000**	**x**	
Sonaecom	Bond loan	**150.000.000**	**150.000.000**	–		**x**
Sonaecom	Overdraft facilities	**26.500.000**	**3.500.000**	**23.000.000**	**x**	
Sonaecom	Authorised overdrafts	**2.500.000**	–	**2.500.000**	**x**	
Público	Overdraft facilities	**1.500.000**	–	**1.500.000**	**x**	
		500.500.000	**358.500.000**	**142.000.000**		
2008						
Sonaecom	Commercial paper	150.000.000	150.000.000	**–**		x
Sonaecom	Commercial paper	100.000.000	61.000.000	39.000.000		x
Sonaecom	Commercial paper	70.000.000	20.000.000	50.000.000		x
Sonaecom	Overdraft facilities	15.000.000	4.873.000	10.127.000	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	Authorised overdrafts	1.246.995	–	1.246.995	x	
WeDo Brasil	Overdraft facilities	92.916	–	92.916	x	
		489.336.305	385.873.000	103.463.305		

At 31 December 2009, there are no interest rate hedging instruments outstanding. The interest rate hedging instruments outstanding at 31 December 2008 and their corresponding fair values, calculated through the discounted future cash flows method, were as follows:

Company	Hedged loan	Notional amount	Maturity date	Base rate	Fixed rate contracted	Fair value of the derivative instruments
2008						
Sonaecom	Commercial paper	110.000.000	March 2009	Euribor 6m	4,365%	(174.106)
Sonaecom	Bond loan	75.000.000	June 2009	Euribor 6m	4,565%	481.174
						307.068

In September 2007, Sonaecom entered into an 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. The maturity of this interest rate swap occurred on 13 March 2009.

In December 2007, Sonaecom entered into an interest rate swap, with a notional amount of Euro 75 million, for a period of 18 months re-fixed every semester, to hedge 50% of the 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 maturity of this interest rate swap occurred on 21 June 2009.

During the year ended at 31 December 2009, the movements that occurred in the fair value of the swaps, related to the Commercial Paper Programme, in the amount of minus Euro 174,106 and the bonds loans, in the amount of plus Euro 481,174, were recorded under the caption 'Hedging reserve', as the hedging was considered effective, in accordance with IAS 39.

During the year ended at 31 December 2009, the above mentioned derivative financial instruments reached their maturity. Thus, at 31 December 2009 the total gross debt is exposed to changes in market interest rates.

Based on the debt exposed to variable rates at the end of 2009, including the debt on finance lease, and considering the applications and bank balances at the same date, if market interest rates rise (fall), in average, 75bp during the year 2010, the interest paid that year would be increased (decreased) in an amount of approximately Euro 2,900,000.

21. Other non-current financial liabilities

At 31 December 2009 and 2008, this caption was made up of accounts payable to fixed assets suppliers related to lease contracts which are due in more than one year in the amount of Euro 20,707,936 and Euro 17,171,773, respectively.

At 31 December 2009 and 2008, the payment of these amounts was due as follows:

	2009		2008	
	Lease payments	**Present value of lease payments**	Lease payments	Present value of lease payments
2009	**–**	**–**	2.486.149	1.553.506
2010	**4.256.110**	**3.053.364**	2.146.585	1.299.199
2011	**2.917.149**	**2.054.610**	1.922.515	1.140.772
2012	**2.910.799**	**2.076.147**	1.940.720	1.215.015
2013	**2.738.701**	**1.992.811**	1.734.697	1.064.749
2014 onwards	**18.444.225**	**14.584.368**	15.994.816	12.452.038
	31.266.984	**23.761.300**	26.225.482	18.725.279
Interests	**(7.505.685)**	**–**	(7.505.001)	–
	23.761.300	**23.761.300**	18.720.481	18.725.279
Short-term liability (note 26)	–	**(3.053.364)**	–	(1.553.506)
	23.761.300	**20.707.936**	18.720.481	17.171.773

The medium and long-term agreements made with suppliers of optical fibre 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.

22. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the years ended at 31 December 2009 and 2008 were as follows:

	Opening balance	New companies	Transfers	Increases	Utilisations	Decreases (note 30)	Closing balance
2009							
Accumulated impairment losses on accounts receivables (notes 13 and 14)	**75,788,067**	**–**	**194,177**	**15,765,057**	**(23,700,672)**	**(207,951)**	**67,838,678**
Accumulated impairment losses on inventories (note 12)	**11,273,207**	**–**	**502,706**	**2,614,759**	**(1,387,661)**	**(312,929)**	**12,690,082**
Provisions for other liabilities and charges	**32,205,441**	**–**	**(194,177)**	**2,480,295**	**(266,734)**	**(2,049,001)**	**32,175,824**
	119,266,715	**–**	**502,706**	**20,860,111**	**(25,355,067)**	**(2,569,881)**	**112,704,584**
2008							
Accumulated impairment losses on accounts receivables (notes 13 and 14)	66,167,308	64,359	(60,715)	17,535,464	(7,218,811)	(699,538)	75,788,067
Accumulated impairment losses on inventories (note 12)	8,663,703	–	–	2,609,504	–	–	11,273,207
Provisions for other liabilities and charges	30,885,378	–	318,715	4,133,158	(617,834)	(2,513,976)	32,205,441
	105,716,389	64,359	258,000	24,278,126	(7,836,645)	(3,213,514)	119,266,715

The increase of 'Provisions for other liabilities and charges' includes the amount of Euro 1,601,580 related to the dismantling of sites (2008: Euro 2,091,499), as foreseen in IAS 16 (note 1.d.)), and the amount of Euro 226,340 recorded in the profit and loss statement, under the caption 'Income taxation' (note 34). Therefore, the total amount recorded in the profit and loss statement corresponding to the increase in the heading 'Provisions and impairment losses', corresponds to Euro 19,032,191 (2008: Euro 21,875,618).

The heading 'Utilisations' refers, essentially, to the utilisation of provisions registered against entries in customers current accounts of the subsidiary Sonaecom – Serviços de Comunicações, fully subject to impairment losses already recognised in the profit and loss statement.

At 31 December 2009 and 2008, the breakdown of the provisions for other liabilities and charges is as follows:

	2009	2008
Dismantling of sites	**22.208.721**	20.607.141
Several contingencies	**3.359.135**	4.850.924
Legal processes in progress	**2.131.861**	1.980.534
Indemnities	**561.580**	815.921
Others	**3.914.527**	3.950.921
	32.175.824	32.205.441

The heading '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 in headings 'Legal processes in progress' and 'Others', given the uncertainty of such proceedings, the Board of Directors is unable to estimate, with reliability, the moment when such provisions will be used and therefore no financial actualisation was carried out.

23. Securitisation of receivables

On 30 December 2008, the subsidiary Sonaecom – Serviços de Comunicação, S.A., carried out a securitisation operation of future receivables amounting to Euro 100 million (Euro 98,569,400, net of initial costs) following which it ceded future credits to be generated under a portfolio of existing 'Corporate' customer contracts, under the regime established in the *Decreto-Lei* nº 453/99 (Decree-Law), of 5 November.

This operation was coordinated by Deutsche Bank, the future credits having been assigned to TAGUS – Sociedade de Titularização de Créditos, S.A. (TAGUS), which, for this purpose, issued securitised bonds designated 'Magma No. 1 Securitisation Notes', that received from the CMVM (National Securities Market Commission) the legally required alphanumeric code: 200812TGSSONSXXN0031.

Future receivables in the necessary amounts required for TAGUS to perform the quarter interest and principal instalment payments due to bondholders, as well as all the other payments due to the other creditors of this transaction, shall be allocated by Sonaecom – Serviços de Comunicação, S.A. throughout calendar years 2009/2013, up to a maximum of Euro 213,840,362. Under the terms of this transaction, the amount to be allocated in the next 12 months (Euro 19,488,569) was registered in current liabilities and the remainder, amounting to Euro 59,374,480, was registered in non-current liabilities.

The transaction did not determine any change in the accounting treatment of the underlying receivables or in the relationship established with the customers.

At 31 December 2009 and 2008, the amount recorded in 'Securitisation of receivables' has the following maturity:

	N+1	N+2	N+3	N+4	N+5	Total
2009						
Securitisation of receivables	19.488.569	19.634.018	19.791.996	19.948.466	–	78.863.049
2008						
Securitisation of receivables	19.478.607	19.614.767	19.687.657	19.826.713	19.961.656	98.569.400

24. Other non-current liabilities

At 31 December 2009, the caption 'Other non-current liabilities' is as follows:

	2009	2008
Information Society	**32.923.892**	56.772.000
Medium Term Incentive Plan (note 39)	**252.015**	1.298.736
Others	**42.193**	2.612.417
	33.218.100	60.683.153

The heading 'Information Society' refers to the medium and long -term portion of the estimate for the Company's commitments under the 'Initiatives E' programme (notes 7 and 15) not yet realised.

25. Trade creditors

At 31 December 2009 and 2008, this caption had the following composition and maturity plans:

	Total	Till 90 days	From 90 to 180 days	More than 180 days
2009				
Suppliers – current account	**147.552.801**	**147.552.801**	–	–
Fixed assets suppliers	**42.052.543**	**42.052.543**	–	–
Suppliers – invoices pending approval	**5.698.540**	**5.698.540**	–	–
	195.303.884	**195.303.884**	–	–
2008				
Suppliers – current account	132.210.705	132.210.705	–	–
Fixed assets suppliers	32.945.253	32.945.253	–	–
Suppliers – invoices pending approval	13.915.824	13.915.824	–	–
	179.071.782	179.071.782	–	–

At 31 December 2009 and 2008, this caption included balances payable to suppliers resulting from the Group's operations and the acquisition of fixed assets. The Board of Directors believes that the difference between the fair value of these balances and its book value is not significant.

26. Other current financial liabilities

At 31 December 2009, this caption includes the amount of Euro 3,053,364 (2008: Euro 1,553,506) related to the short term portion of lease contracts (note 21).

27. Other creditors

At 31 December 2009 and 2008, this caption was made up as follows:

	2009	2008
Other creditors	**36.666.068**	3.170.216
State and other public entities	**10.313.425**	26.960.772
	46.979.493	30.130.988

The heading 'Other creditors' includes the amount of Euro 32,862,235 to be payed to the 'Fundação para as Comunicações Móveis', under the 'Initiatives E' programme (notes 7 and 15).

The liability to other creditors matures as follows:

	Total	Till 90 days	From 90 to 180 days	More than 180 days
2009				
Other creditors	**36.666.068**	**36.666.068**	–	–
2008				
Other creditors	3.170.216	3.170.216	–	–

The liability to other creditors does not incorporate any interest. The Board of Directors believes that the difference between the fair value of these balances and its book value is not significant.

At 31 December 2009 and 2008, the caption 'State and other public entities' related essentially to taxes payable (Value Added Tax, Corporate Income Tax, Social Security contributions and withholdings of Personal Income Tax) from the following subsidiaries:

	2009	2008
Be Artis	**3.611.813**	1.008.656
WeDo Brasil	**1.191.716**	1.247.337
Be Towering	**1.165.192**	779.421
Sonaecom – Serviços de Comunicações	**1.080.885**	21.435.723
WeDo	**777.213**	1.043.692
Digitmarket	**721.580**	33.201
Público	**563.065**	583.420
Mainroad	**303.698**	271.439
Sonaecom	**203.830**	207.927
Others	**655.374**	349.956
	10.274.366	26.960.772

At 31 December 2008, the caption 'State and other public entities' of the subsidiary Sonaecom – Serviços de Comunicações includes the amount of Euro 24,633,991 of VAT related to the sale of tangible assets to Be Artis which occurred in December 2008.

28. Other current liabilities

At 31 December 2009 and 2008, this caption was made up as follows:

	2009	2008
Costs:		
Information Society	**55.426.396**	37.517.481
Invoices to be issued by operators	**42.253.761**	52.235.559
Personnel costs	**27.169.996**	25.933.766
Advertising and promotion	**16.236.622**	7.229.347
Tangible assets to be invoiced	**14.472.471**	40.851.072
Other external suppliers and services	**9.370.346**	11.774.869
Specialised works	**8.684.570**	7.112.198
Commissions	**5.866.194**	7.257.080
Rappel discounts (annual quantity discounts)	**1.087.169**	1.481.090
Maintenance and repairs	**1.263.043**	1.393.628
Medium Term Incentive Plans (note 39)	**219.145**	1.011.726
Other costs	**6.092.806**	4.090.783
	188.142.519	197.888.599
Deferred income:		
Customer advance payments	**24.675.276**	28.503.926
Information Society	**–**	9.643.033
Other deferred income	**2.843.485**	1.724.973
	27.518.761	39.871.932
	215.661.280	237.760.531

The heading 'Information Society' includes Euro 21,946,029 for values to be delivered to the 'Fundação para as Comunicações Móveis' and Euro 33,480,367 relative to the short-term portion not yet realised of the estimate for the Company's commitments under the 'Initiatives E' programme (notes 7 and 15).

The heading 'Customer advance payments' is associated, mainly, with the recharges of mobile phones and the acquisition of pre-paid minutes which were not yet used, by the customers of the subsidiary Sonaecom – Serviços de Comunicações.

29. Sales and services rendered

At 31 December 2009 and 2008, the caption 'Sales and services rendered' was made up as follows:

	2009	2008
Telecommunications	**797.836.891**	862.249.816
Multimedia	**30.103.619**	32.313.143
Information Systems	**121.454.005**	80.588.575
Others	**5.812**	1.068.436
	949.400.327	976.219.970

30. Other operating revenues

At 31 December 2009 and 2008, the caption 'Other operating revenues' was made up as follows:

	2009	2008
Reversal of provisions (note 22)	**2.569.881**	3.213.514
Supplementary income	**2.124.008**	4.278.507
Others	**2.337.629**	3.001.102
	7.031.518	10.493.123

31. External supplies and services

'External supplies and services' for the years ended at 31 December 2009 and 2008 had the following composition:

	2009	2008
Interconnection costs	**201.773.863**	253.984.308
Specialised works	**63.708.518**	59.645.196
Advertising and promotion	**46.237.027**	56.189.705
Commissions	**47.924.372**	46.745.701
Rents	**34.908.268**	33.687.306
Other subcontracts	**26.776.313**	30.328.305
Leased lines	**24.482.694**	26.702.269
Energy	**9.128.473**	8.862.476
Maintenance and repairs	**4.798.755**	8.063.861
Communications	**6.603.898**	7.487.365
Travelling costs	**5.131.971**	5.577.734
Fees	**5.263.552**	2.837.009
Others	**18.255.197**	22.534.420
	494.992.901	562.645.655

The commitments assumed by the Group at 31 December 2009 and 2008 related to operational leases are as follows:

	2009	2008
Minimum payments of operational leases:		
2009	–	43.561.908
2010	**43.948.815**	41.528.936
2011	**40.373.138**	38.295.263
2012	**36.951.671**	36.147.772
2013	**33.789.891**	34.477.191
2014	**27.741.796**	25.604.044
2015	**23.814.616**	–
Renewable by periods of one year	**4.814.399**	3.352.435
	211.434.325	222.967.549

During the year ended at 31 December 2009, an amount of Euro 54,858,675 (2008: Euro 52,317,166) was recorded in the heading 'External supplies and services' related with operational leasing rents, divided between the lines 'Rents' and 'Leased lines'.

After 2008, besides the rental of facilities and 'renting' of vehicles, the commitments assumed with operational leasing rents include the rental of 'Sites' and the leased lines given the nature of such contracts.

The rents associated to the rental of facilities are mainly justified by the lease, established in 2007, of the Sonaecom building in Lisbon which has a five 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).

32. Other operating costs

At 31 December 2009 and 2008, the caption 'Other operating costs' was made up as follows:

	2009	2008
Taxes	**13.548.750**	13.262.402
Others	**1.201.508**	913.044
	14.750.258	14.175.446

The caption 'Taxes' at 31 December 2009 and 2008 includes, essentially, the fees paid by the subsidiary Sonaecom – Serviços de Comunicações to ANACOM, calculated based on the number of its active customers. This obligation was included in the terms of the GSM operator license granted to that subsidiary.

33. Financial results

Net financial results for the years ended at 31 December 2009 and 2008 were made up as follows:

	2009	2008
Financial results related to associated companies:		
Gains on associated companies	**–**	43.525
	–	43.525
Other financial expenses:		
Interest expenses:	**(17.902.087)**	(19.902.711)
Bank loans	**(9.122.667)**	(18.101.273)
Securitisation interests (note 23)	**(5.178.565)**	–
Swap interests	**(488.408)**	(28.396)
Leasing	**(1.062.088)**	(968.375)
Other interests	**(2.050.359)**	(804.667)
Foreign exchange losses	**(132.869)**	(1.271.719)
Other financial expenses	**(564.176)**	(346.333)
	(18.599.132)	(21.520.763)
Other financial income:		
Interest income	**5.049.591**	3.426.773
Foreign exchange gains	**856.323**	283.745
	5.905.914	3.710.518

During the years ended at 31 December 2009 and 2008, the caption 'Other financial income: Interest income' includes, mainly, interests earned on treasury applications, interests arising from late collections associated with cases in litigation and interests related with the swaps contracted by Sonaecom.

34. Income taxation

Income taxes recognised during the years ended at 31 December 2009 and 2008 were made up as follows (costs) / gains:

	2009	2008
Current tax	**(2.182.731)**	(2.949.366)
Tax provision (note 22)	**(226.341)**	(311.009)
Deferred tax assets (note 11)	**(3.213.589)**	24.047.589
Deferred tax liabilities (note 11)	**498.485**	(605.414)
	(5.124.176)	20.181.800

35. Related parties

During the years ended at 31 December 2009 and 2008, the balances and transactions maintained with related parties were mainly associated with the normal operational activity of the Group (providing communications and consultancy services) and to the concession and obtainment of loans.

The most significant balances and transactions with related parties, which are listed in the appendix to this report, during the years ended at 31 December 2009 and 2008 were as follows:

	Balances at 31 December 2009			
	Accounts receivable	Accounts payable	Treasury applications	Other assets / (liabilities)
Sonae	**53.353**	**22.925**	**–**	**(269.927)**
Modelo Continente Hipermercados, S.A.	**685.448**	**2.797.523**	**–**	**(36.050)**
Worten	**3.776.717**	**4.238**	**–**	**(596.934)**
Sonae Investments BV	**–**	**–**	**78.810.000**	**11.619**
France Telecom	**1.592.750**	**1.684.684**	–	**(7.773.114)**
	6.108.268	**4.509.370**	**78.810.000**	**(8.664.406)**

	Balances at 31 December 2008			
	Accounts receivable	Accounts payable	Treasury applications	Other assets / (liabilities)
Sonae	72.281	214.549	–	47.195
Modelo Continente Hipermercados, S.A.	1.998.486	1.655.890	–	(464.075)
Worten	3.918.450	328.899	–	158.130
Sonae Investments BV	–	–	100.000.000	–
France Telecom	1.591.289	3.249.557	–	(9.816.906)
	7.580.506	5.448.895	100.000.000	(10.075.656)

	Transactions at 31 December 2009			
	Sales and services rendered	**Supplies and services received**	**Interest and similar income / (expense)**	**Supplementary income**
Sonae	**306.486**	**1.596.670**	**(2.739)**	**(5.103)**
Modelo Continente Hipermercados, S.A.	**8.701.412**	**1.375.581**	**–**	**158.024**
Worten	**10.068.959**	**3.169.730**	**–**	**–**
Sonae Investments BV	**–**	**–**	**2.914.117**	**–**
France Telecom	**15.029.005**	**13.377.524**	–	–
	34.105.862	**19.519.505**	**2.911.378**	**152.921**

	Transactions at 31 December 2008			
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Sonae	374.573	248.571	543.825	11.280
Modelo Continente Hipermercados, S.A.	10.480.130	2.914.268	–	158
Worten	6.271.996	3.153.514	–	–
Sonae Investments BV	–	–	–	–
France Telecom	13.706.249	10.351.599	–	–
	30.832.948	16.667.952	543.825	11.438

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

All the above transactions were made at market prices.

Accounts receivable and payable to related companies will be settled in cash and are not covered by guarantees. During the years ended at 31 December 2009 and 2008, no impairment losses referring to related entities were recognised in accounts receivable.

