


Consolidated Management Report and Accounts

1Q10





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



Robust Consolidated EBITDA of €47.9m, +5.6% y.o.y., despite the end of asymmetry for MTRs
Net Results of €8.2m in 1Q10, building on our sustained positive trend
Consolidated FCF of €1.3m, a major improvement of €47.2m versus 1Q09
Mobile Subscriber Base reaching 3.45 million subscribers, again up by +7.1% y.o.y.
Mobile Customer Revenues steadily growing, +1.3% above the 1Q09
Data Revenues representing a record 29.6% of Mobile Service Revenues, +2.1pp versus 1Q09
SSI growing internationally, with the international revenues of WeDo Technologies up by +15.0% y.o.y.

Message from Ângelo Paupério, CEO of Sonaecom

While the macroeconomic environment for 2010 remains challenging, we believe the telecommunications sector will continue to show resilience. Furthermore, we believe that the sector will play an important role in the global economic upturn, as it will act as a driver of efficiency and growth across other economic sectors.

Sonaecom's positive results in the 1Q10 clearly demonstrate the quality of our execution, while building confidence in our long-term strategy.

Driven by the growth of our Mobile Customer Revenues and Service Revenues from Software and Information Systems (SSI), we delivered a consistent top line performance, despite the end of asymmetry in mobile terminations rates (MTRs) and declining Product Sales due to the deceleration of the e-schools programme. Additionally, our efforts to optimize our cost structure translated into a consolidated EBITDA growth that rose 5.6% versus the 1Q09. Despite the rigorous management of our Capex, our network continues to win recognition for its leading performance and coverage, most recently from ANACOM.

Our resulting positive cash flow performance, which improved significantly by €47.2m versus the 1Q09, has allowed us to further reinforce Sonaecom's comfortable capital structure. In turn, this has allowed us to consistently present the most conservative debt ratios in the sector. Given such high levels of risk and uncertainty in the financial markets, this is a particularly important achievement.

Execution delivering sustained profitability

In Telecoms, Optimus continued to reap the benefits of its fully integrated and convergent approach. Our operation achieved strong profit margins while growing in the mobile sector, sustaining an upward trajectory in subscriber numbers as well as Customer Revenues. In the Wireline segment, we will continue to focus on value growth in terms of our FTTH subscriber base while leveraging our infrastructure and partnerships.

Mobile Customer Revenues continued to grow positively, reaching 114.3 million euros, 1.3% ahead of the 1Q09. Mobile EBITDA continued its upward trend, increasing by 6.0% against the 1Q09, to 46.4 million euros. Our EBITDA margin improved significantly by 2.8pp, to 32.6%, making our Mobile business a benchmark for efficiency.

As for regulation, ANACOM published a draft decision announcing a new MTRs glide-path, which foresees a tariff reduction on 1 February 2010 to 0.060 euros, on 1 April 2010 to 0.055 euros, decreasing afterwards quarterly until 1 April 2011 to 0.035 euros. It is important to emphasize that this proposal is well below what we think is required for the Portuguese market, as clearly evident when considering much more ambitious MTRs glide-paths that some European countries are anticipating – Austria with 0.0251 euros in 2011, Belgium with 0.0107 euros in 2013, U.K. with 0.0058 euros in 2014 – aiming at ensuring more competitive markets and thus giving consumers additional benefits.

Growth into new sectors, expanding our portfolio, increasing our international footprint

SSI continues to expand its global footprint. WeDo Technologies is pursuing growth by reinforcing its worldwide leadership in the telecoms revenue assurance market while broadening its portfolio into fraud management solutions and addressing new sectors. SSI's top line decreased 18.8% y.o.y. to 32.4 million euros as a result of the expected deceleration of the e-schools programme. But, given the current level of orders at WeDo Technologies, we remain confident that SSI's service revenues will keep growing.

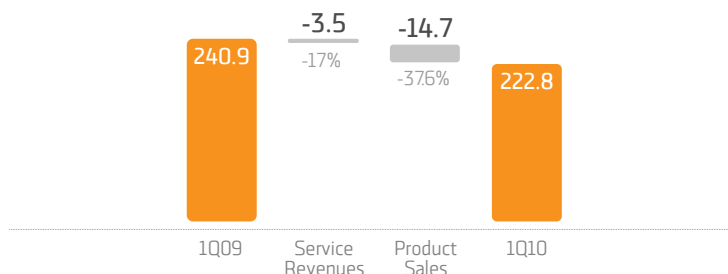
Facing our future with confidence

Throughout 2010, we will continue to leverage our structural competitive advantages, using our leading-edge network to deliver innovative services to our customers as we work towards establishing Optimus as Portugal's best integrated telecommunications operator. I am certain that we have the right strategy and I'm confident that our sound execution, reflected in our 1Q10 results, is the best way to continue creating shareholder value.

1. Consolidated Results

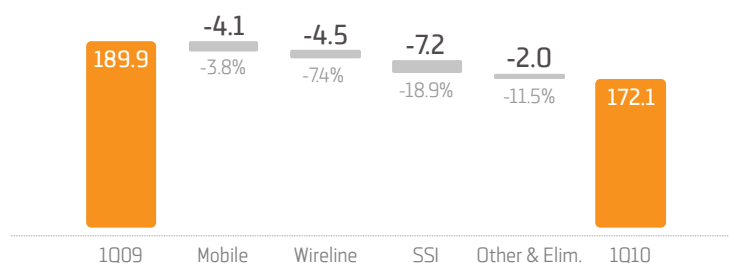
Turnover

Consolidated Turnover totalled 222.8 million euros in the 1Q10, 7.5% below the 1Q09, due to a 1.7% reduction in Service Revenues, namely due to the reductions in Mobile Termination Rates, and 37.6% reduction in Product Sales, impacted by the deceleration of the e-schools programme. Importantly, Mobile Customer Revenues continued steadily growing, being 1.3% above the 1Q09.



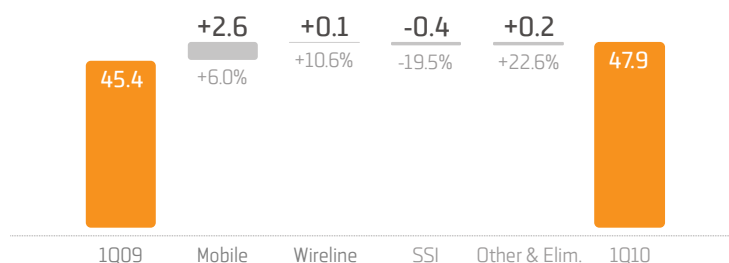
Operating Costs

Total Operating Costs reached 172.1 million euros, 9.4% below the 1Q09, representing circa 77.2% of the Consolidated Turnover. Once more, this is a clear sign that our cost control initiatives continued to deliver results across all our business divisions.



EBITDA

As a result of our execution, Consolidated EBITDA improved in the 1Q10 by 5.6%, to 47.9 million euros, mainly driven by our Mobile business, despite the loss of MTRs asymmetry. In terms of EBITDA margin, in the 1Q10 Sonaecom achieved an EBITDA margin of 21.5%, 2.7pp above the 1Q09.

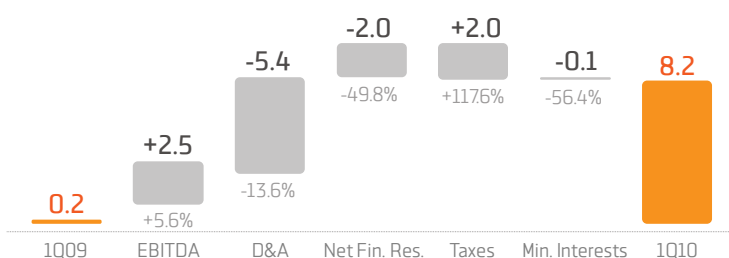


Net Profit

Net Results Group Share were positive by 8.2 million euros in the 1Q10, compared to 0.2 million euros in the 1Q09, mainly due to the much improved EBITDA performance and the lower level of Depreciation and Amortization.

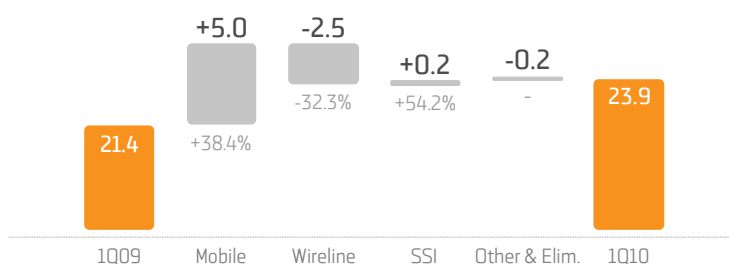
When compared to the 1Q09, net financial charges improved by 49.8%, to negative 2.0 million euros, reflecting: i) lower financial expenses, down by 2.2 million euros, due to the lower average Gross Debt in the 1Q10 and the decrease in the average cost of debt, as a reflection of movements in market rates; and ii) 0.2 million decrease in financial income, driven by the lower level of average liquidity in the 1Q10.

The tax line in the 1Q10 showed a cost of 3.7 million euros, compared to a cost of 1.7 million euros in the 1Q09, driven mainly by the improved EBT performance (from a positive 2.1 million to a positive 11.9 million euros).



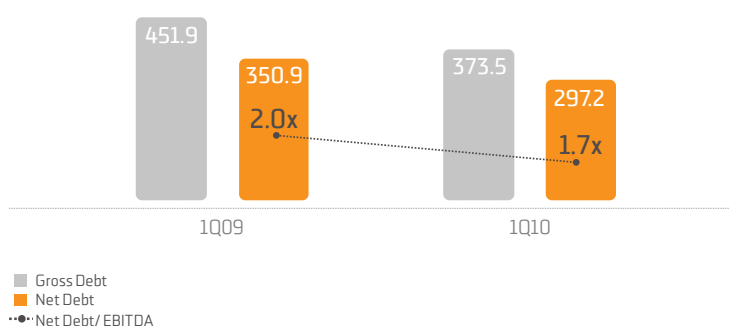
Operating CAPEX

Operating CAPEX reached 23.9 million euros in the 1Q10, increasing 12.0% when compared to the 1Q09. Operating Capex as percentage of Turnover has evolved from 8.9% to 10.7%. The increase in the mobile investment is explained by the continuous improvements in the expansion and coverage of our network, ensuring that Optimus has the best integrated network in Portugal. As in 2009, Capex continued to be rigorously managed pursuing, in the wireline business, a "capital light" strategy.



Capital structure

Consolidated Gross Debt at the end of the 1Q10 totalled 373.5 million euros, 78.4 million euros below the level registered in the 1Q09 and the total amount of cash and available credit lines was of 299.3 million euros. It should also be noted that, currently, Credit facilities amount to circa 574.0 million euros.



Consolidated Net Debt at the end of the 1Q10 stood at 297.2 million euros, representing a 15.3% reduction when compared to the 1Q09, mainly reflecting the positive FCF evolution between the two periods, notwithstanding the amortization of 20 million euros related to the securitisation transaction.

Despite the adverse macroeconomic environment, 2010 debt repayments have already been covered and no refinancing needs are expected until mid 2012. Importantly, the average maturity of Sonaecom's debt now stands at approximately 3.1 years.

In terms of evolution of the key financial ratios: Net Debt to EBITDA reached 1.7x in the 1Q10, an improvement of 0.4x in relation to the end of the 1Q09 while the Interest Cover ratio evolved from 8.2x in the 1Q09 to 11.3x at the end of the 1Q10.

FCF

Consolidated FCF in the 1Q10 was positive 1.3 million euros, 47.2 million euros above 1Q09, resulting from our EBITDA-Operating Capex performance and a much improved Working Capital performance, showing a consistent growing trend, a proof of our execution.

2. Telecommunications



During the 1Q10, all our Telecommunications business became managed under the umbrella brand – Optimus, now being recognised as commanding a significant presence in all market segments.

2.1. Mobile Business

Managing to achieve growth in the main lines, our Mobile business keeps increasing in terms of Subscribers and Mobile Customer Revenues. We have been continuously exceeding our targets in terms of data growth, as shown by the increasing weight of Data Revenues in the total Mobile Service Revenues.

2.1.1. Operational data

| MOBILE OPERATIONAL KPI's | 1Q09 | 1Q10 | y.o.y. | 4Q09 | q.o.q. |
|-----------------------------|---------|---------|--------|---------|--------|
| Customers (EOP) ('000) | 3,219.8 | 3,449.8 | 7.1% | 3,432.6 | 0.5% |
| Net Additions ('000) | 28.2 | 17.2 | -38.8% | 105.7 | -83.7% |
| Data as % Service Revenues | 27.4% | 29.6% | 2.1pp | 29.2% | 0.4pp |
| Total #SMS/month/user | 46.4 | 48.2 | 3.8% | 50.9 | -5.2% |
| MOU ⁽¹⁾ (min.) | 127.6 | 134.4 | 5.3% | 136.5 | -1.5% |
| ARPU ⁽²⁾ (euros) | 14.9 | 13.7 | -8.1% | 14.3 | -3.9% |
| Customer Monthly Bill | 12.1 | 11.4 | -5.7% | 11.8 | -3.7% |
| Interconnection | 2.8 | 2.3 | -18.5% | 2.4 | -4.7% |
| ARPM ⁽³⁾ (euros) | 0.12 | 0.10 | -12.8% | 0.10 | -2.4% |

(1) Minutes of Use per Customer per month; (2) Average Monthly Revenue per User; (3) Average Revenue per Minute.

Customer base

Following the trend of the previous quarters, at the end of the 1Q10, our Mobile customer base increased by 7.1%, to circa 3.45 million customers, an excellent achievement given the maturity of the Portuguese Mobile market.

Contract customers continued to increase their weight in the total customer base, having reached, in the 1Q10, approximately 32.0% of the total mobile base, an increase of 1.3pp against the end of the 1Q09.

During the 1Q10, Mobile customer's ARPU was 13.7 euros, down by approximately 1.2 euros against the 1Q09, explained by a combination of lower interconnection revenues (which decreased from 2.8 euros to 2.3 euros) and of lower Customer Monthly Bill (which decreased from 12.1 euros to 11.4 euros), notwithstanding the 5.3% increase in the level of MOU.

Data Services and Mobile Broadband

We have been able to sustain a material growth of data usage, both through the promotion of our mobile broadband products "Kanguru", based on HSPA technology, and the introduction of very appealing post-paid offers, specially aimed at pushing smartphones penetration in the residential segment.

During the 1Q10, Data Revenues represented 29.6% of Service Revenues, an improvement of 2.1pp vs. the 1Q09. Non-SMS related data services continued to increase their weight in data revenues, accounting for approximately 74.6% of total data revenues in the 1Q10, compared to 73.0% in the 1Q09.

2.1.2. Financial data

Million euros

| MOBILE INCOME STATEMENT | 1Q09 | 1Q10 | y.o.y. | 4Q09 | q.o.q |
|---------------------------------------|--------------|--------------|--------------|--------------|---------------|
| Turnover | 146.8 | 142.5 | -3.0% | 153.7 | -7.3% |
| Service Revenues | 139.3 | 137.4 | -1.3% | 140.4 | -2.1% |
| Customer Revenues | 112.8 | 114.3 | 1.3% | 116.5 | -2.0% |
| Operator Revenues | 26.5 | 23.2 | -12.4% | 23.9 | -2.9% |
| Equipment Sales | 7.5 | 5.0 | -33.5% | 13.3 | -62.2% |
| Other Revenues | 8.7 | 8.3 | -4.4% | 11.0 | -24.3% |
| Operating Costs | 108.3 | 104.2 | -3.8% | 128.4 | -18.8% |
| Personnel Costs | 14.0 | 13.0 | -7.3% | 13.8 | -6.1% |
| Direct Servicing Costs ⁽¹⁾ | 43.0 | 44.9 | 4.3% | 43.2 | 3.8% |
| Commercial Costs ⁽²⁾ | 24.5 | 20.4 | -16.7% | 42.2 | -51.5% |
| Other Operating Costs ⁽³⁾ | 26.8 | 26.0 | -3.1% | 29.3 | -11.3% |
| EBITDAP | 47.2 | 46.6 | -1.4% | 36.3 | 28.4% |
| Provisions and Impairment Losses | 3.5 | 0.2 | -94.2% | 0.9 | -77.7% |
| EBITDA | 43.8 | 46.4 | 6.0% | 35.4 | 31.1% |
| EBITDA Margin (%) | 29.8% | 32.6% | 2.8pp | 23.0% | 9.5pp |
| Operating CAPEX ⁽⁴⁾ | 12.9 | 17.9 | 38.4% | 28.7 | -37.7% |
| Operating CAPEX as % of Turnover | 8.8% | 12.5% | 3.7pp | 18.7% | -6.1pp |
| EBITDA - Operating CAPEX | 30.9 | 28.5 | -7.6% | 6.7 | - |
| Total CAPEX | 13.7 | 18.0 | 31.8% | 29.0 | -38.0% |

(1) Direct Servicing Costs = Interconnection and Content + Leased Lines + Other Network Operating Costs; (2) Commercial Costs = COGS + Mktg & 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.

Turnover

Mobile Customer Revenues continued to evolve positively, having grown from 112.8 million euros to 114.3 million euros. Nonetheless, Mobile Turnover decreased y.o.y. to, approximately, 142.5 million euros, due to a decrease in the level of Operator Revenues, fully driven by regulated tariffs, and Equipment sales. It is also important to bear in mind that in terms of Regulated Tariffs, there were no changes in Mobile Termination Rates since the 4Q09.

Operating Costs

Mobile Operating Costs decreased y.o.y. from 108.3 million euros to 104.2 million euros. It should be noted that despite the reductions in the level of Operating Costs, Optimus was able to increase its level of activity. This positive performance is partly driven by the synergies which we are obtaining by the management of our telecommunications business under our single brand, Optimus. It should also be noted that, driven by an enlarged network and significant higher traffic levels, Direct Servicing Costs increased by 4.3%, notwithstanding the lower Interconnection rates.

EBITDA

In the 1Q10, Mobile EBITDA continued to show a very robust performance, having increased to 46.4 million euros, up by 6.0% against the 1Q09, mostly due to a 3.8% decrease in the level of Operating Costs. The EBITDA margin has materially improved by 2.8pp, to a record level of 32.6%.

2.2. Wireline Business

In this quarter, both our Wholesale and our Corporate and SMEs divisions continued to deliver positive results. Nonetheless, in the Residential segment, the competitive environment remained very challenging. Thus, we will keep focusing on value growth in terms of subscriber base, while leveraging our infrastructure and partnerships.

2.2.1. Operational data

| WIRELINE OPERATIONAL KPI's | 1Q09 | 1Q10 | y.o.y. | 4Q09 | q.o.q |
|-------------------------------------|----------------|----------------|---------------|----------------|--------------|
| Total Accesses | 554,486 | 463,853 | -16.3% | 483,613 | -4.1% |
| Direct Accesses | 442,085 | 385,533 | -12.8% | 403,212 | -4.4% |
| Direct Voice | 238,589 | 207,285 | -13.1% | 214,865 | -3.5% |
| Direct Broadband | 180,499 | 131,611 | -27.1% | 146,349 | -10.1% |
| Other Direct Services | 22,997 | 46,637 | 102.8% | 41,998 | 11.0% |
| Indirect Accesses | 112,401 | 78,320 | -30.3% | 80,401 | -2.6% |
| Unbundled COs with transmission | 186 | 203 | 9.1% | 198 | 2.5% |
| Unbundled COs with ADSL2+ | 173 | 182 | 5.2% | 179 | 1.7% |
| Direct access as % Cust. Revenues | 77.6% | 73.4% | -4.2pp | 75.9% | -2.6pp |
| Average Revenue per Access - Retail | 22.9 | 23.5 | 2.6% | 23.8 | -1.4% |

Customer base

In the 1Q10, the Corporate and SMEs segment was able to increase its market presence, with the number of Total Accesses evolving positively. Despite this positive trend, Wireline Total Accesses continued to decrease, driven by the Residential segment, reaching circa 463.9 thousand, a decrease of 16.3% when compared to the end of the 1Q09, explained by a 12.8% decrease in direct accesses and by a 30.3% reduction in indirect accesses. Importantly, the level of negative direct access net additions in the 1Q10 shows that the decline trend is at a slower pace than in the previous quarters.

2.2.2. Financial data

| | | | | | |
|---------------------------------------|-------------|-------------|--------------|-------------|---------------|
| Million euros | | | | | |
| WIRELINE INCOME STATEMENT | 1Q09 | 1Q10 | y.o.y. | 4Q09 | q.o.q |
| Turnover | 64.3 | 60.9 | -5.3% | 58.7 | 3.7% |
| Service Revenues | 63.9 | 60.8 | -4.9% | 58.5 | 4.0% |
| Customer Revenues | 37.3 | 31.8 | -14.7% | 33.6 | -5.3% |
| Direct Access Revenues | 29.0 | 23.4 | -19.4% | 25.5 | -8.5% |
| Indirect Access Revenues | 7.3 | 6.5 | -11.5% | 6.7 | -2.8% |
| Other | 1.0 | 2.0 | 93.9% | 1.4 | 40.8% |
| Operator Revenues | 26.6 | 28.9 | 8.9% | 24.8 | 16.6% |
| Equipment Sales | 0.3 | 0.1 | -73.1% | 0.3 | -65.3% |
| Other Revenues | 0.0 | 0.1 | - | 2.0 | -94.8% |
| Operating Costs | 61.2 | 56.7 | -7.4% | 56.3 | 0.7% |
| Personnel Costs | 1.5 | 1.0 | -32.7% | 1.2 | -17.8% |
| Direct Servicing Costs ⁽¹⁾ | 40.5 | 39.4 | -2.7% | 36.7 | 7.5% |
| Commercial Costs ⁽²⁾ | 5.8 | 4.3 | -24.6% | 5.2 | -17.3% |
| Other Operating Costs ⁽³⁾ | 13.5 | 11.9 | -11.4% | 13.1 | -9.2% |
| EBITDAP | 3.0 | 4.3 | 42.0% | 4.5 | -3.5% |
| Provisions and Impairment Losses | 2.4 | 3.6 | 50.4% | 2.2 | 61.3% |
| EBITDA | 0.6 | 0.7 | 10.6% | 2.2 | -68.5% |
| EBITDA Margin (%) | 1.0% | 1.2% | 0.2pp | 3.8% | -2.7pp |
| Operating CAPEX ⁽⁴⁾ | 7.8 | 5.3 | -32.3% | 18.0 | -70.8% |
| Operating CAPEX as % of Turnover | 12.1% | 8.7% | -3.5pp | 30.7% | -22.1pp |
| EBITDA - Operating CAPEX | -7.1 | -4.6 | 36.1% | -15.8 | 71.1% |
| Total CAPEX | 7.8 | 5.3 | -32.3% | 18.0 | -70.8% |

(1) Direct Servicing Costs = Interconnection and Content + Leased Lines + Other Network Operating Costs; (2) Commercial Costs = COGS + Mktg & 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.

Turnover

Wireline Turnover decreased y.o.y. to, approximately, 60.9 million euros, as a result of the 14.7% lower level of Customer Revenues, fully driven by the Residential segment. It is important to add that the level of Operator Revenues has evolved positively, increasing 16.6% when compared to the previous quarter and increasing 8.9% when compared to the 1Q09.

Operating Costs

Wireline Operating Costs decreased y.o.y. from 61.2 million euros to 56.7 million euros, mainly due to a reduction in the level of Commercial and Other Operating Costs, a direct consequence of our cost control initiatives, namely in areas such as IT and Network.

On what concerns the Provisions level, given the macroeconomic environment, we have decided, by prudence, to reinforce the level of Bad Debt Provisions.

EBITDA

Wireline EBITDA was positive 0.7 million euros in the 1Q10, increasing 10.6% when compared to the 1Q09, reflecting the growth in our Wholesale and Corporate and SMEs segments and notwithstanding the decline of total customer revenues driven, as explained, by the Residential segment.

In relation to EBITDA margin, the Wireline business achieved a positive 1.2% margin in the 1Q10, an increase of 0.2pp from the 1.0% margin registered in the 1Q09.

3. Software and Information Systems (SSI)



During the 1Q10, WeDo Technologies continued to consolidate its global presence, by opening three new offices in Singapore, Chile and Panama. Another sign of the company's international expansion is related to the amount of international revenues, which has grown y.o.y. by circa 15.0%. Overall, the first two months of the year were slower than usual in terms of sales activity but March already showed signs of upturn. Additionally, the level of orders increased y.o.y. by 12.1%, a good indicator of upcoming activity.

The remaining three 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) are delivering results in line with our expectations for this quarter.

3.1. Operational data

| SSI OPERATIONAL KPI's | 1Q09 | 1Q10 | y.o.y. | 4Q09 | q.o.q |
|--|---------|-------|--------|-------|--------|
| IT Service Revenues/Employee ⁽¹⁾ ('000 euros) | 28,2 | 29,2 | 3,6% | 32,2 | -9,3% |
| Equipment Sales as % Turnover | 61,2% | 52,1% | -9,1pp | 51,5% | 0,6pp |
| Equipment Sales/Employee ⁽²⁾ ('000 euros) | 1.448,3 | 739,7 | -48,9% | 843,4 | -12,3% |
| EBITDA/Employee ('000 euros) | 3,9 | 2,9 | -26,2% | 4,9 | -40,9% |
| Employees | 502 | 534 | 6,4% | 522 | 2,3% |

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

IT Service Revenues per Employee reached 29.2 thousand euros in the 1Q10, 3.6% above the 1Q09, while Equipment sales per Employee have decreased y.o.y. by circa 48.9%. The latter evolved negatively mostly due to the lower level of Equipment Sales, as expected with the deceleration of the e-schools programme. Total headcount increased to 534, a 6.4% 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: the total number of employees placed outside Portugal is of 162 in the 1Q10, against 147 in the 1Q09, representing an increase of 10.2%. EBITDA per employee reached 2.9 thousand euros, a 26.2% y.o.y. decrease, due to a combination between the lower level of EBITDA and the higher level of employees.

Corporate Developments

During the 1Q10, the most important Corporate achievements of each of the SSI companies were the following:

- WeDo Technologies launched its most recent version of RAID – Business Assurance RAID 6.0 - its Business Assurance platform which is already being used by more than 60 Telecommunications Operators worldwide.
- Mainroad renewed its certification as SAP Hosting Partner.
- Bizdirect won several contracts with entities such as Inatel, Universidade Católica and instituto Politécnico de Leiria for the management of Microsoft agreements.
- Saphety was selected by the largest Portuguese paper and office material distribution company to implement an innovative electronic purchasing solution for its customers.

3.2. Financial data

Million euros

| SSI CONSOLIDATED INCOME STATEMENT | 1Q09 | 1Q10 | y.o.y. | 4Q09 | q.o.q |
|--------------------------------------|--------------|--------------|---------------|--------------|---------------|
| Turnover | 39,92 | 32,43 | -18,8% | 34,33 | -5,5% |
| Service Revenues | 15,49 | 15,53 | 0,2% | 16,65 | -6,8% |
| Equipment Sales | 24,43 | 16,91 | -30,8% | 17,68 | -4,4% |
| Other Revenues | 0,25 | 0,11 | -53,7% | -0,08 | - |
| Operating Costs | 38,11 | 30,92 | -18,9% | 31,56 | -2,0% |
| Personnel Costs | 7,02 | 7,43 | 5,9% | 6,93 | 7,3% |
| Commercial Costs ⁽¹⁾ | 24,34 | 16,64 | -31,6% | 17,35 | -4,1% |
| Other Operating Costs ⁽²⁾ | 6,75 | 6,84 | 1,3% | 7,28 | -6,0% |
| EBITDAP | 2,06 | 1,63 | -20,9% | 2,70 | -39,5% |
| Provisions and Impairment Losses | 0,08 | 0,04 | -53,6% | 0,07 | -44,5% |
| EBITDA | 1,98 | 1,59 | -19,5% | 2,62 | -39,4% |
| EBITDA Margin (%) | 4,9% | 4,9% | 0pp | 7,6% | -2,7pp |
| Operating CAPEX ⁽³⁾ | 0,46 | 0,70 | 54,2% | 1,37 | -48,8% |
| Operating CAPEX as % of Turnover | 1,1% | 2,2% | 1pp | 4,0% | -1,8pp |
| EBITDA - Operating CAPEX | 1,52 | 0,89 | -41,6% | 1,25 | -29,1% |
| Total CAPEX | 0,46 | 0,70 | 54,2% | 1,37 | -48,8% |

(1) Commercial Costs = COGS + Mktg & Sales; (2) Other Operating Costs = Outsourcing Services + G&A + others; (3) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

During the 1Q10, SSI Turnover decreased y.o.y. by 18.8% to, approximately, 32.4 million euros, as a result of a lower level of IT Equipment Sales, which have decreased by 30.8%. The decrease in Equipment Sales is totally due to a slowdown of laptop sales under the e-schools programme.

Operating Costs

Total Operating Costs decreased y.o.y. by 18.9%, fully driven by a 31.6% decrease in terms of Commercial Costs. It is important to add that the increase in Personnel Costs was driven by a higher level of activity across all subsidiaries and the expansion of WeDo Technologies International footprint.

EBITDA

SSI EBITDA was positive 1.59 million euros in the 1Q10, a decrease of 19.5% against last year, due to the lower level of Turnover, not fully compensated by the lower level of Operating Costs. The EBITDA margin remained at the 4.9% level, namely reflecting the international growth of Wedo Technologies, which has signed new contracts not yet entirely reflected on Service Revenues.



4. Online & Media

Besides Optimus and SSI, Sonaecom also controls a set of additional businesses which comprises Miao.pt, Clix.pt and Público.pt and, notably, Público, a reference daily newspaper in Portugal launched in 1990.

Regarding Público, during the 1Q10, the market dynamics subsisted for daily generalist press both in terms of circulation and in terms of advertising figures. However, Público was able to increase its advertising revenues in the 1Q10, which have grown y.o.y. by more than 7.9%, and in what relates to its on-line business, to maintain the market leadership in terms of unique visitors, two considerable achievements given the challenging market conditions.

In terms of Financial Overview, 1Q10 Online & Media EBITDA was still negative 0.44 million euros but improving its upwards trend, increasing when compared to the negative 0.90 million euros of the 1Q09.

5. Main Regulatory Developments in the 1Q10

The following are some of the more relevant regulatory developments during the 1Q10:

- On 20 January, 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 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 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 46%. ANACOM maintained symmetrical prices between the 3 operators. The proposed glide-path is as follows:

| | Tariffs |
|------------------------|---------|
| As of 31 December 2009 | 0,065 |
| 01 February 2010 | 0,060 |
| 01 April 2010 | 0,055 |
| 01 July 2010 | 0,050 |
| 01 October 2010 | 0,045 |
| 01 January 2011 | 0,040 |
| 01 April 2011 | 0,035 |

The public consultation was closed on the 3rd March 2010 and a final decision from ANACOM is still pending.

- On February 2010, ANACOM approved a final decision about amendments to PT's Reference Unbundling Offer (RUO), which is relevant for Optimus' fixed business. Among other, amendments to PT's RUO include:
 - Integration of premium Service Level Agreements;
 - Reinforcement of the penalties' scheme;
 - Obligation for PT to provide further information to alternative operators on the existing copper network and on its future evolution, in order to ensure service continuity to unbundled loops.

6. Main Corporate Events in the 1Q10

- 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 2.023% of the share capital and voting rights of Sonaecom.
- On 20 January 2010, following the decision to concentrate all the group's telecommunications businesses in one single brand, Optimus became the only Sonaecom brand for the Telecommunications sector, by integrating the Wireline Residential activities under the brand Optimus Clix, relying on a fully convergent network and a set of unique and integrated processes and systems.
- On 3 February 2010, Sonaecom completed a 3-year bond issue, by private placement, in the total amount of Euros 30,000,000.00 (thirty million euros), an issue arranged by Banco Espírito Santo de Investimento. The bonds are unsecured, with a bullet repayment in February 2013. Also, on 26 March 2010, Sonaecom completed a 5-year bond issue, by private placement, in the total amount of Euros 40,000,000.00 (forty million euros), an issue arranged by Caixa – Banco de Investimento, S.A.. These bonds are also unsecured, with a bullet repayment in March 2015. A request will be made for the listing of these bonds in the Euronext Lisbon exchange.
- On 6 February 2010, the Portuguese Government announced the results of the public tender process for the deployment of NGN's in Portugal's more sparsely populated areas. DST, 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.
- On 26 February 2010, the European Investment Bank has approved a 75 million euros loan, aimed at the roll out of Sonaecom's Next Generation Network.
- In accordance with the authorizations granted by the Shareholders' General Assembly and for the purpose of fulfilling the obligations arising from the employees' Medium Term Incentive Plan (MTIP), Sonaecom purchased, from 15 March to 26 March, through the Euronext Lisbon Stock Exchange, a total of 886,935 shares, representing, approximately, 0.24% of its share capital. As of 31 March 2010, Sonaecom was the holder of 7,831,325 own shares representing, approximately, 2.14% of its share capital. As foreseen under the terms of Sonaecom's Medium Term Incentive Plan, on 10 March 2010, Sonaecom attributed 943,725 shares to its employees.



7. Subsequent Events

At the Company's Annual General Meeting held on 23 April 2010, Shareholders have approved the following proposals:

- 1) To approve the Annual report, Individual and Consolidated Accounts of Sonaecom, SGPS, S.A. for the year ended 31 December 2009, as presented.
- 2) To approve the proposed application of the Company's Individual Accounts.
- 3) To approve a vote to express appreciation for and confidence in the work performed by the Board of Directors, Statutory Audit Board and Statutory External Auditor of Sonaecom, SGPS, S.A., during the year ended 31 December 2009.
- 4) To approve the proposed Remuneration Policy to be adopted for the Management and Auditing Bodies.
- 5) To elect António Bernardo Aranha da Gama Lobo Xavier as a member of the Board of Directors for the remainder of the present four year mandate covering the period from 2008 to 2011.
- 6) To authorize 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 and previously disclosed.
- 7) To authorize the purchase and holding of shares of the Company, over the next 18 months, by companies directly or indirectly controlled by the Company, under the terms of the proposal that was presented by the Board and previously disclosed.

8. Appendix

8.1. Consolidated Income Statement

| | | | | | |
|---------------------------------------|--------------|--------------|---------------|--------------|---------------|
| Million euros | | | | | |
| CONSOLIDATED INCOME STATEMENT | 1Q09 | 1Q10 | y.o.y. | 4Q09 | q.o.q |
| Turnover | 240.9 | 222.8 | -7.5% | 232.8 | -4.3% |
| Mobile | 146.8 | 142.5 | -3.0% | 153.7 | -7.3% |
| Wireline | 64.3 | 60.9 | -5.3% | 58.7 | 3.7% |
| SSI | 39.9 | 32.4 | -18.8% | 34.3 | -5.5% |
| Other & Eliminations | -10.1 | -13.0 | -28.9% | -13.9 | 6.4% |
| Other Revenues | 0.9 | 1.1 | 24.7% | 3.9 | -71.1% |
| Operating Costs | 189.9 | 172.1 | -9.4% | 194.9 | -11.7% |
| Personnel Costs | 24.8 | 24.5 | -1.1% | 24.6 | -0.6% |
| Direct Servicing Costs ⁽¹⁾ | 69.8 | 71.1 | 1.8% | 67.1 | 5.9% |
| Commercial Costs ⁽²⁾ | 59.0 | 42.2 | -28.5% | 65.1 | -35.2% |
| Other Operating Costs ⁽³⁾ | 36.4 | 34.4 | -5.5% | 38.1 | -9.7% |
| EBITDAP | 51.9 | 51.8 | -0.2% | 41.8 | 23.8% |
| Provisions and Impairment Losses | 6.5 | 3.9 | -40.3% | 2.7 | 43.5% |
| EBITDA | 45.4 | 47.9 | 5.6% | 39.1 | 22.4% |
| EBITDA Margin (%) | 18.8% | 21.5% | 2.7pp | 16.8% | 4.7pp |
| Mobile | 43.8 | 46.4 | 6.0% | 35.4 | 31.1% |
| Wireline | 0.6 | 0.7 | 10.6% | 2.2 | -68.5% |
| SSI | 2.0 | 1.6 | -19.5% | 2.6 | -39.4% |
| Other & Eliminations | -1.0 | -0.8 | 22.6% | -1.1 | 29.7% |
| Depreciation & Amortization | 39.4 | 34.0 | -13.6% | 32.9 | 3.3% |
| EBIT | 6.0 | 13.9 | 131.8% | 6.2 | 123.9% |
| Net Financial Results | -3.9 | -2.0 | 49.8% | -1.8 | -10.1% |
| Financial Income | 1.7 | 1.5 | -14.2% | 1.6 | -4.7% |
| Financial Expenses | 5.7 | 3.5 | -38.9% | 3.4 | 3.2% |
| EBT | 2.1 | 11.9 | - | 4.4 | 170.0% |
| Tax results | -1.7 | -3.7 | -117.6% | -1.3 | -177.9% |
| Net Results | 0.4 | 8.2 | - | 3.1 | 166.6% |
| Group Share | 0.2 | 8.2 | - | 3.0 | 172.1% |
| Attributable to Minority Interests | 0.1 | 0.1 | -56.4% | 0.1 | -37.6% |

(1) Direct Servicing Costs = Interconnection and Content + Leased Lines + Other Network Operating Costs; (2) Commercial Costs = COGS + Mktg & Sales Costs; (3) Other Operating Costs = Outsourcing Services + G&A + others.

8.2. Consolidated Balance Sheet

| | | | | | |
|--|----------------|----------------|--------------|----------------|--------------|
| Million euros | | | | | |
| CONSOLIDATED BALANCE SHEET | 1Q09 | 1Q10 | y.o.y. | 4Q09 | q.o.q |
| Total Net Assets | 1.958,1 | 1.910,6 | -2,4% | 1.920,1 | -0,5% |
| Non Current Assets | 1.492,1 | 1.493,7 | 0,1% | 1.506,4 | -0,8% |
| Tangible and Intangible Assets | 840,9 | 847,1 | 0,7% | 857,1 | -1,2% |
| Goodwill | 526,0 | 526,1 | 0,0% | 526,1 | 0,0% |
| Investments | 1,2 | 1,2 | 0,0% | 1,2 | 0,0% |
| Deferred Tax Assets | 124,0 | 119,1 | -3,9% | 121,9 | -2,3% |
| Current Assets | 466,0 | 417,0 | -10,5% | 413,7 | 0,8% |
| Trade Debtors | 164,3 | 143,3 | -12,8% | 158,9 | -9,9% |
| Liquidity | 101,0 | 76,3 | -24,4% | 83,6 | -8,8% |
| Others | 200,7 | 197,4 | -1,7% | 171,2 | 15,3% |
| Shareholders' Funds | 933,2 | 941,5 | 0,9% | 935,6 | 0,6% |
| Group Share | 932,9 | 941,1 | 0,9% | 935,1 | 0,6% |
| Minority Interests | 0,3 | 0,4 | 33,6% | 0,5 | -22,0% |
| Total Liabilities | 1.024,9 | 969,1 | -5,4% | 984,5 | -1,6% |
| Non Current Liabilities | 603,2 | 459,9 | -23,8% | 444,7 | 3,4% |
| Bank Loans | 416,7 | 328,5 | -21,2% | 299,1 | 9,8% |
| Provisions for Other Liabilities and Charges | 33,5 | 31,8 | -4,9% | 32,2 | -1,2% |
| Others | 153,1 | 99,6 | -34,9% | 113,4 | -12,2% |
| Current Liabilities | 421,7 | 509,2 | 20,7% | 539,7 | -5,7% |
| Bank Loans | 11,3 | 21,6 | 90,9% | 59,3 | -63,6% |
| Trade Creditors | 164,7 | 194,1 | 17,8% | 195,3 | -0,6% |
| Others | 245,7 | 293,5 | 19,5% | 285,2 | 2,9% |
| Operating CAPEX ⁽¹⁾ | 21,4 | 23,9 | 12,0% | 48,1 | -50,2% |
| Operating CAPEX as % of Turnover | 8,9% | 10,7% | 1,9pp | 20,7% | -9,9pp |
| Total CAPEX | 22,1 | 24,1 | 8,8% | 48,4 | -50,3% |
| EBITDA - Operating CAPEX | 24,0 | 24,0 | -0,1% | -8,9 | - |
| Operating Cash Flow ⁽²⁾ | -36,1 | 12,4 | - | 11,3 | 9,9% |
| FCF ⁽³⁾ | -45,9 | 1,3 | - | 4,3 | -68,3% |
| Gross Debt | 451,9 | 373,5 | -17,4% | 382,2 | -2,3% |
| Net Debt | 350,9 | 297,2 | -15,3% | 298,5 | -0,5% |
| Net Debt/ EBITDA | 2,0 x | 1,7 x | -0,4x | 1,7 x | 0x |
| EBITDA/Interest Expenses ⁽⁴⁾ (last 12 months) | 8,2 x | 11,3 x | 3,1x | 9,8 x | 1,5x |
| Debt/Total Funds (Debt + Shareholders' Funds) | 32,6% | 28,4% | -4,2pp | 29,0% | -0,6pp |
| Excluding the Securitisation Transaction: | | | | | |
| Net Debt | 444,6 | 371,0 | -16,6% | 377,8 | -1,8% |
| Net Debt/ EBITDA | 2,6 x | 2,1 x | -0,5x | 2,2 x | -0,1x |
| EBITDA/Interest Expenses ⁽⁴⁾ (last 12 months) | 8,2 x | 11,3 x | 3,1x | 9,8 x | 1,5x |

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

8.3. Levered FCF

Million euros

| LEVERED FREE CASH FLOW | 1Q09 | 1Q10 | y.o.y. | 4Q09 | q.o.q |
|-------------------------------|--------------|-------------|--------------|-------------|---------------|
| EBITDA-Operating CAPEX | 24.0 | 24.0 | -0.1% | -8.9 | - |
| Change in WC | -67.8 | -11.9 | 82.5% | 18.9 | - |
| Non Cash Items & Other | 7.7 | 0.3 | -95.8% | 1.3 | -75.3% |
| Operating Cash Flow | -36.1 | 12.4 | - | 11.3 | 9.9% |
| Financial Investments | 0.0 | 0.0 | - | 0.0 | - |
| Securitisation Transaction | -5.0 | -5.0 | 0.0% | -5.0 | 0.0% |
| Own shares | -1.3 | -3.0 | -130.1% | -1.1 | -157.5% |
| Financial results | -4.2 | -2.4 | 43.9% | -1.3 | -82.5% |
| Income taxes | 0.8 | -0.7 | - | 0.4 | - |
| FCF | -45.9 | 1.3 | - | 4.3 | -68.3% |

8.4. Headcount

| Sonaecom | 1Q09 | 1Q10 | y.o.y. | 4Q09 | q.o.q |
|-------------------------|-------|-------|--------|-------|-------|
| Total Employees | 2,000 | 2,053 | 2.7% | 2,013 | 2.0% |
| o.w. Telecommunications | 432 | 448 | 3.7% | 432 | 3.7% |
| o.w. SSI | 502 | 534 | 6.4% | 522 | 2.3% |

8.5. Online & Media

| PÚBLICO OPERATIONAL KPI's | 1Q09 | 1Q10 | y.o.y. | 4Q09 | q.o.q |
|---|--------|--------|--------|--------|--------|
| Average Paid Circulation ⁽¹⁾ | 40,151 | 33,377 | -16.9% | 34,238 | -2.5% |
| Market Share of Advertising (%) | 11.9% | 10.1% | -1.8pp | 12.0% | -1.9pp |
| Audience ⁽²⁾ (%) | 4.6% | n.a | - | 4.7% | - |
| Employees | 264 | 256 | -3.0% | 257 | -0.4% |

(1) Estimated value updated in the following quarter; (2) As % of adressable population; Source: Bareme Imprensa (data not gathered in the 3rd quarter).

Million euros

| ONLINE & MEDIA CONS. INCOME STATEMENT | 1Q09 | 1Q10 | y.o.y. | 4Q09 | q.o.q |
|---------------------------------------|---------------|--------------|---------------|--------------|---------------|
| Turnover | 7.41 | 7.38 | -0.5% | 7.92 | -6.8% |
| Advertising Sales ⁽¹⁾ | 3.13 | 3.08 | -1.9% | 3.26 | -5.7% |
| Newspaper Sales | 3.05 | 3.14 | 2.7% | 3.36 | -6.7% |
| Associated Product Sales | 1.22 | 1.17 | -4.6% | 1.30 | -9.9% |
| Other Revenues | 0.05 | 0.05 | -10.6% | 0.14 | -64.6% |
| Operating Costs | 8.30 | 7.85 | -5.4% | 8.48 | -7.5% |
| Personnel Costs | 3.05 | 2.65 | -13.1% | 2.90 | -8.5% |
| Commercial Costs ⁽²⁾ | 2.44 | 2.62 | 7.3% | 2.86 | -8.4% |
| Other Operating Costs ⁽³⁾ | 2.81 | 2.58 | -8.2% | 2.73 | -5.4% |
| EBITDAP | -0.84 | -0.42 | 49.3% | -0.43 | 1.1% |
| Provisions and Impairment Losses | 0.07 | 0.02 | -77.1% | -0.06 | - |
| EBITDA | -0.90 | -0.44 | 51.3% | -0.37 | -19.9% |
| EBITDA Margin (%) | -12.2% | -6.0% | 6.2pp | -4.6% | -1.3pp |
| Operating CAPEX ⁽⁴⁾ | 0.15 | 0.13 | -10.7% | 0.22 | -39.2% |
| Operating CAPEX as % of Turnover | 2.0% | 1.8% | -0.2pp | 2.8% | -1pp |
| EBITDA - Operating CAPEX | -1.05 | -0.57 | 45.6% | -0.59 | 2.2% |
| Total CAPEX | 0.15 | 0.13 | -10.7% | 0.22 | -39.2% |

(1) Includes Content; (2) Commercial Costs = COGS + Mktg & 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.

Sonaecom consolidated financial statements

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES
(Amounts expressed in euro)

Consolidated balance sheets

For the periods ended at 31 March 2010 and 2009 and the year ended at 31 December 2009

| | Notes | March 2010 | March 2009 | December 2009 |
|--|----------------------|----------------------|----------------------|----------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Tangible assets | 1.d), 1.i) and 6 | 572,980,258 | 573,821,360 | 583,419,492 |
| Intangible assets | 1.e), 1.f) and 7 | 274,158,944 | 267,103,636 | 273,694,175 |
| Goodwill | 1.g) and 9 | 526,104,050 | 525,991,919 | 526,106,175 |
| Investments available for sale | 1.h), 8 and 10 | 1,207,320 | 1,207,320 | 1,207,320 |
| Other non-current assets | 1.t) | 119,912 | - | 54,765 |
| Deferred tax assets | 1.q) and 11 | 119,088,121 | 123,951,735 | 121,894,677 |
| Total non-current assets | | 1,493,658,605 | 1,492,075,970 | 1,506,376,604 |
| Current assets | | | | |
| Inventories | 1.j) | 22,608,138 | 25,529,767 | 14,034,768 |
| Trade debtors | 1.k) and 8 | 143,263,731 | 164,310,853 | 158,921,462 |
| Other current debtors | 1.k) and 8 | 17,864,482 | 38,088,970 | 13,417,506 |
| Other current assets | 1.s) and 1.y) | 156,917,072 | 137,097,585 | 143,726,837 |
| Cash and cash equivalents | 1.l), 8 and 12 | 76,297,569 | 100,988,693 | 83,629,417 |
| Total current assets | | 416,950,992 | 466,015,868 | 413,729,990 |
| Total assets | | 1,910,609,597 | 1,958,091,838 | 1,920,106,594 |
| SHAREHOLDERS' FUNDS AND LIABILITIES | | | | |
| Shareholders' funds | | | | |
| Share capital | 13 | 366,246,868 | 366,246,868 | 366,246,868 |
| Own shares | 1.v) and 14 | (13,181,502) | (10,999,396) | (12,809,015) |
| Reserves | 1.u) | 579,890,848 | 577,366,175 | 575,946,086 |
| Consolidated net income/(loss) for the period | | 8,158,135 | 244,168 | 5,748,497 |
| | | 941,114,349 | 932,857,815 | 935,132,436 |
| Minority interests | | 396,495 | 296,886 | 508,152 |
| Total Shareholders' funds | | 941,510,844 | 933,154,701 | 935,640,588 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Medium and long-term loans - net of short-term portion | 1.m), 1.n), 8 and 15 | 328,501,995 | 416,716,966 | 299,139,698 |
| Other non-current financial liabilities | 1.i), 8 and 16 | 20,205,759 | 21,775,291 | 20,707,936 |
| Provisions for other liabilities and charges | 1.p), 1.t) and 17 | 31,804,611 | 33,460,766 | 32,175,824 |
| Securitisation of receivables | 8 and 18 | 54,488,490 | 74,247,453 | 59,374,480 |
| Deferred tax liabilities | 1.q) and 11 | 273,221 | 836,337 | 106,929 |
| Other non-current liabilities | 1.s), 1.t) and 1.y) | 24,655,244 | 55,457,475 | 33,218,100 |
| Total non-current liabilities | | 459,929,320 | 602,494,288 | 444,722,967 |
| Current liabilities | | | | |
| Short-term loans and other loans | 1.m), 1.n), 8 and 15 | 21,562,114 | 11,295,493 | 59,256,449 |
| Trade creditors | 8 | 194,116,260 | 164,717,713 | 195,303,884 |
| Other current financial liabilities | 1.i), 8 and 19 | 3,193,156 | 2,099,463 | 3,053,364 |
| Securitisation of receivables | 8 and 18 | 19,527,163 | 19,491,488 | 19,488,569 |
| Other creditors | 8 | 61,479,953 | 25,646,864 | 46,979,493 |
| Other current liabilities | 1.s) and 1.y) | 209,290,787 | 199,191,828 | 215,661,280 |
| Total current liabilities | | 509,169,433 | 422,442,849 | 539,743,039 |
| Total Shareholders' funds and liabilities | | 1,910,609,597 | 1,958,091,838 | 1,920,106,594 |

The notes are an integral part of the consolidated financial statements at 31 March 2010 and 2009.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo

David Charles Denholm Hobley

Ângelo Gabriel Ribeirinho Paupério

Frank Emmanuel Dangeard

Maria Cláudia Teixeira de Azevedo

Gervais Gilles Pellissier

Miguel Nuno Santos Almeida

Jean-François René Pontal

António Sampaio e Mello

Nuno Miguel Moniz Trigos Santos Jordão

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 periods ended at 31 March 2010 and 2009 and the year ended at 31 December 2009

| | Notes | March 2010 | March 2009 | December 2009 |
|--|-------------------------------|-------------------|------------------|-------------------|
| Sales | | 24,328,737 | 39,015,544 | 141,176,555 |
| Services rendered | | 198,421,395 | 201,875,954 | 808,223,772 |
| Other operating revenues | | 1,139,190 | 913,427 | 7,031,518 |
| | | 223,889,322 | 241,804,925 | 956,431,845 |
| Cost of sales | | (25,555,974) | (39,810,706) | (153,951,259) |
| External supplies and services | 20 | (118,204,928) | (122,301,748) | (494,992,901) |
| Staff expenses | | (24,466,437) | (24,750,457) | (98,036,453) |
| Depreciation and amortisation | 1.d), 1.e), 6 and 7 | (34,044,757) | (39,402,857) | (151,774,270) |
| Provisions and impairment losses | 1.p), 1.x) and 17 | (3,864,272) | (6,475,147) | (19,032,191) |
| Other operating costs | | (3,882,541) | (3,080,729) | (14,750,258) |
| | | (210,018,909) | (235,821,644) | (932,537,332) |
| Other financial expenses | 1.n), 1.o), 1.w), 1.x) and 21 | (3,463,484) | (5,667,791) | (18,599,132) |
| Other financial income | 1.o), 1.w) and 21 | 1,493,133 | 1,740,368 | 5,905,914 |
| Current income / (loss) | | 11,900,062 | 2,055,858 | 11,201,295 |
| Income taxation | 1.q), 11 and 22 | (3,691,858) | (1,696,979) | (5,124,176) |
| Consolidated net income/(loss) for the period | | 8,208,204 | 358,879 | 6,077,119 |
| Attributed to: | | | | |
| Shareholders of parent company | 26 | 8,158,135 | 244,168 | 5,748,497 |
| Minority interests | | 50,069 | 114,711 | 328,622 |
| Earnings per share | | | | |
| Including discontinued operations: | | | | |
| Basic | | 0.02 | 0.00 | 0.02 |
| Diluted | | 0.02 | 0.00 | 0.02 |
| Excluding discontinued operations: | | | | |
| Basic | | 0.02 | 0.00 | 0.02 |
| Diluted | | 0.02 | 0.00 | 0.02 |

The notes are an integral part of the consolidated financial statements at 31 March 2010 and 2009.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

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Nuno Miguel Moniz Trigo Santos Jordão

Sonaecom consolidated financial statements (continued)

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES
(Amounts expressed in euro)

Consolidated statement comprehensive income

For the periods ended at 31 March 2010 and 2009

| | Notes | March 2010 | March 2009 |
|---|-------------|------------------|----------------|
| Consolidated net income / (loss) for the period | | 8,208,204 | 358,879 |
| Components of other consolidated comprehensive income, net of tax: | | 134,864 | 121,845 |
| Increase / (decrease) in financial hedging instruments' fair value | 1.o) and 20 | – | 105,575 |
| Changes in currency translation reserve and other | 1.w) | 134,864 | 16,270 |
| Consolidated comprehensive income for the period | | 8,343,068 | 480,724 |
| Attributed to: | | | |
| Shareholders of parent company | | 8,292,999 | 366,013 |
| Minority interests | | 50,069 | 114,711 |

The notes are an integral part of the consolidated financial statements at 31 March 2010 and 2009.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

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Sonaecom consolidated financial statements (continued)

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

(Amounts expressed in euro)

Consolidated movements in shareholders' funds

For the periods ended at 31 March 2010 and 2009

| | Reserves | | | | | | | | | | | |
|--|---------------|----------------------|----------------|---------------|----------------|--|-----------------|------------------------|----------------|--------------------|---------------------|-------------|
| | Share capital | Own shares (note 19) | 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 |
| 2010 | | | | | | | | | | | | |
| 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 |
| Appropriation of the consolidated net result of 2009 | - | - | - | - | 5,748,497 | - | - | - | 5,748,497 | - | (5,748,497) | - |
| Use of the legal reserve to cover the accumulated losses recorded in the individual accounts | - | - | (764,178) | - | 764,178 | - | - | - | - | - | - | - |
| Consolidated comprehensive income for the period ended at 31 March 2010 | - | - | - | - | 134,864 | - | - | - | 134,864 | - | 8,158,135 | 8,292,999 |
| Acquisition of own shares | - | (2,953,523) | - | - | (2,953,523) | - | - | 2,953,523 | - | - | - | (2,953,523) |
| Delivery of own shares under the Medium Term Incentive Plans (Notes 1.y) and 26) | - | 2,581,036 | - | - | 1,012,560 | (891,639) | - | (2,581,036) | (2,460,115) | - | - | 120,921 |
| Effect of the recognition of the Medium Term Incentive Plans (Notes 1.y) and 26) | - | - | - | - | - | 521,516 | - | - | 521,516 | - | - | 521,516 |
| Balance at 31 March 2010 | 366,246,868 | (13,181,502) | 1,221,003 | 775,290,377 | (212,409,606) | 2,607,572 | - | 13,181,502 | 579,890,848 | - | 8,158,135 | 941,114,349 |
| Minority interests | | | | | | | | | | | | |
| Balance at 31 December 2009 | - | - | - | - | - | - | - | - | - | 508,152 | - | 508,152 |
| Minority interests in comprehensive income | - | - | - | - | - | - | - | - | - | 50,069 | - | 50,069 |
| Dividend payment | - | - | - | - | - | - | - | - | - | (161,850) | - | (161,850) |
| Other changes | - | - | - | - | - | - | - | - | - | 124 | - | 124 |
| Balance at 31 March 2010 | - | - | - | - | - | - | - | - | - | 396,495 | - | 396,495 |
| Total | 366,246,868 | (13,181,502) | 1,221,003 | 775,290,377 | (212,409,606) | 2,607,572 | - | 13,181,502 | 579,890,848 | 396,495 | 8,158,135 | 941,510,844 |

The notes are an integral part of the consolidated financial statements at 31 March 2010 and 2009.

Sonaecom consolidated financial statements (continued)

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

(Amounts expressed in Euro)

Consolidated movements in shareholders' funds (continued)

For the periods ended at 31 March 2010 and 2009

| | Reserves | | | | | | | | | | | |
|--|--------------------|----------------------|------------------|--------------------|----------------------|--|------------------|------------------------|--------------------|--------------------|---------------------|--------------------|
| | Share capital | Own shares (note 19) | 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 period ended at 31 March 2009 | - | - | - | - | 16,271 | - | 105,575 | - | 121,846 | - | 244,168 | 366,014 |
| Acquisition of own shares | - | (1,283,692) | - | - | (1,283,692) | - | - | 1,283,692 | - | - | - | (1,283,692) |
| Delivery of own shares under the Medium Term Incentive Plans (Notes 1.y) and 26) | - | 3,784,046 | - | - | 4,406,111 | (754,888) | - | (3,784,046) | (132,823) | - | - | 3,651,223 |
| Effect of the recognition of the Medium Term Incentive Plans (Notes 1.y) and 26) | - | - | - | - | - | 2,148,250 | - | - | 2,148,250 | - | - | 2,148,250 |
| Others | - | - | - | - | (525,255) | - | - | - | (525,255) | - | - | (525,255) |
| Balance at 31 March 2009 | 366,246,868 | (10,999,396) | 1,985,181 | 775,290,377 | (212,100,648) | 1,393,362 | (201,493) | 10,999,396 | 577,366,175 | - | 244,168 | 932,857,815 |
| Minority interests | | | | | | | | | | | | |
| Balance at 31 December 2008 | - | - | - | - | - | - | - | - | - | 452,717 | - | 452,717 |
| Minority interests in comprehensive income | - | - | - | - | - | - | - | - | - | 114,711 | - | 114,711 |
| Other changes | - | - | - | - | - | - | - | - | - | (270,542) | - | (270,542) |
| Balance at 31 March 2009 | - | - | - | - | - | - | - | - | - | 296,886 | - | 296,886 |
| Total | 366,246,868 | (10,999,396) | 1,985,181 | 775,290,377 | (212,100,648) | 1,393,362 | (201,493) | 10,999,396 | 577,366,175 | 296,886 | 244,168 | 933,154,701 |

The notes are an integral part of the consolidated financial statements at 31 March 2010 and 2009.