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

36. Guarantees provided to third parties

Guarantees provided to third parties at 31 December 2009 and 2008 were as follows:

Company	Beneficiary	Description	2009	2008
Sonaecom – Serviços de Comunicações and Sonaecom	Direcção de Contribuições e Impostos (Portuguese tax authorities)	VAT Reimbursements	**9.386.530**	8.788.467
Sonaecom – Serviços de Comunicações	Direcção de Contribuições e Impostos (Portuguese tax authorities)	IRC – Tax assessment	**1.801.117**	2.337.351
Sonaecom	Direcção de Contribuições e Impostos (Portuguese tax authorities)	Tax audit 2005	**754.368**	754.368
Sonaecom – Serviços de Comunicações and Público	Direcção de Contribuições e Impostos (Portuguese tax authorities)	VAT – Impugnation process	**598.000**	598.000
WeDo	Emirates Telecom. Corp., Oman Telecomunications and AD Makedonski	Completion of work to be done	**437.079**	204.668
Sonaecom – Serviços de Comunicações	Direcção Geral do Tesouro (Portuguese tax authorities)	IRC – Witholding tax on payments to non-residents	**431.954**	306.954
WeDo, Saphety and Digitmarket	IAPMEI (Institute of Support to Small and Medium Enterprises and Investment)	'HERMES' project – QREN	**327.730**	**–**
Sonaecom – Serviços de Comunicações	Câmara Municipal de Coimbra, Lisboa, Braga, Elvas e Caldas da Rainha (Coimbra, Lisbon, Braga, Elvas, Caldas da Rainha, Guarda, Mealhada, Barcelos and Faro Municipalities)	Performance bond – works	**312.993**	288.595
Sonaecom – Serviços de Comunicações	Governo Civil de Lisboa (Lisbon Government Civil)	Guarantee the sweepstakes plan complete fulfilment	**287.906**	335.029
Público	Tribunal de Trabalho de Lisboa (Lisbon Labour Court)	Execution action n. 199A/92	**271.511**	271.511
Sonaecom – Serviços de Comunicações and Digitmarket	Hewlett Packard	Finance lease and services provider contracts	**45.830**	159.859
Público	Fazenda Pública do Porto(Oporto Public Treasury)	Tax process n. 3190/98	–	209.493
WeDo	API (Portuguese Investment Agency)	Application to PRIME subsidies	–	184.004
Sonaecom – Serviços de Comunicações	Governo Civil de Santarém (Santarém Local Government)	Guarantee the fulfilment of legal obligations	–	119.703
Several	Others		**1.060.280**	1.120.870
			15.715.298	15.678.873

At 31 December 2009 and 2008, the Board of Directors of the Group believes that the decision of the court proceedings and ongoing tax assessments in progress will not have significant impacts on the consolidated financial statements.

37. Information by business segment

The following business segments were identified for the years ended at 31 December 2009 and 2008:

– Telecommunications;

– Multimedia;

– Information systems;

– Holding activities.

During the year ended at 31 December 2009, as a result of the application of the criteria established by IFRS 8 – 'Operating Segments', which became effective on 1 January 2009, a new segment denominated 'Holding activities' was identified, which includes the operations of the Group companies that have as their main activity the management of shareholdings.

Excluding the ones mentioned above, the remaining activities of the Group have been classified as unallocated.

Inter-segment transactions during the years ended at 31 December 2009 and 2008 were eliminated in the consolidation process. All these transactions were made at market prices.

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

6.2 Notes to the consolidated financial statements (continued)

AT 31 DECEMBER 2009 AND 2008
(Amounts expressed in euro)

Overall information by business segment at 31 December 2009 and 2008, prepared in accordance with the same accounting policies and measurement criteria adopted in the preparation of the consolidated financial statements, can be summarised as follows:

	Telecommunications		Multimedia		Information Systems		Holding Activities		Other		Subtotal		Eliminations		Total	
	December 2009	December 2008	**December 2009**	December 2008	**December 2009**	December 2008	**December 2009**	December 2008	**December 2009**	December 2008	**December 2009**	December 2008	**December 2009**	December 2008	**December 2009**	December 2008
Revenues:																
Sales and services rendered	**800.086.152**	864.676.573	**30.401.293**	32.313.142	**149.908.112**	120.131.939	**7.093.568**	7.017.321	**220.800**	1.626.147	**987.709.925**	1.025.765.122	**(38.309.598)**	(49.545.152)	**949.400.327**	976.219.970
Other operating revenues	**9.353.072**	12.347.884	**286.335**	721.583	**427.093**	2.387.702	**19.160**	38.853	**–**	28.017	**10.085.660**	15.524.039	**(3.054.142)**	(5.030.916)	**7.031.518**	10.493.123
Total revenues	**809.439.224**	877.024.457	**30.687.628**	33.034.725	**150.335.205**	122.519.641	**7.112.728**	7.056.174	**220.800**	1.654.164	**997.795.585**	1.041.289.161	**(41.363.740)**	(54.576.068)	**956.431.845**	986.713.093
Depreciation and amortisation	**(149.381.697)**	(156.214.346)	**(1.709.773)**	(518.224)	**(2.020.051)**	(1.954.705)	**(134.923)**	(115.562)	**(28.806)**	(302.106)	**(153.275.250)**	(159.104.943)	**1.500.980**	1.529.276	**(151.774.270)**	(157.575.667)
Net operating income / (loss) for the segment	**22.918.901**	289.470	**(4.368.908)**	(3.599.767)	**6.363.018**	5.161.943	**(1.363.595)**	(1.272.073)	**34.320**	(18.599)	**23.583.736**	560.974	**310.777**	2.248.829	**23.894.513**	2.809.803
Net interests	**(12.061.470)**	(17.503.712)	**(132.681)**	(153.242)	**(96.685)**	(272.492)	**(526.102)**	1.557.327	**(35.558)**	(75.639)	**(12.852.496)**	(16.447.758)	**–**	(28.180)	**(12.852.496)**	(16.475.938)
Gains and losses in associated companies	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	43.525	**–**	43.525
Other financial results	**(266.341)**	(266.036)	**(18.638)**	7.717	**540.041**	(1.022.400)	**16.098.572**	18.795.380	**(54)**	(147)	**16.353.580**	17.514.514	**(16.194.302)**	(18.848.821)	**159.278**	(1.334.307)
Income taxation	**(3.397.635)**	21.082.911	**(209.620)**	(115.918)	**(2.704.670)**	(323.826)	**(63.105)**	(122.769)	**(453)**	266.816	**(6.375.483)**	20.787.214	**1.251.307**	(605.414)	**(5.124.176)**	20.181.800
Consolidated net income / (loss) for the year	**7.193.455**	3.602.633	**(4.729.847)**	(3.861.210)	**4.101.704**	3.543.225	**14.145.770**	18.957.865	**(1.745)**	172.431	**20.709.337**	22.414.944	**(14.632.218)**	(17.190.061)	**6.077.119**	5.224.883
Attributable to:																
Shareholders of parent company	**7.193.455**	3.602.633	**(4.729.847)**	(3.861.210)	**3.786.498**	3.321.876	**14.145.770**	18.957.865	**(1.745)**	172.431	**20.394.131**	22.193.595	**(14.645.634)**	(17.195.453)	**5.748.497**	4.998.142
Minority interests	**–**	–	**–**	–	**315.206**	221.349	**–**	–	**–**	–	**315.206**	221.349	**13.416**	5.392	**328.622**	226.741
Assets:																
Tangible and intangible assets and goodwill	**854.677.532**	856.591.444	**5.805.921**	5.314.737	**63.667.282**	62.071.410	**544.491**	632.241	**1.574.705**	2.715.525	**926.269.931**	927.325.357	**456.949.911**	457.264.974	**1.383.219.842**	1.384.590.331
Inventories	**13.037.731**	19.693.913	**585.975**	1.614.166	**411.062**	8.305.617	**–**	–	**–**	–	**14.034.768**	29.613.696	**–**	–	**14.034.768**	29.613.696
Financial investments	**1.282.025**	1.282.025	**436.509**	436.509	**907.494**	907.494	**1.117.166.353**	1.074.532.703	**–**	50.000	**1.119.792.381**	1.077.208.731	**(1.118.585.061)**	(1.076.001.411)	**1.207.320**	1.207.320
Other non-current assets	**121.159.168**	124.394.532	–	–	**1.464.380**	1.690.818	**425.225.000**	363.390.337	**–**	206.000	**547.848.548**	489.681.687	**(425.846.065)**	(364.819.516)	**121.949.442**	124.862.171
Other current assets of the segment	**356.554.398**	311.384.890	**8.773.208**	9.478.074	**41.187.466**	47.328.834	**94.839.197**	160.596.962	**71.467**	1.593.191	**500.925.736**	530.381.951	**(99.506.431)**	(97.214.033)	**399.695.222**	433.167.918
	1.346.710.854	1.313.346.804	**15.601.613**	16.843.486	**107.637.684**	120.304.173	**1.637.775.041**	1.599.152.243	**1.646.172**	4.564.716	**3.108.871.364**	3.054.211.422	**(1.186.987.646)**	(1.080.769.986)	**1.920.106.594**	1.973.441.436
Liabilities:																
Liabilities of the segment	**882.846.102**	856.356.433	**18.987.658**	17.154.268	**56.687.199**	62.081.688	**436.779.079**	415.148.032	**1.498.035**	3.802.940	**1.395.798.073**	1.354.543.361	**(409.554.943)**	(310.055.917)	**984.466.006**	1.044.487.444
	882.846.102	856.356.433	**18.987.658**	17.154.268	**56.687.199**	62.081.688	**436.779.079**	415.148.032	**1.498.035**	3.802.940	**1.395.798.073**	1.354.543.361	**(409.554.943)**	(310.055.917)	**984.466.006**	1.044.487.444
CAPEX	**149.227.278**	290.582.858	**794.001**	837.873	**3.177.403**	(546.474)	**25.730.141**	123.804.801	**–**	1.408.379	**178.928.823**	416.087.437	**(27.140.784)**	(126.374.178)	**151.788.039**	289.713.259

Despite the merger that occurred in 2007 between the mobile and fixed telecommunications businesses, 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	
	December 2009	December 2008	**December 2009**	December 2008	**December 2009**	December 2008	**December 2009**	December 2008
Income:								
Services rendered	**607.022.975**	629.132.126	**245.199.641**	291.415.379	**(52.136.464)**	(55.870.932)	**800.086.152**	864.676.573
Other operating revenues	**36.181.554**	46.537.839	**2.548.032**	4.222.007	**(29.376.514)**	(38.411.962)	**9.353.072**	12.347.884
Total revenues	**643.204.529**	675.669.965	**247.747.673**	295.637.386	**(81.512.978)**	(94.282.894)	**809.439.224**	877.024.457
Depreciation and amortisation	**(110.556.482)**	(123.243.018)	**(38.772.576)**	(32.971.327)	**(52.639)**	–	**(149.381.697)**	(156.214.346)
Operational results of the segments	**56.081.322**	19.194.101	**(33.025.428)**	(18.924.570)	**(136.993)**	19.939	**22.918.901**	289.470
Assets:								
Tangible assets and goodwill	**657.068.238**	675.855.498	**197.609.295**	180.735.946	**7.510.087**	–	**854.677.532**	856.591.444
Inventories	**8.244.662**	14.277.274	**4.793.068**	5.416.639	**–**	–	**13.037.730**	19.693.913
Financial investments	**1.282.025**	1.282.025	**–**	–	**–**	–	**1.282.025**	1.282.025
CAPEX	**98.712.003**	244.655.119	**50.515.276**	45.401.350	**–**	526.389	**149.227.278**	290.582.858

During the years ended at 31 December 2009 and 2008, the inter-segments sales and services were as follows:

	Telecommunications	Multimedia	Information Systems	Holding Activities	Others
2009					
Telecommunications	**–**	**233.455**	**28.162.057**	**6.804.632**	**220.800**
Multimedia	**1.195.269**	**–**	**226.868**	**157.127**	**–**
Information Systems	**979.581**	**60.136**	**–**	**125.956**	**–**
Holding Activities	**73.003**	**4.083**	**65.182**	**–**	**–**
Sonaecom others	**1.408**	**–**	**–**	**41**	**–**
Others	**797.836.891**	**30.103.619**	**121.454.005**	**5.812**	**–**
	800.086.152	**30.401.293**	**149.908.112**	**7.093.568**	**220.800**
2008					
Telecommunications	–	–	39.135.385	6.677.505	280.915
Multimedia	1.638.228	–	276.602	165.245	300.102
Information Systems	722.599	60.250	–	151.265	–
Holding Activities	52.497	–	60.360	–	–
Sonaecom others	13.433	–	10.766	–	–
Others	862.249.816	32.252.892	80.648.826	23.306	1.045.130
	864.676.573	32.313.142	120.131.939	7.017.321	1.626.147

38. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the consolidated net income attributable to the Group (Euro 5,748,497 in 2009 and Euro 4,998,142 in 2008) by the average number of shares outstanding during the years ended at 31 December 2009 and 2008, net of own shares (Euro 359,776,301 in 2009 and Euro 363,151,223 in 2008).

39. 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 December 2009 can be summarised as follows:

		Vesting period		31 December 2009	
	Share price at award date*	Award date	Vesting date	Aggregate number of participations	Number of options / shares
Sonaecom shares					
2005 Plan	4,093	10-Mar-06	09-Mar-09	–	–
2006 Plan	4,697	09-Mar-07	08-Mar-10	**384**	**956.091**
2007 Plan	2,447	10-Mar-08	09-Mar-11	**396**	**1.794.438**
2008 Plan	1,117	10-Mar-09	09-Mar-12	**412**	**3.825.338**
Sonae SGPS shares					
2005 Plan	1,340	10-Mar-06	09-Mar-09	–	–
2006 Plan	1,680	09-Mar-07	08-Mar-10	**5**	**131.764**
2007 Plan	1,160	10-Mar-08	09-Mar-11	**6**	**242.633**
2008 Plan	0,526	10-Mar-09	09-Mar-12	**6**	**503.257**

*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 3 March and 5 April 2007; Sonae SGPS shares – the average share price between 13 February and 26 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 year ended at 31 December 2009, the movements that 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 December 2008:				
Unvested	**1.146**	**3.709.121**	**25**	**563.816**
Total	**1.146**	**3.709.121**	**25**	**563.816**
Movements in the year:				
Awarded	**415**	**3.896.332**	**7**	**541.655**
Vested[(1)]	**(356)**	**(836.716)**	**(12)**	**(147.924)**
Vested beforehand	**(3)**	**(8.628)**	**–**	**–**
Cancelled / elapsed[(2)]	**(10)**	**(184.242)**	**(3)**	**(79.893)**
Outstanding at 31 December 2009:				
Unvested	**1.192**	**6.575.867**	**17**	**877.654**
Total	**1.192**	**6.575.867**	**17**	**877.654**

(1) For Sonaecom shares, 786,243 shares were delivered to employees, and 50,743 shares were paid in cash instead of the delivery of Sonaecom shares.

(2) Corrections are made according to the dividend paid or by changes in the capital.

During the year ended at 31 December 2009, the Board of Directors of Sonaecom decided to convert the settlement of its Medium Term Incentive Plans from cash settled to equity settled.

For Sonaecom's share plans, the total responsibility is calculated taking into consideration the share price at 2 January 2009, the date after which the change of settlement of the share plans becomes effective, with the exception of the plan attributed in 2009, for which responsibility is calculated based on the corresponding award date. The responsibility for the mentioned plans is Euro 2,977,695 and was recorded under the heading 'Medium Term Incentive Plans Reserve'. 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 in those contracts and recorded under the headings of 'Other current liabilities' and 'Other non-current liabilities'.

Share plan costs are recognised in the accounts over the period between the award and the vesting date of those shares. The costs recognised in previous years and in the year ended at 31 December 2009, were as follows:

	Amount
Costs recognised in previous years	21.246.968
Costs recognised in the year	2.246.499
Costs of plans from subsidiary Exit (no longer consolidated)	(8.882)
Costs of plans vested in previous year	(18.927.624)
Costs of plans vested in the year	(1.108.106)
Total cost of the plans	3.448.855

Recorded in other current liabilities (note 28)	219.145
Recorded in other non current liabilities (note 24)	252.015
Recorded in reserves	2.977.695

40. Remuneration attributed to the key management personnel

During 2009 and 2008, the remunerations paid to Directors and other members of key management in functions at the years ended 31 December 2009 and 2008 were as follows:

	2009	2008
Short-term employee benefits	**2.733.421**	2.866.225
Share-based payments	**801.633**	860.800
	3.535.054	3.727.025

The short-term employee benefits, which include the salary and performance bonus, were calculated on an accruals basis. The share-based payments for 2009 and 2008 correspond to the value of the Medium Term Incentive Plan and will be awarded in 2010, in respect of performance during 2009 (and the Medium Term Incentive Plan awarded in 2009 in respect of performance during 2008, for the 2008 amounts), whose shares, or the cash equivalent, will be delivered in March 2013 and March 2012, respectively.

Full details on the Sonaecom Group remuneration policy are disclosed in the Corporate Governance Report.

41. Average number of employees

During the years ended at 31 December 2009 and 2008, the companies included in the consolidation employed an average number of 2,047 and 1,983, respectively. At 31 December 2009, the number of employees was 2,059.

42. Other matters

(i) At 31 December 2009, accounts receivable from customers and accounts payable to suppliers include Euro 37,139,253 and Euro 29,913,608, respectively, as well the captions 'Other current assets' and 'Other current liabilities' include Euro 411,649 and Euro 6,856,200, respectively, resulting from a dispute between the subsidiary Sonaecom – Serviços de Comunicação, S.A. (formerly Optimus) and, essentially, the operator TMN – Telecomunicações Móveis Nacionais, S.A., in relation to interconnection tariffs, recorded in the year ended 31 December 2001. The Group has considered the most penalising tariffs in their consolidated financial statements. In the lower court, the decision was favourable to Optimus. The 'Tribunal da Relação' (Court of Appeal), on appeal, rejected the intentions of TMN. However, TMN again appealed to the 'Supremo Tribunal de Justiça' (Supreme Court), who upheld the decision of the 'Tribunal da Relação' (Court of Appeal).

(ii) In the Arbitration Court proceeding imposed to resolve 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 was paid to Sonaecom.

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

Maxistar appealed to the 'Supremo Tribunal de Justiça' (Supreme Court), which dismissed the appeal, confirming the sentence. During the period ended at 31 December 2009, the final sentence was issued and no appeal is now applicable.

43. Subsequent events

In February 2010, the Group issued a new bond loan in the amount of 30 million euros for a period of three years.

These consolidated financial statements were approved by the Board of Directors on 4 March 2010, being its conviction that these will be approved at Shareholders General Meeting without any changes.