Sonaecom consolidated financial statements (continued)

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

(Amounts expressed in euro)

Consolidated cash flow statements

For the periods ended at 31 March 2010 and 2009

| | March 2010 | | March 2009 | |
|---|-------------------|---------------------|-------------------|---------------------|
| Operating activities | | | | |
| Receipts from trade debtors | 229,229,529 | | 249,340,133 | |
| Payments to trade creditors | (155,033,240) | | (178,039,472) | |
| Payments to employees | (33,932,008) | | (31,949,796) | |
| Cash flows from operating activities | 40,264,281 | | 39,350,865 | |
| Payments / receipts relating to income taxes, net | (725,609) | | 753,853 | |
| Other payments / receipts relating to operating activities, net | 7,837,344 | | (19,347,189) | |
| Cash flows from operating activities (1) | 47,376,016 | 47,376,016 | 20,757,530 | 20,757,530 |
| Investing activities | | | | |
| Receipts from: | | | | |
| Tangible assets | 71,459 | | 468,024 | |
| Interest and similar income | 1,081,012 | 1,152,471 | 2,065,149 | 2,533,173 |
| Payments for: | | | | |
| Tangible assets | (31,857,507) | | (52,501,181) | |
| Intangible assets | (4,388,863) | (36,246,370) | (3,644,447) | (56,145,628) |
| Cash flows from investing activities (2) | | (35,093,899) | | (53,612,455) |
| Financing activities | | | | |
| Receipts from: | | | | |
| Loans obtained | - | - | 41,573,390 | 41,573,390 |
| Payments for: | | | | |
| Leasing | (270,893) | | (352,667) | |
| Interest and similar expenses | (3,161,986) | | (6,812,153) | |
| Dividends | (161,850) | | - | |
| Reimbursement of supplementary capital | - | | (800,395) | |
| Own shares | (2,953,523) | | (1,283,693) | |
| Loans obtained | (12,581,450) | (19,129,702) | (5,024,272) | (14,273,180) |
| Cash flows from financing activities (3) | | (19,129,702) | | 27,300,210 |
| Net cash flows (4)=(1)+(2)+(3) | | (6,847,585) | | (5,554,715) |
| Effect of the foreign exchanges | | 97,626 | | 79,082 |
| Cash and cash equivalents at the beginning of the period | | 82,946,871 | | 105,598,556 |
| Cash and cash equivalents at end of the period | | 76,196,912 | | 100,122,923 |

The notes are an integral part of the consolidated financial statements at 31 March 2010 and 2009.

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Sonaecom consolidated financial statements (continued)

SONAECOM, S.G.P.S., S.A. AND SUBSIDIARIES
(Amounts expressed in euro)

Notes to the consolidated cash flow statements

For the periods ended at 31 March 2010 and 2009

1. Details of cash and cash equivalents

| | March 2010 | March 2009 |
|---------------------------|------------|-------------|
| Cash in hand | 519,908 | 400,942 |
| Cash at bank | 2,897,409 | 4,920,224 |
| Treasury applications | 72,880,252 | 95,667,527 |
| Overdrafts | (100,656) | (865,770) |
| Cash and cash equivalents | 76,196,913 | 100,122,923 |
| Overdrafts | 100,656 | 865,770 |
| Cash assets | 76,297,569 | 100,988,693 |

2. Description of non-monetary financing activities

| | March 2010 | March 2009 |
|--|----------------|----------------|
| a) Bank credit obtained and not used | 224,550,000 | 61,896,601 |
| b) Purchase of company through the issue of shares | Not applicable | Not applicable |
| c) Conversion of loans into shares | Not applicable | Not applicable |

3. 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 | 61,772,734 | (35,029,468) | (6,796,292) | 19,946,974 |
| Multimedia | (847,543) | (245,877) | (43,792) | (1,137,212) |
| Information Systems | (11,302,518) | (442,174) | (192,785) | (11,937,477) |
| Holding | (2,213,296) | 623,620 | (12,096,793) | (13,686,469) |
| Others | (33,361) | - | (40) | (33,401) |
| | 47,376,016 | (35,093,899) | (19,129,702) | (6,847,585) |

The notes are an integral part of the consolidated financial statements at 31 March 2010 and 2009.

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Notes to the consolidated financial statements

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

SONAE COM, 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 SONAE COM, 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 2010 and were first adopted in the period ended at 31 March 2010:

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

| Standard / Interpretation | Effective date (annual periods beginning on or after) |
|---|---|
| Revised IFRS 1 – First-time adoption of IFRS <i>This standard was revised to consolidate the various amendments that have occurred since its first release.</i> | 1-Jan-10 * |
| IFRS 2 – Amendments (Accounting for group cash-settled share-based payment transactions) <i>The amendments clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements.</i> | 1/Jan/10 |
| IAS 32 – Amendments (Classification of issuing rights) <i>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.</i> | 1/Fev/10 |
| IFRIC 12 – Service concession arrangements <i>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.</i> | 1-Jan-10 * |
| IFRIC 15 – Agreements for the construction of real estate <i>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.</i> | 1-Jan-10 * |
| IFRIC 16 – Hedges of a net investment in a foreign operation <i>This interpretation provides guidance on hedge accounting for net investments in foreign operations.</i> | 1-Jun-09 * |
| IFRIC 17 – Distribution of non-cash assets to owners <i>This interpretation provides guidance on the proper accounting for assets other than cash distributed to Shareholders as dividends.</i> | 1-Jan-10 * |

* The effective date in accordance with the adoption by the EU was subsequent to the effective date originally established by the standard.

| Standard / Interpretation | Effective date (annual periods beginning on or after) |
|---|---|
| IFRIC 18 – Transfer of assets from customers <i>This interpretation provides guidance on accounting, by operators, of tangible assets 'of customers'.</i> | Transfers made on or after 01-Jul-09 |
| Improvements to IFRSs – 2008 <i>This process included the review of 12 accounting standards.</i> | 1-Jan-10 * |
| * The effective date in accordance with the adoption by the EU was subsequent to the effective date originally established by the standard. The application of these standards had no significant impacts on the consolidated financial statements of the Group besides the increased information that is disclosed. At the date of approval of these financial statements, there are no standards, interpretations, amendments or revisions, which are already approved (endorsed) by the European Union, but with application is mandatory only future financial years. 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: | |
| IFRS 1 – Amendments (Additional exemptions for first-time adopters) <i>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.</i> | 1/Jan/10 |
| IFRS 1 - Amendment (Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters) <i>The amendment ensures that first-time adopters benefit from the same transition provisions that the Amendment to IFRS 7 introduced in March 2009 (Improving Disclosures about Financial Instruments) provides to current IFRS preparers.</i> | 1/Jul/10 |
| IFRS 9 (Financial Instruments) <i>This standard is the first step in the project to replace IAS 39, it introduces new requirements for classifying and measuring financial assets.</i> | 1/Jan/13 |

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

| Standard / Interpretation | Effective date (annual periods beginning on or after) |
|---|--|
| Revised IAS 24 (Related Party Disclosures) | 1/Jan/11 |
| <i>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.</i> | |
| IFRIC 14 – Amendments (Voluntary pre-paid contributions) | 1/Jan/11 |
| <i>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.</i> | |
| IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments) | 1/Jul/10 |
| <i>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.</i> | |

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 March 2010 are comparable with those used in the preparation of the consolidated financial statements at 31 December 2009.

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 recorded as cost when they are incurred.

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'.

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

Impairment losses detected in the realization 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:

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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. Therefore, the UMTS license is being amortised until 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 reappraisal 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

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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

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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.

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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 17).

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 March 2010, Sonaecom, SGPS, S.A., have reserves which by their nature could be considered distributable, in the amount of around Euro 6 million.

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:

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| | 2010 | | 2009 | |
|-------------------|----------|---------|----------|---------|
| | 31 March | Average | 31 March | Average |
| Pounds Sterling | 1.1239 | 1.1269 | 1.0743 | 1.1010 |
| Brazilian Real | 0.4159 | 0.4016 | 0.3250 | 0.3316 |
| American Dollar | 0.7419 | 0.7235 | 0.7514 | 0.7681 |
| Polish Zloti | 0.2586 | 0.2509 | 0.2133 | 0.2229 |
| Australian Dollar | 0.6784 | 0.6543 | 0.5204 | 0.5091 |
| Mexican Peso | 0.0600 | 0.0567 | 0.0533 | 0.0534 |
| Egyptian Pound | 0.1343 | 0.1321 | 7.4778 | 7.3073 |
| Malaysian Ringgit | 0.2274 | 0.2148 | 0.2061 | 0.2117 |

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:

- 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';
- 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';
- The net effect of the entries in (i) and (ii) above eliminate the original entry to 'Shareholders' funds';
- 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.

At 31 March 2010, 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, with the exception of one plan, 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

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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 periods ended at 31 March 2010 and 2009, 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, being the risk of operational activity immaterial.

b) Interest rate risk

Sonaecom's total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility 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 15) 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.

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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.

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 15.

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.

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(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 March 2010 and 2009, are as follows:

| | | | | Percentage of share capital held | | | |
|--|-------------|--|-------------------------------------|----------------------------------|------------|-----------|------------|
| | | | | 2010 | | 2009 | |
| Company (Commercial brand) | Head office | Main activity | Shareholder | Direct | Effective* | Direct | Effective* |
| Parent company | | | | | | | |
| SONAECON, S.G.P.S., S.A. ('Sonaecom') | Maia | Management of shareholdings. | | – | – | – | – |
| Subsidiaries | | | | | | | |
| Be Artis – Conceção, 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 | |
| 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. ('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') (b) | Berkshire | Rendering of consultancy services in the area of information systems. | We Do UK | - | - | Dissolved | |
| 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 dissolved in December 2009.

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(Amounts expressed in euro)

| Company (Commercial brand) | Head office | Main activity | Shareholder | Percentage of share capital held | | | |
|---|----------------|---|-------------------|----------------------------------|---------------|---|------------|
| | | | | 2010 | | 2009 | |
| | | | | 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 communications and related resources; offer and commercialisation of products and equipments of electronic communications. | Sonaecom | 53.54% | 53.54% | 53.54% | 53.54% |
| | | | Sonae Telecom | 35.86% | 35.86% | 35.86% | 35.86% |
| | | | Sonaecom BV | 10.60% | 10.60% | 10.60% | 10.60% |
| 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% |
| Sonaecom – Sistemas de Información España, S.L. ('SSI España') (c) | Madrid | Rendering of consultancy services in the area of information systems. | Sonae com SI | 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 | |
| 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 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% |
| We Do Technologies Americas, Inc ('We Do US') | Miami | Rendering of consultancy services in the area of information systems. | Cape Technologies | 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 Technologies BV ('We Do BV') | Amsterdam | Management of shareholdings. | We Do | 100% | 100% | 100% | 100% |
| We Do Technologies BV – Sucursal Malaysia ('We Do Malásia') | Kuala Lumpur | Rendering of consultancy services in the area of information systems. | We Do BV | 100% | 100% | 100% | 100% |
| We Do Technologies Egypt LLC ('We Do Egypt') | Cairo | Rendering of consultancy services in the area of information systems. | We Do BV | 90% | 90% | 90% | 90% |
| | | | Sonaecom BV | 5% | 5% | 5% | 5% |
| | | | Sonaetelecom BV | 5% | 5% | 5% | 5% |
| We Do Technologies Mexico, S de R.L. ('We Do Mexico') | Mexico City | Rendering of consultancy services in the area of information systems. | Sonaecom BV | 5% | 5% | 5% | 5% |
| | | | We Do BV | 95% | 95% | 95% | 95% |
| We Do Technologies Panamá S.A. ('We Do Panamá') (c) | Panamá City | Rendering of consultancy services in the area of information systems. | We Do BV | 100% | 100% | - | - |
| We Do Technologies Singapore PTE. LTD. ('We Do Singapore') (c) | Singapore | Rendering of consultancy services in the area of information systems. | We Do BV | 100% | 100% | - | - |
| We Do Technologies (UK) Limited ('We Do UK') | Berkshire | Management of shareholdings. | We Do | 100% | 100% | 100% | 100% |

* Sonaecom effective participation

(c) Companies established in January 2010.

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AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

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 March 2010, the Group jointly controls and consolidates through the proportional method the following company (in 2009, controlled and consolidated also the following grouping):

| Company (Commercial brand) | Head office | Main activity | Shareholder | Percentage of share capital held | | | |
|--|-------------|---|-------------|----------------------------------|------------|-----------|------------|
| | | | | 2010 | | 2009 | |
| | | | | 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 | |
| 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 March 2010 and 2009, the main impacts arising from the consolidation by the proportional method of the above mentioned entities, are as follows (debit / (credit)):

| | 2010 | 2009 |
|-------------------------|-------------|-------------|
| Non-current assets | 3,101,500 | 3,258,587 |
| Current assets | 580,334 | 558,019 |
| Non-current liabilities | (2,771,686) | (3,134,245) |
| Current liabilities | (454,194) | (312,258) |
| Net result | (40,423) | (27,260) |
| Total revenues | (455,007) | (1,906,442) |
| Total costs | 414,584 | 1,879,183 |

4. Investments in associated companies

At 31 March 2010 and 2009, 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 | | | | | |
|--|-------------|------------------------------------|-------------|----------------------------------|------------|--------|------------|------------|------|
| Company (Commercial brand) | Head office | Main activity | Shareholder | 2010 | | 2009 | | Book value | |
| | | | | Direct | Effective* | Direct | Effective* | 2010 | 2009 |
| 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.

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

At 31 March 2010 and 2009, the assets, liabilities, total revenues and net results of associated companies were as follows:

| Company | Assets | Liabilities | Total revenues | Net results |
|---|---------|-------------|----------------|-------------|
| 2010 | | | | |
| Sociedade Independente de Radiodifusão Sonora, S.A. | 631,620 | 592,996 | 282,438 | 69,288 |
| 2009 | | | | |
| Sociedade Independente de Radiodifusão Sonora, S.A. | 596,939 | 594,185 | 286,935 | 3,921 |

5. Changes in the Group

During the periods ended at 31 March 2010 and 2009, the following changes occurred in the composition of the Group:

a) Constitutions

| Subsidiary | Subsidiary | Date | Share capital | Current % shareholding |
|-------------|-----------------|--------|---------------|------------------------|
| 2010 | | | | |
| We Do BV | SSI Espanha | Jan-10 | 3.010 EUR | 100.00% |
| We Do BV | We Do Panamá | Feb-10 | 1.000 USD | 100.00% |
| We Do BV | We Do Singapore | Jan-10 | 1 SGD | 100.00% |

b) Others

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.

6. Tangible assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in the periods ended at 31 March 2010 and 2009 was as follows:

| | 2010 | | | | | | | | |
|--|-----------|-----------------------------------|---------------------|----------|-----------------------|-----------|-----------------------|------------------|---------------|
| | 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 2009 | 1,391,593 | 269,275,732 | 955,961,416 | 331,913 | 172,948,905 | 1,192,268 | 5,302,033 | 99,788,541 | 1,506,192,401 |
| Additions | – | 127,896 | 997,137 | 20,391 | 4,133,906 | – | 79,092 | 14,075,027 | 19,433,449 |
| Disposals | – | – | (173) | (84,175) | (117,281) | – | – | – | (201,629) |
| Transfers and write-offs | – | 4,350,066 | 15,266,138 | – | 1,265,424 | 916 | 42,218 | (29,936,591) | (9,011,827) |
| Balance at 31 March 2010 | 1,391,593 | 273,753,695 | 972,224,519 | 268,129 | 178,230,954 | 1,193,184 | 5,423,343 | 83,926,977 | 1,516,412,392 |
| Accumulated depreciation and impairment losses | | | | | | | | | |
| Balance at 31 December 2009 | – | 141,241,132 | 627,788,784 | 100,943 | 148,814,943 | 1,151,389 | 3,675,719 | – | 922,772,910 |
| Depreciation for the period | – | 2,813,563 | 17,134,890 | 15,481 | 5,657,103 | 4,723 | 159,169 | – | 25,784,929 |
| Disposals | – | – | (124) | (16,310) | (102,699) | – | – | – | (119,133) |
| Transfers and write-offs | – | 28,991 | (5,854,880) | – | 819,317 | – | – | – | (5,006,572) |
| Balance at 31 March 2010 | – | 144,083,686 | 639,068,670 | 100,114 | 155,188,664 | 1,156,112 | 3,834,888 | – | 943,432,134 |
| Net value | 1,391,593 | 129,670,009 | 333,155,849 | 168,015 | 23,042,290 | 37,071 | 1,588,455 | 83,926,977 | 572,980,258 |

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

| | 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 | – | 102,212 | 3,021,518 | 38,621 | 2,277,886 | – | 36,466 | 12,736,720 | 18,213,423 |
| Disposals | – | (189,906) | (177,044) | (38,621) | (84,341) | – | – | – | (489,912) |
| Transfers and write-offs | – | 5,951,440 | 23,350,189 | – | 1,197,551 | 2,902 | 14,870 | (30,645,233) | (128,281) |
| Balance at 31 March 2009 | 1,391,593 | 258,159,661 | 917,492,238 | 161,116 | 160,498,211 | 1,192,231 | 5,191,040 | 70,245,989 | 1,414,332,079 |
| 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 period | – | 2,602,767 | 22,404,554 | 4,314 | 4,365,593 | 5,763 | 175,782 | – | 29,558,773 |
| Disposals | – | (8,180) | (32,079) | (17) | (6,595) | – | – | – | (46,871) |
| Transfers and write-offs | – | – | 1,627 | – | 1,880 | – | – | – | 3,507 |
| Balance at 31 March 2009 | – | 133,505,152 | 567,668,972 | 129,788 | 134,890,487 | 1,136,877 | 3,179,443 | – | 840,510,719 |
| Net value | 1,391,593 | 124,654,509 | 349,823,266 | 31,328 | 25,607,724 | 55,354 | 2,011,597 | 70,245,989 | 573,821,360 |

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 29,018,836 as of 31 March 2010 and 2009, and their net book value as of those dates amounted to Euro 18,533,472 and Euro 21,298,849 respectively.

At 31 March 2010, the heading 'Tangible assets' included an amount of Euro 16.4 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 March 2010, 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 to the revision of estimated useful life of a set of assets related to telecommunications networks and mobile telephones. Revision of estimated useful life was recorded with prospective effect from the moment it occurred, so the depreciation in the period are lower by about Euro 6 million, compared with what would result if it had used the estimated useful life considered during first quarter of 2009.

Tangible assets in progress at 31 March 2010 and 2009 were made up as follows:

| | 2010 | 2009 |
|-------------------------------|------------|------------|
| Development of fixed network | 50,299,692 | 36,737,908 |
| Development of mobile network | 25,317,954 | 25,873,028 |
| Information systems | 2,222,824 | 3,048,736 |
| Other projects in progress | 6,086,507 | 4,586,316 |
| | 83,926,977 | 70,245,988 |

At 31 March 2010, 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).

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

At 31 March 2010 and 2009, the amounts of commitments to third parties relating to investments to be made were as follows:

| | 2010 | 2009 |
|---------------------|-------------------|-------------------|
| Network | 27,851,312 | 31,558,182 |
| Information systems | 4,559,928 | 5,622,496 |
| | 32,411,240 | 37,180,678 |

7. Intangible assets

In the periods ended at 31 March 2010 and 2009, the movement in Intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

| | 2010 | | | |
|---|--|-------------------|----------------------------------|--------------------|
| | Brands and patents and other rights | Software | Intangible assets in progress | Total |
| Gross assets | | | | |
| Balance at 31 December 2009 | 304,081,633 | 229,169,691 | 19,212,155 | 552,463,479 |
| Additions | 18,501 | 310,900 | 4,320,872 | 4,650,273 |
| Disposals | - | (6,837) | - | (6,837) |
| Transfers and write-offs | (30) | 10,422,060 | (6,278,301) | 4,143,729 |
| Balance at 31 March 2010 | 304,100,104 | 239,895,814 | 17,254,726 | 561,250,644 |
| Accumulated amortisation and impairment losses | | | | |
| Balance at 31 December 2009 | 86,606,233 | 192,163,071 | - | 278,769,304 |
| Amortisation for the period | 4,491,264 | 3,768,564 | - | 8,259,828 |
| Disposals | - | (6,837) | - | (6,837) |
| Transfers and write-offs | (9) | 69,414 | - | 69,405 |
| Balance at 31 March 2010 | 91,097,488 | 195,994,212 | - | 287,091,700 |
| Net value | 213,002,616 | 43,901,602 | 17,254,726 | 274,158,944 |

| | 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 | 25,519 | 262,861 | 3,633,509 | 3,921,889 |
| Disposals | - | - | (5,250) | (5,250) |
| Transfers and write-offs | 27,866 | 4,622,387 | (4,402,235) | 248,018 |
| Balance at 31 March 2009 | 287,670,413 | 219,872,467 | 10,475,393 | 518,018,273 |
| Accumulated amortisation and impairment losses | | | | |
| Balance at 31 December 2008 | 69,111,102 | 171,924,626 | - | 241,035,728 |
| Amortisation for the period | 4,170,084 | 5,673,999 | - | 9,844,083 |
| Disposals | - | - | - | - |
| Transfers and write-offs | - | 34,826 | - | 34,826 |
| Balance at 31 March 2009 | 73,281,186 | 177,633,451 | - | 250,914,637 |
| Net value | 214,389,227 | 42,239,016 | 10,475,393 | 267,103,636 |

At 31 March 2010, 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.

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(Amounts expressed in euro)

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 March 2010, 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 March 2010, all the responsibilities with such commitments are fully recorded in the attached consolidated financial statements.

At 31 March 2010 and 2009, the Group kept recorded under the heading 'Intangible assets' the amounts of Euro 199,684,565 and Euro 195,139,015, respectively, that correspond to the investments net of depreciations made in the development of the UMTS network, including: (i) Euro 62,255,978 (2009: Euro 65,256,266) related to the license; (ii) Euro 20,802,005 (2009: Euro 21,804,511) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal; (iii) Euro 6,388,924 (2009: Euro 6,696,824) related to a contribution to the 'Fundação para as Comunicações Móveis', established in 2007, under an agreement entered with 'MOPTC' and the three mobile telecommunication operators in Portugal; and (iv) Euro 104,918,473 (2009: Euro 95,805,882) 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 March 2010 and 2009, 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 March 2010 and 2009, such expenses amounted to Euro 19,028,165 and Euro 17,429,678, respectively. The amount capitalised in the periods ended at 31 March 2010 and 2009 were Euro 517,095 and Euro 495,171, respectively. An interest capitalisation rate of 1.41% was used in 2010 (3.78% in 2009), which corresponds to the average interest rate supported by the Group.

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(Amounts expressed in euro)

8. Breakdown of financial instruments

At 31 March 2010 and 2009, 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 |
|---|--------------------------|---------------------------------|--------------------------------------|-------------|------------------------------------|-------------|
| 2010 | | | | | | |
| 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 | 143,263,731 | - | - | 143,263,731 | - | 143,263,731 |
| Other current debtors | 12,672,287 | - | - | 12,672,287 | 5,192,195 | 17,864,482 |
| Cash and cash equivalents (note 12) | 76,297,569 | - | - | 76,297,569 | - | 76,297,569 |
| | 232,233,587 | - | - | 232,233,587 | 5,192,195 | 237,425,782 |
| | | | | | | |
| | 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 | 164,310,853 | - | - | 164,310,853 | - | 164,310,853 |
| Other current debtors | 7,280,163 | - | - | 7,280,163 | 30,808,807 | 38,088,970 |
| Cash and cash equivalents (note 12) | 100,988,693 | - | - | 100,988,693 | - | 100,988,693 |
| | 272,579,709 | - | - | 272,579,709 | 30,808,807 | 303,388,516 |

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

| | Derivatives | Liabilities recorded at amortised cost | Other financial liabilities | Subtotal | Others not covered by IFRS 7 | Total |
|--|-------------|--|-----------------------------------|-------------|------------------------------------|-------------|
| 2010 | | | | | | |
| Non-current liabilities | | | | | | |
| Medium and long-term loans – net of short-term portion (note 15) | - | 328,501,995 | - | 328,501,995 | - | 328,501,995 |
| Other non-current financial liabilities (note 16) | - | - | 20,205,759 | 20,205,759 | - | 20,205,759 |
| Securitisation of receivables (note 18) | - | 54,488,490 | - | 54,488,490 | - | 54,488,490 |
| | - | 382,990,485 | 20,205,759 | 403,196,244 | - | 403,196,244 |
| Current liabilities | | | | | | |
| Short-term loans and other loans (note 15) | - | 21,562,114 | - | 21,562,114 | - | 21,562,114 |
| Trade creditors | - | - | 194,116,260 | 194,116,260 | - | 194,116,260 |
| Other current financial liabilities (note 16) | - | - | 3,193,156 | 3,193,156 | - | 3,193,156 |
| Securitisation of receivables (note 18) | - | 19,527,163 | - | 19,527,163 | - | 19,527,163 |
| Other creditors | - | - | 51,171,445 | 51,171,445 | 10,308,508 | 61,479,953 |
| | - | 41,089,277 | 248,480,861 | 289,570,138 | 10,308,508 | 299,878,646 |
| 2009 | | | | | | |
| Non-current liabilities | | | | | | |
| Medium and long-term loans – net of short-term portion (note 15) | 201,493 | 416,515,473 | - | 416,716,966 | - | 416,716,966 |
| Other non-current financial liabilities (note 16) | - | - | 21,775,291 | 21,775,291 | - | 21,775,291 |
| Securitisation of receivables (note 18) | - | 74,247,453 | - | 74,247,453 | - | 74,247,453 |
| | 201,493 | 490,762,926 | 21,775,291 | 512,739,710 | - | 512,739,710 |
| Current liabilities | | | | | | |
| Short-term loans and other loans (note 15) | - | 11,295,493 | - | 11,295,493 | - | 11,295,493 |
| Trade creditors | - | - | 164,717,713 | 164,717,713 | - | 164,717,713 |
| Other current financial liabilities (note 16) | - | - | 2,099,463 | 2,099,463 | - | 2,099,463 |
| Securitisation of receivables (note 18) | - | 19,491,488 | - | 19,491,488 | - | 19,491,488 |
| Other creditors | - | - | 16,596,093 | 16,596,093 | 9,050,771 | 25,646,864 |
| | - | 30,786,981 | 183,413,269 | 214,200,250 | 9,050,771 | 223,251,021 |

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.

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

9. Goodwill

For the periods ended at 31 March 2010 and 2009, the movements occurred in Goodwill were as follows:

| | 2010 | 2009 |
|------------------------|--------------------|--------------------|
| Opening balance | 526,106,175 | 526,030,904 |
| Others | (2,125) | (38,985) |
| Closing balance | 526,104,050 | 525,991,919 |

In the periods ended at 31 March 2010 and 2009, the caption 'Others' includes, mainly, the exchange rate update of the Goodwill.

Goodwill at 31 March 2010 and 2009 was made up as follows:

| | 2010 | 2009 |
|-------------------------------------|--------------------|--------------------|
| 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 | 1,111,169 | 999,038 |
| Unipress | 321,698 | 321,698 |
| SIRS | 72,820 | 72,820 |
| Permar | 47,253 | 47,253 |
| Optimus Towering | 10,713 | 10,713 |
| | 526,104,050 | 525,991,919 |

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 March 2010 and 2009, this caption included investments classified as available-for-sale and was made up as follows:

| | % | 2010 | 2009 |
|--|--------|------------------|------------------|
| 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 March 2010, 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.

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

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 periods ended at 31 March 2010 and 2009, the heading 'Investments available for sale' did not present any movements.

11. Deferred taxes

Deferred tax assets at 31 March 2010 and 2009, amounted to Euro 119,088,121 and Euro 123,951,735, 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 periods ended at 31 March 2010 and 2009 were as follows:

| | 2010 | 2009 |
|--|-------------|-------------|
| Opening balance | 121,894,677 | 124,862,171 |
| Impact in results: | | |
| Tax losses carried forward | 2,407,891 | (1,620,879) |
| Movements in provisions not accepted for tax purposes and tax benefits | (207,435) | 896,373 |
| Temporary net differences between the tax and the accounting amount of certain fixed assets | (4,212,914) | (154,942) |
| Temporary differences arising from the securitisation of receivables (Sonaecom – Serviços de Comunicações) | (805,000) | – |
| Sub-total effect on results (note 22) | (2,817,458) | (879,448) |
| Others | 10,902 | (30,988) |
| Closing balance | 119,088,121 | 123,951,735 |

At 31 December 2008, deferred tax assets were recognised in the amount of Euro 16.1 million regards to the securitisation of future receivables completed in December 2008 (note 18). 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 period ended at 31 March 2010, an amount of Euro 4.2 million was reversed corresponding to the reversal of the above referred temporary difference.

At 31 March 2010 and 2009, 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 March 2010 and 2009 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%.

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

In accordance with the tax returns and other information prepared by the companies that have registered deferred tax assets, the detail of such deferred tax assets, by nature, at 31 March 2010 was as follows:

| Nature | Companies included in the tax group | Companies excluded from the tax group | | | | | | | Total Sonaecom Group |
|--|-------------------------------------|---------------------------------------|------------|-------------|---------|---------|--------------|-------------|----------------------|
| | | Sonaecom Serviços de Comunicações | Praesidium | Digitmarket | Saphety | Cape | We Do Brazil | Total | |
| Tax losses: | | | | | | | | | |
| To be used until 2010 | 2,946 | - | - | - | - | - | - | - | 2,946 |
| To be used until 2011 | 31,676 | - | - | 90,629 | - | - | - | 90,629 | 122,305 |
| To be used until 2012 | 170,616 | 440,375 | - | - | - | - | - | 440,375 | 610,991 |
| To be used until 2013 | 126,085 | - | - | - | 138,000 | - | - | 138,000 | 264,085 |
| To be used until 2014 | - | - | - | - | - | - | - | - | - |
| To be used until 2015 | - | 9,791,331 | - | - | - | - | - | 9,791,331 | 9,791,331 |
| To be used until 2016 | 331,093 | 4,110,396 | - | - | - | - | - | 4,110,396 | 4,441,489 |
| Unlimited utilisation | - | - | 95,697 | - | - | 134,506 | - | 230,203 | 230,203 |
| Tax losses | 662,416 | 14,342,102 | 95,697 | 90,629 | 138,000 | 134,506 | - | 14,800,934 | 15,463,350 |
| Tax provisions not accepted and other temporary differences | (110,983) | 10,108,625 | - | - | - | - | - | 10,108,625 | 9,997,642 |
| Tax benefits (SIFIDE) | - | 1,716,399 | - | - | - | - | - | 1,716,399 | 1,716,399 |
| Adjustments in the conversion to IAS/IFRS | - | 32,433,489 | - | - | - | - | 196,829 | 32,630,318 | 32,630,318 |
| Temporary differences arising from the securitisation of receivables | - | 12,075,000 | - | - | - | - | - | 12,075,000 | 12,075,000 |
| Differences between the tax and accounting amount of certain fixed assets and others | - | 47,205,412 | - | - | - | - | - | 47,205,412 | 47,205,412 |
| Total | 551,433 | 117,881,027 | 95,697 | 90,629 | 138,000 | 134,506 | 196,829 | 118,536,688 | 119,088,121 |

At 31 March 2010 and 2009, 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:

| | 2010 | 2009 |
|---|------------|------------|
| Tax losses | 53,551,188 | 48,889,300 |
| Temporary differences (mainly provisions not accepted for tax purposes) | 36,133,153 | 33,324,192 |
| Adjustments in the conversion to IAS / IFRS | (345,313) | (256,572) |
| | 89,339,028 | 81,956,920 |

At 31 March 2010 and 2009, tax losses for which deferred tax assets were not recognised have the following due dates:

| Due date | 2010 | 2009 |
|-----------|------------|------------|
| 2009 | - | 1,234,660 |
| 2010 | 1,635,257 | 7,104,952 |
| 2011 | 11,743,719 | 7,205,323 |
| 2012 | 15,271,508 | 9,040,807 |
| 2013 | 14,927,816 | 15,999,687 |
| 2014 | 1,326,762 | 1,512,692 |
| 2015 | 3,556,694 | 2,631,259 |
| 2016 | 1,418,528 | 1,204,308 |
| 2017 | 1,771,661 | 1,771,661 |
| 2018 | 409,870 | 74,875 |
| 2019 | 73,629 | - |
| Unlimited | 1,415,744 | 1,109,076 |
| | 53,551,188 | 48,889,300 |

The years 2017 and following are applicable to the subsidiaries incorporated in countries in which the reporting period of tax losses is greater than six years.

Notes to the consolidated financial statements (continued)

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(Amounts expressed in euro)

The tax liabilities at 31 March 2010 and 2009 amounting to Euro 273,221 and Euro 836,337, respectively, result mainly from tax losses, consolidation adjustments and IAS conversion adjustments.

The movements that occurred in deferred tax liabilities in the periods ended at 31 March 2010 and 2009 were as follows:

| | 2010 | 2009 |
|---|------------------|------------------|
| Opening balance | (106,929) | (605,414) |
| Impact on results: | | |
| Tax Losses | (176,772) | - |
| Consolidation adjustments | - | (230,923) |
| Adjustments in the conversion to IAS / IFRS | 10,480 | - |
| Total impact on results (note 22) | (166,292) | (230,923) |
| Closing balance | (273,221) | (836,337) |

The reconciliation between the earnings before taxes and the taxes recorded for the periods ended at 31 March 2010 and 2009 is as follows:

| | 2010 | 2009 |
|---|--------------------|--------------------|
| Earnings before taxes | 11,900,062 | 2,055,858 |
| Income tax rate (25%) | (2,975,016) | (513,965) |
| Deferred tax assets not recognised in the individual accounts and / or resulting from consolidation adjustments and other adjustments to taxable income | (509,407) | (2,079,387) |
| Movements in provisions not accepted for tax purposes and tax benefits | (207,435) | 896,373 |
| Income taxation recorded in the period (note 22) | (3,691,858) | (1,696,979) |

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 March 2010.

12. Cash and cash equivalents

At 31 March 2010 and 2009, the detail of cash and cash equivalents was as follows:

| | 2010 | 2009 |
|-----------------------------------|-------------------|--------------------|
| Cash | 519,908 | 400,942 |
| Bank deposits repayable on demand | 2,897,409 | 4,920,224 |
| Treasury applications | 72,880,252 | 95,667,527 |
| Cash and cash equivalents | 76,297,569 | 100,988,693 |
| Bank overdrafts (note 15) | (100,656) | (865,770) |
| | 76,196,913 | 100,122,923 |

At 31 March 2010 and 2009, the 'Treasury applications' had the following breakdown:

| | 2010 | 2009 |
|---------------------------|-------------------|-------------------|
| Sonae Investments BV | 71,810,000 | 95,000,000 |
| Foreign bank applications | 1,070,252 | 667,527 |
| | 72,880,252 | 95,667,527 |

During the period ended at 31 March 2010, the above mentioned treasury applications bear interests at an average rate of 2.11% (2.89% in 2009).

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

13. Share capital

At 31 March 2010 and 2009, 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:

| | 2010 | | 2009 | |
|---|--------------------|----------------|--------------------|----------------|
| | Number of shares | % | Number of shares | % |
| Sontel BV | 183,374,470 | 50.07% | 193,874,470 | 52.94% |
| Atlas Service Belgium | 73,249,374 | 20.00% | 73,249,374 | 20.00% |
| Shares traded on the Portuguese Stock Exchange ('Free float') | 70,542,264 | 19.26% | 63,022,421 | 17.21% |
| Banco Comercial Português, S.A. (BCP) | 12,500,998 | 3.41% | – | 0.00% |
| Sonae Investments BV | 10,500,000 | 2.87% | – | 0.00% |
| Own shares | 7,831,325 | 2.14% | 6,110,954 | 1.67% |
| Santander Asset Management | 7,408,788 | 2.02% | – | 0.00% |
| 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.

14. Own shares

During the period ended at 31 March 2010, Sonaecom delivered to its employees 972,184 own shares under its Medium Term Incentive Plan.

Additionally, during the period ended at 31 March 2010, Sonaecom acquired 1,633,935 shares (at an average price of Euro 1.81), holding at the end of the period 7,831,325 own shares, representative of 2.14% of its share capital at the average acquisition cost of Euro 1.68.

15. Loans

At 31 March 2010 and 2009, the caption Loans had the following breakdown:

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

| Company | Issue denomination | Limit | Maturity | Type of reimbursement | Amount outstanding | |
|----------|--|-------------|---------------|-----------------------|--------------------|-------------|
| | | | | | 2010 | 2009 |
| Sonaecom | 'Obrigações Sonaecom SGPS 2005' | 150,000,000 | June 2013 | Final | 150,000,000 | 150,000,000 |
| SGPS | 'Obrigações Sonaecom SGPS 2010' | 40,000,000 | March 2015 | Final | 40,000,000 | – |
| | 'Obrigações Sonaecom SGPS 2010' | 30,000,000 | February 2013 | Final | 30,000,000 | – |
| | Costs associated with financing set-up | – | – | – | (2,403,388) | (2,293,926) |
| | Interests incurred but not yet due | – | – | – | 943,581 | 1,698,751 |
| | Fair value of swaps | – | – | – | – | 201,493 |
| | | | | | 218,540,193 | 149,606,318 |
| Sonaecom | Commercial paper | 150,000,000 | July 2012 | – | 109,500,000 | 150,000,000 |
| SGPS | Commercial paper | 100,000,000 | July 2010 | – | – | 100,000,000 |
| | Commercial paper | 50,000,000 | January 2011 | – | – | 17,000,000 |
| | Costs associated with financing set-up | – | – | – | (510,822) | (621,714) |
| | Interests incurred but not yet due | – | – | – | 58,492 | 137,936 |
| | | | | | 109,047,670 | 266,516,222 |
| Unipress | Bank loan | – | – | – | 526,405 | 206,250 |
| Saphety | Minority shareholder loan's | – | – | – | 387,727 | 388,176 |
| | | | | | 328,501,995 | 416,716,968 |

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

b) Short-term loans and other loans

| Company | Issue denomination | Limit | Maturity | Type of reimbursement | Amount outstanding | |
|----------|------------------------------------|------------|--------------|-----------------------|--------------------|------------|
| | | | | | 2010 | 2009 |
| Sonaecom | Commercial paper | 50,000,000 | January 2011 | – | 21,450,000 | – |
| SGPS | Interests incurred but not yet due | – | – | – | 11,458 | – |
| | | | | | 21,461,458 | – |
| Sonaecom | | | | | | |
| SGPS | Overdraft facility – CGD | – | – | – | – | 10,429,723 |
| Several | Bank overdrafts | – | – | – | 100,656 | 865,770 |
| | | | | | 21,562,114 | 11,295,493 |

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).

Additionally, Sonaecom has two Commercial Paper Programmes Issuance, with a maximum amount of Euro 50 million and 25 million respectively, hired in January 2005 and March 2010 respectively, with subscription grant and maturity of one year, possibly renewable.

Placing underwriting is currently provided by Banco Comercial Português and Banco Bilbao Vizcaya Argentaria (Portugal), in case of the programme of Euro 50 million, and by Caja de Ahorros Y Monte de Piedad de Madrid (representative in Portugal) in case of programme of Euro 25 million.

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 Loans for the period was 2.06%.

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 March 2010 and 2009, 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 |
|-------------------|------------------|-------------------|--------------------|--------------------|--------------------|
| 2010 | | | | | |
| Bond loan: | | | | | |
| Reimbursements | – | – | 30,000,000 | 150,000,000 | 40,000,000 |
| Interests | 4,846,600 | 4,859,878 | 4,064,535 | 1,801,945 | 271,285 |
| Commercial paper: | | | | | |
| Reimbursements | – | – | 109,500,000 | – | – |
| Interests | 813,380 | 815,608 | 269,641 | – | – |
| | 5,659,980 | 5,675,486 | 143,834,176 | 151,801,945 | 40,271,285 |
| 2009 | | | | | |
| Bond loan: | | | | | |
| Reimbursements | – | – | – | – | 150,000,000 |
| Interests | 6,115,500 | 6,115,500 | 6,132,255 | 6,115,500 | 1,357,138 |
| Commercial paper: | | | | | |
| Reimbursements | – | 17,000,000 | – | 250,000,000 | – |
| Interests | 2,769,844 | 1,964,330 | 1,969,712 | 651,189 | – |
| | 8,885,344 | 25,079,830 | 8,101,967 | 256,766,689 | 151,357,138 |

Although the maturity of commercial paper issuance is short-term, 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.

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(Amounts expressed in euro)

At 31 March 2010 and 2009, the available credit lines of the Group were as follows:

| Company | Credit | Limit | Amount outstanding | Amount available | Maturity | |
|-------------|-----------------------|-------------|-----------------------|---------------------|--------------------|------------------------|
| | | | | | Until 12 months | More than 12 months |
| 2010 | | | | | | |
| Sonaecom | Commercial paper | 150,000,000 | 109,500,000 | 40,500,000 | | x |
| Sonaecom | Commercial paper | 100,000,000 | – | 100,000,000 | x | |
| Sonaecom | Commercial paper | 50,000,000 | 21,450,000 | 28,550,000 | x | |
| Sonaecom | Commercial paper | 25,000,000 | – | 25,000,000 | x | |
| Sonaecom | Bond loan | 150,000,000 | 150,000,000 | – | | x |
| Sonaecom | Bond loan | 40,000,000 | 40,000,000 | – | | x |
| Sonaecom | Bond loan | 30,000,000 | 30,000,000 | – | | x |
| Sonaecom | Overdraft facilities | 26,500,000 | – | 26,500,000 | x | |
| Sonaecom | Authorised overdrafts | 2,500,000 | – | 2,500,000 | x | |
| Público | Overdraft facilities | 1,500,000 | – | 1,500,000 | x | |
| | | 575,500,000 | 350,950,000 | 224,550,000 | | |
| 2009 | | | | | | |
| Sonaecom | Commercial paper | 250,000,000 | 250,000,000 | – | | x |
| Sonaecom | Commercial paper | 70,000,000 | 17,000,000 | 53,000,000 | x | |
| Sonaecom | Overdraft facilities | 15,000,000 | 10,429,723 | 4,570,277 | 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 | 82,935 | – | 82,935 | x | |
| | | 489,326,324 | 427,429,723 | 61,896,601 | | |

At 31 March 2010, there are no interest rate hedging instruments outstanding. The interest rate hedging instruments outstanding at 31 March 2009 and their corresponding fair values, calculated through the discounted future cash flows method, were as follows:

| | | | | | | Fair value of the derivative instruments |
|----------|-------------|-----------------|---------------|------------|-----------------------|--|
| Company | Hedged loan | Notional amount | Maturity date | Base rate | Fixed rate contracted | |
| 2009 | | | | | | |
| Sonaecom | Bond loan | 75,000,000 | June 2009 | Euribor 6m | 4.565% | 201,493 |
| | | | | | | 201,493 |

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 period ended at 31 March 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 279,681, 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 March 2010 the total gross debt is exposed to changes in market interest rates.

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16. Other non-current financial liabilities

At 31 March 2010 and 2009, 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 20,205,759 and Euro 21,775,291, respectively.

At 31 March 2010 and 2009, the payment of these amounts was due as follows:

| | 2010 | | 2009 | |
|--------------------------------|----------------|---------------------------------|----------------|---------------------------------|
| | Lease payments | Present value of lease payments | Lease payments | Present value of lease payments |
| 2009 | – | – | 3,070,575 | 2,036,329 |
| 2010 | 3,819,252 | 2,693,536 | 3,087,430 | 2,082,908 |
| 2011 | 2,914,593 | 2,052,054 | 2,828,536 | 1,922,981 |
| 2012 | 2,910,798 | 2,076,147 | 2,828,835 | 2,011,524 |
| 2013 | 2,738,701 | 1,992,811 | 2,660,752 | 1,932,887 |
| 2014 onwards | 18,444,227 | 14,584,367 | 17,517,841 | 13,888,125 |
| | 30,827,571 | 23,398,915 | 31,993,969 | 23,874,754 |
| Interests | (7,428,656) | – | (8,119,214) | – |
| | 23,398,915 | 23,398,915 | 23,874,755 | 23,874,754 |
| Short-term liability (note 19) | – | (3,193,156) | – | (2,099,463) |
| | 23,398,915 | 20,205,759 | 23,874,755 | 21,775,291 |

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.

17. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the periods ended at 31 March 2010 and 2009 were as follows:

| | Opening balance | Increases | Utilisations | Decreases | Closing balance |
|---|-----------------|-----------|--------------|-----------|-----------------|
| 2010 | | | | | |
| Accumulated impairment losses on accounts receivables | 67,838,678 | 4,146,029 | (5,618,960) | (1,363) | 66,364,384 |
| Accumulated impairment losses on inventories | 12,690,082 | 600,000 | – | – | 13,290,082 |
| Provisions for other liabilities and charges | 32,175,824 | (139,178) | (32,177) | (199,858) | 31,804,611 |
| | 112,704,584 | 4,606,851 | (5,651,137) | (201,221) | 111,459,077 |
| 2009 | | | | | |
| Accumulated impairment losses on accounts receivables | 75,788,067 | 5,306,882 | (1,540,516) | (90) | 79,554,343 |
| Accumulated impairment losses on inventories | 11,273,207 | 527,224 | – | – | 11,800,431 |
| Provisions for other liabilities and charges | 32,205,441 | 1,479,816 | (28,000) | (196,491) | 33,460,766 |
| | 119,266,715 | 7,313,922 | (1,568,516) | (196,581) | 124,815,540 |

The increase of 'Provisions for other liabilities and charges' includes the amount of Euro 142,579 related to the dismantling of sites (2009: Euro 754,320), as foreseen in IAS 16 (note 1.d)), and in 2009 also includes the amount of Euro 84,456 recorded in the profit and loss statement, under the caption 'Income taxation' (note 22). The reinforcement on the 'Accumulated impairment losses on inventories' is recorded in the profit and loss statement under the caption 'Cost of Sales'. 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 3,864,272 (2009: Euro 6,475,147).

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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 March 2010 and 2009, the breakdown of the provisions for other liabilities and charges is as follows:

| | 2010 | 2009 |
|-----------------------------|-------------------|-------------------|
| Dismantling of sites | 22,351,301 | 21,361,461 |
| Several contingencies | 2,938,876 | 4,545,379 |
| Legal processes in progress | 2,092,361 | 2,745,234 |
| Indemnities | 388,580 | 675,357 |
| Others | 4,033,493 | 4,133,335 |
| | 31,804,611 | 33,460,766 |

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.

18. 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, having the future credits 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 19,527,163) was registered in current liabilities and the remainder, amounting to Euro 54,488,490, 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 March 2010 and 2009, the amount recorded in 'Securitisation of receivables' has the following maturity:

| | N+1 | N+2 | N+3 | N+4 | N+5 | Total |
|-------------------------------|------------|------------|------------|------------|------------|------------|
| 2010 | | | | | | |
| Securitisation of receivables | 19,527,163 | 19,679,175 | 19,829,822 | 14,979,493 | – | 74,015,653 |
| 2009 | | | | | | |
| Securitisation of receivables | 19,491,488 | 19,629,764 | 19,753,244 | 19,872,830 | 14,991,615 | 93,738,941 |

19. Other current financial liabilities

At 31 March 2010, this caption includes the amount of Euro 3,193,156 (2009: Euro 2,099,463) related to the short term portion of lease contracts (note 16).

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20. External supplies and services

'External supplies and services' for the periods ended at 31 March 2010 and 2009 had the following composition:

| | 2010 | 2009 |
|---------------------------|--------------------|--------------------|
| Interconnection costs | 52,755,699 | 51,758,772 |
| Specialised works | 14,598,267 | 16,238,699 |
| Commissions | 10,383,126 | 12,885,477 |
| Rents | 8,191,700 | 8,719,466 |
| Other subcontracts | 7,175,728 | 6,752,462 |
| Advertising and promotion | 6,117,485 | 6,327,763 |
| Leased lines | 5,735,062 | 6,630,491 |
| Energy | 2,612,889 | 2,402,577 |
| Maintenance and repairs | 1,594,944 | 1,747,207 |
| Communications | 1,472,838 | 1,937,187 |
| Travelling costs | 1,168,615 | 1,087,510 |
| Fees | 818,163 | 1,039,484 |
| Others | 5,580,412 | 4,774,653 |
| | 118,204,928 | 122,301,748 |

The commitments assumed by the Group at 31 March 2010 and 2009 related to operational leases are as follows:

| | 2010 | 2009 |
|---|--------------------|--------------------|
| Minimum payments of operational leases: | | |
| 2009 | – | 38,343,055 |
| 2010 | 36,592,652 | 43,718,432 |
| 2011 | 43,761,141 | 40,077,448 |
| 2012 | 40,575,605 | 37,530,296 |
| 2013 | 36,743,194 | 36,075,062 |
| 2014 | 31,666,624 | 30,505,419 |
| 2015 | 6,570,171 | 21,804,202 |
| 2016 | 27,538,877 | – |
| Renewable by periods of one year | 3,650,937 | 4,845,307 |
| | 227,099,201 | 252,899,221 |

During the period ended at 31 March 2010, an amount of Euro 12,551,664 (2009: Euro 12,742,961) 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).

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21. Financial results

Net financial results for the periods ended at 31 March 2010 and 2009 were made up as follows:

| | 2010 | 2009 |
|------------------------------------|--------------------|--------------------|
| Other financial expenses: | | |
| Interest expenses: | (3,288,531) | (5,447,088) |
| Bank loans | (1,746,533) | (3,458,589) |
| Securitisation interests (note 18) | (983,105) | (1,456,080) |
| Leasing | (249,604) | (249,080) |
| Swap interests | - | (255,562) |
| Other interests | (309,289) | (283,339) |
| Foreign exchange losses | (55,419) | (80,481) |
| Other financial expenses | (119,534) | (140,222) |
| | (3,463,484) | (5,667,791) |
| Other financial income: | | |
| Interest income | 1,069,378 | 1,510,824 |
| Foreign exchange gains | 423,740 | 268,230 |
| Other financial income | 15 | (38,686) |
| | 1,493,133 | 1,740,368 |

During the periods ended at 31 March 2010 and 2009, the caption 'Other financial income: Interest income' includes, mainly, interests earned on treasury applications and interests arising from late collections associated with cases in litigation.

22. Income taxation

Income taxes recognised during the periods ended at 31 March 2010 and 2009 were made up as follows (costs) / gains:

| | 2010 | 2009 |
|------------------------------------|--------------------|--------------------|
| Current tax | (708,108) | (586,608) |
| Deferred tax assets (note 11) | (2,817,458) | (879,448) |
| Deferred tax liabilities (note 11) | (166,292) | (230,923) |
| | (3,691,858) | (1,696,979) |

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23. Related parties

During the periods ended at 31 March 2010 and 2009, 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 periods ended at 31 March 2010 and 2009 were as follows:

| | Balances at 31 March 2010 | | | |
|---------------------------------------|---------------------------|------------------|-----------------------|------------------------------|
| | Accounts receivable | Accounts payable | Treasury applications | Other assets / (liabilities) |
| Sonae | 47,667 | 1,621 | - | (110,404) |
| Modelo Continente Hipermercados, S.A. | 1,751,747 | 1,313,609 | - | (75,351) |
| Worten | 1,479,936 | 5,042 | - | (1,099,671) |
| Sonae Investments BV | - | - | 71,810,000 | - |
| France Telecom | 2,216,258 | 2,620,060 | - | (6,712,812) |
| | 5,495,608 | 3,940,332 | 71,810,000 | (7,998,238) |

| | Balances at 31 March 2009 | | | |
|---------------------------------------|---------------------------|------------------|-----------------------|------------------------------|
| | Accounts receivable | Accounts payable | Treasury applications | Other assets / (liabilities) |
| Sonae | 112,253 | 23,039 | - | 2,759 |
| Modelo Continente Hipermercados, S.A. | 2,394,072 | 1,555,562 | - | (184,835) |
| Worten | 4,952,220 | 12,941 | - | (554,026) |
| Sonae Investments BV | - | - | 95,000,000 | 113,577 |
| France Telecom | 2,646,812 | 3,897,076 | - | (14,220,675) |
| | 10,105,357 | 5,488,618 | 95,000,000 | (14,843,200) |

| | Transactions at 31 March 2010 | | | |
|---------------------------------------|-------------------------------|--------------------------------|---|----------------------|
| | Sales and services rendered | Supplies and services received | Interest and similar income / (expense) | Supplementary income |
| Sonae | 25,072 | 35,909 | 81,745 | - |
| Modelo Continente Hipermercados, S.A. | 1,266,695 | 443,032 | - | 28,655 |
| Worten | 786,464 | 553,228 | - | - |
| Sonae Investments BV | - | - | 499,837 | - |
| France Telecom | 3,688,418 | 3,618,113 | - | - |
| | 5,766,649 | 4,650,282 | 581,583 | 28,655 |

| | Transactions at 31 March 2009 | | | |
|---------------------------------------|-------------------------------|--------------------------------|---|----------------------|
| | Sales and services rendered | Supplies and services received | Interest and similar income / (expense) | Supplementary income |
| Sonae | 69,175 | 504,281 | (2,739) | (5,220) |
| Modelo Continente Hipermercados, S.A. | 2,138,898 | 578,869 | - | 77,667 |
| Worten | 2,506,893 | 732,738 | - | - |
| Sonae Investments BV | - | - | 900,508 | - |
| France Telecom | 4,052,719 | 1,902,692 | - | - |
| | 8,767,685 | 3,718,580 | 897,769 | 72,447 |

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 periods ended at 31 March 2010 and 2009, no impairment losses referring to related entities were recognised in accounts receivable.

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

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24. Guarantees provided to third parties

Guarantees provided to third parties at 31 March 2010 and 2009 were as follows:

| Company | Beneficiary | Description | 2010 | 2009 |
|---|--|--|-------------------|-------------------|
| Sonaecom – Serviços de Comunicações and Sonaecom | Direcção de Contribuições e Impostos (Portuguese tax authorities) | VAT Reimbursements | 9,350,818 | 34,033,171 |
| Sonaecom – Serviços de Comunicações | Direcção de Contribuições e Impostos (Portuguese tax authorities) | IRC – Tax assessment | 1,801,117 | 1,739,897 |
| 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 Telecommunications, AD Makedonski and Pak Telecom | Completion of work to be done | 818,815 | 242,622 |
| Sonaecom – Serviços de Comunicações | Direcção Geral do Tesouro (Portuguese tax authorities) | IRC – Withholding 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 | 272,283 | 288,595 |
| Sonaecom – Serviços de Comunicações | Governo Civil de Lisboa (Lisbon Government Civil) | Guarantee the sweepstakes plan complete fulfilment | 287,906 | 290,060 |
| 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 | – | 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 | | 1,050,274 | 1,083,901 |
| | | | 15,964,776 | 40,282,138 |

At 31 March 2010 and 2009, 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.

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25. Information by business segment

The following business segments were identified for the periods ended at 31 March 2010 and 2009:

- 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 periods ended at 31 March 2010 and 2009 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.