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union and the format and disclosures required by those Standards, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

Appendix

At 31 December 2009, the related parties of Sonaecom Group are as follows:

Key management personnel

Álvaro Carmona e Costa Portela	Gervais Pellissier
Álvaro Cuervo Garcia	Jean François Pontal
Ângelo Gabriel Ribeirinho dos Santos Paupério	Luís Filipe Campos Dias Castro Reis
António Bernardo Aranha da Gama Lobo Xavier	Luís Filipe Palmeira Lampreia
António de Sampaio e Mello	Maria Cláudia Teixeira de Azevedo
Belmiro de Azevedo	Michel Marie Bon
David Hobley	Miguel Nuno Santos Almeida
Duarte Paulo Teixeira de Azevedo	Nuno Manuel Moniz Trigoso Jordão
Franck Emmanuel Dangeard	Nuno Miguel Teixeira Azevedo

Sonae/Efanor Group Companies

3DO Holding GmbH	BB Food Service, S.A.
3DO Shopping Centre GmbH	Beeskow Holzwerkstoffe
3shoppings – Holding,SGPS, S.A.	Bertimóvel – Sociedade Imobiliária, S.A.
ADD/Avaliações Engenharia de Avaliações e Perícias Ltda	Best Offer – Prest. Inf. p/Internet, S.A.
ADDmakler Administração e Corretagem de Seguros Ltda	Bikini, Portal de Mulheres, S.A.
ADDmakler Administradora, Corretora de Seguros Partic. Ltda	Bloco Q – Sociedade Imobiliária, S.A.
	Bloco W – Sociedade Imobiliária, S.A.
Aegean Park, S.A.	Boavista Shopping Centre BV
Agepan Eiweiler Management GmbH	BOM MOMENTO – Comércio Retalhista, SA
Agepan Flooring Products, S.A.RL	Boulanger España, SL
Agepan Tarket Laminate Park GmbH Co. KG	Box Lines Navegação, S.A.
Agloma Investimentos, Sgps, S.A.	Campo Limpo, Lda
Agloma-Soc.Ind.Madeiras e Aglom., S.A.	Canasta – Empreendimentos Imobiliários, S.A.
Águas Furtadas – Imobiliária, S.A.	Carnes do Continente – Ind.Distr.Carnes, S.A.
Airone – Shopping Center, Srl	CarPlus – Comércio de Automóveis, S.A.
ALEXA Administration GmbH	Casa Agrícola de Ambrães, S.A.
ALEXA Asset GmbH & Co KG	Casa Agrícola João e A. Pombo, S.A.
ALEXA Holding GmbH	Casa da Ribeira – Hotelaria e Turismo, S.A.
ALEXA Shopping Centre GmbH	Cascaishopping – Centro Comercial, S.A.
Alexa Site GmbH & Co. KG	Cascaishopping Holding I, SGPS, S.A.
Algarveshopping – Centro Comercial, S.A.	Centro Colombo – Centro Comercial, S.A.
Alpêssego – Soc. Agrícola, S.A	Centro Residencial da Maia,Urban., S.A.
Andar – Sociedade Imobiliária, S.A.	Centro Vasco da Gama – Centro Comercial, S.A.
Aqualuz – Turismo e Lazer, Lda	Change, SGPS, S.A.
Arat inmebles, S.A.	Chão Verde – Soc.Gestora Imobiliária, S.A.
Arrábidashopping – Centro Comercial, S.A.	Choice Car – Comércio de Automóveis, S.A.
Aserraderos de Cuellar, S.A.	Choice Car SGPS, S.A.
Atlantic Ferries – Tráf.Loc,Flu.e Marít, S.A.	Cia.de Industrias e Negócios, S.A.
Avenida M – 40 B.V.	Cinclus Imobiliária, S.A.
Avenida M – 40, S.A.	Citorres – Sociedade Imobiliária, S.A.
Azulino Imobiliária, S.A.	Clérigoshopping – Gestão do C.Comerc., S.A.

Appendix (continued)

Coimbrashopping – Centro Comercial, S.A.	Fundo de Invest. Imobiliário Imosede
Colombo Towers Holding, BV	Fundo I.I. Parque Dom Pedro Shop.Center
Contacto Concessões, SGPS, S.A.	Fundo Invest.Imob.Shopp. Parque D.Pedro
Contibomba – Comérc.Distr.Combustiveis, S.A.	Gaiashopping I – Centro Comercial, S.A.
Contimobe – Imobil.Castelo Paiva, S.A.	Gaiashopping II – Centro Comercial, S.A.
Continente Hipermercados, S.A.	Geotur – Viagens e Turismo, S.A.
Contry Club da Maia-Imobiliaria, S.A.	GHP Gmbh
Cooper Gay (Holding) Limited	Gli Orsi Shopping Centre 1 Srl
Craiova Mall BV	Global S – Hipermercado, Lda
Cronosaúde – Gestão Hospitalar, S.A.	Glunz AG
Cumulativa – Sociedade Imobiliária, S.A.	Glunz Service GmbH
Darbo S.A.S	Glunz UK Holdings Ltd
Developpement & Partenariat Assurances, S.A.	Glunz Uka Gmbh
Difusão – Sociedade Imobiliária, S.A.	Golf Time – Golfe e Invest. Turísticos, S.A.
Distrifin – Comercio y Prest.Servicios, S.A.	GOOD AND CHEAP – Comércio Retalhista, S.A.
Dortmund Tower GmbH	Guerin – Rent a Car (Dois), Lda.
Dos Mares – Shopping Centre B.V.	Guimarãeshopping – Centro Comercial, S.A.
Dos Mares – Shopping Centre, S.A.	Harvey Dos Iberica, S.L.
Ecociclo – Energia e Ambiente, S.A.	Helios Property, Srl
Ecociclo II	Herco Consultoria de Riscos e Corretora de Seguros Ltda
Edições Book.it, S.A.	HIPOTÉTICA – Comércio Retalhista, SA
Edificios Saudáveis Consultores, S.A.	Hornitex Polska Sp z.o.o
Efanor Investimentos, SGPS, S.A.	Iberian Assets, S.A.
Efanor Serviços de Apoio à Gestão, S.A.	IGI – Investimento Imobiliário, S.A.
Efanor – Design e Serviços, S.A.	Igimo – Sociedade Imobiliária, S.A.
Efanor – Indústria de Fios, S.A.	Iginha – Sociedade Imobiliária, S.A.
El Rosal Shopping, S.A.	Imoareia – Invest. Turísticos, SGPS, S.A.
Empreend.Imob.Quinta da Azenha, S.A.	Imobiliária da Cacela, S.A.
Equador & Mendes, Lda	Imoclub – Serviços Imobilários, S.A.
Espimaia – Sociedade Imobiliária, S.A.	Imoconti – Soc.Imobiliária, S.A.
Estação Oriente – Gest.de Galerias Com., S.A.	Imodivor – Sociedade Imobiliária, S.A.
Estação Viana – Centro Comercial, S.A.	Imoestrutura – Soc.Imobiliária, S.A.
Estêvão Neves – Hipermercados Madeira, S.A.	Imoferro – Soc.Imobiliária, S.A.
Etablissement A. Mathe, S.A.	Imohotel – Emp.Turist.Imobiliários, S.A.
Euromegantic, Lteé	Imomuro – Sociedade Imobiliária, S.A.
Euroresinas – Indústrias Quimicas, S.A.	Imopenínsula – Sociedade Imobiliária, S.A.
Farmácia Selecção, S.A.	Imoplamac Gestão de Imóveis, S.A.
Finlog – Aluguer e Comércio de Automóveis, S.A.	Imoponte – Soc.Imobiliaria, S.A.
Fontana Corretora de Seguros Ltda	Imoresort – Sociedade Imobiliária, S.A.
Fozimo – Sociedade Imobiliária, S.A.	Imoresultado – Soc.Imobiliaria, S.A.
Fozmassimo – Sociedade Imobiliária, S.A.	Imosedas – Imobiliária e Seviços, S.A.
Freccia Rossa – Shopping Centre S.r.l.	Imosistema – Sociedade Imobiliária, S.A.
Friengineering International Ltda	Imosonae II

Appendix (continued)

Impaper Europe GmbH & Co. KG	MDS Corretor de Seguros, S.A.
Implantação – Imobiliária, S.A.	Mediterranean Cosmos Shop. Centre Investments, S.A.
Infofield – Informática, S.A.	Megantic BV
Inparsa – Gestão Galeria Comercial, S.A.	Miral Administração e Corretagem de Seguros Ltda
Inparvi SGPS, S.A.	MJLF – Empreendimentos Imobiliários, S.A.
Integrum – Edificios Sustentáveis, S.A.	Modalfa – Comércio e Serviços, S.A.
Integrum – Serviços Partilhados, S.A.	MODALLOOP – Vestuário e Calçado, S.A.
Interclean, S.A.	Modelo – Dist.de Mat. de Construção, S.A.
Interlog – SGPS, S.A.	Modelo Cont. Seguros-Soc. De Mediação, Lda
Inventory – Acessórios de Casa, S.A.	Modelo Continente – Oper.Retalho SGPS, S.A.
Investalentejo, SGPS, S.A.	Modelo Continente Hipermercados, S.A.
Invsaude – Gestão Hospitalar, S.A.	Modelo Continente, SGPS, S.A.
Ipaper – Industria Papeis Impregnados, S.A.	Modelo Hiper Imobiliária, S.A.
ISF – Imobiliário, Serviços e Participaç	Modelo Hipermergados Trading, S.A.
Isoroy SAS	Modelo.com – Vendas p/Correspond., S.A.
JUST SPORT – Comércio Art. Desporto, S.A.	Monselice Centre Srl
KLC Holdings XII S.A.	Movelpartes – Comp.para Ind.Mobiliária, S.A.
La Farga – Shopping Center, SL	Movimento Viagens – Viag. e Turismo U.Lda
Larim Corretora de Resseguros Ltda	Mundo Vip – Operadores Turisticos, S.A.
Larissa Develop. Of Shopping Centers, S.A.	NAB, Sociedade Imobiliária, S.A.
Lazam Corretora, Ltda.	NA – Comércio de Artigos de Desporto, S.A.
Lazam – MDS Corretora e Administradora de Seguros, S.A.	NA – Equipamentos para o Lar, S.A.
Lembo Services Ltd (Euro)	Norscut – Concessionária de Scut Interior Norte, S.A.
Libra Serviços, Lda.	Norte Shop. Retail and Leisure Centre BV
Lidergraf – Artes Gráficas, Lda.	Norteshopping – Centro Comercial, S.A.
Lima Retail Park, S.A.	Nova Equador Internacional,Ag.Viag.T, Ld
Loureshopping – Centro Comercial, S.A.	Nova Equador P.C.O. e Eventos
Luso Assistência – Gestão de Acidentes, S.A.	Novobord (PTY) Ltd.
Luz del Tajo – Centro Comercial S.A.	Oeste Retail Park – Gestão G.Comerc., S.A.
Luz del Tajo B.V.	Operscut – Operação e Manutenção de Auto-estradas, S.A.
Madeirashopping – Centro Comercial, S.A.	OSB Deustchland Gmbh
Maiashopping – Centro Comercial, S.A.	Paracentro – Gest.de Galerias Com., S.A.
Maiequipa – Gestão Florestal, S.A.	Pareuro, BV
Marcas do Mundo – Viag. e Turismo Unip, Lda	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
MC SGPS, S.A.	Pátio Goiânia Shopping Ltda
MDS Consultores, S.A.	Pátio Londrina Empreend. e Particip. Ltda

Appendix (continued)

Pátio Penha Shopping Ltda.	Project 4, Srl
Pátio São Bernardo Shopping Ltda	Project SC 1 BV
Pátio Sertório Shopping Ltda	Project SC 2 BV
Peixes do Continente – Ind.Dist.Peixes, S.A.	Project Sierra 1 B.V.
Pharmaconcept – Actividades em Saúde, S.A.	Project Sierra 10 BV
PHARMACONTINENTE – Saúde e Higiene, S.A.	Project Sierra 2 B.V.
PJP – Equipamento de Refrigeração, Lda	Project Sierra 3 BV
Plaza Eboli B.V.	Project Sierra 4 BV
Plaza Eboli – Centro Comercial S.A.	Project Sierra 5 BV
Plaza Mayor Holding, SGPS, S.A.	Project Sierra 6 BV
Plaza Mayor Parque de Ócio B.V.	Project Sierra 7 BV
Plaza Mayor Parque de Ocio, S.A.	Project Sierra 8 BV
Plaza Mayor Shopping B.V.	Project Sierra 9 BV
Plaza Mayor Shopping, S.A.	Project Sierra Brazil 1 B.V.
Ploi Mall BV	Project Sierra Charagionis 1 S.A.
Ploiesti Shopping Center (Euro)	Project Sierra Germany Shop. Center 1 BV
Poliface Brasil, Ltda	Project Sierra Germany Shop. Center 2 BV
Poliface North America	Project Sierra Italy 5 Srl
Porturbe – Edificios e Urbanizações, S.A.	Project Sierra One Srl
Praedium II – Imobiliária, S.A.	Project Sierra Spain 1 B.V.
Praedium III – Serviços Imobiliários, S.A.	Project Sierra Spain 2 B.V.
Praedium SGPS, S.A.	Project Sierra Spain 2 – Centro Comer. S.A.
Predicomercial – Promoção Imobiliária, S.A.	Project Sierra Spain 3 B.V.
Prédios Privados Imobiliária, S.A.	Project Sierra Spain 3 – Centro Comer. S.A.
Predisedas – Predial das Sedas, S.A.	Project Sierra Spain 5 BV
Pridelease Investments, Ltd	Project Sierra Spain 6 B.V.
Proj. Sierra Germany 1 – Shop.C. GmbH	Project Sierra Spain 6 – Centro Comer. S.A.
Proj. Sierra Germany 4 (four) – Sh.C.GmbH	Project Sierra Spain 7 B.V.
Proj. Sierra Italy 2 – Dev.of Sh.C. Srl	Project Sierra Spain 7 – Centro Comer. S.A.
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 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	Puravida – Viagens e Turismo, S.A.
Proj.Sierra Portugal I – C.Comerc., S.A.	Racionaliz. y Manufact.Florestales, S.A.
Proj.Sierra Portugal II – C.Comerc., S.A.	RASO, SGPS, S.A.
Proj.Sierra Portugal III – C.Comerc., S.A.	Resoflex – Mob.e Equipamentos Gestão, S.A.
Proj.Sierra Portugal IV – C.Comerc., S.A.	Resolução, SGPS, S.A.
Proj.Sierra Portugal V – C.Comercial, S.A.	Rio Sul – Centro Comercial, S.A.
Proj.Sierra Portugal VI – C.Comercial, S.A.	River Plaza Mall, Srl
Proj.Sierra Portugal VII – C. Comerc., S.A.	Rochester Real Estate, Limited
Proj.Sierra Portugal VIII – C.Comerc., S.A.	RSI Corretora de Seguros Ltda

Appendix (continued)

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

Appendix (continued)

Sonae Industria de Revestimentos, S.A.	Tafisa – Tableros de Fibras, S.A.
Sonae Indústria – SGPS, S.A.	Taiber,Tableros Aglomerados Ibéricos, SL
Sonae Investments, BV	Tarkett Agepan Laminate Flooring SCS
Sonae Novobord (PTY) Ltd	Tavapan, S.A.
Sonae RE, S.A.	Tecmasa Reciclados de Andalucia, SL
Sonae Retalho Espana – Servicios Gen., S.A.	Teconologias del Medio Ambiente, S.A.
Sonae Serviços de Gestão, S.A.	Terra Nossa Corretora de Seguros Ltda
Sonae SGPS, S.A.	Textil do Marco, S.A.
Sonae Sierra Brasil Ltda	Tlantic Portugal – Sist. de Informação, S.A.
Sonae Sierra Brazil B.V.	Tlantic Sistemas de Informação Ltd[a]
Sonae Sierra, SGPS, S.A.	Todos os Dias – Com.Ret.Expl.C.Comer., S.A.
Sonae Tafibra (UK), Ltd	Tool Gmbh
Sonae Tafibra Benelux, BV	Torre Colombo Ocidente – Imobiliária, S.A.
Sonae Turismo Gestão e Serviços, S.A.	Torre Colombo Oriente – Imobiliária, S.A.
Sonae Turismo – SGPS, S.A.	Torre São Gabriel – Imobiliária, S.A.
Sonae UK, Ltd.	TP – Sociedade Térmica, S.A.
Sonaecenter Serviços, S.A.	Troia Market, S.A.
Sonaegest – Soc.Gest.Fundos Investimentos	Troia Market – Supermercados, S.A.
Sondis Imobiliária, S.A.	Tróia Natura, 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	Unishopping Administradora Ltda.
Sopair, S.A.	Unishopping Consultoria Imob. Ltda.
Sótaqua – Soc. de Empreendimentos Turist	Urbisedas – Imobiliária das Sedas, S.A.
Spanboard Products, Ltd	Valecenter Srl
SPF – Sierra Portugal Real Estate, Sarl	Valor N, S.A.
Spinveste – Promoção Imobiliária, S.A.	Vastgoed One – Sociedade Imobiliária, S.A.
Spinveste – Gestão Imobiliária SGII, S.A.	Vastgoed Sun – Sociedade Imobiliária, S.A.
Sport Zone – Comércio Art.Desporto, S.A.	Venda Aluga – Sociedade Imobiliária, S.A.
SRP Development, SA	Via Catarina – Centro Comercial, S.A.
SRP-Parque Comercial de Setúbal, S.A.	Viajens y Turismo de Geotur España, S.L.
Star-Viagens e Turismo, S.A.	Vuelta Omega, S.L.
Tableros Tradema, S.L.	WELL W – Electrodomésticos e Equip., SA
Tafiber,Tableros de Fibras Ibéricas, SL	World Trade Center Porto, S.A.
Tafibras Participações, S.A.	Worten España, S.A.
Tafisa Canadá Societé en Commandite	Worten – Equipamento para o Lar, S.A.
Tafisa France, S.A.	Zubiarte Inversiones Inmob, S.A.
Tafisa UK, Ltd	

FT Group Companies

France Telecom, S.A.	Atlas Services Belgium, SA.

6.3 Sonaecom individual financial statements

SONAECOM, S.G.P.S., S.A.
(Amounts expressed in euro)

Balance sheets

At 31 December 2009 and 31 December 2008

	Notes	December 2009	December 2008
Assets			
Non-current assets			
Tangible assets	1a, 1e and 2	**516,887**	582,567
Intangible assets	1b and 3	**27,603**	49,674
Investments in Group companies	1c and 5	**925,155,905**	898,096,556
Other non-current assets	1c, 1l, 1m, 4 and 6	**635,868,036**	521,631,372
Total non-current assets		**1,561,568,431**	1,420,360,169
Current assets			
Other current debtors	1d, 1f, 4 and 8	**7,618,844**	90,091,502
Other current assets	1l, 1m and 9	**7,001,871**	3,178,023
Cash and cash equivalents	1g, 4 and 10	**3,189,749**	50,098,913
Total current assets		**17,810,464**	143,368,438
Total assets		**1,579,378,895**	1,563,728,607
SHAREHOLDERS' FUNDS AND LIABILITIES			
Shareholders' funds			
Share capital	11	**366,246,868**	366,246,868
Own shares	1o and 12	**(12,809,015)**	(13,499,750)
Reserves	1n	**795,738,278**	775,693,142
Net income / (loss) for the year		**(6,056,465)**	19,657,889
Total Shareholders' funds		**1,143,119,666**	1,148,098,149
Liabilities			
Non-current liabilities			
Medium and long-term loans – net of short-term portion	1h, 4 and 13a	**298,531,561**	381,509,261
Provisions for other liabilities and charges	1j and 14	**41,634**	57,265
Other non-current liabilities	1l, 1m, 1r and 15	**247,722**	326,483
Deferred tax liabilities	1k, 1m and 7	**10,480**	–
Total non-current liabilities		**298,831,397**	381,893,009
Current liabilities			
Short-term loans and other loans	1h, 1g, 4, and 13b	**134,585,855**	30,784,090
Other creditors	4 and 16	**798,465**	1,043,250
Other current liabilities	1l, 1m, 1r and 17	**2,043,512**	1,910,109
Total current liabilities		**137,427,832**	33,737,449
Total Shareholders' funds and liabilities		**1,579,378,895**	1,563,728,607

The notes are an integral part of the financial statements at 31 December 2009 and 2008.

The Chief Accountant
Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

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6.3 Sonaecom individual financial statements (continued)

SONAECOM, S.G.P.S., S.A.
(Amounts expressed in euro)

Profit and Loss account by nature

For the year ended at 31 December 2009 and 2008

	Notes	December 2009	September to December 2009 (Not audit)	December 2008	September to December 2008 (Not audit)
Services rendered	18	**7,114,067**	**1,689,203**	7,031,999	1,676,473
Other operating revenues	1f	**23,247**	**5,765**	38,852	18,621
		7,137,314	**1,694,968**	7,070,851	1,695,094
External supplies and services	19	**(3,548,014)**	**(1,050,780)**	(3,588,815)	(1,029,762)
Staff expenses	1r,25 and 26	**(4,612,452)**	**(1,212,150)**	(4,392,499)	(1,041,304)
Depreciation and amortisation	1a, 1b, 1q, 2 and 3	**(134,923)**	**(36,937)**	(115,562)	(34,659)
Provisions and impairment losses	1j, 1q and 14	**(14)**	**450,000**	(3,701)	(90)
Other operating costs		**(92,792)**	**(25,981)**	(104,222)	(63,643)
		(8,388,195)	**(1,875,848)**	(8,204,799)	(2,169,458)
Gains and losses on Group companies	20	**(6,071,000)**	**(2,051,000)**	11,141,093	–
Other financial expenses	1c, 1h, 1q, 13 and 20	**(10,904,516)**	**(1,662,463)**	(20,616,916)	(5,826,040)
Other financial income	1c, 13 and 20	**12,240,316**	**4,754,966**	30,387,026	7,761,834
Current income / (loss)		**(5,986,081)**	**860,623**	19,777,255	1,461,430
Income taxation	1k and 7	**(70,384)**	**(759,754)**	(119,366)	29,859
Net income / (loss) for the year		**(6,056,465)**	**100,869**	19,657,889	1,491,289
Earnings per share	23				
Including discontinued operations:					
Basic		**(0.02)**	**0.00**	0.05	0.00
Diluted		**(0.02)**	**0.00**	0.05	0.00
Excluding discontinued operations:					
Basic		**(0.02)**	**0.00**	0.05	0.00
Diluted		**(0.02)**	**0.00**	0.05	0.00

The notes are an integral part of the financial statements at 31 December 2009 and 2008.