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Overall information by business segment at 31 March 2010 and 2009, 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 | |
|---|--------------------|---------------|------------|-------------|---------------------|-------------|--------------------|---------------|-----------|-----------|---------------|---------------|-----------------|-----------------|---------------|---------------|
| | March | March | March | March | March | March | March | March | March | March | March | March | March | March | March | March |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Revenues: | | | | | | | | | | | | | | | | |
| Sales and services rendered | 190,418,064 | 197,790,935 | 7,379,024 | 7,412,399 | 32,432,216 | 39,922,211 | 1,796,115 | 1,822,858 | 55,200 | 55,200 | 232,080,619 | 247,003,603 | (9,330,487) | (6,112,105) | 222,750,132 | 240,891,498 |
| Other operating revenues | 1,608,401 | 1,401,634 | 48,112 | 53,794 | 114,077 | 246,281 | 844 | - | - | - | 1,771,434 | 1,701,709 | (632,244) | (788,282) | 1,139,190 | 913,427 |
| Total revenues | 192,026,465 | 199,192,569 | 7,427,136 | 7,466,193 | 32,546,293 | 40,168,492 | 1,796,959 | 1,822,858 | 55,200 | 55,200 | 233,852,053 | 248,705,312 | (9,962,731) | (6,900,387) | 223,889,322 | 241,804,925 |
| Depreciation and amortisation | (33,284,679) | (38,950,909) | (377,185) | (376,084) | (563,644) | (435,828) | (29,804) | (33,129) | (7,381) | (7,201) | (34,262,693) | (39,803,151) | 217,936 | 400,294 | (34,044,757) | (39,402,857) |
| Net operating income / (loss) for the segment | 13,840,129 | 5,334,666 | (816,780) | (1,279,611) | 1,027,372 | 1,539,963 | (208,125) | (608,359) | 23,747 | 43,736 | 13,866,343 | 5,030,395 | 4,070 | 952,886 | 13,870,413 | 5,983,281 |
| Net interests | (2,000,307) | (2,617,657) | (31,326) | (24,972) | (103,145) | (20,069) | 54,610 | (1,297,742) | (5,818) | (10,539) | (2,085,986) | (3,970,979) | (133,167) | 34,716 | (2,219,153) | (3,936,263) |
| Gains and losses in associated companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other financial results | (119,936) | (123,052) | (467) | (1,981) | 381,874 | 187,772 | (5,886,727) | 3,084,829 | (40) | (40) | (5,625,296) | 3,147,528 | 5,874,098 | (3,138,688) | 248,802 | 8,840 |
| Income taxation | (3,144,239) | (900,372) | 40,054 | (5,994) | (588,359) | (915,628) | (66,672) | 364,670 | (4,741) | (8,732) | (3,763,957) | (1,466,056) | 72,099 | (230,923) | (3,691,858) | (1,696,979) |
| Consolidated net income / (loss) for the year | 8,575,647 | 1,693,585 | (808,519) | (1,312,558) | 717,742 | 792,038 | (6,106,914) | 1,543,398 | 13,148 | 24,425 | 2,391,104 | 2,740,888 | 5,817,100 | (2,382,009) | 8,208,204 | 358,879 |
| Attributable to: | | | | | | | | | | | | | | | | |
| Shareholders of parent company | 8,575,647 | 1,693,585 | (808,519) | (1,312,558) | 662,313 | 681,157 | (6,106,914) | 1,543,398 | 13,148 | 24,425 | 2,335,675 | 2,630,007 | 5,822,460 | (2,385,839) | 8,158,135 | 244,168 |
| Minority interests | - | - | - | - | 55,429 | 110,881 | - | - | - | - | 55,429 | 110,881 | (5,360) | 3,830 | 50,069 | 114,711 |
| Assets: | | | | | | | | | | | | | | | | |
| Tangible and intangible assets and goodwill | 844,897,871 | 839,021,134 | 5,561,834 | 6,506,854 | 63,869,376 | 62,129,147 | 514,687 | 641,175 | 1,588,884 | 1,596,311 | 916,432,652 | 909,894,621 | 456,810,600 | 457,022,294 | 1,373,243,252 | 1,366,916,915 |
| Inventories | 20,725,725 | 19,051,241 | 435,018 | 842,788 | 1,447,395 | 5,635,738 | - | - | - | - | 22,608,138 | 25,529,767 | - | - | 22,608,138 | 25,529,767 |
| Financial investments | 1,282,025 | 1,282,025 | 436,509 | 436,509 | 907,494 | 907,494 | 1,117,166,353 | 1,074,936,051 | - | - | 1,119,792,381 | 1,077,562,079 | (1,118,585,061) | (1,076,354,759) | 1,207,320 | 1,207,320 |
| Other non-current assets | 118,738,511 | 123,696,859 | 50,538 | 228,675 | 1,114,838 | 1,094,177 | 416,452,054 | 416,724,080 | - | - | 536,355,941 | 541,743,791 | (417,147,908) | (417,792,056) | 119,208,033 | 123,951,735 |
| Other current assets of the segment | 354,262,050 | 310,566,237 | 10,231,986 | 9,736,008 | 42,781,053 | 42,563,336 | 85,951,674 | 121,876,980 | 78,918 | 73,645 | 493,305,681 | 484,816,206 | (98,962,827) | (44,330,105) | 394,342,854 | 440,486,101 |
| | 1,339,906,182 | 1,293,617,496 | 16,715,885 | 17,750,834 | 110,120,156 | 112,329,892 | 1,620,084,768 | 1,614,178,286 | 1,667,802 | 1,669,956 | 3,088,494,793 | 3,039,546,464 | (1,177,885,196) | (1,081,454,626) | 1,910,609,597 | 1,958,091,838 |
| Liabilities: | | | | | | | | | | | | | | | | |
| Liabilities of the segment | 866,965,783 | 834,752,615 | 16,899,702 | 18,505,719 | 58,475,518 | 57,894,145 | 427,207,681 | 443,192,371 | 1,506,516 | 1,487,359 | 1,371,055,200 | 1,355,832,209 | (401,956,447) | (330,895,072) | 969,098,753 | 1,024,937,137 |
| | 866,965,783 | 834,752,615 | 16,899,702 | 18,505,719 | 58,475,518 | 57,894,145 | 427,207,681 | 443,192,371 | 1,506,516 | 1,487,359 | 1,371,055,200 | 1,355,832,209 | (401,956,447) | (330,895,072) | 969,098,753 | 1,024,937,137 |
| CAPEX | 23,608,242 | 21,785,088 | 132,866 | 148,752 | 703,281 | 456,213 | 4,000,000 | 107,261 | 21,560 | - | 28,465,949 | 22,497,314 | (4,382,227) | (362,001) | 24,083,722 | 22,135,313 |

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

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 | |
|-------------------------------------|----------------|--------------|----------------------------|-------------|--------------|--------------|--------------------|--------------|
| | March | March | March | March | March | March | March | March |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Income: | | | | | | | | |
| Services rendered | 142,465,275 | 146,815,099 | 60,877,858 | 64,259,807 | (12,925,069) | (13,283,971) | 190,418,064 | 197,790,935 |
| Other operating revenues | 8,335,188 | 8,721,304 | 104,867 | (29,479) | (6,831,654) | (7,290,191) | 1,608,401 | 1,401,634 |
| Total revenues | 150,800,463 | 155,536,403 | 60,982,725 | 64,230,328 | (19,756,723) | (20,574,162) | 192,026,465 | 199,192,569 |
| Depreciation and amortisation | (24,441,244) | (29,028,556) | (8,803,495) | (9,909,193) | (39,940) | (13,160) | (33,284,679) | (38,950,909) |
| Operational results of the segments | 21,944,813 | 14,734,966 | (8,098,175) | (9,271,251) | (6,509) | (129,049) | 13,840,129 | 5,334,666 |
| Assets: | | | | | | | | |
| Tangible assets and goodwill | 662,922,628 | 663,941,558 | 181,975,243 | 175,079,576 | - | - | 844,897,871 | 839,021,134 |
| Inventories | 16,946,503 | 14,588,755 | 3,779,222 | 4,462,486 | - | - | 20,725,725 | 19,051,241 |
| Financial investments | 1,282,025 | 1,282,025 | - | - | - | - | 1,282,025 | 1,282,025 |
| CAPEX | 17,994,602 | 13,653,510 | 5,613,640 | 7,779,719 | - | 351,859 | 23,608,242 | 21,785,088 |

During the periods ended at 31 March 2010 and 2009, the inter-segments sales and services were as follows:

| | Telecommunications | Multimedia | Information Systems | Holding Activities | Others |
|---------------------|--------------------|------------|---------------------|--------------------|--------|
| 2010 | | | | | |
| Telecommunications | - | 61,579 | 6,778,433 | 1,705,220 | 55,200 |
| Multimedia | 300,323 | - | 46,810 | 40,393 | - |
| Information Systems | 245,787 | 15,000 | - | 48,803 | - |
| Holding Activities | 16,771 | 900 | 14,531 | - | - |
| Sonaecom others | 352 | - | - | 384 | - |
| Others | 189,854,831 | 7,301,545 | 25,592,442 | 1,315 | - |
| | 190,418,064 | 7,379,024 | 32,432,216 | 1,796,115 | 55,200 |
| 2009 | | | | | |
| Telecommunications | - | 30,494 | 3,567,898 | 1,735,782 | 55,200 |
| Multimedia | 297,451 | - | 71,330 | 36,767 | - |
| Information Systems | 223,446 | 15,000 | - | 49,063 | - |
| Holding Activities | 11,920 | 900 | 16,154 | - | - |
| Sonaecom others | 352 | - | - | 348 | - |
| Others | 197,257,766 | 7,366,005 | 36,266,829 | 898 | - |
| | 197,790,935 | 7,412,399 | 39,922,211 | 1,822,858 | 55,200 |

26. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the consolidated net income attributable to the Group (Euro 8,158,135 in 2010 and Euro 244,168 in 2009) by the average number of shares outstanding during the periods ended at 31 March 2010 and 2009, net of own shares (Euro 358,377,683 in 2010 and Euro 360,256,121 in 2009).

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

27. Medium Term Incentive Plans

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

The Sonaecom plans outstanding at 31 March 2010 can be summarised as follows:

| | | | Vesting period | | 31 March 2010 |
|-------------------|-------------------------------|------------|----------------|---------------------------------------|-------------------------------|
| | Share price at award date* | Award date | Vesting date | Aggregate number of participations | Number of options / shares |
| Sonaecom shares | | | | | |
| 2006 Plan | 4.697 | 09-Mar-07 | 08-Mar-10 | - | - |
| 2007 Plan | 2.447 | 10-Mar-08 | 09-Mar-11 | 390 | 1,673,945 |
| 2008 Plan | 1.117 | 10-Mar-09 | 09-Mar-12 | 406 | 3,577,077 |
| 2009 Plan | 1.685 | 10-Mar-10 | 08-Mar-13 | 415 | 2,570,488 |
| Sonae SGPS shares | | | | | |
| 2006 Plan | 1.680 | 09-Mar-07 | 08-Mar-10 | - | - |
| 2007 Plan | 1.160 | 10-Mar-08 | 09-Mar-11 | 4 | 178,756 |
| 2008 Plan | 0.526 | 10-Mar-09 | 09-Mar-12 | 4 | 373,627 |
| 2009 Plan | 0.874 | 10-Mar-10 | 08-Mar-13 | 4 | 252,505 |

*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. For the 2009 Plan, in Sonae SGPS shares, the share price corresponds to 12 March 2010, since the Annual General Meeting be held on 27 April 2010.

During the period ended at 31 March 2010, 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 2009: | | | | |
| Unvested | 1,192 | 6,575,867 | 17 | 877,654 |
| Total | 1,192 | 6,575,867 | 17 | 877,654 |
| Movements in the year: | | | | |
| Awarded | 415 | 2,570,488 | 4 | 252,505 |
| Vested | (381) | (943,725) | (5) | (131,764) |
| Vested beforehand | (3) | (28,459) | - | - |
| Cancelled / elapsed ⁽¹⁾ | (12) | (352,661) | (4) | (193,507) |
| Outstanding at 31 March 2010: | | | | |
| Unvested | 1,211 | 7,821,510 | 12 | 804,888 |
| Total | 1,211 | 7,821,510 | 12 | 804,888 |

(1) Corrections are made according to the dividend paid or by changes in the capital.

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 plans attributed in 2009 and 2010, for which responsibility is calculated based on the corresponding award date. The responsibility for the mentioned plans is Euro 2,607,572 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, with the exception of the plan attributed in 2010, which is not covered and whose responsibility is calculated based on the share price at balance sheet date. The responsibility for these plans is recorded under the headings of 'Other current liabilities' and 'Other non-current liabilities'.

Notes to the consolidated financial statements (continued)

AT 31 MARCH 2010 AND 2009

(Amounts expressed in euro)

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 period ended at 31 March 2010, were as follows:

| | Amount |
|--|------------------|
| Costs recognised in previous years | 23,493,468 |
| Costs recognised in the period | 967,226 |
| Costs of plans from subsidiary Exit (no longer consolidated) | (8,882) |
| Costs of plans vested in previous year | (20,035,730) |
| Costs of plans vested in the period | (1,317,695) |
| Total cost of the plans | 3,098,387 |
| Recorded in other current liabilities | 166,078 |
| Recorded in other non current liabilities | 324,737 |
| Recorded in reserves | 2,607,572 |

42. Other matters

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).

These consolidated financial statements were approved by the Board of Directors on 5 May 2010.

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 March 2010, the related parties of Sonaecom Group are as follows:

Key management personnel

| | |
|--|--|
| Álvaro Carmona e Costa Portela Álvaro Cuervo Garcia Ângelo Gabriel Ribeirinho dos Santos Paupério António Bernardo Aranha da Gama Lobo Xavier António de Sampaio e Mello Belmiro de Azevedo David Hobley Duarte Paulo Teixeira de Azevedo Franck Emmanuel Dangeard | Gervais Pellissier Jean François Pontal Luís Filipe Palmeira Lampreia Maria Cláudia Teixeira de Azevedo Michel Marie Bon Miguel Nuno Santos Almeida Nuno Manuel Moniz Trigoso Jordão Nuno Miguel Teixeira Azevedo |
|--|--|

Sonae/Efanor Group Companies

| | |
|--|--|
| 3DO Holding GmbH 3DO Shopping Centre GmbH 3shoppings – Holding,SGPS, S.A. ADD/Avaliações Engenharia de Avaliações e Perícias Ltda ADDmakler Administração e Corretagem de Seguros Ltda ADDmakler Administradora, Corretora de Seguros Partic. Ltda Adlands B.V. Aegean Park, S.A. Agepan Eiweiler Management GmbH Agepan Flooring Products, S.A.RL Agepan Tarket Laminat Park GmbH Co. KG Agloma Investimentos, Sgps, S.A. Agloma-Soc.Ind.Madeiras e Aglom., S.A. Águas Furtadas – Imobiliária, S.A. Airone – Shopping Center, Srl ALBCC Albufeirashopping C.Comercial SA ALEXA Administration GmbH ALEXA Asset GmbH & Co KG ALEXA Holding GmbH ALEXA Shopping Centre GmbH Alexa Site GmbH & Co. KG Algarveshopping – Centro Comercial, S.A. Alpêssego – Soc. Agrícola, S.A. Andar – Sociedade Imobiliária, S.A. Aqualuz – Turismo e Lazer, Lda Arat inmebles, S.A. ARP Alverca Retail Park,SA Arrábidashopping – Centro Comercial, S.A. Aserraderos de Cuellar, S.A. Atlantic Ferries – Tráf.Loc,Flu.e Marít, S.A. | Avenida M – 40 B.V. Avenida M – 40, S.A. Azulino Imobiliária, S.A. BB Food Service, S.A. Beeskow Holzwerkstoffe Bertimóvel – Sociedade Imobiliária, S.A. Best Offer – Prest. Inf. p/Internet, S.A. Bikini, Portal de Mulheres, S.A. Bloco Q – Sociedade Imobiliária, S.A. Bloco W – Sociedade Imobiliária, S.A. Boavista Shopping Centre BV BOM MOMENTO – Comércio Retalhista, SA Boulanger España, SL Box Lines Navegação, S.A. Campo Limpo, Lda Canasta – Empreendimentos Imobiliários, S.A. Carnes do Continente – Ind.Distr.Carnes, S.A. CarPlus – Comércio de Automóveis, S.A. Casa Agrícola de Ambrães, S.A. Casa Agrícola João e A. Pombo, S.A. Casa da Ribeira – Hotelaria e Turismo, S.A. Cascaishopping – Centro Comercial, S.A. Cascaishopping Holding I, SGPS, S.A. CCCB Caldas da Rainha - Centro Comercial,SA Centro Colombo – Centro Comercial, S.A. Centro Residencial da Maia,Urbán., S.A. Centro Vasco da Gama – Centro Comercial, S.A. Change, SGPS, S.A. Chão Verde – Soc.Gestora Imobiliária, S.A. Choice Car – Comércio de Automóveis, S.A. |
|--|--|

Appendix (continued)

| | |
|---|---|
| Choice Car SGPS, S.A. | Fontana Corretora de Seguros Ltda |
| Cia.de Industrias e Negócios, S.A. | Fozimo – Sociedade Imobiliária, S.A. |
| Cinclus Imobiliária, S.A. | Fozmassimo – Sociedade Imobiliária, S.A. |
| Citorres – Sociedade Imobiliária, S.A. | Freccia Rossa – Shopping Centre S.r.l. |
| Clérigosshopping – Gestão do C.Comerc., S.A. | Friengineering International Ltda |
| 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. | GHP Gmbh |
| Contry Club da Maia-Imobiliaria, S.A. | Gli Orsi Shopping Centre 1 Srl |
| Cooper Gay (Holding) Limited | Global S – Hipermercado, Lda |
| Craiova Mall BV | Glunz AG |
| Cronosaúde – Gestão Hospitalar, S.A. | Glunz Service GmbH |
| Cumulativa – Sociedade Imobiliária, S.A. | Glunz UK Holdings Ltd |
| Darbo S.A.S | Glunz Uka Gmbh |
| Developpement & Partenariat Assurances, S.A. | Golf Time – Golfe e Invest. Turísticos, S.A. |
| Difusão – Sociedade Imobiliária, S.A. | GOOD AND CHEAP – Comércio Retalhista, S.A. |
| Distrifin – Comercio y Prest.Servicios, S.A. | Guerin – Rent a Car (Dois), Lda. |
| Dortmund Tower GmbH | Guimarãesshopping – Centro Comercial, S.A. |
| Dos Mares – Shopping Centre B.V. | Harvey Dos Iberica, S.L. |
| Dos Mares – Shopping Centre, S.A. | Herco Consultoria de Riscos e Corretora de Seguros Ltda |
| Ecociclo – Energia e Ambiente, S.A. | HIPOTÉTICA – Comércio Retalhista, SA |
| Ecociclo II | Hornitex Polska Sp z.o.o |
| Edições Book.it, S.A. | Iberian Assets, S.A. |
| Edifícios Saudáveis Consultores, 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. |
| Efanor Investimentos, SGPS, S.A. | Imoarea – Invest. Turísticos, SGPS, S.A. |
| Efanor Serviços de Apoio à Gestão, S.A. | Imobiliária da Cacela, S.A. |
| El Rosal Shopping, S.A. | Imoclub – Serviços Imobiliários, S.A. |
| Empreend.Imob.Quinta da Azenha, S.A. | Imoconti – Soc.Imobiliária, S.A. |
| Equador & Mendes, Lda | Imodivor – Sociedade Imobiliária, S.A. |
| Espimaia – Sociedade Imobiliária, S.A. | Imoestrutura – Soc.Imobiliária, S.A. |
| Estação Oriente – Gest.de Galerias Com., S.A. | Imoferro – Soc.Imobiliária, S.A. |
| Estação Viana – Centro Comercial, S.A. | Imohotel – Emp.Turist.Imobiliários, S.A. |
| Estêvão Neves – Hipermercados Madeira, S.A. | Imomuro – Sociedade Imobiliária, S.A. |
| Etablissement A. Mathe, S.A. | Imopenínsula – Sociedade Imobiliária, S.A. |
| Euromegantic, Lteé | Imoplamac Gestão de Imóveis, S.A. |
| Euroresinas – Indústrias Químicas, S.A. | Imoponte – Soc.Imobiliaria, S.A. |
| Farmácia Selecção, S.A. | Imoresort – Sociedade Imobiliária, S.A. |
| Finlog – Aluguer e Comércio de Automóveis, S.A. | Imoresultado – Soc.Imobiliaria, S.A. |

Appendix (continued)

| | |
|---|---|
| Imosedas – Imobiliária e Serviços, S.A. | Martimope – Sociedade Imobiliária, S.A. |
| Imosistema – Sociedade Imobiliária, S.A. | Marvero – Expl.Hoteleira Imob., S.A. |
| Imosonae II | MC Property Management S.A. |
| Impaper Europe GmbH & Co. KG | MC SGPS, S.A. |
| Implantação – Imobiliária, S.A. | MDS Consultores, S.A. |
| Infofield – Informática, S.A. | MDS Corretor de Seguros, S.A. |
| Inparsa – Gestão Galeria Comercial, S.A. | Mediterranean Cosmos Shop. Centre Investments, S.A. |
| Inparvi SGPS, S.A. | Megantic BV |
| Integrum – Edifícios Sustentáveis, S.A. | Miral Administração e Corretagem de Seguros Ltda |
| Integrum – Serviços Partilhados, S.A. | MJLF – Empreendimentos Imobiliários, S.A. |
| Interclean, S.A. | Modalfa – Comércio e Serviços, S.A. |
| Interlog – SGPS, S.A. | MODALLOOP – Vestuário e Calçado, S.A. |
| Inventory – Acessórios de Casa, S.A. | Modelo – Dist.de Mat. de Construção, S.A. |
| Investalentejo, SGPS, S.A. | Modelo Cont. Seguros-Soc. De Mediação, Lda |
| Invsaude – Gestão Hospitalar, S.A. | Modelo Continente – Oper.Retalho SGPS, S.A. |
| Ipaper – Industria Papeis Impregnados, S.A. | Modelo Continente Hipermercados, S.A. |
| ISF – Imobiliário, Serviços e Participaç | Modelo Continente, SGPS, S.A. |
| Isoroy SAS | Modelo Hiper Imobiliária, S.A. |
| JUST SPORT – Comércio Art. Desporto, S.A. | Modelo Hipermercados Trading, S.A. |
| KLC Holdings XII S.A. | Modelo.com – Vendas p/Correspond., S.A. |
| La Farga – Shopping Center, SL | Monselice Centre Srl |
| Larim Corretora de Resseguros Ltda | Movelpartes – Comp.para Ind.Mobiliária, S.A. |
| Larissa Develop. Of Shopping Centers, S.A. | Movimento Viagens – Viag. e Turismo U.Lda |
| Lazam – MDS Corretora e Administradora de Seguros, S.A. | Mundo Vip – Operadores Turísticos, S.A. |
| Lazam Corretora, Ltda. | NA – Comércio de Artigos de Desporto, S.A. |
| LCC LeiriaShopping Centro Comercial SA | NA – Equipamentos para o Lar, S.A. |
| Le Terrazze - Shopping Centre 1 Srl | NAB, Sociedade Imobiliária, 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 |

Appendix (continued)

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| Pátio Boavista Shopping Ltda. | Proj.Sierra Portugal VIII – C.Comerc., S.A. |
| Pátio Campinas Shopping Ltda | Project 4, Srl |
| Pátio Goiânia Shopping Ltda | Project SC 1 BV |
| Pátio Londrina Empreend. e Particip. Ltda | Project SC 2 BV |
| Pátio Penha Shopping Ltda. | Project Sierra 1 B.V. |
| Pátio São Bernardo Shopping Ltda | Project Sierra 10 BV |
| Pátio Sertório Shopping Ltda | Project Sierra 2 B.V. |
| Peixes do Continente – Ind.Dist.Peixes, S.A. | Project Sierra 3 BV |
| Pharmaconcept – Actividades em Saúde, S.A. | Project Sierra 4 BV |
| PHARMACONTINENTE – Saúde e Higiene, S.A. | Project Sierra 5 BV |
| PJP – Equipamento de Refrigeração, Lda | Project Sierra 6 BV |
| Plaza Eboli B.V. | Project Sierra 7 BV |
| Plaza Eboli – Centro Comercial S.A. | Project Sierra 8 BV |
| Plaza Mayor Holding, SGPS, S.A. | Project Sierra 9 BV |
| Plaza Mayor Parque de Ôcio B.V. | Project Sierra Brazil 1 B.V. |
| Plaza Mayor Parque de Ôcio, S.A. | Project Sierra Charagionis 1 S.A. |
| Plaza Mayor Shopping B.V. | Project Sierra Germany Shop. Center 1 BV |
| Plaza Mayor Shopping, S.A. | Project Sierra Germany Shop. Center 2 BV |
| Ploi Mall BV | Project Sierra Italy 5 Srl |
| Ploiesti Shopping Center (Euro) | Project Sierra One Srl |
| Poliface Brasil, Ltda | Project Sierra Spain 1 B.V. |
| Poliface North America | Project Sierra Spain 2 – Centro Comer. S.A. |
| Porturbe – Edifícios e Urbanizações, S.A. | Project Sierra Spain 2 B.V. |
| Praedium II – Imobiliária, S.A. | Project Sierra Spain 3 – Centro Comer. S.A. |
| Praedium III – Serviços Imobiliários, S.A. | Project Sierra Spain 3 B.V. |
| Praedium SGPS, S.A. | Project Sierra Spain 5 BV |
| Predicomercial – Promoção Imobiliária, S.A. | Project Sierra Spain 6 – Centro Comer. S.A. |
| Prédios Privados Imobiliária, S.A. | Project Sierra Spain 6 B.V. |
| Predisedas – Predial das Sedas, S.A. | Project Sierra Spain 7 – Centro Comer. S.A. |
| Pridelease Investments, Ltd | Project Sierra Spain 7 B.V. |
| Proj. Sierra Germany 1 – Shop.C. GmbH | Project Sierra Three Srl |
| Proj. Sierra Germany 4 (four) – Sh.C.GmbH | Project Sierra Two Srl |
| Proj. Sierra Italy 2 – Dev.of Sh.C. Srl | Promessa Sociedade Imobiliária, S.A. |
| Proj.Sierra 1 – Shopping Centre GmbH | Prosa – Produtos e serviços agrícolas, S.A. |
| Proj.Sierra Germany 2 (two) – Sh.C.GmbH | Publimeios – Soc.Gestora Part. Finan., S.A. |
| Proj.Sierra Germany 3 (three) – Sh.C.GmbH | Puravida – Viagens e Turismo, S.A. |
| Proj.Sierra Italy 1 – Shop.Centre Srl | Racionaliz. y Manufact.Florestales, S.A. |
| Proj.Sierra Italy 2 – Dev. Of Sh.C.Srl | RASO, SGPS, S.A. |
| Proj.Sierra Italy 3 – Shop. Centre Srl | Resoflex – Mob.e Equipamentos Gestão, S.A. |
| Proj.Sierra Portugal III – C.Comerc., S.A. | Resolução, SGPS, S.A. |
| Proj.Sierra Portugal IV – C.Comerc., S.A. | Rio Sul – Centro Comercial, S.A. |
| Proj.Sierra Portugal V – C.Comercial, S.A. | River Plaza Mall, Srl |
| Proj.Sierra Portugal VII – C. Comerc., S.A. | Rochester Real Estate, Limited |

Appendix (continued)

| | |
|--|--|
| RSI Corretora de Seguros Ltda | Sierra Investimentos Brasil Ltda |
| S. C. Setler Mina Srl | Sierra Investments (Holland) 1 B.V. |
| S.C. Microcom Doi Srl | Sierra Investments (Holland) 2 B.V. |
| Saúde Atlântica – Gestão Hospitalar, S.A. | Sierra Investments Holding B.V. |
| SC – Consultadoria, S.A. | Sierra Investments SGPS, S.A. |
| SC – Eng. e promoção imobiliária,SGPS, S.A. | Sierra Italy Holding B.V. |
| SC Aegean B.V. | Sierra Man.New Tech.Bus. – Serv.Comu.CC, S.A. |
| SC Assets SGPS, S.A. | Sierra Management Germany GmbH |
| SC Mediterraneum Cosmos B.V. | Sierra Management Hellas S.A. |
| SCS Beheer, BV | Sierra Management II – Gestão de C.C. S.A. |
| Selfrio – Engenharia do Frio, S.A. | Sierra Management Italy S.r.l. |
| Selfrio,SGPS, S.A. | Sierra Management Portugal – Gest. CC, S.A. |
| Selifa – Empreendimentos Imobiliários, S.A. | Sierra Management Spain – Gestión C.Com.S.A. |
| Sempre à Mão – Sociedade Imobiliária, S.A. | Sierra Management, SGPS, S.A. |
| Sempre a Postos – Produtos Alimentares e Utilidades, Lda | Sierra Portugal Fund, Sarl |
| Serra Shopping – Centro Comercial, S.A. | Sierra Property Management, Srl |
| Sesagest – Proj.Gestão Imobiliária, S.A. | SII – Soberana Invest. Imobiliários, S.A. |
| Sete e Meio – Invest. Consultadoria, S.A. | SIRS – Sociedade Independente de Radiodifusão Sonora, S.A. |
| Sete e Meio Herdades – Inv. Agr. e Tur., S.A. | Sistavac – Sist.Aquecimento,V.Ar C., S.A. |
| Shopping Centre Colombo Holding, BV | SKK – Central de Distr., S.A. |
| Shopping Centre Parque Principado B.V. | SKK SRL |
| Shopping Penha B.V. | SKKFOR – Ser. For. e Desen. de Recursos |
| Siaf – Soc.Iniciat.Aprov.Florestais, S.A. | SMP – Serv. de Manutenção Planeamento |
| SIAL Participações Ltda | Soc.Inic.Aproveit.Florest. – Energias, S.A. |
| Sic Indoor – Gestão de Suportes Publicitários, S.A. | Sociedade de Construções do Chile, S.A. |
| Sierra Asset Management – Gest. Activos, S.A. | Sociedade Imobiliária Troia – B3, S.A. |
| Sierra Asset Management Luxemburg, Sarl | Société de Tranchage Isoroy S.A.S. |
| Sierra Brazil 1 B.V. | Société des Essences Fines Isoroy |
| Sierra Charagionis Develop.Sh. Centre S.A. | Société Industrielle et Financière Isoroy |
| Sierra Charagionis Propert.Management S.A. | Socijofra – Sociedade Imobiliária, S.A. |
| Sierra Corporate Services – Ap.Gestão, S.A. | Sociloures – Soc.Imobiliária, S.A. |
| Sierra Corporate Services Holland, BV | Soconstrução BV |
| Sierra Develop.Iberia 1, Prom.Imob., S.A. | Sodesa, S.A. |
| Sierra Development Greece, S.A. | Soflorin, BV |
| Sierra Developments – Serv. Prom.Imob., S.A. | Soira – Soc.Imobiliária de Ramalde, S.A. |
| Sierra Developments Germany GmbH | Solaris Supermercados, S.A. |
| Sierra Developments Germany Holding B.V. | Solinca – Investimentos Turísticos, S.A. |
| Sierra Developments Holding B.V. | Solinca III – Desporto e Saúde, S.A. |
| Sierra Developments Italy S.r.l. | Solinfitness – Club Malaga, S.L. |
| Sierra Developments Services Srl | Soltroia – Imob.de Urb.Turismo de Tróia, S.A. |
| Sierra Developments Spain – Prom.C.Com.SL | Sonae Capital Brasil, Lda |
| Sierra Developments, SGPS, 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 |

Appendix (continued)

| | |
|--|--|
| <p>Sonae Ind., Prod. e Com.Deriv.Madeira, S.A. Sonae Indústria – SGPS, S.A. Sonae Indústria Brasil, Ltda Sonae Industria de Revestimentos, S.A. Sonae Investments, BV Sonae Novobord (PTY) Ltd Sonae RE, S.A. Sonae Retalho Espana – Servicios Gen., S.A. Sonae Serviços de Gestão, S.A. Sonae SGPS, S.A. Sonae Sierra Brasil Ltda Sonae Sierra Brazil B.V. Sonae Sierra, SGPS, S.A. Sonae Tafibra (UK), Ltd Sonae Tafibra Benelux, BV Sonae Turismo – SGPS, S.A. Sonae Turismo Gestão e Serviços, S.A. Sonae UK, Ltd. Sonaecenter Serviços, S.A. Sonaegest – Soc.Gest.Fundos Investimentos Sondis Imobiliária, S.A. Sontaria – Empreend.Imobiliários, S.A. Sontel BV Sontur BV Sonvecap BV Sopair, S.A. Sótaqua – Soc. de Empreendimentos Turist Spanboard Products, Ltd SPF – Sierra Portugal Real Estate, Sarl Spinveste – Gestão Imobiliária SGII, S.A. Spinveste – Promoção Imobiliária, S.A. Sport Zone – Comércio Art.Desporto, S.A. SRP Development, SA SRP-Parque Comercial de Setúbal, S.A. Tableros Tradema, S.L. Tafiber,Tableros de Fibras Ibéricas, SL Tafibras Participações, S.A. Tafisa – Tableros de Fibras, S.A. Tafisa Canadá Societé en Commandite Tafisa France, S.A. Tafisa UK, Ltd</p> | <p>Taiber,Tableros Aglomerados Ibéricos, SL Tarkett Agepan Laminate Flooring SCS Tavapan, S.A. Tecmasa Reciclados de Andalucia, SL Teconologias del Medio Ambiente, S.A. Terra Nossa Corretora de Seguros Ltda Textil do Marco, S.A. Tlantic Portugal – Sist. de Informação, S.A. Tlantic Sistemas de Informação Ltdª Todos os Dias – Com.Ret.Expl.C.Comer., S.A. Tool GmbH Torre Colombo Ocidente – Imobiliária, S.A. Torre Colombo Oriente – Imobiliária, S.A. Torre São Gabriel – Imobiliária, S.A. TP – Sociedade Térmica, S.A. Troia Market – Supermercados, S.A. Troia Market, S.A. Tróia Natura, S.A. Troiaresort – Investimentos Turísticos, S.A. Troiaverde – Expl.Hoteleira Imob., S.A. Tulipamar – Expl.Hoteleira Imob., S.A. Unishopping Administradora Ltda. Unishopping Consultoria Imob. Ltda. Urbisedas – Imobiliária das Sedas, S.A. Valecenter Srl Valor N, S.A. Vastgoed One – Sociedade Imobiliária, S.A. Vastgoed Sun – Sociedade Imobiliária, S.A. Venda Aluga – Sociedade Imobiliária, S.A. Via Catarina – Centro Comercial, S.A. Viajens y Turismo de Geotur España, S.L. Vuelta Omega, S.L. WELL W – Electrodomésticos e Equip., SA World Trade Center Porto, S.A. Worten – Equipamento para o Lar, S.A. Worten España, S.A. Zubiarte Inversiones Inmob, S.A.</p> |
|--|--|

FT Group Companies

| | |
|----------------------|-----------------------------|
| France Telecom, S.A. | Atlas Services Belgium, SA. |
|----------------------|-----------------------------|

Sonaecom individual financial statements

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

(Amounts expressed in euro)

Balance sheets

For the periods ended at 31 March 2010 and 2009 and for the year ended at 31 December 2009

| | Notes | March 2010 | March 2009 | December 2009 |
|--|---------------------|----------------------|----------------------|----------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Tangible assets | 1a, 1e and 2 | 492,721 | 595,712 | 516,887 |
| Intangible assets | 1b and 3 | 21,965 | 45,462 | 27,603 |
| Investments in Group companies | 1c and 5 | 925,155,905 | 900,267,905 | 925,155,905 |
| Other non-current assets | 1c, 1l, 1m, 4 and 6 | 636,353,900 | 586,455,222 | 635,868,036 |
| Deferred tax assets | 1k, 1m and 7 | – | 378,726 | – |
| Total non-current assets | | 1,562,024,491 | 1,487,743,027 | 1,561,568,431 |
| Current assets | | | | |
| Other current debtors | 1d, 1f, 4 and 8 | 7,437,677 | 87,289,300 | 7,618,844 |
| Other current assets | 1l, 1m | 5,750,262 | 9,299,780 | 7,001,871 |
| Cash and cash equivalents | 1g, 4 and 9 | 2,030,491 | 11,975,745 | 3,189,749 |
| Total current assets | | 15,218,430 | 108,564,825 | 17,810,464 |
| Total assets | | 1,577,242,921 | 1,596,307,852 | 1,579,378,895 |
| SHAREHOLDERS' FUNDS AND LIABILITIES | | | | |
| Shareholders' funds | | | | |
| Share capital | 10 | 366,246,868 | 366,246,868 | 366,246,868 |
| Own shares | 1o and 11 | (13,181,502) | (10,999,396) | (12,809,015) |
| Reserves | 1n | 788,042,339 | 795,392,406 | 795,738,278 |
| Net income / (loss) for the period | | 8,914,237 | 2,380,146 | (6,056,465) |
| Total Shareholders' funds | | 1,150,021,942 | 1,153,020,024 | 1,143,119,666 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Medium and long-term loans – net of short-term portion | 1h, 4 and 12a | 328,098,685 | 416,744,254 | 298,531,561 |
| Provisions for other liabilities and charges | 1j and 13 | 41,634 | 514,634 | 41,634 |
| Other non-current liabilities | 1l, 1m, 1r | 268,910 | 95,057 | 247,722 |
| Deferred tax liabilities | 1k, 1m and 7 | 71,935 | – | 10,480 |
| Total non-current liabilities | | 328,481,164 | 417,353,945 | 298,831,397 |
| Current liabilities | | | | |
| Short-term loans and other loans | 1h, 1g, 4, and 12b | 95,903,077 | 20,021,938 | 134,585,855 |
| Other creditors | 4 | 1,249,995 | 4,695,230 | 798,465 |
| Other current liabilities | 1l, 1m, 1r | 1,586,743 | 1,216,715 | 2,043,512 |
| Total current liabilities | | 98,739,815 | 25,933,883 | 137,427,832 |
| Total Shareholders' funds and liabilities | | 1,577,242,921 | 1,596,307,852 | 1,579,378,895 |

The notes are an integral part of the financial statements at 31 March 2010 and 2009.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

Duarte Paulo Teixeira de Azevedo

António Sampaio e Mello

Ângelo Gabriel Ribeirinho Paupério

Gervais Gilles Pellissier

Miguel Nuno Santos Almeida

David Charles Denholm Hobley

Maria Cláudia Teixeira de Azevedo

Jean-François René Pontal

Nuno Miguel Moniz Trigo Santos Jordão

Frank Emmanuel Dangeard

Sonaecom individual financial statements (continued)

SONAECON, S.G.P.S.S.A.

(Amounts expressed in euro)

Profit and Loss account by nature

For the periods ended at 31 March 2010 and 2009 and for the year ended at 31 December 2009

| | Notes | March 2010 | March 2009 | December 2009 |
|---|-----------------------|--------------------|--------------------|--------------------|
| Services rendered | | 1,802,202 | 1,828,380 | 7,114,067 |
| Other operating revenues | 1f | 844 | (5,518) | 23,247 |
| | | 1,803,046 | 1,822,862 | 7,137,314 |
| External supplies and services | 14 | (765,863) | (712,708) | (3,548,014) |
| Staff expenses | 1r | (1,142,280) | (1,196,676) | (4,612,452) |
| Depreciation and amortisation | 1a, 1b, 1q, 2 and 3 | (29,804) | (33,128) | (134,923) |
| Provisions and impairment losses | 1j, 1q and 13 | - | (450,000) | (14) |
| Other operating costs | | (47,405) | (8,353) | (92,792) |
| | | (1,985,352) | (2,400,865) | (8,388,195) |
| Gains and losses on Group companies | 15 | 8,759,322 | 3,480,000 | (6,071,000) |
| Other financial expenses | 1c, 1h, 1q, 12 and 15 | (2,003,572) | (4,196,700) | (10,904,516) |
| Other financial income | 1c, 12 and 15 | 2,413,618 | 3,310,518 | 12,240,316 |
| Current income / (loss) | | 8,987,062 | 2,015,815 | (5,986,081) |
| Income taxation | 1k and 7 | (72,825) | 364,331 | (70,384) |
| Net income / (loss) for the period | | 8,914,237 | 2,380,146 | (6,056,465) |
| Earnings per share | 18 | | | |
| Including discontinued operations: | | | | |
| Basic | | 0.02 | 0.01 | (0.02) |
| Diluted | | 0.02 | 0.01 | (0.02) |
| Excluding discontinued operations: | | | | |
| Basic | | 0.02 | 0.01 | (0.02) |
| Diluted | | 0.02 | 0.01 | (0.02) |

The notes are an integral part of the financial statements at 31 March 2010 and 2009.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

| | |
|---------------------------------------|------------------------------|
| Duarte Paulo Teixeira de Azevedo | António Sampaio e Mello |
| Ângelo Gabriel Ribeirinho Paupério | Gervais Gilles Pellissier |
| Miguel Nuno Santos Almeida | David Charles Denholm Hobley |
| Maria Cláudia Teixeira de Azevedo | Jean-François René Pontal |
| Nuno Miguel Moniz Trigo Santos Jordão | Frank Emmanuel Dangeard |

Sonaecom individual financial statements (continued)

SONAECOM, S.G.P.S., S.A.
(Amounts expressed in euro)

Statement comprehensive income

For the periods ended at 31 March 2010 and 2009

| | Notes | March 2010 | March 2009 |
|--|-----------|------------------|------------------|
| Net income / (loss) for the period | | 8,914,237 | 2,380,146 |
| Components of other comprehensive income, net of tax: | | | |
| Increase / (decrease) in financial hedging instruments' fair value | 11 and 12 | - | 105,575 |
| Components of other comprehensive income, net of tax | | - | 105,575 |
| Statement comprehensive income for the period | | 8,914,237 | 2,485,721 |

The notes are an integral part of the financial statements at 31 March 2010 and 2009.

The Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

| | |
|---------------------------------------|------------------------------|
| Duarte Paulo Teixeira de Azevedo | António Sampaio e Mello |
| Ângelo Gabriel Ribeirinho Paupério | Gervais Gilles Pellissier |
| Miguel Nuno Santos Almeida | David Charles Denholm Hobley |
| Maria Cláudia Teixeira de Azevedo | Jean-François René Pontal |
| Nuno Miguel Moniz Trigo Santos Jordão | Frank Emmanuel Dangeard |

Sonaecom individual financial statements (continued)

SONAECON, S.G.P.S., S.A.
(Amounts expressed in euro)

Movements in Shareholders' funds

For the periods ended at 31 March 2010 and 2009

| | Reserves | | | | | | | | | Net income / (loss) | Total |
|--|--------------------|----------------------------|--------------------|-------------------|---|---------------------------|---------------------|--------------------|--------------------|------------------------|----------------------|
| | Share capital | Own shares (note 11) | Share premium | Legal reserves | Medium Term Incentive Plans reserves (note 19) | Own shares reserves | Hedging reserves | Other reserves | Total reserves | | |
| 2010 | | | | | | | | | | | |
| 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 |
| Appropriation of result of 2009 | - | - | - | - | - | - | - | (6,056,465) | (6,056,465) | 6,056,465 | - |
| Use of the legal reserve to cover the accumulated losses | - | - | - | (764,178) | - | - | - | 764,178 | - | - | - |
| Comprehensive income for the period ended at 31 March 2010 | - | - | - | - | - | - | - | - | - | 8,914,237 | 8,914,237 |
| Delivery of own shares under the Medium Term Incentive Plans | - | 2,581,036 | - | - | (69,962) | (2,581,036) | - | 1,012,560 | (1,638,438) | - | 942,598 |
| Effect of the recognition of the Medium Term Incentive Plans | - | - | - | - | (1,036) | - | - | - | (1,036) | - | (1,036) |
| Acquisition of own shares | - | (2,953,523) | - | - | - | 2,953,523 | - | (2,953,523) | - | - | (2,953,523) |
| Balance at 31 March 2010 | 366,246,868 | (13,181,502) | 775,290,377 | 1,221,003 | 290,420 | 13,181,502 | - | (1,940,963) | 788,042,339 | 8,914,237 | 1,150,021,942 |

Sonaecom individual financial statements (continued)

SONAECOM, S.G.P.S., S.A.
(Amounts expressed in euro)

| | Reserves | | | | | | | | | | Total |
|--|--------------------|----------------------|--------------------|------------------|--|---------------------|------------------|------------------|--------------------|---------------------|----------------------|
| | Share capital | Own shares (note 11) | Share premium | Legal reserves | Medium Term Incentive Plans reserves (note 19) | Own shares reserves | Hedging reserves | Other reserves | Total reserves | Net income / (loss) | |
| 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 period ended at 31 March 2009 | - | - | - | - | - | - | 105,575 | - | 105,575 | 2,380,146 | 2,485,721 |
| Delivery of own shares under the Medium Term Incentive Plans | - | 3,784,046 | - | - | - | (3,784,046) | - | 3,651,222 | (132,824) | - | 3,651,222 |
| Effect of the recognition of the Medium Term Incentive Plans | - | - | - | - | 185,023 | - | - | - | 185,023 | - | 185,023 |
| Recognition of contracts with share liquidation | - | - | - | - | - | - | - | (116,399) | (116,399) | - | (116,399) |
| Acquisition of own shares | - | (1,283,692) | - | - | - | 1,283,692 | - | (1,283,692) | - | - | (1,283,692) |
| Balance at 31 March 2009 | 366,246,868 | (10,999,396) | 775,290,377 | 1,985,181 | 185,023 | 10,999,396 | (201,493) | 7,133,922 | 795,392,406 | 2,380,146 | 1,153,020,024 |

The notes are integral part of financial statements at 31 March 2010 and 2009.

Sonaecom individual financial statements (continued)

SONAECON, S.G.P.S., S.A.
(Amounts expressed in euro)

Cash Flow statements

For the periods ended at 31 March 2010 and 2009

| | March 2010 | | March 2009 | |
|---|---------------------|------------------|---------------------|--------------------|
| Operating activities | | | | |
| Payments to employees | (1,700,663) | | (1,569,178) | |
| Cash flows from operating activities | (1,700,663) | | (1,569,178) | |
| Payments / receipts relating to income taxes, net | (103,700) | | (278,752) | |
| Other payments / receipts relating to operating activities, net | 3,347,231 | | 177,440 | |
| Cash flows from operating activities (1) | 1,542,868 | 1,542,868 | (1,670,490) | (1,670,490) |
| Investing activities | | | | |
| Receipts from: | | | | |
| Investments | 22,298,458 | | 700,000 | |
| Interest and similar income | 2,611,987 | | 8,059,145 | |
| Dividends | 10,500,000 | 35,410,445 | 3,480,000 | 12,239,145 |
| Payments for: | | | | |
| Investments | (8,000,000) | | (65,200) | |
| Tangible assets | - | | (106,418) | |
| Intangible assets | - | | (339) | |
| Loans granted | (16,525,000) | (24,525,000) | (67,630,000) | (67,801,957) |
| Cash flows from investing activities (2) | 10,885,445 | | (55,562,812) | |
| Financing activities | | | | |
| Receipts from: | | | | |
| Loans obtained | - | - | 41,556,723 | 41,556,723 |
| Payments for: | | | | |
| Interest and similar expenses | (1,610,795) | | (5,367,338) | |
| Own shares | (2,953,523) | | (1,283,693) | |
| Loans obtained | (9,083,000) | (13,647,318) | (15,903,000) | (22,554,031) |
| Cash flows from financing activities (3) | (13,647,318) | | 19,002,692 | |
| Net cash flows (4)=(1)+(2)+(3) | (1,219,005) | | (38,230,610) | |
| Effect of the foreign exchanges | | | | |
| Cash and cash equivalents at the beginning of the period | 3,189,749 | | 50,098,913 | |
| Cash and cash equivalents at period end | 1,970,744 | | 11,868,303 | |

The notes are an integral part of the financial statements at 31 March 2010 and 2009.

Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

| | |
|---------------------------------------|------------------------------|
| Duarte Paulo Teixeira de Azevedo | António Sampaio e Mello |
| Ângelo Gabriel Ribeirinho Paupério | Gervais Gilles Pellissier |
| Miguel Nuno Santos Almeida | David Charles Denholm Hobley |
| Maria Cláudia Teixeira de Azevedo | Jean-François René Pontal |
| Nuno Miguel Moniz Trigo Santos Jordão | Frank Emmanuel Dangeard |

Sonaecom individual financial statements (continued)

SONAECOM, S.G.P.S., S.A.
(Amounts expressed in euro)

Notes to the cash flow statements

For the periods ended at 31 March 2010 and 2009

| | March 2010 | March 2009 |
|---|-------------------|-------------------|
| 1. Acquisition or sale of subsidiaries or other businesses | | |
| a) Other business activities | | |
| Supplementary capital to Sonae Telecom, S.G.P.S., S.A. | 14,298,458 | - |
| Supplementary capital to Sonaetelecom BV | 8,000,000 | - |
| Supplementary capital to Sonae com Sistemas de Informação, S.G.P.S., S.A. | - | 700,000 |
| | 22,298,458 | 700,000 |
| b) Other business activities | | |
| Reimburse of supplementary capital from Sonaetelecom BV | 8,000,000 | - |
| Share capital increase in Sonaecom - Serviços de Comunicações, S.A. | - | 65,200 |
| | 8,000,000 | 65,200 |
| 2. Details of cash and cash equivalents | | |
| Cash in hand | 8,954 | 10,424 |
| Cash at bank | 136,537 | 20,321 |
| Treasury applications | 1,885,000 | 11,945,000 |
| Overdrafts | (59,747) | (107,442) |
| Cash and cash equivalents | 1,970,744 | 11,868,303 |
| Overdrafts | 59,747 | 107,442 |
| Cash assets | 2,030,491 | 11,975,745 |
| 3. Description of non-monetary financing activities | | |
| a) Bank credit obtained and not used | 223,050,000 | 57,570,277 |
| 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 March 2010 and 2009.

Chief Accountant

Patrícia Maria Cruz Ribeiro da Silva

The Board of Directors

| | |
|---------------------------------------|------------------------------|
| Duarte Paulo Teixeira de Azevedo | António Sampaio e Mello |
| Ângelo Gabriel Ribeirinho Paupério | Gervais Gilles Pellissier |
| Miguel Nuno Santos Almeida | David Charles Denholm Hobley |
| Maria Cláudia Teixeira de Azevedo | Jean-François René Pontal |
| Nuno Miguel Moniz Trigo Santos Jordão | Frank Emmanuel Dangeard |

Notes to the individual financial statements

at 31 March 2010 and 2009
(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 2010 and were first adopted in the period ended at 31 March 2010:

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| Standard / Interpretation | Effective date (annual periods beginning on or after) | Standard / Interpretation | Effective date (annual periods beginning on or after) |
|---|---|--|---|
| Revised IFRS 1 – First-time adoption of IFRS | 1-Jan-10 * | IFRIC 18 – Transfer of assets from customers | Transfers made on or after 01-Jul-09 |
| <i>This standard was revised to consolidate the various amendments that have occurred since its first release.</i> | | <i>This interpretation provides guidance on accounting, by operators, of tangible assets 'of customers'.</i> | |
| IFRS 2 – Amendments (Accounting for group cash-settled share-based payment transactions) | 1/Jan/10 | Improvements to IFRSs – 2008 | 1-Jan-10 * |
| <i>The amendments clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements.</i> | | <i>This process included the review of 12 accounting standards.</i> | |
| IAS 32 – Amendments (Classification of issuing rights) | 1/Fev/10 | * The effective date in accordance with the adoption by the EU was subsequent to the effective date originally established by the standard. | |
| <i>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.</i> | | The application of these standards did not have significant impacts on the Company's financial statements besides increased the information that is disclosed. | |
| IFRIC 12 – Service concession arrangements | 1-Jan-10 * | At the date of approval of these financial statements, there are no standards, interpretations, amendments or revisions, which are already approved (endorsed) by the European Union, but with application is mandatory only future financial years. | |
| <i>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.</i> | | 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: | |
| IFRIC 15 – Agreements for the construction of real estate | 1-Jan-10 * | Standard / Interpretation | Effective date (annual periods beginning on or after) |
| <i>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.</i> | | IFRS 1 – Amendments (Additional exemptions for first-time adopters) | 1/Jan/10 |
| IFRIC 16 – Hedges of a net investment in a foreign operation | 1-Jun-09 * | <i>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.</i> | |
| <i>This interpretation provides guidance on hedge accounting for net investments in foreign operations.</i> | | IFRS 1 - Amendment (Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters) | 1/Jul/10 |
| IFRIC 17 – Distribution of non-cash assets to owners | 1-Jan-10 * | <i>The amendment ensures that first-time adopters benefit from the same transition provisions that the Amendment to IFRS 7 introduced in March 2009 (Improving Disclosures about Financial Instruments) provides to current IFRS preparers.</i> | |
| <i>This interpretation provides guidance on the proper accounting for assets other than cash distributed to Shareholders as dividends.</i> | | IFRS 9 (Financial Instruments) | 1/Jan/13 |
| * The effective date in accordance with the adoption by the EU was subsequent to the effective date originally established by the standard. | | <i>This standard is the first step in the project to replace IAS 39, it introduces new requirements for classifying and measuring financial assets.</i> | |

Notes to the individual financial statements (continued)

at 31 March 2010 and 2009
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| Standard / Interpretation | Effective date (annual periods beginning on or after) | Years of useful life |
|---|---|---|
| Revised IAS 24 (Related Party Disclosures) | 1/Jan/11 | |
| <i>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.</i> | | |
| | | 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 |

| | |
|--|----------|
| IFRIC 14 – Amendments (Voluntary pre-paid contributions) | 1/Jan/11 |
| <i>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.</i> | |

| | |
|---|----------|
| IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments) | 1/Jul/10 |
| <i>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.</i> | |

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 March 2010 are comparable with those used in the preparation of the individual financial statements at 31 December 2009.

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:

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 recorded as cost when they are incurred.

Notes to the individual financial statements (continued)

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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

Notes to the individual financial statements (continued)

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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

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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 13).

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 March 2010, Sonaecom, SGPS, S.A., have reserves which by their nature could be considered distributable, in the amount of around Euro 6 million.

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:

| | 2010 | | 2009 | |
|-----------------|----------|---------|----------|---------|
| | 31 March | Average | 31 March | Average |
| Pounds Sterling | 1.12385 | 1.12692 | 1.07434 | 1.10102 |
| American Dollar | 0.74189 | 0.72354 | 0.75143 | 0.76807 |

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

Notes to the individual financial statements (continued)

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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 March 2010, 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, with the exception of one plan, 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 periods ended at 31 March 2010 and 2009 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

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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 12) 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.

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

Notes to the individual financial statements (continued)

at 31 March 2010 and 2009
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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;
- (iii) Applications in the market.

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

The definition of maximum amounts intends to assure that the application of liquidity in excess is made in a prudent way and taking 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 12.

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.

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2. Tangible assets

The movement in tangible assets and in the corresponding accumulated depreciation and impairment losses in periods ended 31 March 2010 and 2009 was as follows:

| 2010 | | | | | | |
|---|---|------------------------|-----------|--------------------------|--------------------------|----------------|
| | Buildings and other constructions | Plant and machinery | Tools | Fixtures and fittings | Other tangible assets | Total |
| Gross assets | | | | | | |
| Balance at 31 December 2009 | 721,165 | 46,325 | 171 | 331,750 | 619 | 1,100,030 |
| Balance at 31 March 2010 | 721,165 | 46,325 | 171 | 331,750 | 619 | 1,100,030 |
| Accumulated depreciation and impairment losses | | | | | | |
| Balance at 31 December 2009 | 347,862 | 17,977 | 170 | 216,945 | 189 | 583,143 |
| Depreciation for the period | 15,136 | 2,056 | – | 6,942 | 32 | 24,166 |
| Balance at 31 March 2010 | 362,998 | 20,033 | 170 | 223,887 | 221 | 607,309 |
| Net value | 358,167 | 26,292 | 1 | 107,863 | 398 | 492,721 |
| | | | | | | |
| 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 | – | – | – | – | 41,722 |
| Balance at 31 March 2009 | 721,165 | 46,325 | 171 | 328,207 | 103 | 1,095,971 |
| Accumulated depreciation and impairment losses | | | | | | |
| Balance at 31 December 2008 | 276,753 | 9,607 | 92 | 185,127 | 103 | 471,682 |
| Depreciation for the period | 17,517 | 2,202 | 21 | 8,837 | – | 28,577 |
| Balance at 31 March 2009 | 294,270 | 11,809 | 113 | 193,964 | 103 | 500,259 |
| Net value | 426,895 | 34,516 | 58 | 134,243 | – | 595,712 |

The additions in the period of 2009 include, essentially, works in buildings owned by other parties.