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6.3 Sonaecom individual financial statements (continued)

SONAECOM, S.G.P.S,S.A.
(Amounts expressed in euro)

Statement comprehensive income

For the year ended at 31 December 2009 and 2008

	Notes	December 2009	December 2008
Net income / (loss) for the year		**(6.056.465)**	19.657.889
Components of other comprehensive income, net of tax:			
Increase / (decrease) in financial hedging instruments' fair value	1i and 13	**307.068**	(719.978)
Components of other comprehensive income, net of tax		**307.068**	(719.978)
Statement comprehensive income for the year		**(5.749.397)**	18.937.911

The notes are an integral part of the financial statements at 31 December 2009 and 2008.

The Chief Accountant

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6.3 Sonaecom individual financial statements (continued)

SONAECOM, S.G.P.S., S.A.
(Amounts expressed in euro)

Movements in Shareholders' funds

For the year ended at 31 December 2009 and 2008

			Reserves								
	Share capital	Own shares (note 12)	Share premium	Legal reserves	Medium Term Incentive Plans reserves (note 24)	Own shares reserves	Hedging reserves	Other reserves	Total reserves	Net income / (loss)	Total
2009											
Balance at 31 December 2008	**366.246.868**	**(13.499.750)**	**775.290.377**	**1.002.287**	**–**	**13.499.750**	**(307.068)**	**(13.792.204)**	**775.693.142**	**19.657.889**	**1.148.098.149**
Appropriation of result of 2008	**–**	**–**	**–**	**982.894**	**–**	**–**	**–**	**18.674.995**	**19.657.889**	**(19.657.889)**	**–**
Comprehensive income for the year ended at 31 December 2009	**–**	**–**	**–**	**–**	**–**	**–**	**307.068**	**–**	**307.068**	**(6.056.465)**	**(5.749.397)**
Delivery of own shares under the Medium Term Incentive Plans	**–**	**3.825.612**	**–**	**–**	**(86.526)**	**(3.825.612)**	**–**	**3.660.773**	**(251.365)**	**–**	**3.574.247**
Effect of the recognition of the Medium Term Incentive Plans	**–**	**–**	**–**	**–**	**240.790**	**–**	**–**	**–**	**240.790**	**–**	**240.790**
Transfer to liabilities of the reponsabilities associated with the Medium Term Incentive	**–**	**–**	**–**	**–**	**207.154**	**–**	**–**	**–**	**207.154**	**–**	**207.154**
Recognition of contracts with share liquidation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(116.400)**	**(116.400)**	**–**	**(116.400)**
Acquisition of own shares	**–**	**(3.134.877)**	**–**	**–**	**–**	**3.134.877**	**–**	**(3.134.877)**	**–**	**–**	**(3.134.877)**
Balance at 31 December 2009	**366.246.868**	**(12.809.015)**	**775.290.377**	**1.985.181**	**361.418**	**12.809.015**	**–**	**5.292.287**	**795.738.278**	**(6.056.465)**	**1.143.119.666**

6.3 Sonaecom individual financial statements (continued)

SONAECOM, S.G.P.S,S.A.
(Amounts expressed in euro)

			Reserves								
					Medium Term						
	Share capital	Own shares (note 12)	Share premium	Legal reserves	Incentive Plans reserves (note 24)	Own shares reserves	Hedging reserves	Other reserves	Total reserves	Net income / (loss)	Total
2008											
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	–
Comprehensive income for the year ended at 31 December 2008	–	–	–	–	–	–	(719.978)	–	(719.978)	19.657.889	18.937.911
Delivery of own shares under the Medium Term Incentive Plans	–	4.275.838	–	–	–	(4.275.838)	–	2.073.732	(2.202.106)	–	2.073.732
Effect of the recognition of the Medium Term Incentive Plans	–	–	–	–	(304.296)	–	–	–	(304.296)	–	(304.296)
Recognition of contracts with share liquidation	–	–	–	–	–	–	–	116.399	116.399	–	116.399
Acquisition of own shares	–	(8.837.423)	–	–	–	8.837.423	–	(8.837.423)	–	–	(8.837.423)
Balance at 31 December 2008	366.246.868	(13.499.750)	775.290.377	1.002.287	–	13.499.750	(307.068)	(13.792.204)	775.693.142	19.657.889	1.148.098.149

The notes are integral part of financial statements at 31 December 2009 and 2008.

6.3 Sonaecom individual financial statements (continued)

SONAECOM, S.G.P.S., S.A.
(Amounts expressed in euro)

Cash Flow statements

For the year ended at 31 December 2009 and 2008

	31 December 2009		31December 2008	
Operating activities				
Payments to employees	**(4,248,366)**		(5,436,839)	
Cash flows from operating activities	**(4,248,366)**		(5,436,839)	
Payments / receipts relating to income taxes, net	**1,096,942**		(1,721,721)	
Other payments / receipts relating to operating activities, net	**885,175**		6,656,289	
Cash flows from operating activities (1)	**(2,266,249)**	**(2,266,249)**	(502,270)	(502,270)
Investing activities				
Receipts from:				
Investments	**7,974,187**		18,752,929	
Tangible assets	**601**		–	
Intangible assets	**284**		–	
Interest and similar income	**15,590,569**		29,949,662	
Dividends	**3,480,000**	**27,045,641**	21,414,813	70,117,404
Payments for:				
Investments	**(865,200)**		(239,826,149)	
Tangible assets	**(112,137)**		(443,794)	
Intangible assets	**(999)**		(140)	
Loans granted	**(78,036,000)**	**(79,014,336)**	85,123,782	(155,146,301)
Cash flows from investing activities (2)		**(51,968,695)**		(85,028,897)
Financing activities				
Receipts from:				
Loans obtained	**50,385,000**	**50,385,000**	248,752,000	248,752,000
Payments for:				
Interest and similar expenses	**(12,551,344)**		(19,584,199)	
Own shares	**(3,134,876)**		(8,837,422)	
Loans obtained	**(27,373,000)**	**(43,059,220)**	(230,376,000)	(258,797,621)
Cash flows from financing activities (3)		**7,325,780**		(10,045,621)
Net cash flows (4)=(1)+(2)+(3)		**(46,909,164)**		(95,576,788)
Effect of the foreign exchanges				
Cash and cash equivalents at the beginning of the year		**50,098,913**		145,675,702
Cash and cash equivalents at year end		**3,189,749**		50,098,913

The notes are an integral part of the financial statements at 31 December 2009 and 2008.

Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

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6.3 Sonaecom individual financial statements (continued)

SONAECOM, S.G.P.S., S.A.
(Amounts expressed in euro)

Notes to the cash flow statements

For the year ended at 31 December 2009 and 2008

	2009	2008
1. Acquisition or sale of subsidiaries or other businesses		
a) Other business activities		
Supplementary capital to Sonae com Sistemas de Informação, S.G.P.S.,S.A.	**7,974,187**	–
Supplementary capital to Sonaetelecom BV	–	40,000,000
Supplementary capital to Telemilénio Telecomunicações – Sociedade Unipessoal, Lda.	–	2,106,149
Supplementary capital to Be Artis – Concepção, Construção e Gestão de Redes de Comunicações, S.A.	**–**	117,720,000
	7,974,187	239,826,149
b) Other business activities		
Reimburse of supplementary capital from Miauger – Organização e Gestão de Leilões Electrónicos, S.A.	**800,000**	–
Share capital increase in Sonaecom – Serviços de Comunicações, S.A.	**65,200**	
Reimburse of supplementary capital from Sonae Telecom S.G.P.S., S.A	–	15,176,009
Reimburse of supplementary capital from Be Artis – Concepção, Construção e Gestão de Redes de Comunicações, S.A.	**–**	2,080,000
	865,200	18,752,929
2. Details of cash and cash equivalents		
Cash in hand	**10,974**	10,151
Cash at bank	**284,775**	105,762
Treasury applications	**2,894,000**	49,983,000
Overdrafts	–	–
Cash and cash equivalents	**3,189,749**	50,098,913
Overdrafts	–	–
Cash assets	**3,189,749**	50,098,913
3. Description of non-monetary financing activities		
a) Bank credit obtained and not used	**140,500,000**	99,127,000
b) Purchase of company through the issue of shares	**Not applicable**	Not applicable
c) Conversion of loans into shares	**Not applicable**	Not applicable

The notes are an integral part of the financial statements at 31 December 2009 and 2008.

Chief Accountant
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6.4 Notes to the individual financial statements

at 31 December 2009 and 2008
(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.

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 by 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 by 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, bearer shares were converted into registered shares.

The financial statements are presented in euro, rounded at unit.

1. Basis of presentation

The accompanying financial statements have been prepared on a going concern basis, based on the Company's accounting records in accordance with International Financial Reporting Standards (IAS/IFRS) as adopted by the European Union (EU).

The adoption of the International Financial Reporting Standards (IFRS) as adopted by the European Union occurred for the first time in 2007 and as defined by IFRS 1 – 'First time adoption of International Financial Reporting Standards', 1 January 2006 was the date of transition from generally accepted accounting principles in Portugal to those standards.

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

The following standards, interpretations, amendments and revisions approved (endorsed) by the European Union have mandatory application to financial years beginning on or after 1 January 2009:

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 1 / IAS 27 – Amendments (Cost of an investment in a subsidiary, jointly controlled entity or associate)	**1-Jan-09**
These amendments address the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates on first-time adoption of IFRSs and the recognition of dividends from subsidiaries, in the separate financial statements of the parent company.	
IFRS 2 – Amendments (Vesting conditions and cancellations)	**1-Jan-09**
Comprehends the clarification of the definition of vesting conditions, the introduction of the concept of non-vesting conditions, and the clarification of the accounting treatment of cancellations.	
IFRS 3 – Business combinations and IAS 27 – Consolidated and separate financial statements (2008 revision)	**1-Jul-09**
This revision brings some changes concerning the record of business combinations, namely in respect to: (a) the measurement of non-controlling interests (new term for 'minority interest'); (b) recognition and subsequent measurement of contingent consideration; (c) treatment of direct costs associated with the acquisition; and (d) the record of the acquisition of additional shares in the subsidiary after control was obtained, and the partial disposal of an investment in a subsidiary while control is retained.	
IFRS 7 – Amendments (Disclosures on the fair value measurement and liquidity risk)	**1-Jan-09**
This amendment to IFRS 7 enhances disclosures on fair value measurement and liquidity risk.	
IFRS 8 – Operating segments	**1-Jan-09**
IFRS 8 is a standard that deals exclusively with the disclosures and replaced the previous IAS 14. This IFRS led to a redefinition of an entity reporting segments and the information to report on them.	
IAS 1 – Presentation of financial statements (revised)	**1-Jan-09**
The 2007 revision of IAS 1 introduced changes in terminology, including new names for the financial statements, as well as changes in the format and content of such statements.	
IAS 23 – Borrowing costs (revised)	**1-Jan-09**
This revision introduces the requirement for capitalisation of borrowing costs that relate to assets that qualify, thus removing the option of immediately recognising such cost as an expense in the period they are incurred.	
IAS 32 / IAS 1 – Amendments (Puttable financial instruments and obligations arising on liquidation)	**1-Jan-09**
These amendments change the classification criteria of a financial instrument between equity and financial liability, allowing some financial instruments that can be repurchase to be classified as equity.	
IAS 39 – Amendments (Eligible hedged items)	**1-Jul-09**
Includes clarifications related to following issues of hedge accounting: (i) designation of inflation as a hedged risk and (ii) hedging with financial options.	
IAS 39 – Amendments (Reclassification of financial assets)	**1-Jul-08**
These amendments allow, in rare circumstances, the reclassification of non-derivative financial instruments from fair value through profit or loss and available for sale to other classifications.	
IFRIC 9 and IAS 39 – Amendments (Reassessment of embedded derivatives)	**Annual periods beginning on or after 30-Jun-09**
The amendments clarify the circumstances which allow the subsequent reassessment of the requirement to separate an embedded derivative.	
IFRIC 13 – Customer loyalty programmes	**1-Jul-08**
This interpretation establishes that credits awarded to clients as part of a sales transaction are accounted as a separate component of the transaction.	
Improvements to IFRSs – 2007	**Various (mainly 1-Jan-09)**
This process included the review of 32 accounting standards.	

The application of these standards did not have significant impacts on the Company's financial statements besides increased the information that is disclosed.

During the year ended 31 December 2009, Sonaecom adopted the changes contained in IAS 1 – 'Presentation of Financial Statements', which resulted, essentially, in the redenomination of some financial headings and the inclusion of a new statement (Statement of comprehensive income).

The following standards, interpretations, amendments and revisions have been, at the date of approval of these financial statements, approved (endorsed) by the European Union, whose application is mandatory only future financial years:

Standard / Interpretation	Effective date (annual periods beginning on or after)
Revised IFRS 1 – First-time adoption of IFRS	**1-Jan-10 ***
This standard was revised to consolidate the various amendments that have occurred since its first release.	
IAS 32 – Amendments (Classification of issuing rights)	**1-Fev-10**
The amendment states that if such rights are issued pro rata to an entity's all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.	
IFRIC 12 – Service concession arrangements	**1-Jan-10 ***
This interpretation introduces rules on recognition and measurement by the private operator involved in the provision of infrastructure construction and operating under public-private partnership concessions.	
IFRIC 15 – Agreements for the construction of real estate	**1-Jan-10 ***
This interpretation establishes the way to assess whether a construction agreement for a property is within the scope of IAS 11 – Construction Contracts or in the scope of IAS 18 – Revenue and how the corresponding revenue should be recognised.	
IFRIC 16 – Hedges of a net investment in a foreign operation	**1-Jun-09 ***
This interpretation provides guidance on hedge accounting for net investments in foreign operations.	
IFRIC 17 – Distribution of non-cash assets to owners	**1-Jan-10 ***
This interpretation provides guidance on the proper accounting for assets other than cash distributed to Shareholders as dividends.	
IFRIC 18 – Transfer of assets from customers	**Transfers made on or after 01-Jul-09**
This interpretation provides guidance on accounting, by operators, of tangible assets 'of customers'.	

* The effective date in accordance with the adoption by the EU was subsequent to the effective date originally established by the standard.

These standards, although approved (endorsed) by the European Union, were not adopted by the Company for the year ended at 31 December 2009, as the application of these standards is not yet mandatory. No significant impacts are expected to arise in the financial statements resulting from their adoption.

The following standards, interpretations, amendments and revisions have not yet been approved (endorsed) by the European Union, at the date of approval of these financial statements:

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 1 – Amendments (Additional exemptions for first-time adopters)	**1-Jan-10**
The amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process.	
IFRS 2 – Amendments (Accounting for group cash-settled share-based payment transactions)	**1-Jan-10**
The amendments clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements.	

Standard / Interpretation	Effective date (annual periods beginning on or after)
IFRS 9 (Financial Instruments)	**1-Jan-13**
This standard is the first step in the project to replace IAS 39, it introduces new requirements for classifying and measuring financial assets.	
Revised IAS 24 (Related Party Disclosures)	**1-Jan-11**
The revised standard addresses concerns that the previous disclosure requirements and definition of a 'related party' were too complex and difficult to apply in practice, particularly in environments where government control is pervasive, by: (1) providing a partial exemption for government-related entities; (2) providing a revised definition of a related party.	
IFRIC 14 – Amendments (Voluntary pre-paid contributions)	**1-Jan-11**
The amendments correct an unintended consequence of IFRIC 14. Without the amendments, in some circumstances entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions.	
IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)	**1-Jul-10**
Clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to fully or partially settle the financial liability.	
Improvements to IFRSs – 2008	**Various (earliest is 01-Jan-09)**
This process included the review of 12 accounting standards.	

The application of these standards and interpretations, as applicable to the Company will have no material effect on future financial statements of the Company.

The accounting policies and measurement criteria adopted by the Company at 31 December 2009 are comparable with those used in the preparation of the individual financial statements at 31 December 2008.

Main accounting policies

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

a) Tangible assets

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

Depreciations are calculated 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 realisation 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 and others constructions – improvements in buildings owned by third parties	10-20
Plant and machinery	5-10
Tools	4
Fixtures and fittings	3-10
Other tangible assets	8

Current maintenance and repair costs of tangible 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 estimated useful life of the corresponding assets.

b) 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 Company, if the Company controls them and if their cost can be reliably measured.

Intangible assets correspond, essentially, to software and industrial property.

Amortisations are calculated on a straight-line monthly basis, over the estimated useful life of the assets (three years) as from the month in which the corresponding expenses are incurred.

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

c) Investments in Group companies and other non-current assets

Investments in companies in which the Company 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 are recorded under the caption 'Investments in Group companies', at their acquisition cost, in accordance with IAS 27, as Sonaecom presents, separately, consolidated financial statements in accordance with IAS / IFRS.

Loans and supplementary capital granted to affiliated companies with maturities, estimated or defined contractually, greater than one year, are recorded, at their nominal value, under the caption 'Other non-current assets'.

Investments and loans granted to Group companies are evaluated whenever an event or change of circumstances indicates that the recorded amount may not be recoverable or impairment losses recorded in previous years no longer exist.

Impairment losses estimated for investments and loans granted to Group companies are recorded, in the year that they are estimated, under the caption 'Other financial expenses' in the profit and loss statement.

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

d) Investments

The Company classifies its investments in the following categories: 'financial assets at fair value through profit or loss', 'loans and receivables', 'held-to-maturity investments', 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 the initial recognition and re-evaluated every quarter.

(i) '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 12 months of the balance sheet date.

(ii) '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 Company 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 12 months from the balance sheet date, a situation in which they are classified as non-current assets. Loans and receivables are included under the caption 'Other current debtors' in the balance sheet.

(iii) 'Held-to-maturity investments'

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

(iv) 'Available-for-sale financial assets'

Available-for-sale financial assets are non-derivative 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 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Company 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 transferred, and consequently all substantial risks and rewards of their ownership have been transferred.

'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 profit and loss statement as gains or losses from investment securities.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to similar instruments, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. If none of these valuation techniques can be used, the Company values these investments at acquisition cost net of any identified impairment losses. The fair value of listed investments is determined based on the closing Euronext share price at the balance sheet date.

The Company 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 decline (above 25%) or prolonged decline (during two consecutive quarters) in the fair value of the security below its cost is considered in determining whether the securities are impaired. If 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 losses on that financial asset previously recognised in the profit or loss statement – is removed from equity and recognised in the profit and loss statement. Impairment losses recognised in the profit and loss statement on equity securities are not reversed through the profit and loss statement.

e) 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 liability 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 period 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.

f) Other current debtors

Other current debtors are recorded at their net realisable value, and do not include interest, because the financial updated effect is not significant.

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

The amount relating to 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'.

g) 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 cash flow statement has been prepared in accordance with IAS 7 –'Statement of Cash Flow', using the direct method. The Company classifies, under 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 subsidiary 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.

h) 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.

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

The cash flow hedges used by the Company are related to interest rate swaps 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.

j) Provisions and contingencies
Provisions are recognised when, and only when, the Company 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 Company has a detailed plan and if that plan has already been communicated to the parties involved.

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

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

k) Income Tax
'Income tax' expense represents the sum of the tax currently payable and deferred tax. Income tax is recognised in accordance with IAS 12 – 'Income Tax'.

Sonaecom has adopted, since 1 January 2008, the special regime for the taxation of groups of companies, under which, the provision for income tax is determined on the basis of the estimated taxable income of all the companies covered by that regime, in accordance with such rules. The special regime for the taxation of groups of companies covers all subsidiaries on which the group holds at least 90% of their share capital, with its headquarters located in Portugal and subject to Corporate Income Tax (IRC).