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at 31 March 2010 and 2009
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3. Intangible assets

The movement in intangible assets and in the corresponding accumulated amortisation and impairment losses in the periods ended at 31 March 2010 and 2009, was as follows:

| 2010 | | | | |
|---|-------------------------------------|---------------|----------------------------------|---------------|
| | Brands, patents and other rights | Software | Intangible assets in progress | Total |
| Gross assets | | | | |
| Balance at 31 December 2009 | 6,650 | 182,283 | 376 | 189,309 |
| Balance at 31 March 2010 | 6,650 | 182,283 | 376 | 189,309 |
| Accumulated depreciation and impairment losses | | | | |
| Balance at 31 December 2009 | 6,259 | 155,447 | – | 161,706 |
| Depreciation for the period | 121 | 5,517 | – | 5,638 |
| Balance at 31 March 2010 | 6,380 | 160,964 | – | 167,344 |
| Net value | 270 | 21,319 | 376 | 21,965 |
| | | | | |
| 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 | – | 339 | – | 339 |
| Balance at 31 March 2009 | 6,650 | 168,366 | 13,917 | 188,933 |
| Accumulated depreciation and impairment losses | | | | |
| Balance at 31 December 2008 | 5,630 | 133,290 | – | 138,920 |
| Depreciation for the period | 183 | 4,368 | – | 4,551 |
| Balance at 31 March 2009 | 5,813 | 137,658 | – | 143,471 |
| Net value | 837 | 30,708 | 13,917 | 45,462 |

Notes to the individual financial statements (continued)

at 31 March 2010 and 2009
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4. Breakdown of financial instruments

At 31 March 2010 and 2009, 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 |
|--------------------------------------|---|--------------------------|---------------------------------|--------------------------------------|-------------|------------------------------------|-------------|
| 2010 | | | | | | | |
| Non-current assets | | | | | | | |
| Other non-current assets (note 6) | - | 636,353,900 | - | - | 636,353,900 | - | 636,353,900 |
| | - | 636,353,900 | - | - | 636,353,900 | - | 636,353,900 |
| Current assets | | | | | | | |
| Other trade debtors (note 8) | - | 6,374,486 | - | - | 6,374,486 | 1,063,191 | 7,437,677 |
| Cash and cash equivalents (note 9) | - | 2,030,491 | - | - | 2,030,491 | - | 2,030,491 |
| | - | 8,404,977 | - | - | 8,404,977 | 1,063,191 | 9,468,168 |

| | 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) | - | 586,455,222 | - | - | 586,455,222 | - | 586,455,222 |
| | - | 586,455,222 | - | - | 586,455,222 | - | 586,455,222 |
| Current assets | | | | | | | |
| Other trade debtors (note 8) | - | 86,550,607 | - | - | 86,550,607 | 738,693 | 87,289,300 |
| Cash and cash equivalents (note 9) | - | 11,975,745 | - | - | 11,975,745 | - | 11,975,745 |
| | - | 98,526,352 | - | - | 98,526,352 | 738,693 | 99,265,045 |

| | 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 |
|---|---|-------------|--|-----------------------------------|-------------|------------------------------------|-------------|
| 2010 | | | | | | | |
| Non-current liabilities | | | | | | | |
| Medium and long-term loans – net of short- term portion (note 12) | - | - | 328,098,685 | - | 328,098,685 | - | 328,098,685 |
| | - | - | 328,098,685 | - | 328,098,685 | - | 328,098,685 |
| Current liabilities | | | | | | | |
| Short-term loans and other loans (note 12) | - | - | 95,903,077 | - | 95,903,077 | - | 95,903,077 |
| Other creditors | - | - | - | 815,243 | 815,243 | 434,752 | 1,249,995 |
| | - | - | 95,903,077 | 815,243 | 96,718,320 | 434,752 | 97,153,072 |

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| | 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 12) | - | 201,493 | 416,542,761 | - | 416,744,254 | - | 416,744,254 |
| | - | 201,493 | 416,542,761 | - | 416,744,254 | - | 416,744,254 |
| Current liabilities | | | | | | | |
| Short-term loans and other loans (note 12) | - | - | 20,021,938 | - | 20,021,938 | - | 20,021,938 |
| Other creditors | - | - | - | 4,209,785 | 4,209,785 | 485,445 | 4,695,230 |
| | - | - | 20,021,938 | 4,209,785 | 24,231,723 | 485,445 | 24,717,168 |

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 March 2010 and 2009, this caption included the following investments in Group companies:

| Company | 2010 | 2009 |
|--|--------------------|--------------------|
| Sonaecom – Serviços de Comunicações, S.A. ('Sonaecom SC') | 764,876,231 | 764,876,231 |
| 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 |
| Miauger – Organização e Gestão de Leilões Electrónicos, S.A. ('Miauger') | 4,568,100 | 4,568,100 |
| Be Artis – Conceção, Construção e Gestão de Redes de Comunicações, S.A. ('Be Artis') | 50,000 | 50,000 |
| Sonaecom BV | 20,000 | 100,000 |
| | 971,765,807 | 946,245,807 |
| Impairment losses (note 13) | (46,609,902) | (45,977,902) |
| Total investments in Group companies | 925,155,905 | 900,267,905 |

Notes to the individual financial statements (continued)

at 31 March 2010 and 2009
(Amounts expressed in euro)

The movements that occurred in investments in Group companies during the periods ended 31 March 2010 and 2009, were as follows:

| Company | Balance at 31 December 2009 | Additions | Disposals | Transfers and write-offs | Balance at 31 March 2010 |
|-----------------------------|--------------------------------|-----------|-----------|-----------------------------|-----------------------------|
| Sonaecom SC | 764,876,231 | - | - | - | 764,876,231 |
| Sonae Telecom | 105,799,987 | - | - | - | 105,799,987 |
| Sonaetelecom BV | 44,209,902 | - | - | - | 44,209,902 |
| Sonae com SI | 52,241,587 | - | - | - | 52,241,587 |
| Miauger | 4,568,100 | - | - | - | 4,568,100 |
| Sonaecom BV | 20,000 | - | - | - | 20,000 |
| Be Artis | 50,000 | - | - | - | 50,000 |
| | 971,765,807 | - | - | - | 971,765,807 |
| Impairment losses (note 13) | (46,609,902) | - | - | - | (46,609,902) |
| | 925,155,905 | - | - | - | 925,155,905 |

| Company | Balance at 31 December 2008 | Additions | Disposals | Transfers and write-offs | Balance at 31 March 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 | - | - | - | 26,641,587 |
| Miauger | 4,568,100 | - | - | - | 4,568,100 |
| Tele 2 | 13,076,489 | - | - | (13,076,489) | - |
| Sonaecom BV | 100,000 | - | - | - | 100,000 |
| Be Artis | 50,000 | - | - | - | 50,000 |
| | 944,074,458 | 65,200 | - | 2,106,149 | 946,245,807 |
| Impairment losses (note 13) | (45,977,902) | - | - | - | (45,977,902) |
| | 898,096,556 | 65,200 | - | 2,106,149 | 900,267,905 |

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 period ended at 31 March 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 Company presents separate consolidated financial statements at 31 March 2010, in accordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union, which presents total consolidated assets of Euro 1,910,609,597, total consolidated liabilities of Euro 969,098,753, consolidated operational revenues of Euro 223,889,322 and consolidated Shareholders' funds of Euro 941,510,844, including a consolidated net profit (attributable to the Shareholders of the parent company – Sonaecom, S.G.P.S., S.A.) for the period ended at 31 March 2010 of Euro 8,158,135.

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At 31 March 2010 and 2009, the main financial information regarding the subsidiaries directly owned by the Company is as follows (values in accordance with IAS / IFRS):

| Company | Head office | 2010 | | | 2009 | | |
|-----------------|-------------|-----------|---------------------|-------------------|-----------|---------------------|-------------------|
| | | % holding | Shareholders' funds | Net profit/(loss) | % holding | Shareholders' funds | Net profit/(loss) |
| Sonaecom SC | Maia | 53.54% | 509,553,107 | (3,488,760) | 53.54% | 515,898,650 | 6,346,762 |
| Sonae Telecom | Maia | 100% | 165,271,737 | (18,460) | 100% | 174,604,365 | (6,015) |
| Sonae com SI | Maia | 100% | 37,077,415 | 447,359 | 100% | 43,822,626 | 606,994 |
| Miauger | Maia | 100% | 2,303,992 | (16,849) | 100% | 905,986 | 22,558 |
| Sonaetelecom BV | Amsterdam | 100% | (13,882,076) | (5,212,398) | 100% | (8,275,226) | (219,287) |
| Sonaecom BV | Amsterdam | 100% | (16,713,530) | (256,870) | 100% | (15,174,803) | (231,445) |
| Be Artis | Maia | 100% | 108,340,229 | (466,729) | 100% | 106,439,137 | (4,244,278) |

At 31 March 2010 and 2009, Sonaecom owned, indirectly, through Sonae Telecom S.G.P.S., S.A. and Sonaecom BV, an additional shareholding of 35.86% (2009: 37.94%) and 10.60% (2009: 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% |

Notes to the individual financial statements (continued)

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6. Other non-current assets

At 31 March 2010 and 2009, this caption was made up as follows:

| | 2010 | 2009 |
|--|--------------------|--------------------|
| Financial assets | | |
| Medium and long-term loans granted to Group companies: | | |
| Be Artis | 264,410,000 | 262,265,000 |
| Sonaecom BV | 218,398,000 | 134,857,000 |
| Sonaatelecom BV | 32,641,000 | 27,966,000 |
| Wedo Consulting | 8,490,000 | – |
| Sonaecom SI | 7,350,000 | – |
| Lugares Virtuais | 1,630,000 | 900,000 |
| | 532,919,000 | 425,988,000 |
| Supplementary capital: | | |
| Be Artis | 115,640,000 | 115,640,000 |
| Sonaatelecom BV | 11,500,000 | 11,500,000 |
| Sonaecom Telecom SGPS | 1,490,000 | 15,788,458 |
| Miauger | 800,000 | – |
| Sonaecom SI | – | 32,874,187 |
| | 129,430,000 | 175,802,645 |
| | 662,349,000 | 601,790,645 |
| Accumulated impairment losses (note 13) | (25,995,100) | (15,335,423) |
| | 636,353,900 | 586,455,222 |

During the periods ended at 31 March 2010 and 2009, the movements that occurred in 'Medium and long-term loans granted to Group companies' were as follows:

| | 2010 | | | | |
|-----------------------|--------------------|-------------------|---------------------|-----------|--------------------|
| Company | Opening balance | Increases | Decreases | Transfers | Closing balance |
| Be Artis | 387,555,000 | 30,350,000 | (37,855,000) | – | 380,050,000 |
| Sonaecom BV | 199,088,000 | 26,820,000 | (7,510,000) | – | 218,398,000 |
| Sonaatelecom BV | 40,021,000 | 12,220,000 | (8,100,000) | – | 44,141,000 |
| Sonaecom Telecom SGPS | 15,788,458 | – | (14,298,458) | – | 1,490,000 |
| Wedo Consulting | 8,490,000 | – | – | – | 8,490,000 |
| Sonaecom SI | 7,350,000 | – | – | – | 7,350,000 |
| Lugares Virtuais | 1,030,000 | 600,000 | – | – | 1,630,000 |
| Miauger | 800,000 | – | – | – | 800,000 |
| | 660,122,458 | 69,990,000 | (67,763,458) | – | 662,349,000 |

| | 2009 | | | | |
|-----------------------|--------------------|-------------------|--------------------|--------------------|--------------------|
| Company | Opening balance | Increases | Decreases | Transfers | Closing balance |
| Sonaecom SC | – | 2,106,149 | – | (2,106,149) | – |
| Be Artis | 306,420,000 | 71,485,000 | – | – | 377,905,000 |
| Sonaecom BV | 138,887,000 | – | (4,030,000) | – | 134,857,000 |
| Sonaatelecom BV | 38,901,000 | 565,000 | – | – | 39,466,000 |
| Sonaecom Telecom SGPS | 15,788,458 | – | – | – | 15,788,458 |
| Sonaecom SI | 33,964,187 | – | (1,090,000) | – | 32,874,187 |
| Lugar Virtuais | 900,000 | – | – | – | 900,000 |
| Tele 2 | 2,106,149 | – | (2,106,149) | – | – |
| | 536,966,794 | 74,156,149 | (7,226,149) | (2,106,149) | 601,790,645 |

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During the periods ended at 31 March 2010 and 2009, the loans granted to Group companies earned interest at market rates with an average interest rate of 1.70% and 2.76%, respectively. Supplementary capital is non-interest bearing.

The movement under the caption 'Accumulated impairment losses' is due to the reinforcements performed during the period, in the amount of Euro 1,740,678 (note 13).

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 period ended at 31 March 2010 was as follows:

| | 2010 |
|-------------------|----------|
| Opening balance | 10,480 |
| Impact on results | |
| Tax Results | 71,935 |
| IFRS Adjustments | (10,480) |
| Closing balance | 71,935 |

At 31 March 2010, the value of deferred tax assets not recorded where 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 | 24,267,579 | (257,438) | (149,858) | 23,860,283 | 5,958,961 |
| 2007 | 54,563,604 | 81,031 | (537,036) | 54,107,599 | 13,520,060 |
| 2008 | - | 55,359 | 9,893,940 | 9,949,299 | 2,636,564 |
| 2009 | - | (56,857) | 9,738,711 | 9,681,854 | 2,565,691 |
| | 78,831,183 | (177,905) | 71,624,439 | 150,277,717 | 38,641,127 |

The rate used at 31 March 2010 to calculate the deferred tax assets/liabilities relating to tax losses carried forward was of 25%, and of 26.5% for remaining deferred tax assets and liabilities.

The reconciliation between the earnings before tax and the tax recorded for the period ended at 31 March 2010 is as follows:

| | 2010 |
|---|-------------|
| Earnings before tax | 8,987,062 |
| Income tax rate (25%) | (2,246,766) |
| Other taxes related with current income tax | (11,370) |
| Movements in provisions not accepted for tax purposes (note 13) | (435,169) |
| Adjustments to the taxable income | 2,620,480 |
| Income taxation recorded in the period | (72,825) |

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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 March 2010.

8. Other current debtors

At 31 March 2010 and 2009, this caption was made up as follows:

| | 2010 | 2009 |
|---|------------------|-------------------|
| Trade debtors | 6,376,416 | 86,552,523 |
| State and other public entities | 1,063,191 | 738,693 |
| Accumulated impairment losses on accounts receivables (note 13) | (1,930) | (1,916) |
| | 7,437,677 | 87,289,300 |

At 31 March 2009, the amount registered under the caption 'Other current debtors', corresponds mainly to the advance in the amount of Euro 80 million, 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 March 2010 and 2009, this caption also included amounts to be received from subsidiary Group companies, for debts 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 March 2010 and 2009, includes the special advanced payment, retentions and taxes to be recovered.

9. Cash and cash equivalents

At 31 March 2010 and 2009, the breakdown of cash and cash equivalents was as follows:

| | 2010 | 2009 |
|-----------------------------------|------------------|-------------------|
| Cash | 8,954 | 10,424 |
| Bank deposits repayable on demand | 136,537 | 20,321 |
| Treasury applications | 1,885,000 | 11,945,000 |
| | 2,030,491 | 11,975,745 |

At 31 March 2010 and 2009, the caption 'Treasury applications' had the following breakdown:

| | 2010 | 2009 |
|-------------------------------------|------------------|-------------------|
| Wedo | 1,280,000 | 9,640,000 |
| Lugares Virtuais | 415,000 | 805,000 |
| Público | 190,000 | 512,000 |
| Sonaecom – Serviços de Comunicações | – | 988,000 |
| | 1,885,000 | 11,945,000 |

During the period ended at 31 March 2010, the above mentioned treasury applications bear interests at an average rate of 2.21% (3.45% in 2009).

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at 31 March 2010 and 2009
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10. Share capital

At 31 March 2010 and 2009, 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:

| | 2010 | | 2009 | |
|--------------------------------------|------------------|---------|------------------|---------|
| | Number of shares | % | Number of shares | % |
| Sontel BV | 183,374,470 | 50.07% | 193,874,470 | 52.94% |
| Atlas Service Belgium | 73,249,374 | 20.00% | 73,249,374 | 20.00% |
| Free Float | 70,542,264 | 19.26% | 63,022,421 | 17.21% |
| Millenium BCP | 12,500,998 | 3.41% | - | - |
| Sonae Investments BV | 10,500,000 | 2.87% | - | - |
| Own shares | 7,831,325 | 2.14% | 6,110,954 | 1.67% |
| Santander Asset Management | 7,408,788 | 2.02% | - | - |
| 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.

11. Own shares

During the period ended at 31 March 2010, Sonaecom delivered to its employees 972,184 own shares under its Medium Term Incentive Plans.

Additionally, during the period ended at 31 March 2010, Sonaecom acquired 1,633,935 shares (at an average price of Euro 1.81), holding at the end of the period 7,831,325 own shares, representative of 2.14% of its share capital, with an average price of Euro 1.68.

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at 31 March 2010 and 2009
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12. Loans

At 31 March 2010 and 2009, 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 | |
|--|-------------|----------|--------------------------|--------------------|--------------------|
| | | | | 2010 | 2009 |
| 'Obrigações Sonaecom SGPS 2005' | 150,000,000 | Jun 13 | Final | 150,000,000 | 150,000,000 |
| 'Obrigações Sonaecom SGPS 2010' | 40,000,000 | Mar 15 | Final | 40,000,000 | - |
| 'Obrigações Sonaecom SGPS 2010' | 30,000,000 | Feb 13 | Final | 30,000,000 | - |
| Costs associated with setting-up the financing | - | - | - | (2,403,388) | (2,293,926) |
| Interests incurred but not yet due | - | - | - | 943,581 | 1,698,750 |
| Fair value of swaps | - | - | - | - | 201,493 |
| | | | | 218,540,193 | 149,606,317 |
| Commercial paper | 150,000,000 | Jul 12 | - | 109,500,000 | 150,000,000 |
| | 100,000,000 | Jul 10 | - | - | 100,000,000 |
| | 50,000,000 | Jan 11 | - | - | 17,000,000 |
| Interests incurred but not yet due | - | - | - | 58,492 | 137,937 |
| | | | | 109,558,492 | 267,137,937 |
| | | | | 328,098,685 | 416,744,254 |

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).

Additionally, Sonaecom has two Commercial Paper Programmes Issuance, with a maximum amount of Euro 50 million and 25 million respectively, hired in January 2005 and March 2010 respectively, with subscription grant and maturity of one year, possibly renewable.

Placing underwriting is currently provided by Banco Comercial Português and Banco Bilbao Vizcaya Argentaria (Portugal), in case of the programme of Euro 50 million, and by Caja de Ahorros Y Monte de Piedad de Madrid (representative in Portugal) in case of programme of Euro 25 million.

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 loans, in the period, was 2.06%.

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.

Notes to the individual financial statements (continued)

at 31 March 2010 and 2009
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At 31 March 2010 and 2009, the repayment schedule of medium and long-term loans and of interests, for both bonds and commercial paper was as follows:

| | N+1 | N+2 | N+3 | N+4 | N+5 | After N+5 |
|------------------|-----------|------------|-------------|-------------|-------------|-----------|
| 2010 | | | | | | |
| Bond loan | | | | | | |
| Reimbursements | - | - | 30,000,000 | 150,000,000 | 40,000,000 | - |
| Interests | 4,846,600 | 4,859,878 | 4,064,535 | 1,801,945 | 271,285 | - |
| Commercial paper | | | | | | |
| Reimbursements | - | - | 109,500,000 | - | - | - |
| Interests | 813,380 | 815,608 | 269,641 | - | - | - |
| | 5,659,980 | 5,675,486 | 143,834,176 | 151,801,945 | 40,271,285 | - |
| 2009 | | | | | | |
| Bond loan | | | | | | |
| Reimbursements | - | - | - | - | 150,000,000 | - |
| Interests | 6,115,500 | 6,115,500 | 6,132,255 | 6,115,500 | 1,357,138 | - |
| Commercial paper | | | | | | |
| Reimbursements | - | 17,000,000 | - | 250,000,000 | - | - |
| Interests | 2,769,844 | 1,964,330 | 1,969,712 | 651,189 | - | - |
| | 8,885,344 | 25,079,830 | 8,101,967 | 256,766,689 | 151,357,138 | - |

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 March 2010 and 2009, the available credit lines of the Company are as follows:

| Credit | Limit | Amount outstanding | Amount available | Maturity | |
|-----------------------|-------------|--------------------|------------------|-----------------|---------------------|
| | | | | Until 12 months | More than 12 months |
| 2010 | | | | | |
| Commercial paper | 150,000,000 | 109,500,000 | 40,500,000 | | x |
| Commercial paper | 100,000,000 | - | 100,000,000 | x | |
| Commercial paper | 50,000,000 | 21,450,000 | 28,550,000 | x | |
| Commercial paper | 25,000,000 | - | 25,000,000 | x | |
| Bond loan | 150,000,000 | 150,000,000 | - | | x |
| Bond loan | 40,000,000 | 40,000,000 | - | | x |
| Bond loan | 30,000,000 | 30,000,000 | - | | x |
| Overdraft facilities | 16,500,000 | - | 16,500,000 | x | |
| Overdraft facilities | 10,000,000 | - | 10,000,000 | x | |
| Authorised overdrafts | 2,500,000 | - | 2,500,000 | x | |
| | 574,000,000 | 350,950,000 | 223,050,000 | | |
| 2009 | | | | | |
| Commercial paper | 250,000,000 | 250,000,000 | - | | x |
| Commercial paper | 70,000,000 | 17,000,000 | 53,000,000 | x | |
| Bond loan | 150,000,000 | 150,000,000 | - | | x |
| Overdraft facilities | 15,000,000 | 10,429,723 | 4,570,277 | x | |
| | 485,000,000 | 427,429,723 | 57,570,277 | | |

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at 31 March 2010 and 2009
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At 31 March 2010, there are no interest rate hedging instruments. At 31 March 2009, 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 |
|-------------|-----------------|----------|------------|-----------------------|--|
| 2009 | | | | | |
| Bond loan | 75,000,000 | Jun 09 | Euribor 6m | 4.565% | 201,493 |
| | | | | | 201,493 |

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 period ended at 31 March 2009, the movement occurred in the fair value of the swaps related to the bond loan, in the amount of Euro 201,493, 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 instrument reached his maturity. Therefore, at 31 March 2010 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 March 2010 and 2009, includes an amount of Euro 95,903,077 and Euro 20,021,938, respectively, composed as follows:

| Issue denomination | Limit | Maturity | Type of reimbursement | Amount outstanding | |
|-----------------------------------|------------|----------|-----------------------|--------------------|------------|
| | | | | 2010 | 2009 |
| Treasury applications | - | - | - | 74,381,872 | 9,484,773 |
| Commercial Paper | 50,000,000 | Jan 11 | - | 21,450,000 | - |
| Interest incurred but not yet due | | | | 11,458 | - |
| | | | | 21,461,458 | - |
| Overdrafts | - | - | - | 59,747 | 107,442 |
| Overdrafts facilities - CGD | - | - | - | - | 10,429,723 |
| | | | | 95,903,077 | 20,021,938 |

During the periods ended at 31 March 2010 and 2009, the detail of 'Treasury applications' received from subsidiaries was as follows:

| | 2010 | 2009 |
|------------------|------------|-----------|
| Sonaecom SC | 66,036,394 | 6,124,647 |
| Digitmarket | 2,868,790 | 785,135 |
| Be Towering | 2,038,536 | 1,274,143 |
| Mainroad | 1,660,784 | 417,172 |
| Miauger | 1,601,432 | 784,494 |
| Sonae com SI | 90,286 | 61,510 |
| Sonae Telecom | 40,015 | 32,004 |
| Saphety | 45,185 | 909 |
| Wedo Consulting | 298 | - |
| Público | 84 | 4,759 |
| Lugares Virtuais | 68 | - |
| | 74,381,872 | 9,484,773 |

The treasury applications received from Group companies are payable in less than one year and earn interests at market rates. During the periods ended at 31 March 2010 and 2009, the treasury applications earned an average interest rate of 0.38% and 1.97%, respectively.

Notes to the individual financial statements (continued)

at 31 March 2010 and 2009
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13. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the periods ended at 31 March 2010 and 2009 were as follows:

| | Opening balance | Increases | Transfers | Utilisations | Decreases | Closing balance |
|--|-------------------|------------------|-----------|--------------|-------------|-------------------|
| 2010 | | | | | | |
| Accumulated impairment losses on accounts receivables (note 8) | 1,930 | - | - | - | - | 1,930 |
| Accumulated impairment losses on investments in Group companies (notes 5 and 15) | 46,609,902 | - | - | - | - | 46,609,902 |
| Accumulates impairment losses on other non-current assets (notes 5, 6 and 15) | 24,254,422 | 1,740,678 | - | - | - | 25,995,100 |
| Provisions for other liabilities and charges | 41,634 | - | - | - | - | 41,634 |
| | 70,907,888 | 1,740,678 | - | - | - | 72,648,566 |
| 2009 | | | | | | |
| Accumulated impairment losses on accounts receivables (note 8) | 2,006 | - | - | - | (90) | 1,916 |
| Accumulated impairment losses on investments in Group companies (notes 5 and 15) | 45,977,902 | - | - | - | - | 45,977,902 |
| Accumulates impairment losses on other non-current assets (notes 5, 6 and 15) | 15,335,423 | - | - | - | - | 15,335,423 |
| Provisions for other liabilities and charges | 57,264 | 457,370 | - | - | - | 514,634 |
| | 61,372,595 | 457,370 | - | - | (90) | 61,829,875 |

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 15).

At 31 March 2009, 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'.

14. External supplies and services

At 31 March 2010 and 2009, this caption was made up as follows:

| | 2010 | 2009 |
|--------------------------------------|----------------|----------------|
| Specialised work | 465,940 | 379,116 |
| Rents and travelling expenses | 93,387 | 110,877 |
| Fees | 83,477 | 77,736 |
| Travel and accommodation | 39,553 | 38,417 |
| Other external supplies and services | 83,506 | 106,562 |
| | 765,863 | 712,708 |

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15. Financial results

Net financial results for the periods ended 31 March 2010 and 2009 are made up as follows:

| | 2010 | 2009 |
|---|--------------------|--------------------|
| Gains and losses on investments in Group companies | | |
| Losses related to Group companies (notes 5, 6 and 13) | (1,740,678) | - |
| Gains related to Group companies | 10,500,000 | 3,480,000 |
| | 8,759,322 | 3,480,000 |
| Other financial expenses | | |
| Interest expenses: | | |
| Bank loans | (1,054,251) | (2,273,032) |
| Other loans | (923,898) | (1,632,028) |
| Overdrafts and others | (13,209) | (275,989) |
| | (1,991,358) | (4,181,049) |
| Foreign currency exchange losses | (273) | (86) |
| Other financial expenses | (11,941) | (15,565) |
| | (12,214) | (15,651) |
| | (2,003,572) | (4,196,700) |
| Other financial income | | |
| Interest income | 2,413,552 | 3,309,006 |
| Foreign currency exchange gains | 66 | 1,512 |
| | 2,413,618 | 3,310,518 |

At 31 March 2010, the caption 'Gains related to Group companies' relates to the dividends received from Sonae Telecom. At 31 March 2009, this caption was comprised by dividends received from Sonae com SI and Sonae Telecom.

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16. Related parties

The most significant balances and transactions with related parties (which are detailed in the appendix) at 31 March 2010 and 2009 were as follows:

| | Balances at 31 March 2010 | | | | |
|-----------------|---------------------------|------------------|-----------------------|------------------------------|----------------------------|
| | Accounts receivable | Accounts payable | Treasury applications | Other assets and liabilities | Loans granted / (obtained) |
| Sonaecom SC | 1,226,440 | 88,888 | - | 4,265,022 | (66,036,394) |
| Sonaecom BV | 736,116 | - | - | 272,393 | 218,398,000 |
| Be Artis | 2,640,124 | 852 | - | 856,380 | 264,410,000 |
| Sonaetelecom BV | 103,545 | - | - | 35,993 | 32,641,000 |
| Be Towering | 6,451 | 69,413 | - | 29,979 | (2,038,536) |
| Lugar Virtuais | 36,231 | - | 415,000 | (160,189) | 1,629,932 |
| Público | 16,196 | 4,044 | 190,000 | 65,599 | (83) |
| Digitmarket | 1,744 | 28,869 | - | (586) | (2,868,790) |
| Wedo | 382,081 | - | 1,280,000 | 550,888 | 8,490,000 |
| Sonae com SI | 38,987 | 17,181 | - | 26,985 | 7,259,714 |
| Outros | 88,189 | 59,054 | - | (15,466) | (3,347,415) |
| | 5,276,104 | 268,301 | 1,885,000 | 5,926,998 | 458,537,428 |

| | Balances at 31 March 2009 | | | | |
|-----------------|---------------------------|------------------|-----------------------|------------------------------|----------------------------|
| | Accounts receivable | Accounts payable | Treasury applications | Other assets and liabilities | Loans granted / (obtained) |
| Sonaecom SC | 1,021,091 | 101,980 | 988,000 | 160,416 | (6,124,647) |
| Sonaecom BV | 81,187,060 | 80,000 | - | 303,019 | 134,857,000 |
| Be Artis | 1,807,348 | 589 | - | 758,389 | 262,265,000 |
| Sonaetelecom BV | 278,074 | - | - | 60,575 | 27,966,000 |
| Be Towering | 11,546 | - | - | 835,632 | (1,274,143) |
| Lugar Virtuais | 6,990 | - | 805,000 | 122,131 | 900,000 |
| Público | 14,246 | - | 512,000 | 1,299 | (4,758) |
| Digitmarket | 3,367 | 1,912 | - | (2,019) | (785,135) |
| Wedo | 17,404 | - | 9,640,000 | 589,114 | - |
| Sonae com SI | 2,142 | 4,836 | - | (189,382) | (61,510) |
| Outros | 30,391 | 38,283 | - | 22,518 | (1,234,579) |
| | 84,379,659 | 227,600 | 11,945,000 | 2,661,692 | 416,503,228 |

| | Transactions at 31 March 2010 | | | |
|-------------|-------------------------------|--------------------------------|---|----------------------|
| | Sales and services rendered | Supplies and services received | Interest and similar income / (expense) | Supplementary income |
| Sonaecom SC | 1,618,011 | 237,319 | (59,072) | - |
| Be Artis | 71,081 | (5,242) | 1,313,009 | (42) |
| Be Towering | 16,128 | 21,946 | (2,641) | - |
| Wedo | 40,005 | - | 92,622 | - |
| Sonaecom BV | - | - | 748,458 | - |
| Sonae SGPS | - | 72,500 | 81,745 | - |
| Outros | 55,662 | 26,648 | 172,739 | (82,326) |
| | 1,800,887 | 353,171 | 2,346,860 | (82,368) |

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| | Transactions at 31 March 2009 | | | |
|-------------|-------------------------------|--------------------------------|---|----------------------|
| | Sales and services rendered | Supplies and services received | Interest and similar income / (expense) | Supplementary income |
| Sonaecom SC | 1,648,139 | (567,814) | 116,621 | - |
| Be Artis | 73,547 | 1,473 | 1,625,632 | (42) |
| Wedo | 43,511 | - | 81,916 | - |
| Sonae SGPS | - | - | (2,739) | (5,220) |
| Sonaecom BV | - | - | 1,029,976 | - |
| Be Towering | 14,096 | (66,809) | (57,797) | - |
| Outros | 48,189 | 17,990 | 269,106 | (515) |
| | 1,827,482 | (615,160) | 3,062,715 | (5,777) |

All the above transactions were made at market prices.