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, the recorded and unrecorded deferred tax assets are revised and they are reduced whenever their realisation ceases to be probable, or increased if future taxable profits are likely enabling the recovery of such assets (note 7).

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

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

l) Accrual basis and revenue recognition
Expenses and income are recorded in the period to which they relate, regardless of their date of payment or receipt. Estimated amounts are used when actual amounts are not known.

The captions '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 to which they relate to.

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 captions 'Other financial expenses' and 'Other financial income'.

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

m) 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 7 and 14).

n) Reserves

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 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.

Share premiums

The share premiums relate 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', ie, 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.

Medium-term incentive plans reserves

According to IFRS 2 – 'Share based payment', the responsibility related with the equity settled plans is registered under the caption 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' hedges derivatives that are considered effective (Note 1.i)) and it is non 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.

Therefore, at 31 December 2009, Sonaecom, SGPS, S.A., did not have any reserves which by their nature could be considered distributable.

o) 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 caption 'Other reserves'.

p) Foreign currency

All assets and liabilities expressed in foreign currency were translated into euro using the exchange rates in force at 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 profit and loss statement of the period, in financial results.

The following rates were used for the translation into euro:

	2009		2008	
	31 December	**Average**	31 December	Average
Pounds Sterling	**1,126**	**1,12324**	1,04987	1,25890
American Dollar	**0,69416**	**0,71896**	0,71855	0,68350

q) 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 obtained 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 amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

For financial investments, the recoverable amount, calculated in terms of value in use, is determined based on last business plans duly approved by the Board of Directors of the Company.

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 possible that the debtor goes into liquidation or into a financial restructuring.

r) 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 Company 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 caption '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 its fair value at the attribution date 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 in 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, ie, 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:

(i) 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';

(ii) 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';

(iii) The net effect of the entries in (i) and (ii) above eliminate the original entry to 'Shareholders' funds';

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

For plans settled in cash, the estimated liability is recorded under 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 vesting period that has 'elapsed' up to the respective accounting date. 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, recognition is made in the same way as described above, but with the liability being quantified based on the contractually fixed amount.

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 under 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.

At 31 December 2009, all the Sonaecom share plans were covered through the detention of own shares. Therefore the impacts of the share plans of the Medium Term Incentive Plans are registered, in the balance sheet, under the caption 'Medium term incentive plans reserve'. The cost is recognised under the income statement caption 'Staff expenses'.

In relation to plans which shall be liquidated through the delivery of shares of the parent company, the Company 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 date of record, under captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognised under the income statement caption 'Staff expenses'.

s) 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 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 financial statements.

t) Judgements and estimates
The most significant accounting estimates reflected in the financial statements of the years ended at 31 December 2009 and 2008 include mainly impairment analysis of assets, particularly financial investments in Group companies.

Estimates used are based on the best information available during the preparation of financial statements and are based on the best knowledge of past and present events. Although future events are not controlled by the Company 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 financial statements, will be recognised in net income, in accordance with IAS 8 – 'Accounting Policies, Changes in Accounting Estimates and Errors', using a prospective methodology.

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

u) Financial risk management
The Company's activities expose it to a variety of financial risks such as market risk, liquidity risk and credit risk.

These risks arise from the unpredictability of financial markets, which affect the capacity to project cash flows and profits. The Company's financial risk management, subject to a long-term ongoing perspective, seeks to minimise potential adverse effects that derive from that uncertainty, using, every time it is possible and advisable, derivative financial instruments to hedge the exposure to such risks (note 1. i)).

Market risk

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

Whenever possible, the Company 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 Company adopts derivative financial hedging instruments.

Considering the reduced values of assets and liabilities in foreign currency, the impact of a change in exchange rate will not have significant impacts on the financial statements.

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 Company 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 the latter having a positive effect in other lines of the Company's results, and in this way partially offsetting the increase of financial costs ('natural hedge'); and (iv) the existence of stand alone or consolidated liquidity which is also bearing interest at a variable rate.

The Company only uses derivatives or similar transactions to hedge interest rate risks considered significant. Three main principles are followed 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 hedging must equalise the settlement dates defined 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 Company's business plan.

As all Sonaecom's borrowings (note 13) 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 Company'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 Company 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), are recognised under borrowings captions and changes in the fair value of such derivatives are recognised directly in the profit and loss statement for the period. The fair value of derivatives of cash flow hedge, that are considered effective according to IAS 39 – 'Financial Instruments', are recognised under borrowing captions and changes in the fair value are recognised in equity.

Sonaecom's Board of Directors approves the terms and conditions of the financing with significant impact in the Company, 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.

The analysis of sensibility to interest rate risk is presented in note 13.

Liquidity risk

The existence of liquidity in the Company requires the definition of some policies for an efficient and secure management of the liquidity, allowing us to maximise the profitability and to minimise the opportunity costs related with that liquidity.

The liquidity risk management has a threefold objective: (i) Liquidity, ie, 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, ie, to minimise the probability of default in any reimbursement of application of funds; and (iii) Financial efficiency, ie, to ensure that the Company maximises the value / minimise 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 Company should be applied to the alternatives and by the order described below:

(i) Amortisation of short-term debt – after comparing the opportunity cost of amortisation 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 reduce the use of bank debt at a consolidated level;

(ii) 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 into consideration the best practices in terms of bank relationships.

The maturity of applications should equalise the forecasted payments (or the applications should be easily convertible, in case of asset 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 an important variable to quantify the amounts and the maturity of the applications in the market.

The maturity analysis for each of the liabilities associated to financial instruments is presented in the note 13.

Credit risk

The Company'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 Company 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 Company.

The amounts included in the financial statements related to other current debtors, net of impairment losses, represent the maximum exposure of the Company to credit risk.

6.4 Notes to the individual financial statements (continued)

at 31 December 2009 and 2008
(Amounts expressed in euro)

2. Tangible assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in years ended 31 December 2009 and 2008 was as follows:

	2009					
	Buildings and other constructions	**Plant and machinery**	**Tools**	**Fixtures and fittings**	**Other tangible assets**	**Total**
Gross assets						
Balance at 31 December 2008	**679,443**	**46,325**	**171**	**328,207**	**103**	**1,054,249**
Additions	**41,722**	**–**	**–**	**4,798**	**516**	**47,036**
Disposals	**–**	**–**	**–**	**(1,255)**	**–**	**(1,255)**
Balance at 31 December 2009	**721,165**	**46,325**	**171**	**331,750**	**619**	**1,100,030**
Accumulated depreciation and impairment losses						
Balance at 31 December 2008	**276,753**	**9,607**	**92**	**185,127**	**103**	**471,682**
Depreciation for the year	**71,109**	**8,370**	**78**	**32,470**	**86**	**112,113**
Disposals	**–**	**–**	**–**	**(652)**	**–**	**(652)**
Balance at 31 December 2009	**347,862**	**17,977**	**170**	**216,945**	**189**	**583,143**
Net value	**373,303**	**28,348**	**1**	**114,805**	**430**	**516,887**

	2008					
	Buildings and other constructions	Plant and machinery	Tools	Fixtures and fittings	Other tangible assets	Total
Gross assets						
Balance at 31 December 2007	321,863	25,444	171	211,689	103	559,270
Additions	357,580	20,881	–	116,518	–	494,979
Balance at 31 December 2008	679,443	46,325	171	328,207	103	1,054,249
Accumulated depreciation and impairment losses						
Balance at 31 December 2007	227,887	2,330	7	147,473	11	377,708
Depreciation for the year	48,866	7,277	85	37,654	92	93,974
Balance at 31 December 2008	276,753	9,607	92	185,127	103	471,682
Net value	402,690	36,718	79	143,080	–	582,567

The additions in the year include, essentially, works in buildings owned by other parties.

6.4 Notes to the individual financial statements (continued)

at 31 December 2009 and 2008
(Amounts expressed in euro)

3. Intagible assets

The movement in intangible assets and in the corresponding accumulated amortisation and impairment losses in the years ended at 31 December 2009 and 2008, was as follows:

	2009			
	Brands, patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2008	**6,650**	**168,027**	**13,917**	**188,594**
Additions	**284**	**339**	**376**	**999**
Disposals	**(284)**	**–**	**–**	**(284)**
Transfers	**–**	**13,917**	**(13,917)**	**–**
Balance at 31 December 2009	**6,650**	**182,283**	**376**	**189,309**
Accumulated depreciation and impairment losses				
Balance at 31 December 2008	**5,630**	**133,290**	**–**	**138,920**
Depreciation for the year	**653**	**22,157**	**–**	**22,810**
Disposals	**(24)**	**–**	**–**	**(24)**
Balance at 31 December 2009	**6,259**	**155,447**	**–**	**161,706**
Net value	**391**	**26,836**	**376**	**27,603**

	2008			
	Brands, patents and other rights	Software	Intangible assets in progress	Total
Gross assets				
Balance at 31 December 2007	6,509	168,027	13,917	188,453
Additions	141	–	–	141
Balance at 31 December 2008	6,650	168,027	13,917	188,594
Accumulated depreciation and impairment losses				
Balance at 31 December 2007	4,844	112,488	–	117,332
Depreciation for the year	786	20,802	–	21,588
Balance at 31 December 2008	5,630	133,290	–	138,920
Net value	1,020	34,737	13,917	49,674

4. Breakdown of financial instruments

At 31 December 2009 and 2008, the breakdown of financial instruments was as follows:

	Investments recorded at fair value through profit and loss	Loans and receivables	Investments held to maturity	Investments available for sale	Subtotal	Others not covered by IFRS 7	Total
2009							
Non-current assets							
Other non-current assets (note 6)	–	**635,868,036**	–	–	**635,868,036**	–	**635,868,036**
	–	**635,868,036**	**–**	**–**	**635,868,036**	**–**	**635,868,036**
Current assets							
Other trade debtors (note 8)	–	**6,647,983**	–	–	**6,647,983**	**970,861**	**7,618,844**
Cash and cash equivalents (note 10)	**–**	**3,189,749**	**–**	**–**	**3,189,749**	**–**	**3,189,749**
	–	**9,837,732**	**–**	**–**	**9,837,732**	**970,861**	**10,808,593**

	Investments recorded at fair value through profit and loss	Loans and receivables	Investments held to maturity	Investments available for sale	Subtotal	Others not covered by IFRS 7	Total
2008							
Non-current assets							
Other-non current assets (note 6)	–	521,631,372	–	–	521,631,372	–	521,631,372
	–	521,631,372	–	–	521,631,372	–	521,631,372
Current assets							
Other trade debtors (note 8)	–	89,624,535	–	–	89,624,535	466,967	90,091,502
Cash and cash equivalents (note 10)	–	50,098,913	–	–	50,098,913	–	50,098,913
	–	139,723,448	–	–	139,723,448	466,967	140,190,415

	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
2009							
Non-current liabilities							
Medium and long-term loans – net of short-term portion (note 13)	–	–	**298,531,561**	–	**298,531,561**	–	**298,531,561**
	–	**–**	**298,531,561**	**–**	**298,531,561**	**–**	**298,531,561**
Current liabilities							
Short-term loans and other loans (note 13)	–	–	**134,585,855**	–	**134,585,855**	–	**134,585,855**
Other creditors (note 16)	–	–	–	**594,635**	**594,635**	**203,830**	**798,465**
	–	**–**	**134,585,855**	**594,635**	**135,180,490**	**203,830**	**135,384,320**

	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
2008							
Non-current liabilities							
Medium and long-term loans – net of short-term portion (note 13)	–	307,067	381,202,194	–	381,509,261	–	381,509,261
	–	307,067	381,202,194	–	381,509,261	–	381,509,261
Current liabilities							
Short-term loans and other loans (note 13)	–	–	30,784,090	–	30,784,090	–	30,784,090
Other creditors (note 16)	–	–	–	835,323	835,323	207,927	1,043,250
	–	–	30,784,090	835,323	31,619,413	207,927	31,827,340

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

5. Investments in Group companies

At 31 December 2009 and 2008, this caption included the following investments in Group companies:

Company	**2009**	2008
Sonaecom – Serviços de Comunicações, S.A. ('Sonaecom SC')	**764.876.231**	749.628.393
Sonae Telecom, S.G.P.S., S.A. ('Sonae Telecom')	**105.799.987**	105.799.987
Sonae com – Sistemas de Informação, S.G.P.S., S.A. ('Sonae com SI')	**52.241.587**	26.641.587
Sonaetelecom BV	**44.209.902**	44.209.902
Telemilénio, Telecomunicações, Sociedade Unipessoal, Lda. ('Tele 2')	**-**	13.076.489
Miauger – Organização e Gestão de Leilões Electrónicos, S.A. ('Miauger')	**4.568.100**	4.568.100
Be Artis – Concepção, Construção e Gestão de Redes de Comunicações, S.A. ('Be Artis')	**50.000**	50.000
Sonaecom BV	**20.000**	100.000
	971.765.807	944.074.458
Impairment losses (note 14)	**(46.609.902)**	(45.977.902)
Total investments in Group companies	**925.155.905**	898.096.556

The movements that occurred in investments in Group companies during the years ended 31 December 2009 and 2008, were as follows:

Company	Balance at 31 December 2008	Additions	Disposals	Transfers and write-offs	**Balance at 31 December 2009**
Sonaecom SC	749.628.393	65.200	–	15.182.638	**764.876.231**
Sonae Telecom	105.799.987	–	–	–	**105.799.987**
Sonaetelecom BV	44.209.902	–	–	–	**44.209.902**
Sonae com SI	26.641.587	–	–	25.600.000	**52.241.587**
Miauger	4.568.100	–	–	–	**4.568.100**
Tele 2	13.076.489	–	–	(13.076.489)	**-**
Sonaecom BV	100.000	–	(80.000)	–	**20.000**
Be Artis	50.000	–	–	–	**50.000**
	944.074.458	65.200	(80.000)	27.706.149	**971.765.807**
Impairment losses (note 14)	(45.977.902)	(2.400.000)	–	1.768.000	**(46.609.902)**
	898.096.556	(2.334.800)	(80.000)	29.474.149	**925.155.905**

Company	Balance at 31 December 2007	Additions	Disposals	Transfers and write-offs	Balance at 31 December 2008
Sonaecom SC	749.628.393	–	–	–	749.628.393
Sonae Telecom	105.799.987	–	–	–	105.799.987
Sonaetelecom BV	44.209.902	–	–	–	44.209.902
Sonae com SI	26.641.587	–	–	–	26.641.587
Miauger	4.568.100	–	–	–	4.568.100
Tele 2	178.409	–	(868.135)	13.766.215	13.076.489
Sonaecom BV	100.000	–	–	–	100.000
Be Artis	50.000	–	–	–	50.000
	931.176.378	–	(868.135)	13.766.215	944.074.458
Impairment losses (note 14)	(10.448.903)	–	–	(35.528.999)	(45.977.902)
	920.727.475	–	(868.135)	(21.762.784)	898.096.556

6.4 Notes to the individual financial statements (continued)

at 31 December 2009 and 2008
(Amounts expressed in euro)

With accounting effect from 1 January 2009, the subsidiary Telemilénio Telecomunicações, Sociedade Unipessoal, Lda. was merged by incorporation into the subsidiary Sonaecom – Serviços de Comunicações, S.A.. This transaction was approved at the General Shareholder Meetings of each company, both held on 24 November 2008.

In the year ended at 31 December 2009, the amount of Euro 15,182,638 under the caption 'Transfers' at Sonaecom SC relates to the investment in Tele 2, and to the reinforcement of supplementary capital in the amount of Euro 2,106,149 under the terms of the merger.

The amount of Euro 25,600,000 under the caption 'Transfers' at Sonae com SI, in the year 2009, relates to the share capital increase by conversion of supplementary capital in this subsidiary (note 6).

The variation in 'Impairment losses' result from the increase made during the year in the amount of Euro 2,400,000 and the transfer of Euro 1,768,000 to the caption 'Other non-current assets' (note 14).

The amount of Euro 13,766,215 under the caption 'Transfers' in the year 2008, relates to the transfer of supplementary capital to cover accumulated losses in the subsidiary Tele 2. The amount of Euro 868,135 under the caption 'Disposals' in the year 2008, is due to a correction to the acquisition price of Tele 2, which was acquired during the year ended at 31 December 2007.

The Company presents separate consolidated financial statements at 31 December 2009, in accordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union, which presents total consolidated assets of Euro 1,920,106,594, total consolidated liabilities of Euro 984,466,006, consolidated operational revenues of Euro 956,431,845 and consolidated Shareholders' funds of Euro 935,640,588, including a consolidated net profit (attributable to the Shareholders of the parent company – Sonaecom, S.G.P.S., S.A.) for the year ended at 31 December 2009 of Euro 5,748,497.

At 31 December 2009 and 2008, the main financial information regarding the subsidiaries directly owned by the Company is as follows (values in accordance with IAS / IFRS):

		2009			2008		
Company	Head office	**% holding**	**Shareholders' funds**	**Net profit/(loss)**	% holding	Shareholders' funds	Net profit/(loss)
Sonaecom SC	Maia	**53,54%**	**512.472.399**	**2.920.511**	53,54%	506.473.697	16.364.229
Sonae Telecom	Maia	**100%**	**190.088.655**	**15.478.275**	100%	174.990.380	15.161.596
Sonae com SI	Maia	**100%**	**36.630.056**	**688.611**	100%	47.015.632	219.546
Miauger	Maia	**100%**	**2.320.841**	**637.414**	100%	883.428	434.647
Sonaetelecom BV	Amesterdam	**100%**	**(8.669.677)**	**(613.738)**	100%	(8.055.939)	(23.123.941)
Tele 2	Lisbon	**–**	**–**	**–**	100%	3.012.990	3.007.991
Sonaecom BV	Amesterdam	**100%**	**(16.456.660)**	**(1.433.302)**	100%	(14.943.358)	(3.011.399)
Be Artis	Maia	**100%**	**108.710.509**	**(1.972.907)**	100%	110.683.416	(661.414)

At 31 December 2009 and 2008, Sonaecom owned, indirectly, through Sonae Telecom S.G.P.S., S.A. and Sonaecom BV, an additional shareholding of 35.86% (2008: 37.94%) and 10.60% (2008: 8.52%) in Sonaecom – Serviços de Comunicações, respectively, amounting to 100% of participation.

The evaluation of the existence of impairment losses for the main investments in the Group companies was based on most up-to-date business plans duly approved by the Group's Board of Directors, which include projected cash flows for periods of five years. The discount rates used were based on the estimated weighted average cost of capital, which depends on the business segment of each subsidiary, and are as indicated in the table below. In perpetuity, the Group considered a growth rate of circa 3%. In situations where the measurement of the existence, or not. of impairment is made based on the net selling price, values of similar transactions and other proposals made are used.

	Discount rate
Telecommunications	9,00%
Multimedia	9,45%
Information systems	11,22%

6. Other non-current assets

At 31 December 2009 and 2008, this caption was made up as follows:

	2009	2008
Financial assets		
Medium and long-term loans granted to Group companies:		
Be Artis	**271.915.000**	190.780.000
Sonaecom BV	**199.088.000**	138.887.000
Sonaetelecom BV	**28.521.000**	27.401.000
Wedo Consulting	**8.490.000**	–
Sonae com SI	**7.350.000**	390.000
Lugares Virtuais	**1.030.000**	900.000
	516.394.000	358.358.000
Supplementary capital:		
Be Artis	**115.640.000**	115.640.000
Sonae Telecom SGPS	**15.788.458**	15.788.458
Sonaetelecom BV	**11.500.000**	11.500.000
Miauger	**800.000**	–
Sonae com SI	–	33.574.187
Tele 2	–	2.106.149
	143.728.458	178.608.795
	660.122.458	536.966.795
Accumulated impairment losses (note 14)	**(24.254.422)**	(15.335.423)
	635.868.036	521.631.372

During the years ended at 31 December 2009 and 2008, the movements that occurred in 'Medium and long-term loans granted to Group companies' were as follows:

					2009
Company	Opening balance	Increases	Decreases	Transfers	Closing balance
Be Artis	306.420.000	215.645.000	(134.510.000)	–	387.555.000
Sonaecom BV	138.887.000	79.296.000	(19.095.000)	–	199.088.000
Sonaetelecom BV	38.901.000	1.120.000	–	–	40.021.000
Sonaecom Telecom SGPS	15.788.458	–	–	–	15.788.458
Wedo Consulting	–	9.960.000	(1.470.000)	–	8.490.000
Sonae com SI	33.964.187	7.350.000	(8.364.187)	(25.600.000)	7.350.000
Lugares Virtuais	900.000	930.000	(800.000)	–	1.030.000
Tele 2	2.106.149	–	–	(2.106.149)	–
Miauger	–	800.000	–	–	800.000
	536.966.794	315.101.000	(164.239.187)	(27.706.149)	660.122.458

					2008
Company	Opening balance	Increases	Decreases	Transfers	Closing balance
Sonaecom SC	262.795.000	–	(262.795.000)	–	–
Be Artis	–	317.650.000	(11.230.000)	–	306.420.000
Sonaecom BV	120.660.000	36.277.000	(18.050.000)	–	138.887.000
Sonaetelecom BV	70.175.000	17.301.000	(48.575.000)	–	38.901.000
Sonaecom Telecom SGPS	30.964.188	–	(15.176.009)	–	15.788.179
Sonae com SI	33.964.467	–	–	–	33.964.467
Lugar Virtuais	–	900.000	–	–	900.000
Tele 2	14.727.997	2.106.149	(961.782)	(13.766.215)	2.106.149
	533.286.652	374.234.149	(356.787.791)	(13.766.215)	536.966.795

The amount of Euro 25,600,000 under the caption 'Transfers' at Sonae com SI, in the year 2009, relates to the share capital increase by conversion of supplementary capital in this subsidiary (note 5).