17. Guarantees provided to third parties

Guarantees provided to third parties at 31 March 2010 and 2009 were as follows:

| Beneficiary | Description | 2010 | 2009 |
|---|--------------------|-----------|-----------|
| Direcção de Contribuições e Impostos (Portuguese tax authorities) | VAT Reimbursements | 8,115,243 | 8,098,449 |
| | | 8,115,243 | 8,098,449 |

At 31 March 2010 and 2009, 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.

18. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the net income of the period (Euro 8,914,237 in 2010 and Euro 2,380,146 in 2009) by the average number of shares outstanding during the periods ended at 31 March 2010 and 2009, net of own shares (Euro 358,377,683 in 2010 and Euro 360,256,121 in 2009).

19. Medium Term Incentive Plans

In June 2000, the Company created a discretionary Medium Term Incentive Plan for more senior employees, based on 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.

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The Sonaecom plans outstanding at 31 March 2010 can be summarised as follows:

| | | | | 31 March 2010 | |
|-------------------|----------------------------|------------|----------------|-------------------|------------------|
| | Share price at award date* | Award date | Vesting period | Aggregate number | |
| | | | Vesting date | of participations | Number of shares |
| Sonaecom shares | | | | | |
| 2006 Plan | 4.697 | 09-Mar-07 | 08-Mar-10 | – | – |
| 2007 Plan | 2.447 | 10-Mar-08 | 09-Mar-11 | 19 | 188,386 |
| 2008 Plan | 1.117 | 10-Mar-09 | 09-Mar-12 | 18 | 395,553 |
| 2009 Plan | 1.685 | 10-Mar-10 | 08-Mar-13 | 18 | 283,309 |
| Sonae SGPS shares | | | | | |
| 2006 Plan | 1.68 | 09-Mar-07 | 08-Mar-10 | – | – |
| 2007 Plan | 1.16 | 10-Mar-08 | 09-Mar-11 | 3 | 158,073 |
| 2008 Plan | 0.526 | 10-Mar-09 | 09-Mar-12 | 3 | 328,616 |
| 2009 Plan | 0.874 | 10-Mar-10 | 08-Mar-13 | 3 | 222,162 |

*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. For the 2009 Plan, in Sonae SGPS shares, the share price corresponds to 12 March 2010, since the Annual General Meeting be held on 27 April 2010.

During the period ended at 31 March 2010, 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 2009: | | | | |
| Unvested | 58 | 817,507 | 11 | 711,330 |
| Total | 58 | 817,507 | 11 | 711,330 |
| Movements in year: | | | | |
| Awarded | 18 | 283,309 | 3 | 222,162 |
| Vested | (19) | (97,731) | (3) | (95,019) |
| Cancelled / lapsed* | (2) | (135,837) | (2) | (129,622) |
| Outstanding at 31 March 2010: | | | | |
| Unvested | 55 | 867,248 | 9 | 708,851 |
| Total | 55 | 867,248 | 9 | 708,851 |

* 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 2010, the date as from which the change to the form of settlement of the share plans is effective, with the exception of the plans attributed in 2009 and 2010, which responsibility is calculated based on the corresponding award date. The total responsibility for the mentioned plans is Euro 290,420 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, with the exception of the plan attributed in 2010, which is not covered and whose responsibility is calculated based on the share price at balance sheet date. The responsibility for these plans is recorded under the captions 'Other current liabilities' and 'Other non-current liabilities', by an amount of Euro 426,270.

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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 period ended at 31 March 2010, were as follows:

| | Value |
|---|-------------|
| Costs recognised in previous years | 3,935,581 |
| Costs recognised in the year | 326,114 |
| Costs of plans vested in previous years | (3,144,406) |
| Costs of plans vested in the year | (400,599) |
| | 716,690 |
| Recorded in other current liabilities | 157,361 |
| Recorded in other non current liabilities | 268,909 |
| Recorded in reserves | 290,420 |

These financial statements were approved by the Board of Directors on 5 May 2010.

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 March 2010, the related parties of Sonaecom, S.G.P.S. are as follows

Key management personnel

| | |
|--|--|
| Álvaro Carmona e Costa Portela Álvaro Cuervo Garcia Ângelo Gabriel Ribeirinho dos Santos Paupério António Bernardo Aranha da Gama Lobo Xavier António de Sampaio e Mello Belmiro de Azevedo David Hobley Duarte Paulo Teixeira de Azevedo Franck Emmanuel Dangeard | Gervais Pellissier Jean François Pontal Luís Filipe Palmeira Lampreia Maria Cláudia Teixeira de Azevedo Michel Marie Bon Miguel Nuno Santos Almeida Nuno Manuel Moniz Trigo Jordão Nuno Miguel Teixeira Azevedo |
|--|--|

Sonaecom Group Companies

| | |
|---|---|
| Be Artis – Conceção ,Construção e Gestão Redes Comunicações, S.A. Be Towering – Gestão de Torres de Telecomunicações, S.A. Cape Technologies Americas, Inc Cape Technologies Limited Digitmarket – Sistemas de Informação, S.A. Lugar Virtuais, S.A. M3G – Edições Digitais, S.A. Mainroad – Serviços Tec. Informação, S.A. Miauger – Organização e Gestão de Leilões Electrónicos., S.A. Permar – Sociedade de Construções, S.A. Praesidium Services Limited Público – Comunicação Social, S.A. Saphety Level – Trusted Services, S.A. Sociedade Independente de Radiodifusão Sonora, S.A. Sonae Telecom, S.G.P.S., S.A. | Sonae com – Sistemas Informação, S.G.P.S., S.A. Sonaecom – Serviços de Comunicações, S.A. Sonaecom BV Sonaetelecom BV Sonaecom, S.G.P.S., S.A. Sonaecom – Sistemas de Información España, S.L. Tecnológica Telecomunicações LTDA. Unipress – Centro Gráfico, Lda WeDo Consulting – Sistemas de Informação, S.A. WeDo Poland Sp. Z.o.o. WeDo Technologies Egypt a Limited Liability Company WeDo Technologies Mexico, s de R.L. de C.V. WeDo Technologies BV WeDo Technologies Australia PTY Limited WeDo Technologies (UK) Limited WeDo do Brasil – Soluções Informáticas, Ltda WeDo Technologies BV – Sucursal Malaysia |
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Appendix (continued)

Sonae Group Companies

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| 3DO Holding GmbH | Atlantic Ferries – Tráf.Loc,Flu.e Marít, S.A. |
| 3DO Shopping Centre GmbH | Avenida M – 40 B.V. |
| 3shoppings – Holding,SGPS, S.A. | Avenida M – 40, S.A. |
| ADD/Avaliações Engenharia de Avaliações e Perícias Ltda | Azulino Imobiliária, S.A. |
| ADDmakler Administração e Corretagem de Seguros Ltda | BB Food Service, S.A. |
| ADDmakler Administradora, Corretora de Seguros Partic. Ltda | Beeskow Holzwerkstoffe |
| Adlands B.V. | Bertimóvel – Sociedade Imobiliária, S.A. |
| Aegean Park, S.A. | Best Offer – Prest. Inf. p/Internet, S.A. |
| Agepan Eiweiler Management GmbH | Bikini, Portal de Mulheres, S.A. |
| Agepan Flooring Products, S.A.RL | Bloco Q – Sociedade Imobiliária, S.A. |
| Agepan Tarket Laminate Park GmbH Co. KG | Bloco W – Sociedade Imobiliária, S.A. |
| Aglom Investimentos, Sgps, S.A. | Boavista Shopping Centre BV |
| Aglom-Soc.Ind.Madeiras e Aglom., S.A. | BOM MOMENTO – Comércio Retalhista, SA |
| Águas Furtadas – Imobiliária, S.A. | Boulangier Espanha, SL |
| Airone – Shopping Center, Srl | Box Lines Navegação, S.A. |
| ALBCC Albufeirashopping C.Comercial SA | Campo Limpo, Lda |
| ALEXA Administration GmbH | Canasta – Empreendimentos Imobiliários, S.A. |
| ALEXA Asset GmbH & Co KG | Carnes do Continente – Ind.Distr.Carnes, S.A. |
| ALEXA Holding GmbH | CarPlus – Comércio de Automóveis, S.A. |
| ALEXA Shopping Centre GmbH | Casa Agrícola de Ambrães, S.A. |
| Alexa Site GmbH & Co. KG | Casa Agrícola João e A. Pombo, S.A. |
| Algarveshopping – Centro Comercial, S.A. | Casa da Ribeira – Hotelaria e Turismo, S.A. |
| Alpêssego – Soc. Agrícola, S.A | Cascaishopping – Centro Comercial, S.A. |
| Andar – Sociedade Imobiliária, S.A. | Cascaishopping Holding I, SGPS, S.A. |
| Aqualuz – Turismo e Lazer, Lda | CCCB Caldas da Rainha - Centro Comercial,SA |
| Arat inmebles, S.A. | Centro Colombo – Centro Comercial, S.A. |
| ARP Alverca Retail Park,SA | Centro Residencial da Maia,Urbán., S.A. |
| Arrábidashopping – Centro Comercial, S.A. | Centro Vasco da Gama – Centro Comercial, S.A. |
| Aserraderos de Cuellar, S.A. | Change, SGPS, S.A. |
| | Chão Verde – Soc.Gestora Imobiliária, S.A. |

Appendix (continued)

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| Choice Car – Comércio de Automóveis, S.A. | Finlog – Aluguer e Comércio de Automóveis, S.A. |
| Choice Car SGPS, S.A. | Fontana Corretora de Seguros Ltda |
| Cia.de Industrias e Negócios, S.A. | Fozimo – Sociedade Imobiliária, S.A. |
| Cinclus Imobiliária, S.A. | Fozmassimo – Sociedade Imobiliária, S.A. |
| Citorres – Sociedade Imobiliária, S.A. | Freccia Rossa – Shopping Centre S.r.l. |
| Clérigosshopping – Gestão do C.Comerc., S.A. | Friengineering International Ltda |
| 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. | GHP GmbH |
| Contry Club da Maia-Imobiliaria, S.A. | Gli Orsi Shopping Centre 1 Srl |
| Cooper Gay (Holding) Limited | Global S – Hipermercado, Lda |
| Craiova Mall BV | Glinz AG |
| Cronosaúde – Gestão Hospitalar, S.A. | Glinz Service GmbH |
| Cumulativa – Sociedade Imobiliária, S.A. | Glinz UK Holdings Ltd |
| Darbo S.A.S | Glinz Uka GmbH |
| Developpement & Partenariat Assurances, S.A. | Golf Time – Golfe e Invest. Turísticos, S.A. |
| Difusão – Sociedade Imobiliária, S.A. | GOOD AND CHEAP – Comércio Retalhista, S.A. |
| Distrifin – Comercio y Prest.Servicios, S.A. | Guerin – Rent a Car (Dois), Lda. |
| Dortmund Tower GmbH | Guimarãesshopping – Centro Comercial, S.A. |
| Dos Mares – Shopping Centre B.V. | Harvey Dos Iberica, S.L. |
| Dos Mares – Shopping Centre, S.A. | Herco Consultoria de Riscos e Corretora de Seguros Ltda |
| Ecociclo – Energia e Ambiente, S.A. | HIPOTÉTICA – Comércio Retalhista, SA |
| Ecociclo II | Hornitex Polska Sp z.o.o |
| Edições Book.it, S.A. | Iberian Assets, S.A. |
| Edifícios Saudáveis Consultores, 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. |
| Efanor Investimentos, SGPS, S.A. | Imoarea – Invest. Turísticos, SGPS, S.A. |
| Efanor Serviços de Apoio à Gestão, S.A. | Imobiliária da Cacela, S.A. |
| El Rosal Shopping, S.A. | Imoclub – Serviços Imobiliários, S.A. |
| Empreend.Imob.Quinta da Azenha, S.A. | Imoconti – Soc.Imobiliária, S.A. |
| Equador & Mendes, Lda | Imodivor – Sociedade Imobiliária, S.A. |
| Espimaia – Sociedade Imobiliária, S.A. | Imoestrutura – Soc.Imobiliária, S.A. |
| Estação Oriente – Gest.de Galerias Com., S.A. | Imoferro – Soc.Imobiliária, S.A. |
| Estação Viana – Centro Comercial, S.A. | Imohotel – Emp.Turist.Imobiliários, S.A. |
| Estêvão Neves – Hipermercados Madeira, S.A. | Imomuro – Sociedade Imobiliária, S.A. |
| Etablissement A. Mathe, S.A. | Imopenínsula – Sociedade Imobiliária, S.A. |
| Euromegantic, Lteé | Imoplamac Gestão de Imóveis, S.A. |
| Euroresinas – Indústrias Químicas, S.A. | Imoponte – Soc.Imobiliaria, S.A. |
| Farmácia Selecção, S.A. | Imoresort – Sociedade Imobiliária, S.A. |

Appendix (continued)

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| Imoresultado – Soc.Imobiliaria, S.A. | Marinamagic – Expl.Cent.Lúdicos Marít, Lda |
| Imosedas – Imobiliária e Serviços, S.A. | Marmagno – Expl.Hoteleira Imob., S.A. |
| Imosistema – Sociedade Imobiliária, S.A. | Martimope – Sociedade Imobiliária, S.A. |
| Imosonae II | Marvero – Expl.Hoteleira Imob., S.A. |
| Impaper Europe GmbH & Co. KG | MC Property Management S.A. |
| Implantação – Imobiliária, S.A. | MC SGPS, S.A. |
| Infofield – Informática, S.A. | MDS Consultores, S.A. |
| Inparsa – Gestão Galeria Comercial, S.A. | MDS Corretor de Seguros, S.A. |
| Inparvi SGPS, S.A. | Mediterranean Cosmos Shop. Centre Investments, S.A. |
| Integrum – Edifícios Sustentáveis, S.A. | Megantic BV |
| Integrum – Serviços Partilhados, S.A. | Miral Administração e Corretagem de Seguros Ltda |
| Interclean, S.A. | MJLF – Empreendimentos Imobiliários, S.A. |
| Interlog – SGPS, S.A. | Modalfa – Comércio e Serviços, S.A. |
| Inventory – Acessórios de Casa, S.A. | MODALLOOP – Vestuário e Calçado, S.A. |
| Investalentejo, SGPS, S.A. | Modelo – Dist.de Mat. de Construção, S.A. |
| Invsaude – Gestão Hospitalar, S.A. | Modelo Cont. Seguros-Soc. De Mediação, Lda |
| Ipaper – Industria Papeis Impregnados, S.A. | Modelo Continente – Oper.Retalho SGPS, S.A. |
| ISF – Imobiliário, Serviços e Participaç | Modelo Continente Hipermercados, S.A. |
| Isoroy SAS | Modelo Continente, SGPS, S.A. |
| JUST SPORT – Comércio Art. Desporto, S.A. | Modelo Hiper Imobiliária, S.A. |
| KLC Holdings XII S.A. | Modelo Hipermercados Trading, S.A. |
| La Farga – Shopping Center, SL | Modelo.com – Vendas p/Correspond., S.A. |
| Larim Corretora de Resseguros Ltda | Monselice Centre Srl |
| Larissa Develop. Of Shopping Centers, S.A. | Movelpartes – Comp.para Ind.Mobiliária, S.A. |
| Lazam – MDS Corretora e Administradora de Seguros, S.A. | Movimento Viagens – Viag. e Turismo U.Lda |
| Lazam Corretora, Ltda. | Mundo Vip – Operadores Turísticos, S.A. |
| LCC LeiriaShopping Centro Comercial SA | NA – Comércio de Artigos de Desporto, S.A. |
| Le Terrazze - Shopping Centre 1 Srl | NA – Equipamentos para o Lar, S.A. |
| Lembo Services Ltd (Euro) | NAB, Sociedade Imobiliária, S.A. |
| Libra Serviços, Lda. | Norscut – Concessionária de Scut Interior Norte, S.A. |
| Lidergraf – Artes Gráficas, Lda. | Norte Shop. Retail and Leisure Centre BV |
| Lima Retail Park, S.A. | Norteshopping – Centro Comercial, S.A. |
| Loureshopping – Centro Comercial, S.A. | Nova Equador Internacional,Ag.Viag.T, Ld |
| Luso Assistência – Gestão de Acidentes, S.A. | Nova Equador P.C.O. e Eventos |
| Luz del Tajo – Centro Comercial S.A. | Novobord (PTY) Ltd. |
| Luz del Tajo B.V. | Oeste Retail Park – Gestão G.Comerc., S.A. |
| Madeirashopping – Centro Comercial, S.A. | Operscut – Operação e Manutenção de Auto-estradas, S.A. |
| Maiashopping – Centro Comercial, S.A. | |
| Maiequipa – Gestão Florestal, S.A. | OSB Deustchland GmbH |
| Marcas do Mundo – Viag. e Turismo Unip, Lda | Paracentro – Gest.de Galerias Com., S.A. |
| Marcas MC, ZRT | Pareuro, BV |
| Marimo – Exploração Hoteleira Imobiliária | Park Avenue Develop. of Shop. Centers S.A. |
| Marina de Tróia S.A. | Parque Atlântico Shopping – C.C., S.A. |
| | Parque D. Pedro 1 B.V. |

Appendix (continued)

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| Parque D. Pedro 2 B.V. | Proj.Sierra Portugal IV – C.Comerc., S.A. |
| Parque de Famalicão – Empr. Imob., S.A. | Proj.Sierra Portugal V – C.Comercial, S.A. |
| Parque Principado SL | Proj.Sierra Portugal VII – C. Comerc., S.A. |
| Pátio Boavista Shopping Ltda. | Proj.Sierra Portugal VIII – C.Comerc., S.A. |
| Pátio Campinas Shopping Ltda | Project 4, Srl |
| Pátio Goiânia Shopping Ltda | Project SC 1 BV |
| Pátio Londrina Empreend. e Particip. Ltda | Project SC 2 BV |
| Pátio Penha Shopping Ltda. | Project Sierra 1 B.V. |
| Pátio São Bernardo Shopping Ltda | Project Sierra 10 BV |
| Pátio Sertório Shopping Ltda | Project Sierra 2 B.V. |
| Peixes do Continente – Ind.Dist.Peixes, S.A. | Project Sierra 3 BV |
| Pharmaconcept – Actividades em Saúde, S.A. | Project Sierra 4 BV |
| PHARMACONTINENTE – Saúde e Higiene, S.A. | Project Sierra 5 BV |
| PJP – Equipamento de Refrigeração, Lda | Project Sierra 6 BV |
| Plaza Eboli B.V. | Project Sierra 7 BV |
| Plaza Eboli – Centro Comercial S.A. | Project Sierra 8 BV |
| Plaza Mayor Holding, SGPS, S.A. | Project Sierra 9 BV |
| Plaza Mayor Parque de Ócio B.V. | Project Sierra Brazil 1 B.V. |
| Plaza Mayor Parque de Ocio, S.A. | Project Sierra Charagionis 1 S.A. |
| Plaza Mayor Shopping B.V. | Project Sierra Germany Shop. Center 1 BV |
| Plaza Mayor Shopping, S.A. | Project Sierra Germany Shop. Center 2 BV |
| Ploi Mall BV | Project Sierra Italy 5 Srl |
| Ploiesti Shopping Center (Euro) | Project Sierra One Srl |
| Poliface Brasil, Ltda | Project Sierra Spain 1 B.V. |
| Poliface North America | Project Sierra Spain 2 – Centro Comer. S.A. |
| Porturbe – Edifícios e Urbanizações, S.A. | Project Sierra Spain 2 B.V. |
| Praedium II – Imobiliária, S.A. | Project Sierra Spain 3 – Centro Comer. S.A. |
| Praedium III – Serviços Imobiliários, S.A. | Project Sierra Spain 3 B.V. |
| Praedium SGPS, S.A. | Project Sierra Spain 5 BV |
| Predicomercial – Promoção Imobiliária, S.A. | Project Sierra Spain 6 – Centro Comer. S.A. |
| Prédios Privados Imobiliária, S.A. | Project Sierra Spain 6 B.V. |
| Predisedas – Predial das Sedas, S.A. | Project Sierra Spain 7 – Centro Comer. S.A. |
| Pridelease Investments, Ltd | Project Sierra Spain 7 B.V. |
| Proj. Sierra Germany 1 – Shop.C. GmbH | Project Sierra Three Srl |
| Proj. Sierra Germany 4 (four) – Sh.C.GmbH | Project Sierra Two Srl |
| Proj. Sierra Italy 2 – Dev.of Sh.C. Srl | Promessa Sociedade Imobiliária, S.A. |
| Proj.Sierra 1 – Shopping Centre GmbH | Prosa – Produtos e serviços agrícolas, S.A. |
| Proj.Sierra Germany 2 (two) – Sh.C.GmbH | Publimeios – Soc.Gestora Part. Finan., S.A. |
| Proj.Sierra Germany 3 (three) – Sh.C.GmbH | Puravida – Viagens e Turismo, S.A. |
| Proj.Sierra Italy 1 – Shop.Centre Srl | Racionaliz. y Manufact.Florestales, S.A. |
| Proj.Sierra Italy 2 – Dev. Of Sh.C.Srl | RASO, SGPS, S.A. |
| Proj.Sierra Italy 3 – Shop. Centre Srl | Resoflex – Mob.e Equipamentos Gestão, S.A. |
| Proj.Sierra Portugal III – C.Comerc., S.A. | Resolução, SGPS, S.A. |

Appendix (continued)

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| <p>Rio Sul – Centro Comercial, S.A. River Plaza Mall, Srl Rochester Real Estate, Limited RSI Corretora de Seguros Ltda S. C. Setler Mina Srl S.C. Microcom Doi Srl Saúde Atlântica – Gestão Hospitalar, S.A. SC – Consultadoria, S.A. SC – Eng. e promoção imobiliária,SGPS, S.A. SC Aegean B.V. SC Assets SGPS, S.A. SC Mediterraneum Cosmos B.V. SCS Beheer, BV Selfrio – Engenharia do Frio, S.A. Selfrio,SGPS, S.A. Selifa – Empreendimentos Imobiliários, S.A. Sempre à Mão – Sociedade Imobiliária, S.A. Sempre a Postos – Produtos Alimentares e Utilidades, Lda Serra Shopping – Centro Comercial, S.A. Sesagest – Proj.Gestão Imobiliária, S.A. Sete e Meio – Invest. Consultadoria, S.A. Sete e Meio Herdades – Inv. Agr. e Tur., S.A. Shopping Centre Colombo Holding, BV Shopping Centre Parque Principado B.V. Shopping Penha B.V. Siaf – Soc.Iniciat.Aprov.Florestais, S.A. SIAL Participações Ltda Sic Indoor – Gestão de Suportes Publicitários, S.A. Sierra Asset Management – Gest. Activos, S.A. Sierra Asset Management Luxemburg, Sarl Sierra Brazil 1 B.V. Sierra Charagionis Develop.Sh. Centre S.A. Sierra Charagionis Propert.Management S.A. Sierra Corporate Services – Ap.Gestão, S.A. Sierra Corporate Services Holland, BV Sierra Develop.Iberia 1, Prom.Imob., S.A. Sierra Development Greece, S.A. Sierra Developments – Serv. Prom.Imob., S.A. Sierra Developments Germany GmbH Sierra Developments Germany Holding B.V. Sierra Developments Holding B.V. Sierra Developments Italy S.r.l. Sierra Developments Services Srl Sierra Developments Spain – Prom.C.Com.SL Sierra Developments, SGPS, S.A.</p> | <p>Sierra Enplanta Ltda Sierra European R.R.E. Assets Hold. B.V. Sierra GP Limited Sierra Investimentos Brasil Ltda Sierra Investments (Holland) 1 B.V. Sierra Investments (Holland) 2 B.V. Sierra Investments Holding B.V. Sierra Investments SGPS, S.A. Sierra Italy Holding B.V. Sierra Man.New Tech.Bus. – Serv.Comu.CC, S.A. Sierra Management Germany GmbH Sierra Management Hellas S.A. Sierra Management II – Gestão de C.C. S.A. Sierra Management Italy S.r.l. Sierra Management Portugal – Gest. CC, S.A. Sierra Management Spain – Gestión C.Com.S.A. Sierra Management, SGPS, S.A. Sierra Portugal Fund, Sarl Sierra Property Management, Srl SII – Soberana Invest. Imobiliários, S.A. SIRS – Sociedade Independente de Radiodifusão Sonora, S.A. Sistavac – Sist.Aquecimento,V.Ar C., S.A. SKK – Central de Distr., S.A. SKK SRL SKKFOR – Ser. For. e Desen. de Recursos SMP – Serv. de Manutenção Planeamento Soc.Inic.Aproveit.Florest. – Energias, S.A. Sociedade de Construções do Chile, S.A. Sociedade Imobiliária Troia – B3, S.A. Société de Tranchage Isoroy S.A.S. Société des Essences Fines Isoroy Société Industrielle et Financière Isoroy Socijofra – Sociedade Imobiliária, S.A. Sociloures – Soc.Imobiliária, S.A. Soconstrução BV Sodesa, S.A. Soflorin, BV Soira – Soc.Imobiliária de Ramalde, S.A. Solaris Supermercados, S.A. Solinca – Investimentos Turísticos, S.A. Solinca III – Desporto e Saúde, S.A. Solinfitness – Club Malaga, S.L. Soltroia – Imob.de Urb.Turismo de Tróia, S.A. Sona Capital Brasil, Lda Sona Capital,SGPS, S.A.</p> |
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Appendix (continued)

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| <p>Sonae Center Serviços, S.A. Sonae Centre II S.A. Sonae Financial Participations BV Sonae Ind., Prod. e Com.Deriv.Madeira, S.A. Sonae Indústria – SGPS, S.A. Sonae Indústria Brasil, Ltda Sonae Industria de Revestimentos, S.A. Sonae Investments, BV Sonae Novobord (PTY) Ltd Sonae RE, S.A. Sonae Retalho Espana – Servicios Gen., S.A. Sonae Serviços de Gestão, S.A. Sonae SGPS, S.A. Sonae Sierra Brasil Ltda Sonae Sierra Brazil B.V. Sonae Sierra, SGPS, S.A. Sonae Táfibra (UK), Ltd Sonae Táfibra Benelux, BV Sonae Turismo – SGPS, S.A. Sonae Turismo Gestão e Serviços, S.A. Sonae UK, Ltd. Sonaecenter Serviços, S.A. Sonaegest – Soc.Gest.Fundos Investimentos Sondis Imobiliária, S.A. Sontaria – Empreend.Imobiliários, S.A. Sontel BV Sontur BV Sonvecap BV Sopair, S.A. Sótaqua – Soc. de Empreendimentos Turist Spanboard Products, Ltd SPF – Sierra Portugal Real Estate, Sarl Spinveste – Gestão Imobiliária SGII, S.A. Spinveste – Promoção Imobiliária, S.A. Sport Zone – Comércio Art.Desporto, S.A. SRP Development, SA SRP-Parque Comercial de Setúbal, S.A. Tableros Tradema, S.L. Tafiber, Tableros de Fibras Ibéricas, SL Tafibras Participações, S.A. Tafisa – Tableros de Fibras, S.A.</p> | <p>Tafisa Canadá Societé en Commandite Tafisa France, S.A. Tafisa UK, Ltd Taiber, Tableros Aglomerados Ibéricos, SL Tarkett Agepan Laminate Flooring SCS Tavapan, S.A. Tecmasa Reciclados de Andalucia, SL Teconologias del Medio Ambiente, S.A. Terra Nossa Corretora de Seguros Ltda Textil do Marco, S.A. Tlantic Portugal – Sist. de Informação, S.A. Tlantic Sistemas de Informação Ltdª Todos os Dias – Com.Ret.Expl.C.Comer., S.A. Tool GmbH Torre Colombo Ocidente – Imobiliária, S.A. Torre Colombo Oriente – Imobiliária, S.A. Torre São Gabriel – Imobiliária, S.A. TP – Sociedade Térmica, S.A. Troia Market – Supermercados, S.A. Troia Market, S.A. Tróia Natura, S.A. Troiaresort – Investimentos Turísticos, S.A. Troiaverde – Expl.Hoteleira Imob., S.A. Tulipamar – Expl.Hoteleira Imob., S.A. Unishopping Administradora Ltda. Unishopping Consultoria Imob. Ltda. Urbisedas – Imobiliária das Sedas, S.A. Valecenter Srl Valor N, S.A. Vastgoed One – Sociedade Imobiliária, S.A. Vastgoed Sun – Sociedade Imobiliária, S.A. Venda Aluga – Sociedade Imobiliária, S.A. Via Catarina – Centro Comercial, S.A. Viajens y Turismo de Geotur España, S.L. Vuelta Omega, S.L. WELL W – Electrodomésticos e Equip., SA World Trade Center Porto, S.A. Worten – Equipamento para o Lar, S.A. Worten España, S.A. Zubiarte Inversiones Inmob, S.A.</p> |
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FT Group Companies

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|----------------------|-----------------------------|
| France Telecom, S.A. | Atlas Services Belgium, SA. |
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