During the years ended at 31 December 2009 and 2008, the loans granted to Group companies earned interest at market rates with an average interest rate of 2.22% and 5.31%, respectively. Supplementary capital is non-interest bearing.

The movement under the caption 'Accumulated impairment losses' is due to the reinforcements performed during the year, in the amount of Euro 7,151,000, and to the transfers, in the amount of Euro 1,768,00, from the caption 'Investments in Group companies' (note 14).

Loans granted to Group companies and Supplementary capital, do not have a defined maturity, therefore no information about the aging of these loans is presented.

The evaluation of the existence of impairment losses for the loans made to Group companies was based on the most up-to-date business plans duly approved by the Group's Board of Directors, which include projected cash flows for periods of five years. The discount rates used and the perpetuity growth considered are presented in the previous note (note 5).

7. Deferred taxes

The movement in deferred tax liabilities in the year ended at 31 December 2009 was as follows:

	2009
Opening balance	–
Impact on results	
IFRS Adjustments	10.480
Closing balance	**10.480**

At 31 December 2009, the rate used to calculate the deferred tax liabilities relating from temporary differences was 26.5%.

At 31 December 2009, the value of deferred tax assets not recorded where it is not expected that sufficient taxable profits will be generated in the future to cover those losses, have the following detail:

Year of origin	Tax losses	Adjustments to IAS / IFRS	Provisions not acceptable for tax purposes	Total	Deferred tax assets
2001	–	–	3.463.000	3.463.000	917.695
2002	–	–	11.431.819	11.431.819	3.029.432
2003	–	–	31.154.781	31.154.781	8.256.017
2004	–	–	9.662.981	9.662.981	2.560.690
2005	–	–	(3.033.899)	(3.033.899)	(803.983)
2006	24.341.554	(257.438)	(149.858)	23.934.258	5.977.455
2007	54.563.604	81.031	(537.036)	54.107.599	13.520.060
2008	–	38.049	9.893.940	9.949.299	2.631.977
2009	(73.975)	–	9.738.711	9.664.736	2.562.265
	78.831.183	(138.358)	71.624.439	150.334.574	38.651.607

The rate used at 31 December 2009 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%.

The reconciliation between the earnings before tax and the tax recorded for the year ended at 31 December 2009 is as follows:

	2009
Earnings before tax	**(5.986.081)**
Income tax rate (25%)	**1.496.520**
Current income tax and other related taxes	**(59.904)**
Deferred tax liabilites	**(10.480)**
Movements in provisions not accepted for tax purposes (note 14)	**(2.531.015)**
Adjustments to the taxable income	**1.034.495**
Income taxation recorded in the year	**(70.384)**

Portuguese Tax Authorities can review the income tax returns of the Company for a period of four years (five years for Social Security), except when tax losses have been generated, tax benefits have been granted or when any review, claim or impugnation is in progress, in which circumstances, the periods are extended or suspended. Consequently, tax returns of each year, since the year 2006 (inclusive) are still subject to such review. The Board of Directors believes that any correction that may arise as a result of such review would not produce a significant impact in the accompanying financial statements.

Supported by the Company's lawyers and tax consultants, the Board of Directors believes that there are no liabilities not provisioned in the financial statements, associated to probable tax contingencies that should have been recorded or disclosed in the accompanying financial statements, at 31 December 2009.

8. Other current debtors

At 31 December 2009 and 2008, this caption was made up as follows:

	2009	2008
Trade debtors	**6.649.913**	89.626.541
State and other public entities	**970.861**	466.967
Accumulated impairment losses on accounts receivables (note 14)	**(1.930)**	(2.006)
	7.618.844	90.091.502

The amount registered under the caption 'Other current debtors', corresponds mainly to the advance in the amount of 80 million euros, made to Sonaecom BV for the acquisition of the participation of 8.52% held by this company in Sonaecom – Serviços de Comunicações, S.A.. At 31 December 2009 and 2008, this caption also included amounts to be received from subsidiary Group companies, for debts issued in December 2009 and 2008, relating to interests receivable from subsidiaries on Shareholders' loans, interest on treasury applications and services rendered.

The caption 'State and other public entities', at 31 December 2009 and 2008, includes the special advanced payment, retentions and taxes to be recovered.

At 31 December 2009 and 2008, the aging of Trade debtors was as follows:

			Due without impairment			Due and with impairment			
	Total	Not due	Until 30 days	From 30 to 90 days	More than 90 days	Until 90 days	From 90 to 180 days	From 180 to 360 days	More than 360 days
2009									
Trade debtors	**6.649.913**	**6.096.642**	–	**20.959**	**530.382**	–	–	–	**1.930**
2008									
Trade debtors	89.626.541	6.859.523	82.734.728	3.574	26.710	–	–	–	2.006

The balances related to 'State and other public entities' are not financial assets, and therefore such caption was not detailed in the table above.

6.4 Notes to the individual financial statements (continued)

at 31 December 2009 and 2008
(Amounts expressed in euro)

9. Other current assets

At 31 December 2009 and 2008, this caption was made up as follows:

	2009	2008
Accrued income		
Interest receivable	**3.086.332**	2.858.648
Invoices to be issued	**3.804.721**	116.398
Other accrued income	**1.031**	–
	6.892.084	2.975.046
Pluriannual costs		
Other pluriannual costs	**39.449**	133.705
Insurance	**56.340**	56.085
Rents	**13.998**	13.187
	109.787	202.977
	7.001.871	3.178.023

The caption 'Invoices to be issued' relates to an amount to be charged to Sonaecom SC.

10. Cash and cash equivalents

At 31 December 2009 and 2008, the breakdown of cash and cash equivalents was as follows:

	2009	2008
Cash	**10.974**	10.151
Bank deposits repayable on demand	**284.775**	105.762
Treasury applications	**2.894.000**	49.983.000
	3.189.749	50.098.913

At 31 December 2009 and 2008, the caption 'Treasury applications' had the following breakdown:

	2009	2008
Público	**2.894.000**	–
Sonaecom – Serviços de Comunicações	–	36.510.000
Wedo	–	12.285.000
Lugares Virtuais	–	700.000
Tele 2	–	488.000
	2.894.000	49.983.000

During the year ended at 31 December 2009, the above mentioned treasury applications bear interests at an average rate of 3.02% (5.29% in 2008).

11. Share capital

At 31 December 2009 and 2008, the share capital of Sonaecom was comprised by 366,246,868 ordinary registered shares of 1 euro each. At those dates, the Shareholder structure was as follows:

	2009		2008	
	Number of shares	%	Number of shares	%
Sontel BV	**183.374.470**	**50,07%**	193.550.515	52,85%
Atlas Service Belgium	**73.249.374**	**20,00%**	73.249.374	20,00%
Free Float	**71.204.015**	**19,44%**	63.526.687	17,35%
Millenium BCP	**12.500.998**	**3,41%**	–	–
Sonae Investments BV	**10.500.000**	**2,87%**	–	–
Santander Asset Management	**7.408.788**	**2,02%**	–	–
Own shares	**7.169.574**	**1,96%**	5.930.643	1,62%
Sonae	**838.649**	**0,23%**	838.649	0,23%
Efanor Investimentos, S.G.P.S., S.A.	**1.000**	**0,00%**	1.000	0,00%
093X (EDP)	–	–	29.150.000	7,96%
	366.246.868	**100,00%**	366.246.868	100,00%

All shares that comprise the share capital of Sonaecom, are authorised, subscribed and paid. All shares have the same rights and each share corresponds to one vote.

12. Own shares

During the year ended at 31 December 2009, Sonaecom delivered to its employees 794,971 own shares under its Medium Term Incentive Plans.

Additionally, during the year ended at 31 December 2009, Sonaecom acquired 2,033,802 shares (at an average price of Euro 1.54), holding at the end of the year 7,169,574 own shares, representative of 1.96% of its share capital, with an average price of Euro 1.79.

13. Loans

At 31 December 2009 and 2008, the caption 'Loans' had the following breakdown:

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

Issue denomination	Limit	Maturity	Type of reimbursement	Amount outstanding 2009	Amount outstanding 2008
'Obrigações Sonaecom SGPS 2005'	150.000.000	June 2013	Final	**150.000.000**	150.000.000
Costs associated with setting-up the financing	–	–	–	**(1.912.757)**	(2.396.771)
Interests incurred but not yet due	–	–	–	**85.800**	169.874
Fair value of swaps	–	–	–	–	481.174
				148.173.043	148.254.277
Commercial paper	150.000.000	July 2012	–	**150.000.000**	211.000.000
	70.000.000	December 2010	–	–	20.000.000
Interests incurred but not yet due	–	–	–	**358.518**	2.429.090
Fair value of swaps	–	–	–	–	(174.106)
				150.358.518	233.254.984
				298.531.561	381.509.261

In July 2007, Sonaecom contracted a Commercial Paper Programme Issuance with a maximum amount of Euro 250 million with subscription grant and maturity of five years, organised 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 Argentaria (Portugal), Banco Comercial Português and BNP Paribas (in Portugal).

With this refinancing, the Group was able to 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 euro.

The average interest rate of the bond loan, in the period, was 3.18%.

All the loans above are unsecured and the fulfilment of the obligations under these loans is exclusively guaranteed by the underlying activities and the indebted company cash flows generation capacity.

At 31 December 2009 and 2008, the repayment schedule of medium and long-term loans and of interests, for both bonds and commercial paper was as follows:

6.4 Notes to the individual financial statements (continued)

at 31 December 2009 and 2008
(Amounts expressed in euro)

	N+1	N+2	N+3	N+4	N+5	After N+5
2009						
Bond loan						
Reimbursements	–	–	–	**150.000.000**	–	–
Interests	**2.808.000**	**2.808.000**	**2.815.693**	**1.315.529**	**–**	**–**
Commercial paper						
Reimbursements	**–**	**–**	**150.000.000**	**–**	**–**	**–**
Interests	**1.494.000**	**1.494.000**	**867.748**	**–**	**–**	**–**
	4.302.000	**4.302.000**	**153.683.441**	**151.315.529**	–	–
2008						
Bond loan						
Reimbursements	–	–	–	–	150.000.000	–
Interests	6.132.255	6.115.500	6.115.500	6.132.255	2.865.070	–
Commercial paper						
Reimbursements	–	81.000.000	–	150.000.000	–	–
Interests	10.837.621	9.301.079	8.142.050	4.729.081	–	–
	16.969.876	96.416.579	14.257.550	160.861.336	152.865.070	–

Although the maturity of commercial paper issuance is less than one year, the counterparties assumed the placement and the maintenance of those limits for a period of five years, and the Board of Directors recorded such liabilities in the medium and long term.

At 31 December 2009 and 2008, the available credit lines of the Company are as follows:

				Maturity	
Credit	Limit	Amount outstanding	Amount available	Until 12 months	More than 12 months
2009					
Commercial paper	**150.000.000**	**150.000.000**	–		**x**
Commercial paper	**100.000.000**	**15.000.000**	**85.000.000**	**x**	
Commercial paper	**70.000.000**	**40.000.000**	**30.000.000**	**x**	
Bond loan	**150.000.000**	**150.000.000**	–		**x**
Overdraft facilities	**26.500.000**	**3.500.000**	**23.000.000**	**x**	
Authorised overdrafts	**2.500.000**	**–**	**2.500.000**	**x**	
	499.000.000	**358.500.000**	**140.500.000**		
2008					
Commercial paper	150.000.000	150.000.000	–		x
Commercial paper	100.000.000	61.000.000	39.000.000		x
Commercial paper	70.000.000	20.000.000	50.000.000		x
Overdraft facilities	15.000.000	4.873.000	10.127.000	x	
Bond loan	150.000.000	150.000.000	–		x
	485.000.000	385.873.000	99.127.000		

At 31 December 2009, there are no interest rate hedging instruments. At 31 December 2008, the interest rate hedging instruments and their fair values, calculated by the method of discounted future cash flows, were:

Hedged loan	Notional amount	Due date	Base rate	Fixed rate contracted	Fair value of the derivative instruments
2008					
Commercial paper	110.000.000	March 2009	Euribor 6m	4,365%	(174.106)
Bond loan	75.000.000	June 2009	Euribor 6m	4,565%	481.174
					307.068

In September 2007, Sonaecom contracted an 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. The maturity of this interest rate swap was on 13 March 2009.

In December 2007, Sonaecom contracted an interest rate swap, with a notional amount of Euro 75 million, for a period of 18 months re-fixed every semester, to hedge 50% of the 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 maturity of this interest rate swap was on 21 June 2009.

During the year ended at 31 December 2009, the movements occurred in the fair value of the swaps related to the Commercial Paper Programme, in the amount of Euro 174,106 negative and to the bond loan, in the amount of Euro 481,174, were recorded in reserves, as the hedging is effective, in accordance with IAS 39.

During the year ended at 31 December 2009, the interest rate hedging instruments reached their maturity. Therefore, at 31 December 2009 the total gross debt is exposed to changes in the interest rates.

b) Short-term loans and other loans

The caption 'Short-term loans and other loans', at 31 December 2009 and 2008, includes an amount of Euro 134,585,855 and Euro 30,784,090, respectively, related to treasury applications received from subsidiaries, to the Commercial Paper Programme and from overdrafts, composed as follows:

				Amount outstanding	
Issue denomination	Limit	Maturity	Type of reimbursement	**2009**	2008
Tresuary applications	–	–	–	**76.011.952**	25.911.090
Commercial Paper	100.000.000	July 2010	–	**15.000.000**	–
	70.000.000	December 2010	–	**40.000.000**	–
Interest incurred but not yet due				**73.903**	–
				55.073.903	**–**
Overdrafts facilities -CGD	–	–	–	**3.500.000**	4.873.000
				134.585.855	30.784.090

During the year ended at 31 December 2009 and 2008, the detail of 'Treasury applications' received from subsidiaries was as follows:

	2009	2008
Sonaecom SC	**62.722.607**	–
Be Towering	**7.432.557**	14.813.060
Digitmarket	**3.597.549**	3.475.028
Mainroad	**1.094.285**	2.606.863
Miauger	**828.316**	732.528
Sonae com SI	**161.927**	2.687.326
Saphety	**106.389**	265.203
Lugares Virtuais	**50.043**	–
Sonae Telecom	**8.265**	444.785
Wedo Consulting	**5.257**	–
Público	**4.757**	885.650
Tele 2	**–**	647
	76.011.952	25.911.090

The treasury applications received from Group companies are payable in less than three months and earn interests at market rates. During the year ended at 31 December 2009 and 2008, the treasury applications earned an average interest rate of 0.73% and 4.29%, respectively.

14. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the years ended at 31 December 2009 and 2008 were as follows:

	Opening balance	Increases	Transfers	Utilisations	Decreases	Closing balance
2009						
Accumulated impairment losses on accounts receivables (note 8)	**2.006**	**14**	–	–	**(90)**	**1.930**
Accumulated impairment losses on investments in Group companies (notes 5 and 20)	**45.977.902**	**2.400.000**	**(1.768.000)**	–	–	**46.609.902**
Accumulates impairment losses on other non-current assets (notes 5, 6 and 20)	**15.335.424**	**7.151.000**	**1.768.000**	–	**(2)**	**24.254.422**
Provisions for other liabilities and charges	**57.264**	**7.370**	**–**	**–**	**(23.000)**	**41.634**
	61.372.596	**9.558.384**	**–**	**–**	**(23.092)**	**70.907.888**
2008						
Accumulated impairment losses on accounts receivables (note 8)	806	1.200	–	–	–	2.006
Accumulated impairment losses on investments in Group companies (notes 5 and 20)	10.448.903	–	35.528.999	–	–	45.977.902
Accumulates impairment losses on other non-current assets (notes 5, 6 and 20)	40.590.703	10.273.720	(35.528.999)	–	–	15.335.424
Provisions for other liabilities and charges	23.706	33.558	–	–	–	57.264
	51.064.118	10.308.478	–	–	–	61.372.596

The increases in provisions and impairment losses are recorded under the caption 'Provisions and impairment losses' in the profit and loss statement with the exception of the impairment losses in other current assets, which, due to their nature, are recorded as a financial expense under the caption 'Gains and losses on Group companies' (note 20).

The increase of 'Provisions for other liabilities and charges' includes the amount of Euro 7,370 registered in the financial statements, under the caption 'Income taxation'.

15. Other non-current liabilities

This caption, in the amounts of Euro 247,722 and Euro 326,483, at 31 December 2009 and 2008, respectively, corresponds to the medium and long-term amounts associated with the Medium Term Incentive Plans (note 24).

16. Other creditors

At 31 December 2009 and 2008, this caption was made up as follows:

	2009	2008
Other creditors	**594.635**	770.221
State and other public entities	**203.830**	207.927
Fixed assets suppliers	**–**	65.102
	798.465	1.043.250

The other creditors had the following maturity plan:

	Total	Until 90 days	From 90 to 180 days	More than 180 days
2009				
Fixed assets suppliers	–	–	–	–
Other creditors	**594.635**	**594.635**	–	–
	594.635	**594.635**	–	–
2008				
Fixed assets suppliers	65.102	65.102	–	–
Other creditors	770.221	770.221	–	–
	835.323	835.323	–	–

17. Other current liabilities

At 31 December 2009 and 2008, this caption was made up as follows:

	2009	2008
Accrued costs		
Remuneration and Vacation allowance	**1.321.371**	1.266.837
Consultancy	**221.426**	20.449
Medium Term Incentive Plans (note 24)	**182.034**	229.049
Other external supplies and services	**134.657**	136.373
Other accrued costs	**171.884**	194.851
	2.031.372	1.847.559
Deferred income		
Invoices to be issued	–	62.500
Other deferred income	**12.140**	50
	12.140	62.550
	2.043.512	1.910.109

18. Services rendered

At 31 December 2009 and 2008, the caption 'Services rendered' was comprised by the charge of management fees to subsidiaries.

19. External supplies and services

At 31 December 2009 and 2008, this caption was made up as follows:

	2009	2008
Specialised work	**2.181.399**	2.016.121
Rents and travelling expenses	**395.474**	318.351
Fees	**327.807**	527.480
Travel and accommodation	**205.601**	348.376
Other external supplies and services	**437.733**	378.487
	3.548.014	3.588.815

The commitments assumed, at 31 December 2009 and 2008, related to operational leases are as follows:

	2009	2008
Minimum payments of operational leases:		
2009	–	176.024
2010	**323.797**	143.476
2011	**261.153**	102.803
2012	**73.768**	53.676
2013	**18.929**	–
Renewable by periods of one year	**124.601**	91.331
	802.248	567.310

20. Financial results

Net financial results for the years ended 31 December 2009 and 2008 are made up as follows:

	2009	2008
Gains and losses on investments in Group companies		
Losses related to Group companies (notes 5, 6 and 14)	**(9.551.000)**	(10.273.720)
Gains related to Group companies	**3.480.000**	21.414.813
	(6.071.000)	11.141.093
Other financial expenses		
Interest expenses:		
Bank loans	**(5.049.550)**	(10.880.213)
Other loans	**(5.217.212)**	(9.606.002)
Overdrafts and others	**(543.623)**	(97.435)
	(10.810.385)	(20.583.649)
Foreign currency exchange losses	**(1)**	(1.862)
Other financial expenses	**(94.130)**	(31.404)
	(94.130)	(31.404)
	(10.904.516)	(20.616.916)
Other financial income		
Interest income	**12.239.907**	30.387.017
Foreign currency exchange gains	**409**	9
	12.240.316	30.387.026

At 31 December 2009, the caption 'Gains related to Group companies' relates to the dividends received from Sonae com SI and Sonae Telecom. At 31 December 2008, this caption was comprised by dividends received from Sonaecom SC.

21. Related parties

The most significant balances and transactions with related parties (which are detailed in the appendix) at 31 December 2009 and 2008 were as follows:

	Balances at 31 December 2009				
	Accounts receivable	Accounts payable	Treasury applications	Other assets and liabilities	Loans granted / (obtained)
Sonaecom SC	**1.699.029**	**145.580**	–	**4.411.764**	**(62.722.607)**
Sonaecom BV	**1.972.912**	–	–	**260.050**	**199.088.000**
Be Artis	**1.731.654**	**589**	–	**1.865.925**	**271.915.000**
Sonaetelecom BV	**104.017**	–	–	**36.299**	**28.521.000**
Be Towering	**762.482**	–	–	**5.614**	**(7.432.557)**
Lugar Virtuais	**10.540**	**360**	–	**(129.361)**	**979.957**
Público	**28.687**	–	**2.894.000**	**38.272**	**(4.757)**
Digitmarket	**20.536**	**1.505**	–	**6**	**(3.597.549)**
Wedo	**207.280**	–	–	**822.587**	**8.484.743**
Sonae com SI	**1.085**	**201.884**	–	**17.996**	**7.188.074**
Outros	**58.347**	**22.565**	–	**(109.790)**	**(2.037.256)**
	6.596.569	**372.483**	**2.894.000**	**7.219.362**	**440.382.048**

	Balances at 31 December 2008				
	Accounts receivable	Accounts payable	Treasury applications	Other assets and liabilities	Loans granted / (obtained)
Sonaecom SC	2.688.808	(119.860)	36.510.000	2.001.438	–
Sonaecom BV	81.688.065	(80.000)	–	462.686	138.887.000
Be Artis	2.288.719	(187)	–	910.686	190.780.000
Sonaetelecom BV	515.736	–	–	135.025	27.401.000
Be Towering	105.104	–	–	835.632	(14.813.060)
Sonae 3P	23.029	(2.241)	–	–	–
Público	17.368	–	–	122.883	(885.650)
Tele 2	15.630	–	488.000	131.731	(647)
Wedo	14.545	(16.700)	12.285.000	507.197	–
Sonae com SI	14.087	(2.887)	–	(187.880)	(2.297.326)
Outros	38.840	(330.977)	700.000	(13.146)	(6.624.406)
	87.409.931	(552.851)	49.983.000	4.906.252	332.446.910

	Transactions at 31 December 2009			
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Sonaecom SC	**6.478.618**	**(86.767)**	**(66.801)**	–
Be Artis	**271.039**	**(6.874)**	**6.969.188**	**(42)**
Be Towering	**54.976**	**(107.772)**	**(60.597)**	–
Wedo	**82.171**	–	**203.533**	–
Sonaecom BV	–	–	**4.312.727**	–
Sonae SGPS	–	**458.817**	**(2.739)**	**(5.220)**
Outros	**221.450**	**79.470**	**472.033**	**(515)**
	7.108.254	**336.874**	**11.827.344**	**(5.777)**

	Transactions at 31 December 2008			
	Sales and services rendered	Supplies and services received	Interest and similar income / (expense)	Supplementary income
Sonaecom SC	6.304.955	1.394.879	13.645.714	6.769
Be Artis	282.162	1.367	5.728.236	(538)
Público	162.404	3.076	152.938	635
Wedo	114.513	(3.400)	649.895	900
Sonaecom BV	–	–	6.399.212	–
Sonaetelecom BV	114	–	1.894.977	–
Outros	165.041	338.408	69.123	34.572
	7.029.189	1.734.330	28.540.095	42.338

All the above transactions were made at market prices.

22. Guarantees provided to third parties

Guarantees provided to third parties at 31 December 2009 and 2008 were as follows:

Beneficiary	Description	**2009**	2008
Direcção de Contribuições e Impostos (Portuguese tax authorities)	VAT Reimbursements	**8.115.243**	8.098.449
		8.115.243	8.098.449

At 31 December 2009 and 2008, the Board of Directors of the Group believes that the decision of the court proceedings and ongoing tax assessments in progress will not have significant impacts on the financial statements.

23. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the net income of the year (negative Euro 6,056,465 in 2009 and Euro 19,657,889 in 2008) by the average number of shares outstanding during the years ended at 31 December 2009 and 2008, net of own shares (Euro 359,776,301 in 2009 and Euro 363,151,223 in 2008).

24. Medium Term Incentive Plans

In June 2000, the Company 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 Company. In some annual plans, beneficiaries can choose between options or shares. Options are valued using the Black Scholes options pricing model.

The Sonaecom plans outstanding at 31 December 2009 can be summarised as follows:

				31 December 2009	
			Vesting period	**Aggregate number**	
	Share price at award date*	Award date	Vesting date	**of participations**	**Number of shares**
Sonaecom shares					
2005 Plan	4,093	10-Mar-06	09-Mar-09	–	–
2006 Plan	4,697	09-Mar-07	08-Mar-10	**19**	**97.731**
2007 Plan	2,447	10-Mar-08	09-Mar-11	**20**	**233.041**
2008 Plan	1,117	10-Mar-09	09-Mar-12	**19**	**486.735**
Sonae SGPS shares					
2005 Plan	1,34	10-Mar-06	09-Mar-09	–	–
2006 Plan	1,68	09-Mar-07	08-Mar-10	**3**	**95.019**
2007 Plan	1,16	10-Mar-08	09-Mar-11	**4**	**201.295**
2008 Plan	0,526	10-Mar-09	09-Mar-12	**4**	**415.016**

*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 3 March and 5 April 2007; Sonae SGPS shares – the average share price between 13 February and 26 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 years ended at 31 December 2009, the movements that 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 December 2008:				
Unvested	60	464.852	13	434.641
Total	60	464.852	13	434.641
Movements in year:				
Awarded	20	550.782	5	456.902
Vested	(20)	(86.440)	(4)	(93.747)
Cancelled / lapsed*	(2)	(111.687)	(3)	(86.466)
Outstanding at 31 December 2009:				
Unvested	58	817.507	11	711.330
Total	58	817.507	11	711.330

* The adjustments are made for dividends paid and for share capital changes.

For Sonaecom's share plans, the responsibility was calculated taking into consideration the share price at 2 January 2009, the date as from which the change to the form of settlement of the share plans is effective, with the exception of the plan attributed in 2009, for which responsibility is calculated based on the corresponding award date. The total responsibility for the mentioned plans is Euro 361,418 and was recorded under the caption 'Medium Term Incentive Plans Reserve'. For the Sonae SGPS share plan, the Group entered into hedging contracts with external entities, and the liabilities are calculated based on the prices agreed on those contracts and recorded under the captions 'Other current liabilities' and 'Other non-current liabilities', by an amount of Euro 429,756.

Share plan costs are recognised in the accounts over the period between the award and the vesting date of those plans. The costs recognised in previous years and in the year ended at 31 December 2009, were as follows:

	Value
Costs recognised in previous years	3.464.650
Costs recognised in the year	470.931
Costs of plans vested in previous years	(2.909.118)
Costs of plans vested in the year	(235.289)
	791.174
Recorded in other current liabilities (note 17)	182.034
Recorded in other non current liabilities (note 15)	247.722
Recorded in reserves	361.418

During the year ended at 31 December 2009, the Company converted the settlement of its Medium Term Incentive Plans from settlement in cash to settlement in shares.

25. Remuneration attributed to the key management personnel

The remuneration of Directors and other members of key management during the years ended 31 December 2009 and 2008 were as follows:

	2009	2008
Short-term employee benefits	**2.209.425**	2.332.967
Share-based payments	**713.233**	712.200
	2.922.658	3.045.167

The values above relate to short-term employee benefits and were calculated on an accruals basis and include Fixed Remuneration and Performance Bonus. The share-based payments for 2009 and 2008 correspond to the value of the Medium Term Incentive Plan and will be awarded in 2010, in respect to the performance during 2009 (and the Medium Term Incentive Plan awarded in 2009 in respect to the performance during 2008, for the 2008 values), whose shares, or the cash equivalent, will be delivered in March 2013 and March 2012, respectively, and valued based on the share price of the delivery date (March 2009 and March 2008, respectively).

26. Average number of employees

During the years ended at 31 December 2009 and 2008, the Company had an average of 39 and 41 employees, respectively. As of 31 December 2009, the Company had 37 employees.

27. Others matters

In the Arbitration Court proceeding imposed to resolve 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, S.A. at 70% of its actual value. Maxistar has appealed against the decision of the Arbitration Court but that appeal was 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 appealed to the 'Supremo Tribunal de Justiça' (Supreme Court), which dismissed the appeal, confirming the sentence. During the year ended at 31 December 2009, the decision has become final.

28. Subsequent events

In February 2010, the Company issued a new bond loan in the amount of 30 million euros for a period of three years.

These financial statements were approved by the Board of Directors on 4 March 2010, having the conviction that they will be adopted at the Shareholders' General Meeting without any changes.

Appendix

At 31 December 2009, the related parties of Sonaecom, S.G.P.S. are as follows

Key management personnel

Álvaro Carmona e Costa Portela	Gervais Pellissier
Álvaro Cuervo Garcia	Jean François Pontal
Ângelo Gabriel Ribeirinho dos Santos Paupério	Luís Filipe Campos Dias Castro Reis
António Bernardo Aranha da Gama Lobo Xavier	Luís Filipe Palmeira Lampreia
António de Sampaio e Mello	Maria Cláudia Teixeira de Azevedo
Belmiro de Azevedo	Michel Marie Bon
David Hobley	Miguel Nuno Santos Almeida
Duarte Paulo Teixeira de Azevedo	Nuno Manuel Moniz Trigoso Jordão
Franck Emmanuel Dangeard	Nuno Miguel Teixeira Azevedo

Sonaecom Group Companies

Be Artis – Concepção ,Construção e Gestão Redes Comunicações, S.A.	Sonaecom – Serviços de Comunicações, S.A.
Be Towering – Gestão de Torres de Telecomunicações, S.A.	Sonaecom BV
Cape Technologies Americas, Inc	Sonaetelecom BV
Cape Technologies Limited	Sonaecom, S.G.P.S., S.A.
Digitmarket – Sistemas de Informação, S.A.	Tecnológica Telecomunicações LTDA.
Lugar Virtuais, S.A.	Unipress – Centro Gráfico, Lda
M3G – Edições Digitais, S.A.	WeDo Consulting – Sistemas de Informação, S.A.
Mainroad – Serviços Tec. Informação, S.A.	WeDo Poland Sp. Z.o.o.
Miauger – Organização e Gestão de Leilões Electrónicos., S.A.	WeDo Technologies Egypt a Limited Liability Company
Permar – Sociedade de Construções, S.A.	WeDo Technologies Mexico, s de R.L. de C.V.
Praesidium Services Limited	WeDo Technologies BV
Público – Comunicação Social, S.A.	WeDo Technologies Australia PTY Limited
Saphety Level – Trusted Services, S.A.	WeDo Technologies (UK) Limited
Sociedade Independente de Radiodifusão Sonora, S.A.	WeDo do Brasil – Soluções Informáticas, Ltda
Sonae Telecom, S.G.P.S., S.A.	WeDo Technologies BV – Sucursal Malaysis
Sonae com – Sistemas Informação, S.G.P.S., S.A.	

Appendix (continued)

Sonae Group Companies

3DO Holding GmbH	BB Food Service, S.A.
3DO Shopping Centre GmbH	Beeskow Holzwerkstoffe
3shoppings – Holding,SGPS, S.A.	Bertimóvel – Sociedade Imobiliária, S.A.
ADD/Avaliações Engenharia de Avaliações e Perícias Ltda	Best Offer – Prest. Inf. p/Internet, S.A.
ADDmakler Administração e Corretagem de Seguros Ltda	Bikini, Portal de Mulheres, S.A.
ADDmakler Administradora, Corretora de Seguros Partic. Ltda	Bloco Q – Sociedade Imobiliária, S.A.
	Bloco W – Sociedade Imobiliária, S.A.
Aegean Park, S.A.	Boavista Shopping Centre BV
Agepan Eiweiler Management GmbH	BOM MOMENTO – Comércio Retalhista, SA
Agepan Flooring Products, S.A.RL	Boulanger España, SL
Agepan Tarket Laminate Park GmbH Co. KG	Box Lines Navegação, S.A.
Agloma Investimentos, Sgps, S.A.	Campo Limpo, Lda
Agloma-Soc.Ind.Madeiras e Aglom., S.A.	Canasta – Empreendimentos Imobiliários, S.A.
Águas Furtadas – Imobiliária, S.A.	Carnes do Continente – Ind.Distr.Carnes, S.A.
Airone – Shopping Center, Srl	CarPlus – Comércio de Automóveis, S.A.
ALEXA Administration GmbH	Casa Agrícola de Ambrães, S.A.
ALEXA Asset GmbH & Co KG	Casa Agrícola João e A. Pombo, S.A.
ALEXA Holding GmbH	Casa da Ribeira – Hotelaria e Turismo, S.A.
ALEXA Shopping Centre GmbH	Cascaishopping – Centro Comercial, S.A.
Alexa Site GmbH & Co. KG	Cascaishopping Holding I, SGPS, S.A.
Algarveshopping – Centro Comercial, S.A.	Centro Colombo – Centro Comercial, S.A.
Alpêssego – Soc. Agrícola, S.A	Centro Residencial da Maia,Urban., S.A.
Andar – Sociedade Imobiliária, S.A.	Centro Vasco da Gama – Centro Comercial, S.A.
Aqualuz – Turismo e Lazer, Lda	Change, SGPS, S.A.
Arat inmebles, S.A.	Chão Verde – Soc.Gestora Imobiliária, S.A.
Arrábidashopping – Centro Comercial, S.A.	Choice Car – Comércio de Automóveis, S.A.
Aserraderos de Cuellar, S.A.	Choice Car SGPS, S.A.
Atlantic Ferries – Tráf.Loc,Flu.e Marít, S.A.	Cia.de Industrias e Negócios, S.A.
Avenida M – 40 B.V.	Cinclus Imobiliária, S.A.
Avenida M – 40, S.A.	Citorres – Sociedade Imobiliária, S.A.
Azulino Imobiliária, S.A.	Clérigoshopping – Gestão do C.Comerc., S.A.

Appendix (continued)

Coimbrashopping – Centro Comercial, S.A.	Fundo de Invest. Imobiliário Imosede
Colombo Towers Holding, BV	Fundo I.I. Parque Dom Pedro Shop.Center
Contacto Concessões, SGPS, S.A.	Fundo Invest.Imob.Shopp. Parque D.Pedro
Contibomba – Comérc.Distr.Combustiveis, S.A.	Gaiashopping I – Centro Comercial, S.A.
Contimobe – Imobil.Castelo Paiva, S.A.	Gaiashopping II – Centro Comercial, S.A.
Continente Hipermercados, S.A.	Geotur – Viagens e Turismo, S.A.
Contry Club da Maia-Imobiliaria, S.A.	GHP Gmbh
Cooper Gay (Holding) Limited	Gli Orsi Shopping Centre 1 Srl
Craiova Mall BV	Global S – Hipermercado, Lda
Cronosaúde – Gestão Hospitalar, S.A.	Glunz AG
Cumulativa – Sociedade Imobiliária, S.A.	Glunz Service GmbH
Darbo S.A.S	Glunz UK Holdings Ltd
Developpement & Partenariat Assurances, S.A.	Glunz Uka Gmbh
Difusão – Sociedade Imobiliária, S.A.	Golf Time – Golfe e Invest. Turísticos, S.A.
Distrifin – Comercio y Prest.Servicios, S.A.	GOOD AND CHEAP – Comércio Retalhista, S.A.
Dortmund Tower GmbH	Guerin – Rent a Car (Dois), Lda.
Dos Mares – Shopping Centre B.V.	Guimarãeshopping – Centro Comercial, S.A.
Dos Mares – Shopping Centre, S.A.	Harvey Dos Iberica, S.L.
Ecociclo – Energia e Ambiente, S.A.	Helios Property, Srl
Ecociclo II	Herco Consultoria de Riscos e Corretora de Seguros Ltda
Edições Book.it, S.A.	HIPOTÉTICA – Comércio Retalhista, SA
Edificios Saudáveis Consultores, S.A.	Hornitex Polska Sp z.o.o
Efanor Investimentos, SGPS, S.A.	Iberian Assets, S.A.
Efanor Serviços de Apoio à Gestão, S.A.	IGI – Investimento Imobiliário, S.A.
Efanor – Design e Serviços, S.A.	Igimo – Sociedade Imobiliária, S.A.
Efanor – Indústria de Fios, S.A.	Iginha – Sociedade Imobiliária, S.A.
El Rosal Shopping, S.A.	Imoareia – Invest. Turísticos, SGPS, S.A.
Empreend.Imob.Quinta da Azenha, S.A.	Imobiliária da Cacela, S.A.
Equador & Mendes, Lda	Imoclub – Serviços Imobilários, S.A.
Espimaia – Sociedade Imobiliária, S.A.	Imoconti – Soc.Imobiliária, S.A.
Estação Oriente – Gest.de Galerias Com., S.A.	Imodivor – Sociedade Imobiliária, S.A.
Estação Viana – Centro Comercial, S.A.	Imoestrutura – Soc.Imobiliária, S.A.
Estêvão Neves – Hipermercados Madeira, S.A.	Imoferro – Soc.Imobiliária, S.A.
Etablissement A. Mathe, S.A.	Imohotel – Emp.Turist.Imobiliários, S.A.
Euromegantic, Lteé	Imomuro – Sociedade Imobiliária, S.A.
Euroresinas – Indústrias Quimicas, S.A.	Imopenínsula – Sociedade Imobiliária, S.A.
Farmácia Selecção, S.A.	Imoplamac Gestão de Imóveis, S.A.
Finlog – Aluguer e Comércio de Automóveis, S.A.	Imoponte – Soc.Imobiliaria, S.A.
Fontana Corretora de Seguros Ltda	Imoresort – Sociedade Imobiliária, S.A.
Fozimo – Sociedade Imobiliária, S.A.	Imoresultado – Soc.Imobiliaria, S.A.
Fozmassimo – Sociedade Imobiliária, S.A.	Imosedas – Imobiliária e Seviços, S.A.
Freccia Rossa – Shopping Centre S.r.l.	Imosistema – Sociedade Imobiliária, S.A.
Friengineering International Ltda	Imosonae II

Appendix (continued)

Impaper Europe GmbH & Co. KG	MDS Corretor de Seguros, S.A.
Implantação – Imobiliária, S.A.	Mediterranean Cosmos Shop. Centre Investments, S.A.
Infofield – Informática, S.A.	Megantic BV
Inparsa – Gestão Galeria Comercial, S.A.	Miral Administração e Corretagem de Seguros Ltda
Inparvi SGPS, S.A.	MJLF – Empreendimentos Imobiliários, S.A.
Integrum – Edificios Sustentáveis, S.A.	Modalfa – Comércio e Serviços, S.A.
Integrum – Serviços Partilhados, S.A.	MODALLOOP – Vestuário e Calçado, S.A.
Interclean, S.A.	Modelo – Dist.de Mat. de Construção, S.A.
Interlog – SGPS, S.A.	Modelo Cont. Seguros-Soc. De Mediação, Lda
Inventory – Acessórios de Casa, S.A.	Modelo Continente – Oper.Retalho SGPS, S.A.
Investalentejo, SGPS, S.A.	Modelo Continente Hipermercados, S.A.
Invsaude – Gestão Hospitalar, S.A.	Modelo Continente, SGPS, S.A.
Ipaper – Industria Papeis Impregnados, S.A.	Modelo Hiper Imobiliária, S.A.
ISF – Imobiliário, Serviços e Participaç	Modelo Hipermergados Trading, S.A.
Isoroy SAS	Modelo.com – Vendas p/Correspond., S.A.
JUST SPORT – Comércio Art. Desporto, S.A.	Monselice Centre Srl
KLC Holdings XII S.A.	Movelpartes – Comp.para Ind.Mobiliária, S.A.
La Farga – Shopping Center, SL	Movimento Viagens – Viag. e Turismo U.Lda
Larim Corretora de Resseguros Ltda	Mundo Vip – Operadores Turisticos, S.A.
Larissa Develop. Of Shopping Centers, S.A.	NAB, Sociedade Imobiliária, S.A.
Lazam Corretora, Ltda.	NA – Comércio de Artigos de Desporto, S.A.
Lazam – MDS Corretora e Administradora de Seguros, S.A.	NA – Equipamentos para o Lar, S.A. Norscut – Concessionária de Scut Interior Norte, S.A.
Lembo Services Ltd (Euro)	Norte Shop. Retail and Leisure Centre BV
Libra Serviços, Lda.	Norteshopping – Centro Comercial, S.A.
Lidergraf – Artes Gráficas, Lda.	Nova Equador Internacional,Ag.Viag.T, Ld
Lima Retail Park, S.A.	Nova Equador P.C.O. e Eventos
Loureshopping – Centro Comercial, S.A.	Novobord (PTY) Ltd.
Luso Assistência – Gestão de Acidentes, S.A.	Oeste Retail Park – Gestão G.Comerc., S.A.
Luz del Tajo – Centro Comercial S.A.	Operscut – Operação e Manutenção de Auto-estradas, S.A.
Luz del Tajo B.V.	
Madeirashopping – Centro Comercial, S.A.	OSB Deustchland Gmbh
Maiashopping – Centro Comercial, S.A.	Paracentro – Gest.de Galerias Com., S.A.
Maiequipa – Gestão Florestal, S.A.	Pareuro, BV
Marcas do Mundo – Viag. e Turismo Unip, Lda	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
MC SGPS, S.A.	Pátio Goiânia Shopping Ltda
MDS Consultores, S.A.	Pátio Londrina Empreend. e Particip. Ltda

Appendix (continued)

Pátio Penha Shopping Ltda.	Project 4, Srl
Pátio São Bernardo Shopping Ltda	Project SC 1 BV
Pátio Sertório Shopping Ltda	Project SC 2 BV
Peixes do Continente – Ind.Dist.Peixes, S.A.	Project Sierra 1 B.V.
Pharmaconcept – Actividades em Saúde, S.A.	Project Sierra 10 BV
PHARMACONTINENTE – Saúde e Higiene, S.A.	Project Sierra 2 B.V.
PJP – Equipamento de Refrigeração, Lda	Project Sierra 3 BV
Plaza Eboli B.V.	Project Sierra 4 BV
Plaza Eboli – Centro Comercial S.A.	Project Sierra 5 BV
Plaza Mayor Holding, SGPS, S.A.	Project Sierra 6 BV
Plaza Mayor Parque de Ócio B.V.	Project Sierra 7 BV
Plaza Mayor Parque de Ocio, S.A.	Project Sierra 8 BV
Plaza Mayor Shopping B.V.	Project Sierra 9 BV
Plaza Mayor Shopping, S.A.	Project Sierra Brazil 1 B.V.
Ploi Mall BV	Project Sierra Charagionis 1 S.A.
Ploiesti Shopping Center (Euro)	Project Sierra Germany Shop. Center 1 BV
Poliface Brasil, Ltda	Project Sierra Germany Shop. Center 2 BV
Poliface North America	Project Sierra Italy 5 Srl
Porturbe – Edificios e Urbanizações, S.A.	Project Sierra One Srl
Praedium II – Imobiliária, S.A.	Project Sierra Spain 1 B.V.
Praedium III – Serviços Imobiliários, S.A.	Project Sierra Spain 2 B.V.
Praedium SGPS, S.A.	Project Sierra Spain 2 – Centro Comer. S.A.
Predicomercial – Promoção Imobiliária, S.A.	Project Sierra Spain 3 B.V.
Prédios Privados Imobiliária, S.A.	Project Sierra Spain 3 – Centro Comer. S.A.
Predisedas – Predial das Sedas, S.A.	Project Sierra Spain 5 BV
Pridelease Investments, Ltd	Project Sierra Spain 6 B.V.
Proj. Sierra Germany 1 – Shop.C. GmbH	Project Sierra Spain 6 – Centro Comer. S.A.
Proj. Sierra Germany 4 (four) – Sh.C.GmbH	Project Sierra Spain 7 B.V.
Proj. Sierra Italy 2 – Dev.of Sh.C. Srl	Project Sierra Spain 7 – Centro Comer. S.A.
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 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	Puravida – Viagens e Turismo, S.A.
Proj.Sierra Portugal I – C.Comerc., S.A.	Racionaliz. y Manufact.Florestales, S.A.
Proj.Sierra Portugal II – C.Comerc., S.A.	RASO, SGPS, S.A.
Proj.Sierra Portugal III – C.Comerc., S.A.	Resoflex – Mob.e Equipamentos Gestão, S.A.
Proj.Sierra Portugal IV – C.Comerc., S.A.	Resolução, SGPS, S.A.
Proj.Sierra Portugal V – C.Comercial, S.A.	Rio Sul – Centro Comercial, S.A.
Proj.Sierra Portugal VI – C.Comercial, S.A.	River Plaza Mall, Srl
Proj.Sierra Portugal VII – C. Comerc., S.A.	Rochester Real Estate, Limited
Proj.Sierra Portugal VIII – C.Comerc., S.A.	RSI Corretora de Seguros Ltda

Appendix (continued)

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

Appendix (continued)

Sonae Industria de Revestimentos, S.A.	Tafisa – Tableros de Fibras, S.A.
Sonae Indústria – SGPS, S.A.	Taiber,Tableros Aglomerados Ibéricos, SL
Sonae Investments, BV	Tarkett Agepan Laminate Flooring SCS
Sonae Novobord (PTY) Ltd	Tavapan, S.A.
Sonae RE, S.A.	Tecmasa Reciclados de Andalucia, SL
Sonae Retalho Espana – Servicios Gen., S.A.	Teconologias del Medio Ambiente, S.A.
Sonae Serviços de Gestão, S.A.	Terra Nossa Corretora de Seguros Ltda
Sonae SGPS, S.A.	Textil do Marco, S.A.
Sonae Sierra Brasil Ltda	Tlantic Portugal – Sist. de Informação, S.A.
Sonae Sierra Brazil B.V.	Tlantic Sistemas de Informação Ltd[a]
Sonae Sierra, SGPS, S.A.	Todos os Dias – Com.Ret.Expl.C.Comer., S.A.
Sonae Tafibra (UK), Ltd	Tool Gmbh
Sonae Tafibra Benelux, BV	Torre Colombo Ocidente – Imobiliária, S.A.
Sonae Turismo Gestão e Serviços, S.A.	Torre Colombo Oriente – Imobiliária, S.A.
Sonae Turismo – SGPS, S.A.	Torre São Gabriel – Imobiliária, S.A.
Sonae UK, Ltd.	TP – Sociedade Térmica, S.A.
Sonaecenter Serviços, S.A.	Troia Market, S.A.
Sonaegest – Soc.Gest.Fundos Investimentos	Troia Market – Supermercados, S.A.
Sondis Imobiliária, S.A.	Tróia Natura, 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	Unishopping Administradora Ltda.
Sopair, S.A.	Unishopping Consultoria Imob. Ltda.
Sótaqua – Soc. de Empreendimentos Turist	Urbisedas – Imobiliária das Sedas, S.A.
Spanboard Products, Ltd	Valecenter Srl
SPF – Sierra Portugal Real Estate, Sarl	Valor N, S.A.
Spinveste – Promoção Imobiliária, S.A.	Vastgoed One – Sociedade Imobiliária, S.A.
Spinveste – Gestão Imobiliária SGII, S.A.	Vastgoed Sun – Sociedade Imobiliária, S.A.
Sport Zone – Comércio Art.Desporto, S.A.	Venda Aluga – Sociedade Imobiliária, S.A.
SRP Development, SA	Via Catarina – Centro Comercial, S.A.
SRP-Parque Comercial de Setúbal, S.A.	Viajens y Turismo de Geotur España, S.L.
Star-Viagens e Turismo, S.A.	Vuelta Omega, S.L.
Tableros Tradema, S.L.	WELL W – Electrodomésticos e Equip., SA
Tafiber,Tableros de Fibras Ibéricas, SL	World Trade Center Porto, S.A.
Tafibras Participações, S.A.	Worten España, S.A.
Tafisa Canadá Societé en Commandite	Worten – Equipamento para o Lar, S.A.
Tafisa France, S.A.	Zubiarte Inversiones Inmob, S.A.
Tafisa UK, Ltd	

FT Group Companies

France Telecom, S.A.	Atlas Services Belgium, SA.

6.5 Statement under the terms of Article 245

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the Management Report faithfully describes the business evolution and position of the issuer and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

The Board of Directors

Duarte Paulo Teixeira de Azevedo
Ângelo Gabriel Ribeirinho Paupério
Miguel Nuno Santos Almeida
Maria Cláudia Teixeira de Azevedo
Nuno Miguel Moniz Trigoso Santos Jordão
António Sampaio e Mello
Gervais Gilles Pellissier
David Charles Denholm Hobley
Jean-François René Pontal
Frank Emmanuel Dangeard

Maia, 4 March 2010

6.6 Legal certification of accounts and Audit Report

LEGAL CERTIFICATION OF ACCOUNTS AND AUDITOR'S REPORT

(Translation of a report originally issued in Portuguese)

Introduction

1. In compliance with the applicable legislation we hereby present our Legal Certification of Accounts and Auditor's Report on the consolidated and individual financial information contained in the Board of Directors' Report, and on the accompanying consolidated and individual financial statements of SONAECOM, S.G.P.S., S.A. ('Company') for the year ended 31 December 2009 which comprise the consolidated and individual balance sheets as of 31 December 2009 (that present a total of 1,920,106,594 Euros and 1,579,378,895 Euros, respectively, and consolidated and individual shareholders equity of 935,640,588 Euros and 1,143,119,666 Euros, respectively, including a consolidated net profit attributable to the Company's shareholders of 5,748,497 Euros and an individual net loss of 6,056,465 Euros), the consolidated and individual statements of profit and loss by nature, of cash-flows and of changes in equity for the year then ended and the corresponding notes.

Responsibilities

2. The Board of Directors is responsible for: (i) the preparation of consolidated and individual financial statements that present a true and fair view of the financial position of the Company and of the group of companies included in the consolidation, the consolidated and individual results of their operations and their consolidated and individual cash-flows; (ii) the preparation of historical financial information in accordance with the International Financial Reporting Standards as adopted by the European Union and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate system of internal control; and (iv) informing on any significant facts that have influenced the operations of the Company and of the group of companies included in the consolidation, their financial position or their results.

3. Our responsibility is to verify the consolidated and individual financial information included in the documents of account referred to above, namely if, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and issuing a professional and independent report on that financial information based on our examination.

Scope

4. Our examination was performed in accordance with the Technical Review/Audit Standards ('Normas Técnicas e as Directrizes de Revisão/Auditoria') issued by the Portuguese Institute of Statutory Auditors ('Ordem dos Revisores Oficiais de Contas'), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated and individual financial statements are free of material misstatement. Such an examination includes verifying, on a sample basis, evidence supporting the amounts and disclosures in the consolidated and individual financial statements and assessing the estimates, based on judgments and criteria defined by the Board of Directors, used in their preparation. Such an examination also includes verifying the consolidation procedures, the application of the equity method and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting principles used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept, verifying the adequacy of the overall presentation of the consolidated and individual financial statements and assessing that, in all material respects, the consolidated and individual financial information is complete, true, up-to-date, clear,

objective and licit. Our examination also comprises verifying that the financial information contained in the Board of Directors' Report is in accordance with the other consolidated and individual documents of account. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated and individual financial statements referred to in paragraph 1 above, present fairly in all material respects, the consolidated and individual financial position of SONAECOM, S.G.P.S., S.A. as of 31 December 2009, the consolidated and individual results of their operations and their consolidated and individual cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union and the information contained therein is, in terms of the definitions included in the technical standards and review recommendations referred to in paragraph 4 above, complete, true, up-to-date, clear, objective and licit.

Porto, 4 March 2010

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

6.7 Report and opinion of the statutory audit board

(Translation of a report originally issued in Portuguese)

Report and Opinion of the Statutory audit board of Sonaecom, SGPS, SA

To the Shareholders of Sonaecom, SGPS, SA

1 – Report

1.1 - Introduction

In compliance with applicable legislation and the mandate given to the Statutory Audit Board we hereby submit our Report and Opinion of the Management Report and other documents for the individual and consolidated accounts of Sonaecom, S.G.P.S., S.A., for the year ended at 31 December 2009.

1.2 – Supervisory activities

The Statutory Audit Board, during the year under review, accompanied under its competence, the management of the company and its subsidiaries, examined, to the adequate extension, the evolution of the company, and under the circumstances, checked the validity of accounting records, the quality of the preparation and financial information disclosure process, related accounting policies, valuation criteria and, the compliance with legal regulations and bylaws. With this purpose, the Statutory Audit Board held meetings with appropriate frequency, which, were attended by the Board, personnel responsible for financial operations, accounting, internal audit and risk management and the chartered accountant and external auditor Deloitte & Associados, SROC, S.A.. Additionally, the Statutory Audit Board attended the meeting of the Board of Directors which approved the management report and accounts for the year and attended a joint meeting with the Board Audit and Finance Comittee.

The Statutory Audit Board exercised its competences regarding the qualifications and independence of the external audit and the chartered accountant.

As part of its responsibilities, the Statutory Audit Board examined the management report and other documentation concerning the individual and consolidated accounts, considering that the information disclosed satisfies the legal standards and is appropriate for understanding the financial position and results of the company and its consolidation universe, and analyzed the legal certification of accounts and audit report, to which it has given consent.

2 – Opinion

In consequence of the above, the Statutory Audit Board is of the opinion that the management report, the consolidated and individual financial statements and the application ofresults presented by the Board of Directors are in accordance with the applicable accounting, legal and statutory standards, and, therefore, recommend its approval by shareholders.

3 – Statement of Responsibility

In accordance with paragraph 1, point a) of article 8 of Regulation nº 5/2008 of CMVM and point c) of paragraph 1 of article 245 of the Portuguese Securities Market Code, we declare that, to their knowledge, the consolidated and individual financial statements were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Sonaecom, S.G.P.S., S.A. and the main companies included in consolidation perimeter, and that the Management Report faithfully describes the business performance and position of the issuer and of the companies included in the consolidation perimeter containing a description of the major risks and uncertainties that they face.

Maia, 16 March 2010

The Statutory Audit Board
Arlindo Dias Duarte Silva

Óscar José Alçada da Quinta

Armando Luís Vieira de Magalhães

7.0

Glossary of terms

7.0 Glossary of terms

3G	Term used to describe a mobile communication system generation coming after the second generation (2G) GSM cellular network. It is an evolution in communications based on circuit switching to high-speed mobile broadband networks, whereby data is transmitted over packages.
ADSL	Asymmetric Digital Subscriber Line – is the asymmetric transmission technology that became widely used within the xDSL family. An ADSL connection provides a high-speed downstream channel and a lower speed upstream channel, apart from the regular telephone service in the low frequency range. It is a modem technology that converts the existing twisted-pair telephone lines into high-speed digital lines for, for instance, a fast internet access.
B2B	Business-to-Business – a way to describe a market (electronic or otherwise) for transactions between two companies.
Backbone	Set of circuits, mostly high-speed circuits, forming the main segments of a communications network to which the secondary segments are connected.
BSC	Base Station Controller – the BSC is responsible for managing the radio resources of one or several BTS's in all its aspects. The BSC is also the connection between the mobile station and the MSC.
Central offices	Local phone exchanges (held in Portugal by PT), used to perform local loop unbundling.
Customer churn	Number of customers who discontinue a service during a specified time period.
DTT	Digital Terrestrial Television.
Femtocell	A small cellular base station, typically designed for use in a home or small business. It connects to the service provider's network via broadband (such as FTTH, xDSL or cable), allowing mobile network offload. A femtocell allows service providers to extend service coverage indoors, especially where access would otherwise be limited or unavailable.
FWA	Fixed Wireless Access – Radio fixed-access technology allowing operators to supply to their customers direct connection to their telecommunications network through a fixed radio connection from the premises of the latter to the local operator station, instead of a copper wire or optical fibre connection.
Gigabit Ethernet	Data transmission through Ethernet technology with a speed up to 1000 Mbps. Ethernet refers to the type of cable and access mode to a network. It is the most commonly used local network in companies. It supports several communication speeds, according to the used Ethernet standard.
GPRS	General Packet Radio Service – GSM system evolution, based on package switching, allowing for a transmission at a speed up to 115 Kbps.
GPS	Global Positioning System.
GSM	Global Standard for Mobile Communications – standard used in 2G digital mobile communications systems, which specifies how data through the spectrum is codified and transferred.
HSDPA	High-Speed Downlink Packet Access over W-CDMA networks – technology improving UMTS data transfer rate, and therefore also been referred to as the third and a half generation (3.5G).
HSUPA	High-Speed Uplink Packet Access over W-CDMA networks – a technology, similar to HSDPA but relates to the sending of information from the mobile terminal to the network ('upload'), which improves the UMTS data transfer rate. The Uplink transfer rate is expected to be lower than the Downlink one at short-medium term.
IMS	IP Multimedia Subsystem – an architectural framework for delivering internet protocol ('IP') multimedia to mobile users. It was originally designed by the wireless standards body 3rd Generation Partnership Project (3GPP), and is part of the vision for evolving mobile networks beyond GSM.
ISP	Internet Service Provider – Internet access supplier.
IVR	Interactive voice response ('IVR') is a technology that allows a computer to detect voice and keypad inputs, allowing for automatic responses with pre-recorded or dynamically generated audio to further direct users on how to proceed. IVR technology is used extensively in telecommunications, namely in customer support lines.
Kbps	Digital information transmission speed measuring unit which corresponds to 1024 in thousand of bits per second.
Mega/Mbps	Digital information transmission speed measuring unit which corresponds to 1024 kbps.
MMS	Multimedia Messaging Service – multimedia messaging service combining text, image and sound operating in GPRS and 3G networks.
MPEG	Codification and compression systems approved by the moving picture experts group.

7.0 Glossary of terms (continued)

MSC	Mobile Switching Centres – control and switching centres, being the key component of a GSM network, acting as a connection/interconnection node between the cellular network and all the other types of network.
MTRs	Mobile Termination Rates – fees mobile phone companies charge other carriers to terminate calls on their networks.
MVNO	Mobile Virtual Network Operator.
Nodes-B	Base transmission element of an UMTS network.
PSTN	Public Switched Telephone Network – a set of telecommunications infrastructures allowing analogical connections between terminal points, to support a wide range of telecommunications services, such as telephone and video conference.
SHDSL	Symmetric High-Bit-Rate Digital Subscriber Line – allows for a bidirectional communication with faster speeds using a twisted pair copper wire (in other words, a common telephone cable), even over great distances.
SMS	Short Messaging Service – service to exchange short messages, common in mobile networks.
Triple Play	Integrated voice, internet and television offer.
SOHO	Small Offices, Home Offices, a segment of the corporate market.
ULL	Unbundling of the Local Loop – choice for access network consisting in unbundling the local loop, allowing other licensed operators to use the local loop pertaining to the incumbent operator, for service rendering.
UMTS	Universal Mobile Telecommunications System – one of the third generation mobile communication systems used, namely in Europe, integrating a larger family (IMT-2000).
VoIP	Voice over IP – technology allowing converting analogue audio signals into digital signals, subject of being transmitted through the internet and gain converted into analogue signals. The combination, in just one channel, of voice and data, encourages the creation of communication services with possibilities that go far beyond the so called telephony.
Wi-Fi	A wireless-technology brand owned by the Wi-Fi Alliance, which promotes certain standards with the aim of improving the interoperability of wireless local area network products.

Safe harbour

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.

Report available at Sonaecom's institutional website www.sonae.com

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Sonaecom SGPS is listed on the Euronext Stock Exchange.
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